UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS
SECOND SESSION

VOLUME 122—PART 17

JUNE 25, 1976 TO JUNE 30, 1976
(PAGES 20507 TO 21784)

MAR 2 1979

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1976

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
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United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES—*Friday, June 25, 1976*

The House met at 10 o'clock a.m.

Rev. Daniel P. Reilly, D.D., bishop, Roman Catholic Diocese, Norwich, Conn., offered the following prayer:

Almighty God, our Father, we praise You in this Bicentennial Year of these United States and we thank You for this good and bountiful land which You have given us for our heritage. May we always prove ourselves a people worthy of Your gifts, mindful of Your favor, and glad to do Your will.

Bless the Members of this House of Representatives with the wisdom and courage to maintain with reverence and pride the principles on which this country was established, its moral values, religious convictions, and the inalienable rights of "life, liberty, and the pursuit of happiness" given to every person by You, our Creator.

Inspire them to move America forward to a new era of prosperity and peace. With openness and concern for the needs of the world, may they guard the spiritual and moral heritage of America's past in order to assure a future "with liberty and justice for all." Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill and concurrent resolutions of the House of the following titles:

H.R. 8471. An act to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone;

H. Con. Res. 623. Concurrent resolution providing for the printing of a booklet entitled "Duties of the Speaker"; and

H. Con. Res. 624. Concurrent resolution providing for the printing of a walking tour map of the area surrounding the U.S. Capitol.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 811. An act to amend the Horse Protection Act of 1970 to better effectuate its purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 9291. An act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations; and

H.R. 11804. An act to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title:

S. 229. An act to amend the Endangered Species Act of 1973 to assure the perpetuation of the art of scrimshaw, and for other purposes.

BISHOP DANIEL P. REILLY

(**Mr. DODD** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DODD. Mr. Speaker, Members of the House, it gives me a great deal of pleasure to present this morning Bishop Daniel Reilly, my bishop, from eastern Connecticut. Bishop Reilly is a strong and devout spiritual leader, but in addition to that he has also been a tremendous community leader in my district in Connecticut.

Bishop Reilly is a wonderful human being who spends long hours, 7 days a week, working with people throughout the State of Connecticut. He comes also from the State of Rhode Island, where he worked for many years with the people there. It is with a great deal of pleasure that we have been able to have him here with us today so that the Members can join with those of us in Connecticut who benefit from his great personality and his wonderful contribution to our lives.

BISHOP DANIEL P. REILLY

(**Mr. BEARD** of Rhode Island asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEARD of Rhode Island. Mr. Speaker, I would also like to welcome Bishop Daniel Reilly to the Chamber today. He was born in Providence, R.I., and has been a resident of Rhode Island most of his life.

Everyone in Rhode Island loves him. He is one of the finest members of the clergy who has ever come along in years in Rhode Island. I know that the people of Connecticut also love him. We are very, very happy to have Bishop Reilly here with us today.

SUMMARY OF FINANCIAL POSITION OF CONGRESSMAN JACK BRINKLEY

(**Mr. BRINKLEY** asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BRINKLEY. Mr. Speaker, by some standards my financial success story is very modest, particularly when one considers past professional qualifications. Nevertheless, I am glad to make public a summary of my financial position while expressing gratitude for other more important things—of family, of health, of American citizenship and service in this body.

In addition to my statement of assets and liabilities, I might add that for 1975 I paid $9,654 in Federal income taxes and $1,806 in Georgia State income taxes on an adjusted gross income of $49,727.80. Also, I paid $530.37 ad valorem property taxes on my residence and $96.45 ad valorem taxes on vehicles.

Summary of financial position of Congressman Jack Brinkley, June 24, 1976

ASSETS	
Edgewood Baptist Church (Columbus, Ga.) Bond	$1,000.00
1972 Oldsmobile	2,400.00
1972 Pontiac	2,075.00
200 shares of Royal Crown Cola common stock	3,625.00
Assessed value of home at 4108 Appalachian Way, Columbus, Ga	34,575.00
Checking account	74.87

Summary of financial position of Congressman Jack Brinkley, June 24, 1976—Con.

ASSETS	
Savings account	10,748.45
Total assets	54,498.32
LIABILITIES	
Mortgage on home at 4108 Appalachian Way, Columbus, Ga	23,662.27
Installment note	341.50
Master Charge	488.28
American Express	686.00
Total liabilities	25,178.05
Net worth	29,320.27

I, Jack T. Brinkley, do hereby certify that the above summary of my financial position is true and accurate to the best of my knowledge and belief.

JACK T. BRINKLEY.

PERMISSION FOR SUBCOMMITTEE ON MANPOWER AND HOUSING OF COMMITTEE ON GOVERNMENT OPERATONS TO MEET TODAY FROM 10 A.M. TO 12 NOON

Mr. HICKS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Manpower and Housing of the Committee on Government Operations be permitted to meet this morning from 10 a.m. to 12 noon for a previously scheduled hearing to take testimony.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, may I ask the gentleman from Washington to repeat his request?

Mr. HICKS. Mr. Speaker, if the gentleman will yield, it is a previously scheduled hearing, to take testimony from 10 o'clock this morning until 12 o'clock noon.

Mr. ROUSSELOT. Further reserving the right to object, Mr. Speaker, there will be no legislation?

Mr. HICKS. No legislation.

Mr. ROUSSELOT. Just from 10 o'clock to 12 o'clock.

Mr. HICKS. Yes.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

LEGISLATION TO EXTEND CURRENT TAX WITHHOLDING RATES FOR 61 DAYS

(Mr. VANIK asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. VANIK. Mr. Speaker, under present law, individual income taxes are due to rise an average of 8 to 10 percent on July 1. The income tax increase on the low wage earner will be higher than this average. Withholding rates will increase to reflect these higher taxes.

The House has already voted to continue individual and corporate tax cuts through the next fiscal year. The other body is currently considering a bill to extend last year's tax cut, in addition to other tax law and estate tax changes.

There is no way in which the Congress can deal with these complex and intricate tax changes in the few days that remain between now and July 1. Congress should not permit the process of "pressure cooker" consideration of critical tax changes which primarily serve the manipulators of privilege. The last two tax bills were submitted on the eve of the Christmas recess and the Easter recess. This is no accidental happening—it occurs through skillful engineering and constitutes a disservice to the legislative process.

Although I would prefer that the Congress enact the extension of last year's corporate and individual tax cuts as a separate bill, so that tax reform and estate tax changes could be considered on merit, I am offering in the alternative a bill to extend the current, lower withholding rates for 61 days to September 1, 1975. This simple extension will give Congress adequate time to carefully consider other, complex proposals for tax change.

In view of the urgency of the July 1 deadline, I hope that Congress can act swiftly on this simple extension of the withholding rates.

APPOINTMENT OF CONFEREES ON H.R. 14239, DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1977

Mr. SLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees: Messrs. **Slack**, **Smith** of Iowa, **Flynt**, and **Alexander**, Mrs. **Burke** of California, and Messrs. **Early**, **Mahon**, **Cederberg**, **Andrews** of North Dakota, and **Miller** of Ohio.

CALL OF THE HOUSE

Mr. CHARLES H. WILSON of California. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 458]

Anderson, Ill.
Andrews, N.C.
Ashley
AuCoin
Badillo
Bevill
Biaggi
Brodhead
Brown, Calif.
Buchanan
Burke, Calif.
Butler
Byron
Carney
Chisholm
Clancy
Clausen, Don H.
Clay
Conlan
Conyers
de la Garza
Dent
Derwinski
Downing, Va.
Esch
Eshleman
Evans, Colo.
Fish
Ford, Mich.
Fraser
Frenzel
Giaimo
Green
Hall
Hansen
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Heinz
Helstoski
Henderson
Hinshaw
Holland
Horton
Jarman
Jones, Ala.
Karth
Kelly
Kemp
LaFalce
Landrum
Leggett
Lent
Litton
Long, Md.
Lott
Lujan
McDade
McDonald
McKinney
Martin
Matsunaga
Melcher
Metcalfe
Milford
Mitchell, Md.
Murphy, N.Y.
Neal
Nolan
O'Hara
Pepper
Peyser
Pickle
Quie
Railsback
Randall
Richmond
Riegle
Risenhoover
Roe
Roncalio
Ruppe
Ryan
St Germain
Santini
Sarbanes
Sisk
Snyder
Solarz
Spellman
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symington
Symms
Teague
Udall
Vander Jagt
Waxman
Wydler
Young, Alaska

The SPEAKER. On this rollcall 326 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, 1977

Mr. PASSMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14260) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from Kansas (Mr. Shriver) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Louisiana (Mr. Passman).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14260, with Mr. Kazen in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Louisiana (Mr. Passman) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. Shriver) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Louisiana (Mr. Passman).

Mr. PASSMAN. Mr. Chairman, it would be an imposition on this House for me to attempt to consume much time in presenting this bill inasmuch as what I would say to the Members has been said in this committee four times already this year.

However, I would like to state that we have made some rather substantial reductions in this bill below the budget request and also below the authorization. The committee recommends the appropriation of the new budget obligational authority of $4,946,198,000 for the programs contained in titles I, II, and III of the bill, which is $551,022,000 below the budget estimate and $244,155,000 below the fiscal year 1976 appropriation level. Approximately 45 percent of the recommended appropriations can be attributed to the Middle East programs supporting the Sinai agreement.

The committee recommends the approval of a total limitation of $6,346,524,000 proposed for the activities of the Export-Import Bank contained in title IV of the bill.

Incidentally, Mr. Chairman, it is going to be necessary for me to offer two amendments reducing the amount of the military assistance program and the foreign military credit sales program so as to bring these two programs into compliance with the authorization, and if these amendments are approved, we would be a total of $673 million below the budget and $366 million below the fiscal year 1976 appropriation level.

Mr. Chairman, I shall not consume any more time.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I applaud the inclusion of my amendment included in the 1976 foreign assistance appropriations bill which cuts off aid under the bill to those countries which are delinquent a year or more in repayment of debts owed to the United States.

When I sat on the Government Operations Subcommittee on Foreign Operations, the subcommittee initiated the first probe of efforts on the part of the Federal Government to collect delinquent foreign debts. The subcommittee found that virtually no department had any idea how much was owing. As a result of the work and persistence of that subcommittee over the past 5 years, we now can at least get reliable figures from the Treasury Department on the amount of debt in arrears.

In December 1974, during consideration of the Foreign Assistance Act of 1974, the House adopted, and later accepted, my "sense of the Congress" amendment with regard to foreign debt collection to wit:

> It is the sense of the Congress that any country receiving assistance under the Foreign Assistance Act of 1961 which is in default, at least 90 days prior to the date of enactment of this Act, of any payment of principal or interest due on any loan or credit received from the United States shall promptly pay all such principal and interest. It is further the sense of the Congress that the President shall promptly enter into negotiations with each country to help effectuate the transfer by such country to the United States of goods, services, concessions or actions beneficial to the United States, in lieu of the payment of such principal and interest.

When the House debated the fiscal 1975 foreign aid appropriations bill in March 1975, I sought to strengthen the "sense of the Congress" provision of the authorization bill by introducing an amendment to that bill to prohibit any appropriation to countries delinquent 90 days or more in repayment of debts. The amendment was rejected.

In concern for what I believed to be a failure on the part of the executive branch to respond to the "sense of the Congress" directive, I wrote President Ford in August of last year to ascertain what initiatives he was taking to secure prompt repayment of outstanding foreign obligations. I include at this point in the Record the text of my letter to the President and his response:

AUGUST 2, 1975.

The Honorable GERALD FORD,
The President of the United States, White House, Washington, D.C.

DEAR MR. PRESIDENT: Recently a citizen from Waterloo, Iowa, responded to a report on my efforts to collect delinquent foreign debts. He asks, "What is our government doing to collect these delinquent foreign debts that are owed to us?"

Mr. President, as the chief executive, I pose this question to you.

Since World War II it is estimated that we have provided economic and military assistance to foreign nations and international organizations, in one form or another, amounting to a total of over $164 billion. Interest alone on the money borrowed to loan to foreign nations has totalled $105 billion.

As of December 31, 1974, the principal outstanding on U.S. government loans and credits to foreign nations and organizations totalled in excess of $33.3 billion. Of that amount, $609 million was delinquent, representing an increase of eight percent in delinquencies over the previous reportiing period.

My amendment to the Foreign Assistance Act of 1974 states the sense of the Congress to wit:

"It is the sense of the Congress that any country receiving assistance under the Foreign Assistance Act of 1961 which is in default, at least 90 days prior to the date of enactment of this Act, of any payment of principal or interest due on any loan or credit received from the United States shall promptly pay all such principal and interest. It is further the sense of the Congress that the President shall promptly enter into negotiations with each country to help effectuate the payment of such principal and interest, or to effectuate the transfer by such country to the United States of goods, services, concessions, or actions beneficial to the United States, in lieu of the payment of such principal and interest."

A copy thereof is enclosed for your reference.

Also, I am enclosing herewith a current accounting prepared by the Treasury Department which shows the latest tabulations, by country, of outstanding debts owed to the United States.

Mr. President, I urge you to direct both the Treasury and State Departments, which share the responsibility for collection of foreign debts, to doubt their efforts toward the prompt collection of these just debts.

I further would urge that, as you meet with the leaders of other nations in your trips abroad, you remind those countries which are falling further behind in their payments that such assistance was made in good faith and is expected to be paid.

Such action, in my estimation, is in the best interest of the American taxpayer, particularly in view of the state of our own economy.

With kindest personal regards, I am
Sincerely,

BILL ALEXANDER,
Member of Congress.

THE WHITE HOUSE,
Washington, September 10, 1975.

Hon. BILL ALEXANDER,
House of Representatives,
Washington, D.C.

DEAR BILL: This is in further reference to your letter of August 2, 1975, to President Ford in which you urge prompt collection of foreign indebtedness to the United States government which is in arrears 90 days or more.

It is well-established United States government policy that U.S. agencies extend credit to foreign countries and organizations only if there is reasonable assurance that these credits will be repaid in accordance with the mutually agreed contractual terms.

The National Advisory Council on International Monetary and Financial Policies (NAC), which is chaired by the Secretary of the Treasury, serves as the coordinating body to oversee the collection efforts of operating agencies in regard to delinquent debts owed the United States government. At the weekly Staff Committee meetings of the NAC, the status of delinquent debts and arrearages, and efforts to collect these debts, is reviewed in detail in connection with consideration and recommendations on proposed loans by U.S. government agencies and by the international financial institutions (such as the World Bank). This is in accordance with the terms of the NAC's formal action of September 9, 1971, which provides that:

". . . as a general policy, the Council recommends that loans to countries whose governments are in arrears 90 days or more on debts which they or their agencies owe to the United States government or its agencies should be deferred and, where appropriate, disapproved. Exceptions to this general rule must be explicitly approved."

The NAC also holds special meetings, normally on a semiannual basis, to review significant foreign debt problems and to discuss way and means of improving collection efforts. On August 7, 1975, Mr. John Bushnell, Deputy Assistant Secretary for Developing Nations Finance, Treasury, chaired a meeting of the NAC to review agencies' procedures for reporting and collecting delinquent debts and arrearages. I am pleased to report that this meeting indicated that substantial progress is being made on these fronts, as is illustrated by the following activities:

Although total foreign public borrowings in default to Eximbank amount to less than 1 percent of Eximbank's portfolio, Eximbank is in the process of establishing a computerized program for automatically billing debtors 45 days prior to due date of payments. This program, which should eliminate most or all the usual arrearages, will be fully operational by the end of calendar year 1975.

The Department of Defense has established a Task Force to develop standardized procedures for all the Armed Services on Foreign Military Sales program transactions to include uniform billing, cash collection, and delivery reporting. The target date for implementing these standard procedures is January 1, 1976. The Department of Defense has also informed Treasury that, as a result of a visit by U.S. Air Force officers with Italian government officials and our Embassy personnel in Rome, Italy is no longer in the ranks of past-due account debtors. (Since 1971, Italy had been in arrears in payments to the U.S. Air Force for various amounts.)

On June 11, 1975, the Department of State reminded all U.S. diplomatic and consular posts of the importance of our efforts to effect timely repayment of indebtedness to U.S. government agencies. Our Embassies were also alerted to the fact that they be called upon to bolster our debt collection procedures and practices in coming months.

With reference to the $609 million of debt arrearages as of December 31, 1974, mentioned in your letter to the President, I would like to note that this figure reflects a $183 million decrease in arrearages over the previous year. Furthermore, preliminary data for March 31, 1975, indicate that arrearages on long-term credits (those with original maturities over one year) had dropped below $300 million from $442 million at the end of 1973. As you point out, however, there was some increase in the last half of calendar year 1974, $27.4 million net, of which $20 million is associated with "hard core" arrearage cases as identified below.

In analyzing foreign debt arrearages, it is helpful to segregate those arrearages which are associated with long-term credits (original maturities over one year) and those related to short-term credits (original maturities of 90 days to one year). Using this analytical procedure, five countries alone account for almost 80 percent of total arrearages on long-term credits: China ($72.5 million), Cuba ($61.6 million), Egypt ($58 million), Pakistan ($35 million), and Iran ($35 million). I am sure you would agree that these Cuban and Chinese arrearages may be termed hard core, intractable cases, given the particular political circumstances underlying these situations. Egypt has paid all but a small portion of its total arrearage to the U.S. government since the beginning of 1975. The Pakistan debt arose as a result of the political division of that country and is currently the subject of negotiations which are nearing completion. Efforts to collect the Iranian debt have been undertaken at a high level in the Executive Branch.

Arrearages on short-term credits (maturities of 90 days to one year) and accounts receivable (maturities of less than 90 days) totaled $288 million as of December 30, 1974. Of this amount, some $200 million stems from logistical support provided by the United States to other nations during the Korean conflict. The United States has reached formal agreements for repayment of this assitance with most of the recipient countries. No such agreements have, however, been reached with the six countries which continue to be reported as delinquent (Greece, Turkey, Thailand, Ethiopia, Colombia, and the Philippines). The policy to be followed in seeking to overcome these delinquencies stemming from the Korean conflict is under intensive review within the Executive Branch. In this connection, I wish to point out that the tenth report (1973) of the House Committee on Government Operations noted, ". . . there is no reason for continuing to carry these claims on U.S. Treasury records."

Please be assured that the Administration places very high priority on ensuring that there is prompt payment of foreign debts owed to the United States Government. We are intensifying our efforts in these matters with the objective of improving upon the progress which has already been recorded during the past year.

Sincerely,

VERNON C. LOEN,
Deputy Assistant to the President.

Though the President contends that the National Advisory Council on International Monetary and Financial Policies—NAC—which coordinates debt collection efforts, as a general policy defers and/or disapproves additional loans to countries that are 90 days or more in arrears, and though he contends that the administration places "very high priority on insuring that there is prompt payment of foreign debts owed the U.S. Government," recent Treasury statistics indicate that delinquencies are actually increasing.

The principal and interest due and unpaid 90 days or more on U.S. loans and credits to foreign nations and international organizations as of June 30, 1975, totals over $633 million, as compared with $609 million as of December 31, 1974, and $562 million as of June 30, 1974.

While some nations have made progress in their repayments, a substantial number, 71, of the 157 foreign countries and international organizations that owe the taxpayers of the United States, are falling still further behind in their payments.

As of June 30, 1975, 114 countries were in arrears 90 days or more. Ninety-nine of those countries showed delinquencies for a year or more. Included in the 99 are a number of OPEC nations who can well afford to pay.

I do not have to remind you what would happen if an American taxpayer should be as much as a day late in paying his taxes. The Internal Revenue Service would descend upon him like a swarm of locusts. I believe the taxpayers of this country expect a similar commitment on the part of their Government in pursuing the obligations owed us by foreign countries.

The American people have repeatedly demonstrated a willingness to provide financial assistance to foreign countries, to help underdeveloped nations in their quest for economic independence and to help rebuild those lands destroyed by the ravages of war or natural disaster.

The American people have illustrated this willingness to the tune of $170,303,600,000 since World War II in net disbursements for foreign aid. This, combined with the estimated net interest paid on what we borrowed to give away of $115,575,500,000, brings our total investment in foreign aid since 1946 to $285,879,100,000—more than one-quarter of a trillion dollars.

The fact that both the House and Senate expressed themselves on the issue of prompt foreign debt collection in this bill is clear evidence that the American people expect vigorous pursuit of foreign obligations to this country.

The conference chose to accept the Brooke language on the amendment. I have no problems with the Brooke language. The provision explicitly gives countries delinquent a year or more an opportunity to either dispute the debt or to make arrangement to make payment or, if necessary, to renegotiate to cure the existing default.

The conference report language reads:

> Beginning three months from the date of enactment of this Act, no part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act unless (1) such debt has been disputed by such country prior to the enactment of this Act or (2) such country has either arranged to make payment of the amount in arrears or otherwise taken appropriate steps, which may include renegotiation, to cure the existing default.

I would also like to insert in the RECORD a letter of support for the debt collection provision from the State Department:

DEPARTMENT OF STATE,
Washington, D.C., April 6, 1976.
Hon. BILL ALEXANDER,
House of Representatives.

DEAR MR. ALEXANDER: The Secretary has asked me to reply to your letter of March 10 advising him of your amendment to the Foreign Aid Appropriations bill on the subject of delinquent foreign debts.

The Department very much appreciates the sentiment of Congress, as expressed in the Conference Committee amendment, on this issue. We fully share your views that loans extended by the United States should be honored and repaid on schedule.

As you know, in the vast majority of cases, loans falling due to the United States since the Second World War have in fact been paid on time. In those situations where United States Government agencies are encountering collection difficulties, the Department of State and United States Embassies overseas have the responsibility of pursuing collection efforts. In this regard, I would like to assure you that we take our responsibilities in this area very seriously, and that we believe such delinquencies should be pursued vigorously.

The objective of our foreign policy is to protect the interests of the United States—among which are the assets represented by foreign debts. Although a large portion of current delinquencies relate to a few unique situations (such as debt owed by Cuba) where circumstances currently impede our ability to collect, we will continue to press for improved results.

Sincerely,

JULIUS L. KATZ,
Deputy Assistant Secretary for Economic and Business Affairs.

Mr. Chairman, I believe the best interest of every taxpaying American has been served by the inclusion of this provision.

I would add, however, that not all share this view, as evidenced by an editorial that appeared in the Arkansas Gazette following House adoption of my amendment to the 1976 appropriations bill. I would also like to share with my colleagues that viewpoint.

[From the Arkansas Gazette, Mar. 15, 1976]

SCATTERLOAD AT FOREIGN AID

One of the more witless acts committed in the current session of Congress went by almost unnoticed until some startled members realized what they had done. The only explanation we can imagine is that the House must have been uncommonly drowsy when it passed an amendment to the $4.9-billion foreign aid bill, offered by Representative Bill Alexander of Arkansas. Calling for a ban on aid to any nations which are more than a year in arrears in their debt payments to the United States, this alteration sailed through with very little debate.

Then cold reality began to dawn: This would eliminate just about everyone in the world—not only the very poor countries, but some of the best friends we have, who for one reason or another are behind in their remittances. To become the stone-faced, uncompromising banker, we'll have to cut a wide swath that could cost a lot more than we ever would gain from it. As examples, this scatterload would hit Israel and Egypt, along with some 100 other nations which are behind on installments. Obviously, to do this is to tinker with the basis of the tenuous peace in the Mideast, and give us the look of Simon Legree in hungry places elsewhere.

Mr. Alexander has, in fact, scored a remarkable achievement in being castigated for too much conservatism by none other than Otto Passman, the Louisiana representative who we thought was to the right of almost everybody in history since the Stone Age. Mr. Passman, who chairs the House Foreign Operations Appropriations subcommittee, called the Alexander measure "the most damaging and dangerous amendment that has ever been offered to a foreign aid bill since I have been a member of Congress (29 years)." Under the amendment, he warned, "not one dime would go to Egypt, not one dime would go to Israel. We would automatically cut that off."

Nor was the Alexander reply at all distinguished by good sense; in fact we are amazed that he had to fall back on that old refuge of baiting the Eastern intellectuals: "This amendment is not popular on the fashionable Washington cocktail circuit. But it is an issue that continues to irritate most Americans who cannot understand why the U.S. Congress will not do anything to collect the foreign debts that are justly owed the U.S. Treasury."

Well, the fact is that foreign-aid debts aren't all that ponderous. The State Department, which is quite rattled by this meat-axe proposition, points out that less than 1 per cent of the $43.5 billion in outstanding U.S. long-term credits are in default. And the amounts more than a year overdue in the cases of Israel ($15 million) and Egypt ($13 million) are scarcely more than pocket change in comparison to the total financing involved. Sometimes there are simple procedural reasons for slowness. Certainly it's nothing to get excited about, though such tough talk may indeed excite a few voters as election time approaches.

But even some Arkansans on the Budweiser circuit can detect the shallowness of Mr. Alexander's appeal, we expect, and we trust that the Senate will eliminate his ill-conceived amendment before the foreign aid bill gets enacted. In all fairness, we doubt that he knew the extent of what he was doing.

Mr. KOCH. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from New York.

Mr. KOCH. Mr. Chairman, I wish to point out to my colleagues that contained in H.R. 14260, the foreign assistance appropriations bill, is a cutoff of all military assistance to Uruguay. As I am the original sponsor of this cutoff, I felt that I should explain why I asked the committee to include such a provision.

Uruguay, which used to be known as the Switzerland of South America because of its democratic traditions, has become its cesspool. Terrorism by the Uruguayan Government against its own people is a well-established fact, documented by Amnesty International and confirmed by the State Department. It is estimated that there are 5,000 political prisoners in Uruguay, which has a population of only 2.5 million; 1 in every 500 is a detainee on political charges. Since 1973, when the military took charge of the Government, 12 percent of the population—300,000 Uruguayans—have left the country.

The Uruguayan military gradually took control of the Government during the Tupamaro insurgency of 1968–73, which was clearly terrorist in nature. The problem was that, after crushing the Tupamaros, the military proceeded to tighten its grip by repressing all dissidents, including democratic and nonviolent elements, through a brutal campaign of arrest, torture, and murder. State Department officials have confirmed Amnesty International's assertion that Uruguay is now at least the equal of Chile in terms of torture.

Amnesty International has documented 22 cases of persons tortured to death by the Government. It is a grizzly accounting of barbarities committed against political prisoners and sometimes against nonviolent persons with no apparent political leaning. One such barbarity is a torture called the "submarine," in which a prisoner is immersed head down in a tank of water, often mixed with vomit, blood, or urine, until he is nearly asphyxiated. This can be repeated for hours on end and often ends in the death of the prisoner.

As the military has suppressed the political parties and trade unions, many persons have looked to the Catholic Church to speak out against Government-sponsored terrorism, which the church has. The response of the Government has been to label the Catholic Church one of the centers that has been subverted by international communism, "whose ruinous, villainous, and treasonous actions must once and forever be expurgated. * * * Communism has reached the Church itself." This tactic of labeling and suppressing all dissent as Communist sponsored seems prevalent. According to Amnesty International, "Under the pretext of combatting armed subversion, ever wider circles of peaceful protest are subjected to oppression and persecution."

Recently, the military deposed Juan Bordaberry in a clash over his role as President. President Bordaberry and the military did not differ on the use of torture and repression, but only on how the country was to be transformed into a military-dominated dictatorship similar to that of Brazil.

Last week Wilson Ferreira Aldunate, a moderate Uruguayan democratic leader who polled a plurality of votes in the last free Presidential election but lost to the now deposed Bordaberry, testified in hearings last week of the demise of democracy and the tragic status of human rights in Uruguay. He spoke in very moving terms that the Uruguayan military has made torture a way of life for the government. I urge that his testimony be read. I have previously inserted it in the CONGRESSIONAL RECORD on June 22, where it appears on 19769.

What then is the response of the United States to the deepening repression in Uruguay? The administration submitted a request for $3 million in military assistance to Uruguay for fiscal year 1977. As a member of the Foreign Operations Subcommittee of the House Appropriations Committee, I examined the justifications for aid to Uruguay provided by the State and Defense Departments. I was unconvinced and, in fact, outraged by the rationale for aid.

First, in hearings before the Subcommittee, State Department officials, in response to my questioning, admitted that Uruguay faces no external threat and that the United States has no vital strategic military interests to protect there. It is clear that the total thrust for our providing military aid is for internal security. The Defense Department's justification document included other items such as that our military assistance "serves to enhance military to military relations, and to maintain an adequate counterinsurgency capability."

We should be honest about what our military aid is being used for. The military in Uruguay is the government. As we "enhance military to military relations," we identify completely with the military dictatorship and against democratic elements. Furthermore, given the barbarism of the Uruguayan regime, our providing aid to "maintain an adequate counterinsurgency capability" when the Defense Department itself admits that there are few internal security problems in Uruguay today means that we are in effect aiding Uruguay in its campaign of torture and violence.

I believe that our continuation of military assistance to this repressive military-dominated dictatorship can only serve to signify the American Government's continuing confidence in the Uruguayan regime and particularly its military.

I am also greatly concerned that our Embassy in Uruguay is misleading the State Department on the issue of human rights violations in Uruguay. Earlier this week I released a letter from the labor/political officer in our Embassy in Montevideo which he had sent to Congressman ANDREW MAGUIRE. In that letter he said there may be "a few political prisoners around" in Uruguay. As I have said, I believe there are 5,000 political prisoners in Uruguay. A State Department official admitted to me in private that there are at least 2,500 political prisoners there. Some have charged that Ambassador Siracusa is intimately involved in the running of the government as the junta dicusses major issues with him as a matter of course. I do not know if this is true, but there does appear to be a bias in our Embassy for the present repressive government in Uruguay. Only the State Department can rectify that situation, but it makes our duty to cut off military assistance to that country even more compelling. The Senate has not yet included a cutoff in its bill, and I urge that the House insist on the cutoff of military assistance to Uruguay.

Some of my colleagues in the subcommittee asked me, "Why Uruguay and not almost every other South American country for which almost the same case can be made." My response was, "if I could, I would." But I am hopeful that this cutoff of aid to Uruguay will serve as a symbol of the United States' intolerance for gross violation of human rights and military repression in countries which desire our friendship and assistance. Perhaps other repressive Latin American countries will see that time is running out and will change their present course.

AMERICAN SCHOOLS AND HOSPITALS ABROAD PROGRAM

Mr. Chairman, I wish also to address myself at this time to the significance of one of the smaller programs included in the bill we are considering today; the American schools and hospitals abroad program—ASHA—which is carried out pursuant to section 214 of the Foreign Assistance Act. The Office of the American School and Hospitals Abroad is administered by the Department of State's Agency for International Development.

The raison d'etre of the ASHA program is to provide assistance to medical and educational institutions abroad and to help demonstrate American ideas, practices, and advances in education and medicine through supporting grants to these foreign institutions. This is one program in which we are helping the citizenry of countries abroad and generating American good will.

It is hard to imagine a goal more worthy than that of educating people and providing them with adequate health care. And it is because the Office of ASHA has received so many excellent applicants that the committee has increased the recommended budget of ASHA from the $7.5 million requested to $19.8 million. In addition, $7 million in foreign currency will be available.

It should be noted that even with this increase, only a fraction of the applicants will receive ASHA support.

In pursuing the list of institutions which have historically benefited from the ASHA program it becomes apparent how successful and useful this program has been in creating and supporting "American type" schools and hospitals throughout the world and, consequently, in demonstrating American humanitarian efforts. The American Hospital in Istanbul, the American Hospital in Rome, the Anatolia College in Greece, the Chemke Mercy Hospitals in Nigeria, the Weizmann Institute in Israel, Project HOPE, the Sogang University in Korea, and the University of Americas in Mexico are examples of institutions which demonstrate the success of the ASHA office.

One of the hospitals that has received modest support in the past from ASHA is Shaare Zedek of Jerusalem, the American sponsor of which is located in my congressional district. To provide an example of the type of institutions ASHA assists, let me outline some of Shaare Zedek's history.

The Shaare Zedek Hospital was founded during the last century with the purpose of providing the residents of Jerusalem medical care of a quality then unknown to that part of the world. The present building of the Shaare Zedek Hospital, the first major medical facility in west Jerusalem, was completed in 1902 to accommodate 21 beds. Jerusalem today is a city of over 300,000 residents and this same physical facility functions as the center of a general hospital of 250 beds with a complete spectrum of medical and paramedical services. Attached to the hospital is its School of Nursing, established in 1936 by the hospital's first head nurse. "Schwester" Selma Mayer, who was recently featured in a Time magazine cover story as one of the 20th century's "Living Saints."

This nursing school, which has played a special and historic role in nursing education in Israel, provides free education to all of its students—18 of whom are Americans.

With the expansion of Jerusalem's population, the hospital's facilities, now 75 years old, have been hard pressed. Several years ago, the hospital undertook, with the active support of its American sponsors, the construction of a new Shaare Zedek Medical Center providing new hospital, laboratory and outpatient sections. The Hospital now wants to construct its American College of Nursing and has become one of those applicants awaiting funding by ASHA.

The hospital has long sought to bring to Israel the impact of American procedures in medical care and nursing education. The day-to-day direction and management of the hospital, as well as the planning and the design of the New Medical Center and proposed American College of Nursing, are in the hands of Americans who have studied, practiced and taught in the United States for many years prior to coming to Israel. The concern of Shaare Zedek Hospital for the health of all Jerusalem's citizens—Israelis and Arabs, Moslems, Christians and Jews—stands as an effective symbol of American good will and commitment to the healing and education of people abroad.

What is also important is that through its capital program, ASHA makes a lasting contribution to the education and health of a nation's people—a contribution that will be carried forward into succeeding generations.

Mr. ADAMS. Mr. Chairman, will the gentleman yield,

Mr. PASSMAN. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Chairman, I am pleased to be able to support passage of H.R. 14260, which provides funding for foreign assistance programs for fiscal year 1977. This bill, which impacts primarily on the international affairs function, provides funding for our traditional foreign aid programs, and provides the military and economic aid for Israel and the economic assistance for Egypt, Syria, and Jordan, which are essential elements of this country's efforts to achieve a lasting peace in the Middle East. In fact, about 40 percent of the budget authority in this bill is dedicated to those efforts.

With regard to the funding totals in this bill as compared to the allocations made under the budget resolution, the bill is under the target by $511 million in budget authority. When prior year outlay totals become available upon completion of action on the fiscal year 1976 foreign assistance appropriations, we estimate that the bill will also be below target in outlays.

Mr. Chairman, with this bill the Appropriations Subcommittee on Foreign Operations has completed consideration of the budget totals allocated to it under the first budget resolution. I congratulate the distinguished subcommittee chairman for bringing this foreign assistance appropriations bill to the House on time and below target.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Illinois for a question.

Mr. CRANE. I thank the gentleman for yielding.

I would like to ask the distinguished Chairman if he could explain to me some of the proposals for assistance in this bill. In the report on pages 16, 17, 18, and 19 there are references to a total of several million dollars to the former Portuguese territories. I am wondering if the gentleman can explain to me what are those former Portuguese territories referred to in the bill?

Mr. PASSMAN. I believe Mozambique, Cape Verde, Guinea-Bissau, Sao Tome, Principe, and Angola are the territories involved.

Mr. CRANE. Mozambique is indeed one of them?

Mr. PASSMAN. That is correct.

Mr. CRANE. In the exchange I had with the distinguished chairman of the International Relations Committee a couple of days ago, he assured me in the authorization bill there was no aid for Mozambique.

Mr. PASSMAN. In the authorization bill I understand that is correct.

Mr. CRANE. But there is something for both Mozambique and Angola?

Mr. PASSMAN. That is correct.

Mr. CRANE. Could the gentleman tell me whether Southern Africa Regional Territory includes Angola or Mozambique?

Mr. PASSMAN. Not that we are aware of.

Mr. CRANE. That would be confined not to Rhodesia and South Africa but to countries such as Zaire and Zambia?

Mr. PASSMAN. That is the whole South Africa region. That is correct.

Mr. CRANE. I thank the gentleman for yielding.

Mr. SHRIVER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill we are recommending represents significant compromises by individual members of the committee in an effort to get a bill which we can take to conference with some hope of coming out with an acceptable final version. I want to commend our chairman for his complete dedication to this bill over the years, and for his leadership in allowing and encouraging full participation in its formation by all of the members of the subcommittee during our markup.

This bill includes slightly under $5 billion for fiscal 1977 for the four titles, $3.3 billion of which is for the title I economic and military assistance programs generally thought of as U.S. foreign aid.

The remainder is for military credit sales and such things as refugee programs, the Peace Corps, and our contributions to international financial institutions.

Our recommendation is $551 million below the budget request. About three-fifths of this cut is connected with our contributions to the Asian Development Bank, the Inter-American Development Bank and the International Development Association of the World Bank—items which are usually subject to conference negotiation—with the remainder coming largely from the economic assistance programs.

The bill is $224 million below the fiscal 1976 bill. A major reason for this cut from last year is the $225 million lower figure for foreign military credit sales.

Forty-five percent of the money in this bill is for Middle East programs supporting the Sinai agreement. While the situation there is still far from ideal and far from clear, the basic agreement still stands and still requires this financial support. It is far cheaper than supporting another war.

Israel would get $735 million in security supporting assistance, a $1 billion ceiling in military credit sales, half of which would be a grant, about $12 million in aid to refugees from the Soviet Union, and an unknown amount from the American schools and hospitals abroad program, for a total for Israel of $1,747,000,000.

Egypt would get $700 million from security support assistance. Syria and Jordan would get $80 million and $70 million, respectively, from security supporting assistance. These are basically Sinai agreement funds.

In addition for Jordan, the administration has proposed $75 million in military credit sales, $800,000 in military training, and $70 million in military grant assistance, for a total of $215.8 million for that country in this bill.

For the 4 development assistance categories administered by the Agency for International Development, the recommendations are $475 million for food and nutrition; $200 million for population planning and health; $70 million for education and human resources development; and $70 million for a general technical assistance category which includes $31 million for private and voluntary organizations.

The total for these 4 categories is $815 million—$106 million below the budget request, and $124 million above fiscal 1976. The increase over 1976 is almost entirely for population control activities and for food and nutrition programs. It is becoming more obvious that all other economic development efforts will fail if the population of the recipient countries is not controlled and if food production is not increased.

The bill includes $170 million for U.S. contributions to international organizations and programs, such as voluntary contributions to the Organization of American States, the United Nations development program, and the United Nations Children's Fund, for which $20 million is earmarked. The list of organizations is shown on page 22 of the report. The reduction proposed by the subcommittee would mean a reduction for the U.N. development program to $93,350,000.

For the American schools and hospitals abroad, we have increased the budget request to $19.8 million, plus $200,000 for operating expenses. This increase reflects our conviction that this is one of the more valuable foreign assistance efforts in terms of our own national interests. This is one area where U.S. aid is clearly identified.

We have reduced the request for the President's contingency fund from $10 million to $5 million, and we have agreed to the $25 million request for international disaster assistance. The use of the funds in these two accounts is closely related, and examples of past disaster aid can be found on page 26 of the report.

The bill includes the budget request of $34 million for international narcotics control. Considerable support was expressed for this activity during consideration of the 1976 bill.

We have also agreed to the budget request for the Middle East special requirements fund in the amount of $35 million. This is a reduction of $15 million below 1976, when funds were needed to set up the surveillance stations. For 1977, $3 million will be used to support private voluntary organizations' relief efforts in the West Bank and Gaza areas, and for the American Sinai support mission. Seventeen million dollars of the request is to be held in reserve to meet unforeseen requirements in the area. Congress will be informed of any uses of this reserve prior to the obligation of any funds.

For security supporting assistance, we are recommending $1,664,400,000. This is $117.5 million below the budget, and $22.5 million below 1976. As I mentioned earlier, the bulk of these funds are for Israel, Egypt, Syria, and Jordan. The remaining funds are for Portugal, Cyprus, and to meet NATO commitments in Malta.

For military assistance grants, we have included $270 million, a reduction of $9 million below the budget. The chairman will offer an amendment at the appropriate time to reduce this to the authorization level, which is $247.3 million. The proposed program for 1977 is shown on page 30 of the report. Significant amounts are slated for Turkey, Greece, Ethiopia, Indonesia, Korea, the Philippines, Thailand, and Jordan. The total for Latin America is $3 million.

Twenty-five million dollars is included for military training, about two-fifths of which is for Latin America.

As I mentioned earlier, the $840 million in here for military credit sales is a decrease of $225 million below 1976. Here again, the chairman will offer an amendment to lower this account to the authorization level of $740 million. The proposed 1977 sales program is shown on page 34 of the report. Major country programs are for Korea, Israel, Jordan, Greece, Turkey, Argentina, and Brazil. These funds are used for direct credits and to guarantee private credits for foreign sales. The direct credits are repaid to the U.S. Treasury at rates not less than the cost of money to the Treasury, except in the case of Israel, which gets special rates.

The bill includes $71 million for the Peace Corps, a reduction of $10.3 million below 1976, but an amount adequate for the mandated increase in the readjustment allowances. The reduction below 1976 will mean a decrease in the number of volunteers of about 5 percent.

While we have included the requested $82 million for the Cuban refugee program, we have report language urging a phasing out of this 15-year-old program. An earlier attempt to do this was rejected by the Congress.

The final $50 million is included for the Southeast Asia refugee program. It is interesting to note the 2-year life of that program as compared to the Cuban program.

Twenty-five million dollars is recommended for other refugee programs, including assistance for refugees from the Soviet Union and other East European countries.

The subcommittee has cut in half the requests for U.S. contributions to the Asian Development Bank and the Inter-American Development Bank, and we have cut by $55 million the request for the World Bank's International Development Association.

I strongly agree with the chairman that any U.S. contributions to fund callable capital increases for these institutions shall go through the regular appropriations process, as in the past.

We recommend approval of the proposed limitations on program activity and administrative expenses of the Export-Import Bank. The Bank continues to help U.S. businesses and to return significant sums to the Treasury in dividends. So far, the Bank has paid dividends of nearly $1 billion.

I might mention in closing that we have included in the general provisions the cutoff of aid to delinquent countries. An identical provision is included in the conference version of the 1976 bill.

I believe we have recommended an acceptable bill, a passable bill. Foreign aid can be a tool of our foreign policy if used wisely, and it is certainly necessary in the case of the Middle East. I urge your acceptance of these recommendations.

Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. Conte).

Mr. CONTE. Mr. Chairman, I rise in support of this bill making foreign assistance appropriations. We have all worked hard on this bill, and I would especially like to commend the gentleman from Louisiana (Mr. Passman), our chairman, and the gentleman from Kansas (Mr. Shriver), our ranking minority member, for their tireless efforts on behalf of this piece of legislation.

Mr. Chairman, I believe that this is one of the best foreign aid bills which we have reported. We have provided funds to support the role of the United States in the maintenance of freedom and world peace, and to support our economic interests in an increasingly interdependent world. While funding our humanitarian interests abroad, we were acutely aware of the economic condition of the United States, and the need to hold spending as low as possible in order to avoid fueling further inflation or crowding out much-needed domestic programs. I am pleased to inform my colleagues that we have succeeded in effectively balancing our domestic interests and international obligations in this bill, and I urge their support for this measure.

I would briefly like to highlight some of the programs provided for in this bill.

For food and nutrition programs, we have provided $475 million, an increase of $48.4 million above the 1976 appropriation. Of course, as my colleagues know, we are in the unusual and unenviable position of debating the 1977 appropriation before the 1976 bill has been enacted. The conference report on the 1976 bill will be considered as soon as the authorization has been approved. So when I speak of a food and nutrition increase of $48 million from 1976, I am talking about an increase from the level provided in the 1976 conference report.

As the world's leading food producer and its most important source of agricultural technology, the United States should be in the forefront of the global effort to increase agricultural production and avert famine. The increase above last year's funding represents an important signal to other donors and less developed countries of the American commitment to solve the problem of hunger and famine throughout the world. Of the appropriation for food and nutrition, about 79 percent will be provided to 30 countries with per capita income below $300 per year and which have difficulty in producing sufficient food to satisfy minimally acceptable nutritional standards for their populations. This funding will provide technology and fertilizer to underdeveloped countries, and strengthen utilities which help family farms. This appropriation also supports agricultural research, through the application of the agricultural expertise of our land-grant colleges.

Mr. Chairman, as my colleagues know, the problems of inadequate food and overpopulation go hand in hand. Population programs will not be effective unless a country's standard of living is sufficiently great that people do not need to produce children in order to survive. And, by the same token, all the gains of a food and nutrition program will literally be swallowed up by population increases without effective family planning programs.

We have provided $200 million for population planning and health development assistance, $53.6 million above the 1976 program, but still nearly $30 million below the administration request. Experience in the past decade has demonstrated that family planning is one of the most cost-effective ways of improving the health and nutritional status of mothers and children who constitute about 70 percent of developing country populations.

This year's population planning program will continue to focus on insuring that effective means of family planning services are fully and readily available to all classes of people, especially the rural poor. I am pleased to note that foreign governments, particularly in Asia and Africa, are increasingly recognizing the importance of this type of activity for their own development, and are cooperating with AID in developing cooperative and effective programs.

We have provided $70 million for technical assistance and selected development problems, a significant increase over previous years' appropriations in this area. One of the major priorities of this program involves helping developing countries to increase their production and conservation of energy. As hard as our economy has been hit by high energy costs, largely because of exorbitant oil price fixing by the OPEC cartel, the effect on developing economies of the third world has been even more devastating. In addition to energy problems, this category is also used for urban development activities which can directly help the urban poor who are crowded into the slum areas of big cities.

Mr. Chairman, I would also like to draw my colleagues' attention to the committee's recommendation that AID conduct a study of the feasibility of supporting the construction of an airport facility capable of accommodating at Thot-Ea-Moli in the country of Lesotho. Preliminary indications are that such a facility would have an important impact on the development of that region, and that AID support is warranted.

We have provided $1.6 billion for security supporting assistance, with the bulk of that amount earmarked for the Middle East countries of Egypt, $750 million; Israel, $785 million; Jordan, $77.5 million; and Syria, $90 million. These amounts will support efforts to achieve peace in the Middle East.

At the appropriate time, I will offer an amendment to increase the security supporting assistance item by $10 million, in order to provide for assistance requirements in Cyprus. Because of the earmarkings for the Middle East made by this committee, and those for Zambia and Zaire in the authorization bill, there are insufficient funds remaining to cover relief and relocation efforts in Cyprus. My amendment will provide an adequate level of funding for this humanitarian purpose.

In the military assistance program, we have provided $270 million, funds which are used to help provide the revenues, services, and know-how deemed essential for the protection of the sovereign rights and territorial integrity of our allies. We are aware of and concerned about the human rights situation in South Korea, but because of the unique security situation facing that nation, the committee did not consider it appropriate to take peremptory action in this bill. South Korea plays an important role in the security of that part of the world, and while I stand opposed to repression wherever it may appear, I must also point out that vital American interests in Asia depend upon the security and stability of Korea.

Uruguay, however, was another matter. There are well-documented allegations of repression by that Government, and we found that there is no external threat to justify the Government's domestic terrorism to justify the provision of military assistance to that country. Accordingly, the bill has prohibited military assistance to Uruguay.

Finally, Mr. Chairman, I am disappointed by the provision of only $320 million for the International Development Association, the concessional window of the World Bank. The United States is currently in default on the fourth replenishment of this fund. By not living up to our agreements, we tarnish our credibility abroad and at home. The IDA has made significant contributions to increasing the standard of living in the very poorest countries of the world, and I am hopeful that we will be able to come out of conference with the authorized amount.

To summarize, Mr. Chairman, the bill before us is responsive to our humanitarian concerns, our international interests, and our domestic priorities. It is more than $557 million below the administration request and more than $244 million below the 1976 appropriation. It is a responsible bill, a balanced bill, and I urge its passage to my colleagues.

Mr. SHRIVER. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Chairman, I congratulate the chairman and the ranking minority member on a good bill, a bill that is considerably improved over previous years.

It is significant that this bill places considerably more emphasis on economic aid, as opposed to military aid, than in previous years. It is also significant that fully 45 percent of the funds go toward Middle East programs supporting the Sinai agreement in pursuit of peace in that strife-torn area.

I would join in what my colleague, the gentleman from Kansas (Mr. SHRIVER) said—that an investment in the foreign aid program, although often misunderstood by many people, is really an investment in peace, an investment in the future of peace in the world. I think as we consider this bill, we should keep that in mind. Wars are much more expensive than foreign aid.

Mr. Chairman, I would like to refer specifically and address the chairman's attention to the category of "American Schools and Hospitals Abroad." I share the chairman's very great respect for this program as one of the better programs that we have in our foreign aid program, and it does an outstanding job of representing America.

I am concerned, however, because we have voted this year and last year and in years past to substantially increase the budget request for this program, and I have joined in that. I am concerned, and this concern is expressed to some extent in the committee report, that many institutions that have applied for funding do not receive funding. We tend to fund the same ones year after year.

I am particularly concerned about an institution called Beth Rivka, which has a request for $750,000 to create an American School of Home Economics in the State of Israel. I am concerned about this particular institution, because both the applicant and this Member of Congress have been misled by AID in this particular request. First, I was informed they were not eligible because their application had not been completed in time, yet they were under the impression that their earlier application would carry over.

Second, I was informed funds were provided for Beth Rivka in 1972 and 1973 with the understanding there would be no further request for funds.

I was referred to a Philadelphia attorney to confirm this fact. I did contact that attorney, who vehemently denied that was the case and that there was any agreement and, in fact, produced documents proving Beth Rivka's interest in further funding.

Now, having voted for these additional funds for American schools and hospitals abroad, I would like to ask the chairman, would it be the intent of the committee to at least have institutions, such as Beth Rivka, to be eligible for consideration for funding?

Mr. PASSMAN. Mr. Chairman, if the gentleman will yield, the gentleman will find information in the report on this matter. It is my understanding that the applications exceed the annual appropriations by 2½ times. With the funding available at this time, there will be 40 projects to be funded, making it impossible to fund all of them at the present time.

I might state that in prior years we had a budget request in smaller amounts and subsequently they would amend the budget request up to the amount the committee felt they should have.

I would suggest that the gentleman check with the agency and ascertain whether or not the project the gentleman is interested in is requesting funds in 1977. If so, we will find out whether or not it will be funded; but I repeat, the requests far exceed the amount of money available.

Mr. COUGHLIN. Mr. Chairman, having voted to increase the funding for this program, I would like assurance that Beth Rivka will receive fair consideration for funding. I think that is important.

Mr. PASSMAN. All of them should receive fair consideration. I think they should establish a list of priorities and move on that basis. I can assure the gentleman that I will cooperate in any way that I can to provide the funds.

As far as telling an agency what projects they should fund, I do not believe it would be my prerogative to do that.

Mr. COUGHLIN. Of course, it is not the prerogative of any Member of the House, but it is the prerogative of Members of the House to want assurance that this very important institution, Beth Rivka, and others which have not received assistance in recent years, will receive fair consideration, because I believe the agency has misled this Member of Congress with respect to this application.

Mr. SHRIVER. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. WHALEN).

Mr. WHALEN. Mr. Chairman, as we consider H.R. 14260, there is one matter that I would like to draw to the attention of my colleagues. This is the current recommended level of funding—$320 million—for the International Development Association contained in this bill. As you will recall, in 1973, this body authorized U.S. participation in IDA's fourth replenishment at the level of $1.5 billion, to be paid in four equal annual installments of $375 million. We have to date—and we were 2 years late getting started—already cut our first payment for fiscal year 1976 to $320 million. I feel strongly that we make a serious error in repeating this action today and providing a funding level for a second year below the amount necessary for this country to carry out its pledge which the Congress approved.

We are not merely talking about dollars and cents. We are talking about a program which benefits the poorest of the developing nations. IDA concessional loans help the countries to develop their economies' capacities to participate in the international marketplace, buying American goods and services and selling their own, and in the process, providing a better standard of living for their own citizens.

We have talked a great deal in recent years about international burdensharing, about the other industrial nations carrying their fair share of the load in providing official development assistance for the poor countries.

I believe strongly that others must support these programs. It is precisely because of this that I feel that the action we are taking today on the IDA funds is such a major error. The other industrialized countries agreed to the United States reducing its percentage share of the total replenishment from 40 to 33 percent. They agreed to delay our first payment from fiscal year 1975 to fiscal year 1976, which stretched out our payments from 3 to 4 years. They also agreed to the no maintenance of value provision after the dollar devaluation, which saves the United States millions of dollars annually.

Yet, in spite of all these arrangements, the United States is late in its payments when others have already paid in their shares. Our lateness and the curtailed annual appropriation seem to signal to the other donor countries that the United States does not keep its word, that the Congress, which approved this program, changes its mind after the fact. It is my hope that the other body will see fit to remedy our mistake and will approve full funding at the agreed-upon level of $375 million for the fiscal year. It is also my hope that when the conference on this bill meets, the latter figure will be agreed upon and that we will ratify that figure when the conference report is considered.

If we expect other nations to continue to increase their support for the worthwhile development programs financed by the International Development Association, we in the Congress must also demonstrate that we intend to honor commitments the United States has already made and which have been authorized by the Congress.

Mr. PASSMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. REES).

Mr. REES. Mr. Chairman, the committee has cut back the U.S. contribution to the fourth replenishment of IDA, the World Bank's fund to support long-term development in the poorest nations. I believe this action, on both political and economic grounds, was ill considered and dangerous.

I have recently returned from the UNCTAD meeting held in Nairobi where the developing nations made clear that their demands for economic opportunity are not going to go away. We are going to hear more of this. The stakes are going up—as our recent experience with oil has shown.

The noisy confrontations we hear repeatedly at international meetings are designed to gain political leverage over the industrialized world.

The leader of the world, the United States, has a choice. It can shout back and keep the noise level high, assuring that we have continuous trouble over issues like Puerto Rico, the PLO, and the Panama Canal, or, it can take the rational route and try and deal with the source of the trouble—the unconscionable misery of 750,000,000 people who live on less than $100 per day.

Now, what does IDA have to do with this?

First, it is the one instrument that all, rich and poor, agree is needed and is doing an effective job. IDA credits are managed by the staff of the World Bank and treated like other loans in response to market realities. This week the 10 billionth dollar of IDA credits will be voted by the Bank's Board. These credits have an average economic return of 20 percent per year. IDA credits will soon mean $2 billion per year in new production on the part of the poor countries themselves. These countries do not want rhetoric—they want to stand on their own feet.

Second, IDA reaches the poorest countries. Ninety percent of IDA loans go to countries with less than $200 per year per capita income. The poorest countries are joining in the loud screams against the rich nations because they are desperate. They have no other choice—particularly if the richest of all nations, the United States, lets them down. They know very well that the United States is playing an ever smaller role in providing concessional aid for development, that in real terms U.S. economic aid has declined since 1970 and that U.S. leadership, once almost the only hope, has been sadly wavering. So, what are they to do but follow the model of the "77" and, in desperation, hit us over the head until we listen.

Third, IDA is the most important international compact in behalf of development. IDA was created under the leadership of the United States to bring more nations into the business of providing aid. There are now 24 donors to IDA, including Kuwait, Israel, Yugoslavia, as well as the developed nations of Europe and Japan. More donors come to the table each time—and more borrowers, such as Turkey, Jordan, and the Philippines, are being weaned from softer IDA terms to the harder terms—8.75 percent per annum—of the World Bank. A lot of things are happening. There are more contributors, fewer borrowers, and a common agreement that the IDA mechanism works.

But the mechanism only works if all who pledged to support keep their agreement. Certainly this is true for the United States, who founded the organization, and whose GNP is now running at about $1.5 trillion per year.

We must remember, gentlemen, that it is still true that on this Earth nothing is going to happen on a global scale without the United States. We may be dragged into many places we do not want to go. The name of the game in the developing world is to force the United States to act—that is what the UNCTAD meeting in Nairobi was really all about, and that is why the administration has to think up new gimmicks to try to put a few dollars here and there to keep things quiet.

But the leaders of the poor world have become a good bit more sophisticated in recent years. They know that their only hope for economic decency lies in their own products and getting a fair price for them. Now we in America do not really disagree with that. And we invented IDA as a way to help them do that.

The heart of the matter is long-term development. They know it and we know it—and nothing we say about new institutions, the IRB, and so forth, or even about mutual security mean very much if we duck the issue.

If the United States reneges on IDA, its credibility in the poor world will be pretty near zero.

Mr. PASSMAN. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Maryland (Mr. Long).

Mr. LONG of Maryland. Mr. Chairman, I support the passage of H.R. 14260, the foreign assistance appropriations bill, with some reservations.

One of the good points of this bill is its significant 10 percent reduction in the President's foreign aid request, a cut of $551 million. Further, this bill is almost one-quarter of a billion dollars less than the fiscal year 1976 foreign aid appropriation level.

Major cuts in the bill include a reduction of more than $100 million from the administration's proposal for bilateral economic assistance and a cut of about $202 million in funds for the "soft" or concessional loan programs of the multilateral development banks—the Asian Development Bank, the Inter-American Development Bank, and the International Development Association. The total allocated to these international banks is $90 million less than the 1976 appropriation.

With regards to the Middle East, the bill includes over $1.7 billion in economic and military aid for Israel, to whose existence and security we remain pledged. I have reservations about the significant economic aid provided to Egypt and Syria, for this economic aid will allow Egypt and Syria to shift their own resources toward the purchase of military equipment aimed at aggression.

In the report accompanying this bill, I have called for new directions in international population planning programs which are supported by the Agency for International Development. Nations should consider legal, social, and economic incentives so that couples will want fewer children; otherwise, the population increase will become unbearable.

Under the category of international organizations and programs, the bill includes two important items which I support: $1 million in funds earmarked for strengthening the safeguards program of the International Atomic Energy Agency and $20 million earmarked for the humanitarian work of the United Nations Children's Fund.

The one most objectionable part of this bill is the allocation of aid to India, a country whose authoritarianism, development policies, and nuclear weaponry surely disqualify that country for foreign aid. How can the administration propose $62 million in bilateral economic aid and $136 million in Public Law 480 food aid for India? How can it justify India's receiving hundreds of millions of dollars in soft loans each year from the International Development Association although the Long amendment to the International Development Association Act requires the United States to oppose any IDA loan to India because of India's nuclear explosion? How can the administration continue to supply nuclear fuel and other nuclear assistance to India after India's nuclear explosion?

In spite of $20 billion in foreign aid since World War II, India has made barely perceptible economic progress and an especially meager commitment to its poor. Ashok Mitra, the former chief economic adviser to the Government of India, describes the economic results of Mrs. Gandhi's rule, 1966–76, as follows:

> Over the 10 year period the compound rate of growth of farm output, despite the much-heralded green revolution, works out to barely 1 percent a year; industrial growth too has shrunk markedly—by two-thirds—compared with the preceding decade. Availability of food is lower per head than it was 10 years ago, and production of cotton textiles—a pivotal consumer item—has fallen absolutely. (Article from the London Economist, Jan. 24, 1976.)

In an article in the March 22, 1976, New Yorker, Ved Mehta, is similarly pessimistic about India's political life:

> India's short experience with democratic government has been permeated by corruption . . . the democratic form of government seems in itself to foster corruption, because the constitutional freedoms and protections that in theory exist for everybody can in practice be enjoyed only by those who have the wherewithal to take advantage of them.
>
> . . . when, after the 1972 drought, the Government took over the distribution of wheat expressly to prevent hoarders and black marketeers from profiting by the widespread hunger of their countrymen, many of the government officials and Congress men and women involved became hoarders and black marketeers themselves. These, Kant (Krishna Kant, a member of the Congress Party) says, are the very people who, after Narayan came along with his protest movement, closed ranks and instituted the emergency, engulfing the country in a great political silence and enveloping it in a thick fog so that they could continue their nefarious activities unchecked and unchallenged.

Responsible observers have concluded that India is moving rapidly to becoming a totalitarian state. J. Anthony Lukas, a Pulitzer prize winning former New York Times correspondent in India, recently noted that—

> Those institutions which once permitted the straining engine of Indian democracy to survive nearly apocalyptic pressures . . . —a free press, the parliamentary opposition, regional parties, an unfettered judiciary—have now been largely shut off.

States Lukas:

> In India today, the law has been reduced to a mere servant of the regime. Under the Defense of India Act and the Maintenance of Internal Security Act, the Government now arrests anyone it want and holds them as long at it likes without charges. The ancient right of habeas corpus is no more. In recent arguments before the Bombay High Court, a Government attorney contended that the regime could starve prisoners or even shoot them without legal challenge.

The abolition of freedom and democratic principles in India raises an urgent question for the United States: Why should we subsidize a totalitarian state when our scarce foreign aid capital could be much more productive in other countries? It is time to cut off U.S. aid to India.

Mr. JENRETTE. Mr. Chairman, in November of last year the National Advisory Council gave its endorsement to an $11.3 million loan by the Asian Development Bank to Indonesia for a new palm oil processing plant. This was just 1 of 46 similar credits that have been extended by the international development banks since 1965 for palm oil production and processing.

It is no wonder that palm oil production has increased phenomenally now that the trees have matured and begun to bear fruit. It is also no wonder that the United States has absorbed the lion's share of palm oil exports, since we are the single, major importing nation that imposes no restrictions whatsoever on this product.

From 1974 to 1975, palm oil imports have doubled—by 1980 they will triple.

Mr. Speaker, the intent is a very noble one to assist developing nations produce the food they need to fight domestic malnutrition and promote economic growth. But when American taxpayers are funding an export marathon intended primarily for competition with U.S. farm products in our home market, I consider it double-duty.

I strongly urge the passage of this amendment to halt funds for continued subsidizing of overseas palm oil development. If present trends continue, by 1985 we will witness:

Palm oil imports exceeding the combined volume of U.S. soybean and cottonseed oil exports;

A displacement of about one-tenth of the potential consumption growth of soybean and cottonseed oils in the United States; and

The United States absorbing nearly three-fifths of future palm oil exports.

The most striking fact about this rapid palm oil expansion is that it has instigated a worldwide depression in vegetable oil prices that will overshadow the market until 1985. Considering this fact, I cannot justify telling our farmers that I have sent their tax dollars overseas to help bring down prices here at home.

Mr. Speaker, the Senate has already passed a resolution discouraging future palm oil assistance by the International Bank for Reconstruction and Development so long as the United States is the only open major import market for palm oil. The House can do no less. Let us pass this amendment, and end the double-duty taxation on American farmers caused by unreasonable imports of subsidized palm oil.

Mr. RIEGLE. Mr. Chairman, today we are considering a $4.9 billion foreign aid appropriations bill for fiscal year 1977. As we all know, a good deal of this money will be used to enhance our own national security and to protect strategic U.S. interests around the world. I think its appropriate to review what our foreign policy has been in various parts of the globe and I would like to offer my assessment of U.S. foreign policy and where I think we should be heading.

THE NEED FOR A NEW AMERICAN FOREIGN POLICY

Whether for trade and vital raw materials, for national defense, or for cultural ties, America must meet the challenges of world affairs. The world is both too complex and too dangerous for any country to isolate itself from the events shaping world history.

One of the events that has altered our relationship with other countries around the globe has been the tremendous expansion in international commerce since World War II. Michigan amongst all the States best exemplifies this growth in world trade. According to the last census report on exports—1972; Michigan is the No. 1 exporting State in the country. Michigan's total exports are valued at $3.2 billion—one-third of a billion more than any other State. This $3.2 billion total includes $1.7 billion in transportation equipment, $0.5 billion in nonelectrical machinery and $300 million in fabricated metal parts. Twelve percent of Michigan's manufacturers are involved to some degree in exporting activities, and a conservative estimate suggests that 55,000 jobs in the State are directly dependent on foreign exports. Equally significant is the amount of foreign capital coming into the State of Michigan. Fifty foreign firms now have plants in Michigan. In addition, in the past 2 years, 60 Michigan companies have signed export agreements valued at approximately $35 million with foreign firms.

AMERICA'S ROLE

This expansion in world trade, the formation of 82 new countries since World War I, and the continual emergence of new and authoritarian regimes has substantially altered America's role in the world. For over a century, the United States was responsible for defining and defending the interests of the Western democracies around the globe. This period has ended for primarily two reasons.

First, the United States no longer possesses, as it did in 1945, a monopoly of nuclear weapons. Membership of the Soviet Union, Britain, France, and China in the "nuclear club" has given a precarious balance in destructive power with no country strong enough to risk general war.

Second, the world economy has changed from 1945 when the United States alone possessed a thriving industrial base in an immensely wealthy society. Most of the industrial world was in ruin or disarray from the war. The dollar became the core of the international monetary system and American aid the vehicle of recovery.

FOREIGN POLICY IN THE TRICENTENNIAL

The foreign policy of the tricentennial should recognize these changes and be built on strengthening democratic institutions in addition to making full use of our industrial, technological and food producing capabilities. The true meaning of national security is the strengthening of the human values we set forth in our constitution—values not symbolized by foreign conquest, sheer military strength or personal diplomatic coups. Rather, they are the rights of the people to govern themselves, personal rights guaranteed by constitutional law against the encroachment of the State, and the establishment of authentic democratic procedures.

Our greatest strength as a country is this inner strength and meaning. Whatever value we have as a model in international life comes from our people and the history and tradition we represent. These values and beliefs must be applied anew to the changing world situation.

Speaking out for democratic values in the world does not mean accepting every change that parades in the name of democracy. The OPEC oil cartel's abuse of power and the recent actions of some United Nations members are examples of a democratic facade which our country must resist.

The quadrupling of oil prices by the OPEC members was the most severe blow to the world economy in recent years. And the countries most hurt were the poorest which were least able to absorb the higher costs. The industrial countries, under strong American leadership, must lead the efforts to nullify a worldwide system of cartels like OPEC.

ROLE OF THE UNITED NATIONS

The United Nations has recently seen an outburst of irrational and immoral actions which can only weaken the world organization. Using the General Assembly, for example, to pass senseless resolutions condemning Israel only debases the United Nations and ultimately weakens its authority. If pursued, this practice will make the General Assembly a forum where the weak states are manipulated by the radical ones. Instead, the United Nations must be strengthened as an intermediary in hostilities and as an effective system for interchange among all nations of the world. But the United Nations will only be an effective world order instrument if it is used by the major powers. It is my conviction that a United Nations peacekeeping force should have been placed in Lebanon months ago. The failure of the United States to initiate such a move has seen Syria move unilaterally to fill the vacuum.

PEACE IN THE MIDDLE EAST

In no area of the U.S. foreign policy will the path between peace and war be more difficult to follow than the Middle East. From the standpoint of American history and values, as well as from the perspective of tangible U.S. interests, the United States must support a Middle East peace based upon the survival and security of Israel.

The moral necessity here is clear. Israel stands as a real democracy in an area otherwise inhabited by authoritarian regimes of the left and right. Israel, alone among its neighbors, has free elections and vigorous, open internal dissent. To turn our backs on this country would be to reject the values of liberty and respect for human dignity which have been the moving spirit of our Nation since its foundation. U.S. strategic interests also require a strong and secure Israel as a key ally in the strategically important Middle East. America's support for Israel does not require the United States to have hostitle relations with Israel's Arab neighbors. I favor a continued improvement in United States/Arab relationships—but I am opposed to providing sophisticated weapons of war to these Arab States.

INJUSTICE IN AFRICA

Africa, another area of unending hostility, still seethes with racial injustice. The United States must stand up for racial equality and social justice in this continent. The recent fight in Washington over aid to Angola illustrates this need. By means of covert action, the administration intervened in Angola on one side in a civil war as earlier administrations had intervened in Vietnam.

The Congress rejected this approach. We recognized that for too many years our country had failed to speak out for the independence of the Portuguese African colonies. When the Africans finally won that independence, it was not for the United States to choose which African group would rule. While I regretted the role of the Soviet Union and Cuba in helping one side in this civil war, I did not want to see our country allied with South Africa in helping the other.

Angola is not the end of rebellion in Africa. Southern Rhodesia will be next unless its minority government accepts right now a fair system of sharing power with its African majority. The American role, I believe, is to encourage this redistribution of power and to reject minority based governments. Only massive bloodshed and ultimate defeat awaits that government, and its allies, if it persists in the obstruction of justice. Apartheid is a personal outrage to me and antithetical to everything America stands for.

AMERICAN RELATIONS WITH GREECE & TURKEY

The new deposed military junta in Greece, with whom our Government maintained close relations for 7 years, is another example of an expedient foreign policy and is a classic case of the danger of tolerating petty dictators for short-term benefits. We maintained relations with the junta in Athens in order to keep our military bases in Greece. Yet the ruling colonels in Greece provoked a coup on Cyprus which precipitated, in turn, an invasion of that island by Turkey. Today, American relations with both Greece and Turkey have deteriorated because of these events. In both countries, U.S. military base rights are in jeopardy. And 180,000 Cypriot refugees, driven to the south by 40,000 Turkish troops, still await a chance to return to their homes.

I opposed the military junta in Greece as dangerous to our interests in the area. Alliances with dictators are always costly to the United States for we become identified in the eyes of the oppressed, with their oppressors.

TRAGEDY OF CYPRUS

In Cyprus, our close relations with a military regime in Athens lead that regime into an adventure which has caused tragic consequences. For the arms we supplied to Turkey for NATO defense were turned against tens of thousands of innocent Cypriots.

The Congress, with my full support, protested this misuse of our military aid program by suspending further military assistance to Turkey until this misuse was ended, and captured lands returned to their rightful owners. Unfortunately, the administration chose to ignore this violation when it occurred and then actively opposed the congressional arms embargo against Turkey. I am confident that strong enforcement of the American law against such misuse would have resulted in a settlement on Cyprus by this time. I strongly support the reenactment of the arms embargo against Turkey.

REDUCING ARMS FLOW

The tragedy of Cyprus should serve as an important example for the United States. Last year we sold or gave away almost $11 billion in arms around the world. The first step in limiting the possible misuse of these weapons is by reducing the flow of arms. Our committee took important steps toward this reduction this year after lengthy hearings on our foreign military sales. The new provision would have given Congress the authority to monitor foreign arms sales.

Unfortunately, the President vetoed this bill which he said interfered with his authority to conduct foreign policy. I urged the President to sign this bill which would have given the Congress a larger role in foreign affairs.

SOVIET EXPLOITATION

In the Middle East and Africa, and, potentially, in almost every part of the world, the Soviets stand ready to exploit discontent and political instability. Soviet military expenditures continue to grow. The leaders in the Kremlin have proven themselves fully capable of risking their mutually beneficial relationship with the United States by their recent decision to interfere in Angola. I believe the Soviets will continue to seek to exploit developments in other parts of the world.

ALLIANCES TO BE BUILT

Some of the foreign policy answers we found appropriate in 1945 no longer work. Some of the alliances we built during the cold war no longer function well and must be rebuilt. Some ideas, like building military barriers to prevent the spread of dangerous or revolutionary ideas, now seem naive. Other ideas, like the community of interests of all democracies, now seem stronger than ever.

In too many parts of the world today, the United States is known principally as the supplier of arms and as the owner of military bases. Our country is more than a military machine. The democratic values of this country must again become the center of our foreign policy.

We are still allied in too many countries with the repressive elements which eventually will be thrown off by restless peoples. I would much rather have our country on the side of democracy and democratic impulses than blindly supporting the types of governments we do in Brazil, South Korea, Chile, and the Philippines, to mention only the most obvious examples. We live in a new era in the world, in which changing economic conditions and relationships underline the importance of foreign economic policy considerations which now must be given as much importance as our diplomatic or defense policies. Our foreign trade and investment activity now accounts for more than 21 percent of our gross national product. It is estimated that 8.6 million U.S. jobs are related to foreign trade. The Bureau of Labor Statistics estimates that each additional billion dollars in U.S. exports creates 72,000 more jobs—a figure that assumes even greater importance when we understand that there are more than 7 million unemployed in the United States.

COHERENT FOREIGN ECONOMIC POLICY

Yet our Government today is not set up to develop or to carry out a coherent foreign economic policy. I believe that to give foreign trade and investment the importance that it merits, we should have a Cabinet level Department of International Trade and Investment to provide a counterweight to what are essentially international monetary considerations given to the problems by the Treasury Department; and what are essentially security considerations given to international problems by the Defense Department.

Our present mechanism for foreign economic policy responds to events as they happen rather than preparing us for the future. It seems to me that we must begin to deal with less developed nations which have the reserves of undeveloped resources in a way that is mutually beneficial. They need our technology, our know-how, our investment capital and new markets, just as much as we need their resources. The Japanese have shown remarkable skill in developing joint ventures in Latin America, especially in Brazil. Perhaps their lack of military power has helpfully honed their skills as traders and investors. But they have set an example that we would do well to follow.

DEPARTMENT OF FOREIGN TRADE AND INVESTMENT

We need a Department of Foreign Trade and Investment to work with our private sector so as to carry out the developments of this type of arrangement and to negotiate with foreign governments appropriate protection for American investments. Without such investments, the United States will become increasingly short of the basic materials needed for the operation of our economy.

Our stake in foreign trade is great, and it will grow. Our technology and our capital can do much to aid the less developing countries to improve their own standard of living and to provide the food for growing populations. Trade gives us the means for influencing in a beneficial way the policies of overseas countries and providing greater stability to the world. Certainly, it would be far better to be the world's merchant of technology than the world's largest salesman of weapons. It is now time that we begin to ease the confrontation between the haves and the have nots through exchange of technology and capital for raw materials. It is often said the generals are always prepared for the last war. We must not let ourselves be trapped by the stereotypes of the Cold War and by the ideological dogmas as we enter into a new economic era.

MORAL AND POLITICAL LEADERSHIP NEEDED

In summary, we need a new foreign policy that gives more attention to the underdeveloped world and international economic issues. The secretive and sometimes deceptive foreign policies of the past must give way to more democratic principles and traditions. The American people learned a great deal from our experience in Vietnam, Chile, Angola, and Pakistan that has caused them to reject one man diplomacy. Foreign policy must again emanate from the public at large and be carefully rebuilt by a revitalized State Department.

As for future foreign policy initiatives by the United States, I believe they must be directly related to our strategic military, economic, moral, political/geopolitical, and legal interests. This kind of painstaking analysis must never be set aside for random hip-shooting by American officials.

I am ultimately optimistic about both the development of democracy in this world and our country's role in that development. We have much to be thankful for in this country and much to show the rest of the world. There is no doubt that most people in this world still look to the United States for moral and political leadership.

Mr. BEDELL. Mr. Chairman, I am very disappointed that the House Appropriations Committee decided not to divide this year's foreign assistance appropriations into two separate bills—one providing funds for economic assistance and the other for security assistance. In my judgment, the economic aid sections of the fiscal year 1976 and fiscal year 1977 foreign assistance appropriations bills constitute an improvement over past aid packages, and are sound. However, I remain disturbed about the general thrust of our foreign military aid effort and about the fact that H.R. 14260 increases grant military assistance at a time when MAP is being phased out. I hope that next year the Congress will deal with economic and military assistance programs in separate legislation at the appropriations level as well as at the authorization level.

Mr. PASSMAN. Mr. Chairman, I have no further requests for time.

Mr. SHRIVER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

MIDDLE EAST SPECIAL REQUIREMENTS FUND

Middle East special requirements fund: For necessary expenses to carry out the provisions of section 901 and section 903 of the Foreign Assistance Act of 1961, as amended, $35,000,000: *Provided,* That none of the funds appropriated under this heading may be used to provide a United States contribution to the United Nations Relief and Works Agency.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Conte: On page 6, strike out lines 2 through 5 inclusive, and insert "$35,000,000." in lieu thereof.

Mr. CONTE. Mr. Chairman, I rise in support of this amendment to strike the prohibition on using the Mideast special requirements fund for contributions to the United Nations Relief and Works Agency.

The United Nations Relief and Works Agency—UNRWA—was established in 1948 to provide food, housing, schooling, and health services to the refugees of the 1948–1949 Arab-Israeli conflict, and presently to provide similar services to persons displaced as a result of the 1967 hostilities.

UNRWA is still attempting to cope with the effects of that 1967 war, when about 250,000 persons living as refugees on the Jordanian West Bank fled to the East Bank when the west was occupied by Israel. At the request of the U.N. General Assembly, UNRWA is currently helping the Government of Jordan on an emergency basis in the administration of food, housing, and health services to persons displaced by the June 1967 war.

The special requirements fund is an appropriate vehicle for support of UNRWA's humanitarian efforts. In fiscal year 1975, $6 million from the fund was appropriated for UNRWA. The fund is allocated for specific projects in the Mideast, and the use of a portion of it for UNRWA can easily be accomodated within the appropriation provided in the bill. Of the $35 million provided only $18 million is programmed: $15 million for the civilian listening station in Sinai, and $3 million for projects in the West Bank/Gaza.

The effect of this amendment will be to provide $12 million from the Mideast special requirements fund for contributions to UNRWA for the relief of Palestinian refugees. In addition to the preexisting need for this program, the recent tragic events in Lebanon have made the refugee situation that much worse. For this reason, I believe that we have no choice but to support the efforts of UNRWA to provide humanitarian relief and assistance to these refugee.

Mr. Chairman, let me point out to my colleagues that this earmarking involves no additional appropriations or expenditures, and can easily be accomodated within the administration requests as submitted to Congress. An earmarking of $12 million will still leave the U.S. share of the UNRWA budget below last year's share, as other industrial and Arab countries have significantly increased their contributions.

Mr. Chairman, this amendment is necessary to promote political and economic stability in the Mideast, as well as relief to the difficult Palestinian refugee situation. The U.S. support for UNRWA meets a clear humanitarian need and furthers American interests in the Middle East.

I urge my colleagues to adopt this amendment.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. WOLFF. I thank the gentleman for yielding.

Mr. Chairman, will the gentleman tell us what restrictions there will be upon UNRWA in the use of the type scurrilous literature that has been circulated by them over the years. This activity continues to exacerbate the problems of the Middle East between the parties that are involved in the current struggle? Regardless of their protestations of innocence UNRWA has engaged and there is adequate proof I have seen with my own eyes, posters, pamphlets, anti-Semitic venomous propaganda materials as well as teaching material circulated to young children that are reminiscent of the worst of the Hitler period—add to this the chicanery of the PLO connection. This House cannot in good conscience permit its funds to be used in this manner.

Mr. CONTE. Mr. Chairman, I believe the record will show, and the International Relations Committee has held hearings on this topic, that the literature to which the gentleman referred is not circulated by UNRWA as the gentleman has charged.

UNRWA concerns itself with vital humanitarian services such as the provisions of food and shelter for the Palestinian refugees.

For example, UNRWA's vocational training program helps diminish terrorism by keeping young people off the streets.

Mr. BIESTER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Yes.

Mr. BIESTER. I thank the gentleman for yielding.

The gentleman does not think any charge of that kind ought to inhibit us from making this humanitarian contribution, in view of the fact that Israel, a party affected by that literature, contributes $1 million from its not-so-vast resources for this program?

Mr. CONTE. Mr. Chairman, this is one of the most humanitarian programs in the Mideast, and I regret the allegations of the gentleman from New York (Mr. Wolff). This would especially aid the poor people of Lebanon. Over 25,000 people have been killed in Lebanon, and refugees are trying to get out of that country. They are desperate. This is the vehicle to provide relief for these refugees, and they need this money.

Mr. KREBS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. KREBS. Mr. Chairman, let me say that I certainly share the gentleman's humanitarian instincts, and I am just as concerned about the situation in Lebanon as I am sure he is and as I am sure many other Members of the House are.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. Conte) has expired.

(On request of Mr. Krebs and by unanimous consent, Mr. Conte was allowed to proceed for 2 additional minutes.)

Mr. KREBS. Mr. Chairman, if the gentleman will yield further, I certainly would like to do my part to alleviate the situation in Lebanon. However, I think what the gentleman from New York (Mr. Wolff) had reference to—the blatantly anti-Semitic propaganda publications which have originated in UNRWA.

This is one of the concerns I have, and I would like to have some assurance that such publications are not going to be perpetuated.

Mr. CONTE. Mr. Chairman, I could not agree with the gentleman more. I agree with the gentleman 100 percent, but I do not believe UNRWA supports this type of reprehensible activity. It is unfortunate that this type of material is found in the Palestinian refugee camps administered by UNRWA, but I have been assured that UNRWA itself does not directly support that type of activity. Let me make clear that it is our intent and understanding that no money be used by UNRWA for purposes of this sort.

Mr. KREBS. Mr. Chairman, with this assurance I would be more than happy to support the gentleman's amendment.

Mr. CONTE. Mr. Chairman, I certainly would not tolerate the sort of action to which the gentleman refers for one second. It is a dastardly thing. If it did exist, I would support any effort to suppress, through amendments or otherwise.

Let me just stress the tremendous humanitarian need for these funds, and point out that Israel, with all of its budget problems, contributes more than $1 million a year to UNRWA. Certainly Israel would not support an organization which engaged in this sort of anti-semitic activity.

We must strengthen the forces for moderation, compromise, and progress toward peace in the Mideast. Stability in the refugee camps is a crucial element of such a peace, and our contribution to UNRWA helps insure that stability.

Mrs. MEYNER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentlewoman from New Jersey.

Mrs. MEYNER. Mr. Chairman, I would like to commend the gentleman from Massachusetts (Mr. CONTE) for offering what I think is a very fine amendment.

We are behind in our UNRWA payments. This money is merely a drop in the bucket compared to what we should be contributing. I think this amendment should get the support of every Member.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

I am, of course, sympathetic to the purpose of the amendment, but we are dealing here with two entirely different accounts. As far as the UN Relief and Works Agency is concerned, we have been supporting UNRWA for many, many years.

In the bill before us there is $26,700,000 for UNRWA under the International Organizations section. The Middle East Special Requirements Fund is entirely a peacekeeping organization. As to this Middle East fund, we appropriated $50 million last year, and we cut them back to $35 million this year, fiscal year 1977. This fund has already been drastically cut from last year.

I have been informed that the Senate, in their full Committee markup, included additional money in the section entitled International Organizations that could go to UNRWA, and I can assure the Committee that we will, when we go to conference, certainly consider the additional amount that has been placed in here, assuming it is a reasonable amount.

Mr. Chairman, to repeat, we are dealing with two separate accounts. One is humanitarian; the other is entirely peacekeeping. In order to maintain the integrity of these two accounts we must resist this amendment.

Mr. Chairman, I hope the Committee will vote the amendment down and give us an opportunity to go to conference and look at what the Senate has put in. There is, incidentally, a $40 million budget request for UNRWA under the section entitled International Organizations that has already gone to the Senate. When they marked up the bill, they considered that amendment.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, I thank the gentleman for yielding.

I would just like to respond to the comments of the author of the amendment. I believe it is mandatory that we help those who are victims of the dreadful situation in Lebanon. These funds should not be used for propaganda purposes as there have been in the past. The funds should not be used to support the PLO who are engaged in a religious war with the wanton killing of Christian Lebanese as well as the killing of our Ambassador and economic counselor and are responsible for the continuing destruction in Lebanon. I support all humanitarian efforts.

However, as I understand it, the subcommittee chairman has indicated that money will be allocated for those humanitarian purposes.

Mr. PASSMAN. Mr. Chairman, let me reassure the members of the committee that a budget item went down to the Senate for an additional $40 million for UNRWA under the section entitled International Organizations. The Senate is currently considering this request. I hope the amendment will be voted down.

Mr. BIESTER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, if we look through this bill, we will find that there is a lot more than $12 million being devoted to the cause of war, the cause of destruction, the cause of buying armaments. The difficulty we have in the Middle East arises in part out of the difficulties of the peoples who live there to live with some sense of comfort among themselves.

Mr. Chairman, the victims of the conflict in the Middle East are legion. Among them are some of the refugees aided and supported by the UNRWA program. In terms of the money spent by the American taxpayers to attempt to solve the problems in the Middle East, compared to this $12 million, so much is spent for armaments and so much is spent for instruments of destruction that it seems not just simply logical to give it, but also, in terms of peacekeeping, humanely logical to spend this 12 million earmarked for the aid and support of a fundamental refugee program.

The chairman of the subcommittee has indicated that there are moneys already in this bill for UNRWA. That is correct, but each succeeding year over the past several years there has been a recognition of the special problems in the Middle East occasioned by the violence there.

At the moment, when we are witnessing the blowing up of the situation in Lebanon, the point at which new refugees are being created with every hour, it seems that we ought to be very prudent and careful and see to it that this earmarking takes place. The problem we face here is that the authorizing legislation earmarks this $12 million out of the special requirements fund in the Middle East for this additional subscription to UNRWA. Therefore, it is difficult to agree to the suggestion which has been made by the chairman of the subcommittee.

Mr. Chairman, perhaps the best position we could find ourselves in would be to go to conference with the prohibition stricken so that the hand of the chairman would be stronger in coming to an understanding with the Senate conferees so that the additional $12 million is guaranteed.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder whether the chairman or the ranking minority member of the subcommittee could give us a better explanation or a more complete explanation of why this prohibition has been put in the bill.

Mr. PASSMAN. If the gentleman will yield, it is to keep the two funds separated. We are dealing with the humanitarian aspect with respect to UNRWA. We have $26.7 million in the bill for UNRWA under the heading "International Organizations and Programs."

The Middle East special requirements fund is entirely a peacekeeping organization and separate from this one.

The original request last year was for $50 million. This year we cut it to $35 million. It is to carry out the Sinai agreement.

As I mentioned earlier, there is a budget amendment that has gone to the other body for $40 million for the international organization title, which will provide additional money for UNRWA if it can be justified. It will be in the Senate bill.

Mr. ROUSSELOT. Let me ask the gentleman this question: If this prohibition on page 10, section 108, that my colleague, the gentleman from Massachusetts (Mr. CONTE), wishes to strike is taken out, how much money would be put back in or would be allowed to be spent on a permissive basis?

Mr. PASSMAN. We would have to take $12 million out of the peacekeeping organization. We have already cut it $15 million below last year.

If I could get through to the gentleman that the authorization bill earmarked $12 million and they would have to use it up.

Mr. ROUSSELOT. Yes, and this statement here prohibits the spending of that money?

Mr. PASSMAN. Prohibits the earmarking of it.

Mr. ROUSSELOT. The spending.

Mr. PASSMAN. This would give some support to the international organization.

Mr. ROUSSELOT. I believe that this is a bill which provides for funding; does it not?

Mr. PASSMAN. The bill provides $26.7 million for UNRWA under the international organization program.

Mr. ROUSSELOT. Maybe I am not hearing the gentleman correctly.

Will the gentleman from New York (Mr. WOLFF) explain to me his understanding of what happens if this phrase in section 108 is stricken from the bill?

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, the fund that is involved here is a peacekeeping fund.

Mr. ROUSSELOT. That is understood.

Mr. WOLFF. It has nothing to do with the peace keeping or humanitarian assistance. However, there have been attempts made to utilize part of this fund for other purposes.

Mr. ROUSSELOT. Such as?

Mr. WOLFF. Such as humanitarian relief or the like. Therefore, what it attempted here is to keep this particular section inviolate so that no intrusion could be made.

Mr. ROUSSELOT. Therefore the language that is included by the committee in section 108 is to prevent diversion of the funds originally intended and to keep the section funds inviolate, is that right?

Mr. WOLFF. That is right.

Mr. PASSMAN. That was the point I tried to make. We are dealing with two different, and entirely different, subject matters, two different things, one is for peace keeping and the other is for humanitarian purposes.

Mr. ROUSSELOT. So the essence of the point the committee is trying to make to the House in including this provision is to keep the integrity of the fund, is that right?

Mr. PASSMAN. To keep them separate and to maintain the integrity of the fund.

Mr. ROUSSELOT. So if one votes for the Conte amendment, we are diverting funds from this particular section that ordinarily would not be so spent?

Mr. PASSMAN. That is correct.

Mr. ROUSSELOT. I appreciate the gentleman's comments.

I think it makes sense and I think we should support the committee. I urge a no vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. Conte).

The question was taken; and on a division (demanded by Mr. Biester) there were—ayes 18, noes 27.

Mr. BIESTER. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Pennsylvania (Mr. Biester) for a recorded vote.

Does the gentleman insist upon his demand?

Mr. BIESTER. Mr. Chairman, I withdraw my demand for a recorded vote.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. Biester) withdraws his demand for a recorded vote.

So the amendment was rejected.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want the record to show why we did not pursue a rollcall on my amendment.

The Chairman, who has always been most honorable and forthright with me, said there is $12 million which was put in by the Senate for UNRWA and the Chairman has agreed if we go to conference, the gentleman will accept it.

Mr. PASSMAN. Mr. Chairman, that is in the international organization section of the bill. As far as the exact amount, we do not know, but I can assure the gentleman we will accept it up to the full amount of $12 million.

Mr. CONTE. Mr. Chairman, I thank the distinguished gentleman from Louisiana. That is the reason we are not requesting a rollcall on the amendment.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SECURITY SUPPORTING ASSISTANCE

Security supporting assistance: For necessary expenses to carry out the provisions of section 531 of the Foreign Assistance Act of 1961, as amended, $1,664,400,000: *Provided*, That of the funds appropriated under this paragraph, $735,000,000 shall be allocated to Israel, $700,000,000 shall be allocated to Egypt, $70,000,000 shall be allocated to Jordan, and $80,000,000 shall be allocated to Syria.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

An amendment offered by Mr. Conte: On page 6, line 9, strike "$1,664,400,000" and insert "$1,674,400,000" in lieu thereof;

Line 13, strike "and";

Line 13, strike "." and insert "and not less than $10,000,000 shall be allocated for Cyprus relief assistance." in lieu thereof.

Mr. CONTE. Mr. Chairman, I am sorry the gentleman has seen fit to raise a point of order against earmarking funds for Cyprus relief. Because the authorization for 1977 security supporting assistance has not yet been signed, the earmarking is subject to a point of order and I must concede that point.

Therefore, I offer this amendment which increases security supporting assistance by $10 million. I want to make clear for the record, however, that this money would be earmarked for Cyprus relief if it were possible to do so under the rules of the House. It is the unequivocal intent of the House in adopting this amendment that this $10 million is to be allocated for Cyprus relief activities, and that this money is provided in addition to those sums which would ordinarily have been programed for Cyprus relief efforts in the absence of this amendment.

Mr. Chairman, the administration requested only $10 million in security supporting assistance for Cyprus. With the amounts we provided in this bill for security supporting assistance, nearly the full $10 million should be programed for Cyprus relief. Therefore, with the additional $10 million from this amendment, we should end up with a program of nearly $20 million. While this is a decrease from the $25 million provided in the 1976 appropriations bill, I believe that it will permit a reasonable continuation of humanitarian efforts on that strife-torn island nation.

In only requesting $10 million, the administration claimed that conditions in 1977 would improve sufficiently to justify a level of funding significantly below the $25 million provided for 1976. In fact, conditions are unlikely to measurably improve, and a large decrease in this area is impossible to justify.

In spite of past assistance to the over 200,000 refugees in Cyprus, the refugee problem remains a serious and tragic one. None of the 200,000 refugees have been allowed to return to their homes, and their continues to be an outflux of Greek Cypriots from the Turkish-occupied sector of the country.

Because of this continued outflux, combined with a natural increase in the refugee population, the number of refugees dependent upon the Government of Cyprus has not declined. There are still 162,500 people fully dependent upon the government for food and other necessities, while 90,000 refugees continue to live in shacks, garages, unfinished buildings, and generally overcrowded, unhygenic, and unsatisfactory conditions. Over 17,000 refugees are presently living in tents. The Cypriot Government's present housing program of $37.5 million covers only those housed in tents—accommodations for the rest will require considerable amounts of assistance over a period of many years. By far the largest and most important part of United States contributions for Cyprus relief is for refugee food and housing.

The needs of the refugees are clearly far in excess of the amounts available. Conservative estimates of the need for refugee relief in Cyprus range as high as $100 million over the next year. If assistance from the United States were reduced to the $10 million proposed by the administration, it would be impossible for even the present low level of maintenance of refugees to be sustained.

Mr. Chairman, the Cypriot refugees have been uprooted from their homes and property. They have been deprived of the fundamental right to earn their living, and they have suffered the humiliation of having to depend on others for their most basic needs. Their anguish should not be compounded by a lack of adequate support from the United States.

Mr. Chairman, my amendment adds $10 million for Cyprus relief assistance, for a total Cypriot relief program of approximately $20 million. Although a much greater increase could be justified, I urge my colleagues to support this amendment. Simple compassion and human decency require nothing less.

Thank you, Mr. Chairman.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Mr. Chairman, we accept the amendment offered by the distinguished gentleman from Massachusetts on this basis. The President did request $10 million under security supporting assistance for Cyprus. However, due to reductions made by the committee, and earmarkings made by the Appropriations and Authorizations Committees, the only way to accommodate the request for funds for Cyprus will be to increase the total amount for security supporting assistance. I hope this amendment is adopted.

Mr. CONTE. I thank the gentleman.

Mr. SHRIVER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Kansas.

Mr. SHRIVER. Mr. Chairman, the minority also accepts the amendment.

Mr. CONTE. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

MILITARY ASSISTANCE

Military assistance: For necessary expenses to carry out the provisions of section 503 of the Foreign Assistance Act of 1961, as amended, including administrative expenses and purchase of passenger motor vehicles for replacement only for use outside of the United States, $270,000,000: *Provided*, That none of the funds contained in this paragraph shall be available for the purchase of new automotive vehicles outside of the United States.

AMENDMENT OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PASSMAN: On page 6, line 23, strike out "$270,000,000" and insert in lieu thereof "$247,300,000".

Mr. PASSMAN. Mr. Chairman, at the time we marked up the bill, we did not have an authorization bill. At this time we have a House passed conference report that will probably be passed by the Senate this week. So, to keep it in compliance with the authorization bill, it is necessary to offer this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. PASSMAN).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 108. None of the funds appropriated or made available pursuant to this Act shall be used to provide assistance to the Democratic Republic of Vietnam (North Vietnam), South Vietnam, Cambodia, or Laos.

AMENDMENT OFFERED BY MS. ABZUG

Ms. ABZUG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. ABZUG: On page 10, line 3, strike out "the Democratic" and all that follows through the period at the end of line 4 and insert in lieu thereof the following: "any country in Southeast Asia which is not accounting to the United States for United States personnel listed as Missing-In-Action or Prisoner-Of-War in such country."

(Ms. ABZUG asked and was given permission to revise and extend his remarks.)

Ms. ABZUG. Mr. Chairman, my amendment alters section 108, by saying that no aid may be sent to any country in Southeast Asia that is not accounting to the United States for Americans missing in action.

Section 108 as now reported in the legislation before us would seriously jeopardize possibilities for the direct negotiations between the United States and Vietnam which alone can resolve the MIA accounting problem.

I think we should not impose unnecessary and unwise restrictions which could tie the hands of our negotiators and prevent serious bilateral negotiations.

This amendment is cosponsored by the gentleman from California (Mr. MCCLOSKEY), the gentleman from Massachusetts (Mr. MOAKLEY), and the gentlewoman from Colorado (Mrs. SCHROEDER), and the gentleman from New York (Mr. OTTINGER).

I believe the gentleman from New York (Mr. BINGHAM), who was the original author of the provision in the authorization bill to open up the doors for negotiations, would be interested in talking on this question.

Mr. BINGHAM. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. I thank the gentlewoman for yielding.

Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from New York (Ms. ABZUG). I think it does provide some incentive, if you will, to the Vietnamese to cooperate in the matter of missing persons.

It gives no assurance whatever that they are going to get any aid. There is no money in this bill for aid to them. There is no assurance in the amendment offered by the gentlewoman. The gentlewoman would agree with that, would she not?

Ms. ABZUG. That is correct.

Mr. BINGHAM. But at least it holds out the possibility or the hope that they might some day get aid. This way, the way the bill reads now, there is no incentive for them to cooperate.

Ms. ABZUG. The gentleman is quite correct. My admendment does not appropriate any aid to Indochina. It does not promise any aid after a full accounting has been made. It does not make any commitments about our future aid policy. It merely seeks to open the door to the fullest possible accounting, not by promising aid, but by creating more favorable conditions for any negotiations. The select committee, the State Department, the National League of Families, and the Hanoi government have supported this direct negotiations policy. I think this is the logical route.

Mr. Chairman, I just want to add that the National League of Families, which represents the families of those missing in action, has written a letter endorsing this amendment. I have sent copies of that to all the Members. I am grateful for their support.

I think this is a proper way for us to behave at this time. Let us take a step to open up negotiations.

Mr. LONG of Maryland. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. I thank the gentlewoman for yielding.

The gentlewoman has said there is no assurance here that this would mean aid for Communist Vietnam. But is not there an implication and is not that the reason why the gentlewoman wishes to do this, so that we give some sort of impression to the Communists that if we do this, they may get some aid?

I would strongly oppose aid to Communist Vietnam under any circumstances.

Ms. ABZUG. As I said before, my amendment does not in any way promise any aid. It does not make any commitments about our future policy with respect to aid. It does not in any way appropriate any aid.

What it does is to permit the possibility of a negotiation to take place in the proper quarters and enable us to have a freer hand to have an opportunity to talk.

Mr. LONG of Maryland. I understand. It is an opening in the door.

Ms. ABZUG. But there is no aid being promised or help suggested in this amendment.

Mr. GILMAN. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentlewoman for yielding.

Mr. Chairman, I think that the gentlewoman's interest in this issue is laudable. We welcome her attention to the MIA issue. We welcome the attention of all of the Members of this House in this very important and long-lingering problem that has yet to be resolved.

Is it the gentlewoman's purpose by this amendment to encourage negotiation by removing this restriction?

Is that the purpose that the gentlewoman is seeking?

Ms. ABZUG. Mr. Chairman, I think that it is important for us to have a responsible attitude. We should not inhibit or put a provision in our legislation which will inhibit our diplomatic efforts to negotiate.

The CHAIRMAN. The time of the gentlewoman from New York (Ms. ABZUG) has expired.

(On request of Mr. GILMAN and by unanimous consent, Ms. ABZUG was allowed to proceed for 2 additional minutes.)

Ms. ABZUG. Mr. Chairman, I believe that Congress has a responsibility to develop policies which will not inhibit diplomatic efforts to initiate direct negotiations between the United States and Vietnam concerning the MIA-POW problems and other matters of mutual interest.

Mr. GILMAN. Mr. Chairman, if the gentlewoman will yield further, it is my understanding that negotiations by the State Department are now underway, and that the existing provision in section 108 in no way restricts those negotiations. This provision merely sets forth that at this time it is the intent of Congress that there shall be no dollars transmitted to Vietnam, but it does not restrict negotiations which are now underway; is that not correct?

Ms. ABZUG. Mr. Chairman, I think that this provision as reported implies a tendency to close down negotiations that may be underway. I believe it would be inappropriate, therefore, for us to retain this provision.

I believe that the language I have projected indicates that we realize there is the necessity for some kind of negotiations concerning the MIA and POW problem, and that if we continue with the language which exists in section 108, what we are actually doing is saying that we are closing the door. It says we are closing the door, or it has that effect, because it makes clear that we do not want to have any kind of relationship with Vietnam, South Vietnam, Cambodia, or Laos. I think that closes the door, and it kills any negotiations that may be taking place at this time.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this provision has been in the law for a year. It has not hampered and it has not in any way affected the negotiations that are underway.

We are, of course, in sympathy with this provision. The provision in the bill, as recommended, in no way indicates that the Congress does not support the accounting of our MIA's. It merely provides Congress with the assurance that no assistance will be provided to certain Southeast Asian countries without specific congressional authorization.

The amendment offered by the gentlewoman from New York (Ms. ABZUG) might be construed by some parties that if Southeast Asian countries agree to some kind of MIA accounting, they would be assured of receiving assistance from the United States. I do not believe the Congress or the administration wants to imply such action.

Let us make no mistake about it, these people could give us some kind of report in 48 hours, and after they gave that report, whether it is accurate or not, they would expect or even demand that we fulfill our part of the bargain by providing assistance.

Our distinguished colleague, the chairman of the Select Committee on Missing Persons in Southeast Asia, the gentleman from Mississippi (Mr. MONTGOMERY), is doing a valuable job and is trying to bring this matter under control. We are dealing with policy here.

Mr. Chairman, I hope this amendment is voted down. Let us proceed as we have in the past, because I believe we are making progress. This amendment would rock the boat and upset much of the work that has been done by the gentleman from Mississippi (Mr. MONTGOMERY) over a period of many months.

Mr. McCLOSKEY. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the distinguished gentleman from California.

Mr. McCLOSKEY. Mr. Chairman, it is true, is it not, that there is no money in this aid bill for either Vietnam, Cambodia, or Laos; is that correct?

Mr. PASSMAN. The gentleman is correct.

Mr. McCLOSKEY. So it is not clear, Mr. Chairman, that whatever the amendment to this language is, it is not going to add any money for Cambodia, Vietnam, or Laos?

I would just like to say as a member of the select committee that we are not all in agreement about how best to proceed with the negotiations. We are perceptive of the fact that our administration has not been as successful as we would have liked in opening communications with Vietnam and Laos to obtain an accounting. It is quite clear, I think, to all of us that the North Vietnamese in particular are able to give us an accounting of the MIA's.

However, I would respectfully point out that this language changes in no way the meaning of the bill.

When we say we are prohibiting aid to Vietnam, Cambodia, and Laos, it is just exactly the same as saying we are prohibiting aid to any country that refuses to give us an accounting of our MIA's.

Mr. Chairman, in my judgment the language of the gentlewoman's amendment would be preferable to the language that now exists in the bill. Both her language and the present language of the bill prohibit aid to these countries.

If by softening the language it holds out the hope to the Vietnamese that if they do give us an accounting at some future time, we will move in some way to restore normal relationships, then it would be helpful; but I speak to the objection of the gentleman from Maryland. I respectfully think that this is not getting a foot in the door. The decision to give aid would have to made by a future Congress and a future administration.

We are changing only the language of the prohibition by this amendment, and I speak in favor of the amendment, Mr. Chairman.

Mr. PASSMAN. Mr. Chairman, if we do pass this amendment, there is a strong implication that we are going to provide aid.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. PASSMAN) has expired.

(By unanimous consent, Mr. PASSMAN was allowed to proceed for 2 additional minutes.)

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the chairman for yielding.

Mr. Chairman, I rise in opposition to the amendment.

I am not speaking here today as the chairman of the House Select Committee on Missing Persons in Southeast Asia or as a member of the select committee. I am speaking as an individual.

The select committee has taken the stand that we have taken no legislative position and have made no statements of policy.

We were instructed to find out what happened to these persons missing in action, and that is what we are doing.

Mr. Chairman, I do have mixed feelings about opposing this amendment because what the gentlewoman from New York (Ms. ABZUG) is trying to do and what the gentleman from California (Mr. McCLOSKEY) has mentioned is an another approach to find out what happened to the missing in action.

However, I, like many others in this Chamber, Mr. Chairman, have dedicated myself to working on this issue in trying to find out what happened to these Americans and we will continue to work on this matter.

Mr. Chairman, I oppose the amendment for several reasons. It has been mentioned here that through the urging of our House select committee we have gotten the administration to move through the State Department to start talks with the North Vietnamese in Paris. These talks are now going on about the missing in action and about other matters which affect both of these countries. Let us wait and see how these talks come out.

Mr. Chairman, this amendment is not necessary at this time. It has been said that there are no funds in this appropriation bill. That is true. Therefore, let us not go around misleading anybody that they are going to get any funds if we pass the Abzug amendment.

Another point I would like to make, Mr. Chairman, is that the amendment is not properly drawn. In effect, it will not do the job that the gentlewoman from New York is trying to get done. It does not spell out who will verify the accounting. It has left out the words "The President of the United States."

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. PASSMAN) has again expired.

(On request of Mr. MONTGOMERY and by unanimous consent, Mr. PASSMAN was allowed to proceed for 1 additional minute.)

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield further?

Mr. PASSMAN. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. This amendment should have been put in the authorization bill and not in the appropriation bill. The amendment does not spell out what type of accounting should be made, how many Americans we have missing, and so forth. The amendment is offered in the wrong place at the wrong time.

Mr. Chairman, the amendment should be defeated. It is only going to delay finding out about these persons missing in action, in my opinion.

Mr. PASSMAN. Mr. Chairman, I urge that the amendment be voted down.

Mr. SHRIVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not take the full 5 minutes, but I take this time merely to state my own personal position in opposition to the amendment offered by the gentlewoman from New York (Ms. ABZUG) and in agreement with the gentleman from Mississippi who just spoke. I do so largely because the way the Abzug amendment is worded, it appears to me that the State Department could begin sending foreign aid to Hanoi when any information is made available relevant to the missing-in-action or the prisoner-of-war personnel. But who would make that determination as to how much information is necessary before aid is offered? Certainly not the Congress.

We have had the present language in

the bill before, and I do not think at this time that it should be changed in an appropriation bill.

Ms. **ABZUG**. Mr. Chairman, will the gentleman yield?

Mr. **SHRIVER**. I yield to the gentlewoman from New York.

Ms. **ABZUG**. Mr. Chairman, I just wanted to emphasize the point that my amendment would not mandate aid, because I think by inadvertence the chairman of our committee, the gentleman from Louisiana (Mr. PASSMAN) misstated the amendment that I am offering today. The amendment says that none of the funds appropriated or made available shall be used to provide assistance to any country in Southeast Asia which is not accounting to the United States for U.S. personnel listed as missing in action or prisoner of war in such country.

It does not say that no aid shall be paid until there is an accounting, as I think the chairman mistakenly said. This amendment is not contingent upon aid being given.

I would just like to say to the gentleman that, obviously, there has to be the fullest possible accounting. I am sure our Government will not accept any half measures in this regard. There will be ample opportunity for our Government to make that clear in negotiations. I would have been glad to put that into the amendment but it would have been subject to a point of order, since someone would have been required to make that determination. The fullest possible accounting is the goal I am seeking here today.

Mr. **PASSMAN**. Mr. Chairman, will the gentleman yield?

Mr. **SHRIVER**. I yield to the gentleman from Louisiana (Mr. PASSMAN), the chairman of the committee.

Mr. **PASSMAN**. Mr. Chairman, if this provision does not imply that aid may be forthcoming, I do not know what does, because it says no aid will be available until an accounting is made.

Ms. **ABZUG**. It does not.

Mr. **PASSMAN**. Who is going to make the accounting or verify the correctness of it? You know, you can get any kind of an accounting and we are dealing with a policy matter here.

I hope we vote the amendment down.

The **CHAIRMAN**. The time of the gentleman has expired.

Mr. **MURTHA**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

All of the Members know that I was on the ground in Vietnam, but my experience there last year I think is even more important. We investigated what was happening in trying to find out about the missing in action, and this one incident proves to me the inability of North Vietnam to cooperate with our country:

We had an international commission and they went out after they had found a spot where a helicopter had gone down with five Americans in the helicopter. We reported the incident, said we had five men in the helicopter that was down in that location, that had been discovered by the South Vietnamese. It was between the South Vietnamese and North Vietnamese actions.

We sent an international team into that area, unarmed, with clear international markings. They were ambushed by the North Vietnamese, or the Vietcong. One American was killed and several were wounded in the action.

I have no argument about negotiations, but I think this amendment clearly implies we could be blackmailed by the North Vietnamese. It would be a serious mistake since the President vetoed this type of language before.

Negotiations listing MIA's is now going forward. I think there is a possibility we will get this information. All of us are very concerned that we do get this information. It is a tragic situation that members of families whose men are missing since 1968 are still not accounted for. But, I do not think if we could not settle this by arms, with the entire force of the United States, that there is any way that Members of Congress are going to settle it by putting words into a legislative measure. I do not think that we should imply in any way that if they give us any information on the missing in action, then the American people will knuckle uder and give them money for that information. So I rise in strong opposition to this amendment, Mr. Chairman.

Mr. **CONTE**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the hour is late, and I understand we have the Interior bill scheduled. A lot of Members want to go home.

Mr. Chairman, I rise in favor of this measure to amend the prohibition on aid to Indochina by preventing such aid for any country which has not accounted for U.S. personnel listed as missing in action or prisoner of war in such country.

Obtaining an accounting of our men listed as missing in action is one of the most important items of unfinished business from the Indochina war. The adoption of this amendment would give an important impetus to negotiations for a full accounting by acknowledging the linkage between a full accounting and the possibility of U.S. contributions to Indochinese postwar reconstruction.

I am pleased to support this amendment, and urge its adoption.

Mr. **GILMAN**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, while I laud the objectives that the gentlewoman from New York is seeking, to encourage negotiations for our missing in action and while that is something that we are all concerned about and want to do, to encourage negotiations with the Vietnamese and Laotian in seeking to finally resolve this long lingering and painful issue, I am opposed to this amendment. Seeking an accounting of our missing is the objective for the creation of the Select Committee on Missing Persons in Action. And our select committee has been hard to work for the past 8 months trying to bring about a final determination—a resolution of this issue. While we laud your objective, we seriously question the need for removing this prohibition to aid that is presently on the books—in section 108. If we are seeking to give a signal to Vietnam that we are prepared to negotiate, then I submit we have given some very important signals to Vietnam that we are willing to negotiate with them for an accounting for our missing in action.

Our select committee went to Paris and to Hanoi within the past 6 months to demonstrate and specifically set forth to the Vietnamese that our Government is prepared to negotiate and discuss this issue.

Second, the President in Hawaii last year stated that our Government is prepared to reciprocate constructive actions by the Vietnamese with regard to our missing in action, and, more importantly, negotiations are now underway by the administration to try to resolve this issue.

I do not think that there is a necessity at this time for removing this restriction. There is no necessity for this kind of legislative action to encourage negotiations which are already underway.

Mr. Chairman, I urge the defeat of this amendment.

Mr. **LAGOMARSINO**. Mr. Chairman, will the gentleman yield?

Mr. **GILMAN**. I yield to the gentleman from California.

Mr. **LAGOMARSINO**. I thank the gentleman for yielding.

I would like to commend the gentleman for his remarks, associate myself wiht them, and say that the language in question has been on the books for a year. It has not prohibited any negotiations, as proven by the actions of the administration and the MIA select committee. Adoption of the Abzug amendment cannot be viewed in any other way than as a reversal of what we said we were going to do. This is no time to even hint at aid for Vietnam, Cambodia, or Laos.

Mr. Chairman, I strongly urge defeat of the amendment.

The **CHAIRMAN**. The time of the gentleman has expired.

Mr. **DELLUMS**. Mr Chairman, I move to strike the requisite number of words.

Mr. Chairman, since there are apparently differences of opinion with respect to the wordage of the amendment before this body, I respectfully ask unanimous consent that the amendment be reread at this time.

The **CHAIRMAN**. Is there objection to the request of the gentleman from California?

There was no objection.

The **CHAIRMAN**. The Clerk will rereport the amendment.

The Clerk read as follows:

> Amendment offered by Mrs. ABZUG: On page 10, line 3, strike out "the Democratic" and all that follows through the period at the end of line 4 and insert in lieu thereof the following "any country in Southeast Asia which is not accounting to the United States for United States personnel listed as Missing-In-Action or Prisoners-Of-War in such country."

Ms. **ABZUG**. Mr. Chairman, will the gentleman yield?

Mr. **DELLUMS**. I yield to the distinguished gentlewoman from New York.

Ms. ABZUG. I thank the gentleman for yielding

I appreciate the fact that the gentleman had the Clerk read the amendment again because in no way and nowhere does it say, as I think the Chairman mistakenly said——

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the distinguished gentleman from Louisiana.

Mr. PASSMAN. I thank the gentleman for yielding. I may have used the word "until" instead of the word "which" but the implication is still there. I am sorry that I used the word "until" rather than "which," but the implication of commitment is still present.

Mr. DELLUMS. Mr. Chairman, I yield to the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Chairman, I just want to say that I appreciate the discussion that has taken place here today. I believe that the language in section 108 as it now stands unamended will have an incorrect impact upon any negotiations which are proceeding for us to secure our MIA's.

This amendment in no way commits us to any aid. It makes no promises. It merely gives us an opportunity to be able to continue under better circumstances negotiations concerning our missing in action.

Mr. DELLUMS. Mr. Chairman, I urge support of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. ABZUG).

The question was taken; and on a division (demanded by Ms. ABZUG) there were—ayes 21, noes 56.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. MCCLOSKEY

Mr. McCLOSKEY. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. MCCLOSKEY: On page 10, line 4, strike ", or Laos".

Mr. McCLOSKEY. Mr. Chairman, this amendment is one that I hope the committee might accept. All it does is in the prohibition of moneys in this bill that are not going to Cambodia, Laos, or Vietnam anyway, delete the country of Laos.

Let me explain why, if I may, briefly. We fought a long and bitter war against Vietnam. From 1962 on both we and the Vietnamese recognized that Laos was a neutral country. Laos is a very small country of some 2.7 million people.

Unfortunately for the Laotians, the best means that the North Vietnamese had of supplying their forces in the Mekong Delta area and around Saigon and three or four core military areas was through the Ho Chi Minh Trail through the Ho Chi Minh Trail through Laos, and they commenced to supply their forces through Laos.

We fought a secret war in Laos while we maintained an Embassy there in Vietiane right up to the end of the war.

I was privilieged along with a few other Congressmen to visit the Laotian Embassy and to talk there in 1971 and 1975 with the U.S. Amassador or our charge d'affairs. We were not at war with Laos. It was a neutral country. Yet through our CIA and undercover of our AID mission there in Laos we waged war through Air America and their pilots and hiring of Thais and Meo mercenaries. In an effort to harass the North Vietnamese on the Ho Chi Minh Trail we mounted a bombing effort of unparalleled proportions and when our pilots were shot down over Laos we were instructed to say that they had been really shot down over Vietnam.

The Vietnamese also had mercenaries or people under the flag of the Pathet Lao who fought against the Laotians.

But under any circumstances this was a neutral country and we have always provided aid to Laos up until last year, when section 108 was enacted. I think perhaps inadvertently we tend not to differentiate the countries of Vietnam, against whom we fought, and Laos, which was neutral.

Now, last December as one of four members of a select committee, I was privileged to go to Vientiane and talk with the chief of staff in the Laos Government which had just been taken over by the Pathet Lao forces. On four occasions the Laotians had said that the Pathet Lao held American prisoners alive in Laos.

We have the capacity, I hope, to negotiate with the Laotians, against whom we have never been at war and with whom we are not at war, to negotiate on the MIA's. There is no need to brand the Laotians along with all the others.

I submit as an individual after serving 9 months on that committee that the only hope we have that Americans are alive is if they are in Laos and held by the Laotian Government. The chief of staff of the Laotian Government advised us that there was no one alive in Laos, but that it would take a minimum amount of aid to assist their country to restore it to the simple rural economic system they had before the war. There is nothing here to prohibit deleting Laos and it may well help to get an accounting of the MIA's.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let us speak from the record. Without a doubt, one of the most corrupt regimes we ever have dealt with was in Laos. If we are going to consider providing aid for Laos, why not do it through the regular process?

Mr. Chairman, I hope we will vote the amendment down. If subsequently we want to have aid for Laos, then move it through the authorizing committee and then the Appropriations Committee.

Mr. MONTGOMERY. Mr. Chairman, with the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I support what the chairman in the well is saying, and I oppose the amendment.

I hate to oppose an amendment offered by the ranking minority member on the House Select Committee. He is doing an outstanding job on the committee. The same arguments hold true against this amendment that were made against the Abzug amendment. The timing is wrong. Amendments like this should be offered in an authorization bill.

We do have negotiations going on right now in Paris relating to Indochina. This amendment in my opinion is not necessary at this time. I hope the amendment will be defeated.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the distinguished gentleman from Virginia (Mr. DAN DANIEL).

Mr. DAN DANIEL. Mr. Chairman, I rise in opposition to this amendment.

Laos is a crumbled monument to our naiveness in believing that we could do honorable business with dishonorable people.

Mr. PASSMAN. Mr. Chairman, I do hope that we vote down this amendment.

Mr. SHRIVER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the distinguished gentleman from Kansas.

Mr. SHRIVER. Mr. Chairman, I want to state my strong agreement with the chairman, the gentleman from Louisiana (Mr. PASSMAN).

Mr. Chairman, we have given over $2.5 billion to Laos and just about a little over a year ago we were asked to leave and given very little time to get out of there. Why do we want to start aid again? Bah.

Mr. KOCH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, if we took as our premise that we will not provide aid to any country that has cheated and has been corrupt, I think that there are very few countries that we would be providing aid to and perhaps that would be a salutory change in our policy. The fact is that your comments on Laos do not really have anything to do with this discussion, and Mr. MCCLOSKEY's amendment, because this section, as has been pointed out several times, does not provide aid to anybody. I will tell the Members why I rise at this point in support of this amendment by Mr. MCCLOSKEY, although I opposed the earlier amendment by Ms. ABZUG. I would like to distinguish between the two amendments, as I perceive them.

The reason I opposed and voted against the earlier amendment is as follows: while this does not of itself grant aid, there is no question that there is now a campaign underway to provide aid to North and South Vietnam and Cambodia, which is not in any way related to the earlier amendment or its sponsor, but nevertheless bearing upon it. I have already received letters and postcards urging that we provide economic assistance to North and South Vietnam and Cambodia. I am opposed to doing that.

I do not believe that we are bound by any prior agreement, which these letters keep citing, commiting us to provide aid to North Vietnam; that provision was one part of an entire agreement providing for an end to hostilities and North Vietnam violated that agreement, as did the other parties to it. I want to make it clear that I am one of those who has been opposed to our involvement in that civil war, since I came to this Congress in 1969 and long before that. I considered North Vietnam and South Vietnam to be both totalitarian, repressive governments, and I was not for our being involved there on any side.

Again, the reason that I opposed the earlier amendment is that, in my judgment, North Vietnam and South Vietnam, now one, and Cambodia are very repressive governments. They are governments whose oppression we read about constantly: where the Cambodians, for example, perhaps killed 500,000 or more of their own people by putting them on the road and forcefully emptying out their cities, causing the ill and elderly to die in the marches. In North and South Vietnam, they have what are called retraining centers where they are allegedly reeducating people politically and which are in fact jails and perhaps better described as concentration camps. I am not for providing U.S. economic aid to that country. There is a difference with respect to Laos. Therefore, I rise in support of the McCloskey amendment. I want to keep intact the concept that we are not going to provide economic or military aid to repressive countries—notwithstanding the fact that this bill does not provide a single cent for South and North Vietnam and Cambodia. I wish to note at this time that I am the sponsor in this very bill of a provision that extends this concept to a repressive right-wing military dictatorship—Uruguay. I believe a cut-off should be extended to South Korea, but failure to achieve success in this goal is not a sufficient reason to extend aid to other repressive countries. We must work to end aid to repressive governments—be they right or left wing dictatorships. That is why it is important to keep this provision denying any assistance to South and North Vietnam and Cambodia in the bill. It is a statement of policy.

There are those who say that what we want to do is to be sure we get back our MIA's. I am for that—everyone is. We have heard discussion in the debate as to whether giving North and South Vietnam and Cambodia the implicit hope that maybe they will get some U.S. aid in the future will give us back our MIA's. I doubt that this would occur. There can be debate with respect to that, but I believe that we should let the message stand clear, and that is our policy not to provide economic aid to North and South Vietnam and Cambodia.

That does not mean that we should not have normal diplomatic relations with those countries. I am for that, just as we have normal diplomatic relations with the Soviet Union, which is a repressive country, equal in many ways to Nazi Germany, in my judgment. Yes, I believe that we should have diplomatic relations with the U.S.S.R. I do not believe, however, that we should provide economic aid to the Soviet Union. That is why I voted no on the prior amendment so that no one will doubt our policy on that, and will vote yes on the McCloskey amendment.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I am happy to yield to the gentleman from Louisiana. I am just sorry that we are not in accord, because we are in accord on so many other matters.

Mr. PASSMAN. Mr. Chairman, there is no money in this bill for these four countries. We just want to provide aid under the normal procedures. So, we are not cutting off any aid.

Mr. KOCH. The gentlemen is right, except that there is a difference in concept. The McCloskey amendment by deleting Laos makes our policy statement clear.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. Koch was allowed to proceed for 1 additional minute.)

Mr. McCLOSKEY. Mr. Chairman, I ask unanimous consent that the gentleman from New York be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The gentleman is recognized for 1 additional minute.

Mr. ASHBROOK. Mr. Chairman, I objected.

Mr. WOLFF. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The Chair had recognized the gentleman from New York (Mr. Koch) for 1 additional minute, when the gentleman from California (Mr. McCloskey) requested by unanimous consent an extension of 2 minutes. That was objected to. The Chair had recognized the gentleman from New York, and he is recognized for 1 additional minute.

Mr. ASHBROOK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ASHBROOK. This gentleman did not hear the Chair propound the question on the unanimous consent request.

The CHAIRMAN. I cannot help the gentleman not having heard the Chair. The Chair did make the ruling.

I will assure the gentleman that the Chair did put the unanimous consent request, and it was granted.

The gentleman is recognized for 1 minute.

Mr. KOCH. Mr. Chairman, again may I repeat there is a distinction between Laos and the other named countries, in the same way that the gentleman from California (Mr. McCloskey) distinguished them.

Mr. McCLOSKEY. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from California.

Mr. McCLOSKEY. I thank the gentleman for yielding.

May I have the chairman of the subcommittee answer a question? The Chairman brought to this House for the last 12 years a bill containing $2½ billion for aid requested for Laos, and we needed nothing from them. Now that we do need something, why should we prohibit aid to them now?

Mr. PASSMAN. If the gentleman will yield, there is no aid proposed to Laos in this bill.

Mr. McCLOSKEY. Can the Chairman answer my question? What is the difference between this year and past years?

Mr. PASSMAN. We have a different government. But I might state they have had a record of being one of the most corrupt governments we have ever seen.

Mr. McCLOSKEY. I agree they have been corrupt for at least 12 years.

Mr. PASSMAN. I think we should consider these country limitations under proper legislation.

Mr. OTTINGER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from California (Mr. McCloskey).

Mr. Chairman, the gentleman from California (Mr. McCloskey) and I were in Laos with the Select Committee on MIA's. We had some first-hand sight of the tremendous devastation that has been caused there. The equivalent of 100 tons of bombs for each Laotian was dropped on Laos.

Laos was caught in the middle between us and the Vietnamese. We were not at war with Laos. This bill does not provide any aid to Laos, but there is no reason to put Laos in the same category with Vietnam.

I urge adoption of the amendment.

Mr. WOLFF. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. One fact that has not been mentioned here is the role Laos has played in international drug traffic and the part that Laos continues to play in the illicit trafficking of arms to the various parts of that area of the world.

I feel very strongly that the uncontrolled traffic in narcotics is a reason enough for us to deny aid to that country. We have restrictions in the authorizing legislation prohibiting aid to any nation not cooperating with us and Laos surely qualifies for that category of restriction and therefore I rise in opposition to the amendment.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. WOLFF. I yield to the gentlewoman from New York.

Ms. ABZUG. I thank the gentleman for yielding.

Mr. Chairman, I rise in reference to the remarks that were made by my colleague, the gentleman from New York (Mr. Koch).

I just want to suggest that there was ample debate on the floor of this House on the previous amendment. It was an amendment which in no way proposed a mandated aid—and I think members of the Select Committee on MIA's, who disagreed with the amendment, including the distinguished chairman (Mr. Montgomery) and my colleague from New York (Mr. Gilman), agreed that it in no way imposed aid, it in no way promised aid.

I just did not want the record to be left in a mistaken posture by reason of the comment made by my colleague, the gentleman from New York (Mr. Koch).

I do believe that the measure that I proposed dealt with the way in which we can insure and accelerate the possibilities of direct negotiations concerning the Missing in Action.

I want the record to be very clear that that is what my amendment proposed.

Mr. KOCH. Mr. Chairman, will the gentleman yield?

Mr. WOLFF. I yield to the gentleman from New York.

Mr. KOCH. Mr. Chairman, I have no doubt that that was what the amendment offered by the gentlewoman from New York was seeking to do. I do not think it accomplished that, which is the reason I suggested in the well that I think it is important that we keep the concept that we will not provide aid to countries in Southeast Asia that engage in repression.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. McCloskey).

The amendment was rejected.

AMENDMENT OFFERED BY MR. CRANE

Mr. CRANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Crane: On page 10, immediately after line 4 insert the following:
>
> Sec. 109. None of the funds appropriated or made available pursuant to this Act shall be used to provide assistance to Angola or Mozambique.

Mr. CRANE. Mr. Chairman, I would like to read just a brief part of a colloquy that I had with the distinguished chairman of the Committee on International Relations 2 days ago when we debated the conference report on the International Security Assistance and Arms Export Control Act. This particular exchange took place:

I asked:

> Is there any money authorized under this bill for any kind of assistance, even nonmilitary or paramilitary assistance to Mozambique?

The distinguished chairman of the Committee on International Relations replied:

> There is no money earmarked for Mozambique in this bill.

Further in that colloquy I said:

> So it is the chairman's understanding, then, that it is still the position of the House that no aid, including nonmilitary aid, shall be authorized by this body to be expended in Mozambique?

And the chairman of the Committee on International Relations responded:

> That is my understanding. There is no money authorized in this bill with an allocation for expenditure in Mozambique.

Unfortunately, since that time in this appropriation measure and owing apparently to a waiving of the rules, there is for the so-called Portuguese territories appropriated a total of $10,800,000 that I can myself find.

In addition to that, on the second or third page of this report on the bill it is indicated that aid is earmarked for Mozambique.

In view of the fact that the Secretary of State in his Lusaka statement on the African Continent recently took the position that the United States was going to come to the aid of Mozambique with funding because of the loss of revenues that was the direct result of its declaration of a "state of war" against Rhodesia, we find ourselves in the bizarre and embarrassing situation of providing taxpayer assistance to a Soviet-backed dictatorship in Mozambique to offset lost revenues so that they can wage a so-called liberation war, using armed guerrillas, against the friendly country of Rhodesia.

In addition to that, we have already taken a position in the House, when back on June 2 we voted not to provide any assistance to Mozambique. That being the case, coupled with the fact that the Angolan regime is also a Soviet puppet state, I believe we have an obligation to remain not only consistent with our prior action and consistent with the action of the authorizing committee, but consistent with what I believe are the overwhelming views of this body and the American people by putting this kind of provision in the law.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, all the gentleman's amendment does is to confirm what the chairman of the Foreign Affairs Committee stated, and that is that there is no money that will be going to these two countries; they are Communist dictatorships, and we do not intend to support them with foreign aid. The gentleman is just providing conforming language to comply with the authorizing bill.

Mr. CRANE. The gentleman is correct.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman's response. The House should support the gentleman's amendment.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, under this amendment all funds for this purpose would automatically be cut off. This matter was debated in great detail only recently; I believe it was Tuesday of this week.

We had a vote on the matter, and it was defeated by a vote of 279 to 128. Therefore, I shall not debate it further, and I ask for a vote on the amendment.

Mr. BAUMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the situation in which the House finds itself is not comparable at all to the position taken 1 or 2 days ago. The pending amendment should be adopted.

The gentleman from Louisiana (Mr. Passman) is mistaken. At the time we acted on a similar amendment the gentleman from Texas (Mr. Mahon) was able to offer assurances to the House that there were no funds for Mozambique in the appropriation bill involved. No such assurances have been offered today. As a matter of fact, in the bill's report there is every indication that we are financing aid to countries that are directly opposed to the United States and are, in fact, Communist-dominated and encouraging revolution and bloodshed in Africa.

How the gentleman can stand here and advocate the use of Federal taxpayers' money to cause war in Africa is beyond me. The situation is completely different.

Mr. Chairman, if we were to have a rollcall vote on this, we would surely reverse ourselves, and I urge the adoption of the Crane amendment.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, I thank the gentleman for yielding.

I would only elaborate further by saying that I think this amendment is wholly consistent with section 108 of the bill, which the distinguished chairman of the committee so ably defended a moment ago.

Therefore, Mr. Chairman, I would urge my colleagues to join in supporting simply the addition of these two countries, Angola and Mozambique, for the same reasons section 108 is in this appropriation measure.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. Crane).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE II—FOREIGN MILITARY CREDIT SALES

Foreign Military Credit Sales

> For expenses not otherwise provided for, necessary to enable the President to carry out the provisions of the Foreign Military Sales Act, $840,000,000: *Provided*, That of the amount provided for the total aggregate credit sale ceiling during the current fiscal year, not less than $1,000,000,000 shall be allocated to Israel.

AMENDMENT OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Passman: On page 10, line 9, strike out "$840,000,000" and insert in lieu thereof "$740,000,000".

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. Passman).

The amendment was agreed to.

Mr. PASSMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. Kazen, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee, having had under consideration the bill (H.R. 14260) making appropriations for

Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 14260) and include extraneous matter, and also that in revising my own remarks, I may include certain extraneous material or information.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

CALL OF THE HOUSE

Mr. ROUSSELOT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 459]

Ambro
Anderson, Ill.
Andrews, N.C.
AuCoin
Bevill
Biaggi
Brodhead
Brown, Calif.
Buchanan
Butler
Carney
Clancy
Clay
Conlan
Conyers
D'Amours
de la Garza
Dent
Diggs
Dingell
Downing, Va.
Esch
Evans, Colo.
Ford, Mich.
Fraser
Frenzel
Hall
Hansen
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Heinz
Helstoski
Henderson
Hinshaw
Holland
Horton
Jacobs
Jones, Tenn.
Karth
Kelly
Kemp
Keys
LaFalce
Landrum
Lent
Litton
Lott
Lujan
McCloskey
McCollister
McDonald
McEwen
McKinney
Madigan
Matsunaga
Melcher
Metcalfe
Meyner
Michel
Milford
Mollohan
Moorhead, Pa.
O'Hara
Pepper
Peyser
Quie
Randall
Richmond
Riegle
Risenhoover
Roncalio
Ryan
Santini
Schneebeli
Shuster
Sikes
Sisk
Snyder
Solarz
Spellman
Steed
Steelman
Steiger, Ariz.
Stephens
Stokes
Stuckey
Symington
Symms
Teague
Traxler
Udall
Whitehurst
Wiggins
Wydler

The SPEAKER. On this rollcall 335 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION TO HAVE UNTIL MIDNIGHT SATURDAY, JUNE 26, 1976, TO FILE CONFERENCE REPORT ON H.R. 12438, DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1977

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the managers may have until midnight Saturday, June 26, 1976, to file a conference report on the bill (H.R. 12438), to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON S. 3168, FOREIGN RELATIONS AUTHORIZATION ACT, 1977

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, the Board for International Broadcasting, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON S. 3295, HOUSING AMENDMENTS OF 1976

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill (S. 3295) to amend and extend laws relating to housing and community development.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the chairman inform us, or the minority member of the committee, that this has been agreed to by the minority?

Mr. REUSS. It has been cleared with the minority member.

Mr. ROUSSELOT. Mr. Speaker, I yield to the gentleman from Michigan (Mr. Brown).

Mr. BROWN of Michigan. Mr. Speaker, I would like to ask a question of the chairman of the committee. It is my understanding that we have an understanding, if no objection is made at this time, that the conference will not go beyond 4:30 this afternoon. If we are unable to complete our work, we will terminate at 4:30.

Mr. REUSS. Mr. Speaker, that is the first I heard of this; but that is fine with me.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, so that if the conference is not complete, there will be no necessity to file a report.

Mr. REUSS. That does without saying, I agree.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. MURPHY of Illinois. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1285 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1285

Resolved, That during the consideration of the bill (H.R. 14231) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clauses 2 and 6 of Rule XXI are hereby waived: beginning on page 6, line 4 through line 16; beginning on page 7, line 17 through page 8, line 3; beginning on page 11, line 6 through line 15; beginning on page 34, line 14 through page 37, line 9; beginning on page 39, line 19 through page 40, line 4; and beginning on page 43, line 15 through page 45, line 4.

The SPEAKER. The gentleman from Illinois (Mr. Murphy) is recognized for 1 hour.

Mr. MURPHY of Illinois. Mr. Speaker, I yield the usual 30 minutes for the minority to the distinguished gentleman from California (Mr. Del Clawson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1285 provides that during the consideration of H.R. 14231, a bill making appropriations for the Department of the Interior and related agencies, points of order against certain provisions in the bill for failure to comply with the provisions of clauses 2 and 6 of rule XXI are waived. Clause 2 of rule XXI prohibits the appropriation of funds which are not authorized by law. Clause 6 of rule XXI prohibits the reappropriation of unexpended balances.

In requesting a rule from the Rules Committee, the distinguished chairman of the Appropriations Subcommittee on Interior indicated that waivers for lack of authorization were necessary on the following items.

First, Fish and Wildlife Service. The paragraph entitled "Resource Management," an authorization which is contained in H.R. 8092 which passed the House March 15 and is pending in committee in the Senate.

Second, the National Park Service. The paragraph entitled "Preservation of Historic Properties," an authorization which is contained in H.R. 12234 presently in conference.

Third, Energy and Research Development Administration. The necessary authorizing legislation for the two appropriating paragraphs for this agency is contained in H.R. 13350 which passed the House May 20.

Fourth, the Federal Energy Administration. The appropriating paragraph entitled "Salaries and Expenses," an authorization which is contained in H.R. 12169 now in conference.

Fifth, Indian Claims Commission. The necessary authorization is contained in H.R. 11909 which was reported in the House May 14. Companion legislation passed the Senate April 9.

Sixth, National Foundation on the Arts and the Humanities. The necessary authorizing legislation for the two appropriating paragraphs under this agency is contained in H.R. 12838 which passed the House April 26 and passed the Senate May 20.

Since H.R. 11559 was signed into law by the President June 22, there is no longer any need to seek a waiver on the section of this appropriation bill relating to the Office of Water Research and Technology for lack of authorization. However, because a reappropriation is contained in that section of the bill, a waiver of clause 6 of rule XXI is still necessary.

Mr. Speaker, H.R. 14231 includes $5,589,180,000 in new budget authority for the Department of Interior and related agencies. This figure is $51,630,000 below the administration's request for these activities. I support the rule and urge the adoption of House Resolution 1285 in order that H.R. 14231 may be considered.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1285 is the rule proposing to waive points of order against certain provisions of H.R. 14231, the Department of Interior and related agencies appropriation bill for 1977, for failure to comply with the provisions of clauses 2 and 6 of rule XXI. This is the rule prohibiting the reporting of unauthorized appropriations or reappropriations in a general appropriation bill. The sections of H.R. 14231 included in the waiver are as follows:

First, Office and Water Research and Technology.

Second, Fish and Wildlife Service.

Third, National Park Service.

Fourth, Energy Research and Development Administration.

Fifth, Federal Energy Administration.

Sixth, Indian Claims Commission.

Seventh, National Foundation on the Arts and Humanities.

This legislation provides for total budget authority for the Department of Interior and related agencies in fiscal 1977 in the amount of $5,589,180,000. This figure is $51,630,000 below the budget estimate for fiscal year 1977 and $1,121,876,000 above last year's appropriation.

Mr. Speaker, the administration supports elimination of increases over the President's requests for programs of the Interior Department and restoring the $10 million to the Federal Energy Administration for purchase of petroleum for the strategic reserve program. In addition, the administration is strongly opposed to the bill's increases for the USDA Forest Service, especially:

First, the $60 million increase in obligation level for road construction;

Second, the $28 million for the Youth Conservation Corps; and

Third, the $8.9 million increase for grants to States for forest fire control.

Mr. Speaker, I am not aware of objections to the rule, and recommend the House proceed with its adoption.

Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. MURPHY of Illinois. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 348, nays 8, answered "present" 3, not voting 72, as follows:

[Roll No. 460]

YEAS—348

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
Aspin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Hicks
Hightower
Hillis
Holt
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kemp
Ketchum
Kindness
Koch
Krebs
Krueger
Lagomarsino
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quillen
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Robinson
Rodino
Roe
Rogers
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Stokes
Stratton
Studds
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—8

Ashbrook
Bauman
Crane
Haley
Paul
Rousselot
Steiger, Wis.
Young, Fla.

ANSWERED "PRESENT"—3

Daniel, Dan
Roberts
Satterfield

NOT VOTING—72

Anderson, Ill.
AuCoin
Bevill
Biaggi
Brodhead
Brown, Calif.
Butler
Carney
Clancy
Clay
Conlan
Conyers
de la Garza
Dent
Downing, Va.
Esch
Evans, Colo.
Fountain
Fraser
Frenzel
Hall
Hansen
Hayes, Ind.
Hays, Ohio
Helstoski
Henderson
Hinshaw
Holland
Horton
Jacobs
Jones, Tenn.
Karth
Kelly
Keys
LaFalce
Landrum

Lent
Litton
Lott
Lujan
McDonald
McEwen
Matsunaga
Melcher
Metcalfe
Meyner
Milford
O'Hara
Pepper
Peyser
Quie
Randall
Richmond
Riegle
Risenhoover
Roncalio
Ryan
Sisk
Snyder
Spellman
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Symington
Symms
Teague
Udall
Whitehurst
Wydler

The Clerk announced the following pairs:

Mr. Dent with Mr. Anderson of Illinois.
Mr. Teague with Mr. Henderson.
Mrs. Meyner with Mr. Peyser.
Mr. Pepper with Mr. Hays of Ohio.
Mr. Helstoski with Mr. Bevill.
Mrs. Keys with Mr. Kelly.
Mr. McDonald with Mr. Downing of Virginia.
Mr. Melcher with Mr. Horton.
Mr. Brown of California with Mr. Wydler.
Mr. Udall with Mr. Butler.
Mr. Symington with Mr. McEwen.
Mr. Carney with Mr. Esch.
Mr. Matsunaga with Mr. Karth.
Mr. Jones of Tennessee with Mr. Landrum.
Mr. Biaggi with Mr. Clancy.
Mr. AuCoin with Mr. Lott.
Mr. LaFalce with Mr. Conlan.
Mr. Milford with Mr. Fraser.
Mr. O'Hara with Mr. Hayes of Indiana.
Mr. Randall with Mr. Lent.
Mr. Risenhoover with Mr. Evans of Colorado.
Mrs. Spellman with Mr. Hansen.
Mr. Brodhead with Mr. Conyers.
Mr. Litton with Mr. Frenzel.
Mr. Richmond with Mr. Clay.
Mr. Fountain with Mr. Sisk.
Mr. Holland with Mr. Lujan.
Mr. Jacobs with Mr. Quie.
Mrs. Sullivan with Mr. Hall.
Mr. Stuckey with Mr. Snyder.
Mr. Riegle with Mr. Stephens.
Mr. Ryan with Mr. Symms.
Mr. Roncalio with Mr. Metcalfe.
Mr. Steed with Mr. Steiger of Arizona.
Mr. de la Garza with Mr. Steelman.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. YATES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 14231, making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from Pennsylvania (Mr. McDADE) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. YATES).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 14231, with Mr. FLOWERS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Illinois (Mr. YATES) will be recognized for 1 hour, and the gentleman from Pennsylvania (Mr. McDADE) will be recognized for 1 hour.

The Chair recognizes the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am peased to present to the House for consideration the bill making appropriations for the Department of the Interior and related agencies for fiscal year 1977.

In the past 2 weeks, you may have heard subcommittee chairmen refer to their appropriation bill as the "All-American" bill. I should like to state that no bill deserves this title more than the measure we are considering today.

The Interior appropriations bill touches the lives of nearly every American, in every State and territory. From the sun-drenched atolls of Micronesia to the snow-covered forests of Maine, and from the frozen tundra of Alaska to the barren deserts of the Southwest, this bill preserves and protects America's natural and human resources.

Our responsibility is to America's people and their resources, in nearly every setting. This bill insures the continued preservation of serene wilderness areas and it provides recreation and culture to the city dweller. It provides education and health care for Indians on rural reservations and in metropolitan areas. It promotes the artistic and cultural heritage of Washington, D.C., and other major cities, and it enhances cultural awareness in hamlets and villages across this land.

The breadth of this bill is only matched by the contrasts and challenges it presents to our subcommittee. In our deliberations, we have constantly been presented with difficult choices between competing goals. There is a critical need, for example, to develop America's energy resources, and yet we cannot forget our commitment to improving our forests and rangelands. There is a need to spend funds on energy research, yet we cannot ignore our responsibility toward improving the health, education, and welfare of our Indian people.

These choices are difficult and I am proud to say that the subcommittee has done a fine job of dealing with them. The bill before you today is a good one. It corrects several deficiencies in the President's budget and it continues other important congressional initiatives which preserve and protect our natural and human resources.

I feel it is important to note that this bill reflects the valuable contributions of every member of the subcommittee. No chairman was ever blessed with a more able and cooperative subcommittee. I would like to acknowledge the constructive efforts of Mr. McKAY, Mr. LONG, Mr. EVANS, Mr. MURTHA, and Mr. DUNCAN, as well as the ranking minority member, Mr. McDADE and Mr. REGULA for their friendly cooperation and diligence. I must pay special tribute to Mr. McDADE as a superlative ranking member.

The Interior Subcommittee worked long and hard to examine carefully each account in the bill. We held thorough hearings on each agency, as well as oversight hearings on energy, parks, recreation and wildlife, and the arts. The subcommittee heard 4 full days of testimony from outside witnesses, and it received assistance from the Office of Technology Assessment and the Congressional Research Service.

Mr. Chairman, our hearings and deliberations have resulted in a sound bill. The committee has demonstrated budgetary restraint by reporting a bill below the President's budget request, but we have tempered this restraint with a continued commitment to protecting and enhancing our natural resources, insuring continued production of energy, promoting energy research and development, improving the health and welfare of American Indians, and promoting the cultural heritage of our people.

Lest we become overwhelmed by optimism, I should like to express a word of caution about the condition of America's lands and people. If we were stockholders in a major corporation and the management had done as poor a job of husbanding and protecting our resources as we have done over the years, we would be outraged—and rightly so. The poor condition of our forests, rangelands, parks, and recreation areas, attest to years of neglect and underfunding. We have taken steps to correct this situation in the bill, but the backlogs are not decreasing as fast as they should be. Our challenge in the years ahead will be to correct these deficiencies.

RECAPITULATION

The 1977 Interior Appropriations bill provides for new budget authority of $5,589,180,000, an increase of $1.121 billion over last year. In addition, the bill provides appropriations to liquidate contract authority of $276,999,000, up nearly $52 million from last year. In total, the bill appropriates $5,866,179,000—an increase of $1,173,515,000 over last year.

I am pleased to report that the bill is below the President's budget request by $51.6 million in new obligational authority, although it is over the budget request by $37.1 million in appropriations to liquidate contract authority. In net terms, the bill is $14.5 million below the President's budget request. I would like to remind the Members that this bill provides funds for agencies that will return an estimated $7.5 billion in revenues to the Federal Treasury. When balanced against the appropriation of $5.8 billion, the bill makes a net contribution of nearly $2 billion to the Treasury—a good investment by any measure.

The bill is $1,125,227,000 under the budget resolution target. This difference, however, will be decreased by the enactment of several new authorization bills and items to be included in future supplemental appropriation bills. These include such items as firefighting costs, amendments to the Land and Water Conservation Fund, Indian Health Care Act, and the proposed synfuels loan guarantee program.

MAJOR CHANGES

Mr. Chairman, I would like to review some of the major changes recommended in the bill. Basically, these changes fall into three categories.

First, the bill has restored the funds cut by the administration in several important ongoing programs. The Congress and the public have given these programs strong support in the past and the committee could see no reason for curtailing them. Indeed, the committee was at a loss to understand why the president recommended these drastic cutbacks. For example, the administration did not request any funds for the Youth Conservation Corps and the wetlands acquisition loan fund; the bill restores these programs. The Federal-State forest fire control and historic preservation programs were cut in half by the administration; the bill restores $8.8 million and $5 million, respectively, to continue these programs.

Second, the bill continues programs initiated over the past 3 years to decrease reforestation backlogs and improve the condition of public grazing lands. These programs were undertaken in the belief that the resources of the public lands belong to all the people and should be protected and improved for future generations. Unless we make continued investments in these natural resources, they will deteriorate rapidly and the Nation will be the big loser. The committee has added $7.7 million to continue a 20-year grazing land improvement program. This program will continue to improve the condition of millions of acres of public grazing lands.

The bill includes funds to continue our 10-year program of eliminating the reforestation backlog on national forest lands. In addition, the subcommittee has added $5.5 million to extend this program to Indian lands. At present, there is a 50-year backing totaling 110,338 acres of reforestation needs on Indian lands. The committee hopes to eliminate this backlog within 5 years.

Third, the bill initiates a comprehensive program to improve the health and welfare of American Indians. The educational needs of Indian children are a fundamental necessity. The committee rejected the administration's callous and insensitive approach to Indian education by adding $15.8 million for construction of BIA schools, nearly $9 million for public school construction, $4 million to rehabilitate and repair BIA schools, $3 million to operate formerly private Indian schools, and $5 million to assist public schools on or near reservations—Johnson-O'Malley program. We have not carelessly thrown money at the problem of school facilities. Indeed, we have initiated an investigation to determine why BIA Indian schools are deteriorating and falling apart.

Improving the health of American Indians is another important component of the bill. Testimony disclosed that the life expectancy of Indians is 6 years below the national average; infant death rates are twice the national average; and alcoholism is a serious health problem. Accordingly, $11.9 million has been added to continue urban and reservation health programs initiated last year. This total, incidentally, includes $1.6 million for the Claremore hospital which was completed last year. However, the administration failed to request any funds to staff this facility. A total of $12.3 million was added to construct hospitals and clinics in Washington, New Mexico, Oklahoma, North Carolina, Colorado, and Minnesota. Finally, $18 million had to be added to provide sanitation facilities for homes constructed on Indian reservations. This increase was required to correct a shocking and stupid oversight by OMB.

Unemployment on Indian reservations has reached appalling levels. On most reservations it exceeds 20 percent and in some cases, it is over 75 percent. To correct this problem, $6 million was added for the Indian Action Team program. This is a popular and successful program which will make positive inroads into the unemployment dilemma on Indian reservations.

The major decreases below the budget requests come in energy programs.

The bill decreases the budget request for salaries and expenses of the Federal Energy Administration by $47.8 million and 636 positions. Nearly one-half of this decrease—$25 million—is for the new State grant program for energy conservation. We felt the States were not prepared at this time to implement the program at its authorized level. The remainder of the decrease reflects the committee's feeling that the FEA was overstaffed given its responsibilities.

The bill recommends a decrease of $110 million in the strategic petroleum reserve program. The reduction reflects our feeling that the Administration will not be able to acquire the 50 million barrels projected in the budget. Forty million barrels is a more reasonable target, given the time required to buy the oil, develop storage facilities, and purchase the oil.

As a result of the Naval Petroleum Reserve Production Act of 1976, the Navy will begin production of oil from Naval Petroleum Reserves No. 1, 2, and 3. In addition, an exploration program in NPR No. 4 will be accelerated. A decrease of $15 million is recommended, however, because of a reestimate of anticipated costs of production facilities and drilling for NPR No. 3.

It is important to note that we strongly support the Energy Research and Development Administration's fossil fuel and conservation research program. For this reason, the bill has recommended only a small decrease in appropriations for ERDA, primarily for magnetohydrodynamics.

The committee was fully aware of the strong support many Members have demonstrated for accelerating fossil fuel and conservation R. & D. We carefully examined both programs and we feel that we have appropriated all that ERDA can effectively obligate at this time. Indeed, a major problem ERDA has experienced is its inability to obligate funds already appropriated. As of March 1976, ERDA's coal program had an unobligated balance of $322 million and the conservation program had not obligated $15.4 million. Until ERDA has demonstrated the ability to expeditiously obligate funds, the subcommittee could see no reason to exceed the President's budget request.

DEPARTMENT OF THE INTERIOR

For the Bureau of Land Management, the committee recommends an appropriation of $261,344,000, an increase of $4,225,000 over the budget estimate. The bill includes $6 million over the budget to continue the rangeland improvement programs begun by the committee last year. An increase of $1.1 million is provided to increase timber harvest from BLM lands outside western Oregon. This add-on will make $4.9 million available for this program and result in a harvest of more than 100 million board feet. These increases have been offset by a $300,000 decrease due to the transfer of the Kofa, Charles M. Russell, and Charles Sheldon Wildlife Refuges to the Fish and Wildlife Service and the deletion of funds for a new office building in Fairbanks, Alaska—$2,600,000. The committee report addresses the impact of wild horses and burros on the carrying capacity of rangelands; we urge the authorizing committee to make every effort to resolve this problem. The committee is also concerned about the growing backlog of energy and nonenergy mineral lease applications and we expect the BLM to make every effort to decrease the backlog.

The committee recommends an appropriation of $21,003,000 for the Office of Water Research and Technology; this total is $1,270,000 below the budget estimate. The decrease below the budget estimate is accounted for by changes in authorizing legislation for the saline water conversion program, and the failure to reauthorize title II of the Water Resources Research Act. The committee fully endorses the valuable research work done by OWRT and emphasizes that the decrease below the budget estimate in no way reflects dissatisfaction with the agencies' programs.

The recommended appropriation for the Land and Water Conservation Fund is $307,056,000, an increase of $7,056,000 over the budget estimate. The increases recommended will accelerate land acquisition in the recently created Cuyahoga Valley National Recreation Area, Ohio, acquire recreation land for the Forest Service in California where adverse development is threatened, and provide for additional land acquisition at the Great Dismal Swamp National Wildlife Refuge, N.C., and the Tinicum National Environmental Center, Pa. The committee has recommended two program reductions for data systems in the Bureau of Outdoor Recreation totaling $188,000. The committee is concerned about the proliferation of data systems in the Federal Government and feels these items might duplicate existing programs.

The bill recommends an appropriation of $148,735,000 for the U.S. Fish and Wildlife Service, an amount which is

$19,187,000 above the budget estimate. The major increase—$8,721,000—is for the operation and construction of facilities at various fish hatcheries and wildlife refuges. As noted earlier, the committee recommends an appropriation of $7.5 million for the Migratory Bird Conservation Account. For the third straight year, the administration failed to request any funds for the program, and the Congress has made funds available. The bill again includes money to implement the Boldt decision concerning Indian fishing rights in Washington State. These funds will be used by the Washington State Departments of Fisheries and Game on a matching basis to improve the census of fish runs. The committee intends, however, that this will be the last year the Federal funds will be provided for this purpose to the departments. The bill includes programmatic increases to: improve various law enforcement programs—$1.8 million, continue endangered species grants-in-aid—$1 million, and improvement management on wildlife refuges, including the Kofa, Charles M. Russell and Charles Sheldon game ranges—$1.1 million. The increases are offset by a decrease of $640,000 for Alaska resource studies and $1,450,000 for biological services.

The bill provides $346,485,000 for the National Park Service, an increase of $8,849,000 over the budget estimate. The major portion of this increase—$4,028,000—will be used for planning and construction projects at a number of parks, including Indiana Dunes, NRA, Voyageurs National Park. Theodore Roosevelt National Park, Grand Teton National Park and Golden Spike NHS. The bill includes $656,000 for increased operating expenses at Cuyahoga NRA, Indiana Dunes NRA and Fire Island NRA. The committee also recommends an increase of $1.1 million for planning and construction of two sections along the Natchez Trace Parkway, Miss.

The bill provides $296,146,000 for the U.S. Geological Survey, a total of $11,838,000 over the budget request. While the President's budget proposed a $26 million increase, the USGS was forced to finance this increase from existing programs. The committee rejected this approach and has restored the administration's cuts in basic programs on a selective basis. The additions include: $6 million to continue geothermal resource investigations, $2.2 million for standard quadrangle mapping and revision, $2 million for water resource investigations, $1.3 million for offshore geologic oil and gas resource appraisals, $1 million for regional geologic surveys, $700,000 for earthquake hazard studies, and $500,000 for groundwater recharge research and flood hazard mapping. These increases were offset by several decreases including $1,039,000 for travel, and $800,000 for mineral resource surveys in Alaska.

Appropriations for the Mining and Enforcement and Safety Administration are $91,098,000, an increase of $950,000 over the budget estimate. The committee increased state grants under the Coal Mine Health and Safety Act from $1,000,000 to $2,500,000. The committee strongly supports this program and feels it can make valubale contributions toward decreasing mine fatalities. The bill includes $500,000 to expand the mine training center in Lexington, Ky., and a decrease of $1,000,000 for operations of the Beckley, W. Va., training center. The committee feels the Beckley facility can operate adequately on a budget of $3,250,000.

For the Bureau of Mines, the bill recommends $163,315,000, a total of $8,945,000 above the budget estimate. The bill restores the $2,900,000 cut made by OMB in metallurgy research, and the $1,978,000 cut in anthracite mine land investigations and demonstrations. The committee feels both programs are of critical importance and must be continued. The bill includes an additional $1 million for a subsidence control project in southern Illinois and $640,000 for coal mine health and safety research. This raises the total for coal mine safety research to $30 million—the full authorization. The committee has added $3 million for construction of a prototype anthracite coal preparation plant; this plant will make important strides toward increased use of anthracite coal residue. These increases have been offset by decreases of $250,000 for the U.S. participation in the World Mining Congress—this program is not authorized—and $279,000 for travel.

The total appropriation for the Bureau of Indian Affairs is $794,171,000, an increase of $32,806,000 above the budget request. In addition to the increases discussed earlier, the bill includes an increase of $1,500,000 to improve law enforcement programs nationwide, $1 million to assist Northwest tribes in implementing the Boldt fishing rights decision, and $1 million to improve the implementation of Indian rights programs—including the automation of land records. The committee made a number of reductions in the BIA budget, including: $5 million for the Indian Loan Guaranty and Insurance Fund—the fund is not being used; $4 million in general administrative overhead in the Indian self-determination and housing programs; and $305,000 for a socioeconomic study of the Navaho-Hopi relocation program. The reductions of $2 million in adult vocational education, $3 million for business enterprise development, and $2,200,000 for direct employment are offset by the increases made in the Indian action team program.

The committee report addresses the failure of BIA to follow a previous directive to contract with the tribes for law enforcement whenever possible. The bill includes language to insure this takes place. The report also urges the BIA to take whatever action it deems advisable to improve the administration of Indian education programs, including moving all or part of the central office to Washington, D.C. Finally, the committee is concerned that the BIA has been required to reveal information they hold as a trustee for tribes. The committee believes it was clearly not the intention of the Freedom of Information Act to inhibit or impair the Department in exercising its fiduciary responsibilities. Accordingly, language was added to the bill to prohibit the use of funds to provide any personal information or information respecting any real or personal property which the Government holds as a trustee for Indian tribes.

During the oversight hearings, Bureau of Indian Affairs, dealing with school construction and maintenance, the committee noted a number of serious problems handicapping the successful accomplishment of certain programs.

Some of the deficiencies which were highlighted during these hearings concerned:

Inadequate maintenance resulting in deteriorating facilities.

Inferior quality of Indian school construction.

The unsatisfactory condition of Navajo schools is identified by the Navajo Area School Board Association and confirmed by the Navajo area plant management officer.

Poor design and construction practices.

Questionable estimates concerning new construction needed, and large major improvements and facility maintenance backlogs.

As a result of the seriousness of the problems disclosed and allegations made by certain Indian groups, the committee authorized and directed the Surveys and Investigations Staff to conduct an investigation of the school construction, maintenance, and repair programs of the Bureau of Indian Affairs.

The Surveys and Investigations Staff, during the past 3 weeks, in the Albuquerque, N. Mex., area, has visited and talked with officials of the headquarters, area, and Agency offices and has met with principals, members of school boards, and tribal councils, and has inspected school facilities at a number of scattered locations.

As a result of this introductory phase of the investigation, certain observations can be made which appear indicative of serious underlying deficiencies which will be systematically and thoroughly developed during the remainder of the investigation. Some preliminary conclusions of the Surveys and Investigations Staff which may be drawn at this time are:

A general lack of effective management, discrepancies in management, information, and cases of mismanagement were observed by the Staff.

Much of the computerized management information needed for decision-making — budget, financial records, school facilities' summaries and inventories—is inaccurate and unreliable. The Investigative Staff was informed that two-thirds of the facility inventories are outdated, erroneous, and generally useless.

The BIA as presently established is poorly organized to carry out its responsibilities in the school construction and maintenance and repair programs. There are no clear lines of accountability or responsibility for effectively obtaining meaningful program results. Serious organizational deficiencies and layers of duplicative advisory and staff functions filter downward to the lowest levels of management.

Meanwhile, line functions and decision-making processes are well hidden and difficult to trace. Problems identified at lower echelons and which seek to flow upward for solutions are lost somewhere along the flow, resulting in unresolved and continuing problems. Adding further to the mounting confusion is the failure on the part of certain organizational divisions with important roles in the school facilities program to communicate adequately, thereby denying necessary interface and input to assure sound program execution.

The decrease in the central office professional staff in the construction area from 255 to 46 during the period 1963 to 1976 has further added to the Bureau's problems.

The BIA is continuing to expend funds for architectural-engineering studies for new school facilities even though these projects will not be constructed for at least 8 to 10 years. Consequently, many of the design efforts have become obsolete, and construction of schools on this basis will not meet current or projected tribal needs. Such practices represent a waste of taxpayers' money as well as a disillusionment to the Indian tribes who are insincerely led to believe that a new school is just around the corner.

To illustrate the high cost of construction, the BIA's average construction cost of $10,000 or 250 square feet per student, is twice the national average.

The continuing demand for new school facilities must be related to the fact that present school capacity is not being fully utilized. It has been reported that many schools are being operated at one-third or one-fourth capacity. In addition, from 1969 to 1975, the school enrollment has decreased by 12 percent. Projections covering the years 1975 to 1980 show a continuing downward trend approaching an additional 21-percent decrease. It is estimated there are presently thousands of empty seats in certain school systems. However, in spite of dropping enrollments and unused facilities, the BIA continues to promise new school facilities. When new schools are delayed or postponed, the BIA advocates that tribal leaders petition Congress and exert pressures for additional appropriations for construction. The result has been a patchwork approach, with success hinging on the most insistent demands, rather than on a planned, systematic evaluation to benefit the Indian children most clearly in need of new schools.

Coupled with the present questionable need for new schools are numerous problems relating to construction, maintenance, and repair of facilities. Many problems are deep seated. For example, during the period from 1959 to 1963, the BIA knowingly entered into a period of two for the price of one construction. Quality was sacrificed for numbers. Indian children are now attending these inadequate and deterorating facilities and the Federal Government's maintenance costs are skyrocketing.

Some of the problems which have been identified to date are:

Deficiencies in the design of schools.

Slipshod contractor work in construction.

Poor or inadequate inspection procedures.

Failure to make necessary soil tests for water and drainage.

Failure to place adequate attention on preventive maintenance, contributing to deteriorating school facilities. In some cases, there have been no janitorial or maintenance personnel at school facilities for a period of a year or longer.

Inconsistent and inadequate contract administration.

In spite of shoddy construction practices and faulty design, the investigative staff could find no case where any action has been initiated, legal or otherwise, against a contractor even though many deficiencies had been noted and documented by inspectors.

Whereas, the above conditions were observed in the Albuquerque and Navajo areas, the investigative staff encountered a completely different condition at one school in the Phoenix area. This school was extravagantly furnished and equipped. This disparity raises a serious question as to the equity of allocation of funds in terms of priority of need. Further investigation will be made to determine the extent of such disparity.

The observations as outlined above, developed to date in this investigation, indicate serious problems and tend to support allegations made by Indian tribes at the oversight hearings.

The bill recommends $108,412,000 for programs administered by the Office of Territorial Affairs. This includes $23,846,000 for American Samoa, Virgin Islands, and Guam. The committee added $800,000 for the construction of facilities at Ta'u Harbor in American Samoa; this increase is offset by a $1,000,000 reduction in road construction as a result of an appropriation in the second supplemental. Public Law 94–304. For the trust territories, the bill includes $84,566,000, a total of $2,245,000 more than the budget estimate. The allocation of funds is consistent with an agreement reached by the Congress of Micronesia and the administration. The committee added $2,200,000 for a critically needed dormitory in the Marshall Islands.

The bill provides $45,520,000 for the Offices of the Solicitor and Secretary; this is $1,837,000 below the budget. These decreases reflect a continuing effort by the committee to reduce overstaffed offices, eliminate duplicative functions, and nonessential offices. The decreases include: $180,000 in the Secretary and Under Secretary Officers, $120,000 for congressional relations, $400,000 in management consulting, personnel management and management services, and $235,000 for new employees in the Solicitors Office.

RELATED AGENCIES

The committee has recommended an appropriation of $734,912,000 in new obligational authority for the U.S. Forest Service and $216,104,000 in appropriations to liquidate contract authority. In total, this is an increase of $63,624,000 above the budget estimate. The largest increase, $46,000,000, was for forest roads and trails. The committee indicated in its report that it is initiating a 5-year program to bring timber purchaser roads to 30 percent of the total road program. Another large increase was $28,000,000 for the Youth Conservation Corps. As noted earlier, the administration did not request any funds for this valuable program. The bill includes an increase of $3,000,000 to increase timber sales by 350,000.000 board feet to help meet an expected increase in housing starts. Six hundred thousand dollars was added to demonstrate the benefits to be derived from an intensive management program; the work will be undertaken at the Gifford Pinchot National Forest. Programmatic increases of $2,000,000 and $1,000,000 were made to improve management of rangelands and recreation facilities. An additional $1,000,000 was added to improve fuel modification in southern California. A total of $2,260,000 was added by the committee to construct facilities in several areas, including Mark Twain National Forest, Ashley National Forest, Uinta National Forest and Jefferson National Forest. Finally, the committee reduced the forest research program by $1,380,000. Reductions were made in two programs which the committee felt duplicated research carried out by private industry.

For the Energy Research and Development Administration, the bill provides $545,345,000; a total of $5,105,000 below the budget request. In its report, the committee emphasized its strong support for the fossil fuel and conservation research programs of ERDA. However, because of the difficulty ERDA has had in obligating funds for fossil fuel programs, the committee has made several reductions, including: $2,441,000 for MHD, $1,000,000 for high-Btu gasification, $946,000 for liquifaction, $500,000 for direct combustion, and $100,000 for oil shale. The committee recommends the full budget request for ERDA's energy conservation research programs.

The bill includes a total of $592,982,000 for the Federal Energy Administration; this total is $157,859,000 below the budget estimate. The largest decrease $110,000,000, is for the strategic petroleum reserve program. As discussed earlier, the committee feels FEA's acquisition estimates are overly optimistic. The committee made reductions totaling over $47 million in FEA's regular programs; these include reductions of: $25,000,000 for State conservation grants-in-aid, $5,502,000 for executive direction and administration, $5,340,000 in policy and analysis, $3,160,000 for regulatory programs, $3,196,000 in conservation, $5,240,000 for energy resource development, and $421,000 in international energy affairs. These decreases reflect the committee's view that FEW was overstaffed given its responsibilities.

For the Office of Naval Petroleum and Oil Shale Reserves, the bill includes $406,116,000; a decrease of $15,250,000 below the budget request. This decrease reflects a reestimate of anticipated needs at Naval Petroleum Reserve 3.

The bill recommends a total of $385,225,000 for the Indian Health Service; this is an increase of $30,286,000 over the budget estimate. As noted earlier, the major increases were for construction of sanitation facilities—$18,000,000, new hospitals and clinics—$11,915,000, and continuation of health programs in urban and rural areas—$11,968,000. These increases were offset by a $12,000,000 decrease for Indian alcoholism programs. The administration proposed to transfer these programs to IHS from other parts of HEW. The committee believes this transfer is unwise at this time. This decrease has been offset by an increase in the Labor-HEW appropriation.

For the Office of Indian Education, the bill includes $40,933,000, a total of $1,122,000 below the budget request. This decrease includes $920,000 to develop a model of BIA curricula needs; this study should be financed by the BIA, not OIE. The amount recommended is $16,122,000 below the 1976 appropriation. The committee has chosen to provide substantial increases for the education programs within BIA, rather than recommending additional funds for this program. This recommendation is based on the belief that Johnson-O'Malley and related programs in BIA, will more directly reach the Indian students with the greatest need.

The bill recommends a total of $109,744,000 for the Smithsonian Institution, a reduction of $5,766,000 below the budget estimate. The committee has reduced salaries and expenses by $2,465,000 below the budget. This decrease includes $1,683,000 for the Secretary's contingency fund, and the committee has directed that the fund be abolished. Other reductions include $1,981,000 for the special foreign currency program, $820,000 for construction and renovation projects and $500,000 for planning the museum support facility.

The bill provides $180,000,000 for the National Foundation on the Arts and the Humanities, an increase of $7,590,000 over last year, and a decrease of $5,000,000 below the budget estimate. The amount recommended in the bill will provide $84,500,000 for the National Endowment for the Arts and $84,500,000 for the National Endowment for the humanities. The committee believes that the Foundation's programs and efforts have greatly contributed to an increased awareness of the values of the arts and humanities throughout the Nation. The endowments serve as significant catalysts to foster the growth of our cultural heritage and with the funds made available in the bill, they can continue these efforts.

Finally, Mr. Chairman, the bill provides for an appropriation of $65,000 to the American Revolution Bicentennial Administration, a reduction of $1,900,000 below the budget estimate. ARBA has informed the committee that it will have $2,600,000 in unobligated funds available at the end of fiscal 1977 from the sale of medals, and other activities. The committee felt ARBA should use these funds to pay salaries and expenses related to terminating the administration. The reduction recommended in the bill will not diminish ARBA's effectiveness in directing Bicentennial activities.

Mr. Chairman, this concludes my summary of major actions recommended by the committee in the bill. I would like to include at this point, as a summary, a comparative statement of new budget—obligational—authority for 1976, the budget estimates, and the amounts recommended in the bill for fiscal 1977:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977

[Note—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item (1)	New budget (obligational) authority, fiscal year 1976 (2)	Budget estimates of new (obligational) authority, fiscal year 1977 (3)	New budget (obligational) authority recommended in bill (4)	Bill compared with— New budget (obligational) authority, fiscal year 1976 (5)	Bill compared with— Budget estimates of new (obligational) authority, fiscal year 1977 (6)
TITLE I—DEPARTMENT OF THE INTERIOR					
LAND AND WATER RESOURCES					
Bureau of Land Management					
Management of lands and resources	$216,463,000	[1]$209,700,000	$216,299,000	−$164,000	$6,599,000
Construction and maintenance	9,004,000	9,884,000	7,510,000	−1,494,000	−2,374,000
Public lands development roads and trails (appropriation to liquidate contract authority)	(3,183,000)	(5,000,000)	(5,000,000)	(1,187,000)	( )
Oregon and California grant lands (indefinite, appropriation of receipts)	28,000,000	30,000,000	30,000,000	2,000,000	
Range improvements (indefinite, appropriation of receipts)	5,435,000	7,235,000	7,235,000	1,800,000	
Recreation development and operation of recreation facilities (indefinite, special fund)	300,000	300,000	300,000		
Total, Bureau of Land Management	259,202,000	257,119,000	261,344,000	2,142,000	4,225,000
Office of Water Research and Technology: Salaries and expenses	18,180,000	22,273,000	21,003,000	2,823,000	−1,270,000
Total, land and water resources	277,382,000	279,392,000	282,347,000	4,965,000	2,955,000
FISH AND WILDLIFE AND PARKS					
Bureau of Outdoor Recreation					
Salaries and expenses	5,889,000	6,187,000	5,961,000	72,000	−226,000
Land and Water Conservation Fund					
Appropriation of receipts (indefinite)	311,886,000	300,000,000	307,056,000	−4,830,000	7,056,000
U.S. Fish and Wildlife Service					
Resource management	120,483,000	122,821,000	126,742,000	6,259,000	3,921,000
Construction and anadromous fish	19,311,000	6,727,000	14,493,000	−4,818,000	7,776,000
Migratory bird conservation account (definite repayable advance)	7,500,000		7,500,000		7,500,000
Total, U.S. Fish and Wildlife Service	147,294,000	129,548,000	148,735,000	1,441,000	19,187,000
National Park Service					
Operation of the national park system	251,328,000	272,860,000	272,685,000	21,357,000	−179,000
Planning and construction	27,215,000	33,200,000	37,228,000	10,013,000	4,028,000
Road construction (appropriation to liquidate contract authority)	(40,115,000)	(18,000,000)	(19,000,000)	(−21,015,000)	(1,100,000)
Preservation of historic properties	24,666,000	4,500,000	19,500,000	−5,166,000	5,000,000
Planning, development, and operation of recreation facilities (indefinite, special fund)	14,000,000	14,000,000	14,000,000		
John F. Kennedy Center for the Performing Arts	2,645,000	3,072,000	3,072,000	427,000	
Total, National Park Service	319,854,000	337,636,000	346,485,000	26,631,000	8,849,000
Total, Fish and Wildlife and Parks	784,923,000	773,371,000	808,237,000	23,314,000	34,866,000
ENERGY AND MINERALS					
Geological Survey					
Surveys, investigations, and research	272,236,000	284,308,000	296,146,000	23,910,000	11,838,000

Footnotes at end of tables.

Agency and item	New budget (obligational) authority, fiscal year 1976 [1]	Budget estimates of new (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1976	Budget estimates of new (obligational) authority, fiscal year 1977
(1)	(2)	(3)	(4)	(5)	(6)
Mining Enforcement and Safety Administration					
Salaries and expenses	$84,318,000	$90,148,000	$91,098,000	$6,780,000	$950,000
Bureau of Mines					
Mines and minerals	158,818,000	154,370,000	163,315,000	4,497,000	8,945,000
Total, energy and minerals	515,372,000	528,826,000	550,559,000	35,187,000	21,733,000
INDIAN AFFAIRS					
Bureau of Indian Affairs					
Operation of Indian Programs	565,118,000	589,510,000	602,610,000	37,492,000	13,100,000
Construction	79,172,000	46,263,000	70,969,000	−8,203,000	24,706,000
Road construction		[3] 37,205,000	37,205,000	37,205,000	
Road construction (appropriation to liquidate contract authority)	(66,705,000)	(46,795,000)	(36,795,000)	(−29,910,000)	(−10,000,000)
Revolving fund for loans	3,000,000			−3,000,000	
Indian loan guaranty and insurance fund	10,000,000	20,000,000	15,000,000	5,000,000	−5,000,000
Alaska native fund	[4] 70,000,000	30,000,000	30,000,000	−40,000,000	
Trust funds (definite)	3,000,000	3,000,000	3,000,000		
Trust funds (indefinite)	31,200,000	35,387,000	35,387,000	4,187,000	
Total, Bureau of Indian Affairs	761,490,000	761,365,000	794,171,000	32,681,000	32,806,000
TERRITORIAL AFFAIRS					
Office of Territorial Affairs					
Administration of territories	26,753,000	[5] 24,046,000	23,846,000	−2,907,000	−200,000
Permanent appropriation (special fund)	(600,000)	(256,000)	(256,000)	(−344,000)	( )
Transferred from other accounts (special fund)	(975,000)	(620,000)	(620,000)	(−355,000)	( )
Trust Territory of the Pacific Islands	87,438,000	82,321,000	84,566,000	−2,872,000	2,245,000
Micronesian claims fund, Trust Territory of the Pacific Islands	10,000,000			−10,000,000	
Ex gratia payment, Bikini Atoll	3,000,000			−3,000,000	
Total, Office of Territorial Affairs	127,191,000	106,367,000	108,412,000	−18,779,000	2,045,000
SECRETARIAL OFFICES					
Office of the Solicitor					
Salaries and expenses	11,598,000	12,658,000	12,371,000	773,000	−287,000
Office of the Secretary					
Salaries and expenses	19,256,000	21,097,000	20,430,000	1,174,000	−667,000
Departmental operations	12,366,000	12,695,000	11,812,000	−554,000	−883,000
Salaries and expenses (special foreign currency program)	1,494,000	907,000	907,000	−587,000	
Total, Office of the Secretary	33,116,000	34,699,000	33,149,000	33,000	−1,550,000
Total, Secretarial Offices	44,714,000	47,357,000	45,520,000	806,000	−1,837,000
Total, new budget (obligational) authority, Department of the Interior	2,511,072,000	2,496,678,000	2,589,246,000	78,174,000	92,568,000
Consisting of—					
Appropriations	2,511,072,000	2,496,678,000	2,589,246,000	78,174,000	92,568,000
Definite Appropriations	2,120,251,000	2,109,756,000	2,195,268,000	75,017,000	85,512,000
Indefinite Appropriations	390,821,000	386,922,000	393,978,000	3,157,000	7,056,000
Memoranda—					
Appropriations to liquidate contract authority	110,003,000	69,795,000	60,895,000	−49,108,000	−8,900,000
Total, new budget (obligational) authority and appropriations to liquidate contract authority	2,621,075,000	2,566,473,000	2,650,141,000	29,066,000	83,668,000
TITLE II–RELATED AGENCIES					
DEPARTMENT OF AGRICULTURE					
Forest Service					
Forest protection and utilization:					
Forest land management	489,361,000	388,621,000	395,911,000	−93,450,000	7,290,000
Forest research	82,280,000	84,691,000	83,311,000	1,031,000	−1,380,000
State and private forestry cooperation	33,158,000	24,800,000	33,254,000	96,000	8,454,000
Total, forest protection and utilization	604,799,000	498,112,000	512,476,000	−92,323,000	14,364,000
Construction and land acquisition	18,523,000	14,414,000	16,674,000	−1,849,000	2,260,000
Youth conservation corps	[6] 35,098,000		28,000,000	−7,098,000	28,000,000
Forest roads		200,000,000	173,000,000	173,000,000	−27,000,000
Forest roads and trails (appropriation to liquidate contract authority)	(112,857,000)	(170,104,000)	(216,104,000)	(103,247,000)	(46,000,000)
Acquisition of lands for national forests:					
Special acts (special fund, indefinite)	161,000	160,000	160,000	−1,000	
Acquisition of lands to complete land exchanges	35,000	54,000	54,000	19,000	
Cooperative range improvements (special fund, indefinite)	700,000	700,000	700,000		
Assistance to States for tree planting	1,368,000	1,373,000	1,373,000	5,000	
Construction and operation of recreation facilities (indefinite, special fund)	3,674,000	2,475,000	2,475,000	−1,199,000	
Total, Forest Service	664,358,000	717,288,000	734,912,000	70,554,000	17,624,000
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION					
Operating expenses, fossil fuels	427,516,000	493,230,000	488,125,000	60,609,000	−5,105,000
Plant and capital equipment, fossil fuels	21,025,000	57,220,000	57,220,000	36,195,000	
Special foreign currency program, fossil fuels	6,650,000			−6,650,000	
Total, energy research and development administration	455,191,000	550,450,000	545,345,000	90,154,000	−5,105,000
FEDERAL ENERGY ADMINISTRATION					
Salaries and expenses	142,992,000	[7] 193,157,000	145,298,000	2,306,000	−47,859,000
Strategic petroleum reserve		[8] 557,684,000	447,684,000	447,684,000	−110,000,000
Total, Federal Energy Administration	142,992,000	750,841,000	592,982,000	449,990,000	−157,859,00
FUNDS APPROPRIATED TO THE PRESIDENT					
Petroleum reserves		421,366,000	406,116,000	406,116,000	−15,250,000
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE					
Health Services Administration					
Indian health services	280,310,000	314,594,000	314,562,000	34,252,000	−32,000
Indian health facilities	55,366,000	40,345,000	70,663,000	15,297,000	30,318,000
Total, Indian health	335,676,000	354,939,000	385,225,000	49,549,000	30,286,000

Footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977—Continued

[Note—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item (1)	New budget (obligational) authority, fiscal year 1976[1] (2)	Budget estimates of new (obligational) authority, fiscal year 1977 (3)	New budget (obligational) authority recommended in bill (4)	Bill compared with— New budget (obligational) authority, fiscal year 1976 (5)	Bill compared with— Budget estimates of new (obligational) authority, fiscal year 1977 (6)
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
Office of Education					
Indian education	$57,055,000	$42,055,000	$40,933,000	−$16,122,000	−$1,122,000
INDIAN CLAIMS COMMISSION					
Salaries and expenses	1,411,000	1,530,000	1,525,000	114,000	−5,000
NAVAJO AND HOPI RELOCATION COMMISSION					
Salaries and expenses	12,700,000	500,000	400,000	−12,300,000	−100,000
SMITHSONIAN INSTITUTION					
Salaries and expenses	81,264,000	85,100,000	82,635,000	1,371,000	−2,465,000
Museum programs and related research (special foreign currency program)	500,000	4,481,000	2,500,000	2,000,000	−1,981,000
Science information exchange	1,940,000	1,900,000	1,900,000	−40,000	
Construction and improvements, National Zoological Park	8,390,000	6,800,000	6,580,000	−1,810,000	−220,000
Restoration and renovation of buildings	1,192,000	3,300,000	2,700,000	1,508,000	−600,000
Construction		500,000			−500,000
Construction (appropriation to liquidate contract authority)	(2,500,000)	( )	( )	(−2,500,000)	( )
Salaries and expenses, National Gallery of Art	7,759,000	12,309,000	12,309,000	4,550,000	
Salaries and expenses, Woodrow Wilson International Center for Scholars	975,000	1,120,000	1,120,000	145,000	
Total, Smithsonian Institution	102,020,000	115,510,000	109,774,000	7,724,000	−5,766,000
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
Salaries and Expenses					
Endowment for the arts	74,500,000	79,500,000	77,500,000	3,00,000	−2,000,000
Endowment for the humanities	72,000,000	79,500,000	77,500,000	5,500,000	−2,000,000
Administrative expenses	10,910,000	11,000,000	11,000,000	90,000	
Subtotal, Salaries and Expenses	157,410,000	170,000,000	166,000,000	8,590,000	−4,000,000
Matching Grants					
Endowment for the arts (indefinite)	7,500,000	7,500,000	7,000,000	−500,000	−500,000
Endowment for the humanities (indefinite)	7,500,000	7,500,000	7,000,000	−500,000	−500,000
Subtotal, Matching Grants	15,000,000	15,000,000	14,000,000	−1,000,000	−1,000,000
Total, National Foundation on the Arts and the Humanities	172,410,000	185,000,000	180,000,000	7,590,000	−5,000,000
COMMISSION OF FINE ARTS					
Salaries and expenses	202,000	215,000	214,000	12,000	−1,000
NATIONAL CAPITAL PLANNING COMMISSION					
Salaries and expenses	1,871,000	1,904,000	1,904,000	33,000	
AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION					
Salaries and expenses	9,462,000	1,965,000	65,000	−9,397,000	−1,900,000
FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION					
Salaries and expenses		29,000	29,000	29,000	
LOWELL HISTORIC CANAL DISTRICT COMMISSION					
Salaries and expenses	120,000			−120,000	
JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA					
Salaries and expenses	764,000	[9] 540,000	540,000	−224,000	
Total, new budget (obligational) authority, Related Agencies	1,956,232,000	3,144,132,000	2,999,934,000	1,043,702,000	−144,198,000
Consisting of—					
Appropriations	1,956,232,000	3,144,132,000	2,999,934,000	1,043,702,000	−144,198,000
Definite appropriations	1,936,697,000	3,125,797,000	2,982,599,000	1,045,902,000	−143,198,000
Indefinite appropriations	19,535,000	18,335,000	17,335,000	−2,200,000	−1,000,000
Memoranda—					
Appropriations to liquidate contract authority	115,357,000	170,104,000	216,104,000	100,747,000	46,000,000
Total, new budget (obligational) authority and appropriations to liquidate contract authority	2,071,589,000	3,314,236,000	3,216,038,000	1,144,449,000	−98,198,000
RECAPITULATION					
Total, new budget (obligational) authority, all titles	4,467,304,000	5,640,810,000	5,589,180,000	1,121,876,000	−51,630,000
Consisting of—					
Appropriations	4,467,304,000	5,640,810,000	5,589,180,000	1,121,876,000	−51,630,000
Definite appropriations	4,056,948,000	5,235,553,000	5,177,867,000	1,120,919,000	−57,686,000
Indefinite appropriations	410,356,000	405,257,000	411,313,000	957,000	6,056,000
Memorandums—					
Appropriations to liquidate contract authority	225,360,000	239,899,000	276,999,000	51,639,000	37,100,000
Grand total, new budget (obligational) authority and appropriations to liquidate contract authority	4,692,664,000	5,880,709,000	5,866,179,000	1,173,515,000	−14,530,000

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[1] Includes amounts in 2d supplemental appropriation bill (H.R. 13172) as passed by House.

[2] Includes budget amendment of $960,000 contained in H.Doc. 94-397.

[3] Includes budget amendment of $10,000,000 contained in H. Doc. 94-445.

[4] Includes trust funds of $10,000,000.

[5] Includes budget amendment of $2,184,000 contained in H.Doc. 94-445.

[6] Includes $10,000,000 contained in the continuing resolution, 1976 (H.J. Res. 499).

[7] Includes budget amendment of $91,760,000 contained in H.Doc. 94-476.

[8] Budget amendment contained in H.Doc. 94-476.

[9] Includes budget amendment of $480,000 contained in H.Doc. 94-445.

Mr. McDADE. Mr. Chairman, I would like to begin my remarks by paying tribute to the members of the committee, to our distinguished chairman, the gentleman from Illinois, who really has done a magnificent job in chairing the committee in a fair and impartial and forthright manner, and to all the members of the subcommittee who have worked on this bill.

The bill really does represent the work product of Members on both sides of the aisle and we bring it to the Members today in a mold that represents our collective judgment and we recommend it to the House in the form that we bring it to the Members.

It invests in the resources of the Nation in substantial ways, whether we talk about Park Service or our forests or our whole range of energy programs. Many of them are contained within this bill. I think all of us can take comfort in the fact that we have made an effort to balance within the budget the demands that come to all the subcommittees in this Congress, to all the appropriation committees. We tried to be restrained and yet to meet our responsibilities.

I have no hesitancy in saying those of us on the committee who worked on this bill on this side of the aisle urge its adoption.

Mr. Chairman, I rise in support of H.R. 14231 making appropriations for the Department of the Interior and related agencies for fiscal 1977 and to urge its adoption by the House.

Mr. Chairman, this bill is very much the product of the skill and leadership of my friend, the gentleman from Illinois (Mr. YATES), who conducted our committee in a most fair and bipartisan manner. All of the members of the subcommittee had extensive input into our recommendations because the chairman actively solicited their views. In addition, we took special care to hear the priorities and the needs of all members who came before the committee with requests. As a result, we have produced a bill that I believe reflects the desires of all of the Members of the House.

This bill is one of the most important pieces of legislation Congress will consider this year. It invests significant sums of money in the preservation, protection, and development of our Nation's resources. It provides educational as well as health care benefits for our native Americans and residents of the trust territories. It establishes programs of cultural and recreational enrichment that will be enjoyed by millions of Americans in our national parks and forests. And it attempts to meet the very difficult problems of how this Nation can wisely invest today to meet our energy demands of tomorrow. It does these things while still $51 million below the budget request.

This is the major resource bill brought before the House this year. We are investing $5.5 billion in our natural, cultural, energy, and human resources. These funds generated as the result of the investments in this bill total $7.5 billion, more than enough to liquidate the investments contained herein. But dollars and cents do not tell the entire story of what this bill accomplishes. Our national wealth is enhanced in innumerable ways because of the activities found in this bill.

We harvest 11.6 billion board feet of timber valued at $450 million and we invest millions more to insure that there will be additional timber stands to benefit our future generations. We manage grazing lands containing 15 million head of livestock. We produce 5.8 million pounds of fish per year in 58 million fisherman days, which provides recreational opportunity and a source of protein for the American people. And an estimated 609 million visitations will be made to the Bicentennial and recreational activities in our national parks and national forests.

The largest item in this bill is again aimed at meeting our energy needs. The committee has provided slightly over $2 billion for programs of research, petroleum acquisition and storage, development of our naval petroleum reserves, metallurgy research, mine safety, and extensive surveys and lease management on the Outer Continental Shelf. The committee carefully reviewed the budget situation at ERDA and the FEA. We reduced the FEA strategic reserve program to a more realistic level than the budget submission yet we still have funds for the purchase of 40 million barrels of oil. We also indicated that we would look favorably upon any further FEA request to undertake a more ambitious program. We gave ERDA all the funds needed to conduct its aggressive program of synthetic fuels development.

Last year, you will recall Congress added funds to accelerate the very promising tertiary oil recovery program. Again, this year we have provided the money for five more experiments aimed at increasing the amount of oil we recover from the ground. One of the most promising developments in our efforts to increase energy supplies is the possibility that with additional research we will be able to extract a greater amount of oil from the ground than is now possible with existing technology. At present we recover only one-third of our oil. The remainder is left in the ground. If we could recover one more percent of our known oil, we would bring as much oil on stream as currently exists on the North Slope of Alaska. Once secondary and tertiary methods are perfected we will be able to recover as much as 60 billion barrels of oil. This is one of the most significant items in the Nation's energy research efforts and the committee again strongly supports it.

I wish also to call attention of the committee's action providing an additional 2.9 million for metallurgy research activities in the U.S. Bureau of Mines. Our Nation faces the very grave threat that our next crisis will be a shortage of minerals. The success of our technological advances here could spell the difference between whether or not the United States will become dependent upon foreign nations for such important minerals as platinum, or potash or chromium or whether we will develop the technology here at home to recover these minerals from low grade sources, and to make better use of those minerals that are now in sufficient supply. This research can bridge that minerals gap and our committee's action now will reap benefits later in this area.

Mr. Chairman, this bill also contains $1.2 billion in direct assistance to meet the needs of our American Indians. The committee added $30 million in funds for the construction of additional Indian hospitals to help meet the special health needs of the Indian people. The funds have been wisely spent over the past years by the Indian Health Service with the result that there has been dramatic progress in meeting the health care needs of the Indians. In the past 19 years, the IHS programs have reduced the infant death rate by 80 percent, reduced tuberculosis by 86 percent, gastritis by 83 percent, and reduced death from influenza and pneumonia by 67 percent. This is a tremendous success story and it has happened because of the money we provide here today. The bill also contains funds for over 200,000 Indian children who attend BIA schools and public schools to help meet their educational needs.

Mr. Chairman, another billion dollars in this bill is earmarked for the activities of the National Park Service, the Bureau of Outdoor Recreation, and the Forest Service. The Forest Service, under the very capable leadership of Chief John McGuire, is charged with the very significant responsibility of managing our Nation's 187.5 million acres of forest lands. These lands are rich in resources and the committee has added funds for various management activities that will make their task easier. We added $3 million to help manage the Nation's timber stands and to increase timber sales preparation. We added $2 million in funds to continue the range land management program, which the committee began last year.

The committee made major increases in the Forest Service budget for the continuation through next year of the very successful YCC program. This program has had the dual benefit of providing a work experience for disadvantaged youth and in cleaning up and preserving our national forests, parks, and fish hatcheries. There were no funds budgeted for this program, nevertheless the committee reaffirmed the commitment of us all to continue the YCC and there will be a YCC program next summer because of this bill.

We funded the land and water conservation fund to its maximum, adding $7 million for land acquisition projects across the country. The National Park Service represents one of our Nation's greatest assets and this year its facilities will be enjoyed by millions of visitors who will utilize its recreational, cultural, and Bicentennial activities. The committee has worked closely with Assistant Secretary Reed and the very capable Director of the Park Service, Mr. Gary Everhart, in providing additional funds to relieve the most pressing backlog of maintenance needs and in providing additional funds to develop additional facilities. We also made a significant increase of $5 million in the historic preservation program of the National Park Service. The committee restored half of the $10 million cut placed upon the program by OMB. In this Bicentennial Year, this should allow for an active program of historic preservation.

Mr. Chairman, I especially want to take note of some of the many Bicentennial activities that are funded in this bill. The Smithsonian Institute will formally open its National Air and Space Museum on July 4. With the landing of Viking I on the surface of Mars, it is appropriate that we will again be witness to the tremendous technological genius that has been a part of the Nation's greatness. Our success in space will be on display for all to see at the museum and in this age of cost overruns, I think it is important to take special mention of the outstanding work of Director Michael Collins and his staff. The museum has been completed at a cost of $500,000 less than its initial cost estimates. I am sure this is in no small measure due to the management skill and dedication Mike has brought to the Smithsonian family. My congratulations to him and to his staff and I know the Members of this House will anxiously await the museum opening.

Mr. Chairman, the committee spent long hours of deliberation before bringing ths bill before you today. Where we had to cut we cut. Where we could invest money in important priority areas, we invested that money. We did so with the very frustrating awareness that many of these programs could use money, because some of our problem areas are so great. The problems of enough money to maintain our national parks, build more Indian hospitals, provide enough cultural assistance to our Nation's artistic community, or invest enough money in our energy needs. We tried and I believe we succeeded in striking a balance between budgetary restraints and the wise investment of tax dollars. I urge the Members of this House to support this bill.

Mr. Chairman, there are two items contained in this bill which are of great importance to the residents of northeastern Pennsylvania. The committee agreed to two of my amendments for two energy and environmental projects in the 10th District.

Last year our committee directed the three Federal agencies, FEA, ERDA, and the Bureau of Mines to undertake a demonstration plant aimed at recovering the low-cost coal currently lying idle in area culm banks in northeastern Pennsylvania. The current short supply of coal in Pennsylvania has not only resulted in high coal prices, it has forced coal consumers to convert to oil heat. Such conversion is contrary to our national policy of discouraging oil consumption where coal is available as an alternate source. The Bureau of Mines estimates that 100 million tons of anthracite coal are contained in the banks.

The committee has provided $3 million for construction of a coal preparation plant to demonstrate the possible usage of this new source of energy.

The committee agreed to another $2 million amendment which will restore the OMB cut to the very successful anthracite mine subsidence control projects, which have been so tremendously successful in protecting property, reclaiming land, and cleaning up our environment in northeastern Pennsylvania. This is the most effective mine demonstration program in the Nation aimed at restoring the ravages of improper deep-mining practices and these additional funds will provide for a continuation of that program.

Mr. Chairman, I yield to the gentleman from Ohio (Mr. Regula) such time as he may consume.

Mr. REGULA. Mr. Chairman, I would only add to the comments of the chairman and ranking minority member that the committee worked diligently and without partisan bias. In my short tenure in the Congress, I have not served on any committee with a better attendance record. I think this illustrates the concern shared by all members of the subcommittee. An excellent cooperation has existed between the subcommittee members and the agency representatives under the direction of our chairman, Mr. Yates.

I would like to emphasize my support of the bill now before us. It represents the steadfastness of the committee in its holding to the budget.

We have tried to achieve a balance throughout this bill, particularly in protecting our permanent resources and still meeting increasing demands on our Nation's public lands for recreation and material resources. One third of our Nation's land resources are dependent on the provisions of this bill for funding in management and productivity. The bill reinforces the importance of our natural resources to the Nation's economy.

The trend we are taking in setting our priorities does provide a note of caution. In future years this body must concern itself with protecting both natural and man-made assets in the public domain. As the Nation's lifestyle provides more free time, the pressures on our national parks will continue to grow. In terms of our total budget and our Nation's priorities, this body must look toward directing a greater share of our budget resources to the enhancement of our park system and the preservation of our natural resources.

The Nation's factories and businesses are the sinews of our economy. The social and educational institutions are its lifeblood, and our land resources and parks are both its soul and its bank balance.

We must continue to give emphasis to urban park development. One goal of the National Park System has always been to put parks where the people are. It is up to this body to fulfill this commitment to the American people. The funding in this bill for urban parks, especially the Cuyahoga Valley National Recreation Area, is vital to this effort.

This bill is unique in the very different and important areas it covers, from energy—so major to the economy of our country, to the parks and the arts—so major to the well-being of our citizens. I urge my colleagues to join with the committee members in strong support of this legislation.

Mr. YATES. Mr. Chairman, I yield 5 minutes to the gentleman from Washington (Mr. Adams).

Mr. ADAMS. Mr. Chairman, the Interior and related agencies appropriations bill (H.R. 14231) is the 10th of 13 regular appropriations bills for fiscal year 1977 to be considered by the House of Representatives.

H.R. 14231 includes funds for portions of seven functional categories. The major function represented is Natural Resources, Environment, and Energy (300). Smaller amounts are also included for General Science, Space, and Technology (250), Community and Regional Development (450), Education, Training, Employment, and Social Services (500), Health (550), Law Enforcement and Justice (750), and General Government (800).

In total, for programs in these seven functions, this bill provides $5,589 million in budget authority and $3,847 million in outlays. Also counted against the subcommittee allocation under the first budget resolution is $2,194 million in outlays resulting from appropriations bills previously enacted or passed by the House but which are estimated to result in actual expenditures during fiscal 1977.

The subcommittee allocation under the budget resolution is $6,714 in budget authority and $6,002 million in outlays. Considering both the outlays from prior year actions and the amounts in the bill as reported, $1,125 million in budget authority remains available in the subcommittee allocation. Estimates for targeted outlays, however, are exceeded by $39 million.

The budget authority in the bill is well below the allocation target. I must advise the House, however, that there are several items that remain to be considered which, if fully acted upon at levels assumed in the first budget resolution, will absorb most of the budget authority remaining. The amounts assumed in the first budget resolution but not yet funded consist mainly of $500 million for a synthetic fuels program, $100 million for fighting forest fires, and about $300 million for other natural resources programs—such as the Land and Water Conservation Fund Act amendments. If all of the above amounts assumed in the budget resolution are eventually provided, the subcommittee will be under its budget authority target by $225 million, but over its outlays target by $327 million. The outlay figures are based on estimated spend-out figures and the committee will update these in July.

The amounts included in this bill are of course budget authority, and they are clearly consistent with the first budget resolution allocations and targets.

The outlay problem results largely from the fact that the new program to estabish a strategic oil reserve got started faster than we anticipated at the time the first budget resolution was under consideration. The administration submitted a fiscal year 1977 budget amendment to the Congress for implementing the Energy Policy and Conservation Act of 1975—EPCA—too late for it to be considered in connection with the first budget resolution. The Budget Committee, in the absence of the budget amendment from the administration setting forth its financing plans for fiscal year 1977 based the budget resolution assumptions for spending in this area on preliminary information from administration officials and on the March 15 views and estimates of other House committees.

When the budget amendment for implementing EPCA was submitted to the Congress, it was at a higher level than was assumed in the first budget resolution. In addition, a fiscal year 1976 supplemental request was submitted for implementing EPCA. The fiscal year 1976 request was included in Second Supplemental Appropriations Act of 1976 (Public Law 94–303) with most of the outlays occurring in fiscal year 1977. These two factors account for the projected outlays to exceed the target. Depending on the spend-out rate these outlays may be less than estimated.

I want to congratulate my colleague, the gentleman from Illinois for skillfully putting together the complex pieces of the bill and bringing it to the House floor in a timely fashion.

Mr. McDADE. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Chairman, I thank the gentleman for yielding and I want to thank the chairman and ranking member of the subcommittee. Even though I have an amendment dealing with Johnson-O'Malley a bit later I do thank the Committee for the language on page 19 of the report regarding the Park Service, particularly regarding the National Capital Area. I was one of those who talked to both the chairman and the ranking member of the subcommittee and the decision they have made as reflected in the report that before phasing out any programs, including the program at Turkey Run, the Park Service should secure the concurrence of the committee and I am grateful to the subcommittee for their understanding of that problem.

It is a good program at Turkey Run. I hope it can be continued. I deeply appreciate the committee being willing to respond to my request and the requests of many others.

Mr. DINGELL. Mr. Chairman, when Congress passed, and President Ford signed, the Energy Policy and Conservation Act—EPCA—last December, both parties endorsed the continuation of oil price controls for another 40 months. It was an enormous victory for the consumer—or so it seemed at the time. I throw in that caveat because the price controls program stands to be gutted if Congress adopts this appropriations bill in the form reported June 8 by the House Appropriations Committee.

H.R. 14231, as approved by the Appropriations Committee, would cut funds for Federal Energy Administration regulatory programs by $21,166,000—almost one-third of the total amount authorized for those programs by the Committee on Interstate and Foreign Commerce. The $44,640,000 that the Appropriations Committee allots for these activities is simply inadequate. The Committee bill would provide only for continuation of the price controls program at last year's manpower level. At best it would provide for a bare bones regulatory program.

Because of the low funding levels accorded this program, ripoffs of the consumer by the oil industry already flourish. It is true that the enforcement program captured $140 million in overcharges last year. But by FEA's own estimate there was another $180 million in estimated overcharges that the program did not reach. We can do better than that—much better, I think. But it is going to take more horses and money.

Before action on this bill is completed, I hope Congress in its wisdom will restore the entire $21,166,000 cut by the Appropriations Committee, including $17,819,000 for 681 positions in the Office of Regulatory Programs and $3,347,000 for 94 support positions in other FEA offices, including those of the general counsel, policy and analysis, and executive direction and administration. The payoff from this investment would be an estimated $80 million per year in price rollbacks and voluntary compliance—or about $4 returned to the public for every $1 we put into an expanded enforcement program.

The alternative is continued chaos. At the current level of effort, FEA would make little if any headway in its deplorable backlog of overdue compliance actions, which amount to 84 percent of all compliance cases on file as of May 31. There would be no further progress in the 43 cases of excessive pricing on in-house oil transfers among subsidiaries or affiliates of major oil companies. These cases—filed against 17 big companies and involving $276 million in excess charges—have not moved forward in almost a year. At one point, only one FEA staffer was assigned to work on them.

Worse still, the agency would probably revert to its former practice of concentrating enforcement efforts on small producers and refiners—the guys who are easier to catch—instead of the major oil companies who know all the slick accounting tricks. Assuming the FEA gets full funding for its regulatory programs, it plans to redirect its effort to focus more heavily on the big companies. But there is no way the agency can do that under the skeleton enforcement proggram that the Appropriations Committee provides. Consequences of the committee's cuts are as follows:

Audits planned once every 5 years for each of 289 crude oil importers would be dropped altogether.

Audits would be dropped for some 87 crude oil resellers and 4,265 independent crude oil producers.

Audits for small refiners would be reduced substantially. At the funding level of the authorization bill, the 40 largest refiners in this category would be audited once every 2 years and 70 others would get audits on a once-every-5-year cycle. But under this appropriations bill, only 6 small refiners would get the biannual audit, 60 would get the 5-year audit, and 44 others would not be audited at all.

Major refiners would be audited once a year under either of the funding levels. But at the lower level, the strength of the audit teams would be cut from 374 to 337—or about 1 auditor per major refinery. That would leave only 7 auditors per major refiner—an insufficient level considering the complexities involved in tracking those intricate accounting systems.

Some 201 producers of natural gas liquids would not be audited at the funding level proposed by the Appropriations Committee. Also escaping audit would be 1,695 propane resellers and 3,467 propane retailers.

In addition to these curtailments in the auditing program, some of the regulatory programs enacted under EPCA would not be carried out. Of 129 positions FEA requested and the authorization bill provided for these activities, only 35 would be funded under the appropriations bill and 25 of those would go for the oil imports program. This would mean termination of the crude oil buy-sell program, the Canadian crude oil program, the crude oil entitlements program and allocation of products which are not expected to be decontrolled this year, such as propane and butane.

Although I may not agree, I can certainly understand the frustrations of colleagues who attribute the shortcomings of FEA's compliance program to what they see as a lack of intent on FEA's part. Without a doubt, FEA has been less than hellbent on running a vigorous enforcement program. But the intent problem has been aggravated by a lack of adequate staff. Let us give FEA the tools they need and then hold them accountable for using them. If they have not shaped up by a year from now we should take the program away from them and give it to somebody else.

Mr. MEEDS. Mr. Chairman, I take this time to register my apprehension at provisions in this bill appropriating funds for new construction of reservation boarding schools.

I recognize it is a complex issue and I certainly agree that the physical condition of these boarding schools is in many instances deplorable. Some are unsafe, and almost unusable Repairs and temporary facilities should be provided to remedy those problems on a short term basis. I have worked for funds to do that.

But the question we really have to answer is whether it is wise to start construction of new facilities. In answering that question we must first determine if we desire to continue the same concept of off-reservation boarding schools. Once we begin new facilities we are locked into the same time-worn concepts of off-reservation boarding schools. I seriously question the validity of the concept of those schools as they presently exist.

I want to make it clear—I do not have all the answers. I do know that for some students they offer the only real opportunity for education. I know that for some they have become a way of life. I know that to Indian people those schools are something they can say is their own.

But I also know that they have become little more than holding tanks for young Indians.

With social problems young people who have difficulties with their families, and young people for whom no other present answer is available.

But I think we have to ask ourselves if Indian boarding schools as they presently exist are the best answers to those and other questions. We should examine the alternatives to removing young people from their homes and families, transporting them long distance in many instances and placing them in the melieu which presently prevails in the boarding schools.

We should examine the alternatives available in Indian controlled schools; in schools closer to the respective reservation and in many other systems.

Several members of the Education and Labor Committee, including myself, have manifested an interest in an indepth study of alternatives to off-reservation boarding schools. Indeed we have already begun staffing up for just such a study. The gentleman from Minnesota (Mr. QUIE), who is unable to be here today is one of those persons. I am certain if he were here he would also be expressing his concern.

But with the expenditure of substantial funds in new construction the conclusion of that study will be jeopardized. We will be right back where we have always been—back where the Bureau officials listen attentively to our question and then go back and do what they were going to do anyway—continue the present system. But there will be an additional barrier to change—new construction.

I would hope those in charge of the expenditure of these funds will be mindful of this study—mindful of our concerns and use the funds in such a way that no more than necessary be committed prior to the completion of our study.

Mr. PRICE. Mr. Chairman, I want to commend and express my appreciation to the members of the House Appropriations Committee and especially to my colleague from Illinois, Representative SID YATES, chairman of the Subcommittee on Interior, for their leadership in supporting my request for funds for a bituminous coal mine subsidence control demonstration project for southern Illinois, in particular the Belleville and Maryville, Ill., areas.

As a result of the committee's support, $1,000,000 has been recommended to initiate a Bureau of Mines program that is designed ultimately to alleviate a very serious problem that involves an estimated $8,000,000 in public and private property in the areas concerned. Presently, the project cost is an estimated $3,450,000.

Essentially, the Bureau of Mines with this demonstration project intends to stabilize three areas now undergoing subsidence. Phase 1 of the program consists of exploratory drilling, analysis of drill data, location and testing of fill material and location of a water supply. Phase 2 involves selection of a stabilization method and implementing a project contract to stabilize the affected areas, consisting of approximately 100 acres. In addition, the Bureau of Mines has recommended that a program should be implemented to assess the potential for subsidence under critical areas involving schools, churches, public utility plants, and other facilities that could impact upon a large segment of the population.

In closing, Mr. Chairman, I believe this program will prove beneficial to the many areas of the country experiencing this type of problem. Given the increasing emphasis being placed upon coal as an energy source I believe this program can serve as a prototype for a full-scale program that is national in scope. Additionally, it is my recommendation that thought be given to instituting an insurance program, either at the State or Federal level to protect property owners and to including mine subsidence under the provisions of disaster relief legislation.

Mr. GINN. Mr. Chairman, with your permission I would like to call attention to page 16 of the committee report on the pending legislation. On this page the committee acknowledges the desire of the Department of the Interior to phase out Federal involvement in many warm water fish hatcheries and turn their operation over to the States.

While the report approves full funding for the warm water hatcheries, I note that it does encourage the Fish and Wildlife Service to work with the States to effect transfer of the hatcheries where possible and where the Federal interest can be protected.

Since this report language was drafted, our distinguished colleague from California (Mr. LEGGETT) has agreed to hold hearings on the warm water hatchery program in his capacity as chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Committee on Merchant Marine and Fisheries.

These hearings have been made necessary by a number of developments. First, very serious legal questions have been raised in the light of recent court decisions that relate to the authority of the Department of the Interior to turn Federal hatcheries over to the States. Second, pending legislation within the Merchant Marine Committee may result in an expanded role for the hatcheries and an important new need for the facilities. Finally, and most important, there are serious questions involving actions by the Department of the Interior to arbitrarily dismantle the hatchery program that was established by the Congress.

In light of this situation, Mr. Chairman, I believe it is the intent of Congress that no action be taken by the Department of the Interior and the Fish and Wildlife Service to reduce or diminish in any way the operation of the warm water hatchery program pending a full review of this matter by the authorizing committee.

Mr. CONTE. Mr. Chairman, I rise in support of the Department of the Interior and related agencies appropriation bill for fiscal year 1977 (H.R. 14231).

I consider the appropriations in this bill most essential for programs connected with protection of our environment.

As an ardent conservationist and environmentalist, I should like to discuss two programs in this bill which I testified on behalf of this spring—the wetlands acquisition program and the White River National Salmon Fish Hatchery in Bethel, Vt.

As a member of the Migratory Bird Commission I am naturally very closely involved with the wetland acquisition program. I was pleased to see the Wetlands Loan Act which was recently extended to 1983 increasing the appropriations authorization level to $200 million and revising the land acquisition goal to 3.8 million acres. To date, slightly more than 1.8 million acres have been purchased. Gentlemen, we have a long way to go. The cost of the acreage has been increasing three and four fold.

The acquisition programs are most important and delayed funding would only result in acquiring lands at unnecessarily inflated prices. The programs in the Dakotas and Minnesota are considered priority programs by the U.S. Fish and Wildlife Service. These programs alone usurp the receipts from duck stamps leaving the rest of the national program at a virtual standstill. The Migratory Bird Commission is concerned with the massive destruction of waterfowl wintering areas. Flooded bottomlands in the Mississippi River Delta, for instance, are being drained and cleared at the rate of 200,000 acres a year. Major coastal wintering areas are being destroyed or degraded at a rate of 300,000 acres a year. So a major goal of the Migratory Bird Commission will be the preservation of those key waterfowl wintering habitats and breeding areas that are threatened. Also ranking high on the Commission's priorities is the acquisition of habitat for the black duck along the Atlantic coast. Without the support for the program in this appropriations bill, the hands of the Commission are tied.

When no funds were requested for the program last year the committee provided $1 million in addition to the $12 million received each year from duck stamp sales. We were successful on the floor in an amendment which increased that $1 million appropriation to $10 million.

This year, I am pleased to note that the subcommittee chaired by my good friend the gentleman from Illinois (Mr. YATES), provided $7.5 million in funds for the acquisition program in addition to the $12 million in receipts from the sale of duck stamps This makes a total of $19.5 million available for the acquisition program in fiscal year 1977.

I should now like to turn to a project I have been associated with from its inception—the White River National Salmon Fish Hatchery in Bethel, Vt.

This facility is an integral component in the Atlantic salmon restoration program on the Connecticut River. It was once possible to catch more than 3,000 salmon in one haul from the Connecticut

River. By 1814, the Atlantic salmon runs had all but vanished. Today there is an increasing demand for sport fishing, and restoration programs can provide exceptional opportunities to expand our fisheries resources.

To date, a total of $2,548,000 has been appropriated for planning, design, and initial construction of this facility. Acquisition of land, drilling of wells, and the design and specifications of the hatchery are virtually complete. Bids have been solicited and contracts awarded for construction of the river water infiltration gallery, the development of three wells and other related appurtenances. Construction of the hatchery building and other items for which funds have been appropriated are expected to be underway by September of this year.

There, unfortunately, was no budget request for this vital project. I testified in behalf of a $1.342 million appropriation which would complete the second phase of the construction of the facility and render it operable. The committee has inserted $1 million in this bill to support the facility. It is my estimation that with several modifications in design, this $1 million will enable the hatchery to be operable by the end of fiscal year 1977.

Recently, the Senate inserted $430,000 in the second supplemental appropriation bill for fiscal year 1976 for this facility for the construction of rearing pools. The conference excluded these funds because of the $1 million which was inserted in the fiscal year 1977 House appropriations bill for construction of the rearing pools and other items. It is my hope that, in light of these circumstances, the House will insist on a minimum $1 million level of support for the facility in conference on this bill.

Delaying construction of this important facility will only result in grossly inflated final construction costs and serious injury to the complete Atlantic salmon restoration program on the Connecticut River. All the money spent on fish passages, planning, construction, and so forth, will be worthless without the young salmon to stock the Connecticut River with.

I call on my good friends, the gentlemen from Illinois (Mr. YATES) and Pennsylvania (Mr. MCDADE) to hold fast on this provision in their bill. Only in this manner can we insure a successful end result to the Atlantic salmon restoration program.

The gentlemen from Illinois (Mr. YATES) and Pennsylvania (Mr. MCDADE) have my sincere appreciation for their support of this program. I am sure their efforts are equally appreciated by the millions of those in the Northeastern United States concerned with the Atlantic salmon restoration program on the Connecticut River.

I urge my colleagues to support this bill.

Thank you, Mr. Chairman.

Mr. BAUCUS. Mr. Chairman, until yesterday, June 24, I had contemplated an amendment to the fiscal year 1977 appropriations bill for the Department of the Interior and related agencies, H.R. 14231. The amendment would have withheld funds for issuance of new Federal coal leases by the Department of the Interior under existing regulations.

The amendment was intended to provide impetus toward enactment of the Federal Coal Leasing Amendments Act. The Senate's passage of the House version of the act on Monday, June 21, together with 74 Senators having urged the President to sign the bill into law, obviate my amendment. I will nonetheless offer a few observations concerning the need for Congress to insist upon enactment of its coal leasing policy.

On January 21, 1976, the House approved H.R. 6721, the Federal Coal Leasing Amendments Act. The House Interior Committee, particularly the Mines and Mining Subcommittee, had labored arduously to produce a coal leasing program that answers the projected need for a greater role for coal in solving energy problems. The program accounts admirably for environmental considerations and emphasizes planning on the basis of scientific data.

The House debated and discussed H.R. 6721 exhaustively on the floor. The final recorded vote, an overwhelming 344 to 51, revealed striking bipartisan support for the measure.

Shortcomings of the old leasing system were widely recognized and therefore accounted for the bipartisan endorsement of H.R. 6721. The old system—by authority of the Mineral Lands Leasing Act of 1920—provided for issuance of Federal coal leases upon application by private firms. This system generated widespread speculation and concentration of Federal coal lease holdings. The Department of the Interior estimated that 66 percent of Federal and Indian acreage under lease is held by 15 leaseholders or about 10 percent of the total number of leaseholders.

The Department of the Interior also recognized that the public has not been receiving a fair return in royalties and rent on its coal holdings. The House Interior Committee reported that "several aspects of the current law have contributed to a situation in which the public is being paid a pittance for its coal resources." The committee further reported that 72 percent of the competitive coal lease sales to date have attracted fewer than two bidders. "Since the bid is related to the number of bidders, those tracts which attract only one bid are not likely to result in payment of a fair return to the public," the committee said.

The old system discouraged coal production from deposits held under Federal coal leases. The Department of the Interior reported in November of 1970 that in spite of dramatic increases in acreage under lease, production from those leases showed a disturbing decline. Of all existing leases, the Department said, 91.5 percent were producing no coal.

The Department responded to the worsening situation by issuing no leases between May 1971 and February 1973. A formal leasing moratorium took effect in February 1973.

The House responded with a comprehensive reform of the coal leasing system through appropriate amendments to the Mineral Lands Leasing Act and directives to the Secretary of the Interior. The bill, H.R. 6721, provided:

First. An end to speculative lease holding through requirements for diligent development of Federal coal leases.

Second. An increase in minimum royalty rates to 12.5 percent from the previous 5 percent.

Third. Replacement of "preference-right" leases with nonexclusive exploration permits which are valid for 2 years. This provision disallows issuance of leases outside the competitive bid process to those who have obtained such entitlement because of exploratory or prospecting activity. "Tying up" Federal coal through holding preference right leases would be disallowed.

Fourth. Requirements for maximum coal recovery in leasing tracts.

Fifth. A mandate for lease planning and coal tract selection aimed at encouraging maximum competition for leases.

Sixth. An increase of the States' share of leasing revenues from 37.5 to 50 percent. The additional 12.5 percent would be earmarked for public facility construction attendant to coal development.

Seventh. Readjustment of lease terms every 10 years to account for changing market conditions.

Eighth. A comprehensive program of Federal exploration to locate coal deposits in conjunction with a nationwide inventory of the Nation's coal resources. Data obtained through these efforts would be used in land use planning and lease tract selection.

Ninth. A directive to the Secretary of the Interior to prepare a comprehensive land-use plan encompassing consideration of all feasible land uses prior to coal lease tract selection. The provision calls for ample public participation in the planning process.

Tenth. A limitation of 100,000 acres on the amount of Federal coal land any single entity can control.

On June 21, 1976, the Senate approved the House version of the Federal Coal Leasing Amendments Act. The bill awaits action by the President.

The Department of the Interior sought to solve the problems outlined earlier with a different coal leasing program—the energy-minerals activity recommendation system—EMARS. The Secretary of the Interior announced final promulgation of EMARS regulations on May 25, 1976, and ended the coal leasing moratorium. The stated objectives of EMARS are sound:

First. To establish a system of Federal coal leasing that generates minimal environmental impact.

Second. To remove unnecessary barriers to development of Federal coal.

Third. To increase the supply of low sulfur western coal.

Fourth. To decrease the need to import oil and natural gas.

EMARS contains many commendable provisions that are compatible with Congress coal leasing program. A major difference between the programs is the fundamental assumption by the administration that Federal coal leasing must resume in the near future. This assumption is apparent in the diminished emphasis on environmental studies and coal resource data gathering prior to issuance of Federal leases. EMARS would permit leasing prior to completion of:

First. A core drilling program and preparation of resource maps to determine the location, quantity, and economic/commercial characteristics of known Federal coal deposits.

Second. Updating existing management framework plans—MFP—which indicate potential land uses for specific tracts. Among such potential uses are agriculture, watershed management, grazing, wildlife habitat management, timber management, and recreation. Up-to-date MFP's allow comparison of coal values with other land values and are vital to coal lease planning.

Third. Programs to assemble sufficient data on rainfall, soil characteristics, availability of topsoil, and other factors relating to potential for successful reclamation and revegetation after mining.

EMARS, unlike the Federal Coal Leasing Amendments Act, fails to recognize the need to complete the above activities before resumption of leasing. Moreover, EMARS establishes the power of the Secretary of the Interior to suspend State laws governing mining and reclamation upon his determination that such suspension is in "the national interest." This power invites appeals to the Secretary by mine operators to set aside strict State laws on an array of questionable grounds.

Some have argued that coal production will be impeded if Federal coal leasing is not resumed soon. Facts, however, do not support that argument. The Department of the Interior estimates that the current 536 Federal coal leases contain 16 billion tons of recoverable coal—an estimate called conservative by the General Accounting Office. In his January energy address, President Ford called for doubling America's coal production by 1985; the target is 1.2 billion tons. Tonnage now under lease is more than 13 times the target set by the President for 1985. The energy crisis clearly does not demand that Congress rush into a second-best coal leasing program.

Mr. Chairman, I urge the Members to notify the President of our determination to enact the Coal Leasing Amendments Act. Should the President veto the bill, I urge speedy override. Congress ability to work its will on a critical aspect of the energy issue hangs in the balance.

Mr. JOHNSON of California. Mr. Chairman, I rise to support the legislation before us, H.R. 14231, which would appropriate funds for the Department of the Interior and related agencies. This is a very fine bill, and one which I believe we all can support. On this occasion, I also want to pay tribute to an outstanding colleague, the gentleman from Illinois, the Honorable SID YATES, who does such a great job in chairing this subcommittee which brought to us this bill.

As we celebrate our great Nation's 200th anniversary, it is most appropriate to commend you and the members of your fine subcommittee for your enlightened and distinguished service to the Congress and the people of the United States over the years. This subcommittee has, in its consideration and deliberations, maintained the highest standard of realistic programs of conservation and wise utilization of natural resources. Your past record of prudent recommendations to the House of Representatives has given our Nation the world's finest system of natural resources and public lands management. Your approach over the years represents to me the finest and truest concept of real conservation. A realistic concept which will assure a continued high quality of life in our great Nation for the next 200 years.

During the past, when budget recommendations slighted needed programs and neglected trust responsibilities to the American people, this committee has taken up the slack and has seen fit to insure that the Federal Government met its responsibilities to the Nation in the management of its resources and public lands.

In this era of "planning" and reassessing our national priorities, you have had a major impact on the establishment of proper goals and priorities for our resource utilization, under the concept of multiple use. To many of us who have worked with the programs and policies of the various resource-related agencies, it is a fact that your subcommittee is many times far ahead of the executive branch in its recognition of the Federal Government's obligations to the people, and seeing to it that these responsibilities are met in the finest spirit of the congressional responsibility.

The administration's budget requests for fiscal year 1977 reflect a far greater commitment to the very programs and responsibilities which this subcommittee has always recognized. I do believe this increased awareness on the part of the administration was generated through the leadership and wisdom exhibited by this subcommittee.

As I review the fiscal year 1977 program advanced by the agencies, I do believe it is more realistic and certainly an improvement over some of those programs sent to the Congress in the past. However, this does not, by any means, indicate that there were not areas where improvement could and must be made if we are to continue to provide the highest quality of service to the people of the United States. In the northern California district I have the honor and privilege of representing here in the Congress, the Federal Government, including the U.S. Forest Service, Fish and Wildlife Service, Bureau of Land Management, Bureau of Indian Affairs, and National Park Service, is the principal property owner. Upwards of 80 percent of the land in some counties is owned by the Federal Government. This vast public ownership creates a tremendous responsibility for the agencies mentioned above. Additionally, the economic base of many northern California communities is dependent upon the natural resources which the various Federal agencies own and manage.

Accordingly, Mr. Speaker, the recommendations made to this House by the Appropriations Committee in H.R. 14231 reflect a much more realistic proposal than the original budget request. The committee, in its wisdom, has seen fit to restore funds for such diverse programs as historic preservation grants, forest fire control, Indian education and health, youth conservation corps, and other vital programs of great importance to our Nation. All in all, we do have a realistic program and one which I support completely.

Mr. YATES. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For expenses necessary for scientific and economic studies, conservation, management, investigations, protection, and utilization of sport fishery and wildlife resources, except whales, seals, and sea lions, and for the performance of other authorized functions related to such resources; and maintenance of the herd of long-horned cattle on the Wichita Mountains Wildlife Refuge, $126,742,000, of which not to exceed $1,000,000 shall remain available until expended: *Provided*, That $9,198,000 shall be available for obligation only upon the enactment into law of H.R. 8092, Ninety-Fourth Congress, or similar legislation.

AMENDMENT OFFERED BY MR. MEEDS

Mr. MEEDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEEDS: Page 7, line 24, strike out "$126,742,000" and insert in lieu thereof "$127,799,000".

Mr. MEEDS. Mr. Chairman, I would like to begin by indicating my understanding to the chairman of the subcommittee and to all of the members of the subcommittee for the very difficult decisions they have had to make in drawing up this appropriation.

I especially want to thank the chairman of the subcommittee for his sensitivity in the field of Indian affairs and for the appropriations of the subcommittee in this field. I think that they have shown a great deal of understanding by increasing the committee budget and appropriations substantially, and I think they have taken very seriously the charge to look into the problems of the most underprivileged Americans.

So, it is with a great deal of reluctance that I propose any change in the proposals which have been made by the subcommittee but, Mr. Chairman, I must say that I have very serious disagreement with the subcommittee over the section of funding for fisheries and wildlife resource management, the section which I am proposing to amend. To explain that, I would like to take a little time to go into the history of the problem to which this money is allocated.

In February 1974, U.S. District Court Judge Boldt issued a decision in the ninth circuit which, in effect, did a lot of things; but the salient thing which was done was that it allocated under certain treaties that were signed in the 1850's with Indian tribes in the State of Washington—it allocated to those signing tribes 50 percent of the anadromous fishery resources within the decision area. This area encompasses most of the anadromous fishing areas of the State. This has been a highly controversial decision of the court. It has been appealed to the circuit court where it was upheld about 120 percent, and on to the U.S. Supreme Court, where certiorari was denied.

It has created, some economic problems

in the State. The anadromous fishery take in that decision area in that first year was $42 million. Thus we are talking about, initially, $21 million worth of fish being deducted from the commercial fishermen's catch. It created, in addition to that, additional financial burdens on the State of Washington and on the Indian tribes. The necessity to monitor the fish, to find out where they were going, to tag them, to find out more precisely when they would return, where they would return to, was all essential to making a determination of how to make this 50–50 split.

In addition to that, additional moneys and personnel were required in the State departments of game and fisheries for law enforcement; additionally, for research, because again of this necessity to split the catch.

Now, the Appropriations Subcommittee in fiscal year 1976 recognized this increased burden on the Indians and upon the State of Washington, and in fiscal 1976 it appropriated—and we approved on the floor of the House—approximately $5 million in this area of increased costs brought on by the Boldt decision. Of that $5 million, approximately $3 million went to the Indian tribes and to the Indian Fish Commission, and approximately $2 million went to the State of Washington through its State department of game and the State department of fisheries. This year, in a consolidated request, the Indians and the State departments of game and fisheries asked for approximately the same amount.

The CHAIRMAN. The time of the gentleman from Washington has expired.

(By unanimous consent Mr. MEEDS was allowed to proceed for 4 additional minutes.)

Mr. MEEDS. They asked for approximately the same amount in a unified budget request. I testified, and I was supported by my colleagues from the State of Washington in requesting that budget from the Committee on Appropriations. But this fiscal year, this subcommittee appropriated nothing for the State through those departments, and finally, upon our urging, they brought this up to $1 million. But their total appropriation request is for $4 million, which is $1 million less than it was last year.

The Indians are getting approximately what they did last year, $3 million. The Departments of Fisheries and Game of the State of Washington are cut by approximately $1 million. This represents approximately one-half of the money which the State of Washington is called upon to spend, in addition to the other costs because of the Boldt decision, and because of the necessity of this 50–50 split. That is a very serious problem, with the shortage of funds in the State.

But just as serious is the rationale of the subcommittee in their discussion of the funding for the Boldt decision. I would like to direct the attention of the Members to page 17, approximately the first paragraph, where the committee says:

> The Committee expects that those Departments will match these funds with state resources this year. The Committee intends that this will be the last year that Federal funds will be provided for this purpose to such Departments.

This I take very serious exception to because I think it is a clear ducking, or shirking, of the Federal responsibility in this instance. This is a Federal treaty. This is a Federal court interpretation of that treaty. Whether we agree or disagree with that interpretation, it is a Federal court interpretation which gave to the Indians 50 percent of the fish and, at least prior to that time, they were not entitled to get, which brought about the need to divide these resources.

These treaties were not entered into by the citizens of the State of Washington or for the citizens of the State of Washington. They were entered into by all of the citizens of the United States for the benefits of all of the citizens of the United States.

I see no reason why the people of the State of Washington and no reason why, particularly, the commercial fishermen should be called upon to bear the full burden of this Federal treaty and of this Federal court interpretation.

We have ample precedent for Federal aid, where impacted by Federal decision or by Federal treaty. I just mention it, and I am sure the committee members are aware of the Johnson-O'Malley provisions which are right in this very appropriation. Those are based solely on Federal treaties. Indians are counted under the impact aid formula, again because of the Federal treaties. The whole problem of Brown versus Board of Education in effect is a result of the Federal court interpretation of the Constitution. So I do not think there is any question of ample precedence on the matter.

The additional costs to the State in monitoring, law enforcement, and enhancement are running somewhere in the area of $5 million a year, or at least $5 million since the Boldt decision.

The CHAIRMAN. The time of the gentleman from Washington has expired.

(By unanimous consent, Mr. MEEDS was allowed to proceed for 1 additional minute.)

Mr. MEEDS. Mr. Chairman, as I said at the outset, this is a highly charged issue in our State. For the Federal Government to deny any portion of the responsibility only lends credence to those people who in our State are damning the courts, damning the Congress for not abrogating the treaties about which we are speaking, and whose only answer is a retreat to negativism and obstruction.

There are affirmative answers to this problem, primarily in the area of enhancement. But we are going to need the continued input, the continued support of the Federal Government to do this.

It is going to take time, patience, and understanding, and it is going to take some money. I am not calling upon the Federal Government to bear the full cost, but it must be clear that part of the cost of this treaty, of each treaty and each decision, must be borne by the Federal Government. If the Federal Government, through that rationale cited by this report, opts out of those affirmative and constructive solutions, I fear the consequences for both Indians and non-Indians.

Mr. Chairman, I submit for the RECORD some additional observations.

Mr. Chairman, today, I would like to address what may very well be the most serious and most controversial issue facing the residents of Washington State—an issue which the Washington State congressional delegation believes merits serious Federal attention and significant Federal assistance.

It is an issue that deals not only with the fourth largest industry in our State and the livelihood and future of many Washington State residents, but also with the human relations among our Indian and non-Indian citizens. It is an issue that deals directly with the responsibility of the Federal Government in dealing with the results and consequences of its own actions.

In 1974, U.S. District Court Judge George Boldt issued a controversial interpretation of Federal Indian treaties in Washington State. Under the ruling, the court said the Indian treaties allowed the tribes the opportunity to catch up to 50 percent of the harvestable runs of salmon and steelhead fish in Washington State waters.

Of course, this court interpretation—in addition to seriously straining relations among our Indian and non-Indian citizens—has greatly increased the demand upon an ever-diminishing fish supply in the Pacific Northwest. Never before have our fish runs—and our fourth largest state industry—been closer to the brink of depletion and exhaustion.

Consequently, the conservation and preservation of these fish runs is becoming an increasingly vital factor in Northwest waters. Without these, the fish runs would undoubtedly disappear in a few short years.

Fortunately, the court recognized the serious need for conservation. In its ruling, the Federal court made it clear that no group had the right to overfish or in any other way deplete the fish runs.

Therefore, although the court limited the State regulation of Indian fishing, it clearly saw the need for the ultimate conservation responsibility to lie with the State of Washington.

The State of Washington recognizes that it has a clear responsibility to help implement the court's ruling.

Just let me briefly indicate what the State has done during the past year on its own accord in dealing with this decision. According to figures from the Washington State Fisheries and Game Departments, the State spent almost a million dollars on its efforts in dealing with the Boldt fishing decision.

This does not include the $5 million which State taxpayers have put into their fish production and hatchery systems to produce fish which have been caught or will be caught by Indian fishermen. The State is doing its part to the best of its ability.

I am here today to ask the Federal Government to chip in its share. It is a very small sum, but it will pay big dividends to us all.

The State finds itself—as a result of the court interpretation of the Indian treaties and as a result of the increased demands placed upon the fish runs, because of the court interpretation of Indian treaties—performing many expensive and complex fisheries conservation activities never before required.

This has placed a tremendous financial burden upon the State of Washington. The activities it must now perform, following the ruling, cost heavily in time, money, and effort. None can be accomplished by exerting just a little extra effort or money. All require extensive research, planning, analysis, and manpower.

Many of these conservation activities are directly tied to the development of accurate statistics on fish run size and catches. This information is vital in facilitating the 50–50 split of fishing rights and in seeing to it that no group exceeds its legal share of fish.

For instance, the State must be able to determine exactly how many fish will reach each river in the case area. Previously, this kind of detailed information was unnecessary. But now, it is mandatory in determining the delicate 50–50 split of fishing rights or deciding when fishing rights must be curtailed to conserve the resource.

Also, the State must conduct much more extensive monitoring of fish catches on all Puget Sound rivers. It must have sufficient catch data to prevent overfishing, which can easily destroy a fish run in a very short time. This kind of monitoring involves greatly increased efforts in law enforcement as well—which also take substantial money and planning.

Additionally, the State must begin taking steps toward rebuilding the fish runs. This means stepped-up efforts in replanting fish and developing a long-range enhancement plan for the future.

As I have said, the burden of these activities, and many, many more which are directly and indirectly related to the Boldt decision, have fallen on the State of Washington. Let me reiterate, none of these would have been necessary in the absence of the court ruling or the treaties on which the Federal ruling was based.

Realizing the serious need for this conservation activity and recognizing its own financial limitations, the State of Washington has turned to the Federal Government to help fund its activities in implementing these Federal treaties.

Originally, the State of Washington intended to request about $3 million for its activities pursuant to the court interpretation. However, recognizing national money problems, the State pared its request down to the bone and submitted a final request of $2,057,000.

Unfortunately, the current appropriation bill on the floor provides for only $1 million—less than half the amount that is absolutely necessary.

I have been assured by fisheries experts in the State and in the U.S. Fish and Wildlife Service, that $1 million is far from the amount needed by the State. They indicate that many of the problems I have listed which are vital to the proper conservation of the resource would have to be discontinued.

Therefore, along with the support of the other members of the Washington State delegation, I have introduced an amendment to the Interior appropriations bill that would bring the total fiscal year 1977 Federal aid to the two Washington State agencies to $2,057,000. The added amount I am requesting is miniscule in overall appropriations—only $1,057,000—but vital to our State.

I believe the funding level provided by this amendment is in line with the seriousness of the problem in the State, as well as in line with the responsibility of the Federal Government in helping to implement the provisions of Federal treaties.

And I think it is very clear that the Federal Government has a responsibility in this matter. This, after all, is not a treaty between the Indian tribes and the State of Washington: It is a Federal treaty between the Indian tribes and the Federal Government.

I believe it is the clearcut responsibility of the Federal Government to assist any portion of this Nation which is severely impacted by a Federal treaty. It is both unfair and discriminatory for a certain portion of this Nation, indeed, one small segment of one industry, to shoulder the burden for an agreement that was signed by the Federal Government, for the benefit of all the citizens of this Nation.

In my estimation, this responsibility is absolutely clear—both in the letter and in the spirit of the law.

In the past, the Federal Government has seen its responsibility in similar situations and responded directly to State and local governmental units that were severely impacted by some type of Federal agreement or Federal action. The two examples that come to mind deal with the area of education, not fisheries—but they nonetheless illustrate the principle of the Federal Government coming to the aid of local units of Government facing severe impact or costs, because of prior Federal action.

The first case is the Johnson-O'Malley Act of 1934, which provides aid to States to help educate Indian children residing on Federal reservations. Indian tribes do not have to pay State and local taxes. They are exempted from such taxes by the treaties they signed. Therefore, they do not contribute to the local tax base of areas surrounding reservations. However, children from reservations attend local school districts in the vicinity of their homes, thereby placing an enormous additional load on those school districts.

The Federal Government recognized this problem and as a result, in 1934, the Congress passed the Johnson-O'Malley Act, authorizing the Secretary of the Interior to enter into contracts with States or any other units of government for the purpose of educating those Indian children.

That is, the Federal Government paid State and local governments to educate Indian children, because of a previous Federal action—an Indian treaty, in this case—which severely impacted those areas.

Another example that comes to mind in which the Federal Government assisted local units of government to help deal with the impact of a Federal action is the entire area of impact aid to local school districts. Public Law 874 was enacted in September 1950 to provide financial assistance to local educational agencies for the operation and maintenance of schools in areas affected by Federal activities. It was designed to compensate communities for the impact of military bases, housing for military personnel, defense industries, and experimental stations which were a result of mobilization for World War II.

To this day, the Federal Government provides extensive aid to areas that are severely impacted by some type of Federal installation. In many instances, the Federal Government provides Federal aid to local school districts, which suffer a rapid influx of students whose parents are associated with a local military installation.

This is another clear case where the Federal Government has come to the aid of a local unit of government, because of an action of the Federal Government—in this case the establishment or development of a military base—which severely impacted the local area.

Of course, neither of these cases deals directly with fisheries. But both illustrate the principle of the Federal Government sharing the burden of the severe impact its actions might have on a local unit of government. And that is the very same principle involved with the court intervention of the Indian treaties in Washington State.

Just as the Federal Government aided these local school districts, because of a Federal agreement or action, I believe it should come rapidly and adequately to the aid of Washington State, which is now impacted by a Federal agreement with Pacific Northwest Indian tribes.

But let us not only look at the letter of the law. Let us look at the spirit of the law as well. And let us understand the nature of the Indian treaties and the obligations and responsibilities they carry with them.

By their very nature, Indian treaties are binding contracts. Each party gives something, to get something in return.

In the case of the Indian treaties, the tribes gave up their ownership rights to thousands of square miles of land, water, minerals, and natural resources in exchange for certain other rights and privileges promised by the Federal Government. The Federal Government, in turn, agreed to protect certain rights and privileges in return for being allowed to peacefully settle this Nation.

So, intrinsic to Indian treaties are certain responsibilities and privileges incurred by both parties.

In my opinion, it is only logical then, when a court interprets Federal treaties and their guaranteed rights to have specific meanings, it is incumbent on the parties to those treaties—in this case the Federal Government—to see to it that those guaranteed rights are provided.

In this case, the court interpreted the Indian fishing rights much more precisely than ever before. The responsibility for granting this guaranteed right lies firmly with the Federal Government. After all, it signed the treaty; it agreed to the provisions allowing Indian fishing; and it must share the burden of providing those fishing rights.

And we must keep in mind that the Federal Government signed these treaties, as I said, for the benefit of all our citizens at that time, and for the benefit of future generations that would inherit a settled, peaceful, and productive nation.

Thanks to the treaties, the Pacific Northwest was included as an active, productive, and working portion of this Nation much earlier than would have been possible without the treaties. Thanks to the treaties, settlers from Illinois, New York, and Pennsylvania could look forward to settling more peacefully in the rich and fertile Pacific Northwest. Thanks to these treaties, companies of the mid-1800's were able to begin operation in the Northwest, harvesting acres of timber, as well as hides, fish, minerals, and many other natural resources.

So these treaties were signed for the benefit of all citizens—not just a few. And since we all are enjoying the benefits of those treaties, then I believe all must be willing to share the obligations of those treaties.

If the courts say that those treaties require more fishing rights for Indians, then it is the responsibility of all of us to see to it that all of us share the burden of that requirement. It certainly is inequitable that this burden rests only on residents of Washington State and, in fact, on one small segment of that population—the commercial fishing industry.

In conclusion, let me say that since the inception of this great Nation 200 years ago, the Federal Government has been willing to assist individuals and States throughout this country and throughout the world in great need.

I hope the Congress recognizes the serious need that exists in Washington State, and provides the very small, though necessary funding, to help alleviate this problem.

In my opinion, the funding level provided for by this amendment will bring the assistance to the Washington State Departments of Fish and Game to a much more realistic level, considering the seriousness of the problem and the clearcut responsibility of the Federal Government in this matter.

The need is apparent. The responsibility is clear. And the time for action is right now.

I ask for the support of my colleagues in passing this amendment.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment.

First, I wish to pay a strong tribute to the distinguished gentleman from Washington (Mr. MEEDS). He has been an able and persuasive proponent for his cause. It is only because of his efforts on many repeated occasions, by appearing before the committee and by discussing his viewpoint with individual members of the committee, that the committee reversed its original decision in allocating funds and appropriated an additional $1 million in behalf of the State of Washington.

Nevertheless, the committee believes that its responsibility is to the Indian people.

The Federal Government has a unique relationship with the Indian people. The Federal Government occupies the position of a trustee for the Indians and has the responsibility of protecting the fishing rights of the Indian people.

Mr. Chairman, I disagree with my good friend, the gentleman from Washington (Mr. MEEDS). Perhaps we should obtain an opinion from the Department of Justice on what the responsibilities of the respective parties are now. What is the responsibility of the Federal Government in providing funds for the implementation of the Boldt decision beyond the funds that we are providing to the Indian people?

I know of no decisions and I know of no precedents on a case of this kind which would indicate that the Federal Government must provide the funds for both parties. As a matter of fact, for all intents and purposes, the Federal Government is at the present time providing almost the entire amount for the implementation of this decision itself.

I know that the gentleman from Washington (Mr. MEEDS) has pointed out that the expenditures by the Departments of Game and Fisheries of the State of Washington were in the amount of $7.5 million, but I question whether these expenditures relate directly to the Boldt decision.

The information that has been furnished to me by the U.S. Fish and Wildlife Service when I requested information as to the amount the State of Washington is making available to implement the Boldt decision was only in the sum of $400,000. I see my friend, the gentleman from Washington (Mr. MEEDS) disagrees. I suggest that he may want to call the U.S. Fish and Wildlife Service himself, because this is what they told me the State of Washington was furnishing.

Mr. MEEDS. Mr. Chairman, will the gentleman yield?

Mr. YATES. I will be very glad to yield to my friend, the gentleman from Washington.

Mr. MEEDS. Mr. Chairman, will the gentleman recite the categories of expenditures to which he is referring?

Mr. YATES. Mr. Chairman, let me read to the gentleman the information I received from the Fish and Wildlife Service. The State Departments of Game and Fisheries are providing funds for the implementation of all the programs of the State as follows:

The Department of Game is providing about $2.5 million, and the Department of Fisheries is providing about $5 million. I asked them how much of this money is specifically applicable to the implementation of the Boldt decision, and I was told that the State is providing only $400,000 for that purpose.

Mr. MEEDS. Mr. Chairman, if the gentleman restricts the category to research, that is correct. However, if he adds monitoring, which is brought about now by the necessity of counting the fish and splitting them evenly, he gets to a figure of some $800,000 a year.

If he adds to that law enforcement, which has been substantially increased because of the decision, he gets into almost $1 million additional a year. If he adds the enhancement effort, which I agree has gone for all citizens of the State of Washington, but one-half of them go to the Indians, he will get into, since the Boldt decision, over $4 million. Therefore, it comes to a rather healthy sum when it is all added up.

Mr. YATES. Let me say to my good friend, the gentleman from Washington (Mr. MEEDS), that I think the action of the committee has been adequate and that the committee has followed what it considers to be the law.

There is a possibility that the gentleman's interpretation is correct. I would offer the suggestion to the gentleman that the amount that the committee has made available be accepted and that in the interim, before next year's bill is marked up, we obtain an opinion from the Department of Justice as to what the appropriate responsibilities of the State of Washington and of the Federal Government are in terms of funding the Boldt decision.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. YATES) has expired.

(By unanimous consent, Mr. YATES was allowed to proceed for 1 additional minute.)

Mr. YATES. I think that would be the most constructive way to proceed at the present time with respect to that decision. We would know how to proceed in the future, but in the interim, I urge the defeat of the amendment.

Mr. PRITCHARD. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think we have to go back and clearly understand what we are talking about here.

A Federal judge stepped in and made a decision that the treaty that was signed back in the 1850's gave half of the fish in our State to the Indians.

What that means for all of the commercial and sport fishermen in our State is that they just lost half of the fish. Anyone can imagine the ill feeling that has been promoted by taking half of the fish away from the commercial and sport fishermen in our State.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. I yield to the gentleman from Illinois.

Mr. YATES. Does not the gentleman appreciate the fact that prior to the Boldt decision the fishermen of the State of Washington got most all the fish?

Mr. PRITCHARD. I recognize that. Let me get to that point.

Mr. YATES. That included even the fish that belonged to the Indian tribes.

Mr. PRITCHARD. But the Indians had all the fishing on their reservation, and they had special fishing rights.

In the treaty itself the language read "They shall fish in common."

I am not an attorney, and there are a lot of attorneys here; but when the treaty says that the white man and the Indians shall fish in common, most of us thought it meant both of us could put our lines in the water. We did not think that it guaranteed one party half of the fish.

I will admit that for 100 years that is the way it was interpreted.

What we are getting to is the tremendous dislocation with respect to the citizens of our State because of this Federal ruling. All we are asking for is some help so that we can get through an adjustment period.

We recognize that the final answer is enhancement, increased production of fish, making a bigger pot. If we can increase the fish, then we will have a better chance of dividing the fish among the Indians and the whites. However, it was a Federal judge who made this ruling.

We need help from the Federal Government.

When we ask for an additional $1 million over what the committee has given us and when we consider that the State is spending $7 million, I do not think that we are out of line in asking for this help.

Mr. YATES. If the gentleman will yield further, the gentleman is receiving help.

If the Committee were to adhere strictly to its interpretation and provide no funds, it would be understandable.

The fact, however, is that the committee is making available $2,140,000 to the U.S. Fish and Wildlife Service for programs of the State of Washington, which we think is a substantial amount.

May I also point out that the committee made available over $3.1 million last year for the purpose.

Does the gentleman consider it to be a reasonable approach to find out what the legal rights of the parties are in terms of the amount of contribution that the Federal and State governments should make, and why should we not attack it on that basis in the appropriation next year?

Mr. PRITCHARD. The question is whether we can wait. The gentleman is asking that it be put over a year.

I think the great problem is that we need help right now in this adjustment period. Certainly because of the animosity that has been raised and the dislocation that has been caused, I do not think if we get the same amount of money we received last year that we are out of line. We appreciate what the chairman, the gentleman from Illinois (Mr. YATES) has done in the past but we are pleading with the Members of the House—and I know it is unusual to come on this floor and ask for only $1 million—but because the situation is so important to us, we are asking the chairman and the ranking minority member to look into their hearts and see if they cannot help us with a problem. It is one that I think is so very important because we cannot afford to have issues that tear apart the different groups in our area. This is causing great problems to the feelings between the Indians and the whites in our State.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I just wanted to associate myself with the remarks of the gentleman from Washington (Mr. PRITCHARD) and indicate to the membership that the problem is not unique to Washington, it also applies to our area in northern California. I strongly support the amendment of my friend, Mr. MEEDS, that has as its purpose a funding commitment to start to address the problems associated with Judge Boldt's decision. However, in the long run, the Federal Government and the Congress are going to have to move in the direction of a more comprehensive approach to the domestic fishery resource question. We must revitalize the habitat of our streams and move toward a major enhancement program for our fishery resources. We have had mitigation programs relating to the anadromous fish stock, we have passed the 200-mile marine fisheries conservation zone legislation, our next major effort should be in the direction of fisheries enhancement to meet the increasing demands and pressures brought about by the Boldt decision, which allows the Indian population half the fish in our rivers, and the sports and commercial fishing needs. This amendment is a step in that direction. I urge my colleagues to support it.

Mr. DUNCAN of Oregon. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as a member of the committee I supported the request of the members, particularly the gentleman from Washington (Mr. MEEDS) for this additional appropriation. I think both that gentleman and the chairman, the gentleman from Illinois (Mr. YATES have very eloquently stated their respective positions.

Let me state that I am in partial agreement with both and in complete agreement with neither.

In support of the position of the chairman, the gentleman from Illinois (Mr. YATES) I think it can be stated that there is a question of the authority and the right of the Federal Government to support the Fish Commission of the State of Washington.

Control of fish and game resources of the individual States have been among the most zealously guarded of States' rights and it is seldom that any one of those commissions will come to Washington and ask for any interference by the Federal Government.

I think that the position of the chairman is further supported by the fact that this appropriation is not and has not been made directly to the State of Washington, but rather through the U.S. Fish and Wildlife Commission. Obviously there are some legal questions involved.

On the other hand, I think the statement of the gentleman from Washington is subject to some criticism, as has already been pointed out by the chairman.

He suggests, first of all, that as a result of the Boldt decision, 50 percent of the fish are being taken away from the white fisherman and given to the Indians. The gentleman suggests that the Indians were not entitled to any beforehand. The gentleman missed entirely the fact that before the arrival of the white man in the Oregon territory—and, incidentally, Washington has since split off and become a State—before their arrival, 100 percent of the fish resources was at the disposal of the Indians.

The gentleman from Washington (Mr. MEEDS) also suggests that it was a Federal treaty—and it was; that it was a Federal decision—and it was. That the treaty was made on behalf of all the American people and not just the people of Washington. I read these treaties as the price that the American people were prepared to pay to the Indian nations for peace on the frontier back in the 1850's. And the biggest beneficiaries on the frontier in the early 1850's were those white settlers who settled in what has now become the State of Washington.

Mr. Chairman, I do not know that it is going to add anything to the final result to debate the merits of the Boldt decision.

I come from an adjoining State that is similarly affected, although perhaps not to the same intensity as is the State of Washington. I look upon it not so much as a legal question, although what we do here today has a legal connotation, but rather as a practical pragmatic question. I know there are political problems in the State of Washington as there are in Oregon and California on this issue. And when I say "political" I do not mean Republican versus Democrat, I mean the intensification of the increasing conflict for the decreasing natural resources are such that we are really threatened with a modern day version of an Indian war.

I am convinced that an additional one million some odd thousand dollars in this budget will be money well spent and will possibly avoid or at least divert the terrible political struggle that I see coming between the red man and the white man once again in the Oregon territory. I do not think the final solution will be found by an appropriation of $1 million but it will help. Just as we have problems with race in the employment situation because there is a shortage of jobs, just as we have problems on exports of logs because there is a shortage of logs, so we have problems in trying to divide up a shortage of a natural resource, anadromous fish. We will not solve this problem until we are able to provide the funds to see that that fish resource is restored to its once magnificence.

Based on these practical considerations one member of this committee, who acceded to the decision of the committee but did not agree to it, supports the argument of the gentleman from Washington for the addition of another $1 million to this budget.

Mr. HICKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I cannot state too strongly my support for this amendment.

It is the Federal court aspect of this matter, and the consequent role of the Federal Government, affecting all taxpayers, that I would like to stress. The Medicine Creek Treaty—involved in the Boldt fishing rights decision—was a compact between certain Indian tribes and the United States. It was a Federal judge who interpreted this treaty, and ruled that the salmon and steelhead resources in the State of Washington must be strictly divided, and that certain rules must be complied with by the State to regulate this resource.

In a situation like this, where a particular State has inherited—through no choice or commitment of its own—the heavy impact of such interpretation, everyone is affected. Judicial interpretations such as the one we have by Judge Boldt can affect the management of resources in other States, raising the price of commodities from those resources. In our State, the present impact relates to fisheries. In another area the issue may be water resources or forestry. Certainly, as any State faces the unwelcome impact of such Federal court decisions, the Nation is obligated to rally around that State to help in its particular time of need which, hopefully, in the case of Washington State, will be temporary.

I might point out that the economic and racial overtones of what could happen if the State of Washington is not successful in conserving this resource—and managing it properly—is frightening to contemplate. The constituents of our State are angry and frustrated at having to bear the brunt of what they feel is a matter of Federal import. They are especially frustrated that salmon and steelhead are increasingly scarce. If something is not done to assist the State now, this anger and frustration could easily reach an explosive point. Least among the echoes of such an explosion would come when your constituents go to the store to buy a can of salmon and find the shelves empty, or find that the price of the few cans there has gone sky-high.

It is a precious commodity that the State of Washington is charged with conserving for the benefit of Indians and non-Indians. By approving this amendment, the Congress can contribute to the maintenance of a healthier, more productive and cooperative relationship—economically and socially—between Indians and non-Indians. We need your vote of support.

Mr. BONKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would just like to commend the chairman of the subcommittee for his fine work. I might point out that he has replaced as chairman of the committee my predecessor, Mrs. Julia Butler Hansen. I wish she were here today speaking in favor, as I know she would, of this amendment.

Mr. Chairman, the members of the Washington delegation are on the floor today offering this amendment to add $1.057 million in desperately needed aid to the State of Washington to help it live up to new responsibilities under the Boldt decision because, as the committee report states:

> Most of the committee members have serious reservations about the propriety of the Federal Government continuing to fund the Washington State Departments of Game and Fisheries.

Even though this momentous court decision, based upon interpretation of a Federal treaty, has wrenched the entire State and strained good will among citizens, a question of propriety has restrained the committee from providing full funding.

I think the House has, in fact, already settled this issue of propriety of Federal assistance in such unique circumstances. The best answer was given just 2 days ago when we passed title II, the so-called countercyclical proposal of the Public Works Employment Act. Let me read what that committee report said:

> . . . The amount and quality of government services at the State and Local levels should not be determined by national economic conditions over which State and Local governments have no control.

There were 259 votes in favor of ratifying that concept just 2 days ago in this Chamber.

Mr. Chairman, it is hard to conceive of anything being more outside the control of Washington State than this Federal court interpretation of a Federal treaty which directly impacts a program—fisheries management—for which the State has traditionally been responsible.

The committee has argued that the Federal Government simply should not be in the position of compensating States for complying with Federal law. As a matter of fact, I agree with that as a general principle. But that principle should not smother the facts of this specific case.

What then is unique in the Indian fishing decision in Washington?

First, the sheer magnitude of the effect. We are here talking about a total resource, not one river, or one species, or one Indian tribe—but a dominant resource which is the basis of existence for entire communities and the foremost source of recreation for the entire region.

Second, the court decreed overnight a massive change in the traditional management of that resource, which was already under grave pressure from foreign fishing and environmental degradation of streams. By the stroke of a pen, the judge cast a shadow over the capability of the State to keep its head above water in protecting and perpetuating fisheries. It is as though, overnight, a Federal judge dictated vast improvements in the Federal highway system and made the States fully responsible for funding the improvements.

Third, while the court decision seeks to guarantee and protect the rights of Indians to a 50-percent share of all harvestable fish, the primary responsibility for insuring that there are any fish at all to be caught lies with the State. Thus, the State inescapably shares the trust responsibility.

In short, the State has vastly increased responsibilities under the decision, sharply curtailed authority, and no time in which to make adjustments.

The committee has fully accepted the Federal trust responsibility to the Indians, yet has failed in my estimation to recognize the State's integral role in fulfilling that obligation.

The public works bill just passed by this body recognizes that the amount and quality of services provided by State governments should not decline as a result of natural conditions over which they have no control. The Boldt decision not only demands that State services not decline, but that they dramatically improve. Only by accepting this request for an additional $1 million for meeting State responsibilities under that Federal court decision can the Congress insure that the Federal Government is meeting its trust responsibilities to the Indians in fact as well as in word.

As the law of the land, we must see that the Boldt decision is carried out. Many thousands of constituents are watching to see whether the Federal Government is willing to prevent what could easily be a crisis of its own making.

Mr. Chairman, I urge adoption of the amendment.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FOLEY. Mr. Chairman, I wish to pay tribute to the distinguished gentleman from Illinois (Mr. YATES) who has worked very long and hard on this bill. I think it reflects his great talent and commitment that such a fine bill has come forward. We do have a special problem as expressed by my colleagues in this request for an additional $1 million.

I want to emphasize one point because my colleagues have discussed the amendment generally. The treaty was undertaken by the United States on behalf of the people of the United States, and we now have a horrendous management problem as a result of the decision. Whatever the merits of the decision, it is beyond debate at this time. The decision is law. But if some wise policies are not followed—and this is why these additional funds are needed—the entire fisheries resource may well be destroyed. It is impossible to maintain a fisheries resource of this kind without some coordinated management. Thirty-nine separate tribes, the State of Washington, and the Federal Government are involved. Some means must be found to manage it for the benefit of all. If nothing is done, there will be few, if any, fish for any of the parties.

The most critical time in making the necessary adjustments and in providing the necessary management and bringing the parties together in some harmonious relationship is the present. I hope my colleagues will support the amendment.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Chairman, I thank the gentleman for yielding. I associate myself with his remarks and with the remarks of my other colleagues from the State of Washington.

This is an extremely important matter. To some who are not familiar with this matter, it may seem to be almost frivolous, but it definitely is not. It is a matter of the gravest importance to the Northwest. Passage of this amendment is a most important step toward getting this problem resolved.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. MEEDS).

The question was taken; and on a division (demanded by Mr. YATES) there were—ayes 31, noes 23.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For expenses necessary for the management, operation, and maintenance of areas and facilities administered by the National Park Service (including special road maintenance service to trucking permittees on a reimbursable basis), $272,685,000.

AMENDMENT OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: On nance service to trucking permittees on a semicolon and the following:

Provided, That the National Park Service shall not lease the facilities located at 900 Ohio Drive in the District of Columbia on any other basis than the fair market rental value generally pertaining for such premises in the area.

Mr. YATES. Mr. Chairman, the purpose of this amendment is to correct a wrong that exists in the use of property at 900 Ohio Drive here in Washington, D.C. by a Park Service concessioner called Landmark Services. They now use the building at that location for a rental fee of $202 per year.

I am informed that the reasonable rental value of the property is in the neighborhood of $11,000 a year. My amendment proposes to require the Park Service to rent the property on the basis of the fair market value, which we are told is in the neighborhood of $11,000.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, we discussed it with the chairman. We on our side have no objection to the amendment. We urge its adoption.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Chairman, I rise in support of the amendment by the gentleman from Illinois (Mr. YATES).

My subcommittee and that of Chairman MOORHEAD of Pennsylvania held extensive hearings into the outrageous actions of the concessioners in trying to take over the National Park System for their own benefit. We found that more and more large conglomerates, like MCA, Inc., have taken over concessions in the parks. In 1974, these conglomerates accounted for over 80 percent of the gross receipts.

At this point, I include the "Findings and Conclusions, and Recommendations" set forth in our joint report of March 3, 1976 (H. Rept. 94-869). They are pages 5-10:

II. FINDINGS AND CONCLUSIONS

The fundamental purpose of the National Park System, as stated in the 1916 Organic Act of the National Park Service, is to conserve the scenery and natural and historic objects and wildlife therein, and to provide for the enjoyment of park areas by the public for generations to come. To further this purpose, Congress for many years has authorized the NPS to provide for public accommodations and services, but only under carefully controlled safeguards against unregulated and indiscriminate use to protect the scenic, aesthetic, historical, and other park values.

Since 1960 visitation to the Nation's national park areas has tripled. Visitor days have increased from 71 million in fiscal year 1960 to 240 million estimated for fiscal year 1976. In 1970 there were 246 concessioners who grossed over $89.2 million from park concession operations. At the end of 1974 the number of concessioners had increased to 348, who grossed more than $130.3 million from park concession operations in that year. Ten additional concessioners were added in 1975. Fifty-six of these concessioners received more than 80 percent of those gross receipts in 1974 and also more than 80 percent of the net income.

There is a growing trend, encouraged by the Park Service, toward "single-concessioner" parks. In many cases these concessioners are subsidiaries of large companies with substantial capital. Their influence over the NPS has increased during the past several years, and NPS control and supervision of park operations have diminished. In certain instances it appears that the concessioner, not the Park Service, operates the park area.

Small business participation in concession operations within the park system has been hindered by NPS policies and the Concessions Policy Act of 1965, which essentially enacted into law the administrative practices followed by the Park Service since 1950. The NPS policies and the 1965 act have made a mockery of competitive free enterprise in the National Park System and have hindered effective management of concession operations.

Effective NPS concession management has been hindered, and in many instances virtually destroyed, by the NPS' failure to revise its contracts for many years and its failure to issue regulations (1) establishing standards and criteria for negotiating and administering concession contracts and permits; (2) determining comparability of rates charged the public by concessioners; (3) establishing proper franchise fees; (4) providing for the inspection and maintenance of visitor facilities; and (5) governing other matters affecting the concessioner.

In nearly every park concession contract the Park Service grants the concessioner a preferential right to provide all public accommodations in that park as a means of encouraging single-concessioner parks. This provision hinders competition within the park. The NPS prefers to contract with big business rather than small businesses because big businesses have greater financial resources. Although the 1965 law authorizes this preferential right, it does not require that it be granted to every concessioner. Instead, the 1965 act allows the NPS discretion to grant this preferential right selectively and on a case-by-case basis.

The 1965 act also provides that a concessioner have a preferential right to renew its contract unless the Park Service finds the concessioner's performance unsatisfactory. This provision has effectively blocked competition and assured that a concessioner can continue in a park indefinitely. Furthermore, the NPS has no procedure for formally monitoring and evaluating the concession operations as a basis for deciding whether the concessioner's performance is satisfactory or unsatisfactory.

The 1965 act also grants to park concessioners a possessory interest in any structure or other improvement made by the concessioner on Government land. These possessory interests allow the concessioner to demand compensation on the basis of reproduction value if the concessions contract is terminated or is not renewed for any reason. This compensable possessory interest can result in a windfall profit to the concessioner, and, in fact, severely discourages the NPS from terminating a concession operation or receiving bids from a possible competitor when the existing contract is being considered for renewal.

In September 1973, the NPS reversed a 1964 policy against allowing a possessory interest in Government-owned buildings. This decision, which was adopted at the urging of the concessioners and without public input, further entrenches the concessioner.

Many of the NPS concession policies are unique to the National Park Service. Other Federal agencies administering concession operations (e.g., the U.S. Forest Service) do not grant their concessioners a possessory interest in improvements in Federal lands or buildings, nor do they grant preferential rights to provide all facilities in a single area or to renew concession contracts.

The Park Service often awards concessioners long-term contracts, ranging from 10 to 30 years, and requires them to spend substantial sums to provide visitor facilities. These conditions make it difficult for a small business to bid on concession contracts. Such contracts enable the NPS to obtain visitor accommodations outside the normal congressional appropriations process and with little public scrutiny.

The NPS has not established adequate criteria for setting the franchise fees payable by concessioners, or for determining when, and the extent to which, the Park Service will waive franchise fee payments.

The 1965 act requires that the concessioners be charged a reasonable franchise fee initially and that such fee be renewed at least every 5 years, but stresses that revenue to the United States is subordinate to preserving park purposes and providing visitor accommodations at reasonable rates. The NPS interprets this as a mandate to charge inordinately low franchise fees. More importantly, the Park Service, through poorly written contracts, cannot require an increase in such fees unless the concessioner condescends to that increase. As a result, the largest concessioner at Yosemite National Park—the Yosemite Park and Curry Co., a subsidiary of MCA, Inc.—pays only three-fourths of one percent of gross receipts of over $20.9 million, even though the National Park Service concluded in 1973 that the Curry Co. should pay double that percentage.

The Park Service lacks adequate staff to administer its concessions responsibilities. However, the NPS is working to improve its staff capability with the recent announcement by the Interior Department that additional personnel will be hired for concession management in NPS headquarters in Washington, D.C., and in certain parks.

Although the NPS discourages conventions at parks during the "peak visitor" season, it does not prohibit them. Furthermore, until recently the Park Service did little to control the extent to which concessioners advertise and promote conventions.

The concessioners have a disproportionate degree of influence in relation to the general public in the preparation of master plans for national parks. The NPS has engaged in Yosemite National Park "master planning" efforts for nearly 6 years, costing over $1 million, with no sign that the Yosemite master plan will be completed in the near future.

The Park Service has no sufficient guidelines or criteria for determining the reasonableness of rates which concessioners charge the public for goods and services. Because of this, these rates are approved or disapproved by NPS on a hit-or-miss basis and are not adequately monitored.

The General Accounting Office investigation of Yosemite National Park concession operations concluded that the longstanding practice of requiring the concessioners to provide Park Service employees with discounts, appears to violate established standards of conduct for Government employees.

The justification for these discounts disappeared with the enactment of recent legislation increasing the allowable per diem for Federal employees.

In Yosemite National Park, some of the facilities and services provided to the public appear to interfere with the Park Service's responsibility to protect the park's natural resources. In addition, the NPS has given low priority to maintenance, repairs, and inspection of facilities in Yosemite.

Landmark Services, Inc., which is another MCA subsidiary, operates the shuttle service concession in the Washington, D.C., area. Landmark pays only $1,450 annually for office and warehouse space provided by the Park Service, which is worth $39,000 to $66,000 annually. This amounts to a subsidy by the NPS. For years, the NPS paid substantial rental to a railroad company owning the land where the warehouse is located without any reimbursement from Landmark.

Landmark and other concessioners have a free hand in dictating the terms of concession contracts which are up for renewal and thus help freeze out competitors.

Because working and living conditions for concessioner employees are frequently inadequate, the quality of service provided visitors to the national parks often suffers.

III. PRINCIPAL RECOMMENDATIONS

1. The Secretary of the Interior should promptly (*a*) discontinue the practice of including in each concession contract or permit a standard provision granting a preferential right pursuant to section 4 of the Concessions Policy Act of 1965 (16 U.S.C. 20c) to provide new or additional public accommodations, facilities, and services within a park area; (*b*) encourage competition for concession contracts within a park area unless, on a case-by-case basis, the Secretary determines in writing that a one-concessioner park is in the public interest; and (*c*) provide greater opportunities for small businesses to obtain concessions within the national park system. (P. 19.)

2. The Secretary of the Interior should promptly publish in the Federal Register regulations establishing standards and criteria for annually evaluating the performance of concessioners operating within the National Park System. (P. 21.)

3. The Congress should consider amending section 5 of the Concessions Policy Act of 1965 (16 U.S.C. 20d) to eliminate the preferential right of concessions of the National Park Service to renew their concession contracts or permits and in lieu thereof, provide for such renewals after public notice and adequate opportunity for meaningful competition by other persons, including small business firms, and after a careful evaluation of the concessioner's performance to determine if such renewal would serve the public interest more than would an award of the concession to another person. (P. 22.)

4. The Congress should consider legislation to: (*a*) repeal the possessory interest provision of section 6 of the Concessions Policy Act of 1965 (16 U.S.C. 20e), and in lieu thereof provide for the payment to a concessioner of that portion of the book value of structures, fixtures, or improvements constructed or altered by such concessioner upon land owned by the United States, which has not been amortized, when a contract is terminated or otherwise not renewed; or (*b*) provide alternate means, including the use of appropriated funds, for such construction or alteration. (P. 28).

5. The Secretary of the Interior should promptly reestablish the 1964 policy of the National Park Service prohibiting concessioners from obtaining a possessory interest in Government-owned buildings or structures after making repairs, additions, or alterations to them and apply this policy to future alterations or improvements of this type by concessioners. (P. 31.)

6. The Secretary of the Interior, prior to approving any contract or renewal thereof which (*a*) provides a term of more than 10 years, or (*b*) requires a concessioner to expend funds for new visitor facilities or for additions or substantial alterations to existing visitor facilities, should provide for public review, which may include public hearings, of such contract or renewal and state the reasons for such term or expenditures. (P. 34).

7. The Secretary of the Interior should promptly establish by regulation procedures and criteria for the effective reconsideration of franchise fees at least every 5 years. (P. 43.)

8. The Secretary of the Interior should promptly: (*a*) Redouble efforts to raise personnel ceilings and obtain additional funds to provide qualified and trained personnel for National Park Service concession management; and (*b*) commit to regulation, in accordance with 5 U.S.C. 553, Park Service concession management directives, policies, criteria, and standards for concession operations. (P. 44.)

9. The Secretary of the Interior should promptly publish regulations prohibiting National Park Service concessioners from providing discounts for food and lodging to Federal employees or their families, notwithstanding any provision in the existing concession contracts or permits. (P. 47.)

10. The Secretary of the Interior should promptly publish regulations prescribing criteria for determining the reasonableness of rates charged the public by concessioners, and for approving, disapproving, adjusting, and monitoring such rates. (P. 49.)

11. The Secretary of the Interior should promptly publish regulations governing the use of visitor accommodations within the National Park System by organizations for convention or group meeting purposes. Such regulations should, at a minimum, require advance approval by the National Park Service of the booking of such conventions or meetings and prohibit the booking thereof whenever the National Park Service believes they would tend to interfere with the use of such accommodations and services by the general public, or that visitation should be minimized for park preservation purposes. (P. 55.)

12. The National Park Service should, as part of the master planning process, evaluate the importance of all the facilities at Yosemite National Park and, where appropriate, insist on their relocation or removal. The evaluation should be performed on a regular basis as a part of the master planning process at each park. (P. 66.)

13. The Secretary of the Interior should promptly publish regulations establishing the fire and other safety codes applicable in each area of the National Park System, defining responsibilities of the concessioners to maintain and repair such facilities owned or assigned to them, and providing for regular inspections of such facilities by properly trained personnel. (P. 67.)

14. The Secretary of the Interior should promptly publish regualtions setting forth the latest policy concerning fees to be charged National Park Service concessioners for the use of Government-owned property, and effective guidelines or criteria for determining the value of such property and the fees. (P. 71.)

15. The Secretary of the Interior should promptly terminate the use by Landmark Services, Inc., of the office space located at 900 Ohio Drive in Washington, D.C. (P. 72.)

16. The Secretary of the Interior should limit any new concession contract for interpretive transportation service under the National Visitor's Center Facilities Act to not more than 10 years and specify therein that the concessioner shall provide sufficient equipment to meet the future needs of visitors as determined by the Secretary. The Secretary should also take a less expensive view of the extent to which a National Park Service concessioner should extend its service area in competition with other transportation companies, and authorize such extensions only where it is clear that such service meets the statutory tests of the National Visitor's Center Facilities Act of 1968, as amended. (P. 79.)

Landmark, which is an MCA subsidiary, has more than an 85-percent return on equity, yet it refuses to give up what amounts to a "giveaway" office space on park lands. The building at 900 Ohio Drive on Haines Point is a Federal building. It is owned by the taxpayers. But Landmark is using it for only $202 annually. In 1972, the Park Service appraised this office space at a fair market rental of $10,000 annually. But Landmark was never assessed this sum.

I note that Landmark claims to have spent over $10,000 in 1976 for gardener, utilities, and maintenance of this office space. Park Service officials, however, were unable to confirm this when we asked them about it. Moreover, Landmark provided no breakdown on how much of this resulted from utility costs. The Park Service does not supply utilities to Landmark. Pepco does.

This is ridiculous. It is an insult to the taxpayers. Landmark is not a small struggling business. It is part of a giant conglomerate.

As our committee concluded, there is no reason why Landmark needs office space on park land. The public does not need to visit the Landmark offices in order to ride the tourmobile.

The issue here is quite simple. Does Congress want to subsidize this giant concessioner by providing plush office space to the concessioner? I think not. I think it is time that the Park Service bring to a halt the special favors, such as subsidized office space and free electricity, it seems to be bestowing on its concessioners and others. The Park Service concessions are multimillion dollar operations. They need to be run on a businesslike basis, so that conglomerates like MCA and many others do not "rip off" the taxpayers and our parklands are preserved.

I urge adoption of the Ottinger amendment and the end of this "giveaway" of parklands.

I applaud the chairman. This is one of the really responsible actions to take place in the Congress. I really applaud the gentleman from Illinois for this amendment. This amendment prevents and cures one stinking sweetheart deal that has gone on between the Park Service and certain of their concessionaires at the expense of the public whereby the public property is given to certain persons for private use and benefit at the expense of the public at far less than the fair market value. It amounts to subsidization of a private corporation at the public expense with no benefit to the public and at great detriment to the public interest.

I applaud what the gentleman is doing.

Mr. YATES. I thank the gentleman.

AMENDMENT OFFERED BY MR. GUDE AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. YATES

Mr. GUDE. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Gude as a substitute for the amendment offered by Mr. Yates: On page 27, between lines 18 and 19, insert the following:

"Sec. 109. No part of the appropriations made available under this title shall be available for the use of the Federal buildings located at 900 Ohio Drive, Haines Point in the District of Columbia by any concessioner of the National Park Service for any purpose."

POINT OF ORDER

Mr. YATES. Mr. Chairman, I have a point of order against the amendment offered as a substitute by the gentleman from Maryland (Mr. Gude).

The CHAIRMAN. The gentleman will state the point of order.

Mr. YATES. Mr. Chairman, while this amendment has the appearance of a simple limitation, as a matter of fact, it is much more than that. The amendment prohibits the use of funds in the bill for use by a national park concessioner of a National Park Service building. The intent of the amendment is to evict the concessioner from the building. At the present time, the concessioner which occupies the building pays an annual rent and also pays for utilities and routine maintenance. If the concessioner vacates the building, the National Park Service must assume responsibility for maintenance and utility costs. The National Park Service estimates these costs to be about $26,000 per year.

Mr. Chairman, there are ample precedents in the rules of the House and I suggest that on page 551 under the Rules of the House, under section 843, ample precedents are cited to demonstrate that limitations on appropriation bills "must not impose new duties upon an executive officer."

Clearly this amendment imposes additional duties and responsibilities on the National Park Service.

In passing, may I say I was seeking to do the same as the gentleman from Maryland (Mr. Gude) wanted to do. I had talked to the gentleman from New York (Mr. Ottinger) about this amendment and the gentleman from New York thought my amendment was a good one. That was the reason I offered it in substitution of what the gentleman from New York (Mr. Ottinger) had intended to do.

Mr. GUDE. Mr. Chairman, if the gentleman will yield, actually I am offering this amendment in behalf of the gentleman from New York (Mr. Ottinger).

Mr. YATES. May I ask the gentleman from Maryland when the gentleman last talked to the gentleman from New York (Mr. Ottinger)?

Mr. GUDE. This was about 15 minutes ago in the dining room.

Mr. YATES. Then the gentleman has talked to the gentleman from New York (Mr. Ottinger) more recently than I did.

Apparently the gentleman from New York has changed his mind.

Mr. Chairman, I insist on the point of order.

Mr. GUDE. Mr. Chairman, I think this amendment provides nothing more than the Park Service merely targets a lease. I do not think it confers any responsibilities on them that they do not already have. I think it is clearly germane and in order. It is no less germane than the amendment offered by the gentleman from Illinois (Mr. Yates).

The CHAIRMAN. The Chair is prepared to rule.

The gentleman from Illinois (Mr. Yates) raises a point of order to the amendment offered as a substitute for the amendment offered by the gentleman from New York.

The question the Chair must decide is whether the substitute amendment is germane to the original amendment and whether it adds additional legislation to that which is already in the amendment of the gentleman from Illinois.

The substitute amendment of the gentleman from Maryland, in the opinion of the Chair, is germane—relating to leasing of the same property, and does not add additional legislation to that which is already in the original amendment. Rather, the substitute is a negative limitation on funds in the bill.

The Chair must, therefore, reluctantly overrule the point of order.

Mr. GUDE. Mr. Chairman, pure and simple, I certainly think the gentleman from Illinois has offered an amendment which is a step forward in the right direction in saying that at least the Park Service does get a fair value for the premises that are being leased to a concessioner; but there is actually no justification for the Park Service providing office space to the concessioner at all.

I can certainly understand, and the House committee that investigated it can understand why the concessioner does not want to give this space up. It is located in a very attractive park area with waterfront surroundings. It is in close proximity to downtown Washington, to the National Airport, and interstate highways in Virginia and Maryland. It includes free parking for visitors and employees.

Mr. Chairman, this is an improper use, I say, of park property. The concessioners' operations would not be impeded if these facilities were located elsewhere.

The GAO in a report on this observed that facilities and services to a concessioner at nominal or no cost probably would have no effect to lower prices to the public, because the rates charged to the public are to be determined primarily in comparison with rates charged by others for similar services.

In the present situation the concessioner makes an unexpected profit in its rent free facilities.

Mr. Chairman, I certainly urge that the substitute amendment be adopted.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I would ask the gentleman a question. Should the House tell the National Park Service that it cannot, under any circumstances, spend any money to protect and maintain the property?

The reason for that question is that the Yates amendment says that if we are going to rent it to somebody—and Landmark Tourmobile is doing a wonderful job—the gentleman from Maryland says that we cannot do anything with it. What if we had a flood down there, or another rainstorm? The gentleman is prohibiting in his amendment the ability to make any repairs to the property.

Mr. GUDE. No, the Park Service is certainly responsible for this property, but they certainly have uses for it, and to lease it out to a concessioner and go elsewhere for space to carry out Park Service functions is inappropriate.

There are things the concessionaire obtains which I do not think are really reflected in the lease value, such as free parking.

Mr. SEBELIUS. If the gentleman will yield further, does the gentleman know when the National Park Service acquired this building at 800 Ohio Drive?

Mr. GUDE. I do not have that fact right here with me.

Mr. SEBELIUS. Does the gentleman know what uses go with that property?

Mr. GUDE. I know it is a location which would make it ideal in expansion of Park Service facilities to the public, to visitors to that area and to the National Capital Park Service.

Mr. SEBELIUS. Does the gentleman feel that the tourmobile service is not a real help to the National Park Service and to the public?

Mr. GUDE. I think that service is fine. I just do not think the Park Service in this instance should be leasing part of their property to a concessionaire.

Mr. SEBELIUS. I thank the gentleman.

Mr. YATES. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, I ask unanimous consent that all debate on the substitute amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. YATES. Mr. Chairman, I believe the gentleman from Kansas made a very valid point with respect to the Gude substitute amendment. The fact is that the substitute amendment would not permit the facility to be used under any circumstances by a concessionaire but only by the Park Service. The amendment which I offered provides flexibility for the Park Service.

If the Park Service, in exercising its responsibility, decided that it had no use for the property for its own purposes and wanted to lease the facility, use by a concessionaire such as Landmark could permit an enhancement of service afforded by the Park Service to the people. Under the Gude substitute, that flexibility is denied.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, I agree with the remarks of the gentleman from Illinois. The National Park Service is an excellent managerial group. The Gude amendment would restrict all of their flexibility. They could, indeed, stop the people who were coming for the Bicentennial from using the tourmobile service, which is such an excellent part of the service.

I hope that we will leave the details of management to the Park Service, vote down the Gude amendment and adopt the Yates amendment.

Mr. YATES. I thank the gentleman for his contribution.

Mr. Chairman, I point out that my amendment would require the Park Service, if it did lease the buildings, to lease them only on the basis of fair market rental value pertaining in this area. I think that is a fair standard.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. Gude) as a substitute for the amendment offered by the gentleman from Illinois (Mr. Yates).

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. Yates).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. GUDE

Mr. GUDE. Mr. Chairman, I offer amendments.

The Clerk read as follows:

> Amendments offered by Mr. Gude: Amendment No. 1: Page 10, line 2, strike out "$272,685,000." and insert in lieu thereof "$284,399,871, except that $856,000 of this appropriation shall be available for obligation only upon the enactment into law of authorizing legislation providing for the establishment of the Valley Forge National Historical Park in the Commonwealth of Pennsylvania.".
>
> Amendment No. 2: Page 10, beginning on line 19, strike out "$37,228,000" and insert in lieu thereof "$44,228,000".

Mr. GUDE. (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the Record, and that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

Mr. YATES. Mr. Chairman, reserving the right to object, I want to make a point of order against the amendments, and I do not know whether my rights are protected if I consent to the unanimous-consent request. So I object.

The CHAIRMAN. Objection is heard. The Chair will protect the gentleman on his point of order.

The Clerk will read.

The Clerk concluded reading the amendments.

POINT OF ORDER

Mr. YATES. Mr. Chairman, I make a point of order against the amendment offered by the gentleman from Maryland (Mr. Gude), as it violates clause 2, rule XXI, which states in part that:

> No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law . . .

Mr. Chairman, the amendment offered by the gentleman from Maryland (Mr. Gude) specifically provides for the allocation of funds for the Valley Forge National Historical Park. There is no authorization for the Valley Forge National Historical Park.

The CHAIRMAN. Does the gentleman from Maryland wish to be recognized on the point of order?

Mr. GUDE. I do, Mr. Chairman.

Mr. Chairman, the amendment reads that the money will be allocated to the Park Service. The fact that a part of it would be available for the Valley Forge Park I do not feel works to the entire amendment being out of order.

Mr. TAYLOR of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from North Carolina (Mr. Taylor).

Mr. TAYLOR of North Carolina. I thank the gentleman for yielding.

Mr. Chairman, I think the gentleman is correct in stating that the authorization for Valley Forge National Historical Park has not yet become law. It has passed the House. In all probability, it shall become law. The act provides for the transfer to take place as of the beginning of the fiscal year 1977. We wanted the State of Pennsylvania to operate it under this law. The fact is that we are going to have to have more personnel in order to have this park. Are we just going to have to take them away from other parks and spread the existing personnel more thin? They are too thin now.

Mr. YATES. Mr. Chairman, I insist upon my point of order.

I cite, additionally, the following language:

> Delaying the availability of an appropriation pending enactment of an authorization does not protect the item of appropriation against a point of order under this clause.

The CHAIRMAN. A point of order has been interposed against the amendment offered by the gentleman from Maryland (Mr. Gude).

The amendment offered by the gentleman from Maryland contemplates in its own language that there has been no authorization which has become law and, inasmuch as the point of order must be sustained to that part of it, under Deschler's chapter 26, section 8.1, it would apply to the entire amendment. The Chair must sustain the point of order raised by the gentleman from Illinois (Mr. Yates).

The Clerk will read.

The Clerk read as follows:

PLANNING AND CONSTRUCTION

> For construction, improvements, repair or replacement of physical facilities, without regard to the Act of August 24, 1912, as amended (16 U.S.C. 451); the acquisition of water rights; expenses necessary for investigation and studies to determine suitability of areas to be included in the National Park System, the designation of wilderness areas, and the management of water resources; the preparation of plans for existing and proposed park and recreation areas; provisions of technical assistance to other Federal agencies, and to States and private institutions in the planning, development, and operation of landmarks, parks, and recreation areas; and for financial or other assistance in planning, development, or operation of areas as authorized by law or pursuant to agreements with other Federal agencies, States, or private institutions, including not to exceed $235,000 for the Roosevelt Campobello International Park Commission, $37,228,000, to remain available until expended: *Provided,* That $2,060,000 shall be available for obligation only upon the enactment into law of authorizing legislation providing for the acquisition of locomotives and related facilities at the Golden Spike National Historic Site.

AMENDMENT OFFERED BY MR. WHITE

Mr. WHITE. Mr. Chairman, I offer an amendment

The Clerk read as follows:

> Amendment offered by Mr. White: Page 10, line 24, immediately after "Site." insert the following new sentence: "Of the amount appropriated under this section, $111,000 shall be available for the payment of obligations outstanding on the date of enactment of this Act which were incurred in the development of the Chamizal National Memorial in the State of Texas.".

Mr. WHITE. Mr. Chairman, the purpose of this amendment is to earmark $111,000 out of National Park Service $28 million in planning and construction appropriations in order to pay off a Park Service debt to Dick Miller & Sons, contractors.

The work was completed by Dick Miller & Sons on the construction of a visitor center at the Chamizal National Memorial.

The outstanding claim became overdue in December 1974 and arose from ambiguities in the plans and specifications prepared by the Interior Department which required additional construction. The claim was agreed upon—in favor of Dick Miller & Sons in July 1974, but payment was never made. Authorization level for Chamizal was spent.

Two departmental mistakes resulted in the debt: Ambiguities in the original contract and the National Park Service contracted with no funds to pay since at that time there were no authorizations.

There has now been an authorization specifically earmarking $111,000 contained in House report accompanying the National Park authorizations (H.R. 13713). This bill passed the House earlier this month.

The departmental report on the National Park Service authorization (H.R. 13713) is favorable and also specifically mentioned the $111,000 outstanding debt.

The contractor has already waited patiently for 1½ years for payment. Slow payment creates a financial hardship on small businesses entering into governmental contracts.

If payment is not made with the fiscal year 1977 appropriation, the Department says the contractor will have to wait another year for payment in fiscal year 1978 appropriation.

This is a legitimate claim for real and justified services completed well over a year ago. Payment is not a matter of "if" but "when".

In the Appropriations Committee there is a letter from the Park Service verifying the need to settle this claim immediately.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the gentleman has been very kind and has discussed this amendment with both of us. We think it has raised a valid point, and we are willing to accept the amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, the gentleman has discussed his amendment with the Members on this side. The amendment in our opinion is a valid and workable one, and we are willing to accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. WHITE).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read the bill.

Mr. YATES (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there points of order against the remainder of the bill? The Chair hears none.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

PLANT AND CAPITAL EQUIPMENT, FOSSIL FUELS

For expenses of the Administration, as authorized by law, in connection with the purchase and construction of plant and the acquisition of capital equipment and other expenses incidental thereto necessary in carrying out the purposes of the Energy Reorganization Act of 1974, including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion: $57,220,000, to remain available until expended: *Provided*, That the amount appropriated in any other appropriation act for "Plan and capital equipment" for the Energy Research and Development Administration for the fiscal year ending September 30, 1977, shall be merged with this appropriation: *Provided further*, That the funds made available under this head shall be available for obligation only upon the enactment into law of H.R. 13350, Ninety-Fourth Congress, or similar legislation.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: On page 36, line 6, before the words "to remain available" insert the following: "and an additional $10,000,000, all".

Mr. HECHLER of West Virginia. Mr. Chairman, my amendment to H.R. 14231 is cosponsored by the chairman of our Committee on Science and Technology, Mr. TEAGUE, and the ranking minority member, Mr. MOSHER, and the ranking minority member of the Subcommittee on Energy Research, Development and Demonstration (Fossil Fuels) which I chair, Congressman ALPHONZO BELL. It is also cosponsored by 27 other Members, who are: Representatives ALEXANDER, AMBRO, BLOUIN, BROWN of California, CARTER, DINGELL, DODD, ECKHARDT, EMERY, HARKIN, HAYES of Indiana, HUBBARD, KRUEGER, LLOYD, of California, LLOYD of Tennessee, McCORMACK, MYERS of Pennsylvania, OTTINGER, PEPPER, PERKINS, PRESSLER, SLACK, THORNTON, WAXMAN, WINN, WIRTH, and WRIGHT.

NATURE OF THE AMENDMENT

My amendment adds $10 million to H.R. 14231 in order for ERDA to begin work on the construction of a second high Btu coal gasification demonstration plant and a second low Btu coal gasification demonstration plant. Both plants will utilize advanced technology. Both will be cost-shared with industry on a 50–50 basis. Both will be built under ERDA's Nonnuclear Energy R. & D. Act of 1974.

BACKGROUND

These two additional plants were authorized by the House on May 20, 1976 as part of the ERDA authorization bill (H.R. 13350) for fiscal year 1977 as follows:

(B) Project 77–1–b for a high Btu pipeline gas demonstration plant (which is estimated to cost a total of $500,000,000, including the non-Federal share of such cost) is authorized. The amount authorized for such plant is $10,000,000.

(C) Project 77–1–c for fuel gas low Btu demonstration plant (which is estimated to cost a total of $380,000,000, including the non-Federal share of such cost), is authorized. The amount authorized for such plant is $5,000,000.

Incidentally, the Senate also authorized these plants in S. 3105, which will be considered by the full Senate soon.

THE APPROPRIATION COMMITTEE'S BILL

The funding under plant and capital equipment, fossil fuels, in H.R. 14231, of $57,220,000 includes funding for the two coal gasification demonstration plants authorized in fiscal year 1976. The explanation contained in the report of the Appropriations Committee on the Interior bill, House Report 94–1218—page 44—states that the appropriation will provide for the following projects:

Capital equipment not related to construction: fossil energy development	$1,020,000
Capital equipment not related to construction: conservation research and development	2,000,000
Modifications and additions to energy research centers	6,900,000
Clean boiler fuel demonstration plant	30,000,000
High Btu synthetic pipeline gas demonstration plant	10,000,000
Low Btu fuel gas demonstration plant	7,300,000
Total	57,220,000

A high Btu plant is funded for $10,000,000 and a low Btu plant for $7,300,000.

As a matter of interest, two alternate design awards for the one high Btu demonstration plant which will be funded by this bill were announced yesterday by ERDA.

As you can see, the committee did not provide any funds for the two plants authorized by the House on May 20, 1976, and by the Senate Interior Committee on May 14, 1976.

REASONS FOR TWO PLANTS

A. Industry interest.

One of the compelling reasons for these plants is the very good industry response to the two demonstration plant requests for proposals offered by ERDA after the authorization of last year. For the high Btu demonstration plant, five firms responded:

Conoco Coal Development Company, Stamford, Connecticut 06904: Noble County, Ohio.

Illinois Coal Gasification Group, Chicago, Illinois 60603: Perry County, Illinois.

Ken-Tex Energy Corporation, Owensboro, Kentucky 42301: Owensboro, Kentucky.

Wheelabrator-Frye, Incorporated, Birmingham, Alabama 35201: Gadsden, Alabama.

Wycoalgas Group, Texaco, Inc.): New York, New York 10017: Powder River Basin, Johnson, Wyoming.

The request for proposals was distributed to industrial firms and others in October 1975 as part of ERDA's continuing program to advance the technology of coal conversion from the pilot plant stage to the demonstration level. Such a plant, built and operated over an 8-year period on a cost-sharing basis, would supply data for scale up to commercial-sized plants producing gas from coal and/or lignite.

For the low Btu or fuel gas demonstration plant, 14 firms responded. These proposals are grouped as follows:

Utility, five proposals; Industrial, four proposals (above 500 tons/day); Small users, five proposals (200–500 tons/day).

These responses indicate very clearly that industry is keenly interested in the cost-shared coal demonstration plant program. These responses are more than adequate for making two awards each for the demonstration of high Btu and of low Btu technology.

The time saved is significant. ERDA estimates that 18 months would be saved over the time required to initiate another procurement cycle which would scan if they had to wait until any fiscal year 1978 appropriation.

B. Technology-Processes.

As a result of ERDA's accelerated research efforts, several new and promising processes for coal gasification have been developed through the pilot stage. The next stage prior to commercialization is the demonstration stage.

Two of the processes, for example, selected by ERDA for the design of a high Btu plant are:

Conoco: Noble County, Ohio, Fixed bed slagging gasifier. The technology is the result of work done at the Bureau of Mines plant at Grand Forks, North Dakota, and Conoco development efforts in conjunction with British Gas at the Westfield, Scotland facility. The technology is primarily American.

The objective is to determine how far the process can go in using caking coals.

Illinois Coal Gasification Group: Perry County, Illinois. Based on COED process developed by U.S. Government. Liquids and char are produced and the char is put through the Cogas process (privately developed by FMC). It will provide approximately two-thirds gas and one-third liquids.

The objective is to use all ranks and types of coal.

STUDY BY COMMITTEE ON SCIENCE AND TECHNOLOGY

The Appropriations Committee's report stresses on page 43:

> It is important that a mechanism be established to have at least one commercial size plant built in the U.S. by 1982 to serve as a cost bench-mark for production of synthetic fuels.

Our subcommittee, in connection with the ERDA authorization hearings for fiscal year 1977, went into this issue in great detail. We noted that last year Congress authorized one demonstration plant for high Btu gasification and one for low Btu gasification and asked ERDA about the risks associated with the building of only one plant. ERDA quite candidly replied that:

> If several plants were built, each based on a different technology, the chances of the overall success would be enhanced.

In addition, the plants could be considered one against another in terms of cost, scheduling, and performance.

SECOND GENERATION VERSUS FIRST GENERATION TECHNOLOGY

The principal objectives of ERDA are, according to ERDA, to design a system "that has a higher level of reliability" and "higher efficiency in converting coal to combustible gas, a lower investment cost per unit of gas produced, and use of a wider variety of coals, particularly the caking coals of the East." ERDA estimates that this second generation technology could result in a 20 percent improvement in costs. On this one ERDA official testified:

> If you take a commercial plant that produces 250 standard cubic foot a day, let me make arithmetic simple and with some concessions, assume that the gas produced would cost $4.
>
> That means daily revenue of this plant is $1 million. The yearly revenue is $300 million, $350 million, assuming it has a pretty good on-stream factor.
>
> If one can improve the efficiency of a plant whose revenues is $350 million a year by 10 percent, assuming everything else is about the same, one saves $35 million a year per plant. That is a significant saving.
>
> * * * * *
>
> Over a twenty year lifetime, that is a lot of money. Over an industry giving birth to a synthetic fuels industry, it is highly significant.

SIZE OF PLANTS

These plants will be large, but not commercial size. They will probably use between 2,000 and 3,000 tons of coal per day. They will use technology that was begun in the 1960's and accelerated in 1971 when five pilot plants were approved for funding with the AGA.

BUDGET IMPACT

The amendment to increase the plant and capital appropriation for fossil energy by $10 million is well within the Budget Act allocation made by the House Appropriations Committee for the matters contained within the jurisdiction of the Subcommittee on Interior.

The allocation of budget totals by the Committee on Appropriations which are contained in House Report 94–1190 on page 6 list the total for budget authority of $6,714,407,000. The total amount contained in the bill being considered today is $5,589 million, according to the summary of the bill contained on page 5 of the committee report, House Report 94–1218. The difference between these two numbers is $1,125 million, which is the amount below the allocation. I can only assume that this amount is left untouched at the moment because of the possibility of additional appropriations in a supplemental bill.

Therefore the $10 million addition is less than one-hundredth of this amount.

If we wait to find these two plants in the next budget cycle, we will be encouraging delay in the program. If we fund them now ERDA will be able to demonstrate the technology in parallel and move toward the goal of commercialization by 1982 called for by the Appropriations Committee in its report.

HIGH BTU SYNTHETIC PIPELINE GAS

An RFP for the high Btu synthetic pipeline gas demonstration plant was issued on October 7, 1975. Contract awards were announced yesterday to two firms for the design phase: Conoco Coal Development Co. and Illinois Coal Gasification Group for phase I. Five firms responded to the October 1975 ERDA request for proposals, and four of these proposals were for Eastern coal use.

The decision to select one of the two firms for phases II and III will be made following partial or total completion of phase I.

Phase I includes both preliminary conceptual design for a commercial process and a demonstration plant for that process, and final engineering design for the demonstration plant.

Phase II includes plant construction and all supporting activities, equipment purchase, et cetera.

Phase III includes operation of the plant and final process evaluation.

A number of alternative processes could be utilized to produce high Btu synthetic pipeline gas to supplement the Nation's natural gas supply. The two conceptual designs announced yesterday will aid in the selection of one promising process for producing synthetic pipeline gas. Conceptual design efforts will provide the basis for selecting a combination of coal pretreatment methods, coal feed equipment, reactor configuration and conditions, process heat supply, and a methanation process to optimize conversion efficiency and minimize product cost.

In order to maximize the data output of this effort, it is expected that designs will explore the feasibility of a fluid bed gasifier, an entrained bed gasifier or an agglomerating ash gasifier. Significant differences in the physical characteristics of eastern and western coals may limit application of a candidate process to conversion of coal of only one region. Therefore, demonstration of more than one process is desirable.

LOW BTU FUEL GAS

Gasifiers for fuel gas show distinct commercial possibilities, not only for conventional electric power generation, but also as an eventual source of energy input to advanced power systems such as combined-cycle—gas-steam turbine—systems which would have industrial applications.

ERDA has received 14 proposals in response to their request for proposal (RFP) E(49–18)–2043. This program is directed toward converting coal to clean fuel gas and using this gas in commercial applications. The utility and the industrial projects require the use of second generation gasification technology, not presently in commercial use. All these projects provide that the Energy Research and Development Administration—ERDA—will cost-share the gasification step and reasonable modifications for utilization of the gas.

The proposals are grouped as follows: Utility, 5 proposals; industrial, 4 proposals (above 500 tons/day); small users, 5 proposals (200–500 tons/day).

While several conceptual design awards can be made with at least one in each category, ERDA has authority and appropriations to begin construction of only one demonstration plant, the low Btu fuel gas demonstration plan planned for utility use.

Additional opportunities exist for the use of low Btu gasifiers in the manufacturing segments of the economy. Therefore, there are compelling reasons for constructing two plants, one for utility needs and the second primarily focusing on the manufacturing segment. It is felt that differences in the economic and design requirements warrant the construction of two separate facilities.

In recognition of this fact, the House recently authorized a second low Btu fuel gas demonstration plant when it passed ERDA's fiscal year 1977 authorization bill on May 20 by a vote of 316 to 26. The Senate has reported out their fiscal year 1977 ERDA authorization bill. They have included specific authorization for a second low Btu fuel gas plant.

I include the following:

TWO FIRMS SELECTED TO NEGOTIATE CONTRACTS FOR DESIGN OF HIGH-BTU GAS DEMO PLANT

Two firms have been selected to negotiate contracts for the design of an advanced demonstration plant to convert coal to pipeline quality gas. Dr. Robert C. Seamans, Jr., Administrator of the Energy Research and Development Administration (ERDA) announced the selections today following four months of evaluations.

The firms selected are:

CONOCO Coal Development Company, Stamford, Conn., 06904.

Illinois Coal Gasification Group, Chicago, Ill. 60603.

In announcing the selection, Dr. Seamans said, "ERDA believes the establishment of a national synthetic fuel capability is essential to the Nation's energy future. Since the Nation's natural gas supply is being rapidly depleted, the selection of these firms for contract negotiation marks a key step in efforts to assure the availability of synthetic gas to heat the homes and support the industries of the late 1980s."

Dr. Seamans added, "Since a number of processes have shown promise and because of the high quality of the proposals submitted to ERDA, I feel it is in the best interests of the demonstration program to consider multiple awards. This arrangement will provide more flexibility in determining the process best suited for scale up to commercial-size plants."

The negotiated contracts would begin the first phase, termed "Phase One", of a projected 8-year design, construction and operation program. Demonstration plants designed and built under this program will use advanced, or so-called "second-generation", technologies to convert coal into clean-burning, high-Btu synthetic gas that could be fed directly into the Nation's pipelines. ("First-generation" technology originated in Germany shortly before World War II although improvements have been incorporated into the systems since that time.)

The demonstration level is the last step in the research and development process prior to the construction of commercial-size plants. Although many times larger than existing "pilot plants", the largest of the proposed demonstration plants to be built under this program will produce only up to one-fourh the amount of gas that would be produced by the full-size commercial plant.

"At the present time," Dr. Seamans noted, "the United States does not yet have even one full-scale coal gasification plant. The Congress is presently considering a proposal which would enable industry to build first-of-a-kind, commercial-size synthetic fuel plants. The pipeline-quality gas demonstration program will help lay the groundwork for the follow-on plants with hopefully-improved technological advances."

The "Phase One" design of the demonstration plants, which will be totally funded by ERDA, is expected to take approximately 20 months and will include the conceptual design and evaluation of a commercial plant, demonstration plant process design, demonstration plant engineering design, site evaluation, an environmental analysis, and final design of the demonstration plant. Each "Phase One" design is estimated to cost approximately $20 million.

Subsequent construction and initial operation will be funded equally by the contractors and ERDA. Projected costs of the completed demonstration plants vary among the proposals, $2 hundred and $4 hundred million, depending on the size and process.

The three-phase program will be administered by the Division of Fossil Demonstration Plants under ERDA's Assistant Administrator for Fossil Energy.

Today's selection comes eight months after ERDA issued requests for proposals. Five industrial teams submitted proposals.

Here follows the text of the letter which I received today from the Administrator of ERDA:

Energy Research and
Development Administration,
Washington, D.C., June 25, 1976.

Hon. Ken Hechler,
Chairman, Subcommittee on Energy Research, Development and Demonstration, Committee on Science and Technology, House of Representatives.

Dear Mr. Chairman: This is in response to your request to me regarding the relative advantages of proceeding with the two additional demonstration plants, a second high-Btu pipeline gas and a second fuel gas low-Btu gasification demonstration plant, as provided for in H.R. 13350. As I have previously testified, ERDA planned to proceed with the second high-Btu pipeline gas and fuel gas demonstration plants in the FY 1978 budget. Funding in FY 1977 would accelerate the construction awards for these plants and thus accelerate the demonstration plant program.

A Request for Proposal for a High-Btu Synthetic Pipeline Gas Demonstration Plant was issued on October 7, 1975. Five proposals were received and two firms have been selected for the design phase. Multiple awards, we feel, provide the necessary flexibility to determine the process best suited for scale-up to commercial size plants. While two conceptual design awards were made, ERDA has authority and appropriations to begin construction of only one plant. However, pipeline gas can be produced by a number of alternate processes which are of interest to both pipeline and distribution companies. Moreover, it is clear that the probability of program success is enhanced by the construction and operation of more than one plant, each featuring a different coal conversion process.

Similarly, a Request for Proposal for a Fuel Gas Demonstration Plant was issued on January 14, 1976, and fourteen proposals were received for review and evaluations have begun. This project as authorized comprises developing the design concept, constructing and operating a demonstration plant furnishing clean fuel gas to an electric utility. A utility partner will be chosen for the demonstration plant based in part on the economic promise of the process. However, additional opportunities exist for the use of low-Btu gasifiers for industrial purposes. Therefore, there is an advantage in constructing two plants, one for utility need and the second primarily focusing on the industrial user. It is felt that differences in the economic and design requirements warrant the construction of two separate facilities. We plan to utilize multiple awards for conceptual design, but again have authorization and appropriations to proceed with only one plant.

In addition to the advantages outlined above there are other advantages to be gained by providing the flexibility to proceed with more than one demonstration plant at this time for the fuel gas and pipeline technologies:

a. A multiple approach increases the probability of a successful demonstration.

b. Multiple awards under the current procurements will reduce, by 12 to 18 months, the delay that would be required to recompute and then evaluate the proposals received.

c. Proceeding with more than one plant provides the opportunity to demonstrate technical, economic, and environmental feasibility for different coals in different regions of the country.

d. Multiple plants provide significantly more information on scaling factors, reducing the risk and time required for similar efforts with follow-on technology, and

e. The prospects for early commercialization are greatly increased if more than one approach is successfully demonstrated since the demonstration plants could be operational in the early 1980's.

The current legislation before Congress authorizes two high-Btu demonstration plants and two low-Btu demonstration plants. However, the prospect is that funds will be appropriated for only one plant in each category. Appropriations in FY 1977 for one additional demonstration plant in each category would provide added flexibility to the program for construction award in advance of FY 1978.

Sincerely,
James L. Liverman,
Acting Administrator.
(For Robert C. Seamans, Jr., Administrator).

Mr. Chairman, my amendment will add $10 million for the purpose of constructing two new demonstration plants for coal gasification, one a low Btu gasification plant and the other a high Btu gasification plant. Both plants will utilize advanced technology, and both will be cost shared with industry on a 50–50 basis.

Mr. Chairman, these two additional plants which will be funded under my amendment were authorized by the House of Representatives. They were authorized by the House on May 20, 1976, as part of the ERDA authorization bill, whilch is being voted on today in the Senate.

The major reason why these two demonstration plants for coal gasification are necessary is to speed up by 12 to 18 months the future commercialization of coal gasification.

Mr. Chairman, I have just received a letter from the Administrator of ERDA which contains very strong arguments in support of proceeding full speed with these two new coal gasification demonstration plants. If we do not fund them in this appropriation bill, ERDA indicates it will have to wait until fiscal year 1978 when it will come up and ask for funds for these two coal gasification plants. The Administrator says in his letter—

> Funding in fiscal 1977 would accelerate the construction awards for these plants and thus accelerate the demonstration plant program.

An indication of high industry interest in both high Btu and low Btu coal gasification demonstration plants is the fact that five proposals were received and two firms were just selected yesterday afternoon under the high Btu program.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I thank the gentleman for yielding.

I am just curious about the effect of the gentleman's amendment on the synthetic fuels bill which is coming up and how the two perhaps are interrelated.

Mr. HECHLER of West Virginia. Mr. Chairman, I do not believe there would be any necessarily close relationship between the two different programs, I would advise my friend, the gentleman from Colorado, because these are demonstration plants rather than loan guarantee commercializations.

Mr. JOHNSON of Colorado. But under the synthetic fuels program, assuming the bill does pass, ERDA will be administering millions of dollars worth of loans to get these very coal gasification plants going. Are these overlapping programs?

Mr. HECHLER of West Virginia. These are not overlapping programs, I would advise my friend, the gentleman from Colorado. We have both pilot plants and demonstration plants underway in the coal gasification area under a 50–50 formula, cost sharing with private industry.

This would merely speed up the demonstration of new technology, advanced technology, rather than using old technology under the program the gentleman is mentioning.

Mr. JOHNSON of Colorado. Mr. Chairman, I thank the gentleman for his explanation.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, I thank the distinguished gentleman from West Virginia (Mr. Hechler) for yielding.

I rise in strong support of his amendment. I feel it is much needed. We must get on with the gasification of coal in order to assure industry throughout this country of an adequate supply. Just this past year, there were many curtailments in Kentucky, Ohio, North Carolina and throughout our country.

This amendment, as I understand it, would permit gasification within 12 to 18 months to get on with the job; and I think it is very necessary to get into this so that we can be dependent upon ourselves and so that our interests can continue as they have in the past.

Mr. Chairman, I thank my good friend for yielding.

Mr. THORNTON. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virgina. I yield to the gentleman from Arkansas.

Mr. THORNTON. Mr. Chairman, I thank the gentleman for yielding.

I rise in strong support of this amendment.

It seems to me that it is necessary to proceed at the same time with the development of new technology through a vigorous program of construction of demonstration plants, while at the same time we move forward with existing technologies in order to develop the commercialization of synthetic fuels. Both actions are necessary if this Nation is to replace its diminishing resources of gas and liquid fuels.

The CHAIRMAN. The time of the gentleman from West Virginia (Mr. Hechler) has expired.

(On request of Mr. Thornton and by unanimous consent, Mr. Hechler of West Virginia was allowed to proceed for 3 additional minutes.)

Mr. THORNTON. Mr. Chairman, will the gentleman yield further?

Mr. HECHLER of West Virginia. I yield to the gentleman from Arkansas.

Mr. THORNTON. To continue, Mr. Chairman, the cost of the program is small compared to its benefits.

I therefore rise in strong support of the amendment.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Chairman, I rise in support of the amendment of the gentleman from West Virginia (Mr. Hechler).

I think it is important for us to understand that probably the toughest job this Nation has between now and the end of the century is expanding our coal production to the level to which we must expand it. We must assume that we are going to have to triple our coal production between now and the end of the century; and that by the end of the century probably as much as a quarter of all of the coal mined must be converted to clean fuel, so that it will be safe to use in places where it would not be safe to use otherwise.

Mr. Chairman, there are only two places in which our energy program is lagging today. Those are in fossil fuel research, development and demonstration, essentially in coal, and in the energy conservation program.

Subsequently, I shall submit an amendment relative to energy conservation. However, I want to point out that these are the two areas in which we have been lagging.

Mr. Chairman, the Heckler amendment is intended to fund an important project which has been authorized after considerable study. Demonstration projects are required for synthetic fuels, in spite of the fact that we may subsequently—and I hope we do—have a loan guarantee for privately funded demonstration plants.

I think it is essential to get this program moving. It is a very small step compared to the benefit derived from it. The future stability of this Nation depends upon having adequate energy.

Mr. Chairman, by the year 2000, about 30 percent of our energy must be from coal, and it must be clean and safe to use. We must make coal safe and the Heckler amendment is a step in this direction.

Mr. HECHLER of West Virginia. Mr. Chairman, I thank the gentleman from Washington (Mr. McCormack), who is so knowledgeable on this subject since he is chairman of the Subcommittee on Energy Research, Development, and Demonstration of the Committee on Science and Technology.

Mr. MOTTL. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Ohio.

Mr. MOTTL. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from West Virginia (Mr. Hechler) and with those of the gentleman from Washington (Mr. McCormack); and I want to compliment the gentleman from West Virginia for offering this very important amendment.

I certainly entreat my colleagues in the committee to vote favorably for the amendment.

Mr. HECHLER of West Virginia. Mr. Chairman, continuing with the letter from the Administrator of ERDA, Dr. Seamans says the following:

> Multiple plants provide significantly more information on scaling factors, reducing the risk and time required for similar efforts with follow-on technology, and
>
> The prospects for early commercialization are greatly increased if more than one approach is successfully demonstrated since the demonstration plants could be operational in the early 1980's.

For all of these reasons, Mr. Chairman, I think it is essential that we should consider these two plants this year. They are already authorized. It is essential that we move forward quickly in order to meet the energy crisis.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. Hechler of West Virginia was allowed to proceed for 1 additional minute.)

Mr. HECHLER of West Virginia. Mr. Chairman, I now yield to my friend, the gentleman from Colorado (Mr. Wirth).

Mr. WIRTH. Mr. Chairman, I thank the gentleman from West Virginia for yielding to me.

Mr. Chairman, I want to associate myself with the position of the gentleman from West Virginia (Mr. Hechler) and to compliment him on the amendment he has offered which I also believe will supplement very nicely whatever synthetic fuel program does come out of the various committees that have jurisdiction.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Ohio.

Mr. REGULA. Mr. Chairman, I would ask the gentleman from West Virginia if the gentleman has any figures on the run-out cost of these projects? So often we start out by saying it will cost $5 or $10 million and we do not look down the road as to the total cost cover a period of time with regard to such a project.

I wonder if the gentleman from West Virginia has any such figures?

Mr. HECHLER of West Virginia. Mr. Chairman, I do have the figures. It is estimated these plants will cost approximately $300 to $400 million apiece, of which cost private industry's contribution will be 50 percent. Therefore the total cost could run perhaps $400 million apiece.

Mr. REGULA. Would the gentleman yield further for a question?

Mr. HECHLER of West Virginia. I yield further to the gentleman from Ohio.

Mr. REGULA. Mr. Chairman, would the gentleman from West Virginia then agree that in voting for his amendment we are in effect committing the taxpayers to $200 million?

Mr. HECHLER of West Virginia. Mr. Chairman, that is correct so far as each plant is concerned. The total cost of the two plants to the taxpayers would amount to approximately $400 million in total. I think that this is one of the most essential areas, I would advise my friend, the gentleman from Ohio, in meeting the energy crisis. This type of investment will pay rich dividends in terms of coal gasification.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from West Virginia (Mr. Hechler).

Mr. Chairman, I ask unanimous consent that all time on this amendment and all amendments thereto end in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The gentleman from Illinois (Mr. Yates) will be recognized for 5 minutes, and the time of the other Members who were standing when the time limitation was agreed to will have their time allocated subsequently.

The Chair recognizes the gentleman from Illinois (Mr. Yates).

Mr. YATES. Mr. Chairman, I invite the attention of the committee to the table of appropriations for ERDA which appears on page 41 of our report. The members of the committee will note that the request for approprations for operation expenses of ERDA total $493,230,000.

The committee recommended appropriations for ERDA for almost that entire amount. It cut that appropriation by less than 1 percent. In fact, ERDA received virtually everything that it had requested from the committee.

The Committee is very much aware of the importance of ERDA's research programs. That was why it granted almost the entire amount that had been requested of the Committee.

The Committee allowance provides funds for the two gasification demonstration plants.

The gentleman from Ohio (Mr. Regula) made a very cogent point when he asked what the ultimate cost of the plants was going to be.

Mr. Chairman, I spoke to Dr. White, who is the Assistant Administrator of ERDA for Fossil Fuels and asked what the cost of the plants was going to be. He agreed with the gentleman from West Virginia. He said the cost would vary between $300 and $500 million. There is a possibility of spending an additional $1 billion over the next 5 years for the construction of the two plants that are the subject of the gentleman's amendment.

There is now in this bill the initial cost, for two plants of the kind that the gentleman wants to build that are going to cost $1 billion over the next 5 years. The gentleman's amendment would double that expenditure. I point out to the Committee that, yet, we would like to have this kind of expenditure. Energy is important. It is essential that we get on with coal gasification and coal liquefaction plants. It is essential that we get on with the technology of oil shale. It is essential that we develop solar energy and all the forms of energy.

The question is how much can we afford at the present time? The Committee believes that taking all of the programs that appear in this bill, programs for which the Committee has gone about $161 million over the budget, before substracting $110,000,000 for the strategic petroleum reserve, our recommendation is a reasonable one. We would like to go over the budget for more programs because these are very desirable.

The American people are flooding the parks. We need more personnel for the parks. We need more facilities. Yet the Committee believed that we just could not afford to put the money for all of these essential requirements into the bill at this time. That is the basis for the objection of the Commitee to the amendment offered by the gentleman from West Virginia.

The subject matter of the amendment is important. These plants will have to be built at some time in the future; there is no question about that. But the Committee believes that at this time we cannot afford it.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MYERS).

Mr. **MYERS** of Pennsylvania. Mr. Chairman, I rise in strong support of the amendment. I think it is important to point out that the costs of the program do seem large, but given the energy situation we now face, where in the Northeast many industrial complexes face nearly a 60-percent cutback from 1972 levels of natural gas usage, it is not very difficult to see that growth is going to be limited in the very near future.

Mr. Chairman, this amendment adds $10 million to a total appropriation of $5,589,000,000. Such an addition is well within the budget resolution and therefore is one which those of us who support sound fiscal policy can consider on its merits. Furthermore, when the merits of this amendment are considered the amount is more than justified. This amendment will appropriate funds for two new demonstration plants for ERDA to demonstrate new methods of coal gasification technologies. These additional plants were carefully considered by the authorizing committee, the Science and Technology Committee, and were included in their authorization. Therefore, the House should be consistent with its previous votes on the ERDA budget and approve the $10 million amendment to initiate these plants.

This amendment will provide a second high Btu coal gasification demonstration plant and a second low Btu coal gasification demonstration plant for ERDA. The present bill, H.R. 14231, contains appropriations for both a low and high Btu demonstration plant already. Some Members may then question why two additional plants are needed when we are already proceeding with two plants.

The answer is that this demonstration program is very important because it is the last step in the research and development process before these new energy technologies are ready for commercialization. In order to assure the success of the demonstration program we cannot afford to gamble on just one technology in both low and high Btu coal gasification. If the one demonstration plant should prove unsuccessful, then we will be in the undesirable position of having nothing else to rely on. By adopting two parallel projects, we are almost assuring that in the 8 years that ERDA estimates will be required to complete the program, we will have a commercially attractive technology for the Nation in both low and high Btu gasification technology.

There are many projects in ERDA which are available to choose from for both low- and high-Btu gasification demonstration technologies. ERDA now has six different technologies which could be candidates for high-Btu gasification: Bigas, Hygas, CO_2 acceptor process, self-agglomerating ash, synthane, and hydrane. In low-Btu gasification there are five possibilities that ERDA is now pursuing that could be further developed: Two-stage fluidized bed, entrained-bed atmospheric, combined cycle—utility, combined cycle—industrial, and the Hydrogen PDU. In addition, industry has several technologies and modifications of technologies which it has developed.

Furthermore, industry is in full support of this program. ERDA has received five responses to an RFP which it issued for one high-Btu gasification plant. Of these it has just announced that it has chosen two companies to do the phase I design of a high-Btu coal gasification demonstration plant. For low-Btu coal gasification, ERDA has received 14 responses to an RFP for a single plant.

In conclusion, I wish to point out that the report of the Appropriations Committee states that it hopes that the demonstration program will achieve commercialization by 1982. ERDA's first high-Btu coal gasification demonstration program will take 8 years, which will push the time frame back to 1984–85. With these long leadtimes, we do not have time to wait. I urge you to support the Hechler amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. CARTER).

Mr. CARTER. Mr. Chairman, I strongly support this amendment. We must get on with coal gasification. Our future energy supplies depend upon coal, and this is just a small amount of money, relatively so, $10 million—not nearly as much as we would spend in other areas. The gentleman from Illinois knows that quite well. We are spending huge amounts of money overseas. Why not use it here at home where we need it and supply gas which industry needs?

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia (Mr. HECHLER).

Mr. **HECHLER** of West Virginia. Mr. Chairman, I think the chairman of the subcommittee gave the most eloquent argument in support of my amendment when he said that these plants are going to have to be built in the future anyway.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Illinois.

Mr. YATES. I thank the gentleman for yielding.

I must confess the gentleman from Illinois made a mistake in his earlier remarks. He used the word "will" instead of "may." It should have been conditional rather than absolute.

Mr. HECHLER of West Virginia. If the energy crisis is to be met, these plants will have to be built, and it is going to cost considerably more because of inflation in the future. Time is of the essence. We must act now or suffer the consequences of delay.

On page 6 of the committee report the allocation of budget totals lists a total budget authority of $6,714,000,000 for this bill, and the total amount contained in the bill being considered is only $5,589,000,000. Very strong and eloquent arguments by the Administrator of ERDA as to the necessity of moving forward immediately in funding for fiscal year 1977 and accelerating construction needs. It is important that we vote these funds today.

(By unanimous consent, Mr. REGULA yielded his time to Mr. McDADE.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. McDADE).

Mr. McDADE. Mr. Chairman, I rise in opposition to this amendment that the gentleman from West Virginia has offered. The letter the gentleman quotes from today, and he ought to be aware of it, is a billion dollar letter. Based on this letter he wants us to take action.

I talked to the people at ERDA today and asked what the run out costs would be if we started this program and the answer is $1 billion.

We have not had a hearing on even $1 of the $10 million in our committee. The Members have charged us with the responsibility of overseeing some of this energy program. In response to that if the Members will look at the bill they will find two gasification plants included. Today we are going to vote and commit our taxpayers to $1 billion to do that. Also there is $300 million for a liquefaction plant which we have had hearings on and we have discussed with people at ERDA, on which at least we have done our job as an appropriations committee and we have said:

> How are you going to spend this money and what are you going to spend it on?

If I have ever seen a proposal that is not orderly, this is it. You are being asked to vote for $1 billion on the strength of a letter. I hope and I recommend that we vote against it.

(By unanimous consent, Mr. DUNCAN of Oregon yielded his time to Mr. McKAY.)

The CHAIRMAN. The Chair recognizes the gentleman from Utah (Mr. McKAY).

Mr. McKAY. Mr. Chairman, I yield

to the gentleman from Illinois (Mr. Yates).

Mr. YATES. Mr. Chairman, I merely wish to reiterate what I said in my statement to the gentleman from West Virginia, that I should have said "may" instead of "will".

I hope we vote down this amendment and get on with this job.

Mr. McKAY. Mr. Chairman, it is true we must get on with this job but this amendment will not do that. Dr. Hill, who knows as much about coal research as anyone in this country has told me that one of the problems is that we have to move quickly to the final demonstration phase. Until we do, no matter how many intermediate projects we have, we still do not have any benefits from the program. We have too many intermediate procedures and steps. We will still have some problems to work out in the final stage, but why can't we get on to the final stage and not waste more of our time and money in this intermediate phase? It is a waste of the taxpayers money.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from West Virginia (Mr. Hechler).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. HECHLER of West Virginia. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from West Virginia (Mr. Hechler) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. STEIGER OF WISCONSIN

Mr. STEIGER of Wisconsin. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

INDIAN AFFAIRS

Bureau of Indian Affairs

OPERATION OF INDIAN PROGRAMS

> For expenses necessary to provide education and welfare services for Indians, either directly or in cooperation with States and other organizations, including payment (in advance or from date of admission), of care, tuition, assistance, and other expenses of Indians in boarding homes, institutions, or schools; grants and other assistance to needy Indians; maintenance of law and order, and payment of rewards for information or evidence concerning violations of law on Indian reservation lands, or treaty fishing rights, tribal use areas; management, development, improvement, and protection of resources and appurtenant facilities under the jurisdiction of the Bureau of Indian Affairs, including payment of irrigation assessments and charges; acquisition of water rights; advances for Indian industrial and business enterprises; operation of Indian arts and crafts shops and museums; development of Indian arts and crafts, as authorized by law; and for the general administration of the Bureau of Indian Affairs, including such expenses in field offices, $602,610,000, of which not to exceed $32,952,000 for assistance to public schools shall remain available for obligation until September 30, 1978; and includes expenses necessary to carry out the provisions of sections 8 and 19(a) of Public Law 93–531, $2,040,000 to remain available until expended, of which not more than $250,000 shall be available for payments pursuant to section 8(e) of said Act: *Provided*, That the Secretary of the Interior is directed, upon the request of any tribe, to enter into a contract or contracts with any tribal organization of any such tribe for the provision of law enforcement, if such contract proposal meets the criteria established by Public Law 93–638.

The Clerk read as follows:

> Amendment offered by Mr. Steiger of Wisconsin: Page 18, line 1, after "1978" insert: "(*Provided, however,* That no Indian tribe, tribal organization, or State education agency having a contract for educational services with the Secretary of the Interior under title I of the Indian Self-Determination and Education Assistance Act shall receive an amount under such contract during the fiscal year ending September 30, 1977, which is less than 90 per centum of the amount received under such contract during the fiscal year ending June 30, 1976, and the transitional quarter ending September 30, 1976)."

POINT OF ORDER

Mr. YATES. Mr. Chairman, regretfully I must make a point of order against this amendment as being legislation on an appropriation bill.

Mr. Chairman, I raise a point of order gainst the amendment offered by the gentleman of Wisconsin. Mr. Chairman, Mr. Steiger's amendment requires the Secretary of the Interior to enter into contracts in fiscal year 1977 for educational services which are not less than 90 percent of the amount received under contract in fiscal year 1976. This amendment changes existing law and is legislation on an appropriation bill.

Section 109 of title I of Public Law 93–638, the Indian Self Determination and Education Assistance Act allows the Secretary of Interior to cancel contracts when he determines that the Tribal organization's performance is not satisfactory. This amendment precludes the Secretary from cancelling any fiscal year 1976 contract and states they must be funded in fiscal year 1977 at not less than 90 percent of the fiscal year 1976 level.

The CHAIRMAN. Does the gentleman from Wisconsin wish to be heard on the point of order?

Mr. STEIGER of Wisconsin. I do, Mr. Chairman.

Mr. Chairman, the amendment is nothing more than a proviso which would restrict what would happen under the Johnson-O'Malley Act. It is similar in concept and in language to a provision that was in last year's appropriation bill, where a hold-harmless provision was, in fact, provided for very similar to this provision.

It does seem to me that when we attempt, as this does, simply to restrict within the framework of the Johnson-O'Malley Act and the framework of the funds under this bill, that it is not, in fact, legislation. It does not create any additional responsibility for the Bureau of Indian Affairs and is simply a clarification of what could happen when we go down this road.

Therefore, I would hope, Mr. Chairman, that in his heart the Chair would find it possible not to sustain the point of order.

The CHAIRMAN. The Chair is prepared to rule.

The point of order made by the gentleman from Illinois (Mr. Yates) that the amendment constitutes legislation on an appropriation bill appears to be well taken. The Chair has examined section 109 of Public Law 93–638.

The amendment definitely does not amount to a limitation of funds in the pending bill. It is legislation on an appropriation bill. The fact that it appeared in a prior appropriation act would not protect the amendment at this time by the gentleman from Illinois, and the Chair must sustain the point of order.

Mr. STEIGER of Wisconsin. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman I had hoped to offer the amendment which would allow a 1-year extension of the hold harmless clause which has been in effect for the past fiscal year. Regretfully, with the point of order, I cannot do so.

In my opinion, this amendment is necessary because the Indian tribes and the school districts are receiving a double blow from this appropriation bill's language. On page 26 of the report, the committee says that a total of $32,952,000 for Johnson-O'Malley moneys—funding which is to aid public schools which serve Indian children who live on or near a reservation—will be made available in fiscal 1977. The language also reads, however:

> The additional public school funds are to be distributed in accordance with the newly established formula.

Mr. Chairman, this new formula, which takes away funding from States which have a relatively high per capita expenditure per pupil, may indeed be more equitable than funding formulas in the past have been. But the Committee on Education and Labor, which now has jurisdiction over Indian education, has had no opportunity to study the matter and, in fact, were not kept informed of any pending change in the old formula until Indian tribes and Alaska natives in certain States such as Minnesota and Alaska began to complain that their funding would be cut substantially in fiscal 1977. My colleague, Representative Al Quie of Minnesota, tells me that the funding level in Minnesota is reduced from $890,000 in fiscal 1976 to $667,000 in fiscal 1977. In my State of Wisconsin, the funding level drops from $670,179 in fiscal year 1976 to $490,523 in fiscal year 1977. These cuts will do substantial damage to educational programs in the States which have been in line with the new policy of self-determination for Indian tribes, and particularly those programs in which Indian parent committees have been involved in working with the public school authorities to obtain more programs which are relevant to Indian needs.

These funding cuts result from several causes, and all of them combined threaten serious economic difficulties to the school districts in my State and others on which there are Indian reservations which serve a substantial number of Indian students in the public schools.

First. This year, those States which receive basic operating money under Johnson-O'Malley are cut back by one-third of their moneys, as called for under the new regulations.

Second. The new formula which has been put into effect by the Bureau of Indian Affairs, now allows the States to spend the State average or the national average expenditure, whichever is higher. This means that States, such as Minnesota and Wisconsin, with relatively high per capita expenditures, will lose money to those States having low per capita expenditures.

Third. The moneys in this bill for the Indian Education Act are being cut back by $17 million which also affects the school districts in many States which are receiving Johnson-O'Malley moneys. The Appropriations Committee cut the Office of Indian Education programs from $57 million in fiscal 1976 back to $40 million in fiscal 1977.

Fourth. The new BIA regs broaden the base of those who will be included in the count of youngsters to receive Johnson-O'Malley funding. The age has been lowered to 3 years, and Indians in California and New York, for instance, which have had no Federal land base are being counted—that is, under Johnson-O'Malley, federally recognized Indians who are living on or near a reservation. This is a State reservation in the case of New York, and the rancherias in California. This means that there are 50,000 more children which have been added to the JOM rolls. The increase is from 115,000 to 165,000 to be served.

Any one of these losses would be difficult enough for hard-pressed school districts, and these cuts means they are going to lose programs which are beginning to have the effect—because of the supplementary and innovative nature of many of the programs—of keeping potential dropouts in the schools and raising the test scores in many classes. The Chippewa Tribe of Minnesota has informed my colleague, AL QUIE, about their special use of the JOM supplementary money and the Indian Education Act supplementary money which they will lose, both of which are intended for special programs to meet the special needs of Indian children. These can be anything from special aides in the classes to guidance counselors and more parent involvement in the schools.

Everyone knows the appalling statistics involving Indian education. According to "A Study of Selected Socio-Economic Characteristics of Ethnic Minorities Based on the 1970 Census" Volume III, American Indians, and HEW Publication (05) 75-122:

> By 1970 55 percent of all Indians lived in rural areas. Thus, Indians remain the most rural group in the United States population. 48 percent of Indians have not gone beyond the elementary school level. Only 25 percent of rural families and 23 percent of rural males were high school graduates. 55 percent of the total United States population were high school graduates.
>
> 1.2 percent of rural Indian males and 1.1 percent of rural Indian females had completed four years of college or more, compared to 7.8 percent of the United States total population which had completed four years of college or more.
>
> In 1970, for rural Indian males the median schooling years was only 9.4 percent. For rural Indian females the median schooling years was 9.7 percent. The United States total years of median schooling is 12.1 percent

Mr. Chairman, there are 24 States receiving Johnson O'Malley funding, most of them have substantial rural areas in which Indians reside. Of these 24 States, under the new formula, only six gain money: California, Arizona, South Dakota, Oklahoma, Michigan, and Florida. I agree philosophically with the basic premise of the formula change—that the children in these States with low per capita expenditures should not be penalized, as they are now, by receiving less money. At the same time, I feel that the States which have made a strong effort in per pupil expenditures, and which stand to lose heavily this year from the multiple shock of the cuts in funding for Indian students under Johnson O'Malley and the Indian Education Act, should not at this time be called upon to absorb such cutbacks in this recession year.

These States are scheduled to lose money in fiscal year 1977:

	Received in fiscal year 1976	Projected to receive fiscal year 1977
New York	$781,000	$429,683
Alaska	5,684,000	4,366,508
Minnesota	890,000	667,500
Oregon	221,605	163,508
Wyoming	211,177	182,520
Wisconsin	670,179	490,523
Washington	1,217,840	869,505
Iowa	44,364	31,688
Montana	1,279,695	1,064,700
Nebraska	344,000	258,000
Colorado	292,000	219,000
Nevada	492,407	443,625
Kansas	102,000	76,500
New Mexico:		
Albuquerque area	1,647,500	1,235,625
Navajo	2,586,651	1,829,003
North Dakota	740 000	555,000
Utah:		
Navajo	252,545	189,409
Phoenix area	77,142	76,050
Idaho	485,000	363,750
Mississippi	15,000	11,250

If the Senate sustains the Appropriations Committee action in adding $5 million to Johnson O'Malley moneys, the effect of the cutbacks would not be so drastic as it is in some States. As of now these States may lose more than 25 percent of their 1976 allocations for Johnson O'Malley. However, I would feel better about the situation in my State and in others if we could permit this funding to be made at the 1976 level through fiscal year 1977.

AMENDMENT OFFERED BY MR. M'DADE

Mr. McDADE. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

FEDERAL ENERGY ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Federal Energy Administration established by Public Law 93-275, dated May 7, 1974, including hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent for the rate for grade GS-18; and not to exceed $2,000 for official reception and representation expenses, $145,298,000: *Provided*, That advances or repayments or transfers from the appropriation may be made to any department or agency for expenses of carrying out such activities: *Provided further*, That the funds made available under this head shall be available for obligation only upon the enactment into law of H.R. 12169, Ninety-Fourth Congress, or similar legislation: *Provided further*, That loan guarantees and obligation guarantees authorized by Public Law 94-163 shall not be made unless so authorized by limitations of outstanding obligational authority provided in future appropriation acts.

The Clerk read as follows:

Amendment offered by Mr. McDADE: Page 36, line 23, strike out "$145,298,000" and insert in lieu thereof "$148,458,000".

Mr. McDADE. Mr. Chairman, I shall not take 5 minutes.

This is an amendment that those of us on the subcommittee, who are responsible for the FEA budget, have discussed. It represents a small restoration representing about $3.1 million under their compliance program.

They have indicated to us that they need this money in order to be assured of performing their audit functions. We all agree that the audit functions must be performed in a timely and efficient way.

Mr. Chairman, I urge the adoption of the amendment.

Mr. YATES. Mr. Chairman, I move to strike the requisite number of words.

The gentleman from Pennsylvania and I have discussed this amendment at some lengths. I am inclined to accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. McDADE).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. M'CORMACK

Mr. McCORMACK. Mr. Chairman, I offer amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

(The portion of the bill to which the amendments relate is as follows:)

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

OPERATING EXPENSES, FOSSIL FUELS

For necessary operating expenses of the Administration in carrying out the purposes of the Energy Reorganization Act of 1974; hire, maintenance, and operation of aircraft; publication and dissemination of atomic and other energy information; purchase, repair, and cleaning of uniforms; reimbursement of the General Services Administration for security guard services; hire of passenger motor vehicles; $488,125,000 and any moneys (except sums received from the Strategic and Critical Materials Stockpiling Act, as amended, and fees received for tests or investigations under the Act of May 16, 1910, as amended (50 U.S.C. 98h; 30 U.S.C. 7)) received by the Energy Research and Development Administration notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484), to remain available until expended: *Provided*, That from this appropriation transfers of sums may be made to other agencies of the Government for performance of the work for which this appropriation is made: *Provided further*, That the amount appropriated in any other appropriation act for "Operating expenses" for the Energy Research and Development Administration for the fiscal year ending September 30, 1977, shall be merged with this appropriation: *Provided further*, That no part of the sum herein appropriated shall be used for the field testing of nuclear explosives in the recovery of oil and gas: *Provided further*, That the funds made available under this head shall be available for obligation only upon the enactment into law of H.R. 13350, Ninety-Fourth Congress, or similar legislation: *Provided further*, That none of the funds herein appropriated shall be used to implement or finance authorized price support or loan guarantee programs unless specific provision is made for such programs in future appropriation acts.

The Clerk read as follows:

Amendments offered by Mr. McCormack: Page 34, line 23, strike out "$488,125,000" and insert in lieu thereof "$544,275,000".

Page 35, line 19, after "appropriated" insert "for expenses related to fossil fuels".

Page 36, line 6, strike out "$57,220,000" and insert in lieu thereof $68,570,000".

The CHAIRMAN. The gentleman from Pennsylvania (Mr. McDade) reserves a point of order against the amendments.

Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, this amendment which I am submitting to the Interior appropriations bill will increase the total funding in the bill by $67.5 million for energy conservation programs in the Energy Research and Development Administration. It will bring the appropriation level up to that authorized by the House under H.R. 13350, which passed this House by a vote of 316 to 26 on May 20. In other words, the purpose of this amendment is to bring the appropriations bill to the same level as the authorization for energy conservation.

Mr. Chairman, I want to point out that the total ERDA authorization presented by the Committee on Science and Technology to this House under H.R. 13350 is in its entirety, including the funding levels of this amendment, within the House budget resolution.

The total authorization was broken into two parts. Part of it went to the Public Works Subcommittee which has already acted, and the other part goes to this subcommittee.

There are a number of conservation programs which would be funded by this amendment, and I want to assure the Members that they will not be just blindly spending money, and hoping something worthwhile will happen as a result.

The break-out by function is as follows:

BUILDINGS

Insulation.
Materials.
Methods of Construction.
Methods of Heating and Cooling.
Operating Procedures for Commercial Buildings.
Waste Heat Recovery.
Total Energy Systems—MIUS, Houston, Texas; ACES, Knoxville, Tennessee.
Municipal Waste Recycle Technology.
Studies: Life Cycle Costing, Performance Standards, More Efficient Appliance.

INDUSTRY (AND AGRICULTURE)

Heat Recovery Systems.
New Fertilizer Processes.
Blast Furnace Upgrading.
Aluminum Reduction Efficiency.
Low Temperature Turbines.

TRANSPORTATION

Electric Vehicle.
Automotive Research and Development.
Non-highway Transport Systems Alternating Fuels.
New Inventions and Concepts.

IMPROVED CONVERSION EFFICIENCY

Fuel Cells.
Bottoming and Topping Cycles.
Combustion Research.
Improved Component Reliability and Efficiency.
Heat Exchangers.
Materials Research and Development.
Recycling of Industrials Materials.

ENERGY EXTENSION SERVICE

Research and Development.
Information Services.

MUNICIPAL SOLID WASTE PRICE SUPPORTS

Ammonia.
Methane.
Others.

Mr. Chairman, it must be understood that energy conservation will require new and improved technologies, but it will also require the active participation of 220 million Americans in conscious and continuous programs to use energy more efficiently, and reduce our energy demand below what it otherwise would be, without sacrificing our standard of living. This conservation effort must be made a top priority for Americans. It has been so enunciated by the President, it has been so enunciated by the Energy Research and Development Administration, it has been so enunciated by the Congress, and it has been so enunciated by the Democratic Party in its 1976 platform.

For this reason, an energy conservation program must include a broad variety of research programs and also a mechanism for information dissemination, as well as public demonstrations on how energy can best be conserved.

The CHAIRMAN. The time of the gentleman from Washington (Mr. McCormack) has expired.

(By unanimous consent, Mr. McCormack was allowed to proceed for 1 additional minute.)

Mr. McCORMACK. Mr. Chairman, the energy conservation programs authorized by the Committee on Science and Technology and the House of Representatives are realistic. They are consistent with ERDA's management capabilities, and they are vital if we are going to save between 6 million and 8 million barrels of oil per day by 1985, or 14 million barrels per day, which is our target, by the year 2000.

I want to point out to the Members of this House that if we can save 14 million barrels of oil a day by the year 2000, we will be saving, at $12 a barrel, $61 billion a year, every year. So let us get this matter in perspective. What we are doing now is spending a comparitively small amount if we increase this appropriation bill by 1 percent, in order to save billions of dollars in the future.

But, Mr. Chairman, we must get started, and that is the reason for this amendment.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. McDade) desire to be heard on the point of order?

Mr. McDADE. Before that, Mr. Chairman, could I request that the Clerk report the McCormack amendments again, please.

The CHAIRMAN. The Clerk will rereport the amendments offered by the gentleman from Washington (Mr. McCormack).

The Clerk read as follows:

Amendments offered by Mr. McCormack: Page 34, line 23, strike out "$488,125,000" and insert in lieu thereof "$544,275,000".

Page 35, line 19, after "appropriated" insert "for expenses related to fossil fuels".

Page 36, line 6, strike out "$57,220,000" and insert in lieu thereof $68,570,000".

Mr. McDADE. Mr. Chairman, I withdraw the point of order.

Mr. LONG of Maryland. Mr. Chairman, I enthusiastically support the amendments of the gentleman from Washington (Mr. McCormack).

Energy conservation is one of the most important programs that we can support. It does no good to have abundant energy if we waste it, not just because we are wasting money, but also because such waste of energy is destructive of the environment.

Mr. Chairman, I think one of the worst things that could happen to this planet would be if we suddenly were to discover a source of energy which was so abundant that we did not even have to economize on it.

For example, such wasteful use of energy could result in a raising of the temperature of the Earth and the eventual melting of the polar icecaps, thus raising the ocean levels.

The vast majority of the people on this planet live within 300 feet of sea level; ultimately we could flood the places where most of the people live.

Mr. Chairman, I also support the amendments for other reasons.

The House version of the ERDA authorization bill includes language which would establish a program of light-capital, or appropriate, technology in ERDA; such technology is characterized by smallness of scale, relatively low cost, and an emphasis on the use and conservation of local resources. In the Senate version of the authorization bill, a new Office of Appropriate Technology would be established in ERDA's conservation branch.

Inasmuch as this amendment may assure adequate funding for programs involving light-capital technology, which—as the Appropriations Committee urges in its report—ought also be coordinated with ERDA's international programs, I urge that the amendment be passed.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Chairman, I rise in enthusiastic support of the McCormack amendments.

I think it is vital that we move forward on our conservation programs by the adoption of these amendments, and I strongly support them. We hear a lot of negative remarks concerning the inability of ERDA to spend more money in the conservation area. Most of this talk is dictated by OMB. I think it is about time we exercise congressional leadership and congressional initiative in this area. Let us do what is vital in the Nation's interest and put the priority emphasis on conservation where it belongs.

Mr. DODD. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from Connecticut.

Mr. DODD. Mr. Chairman, I rise in strong support of the amendment to H.R. 14231, the Interior appropriations bill, offered by the gentleman from Washington (Mr. McCormack).

It was just a few days ago, Mr. Chairman, that several House Members joined in a colloquy and eloquently stated the case for energy conservation.

I want to add my wholehearted support to this effort to increase our Nation's commitment to a comprehensive program of energy conservation. Without such a program, it is doubtful that America will be able to achieve energy self-sufficiency in the foreseecable future.

I can understand, Mr. Chairman, that the Appropriations Committee felt constrained by a desire to stay within an overall budgetary limit when it originally dealt with the funding of the energy conservation program.

We all must work to restrain Federal spending. However, I am concerned that we are perhaps being penny-wise and pound-foolish in this instance.

I submit that increased funding of the energy conservation program now is a good, sound investment for a stronger energy and economic future.

The McCormack amendment takes a vital step forward in this regard, by providing an additional $67.5 million to fund necessary research efforts over the entire spectrum of energy conservation programs.

Permit me now, to elaborate on the effects of this amendment on one important phase of conservation research, now being carried out by ERDA—the improved Conversion Efficiency program—ICE.

This conservation program was established to provide the technology necessary to make traditional energy conversion devices more efficient and develop new ones such as fuel cells, advanced turbine and combustion systems.

According to ERDA, if the ICE program is funded at the Science and Technology Committee Authorization level, energy savings derived from the program will reach 700,000 barrels of oil a day by 1985. This translates into a savings of about $2.5 billion a year for energy consumers.

At this point, Mr. Chairman, I will include for the Record, a chart which illustrates ERDA's estimates for energy and dollar savings through the improved conversion efficiency program by the year 1985:

Improved Converion Efficiency Program
EXPECTED ENERGY AND DOLLAR SAVINGS

Program, Energy Savings, Dollar Savings

Fuel Cells: 275,000 barrels per day; $1 billion.

Heat Utilization: 125,000 barrels per day; $460 million.

Advanced Cycles: 150,000 barrels per day; $550 million.

Combustion and Materials: 150,000 barrels per day; $550 million.

Total savings: 700,000 barrels per day; $2.560 billion.

This savings cannot be attained without the money made available by the McCormack amendment.

Out of the total $67.5 million sought in the amendment, $17.5 million will be allocated for the ICE program. The $17.5 million will be apportioned in this manner:

For the advanced cycles program to develop a turbine that operates longer than existing ones and will require less maintenance, $650,000. Turbines generate power for electricity and certain modes of transportation, such as jet airplanes.

Advance turbines, under a fully funded research program, will be commercially available by the early 1980's. Energy savings is expected to reach 150,000 barrels of oil a day by 1985.

One and a half million dollars will go for a heat utilization program to develop ways to use waste heat. Municipal utilities now using diesel engines to generate electricity will eventually be able to achieve 30 percent greater efficiency with heat utilization technology. Energy savings coming from this program alone is expected to reach 125,000 barrels a day by 1985.

Eight and a half million dollars will go for construction of a combustion research center at ERDA's laboratories outside San Francicso. Specially designed laboratories are required for this research, which will evenutally affect the way in which we now use 95 percent of our fossil fuels.

Advanced combustion technology will mean more efficient automotive combustion systems and more efficient heating systems for industrial and home use. If fully funded, this program could bring a savings of $550 million a year for consumers.

Finally, $6 million in the McCormack amendment will go to fuel cell development, which ERDA believes offers the greatest potential in energy savings of all the programs in the ICE sector.

The fuel cell, now ready for demonstration on a limited basis, is a method through which fossil fuels are converted to electricity and hot water used in heating. The fuel cell will be 80 percent more efficient than gas turbines now used by many electric utilities.

In addition, the fuel cell is environmentally safe and clean, and has flexible siting capability.

Negotiations by ERDA with a proposed contractor were completed earlier this week for the initiation of a 4.8 megawatt demonstration project. ERDA will allocate $10 million in fiscal year 1977 for this project.

Research and development work also is now being conducted in various places across the country. For instance, ERDA has contracted with Englehard Industries of New Jersey, Argonne National Laboratories in Illinois, Stanford Research Institute in California, and United Technologies in my own State of Connecticut.

The funding level recommended by the Appropriations Committee would jeopardize this research, and drastically slow down fuel cell development and reduce the benefits to be derived by the public.

Full funding under the McCormack amendment, however, would mean an estimated savings of 275,000 barrels of oil a day by 1985 through an advanced fuel cell program, and a $1 billion a year savings in electric costs for consumers.

There is no doubt, Mr. Chairman, that the proposed increase in funds for the Improved Conversion Efficiency program will result directly in greater energy savings.

The McCormack amendment will permit ERDA to expand existing ICE research, initiate demonstration projects, and establish a Combustion Research Center.

I believe the choice before us today is a clear and simple one.

We can choose to fund conservation research at a bare minimum level, and postpone energy self-sufficiency indefinitely.

Or we can commit ourselves to a national effort to cut domestic energy use and to increase energy-use efficiency.

I urge my colleagues to reject the former course of action and support the McCormack amendment as an essential element in achieving our national energy objectives.

Mr. DRINAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong and enthusiastic support of the amendment offered by the gentleman from Washington (Mr. McCormack), which would increase the appropriation for ERDA energy conservation programs from $73.2 to $140.7 million in fiscal year 1977. If our congressional commitment to conserve energy is to remain more than empty rhetoric, and if the President is to be held accountable to his repeated pledges to foster energy conservation, then it is not too much to expect the House to restore these essential ERDA programs to their full level of authorization. With Federal research and development obligations in this area currently limited to between 4 and 5 percent of our overall energy R. & D. budget, it is imperative that we express our unified support for the McCormack amendment, and our assurance to the American people that national energy conservation programs will become something more than a drop in the fiscal bucket.

Our current national energy situation—however calm at the surface—may not be taken lightly. With American energy demand growing at a rate which will literally double consumption in the next 25 years, and low-cost fossil fuel supplies probably unavailable in such a large quantity, the time for affirmative political action is long overdue.

In response to this need, the Energy Research and Development Administration included energy conservation as a highest national priority in its 1976 National Plan for Energy R.D. & D. Despite this affirmation, the Executive Office of Management and Budget saw fit to recommend only $73.2 million for conservation programs, out of a total ERDA budget of more than $2 billion. In light of ERDA's proposed mandate for a positive policy which especially includes the reduction of unnecessary waste in energy consumption, it is hard to see how providing $29 of new energy research for every $1 of conservation R. & D. is a constructive approach in pursuing such a national objective.

Conservation, Mr. Chairman, is more than a political catchword. A discussion last Monday with my colleagues on the House floor evidenced the extension economic potential of energy conservation if emphasized as a matter of national priority. A commitment to efficient energy use could significantly reduce short-term growth in our energy demand, without any need to sacrifice either economic growth or our level of employment. As soon as the Federal Government accepts this fact—in part, through the enactment of this amendment—the closer we will be to achieving stable, planned energy use in the United States.

I have to acknowledge more than a passing interest in the passage of the amendment offered by my distinguished colleague. The bill reflects many of the objectives of the Industrial Energy Conservation Act, H.R. 8494, which I sponsored more than 14 months ago. The extensive cosponsorship received by this bill—78 Members to date—has convinced me that there is a growing constituency of House Members genuinely committed to the passage of energy conservation legislation in this session of Congress. It is my hope and expectation that this responsible, but affirmative attitude toward efficient energy use will be fully reflected in the vote before us today.

I am especially encouraged by a provision in the McCormack amendment which provides $11.3 million in capital outlays for the demonstration of energy-efficient technologies. My legislative work in the industrial energy sector combined with typical American apprehensiveness toward the economic viability of conservation, have convinced me of the compelling need to demonstrate that commitment to energy-efficiency in our industry does not have to be at the expense of employment. Though even additional outlays in this area are still a matter of importance, and will subsequently be considered in the Omnibus Energy Conservation Act, H.R. 14205, this appropriation increase will mark a critical first step in appreciating the genuine potential of advanced conservation technologies.

The remaining funding increase contained in this amendment—$56.1 million for ongoing research and development programs—will also have a significant effect in hastening the development of energy-efficiency technology. The increase, though small when compared to the entire ERDA budget, highlights the fact that even a very modest level of investment in conservation R. & D. will have a lasting impact on the rate and efficiency of our national energy use. In view of both the careful evaluation and $140 million recommendation by the Science and Technology Committee, and the fact that prudent investment in conservation is consistently more productive than equivalent investment in new energy, it is indeed hard to believe that the current administration can reconcile the growing rhetoric of conservation with such a meager fiscal commitment to conservation R.D. & D. It is high time that the Congress recognize the reasoned judgment of the Science and Technology Committee, and make the modest funding increase necessary to bring ERDA conservation programs up to their full level of authorization.

It is easy to underestimate the significance of the vote before us, Mr. Chairman, but when it comes to developing the potential of energy conservation, $67 million can and will have a genuine and immediate impact. I praise my colleague from Washington for bringing this matter to the floor, and urge the adoptment of this amendment as a clear expression of congressional commitment to energy conservation in the United States.

Mr. YATES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, the last 5 minutes to be reserved to me.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. DRINAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. YATES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto end in 15 minutes, the last 5 minutes to be reserved to me.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. DRINAN. I object.

The Chairman. Objection is heard.

Mr. YATES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes, the last 5 minutes to be reserved to me.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous consent request was granted will be recognized for 1 minute each.

The Chair recognizes the gentleman from Washington (Mr. PRITCHARD).

Mr. PRITCHARD. Mr. Chairman, everybody talks about conservation of energy. Today we cannot make a real step in that direction. We have a project in Seattle and are willing to put the money up for it. It is going to change garbage into fertilizer, something that is very simple and that is needed in the world today. We can do it at one-third of the present price of ammonia, but we cannot get long-term contracts. Therefore, we cannot sell the bonds.

We are not asking the Federal Government to come in and give us the money, but we are asking that they come in and guarantee the price.

In this bill, the McCormack amendment allows us to move ahead on our project, a pilot project for the United States, which will change garbage into ammonia. We think it is one that is absolutely necessary for the conservation of energy.

Mr. Chairman, I support the McCormack amendment and urge all Members to support it.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Utah (Mr. MCKAY).

(By unanimous consent, Mr. DUNCAN of Oregon yielded his time to Mr. MCKAY.)

Mr. McKAY. Mr. Chairman, I would like to make one or two points. One is that in the testimony before the committee—and I refer to page 443 of the hearings, part 5—Secretary Seamons indicated to the committee, and I will have to paraphrase it because of time, that they felt they could not reasonably obligate more than what was requested of $73 million. That is nearly a doubling of their appropriation from the previous year, of which nearly $21 million is still unobligated at this point.

I also refer the Members to the statement of the gentleman from Washington when he in his bill was making an argument against some of the amendments to double and triple the solar energy authorization, in which he says:

> We in the Congress may not have heard the last of this, and if the Energy Research and Development Administration is forced to spend the money at the expense of doing constructive and meaningful research and development, what will the people have gained?

He makes one or two statements in that regard. In light of the statement of the Secretary, Dr. Seamans, who has to administer this program, where he tells us he cannot effectively obligate more than the committee has provided, it seems to me we ought to keep within the recommendation of the committee.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. McKAY. I yield to the gentleman from Washington.

Mr. McCORMACK. I thank the gentleman for yielding.

I want to say to the gentleman we have here the Comptroller's report dated June 17. It shows the total funds appropriated last year of $38.2 million for the Interior Subcommittee, $37.4 million of which had been obligated or spent. That is about 90 percent.

Mr. McKAY. That was not the report we had given to the committee by the agency.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. KRUEGER).

Mr. KRUEGER. Mr. Chairman, I think it is important clearly that this Nation increase its own energy-productive capacity. We must do that. But it is equally important that we take the opportunity to enlarge our understanding of conservation. Currently we find that 42 percent of the Nation's energy is used in the industrial sector. The FEA estimates that very substantial savings in total energy consumption could be made by offering assistance to the industrial sector of our society in energy conservation. In fact, the FEA estimates are that by 1981 we could decrease our industrial use of energy by some 20 percent.

This unfortunately is the justification for our now undertaking additional funds for energy conservation. It will take Government initiative in this area to get people to conserve. Without this conservation we are going to become increasingly dependent on the OPEC nations.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. SCHEUER).

Mr. SCHEUER. Mr. Speaker, I rise in support of the amendment offered by the gentleman from Washington (Mr. McCORMACK). This amendment would increase the appropriations level for the end-use energy conservation programs of the Energy Research and Development Administration—ERDA—from $73.2 million currently in the bill to $140.7 million, in accordance with the ERDA authorizations passed by the House on May 19, of this year.

The inadequate $73.2 million funding level is identical to that contained in the administration's proposed budget and thus takes into consideration neither the action of the House on the ERDA authorizations nor the national plan for energy research, development, and demonstration—ERDA 76-1. In that plan, ERDA ranked energy conservation technology as having the highest priority for national action.

In fact, just this past Monday, June 21, over 20 Members of the House participated in special orders organized by Congressman DRINAN on the need for energy conservation. It is clear that we could save between 40 and 50 percent of the energy we consume if we employed proper conservation technologies.

Sweden, West Germany, and Switzerland are our industrial counterparts in Europe and have approximately the same per capita GNP as the United States. Yet these nations consume 40 percent less energy per capita than we.

We can and must work toward equal savings if we are to achieve energy independence, and Mr. McCORMACK's amendment is a firm step in that direction.

At the time of the ERDA authorizations, I offered an amendment which would earmark $8.65 million to ERDA's Office of Waste Systems Utilization, which is charged with developing technologies for recovering energy in the form of oil and gas from the Nation's solid wastes. That amendment was overwhelmingly adopted by voice vote.

For the past 30 years, we have taken the easy route in disposing of our solid wastes by dumping wastes on "sanitary land fills" and by burning. The time for such simplistic and environmentally unsound answers has ended. We have found that "sanitary land fills" are clearly misnamed. In reality, they leach pollutants into our ground water supplies, thus contaminating the source of fresh water. They also contaminate our wetlands, and in so doing destroy the breeding grounds for fish, crustaceans, and other aquatic life.

This destruction of our environment is unpardonable, especially when vast amounts of energy can be retrieved through the implementation of proper conservation technologies. Energy can be recovered from solid waste in two ways. First, processed solid waste can be used as a fuel. Second, materials recovered from solid waste—for example, aluminum, iron, steel, copper, and zinc—can be recycled into usable products at an energy cost far lower than the cost associated with the use of virgin materials in production.

The total savings from a national solid waste program—the sum of energy conversion and resource recovery—would be 500 million barrels of oil a year, or 1.37 million barrels of oil a day.

ERDA has already developed some technologies for recovering the metals, oil, and gas which are the components of solid waste, and ERDA is presently researching new and better technologies. But if ERDA is to continue developing such technologies it needs more funds.

I, therefore, urge my colleagues to support the amendment to the Interior appropriations bill offered by Mr. McCORMACK.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I rise in support of the McCormack amendment. This amendment would increase by $67.5 million the appropriation level for energy conservation programs in the Energy Research and Development Administration.

This increase is necessary to restore the funding level recommended by the House Science and Technology Committee and already approved by the House for energy conservation activities in H.R. 13350.

As a member of the Energy Research, Development and Demonstration Subcommittee of the House Science Committee, I can assure my colleagues that the funding level recommended is based upon considerable and persuasive evidence presented to the committee by ERDA. The evidence strongly indicates the need for a vigorous program to improve the efficiency of energy use in transportation, buildings, and industry. An effective program can save billions of dollars annually in the cost of imported oil.

Many members of the committee and their staffs worked very closely with ERDA branch chiefs throughout the hearings and markup sessions. We were able to determine the potential energy savings that could be expected from each subprogram of ERDA's conservation program. We were then able to determine, precisely, the commitment in funds and resources for each subprogram which was necessary to continue present efforts and begin the new initiatives required to achieve the goals which were established. These were not easy decisions to arrive at, and in most cases the individual increases we recommended in the various subprograms were not as high as the funding levels initially proposed by the various branch chiefs.

In spite of the careful and painstaking review with which the Science Committee considered ERDA's energy conservation programs, the Appropriations Committee has virtually ignored these efforts and has approved a funding level for ERDA's conservation programs which restores only a fraction of the increase recommended by the Science Committee.

To give you an illustration of how our subcommittee reached final decisions on the various subprograms, let me briefly describe the justification which I submitted to the subcommittee on one single subprogram—the buildings conservation performance standards.

In this particular category ERDA had requested $7.5 million in budget authority for fiscal year 1977. The figure was reduced to $1.25 million in the President's proposed budget to Congress.

When we asked ERDA how this proposed reduction would affect its performance standards program, they stated that the President's allowance would not enable them to meet the schedule mandated by H.R. 8650, the Building Energy Conservation Standards Act of 1975, which has now passed both the House and Senate. As my colleagues know, this bill is aimed at establishing a national energy conservation standard to be followed in the construction of new buildings by 1979.

Do you know what it would mean if we are unable to maintain the timetable required by H.R. 8650? It would mean that we could not achieve the estimated savings of 280,000 barrels of oil per day equivalent which ERDA believes we could have by 1980. Nor could we achieve cumulative savings through 1985 of 900,000 barrels.

Further examination of the breakdown of contributions to energy savings in buildings conservation revealed that the establishment of these performance standards was expected to provide the single major contribution in total potential savings from the buildings conservation program—400,000 to 520,000 barrels of oil per day equivalent by 1985.

We also learned that the timetable mandated by H.R. 8650 was important for several other reasons. First, many States now appear to have an interest in adopting the Energy Conservation and New Buildings Design" standard developed by the National Bureau of Standards and the American Society of Heating, Refrigerating, and Air Conditioning Engineers. Several States now have authority to regulate utilization of energy through design and construction of new buildings and are anxious to adopt this standard, or subsequent national standards, as a basis for regulations in the future.

Second, a recent energy and economic impact study of this standard by Arthur D. Little, Inc., revealed that besides achieving an average reduction in annual energy consumption from 10 to 60 percent for residences and office buildings, the initial construction cost of those buildings modified under the standard are less than those of conventional buildings. The unit savings range from 4 to 94 cents per square foot. Thus, adoption of a buildings conservation standard may also represent a very attractive investment for the homeowner as well as potential reduction in fuel cost.

Finally we know that the American Institute of Architects has estimated that a 15-year effort to make all the country's buildings energy efficient—by insulating, installing solar panels and high efficiency air-conditioners—could save nearly 12.5 million barrels of oil per day, or roughly twice as much as our present daily import.

The testimony and evidence was, therefore, most persuasive on the need to increase expenditures for this program. With its full request, ERDA could go forward with the necessary research and development in critical areas affecting cost impacts, institutional constraints, and analytical techniques. The increase finally recommended by our committee would insure that the timetable established by H.R. 8650 is met and that these other critical areas are fully examined and developed so that we can realize the substantial savings in dollars and fuel ERDA believes can be achieved by 1985.

I hope this illustration of the thoroughness with which we considered ERDA's conservation programs will convince my colleagues that the McCormack amendment increasing the appropriation for ERDA's conservation programs to the level approved earlier by the House is fully justified and should, therefore, be supported.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas (Mr. THORNTON).

Mr. THORNTON. Mr. Chairman, energy conservation is an area which has been neglected by the administration and which needs to be strengthened by the Congress of the United States.

An ERDA study submitted to our committee indicated 42 percent of this Nation's energy use could be affected by a strong outreach program of energy conservation. A saving of 15 percent might be achieved in that segment by an effective Energy Extension Service. That saving if realized would equal the oil supply of the Alaskan pipeline at a fragment of the cost.

It is time that the Congress provide the leadership to develop energy conservation techniques which have been neglected. During 1975, our Nation saved by energy conservation only 1 percent of its energy use. That to me is deplorable. I think we need to support the amendment offered by the gentleman from Washington (Mr. MCCORMACK) and move this Nation forward to a strong conservation ethic, to go along with an accelerated development of energy production. Good intentions must be matched by positive action. It is the duty of this Congress to demonstrate to the public and to the administration that a commitment to energy conservation is in the national interest in every aspect of the phrase. That opportunity is before us now.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER of Massachusetts. Mr. Chairman, I rise in support of the amendment by my distinguished colleague from Washington State, and urge its approval.

The central fact of the worldwide energy crisis makes it impossible for us to advance at a snail's pace in developing new sources of energy and in implementing much-needed conservation programs. The solution to our energy crisis requires us to look at every aspect of modern life, not only to determine the quality of our life in the future, but to see if there will be life in the future.

That statement is not designed as a scare tactic to frighten Members of Congress into voting a larger appropriation for ERDA's program. It is the statement of the very real prospects we face in the future if we fail to take action today.

The day will come, my colleagues, when the bells which summon us to this Chamber will no longer ring; the machine which records our votes on the Nation's business will no longer function. There will come a day when the energy powered devices which sustain our life on this planet will cease operation.

This is not the story line from a science fiction novel. This is the very real possibility which faces us in the not-too-distant future.

Let us act while we still have the opportunity to correct our disharmony with nature; to partially restore the balance which we have destroyed in our rush for a better life; a life which is threatened with extinction, because it cannot be supported by the remaining energy resources of this much-abused planets of ours.

The chronic crisis and the acute manifestations which will be our future for as long as our energy supply lasts have created a whole new environment. I ask you to join me in funding constructive programs toward innovative solutions which do not, in themselves, contain greater problems than they were meant to solve.

A prime example of these innovative programs is one that is currently being studied and developed at the Natick Research and Development Center at Natick, Mass. The project is aimed at converting cellulose waste material into glucose sugar which can be used as a source of food, fuel, and chemicals. In the last 4 months, the enzyme production rate has been quadrupled, and the time required in the breakdown process of producing sugars has been cut in half. They are making outstanding progress in the development of this new alternative energy source, but in order to continue this important work they are dependent on funds from the Energy Research Development Administration—funds which would be made available if this amendment is approved.

Can we use our intelligence and tools in our own best interests and the best interests of all the people of the world or will we continue in the same pattern which has brought us to the edge?

I pray we will not.

I urge approval of the McCormack amendment and funding of these vital ERDA programs.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Chairman, this amendment is another example that we follow too often in Government programs; namely, that more is better. If $1 spent is good, spend two or spend four and it follows that a program is two or four times better.

The evidence presented in the committee disproves this theory.

I think the amount provided in the committee bill is a responsible amount in view of the projects underway and in view of the skilled people available to implement conservation research.

The other thing that seems to be ignored, or at least is an assumption in the amendment, is that only the Government is going to be able to accomplish conservation. We are ignoring the fact that the economics of the marketplace will stimulate a substantial amount of conservation research and conservation development, simply because it will pay dividends. For example, it will pay to have our houses better insulated for it will lower heating bills.

It seems to me what the committee has tried to do is to provide for a responsible expenditure by the Government for research in the field of conservation. I would also point out that the bill provides $34.4 million to the FEA for conservation and environment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MCDADE).

Mr. McDADE. Mr. Chairman, I rise in opposition to this amendment.

I think that the issue here is not energy conservation. The issue is how much of the taxpayers' dollar do we want to commit to a program to try to see that it is efficiently run?

Now, this is a new program. This is almost a brandnew shop. For the fiscal year 1976 that we are in, we appropriated $41 million to this program. All of us did, and in this bill we have got in front of us, there is another $72 million in a brandnew program. That is almost a doubling of the budget in 1 single fiscal year. Therefore, it is awfully important to say, what did they do with the money we gave them, with the taxpayers' funds we gave them last year?

They have only been able to obligate about half of it. They have only been able to get out in the field some $20 million out of the $40 million we appropriated for them, as of the end of May. That is the current figure. It seems to me what we want to do is proceed with this in an orderly fashion and in a way that we can assure efficiency and not squander our taxpayers' dollars.

(By unanimous consent, Mr. HECHLER of West Virginia yielded his time to Mr. MCCORMACK.)

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. MCCORMACK.)

Mr. McCORMACK. Mr. Chairman, I thank the gentleman from West Virginia for yielding his time to me.

Mr. Chairman, I just want to make one point. Now, the gentleman from Pennsylvania (Mr. MCDADE) just now made a point that ERDA did not spend the funds that were appropriated last year.

I have in my hand, and I have extra copies here, of a controller's report dated June 17 which shows that out of an appropriation of $38.2 million, they have spent or obligated $37.4 million and they have plans for spending the rest. To say they have not spent the money, no matter how sincere the statement of the gentleman from Pennsylvania (Mr. McDade) may be, is incorrect. They have spent or obligated almost everything they have, and they would spend more this year if they had it.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, I am sure the gentleman from Utah, who gave us the figures, would confirm this.

I want to assure the gentleman from Washington that I have given figures that were submitted to the Committee on Appropriations from the budget office of ERDA. They are not pulled out of thin air. They are the figures submitted by ERDA at the request of our staff, asking them what have they obligated of the money we gave them in the last year. They are not our figures. They are ERDA's figures.

Mr. McCORMACK. Mr. Chairman, I appreciate the gentleman's comments. I do not challenge the gentleman's integrity or figures or those of anyone else.

The report I have here is dated June 17. It shows the commitment and shows the figures I have read. I simply want to make that point.

We will hear that we do not need this money, that we are "busting the budget." The figures submitted by the Committee on Science and Technology are within the House budget resolution. If the Interior Subcommittee feels constrained to cut or hold this conservation program down because of other appropriations, I simply suggest this would be the wrong approach.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. Yates), the chairman of the subcommittee, for 5 minutes to conclude debate on this amendment.

Mr. YATES. Mr. Chairman, let me first commend the gentleman from Washington (Mr. McCormack) for the outstanding leadership he has given to energy programs in the United States. He is one of the outstanding experts of the House of Representatives in this field. I want to commend all the other Members who rose to speak in favor of this amendment.

The purpose of the amendment is a valid one. The committee agrees with what the gentleman from Washington (Mr. McCormack) wants to do, and also with what the gentleman from Arkansas (Mr. Thornton), the gentleman from New York (Mr. Scheuer), and the gentlewoman from Massachusetts (Mrs. Heckler) want to do. These are things we want as well.

It is much easier, we concede, to get additional Btu's, the additional energy in the short term, through conservation than it is to construct the kinds of plants that the gentleman from West Virginia (Mr. Hechler) wants to build for coal gasification. The benefits from those plants are in the future. We have to wait some time for those benefits.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Chairman, I am in favor of conservation above production.

Mr. YATES. Good for the gentleman. So are all of us, may I say to the gentleman. We know the importance of conservation, and we want to give ERDA the money which will enable it to do the job.

Incidentally, the gentleman from Washington (Mr. McCormack) talks of our cutting the budget. We did not cut this budget; we gave ERDA every dime it wanted. There was not a dime we cut for conservation because we, too, recognize the importance of it.

But, follow with me the findings of the committee as they appear in our report. I am sure the Committee on Science and Technology also found these same things. I read from page 41 of the report:

> The is greatly concerned that ERDA has been unable to efficiently and expeditiously obligate funds appropriated in prior years. In the fossil fuel program alone, the unobligated balance at the end of March, 1976, was $322,000,000. Of the $491,000,000 available in fiscal year 1976, only $169,700,000 have been obligated in this period. The Committee questions whether additional funds should be made available when the contracting problem appears so difficult. Testimony before the Committee has revealed that much of the problem results from ERDA using contract review procedures which ERDA inherited from the Office of Coal Research, the Atomic Energy Commission, the Bureau of Mines, and the National Aeronautics and Space Administration.
>
> The Committee believes that ERDA should give special attention to these problems, making every effort to simplify the procedures. If ERDA improves its procedures, the Committee will be glad to consider additional appropriations for fossil fuel research in a supplemental appropriation bill.
>
> With respect to the conservation research and development program, the Committee notes that the program has almost doubled from fiscal year 1976 to fiscal year 1977. The 1976 appropriation was $38,190,000, and the recommended amount for fiscal year 1977 is $71,200,000.

We gave them the entire amount that had been approved. Now, continuing:

> The conservation program also evidences the same heavy paper problems in contract review that have been discussed previously with respect to the fossil fuel program. Of the $41,200,000 available in fiscal year 1976, only $15,400,000 has been obligated through the end of March, 1976.

The gentleman from Washington (Mr. McCormack) comes in now and shows us a report which shows that they have dumped money into contracts in the last month. Listen to the attitude of the committee on this:

> The Committee believes that the energy conservation research program is vital but the testimony before the Committee indicates that ERDA has still to formulate a well-conceived, long-range program. It is true that the program has only been in operation for one year on an accelerated basis but it is time progress was made. The Committee is aware that the authorization for conservation research programs will exceed the budget request substantially when it is finally enacted. However, the Committee believes that if additional appropriations are needed, they can be considered in a supplemental appropriation bill.

Mr. Chairman, I point out that this committee has acted upon the basis of the evidence which was presented to this committee. I urge defeat of this amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Washington (Mr. McCormack).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. McCORMACK. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Washington (Mr. McCormack) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 170, noes 157, not voting 104, as follows:

[Roll No. 461]

AYES—170

Adams
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N. Dak.
Aspin
Badillo
Baldus
Beard, R.I.
Bedell
Bell
Bingham
Blanchard
Blouin
Boggs
Bonker
Brademas
Breaux
Breckinridge
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Carr
Chisholm
Clausen, Don H.
Cleveland
Cohen
Collins, Ill.
Conte
Corman
Cornell
D'Amours
Davis
Dellums
Derwinski
Dodd
Downey, N.Y.
Drinan
Duncan, Tenn.
du Pont
Early
Eilberg
Emery
Fenwick
Fish
Fisher
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Frey
Fuqua
Gilman
Goldwater
Gonzalez
Green
Gude
Hamilton
Hannaford
Harkin
Harrington
Harris
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Holtzman
Howard
Howe
Hubbard
Jeffords
Jones, Ala.
Jordan
Kasten
Kastenmeier
Kazen
Koch
Krueger
Lagomarsino
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.

McCloskey
McCormack
McKinney
Maguire
Meeds
Mezvinsky
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Moore
Moorhead, Pa.
Mosher
Myers, Pa.
Neal
Nolan
Nowak
Oberstar
O'Neill
Ottinger
Pattison, N.Y.
Patterson, Calif.
Perkins
Pettis
Pickle
Pressler
Preyer
Pritchard
Rangel
Reuss
Rhodes
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Roybal
Ruppe
Russo
St Germain
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Smith, Iowa
Solarz
Spellman
Staggers
Stokes
Studds
Talcott
Thone
Thornton
Traxler
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Whalen
White
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Young, Alaska
Young, Ga.
Young, Tex.
Lundine
McDonald
McEwen
McHugh
Matsunaga
Melcher
Metcalfe
Meyner
Michel
Mikva
Milford
Mottl
Murphy, N.Y.
Nichols
Nix
O'Hara
Passman
Pepper
Peyser
Quie
Quillen
Randall
Rees
Richmond
Riegle
Risenhoover
Roberts
Ryan
Schneebeli
Sisk
Slack
Snyder
Spence
Steed
Steelman
Steiger, Ariz.
Stephens
Stratton
Stuckey
Sullivan
Symington
Symms
Teague
Thompson
Udall
Weaver
Whitehurst

NOES—157

Abdnor
Andrews, N.C.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Baucus
Bauman
Bennett
Bergland
Biester
Bowen
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carter
Cederberg
Chappell
Clawson, Del
Cochran
Coughlin
Daniel, Dan
Daniel, R. W.
Delaney
Derrick
Devine
Dickinson
Dingell
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
English
Erlenborn
Evans, Ind.
Fary
Fascell
Findley
Flood
Flynt
Forsythe
Fountain
Gaydos
Giaimo
Gibbons
Ginn
Goodling
Gradison
Grassley
Guyer
Haley
Hammerschmidt
Hanley
Harsha
Hefner
Henderson
Hightower
Hillis
Holt
Hughes
Hutchinson
Hyde
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kemp
Ketchum
Kindness
Krebs
Latta
McClory
McCollister
McDade
McFall
McKay
Madden
Madigan
Mahon
Mann
Martin
Mathis
Mazzoli
Miller, Ohio
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Natcher
Nedzi
Obey
O'Brien
Patten, N.J.
Paul
Pike
Poage
Price
Railsback
Regula
Robinson
Rogers
Rostenkowski
Roush
Rousselot
Runnels
Santini
Satterfield
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Smith, Nebr.
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Taylor, Mo.
Taylor, N.C.
Treen
Ullman
Vander Jagt
Waggonner
Wampler
Whitten
Wiggins
Wilson, Bob
Wolff
Wydler
Wylie
Yates
Yatron
Young, Fla.
Zablocki
Zeferetti

NOT VOTING—104

Abzug
Addabbo
Anderson, Ill.
AuCoin
Beard, Tenn.
Bevill
Biaggi
Boland
Bolling
Brodhead
Brown, Calif.
Broyhill
Carney
Clancy
Clay
Collins, Tex.
Conable
Conlan
Conyers
Cotter
Crane
Daniels, N.J.
Danielson
de la Garza
Dent
Diggs
Downing, Va.
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fithian
Fraser
Frenzel
Hagedorn
Hall
Hansen
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hinshaw
Holland
Horton
Hungate
Ichord
Jacobs
Jones, Tenn.
Karth
Kelly
Keys
LaFalce
Landrum
Lent
Litton
Lott
Lujan

Mr. BELL changed his vote from "no" to "aye."

Mr. ASHLEY and Mr. NEDZI changed their vote from "aye" to "no."

So the amendments were agreed to.

The result of the vote was announced as above recorded.

Mr. MAHON. Mr. Chairman, I move to strike the last word.

I rise to express disappointment over the adoption of the amendment upon which we have just voted. The Appropriations Committee had approved a measure which I thought was more than adequate under the circumstances for the purposes covered in this bill.

Further, I wish to express strong disappointment over the fact that the House has adopted the amendment increasing the committee version of the bill by $3,100,000 for regulatory programs of the FEA. I had supported and worked for the overall funding reduction in FEA of some $47 million which the Committee on Appropriations had recommended in the bill now before the House. The FEA amendment which the House adopted reduced this cut to the sum of $44,759,000. This, in my judgment, was thoroughly unwarranted. I earnestly hope that further add-ons will not be approved for the pending measure.

AMENDMENT OFFERED BY MR. MOORHEAD OF PENNSYLVANIA

(The portion of the bill to which the amendment relates is as follows:)

SEC. 108. None of the funds hereinabove appropriated to the Department of the Interior shall be used by said Department to provide, under the Freedom of Information Act, as amended (5 U.S.C. 552), any personal information or information respecting any real or personal property which the United States holds as trustee for any Federally-recognized Indian tribe, band, nation, pueblo, colony or other organized group or community or individual *member* thereof.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORHEAD of Pennsylvania: On page 27, strike out lines 11 through 18.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, section 108 of the bill provides that none of the funds appropriated for the Department of Interior may be used to provide, under the Freedom of Information Act, "any personal information or information respecting any real or personal property" about Indian tribes, or members of Indian tribes and similar Indian communities.

I understand that this section was thought necessary by the Bureau of Indian Affairs, in order to protect from disclosure certain information about Indians. The information supposedly subject to disclosure under the Freedom of Information Act is said to include personal details from the tribal enrollments, and surveys and studies of water and mineral and other resources on Indian lands conducted by the Department of the Interior as trustee for the Indians. There is apparently a good deal of litigation about Indian water rights and mineral deposits on Indian land, and requests for disclosure of these studies have been made by various States in the Southwest, including the State of New Mexico, and by various commercial interest. The Department of Interior has thus far successfully opposed these requests, and is currently litigating these questions of disclosure of water surveys under the FOIA exemptions.

The chairwoman of the Subcommittee on Government Information and Individual Rights, which has legislative and oversight jurisdiction concerning the Freedom of Information Act, has asked the Department of the Interior about its actual experience under the Freedom of Information Act with respect to disclosure of the kind of information which would be covered by section 108.

The fact is that the exemptions under that act appear to be quite sufficient to deal with the specific problems which concern the Bureau of Indian Affairs. For example, there is no reason for detailed personal information to be disclosed from the tribal enrollment since subsection (b)(6) of the act protects the personal parts of those files. Similarly, subsections (b)(4), (5) and (9) protect information about Indian mineral and water rights. In fact, no claim for disclosure has succeeded, and, therefore, section 108 is premature, if it is needed at all. It seems to me that these exemptions should be litigated. I am confident that the exemptions will prove to be adequate to protect Indians from any harmful disclosure. If that should not prove to be the case, I will be pleased to consider a specific amendment to the FOIA to take care of the problems encountered by Indians.

Aside from the merits of the exemption for Indians, I believe that this section should be stricken because it is inappropriate to legislate in an appropriation bill what amounts to an exemption from the Freedom of Information Act. If there is need for special treatment for the Indians, then we should consider the matter by the normal legislative methods. The chairwoman of the Subcommittee on Government Information and Individual Rights, has promised to continue to follow the experience of Indian tribes and the Bureau of Indian Affairs in dealing with requests under the FOIA. If there appears to be a need for remedial legislation, she has said that she will introduce an appropriate bill and hold hearings without delay.

The FOIA is proving to be a valuable tool in the process of opening government to the people on whose behalf we act. Implementation of the act was carefully considered by the House and Senate in passing the amendments which became effective in 1975. If the act needs further amendment, we should do it in the usual way—by the appropriate committees holding hearings, by their carefully considering legislation, reporting it to the full House and by allowing the House to have a clear chance to approve or disapprove a bill. We should not allow an appropriations bill to become the vehicle for substantive legislation.

I urge the adoption of my amendment to strike section 108.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, in view of the representations made by the distinguished gentleman from Pennsylvania, I am moved to accept this amendment. The committee put the language in the bill to protect Indian people from having to reveal personal information or information about real or personal property and resources.

In view of the representations made by the distinguished gentleman, I am willing to accept the amendment.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I thank the chairman of the subcommittee for this support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. MOORHEAD).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. TSONGAS

Mr. TSONGAS. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

SEC. 303. No part of any appropriation under this Act shall be made available to the Secretary of the Interior for the leasing of oil and natural gas on publicly owned lands within the boundaries of the Flathead National Forest, Montana.

The Clerk read as follows:

Amendment offered by Mr. TSONGAS: Page 47, immediately after line 9, insert the following new section:

SEC. 304. Funds appropriated to the Lowell Historic Canal District Commission in the Department of the Interior and Related Agencies Appropriation Act, 1976, including funds appropriated for the period ending September 30, 1976 (Public Law 94-165; 89 Stat. 977), shall remain available until expended.

Renumber the subsequent sections accordingly.

Mr. TSONGAS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TSONGAS. Mr. Chairman, this is a simple amendment. It will cost nothing in this budget. I believe it has the consent of both the gentleman from Illinois (Mr. YATES) and the gentleman from Pennsylvania (Mr. MCDADE).

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. TSONGAS. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, this amendment provides for expenditure of fiscal year 1976 funds for the Lowell Historic Canal District Commission in fiscal year 1977. Funds for the Commission were included in the regular appropriation bill for fiscal year 1976.

Unfortunately, the Lowell Historic Canal District Commission will not be able to obligate the funds in time and it is essential that this amendment be accepted in order to permit the Commission to complete its responsibilities.

Therefore, Mr. Chairman, I have agreed to accept the amendment.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. TSONGAS. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, we have discussed the amendment on this side. We have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. TSONGAS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

The Clerk read as follows:

BUREAU OF MINES

MINES AND MINERALS

For expenses necessary for conducting inquiries, technological investigations and research concerning the extraction, processing, use and disposal of mineral substances without objectionable social and environmental costs; to foster and encourage private enterprise in the development of mineral resources and the prevention of waste in the mining, minerals, metal and mineral reclamation industries; to inquire into the economic conditions affecting those industries; to promote health and safety in mines and the mineral industry through research; and for other related purposes as authorized by law, $163,315,000, of which $30,000,000 shall remain available until expended: *Provided*, That no part of the sum herein appropriated shall be used for the field testing of nuclear explosives in the recovery of oil and gas.

Amendment offered by Mr. YATES: Page 16, line 12, immediately before the period, add the following: "*Provided further*, That the full-time permanent employees hired by the Bureau of Mines to staff the mining research center at Carbondale, Illinois, shall not be counted against or considered to be a part of any employment ceiling assigned to the Department of Interior."

Mr. YATES. Mr. Chairman, in the 1976 Interior Appropriations Act, $1.5 million was made available to the Bureau of Mines to establish a coal mining research center at Carbondale, Ill. The committee made these funds available because there was a critical need for another coal research facility to examine more effective ways to use high-sulfur eastern coal.

The Bureau of Mines has outlined an excellent proposal which will consolidate presently fragmented research efforts and insure a coordinate and effective research program.

The critically needed research center is now threatened by the failure of OMB and the Department of the Interior to provide the Bureau with the personnel to staff the facility. The Bureau is being required to staff the new center with personnel from existing research centers, rather than hiring new employees. This is contrary to the committee's intent in providing the funds and it is contrary to good management practices.

Therefore, Mr. Chairman, I am offering an amendment requiring to make 100 additional permanent full-time positions available to the Bureau of Mines to staff the Carbondale facility. This amendment will insure that the large numbers of Bureau personnel at existing centers will not be moved. In addition, it will mean the development of an effective and efficient coal research center.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. YATES).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WON PAT

(The portion of the bill to which the amendment relates is as follows:)

TERRITORIAL AFFAIRS

OFFICE OF TERRITORIAL AFFAIRS

ADMINISTRATION OF TERRITORIES

For expenses necessary for the administration of Territories under the jurisdiction of the Department of the Interior, including expenses of the Office of the Governor of American Samoa, as authorized by law (48 U.S.C. 1661(c)); compensation and mileage of members of the legislature in American Samoa as authorized by law (48 U.S.C. 1661 (c)); compensation and expenses of the judiciary in American Samoa, as authorized by law (48 U.S.C. 1661 (c)); grants to American Samoa, in addition to current local revenues, for support of governmental functions; grants to Guam, as authorized by law (48 U.S.C. 1428-1428e); and personal services, household equipment and furnishings, and utilities necessary in the operation of the house of the Governor of American Samoa; $23,846,000, together with $620,000 for expenses of the office of the Government Comptroller for the Virgin Islands to be derived from "Internal Revenue Collections for Virgin Islands", as authorized by law (48 U.S.C. 1599 (a)) and $256,000 for expenses of the office of the Government Comptroller for Guam to be derived from duties and taxes which would otherwise be covered into the Treasury of Guam, as authorized by law (48 U.S.C. 1422d(a)), to remain available until expended: *Provided*, That the Territorial and local government herein provided for are authorized to make purchases through the General Services Administration: *Provided further*, That appropriations available for the administration of Territories may be expended for the purchase, charter, maintenance, and operation of surface vessels for official purposes and for commercial transportation purposes found by the Secretary to be necessary.

Mr. WON PAT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WON PAT: On page 22, line 23, delete the period and insert in lieu thereof the following:

"*Provided further*, That in addition to the amounts provided above, there is appropriated for emergency grants to the Government of Guam, $20,000,000, which amount shall be available immediately upon enactment of this act and shall remain available until expended, to assist in providing the necessary governmental services jeopardized, and repairing public facilities damaged, as a result of Typhoon Pamela; *Provided further*, That such emergency grants shall be made in accordance with such stipulations as the Secretary of the Interior may deem appropriate."

Mr. WON PAT. Mr. Chairman, as I have reported to this distinguished body before, the damage to Guam inflicted by typhoon Pamela on May 20, 1976, was overwhelming. The typhoon pounded Guam with 135–190 mile-per-hour winds for 36 hours, causing roughly $400,000,000 in property damage. The Federal Disaster Assistance Administration, and the Red Cross have done excellent jobs to help Guam through the crisis period immediately following this devastating typhoon. The FDAA, the Small Business Administration, and the Farmer's Home Administration will also be assisting the Government of Guam and private citizens on Guam in long-range rebuilding.

While requirements for services from the Government of Guam have continued and in some cases increased following the typhoon, the tax revenues for its operating budget have been seriously reduced. The Government of Guam estimates that it will lose over $20 million in tax revenues, out of a budget of $100 million, for this tax year as a direct result of the typhoon. These revenue losses result from income tax refunds estimated to reach $12,750,000, a reduction in gross receipts taxes of $2 million, losses in receipts from the government-owned telephone and power companies of $2 and $3 million, respectively, and several million in miscellaneous taxes. As a consequence of this 20 percent revenue loss, the government is in very serious trouble, and will have insufficient cash flow to meet its payroll after mid-July.

The Government of Guam was undergoing a period of financial difficulty even before the typhoon. The worldwide recession and the dramatic increase in the price of fuel, cut sharply into the revenues available to the Government of Guam while greatly increasing its expenses. In addition, the Federal Government inadvertently contributed to the budget woes of the Government of Guam through its recent amendments to the Internal Revenue Code, which applies on Guam as the territorial income tax. Because Guam's median income is substantially below that of the poorest State, Mississippi, the Federal Tax Reform Act's benefits to lower-income families has caused a reduction in tax revenues estimated at $15 million since the 1974 tax year. With this background information, I am sure my colleagues will understand why the Government of Guam did not have the financial flexibility to meet the sudden increase in expenditures and the simultaneous loss of 20 percent of its revenues that have followed from the destruction of typhoon Pamela.

The amendment will provide $20 million in grants to the Government of Guam to replace the estimated $20 million in revenue the Government of Guam would have raised but for the occurrence of this typhoon, this money will be used to maintain necessary governmental services and provide some money for the immediate financing of repair operations on public buildings that have already begun.

The Secretary of the Interior is empowered under this amendment to place appropriate stipulations on the purposes for which this money will be used.

Just within the last hour I have been informed that, acting on yesterday's approval of this amendment by the Office of Management and Budget, the President has signed the official letter of approval of this legislation.

I urge all my colleagues to support this vitally necessary amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. WON PAT. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, the gentleman's amendment is addressed to assistance that the Federal Government is making available to the territory and people of Guam as a result of Typhoon Pamela, which devastated the island of Guam. Twenty million dollars is requested in this amendment.

The administration has approved the request, and I am happy to accept the amendment.

Mr. WON PAT. I thank the gentleman.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. WON PAT. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, I thank the gentleman for yielding to me. As the chairman has indicated, we are aware that the people of Guam have suffered grievously from the typhoon.

The administration has submitted to us the budget amendment. The gentleman's amendment reflects that, and we are agreeable to it.

Mr. WON PAT. I thank the gentleman.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. WON PAT. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, as the ranking minority member of the Territorial and Insular Affairs Subcommittee, I rise in support of the proposed amendment which would provide $20 million to meet governmental operation costs in Guam. Five weeks ago, the island of Guam was struck by a devastating typhoon. To date, the total damage has yet to be assessed; however, it is evident that the total will exceed $100 million.

The amendment before us reflects the loss to the Government of Guam in revenues, directly attributable to Typhoon Pamela. For example, because of severe property damage, real estate taxes are well below prestorm estimates. Moreover, since Guam's utilities are publicly owned, projected water, power and telephone receipts have been drastically reduced due to interruption of these services by strong winds, torrential downpours, and record tides. Similarly, Guam's port and the international airport were temporarily closed, resulting in the loss of landing, custom and quarantine fees. Free medical services for those injured by the typhoon were also necessary. Lastly, income tax refunds to those incurring damage from the storm will result in unanticipated governmental payments exceeding $14 million. Accordingly, unless Federal assistance is immediately forthcoming, the Government of Guam will be unable to meet its next payroll.

One point, Mr. Chairman, that I want to make clear. This amendment provides emergency assistance to the Government of Guam because of the damage incurred by typhoon Pamela. We are not bailing out Guam's Government because of mismanagement. Guam would have paid its own way if not for this natural calamity. The administration fully supports this amendment and in yesterday's discussion, assured me that full accountability will be maintained on all emergency assistance funds allocated to Guam. Accordingly, Mr. Chairman, I urge my colleagues to back this amendment, thereby giving cognizance to the wretched conditions currently confronting our fellow Americans on Guam.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. WON PAT. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of this amendment which grants the Government of Guam $20 million to compensate for the loss of revenues, resulting from typhoon Pamela. As a member of the Subcommittee on Territorial and Insular Affairs, I have kept abreast of the destruction heaped upon Guam by winds which sometimes gusted over 180 miles per hour. Over 5,000 structures were damaged, and months will be necessary to reconstruct adequate shelter for the homeless. Progress toward this goal is now underway; and based on stamina and fortitude, the people of Guam will construct new communities which will prove more durable than those of the past.

Of immediate urgency, however, is to continue governmental services on the island. This can only be met with Federal assistance. The coffers of Guam are empty—not because of bureaucratic bungling but as a result of a natural catastrophe.

Yesterday, in a briefing by officials from the Department of the Interior and the Federal Disaster Assistance Administration, we were convinced of the necessity to provide Federal assistance thereby assuring the continued operation of Government in Guam. It is, therefore, without reservation that I urge my colleagues to support the measure now before us.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. WON PAT. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Chairman, 5 weeks ago a devastating typhoon struck Guam. Torrential rains and winds which reached a rate of 180 miles an hour swept the island resulting in the destruction and damage to 5,000 homes. Electric power and sewer lines were severely damaged.

But due to advanced warning—and the humanliness work of our military forces—only one single life has been attributed directly to the storm.

We have no firm estimates as to the damage to our military installations—rough esimates exceed $200 million.

Preliminary estimates in the civil sector is estimated in excess of $130 million.

This amendment provides $20 million which would be immediately available to compensate the Government for losses in anticipated revenues. Without these funds, the Government of Guam cannot continue to operate.

It was my attention to support the

committee in resisting any amendments—because I believe the committee has done an outstanding job. But the best plan of mice and men sometimes go astray.

Here we have an obligation to our own people. I urge the committee to make this one exception.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Guam (Mr. WON PAT).

The amendment was agreed to.

Mr. GUDE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, earlier I offered an amendment which was ruled out of order because the President has not yet signed the legislation putting into effect the establishment of Valley Forge Park. This amendment was directed to the problem of the degradation of our national parks, which is a very serious one.

During the last 15 years, the responsibilities of the National Park Service have expanded dramatically. The number of visitors to the parks has tripled; the number of park units has increased by 50 percent, and the Congress has assigned many new tasks to the Park Service. In the meanwhile, however, resources available to the agency have increased at a much slower rate. The Park Service budget and personnel ceilings have not kept pace with that added responsibility. As a result, the agency is not able to maintain our parks at an admittedly acceptable level. Parks are deteriorating, facilities are lapsing into disrepair, and visitor services are becoming increasingly inadequate.

As just one example: Sections of the Skyline Drive, one of the finest facilities of the National Park Service, have been in danger of collapse lately to the point where parts of the drive are actually going to have to be closed off because of lack of maintenance funds. The villain of this piece, in my opinion and in the opinion of the Conservation, Energy, and Natural Resources Subcommittee, and the National Parks Association is the Office of Management and Budget; they have played a key role in holding back on the really essential increases. I think we in Congress have also played a part in restricting adequate funding for park personnel and park maintenance and rehabilitation.

I hope that this condition is going to be remedied. It is penny wise and pound foolish to buy historic structures, to have facilities for service and recreation, and yet to allow these to deteriorate to the point where the end result is reconstruction and rehabilitation many times more costly than the initial money saved.

Mr. TAYLOR of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the chairman of the subcommittee responsible for this area in the Interior Committee.

Mr. TAYLOR of North Carolina. I thank the gentleman for yielding to me.

Mr. Chairman, I want to commend the gentleman for the statement he is making. There is a need for a substantial increase in the operating budget and in the maintenance budget for our national parks. For several years, these budgets have been shortchanged. Congress has been passing bill after bill increasing the number of national parks.

But we have not been increasing our personnel in line with the increased responsibilities, nor have we increased our operations budgets.

Recent magazine and newspaper articles have reminded us of this situation. They have pointed out the great need for better maintenance and for more personnel to operate our national parks.

I am not one who usually requests spending increases, but this is a situation in which funds for the preservation, protection, development and use of our natural resources have not increased during the past decade as have most other spending programs in the Nation.

Mr. Chairman, next to the preservation of liberty and security, our Government's greatest responsibility is the stewardship of our natural resources. It is poor economy to invest millions and millions of dollars in national park areas and then not provide sufficient personnel and maintenance funds to protect these resources, on the one hand, and to make them usable by the people, on the other hand.

I share the gentleman's concern that we increase the operating and maintenance budget for our national park areas.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Kansas.

Mr. SEBELIUS. I thank the gentleman for yielding.

Mr. Chairman, I want to first express my congratulations, appreciation, and compliments to the chairman, Mr. YATES, and the ranking member, Mr. MCDADE, and all the other members of the subcommittee. You have done a good job.

I joined in the "Dear Colleague" letter because the need is there and our authorizing committee added to it with accelerated park activity. I have to acknowledge that we have contributed to the problem.

Mr. Chairman, had the gentleman from Maryland (Mr. GUDE) been able to offer his amendments I would have supported them. In view of the relatively small amount of money entailed in them, I believe an inordinately significant and positive benefit can result for our national park system and the American people.

Americans are almost to a point of desperation in seeking relief from the pressures of civilization by making visits and brief retreats to units of our national park system.

In trying to quench that need, the Congress over the past decade has created well over a hundred more new units of the national park system. This is more than one-third the total number of units which comprise the entire national park system today. And even this has proven to be a pace inadequate to meet the public need.

If the number of new park creations has proven to be inadequate, however, even more glaring has been the inability to adequately protect, staff, and maintain these superlative natural and historic resources embraced by this fine park system—in terms of both existing areas and the newly added ones.

Increases in staffing levels have risen at a snail's pace and have not been close to commensurate with the rise in the number of new parks, their number of new visitors, and the increasing complexity of protecting those areas and the visitors who use them.

These simple amendments were designed to significantly help rectify this tragic situation by providing funds for heightened protection and maintenance of these parks' physical resources, so that we hopefully would not lose any of them irrevocably through benign neglect. Moreover, these amendments would have provided much needed additional staffing to assist in more adequate protection of park resources. New positions of greatly varying types will be added in park areas across the Nation. Specifically, for example, 61 new positions will be provided to assist in the smooth transition and continued operation of the nearly authorized Valley Forge National Historical Park in Pennsylvania, an existing State park which is destined to become a new operating unit of the national park system very soon this year, upon its donation by the Commonwealth of Pennsylvania.

I urge my colleagues to exhibit support for heightened protection of some of the most superlative real estate in America.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

(By unanimous consent, Mr. GUDE was allowed to proceed for 2 additional minutes.)

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I rise to concur in the remarks of the gentleman from Maryland and to commend him for the position he has taken.

As the gentleman will recall, when I was chairman of the Subcommittee on Conservation, Energy, and Natural Resources, and the gentleman in the well (Mr. GUDE) was the ranking minority member, we sat through a series of hearings about the deteriorating conditions in our national parks. The subcommittee recently adopted a report titled "The Degradation of Our National Parks," and the report concluded as follows:

> The Park Service's resources are now, and have for the last several years, been inadequate to carry out the tasks which the NPS is mandated to perform . . . Visitor services and facilities are being neglected throughout the system. Park buildings, roads, bridges, trails, historic sites and archeological relics are not being maintained according to the Park Service's own standards.

For these reasons, Mr. Chairman, I particularly commend the gentleman for his remarks.

Mr. GUDE. Mr. Chairman, I thank the gentleman for his contribution.

I would like to point out that this problem not only concerns the lack of commonsense maintenance of historic sites and other structures but the very life and limb of park visitors in many parks throughout the country. One example is right here in the C. & O. Canal Historical Park where there are only 8 rangers to patrol the 185-mile park, when 20 are actually needed. Crime is up in many of the parks and yet there are insufficient funds to provide for the necessary number of rangers to do the job.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Illinois (Mr. YATES).

Mr. YATES. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman for the statement he made. The gentleman is right. We must put much more money into the parks for maintenance and personnel, and we intend to do it.

I thank the gentleman.

Mr. YOUNG of Alaska. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to compliment the gentleman in the well (Mr. GUDE) for his statement. I would also like to stress something, before everybody gets the idea that our parks are all roses and everything is sweet. One of the big problems we have had in the Interior Department is that instead of upgrading the facilities, instead of doing the job that should be done, they have constantly expanded their desire for more ground and more land. Their desire is to control the major part of the areas that are now public lands without taking care of those lands they have already acquired. I do say those areas have deteriorated. The facilities in my State are in a deplorable state. Right now they want to add 2½ million more acres. The Park Service is very fast becoming a very large landowner. Before we start giving them all of these bouquets, let us sit down and really look at the philosophy of the Park Service and are they really providing a service for the people.

Mr. GUDE. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Maryland.

Mr. GUDE. I thank the gentleman for yielding, and I appreciate the gentleman's remarks.

Let me say that the Congress has the responsibility for the land, and we have the responsibility, if we are not going to fund the necessary personnel and maintenance, not to make these authorizations.

Mr. YOUNG of Alaska. Mr. Chairman, I could not agree with the gentleman more. I think he is absolutely right, and that is what I want us to take into consideration.

Mr. RONCALIO. Mr. Chairman, I move to strike the requisite number of words.

I will say to my colleagues that there lies upon the desk of the President of the United States today the bill, S. 391, which is in fact H.R. 6721, a bill that would resume the leasing of coal fields on public lands in the States of the West. It would increase the royalties received by the Federal Treasury from those fields, and it would redistribute the moneys, after obtaining higher royalties from the use of the land, so it could be used to restore the land from which that money came.

It is from more money received in the Federal Treasury that we can obtain funds for the national parks that are so sorely needed, as pointed out by the Member who is retiring from Congress at the end of this session, the gentleman from Maryland (Mr. GUDE), who just preceded me in the well.

I want to commend such companies as the Union Pacific Corp., which has had the courage to wire to the President of the United States:

> Please sign into law the Federal Coal Leasing Bill, S. 391.

The wire went on to state:

> In urging you to sign this bill, Mr. President, we understand that you may have received advice from segments of the coal industry . . . and certain public officials to the effect that certain provisions of the measure are onerous and, therefore, unacceptable to them.
>
> We understand these reservations and to some degree have shared these concerns.
>
> However, on balance, we believe that the opportunity authorized in the measure granting the public land States, such as the State of Wyoming, where our principal coal mining activities are now centered, the advantage of receiving a substantially higher share of mineral royalty income * * * outweigh the disadvantages contained in the bill.

Mr. Chairman, I take the floor now in the hope that each and every one of the Members on this side of the aisle, including many of my friends with whom I have worked on the Committee on Interior and Insular Affairs over these past 10 years, will please wire the President of the United States. I ask each one of you, to ask him to please sign S. 391 to help the public-land States in their own ordeal and in their impact, so we can help the rest of the country with the national parks, the preservation of animal habitats, so we can do these things that benefit the whole country.

Mr. Chairman, I direct these remarks to the gentleman from Ohio (Mr. REGULA), the gentleman from Indiana (Mr. MYERS), the gentleman from Alaska (Mr. YOUNG), the gentleman from Maryland (Mr. BAUMAN), and the rest of the Members on this side. We need your help.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not take 5 minutes, but in response to the gentleman from Alaska (Mr. YOUNG), I would like to call the attention of the Members of the House to some articles written in the Knight newspapers on the state of our national parks which I put in the CONGRESSIONAL RECORD on Monday of this week, starting at page 19515. Those articles bring out, among other things, that our national parks, all of which were mandated by Congress, have today doubled in the matter of visitorship in the last 10 years, and yet we have hardly increased the personnel at all.

So it is not as though there has been any laxity on the part of the personnel. The people of this country treasure the national parks, and they are using them in ever increasing numbers. I believe it is the responsibility, first of all, of the administration for having failed repeatedly to ask for adequate numbers of personnel to manage the parks and for having failed to ask for adequate funds to maintain them; and second, it is the responsibility of Congress.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, I will ask the gentleman, how many acres were added to the park system in the past period of years the gentleman was talking about?

Mr. SEIBERLING. Every acre that was added was added by Congress.

Mr. YOUNG of Alaska. That is exactly right. And how many acres are they actually using in this park system? It is less than one-tenth of 1 percent.

Mr. SEIBERLING. Mr. Chairman, I will simply suggest to the gentleman that he read the articles at page 19515 of the RECORD.

Mr. YATES. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLOWERS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14231) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to, and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read a third time.

MOTION TO RECOMMIT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MILLER of Ohio. I am, Mr. Speaker.

The SPEAKER. The clerk will report the motion to recommit.

The clerk read as follows:

> Mr. MILLER of Ohio moves to recommit H.R. 14231 to the Committee on Appropriations, with instructions to that committee to report the bill back to the House forthwith, with the following amendment:
>
> On page 47, after line 12, add the following paragraph:
>
> SEC. 305. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity, and project,

for payments not required by law, the amount withheld shall not exceed ten per centum.

The **SPEAKER**. Does the gentleman from Ohio (Mr. MILLER) desire to be heard on the motion to recommit?

Mr. **MILLER** of Ohio. I do, Mr. Speaker.

The **SPEAKER**. The gentleman from Ohio is recognized on the motion to recommit.

Mr. **MILLER** of Ohio. Mr. Speaker, I would like to comment that this 5-percent reduction would reduce the bill by $276,664,000.

Our State and local governments have increased their debt from 1950 to 1975 about $187 billion, while the Federal Government has increased its debt $403.5 billion in that same period of time. Over twice as much debt was incurred by the Federal Government.

The fiscal year 1976 ends 4 days before our Bicentennial. At the end of this fiscal year, government at all levels will have absorbed 37 percent of the gross national product and 44 percent of our total personal income. Inflation caused by government spending destroys the value of our pensions and savings. If government continues to expand for the next 25 years at the same rate it has in the last 40, the percentage of gross national product government consumes will be 66 percent. That figures amounts to two-thirds of all of our output by the end of this century. The issue here is: How much economic freedom will we leave for ourselves and our children and our grandchildren? The time for fiscal restraint is right now, today.

The **SPEAKER**. Does the gentleman from Illinois (Mr. YATES) desire to be heard on the motion to recommit?

Mr. **YATES**. No, Mr. Speaker. I move the previous question on the motion to recommit.

The previous question was ordered.

The **SPEAKER**. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. **MILLER** of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 84, nays 219, not voting 128, as follows:

[Roll No. 462]

YEAS—84

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Bafalis
Bauman
Bell
Bennett
Brinkley
Brown, Mich.
Brown, Ohio
Burgener
Burke, Fla.
Carter
Clawson, Del
Conable
Daniel, Dan
Daniel, R. W.
Derwinski
Devine
Dickinson
du Pont
English
Evans, Ind.
Fish
Fountain
Frey
Goldwater
Goodling
Gradison
Grassley
Guyer
Haley
Hamilton
Hammerschmidt
Harsha
Hechler, W. Va.
Hefner
Henderson
Holt
Hutchinson
Johnson, Pa.
Kasten
Kemp
Kindness
Lagomarsino
Latta
Levitas
Maguire
Martin
Miller, Ohio
Moorhead, Calif.
Murphy, Ill.
Myers, Ind.
Myers, Pa.
Neal
O'Brien
Pettis
Pike
Pritchard
Robinson
Rogers
Rostenkowski
Rousselot
Runnels
Russo
Satterfield
Schulze
Sebelius
Shriver
Shuster
Skubitz
Steiger, Wis.
Taylor, Mo.
Thone
Treen
Vigorito
Wampler
Winn
Wolff
Wydler
Wylie
Young, Fla.

NAYS—219

Adams
Alexander
Allen
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Baldus
Baucus
Bergland
Biester
Bingham
Blanchard
Blouin
Boggs
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brooks
Broomfield
Buchanan
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carr
Cederberg
Chappell
Chisholm
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Coughlin
Davis
Delaney
Dellums
Derrick
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
Erlenborn
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Green
Gude
Hanley
Harkin
Harrington
Harris
Heckler, Mass.
Heinz
Hicks
Hightower
Holtzman
Howard
Howe
Hubbard
Hughes
Jarman
Jeffords
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jordan
Kastenmeier
Ketchum
Koch
Krebs
Krueger
Lehman
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Mathis
Mazzoli
Meeds
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Moss
Murtha
Natcher
Nedzi
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pickle
Poage
Pressler
Preyer
Price
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Roush
Roybal
Ruppe
Santini
Sarasin
Sarbanes
Scheuer
Seiberling
Sharp
Shipley
Sikes
Simon
Slack
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Stephens
Stokes
Studds
Talcott
Taylor, N.C.
Thompson
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Waggonner
Walsh
Waxman
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—128

Abzug
Addabbo
Anderson, Ill.
Ashbrook
AuCoin
Beard, R.I.
Beard, Tenn.
Bedell
Bevill
Biaggi
Boland
Bonker
Brodhead
Brown, Calif.
Broyhill
Carney
Clancy
Clay
Collins, Tex.
Conlan
Conyers
Corman
Cornell
Cotter
Crane
D'Amours
Daniels, N.J.
Danielson
de la Garza
Dent
Dingell
Downing, Va.
Eilberg
Esch
Eshleman
Evans, Colo.
Fisher
Fithian
Fraser
Frenzel
Gibbons
Hagedorn
Hall
Hannaford
Hansen
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hillis
Hinshaw
Holland
Horton
Hungate
Hyde
Ichord
Jacobs
Johnson, Colo.
Jones, Ala.
Jones, Tenn.
Karth
Kazen
Kelly
Keys
LaFalce
Landrum
Leggett
Lent
Litton
Lott
Lujan
Lundine
McCollister
McDonald
McEwen
McKinney
Matsunaga
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Mitchell, N.Y.
Moffett
Moore
Mottl
Murphy, N.Y.
Nichols
Nix
O'Hara
Passman
Paul
Pepper
Peyser
Quie
Quillen
Railsback
Randall
Richmond
Riegle
Risenhoover
Roberts
Ryan
St Germain
Schneebeli
Schroeder
Sisk
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Steed
Steelman
Steiger, Ariz.
Stratton
Stuckey
Sullivan
Symington
Symms
Teague
Udall
Vanik
Weaver
Whitehurst

The clerk announced the following pairs:

On this vote:

Mr. Fithian for, with Mr. Addabbo against.
Mr. McDonald for, with Mr. Dent against.
Mr. Mottl for, with Mr. Eilberg against.
Mr. Kelly for, with Mr. Horton against.
Mr. Moore for, with Mr. McEwen against.

Until further notice:

Mr. Murphy of New York with Mr. Anderson of Illinois.
Ms. Abzug with Mr. Beard of Rhode Island.
Mr. Jones of Tennessee with Mr. Hansen.
Mrs. Keys with Mr. O'Hara.
Mr. Hébert with Mr. Broyhill.
Mr. Matsunaga with Mr. Hungate.
Mr. Lundine with Mr. Karth.
Mr. Dominick V. Daniels with Mr. Ashbrook.
Mr. D'Amours with Mr. Litton.
Mr. Hawkins with Mr. Metcalfe.
Mr. Hannaford with Mr. AuCoin.
Mr. Nichols with Mr. Symington.
Mr. Nix with Mr. Stratton.
Mr. Passman with Mr. Ryan.
Mr. Pepper with Mr. Beard of Tennessee.
Mr. Richmond with Mr. Kazen.
Mr. Roberts with Mr. Conyers.
Mr. Sisk with Mr. Clancy.
Mr. St Germain with Mr. Conlan.
Mr. Teague with Mr. Corman.
Mr. Udall with Mr. Cornell.
Mr. Biaggi with Mr. Bedell.
Mr. Boland with Mr. LaFalce.
Mr. Carney with Mr. Clay.
Mr. Jacobs with Mr. Bonker.
Mr. Leggett with Mr. Landrum.
Mr. Melcher with Mr. Risenhoover.
Mr. Mezvinsky with Mr. Brodhead.
Mr. Mikva with Mr. Schneebeli.
Mr. Milford with Mr. Peyser.
Mr. Miller of California with Mr. Mitchell of New York.
Mr. Stratton with Mr. Brown of California.
Mr. Vanik with Mr. Hillis.
Mr. Weaver with Mr. Cotter.
Mr. Riegle with Mr. Crane.
Mr. Randall with Mr. Collins of Texas.
Mr. Danielson with Mr. de la Garza.
Mr. Ichord with Mr. Smith of Iowa.
Mr. Evans of Colorado with Mr. Esch.
Mrs. Meyner with Mr. Downing of Virginia.
Mr. Dingell with Mr. Eshleman.
Mr. Fisher with Mr. Frenzel.
Mr. Gibbons with Mr. McKinney.
Mr. Paul with Mr. Lujan.
Mr. Steed with Mr. Hagedorn.
Mr. Hayes of Indiana with Mr. Moffett.
Mr. Hays of Ohio with Mr. Hall.

Mr. Helstoski with Mr. Quie.
Mr. Holland with Mr. Quillen.
Mr. Jones of Alabama with Mr. Hyde.
Mrs. Sullivan with Mr. Johnson of Colorado.
Mr. Udall with Mr. Lent.
Mr. Lott with Mr. McCollister.
Mr. Michel with Mr. Spence.
Mr. Railsback with Mrs. Smith of Nebraska.
Mr. Steelman with Mr. Steiger of Arizona.
Mr. Stuckey with Mr. Symms.

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. McDADE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken by electronic device; and there were—yeas 295, nays 1, not voting 135, as follows:

[Roll No. 463]

YEAS—295

Abdnor
Adams
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
Aspin
Badillo
Bafalis
Baldus
Baucus
Bauman
Bell
Bennett
Bergland
Biester
Bingham
Blanchard
Blouin
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conte
Coughlin
Daniel, Dan
Daniel, R. W.
Davis
Delaney
Derrick

Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Erlenborn
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frey
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Harris
Harsha
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Holt
Holtzman
Howard
Howe
Hubbard
Hughes
Hutchinson
Jarman
Jeffords
Jenrette

Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kemp
Ketchum
Kindness
Koch
Krebs
Krueger
Lagomarsino
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nolan
Oberstar
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Pattison, N.Y.

Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Rees
Regula
Reuss
Rhodes
Rinaldo
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Santini
Sarasin
Sarbanes

Satterfield
Scheuer
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Stokes
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen

Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Waxman
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—1

Miller, Ohio

NOT VOTING—135

Abzug
Addabbo
Anderson, Ill.
Ashbrook
AuCoin
Beard, R.I.
Beard, Tenn.
Bedell
Bevill
Biaggi
Boland
Brodhead
Brown, Calif.
Broyhill
Butler
Carney
Clancy
Clay
Collins, Tex.
Conlan
Conyers
Corman
Cornell
Cotter
Crane
D'Amours
Daniels, N.J.
Danielson
de la Garza
Dellums
Dent
Downing, Va.
Eilberg
Esch
Eshleman
Evans, Colo.
Fish
Fisher
Fithian
Fraser
Frenzel
Fuqua
Gibbons
Green
Hagedorn
Hall

Hannaford
Hansen
Harkin
Harrington
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Heinz
Helstoski
Hillis
Hinshaw
Holland
Horton
Hungate
Hyde
Ichord
Jacobs
Johnson, Colo.
Jones, Tenn.
Karth
Kazen
Kelly
Keys
LaFalce
Landrum
Lent
Litton
Lott
Lujan
Lundine
McCollister
McDonald
McEwen
McKinney
Matsunaga
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Mitchell, N.Y.
Moore

Mottl
Murphy, N.Y.
Nichols
Nix
Nowak
O'Brien
O'Hara
Patterson, Calif.
Paul
Pepper
Peyser
Quie
Quillen
Railsback
Randall
Rangel
Richmond
Riegle
Risenhoover
Roberts
Ryan
St Germain
Schneebeli
Schroeder
Sisk
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Steed
Steelman
Steiger, Ariz.
Stratton
Stuckey
Studds
Sullivan
Symington
Symms
Teague
Udall
Vanik
Weaver
Whitehurst

The Clerk announced the following pairs:

Mr. Dent with Mr. Ichord.
Mr. Addabbo with Mr. Anderson of Illinois.
Mr. Hawkins with Mr. Broyhill.
Ms. Abzug with Mr. Collins of Texas.
Mr. AuCoin with Mr. Fish.
Mr. Biaggi with Mr. Hagedorn.
Mr. Carney with Mr. Moore.
Mr. Corman with Mr. Frenzel.
Mr. D'Amours with Mr. Dellums.
Mr. Bedell with Mr. Ashbrook.
Mr. Dominick V. Daniels with Mr. Conlan.
Mr. Beard of Rhode Island with Mr. Conyers.
Mr. Eilberg with Mr. Mitchell of New York.
Mr. Evans of Colorado with Mr. Downing of Virginia.
Mr. Fithian with Mr. Beard of Tennessee.
Mr. Esch with Mr. Schneebeli.
Mr. Fisher with Mr. Butler.
Mr. Bevill with Mr. Kelly.
Mr. Danielson with Mr. Steelman.
Mr. Fraser with Mr. Crane.
Mr. Fuqua with Mr. Sisk.
Mr. Boland with Mr. Symms.
Mr. Eshleman with Mr. McDonald.
Mr. Cornell with Mr. Michel.
Mr. Brodhead with Mr. Clancy.
Mr. de la Garza with Mr. Lent.
Mr. Cotter with Mr. McCollister.
Mr. Gibbons with Mr. McEwen.
Mr. Green with Mr. Lott.
Mr. Brown of California with Mr. Smith of Nebraska.
Mr. Matsunaga with Mr. McKinney.
Mr. Melcher with Mr. Lujan.
Mr. Clay with Mr. Udall.
Mr. Stratton with Mr. Vanik.
Mrs. Sullivan with Mr. Whitehurst.
Mr. Teague with Mr. Weaver.
Mr. Hall with Mr. Mottl.
Mr. Murphy of New York with Mr. Helstoski.
Mr. Nix with Mr. Nichols.
Mr. Pepper with Mr. Hansen.
Mr. Hannaford with Mr. Ryan.
Mr. Rangel with Mr. Hayes of Indiana.
Mr. Richmond with Mr. Heniz.
Mr. Harkin with Mr. Quie.
Mr. Hays of Ohio with Mr. Spence.
Mr. Harrington with Mr. Hillis.
Mr. Hébert with Mr. Studds.
Mr. Riegle with Mr. Horton.
Mr. St Germain with Mr. Hyde.
Mr. Litton with Mr. Quillen.
Mr. Steed with Mr. Johnson of Colorado.
Mr. Risenhoover with Mr. Railsback.
Mr. Stuckey with Mr. Karth.
Mr. Holland with Mr. Snyder.
Mr. Roberts with Mr. Landrum.
Mr. Hungate with Mr. Metcalfe.
Mr. Jacobs with Mr. Mikva.
Mrs. Keys with Mr. Milford.
Mr. Jones of Tennessee with Mr. Smith of Iowa.
Mr. Kazen with Mrs. Schroeder.
Mr. LaFalce with Mr. Symington.
Mrs. Meyner with Mr. Steiger of Arizona.
Mr. Randall with Mr. Peyser.
Mr. Patterson of California with Mr. O'Brien.
Mr. O'Hara with Mr. Novak.
Mr. Mezvinski with Mr. Miller of California.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. YATES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, and that I may be permitted to include tables and charts, on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FEDERAL RAILROAD SAFETY AUTHORIZATION ACT OF 1976

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 11804) to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 7, line 9, after "sections" insert: "2 (a) (3),".

Page 7, line 15, strike out "periods."." and insert: "periods."

Page 7, after line 15, insert:

"(f) Notwithstanding subsection (a) of this section, an individual engaged in installing, repairing, or maintaining signal systems may be permitted to be or remain on duty for not to exceed four additional hours in any period of twenty-four consecutive hours whenever an actual emergency exists and work of the individual is related to such emergency. For purposes of this subsection with respect to the on-duty time of an individual engaged in installing, repairing, or maintaining signal systems, an emergency ceases to exist when the signal systems are restored to service.".

Page 8, strike out lines 18 to 21, inclusive.

Page 8, line 22, strike out "(2)" and insert:" "(1)".

Page 9, line 7, strike out "servicing."." and insert: "servicing."

Page 9, after line 7, insert:

"(2) the rear car of all passenger and commuter trains shall have one or more highly visible markers which are lighted during periods of darkness or whenever weather conditions restrict clear visibility; and

"(3) the rear car of all freight trains shall have highly visible markers during periods of darkness or whenever weather conditions restrict clear visibility; and

"(3) the rear car of all freight trains shall have highly visible markers during periods of darkness or whenever weather conditions restrict clear visibility.

Notwithstanding the provisions of section 205 of the Federal Railroad Safety Act of 1970 (45 U.S.C. 434), nothing in paragraphs (2) and (3) of this subsection shall prohibit a state from continuing in force any law, rule, regulation, order or standard in effect on the date of enactment of the Federal Railroad Safety Authorization Act of 1976 relating to lighted markers on the rear car of freight trains except to the extent that such law, rule, regulation, order, or standard would cause such cars to be in violation of this section.".

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. SKUBITZ. Mr. Speaker, reserving the right to object, I shall not object, but I would like to have my colleague, the gentleman from West Virginia (Mr. STAGGERS), explain just what these amendments are.

Mr. STAGGERS. Mr. Speaker, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from West Virginia.

Mr. STAGGERS. Mr. Speaker, on June 11, 1976, the House passed the bill. H.R. 11804, the Federal Railroad Safety Authorization Act of 1976. On June 24, 1976 the Senate adopted several amendments to the House bill.

The purpose of this unanimous-consent request is to agree with the Senate amendments and clear the bill for signature by the President.

The first Senate amendment of a substantive nature provides that railroad signalmen will be accorded the same protection with respect to crew quarters as is provided with respect to other railroad employees covered by the Hours of Service Act in the House bill. In the process of amending the House bill on the floor of the House, railroad signalmen were inadvertently omitted from this protection. It was originally provided for in the bill reported from the committee, and we agree with this Senate amendment.

The second Senate amendment of a substantive nature deals with the hours of service for railroad signalmen. Under the bill as passed by the House, it was intended to bring railroad signalmen within the provisions of the Hours of Service Act. Under that act, employees are limited to working not more than 12 hours in any 24-hour period, except that an additional 4 hours of work in any 24-hour period is permitted for crews of wreck and relief trains when their work is related to an emergency. Under the House bill, an emergency ceases to exist when the track is cleared and the line is open for traffic. The Senate amendment inserts a similar provision relating to railroad signalmen. Under the Senate amendment, a railroad signalman may be permitted to remain on duty for not to exceed 4 additional hours above and beyond the 12-hour limit in any period of 24 consecutive hours whenever an actual emergency exists and his work is related to that emergency. Also, under the Senate amendment, the emergency ceases to exist when the signal systems are restored to service.

The third Senate amendment of a substantive nature deals with rear end markers on passenger and freight trains. Under the House bill, the rear car of all passenger and freight trains are required to have highly visible markers which are lighted during periods of darkness or bad weather conditions. Under the Senate amendment, the rear car of all passenger and commuter trains must have such highly visible markers which are lighted during periods of darkness or bad weather conditions. The Senate amendment does, however, remove the requirement that the rear markers on freight trains must be lighted. It does require that freight trains must have rear markers which are highly visible during periods of darkness or bad weather conditions. The Senate amendment also preserves any State law in effect on the date of enactment of this legislation requiring lighted markers on the rear car of freight trains, unless such State law would cause such cars to be in violation of this legislation. Without this provision, any State law requiring lighted markers on the rear car of freight trains would be superseded by a regulation issued under the Federal Railroad Safety Act of 1970. This provision is necessary to preserve State laws and the committee recommends that we concur in this Senate amendment.

The balance of the Senate amendments are strictly technical and clerical in nature which make the necessary changes in the bill to conform to the substantive changes I have already described.

These amendments were carefully worked out in the Senate. They represent the best consensus that could be reached between railroad labor and railroad management.

Mr. Speaker, I urge the House to agree to this unanimous-consent request and concur in the Senate amendments.

Mr. SKUBITZ. Mr. Speaker, will my colleague, the gentleman from West Virginia, yield further?

Mr. STAGGERS. I would be happy to yield.

Mr. SKUBITZ. Mr. Speaker, I understand that the brotherhood and the railroads have worked out the three differences, and these amendments embody the compromises between them. This costs the Government no money, and the Government has no objection to it.

Mr. Speaker, when this bill was up before the Committee I stated that I thought it was wrong and ill-advised for the Congress to get involved in drafting specific work-rules for railroad employees. That is what is involved in large measure in this bill. This area is best left within the collective-bargaining process between the railroads and the brotherhoods themselves.

This bill also contains specific regulations and standards for safety procedures within the railroad industry. These specific regulations and guidelines should not be within the framework of legislation which the Congress enacts. This is precisely the reason for the establishment of the Federal Railroad Administration. If there has been some neglect in the issuing of regulations in areas involving the safety of railroad employees, it should be the duty of the Congress to direct and order the FRA to investigate the complaints, study in detail what is involved and issue safety regulations accordingly. If the FRA has dragged its feet in this vital area over the past couple of years, it should be the job of the Congress to give them the needed push, not to take over their task of enacting specific safety rules for the railroad industry.

However, inasmuch as the bill has already passed this Chamber and the proposals presented today are simply a clarification of several amendments on which the railroads and the brotherhoods are now in agreement, I will offer no opposition at this point to agreeing to the Senate amendments. However, I do want to take 1 minute to discuss a proposal of mine to better utilize the fines and penalties assessed under the Safety Act.

Mr. Speaker, you will recall that when this body considered H.R. 11804, I offered an amendment which would have permitted the Secretary of Transportation to enter into an agreement with a railroad subject to fines under this act. The Secretary would have considerable discretion in making this agreement so that the railroad would be encouraged to repair track, signals, and equipment on its property in order to prevent accidents. In effect, my amendment would have encouraged a self-policing mechanism within the rail industry which does not now exist. At the last minute during our deliberation, a number of organizations including the Department of Transportation, opposed my amendment primarily on the grounds that it was a new concept which had not yet been studied. I hope the concept embodied in my proposal will be considered before the Congress in the future. I am convinced that it is a good idea and is workable. I know for a fact that it would place between $1 million and $1½ million into specific safety improvements in the rail industry. At present, that money simply goes into the U.S. Treasury in the form of fines.

I view this bill as an interim measure which will keep the safety program limping along until the next Congress has the opportunity to once and for all face up to the real needs in the area of rail safety.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO MEET ON MONDAY NEXT AND FOR THE BALANCE OF THE WEEK BETWEEN 10 A.M. and 12 NOON DURING THE 5-MINUTE RULE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture be permitted to meet on Monday next and the balance of the week during the 5-minute rule. The committee's schedule calls for further consideration of H.R. 13613, the food stamp bill, 10 watershed projects, and 3 other pending bills.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman agree that the request will only be for the hours from 10 a.m. to 12 noon?

Mr. FOLEY. Yes. Mr. Speaker, if the gentleman will yield, I intend to ask for permission only for those hours, between 10 a.m. and 12 noon.

Mr. ROUSSELOT. And it is only for consideration of those five bills the gentleman mentioned?

Mr. FOLEY. The gentleman is correct.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time to inquire of the distinguished majority leader as to the program for next week, which looks like the New York City telephone directory.

Mr. O'NEILL. Mr. Speaker, will the distinguished minority leader yield?

Mr. RHODES. I would be glad to yield to my friend, the distinguished majority leader.

Mr. O'NEILL. Mr. Speaker, may I say that, as I am sure the gentleman understands, we will meet at 10 o'clock on Monday, and we will seek permission to meet at 10 o'clock on June 29, June 30, July 1, and July 2 of next week. We have permission to meet at 10 o'clock Monday under a previous order.

The program for the week of Monday, June 28, 1976, is as follows:

The House will meet at 10 a.m. on Monday, which is District Day; no District bills are scheduled.

We will consider H.R. 14234, transportation appropriations, fiscal year 1977; the conference report on H.R. 13965, District of Columbia appropriations, fiscal year 1976; the conference report on H.R. 12203, foreign assistance appropriations, fiscal year 1976; and H.R. 10210, unemployment compensation amendments, under a modified open rule, with 2 hours of debate.

On Tuesday we will consider the conference report on H.R. 14236, public works appropriations, fiscal year 1977; H.R. 14260, foreign assistance appropriations, fiscal year 1977, with votes on amendments and the bill; and then we will take up H.R. 13555, mine safety and health, under an open rule, with 1 hour of debate.

On Wednesday we will first take up the conference report on H.R. 14237, agriculture appropriations, fiscal year 1977.

S. 3295, housing authorization conference report; House Resolution 1302, disapprove administration's energy action No. 3; House Resolution 1303, disapprove administration's energy action No. 4; H.R. 13777, public land policy and management, under an open rule with 2 hours of debate; and H.R. 7743, Pennsylvania Avenue development, under an open rule, with 1 hour of debate.

On Thursday and the remainder of the week we will consider House Resolution 900, Members' allowances adjustments, subject to a rule being granted; House Resolution 1368, Commission on Administrative Review; H.R. 14261, Treasury-Postal Service appropriations, fiscal year 1977, conference report; H.R. 14239, State-Justice, judiciary appropriations, fiscal year 1977, conference report; H.R. 11656, government in the sunshine, under an open rule, with 2 hours of debate; H.R. 8401, nuclear fuel assurance, under an open rule, with 1 hour of debate; H.R. 13876, international banking, under an open rule, with 1 hour of debate; H.R. 13955, Bretton Woods Agreement, subject to a rule being granted; H.R. 9398, Economic Development Act amendments, under an open rule, with 1 hour of debate, and H.R. 6218, Outer Continental Shelf Act amendments, votes on amendments and the bill.

Conference reports may be brought up at any time, and any further program will be announced later.

Mr. Speaker, the House will recess from the close of business on Friday, July 2, until noon on Monday, July 19, 1976.

In addition, Mr. Speaker, I would like to say that Members must realize that Congress has to take final action next week on the debt limit and extension of the tax withholding rate, both of which are in the Senate, and both of which expire on June 30.

HOUR OF MEETING ON JUNE 29, JUNE 30, JULY 1, AND JULY 2, 1976

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the House meet at 10 a.m. on Tuesday, June 29, on Wednesday, June 30, on Thursday, July 1, and on Friday, July 2, of next week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Massachusetts (Mr. O'NEILL), having read the program and before permission is granted, why the legislative appropriations bill which was announced several weeks ago has not been listed for consideration Monday and when it might be.

Mr. O'NEILL. If the gentleman will yield, with the cooperation of the committee, we did not list it for consideration.

Mr. BAUMAN. When might it be brought up?

Mr. O'NEILL. It will be coming up on July 27.

Mr. BAUMAN. There was no other reason stated?

Mr. O'NEILL. I have not asked the chairman about it in detail. That was the agreement with the committee and that was the date on which they requested that the matter be put on the calendar.

Mr. BAUMAN. The gentleman mentioned the program for Thursday and Friday of next week.

The first matter of business for Thursday is House Resolution 900, and it is entitled "Members' Allowance Adjustments."

On the House calendar House Resolution 900 provides for salary adjustments for Official Reporters of Debates. Will the gentleman tell us what the content of that resolution is and what kind of rule is being sought. Will it be an open rule?

Mr. O'NEILL. As I understand it, the committee took an existing resolution that was in the committee and struck out all after the enacting clause and added new language.

Mr. BAUMAN. Am I correct in assuming that this resolution is the one which the Committee on House Administration has been working today amended so as to include Members' allowance adjustments and repealing the House Administration's Committee final power over such matters?

Mr. O'NEILL. The gentleman is correct, and it will go before the Committee on Rules, I believe.

Mr. BAUMAN. Will the gentleman tell us whether or not he will support an open rule allowing Members a chance to work their will on this resolution?

Mr. O'NEILL. I have no idea what type of rule the committee is requesting.

Mr. BAUMAN. The gentleman is asking whether the gentleman from Massachusetts will support an open rule on House Resolution 900?

Mr. O'NEILL. I will support the rule that the committee requests.

Mr. RHODES. Mr. Speaker, if the gentleman will yield, I have had conversation with the gentleman from New Jersey (Mr. THOMPSON), the chairman of the Committee on House Administration, who informed me that he would support the kind of rule that the gentleman from Massachusetts (Mr. O'NEILL) wanted.

Mr. BAUMAN. If that is the case, could the gentleman from Massachusetts tell us whether he would support an open rule?

Mr. O'NEILL. I do not know whether I will support an open rule. I do not have any idea what the committee will request. If the committee requests a closed rule, I do not know that I would do anything but be guided by what the committee requests.

Mr. BAUMAN. The only reason the gentleman from Maryland raises the question is because a number of us have been concerned about the fact that the majority party has arrogated unto itself almost complete control over the so-called reforms in House procedures, excluding the minority completely.

I would hope that the majority leader would support an open rule when these matters are brought to the floor so that every Member of both parties can have a chance to offer any amendments that they may desire to offer.

Mr. O'NEILL. I am as seriously interested in good government in this country and in this Congress as is the gentleman from Maryland. I do not believe that the gentleman from Maryland is alone in virtue.

Mr. BAUMAN. The gentleman from Maryland agrees that many Members have very limited virtues compared to the gentleman from Massachusetts.

Mr. O'NEILL. Let me say to the gentleman from Maryland that there has been much talk and many accusations because two or three people may have broken the law. But I certainly would not condemn all of the Members as a result. I would never be so unfair to my colleagues.

I can assure the gentleman from Maryland that when this fair and equitable legislation passes this Congress, and I trust it will pass next week without obstruction from your side, the people of America will be proud.

Mr. BAUMAN. Again will the gentleman from Massachusetts support an open rule so that we can achieve the end the gentleman says he seeks?

Mr. O'NEILL. I would just say again that whatever rule the committee asks for and the Committee on Rules reports out will be the rule that I will support.

Mr. BAUMAN. I also notice that House Resolution 1368 is listed, that is the Commission on Administrative Review. Is that a privileged matter that does not require a rule being granted?

Mr. O'NEILL. This will be a resolution by the Committee on Rules.

Mr. BAUMAN. I am trying to determine what it is about. Is this the one that sets up a commission to study accounting procedures and report back to the Congress?

Mr. O'NEILL. Yes.

Mr. BAUMAN. I thank the gentleman for answering some of my questions and about his assurance of the virtues of some of the Members.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. RHODES. Further reserving the right to object, I would ask, could the majority leader give the House any idea as to what time on Friday of next week that we might expect adjournment?

Mr. O'NEILL. If the gentleman will yield, as the gentleman can see, we have a long calendar. There are certain items that must be done, as the gentleman is well aware.

We do have a lot of legislation that can be acted upon when Members get back from their various sojourns and the Democrats complete their convention. Consequently I would suppose that, as it is the eve of a holiday weekend, that we will be out of here, at the latest, at 4 o'clock.

Mr. RHODES. I concur in that.

I would also hope, Mr. Speaker, that as the week goes on that the majority leader could look at the calendar and make some decision as far as bills that might be stricken, so that the Members will have some firmer idea as to what is to be expected in the way of legislation.

Mr. O'NEILL. We will be happy to do that.

Mr. RHODES. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISPENSING WITH BUSINESS IN ORDER UNDER THE CALENDAR WEDNESDAY RULE ON WEDNESDAY NEXT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule may be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ADJOURNMENT TO MONDAY, JUNE 29, 1976

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next at 10 o'clock a.m.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ANNUAL REPORTS ON ADMINISTRATION OF HIGHWAY SAFETY AND NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACTS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States: which was read and, together with the accompanying papers, referred to the Committees on Public Works and Transportation and Interstate and Foreign Commerce:

To the Congress of the United States:

The annual reports on administration of the Highway Safety and National Traffic and Motor Vehicle Safety Acts of 1966 are transmitted for your consideration. They describe some of the many and varied programs undertaken to carry out the purpose of Congress to reduce the rising numbers of traffic accidents, injuries and deaths. The volume on motor vehicle safety also includes the annual report required by Title I of the Motor Vehicle Information and Cost Savings Act of 1972. The highway safety document contains information on a number of activities initiated because of provisions in the Highway Safety Act of 1973.

Ten years after passage of the basic legislation, the American motorist is safer than ever before. The 1975 data show that: There were 45,674 traffic deaths, 6,000 fewer than in 1967, and 9,000 less than in 1973. The number of deaths per 100 million miles of travel reached 3.47, the lowest rate on record and far below that of any other industrial nation. The principal category of highway users, motor vehicle occupants, show the largest statistical improvement. Deaths in this category remained fairly constant until the 1973–1974 fuel crisis, while fatalities among other classes were rising.

These figures represent a real achievement in view of the tremendous growth in traffic during that period. This progress was made possible through the cooperation and support of Federal, State and community governments, of industry, private organizations, and the taxpaying public. It is the cumulative effect of a wide variety of safety and energy conservation programs, as well as research designed to improve the safety of the traffic components—vehicle, highway, and driver.

The fatality figures are still far too large. There is a long way to go to containment within tolerable limits. However, the rising death curve of this century has been turned around. This merits the continued support of the Congress, and of all of the organizations and individuals who brought it about.

GERALD R. FORD.

THE WHITE HOUSE, *June 25, 1976.*

THE "ESMERALDA" IS A FITTING REPRESENTATIVE OF THE CHILEAN JUNTA

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. KOCH. Mr. Speaker, as a member of the Foreign Operations Subcommittee of the Appropriations Committee, I have been devoting increasing attention to the problem of repression in South America and how our military assistance programs contribute to that repression. My position is that we should not assist a government in the repression of its own people, as such assistance contradicts our policy of not intervening in the internal affairs of another country. To this end, I have been successful in having a cutoff of all military assistance to Uruguay included in the 1977 foreign assistance appropriations bill. Uruguay is now considered the equal of Chile in terms of repression. I am pleased to report that I helped organize hearings held on June 8 and 9 on the status of human rights in Central America, in which the leaders of the democratic opposition to the dictatorships of Nicaragua, Guatemala, and El Salvador charged that U.S. assistance was crucial to the maintenance of dictatorship in their countries and urged an end to such assistance.

There is growing controversy over the participation of the Chilean ship, the *Esmeralda,* in New York City's celebration of Operation Sail. Several Chilean exiles have testified that they were tortured on the *Esmeralda* subsequent to the coup that toppled Salvador Allende. Understandably, many throughout the world are outraged that a Chilean ship used as a place of torture is going to be allowed to participate in Operation Sail.

Frankly, I have mixed feelings about excluding the *Esmeralda* from Operation Sail. I consider Operation Sail in the same way as I do the Olympics. All countries, whatever their past or present political practices, should be encouraged and allowed to participate. If we are to exclude Chile from this event, what should our position toward the Soviet Union or South Africa, both of whom will be participating? Certainly, the Soviet Union is no less repressive than Chile or South Africa, but I do not believe its entry should be excluded.

My position will not satisfy many who want to see the ship excluded, but in a bizarre way, the Chilean junta is sending a fitting representative for Chile to Operation Sail. By doing so, it is declaring before the world that it feels no shame for having institutionalized torture to mantain itself in power, thereby drawing even greater world scorn upon itself. I have been invited to visit the *Esmeralda* and obviously will have nothing to do with that ship during Operation Sail in order to indicate my revulsion. I urge that none go aboard the *Esmeralda.* I suspect the sight of the *Esmeralda* devoid of passengers amid the celebration by millions of Operation Sail may have a powerful effect upon the Chilean junta.

I want to add that I have no intention of boarding ships of Argentina, the Soviet Union, or South Africa. The same will be the case should ships be participating from South Korea, India, the Philippines, Uganda, or other countries which have little if any respect for human rights.

I do want to reiterate that all countries should be allowed to participate in Operation Sail, because I do believe that certain international events such as the Olympics transcend politics. Our protest should be a silent one, reflected through our absence from the *Esmeralda.* Perhaps were we not able to make progress in ending our support for the Chilean junta, such symbolic acts of protest would take on greater significance. But Operation Sail is not our only remaining avenue of protest. We have cut off all military aid and have drastically reduced our economic aid to Chile. My concern is that in turning Operation Sail into a political event, we will alienate those who agree with protection of human rights but also believe, as I do, that Operation Sail is an international celebration which is apolitical. We are gaining in Congress, and that is where we should carry the fight.

PRISONERS OF CONSCIENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 60 minutes.

Mr. GILMAN. Mr. Speaker, I welcome this opportunity to bring to the attention of my colleagues the plight of the Soviet Jew and most particularly, the case of Mark Nashpitz, my "prisoner of conscience" who is serving a 5-year term of exile in Tupik near the Soviet-Chinese border.

Mark Nashpitz, a 27-year-old dentist, was arrested in February of 1975 for participating in a peaceful demonstration for the right to emigrate from the Soviet Union. He was sentenced to 5 years in exile for "active partaking in group activities which are disturbing to public order." At the time, Mark had renounced his Soviet citizenship claiming Israel as his homeland and expressing a desire to join his mother and members of his family in Israel.

I have contacted Mark and members of his family offering moral support and have written to Ambassador Dobrynin on a number of occasions in an attempt to have him review and rectify Mark's abominably harsh sentence and the circumstances surrounding his imprisonment.

I have also undertaken an in-depth investigation of the substantive and procedural aspects of Mark's trial. The actions and determinations of the procurator and judge in the Moscow city court remain questionable at best. I have found what appears to be patent violations of both the Soviet criminal code and the code of criminal procedure, as well as an obvious disregard of defined principles of international law. I plan to submit a petition and a brief to the procurator-general and Ambassador Dobrynin, as well as a brief on apparent violations of international law to the International Court of Justice, to the United Nations Commission in Human Rights, and to the newly formed House Commission on Security and Cooperation in Europe. It is my sincere hope that this action will not only help to stimulate interest and concern for the case of Mark Nashpitz, but will lead the way for appropriate remedial action.

The plight of Mark Nashpitz, Soviet Jewry and other Soviet minority groups have received increasing recognition and support by the Congress over the last few months. Forty-five of my distinguished colleagues have joined with me in signing a letter to Ambassador Dobrynin on behalf of Mark Nashpitz, requesting his immediate release and the issuance of an exit visa allowing him to rejoin his family in Israel.

Our letter and signatures read as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 21, 1976.

His Excellency ANATOLIY DOBRYNIN,
Embassy of the Union of Soviet Socialist Republics, Washington, D.C.

DEAR MR. AMBASSADOR: We, the undersigned Members of the United States House of Representatives, are writing to you on behalf of a young dentist, Mark Nashpitz, who is currently serving a five year sentence in the Tupik labor camp on the Chinese border.

Nashpitz has repeatedly applied for an exit visa to Israel since 1970. His visas were denied on the allegations that his father was a traitor for having left the Soviet Union in 1956 and that Mark would have to answer for his father's actions. Following his refusal to become an informant for the KGB in Jewish activist circles, Mark was imprisoned for one year corrective labor.

In February of 1975, Mark Nashpitz was arrested for participating in a one minute peaceful demonstration in front of the Lenin Library and was sentenced to five years in exile.

The treatment of Mark Nashpitz by Soviet authorities, refusal of permission to emigrate, threats, arrests and an unjustified harsh sentence is in violation of Soviet law and of recognized international human rights and principles.

Accordingly, we urge your prompt review of this case in order to rectify this injustice and to allow Mr. Nashpitz to peacefully emigrate from the Soviet Union.

Thank you for your attention to this issue.

Sincerely,

BENJAMIN A. GILMAN,
Member of Congress.

Benjamin A. Gilman, Bella Abzug, Jerome Ambro, Herman Badillo, Edward Boland, William Brodhead, William Chappell, Thomas Downey, Robert Drinan, Robert Duncan, Joshua Eilberg, Hamilton Fish, Jr., Donald Fraser, William Frenzel, Barry Goldwater, Jr., Gilbert Gude, Thomas Harkin, Michael Harrington, Elizabeth Holtzman, William Hughes, Andrew Jacobs, Jack Kemp, Edward Koch, John Krebs, William Lehman, Norman Lent, Clarence Long, Andrew Maguire, Matthew McHugh, Edward Mezvinsky, Joseph Moakley, John Murphy, Richard Ottinger, Claude Pepper, Peter Peyser, Charles Rangel, Frederick Richmond, Benjamin Rosenthal, Paul Sarbanes, James Scheuer, Paul Simon, Stephen Solarz, Henry Waxman, Charles Wilson, Sidney Yates, Leo Zeferetti, members of Congress.

Mr. Speaker, some of my colleagues in the Congress have also chosen to adopt and monitor the cases of a number of prisoners in the Soviet Union—Mikhail Stern, Valentyn Moroz, Michael Mager and Georgi Vins—names which have become household words to us over the past months as numerous pleas are made on their behalf for sympathy, for action and moral support.

Congress has always taken a firm stand in fighting religious persecution, in its opposition to the denial of emigration and the Soviet treatment of those who publicly embrace the Judeo-

Christian ethic. It is now imperative that we impress upon the Soviet Government that we are a unified body staunchly opposed to the persecution and degradation of those who have chosen to emigrate from the Soviet Union. We know they are in constant danger of being deprived of undeniable human rights by a government which chooses to ignore the basic concepts of religion, freedom, and family and we must act!

I urge my colleagues to support the continuing efforts in behalf of all those oppressed peoples in the Soviet Union and particularly these "prisoners of conscience."

I am thankful for the overwhelming response and support of this Congress in seeking to alleviate the suffering of Soviet Jewry and other minorities who are being denied their basic freedoms.

At this point, I would like to submit a copy of the petition and brief to be filed with the Procurator-General and the Soviet Ambassador:

In the Matter of Mark Nashpitz Against Union of Soviet Socialist Republics, June 22, 1976

I. STATEMENT OF THE CASE

On February 24, 1975, Mark Nashpitz, a Russian Jew, was arrested and charged with the violation of *Article 190-3, Code of Criminal Law, R.S.F.S.R.*, "active partaking in group activities that are disturbing public order". On March 31, 1975, Nashpitz was convicted in a "closed session" of the Moscow City Court that took place in the offices of the People's Court of the Babushkinsky Region (Lenskaya Street No. 2). Chairman of the Court was Judge Bogdanov. Nashpitz was sentenced to five years in exile, and following the denial of this cassation complaint, was ordered removed to the Tupik labor camp near the Soviet-Chinese border where he is currently serving out the remainder of his five year sentence.

II. STATEMENT OF THE CASE

On February 24, 1975, Mark Nashpitz, a twenty-seven (27) year old stomatologist from Moscow, was participating with approximately 30 other Russian activists (nine Soviet Jews) in a peaceful demonstration for exit visas in front of the Lenin Library at the corner of Karl Marx Prospeckt and Kallin Prospeckt, a thoroughfare in central Moscow. The library was closed for the day. They were carrying placards asking for the right to emigrate to Israel and to halt harrassments following visa applications.[1] The demonstration lasted approximately thirty (30) seconds before it was broken by the militia. Militiamen performing the arrests claimed that they were hit by placards carried by the demonstrators, and while still at the scene of the demonstration, one or more of them allegedly identified Nashpitz as one of the perpetrators of the assault.

The defendant, following his arrest, was placed under investigation on "unspecified charges". During this investigation, Nashpitz was held incommunicado in the Preliminary Detention Cell of No. 40 militia-branch for nine (9) days without any information about the charges or investigation being given to his relatives. Although it became known on the third day following the arrest that a criminal case was opened against Nashpitz; his relatives did not know of his whereabouts. The inspector who was obliged to inform them about the facts surrounding the case "was sick", while the Deputy Director of the Investigation Department of the Prosecutor's office in Moscow said that he never heard of the case; although, it was revealed later that he personally knew quite a bit about the case.

On the 26th of February, the apartment of Nashpitz's aunt, M. Zaslavakaya, was searched during her absence, purportedly for the purpose of discovering articles or documents that would implicate Nashpitz even further. Curiously, the search came immediately after M. Zaslavakaya had sent a complaint to the Procurator's office in Moscow in connection with the case of her nephew.

Once notified of the pending action against Nashpitz, his relatives were then told to secure an advocate for Nashpitz, but only an advocate that possessed a "dopusk" (security clearance). This condition considerably restricted Nashpitz's relatives in their choice of available counsel.

On March 30, these same relatives of Nashpitz, unaware that it was the day before the trial, asked Moscow City Court officials for the date and time set for the trial. The head of the special office of the City Court informed them that the trial would be held in closed session and that relatives of the accused are not entitled to know where or when Court would be held.[2]

During the course of the preliminary investigation that was obligatory in this case, and throughout the proceedings of the court, the requests of the accused and his advocate to call witnesses for the defense were not satisfied. Not one of the witnesses for the defense was questioned. Nor were accidental witnesses or passers-by examined.

On the day of the trial, friends and acquaintances of the accused were not permitted to enter the building in order to observe the proceedings of the trial. Only Nashpitz's aunt was allowed to attend the trial, and, even then, she was forbidden from making notes of the proceedings while in the courtroom.

During the course of the trial itself, the accused was permitted to testify in his own behalf and address the Court in a concluding statement.

The verdict of Judge Bogdanov was that the slogans on the placards were of a provocational nature and that the demonstrators violated the public order and interfered with traffic and passers-by.

Although prosecuted under Article 190-3 *supra*, Nashpitz was sentenced to five years in exile in accordance with Article 43, Code of Criminal Law, R.S.F.S.R., in "mitigation" of his punishment.[3]

III. STATEMENT OF THE ISSUES

A. Mark Nashpitz was not guilty of violating the provisions of Article 190-3, Code of Criminal Law, R.S.F.S.R.

Article 190-3, Criminal Code, R.S.F.S.R. states:

"The organization of, and, likewise, the active participation in, group actions which violate public order in a coarse manner or- which are attended by clear disobedience of the legal demands of representatives of authority or which entail the violation of the work of transport or of state and social institutions or enterprises shall be punished by deprivation of freedom for a term not exceeding three years, or by correctional tasks for a term not exceeding one year, or by a fine not exceeding 100 rubles."

First, we have Nashpitz's own testimony during trial that he came to the Lenin Library alone in order to express his personal protest against his forced detention to the U.S.S.R. The placard which he carried during the brief demonstration simply read: "Visas Instead of Prisons"—certainly innocuous and innocent enough by itself! The site of the demonstration is a little square in front of the building (which, by the way, was closed on the day of the demonstration), far removed from the part of the road used for traffic.

Nashpitz also testified that the demonstrators did not interfere with either the transports or the passers-by. Instead, the demonstrators silently took out their placards and stood around without bothering anyone. When militiamen did appear and began to break up this peaceful demonstration and arrest the activists, he, Nashpitz, surrendered himself and his placard without any resistance and allowed himself to be silently led away to a waiting near-by bus.

The State, on the other hand, produced only exculpatory, or biased, or flatly contradictory testimony.

The first witness, *Grushkov*, a militiaman, testified that he was on duty at 10:30 while passing near the area of the Lenin Library. As he left the tunnel and went up the stairs (the library building stands above the level of the sidewalk), he observed a group of people in the square in front of the library who were either holding up placards or still unfolding their signs. He approached the group as he thought their action to be a violation of order. Coming upon the scene, he noticed a few people who were curious to read the placards, and then went up to Nashpitz, took away his sign and ordered him to go to the empty bus which was now standing nearby.

Grushkov also testified that Nashpitz complied with his order and did not offer any resistance. The militiaman went on to state: that there were no violations of the traffic movement, only curious drivers who had slowed down their cars; that there was no crowd around the demonstrators, only about ten to twelve people; that the movement of passers-by was not obstructed; and that the whole action lasted only about two to five minutes.

The witness, *Chuvileva*, was questioned next. Her testimony was to the effect that she and her husband were on leave traveling together to a shop situated not far from the Lenin Library. As they left the tunnel (probably the same tunnel that the first witness Grushkov referred to), they were attracted by the sight of several people standing near the library. Having read the text of the placards she ran to the man closest to her, Nashpitz, and pulled the sign out of his hand. Under what claim of authority she undertook this action is not clear from the limited testimony. She then attempted to pull the placard from Nashpitz hand, but according to her testimony, he resisted. To the Procurator's next question of whether it was true that he had then struck her on the arm, as she had previously testified during the preliminary investigation, she said that she did not remember, but that it seemed to her that he struck her when she was leading him to the bus. In contrast, the witness, *Grushkov* had already testified that he alone had led the accused to the bus, having previously stripped him of his placard. She then went on to estimate in her testimony that the number of people who had gathered in the square was around twenty, and that neither the demonstrators nor the crowd interfered with traffic of passers-by.

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[1] In 1970, Nashpitz first applied for a visa to emigrate to Israel. Nashpitz was denied his visa on the grounds that his father was a "traitor" for allegedly having illegally left the country in 1956 and that the son would have to answer for the father's actions.

On March 2, 1972, Nashpitz was sentenced to one (1) year corrective labor for refusing to serve in the Soviet Army as a reserve officer. At the time of his conviction, he had presented documents showing that he had renounced his Soviet citizenship in 1971 and that he was officially an Israeli citizen.

In August 1974, four and a half months after his mother's emigration to Israel, Nashpitz was told by KGB officials that his own emigration to Israel would be expedited if he agreed to "penetrate the activist leadership circles and try to discredit them, disrupt demonstrations, and find out their means of gathering information on the emigrations status of Jews living in the provinces." When he refused, he was threatened with prosecution on trumped up charges of "serving as a middleman for the transfer of Jewish capital to Israel and the illegal selling of diamonds."

[2] In fact, the trial was held in open session, i.e. the relatives were simply deceived by this official. "The examination of cases in all courts shall be open, except in instances when this contradicts the interest of protecting a state secret . . ." (Article 18, Code of Criminal Procedure, R.S.F.S.R.) In addition, the resolution of whether to consider the case in closed judicial session in instances provided for by the Article 18 (sic) . . . shall be made by the court in administrative session. (Article 228(8), Code of Criminal Procedure, R.S.F.S.R.)

[3] All other participants of this demonstration, save one, were only given 10 to 15 day sentences.

The witness, *Chuvilev* (the husband of Chuvileva), was next questioned. He did not personally confront Nashptiz, but testified that he observed the prisoner hit his wife when she tried to take away his placard. This directly contradicts both his wife's and Grushkov' testimony.

The next witness, *Kuznetsova*, testified that she had already passed the library when she heard a noise and saw a crowd gathering. She returned, but did not see the texts of the placards, and did not take part in detaining the participants of the demonstration. She was then asked a series of leading questions by the Procurator about her personal attitude which demonstrated an extreme bias toward Russian activists.

An eighteen year old witness, *Shatiliv*, was next. His testimony was similar to Chuvilev's in that he stated that he observed the alleged altercations between Chuvileva and Nashpitz from a distance, and that he heard Nashpitz insulting and hitting Chuvileva. However, both the accused and another defendant, a one Tsitlyonok, both claimed that Shatiliv was not present at the time of the demonstration, and that they first saw him in the miltia office of the Latin Library when he was in custody with them and that he was later taken by the same bus to the sobering-up station No. 8 in Moscow.

One of the main witnesses was called next—the Inspector of the ORUD GAI (the traffic militia), *Gladilin*. He testified that he was present at the square during the demonstration, and in his words, it lasted no more than two to five minutes. He did not see any crowds or violations of traffic or pedestrian movements. In fact, he testified that because he observed no resistance by the demonstrators, he considered it safe enough to go back to his other duties because he judged that one militiaman was enough to handle the situation.

Four of the remaining witnesses, who had confirmed the charges against Nashpitz, testified at the trial that they did not observe the demonstration very well and did not remember the accused.

The summation of Procurator Prazdekova was based largely on the testimony given by her witnesses during the preliminary investigation. She did not, however, refer to the inconsistencies between the testimony given at the trial versus the testimony received during the investigation. Nor did she refer to the obvious contradictions between the testimonies of the state's witnesses during the trial itself. She then went on to state that Nashpitz was, in her opinion, a parasite. Yet, it is a fact that Nashpitz was a stomatologist, who had worked until November 1974, when he was told in the OUIR that he would soon receive his visa and had only a short time to prepare to leave.

The advocate of Nashpitz, on the other hand, examined the discrepancies in the testimony of the State and went on to delineate the significant differences between the conduct of the accused and the conduct constituting a violation of the provisions of *Article 190–3, supra.*

Judge Bogdanov, in his verdict, based his findings on only the testimony of those witnesses that was given during the preliminary investigation.

B. *Mark Nashpitz was illegally sentenced under Article 43, Code of Criminal Law, R.S.F.S.R.*

In her summation, the Procurator asked the court for leniency in sentencing the accused. She then requested that the court, in view of the humaneness of Soviet law, determine the prisoner's sentence in accordance with *Article 43, Code of Criminal Law, R.S.F.S.R.*, rather than *Article 190–3, Code of Criminal Law, R.S.F.S.R.*, under which he was tried, which permits the court to commute the punishment prescribed by any of the articles of the Criminal Code. "Active partaking in group activities that are disturbing public order," the offense of which Nashpitz was convicted, is punishable by deprivation of freedom up to three years, correctional tasks for a term not exceding one year or a fine up to 100 rubles.

Article 43, supra, states:

"If the court, taking into consideration the exceptional circumstances of a case and the personality of the guilty person, *deems it necessary to assign a punishment less than the lowest limit provided by law for the given crime or to resort to another, milder type of punishment*, it may permit such mitigation but shall be obliged to indicate the reasons." (emphasis supplied)

The Procurator then went on to ask the court for a sentence of five years of exile for the accused, the maximum term of exile that can be assigned "either as basic or as a supplementary punishment". (Article 24, Code of Criminal Law, R.S.F.S.R.)

Since correctional tasks and fines are much milder punishments than exile, there was no need or right of the court to apply, in the case of Nashpitz, the provisions of Article 43, *supra*, which can only be evoked when the court has decided to resort to a punishment less than the minimum provided by law or to resort to another milder punishment. By assigning the punishment of exile, the court violated the letter and the spirit of Article 43, *supra*, which was introduced into the Criminal Code for humanitarian reasons. The court also acted without any precedent for its actions.

C. *Mark Nashpitz was illegally confined under guard in a cell of preliminary confinement for a period in excess of the permitted three days.*

Article 96–2, Code of Criminal Procedure, R.S.F.S.R., states:

"Persons confined under guard may be kept in a cell of preliminary confinement for not more than seventy-two hours."

"If the delivery of persons confined under guard to a separate investigative cell is impossible because of distance or lack of appropriate communications, then they may be kept in a cell of preliminary confinement for up to thirty days."

From the records, it is apparent that the accused, Mark Nashpitz, was detained for a period of at least nine days at the Preliminary Detention Cell No. 40, militia-branch.

Since Preliminary Detention Cell No. 40 is located in Moscow and the accused was arrested in Moscow, it is difficult to perceive how the State can justify extended confinement in preliminary cell because "a separate investigative cell is impossible because of distance or lack of appropriate communication . . ." (*Article 96–2, supra*).

It is also worth noting, though it is impossible to determine from the meager record of this case, whether the accused was originally arrested with the prior sanction of either a court or a procurator (*Article 11, Code of Criminal Procedure, R.S.F.S.R.*), and if not, did any agency of inquiry give notice to a procurator within twenty-four hours of the grounds and reasons for detention (*Article 122, Code of Criminal Procedure, R.S.F.S.R.*). This is essential to the rights of the accused because, by law, a procurator must, within forty-eight hours from the moment of receiving such notices, approve the confinement under guard or free the prisoner. (*Article 122, supra*).

D. Mark Nashpitz was denied his right to a defense in Soviet Law.

1. One of the most basic principles of Soviet criminal procedure is the right of a defendant to a defense. This principle is guaranteed by Article 111 of the U.S.S.R. Constitution and by *Article 19, Code of Criminal Procedure, R.S.F.S.R.*

Article 19, supra, states in part:

"An accused shall have the right to defense . . . ."

After the relatives of Nashpitz were informed of the pending charges against him, they were instructed to secure defense counsel, but they were also told he must possess a "dopusk" (security clearance).

The right to a defense is a general concept that is expressed in a number of specific rules. *Article 48, Code of Criminal Procedure, R.S.F.S.R.*, grants that defendant the right to choose his own lawyer. In a decision rendered December 17, 1971, the Supreme Court of the U.S.S.R. (panel for criminal cases) held that "depriving the defendant of the possibility of commissioning a lawyer according to his own choice required reversal of the conviction." Furthermore, Soviet legislation consistently stresses the broad range of persons from whom the defendant may select a lawyer according to his own personal wishes. There is no reference in any of the statutory material, or any of the published regulations, or any of the official commentaries, to limitations on the range of lawyers who are permitted to appear in "special cases."

Limiting the choice of counsel to lawyers officially approved by the State has resulted in numerous instances in the Soviet Union in which the defendant was denied the services of a lawyer willing to perform the function of a defense counsel.

This requirement of a dopusk, this precondition as you will, effectively limited the defendant's choice of counsel to a narrow, state-approved list of attorneys whose sympathies (since they were granted security clearances) very probably would not lie with a Russian activist. And this in-bred bias could eventually interfere with their solemn obligation to pursue all means and methods that would exculpate their client, or to reduce his responsibility, or to render him all necessary legal assistance.

2. The most essential aspect of a constitutional right to a defense is the right to present evidence at trial. See *Articles 46 and 51, Code of Criminal Procedure, R.S.F.S.R.*

From the record of the trial, there can be no doubt that the defendant, Nashpitz, was denied his right to present all available evidence, since the Procurator twice objected to the defendant's request and that of his counsel to call certain witnesses—first, at the beginning of the court session, and later, after all the State's witnesses had been examined.

The Procurator's objection was based on her opinion that witnesses for the defense, since they were guilty of committing the same actions and were currently serving 10 to 15 day's prison sentences, would not be reliable witnesses. There is no support, however, for this opinion in Soviet law. As a consequence, the defendant, Nashpitz, was not allowed to call any witnesses in his behalf.

E. *Mark Nashpitz was denied the right of a public trial.*

Article 18 and 228, Code of Criminal Procedure, R.S.F.S.R., establish the principle that the examination of cases in all courts shall be open, except in instances where state secrets or minors or sexual offenders are involved.

Since none of those exceptions are material to the facts of this case, it follows that the defendant should have been tried in open session. In fact, Nashpitz was tried in open session. But the actions of the Moscow City Court's officials throughout the investigation and trial of the accused, taken as a whole, effectively limited the defendant's right to a public trial.

Consider the following actions:

On the day before the trial of Nashpitz was scheduled, the relatives of the defendant inquired of the head of the special office of the City Court where and when the trial would be conducted. The head of the special office told them, in effect, that it was none of their business, but that it didn't make any difference whether they knew or not since the trial would be held in *closed session*.

On the day of the trial itself, relatives, friends and acquaintances of the accused arrived at the court building around 9 o'clock in the morning (the session was to start at 10:30) but the court-yard was already full of militiamen and members of the People's Guard. The doors of the courtroom were completely blocked. When they asked to be let in they were refused under the pretext that a "sanitary day" was scheduled for the court building (no signs of which were apparent anywhere). At the same time, the militia told the crowd gathered outside that the courtroom was filled-up by the curious residents of the neighboring houses.[4]

Approximately at 9:20 a prison car arrived, with Nashpitz and the other accused inside. They were led out by the guard and taken to the courtroom. As they were being transferred, the militiamen formed a tight cordon around the prisoners so that no one in the crowd could speak to them.

A group of foreign correspondents, who had arrived later than most of the crowd, and who also knew that there would be an open trial, asked to be admitted. The militia first asked them to show their press cards, then told them that the building was being cleaned, and then informed them the courtroom was full. Thus, the request of the foreign correspondents to be present at the trial was also rejected.

Prior to the beginning of the court session, the defense counsel for the accused had submitted a request for inviting to the trial a representative of the Embassy of Holland which also represented the interest of Israel in the U.S.S.R. As an answer to the request to a representative of the Embassy of Holland, the Procurator said that the session was an open one and any person could attend it.

Finally, just prior to the commencement of the trial, the aunt of the accused was permitted to enter the courtroom, although she was forbidden from taking any notes of the proceedings while in the courtroom.

The aunt of the accused later reported that there were many empty places in the courtroom throughout the session. She also reported that while the building itself was empty—as all other court sessions were cancelled—the cafeteria was indeed open, and she never saw any cleaning women or anyone at all connected with the "sanitary day".

F. *The treatment of Nashpitz constituted a violation of both internationally recognized human rights standards, the Universal Declaration of Human Rights, and international human rights law, The International Covenant on Civil and Political Rights.*

The history of the case of Mark Nashpitz is one of repeated violations of international law. The overall treatment that Nashpitz received at the hands of the Soviet Union, the repeated refusal of his applications to emigrate, the subsequent harrassment he experienced in connection with those applications, the manner of his detention, arrest, and the harsh penalties he received for participating in a peaceful demonstration constitute violations both of internationally recognized human rights standards, the Universal Declaration of Human Rights, and international human rights law, the International Covenant on Civil and Political Rights.

In the Helsinki Final Act in 1975, the Soviet Union reaffirmed its commitment to the human rights principles in these and other documents. These principles include (1) the right to leave any country, including one's own (*Declaration, Article 13, paragraph 2; Covenant, Article 12, paragraph 2*), (2) freedom of thought, conscience, and religion (*Declaration, Article 18; Covenant, Article 18, paragraph 1*), (3) freedom of opinion and expression (*Declaration, Article 19, Covenant, Article 19*), (4) the right to fair and public trials in criminal matters (*Declaration, Article 10; Covenant, Article 14*), and (5) freedom from arbitrary interference with privacy, family, home or correspondence (*Declaration, Article 2; Covenant, Article 17*). In addition, the Helsinki Final Act cites reunification of families as an important human rights principle in humanitarian cooperation between nations.

PRAYER FOR RELIEF

Wherefore, on behalf of the prisoner, Mark Nashpitz, I pray that the Supreme Court of the U.S.S.R. review this miscarriage of justice on the grounds that the treatment of Mark Nashpitz before, during, and after his trial constituted violations of both Soviet law (substantial and procedural) and recognized international human rights, principes, and law.

And in view of the illegality of the action taken by the Moscow City Court and the violations of international law, and in furtherance of the spirit of detente, I further pray that Mark Nashpitz's sentence be reversed; that he be released from confinement forthwith that he be permitted to reunite at once with his mother in Israel; and for any and all other appropriate relief.

Respectfully submitted.

BENJAMIN A. GILMAN,
Member of Congress.

26th District, N.Y., 1226 Longworth Building, Washington, D.C. 20515, Tel. #202-225-3776.

Mr. SIMON. Mr. Speaker, I wish to join my distinguished colleague from New York in the submission of the letter to Ambassador Dobrynin regarding Mark Nashpitz. Soviet authorities sentenced Mr. Nashpitz to 5 years in exile, in Siberia, because he publicly protested Soviet refusal of his request to join his family in Israel.

The signatories of the Helsinki agreement, including the Soviet Union, pledged that they would "deal in a positive and humanitarian spirit with the applications of persons who wish to be reunited with members of their family." Sentences such as the one imposed on Mark Nashpitz hardly seem consistent with this provision of the Helsinki agreement.

It is my hope, Mr. Chairman, as a member of the newly created Commission on Security and Cooperation in Europe, that I will be able, along with the other members of that Commission, to report progress on all provisions of the Helsinki agreement. I intend, as a member of the Commission, to operate openly and candidly, and to report objectively on the compliance or noncompliance of the signatories. I would also hope, Mr. Chairman, if the facts are as reported regarding the case of Mr. Nashpitz, that the Soviet Union would review its sentence in light of its Helsinki pledge.

Mr. LENT. Mr. Speaker, I rise to express my concern for the plight of Mark Nashpitz, as well as all other Soviet Jewish prisoners of conscience.

For the past 2 years, I have been working with the Long Island Committee for Soviet Jewry to improve the conditions under which Soviet Jews live. I have been especially involved in trying to obtain fair treatment of another prisoner of conscience, Hillel Butman. His crime, too, was the desire to emigrate.

Under international convention, the right to emigrate is considered a fundamental right. The Soviet Union has systematically denied that right to its Jewish minority and to other political and religious minorities. Worse, because of this desire to leave the Soviet Union, these individuals are subjected to undue harassment, loss of employment, imprisonment, and countless other discriminatory practices.

The treatment of Mark Nashpitz and others like him should be of major concern to all freedom-loving Americans. I urge my colleagues to become active in the cause of Soviet Jewry, in the hope that the pressure of world opinion will force the Soviet Union to abandon its senseless, inhumane treatment of people who are truly prisoners of conscience.

Mr. KOCH. Mr. Speaker, the subject being discussed today angers me and saddens me. It concerns the Soviet Union's emigration policy, a policy which has as its purpose the repression of Soviet Jews. The Jewish citizens of the U.S.S.R. suffer in a frustrating, almost futile situation. They are subject to numerous forms of persecution, in clear contrast to the Russian claims of allowing religious freedom; and those who wish to emigrate are denied visas. The Special Study Subcommittee of the House Judiciary Committee—which reported in January of this year—drew some interesting conclusions on this process of "not" issuing visas:

> Almost all denials of exit visas are predicated upon the fact that the applicant is in possession of "state secrets" or is involved with "state security". The "state secret" label is expansive and arbitrarily applied. In most cases the "refusenik" has not had direct access to, nor a close relation with, any information which could be reasonably considered as classified.

The true reason in too many instances for not issuing a visa is that the applicant has dared to "express his beliefs."

The Soviet policy saddens me because it often has the effect of preventing the uniting of family and friends. It angers me because it represents a gross disregard for the international agreement which was signed not too long ago. The Final Act of the Conference at Helsinki, which we joined the Soviet Union in signing, pledges the signatories to facilitate "wider travel by their citizens for personal and professional reasons"—case after case makes it clear that the U.S.S.R. has made no such effort.

Mr. Speaker, I would also like to take this opportunity to discuss the situation of a man, a typical Jew in the Soviet

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[4] It transpired later that these "so-called" residents present were no more than guards and their commanding officer as well as eight to nine young men dressed in dark suits.

Union who like many others simply desires to leave the U.S.S.R. He is a prisoner—not in the literal sense, there are no bars around him—but a prisoner nonetheless. He represents what has come to be known as a "prisoner of conscience"; his name is Solomon Dakhis. Dakhis is a 28-year-old chemical engineer and teacher with a wife and a 5-year-old daughter. He has tried, repeatedly, since April of 1973 to secure an exit visa, but was refused on the basis of military secrets—meaning he had served in the army. It is interesting to note that his army group was demobilized in 1971.

On October 30 of last year, Mr. Dakhis' parents appealed to me for help in getting their only living son back to them in Israel; they are in their seventies, and wished no more than to spend their last years with their family. Whether or not Dakhis is eventually allowed to leave the Soviet Union, that family has lost years of precious time, and what was Dakhis' crime? His crime was that he espoused his beliefs, a right we tend to take for granted in this country.

But Solomon Dakhis is not unique. Case after case tells the same story, all leading to the unavoidable conclusion that Soviet policies are designed to thwart emigration to Israel and to muffle dissent at home. I urge my colleagues to take note of what is said today, to realize the weakness of the Soviet Union's promises, so that in future dealings with that nation we might press for agreements which can truly protect humanitarian rights, agreements which mean more than nice-sounding words.

GENERAL LEAVE

Mr. GRASSLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include therein extraneous material, on the subject of the special order today by the gentleman from New York (Mr. GILMAN).

The SPEAKER pro tempore (Mr. MINETA). Is there objection to the request of the gentleman from Iowa?

There was no objection.

THE PLIGHT OF THE YEVGENIY LENTCHIK FAMILY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 5 minutes.

Mrs. HECKLER of Massachusetts. Mr. Speaker, all of the nations which signed the Helsinki final act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Because the Soviet Union is not living up to that promise, members of Congress are conducting a vigil on behalf of the families which remain separated.

A case history of these families entitled "Orphans of the Exodus" dramatically details this tragic problem. At this time I would like to bring to the Members' attention the situation of the Yevgeniy Lentchik family.

Yevgeniy Haimovitch Lentchik and his wife live without family in Odessa. Four years have passed since his father, mother, sister, and all of her relatives emigrated to Israel. During this period he has repeatedly requested permission to emigrate and on two occasions, July 20, 1973, and in February 1974, was told that by specific dates they would be free to go.

The basis of the Soviet Government's refusal to allow them to leave has continually been based on the argument that it would be against "state security." However, state security can hardly be considered a reason as Lentchik completed Army service in 1964 as a private having had neither introduction nor access to state secrets. In 1969, upon completing his studies in thermal physics at the Technical Institute, he was refused employment at a research institute.

In June 1972, when he questioned his refusal from both employment as a physicist and a request for further military training, he was told that it was because of his prior work, although the Soviet Government openly admits that the organization which employed him has never done secret work.

The following letter, although private in nature, reflects the Lentchiks' great disappointment, their feelings of desolation, and their profound unhappiness:

> My Dear Ones: The letter I am writing today will be the saddest and the shortest letter written in all these years. Exactly an hour ago we were at the OVIR and they told us that the Ministry of Interior of the USSR had left the refusal given to us in force. They don't give a damn about us, about our desires and about our misfortune. Let them be damned! But never mind, our people had gone through a lot of sorrows and survived. We exist, we live and we shall continue living!
>
> God knows what will happen to us, but please do not worry. Appeal only to the international organizations, to the people of good will who do not remain indifferent to other peoples' fates. The most important thing is that you should hold out. If you will not be receiving letters it will not be because we did not write them: we write all the time. Sofochka had recovered from her operation and now she has to recover from this new blow. Be well, we send our love to you all.

THE INTEGRITY OF THE HOUSE OF REPRESENTATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. BAUMAN) is recognized for 15 minutes.

Mr. BAUMAN. Mr. Speaker, I have today joined with 105 of my Republican colleagues in signing an "Open Letter on Congressional Reform," which I drafted, the complete text of which I will include at the close of my remarks. It bears the signatures of the great majority of the membership on this side of the aisle, including the distinguished Members of the Republican leadership, the gentleman from Arizona (Mr. RHODES), the minority leader; the gentleman from Illinois (Mr. MICHEL), the minority whip; the gentleman from Illinois (Mr. ANDERSON), the chairman of the Republican Conference; and the gentleman from New York (Mr. CONABLE), the chairman of the Republican Policy Committee. I want to express appreciation to all of my colleagues wso signed this letter, which obviously expresses our feelings about the current state of affairs in which the House finds itself. I regret missing any colleagues who might have wished to sign the statement, but the limited time in which it was circulated prevented my contacting every Republican.

Mr. Speaker, a short time ago in an exchange with the majority leader, Mr. O'NEILL, I raised a central issue which bothers me and, I believe, a great many Members. In the wake of the scandals which have been revealed in recent weeks there has naturally been a call for reform of the way in which the House conducts its internal and financial affairs, and most of us agree that we must respond to that call. Naturally, as the ruling political party, the Democratic majority must bear the responsibility for the conduct of the affairs of the House and for changing our procedures. Nevertheless, we in the minority, as elected representatives of the people, also must have a part in making the necessary changes which, hopefully, will insure that no future wrongdoing will occur.

On May 21, 1975, I offered an amendment to the legislative appropriations bill which would have stripped the Committee on House Administration of its powers, granted in 1971, which allow it to be the final arbiter on staff allotments, allowances and similar funds which are granted to Members. I did so because I believe that the full House has the constitutional responsibility to pass upon these matters and that no lesser group should have such concentrated powers within its hands. Undoubtedly, this very concentration of power is in fact the source of a great many of the problems which plague us today and which we are attempting to resolve. Unfortunately, the majority, led by the gentleman from Ohio (Mr. HAYS) opposed and defeated my amendment.

Now, instead of cooperating to reach these solutions, the majority party and its leadership have stubbornly arrogated unto itself the power to change the rules as they see fit in the name of something they call "reform." I will not comment here on the various specific changes they have suggested in their recent caucus, except to say that I believe that these suggestions may well lead to even greater abuses than those which have titillated the American public.

Today the Committee on House Administration has reported for eventual floor consideration a resolution which embodies many of these so-called reforms. But I am informed that the gentleman from New Jersey (Mr. THOMPSON), fresh from his succession to the chairmanship, intends to reconvene the committee on Monday morning and ram through the self-same "reforms" as committee orders, thus preempting the right of the full House to act and express its will. The House should not stand for such action, nor should the American people.

Mr. Speaker, many of us will exercise our rights as Members during the coming week in an effort to protect the public interest and to see that real reform follows in the wake of these scandals. The majority cannot sweep these matters under the rug and we in the minority have an obligation to do what we can to promote true reform in the House of Representatives.

I include at this point a copy of a press statement, the open letter, and a list of its signers:

House Republicans Call for True Reform

Saying that "the integrity of the House of Representatives is the real issue" more than 100 House Republicans, including House Minority Leader John Rhodes (Ariz.) and all other party leaders, today released a blistering attack on House Democrats and their current handling of so-called legislative reforms. In a statement labeled "An Open Letter on Congressional Reform" drafted and circulated by Rep. Bob Bauman (Md.), the signers said they "support true reform" but "protested and opposed the high-handed manner" in which the Democrats are attempting to "ram through" rules changes which the signers said "would lead to even greater abuses than those which have already been exposed" in recent Capitol Hill scandals. The members also called for a bipartisan approach to reform and "full public hearings" on proposals.

In the statement the Republicans said, "we are particularly opposed to . . . any slush fund for the use of individual members", a reference to the Democrats major rule change proposal which would consolidate each member's account into a fund ranging from $40,000 to $80,000 annually.

Calling the Democrats actions "politically irresponsible," the Republicans particularly objected to a plan to make rules and accounts changes in the House Administration Committee without bringing the matter to the House Floor for a vote by the full membership.

Among the signers of the open letter, in addition to Rhodes and Bauman, are Minority Whip Bob Michel (Ill.), Conference Chairman John B. Anderson (Ill.), Policy Committee Chairman Barber Conable (N.Y), and 101 other Republicans.

(Attached is a copy of the full statement and a list of signers. Because of time limitations not all Republican members were able to be contacted to request a signature.)

An Open Letter on Congressional Reform

We, the undersigned Members of the House of Representatives, protest and oppose the high-handed manner in which the majority party and its leadership are attempting to ram through fundamental changes in the rules and statutes governing the House and the conduct of its financial and housekeeping affairs.

We are particularly opposed to the establishment of any "slush fund" for the use of individual members and we are in absolute opposition to any procedure which does not permit all decisions on such matters to be brought before the full House *in every instance* for the consideration and action by all Members. This the majority has refused to permit.

We demand, as Representatives of the people, that any changes in the House rules and procedures proposed by the Democratic Caucus be made subject to full public hearings before appropriate committees with due notice and full opportunity for the public and Members of Congress of both parties to testify.

The integrity of the House of Representatives is the real issue. In the name of "reform" the majority is attempting to steamroller the House into adopting changes which could lead to even greater abuses than those which have already been exposed. At the same time they are ignoring any investigation into past corruption.

We support true reform. Therefore we urge the House majority leadership to adopt a bipartisan and fully deliberate consideration of true reform proposals and immediately to abandon the present course of politically irresponsible conduct designed only to ignore real problems.

REPUBLICAN MEMBERS INDICATED BELOW ARE SIGNERS OF THE "OPEN LETTER"

Mr. Abdnor, Mr. Anderson of Ill., Mr. Andrews of N. Dak., Mr. Archer, Mr. Armstrong, Mr. Ashbrook;

Mr. Bafalis, Mr. Bauman, Mr. Beard of Tenn., Mr. Bell, Mr. Broomfield, Mr. Brown of Ohio, Mr. Broyhill, Mr. Buchanan, Mr. Burgener, Mr. Burke of Fla., Mr. Butler;

Mr. Carter, Mr. Cederberg, Mr. Don H. Clausen, Mr. Del Clawson, Mr. Cleveland, Mr. Cochran, Mr. Cohen, Mr. Collins of Tex., Mr. Conable, Mr. Coughlin, Mr. Crane;

Mr. Robert W. Daniel, Mr. Derwinski, Mr. Devine, Mr. Dickinson, Mr. Duncan of Tenn.;

Mr. Edwards of Ala., Mr. Emery, Mr. Eshleman;

Mrs. Fenwick, Mr. Findley, Mr. Fish, Mr. Forsythe, Mr. Frey;

Mr. Gilman, Mr. Goldwater, Mr. Goodling, Mr. Gradison, Mr. Grassley, Mr. Guyer.

Mr. Hagedorn, Mr. Hillis, Mrs. Holt, Mr. Hyde;

Mr. Jeffords, Mr. Johnson of Pa.;

Mr. Kasten, Mr. Kemp. Mr. Ketchum, Mr. Kindness;

Mr. Lagomarsino, Mr. Latta, Mr. Lujan;

Mr. McClory, Mr. McCloskey, Mr. McCollister, Mr. McDade, Mr. McKinney;

Mr. Madigan, Mr. Michel, Mr. Miller of Ohio, Mr. Mitchell, Mr. Moore, Mr. Moorhead of Cal., Mr. Myers of Ind., Mr. Myers of Pa.;

Mr. Paul, Mrs. Pettis, Mr. Pressler, Mr. Pritchard;

Mr. Quillen;

Mr. Railsback, Mr. Regula, Mr. Rhodes, Mr. Rinaldo, Mr. Robinson, Mr. Rousselot, Mr. Ruppe;

Mr. Sarasin, Mr. Schneebeli, Mr. Schulze, Mr. Sebelius, Mr. Shriver, Mr. Shuster, Mr. Skubitz, Mr. Snyder, Mr. Spence, Mr. J. William Stanton;

Mr. Talcott, Mr. Thone, Mr. Treen;

Mr. Vander Jagt;

Mr. Walsh, Mr. Whitehurst, Mr. Wiggins, Mr. Bob Wilson, Mr. Winn, Mr. Wylie of Ohio; Mr. Young of Fla.

NATIONAL LEAGUE OF CITIES AGAINST USERY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 5 minutes.

Mr. CRANE. Mr. Speaker, I was pleased to read, in this morning's paper, of yesterday's Supreme Court decision denying the right of the Federal Government to set wage and hour standards for employees of State and local governments. By rejecting the arguments of those who would stretch the commerce clause of the Constitution to cover Federal implementation of their social welfare schemes the Supreme Court, in National League of Cities against Usery, has not only reaffirmed the concept of States' rights, as set forth in the Constitution and the 10th amendment thereto, but has struck a blow that will benefit both the American taxpayer and the American consumer.

The significance of National League of Cities against Usery stretches far beyond the fact that State and local taxpayers will not have the Federal Government telling them to pay more for State and local government services than they might have to otherwise. The Court's ruling also suggests that proposed legislation (H.R. 77) to apply the provisions of the National Labor Relations Act to State and local employees would be equally inappropriate. Thus, the threat to the sovereignty of State and local governments—in dealing with their employees—is mitigated if not altogether removed.

Furthermore, it seems to me that, if it is unconstitutional to apply the provisions of the Fair Labor Standards Act to State and local governments, it is equally unconstitutional to apply the provisions of the Davis-Bacon Act to State and local governments. Currently, and also in the general revenue sharing bill the House passed on June 10, Davis-Bacon provisions come into play on any project more than 25 percent of which is financed out of general revenue sharing funds. Since these projects are State and local government projects financed by the taxpayers of those jurisdictions, having the Federal Government set pay scales for workers on them is just as much an abridgment of States' rights as having the Federal Government set pay scales for workers directly in the employ of those governments.

As many of you will recollect, I wanted to offer an amendment to this year's general revenue sharing bill which would have deleted Davis-Bacon applicability altogether. My concern was not just that such applicability was, in any case, inflationary but that it compromised State and local autonomy in all instances, not just those where a project was more than 25 percent funded out of general revenue sharing moneys. It appears to me that, in reaching its decision in National League of Cities against Usery, the Supreme Court is saying much the same thing—that the constitutional concept of States' rights is abridged by Federal intervention in the question of pay scales for people in the employ of State or local governments regardless of how well-intentioned the motives may be.

In the wake of this landmark decision, I would hope that the Senate Finance Committee, which is now considering the general revenue bill, would do what I wanted to do but could not—that is drop the Davis-Bacon applicability provisions from the general revenue sharing bill altogether. If the Senate fails to do so, and the 25 percent formula remains in the final version of the bill, I think there is a strong possibility that the Supreme Court would, if a case came before it, throw out at least the section of the revenue sharing bill containing the Davis-Bacon provisions. They are counterproductive anyway; it seems to me to be better to drop them now than risk the uncertainty and inconvenience a court test might bring.

There will obviously be those who will view the Supreme Court decision in National League of Cities against Usery with fear and trepidation. However, when the dust has settled and the smoke has cleared, I think we will find that this decision is going to be a great benefit to the American people. By keeping alive the distinction between intrastate commerce and interstate commerce and by building on the time proven axiom that the level of government best able to solve problems is that closest to the people involved, the ingenious American system of checks and balances can continue to function as it should. If anything, State and local governments should take over more of the responsibility for problem solving from the bloated Federal bureaucracy and I am hopeful that this

Supreme Court decision will lead to further steps in that direction.

SMOKY MOUNTAINS HIKING CLUB

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. DUNCAN) is recognized for 5 minutes.

Mr. DUNCAN of Tennessee. Mr. Speaker, today I would like to share with my colleagues a resolution passed unanimously by the board of directors of the Smoky Mountains Hiking Club in support of the National Forest Timber Management Reform Act of 1975:

> Whereas, the Smoky Mountains Hiking Club is vitally interested in the management of the National Forests in order to insure a proper balance between commercial harvest and recreational use.
>
> Be it resolved that the Smoky Mountains Hiking Club support H.R. 11894 or amendments from H.R. 11894, the National Forest Timber Management Reform Act, as the best means to insure a perpetual timber supply and adequate recreational opportunities from the National Forests.

ENDANGERING MOTHER'S LIFE IS RED HERRING ARGUMENT BY SUPPORTERS OF ABORTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Speaker, during the debate yesterday on the appropriations for the Department of Health, Education, and Welfare, our colleague from Illinois (Mr. HYDE) introduced an amendment to prohibit the use of Federal funds to pay for abortions or to promote or encourage abortion. I voted for the amendment and was delighted to see that it passed. I congratulate the gentleman from Illinois (Mr. HYDE) for his quick thinking and acting.

Since I did not get the opportunity to participate in the debate I would like to respond at this time to one of the arguments that was used by opponents of the Hyde amendment. That argument is an old standby of the advocates of abortion, who try to justify the murder of a child on the basis that his delivery might endanger the life of the mother. Yesterday the opponents of the Hyde amendment argued that passage of the amendment would prohibit abortions even in those cases in which the life of the mother would be endangered. Quite frankly, I do not know what these people are talking about. In my 15 years as a practicing obstetrician, years during which I have treated thousands of patients, I have never seen a case in which the delivery of a child alive would have endangered the life of his mother. As almost any obstetrician will tell you, there is absolutely no truth to the claim that abortion is justified because live delivery might endanger a mother's life. Medical science has advanced to the point that the lives of both patients—and every obstetrician has two patients—can be saved. Endangering the mother's life is but another red herring the supporters of abortion on demand repeatedly drag into the controversy over abortion. I hope that someday soon they will have the intellectual honesty and moral courage to admit that the argument is a red herring and that medical science has made some advances during the last few hundred years.

AMERICANS OF SERBIAN DESCENT COMMEMORATE THE BATTLE OF KOSOVO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, June 28 marks the commemoration of the Battle of Kosovo and the heroism of the Serbian people who fought for their nation against the Turkish invasion of their homeland almost six centuries ago. It was on June 15—Julian calendar—in the year 1389 that the Serbian Prince Lazar led his people in a gallant, but unsuccessful, attempt to prevent foreign domination of the Serbian homeland.

Serbia was one of the first Christian nations to be brought under the influence of Moslem Turkey in its centuries-long expansion into Europe, and the Battle of Kosovo marks the beginning of a successful 500-year struggle of the Serbian national spirit to remain alive and vibrant despite the position of Serbia as a battleground for the Turkish, Austrian, and later, the Russian Empires.

It was in the Battle of Kosovo that the Tsar of Serbia, Lazar, and a major part of the Serb aristocracy lost their lives. The sultan of Turkey was also killed by the Serbian knight Milosh Obilich, and these events are memorialized to this day in Serbian national song and folklore.

In the centuries that followed, Serbia periodically attempted to throw off the oppression of foreign rule, and as late as 1804 many of the foremost leaders of the country were massacred. It was not until 1878 that Serbia once again became an independent monarchy.

At the conclusion of World War I, Serbia, along with Croats, Slovenes, and other groups, was formed in the nation of Yugoslavia. The capital of Serbia, Belgrade, is also the national capital of Yugoslavia. When the Communists came to power in 1945, the observance of the anniversary of the Battle of Kosovo was officially abolished. Nevertheless, this historic date remains alive in the hearts of Serbs everywhere.

Mr. Speaker, as is often the case in the affairs of people and nations, tragedy, even monumental tragedy such as the Battle of Kosovo, serves to strengthen the courage and resolve of a people dedicated to the preservation of their culture, their sense of community and their national aspirations.

I am proud to join with the Serbian-Americans in the 11th District I am honored to represent, in Chicago, and throughout our Nation, who are commemorating the Battle of Kosovo. The spirit of Kosovo symbolizes their dedication to the unending struggle for liberty and human dignity and they deserve the full sympathy and support of all freedom-loving Americans.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MOORHEAD) is recognized for 5 minutes.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I was forced to leave the Chamber early on June 16, and was not recorded on three votes. Had I been present and voting, I would have voted: "aye" on rollcall No. 390; "aye" on rollcall No. 392; and "aye" on rollcall No. 393.

CAYMAN ISLANDS—LEADING FINANCIAL CENTER, POPULATION 13,500

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK), is recognized for 10 minutes.

Mr. VANIK. Mr. Speaker, tax evaders are using secret bank accounts in foreign tax havens to bilk the U.S. Treasury out of billions of dollars in lost revenues. Some would urge that we use patient diplomacy to convince these pirate nations to furnish information about U.S. tax evaders. Casting some doubt on this approach is a recent editorial in the Caymanian Compass responding to a decision in *United States* v. *Field*, 38 AFTR 2d 76-5018 (C.A. 5, May 13, 1976). The Caymanians apparently prefer to maintain the status quo regardless of the unhappy consequences for the U.S. Treasury.

Anthony R. Field, the managing director of the Grand Cayman branch of Castle Bank & Trust Co., was subpenaed to testify before a Federal grand jury as he passed through the Miami Airport. Castle Bank and its customers are subjects of the project haven investigation, which is being conducted by a Federal grand jury in Miami. Mr. Field refused to answer the questions of the grand jury, citing Caymanian bank secrecy laws which, he claimed, made it a crime for him to testify before a U.S. grand jury. He urged that as a matter of international comity, the court should not enforce the subpena. The Court of Appeals found that requiring Mr. Field to testify did not violate international comity and that the subpena was properly issued.

The Court of Appeals balanced the interest of the United States in obtaining information concerning the violation of its tax laws against the interest of the Cayman Islands in protecting the secrecy of accounts maintained at its banks. The court found that the interest of the United States must prevail, stating:

> The collection of revenue is crucial to the financial integrity of the republic. In addition, the subject being investigated by this grand jury has received considerable attention and has been demonstrated to be a severe law enforcement problem.

The court found that secret foreign bank accounts have served as a financial underpinning of organized crime, have permitted Americans to evade taxes and securities regulations, and have served as an essential ingredient in frauds including frauds against the United States. The Court of Appeals implied, politely and with due deference to a sovereign nation, that the Cayman Islands might wish to reconsider its bank secrecy laws, stating that:

> We regret that our decision requires Mr. Field to violate the legal commands of the Cayman Islands, his country of residence. In a world where commercial transactions are international in scope, conflicts are inevitable. Courts and legislatures should take every reasonable precaution to avoid placing individuals in the situation Mr. Field finds himself. Yet, this court simply cannot acquiesce in the proposition that United States criminal investigations must be thwarted whenever there is conflict with the interest of other states.

The response of a major opinion leader was swift. In an editorial dated May 28, 1976, the Caymanian Compass stated:

> As far as the Cayman Islands is concerned, the important point is to keep inviolate our bank secrecy laws.
>
> * * * * *
>
> Cayman is one of the leading financial centres in the world today, and if that reputation is to be enhanced then we must not flinch one "jot or tittle" from our Bank Secrecy Laws. Notwithstanding this, the U.S. Government obviously will tend to look on the Cayman Islands as a place where criminal tax evaders may flee for refuge.
>
> People from other countries not fully conversant with the operations of a tax haven may well support the United States' view. Cayman must not be influenced by such opinions, but must hold its position firm and resolute.

The Caymans consist of three tiny islands. Their total area is only about 100 square miles. Yet, almost 200 banks and trust companies are licensed in the Caymans, or one bank for every 70 Caymanians. Not that the local Caymanians are actually allowed to transact business at these banks. Less than 20 percent of these companies are class A licensed banks, that is, banks that may conduct business both on and off the islands.

The overwhelming majority of these companies are class B licensees, banks which may only do business off the islands. The Class B banks are what are known as "window banks." Most of them are merely "drops." They have no staff on the islands. Those class B banks which actually have a physical presence on the islands do not look like any banks we are accustomed to seeing in this country. The "window banks" have no tellers, no guards, no vaults, not even any cash. For the most part, they have a handful of clerical employees who execute instructions which they receive from the mainland. There are more telex numbers than people on the islands. What is the great attraction that makes this tiny spit of land with only 13,500 residents a leading financial center? The question answers itself.

The Cayman Islands abound with legends and tales of pirates—Blackbeard, Sir Henry Morgan, Israel Hands, Long John Silver—et cetera. The Cayman Islands were remote, low-lying and therefore difficult to spot at a distance. Their myriad caves provided an ideal place to shelter their booty. Today, the Cayman Islands provide a haven for a new generation of pirates.

Mr. Speaker, the attitude expressed by the Caymanian Compass is common to the thinking of tax haven countries. We cannot expect assistance from their legislatures in limiting their blanket secrecy laws. Congress will have to develop our own legislation to pierce schemes which rely on secret bank accounts and divert hundreds of millions and perhaps billions of dollars from the Federal Treasury.

> It's Up to Government To Solve Bankers' Dilemma
>
> The Cayman Islands Government must make a move to solve the dilemma in which bankers in the country find themselves when confronted with issues in which the United States is seeking to obtain information concerning the violation of its tax laws. The recent case of the United States of America versus Anthony R. Field, managing director of Castle Bank and Trust Company (Cayman) Ltd., is just an example of the predicament which can occur.
>
> The U.S. Court, although handing down a very stern judgment noted regret that its decision required the appellant to violate the legal commands of the Cayman Islands. It went further by stating that "in a world where commercial interests are international in scope, conflicts are inevitable. Courts and legislatures should take every reasonable precaution to avoid placing individuals in the situation Mr. Field finds himself".
>
> At the one hand the United States is seeking the type of information which, as the judges declared: "might possibly uncover criminal activities of the most serious nature". As far as the Cayman Islands is concerned the important point is to keep inviolate our bank secrecy laws. Although no country should condone crime, it must be remembered that what is an offence in one place is not necessarily a breach of the law in another. However, these different goals obviously create conflict which will most likely continue to exist, and can only be solved by some reconciliation or comity between the countries involved.
>
> A revealing feature about the judgment is that the Court felt it was unfortunate that "the Cayman Government position appears to be that any testimony concerning the bank would violate its laws". In other words, the Cayman Islands Government would have been committing a breach of the very laws it seeks to keep private and secret.
>
> The solution is a matter for the Government to decide, but what is evident and emphatic is that steps ought to be taken to ensure that Cayman's interests are not sacrificed even though it is in the broad context of the great concept that justice should at all times be done.
>
> Cayman is one of the leading financial centres in the world today, and if that reputation is to be enhanced then we must not flinch one "dot or tittle" from our Bank Secrecy Laws. Notwithstanding this, the U.S. Government obviously will tend to look on the Cayman Islands as a place where criminal tax evaders may flee for refuge.
>
> People from other countries not fully conversant with the operations of a tax haven may well support the United States' view. Cayman must not be influenced by such opinions, but must hold its position firm and resolute.
>
> The problem is a thorny and knotty one to which a solution must be found.

EXAMINATION OF HOME HEALTH SERVICE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Rostenkowski) is recognized for 10 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, on behalf of Mr. Vanik and myself, I am today announcing the beginning of an extensive examination of home health services under medicare to be jointly conducted by the Ways and Means Health and Oversight Subcommittees. This study will be designed to obtain data that will enable us to assess recent allegations about the provision of excessive or unnecessary services, the billing of excessive costs to the medicare program, and the existence of certain questionable competitive practices of some home health providers.

In addition, it is contemplated that the study will accumulate essential data on the demand for home health services among medicare beneficiaries, the impact of home health care on patient health and use of other types of health care services, and the effects of existing statutory and regulatory limitations on the provision of home health services under medicare.

In recent years, considerable interest has been expressed in expanding medicare coverage of home health services both as a medically desirable alternative to institutionalization and as a potentially effective way to reduce health care expenditures. A number of bills have been introduced, on these assumptions, to expand the medicare home health benefit. At the same time, however, increasing concern has been expressed about allegations of abuses under the present home health provisions, which need to be addressed and eliminated before further expansion of the benefit is legislated. It is our intent to eliminate the present uncertainty about the nature and extent of such abuses and to provide the data that will permit the Ways and Means Committee to more effectively evaluate legislative proposals for changes in and expansion of the present home health benefit.

It is anticipated that the study will develop hard data on services, needs and costs—data which has not heretofore been compiled and analyzed.

The Oversight and Health Subcommittees are interested in receiving any comments, information, and data relevant to the purposes of this study from interested organizations and individuals. Correspondence should be addressed to the Subcommittee on Oversight, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The subcommittees would also welcome any contributions or assistance in the way of information and data, from members who have such data in their possession or can refer appropriate sources to the subcommittees.

THE LATE HONORABLE ROBERT L. CONDON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Miller) is recognized *for 10 minutes.*

Mr. MILLER of California. Mr. Speaker, I would like to draw the attention of the Members of the House to the loss of a former colleague, Robert L. Condon, who served in this body from 1953 through 1955. Bob Condon's service in Congress was unfortunately brief, but was complemented by outstanding service to the Nation and his community in many other ways.

Before he was a congressman, Bob was a brilliant lawyer who turned down a commission to serve as an Air Force lawyer during World War II. Instead, he transferred to the infantry, serving as a staff sergeant with the 78th Infantry Division in Africa and in Germany, winning, among other decorations, a Silver Star.

After the war, Bob worked for the National Labor Relations Board in Washington before returning home to California, where he entered law practice in 1949 in Richmond. He later moved to Martinez where, from 1965 to 1969, he served as dean of the law school at John F. Kennedy University. His commitment to community service continued up to the time of his death. He was a recent candidate for a seat on the Democratic central committee in the June election.

But these biographical facts do not tell the full story about Bob Condon's life or his career in public life. Twenty-three years before his untimely death, a series of incidents began which ultimately drove this dedicated man from Congress. Twenty-three years ago, the same kinds of "unsubstantiated" FBI charges which have sullied the reputations of good men and women in our own day were raised against Bob. Within a few months of his reelection, these charges were revealed in a newspaper article alleging that he was a security risk.

The falsity of the charges against this patriotic public servant was later clarified. But the permanent damage to Bob's career was done, and he was defeated for reelection by just 3 percent of the vote. Although "dirty tricks" and "enemies' lists" are recent terms in public use, they connote the same deplorable tactics that were used against Bob Condon.

My father was a good friend of Bob's, and I knew him for many years. I know, as do the people of Contra Costa County, of the many good works he achieved on behalf of the people of the United States and his constituents. I know that there are others in this body who recall Bob's tenure in the House. I respectfully ask that the record remain open for 5 days so that other Members may insert their remarks concerning our late colleague.

I would like to insert into the RECORD at this time an obituary on Bob Condon from the Contra Costa Times:

POLITICAL LIFE WAS PAINFUL FOR CONDON

(By Nilda Rego)

MARTINEZ.—"No one living today can understand the strain of being called a subversive during the Joe McCarthy era. It was very, very hard on him."

Paul Ward took time Friday to talk about his one-time boss and friend Robert Condon.

Condon, brilliant lawyer, war hero, former Congressman and victim of McCarthyism, died Thursday at age 63.

Active as an attorney in Martinez until last week, Condon is listed on ballots for the Tuesday primary as a candidate in the second supervisorial district for a seat on the Democratic party's central committee. It was an apparent attempt to again re-enter the painful life of politics.

Condon's death, at a Walnut Creek hospital, comes 23 years after the Federal Bureau of Investigation (FBI) had prohibited him, then a U.S. Congressman, from viewing an atomic test.

Ward, who had served as a legislative aide to Condon, recalled the incident.

"Bob had been invited to attend an atom bomb test in the Nevada desert by the Atomic Energy Commission.

"He had almost decided not to go when the Vallejo shipyards asked that he launch the Blue Bird, one of the first atomic submarines.

"Bob thought then it would be a good idea and accepted both invitations. When he got off the plane at Las Vegas he was met by the FBI who told him he couldn't attend the test." Condon didn't protest at the time, Ward said.

Three or four months later when Condon was up for re-election, a news item was released to a New York paper.

"We didn't know for sure, but we always felt that the item was transmitted by the Richard Nixon (then a vice-president) office," said Ward.

The news story told of Condon being refused to see the test because he was a security risk.

Condon struggled with the FBI to get the substance of the charges against him.

Finally the FBI pointed out that the Congressman was a labor attorney, that he represented atomic scientist Robert Oppenheimer and the Congress of Industrial Organizations (CIO) when its president Harry Bridges was active with the longshoremen.

And that in 1934 he subscribed to a Communist paper.

"In those days," Ward said, "the charges were substantial. But what compounded matters for Condon was that at the same time McCarthyites were attacking an Edward U. Condon, an official of the Bureau of Physics."

"It became impossible to ferret out the facts between the two. A tremendous amount of publicity was generated," Ward said.

Former Superior Court Judge S. C. Masterson who took Condon's seat in the state Assembly when Condon first went to Congress remembered the 1953 election vividly.

He called ridiculous charges that Condon was a Communist.

"Supporting Henry Wallace (vice-president, 1941 to 1945) was about as far left as he ever got," Masterson said.

"But that's the way it was in the McCarthy days. Of course the opponents denied everything. Nowadays I guess you'd call those things dirty tricks," he continued.

Bert Coffey, well-known Democratic party worker, dates his acquaintance with Condon back to the mid-forties.

He recalls the 1953 campaign with bitterness, saying that Condon was one of those liberal Democrats who had been put on Nixon's and Congressman Pat Hilling's list.

Coffey said that on the Sunday before the election in 1953, a leaflet was passed out at all the churches in Contra Costa and Solano Counties, which then comprised the congressional district. The leaflet was a record of Condon's drunk driving arrests. They dated back to college and army days.

WAR

That Condon had won the Silver Star for fighting in the European, African and Middle East campaigns in World War II didn't matter.

He lost the election by 3 per cent, the same amount he had won by two years before. And he was beaten by the same man he had defeated, John Baldwin. He never ran again.

"I don't care. To this day John Baldwin remains unforgiven by me for what happened in that campaign," Coffey said.

George Gordon, Martinez attorney and president of the Contra Costa Community College District, remembers Condon as a brilliant lawyer.

He called him a "great guy."

"At that time (1953) they considered him to be an extreme leftist. The extreme leftists of those days have now become the accepted reality of the democratic process," he added.

Dorothy Miller, mother of Congressman George Miller III, has different recollections.

"Baseball. He was the greatest baseball fan that ever lived. Followed his team all over. Knew all the statistics," she said. Condon was a fan of the San Francisco Giants.

Funeral services for Condon will be held Monday at the Connolly and Taylor Chapel in Martinez at 11 a.m.

A native of Berkeley and a graduate of Boalt Hall at the University of California, Condon is survived by his wife Bertha and a daughter, Melissa Hansen of Portland.

ALL IS WELL WITH MIRIAM BLUE

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Illinois (Mr. PRICE) is recognized for 5 minutes.

Mr. PRICE. Mr. Speaker, the following article was published in the Washington Post, June 23, 1976. Miss Blue is a constituent from my district and I would like to share these bits of her homespun wisdom and practicality with my colleagues. When asked how she is, Miss Blue has an ever-ready reply, "All is well." This response has become her trademark with her listening audiences, whose days are brightened by the cheerful, forthright, commonsense approach Miss Blue brings to the everyday problems of living.

"ALL IS WELL" WITH MIRIAM BLUE

(By Jeannette Smyth)

ST. LOUIS, MO.—Miriam Blue, with her occasional mispronunciations, her penny-pinching ways, her shy chuckle, and the obdurate optimism of her Mississippi-accented love call, "ALL IS WELL," is the hottest story in the advice-to-the-lovelorn business since Ann Landers got a divorce.

Miss Blue, as she calls herself, has been and still is, the cleaning woman at KMOX radio, the CBS affiliate here. But she is also a new radio personality.

They have "ALL IS WELL" billboards here. She went on the air regularly seven months ago. She has joined AFTRA. She has been to New York City to be on "To Tell the Truth" and "The David Susskind Show."

Her appeal, says this Miss-Lonely-Hearts-of-the-Airwaves, is to the little people.

"People relate to me," she says. "There's just a few executives in this world, but there's a whole lot of cleaning people and grocery clerks."

Her new career began last year when KMOX deejay Jack Carney—in the manner of deejays who josh the engineer in the next booth—left the microphone on one day when Miss Blue came in to clean the studio during "The Jack Carney Show."

"How are you, Miss Blue?" he'd ask.

"All is well," she'd answer.

Now she gets 50 to 100 letters a week and goes on the air two, sometimes three times a week. Carney, whose show has the largest share of the audience during that 10 a.m. to 1 p.m. time slot, bills her as his "family relations expert." He introduces her with corny soap opera organ music. He picks questions from the letters for her to answer spontaneously. And while some of the letters are obvious put-ons, some are not. "It doesn't really matter," says Carney. "It's entertainment."

So, a mother writes in to say her 12-year-old daughter wants to play Little League baseball. "My daughter isn't skinny, if you know what I mean. She's developing at an early age and she's going to have a beautiful figure, but I just don't think she should be playing with boys her age. What do you say?"

"Miss Blue," she calls herself, warms to the subject and replies. "When I was growing up, I loved baseball, and you'd be surprised how much energy it takes out of them . . . Just don't put any ideas into her mind, that's the main trouble. A lot of people put ideas into children's minds—where they are innocent, let them stay innocent."

Somehow, at age 62, Miriam Wooten Blue stays innocent. She jokes that she can't afford the $30 crocheted "All Is Well" hand-bags an exclusive boutique here is selling. And while the sponsors of her two- or three-times weekly segments on "The Jack Carney Show" are a racquet ball club and the local Chrysler dealership, Carney, for one, says there's no question of radical chic. She says, "There's no way for you to feel hurt by that. You know when I feel bad is when people ignore me." Station officials refused to say how much money she makes but it is at least AFTRA scale.

"She's a very real, genuine, honest person," says Carney, "and it comes across." He says he doesn't encourage her mispronunciations. "I don't want it to look like I'm making fun of Miss Blue, for a number of reasons. The main one is, I like her. Most of her mistakes we just pass over."

Somehow, you think Miriam Blue is not going to get taken. A man wrote in claiming his wife gave him chop suey sandwiches for lunch. "Just think how lucky you are," she said, "to have a wife who thinks that much of you to give you something different every day."

Her seven-year-old granddaughter was getting beat up at school, and Miss Blue walks her home now. But she gave the kid some advice. "I tell her, 'Don't say, don't hit me.' If people got to hit, pick up something and hit them back. If you got to hit, hit hard enough to knock them down. It's the onliest way you can teach some of these hoodlums."

Miss Blue lives across the Mississippi River in East St. Louis with her divorced daughter, two grandchildren, and her 83-year-old uncle-in-law, Artie Macauley, who retired as a cook from the Wabash Railroad. "He cooks, he cleans, he cuts the grass, he takes care of the dogs," she says. "He raised my children, and now he's raising my grandchildren." Her husband left her when her two daughters were young.

"I grew up in Corinth, Miss.," she says, "up in the hills, what they call the red clay hills, not the rich Delta soil. My grandmother raised me. She worked for a Dr. Boyle. She passed away when I was 16. That's when they sent me to St. Louis.

"My people," she says, "didn't have the sense to send me to school, so I just run the streets like the rest of them." She went to work, for $4 a week, cleaning houses for two sisters. "I've been a waitress, a barmaid, a clerk, but I like cleaning best," she says. "You just get more of a related feeling."

She is tenderhearted ("We ruin our dogs. We pet 'em too much."), and feisty ("I could never be a teacher. If I caught one of them hoodlums smoking, I'd knock that cigarette down their throat!") She's opinionated, inconsistent and frank. She says things like "a permissive society brought the Romans down" but defends sex education, for example, by saying "There's nothing worse than being ignorant. When the time came for my period, excuse me, I didn't know what it was. My girls knew when they were 9 years old."

There are no plans to syndicate Miss Blue's advice. "She doesn't really want to do much more," says CBS radio's regional vice president Robert Hyland. "We haven't asked her. But I don't see her as the type who'd want to do that. She's just plain folks."

Of her success, Miriam Blue says, "Show business is so uncertain for anybody. It could go down just like it came up—out of the clear blue sky."

Meanwhile, say "How do you do" to Miriam Blue and she'll say "ALL IS WELL."

THE NEW JERSEY AGRICULTURAL EXPERIMENT STATION: A PROUD TRADITION OF SCIENTIFIC DISCOVERY AND SERVICE

(Mr. PATTEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PATTEN. Mr. Speaker, I am proud and honored to insert in the CONGRESSIONAL RECORD an interesting and enlightening article published in the Rutgers Alumni magazine and written by Chester J. Teller, of Cook College, of Rutgers—the State University of New Jersey.

The year 1975 was the 100th anniversary of the creation of agricultural experiment stations in the United States, and I know that Rutgers has done excellent work in the important field of agricultural experimentation. Based on my knowledge of it—and its national reputation, the New Jersey Agricultural Experiment Station is one of the best in the Nation. I speak from personal experience, because I have eaten some of its delicious fruits and vegetables.

My staff and I always enjoy meeting with representatives and officials of Cook College and recently conferred on agricultural matters with Dr. Grant F. Walton, newly appointed dean of Cook College and director of the State's Experiment Station; Dr. John L. Gerwig, director of the New Jersey Cooperative Extension Service; and Milton H. Cowan, senior Middlesex County agent. They are not only very competent and dedicated leaders—they are warm and human, with a real and deep feeling for people. They are a great credit to Cook College and to Rutgers—the State university. It is an honor to know them and to work with them on legislation and appropriations which affect the field of agriculture. Leaders like Grant Walton, John Gerwig, and Milt Cowan, are respected and liked. They are wonderful people. The article follows:

THE NEW JERSEY AGRICULTURAL EXPERIMENT STATION: A PROUD TRADITION OF SCIENTIFIC DISCOVERY AND SERVICE

(By Chester J. Teller)

1975 marked the observance of the 100th anniversary of the founding of agricultural experiment stations in the United States. The first was established at New Haven. The New Jersey station was the fourth, coming into existence just five years later.*

Many alumni probably think of the "college farm" and the "ag school" in terms of Grant Wood's "American Gothic." But a proud tradition of scientific discovery and service has been written at this station, which is now an integral part of Cook College, and gives credence to Rutgers University's major claim as a land-grant institution.

Many of the best public notices Rutgers receives are due to work done at its world-famous agricultural experiment station. Most citizens of the State know Rutgers through the thousands of Experiment Station publications and Extension bulletins and leaflets they receive upon request. And who has not enjoyed a Rutgers tomato? Anywhere one travels in the world, when the name of Rutgers is mentioned, it is most likely in relation to that tomato or the Institute of Microbiology which is, in essence, if not in fact, the annex of the Experiment Station, for it was as a soil scientist working at the Experiment Station that Selman Waksman '15 was awarded the Nobel Prize in 1952.

The inception of agricultural experiment stations was part of a national educational and research policy designed to increase food and fiber supplies. No country in the history of the world has achieved the agricultural productive efficiency as has the United States, in great part due to the network of research stations throughout the country.

The achievement—without parallel—was so spectacular that it became not a national success story, but, rather, a national embarrassment. Food and fiber filled our warehouses beyond capacity. Federal support programs ran into the billions. Farm production was geared to the Commodity Credit Corporation and not to the market. From the days of the first AAA to the 1973 wheat sale to the Soviet Union, we were apologetic for the magnificent results of applied agricultural research.

The unmatched productivity of American farms is abetted by the largest, most productive food processing and distribution system of any nation in history. Here in the United States we enjoy the world's most nutritious, varied, convenient and safe food supply. And until three years ago, the supply was so great as to be a discomfort to the government, a $1 million a day storage bill for the taxpayers and a market depressant for producers.

Suddenly, because of a number of coincidences (worldwide adverse weather conditions causing scattered but severe crop failures and two devaluations of the dollar among them) food was in short supply. Protein went to the highest bidder. Those stored "surpluses" have been virtually wiped out. Despite record harvests this past year, global reserves are adequate only for about 22 days. In terms of total world needs, food supplies in the future will be a Malthusian balancing act.

At about the same time the oil producing countries bordering the Persian Gulf, looking to their futures, and using the Israeli conflict as an excuse, placed an embargo on oil exports to countries thought by them to be unfriendly. Venezuela, not to be outdone, boosted its prices 250 percent.

Food and crude became the two instruments of foreign policy. Food and crude became strategic materials. Once more it was respectable to plant and harvest wheat, corn and soybeans.

At mid-point in the decade of the 70s, New Jersey finds itself ecologically unstable. This is not an alarmist's statement; it is an objective assessment of late 20th century life in urban America.

New Jersey, approaching the 10 million population mark, is the site of the greatest concentration of the urban-industrialization phenomenon yet to occur. New Jersey has more people, more automobiles, more industry—and more waste products requiring disposition—than anywhere else in the United States. New Jersey is the classic example of "affluence and effluents."

We were exhorted to believe that particulate matter filled the air, our water was not fit to drink, our soil was contaminated with heavy metals and insecticides caused the eggshells of the peregrine falcon to be too thin for hatchability. Our natural environment was thought to be totally Rachel Carsonogenic.

So it is most fortunate that New Jersey has, at this critical juncture in its 300 year history, an educational resource that understands the full significance of the word "growth." The New Jersey Agricultural Experiment Station, including the Cooperative Extension Service, has made major contributions to "growth" during its 95 years of service to the State and nation. What is accomplished in New Jersey in dealing with areas

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*There have been published histories of the New Jersey Agricultural Experiment Station: *New Jersey Agricultural Experiment Station 1880–1930* by Carl R. Woodward and Ingrid Nelson, 1932, published by the Station; *Where There Is Vision* by Ingrid Nelson Waller, 1955, Rutgers University Press, New Brunswick, N.J.

designed to mitigate the problems confronting the life support systems will be applied by other states and regions as the same difficulties are encountered. This is New Jersey's leadership role—as well as Cook's!

Agriculture today is generally practiced as a mono-culture, particularly in New Jersey. One-crop farming is the epitome of industrialized food prooduction. But the risks are greater, as are the chances for disease and insect damage and susceptibility to the vagaries of extreme weather. Diversified agriculture spreads the risk, but also lowers the degree of harvesting and marketing efficiency. On-going research is absolutely essential to New Jersey agriculture. New varieties of grains and fruits, and plant materials are always needed. Today the Ramapo tomato has taken the place of the famous Rutgers variety as conditions for plant life have changed. The same is true for fertilizer recommendations and pesticide usage and other cultural practices.

In terms of economic values, New Jersey is primarily a market area. The research efforts of the Experiment Station are significant to all the citizens, not just to the agricultural community. Its emphasis clearly recognizes the needs of the consumers and there is no need to apologize for its work with the food industry, the State's second most important industry, estimated at $1.5 billion annually.

It is vital to the economic well-being of the State to preserve a healthy agricultural community that not only provides a dependable food source to help reduce food costs for its citizens, but also to provide tax-paying open space which they desire and need. A public referendum of a year ago clearly expressed support for a healthy and balanced environment. The only bond issue to pass (among five that were presented at that time) was the one to purchase additional "Green Acres."

Although billboards throughout the State suggest we "save New Jersey farms for open space," a New Jersey farm is more than just a pretty space. It is, above all, a food production unit close to the market. Its loss would be both economic and social. It is a water recharge area. It combats air pollution. It is a natural sink for the tons of waste materials produced each day by the urban-industrialization concentration.

In New Jersey, even its so-called rural areas are, in effect, urban. It only confuses the issues to narrowly dichotomize New Jersey into rural and urban enclaves, rather than to deal with the public-at-large.

Possibly the term "agricultural" research is misleading. As demands of the State have changed, so have the Experiment Station's responses. The Station conducts "environmental and nutritional" research to improve the physical quality of our environment. This research includes studies in soil solid waste disposal, thermal water pollution, mosquito and other insect control, land-use planning, open space conservation and outdoor recreation.

But research is only part of the reason for the successes of this 95-year-old Agricultural Experiment Station.

Cooperative Extension is the vehicle through which research results get to the people. It is the same vehicle that gets the problems of the people back to the researchers who can give attention to developing information for the solution of these problems. This total system of research and Extension is what makes it a unique educational device and fits in extremely well with President Bloustein's idea of a great urban university. The University must respond to the needs of the public that supports it. Nowhere within the University structure is this response more evident than at the Experiment Station.

Research and Extension have been working together since the turn of the century. At that time the Experiment Station was charged to provide free agricultural information to the counties. This proved to be such a drain on the research staff that Dr. Lipman, then director of the Experiment Station, persuaded Governor Wilson to promote the Farm Demonstration Act that was passed in 1913. One year later the Smith-Lever Act creating the Cooperative Extension Service was passed by Congress and signed by President Wilson.

Here are a few statistics made available by the U.S. Department of Agriculture. Between 1953 and 1973, the farmer's total production costs tripled. Farm wages are up; as are farm real estate taxes and farm debts. But farm productivity is nearly 3.5 times higher than it was 20 years ago. Farm production has gone up nearly twice as fast as all other industry in the nation. Today, with less than 5 percent of the population, each farm worker provides enough food and fiber for 55 others. Among those 55 others are "you and me, babe." Farmers are, in reality, agrifacturers, for they are primarily ingredient suppliers to the nation's food industry.

This astounding record of food productivity is largely a result of the combined efforts of the land-grant system of research and Extension throughout the nation.

There is no reasonable way to separate the Cooperative Extension Service from the Agricultural Experiment Station. They are an integral unit, whose capabilities and effectiveness would be restricted without the support of each.

The major strength of Cooperative Extension is the research conducted at the Station. Research in the social sciences is now needed in the areas of youth development and family organization. The Cook College tripartite organization is the key to its effectiveness in its mission orientation.

Coordination between research and extension at the national level is just as important and has been well recognized. The Under-Secretary of Agriculture for Education and Research in the USDA is responsible for both programs. Directors of Extension and Directors of Research report to their counterparts in Washington, who, in turn, report to the Under Secretary.

The world must face the political, moral, and economic considerations of food production. Since 1950, the world population has increased by approximately 50 percent to the present figure of almost four billion. As we note the 100th birthday of the agricultural experiment stations, and our own 95th, we are confident that the recent budget cutbacks are not simply a case of biting the hand that feeds it, but a lack of appreciation for those "amber waves of grain" that provide both "bread and butterflies."

New Jersey is facing new and unalterable changes as it approaches the nation's 200th anniversary. New social, economic, and physical problems are presenting themselves for resolution. Cheap food and cheap energy are things of the past.

Problems confronting contemporary society must be viewed in their totality. Technological solutions to environmental problems are not complete without taking into full consideration social, humanistic, and political implications. Cook College minimizes the artificial separation between the humanities-social sciences and the physical-biological sciences and it offers expertise in both areas. It is in the landgrant concept of teaching, research, and Extension that Cook derives its essential character. Only by combining these three facets into an educational concept can the "experiment" of Cook be carried forward.

Next time you get in your Datsun or Toyota, think of the agricultural exports that have been earning about $22 billion a year, making them the most important items on our export list. They pay not only for the foreign cars, but also much of the Mideast oil they burn.

And then think of the New Jersey Agricultural Experiment Station. Maybe, in recognition of the remarkable contributions and prodigious agricultural research, the nation might show its appreciation by the selection of a new national anthem:" All McDonald's Have a Farm . . ."

H.R. 9771—THE AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS OF 1976

(Mr. ANDERSON of California asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ANDERSON of California. Mr. Speaker, on Wednesday the conferees filed the conference report on H.R. 9771, the Airport and Airway Development Act Amendments of 1976.

This measure is the culmination of months of hard work, and represents a responsible and progressive proposal which is deigned to meet the aviation needs of this country. It has been endorsed by the Secretary of Transportation; the funding levels are in accord with those in the Budget Committee's resolution, and it is supported by virtually every segment of aviation, the cities, and the county officials.

At this point, Mr. Speaker, I will insert in the RECORD, the amount of money that is allocated to each air carrier airport for the period which ends September 30, 1976. Since this is a 5-year program, and since the funding levels increase each year, the funds which are apportioned to the sponsors of air carrier airports for fiscal year 1977 through fiscal year 1980 would be greater than those presented below.

AIR CARRIER AIRPORT ENPLANEMENT APPORTIONMENTS,[1] JOINT COMMITTEE (H.R. 9771), FISCAL YEAR 1976

State and location	1974 enplanements times 1.25	Fiscal year 1976 and transition quarter formula funds
ALASKA		
Akhiok	640	$52, 089
Akiachak	303	52, 089
Akiak	130	52, 089
Akutan	254	52, 089
Alakanuk	686	52, 089
Alaknagik	124	52, 089
Allakaket	248	52, 089
Ambler River	420	52, 089
Anchorage	885, 560	1, 244, 122
Andreafsky/St. Marys	5, 406	156, 267
Angoon		52, 089
Aniak	3, 621	156, 267
Anvik	204	52, 089
Arctic Village	11	52, 089
Barnof		52, 089
Barrow	14, 874	156, 267
Beaver		52, 089
Bethel	36, 859	184, 316
Bettles	989	156, 267
Birch Creek		52, 089
Buckland	419	52, 089
Central		52, 089
Chalkyitsik		52, 089
Chandalar Lake	6	52, 089
Chefornak	284	52, 089
Chernofski Harbor	18	52, 089
Chevak	804	52, 089
Chignik Flats		52, 089
Chignik		52, 089
Chisina		52, 089
Chitina	1	52, 089

Footnotes at end of table.

AIR CARRIER AIRPORT ENPLANEMENT APPORTIONMENTS,[1] JOINT COMMITTEE (H.R. 9771), FISCAL YEAR 1976—Con.

State and location	1974 enplanements times 1.25	Fiscal year 1976 and transition quarter formula funds
Circle		52, 089
Circle Hot Springs		52, 089
Clarks Point	274	52, 089
Cold Bay	7, 760	156, 267
Cordova	16, 324	156, 267
Crooked Creek	83	52, 089
Deadhorse	18, 691	156, 267
Deering	251	52, 089
Dillingham	12, 984	156, 267
Dutch Harbor	3, 691	156, 267
Eagle		52, 089
Eek	311	52, 089
Egegik	575	52, 089
Ekuk	403	52, 089
Ekwok	573	52, 089
Elfin Cove		52, 089
Elim		52, 089
Emmonak	2, 531	52, 089
Excursion Inlet		52, 089
Fairbanks	235, 285	642, 213
False Pass	318	52, 089
Fort Yukon	2, 194	156, 267
Funter Bay	21	52, 089
Galena	7, 271	156, 267
Gamble	498	156, 267
Golovin		52, 089
Goodnews	460	52, 089
Grayling	299	156, 267
Gulkana	38	52, 089
Gustavus	964	156, 267
Hawk Inlet		52, 089
Haycock		52, 089
Holy Cross	616	52, 089
Homer	11, 315	156, 267
Hooper Bay	1, 866	156, 267
Hughes	324	52, 089
Huslia	614	52, 089
Hydaburg		52, 089
Igiugig	234	52, 089
Iliamna	1, 825	156, 267
Ivanof Bay		52, 089
Juneau	154, 891	508, 209
Kalskag	708	52, 089
Kaltag	434	52, 089
Karluk	1, 003	52, 089
Ketchikan	74, 373	331, 280
Kiana	710	52, 089
King Cove	1, 340	156, 267
King Salmon	16, 355	156, 267
Kipnuk	375	52, 089
Kitoi Bay	111	52, 089
Kivalina	520	52, 089
Klawock		52, 089
Kobok	195	52, 089
Kodiak	41, 233	206, 188
Kongiganak		52, 089
Kotlik	4, 850	52, 089
Kotzebue	35, 845	179, 245
Koyuk		52, 089
Koyukuk	224	52, 089
Kwethluk	275	52, 089
Kwigillingok		52, 089
Larsen Bay	1, 076	52, 089
Levellock	448	52, 089
Manley Hot Springs		52, 089
Manokotak	591	52, 089
Marshall	394	52, 089
May Creek	5	52, 089
McCarthy	4	52, 089
McGrath	2, 574	156, 267
Medfra		52, 089
Mekoryuk	1, 040	156, 267
Minto		52, 089
Mountain Village	1, 043	52, 089
Napakiak	3	52, 089
Napaskiak	606	52, 089
New Koliganek	493	52, 089
New Stuyahok	838	52, 089
Newtok	100	52, 089
Noatak	560	52, 089
Nome	20, 571	156, 267
Noorvik		52, 089
Nulato	636	52, 089
Nunapitchuk	304	52, 089
Old Harbor	2, 641	52, 089
Olga Bay	189	52, 089
Ouzinkie	2, 399	52, 089
Parks	139	52, 089
Pelican		52, 089
Perryville		52, 089
Petersburg	11, 594	57, 976
Pilot Point	496	52, 089
Pilot Station	314	52, 089
Platinum	240	156, 267
Point Hope	1, 246	52, 089
Porcupine Creek		52, 089
Port Baily	133	52, 089
Port Heiden	719	156, 267
Port Lions	2, 235	52, 089
Port Williams	173	52, 089
Portage Creek	1, 356	52, 089
Quinhagak	1, 356	52, 089
Rampart		52, 089
Red Devil	20	156, 267
Ruby	89	52, 089
Russian Mission	238	52, 089
St. Michael	289	52, 089
San Juan	569	52, 089
Sand Point	2, 159	156, 267
Savoogna	488	156, 267
Scammon Bay	655	52, 089
Selawik	1, 235	52, 089
Shageluk	320	52, 089
Shaktoolik	18	52, 089
Sheldon Point	140	52, 089
Shishmaref		52, 089
Shungnak	378	52, 089
Sitka	40, 906	204, 553
Sleetmute	68	52, 089
Solomon		52, 089
South Naknek	140	52, 089
Stebbins	106	52, 089
Stevens Village		52, 089
Stoney River	33	52, 089
Takotna		52, 089
Tanana	1, 109	156, 267
Tanunak		52, 089
Teller		52, 089
Teller Mission		52, 089
Tenakee Springs		52, 089
Togiak Village	1, 794	52, 089
Toksook Bay	1, 039	52, 089
Tuluksak	123	52, 089
Tuntatuliak	11	52, 089
Twin Hills		52, 089
Ugashik	209	52, 089
Umnak		156, 267
Unalakleet	2, 085	156, 267
Valdez	2, 203	156, 267
Venette		52, 089
Wainwright		156, 267
Wales		52, 089
White Mountain		52, 089
Wiseman	6	52, 089
Wrangell	7, 673	52, 089
Yakutat	6, 651	156, 267
Zachar Bay	228	52, 089
State total (178)	1, 740, 148	15, 799, 017
ALABAMA		
Anniston County	34, 150	170, 769
Birmingham	749, 446	1, 187, 402
Dothan	73, 016	326, 757
Florence/Sheffield/Tuscaloosa	26, 519	156, 267
Gadsden	10, 548	156, 267
Huntsville/Decatur	288, 101	730, 250
Mobile	324, 936	791, 649
Montgomery	241, 303	652, 245
Tuscaloosa-Van Degraff	35, 481	177, 425
State total (9)	1, 783, 500	4, 349, 031
ARIZONA		
Flagstaff	14, 846	156, 267
Grand Canyon National Park	68, 240	310, 835
Page	6, 884	156, 267
Phoenix Sky Harbor	2, 561, 650	1, 942, 571
Tucson International	778, 091	1, 199, 339
Yuma International	33, 855	169, 294
State total (6)	3, 463, 566	3, 934, 573
ARKANSAS		
El Dorado	8, 611	156, 267
Fayetteville—Drake Field	56, 790	272, 664
Fort Smith Municipal	92, 775	392, 627
Harrison-Boone County	10, 334	156, 267
Hot Springs—Memphis Field	35, 209	176, 065
Little Rock—Adams Field	520, 191	1, 091, 868
Texarkana Municipal	36, 694	183, 491
State total (7)	760, 604	2, 429, 249
CALIFORNIA		
Bakersfield	119, 418	449, 080
Blythe	1, 635	156, 267
Chico Municipal	18, 496	156, 267
Emeryville Heliport	55, 439	268, 160
Eureka/Arcata	91, 589	388, 673
Fresno	462, 041	1, 020, 182
Imperial	32, 243	161, 233
Long Beach	179, 671	549, 513
Los Angeles International	14, 676, 549	6, 991, 011
Merced Municipal	16, 070	156, 267
Modesto	35, 058	175, 310
Monterey	285, 908	726, 595
Oakland	1, 541, 599	1, 517, 503
Ontario International	756, 518	1, 190, 349
Palm Springs	211, 633	602, 789
Redding	37, 789	188, 966
Sacramento Metropolitan	1, 132, 868	1, 347, 179
San Diego International	2, 781, 559	2, 034, 210
San Francisco International	9, 638, 553	4, 891, 611
San Jose Municipal	1, 356, 093	1, 440, 200
Santa Ana	434, 620	974, 476
Santa Barbara	198, 223	580, 437
Santa Maria Public	55, 714	269, 077
Stockton Metropolitan	85, 369	367, 938
Visalia Municipal	12, 436	56, 267
State total (25)	34, 217, 091	26, 759, 560
COLORADO		
Alamosa	14, 321	156, 267
Aspen	105, 640	426, 114
Colorado Springs-Peterson Field	334, 996	808, 417
Denver	6, 699, 438	3, 666, 843
Durango	23, 321	156, 267
Grand Junction-Walker	134, 705	474, 561
Gunnison	12, 580	156, 267
Lamar	2, 815	156, 267
Montrose/Delta	14, 700	156, 267
Pueblo	56, 268	270, 924
State total (10)	7, 398, 784	6, 428, 194
CONNECTICUT		
Hartford-Bradley	1, 484, 556	1, 493, 732
Tweed-New Haven	60, 240	284, 165
State total (2)	1, 544, 796	1, 777, 897
FLORIDA		
Daytona Beach	295, 245	742, 158
Fort Myers-Page Field	210, 168	600, 347
Gainesville	103, 021	421, 749
Jacksonville	1, 098, 500	1, 332, 857
Melbourne-Cape Kennedy	174, 429	540, 775
Miami-Fort Lauderdale	2, 116, 816	1, 757, 203
Miami International	7, 742, 254	4, 101, 398
Orlando	1, 846, 849	1, 644, 704
Panama City	98, 214	410, 759
Pensacola	250, 629	667, 790
Sarasota-Bradenton	375, 933	876, 653
Tallahassee	295, 891	743, 235
Tampa	3, 212, 514	2, 213, 795
Valparaiso	117, 420	445, 750
West Palm Beach	889, 728	1, 245, 859
State total (15)	18, 827, 611	17, 745, 032
GEORGIA		
Albany	66, 271	304, 271
Athens	13, 146	156, 267
Atlanta	15, 305, 039	7, 252, 911
Augusta	217, 854	613, 159
Columbus	182, 664	554, 502
Macon	101, 469	419, 162
Moultrie	7, 676	156, 267
Savannah	287, 295	728, 907
Valdosta	20, 406	156, 267
State total (9)	16, 201, 820	10, 341, 713
HAWAII		
Hilo	869, 059	1, 237, 246
Honolulu	6, 260, 538	3, 483, 947
Kahului	1, 107, 025	1, 336, 410
Kallua Kona	441, 199	985, 442
Kamuela	53, 751	262, 533
Kaunakakai	80, 310	351, 073
Lanai	22, 134	156, 267
Lihue	1, 143, 643	1, 351, 669
State total (8)	9, 977, 659	9, 164, 587
IDAHO		
Boise	464, 459	1, 024, 213
Idaho Falls	73, 761	329, 240
Lewiston/Clarkson	55, 089	266, 993
Pocatello	55, 983	269, 974
Twin Falls—City-County AT	57, 956	276, 551
State total (5)	707, 248	2, 166, 971
ILLINOIS		
Bloomington	24, 031	156, 267
Champaign—Universty of Illinois	117, 105	445, 225
Chicago Midway	350, 803	834, 765
O'Hare	21, 158, 390	9, 692, 080
Decatur	46, 673	233, 391
Galesburg	7, 991	156, 267
Marion—Williamson City	14, 783	156, 267
Mattoon—Coles City Memorial	6, 146	156, 267
Moline—Quad City	316 558	777, 684
Mount Vernon	7, 745	156, 267
Peoria	198, 531	580, 950
Quincy/Hannibal	25, 843	156, 267
Rockford	7, 891	156, 267
Springfield—Capital	121, 358	452, 314
Sterling—Whiteside County	13, 480	156, 267
State total (15)	22, 417, 328	14, 266, 545
INDIANA		
Evansville	250, 089	666, 890
Fort Wayne	263, 448	689, 157

State and location	1974 enplanements times 1.25	Fiscal year 1976 and transition quarter formula funds
Indianapolis	1, 609, 951	1, 545, 986
South Bend-St. Joseph	227, 373	629, 025
State total (4)	2, 350, 861	3, 531, 058
IOWA		
Burlington	30, 630	156, 267
Cedar Rapids	241, 409	652, 421
Des Moines	637, 818	1, 140, 885
Dubuque	39, 079	195, 417
Fort Dodge	6, 273	156, 267
Mason City	19, 551	156, 267
Ottumwa	8, 084	156, 267
Sioux City	140, 216	483, 747
Waterloo	127, 525	462, 593
State total (9)	1, 250, 585	3, 560, 131
KANSAS		
Garden City	10, 131	156, 267
Goodland	2, 629	156, 267
Hays	11, 684	156, 267
Liberal-Guymon	17, 466	156, 267
Manhattan	56, 134	270, 477
Parsons	3, 510	156, 267
Salina	23, 879	156, 267
Topeka (Billard)	45, 273	226, 390
Wichita	510, 296	1, 087, 745
State total (9)	681, 002	2, 522, 214
KENTUCKY		
Greater Cincinnati	1, 709, 834	1, 587, 608
Lexington (Blue Grass)	266, 023	693, 449
London-Corbin	4, 889	156, 267
Louisville (Stanford)	1, 100, 653	1, 333, 755
Paducah (Barkley Field)	55, 696	269, 017
State total (5)	3, 137, 095	4, 040, 096
LOUISIANA		
Alexandria (Esler)	79, 275	347, 622
Baton Rouge (Ryan)	182, 813	554, 750
Lafayette	117, 281	445, 518
Lake Charles	42, 780	213, 924
Monroe	107, 804	429, 721
New Orleans (Moissant)	2, 901, 471	2, 084, 179
Shreveport (Municipal)	439, 029	981, 825
State total (7)	3, 870, 453	5, 057, 539
MAINE		
Auburn-Lewiston	2, 175	156, 267
Augusta	19, 760	156, 267
Bangor	232, 538	637, 635
Portland	208, 108	596, 913
Presque Isle	41, 758	208, 813
Waterville	10, 221	52, 089
State total (6)	514, 560	1, 807, 984
MARYLAND		
Baltimore	1, 946, 989	1, 686, 434
State total (1)	1, 946, 989	1, 686, 434
MASSACHUSETTS		
Boston (Logan)	6, 740, 194	3, 683, 826
Hyannis (Barnstable)	54, 433	264, 806
Marthas Vineyard	26, 868	156, 267
Nantucket	49, 986	249, 958
New Bedford	11, 744	156, 267
Worcester	22, 486	156, 267
State total (6)	6, 905, 711	4, 667, 391
MICHIGAN		
Alpena (Phelps Collins)	10, 929	156, 267
Benton Harbor (Ross Field)	36, 685	183, 446
Detroit City	45, 843	229, 241
Detroit Metropolitan—Wayne County	5, 139, 650	3, 016, 858
Escanaba	20, 754	156, 267
Flint (Bishop)	127, 875	463, 177
Grand Rapids (Kent County)	364, 020	856, 796
Hancock (Houghton County)	28, 643	156, 267
Iron Mountain (Ford)	19, 254	156, 267
Ironwood/Ashland	11, 133	156, 267
Jackson (Reynolds)	11, 330	156, 267
Kalamazoo-Battle Creek	124, 129	456, 933
Lansing (Capital City)	205, 375	592, 358
Manistee	4, 729	156, 267
Marinette (Menominee County)	11, 103	156, 267
Marquette	44, 236	221, 205
Muskegon	89, 894	383, 203
Pellston	33, 974	169, 889
Saginaw Bay City	217, 885	613, 210
Sault St. Marie	15, 831	156, 267
Traverse City	78, 840	346, 172
State total (21)	6, 641, 662	8, 938, 711
MINNESOTA		
Bemidji	15, 748	156, 267
Brainerd	13, 170	156, 267
Chisholm/Hibbing	20, 521	156, 267
Duluth/Superior	140, 281	483, 856
Fairmont	4, 736	156, 267
International Falls	18, 195	156, 267
Mankato	4, 149	156, 267
Minneapolis/St. Paul	4, 165, 135	2, 610, 765
Rochester	180, 735	551, 287
Thief River Falls	11, 355	156, 267
Worthington	3, 714	156, 267
State total (11)	4, 577, 739	4, 896, 044
MISSISSIPPI		
Columbus	45, 176	225, 905
Greenville	36, 621	183, 125
Greenwood	3, 296	156, 267
Gulfport/Biloxi	107, 638	429, 445
Hattiesburg	5, 499	156, 267
Jackson/Vicksburg	427, 874	963, 231
Meridian	38, 410	192, 071
Tupelo	15, 966	156, 267
University-Oxford	1, 950	156, 267
State total (9)	682, 430	2, 618, 845
MISSOURI		
Cape Girardeau	14, 555	156, 267
Columbia/Jefferson City	43, 148	215, 764
Joplin	60, 454	284, 879
Kansas City (International)	2, 689, 340	1, 995, 782
Kaiser	10, 456	156, 267
Kirksville (Canon Memorial)	3, 855	156, 267
St. Louis (Lambert)	4, 258, 350	2, 649, 609
Springfield	141, 935	486, 613
State total (8)	7, 222, 093	6, 101, 448
MONTANA		
Billings (Logan)	324, 435	790, 813
Bozeman	50, 215	250, 745
Butte	53, 109	260, 392
Glasgow	2, 655	156, 267
Glendive	1, 058	156, 267
Great Falls (International)	175, 354	542, 316
Havre	1, 050	156, 267
Helena	47, 794	238, 997
Kalispell	23, 288	156, 267
Lewiston	1, 111	156, 267
Miles City	1, 403	156, 267
Missoula	111, 706	436, 225
Sidney	1, 290	156, 267
West Yellowstone	13, 473	156, 267
Wolf Point	1, 360	156, 267
State total (15)	809, 301	3, 925, 892
NEBRASKA		
Alliance	2, 093	156, 267
Chardon	3, 244	156, 267
Columbus	2, 803	156, 267
Grand Island	31, 283	156, 432
Hastings	7, 480	156, 267
Kearney	7, 086	156, 267
Lincoln	185, 206	558, 739
McCook	4, 831	156, 267
Norfork	6, 509	156, 267
North Platte	21, 831	156, 267
Omaha (Eppley)	969, 544	1, 279, 120
Scotts Bluff	27, 154	156, 267
Sidney	2, 353	156, 267
State total (13)	1, 271, 417	3, 556, 961
NEVADA		
Elko	23, 076	156, 267
Ely	8, 170	156, 267
Las Vegas	3, 578, 213	2, 366, 187
Reno	680, 505	1, 158, 673
State total (4)	4, 289, 964	3, 837, 394
NEW HAMPSHIRE		
Keene	15, 461	156, 267
Manchester—Grenier Field	43, 945	219, 750
Lebanon	29, 890	156, 267
State total (3)	89, 296	532, 284
NEW JERSEY		
Morristown Municipal Heliport	24, 753	156, 267
Newark (Incl. in New York)		
State total (1)	24, 753	156, 267
NEW MEXICO		
Alamogordo	8, 418	156, 267
Albuquerque	980, 456	1, 283, 667
Carlsbad-Cavern City	6, 740	156, 267
Clovis	10, 526	156, 267
Farmington	40, 699	203, 518
Gallup—Senator Clarke	11, 426	156, 267
Hobbs—Lea County	7, 178	156, 267
Roswell Industrial A.C	33, 633	168, 184
Silver City	6, 391	156, 267
State total (9)	1, 105, 467	2, 592, 971
NEW YORK		
Albany	752, 685	1, 188, 752
Binghamton-Broome County	130, 241	467, 121
Greater Buffalo International	1, 697, 909	1, 582, 639
Elmira-Chemung County	119, 143	448, 622
Islip	141, 124	485, 261
Ithaca-Tompkins County	54, 073	263, 606
New York (J.F.K.)	12, 905, 584	6, 253, 026
New York (LGA)	8, 891, 060	4, 580, 121
New York (EWR)	4, 283, 128	2, 659, 934
New York Wall St. Heliport	26, 788	156, 267
Rochester—Monroe County	1, 019, 506	1, 299, 940
Syracuse-Hancock	937, 769	1, 265, 879
Utica/Rome-Oneida County	59, 780	282, 632
White Plains-Westchester	71, 350	521, 203
State total (14)	31, 090, 140	21, 255, 003
NORTH CAROLINA		
Asheville	195, 488	575, 878
Charlotte	1, 462, 024	1, 484, 343
Fayetteville	195, 470	575, 848
Greensboro (Reg)	622, 008	1, 134, 297
Winston Salem	70, 023	316, 779
Hickory	21, 038	156, 267
Jacksonville (Ellis)	51, 839	256, 159
Kinston (Stallings)	60, 451	284, 869
New Bern (Simmons Nott)	46, 960	234, 826
Raleigh/Durham	811, 445	1, 213, 238
Rocky Mount (Wilson)	12, 459	156, 267
Wilmington	102, 570	420, 997
State total (12)	3, 651, 775	6, 809, 768
NORTH DAKOTA		
Bismarck	114, 918	441, 579
Devils Lake	2, 389	156, 267
Fargo/Moorhead	154, 259	507, 155
Grand Forks (International)	94, 461	398, 248
Jamestown	11, 614	156, 267
Minot	71, 598	322, 029
Williston	4, 308	156, 267
State total (7)	453, 547	2, 137, 812
OHIO		
Akron/Canton	314, 059	773, 518
Cleveland (Hopkins)	3, 618, 944	2, 383, 160
Cleveland (Burke Lakefront)	44, 555	222, 800
Columbus	1, 285, 005	1, 410, 577
Dayton	994, 990	1, 289, 723
Toledo	322, 731	787, 973
Youngstown	170, 066	533, 583
State total (7)	6, 750, 350	7, 401, 254
OKLAHOMA		
Enid	5, 015	156, 267
Lawton	59, 461	281, 568
McAlester	14	156, 267
Oklahoma City (Will Rogers)	926, 541	1, 261, 200
Ponca City	1, 423	156, 267
Tulsa	796, 243	1, 206, 903
State total (6)	1, 788, 697	3, 218, 472
OREGON		
Bend/Redmond	8, 361	156, 267
Eugene	167, 793	529, 714
Klamath Falls	28, 791	156, 267
Medford	117, 066	445, 160
North Bend/Coos Bay	18, 915	156, 267
Pendleton	34, 236	171, 199
Portland	1, 887, 441	1, 661, 620
Salem	17, 281	156, 267
State total (8)	2, 279, 884	3, 432, 761
PENNSYLVANIA		
Allentown/Bethlehem/Easton	275, 080	708, 546
Bradford	28, 350	156, 267
Erie	155, 806	509, 734
Harrisburg (Olmstead)	370, 973	868, 385
Philadelphia (International)	4, 990, 825	2, 954, 841
Pittsburgh (Greater Pittsburgh)	4, 720, 944	2, 842, 378
Scranton/Wilkes Barre	192, 365	570, 672
Williamsport	49, 930	249, 678
State total (8)	10, 784, 273	8, 860, 501

Footnotes at end of table.

AIR CARRIER AIRPORT ENPLANEMENT APPORTIONMENTS,[1] JOINT COMMITTEE (H.R. 9771), FISCAL YEAR 1976—Con.

State and location	1974 enplanements times 1.25	Fiscal year 1976 and transition quarter formula funds
RHODE ISLAND		
Providence	552, 459	1, 105, 315
State total (1)	552, 459	1, 105, 315
SOUTH CAROLINA		
Charleston	444, 381	990, 746
Columbia	449, 036	998, 505
Florence	33, 841	169, 224
Greenville/Spartanburg	310, 281	767, 221
Myrtle Beach (AFB Civil Jetport)	55, 669	268, 927
State total (5)	1, 293, 208	3, 194, 623
SOUTH DAKOTA		
Aberdeen	37, 290	186, 471
Brookings	3, 140	156, 267
Huron-Howes Municipal	5, 066	156, 267
Mitchell	4, 736	156, 267
Pierre	47, 580	237, 927
Rapid City	147, 320	495, 589
Sioux Falls-Joe Foss	286, 170	727, 031
Watertown	18, 891	156, 267
Yankton-Chan. Gurney	5, 914	156, 267
State total (9)	556, 107	2, 428, 353
TENNESSEE		
Bristol-Tri City	244, 380	657, 374
Chattanooga-Lovell Field	298, 191	747, 069
Clarksville-Outlaw	9, 801	156, 267
Jackson-McKellar	17, 370	156, 267
Knoxville-McGhee Tyson	489, 160	1, 065, 386
Memphis	2, 439, 706	1, 891, 756
Nashville	1, 035, 335	1, 306, 536
State total (1)	4, 533, 943	5, 980, 655
TEXAS		
Abilene	52, 065	256, 912
Amarillo	251, 294	668, 898
Austin-Robert Mueller	449, 776	999, 738
Beaumont—Jefferson County	91, 831	389, 480
Brownsville-Harlingen	73, 676	328, 957
Brownwood	4, 755	156, 267
Corpus Christi	234, 000	640, 072
Dallas/F.W.—Regional	9, 370, 264	4, 779, 811
El Paso	693, 795	1, 164, 211
Harlingen	53, 398	261, 356
Houston International	3, 944, 611	2, 518, 870
Laredo	22, 088	156, 267
Longview—Gregg County	15, 254	156, 267
Lubbock	290, 629	734, 464
McAllen	91, 328	387, 803
Midland/Odessa	271, 844	703, 152
Paris—Cox Field	2, 024	156, 267
San Angelo—Mathis Field	31, 666	158, 348
San Antonio	1, 393, 636	1, 455, 844
Temple-Draughon-Miller	25, 419	156, 267
Tyler—Pounds Field	12, 996	156, 267
Waco	24, 225	156, 267
Wichita Falls	101, 076	418, 507
State total (23)	17, 501, 650	16, 960, 292
UTAH		
Cedar City	7, 461	156, 267
Salt Lake City	1, 746, 235	1, 602, 777
Vernal	7, 574	156, 267
State total (3)	1, 761, 270	1, 915, 311
VERMONT		
Barre-Montpelier	9, 780	156, 267
Burlington	142, 064	486, 828
State total (2)	151, 844	643, 095
VIRGINIA		
Charlottesville	65, 348	301, 194
Danville	8, 785	156, 267
Hot Springs-Ingalls	5, 833	156, 267
Lynchburg	71, 829	322, 799
Newport News—Patrick Henry	271, 961	703, 347
Norfolk	912, 078	1, 255, 173
Richmond—Richard E. Byrd	559, 209	1, 108, 128
Roanoke	446, 481	994, 246
Staunton-Shenandoah	27, 215	156, 267
State total	2, 368, 739	5, 153, 688
WASHINGTON		
Pasco-Tri City (9)	79, 835	349, 489
Seattle-Tacoma International	3, 639, 961	2, 391, 918
Spokane	737, 095	1, 182, 255
Yakima	96, 481	404, 982
State total (4)	4, 553, 372	4, 328, 644
WEST VIRGINIA		
Ashland/Huntington	115, 346	442, 293
Beckley—Raleigh County	12, 559	156, 267
Charleston Kanawha	314, 416	774, 113
Clarksburg-Benedum	47, 315	236, 601
Greenbrier	19, 084	156, 267
Morgantown	35, 835	179, 195
Parkersburg—Wood County	56, 531	271, 800
Princeton—Mercer County	31, 640	158, 218
State total (8)	632, 726	2, 374, 754
WISCONSIN		
Beloit—Rock County	7, 614	156, 267
Eau Claire	33, 104	165, 539
Green Bay Clintonville	305, 279	758, 883
La Crosse	65, 890	303, 001
Madison-Truax	327, 354	795, 679
Manitowoc	11, 278	156, 267
Milwaukee—General Mitchell	1, 476, 964	1, 490, 568
Oshkosh-Wittman	71, 964	323, 249
Rhinelander- Onieda County	26, 400	156, 267
Wauszu—Central Wisconsin	88, 856	379, 562
State total (10)	2, 414, 703	4, 685, 282
WYOMING		
Casper	99, 624	415, 460
Cheyenne	43, 966	219, 855
Jackson	40, 285	201, 448
Laramie—General Drees	12, 539	156, 267
Lovell-Cody	7, 794	156, 267
Riverton	16, 156	156, 267
Rock Springs	20, 989	156, 267
Sheridan	16, 084	156, 267
Worland	6, 129	156, 267
State total (9)	263, 566	1, 774, 365
PUERTO RICO		
Ponce	194, 558	574, 328
San Juan	3, 499, 510	2, 333, 390
Total (2)	3, 694, 068	2, 907, 718
VIRGIN ISLANDS		
Charlotte Amalie	613, 844	1, 130, 895
Christiansted	321, 168	785, 368
Total (2)	935, 012	1, 916, 263
GUAM		
Agana	377, 929	879, 980
Total (1)	377, 929	879, 980
AMERICAN SAMOA		
Pago Pago	32, 961	164, 823
Total (1)	32, 961	164, 823
CAROLINE ISLANDS		
Koror	10, 114	156, 267
Ponape	9, 018	156, 267
Truk	9, 471	156, 267
Yap	5, 233	156, 267
Total (4)	33, 836	625, 068
MARIANA ISLANDS		
Rota	14, 615	156, 267
Saipan	77, 448	341, 532
Total (2)	92, 063	497, 799
MARSHALL ISLANDS		
Majuro	9, 744	156, 267
Total (1)	9, 744	156, 267
50 States (582)	259, 793, 786	282, 851, 981
Other (13)	5, 175, 613	7, 147, 918
Total A/C apportioned		289, 999, 899
Total discretionary		145, 000, 101
Grand total (595)	264, 969, 399	435, 000, 000

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[1] Distribution formula: $6 each for the 1st 50,000 enplanements: $4 each for the next 50,000; $2 each for the next 400,000; and $0.50 each for enplanements over 500,000. Apportionments are based on 1974 enplanements.

At this point, I insert the allocation for general aviation airport development within each State for the period ending September 30, 1976. Again, as with air carrier airports, the funding levels would progressively increase for fiscal year 1977 through fiscal year 1980:

Joint Committee ADAP bill distribution of fiscal year 1976 general aviation airport funds

	Amount
Alabama	$539, 646
Alaska	2, 782, 371
Arizona	686, 878
Arkansas	414, 146
California	2, 448, 694
Colorado	678, 655
Connecticut	284, 635
Delaware	58, 063
District of Columbia	64, 949
Florida	864, 116
Georgia	668, 926
Hawaii	96, 943
Idaho	453, 764
Illinois	1, 219, 616
Indiana	614, 497
Iowa	505, 744
Kansas	578, 683
Kentucky	464, 868
Louisiana	543, 894
Maine	246, 554
Maryland	392, 714
Massachusetts	528, 375
Michigan	1, 211, 981
Minnesota	730, 258
Mississippi	416, 125
Missouri	727, 144
Montana	751, 092
Nebraska	489, 812
Nevada	561, 334
New Hampshire	106, 948
New Jersey	649, 164
New Mexico	658, 889
New York	1, 802, 580
North Carolina	681, 306
North Dakota	385, 052
Ohio	1, 118, 881
Oklahoma	547, 668
Oregon	634, 902
Pennsylvania	1, 223, 164
Rhode Island	86, 899
South Carolina	368, 321
South Dakota	419, 208
Tennessee	534, 085
Texas	2, 213, 757
Utah	489, 618
Vermont	83, 144
Virginia	596, 274
Washington	623, 492
West Virginia	263, 025
Wisconsin	687, 934
Wyoming	488, 712
Puerto Rico	462, 500
Guam	
American Samoa	
Territorial Trusts of the Pacific	
Virgin Islands Discretionary	
General Aviation Discretionary	11, 100, 000
Reliever Airport Discretionary	18, 750, 000
Total	65, 000, 000

Mr. Speaker, I want to especially congratulate the House conferees—JIM WRIGHT, BOB ROE, TENO RONCALIO, MIKE MCCORMACK, BILL HARSHA, and GENE SNYDER—for their outstanding work in developing this conference report.

CONFERENCE REPORT ON H.R. 14261

Mr. STEED submitted the following conference report and statement on the bill (H.R. 14261) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1977:

CONFERENCE REPORT (H. REPT. No. 94–1299)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14261) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1977, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 18, 21, and 22.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 6, 7, 8, 14, 16, 24, 26, 27, 28, 29, 31, 32, 34, and 37, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$793,400,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$836,900,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,301,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,130,755,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$28,400,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,500,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,500,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,750,000"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$17,500,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9, 10, 11, 12, 13, 15, 35, and 36.

TOM STEED,
JOSEPH P. ADDABBO,
EDWARD R. ROYBAL,
ROBERT L. F. SIKES,
EDWARD P. BOLAND,
JOHN J. FLYNT, Jr.,
EDWARD J. PATTEN,
CLARENCE D. LONG,
GEORGE MAHON,
ROBERT C. MCEWEN,
E. A. CEDERBERG,
Managers on the Part of the House.

JOSEPH M. MONTOYA,
BIRCH BAYH,
THOMAS F. EAGLETON,
JOHN L. MCCLELLAN,
GALE W. MCGEE,
HENRY BELLMON,
MARK O. HATFIELD,
MILTON R. YOUNG,
TED STEVENS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14261) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain independent agencies for the fiscal year ending September 30, 1977, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—TREASURY DEPARTMENT

Federal Law Enforcement Training Center

Amendment No. 1: Appropriates $8,650,000 for salaries and expenses as proposed by the Senate instead of $9,000,000 as proposed by the House.

Bureau of Alcohol, Tobacco and Firearms

Amendment No. 2: Appropriates $114,500,000 for salaries and expenses as proposed by the Senate instead of $112,000,000 as proposed by the House.

United States Customs Service

Amendment No. 3: Appropriates $340,000,000 for salaries and expenses as proposed by the Senate instead of $334,000,000 as proposed by the House.

Internal Revenue Service

Amendment No. 4: Appropriates $793,400,000 for accounts, collection and taxpayer service instead of $795,900,000 as proposed by the House and $790,900,000 as proposed by the Senate.

The Conferees are concerned with the proposed reduction in the budget estimate for the taxpayer service activity. The Committee of Conference directs that the level of effort for taxpayer service be maintained during FY-1977 at the FY-1976 level. The Committee of Conference has included funding to support 4,218 permanent personnel positions for the taxpayer service activity.

Amendment No. 5: Appropriates $836,900,000 for compliance instead of $838,900,000 as proposed by the House and $834,900,000 as proposed by the Senate.

U.S. Secret Service

Amendment No. 6: Inserts language for salaries and expenses as proposed by the Senate to conform the appropriation language to existing law.

Title citation

Amendment No. 7: Inserts title citation for the Department of the Treasury as proposed by the Senate.

TITLE II—UNITED STATES POSTAL SERVICE

Title citation

Amendment No. 8: Inserts title citation for the U.S. Postal Service as proposed by the Senate.

TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT

The White House Office

Amendment No. 9: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $16,530,000 for salaries and expenses of the White House Office.

Executive residence

Amendment No. 10: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $2,095,000 for operating expenses of the Executive Residence.

Official residence of the Vice President

Amendment No. 11: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $61,000 for operating expenses of the Official Residence of the Vice President.

Special Assistant to the President

Amendment No. 12: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $1,246,000 for salaries and expenses for Special Assistance to the President.

Domestic council

Amendment No. 13: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $1,700,000 for salaries and expenses of the domestic council.

Office of Management and Budget

Amendment No. 14: Appropriates $25,300,000 for salaries and expenses as proposed by the Senate instead of $25,500,000 as proposed by the House.

Unanticipated needs

Amendment No. 15: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $1,000,000 for unanticipated needs.

Title citation

Amendment No. 16: Inserts title citation for the Executive Office of the President as proposed by the Senate.

TITLE IV—INDEPENDENT AGENCIES

Advisory Committee on Intergovernmental Relations

Amendment No. 17: Appropriates $1,301,000 for salaries and expenses instead of $1,200,000 as proposed by the House and $1,402,000 as proposed by the Senate.

Civil Service Commission

Amendment No. 18: Appropriates $15,000,000 for Intergovernmental Personnel Assistance as proposed by the House instead of $10,000,000 as proposed by the Senate.

General Services Administration

Federal Buildings Fund

Limitations on Availability of Revenue

Amendment No. 19: Establishes a limitation on the availability of revenue in the Federal Buildings Fund of $1,130,755,000 instead of $1,124,955,000 as proposed by the House and $1,141,755,000 as proposed by the Senate.

Amendment No. 20: Establishes a limitation of $28,400,000 for construction of certain buildings instead of $22,600,000 as proposed by the House and $39,400,00 as proposed by the Senate.

Amendment No. 21: Deletes language proposed by the Senate concerning funding of buildings previously specified in annual Appropriation Acts.

Amendment No. 22: Deletes language proposed by the Senate concerning construction of projects.

Amendment No. 23: Makes available $3,500,000 for continuation of the construction of the Prince J. K. Kalanianaole Federal Building Courthouse in Honolulu, Hawaii, instead of $7,500,000 as proposed by the Senate.

Amendment No. 24: Makes available $800,000 for completion of construction of the Patrick V. McNamara Federal Office Building in Detroit, Michigan, as proposed by the Senate.

Amendment No. 25: Makes available $1,500,000 for continuation of the construction of the Customs Courthouse Federal Office Building Annex in New York City instead of $3,000,000 as proposed by the Senate.

Amendment No. 26: Establishes a limitation on the amount of funds which may be accumulated from revenues paid into the Federal Building Fund of $1,156,018,000 as proposed by the Senate instead of $1,150,518,000 as proposed by the House.

National Archives and Records Service Operating Expenses

Amendment No. 27: Establishes a limitation on the amount of funds which may be used for allocations and grants for historical publications and records of $3,000,000 as proposed by the Senate instead of $4,000,000 as proposed by the House.

Harry S. Truman Scholarship Foundation

Amendment No. 28: Appropriates $20,000,000 for payment to the Harry S Truman Memorial Scholarship Trust Fund as proposed by the Senate.

National Commission on Electronic Fund Transfers

Amendment No. 29: Appropriates $1,300,000 for salaries and expenses as proposed by the Senate.

Amendment No. 30: Appropriates $2,750,000 for salaries and expenses instead of $2,500,000 as proposed by the House and $3,000,000 as proposed by the Senate.

National Study Commission on Records and Documents of Federal Officials

Amendment No. 31: Appropriates $350,000 for salaries and expenses as proposed by the Senate.

U.S. Tax Court

Amendment No. 32: Appropriates $7,222,000 for salaries and expenses as proposed by the Senate instead of $7,322,000 as proposed by the House.

Defense Civil Preparedness Agency

Amendment No. 33: Appropriates $17,500,000 for research, shelter survey, and marking instead of $20,000,000 as proposed by the House and $15,000,000 as proposed by the Senate.

Title citation

Amendment No. 34: Inserts title citation for Independent Agencies as proposed by the Senate.

TITLE V—GENERAL PROVISIONS

Amendment No. 35: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which inserts language requiring that acceptance by the United States of any exchange of federal property for certain privately-owned property located adjacent to the Dulles International Airport be contingent upon review by the appropriate Committees of the Congress.

Amendment No. 36: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which would restrict the purchase of foreign manufactured stainless steel flatware.

Title citation

Amendment No. 37: Inserts title citation for the Act as proposed by the Senate.

Conference total—with comparisons

The total new budget (obligational) authority for the fiscal year 1977 recommended by the Committee of Conference, with comparisons to the fiscal year 1976 amount, the 1977 budget estimates, and the House and Senate bills for 1977 follows:

New budget (obligational) authority, fiscal year 1976	$6, 810, 141, 500
Budget estimates of new (obligational) authority, fiscal year 1977	[1] 8, 004, 892, 000
House bill, fiscal year 1977	8, 267, 636, 000
Senate bill, fiscal year 1977	8, 301, 470, 000
Conference agreement	8, 313, 119, 000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1976	+1, 502, 977, 500
Budget estimates of new (obligational) authority, fiscal year 1977	+308, 227, 000
House bill, fiscal year 1977	+45, 483, 000
Senate bill, fiscal year 1977	+11, 649, 000

[1] Includes $21,745,000 of budget estimates not considered by the House, contained in Sen. Doc. 94–195, 94–211, and 94–218.

Tom Steed,
Joseph P. Addabbo,
Edward R. Roybal,
Robert L. F. Sikes,
Edward P. Boland,
John J. Flynt, Jr.,
Edward J. Patten,
Clarence D. Long,
George Mahon,
Robert C. McEwen,
Elford A. Cederberg,
Managers on the part of the House.

Joseph M. Montoya,
Birch Bayh,
Thomas F. Eagleton,
John L. McClellan,
Gale W. McGee,
Henry Bellmon,
Mark O. Hatfield,
Milton R. Young,
Ted Stevens,
Managers on the part of the Senate.

CONFERENCE REPORT ON S. 3168

Mr. MORGAN submitted the following conference report and statement on the bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes:

Conference Report (H. Rept. No. 94–1302)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Foreign Relations Authorization Act, Fiscal Year 1977".

TITLE I—STATE DEPARTMENT

AUTHORIZATION OF APPROPRIATIONS

Sec. 101. (a) There are authorized to be appropriated for the Department of State for fiscal year 1977, to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States, including trade negotiations, and other purposes authorized by law, the following amounts:

(1) For the "Administration of Foreign Affairs", $552,455,000.

(2) For "International Organizations and Conferences", $342,460,453.

(3) For "International Commissions", $17,069,000.

(4) For "Educational Exchange", $68,500,000.

(5) For "Migration and Refugee Assistance", $10,000,000.

(6) For increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs, such amounts as may be necessary.

(b) Amounts appropriated under this section are authorized to remain available until expended.

TRANSFER AUTHORITY

Sec. 102. Funds authorized to be appropriated for fiscal year 1977 by any paragraph of section 101(a) (other than paragraph (6)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (6)), except that the total amount appropriated for a purpose described in any paragraph of section 101(a) (other than paragraph (6)) may not exceed the amount specifically authorized for such purpose by section 101(a) by more than 10 per centum.

CONTRIBUTION TO THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

Sec. 103. Notwithstanding the limitation contained in the proviso in the paragraph under the subheading "Contributions to International Organizations" in title I of the Act of October 25, 1972 (86 Stat. 1110), and notwithstanding the requirements of section 302(h) of the Foreign Assistance Act of 1961, $3,545,453 of the amount authorized to be appropriated by section 101(a)(2) of this Act may be used to complete the fiscal year 1975 United States contribution to the United Nations Educational, Scientific, and Cultural Organization.

INTERNATIONAL JOINT COMMISSION

Sec. 104. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, is amended by adding at the end thereof the following new section:

"Sec. 19. Each fiscal year (beginning with fiscal year 1977), the Secretary of State may use not to exceed $1,500 of the funds appropriated for the American Sections, International Joint Commission, United States and Canada, for representation expenses and official entertainment within the United States for such American Sections.".

RUSSIAN REFUGEE ASSISTANCE

Sec. 105. In addition to amounts otherwise available, there are authorized to be appropriated to the Secretary of State for fiscal year 1977 not to exceed $20,000,000 to carry out the provisions of section 101(b) of the Foreign Relations Authorizations Act of 1972 (relating to Russian refugee assistance) and to furnish similar assistance to refugees from Communist countries in Eastern Europe. None of the funds appropriated under this seciton may be used to resettle refugees in any country other than Israel. Amounts appropriated under this section are authorized to remain available until expended.

UNITED STATES PASSPORT OFFICE

SEC. 106. In addition to amounts otherwise available for such purposes, there is authorized to be appropriated for fiscal year 1977, $1,000,000, to be used for miniaturization of the files of the United States Passport Office. Amounts appropriated under this section are authorized to remain available until expended.

NORTH ATLANTIC ASSEMBLY

SEC. 107. The joint resolution entitled "Joint resolution to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956, is amended by adding at the end thereof the following new section:

"SEC. 5. In addition to the amounts authorized by section 2, there is authorized to be appropriated $50,000 for fiscal year 1977 to meet the expenses incurred by the United States group in hosting the twenty-second annual meeting of the North Atlantic Assembly. Amounts appropriated under this section are authorized to remain available until expended.".

PAYMENT TO LADY CATHERINE HELEN SHAW

SEC. 108. Of the amount appropriated under paragraph (1) of section 101(a) of this Act for salaries and expenses, $10,000 shall be available for payment ex gratia to Lady Cathrine Helen Shaw, wife of the former Australian Ambassador to the United States, as an expression of the concern of the United States Government for the injuries which she sustained as a result of an attack on her in the District of Columbia.

FOREIGN SERVICE BUILDINGS AUTHORIZATION

SEC. 109. Section 4 of the Foreign Service Buildings Act, 1926, is amended—

(1) in paragraph (2) of subsection (h) by striking out "$71,600,000 and inserting in lieu thereof "$73,058,000"; and

(2) by adding the following new subsection at the end of the section:

"(j) For the purpose of carrying into effect the provisions of this Act in the Union of Soviet Socialist Republics, there is authorized to be appropriated, in addition to amounts authorized prior to the enactment of this subsection, $30,000,000, which amount is authorized to remain available until expended.".

PAN AMERICAN GAMES

SEC. 110. (a) The Congress finds that—

(1) the Eighth Pan American Games to be held in San Juan, Puerto Rico, in 1979 will provide an opportunity for more than six thousand young men and women, representing thirty-three countries in the Western Hemisphere, to participate in friendly athletic competition;

(2) international sporting events such as the Eighth Pan American Games make a unique contribution in promoting common understanding and mutual respect among people of different cultural backgrounds; and

(3) the President has the authority under the Mutual Educational and Cultural Exchange Act of 1961 to provide financing, when he considers that it would strengthen international cooperative relations, for (A) tours abroad by American athletes, (B) United States representation in international sports competitions, and (C) participation by groups and individuals from other countries in tours and in sports competitions in the United States.

(b) In order to strengthen international cooperative relations and promote the purposes of the Mutual Educational and Cultural Exchange Act of 1961, the Secretary of State shall use funds appropriated to carry out this section to provide financial assistance for the Eighth Pan American Games to be held in Puerto Rico in 1979. Such funds shall be transferred by the Secretary to the Recreational Development Company of Puerto Rico (a government corporation of the Commonwealth of Puerto Rico) for expenses directly related to the Eighth Pan American Games, including expenses for—

(1) promoting, organizing, and conducting such games;

(2) constructing new and repairing existing athletic and recreational facilities;

(3) providing lodging, food, and transportation for participants in such games and for related personnel; and

(4) acquiring necessary material and equipment for such games.

Such expenditures shall be subject to such controls and audits as the Comptroller General may prescribe.

(c) To carry out this section, there is authorized to be appropriated to the Secretary of State $12,000,000.

PARTICIPATION BY FEDERAL EMPLOYEES IN CULTURAL EXCHANGE PROGRAMS

SEC. 111. The Mutual Educational and Cultural Exchange Act of 1961 is amended by adding immediately after section 108 the following new section:

"SEC. 108A. (a)(1) Congress consents to the acceptance by a Federal employee of grants and other forms of assistance provided by a foreign government to facilitate the participation of such Federal employee in a cultural exchange—

"(A) which is of the type described in section 102(a)(2)(i) of this Act,

"(B) which is conducted for a purpose comparable to the purpose stated in section 101 of this Act, and

"(C) which is specifically approved by the Secretary of State for purposes of this section;

but the Congress does not consent to the acceptance by any Federal employee of any portion of any such grant or other form of assistance which provides assistance with respect to any expenses incurred by or for any member of the family or household of such Federal employee.

"(2) For purposes of this section, the term 'Federal employee' means any employee as defined in subparagraphs (A) through (E) of section 7342(a)(1) of title 5 of the United States Code, but does not include a person described in subparagraph (F) of such section.

"(b) The grants and other forms of assistance with respect to which the consent of Congress is given in subsection (a) of this section shall not constitute gifts for purposes of section 7342 of title 5 of the United States Code.

"(c) The Secretary of State is authorized to promulgate regulations for purposes of this section.".

ANNUITY INCREASES FOR ALIEN EMPLOYEES

SEC. 112. Section 444(a) of the Foreign Service Act of 1946 is amended—

(1) by inserting "(1)" immediately after "(a)"; and

(2) by inserting the following new paragraph at the end thereof:

"(2) The Secretary may, under such regulations as he may prescribe, make supplemental payments, out of funds appropriated after the date of enactment of this subparagraph for salaries and expenses, to any civil service annuitant who is a former alien employee of the Service (or is a survivor of a former alien employee of the Service) in order to offset exchange rate losses, if the annuity being paid such annuitant is based on (A) a salary that was fixed in a foreign currency that has appreciated in value in terms of the United States dollar, and (B) service in a country in which (as determined by the Secretary) the average retirement benefits being received by those who have retired from competitive local organizations are superior to the local currency value of civil service annuities plus any other retirement benefits payable to alien employees who have retired during similar time periods and after comparable careers with the United States Government.".

MEMBERSHIP AUTHORITY FOR INTERNATIONAL ORGANIZATIONS

SEC. 113. The President is authorized to maintain United States membership in the International Cotton Advisory Committee, the International Lead and Zinc Study Group, the International Rubber Study Group, and the International Seed Testing Association.

PANAMA CANAL

SEC. 114. Any new Panama Canal treaty or agreement negotiated with funds appropriated under this title must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal.

INTERNATIONAL JOINT COMMISSION

SEC. 115. After the date of enactment of this Act, any commissioner of the International Joint Commission appointed on the part of the United States, pursuant to article VII of the treaty between the United States and Great Britain relating to boundary waters between the United States and Canada, signed at Washington on January 11, 1909 (36 Stat. 2448; TS 548; III Redmond 2607), shall be appointed by the President by and with the advice and consent of the Senate.

FOREIGN GIFTS

SEC. 116 (a) The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended by section 104 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 20. Any expenditure for any gift for any person of any foreign country which involves any funds made available to meet unforeseen emergencies arising in the Diplomatic and Consular Service shall be audited by the Comptroller General and reports thereon made to the Congress to such extent and at such times as he may determine necessary. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property pertaining to such expenditure necessary to facilitate the audit.".

STATE DEPARTMENT/UNITED STATES INFORMATION AGENCY PERSONNEL SYSTEM

SEC. 117. It is the sense of Congress that the proliferation of personnel categories within the State Department and the United States Information Agency (the several categories being characterized by various standards for hiring, tenure, and pay) has resulted in a personnel system susceptible to inefficiency, inequity, and abuse. Therefore, within one hundred and eighty days of the enactment of this Act, the Secretary of State shall transmit to Congress a comprehensive plan for the improvement and simplification of this system, such plan to include a reduction in the number of personnel categories, and proposed legislation if necessary.

PARLIAMENTARY CONFERENCES

SEC. 118. (a) Section 2 of the Act of June 11, 1959 (Public Law 86-42; 73 Stat. 72), is amended by striking out "$30,000" and inserting in lieu thereof "$50,000", and by striking out "$15,000" each time it appears and inserting in lieu thereof "$25,000".

(b) Section 2 of the Act of April 9, 1960 (Public Law 86-420; 74 Stat. 40), is amended by striking out "$30,000" and inserting in lieu thereof "$50,000", and by striking out "$15,000" each time it appears and inserting in lieu thereof "$25,000".

MEDICAL MALPRACTICE PROTECTION

SEC. 119. Title X of the Foreign Service Act of 1946 is amended by adding at the end thereof the following new part:

"PART J—MALPRACTICE PROTECTION

"SEC. 1091. (a) The remedy—

"(1) against the United States provided by sections 1346(b) and 2672 of title 28 of the United States Code, or

"(2) through proceedings for compensation or other benefits from the United States as provided by any other law, where the availability of such benefits precludes a remedy under such sections,

for damages for personal injury, including death, allegedly arising from malpractice or negligence of a physician, dentist, nurse, pharmacist, or paramedical (including medical and dental assistants and technicians, nursing assistants, and therapists) or other supporting personnel of the Department of State (including the Agency for International Development) in furnishing medical care or related services, including the conducting of clinical studies or investigations, while in the exercise of his or her duties in or for the Department of State or any other Federal department, agency, or instrumentality shall be exclusive of any other civil action or proceeding by reason of the same subject matter against such physician, dentist, nurse, pharmacist, or paramedical or other supporting personnel (or his or her estate) whose act or omission gave rise to such claim.

"(b) The United States Government shall defend any civil action or proceeding brought in any court against any person referred to in subsection (a) of this section (or his or her estate) for any such damage or injury. Any such person against whom such civil action or proceeding is brought shall deliver, within such time after date of service or knowledge of service as determined by the Attorney General, all process served upon him or her or an attested true copy thereof to whomever was designated by the Secretary to receive such papers and such person shall promptly furnish copies of the pleading and process therein to the United States attorney for the district embracing the place wherein the proceeding is brought, to the Attorney General, and to the Secretary.

"(c) Upon a certification by the Attorney General that the defendant was acting within the scope of his or her employment in or for the Department of State or any other Federal department, agency, or instrumentality at the time of the incident out of which the suit arose, any such civil action or proceeding commenced in a State court shall be removed without bond at any time before trial by the Attorney General to the district court of the United States of the district and division embracing the place wherein it is pending and the proceeding deemed a tort action brought against the United States under the provisions of title 28 of the United States Code and all references thereto. Should a United States district court determine on a hearing on a motion to remand held before a trial on the merits that the case so removed is one in which a remedy by suit within the meaning of subsection (a) of this section is not available against the United States, the case shall be remanded to the State court, except that where such remedy is precluded because of the availability of a remedy through proceedings for compensation or other benefits from the United States as provided by any other law, the case shall be dismissed, but in that event, the running of any limitation of time for commencing, or filing an application or claim in, such proceedings for compensation or other benefits shall be deemed to have been suspended during the pendency of the civil action or proceeding under this section.

"(d) The Attorney General may compromise or settle any claim asserted in such civil action or proceeding in the manner provided in section 2677 of title 28 of the United States Code and with the same effect.

"(e) For purposes of this section, the provisions of section 2680(h) of title 28 of the United States Code shall not apply to any tort enumerated therein arising out of negligence in the furnishing of medical care or related services, including the conducting of clinical studies or investigations.

"(f) The Secretary may, to the extent he deems appropriate, hold harmless or provide liability insurance for any person to whom the immunity provisions of subsection (a) of this section apply, for damages for personal injury, including death, negligently caused by any such person while acting within the scope of his or her office or employment and as a result of the furnishing of medical care or related services, including the conducting of clinical studies or investigations, if such person is assigned to a foreign area or detailed for service with other than a Federal agency or institution, or if the circumstances are such as are likely to preclude the remedies of third persons against the United States provided by sections 1346(b) and 2672 of title 28 of the United States Code, for such damage or injury.

"(g) For purposes of this section, any medical care or related service covered by this section and performed abroad by a covered person at the direction or with the approval of the United States Ambassador or other principal representative of the United States in the area shall be deemed to be within the scope of employment of the individual performing the service.".

APPOINTMENT OF AMBASSADORS

SEC. 120. It is the sense of the Congress that a greater number of positions of ambassador should be occupied by career personnel in the Foreign Service.

DISCRIMINATION

SEC. 121. Information should not be disseminated about opportunities for, and there should be no participation or other assistance by any officer or employee of the Department of State (including the Agency for International Development) in, the negotiation of any contract or arrangement with a foreign country, individual, or entity, if

(1) any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prohibited from entering into such contract or arrangement, or

(2) such contract or arrangement requires that any such person be excluded from participating in the implementation of such contract or arrangement, on account of the race, religion, national origin, or sex of such person in the case of an individual or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof.

TITLE II—UNITED STATES INFORMATION AGENCY

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) There are authorized to be appropriated for the United States Information Agency for fiscal year 1977, to carry out international informational activities and programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Numbered 8 of 1953, and other purposes authorized by law, the following amounts:

(1) For "Salaries and Expenses" and "Salary and Expenses (special foreign currency program)", $255,925,000.

(2) For "Special International Exhibitions", $4,841,000.

(3) For "Acquisition and Construction of Radio Facilities", $2,142,000.

(4) Such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, or other nondiscretionary costs.

(b) Amounts appropriated under this section are authorized to remain available until expended.

TRANSFER AUTHORITY

SEC. 202. Funds authorized to be appropriated for fiscal year 1977 by any paragraph of section 201(a) (other than paragraph (4)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (4)), except that the total amount appropriated for a purpose described in any paragraph of section 201(a) (other than paragraph (4)), my not exceed the amount specifically authorized for such purpose by section 201(a) by more than 10 per centum.

PURCHASE OF UNIFORMS

SEC. 203. Section 804 of the United States Information and Educational Exchange Act of 1948 is amended—

(1) by striking out "and" at the end of paragraph (12);

(2) by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; and"; and

(3) by adding immediately after paragraph (13) the following new paragraph:

"(14) purchase uniforms, when funds are appropriated therefor.".

REPLACEMENT OF PASSENGER MOTOR VEHICLES

SEC. 204. Title VIII of the United States Information and Educational Exchange Act of 1948 is amended by adding at the end thereof the following new section:

"REPLACEMENT OF PASSENGER MOTOR VEHICLES

"SEC. 806. The exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles used abroad for purposes of this Act or the Mutual Educational and Cultural Exchange Act of 1961 are authorized to be made available without fiscal year limitation for replacement of an equal number of such vehicles in accordance with section 201(c) of the Federal Property and Administrative Services Act of 1949.".

BICENTENNIAL DISTRIBUTION OF CERTAIN ITEMS PREPARED BY THE UNITED STATES INFORMATION AGENCY

SEC. 205. (a) Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948, the Director of the United States Information Agency shall make available to the Administrator of General Services, for deposit in the National Archives of the United States, a master copy of each of the films described in subsection (b) and 150 copies of the exhibit described in subsection (c) and the Administrator shall provide for the distribution of copies of such films and such exhibit for public viewing within the United States in conjunction with the commemoration of the Amercan Revolution Bicentennial.

(b) The films referred to in subsection (a) are the following films which were prepared by the United States Information Agency:

(1) "Echoes", a film sketching the aspirations of American democracy as evoked by heroes and leaders of the past.

(2) "Santa Fe", a film dealing with the historical and social development of Santa Fe, New Mexico, and the surrounding countryside, and with the influence of Spanish, Indian, and Mexican culture on life in the United States Southwest.

(3) "The Numbers Start With the River", a film depicting the quality of life in a small midwestern American town as seen through the eyes of two elderly, lifelong residents of the town.

(4) "The Copland Portrait", a film depicting the life, work, and music of American composer Aaron Copland, including his early student years and early interest in music, his current work with young composers, and his still energetic public performance schedule.

(5) "200", an impressionistic animated cartoon tracing the past two centuries of the development of America.

(6) "Rendezvous", a film portraying the frontier life of American fur trappers.

(7) "Century III—The Gift of Life", a film describing the advances that have been made in the United States, and the prospects for future such advances, in medical techniques such as organ transplants, prosthesis, and immunology.

(c) The exhibit referred to in subsection (a) is the exhibit, prepared by the United States Information Agency, entitled "Life, Liberty, and the Pursuit of Happiness". Such exhibit is a collection of pictures and captions, derived primarily from documents contemporaneous with the events represented, depicting early cultural life in the United States and tracing the early economic growth of the United States, the expansion westward, the development of the democratic spirit, and the establishment of American government and legal institutions.

VOICE OF AMERICA BROADCASTS

SEC. 206. Title V of the United States Information and Educational Exchange Act of 1948 is amended by adding the following new section:

"SEC. 503. The long-range interests of the United States are served by communicating directly with the peoples of the world by radio. To be effective, the Voice of America (the Broadcasting Service of the United States Information Agency) must win the attention and respect of listeners. These principles will therefore govern Voice of America (VOA) broadcasts:

"(1) VOA will serve as a consistently reliable and authoritative source of news. VOA news will be accurate, objective, and comprehensive.

"(2) VOA will represent America, not any single segment of American society, and will therefore present a balanced and comprehensive projection of significant American thought and institutions.

"(3) VOA will present the policies of the United States clearly and effectively, and will also present responsible discussion and opinion on these policies.".

TITLE III—BOARD FOR INTERNATIONAL BROADCASTING

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. Section 8 of the Board for International Broadcasting Act of 1973 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 8. (a) There are authorized to be appropriated to carry out the purposes of this Act for fiscal year 1977—

"(1) $58,385,000, of which $5,000,000 shall be available only to the extent that the Director of the Office of Management and Budget determines (and so certifies to the Congress) is necessary, because of downward fluctuations in foreign currency exchange rates in order to maintain the budgeted level of operation for Radio Free Europe and Radio Liberty; and

"(2) such additional amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs.

Amounts appropriated under this section are authorized to remain available until expended.

"(b) The Director of the Office of Management and Budget shall place in reserve and inform the Congress of any amount appropriated under this section which, because of upward fluctuations in foreign currency exchange rates, is in excess of the amount necessary to maintain the budgeted level of operation for Radio Free Europe and Radio Liberty.".

SEC. 302. (a) Section 3(b) of the Board for International Broadcasting Act of 1973 is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking out "seven members, two of whom shall be ex officio members" and inserting in lieu thereof "six members, one of whom shall be an ex officio member", and

(B) in the fourth sentence, by striking out "the chief operating executive of Radio Liberty shall be ex officio members" and inserting in lieu thereof "Radio Liberty shall be an ex officio member";

(2) by amending paragraph (4) to read as follows:

"(4) TERM OF OFFICE OF THE EX OFFICIO MEMBER.—The ex officio member of the Board shall serve on the Board during his term of service as chief operating executive of Radio Free Europe and Radio Liberty"; and

(3) in the third sentence of paragraph (5), by striking out "Ex officio members" and inserting in lieu thereof "The ex officio member".

(b) Section 3 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) The Board may, to the extent it deems necessary to carry out its functions under this Act, procure supplies, services, and other personal property, including specialized electronic equipment.".

(c) Paragraph (8) of section 4(a) of such Act is amended—

(1) by striking out "30th day of October" and inserting in lieu thereof "31st day of January"; and

(2) by striking out "June" and inserting in lieu thereof "September".

TITLE IV—MISCELLANEOUS

JAPAN-UNITED STATES FRIENDSHIP ACT

SEC. 401. The Japan-United States Friendship Act (Public Law 94-118) is amended—

(1) in paragraph (10) of section 6 by striking out "from the Secretary of State, on a reimbursable basis,";

(2) in section 3(d) by striking out the period at the end thereof and inserting in lieu thereof ", including interest and proceeds accruing to the Fund from such funds in accordance with sections 6(4) and 7 of this Act.";

(3)(A) in section 3(e)(1) by striking out the period at the end thereof and inserting in lieu thereof "and interest and proceeds accruing to the Fund from such funds in accordance with sections 6(4) and 7 of this Act."; and

(B) in section 7(b) by inserting "of amounts authorized to be appropriated under section 3(d) of this Act" immediately after "investment" in the second sentence.

FOREIGN CURRENCY REPORTS

SEC. 402. Section 502(b) of the Mutual Security Act of 1954 is amended by adding at the end thereof the following new sentence: "Each such consolidated report shall be published in the Congressional Record within ten legislative days after it is forwarded pursuant to this subsection.".

REPORT ON INTERNATIONAL BROADCASTING

SEC. 403. Not later than January 31, 1977, the President shall submit to the Congress a report—

(1) recommending steps to be taken to utilize more effectively the transmission facilities for international broadcasting, both existing and planned, of the United States Government;

(2) examining the feasibility of greater cooperation with foreign countries to insure mutually efficient use of nationally owned and nationally funded transmission facilities for international broadcasting;

(3) containing a comprehensive outline of projected needs for United States international broadcasting operations based on anticipated language requirements and anticipated cooperation among various agencies of the United States Government, United States Government-funded organizations, and foreign governments involved in international broadcasting; and

(4) recommending steps which should be taken to extend broadcasting operations similar to those carried out under the Board for International Broadcasting Act of 1973 to additional countries where access to information is restricted by the policies of the governments of such countries.

TITLE V—FOREIGN SERVICE RETIREMENT

SHORT TITLE

SEC. 500. This title may be cited as the "Foreign Service Retirement Amendments of 1976".

FOREIGN SERVICE STAFF PARTICIPATION

SEC. 501. (a) Section 803 of he Foreign Service Act of 1946 is amended by adding the following paragraph at the end of subsection (a) thereof:

"(4) All Foreign Service staff officers and employees appointed by the Secretary of State or the Director of the United States Information Agency with unlimited appointments.".

(b) Section 803 of such Act is further amended by changing the reference at the end of subsection (b)(2) from "852(b)" to "881".

(c) Section 803 of such Act is further amended by striking out subsection (c) thereof.

DEFINITIONS

SEC. 502. (a) The caption of section 804 of such Act is amended to read "DEFINITIONS".

(b) Section 804 of such Act is amended by striking out all of such section except paragraphs (4), (5), and (6) of subsection (b) and inserting in lieu thereof the following:

"When used in this title unless otherwise specified, the term—

"(1) 'Annuitant' means any person including a former participant or survivor who meets all requirements for an annuity from the Fund under the provisions of this or any other Act and who has filed claim therefor.

"(2) 'Surviving spouse' means the surviving wife or husband of a participant or annuitant who, in the case of a death in Service or marriage after retirement, was married to the participant or annuitant for at least two years immediately preceding his or her death or is the parent of a child born of the marriage.

"(3) 'Child', except in section 841, means an unmarried child, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support. In addition to the offspring of the participant, such term includes (A) an adopted child, (B) a stepchild or recognized natural child who received more than one-half support from the participant, and (C) a child who lived with and for whom a petition of adoption was filed by a participant, and who is adopted by the surviving spouse of the participant after the latter's death. Such term also includes an unmarried student below the age of twenty-two years. For this purpose a child whose twenty-second birthday occurs before July 1 or after August 31 of a calendar year, and while a student is deemed to have become twenty-two years of age on the first day of July after that birthday.

"(4) 'Student' means a child regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years, semesters, or terms if the interim or other period of nonattendance does not exceed five calendar months and if the child shows to the satisfaction of the Secretary that he or she has a bona fide intention of continuing to pursue such course during the school year, semester, or term immediately following the interim.

"(5) 'Military and naval service' means honorable active service—

"(A) in the Armed Forces of the United States;

"(B) in the Regular or Reserve Corps of the Public Health Service after June 30, 1960; or

"(C) as a commissioned officer of the National Oceanic and Atmospheric Administration or predecessor organization after June 30, 1961;

but does not include service in the National Guard except when ordered to active duty in the service of the United States.

"(6) 'Foreign Service normal cost' means the level percentage of payroll required to be deposited in the Fund to meet the cost of benefits payable under the System (computed in accordance with generally accepted actuarial practice on an entry-age basis) less the value of retirement benefits earned under another retirement system for Government employees and less the cost of credit allowed for military service.".

(c) Section 804 of such Act is further amended by redesignating present paragraphs (4), (5), and (6) of subsection (6) as paragraphs (7), (8), and (9), respectively.

CONFORMITY WITH CIVIL SERVICE RETIREMENT SYSTEM

SEC. 503. Immediately after section 804 of such Act, insert the following new section:

"AUTHORITY TO MAINTAIN EXISTING AREAS OF CONFORMITY BETWEEN CIVIL SERVICE AND FOREIGN SERVICE RETIREMENT SYSTEMS

"SEC. 805. (a) In order to maintain existing conformity between the Civil Service Retirement and Disability System and the Foreign Service Retirement and Disability System, whenever (subsequent to January 1, 1974) a law is enacted which affects a provision of general applicability in the Civil Service Retirement and Disability System (subchapter III, chapter 83, title 5, United States Code) or otherwise affects current or former participants, annuitants, or survivors under that System which, immediately prior to the enactment of such law, had been substantially identical to a corresponding provision of law affecting participants, former participants, annuitants, or survivors under the Foreign Service Retirement and Disability System, such new provision of law shall be deemed to extend to the latter System so that it applies in like manner with respect to such Foreign Service Retirement and Disability System participants, former particiants, annuitants, or survivors. The President is authorized by Executive order to prescribe regulations to implement this section and to make such extension retroactive to a date no earlier than the effective date of such provision for the Civil Service Retirement and Disability System.

"(b) Any provisions of an Executive order issued under the authority of this section shall modify, supersede, or render inapplicable, as the case may be, to the extent inconsistent therewith—

"(1) all provisions of law enacted prior to the effective date of the provision of such Executive order, and

"(2) any prior provision of an Executive order issued under authority of this section.".

CONTRIBUTIONS

SEC. 504. (a) The heading of part B of title VIII of such Act is amended to read "CONTRIBUTIONS TO THE FUND".

(b) Section 811 of such Act is amended by adding the following at the end thereof:

"(c)(1) If an officer or employee under another retirement system for Government employees becomes a participant in the system by direct transfer, such officer or employees' total contributions and deposits that would otherwise be refundable on separation including interest accrued thereon, except voluntary contributions, shall be transferred to the Fund effective as of the date such officer or employee becomes a participant in the System. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquitance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the system.

"(2) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of subsection (c)(1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which required contributions were made to the other Government retirement fund, nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government retirement fund, at a higher rate than that fixed by subsection (d) of this section.

"(d) Any participant credited with civilian service after July 1, 1924 (1) for which no retirement contributions, deductions, or deposits have been made, or (2) for which a refund of such contributions, deductions, or deposits has been made which has not been redeposited, may make a special contribution to the Fund equal to the following percentages of basic salary received for such services:

Service:	*Percent of basic salary*
From July 1, 1921, to October 15, 1960, inclusive	5
From October 16, 1960, to December 31, 1969, inclusive	6½
On and after January 1, 1970	7

Notwithstanding the foregoing, a special contribution for prior nondeposit service as a National Guard technician which would be creditable under subchapter III, chapter 83, title 5, of the United States Code toward civil service retirement and for which a special contribution has not been made, shall be equal to the special contribution for such service computed in accordance with the above schedule multiplied by the percentage of such service that is creditable under section 851. Special contributions shall include interest computed from the midpoint of each service period included in the computation, or from the date refund was paid, to the date of payment of the special contribution or commencing date of annuity, whichever is earlier. Interest shall be compounded at the rate of 4 per centum per annum to December 31, 1976, and at 3 per centum per annum thereafter. No interest shall be charged on special contributions made after the effective date of the Foreign Service Retirement Amendments of 1976 for any period of separation from Government service which began before October 1, 1956. Special contributions may be paid in installments when authorized by the Secretary.

"(e) No contributions shall be required for any periods of military or naval service.

"(f) A participant or survivor may make a special contribution any time before receipt of annuity and may authorize payment by offset against initial annuity accruals.".

COMPUTATION OF ANNUITIES

SEC. 505. (a) The heading of part C of title VIII of such Act is amended to read "COMPUTATION AND PAYMENT OF ANNUITIES".

(b) Subsection (a) of section 821 of such Act is amended (1) by striking out the phrase "for which full contributions have been made to the Fund" each time it appears and by striking out the commas immediately preceding and following such phrase the first time it appears, (2) by striking out ", 852", and (3) by adding the following sentence at the end thereof: "The annuity shall be reduced by 10 per centum of any special contribution described in section 811(d) due for service for which no contributions were made and remaining unpaid unless the participant elects to eliminate the service involved for purposes of annuity computation.".

(c) Subsection (b) of section 821 of such Act is amended to read as follows:

"(b)(1) Unless elected in writing to the contrary at the time of retirement, any married participant shall receive a reduced annuity and provide a maximum survivor annuity for his or her spouse. Such a participant's annuity or any portion thereof designated in writing by the participant as the base for the survivor benefit shall be reduced by 2½ per centum of the first $3,600 plus 10 per centum of any amount over $3,600. If an annuitant entitled to receive a reduced annuity under this subsection dies and is survived by a spouse, a survivor annuity shall be paid to the surviving spouse equal to 55 per centum of the full amount of the participant's annuity computed under subsection (a) of this section, or by 55 per centum of any lesser amount the annuitant designated at the time of retirement as the base for the survivor benefit.

"(2) An annuity payable from the Fund to a surviving spouse shall commence on the day after the annuitant dies and shall terminate on the last day of the month before the survivor's (A) remarriage prior to attaining age sixty, or (B) death. If a survivor annuity is terminated because of remarriage under clause (A) above, it shall be restored at the same rate commencing on the date such remarriage is terminated provided any lump sum paid upon termination of the annuity is returned to the Fund.".

(d) Subsection (d) of section 821 of such Act is amended by adding the following sentence at the end thereof: "If the annuity to a surviving child is initiated or resumed, the annuities of any other children shall be recomputed and paid from that date as though the annuities to all currently eligible children in the family were then being initiated.".

(e) Subsection (e) of section 821 of such Act is amended to read as follows:

"(e) The annuity payable to a child under subsection (c) or (d) of this section shall begin on the day after the participant dies or if the child is not then qualified, on the first day of the month in which the child becomes eligible. A child's annuity shall terminate on the last day of the month which precedes the month in which eligibility ceases.".

(f) Subsection (f) of section 821 of such Act is amended (1) by striking out "50" in the first sentence and inserting in lieu thereof "55", and (2) by striking out the last two sentences and inserting in lieu thereof the following: "The annuity payable to a beneficiary under the provisions of this subsection shall begin on the day after the annuitant dies and shall terminate on the last day of the month preceding the survivor's death.".

(g) Section 821 of such Act is further amended by adding the following new subsections at the end thereof:

"(g) An annuitant who was married at retirement and who later marries may, within one year after such marriage, irrevocably elect in writing a reduced annuity with benefit to any surviving spouse who qualifies under section 804(2). Receipt by the Secretary of notice of an election under this subsection voids prospectively any election previously made under subsection (f). The reduction in annuity required by an election under this subsection shall be computed and the amount of the survivor annuity shall be determined as if the election were made under subsection (b)(1). The annuity reduction or recomputation shall be effective the first day of the month after notice of the election is received by the Secretary.

"(h) A surviving spouse shall not become entitled to a survivor annuity or to the restoration of a survivor annuity payable from the Fund unless the survivor elects to receive it instead of any other survivor annuity to which he or she may be entitled under this or any other retirement system for Government employees.

"(i) Any married annuitant who reverts to retired status with entitlement to a supplemental annuity under section 871 shall, unless the annuitant elects in writing to the contrary at that time, have the supplemental annuity reduced by 10 per centum to provide a supplemental survivor annuity for his or her spouse. Such supplemental survivor annuity shall be equal to 55 per centum of the annuitant's supplemental annuity and shall be payable to a surviving spouse to whom the annuitant was married at the time of reversion to retired status or to whom the annuitant had been married for at least two years at the time of death or who is the parent of a child born of the marriage.".

PAYMENT OF ANNUITIES

SEC. 506. Part C of title VIII of such Act is further amended by adding the following new section at the end thereof:

"PAYMENT OF ANNUITY

"SEC. 822. (a) Except as otherwise provided, the annuity of a former participant who has met the eligibility requirements for annuity shall commence on the day after separation from the Service or on the day after pay ceases. The annuity of a former participant who is entitled to a deferred annuity under section 834 or under any other section of this Act shall begin on the day he or she reaches age sixty.

"(b) The annuity to a survivor shall become effective as otherwise specified but shall not be paid until the survivor submits an application therefor supported by such proof of eligibility as the Secretary may require. If such application or proof of eligibility is not submitted during an otherwise eligible person's lifetime, no annuity shall be due or payable to his or her estate.

"(c) An individual entitled to annuity from the Fund may decline to accept all or any part of the annuity by submitting a signed waiver to the Secretary. The waiver may be revoked in writing at any time. Payment of the annuity waived may not be made for the period during which the waiver was in effect.

"(d) Recovery of overpayments under this title may not be made from an individual when, in the judgment of the Secretary, the individual is without fault and recovery would be against equity and good conscience or administratively infeasible.".

DISABILITY ANNUITIES

SEC. 507. Section 831 of such Act is amended—

(1) In subsection (a) thereof by striking out "that is credited in accordance with provisions of section 851 or 852(a)(2)";

(2) In subsection (c) thereof by striking out "(a)" following "section 841";

(3) by amending subsection (d) thereof to read as follows:

"(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself or herself under subchapter I of chapter 81, title 5, United States Code, covering the same period of time except that a participant may simultaneously receive both an annuity under this section and scheduled disability payments under section 8107 of title 5, United States Code. This provision shall not bar the right of any claimant to the greater benefit conferred by either this Act or such subchapter for any part of the same period of time. Neither this provision nor any provision of such subchapter shall be so construed as to deny the right of any participant to receive an annuity under this Act and to receive concurrently any payment under such subchapter by reason of the death of any other person."; and

(4) In subsection (e) thereof by striking out "section 14 of the Act of September 16, 1916, as amended" and inserting in lieu thereof "section 8135 of title 5, United States Code".

DEATH IN SERVICE

SEC. 508. (a) Section 832 of such Act is amended by amending subsections (a), (b), (c), and (d) to read as follows:

"(a) If a participant dies and no claim for annuity is payable under the provisions of this Act, the lump-sum credit shall be paid in accordance with section 841.

"(b) If a participant who has at least eighteen months of civilian service credit toward retirement under the system dies before separation or retirement from the Service and is survived by a spouse, such surviving spouse shall be entitled to an annuity equal to 55 per centum of the annuity computed in accordance with the provisions of subsection (e) of this section and of section 821(a) and if the participant had less than three years creditable civilian service at the time of death, the survivor annuity shall be computed on the basis of the average salary for the entire period of such service.

"(c) If a participant who has at least eighteen months of civilian service credit toward retirement under the system dies before separation or retirement from the Service and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with subsections (c)(1) and (d) of section 821.

"(d) If a participant who has at least eighteen months of civilian service credit toward retirement under the system dies before separation or retirement from the Service and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with subsections (c)(2) and (d) of section 821.".

(b) Section 832 of this Act is further amended by adding the following new subsections at the end:

"(f) If an annuitant who elected a reduced annuity dies in service after being recalled under section 520(b) and is survived by a spouse entitled to a survivor annuity based on such an election, such survivor annuity shall be computed as if the recall service had otherwise terminated on the day of death and the deceased's annuity had been resumed in accordance with section 871. If such a death occurs after the annuitant had completed sufficient recall service to attain eligibility for a supplemental annuity, a surviving spouse, in addition to any other benefits, shall be entitled to elect, in lieu of a refund of retirement contributions made during the recall service, a supplemental survivor annuity computed and paid under section 821(i) as if the recall service had otherwise terminated. If the annuitant had completed sufficient recall service to attain eligibility to have his or her annuity determined anew, a surviving spouse may elect, in lieu of any other benefit under this title, to have the annuitant's rights redetermined and to receive a survivor annuity computed under subsection (b) of this section on the basis of the annuitant's total service.

"(g) Annuities that become payable under this section shall commence, terminate, and be resumed in accordance with subsection (b)(2), (e), or (h) of section 821, as appropriate.".

DISCONTINUED SERVICE—TECHNICAL CHANGE

SEC. 509. Section 834 of such Act is amended (1) by striking out "(a)" immediately following "SEC. 834."; (2) by striking out "that is credited in accordance with the provisions of section 851 or 852(a)(2)" in subsection (a) thereof; and (3) by striking out subsection (2) thereof.

LUMP-SUM PAYMENTS

SEC. 510. Part E of title VIII of such Act is amended to read as follows:

"PART E—LUMP-SUM PAYMENTS

"SEC. 841. (a) 'Lump-sum credit' as used in this title means the compulsory and special contributions to a participant's or former participant's credit in the Fund plus interest thereon compounded at 4 per centum per annum to the date of separation or December 31, 1976, whichever is earlier, and after such date for a participant who separates from the Service after completing at least one year of civilian service and before completing five years of such service, at the rate of 3 per centum per annum to the date of separation. Interest shall not be paid for a fractional part of a month in the total service or on compulsory and special contributions from an annuitant for recall service or other service performed after the date of separation which forms the basis for annuity.

"(b) Whenever a participant becomes separated from the Service without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the lump-sum credit shall be paid to the participant.

"(c) Whenever an annuitant becomes separated from the Service following a period of recall service without becoming eligible for a supplemental or recomputed annuity under section 871, the annuitant's compulsory contributions to the Fund for such service together with any special contributions the annuitant may have made for other service performed after the date of separation from the Service which forms the basis for annuity, shall be returned.

"(d) If all annuity rights under this title based on the service of a deceased participant or annuitant terminate before the total annuity paid equals the lump-sum credit, the difference shall be paid in the order of precedence shown in subsection (g) of this section.

"(e) If a participant or former participant dies and is not survived by a person eligible for an annuity under this title or by such a person or persons all of whose annuity rights terminate before a claim for survivor annuity is filed, the lump-sum credit shall be paid in accordance with subsection (g) of this section.

"(f) If an annuitant who was a former participant dies, annuity accrued and unpaid, shall be paid in accordance with subsection (g) of this section.

"(g) Payments authorized in subsections (d) through (f) of this section shall be paid in the following order of precedence to such person or persons surviving the participant and alive on the date entitlement to the payment arises, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

"(1) to the beneficiary or beneficiaries last designated by the participant before or after retirement in a signed and witnessed writing received by the Secretary prior to the participant's death, for which purpose a designation, change, or cancellation of beneficiary in a will or other document not so executed and filed shall have no force or effect;

"(2) if there be no such beneficiary, to the surviving wife or husband of such participant;

"(3) if none of the above, to the child or children of such participant (including adopted and natural children but not stepchildren) and descendants of deceased children by representation;

"(4) if none of the above, to the parents of such participant or the survivor of them;

"(5) if none of the above, to the duly appointed executor or administrator of the estate of such participant; and

"(6) if none of the above, to other next of kin of such participant as may be determined in the judgment of the Secretary to be legally entitled thereto, except that no payment shall be made pursuant to this paragraph (6) until after the expiration of thirty days from the death of the participant or annuitant.

"(h) Annuity accrued and unpaid on the death of a survivor annuitant shall be paid in the following order of precedence, and the payment bars recovery by any other person: First, to the duly appointed executor or administrator of the estate of the survivor annuitant; second, if there is no such executor or administrator, payment may be made after the expiration of thirty days from the date of death of such survivor annuitant, to such person as may be determined by the Secretary to be entitled under the laws of the survivor annuitant's domicile at the time of death.

"(i) Amounts deducted and withheld from basic salary of a participant under section 811 from the beginning of the first pay period after the participant has completed thirty-five years of service computed under sections 851 and 853, but excluding service credit for unused sick leave under subsection (b) of section 851, together with interest on the amounts at the rate of 3 per centum a year compounded annually from the date of the deduction to the date of retirement or death, shall be applied toward any special contribution due under subsection (d) of section 811, and any balance not so required shall be refunded in a lump sum to the participant after separation or, in the event of a death in service, to a beneficiary in the order of precedence specified in subsection (g) of this section.".

CREDITABLE SERVICE

SEC. 511. (a) The heading of section 851 of such Act is amended to read as follows: "CREDITABLE SERVICE".

(b) Subsection (a) of section 851 of such Act is amended to read as follows:

"(a) Except as otherwise specified by law, all periods of civilian and military and naval service and periods of absence and separation therefrom completed by a participant through the date of final separation from the Service that would be creditable, as determined by the Secretary, under section 8332 of title 5, United States Code, toward retirement under the Civil Service Retirement and Disability System, if performed by an employee under that system, shall be creditable for purposes of this title. Conversely any such service performed after December 31, 1976, that is not creditable under specified conditions under section 8332 of title 5, United States Code, shall be excluded under this title under the same conditions.".

(c) Section 851 of such Act is further amended by adding the following new subsections at the end thereof:

"(c)(1) A participant who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of Government employees may, within sixty days after entering on that leave without pay, file with the employing agency an election to receive full retirement credit for such periods of leave without pay and arrange to pay concurrently into the Fund through the employing agency, amounts equal to the retirement deductions and agency contributions on the Foreign Service salary rate that would be applicable if the participant were in a pay status. If the election and all payments provided by this subsection are not made for the periods of such leave without pay occurring after the effective date of this subsection, the participant may not receive any credit for such periods of leave wihout pay occurring after such date.

"(2) A participant may make a special contribution for any period or periods of approved leave without pay while serving, before the effective date of this subsection, as a full-time officer or employee of an organization composed primarily of Government employees. Any such contribution shall be based upon the suspended Foreign Service salary rate, and shall be computed in accordance with section 811. A participant who makes such a contribution shall be allowed full retirement credit for the period or periods of leave without pay. If this contribution is not made, up to six months' retirement credit shall be allowed for such periods of leave without pay each calendar year.

"(d) A participant who has received a refund of retirement contributions (which has not been repaid) under this or any other retirement system for Government employees covering service which may be creditable may make a special contribution for such service pursuant to section 811. Credit may not be allowed for service covered by the refund unless the special contribution is made.

"(e) No credit in annuity computation shall be allowed for any period of civilian service for which a participant made retirement contributions to another retirement system for Government employees unless (1) the right to any annuity under the other system which is based on such service is waived, and (2) a special contribution is made covering such service pursuant to section 811.

"(f) A participant who during the period of a war, or of a national emergency as proclaimed by the President or declared by the Congress, leaves the Service to enter the military service is deemed, for the purpose of this title, as not separated from the Service unless the participant applies for and receives a lump-sum payment under section 841. However, the participant is deemed to be separated from the Service after the expiration of five years of such military service.".

FUNDING NORMAL COST

SEC. 512. Section 865 of such Act is amended (1) by inserting "(a)" immediately after "SEC. 865.", and (2) by adding the following new subsection at the end thereof:

"(b) There is authorized to be appropriated to the Fund for each fiscal year an amount equal to the amount of the Foreign Service normal cost for that year which is not met by contributions to the Fund under section 811(a).".

ANNUITY ADJUSTMENT FOR RECALL SERVICE

SEC. 513. Section 871 of such Act is amended to read as follows:

ANNUITY ADJUSTMENT FOR RECALL SERVICE

"SEC. 871. Any annuitant recalled to duty in the Service in accordance with the provisions of section 520(b) shall, while so serving, be entitled in lieu of annuity to the full salary of the class in which serving. During such service, the recalled annuitant shall make contributions to the Fund in accordance with the provisions of section 811. On the day following termination of the recall service, the former annuity shall be resumed adjusted by any cost-of-living increases under section 882 that became effective during the recall period. If the recall service lasts less than one year, the annuitant's contributions to the Fund during recall service shall be refunded in accordance with section 841. If the recall service lasts more than one year, the annuitant may, in lieu of such refund, elect a supplemental annuity computed under section 821 on the basis of service credit and average salary earned during the recall period irrespective of the number of years of service credit previously earned. If the recall service continues for at least five years, the annuitant may elect to have his or her annuity determined anew under section 821 in lieu of any other benefits under this section. Any annuitant who is recalled under section 520(b) may, upon written application, count as recall service any prior service that is creditable under section 851 that was performed after the separation upon which his or her annuity is based.".

VOLUNTARY CONTRIBUTIONS

SEC. 514. (a) Section 881(a) of such Act is amended by striking out that portion of such section which precedes paragraph (1) and inserting in lieu thereof the following:

"(a) The Voluntary contribution account shall be the sum of unrefunded amounts heretofore voluntarily contributed by any participant or former participant under this section or under a prior corresponding provision of law, plus interest compounded at the rate of 3 per centum per annum to date of separation from the Service or in case of a participant or former participant separated with entitlement to a deferred annuity to the date the voluntary contribution account is claimed, or to the commencing date fixed for the deferred annuity or to the date of death, whichever is earlier. A participant's or former participant's account shall, effective on the date the participant becomes eligible for an annuity or a deferred annuity and at the participant's election, be—".

(b) Section 881 of such Act is further amended by striking out subsections (c) and (d) thereof and by inserting in lieu thereof the following:

"(c) A voluntary contribution account shall be paid in a lump sum following receipt of an application therefor from a present or former participant provided application is filed prior to payment of any additional annuity. If not sooner paid, the account shall be paid at such time as the participant separates from the Service for any reason without entitlement to an annuity, or a deferred annuity or at such time as a former participant dies or withdraws compulsory contributions to the Fund. In case of death, the account shall be paid in the order of precedence specified in section 841(g).".

COST-OF-LIVING ADJUSTMENTS

SEC. 515. (a) Subsections (a), (b), and (c) of section 882 of such Act are amended to read as follows:

"(a) A cost-of-living annuity increase shall become effective under this section on the effective date of each such increase under section 8340(b) of title 5, United States Code. Each such increase shall be applied to each annuity payable from the Fund which has a commencing date not later than the effective date of the increase.

"(b) The first annuity increase under this section after the effective date of this paragraph shall equal the per centum rise in the price index, adjusted to the nearest one-tenth of 1 per centum, between the month last used to establish an increase under this section and the base month used to establish the concurrent increase under section 8340 (b) of title 5, United State Code. Each subsequent annuity increase under this section shall be identical to the corresponding percentage increase under section 8340(b) of title 5, United States Code.

"(c) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the Fund as of the effective date of an increase except as follows:

"(1) An annuity, except a deferred annuity under section 834 or any other section of this Act, payable from the Fund to a participant who retires and receives an immediate annuity, or to a surviving spouse of a deceased participant who dies in service or who dies after being separated under the provisions of section 634(b)(2), which has a commencing date after the effective date of the then last preceding general annuity increase under this section shall not be less than the annuity which would have been payable if the commencing date of such annuity had been the effective date of such last preceding increase. In the administration of this paragraph, the number of days of unused sick leave to an employee's or deceased employee's credit on the effective date of the then last preceding general annuity increase under this section shall be deemed to be equal to the number of days of unused sick leave to his or her credit on the day of separation from the Service.

"(2) Effective from its commencing date, an annuity payable from the Fund to an annuitant's survivor, except a child entitled under section 821(c) or 832 (c) or (d), shall be increased by the total per centum increase the annuitant was receiving under this section at death.

"(3) For purposes of computing or recomputing an annuity to a child under section 821 (c) or (d) or 832 (c) or (d), the items $900, $1,080, $2,700, and $3,240 appearing in section 821(c) shall be increased by the total per centum increases by which corresponding amounts are being increased under section 8340 of title 5, United States Code, on the date the child's annuity becomes effective.".

(b) Section 882 of such Act is further amended by adding the following new subsection at the end thereof:

"(f) Effective the first day of the second month which begins after the effective date of the Foreign Service Retirement Amendments of 1976 or on the commencing date of an annuity, whichever is later, the annuity of each surviving spouse whose entitlement to annuity resulted from the death—

"(1) before the effective date of the Foreign Service Retirement Amendments of 1976, of (A) a participant, or (B) a former participant entitled to benefits under section 634(b); or

"(2) of an annuitant who, prior to the effective date of the Foreign Service Retirement Amendments of 1976, elected a reduced annuity under this or any other Act in order to provide a spouse's survivor annuity;

shall be increased by 10 per centum.".

REPEALS

SEC. 516. Sections 833, 852, and 854 of such Act are repealed.

RECALL

SEC. 517. (a) The caption of section 520 of such Act is amended to read "REAPPOINTMENT AND RECALL".

(b) Subsection (b) of section 520 of such Act is amended to read as follows:

"(b) Whenever the Secretary determines it to be in the public interest, any retired officer or employee of the Service may be recalled for active duty on a temporary or limited basis to any appropriate class in his or her former category, except that a retired Foreign Service officer may not be recalled to a class higher than he or she held at the time of retirement unless appointed to the higher class by the President by and with the advice and consent of the Senate.".

RETIREMENT OF CAREER AMBASSADORS

SEC. 518. Section 631 and the heading thereto of such Act are amended to read as follows:

"FOREIGN SERVICE OFFICERS WHO ARE CAREER AMBASSADORS

"SEC. 631. Any Foreign Service officer who is a career ambassador, other than one occupying a position as chief of mission or any other position to which appointed by the President, by and with the advice and consent of the Senate, shall be retired from the Service at the end of the month in which the officer reaches age sixty-five and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, such an officer may be retained on active service for a period not to exceed five years. Any such officer who completes a period of authorized service after reaching age sixty-five shall be retired at the end of the month in which such service is completed.".

RETIREMENT OF PARTICIPANTS WHO ARE NOT CAREER AMBASSADORS

SEC. 519. Section 632 of such Act is amended to read as follows:

"PARTICIPANTS IN THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM WHO ARE NOT CAREER AMBASSADORS

"SEC. 632. Any participant in the Foreign Service Retirement and Disability System, other than one occupying a position as chief of mission or any other position to which appointed by the President, by and with the advice and consent of the Senate, who is not a career ambassador shall be retired from the Service at the end of the month in which the participant reaches age sixty and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, such a participant may be retained on active service for a period not to exceed five years. Any such participant who completes a period of authorized service after reaching age sixty shall be retired at the end of the month in which such service is completed.".

ELECTION-OUT BENEFITS

SEC. 520. Section 634(b)(2) of such Act is amended by striking out—

(1) ", with interest" after the words "Disability Fund" the first time the latter appears;

(2) "(a)" after "section 841" the first time the latter appears;

(3) "that is credited in accordance with the provisions of section 851 or 852(a)" after "naval service";

(4) ", with interest as provided in section 841(a)", after "Disability Fund" the last time the latter appears; and

(5) "(b)" after "section 841" the last time the latter appears.

SEPARATION FOR CAUSE

SEC. 521. (a) Section 637 of such Act is amended by striking from the first sentence of subsection (b) thereof—

(1) ", with interest" after "Disability Fund";

(2) "(a)" after "section 841"; and

(3) "that is credited in accordance with the provisions of section 851 or 852(a)" after "naval service".

(6) Such subsection (b) is further amended by striking out the last sentence thereof.

CONVERSION TO FOREIGN SERVICE RETIREMENT SYSTEM

SEC. 522. (a) In accordance with such regulations as the President may prescribe, all Foreign Service staff officers and employees with unlimited appointments who (1) have been appointed by the Secretary of State or the Director, United States Information Agency, and (2) are participants in the Civil Service Retirement and Disability System on the effective date of this section, shall be transferred to the Foreign Service Retirement and Disability System effective on such date. Their retirement contributions shall be transferred in accordance with section 811 of the Foreign Service Act of 1946, as amended by this title.

(b) Mandatory retirement at age sixty as prescribed in section 632 of the Foreign Service Act of 1946, as amended by this title, shall not apply to any Foreign Service staff officer or employee who becomes a participant in the Foreign Service Retirement and Disability System pursuant to subsection (a) of this section until such officer or employee completes ten years of continuous service in the Foreign Service exclusive of military service, in the Department of State or ten years of such continuous service in the United States Information Agency.

(c) Any Foreign Service staff officer or employee who becomes a participant in the Foreign Service Retirement and Disability System pursuant to subsection (a) of this section who is age fifty-seven or over on the effective date of this section may retire voluntarily at any time prior to mandatory retirement and receive retirement benefits under section 821 of the Foreign Service Act of 1946, as amended by this title.

(d) Section 9(b) of the Act of August 20, 1968 (82 Stat. 812), is repealed on the effective date of this section.

GRANTS TO CERTAIN WIDOWS AND SURVIVOR ANNUITY ELECTIONS

SEC. 523. (a) A Foreign Service annuitant who was married at the time of retirement, whose service terminated prior to October 16, 1960, and who has not elected any survivor benefit, may, within one hundred and twenty days after the effective date of this title, elect a reduction in his or her annuity of $300 per annum and provide a survivor benefit of $2,400 per annum payable to the annuitant's surviving spouse provided the marriage had been in effect for at least two years at the time of death or resulted in the birth of a child. The survivor annuity shall be treated in all respects as if it had been elected under section 821(b) of the Foreign Service Act of 1946, as amended by this title.

(b) An annuitant who makes an election under subsection (a) of this section shall pay into the Foreign Service Retirement and Disability Fund an amount equal to $25 times the number of full months between the commencing date of his or her annuity and the first of the month following receipt of notice of election by the Secretary of State. This amount may be paid into such Fund by deduction from annuity in multiples of $25 per month. The annuity reduction under subsection (a) of this section and the deduction under this subsection shall commence effective the first of the month following receipt of notice of the election by the Secretary of State. The deduction under this subsection shall continue until the required amount has been paid into such Fund or until the annuitant's death, whichever occurs first; and if the latter, any remaining portion of such required amount shall be deemed to have been paid.

(c) If a Foreign Service annuitant who separated from the Foreign Service prior to October 16, 1960, died before the effective date of this title, or dies within one hundred and twenty days after such effective date leaving a spouse to whom married at retirement who is not entitled to receive a survivor annuity under the terms of section 8133 of title 5, United States Code, or any law authorizing payment from the Foreign Service Retirement and Disability Fund and who qualifies under section 821(h) of the Foreign Service Act of 1946, as amended by this title, the Secretary of State shall grant such surviving spouse, if not remarried prior to age sixty, an annuity to be payable from such Fund in the amount of $2,400 per annum adjusted by all cost-of-living increases received by widows granted annuities under section 4 of the Act of October 31, 1965 (79 Stat. 1130). An annuity to a surviving spouse who remarried prior to age sixty may be initiated or resumed under this subsection in accordance with the provisions of subsection (b) and (h) of section 821 of the Foreign Service Act of 1946, as amended by this title, if such remarriage has terminated or terminates in the future.

EFFECTIVE DATES

SEC. 524. (a) Unless otherwise specified, this title shall be effective upon enactment or on October 1, 1976, whichever is later.

(b) Section 522 of this title and sections 803 and 881 of the Foreign Service Act of 1946, as amended by this title, shall be effective on the first day of the first pay period which begins more than ninety days after the effective date of this title.

(c) Effective on the last day of the first month which ends after the effective date of this title, all Foreign Service survivor annuities, including those then in effect, shall terminate on the last day of a month in accordance with the provisions of subsections (b)(2)(B), (e), and (f) of section 821 of the Foreign Service Act of 1946, as amended by this title.

(d) The amendment of section 804 of the Foreign Service Act of 1946 made by this title broadening eligibility for children's survivor annuities shall apply to all surviving children regardless of the date of death of the principal.

(e) Subsection (g) of section 821 of the Foreign Service Act of 1946, as added by this title, shall apply to both present and future Foreign Service annuitants. Any annuitant unmarried at retirement who married after retirement but prior to the effective date of this title may make an election under such subsection (g) if notice of the election is received by the Secretary of State within one year after such effective date.

(f) If an annuitant dies on or after January 8, 1971, who, prior to the effective date of this title, elected a reduced annuity with a benefit to a surviving spouse, and is survived by a spouse acquired after such election who qualifies under section 804(2) of the Foreign Service Act of 1946, as amended by this title, such surviving spouse shall be entitled to an annuity computed under the law in effect at the time of such election and in accordance with all other applicable statutes. Such an annuity shall be treated in all other respects in the same manner as an annuity payable under section 821(b) of the Foreign Service Act of 1946, as amended by this title. For purposes of section 882(c)(2) of the Foreign Service Act of 1946, as amended by this title, the death of an annuitant who has died before the effective date of this title shall be deemed to have occurred on such effective date.

(g) The restrictions on payment of survivor annuities in subsection (b)(2)(A) and subsection (h) of section 821 of such Act shall not apply to a supplemental survivor annuity provided under subsection (i) of section 821 or subsection (f) of section 832 of such Act if the restrictions do not apply to a basic survivor annuity elected prior to commencement of the recall service.

(h) Subsection (a) of section 822 of the Foreign Service Act of 1946, as added by this title, shall be effective on the first day of the first month which begins on or after the effective date of this title.

(i) Subsection (a) of section 841 of the Foreign Service Act of 1946, as amended by this title, shall not apply to participants separated from the Foreign Service prior to the effective date of this title nor to their survivors. All payments from the Foreign Service Retirement Fund that become due on and after such effective date shall be paid in the order of precedence specified in such section 841 irrespective of the date of separation.

(j) Subsection (c) of section 851 of the Foreign Service Act of 1946, as added by this title, shall be effective on the first day of the first pay period that begins more than thirty days after the effective date of this title. A participant who is on approved leave without pay and is serving as a full-time officer or employee of an organization composed primarily of Government employees on the effective date of such section shall have sixty days from such date to file an election under subsection (c) of said section 851.

(k) Subsection (f) of section 851 of the Foreign Service Act of 1946, as added by this title, shall apply, in addition to present participants, to former participants who separated from the Foreign Service to enter the Armed Forces within the five-year period immediately preceding the effective date of this title and who are members of the Armed Forces on such date.

(l) The annuity of a survivor who becomes immediately eligible for an annuity under subsection (c) of section 523 of this title or subsection (d) or (f) of this section shall become effective the first day of the first month which begins on or after the effective date of this title. However, payment shall be made only after receipt by the Department of State of such application for annuity and such proof of eligibility as the Secretary may require. If such application and proof of eligibility are not submitted during an otherwise eligible person's lifetime, no annuity shall be due or payable to his or her estate.

(m) The amendment of subsections (a) and (b) of section 882 of the Foreign Service Act of 1946 made by this title shall be effective on the fifteenth day of the third month which begins after the effective date of this title.

(n) Annuities which commenced between—

(A) the effective date of the last cost-of-living increase which became effective under section 882 of the Foreign Service Act of 1946 prior to the effective date of this title, and

(B) such effective date,

shall be recomputed and, if necessary, adjusted retroactively to their commencing dates to apply the provisions of new subsection (c)(1) of section 882 of the Foreign Service Act of 1946, as added by section 515 of this title.

(o) Any Foreign Service officer who is or becomes a career minister and who is not occupying a position to which appointed by the President, by and with the advice and consent of the Senate, shall be mandatorily retired for age in accordance with the schedule below and receive benefits under section 821 of the Foreign Service Act of 1946, unless the Secretary determines it to be in the public interest to extend such officer's service for a period not to exceed five years:

Retirement Schedule

(1) Any career minister who reaches age sixty-five during the month this title becomes effective shall be retired at the end of such month.

(2) Other career ministers who are age sixty or over on such effective date shall be retired at the end of the month which contains the midpoint between the last day of the month of such effective date and the last day of the month during which the officer would reach age sixty-five, counting thirty days to the month.

(3) On the last day of the thirtieth month which ends after such effective date, all other career ministers who are age sixty or over shall be retired, and thereafter the amendments made by sections 518 and 519 shall be applicable in all cases.

(4) Any career minister who completes a period of authorized service after he reaches mandatory retirement age as provided in the above schedule shall be retired at the end of the month in which the officer completes such service.

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
DANTE B. FASCELL,
CHARLES C. DIGGS, Jr.,
HELEN MEYNER,
WM. S. BROOMFIELD,
JOHN BUCHANAN,
Managers on the Part of the House.

JOHN SPARKMAN,
FRANK CHURCH,
CLAIBORNE PELL,
CLIFFORD P. CASE,
JACOB K. JAVITS,
HUGH SCOTT,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3168) to authorize appropriations for the Department of State, the United States Information Agency, the Board for International Broadcasting, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text, and the Senate disagreed to the House amendment.

The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment.

The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by reason of agreements reached by the conferees and minor drafting and clarifying changes.

AUTHORIZATION OF APPROPRIATIONS

[The following table shows, in thousands of dollars, the provisions of the Senate bill, the House amendment, and the conference substitute, with respect to the authorization of appropriations]

	Senate bill	House amendment	Conference Substitute
Department of State:			
Administration of foreign affairs	[1] $552, 240, 500	[2] $552, 455, 000	[3] $552, 455, 000
International organizations and conferences	[4] 342, 460, 453	338, 875, 000	[4] 342, 460, 453
International commissions	17, 069, 000	17, 069, 000	17, 069, 000
Educational exchanges	68, 500, 000	68, 500, 000	68, 500, 000
Migration and refugee assistance	10, 000, 000	10, 000, 000	10, 000, 000
Russian refugee assistance	[5] 20, 000, 000	[5] 20, 000, 000	[5] 20, 000, 000
U.S. Passport Office supplemental		1, 000, 000	1, 000, 000
North Atlantic Assembly		50, 000	50, 000
Foreign Service buildings	31, 458, 000	31, 458, 000	31, 458, 000
Pan American games		12, 000, 000	12, 000, 000
Subtotal	1, 041, 727, 953	1, 051, 407, 000	1, 054, 922, 453
U.S. Information Agency:			
Salaries and expenses	256, 925, 000	254, 925, 000	[6] 255, 925, 000
Special international exhibitions	4, 814, 000	4, 841, 000	4, 841, 000
Radio activities	2, 142, 000	2, 142, 000	2, 142, 000
Subtotal	263, 908, 000	261, 908, 000	262, 908, 000
Board for International Broadcasting	58, 385, 000	58, 385, 000	58, 385, 000
Subtotal	58, 385, 000	58, 385, 000	58, 385, 000
Grand total	1, 364, 020, 953	1, 371, 700, 000	1, 376, 285, 453

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[1] The Senate added to the executive branch request $280,500 for additional personnel in the Department of State's Bureau of Oceans and International Environmental and Scientific Affairs and $5,000 for that Bureau's representational funds.

[2] The House added $500,000 for representational expenses of the Department of State.

[3] The conferees intend that this $500,000 increase over the executive branch request be used both to augment the account for representational expenses and for expanded activities by the Bureau of Oceans and International Environmental and Scientific Affairs.

[4] The Senate added $3,545,453 to complete the fiscal year 1975 U.S. contribution to UNESCO and $20,000 each for the fiscal year 1977 expenses of the U.S. delegations to 2 interparliamentary groups (Canada-United States Interparliamentary Group and Mexico-United States Interparliamentary Group). The conference substitute is the same as the Senate provision.

[5] The Senate provision permitted not more than 20 percent of the funds to be spent for the resettlement of Jewish refugees from the Soviet Union and Eastern Europe in countries other than Israel. The House amendment limited the use of these funds to resettlement in Israel only. The conference substitute is the same as the House provision.

[6] The conferees intend that this $1,000 000 reduction from the executive branch request be applied wherever economies can best be achieved in this item.

PARLIAMENTARY CONFERENCES

Senate bill

The Senate bill raised—from $30,000 to $50,000—the ceiling on annual expenditures by each of two U.S. parliamentary delegations to the Canada-U.S. Interparliamentary Group and to the Mexico-U.S. Interparliamentary Group.

House amendment

No provision.

Conference substitute

The conference substitute is the same as the Senate provision.

ATLANTIC COUNCIL

Senate bill

No provision.

House amendment

The House amendment earmarked $22,500 of Educational Exchange funds for contribution to the Atlantic Council of the United States.

Conference substitute

The conference substitute omits the House provision. The conference committee wishes to emphasize that this decision is not intended to derogate in any way the valuable work of the Council or to prejudice any decision the State Department might make to enter into contractual arrangements with the Council. The decision of the conferees was based solely on a belief that it was unwise, particularly with such a marginal sum involved, to introduce the practice of Congressionally-mandated contribution to organizations such as the Council.

REPRESENTATIONAL EXPENSES OF INTERNATIONAL JOINT COMMISSION, U.S. AND CANADA

Senate bill

The Senate bill authorized expenditures for representational purposes from the budget of the IJC, to the extent provided in appropriations bills.

House amendment

The House amendment authorized such expenditures up to $1500 per year.

Conference substitute

The conference substitute is the same as the House amendment.

FEDERAL EMPLOYEES IN CULTURAL EXCHANGE PROGRAMS

Senate bill

No provision.

House amendment

The House amendment authorized Federal employees to participate in certain educational and cultural exchange programs financed by foreign governments.

Conference substitute

The conference substitute is the same as the House amendment.

EX GRATIA PAYMENT TO LADY SHAW

Senate bill

No provision.

House amendment

The House amendment authorized a $10,000 ex gratia payment to Lady Catherine Helen Shaw, wife of the late Australian Ambassador, in compensation for injuries suffered when Lady Shaw was assaulted in the District of Columbia.

Conference substitute

The conference substitute is the same as the House amendment.

FOREIGN GIFTS

Senate bill

The Senate bill contained a comprehensive amendment concerning gifts, which (1) prohibited personal gift-giving by the U.S. Government of items purchased with appropriated funds and valued in excess of $50, and required reporting to Congress on all gifts given; (2) prohibited U.S. Government personnel from accepting personal gifts; and (3) provided for GAO audits of expenditures from the State Department's "Emergencies in the Diplomatic and Consular Service" account.

House amendment

No provision.

Conference substitute

The conference substitute omits the first two aspects of the Senate provision and modifies the third to provide for GAO audits of expenditures on gifts to foreign nationals involving funds from the "Emergencies in the Diplomatic and Consular Service" account.

MEMBERSHIP AUTHORITY FOR CERTAIN INTERNATIONAL ORGANIZATIONS

Senate bill

The Senate bill authorized U.S. membership in four organizations—the International Cotton Advisory Committee, the International Lead and Zinc Study Group, the International Rubber Study Group, and the International Seed Testing Association—in which the United States has participated for some years on a year-to-year basis. The effect of the provision is simply to place U.S. participation on a more permanent footing.

House amendment

No provision.

Conference substitute

The conference substitute is the same as the Senate provision.

MEDICAL MALPRACTICE PROTECTION

Senate bill

The Senate bill amended the Foreign Service Act to protect State Department medical personnel against personal malpractice suits that may arise in connection with their official duties. This provision is similar to provisions of titles 38 and 42 under which medical personnel in the Veterans Administration and the Public Health Service are now protected against personal malpractice suits.

House amendment

No provision.

Conference substitute

The conference substitute is the same as the Senate provision.

APPOINTMENT OF AMBASSADORS

Senate bill

The Senate bill amended the Foreign Service Act to require that 75% of total U.S. ambassadorial positions be occupied by career Foreign Service personnel.

House amendment

No provision.

Conference substitute

The conference substitute declares it to be the sense of Congress that a greater number of U.S. ambassadorial positions should be occupied by career Foreign Service personnel.

STATE/USIA PERSONNEL SYSTEM

Senate bill

The Senate bill required the Secretary of State to submit to Congress within 180 days of enactment a comprehensive plan for the improvement and simplification of the State Department/USIA personnel system.

House amendment

No provision.

Conference substitute

The conference substitute is the same as the Senate provision.

U.N. ASSESSMENT SCALE

Senate bill

The Senate bill contained a sense of the Congress statement calling upon the President to seek changes in U.N. assessment rates according to the "relative ability to pay" principle.

House amendment

No provision.

Conference substitute

The conference substitute omits the Senate provision.

ANNUITY INCREASES FOR ALIEN EMPLOYEES

Senate bill

No provision.

House amendment

The House amendment provided authority to the Secretary of State to use appropriated funds to compensate alien annuitants for losses resulting from changes in exchange rates.

Conference substitute

The conference substitute is the same as the House amendment.

FOREIGN CURRENCY REPORTS

Senate bill

No provision.

House amendment

The House amendment added to the Mutual Security Act of 1954 a requirement that each consolidated report on foreign currency expenditures, which are already submitted to Congress pursuant to the Act, be published in the Congressional Record within ten legislative days of submission.

Conference substitute

The conference substitute is the same as the House amendment.

PANAMA CANAL

Senate bill

No provision.

House amendment

The House amendment declares:

with funds appropriated under this title must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal."

Conference substitute

The conference substitute is the same as the House amendment. The conference committee noted that this statement of policy is not intended to derogate in any way the President's constitutionally-mandated power to negotiate treaties.

DISCRIMINATION

Senate bill

No provision.

House amendment

The house amendment provided that none of the funds authorized to be appropriated to the State Department by this bill could be used for dissemination of information about, or for participation in the negotiation of, any foreign contract if the Department has reason to believe that discrimination against U.S. citizens would be involved in the contract.

Conference substitute

The conference substitute stipulates that no State Department employee should provide such information or participate in such negotiations if any discrimination against U.S. citizens is involvde.

COMMISSIONERS FOR IJC

Senate bill

No provision.

House amendment

The House amendment provided that commissioners of the International Joint Commission, United States and Canada, shall hereafter be appointed subject to the advice and consent of the Senate.

Conference substitute

The conference substitute is the same as the House amendment.

PRESIDENTIAL REPORT ON INTERNATIONAL BROADCASTING

Senate bill

The Senate bill required that the President report to Congress by December 31, 1976, concerning the feasibility of international sharing of nationally owned and funded radio broadcast facilities.

House amendment

The House amendment called for a similar report, but changed the reporting date to January 31, 1977, and directed that the report also include recommendations concerning steps which should be taken to extend BIB-type broadcasting to additional countries where information is restricted.

Conference substitute

The conference substitute is essentially the same as the House amendment.

BIB RESERVE FUND

Senate bill

The Senate bill directed that the Director of the Office of Management and Budget report to Congress concerning the use of the reserve fund established by the bill to buffer the operations of Radio Free Europe/Radio Liberty against foreign exchange fluctuations.

House amendment

The House amendment also established the reserve fund but did not require reports to Congress.

Conference substitute

The conference substitute is the same as the Senate provision.

DOMESTIC DISTRIBUTION OF SPECIFIED USIA FILMS AND EXHIBITS

Senate bill

No provision.

House amendment

The House amendment authorized the domestic distribution of seven specified USIA films and one USIA exhibit in conjunction with the American Bicentennial.

Conference substitute

The conference substitute is the same as the House provision. The conference committee emphasized, however, that these exceptions to the legal prohibition against domestic distribution of USIA materials were approved solely because of the extraordinary occasion of the Bicentennial and that this action was not intended

JAPAN-U.S. FRIENDSHIP ACT

Senate bill

The Senate bill contained certain technical amendments to the Japan-U.S. Friendship Act.

House amendment

No provision.

Conference substitute

The conference substitute is, with certain technical clarifying amendments, the same as the Senate provision.

Paragraph (1) of the conference substitute clarifies existing law to allow continuation of the practice already adopted by the Japan-United States Friendship Commission, with the full support of the Department of State, of obtaining its support services from the General Services Administration. The G.S.A. provides such services for a number of statutory commissions; and the Commission and the Department of State believe that it is appropriate and convenient for G.S.A. to provide services for the Japan-U.S. Friendship Commission as well. The conference substitute also provides the necessary admiinstrative flexibility to enable the Commission to engage a limited additional staff to assist the Executive Director as may be necessary and appropriate to the Commission's needs.

Paragraphs (2) and (3)(A) make explicit that the interest earned on the Okinawa and GARIOA Accounts in the Japan-United States Trust Fund (referred to in sections 3(d) and 3(e)(1) of the Act) are authorized to be appropriated on a "no year" basis. This means that the interest does not have to be authorized annually but is authorized to be appropriated as it accumulates annually. The interest must still be appropriated as it accumulates annually in order to be expended by the Commission.

Paragraph (3)(B), which is of a technical nature, clarifies the intention of the Senate provision respecting the GARIOA Account. The effect is to make clear that the amounts authorized to be appropriated under section 3(e)(1) of the Act (the GARIOA Account) shall remain in Japan as a separate account of the Japan-United States Friendship Trust Fund. Those funds shall continue to be invested in accordance with established investment practice for funds available in U.S. accounts in Japan which were transferrerd by the Japanese Government to the United States at U.S. request under Article V of the United States-Japan Agreement regarding the Settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date. Interest accruing to the GARIOA funds shall be credited to the Trust Fund, and the principal and interest of the GARIOA funds shall be available for expenditure in accordance with the provisions of the Act.

TERRORISM

Senate bill

The Senate bill contained a provision prohibiting the use of funds under this or any other Act for the benefit of any country which condones terrorism.

House amendment

No provision.

Conference substitute

The conference substitute omits the Senate provision. The conferees noted that this provision is duplicative of a provision contained in the conference report on the International Security Assistance and Arms Export Control Act of 1976.

COMMISSION ON U.S. PARTICIPATION IN THE U.N.

Senate bill

The Senate bill authorized the establishment of a 15-member Commission on United States participation in the United Nations.

House amendment

No provision.

Conference substitute

The conference substitute omits the Senate provision. The conferees noted that such a Commission would duplicate studies now underway in both Houses concerning United States participation in the United Nations.

FOREIGN SERVICE RETIREMENT AMENDMENTS

Senate bill

The Senate bill contained a series of amendments to the Foreign Service Act of 1946 to equate Foreign Service survivor and certain other retirement benefits with Civil Service benefits in those areas where the two systems were previously comparable.

House amendment

The House amendment amended the Foreign Service Act to remove the 1 percent add-on in the Foreign Service annuity cost-of-living adjustment formula.

Conference substitute

The conference substitute is the same as the Senate provision with the exception of changes noted below. The following is a summary of the conference substitute:

A. Provisions Relating to Survivorship

1. The annuities of student-dependents are extended past age 18 to age 22.

2. Survivor annuities for current and future annuitants are increased from 50 to 55 percent.

3. The requirement that male retirees provide survivor benefits for their wives is eliminated.

4. Survivor protection is extended to cover spouses wedded after retirement.

5. Hereafter, an annuity to the spouse of a retiree terminates if the spouse remarries before reaching the age of 60.

6. Hereafter, the spouse of a retiree may receive the higher of two Government survivor annuities but not both simultaneously.

7. Annuities will be granted to widows of

pre-October 1960 retirees who died without leaving a survivor benefit.

8. Living pre-October 1960 retirees who did not elect a survivor benefit are permitted to do so.

B. Other Major Changes

1. Prior service credit for retirement computation is made the same for the Foreign Service as for the Civil Service.

2. Refunds of employee contributions for service in excess of 35 years (the maximum number creditable) are authorized.

3. An employee retiring after a cost-of-living increase will receive an annuity at least equal to that he would have received had he retired immediately before the increase.

4. Conformity between Foreign Service retirement provisions and substantially identical Civil Service provisions will be maintained through the use of Executive orders, which will incorporate into the Foreign Service retirement system any changes in the Civil Service system.

Both the Senate bill and the House amendment contained provisions relating to cost-of-living adjustments for annuitants. The conference committee accepted the Senate provision placing future Foreign Service cost-of-living annuity increases on the same cycle as Civil Service annuity increases and making future annuity increases identical under both systems. So long as the 1 percent add-on is applicable to Civil Service annuities, it will apply to Foreign Service annuities; if the 1 percent add-on is repealed for Civil Service retirees, it will be repealed for Foreign Service retirees.

The conference substitute omits two provisions of the Senate bill. The first, relating to reemployed annuitants, authorized the payment of a higher portion of the annuity than is presently authorized to a Foreign Service annuitant during a period of reemployment by the Federal Government. The second authorized Foreign Service retirees and their spouses to receive annual routine physical examinations in Government facilities. The conference committee omitted these provisions on the understanding that the House Committee on International Relations would hold hearings on these and similar proposals in the near future.

Finally, in regard to that provision in the conference substitute which lowers from 65 to 60 the retirement age for career ministers not serving in positions requiring Senate confirmation, the conferees emphasized that this change is without prejudice to any judicial deliberations or proceedings on the broader question of mandatory retirement at age 60 for Foreign Service employees.

Thomas E. Morgan,
Clement J. Zablocki,
Dante B. Fascell,
Charles C. Diggs, Jr.,
Helen Meyner,
Wm. S. Broomfield,
John Buchanan,
Managers on the Part of the House.

John Sparkman,
Frank Church,
Claiborne Pell,
Clifford P. Case,
Jacob K. Javits,
Hugh Scott,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 14237

Mr. WHITTEN submitted the following conference report and statement on the bill (H.R. 14237) "making appropriations for the Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes:

Conference Report (H. Rept. No. 94–1303)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14237) "making appropriations for the Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes," having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, 8, 13, 16, 17, 18, 19, 20, 22, 23, 28, 30, 35, 38, 39, 41, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 15, 24, 25, 26, 27, and 34, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$270,576,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$7,500,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$403,667,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: ment insert "$8,212,000"; and the Senate In lieu of the sum proposed by said amend- agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$17,852,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows· In lieu of the sum proposed by said amendment insert "$126,652,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$168,225,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$234,550,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,196,000,000"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$21,379,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,751,032,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$959,000,000"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$13,675,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$39,099,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$241,977,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$12,615,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, and 7.

Jamie L. Whitten,
Frank E. Evans,
Bill D. Burlison,
Max Baucus,
Bob Traxler,
Charles Wilson,
Otto E. Passman,
William H. Natcher,
George Mahon,
Mark Andrews,
J. Kenneth Robinson,
John T. Myers,
Elford A. Cederberg,
Managers on the Part of the House.

Gale W. McGee,
John L. McClellan,
John C. Stennis,
William Proxmire,
Robert C. Byrd,
Herman E. Talmadge,
Hiram L. Fong,
Roman L. Hruska,
Milton R. Young,
Managers in the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers of the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14237) making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I: AGRICULTURAL PROGRAMS

Agricultural Research Service

Amendment No. 1: Reported in technical disagreement. The managers on the part of the House will move to concur in the Senate amendment which provides that the $100 limitation on the purchase of land shall not apply to the acquisition of lands for the U.S. Sugarcane Laboratory, Houma, Louisiana.

Amendment No. 2: Appropriates $270,576,000 for the Agricultural Research Service instead of $267,570,000 as proposed by the House and $277,170,000 as proposed by the Senate.

The conference agreement includes an increase of $1,656,000 above the amount recommended by the House for facility repair and maintenance funds.

The conferees have agreed upon $50,046,000 for marketing efficiency research as proposed by the House and will expect the Department to continue research on industrial uses of animal fats and oils, post-harvesting processing, handling and distribution efficiency.

The conferees have also agreed to an increase of $750,000 above the amount provided by the House for research on the Mediterranean fruit fly and the imported fire ant, including the review of the impact of Environmental Protection Agency regulations.

Also included in the agreement is an increase of $250,000 above the amount provided by the House for forage and grazing research.

The conference agreement provides for an increase of $150,000 for soybean research, including marketing and utilization.

In addition, the conferees have also agreed to an increase of $200,000 over the amount provided by the House for research on shelter belts and windbreaks.

Amendment No. 3: Earmarks $10,526,600 for marketing research as proposed by the House instead of $12,026,000 as proposed by the Senate.

Amendment No. 4: Deletes language proposed by the Senate which would have made funds available for the purchase of land for the U.S. Sugarcane Laboratory, Houma, Louisiana, "available until expended" since such language would be legislation.

The conferees are convinced that the land for the laboratory can be purchased during fiscal year 1977 without any difficulty and that there is no need for the funds to "remain available until expended."

Scientific Activities Overseas

Special Foreign Currency Program

Amendment No. 5: Appropriates $7,500,000 for Scientific Activities Overseas instead of $5,000,000 as proposed by the House and $10,000,000 as proposed by the Senate.

Animal and Plant Health Inspection Service

Amendment No. 6: Appropriates $403,667,000 for the Animal and Plant Health Inspection Service instead of $401,530,000 as proposed by the House and $412,817,000 as proposed by the Senate.

The conference agreement includes the following: $1,000,000 for miscellaneous plant diseases and pests (including Japanese beetle and burrowing nematode), an increase of $1,500,000 over the budget request for control of citrus blackfly, an increase of $750,000 over the budget request for cattle fever tick activities, and $387,000 to restore the House reduction in pest detection.

It is expected that the Department will submit a supplemental budget request for assumption of meat and poultry inspection activities in California. The conferees have passed without prejudice funding the Mediterranean fruit fly program until the Department has submitted a budget estimate and hearings have been held.

The conferees will expect that the boll weevil eradication program be implemented without undue delay subsequent to certification to Congressional committees by the Director of boll weevil research at the Boll Weevil Laboratory that a substantial and sufficient scientific breakthrough has been achieved, and that he recommends the progrom be initated; and, that each of the three States to be involved has passed and implemented the necessary legislation and has demonstrted to appropriate Congressional committees that they are legally and financially prepared to fulfill their responsibilities under the program.

Amendment No. 7: Reported in technical disagreement. The managers on the part of the House will move to concur in the amendment of the Senate which allows the Department to utilize appropriated contingency funds without having to wait for prior approval from OMB. These funds are available in connection with the control of outbreaks of insects, plant diseases and animal diseases.

Amendment No. 8: Earmarks $3,800,000 as proposed by the House to remain available until expended for plans, construction and improvement of facilities instead of $4,300,000 as proposed by the Senate.

Cooperative State Research Service

Amendment No. 9: Appropriates $8,212,000 for grants for cooperative forestry research instead of $7,462,000 as proposed by the House and $8,462,000 as proposed by the Senate.

Amendment No. 10: Appropriates $17,852,000 for contracts and grants for scientific research instead of $16,652,000 as proposed by the House and $20,492,000 as proposed by the Senate.

The conferees have agreed upon the following high priority items which shall be in addition to funds provided in the House bill:

Soil erosion research in the Pacific Northwest	$150,000
Forage, pasture and range research	400,000
Beef and pork production research	400,000
Plant research in Hawaii	75,000
Food and agricultural policy research	150,000
Dried bean research	25,000
Total	1,200,000

Amendment No. 11: Provides $126,652,000 for the Cooperative State Research Service instead of $124,702,000 as proposed by the House and $129,542,000 as proposed by the Senate.

Extension service

Amendment No. 12: Appropriates $168,225,000 for cooperative extension work under the Smith-Lever Act instead of $164,964,000 as proposed by the House and $171,487,000 as proposed by the Senate.

Amendment No. 13: Deletes language and $5,000,000 added by the Senate to provide for payments for forestry extension work under section 3(d) of the Smith-Lever Act.

Amendment No. 14: Provides $234,550,000 for the Extension Service instead of $231,289,000 as proposed by the House and $242,812,000 as proposed by the Senate.

Statistical reporting service

Amendment No. 15: Appropriates $33,827,000 for the Statiscal Reporting Service as proposed by the Senate instead of $33,459,000 as proposed by the House.

Economic research service

Amendment No. 16: Appropriates $26,080,000 for the Economic Research Service as proposed by the House instead of $26,555,000 as proposed by the Senate.

Within the funds available the conferees will expect the Department to conduct a study on foreign investments in American agriculture.

Agricultural marketing service

Marketing Services

Amendment No. 17: Restores language deleted by the Senate which provides for the administration and coordination of payments to States.

Payments to States and Possessions

Amendment No. 18: Restores language deleted by the Senate which provides for Payments to States and Possessions under the Agricultural Marketing Act of 1946 in the amount of $1,600,000.

Farm Income Stabilization

Agricultural Stabilization and Conservation Service

Salaries and Expenses

Amendment No. 19: Deletes language added by the Senate which provided that employees of the Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs and that this appropriation shall be available to finance such intermittent and part-time services to the extent that ASCS program administration is not impaired.

The conferees have agreed to delete this language since ASCS County employees will be needed to administer programs restored by the Congress such as the Agricultural Conservation Progrma, the Forestry Incentives Program and the Water Bank Act Program.

In addition, the conferees are in agreement that training programs at the National Training Center should continue to operate as in the past.

Corporations

Commodity Credit Corporation

Reimbursement for net realized losses

Amendment No. 20: Appropriates $189,053,000 to reimburse the Commodity Credit Corporation for net realized losses sustained in prior years but not previously reimbursed as proposed by the House instead of $898,652,000 as proposed by the Senate.

TITLE II: RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

Rural development and protection

Farmers Home Administration

Rural housing insurance fund

Amendment No. 21: Provides $3,196,000,000 for insured loans as authorized by Title V of the Housing Act of 1949, as amended, instead of $3,091,000,000 as proposed by the House and $3,496,000,000 as proposed by the Senate. The increase of $105,000,000 over the House amount shall be available for both low- and moderate-income loans.

The conferees are in agreement that the proposed one-half percent interest charge for borrowers, as well as any proposed changes in connection with appraisal or construction inspection be deferred until the agency has reported the impact on the borrower of such fees to the appropriate Congressional committees.

Amendment No. 22: Earmarks $2,023,000,000 for subsidized interest loans to low-income borrowers as proposed by the House instead of $2,128,000,000 as proposed by the Senate.

Amendment No. 23: Provides $500,000,000 for unsubsidized interest guaranteed moderate-income loans as proposed by the House instead of $200,000,000 for above moderate-income loans as proposed by the Senate.

Rural Housing for Domestic Farm Labor

Amendment No. 24: Appropriates $7,500,000 for rural housing for domestic farm labor as proposed by the Senate instead of $6,000,000 as proposed by the House.

Rural Development Service

Amendment No. 25: Deletes House language appropriating $1,324,000 for the Rural Development Service, and placing the Service under the Farmers Home Administration.

Salaries and Expenses

Amendment No. 26: Appropriates $170,000,000 for salaries and expenses for the Farmers Home Administration as proposed by the Senate instead of $166,502,000 as proposed by the House.

The conference agreement provides for 700 additional permanent positions for the Farmers Home Administration instead of 400 as proposed by the House.

Rural Development Service

Amendment No. 27: Appropriates $1,433,000 for the Rural Development Service and maintains the Rural Development Service as a separate agency as proposed by the Senate.

The conferees were advised that the Senate legislative committee is contemplating organizational changes affecting the Rural Development Service. In consideration of this, the conferees are temporarily maintaining the Service as a separate agency and direct that the present organization closely coordinate with the Farmers Home Administration.

Rural Electrification Administration

Salaries and Expenses

Amendment No. 28: Appropriates $21,350,000 for salaries and expenses for the Rural Electrification Administration as proposed by the House instead of $21,376,000 as proposed by the Senate.

Conservation

Soil Conservation Service

Great Plains conservatino program

Amendment No. 29: Appropriates $21,379,000 for the Great Plains conservation program instead of $20,379,000 as proposed by the House and $22,379,000 as proposed by the Senate.

Agricultural Stabilization and Conservation Service

Agricultural Conservation Program

Amendment No. 30: Provides $190,000,000 in contract authority for the Agricultural Conservation Program as proposed by the House instead of $175,000,000 as proposed by the Senate.

TITLE III: DOMESTIC FOOD PROGRAMS

Food and Nutrition Service

Child Nutrition Programs

Amendment No. 31: Provides $2,751,032,000 for Child Nutrition Programs instead of $2,720,507,000 as proposed by the House and $2,753,557,000 as proposed by the Senate.

The conference agreement includes $28,000,000 for Nonfood (equipment) Assistance and an additional $2,525,000 for State Administrative Expenses over the amount proposed by the House.

The conference agreement provides that $300,000,000 be retained in Section 32. These funds are necessary to strengthen markets so as to continue to have adequate production by buying up surplus perishables, strengthen markets and thereby make it worthwhile for the producer to stay in the business of feeding the consumer.

Amendment No. 32: Provides for a transfer from Section 32 of $959,000,000 instead of $731,000,000 as proposed by the House and $1,059,000,000 as proposed by the Senate. This would decrease budget authority by $197,475,000 below the amount provided by the House and increase the Section 32 transfer by $228,000,000 over the amount provided by the House.

Amendment No. 33: Earmarks $13,675,000 for State Administrative Expenses instead of $11,150,000 as proposed by the House and $16,200,000 as proposed by the Senate.

Special milk program

Amendment No. 34: Appropriates $155,000,000 for the Special Milk Program as proposed by the Senate instead of $144,000,000 as proposed by the House.

Food donations program

Amendment No. 35: Deletes language proposed by the Senate earmarking $3,400,000 of Commodity Supplemental Food Program funds for State administrative expenses.

TITLE IV: INTERNATIONAL PROGRAMS

Foreign Agricultural Service

Amendment No. 36: Appropriates $39,099,000 for the Foreign Agricultural Service instead of $38,599,000 as proposed by the House and $39,599,000 as proposed by the Senate.

The conferees have agreed upon an increase of $2,500,000 for the cooperator program for foreign market development, $500,000 more than the amount provided by the House.

TITLE V: RELATED AGENCIES

Food and Drug Administration

Salaries and Expenses

Amendment No. 37: Appropriates $241,977,000 for salaries and expenses instead of $236,771,000 as proposed by the House and $249,905,000 as proposed by the Senate.

Included in the conference agreement is $5,206,000 for 319 positions and other expenses relating to new responsibility for regulation of medical devices. Not included in the agreement is the Senate restoration of the House reduction in GSA charges.

Amendment No. 38: Deletes language proposed by the Senate to limit obligations under the Tea Import Act to those fees collected under the program since the amendment would be legislation.

Buildings and Facilities

Amendment No. 39: Appropriates $3,125,000 for Buildings and Facilities as proposed by the House instead of $5,625,000 as proposed by the Senate.

Commodity Futures Trading Commission

Amendment No. 40: Appropriates $12,615,000 for the Commodity Futures Trading Commission instead of $11,615,000 as proposed by the House and $13,500,000 as proposed by the Senate.

The conference agreement provides an increase of $1,000,000 over the House amount to be used for additional permanent positions.

TITLE VI: GENERAL PROVISIONS

Amendment No. 41: Limits obligations chargeable against the Working Capital Fund during the period October 1, 1976 through September 30, 1977 to $50,000,000 as proposed by the House instead of $52,733,000 as proposed by the Senate.

Amendment No. 42: Deletes the following languagee added by the Senate: "Sec. 612—No part of any appropriation contained in this act shall be available for paying to the Administrator of the General Services Administration standard level user charges in any amount in excess of the amount provided in this act for space and services."

The conferees have agreed to delete this language since a similar provision is contained as Section 613 of H.R. 14261 which also prohibits the General Services Administration from levying charges against agencies in excess of the amounts appropriated by Congress.

Conference total—with comparisons

The total obligational authority for the fiscal year 1977 recommended by the Committee of Conference, with comparisons to the fiscal year 1976 amount, the 1977 budget estimates, and the House and Senate bills for 1977 follows:

Total obligational authority, fiscal year 1976	$14, 487, 778, 000
Budget estimates of total obligational authority, fiscal year 1977	12, 575, 892, 000
House bill, fiscal year 1977	12, 514, 438, 000
Senate bill, fiscal year 1977	13, 320, 232, 000
Conference agreement, total obligational authority	12, 581, 998, 000
Conference agreement, new budget (obligational authority	11, 542, 998, 000
Conference agreement (total obligational authority) compared with:	
Total obligational authority, fiscal year 1976	−1, 905, 780, 000
Budget estimates of total obligational authority, fiscal year 1977	+6, 106, 000
House bill, fiscal year 1977	+67, 560, 000
Senate ball, fiscal year 1977	−738, 234, 000

JAMIE L. WHITTEN,
FRANK E. EVANS,
BILL D. BURLISON,
MAX BAUCUS,
BOB TRAXLER,
CHARLES WILSON,
OTTO E. PASSMAN,
WILLIAM H. NATCHER,
GEORGE MAHON,
MARK ANDREWS,
J. KENNETH ROBINSON,
JOHN T. MYERS,
ELFORD A. CEDERBERG,
Managers on the Part of the House.
GALE W. MCGEE,
JOHN L. MCCLELLAN,
JOHN C. STENNIS,
WILLIAM PROXMIRE,
ROBERT C. BYRD,
HERMAN E. TALMADGE,
HIRAM L. FONG,
ROMAN L. HRUSKA,
MILTON R. YOUNG,
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 3295

Mr. REUSS submitted the following conference report and statement on the bill (S. 3295) to extend the authorization for annual contributions under the United States Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 94–1304)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3295) to extend the authorization for annual contributions under the United States Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective House as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Housing Authorization Act of 1976".

AMENDMENTS TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 2. (a) Section 5(c) of the United States Housing Act of 1937 is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following new sentence: "The Secretary is authorized to enter into contracts for annual contributions aggregating not more than $1,524,000,000 per annum, which limit shall be increased by $965,000,000 on July 1, 1974, by $662,300,000 on July 1, 1975, and by $850,000,000 on October 1, 1976, except that the additional authority to enter into contracts for annual contributions provided on or after July 1, 1975, shall be effective only in such amounts as may be approved in appropriation Acts."; and

(2) by inserting immediately after "on July 1, 1975," in the fourth sentence thereof the following: "and by not less than $17,000,000 per annum on October 1, 1976,".

(b) (1) Effective on October 1, 1976, the second and third sentences of section 5(c) of such Act are amended to read as follows: "Of the additional authority to enter into contracts for annual contributions provided on October 1, 1976, and approved in appropriation Acts, the Secretary shall (A) make available at least $60,000,000 for the modernization of low-income housing projects, and (B) make available at least $140,000,000 to assist in financing low-income housing projects for ownership by public housing agencies other than under section 8, of which not less than $100,000,000 shall be available only for the purpose of financing the construction or substantial rehabilitation of low-income housing projects. The Secretary, in utilizing the additional authority to enter into contracts for annual contributions provided on October 1, 1976, shall administer the programs authorized by this Act to provide assistance for new, substantially rehabilitated, and existing units, to the maximum extent practicable and consistent with section 213(d) of the Housing and Community Development Act of 1974, in accordance with the goals of units of general local government for such types of housing as reflected in their housing assistance plans prepared pursuant to section 104(a)(4) of such Act.".

(2) Effective on October 1, 1976, the fourth sentence of section 5(c) of such Act is amended by striking out "to the amount of contracts for annual contributions required to be entered into by the Secretary under the second sentence of this subsection".

(c) Section 9(c) of such Act is amended to read as follows:

"(c) There are authorized to be appropriated, for the purpose of providing annual contributions pursuant to this section not to exceed $535,000,000 on or after July 1, 1975, not to exceed $80,000,000 on or after July 1, 1976, and not to exceed $576,000,000 on or after October 1, 1976.".

(d) Section 8(c)(4) of such Act is amended by striking out the period at the end thereof, and inserting in lieu thereof the following: ", and, subject to the provisions of the following sentence, such payments may be made, in the case of a newly constructed or substantially rehabilitated project, after such sixty-day period in an amount equal to the debt service attributable to such an unoccupied dwelling unit for a period not to exceed one year, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. No such payment may be made after such sixty-day period (i) if the unoccupied unit is in a project insured under the National Housing Act, except pursuant to section 244 of such Act, or (ii) if the Secretary determines that the dwelling unit is in a project which provides the owner with revenues exceeding the costs incurred by such owner with respect to such project.".

(e) Section 8(f) of such Act is amended by striking out "and" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and", and by adding the following new paragraph at the end thereof:

"(6) the term 'debt service' means the required payments for principal and interest made with respect to a mortgage secured by housing assisted under this Act.".

(f) The third sentence of section 3(2) of such Act is amended by striking out the word "and" before "(C)" and inserting before the semicolon the following: "and (D) other single persons in circumstances described in regulations of the Secretary: *Provided,* That in no event shall more than 10 percent of the units under the jurisdiction of any public housing agency be occupied by single persons under this clause (D): *Provided further,* That in determining priority for admission to housing under this Act the Secretary shall give preference to those single persons who are elderly, handicapped, or displaced before those eligible under this clause (D)".

(g) Section 8(e)(1) of such Act is amended by inserting after "State or local agency" the following: "or the Farmers' Home Administration".

(h) Notwithstanding any other provision of law, the value of any assistance paid with respect to a dwelling unit under the United States Housing Act of 1937, the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, or title V of the Housing Act of 1949 may not be considered as income or a resource for the purpose of determining the eligibility of, or the amount of the benefits payable to, any person living in such unit for assistance under title XVI of the Social Security Act. This subsection shall become effective on October 1, 1976.

SECTION 235 HOMEOWNERSHIP PROGRAM

SEC. 3. (a) Section 235(m) of the National Housing Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

(b) The last proviso in section 235(b)(2) of such Act is amended by striking out "$21,600", "$25,200", "$25,200", and "$28,800" and inserting in lieu thereof "$25,000", "$29,000", "$29,000", and "$33,000", respectively.

(c) Section 235(i)(3)(B) of such Act is amended by striking out "$21,600", "$25,200", "$25,200", and "$28,800" and inserting in lieu thereof "$25,000", "$29,000", "$29,000", and "$33,000", respectively.

(d) Section 221(d)(2)(A) of such Act is amended—

(1) by striikng out "$21,600" and "$25,200" in the matter preceding the first proviso and inserting in lieu thereof "$25,000" and "$29,000", respectively; and

(2) by striking out "$25,200" and "$28,800" in the second proviso and inserting in lieu thereof "$29,000" and "$33,000", respectively.

(c) Section 235(h)(2) of such Act is amended by striking out "80 per centum" wherever it appears and inserting in lieu thereof "95 per centum".

(f)(1) Section 235(a) of such Act is amended—

(A) by inserting "(1)" immediately after "(a)"; and

(B) by adding at the end thereof the following:

"(2)(A) Notwithstanding any other provision of this section, the Secretary is authorized to make periodic assistance payments under this section on behalf of families whose incomes do not exceed the maximum income limits prescribed pursuant to subsection (h)(2) of this section for the purpose of assisting such families in acquiring ownership of a mobile home consisting of two or more modules and a lot on which such mobile home is or will be situated, except that periodic assistance payments pursuant to this paragraph shall not be made with respect to more than 20 per centum of the total number of units with respect to which assistance is approved under this section after January 1, 1976. Assistance payments under this section pursuant to this paragraph shall be accomplished through payments on behalf of an owner of lower-income of a mobile home as described in the preceding sentence to the financial institution which makes the loan, advance of credit, or purchase of an obligation representing the loan or advance of credit to finance the purchase of the mobile home and the lot on which such mobile home is or will be situated, but only if insurance under section 2 of this Act covering such loan, advance of credit, or obligation has been granted to such institution.

"(B) Notwithstanding the provisions of subsection (c) of this section, assistance payments provided pursuant to this paragraph shall be in an amount not exceeding the lesser of—

"(i) the balance of the monthly payment for principal, interest, real and personal property taxes, insurance, and insurance premium charegable under section 2 of this Act due under the loan or advance of credit remaining unpaid after applying 20 per centum of the mobile homeowner's income; or

"(ii) the difference between the amount of the monthly payment for principal, interest, and insurance premium chargeable under section 2 of this Act which the mobile homeowner's is obligated to pay under the loan or advance of credit and the monthly payment of principal and interest which the owner would be obligated to pay if the loan or advance of credit were to bear interest at a rate derived by subtracting from the interest rate applicable to such loan or advance of credit the interest rate differential between the maximum interest rate plus mortgage insurance premium applicable to mortgages insured under subsection (i) of this section at the time such loan or advance of credit is made and the interest rate which such mortgages are presumed, under regulations prescribed by the Secretary, to bear for purposes of subsection (c)(2) of this section.".

(2) Section 235(e) of such Act is amended by inserting "(a)(2)(B)," immediately before "(c)".

SECTION 236 AMENDMENTS

SEC. 4. (a) Section 236(n) of the National Housing Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

(b) Section 236(f)(2) of such Act is amended—

(1) by inserting "(including the amount allowed for utilities in the case of a project with separate utility metering)" immediately after "basic rentals" in the first sentence thereof and by striking out everything in such sentence which follows "of their income" and inserting in lieu thereof a period; and

(2) by inserting "(including the amount allowed for utilities in the case of a project with separate utility metering)" immediately after "rental payment" in the second sentence thereof and by striking out everything in such sentence which follows "tenant's income" and inserting in lieu thereof a period.

FHA SUPPLEMENTAL LOANS FOR HOSPITALS

SEC. 5. Section 241(a) of the National Housing Act is amended—

(1) by inserting ", hospital," immediately after "multifamily project" in the first sentence thereof;

(2) by inserting ", hospital," immediately after "such project" in the material preceding the proviso in the second sentence thereof; and

(3) by inserting ", hospital," immediately before "or a group practice facilitiy" and immediately before "or facility" in the proviso in the second sentence thereof.

CO-INSURANCE

SEC. 6. (a) Section 244 of the National Housing Act is amended by inserting at the end thereof the following new subsection:

"(g)(1) Where the mortgagee is a public housing agency or an insured depository instiitution and *the mortgage covers* a multiifamilly housing project, the co-insurance contract may provide that the mortgagee assume (i) the full amount of any loss on the insured mortgage up to an amount equal to a fixed percentage of the outstanding principal balance of the mortgage at the time of claim for insurance benefits, or (ii) the full amount of any losses on insured mortgages in a portfolio of mortgages approved by the Secretary up to an amount equal to a fixed percentage of the outstanding principal balance of all mortgages in such portfolio at the time of claim for insurance benefits on a mortgage in the portfolio, plus a share of any loss in excess of the amount under clause (i) or (ii), whichever is applicable.

"(2) The second sentence of subsection (d) shall not apply to mortgages made to public housing agencies, but for purposes of such second sentence such mortgages shall not be counted in the aggregate principal amounts of all mortgages insured under this title.

"(3) The Secretary may make loans, from the applicable insurance fund, to public housing agencies in connection with mortgages which have been insured pursuant to this subsection and which are in default.

"(4) The Secretary may insure and make a commitment to insure in connection with a co-insurance contract pursuant to this subsection (A) a mortgage on a project assisted under the second proviso in the first sentence of section 236(b) of this Act, and (B) a mortgage or advance on a mortgage made to a public housing agency on a project under construction which is not approved for insurance prior to construction.

"(5) As used in this subsection, the term 'public housing agency' has the same meaning as in section 3(6) of the United States Housing Act of 1937, and the term 'insured depository institution' means any savings bank, savings and loan association, commercial bank or other such depository institution whose deposits are insured by the Federal Deposit Insurance Corporation, by the Federal Savings and Loan Insurance Corporation, or by an agency or instrumentality of a State.

"(6) Notwithstanding any other provision of this Act, the Secretary may include in the determination of replacement cost of a project to be covered by a mortgage made to a public housing agency and insured pursuant to this subsection, such reserves and development costs, not to exceed 5 per centum of the amount otherwise allowable, as may be established or authorized by the public housing agency consistent with such agency's procedures and underwriting standards.".

(b) Section 244(a) of such Act is amended by adding the following new sentence at the end thereof: "A mortgage which enters into a contract of co-insurance under this section shall not by reason of such contract, or its adherence to such contract or applicable regulations of the Secretary, including provisions relating to the retention of risks in the event of sale or assignment of a mortgage, be made subject to any State law regulating the business of insurance.".

EXPERIMENTAL FINANCING

SEC. 7. Section 245 of the National Housing Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

MULTIFAMILY MORTGAGE LIMITS

SEC. 8. (a) The National Housing Act is amended by striking out "by not to exceed 75 per centum in any geographical area" where is appears in section 207(c)(3), 213(b)(2), 220(d)(3)(B)(iii), 221(d)(3)(ii), 221(d)(4)(ii), 231(c)(2), and 234(e)(3) and inserting in lieu thereof in each such section "by not to exceed 50 per centum in any geographical area".

(b)(1)(A) Section 207(c)(3) of the National Housing Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", "$30,000", and "$3,250" in the matter preceding the first semicolon and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", "$36,000", and "$3,900", respectively.

(B) Section 207(c)(3) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following the first semicolon and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(2)(A) Section 213(b)(2) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding the first proviso and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 213(b)(2) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the first proviso and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(3)(A) Section 220(d)(3)(B)(iii) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding "except" where it first appears and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 220(d)(3)(B)(iii) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following "except" where it first appears and inserting in lieu thereof "$22,500", "$25,200"', "$30,900", "$38,700", and "$43,758", respectively.

(4) Section 221(d)(3)(ii) of such Act is amended—

(A) by striking out "$11,240", "$15,540", "$18,630", "$23,460", and "$26,570" and inserting in lieu thereof "$16,860", "$18,648", "$22,356", "$28,152", and "$31,884", respectively; and

(B) by striking out "$13,120", "$18,630", "$22,080", "$27,600", and "$32,000" and inserting in lieu thereof "$19,680", "$22,356", "$26,496", "$33,120", and "$38,400", respectively.

(5)(A) Section 221(d)(4)(ii) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846", respectively.

(B) Section 221(d)(4)(ii) of such Act is further amended by striking out "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578" in the matter following the first semicolon and inserting in lieu thereof "$20,962", "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

(6)(A) Section 231(c)(2) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846", respectively.

(B) Section 231(c)(2) of such Act is further amended by striking out "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578" in the matter following the first semicolon and inserting in lieu thereof "$20,962", "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

(7)(A) Section 234(c)(3) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding the first semicolon and inserting in lieu thereof "$19,500", '"$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 234(e)(3) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following the first semicolon and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758" respectively.

CORRECTION OF DEFECTS

SEC. 9. (a)(1) Section 518(b) of the National Housing Act is amended by striking out "not more than nineteen months after the date of enactment of the Housing and Community Development Act of 1974" in the first sentence thereof and inserting in lieu thereof "not more than four months after the date of enactment of the Housing Authorization Act of 1976".

(2) Section 518(b) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: "Expenditures pursuant to this subsection shall be made from the insurance fund chargeable for insurance benefits on the mortgage covering the structure to which the expenditures relate. There are hereby authorized to be appropriated such sums as may be necessary to cover the costs of such expenditures not otherwise provided for.".

(b) Section 518 of the National Housing Act is amended by adding at the end thereof the following new subsections:

"(d) The Secretary is authorized to make expenditures to correct or to reimburse the owner for the correction of stuctural or other major defects which so seriously affect use and liveability as to create a serious danger to the life or safety of inhabitants of any one-, two-, three-, or four-family dwelling which is more than one year old on the date of issuance of the insurance commitment, is located in an older, declining urban area, and is covered by a mortgage insured under section 203 or 221 on or after January 1, 1973, but prior to the date of enactment of this subsection if (1) the owner requests assistance from the Secretary not more than one year after the date of enactment of this subsection, and (2) the defect is one that existed on the date of the issuance of the insurance commitment and is one that a proper inspection could reasonably have been expected to have disclosed. The Secretary may require from the seller of any such dwelling an agreement to reimburse him for any payments made pursuant to this subsection with respect to such dwelling. Expenditures pursuant to this subsection shall be made from the insurance fund chargeable for insurance benefits on the mortgage covering the structure to which the expenditures relate. There are hereby authorized to be appropriated such sums as may be necessary to cover the costs of such expenditures not otherwise provided for.

"(e) The Secretary of Housing and Urban Development is authorized and directed to conduct a full and complete investigation and study and report to Congress, with recommendations, not later than March 1, 1977, with respect to an effective program for protecting home buyers from hidden or undisclosed defects seriously affecting the use and livability of the home, which would be applicable to existing homes financed with mortgages insured under this Act. In the study and report the Secretary shall particularly investigate the need for, cost and feasible structure of, a national home inspection and warranty program, with respect to such homes, to be operated by the Federal Government out of fees assessed on the home buyer and amortized over a period of two years. The Secretary's report shall also present an analysis of alternative Federal programs to meet these needs, and the cost and means of financing such programs. In the report the Secretary shall also outline administrative steps which can be taken to provide disclosure to purchasers of existing homes financed with mortgages insured under this Act of the actual condition of the home and the types of repairs or replacements likely to be needed within a period of two years, such as repairs or replacement of furnace, roof or major appliances, based on age and useful life expectancy of such appurtenances."

GENERAL INSURANCE FUND AUTHORIZATION

SEC. 10. Section 519 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(f) There are authorized to be appropriated to cover losses sustained by the General Insurance Fund not to exceed $500,000,000.".

HOUSING FOR THE ELDERLY

SEC. 11. (a) Section 202(a)(4)(B)(i) of the Housing Act of 1959 is amended—

(1) by striking out "$800,000,000" in the first sentence and inserting in lieu thereof "$1,475,000,000, which amount shall be increased to $2,387,500,000 on October 1, 1977, and to $3,300,000,000 on October 1, 1978"; and

(2) by inserting the following new sentence at the end thereof: "The Secretary may not issue notes or other obligations to the Sec-

retary of the Treasury pursuant to this section in an aggregate amount exceeding $800,000,000 except as approved in appropriation Acts.".

(b) Section 202(d)(4) of such Act is amended by adding the following new sentence at the end thereof: "Notwithstanding the preceding provisions of this paragraph, the term 'elderly or handicapped families' includes two or more elderly or handicapped persons living together, one or more such persons living with another person who is determined (under regulations prescribed by the Secretary) to be essential to their care or well-being, and the surviving member or members of any family described in the first sentence of this paragraph who were living, in a unit assisted under this section, with the deceased member of the family at the time of his or her death.".

(c)(1) Section 202(a)(3) of such Act is amended by striking out "current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans" and inserting in lieu thereof the following: "average interest rate on all interest bearing obligations of the United States then forming a part of the public debt, computed at the end of the fiscal year next preceding the date on which the loan is made".

(2) The second sentence of Section 202 (a)(4)(B)(i) of such Act is amended by striking out "the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations", and inserting in lieu thereof the following: "the average interest rate on all interest bearing obligations of the United States then forming a part of the public debt, computed at the end of the fiscal year next preceding the date on which the loan is made".

REHABILITATION LOAN PROGRAM

SEC. 12. (a) Section 312(d) of the Housing Act of 1964 is amended—

(1) by striking out "and not to exceed $100,000,000 for the fiscal year beginning on July 1, 1975" and inserting in lieu thereof "not to exceed $100,000,000 for the fiscal year beginning on July 1, 1975, and not to exceed $100,000,000 for the fiscal year beginning on October 1, 1976"; and

(2) by adding at the end thereof the following new sentence: "The amount of commitments to make loans pursuant to this section entered into after August 22, 1976, shall not exceed amounts approved in appropriation Acts.".

(b) Section 312(h) of such Act is amended to read as follows:

"(h) No loan shall be made under this section after September 30, 1977, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section prior to October 1, 1977.".

EMERGENCY HOUSING

SEC. 13. (a) Section 109(b) of the Emergency Homeowners' Relief Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

(b) The first sentence of section 110(a) of such Act is amended—

(1) by striking out "Until one year from the date of enactment of this title, each" and inserting in lieu thereof "Each";

(2) by inserting "prior to October 1, 1977," immediately after "(1)"; and

(3) by inserting "until one year from the date of enactment of this title," immediately after "(2)".

(c) Section 111 of such Act is amended by striking out "July 1, 1976" and inserting in lieu thereof "October 1, 1977".

(d) Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "July 1, 1976" and inserting in lieu thereof "October 1, 1977".

(e)(1) Section 313(b) of the National Housing Act is amended by striking out the period at the end thereof and inserting in lieu thereof "; and", and by inserting the following at the end thereof:

"(D) such mortgage involves a principal residence the sales price of which does not exceed $48,000 ($52,000 in high-cost areas as determined by the Secretary) per family residence or dwelling unit, except that such sales price in Alaska, Hawaii, and Guam may not exceed $65,000.".

(2) The amendment made by paragraph (1) shall apply only with respect to mortgages purchased pursuant to commitments made after the date of the enactment of this Act.

FLOOD INSURANCE

SEC. 14. (a) Section 202(b) of the Flood Disaster Protection Act of 1973 is amended by striking out all that follows "shall not apply to" and inserting in lieu thereof the following: "(1) any loan made to finance the acquisition of a residential dwelling occupied as a residence prior to March 1, 1976, or one year following identification of the area within which such dwelling is located as an area containing special flood hazards, whichever is later, or made to extend, renew, or increase the financing or refinancing in connection with such a dwelling, (2) any loan, which does not exceed an amount prescribed by the Secretary, to finance the acquisition of a building or structure completed and occupied by a small business concern, as defined by the Secretary, prior to January 1, 1976, (3) any loan or loans, which in the aggregate do not exceed $5,000, to finance improvements to or rehabilitation of a building or structure occupied as a residence prior to January 1, 1976, or (4) any loan or loans, which in the aggregate do not exceed an amount prescribed by the Secretary, to finance nonresidential additions or improvements to be used solely for agricultural purposes on a farm.".

(b) Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "December 31, 1976" and inserting in lieu thereof "September 30, 1977".

(c) Section 1376 of the National Flood Insurance Act of 1968 is amended by adding at the end thereof the following new subsection:

"(c) There are authorized to be appropriated for studies under this title not to exceed $100,000,000 for the fiscal year 1977.".

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

SEC. 15. (a) Section 103(a)(2) of the Housing and Community Development Act of 1974 is amended by inserting ", and $200,000,000 for the fiscal year 1977, not more than 50 per centum of which amount may be used under section 106(d)(1)," immediately after "1976".

(b) Paragraph (2) of section 105(a) of such Act is amended by inserting immediately after "neighborhood facilities," the following: "centers for the handicapped,".

(c) Section 107(a)(1) of such Act is amended by inserting the following immediately before the semicolon at the end thereof: "or in behalf of new community projects assisted under title X of the National Housing Act which meet the eligibility standards set forth in title VII of the Housing and Urban Development Act of 1970 and which were the subject of an application or preapplication under such title prior to January 14, 1975".

(d) Section 116 of such Act is amended by adding at the end thereof the following new subsection:

"(h) In the event that the total amount available for distribution in fiscal year 1977 in metropolitan areas is insufficient to meet all basic grant and holdharmless entitlement needs, as provided by section 106(a), and funds are not otherwise appropriated to meet such deficiency, the Secretary shall meet the deficiency, first, from amounts available for use under section 107 and, if such amounts are exhausted, through a ratable reduction of all entitlements under section 106(a).".

COMPREHENSIVE PLANNING

SEC. 16. (a) The first sentence of section 701(e) of the Housing Act of 1954 is amended by striking out "and not to exceed $150,000,000 for the fiscal year 1976" and inserting in lieu thereof "not to exceed $150,000,000 for the fiscal year 1976, and not to exceed $100,000,000 for the fiscal year 1977".

(b) No eligible recipient under section 701 of the Housing Act of 1954 may be excluded from qualifying for funds under such section solely on the basis of participation or non-participation under such section prior to fiscal year 1977.

CONFIRMATION OF GOVERNMENT NATIONAL MORTGAGE ASSOCIATION PRESIDENT

SEC. 17. (a) The National Housing Act is amended by striking out the third sentence of section 308(a) and inserting in lieu thereof the following: "There is hereby established in the Department of Housing and Urban Development the position of President, Government National Mortgage Association, who shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary shall select and effect the appointment of qualified persons to fill the offices of vice president, and such other offices as may be provided for in the bylaws. Persons appointed under the preceding sentence shall perform such executive functions, powers, and duties as may be prescribed by the bylaws or by the Secretary, and such persons shall be executive officers of the Association and shall discharge all such executive functions, powers, and duties.".

(b) Section 309(d) of such Act is amended by striking out the word "The" immediately preceding "Secretary" in the first sentence and inserting in lieu thereof "Subject to the provisions of section 308(a), the ".

(c) Section 5315 of title 5, United States Code, is amended by adding at the ending thereof the following new paragraph:

"(108) President, Government National Mortgage Association, Department of Housing and Urban Development.".

(d) Section 7(c) of the Department of Housing and Urban Development Act is amended by striking out "seven" in the proviso and substituting in lieu thereof "six".

(e) Notwithstanding the amendment made by subsection (a), the rights, powers, and duties of the position of President, Government National Mortgage Association, as in effect on the day preceding the date of enactment of this Act shall remain in effect until the position established hereunder has been filled in accordance with the terms of this Act.

SPECIAL ASSISTANT FOR COOPERATIVE HOUSING

SEC. 18. The first sentence of section 102(h) of the Housing Amendments of 1955 is amended—

(1) by inserting after "section 221(d)(3)" a comma and the following: "section 235, section 236, section 241, section 243, section 246, and section 203(n)";

(2) by inserting after "Housing and Urban Development Act of 1965" the following: "or section 8 of the United States Housing Act of 1937"; and

(3) by inserting before the period tne following: "and Assistant Secretary for Housing Management".

NEW COMMUNITIES

SEC. 19. Section 720(a) of the Housing and Urban Development Act of 1970 is amended by striking out "June 30, 1975" and inserting in lieu thereof "October 1, 1977".

URBAN HOMESTEADING

SEC. 20. Section 810(g) of the Housing and Community Development Act of 1974 is amended by striking out "and not to exceed $5,000,000 for the fiscal year 1976" and inserting in lieu thereof "not to exceed $6,250,000 for the fiscal year 1976, and for the transition quarter, not to exceed $5,000,000 for fiscal year 1977, and not to exceed $5,000,000 for the fiscal year 1978".

DAY CARE

SEC. 21. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(n) Notwithstanding any other provision of law, the Secretary is authorized by contract or otherwise to establish, equip and operate a day care center facility for the purpose of serving children who are members of households of employees of the Department. The Secretary is authorized to establish or provide for the establishment of appropriate fees and charges to be chargeable against the Department of Housing and Urban Development employees or others who are beneficiaries of services provided by such a day care center.".

HOME OWNER'S LOAN ACT

SEC. 22. The twelfth undesignated paragraph of section 5(c) of the Home Owner's Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding in the first sentence, immediately after the words "made pursuant to either of such sections" and before the period the following language: "and in the share capital and capital reserve of the Inter-American Savings and Loan Bank".

RESEARCH AUTHORIZATION

SEC. 23. (a) Section 501 of the Housing and Urban Development Act of 1970 is amended by striking out the second sentence and inserting in lieu thereof the following: "There are authorized to be appropriated for activities under this title not to exceed $65,000,000 for the fiscal year 1977.".

(b) Section 504(b) of such Act is amended by striking out the first, third, and fourth sentences.

(c) Section 502(f) of such Act is amended by striking out the period at the end of the second sentence and inserting in lieu thereof the following: "and such departments and agencies are hereby authorized to execute such contracts and grants.".

NATIONAL INSTITUTE OF BUILDING SCIENCES

SEC. 24. Section 809(h) of the Housing and Community Development Act of 1974 is amended by inserting ", and $5,000,000 for each of the fiscal years 1977 and 1978" immediately after "fiscal year 1976".

RURAL HOUSING

SEC. 25. (a) Section 521(a)(1) of the Housing Act of 1949 is amended by striking out "rate determined annually by the Secretary of the Treasury" and inserting in lieu thereof "rate determined by the Secretary of the Treasury upon the request of the Secretary".

(b) Section 520(3)(B) of such Act is amended by inserting "for lower and moderate-income families" immediately after "has a serious lack of mortgage credit".

(c) Section 510 of such Act is amended by redesignating subsections (f) and (g) as subsections (h), and (i), respectively, and by inserting the following new subsections immediately after subsection (e):

"(f) continue processing as expeditiously as possible applications on hand received prior to the time an area has been determined by the Secretary not to be 'rural' or a 'rural area', as those terms are defined in section 520, and make loans or grants to such applicants who are found to be eligible on the same basis as though the area were still rural;

"(g) notwithstanding that an area ceases, or has ceased, to be 'rural', in a 'rural area', or an eligible area, make assistance under this title available in connection with transfers and assumptions of property securing any loan made, insured, or held by the Secretary or in connection with any property held by the Secretary under this title on the same basis as though the area were still rural;".

COUNSELING

SEC. 26. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

"COUNSELING TO MORTGAGORS

"SEC. 508. (a) In carrying out activities under section 501, the Secretary is directed to undertake programs of studies and demonstrations within at least three standard metropolitan statistical areas to determine the extent of need for and cost effectiveness of providing pre-purchase, default and delinquency counseling and related services to owners and purchasers of single-family dwellings insured or to be insured under the unsubsidized mortgage insurance programs of the National Housing Act.

"(b) Within one year from enactment of this section, the Secretary shall submit an interim report to the Congress with respect to the progress made under such studies and demonstrations, including an estimate as to the date when a final report on the results of such demonstrations will be made available to the Congress.".

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the Senate bill and agree to the same.

HENRY S. REUSS,
THOMAS L. ASHLEY,
LEONOR K. SULLIVAN,
WILLIAM S. MOORHEAD,
ROBERT G. STEPHENS, JR.,
FERNAND J. ST GERMAIN,
HENRY GONZALEZ,
PARREN J. MITCHELL,
JERRY M. PATTERSON,
JOHN J. LAFALCE,
LES AUCOIN.
Managers on the Part of the House.
WILLIAM PROXMIRE,
JOHN SPARKMAN,
HARRISON A. WILLIAMS, JR.,
ALAN CRANSTON,
ADLAI E. STEVENSON,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3295) to extend the authorization for annual contributions under the United States Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

HOUSING ASSISTANCE AUTHORIZATIONS

General

The Senate bill authorized $696,000,000 in additional contract authority on October 1, 1976, for the public housing and section 8 programs. The House amendment authorized $850,000,000. The conference report contains the House provision.

Mix of new, rehabilitated, and existing units

The Senate bill required the Secretary of HUD to make at least $465,000,000 of the additional contract authority provided on October 1, 1976, available only for newly constructed and substantially rehabilitated housing units.

The House amendment did not specify a minimum level of funding for new and rehabilitated units under the public housing and section 8 programs. Thus, the House amendment did not alter the requirements of existing law that the proportion of new, rehabilitated, and existing units assisted be determined in accordance with approved housing assistance plans in those communities which submitted such plans. Section 104(a)(4) of the Housing and Community Development Act of 1974 requires each community, as a prerequisite to receiving a community development block grant, to prepare a housing assistance plan which assesses the housing assistance needs of lower-income persons and specifies an annual target for meeting those needs. With respect to the latter, section 104(a)(4)(B) of the 1974 Act requires the community to "specify a realistic annual goal for the number of dwelling units or persons to be assisted, including (i) the relative proportion of new, rehabilitated, and existing dwelling units. . . ."

In order to ensure that the proportion of new, rehabilitated, and existing units specified in a housing assistance plan would be followed, section 213(a) of the 1974 Act gave each community with an approved housing assistance plan a veto, in effect, of applications for housing assistance which were inconsistent with the community's housing plan.

The conferees on the 1974 Act expected that the Secretary of HUD would take the appropriate steps to assure fulfillment of the intent of Congress that local communities, not the Federal Government, determine the mix of new and existing units. The importance of this objective is clearly recognized in the comments in the House committee report (Report No. 93-1114) on section 104:

"The requirement that housing assistance plans specify the relative proportion of new, rehabilitated, and existing dwelling units to be assisted in the community introduces a much-needed flexibility in the provision of Federal housing assistance. These determinations would govern the use of housing assistance funds allocated to communities under title II of the bill. Communities with an ample supply of housing but with many older run-down units may wish to concentrate a substantial portion of their funds on rehabilitating and repairing the older units. Other communities, with expanding populations and vacant lands, may well allocate most of their funds toward the construction of new units. The committee believes this opportunity for communities to make such judgments is an extremely important innovation in Federal housing policy." (Page 7.)

Again, the House committee report, in commenting on the allocation of housing assistance funds by HUD clearly states the same objectives:

"The committee intends that the Secretary will allocate funds under all HUD housing programs which are funded and intended to be operative by the Congress. The proportion of such funds to be utilized with respect to each of the categories of newly constructed, substantially rehabilitated, or existing housing will be determined, of course, by local governments through their housing assistance plans." (Page 23.)

Unfortunately, the Secretary of HUD has avoided carrying out the terms and intent of the 1974 Act by putting pressure on communities to stress existing housing over new and rehabilitated housing, by disregarding the contents of housing assistance plans in allocating housing assistance, by establishing national and area targets for the number of assisted new, rehabilitated, and existing units which bore no relationship to the contents of housing assistance plans, by failing to use the traditional public housing program to provide needed new housing units, and by structuring and administering the section 8 program in a way to make it a virtual nullity as a useful tool to assist newly constructed and rehabilitated units.

The conferees felt that the Senate bill, in mandating a minimum level of new construction, was an inappropriate response to HUD's failure to carry out the 1974 Act provisions since it merely substituted a Congressional determination of housing mix for an executive determination. In either case the framework of the 1974 Act's reliance on local determination would be violated. The conference report accordingly reiterates the existing requirement that housing funds be allocated for new, rehabilitated, and existing units in communities with housing assistance plans in accordance with the goals specified in their housing assistance plans, to the maximum extent practicable and consistent with section 213(d) of the 1974 Act. This provision could be applied by HUD within areas as large as housing market areas.

With respect to the approval or disapproval of housing assistance plans as part of community development block grant applications, the Secretary of HUD would continue to have the same authority pursuant to section 104(c) of the Housing and Community Development Act of 1974 which the Secretary currently has.

Again, the conferees recognize that the success of the local determination policy contained in the conference report will depend on the performance of HUD in implementing that policy. The conferees have identified several abuses by HUD over the past 18 months but by no means should those which are identified here be considered as exhaustive.

The practice by HUD of establishing national targets for the number of assisted new, rehabilitated, and existing units is inconsistent with local determination of housing mix. These national targets have been translated into areawide targets. As a result, communities which have provided for new construction in their housing assistance plans and have sponsors interested in developing that housing have been required by HUD to accept existing housing units instead because the area's target for new construction had been reached.

It is apparent to the conferees that HUD is quite aware of the conflict between HUD targets and the contents of local housing assistance plans because it has attempted to pressure communities into preparing housing assistance plans which more nearly conform to HUD's targets for the mix of new and existing housing. The following letter from a HUD official is but one example:

Department of Housing
and Urban Development,
Philadelphia Area Office,
Philadelphia, Pa., February 23, 1976.

To: All community development block grant applicants.

Subject: Section 8 Housing and CDBG applications.

For the foreseeable future, it appears that developers and state agencies will continue having difficulties in obtaining needed financing for Section 8 New Construction. We at HUD are concerned that communities and HUD work together to make maximum use of communities' existing housing stock—a priority of both HUD and the Congress.

When you are preparing your Second Year Housing Assistance Plan, therefore I urge you to seriously consider emphasizing the Section 8 Existing program—rather than New Construction or Substantial Rehabilitation in your three year goal. The Section 8 Existing program can be used either as a "finders keepers" program in which households find and move into units meeting Housing Quality Standards or as an "in place" program to subsidize households living in units meeting Housing Quality Standards but now paying an excess of their incomes for rent. Either method can meet the housing needs of many elderly households and families.

In addition, I would like to encourage you to further consider the use of CDBG rehabilitation and code enforcement activities, rather than the use of CDBG funds for acquisition of sites for subsidized housing. In general, Section 8 New Construction projects do not require a financial write down in land costs or site improvements. Given limited resources at local and federal levels, you should utilize your CDBG dollars in other ways which still address your pressing housing and community development needs.

You should be prepared for a wait of perhaps three to five years for new Section 8 units to become available.

I recognize, of course, that not all communities can effectively utilize a Section 8 Existing Program. In addition, extraordinary local conditions may determine that Section 8 New Construction is the only strategy which addresses local housing needs and that CDBG monies should be spent for advance site acquisition and preparation. You should be aware, however, that all Section 8 sites must meet specified site and neighborhood criteria and that CDBG approval by HUD does not necessarily imply HUD approval of the cleared site for Section 8 units.

In general, I strongly urge you to consider the thrust of this message—to conserve the existing housing stock—in your housing planning for your CDBG application.

Sincerely,

Paul T. Cain,
Area Director.

The reference in the above letter to the difficulties in developing new housing units under section 8 points up another aspect of HUD's performance. The conferees, in fashioning the 1974 Act, did not believe they were providing for a housing program for lower-income persons which was cyclical in nature, and which therefore could not produce housing when interest rates were high and when financing for multi-family units was generally tight. The unwavering housing policy of the Congress has been to provide programs and funds to produce a high volume of units for lower-income persons regardless of market conditions. When the new section 8 program was authorized in 1974, the conferees made clear that should HUD emphasize this program and should it not produce units in a timely manner, other programs, such as public housing and section 236, should be utilized.

Not only has HUD kept all its eggs in the section 8 basket, it has made that program, through numerous policies and administrative directives unattractive for the development of new and substantially rehabilitated housing units. One of the major HUD-imposed stumbling blocks to section 8 development has been the contract rent ceilings determined by HUD on the basis of "comparable" rents being charged in the community in existing rental projects. The conferees wish to reaffirm the statements in the House and Senate committee reports which direct HUD to establish contract rents which result in sound development rather than non-development. The conferees expect that in the future HUD will not discourage the development of new and rehabilitated section 8 projects because market or other conditions make unassisted apartment development unattractive.

Public housing

The Senate bill required that at least $200,000,000 of the new contract authority provided on October 1, 1976, be used under the traditional public housing program for newly constructed and substantially rehabilitated low-income projects. The House amendment left to the discretion of HUD the relative allocation of the new authority as between section 8 projects and traditional public housing projects, and also left open the relative use of funds to finance the development of new public housing projects and the acquisition of existing units.

The conference report directs HUD to allocate at least $140,000,000 in contract authority for traditional public housing, at least $100,000,000 of which must be used for the provision of additional new or rehabilitated low-income projects. Thus, the conference report both reduces the size of the public housing set-aside contained in the Senate bill and moves closer to the House provision which provided greater discretion in the use of the additional contract authority.

Indian housing

The Senate bill requires that at least $17,500,000 in contract authority be made available on July 1, 1976, for public housing for members of Indian tribes. The House amendment required that at least $17,000,000 of the additional contract authority provided on October 1, 1976, be made available for public housing for members of Indian tribes. The conference report contains the House provision.

Public housing modernization

The Senate bill required that at least $60,000,000 of the additional contract authority provided on October 1, 1976, be made available for the modernization of existing public housing projects. The House amendment contained no similar provision. The conference report contains the Senate provision.

Public housing operating subsidies

The Senate bill authorized $576,000,000 for fiscal year 1977, and the House amendment authorized $575,000,000 for grants to public housing authorities to meet deficits arising because operating costs exceed rental incomes. The conference report contains the Senate provision.

The conferees note that HUD testified that, in calculating the need for $576 million in operating subsidies, the Department has presumed implementation of a revised and improved Performance Funding Formula developed for HUD by the Urban Institute. The conferees expect the Department to implement this revised formula as soon as possible and to report its progress to both committees within 30 days.

Outstanding appropriations

The Senate bill contained a provision, not in the House amendment, which required that any appropriations for public housing and section 8 available after October 1, 1976, be used for new construction and rehabilitation and for public housing in the same ratio as the additional authority provided on October 1, 1976, was required to be used. The conference report does not contain the Senate provision.

Eligibility for Traditional Public Housing and Section 8

The Senate bill contained a provision, not in the House amendment, which makes single non-elderly persons eligible for occupancy of public housing and section 8 units up to 10 percent of a public housing agency's units, provided that single persons who are elderly, handicapped or displaced get preference for admission. The conference report contains the Senate provisions. The conferees expect the Secretary of HUD to limit the applicability of this provision to situations involving the rehabilitation of an existing structure, the conversion of an existing project to a public housing or section 8 project, the filling of vacant efficiencies which are not appropriate for occupancy by elderly or handicapped, and any other similar situation where it would be appropriate for single persons to receive assistance.

DEFINITION OF ASSISTANCE PAYMENTS AS INCOME

The Senate bill contained a provision which provided that subsidies under the public housing or section 8 programs would not be considered as income in determining eligibility for, or the amount of assistance under, the Social Security Act or any other federal law. The House amendment contained a similar provision, but applicable to supplemental security income payments of beneficiaries of assistance payments under any federal housing program. The House amendment also contained a provision, not in the Senate bill, which excluded social security increases occurring after May 1976 from the income of occupants of subsidized housing units for purposes of determining the rentals to be paid by such occupants. The conference report contains the House provision only with respect to the exclusion of housing assistance payments in the determination of supplemental security income payments.

CONTRACTS FOR SECTION 8 PAYMENTS IN FARMERS HOME PROJECTS

The Senate bill contained a provision, not in the House amendment, which authorized section 8 housing assistance contracts of up to 40 years in cases of projects financed by the Farmers' Home Administration. The conference report contains the Senate provision.

PAYMENTS WITH RESPECT TO VACANT SECTION 8 UNITS

The House amendment contained a provision, not in the Senate bill, which authorizes the Secretary of HUD to make section 8 payments with respect to vacant units beyond the current 60-day period, but only for up to 12 months in the amount of the debt service attributable to the unit, and subject to other limitations. The conference report contains the House provision.

ASSISTANCE PAYMENTS TO FHA PROJECTS

The Senate bill contained a provision, not in the House amendment, which authorized $154,000,000 to provide section 8-type assistance payments with respect to FHA-insured projects threatened with foreclosure, or where the projects are currently owned by HUD or subject to mortgages held by HUD. The conference report does not contain the Senate provision. Instead the conferees direct that any assistance provided by HUD for this purpose will be made available from the $850,000,000 in additional contract authority provided by the conference report on October 1, 1976, for the public housing and section 8 programs, but only to the extent, in any community with an approved housing assistance plan, that the community has provided for such use in its housing assistance plan or has otherwise given its approval for such use. The conferees intend that the local communities with housing assistance plans, not HUD, will identify the projects for which such assistance could be made available.

SECTION 235. HOMEOWNERSHIP ASSISTANCE

The Senate bill contained a provision not in the House amendment increasing the contract authority for section 235 by $200 million. The conference report does not contain the Senate provision.

The Senate bill contained a provision not in the House amendment which would require that the mortgage insurance premium under section 235 not exceed the premium under 203(b). The conference report does not contain this provision.

The House amendment contained a provision not in the Senate bill which would raise the income limit for eligibility for section 235 assistance from 80 percent of median to 95 percent of median. The conference report contains the House provision.

Both the House amendment and the Senate bill contained provisions increasing the mortgage limits for section 235. The conference report contains the House provision which increased the mortgage limits for families with less than 5 persons from $21,600 to $25,000 (and from $25,200 to $29,000 in high-cost areas) and for families with five or more persons from $25,200 to $29,000 (and from $28,800 to $33,000 in high-cost areas).

SECTION 236. RENTAL ASSISTANCE

The Senate bill contained a provision not in the House amendment extending the section 236 program to September 30, 1977. The conference report contains this provision.

The House amendment contained a provision not in the Senate bill stipulating that, in 236 projects with separate utility metering an amount allowed for utility costs should be included in determining whether a tenant is paying 25 percent of income toward rent. The conference report contains this provision. The conferees expressed their intent, however, that the management of these projects should strongly discourage tenants from the over-use of utilities, and should work to promote energy conservation in the project.

FHA MORTGAGE LIMITS IN MULTIFAMILY HOUSING

The Senate bill increased the mortgage limits for FHA insured mortgages on multifamily housing by 50 percent for 0 bedroom units and 20 percent for 1 bedroom units. The House amendment provided an across-the-board 20 percent increase in mortgage limits, but reduced the allowable high-cost area increment from 75 percent to 50 percent. The conference report contains the House provision modified to include the Senate provision with respect to 0 bedroom units.

FHA INSURANCE FUNDS

The Senate bill authorized the transfer of all insurance obligations for Section 221 projects from the general insurance fund to the special risk insurance fund. The House amendment authorized appropriations of $500 million to cover general insurance fund losses. The conference report contains the House language.

FHA INSURANCE FOR MILITARY HOUSING

The House amendment contained a provision, not in the Senate bill, which authorized FHA mortgage insurance for military personnel and others in housing markets impacted by military installations. The provision permitted HUD to waive any requirement in the National Housing Act, including economic soundness requirements, but excluding labor standards, if inconsistent with the objectives of the section. The conference report does not contain this provision.

CO-INSURANCE

The Senate bill contained a provision increasing HUD's authority to allow flexibility in risk-sharing between HUD and any co-insuring lender. The House amendment allowed this increased flexibility only for multifamily projects where the co-insurer is a public housing agency or insured depository institution. The conference report contains the House language, with an amendment extending this flexibility to State-insured depository institutions.

The Senate bill contained a provision allowing HUD to make loans to mortgages with respect to co-insured projects in default. The House amendment contained a similar provision, but restricted these loans to projects co-insured by a public housing agency. The conference report contains the House language.

The Senate bill contained a provision not in the House amendment allowing HUD to charge a higher premium on loans co-insured by a public housing agency than on loans insured under regular FHA programs. The conference report deletes this provision. The conferees wish to make clear, however, that public housing agencies are not prohibited under section 244 from charging an additional premium of their own, over and above the premium charged by FHA.

The House amendment contained a provision, not in the Senate bill, allowing an increase of up to 5 percent in the HUD-determined replacement cost reserve for a project if such an increase is allowed by the co-insuring public housing agency. The conference report contains this provision.

The House amendment contained a provision not in the Senate bill exempting co-insured loans from state insurance regulation. The conference report contains this provision.

COMPENSATION FOR DEFECTS IN EXISTING FHA HOUSING

The Senate bill contained a provision not in the House bill extending the application deadline for requesting defect compensation under Section 518(b) of the National Housing Act (covering certain FHA Section 203 and 221 homes purchased between 1968 and 1973) until 4 months after enactment of the bill. The conference report contains this provision.

The Senate bill contained a provision not in the House bill creating an interim compensation program under Section 518(b) for homes purchased between 1973 and enactment and covered by mortgages insured under sections 203 and 221, allowing one year from the date of enactment to apply. The conference report contains this provision.

The Senate bill contained a provision not in the House bill creating a new, permanent defect compensation program for all 1–4 family existing housing purchased with FHA insured loans. This new program applied to all existing homes purchased with FHA-backed financing after the date of enactment. The conference report contains the Senate provision with an amendment directing a study and report by HUD, instead of a new permanent program at this time, of the need for and feasibility of an inspection, buyer information and warranty against defect program for all 1–4 family existing homes purchased with FHA-backed financing. The conferees urge the Secretary to expand the study required by this provision to include homes purchased under other financing methods. The provision of the conference report, however, is no more extensive than the limits of the program proposed by the Senate and applies only to 1–4 family existing dwellings purchased with FHA-insured loans.

The Senate bill contained a provision not in the House bill providing that the interim 1973–76 compensation program created by the bill would differ from the current Section 518(b) program in that it would not be restricted to older, declining urban areas and would use a more liberal definition of an eligible defect. The conference report does not contain this provision.

SECTION 202. LOANS FOR HOUSING FOR ELDERLY AND HANDICAPPED

The Senate bill contained a provision which would increase the borrowing authority for section 202 loans by $2.5 billion on July 1, 1976. The House amendment would increase the authority from $800 million to $1.475 billion upon enactment, to $2,387,500,000 on October 1, 1977, and to $3.3 billion on October 1, 1978. The conference report contains the House provision.

The House amendment contained a provision not in the Senate bill which would require approval in appropriations acts of all borrowing authority under section 202 in excess of $800 million. The conference report contains the House provision.

The Senate bill contained a provision not in the House amendment which would establish the interest rate on loans under section 202 on the basis of the average interest rate on all interest bearing obligations of the United States forming a part of the public debt, to be computed at the end of the fiscal year preceding the date on which the loan is made. Under current law, the 202 interest rate is established on the basis of the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans. The conference report contains the Senate provision.

The House amendment contained a provision not in the Senate bill which would delete statutory language excluding the receipts and disbursements of the section 202 fund from the Budget of the United States. The conference report does not contain the House provision. It is anticipated that the Congress will be receiving the recommendations of its Budget Committees on this subject in the near future in the light of which this issue should be carefully reconsidered.

The House amendment contained a provision not in the Senate bill which would change the definition of an eligible elderly family to include two or more persons living together, one such person and another providing care to the first, or a surviving member of the family who was living in the unit at the time another member died. The conference report contains the House provision.

The conferees are concerned that the comparability test used to determine contract rents for section 8 projects may provide an obstacle to the feasibility of 202 projects. There are simply no comparable units to the housing and related facilities contemplated by the Housing and Community Development Act of 1974. Therefore, the conferees direct HUD to use total development cost and the cost of the land in determining the section 8 contract rents for 202 projects.

SECTION 312. REHABILITATION LOANS

The Senate bill contained a provision increasing the authorization for Section 312 by $150 million for July 1, 1976 to September 30, 1977. The House amendment contained authorization of $100 million for fiscal year 1977. The conference report contains the House provision.

The Senate bill contained a provision not in the House amendment creating a two-tiered interest rate structure for Section 312 loans, continuing the current 3 percent rate for low-income borrowers and allowing HUD to set a higher rate, up to the Treasury borrowing rate plus administrative costs, for higher income borrowers. The conference report does not contain this Senate provision.

EMERGENCY HOMEOWNERS RELIEF ACT

The Senate bill contained a provision not in the House amendment extending until October 1, 1977, the current requirement that Federal supervisory agencies and HUD encourage forbearance in residential mortgage foreclosures and that mortgagees notify the supervisory agency and mortgagor 30 days before starting foreclosure proceedings. The conference report contains this provision, with an amendment deleting the 30-day reporting requirement.

The Senate bill contained a provision not in the House amendment extending until October 1, 1977, the current requirement that HUD report every 2 months on mortgage foreclosures, forbearance and delinquencies. The conference report contains the Senate provision.

PURCHASE PRICE LIMIT ON HOUSING WITH GNMA TANDEM MORTGAGES

Both the Senate bill and the House amendment provided for purchase price limits for housing acquired with GNMA tandem plan mortgages authorized under the Emergency Home Purchase Assistance Act. The Senate bill provided that the purchase price limit would be the median purchase price in the local market area. The House amendment set a purchase price limit of $52,000 ($68,750 in Alaska, Hawaii and Guam). The conference report sets the purchase price limit at $48,000, with an increment to $52,000 in high cost areas and $65,000 in Alaska, Hawaii and Guam.

ELIGIBLE COMMUNITY DEVELOPMENT ACTIVITIES

The House amendment contains a provision not in the Senate bill which authorizes the use of community development block grant funds for the provision of centers for the handicapped. The conference report contains the House provision.

PARTICIPATION OF NEW COMMUNITY PROJECTS

The House amendment contains a provision not in the Senate bill which makes certain new community projects carried out under Title X of the National Housing Act eligible for discretionary fund assistance of the community development block grant program if such projects meet the same eligibility criteria as new community projects being carried out under Title VII of the 1970 housing act. The conference report contains the House provision.

SUPPLEMENTAL BLOCK GRANT UNEMPLOYMENT PROGRAM

The House amendment contains a provision not in the Senate bill authorizing a program of supplemental community development block grants in areas of high unemployment. The conference report does not contain this provision.

HUD RESEARCH AUTHORIZATION

The House amendment contains provisions not in the Senate bill which establish a $65 million authorization level for HUD research activities for fiscal year 1977, delete the separate authorization for the housing allowance experiment, and allow certain delegations of contract authority to other Federal agencies. The conference report contains the House provision.

FARMERS HOME ADMINISTRATION

The House amendments contain provisions not in the Senate bill which (1) make the determination of the Treasury going rate (as the basis for the FmHA rate) upon request of the Secretary of Agriculture rather than annually and (2) permit FmHA to continue processing loan applications and other actions received before an area is redesignated from rural to non-rural. The conference report contains the House provision.

NATIONAL INSTITUTE OF BUILDING SCIENCES

The House amendments contain a provision not in the Senate bill which authorizes $5 million in each of fiscal years 1977 and 1978 as startup funding for the National Institute of Building Sciences. The conference report contains the House provisions.

HUD COUNSELING TO MORTGAGORS

The House amendments contain a provision not in the Senate bill which would require HUD to carry out a study on the need for and the effectiveness of unsubsidized mortgagor counseling. The conference report contains the House provision.

FLOOD INSURANCE

The Senate bill contained a provision not in the House amendment extending the emergency flood insurance program, which allows flood insurance in areas awaiting rate map studies, from December 31, 1976, to September 30, 1977. The conference report contains this provision.

The Senate bill contained a provision exempting from the program's lending sanctions under Section 202(b) loans for acquisition or refinancing for residences completed and occupied prior to January 1, 1976. The House amendment exempted loans for acquisition or refinancing of residences occupied before March 1, 1976, or within 1 year after designation of area as a flood hazard area, whichever is later. The conference report contains the House provision.

The Senate bill contained three other provisions not in the House amendment allowing exemptions from the program's Section 202(b) lending sanctions:

(1) Loans for improvement or rehabilitation up to $10,000 for residences occupied before January 1, 1976. The conference report contains this Senate provision, with an amendment reducing the maximum loan to $5,000. It is the intention of the conferees that such home improvement loans permitted by this provision could not be used for major additions to the property.

(2) Loans for acquisition of buildings occupied by small business concerns before January 1, 1976. The conference report contains this provision, with an amendment authorizing the Secretary of HUD to define small businesses for the purposes of this exemption and to establish the maximum loan amounts.

(3) Loans up to a HUD-determined amount for non-residential additions or improvements to a farm. The conference report contains this provision, with an amendment restricting the exemption to loans for additions and improvements to buildings that are to be used solely for agricultural purposes. It is the intention of the conferees in this provision to enable farmers to obtain financing in order to assist them in making necessary improvements for the non-residential agricultural structures on their farms.

The House amendment contained a provision not in the Senate bill authorizing $100 million for fiscal year 1977 for flood insurance maps and surveys. The conference report contains this provision.

The Senate bill contained a provision not in the House amendment allowing communities not participating in the flood insurance program to receive certain Federal assistance for disasters not involving flooding. The conference report does not contain this provision.

COMMUNITY DEVELOPMENT GRANT ALLOCATION

The Senate bill contained a provision not in the House amendment clarifying the priority of funding under the Community Development Act in the event that the funds available are insufficient to meet total entitlements specified in the Act. The conferees agreed to the Senate provision amended to establish that, in the event that the amount appropriated for block grants is insufficient to meet formula and hold harmless entitlements as specified in the law, the Secretary shall make proportional reductions in such entitlements. In adopting this amendment, the conferees intend to make clear that all entitled communities would absorb any shortage of funding in amounts proportional to their entitlements.

Section 701. Comprehensive planning

The Senate bill contained a provision authorizing $100 million for fiscal year 1977 for section 701 planning. The House amendment contained an authorization of $75 million. The conference report contains the Senate provision.

The House amendment contained a provision not in the Senate bill prohibiting HUD from allocating section 701 assistance funds on the basis of an applicant's prior participation in the program. The conference report contains this House provision.

The conferees also expressed their intent that HUD administer the program in a manner consistent with the provisions of section 701(a) which permit assisted governments to engage private planning consultants where they deem such services appropriate.

Confirmation of the Federal Insurance Administrator

The Senate bill contained a provision not in the House amendment requiring that the FIA Administrator be appointed by the President and confirmed by the Senate, effective January 1, 1977. The conference report does not contain this provision.

Confirmation of Goverment National Mortgage Association President

The Senate bill contained a provision not in the House amendment requiring that the President of GNMA be appointed by the President and confirmed by the Senate. The conference report contains this provision.

Special Assistant for Cooperative Housing

The Senate bill contained a provision not in the House amendment updating the duties of the HUD Special Assistant for Cooperative Housing. The conference report contains this provision.

Planning assistance for new communities

The Senate bill contained a provision not in the House amendment extending the new community planning assistance program until October 1, 1977. The conference report contains this provision.

Urban homesteading

The Senate bill contained a provision not in the House amendment increasing the authorization for the HUD urban homesteading program to $6.25 million for fiscal year 1976 and the transition quarter, and by $5 million in both fiscal year 1977 and fiscal year 1978. The conference report contains this provision.

HUD day care center

The Senate bill contained a provision not in the House amendment authorizing HUD to operate a day-care facility for children of employees. The conference report contains this provision. The conferees direct that HUD provide no funds for the operation or equipment of the facility but merely prepare and provide the space for the facility, and initial equipment on a reimbursable basis.

Inter-American Savings and Loan Bank

The Senate bill contained a provision not in the House amendment which would allow Federal savings and loan associations to invest up to 1 percent of assets in the Inter-American Savings and Loan Bank without requiring that such investments be guaranteed by AID. The conference report contains this provision.

Henry S. Reuss,
Thomas L. Ashley,
Leonor K. Sullivan,
William S. Moorhead,
Robert G. Stephens, Jr.,
Fernand J. St Germain,
Henry Gonzalez,
Parren J. Mitchell,
Jerry M. Patterson,
John J. LaFalce,
Les AuCoin,
Managers on the Part of the House.
William Proxmire,
John Sparkman,
Harrison A. Williams, Jr.,
Alan Cranston,
Adlai E. Stevenson,
Managers on the Part of the Senate .

CONFERENCE REPORT H.R. 12438

Mr. PRICE submitted the following conference report and statement on the bill (H.R. 12438) to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94–1305)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12438) to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—PROCUREMENT

SEC. 101. Funds are hereby authorized to be appropriated during the fiscal year 1977 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $554,100,000; for the Navy and the Marine Corps, $2,995,800,000, of which not more than $104,100,000 shall be available only for the procurement of US–3A COD aircraft and of which $65,800,000 shall be available only for the procurement of the A–6E aircraft; for the Air Force, $6,143,800,000.

MISSILES

For missiles: for the Army, $552,400,000; for the Navy, $1,732,900,000, of which no funds may be expended on the Sparrow AIM–7F missile program until the Secretary of Defense certifies to the Committees on Armed Services of the Senate and the House of Representatives that he has reviewed the test and evaluation results for such missile and has determined, on the basis of such results, that such missile fulfills Navy and Air Force mission requirements and is combat-effective; for the Marine Corps, $71,900,000; for the Air Force, $1,883,100,000, of which $317,000,000 shall be used only for the procurement of Minuteman III missiles.

NAVAL VESSELS

For naval vessels: for the Navy, $6,655,000,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $1,056,500,000, of which $65,200,000 shall be available for plant facilities expansion and modernization for future XM–1 tank production, but none of such funds may be obligated on a specific production site until such time as competitive testing between possible United States XM–1 tank contenders has been completed and a winning United States contractor designated; for the Marine Corps, $29,700,000.

TORPEDOES

For torpedoes and related support equipment: for the Navy, $236,800,000.

OTHER WEAPONS

For other weapons: for the Army, $57,300,000; for the Navy, $73,000,000; for the Marine Corps, $3,500,000; for the Air Force, $400,000.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

SEC. 201. Funds are hereby authorized to be appropriated during the fiscal year 1977 for the use of the Armed Forces of the United States for research, development, test, and evaluation in amounts as follows:

For the Army, $2,281,491,000, except that none of the funds authorized by this Act may be used to initiate Phase 2 engineering development on the 30 millimeter gun for the Advance Attack Helicopter until (1) the Secretary of the Army has selected the ammunition for such gun and notified the Committees on Armed Services of the Senate and the House of Representatives of such selection, and (2) 30 days have expired following the day on which such committees received such notification.

For the Navy (including the Marine Corps), $3,708,101,000; of which not to exceed $2,000,000 shall be available for the completion by June 30, 1977, of the advanced development phase of the Sparrow AIM–7F monopulse missile; and of which $15,000,000 shall be available for the engineering development phase of the AIM–7F monopulse missile, but only if (1) the missile flight test and evaluation results fully demonstrate the ability of such missile to perform in accordance with the specifications and requirements for the AIM–7F monopulse missile, and (2) not less than $5,000,000 has been appropriated for the development of a new adverse weather medium range air-to-air missile and the Secretary of the Navy and Secretary of the Air Force have commenced development of such missile.

For the Air Force, $3,749,530,000; and

For the Defense Agencies, $687,880,000, of which $30,000,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

SEC. 202. For the Director of Defense Research and Engineering, $49,000,000 to be used only for research, development, test, and evaluation of the Trident missile system, including the continued design of the thrust termination system and the development of a backup propellent for such system.

TITLE III—ACTIVE FORCES

SEC. 301. For the fiscal year beginning October 1, 1976, the components of the Armed Forces are authorized end strengths for active duty personnel as follows:

(1) The Army, 789,000;
(2) The Navy, 540,600;
(3) The Marine Corps, 192,000;
(4) The Air Force, 571,000.

SEC. 302. Paragraph (3) of section 138(c) of title 10, United States Code, is amended by adding at the end thereof a new sentence as follows: "Such report shall also identify, define, and group by mission and by region the types of military bases, installations, and facilities and shall provide an explanation and justification of the relationship between this base structure and the proposed military force structure together with a comprehensive identification of base operating support costs and an evaluation of possible alternatives to reduce such costs.".

SEC. 303. (a) Clause (3) of section 1009(b) of title 37, United States Code, is amended by inserting "subject to subsection (c)," after "(3)".

(b) Section 1009 of such title is further amended by adding at the end thereof the following new subsections:

"(c) Whenever the President determines such action to be in the best interest of the Government, he is authorized to allocate the overall average percentage of any increase described in subsection (b)(3) among the elements of compensation specified in subsection (a) on a percentage basis other than an equal percentage basis; however, the amount allocated to the element of monthly basic pay may not be less than 75 per centum of the amount that would have been allocated to the element of basic pay under subsection (b)(3).

"(d) Under regulations prescribed by the President, whenever the President exercises his authority under subsection (c) to allocate the elements of compensation specified in subsection (a) on a percentage basis other than an equal percentage basis, he may pay to each member without dependents who, under section 403(b) or (c), is not entitled to receive a basic allowance for quarters, an amount equal to the difference between (1) the amount of such increase under subsection (c) in the amount of the basic allowance for quarters which, but for section 403(b) or (c), such member would be entitled to receive, and (2) the amount by which such basic allowance for quarters would have been increased under subsection (b)(3) if the President had not exercised such authority.

"(e) Whenever the President plans to exercise his authority under subsection (c) with respect to any anticipated increase in the compensation of members of the uniformed services, he shall advise the Congress, at the earliest practicable time prior to the effective date of such increase, regarding the proposed allocation of such increase among the different elements of compensation.

"(f) The allocations of increases made under this section among the three elements of compensation shall be assessed in conjunction with the quadrennial review of military compensation required by section 1008(b), and a full report shall be made to the Congress summarizing the objectives and results of those allocations.".

Sec. 304. (a) Subsection (a) of section 501 of title 37, United States Code, is amended by (1) striking out "In subsections (b)–(f) of this section—

"(1) 'discharge' means—"

and inserting in lieu thereof "In this section, 'discharge' means—"; (2) redesignating subclauses (A), (B), and (C) of clause (1) as clauses (1), (2), and (3), respectively; and (3) striking out the semicolon at the end of clause (3), as redesignated, and inserting in lieu thereof a period.

(b) Subsection (a) of such section is further amended by striking out clauses (2), (3), and (4).

(c) Subsection (b) of such section is amended to read as follows:

"(b)(1) A member of the Army, Navy, Air Force, Marine Corps, Coast Guard, or National Oceanic and Atmospheric Administration, who has accrued leave to his credit at the time of his discharge, is entitled to be paid in cash or by a check on the Treasurer of the United States for such leave on the basis of the basic pay to which he was entitled on the date of discharge.

"(2) Payment may not be made under this subsection to a member who is discharged for the purpose of accepting an appointment or a warrant, or entering into an enlistment, in any uniformed service.

"(3) Payment may not be made to a member for any leave he elects to have carried over to a new enlistment in any uniformed service on the day after the date of his discharge; but payment may be made to a member for any leave he elects not to carry over to a new enlistment. However, the number of days of leave for which payment is made may not exceed sixty, less the number of days for which payment was previously made under this section after the first day of the second calendar month following the month in which the Department of Defense Appropriation Authorization Act, 1977, was enacted.

"(4) A member to whom a payment may not be made under this subsection, or a member who reverts from officer to enlisted status, carries the accrued leave standing to his credit from the one status to the other within any uniformed service.".

(d) The last sentence of subsection (d) of such section is amended to read as follows: "However, the number of days upon which payment is based is subject to subsection (f).".

(e) Subsection (e) of such section is amended by striking out "Environmental Science Services Administration" and inserting in lieu thereof "National Oceanic and Atmospheric Administration".

(f) Subsection (f) is amended to read as follows:

"(f) The number of days upon which payment under subsection (b), (d), or (g) is based may not exceed sixty, less the number of days for which payment has been previously made under such subsections after the first day of the second calendar month following the month in which the Department of Defense Appropriation Authorization Act, 1977, was enacted. For the purposes of this subsection, the number of days upon which payment may be based shall be determined without regard to any break in service or change in status in the uniformed services.".

(g) The second sentence of subsection (g) is amended to read as follows: "However, the number of days upon which the lump-sum payment is based is subject to subsection (f).".

(h) Notwithstanding the provisions of section 501(b)(1) of title 37, United States Code, as amended by subsection (c), and subject to the limitations prescribed in section 501(b)(3) of such title, as amended by subsection (c), any leave accrued by any member of the Army, Navy, Air Force, Marine Corps, Coast Guard, or National Oceanic and Atmospheric Administration prior to the first day of the second calendar month following the month in which this section is enacted shall, at the option of such member, be paid for on the same basis such leave would have been paid for under the provisions of section 501(b) of title 37, United States Code, on the day prior to the first day of the second calendar month following the month in which this section is enacted.

Sec. 305. The second sentence of section 2 of Public Law 93–274 (88 Stat. 94) is amended by striking out that portion preceding "authority for" and inserting in lieu thereof "The".

TITLE IV—RESERVE FORCES

Sec. 401. (a) For the fiscal year beginning October 1, 1976, the Selected Reserves of the Reserve components of the Armed Forces shall be programed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 390,000;
(2) The Army Reserve, 212,400;
(3) The Naval Reserve, 96,500;
(4) The Marine Corps Reserve, 33,500;
(5) The Air National Guard of the United States, 93,300;
(6) The Air Force Reserve, 52,000;
(7) The Coast Guard Reserve, 11,700.

(b) The average strength prescribed by subsection (a) of this section for the Selected Reserve of any Reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during such fiscal year; and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at any time during such fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such Reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of such individual members.

TITLE V—CIVILIAN PERSONNEL

Sec. 501. (a) For the fiscal year beginning October 1, 1976, the Department of Defense is authorized an end strength for civilian personnel of 1,031,000.

(b) The end strength for civilian personnel prescribed in subsection (a) of this section shall be apportioned among the Department of the Army, the Department of the Navy, including the Marine Corps, the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within 60 days after the date of enactment of this Act on the manner in which the allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for each allocation.

(c) In computing the authorized end strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program and personnel participating in the worker-trainee opportunity program. Whenever a function, power, duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest, he may authorize the employment of civilian personnel in excess of the number authorized by subsection (a) of this section but such additional number may not exceed one-half of 1 per centum of the total number of civilian personnel authorized for the Departmennt of Defense by subsection (a) of this section. The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under the authority of this subsection.

TITLE VI—MILITARY TRAINING STUDENT LOADS

Sec. 601. (a) For the fiscal year beginning October 1, 1976, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 81,429;
(2) The Navy, 66,914;
(3) The Marine Corps, 25,501;
(4) The Air Force, 49,610;
(5) The Army National Guard of the United States, 12,804;
(6) The Army Reserve, 7,023;
(7) The Naval Reserve, 1,257;
(8) The Marine Corps Reserve, 3,562;
(9) The Air National Guard of the United States, 2,232; and
(10) The Air Force Reserve, 1,107.

(b) The average military training student loads for the Army, the Navy, the Marine Corps, and the Air Force and the Reserve components authorized by subsection (a) for the fiscal year beginning October 1, 1976, shall be adjusted consistent with the manpower strengths authorized by titles III, IV, and V of this Act. Such adjustment shall be apportioned among the Army, the Navy, the Marine Corps, and the Air Force and the Reserve components in such manner as the Secretary of Defense shall prescribe.

SEC. 602. Chapter 901 of title 10, United States Code, is amended by adding at the end thereof the following new section and inserting a corresponding item in the analysis of such chapter:

"§ 9315. Community College of the Air Force: associate degrees

"(a) There is in the Air Force a Community College of the Air Force. Such college, in cooperation with civilian colleges and universities, shall—

"(1) prescribe programs of higher education for enlisted members of the armed forces designed to improve the technical, managerial, and related skills of such members and to prepare such members for military jobs which require the utilization of such skills; and

"(2) monitor on a continuing basis the progress of members pursuing such programs.

"(b) Subject to subsection (c), the commander of the Air Training Command of the Air Force may confer an academic degree at the level of associate upon any enlisted member who has completed the program prescribed by the Community College of the Air Force.

"(c) No degree may be conferred upon any enlisted member under this section unless (1) the Community College of the Air Force certifies to the commander of the Air Force Training Command that such member has satisfied all the requirements prescribed for such degree, and (2) the Commissioner of Education of the Department of Health, Education, and Welfare determines that the standards for the award of academic degrees in agencies of the United States have been met.".

SEC. 603. (a) It is the policy of the United States that the United States Navy and the Merchant Marine of the United States work closely together to promote the maximum ingration of the total seapower forces of the Nation. In furtherance of this policy, it is necessary and desirable that special steps be taken to assure that Naval Reserve Officer Training Corps programs (for training future naval officers) be maintained at Federal and State merchant marine academies.

(b) It is the sense of the Congress that the Secretary of the Navy should work with the Assistant Secretary of Commerce for Maritime Affairs and the administrators of the several merchant marine academies to assure that the training available at these academies is consistent with Navy standards and needs.

SEC. 604. The Act of November 24, 1951, Public Law 92-172 (85 Stat. 491), is amended by striking out "1976" and inserting in lieu thereof "1977".

TITLE VII—SUPPLEMENTAL AUTHORIZATION OF FUNDS FOR THE NAVY FOR FISCAL YEAR 1976

SEC. 701. In addition to the funds authorized to be appropriated by the Department of Defense Appropriation Authorization Act, 1976, there is authorized to be appropriated to the Navy during the fiscal year 1976 for research, development, test, and evaluation, $8,000,000.

TITLE VIII—GENERAL PROVISIONS

SEC. 801. (a) The second sentence of section 1401a(b) of title 10, United States Code, is amended by striking out "the per centum obtained by adding 1 per centum and ".

(b) The second sentence of paragraph (2) of section 291(a) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended by striking out "1 per centum plus".

(c) (1) The amendments made by subsections (a) and (b) shall not become effective unless legislation is enacted repealing the so-called 1 per centum add-on provision applicable to the cost-of-living adjustment of annuities paid under chapter 83 of title 5, United States Code. In the event such legislation is enacted, such amendments shall become effective with respect to the cost-of-living adjustment of the retired pay and retainer pay of members and former members of the Armed Forces and the cost-of-living adjustment of annuities paid under the Central Intelligence Agency Act of 1964 for Certain Employees at the same time the repeal of such 1 per centum add-on provision becomes effective wtih respect to such cost-of-living adjustment of annuities paid under such chapter 83.

(2) If any change other than the repeal of the so-called 1 per centum add-on provision referred to in paragraph (1) is made in the method of computing the cost-of-living adjustment of annuities paid under chapter 83 of title 5, United States Code, the President shall make the same change in the cost-of-living adjustment of retired pay and retainer pay of members and former members of the Armed Forces and the cost-of-living adjustment of annuities paid under the Central Intelligence Agency Act of 1964 for Certain Employees. Any change made under this paragraph shall have the same effective date as the effective date applicable to such change made in annuities under chapter 83 of title 5, United States Code.

(3) The provisions of paragraphs (1) and (2) relating to any change in the method of computing the cost-of-living adjustment of the retired pay or retainer pay of members and former members of the Armed Forces shall be applicable to the computation of cost-of-living adjustments of the retired pay of commissioned officers of the National Oceanic and Atmospheric Administration and the retired pay of commissioned officers of the Public Health Service.

SEC. 802. Section 814 (a) of the Department of Defense Appropriation Authorization Act, 1976 (89 Stat. 544), is amended to read as follows:

"(a) (1) It is the policy of the United States that equipment procured for the use of personnel of the Armed Forces of the United States stationed in Europe under the terms of the North Atlantic Treaty should be standardized or at least interoperable with equipment of other members of the North Atlantic Treaty Organization. In carrying out such policy the Secretary of Defense shall, to the maximum feasible extent, initiate and carry out procurement procedures that provide for the acquisition of equipment which is standardized or interoperable with equipment of other members of the North Atlantic Treaty Organization whenever such equipment is to be used by personnel of the Armed Forces of the United States stationed in Europe under the terms of the North Atlantic Treaty. Such procedures shall also take into consideration the cost, functions, quality, and availability of the equipment to be procured.

In any case in which equipment authorized to be procured under title I of this Act is utilized for the purpose of carrying out the foregoing policy, the Secretary of Defense shall report to Congress the full details of the nature and substance of any and all agreements entered into by the United States with any other member or members of the North Atlantic Treaty Organization providing for the acquisition of equipment manufactured outside the United States in exchange for, or as a part of, any other agreement by such member or members to acquire equipment manufactured in the United States. Such report shall be made by the Secretary within 30 days of the date of of enactment of this Act.

"(2) Whenever the Secretary of Defense determines that it is necessary, in order to carry out the policy expressed in paragraph (1) of this subsection, to procure equipment manufactured outside the United States, he is authorized to determine, for the purposes of section 2 of this III of the Act of March 1933 (47 Stat. 1520; 41 U.S.C. 10a), that the acquisition of such equipment manufactured in the United States is inconsistent with the public interest.

"(3) In any case in which the Secretary of Defense initiates procurement action on a new major system which is not standard or interoperable with equipment of other members of the North Atlantic Treaty Organization, he shall report that fact to the Congress in the annual report required under section 302(c) of Public Law 93-365, as amended, including a description of the system to be procured and the reasons for that choice.".

SEC. 803. (a) It is the sense of Congress that weapons systems being developed wholly or primarily for employment in the North Atlantic Treaty Organization theater shall conform to a common North Atlantic Treaty Organization requirement in order to proceed toward joint doctrine and planning and to facilitate maximum feasible standardization and interoperability of equipment. A common North Atlantic Treaty Organization requirement shall be understood to include a common definition of the military threat to the North Atlantic Treaty Organization countries. The Secretary of Defense shall, in the reports required by section 302 (c) of Public Law 93-365, as amended, identify those programs in research and development for United States forces in Europe and the common North Atlantic Treaty Organization requirements which such programs support. In the absence of such common requirement, the Secretary shall include a discussion of the actions taken within the North Atlantic Alliance in pursuit of a common requirement. The Secretary of Defense shall also report on efforts to establish a regular procedure and mechanism within the North Atlantic Treaty Organization for determining common military requirements.

(b) It is the sense of the Congress that progress toward the realization of the objectives of standardization and interoperability would be enhanced by expanded inter-Allied procurement of arms and equipment within the North Atlantic Treaty Organization. It is further the sense of the Congress that expanded inter-Allied procurement would be facilitated by greater reliance on licensing and coproduction agreements among the signatories of the North Atlantic Treaty. It is the Congress' considered judgment that such agreements, if properly constructed so as to preserve the efficiencies associated with economies of scale, could not only minimize potential economic hardship to parties to such agreements but also increase the survivability, in time of war, of the Alliance's armaments production base by dispersing manufacturing facilities. Accordingly, the Secretary of Defense, in conjunction with appropriate representatives of other members of the Alliance, shall attempt to the maximum extent feasible (1) to identify areas for such cooperative arrangements and (2) to negotiate such agreements pursuant to these ends. The Secretary of Defense shall include in the report to the Congress required by section 302(c) of Public Law 93-365, as amended, a discussion of the specific assessments made under the above provisions and the results achieved with the North Atlantic Treaty Organization allies.

(c) It is the sense of the Congress that standardization of weapons and equipment within the North Atlantic Alliance on the basis of a "two-way street" concept of cooperation in defense procurement between Europe and North America could only work in a realistic sense if the European nations operated on a united and collective basis. Accordingly, the Congress encourages the governments of Europe to accelerate their present efforts to achieve European armaments collaboration among all European members of the Alliance.

SEC. 804. (a) Section 2 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251) is amended by inserting after the third sentence thereof a new sentence as follows: "The Congress recognizes that the organizational structure established jointly by the Federal Government and the several States and their political subdivisions for civil defense purposes can be effectively utilized, without adversely affecting the basic civil defense objectives of this Act, to provide relief and assistance to people in areas of the United States struck by disasters other than disasters caused by enemy attack.".

(b) Section 408 of such Act (50 U.S.C. App. 2260) is amended by striking out the first sentence and inserting in lieu thereof the following: "There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act in the fiscal year ending September 30, 1977. No funds may be appropriated for any fiscal year beginning after September 30, 1977, for carrying out the purpose of this Act, unless such funds have been authorized for such purpose by legislation enacted after the date of enactment of the Department of Defense Appropriations Authorization Act, 1977.".

(c) Section 201 of such Act (50 U.S.C. App. 2281) is amended—

(1) by striking out in subsection (e) "Provided further, That the authority to pay travel and per diem expenses of students as authorized by this subsection shall terminate on June 30, 1976."; and

(2) by striking out in the fourth proviso of subsection (h) "until June 30, 1976,".

(d) Subsection (h) of section 205 of such Act (50 U.S.C. App. 2286(h)) is amended to read as follows:

"(h) Funds made available to the States under this Act may be used, to the extent and under such terms and conditions as shall be prescribed by the Administrator, for providing emergency assistance, including civil defense personnel, organizational equipment, materials, and facilities, in any area of the United States which suffers a disaster other than a disaster caused by an enemy attack.".

SEC. 805. (a) During the period beginning on October 1, 1976, and ending on September 30, 1978, each contract entered into by a military department for development or procurement of a major system shall, except as provided in subsection (b), include a deferred ordering clause giving the procuring authority for such system the option to purchase from the contractor involved technical data and computer software packages relating to such system. Such clause shall require such packages to be in sufficient detail to enable such procuring authority to reprocure such system; or a subsystem of such system, from a contractor other than the contractor involved in such contract.

(b) Any procuring authority to whom subsection (a) applies may exempt a particular contract for development or procurement of a major system from the requirements of such subsection, but, prior to the time any such contract without the deferred ordering clause required by such subsection is entered into, the procuring authority concerned shall report his intent to enter into such contract to the Committees on Armed Services and Appropriations of the Senate and House of Representatives with a detailed explanation for such exemption.

(c) For the purposes of this section:

(1) The term "major system" means a composite of equipment, skills, and techniques which is capable of performing, or supporting performance of, an operational role and which requires an investment in research, design, test, and evaluation of not less than $50 million or a total production investment of not less than $200 million.

(2) The term "deferred ordering" means delaying the ordering of an item related to a contract until a need for such item is established and the requirements for such item can be specifically identified for delivery under such contract.

(3) The term "technical data" means, with respect to a major system, recorded data, regardless of form or characteristic, of a scientific or technical nature which is related to such system.

SEC. 806. The President shall include in the budget for fiscal year 1978 a request for funds sufficient to meet the total operation and maintenance costs of the Department of Defense for such year, including reasonably foreseeable increases in both the private and public sectors in the cost of labor, material, and other goods and services.

SEC. 807. Section 2031(a) of title 10, United States Code, is amended by striking out "1,200" in the second sentence and inserting in lieu thereof "1,600" and by striking out the period at the end and inserting in lieu thereof a comma and the following: "except that more than one such unit may be established and maintained at any military institute.".

SEC. 808. It is the sense of the Congress that the Secretary of the Navy shall not take action with respect to closing, disestablishing, or terminating any Naval Reserve Training Center or Facility which was in active use on March 1, 1976, until legislation providing funds for the Selected Reserve of the Naval Reserve for fiscal year 1977 has been enacted into law.

SEC. 809. The Secretary of Defense shall conduct a study to determine whether greater utilization of civilian faculty may be desirable at the service academies and intermediate and senior war colleges. Such study shall identify those subjects in the curriculums of such academies and colleges which are classified as being in the general academic area. The results of such study shall be submitted to the Committees on Armed Services of the Senate and House of Representatives not later than February 28, 1977.

Sec. 810. Notwithstanding any other provision of law, the Secretary of the Navy is authorized to assign Rear Admiral J. Edward Snyder, Jr. (retired), to a command status as the Oceanographer of the Navy for a period not to exceed three years from the date of enactment of this Act.

SEC. 811. (a) (1) The Congress hereby finds and declares that—

(A) the Armed Forces Institute of Pathology offers unique pathologic support to national and international medicine;

(B) the Institute contains the Nation's most comprehensive collection of pathologic specimens for study and a staff of prestigious pathologists engaged in consultation, education, and research;

(C) the activities of the Institute are of unique and vital importance in support of the health care of the Armed Forces of the United States;

(D) the activities of the Institute are also of unique and vital importance in support of the civilian health care system of the United States;

(E) the Institute provides an important focus for the exchange of information between civilian and military medicine, to the benefit of both; and

(F) it is important to the health of the American people and of the members of the Armed Forces of the United States that the Institute continue its activities in serving both the military and civilian sectors in education, consultation, and research in the medical, dental, and veterinary sciences.

(2) The Congress further finds and declares that beneficial cooperative efforts between private individuals, professional societies, and other entities on the one hand and the Armed Forces Institute of Pathology on the other can be carried out most effectively through the establishment of a private corporation.

(b) Chapter 7 of title 10, United States Code, is amended by adding at the end thereof the following new sections:

"§ 176. Armed Forces Institute of Pathology

"(a) (1) There is in the Department of Defense an Institute to be known as the Armed Forces Institute of Pathology (hereinafter in this section referred to as the "Institute"), which has the responsibilities, functions, authority, and relationships set forth in this section. The Institute shall be a joint entity of the three military department, subject to the authority, direction, and ments, subject to the authority, direction, and control of the Secretary of Defense.

"(2) The Institute shall consist of a Board of Governors, a Director, two Deputy Directors, and a staff of such professional, technical, and clerical personnel as may be required.

"(3) The Board of Governors shall consist of the Assistant Secretary of Defense for Health Affairs, who shall serve as chairman of the Board of Governors, the Assistant Secretary of Health, Education, and Welfare for Health, the Surgeons General of the Army, Navy, and Air Force, the Chief Medical Director of the Veterans' Administration, and a former Director of the Institute, as designated by the Secretary of Defense, or the designee of any of the foregoing.

"(4) The Director and the Deputy Directors shall be appointed by the Secretary of Defense.

"(b) (1) In carrying out the provisions of this section, the Institute is authorized to—

"(A) contract with the American Registry of Pathology (established under section 177) for cooperative enterprises in medical research, consultation, and education between the Institute and the civilian medical profession under such conditions as may be agreed upon between the Board of Governors and the American Registry of Pathology;

"(B) make available at no cost to the American Registry of Pathology such space, facilities, equipment, and support services within the Institute as the Board of Governors deems necessary for the accomplishment of their mutual cooperative enterprises; and

"(C) contract with the American Registry of Pathology for the services of such professional, technical, or clerical personnel as are necessary to fufill their cooperative enterprises.

"(2) No contract may be entered into under paragraph (1) which obligates the Institute to make outlays in advance of the enactment of budget authority for such outlays.

"(c) The Director is authorized, with the approval of the Board of Governors, to enter into agreements with the American Registry of Pathology for the services at any time of not more than six distinguished pathologists or scientists of demonstrated ability and experience for the purpose of enhancing the activities of the Institute in education, consultation, and research. Such pathologists or scientists may be appointed by the Director to administrative positions within the components or subcomponents of the Institute and may be authorized by the Director to exercise any or all professional duties within the Institute, notwithstanding any other provision of law.

"(d) The Secretary of Defense shall promulgate such regulations as may be necessary to prescribe the organization, functions, and responsibilities of the Institute.

"§ 177. American Registry of Pathology

"(a) (1) There is authorized to be established a non-profit corporation to be known as the American Registry of Pathology which shall not for any purpose be an agency or establishment of the United States Government. The American Registry of Pathology shall be subject to the provisions of this section and, to the extent not inconsistent with this section, to the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29–1001 et. seq.).

"(2) The American Registry of Pathology shall have a Board of Members (hereinafter in this section referred to as the "Board") consisting of not less than eleven individuals who are representatives of those professional societies and organizations which sponsor individual registries of pathology at the Armed Forces Institute of Pathology, of whom one shall be elected annually by the Board to serve as chairman. Each such sponsor shall appoint one member to the Board for a term of four years.

"(3) The American Registry of Pathology shall have a Director, who shall be appointed by the Board with the concurrence of the Director of the Armed Forces Institute of Pathology, and such other officers as may be named and appointed by the Board. Such officers shall be compensated at rates fixed by the Board and shall serve at the pleasure of the Board.

"(4) The members of the initial Board shall serve as incorporators and shall take whatever actions are necessary to establish under the District of Columbia Nonprofit Corporation Act the corporation authorized by paragraph (1).

"(5) The term of office of each member of the Board shall be four years, except that (A) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, (B) the terms of office of members first taking office shall begin on the date of incorporation and shall expire, as designated at the time of their appointment and to the maximum extent practicable, one fourth at the end of one year, one fourth at the end of two years, one fourth at the end of three years, and one fourth at the end of four years, and (C) a member whose term has expired may serve until his successor has qualified. No member shall be eligible to serve more than two consecutive terms of four years each.

"(6) Any vacancy in the Board shall not affect its powers, but such vacancy shall be filled in the manner in which the original appointment was made.

"(b) In order to carry out the purposes of this section, the American Registry of Pathology is authorized to—

"(1) enter into contracts with the Armed Forces Institute of Pathology for the provision of such services and personnel as may be necessary to carry out their cooperative enterprises;

"(2) enter into contracts with public and private organizations for the writing, editing, printing, and publishing of fascicles of tumor pathology, atlases, and other material;

"(3) accept gifts and grants from and enter into contracts with individuals, private foundations, professional societies, institutions, and governmental agencies;

"(4) enter into agreements with professional societies for the establishment and maintenance of Registries of Pathology; and

"(5) serve as a focus for the interchange between military and civilian pathology and encourage the participation of medical, dental, and veterinary sciences in pathology for the mutual benefit of military and civilian medicine.

"(c) In the performance of the functions set forth in subsection (b), the American Registry of Pathology is authorized to—

"(1) enter into such other contracts, leases, cooperative agreements, or other transactions as the Board deems appropriate to conduct the activities of the American Registry of Pathology; and

"(2) charge such fees for professional services as the Board deems reasonable and appropriate.

"(d) The American Registry of Pathology may transmit to the Director and the Board of Governors of the Armed Forces Institute of Pathology and to the sponsors referred to in subsection (a) (2) annually, and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments.".

(c) The table of sections at the beginning of chapter 7 of title 10, United States Code, is amended by adding at the end thereof the following:

"176. Armed Forces Institute of Pathology.
"177. American Registry of Pathology.".

Sec. 812. This Act may be cited as the "Department of Defense Appropriation Authorization Act, 1977".

And the Senate agree to the same.

Melvin Price,
F. Edward Hébert,
(With reservation.)
Charles E. Bennett,
Samuel S. Stratton,
Richard H. Ichord,
Lucien N. Nedzi,
Wm. J. Randall,
Charles H. Wilson,
Robert L. Leggett,
Bob Wilson,
William L. Dickinson,
Floyd Spence,
Managers on the Part of the House.

John C. Stennis,
Stuart Symington,
Henry M. Jackson,
Howard W. Cannon,
Thomas J. McIntyre,
Harry F. Byrd, Jr.,
Sam Nunn,
Strom Thurmond,
John Tower,
Dewey F. Bartlett,
William L. Scott,
Robert Taft, Jr.,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12438) to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I—PROCUREMENT

Aircraft

Army

EH–1H

The House bill provided $21.7 million for the EH–1H helicopter for the Army. The Senate amendment provided $13.4 million, a reduction of $8.3 million, to reflect a deletion of long-lead items for Phase 2 of the helicopter, based on the excessive long leadtime requested for the funds. After discussion, the conferees agreed that $20.3 million should be provided in fiscal year 1977.

The Senate recedes with an amendment.

Navy

A–6E and US–3A(COD)

The House bill authorized twelve A–6Es in the total amount of $125 million, but no US–3A aircraft were authorized as a result of floor action in the House deleting the authorization. The Senate amendment authorized $169.9 million for twelve US–3A (COD) aircraft, but contained no authorization for the A–6E.

In a spirit of compromise, it was agreed to authorize $104.1 million for the procurement of six US–3As and $65.8 million for the procurement of six A–6Es. Further, the conferees were advised by the Navy that $14.3 million, authorized and funded in FY 1976, was available to be added to the $65.8 million authorized in this bill making a total of $80.1 million available for six A–6Es.

The conferees recognize that no provision has been made to authorize long lead funds for either the US–3A or the A–6E for FY 1978. The conferees recommend that either a reprogramming or supplemental request for the necessary long lead authorization be submitted if production of the planes is to be continued in FY 1978.

The conferees would emphasize the admonition contained in the House Report (94–967) and heed carefully the considered conclusions of this Congress in regard to going forward with continued production of the A–6E.

F–5F Freedom Fighter

The Senate amendment contained $10 million, not in the budget submission, to buy three F–5F two seat trainers for the Navy Fighter Weapons School. The House bill did not contain such authorization.

Senate conferees insisted that these aircraft were badly needed to replace worn-out and borrowed T–38s now in use for pilot training. They further pointed out that these aircraft could be obtained at FY 1975 prices, since they were no longer needed for Foreign Military Sales. This amounts to a saving of approximately $1 million per aircraft.

The House recedes.

Modification of aircraft

The Senate amendment made four reductions to the Navy aircraft modification account totaling $36.7 million. The House bill contained no reductions.

The Senate proposal is specifically to delete the S–3/P–3 Harpoon modifications, but remove the specific A–6 modification language (i.e., delete the $16.0 million A–6 items without prejudice). This has the effect of a general reduction of $10.0 million to the aircraft modifications account.

After a thorough discussion with both sides insisting on their respective position, the House receded.

The House recedes.

E–2C other financing

The Senate bill identified $10.0 million savings in the E–2C program because of the foreign sale to Israel and used these savings to buy three F–5F trainers for the Navy's pilot training school.

The House recedes.

Air Force

F–15 Fighter financing

The Senate amendment reduced the authorization for the F–15 fighter aircraft for the Air Force by $30.1 million to reflect savings related to Foreign Military Sales. The House bill contained no similar reduction.

The House recedes.

F-16 Lightweight fighter

The House bill contained $311.2 million for the F-16 program, the amount requested. The Senate amendment only contained $145.9 million, a reduction of $165.3 million, made on the basis that those funds would not be placed on contracts until fiscal year 1978. Conferees agreed to add $29 million to the Senate authorization of $145.9 million in order to have sufficient authorization available until the FY 1978 bill is enacted.

In adopting this position for the funding of the F-16 the Conferees wish to make it entirely clear that the exclusion of next year's authority from this year's budget request in no way whatsoever reflects a lack of full support for the F-16 as an aircraft or as a program. The pace of the program will remain wholly undisturbed by the Conferees' action. The conferees also caution the Department of Defense that it is expected to take any action deemed necessary to protect the government's interests through the exercise of the options contained in its contract with the manufacturer.

The House recedes with an amendment.

Modification of aircraft

The House bill authorized $41.5 million for two B-52 flight simulators and $2.3 million to begin a KC-135 flight simulator visual modification program. The Senate amendment deleted both items.

Subsequent to the House and Senate bills being passed, Air Force advised the Congress of a major reduction and restructuring of the B-52, KC-135 and C-130 flight simulator programs. The restructured program requested the same total funding but only one B-52 flight simulator for fiscal year 1977.

The Conferees approved the restructured program and agreed to authorize $29.5 for one B-52 flight simulator. However, the Conferees felt that an additional $12.0 million for program support was not required at this time and that request was denied. The Conferees also denied the $2.3 million requested for the KC-135 flight simulator visual modification program.

The House recedes with an amendment.

The House bill contained, for the Civil Reserve Air Fleet (CRAF), $29.3 million to convert presently existing commercial wide-body aircraft to a cargo configuration for use in time of crisis to contribute to the airlift of our oversize requirements. The modification basically consists of a side-cargo and/or nose door and a strengthened floor. The Senate amendment contained no authorization for this program. House conferees cited figures to show that this was the most cost effective airlift enhancement program. However, Senate conferees disagreed with this position and were adamant in their opposition to this program.

After a thorough exchange of views, the Senate reluctantly agreed to authorize $9 million for two mini mods as a test for this concept and the House receded to this position.

AWACS

The House bill contained language in Section 101 providing that of the funds authorized for the procurement of aircraft for the Air Force, the $474,700,000 authorized for procurement of six E-3A Airborne Warning and Control System (AWACS) aircraft could not be obligated or expended until a favorable decision is made by the North Atlantic Treaty Organization allies for procurement of the system. The Senate bill contained no such provision and the Senate conferees vigorously opposed the language of the House bill on the basis that the United States should not be prohibited from buying a system which it believes to be necessary for its own forces on the basis of a decision by allies to procure the aircraft for their own needs. The Senate conferees stated that the House language would cause a stop-work order on the fiscal year 1977 AWACS aircraft on October 1, 1976 (unless NATO agrees to buy the aircraft before then). The Senate conferees further insisted that U.S. Air Force needs the aircraft whether or not NATO buys the AWACS.

The House very reluctantly recedes.

B-1 bomber

The House bill authorized procurement funds as requested for the B-1 bomber for the Air Force ($1,049 million). The Senate amendment authorized the same level of funding as the House, but contained language providing that none of the funds authorized could be used prior to February 1, 1977, for procurement of the B-1 bomber, and providing further that funds may be obligated after January 31, 1977, only if the President certifies to Congress that B-1 procurement is in the national interest. The Senate conferees stated clearly that the purpose of their amendment was to give the incoming President an opportunity to review and pass on the production decision of the B-1 bomber before production funds are obligated. The House conferees are adamant in their position that the obligation of the B-1 production funds authorized in this bill should not be delayed. The Senate conferees pressed their position with unusual vigor. However, the House conferees were adamant.

The Senate, therefore, reluctantly recedes.

Missiles

Army

Lance

The House bill provided $75.5 million, the amount requested for procuremnt of 360 non-nuclear Lance missiles for the Army. The Senate amendment deleted all the authorization.

The Senate recedes.

Navy

Sparrow III

The House Committee had deleted $17 million from the authorization requested for the Sparrow missile, to reduce the buy from 650 to 500 missiles. At the same time, the House had provided in the Research, Development, Test and Evaluation Title of the bill for $15 million for development of a common all-weather missile to replace the Sparrow AIM 7 series missile. The House conferees are without confidence in the Sparrow missile because of its long and unsatisfactory development history. The Senate conferees were adamant that the current AIM-7F is the most reliable and best performing medium range air-to-air missile in the world today.

After considerable discussion, the conferees agreed to restore $12.7 million of the $17 million deleted from the House, with the inclusion of language requiring that procurement of the missile shall proceed only after the Secretary of Defense has certified that the missile is combat ready. The restrictive language is contained in Section 101 of the accompanying Conference Report.

The House recedes with an amendment.

Condor

The House bill authorized $12.7 million, the amount requested, for procurement of 40 Condor missiles for the Navy. The Senate deleted the authorization for Condor on the ground that funds would not be used for contracts until fiscal year 1978. The conferees agree that deletion of authorization is not to indicate lack of continued support for the program.

The House recedes.

Trident missile

As a result of development problems which were encountered subsequent to House and Senate action on the authorization request, the Department of Defense advised that there would be slippage in contracting for Trident missiles and that $165 million could be deleted from the missile account.

The conferees agreed to the $165 million reduction.

Air Force

Minuteman III missile supplemental request

Subsequent to the completion of House action on H.R. 12438, the President submitted an amended budget request containing $317 million for procurement of Minuteman III missiles. Section 301 of the Senate amendment contains language providing that of the amount authorized for missiles for the Air Force, $317 million shall be used only for procurement of Minuteman III missiles.

The House recedes.

Maverick financing

The House bill had provided the authorization requested for procurement of the Maverick missile for the Air Force. The Senate amendment reduced the Maverick authorization by $33.3 million on the basis that a finance adjustment was available because $33.3 million in long lead funds appropriated in fiscal year 1976 were not used, and, therefore, would be available for the Maverick program in fiscal year 1977.

The House recedes.

This action by the conferees should not be construed as requiring de-obligation of funds applied towards foreign sales contracts.

Naval vessels

Trident (ballistic missile submarine)

The House bill provided $1,520.3 million for two Trident submarines, $728.8 million more than requested by the President. The Senate amendment provided $791.5 million for one submarine as requested.

The House recedes.

SSN-688 (nuclear attack submarine)

The House bill provided $1,315.7 million for four nuclear powered attack submarines (SSN-688 class). The Senate amendment provided $713.1 million for two submarines.

The Senate recedes.

CVN (aircraft carrier long-lead funds)

The House bill provided $350.0 million to provide funding for long lead nuclear propulsion components for a follow-on NIMITZ class aircraft carrier. The Senate amendment provided no funds for this purpose. The conferees agreed to authorize $350.0 million, the amount requested by the President.

The Senate recedes.

CSGN (nuclear powered AEGIS cruiser) and DDG-47 (conventional AEGIS destroyer)

The House bill provided $302.0 million for long lead funding of nuclear propulsion items for three CSGN nuclear powered cruisers equipped with the AEGIS air defense system. The Senate amendment provided no funds for the CSGN.

The House bill provided no funds for the DDG-47 destroyer, a conversion of the DD-963 class destroyer design into a platform for the AEGIS air defense system. The Senate amendment provided $858.5 million to fully fund one DDG-47.

The conferees agreed to denial of authorization for both ships. This action is without prejudice to these ship programs. The conferees note that funds are included in Navy Research and Development for continued design effort on both the nuclear strike cruiser and the conventional AEGIS destroyer. Further, the conferees are in agreement that the

Armed Services Committees of the House and Senate will fully consider any supplemental or other authorization request made by the President in connection with these ships.

The House recedes on the nuclear strike cruiser.

The Senate recedes on the conventional AEGIS destroyer.

USS *Long Beach* cruiser (conversion)

The House bill provided $371.0 million for long lead funding for the sensors and weapons necessary for the conversion and modernization of the cruiser USS LONG BEACH (CGN-9), and to provide an initial platform for the AEGIS air defense system on a nuclear-powered strike cruiser. The Senate amendment provided no authorization for the conversion and modernization of this ship. The Conferees agreed to authorize $371 million for this purpose.

The Senate recedes.

DD-963 (destroyer)

The House bill provided $940.0 million for four DD-963 class destroyers in lieu of four of the eight FFG-7 frigates which the President requested. The Senate amendment provided no funds for these ships. The Conferees agreed to authorize no funds for DD-963 destroyers.

The House recedes.

FFG-7 (guided missile frigate)

The President's original budget request contained $1,179.5 for eight FFG-7 class guided missile frigates. The amended request contained $1,700.5 for twelve of these ships. The House bill provided $590.0 million for four ships. The Senate amendment provided $1,79.5 million including long lead funds for eight ships. The Conferees agreed to authorize $1,179.5 million for eight ships.

The House recedes.

AD (destroyer tender)

The House bill provided $508.0 million for two destroyer tenders. The Senate amendment provided $260.4 million for one ship, the amount of the President's request. The Conferees agreed to authorize $260.4 million for one ship.

The House recedes.

AS (submarine tender)

The House bill provided $509.0 million for two submarine tenders. The Senate amendment provided $260.9 million for one ship, the amount of the President's request. The Conferees agreed to authorize $260.9 million for one ship.

The House recedes.

AO (fleet oiler)

The President's amended request contained $205.3 million for two fleet oilers. The House bill provided $204.7 million for two ships. The Senate approved $205.3 million for two fleet oilers. The Conferees agreed to authorize $205.3 million for two ships.

The House recedes.

Cost growth and escalation (FY 1975 and prior-year programs)

The President requested $533.7 million for cost growth on FY 1975 and prior-year programs. The House bill provided $213.7 million. The Senate amendment provided $533.7 million, the full amount of the request.

The President requested $1,089.5 million to fully fund the estimated future escalation payments under contracts for ships authorized in FY 1975 and prior years. The House bill provided $256.4 million for this purpose. The Senate amendment provided $1,089.5 million, the amount requested.

The House recedes.

Tracked combat vehicles

XM-1 main battle tank

Section 101 of the House bill contained language providing that of funds authorized for plant facilities expansion and modernization for XM-1 main battle tank production none of such funds may be obligated to a specific production site until competitive testing is completed and the winning contractor is designated. The Senate amendment contained no such provisions.

The purpose of the House amendment was to preclude spending of funds on a particular site which might not be required when the winner of the competition for the XM-1 is determined.

The Senate recedes to the House language on the XM-1 main battle tank plant facilities expansion and modernization to provide that none of the funds may be obligated until the Army makes a choice of either U.S.-designed model for the XM-1 in the current competition, in which selection is imminent. The limitation refers in no way to letting of production contract or to the testing of any foreign design.

The Senate recedes.

M-60 and M-48 tank financing

The House bill provided the amount requested for procurement of tracked combat vehicles for the Army. The Senate amendment reduced the authorization for tracked combat vehicles for the Army by $53.6 million to reflect potential financial adjustments in the Army tank program from excess prior-year funds. Acceleration of the M-48 A-5 conversion program had resulted in savings of $27.8 million in 1975. In addition, savings from the negotiations of prior-years tank programs in the amount of $25.8 million were anticipated.

The House conferees pointed out that a language change in the second supplemental appropriations act removed restrictive language which had prohibited use of the funds for the additional M-60 A-3 Tank modifications and that the $25.8 million for the M-60 could usefully be used for the procurement of M-60 A3 Laser Range Finders and Solid State Computers.

The House, therefore, recedes with an amendment restoring $25.8 million of the reduction from the Senate amendment.

Torpedos

Captor

The House approved $67.9 million for the purchase of 480 Captor Mines as requested by the Administration.

The Senate amendment deleted $8.2 million in the belief that the Captor Mine had not shown adequate reliability and hence was not ready for acquisition from a second source.

The conferees agreed that competition from a second source is the most likely way to get increased reliability and lower price—as was shown by the Mark 48 torpedo.

The Senate recedes.

Mark 30 target torpedoes

The House allowed $17.9 million for the purchase of 7 Mark 30 Target Torpedoes as requested by the Administration. The Senate deleted all but $2.9 million to be used for reliability testing.

The House recedes.

Other Weapons

Army

XM-204 Howitzer

The House bill provided $7.9 million, the amount requested for procurement of 54 XM-204 Howitzer guns. The Senate amendment reduced the authorization by $6.3 million because of developmental problems in the program.

The House recedes.

Air Force

7.62 mm machine gun

The Senate amendment deleted $2.5 million authorized in the House bill for procurement of 1,210 7.62 MM Machine Guns for the Air Force.

The Air Force was able to procure the machine guns with reprogrammed fiscal year 1976 funds. The authorization is therefore no longer required.

The House recedes.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

General

The Department of Defense requested authorization of $11,058,065,000[1] for the fiscal year 1977 Research, Development, Test and Evaluation appropriations. The following table summarizes the Senate and House modifications to the Research and Development budget request:

R.D.T. & E. SUMMARY

[In thousands of dollars]

	Request	House	Senate	Conference amount
Army	2,376,300	2,271,295	2,284,948	2,281,491
Navy	[1] 4,058,865	3,608,048	3,718,790	3,788,101
Air Force	3,916,600	3,749,200	3,773,430	3,749,530
Defense Agencies	676,300	652,300	670,180	657,880
Test and evaluation	30,000	30,000	30,000	30,000
D.D.R. & E. emergency fund		49,000		49,000
Total budget authority	[1] 11,058,065	10,359,843	10,477,348	10,476,002

[1] Includes $200,000,000 for Navy budget amendment which was submitted after the House had completed action on the bill. The House did not consider the amendment and the Senate deferred it without prejudice.

As shown, the conferees agreed on a total of $10,476,002,000 which is $582,063,000[2] less than the amount requested for fiscal year 1977.

The details of the differences between the House bill and the Senate amendment and the changes adopted by the conferees are reflected in the following table:

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[2] Includes $200 million for budget amendment that was not considered by the House and deleted without prejudice by the Senate.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION SUMMARY OF CONFERENCE ACTION

[In thousands of dollars]

Item No.	Program element	Fiscal year 1977 request	House		Senate		Conference
			Change	Authorization	Change from House	Authorization	
	ARMY—FISCAL YEAR 1977						
1	Materials	10,963		10,936	−500	10,436	10,436
2	Aircraft avionics technology	5,531		5,531	−600	4,931	4,931
3	Aeronautical technology	16,504		16,504	−900	15,604	15,604
4	Aerial scout	26,000	−26,000		+2,000	2,000	2,000
5	Aircraft survivability	3,620	−620	3,000	+620	3,620	3,000
6	Advanced VTOL	9,894	−2,894	7,000	−106	6,894	7,000
7	Advanced attack helicopter	112,101		112,101	+18,700	130,801	130,801
8	Missile technology	29,134		29,134	−1,000	28,134	28,134
9	Surface-to-surface missile rocket	1,000		1,000	+4,000	5,000	5,000
10	Advanced ballistic missile defense	106,851		106,851	−3,851	103,000	103,000
11	High energy laser components	26,490	−5,490	21,000	+5,490	26,490	21,000
12	Army-Navy area, SAM	4,000	−2,000	2,000	−2,000		1,500
13	Stinger	19,949	−6,500	13,449	+6,500	19,949	16,500
14	Kwajalein Missile Range	86,553		86,553	−3,553	83,000	83,000
15	Chaparral, Vulcan	10,184	−2,184	8,000	−3,816	4,184	8,000
16	Lance (improved)	650		650	−650		650
17	Tank and automotive technology	6,099		6,099	−1,000	5,099	5,099
18	Advanced concepts laboratory	4,000	−4,000		+4,000	4,000	2,000
19	Advanced multipurpose missile	3,000	−3,000		+1,000	1,000	0
20	Vehicle rapid fire-Bushmaster	22,512	−3,512	19,000	+2,912	21,912	20,000
21	Howitzer—light 105 mm	249		249	+2,651	2,900	2,900
22	Weapons concepts	2,044		2,044	775	1,269	2,044
23	Lethal chemical munitions	809		809	809		809
24	Ground munitions systems	2,858		2,856	−2,856		2,856
25	Communications electronics	6,345	−500	5,845	−2,245	3,600	4,000
26	Electrical and electronic devices	14,206	−400	13,806	−1,806	12,000	12,000
27	Human factors in military systems	4,231		4,231	400	3,831	3,831
28	Environmental quality	13,199		13,199	−1,199	12,000	12,000
29	Army training technology	4,901		4,901	−1,101	3,800	3,800
30	RPV support technology	2,500	−1,500	1,000	+1,500	2,500	1,500
31	Military infectious disease technology	15,838		15,838	−1,338	14,500	15,838
32	RPV drones	7,478		7,478	−1,800	5,678	5,678
33	Antiradiation missile countermeasures	4,140	−3,140	1,000	+3,140	4,140	2,500
34	Nonsystems training	3,775		3,775	887	2,888	2,888
35	Command and control	9,581	−8,990	591	+8,990	9,581	5,000
36	Testing	35,168		35,168	−2,168	33,000	33,000
37	Evaluation of foreign components	2,010	−1,000	1,000	+1,010	2,010	3,500
38	Operational testing	7,390		7,390	−2,090	5,300	7,390
39	Battlefield systems integration	5,000		5,000	−3,000	2,000	5,000
40	Programwide activities	62,831		62,831	−2,831	60,000	60,000
41	Major R.D.T. & E. facilities—AMC	162,504		162,504	−7,504	155,000	157,000
42	Federal Contract Research Center				−670	−670	−670
43	Heliborne missile guidance technology	1,095	−1,095		+1,095	1,095	0
44	Advance electronic devices	1,500	−1,500		+1,500	1,500	0
	Reimbursements from foreign military sales	−9,897		−9,897		−9,897	−9,897
	Programs not in dispute	1,511,539	−30,670	1,480,869		1,480,859	1,480,869
	Total, Army budget authority	2,376,030	−105,005	2,271,295	+13,653	2,284,948	2,281,491
	NAVY—FISCAL YEAR 1977						
1	Center for naval analysis	8,235	−1,000	7,235	+1,000	8,235	7,985
2	Avionics	13,500	−6,000	7,500	−1,000	6,500	6,500
3	V/STOL development	4,127	−1,127	3,000	+1,127	41,127	3,000
4	Aircraft propulsion (advanced)	13,706	−4,000	9,706	+4,000	13,706	11,706
5	Aircraft systems (advanced)	20,264	−17,972	2,292	+972	3,264	2,500
6	Tactical airborne reconnaissance	8,100		8,100	−2,000	6,100	6,100
7	LAMPS MK III	83,200		83,200	−9,500	73,700	73,700
8	Aerial target systems development	14,477	−3,632	10,845	+3,632	14,477	12,600
9	CH-53E	14,043	−4,043	10,000	+4,043	14,043	12,000
10	F-18	346,900	−46,000	300,900	+46,000	346,900	346,900
11	Strike warfare weaponry technology	42,400	−8,400	34,000	+6,900	40,900	34,000
12	Advanced surface-to-air weapons systems	3,000	−1,000	2,000	+1,000	3,000	3,000
13	Shipboard intermediate range combat system	16,100	−16,100		+12,100	12,100	0
14	Army-Navy SAM	2,700		2,700	−2,700		1,000
15	SLCM (advanced)	32,851	−15,300	17,551	−10,000	7,551	12,551
16	Air-to-air missile systems	29,200	−27,015	2,185	+27,015	29,200	28,000
17	Hi-speed ARM	33,495	−13,495	20,000	+13,495	33,495	30,000
18	NATO Sea Sparrow	11,502	−6,502	5,000	+6,502	11,502	6,000
19	Trident missile system	522,551		522,551	−3,000	519,551	519,551
20	SLCM (engineering)	164,900	−64,900	100,000	+12,250	112,250	107,250
21	Vertical launch standard	15,515	−15,000	515	+5,000	5,515	4,000
22	Fleet ballistic missile system	111,846		111,846	−16,600	95,246	111,846
23	ELF communications	29,800		29,800	−7,325	22,475	27,100
24	Nuclear propulsion technology	32,229		32,229	−1,000	31,229	32,229
25	Ship, submarines and boats technology	28,200		28,200	−1,000	27,200	27,200
26	Aircraft launching and retrieving	6,476		6,476	−2,800	3,676	3,676
27	Advanced identification techniques	4,300	−4,000	300	+4,000	4,300	4,300
28	High performance underwater vehicle	3,000	−2,000	1,000	+2,000	3,000	1,500
29	Advanced command data systems	9,884	−6,026	3,858	+4,226	8,084	3,858
30	Ship development (advanced)	19,297		19,297	−5,300	13,997	13,997
31	Combat systems integration	3,516	−2,079	1,437	+2,079	3,516	1,437
32	Testbed development and demonstration	22,217	−2,217	20,000	+217	20,217	20,000
33	Ship development (engineer)	22,902		22,902	−4,000	18,902	18,902
34	Advanced Marine Corps weapons system	8,300		8,300	−4,100	4,200	6,200
35	5-inch guided projectile	19,349		19,349	−2,000	17,349	19,349
36	Fire control systems	9,300	+5,000	14,300	−5,000	9,300	14,300
37	Major caliber light weight gun	12,217		12,217	−20,00	10,217	21,217
38	Light Weight ASW torpedo	8,438	−8,438		+8,438	8,438	0
39	Chemical warfare weapons	1,460		1,460	−1,460		1,460
40	Directed energy program	4,736	−3,736		+3,736	3,736	0
41	Advanced electronic ocmponents	973	−973		+973	973	0
42	Ocean engineering technology development	14,145		14,145	−1,000	13,145	13,145
43	Integrated information support	7,659		7,659	−1,000	6,659	6,659
44	Educational training	8,849		8,849	−549	8,300	8,300
45	Tactical towed array sonar	14,262		14,262	+8,000	22,252	22,262
46	Foreign weapons evaluation	2,031	−1,031	1,000	+1,031	2,031	3,500
47	Tactical electronics support	5,378		5,387	−500	4,887	4,887

Item No.	Program element	Fiscal year 1977 request	House		Senate		Conference
			Change	Authorization	Change from House	Authorization	
48	R.D.T. & E. ship and aircraft support	55,989		55,885	−2,000	53,989	53,989
49	Federal Contract Research Center				−1,360	−1,360	−1,110
50	All weather attack	1,000	−1,000		+1,000	1,000	1,000
51	A-6 squadrons	5,630	−5,630		+5,630	5,630	0
52	F-401 engine	1,000	−1,000		+1,000	1,000	0
53	Advanced air to air missile	10,652	−4,000	6,652	−3,931	2,721	2,721
54	Anti Ship missile (Harpoon)	1,049	−1,049		+1,049	1,049	0
55	CVNX development	11,472	−11,472		+11,472	11,472	0
56	Laser, countermeasures and counter-countermeasures	1,980	−1,980		+1,980	1,980	8,980
57	F-14 B engine		+15,000	15,000	−15,000		15,000
58	Sparrow follow on missile		+15,000	15,000	−15,000		5,000
59	Long Beach conversion		+11,000	11,000	−11,000		11,000
60	Reimbursements from foreign military sales	−70,003		−70,003		−70,003	−70,003
	Programs not in dispute	2,214,557	−132,700	2,081,857		2,08,1857	
	Total, Navy budget authority	[1] 4,058,865	[1] −450,817	3,608,048	+110,742	3,718,790	3,708,101
	AIR FORCE—FISCAL YEAR 1977						
1	Defense research sciences	86,000		86,000	−10,000	76,000	78,000
2	Environment	24,000		24,000	−1,400	22,600	22,600
3	Aerospace propulsion	37,700	−2,000	35,700	+2,000	37,700	35,700
4	Aerospace avionics	58,600	−2,600	56,000	+2,600	58,600	56,000
5	Air-to-air antiradiation missile	3,000		3,000	−2,000	1,000	1,000
6	Advanced aerial target	9,100	−3,100	6,000	+3,100	9,100	7,500
7	Advanced medium STOL transport	29,300		29,300	−10,000	19,300	29,300
8	CONUS air defense	1,000		1,000	−1,000		0
9	F-15 squadrons	51,000	−45,000	8,000	+45,000	51,000	35,000
10	Advanced ICBM technology (M-X)	84,000	−4,000	80,000	−28,400	51,600	69,000
11	Advanced short-range air-to-air missile systems	10,700	−6,400	4,300	−1,600	2,700	3,500
12	Tactical AIM missile	4,700	−3,000	1,700	+3,000	4,700	1,700
13	Tactical drone support squadron	1,500	−1,000	500	+1,000	1,500	1,000
14	Space surveillance technology	24,500		24,500	−4,000	20,500	20,500
15	Space communications	29,800		29,800	−2,000	27,800	27,800
16	Space defense system	12,800		12,800	−1,800	11,000	12,000
17	SLBM radar warning system	7,000		7,000	−1,000	8,000	7,000
18	Space boosters	13,900		13,900	−1,900	12,000	12,000
19	Conventional weapons	19,000	−2,800	16,200	+2,800	19,000	16,200
20	Armament ordnance development	8,900		8,900	−1,000	7,900	7,900
21	Close air support weapon system	41,000	−16,000	25,000	+16,000	41,000	30,000
22	Human resources	3,500	−1,000	2,500	+1,000	3,500	3,500
23	Low-cost avionics	3,100	−2,000	1,000	+2,100	3,100	1,000
24	Base security	6,200		6,200	−1,000	5,200	5,200
25	Electronic warfare technology	9,300	−1,500	7,800	+1,500	9,300	7,800
26	Advanced computer technology	4,100	−1,100	3,000	+600	3,000	3,000
27	Electro-optical warfare	8,000	−1,500	6,500	+500	7,000	6,500
28	Command, control, communications	6,000		6,000	−3,000	3,000	4,500
29	Tactical information processing and interpretation	9,500		9,500	−1,000	8,500	8,500
30	Reconnaissance electronic warfare equipment	14,200	−1,500	12,700	+1,500	14,200	12,700
31	Advanced airborne command post	79,000	−19,000	60,000	+15,000	75,100	69,000
32	Drone/remotely piloted vehicle systems development	17,000		17,000	−6,000	11,000	17,000
33	Surface defense suppression	28,500	−6,000	22,500	+6,000	28,500	22,500
34	Foreign weapons evaluation	2,000	−1,000	1,000	+1,000	2,000	3,500
35	Applications of information processing technology	2,800	−1,300	1,500	+300	1,800	1,500
36	Precision location strike system	30,000	−10,000	20,000	−3,700	16,300	16,300
37	Airborne warning and control system (AWACS)	109,600	−9,500	100,100	+9,500	109,600	104,600
38	Expendable drones	7,000		7,000	−6,000	1,000	2,000
39	Strategic Air Command communications	11,700		11,700	−3,000	8,700	11,700
40	Long-haul communications	8,300		8,300	−2,300	6,000	6,500
41	Productibility, reliability, availability, maintainability program (PRAM)	10,000		10,000	−10,000		2,500
42	Acquisition and command support	202,200	+500	202,700	−500	202,200	202,700
43	Test and evaluation support	306,400	+1,500	307,900	−1,500	306,400	307,900
44	Advanced systems engineering/planning	12,000	−12,000		+12,000	12,000	10,000
45	Federal contract research centers				−4,270	−4,270	−4,270
46	Low cost aircraft	500	500		+500	500	500
47	Advanced tactical fighter	1,000	−1,000		+1,000	1,000	1,000
48	Tactical AGM missile	2,000	−2,000		+2,000	2,000	500
49	Advanced tactical weapons	7,500	−7,500		+7,500	7,500	0
50	Reimbursements from foreign military sales	−8,000		−8,000	−5,000	−13,000	−13,000
	Programs not in dispute	2,465,700	−5,000	2,460,700		2,460,700	2,460,700
	Total, Air Force budget authority	3,916,000	−167,400	3,749,200	+24,230	3,773,430	3,749,530
	DEFENSE AGENCIES—FISCAL YEAR 1977						
1	DARPA	246,400	−15,000	231,400	+6,400	237,800	236,000
2	DMA	15,719	−1,500	14,219	+1,500	15,719	15,719
3	NSA	198,169	−6,000	192,169	+2,000	194,169	194,169
4	DNA	140,970		140,970	−2,000	138,970	139,970
5	DCA	31,005	−1,500	29,505	+1,500	31,005	29,505
6	Technical support to O.D.D.R. & E./ODTACCS	15,100		15,100	+200	15,300	15,300
7	Foreign weapons evaluation/OSD				+10,000	10,000	
8	Federal contract research centers				−1,270	−1,720	−1,720
9	D.D.R. & E. Emergency fund		+49,000	49,000	−49,000		49,000
	Programs not in dispute	28,937		28,937		28,937	28,937
	Total, Defense agencies budget authority	676,300	−24,000	652,300	+17,880	670,180	657,880
	Director of test and evaluation	30,000		30,000		30,000	30,000
	Total R.D.T. & E. budget authority	[1] 11,058,065	[1] −698,222	10,359,843	+117,505	10,477,348	10,476,002

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[1] Request includes $200,000,000 for Navy budget amendment which was submitted after House completed action on the bill. It has been deleted and therefore is not included in the authorization approved both by the House and Senate.

Conference action on selected subjects in the research, development, test, and evaluation fiscal year 1977 authorization request

Advanced concept laboratory

The House deleted the entire Army request of $4 million to establish a contractor-operated Advanced Concept Laboratory. The Senate amendment restored the total $4 million. The conferees agreed to a funding level of $2 million with the following understanding.

The purpose of the Advanced Concept Laboratory is to enable the Army to evaluate and introduce new concepts. The conferees believe that this laboratory should be managed and directed by Army personnel with in-house expertise. The Army's plan to have an outside source perform this function is unacceptable. Standard contracting procedures should be employed to make use of industry expertise where needed.

The establishment of this laboratory will be closely monitored during its first year to determine whether the Army is developing the necessary in-house capability to make this a useful laboratory.

Advanced ballistic missile defense technology

The House bill authorized the requested amount of $106.8 million. The Senate amendment reduced to $103 million, holding the program to a constant level of effort, with allowance for inflation.

The House recedes.

Ballistic missile systems technology

Both the Senate amendment and the House bill authorized $100 million, a reduction of $18.04 million from the request. However, as part of that reduction, the Senate denied $2.0 million specifically requested to initiate work on limited or light area defense. The House conferees agreed with the Senate position on the limited or light area defense. The Senate also had stated that initiation of work on an exo-atmospheric system was not appropriate under the Ballistic Missile Systems Technology program, and should be done as part of the Advanced Ballistic Missile Defense program. The House conferees maintain that the Department of Defense should have the option of doing the exo-atmospheric work under either program. The Senate conferees agree.

The House conferees agree with the Senate position that the reduction in funds not be applied in any way to disrupt ongoing software requirements incidental to the basic Ballistic Missile Systems Technology program as approved by the Congress.

Advanced attack helicopter—AAH and aerial scout helicopter—ASH

The House bill deleted the $26.0 million requested by the Army for the Aerial Scout Helicopter and authorized the full Army request of $112.1 million for the Advanced Attack Helicopter.

The Senate amendment reduced the ASH request by $24.0 million and added $18.7 million to the AAH account, resulting in an authorization of $130.8 million for the AAH.

The conferees agreed that the Army still lacked a viable program plan for the ASH.

The House, however, agreed to the Senate authorization of $2.0 million for ASH to allow the Army to develop and definitize its program plan.

Included in the Army's request for ASH funds was the requirement to develop a target acquisition system that would be common to both ASH and AAH. This requirement resulted in the Senate's authorization for additional funds for the AAH.

The House conferees accepted the Senate position but expressed serious concern over the projected cost of the target acquisition system package. Many of the components that will make up this sensor system are "off the shelf" items and require only repackaging into a helicopter-type pod.

The conferees require that the Army reassess its funding profile for this sensor system and be prepared prior to the FY 1978 request for authorization to fully address the cost and performance aspects of this system.

Binary chemical agents

The Senate amendment deleted $5.9 million requested under the Army and Navy chemical and biological warfare programs for development of binary munitions. The House bill authorized the full amount requested. The Senate conferees receded to the House with the understanding that DoD provide adequate information with the FY 1978 budget to enable the Congress to assess the future of our chemical warfare policies and programs in a more comprehensive way. Such information should include alternative plans being considered by DoD for phasing binary agents into our current stocks, making explicit the need, timing, and cost of possible courses of action. In addition, plans for upgrading our equipment, training doctrine, and technology for defense against the use of chemical agents against U.S. forces should be defined in detail.

Chaparral/Vulcan

The House bill deleted $2.184 million from the Army request of $10.184 million for Chaparral/Vulcan. The Senate amendment reduced the request to $4.184 million and expressed concern over the Army's lack of plans for a new anti-aircraft gun system and the limited capabilities of the present Vulcan.

The conferees agreed that the Army should develop a firm plan to develop an advanced gun system for the 1980 time frame. In the interim, however, the conferees agreed that the Army should proceed towards a plan to improve the performance of the many existing Vulcan gun systems.

The conferees accepted the House position to provide $8.0 million, provided that the Army proceed with a plan to improve Vulcan, while at the same time developing a firm plan to develop an advanced gun system. Additionally, $3 million of the $8.0 million request is to proceed with the in-house development of an adverse-weather Chaparral missile in view of the current technical and funding problems in the Roland program.

The Senate recedes.

Army high energy laser components

The House bill reduced the $26.5 million requested for fiscal year 1977 to $21 million because of unnecessary overlap between the Army and Navy programs. The Senate amendment authorized the full $26.5 million requested for fiscal year 1977. The House considers that work underway or planned by the Navy duplicates that planned by the Army. The conferees agreed upon the need to strongly support the High Energy Laser Program. However, the conferees are concerned over excessive expenditures for system engineering that would detract from the technology base. The impact of this technology on our national defense could be pivotal. Therefore, the conferees will examine this program next year to assure that the Department of Defense can rationalize the balance between support of system engineering and of the technology base. The Senate conferees receded with the understanding that the reduction should not be interpreted as reflecting negatively on the importance of this program.

Surface-to-surface missile rocket system

The House bill authorized the Army's request of $1.0 million for this program. The Senate amendment added $4.0 million resulting in an authorization of $5.0 million in order to accelerate the development of an area fire support rocket system.

The House conferees recede with the understanding that the Army is to provide to the Committees on Armed Services, prior to the expenditure of any funds, a program plan that delineates the program, the approach, a schedule and funding profile, and the understanding that the Army will include a terminal homing option for this missile rocket system.

Advanced identification techniques

The House bill reduced the Navy's request for $4.3 million to $.3 million. The Senate amendment authorized the full request. The House conferees expressed concern over the fact that many similar techniques that are employed in this advanced identification system have not been effective in an operational environment in previous years. The conferees recognize however that since the technology has changed, there may be potential application for these systems.

The conferees agreed to the Senate funding of $4.3 million. However, the conferees strongly recommend Navy evaluation of the prototype hardware in an operational environment. The results of this evaluation will form the basis for subsequent funding of this program.

The House recedes.

Anti-shipping missile defense missile (ASMD)

The House bill reduced the Navy's request for $3.0 million to $2.0 million. The Senate amendment authorized the full request.

The conferees' direction of last year to develop both the ASMD missile and launcher-compatible guided projectile was not carried out because of appropriations funding constraints. This year the Navy has not requested any funds for the launcher-compatible projectile.

The conferees agreed to provide $3.0 million with the understanding that the Navy will carry the infra-red seeker already developed for the 5-inch guided projectile into hardware evaluation during fiscal year 1977 on the ASMD missile.

The House recedes.

CVNX development

The House bill deleted the entire Navy request of $11.472 million for this program. The Senate amendment authorized the full request.

The conferees believe that improvements to our current class of carriers should be designed in the Navy's ship engineering program elements. The Senate accepted the House position to delete the funding request and to continue any necessary design studies within the funding limitations of the ship engineering (advanced or engineering development) accounts.

Directed energy program

The House bill denied the $3.7 million requested whereas the Senate amendment authorized the entire amount.

The Senate conferees were strong in their support of this program. However, the House conferees were persuasive in this argument that since the Department of Defense has commissioned a group known as the Jason Committee to review the state of this technology and the prospect of future applications for directed energy, funds were not required at this time. If the Jason Committee concludes that the concept is valid and feasible and that hardware should be fabricated, the Navy could accordingly request reprogramming authority.

The Senate recedes.

CH-53E helicopter

The House bill reduced the requested $14.043 million for the Navy CH-53E program by $4.0 million. The Senate amendment provides the full amount requested.

The conferees agreed to restore $2.0 million which will provide a total of $12.043 million. If additional funding is required for unanticipated problems, a reprogramming request will be considered for this program.

High-speed anti-radiation missile (HARM)

The House bill reduced the $33.5 million request to $20.0 million and expressed concern over the technical progress, design status, and cost overruns in the missile's development phase. The Senate amendment authorized the full request.

The conferees agreed with the House position that there was cause for concern in the progress to date in the advanced development phase. It is the understanding of the conferees that there is a thirty-three percent overrun in this phase, and that the performance capability has been degraded. While the conferees authorize $30.0 million for the HARM, the House conferees were adamant in their position that the engineering development phase is not to proceed until:

The performance characteristics of the missile are established;

The advanced development contract is definitized with regard to cost, technical requirements, etc.; and

The Department of Defense provides a report to the Committees on Armed Services on the status and results of the advanced development program and the recommended engineering development plan.

The Navy is also to consider and be prepared to address the possibility for second source engineering development.

The House recedes with an amendment.

Lightweight ASW torpedo

The House bill deleted all of the requested $8.4 million because of technical issues involving the MK-46. The Senate authorized the requested amount. The Senate recedes to the House with the understanding that development of the advanced lightweight ASW torpedo will be vigorously pursued because of the need to improve our capability in this critical area.

The conferees request that the Navy address such important issues as guidance and control, warhead lethality and size, and operational deployment. These will be factors in the review of the fiscal year 1978 request for authorization.

F-18

The House bill reduced the Navy's request for $346.9 million to $300 million. The Senate amendment authorized the full amount.

The House conferees expressed concern over the Navy's plan to develop subsystems in areas where existing hardware exists. An example is the Navy's plan to develop a new on-board computer.

The Navy is directed to give consideration to the competitive procurement by the F-18 prime contractor of an off the shelf on-board computer and report the findings to the Committees on Armed Services.

The conferees authorized the full funding request of $346.9 million, but caution the Navy to develop this aircraft in the most cost/performance effective manner.

Seafarer

The House bill authorized the requested amount of $29.8 million. The Senate bill reduced the amount to $22.4 million eliminating funds for the PISCES experiment ($2.4 million), studies of a deep underground system ($0.3 million), and the start of full scale engineering development ($4.7 million). The conferees agreed to authorize $27.2 million. The House conferees recede on the denial of funds for the PISCES experiment and studies of a deep underground system. The Senate conferees recede to the restoration of $4.7 million for the start of full scale engineering development, but the use is contingent upon: (1) completion of studies of the environmental and biological impact of the Seafarer system and the conclusion that the system poses no unacceptable environmental or biological hazards; (2) selection by the Navy of a candidate site; and (3) a firm plan including a schedule to begin installation of the system at the selected site.

F-14B engine

The House bill authorized $15.0 million for the continued development of a replacement engine for the F-14 aircraft. The Senate amendment provided $1.0 million for the program.

The conferees agreed that the problems with the current engine and the need for more power for the F-14 airplane dictate the need for the new engine.

The conferees intend that the funds be used for initial development of the F-14B engine on a competitive basis including hardware demonstration. The competitive hardware demonstration must be completed in time to permit selection of an engine and initiation of full-scale development on that engine by the end of fiscal year 1977. The Navy selection should be made on the basis of cost, projected aircraft performance, schedule, and other pertinent factors.

The Senate recedes.

Shipboard intermediate range combat system (SIRCS)

The House bill deleted all of the $16.0 million requested for the Shipboard Intermediate Range Combat System (SIRCS), a project to develop a Navy ship missile and gun fire control system for the post 1985 time period. The House position was based on the lack of funding for more urgent, near-term problems with shipboard fire control systems which have higher priority for the fleet but which are not being funded in the present budget.

The Senate amendment reduced the request to $12.0 million on the basis the fiscal year 1977 request was over-budgeted.

The House conferees were persuasive that the Navy's near-term fire control system problems were of higher priority than this project to start a program which will not provide solutions before 1985. The Navy should assign highest priority to development efforts on near-term enhancements in capability.

The conferees agreed to provide $5.0 million in the Fire Control Systems Engineering program element for continuation of the Lightweight Modular Fire Control System (LWMFCS). Of the $5.0 million, a maximum of $2.0 million may be used to complete the industry concept formulation studies on SIRCS.

In view of the urgent need for improved fire control systems, the Navy can if it chooses, submit a reprogramming request in accordance with established procedures to continue the LWMFCS while at the same time continuing the SIRCS program. The conferees emphasized, however, that any future support of SIRCS is contingent upon the Navy's active attention to the near- and intermediate-term fire control problems and needs.

The Senate recedes with an amendment.

Sea launched cruise missile (SLCM)

The Navy requested $17.5 million for the advanced development and $164.9 million for the engineering development for the SLCM in the initial budget submission. A budget amendment requested an additional $15.3 million for advanced development. The budget amendment was submitted too late for House consideration and the Senate deferred the items requested in the amendment without prejudice.

The House bill reduced the funds authorized for engineering development to $100.0 million. The Senate amendment reduced the advanced development funding to $7.5 million and the engineering development request to $112.2 million. The Senate added $5.0 million for a backup turbofan engine for the tactical variant. The conferees deleted the backup turbofan engine, but authorized the $5.0 for application to tactical options.

The conferees agreed to a SLCM funding profile of $12.551 million for advanced development and $107.250 million for engineering development. Specific reductions are as follows:

	Advanced development	Engineering development	Total
Alternate variant:			
Air vehicle	0	−23,000	−23,000
Inhouse	0	2,850	−2,850
Surface option	0	−21,100	−21,100
Land option	−2,900	−10,700	−13,600
B-52 launch	−7,100	0	−7,100
Fiscal year 1977 budget amendment	−15,300	0	−15,300
Total	−25,300	−52,650	−77,950

The conferees recognize the requirement for both tactical and strategic cruise missile capability for our naval forces. The conferees strongly emphasize that the basis for the reduction in this program emanates from the need to better tailor the funding profile and in no way reflects a lack of support for the cruise missile engineering development program. Since the strategic variant of the sea launched cruise missile and the Air Force air launched cruise missile can effectively use the same engine, navigation-guidance system, and warhead, the funding profile is adequate. Similarly, the tactical variant of the SLM is intended to use the Harpoon engine, Harpoon guidance, the Bullpup warhead and an airframe that is common to the strategic variant.

The conferees believe that the date for initial operational capability can be met by this fund profile.

Sparrow AIM-7F missile

The House bill deleted all funds requested by the Navy and Air Force for the Sparrow AIM-7F product improvements. The Senate amendments authorized the full request.

The conferees included language in the bill that allows engineering development of the monopulse missile to proceed only if the missile test and evaluation results of the advanced development phase fully demonstrates the ability of the missile to satisfy the performance requirements and specifications established for the monopulse Sparrow missile. Further, engineering development may not proceed until the Air Force and Navy commence the hardware development of an adverse-weather, air-to-air, medium-range missile as a follow-on to the Sparrow series.

The Navy and Air Force are advised to insure a viable test program for the monopulse that will *clearly* demonstrate the ability of this missile to perform in an operational combat environment.

The Director, Test and Evaluation, is to provide a report to the Committees on Armed Services at the conclusion of the advanced development phase that describes the test plan, the environment (electronic countermeasures, etc.), the test conditions, and the test results and evaluations.

The conferees agreed to provide advanced development hardware for evaluation within a one- to three-year period, and consistent with the current Air Force, Navy requirements definition effort.

Trident

The House bill authorized the entire Navy request of $522.5 million for the Trident missile system. The Senate amendment authorized $519.5 million and precluded the development of the Trident II missile.

In view of the current technical problems in the Trident program, the House accepted the Senate position to postpone the development of the longer-range Trident II missile. The Senate, however, agreed with the House recommendations that the Navy, within the authorized funding level, develop a backup propellent for this very essential program.

The conferees further authorized in Section 202 of the bill, $49 million in emergency funds for specific application to the development problems.

The conferees agreed to consider the Trident II as part of the fiscal year 1978 request for authorization.

Advanced ICBM technology (M-X)

The House bill authorized $80 million of the $84 million Air Force request. The Senate amendment reduced the authorization to $51.6 million. The conferees agreed to a total authorization of $69 million with the following considerations.

The rationale behind the development of a new missile system (M-X) is to provide a land based survivable strategic force. The development of an alternate basing mode as opposed to a fixed or silo based mode is the key element in insuring this survivable force. The conferees are in agreement that providing a survivable system should be the only purpose of this effort, that the design of this system should not be constrained for silo basing; that none of this program's funds shall be expended in fixed or silo basing for M-X; and that none of the program reduction shall reduce the Department's proposed investigations of mobile deployment.

The Senate in its Committee report, directed a comprehensive study of our ICBM force and its role in our national strategic posture. The conferees agreed to this review with the stipulation that it be accompanied by a statement from the President certifying that the study reflects national policy.

Advanced medium STOL transport (AMST)

The House bill authorized the $29.3 million requested by the Air Force. The Senate Amendment reduced the request by $10 million.

The Senate receded to the House position with the understanding that the $10 million provided is to be used for requests for proposals, evaluations and analyses of these proposals, and such other plans and studies that may be necessary for considering full scale engineering development. These proposals and analyses shall include the improved C–130 aircraft as an active competitor for this intra-theatre tactical airlift mission.

However, except for these above proposals, analyses and evaluations considered necessary to this transition effort, the conferees do not intend that the funds authorized shall be used to fund a third contractor to modify existing C–130 aircraft.

The Senate recedes.

Advanced attack weapon

The House bill deleted the entire Air Force request of $7.5 million. The Senate amendment authorized the full amount.

The conferees agreed that the efforts described in the request for the establishment of this new program are already underway in other Air Force research and development programs. The conferees believe that there is adequate funding to conduct the planned effort, and agreed to delete all funds without prejudice.

The Senate recedes.

Close air support weapons systems

The House bill reduced the Air Force request for $41,000,000 to $25,000,000. The Senate amendment authorized the total Air Force request.

Last year the conferees expressed concern over the cost and performance aspects of the imaging infrared seeker. The Air Force was requested to develop a plan that demonstrated the total system cost relative to the increased capability provided by such a seeker. The plan submitted by the Air Force was inadequate and did not address these issues. The issues were addressed on the basis of theoretical predictions without the incorporation of available test and experimental data. Cost was projected on the basis of significant fabrication advances and the cost of ancilliary equipment for the aircraft was ignored.

The conferees agreed to a funding level of $30,000,000 and again emphasized that no funds are to be utilized for engineering development of the imaging infrared seeker until a thorough and pertinent plan is presented to the Committees on Armed Services. This reduction by the conferees is not to be interpreted in any way as a lack of support for the laser seeker missile.

Compass Cope

The House provided all of the $6.0 million requested for this high altitude drone. The Senate deleted all of the funds, on the basis that the $4.9 million available in the FY 7T transition quarter should be adequate to continue the program during FY 1977 and because no mission or payload has been selected yet for the Compass Cope drone.

The conferees agreed to provide $6.0 million, $3.0 million to be available for FY 1977, and the remaining $3.0 million to be available only after a Department of Defense decision to select a mission for Compass Cope and to enter full scale development.

The Senate recedes, with an amendment.

Short range air-to-air missile (AIMVAL/ACEVAL)

The House reduced the Air Force request for $10.7 million to $4.3 million and the Navy request for $10.652 million to $6.652 million. The Senate amendment provided $2.7 million and $2.721 million, respectively, for this program, which is a joint effort to define the operational requirements for a new short-range dogfight missile to follow the Sidewinder series.

The conferees agreed to provide $3.5 million for the Air Force and $2.721 million for the Navy for this program. The conferees reiterate the guidance given in prior years, that the purpose of AIMVAL/ACEVAL is to define the requirements for a common missile to replace the Sidewinder AIM–9L.

The House recedes, with an amendment.

Tactical expendable drones

The House bill provided the $7.0 million requested for two tactical expendable drone programs, a large size decoy drone and a small sized mini-drone. The Senate amendment deleted $6.0 million of the request on the basis that full scale engineering development was premature for both projects.

The conferees agreed to restore $1.0 million to the mini-drone program to permit increased development efforts due to foreign interest in co-development of the concept. The authorization is $2.0 million.

The House recedes with an amendment.

F–15 squadrons

The House bill reduced the Air Force request of $51,000,000 by $45,000,000 authorizing a total of $6,000,000. The Senate amendment authorized the full request.

The House conferees recognize that a system as complex as a tactical fighter aircraft may require additional research and development following production. The F–15 program, however, received $184,000,000 in fiscal year 1975 for research and development and $35,000,000 in fiscal year 1976. No funds were even requested by the Air Force for the transitional period from July 1 to September 30, 1976. The request of $51,000,000 this year was not accompanied by a satisfactory explanation regarding F–15 needs or expenditures. Subsequent to House action, the Air Force identified the tactical electronics warfare system and AIM–9L sidewinder integration as two subsystems requiring additional funding and effort.

The conferees agreed to an authorization of $35,000,000. The conferees agree that further research and development funding will be authorized only after the Air Force presents an R. & D. completion plan to the Committees on Armed Services.

The House recedes with an amendment.

Surface defense suppression

The House bill resulted in a reduction of $6.0 million from the Air Force's request of $28.5 million. The reduction was intended to terminate efforts to develop a glide bomb system for the B–52D aircraft as well as any effort to integrate an imaging infrared seeker on the GBU–15 weapon. The Senate amendment authorized the full amount requested.

The Senate conferees were firm in their position that the B–52 has great utility in support of the sea control mission and felt the development of the weapons needed for that mission should not be discontinued. The conferees agreed that within the amount authorized, up to $2.0 million could be used to continue development of the B–52/GBU–15, along with an advanced development imaging infrared seeker. In addition, the conferees believe the potential armament considered for this mission should not be limited to one system and direct the Air Force to examine the utility of other weapons, such as Harpoon, Navy's MITOR and others. The Air Force must also address the cost of maintaining and operating such a force of aircraft for this mission and report that cost before requesting further funding for this program.

The Senate recedes.

Foreign weapons evaluation

The House bill reduced the combined three Services' requests, totaling $6.041 million, by $3.044 million to $3.0 million. The Senate bill approved full $6.041 million requested and added $10.0 million for a new program under the Director of Defense Research and Engineering.

The conferees agreed to restore the House Reductions and add $1.5 million for each Service, making a total of $10.541 million ($3.5 million for each Service). The Senate conferees agreed to delete the $10.0 million included in the Senate bill for the new DDR&E program. The conferees directed the Secretary of Defense to conduct more vigorous oversight of this program to insure that these funds will be used effectively and for the purposes specifically provided.

Defense Advanced Research Projects Agency (DARPA)

The House bill authorized $231.4 million for DARPA, a reduction of $15.0 million from the $246.4 million requested. The Senate amendment authorized $237.8 million and made reductions in various program elements. The conferees agreed on a total authorization of $236 million, with the reduction of $10.4 million to be applied at the discretion of the Department of Defense.

TITLE III—ACTIVE FORCES

Active duty military strengths authorized in the House and Senate bills differed by a total of 20,200. The conferees agreed to compromise on strengths for each military service as follows:

	House Bill	*Senate Bill*	*Conference Request*
Army	790, 000	787, 100	789, 000
Navy	544, 904	534, 604	540, 600
Marine Corps	196, 000	190, 000	192, 000
Air Force	571, 000	570, 000	571, 000

The conferees suggest that the reductions should be made in the general areas recommended in the Senate report with the following exceptions. The Senate reduction of Army and Air Force requested strengths in part was based on a withdrawal of U.S. forces from Thailand and a corresponding reduction in the overall strengths. The conferees agreed to permit the Army and Air Force to retain the strength authorization made available by the withdrawal from Thailand for improvement in combat unit strengths in the remaining force structure.

The conferees agreed that the Marine Corps should maintain high quality standards for recruiting and retention of personnel. They also agreed that high overall strength targets could create pressure to sacrifice quality in order to achieve numbers. The authorized strength of the Marine Corps in the Conference Report reflects the conferees' determination that the Commandant should continue his policy of putting quality above quantity in the Marine Corps manpower program.

The authorized strength for the Navy reflects a shared concern of the conferees regarding the overall management of Navy manpower and personnel and the use of the Naval Reserve. This authorized strength would permit the Navy to fully man all new ships and to improve the manpower program in the individuals account which have been poorly managed in the past. The conferees agreed that the Navy should vigorously pursue its new man-the-ships-first policy which will substantially improve the manning of the fleet within current strength levels.

It can be expected that many new ships will be added to the fleet in the coming years. The Navy can be expected to request additional end strength, beyond the 540,600 authorized in this Conference Report, to man these additional ships. However, the conferees believe that quality standards should not be sacrificed and that manpower must be used efficiently and effectively. Therefore, the conferees wish to put the Navy on notice that appreciable additional increases in Navy manpower will receive unusually specific scrutiny until the Navy takes steps to manage its manpower more efficiently and to demonstrate persuasively that it is doing so. Accordingly, the Secretary of the Navy is directed to investigate and report to the Armed Services Committees by February 1, 1977, on the specific manpower-saving initiatives he proposes to take to achieve a more balanced Navy manpower program, including increased use of the Naval Reserve, as well as the steps he will take to adopt an effective manpower management system.

In addition, the conferees consider unsatisfactory the lack of progress by the Navy in understanding, defining, and explaining its manpower needs for the Navy shore establishment including individuals. The conferees are aware of the tentative steps now being taken in the Navy to improve the definition of shore requirements and standards, and to establish an adequate manpower planning system. The Navy is directed to accelerate this program with the aim of completion within two years, and further, that a progress report be provided to the Armed Services Committees every six months, beginning December 31, 1976.

Reallocation of compensation increases

The present law provides that when the Civil Service personnel receive a comparability pay increase, the military personnel are to receive a like increase in their Regular Military Compensation with the same percentage of increase applied in the three basic elements of RMC: basic pay, quarters allowance, and subsistence allowance. The President has submitted a legislative proposal which would provide for reallocating a greater portion of compensation increases into quarters allowance, and provide for a rebate of a portion of the reallocated compensation to bachelor personnel. The President's proposal would also have provided for a "fair market rental" system to allow varied levels of rent for married personnel living in government quarters.

Section 303 of the Senate amendment provided authority for reallocation of up to 25 percent of future increases in compensation into quarters allowances. However, the Senate amendment did not include the bachelor rebate or the "fair market rental" portions of the President's proposal.

The House conferees concurred in a reallocation of compensation increases to more nearly meet the costs for which the increases are designed, and as a step in the direction of more adequate quarters allowances for military personnel. The House conferees also concurred in the Senate's position rejecting the "fair market rental" proposal of the Administration. However, the House conferees were adamant that reallocation of compensation increases would be inequitable without also authorizing the President to rebate to single personnel living in barracks and Bachelor Officers Quarters.

The Senate conferees, therefore, agree to include the bachelor rebate as part of the amendment to Section 109(b) of Title 37, United States Code, contained in Section 303 of the Senate amendment.

The House recedes with an amendment.

Payment for unused leave

Section 304 of the Senate amendment to the House bill would amend section 501 of title 37 of the United States Code to limit to 60 days the reimbursement for unused leave during a military member's career. This amendment would delete authority for payment of quarters and subsistence allowances as a part of this reimbursement for leave accrued after the enactment of this legislation. The Senate proposal will save $90 million in fiscal year 1977 and considerably larger amounts annually in future years.

The House bill had no similar provision; however, the House passed separate legislation (H.R. 9573) on November 17, 1975, to the same effect except that quarters and subsistence allowances at current rates were to be included in the reimbursement.

The House vigorously opposed the portion of this amendment deleting subsistence and quarters allowances from leave payments. However, the Senate was adamant.

The conferees agreed that the purpose of authorizing leave is to provide personnel rest and respite from the arduous duties of military service and not to encourage the accumulation of unused leave for additional pay. The Senate conferees argued that the provision, and particularly the elimination of the payment for quarters and subsistence in payments for unused leave, would encourage military members to take leave rather than accumulate it.

Under current law, officers and enlisted personnel are treated differently in the payment of quarters and substance for unused leave. By eliminating such payments, the Senate provision would treat all recipients of unused leave payments in the same manner.

The House reluctantly recedes.

Commissary store operations

The Department of Defense proposed in its FY 1977 budget request to phase out over a three-year period the appropriated fund support to commissary stores for labor-related costs and overseas utility costs. The House rejected this proposal and included language expressing congressional opposition to any change in the present method of providing financial support for military commissaries.

The Senate amendment, on the contrary, included a provision which would have required the phaseout of the appropriated subsidy for commissary operations over a three-year period.

The conferees discussed the commissary issue at great length. The conferees agreed that economies can be realized by improving the efficiency of commissary store operations. Such improvement would permit the commissary subsidy to be gradually reduced while retaining substantially the level of savings experienced by commissary patrons.

The conferees, therefore, direct the Secretary of the Department of Defense to institute management improvements and operational efficiencies for the purpose of reducing the present operating subsidies of the commissaries. The Secretary is further directed to inform the Committees on Armed Services of the House and Senate by February 1, 1977, of the progress accomplished to improve the management of military commissary operations together with the savings achieved as a result of such improvements. Further, the Secretary should submit at that time plans for further improvements and projected savings in subsequent years.

The conferees agreed to strike from the bill both section 708 of the House-passed bill and section 305 of the Senate amendment.

The conferees of both Houses wish to make clear that their actions were intended solely to reduce the amount of appropriated fund support required by the commissaries and were not intended to eliminate commissary stores as such. The conferees of both Houses agreed that this important fringe benefit for military personnel should continue.

Legislative action is not required for improvement in the efficiency of commissary store operations or the gradual reduction of appropriated commissary subsidies. These issues are routinely reviewed in the annual appropriations process. The conferees agree that as less funds are needed for commissary subsidies they should be used for urgent military requirements such as improved readiness.

Bonus authority for military physicians

Section 306 of the Senate amendment extends until June 30, 1977, the section of Public Law 93–274 which provides authority to pay bonuses to physicians of the military services and the Public Health Service up to $13,500 per year. The House bill contained no such provision. The administrative proposal for extension of bonuses arrived subsequent to House consideration of the legislation.

Absent congressional action, the bonus authority of Public Law 93–274 will expire September 30, 1976. The conferees of both houses agreed on the continued need for the bonus authority to retain the minimum number of physicians for the Armed Forces.

The House, therefore, recedes.

The House conferees brought to the attention of the conference the problem which currently exists in the services because physicians included under the Berry Plan due to their initial active-duty obligation are not presently eligible for the bonus. These are specialists often in the position of teaching physicians who are eligible for the bonus. Therefore, a morale problem has been created and the retention among Berry Planners is far below what the Armed Forces medical departments desire. The conference rules prohibit inclusion of Berry Planners in the framework of the Senate amendment. The House conferees, in agreeing to the Senate amendment, therefore, indicated their intention to hold hearings on separate legislation to consider changes of law to authorize bonuses for Berry Plan physicians in the Armed Forces.

TITLE IV—RESERVE FORCES

Title IV of the bill contains the annual authorization for the strength of the Selected Reserve of each Reserve component of the Armed Forces for fiscal year 1977.

The House and Senate positions differed on the strengths for the Army Reserve and the Naval Reserve. There were no differences in the authorizations for any of the other Selected Reserve components.

For the Army Reserve, the Senate had authorized an average strength of 212,400 for fiscal year 1977 while the House had authorized 215,700.

The House receded in the case of the Army Reserve. The conferees noted that the Army Reserve strength has been maintained at a level below the current appropriated level of 212,400 for several months. The conferees agreed that an authorization of 212,400 represents a strength the Army Reserve can hope to attain in fiscal year 1977.

For the Naval Reserve the Senate had authorized 92,000 for fiscal year 1977 and the House had authorized 102,000.

The conferees agreed on 96,500.

The conferees are concerned with the lack of realistic mission assignments for the Naval Reserve as well as the degree of integration of active and Reserve naval manpower and missions. The conferees agree that the reduction of the paid drill strength of the Naval Reserve to 52,000 in the President's budget for fiscal year 1977 was too severe and could have resulted in the loss of important personnel in technical and professional skill areas. At the same time, the conferees agree that the Navy should find improved ways to integrate and restructure the active and Reserve missions and manpower so as to increase the reliance on and reliability of the Naval Reserve.

The Conferees note that real use of the Naval Reserve by the active Navy has decreased in recent years. The conferees recognize the requirements of sea duty may make such integration more difficult than in the other services. However, the continuation of the Naval Reserve strength authorized for fiscal year 1977 will depend upon the ability of the Navy to assign vital missions to the Naval Reserve and integrate the Naval Reserve in the active forces.

It was agreed by the conferees that the 96,500 strength does not require reductions in the current number of Naval Reserve construction battalions (Seabee units).

Administrative-duty pay for Reserve and National Guard commanders

Section 402 of the Senate amendment to the House bill would repeal section 309 of title 37 of the United States Code which entitles Reserve and National Guard commanders additional pay in an amount not to exceed $240 a year for the performance of administrative duties.

The Senate amendment would repeal this entitlement based on the conclusion that conditions have changed since the time this authority was enacted since more paid drills are now provided reserve units and full-time technician assistance is available which alleviate the commanders' administrative burdens.

The House opposed termination of this authority. This additional pay is provided to compensate reserve commanders for the extra time, outside of drill periods, they must spend to accomplish administrative duties. Further, a recent General Accounting Office report ("Need to Improve Efficiency of Reserve Training," June 26, 1975) was critical of the Reserve program because of the amount of administrative duties imposed on commanders because the time spent on these duties detracts from the commanders' availability to conduct unit training during drill periods. In light of this finding, the House considers it inappropriate to terminate this incentive for commanders to perform their administrative duties at other than paid-drill periods.

The Senate recedes.

TITLE V—CIVILIAN PERSONNEL

For fiscal year 1977, the Department of Defense requests an end strength authorization for civilian personnel of 1,035,800.

The House of Representatives authorized a Department-wide end strength of 1,040,981 or 5,181 above the Administration request.

The Senate authorized the end strengths for each of the Services as follows:

Army	373, 500
Navy	318, 581
Air Force	256, 600
Defense agencies	79, 200

The total of these strengths is 1,027,881 or 7,919 below the Administration request.

The conference agreed this year to provide for an overall Department of Defense-wide authorization for civilian personnel in FY 1977 of 1,031,000—a reduction of 4,800 from the Administration request. However, the conferees expect the Department of Defense to continue to request and justify civilian strengths by component.

The conferees believe that this reduction could be accomplished entirely by attrition rather than by means of a reduction-in-force. The House conferees reluctantly agreed to this reduction of 4,800 from the Department's request in light of the fact that the legislation again provides authority (which has not been used to date) to exceed the authorized ceiling by ½ of the total, when the Secretary determines it is in the national interest to do so. One-half percent of this authority amounts to roughly 5,015 personnel which—when added to the authorized—is slightly above the original Department request.

Within this authorization the Secretary of Defense is given authority to allocate the personnel to the military departments and Defense agencies as he deems appropriate.

The conferees suggest that the reduction from the Department of Defense request of 4,800 which this agreement represents be made in the general areas recommended in the Senate committee report.

The conferees request that the Secretary of Defense report to the House and Senate Armed Services Committees within 60 days on the allocation of the reduction to the military services and manpower planning categories therein.

TITLE VI—MILITARY TRAINING STUDENT LOADS

Both the Senate and House authorized the Military Training Student Loads as requested by the Department of Defense and the numbers, therefore, were not subject to conference.

The Senate amendment to the bill however, incorporated a provision which would require the Secretary of Defense to adjust the Military Training Student Loads consistent with the manpower strengths in Titles III, IV, and V.

The House recedes.

Community College of the Air Force

The Senate bill included a provision (Section 602) which would authorize the Commander of the Air Training Command to confer academic degrees at the associate level for enlisted members graduating from the Community College of the Air Force. The Senate Conferees believe that this authority could promote wider recognition and credibility of the Air Force's skilled training program both within the Air Force and within the civilian community.

The House recedes.

Naval ROTC programs at Federal and State Merchant Marine Academies

The Senate bill included a provision (Section 603) stating it to be the policy of the United States that the U.S. Navy and Merchant Marine work to promote integration of the nation's manpower forces. The provision also encourages steps to be taken to maintain Naval Reserve Officer Training Corps programs at the merchant marine academies and expects that the training at these academies meet Navy standards.

The House bill contained no similar provision.

The conferees agreed that it is important that U.S. naval forces and merchant marines be able to fully integrate their operations in an emergency and that to do this it is important for officers of the merchant marine academies to be trained in naval matters in accord with the Navy's standards and needs. The Senate provision would see that such standards are maintained.

The House recedes.

Marine Corps platoon leader pay

Section 604 of the Senate amendment extends for one year the authority of Public Law 92–172 to provide for financial assistance to members of the Marine Corps Officer Candidate Program.

The House recedes.

TITLE VII—SUPPLEMENTAL AUTHORIZATION

U.S.S. *Belknap* cruiser (conversion)

The House bill provided $213.0 million to provide for rebuilding and conversion of the cruiser USS BELKNAP (CG–26) which was damaged by collision and fire. The President, subsequent to House action, requested $213.0 million as a supplemental to the FY 1976 Defense Appropriations Authorization. The Senate amendment would have authorized $213.0 million supplemental authorization for FY 1976, however this item was not included in the FY 1976 Defense Supplemental Appropriations Act. The Conferees agreed to authorize $213.0 million for this purpose.

The Senate recedes.

TITLE VII—SUPPLEMENTAL AUTHORIZATION

The House bill provided $8.0 million for Research and Development and $213.0 million shipbuilding funds to rebuild the Navy cruiser *Belknap* (CLG–26) which was damaged by collision and fire. The President, subsequent to the House bill requested these funds in a fiscal year 1976 supplemental request which was authorized by the Senate amendment.

The House receded to the Senate position to authorize the $8.0 million R&D fund in the fiscal year 1976 supplemental request; the Senate receded to the House position to authorize the $213.0 million shipbuilding fund for fiscal year 1977.

TITLE VIII—GENERAL PROVISIONS

Certification of claims

The House bill provides for certification of all claims. The Senate amendment has no such provision.

The House recedes.

Escalation in operation and maintenance funds

The House bill provides that sufficient provision be made in future authorization requests for escalation for Operation and Maintenance Funds. The Senate amendment had no such provision.

The Senate recedes with an amendment which would give effect to this requirement for a two year period on a trial basis.

Outside counsel

The House bill would allow the Navy to hire outside counsel on a trial basis for five years. The Senate amendment had no such provision.

The House recedes.

Appeals

The House bill provides that the Government may appeal from decisions of the Armed Services Board of Contract Appeals. The Senate amendment had no such amendment.

The House recedes.

Contracting procedures for technical data

The House bill contained a provision, Section 705, to require the Department of Defense to include in all contracts for major weapons systems a deferred ordering clause for technical data and computer software. Although favoring the House language, the Senate conferees felt that the provision should be effective for two years only. At that time, resulting experience could be reviewed before any extension of the provision. The House conferees agreed to limit the effective period to two years.

Training program adjustments

The House recedes on section 706 of its bill which would have imposed a statutory requirement on the Secretary of Defense to notify the Congress in a timely manner before modifying or altering a major training program in a substantial manner. The conferees agreed that statutory language of this sort could be somewhat inflexible and difficult to interpret. However, the conferees did agree with the basic intent of this amendment that Congress be informed of Department of Defense plans, including changes of plans, relative to training, Therefore, the Secretary of Defense is expected to notify the Congress through the House and Senate Committees on Armed Services and Appropriations Committees in a timely manner when major modifications to a training program are to occur, as well as enumerate each change and its rationale in the annual Military Training Report required by § 138 of title 10, United States Code.

Junior Reserve Officer Training Corps units

Section 707 of the House bill contains a provision which would amend the present law (10 USC 2031(a)) to increase the total number of JROTC units nationwide from 1,200 to 2,000 and, thus, provide greater opportunity for participation. Also, the section would allow military institutes to establish more than one unit in the school and, thus, provide a choice of service unit and some exposure to all the military services for students enrolled in the institute.

The Senate bill contained no such provision, with the explanation that such an increase would take manpower from higher priority programs.

The conferees agreed to reduce the total number of units in the House bill to provide for a statutory total of 1,600 units and to retain the provision which would allow for more than one unit in military institutes.

With the amendment, the Senate recedes.

Annual authorization of appropriations

The House bill (Sec. 709) included an expanded annual authorization requirement from that presently contained in existing law (Sec. 138 of Title X, United States Code). Under the provisions of the House language, there would have been enacted into law a broad requirement for an annual authorization for all appropriations for military functions administered by the Department of Defense. This differed from existing law in a number of respects which now requires only a *specific* annual authorization for approximately one-third of the Defense budget and an indirect authorization for personnel appropriations for another one-third of the annual Defense budget.

The conferees on the part of the Senate objected to the House language. The Senate conferees insisted on continuing the limited authorization requirement of existing law. In addition the Senate conferees insisted on a provision in the Senate amendment for an annual manpower requirements report to identify the missions allocated to the existing military base structure and a justification of the relationship of these bases to the total military force structure, as well as an identification of all base operating support costs and evaluation of possible alternatives to reduce such costs.

The Senate conferees were adamant in their position on this matter, and the House, therefore, reluctantly receded and accepted the Senate amendment.

Civil defense

The House included language to amend the Federal Civil Defense Act of 1950 to accomplish several objectives: (1) to make clear the intent of Congress that federal grant funds from the Defense Civil Preparedness Agency (DCPA) may be used by state and local agencies for preparedness against disasters other than disasters caused by an enemy attack; (2) to require annual authorization of the civil defense budget by the Committees on Armed Services of the House and Senate; and (3) to delete the expiration dates of those specific programmatic authorities under the Federal Civil Defense Act which terminate on June 30, 1976.

The Senate amendment included similar provisions designed to accomplish the same objectives as the House language. The Senate amendment, however, went further by not only including similar language as in the House bill in the policy statement with respect to natural disasters, but also writing this authority into the body of the law itself.

The Senate and House conferees, recognizing certain minor differences in the House and Senate language, resolved their differences on civil defense by preserving the common aspects of both positions by adapting the Senate amendment with certain changes to recognize some elements of the House position. Essentially, both bodies favor incorporating into the permanent law, not just in policy, language which recognizes that the primary mission of the civil defense program is directed toward preparation for an enemy attack. The new language does not adversely impact on this primary mission of civil defense. The conferees agreed that it is to be clearly understood that civil defense remains the primary mission of the DCPA and that civil defense funds and resources for natural disaster preparedness are in the nature of assistance for a secondary mission. However, the conferees were equally strong in their position that the resources of the DCPA should also, to the extent that they can be helpful, be used in the event of a natural disaster by making available personnel, organizational equipment, materials, and facilities of the civil defense system for the purposes of furnishing emergency assistance for natural disasters. It is not the purpose of this provision to infringe upon or duplicate the programs and functions of the Federal Disaster Assistance Agency or any other existing federal agency. The House recedes to the Senate amendment as modified in the conference.

Naval Reserve training facilities

The House bill included in section 711 a provision expressing the sense of Congress that Naval Reserve Training Centers and facilities in active use on March 1, 1976, should not be closed until the authorization and appropriations legislation for fiscal year 1977 is enacted. The Senate had no similar provision.

The Senate recedes.

The action of the conference authorizing an average strength for the Naval Reserve of 96,500, a figure well in excess of the 52,000 strength requested by the Administration for fiscal year 1977, is ample grounds for withholding any further steps to close Naval Reserve training facilities until a final resolution of this year's Naval Reserve strength. At the point in time when the authorized and appropriated strength of the Naval Reserve is established in law for fiscal year 1977 and the training requirements growing from this strength are clear, a decision as to which training facilities are excess will be appropriate.

Elimination of 1% "kicker" on retired-pay increases

Section 801 of the Senate amendment amends Section 1401(a)(b) of Title 10 of United States Code to eliminate the so-called 1% add-on to cost-of-living increases in military retired pay and retired pay under the special CIA Retirement Program. The Senate provision is contingent on the repeal of the similar "kicker" for civilian government retirees. The "kicker" provides that whenever retirees receive the automatic increases in retired pay, tied to increases in the Consumer Price Index, they also receive an additional increase of 1%.

While the House bill contained no similar provision, the House Committee in its report to the Budget Committee earlier in the year had supported the elimination of the 1% "kicker" for military retired pay subject to identical action being taken for Civil Service retirees. The elimination of the 1% "kicker" was requested by the President.

The House conferees brought to the attention of the Conference the importance of achieving consistency of actions relating to military and civil service retirees with regard to the 1% kicker. The conferees of both houses were concerned that if, in the elimination of the 1% kicker as a permanent add-on, actions were taken in the civil service system to provide an additional increase to account for the time lag between the rise in the Consumer Price Index and the initiation of retired pay increases, similar action be taken for military retirees. The conferees, therefore, agreed on language, which is contained in the Conference Report, which will assure that whatever action is taken modifying the retired pay increased formula, authority will be available to apply the change to military and CIA retirees, as well as to civil service retirees.

The House recedes with an amendment.

Standardization

Section 802 of the Senate bill contained an amendment which would state the policy of the United States relating to certain actions and reports on the part of the Secretary of Defense to increase standardization and interoperability. The House conferees were concerned that standardization should not become a means of bypassing prudent considerations in the procurement process.

After extensive consideration, the conferees accepted an amendment which requires the Secretary of Defense to take into consideration in Defense procurement procedures the cost, function, quality and availability of the equipment to be procured while carrying out the policy of standardization.

In addition, the conferees accepted revisions suggested by the Department of Defense which would eliminate duplication in the reporting requirement related to standardization. This amendment requires that the Secretary of Defense report whenever he initiates procurement action on a new major system which is not standard or interoperable with equipment of other members of the North Atlantic Treaty Organization.

The House recedes with amendment.

In addition, the Senate amendment contained language in section 803 which would express the sense of Congress relating to future development of standardization and interoperability with the NATO Allies. The Department of Defense suggested an amendment which would eliminate part of the reporting requirement relating to justification of programs where a common NATO requirement is not defined.

The House recedes with an amendment.

Tax payments to NATO countries

Section 804 of the Senate amendment would have prevented payment of taxes to any NATO country in which military units of the United States are regularly stationed, if those taxes were imposed directly or indirectly on the unit, its members or its property and equipment.

The House conferees were adamant in their refusal to accept this provision on the basis that the Department of Defense could not fully identify the amount of taxes that are paid to NATO countries for these purposes. The conferees were also concerned that this provision could overturn arrangements in the various NATO countries for services and utilities and thereby create tensions among the NATO allies. The conferees request the Secretary of Defense to furnish a report to the Committee on Armed Services of the House and Senate on the amount and purposes of taxes paid to European countries as a result of stationing United States forces in those countries.

The Senate recedes.

Repeal of title VIII

The Senate amendment contains a provision, section 806, which would repeal Title VIII of Public Law 93-365, providing for nuclear-powered naval strike forces.

The Senate recedes.

Retirees' suggestions

Section 807 of the Senate amendment would direct the Secretary of Defense to request from retiring military and civil service personnel of the Department of Defense (GS-13 or above) suggestions for proving procurement policies of the Defense Department.

The conferees believe that military and civilian personnel who have served a full career in the procurement field may have many substantive suggestions for improvement of the effectiveness and efficiency of procurement regulations and procedures. They further agree that the Secretary of Defense should make a determined effort to solicit and consider such suggestions. However, the House conferees believed that the current suggestion programs provide an adequate opportunity to receive and consider suggestions and was concerned about creating duplicative administrative procedures in law. The House conferees, therefore, decline to yield on statutory language. The conferees on the part of both Houses, nevertheless, are in accord with view that the Secretary of Defense should inform Commander of the need to vigorously pursue helpful suggestions from retiring personnel in regard to procurement policies. To this end, the conferees direct that the Secretary of Defense report back to the Congress next year on the results of this effort.

The Senate recedes.

Joint House-Senate study of aircraft carriers

Section 808 of the Senate amendment had a provision requiring a joint study by the Armed Services Committees of the House and the Senate on the costs and effectiveness of aircraft carriers and their task forces. The House bill had no such provision.

In view of the large number of studies that have already been made on carriers and their task forces, and in light of the inherent ability of either committee to study the role of carriers on its own, the House conferees opposed another joint study.

The Senate recedes.

Study of industrially-funded activities

Section 809 of the Senate amendment to the House bill would require the Secretary of Defense to conduct a study of industrially funded activities to determine, among other things, the feasibility of removing day to day manpower ceilings and establishing specific criteria for using this funding concept.

The House position is that such a study is unnecessary and duplicative since a very similar study was directed by the Senate Appropriations Committee in its report on the FY 1976 Defense Appropriations Bill. This study will be submitted to the respective Armed Services and Appropriations Committees.

The Senate recedes.

Feed and Forage Act

The Senate amendment contained a provision to repeal the so-called "Feed and Forage" section of the revised statutes. This is contained in section 11 of title 41, U.S. Code, and provides authority to contract for various items without regard to prior authorization appropriation.

The House conferees were unwilling to accept this provision in the absence of an official report on the legal ramifications associated with the measure. As a result the conferees agreed that the Department of Defense should submit a report to both the House and Senate Armed Services Committees which would:

(1) specify what particular costs could be paid for under the authority of the "Feed and Forage" provision;

(2) identify the internal DoD procedures and authority in invoking the "Feed and Forage" provision; and,

(3) describe the procedures for notifying Congress when the "Feed and Forage" provision is used.

The Senate recedes.

Greater utilization of civilian faculty at the service academies

The Senate added a provision to the House bill which would require the Secretary of Defense to conduct a study as to how greater utilization of civilian faculty may be accomplished in the service academies and intermediate and senior war colleges. The study would require an equitable ratio between civilian and military faculty in general academic subjects and it would identify those subjects in the curriculum classified as being in the general academic area. In addition, professional military instructors would be retained for solely military and naval subjects. The results of the study would be forwarded to the Committees on Armed Services of the House and the Senate.

The House conferees objected to the language in the Senate amendment which would require that the study produce findings as to how greater utilization of civilian faculty at the academies and the war colleges may be accomplished. Also, the House conferees objected to the requirement that the study recommend an equitable ratio between civilian and military faculty in general academic subjects. In addition, the House conferees objected to the language in the amendment which would imply that professional military instructors would be retained solely for military and naval subjects and not teach general academic subjects.

The Senate conferees agreed to amend the language to indicate that the study would determine whether greater utilization of the civilian faculty may be desirable and to delete the requirement for a recommendation as to an equitable ratio between civilian and military faculty. Also, deleted was the requirement that professional military instructors be retained for solely military and naval subjects.

With the amendments to the Senate provision, the House recedes.

Oceanographer of the Navy

Section 812 of the Senate amendments to the House bill provides authority for the Secretary of the Navy to assign Rear Admiral J. Edward Snyder, Jr. (retired) to command status as the Oceanographer of the Navy.

The House Committee on Armed Services had reported legislation (H.R. 7113) similar to this provision on November 6, 1975 except that the Committee limited authority to assign Admiral Snyder to this command position to a period of three years from the date of enactment of the legislation. On November 18, 1975, H.R. 7113 was objected to on the Private Calendar by two members and automatically recommitted to the Committee.

The House recedes with an amendment which would limit the authority to assign Admiral Snyder as Oceanographer to a period not to exceed three years from the date of enactment of this legislation.

Armed Forces Institute of Pathology

The Senate added a provision to the House bill which would establish a legislative charter for the Armed Forces Institute of Pathology and to provide a mechanism whereby the Institute can continue to contribute both to military and civilian medicine.

The Armed Forces Institute of Pathology will have a Board of Governors whose performance will be monitored carefully by the Congress to insure that the international stature of the Institute is maintained. Should changes become necessary to preserve the quality of the Institute, appropriate legislative action will be taken.

The House conferees were in full support of the amendment and after various minor adjustments accepted the Senate position.

The House recedes.

BILL TOTALS

The House bill authorized $33.3 billion under titles I and II for Procurement and Research, Development, Test and Evaluation. The Senate amendment to the House bill authorized $31.8 billion. The conferees agreed to a compromise authorization of $32.5 billion.

CONFERENCE PROCEDURAL PROBLEM

The House and Senate conferees on this bill were confronted with a heretofore unprecedented procedural problem. The problem involved the insistence of Members of Congress not designated as conferees to nonetheless remain in closed conference sessions.

One of the House conferees, Congressman F. Edward Hébert, made a point of order that the conference proceedings in closed session, in the presence of Members not designated as conferees, constituted a violation of the House Rules.

The Senate conferees concurred initially as an organizational matter that the conference should be held in closed session. However, the Senate conferees did not participate in any subsequent House vote to go into closed session and therefore did not take a position on this procedural question.

Congressman F. Edward Hébert refused to continue to proceed with conference business in closed session in the presence of Members of Congress not designated as conferees and requested that his refusal be made a matter of record since he considered that this action by Members of Congress not members of the Conference Committee, constituted a violation of the Rules of the Conference Committee and the Rules of the House of Representatives.

Congressman F. Edward Hébert requested that his position on this procedural issue be made a matter of record as to "whether we were going to be a nation governed by laws or one governed by men who could ignore the law when it suited their purposes." Mr. Hébert therefore signed the conference report with this reservation.

MELVIN PRICE,
F. EDWARD HÉBERT,
(With Reservation.)
CHARLES E. BENNETT,
SAMUEL S. STRATTON,
RICHARD H. ICHORD,
LUCIEN N. NEDZI,
WM. J. RANDALL,
CHARLES H. WILSON,
ROBERT L. LEGGETT,
BOB WILSON,
WM. L. DICKINSON,
FLOYD SPENCE,
Managers on the Part of the House.

JOHN C. STENNIS,
STUART SYMINGTON,
HENRY M. JACKSON,
HOWARD W. CANNON,
THOMAS J. MCINTYRE,
HARRY F. BYRD, JR.
SAM NUNN,
STROM THURMOND,
JOHN TOWER,
DEWEY F. BARTLETT,
WILLIAM L. SCOTT,
ROBERT TAFT
Managers on the Part of the Senate.

STATEMENT OF REPRESENTATIVE F. EDWARD HÉBERT, ON H.R. 12438, THE DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1977

Mr. HÉBERT. Mr. Speaker, although I am in agreement with the contents of the conference report of the House and Senate conferees on H.R. 12438, the Department of Defense authorization for appropriations for fiscal year 1977, I signed the report with reservations because the committee conducted its business contrary to the rules which it unanimously adopted.

On June 9, 1976, the day the conference committee was organized, I offered a motion that all sessions of the committee be held in executive session, and it was unanimously adopted. A second motion offered by me, also unanimously adopted, provided a limitation on the number of staff members and stipulated that only designated conferees could attend closed session. My statement and motion follows:

I understand that both the House and the Senate have each designated 13 conferees.

> This totals 26 Members. Therefore, recognizing the limitations of space and the requirement for security of our proceedings, it appears necessary that there be established an over-all ceiling on the number of staff personnel who can be present during the conference proceedings. I would observe that one staff member per Congressional Member would appear to be adequate. Thus, I move that the total number of participants in the conference at any one time be limited to (a) the designated Senate conferees and not more than 15 staff members, excluding secretarial assistance, and (b) the designated House conferees and not more than 15 staff members, excluding secretarial assistance.

Without objection, the motion was agreed to.

At the first meeting of the conferees, operating under the rules which had been unanimously adopted, the committee adhered to the House rule on executive sessions. It states that a quorum must be present and a vote taken vocally at the beginning of the meeting on whether the committee will meet in executive session. A quorum being present, the chairman polled the House conferees who voted unanimously to go into executive session.

I raised a point of order after we went into executive session, noting that there were Members of Congress present who were not designated conferees and that their presence was in violation of the rules of the committee and in violation of the rules of the House.

The House rule states:

> Any Member of the House may be present at any select committee, but can not vote, and must give place to all of the committee, and sit below them. This phrase must be read in conjunction with the power of a committee of the House to conduct proceedings in executive session. . . . Thus a committee may close its doors in executive session to persons not invited or required, including Members of the House who are not members of the committee.

The Chair agreed with my position, and a motion was made asking the Members who were in violation of the rules to leave the premises. The vote was: seven affirmative, one negative, and one voting present, and the motion was adopted.

The chairman then asked the uninvited Members to leave. They refused. At this point, I announced that I would not participate in a meeting which was being conducted contrary to the rules adopted by the committee, and I respectfully withdrew from the meeting.

I followed the same procedure on subsequent occasions to make the record quite clear that I would not violate the rules of procedure and that I would adhere to the House rules and the rules of the conference committee.

Between meetings, I personally talked with the Parliamentarian of the House, and he advised me that my position was correct. Under the rules, Members not designated as conferees are not privileged to attend an executive session. Therefore, I continued to remain away from these sessions.

In this statement, I must point out that a very serious situation presents itself. It is a situation which will ultimately cause chaos and complete confusion. The fundamental basis upon which our Government was founded is that it is a government of law and not men. A rule is a part of a law, and that law must be adhered to if we are to operate in an orderly manner with full respect for the right of the rule of the majority.

The violation of this law can be recognized as a small sore which will grow into a devastating cancer of the entire body politic. If the law is wrong, we should change it. I suggested that myself. I suggested we ask the Parliamentarian for an interpretation of the law, and I agreed to abide by his interpretation. I did exactly that. As I mentioned, his interpretation was the same as the position I took.

What are we faced with? What is the confrontation we have? The Members of Congress who attend these conference meetings and refuse to obey the rules leave but one alternative—ejection by the Sergeant at Arms of the House. This, of course, would cause confusion and create a physical confrontation and give notoriety to the Members, which is their basic reason for resorting to these tactics. In view of this, I left the conference to avoid such a confrontation.

For the sake of argument, let us say that any Member of Congress has a right to attend a conference which is being conducted in executive session. What gives 1, 2, 3, 4, or 15 Members the privilege or courtesy of attending? Should not this privilege or courtesy be extended to every Member of Congress? The problem of who would designate what Members would attend conferences as nonvolunteer observers then arises.

In this particular instance, we had the situation where the number of observers was increased on at least one occasion. Supposing an emotional amendment is before a conference committee and 50 Members are vitally and sincerely involved and decide they want to protest or uphold their position. They have the same right, privilege, or courtesy to attend that closed session as any other Member of Congress has. You cannot differentiate between Members of Congress. That is why all Members of Congress must be controlled by and adhere to rules of the committee and the House.

We have a situation in this conference where a very small minority of individuals flagrantly refused to accept and violated the rules which had been adopted, defied the law, and transgressed upon a closed meeting. From this kind of attitude comes your confusion.

A related problem which develops is leaks. It would be naive to think leaks can be completely stopped, but we can minimize the ability to leak by keeping the conference limited to only designated conferees. It is perfectly obvious that the possibility of a leak is less with 20 people than with 100 or 200 or whatever number, which would be permissible in the manner in which this conference was conducted.

This situation must be nipped in the bud now because of its possible catastrophic effect upon the orderly conduct of the House. I feel compelled, therefore, to make this statement and explain why I signed the conference report with reservations although I agree with its contents. I think it is important that this matter be brought officially to the attention of the House and the Senate. Every Member of Congress needs to be aware of the defiance that emerged in a small group of individuals in the House of Representatives, threatening to destroy the very foundation of our government. This is a government of law, not men, and these Members erase the law and make it a government of men.

If this situation is not corrected, only disaster lies ahead.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Corman (at the request of Mr. O'Neill), after 4 p.m. today, on account of official business.

Mr. Dent (at the request of Mr. O'Neill), for today, on account of illness.

Mr. Matsunaga (at the request of Mr. O'Neill), for June 25, 28, and 29, on account of official business.

Mr. Whitehurst (at the request of Mr. Rhodes), after 12 o'clock meridian, on account of official business.

Mr. Addabbo (at the request of Mr. O'Neill, after 2 p.m. today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Grassley) to revise and extend their remarks and include extraneous matter:)

Mr. Gilman, for 60 minutes, today.

Mrs. Heckler of Massachusetts, for 5 minutes, today.

Mr. Bauman, for 15 minutes, today.

Mr. Crane, for 5 minutes, today.

Mr. Duncan of Tennessee, for 5 minutes, today.

Mr. Paul, for 5 minutes, today.

(The following Members (at the request of Mr. Wirth) and to revise and extend their remarks and include extraneous matter:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Moorhead of Pennsylvania, for 5 minutes, today.

Mr. Vanik, for 10 minutes, today.

Mr. Cotter, for 5 minutes, today.

Mr. Rostenkowski, for 10 minutes, today.

Mr. Miller of California, for 10 minutes, today.

Mr. Price, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Hébert following the request of Mr. Price to file a conference report from the Committee on Armed Services.

(The following Members (at the request of Mr. Grassley) and to include extraneous matter:)

Mr. Esch.

Mrs. Heckler of Massachusetts.

Mr. du Pont.

Mr. Derwinski in two instances.

Mr. Horton.

Mr. Cochran.

Mr. Findley in two instances.

Mr. Emery.

Mr. Kemp.

(The following Members (at the request of Mr. Wirth) and to include extraneous matter:)

Mr. Anderson of California in three instances.

Mr. Gonzalez in three instances.

Mr. Minish.

Mr. Moorhead of Pennsylvania.

Mr. Cotter.

Mr. Bingham in four instances.

Mr. Burke of Massachusetts in two instances.

Mr. Bedell.

Mr. Hungate.

Mr. Smith of Iowa.

Mr. Oberstar in two instances.

Mr. Pepper.

Mr. Dingell in two instances.

Mr. Jones of Tennessee in three instances.

Mr. Fisher.

Mr. Florio.

Mr. Hayes of Indiana.

Mr. Miller of California.

Mr. Price.

Mr. Mezvinsky.

Mr. Jenrette.

Mrs. Keys.

Mr. Edwards of California.

ENROLLED BILL SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 8471. An act to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of this Senate of the following title:

S. J. Res. 196. A joint resolution providing for the expression to Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution.

ADJOURNMENT

Mr. WIRTH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p.m.), under its previous order, the House adjourned until Monday, June 28, 1976, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3554. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–134, "To permit the advertising of drug prices, to require retailers of prescription drugs to post the prices of certain commonly prescribed drugs, and for other purposes," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

3555. A letter from the Assistant Secretary for Administration, Department of the Treasury transmitting a statement pertaining to a proposed Treasury payroll/personnel system, pursuant to 5 U.S.C. 552a(o) (Public Law 93–579, Privacy Act of 1974); to the Committee on Government Operations.

3556. A letter from the Attorney General, transmitting notice of a proposed new system of records for the Immigration and Naturalization Service, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3557. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Air Force to offer to sell certain defense articles and services to the Republic of China (transmittal No. 76–57), pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

3558. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended [8 U.S.C. 1154 (d)]; to the Committee on the Judiciary.

Received From the Comptroller General

3559. A letter from the Comptroller General of the United States, transmitting a report concerning critical considerations in the acquisition of a new main battle tank; jointly, to the Committee on Government Operations, and Armed Services.

3560. A letter from the Comptroller General of the United States, transmtting a report describing the management of the Government-financed Radio Free Europe and Radio Liberty and suggesting ways to improve Government oversight and review responsibilities of radio operations; jointly, to the Committees on Government Operations, and International Relations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 12112. A bill to provide additional assistance to the Energy Research and Development Administration for the advancement of nonnuclear energy research, development, and demonstration; with amendment (Rept. No. 94–1170, Pt. IV). Referred to the Committee of the Whole House on the State of the Union.

Mr. STEED: Committee of Conference. Conference report on H.R. 14261 (Rept. No. 94–1299). Ordered to be printed.

Mr. MORGAN: Committee of conference. Conference report on S. 3168 (Rept. 94–1302). Ordered to be printed.

Mr. WHITTEN: Committee of conference. Conference report on H.R. 14237 (Rept. No. 94–1303). Ordered to be printed.

Mr. REUSS: Committee of conference. Conference report on S. 3295 (Rept. No. 94–1304). Ordered to be printed.

Mr. PRICE: Committee of conference. Conference report on H.R. 12438 (Rept. No. 94–1305). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DODD: Committee on the Judiciary. H.R. 11199. A bill for the relief of Hollis Anthony Millet; with amendment (Rept. No. 94–1300). Referred to the Committee of the Whole House.

Mr. DODD: Committee on the Judiciary. H.R. 11890. A bill for the relief of Bernard Julian Phillips (Rept. 94–1301). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHLEY:

H.R. 14556. A bill to amend the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 476) and the act of June 4, 1897 (30 Stat. 35); to the Committee on Agriculture.

By Mr. DELLUMS (for himself, Mr. Edgar, Mr. Mitchell of Maryland, Mr. Downey of New York, Mr. Harrington, Mr. Leggett, Mr. Stark, Mr. Hayes of Indiana, Mrs. Burke of California, and Mrs. Spellman):

H.R. 14557. A bill to amend title 10, United States Code, to provide for identification of positions in the Department of Defense which can be filled by civilian employees and to prohibit assignment of active-duty military personnel to such positions unless such personnel meet the civilian qualifications for such positions, and for other purposes; to the Committee on Armed Services.

By Mr. KASTEN:

H.R. 14558. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for amounts paid by a taxpayer for tuition to provide an education for himself or for another individual; to the Committee on Ways and Means.

By Mr. KOCH (for himself, Ms. Abzug, Mr. Addabbo, Mr. Badillo, Mr. Bevill, Mr. Carter, Ms. Chisholm, Ms. Collins of Illinois, Mr. Corman, Mr. Dominick V. Daniels, Mr. Downey of New York, Mr. Drinan, Mr. Edwards of California, Mr. Flood, Mr. Harrington, Ms. Heckler of Massachusetts, Mr. Helstoski, Mr. Johnson of California, and Mr. Krebs):

H.R. 14559. A bill to amend the Clean Air Act to require the protection of passengers of school buses and certain other vehicles from concentrations of carbon monoxide within the vehicle; to the Committee on Interstate and Foreign Commerce.

By Mr. KOCH (for himself, Mr. Long of Maryland, Mr. Maguire, Mr. Metcalfe, Ms. Mink, Mr. Murphy of Illinois, Mr. Mosher, Mr. Mottl, Mr. Ottinger, Mr. Patterson of California, Mr. Roe, Mr. Rosenthal, Mr. Roybal, Ms. Spellman, Mr. Stark, Mr. Waxman, Mr. Charles H. Wilson of California, Mr. Wirth, and Mr. Yates):

H.R. 14560. A bill to amend the Clean Air Act to require the protection of passengers of schoolbuses and certain other vehicles from concentrations of carbon monoxide within the vehicle; to the Committee on Interstate and Foreign Commerce.

By Mr. MILLER of California (for himself, Mr. Conyers, Mr. Eilberg, Mr. Edwards of California, Mr. Litton, Mr. Yatron, Mr. Rangel, Mr. Rodino, Mr. Richmond, Mr. Florio, Mr. Mitchell of Maryland, Mr. Lehman, Mr. Nolan, Mr. Sarbanes, Mr. Fraser, Mr. Jenrette, Mr. McHugh, Mr. Pepper, Mr. Flood, Mr. Murphy of New York, Mr. Hannaford, Mr. Rose, Mr. Krebs, and Mr. Roybal):

H.R. 14561. A bill to amend the Older Americans Act of 1965 to provide a national meals-on-wheels program for the elderly, and for other purposes; to the Committee on Education and Labor.

By Mr. MOLLOHAN (for himself, Mr. Bowen, and Mr. Emery):

H.R. 14562. A bill to repeal sections 102 and 202 of the Flood Disaster Protection Act of 1973 which make flood insurance coverage and community participation in the national flood insurance program prerequisites for approval of any financial assistance in a flood hazard area, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. NOLAN (for himself, Mr. Mazzoli, Mr. Mathis, Mr. Derwinski, Mr. Lloyd of California, Mr. White, Mr. Krueger, Mr. Edwards of California, Mr. Ketchum, Mr. Carr, Mr. Whitehurst, Mr. Hughes, Mr. Charles Wilson of Texas, Ms. Chisholm, Mr. Downey of New York, Mr. Duncan of Oregon, and Mr. Baucus):

H.R. 14563. A bill to improve congressional oversight of the reporting and paperwork requirements of Federal departments and agencies; to the Committee on Rules.

By Mrs. SULLIVAN (for herself, Mr. Downing of Virginia, Mr. Murphy of New York, Mr. Leggett, Mr. Biaggi, Mr. Breaux, and Mr. Pritchard):

H.R. 14564. A bill to provide for the regulation of rates or charges by certain State-owned carriers in the foreign commerce of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. VANIK (for himself, Mr. Rostenkowski, Mr. Karth, Mr. Helstoski, Mr. Rodino, Mr. Boland, Ms. Abzug, Mr. Mills, Mr. Mazzoli, Mr. Moakley, Mr. Vigorito, Mr. LaFalce, Mr. Mottl, Mr. Minish, Mr. Mineta, Mr. Fraser, Mr. Lundine, Mr. Pepper, Mr. Wolff, Mr. Downey of New York, Mr. Nix, Mr. Cornell, and Mr. Rangel):

H.R. 14565. A bill to amend the Internal Revenue Code of 1954 to provide that the current withholding tables shall remain in effect through August 31, 1976; to the Committee on Ways and Means.

By Mr. VIGORITO (for himself, Mr. Brown of California, Mr. Findley, Mr. Fithian, Mr. Jenrette, Mr. Johnson of Colorado, and Mr. Rose):

H.R. 14566. A bill to enable freestone peach growers to finance a nationally coordinated research and education program to improve their competitive position and expand their markets for peaches; to the Committee on Agriculture.

By Mr. WAGGONNER (for himself, Mr. Brown of Ohio, Mr. Cederberg, Mr. Chappell, Mr. Devine, Mr. Harsha, Mr. Henderson, Mr. Ichord, Mr. McFall, Mr. Mahon, Mr. Mills, Mr. Passman, Mr. Satterfield, Mr. Sebelius, Mr. Shriver, Mr. Skubitz, Mr. Slack, Mr. Steed, Mr. Stuckey, and Mr. Thone):

H.R. 14567. A bill to amend sections 170, 2055, and 2522 of the Internal Revenue Code of 1954 to provide a deduction for income, estate, and gift tax purposes for contributions to a section 501(c)(10) organization for the purpose of building or maintaining a building; to the Committee on Ways and Means.

By Mr. YOUNG of Florida (for himself, and Mr. Gibbons):

H.R. 14568. A bill to amend the Marine Mammal Protection Act of 1972 in order to prohibit the issuance of general permits thereunder which authorize the taking of marine mammals in connection with commercial fishing operations, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CARTER (by request):

H.R. 14569. A bill to amend the Public Health Service Act to provide that the United States indemnify and hold harmless certain physicians and other health care personnel and health care facilities for civil liability for damages (other than damages for gross negligence) resulting from participation in the nationwide influenza immunization program provided for by Public Law 94–266; to the Committee on Interstate and Foreign Commerce.

By Mr. EDGAR:

H.R. 14570. A bill to authorize appropriations for ridesharing programs, to consolidate existing Federal ridesharing programs, to foster ridesharing programs in States and localities, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. ADDABBO:

H.J. Res. 1003. Joint resolution authorizing the President to proclaim September 8 of each year as, "National Cancer Prevention Day"; to the Committee on Post Office and Civil Service.

By Mrs. BOGGS:

H. Con. Res. 664. Concurrent resolution providing for the printing of a booklet entitled "Women in Congress"; to the Committee on House Administration.

By Mr. O'NEILL (for himself, Mr. Obey, Mr. Meeds, and Mr. D'Amours):

H. Res. 1368. Resolution to establish a Commission on Administrative Review in the House of Representatives; to the Committee on Rules.

By Mr. ARCHER (for himself, Mr. Aspin, Mr. Bedell, Mr. Butler, Mr. Cohen, Mr. Conable, Mr. Derwinski, Mr. Edgar, Mr. Erlenborn, Mrs. Fenwick, Mr. Frenzel, Mr. Gradison, Mrs. Heckler of Massachusetts, Mrs. Holt, Mr. Kemp, Mr. Krueger, and Mr. Lehman):

H. Res. 1369. Resolution to provide that the House Restaurant and the cafeteria and other food service facilities of the House of Representatives shall be privately operated on a self-sustaining basis by persons under contract with the House; to the Committee on House Administration.

By Mr. ARCHER (for himself, Mr. Lent, Mr. Lujan, Mr. Mazzoli, Mr. Ottinger, Mr. Paul, Mr. Robinson, Mr. Ruppe, Mr. Charles Wilson of Texas, and Mr. Young of Florida):

H. Res. 1370. Resolution to provide that the House Restaurant and the cafeteria and other food service facilities of the House of Representatives shall be privately operated on a self-sustaining basis by persons under contract with the House; to the Committee on House Administration.

By Mr. RHODES (for himself, Mr. Don H. Clausen, Mrs. Fenwick, Mr. Burgener, Mr. Schneebeli, Mr. Clancy, Mr. McDade, Mr. McClory, Mr. Erlenborn, Mr. Cederberg, Mr. Lent, Mr. Findley, Mr. Sarasin, Mr. Mann, Mr. Koch, Mr. McEwen, Mr. Gude, Mr. Ketchum, Mr. Martin, Mr. Beard of Tennessee, Mr. McCollister, Mr. Conlan, Mr. du Pont, Mr. Fountain, and Mr. Young of Alaska):

H. Res. 1371. Resolution to establish a select committee to review the accounts of all committees of the House; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII,

410. The SPEAKER presented a memorial of the Legislature of the State of New York, relative to designating the city of Oneida, N.Y., as the Craft Capital of the U.S.A.; to the Committee on Post Office and Civil Service.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

502. By the SPEAKER: Petition of Charles C. Connelly, Lake Mohegan, N.Y., relative to redress of grievances; to the Committee on the Judiciary.

503. Also, petition of the New York State Bar Association, Albany, N.Y., relative to the Estate and Gift Tax Reform bill of 1976; to the Committee on Ways and Means.

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the Congressional Record of June 24, 1976, page 20473:

HOUSE BILLS

H.R. 14176. June 3, 1976. Government Operations. Amends the Budget and Accounting Act, 1921, to require that all departmental budget requests made to the Office of Management and Budget with respect to any fiscal year be submitted to the Congress along with the President's budget for such year. Requires officials of the Office of Management and Budget, when requested to do so by the appropriate committees of the Congress, to testify before such committees on the President's budget and on such departmental budget requests.

H.R. 14177. June 3, 1976. Government Operations; Interstate and Foreign Commerce. Abolishes the Federal Energy Administration created by the Federal Energy Administration Act of 1974. Transfers the functions of enumerated offices of the Administration to specified agencies.

H.R. 14178. June 3, 1976. Interior and Insular Affairs. Establishes National Historic Trails as a category of trails within the National Trails System.

Declares that any trail which (1) was established by historic use and is historically significant as a result of that use; (2) has had a far-reaching effect on broad patterns of American culture; and (3) has significant potential for public recreational use, may be designated a National Historic Trail.

Designates the Iditarod Trail, Alaska, as a National Historic Trail.

H.R. 14179. June 3, 1976. Judiciary. Directs the classification of a certain individual as the natural-born child of United States citizens for purposes of the Immigration and Nationality Act.

H.R. 14180. June 3, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 14181. June 3, 1976. International Relations. Authorizes a certain non-commissioned officer of the United States Army, retired, to accept employment with the Government of Saudi Arabia.

H.R. 14182. June 4, 1976. Interior and Insular Affairs. Increases the amount authorized to be appropriated for land acquisition and development of Fort Union Trading Post National Historic Site, North Dakota and Montana.

H.R. 14183. June 4, 1976. Public Works and Transportation Amends the River Basin

Monetary Authorization and Miscellaneous Civil Works Amendment Act of 1970 to modify the project for Libby Dam in Montana to authorize construction of a trout hatchery for mitigation of fish losses caused by the project.

Directs the Secretary of the Army, acting through the Chief of Engineers, to convey all interest in the hatchery to the Montana Fish and Game Commission. Stipulates that capitalized hatchery operation and maintenance costs shall be borne by the Federal Government.

H.R. 14184. June 4, 1976. Public Works and Transportation. Authorizes the installation of power generating facilities at the Libby Reregulating Dam in Montana.

H.R. 14185. June 4, 1976. Public Works and Transportation. Amends the Federal Water Pollution Control Act to authorize the Administrator of the Environmental Protection Agency to provide financial assistance to control the pollution of transboundary waters through the construction of treatment facilities or other appropriate measures.

Requires that actions taken by the Administrator, under this Act be undertaken after consultation with the Secretary of State.

H.R. 14186. June 4, 1976. Rules. Requires review of Federal programs to determine if they warrant continuation. Directs the President to conduct such review of the programs covered by the annual budget. Requires Congress to make such review every four years.

H.R. 14187. June 4, 1976. Agriculture. Establishes a food stamp program for the United States. Prohibits the distribution of Federal surplus foods in areas where a food stamp program is in operation.

Sets forth standards of eligibility for participation in such program.

Establishes the value of a food stamp allotment as 70 percent of the cost to an eligible household of a nutritionally adequate diet.

Promulgates requirements for State agencies conducting the State food stamp program.

Establishes criminal procedures for fraudulent activities connected with the program.

H.R. 14188. June 4, 1976. Atomic Energy. Directs the Nuclear Regulatory Commission to cease the granting of licenses or construction authorizations for certain nuclear power plants pending the outcome of a comprehensive study by the Office of Technology Assessment. Requires a five-year independent study of the nuclear fuel cycle by the office of Technology Assessment with final reports and recommendations to be made to the Congress.

H.R. 14189. June 4, 1976. Interior and Insular Affairs. Establishes the Potomac National River in Maryland, Virginia, West Virginia, and the District of Columbia.

H.R. 14190. June 4, 1976. Interstate and Foreign Commerce. Eliminates the requirement, under the Federal Food, Drug, and Cosmetic Act, that new drugs be regulated according to their effectiveness. States that such drugs will be regulated solely to assure their safety.

H.R. 14191. June 4, 1976. Veterans' Affairs. Increases the aid and attendance allowance payable to veterans with non-service-connected disabilities.

Increases such allowance for surviving spouses of veterans.

H.R. 14192. June 4, 1976. Veterans' Affairs. Provides that if a surviving spouse of a veteran of World War I attains age 75 and does not qualify for the aid and attendance allowance, the monthly pension payable to such spouse shall be increased.

H.R. 14193. June 4, 1976. Veterans' Affairs. Provides supplemental pension benefits to specified veterans of World War I.

H.R. 14194. June 4, 1976. Government Operations; Rules. Subjects Federal regulatory agencies to elimination five years after the enactment of this Act and every seven years thereafter. Requires the Congress to adopt a concurrent resolution opposing the elimination of such agency to assure its continuance for an additional seven years. Provides for the transfer to the President or other Federal agency of any function of an agency abolished by this Act which the President determines is essential to the public health, safety, or welfare.

H.R. 14195. June 4, 1976. Interstate and Foreign Commerce. Directs the Federal Communications Commission to take steps as may be necessary to increase the channels available for use in the citizens radio service to 46 channels.

H.R. 14196. June 4, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14197. June 4, 1976. Post Office and Civil Service. Requires the United States Postal Service to hold a public hearing prior to closing any post office.

Lists factors which the Postal Service must consider and evaluate in making a determination with respect to any such closing.

H.R. 14198. June 4, 1976. Post Office and Civil Service. Prohibits the United States Postal Service from closing any post office which serves a rural area or small town unless (1) a majority of the persons regularly served by such post office approve the closing, (2) it establishes a rural station or branch which provides the same postal services as the post office and does not result in any change in the address of persons served by such post office, or (3) it establishes a rural route to serve the area. Allows the Postal Service to establish a rural route as a substitute for an existing post office upon making specified determinations.

H.R. 14199. June 4, 1976. Ways and Means.

Amends the Internal Revenue Code to establish graduated corporate income tax rates. Increases the estate tax exemption. Increases the gift tax exclusion and exemption and establishes a new gift tax rate. Provides special treatment for the sale of stock in a closely held corporation when sold to pay estate taxes. Redefines a subchapter S corporation. Allows tax credits for the hiring of new employees. Redefines section 1244 stock (small business stock, losses on which are treated as ordinary losses).

H.R. 14200. June 4, 1976. Post Office and Civil Service. Repeals the provisions of Public Law 94-82 authorizing increases in the salaries of Members of Congress.

SENATE—*Friday, June 25, 1976*

(Legislative day of Friday, June 18, 1976)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. John C. Culver, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, we thank Thee for the joys of the morning, for rest to the body, for the fresh outlook, for unspent strength, and for new challenges. Help us to go cheerfully to our tasks, remembering always that we work not for ourselves but for the Nation and that every act may be a ministry in Thy name. We ask not for lighter burdens but for greater strength; not for easier discipline, but for more grace. Teach us to take our joys as they come, to accept gracefully the stresses and tensions of life, to live victoriously under sunny or cloudy skies. When the day is over may we enter into the rest of those who have walked and worked with God.

Through Jesus Christ, our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., June 25, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. John C. Culver, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. CULVER thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Thursday, June 24, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees, except the Committee on Commerce and the Committee on Banking, Housing and Urban Affairs, be authorized to meet during the session of the Senate today until 1 p.m.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Nos. 902, 931, 932, and 933.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RIVER BASIN AUTHORIZATION

The bill (H.R. 12545) an act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and for other purposes, was considered, ordered to a third reading, read the third time and passed.

NORRIS COTTON BUILDING

The Senate proceeded to consider the bill (S. 3589) to designate the Federal office building located in Manchester, N.H., as the "Norris Cotton Building."

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal office building in Manchester, New Hampshire, is designated as the "Norris Cotton Building", in honor of Senator Norris Cotton.

Sec. 2. Any reference to such building in any law, rule, document, map, or other record of the United States is deemed to be a reference to such building by the name designated for such building by the first section of this Act.

CONSIDERATION OF THE RIVER BASIN MONETARY AUTHORIZATION ACT OF 1976

The resolution (S. Res. 471) waiving section 402(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to the consideration of the River Basin Monetary Authorization Act of 1976 was considered and agreed to, as follows:

Resolved, That the prohibition of section 402(a) of the Congressional Budget and Impoundment Control Act of 1974 as to the consideration by the Senate of legislation authorizing the enactment of new budget authority for a fiscal year if such legislation is not reported to the Senate on or before May 15 preceding the beginning of such fiscal year be waived with respect to the River Basin Monetary Authorization Act of 1976 (H.R. 12545) reported by the Committee on Public Works on June 16, 1976. The waiver is necessary for the Senate to complete action on legislation which provides monetary authorization limitations for thirteen river basins through fiscal year 1977. The authorizations contained in this bill are those recommended by the administration and approved by the House of Representatives on May 17, 1976.

The authorizations of funds in H.R. 12545 are within the levels for water resource development by the Corps of Engineers reported to the Senate Budget Committee by the Public Works Committee in the March 15 report. This reported bill provides for continuity in the river basin development plans previously authorized by Congress.

ADDITIONAL COPIES OF A REPORT

The Senate proceeded to consider the resolution (S. Res. 477) authorizing additional copies of the report entitled "Developments in Aging: 1975 and January–May 1976" part 1, which had been reported from the Committee on Rules and Administration with an amendment on page 1, in line 2, to strike out "one thousand two hundred and twelve" and insert in lieu thereof "one thousand one hundred".

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That there be printed for the use of the Special Committee on Aging one thousand one hundred additional copies of its report to the Senate entitled "Developments in Aging: 1975 and January–May 1976" Part One.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. Does the acting minority leader seek recognition?

Mr. GRIFFIN. Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Delaware (Mr. Biden) is recognized for not to exceed 15 minutes.

A. WESLEY BARTHELMES

Mr. BIDEN. Mr. President, mine is a sad duty to perform this morning. A friend of mine has died, and several of us are gathered here this morning to pay tribute to his life.

Wesley Barthelmes served as my administrative assistant for the past 3½ years. He helped organize me, personally, after there was a death in my family, and he organized my office and my Senate duties. But the fact that he helped me and organized my office and my Senate duties cannot begin to explain the kind of special friendship and relationship which we had. It went far beyond the bounds of a professional relationship.

When I first came to the Senate I was not sure I wanted to be here, and for me those were fairly difficult days. Wes Barthelmes made it a great deal easier merely by being with me. He was willing to assume, and did assume, a large burden, if not the entire burden, of organizing and managing my new Senate office.

I am reminded of a photograph which hangs in Wes and Dorothy's den in their home, which is a picture of Wes with the senior Senator from Idaho, Senator Church, for whom he had worked for several years, and one of Senator Church's legislative assistants, a fellow named "Tom Dine." Senator Church had autographed it, and added a note to that photograph saving that it should be considered a picture of Wes Barthelmes with two members of Wes' staff.

I think that it is a very appropriate comment on just how essential Wes Barthelmes really was to those of us for whom he worked.

Wes looked for the good in men and women during his career on the Hill, just as he worked for many good men and women, present company excluded. That is, he worked, I think it is important to note, for such notable people as Representatives Richard Bolling, Edith Green, and Robert Duncan in the House of Representatives; he worked for Senator Church, for whom we all have an incredibly high regard, and for Robert Kennedy, whom I did not know personally but knew a great deal of.

I think that is pretty impressive company which Wes put me in when he decided he would come and take on the duties of being my administrative assistant. Indeed, the very fact that Wes Barthelmes decided to be my administrative assistant gave me some little bit of credibility when I came here.

Wes was really a remarkable man. In the years that we worked together he never ceased to amaze me with the depth of his knowledge and the scope of his connections. It seemed to me he knew just about everybody who ever walked on this Hill. There were not just Senators and Congressmen. There were ambassadors, White House officials, and, I suspect, virtually every newspaper reporter in all of Washington.

But there were also people like the lady who runs the newsstand across the street from the Senate Office Building who knew of Wes and expressed her condolences on hearing of his death. There were secretaries he had befriended, elevator operators he had helped out, the janitors and people in this building whom I had just no idea even knew who the Senators were, let alone a man who was running one of the offices.

It seems as though everyone I run into notes that at some time, at some place, for some reason, Wes Barthelmes in some way helped them.

Many times when I needed Wes during our relationship I would look for him, ask my secretary where he was, and she would say, "Well, he is having coffee." The coffee would either be with a Charley Ferris, figuring out what I should be doing that day, finding out from Charley what the business of the Senate was; or Wes dealing with an elevator operator of mine that Nordy Hoffmann was having trouble with and making sure that things got straightened away.

I learned that when "having coffee with Wes" meant Wes was helping somebody, either me or somebody else. He drank a heck of a lot of coffee.

He helped young students down here get jobs, not necessarily in my office but jobs in other parts of the Hill, with newspapers downtown, or with private industry. Sometimes he was having coffee with reporters, providing background information on an endless variety of subjects on which Wes had an endless variety of knowledge.

Having come from the newspaper world, which I quite frankly was always a little bit leery of and never quite understood, he loved it very deeply.

Every time I arrived at work it never failed—and I am sure it was the same with Senator Church and others with whom he worked—that there would be endless clippings on my desk with smudged thumbprints and felt-tip pen markings all over them from the four or five newspapers that Wes read, virtually cover to cover, every morning. I do not know how he did it. Each clipping was circled and inevitably, as I said, there would be that felt-tip pen mark obscuring some of the words I was supposed to be reading, but indicating the most important parts of the article, in Wes' opinion, and noting that we should not go any farther without reading them.

Wes never failed to defend the Fourth Estate. I was a little bit skeptical when I got here at what I considered to be intervention in my personal life and what happened in my family, and I had sort of a jaded view; but Wes constantly defended the Fourth Estate, even though it used to bother him when newspapers carried stories he considered unfair.

Were I a publisher, I would have been up here on Capitol Hill doing everything in my power to get Wes to come back to the newspaper business, because he epitomized the best of it, in my opinion, and I am sure in the opinion of many others.

I cannot begin to convey, in these brief remarks, how much I shall miss Wes and how much I am sure other people in this Chamber and around this Hill will miss him. He was an uncommonly good assistant and an uncommonly good friend. He was the kind of man who always kept the human condition in perspective.

He kept taped to his typewriter in his office several quotations, and I would like to close my remarks by sharing one of them with you.

It is an inscription on a mug that President Kennedy gave to his friend, Dave Powers, and it goes like this:

> There are three things which are real: God, human folly and laughter.
>
> The first two are beyond our comprehension, so we must do what we can with the third.

When the pain that we feel from the death of Wes Barthelmes passes, and it will pass, I think we will be able to laugh again. And I think Wes will be laughing with us.

Mr. CHURCH. Mr. President, Senator Biden has spoken with simple eloquence about the life of Wes Barthelmes as he knew it. Before Wes came to work for Senator Biden, he worked for me, from 1970 to 1973.

In the early part of that period, the United States was engaged in furious combat in Vietnam. President Nixon had extended the war by invading Cambodia, and Wes came to my office at a time when I was seeking to secure in the Senate the enactment of an amendment, which I cosponsored with the then senior Senator from Kentucky, John Sherman Cooper. That amendment sought to limit the theater of war by using the congressional power of the purse to call off further funding of combat by U.S. ground forces in Laos or Cambodia, with the objective of confining the war to Vietnam.

There was a 7-week filibuster against the amendment. When it was finally adopted by the Senate, it was rejected by the House of Representatives, and it took the better part of a year to finally enact the amendment into law. It was during that prolonged legislative struggle that I came to fully appreciate the talents of Wes Barthelmes.

I do not believe we would have succeeded if it had not been for the help of such determined people. Wes Barthelmes, as the Senator from Delaware has already observed, had a host of friends. He reached out in all directions to find support for that particular effort, for he was firmly resolved that we should win. Every day he was at my side, offering suggestions, making helpful contacts, gathering materials—in every way doing everything possible to succeed. And, afterward, I think he took much satisfaction in the fact that we did manage, for the first time in the history of the country, to impose limits upon a theater of war during a time of ongoing fighting. Never before had Congress asserted the power of the purse in that way.

So I am indebted to Wes Barthelmes for the indispensible assistance he gave in that early period of his service with me. It was typical of his effectiveness for whomever he worked; and when one looks back upon his career on the Hill, it is not possible to be unimpressed with what he did for so many Members of Congress.

He first came to work for Edith Green, the Representative from Oregon, before he became press secretary to Senator Robert Kennedy. He later helped Robert Duncan in his campaign for the Senate in Oregon, and then returned to Washington as administrative assistant for Representative Richard Bolling, of Missouri. With Bolling he helped to write two books: "House Out of Order" and "Power in the House."

In addition to his career as a staff professional, Wes always remained a journalist, as he began his lifetime work in the newspaper business. He never lost touch with journalism, and for many years he wrote the Washington Report column for Commonweal magazine, under the pen name of "Sisyphus." Late in his life, in 1975, Sisyphus was given the journalism award of the Catholic Press Association.

Such a man was Wes Barthelmes. When he left my employ he did not stop being my friend. I do not suppose a month passed, after he went to work for Senator Biden, without my getting a personal note of some kind from Wes Barthelmes—a cartoon he thought I would enjoy, a helpful suggestion, a friendly gesture indicating his continued interest in my own pursuits, and his continued friendship. And as he expressed his continuing interest and concern to me, so I know he extended it to many others, for his circle of friends was as large as his talent and as big as his heart.

I cannot add to what Senator Biden has said about the many people whose lives were touched by Wes Barthelmes, who grieve his passing today; but that is the mark of the man. I know that Congress has lost a valued servant, the Democratic Party of Maryland has lost a dedicated activist; the many thousands who read Commonweal have lost the incisive commentary of a knowledgeable, good, and purposeful man; and I have lost a friend. My wife, Bethine, joins with me in extending our heartfelt condolences to Dorothy, his stalwart wife, who shared with him his interests in public affairs, and to his family, who are here this morning.

Wes Barthelmes was the kind of man in whom the Congress can take great pride. He brought the best possible motives and great ability to his work in Congress, for all those whom he undertook to serve.

I am sorry he is dead. He died *too* soon. We all would have benefited from his continued efforts in behalf of good government and decency here on the Hill.

Mr. BIDEN. Mr. President, the senior Senator from Oregon (Mr. Hatfield) is in Oregon today, but he asked that a tribute he prepared about Wes Barthelmes be printed in the Record with these remarks.

I ask unanimous consent that his tribute be printed in the Record.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Statement by Senator Hatfield

I was shocked to read of the death Tuesday of Wes Barthelmes. I extend the sympathies of all on my staff who knew him, as well as my own sympathies, to members of his family.

Wes was a prototype of a dyed in the wool Hill person. He no doubt could have found rewarding work elsewhere, but the challenges of life on the Hill were such that he preferred the vagaries of staff work to the more relaxed and predictable opportunities elsewhere.

My first friendship with Wes developed after he had joined the staff of Congresswoman Edith Green of Oregon, during the time I was Governor. He worked for Congressman Bob Duncan in his campaign against me in 1966, but our relationship always remained one of mutual respect. Since the time he joined the staff of Senator Church, we welcomed him as a fellow Northwesterner.

To those of us who worked with Wes, we knew him as an able and extremely competent person. To me, however, it was his droll outlook on politics that I will remember. Never too harried to see the humor in a situation, never too busy to catch up on the gossip on Oregon politics, he will be missed by us all.

WES BARTHELMES

Mr. KENNEDY. Mr. President, I join with all my colleagues in extending our deepest sympathy to Dorothy Barthelmes and all the members of Wes' family. Our thoughts and our prayers are with them in these difficult days.

Wes was a good friend to my brother, Senator Robert Kennedy whom he served so ably in the Senate, and a good friend to me. And I would like to say a few words about why his death is such an enormous loss to Capitol Hill and to the Nation.

Wes represents to all of us the very best in politics and in government. He was filled with talent and energy and good humor and commitment to the notion that every government action makes a difference in people's lives. He was loyal to those he served and to principles of compassion and decency in government. And he gave his total energy to both.

I am saddened to think that those young people who may have become discouraged with politics as a career as a result of Watergate did not have the opportunity to know Wes. For him, politics was the finest way to use your own talents to the fullest, to test your own endurance and energy to its limits, and most importantly to use that talent and energy to help the most vulnerable members of our society, those disadvantaged by illness or handicaps, by age or by poverty.

And politics was still fun for Wes and for those privileged to be in his company. Late at night, after a difficult and exhausting day, Wes could still make you laugh at him or at yourself. And he could tell you how to make tomorrow better.

When I see Wes in my memory, it is always with newspapers—pouring over them in my brother's office, somehow knowing before anyone else what the lead story of the day would be—or coming through the door of the Senate Chamber, newspapers in hand—or thrashing out his own articles at a pace that proved his wisdom and perception and humor, instinctual and spontaneous. Wes loved Martha's Vineyard where he and his wife Dorothy vacationed, and every week he lovingly "stole" the Vineyard Gazette from my office because he cared about every inch of that island and his neighbors there as he cared about us and the Congress and his friends in every corner of this country.

It is not possible to capture the style and the humor and the decency of Wes Barthelmes in a eulogy, but he will always be in our memory to remind us of the best we can hope to become, a compassionate person who made the world a better place.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 10 minutes, with statements therein limited to 2 minutes each.

PRIVILEGE OF THE FLOOR—S. 3105

Mr. CHURCH. Mr. President, I ask unanimous consent that the following staff members of the Committee on Interior and Insular Affairs be accorded the privilege of the floor during consideration of S. 3105: Dan Dreyfus, Ben Yamagata, Chris Coccio, Ben Cooper, Winfred Craft, David Stang, Richard Grundy, Mike Harvey, and Katherine Reese.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that the following staff members be accorded the privilege of the floor: Dorey Rosen and Charles Ludlam.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the following members of the staff of the Joint Committee on Atomic Energy have the privilege of the floor during the Senate's consideration of S. 3105, the Energy Research and Development Administration's authorization bill: George F. Murphy, Jr., James B. Graham, William C. Parler, James Asselstine, and Michael Keppel.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(Routine morning business transacted today is printed later in today's RECORD of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

ENERGY RESEARCH AND DEVELOPMENT AND ADMINISTRATION APPROPRIATIONS AUTHORIZATION

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 3105, which the clerk will state.

The assistant legislative clerk will read as follows:

A bill (S. 3105) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1959, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with amendments; and from the Joint Committee on Atomic Energy, with further amendments.

The ACTING PRESIDENT pro tempore. Time for debate on this bill is limited to 2 hours, to be equally divided and controlled by the majority and minority leaders, or their designees, with 1 hour on any amendment, except a Haskell amendment on which there shall be 2 hours and a Randolph amendment on which there shall be 40 minutes, and with 20 minutes on any debatable motion, appeal, or point of order.

Mr. BIDEN. Mr. President, I ask unanimous consent that Dick Andrews, a member of the staff of the Committee on the Budget be accorded the privilege of the floor for the duration of this debate.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. MONTOYA. I yield to the Senator from New Mexico.

Mr. DOMENICI. I thank the senior Senator from New Mexico.

Mr. President, I ask unanimous consent that Haven Whiteside of the Committee on Public Works and Dick Getzinger of my staff be accorded the privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the amendments of the Joint Committee on Atomic Energy and the Committee on Interior and Insular Affairs be agreed to and considered as original text for purposes of further amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, after consultation with the senior Senator from Idaho we have agreed that I would present the atomic energy part of the bill and he would present later the part which is under the jurisdiction of the Committee on Interior and Insular Affairs.

Mr. President, the bill now under consideration, S. 3105, authorizes appropriations for the Energy Research and Development Administration—ERDA—for fiscal year 1977 in the amount of $7.07 billion—an increaese of $2 billion above the amount authorized by the Congress for fiscal year 1976. I personally believe that this substantial increase—29 percent—is wholly justified and is indeed necessary.

The Joint Committee on Atomic Energy and the Interior and Insular Affairs Committee have thoroughly examined this bill in order to assure the Members of the Senate that the Energy Research and Development Administration has adequate funds to accomplish its vital mission—the development of several energy sources so that this Nation and others in the free world can rely on a continuing, economic, and environmentally acceptable supply of energy.

Over the past few years we have learned a simple but vital lesson. This Nation and its important goals are seriously threatened by the fact that our very existence is vulnerable to our increasing reliance upon finite, expensive, and imported energy supplies. Last year, 20 percent of our total energy needs were met by imports. This predicament, which will become more serious before it improves, will not be erased without taking strong and effective action. This action must be directed at allowing the Nation its choice of various energy options for the future. The ERDA authorization bill now under consideration is a necessary step toward development of a strong, well-balanced energy research and development program with the ultimate objective of closing the energy gap. It provides substantially increased funds for all energy technologies.

The total amount authorized by S. 3105 is $7,072,617,000 for ERDA for fiscal year 1977. Of this amount, 46 percent is for the civilian, nuclear energy programs, 29 percent is for the military applications of nuclear energy, 15 percent is for nonnuclear energy programs, and 10 percent is for technology programs which support both nuclear and nonnuclear efforts.

TITLE I PROGRAMS

Focusing on title I of the bill, which is solely for the nuclear programs, the Joint Committee recommends authorization of $3,370,876,000 for operating expenses for fiscal year 1977. Within this sum there are several programs for which the Joint Committee on Atomic Energy has recommended that funding be different than that proposed in the President's budget.

The committee added $32.5 million for magnetic fusion research and $14.0 million for laser fusion research. These additions are considered essential to maintain program pace both in Government laboratories and in promising industry and university programs. The potential of these energy concepts is too great for the Nation to not adequately fund these programs.

For fuel cycle research and development, the committee added $18.4 million to be used to accelerate the development of an acceptable method for disposal of high-level radioactive wastes produced by the commercial nuclear power industry. The committee considers this area one of highest priority, requiring a strong and aggressive program.

The committee added $55 million to the national security program, of which $48.8 million is for increased weapons research and development, and $6.2 million is for insuring continued operation of the N-reactor, which provides 800 megawatts of electricity to the Pacific Northwest area.

In other areas, the committee added $2.96 million for nuclear materials security and safeguards, $4 million for high energy physics, and $8.5 million for nuclear sciences.

The committee also recommended an increase of $122.8 million in the estimate of uranium enrichment revenues. This estimate assumes favorable action on title V of the bill and implementation by ERDA of the revised basis for enrichment pricing.

Title I of the bill authorizes $753,428,000 for new plant and capital equipment acquisition and modifications. Also included are amendments to prior year acts which provide a total of $1,128,200,000 additional authorization for projects authorized in prior years.

The major change in plant and capital equipment recommended by the Joint Committee was the addition of $230 million for an add-on the gaseous diffusion uranium enrichment plant at Portsmouth, Ohio. The committee believes this add-on is essential to insuring that adequate quantities of enriched uranium are available to fuel nuclear powerplants.

Title II contains only nonnuclear programs and was reviewed by the Interior and Insular Affairs Committee.

TITLE III PROGRAMS

Title III of the bill provides for authorization of appropriations for ERDA programs which support all energy technologies. This work is under the jurisdiction of both the Joint Committee on Atomic Energy and the Interior and Insular Affairs Committee. The committees are recommending authorization of $655,140,000 for operating expenses for these supporting programs. Increases by the Joint Committee on Atomic Energy include $3.9 million for the artificial heart program, $1.5 million for nuclear medicine, and $3.72 million for community operations.

Title III also authorizes plant and capital equipment totaling $36,778,000 for the supporting programs. A special provision of section 304 of the bill is the authorization of an additional $3 million for the uranium mill tailings remedial action program. This section also provides for a 3-year extension of the program and for the reimbursement of property owners for self-removal of tailings.

TITLE V PROVISIONS

Finally, title V of the bill amends the Atomic Energy Act to permit ERDA to revise its basis for establishing prices for uranium enrichment services used to provide the fuel for foreign and domestic nuclear powerplants. This will permit the Government to obtain a fair return on its enriching services and to eliminate the differential between the Government's charges for uranium enriching services and those of potential domestic private uranium enrichers, thereby avoiding a discouragement for private entry into the uranium enrichment industry.

These are the highlights of the nuclear portions of the bill. The Joint Committee has conducted a very thorough review of the budget request and believes that the bill provides a sound distribution of funding for ERDA's nuclear programs. It was reported out by unanimous vote to the members present at the final markup, and I urge its favorable consideration.

Mr. President, I ask unanimous consent that the authorization of operating expenses and plant capital equipment information be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AUTHORIZATION OF OPERATING EXPENSES [1]

[In thousands of dollars]

Program	ERDA authorization request	Committee recommendations	Change
Fusion power research and development:			
Magnetic fusion	$156,000	$188,500	+$32,500
Laser fusion	69,300	83,300	+14,000
Total, fusion power research and development	225,300	271,800	+46,500
Fuel cycle research and development:			
Uranium resource assessment	27,000	27,000	0
Support of nuclear fuel cycle	51,800	51,800	0
Commercial waste management	59,970	78,370	+18,400
Total, fuel cycle research and development	138,770	157,170	+18,400
Fission power reactor development:			
Liquid metal fast breeder reactor	455,160	455,160	0
Water cooled breeder reactor program	35,700	35,700	0
Gas cooled reactors	27,400	27,400	0
Molten salt breeder reactor	0	0	0
Light water reactor technology	10,000	10,000	0
Supporting activities	16,700	16,700	0
Total, fission power reactor development	544,960	544,960	0
Environmental research and safety	217,749	223,149	+5,400
High energy physics	162,900	166,900	+4,000
Basic energy sciences:			
Nuclear sciences	77,300	85,800	+8,500
Material sciences	48,700	48,700	0
Molecular, mathematical and geosciences	48,000	48,000	0
Total, basic energy sciences	174,000	182,500	+8,500
Nuclear materials security and safeguards	22,340	25,300	+2,960
Naval reactor development	202,600	202,600	0
Space nuclear systems	30,000	30,000	0
Nuclear explosives applications	1,000	1,000	0
Uranium enrichment	873,095	873,095	0
Advanced isotope separation technology	34,000	34,000	0
National security:			
Weapons	971,605	1,020,405	+48,800
Weapons materials production	334,405	340,605	+6,200
Total, national security	1,306,010	1,361,000	+55,100
Program support:			
Program direction	212,185	212,185	0
Community operations	6,415	10,135	+3,720
Security investigations	10,050	10,050	0
Information services	10,905	10,905	0
General systems studies	11,000	11,000	0
General technology transfers	2,000	2,000	0
Manpower development	700	700	0
EEO assigned facilities	2,075	2,075	0
Cost of work for others	18,240	18,240	0
Total, program support	273,570	277,290	+3,720
Revenues applied	−615,100	−737,900	−122,800
Changes in selected resources	305,002	351,852	+46,850
Transfers to other agencies	500	500	0
Unobligated balance brought forward	0	0	0
Total authorization	3,896,696	3,965,226	+68530,

PLANT AND CAPITAL EQUIPMENT

[In thousands of dollars]

Project	ERDA authorization request	Committee recommendation	Change
Magnetic fusion: 77–2–a, computer building, Lawrence Livermore Laboratory, Calif	$5,000	$5,000	0
Laser fusion: 77–3–a, electron beam fusion facilities, Sandia Laboratories, Albuquerque, N. Mex	13,500	13,500	0
Fission power reactor development:			
77–4–a, modifications to reactors	5,000	5,000	0
77–4–b, breeding nondestructive assay facility, Idaho National Engineering Laboratory, Idaho	9,500	9,500	0
77–4–c, High performance fuel laboratory, Richland, Wash. (A–E only)	0	1,500	+$1,500
77–4–d, Fuel storage facility, Richland, Wash. (A–E and long-lead procurement)	0	7,000	+7,000
77–5–a, computer building acquisition, Idaho National Engineering Laboratory, Idaho	950	950	0
Environmental research and safety: 77–6–a, modifications and additions to biomedical and environmental research facilities, various locations	4,200	4,200	0
High energy physics: 77–7–a, accelerator improvements and modifications, various locations	3,600	3,600	0
Basic energy sciences:			
77–8–a, accelerator and reactor improvements and modifications, various locations	1,300	1,300	0
77–8–b, expanded experimental capabilities, Bates Linear Accelerator, Massachusetts Institute of *Technology*, Mass	5,000	5,000	0
77–8–c, increased flux, high flux beam reactor, Brookhaven National Laboratory, N.Y	2,500	2,500	0
77–8–d, conversion of steam plant facilities, Oak Ridge National Laboratory, Tenn	12,200	12,200	0
Uranium enrichment activities:			
77–9–a, expansion of feed vaporization and sampling facilities, gaseous diffusion plants, multiple sites	30,000	30,000	0
77–9–b, air and nitrogen system uprating, gaseous diffusion plant, Oak Ridge, Tenn	5,200	5,200	0
77–9–c, upgrade ventilation systems, technical services building, gaseous diffusion plant, Portsmouth, Ohio	3,000	3,000	0
77–9–d, centrifuge plant demonstration facility, Oak Ridge, Tenn	60,000	60,000	0
77–10–a, fire protection upgrading, gaseous diffusion plants, multiple sites	8,300	8,300	0
77–10–b, modifications to comply with the Occupational Safety and Health Act, gaseous diffusion plants, and Feed Materials Production Center, Fernald, Ohio	8,200	8,200	0
Weapons activities:			
77–11–a, safeguards and research and development laboratory facility, Sandia Laboratories, Albuquerque, N. Mex	8,300	9,300	+1,000
77–11–b, safeguards and site security improvements, various locations	13,500	13,500	0
77–11–c, 8 inch artillery fired atomic projective production facilities, various locations	20,500	20,500	0
77–11–d, tritium confinement system, Savannah River, S.C	3,500	3,500	0
77–12–a, fire and safety project, Lawrence Livermore Laboratory, Calif	2,300	2,300	0
77–12–b, life safety corridor modifications, Bendix Plant, Kansas City, Mo	3,100	3,100	0
77–12–c, modifications to comply with the Occupational Safety and Health Act, Y–12 plant, Oak Ridge, Tenn	6,400	6,400	0
77–12–d, upgrade reliability of fire protection, Bendix Plant, Kansas City, Mo	7,800	7,800	0
77–12–e, sludge disposal facility, Y–12 plant, Oak Ridge, Tenn	3,000	3,000	0
Weapons materials production:			
77–13–a, fluorinel dissolution process and fue. receiving improvements, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho (A–E and long-lead procurement)	10,000	10,000	0
77–13–b, improved confinement of radioactive releases, reactor areas, Savannah, River, S.C	6,000	6,000	0
77–13–c, seismic protection, reactor areas, Savannah River, S.C	3,000	3,000	0
77–13–d, high level waste storage and waste management facilities, Savannah River, S.C	56,000	56,000	0
77–13–e, high level waste storage and handling facilities, Richland, Wash	40,000	40,000	0
77–13–f, waste isolation, pilot plant, site undesignated (A–E, land acquisition, and long-lead procurement)	6,000	6,000	0
77–13–g, safeguards and security upgrading, production facilities, multiple sites	12,600	12,600	0
77–13–h, personnel protection and support facility, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho	10,500	10,500	0
General plant projects	74,610	74,610	0
Constriction plannin; and design	7,200	7,200	0
Program support: 77–16–a, laboratory support complex, Los Alamos Scientific Laboratory, N. Mex	0	6,000	+6,000
Subtotal, new construction projects	471,760	487,260	+15,500
Increases in prior-year project authorizations:			
76–5–a, Tokamak fusion test reactor, Princeton Plasma Laboratory, Plainsboro, N.J	184,600	184,600	0
76–8–e, conversion of existing steam plants to coal capability, gaseous diffusion plants, and Feed Materials Production Center, Fernald, Ohio	1,300	1,300	0
76–8–g, enriched uranium production facility, Portsmouth, Ohio	0	230,000	+230,000
75–1–c, new waste calcining facility, Idaho Chemical Processing Plant, National Reactor Testing Station, Idaho	37,500	37,500	0
75–3–b, high energy laser facility, Los Alamos Scientific Laboratory, N. Mex	31,900	31,900	0
75–6–c, positron-electron joint project, Lawrence Berkeley Laboratory and Stanford Linear Accelerator Center	66,100	66,100	0
74–1–g, cascade uprating program, gaseous diffusion plants	146,900	146,900	0
71–1–f, process equipment modifications, gaseous diffusion plants	309,900	309,900	0
67–3–a, fast flux test facility	120,000	120,000	0
Subtotal, construction projects	1,369,960	1,615,460	+245,500
Capital equipment not related to construction:			
Fusion power R. & D	30,600	42,800	+12,200
Fuel cycle research and development	15,600	15,600	0
Fission power reactor development	49,002	49,002	0
Environmental research and safety	11,978	11,978	0
High energy physics	20,800	20,800	0
Basic energy sciences	15,400	15,400	0
Nuclear materials security and safeguards	2,400	3,932	+1,532
Naval reactor development	6,000	6,000	0
Space nuclear systems	3,200	3,200	0
Uranium enrichment	17,243	17,243	0
Advanced isotope separation technology	7,000	7,000	0
National security	96,791	102,791	+6,000
Program support	5,100	5,100	0
Subtotal, capital equipment	281,114	300,846	+19,732
Total plant and capital equipment authorization	1,651,074	1,916,306	+265,232

Mr. BAKER. Mr. President, I rise in support of S. 3105, a bill to authorize appropriations for the Energy Research and Development Administration for fiscal year 1977. As a member of the Joint Committee on Atomic Energy, I can personally attest to the thorough and thoughtful review given to this bill by the committee.

I would like to commend the distinguished gentleman from New Mexico for his statement summarizing the nuclear portions of the bill. I agree fully with his observation that we must support a strong and balanced energy research and development program—a program that seeks to employ all energy alternatives to their maximum potential. Our future is dependent upon developing and utilizing all practical domestic energy sources; no energy source can do the job alone. It is clear to me that, without such a program, this Nation's very survival will be endangered by an overreliance on foreign sources of energy.

It is important to appreciate that under this bill, as reported out by our respective committees, all of the energy alternatives, both nuclear and nonnuclear, are receiving substantial funding increases over the amounts for fiscal year 1976. This is a clear demonstration that this Congress believes the promise of these energy sources warrants intensified development. I wholeheartedly endorse these increases, because I believe that we cannot afford to be too conservative at this time in limiting the work on any energy option by the imposition of various budgetary restraints. There is just too much at stake with respect to our Nation's future to do otherwise.

I have considerable confidence that ERDA's work on the fast breeder, fusion power, and other advanced energy concepts will be successful. These programs, which hold the potential for developing virtually infinite sources of energy, warrant substantial increases in their budget.

This bill will show that Congress continues to support nuclear power at a time when some may have doubts about its future. Through our actions today, we can show that we have confidence in this important energy source, as one of the hopes for fulfilling our energy requirements and the social aspirations of this and future generations.

Nuclear energy has proven to be a safe, economic, and environmentally acceptable source of power. It will be needed regardless of the progress we make toward realizing the potential of other energy options. Accordingly, I urge my colleagues to support those programs in the ERDA budget directed toward realizing the full promise of nuclear energy.

In summary, I join Senator MONTOYA in the support of this legislation. The committee's recommendations, in my opinion, provide ERDA with the resources necessary to effectively carry out its nuclear programs. I urge favorable consideration of this bill.

Mr. President, I ask unanimous consent that Mike Adams, of my staff, may have the privilege of the floor during the consideration of this matter and any votes thereon.

The PRESIDING OFFICER (Mr. CHILES). Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield the floor.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. MONTOYA. I yield.

Mr. FANNIN. Mr. President, I ask unanimous consent that Margo Lane, of my staff, may have the privilege of the floor during the debate and votes on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, I shall call up four amendments of the Joint Committee on Atomic Energy, and I ask unanimous consent that they be considered as original text for the purpose of further amendment. They are merely technical in nature.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1844

Mr. MONTOYA. Mr. President, I call up amendment No. 1844, for Mr. PASTORE and Mr. BAKER.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 26, line 13, insert the following sentence: "Funds may be obligated for purposes stated in this section only to the extent provided in appropriations Acts.".

Mr. MONTOYA. Mr. President, this amendment is a technical one for the purpose of including in the law the requirement that any revenues which the Energy Research and Development Administration is authorized under section 402 to use for operating expenses can only be used to the extent authorized in appropriations acts. The fact is that atomic energy appropriations acts themselves, since fiscal year 1957, have included language which is in substance identical to the language in section 402. The language was subsequently included in the authorizing legislation for atomic energy programs in order to meet the point of order which could be raised, because of the absence of an authorization for the language which is in the appropriations acts. The language which would be added by this committee amendment would avoid any question regarding appropriations language being included in authorizing legislation.

This amendment makes it clear that it is not the intent of anyone to bypass the normal appropriations process in section 402 of this bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1845

Mr. MONTOYA. Mr. President, I call up amendment No. 1845, for Mr. PASTORE and Mr. BAKER.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 25, line 22, strike all after the word "whenever" through "(2)" in line 24.

On page 26, line 3, strike the period and insert the following: "in order to meet the needs of national defense or protection of life and property or health and safety.".

Mr. MONTOYA. Mr. President, this amendment would amend section 401 of the bill. That section permits the Energy Research and Development Administration to contract for advance architect-engineering work for certain construction projects before the Congress has authorized and appropriated funds for these projects. The work involved would be engineering and design work, commonly referred to as title I and II, to assure feasibility, define the scope and provide cost estimates so that actual construction of the project could proceed expeditiously when authorized. The authority to perform this work has been included in atomic energy appropriations acts since 1966.

The intent of this provision, as the committee's report indicates, is to give ERDA the authority to accelerate the architect-engineering work on projects involving emergency situations, such as those resulting from fires or natural disasters, and on other urgent projects. The amendment which the committee recommends would make this intent clear in the statute itself by permitting the exercise of the authority only where ERDA determines that such action is necessary in order to meet the needs of national defense or protection of life and property or health and safety.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1846

Mr. MONTOYA. Mr. President, I call up amendment No. 1846, for Mr. PASTORE and Mr. BAKER.

The PRESIDING OFFICER. The
The assistant legislative clerk read as
amendment will be stated.
follows:

On page 2, line 9, add "$6,000,000" to the figure for title I programs.

On page 2, line 17, add "$2,800,000" to the figure for title III programs.

On page 2, line 26, add "$6,000,000" to the figure for operating expenses in section 101.

On page 22, line 12, add "$2,675,000" to the figure for operating expenses in section 301 (f).

On page 23, line 20, add "$125,000" for capital equipment not related to construction for program support.

Mr. MONTOYA. Mr. President, this amendment would add $8.8 million to the ERDA fiscal year 1977 budget for operating expenses and capital equipment associated with the design, procurement, and construction of an additional uranium enrichment facility at Portsmouth, Ohio. This is in addition to the $230 million for this construction project already in the bill under consideration, and it reflects the June 8, 1976, request by Dr. Robert Seamans, the ERDA Administrator, for additional authorization. At this point I ask unanimous consent to have Dr. Seamans' letter printed in the RECORD.

There being no objection, the letter was orderd to be printed in the RECORD, as follows:

ENERGY RESEARCH AND
DEVELOPMENT ADMINISTRATION,
Washington, D.C., June 8, 1976.

Hon. JOHN O. PASTORE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR MR. CHAIRMAN: On June 4, 1976, the President submitted to the Congress for its consideration, an amendment to the Energy Research and Development Administration's budget for Fiscal Year 1977. The President's request would amend the FY 1977 Energy Resarch and Development appropriation by adding appropriation language pursuant to the pending Nuclear Fuel Assurance Act of 1976. Appropriations in the amount of $178,800,000 are also requested to continue work necessary for the expansion of the Government's existing uranium enrichment plant at Portsmouth, Ohio.

This amendment requires additional authorization of $8,675,000 in "Operating Expenses" and $125,000 in "Plant and Capital Equipment" above the authorization provided for in Section 4 of the pending Nuclear Fuel Assurance Act (NFAA). Appropriation of $170,000,000 is requested for Project 76–8–g, which provides for continuation of the work necessary for expansion of an existing Government enrichment facility, for which $255,000,000 is authorized in Section 4 of the pending NFAA. These funds are requested to provide for continuation of design, initiation of procurement and construction of support facilities, and process development, plant test and personnel support for an add-on gaseous diffusion plant at Portsmouth, Ohio.

Th amendment to ERDA's appropriation language would permit ERDA, subject to enactment of the pending Nuclear Fuel Assurance Act (NFAA) and Congressional approval of negotiated contracts, to enter into contracts for cooperative arrangments with private uranium enrichment firms up to the limit of $8,000,000,000 as authorized in Section 3 of the NFAA. The $8,000,000,000 would cover cooperative arrangements now being negotiated with one private firm proposing to build a gaseous diffusion plant and three firms proposing to build gas centrifuge plants. These uranium enrichment projects would be financed, built and operated with private funds. The cooperative arrangements with private uranium enrichment firms would constitute a contingent liability to the U.S. Government for the assumption of these private ventures in the unlikely event that these ventures were unable to proceed. However, it is fully expected that the plants covered by cooperative arrangements would be brought into operation without the actual expenditure of any U.S. Government funds.

The enclosures to this letter summarize the effects of this amendment on ERDA's programs and provide detailed justification regarding the request.

We would appreciate your early consideration of this request. Please let us know if you should require any additional information.

The Office of Management and Budget has advised that this proposed request is in accord with the program of the President.

Sincerely,

Robert C. Seamans, Jr.,
Administrator.

Enclosures: As stated.

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION—BUDGET AMENDMENT

[In thousands of dollars]

Budget appendix page	Heading	Fiscal year 1977 request pending	Fiscal year 1977 proposed language	Fiscal year 1977 revised request
625	Operating expenses (Add the following paragraph immediately after the first paragraph under the above heading:) Upon the enactment of sec. 2 of H.R. 8401, or similar legislation, contracts for cooperative arrangements pursuant to the Atomic Energy Act of 1954, as amended, and as further amended thereby, may be entered into to an aggregate amount of $8,000,000,000.[1]	$4, 622, 126	Language	$4, 622, 126
625	Operating expenses [2]	$4, 622, 126	$8, 675	$4, 630, 801
629	Plant and capital equipment	1, 466, 494	170, 125	1, 636, 619

[1] This proposed language is pursuant to the mandate of sec. 3 of the proposed nuclear fuel assurance legislation and permits the Energy Research and Development Administration, subject to the congressional review and approval required by sec. 2 of the proposed legislation, to enter into contracts for cooperative arrangements with private uranium enrichment firms up to the limit of $8,000,000,000 as authorized in that legislation. These cooperative arrangements would represent a contingent liability to the U.S. Government but it is not expected that any of these funds would be expended for the assumption of private ventures.

[2] The additional fiscal year 1977 funds for "Operating expenses," $8,675,000, are for program support and gaseous diffusion process testing and development. The additional fiscal year 1977 funds for "Plant and Capital Equipment" would provide $170,000,000 for the continuation of design, the initiation of long leadtime, procurement and the initiation of construction of support facilities necessary for an add-on to an existing ERDA uranium enrichment facility, and $125,000 for equipment associated with the program support activities.

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, OPERATING EXPENSES

PROGRAM AND FINANCING

[In thousands of dollars]

	1977 request pending	1977 proposed amendment	1977 revised request
PROGRAM BY ACTIVITIES			
Direct program:			
1. Uranium enrichment activities: (a) Uranium enrichment	873, 095	5, 000	878, 095
2. Program support: (a) Program direction	212, 185	2, 675	214, 860
Items not changed	3, 775, 242		3, 775, 242
Total direct program	4, 860, 522	7, 675	4, 868, 197
Reimbursable program	495, 480		495, 480
Total program costs, funded	5, 356, 002	7, 675	5, 363, 677
Changes in selected resources (undelivered orders and inventories)	579, 933	1, 000	580, 933
Total obligations	5, 935, 935	8, 675	5, 944, 610

FINANCING AND OUTLAYS

	1977 request pending	1977 proposed amendment	1977 revised request
FINANCING			
Receipts and reimbursements from:			
Federal funds	−699, 209		−699, 209
Non-Federal sources	−615, 100		−615, 100
Unobligated balance available, start of year			
Unobligated balance available, end of year			
Budget authority	4, 621, 626	8, 675	4, 630, 301
Budget authority:			
Appropriation	4, 622, 126	8, 675	4, 630, 801
Transferred to other accounts	−500		−500
Appropriation (adjusted)	4, 621, 626	8, 675	4, 630, 301
Relation of obligations to outlays:			
Obligations incurred, net	4, 621, 626	8, 675	4, 630, 301
Obligated balance, start of year	1, 903, 776		1, 903, 776
Obligated balance, end of year	−2, 266, 885	−1, 000	−2, 267, 885
Outlays	4, 258, 517	7, 675	4, 266, 192

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, PLANT AND CAPITAL EQUIPMENT
PROGRAM AND FINANCING

[In thousands of dollars]

	1977 pending request	1977 proposed amendment	1977 revised request
PROGRAM BY ACTIVITIES			
Capital outlay (facilities and equipment) for:			
1. Uranium enrichment activities: (a) Uranium enrichment	529, 393	170, 000	699, 393
2. Program support: (a) Program direction	4, 200	125	4, 325
Items not changed	932, 901		932, 901
Total obligations	1, 466, 494	170, 125	1, 636, 619

FINANCING AND OUTLAYS

	1977 pending request	1977 proposed amendment	1977 revised request
Financing:			
Recovery of prior year obligations			
Unobligated balance available, start of year			
Unobligated balance available, end of year			
Budget authority	1, 466, 494	170, 125	1, 636, 619
Budget authority: Appropriation	1, 466, 494	170, 125	1, 636, 619
Relation of obligations to outlays:			
Obligations incurred, net	1, 466, 494	170, 125	1, 636, 619
Obligated balance, start of year	804, 050		804, 050
Obligated balance, end of year	−1, 178, 929	−120, 060	−1, 298, 989
Outlays	1, 091, 615	50, 065	1, 141, 680

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION—FISCAL YEAR 1977 ESTIMATES

AMENDMENT

Appropriation—Operating expenses

(Dollars in thousands, except whole dollars in narrative material.)

URANIUM ENRICHMENT ACTIVITIES—URANIUM ENRICHMENT PROGRAM: OPERATING COSTS

Program statement

Previous estimate to Congress, fiscal year 1977	$873,095
Amendment	5,000
Total amended estimate fiscal year 1977	878,095

The Uranium Enrichment Program includes costs to operate the gaseous diffusion plants to produce uranium enriched in the U-235 isotope; costs of process development programs to improve the gaseous diffusion process and to develop the gas centrifuge process as an economic alternative means of isotope separation; costs to transfer uranium enrichment technology to private industry; and various necessary supporting activities. The budget amendment of $5,000,000 will provide for an increase in the level of effort in the Plant Test Program to permit the in-plant testing of the new and larger equipment being designed for use in the add-on gaseous diffusion plant at Portsmouth, Ohio, and for an increase in the level of effort for Gaseous Diffusion Process Development, to provide technical support for design and construction of the add-on plant.

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, FISCAL YEAR 1977 BUDGET ESTIMATES—APPROPRIATION—PLANT AND CAPITAL EQUIPMENT

[Dollars in thousands, except whole dollars in narrative material]

Subprogram	Actual, fiscal year 1975	Estimate, fiscal year 1976	Estimate, transition quarter	Estimate fiscal year 1977		
				Previous estimate to Congress	Amendment	Amended estimate to Congress
SUMMARY OF ESTIMATES BY SUBPROGRAM						
1. U-235 production	$394,150	[1] $616,563	$167,144	$800,560	$2,850	$803,410
2. Process development	36,635	45,380	12,571	58,245	2,150	60,395
3. All other U-235	6,004	8,015	2,291	14,290	0	14,290
Total uranium enrichment program	436,789	669,958	182,006	873,095	5,000	878,095
URANIUM ENRICHMENT PROGRAM: OPERATING COSTS:						
1. U-235 production:						
A. Production of cascade feed	19,236	23,617	6,022	22,905	0	22,905
B. U-235 operations	374,914	592,946	161,122	777,655	2,850	780,505
Total U-235 production	394,150	616,563	167,144	800,560	2,850	803,410
B. U-235 operations:						
(1) Cascade power	313,538	512,088	138,108	689,000	0	689,000
(2) Plant test program	3,115	4,700	645	3,200	2,850	6,050
(3) Cascade operations	47,552	62,810	16,999	77,230	0	77,230
(4) Recovery of cascade scrap	329	568	280	1,320	0	1,320
Total gaseous diffusion operations	364,534	580,166	156,032	770,750	2,850	773,600
(5) Related U-235 activities	10,380	12,780	5,090	6,905	0	6,905
Total U-235 operations	374,914	592,946	161,122	777,655	2,850	780,505
(2) Plant test program [2]						2,850
2. Process development:						
A. Gaseous Diffusion Development	9,564	11,800	3,448	11,180	2,150	13,330
B. Gas Centrifuge Development	27,071	33,580	9,123	47,065	0	47,065
Total Process Development [3]	36,635	45,380	12,571	58,245	2,150	60,395
A. Gaseous Diffusion Development						2,150
Uranium enrichment program: Plant and capital equipment obligations—Program statement:						
A. Obligations for construction projects	187,868	[4] 326,559	[4] 79,595	512,150	170,000	682,150
B. Obligations for capital equipment not related to construction	7,791	12,200	6,000	17,243	0	17,243
Total obligations for plant and capital equipment	195,659	338,759	85,595	529,393	170,000	699,393

[1] Reflects fiscal year 1976 transfer request for the addition plant approved by the Congress on May 19, 1976.

[2] Plant test program efforts are required for technical support of design and construction of an addon gaseous diffusion plant at Portsmouth, Ohio. The effort will consist of preparation for extensive proof testing of the design concepts for new process equipment to be incorporated in the addon plant such as new stage arrangement equipment 25 percent larger than existing thousand-size equipment, new converter aerodynamics features, new compressor technology features, new methods of storing barrier to extend shelf life, etc. Preparations for model testing on air, followed by testing in existing test loops will augment the full size test program in the larger test loop to be constructed at a later date. The plant test technical support effort is vital to the meeting of design and construction schedules for the addon gaseous diffusion plant.

[3] Process development efforts are required for technical support of the design and construction of an addon gaseous diffusion plant at Portsmouth, Ohio. An intensive technical support effort is required to provide early confirmation of the innovative addon plant design features. Technical support is also needed to resolve manufacturing problems associated with the new and larger equipment, such as casting of compressor blades and compressor stators, manufacture of larger diameter tube sheets, niclel plating of large process equipment components and joining dissimilar metals in corrosion free and leak proof joints. A headend vendor support and surveillance effort is planned to minimize the types of vendor related problems encountered in the cascade improvement and cascade uprating programs, including defective tube sheets, deficient coolers, porous compressor blades, etc. The process development technical support effort is vital to the meeting of design and construction schedules for the addon gaseous diffusion plant.

[4] Includes fiscal year 1976 reprograming action approved April 1976, and fiscal year 1976 and transition quarter transfer request for the addon approved by the Congress on May 19, 1976.

URANIUM ENRICHMENT PROGRAM AMENDMENT REQUEST IS $170,000,000 IN FISCAL YEAR 1977 ALL OF WHICH IS FOR THE CONSTRUCTION PROJECT IN SECTION A

URANIUM ENRICHMENT PROGRAM: PLANT AND CAPITAL EQUIPMENT OBLIGATIONS—SEC. A, OBLIGATIONS FOR CONSTRUCTION PROJECTS

[Dollars in thousands, except whole dollars in narrative material]

Project No. and title	Total estimated cost	Funded through fiscal year 1976	Estimated obligations transition quarter	Estimated obligations fiscal year 1977			Future funding required to complete project
				Previous estimate to Congress	Amendment	Amended estimate to Congress	
76-8-g, additional facilities, enriched uranium production, locations undetermined (total)	[1] 182,630	5,860	6,770	0	170,000	170,000	[2] 0
Explanation of projects in sec. A: 1. 76-8-g, enriched uranium production facility,[2] Portsmouth, Ohio							170,000

[1] Appropriations requested to date. The estimated cost of an 8,750,000 SWU/year addon plant is $2,800,000,000 in constant fiscal year 1977 dollars, not including any costs associated with the construction of the 3 to 6 powerplants that would be required to provide electricity to such an addon plant. Authorization to date of $255,000,000 (contained in sec. 4 of H.R. 8401, the pending Nuclear Fuel Assurance Act of 1976).

[2] This amendment provides for the continuation of design, initiation of long-lead procurement, and the initiation of construction of a compressor test loop facility, temporary construction facilities, administration and auxiliary on-site support facilities and activities as required for an addon gaseous diffusion plant at Portsmouth, Ohio. Minor supporting facilities will also be constructed at Oak Ridge, Tenn. Current design work would provide for a maximum capacity increase of 8,750,000 separative work units (SWU) per year. The addon diffusion plant would consist of several hundred stages (designated M-0000 size) larger in both size and separative capacity than the existing uprated 000-size. The M-0000 plant design incorporates advanced CIP/CUP performance technology with sound engineering improvements over the physical CIP/CUP 000-stage design and over the 1950 vintage process structural design. The stage size is about 25 percent larger than the 000-type.

The conceptual design provides for four process buildings to house compressors, drive motors, diffusers, interstage piping, cell bypass lines, and process auxiliary systems. Auxiliary buildings or appendages to the process buildings would house the area control room, surge drums for UF_6 gas storage, purge and evacuation system, ancillary systems, etc. Lube oil pumping and storage systems are located outside the buildings to limit fire risks. Necessary pressure booster stations are included for gas transfer between process areas. Feed and withdrawal capabilities would be provided as needed. A new converter assembly and fabrication building, a compressor test facility, as well as an addition to the existing decontamination building would be provided to service the add-on plant, and general and administrative facilities would be provided.

Obligational authority of $170,000,000 requested in FY 1977 will provide for continuation of design and initiation of procurement and on-site construction. This level of obligations is necessary to support the construction schedule for this project.

The capacity of the existing uprated diffusion plants to sustain enriched fuel requirements for power reactors is fully committed. New enriching capacity will be required in the mid-1980's to supply separative work to meet nuclear power needs in this time frame.

Details of Cost Estimate:

The estimated cost of an 8.75 million SWU/year add-on plant is $2,800,000,000 in constant FY 1977 dollars, not including any costs associated with the construction of the three to six power plants that would be required to provide electricity to such an add-on plant. FY 1977 obligations of $170,000,000 are required for continuation of design and initiation of procurement and construction.

	Item cost	Total cost
(a) Engineering design and inspection		$40,630
(b) Construction costs		111,000
(1) Land improvements, modifications to facilities and buildings	$8,000	
(2) Special facilities (procurement)	103,000	
Subtotal		151,630
(c) Contingency at approximately 20 percent of above costs		31,000
Total project cost		182,630
Sec. B—Obligations for Capital Equipment Not Related to Construction—No change from that previously submitted.		

CONSTRUCTION PROJECT DATA SHEET—OAK RIDGE OPERATIONS OFFICE

[Dollars in thousands, except whole dollars in narrative material]

1. Title and location of project: Additional facilities, enriched uranium production, locations undetermined.
2. Project No. 76-8-g.
3. Date A-E work initiated: 4th quarter, fiscal year 1976.
3a. Date physical construction starts: 3d quarter, fiscal year 1977.
4. Date construction ends: 3d quarter, fiscal year 1979.
5. Previous cost estimate: Date— ; Dollars—None.
6. Current cost estimate: Date—June 1976; $182,630,000.[1]
7. Financial schedule:

Fiscal year	Authorizations	Appropriations	Obligations	Costs
1976	$25,000	$12,630	$5,860	$3,860
Transition quarter	0	0	6,770	4,770
1977	[2] 230,000	170,000	170,000	50,000
1978	0	0	0	90,000
1979	0	0	0	34,000

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[1] Appropriations requested to date. The estimated cost of an 8.75 million SWU/year add-on gaseous diffusion plant is $2,800,000,000 in constant FY 1977 dollars, not including any costs associated with the construction of the three to six powerplants that would be required to provide electricity to such an add-on plant.

[2] FY 1977 authorization amount as contained in section 4 of H.R. 8401, the pending Nuclear Fuel Assurance Act of 1976.

8. Brief Physical Description of Project:

This amendment provides for the continuation of design, initiation of long-lead procurement, and the initiation of construction of a compressor test loop facility, temporary construction facilities, administration and auxiliary on-site support facilities, and activities as required for an add-on gaseous diffusion plant at Portsmouth, Ohio. Minor supporting facilities will also be constructed at Oak Ridge, Tennessee. Current design work would provide for a maximum capacity increase of 8.75 million separative work units (SWU) per year. The add-on diffusion plant would consist of several hundred stages (designated M-0000 size) larger in both size and separative capacity than the existing uprated 000-size. The existing cascade would be split at or near the normal uranium feed point, and the larger single-size stages of the new plant would be coupled by piping to form a new cascade configuration. In order to tailor the cascade for the desired assay span, some of the existing end stages would have to be effectively relocated within the cascade by adjustments to the process piping. The M-0000 plant design would incorporate advanced CIP/CUP performance technology with sound engineering improvements over the physical CIP/CUP 000-stage design and over the 1950 vintage process structural design. The stage size is about 25% larger than the 000-type. A nominal 8.75 million SWU/yr gaseous diffusion plant would require enclosing about 200-300 acres of government owned land within the perimeter fence.

76-8-g—Additional facilities, enriched uranium production, locations undetermined:

The conceptual design provides for four process buildings to house compressors, drive motors, diffusers, interstage piping, cell bypass lines, and process auxiliary systems. Auxiliary buildings or appendages to the process buildings would house the area control room surge drums for UF_6 gas storage, purge and evacuation system, ancillary systems, etc. Lube oil pumping and storage systems are located outside the buildings to limit fire risks. Necessary pressure booster stations are included for gas transfer between process areas. Feed and withdrawal capabilities would be provided as needed.

The process buildings would be constructed as single-story buildings with the operating floors made of reinforced concrete built on grade. The buildings' foundations would be of reinforced concrete with footings designed for the soil conditions. The building would be structured with steel framing designed to support the snow, wind and other applicable loads required by code and criteria. The roof would be metal ribbed deck with a firerated vapor barrier and insulation, walkways, roof drains and smoke vents. Exterior walls would be ribbed prefinished metal siding, and interior walls would be concrete block, insulated metal and/or suitable non-combustible material. Handling equipment would be provided to serve the cell and motor area.

A new converter assembly and fabrication building as well as an addition to the existing decontamination building would be provided to service the add-on plant, and general and administrative facilities would be provided.

The total input power for a full size add-on plant would be about 3 million horsepower. With the added full-size plant auxiliaries and electrical losses, the total metered power into the new switchyard would be about 2600 MWe.

A make-up water rate of about 20 million gallons per day would be required for a full-size plant for the heat rejection system which must dissipate about 7.4 billion BTU/hour. This rejection occurs through four cooling towers. The other major process utility requirements include 150,000 cubic feet/day of nitrogen and about 20 million cubic feet/day of dry air for a full-size plant.

The stages would be of a single size. The stage horsepower and, hence, interstage flow would be tapered to conform to an economic cascade. Each cell would contain sixteen stages with total volume of about five times that of a 000-size CIP/CUP cell.

The M-0000 converter would be of an improved, though conservative, design based on the existing 000 TIA barrier geometry arranged for four stage badger cluster process arrangements. The TIA barrier production lines as they become available after completion of the CIP would support barrier production for the new plant; thus no additional production lines would be necessary to produce the required barrier tubes.

The process cooling systems would consist of extended surface process gas coolers, a boiling natural circulation intermediate cooling system using Freon 114, water cooled condensers, a recirculating cooling water piping network and pumps, wood mechanical draft evaporative cooling towers, a supply and treatment system for cooling water makeup.

All process piping and associated valves be sized on the basis of an economic trade-off between operation cost (flow losses) and capital cost.

Obligation authority of $170,000,000 requested in FY 1977 will provide for continuation of design, initiation of long-lead procurement, and the initiation of construction of a compressor test loop facility, temporary construction facilities, administration and auxiliary on-site facilities, and activities as required for the add-on plant. This level of obligations is necessary to support the construction schedule for this project.

9. Purpose, Justification of Need for, and Scope of Project:

The capacity of the existing uprated diffusion plants to sustain enriched fuel requirements for power reactors is fully committed. New enriching capacity will be required in the mid-1980's to supply separative work to meet nuclear power needs in this time frame. An add-on plant at Portsmouth would increase the Government's enrichment capacity aimed at meeting these needs.

10. Details of Cost Estimate:

The estimated cost of an 8.75 million SWU/year add-on plant is $2,800,000,000 in constant FY 1977 dollars, not including any costs associated with the construction of three to six power plants that would be required to provide electricity to such an add-on plant. FY 1977 obligations of $170,000,000 are required for continuation of design and initiation of construction.

	Item cost	*Total cost*
Engineering, design and inspection		$40, 630
Construction costs		111, 000
(1) Land improvements, modifications to facilities and buildings	$8, 000	
(2) Special facilities (procurement)	103, 000	
Subtotal		151, 630
Contingency at 20 percent of above costs		31, 000
Total project Cost		182, 630

Design and inspection will be on the basis of negotiated architect-engineer contracts assisted as necessary by the operating contractors and consultants. A prime construction contractor will be selected to perform the construction on a cost-plus-fixed-fee basis, with majority of the work to be subcontracted. To the extent feasible, all subcontracts for construction and procurement will be accomplished by fixed-price competitive bids.

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION—FISCAL YEAR 1977 BUDGET AMENDMENT ESTIMATES—PROGRAM SUPPORT PROGRAM DIRECTION—OPERATING

ERDA is continuing work on expansion of the Government's existing gaseous diffusion plant at Portsmouth, Ohio. ERDA Management of contractor design, engineering and construction activities at the project offices will require 100 people to be brought on board by the end of FY 1977. This engineering and administrative support will require additional funding of $2,675,000 to cover salaries, travel, and other costs such as employees' moving expenses, supplies and materials, and communications services. The additional personnel involved will carry out ERDA's responsibilities in implementing the intent of the proposed Nuclear Fuel Assurance Act of 1976. Initially, they will manage the activities needed to advance the Hedge Plan proposed in this amendment and support the ongoing negotiations with private enrichment ventures. Following passage of the Nuclear Fuel Assurance Act, these personnel will carry out project activities related to both the private enrichment ventures and the add-on plant.

SUMMARY OF COST ESTIMATES

[In thousands]

Program	Actual fiscal year 1975	Estimate fiscal year 1976	Estimate transition quarter	Estimate fiscal year 1977		
				Previous estimate	Amendment	Amended estimate to Congress
Program direction	$153, 136	[1] $192, 003	$48, 750	$212, 185	$2, 675	$214, 860

[1] Includes fiscal year 1976 reprograming action approved in April 1976, and fiscal year 1976 transfer request for the Hedge plan approved by the Congress on May 19, 1976.

PROGRAM DIRECTION PROGRAM—EQUIPMENT OBLIGATIONS

ERDA is continuing work on expansion of the Government's existing gaseous diffusion at Portsmouth, Ohio. Continuation of design and initiation of on-site construction will be undertaken during FY 1977. ERDA Management of contractor design, engineering and construction activities at the project offices will require 100 people to be brought on board by the end of FY 1977. Additional funding of $125,000 is required to supply administrative equipment such as typewriters, calculators and reproduction equipment necessary to support the project office staffs.

SUMMARY OF ESTIMATES

[In thousands]

Program	Actual fiscal year 1975	Estimate fiscal year 1976	Estimate transition quarter	Estimate fiscal year 1977		
				Previous estimate	Amendment	Amended estimate to Congress
Program direction	$2, 568	$4, 121	$940	$4, 200	$125	$4, 325

Mr. MONTOYA. Mr. President, of the $8.8 million additional authorization, $6 million will provide for an increase in the level of effort in ERDA's program to permit actual in-plant testing of new and larger equipment being designed for use in the so-called add-on gaseous diffusion plant and for an increase in the level of technical support for design and construction of the add-on plant. The rest of the $8.8 million is for engineering and administrative support necessary to carry out various activities related to expansion of uranium enrichment capacity in the United States.

I believe that this additional authorization is vital to meeting the design and construction schedules for the Portsmouth uranium enrichment facility and is therefore vital to assuring that domestic and foreign nuclear powerplants in the mid-1980's will not suffer from a shortage of nuclear fuel.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1847

Mr. MONTOYA. Mr. President, I call up amendment No. 1847, for Mr. PASTORE and Mr. BAKER.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> On page 2, line 26, delete the figure "$3,370,876,000" and substitute therefor the figure "$3,371,676,000".

Mr. MONTOYA. Mr. President, this amendment would add $800,000 to the $1.2 million requested by the administration for fiscal year 1977 for the thermionic energy conversion program.

Thermionic conversion offers the potential for improvement in the utilization of fuel in the generation of electricity, notably in connection with so-called topping cycles for electric powerplants. If successful, the development of a thermionic topping cycle could permit increasng the efficiency of thermal power plants from the present range of 33–40 percent to 50 percent or better. For a 1000 megawatt electric powerplant this increase in efficiency would result in a savings of 3 million barrels of oil per year.

The committee believes that the increase in funding recommended for this program can be used effectively to accelebrate research and development in this promising area.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL. Will the Senator from New Mexico yield for a unanimous-consent request?

Mr. MONDALE. I yield to the Senator from Colorado.

Mr. HASKELL. Mr. President, I ask unanimous consent that John Cevette and Tom Laughlin of my staff and Ann Wray of Senator CRANSTON's staff have the privilege of the floor during debate and voting on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1784

Mr. MONTOYA. Mr. President, I call up amendment No. 1784, which is a technical amendment, and which I call up in behalf of Senator JACKSON and Senator PASTORE.

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk read as follows:

> The Senator from Washington (Mr. JACKSON), for himself and Mr. PASTORE, proposes an amendment No. 1784:
>
> On page 2, line 17, strike out "$675,298,000" and insert in lieu thereof "$691,918,000."
>
> On page 21, line 23, and on page 22, line 1, strike "$199,516,000" and insert in lieu thereof "$206,416,000".

On page 22, line 5, strike "$8,607,000" and insert in lieu thereof "$5,607,000".

On page 22, line 12, strike "$284,820,000" and insert in lieu thereof "$288,540,000".

On page 23, strike lines 4 and 5.

On page 23, line 6, strike "(c)".

On page 23, between lines 10 and 11, insert the following:

"(b) Program Support:

"Project 77–16–a, laboratory support complex, Los Alamos Scientific Laboratory, New Mexico, $6,000,000.".

On page 23, line 11, strike "(b)" and insert in lieu thereof "(c)".

On page 30, line 8, strike "approved" and insert in lieu thereof "approval".

Mr. MONTOYA. These amendments are of a technical nature and their adoption will be consistent with the action taken by the Committee on Interior and Insular Affairs and the Joint Committee on Atomic Energy. I ask unanimous consent that these amendments be considered en bloc and adopted.

The PRESIDING OFFICER. Without objection, the amendments are considered en bloc.

The question is on agreeing to the amendments.

The amendments were agreed to.

AMENDMENT NO. 1654

Mr. HASKELL. Mr. President, I call up my amendment 1654.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HASKELL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment proposed by Mr. Haskell, for himself and others, is as follows:

On page 17 insert between lines 11 and 12 the following:

Sec. 407. Section 106 of Public Law 91–273 is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this section, sums appropriated in excess of $1,743,000,000 under this section shall be expended only to meet the Federal share of the costs of the Clinch River demonstration breeder reactor. For the purposes of this subsection the Federal share is 50 per centum of all costs of construction of the Clinch River demonstration breeder reactor which exceed $1,743,000,000.".

The PRESIDING OFFICER. The Chair inquires, is this the amendment the Senator from Colorado desires 2 hours on?

Mr. HASKELL. This is the amendment, Mr. President, on which I desire 2 hours. I do not believe, for the information of the Senate, that I shall take anywhere close to that, probably 15 minutes on my side and however much the opposition would like would suffice.

I point out, Mr. President, that this amendment is cosponsored by Mr. Hatfield, of Oregon; Mr. Case, of New Jersey; Mr. Gravel, of Alaska; Mr. Hart, of Colorado; Mr. Hollings, of South Carolina; Mr. Leahy, of Vermont; Mr. McGovern, of South Dakota; Mr. Metcalf, of Montana; Mr. Nelson, of Wisconsin; Mr. Ribicoff, of Connecticut;

I ask unanimous consent that in addition to the listed cosponsors, Mr. Hathaway of Maine be added as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL. Mr. President, I think that the list of cosponsors shows a very broad geographical and bipartisan support for this amendment. With that as a preface, let me describe what this amendment does.

The amendment says, with regard to the cost of the Clinch River breeder reactor, when, and if these costs exceed $2 billion, the excess over $2 billion will be shared equally by the U.S. Government and the utility participants.

Mr. President, I think that it is important to put in perspective the historical costs of this project. For example, the costs on this project have gone up 179 percent since 1972. Overruns on other civilian projects during the same period increased only 81 percent, or less than half of the increase of the breeder reactor. These figures are General Accounting Office figures.

It is also important, Mr. President, to understand that both ERDA and the utility companies involved in the project now, as of this month in 1976, give a cost estimate of the project of $1.95 billion. All that my amendment, cosponsored by these other Senators, seeks to do is say that if the cost overruns go over $2 billion, there will be an equal sharing between the utility parties and the U.S. Government.

Let me add this particular fact to the question: Basically, project is control and management is in the hands of the utility companies involved. For example, 130 of the top 200 management places of the project organization will be filled by the utility companies. So they have a direct responsibility for management control.

It seems to me, Mr. President, that if these companies are in management control and if, as they have, they agree on what the project is going to cost, it would be most salutary to insist that if they are wrong, if they go over the projected costs, the organizations that they represent and by whom they are paid—which organizations, incidentally, will benefit from the project—should share in any cost overruns.

I think it is probably important to see if this is fair. Is this generally what is done where you have a governmental-private partnership in a demonstration project, which this is, or, in fact, in pilot projects? As I understand it, in the nonnuclear sector, there is only one existing demonstration project, but ERDA has prescribed a 50-percent private participation and, therefore, the private sector involved in the Federal-private partnership will bear 50 percent of any cost overruns. The standard that ERDA has put on pilot plants in the fossil sector is that private participation shall be 33 percent. Mr. President, I hope that we will all bear in mind that all this amendment asks for is 50 percent of future cost overruns—not 50 percent of past overruns, not 50 percent of project costs, but 50 percent of overruns if there be any in the future. For that reason, Mr. Presi- reasonable. In effect, it puts the monkey dent, I suggest that this is extremely on the back of the people who are running the project; that is, the private utilities, but only puts half the monkey on their back. I think this type of stick, I suppose we could call it, as well as the carrot that they already have of the benefit from the project, will be of benefit to the U.S. taxpayer in that they will see that their overruns, if there are any, are minimized.

With that, Mr. President, I yield the floor.

Before I do that, I modify my amendment. On my amendment the reference to the page and lines of the bill should be page 27, and it should refer to lines 8 and 9, and I would, accordingly, modify my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The amendment is so modified.

The amendment, as modified, is as follows:

On page 27, insert between lines 8 and 9 the following:

Sec. 407. Section 106 of Public Law 91–273 is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this section, sums appropriated in excess of $1,743,000,000 under this section shall be expended only to meet the Federal share of the costs of the Clinch River demonstration breeder reactor. For the purposes of this subsection the Federal share is 50 per centum of all costs of construction of the Clinch River demonstration breeder reactor which exceed $1,743,000,000.".

Mr. HASKELL. I yield the floor.

Mr. MONTOYA. Mr. President, the committee has studied this amendment very carefully. We have evaluated it, we have analyzed it, and the committee is opposed to this amendment.

There are many reasons for the opposition. One of the reasons seems to be, and is, that it would impair the existing contractual obligations between the Federal Government and the private participants in the Clinch River breeder reactor project with the likely result that the project would have to be stopped until it could be authorized as strictly a Government project.

There is a contract between the participating utilities and ERDA or the Government with respect to the construction, with respect to management, with respect to financial contributions into the project by the Government and by the utilities.

Under the contract, as I recall, there is a ceiling, with respect to contributions on the part of the utilities, of $257 million. This is fixed right into the contract.

If this amendment passes, in order to carry out its objectives and to enforce its edicts the Government will have to cancel that contract unless the utilities involuntarily assume a greater burden as envisioned by the Haskell amendment. I am sure they will not do this, and I am sure if the Government insists on this and states that it will not go forward until the Haskell amendment provisions are satisfied, this will cause the demise of the entire project.

I and other members of the joint committee are just as concerned as the distinguished sponsor of this amendment with assuring that every necessary step is taken so that the costs of this vital project are kept under control and that the funds are prudently used.

I personally conducted very thorough hearings last year about the cost and about the increased cost from the inception of the project, and we are trying our very best to maintain complete, thorough and accurate surveillance on the cost structure of the project.

Although estimated costs of the project have increased from $699 million when the project was initially authorized in 1970 to $1.95 billion, the fact is that none of the cost increases have been attributed to managerial negligence, omissions or inefficiency as is usually the case where there are cost overruns. The increases in the estimated cost of the project are primarily because of cost escalation, delay costs due to occurrences not within the control of the Government or any of the private participants, and from changes in the design which have been made in the interest of even more safety and environmental protection.

It is also a fact that the Government will bear the burden of the substantial increase in the estimated cost. This is so because the private participants in the project who, incidentally, number over 1,750 privately owned utilities, publicly owned utilities, rural electric cooperatives, as well as other companies involved in the nuclear industry, have not agreed to increase the total amount of their contributions which is, as I stated before, $257 million. The authorization for the project in 1970 required that a cooperative arrangement be worked out between the Government and the private participants. That arrangement is now the subject of mutually agreed to and definitive contracts for the development, design, construction, test operation, and operation of the Clinch River Demonstration Project.

These provisions are locked into the contract. The Government cannot, without breeching the contract, extricate itself from its responsibility and must honor the commitment it made to these utilities when they started contributing into this project.

These contracts are now in effect. In May of 1976 they were amended to provide that the Energy Research and Development Administration has the complete responsibility to manage and control the project. Utilities have no personnel in policy positions and they certainly have no authority with respect to the management of the particular project. They have people on the site participating in the project, and this is provided for in the contract. But ERDA has the sole, final, and complete responsibility for carrying on the construction of the project and placing this demonstration plant eventually into operation.

ERDA has made itself available, as have the private participants, to provide valuable services as ERDA might deem necessary. The private participants' financial responsibility under the contracts is a limited one and there is nothing at all in the contract which provides or suggests that the Government would look to the private participants to provide additional financial contributions in excess of the amount which the private participants have agreed to provide. Indeed the contracts carefully limit the private participants' financial obligations for the project to the total amount of their pledges. No "open ended" financial risk of any kind is imposed on them. Throughout this project no one has suggested that it would be fair or prudent to impose an open ended risk on the private participants. Had we done this in the beginning we would not have attracted all these utilities to come in and sign a firm contract of contribution toward the project.

Now, for the Senate to enact the Haskell amendment and for this amendment to become law is to deny to the utilities the commitment that was made to them by the Government. It is a breach of faith on the part of the Government for this amendment to be enacted. I do not know what all of the dire consequences might be if this amendment should be enacted. It would most certainly bring the project to a halt because of a breach in the present contractual arrangements which would have a lasting effect on the project and might cause undue delays. It might relegate the Government to assuming full and complete financial responsibility for carrying on the project after considerable delay in negotiation and failure to arrive at a mutual agreement with the private participants.

Enactment of the Haskell amendment which would limit the Federal share of the costs of the project to 50 percent of any amount in excess of $1.743 billion would mean that the existing contractual arrangements between the Government and the private participants would be impaired.

This presents a constitutional question—impairment of contract under the constitution.

As a result, the private participants could choose as I stated before to just abandon the project. If that occurred, the project, which is authorized as a cooperative project, could not be conducted by the Government alone unless and until it is authorized as a Government-only project.

According to information which the joint committee has received, both from representatives of ERDA and of the private participants, it is most unlikely that the utilities would agree to contribute more than the $257 million they have already pledged for a project over which they have no managerial role and responsibility.

There is no legal way that the utilities could be required to commit themselves to more than they have currently pledged. It should also be pointed out that this project was authorized and the private participants entered into the joint venture with the Government for the Clinch River project before the guidelines of a 50–50 cost sharing by industry and Government in demonstration plants was applied within the executive branch. Even though that is the case, the fact is that the private participants' contribution to the Clinch River project is the largest ever made in the United States.

The Clinch River Project is now a Government-controlled, owned and operated project which will be located on Government property, and the utilities have no control whatsoever over the project costs. Under the existing cooperative arrangements for Clinch River, the private sector is participating by contributing skills and experience and by making substantial financial contributions. The very essence of the arrangement is to demonstrate the technology so that the Government can make the fruits of that technology available to the private sector for it to decide whether that technology should eventually be used commercially to generate electricity. There is nothing in the cooperative arrangements which give particular benefits or profits to the private participants or any other special interest group.

The project is certainly of great importance to our country and it is one of the top, if not the top, priority energy developmental projects in the country. The project is a vital step along the way to a commercial breeder system. If the goal of commercialization of the breeder is to be achieved after the successful operation of the Clinch River Demonstration Plant, there will be much more utility investment needed.

Placing an additional burden on the private participants in the Clinch River Project would impair existing contractual obligations and, while of questionable legality, is most certainly unfair and inequitable. The result would be additional substantial delay in the project with escalation in project cost for this vitally important project.

If the purpose of the amendment is to achieve cost consciousness and savings, I can say to the Senator from Colorado that the Joint Committee, other committees of the Congress and the General Accounting Office have displayed a keen interest in the project and it is quite clear that the participants are aware that this congressional interest will be continued. Furthermore, Dr. Seamans, the Administrator of ERDA, has testified before the committee that he and his organization are dedicated to managing the project so that progress will be made with the prudent expenditure of funds. So it seems to me that if the interest of the amendment is to achieve cost controls without damaging this vital project, that everything reasonable is now being done to exercise congressional supervision over the project. If there is any doubt about this, although the Clinch River Project was authorized in 1970 by Public Law 91–273, the Government funds for the project are being authorized and appropriated on an annual basis. If the Congress believes that a ceiling or other controls should be imposed on the project, it is in a position to do so in its vote annually on either the authorizing or the appropriations bills. Accordingly, the Haskell amendment is unnecessary to achieve congressional oversight and control over Federal expenditures for this important project.

In summary, enactment of the amendment will cause a severe impact with respect to utility participation in the project and would most likely result in their withdrawal from the project. The Joint Committee's views in this regard are shared by the Energy Research and Development Administration. I ask unanimous consent that recent correspondence from ERDA in this regard be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

Energy Research and
Development Administration,
Washington, D.C., June 4, 1976.

Hon. John O. Pastore,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

Dear Mr. Chairman: This is in response to your request for ERDA's views as to what would happen if a legislative requirement were placed on the utilities to share in costs for the Clinch River Breeder Reactor Project (CRBRP) in the event such costs were to rise above $2 billion.

It is our opinion that such a requirement could cause a severe impact with respect to utility participation in the project. The change may be considered by the utilities as a repudiation of the present contract and would certainly be considered contradictory to the Memorandum of Understanding between the utilities and the AEC which was fully discussed with the JCAE prior to initiating the CRBR project. In that arrangement it was clearly understood that the utilities would be asked for contributions on a "one-time-only" basis.

ERDA, under the revised contractual arrangement which was signed recently, has complete project management responsibility. More specifically, the 70 ERDA personnel in the Project's integrated management staff will have the authority pertaining to policy, direction of work, and contractual matters. Utility personnel will fill meaningful positions in non-policy areas and in areas that relate to technology transfer. The utilities have agreed, in the contract revisions signed recently, that ERDA shall have complete management responsibility and they also are continuing to honor the $250 million pledged when they had the primary management role. However, there is no legal way they could be required to commit themselves to more than they currently have pledged.

The utilities entered into the jointly-sponsored CRBRP before the guidelines of 50–50 sharing by industry and government in demonstration projects were applied within the Executive Branch. Further, the utilities' contribution to this jointly-sponsored demonstration project is the largest ever made in the United States. If their contribution had not been provided, the Government would have had to fund the entire project from the beginning because of the importance of the IMFBR to our country.

It is necessary to remember that even if many of the utilities were willing to assume the additional potential costs, the arranging alone for such additional cost sharing would be very time consuming and difficult. Seven hundred and forty utilities have individually pledged to contribute various amounts to the CRBR Project. Each pledge agreement would have to be negotiated individually. Also, funds from utilities would most likely have to be obtained by the utilities from customers through rate increases which would require approval of their cognizant public utility commissions.

While it is true that the state public utility commissions (PUC) allow costs of R&D to be passed on to rate payers, the PUC's require utilities to show how they can recover the costs, through successful R&D programs. In general, this means that resultant savings on a discounted basis must exceed costs within a reasonable and foreseeable time. The decision is based on a business analysis of the proposed work. In the case of CRBR, the control of the project is no longer in the hands of the utilities. The project is government-controlled, government-owned and located on government property. Furthermore, it is a project of national interest rather than one of local interest only. Thus, any support by PUC's would have to be based on an appeal for the national benefits to be gained.

As a practical matter, nearly all of the 50 state regulatory bodies would be involved. It is quite likely that some private utilities would back out of the project, if the proposed amendment were forced upon them because many utilities are much weaker financially than when the project began.

In summary, the following considerations are significant as they apply to participation by the utilities in the CRBR program:

1. The present utility share was proposed by the Government, and was accepted by many of the utilities. It was clearly understood by the utilities, the Administration and Congress to be a "one-time" pledge.

2. The CRBR is now a government-controlled, -owned and -operated project which will be located on Government property, and utilities have no control over the project cost.

3. CRBR is one step along the way to a commercial breeder system. Much more utility investment will be needed to continue to move toward commercialization. It will be more productive to focus utilities' resources on the next step in furtherance of national goals.

Finally, the placing of a requirement for additional funds upon the utilities would almost certainly cause delays in the project with consequent escalation in project costs.

If you should have questions concerning this matter, please let us know.

Sincerely,

Richard W. Roberts,
Assistant Administrator for Nuclear Energy.

Mr. MONTOYA. For all of the foregoing reasons, the Haskell amendment should be defeated, Mr. President.

Mr. BAKER. Will the Senator yield to that I may speak in opposition to the amendment?

Mr. MONTOYA. Yes; I yield to the Senator from Tennessee as much time as he may require.

Mr. BAKER. Mr. President, I thank the Senator for yielding so I may speak in opposition to the amendment of the distinguished Senator from Colorado.

I came to the nuclear era at a fairly early age. I will not wax nostalgic nor try to overwhelm my colleagues with the wave of nostalgia, except to say that respecting this debate on this amendment and the general field of nuclear power in the debate, it may be useful to remember where we were, how we got where we are, and what the future still holds, in my judgment.

I recall, during the waning days of World War II, that I watched the construction and unfolding development of the huge federally owned complex in my native State of Tennessee. Of course, I was a young man, then a very junior officer in the Navy, and on my return home I was able to see this intense activity, some 60,000 people working there behind chain link fences, guarded at the gate by armed weapons carriers and fixed gun emplacements.

This was a fairly awesome sight to see in the mountains and valleys of east Tennessee.

I was in Rhode Island at the Navy PT school when I learned that that facility had, in fact, been the location of the heroic effort of the Federal Government to build our first atom bomb which was detonated over Japan.

In that truly cataclysmic and extraordinary way, they shot civilization into its first truly new era in several millenia.

Mankind, a product of our advance in science and technology, had not only created the undoubted ability to incinerate ourselves in a giant holocaust, but had opened new vistas, as yet undreamed of, for the release of the human race from the shackles of manual labor.

The peaceful promise of nuclear power was evidenced even then in the ending days of World War II, and even after the terrible destruction of two Japanese cities.

I recall at that time, as well, even during the final days of World War II, that there was great conversation about limitless electrical power, the free and easy access to energy that science would bring us as a result of this spectacular new development.

There was conversation about the transitory fashion in which we would go in when we used our fission power, and shortly would turn to the matter of burning the waters of the ocean, producing energy, maybe even direct electrical power, to the advance of thermodynamics in the fusion process.

I remember then, even in the late 1940's, discussion about that great promise. I remember, after World War II when all of us came home, President Eisenhower made what I thought was a bold and great gesture toward the harnessing of nuclear power for peaceful purposes.

Adm. Lewis Strauss was then chairman of the Atomic Energy Commission. I remember the phrase used by President Eisenhower, to use nuclear power to beat our swords into plowshares.

I believe that is the way the project came to be known, as Operation Plowshare.

But by then, we settled into the realization that fusion power would be a little further away and that we had better develop other techniques for utilizing this genie we let out of the bottle. And we did. We began building nuclear reactors, these vast controlled fission reactors that produced heat, not electricity, or pure energy, as we released over Hiroshima and Nagasaki, but heat.

Mr. STONE assumed the Chair at this point.

Mr. BAKER. We knew how to handle them. The heat, in turn, boiled water, and the water, in turn, converted to steam, and the steam turned turbines that produced electricity. It was a pretty Rube Goldberg approach to it, I thought then, and, as a matter of fact, I still think so. Deep down inside me still beats the ambition that we see a fusion technology and even the direct conversion of fusion reactor power into electrical energy without the intervention of that thermal dynamic cycle, without that Rube Goldberg add-on heating water to drive steam to run turbines to run generators to produce electricity.

Unfortunately, Mr. President, we have not arrived at that age. We are at about the same place now that we were a few years ago, as we were when Admiral Strauss, President Eisenhower, our distinguished chairman of the Joint Committee, his predecessors and colleagues and all of those who contributed so much in the House and Senate to the birth of the nuclear energy, decided to go on with fission power reactor industries and built the first of the plants, the first, I believe, at Shippingport, Pa.

I remember then, Mr. President, there was a debate about how we ought to do this, whether we ought to involve private industry at all; maybe private industry should not be involved in a matter so sensitive, so involved in the national security, in the preservation of world peace which, at that time, was the sole trusteeship of the United States, shortly to be shared with the Russians, British, and French.

Mr. PASTORE. Will the Senator yield at that juncture?

Mr. BAKER. I yield.

Mr. PASTORE. It was done deliberately in order to enter into a partnership with private industry. We realized at that time that it was in the national interest to use this natural power of tremendous proportion for the betterment of mankind. We felt at that time, as I feel today, that unless we can put the atom to peaceful purposes it is a curse that it was ever born.

Mr. BAKER. And we would betray a trust that was given to us.

Mr. PASTORE. That is right. If all we will do with the atom is to make bigger and better bombs, I certainly want no part of it. But can it serve us in medicine, can it serve us in generating electricity? That is the question here. The question here is not whether or not industry is trying to take advantage of the Government on the breeder reactor. The question here is, is it in the public national interest to have the breeder reacttor? That is what we have to determine.

Mr. BAKER. And the answer to that, Mr. President, I believe is a resounding yes, not only to have the breeder but to have the involvement of private industry.

Mr. PASTORE. I will have something further to say when the Senator completes his remarks.

Mr. BAKER. I believe if we follow the routes that other countries have followed, notably the Soviet Union, Great Britain, and France, and go it alone just as a Federal project, a central government project, without the involvement of private industry, we will have betrayed our faith in a free economy.

I personally applauded at that time the involvement of private industry in the early Shippingport and other demonstrations that came. They were demonstrations to demonstrate a new technology.

To move on—because I do want to yield the floor to my friend from Rhode Island, who has been a distinguished chairman of the Joint Atomic Energy Committee, who has served so well in this field—when we first began the demonstration, we understood there was a very heavy responsibility on the Federal Treasury; that it should bear a heavy share of that cost; that we should not assign it to the ratepayer, to the man and woman who pay their electrical bill, to have it added to the electricity bill.

The developments in those early days yielded up the huge reactors that are serving this country so well and producing a substantial fraction of the power in this country—and they will produce even more—all safely, without ever experiencing a single nuclear accident that was fatal to any human being in the entire nuclear history of the United States.

Mr. President, now we are at another crossroads. A few years ago I had another chance to be involved in other conversations with another President and another chairman of the Atomic Energy Commission, about going forward with a demonstration project on the next technology, the breeder reactor. Then, as earlier, I really hoped we could skip the whole thing; that we could go directly to fusion and maybe even directly to conversion to electricity from the fusion reaction. But my friends in science and industry, and mostly in the system of national laboratories that the AEC set up, said, "Senator, you better be calm and patient. We understand your ambitions; we understand your hopes in that respect. But you have to know you probably have to burn the rocks before you burn the water." That means we have to go with the reactors before we get to fusion. It probably will not occur until after the beginning of the next century.

But there are not enough rocks, and we will never make it with the known reserves of high grade uranium, if we do not go to the breeder technology.

I was convinced. I was reluctant but I was convinced. I am convinced now. My advice to the administration, along with that of others, is that they should go forward with the breeder demonstration project. I am convinced, as the chairman pointed out, that we were right in deciding that private industry should be involved.

Mr. President, my final remarks at this time in this respect are these: This is a demonstration project. Private industry did not ask us to do this. We are not building generators, we are not building boilers, we are not building turbines or even reactors for private industry. We are building a single demonstration project for the breeder concept, and it is about time.

We will be the fourth country to do that. We are not in the vanguard of this science or technology. We are behind the Russians, the French, and the British, and we are perilously close to being behind the Japanese, Italians, and West Germans, and goodness knows who else. But it is a demonstration project and, as such, it is a public project, not to be borne exclusively by the family who pays their electric bills every month. They should not pick up the tab. The Federal Treasury should do it. That is why this project was designed this way.

At the same time, we knew that to demonstrate feasibility we have to prove more than we can breed fuel. This exotic device will produce more fuel than it consumes, which is a popular way to put it. It does, but of a different type. It is not quite perpetual motion, but it sure does challenge the mind.

We had to demonstrate something else. We had to demonstrate that we can build this thing; that it will operate over a period of time; that the materials are suitable to it; that the valves and machinery are adaptable to it; that nothing untoward is going to happen; that the risks are acceptable; and that it is economical. We have to prove that private industry can do something with it after we build this machine. That is why we brought them in. We asked them; they did not ask us.

Mr. President, when we brought them in they made a reasonable request. That was to put a limit on what they had to spend. We did that. We said, "You put up a quarter of a billion dollars and we will put up the rest." That is where we are. I still think that is a good arrangement.

We said to them:

> Look, if we are going to demonstrate the feasibility of this project, you supply us with your bright young men and women. You supply us with your engineers and managers so that we can see that this truly does demonstrate that there is a future in the breeder technology for the generation of electricity, maybe for 100 years, to keep the lights burning in this country.

They said, "OK, we will," notwithstanding that the Federal Government has the sole control and management of this project. They willingly supplied their technicians, many at sacrifice, to help develop the feasibility of this project.

Mr. President, without meaning any unkindness to our distinguished colleague from Colorado, I think in this context and against this background it is only fair to say that the intendment of the Haskell amendment, whether intentional or otherwise, is to destroy the accumulation of our efforts for 30 years. Mr. President, I trust the Senate will not do that.

Mr. PASTORE. Mr. President, I rise to oppose this amendment but, in doing so, I must, in all honesty, say that I can understand the concern of my colleague with reference to safeguards and safety. I can understand the concern of my colleague as to these escalation costs which regrettably are happening in every direction of our daily lives. I can understand all that. But let me say this: If Henry Ford had to guarantee that he could build the Lincoln Continental before he built the flivver at the turn of the century, we would not have the Lincoln Continental today.

Science has proven that the evolution of progress comes step by step by step by step. Rome was not built in a day.

In 1969 I sat in the Cabinet room of the White House when it was decided that the breeder reactor would become the first priority in the development of nuclear energy.

I was there, the advisers of the President were there, and the determination was made.

The question before us is whether or not private industry, at this juncture, shall assume 50 percent of the cost of construction. That sounds lovely; it is beautiful language, but what does it mean? It means that if this amendment is adopted, the breeder reactor will go out the window, purely and simply.

As the Senator from Tennessee says, this is a demonstration plant. Is this a pipe dream? Why, they have a demonstration breeder reactor in England; they have one in France; and they have one in Russia. But we do not have one.

In this context of today's energy concerns, when we do not know when the Arabs are going to shut off that spigot again, when we do not know at what time the lines at the gasoline pumps will become longer, longer, and longer; when we do not know those things, we had better be careful what we do, and whatever we do we had better do judiciously and not too hastily.

Let us take a good look at the amendment. We have about 700 utility companies that are more or less concerned in this endeavor. At one time we gave the responsibility of management to Commonwealth Edison of Illinois and the Tennessee Valley Authority. After a while we began to learn that if we were going to do this job at all, the Government had to take over the management, and that is what we have done. The Government, under ERDA, today has taken over the management of that project, to insure not only that it is done at the most economical cost, but at the same time as effectively as possible.

Mr. President, I say to the Senate, if you do not want the breeder reactor, then take a direct shot at it. Just offer an amendment saying the proposal for a breeder reactor shall come to an end, and then we can argue. But this idea that we say, "Well, if private industry will come up with 50 percent"—if private industry is to come up with 50 percent, where do you think they are going to get it? Where do Senators think these utility companies are going to get the money? They are going to raise the rates to the consumer. Where else will they get the money? So it will come off the backs of the American people, no matter how we do it?

But if we leave it within the control of the Government, as we did in 1954 when we got into the cooperative program—and I managed that bill on the floor in 1954. I managed that bill when we brought in private industry, when we got away from using the atom for weapons alone, and moved toward using it for other, constructive purposes.

Since that time we have made progress. Oh, I can tell there are a lot of people who have no use for nuclear power. They give you the argument: "Let us have solar."

We have almost $300 million in for research. It was settled only yesterday in conference. They settled it in conference yesterday, and they allowed more money than we voted in the Senate. It is up to about $300 million for solar energy. But is it here? I have looked around in many places in my State, and I do not see where solar energy, at the present time, is satisfying our needs. Yes, maybe it will come in 25 or 30 years, but the imminence of another shutoff might be tomorrow.

And where has nuclear energy taken us? Nine percent of all the electricity in this country is produced by nuclear energy. Thirty-five percent in Illinois is nuclear energy. In New England, my own section of the country, 28 percent is nuclear energy. Shut it down, and what will we do? We will throw thousands and thousands of people out of work.

They went up there to New England to hold a boycott or a picket line, and who do you think rebelled against it? The workers in the nuclear reactors. The very people that these great advocates were trying to protect felt hurt that they were there. Why? Because it meant their jobs. They were working, and they were not injured. As the Senator from Tennessee pointed out, all over the world, not alone the United States, but all over the world, in these years we have had nuclear reactors, we have not had one single death or one single injury from a civilian reactor. What better record do you want?

I realize we were here until a quarter to 12 last night, and that many Senators are tired and could not get here this morning. But look around you; what are we talking to? About 95 empty chairs. Tomorrow, when they read the RECORD, they will read the arguments we made today, and after they have voted today they will know tomorrow whether they voted correctly.

Mr. President, it is too bad we cannot have rules whereby all Senators would have to be on the floor to listen. Then if the majority of the Senate feels we ought to do away with breeder reactors, it is all right with me. I have no personal interest in it.

Do not stand up and tell me, "PASTORE is being callous; he is not interested in safeguards and safety." Do not say that to PASTORE. I love my family. I have three beautiful children. I have six beautiful grandchildren. If anyone thinks I am over here to hurt them or kill them, he ought to take a good look at himself.

If I did not believe we could have safety, I would be the first one to stand up and say so. This is my valedictory; I am not coming back here next year. I am retiring. I have no bone to pick. I have no ax to grind.

What I am saying here is, "Do not throw the baby out with the bath water." That is what we are doing here. We are making it impossible for private industry to come in.

I know it sounds good: Let them come up with half the money. But where are they going to get it? They are likely to say, "Oh, chuck it all; when we do not have the petroleum and we cannot give you the electricity, we will go to a brownout and a blackout." That is what is going to happen to us.

Sometimes we cannot relate between the cause and the effect. We cannot see the relationships sometimes. The minute the embargo was off and the lines got short, everybody forgot it. We put up the 55-mile-an-hour limits; but you drive 55 miles an hour any place in this country and every car on the road will pass you.

We talk about conservation, but where is it? "Oh, let George do it. Let George do it; I am too busy. I am in a hurry." That is the attitude of America today, and that is regrettable, because anything we do today will have its effect 25 years from now.

The talk about thermonuclear power. Beautiful when we get it, but, you know, I have been a member of that committee since 1952. They told me then we would have thermonuclear power in 30 years. I am still waiting for it. When we had the last meeting, I asked, "How much longer will it take?" They said another 30 years.

In Rhode Island, what will we do on a cold, clammy, cloudy day? Oh, it may be all right in Colorado. It may be all right in Arizona, and probably in the summertime in Montana. But at best it will be an auxiliary power source; it will be a supplement. Everyone knows that.

You cannot rebuild every house and every building in America. They say, "Go to coal." Where the devil are you going to put it?

Oh, yes, when I was a boy, I remember we used to heat the kitchen with coal. We did not have central heating, and I had to get up in the morning, I had to shake down that stove, and then take the ashes out in the yard and sift them, so I could recoup those that had not burned, and then I had to light that stove all over again, put the paper in first and then the sticks and then the coal.

Then to go to the bathroom, where would you go? We did not have any bathroom. We had to go outside.

You had to go out to that kitchen sink in the morning and break the ice with the ice pick before you could wash up in the morning. I know all this. But look at what we have today.

You know, they said we could never put a man on the Moon, but we did. They said we could never make a plane fly faster than the speeed of sound, and we did. They told us that we could never make electricity out of nuclear energy, and we did.

And so I say this is the Cadillac of them all. If we can achieve this, and this is only a demonstration plant, just a demonstration plant, if we can achieve a nuclear reactor that will produce more fuel than it consumes America can face up to anything in the world.

You realize today that we import more than 40 percent of the petroleum that we consume today in America. What if you shut that off? What if you shut that off?

I said this to Jimmy McKenna, who is my administrative assistant. He picks me up and drives me in to the office. As we were coming along there are the machines back to back, bumper to bumper, bumper to bumper. I said:

> Jimmy, do you realize what would happen if for some reason we ran out of gasoline and we would have no vehicles to drive to work?

After all, America is suburbia America now. No one lives in the shadow of his own job.

They live way out in the suburbs. They have to travel 10, 15, 20 miles. At my age, you know, I do not want to be riding a bicycle to town. I do not think the majority leader would like to do it either. It is all right for these younger people. They have a lot of vitality, a lot of energy. They can do that very easily. But I would have to walk. What time do you think I would get in to work if I started to walk 12, 14, or 15 miles?

America would come to a standstill.

That is what we are trying to avoid and all we are doing here. That is all we are doing here.

All I say is if you pass this amendment, kiss the breeder reactor goodby. I hope it does not happen.

Mr. HASKELL. Mr. President, really, all we are trying to do here is to protect the taxpayer. All the amendment does is it says, after years of runaway escalating costs, as to the most recent agreed-upon price both by the private parties and the governmental party, if these people are wrong the taxpayer of the United States should not bear the entire burden. All we are saying is that if there are further cost overruns they should be borne equally by the private parties and the U.S. Government.

Briefly, in summary, the cost of this project has risen, as I said earlier, 179 percent. This is twice the cost overruns of all other civilian projects.

The manager of the bill says we cannot renegotiate the contract, that there is a contract in existence. I have here a Congressional Research Service letter of May 11, 1976, which clearly indicates we can renegotiate the contract, and I would think this is only sensible because I cannot imagine the Government entering into a blank check type of contract.

I ask unanimous consent, Mr. President, that this letter be printed in the Record following the discussion of this matter.

The PRESIDING OFFICER (Mr. Pell). Without objection, it is so ordered.

(See exhibit 1.)

Mr. HASKELL. So obviously and clearly, we can renegotiate the contract.

The distinguished Senator from Tennessee mentioned that the private parties have agreed originally to put in about $250 million. What do they get out of it?

Why should we renegotiate the contract? One of the parties, for example, is Westinghouse, and clearly Westinghouse is not in it pro bono publico. They will manufacture equipment which they will sell and on which they will make a profit. At least I hope they will make a profit, and I assume they will.

The utilities and contractors that are involved clearly get in on the ground floor on technology developed by the U.S. Government on which they will make a profit.

So they are not in it, as I say, pro bono publico. And this amendment does not ask that we go back and ask them to pick up any portion of the past cost overruns. All this amendment does is says that, if their estimate now which they have joined in with ERDA is wrong, they pay half, and the U.S. Government pays half.

I should point out that management is in the private sector, and 130 of the top 200 positions are filled by members of the private sector. So, I think this is a fair amendment, a reasonable amendment, and an amendment in the best interests of the American taxpayer.

Mr. President, I will ask for the yeas and nays. Is there a time certain before which we cannot vote?

The PRESIDING OFFICER (Mr. Biden). No, there is not.

Mr. HASKELL. Mr. President, I am perfectly willing to yield back the remainder of my time, if my opponents will yield back the remainder of their time, and I intend to ask for the yeas and nays.

Mr. BAKER. Mr. President, if the Senator will yield, and withhold that request for a second, I have a brief unanimous-consent request.

Mr. MONTOYA. Yes, we are willing to yield back the remainder of our time.

Mr. BAKER. Mr. President, I ask unanimous consent that Tom Biery of the staff of Senator Bartlett, Nolan McKean of the staff of Senator Hansen, and Dick Friedeman of the staff of Senator Dole be accorded the privilege of the floor during consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Exhibit 1

The Library of Congress,
Washington, D.C., May 11, 1976.

To Honorable Floyd K. Haskell. Attention Mr. Tom Laughlin.

From American Law Division.

Subject: Proposed Legislative Ceiling and Cost-Sharing Amendment of Pub. L. 91-273: Effect on Obligations of Parties to ERDA Fast Breeder Reactor Contract.

This memo responds to your request for our views on a proposed amendment to the appropriate Energy Research and Development Administration (ERDA) Act that would set a limit on funds available for a project involving development of a Liquid Metal Fast Breeder Reactor (LMFBR).

On the basis of a preliminary review of the provisions of the contract covering this project, forwarded with your request, and a reading of the language of the proposed amending legislation and the cases that appear to be relevant, I discussed with Mr. Laughlin of your office on Friday, April 30, the apparent situation with respect to continued performance of the private participants under the LMFBR contract. In brief, our view is that while the proposed cost-ceiling/cost-sharing amendment of Pub. L. 91-273 could, of course, be used as a legislative device to set a financial maximum on the program, subject only to a 50%-sharing past the maximum, there appears to be little support for a position that fixing a maximum project amount and a cost-sharing formula by statute will make it possible to "require" performance by private participants within these rules. Stated another way: given passage of the amendment, it would still be a matter of negotiating with the private contractors for terms, including any maximum or cost-sharing, for performance beyond the level currently required by the contract.

In a subsequent discussion with Mr. Laughlin, the question was raised whether the Federal Government may in some way be obligated beyond the total amount set out in the contract. Once again, briefly, the Government's obligation would be limited to no more than the total amount that has been appropriated and obligated under the contract. There is insufficient information in the draft contract included with your request (which, incidentally, gives no indication of having been signed by the parties) to tell what this might be. It may be that the level is set by funding of the Memorandum of Understanding of August 7, 1972, referred to on page 3 of the draft, if the draft has not been completely negotiated and signed. The conclusion as to the limit of the Government's obligation is based primarily on the Anti-Deficiency Act which will be discussed in the report to follow shortly. I am not aware of any unusual circumstances regarding performance to date or relations of the contracting parties that might put this rule to a test and will write the expanded report accordingly.

Robert G. Lauck,
Legislative Attorney.

The PRESIDING OFFICER. Who yields time?

Mr. HASKELL. Mr. President, I yield back the remainder of my time, and ask for the yeas and nays.

Mr. MANSFIELD. I ask for the yeas and nays.

Mr. MONTOYA. I yield back the remainder of my time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time is yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Michigan (Mr. Hart), the Senator from Washington (Mr. Magnuson), the Senator from Arkansas (Mr. McClellan), the Senator from Georgia (Mr. Talmadge), and the Senator from California (Mr. Tunney) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye) is absent on official business.

I also announce that the Senator from Missouri (Mr. Symington) and the Senator from Indiana (Mr. Bayh) are absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. Magnuson) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Brock), the Senator from Utah (Mr. Garn), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), the Senator from Virginia (Mr. Scott), the Senator from Ohio (Mr. Taft), and the Senator from Texas (Mr. Tower) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. Hatfield) would vote "yea."

The result was announced—yeas 31, nays 50, as follows:

[Rollcall Vote No. 341 Leg.]

YEAS—31

Abourezk
Biden
Bumpers
Byrd, Robert C.
Case
Church
Clark
Cranston
Culver
Durkin
Gravel
Hart, Gary
Haskell
Hathaway
Helms
Hollings
Kennedy
Leahy
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Mondale
Nelson
Packwood
Proxmire
Ribicoff
Roth
Schweiker
Williams

NAYS—50

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brooke
Byrd,
  Harry F., Jr.
Cannon
Chiles
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Ford
Glenn
Griffin
Hansen
Hartke
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Laxalt
Long
McGee
Montoya
Morgan
Moss
Muskie
Nunn
Pastore
Pearson
Pell
Randolph
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Thurmond
Weicker
Young

NOT VOTING—19

Bayh
Brock
Buckley
Burdick
Garn
Goldwater
Hart, Philip A.
Hatfield
Inouye
Magnuson
McClellan
McClure
Percy
Scott,
  William L.
Symington
Taft
Talmadge
Tower
Tunney

So Mr. Haskell's amendment was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table.

The PRESIDING OFFICER. The motion to lay on the table was agreed to.

AUTHORITY FOR COMMITTEE ON THE JUDICIARY TO MEET DURING SENATE SESSION THIS AFTERNOON

Mr. MANSFIELD. Mr. President, because the Committee on the Judiciary has to deal with two pieces of legislation which expire, on which action will be taken automatically unless this is considered by next Monday, I ask unanimous consent that the Committee on the Judiciary meet this afternoon during the session of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION APPROPRIATIONS AUTHORIZATION

The Senate continued with the consideration of the bill (S. 3105) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1959, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

The PRESIDING OFFICER. Who yields time?

Mr. HASKELL. Mr. President, I ask unanimous consent that Paul Parshley of Senator Tunney's staff have the privilege of the floor during discussion on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 105

Mr. MONTOYA. Mr. President, I have an unprinted amendment at the desk that I wish to offer in behalf of the committee.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. Montoya) proposes unprinted amendment No. 105.

On page 2, line 9, strike "$5,259,304,000" and insert in lieu thereof "$5,266,004,000".

On page 2, line 26, strike "$3,377,676,000" and insert in lieu thereof "$3,384,376,000".

Mr. FORD. Mr. President, will the Senator yield for a unanimous-consent agreement?

The PRESIDING OFFICER (Mr. Allen). Will the Senator from New Mexico yield for a unanimous-consent request?

Mr. MONTOYA. Yes, I yield.

Mr. FORD. Mr. President, I ask unanimous consent that Amy Bondurant of my staff be allowed the privilege of the floor during debate and vote on this particular legislation.

The PRESIDING OFFICER (Mr. Allen). Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, this is a very simple amendment which the committee is offering to increase the funds authorized for very important naval nuclear reactor research and developmental work to continue.

The PRESIDING OFFICER. Is all time yielded back?

Mr. MONTOYA. I yield back my time.

Mr. BAKER. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1943

Mr. HASKELL. Mr. President, I call up amendment No. 1943 and ask the clerk to report.

The PRESIDING OFFICER. The clerk will please report the amendment.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. Haskell) for Mr. Tunney and others proposes an amendment No. 1943.

Mr. HASKELL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 29, between lines 8 and 9, insert the following new section:

Sec. 410. Section 106(a) of Public Law 91–273 is amended by inserting immediately at the end thereof the following: "Notwithstanding any other provisions of law, prior to the issuing of any permit authorizing the commencement of construction of the Clinch River Breeder Reactor Demonstration Plant, the Nuclear Regulatory Commission shall find the operation of this facility will be in accord with the common defense and security and will provide adequate protection to the health and safety of the public.".

Mr. MONTOYA. Mr. President, I ask unanimous consent that Mr. Bill Donovan of Senator McIntyre's staff be permitted the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL. Mr. President, this amendment was introduced by the Senator from California (Mr. Tunney), but Mr. Tunney had to be in California today and asked me to call it up and discuss it on his behalf.

Mr. President, I ask unanimous consent that a statement of Mr. Tunney be printed at this point in the Record.

The PRESIDENT OFFICER. Without objection, it is so ordered.

Statement By Sen. Tunney

This amendment corrects what I feel is a serious deficiency in the licensing procedure for nuclear powerplants. Under the existing law, the licensing procedure is a two-step process. First, the Nuclear Regulatory Commission approves a construction permit for a proposed facility. Second, after the plant has been built, the NRC determines whether or not to issue a license to operate the new facility. A definitive finding of safety is not required until the second stage of this process. The problem is that this vital safety review is not undertaken until after the facility has been completed at a substantial cost to the investor.

The Clinch River facility is expected to cost the American taxpayer $2 billion. Can we be sure that the finding of safety for this facility, as part of the application to operate the facility projected for 1983, will not be compromised by the fact that these tax dollars will have already been used to complete the facility? This amendment offers what I feel is a more prudent approach to the licensing procedure. It will require an initial finding of safety before these tax dollars have been committed, and before private investors commit their valuable resources. It will ensure that the plant design is the safest available prior to issuing a construction permit.

I do not have to remind my colleagues of either the cost or the safety and health concerns if the Clinch River facility has a deficient design. I have recently learned that the Environmental Protection Agency has raised serious questions about the Clinch River facility's plant design.

In evaluating the draft environmental impact statement filed for the facility, the EPA found that there were unresolved questions regarding the proposed plant design. The EPA concluded that "this situation must be resolved before a construction permit is issued."

As a member of the Joint Committee on Atomic Energy, I have always felt that this nation should encourage the development of responsible and safe nuclear power installations. Some Senators may erroneously interpret this amendment as a means to delay the Clinch River facility. That interpretation would be totally inaccurate. The initial finding of safety will not delay any pre-construction activities allowed under a Limited Work Authorization.

All non-reactor vessel construction would be allowed. In fact, if it is necessary to maintain construction continuity, the NRC may authorize (after review and public hearing) work to begin on the reactor foundation. Also, the initial finding of safety will not preclude the introduction of new technology as construction progresses.

This amendment would modify the present licensing procedure to ensure that the safest possible plant design is approved prior to the issuing of a construction permit. I feel that it is good common sense to gain as much assurance as possible that the plant design will be acceptable before committing the American taxpayer's 2 billion dollars. The EPA has identified design problems at the Clinch River facility which, to date, have not been fully examined. In testimony before the Joint Committee, the Chairman of the NRC identified several design issues which need to be addressed in developing the breeder reactor. This amendment imposes a responsible licensing procedure to ensure that these questions are answered to the best of our ability before construction is completed and before we embark down a road which may waste the public's money and jeopardize the public's health, safety, and welfare.

Mr. HASKELL. Mr. President, this amendment has as cosponsors Mr. Case, Mr. Gravel, Mr. Hathaway, Mr. McGovern, myself, Mr. Stafford, Mr. Abourezk, Mr. Cranston, Mr. Philip A. Hart, Mr. Leahy, Mr. Metcalf, and Mr. Durkin.

I am going to ask for the yeas and nays on this amendment. This might be an opportune time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HASKELL. I might also say that endorsement of this amendment is by the United Auto Workers, Common Cause the National Council of Churches, the United Mine Workers, Congress Watch, Sierra Club, Friends of the Earth, National Resources Defense Council, and the Environmental Policy Center.

Now, Mr. President, very simply what this amendment does is to say that the

NCR, the Nuclear Regulatory Commission, should approve the safety design of a reactor prior to granting the right to start construction.

I ask unanimous consent that a letter addressed to the Assistant Director for Environmental Projects of the U.S. Nuclear Regulatory Commission from EPA, Environmental Protection Agency, dated May 5, 1976, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Environmental
Protection Agency,
Washington, D.C., May 5, 1976.

Mr. Voss A. Moore,
Assistant Director for Environmental Projects, U.S. Nuclear Regulatory Commission, Washington, D.C.

Dear Mr. Moore: The Environmental Protection Agency has reviewed the U.S. Nuclear Regulatory Commission's Draft Environmental Impact Statement issued February 11, 1976, in conjunction with the application of the Project Management Corporation and the Tennessee Valley Authority for a permit to construct the Clinch River Breeder Reactor Plant (CRBRP). Our detailed comments are enclosed.

EPA has declared the CRBRP a "new source" in terms of Section 306 of the Federal Water Pollution Control Act Amendments of 1972 (FWPCA). As such, Section 511 of the Act charged EPA with fulfilling the requirements of the National Environmental Policy Act of 1969, including that for environmental impact statements. Thus, EPA joins NRC in having such responsibilities for nuclear facilities. However, as the two agencies have agreed in the "Second Memorandum of Understanding" (40 Fed. Reg. 60115 Dec. 31, 1975), NRC is to prepare the impact statements with assistance from EPA in water quality, aquatic impacts and other areas where EPA has jurisdiction and expertise. Toward this end, EPA has met (October 6 and November 6, 1975) with the NRC staff and Battelle consultants to discuss various aspects of the CRBRP and to exchange data and information. EPA's concerns and assessments aired in those meetings have generally been well addressed in the draft statement. We appreciate the cooperation extended to EPA during its preparation and look forward to continued cooperative efforts with NRC through the issuance of the final statement on this project and beyond.

After a thorough review of the draft statement, we have identified several areas where, in our opinion, the assessment or presentation of the potential impacts of the CRBRP is inadequate. The most serious example of this, in our view, is the treatment of the "reference" and "parallel" reactor safety designs, which are two separate design efforts being conducted by the applicants concurrently with the research and development needed to determine the safety design requirements. Because of the resultant uncertainty in the safety design, the NRC was unable to conclude, in the draft statement, that risks from reactor core disruptive accidents will be acceptably low. We believe this situation must be resolved before a construction permit is issued on this project. In our comments on the LMFBR programmatic environmental statement (WASH–1535), we urged ERDA to utilize conservative design and siting practices with the CRBRP. ERDA's final programmatic statement (ERDA–1535) describe their safety goal, in the interim while the LMFBR safety program progresses, as follows: "The goal is to apply an overall degree of conservatism appropriate to the state-of-the-art, utilizing sound engineering judgment." If NRC determines that this design philosophy points to use of the design conservatisms such as those in the applicants' parallel design, we urge NRC to require them to be incorporated.

Other examples of deferred questions are (1) the use of LWR criteria to determine acceptability of design objectives and limiting operating conditions, in lieu of applicable criteria which have not yet been developed specifically for LMFBR's; (2) the general approach to safeguards; and (3) the disposition of the radioactive spent cold traps. We recognize that there are some questions that cannot be completely resolved at this stage, because the technology has not been fully developed (this is especially true with respect to safeguards, where the requirements are not yet defined). However, we believe that, in some other areas, the statement can be improved by providing more discussion of the criteria. For example, we believe more of the rationale should be provided, in the final statement, for the application of 10 CFR Part 50 (Appendix I) and 10 CFR Part 100 to the project, since these regulations are primarily directed at LWR's, on which experience has been developed. In general, we believe there is a need to develop additional licensing criteria for application to non-LWR licensing processes.

Except for our reservations relative to the treatment of core disruptive accidents, our review did not disclose any problems serious enough to impact on the question of whether a construction permit should be issued for this plant, for its intended use as a demonstration project under full ERDA control. However, we believe that a full NEPA review should be completed prior to use of the plant beyond the demonstration phase. The future NEPA review should fully explore the environmental and safety implications of the CRBRP operational information and the latest R & D results.

Sincerely,

Rebecca Hanmer,
Acting Director, Office of Federal Activities.

Mr. HASKELL. I shall read for the benefit of my colleagues just one sentence:

> Because of the resultant uncertainty in the safety design, the NRC was unable to conclude, in the draft statement, that risks from reactor core disruptive accidents will be acceptably low. We believe this situation must be resolved before a construction permit is issued on this project.

This is what the amendment is all about. This amendment asks that the design safety be passed upon and approved by the Nuclear Regulatory Commission before you begin construction.

The present situation is to postpone this determination until the plant is in operation. I point out, Mr. President, that is $2 billion down the road, and it certainly occurs to me that the logical time to pass on safety is before you begin spending this type of money in construction for many reasons: No. 1, maybe you have wasted all that money in construction because the design ultimately is not approved or, more likely, having spent all that money there is tremendous leverage to find that the design is safe at a later date.

For that reason, Mr. President, I feel the amendment of the Senator from California (Mr. Tunney) is extremely desirable and, as a matter of fact, necessary.

I again call attention to the fact that this problem was raised and this amendment would conform with the recommendations of the U.S. Environmental Protection Agency.

I yield the floor.

Mr. PASTORE. Mr. President, the trouble in many of these important situations usually results from the fact that our only approach to the problems involved is by outsiders rather than those sitting in a committee and listening to the evidence.

Russell Train came before our committee, and I asked him categorically when he appeared before our committee whether or not he was opposed to going forward with a demonstration plant, and he said, "No, no."

We are talking about a demonstration plant here. Now, if the Space Committee and the space agency had to prove to this country and guarantee that that spaceship would land on the Moon before they built it we would never have landed on the Moon. This is what this amendment does. It wants all the guarantees today for something that is going to happen in futuro, and this is another way of trying to kill it.

All of these organizations the Senator cited have been against nuclear power. They have been against it from the beginning. All have been against it. We know them all. We know why the coal people have been against it. They have always been against nuclear power. We know why the Sierra Club is against it. They will end up with a country of parks with benches where people are sitting on them collecting social welfare checks. Is that the kind of a country we want or do we want to put people to work? Where are they going to get their energy? This country consumes more energy in 1 year than the rest of the world put together, and if you ever cut us off, God help us. We already have about 10 million people out of work. We yet do not know what is going to happen to us tomorrow insofar as the Middle East is concerned and whether or not we can get the oil, and even then we are at the mercy of the price that the outsiders and the cartels will charge us.

All we are saying here is give us a chance and do not put all these roadblocks in our way. I know Senator Tunney is absolutely against nuclear power in that regard. He has been against this reactor right along, and if he cannot hurt it one way he will try another way. This is no reflection upon him, but he is prejudiced.

You might say, "Well, Pastore, maybe you are, too." You bet your bottom dollar I am, but I am prejudiced on the other side. At least I have heard the testimony. I have talked day in and day out. I have been the chairman of that committee, and I go to the meetings, and I get it out of the horse's mouth. I do not have somebody meet me out in the lobby and tell me that this is a good one or a bad one. I do not do that. I listen, and only by listening can you learn when you get the facts.

Now, what does this say? It says the Nuclear Regulatory Commission shall find that the operation of this facility will be in accord with the common defense and security. Now you tell me what it has got to do with the security of the country. Are they equipped to do it? Only the President can do that for you—only the President of the United States can do that for you—and the National Security Council. I think that the former Vice President of the United States will back me up on that. They are not equipped to do that. What has the Nuclear Regulatory Commission got to do with guaranteeing that it is in the interests of national security?

They do not attend the national security meetings. How do they know what is going on? How do they know how many missiles or nuclear subs, the Russians have. How do they know that?

How do they know what we have? Because they are not privy to the classified information that we are.

That is what this amendment amounts to. It is putting the hatchet in the wrong hand, and that hatchet will destroy this breeder reactor project.

I hope that does not happen. I have made this speech a dozen times. This seems to be a perennial subject. It comes up every time.

All I say to my friends who do not want nuclear power, just stand up and say, "Let us put it to an end." If that is what the people of the United States want, let them have it. If that is what the Congress wants, let it have it. But then do it with a frontal attack. Do not do it by this back door.

It is ridiculous to say that nuclear regulatory agencies have to guarantee the security of the country before they can build a demonstration plant. How ridiculous can we get?

I hope this amendment is defeated.

Mr. BROOKE. Will the Senator yield for a question?

Mr. PASTORE. I yield.

Mr. HASKELL. I am glad to yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, I certainly would agree, and I am sure the Senator from Rhode Island would agree, that we want maximum safety precautions and that we ought to accomplish this as we build this experimental facility. I think there is no question—at least in my mind—that the Government cannot be too careful in planning for the handling of plutonium and the breeder reactor itself.

I would like clarification of two points. I take it, this is the same as the Tunney amendment?

Mr. HASKELL. This is the Tunney amendment.

Mr. BROOKE. This is the Tunney amendment.

Mr. HASKELL. Senator TUNNEY had to be in California and I told him I would bring it up.

Mr. BROOKE. And it has not been modified?

Mr. HASKELL. It has not been modified.

Mr. BROOKE. First, I would like to ask, is it the Senator's intent that the determination of safety means that the Commission shall determine there is every reasonable assurance of safety?

For example, I am concerned about judicial interpretation of this provision.

Mr. HASKELL. Yes.

Mr. BROOKE. Because, of course, it is impossible to predict any future event absolutely, as the Senator from Rhode Island has said, and I feel the standard of reasonableness that governs most of our regulatory systems, at least, would need to apply here.

Mr. HASKELL. That would be my interpretation, I say to the Senator from Massachusetts.

The language actually says "adequate protection to the health and safety of the public," which I think carries implicit within it the standard of reasonableness because nobody can make a guarantee.

So what we are talking about is that we are reasonably sure that the design of this facility will be safe.

Mr. BROOKE. So it will be the same reasonableness that we have in our other regulatory agencies?

Mr. HASKELL. The Senator is correct. That is the intention.

Mr. BROOKE. Second, is the Senator's intent to prevent site preparation and other preliminary work prior to the making of the determination of safety, or does the Senator's amendment refer to the final construction permit?

Mr. HASKELL. The following, may I say to the Senator from Massachusetts, Mr. President, can take place under a limited work authorization prior to the determination of safety.

The first one would be preparation of site for reactor construction, including building of roads.

Two, installation of temporary construction work facilities, including building for drafting tables, storage and construction.

Three, excavation for powerplant structure.

Four, construction of nonreactor components in the powerplant, and then, under special circumstances, construction of the reactor foundation.

All those preconstruction preparation things may take place prior to the determination.

Mr. BROOKE. So this would not prevent site preparation under this amendment?

Mr. HASKELL. The Senator is absolutely correct.

Mr. PASTORE. If the Senator will yield, what does he mean by construction? I mean, if he is going to stop the first brick, what does he have to prepare the site for? It means everything. This says nothing will happen until we do thus and so.

Mr. BROOKE. Is the Senator from Rhode Island's interpretation correct? Is that what the Senator says?

Mr. HASKELL. I think the Senator from Rhode Island is unduly exercised.

Mr. PASTORE. Oh, I am exercised, but not unduly.

Mr. HASKELL. I do not know how a more reasonable amendment could be designed. We allow all preconstruction activity and all we do is make a finding, at least, the Nuclear Regulatory Commission, it is not the Congress, it is the Commission, makes a finding that the design of the facility to be constructed will reasonably be guaranteed to protect health and safety.

I find it difficult to argue with this amendment.

One further question the Senator from Rhode Island seemed to be upset about, the finding that the facility, the operational facility, "will be in accord with the common defense and security."

I point out, Mr. President, that this finding is required by law to be made, but the time to make it is later on when the facility goes in operation.

It seems to me, the findings should all be made at the same time, in the beginning.

So this requirement of finding the security is a finding the law specifies to be made, but at a later date. All we are doing is accelerating the whole process, so we do not build a facility unless we know it is reasonably going to be safe.

Mr. BAKER addressed the Chair.

Mr. BROOKE. But stop the facility, is the question?

Is the Senator trying to prevent site preparation, or waiting until we get a construction permit before we stop?

Mr. HASKELL. The answer is no. But the items I read are allowable activities under limited work authorization and they are all the preparation of the site. It is merely the construction of the facility itself that awaits the determination of reasonable protection of public health and safety.

Mr. BROOKE. I thank the Senator.

Mr. BAKER. Mr. President, will the distinguished manager of the bill yield me time?

Mr. MONTOYA. Yes.

Mr. BAKER. I wish to make an additional remark in response to the query of the distinguished Senator from Massachusetts.

The question was, "What difference is it going to make; go ahead with site preparation and be able to do all these things, but just make sure it is all safe and sensible, it will not hurt anyone."

Let me read what happened when we asked the ERDA people about that. I am referring now to a letter dated June 4, 1976, to the chairman of the Joint Committee on Atomic Energy, the Senator from Rhode Island (Mr. PASTORE).

The third and fourth paragraphs say in speaking of the Tunney amendment:

> The proposed requirement would delay project completion by at least four years in order to complete detailed plant design; the project cost would be increased on the order of many hundreds of millions of dollars due to the cancellation of existing orders, escalations, increased overhead costs, etc.; and it is uncertain if the CRBR could ever get a construction permit under these criteria since data on "as-built" components and structures are currently required by the NRC in order to make a definitive finding of plant safety.
>
> In addition to the impact on the CRBR project, the proposed criteria for a construction permit would delay for four or more years the Administrator's decision point on LMFBR commercialization.

So we are speaking of at least 4, maybe as many as 8 and possibly more, years than that, and, according to the letter, this delay would reduce by $3 billion for each year of delay the benefits that would be derived from the program.

Mr. BROOKE. Will the Senator yield?

Mr. BAKER. I am happy to yield.

Mr. BROOKE. I am very pleased to hear the Senator's response. I am very much concerned about this.

I do not want to prevent the program. I do not want to prevent construction of the facility. But, at the same time, I want to be assured that we have maximum safety. I do not think that is too much to ask.

Mr. BAKER. Absolutely not. I could not agree with the Senator from Massachusetts more.

I wish to say a word or two just about

that. I do not know, frankly, what the Tunney amendment means:

> "Notwithstanding any other provisions of law, prior to the issuing of any permit authorizing the commencement of construction of the Clinch River Breeder Reactor Demonstration Plant, the Nuclear Regulatory Commission shall find that the operation of this facility will be in accord with the common defense and security and will provide adequate protection to the health and safety of the public.".

I know what that last clause means, and I listened with great care to the explanation by the Senator from Colorado about what national security and the common defense meant. Those are buzz words, though, as the Senator and I know as lawyers. They have a separate generic significance, common defense, and national security. I am not quite sure I know what that clause means. But I do know this: I know that under the act which creates the nuclear regulatory commission they must make a finding before they can issue a construction permit, before they can permit the limited work order, or before they can permit full operation or commercialization. They must provide, under the charter that creates the NRC, adequate protection to the health and safety of the public of the United States. That is their job.

I really do not think this last provision of the Tunney amendment adds one whit to the burden of responsibility to the NRC.

As I said, I am not quite sure that any of us can supply a definitive and reliable definition for the previous two phrases, common defense and national security.

Mr. President, the last point I would make in response to the excellent questions by the Senator from Massachusetts is this: In my opposition to the Haskell amendment, I dwelt somewhat on the distinction between a demonstration project and a commercial reactor.

I pointed out in opposition to the Haskell amendment that we are not dealing with putting Federal money into building a reactor for Florida Power and Light, Duke Power Co., or Commonwealth Edison. We are talking about the Federal Government demonstrating a brandnew technology. Demonstrate is the key word.

There are breeders already in Britain, France, and Russia. We are demonstrating the feasibility of that project to meet the voracious appetite of this country in the next century.

One of the things that we are demonstrating, and a lot of thought went into this, is whether or not a commercial breeder can be licensed. A decision was made at the time this project was authorized by the Joint Committee on Atomic Energy not to exclude it from the licensing procedure for just that reason. We could have done that. We could have said this was a Federal experimental project and, therefore, not subject to licensing by NRC. But we did not do that. We did not ask the Congress to do that. Instead, we recommeded to the Congress that the demonstration project demonstrate not only scientific reliability, engineering, and technological reliability, but that it demonstrate economic reliability and attractiveness, and that it can be licensed.

Under the existing statutes, the NRC must determine that it is not only adequate from the safety standpoint, but that it is adequate within any reasonable challenge that might be addressed against it. So we are demonstrating the scientific feasibility and the economic feasibility, and we are demonstrating that a breeder reactor is licensable if we decide to go forward with this project.

Mr. BROOKE. Will the Senator yield for one further question?

Mr. BAKER. Yes. I think the Tunney amendment would substantially distort that testing of the overall feasibility.

Mr. BROOKE. Is the Senator from Tennessee familiar with the related language contained in the House bill? I do not have a copy of it here. It is, as I said, milder than the language which is proposed by the Tunney amendment offered by the distinguished Senator from Colorado (Mr. HASKELL). If the Senator would read the language, my question to the Senator would be, What does he consider to be the impact of that language?

Mr. BAKER. Mr. President, I have been handed by staff a copy of the House language. It is as follows:

> Prior to issuing a construction permit for the Clinch River Breeder Reactor Demonstration Plant, the nuclear regulatory commission must first find that there is reasonable assurance that the plant can be constructed and operated at the proposed location without undue risk to the health and safety of the public, and that in the opinion of the commission the issuance of construction permit will not be inimical to the common defense and security.

That was the House language.

Mr. BROOKE. I consider that to be milder than the language being offered today by Senator HASKELL.

Mr. BAKER. It is certainly far less in conflict with the charge and jurisdiction of the NRC.

Mr. MONTOYA. Will the Senator yield at this point?

Mr. BAKER. I am happy to yield.

Mr. MONTOYA. I might say that the House amendment to which the Senator has alluded is merely a reenactment of part of the regulations which are already in force. It is merely a reenactment of a regulation. That amendment is really not needed.

Mr. BROOKE. Would that language be acceptable to the committee?

Mr. MONTOYA. It is already a regulation.

Mr. BAKER. Mr. President, I yield the floor so the Senator from New Mexico or the Senator from Massachusetts may obtain the floor in their own right.

Mr. BROOKE. Is the Senator willing to take that language from the House bill which is milder than the language offered by the Senator from Colorado?

Mr. MONTOYA. It is milder and it is the same as the regulations now in force promoting safety. But it is not an exclusive regulation. If the NRC should decide to change this regulation in order to promote greater safety, it would be locked in by a statutory provision if we enact it into this bill.

I wish to say also with respect to the overall objective of the Tunney amendment that there is an element of great delay that might be occasioned if the Tunney amendment is enacted and made a part of this law. The Energy Research and Development Administration has communicated with the committee and this is what they say in their letter of June 4:

> It is our view that adoption of a requirement that NRC make a definitive finding of safety before a construction permit could be issued, would have a very adverse effect on the CRBR project and, therefore, we would oppose it. We believe that CRBR licensing should be treated in a manner comparable to that for light water reactors and the NRC is proceeding with its planning on this basis. The most appropriate determination of safety of breeders can be made by following comparable procedures to those used for light-water reactors; and these procedures do require that a definitive finding of safety be made before an operating permit is issued.
>
> The proposed requirement would delay project completion by at least four years in order to complete detailed plant design; the project cost would be increased on the order of many hundreds of millions of dollars due to the cancellation of existing orders, escalations, increased overhead costs, etc.; and it is uncertain if the CRBR could ever get a construction permit under these criteria since data on "as-built" components and structures are currently required by the NRC in order to make a definitive finding of plant safety.

The Supreme Court has ruled on the two-step licensing process—first a construction permit and then an operating license—and this is what the Supreme Court said in 367 U.S. 396 (1961):

> It is clear from the face of this statute [Atomic Energy Act of 1954, as amended] . . . that Congress contemplated a step-by-step procedure. First an applicant would have to get a construction permit, then he would have to construct his facility, and then he would have to ask the Commission to grant him a license to operate the facility. . . . The second step of the procedure, the application for and granting of an operating license, is governed by § 182a [of the Atomic Energy Act of 1954, as amended]. . . . It is clear from this provision that before licensing the operation of PRDC's reactor, the AEC will have to make a positive finding that operation of the facility will "provide adequate protection to the health and safety of the public". 367 U.S. 405–06.

Further the Supreme Court said:

> The Commission . . . had good reason to make this distinction [between the construction permit stage where a definitive safety finding is not needed and the operating license stage where such a finding is needed]. For nuclear reactors are fast-developing and fast-changing. What is up to date now may not, probably will not, be as acceptable tomorrow. Problems which seem insuperable now may be solved tomorrow, perhaps in the very process of construction itself. We see no reason why we should not accord to the Commission's interpretation of its own regulation and governing statute that respect which is customarily given to a practical administrative construction of a disputed provision. 367 U.S. 408.

There should be no misunderstanding on the safety question for this worthy project or for any other nuclear facility. The Joint Committee on Atomic Energy has repeatedly, from the very beginning of the nuclear power program, insisted that safety in the operation of nuclear facilities be given paramount importance. As far as the Joint Committee is aware, the preeminence of safety has never been sacrificed. The outstanding safety record of the nuclear power industry certainly bears this out. By law, the Energy Reorganization Act of 1974, the Clinch River Breeder Reactor, although it is a prototype demonstration reactor, must be licensed by the Nuclear Regulatory Commission before it can be constructed and before it can be operated just as are other nuclear power reactors which are to be constructed and operated by the utility industry.

The reasons for the committee's conclusion that the amendment would be most counterproductive as far as safety is concerned are simple and straightforward. these reasons are as follows:

First. The amendment would disrupt existing licensing procedures which are sound and well established. The existing licensing requirements under the Atomic Energy Act and the implementing regulations require a careful, step-by-step approach, both before a decision can be made authorizing construction of a reactor, and before a decision is made authorizing operation of the reactor.

Before the construction can be commenced, the Nuclear Regulatory Commission has to find, among other things, that there is reasonable assurance that the proposed reactor can be constructed and operated at the proposed location without undue risk to the health and safety of the public.

This finding is preceded by a review by the independent Advisory Committee on Reactor Safeguards, as well as by proceedings before an independent Licensing and Safety Board in which interested members of the public may participate.

After commencement is authorized, the construction of the plant may take from 3 to 4 years. During this period of construction, the Nuclear Regulatory Commission must, in carrying out the regulatory responsibility imposed on it by law, assure that the plant is being constructed according to specifications and that any changes in technology which bear significantly on nuclear safety and environmental protection are incorporated in the plant design.

After construction of the nuclear reactor has progressed to the point at which final design information, as well as plans for operation of the reactor are ready, the applicant submits the final safety analysis report in support of an application for an operating license. The final safety analysis report sets forth pertinent details on the final design of the facility which take into consideration, among other things, any changes in regulatory requirements which are needed in the interest of safety and environmental protection.

The final safety analysis report is reviewed by the regulatory staff, as well as by the independent Advisory Committee on Reactor Safeguards. Before an operating license can be issued, the staff must prepare a safety evaluation report on the operation of the reactor. The Advisory Committee on Reactor Safeguards must prepare its report and the Nuclear Regulatory Commission must offer an opportunity to interested members of the public for a hearing on the issuance of an operating license. Prior to making the findings necessary for the issuance of an operating license, and prior to the issuance of an operating license, the regulatory staff must assure itself that the reactor has been constructed in accordance with the final design, that the construction is substantially completed and that the required test program prior to operation has been completed.

Furthermore, to provide for the assurance that the goals of protection of the public health and safety and environment are met, each license for construction of a nuclear reactor contains detailed technical specifications which set forth with great particularity safety and environmental protection measures to be imposed on the reactor and the conditions of its operation that are to be met in order to assure protection of the health and safety of the public and the surrounding environment.

So, Mr. President, the commission now, by virtue of its experience, by virtue of tested procedures, is doing everything that is possible to insure the safety of these reactors.

I do not think the Tunney amendment is needed. I think the Tunney amendment would be counterproductive, as I have stated before. I think it would cause many years of delay, and in this type of construction, every year of delay means an increment in dollars of 10 to 16 percent.

I do not think we could afford that, because this is a very expensive project to start with, and if we proceed with it on an orderly basis, without delaying or hampering it, it will still be costly; but with the Tunney amendment the increment will rise sharply.

So I urge the defeat of the Tunney amendment.

The PRESIDING OFFICER. Who yields time?

Mr. HASKELL. Mr. President, did I understand the Senator from New Mexico to say that the determination on practices of health and safety was being made now?

Mr. MONTOYA. Yes. Under the present procedures, the NRC at all times during the stages of construction makes that determination, and if a new technology arises, it provides innovations in the design. They are constantly doing surveillance on the construction and keeping pace with the new technology that might arise during the construction period.

Mr. HASKELL. Mr. President, I submit that if the Nuclear Regulatory Commission was in fact now making an advance determination on health and safety, prior to construction, there would be nothing against making this a matter of law.

Mr. MONTOYA. Mr. President, will the Senator yield?

Mr. HASKELL. Maybe I misunderstood the Senator.

Mr. MONTOYA. I said as construction proceeds.

Mr. HASKELL. Well, what if any determination is made, if I may ask the distinguished Senator, before construction is permitted to commence? Is any health and safety determination made?

Mr. MONTOYA. I refer the Senator to regulation No. 50.35 of title 10 of the Code of Federal Regulations:

> When an applicant has not supplied initially all of the technical information required to complete the application and support the issuance of a construction permit which approves all proposed design features, the Commission may issue a construction permit if the Commission finds that (1) the applicant has described the proposed design of the facility, including, but not limited to, the principal architectural and engineering criteria for the design, and has identified the major features or components incorporated therein for the protection of the health and safety of the public;

Mr. HASKELL. I see. Then, Mr. President, the Commission says that you must identify the features that provide for the health and safety; but this, of course, is short of making a finding of design safety.

I would submit that such a finding, when you are building a demonstration plant, is essential, because if you find that some feature of it is wanting in safety, then, prior to construction I would think you would send them back to the drawing board for additional research work and additional pilot plant work before getting into the demonstration phase.

Mr. MONTOYA. Will the Senator yield at that point?

Mr. HASKELL. Certainly.

Mr. MONTOYA. Let me go further down in the regulation. I did not want to quote everything unless necessary. The regulation further reads that "on the basis of the foregoing," to which I alluded a few seconds ago:

> On the basis of the foregoing, there is reasonable assurance that, (i) such safety questions will be satisfactorily resolved at or before the latest date stated in the application for completion of construction of the proposed facility, and (ii) taking into consideration the site criteria contained in Part 100 of this chapter, the proposed facility can be constructed and operated at the proposed location without undue risk to the health and safety of the public.

Mr. HASKELL. I thank the Senator.

I think what the Tunney amendment is doing is asking for a somewhat more stringent standard of finding.

The finding, as I understood the regulation, had to be applied by the time it was in operation. There probably would be reasonable assurance. The Tunney amendment seeks to advance that finding so that at least we have a finding of design safety.

For that reason, I hope that the Senate will adopt the amendment of the distinguished Senator from California because I do not see how it can delay construction, and I think it is something such as we are talking about, an initial finding of safety is essential, and if they cannot make it, then they ought to start redesigning it.

With that, I am glad to yield back the remainder of my time.

Mr. LEAHY. Mr. President, I strongly urge the adoption of the amendment of the distinguished junior Senator from California. There are few, if any, issues more critical than providing all possible safety requirements for the construction and operation of nuclear reactor plants. This prudent amendment offers a responsible approach to insure that the Clinch River facility does not pose unacceptable dangers to the health and safety of millions of Americans.

The Clinch River reactor as the final demonstration project will illustrate whether or not breeder reactor power production is both commercially feasible and safe. It will establish the standards for all future breeder reactors. Therefore, it is imperative that every possible safety precaution be taken before it is rushed to completion.

It is infinitely more important that the Clinch River facility be built safely than it is that it be built quickly. While this might result in a delay in construction, the assurances and peace of mind are well worth the limited time involved.

It would be far better to lose a little time now than face the risk of losing thousands and perhaps millions of lives later from a possible accident at this plant or a future nuclear facility built on the Clinch River experience.

Furthermore, if more time is taken granting a construction license in order to certify it is safe for operation, time—and taxpayers' money—will be saved at the operating stage as the issue will have been resolved.

Based upon ERDA's projected construction timetable for the Clinch River facility, the present licensing procedure will not require a definitive finding of safety until 1983. Nevertheless, General Electric and Westinghouse are presently developing plans for a commercial breeder reactor which will be available in 1978—five years before we will even know if the Clinch River model is safe. I am convinced that more needs to be known about the safety of the Clinch River plant before the construction permit is issued. This becomes particularly significant when we remember that two of the three previous breeder demonstration projects, the EBR-1 and the Fermi, in this country have experienced near catastrophic shut-downs.

I urge my colleagues to support this amendment not for the purpose of delaying the Clinch River facility, but as a means of creating a judicious licensing procedure that will insure that private investors are not overzealous in developing the breeder reactor. None of us wants to develop alternative energy sources at the expense of the public's health and safety. It would be a tragedy if the Clinch River facility, at a cost of at least $2 billion, was found to be unsafe to operate. It would be a far greater tragedy if the momentum carried an unsafe breeder into actual operation.

Mr. STAFFORD. Mr. President, in recent years, Congress has taken some dramatic first steps in the fields of environmental and occupational health as we have become more aware of the fact that we have been introducing new technologies at rates faster than our capacity to understand them.

Because we have not developed adequate protections, the explosive developments in the chemical field have given us the dramatic and shocking problems of the Kepones, the P-C-B's and the vinyl chlorides.

Controversy continues to surround our development of nuclear energy, particularly regarding the hazards that follow construction and operation of nuclear powerplants.

I sense a growing sentiment that we are nearing the point in our history when the American public will want us to say "no" to potentially dangerous new technologies unless those who advocate these technologies are able in the first instance to demonstrate their safety.

In dealing with nuclear power, it seems to me to make sense to require those who want to initiate this kind of technological development to demonstrate, before they get first approval, that there are no unacceptable environmental risks involved.

They should be required to demonstrate that the risks are worth taking.

This amendment seeks that goal, and I urge the Senate to continue to demonstrate its willingness to protect the American public from hazards that may not be demonstrated until it is too late to do anything about it.

The PRESIDING OFFICER. Is all time yielded back?

Mr. MONTOYA. Have the yeas and nays been ordered?

The PRESIDING OFFICER. Yes.

Is all time yielded back?

Mr. MONTOYA. I yield back the remainder of my time.

Mr. HASKELL. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The yeas and nays have been ordered.

The question is on agreeing to the amendment offered by the distinguished Senator from Colorado (Mr. Haskell) and the distinguished Senator from California (Mr. Tunney).

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. HUMPHREY (when his name was called). On this vote I have a pair with the Senator from California (Mr. Tunney). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Arkansas (Mr. McClellan), the Senator from Georgia (Mr. Talmadge), the Senator from California (Mr. Tunney), the Senator from Michigan (Mr. Hart), are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye), is absent on official business.

I also announce that the Senator from Missouri (Mr. Symington), is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Brock), the Senator from Utah (Mr. Garn), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), the Senator from Ohio (Mr. Taft), the Senator from Texas (Mr. Tower), are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley), is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. Hatfield), would vote "yea."

The result was announced—yeas 30, nays 53, as follows:

[Rollcall Vote No. 342 Leg.]

YEAS—30

Abourezk
Bayh
Biden
Brooke
Case
Church
Cranston
Culver
Durkin
Ford
Gravel
Hart, Gary
Hartke
Haskell
Hathaway
Kennedy
Leahy
Mansfield
Mathias
McGovern
Metcalf
Mondale
Packwood
Proxmire
Ribicoff
Roth
Schweiker
Stafford
Stevenson
Williams

NAYS—53

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Glenn
Griffin
Hansen
Helms
Hollings
Hruska
Huddleston
Jackson
Javits
Johnston
Laxalt
Long
Magnuson
McGee
McIntyre
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Randolph
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Thurmond
Weicker
Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Humphrey, against

NOT VOTING—16

Brock
Buckley
Burdick
Garn
Goldwater
Hart, Philip A.
Hatfield
Inouye
McClellan
McClure
Percy
Symington
Taft
Talmadge
Tower
Tunney

So the Haskell-Tunney amendment No. 1943 was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table, Mr. President.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1872

The PRESIDING OFFICER. The bill is open for further amendment.

Mr. GRAVEL. Mr. President, I call up my amendment No. 1872.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. Gravel) proposes an amendment:

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following:

TITLE IX—PROHIBITION AGAINST THE PRODUCTION AND PURCHASE OF NEW PLUTONIUM FOR USE IN WEAPONS

Sec. 901. Notwithstanding any other provision of this Act, the Energy Research and Development Administration is hereby directed to cease, within sixty days after the date of enactment of this Act, the production and purchase of fissionable nuclear materials for use in weapons. Thereafter, the production or purchase of such materials for use in weapons may be made only if specifically authorized by legislation enacted after the date of enactment of this Act.

Sec. 902. The Secretary of Defense is hereby directed to submit a report to the Congress, within thirty days of the enactment of this Act, setting forth:

(1) the total number of nuclear weapons deployed and the total number of such weapons stored by the United States as of the date of enactment of this Act;

(2) the total potential explosive yield of nuclear weapons deployed by the United States; and

(3) the total amount, in weight, of weapons grade plutonium and of weapons grade uranium possessed by the United States.

Sec. 903. (a) The United States shall not deploy nuclear weapons in excess of the number deployed as of the date of enactment of this Act, as reported pursuant to section 902(1); nor shall the total potential yield of such weapons exceed the yield figure reported pursuant to section 902(2); except that the President may authorize an increase in such number of deployed weapons and/or the potential yield thereof if—

(1) he reports to the Congress the extent of such increase and certifies to the Congress in writing that such increase is essential to the national defense of the United States;

(2) sixty days of continuous session of the Congress have expired following the date on which certification with respect to such increase is received by the Congress; and

(3) neither House of Congress has adopted, within such sixty-day period, a resolution disapproving such increase.

(b) For purposes of this section, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of such sixty-day period.

Mr. GRAVEL. Mr. President, the purpose of this amendment is to provide a first step in restoring reason to the U.S. nuclear defense policy.

The amendment involves three measures which the United States can take unilaterally, without at all weakening the defense of the country, to begin removing the fuse from the atomic arms race.

The idea behind these measures is simple and logical: You cannot kill an enemy more than once; you cannot intimidate anyone by threatening to blow him up a 39th time or a 40th time; and the frantic acquisition by our military of ever more atomic bombs and ever more overkill capability is wasteful and demoralizing.

The increasing number of American nuclear weapons is not giving us security, nor is it protecting our freedom, nor upholding the values of our civilization. To the contrary, it is making this country, and the rest of the world with us, each day less secure, less free, less humane.

It has been recognized since the Hiroshima blast 30 years ago that nuclear weapons would change the nature of war. Many people suggested that man himself might have to change to accommodate to the new realities of nuclear fission and fusion.

But in those 30 years, we have not changed. Even the most obvious fact about nuclear weaponry seems to be ignored: That a point is reached—is soon reached—when additional numbers of nuclear weapons threaten not the enemy who may seek to overwhelm us, but rather threaten the whole of human civilization and the biophysical environment from which that civilization has sprung.

Before the atomic bomb, more weapons may have meant more security. Today, more weapons can mean suicide.

My amendment addresses the three great problems which atomic weapons have brought to the United States: The proliferation of nuclear arms; excessive military secrecy; and nuclear pollution.

The amendment is meant to be a first step in bringing these problems under control. It would do three things:

Direct ERDA to discontinue the production of new plutonium for weapons;

Require public disclosure of the size of our nuclear arsenal; and

Provide for meaningful congressional participation in decisions about the size of the nuclear arsenal.

I would like discuss each of these provisions:

First, plutonium production. The bill under consideration, S. 3105, authorizes the continued production of weapons-grade plutonium. I believe, however, that the United States already possesses more than enough plutonium to maintain a completely adequate deterrent force. The production of new plutonium, which is itself a hazardous activity creating huge quantities of radioactive wastes, should be stopped.

The U.S. stock of fissionable materials for weapons was already so large more than 10 years ago that the Government offered to cut off production on a bilateral basis. In the decade since then, even more of these materials have been accumulated. These fissionable materials do not lose their potency, and they can be reused in new weapons when older warheads become obsolete. We have some 30,000 weapons deployed now, in addition to a huge stockpile of nondeployed weapons and fissionable materials.

There is no question that in these weapons and in the stockpile there already exists enough plutonium and highly enriched uranium to assure a completely credible nuclear deterrent. In other words, a fully modernized nuclear force can be maintained without producing weapons-grade plutonium. Since all the plutonium we need exists already in deployed weapons and in the stockpile, it can simply be transferred from these sources to new weapons, as the need for modernization may require.

In this way, too, the environmental hazards involved in plutonium production would be averted. Already more than 200 million gallons of high-level radioactive wastes have been generated in our production of weapons materials—and ERDA projects 32-million more gallons over the next 10 years. The ultimate storage of these wastes, like the wastes of commercail nuclear powerplants, is still an unresolved problem.

The second area is secrecy. My amendment would make public the basic information needed for citizen comprehension of our nuclear arsenal: How many weapons we have deployed; the total explosive potential—that is, the megatonnage—of these weapons; how many weapons we have stored; and the total amount of weapons-grade plutonium and uranium in U.S. possession.

Sensitive information like the accuracy of our missiles is not involved here. Only the basic outline and dimensions of our nuclear arsenal would become public knowledge, as they must if citizens and the Congress are ever to exercise any control over the excessive nuclear ambitions of our military.

Information like this would not aid any enemy. As Robert Oppenheimer said:

> There is grave danger for us in that these decisions have been taken on the basis of facts held secret. This is . . . because wisdom itself cannot flourish, nor even truth be determined, without the give and take of debate or criticism. The relevant facts could be of little help to an enemy; yet they are indispensable for an understanding of questions of policy. If we are wholly guided by fear, we shall fail in this time of crisis.

Finally, congressional control. My amendment would require the President to announce publicly and to justify any proposed increase in the number of deployed weapons over the number currently deployed, or any increase in total deployed megatonnage. The Congress could then debate and, if it chose to do so, could disallow such an increase. This means that the Congress would be in a position, if it so decided, to impose a ceiling on the number of nuclear weapons deployed by this country. And it means that both Congress and the public would have the information necessary to make such a decision.

This provision would not tie the hands of the administration. Already, according to publicly available estimates, we deploy some 9,000 strategic nuclear warheads and some 22,000 tactical weapons. The total explosive power of our arsenal is reported to be in the neighborhood of 8,000 megatons, the equivalent of 8 billion tons of TNT, or 2 to 3 tons for every person on Earth—or, put another way, some 615,000 Hiroshima equivalents—or 4,000 World War II's.

Within these very high limits, the administration and the military could, under the provisions of this amendment, do as they saw fit. Most notably, the improvement of missiles, the expansion of the strategic force—especially the submarine force—the improvement of warheads and other activities deemed necessary would be completely unaffected by this measure.

What Congress would be saying in passing this amendment is simply: "If 30,000 atomic bombs, or 4,000 World War II's are not enough to defend us, then what will be enough? If you believe we need more, you must explain why."

I want to emphasize, Mr. President, some of the things my amendment is not.

It is not unilateral disarmament, because it is not disarmament at all.

It does not leave this country without adequate defense, because our nuclear arsenal already provides as much defense, in terms of numbers of weapons, as it possibly can. Adding ever-greater overkill capability—the second and the third TNT equivalent ton for every human being on the planet, or the 40th time we can evaporate every large Soviet city—is not defense: It is paranoia.

This amendment is not a constriction on the initiative of the President, because under its provisions, he is left free—within the already enormous bounds of our current arsenal—to act entirely as he understands the interest of the country to require. And even if he believes our nuclear force should double or triple in size, he is free to do that, provided only that he can persuade the Congress he is doing the right thing. He would not even need the Congress explicit permission, but would only be subject to its disallowing any increase which it found to be contrary to the national interest.

I make no secret of the fact that I myself would seek to contain our nuclear force at or below its present level. I believe that our current arsenal, and the overkill contained there, is bestial; that it represents a horrible victory of amoral technological capability over the qualities of restraint and compassion which are the real achievements of human culture; and that, in fact, these terrible weapons and our readiness to employ them prove that we as a nation have only a tenuous hold on these qualities, the very ones which we sometimes say the weapons are defending.

This brings me to what my amendment does achieve.

It begins to restore to the Congress and to the people the right to exercise reasonable control over the war-making powers of the Nation—and it opens to the public view the basic factual information which is essential for such control.

Specifically, it asks the voter, rather than the Rand Corporation, the question: "How much is enough?".

Why have we not previously insisted on a clearer view of our nuclear arsenal? Is it because people feel repelled and overwhelmed by this subject?

A terrible analogy presents itself:

We were quick to condemn the self-enforced ignorance of German citizens in World War II with regard to the concentration camps. But I say bluntly that we are laying out a feast of death and genocide beside which the stench of Auschwitz and Dachau would hardly be noticeable. What is 6 million next to 60 million or even 600 million?

More precisely, we as citizens are allowing this catastrophe to proceed. And while we surround ourselves with comforts and luxuries unprecedented in history, we are ignoring this central enterprise of our Government.

I know we are trying to negotiate an end to this threat. And I know we are not alone in this folly.

But the fact is that our SALT negotiations are becoming programs for scheduling and even for accelerating the production of more weapons by both sides. Meanwhile, we ignore our obligation under the Non-Proliferation Treaty—not to mention the compulsion of commonsense—to reduce the number of atomic weapons.

On the subject of nuclear defense, I believe American citizens feel helplessness and frustration. On the one side, they see the need for realistic military preparedness. But on the other hand, I believe they understand that defense and suicide are becoming one.

Military secrecy is being used to cut off understanding and real debate on this subject. The military will oppose the provisions of this amendment which would make public the size of our nuclear force. I do not doubt that the Pentagon would argue that this information could aid an enemy.

But it is not the Soviets or the Chinese who will learn anything from publication of these basic, nonsensitive facts. We have already thoroughly impressed the Communist world with the power of our weapons and the size of our arsenal.

Rather, it is the American voter whose eyes will be opened, and it is this voter and his commonsense which frighten our military planners.

This amendment offers a first step toward a nuclear defense posture which is strong, democratic and moral.

We are already as safe as great numbers of nuclear weapons can make us. More weapons will not make us safer.

It is time for the Congress once again to exercise meaningful control over all the war-making powers of the Government.

It is time for Americans to recognize the insanity of our current nuclear posture.

It is time to stop acting on the basis of fear, and to bring our own nuclear arsenal—and from there, hopefully, the entire nuclear arms race—under the control of reason.

Mr. President, I reserve the remainder of my time.

Mr. PASTORE. Mr. President, if this amendment passes, I think that Russia should declare June 25 of every year a national holiday.

If this amendment were conceived in the Kremlin I could understand it. But, for the life of me, as an American who loves this country and wants it secure for the freedom of our children and the liberty of our posterity, I ask have we lost our reason? Look at what they do here:

> The Secretary of Defense is hereby directed to submit a report to the Congress—

A public report—

> within 30 days of the enactment of this Act setting forth:
>
> (1) the total number of nuclear weapons deployed and the total number of such weapons stored by the United States as of the date of enactment of this act;

Do you think the Russians would tell us? Do you think they would tell us that?

> (2) the total potential explosive yield of nuclear weapons deployed by the United States;

Oh, how they would love to know this. Oh, how they would like to have this. They would not need their intelligence force; they would not need any espionage, they would not need anything. They could send all of those fellows they have down there on 16th Street back to Moscow. They would not need them here to spy because we would be doing it for them.

Then, listen to this:

> (3) the total amount, in weight, of weapons grade plutonium and of weapons grade uranium possessed by the United States.

Have we lost our minds?

Mr. STONE. Mr. President, will the Senator yield?

Mr. PASTORE. In just a moment I shall be glad to yield.

Is this available to the Congress of the United States in a classified way? Of course it is. It is up there in my committee in a vault with security around the clock to make sure nobody gets his hands on it.

Why, Mr. President? Just so we do not sell our children short. Sure, this is an ugly world in many respects. Sure, we have bombs up to our necks that can burn this world 25, 30 times over. Do you not think I regret that?

But this is unilateral disarmament and this is suicide.

I know I am using strong language, but what have we come to so that the citizens of America would know how many bombs we have got?

All they want to know is can we protect their freedom, can we keep this country free? That is what they want to know.

Mr. STONE. Will the Senator yield?

Mr. PASTORE. I yield.

Mr. STONE. Does the Senator think the Soviets would answer a letter asking for this information and disclose that to us so that we can make a judgment?

Mr. PASTORE. They would not have to do that. All they would have to do is pick up the newspaper after the debate, in the newspaper, they have it all.

Mr. STONE. I am talking about the Soviet information.

Mr. PASTORE. And would they give us anything? Maybe ice water and crabs.

Mr. STONE. Is there a request made for the disclosure of the exact list of all these devices and how many people are guarding them and what are theirs, and request it?

Mr. PASTORE. Of course not.

The argument is being made, that is a closed society, but we are an open society.

Yes, to a point. To a point, but we are not a crazy society.

Mr. STONE. Is a request made for their codes to be disclosed?

Mr. PASTORE. We are an open society.

Mr. STONE. The various codes of triggering and arming these devices?

Mr. PASTORE. Of course not.

This idea of wrapping this up in a sugar coat, "the citizens need to know, the citizens need to know," well, my goodness gracious, every time we make this public, we tell the rest of the world, we tell Peking, we are telling the Kremlin, we are telling all our adversaries.

We are having enough of a bad time now.

We talk about disarmament. We had SALT I. We have been working on SALT II. They have not reached a conclusion. Does the Senator know why?

The Russians tell us in rhetoric that they want disarmament, but when we get them to sign a paper to disarm and call for on-site inspection, that is where we lose them.

That is where we lose them, and we have gone up that hill and down that hill.

I have discussed this matter with the Senator from Mississippi (Mr. STENNIS), chairman of the Committee on Armed Services. He is absolutely opposed to this legislation.

I do not want anybody to stand up and say that I do not want the people to know. Of course, we want them to know, but there are some things that they know are so precious that should not be told—publicly should not be told.

Now, this came up last year, I had Jim Schlesinger who was Secretary of Defense come upstairs in a closed meeting with Senators, alone, and the Senators were there to ask any questions they wanted on a need-to-know basis, and they were told.

It is not that we do not want to tell the Congress in a confidential, classified manner. But this says publicly.

We are going to tell our adversaries everything we have.

It is like playing poker. The fellow we are playing against has the cards covered and we have ours open. What chance have we got to win?

I say that this amendment can only pass when the Russians do the same and the Red Chinese do the same, but until that day comes, we better be careful what we tell them. We have got to be careful what we tell them.

I say, Mr. President, if the Senate ever passed this legislation today—I say this with all conviction—we ought to be ashamed of ourselves. I hope it will be defeated.

I move to lay it on the table.

I am sorry. The Senator may go ahead and take his time.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. Since my colleague enjoyed himself in strong language, I would like to enjoy myself in strong language.

My colleague states that about passage of this would indicate loss of our reason. Let me just say that the fact we have this mess we have in the world today and the capability of having nuclear destructive power equal to 3 or 4 tons per human being on this Earth is the loss of reason.

Mr. PASTORE. Yes, but the Russians have it, too, do they not?

Mr. GRAVEL. They can destroy each individual, maybe, with 2 tons.

Mr. PASTORE. That is right, and we do not want them to know what we have so they will not dare use theirs.

Mr. GRAVEL. Let us talk about what the Russians know we have. Anybody who thinks that this amendment would cause a revelation of information to the Russians is absolutely naive in the intelligence field.

The Russians know exactly what our megatonnage is and we know what they have. This is exactly the situation that existed with the bombing of Cambodia and Vietnam. It was a secret from whom?

The Communists? Hell, no. They could look in the sky and see the bombs dropping. It was a secret from the American people.

That is exactly what this is. This is being held from the view of the American people.

Mr. PASTORE. Will the Senator yield?

Mr. GRAVEL. I am happy to.

Mr. PASTORE. Where in the world did you get that information? Where did you get the information?

Mr. GRAVEL. It is common knowledge.

Mr. PASTORE. What do you mean, common knowledge? You do not know.

Mr. GRAVEL. Wait a second. Yes, I do know. I do know.

We had a big secret meeting last year with James Schlesinger. I asked some questions. Do you know who he deferred to? To the committee.

Then he put out charts saying what we have in devices. We can read any one of those charts in the public newspapers. The figures of what we have, which is top secret, and what is published as general knowledge, are not that different. They are not that different in Moscow, nor here.

Why will the Government not face up to it and tell the American people for real what we have?

Why is it so important to be able to kill the Russians 40 times? Is my colleague not happy enough to be able to kill them 20 times?

Mr. PASTORE. I am not happy on that any time.

Mr. GRAVEL. Does he feel any extra security because he can kill them another 20 times? Is he happy to protect his kids that way?

Mr. PASTORE. No.

Mr. GRAVEL. When is enough enough? How many times?

Mr. PASTORE. The Senator from Rhode Island is a moral man. He does not want to kill anybody.

Mr. GRAVEL. How many times does the Senator from Rhode Island want to kill the enemy?

Mr. President, I think when we say that we lost our reason, yes, we have lost our reason for the very simple fact we have so much overkill capacity that it is immoral, it is bestial, and I asked the very simple question, when is enough enough?

I am asking, as was imputed by the Senator from Florida, that we give them any codes. That is stupid. I would not offer to do that.

I am not asking that we give them the time of launching. That is stupid.

There is a difference between policy secrecy and order of battle secrecy. Troop movement, submarine movement—that is order of battle. That should be held secret.

But our ability to destroy ourselves and destroy the planet by a democracy is something that should not be held secret. The American people should know about it.

What is so foolish about telling the American people how many bombs we have? It is somewhere, give or take, 30,000, give or take 5,000. It is no big deal.

The difference, down to the exact figure, is top secret. But the American people could know that information.

Mr. STONE. Will the Senator yield?

Mr. GRAVEL. What is wrong about asking the President of the United States to tell the American people, if we are going to develop not a 40 times killing capability of the Soviets, but another 50 times?

What is so wrong with telling that to the American people? The average citizen will ask a simple question: Why do we need to be able to kill the Soviets 40 times?

Mr. STONE. Will the Senator yield?

Mr. GRAVEL. I will be happy to yield.

Mr. STONE. Why tell the Russians how many bombs we have? The Senator just tried to. He not only told the American people x thousands of bombs, but does he not think the Russians read the CONGRESSIONAL RECORD, too? Why tell them that or anything else?

Mr. GRAVEL. Does the Senator think they can not read the English language?

Mr. STONE. I think they can read it in the RECORD by the time the Senator gets finished telling it.

Mr. GRAVEL. So there would not be any mistake——

Mr. STONE. Do not do it anymore, please.

Mr. GRAVEL. Let us be serious.

Mr. STONE. The Senator from Florida is being very serious.

Mr. GRAVEL. I have charts here, public information put out by the Defense Monitor, which have a lot more specific data than I have made reference to. If the Senator wants to go into dramatics and say I am giving out secrets, go ahead and do it, but it does not make much sense.

Mr. STONE. This Senator just requested that the Senator from Alaska only use that which has been published.

Mr. GRAVEL. That is all I have used. Does the Senator from Florida say I have used other information?

Mr. STONE. The Senator from Florida knows that the Senator from Alaska is asking for other information in this amendment.

Mr. GRAVEL. I am asking only that it be given to the American people. If the Senator is afraid to trust the American people with it, let me say that this democracy is built on sand.

Mr. STONE. Democracy is not built on sand, but neither is it built on foolishness.

Mr. GRAVEL. Let me ask the Senator from Florida, if he is interested in foolishness, how many times must we be able to kill the Soviets?

Mr. STONE. Enough to deter them from killing us.

Mr. GRAVEL. Do we win deterrence at 20, 30, 40, 100? When is it deterrence?

Mr. STONE. Deterrence is not telling them what the Senator has told them.

Mr. GRAVEL. They know we can kill them 40 times. Is that deterrence?

Mr. STONE. Deterrence is certainly not giving them intelligence information.

Mr. GRAVEL. Answer the question, I say to my colleague. We can kill them 40 times. Are we going to appropriate more money for more plutonium to kill them more? What is deterrence enough? Give me a figure.

Mr. STONE. I would trust the recommendations of the committee as to the figures.

Mr. GRAVEL. The committee does not even know the figures. I will ask any member of the committee: When is deterrence enough? How much kill capacity is going to provide safety for our grandchildren? Tell us. Anybody.

Mr. STONE. The Senator's amendment does not go toward determining any levels. It goes toward disclosing secrets that the other side is not willing to disclose to us.

Mr. GRAVEL. It goes to the levels because it will show the American people how beastial, how immoral, and how ridiculous our present posture is with respect to nuclear capability. The only way to show that is by making this stuff public.

I ask again, tell me how much is enough so we can vote on that. But we do not know that. We have just been building and building and building until this entire world is going to be one big keg of destructive capability. Some insane person holding some responsible position, which has happened in the past, will light that fuse and blow us all to kingdom come. It will be done in the name of defense. It will be done in the name of security. It will be done in the name of our families. All I am suggesting is that I have enough confidence in the American people to put out information that the enemy already knows.

The Communists know how much we have. The fear of our military planners is not to tell the Russians. They know. We know what they have; they know what we have. The people we do not trust are the American people. We know in the final analysis when this information is exhumed it is absolutely terrible. It does not make any sense at all. Every day that goes by we add more bombs to our arsenal.

All I am asking is not to impair our defense. My colleague charges this amendment is unilateral disarmament. Not one iota. We can continue to build bombs. All we have to do is obsolete the old ones and recycle the material into new bombs. As we become more expert in our technology to use these weapons, we could take away the old and put in the new. But, no, what we are mesmerized by is a desire to have more and more kill capability. We are like lemmings, marching to the sea, marching to our own destruction. For what reason? In the name of defending freedom.

Let me say this: With the policies we have, we are not defending freedom; we are absolutely guaranteeing its self-destruction.

So I ask my colleagues to vote on what I think is an eminently reasonable amendment.

We have only addressed ourselves to one point, that is giving information to the American people.

What of the other point, involving the Congress in a meaningful dialog with respect to our nuclear capability, which is really our total defense capability? We run from it. We absolutely run from it.

Let me repeat: Some of my colleagues state that agreeing to this amendment would demonstrate a loss of reason. Let me emhasize the lack of agreeing to this amendment continues to indicate that we have long lost our reason and have not found the ability to recoup it.

Mr. President, I yield the floor. I have no further debate to offer. My colleague apparently wants to table the amendment for fear of an up-and-down vote. I think it is most unfortunate. I think we could just as well vote on the merits of it.

Mr. PASTORE. I will give an up-and-down vote. I yield back the remainder of my time.

Mr. GRAVEL. I yield back the remainder of my time.

ADDITIONAL STATEMENT SUBMITTED

Mr. MONTOYA. Mr. President, I rise in opposition to this amendment.

This amendment's major aim is to direct the Energy Research and Development Administration to cease its production of all fissionable material—uranium, plutonium, and tritium—that would be used for nuclear weapons. The reason offered in support of this amendment is the belief that the United States already possesses more than enough plutonium to maintain a completely adequate deterrent force. This is simply not true.

The United States is currently embarked on a program to modernize its nuclear weapons so that our weapons inventory can support our defense strategy of flexible response—that is, being able to respond to all types of warfare. Accordingly, many technological changes are being made to our nuclear weapons so that they will be most effective. In addition, the modernization program is designed to improve the safety and security features of our weapons stockpile. This modernization program requires that ERDA continue to produce fissionable materials simply because the new warheads require more plutonium per unit than the ones being replaced.

I ask unanimous consent to have printed in the RECORD a letter from the Assistant to the Secretary of Defense—Atomic Energy, D. R. Cotter.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1).

Mr. MONTOYA. This letter points out that prohibiting production of these materials for weapons use, as proposed by this amendment, would seriously impact on the U.S. capability to modernize its nuclear stockpile, and would have an adverse effect on the military capability of both our strategic and tactical nuclear forces, unless a mutual and verified cutoff is adopted by other nuclear weapons states.

Accordingly, I believe that we must continue to produce these fissionable materials. It does not mean, however, that our nuclear weapons inventory must be built up. In fact, the trend of the nuclear stockpile inventory has been downward and the projection for the next 5 years shows a continued downward and leveling movement. Continued production of nuclear materials plus recoupment of material from retired weapons is required for a smaller, more modern, safer inventory of lesser megatonnage.

This amendment also directs the President to submit a report to the Congress setting forth the total number of nuclear weapons deployed and stored by the United States, the total potential explosive yield of nuclear weapons deployed and the amount of weapons-grade uranium and plutonium possessed by the United States. The amendment would also require the President to announce any projected increase in the nuclear arsenal, and any increase in deployed nuclear weapons.

Specific information on the number and yield of our nuclear weapons and the amount of weapons material in our stockpile, if it fell into the hands of potential enemies, could be damaging to our national security. Public disclosure of this highly sensitive information, in my judgment, would therefore be foolhardy.

I believe the present procedures, whereby information such as this is submitted in classified form to the Joint Committee on Atomic Energy is most acceptable. The Department of Defense and the Energy Research and Development Administration are required under section 202 of the Atomic Energy Act of 1954, as amended, to keep the Joint Committee fully and currently informed on these matters. The Joint Committee, in carrying out its legal mandate as the "watchdog" over these activities, has always considered the status, safety and security of the nuclear weapons stockpile to be one of its most important responsibilities. At the same time, no classified information, to my knowledge, has ever been released to the public or anyone else by the Joint Committee.

The number of weapons in the stockpile, the number of weapons deployed, their safety and security has been a matter of continuing concern to the Joint Committee. Members of the Joint Committee have at various times visited a number of locations where weapons are stored, have observed the conditions, and have made recommendations to the President and to the Secretary of Defense. Members have urged the reduction in the number of weapons deployed. They have urged the deployment of only those weapons which are essential to the U.S. security requirements. As I indicated earlier, our nuclear stockpile is decreasing both in numbers and in total yield.

EXHIBIT 1

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D.C., June 18, 1796.

Hon. JOHN O. PASTORE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for views concerning Senator Gravel's proposed amendment No. 1872 to S. 3105, the bill authorizing FY77 appropriations for the Energy Research and Development Administration. The proposed amendment would: direct ERDA to cease the production of new fissionable material for use in weapons; would order the Secretary of Defense to make public certain information about our nuclear stockpile; and provide congressional review of any increase in stockpile size or yield.

Prohibition of production of fissionable material for use in weapons would have an adverse impact on the military capability of both our strategic and tactical nuclear forces, unless a mutual and verified cutoff was adopted by other nuclear weapons states. Approval of the amendment would restrict stockpile modernization and would prevent adoption of proposed strategic weapon options. Disclosure of details of the nuclear stockpile and materials may reveal specific capabilities to our adversaries.

The current modernization programs for weapons include measures to enhance military effectiveness in support of more flexible doctrine, as well as to improve safety and security. Doctrine and hardware improvements are not mutually exclusive. To meet these goals, future weapon modernization requires continued fissionable material production. Retirements from the stockpile provide a portion of material but technological and doctrinal changes for new weapons will require more plutonium even though the stockpile will be smaller in number and yield. Additionally, since tritium decays, maintaining the inventory will require continued production.

Senator Gravel also proposes that the Secretary of Defense report to the Congress the total number of weapons deployed, yield of the stockpile and quantity of weapons grade fissionable material possessed by the United States. As you know, this information has been provided on a routine basis and in great detail to the Joint Committee, and has been carefully protected for many years. Public disclosure of general information pertaining to numbers and megatonnage would not be detrimental to the security of the United States. On the other hand, disclosure of specific information on numbers, location and yield of nuclear warheads would be damaging to US and Allied security. For your information, in response to a Freedom of Information request for total stockpile and megatonnage information, a DOD-ERDA review is in progress to determine national security impact of this general information.

Additional detailed modernization rationale is attached, and is further discussed in depth in two classified documents, "Report to the Congress on Theater Nuclear Force Posture in Europe" and "Improving the Effectiveness of NATO's Theater Nuclear Force," both of which have been provided to the Committee as well as other appropriate committees of the Congress.

Sincerely,

D. R. Cotter,
Assistant to the Secretary of Defense (Atomic Energy).

Detailed Rationale for Continued Fissionable Material Production

The basic national security objective is to preserve the United States as a free nation. This involves protecting the political independence and the general welfare of the American people. The ability to attain this objective depends on the capacity to deter aggression, to prevent coercion, and to retain world stature and influence. More specifically, U.S. national security objectives are:

(1) To deter the use, or threat of use, of nuclear forces against the United States and its deployed forces, its allies, or other nations important to U.S. security.

(2) To deter the use, or threat of use, of conventional forces against U.S. forces, U.S. allies, or other nations important to U.S. security, primarily through increased emphasis on improved conventional capabilities.

(3) Should deterrence fail, to terminate any conflict on terms acceptable to the United States and its allies while preserving U.S. security interests.

The effectiveness of our nuclear forces in providing credible deterrence and strategic and regional stability continues to be of fundamental concern to the United States and its allies. Without the foundation of our nuclear forces, the security and cohesion of our alliances could be in jeopardy. The United States, as the strongest nation among the Western Allies bears a particularly heavy responsibility to ensure that its nuclear forces protect our allies as well as ourselves and that they avoid present and future vulnerabilities.

The stockpile, much of it having been acquired under differing national nuclear policies, is diverse, both as to weapon type and age. Portions of the current stockpile need to be replaced or retired because of:

Limited military capability or utility against a changing threat;

Inability to meet the increased standards of safety adopted to encompass current views of the abnormal accident environment;

Outdated technology, imposing unnecessarily large costs in manpower, training, and maintenance;

Decreasing reliability or effectiveness caused by aging; and

Lack of inherent design features to ensure adequate security.

The US is currently embarked on modernization programs which evolved from the strategy of flexible response, in itself a modernization of doctrine. This strategy of flexible response requires adequate capabilities for conventional, theater nuclear, and strategic nuclear operations and provides the overall framework for nuclear force modernization. These programs include delivery systems, essential support such as command, control, and communications (C^3), target acquisition, deployments, and nuclear warheads. These programs are not mutually exclusive and if we were to halt the hardware modernization due to the prohibition on the production of fissionable nuclear materials for use in weapons, we could not attain our doctrine modernization goal.

The hardware modernization program includes:

A larger spread of yields in our inventory to support flexible response doctrinal changes;

Safer (through the use of insensitive HE) nuclear weapons which use more plutonium than older designs; and

Improved military effectiveness.

Improved military effectiveness is achieved through:

Warheads with better accuracy to allow for replacement of older warheads on a less than one-for-one basis;

Warheads whose output is tailored to enhance military effectiveness but reduce collateral damage; and

Retirement of obsolete artillery warheads (using only enriched uranium) for artillery shells of longer range which use plutonium.

To meet these modernization goals which are being accomplished to maintain the deterrent and raise the nuclear threshold requires the continued production of plutonium and tritium. While many believe the continued production of these materials means a continued buildup in nuclear inventory, this is not the case. The facts show that after reaching a peak in 1966–1967, the general trend of our inventory has been downward and the projection over the next five years shows a continued downward and leveling movement. For the reasons mentioned above, continued production of nuclear material plus recoupment of material from retired weapons is required for a smaller, more modern, safer inventory of lesser total megatonnage.

Over the last five-year period, about two-thirds of the plutonium used in new weapon builds has come from new production and one-third from retired weapons. For FY76, all plutonium for new production will come from retired weapons. The plutonium from current productions will be needed in future years when production of new weapons will require more plutonium than will be available from projected weapons retirements which contain plutonium. Additionally, since tritium decays, maintaining the inventory will require most of the tritium produced in FY76. Therefore, only a small amount will be for new weapon builds.

Overall, the importance of our modernization goals to enhance deterrence requires the continued production of nuclear materials. Because of technological and doctrinal changes, our newer weapons will meet the modernization goals but will require more material even though the stockpile will be smaller in number and yield.

Along with the reduction of the stockpile, nuclear weapons deployments have also been reduced over the past two years. As modernization continues and as our forces are reallocated, we anticipate deployments will be further decreased.

A brief review of the U.S. and Soviet history is attached.

A review of the history of the US stockpile shows (chart, not printed in Record) a build-up in nuclear weapons in the late 50's and early 60's to meet national objectives for nuclear strategic and theater forces.

The stockpile leveled off in the sixties and shortly thereafter, it took a general downward trend as strategic missile forces started to replace a portion of the inventory of strategic aircraft and their bombs. The slight increase in the stockpile in the 71–73 time frame reflects the introduction of MIRVs in the Poseidon and portions of the Minuteman force. The second decrease, from '73 to the present reflects:

Retirements of CONUS air defense weapons; and

Retirements of some obsolete tactical weapons being replaced by new conventional weapons and modernized nuclear weapons.

Examples of modernization are the introduction of more capable gravity bombs to replace a larger number of fixed yield bombs; the replacement of tactical Honest John and Sergeant missiles by the Lance missile which has greater range, mobility and yield flexibility, enabling it to engage the required number of targets with a lesser number of deployed weapons. Thus, although the replacements are on a less than one-for-one basis in some cases, this actually represents greater capabilities for the overall inventory of tactical nuclear weapons. Therefore, our projection for the next five years is that the number of new weapons to be built will be less than the number of weapons retired.

This next chart (not printed in Record) illustrates the mix in tactical and strategic weapons and shows that there will be essentially equal numbers in the mix. US planning envisions keeping these levels relatively flat over the next several years. However, this will depend on the success or failure of Arms Control arrangements we are pursuing with the Soviets.

The general trend in US strategic weapons has been to reduce the megatonnage. The decrease was the result of several factors. First, the US made a deliberate decision to develop the capability to deliver multiple instead of single warheads on each strategic missile. This required a trade-off between the large yield of a single warhead with that of several smaller yield warheads whose combined yield was less . . . yet their overall damage capability was greater.

Secondly, as the US ICBM and SLBM missile forces evolved into a highly reliable, survivable, almost 100% around the clock alert capability, we required less bombers with their larger yield bombs for our overall strategic capability. Even though the total megatonnage was reduced, the combined effectiveness was increased.

Thirdly, the ICBMs and SLBMs became even more effective as improved guidance systems made possible more accurate delivery of each multiple reentry vehicle on its intended target. As accuracy capabilities improved, it became possible to use smaller yield weapons on ballistic missiles, further allowing a reduction in required overall megatonnage.

Thus, a large number of multi-megaton bombs and missile warheads have been retired and replaced by more effective multiple payloads.

We believe this was a proper decision since, measured in terms of effective megatonnage (or area coverage) multiple payloads have given us an improvement in target coverage effectiveness while still maintaining a lesser number of aircraft or missile launchers. This advantage is some compensation for the large Soviet throw-weight.

This next chart (not printed in Record) depicts the history and projection of the US/Soviet strategic missile comparison.

The acquisition of a more capable nuclear missile force (MIRVs plus accuracy) by the USSR could have especially profound and negative effects on US security. The Soviets continue to develop and deploy four powerful ICBMs. They will have far surpassed the US strategic forces in throw-weight capability.

A comparison of the US and Soviet force levels, mid-1975 and projected through mid-1976 is shown on the next chart.

UNITED STATES AND U.S.S.R. STRATEGIC FORCE LEVELS

	Mid-1975		Mid-1976	
	United States	U.S.S.R.	United States	U.S.S.R.
OFFENSIVE				
ICBM launchers:				
Operational [1, 2]	1,054	1,600	1,054	1,500
Others	0	0	0	0
SLEM launchers:				
Operational [1, 3]	656	730	656	850
Others	0	0	0	0
Long-range:				
Bombers [4]				
Operational [5]	497	160	421	180
Others [6]	112	170	[7] 184	175
Force loadings:[8] Weapons	8,500	2,500	8,900	3,500
DEFENSIVE [9]				
Air defense:				
Surveillance radars	59	4,500	61	5,500
Interceptors [10]	412	2,600	315	2,600
SAM launchers [11]		10,000		10,000
ABM defense: Launchers	36	64	100	64

[1] Includes on-line missile launchers as well as those in the final stages of construction, in overhaul, repair, conversion and modernization.

[2] Does not include test and training launchers, but, for the USSR, does include launchers at test ranges which are probably part of the operational force.

[3] Includes launchers on all nuclear-powered submarines and, for the Soviets, operational launchers for modern SLBMs on C-Class diesel submarines.

[4] The following long-range bombers are placed in this category: for the U.S.: B-52s, FB-111, and Z-1; for the USSR: Bear, Bison, Backfire.

[5] Includes deployed, strike-configured, aircraft only.

[6] For the U.S., includes bombers for RDT&E and in reserve, mothballs and storage. For the USSR, includes all variants of Bear, Bison and Backfire (tankers, ASW, trainers, reconnaissance, etc.) wherever located.

[7] Represents the maximum number of aircraft assuming no cannibalization.

[8] Total force loadings reflect only those independently-targetable weapons associated with on-line ICBMs/SLBMs and UE aircraft. Weapons reserved for restrike and weapons on inactive status are not included.

[9] Excludes radars and launchers at test sites or outside CONUS.

[10] These numbers represent Total Active Inventory (TAI).

[11] These 10,000 launchers accommodate about 12,000 SAM interceptors. Some of the launchers have multiple rails.

While you can see that we possess about three times the number of warheads as the Soviets, we estimate that the megatonnage for the strategic force levels favors the USSR by a ratio of over 3 to 1.

GRAVEL AMENDMENT REBUTTAL

Portion quoted from amendment	*Information now furnished to JCAE type of information*
"SEC. 902. The Secretary of Defense is hereby directed to submit a report to the Congress within 30 days of the enactment of of this act, setting forth:	
"(1) the total number of nuclear weapons deployed and the total number of such weapons stored by the United States as of the date of enactment of this Act;	(1) Section B, C & L to the Stockpile Printout covers deployments and storage
"(2) the total potential explosive yield of nuclear weapons deployed by the United States; and	(2) Add "yield" and "on hand" columns of stockpile printout, Section L or *could* provide Section J
"(3) the total amount, in weight, of weapons grade plutonium and of weapons grade uranium possessed by the United States."	(3) Two sources: Appendix A to HQ DNA-49 Report "Nuclear Weapons Technology Report"—contains quantities and types of material by weapon type for primary and secondary stages ERDA Production & Planning Directive 76-0 contains all materials included in the stockpile

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The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

Mr. GRAVEL. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Georgia (Mr. TALMADGE), the Senator from California (Mr. TUNNEY), and the Senator from Michigan (Mr. HART) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Maryland (Mr. BEALL), the Senator from Tennessee (Mr. BROCK), the Senator from Utah (Mr. GARN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Ohio (Mr. TAFT), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay".

The result was announced—yeas 5, nays 77, as follows:

[Rollcall Vote No. 343 Leg.]

YEAS—5

Abourezk
Gravel
Hathaway
McGovern
Proxmire

NAYS—77

Allen
Baker
Bartlett
Bayh
Bellmon
Bentsen
Biden
Brooke
Bumpers
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Glenn
Hansen
Hart, Gary
Hartke
Haskell
Helms
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McGee
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
  William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Thurmond
Weicker
Williams
Young

NOT VOTING—18

Beall
Brock
Buckley
Burdick
Garn
Goldwater
Griffin
Hart, Philip A.
Hatfield
Inouye
McClellan
McClure
Percy
Symington
Taft
Talmadge
Tower
Tunney

So Mr. GRAVEL's amendment was rejected.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MONTOYA. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. MOSS. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination reported earlier today.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The assistant legislative clerk read the nomination of Allan M. Lovelace, of Maryland, to be Deputy Administrator of National Aeronautics and Space Administration.

Mr. MOSS. Mr. President, this nomination has been unanimously approved by the Committee on Aeronautics and Space Sciences.

Mr. President, I ask unanimous consent to have printed in the Record a letter I have received from Mr. Lovelace.

There being no objection, the letter was ordered to be printed in the Record, as follows:

NASA,
Washington, D.C., June 25, 1976.

Hon. Frank E. Moss,
Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: If appointed as Deputy Administrator of the National Aeronautice and Space Administration, I will respond to requests to appear and testify before any duly constituted committee of the United States Congress.

Sincerely,

A. M. Lovelace,
Associate Administrator for Aeronautics and Space Technology.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. MOSS. Mr. President, I ask unanimous consent that the President be notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MOSS. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION APPROPRIATIONS AUTHORIZATION

The Senate continued with the consideration of the bill (S. 3105) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1958, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

UP AMENDMENT NO. 106

Mr. GLENN. Mr. President, I call up unprinted amendment No. 106 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. Glenn) for himself and Mr. Pastore proposes unprinted amendment No. 106.

Mr. GLENN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 27, immediately after line 8 insert a new section to read as follows:

"Sec. 407. No nuclear fuel shall be exported to supply a nuclear power reactor under an Agreement for Cooperation which has not been reviewed by the Congress of the United States under the procedures in Section 123 d. of the Atomic Energy Act of 1954 (42 U.S.C. 2153 (d)), as amended by Public Law 93–485, directly or indirectly to a non-nuclear weapons state (within the meaning of the Treaty on the Non-Proliferation of Nuclear Weapons) which has not ratified the Treaty on the Non-Proliferation of Nuclear Weapons unless the first proposed license under such agreement authorizing the export of either such reactor or such fuel after the date of this Act is first submitted to the Congress for review under the congressional review procedures provided for Agreements for Cooperation in the above-referenced section 123 d. of the Atomic Energy Act of 1954, as amended.

Mr. GLENN. Mr. President, I am honored that the distinguished Senator from Rhode Island is joining me as coauthor of this amendment. Both in the U.S. Senate as chairman of the Joint Committee, and as a past delegate to the United Nations, Senator Pastore has displayed a firm grasp and a leadership role in dealing with the complex problems surrounding the proliferation of nuclear weapons to nations throughout the world and I commend him for it.

We should recall, in particular, Senator Pastore's introduction of Senate Resolution 179 in January 1966, which urged the President "to negotiate international agreements limiting the spread of nuclear weapons." Three years after passage of this resolution, the Senate ratified the Nuclear Non-Proliferation Treaty, the NPT. It should be noted that Senator Pastore played a leading role in insisting that international safeguards be included in the treaty.

More recently, in December of last year, Senator Pastore introduced Senate Resolution 221, which encouraged the President to seek international cooperation in strengthening safeguards on nuclear materials. The nuclear suppliers conferences which have taken place since then are fruits of the passage of that resolution. It is clear that we still have a long and difficult road ahead of us in achieving effective control over the spread of nuclear weapons technology. However, the steps in that direction that we have already taken should be credited in no small measure to the efforts of the senior Senator from Rhode Island.

Mr. President, the amendment which Senator Pastore and I are offering today is similar to the Anderson-Price amendment to the companion bill on the House side, H.R. 13350. The latter amendment passed by voice vote on May 20, 1976.

Our purpose in submitting this amendment is to bring into greater consonance present and past procedures used in concluding and implementing agreements with other nations for cooperation in the peaceful use of nuclear energy. Specifically, all agreements for cooperation proposed since enactment of Public Law 93–485—effective October 14, 1974—have required congressional review prior to implementation. Previous agreements did not require such review before being signed. Under the Glenn/Pastore amendment as modified, no nuclear fuel can be shipped, directly or indirectly, to any nonnuclear nation which has not signed the NPT and which had an agreement for cooperation with the United States prior to the implementation of Public Law 93–485 unless the first license application for export of a reactor or nuclear fuel to that nation, following passage of this amendment, is submitted for congressional review, following approval by the Nuclear Regulatory Commission, under review procedures spelled out in section 123d of the Atomic Energy Act of 1954, as amended.

This amendment will have the laudable result of putting some degree of pressure on those countries wishing to do business with us in the nuclear area either to ratify the NPT or to undergo greater congressional scrutiny of their nuclear export agreements with us. Among countries which will be affected by this amendment are Spain, South Africa, Portugal, Israel, India, and Brazil, none of which have ratified the NPT. It is of particular interest, in the light of recent publicity, to consider the effect this amendment would have on our agreements with India and Spain.

In the case of India, which exploded a nuclear device in 1974 and which has a reprocessing plant and several other nuclear facilities outside of safeguards, there are fuel shipment licenses for the U.S.-supplied Tarapur reactor presently pending before the Nuclear Regulatory Commission. Since India's agreement with us predates Public Law 93–485, and since India is not a party to the NPT, the Glenn/Pastore amendment would require that the first Tarapur fuel license approved by the NRC following enactment of this act be reviewed by Congress for 60 days. The license would take effect after this 60-day period unless Congress passed a concurrent resolution of disapproval pursuant to the procedures spelled out in section 123(d) of the Atomic Energy Act.

The same procedure will apply to Spain the next time a license application is filed for exporting reactor fuel to that country.

I wish to stress that this amendment, dealing as it does with a special export licensing situation, is not a substitute for the more comprehensive export licensing procedure proposed in section 6(c) of S. 1439, the Export Reorganization Act, which was recently reported by the Senate Government Operations Committee and is now pending before both the Joint Committee on Atomic Energy and the Senate Foreign Relations Committee. That bill is concerned with broader issues concerning the interaction of foreign-policy considerations and nuclear export procedures. It establishes and clarifies lead-agency roles for the State Department and the NRC with respect to agreements for cooperation and the issuance of export licenses respectively.

It also provides for congressional review of a proposed export license, pursuant to the review process of section 123 (d) of the Atomic Energy Act, when the NRC disagrees with the State Department that a license should be approved or when there are substantial issues that the NRC cannot resolve. I look forward to working closely with Senator Pastore on this provision as well when the joint committee proceeds with its consideration of S. 1439.

So that the Senate can be aware of the details of this provision at this time, I ask unanimous consent that the text of section 6(c), as well as an explanation of this provision from the report of the Government Operations Committee, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GLENN. Mr. President, we recognize that the basic problem to which the Glenn-Pastore amendment is addressed is not just an American problem amendable to an American solution. It is, of course, a multinational problem—indeed, a world problem—facets of which are being discussed at the nuclear suppliers conference in London. The adoption of this amendment, Mr. President, will be a clear signal to the other nations at the suppliers conference that the United States holds the establishment of effective safeguards in higher priority than the pursuit of profit, and intends to take decisive action to achieve such safeguards.

Mr. President, I ask unanimous consent that Dave Hafemeister and Leonard Bickwit, members of my staff, may have the privilege of the floor during the discussion of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I stand ready to answer any questions on this amendment. We do not plan to ask for a rollcall vote, unless such is necessary.

I yield to the distinguished Senator from Rhode Island.

EXHIBIT 1

TEXT OF SEC. 6 (c) OF S. 1439

(c) (1) No application for a license for export of atomic energy facilities, components, or material for use for nonmilitary purposes or an application for approval for export of nonmilitary atomic energy technology shall be approved by the Commission unless the Secretary of State has given written approval for the issuance of such a license or the granting of such approval.

(2) Any special nuclear material distributed by the Energy Research and Development Administration to any nation or group of nations for nonmilitary purposes shall require the issuance of a license by the Commission, subject to the written approval of the Secretary of State, as provided in this section.

(3) In the event that the Commission does not agree with the Secretary that an application should be approved, or the Commission determines that an application raises substantial issues that the Commission cannot resolve, the Commission shall defer approval of the application for sixty days hence, pending a review by the Congress.

(4) In the event that the Commission exercises the option pursuant to paragraph (3) it shall furnish the Congress a complete record pertaining to the particular application, including a report explaining its action and any findings made pursuant to subsection (a) and to section 103 of the Atomic Energy Act of 1954, as amended, and all data, findings, and recommendations furnished to the Commission by the executive agencies pursuant to sections 4 and 7 of this Act. The aforementioned application and accompanying documentation shall be submitted immediately to the Congress and referred to the Joint Committee on Atomic Energy for a period of sixty days while Congress is in session (in computing such sixty days, there shall be excluded the days on which either House is not in session because of all adjournment of more than three days), and the Commission shall approve and issue the license for export of atomic energy facilities or materials for use for nonmilitary purposes or approve the export of nonmilitary atomic energy technology, as the case may be, immediately upon expiration of the sixty-day period unless during such sixty-day period the Congress passes a concurrent resolution stating in substance that it does not favor the proposed export. Prior to the elapse of the first thirty days of any such sixty-day period the Joint Committee shall submit a report to the Congress of its views and recommendations respecting the proposed export and an accompanying proposed concurrent resolution stating in substance that the Congress favors, or does not favor, as the case may be, the proposed export. Any such concurrent resolution so reported shall become the pending business of the House in question (in the case of the Senate the time for debate shall be equally divided between the proponents and the opponents) within twenty-five days and shall be voted on within five calendar days thereafter, unless such House shall otherwise determine.

EXPLANATION OF SECTION 6(c) OF S. 1439
(FROM REPORT 94–875)

Subsection (*c*) (*1*), which was offered along with subsection (c) (3) as an amendment to Committee Print No. 1 by Senator Percy, prohibits the NRC from issuing a license for the export of nuclear facilities, components, or materials for non-military use, or granting approval for the export of nuclear technology without the prior written approval of the State Department.

The technical implications of this provision are that the NRC may not, under any circumstances, license an export which the State Department determines would undermine the foreign policy interests of the United States. However, the broader purposes of this provision are to provide an institutional incentive for the State Department and NRC to resolve any reservations which either body may have about an export. The Committee is particularly concerned about the need to achieve closer communication between NRC and the State Department to insure that possible problems are considered at an early stage, and that the licensing of exports is as streamlined as possible. The independence of NRC to function as an effective final check on the adequacy of safeguards is protected by the provisions of subsection (c) (3).

The Committee does not expect the Secretary to personally approve and sign minor and unimportant licenses and approvals. As with other matters, he may delegate such routine decisions, reserving more important license applications for his personal attention. The legislative provision is intended to underscore the fact that the Secretary of State will be responsible for the actions of his subordinates.

Subsection (*c*) (*2*), which was offered an amendment in the Committee mark-up by Senator Glenn, closes a potential gap in the control of nuclear exports by requiring that any special nuclear material distributed by ERDA through a government-to-government transfer to any nation or group of nations shall require the issuance of an NRC license, with the attendant written approval of the Secretary of State.

The Committee is aware that while government-to-government transfers have been little used over recent years, they have resulted in the transfer of substantial amounts of weapons-grade materials for civil purposes. They are at least as important from the standpoint of potential proliferation as commercial exports. In addition, they could be utilized as a way to bypass NRC export licensing requirements. This subsection will ensure that government-to-government transfers are subject to the same opportunities for public participation and the same NRC determinations as any comparable commercial export.

Subsection (c) (3) establishes an important provision for referring to Congress any issues concerning nuclear exports that cannot be resolved by NRC and the Secretary of State.

The Committee expects that most differences between the NRC and the Secretary of State over individual nuclear exports can be resolved through cooperative efforts. However, on a few occasions fundamental differences may raise. In such instances, it would be unwise for the NRC to exercise, in essence, an absolute veto over transactions that the Secretary of State deems important for foreign policy reasons. On the other hand, the perils of proliferation are severe enough that the Committee thinks it equally unwise to give the final, unilateral decision over nuclear exports to the State Department. For those few instances where an application raises substantial issues that the NRC cannot resolve, it must defer approval for 60 days and submit the matter to Congress for review. In this way, Congress will have the opportunity to consider the balance between non-proliferation and foreign policy factors, and to take appropriate legislative or other action. A fundamental assumption underlying this provision is the Committee's judgment that should an application raise issues which the NRC and the Secretary of State cannot settle, then the issues are likely to be important enough to require direct Congressional attention and action. Under this procedure Congress may reject the application, as provided for in subsection (c) (4), informally propose changes in the conditions of the application, or express its support for the issuance of a license.

It is important to note that the license will be issued unless Congress acts to disapprove the application within 60 days.

Subsection (c) (4) provides detailed procedures for the NRC to follow if it refers a disputed export application to Congress for review. Briefly, the NRC would furnish Congress with a complete record of the application, including a report explaining its actions and any findings, plus all data, findings, and recommendations furnished to the Commission by the executive agencies. The application and accompanying documentation would be submitted to Congress and referred to the Joint Committee on Atomic Energy for a period of sixty days while Congress is in session. This procedure is virtually identical that provided for Congressional Review of international agreements for nuclear cooperation laid down in Section 123 of the Atomic Energy Act of 1954, as amended, and is thus a proven arrangement with which the executive agencies, the NRC, Congress and the Joint Committee are familiar. During the first 30 days of the review period, the Joint Committee is required to report to Congress its views and recommendations for the proposed export and submit a proposed concurrent resolution stating in substance that the Congress favors, or does not favor, the proposed export. The subsection makes any such resolution the pending business of the House in question within 25 days and requires a vote within 5 calendar days thereafter unless such House shall determine otherwise.

Mr. MATHIAS. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. PASTORE. I yield.

Mr. MATHIAS. Mr. President, I ask unanimous consent that Mr. James Antizzo, of my staff, have the privilege of the floor during the remainder of the debate on this measure.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I am happy to join my colleague, the Senator from Ohio, on this amendment.

In this atmosphere of the likelihood of the proliferation of material from nuclear reactors being used for military purposes, I think this amendment does nothing more than strengthen the procedure of export. I see no burden on the part of the administration in carrying out its responsibility. Certainly, this will not be a hindrance; it will be a safeguard.

I am very happy to join my colleague as sponsor of this amendment, and I hope it will be adopted.

Mr. BAKER. Mr. President, what is the time situation?

The **PRESIDING OFFICER.** Each amendment is subject to a 1-hour time limitation, 30 minutes on each side.

Mr. BAKER. Mr. President, does the distinguished Senator from New Mexico assert the control over the opposition?

Mr. MONTOYA. I yield all control to the Senator from Tennessee.

Mr. BAKER. Mr. President, I do not intend to make a prolonged presentation in opposition to this amendment. As a matter of fact, I think the amendment generally is well received and appropriate to the challenge and circumstances of the moment. It is a substantial improvement over the amendment that was adopted in the House of Representatives. I believe it accommodates most of the concerns that were expressed by ERDA, particularly those expressed in a letter to the chairman of the Joint Committee on Atomic Energy from Dr. Seamans on June 17, 1976.

There is one aspect of it, however, that I feel requires additional attention. It is the question of what happens in those nonnuclear powers where we already have fuel under contract or where we already have made deliveries or where reactors are going forward that are doing so on the basis that they would be able to negotiate contracts with the United States.

In some cases, I believe the contracts for the supply of reactors themselves or the equipment ancillary to the reactors was made in conjunction with a commitment to supply fuel. As a matter of fact, that is ordinarily the rule instead of not the rule.

I have no objection whatever to making sure that the executive department certified this to Congress for their full concurrence, but I want to make sure that we do not invalidate any contracts we already have, and have made in good faith, that would not operate finally in the best interests of the United States.

For example, I understand that there are now eight reactors operating in Spain, or under construction, apart from the one we recently approved for export. There are others, no doubt, in other parts of the world.

However, I ask this of the distinguished Senator from Ohio: Would this amendment, then, stop the shipment of fuel or material to those reactors which already are under construction and which have not been submitted to Congress for review?

Mr. GLENN. This would apply only as new licenses were applied for. It would not necessarily stop any shipment, unless Congress, in this 60-day period, felt that there was reason to believe that a particular nation, for example, might be using plutonium for the manufacture of atomic weapons, if we had intelligence information or something of that nature. It could be held up on that basis, of course.

This would apply only to the next license applied for by those who had their fuel under an arrangement made before the 1974 law was put into effect.

What this does, in effect, is take the post-1974 arrangements and apply them as new licenses come up to the pre-1974 arrangements.

Mr. BAKER. I wonder if that point of view, which I understand and generally agree with, would be consistent with a proposal to modify the amendment by changing the period at the end of the Senator's amendment to a semicolon and adding the following language thereafter.

> "*Provided, however*, That the foregoing probition shall not apply (1) if the President determines that prompt issuance of a license will promote and will not constitute an unreasonable risk to the common defense and security, and (2) such Presidential exceptions are confined to the delivery of fuel under enrichment service contracts pursuant to which deliveries have already taken place as of the date of this Act, or for power reactor projects covered by enrichment service contracts on which construction has been initiated as of the date of this Act ."

There are three elements there and we can talk about them separately or together. The representations the Senator from Ohio has made would not seem to be inconsistent with those.

Mr. GLENN. My reply to the distinguished Senator from Tennesseee is that our concern was to make the same type of arrangements that Congress and the Senate saw fit to make in the post-1974 era, where the President would not have that same type of authority which he had prior to 1974. What we are trying to do is to tighten up the procedures. If we saw fit to make all arrangements from 1974 on to fit certain criteria, I would think it would be in our best interest that our amendment, without the amendment to which the Sentaor referred, apply to the pre-1974 time period also. In this way we would be consistent all the way through.

Mr. BAKER. The point I am really reaching for, and the one I am interested in substantially, is whether or not we can provide that, on the happening of these things, it would not require further certification by Congress: First, there is already an existing contract—nobody wants to negate those contracts that were made before; second, the President says there is no national security danger; and third, that they already have begun deliveries or that reactors were under construction already that were covered by enrichment service contracts. We do not want to go back and undo these things that have already been done. We hope we could safeguard it by certification by the President. This has nothing to do with future contracts; these are just good-faith contracts by American companies with foreign countries, for the most part. Where they had entered into corollary contracts for fuel service, now they have to come back and say, "Look, is our contract no good because we are going to have to go back and resubmit it?" We have already gotten an export license once; do we have to do it all over again?"

I hope that the distinguished managers of the bill and the author of the amendment can work out some sort of agreement where, in those cases where there is an export license already in existence where he gets a Presidential certification that there is no danger to national security, where there is already a fuel contract in force and deliveries made, or where there is a reactor under construction which is accompanied by a fuel commitment—when any of these things occur, that they would not require resubmission to Congress.

Mr. GLENN. I say to the Senator from Tennessee that if all those conditions were met, I can see no case where Congress would not go right ahead and approve this. But this whole field of nuclear proliferation and the potential for spread of atomic weaponry around the world has been deemed of sufficient importance to Congress and the Senate that we wish to make this additional check on the Presidential power to send nuclear plants and the plutonium byproduct around the world for whatever use people want to make of it. The 1974 act, of course, did tighten up and my amendment, today, would make those same rules applicable back to early licenses.

Mr. PASTORE. Will the Senator yield?

Mr. GLENN. Yes.

Mr. PASTORE. To give a specific example, let us take the Tarapur reactors. They are to be refueled by July 1. I suppose a request has been made for American fuel in order to refuel those particular reactors, which are American made In this particular instance, naturally, there is an existing agreement. There is a contract.

I know it is disturbing to the Senator from Tennessee. But on the other hand, there is this to be said: this would be tightening up the whole procedure and if it came up here and everything looked well, all we would do would be to waive the time and it would take effect.

The purpose here is to bring Congress into partnership with the administration without taking over an executive function, but to make sure that no criticism will be leveled at us that we indiscriminately sent nuclear fuel abroad that finally found itself in a bomb.

Mr. BAKER. Mr. President, I think that the Senator from Rhode Island fully understands my concern.

Mr. PASTORE. I certainly do.

Mr. BAKER. I appreciate his helping to identify it. I wonder if the Senator from Rhode Island could assure the Senator from Tennessee that, at some future time during this session of Congress, we could jointly ask the staff of the Joint Committee on Atomic Energy to reexamine this aspect of the problem and give us a further insight on what problems might come up?

Mr. PASTORE. Yes, and we are going to take this to conference anyway, and if it needs tightening up, if anyone has a substantial criticism, I think the Senator from Ohio would be willing to modify his position.

Mr. BAKER. I have such faith in the staff of the Joint Committee on Atomic Energy that if the Senator from Ohio is willing, I am willing to drop my concerns in this respect for the moment on the representation that we shall jointly ask the joint committee staff to take a look at existing contract rates of the entire picture and to give us further recommendations on how we ought to proceed on this aspect.

Mr. PASTORE. That is satisfactory with me.

Mr. GLENN. I not only would be happy with that, I am glad to join with the Senator from Tennessee in this suggestion. We have the Nuclear Export Act, S. 1439, before the Joint Committee on Atomic Energy now. If there are other hearings required, I would be happy to do whatever is required to participate in those or supply any information we might have to those hearings that might bear on the subject. If further modification of this appears advisable after such hearings and such deliberations, I shall be very happy to go along with these recommendations.

What we are trying to do is get a handle on one of the biggest dangers facing the world today, the spread of nuclear energy without adequate control of the plutonium output.

Mr. BAKER. I could not agree more with the Senator from Ohio and I share his concern about this. It is the greatest problem facing civilization today and I believe it is not an exaggeration to say that it is the greatest single problem ever to face civilization, in the secular sense.

With that, I will not offer an amendment to the amendment. I yield back the remainder of my time on the Glenn amendment.

Mr. GLENN. Mr. President, if there is further discussion, I shall be glad to participate; otherwise, I am prepared to yield back the remainder of my time and will be happy with a voice vote.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

AMENDMENT NO. 1888

Mr. McINTYRE. Mr. President, I call up my amendment No. 1888.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read as follows:

The Senator from New Hampshire (Mr. McINTYRE), for himself and others, proposes an amendment.

Mr. McINTYRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 20, line 23, insert the following new section 206.

SEC. 206. (a) Notwithstanding any other provision of law, at least 20 per centum of the total amount of funds made available pursuant to this title for energy programs in the area of solar energy technology shall be available exclusively to small business concerns and individual inventors.

(b) For purposes of this subsection (a)—

(1) the term "small business concern" has the meaning given it by the Administrator of the Small Business Administration under—

(A) section 3 of the Small Business Act (Public Law 85–536; 72 Stat. 384); or

(B) section 103(5) of the Small Business Investment Act of 1958 (Public Law 85–699; 72 Stat. 690); and

(2) the term "individual inventor" means any individual who is under no obligation to transfer to any other person or any government or governmental agency any interest in any invention, discovery, or other property with respect to which such individual seeks any contract or other assistance in any energy program in the area of solar energy technology.

Mr. MONTOYA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McINTYRE. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, little less than 1 year ago the Senate had under consideration the first authorization bill for the newly created Energy Research and Development Administration. This year's bill (S. 3105) represents the second authorization measure to fund the energy research, development and demonstration programs under ERDA's management.

The Subcommittee on Energy Research and Water Resources spent many hours in consideration of this measure and I believe the bill recommended to the Senate by the Interior Committee is both responsive to the energy needs of the Nation and reflects the continued commitment of the Congress in support of an aggressive energy program. I want to take this opportunity to express my thanks and to commend the members of the Subcommittee on Energy Research and Water Resources for their work in preparing this measure for Senate conconsideration. A good many hours have been spent in hearings and markup sessions in order to develop an adequate authorization bill for the Nation's energy research, development and demonstration agency.

As originally submitted, the President's authorization request represented a modicum of increased effort in nonnuclear programs like solar, geothermal, or fossil energy development. The Nation can ill afford a sluggish pace in developing energy alternatives, whether it be to increase energy sources or to develop improved methods for more efficient use of the energy resources now available.

Our goal in preparing this measure has been to accelerate the ERDA program in order to better insure, at the earliest possible date, that the United States will have sufficient energy options in the future. At the same time, we have endeavored to assure that a prudent and responsible authorization be recommended; one which does not throw more money at a problem than can be efficiently used.

By consent agreement, this bill was referred jointly to the Committee on Interior and Insular Affairs and the Joint Committee on Atomic Energy. The two committees limited their consideration of the bill to those aspects within their respective legislative jurisdictions. Thus, the Interior Committee considered ERDA's nonnuclear energy programs and the Joint Committee considered ERDA's nuclear energy and weapons program. Those areas of overlap, such as basic research, and environmental and safety, were considered by both committees.

The Interior Committee recommends that the Senate authorize an additional $378,535,000 to the budget requested by the President in both nonnuclear programs and those program areas in which both committees share jurisdiction. This increase would result in a total nonnuclear related energy program of $1,803,493,000. In addition, the committee recommends that a $900 million loan guarantee program be authorized for the conversion of urban waste and biomass to useful forms of energy.

I want to commend this bill to the Senate and ask for its approval. Domestic petroleum production continues to decline while foreign crude oil imports continue to increase, at a current cost of $27 billion annually to U.S. taxpayers. A successful energy research, development, and demonstration effort is the only sure way to break the stranglehold of the international oil producing cartel.

I ask unanimous consent that a table representing authorizations to ERDA and changes made by the Interior Committee be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, SENATE AUTHORIZATION BILL TITLES II AND III

[In thousands of dollars]

Operating expense	Fiscal year 1975		Fiscal year 1976		Fiscal year 1977		Committee change		Total committee authorization	
	Budget authority	Budget outlays	Budget authority	Budget outlays	Budget authority	Budget outlays	Budget authority	Budget outlays	Budget authority	Budget outlays
FOSSIL ENERGY DEVELOPMENT										
Coal:										
Liquefaction	$94,745	$35,162	$89,362	$92,387	$73,946	$79,546	−$21,000	−$19,000	$52,946	$60,546
High Btu gasification	59,805	35,979	53,364	37,338	45,054	59,254	0	0	45,054	59,254
Low Btu gasification	49,993	23,333	24,552	36,026	33,052	39,952	−6,500	−9,900	26,552	30,052
Advanced power systems	4,097	1,718	10,001	7,461	22,500	12,800	0	0	22,500	12,800
Direct combustion	35,887	10,557	38,096	32,645	52,416	52,116	10,000	6,000	62,416	58,116
Advanced research and supporting technology		7,849		32,061		36,585	0	0		36,585
Coal conversion processes	12,637		14,000		15,200				15,200	
Direct utilization	3,000		5,000		5,550				5,550	
Materials and components	5,188		8,493		8,585				8,585	
System studies	2,500		7,900		7,750				7,750	
Demonstration plants	0	1,280	31,900	14,250	53,000	50,600	0	0	53,000	50,600
Magnetohydrodynamics	14,295	3,986	29,544	18,400	37,441	27,341	545	500	37,986	27,841
Total coal	282,147	119,864	312,212	270,568	354,494	358,194	−16,955	−22,400	337,539	335,794
Petroleum and natural gas:										
Gas and oil extraction	26,369	8,647	41,423	32,859	35,074	30,374	10,000	7,000	45,074	37,374
Supporting research	1,789	2,015	1,797	1,582	1,831	1,831	0	0	1,831	1,831
Total petroleum and natural gas	28,158	10,662	43,220	34,441	36,905	32,205	10,000	7,000	46,905	39,205
In situ technology:										
Oil shale	3,762	3,884	13,720	9,834	21,085	12,085	0	0	21,085	12,085
In situ coal gasification	6,487	2,283	6,137	7,560	8,236	6,736	0	0	8,236	6,736
Supporting research	962	965	1,265	1,113	1,310	1,310	0	0	1,310	1,310
Total in situ technology	11,211	7,132	21,122	18,507	30,631	20,131	0	0	30,631	20,131
Total operating expenses	321,516	137,658	376,554	323,516	422,030	410,530	−6,955	−15,900	415,075	395,130
Capital equipment	260	198	425	339	1,020	840	0	0	1,020	840
Plant	13,000	625	20,000	9,000	[1] 56,900	30,300	62,300	46,400	119,100	76,700
Total fossil energy development	334,776	138,481	396,979	332,855	479,950	441,670	55,245	31,000	535,195	472,670
SOLAR ENERGY DEVELOPMENT										
Direct thermal application:										
Heating and cooling of buildings:										
Residential demonstrations	600	260	5,900	4,000	8,100	6,300	7,200	7,200	15,300	13,500
Commercial demonstrations	6,043	2,430	18,200	12,600	16,700	12,200	14,300	19,300	31,000	31,500
Research and development	5,589	2,200	5,000	3,700	10,500	8,200	2,000	1,700	12,500	9,900
Development in support of demonstration	850	421	6,000	4,500	10,000	7,800	4,000	3,700	15,000	11,500
Subtotal heating and cooling of buildings	13,082	5,311	35,100	24,800	45,300	34,500	27,500	31,900	72,800	66,400
Agriculture and process heat	500	200	4,750	3,700	3,900	2,500	4,800	4,900	8,700	7,400
Subtotal direct thermal applications	13,582	4,511	39,850	28,500	49,200	37,000	32,300	36,800	81,500	73,800
Technology support and utilization:										
Solar energy resource assessment	700	500	1,000	900	1,500	1,300	4,000	3,400	5,500	4,700
Solar Energy Research Institute	0	0	2,200	1,600	1,500	1,000	1,000	700	2,500	1,700
Technology utilization and information dissemination	700	500	600	600	1,000	700	2,000	1,400	3,000	2,100
Solar storage	0	0	1,600	1,500	0	0	0	0	0	
Subtotal technology support and utilization	1,400	1,000	5,400	4,600	4,000	3,000	7,000	5,500	11,000	8,500
Solar electric applications:										
Solar thermal	13,216	3,732	14,300	10,600	30,900	26,500	15,600	14,500	[2] 46,500	41,000
Photovoltaics	5,158	2,607	21,600	16,000	28,200	22,000	24,800	23,000	53,000	45,000
Wind	5,720	1,039	14,900	11,000	16,000	12,000	4,000	4,000	20,000	16,000
Ocean thermal	1,888	1,010	8,100	6,000	9,200	7,000	4,800	4,000	14,000	11,000
Subtotal solar electric applications	25,982	8,388	58,900	43,600	84,300	67,500	49,200	45,500	133,500	113,000
Fuels from biomass	885	96	4,500	3,830	4,300	3,000	3,700	3,500	8,000	6,500
Total operating	41,849	14,995	108,650	80,530	141,800	110,500	92,200	91,300	234,000	201,800
Total capital equipment	60	40	1,000	500	5,700	2,800	11,500	6,700	17,200	9,500
Total plant	0	0	5,000	5,000	[3] 15,000	2,650	12,100	10,950	[4] 27,100	[4] 13,600
Total solar energy	41,909	15,035	114,650	86,030	162,500	115,950	115,800	108,950	278,300	224,900
GEOTHERMAL ENERGY DEVELOPMENT										
Engineering research and development	13,000	6,018	10,620	9,280	11,500	11,500	6,100	6,100	17,600	17,600
Resource exploration and assessment	2,800	2,957	3,650	3,200	10,000	9,600	(5)	(5)	10,000	9,600
Hydrothermal technology applications	6,400	4,185	5,700	11,770	12,200	10,200	6,400	6,000	18,600	16,200
Advanced technology applications	4,400	5,559	6,900	4,420	10,100	8,200	0	0	10,100	8,200
Utilization experiments	0	0	0	0	0	0	0	0	0	0
Environmental control and institutional studies	500	1,230	3,900	2,500	4,800	4,800	0	0	4,800	4,800
Total operating	27,100	19,949	30,770	31,170	48,600	44,300	12,500	12,100	61,100	56,400
Total capital equipment	975	686	620	485	1,500	1,200	0	0	1,500	1,200
Total geothermal	28,075	20,635	31,390	31,655	50,100	45,600	12,500	12,100	62,600	57,600
CONSERVATION RESEARCH AND DEVELOPMENT										
Electric energy systems and energy storage:										
Electric energy system	15,920	5,984	17,930	12,630	20,960	17,920	9,000	8,000	29,960	25,920
Energy storage	7,177	5,669	15,568	13,200	20,840	17,920	21,000	16,000	41,840	33,920
Subtotal electric energy systems and energy storage	23,097	11,653	33,498	25,830	41,800	35,840	30,000	24,000	71,800	95,840

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, SENATE AUTHORIZATION BILL TITLES II AND III

[In thousands of dollars]

Operating expense	Fiscal year 1975		Fiscal year 1976		Fiscal year 1977		Committee change		Total committee authorization	
	Budget authority	Budget outlays	Budget authority	Budget outlays	Budget authority	Budget outlays	Budget authority	Budget outlays	Budget authority	Budget outlays
End-use and technologies to improve efficiency:										
Building[6]	$2, 400	$0	$12, 500	$8, 170	$21, 600	$14, 410	$8, 800	$7, 500	$30, 400	$25, 910
Industry	0	0	4, 200	2, 000	11, 430	9, 260	11, 000	9, 500	22, 430	18, 760
Transportation	8, 142	8, 443	12, 540	10, 000	23, 170	20, 190	[8] 16, 300	[8] 13, 100	39, 470	33, 290
Improved conversion efficiency[7]	2, 252	529	8, 900	6, 870	15, 000	4, 300	16, 500	15, 500	31, 500	19, 800
Subtotal end-use and technologies to improve efficiency	12, 794	8, 972	38, 190	27, 040	71, 200	52, 160	52, 600	45, 600	123, 800	97, 760
Energy extension service							25, 000	18, 000	25, 000	18, 000
Small grants program—appropriate technologies							10, 000	7, 500	10, 000	7, 500
Total operating	35, 891	20, 625	71, 688	52, 870	113, 000	88, 000	117, 600	95, 100	230, 600	183, 100
Total capital equipment	550	374	3, 050	2, 636	7, 000	3, 000	6, 000	3, 000	13, 000	6, 000
Total plant	0	0	0	0	0	0	8, 500	1, 700	8, 500	1, 700
Total conservation	36, 441	20, 999	74, 738	55, 506	120, 000	91, 000	132, 100	99, 800	252, 100	190, 800
ENVIRONMENTAL RESEARCH AND SAFETY										
Biomedical research	142, 472	134, 618	174, 547	164, 365	182, 916	174, 734	16, 600	16, 600	199, 516	191, 334
Operational safety	3, 328	3, 027	6, 886	6, 310	7, 707	5, 058	900	900	8, 607	5, 958
Environmental control technology	8, 203	7, 143	12, 567	11, 455	15, 577	14, 155	6, 000	6, 000	21, 577	20, 155
Scientific and technical education	0	0	0	0	0	0	5, 000	3, 750	5, 000	3, 750
Total operating	154, 003	144, 788	194, 000	182, 130	206, 200	193, 947	28, 500	27, 250	234, 700	221, 197
Total capital equipment	9, 935	9, 114	11, 480	11, 065	11, 978	11, 629	0	0	11, 978	11, 629
Total plant	13, 650	2, 606	3, 200	5, 329	4, 200	8, 325	0	0	4, 200	8, 325
Total environmental research and safety	177, 588	156, 508	208, 680	198, 524	222, 378	213, 901	28, 500	27, 250	250, 878	241, 151
BASIC ENERGY SCIENCES										
Material sciences	40, 926	39, 751	46, 275	43, 970	51, 100	48, 700	13, 900	10, 400	65, 000	59, 100
Molecular, mathematical and geosciences	40, 640	39, 468	45, 315	44, 110	50, 500	48, 000	9, 000	6, 800	59, 500	54, 800
Total operating	81, 566	79, 219	91, 590	88, 080	101, 600	96, 700	22, 900	17, 200	124, 500	113, 900
Total capital equipment	5, 000	3, 446	5, 725	4, 280	7, 400	6, 600	2, 100	1, 100	9, 500	7, 700
Total basic energy sciences	86, 566	82, 665	97, 315	92, 360	109, 000	103, 300	25, 000	18, 300	134, 000	121, 600
Program support:										
Total operating	196, 712	198, 153	231, 489	231, 166	275, 430	273, 570	9, 390	9, 390	284, 820	282, 960
Total capital equipment	3, 440	2, 888	4, 202	3, 278	5, 100	4, 500	0	0	5, 100	4, 500
Total program support	200, 152	201, 041	235, 691	234, 444	280, 530	278, 070	9, 390	9, 390	289, 920	287, 460
CEQ—operating expense	0	0	500	500	500	500	0	0	500	500
Total titles II and III:										
Operating expense	858, 637	615, 387	1, 105, 241	989, 962	1, 309, 160	1, 218, 047	313, 635	272, 840	1, 585, 295	1, 454, 987
Capital equipment	20, 220	16, 746	26, 502	22, 583	39, 698	30, 569	19, 600	10, 800	59, 298	41, 369
Plant	26, 650	3, 231	28, 200	20, 103	76, 100	41, 275	45, 300	23, 150	158, 900	64, 425
Total Senate authorization	905, 507	635, 364	1, 159, 943	1, 032, 648	1, 424, 958	1, 289, 891	378, 535	306, 790	1, 803, 493	100, 325

[1] Authorization basis.

[2] Includes $5,000,000 for NASA feasibility study on satellite solar power.

[3] Authorization basis.

[4] Plant breakdown:

[In thousands of dollars]

	Budget authority	Budget outlays
5 MW test facility	$15, 000	$6, 000
10 MW solar thermal pilot ($5,000,000 authorized in fiscal year 1976)	0	1, 000
OTEC sea test facility	1, 000	500
500 kW wind energy facility	600	300
1.5 MW high velocity wind plant	1, 000	500
10 MW wind energy facility	1, 000	500
Total solar plant	1, 000	500
5 MW solar thermal demo for small community	2, 500	1, 500
5 MW solar thermal demo for agricultural use	2, 500	1, 400
5 MW solar electric hybrid (photovoltaic and coal)	2, 500	1, 400
Total	27, 100	13, 600

[5] $6,000,000 budget authority and $5,800,000 budget outlays to be added for passback to USGS if necessary.

[6] Includes urban waste: Fiscal year 1975, budget authority, $400,000; fiscal year 1975, budget outlays, $0; fiscal year 1976, budget authority, $3,750,000; fiscal year 1976, budget outlays, $3,170,000; fiscal year 1977, budget authority, $1,650,000; fiscal year 1977, budget outlays, $1,200,000.

[7] Includes fuel cells: Fiscal year 1975, budget authority $600,000; fiscal year 1975, budget outlays, $500,000; fiscal year 1976, budget authority, $3,700,000; fiscal year 1976, budget outlays, $3,000,000; fiscal year 1977, budget authority, $10,000,000; fiscal year 1977 budget outlays, $3,000,000 with committee increase; fiscal year 1977 budget authority, $21,000,000, budget outlays, $14,000,000.

[8] $300,000 budget authority and $2,100,000 budget outlays for activities related to use of alternate fuels in commercial and advanced highway vehicles and utility gas turbines.

Mr. FANNIN. Mr. President, we continue to argue the merits of regulating the prices of our fossil fuels and to blame one another for the lack of a cohesive energy policy. Amidst the energy crisis aftermath, however, one meritable solution emerged which we all can agree is a strong, positive step toward meeting this Nation's energy needs. That solution was the establishment of the Energy Research and Development Administration, now well into its second year of operation.

In reviewing ERDA's publications such as the "National Plan," I think we can proudly say that at last the Federal Government is addressing the pertinent issue of the energy technology mix we will have to use in the near future—along with the question of what technology mix we should seek in the long term.

Accordingly, reviewing the fiscal year 1977 budget request for this agency was a considerable challenge. We have many attractive energy options, for which Government assistance could be very beneficial. I feel the resulting authorization, which is now before us, contains the right blend of incentives without being a step toward federalized energy R. & D. During exhaustive hearings on the various aspects of this budget and several days of markup, we were fortunate to have considerable input by our Senate colleagues who do not serve on the Interior and Insular Affairs Committee but have great interest and expertise in the nonnuclear portion of the energy research programs. Their contributions were invaluable.

Specific actions of the Interior Committee included authorization of several alternate energy demonstration projects in addition to on-going activity, the establishment of a small grants office for appropriate technology, and the initiation of a comprehensive conservation program aimed at immediate end-use results.

Major additions were also made to the programs for the development of solar energy and for the enhancement of conservation technology, as we agreed that significant opportunities in these fields remain untapped due to a lack of funding and certain institutional barriers.

I look forward to the realization of many of the goals encompassed in this legislation, Mr. President, and commend my distinguished colleague from Idaho for his leadership on this proposal and in the entire field of energy research and development.

Mr. JACKSON. Mr. President, the bill now before the Senate (S. 3105) is the second authorization made to the new Energy Research and Development Administration. This bill is, without question, one of the most important energy measures the Senate will consider in this session of the Congress.

During the 93d and 94th Congresses an impressive body of legislation was enacted and signed into law which represents a commitment to advance energy research, development, and demonstration programs on all fronts; to accelerate the development and demonstration of new, environmentally acceptable alternative energy sources; to advance the Nation toward the goal of domestic energy self-sufficiency, and to hasten the day when we can escape our dependence upon unreliable foreign sources of oil.

ERDA's mandate is clear. And, in my judgment, success in ERDA's mission is essential to the future well-being of this country.

ERDA is responsible for both our nuclear and nonnuclear energy research programs and it is also responsible for our nuclear weapons program. The present authorization bill contains funding for all of these programs. On March 9, 1976, S. 3105 was introduced by Senator PASTORE and me—by request—and referred to the Joint Committee on Atomic Energy and then to the Committee on Interior and Insular Affairs. By consent agreement, the Joint Committee examined ERDA requests for the nuclear energy and nuclear weapons programs and the Senate Interior and Insular Affairs Committee examined requests for the nonnuclear program.

The two committees limited their consideration of the bill to those areas within their respective legislative jurisdictions. Where there were areas of overlap, as in the physical research program and the environment and safety program, both committees examined the request. Changes made by the Interior Committee, however, in programs of overlapping jurisdictions, are specifically intended for the nonnuclear portions of such programs.

For the past several months the Senate Interior Committee has carefully examined the authorization requested by ERDA. In the committee's judgment, the administration's request for the agency's nonnuclear programs are woefully inadequate. Our oil imports have risen from 36 percent of our total oil consumption at the time of the oil embargo to over 40 percent at present. Our vulnerability to another crippling embargo is as great or greater now than at the time of the 1973 embargo. The efforts of the Energy Research and Development Administration are fundamental to any ultimate solution of this problem. An increased level of funding is both justified and necessary.

I am satisfied, Mr. President, that the committee's amendments to the authorization request originally submitted to the Congress are well structured and soundly conceived. The Senate Committee on Interior and Insular Affairs is making a number of recommendations that the members feel are essential to achieving rapid development of alternative energy sources while making provision for better and more efficient use of present energy sources.

Major increases are recommended in the nonnuclear research, development and demonstration programs, which are the responsibility of the Interior Committee. Among the major changes are the following:

First. An increase in authorizations of $313,635,000 for operating expenses in the nonnuclear programs administered by the ERDA for fiscal year 1977. This increase will result in a total authorization of $1,585,295,000 in operating expenses for nonnuclear programs.

Second. Authorizations under "plant and capital equipment" for additional demonstration-scale projects in nonnuclear technologies. For fiscal year 1977, such authorization would total $64,900,000 over the original request for $115.8 million.

Third. The Administrator of ERDA is authorized to establish a loan guarantee program to encourage the commercial production of synthetic fuels from biomass and urban waste.

Fourth. An increase in authorizations to permit preliminary work on an additional high Btu pipeline gas demonstration plant and an additional low Btu fuel gas combined cycle electric generating plant.

Fifth. Funding to initiate or continue work on 10 different solar energy demonstration projects.

Sixth. Increased funding in conservation programs for energy transmission, distribution, and storage; buildings; industry; transportation; and improved conversion efficiency.

Seventh. New conservation programs to establish an energy extension service, conservation R. & D. institutes, and small grants for so-called "appropriate technologies."

Eighth. Increased emphasis in environmental, health, and safety aspects of new energy technologies.

Ninth. A new $5 million program for scientific and technical education.

I wish to stress the committee's deep interest in two programs: the solar energy program and the energy conservation program. In both of these programs substantial increases have been made. For example, in the solar program, we have added $27.5 million to solar heating and cooling, $15.6 million to solar thermal, $24.8 million to photovoltaics, and $8.8 million to wind and OTEC programs. The total increase amounts to $115.8 million more than requested by the President and brings the solar program to $278.3 million.

In the conservation program, the Interior Committee has recommended increases of $8.8 million to buildings conservation, $11 million to industry conservation, $16.3 million to transportation conservation and $16.5 million to improved conversion efficiency. In addition, a new $25 million program to establish Energy Conservation Institutes and an Energy Extension Service was added. This item should go a long way toward providing our citizens with valuable information that will induce them to save energy in a variety of ways. Our increases in the energy conservation program have more than doubled the original program request. Under the committee's recommendation the budget for this program will increase to $252.1 million. This increase is reflective, I believe, of the added emphasis ERDA has placed on energy conservation research and development as stated in the recently issued long-range plan for energy R.D. & D. (ERDA 76-1).

I now ask unanimous consent that certain tables reflecting the actions of the Interior Committee be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

The following table presents a short summary of the authorization requested by the Administration for fiscal year 1977 and the effect of the Interior Committee's actions thereon:

[In millions of dollars]

	Fiscal year 1977		
	ERDA authorization request	Nonnuclear portion of request	Interior committee change
Operating expenses	4,621.6	1,309.2	313.6
Plant and capital equipment	1,466.5	115.8	64.9
Total	6,088.1	1,424.9	378.5

The following table summarizes the ERDA's request for funds authorization under its major nonnuclear programs and the action of the Senate Interior and Insular Affairs Committee thereon:

FISCAL YEAR 1977 BUDGET ESTIMATES, SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE AUTHORIZATION ACTION

[In thousands]

Program	Fiscal year 1977 Budget to Congress	Fiscal year 1977 Senate Interior change	Fiscal year 1977 Total Senate Interior recommendation
Fossil energy development—Operating expense:			
Coal:			
Liquefaction	$73,946	−$21,000	$52,946
High Btu gasification	45,054	0	45,054
Low Btu gasification	33,052	−6,500	26,552
Advanced power systems	22,500	0	22,500
Direct combustion	52,416	10,000	62,416
Advanced research and supporting technology:			
Coal conversion processes	15,200	0	15,200
Direct utilization	5,500	0	5,500
Materials and components	8,585	0	8,585
System studies	7,750	0	7,750
Demonstration plants	53,000	0	53,000
Magnetohydrodynamics	37,441	545	37,986
Total, coal	354,494	−16,955	337,539
Petroleum and natural gas:			
Gas and oil extraction	35,074	10,000	45,074
Supporting research	1,831	0	1,831
Total, petroleum and natural gas	36,905	10,000	46,905
In situ technology:			
Oil shale	21,085	0	21,085
In situ coal gasification	8,236	0	8,236
Supporting research	1,310	0	1,310
Total, in situ technology	30,631	0	30,631
Total, operating expenses	422,030	−6,955	415,075
Capital equipment	1,020	0	1,020
Plant	[1] 56,900	62,300	119,100
Total, fossil energy development	479,950	55,245	535,195
Solar energy development—Operating expense:			
Direct thermal application:			
Heating and cooling of buildings:			
Residential demonstrations	8,100	7,200	15,300
Commercial demonstrations	16,700	14,300	31,000
Research and development	10,500	2,000	12,500
Development in support of demonstration	10,000	4,000	14,000
Subtotal, heating and cooling of buildings	45,300	27,500	72,800
Agriculture and process heat	3,900	4,800	8,700
Subtotal, direct thermal applications	49,200	32,300	81,500
Technology support and utilization:			
Solar energy resource assessment	1,500	4,000	5,500
Solar Energy Research Institute	1,500	1,000	2,500
Technology utilization and information dissemination	1,000	2,000	3,000
Solar storate	0	0	0
Subtotal, technology support and utilization	4,000	7,000	11,000
Solar electric applications:			
Solar thermal	30,900	15,600	[2] 46,500
Photovoltaics	28,200	24,800	53,000
Wind	16,000	4,000	20,000
Ocean thermal	9,200	4,800	14,000
Subtotal solar electric applications	84,300	49,200	133,500
Fuels from biomass	4,300	3,700	8,000
Total operating	141,800	92,200	234,000
Total capital equipment	5,700	11,500	17,200
Total plant	[1] 15,500	12,100	[3] 27,100
Total, solar energy	162,500	115,800	278,300
Geothermal energy development—Operating expense:			
Engineering research and development	11,500	6,100	17,600
Resource exploration and assessment	10,000	(4)	10,000
Hydrothermal technology applications	12,200	6,400	18,600
Advanced technology applications	10,100	0	10,100
Utilization experiments	0	0	0
Environmental control and institutional studies	4,800	0	4,800
Total, operating	48,600	12,500	61,100
Total capital equipment	1,500	0	1,500
Total, geothermal	50,100	12,500	62,600
Conservation research and development—Operating expense:			
Electric energy systems and energy storage:			
Electric energy system	20,960	9,000	29,960
Energy storage	20,840	21,000	41,840
Subtotal, electric energy systems and energy storage	41,800	30,000	71,800
End-use and technologies to improve efficiency:			
Buildings [5]	21,600	8,800	30,400
Industry	11,430	11,000	22,430
Transportation	23,170	[6] 16,300	39,470
Improved conversion efficiency [7]	15,000	16,500	31,500
Subtotal, end-use and technologies to improve efficiency	71,200	52,600	123,800
Energy Extension Service		25,000	25,000
Small grants program—Appropriate technologies		10,000	10,000
Total, operating	113,000	117,600	230,600
Total capital equipment	7,000	6,000	13,000
Total plant	0	8,500	8,500
Total, conservation	120,000	132,100	252,100
Environmental research and safety—Operating expense:			
Biomedical research	182,916	16,600	199,516
Operational safety	7,707	900	8,607
Environmental control technology	15,577	6,000	21,577
Scientific and technical education	0	5,000	5,000
Total, operating	206,200	28,500	234,700
Total capital equipment	11,978	0	11,978
Total plant	4,200	0	4,200
Total, environmental research and safety	222,378	28,500	250,878
Basic energy sciences—Operating expense:			
Material sciences	51,100	13,900	65,000
Molecular, mathematical, and geosciences	50,500	9,000	59,500
Total, operating	101,600	22,900	124,500
Total capital equipment	7,400	2,100	9,500
Tota', basic energy sciences	109,000	25,000	134,000
Program support:			
Total operating	275,430	9,390	284,820
Tota capital equipment	5,100	0	5,100
Tota., program support	280,530	9,390	289,920
CEQ—Operating expense	500	0	500

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[1] Authorization basis.

[2] Includes $5,000,000 for NASA feasibility study on satellite solar power.

[3] Plant breakdown:

5 MW test facility	$15,000
10 MW solar thermal pilot ($5,000,000 authorized in fiscal year 1976)	0
OTEC sea test facility	1,000
500 kW wind energy facility	600
1.5 MW high velocity wind plant	1,000
10 MW wind energy facility	1,000
Total solar plant	1,000
5 MW solar thermal demo for small community	3,500
5 MW solar thermal demo for agricultural use	2,000
5 MW solar electric hybrid (photovoltaic and coal)	2,000
Total	27,100

[4] $6,000,000 to be added for passback to USGS if necessary.

[5] Includes urban waste.

[6] For activities related to use of alternate fuels in commercial and advanced highway vehicles and utility gas turbines.

[7] Includes fuel cells.

Mr. McINTYRE. Mr. President, this amendment provides that at least 20 percent of the total solar energy research, development, and demonstration budget authorized by the Congress for the Energy Research and Development Administration be set aside for small businesses and individual inventors.

This amendment is a direct result of the series of hearings that I chaired with Senator Nelson and Senator Hathaway through the Select Committee on Small Business in May, October, and November 1975.

It has 35 cosponsors. Senators Abourezk, Baker, Bayh, Beall, Brooke, Brock, Cannon, Case, Clark, Cranston, Culver, Durkin, Hart of Colorado, Harke, Hathaway, Humphrey, Inouye, Javits, Kennedy, Laxalt, Leahy, Mansfield, McGovern, Metcalf, Morgan, Muskie, Nelson, Packwood, Pastore, Pell, Ribicoff, Schweiker, Sparkman, Stafford, and Tunney joined with me.

There is a continuing debate in the Senate on the importance of helping small business. Small business is something everyone wants to help, but when it comes to actually doing it, there are problems.

Let us take a look at the background for this amendment.

Last year, the Select Committee on Small Business held 5 days of hearings. We looked at the energy establishment, drawing witnesses from FEA, ERDA, the Office of Consumer Affairs, the Department of Commerce, and other agencies. We looked at the state of small business in energy R. & D., centering our work on the solar energy companies. We found then that there were at least 60 companies involved in solar energy development in one way or another.

But, they really did not stand much of a chance in getting Government money to push their research. Big companies have got the major dollars out of the Energy Research and Development Administration and they continue to do so.

The New England Fuel Institute, a group of small independent oil distributors recently tried to get a grant out of the Energy Research and Development Administration, but the requirements of the grant, that took 6 months of work for this small business group, were so stringent that the group probably would not be able to accept it.

Other companies find that the restrictions or the work involved in struggling to compete with the giant companies are so strict that they just do not bother.

Clearly we need to make sure that ERDA makes it easy for small business to participate in solar energy development. And the only way I know to do that is to require that the Agency spend money with small business.

ERDA recently provided me with a memo on its small business program since January 1975. I request unanimous consent that the memorandum be printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

ERDA SMALL BUSINESS PROGRAM SINCE JANUARY 1975

(Date of Activation of ERDA)

Decision made to concentrate effort in area of selling ERDA employee and small business community on ERDA's commitment to the small business program, with plans for increased operational effort as ERDA program areas developed.

Dr. Seamans gave formal endorsement to program through a letter to all ERDA Managers, August 22, 1975.

Participated in more than 50 individual symposiums, workshops, Trade Fairs, Procurement Conferences which are held either exclusively or primarily for small businessmen.

Mounted awareness campaign with ERDA program offices to insure sensitivity to small business program.

Due to structure and mission of agency have placed major emphasis on small business program of ERDA Operating Contracting of Laboratories and plants.

The following data reflects small business participation in ERDA procurements. All data prior to FY 75 reflects such participation under AEC, a predecessor agency:

PROCUREMENT STATISTICS

[In millions of dollars]

	Fiscal year—				6 mo, fiscal year 1975	6 mo, fiscal year 1976
	1972	1973	1974	1975		
1. Total procurement:						
A. Number of contracts	9,292	9,204	9,234	10,618	346,169	344,406
B. Dollar value of contracts	$2,880	$3,042	$3,391	$3,970	$3,009	$1,525
2. Small business procurement:						
A. Number of contracts	2,341	2,295	2,423	3,148	189,074	228,029
B. Percentage of total contracts	26.2	24.9	26.2	29.7	54.6	66.1
C. Dollar value of contracts	$41.7	$45.1	$48.5	$67.4	$232.8	$196.1
D. Percentage of total procurements	1.5	1.5	1.4	1.7	7.7	12.9

Includes contract actions by cost-type prime contractors operating government-owned facilities.

We anticipate a significant increase in these numbers in the future due to increased nonnuclear activity and renewed emphasis and initiation under ERDA small business program.

Goals are currently being established in both Headquarters and at ERDA field installations which will reflect significant increases for small business participation.

Currently preparing for award of contracts to develop source data (company profiles) and initiation under ERDA small business community.

Mr. McINTYRE. What this memo shows is that ERDA has made an attempt to increase the amount of participation by small business during the past 18 months. But it does not show other things.

For instance, in the table that ERDA provided me, the agency stated that 7.7 percent of its procurement during the last 6 months of fiscal year 1975 went to small business. This is a dramatic increase from 1.7 percent of its procurement in early 1975. The same is true for the first 6 months of 1976, when 12.9 percent of its procurements have gone to small business.

But this is deceptive. ERDA has rolled in the amount of money its Government-operated contractor organizations spend with small business, rather than just including the amount of money spent by the agency itself with small business.

Further, ERDA in another memorandum, which I ask unanimous consent be printed in the RECORD at this point, shows that of the solar fiscal year 1976 budget, about $31.5 million has been awarded to small business or has included small business participation.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SOLAR FUNDS TO SMALL BUSINESS AS OF JUNE 15, 1976

	million
Solar fiscal year 1976 budget	$110.0
Less funds not authorized	2.6
Less dollars awarded universities	7.7
Amount available for laboratories, other Federal agencies or industry	99.7

As of June 15, 1976, $83.3 million of the $99.7 million has been firmly obligated. Of this amount $31.5 million has been awarded to small business by contracts from laboratories, other federal agencies, or from direct authorization by the Division of Solar Energy.

Expressed as a percent 31.5÷83.8=38%. Firm figures for the complete $99.7 million plus $2.6 million will be available at final obligation of funds expected by June 30 or shortly thereafter. In no event will small business participation be less than 31% (31.5÷$102.3 million).

Mr. McINTYRE. However, in its figures, before computing the percentage share of the participation going to small business, ERDA took out the money going to universities, and furthermore included as awards going to small business the contracts where small business was not the prime contractor but was a participant. I have no particular objection to including small business participation as part of its awards to small business, but I do believe that the agency has a responsibility to make sure that its figures are accurate and portray the situation truthfully.

ERDA itself is opposed to this amendment. But I think it is opposed for specious reasons.

ERDA claims that the amendment will tie its hands. But I think that it will merely reinforce the argument that small business should participate in Government grants and contracts.

ERDA claims that small business has received a $31 million participation in its contracts this year. We have appropriated $278.3 million for the solar energy division. The amount of money that ERDA will be able to spend with small business will jump to about $56 million. It does not seem to me that almost doubling the budget for small business solar energy research development and demonstration will be difficult for ERDA.

I am told that the new director of procurement at the Energy Research and Development Administration is doing his utmost to insure that small business receives an appropriate amount of money. This amendment will help him to make sure that the amount of money he spends with small business is enough.

Additionally, let me add that this amendment has widespread support. In the House it was introduced by Representative JEFFORDS of Vermont with support from many Congressmen. Outside the Congress, the amendment has the support of the National Small Business Association, the National Federation of Independent Business, the Solar Energy Industries Association which represents both large and small companies, and the American Association of Small Research Companies.

We have reached a crucial point in the development of the country. We have big government working with big companies.

It is time to have Government work with small companies.

QUESTION AND ANSWER MEMORANDUM

First. Why should we set aside 20 percent of the solar research budget and not more or less?

Answer: There has been substantial discussion on this point in the Senate. When I introduced the Energy Research and Development Free Enterprise Act in January, I put a 50-percent solar set-aside into that legislation. However, many Senators expressed the reservation that this amount of money could be too high and could result in delays in the development of solar energy. Therefore, after much consideration, I decided that a 20-percent figure was more equitable for all concerned, and would permit ERDA to make substantial grants to big companies while protecting the stance of the innovative small company.

Second. What amount of money is involved in this?

Answer: It will come out to the neighborhood of $50 to $60 million. ERDA currently claims it is spending over $31 million of a $110 million budget with small business, which is 28 percent of its research budget. This amendment will require only that ERDA reach 20 percent. However, 20 percent will come out of a $278 million budget, which is $56 million.

Third. Can small business use the money effectively?

Answer: Small business is innovative. It has ideas. There are many small companies which apply to ERDA for funds for development of new ideas. Small companies are interested in development of new energy sources, new markets, and new technologies. There is no doubt in small business persons' minds that they can use the money. Even ERDA staff says unofficially that there would be no difficulty in spending $60 million with small business.

Fourth. Are we not hampering the development of energy?

Answer: To this I must answer a flat no. The Nation's giant companies, including the Nation's major oil companies, have consistently underfunded research. Let me cite Business Week this past week. In the magazine's cover story, entitled "Where Private Industry Puts Its Research Money," the magazine found that of 26 major natural resource companies, the industry composite for research and development of those companies was 0.4 percent of sales. In 1975, the energy and natural resource companies only spent $715 million in research on sales of $169 billion. That list included giant companies, like Atlantic Richfield Co., Cities Service, Continental Oil, Exxon, Gulf, Shell, Standard Oil of California, Standard Oil—Indiana, Sun, Texaco, and Union of California.

Even giant General Electric only spent 2.7 percent of its sales on research. Westinghouse was lower at 2.2 percent. Clearly giant companies are only devoting a small part of their total sales toward research and development.

What is even more important is that the amount of money the energy companies were spending last year on their research budgets was high in relation to sales because their sales, due to the recession, were down.

I would like to add one more comment about ERDA's treatment of small businesses. A company in my home State, Kalwall Corp. of Manchester, was awarded a $30,000 sales contract by ERDA earlier this year, subject to negotiation. ERDA retained the right to monitor the project itself, and thus cut Kalwall's grant.

What ERDA did—and they did this before awarding the grant—was to give IBM a contract to monitor all solar grants. This had the effect of cutting Kalwall's grant down from $30,000 to an offer by ERDA of $11,000.

My point is that it is not ERDA that is doing the monitoring—it is a giant company, IBM. I do not oppose participation by big companies. But this chain of events makes it obvious to me that small businesses need a set-aside to insure that they can participate in ERDA solar energy research.

Mr. President, I reserve the remainder of my time.

Mr. CHURCH. Mr. President, I have no quarrel with the distinguished Senator from New Hampshire with respect to his interest in seeing to it that small business gets its fair share of ERDA's contracts.

I do think, however, that the legislative history on this amendment should make it clear that the 20 percent minimum contained in the Senator's amendment should not become a de facto maximum.

Mr. McINTYRE. Will the Senator yield?

Mr. CHURCH. There is always that latent possibility when we begin to write into law specific percentage figures.

I do think that we should be mindful of the fact that while the committee supports the right of qualified small businesses to participate in the ERDA programs, the agency itself has tried to recognize the legitimate claims that small business has on a proper proportion of the contracts that ERDA signs.

I would, for the purpose of the RECORD, Mr. President, like to place some of those facts, as the committee knows them, into the RECORD in fairness to the agency.

First of all, ERDA informed the committee recently that a fully staffed small business office was being established within ERDA.

Second, as of June 15, 1976, $83.3 million of a total amount of $99.7 million available for the solar energy program had been firmly obligated this year and of this amount $31.5 million or 38 percent was awarded to small businesses.

Third, section 2(d) of the Energy Reorganization Act of 1974 states congressional policy that small businesses have a reasonable opportunity to participate in the ERDA programs.

Fourth, section 308 of last year's ERDA authorization bill requires that ERDA, by June 30 of each year, report to the authorizing committees of Congress on the extent of small business participation.

Fifth, a minimum set aside, as I have already mentioned, does have the hazard of becoming a maximum unless the legislative history is made very clear.

Finally, section 205 of this bill contains a provision requiring ERDA to identify in its annual report the amount of small business participation.

So while I do not intend to oppose the Senator's amendment, I do think, in all fairness to the agency, we should recognize the efforts that have been made by ERDA to accommodate the needs of small business. Furthermore, I believe the committee itself is deserving of its share of the credit in having written into the law certain requirements to make certain that small business is not overlooked.

Now I am glad to yield to the Senator from New Hampshire.

Mr. McINTYRE. Mr. President, may I say to my good friend from Idaho that I appreciate his remarks.

I made the point in my initial statement that while ERDA has shown a disposition toward helping small business, the actuality is that when they awarded contracts to small business, they took part of the money away and put IBM in charge of measuring and monitoring. And regarding ERDA's percentages, they used various Government subcontracts. So I feel, and the other sponsors feel, that these figures are not accurate.

I do want to say that I heartily agree, and meant to say something in my initial statement, that none of us, as sponsors of this amendment, has any idea that small business should be limited to 20 percent. This is a minimum. We feel it is a fair minimum set-aside, and we want small business to compete on equal footing with big business for the balance of 80 percent. But we do think it is important that this set-aside be created to assist and guide ERDA.

We understand that in ERDA now there is now a one-man small business representative, who is probably quite a bit down the line of the hierarchy, we would like to see this strengthened. I believe the Senator from Arizona plans to offer an amendment along the line to try to give small business a definite place in the ERDA administrative structure.

With that, I reserve the remainder of my time and I would like to hear from my distinguished friend from Arizona.

Mr. FANNIN. Mr. President, first of all, the Senator from Arizona commends the distinguished Senator from New Hampshire for his leadership in the field of solar energy and for his desire to see that small business does have an opportunity to share the development funds administered by ERDA.

The Senator from Arizona is very much in agreement with that philosophy, but, the Senator from Arizona is very much opposed to the quota system.

I think what we will see is the attitude; "Look, we have exceeded 20 percent, so we have done a good job."

Well, maybe they have not done a good job. Maybe it would take 50 percent to do a good job.

So this part of the amendment I do not like.

But, of course, the Senator from Arizona understands that the distinguished

Senator from New Hampshire has 56 cosponsors, or something in that neighborhood, so it is a very popular matter and, certainly, it is for a good cause. I do feel that we could benefit more by having an office of small business affairs.

It was my desire to offer as a substitute to the McIntyre amendment a provision whereby we would have this office. It is the understanding of the Senator from Arizona that the Senator from New Hampshire would not object to having this provision as an amendment, but he would not like it as a substitute.

Mr. McINTYRE. That is correct.

Mr. FANNIN. Your intent is to move forward with something which I think is very important and, to assure that we carry out the intent we all have in promoting solar energy as rapidly as possible.

I think what we are talking about is moving more rapidly and having better coverage of the Nation, instead of having only the giants working with solar energy. We want solar energy to be an interest to every manufacturer we can obtain throughout this country.

We desire for ERDA to go into the communities and not just be dealing, as the Senator from New Hampshire stated, with some of the major companies that are involved. Although we want those companies to go forward very rapidly also with their programs, realizing that they can perform certain services that perhaps cannot be performed by small companies.

So it is the opinion of the Senator from Arizona that it would be advisable to have a goal, but not a quota. But in order to obtain both the idea of treating small business as favorably as possible and to have an office of small business affairs in the ERDA organization, I propose an amendment to the amendment.

UP AMENDMENT NO. 107

Mr. FANNIN. Mr. President, the Senator from Arizona sends to the desk an amendment to the McIntyre amendment No. 1888 and asks for its immediate consideration.

The PRESIDING OFFICER. It would take unanimous consent, the Chair will say to the Senator from Arizona, to offer the amendment before the time on the McIntyre amendment expires.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arizona (Mr. FANNIN) proposes an unprinted amendment numbered 107 to amendment No. 1888:

At the end of amendment No. 1888 add the following:

On page 2, line 17: Strike "$675,298,000." and insert in lieu thereof "$675,398,000." and

On page 22, line 12: Strike "$284,820,000." and insert in lieu thereof "$284,920,000, provided that, $100,000 of such sum shall be available for the establishment of an Office of Small Business Affairs."

Mr. FANNIN. Mr. President, the authorization will allow for personnel and support funding for this office which would have broad oversight responsibilities within the agency to assure analysis of every major procurement action for applicability to the goal of increasing small business opportunities. It would be the intent that competent personnel with small business experience in both the private and public sector undertake this responsibility and that this office be involved in energy research, development, and demonstration projects administered by ERDA in all the various technologies which this agency pursues.

Mr. McINTYRE. Will the Senator yield for a question?

Mr. FANNIN. I yield.

Mr. McINTYRE. Will the Senator expand upon his amendment to this extent: Does the Senator envision, by his amendment to my amendment, that he would be establishing an arm of ERDA that would be a strong one, one that is able to speak for itself, that would be included in the councils of ERDA at the top level? Just what is envisioned?

Mr. FANNIN. As the Senator just stated, the authorization would allow for the experienced personnel, people who have a desire to promote small business, and it would be a strong arm in ERDA that would accomplish that objective.

Mr. McINTYRE. With that explanation, Mr. President, I am happy to move its adoption, unless the Senator from Idaho has some comments.

Mr. CHURCH. Mr. President, I have no objection to the adoption of the Fannin amendment. I hope the Senate can vote on that question at this time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. McINTYRE. I yield back the remainder of my time.

Mr. FANNIN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. There is a problem with the amendment of the Senator from Arizona in that it is not drafted to the amendment of the Senator from New Hampshire.

Mr. FANNIN. I ask unanimous consent, Mr. President, that that be so provided. I thought when the Senator from Arizona sent the amendment to the desk he did make a change.

Mr. CHURCH. Mr. President, I ask unanimous consent that the appropriate changes be made to conform the amendment to its purpose, that being to amend the amendment offered by the Senator from New Hampshire.

The PRESIDING OFFICER. The Chair will say to the Senator from Arizona the amendment is directed to the bill and not to the amendment offered by the Senator from New Hampshire.

Mr. FANNIN. The Senator from Arizona would like to make the change suggested by the distinguished floor leader to have this as an amendment to the McIntyre amendment, and it would be on page 2, line 19, of the McIntyre amendment.

The PRESIDING OFFICER. The amendment will be so modified.

All time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from Arizona.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The next vote will occur on the amendment offered by the Senator from New Hampshire, as modified by the amendment of the Senator from Arizona.

Mr. McINTYRE. Mr. President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from New Hampshire, as modified by the amendment of the Senator from Arizona.

The amendment, as modified, was agreed to.

Mr. McINTYRE. Mr. President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

Mr. MONTOYA. Mr. President, I move to lay that on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 108

Mr. MONTOYA. Mr. President, I have an unprinted amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. MONTOYA) offers unprinted amendment No. 108.

Mr. MONTOYA. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 18, line 9, insert the following: Provided that in determining the location of such a facility, the Administrator shall consider the location of Lea County, New Mexico.

Mr. MONTOYA. Mr. President, I thank the distinguished Senator from Idaho (Mr. CHURCH) for his consideration of my amendment to S. 3105. My amendment is directed to title II, section 202(b) Solar Energy Development, and would direct the attention the Administrator of ERDA to a proposal for a solar thermal demonstration project for a small community, involving Lea County, N. Mex.

The Lea County proposal is intended to design, simulate, construct, and operate a multimegawatt fixed mirror distributed focus—FMDF—solar thermal/electrical system. This system would be fully interfaced with the operating 115-megawatt gas burning powerplant of the New Mexico Electric Service Co. in Hobbs, N. Mex.

Mr. President, I shall not consume a great deal of the Senator's time with this matter but I do want to stress certain features of the proposal which merit special consideration. The Lea County project is technically feasible since the proposed scheme utilizes existing and proven technology and can become operational within about 5 years. The proposal is unique since it brings together the substantial and pertinent experience of the designers, developers, operators, and users of the system. Not only does this assure the successful completion of the project, but also provides at a minimum cost, a realistic program to properly monitor the performance, operation and maintenace, and economic viability of FMDF solar thermal powerplants fully integrated into an existing utility grid network. This, I believe, can help accelerate bringing the solar electric systems online.

Mr. President, I hope that this amendment can be accepted so that the attention of ERDA can be properly directed to what I feel is an outstanding, practical project which offers, I believe, an opportunity to put solar energy to work.

Mr. President, I ask unanimous consent that a fact sheet concerning the Lea County proposal be inserted in the Record at this point.

There being no objection, the fact sheet was ordered to be printed in the Record, as follows:

Project Summary—Solar Thermal/Electric Powerplant, Lea County, N. Mex.

OBJECTIVES

Design, simulate, construct and operate a Multi-Megawatt Fixed Mirror Distributed Focus (FMDF) solar thermal/electric system fully interfaced with the operating 115 MWe gas-burning power plant of the New Mexico Electric Service Company in Hobbs, New Mexico. Certain specific design features of the Lea County System will include:

Interface with the larger operating fossil fuel power plant of New Mexico Electric Service Co. (NMESCO) to enable realtime monitoring of the economics of the solar electric system as well as to evaluate associated interface and operational problems.

Cost-effective system design and construction techniques for soil and terrain characteristics typical of the Lea County region.

System design and collector field layout capable of growth to 100 MWe or more using modular expansion techniques.

Compatibility with peaking and intermediate energy demand of the region served by NMESCO.

SYSTEM CONCEPT/TECHNOLOGY STATUS

E-Systems has developed a solar energy collector that is used in concentrating solar energy for conversion to electrical power. The thermal/electric energy conversion part of the solar thermal/electric system uses conventional equipment.

The solar energy collector, called the Fixed Mirror Distributed Focus (FMDF) collector, consists of a segment of a spherical mirror fixed in or on the ground. The solar energy incident on the mirror is focused on an absorber (receiver) which is positioned along a line passing between the sun and the center of curvature of the mirror. The tracking of the sun is accomplished simply by using an automatic drive to move the receiver, thus continually keeping it in the focus of the mirror. The transfer of thermal energy from the receiver to the turbine/generator unit is by means of a fluid (such as water) flowing through the receiver. The electrical energy thus generated is appropriately conditioned for interface with the distribution grid network.

The FMDF solar energy collector operates much on the same principle as the 1000 ft. diameter Arecibo radiotelescope recently constructed by E-Systems. Much of the existing and proven technology developed for the Arecibo radiotelescope can be readily utilized in the design and construction of FMDF solar thermal/electric systems. Engineering-cost-performance studies at E-Systems indicate that the FMDF solar energy systems are technically feasible and can be economically deployed in a range of electrical power capacity typical of small-to-large electrical utility operations. However, demonstration plants remain to be constructed and operated to establish user confidence in FMDF solar energy systems and to illustrate their cost-effectiveness.

Studies to date suggest that construction cost versus optimum size of the FMDF collector module is somewhat sensitive to subsoil, terrain and other site conditions. Although several structural/construction concepts appear to compete for cost-effective deployment of FMDF solar systems in a given region, actual construction experience and detailed system engineering and design are required to identify the lowest cost techniques for the FMDF solar electric plants to be installed in site conditions typical of the Lea County region.

Initial studies show that a 3 MWe solar electric plant with three FMDF solar collectors, each about 300 ft. in diameter, and interfaced with the NMESCO's operating 115 MWe power plant, would be an appropriate demonstration to provide data both sufficient and reliable to encourage accelerated participation of the utility industries in bringing such solar electric systems on-line.

PROJECT PLAN/FUNDING REQUIREMENTS

The Lea County project entails two phases. Phase I involves system design, analog simulation of the system and its performance, and completion of a detailed design for the Lea County system and its utility interface. Phase II covers the construction, operation and economic impact analysis of the 3 MWe utility integrated demonstration system. The Table below identifies the principal tasks and estimated cost associated with each phase of the proposed project. A detailed Statement of Work is provided in Attachment 1 (E-Systems Proposal entitled "A Solar Thermal/Electric Power Plant for Lea County, New Mexico").

Principal tasks

Phase I:

I-A—System, subsystems and interface design.

I-B—Field simulation of system testing and data analysis.

I-C—System design refinements and design finalization.

I-D—Interim and final reports.

Phase II:

II-A—Construction of 3 MWe demonstration system.

II-B—System operation and economic analysis.

II-C—Detail plan for system expansion.

II-D—Interim and final reports.

MANAGEMENT PLAN

Overall program direction and administration will be provided by an on-site Project Office established in Lea County, N.M. This project office will draw upon the capabilities of the participating team members, namely (a) Monument Energy Corporation (MONECO), Lovington, N.M.; (b) E-Systems, Inc., Dallas, Texas; (c) New Mexico Electric Service Company; (d) New Mexico Junior College at Hobbs; (e) Texas Tech University; and (f) an A&E firm selected early in Phase I. The Project Office will be the principal interface with ERDA and would have the services of a Technical Advisory Committee; a Management Advisory Council, and consultants as required. The Technical Advisory Committee will have a broad makeup with experts from ERDA and its designated laboratories, utility companies, academic institutions, and Lea County Government.

E-Systems, together with the selected A&E firm, will be responsible for the total design and construction of the system. New Mexico Electric Service Company will provide utility interface design specifications and integration. MONECO/E-Systems will provide services to the Project Office during the operation of the system and its economic impact analysis. Texas Tech University will provide technical assistance in the areas of their expertise. New Mexico Junior College will operate the small scale simulation and test system for the purpose of (a) providing supplemental energy to the present campus heating and cooling equipment; (b) experimentation as a total energy system demonstration; and (c) training technologists and operators required to man solar energy systems in the United States.

COST SHARING

The proposed project provides cost sharing elements which include:

A tract of land, several hundred acres in area, to be provided at nominal cost by the State of New Mexico.

An operating and modern gas-fired power plant (115 MWe) and complete distribution grid network, representing a cost in excess of $50 million, being made available (at no cost to the project) by NMESCO for interface and economic studies of the proposed Lea County Solar Power System.

Pertinent and readily applicable technology developed by E-Systems in the design, manufacturing and worldwide construction of related large systems. This technology developed over more than a decade under in-house and Federal funding represents a value in several tens of million dollars.

Established experience of NMESCO and MONECO as operators and suppliers of energy to the users.

Multi-million dollar facilities of New Mexico Junior College for use in training technologists and operators that will be needed to staff solar energy systems and other types of energy systems nationwide.

CONCLUSIONS

The Lea County project is technically feasible since the proposed scheme utilizes in large part an existing and proven technology. It can become an operating reality within about five years.

The proposed project is unique since it brings together the substantial and pertinent experience of the designers, developers, operators and users of the system. Not only does this assure the successful completion of the project but also provides at minimum cost a real-world situation to properly monitor the performance, operation, maintenance and economic viability of FMDF solar thermal power plants fully integrated into an existing utility grid network. This can help accelerate bringing the solar electric systems on-line.

Mr. MONTOYA. Mr. President, this amendment is not designed to mandate ERDA, but to ask it to give consideration to some planning which has been going on in New Mexico with respect to establishing a demonstration plant facility, such as is authorized on page 18 of the authorization bill before us.

I have spoken with the manager of this part of the authorization and I have spoken with the ranking minority member. If there is anything further they wish me to expound upon, I would be very happy to do so.

Mr. CHURCH. Mr. President, since this amendment does not require ERDA to establish the facility at the site designated but merely requests that such a site be considered, I shall not object to it. I want to say to the Senator that there are two other amendments of a similar nature. With respect to all three amendments our experience last year made it clear that in conference the House was not prepared to accept site designations as such. I will take this amendment to conference, along with the other two, but I do want the Senator from New Mexico to understand, as the author of the amendment, the experience we had last year in conference and the likelihood that the House attitude toward amendments of this kind has not changed.

Mr. FANNIN. Mr. President, the Senator from Arizona concurs with the statement which has been made by the floor manager of the bill. This does not place any pressure in any way on the location of this particular facility. It is only, as the Senator from New Mexico has described, a suggestion that this be one area of consideration.

Mr. MONTOYA. I thank the Senator.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. MONTOYA. Mr. President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

Mr. CHURCH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHURCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1956

Mr. RANDOLPH. Mr. President, I call up my amendment numbered 1956, which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes an amendment numbered 1956.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that the further reading of the amendment be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH's amendment (No. 1956) is as follows:

On page 29, between lines 8 and 9, insert the following new section:

SEC. 410. The Administrator shall establish an Appalachian National Energy Laboratory at an appropriate facility operated by a Federal agency within Appalachia for the purposes of development and implementation of a comprehensive plan for energy research, development, and demonstration on new technologies applicable to the energy resources of Appalachia for the achievement of the purposes of the Federal Nonnuclear Energy Research and Development Act of 1974. Such plan shall be consistent with the comprehensive plan for nonnuclear energy research, development, and demonstration transmitted pursuant to section 6 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 50 5905).

Mr. RANDOLPH. Mr. President, I am appreciative of the constructive work being done by the Interior Committee on the problem of research and development in the energy field. It is not a pleasantry for me to commend those in charge of this important legislation, because we have yet to come to full grips with these problems that affect the energy dependence of our country. Our dependence on petroleum products and other products continues to rely on undependable sources—those sources being overseas.

I do not propose to discuss this matter in any detail, except to say that we are in a deeper crisis from the standpoint of dependency on foreign energy sources than we were at the time of the embargo which took place some 3 years ago.

The committees charged with jurisdiction in these matters are working their way through many measures. This afternoon I am privileged to propose certain amendments that are not substitutes in any way for the pending research and development bill. Rather they would strengthen it and make it more applicable to the concentrated effort that must be mounted to a greater degree than in the past.

I turn to an area of our country with which I am very familiar, being a native of it and a citizen in it. It is the section of our country commonly known as Appalachia.

Appalachia is blessed with abundant energy resources. A prime Eastern source of domestic energy supplies, Appalachia will play a special role in achieving energy independence.

Extensive energy expertise exists in Appalachia, particularly regarding coal. This expertise can, and must, be applied to the development of new energy supplies and technologies. However, ERDA continues to rely principally on existing national contract laboratories established in support of nuclear energy development. What is now needed is establishment of an Appalachian National Energy Laboratory, to fully provide access to the energy and coal research capabilities within the region and West Virginia. Such a research facility will provide recognition of the vital role that Eastern resources must serve in the achievement of energy self-sufficiency.

In addition to coal, there is a significant potential for new natural gas production. Deep geologic formations and Devonian shale formations exist beneath Appalachia that have not yet been tapped. Columbia Gas is exploring the potential of Devonian shale in Mingo County, W. Va.

However, despite this development, and other energy options within Appalachia, we can expect to continue to experience natural gas shortages and increased oil imports. Our country's demand for energy must, of necessity, continue to rely on the abundant resources of Appalachia.

Mr. President, this amendment recognizes the role of Appalachia in our country's energy future. The Energy Research and Development Administration is directed to designate a Federal facility within the region as the Appalachian National Energy Laboratory.

I have had the privilege of discussing this matter with the chairman (Mr. CHURCH). I hope that he will feel that this is a matter of importance that could be carried from this body to the conference with the House of Representatives.

Mr. CHURCH. Mr. President, I have already indicated to the distinguished Senator from West Virginia that I am prepared to take this amendment to conference, but I must do so with the admonition that I gave to the Senator from New Mexico a few moments ago.

Our experience in conference has been that the House conferees are adamant against designating specific locations for ERDA supported facilities. Last year we attempted, in the Senate bill, to designate two particular projects which we thought were very important and ought to be mandated by legislation. In each case the House conferees refused to accede to the Senate position.

To my knowledge, this remains the attitude of the House with respect to specific locations in a particular State, or designated region.

I want the Senator to know what our experience has been, so that he is not misled in any way with respect to the problem we shall face when this amendment is considered in conference.

Mr. RANDOLPH. Mr. President, I shall respond in reference to the position of the House of Representatives as it has been expressed in prior conferences. The record must indicate that the great Midwest of our country has the Argonne National Laboratory, operated under contract; the important Southeast has the Oak Ridge National Laboratory, and that also is operated under contract; the Southwest, that section of the country represented by the able Senator from Arizona, as he knows well, has the Los Alamos National Laboratory; the far West has the Lawrence Laboratory; and the great Northwest has the Pacific Northwest Laboratory and the Hanford Works.

I am not saying that they were designated by specific amendment. But we know their importance and the importance that is attached to the efforts in these areas; they all contribute to the national energy knowledge that we shall need.

Yet Appalachia, this great region, thrusting itself from New York through Alabama, South Carolina, and Georgia, an area underlaid with coal, does not have a similar laboratory. Yet Appalachia and those States, contain resource in such a great degree that sometimes I am accused perhaps of boasting about how long we will have a coal supply to meet the energy needs of this country.

But I believe ERDA needs such a national laboratory within Appalachia. I hope that in the acceptance of this amendment both Senators CHURCH and FANNIN will agree to carry it with some, let us say, argument from the Senate side when this amendment is considered in conference.

Mr. FANNIN. Mr. President, the Senator from Arizona concurs with the Senator from Idaho, the majority floor manager of the bill, that this is not a practice that is usually looked upon favorably in Congress. We do have problems as far as designating a certain location. The Senator realizes that the Senator from West Virginia is not tying this down to any one State in that particular area, but he is stating that it should be established within the area, as I understand it.

I shall ask the distinguished Senator from West Virginia if it is his feeling that the need for a laboratory for the investigation of coal technology is more important than any other factor?

Mr. RANDOLPH. Of course, the Senator is knowledgeable in this field, as is the Senator from Idaho (Mr. CHURCH), the able manager of the bill. As he knows coal has many uses that have as yet not been developed. I recall, since we are remembering prior dates, that on November 6, 1943, in company with another young man, we flew a single-engined plane from Morgantown, W. Va., to National Airport. That plane was fueled with gasoline processed from West Virginia coal. We flew over the Alleghenies and the Blue Ridge Mountains in a single-engined aircraft. I remember Senator O'Mahoney being at National Airport with others to meet us when we came in from that successful flight. We knew then that coal can be used for motor fuel. At that time we passed the Synthetic Liquid Fuels Act in 1944. We were operating automobiles, for demonstration purposes on the streets of Pittsburgh with gasoline from coal.

I think back to that time, I am often reminded that we act after the fact, when we ought to act before the fact.

The very subject matter of this bill is indicative of the need for coal-based programs, such as liquefaction. All of these programs are highly important. We are not simply establishing another laboratory if it comes into being; we are doing something that needs to be done. The dollars will be an investment in the security for this country. I hope we will come before there is another breakdown in the supplies on which we are now depending. It could happen tonight as it did in the OPEC embargo of 1973.

Mr. FANNIN. The Senator from Arizona realizes that the Senator from West Virginia has a long history of achievements in the field of research and development in this particular field. I have heard him speak many times of the experience that he has had. Of course, having been a former chief executive of an airline, and then having experimented with the utilization of fuel developed from coal, that certainly is to his great credit, and there are many other programs in which he has been involved.

The Senator from Arizona is not in any way discrediting him in feeling that the amendment is not in order.

It is from the standpoint of the precedent that has been established that Congress not designate a particular location.

Mr. RANDOLPH. I do not speak of a new laboratory. We are proposing the designation of a facility now existing within Appalachia.

Mr. FANNIN. The Senator from Arizona concurs with what the floor manager of the bill has said. The Senator from West Virginia is to be commended for his efforts in this regard, although it seems doubtful that the amendment would be acceptable from experience.

Mr. RANDOLPH. I trust the Senator from Arizona and the Senator from Idaho to sell this to the House of Representatives because it is right.

Mr. FANNIN. I thank the Senator.

Mr. RANDOLPH. I have great confidence. I do appreciate it.

Mr. CHURCH. The Senator may be sure we will do our best.

Mr. RANDOLPH. I well understand that; but when we make these efforts piecemeal we are trying to put a jigsaw puzzle together. I only hope that it could come to pass sooner rather than later that America will be able to take care of energy problems from the standpoint of necessary research and development facilities. I have felt so for so long. Without a fuel and energy policy we were coming nearer to disaster each year that we fail to take bold steps, not timid approaches, to this problem.

I appreciate the attitude expressed and I am grateful for acceptance of the amendment as part of this bill to be carried to the House conference.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

Mr. RANDOLPH. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ABOUREZK. Mr. President, I have a couple amendments that will be accepted by the committee if I may proceed, unless the Senator wishes to go ahead with his series of amendments. Perhaps I could proceed.

Mr. RANDOLPH. The Senator is always cooperative. The amendments I am offering are going to be accepted, too. But it goes not against my grain to have someone from another State move in; I will be happy to step aside for the moment.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

AMENDMENT NO. 1947

Mr. ABOUREZK. Mr. President, I call up amendment No. 1947.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. ABOUREZK) proposes amendment numbered 1947.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. SCHWEIKER). Without objection, it is so ordered.

The amendment is as follows:

On page 69, line 5, insert the following:

TITLE IX—ORGANIZATIONAL CONFLICT OF INTEREST

SEC. 901. (a) Section 5813 of title 42 is amended by adding at the conclusion thereof the following:

"(12) maintaining and promoting active and open competition among private persons and organizations involved in energy research and development.".

(b) Section 5817 of title 42 is amended by adding at the conclusion thereof the following:

"(g)(1) The Administrator shall exercise his powers under this section in such a manner as to maintain and promote active and open competition among private persons and organizations involved in energy research and development.

"(2) The Administrator shall make no arrangements (including contracts, agreements, and loans) whether by advertising or negotiation for the conduct of research and development activities with any private person or organization when, after appropriate restrictions have been attached to such arrangements, such person or organization—

"(A) may be unable to render impartial, technically sound, or objective assistance or advice due to its other activities or its relationships with other organizations; or

"(B) would be given an unfair competitive advantage.

"(3) At the earliest practicable time prior to the Administrators making any such arrangements—

"(A) all persons or organizations interested in making such arrangements shall file with the Administrator a written notice describing in detail the nature and existence of any such activities or relationships or competitive advantage;

"(B) the Administrator shall make the contents of such notice available to the public, with the exception of such parts as contain trade secrets or privileged commercial or financial information, or information disclosure of which would constitute a clear and unwarranted invasion of personal privacy; and

"(C) the Administrator shall receive and evaluate all public comments with respect to such notice.

"(4) Prior to making any such arrangements the Administrator shall conduct a complete, detailed and independent inquiry of the responsible bidder or offerors of the nature and existence of any such activities or relationships or competitive advantage.

"(5) The Administrator shall promulgate rules for the implementation of this subsection as soon as possible after the date of its enactment but in no event later than six months after such date.

"(6) This subsection shall take effect six months after the date of its enactment and shall not apply to arrangements made prior to such date.".

Mr. ABOUREZK. Mr. President, this amendment would add a ninth title to S. 3105 to define for the first time ERDA's responsibility to avoid organization conflict of interest in its contracting.

If this amendment becomes law it will be the first statement of congressional policy in this area.

"Organizational" conflict of interest is a term of art which applies to conflicts of interest which arise in Government contract work with corporations. The basic principle is the same as is now embodied in a number of Federal statutes dealing with "personal" conflict of interest on the part of individuals.

Although there is no Federal statute on organizational conflict of interest this concept is well known at ERDA and a number of other Federal agencies. In fact, ERDA already has regulations on this subject—and AEC had regulations on this subject for about 10 years before that.

This winter I chaired 3 days of hearings in the Energy Research and Water Resources Subcommittee. The subcommittee heard from 18 witnesses from ERDA, Interior, NSF, Bechtel, and the private bar; 147 exhibits were submitted for the record. The published hearings run nearly 1,000 pages. Since then I have engaged in extensive and detailed correspondence with ERDA and Interior about the need to revise their regulations. I have been in contact with GSA and OMB to encourage them to promulgate policies in this area.

The amendment I propose is a modest beginning. Its definition of what constitutes a conflict of interests taken verbatim from the present ERDA regulations. It improves upon these regulations in three ways. It broadens the range of contracts which ERDA's regulations will reach. It requires contract applicants to disclose possible conflicts and it requires ERDA to investigate for conflicts. At the hearings it was shocking to me how narrowly ERDA limited its regulations and that ERDA requires no disclosure or investigation of conflicts of interest.

This amendment is not intended to be the final word on organizational conflict of interest. But it is an improvement.

I have discussed this amendment with Senator FANNIN and Senator CHURCH, and I am hopeful they will accept it, so that we can further consider this issue in conference.

Mr. CHURCH. Mr. President, I ask the able Senator from South Dakota whether he undertook to clear this amendment with the Senators who handled the nuclear programs authorized by this bill—that is, with those who represented the Joint Committee on Atomic Energy.

Mr. ABOUREZK. That has been done by my staff.

Mr. CHURCH. And they raised no objection to the amendment?

Mr. ABOUREZK. As I understand it, that is correct.

Mr. CHURCH. Mr. President, while the Committee on Interior and Insular Affairs has not had an opportunity to examine the amendment, it is true that the Senator from South Dakota held 3 days of hearings on the matter of organizational conflict of interest and that the objectives sought by the amendment is supported by the committee.

Therefore, acceptance of the amendment will give the committee an opportunity to further examine the text of the amendment and to present the amendment to the conferees.

I want the Senator to know that in accepting this amendment, I cannot foreclose the possibility that we may have to wait another year before such requirements are finally written into the law. However, the Senate conferees will do their best to present the case in conference, in the hope that the House will see fit to accept the amendment.

Mr. FANNIN. Mr. President, I ask this of the Senator from South Dakota: Did he discuss this matter with any of the ERDA officials with respect to the way it is to be handled and what is involved?

Mr. ABOUREZK. I have not discussed with ERDA how the amendment is to be presented. However, I have had extensive correspondence with ERDA, in which I have asked them to adopt their own regulations along these lines, advising them that I would offer legislation in the event they failed to do so. They failed to do so, and that is why I am proceeding in this manner.

Mr. FANNIN. Did the Senator receive answers to his correspondence?

Mr. ABOUREZK. Yes.

Mr. FANNIN. Which indicated a refusal to carry through? What was the reason for having the amendment?

Mr. ABOUREZK. I would not say a direct refusal, but a failure to adopt anything near this kind of standard of conduct on the part of ERDA and the corporations which contract with it.

Mr. FANNIN. According to the explanation of the Senator from South Dakota, the way in which the affairs should be handled would carry out his desires. I do not know that we need an amendment to make a requirement, but I concur with the floor manager of the bill, that it is the desire to carry it to conference, and the Senator from Arizona will not disagree.

Mr. ABOUREZK. Mr. President, I yield back the remainder of my time.

Mr. CHURCH. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment is yielded back.

The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was agreed to.

AMENDMENT NO. 1958

Mr. ABOUREZK. Mr. President, I call up my amendment No. 1958.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that reading of the amendment be dispensed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill insert the following:

SEC. 114. Section 13 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5912) is amended by—

(1) striking, in the first sentence of subsection (a), the words, "At the request of the Administrator, the" and inserting therein "The";

(2) striking, in the first sentence of subsection (b), the words "prepare or have prepared an assessment of the availability of adequate water resources." and inserting therein the following: "request the Water Resources Council to prepare an assessment of water requirements and availability for such project."; and

(3) adding at the end thereof a new subsection to read as follows:

"(f) The Administrator shall, upon enactment of this subsection, be a member of the Council.".

Mr. ABOUREZK. Mr. President, I ask unanimous consent to modify the amendment as follows: Strike the words "At the end of the bill insert the following". In the following line, strike the words "SEC. 114" and replace them with "SEC. 2."

I advise my colleagues that that merely places the amendment in the proper place in the bill.

The PRESIDING OFFICER. The Senator has a right to modify his amendment, without unanimous consent. Will the Senator send a copy of the modified amendment to the desk?

Mr. ABOUREZK. Yes.

Mr. President, I ask unanimous consent that reading of the modification be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modified amendment is as follows:

At the end of title II insert:

SEC. 2. Section 13 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5912) is amended by—

(1) striking, in the first sentence of subsection (a), the words, "At the request of the Administrator, the" and inserting therein "The";

Mr. ABOUREZK. Mr. President, this amendment would alter section 13 of the Federal Nonnuclear Energy Research and Development Act of 1974 by strengthening the role of the Water Resources Council in making water assessments for ERDA under the nonnuclear act.

Under current law, ERDA itself is responsible for assessments of the impact on water resources of any Federal research and development program. These programs include areas such as shale oil development, coal gasification, coal liquification, urban waste conversion, geothermal power, synthetic fuels, and so forth. Most of these programs would require substantial commitments of water. The water assessment, much like an Environmental Impact Statement, could point to any potentially harmful effects on water supply, quality, distribution, and so forth. While ERDA may currently request a Water Resources Council assessment, it is not required to do so, and past experience indicates it has used the Council's offices only sparingly. Since ERDA has an interest in seeing its own programs through, it is not sensible to rely on them to make assessments which may be damaging to that purpose. The Water Resources Council—an independent body—is, on the other hand, in a very good position to make such assessments.

This amendment, therefore, would require that the Water Resources Council undertake an assessment of water requirements and supply for any Federal research and development project under this bill which would have a substantial impact on water resources. The Administrator of ERDA, who would be added to the Council, would be required to rely on this assessment.

The Council itself, of course, does not have the staff to carry out the assessment, but the amendment would make available the $1 million allocated for water assessments under the act to the Water Resources Council. This sum should be adequate to carry out the necessary contracts for assessments, which the Council could then evaluate and act on at any of its four meetings per year. Given the time it takes to do an assessment, the frequency of meetings would pose no problem.

This amendment was accepted without opposition by the House committee considering it. It is, I think, a very sensible device to place authority for water assessments with the agency we have created for the very purpose of coordinating water policy.

Mr. President, I urge that the amendment be accepted. I have discussed it with the managers of the bill, and they have indicated that they will accept it.

Mr. CHURCH. Mr. President, I have no objection to this amendment. It seems to me that the Water Resources Council ought to play a role in making an assessment of water requirements and water availability in connection with projects undertaken by ERDA. Furthermore, it seems apparent that the Administrator of ERDA should sit as a member of the Council. Therefore, I am prepared to accept the amendment.

Mr. FANNIN. Mr. President, the Senator from Arizona has no objection to the amendment. He concurs with the idea that the Administrator should be a member of the Council.

The only question this Senator has concerns my understanding that ERDA is presently working with the Water Resources Council on the assessment of needs for water development. Would the amendment of the Senator from South Dakota disrupt any existing programs?

Mr. ABOUREZK. No. As a matter of fact, it would replace the existing program with ERDA; not disrupt it but replace it. It would require it to be done in the Water Resources Council, then the assessment to be given back to ERDA.

Mr. FANNIN. That would be the only question the Senator from Arizona would have. If we are sure that it would not overlap and, in substance, would replace existing programs, I assume that would be all right.

It would not delay any of the progress that is being made?

Mr. ABOUREZK. No; in fact, it will really strengthen the water assessment; rather than delaying it, it will strengthen it and allow the Government to have a better assessment of how water will be used and the impact upon water resources.

Mr. FANNIN. I thank the Senator.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

Mr. ABOUREZK. I express my thanks to the Senator from West Virginia for letting me break in.

I yield back whatever time I have.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1957

Mr. RANDOLPH. Mr. President, I call up amendment No. 1957, which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes an amendment.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, line 21, change the period following the figure "000" to a colon and insert the following: "*Provided*, That sixty days, prior to the obligation of any funds authorized pursuant to this paragraph for the purpose of establishing a fluidized bed test facility at an installation operated by other than a Federal agency, including installations operated under Federal contract, the Administrator shall transmit to the Committee on Interior and Insular Affairs of the Senate and the Committee on Science and Technology of the House of Representatives a report which sets forth the basis for the decision, including the advantages and disadvantages of locating such a facility at such installation, for the achievement of the purposes of the Federal Nonnuclear Energy Research and Development Act of 1974.".

Mr. RANDOLPH. Mr. President, as we consider projects from the standpoint of the challenges that are before us as we move into new areas, I call your attention to what we call fluidized bed test facilities. The construction of test facilities for new energy technology represents a major commitment of Federal money. We have recognized that in part. We are dealing with a major national resource.

I have been concerned, and the Senators who are now handling this measure have been concerned, with the development of new methods for the utilization of coal, consistent with environmental policies. We have discussed that this afternoon. New technologies for the fluidized bed combustion of coal offer a significant opportunity for improvement over the processes that are now used.

The Energy Research and Development Administration is currently building a fluidized bed test facility at the Morgantown Energy Research Center. This facility is for what is termed "atmospheric pressure" technologies. The location of this test facility at the Morgantown Center recognizes the coal expertise that has developed there over the years.

I am informed that the Energy Research and Development Administration also proposes to locate similar, but pressurized, test facilities elsewhere.

The amendment which I offer requires that the Administrator, before locating such a test facility at a non-Federal installation, submit a report to the appropriate committee of the House and Senate. This report would have to include a discussion of the basis for the Administrator's decision to locate such test facilities at other than Federal installations.

This amendment is intended to encourage the centralization of activities in this area at Federal installations rather than at contractor facilities.

This amendment seeks to encourage the centralization of such test facilities at Federal installations rather than contractor facilities.

The amendment would optimize Federal energy research capabilities in this area. It would reduce the overall cost to the Federal Government for the development of this needed technology, and it would eliminate the need for duplication of the necessary support facilities and instrumentation. We would require the Administrator, before locating such a test facility at a non-Federal installation, to submit a report to the appropriate committees of the House and the Senate. This report would include a discussion of the basis for the decision of the Administrator.

I need not take further time in discussion of the amendment.

Mr. CHURCH. Mr. President, as I understand the amendment of the distinguished Senator from West Virginia, he is asking that 60 days prior to the obligation of any funds for a fluidized bed test facility there be notice and a report, which information is to be transmitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Science and Technology of the House. The report is to justify any decision that locates one of these fluidized bed test facilities at a site that is non-Federal, where the work is to be done on a contract basis, so that the Congress may know, in advance of the actual obligation of public money, what the basis of the decision is and the justification for it.

Mr. RANDOLPH. That is correct.

Mr. CHURCH. I have no difficulty with this amendment, Mr. President. It seems to me that where there is a possibility for using Federal facilities, in the event that the administrator chooses not to use them and turns, instead, to private contractors for the hiring of private facilities, justification ought to be made. The committees with the jurisdiction in each House ought to be advised in advance of the reasons that the administrator made such a decision. Therefore, I am prepared to accept the amendment.

Mr. FANNIN. Mr. President, the Senator from Arizona has no objection.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

Mr. RANDOLPH. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1828

Mr. RANDOLPH. Mr. President, I call up my amendment No. 1828, which is at the desk, and ask that it be immediately considered.

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes an amendment.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 13, beginning with line 22, strike out all through line 25, and insert the following:

(2) In situ coal gasification:
Costs, $13,536,000.
Changes in selected resources, $1,500,000.".

Mr. RANDOLPH. Mr. President, we talked about coal. We continue to talk about it. In this amendment, we are talking about the underground gasification of coal because it offers not only an attractive but a necessary alternative for using our Nation's vast coal resources.

This technology was first explored under a program provided for in the Synthetic Liquid Fuels Act of 1944. More recently, however, the Energy Research and Development Administration has been funding three technological options in this area.

These methods rely on drilling into underground coal formations and withdrawing the byproducts of gasification through surface boreholes. Consequently, there is minimal mining activity. The resultant gas production can be used to produce electricity, to provide process heating, as a chemical feedstock, and for upgrading into synthetic gas.

The potential environmental benefits are minimal surface disruption and a lower use of water. There also are minimal solid waste disposal problems. The successful development of underground coal gasification could triple the usable coal reserves of the United States of America. There are about 30 billion tons of coal in the ground under Kentucky, I say to the Senator from Kentucky who is now in the Chamber.

Mr. FORD. Did the Senator from West Virginia say millions or billions?

Mr. RANDOLPH. Billions. That is a tremendous amount of coal reserve in one State. We estimate that underlying West Virginia there are approximately 129 billion tons of coal. It varies from State to State. The highest production at the present time is from Kentucky, not from West Virginia.

But we do have that vast potential.

The successful development of this technology will give us usable coal reserves in greater degree. Underground gasification can make available coal seams which now are either too thick, in many instances too dirty, in some instances too wet or too deep to be satisfactorily recovered with the mining technologies that are currently in use.

We are attempting by this amendment to raise the authorization for this program to the level approved by the House of Representatives.

This would enable an acceleration and expansion of field tests on underground coal gasification.

The fiscal year 1977 budget request from the administration for underground coal gasification is $8.236 million. This is a reduction from the $15 million requested by the Energy Research and Development Administration from the Office of Management and Budget.

The fiscal year 1976 authorization, including carry over funds from the previous year, was $7.5 million. These funds, as well as transition quarter funds, will be costed by the end of fiscal year 1976. The $8.236 million budget request for fiscal year 1977 represents a modest increase in obligation authority. It does not permit an expanded program, as requested by the agency.

The amendment I offer raises the authorization for this program to the level authorized by the House of Representatives. This would enable an acceleration and expansion of field tests on underground gasification.

These funds would be used for three projects: first, the Longwall generator or deviated well process being developed by the Morgantown Energy Research Center to gasify thin Eastern bituminous coals; second, the linked vertical well process being developed by the Laramie Energy Research Center in Wyoming; and third, the packed bed process being developed by the Lawrence Livemore Laboratory in the Powder River Basin, Wyo.

By authorizing, Mr. President, $15 million for this program in fiscal year 1977, we would assure the development of this technology could proceed at an optimum rate. ERDA would be able to effectively use that sum of money. We would provide, a better balance with similar programs on the surface gasification of coal.

This authorization level would permit full evaluation of the environmental, economic, and technical merits of the technologies which I have mentioned.

I hope the amendment will have the concurrence of the managers of the bill.

I ask unanimous consent that a table outlining the proposed budget authorization in my amendment be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PROPOSED FUNDING (BA), IN ($000)

Project	Available fiscal year 1976	Current budget fiscal year 1977	Proposed expanded fiscal year 1977
Linked Vertical Wells			
Laramie ERC	$1,500	$1,500	$1,500
Sandia labs	1,000	1,000	1,200
Field support	100	800	2,900
Subtotal	2,600	3,300	5,600
Packed Bed			
Lawrence Livermore Lab	3,400	2,700	3,400
Field support	100	------	1,100
Subtotal	3,500	2,700	4,500
Deviated Wells/Longwall Generator			
Morgantown ERC	1,000	1,000	1,000
Field support	------	500	2,300
Subtotal	1,000	1,500	3,300
Dipping seams, advanced concepts, supporting research and management	410	736	1,600
Total	7,510	8,236	15,000

Mr. CHURCH. Mr. President, the Senator from West Virginia has made an excellent case for in-situ gasification of coal. There are many advantages to burning coal underground and taking off gas if this can be done efficiently. As we all know, there are some deposits of coal that cannot be reached economically, and others that are located in such a way as to make conventional mining very difficult, if not impossible.

If there are ways to reach coal deposits of that character and to burn coal underground, taking off gas, then this certainly represents a technology that would enable us to more completely and efficiently utilize our coal resources.

It is my understanding that the ERDA request this year for the gasification of or experimentation with in-situ gasification was originally for $15 million. That amount was reduced by OMB. The Senator, in his amendment, seeks to restore the original request of $15 million.

I think he makes a good case. I am personally prepared to accept his amendment. I would only ask him one question, and that relates to the action taken by the Senate Interior Appropriations Subcommittee yesterday in which the full amount of the authorization for this purpose, as contained in the pending bill, was approved, that amount being $8,236,000.

If we increase the authorization to $15 million it will be necessary for the Senate to secure the additional money by way of appropriation either through a supplemental appropriation bill or by an amendment on the floor of the Senate when the regular appropriation measure comes before this body.

Mr. RANDOLPH. Mr. President, I understand the situation, although I was not apprised of the current action. But we must give consideration to the environmental problems connected with the production of coal. They are very, very many. Here is an opportunity to give an environmental thrust to coal gasification.

The amount of money is relatively small, and the action of the House in restoring the $15 million is an indication of the other body's feeling about the necessity for this program.

I do not criticize the amount which has been indicated, $8.236 million that was referred to, but I would just hope that we could move this to conference at the figure adopted in the House.

I think the need is there. I hope that we can accommodate this rather modest but highly important effort.

Mr. FANNIN. Mr. President, the Senator from West Virginia is so correct in stating that we have a great need for experimental demonstration work to go forward, if possible, in coal gasification.

The greatest shortage we have today is in natural gas.

Mr. RANDOLPH. Correct.

Mr. FANNIN. If we can supplement that in various areas of the country—and the Senator is speaking about underground coal work—this, of course, compares with what is being done in many other parts of the country. Out West they are talking about a coal gasification plan costing as much as $1.2 billion.

The Senator from Arizona realizes that the Senator from West Virginia does not expect to build a coal gasification plant. But, at the same time, the work is necessary to carry these programs forward, which may result in a great lowering of the cost. That is his hope and this is the desire, I know, of Congress—that ERDA become more involved in the programs that can determine just what should be done to develop the great amount of natural gas that will be needed.

I do commend the Senator from West Virginia for this effort, and I certainly support his amendment.

Mr. RANDOLPH. Mr. President, I appreciate the comments made with reference to the pending amendment.

I would like to add this particular point: A few days ago constituents came to me from West Virginia explaining that there were some 14 employees now engaged in the production of glass at Weston, W. Va.

They have the opportunity to enlarge that glass plant. But to do so they have to have an added supply of natural gas. That supply does not seem to be forthcoming.

For the moment, at least, it appears that we will lose the employment of an additional 100 glass workers at a plant that is ready, or would be ready soon, to go into production.

We have shortages, and we have the opportunity through research and development to bring in the substitutes.

Here is an excellent opportunity for a $15 million investment that could potentially triple the recoverable coal resources of the United States of America.

It is an investment, I say to the Senator from Idaho; that is why I am really bearing down on the need for it.

Mr. CHURCH. I commend the Senator for his initiative. The amendment is acceptable and I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. RANDOLPH. I shall not use my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment was agreed to.

AMENDMENT NO. 1954

Mr. RANDOLPH. Mr. President, I call amendment No. 1954 which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

> The Senator from West Virginia (Mr. Randolph) proposes Amendment No. 1954.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 51, after line 18, add the following new paragraph:
>
> "(5) With respect to any demonstration facility for the conversion of solid waste (as that term is defined in the Solid Waste Disposal Act, as amended), the Administrator, prior to issuing any guarantee under this section, must be in receipt of a certification from the Administrator of the Environmental Protection Agency and any appropriate State or areawide solid waste management planning agency that the proposed application for a guarantee is consistent with any applicable suggested guidelines published pursuant to section 209(a) of the Solid Waste Disposal Act, as amended, and any applicable State or regional solid waste management plan.".
>
> On page 64, line 16, strike the period and insert in lieu thereof a colon and the following: "*Provided*, That project agreements entered into pursuant to this section for any commercial demonstration facility for the conversion or bioconversion of solid waste (as that therm is defined in the Solid Waste Disposal Act, as amended) shall be administered in accordance with the May 7, 1976, 'Interagency Agreement between the Environment Protection Agency and the Engergy Research and Development Administration on the Development of Energy from Solid Wastes, and specifically, that in accordance with this agreement, (1) for those energy-related projects of mutual interest, planning will be conducted jointly by the Environment Protection Agency and the Energy Research and Development Administration, following which project responsibility will be assigned to one agency; (2) energy-related portions of projects for recovery of synthetic fuels or other forms of energy from solid waste shall be the responsibility of the Energy Research and Development Administration; and (3) the Environmental Protection Agency shall retain responsibility for the environmental, economic, and institutional aspects of solid waste projects and for assurance that such projects are consistent with any applicable suggested guidelines published pursuant to section 209(a) of the Solid Waste Disposal Act, as amended, and any applicable State or regional solid waste management plan.".

Mr. RANDOLPH. Mr. President, title 8 of S. 3105 authorized a loan guarantee program for the commercial demonstration of energy recovery from biomass.

This program would overlap similar programs being conducted by the Environmental Protection Agency pursuant to the Solid Waste Disposal Act.

Following action by the Subcommittee on Energy Research and Water Resources on this provision on May 6, 1976, I wrote Senator Jackson as chairman of the Interior Committee expressing concern for the overlap between these two programs. I ask unanimous consent that a copy of this letter appear at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

> U.S. Senate,
> Committee on Public Works,
> *Washington, D.C., May 6, 1976.*
>
> Hon. Henry M. Jackson,
> *Chairman, Senate Interior Committee,*
> *Washington, D.C.*
>
> Dear Scoop: Under the Solid Waste Disposal Act of 1965, as amended by the Resource Recovery Act of 1970, the Congress authorized the Environmental Protection Agency to assist States and local governments in the development and implementation of environmentally sound solid waste management practices. The 1970 Amendments also authorized the EPA's development and demonstration of commercial technologies for resource and energy recovery as a part of comprehensive solid waste management systems. This statute expresses the intent of the Committee on Public Works and the Congress that decisions regarding the recovery of energy and materials from solid wastes be rendered within the context of overall environmental protection policies and solid waste management programs of Federal, State, and local government agencies.
>
> The Committee on Public Works for the last two years has been conducting oversight and legislative hearings on these Federal solid waste management programs. Mark-up sessions of the Committee are scheduled for next week in anticipation of reporting S. 2150, the Solid Waste Utilization Act of 1976, in the immediate future. These amendments to the Solid Waste Disposal Act of 1965 will reflect the Committee's concern, as that of the Interior Committee, for energy recovery from solid wastes; however, such policies will be formulated so as to insure the overall integrity of solid waste management practices and resource recovery facilities.
>
> Therefore, I urge that your Committee reconsider the proposal to establish similar demonstration programs to those of the Environmental Protection Agency within the Energy Research and Development Administration, in particular loan guarantees. Such an action would further diffuse Federal authorities in this area at a time when clarification of Federal policies is warranted.
>
> This concern was reflected last year when the Senate considered legislation providing the Fiscal Year 1976 authorization for the Energy Research and Development Administration (ERDA) an issue arose regarding their urban waste conversion program and the need for its coordination with similar programs of the Environmental Protection Agency. The House and Senate conferees required that ERDA coordinate its programs in this area with other government agencies, in particular, the Environmental Protection Agency. (The basis for this requirement is outlined in my Senate remarks of December 9, 1975, which include appropriate extracts from the conference report.) An interagency agreement consistent with the policies established by the Congress in the Solid Waste Disposal Act, as amended, and the 1975 conference agreement is now being formulated by the Office of Management and Budget.
>
> Your favorable consideration of this request would be appreciated. I look forward to working with you to assure that your Committee's concerns for energy recovery from solid wastes are appropriately reflected in the action of the Committee on Public Works on pending legislation.
>
> With best regards, I am,
> Truly,
> Jennings Randolph,
> *Chairman.*

Mr. RANDOLPH. Mr. President, for the purpose of this loan guarantee program the term "biomass" is defined as animal waste, urban and industrial waste, sewage sludge, and oceanic and terrestrial crops. The committee report on this measure, on page 191, states that:

> The Committee intends that all the technical options (and their combinations), such as prolysis, direct combustion, gasification, and fermentation, might be used and that any mixture of agricultural, forest, oceanic, urban, industrial and other wastes may be used for feed stocks.

To the extent that this definition overlaps with the definition of "solid waste" in the Solid Waste Disposal Act of 1965, as amended, the proposed program overlaps with programs of the Environmental Protection Agency.

Section 203 of the 1965 act defines the term "solid waste" to mean—

> . . . garbage, refuse, and other discarded solid materials, including solid waste materials resulting from industrial, commercial, and agricultural operations, and from community activities, but does not include solids or dissolved material in domestic sewage or other significant pollutants in water resources, such as silt, dissolved or suspended solids in industrial waste water effluents, dissolved materials in irrigation return flows or other common water pollutants.

Mr. President, since 1965 the Committee on Public Works has been responsible for the enactment of legislation to cope with our country's solid waste problems. Subsequently, the Resource Recovery Act of 1970 and the Solid Waste Utilization Act of 1976, to be reported today by the Committee on Public Works, expanded this program with emphasis on comprehensive solid waste management. Particular attention has been given to assuring that efforts to recover resources and energy from solid waste are formulated consistent with an overall strategy for comprehensive solid waste management within an urban area or region.

Programs which only deal with subcomponents, such as energy recovery, can jeopardize the overall effectiveness of solid waste management programs.

Mr. President, the amendment I offer

recognizes this interrelationship. The amendment would require the administration of any loan guarantee pursuant to the proposed section 17 consistent with the May, 1976, "Interagency Agreement Between the Environmental Protection Agency and the Energy Research and Development Administration on the Development of Energy from Solid Waste." Under this agreement the Energy Research and Development Administration is responsible for energy concerns, while the Environmental Protection Agency is responsible for the environmental, economic, and institutional aspects of new projects extended pursuant to this provision.

The amendment provides that the interagency agreement would apply to any facility relying on the conversion of solid wastes as that term is defined in the Solid Waste Disposal Act. To the extent that the term "biomass" as used in section 17 is broader than the definition of "solid waste," the interagency agreement would not apply.

For example, where the project involves the conversion of agricultural crops to produce commercial scale synthetic fuel or other forms of energy, a loan guarantee pursuant to Section 17 would not be subject to the interagency agreement.

Mr. President, I ask unanimous consent that a copy of the interagency agreement appear at this point in the Record.

There being no objection, the agreement was ordered to be printed in the Record, as follows:

Interagency Agreement Between the Environmental Protection Agency and the Energy Research and Development Administration on the Development of Energy From Solid Waste

A. INTRODUCTION

This document is an agreement between the Environmental Protection Agency (EPA) and the Energy Research and Development Administration (ERDA) on the subject of projects in the area of the conversion of energy from solid waste. It is intended to supplement and detail a broader Memorandum of Understanding (MOU) between EPA and ERDA providing coverage and guidance in all areas of joint interest between the two agencies. That MOU is now being drafted and on its adoption will provide additional guidance and agreement in other program areas and in broader administrative and procurement matters.

B. PRINCIPLES

1. As used herein, the term "solid waste" is intended to include (a) municipal waste, both solid and liquid, (b) sewage, and (c) industrial wastes.

2. It is understood that EPA has a mission to ameliorate the adverse environmental impacts of solid waste, as well as to recover useful products from solid waste. As such, EPA's interest extends to the collection as well as to the recycling, use and disposal of solid waste and to the characterization and control of pollutants that may arise from solid waste.

3. It is understood that ERDA has a mission to assist in the development of new energy sources, including solid waste. In performing this mission, ERDA establishes priorities for Federal development efforts for a wide range of energy technology developments, of which energy recovery from solid waste is only one.

4. It is understood that EPA has developed a substantial solid waste program, which includes the focal point of Federal expertise, strong technical skills, established institutional arrangements with state and local governments, and disposal technologies that produce energy. ERDA also has strong technical skills that may be useful in the development of such technologies, but does not have a large program in solid waste as such nor established institutional arrangements with state and local governments.

5. EPA and ERDA agree, on the basis of the foregoing understanding, that:

a. It is in the interest of both agencies to maintain EPA's solid waste management capability at a high level. To this end, ERDA does not intend to duplicate EPA's capability. ERDA's primary interest in this field is to those activities that relate to the research and development of new technology for the production of energy from solid waste.

b. It is in their interests to draw on the technical competence of each.

c. Their missions and programs are not coextensive, nor should they be. For example, EPA is concerned about solid waste collection and characterization, treatment, disposal, and reuse. Similarly, ERDA's energy mission may lead to priorities on disposal projects different from those that EPA's mission may dictate.

d. Effective cooperation in energy from solid waste depends, therefore, on: (1) identifying projects in which the agencies share an interest, (2) agreeing on mutually supportive actions to execute such projects, consistent with the priorities dictated by each agency's missions, and (3) ensuring that projects of potential mutual interest are not unilaterally initiated by either agency but instead proceed only after adequate consultation.

C. PROCEDURE

1. The agencies agree to establish a steering group chaired by one Assistant Administrator from each agency and a program-level working committee. The working committee shall take action in accordance with the agreements herein, subject to the review and approval of the steering group.

2. As an early and priority item, agreement will be reached on a common data base relating to solid waste sources, availability, convertibility to energy, etc., by location and time period.

3. As an early and priority item, agreement will be reached on the availability, potential, and priority of various applicable energy-from-solid-waste technologies to support the objectives of each agency.

4. The material of items 2 and 3 will be documented and subsequently used to agree on specific energy-related projects of mutual interest. (Such projects will typically involve pilot plant, demonstration, and commercialization activities and their associated environmental activities.) For those energy-related projects of mutual interest, planning will be conducted jointly, following which project responsibility will be assigned to one agency.

5. The joint planning for such a project will be accomplished by the working committee and will include establishment of scope, objectives, level of effort, and items of special interest to each agency. While overall responsibility for a particular project will rest with one agency, it shall be generally understood that ERDA will be responsible for input and evaluation of the energy-research-related portion of the project and EPA for the input and evaluation of the economic, institutional, administrative, and environmentally related portions of the project (including solid waste disposal).

6. It is ERDA's policy to encourage existing programs in other agencies that can help meet Federal energy RD&D objectives. Accordingly, new project responsibility will generally rest with EPA although it is recognized that circumstances may justify infrequent exceptions to this policy. The agency assigned the responsibility shall name the project manager who will thereafter plan and manage the project to meet the objectives described in the jointly approved plan.

7. Leadership and direction related to ongoing or existing projects shall remain with the agency having responsibility at the time this Interagency Agreement becomes effective. The agencies will review the existing projects, however, to determine whether any minor modifications in them might be appropriate and desirable. The provisions of 5, above, shall apply to such projects to the extent practical.

8. The working committee shall meet as frequently as necessary to undertake or monitor the progress of efforts under 3, 4 and 5 above and to take appropriate action on ongoing projects related to 7 above. Other aspects of each agency's programs will also be reviewed at these meetings, both to inform each agency of the other's activity and to eliminate any needless duplication in related activity (e.g., studies, laboratory or bench scale experiments).

Mr. RANDOLPH. Mr. President, in those instances where the interagency agreement applies, the application must be certified by the Environmental Protection Agency as consistent with applicable guidelines issued pursuant to the Solid Waste Disposal Act, before a loan guarantee can be awarded for a commercial demonstration facility relying on solid waste. The effect of this requirement would be to conform this program to similar conditions for receipt of financial assistance pursuant to the Solid Waste Disposal Act.

Before a loan guarantee can be approved the application also must be certified by the appropriate State or regional planning agency as consistent with any applicable solid waste management plan adopted for the affected area. This would assure that the project would contribute to the implementation of any applicable plan and would not jeopardize the effectiveness of any solid waste management programs.

To the extent that applicable guidelines or an applicable plan does not exist, this certification would not be required.

Mr. President, the effect of this amendment is to assure that the programs of the Environmental Protection Agency and those of the Energy Research and Development Administration for the commercial demonstration of energy recovery from solid waste are administered consistent with national policies on solid waste management. Ths amendment is offered on behalf of the Committee on Public Works and I urge its approval.

Mr. President, I have no further comment on the amendment.

Mr. CHURCH. Mr. President, the Solid Waste Disposal Act of 1965 authorizes the Environmental Protection Agency to assist States and local governments in the development and implementation of environmentally sound solid waste management practices. EPA also has authority to develop and demonstrate commercial technologies for resource and energy recovery as a part of comprehensive solid waste management systems. Therefore, the Committee on Public Works has a great interest in the $900 million loan guarantee program for converting urban waste and biomass to energy, which is contained in this bill.

ERDA, as specifically mandated by the Federal Nonnuclear Energy Research and Development Act, also is required to conduct a research, development, and demonstration program to convert urban waste to energy.

It is appropriate, in light of the responsibilities assigned to ERDA in developing energy options and to EPA in developing environmentally sound solid waste management practices, that this loan guarantee program to use urban waste be in conformance with guidelines already developed under the Solid Waste Disposal Act and in compliance with any applicable State or regional solid waste management plan.

I understand this to be the objective of the Senator's amendment. I have no objection to it. I believe it adds to the bill and will help provide for a larger measure of coordination between these two agencies.

Mr. RANDOLPH. Mr. President, I appreciate what has been said by the able Senator.

We recall that farm products can be used for the development of energy. We did that back in 1944 under the Synthetic Liquid Fuel Act.

Alcohol has been produced from grain products.

The effect of the amendment is to assure the programs of the two agencies are not in opposition with each other, but are coordinated from the standpoint of commercial demonstration of energy recovery from solid waste, with the national policy set forth in the Solid Waste Disposal Act.

So I offer this amendment on behalf of the Members of the Senate Public Works Committee.

Mr. FANNIN. Mr. President, it is the Senator from Arizona's feeling that this will be very valuable in the proper administration of the programs that are so essential.

The energy agreement between the Environmental Protection Agency and ERDA on development of energy and solid waste and, specifically, in accordance with this agreement, I think is very essential. We need a central repository for all the information regarding energy, and ERDA has this responsibility. I hope that they will coordinate their efforts with all the agencies.

Certainly, it is highly essential that they work hand and glove with the EPA in the biomass program.

The Senator feels it is very valuable to have this legislation to assist in that.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

Mr. RANDOLPH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1827

Mr. RANDOLPH. Mr. President, I have an amendment numbered 1827 at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 69, line 3, insert the following new new title:

TITLE VI—ASSISTANT ADMINISTRATOR FOR COMMERCIAL DEMONSTRATION

Sec. 601. (a) The first sentence of subsection 102(d) of the Energy Reorganization Act of 1974 is amended by deleting the words "six Assistant Administrators" and inserting in lieu thereof "seven Assistant Administrators", and adding after "fossil energy," the words "another for commercial demonstration".

(b) The first sentence of subsection 102(f) of the Energy Reorganization Act of 1974 is amended by deleting the word "eight" and inserting in lieu thereof "nine".

(c) Subchapter II (Executive Schedule pay rates) of chapter 53 of title 5, United States Code, is amended as follows: paragraph (100) of section 5315 "Assistant Administrators, Energy Research and Development Administration (6)" is amended by deleting "(6)" and inserting in lieu thereof "(7)"; paragraph (135) of section 5316 "Additional Officers, Energy Research and Development Administration (8)" is amended by deleting "(8)" and inserting in lieu thereof "(9)."

Mr. RANDOLPH. Mr. President, this amendment would amend the Energy Reorganization Act of 1974 to add one—I emphasize, one new assistant administrator for commercial demonstration. That person would be appointed by the President, by and with the consent of the Senate.

The new assistant administrator would be at the Executive Level IV. His deputy would be at Executive Level V.

This amendment would insure that there would be present within ERDA individuals directly responsible to the Congress for the $900 million loan guarantee program, in the pending bill, for solid waste conversion. It is authorized in the measure now before us.

At a later date as new programs on commercial demonstration of energy technology are considered these officials will have the responsibility to implement what is done here in the Congress.

Such a $900 million activity needs to be directed by officials, not only responsible to the executive branch, but to the Congress, as well.

This amendment I have offered achieves that objective.

Mr. CHURCH. Mr. President, up until now the ERDA agency has not engaged in the commercialization of new techniques that may be developed in the course of the research and development program underway.

But this bill does contain a $900 million loan program that would permit that commericalization to commence, particularly, as it relates to the use of municipal waste and other forms of biomass for energy purposes.

So I think that now is the time to recognize that the agency ought to have an officer of appropriate rank to oversee the commercialization program as it gets underway.

It will be a program that will grow very rapidly. Therefore, it is entirely appropriate that it be directed by the administrator within ERDA. This was originally contemplated. It was intended to come at the appropriate moment.

It seems to me the Senator has made the right point. The beginning of that program is now at hand. The bill contemplates that such a commercialization program shall commence this coming year. Therefore, I am in accord with the Senator's position that the time has come for an assistant administrator's post to be filled, subject to the confirmation of the Senate, because this will be work of great importance and great magnitude.

Mr. RANDOLPH. I am very appreciative of the response by the Senator from Idaho. I feel that in no sense are we adding to the so-called bureaucracy. This is not just another position, another person who is being employed. We are simply assuring that the program is managed by those who think in terms of the promotion of commercial programs. The duplication that now exists will become greater each year without this centralization. This, as the Senator from Idaho has said, seems to be a starting time. That is why I am very appreciative of the approval of the Senator.

Mr. FANNIN. Mr. President, the Senator from Arizona does support the program. He realizes the tremendous need for proper commercial demonstration units to carry forward the energy achievements that we hope will be forthcoming in the loan program, as finalized. We look forward to having some of the specific programs, such as the one that has been discussed, the biomass program. All of these, I believe, will assist in making progress in our goal to utilize every source available for energy development. At that time, an administrator would be very much needed. The Senator from Arizona does not have any objection to the amendment.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

Mr. RANDOLPH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 109

Mr. RANDOLPH. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes an unprinted amendment numbered 109.

Mr. RANDOLPH. Mr. President, I want to be very cognizant of the interest of certain Senators in the matter of loan guarantees, therefore I am going to ask that the amendment be read.

The second assistant legislative clerk read as follows:

On page 61, line 23, insert the following:

"Provided, however, That the Administrator may request an authorization pursuant to this section, including a change in the limit in subsection (b)(1) of this section on the outstanding indebtedness guaranteed under this section, for the commercial scale demonstration of new energy technologies to achieve the purposes of this Act.".

On page 49, line 20, after the word "guarantee" put a period and strike the remainder of line 20 and line 21.

Mr. RANDOLPH. Mr. President, I had given careful thought to the offering of the Synthetic Liquid Fuels Act of 1976 as an amendment in connection with this measure. I am inclined to offer it, but I am conscious of the concern of some colleagues for I believe the amendment would receive the approval of the Senate, but I am trying to be cooperative. At this time, a similar bill is moving through the House of Representatives. I believe we could have hearings in the Senate and take up the matter later this year.

I want to remind my colleagues that on July 31, 1975, on a rollcall vote, this Senate passed the Synthetic Liquid Fuels Act by a vote of 92 for and only 2 against.

On December 17, 1975, the conference report was adopted here in the Senate by a vote of 80 for and only 10 against.

So I know there is a strong support for such a program.

Mr. President, in February 1975, the ad hoc committee, chaired by Senator PASTORE, recommended, through the Senate Democratic Conference, in its congressional program of economic recovery and energy sufficiency that:

> A commercial demonstration of new synthetic fuels from coal should be undertaken with an ultimate production goal by 1985 reaching the equivalent of 500,000 barrels of oil per day.

That was the action of the Democratic Conference.

In my judgment this program is the single most important action that can be taken by the Federal Government to expedite the commercial development of a domestic synthetic fuels industry.

If synthetic fuels are to contribute to the U.S. energy supplies during the next decade, the Congress must act now and provide direction to the future course of national energy policy. This, I repeat, is the single most important action that can be taken by the 94th Congress to foster energy independence.

On August 11, 1975, I asked the General Accounting Office to review the status of the coal conversion program of the Energy Research and Development Administration. The GAO was requested to evaluate the economic and other constraints to the development and commercialization of coal gasification and liquefaction. The GAO determined that:

> It appears highly unlikely that any commercial-size coal liquefaction plant will be operating in the United States by 1985.

In addition, the GAO found the June 1975 estimates in ERDA's "National Plan For Energy Research, Development, and Demonstration" for the—

> Energy contributions from coal liquefaction and gasification (in 1985) have been dramatically reduced during the past year.

More importantly the GAO believes that—

> Even the revised gasification estimate (by ERDA) could be difficult to achieve.

The June 1975 ERDA plan had projected a contribution of 2½ million barrels of oil per day by 1985 from first generation coal liquefaction processes. However, the GAO indicated that ERDA's revised estimate "no longer projects a projects a production goal from liquefaction processes by 1985." Instead the GAO found that "there does not appear to be any serious consideration being given—by ERDA—to building a commercial scale coal liquefaction plant in the United States using an existing—first generation—coal conversion process."

Similarly, while the June 1975 ERDA plan projected the equivalent of one-half to 1½ million barrels per day of oil from first generation gasification processes by 1985 the GAO found that ERDA's revised estimates "project the equivalent of 250,000 to 500,000 barrels of oil a day from coal gasification processes." As mentioned, the "GAO believes that even the revised gasification estimate could be difficult to achieve."

Noting that the Sunfuels Interagency Task Force recommended that the Federal Government provide loan guarantees for initial coal gasification projects, in the GAO's opinion:

> The views expressed by regulatory agencies indicate that regulatory changes or Federal subsidies might be needed in addition to loan guarantees.

While 16 coal gasification projects have been announced, only 3 progressed to the point of applying for the required Federal Power Commission approval. The primary obstacle to operating coal gasification and liquefaction plants commercially in the United States has been the availability of less expensive natural gas and oil.

Other economic constraints include the large capital requirements, the questionable ability to obtain private sector financing, and cost escalation. Other considerations embrace environmental uncertainties and the necessity for large amounts of water.

I commend this report as a well-reasoned review of the deficiencies in Federal leadership and programs on the coal research, development, and commercial demonstration technologies necessary for the promotion of greater energy independence.

This investigation substantiates the need for the Senate to address the energy crisis which this Nation faces now and in the immediate future, by commercializing known coal gasification and liquefaction processes in the United States.

The proposed program does not commit the Federal Government to creation of a synthetic fuels industry. Rather, it is designed to encourage the early construction of a few prototype facilities to demonstrate the potential of new technologies. The experience of building these plants will facilitate responsible decisions for synthetic fuels development in the future.

The principal constraint to deployment of presently known technologies is the availability of sufficient capital at reasonable interest rates. Thus if synthetic fuels are to be developed in this decade, the Federal Government must encourage the commercialization of first-generation technologies.

I take this opportunity to acknowledge the leadership of my colleague in the other body, Representative OLIN TEAGUE. He is the chairman of the House Committee on Science and Technology. His committee is actively working toward the enactment of the Synthetic Liquid Fuels Act. Hopefully it will be passed in the other body within the next 2 or 3 weeks.

The House measure, and the companion measure which I introduced, with the support of many, many Senators, Senate 2869, would provide the necessary loan guarantee authority for the commercialization of existing coal gasification and liquefaction technologies at this crucial time.

Having said that, and believing in what we have done on two occasions in votes in the Senate, and in the action of the Democratic Conference, I come to the point at this time, in connection with the pending bill, when I have sent to the desk an alternative amendment. This amendment would authorize ERDA to request authorizations for loan guarantees as part of its annual authorization request. Each loan guarantee would be individually reviewed by the respective jurisdictional or authorizing committees of the Senate and of the House. Meanwhile, in the Senate we can proceed, as I have indicated, with consideration of the broader program, which I have discussed and which is pending in the Senate as contained in the Synthetic Fuels Act of 1976.

I have no further comment to make at this time, Mr. President. I will be gratified to enter into any collquy or respond to any question. It is because I have discussed this matter with other Senators, and relied on the counsel of the able Senator from Idaho, that I do not offer the broader act at this time.

The Synthetic Fuels Act will someday come to pass. It will pass in the House, and it will pass in the Senate, and it will become law, and the necessary funding will be appropriated to carry it forward.

I remind my colleagues today that in 1944, the Congress of the United States passed a Synthetic Liquid Fuels Act, authored at that time by Senator O'Mahoney of Wyoming and the Senator from West Virginia now speaking.

What happened? We moved in with an 8-year program for the construction and operation of demonstration plants to produce synthetic fuels from coal, oil shale, agricultural, forestry products, and other substances in order to conserve and increase the oil resources of the United States.

Since those fateful years of World War II, and the earliest inception of the Randolph-O'Mahoney legislation, I have felt that the United States must have the capability to produce synthetic liquid fuels as well as pipeline quality gas from coal.

I do not wish to rehash the history of yesteryear, but I do wish to indicate that I believe this an integral and very important part of what we must do.

Mr. CHURCH. Mr. President, the bill contains a $900 million loan guarantee program for developing energy from municipal wastes and biomass.

As I understand the Senator's amendment, it seeks to accomplish two things. First, it authorizes the Administrator of ERDA to request that this loan program might be expanded next year to use such basic fuels as coal and oil shale for the same purpose, expanding upon the initial program that is limited to the use of municipal wastes and biomass material. Is that correct?

Mr. RANDOLPH. That is correct.

Mr. CHURCH. And the final decision would still rest with the Congress?

Mr. RANDOLPH. With the Congress.

Mr. CHURCH. To act upon any request the Administrator might have?

Mr. RANDOLPH. Through the committees with jurisdiction.

Mr. CHURCH. The second limitation contained in the present provision is the $900 million authorization. Should the Administrator request that the level of the program be expanded next year, it still would be necessary to secure an additional authorization to accommodate the broader program, and that, too, would have to be acted upon in the normal course by Congress?

Mr. RANDOLPH. The Senator is correct. It would be on a project-by-project basis; ERDA would make the requests for loan guarantees in each particular instance as a part of its annual appropriation requests.

Mr. CHURCH. One final question. There is nothing in the Senator's amendment as it is now drawn that would act to deprive the authorizing committees of their appropriate jurisdiction with respect to both questions?

Mr. RANDOLPH. Nothing at all.

Mr. CHURCH. I thank the Senator. That being the understanding, Mr. President, I have no objection to the amendment.

Mr. RANDOLPH. And I should add, nor the appropriations subcommittees.

Mr. CHURCH. Yes, of course.

Mr. FANNIN. Mr. President, the Senator from Arizona is fully in accord with loan guarantee programs. I supported the loan guarantee program that we had last year. The Senate approved a $6 billion program, and the House of Representatives did not approve it, which was a great disappointment to this Senator.

The only question I have in approaching the handling of this matter is to ask the Senator from West Virginia whether or not this would interfere with the program that I understand is underway, in the House of Representatives. The House is considering a synthetic fuels loan guarantee bill, and I understand there is some objection to some parts that have not been clarified. Representative BROYHILL, Representative BARRY GOLDWATER, Jr., and Representative RONCALIO did send out this "Dear Colleague" letter indicating strong interest in certain provisions.

Does the Senator feel that what he is doing will in any way interfere with the action that they are taking in the House, or that they would have any objection to the action we have taken, in consideration of their loan guarantee program bill?

Mr. RANDOLPH. No, I say to the Senator, they are looking into the social, economic, and environmental aspects. They are considering it in a broader context than I am attempting to with this amendment.

Mr. FANNIN. The letter does indicate that they are going into investigation of quite a few different activities, as may be feasible.

I hope the House of Representatives will act on loan guarantee programs, feeling that such legislation would be almost immediately approved in the Senate if it is a reasonable and practicable loan guarantee program. But the question I had was only from the standpoint of whether or not the action of the Senator from West Virginia would have any effect on the action that may be taken in the House of Representatives.

Mr. RANDOLPH. The House action, would come after the budget resolution, and therefore would have no impact in fiscal 1977.

Mr. FANNIN. No, this year that would no doubt be correct. I thank the Senator.

Mr. GARY HART. Mr. President, I have some questions and observations about an amendment which I consider to be extremely important to the measure before the Senate.

The PRESIDING OFFICER (Mr. TAFT). Who yields time?

Mr. CHURCH. Mr. President, does the Senator from Colorado speak in favor of or against the amendment?

Mr. GARY HART. Against.

Mr. CHURCH. How much time does the Senator require?

Mr. GARY HART. Perhaps 15 minutes. I wish to engage in a colloquy with the sponsor of the amendment.

Mr. CHURCH. I yield the Senator 15 minutes for that purpose.

Mr. GARY HART. I thank the Senator from Idaho.

First, Mr. President, I wish to add my support for the direction in which the Senator from West Virginia has proceeded, and to comment, as a relative newcomer to the body, that he has taken the lead in an area that has needed leadership for many years. I think the record of his accomplishments in this area should not go unnoticed, nor are those of us who oppose this measure ungrateful for his efforts to educate Congress and the people of this country. The position I take on this amendment does not reflect in any way on the leadership the Senator from West Virginia has demonstrated and continues to demonstrate in a wide new area of energy development.

That does not mean, however, that this specific approach should be considered as the only approach to solving this country's energy demands.

If the distinguished chairman of the Committee on Public Works will agree, I would like to ask two or three questions, before I continue my remarks so as to provide some information about how this program would work.

First of all, could the chairman discuss the exact authorization or appropriation steps that would be taken for a project under this amendment? I direct this question to the Senator from West Virginia.

Mr. RANDOLPH. I am sorry; I thought the Senator was addressing the Chair.

Yes. At the time of this amendment we are not authorizing obligations for loan guarantees. As the Senator knows, there is $900 million in loan guarantees authorized in the pending bill, but it goes only to a certain limited usage.

I believe the program should be very much broadened and that is the reason for the constant thrust of the synthetic liquid fuels program.

Only energy recovery from biomass, that is the agricultural term, and from solid waste is involved.

The amendment would enable ERDA to request loan guarantees on a project-by-project basis. This would be done as a part of the annual authorization request.

That request would then be reviewed by the committees that have jurisdiction and would have to have the approval of the Senate and of the House of Representatives. Each proposed project would be individually studied and would require a line item authorization and an appropriation.

I believe that responds to the certainly valid request made of me in reference to the pending amendment.

Mr. GARY HART. I thank the Senator. If I may continue along that line: What would be the situation, if projects exceeding the $900 million total, received committee authorization and appropriations? Does the amendment contemplate a ceiling on the total number of projects which could be approved; how does that work?

Mr. RANDOLPH. It would naturally require that the committee raise the amount and the committee's action would have to be approved in the Senate.

Mr. GARY HART. And the provision in the law now would have to be amended every year.

Mr. RANDOLPH. On an annual basis.

Mr. GARY HART. On an annual basis.

Mr. RANDOLPH. That is correct.

Mr. GARY HART. And in discussion with the Senator from Idaho, the Senator from West Virginia has indicated that by using the phrase "new energy technologies" this could be almost anything; is that right?

Mr. RANDOLPH. Within the basic charter of ERDA in the Federal Nonnuclear Research and Development Policy Act.

Mr. GARY HART. Anything within ERDA's charter.

Mr. RANDOLPH. Anything within that province of that Agency.

I have not always supported my colleague who says he is relatively new in this body. I like the way he addresses himself to these subjects. I have supported him in reference to solar energy because I am a strong believer that we must strike out in many areas in connection with the energy self-sufficiency. We must do this as quickly as possible within this country, rather than continue to depend for fuels and energy on overseas, undependable sources. This theme needs to be underscored.

Mr. GARY HART. I thank the Senator from West Virginia for making those remarks because I think he and I do agree on this. I think every Member of this body does. As I said earlier, I do not think it is a question of whether we should develop synthetic fuels and new energy sources but how that should be done. So I thank the Senator for his comments on my question.

Mr. President, at this point I have a couple of remarks which are extremely important.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. GARY HART. I yield.

Mr. MANSFIELD. I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MANSFIELD. I thank the Senator.

The PRESIDING OFFICER. Does the Senator wish the yeas and nays on the House bill, the Chair would inquire?

Mr. MANSFIELD. Yes, on the House bill.

The PRESIDING OFFICER. Without objection, they will be transferred.

Mr. GARY HART. Mr. President, while we have Members here I ask for the yeas and nays on this amendment. I may choose to withdraw them. I wish to ask for them now.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GARY HART. I thank our colleagues.

Mr. President, in connection with the loan guarantee concept of funding new energy supplies, let me refer to a recent editorial in the Wall Street Journal.

I hesitate to use the language employed in the caption of that editorial in the Chamber but I will anyway since it is a distinguished journal. The editorial is entitled "Burp Jr."

This is a reference to an earlier editorial by the same periodical entitled "Burp." That phrase was used with regard to the $6 billion loan guarantee program which came to this Chamber last fall, passed overwhelmingly, and subsequently met defeat in the House of Representatives by a vote of 263 to 140.

The Wall Street Journal is exercised about the whole loan guarantee concept because, as we all know, that periodical has been a constant defender of the free enterprise system. What the editors of the Wall Street Journal fear is increased Government involvement in and domination of the marketplace.

With the consent of our colleagues, I ask unanimous consent to print this editorial in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BURP JR.

Last December, when Newsweek carried a picture on its cover of a bloated Uncle Sam, we editorialized on how he gets that way. At the time, the House of Representatives was considering a $6 billion government boondoggle to develop synthetic fuels, a bill the Senate had already gobbled 80 to 10 with almost no debate.

Supporters and opponents of the plan informed us that our editorial, entitled "Burp," actually influenced the outcome of the House vote, which rejected the Synfuel scheme by 263 to 140. Since then, a steady parade of Synfuel supporters has marched through our offices trying to persuade us to change our mind. And the Ford administration is still trying to slip it through the House, possibly next week.

The original $6 billion proposed was really only an hors d'oeuvre in the $100 billion banquet of loan guarantees, grants and price supports proposed by Vice President Rockefeller in his Energy Independence Authority. Even a Rockefeller knows that Uncle Sam can't digest $100 billion in one sitting, but bitesize mouthfuls of $6 billion can add up to an equivalent meal.

Now, the bill that has cleared the House Science and Technology Committee offers such illusions of economy by giving the Energy Research and Development Administration a tasty $4 billion in loan guarantees. But ERDA testimony leaves absolutely no doubt that this is an open-ended scheme which, once begun, would hit the Rockefeller target of $100 billion over several years.

The arguments advanced on behalf of spending these colossal amounts of money have not improved in six months. The public has to develop synthetic fuels, we're told, because the private sector knows they are uneconomic. Companies and their bankers are not going to take the chance of building coal gasification or liquefaction plants or shale-oil refineries as long as they look like surefire money losers. In order to move toward energy "independence," the government has to take the commercial risks.

For roughly $11.1 billion in loan guarantees, grants and price supports, ERDA reckons that the United States could be producing 350,000 barrels a day in synthetic fuels by 1985. Since we now import seven million barrels a day, a number that will rise considerably by 1985, it certainly doesn't seem the nation would be getting much insurance for its otherwise uneconomic investment.

Prof. Martin Zimmerman of MIT pointed out during the hearings this year that if the synthetics are only about $5 a barrel more expensive than imported crude, rather than the $6 to $12 that seems likely, a program to yield one million barrels a day would cost $1.8 billion a year in price subsidies. A stockpile of 365 million barrels would allow an equivalent consumption rate during a one-year embargo, at far less cost. This disposes of the national security argument, which is the only one the Synfuel advocates offer that makes any sense at all.

Once it is admitted that the private sector can't justify an investment in a commercial enterprise, it has to be conceded that the economic costs outweigh the economic benefits. Otherwise, the government is asking us to believe that a bureaucrat is better able to spot a profit opportunity than is a businessman.

As doctrinaire as we are on this point, we've always conceded that there is room for government support of pure research and development. But the taxpayers are already coughing up roughly $500 million a year for ERDA grants of this nature, that is, for exotic technology currently beyond commercial development. But in the current bill Congress is being asked to finance existing, uneconomic Synfuel technology. Once the government gets involved in directly allocating capital to energy, a long line of capital-starved industries will be close behind.

The House acted admirably in December when it refused to swallow the first $6 billion morsel of the Rockefeller scheme. If and when it spurns the $4 billion tidbit now being offered, perhaps the administration will get the message and stop coming back for more. Our overweight Uncle Sam is supposed to be dieting.

Mr. GARY HART. In connection with this I would like to quote a couple of relevant paragraphs that I think are extremely important.

First of all, the colorful title of the editorial comes from their reference to the cover of a December issue of Newsweek portraying a bloated Uncle Sam, handing out money hand over fist. They call the $6 billion loan guarantee program a boondoggle to develop synthetic fuels. They continue:

> The original $6 billion proposal was really only an hors d'oeuvre in the $100 billion banquet of loan guarantees, grants and price supports proposed by Vice President Rockefeller in his Energy Independence Authority. Even a Rockefeller knows that Uncle Sam can't digest $100 billion in one sitting, but bitesize mouthfuls of $6 billion can add up to an equivalent meal.

What this editorial objects to is the crucial element of loan guarantees in this amendment even though the amendment does not represent the specified amounts of the $6 billion program. First of all, it points out that for roughly $11.1 billion in loan guarantees, grants, and price supports, ERDA has indicated that the United States could be producing 350,000 barrels a day in synthetic fuels by 1985.

Since we now import 7 million barrels a day of overseas oil, a number that will rise considerably by 1985, it certainly does not seem that the country will be getting much in the way of insurance for an investment of over $11 billion. And this is the calculation of what it will take to produce a third of a million barrels of oil a day by 1985.

The Journal continues to point out:

> Once it is admitted that the private sector can't justify an investment in a commercial enterprise, it has to be conceded that the economic costs outweigh the economic benefits. Otherwise, the Government is asking us to believe that a bureaucrat is better able to spot a profit opportunity than is a businessman.

The point here is obvious. If there were commercial benefits to be made and profits to be gained in synthetic fuels, private industry and private enterprise would be involved in this effort. The fact that they have come to the Federal Government for a guarantee of loans indicates that it is not presently economically feasible.

The objection of the Wall Street Journal and the objection of the Senator from Colorado is that once we get the Government in this market it is a camel's nose under the tent. Pretty soon the whole camel is there, not only in the sense that the Government will eventually be required to provide price subsidies, once these plants are developed and producing fuel which is not commercially competitive, but then there will be other Government guarantees necessary to prop up the industry.

So we may be talking about $900 million today, and the distinguished author of this amendment has indicated that that can go higher and higher and higher, depending upon the request of the administration and the willingness of the congressional committees to acceed, but there will be further demands as long as synthetic fuels produced by these projects are not commercially competitive.

This will come in the form of price supports, subsidies, other guarantees, grant money, and all kind of other Federal funding to propup the industry.

That is why I think this amendment is so extremely important. It is the first step in a long road of Government involvement in that industry. We hear a lot in the Chamber about Government involvement in private business, not particularly when the Government is handing out money but when the Government begins to ask something in return for the money that it does hand out. I, for one, am not willing to put forward more taxpayers' money without attaching substantial conditions on the way that money is going to be spent. Business wants Federal Government support. That is what this amendment is all about. Business does not want the Government to tell it how to spend that money. But we have an obligation, if we are going to spend the taxpayers' dollars, to state how that money should be spent. People who are concerned about Government involvement in the private free enterprise system better take a hard look at this amendment. It looks smaller than the $6 billion program; it looks a whole lot smaller than the Vice President's $100 billion program.

What we are talking about is one of several very important steps that are going to involve the Federal Government, ERDA, the Treasury Department, the Senate, the House of Representatives, and the entire Federal Government in the energy marketplace. There are alternative ways to do this. The distinguished chairman of the Committee on Public Works has taken the lead in many of these areas.

We are putting out hundreds of millions of dollars a year in research and development to make some of these new energy supplies commercially competitive. If we leapfrog the appropriate Government role of making the breakthrough in research and development and, instead, take the course of providing a massive infusion of Federal dollars into an otherwise private free enterprise market, we are going to develop a type of mixed economy that is detrimental to the long-range interests of this country.

Senators who vote on this amendment should understand what they are up against. It is not a simple step to encourage new synthetic fuel development. It is a good-faith effort by the Senator from West Virginia to encourage a program that must be continued. But I think we are straying way off the path of a the separation of Government and private enterprise, and I believe that accounts for the reason that the editors of the Wall Street Journal oppose a loan guarantee program.

This is not merely a way of stimulating new private development. It is, in fact, a strong step toward getting the Government into the synthetic fuels business, and there will not be a way to get it out.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Who yields time?

Mr. RANDOLPH. Mr. President, what is the time situation? How much time I have?

The PRESIDING OFFICER. The Senator from West Virginia has 23 minutes remaining.

Mr. CHURCH. How much time do I have?

The PRESIDING OFFICER. The Senator from Idaho has 8 minutes remaining.

Mr. RANDOLPH. Mr. President, I have listened with intense interest to the comments of the Senator from Colorado. I am not sure that he quotes the best sources, the Wall Street Journal, in reference to the programs that are set forth in connection with the pending amendment. The comments to which he refers were on the earlier action.

Perhaps I am not the one to ask the question, but I surmised that the Senator would oppose this bill, not just this amendment. The bill contains $900 million in loans guarantees.

I am not certain but I imagine that had the able Senator been in the Senate, he would have supported the creation of the Tennessee Valley Authority. I am not certain of that. I did support it. It goes to the heart of this sort of program. I think it has been a good program in general. We must place the amendment in perspective.

I respect the opinion and differing viewpoints of individual Senators. Sometimes our very differences can result in a meeting of objectives, if we try to reach a common perspective rather than just polarization.

Neither this bill, nor the amendment I have offered has no price supports. It does not contain the price supports the Wall Street Journal refer to as one of the arguments against the program.

The pending bill does include direct grants to private interests for commercial demonstration. This represents a direct subsidy to the private sector, for example, for solar energy development, which I believe in, as I am sure the Senator from Colorado, a leader in this field, believes in.

I believe that loan guarantees, and I have studied the subject, are a valid means of obtaining leverage for Federal investment. I believe this is sound reasoning. I realize that there can be a difference of thinking in reference to the matter.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GARY HART. Mr. President, will the manager of the bill yield me 5 minutes?

Mr. CHURCH. I have only 8 minutes remaining.

Mr. GARY HART. Three minutes?

Mr. CHURCH. I yield 3 minutes. That will leave me 5 minutes.

Mr. RANDOLPH. Mr. President, I yield an additional 2 minutes to the Senator.

Mr. GARY HART. I thank the Senators.

Mr. President, with reference to the remarks of the Senator from West Virginia which go to the heart of the argument, the Senator mentioned TVA. Although I was not in the Senate when the TVA legislation was passed, I would have supported it.

I think it is important for Senators to understand what that means. The TVA directors are appointed by the Federal Government. Their appointments are subject to confirmation. They have to make an annual report to Congress. There are all sorts of Federal controls on the TVA. It is a hybrid. It is a new breed of institution and entity in our economy. It is not private, and it is not public. It is a public-private corporation.

If we are going to go down that route in synthetic fuels, we should know about it; because what we are doing is providing the money, but without the protection afforded to the people of the United States by the TVA law. That has been the problem all along with the Lockheed bailouts and all the rest of it. You cannot ask for Federal funds without having Federal controls. It just does not work. I do not think the Senator from West Virginia would vote for that, and the Senator from Colorado certainly will not. We have an obligation to the taxpayers.

The problem is that if we are going to put Federal money into something like TVA, we will have to have Federal controls and Federal involvement. If we are going to put Federal money in synthetic fuels, we had better have Federal controls and Federal involvement.

To complete the analogy, we should have Federal representatives on the boards of the companies that get these grants. We would have to require them to file reports with our committees, the way the TVA does. That is exactly the point I am trying to make. We are pretending that we have a public sector and a private sector and that they are totally separate. We complain when the public sector, in the form of the Government, gets involved in the private sector. Yet, we pass laws such as this, which achieve that result.

Business complains that the Government is involved in business; yet, they want our money. I do not see that they can have it both ways. That is exactly why the Wall Street Journal does not like it. They see that camel coming right into their tent.

The Senator from West Virginia talked about other kinds of Federal guarantees. I think we should have research and development. We should develop, with strong Federal involvement, prototype plants and similar projects. But now we are talking about a commercial program to produce fuel and energy, at the end of a pipeline, which people can consume and purchase. This is a commercial, not a research and development program.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. GARY HART. I yield.

Mr. RANDOLPH. Does the Senator advocate that we remove the $900 million in the bill for loan guarantees?

Mr. GARY HART. I am deeply disturbed by the whole concept and philosophy of loan guarantees. That is exactly what I am addressing. It is this concept, this approach, that pushes us down the path of an economic system that I am not sure anybody really wants. But by passing laws such as this, it is exactly what we are going to have.

This will not be private, it will not be public, it is going to be the taxpayers funding more and more programs, with more and more insistence by the taxpayers that there be some sort of control over those programs. Then the business people who get the money are going to be complaining because of those controls. That is how it ends up, just by our voting for measures like this.

As far as a technology breakthrough is concerned, we can achieve that by Government sponsored research and development. Then if the market at the end of the R. & D. pipeline becomes competitive, it will have an economic benefit of its own. That is how we have traditionally done things, with Government research developing new concepts and new inventions. The jet engine is a classic example. That was not developed by the airlines; it was developed by the Federal Government. The technology was made available to private airline to modernize their planes.

I think the question here revolves around the disruption of the capital market caused by these loan guarantees. This money has to be borrowed. It is going to be underwritten by the Federal Government. But this will eventually create an enormous demand in the capital market for synthetic fuels commercialization at a time when the energy companies claim they cannot raise enough capital to develop conventional energy sources. What must be considered in conjunction with this is that the synthetic fuel produced by these projects will not be commercially competitive by a stretch of $5 to $12 per barrel.

Mr. RANDOLPH. Will my colleague yield again?

Mr. GARY HART. Yes.

Mr. RANDOLPH. I regret that our colleague from Ohio (Mr. GLENN) is not in the Chamber, because I know of his strong support for the $900 million that is in the bill. He has talked to me many times about it, and has indicated that he has no problem with the concept. In fact, he has indicated to me that he would vote for the $6 billion, which is not being asked for today. But it is a matter of individual decision. The amendment requires approval from the jurisdictional committees, then the Congress itself, before the Congress can provide an appropriation.

We would do no violence to the democratic process, to the private sector, or to proper participation by the Federal Government.

I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I understand the concern that the Senator from Colorado has expressed with reference to the large oil companies and coal companies obtaining loan guarantees for purposes of developing synthetic fuels. I only want to emphasize that this bill does not commit Congress to that larger program and that the normal checks will still obtain, both with respect to the requirement for future authorization by the legislative committees, as well as the Appropriations Committees, and future vote by the Senate itself before the program will be expanded beyond the limits contained in the pending bill.

What are those limits? Those limits confine the loan guarantee program to $900 million, which is only 0.9 of 1 percent of what Vice President ROCKEFELLER asked for in his $100 billion program that provoked the editorial to which the distinguished Senator from Colorado has referred.

Furthermore, the limits in this bill confine the loan guarantee to the utilization of municipal waste and biomass materials which, I might say, will be of principal interest to municipalities and ordinary utility companies, not to the great coal or oil companies. We know that we are simply failing to make sufficient progress in converting to energy these municipal wastes and other forms of waste byproducts of the lumber industry, the agriculture industry, and other such industries. In the timber industry, for example, waste is now simply being burned as slash. We are failing to make sufficient use of these potential sources of energy. The marketplace does not appear to be functioning properly or we would be seeing significant progress being made by public utilities and municipalities to convert municipal waste, for example, into energy. It is the hope and expectation of the committee that Government loan guarantees will enable many a municipal government to obtain the necessary money and to go forward with the development of an energy from waste program. The necessity is clear.

The lack of progress is equally clear. The failure of the marketplace to provide adequate capital for this purpose is the reason the committee has sought to furnish this additional incentive, in the hope that it will attract the money and also create the possibility for municipal governments and utility companies to begin to convert municipal waste into energy.

Mr. GARY HART. Will the Senator yield for a question?

Mr. CHURCH. Yes.

Mr. GARY HART. Is it the failure of the marketplace or the failure of technology? The point here is, whether it is solid waste, municipal waste, coal gasification or whatever, it is the failure of technology to turn out a product that is competitive with conventional fuels. You cannot force technology if it is not there. In that sense, it is not the marketplace.

Mr. CHURCH. I think the Senator may not be taking into full account the failure of experience. There is technology now that many believe will prove practical, but some additional inducement is needed to channel private——

The PRESIDING OFFICER. The time of the opponents of the amendment has expired.

Mr. CHURCH. I wonder if the proponent of the amendment will yield some additional time?

Mr. RANDOLPH. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 19 minutes remaining.

Mr. MANSFIELD. Mr. President, the Senator yielded back his time. I would rather that the Senator ask for what he needs.

Mr. RANDOLPH. That will be agreeable.

Mr. CHURCH. I thank the Senator.

Just to complete the thought, there is technology now available that many believe will prove practical. We are having very little progress made in the way of putting that technology to work. It is difficult for municipal governments to obtain the funding because of the lack of experience, the lack of proof, and the feeling that the capital will be placed at undue risk if the technology fails. Therefore, the loan guarantee program ought to supply an incentive to unlock this private capital, make it available to municipal governments and other public utilities, for what I think both the Senator and most other Members of this body will agree would be a highly productive purpose.

Mr. GARY HART. Does the Senator have enough time for another question?

Mr. CHURCH. Yes, I yield.

Mr. GARY HART. What would be the posture of the manager of the bill if a loan guarantee is made of $500 million to construct a plant; the plant is constructed, it turns out that it works fine; the only problem is that the energy produced at the end of the line, which is to be sold, costs $5 more per barrel than oil. Then the people who own that plant, whether it is a city or a private company, coal company, or oil company, come back to Congress and ask for an amendment which puts us in a position similar to what we have now. The amendment says that the Federal Government will provide a subsidy, because we now have a $500 million turkey on our hands.

Mr. CHURCH. I think any loan guarantee program does admit to the possibility of failure. If experience were such that technology had already demonstrated its practicality, then obviously, it would be unnecessary for the Government to guarantee the loan. What we are trying to do is achieve a breakthrough.

My answer to the question posed by the Senator from Colorado is that if the municipality is unable to repay the loan because the economics do not work out, then the Government stands behind the repayment of the loan. But if the economics do not work out, the technology has failed, and I would not, personally, then support a program of continuing subsidy for the purpose of keeping an uneconomic plant functioning.

I really think we have a final way to achieve the breakthrough and I think that loan guarantees do represent one method for moving us along so that these various technologies can be tested.

Mr. GARY HART. Why not have the Federal Government build a demonstration plant?

Mr. CHURCH. Well, the Federal Non-Nuclear Energy Research and Development Act does give the Federal Government authority to build demonstration plants. We are trying to devise a flexible program that is not committed to one particular approach. The Act contemplates that some demonstration plants might be built on the basis of an agreement that allows the Federal Government to put up part of the money and private enterprise to put up the balance. This loan guarantee program represents still another option.

It seems to me that if we are going to move ahead on a sufficient scale to begin to reverse the disastrous trend that makes us ever more dependent upon foreign sources for our fuel supply, we cannot confine ourselves to a single approach. We must adopt a program that has sufficient flexibility to allow various types of financing to take place. That is the reason that the committee has included this $900 million loan program. It is a beginning, it is confined to municipalities and utilities that are apt to want to develop or want to experiment with converting municipal waste into energy, and it is designed to expedite the testing of certain technology that has not yet been developed and demonstrated.

Mr. GARY HART. I certainly agree with the effort to move on a lot of different fronts at once. I do not think that is really the issue. The issues are whether this is a sound economic mechanism to achieve these objectives; what liability are we submitting the Federal Government to down the road; and what precedent are we setting that is going to come back to haunt the Senate.

Mr. CHURCH. Well, to answer the question, we are submitting the Federal Government to a $900 million potential liability in the event that all of the loans that are made fail. We are not committing the Government to anything beyond the provisions contained in the bill because it will require subsequent action and approval both by the legislative and appropriation committees, together with the approval of this entire body before that program can be expanded in the future.

Mr. RANDOLPH. Mr. President, will my friend yield?

Mr. FORD. Will the Senator yield, Mr. President? May I just make a comment to the Senator from Idaho. This week ERDA made two awards for high-quality gas, pipeline quality gas. One went to Illinois, the other went to Connecticut on a 50-50 proposition. That is already in the pipeline, it is already working, and this is just another effort to find an area in which we can help private enterprise.

We may want to think about at some time as a payback proposition if it is a good commercial operation, and we hope it is and the technology is there. But the aim of payback from the sale of that ore or synthetic natural gas is to pay the Government as we make loans now on low interest rates for other energy sources to help rural areas.

Mr. CHURCH. I thank the Senator for his comments.

Mr. RANDOLPH. The able Senator from Kentucky has mentioned two cases in point, where the Federal Government is actually giving a 50-percent subsidy. That is exactly what is happening, and I am not arguing against it at the moment. What I am saying is that the private sector must put up 25 percent in connection with the loan guarantee. I ask the manager of the bill if that is not right?

Mr. CHURCH. Yes; that is correct. Twenty-five percent would be at risk to the private investors and would not be covered by the Government loan guarantee or the municipality or utility that might be involved.

Mr. President, my time has expired.

Mr. RANDOLPH. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from West Virginia.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Arkansas (Mr. McClellan), the Senator from Georgia (Mr. Talmadge), the Senator from California (Mr. Tunney), the Senator from Missouri (Mr. Eagleton), the Senator from Montana (Mr. Metcalf), and the Senator from Mississippi (Mr. Stennis) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye) is absent on official business.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Tennessee (Mr. Brock), the Senator from New Mexico (Mr. Domenici), the Senator from Utah (Mr. Garn), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), the Senator from Vermont (Mr. Stafford), and the Senator from Texas (Mr. Tower) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 65, nays 15, as follows:

[Rollcall Vote No. 344 Leg.]

YEAS—65

Allen
Bartlett
Bayh
Beall
Bellmon
Bentsen
Brooke
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Cranston
Curtis
Dole
Eastland
Fannin
Fong
Ford
Glenn
Gravel
Griffin
Hansen
Hartke
Haskell
Helms
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Laxalt
Long
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Montoya
Morgan
Moss
Nunn
Packwood
Pastore
Pearson
Pell
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stevens
Stevenson
Stone
Taft
Thurmond
Weicker
Williams
Young

NAYS—15

Abourezk
Biden
Chiles
Clark
Culver
Durkin
Hart, Gary
Hart, Philip A.
Hathaway
Kennedy
Leahy
Mondale
Muskie
Nelson
Proxmire

NOT VOTING—20

Baker
Brock
Buckley
Burdick
Domenici
Eagleton
Garn
Goldwater
Hatfield
Inouye
McClellan
McClure
Metcalf
Percy
Stafford
Stennis
Symington
Talmadge
Tower
Tunney

So the amendment (UP 109) was agreed to.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHURCH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 110

Mr. BUMPERS. Mr. President, I call up an unprinted amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. Bumpers) proposes an unprinted amendment No. 110.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 18, between lines 13 and 14 insert the following: "Project 77-18-1, Biomass Conversion Facility, $5,000,000."

Mr. BUMPERS. Mr. President, I rise to offer an amendment to increase the ERDA authorization by $5 million for the purpose of establishing a National Center for Bioenergy Conversion.

Congress has shown itself to be tremendously imaginative and forward looking in recognizing the need to provide increased levels of funding for solar energy research, development, and demonstration. Many of us, without the benefit of a technical background, have learned about the new engineering and scientific breakthrough that will hopefully permit us to harness the sun to heat and cool our buildings, dry our crops, pump our water, and generate our electricity. While some of these developments, such as solar heating, appear to be close to both technological and economic viability now, others, such as photovoltaic electricity generation, while technically viable, are still far from economical. Still other technologies, such as the harnessing of ocean thermal gradients to produce electricity, remain to be demonstrated.

The major difficulty encountered by solar energy technologies is not the collection of the energy itself, but rather the problem of storing it. It has recently been pointed out to me that one way of solving this problem is to store solar energy in the form of chemical energy.

A further advantage of such a scheme is that the chemical compounds in which the energy is stored can then be flexibly converted into a wide variety of additional liquid and gaseous fuels which are now in such short supply.

I realize that the prospect of obtaining gasoline, natural gas, home heating oil, plastics, and fertilizer from the Sun in the same sense that we now get them from petroleum sounds pretty far out. Fortunately the engineering of the solar energy collection system and the complex technology for the conversion of solar energy into stored chemical energy has already been done for us at no cost to ERDA or the Federal Government by a first-class engineering firm. Furthermore, the process has been tested over a period of many millions of years, and has been shown to utilize only low cost widely available resources, and to produce no noxious wastes. The fundamental collection and conversion process of which I speak, of course, is photosynthesis, that mysterious and marvelous system whereby green plants, using solar energy, convert carbon dioxide, and water into the remarkable array of living plants that we know. The growing of plants, especially for fuels, combined with the effective utilization of agriculture, forestry, and urban waste could provide us with a long term, renewable, biofuels resource.

The energy potential of this resource is vast. The Earth's green plants are estimated to annually store six times the world's technological energy consumption. Obviously all of this cannot be utilized to meet our energy needs, but this is still an enormous resource. Specialty crops are known which are capable of collecting the energy equivalent of 10 barrels of oil per acre each year. One ton of dry plant material or animal waste is the energy equivalent of about 1.3 barrels of oil. A special National Science Foundation seminar held at the University of California in 1974 estimated that there are 800 million recoverable tons of crop residues, and animal wastes produced annually. Unused forest materials provide an additional 50 to 180 million tons per year. This means that we have an enormous potential untapped resource in this country.

Since the basic research in this resource has already been done, it is incumbent upon us to develop the technologies to convert this resource into the fuels which we so badly need. For reasons I fail to understand, ERDA proposed to spend only $3 million in fiscal year 1977 on this area. The Interior Committee raised that amout to $8 million in this authorization. The House of Representatives raised that amount to $13.5 million and included language to develop a National Center for Bioenergy Conversion. The Public Works appropriations bill which we passed earlier this week provided for funding of such a project if it were authorized.

Mr. President, it is the purpose of my amendment to provide an authorization of $5 million to help us achieve the potential of this promising, yet neglected, area of solar energy research.

Mr. President, this amendment is one that I have discussed with the floor manager. It is designed to take care of an oversight in the committee. On page 17 of the bill, in section 202, it says "for plants and capital equipment including construction, acquisition or modification of facilities, including land acquisition," et cetera.

Following that there are a number of projects covered for which facilities may be acquired, modified or altered, but in the field of biomass conversion, there is no such provision. My amendment would add an additional project to biomass facility of $5 million. The Senate Appropriations Committee has already reported out the ERDA authorization. Anticipating the passage of this, they have included $20 million for the same thing. Our research indicates that ERDA says they could not possibly use $20 million; that $5 million is a much more legitimate figure.

Mr. CHURCH. Mr. President, I believe the amendment of the distinguished Senator has merit and I am prepared to support it.

Mr. FANNIN. Mr. President, the Senator from Arizona supports the amendment.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

Mr. BUMPERS. Mr. President, I yield back the remainder of my time.

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FORD. Mr. President, I wish to commend the action of Senator Jackson and the members of the Committee on the Interior with regard to one particular item in the ERDA authorization bill. Specifically, I am referring to the inclusion of $5 million for continued research on obtaining solar power from satellites.

In January of this year, the Subcommittee on Aerospace Technology and National Needs, of which I am chairman, held two hearings on solar power from satellites. We examined several concepts involving the use of giant satellites to collect solar power in the nearly constant sunshine in space and to beam the power to earth by microwave. At first the whole idea seemed farfetched, but as scientists, engineers, and economists explained and endorsed the various concepts, I became convinced that long-term, low-budget research should continue. This concept may be an important energy source in the next century. Furthermore, I believe we must open our minds and extend our vision if we are going to avoid more energy crises in the future.

However, when authority for NASA's work in energy for terrestrial application was transferred to ERDA, funding for solar power satellites was lost in the shuffle. It was hoped that ERDA would fund such research on a reimbursed basis with NASA.

Senator Moss, chairman of the Committee on Aeronautical and Space Sciences, wrote Senator Jackson a letter summarizing the results of our hearings and urging the Committee on the Interior to include some funding for research on solar power satellites in ERDA's budget.

It is altogether too easy for the Congress to become so enmeshed in near-term needs that we fail to provide the foundation for solutions to future problems. I believe that in including this small item in ERDA's authorization bill, the Committee on the Interior and Senator Jackson in particular has exhibited commendable foresight.

Mr. MOSS. Mr. President, today, we had debate on the ERDA legislation for fiscal 1977. This legislation could have serious budgetary implications. Additionally, implementation of our new budgetary procedures could have serious energy implications. The interface between these two concerns deserves our attention.

Under our new budgetary procedures, Congress rather than the administration has the power to decide both how, and how much, the Government should spend. Both Houses must agree on firm spending limits and tax revenue floors before the start of the Federal fiscal year which starts in October. The new plan requires that new programs submitted after the year has begun which threaten to increase spending must be countered with tax increases or cuts made elsewhere in the budget.

Now of course the first resolution spending ceilings and revenue floor are not binding. Congress can create a huge deficit if it wants to. If a majority of its members think deficit spending is justified, the Senate may opt for this. The real benefit of the process is that it allows us to look at spending as a whole and to check out probable economic consequences of various spending levels. Responsible legislators can truly measure the impact of legislation they propose under the new system. Those who feel that balancing the budget is less important than some pet project are clearly able to opt for that strategy. Nevertheless, balanced budgets are becoming very popular politically. A growing number of citizens will not accept further deficit spending or tax increases. The budget process helps make the issues clearer for everyone in terms of macroeconomic considerations.

Looking specifically to the ERDA legislation, use of budgetary process method and terminology is very helpful in deciding what the ultimate spending levels should be. Under the assumptions made by the first concurrent budget resolution which is the early spring guide to authorizing committees of Congress, function 300—including natural resources, environment, and energy matters—spending levels called for some $3.8 billion for budget authority and $3.4 billion for outlays, for ERDA in fiscal 1977. The ERDA bill which we are asked to consider, if fully funded, exceeds the assumptions of the first concurrent budget resolution in function 300 by $454 million in budget authority and $41 million in outlays.

Now I have said before that the Budget Committee is not relegated to a line-item consideration of budget matters. Obviously we on the committee need to preserve considerable flexibility in dealing with important competing national issues. Additionally, I have argued extensively since the Arab oil embargo of 1973 for complete and accelerated funding of advanced energy systems.

Coming from Utah, with its vast supplies of coal, tar sands, oil shale, uranium, geothermal steam, and its tremendous potential for solar development, I have often been at the forefront of legislation to develop synthetic fuels, solar heating and cooling devices, hydrogen as a fuel, fuel cells, and other advanced energy systems. Because of the magnitude of investment necessary for startup in these new energy areas, I have advocated a strong, supportive Federal role, mainly through a system of loans and loan guarantees. I continue to believe that our dependence on foreign oil, currently listed at over 40 percent, can only be eliminated through this strong Federal/private cooperative effort.

With regard to the current ERDA bill, however, I believe that appropriations beyond the early budget assumptions of the first concurrent resolution would not be in the best interests of the country at the present time. I believe first of all that our national economic situation is so relatively tenuous, and the budget already so relatively tight that further stretching of the budget could only lead to increased inflationary pressures at a time when the economy and the public psyche could least afford it.

Additionally, sources at ERDA have indicated that that agency may not have the present capability of allocating and contracting for the increased spending levels being proposed. This is the kind of a problem totally foreign to the individual consumer, but a very real one to many governmental agencies, especially those just organized or being developed.

I am sure each of us can recall legislation in the past which was merely designed to throw more personnel and money at a problem when what was really needed was the tedious, hard research and development which goes on in quiet unspectacular ways and which generally takes a few years to come about. There is a lot of political mileage to be made by screaming for more money now, but what is usually needed cannot be purchased without a fairly long research commitment and the development of consumer interest in the particular product to be produced. Viewed in this context, present spending levels at ERDA are probably about right (though there does appear to be too much of an imbalance in allocation between nuclear and nonnuclear matters to suit my own particular preference). Dr. Seamans has recently pointed out the impracticality of expanding the ERDA budget on solar energy research at this stage of the R. & D. program. He said:

> If we attempt to increase these new programs too rapidly we stand a high risk of wasting taxpayers' funds in the process. In fact, such a large increment as was authorized by the House for solar energy development could even be counterproductive by diversion of technical and administrative staff to manage projects of small marginal value (RECORD 6/15/76—p. 18133).

What this particular program needs is new skills learned by a large body of workers, new materials and technologies, and the development of a consumer market. If ERDA does not think any more money would be helpful at this time, we would be foolish to force it upon them. Obviously, other technologies, besides solar, share this same type of problem from time to time. That being the case, a fiscally conservative approach to budget increase would be in order. In this context a rather strict observance of our new budgetary procedure is called for.

Mr. MUSKIE. Mr. President, at this time I would like to make a few brief comments on the ERDA authorization bill, S. 3105, so that Members of the Senate can be aware of the bill's budgetary implications from the standpoint of the first budget resolution.

Let me first point out that this is an authorization bill, not an appropriations bill. Yet we are all aware of the kinds of pressure that authorizations bills can place upon the appropriations process. Restraint in the the appropriations process will be essential in the energy area if the priorities and limits of the congressional budget are to be observed and the targets not to be exceeded.

Such restraint has already begun. Just last Wednesday the Senate passed the public works/energy appropriation bill which provides most of the funds for ERDA. As passed, that bill appropriated funds well below the level authorized in this bill. While additional funds are to be appropriated to ERDA in the Interior and related agencies appropriation bill, the final amount appropriated to ERDA is likely to be considerably less than the amount authorized in the pending legislation. Indeed, unless such restraint is observed, the allocations of the congressional budget for energy purposes will be exceeded.

As I have mentioned many times before, Mr. President, the congressional budget process is not a line-item process and the Budget Committee is not a line-item committee.

Although the Budget Committee does not deal in line-items, we obviously had to make assumptions regarding major program areas in order to arrive at meaningful budget targets. In the case of energy, for example, the first budget resolution assumes funding of $5.1 billion in budget authority and $4.2 billion in outlays. If we are to spend more than this for energy, then some other area of the budget will have to be cut unless we wish to increase the deficit. This amount, by the way, is $1.1 billion in budget authority and $0.8 billion in outlays above the President's January budget request, in light of the greater emphasis Congress puts on progress toward lower cost energy and national energy sufficiency.

The pending bill authorizes $6.8 billion for ERDA in fiscal year 1977. This amount, if fully funded, would result in outlays of $5.7 billion. These figures, let me add, are net amounts in that the legislation assumes $700 million in ERDA receipts that would be used to offset agency spending.

The funding for ERDA falls into three of the functional categories of the budget: First, function 050—national defense, second, function 250—general science, space and technology, and third, function 300—natural resources, environment and energy.

In each of these functions the amounts authorized in the pending bill, if fully funded, would exceed the spending assumed in the first budget resolution. The potential exceeds in one function—natural resources, environment and energy, function 300—requires particular discussion.

The problem before us is that Congress will be considering a wide variety of energy legislation that impacts on function 300—including the pending bill—that, if fully funded at the authorization levels, would result in spending far in excess of our first budget resolution assumptions—more than $1 billion higher in the case of budget authority and about $500 million higher in the case of outlays.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing these various pieces of energy legislation and their potential impact on function 300 if they were fully funded.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Energy and the 1977 FCR, Function 300: Natural resources, environment, and energy

[Pending energy legislation, in millions of dollars, if fully funded]

Authorizations:	*Budget Authority*	*Outlays*
Nuclear Regulatory Commission—S. 3167	274	206
ERDA—S. 3105	4,254	3,441
FEA—S. 2872	183	175
FEA conservation amendments	205	150
Other agencies	300	300
Auto R. & D.—S. 3267	55	25
Electric auto R. & D.—S. 1632	10	10
Synthetic fuels—H.R. 12112	500	
Energy information—S. 1864	60	30
Subtotal	5,841	4,337
Appropriations:		
Strategic petroleum reserves	558	790
Naval petroleum reserves	421	268
State energy programs	25	25
Subtotal	1,004	1,083
Deduction for offsetting receipts	−694	−694
Total	6,151	4,726

* * * * *

[In billions of dollars]

Amounts if pending energy legislation is passed and fully funded (from above)	6.2	4.7
Amounts assumed for energy in the budget resolution	5.1	4.2
Possible overage	1.1	0.5

Mr. MUSKIE. The arithmetic of the table compels the conclusion that in several instances at least, the Appropriations Committee will have to fund energy programs at levels below what is authorized if Congress is to stay within the targets in the first budget resolution. Indeed, the potential for far exceeding the budget resolution targets is such that the Committee on Appropriations may have to make deeper than usual cuts.

I realize that the ERDA bill is only one of several energy bills that will come before the Senate. But from a budget standpoint the bill is the largest single piece of energy legislation we will debate, and the Senate should be aware of the budgetary picture for energy. We simply cannot appropriate the full amount for each of the energy bills without breaking the congressional budget target.

Though we must keep the budgetary situation clearly in mind, I believe this bill should pass. This bill will continue research and development in nuclear power, an energy source vital to New England. The bill will expand our fossil fuel and solar energy efforts upon which the entire Nation's long-term energy future depends. And it will accelerate work on energy conservation, a program with vast potential yet to be fully realized. So I support this bill, even though full funding is unlikely.

Mr. President, let me add just one last comment about this bill in regard to the provision which authorizes $230 million to begin work on a new Federal uranium enrichment plant. I support this program—as I supported the $170 million for it in the public works appropriation bill—because it seems evident that the Nation needs additional enrichment capacity, though exactly how soon and how much is not at all clear.

I am aware that the administration's bill to allow ERDA to guarantee the entry of private ventures into the uranium enrichment business is now on the calendar. It is my understanding that as revised by the Joint Committee on Atomic Energy, that bill, S. 2035, provides that each contract ERDA plans to enter into with these private enrichment ventures will have to be approved by Congress. If S. 2035 is enacted, several of these contracts will be submitted shortly thereafter. The parameters of the first of these contracts have been disclosed and can be described as exceedingly generous.

The Federal enrichment facility authorized to be started in the pending bill offers an alternative to at least the first of these guaranteed private ventures, an alternative that should be utilized if ERDA is unable to negotiate a contract that protects the interests of the United States.

I thus support this $230 million authorization as an important feature of congressional energy policy. It represents a start toward needed expansion of our enrichment capability. It also represents a means to encourage ERDA to negotiate firmly with the private enrichment ventures.

ADDITIONAL STATEMENTS SUBMITTED

Mr. MONTOYA. Mr. President, during the budget review process, the Office of Management and Budget reduced the fiscal year 1977 budget for the naval reactor development program by $5 million in budget outlays and $6.7 million in budget authority as part of an overall budget reduction effort. This reduction would delay advanced development work directed at achieving improved longer life and more reliable nuclear propulsion plants. This is vitally important work, particularly in view of the growing Soviet fleet. For this reason, I urge that these funds be restored and that the operating budget for the naval reactor development program be revised to $207.6 million in budget outlays and $198.2 million in budget authority.

Mr. CRANSTON. Mr. President, I want to take this opportunity to express my appreciation to the Interior Committee and to the distinguished chairman of the Subcommittee on Energy Research (Mr. CHURCH) for including in the committee bill $3 million of the $6.5 million I requested in amendment No. 1510 for fiscal year 1977 to accelerate research, development, and demonstration of methanol.

Methanol is a highly versatile liquid synthetic fuel that can be used alone or as a mix with gasoline in existing automobiles. It can also be used to power the peaking gas turbines utilized for electrical generation.

My amendment, which I introduced March 22 with the cosponsorship of Senators CASE, DURKIN, HATHAWAY, JAVITS, MCINTYRE, and TUNNEY, would have authorized a two-part, 2-year demonstration of methanol in Federal, State, or locally owned fleet vehicles and in selected utility gas turbines.

The Interior Committee generously included $3 million of my recommended $6.5 million for methanol testing. On page 137 of the committee report, the committee notes:

> Three million dollars of the increase is for work related to the use of alcohols in automobile engines and in utility gas turbines. These funds are intended for work on problems of storage and use that must be solved prior to a demonstration program. . . . A recent NSF study (M74–61) indicates that certain problems such as fuel separation in the presence of moisture, tank seal corrosion, and cold starting problems need to be solved prior to any large scale use of methanol. The committee intends that part ($3 million) of the increase in this area be used for such purposes.

Mr. President, I will defer to the judgment of the Interior Committee that work related to the solving of such problems as fuel separation and cold starting should be done sequentially rather than simultaneously with a large-scale demonstration. I am, therefore, not going to push my amendment in the Senate today to restore the full level of funding authorized by amendment No. 1510. But I do so with the understanding that the $3 million will be well spent toward solving these relatively minor technical problems relating to the use of methanol in existing automobiles and that a large-scale demonstration will be implemented in the next fiscal year.

Mr. President, whether or not the OPEC cartel reimposes an embargo on oil exports to the United States, we know we cannot go on forever relying upon finite and increasingly costly supplies of oil and gas. The wise path to follow on our quest for energy security is to develop as soon as possible a varied menu of energy alternatives. Methanol has shown great promise—technologically and economically—in a number of small-scale experiments.

We should not delay our efforts to introduce methanol into widespread daily use.

Mr. MANSFIELD. Mr. President, there is no question of our Nation's continuing insistent and urgent need for new energy sources. I commend the Interior Committee for their successful efforts at bringing to the floor of the Senate an effectively balanced Energy Research and Development Administration authorization bill for fiscal year 1977. The bill provides research, development, and demonstration for new short-term coal conversion and other energy conversion processes and long-range new alternate energy concepts. It is imperative that the Nation attempt, in concert with appropriate conservation efforts, to develop those processes that will make our Nation self-sufficient over the long term in energy resources. In particular, I am pleased with the committee's efforts concerning the magnetohydrodynamics programs.

For the last 8 years, Senator METCALF and I have consistently requested that the magnetohydrodynamics—MHD—technology be given the opportunity to prove its potential advantage over conventional generation methods. Since February of 1975, there has been developing within ERDA the framework of a national MHD program. I am happy to report that positive steps have been taken to insure the growth and viability of this program. On May 15 of this year, ERDA broke ground on its MHD component development and integration facility which is an intermediate-size facility designed to test components to be used in the engineering test facility, the near commercial scale facility for testing a complete MHD system to be built in the 1980's.

Development of this program and beginning construction of the initial MHD facility has not been easy. I congratulate Dr. Seamans, Dr. White, Dr. Jackson, and the entire ERDA team for their accomplishments to date in the MHD program and strongly urge them to move forward with an even more progressive effort as they begin to develop their fiscal year 1978 budget.

I am also very appreciative of the Interior Committee's support of the MHD program and its development. I have noted that this bill contains $37.986 million in operating expense funding for the national MHD program and $6.7 million to complete construction costs for the CDIF. I emphasize that these funds provide a barebones operation for the MHD program and do not allow for development of backup technologies to support first run failures. Nevertheless, I am gratified at the committee's continued support and urge the committee to stand firmly behind the Senate authorization for MHD during the conference with the House.

Mr. President, last year, I joined with Senator GLENN in urging ERDA to develop a fuel cell program that is commensurate with the potential benefits of this promising new technology. We asked for increased funding of the fuel cell program again this year, and I am pleased to note the committee has included $21 million in the bill for the national fuel cell program. This is a relatively small amount when compared to the hundreds of millions of dollars expended for research on the fuel cell technology by private industry, but it is a healthy beginning.

Expedited development and utilization of first generation fuel cell equipment will contribute significantly to the national goal of conserving oil and gas Furthermore, it will establish a credibility base for further application and usefulness as well as a production base required to assure commercial success of integrated coal-fuel cell powerplant energy systems.

Mr. President, I also wish to thank the committee for their inclusion in this bill of a small grants program for appropriate technology. We in Montana are more than familiar with the need to develop appropriate technologies at all levels. The National Center for Appropriate Technology in Butte is about to be fully funded by the Community Services Administration, but the effort must be a broad-based attack on all fronts. More agencies must be involved in the development of appropriate technology if a national effort is to be effective in this endeavor.

ERDA and other agencies have consistently looked principally at the development of large scale, major hardware, and high technology projects. The small grants program for appropriate technology appropriate to the needs of end users at the individual, family, and community level. The program will provide a funding source for qualified inventors, small businesses, nonprofit groups, Indian tribes, or municipalities who wish to evaluate, develop, or demonstrate an appropriate technology or technique that will lessen demands for nonrenewable energy resources.

I wholeheartedly support this effort and urge ERDA to work closely with the National Center for Appropriate Technology to avoid duplication of effort and to promote a strong national energy conservation program.

Mr. MUSKIE. Mr. President, earlier this year I expressed concern with the Energy Research and Development Administration's plans to spend $5 million from the environmental research and safety budget for analysis of energy and environmental policy considerations. This activity was described by ERDA as having the objective of analyzing the relationships among the technical, environmental, health, economic, and societal factors in regulations as they might affect energy research development and demonstration policy decisions, or as they might affect commercialization of developed energy systems.

In answers to questions by Senator Church, ERDA's replies suggested that this office might also be used for reexamination of environmental policies and regulations with the intent of proposing or opposing such regulations. I am pleased that the Committee on Interior and Insular Affairs rejected this proposal.

The members of the Interior Committee and its distinguished chairman have made clear in the report that none of the funding requested by ERDA for analysis of energy and environmental policy will be used to second guess the regulatory effort of the Environmental Protection Agency. Such activity would clearly be wasteful of scarce resources in a time of tight budget constraints. It would be inconsistent with the authorizing legislation which established ERDA which does not provide authority to make benefit-risk cost assessments in areas relating to environmental protection standards.

And, finally, it would be counterproductive, introducing confusion and delay into environmental regulation and standard-setting by those agencies which have statutory authority to do so.

Mr. President, the role of ERDA and the constraints thereon are apparently limited by the language of the committee report. I ask unanimous consent that the following paragraphs from page 157 of that report be inserted in the Record at this point, in order that the legislative history of the action of the Senate on this bill will specifically reflect that intent.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

> Included in the biomedical and environmental research program is $5 million requested by ERDA for analysis of energy and environmental policy considerations. This funding is not to be used by ERDA to become involved in environmental standard-setting and regulations. ERDA is not to interfere with the regulatory functions which EPA is authorized to exercise.
>
> The funds are for the purpose of providing analyses so that ERDA can plan its research program to meet environmental requirements, with primary focus on assuring that new and emerging energy technologies can achieve environmental requirements and objectives. None of these funds shall be used in activities duplicative of EPA's analyses of the environmental, economic, and energy impacts of standards and regulations dealing with energy facilities.
>
> In expending the $5 million for environmental analysis, ERDA shall consult with EPA and shall make all data and information available to EPA on a timely basis to ensure that there is no interference in the orderly development of reasonable environmental regulations by EPA as required by statute.
>
> The legislative history of ERDA makes it clear that ERDA is not authorized to become involved in the development of environmental regulations and standards except as specifically related to ERDA's expenditures. The Committee does not intend to set up a new office for this purpose.
>
> In pursuing its mandate to assess the environmental impacts of new and improved energy resources and technology, ERDA's primary concern must be to ensure that new energy supply systems are environmentally acceptable. This will continue to require a program of basic and applied research and development, and the scientific and technical information developed should certainly be shared with EPA and other interested agencies. However, it is clear that this responsibility does not extend to the area of regulation.
>
> As stated in the exchange of letters between Senators Jackson and Muskie when ERDA was first established, ERDA will continue to have significant responsibilities in developmental research, while regulatory research will remain with EPA. This concept extends to policy analysis as well.

Mr. MONTOYA. Mr. President, at the start of the Roman Empire, the Italian Peninsula was fully forested. By the time of the invasion of Rome, however, it had been denuded for fuel. Romans went as far away as the Black Forests of Germany to find fuel to refine iron for their tools and weapons: an uncomfortable parallel indeed to this country's growing dependence on foreign oil.

But unlike the ancient Romans, we are in a position to explore new energy sources and develop the technology necessary to utilize this energy to its fullest potential. Such a combination of research into new areas and development of existing sources allows us to enjoy the pattern of energy consumption we have grown accustomed to, while at the same time, expanding the sources from which that energy is drawn. S. 3105, the Energy Research and Development Administration authorization bill will allow our country to escape the fate of the Roman Empire, and I urge my colleagues' support for this measure as reported out of both the Joint Committee on Atomic Energy and the Committee on Interior and Insular Affairs.

While it has been argued that the energy research and development programs place too much emphasis on nuclear related energy opportunities to the detriment of other potential power sources, I believe close scrutiny of ERDA's fiscal year 1977 authorization bill will show that each separate energy resource is receiving its fair share of Federal R. & D. money. Each of the programs included within the fiscal year 1977 authorization is funded at a level which will guarantee optimum progress in a specific area. The whole bill is aimed at assuring an adequate supply of energy both for the long term and for the immediate future, within the limits of the current budget ceiling.

As a member of the Joint Committee on Atomic Energy, I was vitally concerned that each energy resource should receive its appropriate share of Federal R. & D. dollars. In order to insure a balanced request, each program was viewed with several criteria in mind: the rate of a program's growth from the previous year, its stage of maturity in terms of experimental, development, or demonstration status, and finally, the program's potential contribution for meeting this country's energy requirements. Applying such criteria, both this committee and the Committee on Interior and Insular Affairs found this authorization to reflect a reasonable balance in the allocations between the various energy resource programs.

A brief examination of the various programs included in this authorization will illustrate this point quite clearly. The $252 million authorization for energy conservation programs for example, is up 235 percent from last year, the largest single increase for any program covered in this authorization. This increase in funds reflects a substantial upgrading in ERDA's conservation programs, and also displays the strong investment we are placing in conservation programs such as the improvement of solid waste disposal systems and the development of the Stirling engine. Projects such as these may help cut our energy needs by nearly 20 percent by the year 2000.

The 140-percent increase for solar energy projects represents not only a similar strong investment in this viable source of power, but also serves to show that as experimental and design problems are solved, increased expenditures in future budgets can be expected. This $287 million authorization includes continued construction of the 5-megawatt solar thermal test facility operated by Sandia Laboratories in Albuquerque, N. Mex., which will lay the foundation for developing central solar electric plants. This same rationale was used by the various committees in authorizing the 100-percent increase in geothermal energy projects as well.

In the area of nuclear energy, I believe the authorization figure for both fission and fusion power projects accurately reflects the present scope of such programs. The bill authorizes $656 for breeder reactor programs, a 36-percent increase, $178 million for other reactor and safety programs, and $347 million in fuel cycle and safeguard programs, up a total of 50 percent from last year. Clearly, these figures represent a move to not only increase our knowledge and understanding of nuclear energy, but also to enhance the safety and operation reliability of the existing light water reactors. Through such projects as the nuclear materials security and safeguards program conducted at the Los Alamos Scientific Laboratories, and investment of $3,940,000 will help insure the essential demonstration of safe and economic commercial application of nuclear technology.

Despite the attainment of zero population growth, the number of U.S. households will increase 34 percent by 1985, and the labor force will rise over 25 percent due to the high birth rate of the 1950's. For this reason, our energy R.D. & D. policy must be designed to recognize our diminishing resources and supplement them with viable alternatives. If we are to avoid the fate of ancient Rome, we must begin to utilize our technology, our initiative, and our resources more wisely. Therefore, I once again urge my colleagues to support S. 3105 without amendment, so that we may continue to develop an intelligent and balanced energy policy.

Mr. DOMENICI. Mr. President, I wish to express my strong support for the loan guarantee program for commercial bioconversion demonstration facilities called out in title VIII of S. 3105.

Through the process of biomass conversion it is possible to generate both synthetic fuels and energy from the vast quantities of urban and agricultural organic waste materials generated each year in this country. It has been estimated that biomass conversion could contribute as much as 10 or 11 percent of our domestic energy needs by the year 2020. At the same time by effectively consuming these organic waste materials, biomass conversion processes will actually reduce the pollution and eliminate the tremendously difficult and expensive storage problems associated with waste disposal. Surely appropriate research and development activities and efforts leading to rapid commercialization of this technology should be strongly encouraged.

I am pleased to see that in S. 3105 we are providing funds for a vigorous R. & D. effort, and, through the loan guarantee program, are looking ahead to the encouragement of rapid commercialization of this important technology.

Mr. DOLE. Mr. President, I would like to express my support for S. 3105, the ERDA authorization bill. The importance of this legislation is undisputed in this energy-conscious time and I am sure that it is the hope of all of us that this authorization measure will assist energy research and development in a substantial way.

Of particular interest to Kansans are the provisions concerning solar and wind energy, since Kansas has tremendous resources in both of these areas. In fact, it is my understanding that my hometown of Russell, Kans., is under consideration by ERDA as a site of a wind energy unit.

I have been a longtime supporter of research in these two areas and hope that our Nation will be making tremendous strides in these areas.

I was pleased with the acceptance of the amendment requiring a larger role for small businesses in solar energy research. In my home State, there are many small businesses doing very fine work in the solar area. I would like to express my strong support of the energy research and development efforts of small businesses and units of Government in rural areas.

A large proportion of the technological advances made in our country have been made by small businesses, a fact which all of us should keep in mind.

CONGRESS ACCELERATES SOLAR ENERGY DEVELOPMENT EXPORT

Mr. HUMPHREY. Mr. President, passage by the Senate of the fiscal year 1977 authorization bill for the Energy Research and Development Administration—ERDA—largely completes congressional action on solar energy this year. All that remains is for conferees to agree on a fiscal year 1977 budget which will be between the House figure of $309 million and the Senate level of $278 million.

This level of funding reflects a complete rejection by Congress of the administration's plans for a weak solar program. Back in January, President Ford requested only $160 million for solar energy in fiscal year 1977. This level of funding would have meant that solar energy remained only a second choice solution to our energy needs. This relatively low solar R. & D. funding level would have delayed the widespread application of solar energy well beyond the turn of the century. The House joined the Senate in rejecting these administration plans to restrict the solar program.

In March, I introduced S. 3227, the Solar Energy Act of 1976. It was cosponsored by Senator MONDALE and some 35 other colleagues in the Senate. The Senate Interior Committee subsequently accepted my entire bill in place of the administration's weak solar budget request. And the Senate Appropriations Committee followed suit resulting in a congressionally dictated solar program for next year which is approximately 80 percent larger than requested by the administration.

Congress is to be congratulated in my opinion for pushing the administration into an aggressive solar program. And, in particular, Senator FANNIN of the Interior Committee and Senator MCCLELLAN of the Appropriations Committee played major roles and deserve major credit for that effort. Without their full and active support of a forward looking solar program, it is doubtful that Congress would have been able to establish the solar priorities in my legislation over the very strenuous administration objections.

It is now up to Congress to see that the large solar outlay for fiscal 1977 is spent wisely and well through effective oversight activities.

Mr. BAYH. Mr. President, the distinguished Senator from West Virginia, Senator ROBERT C. BYRD, chairman of the Interior Appropriations Subcommittee, the other members of the subcommittee, and the subcommittee staff are to be congratulated on the excellent Interior appropriations bill for fiscal 1977 which the Senate will be voting on soon.

I take this opportunity to comment on one aspect of the Interior appropriations bill of great interest to me—the energy conservation research program conducted by the Energy Research and Development Administration. I am pleased that the report accompanying the appropriations bill expresses the committee's interest in and support for this vital program. The committee is also to be commended for the comments included in the report concerning the importance of synthetic fuel production. I remain concerned, however, that much less than 5 percent of ERDA's resources are directed toward energy conservation.

Within ERDA's general conservation research and development program is a small municipal solid waste program. I feel very strongly that this is one of the most important areas for Federal support.

In the April 1975 issue of Nation's Cities, solid waste management was listed as the No. 1 urban problem in a survey of mayors and councilmen. The recovery of energy from solid waste offers a viable solution to disposal difficulties faced by cities and towns, while providing an alternative to existing energy sources.

Conversion of solid waste into fuel is cheaper than other waste disposal operations such as incineration, remote landfill, and other traditional disposal systems, according to a report prepared by the Council on Environmental Quality.

Solid waste conversion is, in fact, a true method of energy conservation because it reduces the consumption of alternative fuels which are depletable. Yet the level of Federal assistance to waste disposal and conversion research and development remains ridiculously small.

In view of the severe energy problems and the environmental problems associated with urban waste, and with burning fossil as well as nonfossil fuels, an increased Federal effort is surely a logical step.

At least 38 cities are known to be considering installation of energy recovery systems. A number of factors, however, impede the progress of a nationwide installation of waste conversion plants.

Because these technologies are relatively new, there is a lack of information and acceptance on the part of local governments. In many cases, private industries have invested substantial capital in developing and testing new technologies; but because of the uncertainty of the potential financial return, Federal assistance is often a necessary partner in sustaining private efforts to bring new technologies to a commercially viable stage. Federal assistance to energy recovery systems can and should take the form of technical assistance, and research, development, and demonstration assistance.

I would urge ERDA to give a much greater priority to the energy from urban waste program than it has in the past. In particular, I urge ERDA to carefully study a recently developed technology which converts municipal solid waste into pellitized fuel. This process has the potential for providing low-cost, environmentally acceptable fuel.

The pellitized process has several advantages over other developing technologies. It has a higher Btu content; it is denser, and easier to handle; its pollutant effect is lower than unpellitized fuel; it is capable of reclaiming ferrous metals and glass.

The advantages of this process have been documented. A pellitized fuel produced by a demonstration plant operated by the Seagrave Corp. in Los Gatos, Calif., has successfully utilized the process to convert municipal waste. The fuel was used by the Eugene, Oreg., Water and Electric Board; its handling, feeding, and burning characteristics were evaluated in a December 1974 report prepared for the Board by Sandwell International, a scientific testing firm.

The report stated:

> Pellitized solid waste proved to be an excellent fuel and it is probable that full boiler rating could be achieved with this fuel alone.

The report went on to say that—

> Handling the pellitized solid waste presented none of the major problems associated with loose, shredded solid waste.

And concluded, in part that—

> Pellitizing would be an ideal method of preparing solid waste for fuel and quite possibly a compacting or pressing operation could be substituted for much of the boiler feed system modifications required to handle the loose, shredded solid waste.

Mr. President, I have mentioned just a few of the less technical conclusions of a scientific study of the pellitized process. I am not a scientist, but I am convinced that this technology has the potential for producing a commercially viable, environmentally safe method of converting waste into fuel. The Los Gatos plant, and its technology, should be carefully studied by ERDA, so that the benefits of this process can be confirmed, or modified if necessary, and extended to towns and cities across the country.

Mr. TAFT. Mr. President, I want to thank the committee for including funds in the bill for ERDA to proceed with plans to expand the uranium enrichment capacity of the Government plant in Portsmouth, Ohio.

The $230 million that is contained in this bill will allow the beginning of construction and the procurement of long leadtime items.

In the near future Congress will be considering the Nuclear Fuel Assurance Act which authorizes the additional funds that will be necessary to complete construction of this plant.

I believe that if the events in the energy field have taught us anything in the past few years it is that we must have long-range planning and I commend the committee and ERDA for the progress made as well as planning. We know that the supply of uranium is not limitless and that is why in this bill we are proceeding with the demonstration breeder reactor. We must also insure that the conventional reactors that are now being built, and that will be built, have adequate supplies of enriched uranium that they need for fuel. Moreover, export sales by the United States to existing U.S. design plants abroad are important to deter nuclear proliferation.

It is my belief that if we are to become independent for our energy needs we must have a balanced development program. The committee has reported a bill that has research and development for solar, Devonian shale, coal gasification a massive project in this field was funded for Ohio yesterday, and other innovative forms of creating energy. By developing all these resources, while we continue research into nuclear energy I am confident that we can achieve our energy goals.

Mr. CHURCH. Mr. President, to my knowledge there are no further amendments pending. I hope we can go to the third reading of the bill.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. CHURCH. Mr. President, I ask unanimous consent that the Joint Committee on Atomic Energy and the Committee on Interior and Insular Affairs be discharged from further consideration of the bill H.R. 13350.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 13350.

The PRESIDING OFFICER. Without objection, the Senate will proceed immediately to the consideration of the bill, which the clerk will state by title.

The legislative clerk read as follows:

> A bill (H.R. 13350) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

Mr. CHURCH. Mr. President, I move to strike all after the enacting clause of H.R. 13350 and to substitute the text of S. 3501, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Missouri (Mr. Eagleton), the Senator from Ohio (Mr. Glenn), the Senator from Arkansas (Mr. McClellan), the Senator from Montana (Mr. Metcalf), the Senator from Mississippi (Mr. Stennis), the Senator from Georgia (Mr. Talmadge), the Senator from California (Mr. Tunney), are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye), is absent on official business.

I also announce that the Senator from Indiana (Mr. Bayh), the Senator from Missouri (Mr. Symington), are absent because of illness.

I further announce that, if present and voting, the Senator from North Dakota (Mr. Burdick), the Senator from Indiana (Mr. Bayh), the Senator from Ohio (Mr. Glenn), would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Tennessee (Mr. Brock), the Senator from New Mexico (Mr. Domenici), the Senator from Utah (Mr. Garn), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Nevada (Mr. Laxalt), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), the Senator from Vermont (Mr. Stafford), the Senator from Texas (Mr. Tower), are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley), is absent due to illness.

I further announce that, if present and voting, the Senator from New Mexico (Mr. Domenici), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), would each vote "yea."

The result was announced—yeas 77, nays 0, as follows:

[Rollcall Vote No. 345 Leg.]

YEAS—77

Abourezk
Allen
Bartlett
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Durkin
Eastland
Fannin
Fong
Ford
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stevens
Stevenson
Stone
Taft
Thurmond
Weicker
Williams
Young

NAYS—0

NOT VOTING—23

Baker
Bayh
Brock
Buckley
Burdick
Domenici
Eagleton
Garn
Glenn
Goldwater
Hatfield
Inouye
Laxalt
McClellan
McClure
Metcalf
Percy
Stafford
Stennis
Symington
Talmadge
Tower
Tunney

So the bill (H.R. 13350) was passed, as follows:

That there is hereby authorized to be appropriated to the Energy Research and Development Administration funds for activities under the following titles:

Title I.—For nuclear energy research and development, basic research, space nuclear systems and other technology, uranium enrichment, national security, and related programs, $5,266,004,000.

Title II.—For nonnuclear energy research, development, and demonstration of fossil, solar, geothermal, and other forms of energy, and for energy conservation, $1,128,195,000.

Title III.—For environmental research and safety, basic energy sciences, program support, related programs, and for scientific and technical education, $692,018,000.

TITLE I—FOR NUCLEAR ENERGY RESEARCH AND DEVELOPMENT, BASIC RESEARCH, SPACE NUCLEAR SYSTEMS AND OTHER TECHNOLOGY, URANIUM, ENRICHMENT, NATIONAL SECURITY, AND RELATED PROGRAMS

OPERATING EXPENSES

Sec. 101. For "Operating expenses", $3,384,376,000.

PLANT AND CAPITAL EQUIPMENT

Sec. 102. For "Plant and capital equipment," including construction, acquisition, or modification of facilities, including land acqusition; and acquisition and fabrication of capital equipment not related to construction, a sum of dollars equal to the total of the following amounts:

(a) Magnetic Fusion:

Project 77–2–a, computer building, Lawrence Livermore Laboratory, Livermore, California, $5,000,000.

(b) Laser Fusion:

Project 77–3–a, electron beam fusion facilities, Sandia Laboratories, Albuquerque, New Mexico, $13,500,000.

(c) Fission Power Reactor Development:

Project 77–4–a, modifications to reactors, $5,000,000.

Project 77–4–b, breeding nondestructive assay facility, Idaho National Engineering Laboratory, Idaho, $9,500,000.

Project 77–4–c, high performance fuel laboratory, Richland, Washington (A–E only), $1,500,000.

Project 77–4–d, fuel storage facility, Richland, Washington (A–E and long-lead procurement), $7,000,000.

(d) Fission Power Reactor Development:

Project 77–5–a, computer building acquisition, Idaho National Engineering Laboratory, Idaho Falls, Idaho, $950,000.

(e) High Energy Physics:

Project 77–7–a, accelerator improvements and modifications, various locations, $3,600,000.

(f) Basic Energy Sciences:

Project 77–8–a, accelerator and reactor improvements and modifications, various locations, $1,300,000.

Project 77–8–b, expanded experimental capabilities, Bates Linear Accelerator, Massachusetts Institute of Technology, Massachusetts Institute of Technology, Massachusetts, $5,000,000.

Project 77–8–c, increased flux, high flux beam reactor, Brookhaven National Laboratory, New York, $2,500,000.

Project 77–8–d, conversion of steam plant facilities, Oak Ridge National Laboratory, Tennessee, $12,200,000.

(g) Uranium Enrichment Activities:

Project 77–9–a, expansion of feed vaporization and sampling facilities, gaseous diffusion plant, multiple sites, $30,000,000.

Project 77–9–b, air and nitrogen system uprating, gaseous diffusion plants, Oak Ridge, Tennessee, $5,200,000.

Project 77–9–c, upgrade ventilation systems, technical services building, gaseous diffusion plant, Portsmouth, Ohio, $3,000,000.

Project 77–9–d, centrifuge plant demonstration facility, Oak Ridge, Tennessee, $60,000,000.

(h) Uranium Enrichment Activities:

Project 77–10–a, fire protection upgrading, gaseous diffusion plants multiple sites, $8,300,000.

Project 77–10–b, modifications to comply with the Occupational Safety and Health Act, gaseous diffusion plants, and Feed Materials Production Center, Fernald, Ohio, $8,200,000.

(i) Weapons Activities:

Project 77–11–a, safeguards and research and development laboratory facility, Sandia Laboratories, Albuquerque, New Mexico, $9,300,000.

Project 77–11–b, safeguards and site security improvements, various locations, $13,500,000.

Project 77–11–c, 8-inch artillery fired atomic projectile production facilities, various locations, $20,500,000.

Project 77–11–d, tritium confinement system, Savannah River, South Carolina, $3,500,000.

(j) Weapons Activities:

Project 77–12–a, fire and safety project, Lawrence Livermore Laboratory, California, $2,300,000.

Project 77–12–b, life safety corridor modifications, Bendix Plant, Kansas City, Missouri, $3,100,000.

Project 77–12–c, modifications to comply with the Occupational Safety and Health Act, Y–12 Plant, Oak Ridge, Tennessee, $6,400,000.

Project 77–12–d, upgrade reliability of fire protection, Bendix Plant, Kansas City, Missouri, $7,800,000.

Project 77–12–e, sludge disposal facility, Y–12 Plant, Oak Ridge, Tennessee, $3,000,000.

(k) Weapons Materials Production:

Project 77–13–a, fluorinel dissolution process and fuel receiving improvements, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho (A–E and long-lead procurement), $10,000,000.

Project 77–13–b, improved confinement of radioactive releases, reactor areas, Savannah River, South Carolina, $6,000,000.

Project 77–13–c, seismic protection, reactor areas, Savannah River, South Carolina, $3,000,000.

Project 77–13–d, high level waste storage and waste management facilities, Savannah River, South Carolina, $56,000,000.

Project 77–13–e, high level waste storage and handling facilities, Richland, Washington, $40,000,000.

Project 77–13–f, waste isolation pilot plant, site undesignated (A–E, land acquisition, and long-lead procurement), $6,000,000.

Project 77–13–g, safeguards and security upgrading, production facilities, multiple sites, $12,600,000.

Project 77–13–h, personnel protection and support facility, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, $10,500,000.

(l) Project 77–14, General Plant Projects, $74,610,000.

(m) Project 77–15, Construction Planning and Design, $7,200,000.

(n) Capital Equipment $276,368,000.

LIMITATIONS

Sec. 103. The Administration is authorized to start any project set forth in title I, subsections 102 (b), (c), (e), (f), (g), (i), and (k), only if the currently estimated cost of that project does not exceed by more than 25 per centum the estimated cost set forth for that project.

Sec. 104. The Administration is authorized to start any project set forth in title I, subsections 102 (a), (d), (h), and (j), only if the currently estimated cost of that project does not exceed by more than 10 per centum the estimated cost set forth for that project.

Sec. 105. The Administration is authorized to start any project under title I, subsection 102(l), only if it is in accordance with the following:

(1) The maximum currently estimated cost of any project shall be $750,000 and the maximum currently estimated cost of any building included in such project shall be $300,000: *Provided*, That the building cost limitation may be exceeded if the Administration determines that it is necessary in the interest of efficiency and economy.

(2) The total cost of all projects undertaken under title I, subsection 102(l), shall not exceed the estimated cost set forth in that subsection by more than 10 per centum.

Sec. 106. The total cost of any project undertaken under title I, subsections 102 (b), (c), (e), (f), (g), (i), and (k` shall not exceed the estimated cost set forth for that project by more than 25 per centum unless and until additional appropriations are authorized: *Provided*, That this subsection will not apply to any project with an estimated cost less than $5,000,000.

Sec. 107. The total cost of any project undertaken under title I, subsections 102 (a), (d), (h), and (j), shall not exceed the estimated cost set forth for that project by more than 10 per centum, unless and until additional appropriations are authorized: *Provided*, That this subsection will not apply to any project with an estimated cost less than $5,000,000.

AMENDMENTS TO PRIOR YEAR ACTS

Sec. 108. (a) Section 101 of Public Law 89–428, as amended, is further amended by striking from subsection (b)(3), project 67–3–a, fast flux test facility, the figure "$420,000,000" and substituting therefor the figure "$540,000,000".

(b) Section 101 of Public Law 91–273, as amended, is further amended by striking from subsection (b)(1), project 71–1–f, process equipment modifications, gaseous diffusion plants, the figure "$510,100,000" and substituting therefor the figure "$820,000,000".

(c) Section 101 of Public Law 93–60, as amended, is further amended by striking from subsection (b)(1), project 74–1–g, cascade uprating program, gaseous diffusion plants, the figure "$270,400,000" and substituting therefor the figure "$417,300,000".

(d) Section 101 of Public Law 93–276, as amended, is further amended by—

(1) striking from subsection (b)(1), project 75–1–c, new waste calcining facility, Idaho Chemical Processing Plant, National Reactor Testing Station, Idaho, the figure "$27,500,000" and substituting therefor the figure "$65,000,000";

(2) striking from subsection (b)(3), project 75–3–b, high energy laser facility, Los Alamos Scientific Laboratory, New Mexico, the figure "$22,600,000" and substituting therefor the figure "$54,500,000";

(3) striking from subsection (b)(6), project 75–6–c, positron-electron joint project, Lawrence Berkeley Laboratory and Stanford Linear Accelerator Center, the figure "$11,900,000" and substituting therefor the figure "$78,000,000".

(e) Public Law 94–187 is amended by—

(1) striking from subsection 101(b)(5), "project 76–5–a, Tokamak fusion test reactor, Princeton Plasma Physics Laboratory, Plainsboro, New Jersey, $23,000,000.", and striking from subsection 201(b)(5), "project 76–5–a, Tokamak fusion test reactor, Princeton Plasma Physics Laboratory, Plainsboro,

New Jersey, $7,000,000.", which authorized appropriations for this project totaling $30,000,000 and substituting therefor in subsection 101(b)(5), "project 76-5-a, Tokamak fusion test reactor, Princeton Plasma Physics Laboratory, Plainsboro, New Jersey, $214,600,000.";

(2) striking from subsection 101(b)(8), project 76-8-e, conversion of existing steam plants to coal capability, gaseous diffusion plants and Feed Materials Production Center, Fernald, Ohio, the figure $12,200,000" and substituting therefor the figure $13,500,000";

(3) transferring the text appearing as section 106 in section 201(a) of title II to follow immediately after the colon in (d) of section 103 of title I; and

(4) striking the words "June 30, 1976, and the interim period following that fiscal year and ending September 30, 1976" in the text of section 106(a) and substitute therefor the words "September 30, 1977";

(5) striking from subsection 101(b)(8), "project 76-8-g, additional facilities, enriched uranium production, locations undetermined, $25,000,000." and substituting therefor "project 76-8-g, enriched uranium production facility, Portsmouth, Ohio, $255,000,000.".

TITLE II—NONNUCLEAR PROGRAMS

OPERATING EXPENSES

SEC. 201. For "Operating expenses", for the following programs, a sum of dollars equal to the total of the following amounts:

(a) Coal:

(1) Coal liquefaction:

Costs, $60,546,000.

Changes in selected resources, −$7,600,000.

(2) High Btu gasification (coal):

Costs, $59,254,000.

Changes in selected resources, −$14,200,000.

(3) Low Btu gasification (coal):

Costs, $30,052,000.

Changes in selected resources, −$3,500,000.

(4) Advanced power systems:

Costs, $12,800,000.

Changes in selected resources, $9,700,000.

(5) Direct combustion (coal):

Costs, $58,116,000.

Changes in selected resources, $4,300,000: *Provided*, That sixty days prior to the obligation of any funds authorized pursuant to this paragraph for the purpose of establishing a fluidized bed test facility at an installation operated by other than a Federal agency, including installations operated under Federal contract, the Administrator shall transmit to the Committee on Interior and Insular Affairs of the Senate and the Committee on Science and Technology of the House of Representatives a report which sets forth the basis for the decision, including the advantages and disadvantages of locating such a facility at such installation, for the achievement of the purposes of the Federal Nonnuclear Energy Research and Development Act of 1974.

(6) Advanced research and supporting technology:

Costs, $36,585,000.

Changes in selected resources, $500,000.

(7) Demonstration plants (coal):

Costs, $50,600,000.

Changes in selected resources, $2,400,000.

(8) Magnetohydrodynamics:

Costs, $27,841,000.

Changes in selected resources, $10,145,000.

(b) Petroleum and natural gas:

(1) Natural gas and oil extraction:

Costs, $37,374,000.

Changes in selected resources, $7,700,000.

(2) Supporting research:

Costs, $1,831,000.

Changes in selected resources, $0.

(c) In-situ Technology:

(1) Oil shale

Costs, $12,085,000.

Changes in selected resources, $9,000,000.

(2) In-situ coal gasification:

Costs, $13,536,000.

Changes in selected resources, $1,500,000.

(3) Supporting research:

Costs, $1,310,000.

Changes in selected resources, $0.

(d) Solar Energy:

(1) Direct thermal applications:

Costs, $73,800,000.

Changes in selected resources, $7,700,000.

(2) Technology support and utilization:

Costs, $8,500,000.

Changes in selected resources, $2,500,000.

(3) Solar electric applications:

Costs, $113,000,000.

Changes in selected resources, $20,500,000.

(4) Fuels from biomass:

Costs, $6,500,000.

Changes in selected resources, $1,500,000.

(e) Geothermal Energy:

(1) Engineering Research and Development:

Costs, $17,600,000.

Changes in selected resources, $0.

(2) Resource Exploration and Assessment:

Costs, $9,600,00.

Changes in selected resources, $400,000.

(3) Hydrothermal Technology Applications:

Costs, $16,200,000.

Changes in selected resources, $2,400,000.

(4) Advanced Technology Applications:

Costs, $8,200,000.

Changes in selected resources, $1,900,000.

(5) Environmental Control and Institutional Studies:

Costs, $4,800,000.

Changes in selected resources, $0.

(f) Conservation Research and Development:

(1) Electric Energy Systems:

Costs, $25,920,000.

Changes in selected resources, $4,040,000.

(2) Energy Storage:

Costs, $33,920,000.

Changes in selected resources, $7,920,000.

(3) Building Conservation:

Costs, $25,910,000.

Changes in selected resources, $4,490,000.

(4) Industry Conservation:

Costs, $18,760,000.

Changes in selected resources, $3,670,000.

(5) Transportation Energy Conservation, including $3,000,000 for methanol and other alternate fuels:

Costs, $33,290,000.

Changes in selected resources, $6,180,000.

(6) Improved Conversion Efficiency:

Costs, $19,800,000.

Changes in selected resources, $11,700,000.

(7) Energy Conservation Institutes and Extension Service:

Costs, $18,000,000.

Changes in selected resources, $7,000,000.

(8) Small Grant Program for Appropriate Technologies:

Costs, $7,500,000.

Changes in selected resources, $2,500,000.

PLANT AND CAPITAL EQUIPMENT

SEC. 202. For "Plant and capital equipment", including construction, acquisition, or modification of facilities, including land acquisition; and acquisition and fabrication of capital equipment not related to construction, a sum of dollars equal to the total of the following amounts:

(a) Fossil Energy Development:

Project 77-1-a, modifications and additions to Energy Research Centers, $6,900,000.

Project 77-1-b, high Btu pipeline gas demonstration plant, $10,000,000.

Project 77-1-c, low Btu fuel gas combined cycle electric generating plant, $8,000,000.

Project 77-1-d, MHD component development and integration facility, $6,700,000.

Project 77-1-e, ebullated bed liquefaction pilot plant, $21,000,000.

Project 77-1-f, low Btu combined cycle pilot plant, $16,500,000.

(b) Solar Energy Development:

Project 77-18-a, OTEC sea test facility, $1,000,000.

Project 77-18-b, 500 kW wind energy facility, $600,000.

Project 77-18-c, 1.5 mW high velocity wind plant, $1,000,000.

Project 77-18-d, 10 mW wind energy facility, $1,000,000.

Project 77-18-e, total solar energy plant, $1,000,000.

Project 77-18-f, 5 mW solar thermal demonstration for small community, $2,500,000: *Provided*, That in determining the location of such a facility, the Administrator shall consider the location of Lea County, New Mexico.

Project 77-18-g, 5 mW solar thermal demonstration for agricultural use, $2,500,000.

Project 77-18-h, 5 mW solar electric hybrid (photovoltaic and coal), $2,500,000.

Project 77-18-i, biomass conversion facility, $5,000,000.

(c) Conservation Research and Development:

Project 77-17-a, combustion research center, $8,500,000.

(d) Capital Equipment, not related to construction:

(1) Fossil energy development, $1,020,000.

(2) Solar energy development, $17,200,000.

(3) Geothermal energy development, $1,500,000.

(4) Conservation research and development, $13,000,000.

AMENDMENTS TO PRIOR YEAR ACTS

SEC. 203. Public Law 94-187 is amended by—

(1) striking from subsection 101(b)(1), "project 76-1-a, clean boiler fuel demonstration plant (A-E and long-lead procurement), $20,000,000.", and striking from subsection 201(b)(1), "project 76-1-a, clean boiler fuel demonstration plant (A-E and long-lead procurement), $8,000,000.", which authorized appropriations for this project totaling $28,000,000, and substituting therefor in subsection 101(b)(1), "project 76-1-a, clean boiler fuel demonstration plant, $78,000,000.";

(2) striking from subsection 101(b)(2), "project 76-2-a, five megawatt solar thermal test facility, $5,000,000.", and striking from subsection 201(b)(2), "project 76-2-a, five megawatt solar thermal test facility, $1,250,000.", which authorized appropriations for this project totaling $6,250,000 and substituting therefor in subsection 101(b)(2), "project 76-2-a, five megawatt solar thermal test facility, $21,250,000.".

SEC. 204. Notwithstanding any other applicable provision of law, the initial authorization in this Act or any other Act heretofore or hereafter enacted to construct, pursuant to section 8 of the Federal Nonnuclear Energy Research and Development Act of 1974 (88 Stat. 1878), any energy demonstration plant shall expire at the end of the three full fiscal years following the date of enactment of such authorization, unless (1) funds to construct each such plant are appropriated or otherwise provided pursuant to applicable law prior thereto, or (2) such authorization period is extended by specific Act of Congress hereafter enacted.

SEC. 205. (a) The Administrator shall classify each recipient of any ERDA contract, grant, or other financial arrangement in any nonnuclear research, development, or demonstration category as—

(1) a Federal agency,

(2) a non-Federal governmental entity,

(3) a profitmaking enterprise (indicating whether or not it is a small business concern),

(4) a nonprofit enterprise other than an educational institution, or

(5) a nonprofit education institution.

(b) The information required by subsection (a), along with the dollar amount of each contract, grant, or other financial arrangement made, shall be furnished with the annual report required by section 15(a) of the Federal Nonnuclear Energy Research and Development Act of 1974 (88 Stat. 1894): *Provided*, That small purchases or contracts of less than $10,000, which are excepted from the requirements of advertising by section 252(c)(3) of title 41, United States Code, shall be exempt from the reporting requirements of this section.

Sec. 206. (a) Notwithstanding any other provision of law, at least 20 per centum of the total amount of funds made available pursuant to this title for energy programs in the area of solar energy technology shall be available exclusively to small business concerns and individual inventors.

(b) For purposes of this subsection (a)—

(1) the term "small business concern" has the meaning given it by the Administrator of the Small Business Administration under—

(A) section 3 of the Small Business Act (Public Law 85–536; 72 Stat. 384); or

(B) section 103(5) of the Small Business Investment Act of 1958 (Public Law 85–699; 72 Stat. 690); and

(2) the term "individual inventor" means any individual who is under no obligation to transfer to any other person or any government or governmental agency any interest in any invention, discovery, or other property with respect to which such individual seeks any contract or other assistance in any energy program in the area of solar energy technology.

Sec. 207. Section 13 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5912) is amended by—

(1) striking in the first sentence of subsection (a), the words, "At the request of the Administrator, the" and inserting therein "The";

(2) striking, in the first sentence of subsection (b), the words "prepare or have prepared an assessment of the availability of adequate water resources." and inserting therein the following: "request the Water Resources Council to prepare an assessment of water requirements and availability for such project."; and

(3) adding at the end thereof a new subsection to read as follows:

"(f) The Administrator shall, upon enactment of this subsection, be a member of the Council.".

TITLE III—FOR ENVIRONMENTAL RESEARCH AND SAFETY, BASIC ENERGY SCIENCES, PROGRAM SUPPORT, AND RELATED PROGRAMS

OPERATING EXPENSES

Sec. 301. For "Operating expenses", for the following programs, a sum of dollars equal to the total of the following amounts:

(a) Biomedical and environmental research, $206,416,000 of which $1,000,000 shall be made available to the Water Resources Council to carry out the provisions of section 13 of the Federal Nonnuclear Energy Research and Development Act of 1974 (88 Stat. 1893).

(b) Operational safety, $5,607,000.

(c) Environmental control technology, $21,577,000.

(d) Scientific and technical education, $5,000,000.

(e) Basic energy sciences for the following:

(1) Material sciences, $65,000,000.

(2) Molecular, mathematical, and geosciences, $59,500,000.

(f) Program support, $288,640,000: *Provided*, That $100,000 of such sum shall be available for the establishment of an Office of Small Business Affairs.

(g) To carry out the provisions of section 11 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5910), $500,000 for the Council on Environmental Quality.

PLANT AND CAPITAL EQUIPMENT

Sec. 302. For "Plant and capital equipment", including construction, acquisition, or modification of facilities, including land acquisition; and acquisition and fabrication of capital equipment not related to construction, a sum of dollars equal to the total of the following amounts:

(a) Biomedical and Environmental Research:

Project 77–6-a, modifications and additions to biomedical and environmental research facilities, various locations, $4,200,000.

(b) Program Support:

Project 77–16-a, laboratory support complex, Los Alamos Scientific Laboratory, New Mexico, $6,000,000.

(c) Capital Equipment, not related to construction:

(1) Biomedical and environmental research, $10,418,000.

(2) Operational safety, $1,000,000.

(3) Environmental control technology, $560,000.

(4) Basic energy sciences for the following:

(A) Material sciences, $5,700,000,

(B) Molecular, mathematical, and geosciences, $3,800,000.

(5) Program support, $5,225,000.

LIMITATIONS

Sec. 303. The Administration is authorized to start any project set forth in title III, subsection 302 (a) and (b), only if the currently estimated cost of that project does not exceed by more than 25 per centum the estimated cost set forth for that project.

AMENDMENTS TO PRIOR YEAR ACTS

Sec. 304. (a) Section 101 of Public Law 92–314 is amended by striking from subsection (a) "Operating expenses" the figure "$2,110,480,000" and substituitng therefor the figure "$2,113,480,000".

(b) Section 202 of Public Law 92–314 is amended by—

(1) striking from subsection (b) the words "four years" and substituting there for the words "seven years", and

(2) adding the following subsections:

"(h) that payment may be made to those who undertook action of a remedial nature prior to the date of this amendment without the determination required in subsection (b) of this section and notwithstanding the requirement in subsection (c) of this section: *Provided, however*, That the determination whether and to what extent such payment shall be made shall be the decision of the Administration based on the recommendation of the State; that requests for such payments shall not be considered after one year from the date of this amendment: *And provided further*, That the United States shall be released from any mill tailings related liability or claim thereof upon such payment.

"(i) that the requirement in subsection (c) of this section that any remedial action shall be performed by the State of Colorado or its authorized contractor may be waived in advance in writing by the State with approval of the Administration: *Provided, however*, That the determination whether and to what extent payment shall be made shall be the decision of the Administration based on the recommendation of the State: *And provided further*, That the United States shall be released from any mill tailings related liability or claim thereof upon such payment.".

(c) Section 204 of Public Law 92–314 is amended by striking the figure "$5,000,000" and substituting therefor the figure "$8,000,000".

TITLE IV—GENERAL PROVISIONS

Part A—Provisions Relating to Nuclear Energy Development

Sec. 401. The Administrator is authorized to perform construction design services for any Administration construction project whenever the Administrator determines that the project is of such urgency that construction of the project should be initiated promptly upon enactment of legislation appropriating funds for its construction in order to meet the needs of national defense or protection of life and property or health and safety.

Sec. 402. Any moneys received by the Administration may be retained and used for operating expenses (except sums received from disposal of property under the Atomic Energy Community Act of 1955 and the Strategic and Critical Materials Stockpiling Act, as amended, and fees received for tests or investigations under the Act of May 16, 1910, as amended (42 U.S.C. 2301; 50 U.S.C. 98h; 30 U.S.C. 7)), notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484), and may remain available until expended. Funds may be obligated for purposes stated in this section only to the extent provided in appropriations Acts.

Sec. 403. Transfers of sums from the "Operating expenses" appropriation may be made to other agencies of the Government for the performance of the work for which the appropriation is made, and in such cases the sums so transferred may be merged with the appropriation to which transferred.

Sec. 404. When so specified in appropriations Acts, amounts appropriated for the Administration pursuant to this Act for "Operating expenses" or for "Plant and capital equipment" may be merged with any other amounts appropriated for like purposes pursuant to any other Act authorizing appropriations for the Administration.

Sec. 405. When so specified in an appropriation Act, amounts appropriated pursuant to this Act for "Operating expenses" or for "Plant and capital equipment" may remain available until expended.

Sec. 406. Amounts appropriated pursuant to this Act for construction planning and design, and for general plant projects are available for use, when necessary, in connection with all Administration programs.

Sec. 407. No nuclear fuel shall be exported to supply a nuclear power reactor under an Agreement for Cooperation which has not been reviewed by the Congress of the United States under the procedures in section 123 d. of the Atomic Energy Act of 1954 (42 U.S.C. 2153(d)), as amended by Public Law 93–485, directly or indirectly to a nonnuclear weapons state (within the meaning of the Treaty on the Non-Proliferation of Nuclear Weapons) which has not ratified the Treaty on the Non-Proliferation of Nuclear Weapons unless the first proposed license under such agreement authorizing the export of either such reactor or such fuel after the date of this Act is first submitted to the Congress for review under the congressional review procedures provided for Agreements for Cooperation in the above-referenced section 123 d. of the Atomic Energy Act of 1954, as amended.

Part B—Provisions Relating to Nonnuclear Energy Development

Sec. 408. Sections 401, 402, 403, and 405 of title IV of this Act shall apply to nonnuclear programs of the Administration as authorized by title II and title III of this Act.

REPROGRAMING AUTHORITY

Sec. 409. Except as provided in part A of this title—

(a) no amount appropriated pursuant to this Act may be used for any nonnuclear program in excess of the amount actually authorized for that particular program by this Act,

(b) no amount appropriated pursuant to this Act may be used for any nonnuclear program which has not been presented to, or requested of, the Congress,

unless (1) a period of thirty calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) has passed after the receipt by the Committee on Science and Technology of the House of Representatives and the Committee on Interior and Insular Affairs of the Senate of notice given by the Administrator containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (2) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action: *Provided*, That the following categories may not, as a result of reprograming, be decreased by more than 10 per centum of the sums appropriated pursuant to this Act for such categories: Coal, petroleum and natural gas, oil shale, solar, geothermal, and conservation.

Sec. 410. The Administrator shall submit to the Committee on Science and Technology of the House of Representatives and the Committee on Interior and Insular Affairs of the Senate a detailed explanation of the allocation of the funds appropriated pursuant to sections 201, 202, 301, and 302 of this Act for nonnuclear energy programs and subprograms, reflecting the relationships, consistencies, and dissimilarities between those allocations and (a) the comprehensive program definition transmitted pursuant to section 102 of the Geothermal Energy Research, Development, and Demonstration Act, (b) the comprehensive program definition transmitted pursuant to section 15 of the Solar Energy Research, Development, and Demonstration Act of 1974 (42 U.S.C. 5564), (c) the comprehensive plan for nonnuclear energy research, development, and demonstration transmitted pursuant to section 6 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5905).

Sec. 411. The Administrator shall establish an Appalachian National Energy Laboratory at an appropriate facility operated by a Federal agency within Appalachia for the purposes of development and implementation of a comprehensive plan for energy research, development, and demonstration on new technologies applicable to the energy resources of Appalachia for the achievement of the purposes of the Federal Nonnuclear Energy Research and Development Act of 1974. Such plan shall be consistent with the comprehensive plan for nonnuclear energy research, development, and demonstration transmitted pursuant to section 6 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5905).

TITLE V—BASIS FOR GOVERNMENT CHARGE FOR URANIUM ENRICHMENT SERVICES

Sec. 501. Subsection 161 v. of the Atomic Energy Act of 1954, as amended, is amended—

(1) by striking out the word "Commission" each time it appears in the subsection, and inserting in lieu thereof the words "Administrator of Energy Research and Development" in all instances except when the deleted word "Commission" is used in the context of ownership of uranium enrichment facilities, the words "Energy Research and Development Administration" shall be substituted therefor;

(2) by deleting in the first proviso in this subsection the words after "(iii)" of the first proviso to the beginning of the second proviso and inserting in lieu thereof the following: "any prices established under this subsection shall be on such a basis as will recover not less than the Government's costs over a reasonable period of time, and in the opinion of the Administrator of Energy Research and Development will not discourage the development of domestic sources of supply independent of the Energy Research and Development Administration:" and

(3) by adding the following sentence at the end of this subsection: "The foregoing provision for Joint Committee review and approval shall also apply prior to any changes by the Administrator of Energy Research and Development in the basic approach used in arriving at the fair value charge for the Government's uranium enrichment services or any additions to that charge for the purpose of not discouraging the development of private uranium enrichment projects.".

TITLE VI—ENERGY CONSERVATION INSTITUTES AND EXTENSION SERVICE

FINDINGS AND PURPOSES

Sec. 601. (a) The Congress hereby finds that—

(1) a major program to establish energy conservation research, development, and demonstration is required to deduce dependence on nonrenewable sources of energy and to provide the leadtime necessary to develop other sources of energy including solar, geothermal, and fusion;

(2) States and institutions of higher learning should be primarily responsible for designing and implementing research, development, and demonstration programs in energy conservation and for disseminating energy conservation information. In so doing, such an energy conservation program recognizes the great diversity among regions of the Nation and allows States, subject to general Federal guidelines, the broad flexibility required to fashion programs to local needs and conditions;

(3) energy conservation efforts are now inadequate because individual consumers, farmers, small businesses, and other commercial and industrial enterprises lack reliable, impartial information as to the potential energy savings and cost effectiveness which may result from implementing energy conservation methods, technologies, and opportunities;

(4) establishment of energy conservation research, development, and demonstration institutes will provide an institutional setting in which scientists, engineers, economists, architects, planners and graduate students from several disciplines will receive training and instruction in energy conservation; and

(5) the Federal Government under the diretcion and leadership of the Energy Research and Development Administration, should provide personnel, financial, and technical support, in a cooperative effort with States, to involve consumers of energy in an effective and comprehensive national energy conservation program.

(b) The Congress declares that the purposes of this title are—

(1) to establish a positive energy outreach program directed toward small energy consumers and the organizations that influence energy consumption; and

(2) to stimulate, sponsor, provide for, and supplement present programs for the conduct of research, investigations, experiments, evaluations, planning, management, and the training of scientists, engineers, architects, economists, urban planners, and others, in energy conservation methods and technologies through the establishment of interdisciplinary energy conservation research, development, and demonstration institutes, in cooperation with and among the States.

(c) It is the policy of the Congress that a major priority in planning and programs of all Federal agencies including, but not limited to, the Departments of Commerce, Transportation, Housing and Urban Development, Defense, and Agriculture, should be to implement energy conservation methods, technologies, and opportunities and to cooperate with each other and with other State, local, and private organizations in the development and implementation of energy conservation programs.

PART A—STATE ENERGY CONSERVATION RESEARCH AND DEVELOPMENT INSTITUTES

ESTABLISHMENT OF INSTITUTES

Sec. 602. (a) The Administrator of the Energy Research and Development Administration (hereinafter in this title referred to as "Administrator") is authorized to provide such sums as are made available pursuant to this title to each of the several States to assist each participating State in establishing and carrying on the work of a competent and qualified energy conservation research, development, and demonstration institute (hereinafter referred to as "institute") at one college or university in that State as designated by the Governor.

(b) In making his decision upon location of the institute, the Governor shall give preference to a college or university established in accordance with the Act approved July 2, 1862 (12 Stat. 503), entitled "An Act donating public lands to the several States and territories which may provide colleges for the benefit of agriculture and the mechanic arts".

(c) Two or more States may cooperate in the designation of a single interstate or regional institute, in which event the sums assignable to all of the cooperating States shall be paid to such institute.

FUNCTIONS OF INSTITUTES

Sec. 603. (a) Each such institute organized under provisions of this title and affiliated with a designated college or university shall—

(1) arrange with other colleges and universities within the State to participate in the work of the institute;

(2) coordinate, support, augment, and implement programs contributing to the understanding of local, State, and regional energy conservation problems and opportunities; and

(3) provide a nucleus of administrative, professional, scientific, technical, and other personnel capable of planning, coordinating, and directing the interdisciplinary programs related to energy conservation methods, technologies, and opportunities undertaken by the institute.

(b) It shall be the duty of each institute to—

(1) plan and conduct and/or arrange for a component or components of the college or university with which it is affiliated to conduct competent research, investigations, experiments, and evaluations of energy conservation methods, technologies, and opportunities and to provide for the training in areas of energy conservation of scientists, engineers, architects, economists, urban planners, and others in related disciplines. Such research, investigations, experiments, evaluations, and training may include, without being limited to, supply and demand for various energy resources; conservation and best use of available supplies of energy; demonstrations of energy conserving practices, techniques, and equipment for transportation, residential, commercial, industrial and agricultural applications; the use of renewable energy technologies and the development and use of energy techniques which are appropriate to the needs of local communities and enhance community self-reliance; the development and use of energy technologies characterized by simplicity of installation, operation and maintenance; economic, legal, geographic, and ecological aspects of energy conservation; and scientific information dissemination activities including identifying, assembling, and interpreting energy data relating to energy con-

servation, and the results of scientific, engineering, economic, and other research deemed potentially significant for solution of problems involving energy conservation, providing means for improved communication regarding such research results, and ascertaining the existing and potential effectiveness of such research in the solution of practical problems;

(2) cause to be printed and published, with moneys appropriated pursuant to this title, the results from research, investigations, experiments, and evaluations conducted by such institutes;

(3) conduct activities authorized by this title with due regard to the varying conditions and needs of the respective States, and with due regard to research projects dealing with energy conservation already being conducted by agencies of the Federal and State governments, and others; and

(4) include, as part of an annual program description submitted to the Administrator, assurance satisfactory to the Administrator that such programs were developed in close consultation and collaboration with leading energy resource officials within the State so as to promote research, training and other work meeting the needs of the State.

(c) Each such institute is authorized and encouraged to—

(1) plan and conduct programs authorized under this title in cooperation with each other and with other such agencies and individuals as may contribute to the solution of problems related to the conservation and better utilization of energy sources; and

(2) conduct technical education programs, including college equivalent courses and seminars for scientists, engineers, builders, economists, planners, and others which provide information about energy efficient design, use and construction of equipment and buildings, and about cost-effective energy conservation practices and technologies, and to support the development of a comprehensive energy conservation related program which may include, but is not limited to, public school curriculums development, adult education courses, workshops, and other educational activities directed toward general education in the efficient use of energy.

(d) The Administrator is further authorized to provide additional sums of money to the institutes to meet the necessary expenses of specific research, development or demonstration projects dealing with energy conservation which could not otherwise be undertaken, including, but not limited to—

(1) the planning and coordinating of regional energy conservation projects by two or more institutes;

(2) the opportunity such project provides for the training of scientists, engineers, architects, economists, and others; and

(3) the programs described by subsection (c) of this section.

The money appropriated for this subsection shall be available to match, on a dollar-for-dollar basis, funds made available to institutes by States or other non-Federal sources.

RESPONSIBILITIES OF THE ADMINISTRATOR

SEC. 604. (a) The Administrator is hereby charged with the responsibility for the proper administration of this title and, after full consultation with other interested Federal agencies, shall prescribe such rules and regulations as may be necessary to carry out its provisions. He shall require a showing that institutes designated to receive funds have, or may reasonably be expected to have the capability of doing effective work. He shall furnish such advice and assistance as will best promote the purposes of this title, participate in coordinating research initiated under this title, by the institutes, indicate to them such lines of inquiry as are consistent with the goals and objectives as stated in the Federal Nonnuclear Energy Research and Development Act of 1974 (88 Stat. 1878), and encourage and assist in the establishment and maintenance of cooperation by and between the institutes and between them and other research organizations, individuals, the Energy Research and Development Administration, and other Federal agencies and departments.

(b) Nothing in this title shall be construed to impair or to modify the legal relation existing between any of the colleges or universities under whose direction an institute is established and the government of the State in which it is located, and nothing in this title shall in any way be construed to authorize Federal control or direction of education at any college or university.

(c) No part of any appropriated funds may be expended pursuant to authorization given by this title for any scientific or technological research or development activity unless such expenditure is conditioned upon provisions consistent with and governed by the provisions of section 7 of the Federal Nonnuclear Energy Research and Development Act of 1974 (88 Stat. 1883).

(d) The Administrator shall make a report to the President and Congress on or before October 1 of each year showing the disposition during the preceding fiscal year of moneys appropriated to carry out this title, the results expected to be accomplished through projects financed during that year under authority contained in section 603 of this title, and the conclusions reached in or other results achieved by those projects which were completed during that year. The report shall also include an account of the work of all institutes authorized under this part and indicate whether any portion of an allotment to any State was withheld and, if so, the reasons therefor.

DEFINITION

SEC. 605. As used in this part, the term "energy conservation" means "energy conservation, efficient energy use and the utilization of renewable energy resources".

PART B—ENERGY EXTENSION SERVICE

ESTABLISHMENT OF SERVICE

SEC. 606. (a) There is hereby established in the Energy Research and Development Administration an Office to be known as the "Energy Extension Service" (hereinafter in this part referred to as the "Service") which shall be under the supervision of a Director and a Deputy Director both of whom shall be appointed by the Administrator from among individuals who by reason of their training experience and attainments are exceptionally qualified to implement the programs of the Service.

(b) The Service shall, in cooperation with existing Federal, State and local institutions, including State energy agencies and the State energy conservation research, development and demonstration institutes established by part A of this title, develop and implement a comprehensive program for the identification, demonstration and dissemination of practices, techniques, materials and equipment related to energy conservation, improved energy efficiency, and the utilization of renewable energy resources applicable to—

(1) agricultural, commercial and small business operations, and

(2) new and existing residential, commercial, or agricultural buildings or structures.

Such program shall provide for technical assistance, instruction and practical demonstrations and shall establish an effective outreach mechanism for the exchange of information between end-use energy consumers at the local level and officials responsible for research, development and demonstration programs related to energy conservation, efficient energy use and utilization of renewable energy resources.

RESPONSIBILITIES OF THE DIRECTOR

SEC. 607. (a) The Director shall have overall responsibility for all activities authorized in this part and, with the approval of the Administrator, shall take such actions and prescribe such rules as he deems necessary to achieve the purposes of this title.

(b) The Director shall take such steps as may be necessary to insure that the programs and activities authorized in this part are implemented in a manner which, to the greatest extent practicable, provides for effective coordination and avoids duplication among other local, State and Federal programs.

(c) The Director shall be available to the Congress to report on the activities of the Service and shall annually review the energy extension programs of the various States to insure that such programs effectively promote the objectives of this title.

STATE ENERGY EXTENSION PROGRAMS

SEC. 608. (a) The Director, with the approval of the Administrator, shall, within one hundred and twenty days after the enactment of this part, prescribe guidelines with respect to the development, modification and implementation of Energy Extension Service programs by State government and for the review and monitoring of such programs by the Director.

(b) To the maximum extent practicable such State programs shall include, but need not be limited to, the following:

(1) provisions for developing and implementing a comprehensive program of energy conservation and efficient energy use through the dissemination of information concerning energy conservation methods, technologies and opportunities;

(2) in cooperation with existing Federal, State, and local institutions, including State energy conservation research, development and demonstration institutes as established by part A of this title and State institutions of higher learning, a program to instruct and train personnel, including existing personnel in the county, State, and regional offices of the Department of Housing and Urban Development, the Community Services Administration, the Department of Agriculture Cooperative Extension Service, the Farmers Home Administration, and other Federal agencies who shall serve energy consumers including, but not limited to, individual homeowners, small businessmen, farmers and public service agencies of various State and local governments, in a technical advisory capacity;

(3) procedures for utilization of information, technology and programs made available through the Service which would include, but not be limited to, providing individual homeowners, small businessmen and farmers with on-location, individualized evaluation of energy consumption including recommendations for the implementation of energy conservation measures, including insulation, storm windows and doors, more efficient heating and cooling systems, solar energy and other equipment designed to utilize renewable energy resources, more energy efficient appliances and such other appropriate information as will enable the consumer to make informed judgments about the potential energy savings and cost-effectiveness resulting from implementation of such energy conserving actions;

(4) programs for disseminating information on energy conserving particles, techniques, and equipment by means of bulletins, lectures, newsletters, and other media techniques and such other consumer advisory services as may further the objectives of this title; and

(5) such other provisions, consistent with the objectives of this title, as the Director in consultation with participating States deems advisable.

(c) The Administrator, upon receiving the recommendation of the Director, is authorized to approve and, pursuant to part C of this title, to provide funds for the support of the proposed energy extension program of any State if the Administrator finds that to the maximum extent practicable such proposed program—

(1) provides for effective coordination among various existing local, State and Federal energy conservation programs in such State, including programs, if any, supported pursuant to the provisions of part C of title III of the Energy Policy and Conservation Act (Public Law 94–163);

(2) will supplement and not replace or supplant the expenditure of other Federal, State or local funds for the same purposes; and

(3) otherwise meets the criteria of subsection (b) of this section and the objectives of this title.

ADMINISTRATIVE PROVISIONS

SEC. 609. (a) To the maximum extent practicable the Director shall consult with and obtain the views of the Secretary of Housing and Urban Development, the Administrator of the Federal Energy Administration, the Administrator of the Environmental Protection Agency, the Secretary of Health, Education, and Welfare, the Secretary of Agriculture, the Secretary of Commerce, the Director of the Community Services Administration and the heads of other appropriate Federal agencies with a view toward achieving optimal coordination with such other programs, and shall promote the coordination of programs under this part with other public or private programs or projects of a similar nature.

(b) Federal agencies described in subsection (a) shall cooperate with the Director in making available and disseminating information and data with respect to the availability of assistance under this part, and in promoting the identification and interests of individuals, groups, or business and commercial establishments eligible for assistance through programs authorized under this title.

CONFORMING AMENDMENT

SEC. 610. Section 103 of the Energy Reorganization Act of 1974 (42 U.S.C. 5801) is amended by redesignating paragraphs (7) through (11) as paragraphs (8) through (12), respectively, and inserting immediately after paragraph (6) the following new paragraph:

"(7) establishing, in accordance with the provisions of title VI of the bill to authorize appropriations for the Energy Research and Development Administration for fiscal year 1977, an Energy Extension Service to provide technical assistance, instruction, and practical demonstrations on energy conservation measures and alternative energy systems to individuals, businesses, and States and local government officials;".

PART C—AUTHORIZING APPROPRIATIONS

SEC. 611. (a) There are authorized to be appropriated to the Administrator for the fiscal year 1977 sums adequate to provide $100,000 to each of the several States, and for the fiscal years 1978 through 1980, inclusive, $250,000 to each of the several States to carry out the provisions of section 602 of this title.

(b) There is further authorized to be appropriated to the Administrator $5,000,000 for the fiscal year 1977, $6,000,000 for fiscal year 1978, $7,000,000 for fiscal year 1979 and $7,500,000 for fiscal year 1980, to carry out the provisions of subsection 603(d) of this title.

SEC. 612. There are authorized to be appropriated to the Administrator $15,000,000 for each of fiscal years 1977 and 1978, to provide for the establishment of the Energy Extension Service as provided by part B of this title.

TITLE VII—SMALL GRANTS PROGRAM FOR APPROPRIATE TECHNOLOGY

SEC. 701. (a) The Administrator, acting through a new Office of Appropriate Technology which shall be established within the Administration under the direction of the Assistant Administrator for Conservation Research and Development, shall institute and carry out a program of small grants for the purpose of promoting research, development and demonstration projects described in subsection (c).

(b) The aggregate amount of the grants made to any participant, including affiliates, under this section shall not exceed $50,000 during any two-year period.

(c) Funds made available under this section shall be for projects to evaluate and/or to provide for the research, development and demonstration of energy related systems and supporting technologies appropriate to—

(1) the needs of local communities and the enhancement of community self-reliance through the use of available resources;

(2) the use of renewable resources and the conservation of non-renewable resources;

(3) the use of existing technologies applied to novel situations and uses;

(4) applications which are energy conserving, environmentally sound, small scale, durable, and low cost; and

(5) applications which demonstrate simplicity of installation, operation and maintenance.

(d) Grants under this section may be made to individuals, local nonprofit organizations and institutions, state and local agencies, Indian tribes, and small businesses with priority being given to projects and applications having limited opportunities to secure the needed assistance from other sources.

(e) The Administrator shall—

(1) develop simplified applications for grants and procedures for carrying out the provisions of this section;

(2) prepare an initial report on plans for implementation of this section by no later than November 10, 1976, to be transmitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Science and Technology of the House of Representatives; and

(3) include as a part of the annual report required by section 15(a)(1) of the Federal Nonnuclear Energy Research and Development Act of 1974 (88 Stat. 1879) beginning in 1978, a full and complete report on the program under this section.

TITLE VIII—LOAN GUARANTEE PROGRAM FOR COMMERCIAL DEMONSTRATION FACILITIES

SEC. 801. LOAN GUARANTEE PROGRAM FOR COMMERCIAL DEMONSTRATION FACILITIES.—(a) Section 7(a) of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5906) is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (5),

(2) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and", and

(3) by adding at the end thereof the following new paragraph:

"(7) Federal loan guarantees.".

(b) The Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5901, et seq.) is further amended by adding at the end thereof the following new section:

"LOAN GUARANTEES FOR COMMERCIAL DEMONSTRATION FACILITIES

"SEC. 17. (a) It is the purpose of this section—

"(1) to assure adequate Federal support to foster a commercial demonstration program to produce on a commercial scale synthetic fuels and other desirable forms of energy from biomass;

"(2) to authorize loan guarantees for the construction and startup and related costs of commercial demonstration facilities for the conversion of biomass into synthetic fuels and other forms of energy; and

"(3) to gather information about the technological, economic, environmental, and social costs, benefits, and impacts of such commercial demonstration facilities.

"(b)(1) The Administrator is authorized in accordance with such rules and regulations as he shall prescribe after consultation with the Secretary of the Treasury, to guarantee and to make commitments to guarantee, in such manner and subject to such conditions (not inconsistent with the provisions of this Act) as he deems appropriate, the payment of interest on, and the principal balance of, bonds, debentures, notes, and other obligations issued by or on behalf of any borrower for the purpose of (A) financing the construction and start-up costs of commercial demonstration facilities for the conversion of biomass into synthetic fuels; and (B) financing the construction and start-up costs of commercial demonstration facilities to generate desirable forms of energy (including synthetic fuels) in commercial quantities from bioconversion; The outstanding indebtedness guaranteed and committed to be guaranteed under clauses (A) and (B), of this paragraph shall at no time exceed $900,000,000.

"(2) An applicant for any guarantee under this section shall provide information to the Administrator in such form and with such content as the Administrator deems necessary.

"(3) Prior to issuing any guarantee under this section the Administrator shall obtain the concurrence of the Secretary of the Treasury with respect to the timing, interest rate, and substantial terms and conditions of such guarantee.

"(4) The full faith and credit of the United States is pledged to the payment of all guarantees issued under this section with respect to principal and interest.

"(5) With respect to any demonstration facility for the conversion of solid waste (as that term is defined in the Solid Waste Disposal Act, as amended), the Administrator, prior to issuing any guarantee under this section, must be in receipt of a certification from the Administrator of the Environmental Protection Agency and any appropriate State or areawide solid waste management planning agency that the proposed application for a guarantee is consistent with any applicable suggested guidelines published pursuant to section 209(a) of the Solid Waste Disposal Act, as amended, and any applicable State or regional solid waste management plan.

"(c) The Administrator, with due regard for the need for competition, shall guarantee or make a commitment to guarantee any obligation under subsection (b) only if—

"(1) the Administrator is satisfied that the financial assistance applied for is necessary to encourage financial participation;

"(2) the amount guaranteed does not exceed 75 per centum of the total cost of the commercial demonstration facility, as determined by the Administrator: Provided, That the amount guaranteed my not exceed 90 per centum of the total cost of the commercial demonstration facility during the period of construction and startup;

"(3) the Administrator has determined that there will be a continued reasonable assurance of full repayment;

"(4) the obligation is subject to the condition that it not be subordinated to any other financing;

"(5) the Administrator has determined, taking into consideration all available forms of assistance under this section and other Federal statutes, that the impacts directly resulting from the proposed commercial demonstration facility have been fully evaluated by the borrower, the Administrator, and others;

"(6) the maximum maturity of the obligation does not exceed thirty years, or 90 per centum of the projected useful economic life of the physical assets of the commercial demonstration facility covered by the guarantee, whichever is less, as determined by the Administrator.

"(d) At least sixty days prior to submitting a report to Congress pursuant to subsection (m) of this section on each guarantee, the Administrator shall request from the Attorney General and the Chairman of the Federal Trade Commission written views, comments, and recommendations concerning the impact of such guarantee or commitment on competition and concentration in the production of energy and give due consideration to views, comments, and recommendations received: *Provided*, That if either official recommends against making such guarantee or commitment, the Administrator shall not do so unless he determines in writing that such guarantee or commitment is in the national interest.

"(e)(1) As soon as the Administrator knows the geographic location of a proposed facility for which a guarantee or a commitment to guarantee is sought under this section, he shall inform the Governor of the State, and officials of each political subdivision and Indian tribe, as appropriate, in which the facility would be located or which would be impacted by such facility. The Administrator shall not guarantee or make a commitment to guarantee under subsection (b) of this section if the Governor of the State in which the proposed facility would be located recommends that such action not be taken unless the Administrator finds that there is an overriding national interest in taking such action in order to achieve the purpose of this section. If the Administrator decides to guarantee or make a commitment to guarantee despite a Governor's recommendation not to take such action, the Administrator shall communicate, in writing, to the Governor reasons for not concurring with such recommendation. The Administrator's decision, pursuant to this subsection, shall be final unless determined upon judicial review to be arbitrary and capricious. Such review shall take place in the United States court of appeals for the circuit in which the State involved is located, upon application made within ninety days from the date of such decision. The Administrator shall, by regulation, establish procedures for review of, and comment on, the proposed facility by States, local political subdivisions, and Indian tribes which may be impacted by such facility, and the general public.

"(2) The Administrator shall review and approve the plans of the applicant for the construction and operation of any commercial demonstration and related facilities constructed or to be constructed with assistance under this section. Such plans and the actual construction shall include such monitoring and other data-gathering costs associated with such facility as are required by the comprehensive plan and program under this section. The Administrator shall determine the estimated total cost of such demonstration facility, including, but not limited to, construction costs, start-up costs.

"(f) Except in accordance with reasonable terms and conditions contained in the written contract of guarantee, no guarantee issued or commitment to guarantee made under this section shall be terminated, canceled, or otherwise revoked. Such a guarantee or commitment shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Subject to the conditions of the guarantee or commitment to guarantee, such a guarantee shall be incontestable in the hands of the holder of the guaranteed obligation, except as to fraud or material misrepresentation on the part of the holder.

"(g)(1) If there is a default by the borrower, as defined in regulations promulgated by the Administrator and in the guarantee contract, the holder of the obligation shall have the right to demand payment of the unpaid amount from the Administrator. Within such period as may be specified in the guarantee or related agreements, the Administrator shall pay to the holder of the obligation the unpaid interest on and unpaid principal of the guaranteed obligation as to which the borrower has defaulted, unless the Administrator finds that there was no default by the borrower in the payment of interest or principal or that such default has been remedied. Nothing in this section shall be construed to preclude any forbearance by the holder of the obligation for the benefit of the borrower which may be agreed upon by the parties to the guaranteed obligation and approved by the Administrator.

"(2) If the Administrator makes a payment under paragraph (1) of this subsection the Administrator shall be subrogated to the rights of the recipient of such payment as specified in the guarantee or related agreements including, where appropriate, the authority (notwithstanding any other provision of law) to complete, maintain, operate, lease, or otherwise dispose of any property acquired pursuant to such guarantee or related agreements, or to permit the borrower, pursuant to an agreement with the Administrator, to continue to pursue the purposes of the commercial demonstration facility if the Administrator determines that this is in the public interest.

"(3) In the event of a default on any guarantee under this section, the Administrator shall notify the Attorney General, who shall take such action as may be appropriate to recover the amounts of any payments made under paragraph (1) (including any payment of principal and interest under subsection (h) from such assets of the defaulting borrower as are associated with the commercial demonstration facility, or from any other security included in the terms of the guarantee.

"(4) For purposes of this section, patent and technology resulting from the commercial demonstration facility shall be treated as project assets of such facility in accordance with the terms and conditions of the guarantee agreement. Furthermore, the guarantee agreement shall contain a provision specifying that patents, technology, and other proprietary rights which are necessary for the completion or operation of the commercial demonstration facility shall be available to the Government and its designees on equitable terms, including due consideration to the amount of the Government's default payments.

"(h) With respect to any obligation guaranteed under this section, the Administrator is authorized to enter into a contract to pay, and to pay, the holders of the obligation, for and on behalf of the borrower, from the fund established by this section, as applicable, the principal and interest payments which become due and payable on the unpaid balance of such obligation if the Administrator finds that—

"(1) the borrower is unable to meet such payments and is not in default; it is in the public interest to permit the borrower to continue to pursue the purposes of such demonstration facility; and the probable net benefit to the Federal Government in paying such principal and interest will be greater than that which would result in the event of default;

"(2) the amount of such payment which the Administrator is authorized to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay under the loan agreement; and

"(3) the borrower agrees to reimburse the Administrator for such payment on terms and conditions, including interest, which are satisfactory to the Administrator.

"(1) Regulations required by this section shall be issued within one hundred and eighty days after enactment of this section, except as provided in subsection (t) of this section. All regulations under this section and any amendments thereto shall be issued in accordance with section 553 of title 5, of the United States Code.

"(j) The Administrator shall charge and collect fees for guarantees of obligations authorized by clauses (A) and (B), of subsection (b)(1), in amounts sufficient in the judgment of the Administrator to cover the applicable administrative costs and probable losses on guaranteed obligations, but in any event not to exceed 1 per centum per annum of the outstanding indebtedness covered by the guarantee.

"(k)(1) The Administrator is directed to submit a report to the Congress within one hundred and eighty days after the enactment of this section setting forth his recommendations on the best opportunities to implement a program of Federal financial assistance with the objective of demonstrating production and conservation of energy.

"(2) The report submitted under paragraph (1) of this subsection shall include a comprehensive plan and program to acquire information and evaluate the environmental economic, social, and technological impacts of the demonstration program under this section. In preparing such a comprehensive plan and program, the Administrator shall consult with the Environmental Protection Agency, the Federal Energy Administration, the Department of Housing and Urban Development, the Department of the Interior and the Department of Agriculture.

"(3) The comprehensive plan and program described in paragraph (2) shall include, but not be limited to—

"(A) information about potential commercial demonstration facilities proposed in the program under this section;

"(B) any significant adverse impacts which may result from any activity included in the program;

"(C) proposed regulations required to carry out the purposes of this section;

"(D) a list of Federal agencies, governmental entities, and other persons that will be consulted or utilized to implement the program; and

"(E) methods and procedures by which the information gathered under the program will be analyzed and disseminated.

"(4) The report required under paragraph (1) of this subsection shall be updated and submitted to the Congress at least annually for the duration of the program under this section.

"(1) Prior to issuing any guarantee of commitment to guarantee pursuant to subsection (b) of this section, the Administrator shall submit to the Committee on Science and Technology of the House of Representatives and the Committee on Interior and Insular Affairs of the Senate a full and complete report on the proposed commercial demonstration facility and such guarantee. Such guarantee or commitment to guarantee shall not be finalized under the authority granted by this section prior to the expiration of ninety calenlar days (not including any day on which either House of Congress is not in session because of an adjournment of more than three calendar days to a day certain) from the date on which such report is received by such committees: *Provided*, That, where the cost of such commercial demonstration facility exceeds $350,000,000, such guarantee or commitment to guarantee shall not be finalized if prior to the close of such ninety-day period either House passes a resolution stating in susbtance that such House does not favor the making of such guarantee or commitment.

"(m)(1) There is hereby created within the Treasury a separate fund (hereafter in this section called the 'fund') which shall be available to the Administrator without fiscal year limitation as a revolving fund for the purposes of carrying out the program authorized by clauses (A), and (B), of subsection (b)(1) and subsections (g) and (h) of this section.

"(2) There are authorized to be appropriated to the fund from time to time such amounts as may be necessary to carry out the purposes of the applicable provisions of this section, including, but not limited to, the payments of interest and principal and the payment of interest differentials and redemption of debt. All amounts received by the Administrator as interest payments or repayments of principal on loans which are guaranteed under this section, fees, and any other moneys, property, or assets derived by him from operations under this section shall be deposited in the fund. *Provided, however,* That the Administrator may request an authorization pursuant to this section, including a change in the limit in subsection (b)(1) of this section on the oustanding indebtedness guaranteed under this section, for the commercial scale demonstration of new energy technologies to achieve the purposes of this Act.

"(3) All payments on obligations, appropriate expenses (including reimbursements to other government accounts), and repayments pursuant to operations of the Administrator under this section shall be paid from the fund subject to appropriations. If at any time the Administrator determines that moneys in the fund exceed the present and reasonably foreseeable future requirements of the fund, such excess shall be transferred to the general fund of the Treasury.

"(4) If at any time the moneys available in the fund are insufficient to enable the Administrator to discharge his responsibilities as authorized by subsections (b)(1), (g), and (h), of this section, the Administrator shall issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Redemption of such notes or obligations shall be made by the Administrator from appropriations or other moneys available under paragraph (2) of this subsection for loan guarantees authorized by clauses (A), and (B), of subsection (b)(1) and subsections (g), and (h) of this section. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, which shall be not less than a rate determined by taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act; and the purpose for which securities may be issued under that Act are extended to include any purchase of such notes or obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"(n) For the purposes of this section, the term—

"(1) 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or any territory or possession of the United States,

"(2) 'United States' means the several States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa, and

"(3) 'borrower' or 'applicant' shall include any individual, firm, corporation, company, partnership, association, society, trust, joint venture, joint stock company, or other non-Federal entity.

"(o) An applicant seeking a guarantee under subsection (b) of this section must be a citizen or national of the United States. A corporation, partnership, firm, or association shall not be deemed to be a citizen or national of the United States unless the Administrator determines that it satisfactorily meets all the requirements of section 802 of title 46, United States Code, for determining such citizenship, except that the provisions in subsection (a) of such section 802 concerning (1) the citizenship of officers or directors of a corporation, and (2) the interest required to be owned in the case of a corporation, association, or partnership operating a vessel in the coastwise trade, shall not be applicable.

"(p) No part of the program authorized by this section shall be transferred to any other agency or authority, except pursuant to Act of Congress enacted after the date of enactment of this section: *Provided*, That project agreements entered into pursuant to this section for any commercial demonstration facility for the conversion or bioconversion of solid waste (as that term is defined in the Solid Waste Disposal Act, as amended) shall be administered in accordance with the May 7, 1976, 'Interagency Agreement between the Environmental Protection Agency and the Energy Research and Development Administration on the Development of Energy from Solid Wastes, and specifically, that in accordance with this agreement, (1) for those energy-related projects of mutual interest, planning will be conducted jointly by the Environmental Protection Agency and the Energy Research and Development Administration, following which project responsibility will be assigned to one agency; (2) energy-related portions of projects for recovery of synthetic fuels or other forms of energy from solid waste shall be the responsibility of the Energy Research and Development Administration; and (3) the Environmental Protection Agency shall retain responsibility for the environmental, economic, and institutional aspects of solid waste projects and for assurance that such projects are consistent with any applicable suggested guidelines published pursuant to section 209(a) of the Solid Waste Disposal Act, as amended, and any applicable State or regional solid waste management plan.

"(q) Inventions made or conceived in the course of or under a guarantee authorized by this section shall be subject to the title and waiver requirements and conditions of section 9 of this Act.

"(r) With respect to any obligation which is issued after the enactment of this section by, or in behalf of, any State, political subdivision, or Indian tribe and which is either guaranteed under, or supported by taxes levied by said issuer which are guaranteed under, this section, the interest paid on such obligation and received by the purchaser thereof (or the purchaser's successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954, as amended: *Provided*, That the Administrator shall pay to such issuer out of the fund established by this section such portion of the interest on such obligations, as determined by the Secretary of the Treasury to be appropriate after taking into account current market yields (1) on obligations of said issuer, if any, or (2) on other obligations with similar terms and conditions the interest on which is not so included in gross income for purposes of chapter 1 of said Code, and in accordance with such terms and conditions as the Secretary of the Treasury shall require.

"(s)(1) Each officer or employee of the Energy Research and Development Administration who—

"(A) performs any function or duty under this section; and

"(B)(i) has any known financial interest in any person who is applying for or receiving financial assistance for a commercial demonstration facility under this section; or

"(ii) has any known financial interest in property from which biomass or other energy resources are commercially produced in connection with any commercial demonstration facility receiving financial assistance under this section,

shall, beginning on February 1, 1977, annually file with the Administrator a written statement concerning all such interests held by such officer or employee during the preceding calendar year. Such statement shall be available to the public.

"(2) The Administrator shall—

"(A) act within ninety days after the date of enactment of this Act—

"(i) to define the term 'known financial interest' for purposes of paragraph (1) of this subsection; and

"(ii) to establish the methods by which the requirement to file written statements specified in paragraph (1) will be monitored and enforced, including appropriate provisions for the filing by such officers and employees of such statements and the review by the Administrator of such statements; and

"(B) report to the Congress on June 1 of each calendar year with respect to such disclosures and the actions taken in regard thereto during the preceding calendar year.

"(3) In the rules prescribed in paragraph (2) of this subsection, the Administrator may identify specific positions within the Administration which are of a nonpolicymaking nature and provide that officers or employees occupying such positions shall be exempt from the requirements of this subsection.

"(4) Any officer or employee who is subject to, and knowingly violates, this subsection shall be fined not more than $2,500 or imprisoned not more than one year, or both.

"(t) Nothing in this section shall be construed as affecting the obligations of any borrower receiving a guarantee pursuant to this section to comply with Federal and State environmental, land use, water, and health and safety laws and regulations or to obtain applicable Federal and State permits, licenses, and certificates.

"(u) The information maintained by the Administrator under this section shall be made available to the public, subject to the provisions of section 552 of title 5, United States Code, and section 1905 of title 18, United States Code, and to other Government agencies in a manner that will facilitate its dissemination: *Provided*, That upon a showing satisfactory to the Administrator by any person that any information, or portion thereof, obtained under this section by the Administrator directly or indirectly from such person would, if made public, divulge (1) trade secrets or (2) other proprietary information of such person, the Administrator shall not disclose such information and disclosure thereof shall be punishable under section 1905 of title 18, United States Code: *Provided further*, That the Administrator shall, upon request, provide such information (A) any delegate of the Administrator for the purpose of carrying out this Act, and (B) the Attorney General, the Secretary of Agriculture, the Secretary of the Interior, the Federal Trade Commission, the Federal Energy Administration, the Environmental Protection Agency, the Federal Power Commission, the General Accounting Office, other Federal agencies, or heads of other Federal agencies, when necessary to carry out their duties and responsibilities under this and other statutes, but such agencies and agency heads shall not release such information to the public. This section is not authority to withhold information from Congress, or from any committee of Congress upon request of the chairman. For the purposes of this subsection, the term 'person' shall include the borrower.

"(v) Notwithstanding any other provision of this section, the authority to make guarantees or commitments to guarantee under subsection (b)(1), the authority to make contracts under subsection (h), the authority to charge and collect fees under subsection (j), and the authorities under subsection (m) of this section shall be effective only to the extent provided, without fiscal year limitation, in appropriation Acts enacted after the date of enactment of this section.

"(w) For purposes of this section 'biomass' shall include, but is not limited to, animal and timber waste, urban and industrial waste, sewerage sludge and oceanic and terrestrial crops.".

TITLE IX—ORGANIZATIONAL CONFLICT OF INTEREST

SEC. 901. (a) Section 5813 of title 42 is amended by adding at the conclusion thereof the following:

"(12) maintaining and promoting active and open competition among private persons and organizations involved in energy research and development.".

(b) Section 5817 of title 42 is amended by adding at the conclusion thereof the following:

"(g)(1) The Administrator shall exercise his powers under this section in such a manner as to maintain and promote active and open competition among private persons and organizations involved in energy research and development.

"(2) The Administrator shall make no arrangements (including contracts, agreements, and loans) whether by advertising or negotiation for the conduct of research and development activities with any private person or organization when, after appropriate restrictions have been attached to such arrangements, such person or organization—

"(A) may be unable to render impartial, technically sound, or objective assistance or advice due to its other activities or its relationships with other organizations; or

"(B) would be given an unfair competitive advantage.

"(3) At the earliest practicable time prior to the Administrators making any such arrangements—

"(A) all persons or organizations interested in making such arrangements shall file with the Administrator a written notice describing in detail the nature and existence of any such activities or relationships or competitive advantage;

"(B) the Administrator shall make the contents of such notice available to the public, with the exception of such parts as contain trade secrets or privileged commercial or financial information, or information disclosure of which would constitute a clear and unwarranted invasion of personal privacy; and

"(C) the Administrator shall receive and evaluate all public comments with respect to such notice.

"(4) Prior to making any such arrangements the Administrator shall conduct a complete, detailed and independent inquiry of the responsible bidder or offerors of the nature and existence of any such activities or relationships or competitive advantage.

"(5) The Administrator shall promulgate rules for the implementation of this subsection as soon as possible after the date of its enactment but in no event later than six months after such date.

"(6) This subsection shall take effect six months after the date of its enactment and shall not apply to arrangements made prior to such date.".

TITLE X—ASSISTANT ADMINISTRATOR FOR COMMERCIAL DEMONSTRATION

SEC. 1001. (a) The first sentence of subsection 102(d) of the Energy Reorganization Act of 1974 is amended by deleting the words "six Assistant Administrators" and inserting in lieu thereof "seven Assistant Administrators", and adding after "fossil energy," the words "another for commercial demonstration".

(b) The first sentence of subsection 102(f) of the Energy Reorganization Act of 1974 is amended by deleting the word "eight" and inserting in lieu thereof "nine".

(c) Subchapter II (Executive Schedule pay rates) of chapter 53 of title 5, United States Code, is amended as follows: paragraph (100) of section 5315 "Assistant Administrators, Energy Research and Development Administration (6)" is amended by deleting "(6)" and inserting in lieu thereof "(7)"; paragraph (135) of section 5316 "Additional Officers, Energy Research and Development Administration (8)" is amended by deleting "(8)" and inserting in lieu thereof "(9)".

Mr. FANNIN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. CHURCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHURCH. Mr. President, I ask unanimous consent that S. 3105 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to H.R. 13350.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, the Senator from Arizona wishes to commend the distinguished Senator from Idaho for his splendid handling of this legislation. It was superb. He took care of all of the requirements that came forth. I certainly praise him for so capably carrying through on this legislation.

Mr. CHURCH. Mr. President, I appreciate very much the kind remarks of the Senator from Arizona. He himself deserves great credit for the way that he has supported the efforts of the committee and for the way that he has represented the minority in the Chamber during all phases of the debate on this measure. I extend to him any gratitude and thanks.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now resume the consideration of the unfinished business, H.R. 10612, which the clerk will state:

The legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

COAST GUARD OVERSEAS LEASING AUTHORITY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 916, S. 3050.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 3050) to authorize the Secretary of Transportation, when the Coast Guard is not operating as a service in the Navy, to lease for military purposes structures and their associated real property located in a foreign country.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments as follows:

On page 1, at the beginning of line 6, insert "inserting immediately after" and strike out "striking".

On page 1, in line 7, after "department' " insert "the following: 'or of the Department in which the Coast Guard is operating'."

On page 1, beginning in line 8, strike out "between the words 'Secretary' and 'may', and inserting in lieu thereof the word 'concerned'.", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2675 of title 10, United States Code, is amended as follows:

(1) The first sentence of subsection (a) is amended by inserting immediately after the words "of a military department" the following: "or of the Department in which the Coast Guard is operating."

(2) Subsection (b) is amended—

(a) by striking the words "on Armed Services" between the words "Committees" and "of"; and

(b) by inserting the word "appropriate" between the words "the" and "Committees".

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are considered and agreed to en bloc.

The bill was ordered to be engrossed for a third reading and was read the third time, and passed.

INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976—CONFERENCE REPORT

Mr. HUMPHREY. Mr. President, I submit a report of the committee of conference on H.R. 13680 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. THURMOND). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of June 16, 1976, beginning at page 18730.

Mr. HUMPHREY. Mr. President, the measure which the Senate will now consider, the conference report on H.R. 13680, the International Security Assistance and Arms Export Control Act of 1976, is the product of intensive deliberations within Congress as well as a series of protracted and often painful negotiations with the executive branch. Although a number of changes have been made in this legislation since an earlier version was vetoed, it still will accomplish the two key objectives of the original legislation.

These are:

An overall revision of U.S. policies and the statutory framework for foreign military assistance, sales and exports;

The expansion and strengthening of congressional procedures for oversight of military assistance and sales programs.

In addition, the conference report contains the following key provisions:

It authorizes $6.96 billion in military and security assistance for the fiscal year 1976, the transition quarter and fiscal year 1977;

It approves a package of $4.572 billion for Israel in supporting assistance and military sales credit for fiscal years 1976–77. The other specific country programs for security supporting assistance authorized by this bill, particularly those in the Middle East, are of great importance to our foreign policy and U.S. peacekeeping efforts in the Middle East;

It retains the advance reporting requirements for all military sales over $25 million and sales of major defense equipment over $7 million; it retains the concurrent resolution veto provision on government sales but not on commercial sales;

It expresses the sense of Congress that the aggregate total of Government and commercial sales in any fiscal year not exceed current levels; this provision is in lieu of the $9 billion ceiling contained in the House bill;

It revises the antidiscrimination provision to confirm it to the human rights provision—namely; that the executive branch must report, upon request, facts and other information on the practices of the country in question regarding discrimination against U.S. personnel. Congress may, by joint resolution considered under expedited procedures, take any action it deems appropriate;

It authorizes grant military assistance and FMS credit funds for Greece and Turkey. Grant funds for Turkey, however, may not be made available until Turkey complies with the law on Cyprus. Total FMS sales to Turkey in fiscal year 1977 may not exceed $125 million, the same ceiling as applies in 1976. Such sums as may be necessary are authorized to carry out the base agreements or other arrangements with Turkey and Greece, but their use is prohibited until these agreements or arrangements have been approved by the Congress.

It retains the Senate provision on human rights, including establishment of the new position of Coordinator for Human Rights and Humanitarian Affairs within the State Department; the Coordinator is to assist the President in executing both the human rights and antidiscrimination provisions of the bill.

It retains the amendment offered by Senator SYMINGTON providing for termination of assistance to countries that give or receive nuclear materials and refuse to place them under international supervision when available provision was added permitting the President, by Executive order to permit assistance to continue if he determines that termination would affect vital U.S. interests and certifies that he has received reliable assurances that the country involved will not develop or acquire nuclear weapons.

Terminates all new security assistance and military sales to Chile on date of enactment, a response to the seemingly endless abuse of human rights in that country. A $27.5 million ceiling on economic aid is placed on Chile for fiscal year 1977, with an additional $27.5 million authorized only if the President certifies that Chile has made substantial progress in the observance of human rights; deliveries of equipment purchased in the past on a cash or commercial basis may be made.

An authorization of funds to implement new U.S. policies in southern Africa.

Mr. President, this is a very significant and far-reaching bill. Congress has acted responsibly, and I am hopeful that the President will sign the measure, and I have reason to believe that he will.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. Mr. President, I do not wish to repeat anything Senator HUMPHREY has said, except with respect to the President signing the bill. I join the Senator from Minnesota in that statement. I believe the President will sign the bill, and I have reason to believe that he will sign it, without in any way claiming inside or special information.

I point out that in this final action, the Committee has met—I do not say tried to, but met—in my judgment, every one of the major criteria which induced the President to veto the previous bill, and especially has made unusual efforts to meet his views respecting the veto power of actions which can be taken by concurrent resolution.

As I recall, there is really only one left, and that one simply continues an individual power, respecting individual sales, above a certain amount, which has been in the law up to now.

Mr. HUMPHREY. Above $25 million.

Mr. JAVITS. Exactly.

So there is no reason, as I see it, why we should feel other than the way we do, that we have fashioned a bill that the President should sign, and I have deep faith that he will sign it.

Mr. HUMPHREY. I thank the Senator.

Mr. President, as noted, the conferees agreed unanimously on this report.

Mr. ALLEN. Mr. President, I oppose this conference report, just as I opposed the bill when it was before the Senate. I oppose it because it appropriates or authorizes an appropriation of $6.7 billion, over a 2-year period, in foreign assistance. This is only a minor part of the billions of dollars that we appropriate each year for foreign aid. Since 1946, we have dumped overseas more than $200 billion. I oppose this dumping of an additional $6.7 billion overseas.

I oppose it, also, because I believe that the United States is making a tremendous mistake, a mistake that we will live to regret, when we subsidize, when we approve of, when we support guerrilla activities in Africa aimed at one of the very few stable governments in Africa, when we involve ourselves in the internal affairs of other nations, on other continents, and when the United States departs from its traditional policy of standing for world stability, standing for peaceful change, if there be change, in governments throughout the world, standing for law and order throughout the world, and sinks to the despicable policy of supporting, with taxpayers' dollars, revolutionary activities, guerrilla activities, supporting Communist governments—and I use that term advisedly when I speak of Mozambique.

When one person, even though he occupies a high position in our Government, the Secretary of State, can travel all over the world announcing American foreign policy, without any opportunity on the part of Congress, without opportunity for the support of public opinion, when he can announce changes in American foreign policy, when he can support guerrilla activities that are going to lead to possible—and I might say likely—slaughter of innocent people, we have departed from traditional concepts of fair play on the part of the United States.

I did not like the House bill and the provision that it made for subsidizing the overthrow of stable governments in Africa. The House bill provided for authorizing $85 million for helping with the crisis, I believe it called it, that existed in Africa, the crisis being that South Africa and Rhodesia have stable governments. That is the crisis. The House language authorized an appropriation of $85 million to provide economic support and assistance for countries in southern Africa affected by the crisis in that region. That is a crisis and the American taxpayer is being called on, under the House bill and under the original Senate bill, to ship $85 million over to countries that are neighbor to or actually adjoin Rhodesia to aid those countries, aid Rhodesia's and South Africa's neighbors, in attacking the people of Rhodesia.

An interesting article in the Washington Post on April 13 by Mr. Kenneth H. Towsey, Director of the Rhodesian Information Office in Washington, points out that of the 1,000 dead over the last

2 years in southern Africa—I am not sure whether he is talking about Rhodesia only or Rhodesia and South Africa—the point is the same.

> Out of a thousand dead over the last 2 years, more than 900 have been black. Many of them have been innocent civilians, brutally murdered in a savage onslaught on their allegiance.

Their allegiance to their national government.

This is an interesting fact:

> In Rhodesia's military forces, blacks outnumber whites by a ratio of 3 to 2—

Even though I believe the population ratio is some 20 or 24 to 1 black as against white—

> and more are being recruited.

Listen to this: "In Rhodesia's police, blacks outnumber whites by 3 to 1." So we do not find that the native population there is being neglected in the armed forces or in the police establishment.

Mr. Towsey asks the question:

> Why do blacks make common cause with Mr. Smith's government? Because they have never had it so good. Literally. Rhodesia is not Utopia, but it's a lot nearer to it than most African countries. Black Rhodesians are not so stupid that they don't notice. Even under sanctions and a total absence of foreign aid.

This foreign aid bill does not provide anything for Rhodesia and, I do not guess, for South Africa. It is supplied to Communist-leaning or Communist-installed governments who are hostile to the stable Government of Rhodesia. They do not get any foreign aid in Rhodesia. I believe Mr. Kissinger spoke of—I believe I am using the right word—"unrelenting" opposition on the part of the United States to the Government of Rhodesia.

Why can we not allow these people to work out these problems? Why do we have to be Mr. Fix-it? And why, if the population of Rhodesia is so dissatisfied with the Government there, why do they have to send guerrilla teams in from Mozambique? It looks like the neighboring countries are more interested in doing something about the Government there than are the people themselves.

Going on in Mr. Towsey's article:

> If the Rhodesian government did not command at least the tacit support of much of the black population, why do the revolutionary forces find it necessary to solicit support from outside patrons to overthrow it?

We are one of those outside patrons, the American taxpayers.

> One of their representatives was recently in Washington on just such a mission. His line of talk was a form of blackmail. If you (the United States) do not support us in bringing down the Smith government, we know who will.

Mr. President, let us see what aid and comfort democratic institutions are going to receive if Mozambique, Zaire, and Zambia overthrow the Smith regime in Rhodesia. They do not have democracies now. Mozambique is, along with Russia, I guess, and possibly even worse than Russia, perhaps the worst police state in the entire world. They have concentration camps, secret police, a dictator, and we are aiding that country, under the terms of this bill, to the tune of millions of dollars.

Why? To aid them in sending guerrilla parties into South Africa and Rhodesia in an effort to overturn those governments. I notice Mr. Kissinger is apparently trying to divide and conquer Rhodesia and South Africa. He has been meeting with Mr. Vorster and, apparently, urging him to sever relations with Rhodesia and let it collapse, and, of course, South Africa would not be far behind. I do not believe they are going to go along with that.

Mr. President, these are some of the things that Mr. Towsey of Rhodesia has had to say on this subject.

Here is one of the most respected economists in the entire country, Mr. Milton Friedman, writing in Newsweek of May 3 of this year:

> Of the 49 countries in Africa, 15 are under direct military rule and 29 have one-party civilian governments. Only five have multiparty political systems. I have just returned from visiting two of these five—the Republic of South Africa and Rhodesia. The other three, for Africa buffs, are Botswana, Gambia, and Mauritius. If this way of putting it produces a double-take, that is its purpose. The actual situation in both South Africa and Rhodesia is very different from and very much more complex than the black-white stereotypes presented by both our government and the press. And the situation in Rhodesia is very different from that in South Africa.
>
> Neither country is an ideal democracy—just as we are not. Both have serious racial problems—just as we have. Both can be justly criticized for not moving faster to eliminate discrimination—just as we can. But both provide a larger measure of freedom and affluence for all of their residents—black and white—than most other countries of Africa. Both would be great prizes for the Soviets.

Mr. President, that is what I cannot understand. Here are two buffer states, Rhodesia and South Africa, that are anti-Communist.

They side with the Western World. What do we do? We try to destroy their governments and turn them over to Communist- or dictator-run black African countries, that, in turn, would turn the countries over to the Soviets. That seems to the Senator from Alabama to be a shortsighted policy. I thought we were supposed to protect stable governments throughout the world where they have some measure of democracy and, in some cases, we have helped dictator countries that sided with the Western World.

I do not know whether this is a matter of domestic politics or not. I am sure it is not good politics to stand here and criticize this effort, but it is wrong, Mr. President, politics or no politics. Maybe it is good politics to say, "Turn the government over to the revolutionaries," maybe that is good politics, but that does not make it right.

We are sowing the wind and we are going to reap the whirlwind.

Do you not know those guerrilla parties, supported by the American taxpayers, are all the more aggressive because they know the United States is backing them up? Why, of course, they are. They figure they have the blessings of the U.S. Government.

Well, there is a body of opinion here in the Senate—I do not know how large it is and I hesitate to have a test on it, but there is a body of opinion I know here in the Senate—that does not approve of this policy. I think that difference of opinion needs to be pointed out here on the Senate floor.

Let us see what happened on this appropriation in the two bills, one from the House and one from the Senate, treating the same subject. The House bill says it is going to give $85 million to southern Africa, the nations there. Of that at least $30 million is going to Zaire, $30 million to Zambia.

Let me point out a little inconsistency right there, Mr. President. We had here on the floor of the Senate, an effort by the President of the United States to use funds for the support of factions in Angola that was supposed to be helping—they were supposed to be backing—the Western World. But the Senate denied the President the right to use certain funds that he had—I believe it was around $18 million—in aiding those factions that were supporting those who favored the Western World. Among the beneficiaries, as the Senator from Alabama recalls, were going to be Zaire and Zambia.

So the Senate turned that down when they were fighting over Angola. But now, as if asking the pardon of these nations for not getting the money then, here we are authorizing the appropriation of $30 million to Zaire, $30 million to Zambia, as if to compensate for not giving them the money back then. But then the money was supposed to be used to keep Russia and Cuba from taking over Angola.

Now what is it to be used for? Why, it is to be used to overthrow the government right now of Rhodesia, but, unquestionably, soon to follow would be the Government of South Africa.

You know, Mr. President, down in South Africa, strange to say, the whites preceded the blacks into South Africa, so the whites there are the original settlers, as the Senator from Alabama understands. But that is not going to save them because they outnumber them.

But here we are providing, under the original bill, $85 million for Zaire, Zambia, and other African nations, $30 million to go to Zambia, $30 million to go to Zaire. The other $25 million it does not say where it is to go, but they do put in a sentence, "None of the funds authorized by this section may be used for Mozambique." That was the House provision.

Well, did the Senate split up this pie? How did the Senate split up the pie going to southern Africa? They said $30 million for Zaire, $30 million for Zambia, and the remaining $25 million, what for? Why, the Senate bill said, to implement the policy enunciated by Secretary Kissinger in his speech, I believe, on April 15 of this year and, if not, it will not miss it by many days, at Lusaka, Zambia.

That policy was to give unrelenting

opposition to the government in Rhodesia, to give $12.5 million to Marxist, police-state Mozambique, and the other $12.5 million for any country or countries that would close their borders to Rhodesia.

So, in effect, the Secretary says, "We are going to subsidize you for any economic loss that you sustain by taking a hard stand against Rhodesia. We will pay you whatever you lose." That is what the Senate bill called for.

Well, here on the Senate floor, at the insistence of the Senator from Alabama, this $25 million going to implement Secretary Kissinger's policy was knocked out of the bill, $5 million knocked off Zambia, and $5 million knocked off Zaire, making the total $35 million.

But, more important than the money, Mr. President, as the Senator from Alabama sees it, it knocked out the provision that this money was to be used to implement Secretary Kissinger's new African policy.

Also, here in the Senate, we provided that none of this money, whoever got it, would be used for military, paramilitary, or guerrilla activity.

We can imagine how much effect that is going to have on Zaire and Zambia and Mozambique, a few lines on a bill here in the U.S. Senate.

As soon as they get the money in their hands, they will use it any way they want to. We all realize that. It was good cosmetics, I guess, for the bill.

The Senator from Alabama stated here on the Senate floor that he was not naive enough to feel that these reductions would stay as reductions, that once they got in conference. with the House having an $85 million figure and the Senate cutting it down to $50 million, that they would agree on something up pretty close to $85 million.

I was not, shall I say, disappointed when they did come back with $75 million as the overall authorization, instead of the $85 million that the two bills had originally provided.

Any reduction is that much, but, of course, that is just a drop in the bucket.

They did leave out the statement that the moneys, $25 million, was to be used for implementing Secretary Kissinger's speech. I guess that was something of a concession.

But, nevertheless, the money will reach these countries and will be used for the revolutionary activities aimed now at Rhodesia, and later, as the Senator from Alabama sees it, against South Africa, as well.

What happened when they went to conference?

The Senate made no provision for Mozambique and the House had a provision expressly saying that none of the funds authorized by this section may be used for Mozambique. But, as the distinguished Senator from Minnesota says, the conference report was unanimous and it looks like the conference tossed out of the conference report this sentence, "none of the funds authorized by this section may be used for Mozambique."

One other little item that was passed here in the Senate, I believe, stayed in the conference, not that it amounts to a whole lot, except one man who was and is at stake.

Mozambique carries on a war against religion, any religion other than the religion of the state. They carry on more of a war against religion than Russia ever did.

I believe I have read that they put some 35,000 of the natives there in concentration camps because they were members of Jehovah's Witnesses, a religious order or group, and they had four American preachers there that they flung into prison.

At the time the bill passed the Senate, there was one out of the four still in prison over in Mozambique because he was a preacher.

That is the way they operate over there. He was in jail at the time of the passage of this bill and the distinguished Senator from Minnesota and the distinguished Senator from New York (Mr. JAVITS) kindly accepted an amendment that I offered here on the floor saying that none of the money in the bill would go to Mozambique until this preacher was released from prison and turned over to the American embassy or consulate, or whatever diplomatic body we have there.

I believe that did survive the conference.

Mr. President, let us see what we think of this logic and see what some others think of the logic of what we are doing over there, where we are trying to destroy governments that are in opposition to communism and turning them over to African countries that are either Communist-governed or Communist-leaning, or a dictator state.

Why should we try to turn Rhodesia and South Africa over to governments of countries which, in turn, would turn the country over to the Soviets?

It is just as sure as I am standing here that if these governments are toppled and overturned and they are taken over by revolutionaries and guerrillas—I ask the reporter to be sure to spell the guerrillas properly there—but if they are taken over by guerrillas from Mozambique and Zaire and Zambia, what chance does democracy have, or what chance does freedom have under that state of affairs?

We are just acting like a bunch of lemmings in this area. We cannot see what is going to happen to us and we are signing the death warrant for governments which do support the other world.

Now, let us see if that opinion is far fetched.

Here is an article from the New York Times of Wednesday, June 23, 1976. The article is from Salisbury, Rhodesia:

> The Government charged today that the United States and Britain were abetting guerrilla incursions from Mozambique.

That is certainly a mild statement and I do not suppose anybody would quarrel with that.

> In a blunt, tense speech at the opening of Parliament, President John J. Wrathall said Rhodesia was under mounting pressures marked by "psychological warfare, economic warfare and terrorism."
>
> "The terrorists are encouraged by the attitude of the British and American governments, who hope to ward off further Communist penetration of southern Africa by seeking an early handover of black rule in Rhodesia," Mr. Wrathall told the packed chamber on Cecil Square in the heart of Salisbury.
>
> "JUDGEMENT AT FAULT"
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> "My Government is firmly of the belief that the judgment of these governments is entirely at fault and that any such surrender of its authority would lead to internal strife in Rhodesia, which the Russians would be quick to exploit," said Mr. Wrathall, a figurehead leader whose Parliament speech is an official statement by Prime Minister Ian D. Smith's Government. He added:
>
> "It would thus bring nearer and, indeed, make inevitable the day of final confrontation in southern Africa."
>
> Mr. Wrathall's speech was made against a backdrop of growing unease about the meeting tomorrow and Thursday in West Germany between Prime Minister John Vòrster of South Africa and Secretary of State Henry A. Kissinger. The two are expected to discuss ways of defusing the Rhodesian situation in which a white minority government faces a guerrilla movement supported by black Africa.

The article goes on in that vein.

He points out, as the Senator from Alabama pointed out a while ago, that what we are contributing to is an effort that is going to end up in the takeover of these countries by the Soviets. Why we want to do that is something I cannot understand.

Mr. President, I know the ease with which these bills are able to go through the respective bodies of the Congress. I will state frankly, if I harbored even the faintest thought that an unlimited discussion of this issue would cause the defeat of this issue, I would certainly be willing to devote my best efforts to discuss the matter ad infinitum. But I do not feel that that is the case. I feel that if extended debate were resorted to, cloture would be invoked at the very earliest possible moment. So I do not.

I will state to the Senate I do not plan to engage in extended debate on this issue.

Mr. President, I am not satisfied with the bill as introduced. I am not satisfied with the bill as it passed the Senate. I am not satisfied with the bill as it was agreed to in conference. I feel that I am honor-bound and duty-bound to make known my objections to the bill.

Mr. President, I offer the various articles and letters to which I have referred, and I ask unanimous consent that that they be printed in the RECORD.

I have a description of the Government of Mozambique, showing without a doubt that it is a Marxist state with a dictator, with concentration camps, with secret police. I call attention to the fact that, based on the Secretary's pledge, going to give $12.5 million to Mozambique to enable it to carry on its guerrilla activities against Rhodesia.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RHODESIAN INFORMATION OFFICE,
Washington, D.C., May 19, 1976.

DEAR SENATOR PERCY: I much appreciated the opportunity of exchanging views with you on the Rhodesian question. We were only able to touch on the fringes of it. Since the destiny of at least six million people is involved, I am taking the liberty of restating the case against the policy recently enunciated in Lusaka by Secretary Kissinger.

Briefly, Dr. Kissinger calls on Rhodesia to move to majority rule in two years, and to face the 'unrelenting opposition' of the United States government until she does so. Pending such transition the United States will not lift a finger to help Rhodesia 'in its conflict with African states or African liberation movements'.

It is claimed for the policy that it will bring peace to the area. It will in fact have precisely the opposite effect. It gives encouragement to the neighborhood forces of aggression and subversion by indicating that the United States will do nothing to restrain them. These forces will be vigorously resisted by Rhodesian security forces, in which black soldiers incidentally outnumber whites by three to two, and black policemen outnumber whites by three to one.

The conflict has already intensified since the Lusaka statement. Casualties in the border war have mounted sharply in the last two weeks. The State Department has acknowledged the 'potential in the foreseeable future for increased violence' and has warned Americans against remaining in or travelling to Rhodesia.

It would have been dandy, I suppose, if white Rhodesians had meekly accepted the ultimatum to commit political, economic and cultural suicide. Ambassador George Kennan has some perceptive thoughts on the subject. He expresses them as follows. "The implication of Mr. Kissinger's statements . . . is that all the Rhodesian whites have to do, in order to assure to themselves the blessings of a happy and prosperous future, is to move over and accept their place as a minority of the citizenry in a democratically governed country where race is of no importance. Now, one would not wish to be dogmatic about this assumption. Possibly, I suppose, there do indeed stand in the wings a number of African resistance leaders who, despite the encouragement they have had from Marxist-extremist sources, are united among themselves, moderate in their aims and methods, committed to the ideals of democracy as we understand it, and fully prepared to accept the permanent presence in their country of 200,000 or 300,000 whites and to extend to the latter all the normal benefits of democratic citizenship. But it would be hard to find the precedent for such a miracle in other black African countries".

It would indeed. Neighboring Mocambique is a case in point; reduced in less than a year of majority rule to a Marxist tyranny and an economic shambles; its white Portuguese inhabitants, plundered and humiliated, down from 200,000 to perhaps 30,000 and still fleeing. Is this the model we are supposed to emulate There is not the remotest possibility that we shall acquiesce in any such fate, and it is incomprehensible to us (and to most Americans of my acquaintance) that you should want to wish it on us as a matter of positive U.S. policy.

As to subsidising Mocambique for offering Rhodesia a confrontation, that is essentially a matter for Americans to determine in their wisdom, but I make no apology for pointing out that Mocambique, by harboring and assisting anti-Rhodesian guerrilla forces, is engaged in an act of aggression against Rhodesia. Before you assist Mocambique with the problems she has created for herself by closing her border with Rhodesia, I suggest it would be proper to call on her to desist from aiding and abetting acts of aggression against Rhodesia. That would be consistent with the principles of international law, with the position that the United States has consistently taken at the United Nations on Rhodesia, and with the peaceful objectives envisaged in the Secretary's Lusaka statement.

The statement makes much of a desire to avoid an Angola type situation in Rhodesia. This is understandable because of the dilemma created for United States policy-makers by the intervention of external communist forces in Angola. Unfortunately the policy enunciated in Lusaka contains all the ingredients for producing just such a situation. If we assume, hypothetically, that the governing authorities in Rhodesia will succumb to the two-year ultimatum, it requires only a superficial knowledge of the Rhodesian political scene to appreciate that the power vacuum will be filled by bitterly disputing factions, i.e. a replica of Angola. The Secretary's statement abjures any intention on the part of the United States to take sides in such a conflict. It expresses the pious hope that no other country should pursue 'hegemonial aspirations or bloc policies' in such a situation. Given the tremendous geopolitical importance of southern Africa to the Soviets I suggest that is a forlorn hope.

The dictation of domestic policy to my government under threat seems to me to fall under the heading of what a former colleague of yours would have called the arrogance of power. The arrogance is compounded by the failure of the United States government to engage in any direct dialogue or communication with the leadership of my country for the last ten years. Not only is this incompatible with your national ethos; it leads to serious misunderstandings.

I cannot tell you how many times I have encountered the simplistic misconception that Rhodesia is a conflict area between six million blacks and a quarter of a million whites. The dispute is in fact between revolutionary forces with communist affiliations and evolutionary-cum traditionalist forces with Western affiliations. The majority of blacks are in the latter group, but it requires a willingness to observe the situation at first hand to perceive this.

Countless times I hear it said that Mr. Smith was unyielding at the negotiating table. The facts are totally different. Mr. Smith moved quite a long way, to the point of offering immediate power-sharing and progression to a black parliamentary majority over a reasonable term. Mr. Nkomo moved scarcely at all. Yet Mr. Smith is regularly represented as the reluctant and inflexible negotiator. This is a plain misrepresentation of fact, discernible by anyone who cares to examine the situation at first hand.

The Lusaka statement seeks to keep Rhodesia under wraps. "American travellers will be advised against entering Rhodesia". There are some hardy spirits who break through the barrier of official disapproval. They are almost invariably impressed by what they find. A recent visitor was Professor Milton Friedman of the University of Chicago, who recorded his impressions in Newsweek magazine (May 3 issue). The whole article deserves attention, but particularly noteworthy, I think, are Professor Friedman's observations on the material progress of blacks in Rhodesia; on the fact, for example, that "the Rhodesian blacks in the modern sector enjoy an average income that is considerably more than twice as high as that of all the residents of the rest of Africa, excluding only South Africa".

As to the question of human freedom, may I suggest cutting the pretentious rhetoric with which the Lusaka statement is festooned; not because of any cynical disregard for "human dignity" and "racial equality" but because, as columnist Smith Hempstone put it, these phrases "bear about as much relationship to African realities as an elephant does to a goat".

Let us be honest enough to acknowledge, as Freedom House does in its most recent survey of comparative freedoms around the world, that there is greater respect for human rights in Rhodesia than in most of the rest of Africa.

Let us acknowledge, whilst we anguish over the widening gap between rich people and poor people around the world, that Rhodesia is one of the places where the gap is narrowing. Despite sanctions Rhodesia has a dynamic economy that promises a more abundant life for all its people without recourse to foreign aid or the elaborate mechanisms proposed in Secretary Kissinger's recent speech to UNCTAD. What advantage is to be gained by destroying it, as you surely will if you create political conditions in which white Rhodesians can have no confidence about their future?

According to the Lusaka statement someone from the American administration is going to shake a stick at Mr. Smith and let him know how much it will hurt unless he knuckles under. That will be unproductive. Mr. Smith has been around for a long time and he does not frighten very easily. I suggest something more statesmanlike, such as having a very senior American official—preferably the most senior—sit around the table with Mr. Smith and discuss with him coolly and dispassionately the very real problems of structuring a plural society so as to satisfy the reasonable aspirations of majority blacks and to allay the reasonable apprehensions of minority whites. That has not been tried for ten years. It could be more profitable than throwing down gauntlets.

I am sending a copy of this letter to some of your congressional colleagues in the hope that they will take it into consideration when addressing to S. Res. 436.

Yours sincerely,

K. H. TOWSEY.

[From the New York Times, June 23, 1976]

RHODESIAN CHARGES UNITED STATES ABETS GUERRILLA INROADS

(By Bernard Weinraub)

SALISBURY, RHODESIA.—The Government charged today that the United States and Britain were abetting guerrilla incursions from Mozambique.

In a blunt, tense speech at the opening of Parliament, President John J. Wrathall said Rhodesia was under mounting pressures marked by "psychological warfare, economic warfare and terrorism."

"The terrorists are encouraged by the attitude of the British and American governments, who hope to ward off further Communist penetration of southern Africa by seeking an early handover of black rule in Rhodesia," Mr. Wrathall told the packed chamber on Cecil Square in the heart of Salisbury.

JUDGMENT AT FAULT

"My Government is firmly of the belief that the judgment of these governments is entirely at fault and that any such surrender of its authority would lead to internal strife in Rhodesia, which the Russians would be quick to exploit," said Mr. Wrathall, a figurehead leader whose Parliament speech is an official statement by Prime Minister Ian D. Smith's Government. He added:

"It would thus bring nearer and, indeed, make inevitable the day of final confrontation in southern Africa."

Mr. Wrathall's speech was made against a backdrop of growing unease about the meeting tomorrow and Thursday in West Germany between Prime Minister John Vorster of South Africa and Secretary of State Henry A. Kissinger. The two are expected to discuss ways of defusing the Rhodesian situation in which a white minority government faces a guerrilla movement supported by black Africa.

SPEECH REFLECTS TOUGHNESS

South Africa, which serves as Rhodesia's economic lifeline and sole political supporter, is eager to resolve the Rhodesian question out of concern that the turmoil could engulf South Africa. The United States has encouraged British efforts to induce Mr. Smith to accept majority rule. There are

280,000 whites and six million blacks in Rhodesia.

Today's speech, heard over loudspeakers on the sun-drenched square where blacks and whites listened in silence, reflected the tough stance of the Rhodesian Government. Mr. Wrathall recalled the "prolonged and patient efforts" by the Government to reach a settlement two months ago with the African National Council. The efforts collapsed when the black leader, Joshua Nkomo, insisted on eventual black rule.

"The breakdown in the constitutional talks and the rejection by my Government of the British demands were the signal for the mounting against our country of a carefully coordinated three-pronged strategy of psychological warfare, economic warfare and terrorism," he said.

Mr. Wrathall said the guerrillas were supplied, armed and trained by Marxists in Mozambique and Tanzania, and the collapse of white rule in Rhodesia would lead to Soviet domination of Africa.

Mr. Wrathall conceded that the "increased terrorist threat" had jolted economic, social and family life among white Rhodesians. As many as 15,000 whites have been mobilized, and some companies and banks have lost half of their staffs. During the last two and a half years, a total of 1,059 guerrillas and 125 government troops have died in clashes, mostly along the Mozambique border.

"The terrorist leaders owe virtually no allegiance to the African National Council or its separate factions and their aim is to subjugate the population of Rhodesia, both black and white," said Mr. Wrathall, echoing the Government's view that the African National Council, which served as the negotiating body for black Rhodesians, had been splintered.

Replacing the African National Council, according to the Government, are Marxist guerrillas.

"Their publicly pronounced intention is to establish in Rhodesia a Communist dictatorship on the Mozambique model in which there would be no place for democratic government," said Mr. Wrathall.

[From the Washington Post, Apr. 13, 1976]

RHODESIA'S SITUATION: AN IDEOLOGICAL TUSSLE

(By Kenneth H. Towsey)

The Armageddon boys are whooping it up over Rhodesia. "Race war" and "blood bath" spring readily to their lips. That kind of talk has been around for a long time, but recent events have given it a new intensity—Mozambique sabre-rattling, unproductive constitutional negotiations in Rhodesia, Russian and Cuban adventuring in the area. There are shoals of Africanists whose professional reputations are irrevocably geared to the blood bath. Could it be that they welcome the consummation?

The vilification of white Rhodesians reached a new plateau of intemperance in a Washington Post editorial of March 28 suggesting, among other abuse, that Rhodesia's whites "are entitled to ask only one final favor—safe passage." London's Daily Telegraph discerns in these shrill denunciations a hatred not only of southern Africa but of Western civilization. Spengler was an optimist. Solzhenitsyn's voice is miscarrying.

A race war in Rhodesia? To anyone who knows the country the prospect must seem unlikely. There is border conflict, but it is not black versus white. It is an ideological tussle between revolutionary forces and evolutionary-cum-traditionalist forces. Blacks are engaged on both sides of it and have taken the brunt of the casualties. Out of a thousand dead over the last two years, more than 900 have been black. Many of them have been innocent civilians, brutally murdered in a savage onslaught on their allegiance. In Rhodesia's military forces, blacks outnumber whites by a ratio of three to two, and more are being recruited. In Rhodesia's police, blacks outnumber whites by three to one.

Why do blacks make common cause with Mr. Smith's government? Because they have never had it so good. Literally. Rhodesia is not Utopia, but it's a lot nearer to it than most African countries. Black Rhodesians are not so stupid that they don't notice. Even under sanctions and a total absence of foreign aid Rhodesia makes significant economic progress reflected in a steady improvement in social services and job opportunities. A New York banker, recently returned from a visit there, told me he thought it was one of the five most dynamic economies in the world.

If the Rhodesian government did not command at least the tacit support of much of the black population, why do the revolutionary forces find it necessary to solicit support from outside patrons to overthrow it? One of their representatives was recently in Washington on just such a mission. His line of talk was a form of blackmail. If you (the United States) do not support us in bringing down the Smith government, we know who will.

Progressive black participation in the political system is common cause. Immediate majority rule is not. That is the issue on which the talks between Ian Smith and Joshua Nkomo broke down. Regularly castigated by custodians of the conventional wisdom as stubborn, intransigent and inflexible, Mr. Smith moved what the Rhodesia Herald (never his friend) described as an astonishing distance during the negotiations. His proposals represented genuine power-sharing, substantial constitutional advancement for black Rhodesians, and acceptance of the principle of progression to a black parliamentary majority.

Mr. Nkomo did not budge from insistence on black political control within a year, and in the interim an abdication of parliamentary government in favor of a mixed race committee governing by edict under a British chairman. No shade of white Rhodesian opinion will settle for anything of the kind. Considerations of competence, confidence and stability preclude acquiescence in such a precipitate turnover of power. The lesson of neighboring Mozambique reinforces the rejection. Within a year of the Frelimo government coming to power, the white Portuguese inhabitants of the territory, humiliated and plundered, are down from 200,000 to 30,000 and still fleeing. The example is less than encouraging. Russian roulette is a dangerous game to play.

So what next? There are minatory noises coming out of the African National Council that the argument will have to be resolved on the battlefield. Let us hope they will prefer a resumption of negotiations, the door to which is open as far as Mr. Smith is concerned. It could be helpful if American diplomacy would support that approach rather than endorse demands that call for the abrupt termination of many years of competent and benevolent government.

Faced with a choice between escalated conflict and the precipitate surrender of political authority, white Rhodesians will undoubtedly accept conflict, not least because of their confidence in the ties of good will that exist between them and large numbers of black Rhodesians.

If the adversary odds are increased by the intervention of alien forces, the burden of national defense becomes more onerous but not, in the estimation of NATO military analysts, insupportable, at least in the short term. If in the longer term Rhodesia is overwhelmed because it has to face aggression unaided, and hamstrung by the restraints of sanctions, we may all be headed for a dramatic shift in the balance of power in southern Africa. Unchecked aggression tends to be self-perpetuating, as the world discovered to its cost in the late 1930s. It might then be a question of asking for whom the bell tolls.

[From Newsweek, May 3, 1976]

RHODESIA

(By Milton Friedman)

Of the 49 countries in Africa, fifteen are under direct military rule and 29 have one-party civilian governments. Only five have multiparty political systems. I have just returned from visiting two of these five—the Republic of South Africa and Rhodesia (the other three, for Africa buffs, are Botswana, Gambia and Mauritius). If this way of putting it produces a double take, that is its purpose. The actual situation in both South Africa and Rhodesia is very different from and very much more complex than the black-white stereotypes presented by both our government and the press. And the situation in Rhodesia is very different from that in South Africa.

Neither country is an ideal democracy—just as we are not. Both have serious racial problems—just as we have. Both can be justly criticized for not moving faster to eliminate discrimination—just as we can. But both provide a larger measure of freedom and affluence for all their residents—black and white—than most other countries of Africa. Both would be great prizes for the Soviets—and our official policy appears well designed to assure that the Soviets succeed in following up their victory in Angola through the use of Cuban troops by similar take-overs in Rhodesia and South Africa.

The United Nations recently renewed and strengthened its sanctions against Rhodesia. The U.S. regrettably concurred. We have, however, had enough sense to continue buying chrome from Rhodesia under the Byrd amendment, rather than, as we did for a time, in effect forcing Rhodesia to sell its chrome to Russia (also technically a party to the sanctions) which promptly sold us chrome at double the price.

THE BACKGROUND

Rhodesia was opened up to the rest of the world less than a century ago by British pioneers. Since then, Rhodesia has developed rapidly, primarily through its mineral production—gold, copper, chrome and such—and through highly productive agriculture. In the past two decades alone, the "African" (i.e., black) population has more than doubled, to 6 million, while the "European" population (i.e., white) has less than doubled, from about 180,000 to less than 300,000.

As Rhodesia has developed, more and more Africans have been drawn from their traditional barter economy into the modern market sector. For example, from 1958 to 1975, the total earnings of African employees quadrupled, while those of European employees a little more than tripled. Even so, perhaps more than half of all Africans are still living in the traditional subsistence sector.

Europeans have a much higher average income than Africans in the market sector—perhaps in the ratio of as much as 10 to 1. But Africans in the market sector have a much higher average income than their fellows in the traditional sector—in about the same ratio. Both Europeans and Africans have benefited from their cooperation. Modern cities like Salisbury, an extensive network of roads and communications, productive farm lands, mines and industrial works—all this would have been impossible for a population of whites that even today totals fewer than 300,000. On the other hand, without the knowledge, skill and capital provided by the whites, Rhodesian blacks would today be many fewer and far poorer. To judge from the crude evidence that is available, the Rhodesian blacks in the modern sector enjoy an average income that is considerably more than twice as high as that of all the residents of the rest of Africa, excluding only South Africa.

RACE RELATIONS

The relation of the whites to the blacks is complex: a large dose of paternalism, social separation, discrimination in land ownership, and little or no official discrimination in other respects. In particular, there is no evidence of that petty apartheid—separate post-office entrances, toilets, and the like—that was our shame in the South and that I find so galling in South Africa. The education of the blacks has been proceeding by leaps and bounds. Today, half or more of the students at the University of Rhodesia are black.

Guerrilla warfare from outside and inside the country has produced a reaction by the government that can properly be described as repressive. But the provocation has clearly been great and it is important to maintain a sense of proportion. More than half of the defense forces patrolling the borders are black. We were told that more blacks volunteers for the defense forces than can be accepted. The streets of Salisbury give a visual impression of a black sea with occasional white faces that brings to life and gives new meaning to the 20-to-1 numerical population ratio. It is very difficult to reconcile that visual impression with any widespread oppression or feelings of oppression by the blacks. If that existed, Rhodesia could not easily maintain such internal harmony or so prosperous an economy. During the past ten years of sanctions, Rhodesia grew in real terms more rapidly than in the prior ten years—and more rapidly than the rest of Africa.

MAJORITY RULE

The external pressures against Rhodesia arise from its unwillingness to grant "majority rule" within a definite and brief timetable. Whatever the merits or demerits of "majority rule" as an abstract principle, the imposition of sanctions against Rhodesia on this ground is a striking example of a double standard. The other former African colonies of Britain that were granted independence without question and without sanctions do not have anything approximating what Americans regard as majority rule. They have minority rule by a black elite that controls the one party permitted to exist. If the elite minority in Rhodesia had happened to be black instead of white, Britain would have rushed to grant them independence and provide "development assistance."

"Majority rule" for Rhodesia today is a euphemism for a black-minority government, which would almost surely mean both the eviction or exodus of most of the whites and also a drastically lower level of living and of opportunity for the masses of black Rhodesians. That, at any event, has been the typical experience in Africa—most recently in Mozambique. In his trip to Black Africa, Secretary Kissinger would do well to talk to some of the exploited masses and not only the elite—but needless to say, he will not find it easy to do so in the one-party states.

Rhodesia has a freer press, a more democratic form of government, a greater sympathy with Western ideals than most if not all of the states of Black Africa. Yet we play straight into the hands of our Communist enemies by imposing sanctions on it! The Minister of Justice of Rhodesia cannot get a visa to visit the U.S.—yet we welcome the ministers of the Gulag Archipelago with open arms. James Burnham had the right phrase for it: sucide of the West.

MOZAMBIQUE

I. BACKGROUND

On June 25, 1975, Mozambique gained independence from Portugal. There were festivities to mark independence, and the usual words of lip-service were paid to democratic freedoms, etc., etc. Mozambique became a "Popular Republic," and that, in Communist language, means the opposite of what it says. Mozamique, under President Samora Machel, is ruled by a clique of ex-terrorists.

The government of Mozambique is known as Frelimo (Front for the Liberation of Mozambique), and Machel attempts to lead it according to Marxist ideology. He has organized workers into traditional socialist cells, nationalized mission schools, nationalized all property, and established political indoctrination programs. So far, Machel has emphasized ideological rather than economic goals.

II. ECONOMY

The greatest obstacle Mozambique faces at present is a decaying economic posture. While Machel works in an ideological frenzy, the remainder of Mozambique faces economic shambles. Factors which typify the country's current economic situation are:

The Rhodesian border closure will cost Mozambique one-quarter of its annual foreign exchange earnings ($50 million in Rhodesian transit revenues and $30 million annually brought back by Mozambican workers in Rhodesia).

Production of major cash crops like sugar and cotton is off at least 50 per cent.

Floods and a cyclone earlier this year ruined the entire harvest in the central region.

Nationalization of property has put a severe pinch on Mozambique finance houses and has scared off investors.

73,000 Mozambique refugees have returned from neighboring countries, adding to the financial and resource drain the country already faces.

The once prosperous tourist industry, living off revenue brought in by hundreds of thousands of South African and Rhodesian holiday-makers, is a thing of the past.

Mozambique currency is valueless outside the country.

Unemployment has soared since Mozambique gained independence.

Since the Lisbon revolution, Mozambique's overall agricultural production has fallen by a staggering 75 per cent, leading to acute food shortages and long breadlines.

III. INTERNAL UNREST

As a result of the poor economic and food situations, small-scale rebellion has begun to flare up in Mozambique. There have already been two outbreaks in the former Portuguese colony: a starvation-riot skirmish between civilians and the army in Beira in November and an uprising by 400 army dissidents in the capital (Maputo).

In one incident, men, women, and children of the Mocua were machine-gunned to death in "thousands." Collective villages in Mozambique are a raw, heartless alternative to the old tribal villages, and the people obviously felt the change for the worse.

Growing opposition to the Frelimo government has subsided somewhat since Machel declared a "state of war" with Rhodesia. For now, most Mozambicans are concerned enough over the threat of attack from Rhodesia that they rally round Machel.

IV. MASS EXODUS

Unpersuaded, more than half of the 220,000 whites left Mozambique before independence. Consequently, Mozambique is now almost totally without skilled and professional workers. At present there are fewer than 1,000 trained administrators in the entire country. The medical situation is even worse—15 medical doctors for a population of 8.5 million people.

Whites are leaving Mozambique at a breakneck pace. At present there are less than 30,000 whites still in the country. Well-informed sources predict that only 3,000 whites will be left by July 1.

V. ANTIRELIGION CAMPAIGN

The Machel myth of Mozambique has launched itself against all forms of religion within the country. Machel's Interior Minister, Armando Guebuza, asserts that the churches have joined together to form a common front against Frelimo.

The fact that about 70 per cent of the population is Christian means Machel's antichurch drive must necessitate large-scale repression—and it has. About 35,000 members of the Jehovah Witness sect have been forcibly placed in re-education camps near central Mozambique. Diplomats estimate that over 150 missionaries and churchworkers are being held without charge in prison in the port city of Beira. Three American missionaries have been imprisoned since last summer. In all cases the prisoners have been jailed without charge, and they have been refused legal counsel or consultation with embassy officials.

The Frelimo government is firm on its antireligion stand. In a recent statement the government warned: "The people must be made to understand that to attend church services or to obey the preachings of the missionaries will mean to work against Mozambique and to serve the imperialist powers."

VI. SOVIET INFLUENCE

Though Moscow recently delivered two shiploads of armored cars, 122-m.m. mobile rocket launchers and SA–7 shoulder-fired missiles, Machel's poorly trained 10,000-man army is ill-equipped to handle them. The Soviet influence in Mozambique is unlikely to offset the country's economic and financial dependence on South Africa.

But, Mozambique is becoming a base for guerrilla fighters. Machel sent 500 Frelimos to fight for the MPLA in Angola. They are now back, and with them are Cubans to train 15,000 Mozanbicans and Rhodesian terrorists.

VII. PRESENT STATUS

The current state of affairs in Mozambique reveals a megalomaniac directing the government so that the people of the world "may eventually be freed from oppression." To facilitate this liberation effort, Samora Machel employs such measures as:

A secret police possessing all the characteristics of the KGB and Papa Doc's Tonton Macoute. They are the SNASP pronounced by Mozambicans as Senaspo, to rhyme with Gestapo.

Labor camps in which white women are stripped to the waist and work in the fields from dawn, dreading their return to the prison compound at sunset. In the compound they are sexually assaulted by Machel's unpaid terrorists and hired to outsiders for sex. One white escaped-prisoner described the labor camp as a "center of prostitution, corruption, rape, drunkenness, and murder."

"Re-education camps" to which religious prisoners are sent for indoctrination.

Pronouncing children as property of the state and removing them from home and family.

Mr. ALLEN. Mr. President, I believe the dollars in a $6.7 billion bill lose their significance somewhat, because whether $75 million, as the conference report calls for, or $85 million as originally introduced, it is a small fraction of the $6.7 billion. But inherent in these authorizations is the policy of Secretary of State Kissinger in which he pledges his unrelenting opposition to Rhodesia, a policy that supports violence, insurrection, revolution and guerrilla activities; a policy that supports the overthrow of a stable government by force, by force of arms; a policy that is very little different, as the Senator from Alabama sees it, from the policy of the Soviet Union in subsidizing Cuba in sending troops into Angola.

What is the difference between the United States, through its taxpayer funds, sending money to outfit and equip guerrilla activities to fight against the Rhodesian Government and Russia equipping, outfitting, and sending into Angola Cuban troops to fight against the Government there?

It is just a question of degree.

We are lending the prestige of the U.S. Government, the prestige of the American people, to this shortsighted policy. When they have a bloodbath over there, are we going to derive any satisfaction from the fact that we engaged in this activity ourselves? Are we going to feel that we have any responsibility for thousands of lives that are going to be lost over there?

We all see it coming. It has already come, in some degree. We will see more and more of it.

Is this the type policy that we want to approve here in the Senate?

It is not a policy the Senator from Alabama wants to approve.

Mr. President, I hope that the conference report will be defeated.

MILITARY SALES TO CHILE

Mr. HUMPHREY. Mr. President, since the conclusion of the conference on this measure there has arisen a situation with regard to arms sales to Chile which requires comment here.

The conference bill will prohibit any additional military grants, credits, guarantees or sales, either government-to-government or commercial, to Chile. Deliveries of items already purchased through FMS or commercial channels would be permitted. The clear intent of the conferees was to permit delivery only of items already under contract. It was recognized and accepted by the conferees that the prohibition of future sales would preclude an ongoing supply of spare parts not already contracted for.

This decision of the conferees apparently occasioned great dismay within the executive branch and the Chilean military. This past Monday, June 21, officials of the State Department sought reactions from a number of Members of Congress to the possibility of concluding a hurried contract with the Government of Chile for spare parts. As explained to me by the State Department, such a contract was essential because otherwise the Chileans would have no spare parts, safety equipment or technical manuals for the new airplanes which they were to be allowed to receive. Not wanting to reject this suggestion out of hand, I asked for detailed contract information concerning both past and prospective sales. I was promised by senior State Department officials that I would receive the requested information.

Throughout the day on Tuesday, June 22, Wednesday, June 23, and until mid-afternoon on June 24, our staff sought to obtain the desired details of the Chilean transactions. Their inquiries and requests were bounced back and forth between the Departments of State and Defense. Two misleading and incomplete summary papers were supplied and rejected as totally inadequate.

While this was going on, unbeknownst to any of us, the Defense Department had quietly signed not one, but three additional agreements with the Chileans. Despite numerous contacts with our staff, this fact was not divulged until June 24. Meanwhile, my presumption was that I was to have an opportunity to comment on the proposed sales after I had received the necessary background information.

Yesterday afternoon when the representatives of State and Defense finally delivered copies of the sales documents for our examination, including the three already signed new agreements, we made a number of other surprising discoveries:

The original sales contract for the airplanes in the pipeline included a year's supply of spare parts. Thus, the argument made to me that there would be no spares was not factual.

The first of the new agreements provides that the Chilean air force may draw on U.S. inventories for spare parts up to a dollar figure of $6.9 million designed to enable them to operate for an additional year. Thus, there will be a 2-year supply of parts and a close ongoing relationship between the United States and Chilean Air Forces.

The new air force contract does not just provide spare parts for new aircraft, it also provides spare parts for any aircraft of U.S. origin in the Chilean inventory. We had been told that any new contract would relate only to new aircraft.

The second new contract, which was never at any time justified, discussed or alluded to before we discovered it yesterday, provides an ongoing supply of spare parts to the Chilean Army for any of its U.S.-made weapons, including tanks, helicopters, artillery, small arms, and electronic devices.

The third new contract establishes an ongoing spare parts supply relationship between the United States and Chilean Navies for any U.S.-built ship owned by the Chileans. As with the army contract, we were never advised that such a contract was envisaged.

In addition to the rather shoddy picture of executive branch dealings with the Congress presented by the signing of these contracts, they have other implications:

They represent a knowing and willful effort to circumvent the express will of the Congress; and

They insure a prolonged and perhaps closer official relationship between the United States and Chilean military establishment than has been the case in the past.

The actions which have been taken are within the letter of the law, but they do violence to its spirit and to the cause of trust and confidence between the branches of Government.

These last minute maneuvers demonstrate once again the lengths to which the administration is willing to go—in secret—notwithstanding its public pronouncements, to support the brutally repressive Chilean junta. It is clear that the orders for these transactions come from the highest level of the Department of State and that is where responsibility for this episode must rest. Whether these deals can be undone is not clear. Hopefully, the executive branch will reexamine its deeds. Meanwhile, we will be examining possible legislative recourse.

The entire episode—not one of which the executive should be very proud, no matter how clever they consider themselves to be—certainly is not one which can be allowed to go unchallenged.

SOUTHERN AFRICA FUNDS

As passed by the Senate the bill contained the following:

A total of $25 million each for Zaire and Zambia.

An additional $25 million for other southern African countries was dropped on an unopposed motion in order to avoid procedural delays in the Senate.

The latter was done, however, with the clear expectation that the House would probably insist upon the inclusion of southern African funds in the conference report and that earlier rollcall votes in the Senate would support its acceptance by the Senate conferees.

The House bill as it went to conference included $30 million each for Zaire and Zambia and $25 million for other southern African countries. The use of southern African funds for Mozambique was prohibited by the House. As noted, the Senate bill did not provide funds for southern Africa, but nevertheless did prohibit use of funds for Mozambique while the Reverend Armand Doll remained in prison in that country. The general Senate record, on the other hand, supported funds for Mozambique, including a strong rollcall vote. With regard to the provision relating to Reverend Doll, expert judgment was that its form was such that, despite its well meant intent, it would actually prejudice the chances of the Reverend Doll's release. Moreover, the Reverend Doll provision was subject to a point of order in the House as it applied to funds beyond the scope of the bill.

The conferees decided upon provisions authorizing $27.5 million each for Zaire and Zambia. An additional $20 million was included which, while not earmarked for southern African countries other than Zaire and Zambia, was clearly intended for that purpose. No mention is made in the conference bill of Mozambique, although the statement of managers urges strong action to secure the release of the Reverend Doll.

Since the conference was completed there are indications that the Senate Appropriations Committee will not recommend fiscal year 1977 funds for southern African countries other than Zaire and Zambia. The Committee on Foreign Relations regrets this action and hopes that such funds may still be forthcoming, if not now, then in a supplemental request.

Our committee also regrets that the

executive branch, notwithstanding the Secretary of State's Lusaka speech, did not present a forceful justification to the Appropriations Committee to obtain such funds. Assurances have now been given that this lapse will be corrected.

We hope that despite this parliamentary tangle and the lack of persistence on the part of the administration, there will soon be funds to carry out a new U.S. policy in southern Africa. As one member of the Committee on Foreign Relations, I pledge my strong support to this effort.

Mr. President, I do hope the conference report will be approved. I have no further comment. I appreciate the sincerity of the Senator from Alabama. I ask for a vote.

Mr. CASE. Mr. President, I want to express again the appreciation that all of us have for the leadership of the Senator from Minnesota, the chairman of our committee, for his work in the committee and in conference as well as on the floor of the Senate.

First. This legislation marks an important turning point in the role of Congress in the critical areas of U.S. arms programs abroad—including U.S. grant military assistance cases; U.S. Government-to-Government, FMS, sales; commercial arms sales, and in U.S. training programs related to arms sales.

The objective of the legislation is to set an overall framework for a strong congressional voice in the sale of weapons abroad so as to prevent runaway arms programs which do not relate to U.S. foreign policy objectives.

Second. This measure if enacted sets up for the first time a comprehensive and responsible review procedure of U.S. programs to countries suspected of violating basic human rights. It sets as national policy the rule that gross violations of human rights by any nation will result in the termination of U.S. assistance and military sales.

Third. For the first time discrimination by foreign nations against U.S. citizens carrying out U.S. military assistance and sales programs is outlawed and an investigatory system set up to deal with alleged cases of discrimination.

INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976

Mr. KENNEDY. Mr. President, I wish to join in supporting the conference report on the International Security Assistance and Arms Export Control Act of 1976. This bill has been a long time in coming to fruition, and an earlier version was vetoed by the President. Yet throughout this process—the long months of drafting, hearings, debate and negotiations with the administration—the Foreign Relations Subcommittee on Foreign Assistance has done excellent work. I particularly want to commend its chairman, our distinguished colleague from Minnesota (Mr. HUMPHREY), for his efforts on this bill.

Mr. President, I would be less than candid if I said that this is the bill I wanted to emerge from long months of effort. Regrettably, the President chose to veto the far stronger bill which we passed earlier this year. In particular, I find it hard to understand why he opposed two provisions, relating to human rights and discrimination against U.S. personnel. It seems to me that these provisions, reflecting basic American values, were an essential part of our effort to bring U.S. foreign policy in this critical area of arms sales into line with the desires and beliefs of the vast majority of the American people. To be sure, we can still act to cut off arms sales to countries systematically violating human rights, or discriminating against Americans, through joint resolution under expedited procedures. But this is a far cry from the concurrent resolutions provided for in the original bill.

I will join with other Senators in using what authority we do have under this bill to see that a clear light is thrown on actions in arms sales that go against our deep concerns in the areas of human rights and discrimination against Americans.

Mr. President, this bill does take a step forward in gaining for the Congress far more information on arms sales, and their possible justification, than before. Thus the administration must at least come to us with plausible explanations for particular sales, and for overall programs, in a form that will enable us to debate the implications for U.S. foreign policy and relations with other states. And we will now have 10 days longer—30 instead of 20 days—to decide by concurrent resolution whether to turn down individual arms sales of $25 million or more. And for the first time commercial sales above that level are also covered, by providing that they be accomplished through the Foreign Military Sales Act. I also want to emphasize the phaseout of military missions and of the grant aid program as essential new directions of this legislation.

This is only a modest extension of existing authority. But the key will be how we use that authority. Fortunately, with the creation of the Foreign Assistance Subcommittee of Foreign Relations, the Senate has a new mechanism for monitoring arms sales, and for alerting the rest of the Senate where action is needed. I shall strongly support the efforts of the subcommittee in this area, and I urge my colleagues to do the same.

Mr. President, I would also like to compliment our distinguished colleague from Missouri (Mr. SYMINGTON) for the provision regarding a cutoff of aid to countries that either transfer or receive nuclear enrichment or reprocessing facilities, unless there are firm controls. Unfortunately, the conference report provides a loophole for Presidential action; but the basic provision is still a step in the right direction.

Mr. President, with regard to Chile, I am pleased the conference adopted the provisions of my amendment to prohibit all new sales, grants, credits, guarantees, training and other military assistance, as well as prohibiting pipeline delivery of FMS materials to the junta. Unfortunately, most of the existing pipeline would be permitted under the compromise adopted.

But what is particularly disturbing now, and an outrageous breach of faith with the conferees and the Congress, is a new $9.2 million sale, of spare parts to permit Chile to stockpile materials, which the administration signed on Tuesday. What is particularly galling is that the proposal for new spare parts was rejected by the conferees. This last-minute sale is a glaring example of the contradiction between the rhetoric of the Secretary of State in Chile in support of human rights, and the action of the administration in this area. It is a compelling lesson, which demonstrates why the Congress has been forced to utilize more of the powers available to it under the Constitution to challenge the Executive's independence in some limited areas of foreign policy.

In addition, the conference adopted a compromise provision respecting the amendment Senators HUMPHREY, JAVITS, CASE, and I offered restricting economic assistance to Chile. Although the restriction was retained, limiting the base level of aid to $27.5 million and authorizing, if specific conditions regarding human rights are met, another $27.5 million, the total level remains extremely high, although approximately half the administration's original requests.

With regard to that provision, while there is legislative history endorsing the exclusion of Peace Corps, title II of Public Law 480, and the Inter-American Foundation from the economic aid ceiling, there is no such legislative history or justification in the language of the statute for the one sentence in the statement of managers which reads:

> It [The ceiling] is not intended to apply to usual commercial-type, non-concessional OPIC insurance, Export/Import Bank loans, guaranties and insurance, and credits through CCC.

The reason there was no change in the statute is that such action would have been outside the realm of the conference, since both Senate and House provisions were designed to include those programs and all others in the ceiling except for those I have previously noted; that is, Peace Corps, title II of Public Law 480 and the Inter-American Foundation.

Therefore, I believe the language of the statute must be read that both Houses intended to prohibit any exemption from the ceiling for OPIC, Export/Import Bank, or CCC activities.

It is my understanding that the Senate, in voting to accept the conference report, obviously stands on the language of the bill with regard to those agencies—contrary to the inconsistent sentence previously quoted in the statement of managers.

Mr. President, I also would like to comment briefly on some specific funding levels in this bill that are of particular interest to me. I am gratified to see that the conferees have provided $25 million in relief assistance to victims of the recent earthquakes in Italy; and that they adopted full funding of $55 million for Portugal in the coming fiscal year. I also believe that the Congress has acted wisely in providing most of the money requested for southern African by Secretary Kissinger in his forthcoming speech in Lusaka on April 27. Zaire and Zambia will each get $27.5 million in security supporting assistance; while $20 million is provided for southern African States, generally. I trust, however, that this $20 million will be used by the administration as the Secretary proposed, and not just concentrated in a single country.

At the same time, however, I deeply regret that the conferees deleted my amendment, adopted by the Senate, to provide $20 million in assistance to the refugees in Cyprus for the next fiscal year. I would like to be able to report to the Senate that these funds are not needed; that the refugees have been able to return to their homes. But I cannot. Although more than 2 years have passed, the sad plight of the refugees continues; and the political crisis that has led to widespread human suffering is no nearer resolution.

Hopefully, a remedy will be found in other legislation to meet fully our obligations to the people of Cyprus.

I ask unanimous consent to have printed in the RECORD an article from the Washington Post on the Chilean sale.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 25, 1976]

CHILE ARMS PLEDGE CALLED "SHODDY DEAL"

(By Spencer Rich)

Sens. Hubert H. Humphrey (D-Minn.) and Edward M. Kennedy (D-Mass.) charged last night that the State Department is rushing through a new $9.2 million commitment for the Chilean air force in a last-ditch effort to beat a congressional ban on further weapons aid for Chile.

"It's a shoddy deal," said Humphrey angrily. "I have protested by phone and I will write a letter of protest." Humphrey is chairman of the Senate Foreign Relations Subcommittee on Foreign Assistance.

Kennedy, author of the legislation banning aid to Chile, said, "It's outrageous. It's a clear total violation of the spirit" of the provision.

The ban on further commitments of weapons to Chile—whether by the government or by the commercial sales—was sponsored by Kennedy because of the repressive nature of the Chilean regime. The prohibition is contained in the final, compromise version of the foreign military aid authorization bill.

The provision allows shipments of materials already in the pipeline—about $114 million in planes, weapons and parts. But the ban does not become effective until the bill is signed. While that is considered a certainty, it hasn't occurred yet because the conference report on the bill hasn't cleared the Senate and been sent to the White House. The $9.2 million in question is in addition to the $113 million.

Humphrey said State Department officials had come to him June 21 and broached the possibility of contracting for added airplane parts before the deadline, but he had asked how many were in the pipeline before giving his answer.

He later learned that on June 22, before he had been given an answer, a "letter of offer" from the Defense Department, allowing the Chilean air force to obtain added spare parts beyond those in the pipeline, was signed.

A Humphrey aide said the "letter of offer" gives the Chileans the right to draw $9.2 million in spare parts for F-5 fighters and any other American-made planes in their inventory.

"We don't have any legal authority to stop them, but in terms of the spirit of accommodation, they ought not to have done it," Humphrey said.

The extra $9.2 million constitutes a year's supply of parts, a Humphrey aide said. In addition, he said, the United States apparently has "re-programmed" some $8 million or $9 million in trucks already in pipeline and substituted spare parts for the Army and Navy in their place.

Asserting that the congressional ban was being circumvented, Kennedy said, "Within 24 hours of the House-Senate conference agreement they were finalizing a new commitment."

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. CASE. I move to reconsider the vote by which the conference report was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ZUNI LAND TRANSFER, CLAIM AND LAND MANAGEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Order No. 920, S. 877, which has been cleared all around and with the Budget Committee.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (S. 877) to direct the Secretary of the Interior to purchase and hold certain lands in trust from the Zuni Indian Tribe of New Mexico; to confer jurisdiction on the Court of Claims with respect to land claims of such tribe; and to authorize such tribe to purchase and exchange lands in the States of New Mexico and Arizona, which had been reported from the Committee on Interior and Insular Affairs with amendments as follows:

On page 2, beginning in line 2, strike the following: "the southeast quarter of the southeast quarter in section 25, township 3 north, range 19 west; the east half of the northeast quarter in section 36, township 3 north, range 19 west; the southwest quarter in section 32, township 3 north, range 18 west; the west half of the southeast quarter in section 32, township 3 north, range 18 west; the northwest quarter in section 31, township 3 north, range 18 west; the west half of the northeast quarter in section 31, township 3 north, range 18 west, all of the New Mexico principal meridian, New Mexico, containing approximately 560 acres, more or less." and insert in lieu thereof:

"Lots 3 and 4, east half southwest quarter, west half southeast quarter, section 30, township 3 north, range 18 west, lots 1 and 2, east half northwest quarter, west half northeast quarter, section 31, township 3 north, range 18 west, southeast quarter southeast quarter, section 25, and east half northeast quarter, section 36, township 3 north, range 19 west, all of the New Mexico principal meridian, New Mexico, containing approximately 618.41 acres, more or less."

On page 3, line 8, strike "which were taken from the tribe without just compensation by the United States." and insert "held by aboriginal title or otherwise, which were acquired from the tribe without payment of adequate compensation by the United States."; and

On page 4, line 7, strike "299" and insert "229"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") shall acquire, through purchase or exchange, the lands described in subsection (b).

(b) The lands to be acquired under subsection (a) are lands in the State of New Mexico upon which the Zuni Salt Lake is located and which are more particularly described as follows: Lots 3 and 4, east half southwest quarter, west half southeast quarter, section 30, township 3 north, range 18 west, lots 1 and 2, east half northwest quarter, west half northeast quarter, section 31, township 3 north, range 18 west, southeast quarter southeast quarter, section 25, and east half northeast quarter, section 36, township 3 north, range 19 west, all of the New Mexico principal meridian, New Mexico, containing approximately 618.41 acres, more or less.

(c) Title to the lands to be acquired under subsection (a) shall be taken and held in trust in the name of the United States for the benefit of the Zuni Tribe of New Mexico (hereinafter in this Act referred to as the "tribe"), and such lands shall be exempt from State and local taxation.

SEC. 2. (a) Notwithstanding sections 2401 and 2501 of title 28, United States Code, and section 12 of the Act of August 13, 1946 (60 Stat. 1052; 25 U.S.C. 70k), jurisdiction is hereby conferred upon the United States Court of Claims to hear, determine, and render judgment on any claims of the tribe against the United States with respect to any lands or interests therein in the State of New Mexico or the State of Arizona held by aboriginal title or otherwise, which were acquired from the tribe without payment of adequate compensation by the United States. Such jurisdiction is conferred notwithstanding any failure of the tribe to exhaust any available administrative remedies. Any party to any action under this subsection shall have the right to have any final decision of the Court of Claims reviewed by appeal to the Supreme Court of the United States.

(b)(1) Any award made to any Indian tribe other than the Zuni Indian Tribe of New Mexico before, on, or after the date of the enactment of this Act, under any judgment of the Indian Claims Commission or any other authority, with respect to any lands that are the subject of a claim submitted by the tribe under subsection (a) shall not be considered as a defense, estoppel, or setoff to such claim, and shall not otherwise affect the entitlement to, or amount of, any relief with respect to such claim.

(b)(2) Any award made to the tribe pursuant to subsection (a) shall not be considered as a defense, estoppel, or setoff to the claims pending before the Indian Claims Commission on the date of the enactment of this Act in docket 196 (filed August 3, 1951) and docket 229 (filed August 8, 1951), and shall not otherwise affect the entitlement to, or amount of, any relief with respect to such claims.

SEC. 3. (a) For purposes of making additions to the Zuni Indian Reservation, the tribe may, subject to approval by the Secretary, purchase or otherwise acquire any lands within the State of New Mexico or the State of Arizona which are contiguous to such reservation.

(b) The tribe may, subject to approval by the Secretary, exchange any land held by such tribe which are not contiguous to the Zuni Indian Reservation for lands of equal or comparable value held by any person, any State, any agency or political subdivision of a State, or any agency or department of the United States.

(c) Title to any lands which are—

(1) acquired by the tribe under subsection (a), or

(2) acquired by the tribe under subsection (b) and which are contiguous to the Zuni Indian Reservation,

shall be taken and held in trust in the name of the United States for the benefit of the tribe. Any such lands shall be considered for all purposes as part of such reservation, and shall be exempt from State and local taxation.

(d) Title to any lands acquired by the tribe under subsection (b) which are not contiguous to the Zuni Indian Reservation shall be held in the name of the tribe.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is H.R. 10612.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, because of extraordinary circumstances, I ask unanimous consent that the Committee on Government Operations be permitted to meet on Thursday, July 1 at 10 a.m. on the Kennedy attorney fees bill, S. 275. I think this is meritorious.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, for reasons that the leadership has determined to be extraordinary, the Committee on Commerce be authorized to meet for a brief period in executive session to consider S. 1730 on June 30, 1976, during the session of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. CURTIS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending question is unprinted amendment No. 104, which was offered and agreed to last evening, and which is open to amendments dealing with maximum taxes.

Mr. CURTIS. Do I correctly understand that the amendment was agreed to last evening?

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. Not the maximum tax—minimum tax.

The PRESIDING OFFICER. Amendment No. 104 was agreed to, but it is open to amendments dealing with maximum tax.

Mr. CURTIS. Mr. President, in the hope that some of my colleagues will be reading the RECORD, I wish to make a few comments about this tax bill as a whole.

It has been a massive job. It involved weeks of hearings, weeks of executive sessions. But on the floor of the Senate, it is subject to constant attack. Before we could get at the substance of this bill, the Committee on Finance had to defend its right to present it, because a committee that held no hearings on these many complicated features wanted to take over. The debate and the experience of the Senate last night were most interesting.

There always will be some loopholes that need to be closed. Every provision of the Internal Revenue Code is enacted for a good purpose, but sometimes they turn out different from the way anticipated. Sometimes someone will be able to use a combination of provisions of a code and get an advantage. Consequently, it is the duty of the Senate and of the House of Representatives not to have tax reform once in 2 years or once in 5 years but all the time. The object, however, of tax reform should be to do justice.

Sometimes there is a provision of law that should be corrected in favor of the taxpayer. Sometimes it should be corrected in favor of the Government. The notion that some way, somehow, by the magic words of tax reform, we can secure all the revenue necessary to pay the expenses of this Government, to end deficit financing and balance the budget, is very erroneous, but it crops up all the time.

Mr. LONG. Mr. President, will the Senator yield for a suggestion of a quorum?

Mr. CURTIS. Yes, if I may finish my thought.

Mr. President, the difference between the two theories of economics and tax law last night was only, maybe, $300 or $400 million, probably a question of a reasonable meaning of something or an overkill, maybe not. But it does not balance the budget. We are going to be $90 billion more in debt when this fiscal year ends on September 30 than we were at the beginning of the fiscal year. If we are going to get down to the business of putting the finances in order, we are going to have to lessen the size of the Government. We are going to have to cut back on some of the social welfare programs. We are going to have to cut back on a lot of programs.

Mr. President, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

May we have order in the Senate, please.

Mr. MANSFIELD. Mr. President, the assistant majority leader will make a unanimous-consent request which, I hope, the Senate will accede to if we want to dispose of this bill.

The PRESIDING OFFICER. Will the Senator suspend. The Chamber is not in order.

ORDER OF BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, for the information of the Senate, the Senate has been on notice for at least 4 days that there would be a Saturday session, and there will be. Tomorrow we take up the military construction bill which contains a total of $3.4 billion in appropriations, to be followed by the Interior appropriation bill, which contains a total of $6.2 billion in appropriations; to be followed by HUD which contains a total of $43.3 billion in appropriations, for a total of $53 billion, to be considered when these three appropriation bills are called up tomorrow.

On the basis of the best judgment which the leadership can arrive at there should be at least 4 rollcall votes, with a possibility that there will be several more.

I throw this out just so the Senate will be aware that we do have the most serious business tomorrow: $53 billion will be discussed—no small amount.

At this time I will yield to the assistant majority leader.

ORDER FOR THE SENATE TO MEET AT 9 A.M. ON TUESDAY THROUGH SATURDAY NEXT WEEK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Monday, Tuesday, Wednesday, Thursday, and Friday of next week it stand in recess, respectively, until the hour of 9 a.m. on Tuesday, Wednesday, Thursday, Friday, and Saturday of next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM FOR NEXT WEEK

MONDAY, JUNE 28, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders or their designees have been recognized under the the standing order, the Senate proceed to the consideration of the HEW appropriation bill, and at no later than 2 p.m. on Monday, if that bill has not been disposed of by that time—which it likely will not be—that that bill be laid temporarily aside and the Senate resume consideration of the unfinished business, at which time the Senate proceed to consider the maximum tax.

TIME-LIMITATION AGREEMENT—MAXIMUM TAX

Provided, further, that there be a time limitation for debate on the maximum tax of not to exceed 5 hours to be equally divided between Mr. MONDALE and Mr. LONG or Mr. LONG's designee; that there be a time limitation on any amendment thereto of not to exceed 30 minutes; a time limitation on any debatable motion, appeal or point of order of not to exceed 10 minutes, and that the agreement with respect to the division and control of time be in the usual form; provided further, that the maximum tax be disposed of no later than the hour of 8 p.m. on Monday.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it so ordered.

TUESDAY, JUNE 29, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday of next week, after the two leaders or their designees have been recognized under the standing order, the HEW appropriation bill, if it has not been disposed of on Monday, be called up and its consideration resumed, and that action thereon continue until not later than the hour of 2 o'clock on Tuesday; that if that bill has not been disposed of by the hour of 2 o'clock on Tuesday, it be again set aside and the Senate resume consideration at no later than the hour of 2 o'clock on Tuesday of the unfinished business, and that at that time the amendment dealing with intangibles be the question before the Senate.

The PRESIDING OFFICER. Is that the extent of the request?

Mr. ROBERT C. BYRD. That is.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Reserving the right to object——

Mr. ROBERT C. BYRD. There is no time agreement on intangibles.

TIME-LIMITATION AGREEMENT—INTANGIBLES

I ask unanimous consent, however, that if the amendment dealing with intangibles is disposed of by no later than 5 p.m. on Tuesday, the Senate proceed forthwith to the consideration of the amendment dealing with deferrals and that, in any event, on the amendment dealing with deferrals, there be a time limitation for debate thereon of not to exceed 6 hours to be equally divided between Mr. HARTKE and Mr. PACKWOOD; provided further, that there be a time limitation on any amendment thereto of 30 minutes, and a time limitation of 1 hour on the Haskell amendment.

Mr. PACKWOOD. Is this on the subject of deferrals?

Mr. ROBERT C. BYRD. Yes.

Mr. PACKWOOD. Reserving the right to object, is that 1 hour for Senator HASKELL on his amendment?

Mr. ROBERT C. BYRD. One hour on the amendment to be equally divided.

Mr. HASKELL. It would be perfectly satisfactory to me, Mr. President, to have 1 hour on the amendment to be equally divided between myself and Senator PACKWOOD.

Mr. ROBERT C. BYRD. Ordered further, Mr. President——

Mr. NELSON. May I interrupt? I did not know there was any agreement on when the deferral would take place.

I had thought when we finished with the Tuesday amendment—is that Senator HATHAWAY's?

Mr. ROBERT C. BYRD. Yes.

Mr. NELSON. That we would then move to title IV, which is the extension of the tax cuts. That is the next title. Was that not agreed to by Senator KENNEDY and——

Mr. KENNEDY. If the Senator will yield, I think in the order that we had thought after the maximum would be if we could get a time agreement to the DISC, and the deferral, and the tax.

Mr. MANSFIELD. If I may interject, it was stated either one or the other, the deferral or——

Mr. KENNEDY. If they could get a time agreement.

Mr. NELSON. DISC or deferral?

Would it be agreeable to take up the extension of the tax cuts, title IV, following the vote on deferral?

Mr. ROBERT C. BYRD addressed the Chair.

Mr. LONG. I did not hear what the Senator said.

Mr. NELSON. After deferral is voted on, can we then take up the tax cut?

Mr. LONG. I thought we were going to take up DISC next.

I hope that we can see what we are going to do on some of these things that I hope will raise us some money before we get on to see how much of a tax cut we can afford. It is a lot easier to give tax cuts with money we have than it is with money we do not have. For better or worse, we raised almost $1 billion yesterday.

I think that we would be in better shape to vote on these items. We hope to raise some revenues first. Since that is what we talked about doing, why not see if we can dispose of those? I am confident that there is more controversy in those than in the tax cuts.

Why not see if we can dispose of the maximum tax and then see if we can dispose of the intangibles. Then we can see if we can dispose of the deferral issue, and then the DISC, and get those matters settled?

Mr. NELSON. I must admire the flexibility of the Senator from Louisiana. We spent 2 days arguing that we could not take up the tax cut because it was out of order. So the chairman won the argument that we could not take up the extension of the tax cuts because it was out of order. We would take it up when that order came.

The order is going to be here, now, saying why not wait until we take up the rest?

I do not care that much, but we lost the argument the other day because the Senator from Louisiana was saying we should take up the tax cuts in their order, not out of order.

Well, the order is title IV. Why should we not take up title IV, have the tax cut, then I do not care, go to disk, deferral, or what order, but I do not understand the argument. If the argument is good 3 days ago that we would take it up in order, I do not know why it still is not good.

Mr. LONG. I am still going by what I thought was the old agreement. I am not frozen in concrete, I can do business in another fashion, if need be, but I thought we had more or less agreed at one time, or tried to agree, anyway, that we would try to go in sequence up through title III, and when that was concluded we would take these items on very important issues in the coalition package, and after we then disposed of those, we would take up title IV.

Now, I really cannot see—I would be surprised if I am in error about this—that we will have much difficulty passing title IV on a tax cut.

Mr. PACKWOOD. There was another reason here when we were meeting: there would be objection to any time limitation on the tax cut, and we were able on these things to put them in. I do not have any strong feeling, but we will not get a time limit on the tax cut.

Mr. NELSON. Can we get an agreement on the order of DISC and deferral and the balance of the other smaller items in the package?

Mr. LONG. We have some agreement so far, have we not?

We are making some headway.

Mr. NELSON. We have agreement on deferral, now asking for agreement on DISC immediately after deferral?

Mr. ROBERT C. BYRD. May I say to the distinguished Senator from Wisconsin, we have an agreement on the maximum tax for Monday. We agreed that on Tuesday we would take up intangibles. We have no agreement as to time at the moment on that amendment.

Mr. LONG. When to vote.

Mr. ROBERT C. BYRD. As to when we vote, because on——

Mr. LONG. We are not here involved in that.

Mr. ROBERT C. BYRD. And on Monday, we think we can wrap up the time agreement as to intangibles.

I then moved to deferrals because I thought we could get an agreement on deferrals, and that agreement was as follows: 6 hours on deferrals, equally divided, a half hour on any amendment.

Mr. NELSON. And vote when?

Mr. ROBERT C. BYRD. That amendment would follow intangibles.

Mr. NELSON. All right.

Mr. ROBERT C. BYRD. Provided we do not split the action on deferrals into 2 days.

Mr. NELSON. Was it the intent of the Senator from West Virginia to now ask a consent agreement on taking DISC up afterwards?

Mr. ROBERT C. BYRD. No; this was as far as I had been able to go, based on the discussions we have had.

Mr. NELSON. We have agreement. Is this agreed to thus far?

Mr. ROBERT C. BYRD. We have maximum tax agreed to.

Mr. NELSON. No, deferral. Well, we can get that.

TIME LIMITATION AGREEMENT—DEFERRALS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the amendment on deferrals, there be a time limitation of 6 hours to be equally divided between Mr. HARTKE and Mr. PACK-

WOOD; that there be a time limitation on any amendment of 30 minutes, that there be a time limitation on an amendment by Mr. HASKELL of 1 hour; that there be a time limitation on any debatable motion, appeal, or point of order of 20 minutes; and that the agreement as to the division and control of time be in the usual form, with the understanding that the action on the deferral amendment not be split into 2 days, that it take effect at a time when it can be transacted in 1 day.

Mr. PACKWOOD. I think we agreed if we could not start it by 5 o'clock Tuesday, we would put it over, and not earlier than 2 o'clock Wednesday, and continue straight on and use the time up in voting.

Mr. ROBERT C. BYRD. The Senator is correct.

The PRESIDING OFFICER. Is that incorporated in the agreement?

Mr. ROBERT C. BYRD. Yes.

The PRESIDING OFFICER. Is there *objection?*

Without objection, it is so ordered.

Mr. MANSFIELD. Will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. MANSFIELD. I think it should also be brought to the attention of the Senate that we discussed the possibility of taking up the Bellmon amendment tonight and voting on it Monday. But things did not pan out as we had hoped. If, however, we can complete the maximum tax amendment offered by Senator MONDALE on Monday by 5 p.m., it was hoped that it would be possible to reach an agreement by means of which we could at that time take up the Bellmon amendment. But we are unable to do so. The Senator should be aware of what the leadership has been endeavoring to do.

Mr. ROBERT C. BYRD. And may I ask the distinguished majority leader if it is not also our understanding that if the Senate completes action on the amendment dealing with intangibles on Tuesday, not later than 5 o'clock—and there is no present agreement to that effect—it was understood if the Senate completes action by no later than 5 o'clock on intangibles on Tuesday, it would proceed then to the amendment on deferrals and complete action that evening.

Mr. MANSFIELD. That is correct.

May I take this opportunity to thank the distinguished Senator from Maine for his cooperation in this matter. We found out a little bit late that we had agreed that the amendment we had set aside to allow us to vote last evening was supposed to come up on Monday. But when I informed him of our mistake he was very gracious about it. We are grateful to him.

Mr. DOLE. Will the distinguished majority leader yield?

Mr. MANSFIELD. Yes.

Mr. DOLE. What time do we anticipate the first vote tomorrow morning?

Mr. MANSFIELD. We come in at 9. I imagine we will be on the military construction bill shortly. It is my understanding an amendment will be made or a motion to rescind the funds which have already been appropriated but not obligated or spent for the medical university located in Bethesda. There will be a vote on that. If by some happenstance there is no vote or no action, there will be a vote I would think within the hour on final passage of the military construction bill.

Mr. DOLE. Somewhere around 10 o'clock.

Mr. MANSFIELD. 10 or 10:30.

Mr. PACKWOOD. Mr. President, will the distinguished majority whip yield?

There is some confusion at the desk on the deferral as to what happens if we do not take it up, if we cannot take it up, by 5 o'clock Tuesday.

WEDNESDAY, JUNE 30, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Wednesday, after the two leaders or their designees have been recognized under the standing order, if the HEW appropriation bill has not been disposed of by the close of business on Tuesday, the Senate resume consideration of that bill on Wednesday morning, but that no later than 2 o'clock on Wednesday, the Senate resume consideration of the unfinished business. Or in the alternative, if the HEW appropriation bill is disposed of on Tuesday, then on Wednesday after the two leaders or their designees have been recognized under the standing order, the Senate——

Mr. KENNEDY. Will the Senator withhold that? We have scheduled the health manpower for 9 o'clock Wednesday. It is absolutely essential that we pass that next week.

Mr. MANSFIELD. That is correct.

Mr. KENNEDY. I obviously want to accommodate the leadership. I do not want to get caught, though, if I can avoid it, between the HEW continuing and then the tax coming right down. We would miss getting a chance to vote on it. I think in the time that has been allowed now we can work it out.

Mr. MANSFIELD. On the two-track system it will keep its place.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent—which will be the first-track item daily on Monday, Tuesday, and Wednesday—that after the HEW appropriation bill has been disposed of, the health manpower legislation become the first-track item daily until disposed of.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I could not quite hear what the agreement was. We have gotten to Wednesday. Let us assume we have not gotten to deferral on Tuesday night. What is the order of business on Wednesday?

Mr. ROBERT C. BYRD. In the event the HEW appropriation bill is not completed, on Wednesday morning after the two leaders have been recognized we will go back on the HEW appropriation bill as the first track item. Then we would dispose of that hopefully on Wednesday and we would go back to the tax bill. Then on Thursday, the first track item would become the health manpower legislation.

Mr. PACKWOOD. This is the one thing I want to avoid on Wednesday. When we go back onto the unfinished business, I do not want to start deferral before 2 in the afternoon.

Mr. ROBERT C. BYRD. Right.

Mr. PACKWOOD. Not before 2, all right.

Mr. RIBICOFF. May I have the attention of the Senator from West Virginia?

Mr. ROBERT C. BYRD. Yes.

Mr. RIBICOFF. May I have the attention of our distinguished chairman?

I think the Senator from Wisconsin has been most cooperative in trying to get these unanimous-consent agreements. I supported my distinguished chairman when he had the controversy with the Senator from Maine on title IV, extension of individual income tax reductions. I was under the distinct impression during the entire debate that when title IV was reached, the distinguished Senator from Wisconsin and the distinguished Senator from Maine would have the opportunity to call up title IV, extension of individual income tax reductions. Other items are coming in before that. I would hope that the next unanimous-consent agreement would be accorded to the Senator from Wisconsin (Mr. NELSON) and the Senator from Minnesota (Mr. MONDALE), with the Senator from Maine (Mr. MUSKIE) to bring up title IV. I say it is orderly. I think it complies with the impression many of us had. I would hope the distinguished chairman would agree to come to such an understanding with the Senator from Wisconsin.

Mr. NELSON. May I say a word about that? In the course of time, a number of those were in favor, including the Senator from New Hampshire and the Senator from Connecticut. I am for taking it up in its place in its order. A number of votes were lost to MUSKIE's side and the side I was on because they said, "It is fine, we are for it, we are going to vote for it, but let us take it up in order." I think in all fairness, given all the dialog and discussion, we ought to take it up in order which would be title IV. That is all I was asking. I think the Senator from Louisiana will remember that discussion.

Mr. LONG. I remember a lot of discussions. I am sort of like the fellow who applied for the job in a rural sectiton of Louisiana. The school board met to look at his credentials and they said, "Now, look, this is a very important matter. Some of us here think the Earth is round and some of us think the Earth is flat. We want to know what your opinion is about the matter." He said, "Gentlemen, I came prepared to teach it either way."

As far as I am concerned, I can proceed just however the Senate wants to proceed. It is no problem. I had thought at one time that we had agreed to vote on the deferral and the DISC before we got around to other votes. I thought we were going to go through title III. I thought we had that agreement, to go through title III. When we got through title III we were going to take up these significant and important amendments, which the group including Mr. NELSON were offering.

I would try to recall the exact order, but we would consider the deferral, and the DISC. Meanwhile, an amendment was offered on the recapture of intangibles. That is a rather controversial matter. There is a Senator who is absent at this moment with good cause, and I do not blame him for a moment, who feels that he wants to be here. He does not want that matter to be voted upon unless the people who agree with him are adequately represented here. Therefore, we are not in a position to get the agreement on that item that I thought we had, frankly. I thought we had an agreement on it, but it turns out that we have not.

It is my impression that the more we can get people to agree the more we can get people to agree. So if we just get one agreement, all right, we get that and dispose of that matter and then we get another agreement and dispose of that. After a while we have enough behind us where we can dispose of the whole thing.

I really do not think it will be all that much of a problem.

I think that Senators just demand too much of the future. I, for one, was not spoiled by my mother and father in that respect. They taught me to wait until Christmas morning to open our packages.

We can see what the situation is when the time comes.

Mr. NELSON. Is the Senator saying——

Mr. LONG. The Senator has not heard me object to anything here, but we have got at least one thing nailed down, and by the time we get that taken care of I think we can get the next one nailed down, and we can just change it around however it suits Senators.

Keep in mind that when we got together and tried to agree at the beginning we were mainly talking among Democrats, there were only about five of us there, and it is hard to arrive at an agreement when you have more than five Senators present.

But let us go on, and go where we can from there.

Mr. NELSON. May I say to the Senator, there were also other discussions. One of them was that we would go all the way through title III, then the chairman would undertake to obtain an agreement, and would agree himself, that we would take up the rest of the package that has been proposed by 14 Senators.

Now, I understand that anyone can object. Let us change the unanimous-consent request to take up the balance of the package in order. If we cannot obtain unanimous consent, then, of course, our understanding has fallen apart. All of the understanding that the Senator wanted, however, has already been met, because we have gone through title III.

If the Senator cannot get unanimous consent, it would not be his fault, but I do believe then there would be an obligation to take up title IV in its order. I will agree to that. I know the Senator cannot control other Senators, but if he cannot get the understanding we have, then I think he will be obligated, since we have no understanding, to go to title IV next.

Mr. LONG. Well, if the Senator will submit to me just an outline or a list of the order in which he wants to vote on items, I will consider submitting it to the Senate when I see what it is. I have just made an agreement 100 percent. As I say, I can be flexible, but it is difficult to submit the Senator's request without knowing precisely what it is. Why not just jot down some notes, and I will be happy to accommodate the Senator if I can.

Mr. NELSON. Let us see if we can get a unanimous-consent agreement just for the deferrals. I do not know whether we can agree at this moment on the time limitation.

Mr. LONG. Mr. President, I so request. I ask unanimous consent that after the deferral item, we then take up the DISC.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Mr. President, reserving the right to object, I want to get this clarified, because I have an interest in both items.

We want to take up DISC, if we get to Wednesday, no later than 2 o'clock, is that correct?

Mr. LONG. Deferral.

Mr. PACKWOOD. I mean deferral. But because of an obligation, I cannot be here to start it in the morning, if we finish all that other business. So if it has to go over, to start at 2 o'clock.

Mr. HANSEN. Mr. President, what was the request?

Mr. PACKWOOD. That we will start deferral at 2 o'clock on Wednesday, with no time limit.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. With unanimous consent to proceed to DISC after deferrals.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request that the Senate proceed to consider DISC after deferrals?

The Chair hears none, and it is so ordered.

Mr. NELSON. Can we have an agreement to proceed to the tax cut, then, when we have concluded DISC and deferrals?

Mr. LONG. It is all right with me.

Mr. NELSON. Can we, then, agree to proceed to title IV, the tax cut?

Mr. PACKWOOD. What was that?

Mr. NELSON. The tax cut.

Mr. PACKWOOD. After DISC and deferral?

Mr. HANSEN. It is title IV the Senator is talking about?

Mr. NELSON. Title IV, yes.

The PRESIDING OFFICER. Is there objection? Is the Senator from Oregon objecting?

Mr. PACKWOOD. I have no objection.

The PRESIDING OFFICER. Then, without objection, it is so ordered.

Mr. LONG. I think that is enough.

Mr. NELSON. We have some other items, but I think we have no special interest in the order in which they are taken up.

I thank the Senator from Louisiana.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. LONG. I yield.

ORDER FOR THE YEAS AND NAYS ON PASSAGE OF THE MILITARY CONSTRUCTION APPROPRIATION BILL, THE INTERIOR DEPARTMENT APPROPRIATION BILL, AND THE HUD APPROPRIATION BILL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order at this time to order the yeas and nays with one show of seconds on passage each of the Military Construction appropriation bill, the Interior Department appropriation bill, and the HUD appropriation bill—all of which will occur tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

PERSONAL STATEMENT OF MR. LONG

Mr. LONG. Now, Mr. President, first I believe I should address myself to a matter of personal privilege.

It has required 48 hours and the advice of good tax lawyers and technicians for me to conclude that a line and a half of the 1,536-page revenue bill before us might be beneficial to my two daughters as well as to my nephews and nieces.

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. This provision would not have benefited me at all.

When the matter was explained to the Committee on Finance, I was present, and based on the explanation of Mr. Woodworth, who is beside me, it seemed to have merit, and I now state that the amendment does have merit.

I have yet to find anyone who has not said the proposal is entirely right, and that it corrects an entirely unwarranted injustice to the taxpayers who are involved.

This deals with a provision in the law which I helped to put there a year ago, when we were dealing with the depletion allowance. It was my thought that an amendment should be drafted in such a fashion that persons could not transfer their oil properties and continue to receive their depletion allowance. It was a tightly drawn amendment.

We knew at the time that was done—and it had to be done hastily under the circumstances—that we would be applying that limitation to a great number of people to whom it would not be appropriate. In fact, we would be following the tradition of some of those fishing boats that put out their nets in such a broad fashion that they bring in all the fish in the area, and then throw away those they find they have no use for.

If I do say it for Mr. Woodworth, who is sitting beside me, who prepared that amendment at that time, that was a very tightly drawn net. We thought it better to catch everyone, and subsequently let loose those we did not have in mind catching, than to leave a hole in the net with the risk that all the fish might swim through the hole.

So it was a very tightly drawn provision. In the bill before us, there are several provisions that find some relation to that provision, relating to people we never had in mind to catch in that net to begin with.

As I heard the problem explained in the committee, no one could have known that the amendment might have benefited my children or any of my relatives. No one could have read the language in the bill and have known that it would benefit any of my relatives. In fact, a reading of the committee report which helps to explain what the amendment does, and I would invite anyone to read it, would not alert one to the problems involved unless he knew that the phrase "some States" used in the committee report included Louisiana in the generality of that language.

Mr. President, I have the honor to have beside me one of the most principled and ablest technicians I ever had the privilege to know in Laurence Woodworth who is the chief of staff on the Joint Committee on Internal Revenue Taxation. I say in Mr. Woodworth's behalf he has never permitted me to find myself in an embarrassing situation if he knew about it. It was Mr. Woodworth who explained this matter to the committee. Had he known that this could had involved any embarrassment whatever for the Senate or me, Mr. Woodworth would have alerted me about that. I many times expressed my gratitude to him that when he had some reason to think that something was not exactly the way it should be he not only let me know but he tried to let me know far enough in advance so that I could be prepared for it.

Unfortunately, Mr. Woodworth did not know and had no way of knowing, even though he does read everything that is written in Mr. Jack Anderson's column, and in these various other columns that have a way of muck-raking and finding defects in people, that this could in any way involve the Senator from Louisiana or his children.

It is because of the relationship of the laws of many States, including those of Louisiana, to the laws of the United States that there exists a problem all over the country of which I was totally and wholly uninformed. I have subsequently been informed that this problem first came to light when a meeting of tax lawyers was held in Miami and at that meeting a great and outstanding lawyer from New York discussed the problem and pointed out that this would either have to be corrected or should be corrected by Treasury regulations or if the Treasury regulations could not correct this unintended situation Congress should act.

Subsequent to that I understand a very able lawyer in Washington, Mr. J. D. Williams who has been retained to represent some rather large land owners in Louisiana, by a firm in that State, called a lawyer in that firm and asked if he knew about the problem and if he wanted anything done about it, and he was advised: "If it is a problem, do not wait until we are in the ditch. If you think something should be done about it, do it. That is what we pay you for."

So, Mr. Williams did what seemed to be appropriate. It is my understanding that he subsequently called back and in effect said:

> There are several people interested in this matter and in case you hear that they thought they got the good work done, I really think that it would be me that did the good work rather than these other people who might be claiming credit for this meritorious amendment that has been agreed to, because I could detect no opposition.

Now that I understand the matter, I will be compelled to object to the language and to ask that it be stricken from the bill in view of the fact that it could favorably affect some of my relatives. It could not affect them to anything like the extent the report in the New York Times suggested. At the same time it could affect them not nearly so much as in the case of beneficiaries of many of the other trusts that have been set up, but it could affect them, and it could involve some money to them, and that I would not want to see happen, certainly not without having known anything about this matter.

I regret that this is necessary. Those who sought this change in the law have every right to complain of an unintended consequence of a tax law which I helped to pass. Were my own relatives not involved, I would be happy to lead the charge for the relief that these people have sought. Regretfully, I find it necessary to seek to prevent them from receiving this consideration which I honestly believe they have a right to expect.

Mr. President, I ask unanimous consent that the Senate might consider the language that appears on page 831, lines 8 and 9.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. Mr. President, reserving the right to object.

The PRESIDING OFFICER. Objection is heard. Did the Senator reserve the right to object?

Mr. DOLE. Yes; the Senator from Kansas reserved the right to object.

The PRESIDING OFFICER. The Chair thanks the Senator from Kansas.

Mr. DOLE. The Senator from Louisiana has indicated the problem is caused by an amendment that was in the 1975 Tax Reduction Act under the sponsorship of the Senator from Louisiana. I resent the implication that somehow this amendment was offered late in the evening when no one was around. I regret that my seniority made it necessary for me to remain until 6 o'clock to offer my amendment, but those are the facts. When I was advised that the Kansas City Star has run this story this morning, I thought war had been declared, but it had not. A broad headline about this amendment was spread across six columns of the front page.

Mr. HANSEN. Mr. President, will the Senator from Kansas yield for an inquiry?

Mr. DOLE. I yield.

Mr. HANSEN. If I understood the Senator from Kansas correctly, he said this amendment was a result of a proposal that was initiated under the sponsorship of the Senator from Louisiana. I think he meant to say "Kansas."

Mr. DOLE. The 65 percent rule I am talking about.

Mr. HANSEN. I beg pardon?

Mr. LONG. Yes, the 65-percent rule was in the Cranston-Hollings amendment which was agreed to some years ago, and that is the rule that created the problem. But I was strongly in support of that because I felt that we ought to fix it so that for all time to come we would not have situations where persons pay no income tax because they were benefited by a depletion allowance, and there was much opposition from some sources to that at the time because people felt they were going to be subject to a substantial tax and that this would be a hardship on many of those who were seeking to drill more wells.

But I did support the Cranston amendment and I feel that I played a part in urging that it should be drafted so tightly that it would assure that persons who received a depletion allowance would necessarily have to pay a tax of substance to this Government. I did not, of course, as the Senator knows, sponsor anything to provide any relief for any of my relatives.

Mr. DOLE. No. Under the reservation I want to explain that. I had reference to the 65 percent, and I think the record is clear. I am sorry the Senator from Kansas offered an amendment which may have embarrassed the Senator from Louisiana. It was not the intention of the Senator from Kansas, because it is an amendment of general application. It is a technical amendment. The Treasury Department was there that day and had no objection to it. As the Senator indicated, the bipartisan staff of the Joint Committee on Internal Revenue Taxation had no objection to this amendment. Another amendment that I offered with reference to the retailers exclusion for depletion was also considered. In fact, I think I had six or seven amendments that were considered that evening at 6 o'clock, because we were in the final throes of the tax bill, and those of us with less seniority waited longer than those with more seniority.

I might add that one Senator ahead of me in line yielded to me so I might keep a social engagement later that evening. The inference of the newspaper story was that the amendment was offered at sunset with no one present. It was a public open meeting and if people leave early, if they do not want to work a full day covering the hearings, then I cannot comment on that.

But in that one title there is an amendment with reference to retailers exclusion, an amendment with reference to the transfer rule, the conforming amendments that the Senator from Louisiana has discussed, an amendment with reference to partnerships, and an amendment with reference to related persons—all dealing with depletion, all dealing with problems that would have been resolved, perhaps by Treasury, had they not been cleared up by what I consider to be very technical and meritorious amendments.

Before agreeing that any language be stricken out, I think there are a great many people concerned who are interested in this amendment. If there is some way, in order to spare the Senator from Lousiana any embarrassment, we could remove the particular trust in question, the Senator from Kansas sees no reason why the rest of the trusts should not be relieved of this tax burden.

Mr. LONG. That will be all right with me. It would be all right with me to do it that way.

Mr. HASKELL. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HASKELL. Mr. President, the senior Senator from Louisiana and I do not often agree on matters of taxation. I often think the Senator is wrong. At the same time, knowing the Senator from Louisiana for nearly 4 years, I have worked with him and in opposition to him—more in oppoesition than with—for 1½ years, while I have been on the Finance Committee, and I know of my own knowledge that the Senator from Louisiana has an enormous respect for this institution. I also know of my own knowledge that he has respect for himself. He is a man of honor. For that reason, I am certain in my mind that there was nothing culpable, nothing devious, in the set of circumstances.

I would tend to agree with the Senator from Kansas that possibly the Senator from Louisiana might want to rethink this unanimous-consent request to withdraw this amendment, because there must be other people affected—many others—across the country.

But I did not want to let this go by with any implication that the Senator from Louisiana acted improperly, because I am satisfied that such was not the case.

Mr. HANSEN. Mr. President, who has the floor?

Mr. LONG. I believe I have the floor.

The PRESIDING OFFICER. There is pending a unanimous-consent request, under which the Senator from Kansas reserves the right to object.

Mr. LONG. Then the Senator from Kansas has the floor.

Mr. DOLE. Mr. President, the Federal tax division of the American Institute of Certified Public Accountants, in a meeting on January 5, 1976, recommended this very amendment. I ask unanimous consent to have this document printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMENTS BY FEDERAL TAX DIVISION OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS ON PROPOSED IRS REGULATIONS ON PERCENTAGE DEPLETION OF OIL AND GAS

GENERAL COMMENTS

The regulations proposed under Sections 613 and 613A deal with a very technical subject. Accordingly, the regulations should provide substantially more examples for clarification, especially for partnership transactions.

SPECIFIC COMMENTS

Section 1.613A–5

1. The vast majority of taxpayers, who own oil and gas properties, will have oil and gas production subject to the independent producers' and royalty owners' exemption which is substantially less than the 2,000 barrels per day limit in 1975. In the case of such taxpayers, it would be helpful if the regulations would allow a taxpayer to merely state that he elects to treat all his natural gas production during the taxable year as a part of his natural gas quality. In this manner, small taxpayers can be relieved from onerous recordkeeping requirements with respect to production of natural gas.

1.613A (Statutory provision section 613A (c) (7) (B))

2. The word "taxpayer" should be "taxpayer's" (on 11th line).

1.613A–7(k)

The definition of secondary or tertiary production" should be limited, for purposes of this section only, to such production before 1984. Otherwise, after such date such production would not be eligible for any percentage depletion and would still reduce the amount of other production that would be considered (under Section 613A(c) (3)) in computing the depletable oil quantity. Such a result does not appear to reflect Congressional intent, since the provisions for secondary or tertiary production were intended to confer a benefit.

1.613A–7(1)

3. The statute does not specify when the control is determined. A statement should be included in the regulations which explains whether the control requirement is determined at the end of the year or at any time during the year.

1.613A–7(m) (2)

4. This subsection adds rules of attribution which are not in the statute and, therefore, should be deleted.

1.613A–7(n)

5. This provision should be clarified to indicate that a change in the members of a partnership or beneficiaries of a trust constitutes a transfer only for the proportionate share involved and not for the entire property. An example involving the admission of a new partner may be appropriate as would an example in which profit and loss ratios for an existing partnership change.

1.613A–7(n)

6. A transfer agreed to in advance by persons engaged in exploration should not be viewed as a transfer of a proven property. For example, the creation of an overriding royalty interest convertible to a working interest at some future date if the property is producing should not be treated as a transfer after the property is proven productive. Such transfers are customarily agreed to prior to the drilling of wildcat wells. Similar exclusions should be provided in the case of carried interest arrangements.

1.613A–7(n)

7. Clarification is needed either in these regulations, or by cross reference to amended consolidated return regulations, on the consequences of transfer among affiliated members of a consolidated group. Presumably such transfers would not result in the loss of percentage depletion taking into account Sections 613A(c) (8) (A) and 613A(c) (9) (B).

1.613A–7(o)

8. "613(c) (9) (A)" should be "613A(c) (9) (A)" (on second line).

1.613A–7(p)

9. The 50 percent rule stated here may be an over-extension of Section 613A(c) (9) (A) and creates administrative and interpretive difficulties such as estimating the value at two different times—the date of transfer and subsequently at the time production commences. "At the time production commences" is not defined.

1.613A–7(q)

10. The regulation pertaining to the 65% limitation should be expanded to cover the following points:

1. "Depletion" referred to in Section 613A (d) (1) (A) includes all depletion (both cost and percentage) on production of oil and gas subject to the provisions of subsection (c). The clarification will reduce the uncertainty of meaning as well as reduce the lengthy and highly complex series of computations which result from other interpretations.

2. The carryover is identified on a property basis but no limitations other than the 65 percent rule are to be used to limit the deduction in future years.

3. On the sale of a property, the basis of the property should be reduced (but not below zero) by the amount of the carryover depletion deduction related to the property. Any remaining carryover should be allowed in the future years since the property was owned in the year the depletion was determined.

4. In applying the 65 percent limitation, the entire fiscal year income of the taxpayer is to be used in computing the limitation and in allocation of the disallowed amount to the respective properties from which the oil and gas was produced. Computation on the basis of portions of the fiscal year within each calendar year would add an additional group of complex computations and assumptions.

5. Carryovers of disallowed amounts should be further explained to provide for carryovers to years after the immediately succeeding year. This would be in accordance with the Conference Committee Report (94th Cong., 1st Sess., H. Rep. No. 94–120 (1975) 67, 68) which states in part, "Percentage depletion which may not be used as a result of this limitation may be carried forward on an unlimited basis and used in a succeeding year. . . ."

1.613A–7(q)

11. The 65% limitation will work an unintended hardship on trusts, both simple and complex. For example, under Texas trust law, a trustee is required to allocate 27½% of gross mineral income to the principal of the trust. If taxable income for purposes of applying the 65% limitation is reduced by the deduction for distributions to beneficiaries, substantial percentage depletion will be denied to the trust permanently. Distributions to beneficiaries are in essence a sharing of the trust's income, although characterized as "deductions." It is suggested that the definition of taxable income in the case of trusts and estates subject to the 65% limitation be computed without regard to "any deduction for distributions to beneficiaries."

1.613A–7(r)

12. A distinction between producers and investors should be made so as not to preclude taxpayers who are not "producers" in the ordinary sense of the word from qualifying for percentage depletion. For example, a statement that "taxpayers owning only a royalty interest or not more than a 5% interest in the production from any property shall not be considered excluded retailers for purposes of this subsection" would allow individuals who own retail outlets for petroleum products unrelated to the production thereof to qualify for percentage depletion on their investments in oil or gas production. It is clear from the Conference Committee Report cited above that only producers of oil and gas products were to be denied the small producer exemption.

Mr. DOLE. Mr. President, I do not want anybody to walk away from this Chamber with any impression or any misunderstanding that there was some collusion between the Senator from Kansas and the Senator from Louisiana, or some secret agreement or arrangement that in any way would embarrass the distinguished chairman of the committee or the Senator from Kansas.

This is not an amendment of special application. That was not its purpose.

The purpose was to clarify, in a technical way, a problem that had arisen.

I can understand the attitude of the Senator from Louisiana. I would have to object to striking the entire amendment. I hope we can arrive at some language which will relieve the distinguished Senator from Louisiana of any burden, but not take away any possible benefit to other trust beneficiaries.

Mr. LONG. Perhaps it might be adequate if we simply could provide that this amendment would not apply to any descendant of a Senator from Louisiana That might solve the purpose.

Mr. DOLE. Or we could put in the date of the Louisiana trust.

Mr. LONG. If the Senator wants it that way, it is all right with me. It would be all right with me to seek to amend the amendment in such a fashion that it cannot apply to the benefit of any of my children, because I certainly do not care to be falsely accused of trying to benefit my own when I am voting for something that I think is good for the country.

I wish to make one more point. To show how unfair people sometimes can be when they see fit to write an article, I note that it was said here that the Senator from Louisiana sought to obtain agreement to some language in the bill which included that technical amendment.

Senators who were in the Chamber at the time know how we do those things. Often, when we bring up a bill, in order to try to expedite the procedure, we will ask unanimous consent that the committee amendments be regarded as original text for purposes of further amendment. That does not mean that the Senate has committed itself to that. If anyone can find anything in it that they think is in error, they are going to offer amendments to change it.

When we did agree on that very day to the "deadwood bill," which is over 200 pages of the language of the bill, which was agreed to as part of the bill, it was agreed that this would remain, subject to amendment.

Even when the Senate or the Finance Committee, in its deliberations, has agreed to something and finds some reason to think it might have made an error, Senators always accommodate one another. If someone can show that we made a mistake, we agree to change it, by a majority vote. Often we do it by unanimous consent.

When I was trying to move along in the consideration of the bill, Senators will recall, if they were here at the time, that I tried to see if we could agree first on one thing in the bill and then another. Out of 1,536 pages, I was simply trying to see if we could agree on anything in the bill that might not be the subject of controversy. We were able to agree on over 200 pages of the language, which, incidentally, does not involve the item we are talking about here.

The way we proceeded in the committee meetings the press and others were there. I am glad we had these open sessions for that reason because the press was there to observe it. It was under such circumstances that the chairman, the Senator from Louisiana, on that occasion, was constantly saying—

> If anybody in the press or any Senator or any of the observers who are here, representing public interest groups or anything else, can find anything that we have agreed to here which sometimes on short notice would appear to be in error in any respect, please let us know—please let the committee know—because we certainly don't want to do anything that is anywise improper.

Mr. DOLE. Mr. President, reserving the right to object, I have the statement to which I referred, from which I would like to read with respect to the point I mentioned. It appeared in the recommendations of the American Institute of Certified Public Accountants, No. 11:

> The 65% limitation will work an unintended hardship on trusts, both simple and complex. For example, under Texas trust law, a trustee is required to allocate 27½% of gross mineral income to the principal of the trust. If taxable income for purposes of applying the 65% limitation is reduced by the deduction for distributions to beneficiaries, substantial percentage depletion will be denied to the trust permanently. Distributions to beneficiaries are in essence a sharing of the trust's income, although characterized as "deductions." It is suggested that the definition of taxable income in the case of trusts and estates subject to the 65% limitation be computed without regard to "any deduction for distributions to beneficiaries."

Mr. President, as the Senator from Louisiana has indicated, I think we can arrive at some language between now and Monday or Tuesday, or July or August, whenever we finish this tax bill, that would remedy the problem—if there is a problem—in a way which will still permit others to benefit from the language. It is certainly not the intention of the Senator from Kansas to give everybody a windfall. The intent was, of course, to clarify some excessively restrictive language which the committee staff had inserted in the 1975 Tax Act. I repeat, the Department of the Treasury had no objection. There was no objection raised by the staff. I share the same high regard for the bipartisan staff as does the distinguished chairman of the committee. In fact, many amendments that the Senator from Kansas had in mind were not offered because of reservations by the staff. Others were defeated. There was certainly no intent to raise the amendment at a time when the Senator from Kansas felt that it would be glossed over because of the lateness of the hour.

I guess the only way to describe it as a cheap shot—it did not hit anyone, but it did not help anyone.

Does the Senator want to reserve the right to object?

The PRESIDING OFFICER (Mr. STONE). The situation is that a unanimous-consent request has been made and is pending. The Senator from Kansas has been speaking under the reservation of objection.

Mr. LONG. Mr. President, I appreciate the Senator's position. Before we complete consideration of this bill, I shall seek a way to modify the language so that no one who is connected with me—none of my descendants, anyway—will benefit from anything we do in this bill. In effect, I think the Senator's amendment is 100 percent right. I have not seen anybody who thinks it is wrong. Perhaps we can work it out in such a way that I cannot be falsely accused of having sought to advance my own interests by calling up something that I did not know we even had a problem on.

Mr. PHILIP A. HART. Mr. President, will the Senator continue the request so that I may make a brief statement under the caption "reserving the right to object?"

Mr. LONG. Surely.

Mr. DOLE. Yes.

Mr. PHILIP A. HART. I have no understanding, even in slight detail, of the effect of the amendment that has been the subject of this discussion, but I rise because of the statement made by the Senator from Louisiana that he may seek, before we complete action on the bill, to modify the amendment so as to do justice, apparently to some several thousand individuals, but to exclude some nieces and nephews or relatives, is it?

Mr. LONG. My two daughters.

Mr. PHILIP A. HART. There is no way to discuss this without leaving ourselves open to some misunderstanding and criticism, but my impression, over the years, is that every time we take up a tax bill, we either improve or disadvantage the families of each of us. It is just inevitable.

Unless we, in the dark of the night, do some hornswoggling, some improper action, either we are going to have to find a body other than Congress to write our tax laws or we are going to have to recognize and accept that in the writing of a tax bill, I am going to affect my children's economic future and my wife's and my own. If this thing that is the subject of this discussion, this treatment of some several thousand trust beneficiaries, is right, then it would be wrong to exclude the daughters of the Senator from Louisiana. As I say, when I say that, it will be misunderstood, but to permit others to have done that which the majority believes to be correct but to deny it to our own, I think does not add up to me.

Mr. LONG. I thank the distinguished Senator. He is most kind.

Mr. President, I shall not seek to dispose of this matter today, for the reasons that have been discussed here. I do and I did feel that the Senate should fully understand the situation.

Of course, as the Senator from Michigan has pointed out, all of us have a conflict of interest when it comes down to this tax bill. I know we all get at least $35 out of title IV, for example. I am trying to cut that off after 9 months, but we still get $35 during this year.

I have not tried to compute what my own personal future tax liability will be under this bill by the time we get through with all the different things that we have done, to tax people from the left, from the right, from the front, and from the rear; nor have I nor, I think, has any other Senator tried to compute just where he is going to stand with regard to taxes by the time we get through with this bill. I think we ought to know that the bill does affect us. In some respects, we shall pay more, in some respects, we shall pay less by the time we get through with this 1,500-page bill. But we are going to do our duty as the good Lord gives us the light to see it.

I thought about this matter one time, and I thought perhaps, on this magnificant 200th anniversary of the United States, we might meditate upon where this Nation would be if those who signed the Declaration of Independence had been so circumspect that they could not vote for something that was good for the United States, because it might have been parallel to their own economic interest. I think someone wrote a book about that—maybe there have been several books written about it—to indicate that those who were fighting patriots for the country also had interest in America being an independent nation. We have to think about some of those things as we go through this.

I thank the distinguished Senator.

Mr. HANSEN. Mr. President, will the distinguished Senator from Kansas yield in order that I might make some observations?

Mr. DOLE. I retain my reservation and yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I am one who hopes his taxes will rise next year. I am in the cow business and, for the last 2 or 3 years, that has not been all that good a business. I can tell the Senators that if you have had the experience of being in an operation that is very marginal, as, indeed, the cattle business has been at times, despite the annual anguish and frustration of paying taxes, it is more annoying to operate at a loss rather than operate at a profit and pay taxes. It is my hope this will be a year in which cattlemen have to pay a lot more taxes than we have in the last 2 or 3 years.

Mr. President, let me say the open manner in which the Committee on Finance operates, exposes all Members to sniping, carping, and cheap shots, if certain individuals want to take such a position.

The distinguished Senator from Louisiana spoke about his efforts, several years ago, which I resisted, to lower the depletion allowance from 27.5 to 22 percent. His position on this matter certainly did not omit his daughters. Because no one in my family owns a single share of stock in an oil company or has any interest in the oil business. My position on this issue certainly was of no benefit to me or my family. The position of the Senator from Louisiana, like mine was based on the merits of the issue rather than our personal interests.

My position on this issue was based on the proposition that it seemed to not make sense to bring about the added discouragement to an industry that plays such a vital role in the security of America.

My point is to indicate that despite our differences on this issue the Senator from Louisiana supported the position he thought was right, not the portion which would personally assist him.

On the particular issue at hand, I believe the amendment proposed by the Senator from Kansas was sound. The fact that two individuals, of the thousands of individuals who will be assisted by the amendment were related to a member of the Finance Committee is of questionable relevance. Every Member of Congress and his family is affected every time the Congress changes the Nation's tax laws.

In the given case the Senator from Kansas persuaded the members of the Finance Committee that his amendment was right. I believe the committee action in accepting the amendment was correct. The propriety of the amendment does not ever appear to be under question, only that the daughters of another member of the committee would benefit from the amendment. The fact is, Mr. President, that everytime we change the tax laws, some one is benefited. It is impossible that the familys of Members of Congress can be exempt.

Recently, a very respected newspaper of this country reported that I had offered an amendment in Finance Committee which would cost the U.S. Treasury $1 billion a year. When the actual facts were brought to the attention of the reporter that the amendment would cost only $40 million a year, the paper printed a correction. I greatly appreciate the action of this great paper. I truly hope the record can be soon set forth in this matter.

Mr. President, I have had the privilege since I have been in the Senate of working with my good friend from Louisiana. I do the same thing that he does when someone comes to me with a proposal: it is customary for most of us on the Finance Committee to go to three sources. We first run it by Dr. Larry Woodworth and his great crew who serve the House and Senate. Second, the treasury is consulted and is always present during the committee consideration. An estimate of the amount the provision will cost the United States is obtained and third, we discuss the matter with the members of the Finance Committee.

I know, because I was there, that the Senator from Louisiana had not one thing to do with the amendment that was proposed by the distinguished Senator from Kansas. I agree wholeheartedly with my good friend, the senior Senator from Michigan (Mr. PHILIP A. HART) that in an effort to placate or avoid criticism of we in Congress do not want to exclude members of our family simply because certain members of the family would, like thousands of other Americans benefit from desirable provisions of law.

I thank my colleague from Kansas for his courtesy.

Mr. FANNIN. Mr. President, will the Senator from Kansas yield?

Mr. DOLE. Mr. President, I offered these technical amendments with respect to the depletion allowance and trusts after learning that the Treasury Department and the bipartisan staff, which drafted last year's bill, agreed that they were needed to clarify excessively restrictive language, which the staff itself had inserted in the bill last year.

On the same day I offered these technical amendments, I proposed several other amendments to provide tax relief to nonprofit trade shows, help "free-admission" art museums, to encourage business to remove architectural barriers in order to assist the handicapped, and to permit small oil producers with some retail facilities—like a corner gas station—to retain depletion.

I am convinced that these technical trust amendments only serve to spell out clearly what we intended when we passed the small producers exemption to the repeal of the depletion allowance. And I hope that, when the appropriate modifications are made, the Senate will agree with the Finance Committee's decision.

Revenue effect of all these changes with respect to depletion is: $10 million, 1977; $10 million, $1978; and $10 million, 1979.

Almost all of which is attributable to the changes in the retailer's exclusion provisions.

I ask unanimous consent to have printed in the RECORD a copy of title 1317 and a brief explanation of what the two amendments would do, the two in question. There are several amendments, as I indicated earlier in my comments.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEC. 1317. AMENDMENTS TO RULES RELATING TO LIMITATION ON PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS.

(a) RETAILER EXCLUSION.—Paragraph (2) of section 613A(d) (relating to the retailer exclusion) is amended by inserting "(excluding bulk sales of such items to commercial or industrial users)" after "natural gas" where it first appears, and by adding at the end thereof the following: "Notwithstanding the preceding sentence, this paragraph shall not apply in any case where the combined gross receipts for the taxable year of all retail outlets taken into account for purposes of this paragraph do not exceed $5,000,000. For purposes of this paragraph, sales of oil, natural gas, or any product derived from oil or natural gas shall not include sales made of such items outside the United States, if no domestic production of the taxpayer or a related person is exported during the taxable year or the immediately preceding taxable year."

(b) TRANSFER RULE.—

(1) IN GENERAL.—Subparagraph (B) of section 613A(c)(9) (relating to exceptions to the transfer rule) is amended by striking out "or" at the end of clause (i), by striking out the period at the end of clause (ii) and inserting in lieu thereof ", or", and by adding at the end thereof the following new clause:

"(iii) in the case of a change of beneficiaries of a trust by reason of the death, birth, or adoption of any beneficiary if the transferee was a beneficiary or is a lineal descendant of the grantor or any other beneficiary."

(2) CONFORMING AMENDMENTS.—Paragraph (1) of section 613A(d) (relating to the limitation on percentage depletion based upon taxable income) is amended—

(A) by striking out subparagraph (A) and inserting in lieu thereof the following:

"(A) any depletion on production from an oil or gas property which is subject to the provisions of subsection (c),",

(B) by striking out "and" at the end of subparagraph (B),

(C) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and", and

(D) by adding at the end thereof the following new subparagraph:

"(D) in the case of a trust, any distributions to its beneficaries."

(c) PARTNERSHIP RULES.—

(1) Subparagraph (D) of section 613A(c)

(7) (relating to the computation of depletion in the case of partnerships) is amended to read as follows:

"(D) PARTNERSHIPS.—In the case of a partnership, the depletion allowance shall be computed separately by the partners and not by the partnership. The partnership shall allocate to each partner his proportionate share of the adjusted basis of each partnership oil or gas property. The allocation is to be made as of the later of the date of acquisition of the oil or gas property by the partnership, or January 1, 1975. A partner's proportionate share of the adjusted basis of partnership property shall be determined in accordance with his interest in partnership capital and, in the case of an agreement described in section 704(c)(2) (relating to effect of a partnership agreement on contributed property), such share shall be determined by taking such agreement into account. Each partner shall separately keep records of his share of the adjusted basis for any depletion taken on such property, and use such adjusted basis each year in the computation of his cost depletion or in the computation of his gain or loss on the disposition of such property by the partnership. For purposes of section 732 (relating to basis of distributed property other than money), the partnership's adjusted basis in mineral property shall be an amount equal to the sum of the partners' adjusted bases in such property as determined under this paragraph."

(2) Subparagraph (G) of section 703(a)(2) (relating to deductions not allowed to a partnership) is amended by striking out "production subject to the provisions of section 613A(c)" and inserting in lieu thereof "wells".

(3) Subsection (a) of section 705 (relating to the determinations of basis of a partner's interest in a partnership) is amended—

(f) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1974.

SEC. 1318. IMPLEMENTATION OF FEDERAL-STATE TAX COLLECTION ACT OF 1972

(a) ELECTION BY STATES TO PARTICIPATE.—Section 204(b)(2) of the Federal-State Tax Collection Act of 1972 is amended to read as follows:

"(2) The first January 1 which is more than one year after the first date on which at least one State has notified the Secretary of the Treasury or his delegate of an election to enter into an agreement under section 6363 of such Code.

(b) PERMITTED ADJUSTMENTS TO QUALIFIED RESIDENT TAXES FOR PURPOSES OF FEDERAL COLLECTION OF STATE INDIVIDUAL INCOME TAXES.—

(1) TAX BASED ON TAXABLE INCOME.—Section 6362(b)(2) of the Internal Revenue Code of 1954 (relating to permitted adjustments) is amended by adding at the end thereof the following new subparagraph:

"(C) A credit is allowed against such tax for all or a portion of any State or local sales tax imposed by the State or a political subdivision thereof on the taxpayer and his dependents."

(A) by striking out "and" in paragraph (1)(C),

(B) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and", and

(C) by adding at the end thereof the following:

"(3) decreased (but not below zero), by the amount of the partner's deduction for depletion under section 611 with respect to oil and gas wells."

(d) GEOTHERMAL WELLS.—Paragraph (1) of section 613A(b) (relating to the exemption from the limitation on depletion for certain domestic gas wells) is amended—

(1) by inserting "and" at the end of subparagraph (A),

(2) by striking out "and" at the end of subparagraph (B), and

(3) by striking out subparagraph (C).

(e) RELATED PERSON.—Paragraph (3) of section 613A(d) (relating to the definition of related person) is amended by adding at the end thereof the following: "For purposes of determining significant ownership interest, an interest owned by or for a corporation, partnership, trust, or estate shall be considered as owned directly both by itself and proportionately by its shareholders, partners, or beneficiaries as the case may be."

THE TRUST DISTRIBUTION AMENDMENT

Simply stated, under current law a trust with oil and gas income which holds (that is, does not distribute) its income through the end of the taxable year will get the depletion deduction, while a trust which distributes its income to the beneficiaries before the end of the taxable year may lose its depletion deduction because of the 65% of taxable income limitation. The amendment permits the latter trust to retain depletion.

THE CLASS GIFT TRUST AMENDMENT

If a new member of the class (e.g. "my children") is born or adopted (or an existing class member dies), that will not be considered a "transfer" for purposes of the depletion allowance. If it was considered a "transfer", the depletion deduction would be lost since the law denies depletion to the buyer (transferee) of an oil or gas property which is otherwise entitled to depletion allowance.

The depletion allowance is available only to small producers under the 1975 act; the rate is 22% through 1980:

	Percent
1981	20
1982	18
1983	16
1984 and thereafter	15

Mr. DOLE. Mr. President, before yielding to the distinguished Senator from Arizona—and I have very little else to say except to share the views expressed by the distinguished Senator from Michigan. If it is necessary to refrain from passing any legislation which might possibly affect our families, then I suggest we have a great task ahead of us trying to run down what may or may not happen.

If it affects a Member directly as, say, voting on disability retirement pay, we can vote "present." But this Senator does not presume to know how every amendment or how every law might affect some member of my familiy. And if we are precluded from offering an amendment because somebody in that committee may have children or grandchildren or aunts or uncles or whatever who might possibly benefit and, thereby, deny the benefits to thousands of others, then I think that we have gone a long way.

I am confident that, despite what may have been printed, this body has confidence in the Senator from Louisiana. And again I apologize to the distinguished chairman for any embarrassment caused by what I thought was a good amendment. Perhaps it may not prove to be a good amendment, but I am unwilling to permit the Senator from Louisiana, unless he insists, by unanimous consent to strike the language. We can piece it together. It is general in nature. It is broad in application. It is not a rifle shot. It is not intended to help any one person or one trust. I hope, on that basis, as it was cleared by the Joint Committee and approved by the Treasury, that it will be accepted.

Having said that, I appreciate the remarks of the chairman, the distinguished Senator from Wyoming, the distinguished Senator from Colorado, the distinguished Senator from Michigan, and others who have expressed their views on what I consider to be a rather minor matter that has gotten some attention.

Mr. LONG. Mr. President, if the Senator will just yield to me at that point, permit me to say that this situation the Senator seeks to correct, as he indicated, was created by a piece of legislation that the Senator from Louisiana helped to put into the law. It was, in considerable degree, a suggestion from the Senator from Louisiana that this 65-percent limitation should be written in in the effort to see that taxpayers who might escape some tax would under no circumstances do so.

The Senator, of course, knows that we did do an injustice to a great number of citizens when we did that. We have provisions in the bill, including the language by the Senator from Kansas, to seek to correct some of these unintended hardships.

Where the amendment went too far to create hardships, at the time we did that we had every intention of sponsoring the amendment and voting for it of providing relief from those hardship situations.

The Senator very much appreciates the kind words that have been said by the distinguished Senator, his friends from Kansas, from Wyoming, from Colorado, and his very dear friend from Michigan. They have been most kind in this regard and I will take to heart what the Senator just said.

I believe when the time comes I will still want to amend the section to see that no benefit would flow to my daughters from that.

Nevertheless, I appreciate the Senator's argument, that he is right about the matter. I honestly think it was.

It was never intended by that 65-percent limitation, when we said one could not transfer this property except by cause of death or some circumstances beyond the control of the beneficiary and retain the depletion allowance, that that would keep a trust on behalf of a child, for example, from paying through the proceeds of that trust to that child, and it was not discussed.

Mr. Woodworth here, who was in charge of drafting that amendment, would be the first to make the point that the amendment was hastily drafted. It did not receive the thoughtful consideration his staff is usually able to give an amendment of that sort because it occurred in the thick of battle, a struggle between those who would repeal the depletion allowance and those who would save it for the independents and minority owners.

But it was a floor amendment that had to be very hastily drawn and it has created the same kind of concern that the Senator indicates the American accountants have found a problem for them. We knew that some of these things would happen and we expected at the time we did it that we would have to correct some of them later.

I never thought I would find myself in the position of nationwide headlines, as though I had done something very evil, because as a Member of this body I simply voted for a meritorious amendment which, so far as one could see at the time, could not in anywise affect me or anyone who was related to me.

As the Senator knows, when the amendment was offered it was explained that this amendment would take care of a situation where one of a series of beneficiaries dies and the other beneficiaries receive what that person would have otherwise received, had he survived. That part of the provision does not at all involve the Senator from Louisiana, his nieces, nephews, or his children.

It is only the other part, which is far more technical and, frankly, something that required about 2 days to explain to the Senator from Louisiana, it was very technical, very difficult to understand, which works out to be something that could adversely affect, not to a large amount of money, but a few thousand dollars—relatively speaking, not a great amount of money—which could be of consequence to his daughters.

I appreciate the kind remarks that were said. But, after all, in this publicity in the Evening Star and, especially, the New York Times, and all the papers that carry these columns, something that has gone coast to coast, I am told, I do feel perhaps I should seek to relieve the Senate of any responsibility of any mischief of which the Senator from Louisiana might be suspected.

Mr. DOLE. Is the Senator prepared to withdraw his unanimous-consent request?

Mr. LONG. Yes, I withdraw it at this time and I will raise that if and when we reach that section of the bill.

The PRESIDING OFFICER. The request is withdrawn.

Mr. DOLE. I yield the floor for the Senator to be recognized. I yield to the Senator from Arizona.

Mr. FANNIN. I thank the Senator from Kansas.

The Senator from Arizona is very pleased that the Senator from Louisiana has withdrawn his request and to concur with the statements made by the other Senators here tonight. I know this would be the feeling of this body.

I have had the pleasure of being a member of the Finance Committee and observing the outstanding leadership of Senator LONG. We are very proud of the work which he carries forward.

He is not only very hard working; he is fair. I never have questioned his honesty or his integrity. He is a good man, a humanitarian, a man of courage, a man we can be proud to work with.

We regret all of this very much. It is unfortunate that these articles have appeared. They represent a misinterpretation of what has actually happened.

I have witnessed on many occasions that Senator LONG has taken every precaution to be sure that the measure that was being discussed was in proper order. Over the last several weeks we have been working diligently to complete tax reform legislation. It has been difficult indeed to complete a 1,536-page report and yet under the leadership of Senator LONG it has been carefully handled.

We are fortunate to have an outstanding staff, both with the great work of Dr. Woodworth and his staff on the Joint Committee on Internal Revenue Taxation and the work of the members of the majority staff of the Finance Committee. We are also very proud of our staff on the minority, lead by its counsel, Don Moorehead.

We feel that Senator LONG acted in good faith. I have no doubt but that when the committee accepted Senator DOLE's amendment, it was with the feeling that the amendment was right and fair to all concerned. I am certain that Senator LONG had no idea that it was going to have any effect on himself or his family. I am sure that it was not even a consideration.

I am very proud that the distinguished Senator has been willing to withdraw this particular request tonight. I praise him for the action he has taken. He is certainly to be commended for his actions, not only at this time, but during the performance of his regular work.

Mr. LONG. Again, let me say, Mr. President, that I expect to raise this point when we come to it in the bill.

My intention is to move to strike it, that is, modify it, so it will not affect my two daughters, for the reasons I have indicated.

Mr. President, if there be no further statements, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. STONE). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS SUBMITTED

Mr. CHURCH. Mr. President, my distinguished colleague from Wisconsin (Mr. NELSON) has introduced Amendment No. 1937 to H.R. 10612, the Tax Reform Act of 1976. Sections of that amendment deal with the taxation of foreign earnings of American multinational corporations, specifically deferral of tax on U.S.-controlled foreign subsidiaries, the foreign tax on oil and gas, and DISC.

As chairman of the Subcommittee on Multinational Corporations, I have been studying closely the problem of U.S. foreign investment abroad for more than 3 years. I would like to explain in detail why I strongly support the approach taken by the Nelson amendment to deferral, the foreign tax credit and DISC.

DEFERRAL

Under the present deferral provisions, the U.S. Treasury is in effect extending an annual $1 billion interest free loan to the American multinational corporations that have substantial investments abroad. Under present law, the United States imposes its income tax upon the worldwide income of its citizens, residents, and corporations organized under the laws of the United States. American multinational corporations, however, under the deferral provision, are allowed to postpone paying U.S. taxes on profits earned abroad until those earnings are returned to the United States even though such profits constitute an integral part of the corporation's overall earnings. This deferral is equivalent to interest-free loans from the Government; continued over a sufficiently long period, deferral is tantamount to exemption from tax altogether. The Joint Committee on Taxation estimates that this one provision costs the U.S. Treasury over $329 million per year. Authoritative testimony by economists before the Ways and Means Committee put the figure at $1 billion.

DEFERRAL AS AN INCENTIVE FOR FOREIGN INVESTMENT

Beyond the loss of tax revenue, the principal problem with the continuation of deferral for foreign source income is that the tax law thereby encourages a significant outflow of capital from the United States, coupled with a disincentive for American multinational corporations to repatriate the earnings of their foreign operations.

Foreign direct investments by American corporations are now valued at over $200 billion. Last year, less than half the current earnings from those investments were repatriated to the United States. And, despite the worldwide recession, American corporations continue to increase their expenditures for foreign plants and equipment at a substantially faster rate than their increase in expenditures for new domestic facilities.

Tax considerations are one of the single most important factors influencing a corporation's decision to invest abroad. And this becomes increasingly true as the differences in labor costs between the United States and other countries gradually disappear. Thanks to favorable tax provisions such as deferral, the giant corporations who are the main beneficiaries of these tax subsidies, can reduce their domestic taxes on corporate earnings to extremely low levels. In 1972, the last year for which reliable government statistics are available, American multinationals earned $24.4 billion in overseas profits but paid only $1.2 billion to the U.S. Treasury. This is an effective tax rate of 5 percent on earnings from abroad.

As many countries, and developing nations, in particular, give corporations extremely generous tax treatment to attract their investment capital, the corporations have the best of both worlds: a tax subsidy from the U.S. for exporting their investment capital, and a tax subsidy from the host country for placing that capital there.

While foreign investment may benefit the private corporations and their shareholders, the overall impact on the U.S. economy appears to be negative.

For example, a recent independent study commissioned by the Department of State shows that despite the fact that some U.S. industries may experience a growth in export demand as a result of foreign investment, the net employment effect of this capital outflow is a loss of at least 150,000 jobs per year in this country. And a study done for the Multinational Subcommittee found that if all U.S. capital directly invested abroad up to 1968 had been invested at home instead, the national income would have been 1 percent higher and labor's share of that income would have been 4 percent larger.

Tax provisions such as deferral create incentives for the development of manufacturing facilities abroad, where the goods produced and sold, replace goods that would otherwise have to be exported from the United States. As of last year, sales by majority-owned foreign manufacturing affiliates of U.S. companies were more than twice the level of all U.S. exports. And U.S. auto manufacturers now import more cars to the United States from their own foreign affiliates than they export from the United States. Thus, the deferral provision subsidizes these foreign subsidiaries in their competition with domestic facilities.

As John Nolan, formerly Deputy Assistant Secretary of the Treasury for tax policy told the President's Commission on International Trade and Investment:

> There is a clear-cut bias in our existing tax structure favoring the manufacture of goods abroad through foreign subsidiaries as opposed to exporting, in order to benefit from the deferral of U.S. taxes.

Since corporations already may credit fully against their U.S. taxes, income taxes paid to foreign governments on their overseas earnings, there is no sound fiscal justification to also permit them to postpone payment of taxes properly due the U.S. Government.

I support the termination of deferral.

FOREIGN TAX CREDIT FOR THE PETROLEUM INDUSTRY

At the present time, multinational corporations may credit income taxes paid to foreign governments against taxes due the Federal Government. The purpose of this credit is to prevent double taxation of corporate profits. These credits now amount to some $20 billion per year.

Since 1950, however, the oil companies have enjoyed a further tax credit advantage under a special IRS ruling that allows them to also credit payments to foreign governments that are in fact royalties, rather than taxes, against their U.S. income tax. Thanks to this ruling and the fact that excess tax credits can be carried forward and back for several years, the major oil companies have kept their effective U.S. tax rate below 7 percent on all earnings and paid, in 1968, less than 1.5 percent in U.S. taxes on foreign source income.

Recently, the IRS moved to limit the extent to which the major oil companies could credit payments made to the producing countries, which were in essence royalties, against U.S. income taxes. Now, we find that this salutory development would be reversed by the Tax Reform Act of 1976. In effect, then, this so-called Tax Reform Act would put the major oil companies right back in the saddle. It would reinstate a tax preference for these companies which is a travesty of basic principles of equity.

Because this issue is so basic, I want to spell out in some detail the historical background which illustrates how we have favored these few companies for so long, all in the name of achieving the foreign policy objectives of the United States.

In the post World War II period, U.S. foreign policy objectives with regard to oil were threefold: First, the United States wanted to provide a steady supply of oil at a reasonable price to Europe and Japan in order to promote their postwar recovery and sustained economic growth. Second, the United States desired to maintain stable governments in the non-Communist oil exporting countries of the Middle East. Third, U.S. policymakers believed that American-based firms should be a dominant force in the world oil trade.

In 1950, the accomplishment of all three of these goals was assured through a decision of the National Security Council. That decision permitted the Arabian-American Oil Co.—ARAMCO—to receive a tax ruling allowing it to credit tax payments made to the Saudi Arabian Government against its U.S. income tax liability. Shortly thereafter this tax ruling was applied to all U.S. oil companies holding concessions overseas.

The oil companies themselves have admitted that there was little legal justification for the ruling. A cable sent in 1971 from oil company tax experts in New York to their executives in London explained that "the artificiality of this system is obvious and well known, but it has not been challenged by IRS."

In April of this year, the IRS finally moved to correct this sham by ruling in response to an inquiry from Mobil Oil with regard to Indonesia that companies who have production sharing agreements with a foreign government may not claim as a tax credit their share of production costs for the oil that belongs to the foreign government.

That ruling and the indications that the IRS might rule similarly in other cases involving the major oil companies caused the petroleum industry to lobby heavily for restitution of their benefits in Congress. The Finance Committee bill is responsive to these pressures. Section 1035 of the bill now before us would reverse the IRS ruling and permit the companies to go on claiming production sharing costs as foreign tax credits against U.S. taxes owned for at least another 5 years.

Similarly, the bill would exempt certain oil companies from section 901(f) of the code. That section now excludes from tax credit treatment payments to a foreign government that are designated as taxes but are actually part of the price the oil companies pay to buy back oil from the producing government. This applies particularly to the member companies in the Iranian Oil Consortium. The Finance Committee bill would give Mobil and the other U.S. members of the consortium a blanket 10-year exemption from section 901(f) of the code.

The new OPEC pricing system announced on December 13, 1974, now makes it evident beyond any shadow of a doubt that the oil company payments to the producing countries are fixed per barrel charges and not creditable taxes. The new system established the rule that the average government take from the operating oil companies will be $10.12 per barrel and can be made up of any combination of "taxes," "royalties," "buy-back payments," or other payments, so long as these various elements always total $10.12. Thus, denominating part or all of this amount as an "income tax" instead of a royalty, has no significance other than to permit U.S. oil companies to attempt to claim foreign tax credits for these payments under U.S. tax law. Since these amounts denominated as taxes are simply part of a worldwide uniform cost of goods established by the OPEC cartel, it is clear such so-called "income taxes" are per barrel charges, unrelated to the oil companies' oil production income.

The Nelson amendment will eliminate this loophole by disallowing tax credits for payments to foreign governments that clearly are royalties rather than taxes.

The Nelson amendment would also prohibit oil companies from claiming foreign tax credits in excess of the U.S. 48-percent rate. At the moment they can use foreign taxes paid in excess of 48 percent as a credit to reduce their U.S. taxes on domestic income. I agree that corporatons should not be taxed twice, first by a foreign government and then by the United States for the same foreign income, but I see no reason why they should be allowed to use excess foreign credits to reduce their domestic U.S. tax burden. The reduction of the allowable tax credit to 48 percent is both fair and equitable.

All American corporations who invest heavily abroad are treated generously, to say the least, by the U.S. tax code: The oil companies are treated more generously than most. It is intolerable that the most profitable corporations in America today, in an industry that perhaps more than any other, has enjoyed the support and backing of the U.S. Government, should pay virtually no taxes on their foreign source income to this country. It makes no sense for the U.S. Government to go on subsidizing through tax provisions such as the foreign tax credit these companies to continue investing capital in developing foreign rather than domestic energy resources at the same time it claims to be pursuing a policy of national energy independence.

DISC

Due in large measure to these tax subsidies for foreign investment, the United States has, over the years, become a major exporter of capital rather than of goods and services. So, in the face of chronic trade deficits Congress was moved in 1971 to create a similar tax subsidy for the export of goods and services, DISC. This provision, which allows specially organized export corporations to defer indefinitely the tax on one-half of the income earned from the production, sale and export of goods, costs the U.S. Treasury another $1.5 billion in annual tax revenues. The vast bulk of this subsidy goes to the largest American multinational corporations—the very same companies who also benefit from tax subsidies for foreign investment.

There is no evidence that DISC has contributed substantially to increased exports by the United States. The need for this provision is particularly questionable in an era of floating exchange rates. DISC also violates some of the most basic principles of Federal income taxation. For example, nowhere else in the Internal Revenue Code is a paper organization permitted to be treated as if it were a real one with economic substance. Nowhere else in the Internal Revenue Code is the requirement ignored that intercompany pricing and other dealings between related entities be done on an arms length basis. The DISC is no more than a utilization of the tax system to make a direct expenditure to the businesses that export, mainly our largest and strongest companies.

The DISC has seriously undermined fair enforcement of the Internal Revenue Code. The Internal Revenue Service has correctly understood that the DISC is an artificial mechanism and has failed to adequately police the activities of DISCS. Thus, in addition to the legally prescribed benefits, the DISC has been a vehicle for undermining the integrity of the system and has provided the kind of preference which has been exploited beyond even its proponents' expectations.

The Finance Committee would reduce somewhat the DISC tax benefits by allowing deferral only on export sales income in excess of 60 percent of the average of a 3-year base period. But even this is excessive. I will support an amendment to raise the creditable amount to sales increments in excess of 75 percent of the average of a 3-year base period.

I am also strongly opposed to continuing DISC benefits for military export sales.

Mr. TAFT. Mr. President, in the Record for Friday, June 18, I provided tables and a statement to show the effect of my amendment, 1902, to the tax bill, on the taxes of middle income wage earners. That amendment, to make the income tax largely inflation neutral, would save working class families substantial sums because it would prevent them from being pushed into higher tax brackets by inflation.

Today, I should like to analyse the revenue effects of this amendment, and the impact it would have on output, employment, savings, wages, and the use of tax shelters.

First, let me point out that taxes, Federal, State, and local, as a percent of GNP have risen from 21 percent in 1950 to 35 percent in 1975. The importance of these figures will be made clear below.

In 1954, many leading political figures opposed the reduction in tax rates that were then in effect due to the Korean war. It was feared that lower rates would increase the deficit. Fortunately, the tax cut of 1954 was agreed to. The economy surged ahead that year and the next, and revenues actually increased, much to the Treasury's surprise.

In 1963, many leading political figures opposed the tax cuts first proposed by President Kennedy. Yet they were passed; the economy forged ahead; revenues rose.

The same phenomenon occurred on at least three occasions in the 1920's, as is described in an article from the National Observer which I shall ask to have printed in the Record at the conclusion of my remarks.

What was behind these revenue increases?

When something is taxed, it shrinks. The greater the tax, the greater the shrinkage. Conversely, lower tax rates produce growth. When tax rates were cut, in 1920's, 1950's, and 1960's, workers had more incentive to work overtime, small businessmen worked longer hours, professional people took shorter vacations, people saved more and consumed less, investment grew, new jobs were created, output soared. No wonder tax revenues rose.

Inflation does not increase tax revenues in proportion to the price level. It increases revenues faster, because it pushes people into higher tax brackets. The marginal tax rate rises, making it less worthwhile to put in extra hours, or to save an extra dollar. The Joint Economic Committee has released a study showing that revenues rise 1.5 percent for each 1 percent increase in prices.

At current rates of inflation, taxpayers earning $10,000 in 1975 will be earning $50,000 in the year 2000, and will move from the 19 percent tax bracket to the 50 percent bracket. Obviously, this will not be allowed to happen. But to avoid it, we shall have to lower tax rates or adjust the brackets, and expand the standard deduction and the personal exemptions. My amendment would do this automatically, year by year.

Since 1970, typical workers in the construction, electrical, and automobile industries have moved from the 19 percent bracket to the 22 percent bracket. How much higher are we going to allow them to go?

There are physicians who currently earn enough to reach the 70 percent bracket in 6 months of work each year. There are pairs of physicians who team up to alternate weeks in the office with weeks on vacation. They see no reason to work for 30 cents on the dollar. As the majority of physicians approach the 50 percent bracket, and as a substantial number cross into the 70 percent bracket, for how many months each year will we lose their services? What will this do to the already staggering cost of medical care?

There are potential investors who look at the after-tax return on investments, and who decide to spend out of their capital for immediate pleasure, instead of reinvesting. This helps to push up interest rates. Consequently, we devote fewer resources to new housing, new mines, and new factories. We hold down the stock of capital. And when we do that, as anyone who has ever had freshman economics can tell, we hold down wages. Wages are determined by the capital-labor ratio. Countries with a high stock of tools and equipment per worker have high wages. Countries with a growing stock of tools and equipment per worker have growing wages. If we want more jobs and higher wages, tax rates must come down.

These disincentive effects from higher tax rates are not strong for a small year-to-year change in tax rates. But over time they add up. That is the significance of the growing share of GNP going to taxes that I described above. That explains the growing use of tax shelters we have agonized over during the debate on the tax reform bill. That explains the lower rate of saving and investing we do in the United States compared to our trading partners, which in turn accounts for our lower rate of growth and higher unemployment.

In 1950, the United States had twice the per capita income of Sweden or Switzerland. In 1974, these countries surpassed the United States in per capita income, and several others are close at hand. This rapid progress of our trading partners was due to deliberate attempts to increase the availability of tools and equipment per worker. We should do the same.

I shall ask to have a statement on this matter by Prof. Arthur Laffer of the University of Chicago inserted in the Record at the end of my remarks, plus a table showing the rates of change in real wages in various developed countries over time.

The marginal tax rate on equity capital in this country is nearly 80 percent, counting property taxes, corporate income taxes—State and Federal—payroll taxes, excise taxes, and taxes on dividends distributed. This hurts our standard of living and worsens unemployment.

The marginal tax rates on earned income, and the average rates on earned income, after property taxes, sales taxes, payroll taxes, and income taxes, are high and rising. This encourages leisure and penalizes labor.

My amendment would attack a small part of these problems by making the income tax inflation neutral. It would increase the rate of economic growth over what will occur if the built-in fiscal drag now in the tax code is not removed. This is sound economic theory firmly supported by historical evidence. If history is any guide at all, this amendment will not increase the deficit, it will lower it. Without this amendment, the increased tax burden we have planned for ourselves will add $5 billion in our tax bill, while working to lower output.

We have a clear choice:

First. Lower tax rates, a higher GNP, and higher tax revenue, and

Second. Rising tax rates, a lesser GNP, and less tax revenue.

In my statement of June 18, I mentioned the moral reasons for only allowing tax rates to change through congressional action, never be inflation. I have now listed the practical reasons. I hope we can shake off our irrational fears of holding down tax rates, and take advantage of the benefits to be had from such a step.

Every businessman knows that overpricing a product can actually reduce revenue. He knows that lowering a too-high price may bring about a greater percentage increase in purchases than the percentage cut in price. I sincerely believe that we face the same situation today with our tax structure. My amendment would keep this situation from getting worse day by day and price by price.

I urge my colleagues to support me in this effort.

I ask unanimous consent to have printed in the RECORD the material to which I have referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SHOULD A GOP SCROOGE SHOOT ST. NICK?— TAXES AND A TWO-SANTA THEORY

(By Jude Wanniski)

The only thing wrong with the U.S. economy is the failure of the Republican Party to play Santa Claus.

The only thing wrong with President Ford is that he is still too much a Hoover Republican when what the country needs is a Coolidge Republican.

These statements, seemingly absurd, follow naturally from the Two-Santa Claus Theory of the political economy. Simply stated, the Two Santa Claus Theory is this: For the U.S. economy to be healthy and growing, there must be a division of labor between Democrats and Republicans; each must be a different kind of Santa Claus.

The Democrats, the party of income redistribution, are best suited for the role of Spending Santa Claus. The Republicans, traditionally the party of income growth, should be the Santa Claus of Tax Reduction. It has been the failure of the GOP to stick to this traditional role that has caused much of the nation's economic misery. Only the shrewdness of the Democrats, who have kindly agreed to play both Santa Clauses during critical periods, has saved the nation from even greater misery.

It isn't that Republicans don't enjoy cutting taxes. They love it. But there is something in the Republican chemistry that causes the GOP to become hypnotized by the prospect of an imbalanced budget. Static analysis tells them taxes can't be cut or inflation will result. They either argue for a tax hike to dampen inflation when the economy is in a boom or demand spending costs to balance the budget when the economy is in recession.

AN EARLIER HEYDAY

Either way, of course, they embrace the role of Scrooge, playing into the hands of the Democrats, who know the first rule of successful policies is: Never Shoot Santa Claus. The political tension in the market place of ideas must be between tax reduction and spending increases, and as long as Republicans have insisted on balanced budgets, their influence as a party has shriveled, and budgets have been imbalanced.

They were not always so dumb. The GOP's heyday was in the 1920s when, acting on the advice of Treasury Secretary Andrew Mellon—who served Presidents Harding, Coolidge, and Hoover—the Republicans cut tax rates no less than five times. Mellon, the embodiment of the Republican Santa Claus, argued that a cut in tax rates would provide business an incentive to expand, increase prosperity, expand the tax base, and thereby provide more revenues to the Government than would have accrued without a tax cut.

Mellon pointed out that the 65 per cent surtax on excess profits, enacted by the Democrats to finance World War I, had yielded $2.5 billion in 1918, but, in driving the economy into a recession, brought in only $335 million in 1921. He asserted that high taxes are self-defeating. Experience proved him exactly correct.

THE ROARING TWENTIES

In 1921, over the screams of congressional liberals, he pushed through a cut in the personal-income surtax in the highest brackets, to 50 per cent from the 65 per cent maximum, and an elimination of the excess-profits tax. The economy leaped out of recession, tax revenues poured into the Treasury, and by 1924 Mellon was ready for another cut, this time driving the surtax maximum to 40 per cent and pulling a 40 per cent lid on inheritance taxes. The Twenties Roared.

"Any man of energy and initiative in this country can get what he wants out of life," Mellon asserted. "But when that initiative is crippled by legislation or by a tax system which denies him the right to receive a reasonable share of his earnings, then he will no longer exert himself, and the country will be deprived of the energy on which its continued greatness depends."

Mellon didn't fool around. As national productivity galloped ahead, consumer prices fell, employment expanded, and revenue increased, Coolidge staked the 1924 election on Mellon's proposal to cut the surtax to 25 per cent and the inheritance tax to a top of 25 per cent, with an 80 per cent credit against state inheritance levies.

COOLIDGE LANDSLIDE

The New York Times, which in those days preferred income growth to income distribution, editorialized: "Languid critics may say there is nothing inspiring in humdrum projects to enforce Government economy and lighten the burdens of taxation. But they can say this only if they lack the imagination to perceive what Mr. Mellon actually means. It would lighten the demands upon millions of purses hard to fill. It would not only do away with oppressive taxes. It would lower the cost of living. It would release capital for productive industry and enterprise of all kinds. This would result in fuller employment of labor, multiplication of goods in common consumption, and probably bring about a period of great and legitimate expansion of industry and commerce never surpassed in the United States."

Coolidge was elected in a landslide, and the Congress that swept in with him had to be restrained by Mellon from cutting tax rates deeper than he had proposed. The next four years were as glorious as the Times had forecast. The low tax rates not only produced an enormous expansion of the economy, with real per capita income increases approaching 4 per cent a year, but they also produced sufficient revenue to pay off almost a third of the national debt, slicing it back to $17 billion by 1928. In eight years American productivity—output per man-hour—increased by 30 per cent.

During these glorious years, Secretary of Commerce Herbert Hoover had nothing much to do but co-ordinate disaster-relief projects, winning national acclaim for his kind heart and compassion. Hoover and Mellon were not mutual admirers, and after Hoover's 1928 election Mellon stayed on at Treasury only because Hoover could not fire a national Republican hero. But it was broadcast that Treasury Undersecretary Ogden Mills, a Hoover man appointed without consulting Mellon, would call the shots.

SHAKY WORLD ECONOMY

Seven months after Hoover took office the stock market crashed, not the result of fiscal policy, but of economic contraction in Europe and a rapid unwinding of most of the stock-market loans that had been built on the excessive monetary policies of the Federal Reserve. Hoover turned away from Mellon, who had advised: "Liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate," meaning the Government should keep hands off and let prices fall to a new equilibrium that would provide a sound foundation for recovery.

"Secretary Mellon was not hardhearted," Hoover wrote in his memoirs. "In fact he was generous and sympathetic with all suffering. He felt there would be less suffering if his course were pursued. The real trouble with him was that he insisted that this was just an ordinary boom-slump. . ."

Hoover did everything he could think of to slow liquidation. He got businessmen to pledge to hold on to uneconomic labor and to sustain uneconomic wage rates. He tried to prop up farm prices. He argued for expansion of Federal Reserve credit. And he signed the Hawley-Smoot Tariff Act to protect American labor, thereby causing a further contraction of the world economy.

BALANCING THE BUDGET

But these measures only delayed liquidation and were probably offset to a degree by a 1 per cent cut in the corporate tax rate in 1930. By March 1931 the New York Times could suggest that the economy seemed to have gotten over the worst of the recession and recovery lay ahead. But through the summer, another outburst of trade wars in Europe caused further global economic contractions, and in September Great Britain went off the gold standard, adding currency warfare to the equation.

On the heels of Britain's decision, Hoover decided that the $2 billion in revenues lost during the recession had to be recovered so the budget could be balanced. He boosted taxes on "luxuries and nonessentials," raised the inheritance tax to 45 per cent from 23 percent, raised the income tax to 45 per cent from 23 per cent, and imposed a 15 per cent corporate tax rate. The Republican Congress enacted these measures in the summer of 1932 going into the teeth of the Presidential elections, banks failing left and right, and the stock market reeling.

Franklin Roosevelt, the prototype of the Democratic Spending Santa Claus, was elected. But instead of just boosting Federal spending, pump priming as it was called, Roosevelt boosted tax rates too. In four years he pushed the rates beyond where they had been in 1920, putting the highest marginal tax rate to 92 per cent. The Roosevelt prescription was "tax and tax, spend and spend, elect and elect." The idea, perfectly suited to a Santa Claus who prefers income redistribution to growth, was to tax money away from the well-to-do, because they were not spending it fast enough, and spend it for them.

CONGRESS CUTS TAXES

Not only didn't conditions improve, but the big tax hike of 1936 inspired the recession of 1937, the recession within the Depression, and altogether the Roosevelt policies kept the Depression going for eight years. The drag of Roosevelt's tax policies became so obvious that in May 1938, over FDR's protests, Republicans and Southern Democrats in Congress forced repeal of the 1936 tax on "undistributed profits" and cut the corporate tax rate. The recession officially bottomed out the following month.

To this day, the two main economic theories that attempt to explain the Great Depression ignore or underestimate the impact of the steady increase in tax rates. The Keynesians either argue that Roosevelt did not tax or spend enough or simply that he did not spend enough. The monetarists, led by Milton Friedman, believe everything would have been wonderful if the Federal Reserve in 1930 and 1931 had printed a lot of money.

Keynesians like to argue that spending, pure and simple, brought prosperity during World War II. But the U.S. economy revived first because the European powers liquidated wealth to wage war, spending that wealth on U.S. exports of munitions and materiel. Second, the United States financed its own effort chiefly through bond sales, not steep tax-rate increases. Most important, the "tax" on business through bureaucratic red tape and regulation that also flourished under the New Deal was ended as businessmen came to Washington to run the war-mobilization effort. In addition, industry could write off against taxes all war-related capital expansion; national survival made it necessary for the Government to permit producers to keep a reasonable share of their earnings.

RECOVERY UNDER TRUMAN

After V–J Day in 1945, the Democratic liberals made a pitch to keep the high nominal tax rates up to pre-war levels, along with an end to tax write-offs, of course. Liberals warned that unemployment would go to 10 million unless the Government taxed and spent on social desirables. But taxes were cut sharply. President Truman wisely liquidated war contracts on the word of the contractors instead of harassing them with tax audits. And recovery ensued.

As in Mellon's day, the lower tax rates produced expanded revenues, and the Republicans, led by Sen. Robert A. Taft of Ohio, demanded another tax cut. The Keynesian economists, who by this time dominated both the academic community and Washington policy makers, predicted a worsening of inflation if the Taft tax cut of $5 billion were enacted. It was enacted in 1948, over Truman's veto, and inflation came to a halt. The Keynesians to this day have explanations of why the tax cut should have produced a rampant inflation.

The Korean War upset Republican plans to cut taxes again in 1950, but in the tradition of Herbert Hoover, Dwight Eisenhower shot Santa Claus in January 1953. As in 1931, the GOP forgot Mellon's advice and sought to balance the budget, hoping to end the deficits of the Korean War years. The Republican chairman of the House Ways and Means Committee, Daniel Reed, introduced H.R. 1, a general tax-reduction bill, but Eisenhower's economic advisers argued that it would be fiscally irresponsible, and Ike asked Reed to withdraw the bill. In the 1958 recession, Eisenhower again stoically rejected calls for a tax cut by members of his own party.

ECONOMIC ROLE REVERSAL

As a result, there were eight years of Eisenhower economic stagnation In 1953, as in 1931, the GOP brain trust insisted the tax cut would mean a deficit. The deficit would have to be financed with Treasury bond sales. And these sales would "crowd out" private borrowers from the capital market. In 1974 Treasury Secretary Simon made the same arguments in inveighing against tax cuts.

Ignoring these kinds of arguments, Presidents Kennedy and Johnson got the economy moving again by slashing taxes $20 billion between 1962 and 1965, doing the job the GOP Santa Claus should have done.

But as business expanded and the tax base grew, the Democrats spent the increased revenues that poured into the Treasury. The Great Society programs of 1965 through 1968 were financed by these tax cuts. So was the increased spending for the Vietnam War. The Democrats realized that the Republicans would never call for a tax cut unless the Federal budget were in surplus, so they engineered their spending programs in a way that would guarantee spending would always outrun revenues.

REPUBLICANS PLAY SCROOGE

The typical Great Society legislation that passed in 1965 and 1966 called for spending a few dollars the first year, $1 million or so the second year, and $1 billion for the third. The Democrats were spending anticipated revenue. Throughout the period, Republicans continued to play Scrooge, carping against increased spending without ever offering the obvious alternative of tax reduction. Even with a Republican back in the White House in 1969, it was the Democrats who pushed tax reduction in the face of continuing deficits. In 1969 and in 1971, tax cuts were put through over Republican budget concerns. After both, the economy expanded and revenues increased.

In learning how to play both Santa Clauses, the Democratic majorities in Congress grow larger and larger. They can alternate between increased spending and occasional tax cuts and take credit at the polls for both. The economy suffers, though, because the Democrats do not fulfill both roles with equal zest. They spend with exuberance and cut tax rates only when in doing so they can redistribute incomes from the middle and upper incomes to the less affluent. Americans, discouraged by ever-increasing tax rates, work less and invest less, devoting more time to leisure and a higher portion of their income to current consumption. Because middle- and upper-income Americans are the most productive (an engineer produces more than a ditch digger), taxing them the most has the effect of reducing economic output.

TAX CUTS—TIMIDLY

Until President Ford in January 1975 timidly proposed a tax cut of sorts (three-quarters of his $16 billion package was a rebate on 1974 taxes, not incentives to new production), the Republicans had gone 22 years without proposing the kind of reduction President Eisenhower rejected in 1953 upon the advice of his Hooverlike advisers.

Both President Ford and Ronald Reagan are inching toward the Mellon approach. Still, they each insist in one way or another that tax reduction be bound to spending cuts. This is an improvement on the straightforward demand that the Spending Santa be shot. But the Two-Santa Claus Theory holds that the Republicans should concentrate on tax-rate reduction. As they succeed in expanding incentives to produce, they will move the economy back to full employment and thereby reduce social pressures for public spending. Just as an increase in Government spending inevitably means taxes must be raised, a cut in tax rates—by expanding the private sector—will diminish the relative size of the public sector.

All the United States needs now to prosper is a Coolidge in the White House, a Mellon at Treasury, and a GOP tax-cutting St. Nick.

Country	1965–75 percent change in real wages and fringe benefits[1]	Investment as percent of GNP—Averages 1960–73: Total	Investment as percent of GNP—Averages 1960–73: Total minus home-building
United States	15.7	17.5	13.6
Canada	48.5	21.8	17.4
Japan	137.9	35.0	29.0
Belgium	103.8		
France	77.4	24.5	18.2
Germany	78.1	25.8	20.0
Italy	116.4	20.5	14.4
Sweden	68.8		
United Kingdom	53.9	18.5	15.2
Switzerland	55.1		

[1] Includes pension programs and other fringe benefits.

Source: BLS.

II.—COMPARATIVE REAL GROSS DOMESTIC PRODUCT, REAL GDP PER CAPITA, AND REAL GDP PER EMPLOYED CIVILIAN, SIX COUNTRIES, 1950–75[1]—OUTPUT BASED ON INTERNATIONAL PRICE WEIGHTS

[United States=100]

	Gross domestic product per capita							
Year	Sweden	Switzerland	Canada	Japan	France	Germany[2]	Italy	United Kingdom
1950	59.0	62.7	76.0	17.8	49.4	39.3	26.0	57.2
1955			76.1	22.7	51.6	52.2	29.9	58.4
1960	77.0	84.4	78.8	31.6	60.9	65.6	36.6	62.4
1965	96.2	98.0	81.2	41.6	64.8	67.8	39.1	60.8
1967			81.3	47.3	66.4	64.3	41.0	59.1
1970	112.2	111.5	85.7	61.5	75.0	74.7	45.8	60.3
1971			88.0	64.0	77.0	75.3	45.4	60.5
1972			87.8	65.6	76.8	73.7	44.3	59.0
1973			88.7	68.1	77.0	73.8	46.7	59.5
1974	123.4	122.2	92.1	68.4	81.4	76.0	47.0	61.1
1975	123.5	114.3	93.5	71.0	81.6	75.8	45.8	61.9

STATEMENT PREPARED FOR THE SENATE LABOR AND PUBLIC WELFARE'S SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR HEARINGS ON S. 50—THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1976

(By Arthur B. Laffer)

Mr. Chairman, it is an honor to be invited to appear before your subcommittee today. There is no economic issue more important now or perhaps ever than relieving unemployment. Unemployment and all the attendant side effects that word connotes have been millstones around the neck of our country. Restoring full employment should be the prime objective of U.S. economic policy. Unemployment, misemployment, underemployment and withdrawals from the labor force are all different facets of the common problem.

On strictly humanitarian grounds the plight rendered by unemployment is abominable to the wage earner and his family. The market failure to make use of a perishable natural resource makes all of us poorer. The lost value to the United States far exceeds any strict dollar and cents measure. A large part of our role as world leader is predicated upon our economic prowess. Our capacity to deter potential belligerents not only rests on our defense capabilities narrowly defined, but is further enhanced by our production base.

Perhaps no proposition is more obvious in economics than the proposition that if taxes on a product are raised there will be less of that product. Likewise, if subsidies for a product are increased, in general, there will be more of the now subsidized product. Taxes on commodities discourage them while subsidies to products encourage them.

In the United States today basically we are taxing employment through a multitude of taxes such as the personal and corporate income taxes. Using the terminology of economics, we are also subsidizing inefficiencies, nonwork, and the absence of production. Examples in this area abound, such as agricultural subsidies, Export-Import bank subsidies, the "retirement test" for social security, the recent effort to discourage U.S. development of minerals on the deep sea beds, etc.

It is no wonder that the United States today has so little employment and output and so many inefficiencies and so much unemployment. In my opinion, the "Full Employment and Balanced Growth Act of 1976" will, if put into effect, add to our economic and employment problems. The proceeds for its expenditures can only come from current producers and employment. This Act therefore will add to the already onerous tax on employment and output. The expenditures themselves will be used to pay wages above what could be earned elsewhere. Likewise, the value of the product the government extracts will also be of questionable marketability. It is inconceivable to me that such a program will do anything other than hurt workers, consumers, and the truly needy who rely on other government programs.

A firm's decision to hire is based, in part, upon the *total* cost to the firm of the employee's services. For most firms the more it costs them to hire workers the fewer workers they will hire. Likewise the less it costs firms to hire workers the more they will hire.

Employees' decisions to work are also, in part, based upon the amount of earnings the employee himself gets. The more the employee gets the more willing he is to work and *vice versa*. Employees, it should be noted, do not concern themselves with the total costs to the firm. All employees care about is how much they get, *net*.

In sum, firms worry about the total wages they have to pay, while employees are concerned with the wages they receive. The difference between the wages firms pay and the wages employees receive is called the "wedge." This "wedge" consists of income taxes, payroll taxes, excises, sales taxes, property taxes as well as the market value of the accountants and lawyers firms hire in order to maintain compliance with government regulations.

Let us for a moment imagine a "wedge" or tax of 20 percent on a worker whose gross wages paid are $200 per week. Let us also imagine that the employer pays half of the tax and the employee half. Under these conditions the total cost to the employer is not $200 per week but is $220 per week. The firm's decision to hire is based exclusively on the $220 figure. From the employee's vantage point he doesn't receive $200 per week. He must subtract his tax "wedge" share of $20 leaving him with $180 per week wages received. Thus, the "wedge" of $40 is the difference between the wages paid of $220 and the wages received of $180.

It is easy to see what happens if the "wedge" is increased say to 40 percent. Assuming it is still divided evenly, then wages paid by firms rise from the $220 figure to $240. Firms will hire fewer workers. Wages received by employees will fall from the $180 figure to $160. Employees will be less willing to work. Both the firm's desire to hire workers and the workers' willingness to work will be reduced as the "wedge" increases. Output unambiguously falls and the level of total employment falls as the "wedge" increases.

In the United States the wedge can be represented by either total government spending or by the total of transfer payments. Basically, transfer payments are real resource transfers from producers and workers to people based upon some characteristic other than work or production. As such transfer payments reduce the amount of goods and services available to the people who produced them. Transfer payments are a tax on production and work. Likewise, transfers are a payment based upon a characteristic other than work. Some of the transfers may be based on population characteristics such as age, region of residence, health, sex, race, etc. In many instances, however, not only are transfers given to people based upon a characteristic other than work, but they are often given out only if there is an absence of work. That is, transfers are often a payment explicitly for nonwork. Examples of this are agricultural subsidies, food stamps (income requirement), social security payments (retirement test), housing subsidies 235–236 (means test) and obviously unemployment compensation itself.

In the table below I have attempted to construct a time series on the "wedge," both in absolute magnitude and as a share of GNP. Of necessity, much is omitted from the figures: such as i.) the market equivalent of the lost value to the owners of productive factors of restrictions on the use of their resources such as transportation regulation, pollution controls, health requirements and standards, etc. ii.) the market value of the time people spend to comply with government requirements principally, but not totally, in filling out tax forms, and iii.) the total cost to firms of the accountants and lawyers they hire to maintain compliance with government regulations and requirements. In spite of the shortcomings, the table is indicative of the recent trends in the United States and the growth of the "wedge."

GOVERNMENT SPENDING AND TRANSFER WEDGE[1]

[Cols. 1-5, 7, and 8 in billions of dollars]

Year	GNP	Government expenditures		Grants-in-aid	Government expenditures, Federal, State, and local (2)+(3)−(4)	Spending wedge (5)÷(1)	Government purchase of goods and services total	Government transfers, all levels (5)−(7)	Transfer wedge (8)÷(1)
		Federal	State and local						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1950	286.2	40.8	22.5	2.3	61.0	0.213	38.5	22.5	0.079
1951	330.2	57.8	23.9	2.5	79.2	.240	60.1	19.1	.058
1952	347.2	71.1	25.5	2.6	94.0	.291	75.6	18.4	.053
1953	366.1	77.1	27.3	2.8	101.6	.277	82.5	19.1	.052
1954	366.3	69.8	30.2	2.9	97.1	.265	75.8	21.3	.058
1955	399.3	68.1	32.9	3.1	97.9	.245	75.0	22.9	.057
1956	420.7	71.9	35.9	3.3	104.5	.248	79.4	25.1	.060
1957	442.8	79.6	39.8	4.2	115.2	.260	87.1	28.1	.063
1958	448.9	88.9	44.3	5.6	127.6	.284	95.0	32.6	.073
1959	486.5	91.0	46.9	6.8	131.1	.269	97.6	33.5	.069
1960	506.0	93.1	49.8	6.5	136.4	.270	100.3	36.1	.071
1961	523.3	101.9	54.4	7.2	149.1	.285	108.2	40.9	.078
1962	563.8	110.4	58.0	8.0	160.4	.284	118.0	42.4	.075
1963	594.7	114.2	62.8	9.1	167.9	.282	123.7	44.2	.074
1964	635.7	118.2	68.5	10.4	176.3	.277	129.8	46.5	.073
1965	688.1	123.8	75.1	11.1	187.8	.273	138.4	49.4	.072
1966	753.0	143.6	84.3	14.4	213.5	.284	158.7	54.8	.073
1967	796.3	163.7	94.7	15.9	242.5	.305	180.2	62.3	.078
1968	868.8	180.6	106.9	18.6	268.9	.310	198.7	70.2	.081
1969	935.5	188.4	117.6	20.3	285.7	.305	207.9	77.8	.083
1970	982.4	204.2	132.2	24.4	312.0	.318	218.9	93.1	.095
1971	1,063.4	220.6	148.9	29.0	340.5	.321	233.7	106.8	.100
1972	1,171.1	244.7	163.7	37.5	370.9	.317	253.1	117.8	.101
1973	1,306.3	264.8	180.9	40.6	405.1	.310	269.9	135.2	.103
1974	1,406.0	300.1	201.3	43.9	457.5	.325	301.1	156.4	.111
1975	1,489.9	356.9	222.6	54.3	525.2	.350	331.2	194.0	.129

[1] Source: Economic Report of the President.

Depending upon the specific assumptions underlying the cost estimates, the "Full Employment and Balanced Growth Act of 1976" will increase the "wedge" by a greater or lesser amount. In virtually every aspect this Act places additional burdens on producers and workers and simultaneously gives little in the way of final output in return.

The reordering of national priorities I interpret as meaning a continuation and furtherance of the changes in policies so far followed. The general tendency, with some notable exceptions, has been to make the economy less efficient. This is especially true in the energy and transportation areas. The additional levels of bureaucracy and the use of numerous professional groups to write, to analyze, and to evaluate plans and proposals is of little ultimate benefit to the country. And finally, the value of the production of those employed under this program, through no fault of their own, will not be as high as the payments made to them.

Viewing the cyclical nature of the economy from this vantage point also gives us a slightly different perspective.

Let us imagine for a moment an economy that produces, say, 1000 real units of output and has government transfers and purchases of 500 real units. If this is the case, then the producers and workers who produce the 1000 real units of output are able to keep 500 of those units. While these producers and workers are paid 1000 units they receive only 500 units and therefore have a "wedge" of 50 percent. For every two units someone produces he gets to keep only one. Fifty percent is taxed away and given to someone else.

Viewing the current U.S. economy in this manner, let us see what happens if, for whatever reason, there is a shortfall of income or output down from the 1000 level to say 900 real units. In our economy, as output and employment fall, government spending rises, here almost entirely as a result of increased transfer payments. Increases occur across a whole range of categories including open ended automatic increases such as food stamps, social security benefits, education loans and clearly unemployment benefits. There will be newly legislated increases as well. For the sake of the example, let's imagine government spending rises by 40 real units.

Therefore, while output falls from 1000 to 900, government spending rises from 500 to 540. The "wedge" in the economy rises from 50% to 60%. Now producers and workers receive only 4/5th of one unit for every two they produce, as opposed to receiving the one unit for every two produced previously. By increasing spending during a recession or downturn in production the government reduces the incentives to produce and work.

Far from stabilizing the economy, such counter cyclical spending will, in fact, accentuate the cyclical aspects of the economy. The greater government spending is, and the more closely tied to the level of unemployment it is, the more cyclical will be the economy. It should come as no surprise that the U.S. has just experienced the worst recession of the postwar period at just the time when spending is the greatest share of GNP and it is geared most closely to the level of unemployment.

Several features of the "Full Employment and Balanced Growth Act of 1976" impact directly on the cyclicality of the economy. By having a permanent counter cyclical grant program to state and local governments this Act will increase the severity of recessions and heighten excessively expansionary booms. The employment program will do the same. This program for all practical purposes raises the tax "wedge" during recessions and lowers the tax "wedge" during booms. As a consequence the economy will become more unstable.

On the inflation side the impact follows directly from the real output and production impact. Inflation results primarily from "too much money chasing too few goods." Reducing output and production, as I believe this Act would do, will thereby lead to higher prices. How much higher we cannot be sure.

In all I believe the "Full Employment and Balanced Growth Act of 1976" will do the reverse of what it states. It will have the effects of:

(1) Reducing total employment.

(2) Making growth more cyclical and less stable.

(3) Resulting in higher prices.

From the position of the current U.S. economy nothing is more important than achieving full employment and balanced growth. The way to achieve more employment and greater output is to make employment more profitable and to make it more profitable to employ. An economy does not reduce unemployment and increase output by taxing work and employment. To see this clearly one need only imagine how much would be produced if all output were taxed away from those who produced it. Production would cease.

What must be done, if we are ever to achieve a sustainable high level of output is to reduce the tax "wedge" on producers and workers. These reductions must occur predominantly on the already overtaxed and therefore underemployed factors of production. It is especially important for the reductions to be on marginal rates of taxation. Three areas of taxation deserve special attention, taxes on corporate held capital, personal income taxes, and the implicit taxes on the less educated and disadvantaged participants in our economy. In addition to reducing tax rates on production and work, inequitable and distortive spending must also be restrained.

At present, corporate held capital is taxed at exceptionally high rates on the margin. Viewing the problem strictly from the tax schedules, there is a marginal tax rate of 48 percent to be paid by corporations before anything goes to the ultimate owners of the capital. After the corporate tax, the owners of the capital must then pay additional personal income taxes. Even if the marginal personal income tax rate were only 42 percent this would imply that the tax "wedge" on corporate held capital would be close to 70 percent. The "wedge" considered so far only includes the corporate and personal income taxes on reported profits. Due to the effects of inflation, reported corporate profits overstate economic profits. Inventory price increases are reported as profits when, in reality, they are not. Similarly, depreciation is calculated from the purchase price of the capital good and therefore understates true depreciation.

In addition to these obvious considerations, some allowances should be made for capital gains taxes, excess profits taxes, property taxes, sales taxes, excise taxes, the cost of restrictions on the use of resources and the total cost of accountants and lawyers firms hire to comply with government regulations. All things considered, the total marginal tax "wedge" on corporate held capital may well be in excess of 90 percent.

Workers work better with capital. To induce people to save in order to provide the capital to employ workers there must be some post "wedge" yield. Reducing tax rates, especially the high marginal tax rates on capital, will reduce unemployment, increase employment, lower misemployment, reduce underemployment, and attract potential workers back into the labor force.

Another tax drastically in need of reduction is the personal income tax. Here again the "wedge" is apparent, especially at the higher marginal rates. Through tax loopholes and withdrawals from work in the form of unemployment or leisure, misunemployment and underemployment prevail. By cutting the personal incomes tax rates, employees' after-tax wages rise while the pre-tax cost to employees falls. More people will be hired.

Cutting personal income taxes is especially appropriate seeing that a substantial portion of the current rise in tax rates has arisen from the effects of inflation on progessive tax schedules. Perhaps the best single measure here would be to index the personal income tax. As a second best, individual exemptions and deductions should be increased across the board. As a final suggestion, an across the board percent tax reduction (a negative tax surcharge) could be enacted.

The implicit taxes on the less educated and more disadvantaged potential employees and workers are unbelievably high. If a minority youth in a poor neighborhood would like to work for $1.50 an hour and a small minority-run business would like to hire him at that wage rate he still can't legally work because of the minimum wage law. After being unemployed for several years, the person becomes close to if not literally unemployable.

While complicated tax schedules and arcane building codes along with other modern bureaucratic developments can be coped with by college graduate entrepreneurs, they present a serious impediment to the economic development of the poor and less educated neighborhoods. As if there already weren't enough difficulties inherent in starting a successful business in poor neighborhoods the government-imposed tax "wedge" is probably at its highest there. Needless to say, it is precisely in these neighborhoods where the "Full Employment and Balanced Growth Act of 1976" will be used the most. It is rather ironic that one massive government program is proposed to undo the damaging effects of others. It is rather tragic that this new program will result in further deteriorations in areas already heavily deteriorated.

I doubt very much whether the United States can maintain peacetime full employment without a substantial reduction in the level of spending as a share of GNP. At the very least, this spending must be redirected in such a way as to reduce the direct incentives for non-production and non-employment.

The errors in the thinking underlying the logic of S-50 are rather subtle. It is argued that if the market won't provide ample employment opportunities, then government spending must take up the slack. By hiring previously unemployed workers, so the logic runs, purchasing power is placed in the hands of people who will spend. This spending in turn requires more jobs and so the process continues. Even if the output of the government employment is literally worthless (such as digging holes and then filling them up again), the economy will be better off in terms of total production and employment.

The questions to be asked here are twofold in nature. First, how and from whom does the government get the additional resources to pay for the program. In the case of direct taxes it is clear. Every dollar a recently hired government employee gets some private employee gets one dollar less. Distributional issues aside the increased spending by the government employee is exactly offset by the reduced spending of the now taxed private employee. If the spending is financed by debt issue, then some borrower will be "crowded out" of the capital market and his spending will fall by the amount the government employees' rises.

Whether they are taxed out or crowded out, total aggregate demand will not change. Only if we totally ignore the real effects of the financing will we get an increase in demand.

The second question that arises is whether the total "wedge" will not increase and thereby lead to lower output. Using an admittedly extreme example, what would happen if the goverment raised taxes and spending to the entire amount of GNP? Does anyone for a moment think that output would not fall? People who feel that S. 50, the "Full Employment and Balanced Growth Act of 1976" will move the economy to a higher level of employment and output have overlooked:

(1) The people who are taxed or can't borrow because of the financing of this program will reduce their spending to offset the increases by those who receive the funds; and

(2) The economy with the larger share of output going to the tax "wedge" will substitute away from work and production into non-work.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

APPROVAL OF JOINT RESOLUTION

A message from the President of the United States announced that on June 25, 1976, he approved and signed the following joint resolution:

S.J. Res. 201, joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail.

REPORTS ON ADMINISTRATION OF HIGHWAY AND MOTOR VEHICLE SAFETY ACTS—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was referred to the Committee on Commerce:

To the Congress of the United States:

The annual reports on administration of the Highway Safety and National Traffic and Motor Vehicle Safety Acts of 1966 are transmitted for your consideration. They describe some of the many and varied programs undertaken to carry out the purpose of Congress to reduce the rising number of traffic accidents, injuries and deaths. The volume on motor vehicle safety also includes the annual report required by Title I of the Motor Vehicle Information and Cost Savings Act of 1972. The highway safety document contains information on a number of activities initiated because of provisions in the Highway Safety Act of 1973.

Ten years after passage of the basic legislation, the American motorist is safer than ever before. The 1975 data show that: There were 45,674 traffic deaths, 6,000 fewer than in 1967, and 9,000 less than in 1973. The number of deaths per 100 million miles of travel reached 3.47, the lowest rate on record and far below that of any other industrial nation. The principal category of highway users, motor vehicle occupants, show the largest statistical improvement. Deaths in this category remained fairly constant until the 1973–1974 fuel crisis, while fatalities among other classes were rising.

These figures represent a real achievement in view of the tremendous growth in traffic during that period. This progress was made possible through the cooperation and support of Federal, State and community governments, of industry, private organizations, and the taxpaying public. It is the cumulative effect of a wide variety of safety and energy conservation programs, as well as research designed to improve the safety of the traffic components—vehicle, highway, and driver.

The fatality figures are still far too large. There is a long way to go to containment within tolerable limits. However, the rising death curve of this century has been turned around. This merits the continued support of the Congress, and of all of the organizations and individuals who brought it about.

GERALD R. FORD.

THE WHITE HOUSE, *June 25, 1976.*

MESSAGE FROM THE HOUSE

ENROLLED BILLS SIGNED

At 9:02 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 3201. An act to authorize a local public works capital development and investment program, to establish an antirecessionary program, and for other purposes.

H.R. 5621. An act to authorize the Secretary of the Interior to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania, and for other purposes.

H.R. 5630. An act to amend the Federal Boat Safety Act of 1971 in order to increase and extend the authorization for appropriations for financial assistance for State boating safety programs.

H.R. 11439. An act to amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored.

H.R. 12188. An act to amend the Community Services Act of 1974 to make certain technical and conforming amendments.

H.R. 12567. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the Act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes.

H.R. 13380. An act to amend the Central, Western, and South Pacific Fisheries Development Act to extend the appropriation authorization through fiscal year 1979, and for other purposes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. CULVER).

At 11:50 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House disagrees to the amendment of the Senate to the bill (H.R. 12566) authorizing appropriations to the National Science Foundation for fiscal year 1977; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. TEAGUE, Mr. SYMINGTON, Mr. FUQUA, Mr. FLOWERS, Mr. MCCORMACK, Mr. MOSHER, and Mr. ESCH were appointed managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. SLACK, Mr. SMITH of Iowa, Mr. FLYNT, Mr. ALEXANDER, Mrs. BURKE of California, Mr. EARLY, Mr. MAHON, Mr. CEDERBERG, Mr. ANDREWS of North Dakota, and Mr. MILLER of Ohio were appointed managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. STEED, Mr. ADDABBO, Mr. ROYBAL, Mr. SIKES, Mr. FLYNT, Mr. PATTEN, Mr. LONG of Maryland, Mr. MAHON, Mr. MILLER of Ohio, Mr. MCEWEN, Mr. ARMSTRONG, and Mr. CEDERBERG were appointed managers of the conference on the part of the House.

At 5:32 p.m., a message from the House of Representatives delivered by Mr. Berry announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 14231. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

H.R. 14232. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker has signed the following enrolled bill and joint resolution:

S.J. Res. 196. A joint resolution providing for the expression to Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution.

H.R. 8471. An act to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone.

The enrolled bill and joint resolution were subsequently signed by the President pro tempore (Mr. EASTLAND).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE EXPORT-IMPORT BANK

A letter from the president and chairman of the Export-Import Bank transmitting, pursuant to law, a report on loans and other transactions to Communist countries during April 1976 (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE NATIONAL RAILROAD PASSENGER CORPORATION

A letter from the vice president of the National Railroad Passenger Corporation transmitting, pursuant to law, a report on the operations of Amtrak for the month of March 1976 (with an accompanying report); to the Committee on Commerce.

PROPOSED ACT OF THE COUNCIL OF THE DISTRICT OF COLUMBIA

A letter from the chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of an act adopted by the Council (with accompanying papers); to the Committee on the District of Columbia.

REPORT OF THE DEPARTMENT OF THE TREASURY

A letter from the Assistant Secretary of the Treasury transmitting, pursuant to law, a report relating to the Treasury Department Payroll/Personnel Information System (with an accompanying report); to the Committee on Government Operations.

PROPOSED LEGISLATION BY THE OFFICE OF MANAGEMENT AND BUDGET

A letter from the Administrator of the Office of Management and Budget transmitting a draft of proposed legislation to authorize the procurement of janitorial and other services (with accompanying papers); to the Committee on Government Operations.

REPORTS OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, 499 reports covering the period June 1 through 15, 1976, concerning visa petitions (with accompanying reports); to the Committee on the Judiciary.

PROPOSED AMENDMENTS TO BUDGET REQUEST FOR THE DEPARTMENT OF THE INTERIOR—(S. DOC. 94–224)

A communication from the President of the United States transmitting proposed amendments to the request for appropriations for the fiscal year 1977 in the amount of $23,430,000 for the Department of the Interior (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

PROPOSED AMENDMENT TO BUDGET REQUEST FOR THE DEPARTMENT OF JUSTICE—(S. DOC. 94–223)

A communication from the President of the United States transmitting a proposed amendment to the request for appropriations for the fiscal year 1977 in the amount of $381,000 for the Department of Justice (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

SECRET REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General transmitting a secret report entitled "Critical Considerations in the Acquisition of a New Main Battle Tank" (with an accompanying report); to the Committee on Government Operations.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General transmitting, pursuant to law, a report entitled "Suggestions To Improve Management of Radio Free Europe/Radio Liberty" (with an accompanying report); to the Committee on Government Operations.

REPORT OF THE ATTORNEY GENERAL

A letter from the Attorney General transmitting, pursuant to law, a report on new systems in the Department of Justice (with an accompanying report); to the Committee on Government Operations.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

A resolution adopted by the Alpena (Michigan) County Board of Commissioners relating to nuclear waste disposal; to the Joint Committee on Atomic Energy.

Senate Joint Resolution 1002, adopted by the Legislature of the State of Arizona; to the Committee on Interior and Insular Affairs:

"SENATE JOINT RESOLUTION 1002

"A joint resolution to the Energy Research and Development Administration pledging assistance to Energy Research and Development Administration in establishing the Solar Energy Research Institute in Arizona

"Whereas, the Congress of the United States has determined that a National Solar Energy Research Institute be established to further the development of solar energy as a means for relieving the growing energy shortages which face our country and has assigned responsibility for the creation of this institute to the Energy Research and Development Administration; and

"Whereas, the people of the State of Arizona acting through their elected officials, Senators and Representatives are desirous of supporting the efforts of the Energy Research and Development Administration in establishing this institute, believing that it is both in their interests and the national interests to do so; and

"Whereas, the people of the State of Arizona acting through their elected officials have already demonstrated their commitment to solar energy by passing legislation establishing incentives for solar energy development and preferential tax treatment for solar energy installations; and

"Whereas, the legislature has created the Arizona Solar Energy Research Commission to carry out Arizona's solar energy program and to work closely with the Energy Research Development Administration in the national effort, and have appropriated funds for this purpose, and further, intend to provide additional support as is appropriate to rapidly stimulate the development and application of solar energy in Arizona and the nation as a whole; and

"Whereas, the State of Arizona ideally satisfies the requirements which have been established for the National Solar Energy Research Institute and additionally possesses solar radiation and availability unequalled by any other region of our country, making it a major national energy resource."

A resolution in opposition to S. 1, adopted by the Ohio State Council of the Upholsterers' International Union of North America; to the Committee on the Judiciary.

Concurrent Resolution No. 233 adopted by the Legislature of the Commonwealth of Pennsylvania; to the Committee on Labor and Public Welfare:

"RESOLUTION NO. 233

"Whereas, The "Emergency Unemployment Compensation Act of 1974" Pub. L. 93–572, created a new temporary unemployment compensation financed from Federal general revenues; and it furnished up to 13 additional weeks of Federal Supplemental Benefits (FSB) beyond the 39 weeks of regular and extended benefits provided by the Pennsylvania unemployment compensation law. The 1975 "Emergency Compensation and Special Unemployment Assistance Extension Act" extended the FSB program an additional 13 weeks, making a total of 65 weeks of full benefits.

"Whereas, By the end of 1975, unemployment compensation will have been paid to about 800,000 claimants in Pennsylvania who will have received about 16,000,000 benefit payments amounting to 1.2 billion dollars, 1 billion dollars from State funds contributed by employers or borrowed from the Federal government, and 200 million dollars from Federal benefit programs; and

"Whereas, Pennsylvania's State fund financed by employers for compensation payments is depleted and by the end of December 1975, Pennsylvania will have borrowed 173.8 million dollars to pay such benefits, an additional loan of 60.4 million dollars being requested for January 1976; and

"Whereas, The seasonally adjusted rate of unemployment in Pennsylvania in November 1975 was 9.3% (November 1974, 5.9%). In the Nation, the seasonally adjusted rate of unemployment in November 1975 was 8.3% (November 1974, 6.5%); and

"Whereas, By the end of December 1975, about 22,000 claimants will have exhausted the existing 65 weeks entitlement under the combined Federal-State program; now therefore be it

"Resolved, (the House of Representatives concurring), That the General Assembly of the Commonwealth of Pennsylvania memorialize for Congress of the United States to amend the "Emergency Compensation and Special Unemployment Assistance Extension Act of 1975" Pub. L. 94–45, to extend compensation for an additional 13-week period beyond the present 65-week limit; and be it further

"Resolved, That copies of this resolution be transmitted to the presiding officer of each House of the Congress of the United States and to each Senator and Representative from Pennsylvania in the Congress of the United States."

House Resolution 803 adopted by the House of Representatives of the State of Illinois; to the Committee on Labor and Public Welfare:

HOUSE RESOLUTION 803

"Whereas, There is legislation currently pending in the Congress of the United States which would establish the right and opportunity to obtain useful paid employment at fair rates of compensation for all adult Americans able, willing and seeking to work; and

"Whereas, The Full Employment and Balanced Growth Act of 1976 (H.R. 50 and S. 50) would create a permanent institutional framework whereby the President, the Congress and the Federal Reserve Board would develop and establish economic policies and programs to provide for full employment, with a clearly established goal of an unemployment rate of less than three per cent within four years; and

"Whereas, If this bill becomes law, government policy would encourage the private sector to hire the unemployed, and the President would be required to articulate anti-inflation policies and make recommendations for increasing productivity in the private sector; and

"Whereas, The bill also establishes countercyclical programs, with the government as the employer of last resort, to combat the invidious effect of recession upon unemployment such as the people of Illinois have been experiencing recently, including programs such as public service employment, standby public works, anti-recession grants for State and local governments, skill training in both the public and private sectors, and special youth employment programs; and

"Whereas, These countercyclical programs created by the Full Employment and Balanced Growth Act of 1976 would be implemented automatically only during a time of rising unemployment and would be phased out automatically during periods of economic recovery as unemployment is reduced, and which programs, along with the provisions in the bill for systematic review of federal regulations and programs to determine their efficiency and continued value, will assure that only such governmental assistance is provided as is genuinely necessary to combat the personal hardships and tragedies for the people of this State and Nation caused by rising unemployment and recession; therefore, be it

"Resolved, By the House of Representatives of the Seventy-ninth General Assembly of the State of Illinois, that we respectfully petition the Congress of the United States to enact the Full Employment and Balanced Growth Act of 1976, and that we encourage all of the members of the Illinois Congressional delegation to support the enactment of this legislation, H.R. 50 or S. 50, without amendment which would weaken it; and, be it further

"Resolved, That copies of this preamble and resolution be forwarded by the Illinois Secretary of State to the President pro tempore of the United States Senate and the Speaker of the House of Representatives, to the Honorable Yvonne B. Burke, Chairperson of the Congressional Black Caucus, and to each of the members of the Illinois Congressional delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RANDOLPH, from the Committee on Public Works:

S. 3622. An original bill to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from solid wastes and for resource conservation, to control the disposal of hazardous wastes, and for other purposes (together with individual views) (Rept. No. 988).

Mr. RANDOLPH. Mr. President, I report from the Committee on Public Works an original bill to amend the Solid Waste Disposal Act, entitled "The Solid Waste Utilization Act of 1976," together with individual views.

Mr. President, I ask unanimous consent that the Committee on Public Works have until midnight tonight to file the balance of the report.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. HRUSKA, from the Committee on the Judiciary, without amendment:

H.R. 6852. An act conferring jurisdiction upon the U.S. Court of Claims to hear, determine, and render judgment upon the claim of John T. Knight (Rept. No. 94–989).

By Mr. HRUSKA, from the Committee on the Judiciary, with an amendment:

H.R. 13899. An act to delay the effective date of certain proposed amendments to the Federal Rules of Criminal Procedure and certain other rules promulgated by the U.S. Supreme Court (Rept. No. 94–990).

By Mr. ROBERT C. BYRD, from the Committee on Appropriations, with amendments:

H.R. 14231. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94–991).

By Mr. LONG, from the Committee on Finance, without amendment:

H.R. 9401. An act to continue to suspend for a temporary period the import duty on certain horses (Rept. No. 94–992).

H.R. 12033. An act to continue until the close of June 30, 1979, the existing suspension of duties on manganese ore (including ferruginous ore) and related products (Rept. No. 94–994).

By Mr. LONG, from the Committee on Finance, with an amendment:

H.R. 13501. An act to extend or remove certain time limitations and make other administrative improvements in the medicare program under title XVIII of the Social Security Act (Rept. No. 94–993).

H.R. 14114. An act to increase the temporary debt limit, and for other purposes (Rept. No. 94–995). Referred to the Committee on the Budget.

NATIONAL DEBT

Mr. LONG. Mr. President, I submit a report of the Committee on Finance on H.R. 11414, the debt limit bill. I ask unanimous consent that the bill be referred to the Budget Committee, for that committee's consideration of a Finance Committee amendment relating to the budget, with the instruction that if the Budget Committee has not reported the bill by midnight, June 28, 1976, it be discharged from further consideration of the bill and the bill be placed on the calendar.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LONG. Mr. President, it may be that someone from the Budget Committee may want to reconsider that budget request, and if so, they can have the consent.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. MOSS, from the Committee on Aeronautical and Space Sciences:

Alan M. Lovelace, of Maryland, to be Deputy Administrator of the National Aeronautics and Space Administration.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. EASTLAND, from the Committee on the Judiciary:

John J. Smith, of Delaware, to be U.S. marshal for the district of Delaware.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. RANDOLPH, from the Committee on Public Works:

Brig. Gen. Elvin Ragnvald Heiberg III, Corps of Engineers, to be a member of the Mississippi River Commission.

George G. Seibels, Jr., of Alabama, to be Alternate Federal Cochairman of the Appalachian Regional Commission.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. HUGH SCOTT, from the Committee on the Judiciary:

David W. Marston, of Pennsylvania, to be United States attorney for the eastern district of Pennsylvania.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE BILLS REFERRED

The following bills were read twice by title and referred to the Committee on Appropriations:

H.R. 14231. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes; and

H.R. 14232. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that today, June 25, 1976, he presented to the President of the United States the following enrolled bill and joint resolution:

S. 3201. An act to authorize a local public works capital development and investment program, to establish an antirecessionary program, and for other purposes.

S.J. Res. 49. A joint resolution to amend the joint resolution entitled "Joint Resolution to Codify and Emphasize Existing Rules and Customs Pertaining to the Display and Use of the Flag of the United States of America."

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 3619. A bill to amend the Federal Trade Commission Act to authorize appropriations for fiscal year 1978. Referred to the Committee on Commerce.

By Mr. LAXALT:

S. 3620. A bill for the relief of Ermelinda Rossi. Referred to the Committee on the Judiciary.

By Mr. SPARKMAN (by request):

S. 3621. A bill to amend the International Claims Settlement Act of 1949 to provide for the determination of the validity and amounts of claims of nationals of the United States against the German Democratic Republic. Referred to the Committee on Foreign Relations.

By Mr. RANDOLPH, from the Committee on Public Works:

S. 3622. An original bill to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from solid wastes, to control the disposal of hazardous wastes, and for other purposes. Placed on the Calendar.

By Mr. ABOUREZK:

S. 3623. A bill to amend the Tariff Schedules of the United States to adjust the rates of duty on jade. Referred to the Committee on Finance.

By Mr. HATHAWAY (for himself and Mr. SPARKMAN):

S. 3624. A bill to provide for incentive loans to the commercial fisheries industry. Referred jointly, by unanimous consent, to the Committee on Banking, Housing and Urban Affairs, and the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 3619. A bill to amend the Federal Trade Commission Act to authorize appropriations for fiscal year 1978. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President I introduce for myself and Senator Pearson, by request, a bill to amend the Federal Trade Commission Act to authorize appropriations for fiscal year 1978.

Pursuant to section 607 of the Congressional Budget Control and Impoundment Act of 1974, any request for the enactment of legislation authorizing new budget authority to continue a program or activity must be submitted to the Congress not later than May 15 of the year preceding the year in which such fiscal year begins. By letter dated May 14, 1976, the Federal Trade Commission has submitted to the President of the Senate and the Speaker of the House of Representatives its estimated resource needs for fiscal year 1978, which I am introducing by request.

Mr. President, I ask unanimous consent that the Federal Trade Commission's letter to the President of the Senate and the text of the bill be printed in the RECORD.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3619

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 20 of the Federal Trade Commission Act is amended to read as follows:

"SEC. 20. There are authorized to be appropriated to carry out the functions, powers, and duties of the Federal Trade Commission not to exceed $47,091,000 for the fiscal year ending June 30, 1976; not to exceed $52,833,000 for the fiscal year ending September 30, 1977; and not to exceed $61,000,000 for the fiscal year ending in 1978.".

FEDERAL TRADE COMMISSION,
Washington, D.C., May 14, 1976.

Hon. NELSON ROCKEFELLER,
President Pro Tempore of the Senate,
Washington, D.C.

DEAR MR. VICE PRESIDENT: Enclosed herewith is a proposed amendment to the authorization of appropriation legislation for the Federal Trade Commission covering fiscal year 1978, pursuant to the provisions of the Congressional Budget Control and Impoundment Act of 1974 (P.L. 93–344, Section 607).

This proposed legislation would amend Section 20 of the Federal Trade Commission Act (15 U.S.C. 57(c)), and is necessary because specific authorization is required for fiscal years after 1977.

The Commission appreciates consideration by Congress of this request.

Sincerely,

CALVIN J. COLLIER,
Chairman.

By Mr. SPARKMAN (by request):

S. 3621. A bill to amend the International Claims Settlement Act of 1949 to provide for the determination of the validity and amounts of claims of nationals of the United States against the German Democratic Republic. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, by request I introduce for appropriate reference a bill to amend the International Claims Settlement Act of 1949 to provide for the determination of the validity and amounts of claims of nationals of the United States against the German Democratic Republic.

The bill has been requested by the Department of State and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when it is considered by the Foreign Relations Committee.

I ask unanimous consent that the bill and a section-by-section analysis be printed in the RECORD, together with the letter from the Assistant Secretary of State for Congressional Relations to the President of the Senate dated June 22, 1976.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3621

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the International Claims Settlement Act of 1949, as amended, is amended by adding at the end thereof the following new title:

"TITLE VI

"PURPOSE OF TITLE

"SEC. 600. It is the purpose of this title to provide for the determination of the validity and amounts of outstanding claims against the German Democratic Republic which arose out of the nationalization, expropriation, or other taking of (or special measures directed against) property interests of nationals of the United States. This title shall not be construed as authorizing or as any intention to authorize an appropriation by the United States for the purpose of paying such claims.

"DEFINITIONS

"SEC. 601. As used in this title—

"(1) The term 'national of the United States' means:

"(a) A natural person who is a citizen of the United States;

"(b) A corporation or other legal entity which is organized under the laws of the United States or of any State, the District of Columbia, or the Commonwealth of Puerto Rico, if natural persons who are citizens of the United States own, directly or indirectly, 50 per centum or more of the outstanding capital stock or other beneficial interest of such corporation or entity. The term does not include aliens.

"(2) The term 'Commission' means the Foreign Claims Settlement Commission of the United States.

"(3) The term 'property' means any property, right, or interest, including any leasehold interest, and debts owed by enterprises which have been nationalized, expropriated, or taken by the German Democratic Republic for which no restoration or no adequate compensation has been made to the former owners of such property.

"(4) The term 'German Democratic Republic' includes the government of any political subdivision, agency, or instrumentality thereof or under its control.

"(5) The term 'Claims Fund' is the special fund established in the Treasury of the United States composed of such sums as may be paid to the United States by the German Democratic Republic pursuant to the terms of any agreement settling such claims that may be entered into by the Governments of the United States and the German Democratic Republic.

"RECEIPT AND DETERMINATION OF CLAIMS

"SEC. 602. The Commission shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of claims by nationals of the United States against the German Democratic Republic for losses arising as a result of the nationalization, expropriation, or other taking of (or special measures directed against) property, including any rights or interests therein, owned wholly or partially, directly or indirectly, at the time by nationals of the United States whether such losses occurred in the German Democratic Republic or in East Berlin. Such claims must be submitted to the Commission within the period specified by the Commission by notice published in the Federal Register (which period shall not be more than 12 months after such publication) within 60 days after the enactment of this title or of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later.

"OWNERSHIP OF CLAIMS

"SEC. 603. A claim shall not be favorably considered under section 602 of this title unless the property right on which it is based was owned, wholly or partially, directly or indirectly, by a national of the United States on the date of loss and if favorably considered, the claim shall be considered only if it has been held by one or more nationals of the United States continuously from the date that the loss occurred until the date of filing with the Commission.

"CORPORATE CLAIMS

"SEC. 604. (a) A claim under section 602 of this title based upon an ownership interest in any corporation, association, or other entity which is a national of the United States, shall not be considered. A claim under section 602 of this title based upon a debt or other obligation owing by any corporation, association, or other entity organized under the laws of the United States, or of any State, the District of Columbia, or the Commonwealth of Puerto Rico shall be considered only when such debt or other obligation is a charge on property which has been nationalized, expropriated, or taken by the German Democratic Republic.

"(b) A claim under section 602 of this title based upon a direct ownership interest in a corporation, association, or other entity for loss, shall be considered subject to the provisions of this title, if such corporation, association, or other entity on the date of the loss was not a national of the United States, without regard to the per centum of ownership vested in the claimant.

"(c) A claim under section 602 of this title for losses based upon an indirect ownership interest in a corporation, association, or other entity, shall be considered, subject to the other provisions of this title, only if at least 25 per centum of the entire ownership interest thereof, at the time of such loss, was vested in nationals of the United States.

"(d) The amount of any claim covered by subsections (b) or (c) of this section shall be calculated on the basis of the total loss suffered by such corporation, association, or other entity, and shall bear the same proportion to such loss as the ownership interest of the claimant at the time of loss bears to the entire ownership interest thereof.

"OFFSETS

"SEC. 605. In determining the amount of any claim, the Commission shall deduct all amounts the claimant has received from any source on account of the same loss or losses, including any amount claimant received under section 202(a) of the War Claims Act of 1948, as amended, for losses which occurred as a direct consequence of special measures directed against such property in any area covered under this title.

"CONSOLIDATED AWARDS

"SEC. 606. With regard to any claim under section 602 of this title which, at the time of the award, is vested in persons other than the person by whom the original loss was sustained, the Commission shall issue a consolidated award in favor of all claimants then entitled thereto, which award shall indicate the respective interests of such claimants therein, and all such claimants shall participate, in proportion to their indicated interests, in any payments that may be made under this title in all respects as if the award had been in favor of a single person.

"CLAIMS FUND

"SEC. 607(a). The Secretary of the Treasury is hereby authorized to establish in the Treasury of the United States a fund to be designated the Claims Fund as defined under 601(5) for the payment of unsatisfied claims of nationals of the United States against the German Democratic Republic as authorized in this title.

"(b). The Secretary of the Treasury shall deduct from any amounts covered into the Claims Fund, an amount equal to 5 per centum thereof as reimbursement to the Government of the United States for expenses incurred by the Commission and by the Treasury Department in the administration of this title. The amounts so deducted shall be covered into the Treasury to the credit of miscellaneous receipts.

"AWARD PAYMENT PROCEDURES

"SEC. 608(a). The Commission shall certify to the Secretary of the Treasury, in terms of United States currency, each award made pursuant to section 602 of this title.

"(b). Upon certification of such award, the Secretary of the Treasury is authorized and directed, out of the sums covered into the Claims Fund, to make payments on account of such awards as follows, and in the following order of priority:

"(1) Payment in full of the principal amount of each award of $1,000 or less;

"(2) Payment in the amount of $1,000 on account of the principal amount of each award of more than $1,000 in principal amount;

"(3) Thereafter, payments from time to time, in ratable proportions, on account of the unpaid balance of the principal amounts of all awards according to the proportions which the unpaid balance of such awards bear to the total amount in the fund available for distribution at the time such payments are made;

"(4) After payment has been made in full of the principal amounts of all awards, pro rata payments may be made on account of any interest that may be allowed on such awards;

"(5) Payments or applications for payments shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe.

"SETTLEMENT PERIOD

"SEC. 609. The Commission shall complete its affairs in connection with the settlement of claims pursuant to this title not later than three (3) years following the final date for the filing of claims as provided in section 602 of this title.

"TRANSFER OF RECORDS

"SEC. 610. The Secretary of State is authorized and directed to transfer or otherwise make available to the Commission such records and documents relating to claims authorized by this title as may be required by the Commission in carrying out its functions under this title.

"APPROPRIATIONS

"SEC. 611. There are hereby authorized to be appropriated such sums as may be necessary to enable the Commissionand the Treasury Department to pay their respective administrative expenses incurred in carrying out their functions under this title.

"FEES FOR SERVICES

"SEC. 612. No remuneration on account of services rendered on behalf of any claimant, in connection with any claim filed with the Commission under this title, shall exceed 10 per centum of the total amount paid pursuant to any award certified under the provisions of this title on account of such claims. Any agreement to the contrary shall be unlawful and void. Whoever, in the United States or elsewhere demands or receives, on account of services so rendered, any remuneration in excess of the maximum permitted by this section shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than 12 months, or both.

"APPLICATION OF OTHER LAWS

"SEC. 613. To the extent they are not inconsistent with the provisions of this title, the following provisions of Title I of the Act shall be applicable to this title: subsections (b), (c), (d), (e), (h), and (j) of section 4; subsections (c), (d), (e), and (f) of section 7.

"SEPARABILITY

"SEC. 614. If any provision of this Act or the application thereof to any person or circumstances shall be held invalid, the remainder of the Act or the application of such provision to other persons or circumstances shall not be affected."

SECTION-BY-SECTION ANALYSIS OF DRAFT BILL

Section 600. Purpose of title:

Section 600 states that the purpose of the draft bill, which adds a new Title VI to the International Claims Settlement Act of 1949, as amended, is to provide for the determination of the validity and amounts of claims against the German Democratic Republic which have arisen out of the nationalization, expropriation, or other taking of, or special measures directed against property interests of nationals of the United States. This section also provides that the enactment of the proposed new Title VI shall not be construed as authorizing an appropriation or as any intention to authorize an appropriation of Federal funds to pay any claims of United States nationals against the German Democratic Republic.

Section 601. Definitions:

(1) National of the United States—This is defined as a natural person who is a citizen of the United States, or a corporation or other legal entity which is organized under the laws of the United States, or of any State, the District of Columbia, or the Commonwealth of Puerto Rico, if natural persons who are citizens of the United States own, directly or indirectly, 50 percent or more of the outstanding capital stock or other beneficial interest of such corporation or entity. The term does not include aliens.

(2) Commission—This means the Foreign Claims Settlement Commission of the United States, a quasi-judicial agency of the United States Government which has handled other claims programs under the International Claims Settlement Act.

(3) Property—Section 601(3) gives a broad definition of the range of property interests covered by the proposed claims program. Section 601 is analogous to section 401 of Title IV (Czech claims) and Title V (Cuba and China claims).

(4) The term "German Democratic Republic" includes the government of any political subdivision, agency, or instrumentality thereof or under its control.

(5) The term "Claims Fund" means a special fund created in the Treasury Department from which awards, as authorized and certified by the Commission under this title, will be paid. The Claims Fund will consist of whatever money is realized under a formal agreement entered into between the Governments of the United States and the German Democratic Republic settling such claims.

Section 602. Receipt and determination of claims:

Section 602 states that claims must be submitted within the period specified by the Commission which shall not be later than 12 months after publication of notice in the *Federal Register*. In determining the validity and amount of claims, the Commission is directed to apply "applicable substantive law, including international law." This requirement is similar to those contained in other titles of the International Claims Settlement Act of 1949, as amended.

Section 603. Onwership of claims:

This section, which follows the pattern of previous U.S. claims programs, provides that a claim for property losses shall not be considered unless the property involved was directly or indirectly owned by a U.S. national on the date of the loss and continuously thereafter by one or more U.S. nationals until the date it is filed. In case a claim is owned jointly by a U.S. national and an alien, only the validity and amount of the U.S. national's interest in the property will be determined by the Foreign Claims Settlement Commission.

Section 604. Corporate claims:

Section 604(a) provides that a claim under section 602, relating to receipt of claims, which is based upon the ownership interest in any corporation, association, or other entity which is a national of the United States (as defined in sec. 601) shall not be considered. In other words, stockholders or owners of a corporation may not file a valid claim based upon their individual interests. The claim must be filed by the corporation in its own behalf and treated as a corporate claim.

Section 604(b) states that a claim based upon a direct ownership interest in a corporation, association, or other entity which was not a national of the United States on the date of the loss, shall be considered and without regard to the percentage of ownership vested in the claimant. The effect of this provision is to permit a U.S. national to file a claim for his interest (no matter how small) in a foreign corporation which was taken by the German Democratic Republic.

Section 604(c) provides that a claim based upon an indirect ownership interest in a corporation, association, or other entity shall be considered only if at least 25 percent of the entire ownership interest thereof, at the time of the loss, was vested in nationals of the United States.

Section 604(d) states that the amount of both direct and indirect losses shall be calculated on the basis of the total loss suffered by the corporation, association, or other entity, and shall bear the same proportions to such loss as the ownership interest of the claimant at the time of loss bears to the entire ownership interest in the corporation, association, or other entity.

Section 605. Offsets:

Section 605 is designed to prevent double benefits for the same loss or losses. In some cases claimants may have received compensation from the Federal Republic of Germany under the Equalization of Burdens laws or from the Foreign Claims Settlement Commission under Title II of the War Claims Act of 1948, as amended, especially in regard to the "special measures" provisions of section 202(a) which defines World War II losses as having occurred "as a direct consequence of . . . special measures directed against property because of the enemy or alleged enemy character of the owner, if such property was owned by a national of the United States at the time of loss." Under that program claims were found compensable under the "special measures" provision if they involved property of Americans that had been confiscated during World War II and which was located in an area under communist control at the end of hostilities and was not restored to its owner. This applied to property located in East Germany. Claimants were awarded compensation for damages to structures on land as well as for the land. Awards under the proposed bill are to be reduced by any payments the claimant may have received from other sources on account of the same loss.

Section 606. Consolidated awards:

This section authorizes a consolidated award where an original single interest has vested in several persons. All such persons shall participate in proportion to their indicated interests, in any payments that may be made under this title in all respects as if the award had been made in favor of a single person.

Section 607. Claims fund:

Section 607(a) authorizes the Secretary of the Treasury to establish a claims fund in the Treasury Department for the payment of claims against the German Democratic Republic. The fund will consist of sums as may be paid to the United States by the German Democratic Republic pursuant to the terms of any claims settlement agreement between the two governments.

Section 607(b) authorizes a deduction of 5 percent from any amount covered into the Claims Fund for administrative expenses incurred by the Commission and Treasury Department with respect to the program.

Section 608. Award payment procedures:

Section 608(a) directs the Commission to certify each award to the Secretary of the Treasury.

Section 608(b) directs the Secretary of the Treasury to make payments on account of the awards certified out of sums covered into the special claims fund in accordance with an established payment order of priority.

Section 609. Settlement period:

This section provides that the program shall be completed within three years following the deadline for filing claims.

Section 610. Transfer of records:

This section provides for the transfer to the Commission of records and documents relating to claims under this title.

Section 611. Appropriations:

This section states that appropriations are authorized for the administrative expenses of the Commission and Treasury Department in carrying out the provisions of the title.

Section 612. Fees for services:

This section prohibits the payment of attorneys and other fees on account of services rendered in connection with any claim in excess of 10 percent of the total award paid on account of the claim. This section is analogous to section 414 of Title IV of the Act.

Section 613. Application of other laws:

This section incorporates, by reference, the following technical provisions of Title I of the International Claims Settlement Act of 1949, as amended:

Subsection 4(b) deals with the notice of the time when, and the limit of time within which, claims may be filed, which notice shall be published in the Federal Register, and the basis and the finality of the decisions rendered by the Foreign Claims Settlement Commission.

Subsection 4(c) relates to such matters as the administration of oaths, the issuance of subpoenas, the examination of witnesses, and contempt.

Subsections 4(d) and (e) deal with depositions and penalties, respectively.

Subsection 4(h) provides that the Commission shall notify all claimants of the approval or deniall of their claims, and if approved, the amount for which the claims were approved. It also provides that any claimant whose claim is denied, or approved for less than the full amount, shall be entitled to a hearing, and states that the action of the Commission in allowing or denying any claim shall be final and conclusive on all questions of law and fact.

Subsecton 4(j) directs the Commission to comply with the provisions of the Administrative Procedure Act of 1946 except as otherwise specifically provided by this title.

Subsection 7(c) provides that payments made pursuant to this title shall be made only to the person or persons on behalf of whom the award is made, except under certain conditions, e.g., persons deceased or under legal disability, termination of partnerships or corporations, receiverships, trustees, and assignments.

Subsection 7(d) bars recovery against the U.S. and its officers by persons other than the person to whom payment was made.

Subsection 7(e) provides that any person who makes application for any such payment shall be held to have consented to all of the provisions of this title.

Subsection 7(f) provides that "nothing in this title shall be construed as the assumption of any liability by the United States for the payment or satisfaction, in whole or in part, of any claim on behalf of any national of the United States against any foreign government." This serves to support the contention that funds of the United States should not be used for the purpose of paying claims of U.S. nationals against the German Democratic Republic.

Section 614. Separability:

This is the customary separability clause which provides that if any provision of the proposed new Title VI shall be held invalid, it will not affect the validity of the remainder of the title.

DEPARTMENT OF STATE,
Washington, D.C., June 22, 1976.

HON. NELSON A. ROCKEFELLER,
President of the Senate.

DEAR MR. PRESIDENT: Transmitted herewith on behalf of the Executive Branch for the consideration of the 94th Congress is the draft of a proposed bill entitled, "A Bill to amend the International Claims Settlement Act of 1949 to provide for the determination of the validity and amounts of claims of nationals of the United States against the German Democratic Republic," and a section-by-section analysis of the draft bill.

The draft bill proposes to add a new title to the International Claims Settlement Act of 1949, as amended (22 U.S.C. sec. 1621 et seq.), for the purpose of determining certain claims of nationals of the United States against the German Democratic Republic which arose out of the nationalization, expropriation, or other taking of, or special measures directed against property owned by nationals of the United States.

Other titles of the International Claims Settlement Act of 1949, as amended, have dealt with claims of nationals of the United States against the Governments of Bulgaria, Communist China, Cuba, Czechoslovakia, Hungary, Italy, Poland, Romania, Soviet Union, and Yugoslavia.

The proposed claims program under the bill would be similar in many respects to the Czechoslovakian claims program under Title IV of the International Claims Settlement Act, and in certain respects to the Cuban and Chinese claims programs under Title V of the Act.

The bill authorizes the Foreign Claims Settlement Commission to receive and determine the validity and amounts of claims by nationals of the United States against the German Democratic Republic for losses arising as a result of the nationalization, expropriation, or other taking of property owned at the time by nationals of the United States.

A 12-month filing period is provided and the Commission is required to complete its affairs with respect to these claims within 3 years after the deadline filing date.

A claims fund is established in the U.S. Treasury Department for the payment of claims authorized under this title. The fund will be composed of such funds as may be paid to the United States by the German Democratic Republic pursuant to the terms of any agreement settling such claims.

Claims under the bill will not be favorably considered unless the property on which such claims are based was owned, wholly or partially, by a national or nationals of the United States on the date of loss and continuously until the date of filing. A national of the United States, as defined under the bill, may be a natural person who is a citizen of the United States or a corporation or other legal entity organized under the laws of the United States, in which at least 50 percent of the outstanding shares of stock is owned by natural persons who are United States citizens.

An award payment procedure is prescribed which is similar to other titles of the International Claims Settlement Act. Awards less than $1,000 would be paid in full. All awards exceeding $1,000 would be paid an initial amount of $1,000 and the unpaid balance would be prorated in the same proportion as all other awards exceeding $1,000. After payment in full of all principal amounts of awards, pro rata payments may be made on account of any interest that may be allowed on such awards.

An appropriation is authorized for such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses in carrying out their functions under the new Title VI.

These are the basic provisions of the Act to which have been added certain necessary incidental provisions including claims of stockholders, attorney fee limitations, and other procedural matters. Subsection 4(h) provides, among other things, that the action of the Commission in allowing or denying any claim shall be final and conclusive on all questions of law and fact and not subject to review by any official, department, agency, or establishment of the United States, or by any court.

In late 1974, the Foreign Claims Settlement Commission, at the request of the Department of State, conducted a registration of claims against the German Democratic Republic. Over 8,000 notices and claim registration forms were forwarded to persons at their last known addresses who had previously contacted the Department of State and the Foreign Claims Settlement Commission concerning possible losses in East Germany. Approximately 2,100 of these registration forms were completed and returned to the Commission prior to the deadline filing date of July 1, 1975. Since approximately 4,000 of the forms were returned for insufficient addresses, the number of potential claimants under the bill is an unknown quantity. However, based on experience in similar circumstances, it is estimated that as many as four or five thousand claims could be filed under the new program.

The bill authorizes the Secretary of the Treasury to deduct from any amounts covered into the Claims Fund an amount equal to 5 per centum as reimbursement to the U.S. Government for expenses incurred by the Commission and by the Treasury Department in the administration of this title. Accordingly, it is possible that all or most of the administrative expenses incurred by the Commission and the Treasury would be reimbursed to the United States.

The proposed bill stems from the time that diplomatic relations were established between the Governments of the United States and the German Democratic Republic in July 1974. It was agreed during those negotiations that, following the establishment of relations and the opening of embassies, the two Governments would enter into negotiations for the settlement of U.S. claims and other financial and property questions which, thus far, remain unresolved.

The Department of State believes that claims of nationals of the United States against the German Democratic Republic should be adjudicated as soon as possible by the Foreign Claims Settlement Commission. Enactment of the bill and adjudication of the claims before an agreement is negotiated and concluded with the German Democratic Republic for payment of claims is contemplated for more than one reason. The Department of State may be in a better position to negotiate an adequate settlement if the scope of the claims has been authoritatively determined before negotiations are undertaken. Adjudication at this time would take advantage of the experienced staff currently in the employ of the Commission. The claims are old, many more than 30 years old, and the sooner evidence in support of them is assessed, the better. The enactment of this bill will allow the Foreign Claims Settlement Commission substantially to conclude the adjudication of claims by American citizens for losses resulting from the myriad of nationalization programs carried out by certain Eastern European governments after World War II.

In view of the foregoing considerations, it is recommended that the Congress take favorable action on the proposed legislation at an early date.

The Office of Management and Budget advises that there is no objection to the presentation of this proposal to the Congress from the standpoint of the Administration's program.

Sincerely yours,
ROBERT J. MCCLOSKEY,
Assistant Secretary for
Congressional Relations.

By Mr. HATHAWAY (for himself and Mr. SPARKMAN):

S. 3624. A bill to provide for incentive loans to the commercial fisheries industry. Referred jointly, by unanimous consent, to the Committee on Banking, Housing and Urban Affairs, and the Committee on Commerce.

COMMERCIAL FISHERIES IMPROVEMENT FUND ACT OF 1976

Mr. HATHAWAY. Mr. President, today I am pleased to introduce along with Senator SPARKMAN proposed legislation that will help stimulate the development of the U.S. commercial fishing industry. During the last 30 years, a very minimal amount of assistance has been provided for the U.S. domestic fishing industry, which is presently ranked 17th in the world. Even though we have over 88,633 miles of tidal shoreline including rivers and streams, the present U.S. catch is only one-eighth of the potential annual yield of over 40.7 billion pounds of fish.

BACKGROUND

In 1948, the total volume of fish harvested off the U.S. coast reached a level of 4.4 billion pounds. In 1972, the amount of harvested fish was 11.1 billion pounds. Almost the entire total increase of harvested fish from the U.S. coast since 1948 has been taken by foreign fleets. This situation must not persist any longer if we are to recover economically.

The contributions of the fisheries resources to this country are numerous. The fish stocks represent a national asset which we may use but must also keep productive for future generations. The fisheries industry provides jobs, income, and profit for many people. Furthermore, and developing into an ever-increasing factor, the supply of immensely varied, enjoyable, and singularly nutritious fish will supply the food needs for our increasing population.

THE NEED FOR LEGISLATION

As a result of the rising problems facing the fisheries industry as identified by various GAO reports, the Senate Select Committee on Small Business undertook the task of identifying the specific factors that needed congressional attention.

This bill is a culmination of many days of Small Business Committee field hearings held in three different sectors of the United States—Florida, Maine, and Alabama. Despite the varied geographical locations, the problems encountered by the fishermen are relatively identical. The lack of financial assistance ranked at the top of the list of complaints, along with high fuel costs and foreign dumping of fisheries products on U.S. markets.

The major existing financial assistance program, administered by the National Marine Fisheries Service, that provides loans to the fishing industry is the Fisheries Loan Fund—FLF. This revolving loan fund was created by the Fish and Wildlife Act of 1956, (15 U.S.C. 742 C as amended), with an authorization of $20 million. Only 13 million was appropriated for use of the entire fishing fleet, supplying only $31 million in loans since its inception.

In 1973, the administration imposed a moratorium on the fund, thus eliminating the major source of investment capital for the small fisherman. The GAO report condemned the FLF on the basis of inefficient operation, due to lack of specific loan criteria and lack of funds. It also opposed continued use of the fund because it helped finance the maintenance or addition of excess harvesting capacity in some fisheries.

In a recently published GAO report—February 18, 1976—"Action is Needed Now to Protect our Fishery Resources," the following conclusion and recom-

> The Fisheries Loan Fund could be used to mitigate the problems of excess harvesting capacity by encouraging vessel owners to transfer their operations from fisheries with excess capacity to those that are less developed. To use the fund in this way, existing legislation will have to be amended.

Today, I am introducing this needed legislation. In brief, the bill will provide long term loans of 15 years for fishing vessels and 25 years for shoreside facilities, at interest rates not to exceed the Government's cost of money. The loans may be used for the purchase, construction, and rehabilitation of new or used vessels and shoresides facilities destined for use in underutilized fisheries.

Additional loans will be available for fishermen in presently adequately utilized fisheries, but at rates equal to the Government's cost of money. The Secretary of Commerce will not make these loans if it is determined that additional vessels will hinder the efficient performance of existing vessels.

Finally low interest loans at 2 percentage points below the Government's cost of money will be made available for up to 36 months to help those unable to mendation is made:
pursue their trade as fishermen or owners of shoreside facilities due to economic disasters.

DETAILED EXPLANATION OF THE BILL

The main portion of this bill is divided into four sections, sections 4, 5, 6, and 7.

Section 4 provides for low-interest, long-term loans for the development of shoreside facilities—docks, receiving facilities, processing plants, and storage and distributions facilities—and for the construction, rehabilitation, purchase, or operation of fishing vessels for underutilized fisheries.

Underutilized fisheries are species or groups of species of fish that are not harvested to their potential. These loans would be provided at a minimum of 3 percent and a maximum of the Government's cost of money, with a maturity not exceeding 15 years for fishing vessels and 25 years for fisheries shoreside facilities. These figures have been selected on the basis of testimony received from fishermen and seafood processors, at the four hearings held by the Senate Select Committee on Small Business.

Section 5 authorizes the Secretary of Commerce to make 25-year loans available, equal to the Government's cost of money, for the construction, rehabilitation, expansion, of fisheries shoreside facilities, other than those authorized in section 4. These loans would provide for additionally needed shoreside facilities in areas that are not classified as underutilized.

Section 6 authorizes the Secretary of Commerce to make loans available equal to the Government's cost of money for the purchase, construction, and rehabilitation of fishing vessels. These loans will provide for upgrading of the fleet itself to insure that our fishermen are able to take advantage of the benefits of the 200-mile fisheries zone.

Section 7 provides for low interest loans at a rate of at least two percentage points below the Government's cost of money for the purpose of providing financial assistance needed to offset economic distress. In the bill, economic distress means any short-term—up to 36 months—economic or resource dislocation affecting a significant portion of the harvesting and processing sector of the commercial fisheries industry in any fishery. As defined, these loans would also be available for such dislocations affecting the fishing industry in a significant portion of a State or region. Such determinations are to be made by the Secretary of Commerce in consultation with State and local representatives.

Section 8 limits the loans available under sections 5 and 6 by stipulating that such loans shall not be extended unless loans from other sources are not available on reasonable terms.

Section 9 stipulates that such loans under sections 5 and 6 shall not be issued unless reasonable assurances of repayment have been made. A significant aspect of this section states that the applicant's prospective as well as, past earnings are to be considered in determining one's ability to repay the loan.

The restrictive stipulations in sections 8 and 9 do not apply to loans made under sections 4 and 7 because such loans are intended to be incentives toward the development of underutilized fisheries. It is understood that such loans and situations must be assumed to hold higher risks than often ordinarily encountered.

Section 10 requires that all applicants for loans possess or will possess the ability, experience, resources, and other qualifications necessary to operate and maintain such vessels or facilities indicated in the bill.

Section 11 restrains the issuance of loans for the purchase of new or used vessels if such vessels do not replace existing commercial fishing vessels. In that case, if the Secretary of Commerce determines that the addition of a vessel will cause economic hardship or injury to the efficient vessels already operating in that fishery, such loans will not be allowed.

Section 12 lists the requirements for citizenship, based on the determinations made pursuant to section 2 of the Shipping Act of 1916, for corporations, partnerships, and associations operating a vessel in the coastwide trade.

Section 13 establishes the Commercial Fisheries Improvement Fund itself, which will be a revolving fund operating through May 31, 1990. And $250,000,000 are authorized for the loans and the cost of administering such loans.

Section 14 allows the Secretary of Commerce to modify such procedures relevant to the rate of interest, or the time of payment of any installment of principal, or security, subject to specific limitations as set forth in the act.

Section 15 repeals section 4 of the Fish and Wildlife Act of 1956 (15 U.S.C. 742c), thus eliminating the existing fisheries loan fund.

Section 16 authorizes the Secretary of Commerce to promulgate such rules and regulations necessary or appropriate to carry out the purposes and the provisions of the proposed legislation.

Mr. President, the primary purposes of this bill are to increase the potential of the domestic commercial fisheries industry, to strengthen the competitive position of the U.S. fishing fleet, and to provide the resources necessary to make adequate use of the extended fisheries jurisdiction. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3624

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Commercial Fisheries Improvement Fund Act of 1976".

SEC. 2. The purposes of this Act are—

(1) to increase the potential of the commercial fisheries industry to harvest, process, and market a greater percentage of the fish, shellfish, and other marine resources sold in this country;

(2) to strengthen the competitive position of the commercial fisheries industry with respect to foreign harvesters and processors, thereby resulting in increased economic stability in the domestic industry and full utilization of the resources within the extended fisheries zone by the domestic fisheries industry;

(3) to provide for development of resources within the extended national fisheries zone in the national interest;

(4) to provide increased commercial fisheries opportunities for access to developmental capital; and

(5) to provide for fishing vessel financial assistance in the commercial fisheries industry.

SEC. 3. As used in this Act, the term—

(1) "commercial fisheries industry" means all segments of such industry in the United States from harvesting to processing to distribution;

(2) "fishery" means a species or group of species forming a segment of the harvesting sector of the fisheries industry;

(3) "underutilized fishery" means such a species or group of species which are not harvested to their potential by the domestic commercial fisheries industry;

(4) "fisheries shoreside facilities" includes, but is not limited to, such new or used facilities as docks, receiving facilities, processing plants, and storage and distribution facilities, together with all necessary equipment;

(5) "processing facilities" means production equipment and facilities (including land) needed to receive the catch of fishing vessels, prepare, hold, or distribute such catch for the market;

(6) "upgrading" means improving efficiency or productivity through rehabilitation, modernization, expansion, or technological improvement, either of individual vessels or shoreside facilities or of all vessels or shoreside facilities engaged in any fishing;

(7) "Government's cost of money" means, as determined by the Secretary of the Treasury, the average market yield on outstanding Treasury obligations of comparable maturity;

(8) "short term" means anywhere up to 36 months;

(9) "economic distress" means short term economic or resource dislocations affecting a significant portion of the harvesting and processing sector of the commercial fisheries industry in any fishery, or affecting a significant portion of such industry within a State or region of a State, as determined by the Secretary of Commerce, in consultation with State and local representatives;

(10) "fishing vessel" means any new or used vessel, boat, ship, or other type of craft, regardless of size, together with all necessary gear and equipment, which is used for, equipped to be used for, or of a type which is normally used for—

(A) commercial fishing; or

(B) aiding or assisting in the performance of any activity relating to commercial fishing, including, but not limited to, preparation, supply, storage, refrigeration, transportation, or processing of fish; and

(11) "Secretary" means the Secretary of Commerce.

SEC. 4. (a) The Secretary is authorized to make long-term, low interest, incentive loans—

(1) to provide capital for the construction, rehabilitation, purchase, or operation of fisheries shoreside facilities for underutilized fisheries, and

(2) to provide capital for the construction, rehabilitation, purchase, or operation of fishing vessels for underutilized fisheries.

(b) Any such loan shall be provided at an interest rate, to be determined by the Secretary in accordance with the purposes of this section, at a minimum of 3 per centum and a maximum of the Government's cost of money, and with a maturity not exceeding 15 years for fishing vessels and 25 years for fisheries shoreside facilities.

SEC. 5. The Secretary is authorized to make loans at a rate equal to the Government's cost of money for the construction, expansion, or rehabilitation of fisheries shoreside facilities, other than those authorized in section 4. Such loans shall have a maturity not exceeding 25 years.

SEC. 6. The Secretary is authorized to make loans at a rate equal to the Government's cost of money for the purchase, construction, or rehabilitation of fishing vessels or fleets, other than those authorized in section 4. Such loans shall have a maturity not exceeding 15 years.

SEC. 7. The Secretary is authorized to make low interest loans at a rate of at least two percentage points below the Government's cost of money for the purpose of providing financial assistance needed to offset economic distress in the commercial fisheries industry. Such loans shall be made on the basis of regulations promulgated by the Secretary which will assure rapid and timely assistance where needed in such industry.

SEC. 8. No financial assistance shall be extended pursuant to this Act unless reasonable financial assistance applied for is not otherwise available on reasonable terms except in the case of loans authorized under sections 4 and 7.

SEC. 9. Loans except for those under sections 4 and 7 shall be approved only upon furnishing of such security or other reasonable assurance of repayment as the Secretary may require considering the objectives of this Act, which is to provide reasonable financial assistance not otherwise available to commercial fishermen. The proposed collateral for a loan must be of such a nature that, when considered with the integrity and ability of the management, and the applicant's past and prospective earnings, repayment of the loan will be reasonably assured. The Secretary shall recognize that the risk assumed for loans made pursuant to sections 4 and 7 will often be higher than ordinary.

SEC. 10. Before approving any loan pursuant to this Act relating to a fishing vessel or a fisheries shoreside facility, the Secretary shall determine that the applicant does, or will, possess the ability, experience, resources, and other qualifications necessary to operate and maintain such vessel or facility.

SEC. 11. Before the Secretary approves a loan pursuant to this Act for the purchase of a new or used vessel, which will not replace an existing commercial fishing vessel, he shall determine that the applicant's contemplated operation of such vessel in a fishery will not cause economic hardship or injury to efficient vessels already operating in that fishery.

SEC. 12. (a) Loans pursuant to this Act shall be made only to citizens or nationals of the United States.

(b) Within the meaning of this section, a corporation, partnership, or association shall not be deemed to be a citizen of the United States unless the Secretary determines that it satisfactorily meets all of the requirements set forth in section 2 of the Shipping Act, 1916 for determining the United States citizenship of a corporation, partnership, or association operating a vessel in the coastwise trade.

(c) The nationality of an applicant shall be established to the satisfaction of the Secretary.

(d) Within the meaning of this section, no corporation, partnership, or association organized under the laws of American Samoa shall be deemed a national of the United States unless 75 per centum of the interest therein is owned by nationals of the United States, citizens of the United States, or both, and in the case of a corporation, unless its president or other chief executive officer and the chairman of its board are nationals or citizens of the United States and unless no more of its directors than a minority of the number necessary to constitute a quorum are nonnationals and noncitizens. Seventy-five per centum of the interest in the corporation, shall not be deemed to be owned by nationals of the United States, citizens of the United States, or both; (1) if the title to 75 per centum of its stock is not vested in such nationals and citizens free from any trust of fiduciary obligation in favor of any person not a national or citizen of the United States; (2) if 75 per centum of the voting power in such corporation is not vested in nationals of the United States, citizens of the United States, or both; (3) if through any contract or understanding it is so arranged that more than 25 per centum of the voting power may be exercised, directly or indirectly, in behalf of any person who is not a national or citizen of the United States; or (4) if by any other means whatsoever control of any interest in the corporation in excess of 25 per centum is conferred upon or permitted to be exercised by any person who is not a national or citizen of the United States.

SEC. 13. (a) There shall be established in the Treasury a Commercial Fisheries Improvement Fund which shall be used by the Secretary as a fund from which to make loans under this Act. Any funds received by the Secretary on or before May 30, 1990, in payment of principal or interest on any loans so made shall be deposited in such Fund and be available for making additional loans under this Act. Any funds received in such Fund after May 31, 1990 (at which time such Fund shall cease to exist), shall be paid into the Treasury as miscellaneous receipts.

(b) There is authorized to be appropriated to the Commercial Fisheries Improvement Fund, without fiscal year limitation, the sum of $250,000,000 to provide initial capital for all loans under this Act, and to provide for the expense of administering them.

SEC. 14. The Secretary, subject to the specific limitations in this Act, may consent to the modification, with respect to the rate of interest or time of payment of any installment of principal, or the security, or any loan pursuant to this Act.

SEC. 15. (a) Section 4 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742c) is repealed.

(b) Any outstanding loans made under such section shall be handled in accordance with this Act and the rules and regulations promulgated by the Secretary under it insofar as this Act or those rules and regulations are not inconsistent with any loan contract entered into pursuant to such section 4. The fisheries loan fund created by such section shall hereby cease to exist. All assets and liabilities of such fund shall be transferred to and become a part of the Commercial Fisheries Improvement Fund established by this Act.

SEC. 16. The Secretary is authorized and directed to promulgate such rules and regulations as he may deem necessary or appropriate to carry out the purposes and provisions of this Act.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the bill introduced by the distinguished Senator from Maine (Mr. HATHAWAY), the Commercial Fisheries Improvement Fund Act of 1976, be referred jointly to the Committee on Banking, Housing and Urban Affairs and the Committee on Commerce.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 3572

At the request of Mr. ALLEN, the Senator from Arizona (Mr. FANNIN) was added as a cosponsor of S. 3572, to prohibit aliens from employment in the Federal competitive service.

S. 3584

At the request of Mr. PROXMIRE, the Senator from Ohio (Mr. TAFT) was added as a cosponsor of S. 3584, relating to extending the navigation season for the Great Lakes-St. Lawrence Seaway system.

AMENDMENT NO. 1888

At the request of Mr. MCINTYRE, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of Amendment No. 1888, intended to be proposed to S. 3105, the Energy Research and Development Administration authorization bill.

AMENDMENT NO. 1910

At the request of Mr. BELLMON, the Senator from Louisiana (Mr. LONG) and the Senator from California (Mr. CRANSTON) were added as cosponsors of Amendment No. 1910, intended to be proposed to H.R. 10612, to reform the tax laws of the United States.

AMENDMENT NO. 1936—WITHDRAWAL

At the request of Mr. MCINTYRE, the Senator from New Jersey (Mr. CASE) was withdrawn as a cosponsor of Amendment No. 1936, intended to be proposed to the bill (H.R. 10612), supra.

SENATE CONCURRENT RESOLUTION 126—SUBMISSION OF A CONCURRENT RESOLUTION AUTHORIZING ADDITIONAL PRINTING

(Referred to the Committee on Rules and Administration.)

Mr. MANSFIELD submitted the following concurrent resolution:

S. CON. RES. 126

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Commission on Art and Antiquities of the United States Senate thirty thousand additional copies of the booklet entitled "The Senate Chamber, 1810–1859".

AMENDMENTS SUBMITTED FOR PRINTING

HEALTH PROFESSIONAL EDUCATIONAL ASSISTANCE ACT—S. 3239

AMENDMENT NO. 1963

(Ordered to be printed and to lie on the table.)

Mr. ALLEN (for himself and Mr. SPARKMAN) submitted an amendment intended to be proposed by them jointly to the bill (S. 3239) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health professions, to revise the National Health Service Corps program, and for other purposes.

SOLID WASTE UTILIZATION ACT OF 1976—S. 2150

AMENDMENT NO. 1964

(Ordered to be printed and to lie on the table.)

Mr. RANDOLPH. Mr. President, I am submitting for printing today an amendment to S. 2150, the Solid Waste Utilization Act of 1976, on behalf of the Committee on Public Works. When S. 2150 was reported it contained only an authorization figure for fiscal year 1977. It was necessary to report that much of the bill by May 15 to comply with the Congressional Budget Act. The committee has subsequently considered a bill making substantive amendments to the Solid Waste Disposal Act. An original bill containing those amendments has been reported today. The amendment which I offer on behalf of the committee contains the text of that original bill and is offered as a substitute for S. 2150. The report and the legislative history on that original bill are thereby incorporated by reference as the legislative history for this amendment. Mr. President, I ask unanimous consent that the text of the amendment which I submit on behalf of the committee be printed in the RECORD at this point, together with the summary of its provisions.

There being no objection, amendment and summary were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1964

Strike the text of S. 2150, and insert in lieu thereof the following:

That this Act may be cited as the "Solid Waste Utilization Act of 1976".

SEC. 2. Section 207 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended to read as follows:

"PROGRAM AND IMPLEMENTATION GRANTS

"SEC. 207. (a) STATE PROGRAM GRANTS.—(1) The Administrator shall provide financial assistance to each State to (A) assist such State in developing a State solid waste management plan; (B) assist such State in administering a program for solid waste management, resource recovery; and resource conservation, and programs to provide technical assistance and management advice to municipalities and intermunicipal agencies; and (C) develop, implement, operate, and enforce a State program for the control of hazardous waste pursuant to subsection 212 (c) of this Act. The Governor shall designate, in accordance with State law, the solid waste management agency for the State which shall be the recipient of assistance under this subsection.

"(2) (A) Financial assistance shall be provided to any State under this subsection on condition that such State submit within a reasonable time after the enactment of this section and before July 1 of each year thereafter a summary report of the current status of the State solid waste management, resource recovery, and resource conservation, and hazardous waste management plans and programs, and, for the review of the Administrator, the proposed program of such State for the use of such financial assistance.

"(B) Any solid waste management plan or program assisted under this subsection shall include or establish adequate authorities and programs (i) to carry out a continuous comprehensive and coordinated planning process carried out by State and local governments in cooperation with each other to assure the consistency of local and areawide plans with the State solid waste management plan developed pursuant to this subsection; (ii) to identify those activities which will be carried out by the designated State solid waste management agency; (iii) to implement section 211 of this Act; (iv) to enforce the prohibition on open dumping pursuant to section 211; and (v) to establish, for any municipality or State agency which demonstrates that it has considered other public or private alternatives for solid waste management to comply with the prohibition on open dumping and is unable to utilize such alternatives to so comply, a timetable or schedule for compliance for such municipality or State agency which specifies a schedule of remedial measures, including an enforceable sequence of actions or operations, leading to compliance with the prohibition on open dumping of solid waste within a resasonable time.

"(3) Financial assistance under his Act shall not be provided, to or in, any State (A) which does not comply with paragraph (2) (B) (iii), (iv), and (v) of this subsection; (B) which, beginning in the third full fiscal year after the enactment of this section, (i) does not have a State solid waste management plan consistent with the purpose of this Act, or (ii) has not been authorized to implement a program for the control of hazardous waste disposal pursuant to subsection 212(c) of this Act, or filed a letter of intent from the Governor to submit such a program within two additional years; or (C) has not complied with subsection (c) of this section.

"(4) The sums appropriated in any fiscal year shall be allotted by the Administrator among the States 80 per centum in the ratio that the population in each State bears to the population in all of the States, and 10 per centum in the ratio that the population of counties in each State having less than twenty persons per square mile bears to the total population of such counties in all the States: *Provided*, That no State shall receive less than one-half of 1 per centum of the sums appropriated in any fiscal year. From the balance of the sums appropriated in any fiscal year the Administrator shall make allotments among the States on the basis of the progress made and the effectiveness demonstrated by States in developing solid waste management, resource recovery, and resource conservation plans, administering programs for solid waste management and developing and implementing programs for the control of hazardous waste disposal, taking into account the extent of solid waste management problems in the various States.

"(5) No State shall receive any assistance under this subsection during any fiscal year when its expenditures of non-Federal funds for other than nonrecurrent expenditures for solid waste management programs will be less than its expenditures were for such programs during the preceding fiscal year, except that such funds may be reduced by an amount equal to their proportionate share of any general reduction in State spending ordered by the Governor or Legislature of such State; and no State shall receive any assistance under this subsection unless the Administrator is satisfied that such assistance will be so used as to supplement and, to the extent practicable, increase the level of State, local, or other non-Federal funds that would in the absence of such assistance be made available for such program, and will in no event supplant such State, local, or other non-Federal funds.

"(b) IMPLEMENTATION GRANTS.—(1) The Administrator is authorized to provide financial assistance to States, counties, municipalities, and intermunicipal agencies and State or local public solid waste management authorities for implementation of programs to provide solid waste management, resource recovery, and resource conservation services and hazardous waste management. Such assistance shall include assistance for facility planning and feasibility studies; expert consultation; surveys and analyses of market needs; marketing of recovered resources; technology assessments; legal expenses; construction feasibility studies; source separation projects; and fiscal or economic investigations or studies; but such assistance shall not include any other element of construction, or any acquisition of land or interest in land, or any subsidy for the price of recovered resources. Agencies assisted under this subsection shall consider existing solid waste management and hazardous waste management services and facilities as well as facilities proposed for construction.

"(2) An applicant for financial assistance under this subsection must agree to comply with respect to the project or program assisted with the applicable requirements of sections 211 and 212 of this Act and apply applicable solid waste management practices, methods, and levels of control consistent with any guidelines published pursuant to section 209(a) of this Act. Assistance under this subsection shall be available only for programs certified by the State to be consistent with any applicable State or areawide solid waste management plan or program.

"(c)(1) AREAWIDE PLANNING.—For the purpose of encouraging and facilitating the development and implementation of an areawide planning process for solid waste management, hazardous waste management, and systems for resource recovery and resource conservation:

"(A) The Administrator, within one hundred and eighty days after the date of enactment of the Solid Waste Utilization Act of 1976 and after consultation with appropriate Federal, State, and local authorities, shall by regulation publish guidelines for the identification of those areas which have common solid waste management problems and are appropriate units for planning areawide solid waste management services.

"(B) The Governor of each State, within one hundred and twenty days after publication of the guidelines issued pursuant to subparagraph (A) of this paragraph, shall identify each area within the State which, as a result of urban concentrations, geographic conditions, markets or other factors, is appropriate for planning areawide solid waste management services. Not later than one hundred and eighty days following such identification a single representative organization, including elected officials from local governments or their designees, capable of developing effective areawide solid waste management plans for such area shall be designated by agreement of the local governments in an affected area. The Governor may in the same manner at any later time identify any additional area (or modification of an existing area) for which he determines areawide solid waste management planning to be appropriate.

"(C) With respect to any area which, pursuant to the guidelines published under subparagraph (A) of this paragraph, is located in two or more States, the Governors of the respective States shall consult and cooperate in carrying out the provisions of subparagraph (B), with a view toward designating the boundaries of the interstate area having common solid-waste management problems and for which areawide solid-waste management planning would be most effective.

"(D) If a designation under subparagraph (B) of this paragraph is not made by agreement within the time required by such paragraph, the Governor may designate (i) the boundaries for such an area, and (ii) a single representative organization including elected officials from such local governments, or their designees, capable of developing an areawide solid-waste management plan for such area.

"(E) Existing regional and municipal agencies may be designated under subparagraphs (B) and (D) of this paragraph. Where feasible, designation of the agency for the affected area designated under section 208 of the Federal Water Pollution Control Act (86 Stat. 839) shall be considered.

"(F) Designations under this paragraph shall be subject to the approval of the Administrator.

"(2) Not later than one year after the date of designation, any organization or agency designated under this section shall have in operation a continuing areawide planning process for solid waste management, hazardous waste management, and systems for resource recovery and resource conservation. The initial plan prepared in accordance with such process shall be certified by the Governor as consistent with the overall State solid waste management plan developed under subsection (a) of this section and shall be consistent with sections 211 and 212 of this Act. The planning process assisted under this subsection shall take into consideration all existing and planned public and private solid waste management services and facilities. Any plan prepared under such process shall include, but not be limited to—

"(A) the identification of current and future regional solid waste management needs;

"(B) a survey of the constitutents and generation of waste within the area;

"(C) the identification of organizational, financial, and management problems associated with the implementation of solid waste management, resource recovery, and resource conservation systems;

"(D) a survey of existing and planned public and private solid waste management services and facilities;

"(E) a survey of present and potential marketability or use of recovered resources;

"(F) the establishment of programs for the management of all solid waste generated in the area;

"(G) the identification of those agencies or entities necessary to construct, operate, and maintain all facilities and implement all programs required by the plan and otherwise to carry out the plan; and

"(H) the identification of the measures necessary to carry out the plan (including financing), the period of time necessary to carry out the plan, the costs of carrying out the plan within such time, and the economic, social, and environmental impact of carrying out the plan within such time.

"(3) Implementation of areawide solid waste management plans shall be conducted by units of local government for any portion of a solid waste management planning region within their jurisdiction, or by multijurisdictional agencies or authorities designated in accordance with State law, including those designated by agreement by such units of local government for such purpose.".

SEC. 3. Section 209 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended to read as follows:

"SOLID WASTE MANAGEMENT INFORMATION AND GUIDELINES

"SEC. 209. (a) Within one year of enactment of the Solid Waste Utilization Act of 1976, and from time to time thereafter, the Administrator shall, in cooperation with appropriate Federal, State, municipal, and intermunicipal agencies, and in consultation with other interested persons, and after public hearings, develop and publish suggested guidelines for solid waste management. Such suggested guidelines shall—

"(1) provide a technical and economic description of the level of performance that can be attained by various available solid waste management practices (including operating practices) which provide for the protection of public health and the environment;

"(2) not later than two years after the enactment of the Solid Waste Utilization Act of 1976, describe levels of performance, including appropriate methods and degrees of control, that provide at a minimum for (A) protection of public health and welfare; (B) protection of the quality of ground waters and surface waters from leachates; (C) protection of the quality of surface waters from runoff through compliance with effluent limitations under the Federal Water Pollution Control Act, as amended; (D) protection of ambient air quality through compliance with new source performance standards or requirements of air quality implementation plans under the Clean Air Act, as amended; (E) disease and vector control; (F) safety; and (G) esthetics; and

"(3) provide minimum criteria to be used by the States to define those solid waste management practices which constitute the open dumping of solid waste or hazardous waste and are to be prohibited under section 211 of this Act,

Where appropriate, such suggested guidelines also shall include minimum information for use in deciding the adequate location, design, and construction of facilities associated with solid waste management practices, including the consideration of regional, geographic, demographic, and climatic factors.

"(b) The Administrator shall develop and publish for comment information on (1) available solid waste management practices, including data on the cost of implementation of such practices; and (2) the amounts and percentages of resources that can be recovered or conserved by use of various solid waste management practices and technologies.

"(c) The Administrator is authorized, in cooperation with appropriate State and municipal agencies and other interested persons, to recommend model codes, ordinances, and statutes designed to implement this Act.

"(d) The Administrator shall notify the Committee on Public Works of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives a reasonable time before publishing any suggested guidelines, information, or model codes, ordinances, or statutes pursuant to this section of the content of such proposed suggested guidelines, information, or model codes, ordinances, or statutes.

"(e) No officer or employee of the Environmental Protection Agency shall, in an official capacity, lobby for or otherwise represent an agency position in favor of resource recovery or resource conservation, as a policy alternative for adoption by any State or political subdivision thereof. This subsection shall not prohibit the Administrator or any officer or employee of the Environmental Protection Agency from supplying to such bodies, upon request, any technical, economic or related information available to the Environmental Protection Agency."

"(f) The Administrator shall implement a program for the rapid dissemination of information on solid waste management, resource conservation, and methods of resource recovery from solid waste, including the results of any relevant research, investigations, experiments, surveys, studies, or other information which may be useful in the implementation of new or improved solid waste management practices and methods.

"(g) Public participation in the development, revision, implementation, and enforcement of any regulation, guideline, information, or program under this Act shall be provided for, encouraged, and assisted by the Administrator and the States. The Administrator, in cooperation with the States, shall develop and publish minimum guidelines for public participation in such processes.".

Sec. 4. Sections 211 through 216 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), are redesignated as sections 225 through 230, and the following new sections inserted after section 210:

"PROHIBITION OF OPEN DUMPING

"Sec. 211. Not later than one year after the publication of guidelines pursuant to section 209(a)(3) of this Act, any solid waste management practice or disposal of solid waste or hazardous waste which constitutes the open dumping of solid waste or hazardous waste, as defined in such guidelines, is prohibited, except in the case of any practice or disposal of solid waste conducted by a State or municipality under a timetable or schedule for compliance within a reasonable time with this section, established by a State pursuant to section 207(a)(2)(B) of this Act.

"HAZARDOUS WASTE DISPOSAL CONTROL

"Sec. 212. (a) Controls.—(1) Not later than April 1, 1978, and after consultation with the States, the Administrator shall develop and promulgate (and from time to time thereafter revise, as appropriate) criteria for identifying hazardous wastes and guidelines for defining those quantities of a hazardous waste the disposal of which, in consideration of particular locations, circumstances, and conditions, are likely to be harmful to the public health or the environment. The Administrator shall publish simultaneously with such criteria (and from time to time revise, as appropriate) a list designating certain materials which he determines in accordance with such criteria to be hazardous wastes. The Administrator shall, at a minimum, designate as a hazardous waste each mixture of solid waste which contains any material or substance included in any list of hazardous air pollutants under section 112 of the Clean Air Act, as amended, and any material or substance included in any list of toxic pollutants under section 307(a) or hazardous wastes under section 311(b) of the Federal Water Pollution Control Act, as amended, unless he determines any such material or substance not to be a hazardous waste in accordance with such criteria.

"(2) Not later than twelve months after the designation of any hazardous waste under this subsection, the disposal of any designated hazardous waste is prohibited, except under a permit issued in compliance with the provisions of subsection (b) of this section.

"(b) Permit Programs.—(1) Not later than April 1, 1978, and after consultation with the States, the Administrator shall promulgate regulations requiring that any person who disposes of, treats, or stores any designated hazardous waste, or who operates a facility for disposal, treatment, or storage of any designated hazardous waste, shall obtain a permit for such disposal, treatment, or storage. The Administrator may, after opportunity for public hearing, issue a permit for such disposal, treatment, or storage, upon condition that there shall be no disposal of any designated hazardous waste in harmful quantities and upon such other conditions as the Administrator deems necessary to assure compliance with subsection (a)(1) of this section and to minimize any risk to the public health and the environment.

"(2) Conditions for the receipt of a permit under this section shall include, but not be limited to, requirements that—

"(A) each application specify the composition, quantities, and concentrations of any hazardous waste, or mixture of any hazardous waste and any other solid waste, proposed to be disposed of, treated, or stored, and the time, frequency, or rate at which such hazardous waste is proposed to be disposed of, treated, or stored;

"(B) each permit specify the site at which such hazardous waste or the products of treatment of such hazardous waste will be disposed of, treated, or stored;

"(C) the applicant comply with appropriate practices for the management, treatment, storage, and disposal of hazardous wastes established by the Administrator pursuant to regulation as necessary to achieve the purposes of this section;

"(D) all containers used for storage on the site of generation or at a disposal site or for transport of any hazardous waste be appropriately labeled;

"(E) all hazardous wastes which are transported from the site where such wastes are produced to another location for treatment, storage, or disposal be reported and accounted for in accordance with paragraph (3) of this subsection:

"(F) each permit contain or refer to a contingency plan for effective action to minimize damage from any disposal of any hazardous waste;

"(G) in the case of hazardous waste treatment, disposal, or storage services, the facilities at which such services are provided shall be maintained and operated in a manner satisfactory to the Administator, and that such services shall meet such additional qualifications as to ownership, continuity of operation, training and licensing for personnel, and financial responsibility as the Administrator may establish by regulation: *Provided*, That no private entity shall be precluded from the ownership or operation of facilities providing hazardous waste storage, treatment, or disposal services where such entity can provide as assurances of financial responsibility and continuity of operation consistent with the degree and duration of all risks associated with the storage, treatment, or disposal of specified hazardous wastes; and

"(H) the recipient comply with such recordkeeping, reporting, monitoring, and inspection requirements as the Administrator may establish by regulation.

"(3) The Administrator, after consultation with the Secretary of Transportation and the States, shall issue minimum criteria for the development of a hazardous waste manifest program. Such program shall, at a minimum, provide for a manifest which shall originate with the producer or generator of the hazardous waste and accompany each quantity, unit, or load of hazardous wastes from the point of generation through transportation, treatment, storage, or dispersal of such hazardous waste. The Administrator, and any State with authority to conduct a program for the control of hazardous waste disposal under subsection (c) of this section, shall accept a manifest issued in another State for hazardous wastes generated in that State as valid for the purposes of this section: *Provided*, That such hazardous wastes are treated, stored, or disposed of in the State to which they are transported in a facility having a permit under this section and in accordance with the requirements of this subsection.

"(c) State Programs.—(1)(A) Any State may develop and submit to the Administrator evidence, in such form as he shall require, that the State has established a program for the control of hazardous waste disposal comparable to that established under this section. The Administrator shall authorize such State to issue and enforce permits for the disposal, treatment, or storage of hazardous wastes in accordance with subsection (b) of this section, unless he finds that such State program does not meet the requirements of this section and the purposes of this Act.

"(B) Prior to April 1, 1979, any program for the control of hazardous waste disposal adopted pursuant to State law shall be considered authorized for the purposes of this subsection.

"(2) Any authorized State program must include a permit program essentially equivalent to that required under subsection (b) of this section; and such State must demonstrate compliance therewith and have regulatory and enforcement authority necessary to implement effectively the purposes of this section.

"(3) Any permit issued by a State under a program authorized under this subsection (including paragraph (1)(B)) shall constitute the permit required under subsection (b) of this section. Each State shall transmit to the Administrator a copy of each permit proposed to be issued by such State under a program authorized under this subsection. Such proposed permit may be issued by such State unless within forty-five days of the receipt of such proposed permit, the Administrator objects in writing to the issuance of such permit as being inconsistent with the requirements of this section: *Provided*, That the Administrator shall not object to the permit if the State demonstrates that it has met the requirements of paragraph (2) of this subsection.

"(4) The Administrator may, as to any permit application, waive the last sentence of paragraph (3) of this subsection. The Administrator is authorized to waive the requirements of paragraph (3) of this subsection at the time he approves a program pursuant to this subsection for any category (including any class, type, or size within such category) of activities within the State submitting such program. In addition, the Administrator, after consultation with the States and opportunity for hearing, shall promulgate regulations establishing categories of activities which he determines shall not be subject to the requirements of paragraph (3) of this subsection in any State with a program approved pursuant to this subsection. The Administrator may distinguish among classes, types, and sizes within any such category of activities.

"(d) Inspection.—For the purpose of developing any regulation or enforcing any provision of this Act, officers or employees duly designated by the Administrator, upon presentation of appropriate credentials, shall have a right of entry to, upon, or through any establishment, disposal site, storage site, treatment facility, or other place or vehicle maintained by any person where any hazardous wastes are treated, stored, transported, or disposed of, and may at reasonable times have access to and copy any records, inspect any monitoring equipment or method required under subsection (b)(2)(H) of this section, and sample any wastes subject to this section.

"(e) Availability of Information.—Any records, reports, permit applications, documents, or information obtained under this Act shall be available to the public, except, in the case of other than information on hazardous wastes which may be disposed of, treated, or stored, that upon a showing satisfactory to the Administrator by any person that records, reports, documents, or information, or a particular part thereof, to which the Administrator has access under this Act, if made public would divulge methods or processes entitled to protection as trade secrets of such person, the Administrator shall consider such record, report, document, or information, or particular portion thereof confidential in accordance with the purposes of section 1905 of title 18 of the United States Code, except that such record, report, document, or information may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out this Act, or when relevant in any proceeding under this Act.

"(f) Interagency Cooperation.—(1) Within one year after the enactment of the Solid Waste Utilization Act of 1976, the Administrator shall provide the Secretary of Transportation with suggested specifications for rules which recognize hazardous wastes as a class of hazardous materials requiring special designation, packaging, labeling, and placarding. Within one year after receipt of such suggested specifications, the Secretary of Transportation shall report to the Congress on the progress of rulemaking to recognize these specifications.

"(2) In accordance with the requirements of this section, the Administrator in cooperation with the Secretary of Transportation and the Chairman of the Interstate Commerce Commission, shall develop a mutually consistent program for assuring that shipping documents contain adequate environmental information for the shipment of hazardous wastes. In addition, the Administrator, in cooperation with the Chairman of the Interstate Commerce Commission, shall report within twelve months after the enactment of the Solid Waste Utilization Act of 1976, on the adequacy and sufficiency of current requirements for interstate carriers of hazardous wastes, including, but not limited to, liability insurance requirements.

"(g) ADMINISTRATIVE PROCEDURES.—(1) When promulgating regulations under this section, the Administrator shall (A) publish a notice of proposed rulemaking stating with particularity the reason for the proposed regulations; (B) allow interested persons to submit written data, views, and arguments, and make all such submissions publicly available; (C) provide an opportunity for an informal hearing in accordance with paragraph (2) of this subsection; and (D) promulgate, as appropriate, final regulations based on the matter in the rulemaking record.

"(2) A record of the hearing shall be maintained. In any such public hearing the proceeding shall be structured to proceed as expeditiously as possible, while permitting all interested persons an opportunity to present their views. Participants shall be given an opportunity to question appropriate agency employees and others on the subject matter of the proposed regulations subject to such conditions and limitations on such questioning as are deemed necessary by the Administrator to assure fair and expeditious consideration of the issues. Where appropriate, persons with the same or similar interests may be required to appear together by a single representative.

"IMMINENT HAZARD

"SEC. 213. Notwithstanding any other provision of this Act, the Administrator upon receipt of evidence that the disposal of any solid waste or hazardous waste is presenting an imminent and substantial endangerment to the health of persons or the environment, may bring suit on behalf of the United States in the appropriate district court to immediately restrain any person causing or contributing to the alleged disposal to stop such disposal or to take such other action as may be necessary. The Administrator shall provide notice to the affected State of any such suit.

"ENFORCEMENT

"SEC. 214. (a)(1) Whenever the Administrator finds that any person is in violation of any permit, standard, regulation, condition, prohibition, or other requirement under section 211 or 212 of this Act, the Administrator shall notify such person and the State in which the violation has occurred of such finding. If such violation extends beyond the thirtieth day after the date of the Administrator's notification in the absence of State enforcement action, the Administrator shall issue an order requiring such person to comply with such permit, standard, regulation, condition, prohibition, or other requirement or he shall bring a civil action in the United States district court for the district in which the violation occurred for appropriate relief, including a temporary or permanent injunction.

"(2) Any order issued under this section shall be by personal service, shall state with reasonable specificity the nature of the violation, and shall specify a time for compliance which the Administrator determines is reasonable, taking into account the seriousness of the violation and any good faith efforts to comply with the applicable requirements.

"(3) Any person who knowingly violates any requirement of section 211 or 212 of this Act or any order issued pursuant to this section, shall be punished by a fine of not more than $25,000 per day of violation, or by imprisonment for not more than one year, or by both.

"(4) Any person who violates any permit, standard, regulation, condition, prohibition, or other requirement under section 211 or 212 of this Act shall be subject to a civil penalty not to exceed $10,000 per day of such violation.

"(5) Any person who knowingly makes any false statement, representation, or certification in any application, record, report, or other document filed or required to be maintained under this Act or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this Act, shall upon conviction be punished by a fine of not more than $10,000, or by imprisonment for not more than six months, or by both.

"(b) A copy of any order issued under this section and notice of any other action taken under this section shall be sent immediately by the Administrator to the State in which the alleged violation has occurred. Whenever the Administrator in his judgment finds a pattern of nonenforcement by any State which has been authorized to implement a program for the control of hazardous waste disposal, the Administrator shall, after notice and opportunitiy for public hearings, remove the State's authorization to carry out such enforcement activity and shall enforce against each violation in such State.

"CITIZEN SUITS

"SEC. 215. (a) Except as provided in subsection (b) or (c) of this section, any person may commence a civil action on his own behalf—

"(1) against any person (including (a) the United States, and (b) any other governmental instrumentality or agency, to the extent permitted by the eleventh amendment to the Constitution) who is alleged to be in violation of any permit, standard, regulation, condition, requirement, or order which has become effective pursuant to this Act; or

"(2) against the Administrator where there is alleged a failure of the Administrator to perform any act or duty under this Act which is not discretionary with the Administrator.

The district courts shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such permit, standard, regulation, condition, requirement, or order, or to order the Administrator to perform such act or duty, as the case may be.

"(b) No action may be commenced under paragraph (a)(1) of this section—

"(1) prior to sixty days after the plaintiff has given notice of the violation (A) to the Administrator; (B) to the State in which the alleged violation occurs; and (C) to any alleged violator of such permit, standard, regulation, condition, requirement, or order; or

"(2) if the Administrator or State has commenced and is diligently prosecuting a civil or criminal action in a court of the United States or a State to require compliance with such permit, standard, regulation, condition, requirement, or order: *Provided, however*, That in any such action in a court of the United States, any person may intervene as a matter of right.

"(c) No action may be commenced under paragraph (a)(2) of this section prior to sixty days after the plaintiff has given notice to the Administrator that he will commence such action, except that such action may be brought immediately after such notification in the case of an action under this section respecting a violation of section 212 of this Act. Notice under this subsection shall be given in such manner as the Administrator shall prescribe by regulation. Any action respecting a violation under this Act may be brought under this section only in the judicial district in which such alleged violation occurs.

"(d) In any action under this section, the Administrator, if not a party, may intervene as a matter of right.

"(e) The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such an award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

"(f) Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or common law to seek enforcement of any standard or requirement relating to the management of solid or hazardous wastes, or to seek any other relief (including relief against the Administrator or a State agency).

"JUDICIAL REVIEW

"SEC. 216. Any judicial review of final regulations promulgated pursuant to sections 207(c), 209(a)(3), 211, or 212 of this Act shall be in accordance with sections 701 through 706 of title 5 of the United States Code, except that—

"(a) a petition for review of action of the Administrator in promulgating any regulation, or requirement under this Act may be filed only in the United States Court of Appeals for the District of Columbia. Any such petition shall be filed within ninety days from the date of such promulgation, or after such date if such petition is based solely on grounds arising after such ninetieth day. Action of the Administrator with respect to which review could have been obtained under this subsection shall not be subject to judicial review in civil or criminal proceedings for enforcement; and

"(b) in any judicial proceeding brought under this section in which review is sought of a determination under this Act required to be made on the record after notice and opportunity for hearing, if a party seeking review under this Act applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that the information is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Administrator, and to be adduced upon the hearing in such manner and upon such terms and conditions as the court may deem proper. The Administrator may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file with the court such modified or new findings and his recommendation, if any, for the modification or setting aside of his original order, with the return of such additional evidence.

"LOAN GUARANTEES

"SEC. 217. (a) GENERAL.—(1) The Administrator is authorized, in accordance with the provisions of this section and such rules and regulations as he shall prescribe, and after consultation with the Secretary of the Treasury, to guarantee and to make commitments to guarantee the bonds, debentures, notes, and other obligations issued by or on behalf of—

(A) any State, municipality, or intermunicipal agency, or

(B) in the case of facilities or equipment for the utilization of recovered resources, any other person, institution, organization, corporation, or partnership,

for the purpose of financing the construction and startup and related development costs of commercial demonstration facilities necessary to the creation of resource conservation or resource recovery systems for municipal solid wastes, including the construction or modification of commercial demonstrations facilities or acquisition of equipment necessary for the utilization of recovered resources, including fuel, produced by such systems: *Provided*, That the outstanding indebtedness guaranteed under this Act at no time exceeds $150,000,000: *Provided further*, That no guarantee or commitment to guarantee shall be undertaken under this Act after September 30, 1979.

"(4) the Administrator is satisfied that the proposed resource conservation or resource recovery system is appropriate for the area to be served, that the proposed system does not duplicate or displace existing resource conservation or resource recovery services in the area, and that a realistic plan for achieving operational and financial self-sufficiency within a reasonable time exists for the proposed system, including adequate new and stable markets, such as a long-term contractual commitment for a significant proportion of the recovered resources;

"(5) such system will comply with effluent limitations under the Federal Water Pollution Control Act and with new source emission limitations or requirements of air quality implementation plans under the Clean Air Act;

"(6) the Administrator is satisfied that competition among private entities for the construction or operation of the system or facility to be assisted under this section will be in no way limited or precluded;

"(7) the amount guaranteed does not exceed 75 per centum of the total project cost of the facility assisted, and the balance of project cost is provided as follows:

"(2) An applicant for a loan guarantee under this section shall provide evidence in writing to the Administrator in such form and with such content and other submissions as the Administrator deems necessary to protect the interest of the United States. Each guarantee and commitment to guarantee shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Administrator, with the concurrence of the Secretary of the Treasury deems appropriate.

"(b) CONDITIONS.—The Administrator shall guarantee or make a commitment to guarantee under subsection (a) of this section, with respect to a facility of a resource conservation or resource recovery system, or component thereof, only if—

"(1) the facility for which the guarantee is provided is a critical element of the proposed resource conservation or resource recovery system, which has not been commercially demonstrated in such an application;

"(2) such system is certified by the State to be consistent with any applicable State and areawide plans or programs;

"(3) the applicant agrees that such system will be consistent with any applicable guidelines published under section 209(a) of this Act and will meet the requirements of sections 211 and 212 of this Act;

"(A) in the case of governmental applicants, from general tax revenues or assessments or the proceeds of bond sales; and

"(B) in the case of private applicants, from invested or borrowed capital not subject to any public loan, guarantee, or grant program;

"(8) the Secretary of the Treasury and the Administrator are satisfied that the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary and the Administrator will permit the creation of the resource conservation or resource recovery system, and such assistance is necessary to encourage financial participation in such facility by private lenders or investors; and

"(9) the Administrator has determined that there will be a continued reasonable assurance of full repayment.

"(c) Except in accordance with reasonable terms and conditions contained in the written contract of guarantee, no guarantee issued or commitment to guarantee made under this section shall be terminated, canceled, or otherwise revoked. Such a guarantee or commitment shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Subject to the conditions of the guarantee or commitment to guarantee, such a guarantee shall be incontestable in the hands of the holder of the guaranteed obligation, except as to fraud, or material misrepresentation on the part of the holder.

"(d)(1) If there is a default by the borrower as defined in regulations promulgated by the Administrator and in the guarantee contract, the holder of the obligation shall have the right to demand payment of the unpaid amount from the Administrator. Within such period as may be specified in the guarantee or related agreements, the Administrator shall pay to the holder of the obligation the unpaid interest on and unpaid principal of the guaranteed obligation as to which the borrower has defaulted, unless the Administrator finds that there was no default by the borrower in the payment of interest or principal or that such default has been remedied. Nothing in this section shall be construed to preclude any forbearance by the holder of the obligation for the benefit of the borrower which may be agreed upon by the parties to the guaranteed obligation and approved by the Administrator.

"(2) In the event of a default on any guarantee under this section, the Administrator shall notify the Attorney General, who shall take such action as may be appropriate to recover the amounts of any payments made under paragraph (1) (including any payment of interest under subsection (e) of this section) from such assets of the defaulting borrower as are associated with the commercial demonstration facility, or from any other security included in the terms of the guarantee.

"(4) For purposes of this section, patents, and technology resulting from the commercial demonstration facility shall be treated as project assets of such facility in accordance with the terms and conditions of the guarantee agreement. Furthermore, the guarantee agreement shall contain a provision specifying that patents, technology, and other proprietary rights which are necessary for the completion or operation of the commercial demonstration facility shall be available to the Government and its designees on equitable terms, including due consideration to the amount of the Government's default payments.

"(e) With respect to any obligation guaranteed under this section, the Administrator is authorized to enter into a contract to pay, and to pay, the holders of the obligation for and on behalf of the borrower from the fund established by this section the principal and interest payments which become due and payable on the unpaid balance of such loan if the Administration finds that—

"(1) (A) the borrower is unable to meet such payments and is not in default; (B) it is in the public interest to permit the borrower to continue to pursue the purposes of such demonstration facility; and (C) the probable net benefit to the Federal Government in paying such principal and interest will be greater than that which would result in the event of a default;

"(2) the amount of such payment which the Administrator is authorized to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay under the loan agreement; and

"(3) the borrower agrees to reimburse the Administrator for such payments on terms and conditions, including interest, which are satisfactory to the Administrator.

"(f) The Administrator shall charge and collect fees for guarantees of obligations authorized by this section in amounts sufficient in the judgment of the Administrator to cover the applicable administrative costs and probable losses on guaranteed obligations, but in any event not to exceed 1 per centum per annum of the outstanding indebtedness covered by the guarantee.

"(g) No part of the program authorized by this section shall be transferred to any other agency or authority, except pursuant to Act of Congress hereinafter enacted.

"(h) Notwithstanding any other provision of this section, authorities made available herein shall be effective only to the extent and in such amounts as provided in advance in appropriation Acts enacted after the date of enactment of the Solid Waste Utilization Act of 1976.

"RURAL COMMUNITIES ASSISTANCE

"SEC. 218. (a) The Administrator shall make grants to States to provide assistance to municipalities with a population of five thousand or less, or counties with a population of ten thousand or less or less than twenty persons per square mile, and not within a metropolitan area, for solid waste management facilities (including equipment) necessary to meet the requirements of section 211 of this Act or restrictions on open burning or other requirements arising under the Clean Air Act or the Federal Water Pollution Control Act. Such assistance shall only be available.

"(1) to any municipality or county which could not feasibly be included in a solid waste management system or facility serving an urbanized, multijurisdictional area because of its distance from such systems;

"(2) where existing or planned solid waste management services or facilities are unavailable or insufficient to comply with the requirements of section 211 of this Act; and

"(3) for systems which are certified by the State to be consistent with any plans or programs established under any State or areawide planning process.

"(b) The Administrator shall allot the sums appropriated to carry out this section in any fiscal year among the States in accordance with regulations promulgated by him on the basis of the average of the ratio which the population of rural areas of each State bears to the total population of rural areas of all the States, the ratio which the population of counties in each State having less than twenty persons per square mile bears to the total population of such counties in all the States, and the ratio which the population of such low-density counties in each State having 33 per centum or more of all families with incomes not in excess of 125 per centum of the poverty level bears to the total population of such counties in all the States.

"(c) The amount of any grant under this section shall not exceed 75 per centum of the costs of the project. No assistance under this section shall be available for the acquisition of land or interests in land.

"FEDERAL PROCUREMENT

"SEC. 219. (a) Each Federal agency (including legislative and judicial agencies) and each contractor operating facilities of, or on behalf of, any such agency shall, to the maximum extent feasible, give preference to the purchase of goods, materials, and energy comprised of recovered resources, and in the case of competing items, shall give preference to those items with the highest percentage of recovered resources.

"(b) The Office of Procurement Policy in the Executive Office of the President, in cooperation with the Administrator, shall implement the policy expressed in subsection (a) of this section. It shall be the responsibility of the Office of Procurement Policy to coordinate this policy with other policies for Federal procurement, in such a way as to maximize the use of recovered resources, and to annually report to the Congress on actions taken by Federal agencies and the progress made in the implementation of such policy.

"(c) Within a reasonable time after enactment of the Solid Waste Utilization Act of 1976, the General Services Administration, Department of Defense, and all other Federal agencies shall after public hearing revise their procurement regulations to reflect the policy expressed in subsection (a) of this section.

"(d) Within eighteen months after enactment of the Solid Waste Utilization Act of 1976 and in consultation with the Environmental Protection Agency, each Federal agency which procures goods or materials for its own use or the use of other agencies shall review its specifications and other standards for such goods or materials to determine if there are any standards which require procurement of virgin goods or materials or require restricted procurement of goods or materials composed in whole or part of recycled materials. Such agencies shall remove all such requirements and restrictions which are not related directly to performance, health, or safety. A final determination shall be published at the conclusion of this review, with notice and opportunity for hearing on such determination.

"EMPLOYEE PROTECTION

"SEC. 220. (a) No person shall fire, or in any other way discriminate against, or cause to be fired or discriminated against, any employee or any authorized representative of employees by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this Act or under any applicable implementation plan, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions of this Act or of any applicable implementation plan.

"(b) Any employee or a representative of employees who believes that he has been fired or otherwise discriminated against by any person in violation of subsection (a) of this section may, within thirty days after such alleged violation occurs, apply to the Secretary of Labor for a review of such firing or alleged discrimination. A copy of the application shall be sent to such a person who shall be the respondent. Upon receipt of such application, the Secretary of Labor shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to such review to enable the parties to present information relating to such alleged violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary of Labor shall make findings of fact. If he finds that such violation did occur, he shall issue a decision, incorporating an order therein and his findings, requiring the party committing such violation to take such affirmative action to abate the violation as the Secretary of Labor deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no such violation, he shall issue an order denying the application. Such order issued by the Secretary of Labor under this subparagraph shall be subject to judicial review in the same manner as orders and decisions of the Administrator or subject to judicial review under this Act.

"(c) Whenever an order is issued under this section to abate such violation, at the request of the applicant, a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees) as determined by the Secretary of Labor, to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the person committing such violation.

"(d) This section shall have no application to any employee who, acting without direction from his employer (or his agent) deliberately violates any requirement of this Act.

"(e) The Administrator shall conduct continuing evaluations of potential loss or shifts of employment which may result from the administration or enforcement of the provisions of this Act and applicable implementation plans, including, where appropriate, investigating threatened plant closures or reductions in employment allegedly resulting from such administration or enforcement. Any employee who is discharged, or laid off, threatened with discharge or layoff, or otherwise discriminated against by any person because of the alleged results of such administration or enforcement, or any representative of such employee, may request the Administrator to conduct a full investigation of the matter. The Administrator shall thereupon investigate the matter and, at the request of any party, shall hold public hearings on not less than five days' notice, and shall at such hearings require the parties, including the employer involved, to present information relating to the actual or potential effect of such administration or enforcement on employment and on any alleged discharge, layoff, or other discrimination and the detailed reasons or justification therefor. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Administrator shall make findings of fact as to the effect of such administration or enforcement on employment and on the alleged discharge, layoff, or discrimination and shall make such recommendations as he deems appropriate. Such report, findings, and recommendations shall be available to be public. Nothing in this subsection shall be construed to require or authorize the Administrator or any State to modify or withdraw any standard, limitation, or any other requirement of this Act or any applicable implementation plan.

"FEDERAL LANDS DISPOSAL SITES

"SEC. 221. (a) Upon application by any municipality, a Federal land manager is authorized to enter into a contract or other agreement with such municipality pursuant to which Federal lands, necessary to comply with the requirements of section 211 of this Act or otherwise provide for solid waste management consistent with the purposes of this Act, may be made available to such municipality for use by it in meeting such requirements and the purposes of this Act.

"(b) Any such contract or agreement entered into pursuant to this section shall require the applicant—

"(1) to pay to the United States an amount, as determined by the head of the agency with jurisdiction over the land, in consultation with the Administrator, equal to the fair market rental value of the land covered by such contract or agreement;

"(2) to agree to reclaim such land in a manner satisfactory to the head of the agency having jurisdiction or control over such land and to such extent to enable such lands to be utilized for their original or an equivalent use at the conclusion of its use for solid waste management activities;

"(3) to agree to use such lands in accordance with the terms and conditions of such contract or agreement and solely for solid waste management activities in accordance with the provisions of this Act; and

"(4) to carry out such other conditions and requirements as the Administrator or the head of the agency having jurisdiction or control over such lands may impose.

"(c) Any lands under the jurisdiction or control of the Secretary of the Interior (including National Park Service lands, Bureau of Reclamation lands, and lands under the jurisdiction of the Bureau of Land Management), the Secretary of Agriculture (including National Forest System lands), the Secretary of Defense, or any other Federal officer or agency, covered by any application submitted pursuant to subsection (a) of this section may be made available for use in accordance with the provisions of any such contract or agreement entered into pursuant to this section: *Provided*, That (1) the applicant has demonstrated to the satisfaction of the Administrator and the head of the agency with jurisdiction over the affected lands that such municipality lies adjacent to Federal lands and that suitable non-Federal lands are not available to enable such municipality to comply with the requirements of section 211 of this Act or otherwise provide for solid waste management consistent with the purposes of this Act; (2) the applicant has demonstrated to the satisfaction of the Administrator and the head of the agency with jurisdiction over the affected lands that such lands as the applicant proposes for such use are appropriate and will provide for protection of the environment, consistent with any applicable guidelines under section 209(a) of this Act; and (3) the head of the agency having jurisdiction or control of such lands concurs in the site selection and determines that such site is consistent with any applicable land use plan for such lands. Upon the determination or expiration of any such contract or agreement, the use of such lands so made available shall revert to the Federal agency having such jurisdiction or control over such lands immediately prior to such lands being made available to the municipality pursuant to this section.

"RETENTION OF STATE AUTHORITY

"SEC. 222. Except as otherwise expressly provided in this Act, nothing in this Act shall (1) preclude or deny the right of any State or political subdivision thereof or interstate agency to adopt or enforce any rule, regulation, standard, or requirement respecting disposal of hazardous waste or solid waste, solid waste management facilities, storage, treatment, or any other facet of hazardous waste or solid waste management; except that if any such rule, regulation, standard, or requirement is in effect under this Act, such State or political subdivision or interstate agency may not adopt or enforce any rule, regulation, standard, or requirement which is less stringent than the rule, regulation, standard, or requirement in effect under this Act; or (2) be construed as impairing or in any manner affecting any right or jurisdiction of a State with respect to the regulation of solid waste management within such State.

"FEDERAL FACILITIES

"SEC. 223. Each department, agency, and instrumentality of the executive, legislative, and judicial branches of the Federal Government (1) having jurisdiction over any solid waste management facility or disposal site, or (2) engaged in any activity resulting, or which may result, in the disposal of solid waste or hazardous waste shall be subject to, and comply with, all Federal, State, interstate, and local requirements, both substantive and procedural (including any requirement for permits or reporting or any provisions for injunctive relief and such sanctions as may be imposed by a court to enforce such relief), respecting control and abatement of solid waste or hazardous waste disposal in the same manner, and to the same extent, as any person is subject to such requirements, including the payment of reasonable service charges. Neither the United States, nor any agent, employee, or officer thereof, shall be immune or exempt from any process or sanction of any State or Federal court with respect to the enforcement of any such injunctive relief. The President may exempt any solid waste management facility of any department, agency, or instrumentality in the executive branch from compliance with such a requirement if he determines it to be the paramount interest of the United States to do so. No such exemption shall be granted due to lack of appropriation unless the President shall have specifically requested such appropriation as a part of the budgetary process and the Congress shall have failed to make available such requested appropriation. Any exemption shall be for a period not in excess of one year, but additional exemptions may be granted for periods not to exceed one year upon the President's making a new determination. The President shall report each January to the Congress all exemptions from the requirements of this section granted during the preceding calendar year, together with his reason for granting each such exemption.

"RESOURCE CONSERVATION STUDY

"SEC. 224. (a) The Administrator shall serve as Chairman of a Committee composed of himself, the Secretary of Commerce, the Secretary of Labor, the Chairman of the Council on Environmental Quality, and the Secretary of Treasury, which shall conduct a full and complete investigation and study of all aspects of the economic, social, and environmental consequences of resource conservation with respect to—

"(1) the appropriateness of recommended incentives and disincentives to foster resource conservation;

"(2) the effect of existing public policies (including subsidies and economic incentives and disincentives, percentage depletion allowances, capital gains treatment and other tax incentives and disincentives) upon resource conservation, and the likely effect of the modification or elimination of such incentives and disincentives upon resource conservation;

"(3) the appropriateness and feasibility of restricting the manufacture or use of categories of consumer products as a resource conservation strategy; and

"(4) the appropriateness and feasibility of employing as a resource conservation strategy the imposition of solid waste management charges on consumer products, which charges would reflect the costs of solid waste management services, litter pickup, the value of recoverable components of such products, final disposal, and any social value associated with the nonrecycling or uncontrolled disposal of such product.

"(b) The study required in subsection (a) (4) of this section may include pilot scale projects, and shall consider and evaluate alternative strategies with respect to—

"(1) the product categories on which such charges would be imposed;

"(2) the appropriate state in the production of such consumer product at which to levy such charge;

"(3) appropriate criteria for establishing such charges for each consumer product category;

"(4) methods for the adjustment of such charges to reflect actions such as recycling which would reduce the overall quantities of solid waste requiring disposal; and

"(5) procedures for amending, modifying, or revising such charges to reflect changing conditions.

"(c) The results of such investigation and study, including recommendations, shall be reported to the President and the Congress not later than two years after enactment of the Solid Waste Utilization Act of 1976.

"(d) There are authorized to be appropriated not to exceed $5,000,000 to carry out this section.".

SEC. 5. Section 202(b) of the Solid Waste Disposal Act, as amended by the Reserve Recovery Act of 1970, is amended to read as follows:

"(b) The purposes of this Act therefore are—

"(1) to promote the demonstration, construction, and application of solid waste management, resource recovery, and resource conservation systems which preserve and enhance the quality of air, water, and land resources;

"(2) to provide technical and financial assistance to States and local governments and interstate agencies in the planning and implementation of resource recovery, resource conservation, and solid waste management programs;

"(3) to promote a national research and development program for improved solid waste management and resource conservation techniques, more effective organizational arrangements, and new and improved methods of collection, separation, and recovery, and recycling of solid wastes and environmentally safe disposal of nonrecoverable residues;

"(4) to provide for the promulgation of guidelines for solid waste collection, transport, separation, recovery, and disposal practices and systems;

"(5) to provide for training grants in occupations involving the design, operation, and maintenance of solid waste management systems;

"(6) to provide for regulation of hazardous waste management, including the treatment, storage, and disposal of hazardous wastes; and

"(7) to enhance markets for recovered resources through a preference in Federal procurement policies for goods or materials containing recovered resources.".

SEC. 6. Section 203 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended by—

(a) amending paragraphs (4) and (5) to read as follows:

"(4) The term 'solid waste' means any garbage, refuse, sludge from a waste treatment plant, water supply treatment plant, or air pollution control facility and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial, commercial, mining, and agricultural operations, and from community activities, but does not include solid or dissolved material in domestic sewage, or solid or dissolved materials in irrigation return flows or industrial discharges which are point sources subject to permits under section 402 of the Federal Water Pollution Control Act, as amended (86 Stat. 880) or source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954, as amended (68 Stat. 923).

"(5) The term 'solid waste management' means the systematic administration of activities which provide for the collection, source separation, storage, transportation, transfer, processing, treatment, and disposal of solid waste.".

(b) amending paragraph (7) to read as follows:

"(7) The term 'municipality' (A) means a city, town, borough, county, parish, district, or other public body created by or pursuant to State law, with responsibility for the planning or administration of solid waste management, or an Indian tribe or authorized tribal organization or Alaska Native village or organization, and (B) includes any rural community or unincorporated town or village or any other public entity for which an application for assistance is made by a State or political subdivision thereof.".

(c) adding the following new paragraphs:

"(11) The term 'disposal' means the discharge, deposit, injection, dumping, spilling, leaking, or placing of any solid waste or hazardous waste into or on any land or water so that such solid waste or hazardous waste or any constituent thereof may enter the environment or be emitted into the air or discharged into any waters, including ground waters.

"(12) The term 'storage' means the actual or intended containment of solid waste or hazardous wastes, either on a temporary basis or for a period of years, in such a manner as not to constitute disposal of such waste.

"(13) The term 'treatment' means any method, technique, or process, including neutralization, designed to change the physical, chemical, or biological character or composition of any solid waste, including any hazardous waste, so as to neutralize such waste or so as to render such wastes nonhazardous, safer for transport, amenable for resource recovery, amenable for storage, or reduced in volume.

"(14) The term 'solid waste management facility' includes (A) any resource recovery system or component thereof, (B) any system, program, or facility for resource conservation, and (C) any facility for the treatment of solid wastes, including hazardous wastes, whether such facility is associated with facilities generating such wastes or otherwise.

"(15) The term 'hazardous waste' means a waste or combination of wastes of a solid, liquid, contained gaseous, or semisolid form, including radioactive material (except, to the extent otherwise regulated, source, special nuclear, or byproduct material, as defined by the Atomic Energy Act of 1954, as amended), which in the judgment of the Administrator may cause, or contribute to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness, taking into account the toxicity of such waste, its persistence, and degradability in nature, and its potential for accumulation or concentration in tissue, and other factors that may otherwise cause or contribute to adverse acute or chronic effects on the health of persons or other organisms.

"(16) The term 'hazardous waste management' means the systematic control of the collection, source separation, storage, transportation, processing, treatment, recovery, and disposal of hazardous wastes.

"(17) The term 'person' means an individual, corporation, partnership, association, State, municipality, commission, or political subdivision of a State, or any interstate body.

"(18) The term 'resource conservation' means reduction of the amounts of solid waste that are generated, reduction of overall resource consumption, and utilization of recovered resources.".

SEC. 7. (a) Section 204(a) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by—

(1) inserting "alone or after consultation with the Administrator of the Federal Energy Administration, the Administrator of the Energy Research and Development Administration, or the Chairman of the Federal Power Commission" before "shall conduct";

(2) inserting "public education programs," after "surveys,";

(3) striking the semicolon in paragraph (2) and inserting in lieu thereof the following: ", including systems for the disposal of solid waste residues resulting from controls on air pollution and water pollution required by Federal, State, or local government;"; and

(4) inserting the following as paragraphs (3) and (4) and renumbering succeeding paragraphs accordingly;

"(3) the planning, implementation, and operation of resource recovery and resource conservation systems and hazardous waste management systems, including the marketing of recovered resources;

"(4) the production of usable forms of recovered resources, including fuel, from solid waste;".

(b) Section 204(b) of such Act is amended by inserting the following paragraphs:

"(4) develop and implement educational programs to promote citizen understanding of the need for environmentally sound solid waste management practices; and

"(5) detail personnel of the Environmental Protection Agency to agencies eligible for assistance under this section.".

(c) The last sentence of section 204(c) of such Act is amended to read as follows: "In carrying out this Act and the requirements of this subsection, the Administrator shall make use of and adhere to the provisions of the Non-Nuclear Energy Research and Development Act (88 Stat. 1879) that apply to information, uses, processes, patents, or other rights resulting from activity assisted under this Act.".

(d) Section 204 of such Act is amended by adding the following new subsection:

"(d) The Administrator shall provide teams of personnel, including Federal, State, and local employees or contractors, to provide States and local governments upon request with technical assistance on solid waste management, resource recovery, and resource conservation. Such teams shall include technical, marketing, financial, and institutional specialists, and the services of such teams shall be provided without charge to States or local governments. The Administrator shall make available for such technical assistance teams no less than 15 per centum of the funds appropriated to carry out this Act in any fiscal year, except that such minimum requirement shall not exceed $5,000,000 in any fiscal year.".

Sec. 8. (a) Section 205(a) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by—

(1) striking "carry out" and inserting in lieu thereof "conduct";

(2) striking "an investigation and study to determine" and inserting in lieu thereof "studies, together with recommendations for administrative or legislative action, on—";

(3) striking "and the impact of distribution of such resources on existing markets;" in paragraph (1) and inserting in lieu thereof "the impact of distribution of such resources on existing markets; and potentials for energy conservation through resource conservation and resource recovery;";

(4) striking paragraph (2) and inserting the following in lieu thereof:

"(2) actions to reduce waste generation which have been taken voluntarily or in response to governmental action, and those which practically could be taken in the future, and the economic, social, and environmental consequencies of such actions;";

(5) adding the following new paragraphs:

"(8) the legal constraints and institutional barriers to the acquisition of land needed for solid waste management, including land for facilities and disposal sites;

"(9) in consultation with the Secretary of Agriculture, agricultural waste management problems and practices, the extent of reuse and recovery of resources in such wastes, the prospects for improvement, Federal, State, and local regulations governing such practices, and the economic, social, and environmental consequences of such practices; and

"(10) in consultation with the Secretary of the Interior, mining waste management problems, and practices, including an assessment of existing authorities, technologies, and economics, and the environmental and public health consequences of such practices.".

(b) Section 205 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by adding the following as subsection (b) and relettering succeeding subsections accordingly:

"(b) The Administrator shall, within one year of enactment of the Solid Waste Utilization Act of 1976 and annually thereafter, submit to the Congress a complete and detailed report on progress in achieving the objectives and implementing the provisions of this Act.".

(c) Redesignated subsection (c) of section 205 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by adding the following: "The Administrator shall (1) assist, on the basis of any research projects which are developed with assistance under this Act or without Federal assistance, the construction of pilot plant facilities for the purpose of investigating or testing the technological feasibility of any promising new fuel, energy, or resource recovery or resource conservation method or technology; and (2) demonstrate each such method and technology that appears justified by an evaluation at such pilot plant stage or at a pilot plant stage developed without Federal assistance. Each such demonstration shall incorporate new or innovative technical advances or shall apply such advances to different circumstances and conditions, for the purpose of evaluating design concepts or to test the performance, efficiency, and economic feasibility of a particular method or technology under actual operating conditions. Each such demonstration shall be so planned and designed that, if successful, it can be expanded or utilized directly as a full-scale operational fuel, energy, or resource recovery or resource conservation facility.".

Sec. 9. Section 230 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (845 Stat. 1230), as redesignated by this Act, is amended to read as follows:

"AUTHORIZATIONS

"Sec. 230. (a) There are authorized to be appropriated to carry out this Act not to exceed $35,000,000 for fiscal year 1977, and to carry out section 207(a) of this Act not to exceed $50,000,000 for fiscal year 1978, and not to exceed $65,000,000 for fiscal year 1979.

"(b) There are authorized to be appropriated to carry out section 207(b) of this Act not to exceed $25,000,000 for each of the fiscal years 1978 and 1979.

"(c) There are authorized to be appropriated to carry out section 207(c) of this Act not to exceed $35,000,000 for each of the fiscal years 1978 and 1979.

"(d) There are authorized to be appropriated to carry out section 208 of this Act not to exceed $50,000,000 for each of the fiscal years 1978 and 1979.

"(e) There are authorized to be appropriated $50,000,000 for each of the fiscal years 1978 and 1979 to carry out section 218 of this Act.

"(f) There are authorized to be appropriated to carry out this Act, other than sections 207, 208, 217, 218, and 224, not to exceed $40,000,000 for each of the fiscal years 1978 and 1979.".

Sec. 10. The Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended—

(1) by striking "Secretary of Health, Education, and Welfare" whenever it appears and inserting in lieu thereof "Administrator of the Environmental Protection Agency"; and

(2) by striking "Secretary" whenever it appears, except—

(A) in section 227 of such Act where "Secretary" is followed by "of Labor"; and

(B) in sections 203(1) and 228 of such Act where "Secretary" is followed by "of the Interior", and inserting in lieu thereof "Administrator".

Sec. 11. (a) Section 208 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended—

(1) by striking "section 207(b) (2)" in subsection (b) and inserting "section 207", and

(2) by striking "section 216(a) (3)" in subsection (f) and inserting "section 230(d)".

(b) Section 210(b) (2) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended by striking "section 207(b) (4) and (5)" and inserting "section 207".

SOLID WASTE CLEANUP ON FEDERAL LANDS IN ALASKA

Sec. 12. (a) The President shall direct such executive departments or agencies as he may deem appropriate to conduct a study, in consultation with representatives of the State of Alaska and the appropriate Native organizations, to determine the best overall procedures for removing existing solid waste on Federal lands in Alaska. Such study shall include, but shall not be limited to, a consideration of—

(1) alternative procedures for removing the solid waste in an environmentally safe manner, and

(2) the estimated costs of removing the solid waste.

(b) The President shall submit a report of the results together with appropriate supporting data and such recommendations as he deems desirable to the Committee on Public Works of the Senate and to the Committee on Interstate and Foreign Commerce of the House of Representatives not later than one year after the enactment of the Solid Waste Utilization Act of 1976. The President shall also submit, within six months after the study has been submitted to the committees, recommended administrative actions, procedures, and needed legislation to implement such procedures and the recommendations of the study.

Solid Waste Utilization Act of 1976

SUMMARY OF PROVISIONS

The highlights of this bill include establishment of a permit program to eliminate the harmful disposal of hazardous wastes; a prohibition against open dumping; provision of loan guarantees for the commercial demonstration of innovative resource conservation and resource recovery and utilization facilities; and strengthening of the role of the Environmental Protection Agency in providing technical assistance to State and local governments. Throughout the bill, emphasis is placed on giving States and localities the primary responsibility for planning and implementing solid waste management, resource recovery, and resource conservation programs.

Following are brief descriptions of each section of the bill, as it will amend the Solid Waste Disposal Act of 1965 as modified by the Resource Recovery Act of 1970:

Section 207 authorizes Federal grants to assist States in the planning, development and administration of solid waste programs. It also authorizes grants to State and local governments for the implementation of solid waste programs, and provides assistance for areawide solid waste management planning. A total of $110 million for fiscal year 1978 and $125 million for fiscal year 1979 is authorized.

Section 209 requires EPA to publish guidelines on alternative solid waste management practices after public hearings and notification of Congress, and prohibits any EPA employee from lobbying or taking an official position on State and local resource recovery or resource conservation laws.

Section 211 prohibits the open dumping of solid wastes and hazardous wastes.

Section 212 directs the Administrator to publish criteria for designation of hazardous wastes, and establishes a permit program to eliminate any disposal of such wastes in places or ways which might harm health or the environment. States are encouraged to operate the permit program.

Section 213 authorizes EPA to seek injunctions against imminently dangerous disposal of solid or hazardous wastes.

Section 214 provides for civil and criminal penalties for violators of the open dumping prohibition or the hazardous waste permit program.

Section 215 allows citizens to sue violators of the Act, or to sue the Administrator for failure to perform a non-discretionary act.

Section 216 provides for judicial review of regulations promulgated under this Act.

Section 217 authorizes loan guarantees for the commercial demonstration of innovative resource conservation and resource recovery utilization facilities. A limit of $150 million is placed on total outstanding indebtedness; under usual default rates, this may cost the Government some $15 million. An additional $50 million for each of the fiscal years 1978 and 1979 is authorized for the demonstration of resource recovery systems and improved solid waste disposal facilities under section 208 of existing law.

Section 218 provides grants to States to assist small communities and rural areas in complying with the prohibition on open dumping. Authorizations of $50 million are provided for each of the fiscal years 1978 and 1979.

Section 219 stimulates Federal procurement of items with high percentages of recovered resources.

Section 220 protects employees who have been fired or discriminated against as a result of involvement in any proceeding under this Act.

Section 221 allows Federal lands to be made available to municipalities which need them to comply with the ban on open dumping.

Section 222 specifies that States and localities are not preempted from enforcing requirements more stringent than those in this Act.

Section 223 provides that Federal facilities are not exempt from the requirements of this Act or State or local law.

Section 224 creates a cabinet-level committee to study existing and proposed resource conservation measures. Five million dollars are authorized to carry out this section.

Section 202 adds resource conservation, regulation of hazardous wastes, and enhancement of markets for recovered resources to the purposes of the Act.

Section 203 is amended with several new definitions and alteration of several old definitions, most notably expanding the kinds of material to be regarded as "solid waste."

Section 204 is amended to direct EPA to provide State and local governments with technical assistance, and broadens EPA's authority to engage in public education and in research. It also mandates studies on land requirements for solid waste management, and on the management of agricultural and mining wastes.

Section 230 contains the authorization for the bill, which total $35 million for fiscal year 1977, $250 million for 1978, and $265 million for 1979, plus support for the loan guarantees.

Section 12 of the bill calls for a study of existing solid waste problems on Federal lands in Alaska.

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1965

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, Mr. Mondale, and Mr. Proxmire) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10612) to amend the tax laws of the United States.

AMENDMENT NO. 1966

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

ADDITIONAL STATEMENTS

THE TRAGIC DEVELOPMENT IN SOUTH AFRICA

Mr. CLARK. Mr. President, the tragic developments in South Africa in recent days have brought into sharp focus the question of where that nation is headed. Although independent confirmation of the statistics is not available, even the government has conceded that over 100 persons died in the rioting, which began in Soweto, the largest of the black townships, spread to several others, and to two black universities as well.

The issue that triggered these demonstrations—the government's new regulation which would require blacks to study in Afrikaans as well as English—is further evidence of the government's determination to maintain this abhorrent system of apartheid.

The name Soweto will take its place next to that of Sharpesville as a historic assertion of the equal determination of the blacks of that nation to resist this abhorrent system.

Alan Paton, the noted South African author, spelled out his views on what this means for the country's future in a New York Times piece on June 24. I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

ALAN PATON: SOUTH AFRICA

Johannesburg—South Africa: Where are you going? This question is not original. It was first used, if I remember rightly, by Prof. B. B. Keet of the Stellenbosch Seminary, more than 20 years ago.

The flood of racial legislation of the new Nationalist Party Government appalled him, and he wrote it all down.

The laws were to him a denial of the Christian religion, which he took seriously. This did not make him popular, but he did not write for popularity. He wrote for justice and righteousness, and he wrote for us too, us, all the people of South Africa.

I am not writing for all the people of South Africa. I am writing for its white people. White people cannot write for black people any more. Yet in a way, I too am writing for us all.

What do we, the white people of South Africa, after that week of desolation, do first?

The first thing we do is to repent of our wickedness, of our arrogance, of our complacency, of our blindness.

There has been much evil in Soweto. The killing of Dr. Melville Edelstein, friend and servant of Soweto, was evil; the killing of Hector Peterson, 13-year-old schoolboy, was evil. The burning of schools, creches [nurseries], clinics, shops, universities was evil. The hatred, for whatever cause, was evil.

And behind all this evil stand we, the white people of South Africa. The isotsis [thugs who looted] are evil, but we made them. They are the outcasts of our affluent society. And unless we can understand our guilt, we shall never understand anything at all.

The compulsory teaching through the medium of Afrikaans [the language of the white descendants of Dutch settlers] is the immediate cause. But the deeper cause is the whole pattern of discriminatory laws.

Who are the agitators? They are the discriminatory laws.

Who are the polarizing forces? They are the discriminatory laws.

It is fantastic that a minister should accuse anonymous polarizing forces. They are not anonymous, they can all be given names.

They are the Group Areas Act, the separate universities, the Mixed Marriages Act, the abolition of parliamentary representation for African and colored people and a dozen other laws.

That there are human agitators as well, no one can doubt. But their weapons are the discriminatory laws, the laws of apartheid.

Do you think that our immutable doctrine of the separation of the races has brought peace and concord to South Africa?

Do you as Christians believe that the poor should pay for the poor, that you should spend between 400 rands and 500 rands a year on the education of each white child, and between 30 rands and 40 rands on each black child? [Editor's note: One rand is worth $1.15.]

Do you as Christians believe that white industry should be maintained at the cost of the integrtly of black family life?

Do you believe that your separate universities have encouraged the growth of wholesome national identities, cooperating gladly with others in a multinational country?

Do you believe that you can move away from racial discrimination until you repeal discriminatory laws?

There are other questions, but these are enough.

The blame does not lie wholly with the Nationalist Government. It lies with us all. The English-speaking people are also responsible.

But the greater portion of the blame, and the greater portion of the responsibility, lies with the Nationalist Party. They have the power. They are the ones who have exalted law and order above justice. And by law and order they mean that kind of law and order which keeps them in power.

I am not going to suggest what our rulers should do now. They are intelligent enough to know, even if they are at the moment psychologically incapacitated. I shall ask one question instead.

Right Honorable the Prime Minister, a great responsibility lies on you. But if you regard yourself as first and last an Afrikaner, you will not save our country. You will not even save Afrikanerdom.

You must be able to transcend your racial origins in a time of crisis, such as this undoubtedly is. Instead of declaring that you are determined to maintain law and order, could you not assure us that you are determined to find out—without prejudgment—why law and order have broken down, and to put the wrong things right?

After repentance comes amendment of life.

RADIO LIBERTY

Mr. CASE. Mr. President, I am joining other members of the Foreign Relations Committee who have voiced concern about the future of the Radio Liberty transmitters in Spain. Although originally built with U.S. Government funds, these facilities are owned by the Spanish Government. Since 1957, the transmitters have been operated by Radio Liberty under a lease arrangement. The lease expired in April, and I understand that later this month negotiations will resume in Madrid on a renewal of the lease.

These facilities are essential to Radio Liberty's broadcasts to the Soviet Union in the Russian language and 15 other languages of the U.S.S.R. The five 250-kilowatt and one 100-kilowatt transmitters in Spain furnish four-fifths of the power for these important broadcasts, which serve the cause of human rights and the free flow of information in the spirit of the Helsinki declaration. These broadcasts bring to Soviet listeners the works and voices of Alexander Solzhenitsyn, Andrei Sakharov, Viktor Nekrassov, Andrei Sinyavsky, and many other independent-minded Russians denied official publication by censorship. Radio Liberty, along with Radio Free Europe, has since 1974 been under the direction of the Presidentially-appointed Board for International Broadcasting, which assures that the broadcasts are consistent with broad U.S. foreign policy objectives.

Not only is the transmitter site in Spain propagationally ideal for shortwave broadcasting to the U.S.S.R.; very few other countries are both technically and politically feasible. It has been estimated that relocation—to an inferior site—would take at least 3 years and cost upwards of $20 million.

At our committee hearings on the Spanish treaty, administration officials stated that they had conveyed to Spanish authorities the American view that the continued availability of Radio Liberty facilities is a significant aspect of the broadening relationship between Spain and the United States.

In our report, the Foreign Relations Committee reaffirmed this view with emphasis. I understand that the House Committee on International Relations, in its report on the BIB authorization, similarly expressed the hope that:

> Spain will continue to enable the United States to make use of the RL facilities as part of a common effort of the West to insure that the people of the Soviet Union continue to have access to information denied them by their own government.

I think it is fair to observe that the votes in both Houses on authorizations and appropriations for the Board, since its creation, have demonstrated the broad nonpartisan support for this important broadcasting effort. Surely the present leaders of Spain, as they move toward a more democratic system, should be especially aware of the importance to all Europe of the free flow of information and ideas—the necessity of "constructive dialog with the peoples of the U.S.S.R." which Radio Liberty is committed to pursue under the Board for International Broadcasting Act of 1973. It is an effort recognized as important not only to the United States but to the members of the North Atlantic Treaty Organization, which Spain will perhaps join some day. The North Atlantic Assembly, representing the parliamentarians of the alliance, has consistently expressed its firm support of RFE/RL broadcasts.

Although the Radio Liberty lease arrangements were not included in the package of agreements capped by this treaty, we would find it difficult to understand a failure now to renew an arrangement which has been beneficial to Spain and remains vital to a broader cause of the West. It is my sincere hope—which I am sure is shared by colleagues on both sides of the aisle—that the coming negotiations in Madrid will bring about a long-term renewal. We expect the Board for International Broadcasting, of course, to keep us informed of the progress of the negotiations.

THE CITY VERSUS THE SUBURBS—MINNEAPOLIS-ST. PAUL FOUND A SOLUTION

Mr. HUMPHREY. Mr. President, I would like to share with my colleagues portions of an article from the June issue of the Washingtonian magazine. The article, by Charles Conconi, is entitled "The City versus the Suburbs." It details the problems the District of Columbia is facing with the erosion of its economic base and the failure of suburban jurisdictions and the District government to work together effectively on common concerns.

Mr. Conconi discusses metropolitanization, the creation of cooperative metropolitan government with more than planning and advisory power, as a way of finding solutions to the city's many problems—crime, transportation, housing and taxes to name just a few.

The twin cities of Minneapolis and St. Paul are cited in this article as an excellent example of what such a governmental body can achieve. Mr. Conconi writes of the problems these cities encountered in the 1950's—a cultural drought, a lack of good public transportation, and an intense and destructive rivalry.

Now, thanks in large part to the Metropolitan Council, the cities are rated as one of the "most-livable" regions in the country. The government is honest and effective, cultural attractions are abundant, the rehabilitation program is aggressive and vital.

Minneapolis and St. Paul have problems, like all American cities, but they have found an effective way of dealing with them. The Metropolitan Council and the spirit of cooperation and common cause that exists between the cities and their suburbs should be an example for other urban areas to follow.

Mr. President, our cities are in turmoil. Something must be done to save our vital centers from crime, spiraling costs and taxes, pollution and corruption. They must, once again, be made pleasant places in which to live. The Twin Cities prove that it is possible. I ask unanimous consent that the segment of Mr. Conconi's article dealing with Minneapolis and St. Paul be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE CITY VERSUS THE SUBURBS

(By Charles N. Conconi)

TWIN CITIES: MINNEAPOLIS, ST. PAUL

No US city has a metropolitan government like Toronto's. Minneapolis, however, is a metropolitan area that ranks high on just about anyone's list of "best" or "cleanest" or "most livable" and some of its success is due to a form of regional government.

Minneapolis has made many of the usual mistakes. It built too many freeways, junked its streetcars, and ignored its downtown. In the 1950s, it was a dull city without nightlife and entertainment, a place where people locked themselves in their homes in defense against long, bitter winters where snow is measured in feet, not inches.

But dramatic cultural and architectural changes have upgraded the downtown area with new hotels and 11 glass-enclosed bridges or skyways (second-story passages that cross busy streets, and cut through office buildings, hotels, and department stores). Eventually skyways will cover 64 downtown blocks, making it possible to show and work downtown without ever facing the elements.

The downtown is small and compact. There is the Nicollet Mall, a eight-block-long pedestrian shopping street with trees and planters, benches, kiosks, heated bus shelters, and art objects along a curving roadway open only to pedestrians, buses, and taxis. There are arcaded buildings with shops and restaurants protected from the extreme winters. The Crystal Court of the block-square IDS Center is a vast open marketplace surrounded by the 57-story IDS Tower, and 8-story office building, and the 19-story Marquette Inn. Shops, boutiques, movie theaters, and restaurants are on different levels and look over the large Plexiglas-covered open space.

The city has an aggressive rehabilitation program; it makes renovation loans, restores houses, tears down old houses beyond repair, an sells sites for new ones. It also sells dilapidated houses for as little as $1 in an urban homesteading program. There are old and rundown neighborhoods, but none approximates the urban blight of Eastern cities like Washington.

The city is aggressive in attracting new industry: It advances money, it borrows on future tax revenues for industrial construction, and it has explored industrial condominiums for small firms that can't afford to build their own plants.

Most important, the Minneapolis region has good government. The structure is financially sound and the budget is balanced.

The region has an unusually homogenous population, overwhelmingly (99 percent) white, mostly of Scandinavian, German, or Yankee descent, and solidly middle class. The only identifiable minority is a small ghetto of mostly Chippewa Indians.

Minneapolis, like Toronto, escaped the mass migration of unskilled Southern blacks who were forced north in the 1950s and 1960s. It doesn't have to deal with the poverty and racial friction that afflict other cities. Most urban planners and city officials agree that the middle-class, Scandinavian-German majority in the Twin Cities is a significant factor in the character of the region. The people are the grandchildren and great-grandchildren of mostly Lutheran, mostly farmer immigrants who brought with them a tradition of good government and responsibility, hard work and dedication to education. As a consequence Minneapolis has the fourth-largest university system in the nation, even though it has only two percent of the country's population. And Minneapolis has explored and developed metropolitan cooperation with more success than any other city in the United States.

The area has attracted a surprising number of major national and multinational corporations. Ranking seventeenth in population, Minneapolis-St. Paul ranks seventh in number of corporations, according to *Fortune* magazine. Many of the new corporations have adopted the prevalent community attitude of involvement in public affairs. Ten companies follow a practice started 30 years ago by the Dayton Department Store family of donating five percent of their pretax earnings to community betterment. In recent years, some $70 million has been contributed to Twin Cities cultural organizations by private sources.

One of the serious problems the Twin Cities faced in the rapidly changing '50s and '60s was an intensive, even notorious rivalry between Minneapolis and St. Paul. They couldn't get together on anything, even though the downtown centers are only 15 miles apart. Ironically, the rivalry came to a head when both cities attempted to get a major league baseball franchise and both failed. They quickly learned that to support any big league baseball, football, or hockey team, they had to work together. More seriously, post-World War II expansion strained services in the rapidly growing suburbs. The most pressing problem was sewage. More than 300,000 people on the outskirts of the Twin Cities were pumping water from backyard wells; in 1959, half the wells were contaminated because sewage was seeping out of backyard cesspools. The pollution also threatened the shallow underground water table, the river, and the region's 936 lakes.

Recognizing the impossibility of building an efficient, suburb-by-suburb sewage disposal system, community leaders began studying the idea of a sanitary district for the entire urban region. Other problems—air pollution control, open space preservation, the routing of highways and expressways, the building of a new airport, rapid transit connections, and a growing population—started city officials thinking about metropolitan government. They knew that cities like St. Louis, Seattle, and San Francisco had failed to establish metropolitan governments; they arranged that consolidation plans would come from the state legislature.

The idea failed four times in the legislature, but in 1967 the Metropolitan Council was created, the first of its kind in the United States. It had taxing authority. It was not a full-fledged metropolitan government but it did have jurisdiction over the seven-county, 3,000-square-mile metropolitan area, including 135 municipalities, 60 townships, and nearly 100 special districts for schools, parks, and libraries. The area includes half the population of the state and more than half its wealth.

The legislature barred the Metropolitan Council from strictly local matters like community zoning codes, school systems, police, traffic regulations, or street lighting, so local politicians did not feel threatened. They still had important functions to fulfill.

The council had the power to make regional decisions on major sewers, highway routes, mass transit, solid waste disposal, parks and open space, airport sites, and regional planning. Policies were to be carried out through semi-independent commissions. The Metropolitan Council would review all plans and projects of local governments and special agencies, and if local plans conflicted with the regional plan, the Council could stop them. It was also empowered to review local requests for federal aid; its opposition could kill local proposals.

The Metropolitan Council has used its veto power more vigorously than anyone expected. Twice, in controversial decisions, it struck down proposals by the Airport Commission to build a huge second airport in an ecologically unfavorable area. It blocked construction of a $3 billion rapid transit system after studies indicated the network would carry only seven percent of the region's jobholders to work. (One of the region's problems is its poor bus system, the only public transportation available.)

Metro also has forced reluctant suburbs to accept subsidized housing and has barred the building of new freeways through Minneapolis and St. Paul. In April the state legislature increased the council's power to plan future growth: Metro was told to produce a detailed regional capital improvement program for sewers, open space, transportation, and solid waste by summer 1977. Local governments and school districts were given three years to produce their own plans for review by the Metropolitan Council, which also was empowered to stop any projects of metropolitan significance that are inconsistent with the regional plan. This new power over local governments includes the authority to stop major private developments like the building of new suburban subdivisions.

A proposal for direct election of the 17-member Metropolitan Council failed to pass the State Senate, where it has been stopped in the past. The Council is appointed by the governor from specially created districts of roughly equal population, with the chairman selected at large. The one-man-one-vote districts, carefully designed to cross jurisdictional boundaries (like legislative districts), helps free the members from local pressures and parochial interests.

Ted Kolderie, who heads the influential Minneapolis Citizen League, which helped initiate the Metropolitan Council idea, believes that similar structures in Washington or elsewhere must be set up by state governments. He spoke disparagingly of voluntary councils of government that exist in Washington and most other metropolitan areas. He said they are "institutions that take up people's time and clutter up the landscape. They cannot be effective where there are issues of conflict."

Kolderie warned that local officials will not cooperate in setting up metropolitan governments; they will kill them if they can. Minneapolis, he pointed out, is a town rich in active public life with a strong tradition of public participation and a deep involvement in the community. That is why Metro was organized, he says, and that is why is works.

Minneapolis Tribune editor Charles Bailey, who was the newspaper's Washington correspondent for 18 years, said the financial crunch has yet to come to Minneapolis. The local amenities are good, he added. There is an immense park system and the lakes are clean. Much of the area's ambience, even during the winter months, comes from the ever-growing recreational activities offered by the numerous lakes and wooded areas close to the city.

"There is a tradition of clean government," Bailey added. "There is citizen participation and the population is sophisticated. Scandinavians may be cold people, but good government is deeply ingrained in the Scandinavian tradition."

Bailey said the "Chinese Wall" mentality among jurisdictions doesn't exist in the Twin Cities; he calls the recently passed "fair tax law" a breakthrough that exemplifies area-wide cooperation. The fair tax plan, usually called the Fiscal Disparities Act, was a proposal of the nonpartisan, 3,000-member Citizen League; it's a national first aimed at stopping destructive rivalry among cities and suburbs for new businesses and industries and the tax revenue they bring. The law allows individual localities to keep only 60 percent of tax revenue from new commercial and industrial property and from increased assessments on existing property of the same type. The 40-percent difference is distributed among the 300-odd taxing districts in the area. the law is too recently passed to measure what affect it is having.

Governor Wendell Anderson, a strong supporter of the Metropolitan Council, believes that the fiscal disparity plan will become a national model. "With fiscal disparity everyone has a share in everything, a piece of the action," he said. "It helps solidify the feeling of belonging, the sense of community."

Charles Bailey, who left as Washington bureau chief three years ago to become editor, said he isn't certain the Twin Cities metropolitan experience is exportable, especially to Washington. Bailey, who considers himself a Washingtonian and plans to return eventually to a home he owns at 30th and Albemarle, thinks we can learn from the Minneapolis experience but he adds that Washington has the more difficult problem of bringing together two states and the federal presence.

JESSUP CELEBRATES CENTENNIAL

Mr. HUGH SCOTT. Mr. President, I want to take this opportunity to congratulate the citizens of Jessup, Pa., who next month will be celebrating the centennial of their township.

It is a happy circumstance that this growing northeastern Pennsylvania community should join its own founding celebration with that of our Nation. I know Jessup is the kind of town which exemplifies the community spirit which is the root of the American spirit.

On July 31, the townspeople of Jessup will join in celebrating their centennial with a parade and other appropriate activities.

As the people of Jessup rededicate themselves to continued progress through civic pride, I add my salute to them for their progress over this century. I know they will continue to work hard and grow as a community. Happy birthday, Jessup.

NEW ELEMENTS DISCOVERED AT FLORIDA STATE UNIVERSITY

Mr. CHILES. Mr. President, I wish to recognize a most significant academic accomplishment which promises to open new areas in scientific and technical study. A team of scientists at Florida State University culminated a 7-year research effort last Thursday with the discovery of at least three—and possibly six—new chemical elements. If confirmed, these would be the first naturally occurring stable elements to be discovered in 51 years.

The initial direction to the research began with the work of Dr. Robert E. Gentry. He brought his work to Florida State in order to utilize the available computer center, accelerator technology, and excellent team of researchers. The team, headed by Dr. Thomas Cahill, made the discovery on FSU's Tandem Van de Graaff accelerator while experimenting with X-radiation and particular air pollution phenomena. Other faculty involved with the project included Dr. Neil R. Fletcher, Dr. Larry R. Medsker, Dr. J. William Nelson, and Henry C Kaufmann.

The researchers are confident that their find may have far-reaching implications in nuclear physics and in an understanding of the origin of the Earth. The new "superheavy natural elements" were discovered in very old Monazite rocks from an ore bed in southern Africa. Therefore, the evidence implies that the elements possess considerable stability and may be as old as the Earth itself.

Verification of the evidence by the scientific community would have considerable impact in research and outside the laboratory as well. For example, applications in the fields of medicine, biology, food, and nuclear medicine are foreseen, ranging from use in sophisticated pace-makers to X-ray without radiation danger and cancer therapy.

We Floridians are particularly proud of this achievement as a testament to the strong, productive, and exciting work being performed in our State university system. We are even the more proud to be taking part in scientific and cultural advancement and in addressing our Nation's problems; and we extend our congratulations to the institution and to all of the hard-working individuals involved.

DISC—WHO GETS THE WINDFALLS?

Mr. KENNEDY. Mr. President, the current issue of Tax Notes contains an excellent factual analysis of the various beneficiaries of DISC, the controversial export tax subsidy in the Internal Revenue Code.

The analysis, which is for 1975 data, bears out the recent Treasury DISC report, which indicated that in 1973, 52 percent of net income of DISC operations accrued to only 11 percent of the DISCS, belonging to 249 corporations with assets of $250 million or more, and 39 percent went to only 23 corporations.

The Tax Notes analysis, based on data reported to the SEC, shows that 30 percent of the $1.3 billion in DISC tax subsidies in 1975 went to 109 large firms.

Mr. President, many of us believe that DISC is an extremely wasteful and inefficient tax subsidy that ought to be repealed. The Tax Notes study demonstrates how lucrative the DISC windfall actually is for some of the Nation's largest corporations. This sort of upside-down tax welfare has no place in our tax laws.

Mr. President, Tax Notes has performed a useful public service in compiling this data, and I ask unanimous consent that the study be printed in the RECORD.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

[From "Tax Notes," June 21, 1976, pp. 7-11]

LARGE FIRMS ARE MAJOR DISC BENEFICIARIES

A Tax Notes study of 1975 data supports an earlier Treasury Department finding that the bulk of benefits arising from the domestic international sales corporation (DISC) tax subsidy goes to the nation's largest companies. According to data reported to the Securities and Exchange Commission, 30% of the $1.3 billion in 1975 tax savings due to DISC went to 109 firms on the Fortune magazine list of the 500 largest industrial corporations. As of December of 1975, there were 8,258 DISCs, according to the Treasury.

In its report, released last April 13, on DISC year 1974 (roughly, calendar 1973), the Treasury said 52% of the net income of the 2,333 DISCs with corporate owners for which asset size is available, accrued to 11% of the DISCs whose parent companies' assets were at least $250 million.

The revenue costs of DISC for the 109 firms in the Tax Notes survey begin on page 8. The negative 1975 figures for American Petrofina, Inc. and Reichhold Corp. are due to timing differences that resulted in taxes being paid on previously deferred DISC income.

MAJOR DISC BENEFICIARIES[1]

Corporations[2]	Revenue cost of DISC, 1975	Cumulative revenue cost of DISC, 1972–75
Air Products & Chemicals, Inc	[3] $707,301	[4] $1,220,898
Allis-Chalmers Corp	[3] 1,296,240	3,531,140
American Hoist & Derrick Co	[3] 1,413,433	[5] 2,820,926
American Petrofina, Inc	[6] (597,000)	[5][6] 6,747,000
Bausch & Lomb, Inc	418,000	[5] 1,039,000
Bell & Howell Co	Not disclosed	[7][8] 2,460,000
Boeing Co	8,500,000	[5] 28,200,000
Borden, Inc	Not disclosed	Not disclosed
Borg-Warner Corp	[3] 2,882,000	[4] 11,169,800
Brunswick Corp	Not disclosed	1,500,000
Bucyrus-Erie Co	2,626,000	[5] 4,490,000
Burlington Industries, Inc	[3] 1,345,932	[4] 2,795,932
Cameron Iron Works, Inc	2,723,000	[5] 5,445,000
Carrier Corp	1,898,000	[5] 5,486,000
Caterpillar Tractor Co	6,000,000	15,300,000
Cessna Aircraft Co	1,383,378	[4] 4,523,110
Cincinnati Milacron, Inc	625,000	[5] 1,730,000
Clark Equipment Co	2,500,000	[5] 5,200,000
Colt Industries, Inc	3,681,000	[4][9] 8,809,000
Cone Mills Corp	[3] 1,589,991	[4] 2,480,993
Control Data Corp	Not disclosed	[5] 7,215,054
Cook Industries, Inc	5,801,000	[5] 16,173,000
Corning Glass Works	1,432,000	[4] 5,347,000
Dan River, Inc	511,000	[4] 862,000
Dresser Industries, Inc	[3] 6,741,000	[5] 10,473,000
E. I. DuPont DeNemours & Co	[3] 14,043,000	[4] 31,769,800
Eastman Kodak Co	[11] 25,600,000	[5][11] 73,000,000
Emerson Electric Co	[3] 3,092,079	[4][12] 5,384,239
Envirotech Corp	677,000	[5] 1,265,000
Federal-Mogul Corp	553,000	[5][13] 2,016,000
Fieldcrest Mills, Inc	87,000	[5] 238,000
Flavorland Industries, Inc	86,200	[4] 210,200
FMC Corp	[3] 9,096,000	23,669,000
Foster Wheeler Corp	Not disclosed	[14] 749,000
Foxboro Co	545,000	1,790,000
General Dynamics Corp	Not disclosed	Not disclosed
General Electric Co	[15] 63,392,000	[5][15] 148,570,200
Gould, Inc	[3] 1,019,694	[4] 1,745,757
Great Northern Nekoosa Corp	[3] 1,551,312	4,779,823
Harris Corp	[3] 1,421,904	3,917,657
Hercules, Inc	[3][11] 406,500	[5][11] 1,602,418
Hewlett-Packard Co	Not disclosed	Not disclosed
Hobart Corp	[16] 52,274	[4][16] 497,473
Honeywell Finance, Inc	Not disclosed	Not disclosed
Hughes Tool Co	[3] 2,475,693	[4] 4,014,755
I-T-E Imperial Corp	1,077,000	[4][6] 1,975,000
Ingersoll-Rand Co	6,007,000	[4] 10,388,000
Inmont Corp	Not disclosed	[5] 443,000
International Harvester Co	[3] 4,199,400	[5] 6,805,060
International Minerals & Chemical Corp	Not disclosed	Not disclosed
Iowa Beef Processors, Inc	494,000	[5] 1,374,000
Kane Miller Corp	190,000	725,000
Lear Siegler, Inc	937,919	1,073,290
Levi Strauss & Co	376,000	2,163,000
Lockheed Aircraft Corp	13,300,000	[5][22] 6,410,000
Lykes Youngstown Corp	[3] 4,380,000	7,403,850
MacMillan, Inc	596,000	[5] 1,791,000
MBPXL Corp	Not disclosed	[5] 390,381
McDonnell Douglas Corp	14,214,632	48,943,310
McGraw-Edison Co	1,228,000	2,633,000
McLouth Steel Corp	2,213,000	[5][17] 8,513,000
Merck & Co	9,425,000	[4] 17,717,000
Monfort of Colorado, Inc	15,318	[4] 363,110
Monsanto Co	[3] 13,208,900	[4] 22,825,500
Nashua Corp	[3] 240,370	[4] 1,016,046
Northrop Corp	6,780,000	[5] 9,725,000
Northwest Industries, Inc	[3] 4,258,800	[4][18] 11,393,274
Occidental Petroleum Corp	8,607,000	[4] 17,419,000
Olin Corp	[3] 4,701,844	[5] 9,887,980
Outboard Marine Corp	781,000	[5] 3,774,000
Peabody Galion Corp	[3] 460,408	[4] 712,348
Pennwalt Corp	Not disclosed	Not disclosed
Pillsbury Co	7,514,000	[4] 13,991,000
Pittston Co	Not disclosed	[5][19] 2,061,000
Polaroid Corp	[3] 2,465,480	[5] 5,034,315
Pullman, Inc	3,298,000	[4] 4,749,000
Purex Corp	[3] 749,840	[5] 1,632,938
Raytheon Co	2,600,000	[5] 6,291,000
Reichhold Chemicals, Inc	(570,000)	[4] 1,651,000
Rexnord, Inc	[3] 677,600	[5] 1,484,900
Riviana Foods, Inc	778,000	[4] 884,000
Rockwell International Corp	[3] 3,506,000	[5] 10,199,300
Rohm & Haas Co	2,790,000	[4] 6,583,000
Saxton Industries, Inc	394,227	[4] 637,238
SCM Industries, Inc	1,978,700	[4] 2,982,500
Sheller Globe Corp	[3] 736,587	[4] 841,832
Signal Companies, Inc	7,227,000	[4] 12,254,000
Signode Corp	Not disclosed	Not disclosed
Simmons Co	Not disclosed	Not disclosed
Singer Co	800,000	[5] 3,100,000
A. O. Smith Corp	397,000	[5] 1,365,000
Spencer Foods, Inc	[3] 144,815	[4] 318,801
Stauffer Chemical Co	[20] 1,100,000	[20] 8,700,000
Sundstrand Corp	2,567,000	7,221,000
Tecumseh Products Co	[3] 361,887	[4] 1,145,583
Tektronix, Inc	4,385,000	10,836,895
Teledyne, Inc	5,700,000	[4] 9,300,000
Textron, Inc	7,576,000	[4] 12,390,000
TRW, Inc	[3] 3,870,405	[4] 6,515,400
Union Camp Corp	[3] 2,356,215	[5] 4,951,677
Union Carbide Corp	9,200,000	[4] 22,500,000
United Technologies Corp	4,000,000	16,500,000
U.S. Industries, Inc	[3] 711,626	[5] 1,903,171
V.F. Corp	Not disclosed	Not disclosed
Warner Communications, Inc	3,400,000	[4] 6,400,000
Westinghouse Electric Corp	[12] 31,011,000	[5][12] 80,680,000
Willamette Industries, Inc	801,000	[4] 1,301,000
White Consolidated Industries, Inc	[3] 3,167,034	[5] 6,237,677
White Motor Corp	Not disclosed	Not disclosed
Revenue cost of DISC	390,961,939	928,745,557

FOOTNOTES

1. Corporations were selected on the basis of their having DISC subsidiaries and also being listed among the 500 largest industrial companies in 1975 according to Fortune magazine. To determine which firms had DISCs, Tax Notes consulted Disclosure Journal (published by Disclosure, Inc.), which lists corporations that report specific items on their 10 K forms filed with the Securities and Exchange Commission. Thus, it is possible that some firms in the Fortune 500 which have DISCs were not included in the Tax Notes survey though the number probably is not substantial.

2. Figures are based on each firm's 1975 fiscal year and include consolidated subsidiaries and affiliates.

3. Revenue costs were computed by multiplying the net income before taxes times the DISC percentage tax rate benefit reported by the companies.

4. Only for years 1974–75.

5. Only for years 1973–75.

6. Also includes tax benefits from foreign international sales corporations, which are used for imports.

7. Also includes tax benefits from international subsidiaries.

8. Only for years 1973–74.

9. Also includes tax benefits from capital gains.

10. Also includes tax benefits from foreign earnings.

11. Also includes tax benefits from export sales.

12. Also includes tax benefits from Western Hemisphere trade corporation and U.S. possessions corporations.

13. Also includes tax benefits from Western Hemisphere trade corporation.

14. Only for 1974.

15. Also includes consolidated affiliate earnings subject to aggregate effective tax rates generally less than 48%.

16. Also includes foreign, state and local taxes, and miscellaneous items which are individually less than 5% of computed tax expense.

17. Also includes investment tax credits, percentage depletion and dividend-received deductions related to investments in mining, pelletizing and affiliated companies.

18. Also includes non-taxable earnings from foreign rates.

19. Company did not disclose tax saving in 1975 but had unremitted earnings from DISC totaling $10,797,000 at December 31, 1975.

20. Also includes tax benefits from undistributed earnings of consolidated domestic and foreign subsidiaries.

21. Previously known as United Aircraft Corp.

22. Lockheed had no profits against which to take DISC benefits until recent years. Thus, the 1975 tax benefit is much higher than the cumulative benefit.

DIVESTITURE IS NOT THE ANSWER

Mr. BARTLETT. Mr. President, Tommy G. Costakis, vice president and head of First of Tulsa's petroleum division, prepared an informative article including some eye-opening statistics regarding the oil industry's so-called monopolistic practices. By indicating the number of companies involved in the oil industry and by comparing the increase in prices of other commodities to gasoline, he has shown that the oil industry is far less monopolistic than some Members of Congress are led to believe.

I ask unanimous consent that the article, "Divestiture Is Not the Answer," by Tommy Costakis, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DIVESTITURE IS NOT THE ANSWER

(By Tommy Costakis)

For some months various Congressional Committees have been making great efforts to break up the major oil companies into smaller units restricted to separate functions. This whole process by Congress is called a divestiture. Supporters of divestiture are charging the major oil companies with a monopoly of the oil industry. They claim divestiture will increase competition and lead to lower prices for consumers.

A subcommittee of the Judiciary Committee of the U.S. Senate recently approved, and referred to the full committee, draft legislation to break up a number of the larger oil companies. Simply stated, this bill would give each affected company five years to break itself apart and each company could operate in only one of three areas: producing, pipeline transportation, or refining-marketing. Some members of Congress are even in favor of having refining as a separate unit or company from marketing.

Many consumers of the country are confused over the issue and are being influenced by the publicity being accorded to the Congressional proponents of divestiture and are convinced that a monopoly exists in the Petroleum Industry. Let us examine fairly the degree of concentration of the Domestic Petroleum Industry:

Ten thousand different firms explore for and produce crude oil and natural gas in the U.S. No one company accounts for more than 11% of the oil and gas production. The top 4 account for only 31%; the top 8 for 50%.

One hundred thirty-one different U.S. companies refine oil products. The largest refiner has less than 9% of total U.S. refining capacity. The top 4 refiners have 32%; the top 8 refiners account for 57%.

100 separate U.S. pipeline companies engage in interstate movement of crude oil and products. Additional pipeline companies operate intrastate. Owners of pipelines are regulated by the Interstate Commerce Commission and are prohibited by law from discriminating against non-owners in the shipment of oil through pipelines.

15,000 U.S. wholesale oil distributors and 18,000 suppliers of fuel oil compete for business at the marketing level. The largest marketer for all petroleum products accounts for just a little more than 11% of the business. The top 4 have just 32%; the top 8 have 54%.

300,000 U.S. retailers of gasoline, 95% of whom are independent businessmen, compete for motorists' business. The top marketer of gasoline has 8% of the business. The top 4 have 30%; the top 8 have 52%. In any fair-sized city, motorists have a choice of 9 or 10 different brands of gasoline. In most states motorists can choose among as many as 28 different brands.

The above statistics are even more significant when you consider that the petroleum industry ranks only 27th in a list of 46 industries in its degree of concentration. In fact, the oil industry ranks well below the average for all manufacturing industries. One of the chief complaints of the consumer has been higher gasoline prices. Advocates of divestiture blame the major oil companies, when in fact the real culprit has been the enormous increase in the price of foreign oil by the O.P.E.C. nations and not the major oil companies. The United States is now importing more than 50% of its petroleum needs from foreign sources at a cost of approximately $14 per barrel delivered. Since we do supply approximately 50% of our own petroleum needs, gasoline in the United States is still a bargain at present prices compared to the $1 to $1.50 per gallon cost in other parts of the world. Let me quote some figures from a study recently completed by *U.S. Oilweek*, comparing the increase in prices in the U.S. of some other commodities as compared to gasoline:

In 1920, a loaf of bread cost 11.5¢—compared to a 1975 price of 37¢. An increase of 222%.

In 1920, a quart of milk cost 16¢—compared to a 1975 price of 47¢. An increase of 194%.

In 1920, the hourly wage of a truck driver was 47¢—compared to a 1975 wage of $5.38. An increase of 1,052%.

In 1920, a post card cost 1¢—compared to a 1975 price of 9¢. An increase of 800%.

In 1920, congressional salaries averaged $7,500—compared to $42,500 in 1975. An increase of 466%.

In 1920, a gallon of gasoline (excluding tax) cost 29.8¢—compared to a 1975 price of 47¢. An increase of only 58%.

You can single out literally hundreds of products or services and you will find greater increases in prices than in petroleum products.

There are serious discrepancies between what the advocates of divestiture say they want to accomplish and what would actually happen should their proposals be enacted into law. They say they want more competition and greater energy independence. In fact, divestiture would not enhance competition in an industry which by any reasonable measure is already highly competitive. It would bring a loss of efficiency in operations, higher costs to the consumer and, in all probability, a diversion of investment funds from the industry. At a time when the need to develop new energy sources is greater than ever, some congressmen are proposing action which would cause us to produce less at home and import more from abroad.

The U.S. petroleum industry is the envy of the rest of the world through its advanced technology and its efficiency, and has served the consumers and the nation well. Government intervention and controls have created uncertainties within the industry, seriously impairing the exploration and development of new reserves. As long as this type of climate persists, the consumer will be the one that suffers as there will be increased dependency on foreign imported oil at a higher cost. Certainly, during these times of energy shortages, this is not the time to experiment with such an important industry which has proven itself over so many years.

Divestiture in all probability will take years to accomplish and once accomplished cannot be undone. The private sector has given us the most efficient and economic energy industry in the world. Let's keep it. We know what it costs when government tries to run things.

ARAB BOYCOTT DETAILED; ADMINISTRATION INACTION HIGHLIGHTED

Mr. RIBICOFF. Mr. President, the Arab boycott of Israel has recently attracted the attention of some of the nation's leading newspapers, and earlier this week I shared with my colleagues a Washington Post editorial which focused on the extensive impact of this policy. While the administration maintains its claims that its antiboycott measures have been effective, additional publications have joined in the effort to inform the public of the severe implications of this intolerable practice. Principally, the Wall Street Journal has devoted a recent editorial to this matter. In "Bucking the Boycott" the Journal declared:

> Arab governments should be told that American businessmen will not be allowed to do the work of enforcing the boycott, either by discriminating against Jewish personnel or by refusing to deal with other companies solely because of connections with Israel.

The administration is content to assure Congress that this message will be conveyed in the proper ways, but while we are waiting for the lesson to be learned, thousands of American businesses continue to suffer.

The Wall Street Journal today featured an article entitled "How Arab Countries Are Trying To Punish Firms Helping Israel," which highlights the pervasive and truly damaging effects of this discriminatory practice. After reading this article, one must seriously question the administration's optimistic claims. This article depicts the great extent and impact of the boycott network and illustrates the corrosive effects that legislation now before Congress is designed to counteract. The time has come for affirmative action to eliminate this dangerous practice.

Mr. President, I ask unanimous consent that the article from today's Wall Street Journal be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Mideast Blacklist: How Arab Countries Are Trying to Punish Firms Helping Israel—Ford, Liz Taylor, Coca-Cola Banned; but Companies Try to, Do Get Off List; A Large Market Is at Stake

(By Ray Vicker)

Damascus, Syria.—Mohammed Mahmoud Mahgoub has a degree in economics and law, a pencil mustache, a diplomatic manner and a list of bad guys—Ford Motor Co., Elizabeth Taylor and Coca-Cola Co., to name a few.

The list makes Mr. Mahgoub an important man in international business. He is commissioner general of the Arab League's central office for the boycott of Israel. And he has been pretty busy lately, blacklisting and delisting companies around the world that are seeking a share in the $80 billion flowing each year into the treasuries of Mideast oil-producing nations. If your company is on Mr. Mahgoub's list, that means your company is too pro-Israel, and it is likely to get precious few of those dollars.

Lots of companies are trying to get off or stay off Mr. Mahgoub's list of baddies. He cheerfully thumbs through a stack of letters from such firms. "Letters are pouring in," he says, "and the bulk of them are from American companies."

A look at the boycott office shows how it is conducting its economic war on Israel. As more businessmen fall into line with the boycott, the blacklist is dwindling. Today, it numbers about 1,500 companies, about 40% of them American. A separate list shows 600 individuals. A few years ago, the corporate list was larger. Just how much larger Mr. Mahgoub won't say, though he does say that 60% of the companies on it were American.

NO U.S. LAW AGAINST BOYCOTT

In Israel and the U.S., the boycott has aroused passions. U.S. law fails to forbid American companies from participating in the boycott against Israel. But the law does require companies to notify the Commerce Department of the participation in the boycott or of any Arab request for their participation. The Anti-Defamation League of B'nai B'rith, a leading Jewish organization, has sued the department in an attempt to require it to release more information to the public about the boycott reports that companies file.

Specifically, the league wants the department to make public the letters it sends to companies accusing them of violating reporting requirements and to make public all boycott reports submitted by American companies.

Arabs, for their part, make no bones about their determination to retaliate against any move to weaken their boycott. "Western Europe and Japan stand ready to replace the United States as Saudi Arabia's principal trading partner should the U.S. deny this market to itself," says Soliman A-Solaim, a Johns Hopkins graduate who serves as Saudi Arabia's minister of commerce in Riyadh.

In another Riyadh office, Farouk Akhdar, general director of a royal Saudi commission responsible for spending some $30 billion in development funds, says: "We will not allow anyone to dictate to us how we shall conduct our affairs. We must make it plain. Any interference with the Arab boycott will negatively affect the U.S. position. We will not do business with companies which substantially improve the economy of our enemy."

BIAS AGAINST JEWS DENIED

To Arab nations, still in a state of war with Israel, the boycott is a perfectly defensible weapon. Arab officials insist that it isn't intended to discriminate against Jews, or against persons of any race or religion. "This is a point I want to make because there are so many misconceptions about our position," Mr. Mahgoub says. "Arab countries do deal with Jewish firms, while there are some Moslem companies on our blacklist. The boycott is aimed at Israel and at those companies which contribute to the promotion of Israel's aggressive economy or to its war effort."

The boycott is many years old. Early in 1946, more than two years before the creation of Israel, the Arab League declared that "products of Palestinian Jews are to be considered undesirable in Arab countries." By 1948, when Israel was created, the boycott office was established. But the boycott seemed to have little effect on Israel until 1973, when the Mideast oil cartel decided to raise oil prices and quadruple its oil income.

In general, the blacklist applies to companies and individuals who have invested in Israel, contributed substantially to it or sold strategic goods to it. The sale of consumer goods to Israel won't get a company blacklisted because, the reasoning goes, this compels Israel to part with dollars or other scarce foreign exchange. Coca-Cola, the Arabs say, could have exported all the Cokes it wanted to Israel without being blacklisted. But when it licensed a bottler in Israel, it was blacklisted.

WHAT'S BAD FOR FORD . . .

Ford sold cars in Israel and in Arab countries before 1966 without trouble. The company was blacklisted when it began assembling cars in Israel. Today, Fords are rarely seen in Arab lands. General Motors vehicles are everywhere. And Mr. Mahgoub says Ford won't be permitted to build an assembly plant in Egypt, as it has tried to do, unless it gets rid of its Israel operation.

Under pressure from the Arabs, British Leyland Motor Co. withdrew from a joint venture in Israel. Last spring, British Leyland and 87 subsidiaires were rewarded by being removed from the blacklist. Today, new Leyland buses ply Baghdad's streets, part of a recent order for 100 new buses to replace a decades-old fleet.

Though there is no convenient way to measure the boycott's damage to Israel, Arabs believe the boycott has hurt. "What better evidence could you have of your success than to hear your enemy hollering?" a British-educated Kuwaiti says. Israel and Zionist organizations are trying to persuade foreign governments to take a stand against the boycott, but only in the U.S. have they met with much response. Japanese and Western European companies, the Arabs say, have been eager to seize Mideast markets surrendered by blacklisted American companies.

Arabs say that companies in the Netherlands, long considered friendly with Israel, have been especially eager to get off the blacklist. Phillips Lamp, an official says, is one of those that have been successful. But Japan, he says "is the country that tries hardest to be on the good side of the Arabs."

The boycott office's headquarters are in a four-story villa on a quiet Damascus avenue across from the Syrian foreign ministry. The American Embassy is in walking distance. But American officials have been warned by Washington to avoid the boycott office lest anyone infer that the U.S. sanctions it. Mr. Mahgoub is secretive about the size of his staff and its methods of operation. "When you are in a war you don't tell the enemy about the size of your forces and how you deploy them," he says.

Syria's diplomatic list shows five officials at the boycott office. The size of the headquarters suggests that, including clerical and other nonofficial employes, the staff numbers fewer than 20.

But the boycott office itself is only one arm of the Arab League's total boycott effort. The 20-nation league mans offices around the world that gather information and deal with companies trying to get off or stay off the blacklist. In New York, the Arab League distributes boycott literature and clarifies regulations for companies. Also, each Arab nation maintains its own national boycott office—in Syria, in the ministry of defense; in Kuwait, the ministry of communications, and in Saudi Arabia, the commerce ministry.

Besides the Arab League offices, economic staffs of Arab embassies around the world gather intelligence for the boycott office. And it draws from the Palestine Liberation Organization, whose staff of Hebrew specialists culls every news publication printed in Israel and those of Zionist organizations abroad for leads to companies that may be helping Israel. Not long ago, a visitor found several of these staffers hard at work in Beirut even as shells and rocket fire exploded a few blocks away.

REASONS FOR SECRECY

Jews and others question the consistency and accuracy of the work produced by the boycott researchers. "I've seen a blacklist with misspelled names and names of companies you couldn't even find," a businessman in New York says. Boycott officials strongly deny that their work is capricious or inaccurate. But they no longer will make the blacklist public.

One reason for this, Mr. Mahgoub says, is that the list changes too frequently. Twice a year, boycott representatives of the Arab nations meet to revise the blacklist and boycott regulations. Between meetings, however, the boycott office often polls national representatives by mail on proposed changes in the list. Thus the list is likely to change from week to week. "A list may be outdated by the time it is distributed," Mr. Mahgoub says.

Too, he says, the lists once published were exploited by confidence men who approached listed companies and solicited funds to get them delisted. He says: "This office is the most bribe-proof you can find anywhere. All members of the Arab League must vote in the affirmative before a company can be taken off that list. There is just no way that anybody could bribe all the 20 national members."

Still another reason for not publishing the blacklist, Mr. Mahgoub says, is to keep it out of the hands of Israeli sympathizers who might try themselves to boycott or picket companies not on the blacklist.

In blacklisting Israel's friends, boycott officials say, they ignore trivial assistance. But they do try to keep tab on large personal contributions, including purchases of Israeli bonds. "We are not interested in the person giving a hundred or two hundred dollars to an Israeli fund drive," Mr. Mahgoub says. But Elizabeth Taylor, officials say, has contributed as much as $100,000 a year to Israel, and for that reason she is on the blacklist. This means that her movies cannot legally be shown in Arab countries.

The boycott office concedes that some companies failing to respond to questionnaires about investment in Israel may appear on the blacklist merely because of their failure to respond. But the office says it promptly answers inquiries from companies about their blacklist status. Over the years, the office says, some 3,000 companies have been delisted after providing documentation that they were not substantially assisting the Israeli economy.

Once on the blacklist, about the only way a company can get off it is to show that it has no significant links with Israel or to sever such links, if it does have them. Although U.S. Treasury Secretary William

Simon told Congress recently that Arabs are considering the exemption from the boycott of firms whose investment in Arab lands exceeds their stake in Israel, the Arab League right now appears unwilling to take such a step.

The change would be helpful to Egypt, which is willing for Ford to build a plant. Egypt still could press, under a hardship clause in the boycott agreement, to get Ford exempted from the blacklist on the ground that Egypt is being damaged more than Israel in keeping Ford out. But Mr. Mahgoub insists that Ford won't be allowed in the Arab world unless it first gets out of Israel. A source in the Arab League says: "Ford has become a sort of pro-Israel symbol, along with Coca-Cola, in the Arab world. I doubt that any Arab country would challenge the whole Arab world by taking unilateral action that favors Ford or Coca-Cola."

Ford's plan to build a plant in Egypt is now in limbo.

PRESQUE ISLE PENINSULA PROJECT

Mr. HUGH SCOTT. Mr. President, I am delighted to join my distinguished Pennsylvania colleague (Mr. SCHWEIKER) in cosponsoring S. 1201. This legislation will provide an offshore breakwater erosion control project for the Presque Isle Peninsula in Erie, Pa. It is the next step in our long continuing efforts to find a way to protect our beautiful Presque Isle. The project is much needed and very important to all Pennsylvanians.

Presque Isle Peninsula is located at Erie, Pa., on the south shore of Lake Erie. The peninsula is a sandpit that arches lakeward in a northeasterly direction from its narrow connection with the mainland just west of the city of Erie. The lakewood perimeter of the entire formation is about 9 miles. Encircled between the peninsula and the mainland is Erie Harbor, the eastern part of which has been improved as a Federal deep-draft navigation project. Practically the entire 3,200-acre peninsula is owned by the Commonwealth of Pennsylvania and is developed as a park. The park provides facilities for bathing, boating, hiking, fishing, and picnicking. Extensive acreages are also set aside for botanical and biological studies. The United States owns two small parcels of land, one near the harbor entrance, the other near the lighthouse, which are occupied by Coast Guard facilities.

Thus, Presque Isle Peninsula is one of Pennsylvania's major recreation attractions. It possesses great historical significance as well—Admiral Perry used it as his base during the battle of Lake Erie in the War of 1812. As I have said, Presque Isle State Park is located on it, and it forms and protects Erie Harbor, universally recognized as being one of the finest natural harbors in the entire Great Lake system.

Because of its location and geological formation, however, the peninsula is constantly attacked by the forces of nature in the form of littoral currents and storm-generated wave action. Records over the past 150 years indicated that the peninsula has a tendency to, very gradually, move northeasterly along the Lake Erie shore; and is constantly being eroded from the shore line near its root and neck and transported to, and deposited at its distal end. On several occasions in the past, the peninsula has been breached during severe storms. In spite of these natural forces, however, the peninsula and Presque Isle State Park have become so intimately involved in the Commonwealth's historic, social, and economic structure that unusual and drastic measures must be taken to assure its continued stability and usefulness.

The Park, administered by the Pennsylvania State Park and Harbor Commission of Erie, contains approximately 3,200 acres. Each year it attracts an average of 3.5 million visitors who contribute over $60 million to the local economy. This high recreational usage has significantly added to the economy of the Erie area; commercial activity in the port is also vital to the local economic base.

For these reasons, Senator SCHWEIKER and I have had a continuing great interest in the peninsula and have strongly supported its development and maintenance. We are very glad that the Corps of Engineers have finalized their study and has devised for us a suitable way to provide a permanent-type protection facility to protect this great natural resource. This is what the people of Erie want. They deserve no less.

In 1956, the Federal Government in cooperation with the Commonwealth of Pennsylvania completed an erosion control project. Since that time, the project has proven to be inadequate. Beaches along the neck have become so depleted than an emergency program was initiated in February 1973 to protect the Federal structures along the neck of the peninsula. Experience has shown that sand replenishment requirements have exceeded design estimates. The replenishment materials having the required graduation are not available from practicable sources in the quantities needed to assured beach stabilization. Some type of continual protection is necessary for the beach areas that are subjected to critical erosion.

The proposed plan which I seek to have authorized calls for an initial sand replenishment program to provide a minimum beach berm of 60 feet along approximately 5.5 miles of lake frontage and protection by five sections of offshore rubblemound breakwaters would consist of several segments, each 500 feet long and separated by a 100-foot gap. The breakwaters would have a crest height of 8.5 feet above low water datum and would be located from 800 to 1,150 feet offshore. These breakwaters will absorb wave action, prevent erosion, and permit accretion of replenishment sand.

The estimated cost of the project is $21.4 million of which the Federal share is $15 million. The benefit-cost ratio is 2.0.

I am pleased that careful consideration has been given to the environmental and esthetic impact of this project. The planned work should have little adverse impact on the continued natural geologic growth of the peninsula's eastern end. Under existing conditions, littoral currents erode sand from the west beaches and deposit it on the eastern tip, forming a complicated network of ponds and sand dune ridges. These ponds and ridges constitute a setting for a unique ecological laboratory where the processes of plant and animal succession can be studied in ecosystems varying in age from 1 year to several centuries. The district engineer tells me that the proposed rubblemound breakwaters would interrupt the view of the horizon, but would have an appearance in harmony with the coastal area. He further advises that the proposed provisions for bypassing sufficient quantities of sand to effectively nourish downrift areas will continue to produce the desired geologic growth of the peninsula, and will preserve its unique environment. This is how our constituents wanted things to be done. I am glad to relate the good news.

I urge serious and favorable Senate action on our project.

NEW YORK CITY CAN MAKE IT!

Mr. PROXMIRE. Mr. President, I would like to call to the attention of my colleagues an excellent article on New York City's financial situation appearing in Wednesday's Wall Street Journal. The title of the article is "Behind all the Uproar, Officials Begin to Feel New York Can Make It." In essence, it says what I have been saying all along—that New York City can come through and pay off its Federal loans and balance its budget by June 30, 1978—but only if it can make a lot of hard, tough decisions to cut spending and restore fiscal integrity.

The city is now up against the tightest crunch it has faced since the dark days of last fall, when it hovered continually on the brink of bankruptcy. Between now and June 30, New York City has to repay the remaining $500 million in Federal loans for fiscal year 1976, reach agreement on new labor contracts covering 161,000 city workers—without allowing any overall raise in pay, and approve a credible financial plan to wipe out a projected fiscal year 1978 deficit of slightly over $1 billion. It has to do this in order to qualify to receive as much as $1.1 billion in Federal loans which the city says it needs on July 2. The repayment requirement is written into the basic law, the New York City Seasonal Financing Act; and Treasury Secretary Simon, who administers the law, has said the other conditions must be met in order for him to make the determination that there is a "reasonable prospect of repayment" of loans provided in fiscal year 1977.

The article describes the climate of thought now present in New York City:

> The hopefulness about the (labor) negotiations and the cautious optimism about the overall struggle represent quite a change from last November and December, when officials seemed to feel that the situation was desperate, almost impossible. The attitude today is yes, there will be continual flaps and crises, but somehow the city will muddle through.

Mr. President, I ask unanimous consent that the full text of the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Fiscal Daylight—Behind All the Uproar, Officials Begin To Feel New York Can Make It

(By Frederick Andrews)

New York.—It isn't reflected in the unceasing blasts and counterblasts, but a wary optimism is taking hold among the city, state and federal officials dealing with New York City's financial plight.

The officials feel that maybe New York can really pull it off, just so long as the city isn't left to its own devices and can continue to bear the pain.

The city's goal is to achieve financial respectability, once again attract private lenders and regain control over its own financial affairs. The deadline for achieving all this is July 1, 1978, when federal help is scheduled to run out.

As the city struggles, intermediate deadlines always seem to be lurking around the corner, and the blasts and counterblasts generally grow louder as these deadlines approach. At the moment, two deadlines lurk, both on June 30, next Wednesday, the last day of fiscal 1976.

That is the due date for repayment of $500 million still outstanding in federal "seasonal" loans. These loans, totaling $1.26 billion so far, have not only helped to sustain New York; they have also become the federal government's most effective club to use on the city: If you want the money, do what we say.

CONTRACTS EXPIRING

June 30 is also the expiration date of the city's main union contracts, covering 161,000 policemen, firemen, and social-service, sanitation and clerical workers. New York's emergency financial plan assumes that the city's total wage costs won't go up a nickel.

The two deadlines are ominously linked by a warning from Treasury Secretary William Simon, who is authorized to determine whether the city will get new U.S. loans. He has indicated that unless New York holds the line on wages, federal loan assistance will end.

It is highly unlikely that Mr. Simon will decide to pull the plug and throw the city's affairs into chaos. Almost no one seriously doubts the city's ability to pay off the loans by next Wednesday. And while officials don't minimize the difficulty of the union negotiations, they seem hopeful that the recent transit pact, traditionally a bellwether agreement, will prove a turning point. It did hold the line on pay.

The hopefulness about the negotiations and the cautious optimism about the overall struggle represent quite a change from last November and December, when officials seemed to feel that the situation was desperate, almost impossible. The attitude today is yes, there will be continual flaps and crises, but somehow the city will muddle through.

"GOING SO WELL"

"So many things are going so well," says Robert Gerard, the No. 1 Treasury man on the New York scene. But he adds: "This is a situation that depends on a couple of big decisions. One is what happens with the wage talks. The other is solid agreement on a solid (financial) plan and the will at all levels to carry it out."

That will is often questioned. The city is accused of not doing enough and is ordered to do more; it replies that it is doing all it can, that the overseers are unreasonable. But the bottom line is this: The city has to do what it's told to do or it will lose aid and inevitably default on its obligations. It doesn't want to default and then be ruled by a bankruptcy judge because it fears that that road to financial respectability would be the longest and hardest road of all. So, many observers believe, the city will continue to do all it can, and more, suffering as it does so but finding its way back.

The city has already done plenty. Every day provides evidence of this. The city university runs out of money and city budgeters force it to impose tuition for the first time; the city, which has cut off funds to 26 day-care centers out of 245, decides to cut off 49 more on July 1; the Health and Hospitals Corporation, its payroll down to 37,970 employes from 46,780, is ordered to make more cuts.

47,000 FEWER EMPLOYES

As of May 31, the city's total payroll had dropped by 47,412 employes since Jan. 1, 1975—to 247,110 from 294,522. Perhaps 24,000 employes had been laid off; the rest of the decline results from attrition. In his budget message last March, when the cuts had virtually all been made (more will come in the new fiscal year), Mayor Beame ticked off some examples of what budget cutting has meant:

The number of policemen has been cut 13.7%, with "substantial decreases in enforcement efforts."

The number of firemen has also been cut 13.7%. Sixteen fire companies have been eliminated.

The parks and playgrounds payroll has been cut 25%. Forty percent of the city's playgrounds are unstaffed. "The general appearance of parks and playgrounds is deteriorating," the mayor said.

Another example: The sanitation department has lost 2,500 employes and is down to about 8,000. Until the fiscal crisis, all of Manhattan, half of the Bronx and one-fourth of Brooklyn were on six garbage collections a week. They were all cut to three a week. (In extreme cases, the rate was raised back up, to five a week.) Other areas of the city were on three collections a week and have generally been cut to two.

Some observers don't entirely trust the city's facts and figures. It nevertheless seems clear that, increasingly, the city is pawning tomorrow to scrape together another nickel for today.

But while the city seems determined to demonstrate its willingness to order severe cutbacks, at times it also seems to be praying somehow to be spared the full ordeal. Some prominent business people contend that the budgetary goals are too tough for the city's long-run good.

These goals are set forth in a three-year financial plan required under the New York State Financial Emergency Act passed last September. The act created a state-dominated Emergency Financial Control Board, headed by Gov. Hugh Carey, to assume the city's fiscal powers. The measure also required the city to submit to the board a plan for balancing the city's budget by fiscal 1978. The control board and the city are under an obligation to keep the plan current—that is, to revise it as revenue estimates or actual receipts change, as spending exceeds expectations, or as proposed cost reductions do or don't materialize.

The plan had to be thrown together in great haste last October to meet deadlines set in the law. Last March, the city worked up the first major revision of the plan and found that substantially more cutting was necessary to achieve a balanced budget by fiscal 1978. Originally the city had estimated it needed to reduce the scale of its spending by $724 million to close the gap; the revised plan pushed that figure up to $1.062 billion—$200 million in the year now ending, $379 million in fiscal 1977, and $483 million in fiscal 1978 The expenses budget in that last year would be $12.3 billion.

Right now the revised plan is in the hands of the control board. Stephen Berger, its executive director, has recommended that the board tell the city to speed up some of its cuts and come up with more of them. The board is scheduled to pass judgment on the revised plan today.

Those who call the budgetary goals too tough are worried lest such goals throttle any economic recovery, and they consider a vibrant economy the city's only long-term hope. They urge a relaxation of the requirement that New York City balance its budget by fiscal 1978. Those taking this stand include Felix Rohatyn, chairman of the Municipal Assistance Corporation (MAC), the agency set us by Gov. Carey a year ago to save the city from default.

By contrast, such Washington figures as Sen. William Proxmire, the Wisconsin Democrat who heads the Senate Banking Committee, bristle at the notion of any extension—and they have the support of some city officials, such as Budget Director Donald Kummerfeld, who contend that the sooner the city balances its budget, the sooner its revival will come. "We all went into it with eyes open," Sen. Proxmire says. A recent report by his committee said, "It would be folly for anyone to assume that the committee would support an extension."

The Banking Committee is involved in all this because it formulated the legislation under which the federal government joined in a three-year "rescue plan" put together last December by the city, state and federal governments, plus the banks and municipal unions. The committee continues to exercise the power of oversight in connection with the federal role.

The rescue plan incorporates the state's requirement that the city balance its budget by fiscal 1978. In return for acceding to this timetable, the city won a financing package consisting of the federal seasonal loans, a state-enacted three-year moratorium on $1.6 billion in short-term city paper then coming due, and purchases of MAC bonds by banks and municipal-union pension funds. State Controller Arthur Levitt named a longtime aide, Sidney Schwartz, as a special deputy state controller to monitor the city's performance.

That performance is "on target," says Mr. Kummerfeld, the new city budget director drafted from Wall Street. Unavoidably, there is "slippage," he concedes, but when savings aren't materializing as planned, he says, the city is methodically and painfully substituting other cuts.

Mr. Kummerfeld, whose hard-pressed staff has put out literally millions of figures and who can himself be coldly candid about the city's plight, finds it "ridiculous" that some people still don't trust the city's numbers and accuse it of hiding things.

Nevertheless, hardly a day passes without some state or federal official raising hard questions about the city's financial plan. (Indeed, Mr. Kummerfeld himself won't flatly predict that New York will accomplish its goal.) The city's closest monitor, Mr. Schwartz, has repeatedly warned that New York is lagging substantially behind its cost-reduction goals for this fiscal year. As of March 31, he reckoned, the city was 20% to 64% behind, an allegation denied by city officials. The expense budget for fiscal 1976 was $12.764 billion, which it was calculated would yield a deficit of $1,052 billion.

DRACONIAN ASSUMPTIONS

Skepticism and disbelief run even deeper concerning the coming two years. For one thing, the financial plan makes some draconian assumption, such as committing the city to offset any price increases in its purchases by cutting down on the amount it buys. But the plan's "most glaring weakness," according to the Senate Banking Committee, is its reliance on the state or federal government to take over certain city programs. Of fiscal 1977's proposed cuts, 14% rest on state or federal action. Of fiscal 1978's, 50% do.

Many of Mr. Schwartz's objections have been echoed in a report to the Emergency Financial Control Board by Mr. Berger, its executive director. Mr. Berger said that Mayor Beame's latest austerity plan should be rejected because of baseless assumptions and unfeasible cuts. Among the assumptions was a plan to have the state take over the city's court and probation costs at a two-year saving of $121 million, and issue not yet touched by the legislature.

Mr. Berger's report prompted Gov. Carey on June 4 to call on Mayor Beame to increase his austerity measures sharply in the coming year. The city reacted angrily to the report, but Mr. Berger himself says, "I don't think there's much difference between us." The main differences, he says, are these: He expects more slippage than city officials do; he wants some cuts moved up to fiscal 1977 from fiscal 1978; and he feels he can't approve of such speculative plans as the court and probation transfer.

If the state and federal overseers didn't exist, the Beame administration would probably have to invent them; they allow the city to tell everybody, "Look, we don't like this any more than you do, but they are making us do it."

Thus, a critical report by the Banking Committee helped stiffen the control board's resolve in the transit agreement; the board ordered the contract rewritten to tie even cost-of-living pay adjustments to increases in productivity.

AGREEMENT PRESSED

Similarly, the Treasury, in addition to its general warning about holding the wage line, has issued another regarding the current negotiations. It has advised the city that no funds will be advanced until solid agreements in principle are reached to hold wage costs steady. The city figures it will need $1.05 billion in federal aid to get through July and $350 million more to get through August.

These federal loans are called seasonal because they are intended to provide the city with short-term financing. Like other cities, New York has cash needs that don't match the flow of its tax receipts. Its spending is fairly even month by month, but tax collections tend to come in lumps. Under the rescue plan, the federal government may advance New York City up to $2.3 billion outstanding at any one time, but everything must be repaid by June 30 each year. Before the Treasury can make advances—which are clearly essential to the city—Secretary Simon must certify that there is reasonable prospect of repayment.

No matter how much the city actually accomplishes, if people don't believe it, then the private lending market won't reopen to the city after June 30, 1978, and the whole exercise will have been a failure. The city not only must make drastic cuts; it also must persuade a highly skeptical national audience that it has made them, that it has made them in good faith, and that it intends to keep pursuing its newfound fiscal responsibility. The recent report by the Proxmire committee strongly emphasizes this need to regain investor confidence. It also suggests that no matter how effectively the city implements the three-year plan, it may need state aid for an interim period after June 30, 1978.

A CREDIBILITY ITEM

The Beame administration didn't improve its credibility with the committee by including in the plan a proposal to transfer certain New York public-housing programs to federal rent subsidies. Athough the city document clearly stated that federal approval was needed and although the proposed two-year saving was only $55 million, a small sum by New York standards, the Proxmire committee jumped all over the plan when Carla Hills, Secretary of Housing and Urban Development, testified that no New York official had even broached the idea to her department.

Like the rent-subsidy proposal, so much else in the city's financial plan depends on factors beyond the city's control. One steady danger is that New York's innumerable pressure groups and agencies will wreck the plan by single-mindedly pursuing their own interests. Mr. Berger of the control board puts it this way:

"In the most democratic of all cities, where one has been able to fight City Hall and win, we are now in a position where if you fight City Hall and win, we all lose."

Many agencies still respond to budget chopping in time-honored ways, offering up the most inflammatory service cuts and protecting pockets of cronies. Mr. Schwartz, the special deputy state controller, found that only one city agency, the Department of Mental Health and Retardation Services, had drawn up a comprehensive, written analysis of how it would implement fiscal 1977 cutbacks. And Mr. Berger, shown the agencies' initial proposals for the fiscal 1977 reductions, said:

"There were a couple of commissioners I would have fired on the spot and a lot more I would have called in and chewed out up and down the line."

Still, agency chiefs are being held to monthly expenditure controls for the first time, says John Zuccotti, first deputy mayor. And it is generally conceded that the city is making at least some progress with Mr. Zuccotti's pet projects like "management by objectives."

The idea is to promote flexibility and efficiency by pruning away traditional regulations and substituting clear spending limits and explicit performance standards. The fire department, for example, says its performance hasn't yet been significantly impaired, although ladder companies now are manned by five men instead of six and engine companies are manned by four men instead of five.

TWO SIDES OF ATTRITION

Even bright spots generally have a discouraging side. For instance, attrition, among citiy workers has run unexpectedly high, thus sparing the city additional layoffs. (In the current fiscal year, the sanitation department had expected attrition to total 500; it turned out to be 1,200.) But that attrition indicates, in addition to a high retirement rate, that any city employe who can get a job elsewhere is doing so. That means the city is losing many of its best and youngest workers. Among those who remain, morale is understandably low—in management as well as in the rank and file. Retaining its middle-management staff has become a critical problem for the city. And although New York is eager to rejuvenate its management, it is having "a terrible time" getting good people to sign on, Mr. Berger of the control board says.

Perhaps the three-year plan shouldn't be so sacrosanct. Mr. Rohatyn, the chairman of the Municipal Assistance Corporation, thinks it shouldn't be.

"In the face of economic stagnation," he says, "we have cut costs, we have created unemployment, we have raised taxes, and we have perpetuated the recession in the city—but we had no choice." Now, however, he sees a risk of "a fiscal and management success, and a social disaster." He fears that the short-term sacrifies being exacted may do "irreparable damage to the social fabric" and poison longer-run hopes of economic revival. He urges an extension of the three-year plan to five or seven years.

Others, however, argue that the stricter the methods the city adopts now, the sooner the revival will start. "The longer we stretch out," says Mr. Kummerfeld, the city's budget director, "the longer it will be before we can get into the capital market and support economic development."

PROPOSED ARMS SALES

Mr. SPARKMAN. Mr. President, section 36(b) of the Foreign Military Sales Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million. Upon such notification, the Congress has 20 calendar days during which the sale may be prohibited by means of a concurrent resoltuion. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notification I have just received. A portion of the notification, which is classified information, has been deleted for publication, but is available to Senators in the office of the Foreign Relations Committee, room S-116 in the Capitol.

There being no objection, the notification was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
June 24, 1976.

In reply refer to: I-4609/76.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding herewith Transmittal No. 76-57, concerning the Department of the Air Force's proposed Letter of Offer to the Republic of China for an estimated cost of $95.1 million.

Sincerely,

H. M. FISH,
Lieutenant General, USAF, Director, Defense Security Assistance Agency and Deputy Assistant Secretary (ISA), Security Assistance.

CONFIDENTIAL—TRANSMITTAL NO. 76-57

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Foreign Military Sales Act, as amended

(a) *Prospective Purchaser:* Republic of China.

(b) *Total Estimated Value:* $95.1 million

(c) *Description of Articles or Services Offered:*

[Deleted.]

(d) *Military Department:* Air Force

(e) *Date Report Delivered to Congress:* 25 Jun 1976

[Deleted.]

(Classified by DSAA Comptroller. Subject to general declassification schedule of executive order 11652. Automatically downgraded at two year intervals. Declassified on 31 Dec. 82.)

DEFENSE DEPARTMENT SHOULD WITHDRAW PROPOSED SIDEWINDER MISSILE SALE TO SAUDI ARABIA

Mr. STONE. Mr. President, Aviation Week & Space Technology in its June 21 issue reports that the Senate Foreign Relations Committee has received advance notification of the intent of the Department of Defense to sell to Saudi Arabia 2,000 Sidewinder missiles.

This new proposed sale comes on the heels of a number of major military deals with Saudi Arabia including, but not limited to: At least 150 M-60 tanks; over 1,000 armored personnel carriers including model M-113 APC's and specialized APC's; additional Vulcan antiaircraft guns; as many as 1,000 Maverick

TV-guided missile bombs; over 4,000 Dragon wire guided antitank missiles; a proposed naval expansion project at Jubail and Jidda; the development of civilian port facilities at Maschau and Al Aribal; the sale of a $235 million cement plant for port construction; a major construction project for the Saudi Arabian ordinance corps; a $1.8 billion expansion of the Peace Hawk F–5E fighter program for Saudi Arabia; an announced $9 billion construction project by the Bechtel Corp.; and, the commercial sale of 6 so-called Triad batteries of improved Hawk missiles to Saudi Arabia which, in addition to the 10 existing now improved Hawk missile batteries, brings the number of conventional Hawk weapons to approximately 28 batteries. This latest commercial deal is valued at over $1.1 billion.

I do not question all of these sales to Saudi Arabia. Some of them make sense, for Saudi Arabia, like any other nation, has a right to defend its own territory. For example, the Hawk missile system is a legitimate air defense system if it is kept in fixed sites for the purpose of defending one's own territory. But if Saudi Hawk missiles were indeed transferred to Syria during the 1973 Yom Kippur war along with a Saudi Arabian military brigade, as Bill Beecher of the Boston Globe has reported on June 18, then the Hawk must be considered an offensive weapon.

No single criteria can be applied in determining what is legitimately defensive and what is offensive. To some extent it depends on the type of weapons system and the capability of the force that intends to deploy the weapons. However one rough guideline makes sense—if the number of weapons exceeds a nation's capability to employ the system it can be concluded that there are other, unknown, plans for that weapon.

Such is the case for the Sidewinder sale to Saudi Arabia, in my opinion.

The Sidewinder is a close-range air-to-air missile using infrared guidance. Essentially what it does is to follow a heat source such as a jet engine exhaust. It is used by aircraft in dogfights or against helicopters. The model proposed to be sold to Saudi Arabia is one of the most advanced models in the U.S. inventory. It is produced for our own services for delivery in the 1977–78 time periods. This Sidewinder model, called the AIM–9J, is said to have a kill rate against targets of 60 percent.

At the present time Saudi Arabia is said to have about 95 operational fighter aircraft of which 50 are F–5 models. The Sidewinder will fit on the F–5 aircraft. In the next few years Saudi Arabia will acquire additional F–5's—they recently purchased 20 more F–5F's from Northrop—leading to a complete fighter force of about 120 aircraft. Each aircraft conveniently carries two Sidewinders.

Saudi Arabia already has an ample number of Sidewinder missiles, consisting of 200 AIM–9J Sidewinders and 100 AIM–9B Sidewinders which can be upgraded to AIM–9J standards.

There does not seem to be any justification for a further large purchase of Sidewinder missiles. At the very most, 1 or 200 additional missiles would provide an abundant reserve for the Saudi air force.

I do not know why the Department of Defense is proposing such a massive sale to Saudi Arabia. I fear that this arsenal could be transferred to other countries engaged in hostilities for the Sidewinder is easily adaptable to a wide range of aircraft—American, European, and Soviet built. Even if the DOD thinks the sale may have some merit, at least in the minds of Saudi air force personnel, I believe it creates a temptation amongst Saudi Arabia's neighbors which will place great pressure on Saudi Arabia in the event of a conflict and force or persuade them to surrender or otherwise transfer these weapons to other military forces and thus a cutoff of all U.S. assistance pursuant to law to the contrary we should take actions which enhances improved relations and diminishes such risks.

I believe it to be in the best interests of all concerned that this advance notification sent to the Congress, pursuant to an agreement worked out with the Foreign Relations Committee, be withdrawn. If it is not withdrawn I believe the DOD and the State Department will find themselves in a difficult position which likely will damage our good relations with Saudi Arabia, for I do not believe the Congress can remain silent on this important matter.

The Philadelphia Inquirer, in an editorial on June 2, 1976, quite properly questions the wisdom of this sale.

I ask unanimous consent to have this editorial printed in the RECORD and urge all of my colleagues to join me in opposing this unnecessary inflammation of the arms race in the Middle East.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CURBS NEEDED ON ARMS SALES

> Saudi Arabia is reportedly seeking more than 1,900 Sidewinder interceptor missiles from the U.S., and the Pentagon, as usual, is eager to supply them.
>
> Now that's a tremendous number of Sidewinders. Does Saudi Arabia really need them, or that many? Whence comes the threat? Saudi Arabia is worried, or professes to be worried, about the possibility of a military attack by Iraq, whose radical regime gets its military supplies from the Soviet Union, or by Iran, which gets most of its weaponry from the U.S.
>
> The U.S. Arms Control and Disarmament Agency, thinks the Saudi Arabians could defend themselves with less, but the Pentagon seems to feel that if the Saudi Arabians think they're threatened, as they apparently do, and if they can pay $50 million for the Sidewinders, which they can without noticing it, then there ought to be no problem about the sale. Besides, the Saudi Arabians are our friends, more or less.
>
> That skirts another problem, however. Saudi Arabia has been bankrolling other Arab governments and terrorist groups in attacks on the Israelis, who are reliable friends. What is to prevent this new weaponry from being used in another Arab round against Israel?
>
> U.S. law, of course, prohibits such use, but that didn't stop the Turks on Cyprus and there's no reason to expect it would stop the Saudis if their Arab brothers got together in another holy war.
>
> Under another law, passed in 1975, the administration must submit major government arms transactions to Congress, which can block them by concurrent resolution of both chambers. The administration doesn't like that law and doesn't like a proviso, in the Senate-passed military aid bill, extending it to arms sales through commercial channels.
>
> The congressional veto, however, is useful. American arms sales abroad currently run in the area of $10 billion a year. The Pentagon would be happy if there were no restraints at all.
>
> That's exactly why they're needed.

FEDERAL NEWS EDITORS

Mr. PROXMIRE. Mr. President, columnist James J. Kilpatrick, describing the recent decision of the Federal Communications Commission to force a Clarksburg, W. Va., radio station to carry reports on strip mining, said that:

> When the FCC begins to function as a city desk, making assignments for TV and radio reporters, something is grossly wrong.

Mr. Kilpatrick is exactly right in his column, published in The Washington Star on Thursday, June 24.

There is no freedom of the press if one part of the press is beholden to Government. Broadcasting is part of the press, and it is the handmaiden of the FCC, an independent regulatory agency which is answerable to the Congress and whose Commissioners are appointed by the President with the advice and consent of the Senate. There is no doubt that the FCC is part of the Government.

And there is no doubt about why a free press was put into the first amendment and made part of the Constitution. It was put there to keep Government from becoming too powerful.

When the FCC, as an arm of Government, can tell any radio station or any television station what to put on the air—no matter how laudatory the FCC's intention might be—the Government has become too powerful.

Mr. Kilpatrick points out something very important—that there are two other AM radio stations, three FM station, one TV station and two daily newspapers in Clarksburg.

Those outlets for news and opinion protect the diversity of opinion in Clarksburg. There is no need for the FCC to think for the license of WHAR. More important, there is no need for the FCC to try to think for the listeners to WHAR.

No need?

No right! No right under our Constitution.

It is time that we re-examine the Constitution.

There is no conservative, no liberal cant in asking that we look to the Constitution in operating this Government.

There is no bias toward the press—print or electronic—in asking that we adhere to the prohibition in the first amendment against diminishing the right of a free press.

It is time to remember that the right of a free press is one of the ways the authors of the first amendment had to guarantee the freedom of the first citizens of the United States and all citizens to follow.

The first amendment has not been changed.

Until it is changed, it means what it says.

The courts have been pretty clear about that when it comes to the print press. They have hedged when it comes to the broadcast press. But even so, they have equated the broadcast and the print press.

And even in the landmark case, the Supreme Court left itself an escape clause in case it was wrong about the first amendment and broadcasting.

If the broadcast press can be cowed by the Government, so can the print press. If you think not, remember that the Supreme Court is expected to rule soon on whether judges can gag the press in reporting court cases.

Abridge, that is, diminish, press freedom and our individual freedoms are also lessened.

It is time for the Congress to do its duty and examine the question of broadcaster freedom. With a ruling like that in the WHAR case, it is past time. The guarantee of citizen freedom may not be as ironclad as we thought.

Mr. President, I ask unanimous consent that the Kilpatrick column headlined, "Federal news editors," be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

Federal News Editors

(By James J. Kilpatrick)

The Federal Communications Commission handed down an opinion and an order the other day, laying down the law to radio station WHAR in Clarksburg, W. Va. The FCC's ruling carries implications that merit a moment of your time.

This was a case arising under the commission's "fairness doctrine," but it was a different kind of case. Here the charge was not that WHAR had presented only one side of a controversial issue. The complaint was that the station had presented neither side of a controversial issue.

Specifically, the charge was that on the issue of strip mining of coal, an issue "of extreme importance to the people of Clarksburg," the station had carried almost nothing at all. In its opinion and order of June 8, the commission sustained the charge and ordered WHAR to cover the story.

As Commissioner Glen O. Robinson pointed out in a separate statement, nothing quite like this has happened before. "This is the first time the commission has ever found that a particular issue of public controversy was so important that a licensee was compelled . . . to offer at least some programming addressing it." Robinson said he derived no satisfaction from participating in this precedent-setting case: "It goes against my grain to so intrude in the programming discretion of a licensee." But so long as the fairness doctrine is established law, he felt compelled to concur.

His colleagues defended their decisions in this fashion: "Without licensee compliance with the responsibility to cover adequately vital public issues, the obligation to present contrasting views would have little success as a means to inform the listening public. If the fairness doctrine is to have any meaningful impact, broadcasters must cover, at the very least, those topics which are of vital concern to their listeners."

The commission emphasized that it "has no intention of intruding on licensees' day-to-day editorial decision-making." It will continue to be the FCC's policy to defer to licensees' journalistic discretion, but "we must emphasize that that discretion is not absolute."

What about all this? The ruling dramatically underscores the forlorn status of broadcasters under the Constitution. Newspapers, magazines, books, pamphlets, billboards—all these are the legitimate children of the First Amendment. So far as governmental regulation is concerned, our discretion is indeed absolute.

Plainly, broadcasters enjoy no such protection. They are free to cover the news; they are free to editorialize—but they are free only to a point. At that point, the heavy hand of government descends.

The Clarksburg community has two other AM radio stations, three FM stations, a TV channel and two daily newspapers. Residents have easy access to national magazines and to network presentations. No one has suggested that any resident of Clarksburg is wholly uninformed about strip mining, merely because WHAR has maintained a timid and gutless silence. But the commission is not interested in what the people may have learned generally; the FCC's interest is in what they have learned—or not learned—from a single licensee.

The decision is troubling. It is not necessary to defend WHAR for its evident indifference to an issue of manifest concern in West Virginia. It is important to defend a news editor's right to be indifferent. This is one of the things that freedom of the press is all about. The fairness doctrine nullifies that right.

Thus far, the courts have upheld what Robinson describes as "this mischievous doctrine." Congress has shown no disposition to give broadcasters greater freedom. Apparently the licensees must live with the rule for a long time to come. But when the FCC begins to function as a city desk, making assignments for TV and radio reporters, something is grossly wrong.

COMMENTS FROM ILLINOIS ON THE COMPETITIVE NATURE OF THE U.S. GRAIN MARKET

Mr. CLARK. Mr. President, on behalf of the Senator from Illinois (Mr. PERCY), I ask unanimous consent to have printed in the RECORD the following comment which he telephoned this morning.

There being no objection, the comment was ordered to be printed in the RECORD, as follows:

Statement by Mr. Percy

As my colleagues know, the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee has been taking testimony on the structure and competitive nature of the world trade in grains. As part of these hearings, a number of witnesses have made allegations that there may be collusion in pricing on the U.S. grain market. Since this testimony was not documented nor in line with my own general perception of this market, I took the opportunity to meet last night. Thursday, June 24, 1976, in Galesburg with a group of outstanding members of the central Illinois agriculture community. They uniformally felt that the grain companies and grain markets in Illinois are highly, in fact intensively, competitive and they want less rather than more government intervention, regulation and control.

The following are a few of their comments:

George I. Inness, Rt. No. 3, Galesburg, Illinois—A farmer who sells corn and soy beans. "I certainly feel the present grain pricing problem and schedule is effective and government should not be more involved."

Ted Hennenfent, Watoga, Illinois—A farmer who sells corn and soy beans. "I feel that the grain selling system is very good and we don't need more government in grain sales."

Dean Grimes, Galesburg, Illinois—General Manager of Moorman Mfg. Co. Is a purchaser of grain products and a farmer. "I feel the present system of free enterprise is the only way. We do not want government control."

Ralph A. Anderson, Galesburg, Illinois—A farmer who sells corn and soy beans. "I feel in this area we have an effective program for our grain sales."

Max Robinson, Londol Mills, Illinois—A farmer of livestock, corn and beans. "I think the present system of marketing grains is good and would not want any changes."

Roland Spencer, Williamsfield, Illinois—"I am well pleased with the present method of marketing corn and soy beans and I believe in the free market system and would not want any change."

Richard M. Burgland, Galesburg, Illinois—Owner of a farm, not an operator. "Marketing of grain is one of the most important factors facing the farmer today. If the government would limit their participation in the marketing of grain, that would help greatly."

FOLLOWING THE ESTIMATES OF THE SOVIET GRAIN CROP

Mr. HUMPHREY. Mr. President, I wish to share with this body a recent report prepared by the USDA Task Force on the Soviet Grain Situation.

I want to point out the report because of the great importance of the Soviet supply situation for our own producers and consumers. I can recall last year when the Soviet harvest forecasts were estimated at 200 million metric tons in June, 195 million metric tons in early July, 185 million metric tons in late July, 180 million metric tons in early August, 160 million metric tons by late October and finally in early December a final estimate of 137 million metric tons.

I certainly am not predicting that the Soviet harvest will be declining along the same pattern this year. However, its importance to our Nation and world markets is of staggering importance.

We clearly do not yet have in place a food and agricultural policy which adequately deals with the possibility of both surplus and shortage in grain stocks throughout the world. This is an urgent need which I have been working on, and I certainly plan to follow the outlook for the Soviet harvest in the months ahead.

Mr. President, I ask unanimous consent that this report and the accompanying table be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

USDA's Task Force on the U.S.S.R. Grain Situation

INITIAL FORECAST OF 1976 USSR TOTAL GRAIN CROP

Several critical weeks of the main USSR spring-grain growing season are still ahead, but based on information available as of June 20, including weather reports through that date, the total grain harvest for 1976 is tentatively forecast at 190 million metric tons. Based on final reports of spring seeding progress, the estimate of total grain area for 1976 harvest is placed at 128 million hectares, about the same as 1975. With the exception of some areas in the Eastern portion of the USSR, weather conditions have been favorable in recent weeks, and this has helped considerably to offset the exceptionally poor condition which the winter wheat and barley were in at the start of the spring growing season.

For the winter grains, most regions now have adequate soil moisture to carry the crops through to harvest. Weather in the weeks remaining until harvest will be important mainly for quality, rather than quantity, and for the extent of harvest-time losses. The total winter grain outturn was earlier forecast at 45–50 million tons, but due to some further indications of poor stands, weed infestation, plus concern over rust damage in some area, the current estimate is placed at 44 million tons. This outturn represents a per hectare yield that would be about 20 percent below normal and about equal to the 1972 and 1975 lows.

Conditions thus far for spring wheat have been less than optimal; dryness and above-normal tempartures have been a problem in some regions such as north-eastern Kazakhstan and other portions of the eastern New Lands.

U.S.S.R. GRAINS: AREA, YIELD AND PRODUCTION

	W. wheat	S. wheat	All wheat	Total coarse grains	Other grains [1]	Total winter grains	Total all grains
Area (mil. ha):							
1971	20.7	43.3	64.0	44.0	9.9	31.5	117.9
1972	15.0	43.5	58.5	50.8	10.8	24.4	120.1
1973	18.3	44.8	63.1	52.3	11.3	26.9	126.7
1974	18.6	41.1	59.7	56.4	11.1	29.9	127.2
1975	19.6	42.4	62.0	55.3	10.6	29.2	127.9
Yield (tons/ha):							
1971	2.31	1.18	1.54	1.60	1.19	2.00	1.54
1972	1.96	1.30	1.47	1.39	1.09	1.67	1.40
1973	2.70	1.35	1.74	1.85	1.43	2.36	1.76
1974	2.40	.95	1.41	1.72	1.35	2.09	1.54
1975	1.87	.70	1.07	1.17	.87	1.66	1.09
Production (mil. MT):							
1971	47.8	51.0	98.8	70.6	11.8	62.9	181.2
1972	29.4	56.6	86.0	70.4	11.8	40.7	168.2
1973	49.4	60.3	109.8	96.5	16.2	63.5	222.5
1974	44.7	39.2	83.9	96.8	15.0	62.5	195.7
1975	36.6	29.5	66.1	64.6	9.2	48.6	139.9
1976:							
Area (mil. ha) (preliminary estimate)	16	43	59	58	11	26	128
Yield (tons/ha) (1st forecast)	2.06	0.98	1.27	1.71	1.45	1.69	1.48
Production (mil. MT) (1st forecast)	33	42	75	99	16	44	190

[1] Includes millet, buckwheat, rice, and pulses.

Source: USDA Task Force on U.S.S.R. grain situation, June 21 1976.

PERSISTENCE AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, virtually every day the Senate was in session during the past 9 years, I have urged this body to take action on the ratification of the genocide and other human rights conventions. With respect to the Genocide Convention, there has been widespread support for ratification in this adminstration, in previous administrations, from various legal groups and prominent members of the bar, among the press, and among many of my constituents.

Indeed, much of the original opposition to the Genocide Convention has abated in the last 20 years.

I genuinely believe that this lessening of resistance is attributable to the broader and deeper understanding of the provisions of this convention. It is a tribute to our deliberations in the Senate that an exhaustive analysis has been made of the many questions and issues raised by the convention. Eminent scholars, members of the bar, officials of the administration, and representatives from the United Nations have all demonstrated that those questions should be resolved in favor of ratification.

Therefore, I once again call upon my colleagues here in the Senate to act swiftly in their ratification of the Genocide Convention.

SENATOR CHILES DISCLOSES INCOME TAX RETURN AND FINANCIAL STATEMENT

Mr. CHILES. Mr. President, when I came to the Senate in 1971, I adopted a policy of making public my financial status so that anyone who desired could be aware of my financial interests and could utilize that information in judging my performance as a Senator.

I felt then—and do now even more strongly—that such personal financial disclosure by public officials is vitally important to regaining public confidence in the integrity of those who conduct the people's business. Therefore, I have each year voluntarily made public the finances of my wife and I. In addition I have sponsored and cosponsored financial disclosure legislation since early 1971. I continue to hope such legislation will gain congressional approval soon.

At this time, Mr. President, I am again voluntarily submitting a statement of the financial status of my wife and myself. This includes our joint income tax return for 1975 and a statement of holdings.

I ask unanimous consent to have printed in the RECORD the statement of financial status for my wife and myself and our joint income tax return for 1975.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
June 16, 1976.

Hon. FRANCIS R. VALEO,
Secretary of the Senate,
The Capitol, Washington, D.C.

DEAR MR. SECRETARY: My purpose in writing is to send to you a copy of the joint income tax return filed by my wife and myself for the year 1975 and a statement of financial status. This statement includes holding and liabilities and is compiled as of the end of December, 1975.

ASSETS

Cash in checking and savings accounts approximately $20,000.

Stocks and other securities (See Schedule A).

Real Estate (See Schedule B)

Miscellaneous Assets (See Schedule C).

LIABILITIES

Accounts payable, $500.

Notes payable, $130,000.

Most sincerely,

LAWTON CHILES.

Schedule A—Stock and other securities

Unlisted Securities:	Shares
Lake Bonny Properties, Inc. (⅓ equity)	875
Industrial Development, Inc	5
Wild Animal Kingdom	5,000
Over-the-counter stock:	
Anchor Investment Corp. of Florida (⅓ equity) less liabilities	4,728
Founder's Financial Corp	3,153
Hardwicke Companies, Inc	7,200
Auto Train Corp	5,000
Mattel	104
Listed securities:	
American Telephone & Telegraph	200
American Home Products	200
Marcor, Inc	1,020
Royal Trust Co. (TOR)	14

SCHEDULE B—REAL ESTATE

The Colonial Building, 910 S. Florida Ave., Lakeland, Fla.—Completed August 1966; 6 units, 5000 sq. ft. Lot—100' x 135'. One-half ownership. Mortgage—$37,417.54.

Red Lobster Inns—One-half ownership of buildings and property which are leased to the restaurant corporation (in which I have no interest):

Red Lobster Inn, Lakeland, Fla.—Completed January 1968 with addition November 1968. Mortgage—$133,540.73.

Red Lobster Inn, Daytona Beach, Fla.—Completed June 1969. Mortgage—$193,617.42.

Red Lobster Inn, Tampa, Fla.—Completed June 1969. Mortgage—$90,110.76.

Red Lobster Inn, St. Petersburg, Fla.—Completed October 1969. Mortgage—$197,835.80.

Secondary financing obligation on two of four units: $30,590.74.

From above properties, income received in 1975 was $90,573.

Manatee County, Fla. Property.—An undivided ½ interest in the N.W. ¼ of S.W. ¼ of Sec. 34, Township 34 South, Range 18 East. 40 acres in submerged land in Mantee County.

Real estate mortgage receivable—James I. Black, Jr. et ux—16⅔% ownership.

Residence: 940 Lake Hollingsworth Drive, Lakeland, Fla.—Mortgage—$31,750.

Residence: 6612 Malta Lane, McLean, Va.—Mortgage—$84,906.

Residence: Casa Del Mar, Apt. 10-C, 4621 Gulf of Mexico Drive, Longboat Key, Fla.—Mortgage—$21,500.

Real estate contracts receivable: Max Leider, et ux—16⅔% ownership. William M. Skipper, Jr., Trustee—16⅔% ownership.

SCHEDULE C—MISCELLANEOUS ASSETS

Furnishings.

Name: Lawton M. Jr., and Rhea G. Chiles.

Present home address: Federal Building, Lakeland, Fla. 33801.

Occupation: U.S. Senator; Spouse's: Housewife.

Filing Status: Married filing joint return (even if only one had income).

Exemptions: 5.

First names of dependent children: Lawton, III, Rhea Gay, Edward.

INCOME

Wages, $43,025.

Dividends, $2,722.

Interest income, $663.

Income other than wages, dividends, and interest, $84,742.

Total, $131,152.

Adjustments to income, $8,043.

Adjusted gross income, $123,109.

Tax from Schedule G, $41,037.

Credit for personal exemptions, $150.

Balance, $40,887.

Credits, $131.

Balance, $40,756.

Total Federal income tax withheld, $10,676.

1975 estimated tax payments, $25,200.

Total, $35,876.

Balance due IRS, $4,937.[1]

INCOME OTHER THAN WAGES, DIVIDENDS, AND INTEREST

Net loss from sale or exchange of capital assets (attach Schedule D), ($1,000).

Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E), $85,752.

Total, $84,742.

Adjustments to Income: Employee business expense, $8,043.

TAX COMPUTATION

Adjusted gross income, $123,109.

Itemize deductions, $26,170.

Subtotal, $96,939.

Exemptions, $3,750.

Taxable income, $93,189.

Credits: Investment credit, $131.

Medical and dental expenses, $127.

Taxes

Real estate, $1,501.

State and local gasoline, $264.

General sales, $548.

Personal property, $195.

Sales tax on automobiles, $299.

Total, $2,807.

Interest expense

Home mortgage, $3,719.

First Nat'l Bank of Lakeland, $7,754.

Clarendon Bank & Trust, $161.

Sears, $25.

Gulf Life, $1,815.

Total, $13,474.

Contributions

Cash contributions for which you have receipts, canceled checks or other written evidence, $3,666.

Church, $150.

U.S. Treasury, $350.

Total, $4,166.

Miscellaneous

Political contribution, $20.

Entertainment, $5,156.

Business gifts, $182.

Dues, $80.

Unreimbursed office expense, $158.

Total, $5,596.

Total summary of itemized deductions, $26,170.

DIVIDEND AND INTEREST INCOME

Dividend income—

(T) Anchor Investment Corp., $473.

(T) Lawyers Title Guaranty, $214

(T) Founders Financial Corp., $50.

(S) Founders Financial Corp., $72.

(J) James I. Black & Co., $35.

(S) James I. Black & Co., $5.

(S) Marcor, Inc., $1,020.

(S) American Home Products, $12.

(S) American Home Products, $270.

(T) Royal Trust Co., $11.

(S) American Telephone & Tel., $760.

Total, $2,922.

Interest income—

Prudential Ins. Co., $69.

Leider/Skipper, $594.

Total interest income, $663.

CAPITAL GAINS AND LOSSES

Net short-term loss, $31,000.

Long-term capital gains and losses—Assets held more than 6 months:

Founders Financial Corp. (20,000 shares), 1962–1965, sold 1975, $34,597, cost $68,820, loss $34,223.

National Medical Prop. (7,000 shares), 1969, sold 1975, $1,000, cost $3,500, loss $2,500.

1965 Installment Sale, 1975 collections at 84.13 percent, gain $126.

1971 Installment Sale, 1975 collections at 88.13 percent, gain $2,000.

Net long-term loss, $34,722.

SUMMARY OF PARTS I AND II

Net loss, $65,722.

Taxable income, as adjusted, $1,000.

RENT AND ROYALTY INCOME

Net loss from rents and royalties, $4,831.

Income or Losses from Partnerships, Estates or Trusts, Small Business Corporations:

Chiles & Ellsworth, $90,573.

Total, $35,742.

INCOME AVERAGING

Adjusted taxable income, $93,189.

30% of base period years, $87,279.

Average income, $5,910.

Computation of tax: $41,037.

Investment credit, $131.

Short-term capital loss carryover, $31,000.

Long-term capital loss carryover, $125.

Lake Hollingsworth:

- Rents received, $6,000.
- Expenses—
- Commissions, $780.
- Gardening, $350.
- Insurance, $155.
- Interest, $2,058.
- Maintenance, $137.
- Painting, $875.
- Pump repair, $100.
- Taxes and licenses, $824.
- Total, $5,279.

Casa Del Mar (9 months rented):

- Rents received, $1,109.
- Insurance, $102.
- Interest, $1,634.
- Maintenance, $293.
- Taxes and licenses, $777.
- Land rent, $315.
- Miscellaneous, $45.
- Utilities, $279.
- Total, $3,445.

Total expenses, $8,724.

SCHEDULE FOR DEPRECIATION CLAIMED ON SCHEDULE E

Group and guideline class or description of property; Date acquired; Cost or other basis; Depreciation allowed or allowable in prior years; Method of computing depreciation; Life or rate; Depreciation for this year:

Property A—House; 1969; $48,000; $2,400; S/L; 30; $1,600.

Property A—F&F; 7-1-73; $1,908; $1,072; S/L; 5; $382.

Total, $1,982.

Property B—Bldg.; 1972; $31,217; $1,731; S/L 30; $780 [2]

Property B—F&F; 1973; $3,024; $1,008; S/L; 5; 454 [2].

Total, $1,234.

Totals, cost, $84,149; depreciation, $3,216.

Schedule of congressional reimbursements and expenses

Reimbursements:	
Travel	$4, 298
Official expense	14, 533
Total	18, 831
Expenses:	
Travel	9, 341
Official expenses	14, 533
Cost of living Washington, D.C.[3]	3, 000
Total	26, 874

Excess expenses over reimbursements, $8,043.

I hereby certify that I was in a travel status in the Washington area, away from home, in the performance of my official duties as a Member of Congress, for 178 days during the taxable year, and my deductible living expenses while in such travel status amounted to $3,000.

LAWTON CHILES.

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[1] Includes $57 interest for period 4-16-76 through 6-15-76.

[3] See attached affidavit.

[2] Depreciation for nine months.

PALESTINIAN REFUGEES

Mr. ABOUREZK. Mr. President, the U.N. Security Council is now discussing the report of the Committee on the Exercise of the Inalienable Rights of the Palestinian People. The committee was established by the General Assembly of the United Nations on November 10, 1975.

A major recommendation of the report is that Palestinian refugees be given the opportunity to choose between repatriation and compensation in accordance with past U.N. resolutions which the United States of America has supported. Recently, over 250 American clergy endorsed that right for Palestinians in a petition circulated by a national organization, Search for Justice and Equality in Palestine. The clergy asked Israel to abide by the Universal Declaration of Human Rights which in article 13(2) states:

> Everyone has the right to leave any country, including his own, and to return to his country.

If we are zealous in our pursuit of this right for Soviet Jews, let us be just as zealous in our pursuit of this right for Palestinians who were forcefully evicted from their homes and property by Israeli terrorist groups in 1947–48.

I ask unanimous consent to have printed in the RECORD excerpts from the report of the Committee on the Exercise of the Inalienable Rights of the Palestinian People and the statement by American clergy.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

SUMMARY OF THE DELIBERATIONS

UNIQUE NATURE OF THE QUESTION OF PALESTINE

The members of the Committee emphasized the fact that the people of Palestine, inheritors of an ancient civilization, had commenced their struggle for independence early in the twentieth century and, as far back as the end of the Second World War, had been ready for independence. Nevertheless, and in spite of the anti-colonialist age that had dawned since the Second World War, the Palestinians, owing to a combination of circumstances, had suffered, instead, dispersal from their homes and deprivation of their inalienable rights and property. For 30 years, hundreds of thousands had been forced to live in destitution, many being cast in the role of refugee not once, but twice or even three times in their lifetime. This tragedy had been recognized by the international community as one that should no longer be tolerated.

RIGHT OF RETURN

It was emphasized that the inalienable rights of the Palestinian people to self-determination could be exercised only in Palestine. Consequently, the exercise of the individual right of the Palestinian to return to his homeland was a conditio sine qua non for the exercise by this people of its rights to self-determination, national independence and sovereignty.

In this respect, it was pointed out that Israel was under binding obligation to permit the return of all the Palestinian refugees displaced as a result of the hostilities of 1948 and 1967. This obligation flowed from the unreserved agreement by Israel to honour its commitments under the Charter of the United Nations, and from its specific undertaking, when applying for membership of the United Nations, to implement General Assembly resolutions 181 (II) of 29 November 1947, safeguarding the rights of the Palestinian Arabs inside Israel, and 194 (III) of 11 December 1948, concerning the right of Palestinian refugees to return to their homes or to choose compensation for their property. This undertaking was also clearly reflected in General Assembly resolution 273 (III). The Universal Declaration of Human Rights, as well as the Fourth Geneva Convention relative to the Protection of Civilian Persons in Time of War, of 12 August 1949, also contained relevant provisions concerning these rights. The States directly involved were parties to this Convention.

The opinion was expressed that whatever modalities or procedure were envisaged for the implementation of the right of return of the Palestinians—whether such return would be carried out by phases or by quotas according to a definite timetable—that right should be absolute for every Palestinian and must have priority over any other form of substitute arrangements, such as compensation. The Palestinians should be afforded the widest practical opportunities to exercise their right of return, in regard both to the time element and to procedural conditions. Only those Palestinians who would choose not to avail themselves of those opportunities after a pre-determined period of time should be considered as opting for compensation instead of actual repatriation. In this regard, it was recalled that an assessment of the value of the property left behind by displaced Palestinians had been made by the United Nations Conciliation Commission for Palestine and was available on microfilm in the archives of the United Nations.

To implement the right of return, a two-phase programme was proposed. In the first phase, the Palestinians displaced in 1967 should be allowed to return to the territories which have been under Israeli military occupation since 1967. In accordance with Security Council resolution 237 (1967), the return of these Palestinians should be immediate and not related to any other condition.

During this first phase, certain preparations should be undertaken for the second phase of such a programme, namely, the phase relating to the Palestinians displaced in 1948 from territories occupied by Israel before 1967. These preparations could involve the following elements:

(a) Designation or creation of a competent agency to be entrusted with the organizational and logistical aspects of the mass return of displaced Palestinians;

(b) Creation and financing of a fund for that purpose;

(c) Registration of displaced Palestinians other than those already registered with UNRWA;

(d) Request by either the Security Council or the General Assembly for an advisory opinion of the International Court of Justice, in accordance with Article 96 of the Charter of the United Nations, on certain legal aspects of the right of the Palestinians to return to their homes.

The problems related to the second phase—of Palestinians displaced between 1948 and 1967—would be solved on the basis of the relevant resolutions of the General Assembly and the Security Council and by agreement between the parties involved.

The suggestion concerning the unconditional return to their homes, in a first phase, of Palestinians displaced in 1967 was unanimously supported by the Committee as a judicious approach in the search for a solution to the question of Palestine. As for its practical implementation, several delegates expressed doubts as to whether those Palestinians would be able to exercise fully their right to return as long as the territories in question remained under foreign occupation. They felt that the presence of Israeli occupying forces might inhibit and adversely influence the free exercise of the right of return of the Palestinian people. In the view of those delegations, it would be made realistic to expect the Palestinians displaced in 1967 to exercise their right of return after Israel had vacated the occupied areas according to an established time-table.

It was emphasized that pending its withdrawal from the areas occupied in June 1967, Israel should release all political prisoners, dismantle its settlements and maintain intact all Arab property.

In the process of the withdrawal of the Israeli forces and of the return of the Palestinians displaced in 1967, the United Nations, acting as an intermediary, might be called upon to perform several functions. The United Nations might, for example, be entrusted with taking over from Israel the vacated areas, together with all essential services, which would thereafter be handed over to the Palestinian authorities. UNRWA could be requested by the Committee to have ready the details of the names, addresses and properties of the persons who had fled the country since 5 June 1967 and who wished to return. The United Nations might assist the Palestinian administration in establishing itself in the initial days followng Israeli withdrawal. The United Nations might also play a role in establishing communications between the West Bank and Gaza and in arranging access to Jerusalem. To undertake all these responsibilities, including arrangements for the return of the refugees, some special United Nations authority might need to be established.

The view was expressed by some delegations that in the performance of such interim functions, the United Nations might seek the co-operation of the League of Arab States, which was ready to contribute to the implementation of the inalienable rights of the Palestinian people.

It was suggested that, if necessary, the Security Council could establish a temporary United Nations peace-keeping force in the region and provide formal assurances of security so as to facilitate withdrawal by Israel from the occupied areas.

The opinion was shared that it was up to the Palestinian people, in the exercise of its right to self-determination, to decide when and how its national independence should be expressed within an independent entity of its own and in its territory, Palestine. No other party had the right to dictate to the Palestinian people the form, status or system of its entity or claim the authority to permit or to prevent the establishment of an independent Palestinian entity. The Palestinian people had the right freely to choose its own representatives and form of government. The Palestine Liberation Organization, which had been recognized by the Palestinian people, the United Nations, the League of Arab States, the Organization of African Unity and the overwhelming majority of world nations as the sole representative of the Palestinian people, was a guardian of the inalienable rights of this people. The Palestine Liberation Organization, consequently, was entitled to participate as a principal party in all peace efforts to resolve the Middle East problem.

[From the Boston Herald American, Dec. 31, 1975.]

PALESTINIANS' RETURN REQUESTED BY GROUP

A call for Israel to allow Palestinian Arab Christians and Moslems to return to their homeland was issued yesterday at a press conference held at Our Lady of Annunciation Church, West Roxbury.

Participants were Rev. Joseph Ryan, a professor at St. Joseph's University, Beirut, Lebanon, and Rev. John Elya, pastor of St. Joseph's Melkite Byzantine Catholic Church, Lawrence.

Fr. Ryan said similar announcements were being made in several locations across the nation simultaneously.

He said the appeal was being made in accordance with the Universal Declaration of Human Rights adopted by the United Nations 27 years ago stating, "Everyone has the right to leave any country, including his own and to return to his country."

According to Fr. Ryan, 230 American clergymen have signed a petition in behalf of the Palestinians.

He said 40 of the group are from Greater Boston and Worcester.

Among those listed as signatories are former Jesuit priests and activists, brothers Daniel and Philip Berrigan.

The petition is being circulated by SEARCH for Justice and Equality in Palestine, a national organization with offices in Washington and Boston.

Edmund R. Hanauer, executive director, said 1.5 million Palestinians were not living in their country.

F. Elya said the situation "was a case of racism."

FOREIGN INTELLIGENCE SURVEILLANCE ACT

Mr. ABOUREZK. Mr. President, last week the Judiciary Committee favorably reported S. 3197, the Foreign Intelligence Surveillance Act, by a vote of 11 to 1. Mine was one of those affirmative votes. Because of the intense interest in that legislation, I would like to take this opportunity to comment briefly on the bill and to describe some of its positive features and some of its shortcomings as well.

I was not a cosponsor of the original version of S. 3197, as introduced on March 23. In my view, that bill contained a number of objectionable provisions and failed to adequately relate to the existing electronic surveillance statute, chapter 119 of the United States Code. Many of these shortcomings were pointed out during the course of hearings on the bill. Since that time, negotiations between members of the committee and representatives of the Department of Justice have proved fruitful in resolving a good number of these difficulties. Each round of negotiations further refined and improved the bill until it reached its present form. As such, I believe this bill now strikes a reasonable balance between private and governmental interests in the area of electronic surveillance for foreign intelligence purposes.

The most important single provision of S. 3197 is its requirement that a judicial warrant, based upon probable cause, be secured before electronic surveillance for foreign intelligence gathering purposes be undertaken. This prior intervention of a judicial officer has long been viewed as a critical necessity by those of us in Congress who have pressed for reform in the national security wiretapping area. While no statute can wholly eliminate the potential for abuse, I am convinced that the warrant procedure of this bill will greatly reduce such potential.

The bill also includes additional safeguards. The definitions of "foreign power," "foreign agent" and "foreign intelligence information" have been tightened. The certification required of the Assistant to the President has been amended to require additional showings of relevance and need. The entire application hearing must now be on the record and the bill includes a clear exclusionary provision for illegally acquired information. If information or evidence derived from a foreign intelligence surveillance is sought to be introduced at trial, the Government will have the burden of going forward to prove that the surveillance was lawful. In order to make that determination, the judge can order that the court order and application be turned over to the defendant. If the defendant then moves to suppress the wiretap evidence or its fruits, the court can order further disclosure of surveillance information to the defendant or his counsel.

In addition, the "Presidential Power" section of the bill has been substantially redrafted and will be coupled with a repeal of section 2511(3) of title III, the old national security disclaimer. This new section has been carefully worded to make it clear that Congress is not recognizing any inherent constitutional power of the President to engage in warrantless electronic surveillance. I, for one, do not believe that any such power exists. If such a power should ultimately be recognized by the Supreme Court, however, the legislation places very stringent limits on the circumstances in which it may be employed and requires that the President notify Congress whenever such powers have been used.

Finally, the bill adopts the civil damages provisions of existing wiretap law and places an administrative control mechanism on the assistance which telephone companies may be directed to give to governmental agents engaged in wiretapping.

I regard these provisions as positive features of the revised bill. This is not to suggest, however, that the bill does not have its share of less desirable features and shortcomings. In order to present a balanced picture, these too must be noted.

Without doubt, the most objectionable feature of S. 3197 is the fact that it authorizes electronic surveillance of American citizens who are not engaged in criminal conduct. To some observers, that provision alone overrides all of the positive features of the bill and makes this legislation unacceptable. The Church committee, after reviewing this matter, concluded that only a criminal standard should be used as a basis for the electronic surveillance of American citizens.

I must admit that I, too, am troubled by this provision. To subject citizens to foreign intelligence electronic surveillance or engaging in "clandestine intelligence activities" is not the clear-cut standard that I would like to see in this legislation. Nor are all of my doubts resolved by Attorney General Levi's statement that most of the activities encompassed within this phrase would be criminal in nature. To the extent that any noncriminal conduct of American citizens can be the basis for a wiretap or electronic bug, the legislation goes further than I would personally prefer.

Why, then, accept the "clandestine intelligence activities" standard? There are, I believe, a number of reasons. First, and most simply, the bill contains more good than bad. In my view, the positive features of the bill, to which I have already alluded, outweigh its shortcomings. Moreover, the symbolic importance of passing this legislation at this time—a feat that very few would have predicted 90 days ago—militates in favor of passage.

Secondly, although the bill will allow for surveillance of Americans not engaged in crimes, I am fairly confident that the Department of Justice will be extremely sensitive about authorizing surveillance where no crime is alleged, in much the same way that the Department has authorized only one use of the warrantless 48-hour emergency surveillance under title III, despite the fact that such legislative authority has been on the books for almost 8 years.

Finally, I think the adoption of this less-than-criminal standard is a recognition of the fact that our espionage laws are hopelessly out of date and need immediate revision. This fact has been recognized both by Attorney General Levi in his testimony on this legislation and the Church committee, which specifically recommended that the Federal espionage statute (18 U.S.C. 792 et seq.) be reviewed by the appropriate congressional committees to determine "whether it should be amended to cover modern forms of foreign espionage including industrial, technological or economic espionage." These are exactly the forms of conduct which the Attorney General has offered, by way of example, as the type of noncriminal conduct which would be encompassed within the ambit of "clandestine intelligence activities."

In my view, the enactment of this legislation with its noncriminal standard should not be the end of the matter. I would hope that Congress will undertake the necessary law revision to bring within its scope these modern forms of espionage. Once that is done, I believe that the Foreign Intelligence Surveillance Act can be amended to require a criminal conduct standard for foreign intelligence electronic surveillance of U.S. citizens. But until that is done, I concur in the view of the Washington Post, which stated editorially on June 9 that these concerns "do not justify jettisoning a measure which is so sound in many respects."

Another undesirable feature of the bill is its lack of notice procedures. Under title III, those persons named in the court order and such other overheard parties as the judge may determine to be in the interest of justice are notified of the fact that their conversations have been monitored through electronic surveillance. Clearly, such a broad notice provision would be inappropriate in a statute of this type which deals with the gathering of foreign intelligence information from foreign agents. Yet, I believe that the bill ought to contain some procedure for serving notice on incidentally overheard American citizens who have no connection with foreign powers, foreign agents or foreign intelligence, particularly if the Government intends to make some use of the information so acquired. This is the one area where I believe notice should be required under the terms of this bill.

There are other, less serious, flaws in the bill as well. But these are primarily drafting problems which, I am confident, will be resolved by the time the bill reaches the floor. Furthermore, there is no reason to believe that the negotiating process, which has already brought us to this point, cannot continue while we attempt to seek acceptable solutions to the more substantial problem areas which remain.

Let me conclude with this observation: I believe that one of the most important things that this Congress must do before we adjourn this year is to bring foreign intelligence electronic surveillance under the rule of law. In my view, S. 3197 is not the perfect solution to the problem, but it represents a substantial and commendable step forward.

HOMILY BY WILLIAM CARDINAL BAUM

Mr. PASTORE. Mr. President, I have had occasion to read the homily delivered by William Cardinal Baum, the archbishop of Washington, at St. Matthew's Cathedral on May 9, the 10th World Communications Day.

This was the first major address by the Archbishop of the Nation's Capital after he had been elevated to the College of Cardinals of the Roman Catholic Church.

Cardinal Baum's homily is an inspiring oration in which he comments perceptively and incisively upon the enormous power and influence of our mass media, particularly radio and television.

I would like to share Cardinal Baum's wisdom with my colleagues who, I am confident, will enjoy this homily as thoroughly as did I. Therefore, Mr. President, I ask unanimous consent that Cardinal Baum's homily be printed in the Record.

There being no objection, the homily was ordered to be printed in the Record, as follows:

Homily, St. Matthew's Cathedral 10th
World Communications Day, May 9, 1976
William Cardinal Baum, Archbishop of
Washington

The theme for this tenth annual World Communications Day is: "Social Communication and the Fundamental Rights and Duties of Man."

According to the Pontifical Commission for Social Communications, this theme assumes "that the communications media will continuously announce the ideal of life that modern society is intuitively seeking, in order to build its progress and its course in history on something that each man possesses or hopes to acquire" (Reflections for Tenth World Communications Day).

It could be said that in the first reading of this Sunday liturgy, the apostles Peter and John were arrested for doing just that.

The reading contains St. Peter's proclamation of the gospel to the Sanhedrin, following his arrest. According to the account which precedes this reading, the Sadducees have arrested Peter and John for proclaiming "the resurrection of the dead."

What is at stake here is not just a theological dispute. Were it so, the Sadducees, who vigorously denied the doctrine of the resurrection, would have had to arrest all the Pharisees. In fact, they would have had to arrest most of the general populace who also believed in the resurrection. Nor is it exactly a matter of opposition to the apostles' claim that Jesus of Nazareth had risen from the dead. The problem is the connection drawn by the apostles between a current event—namely, the cure of a crippled man—and the power of the resurrection of Jesus.

Thus the proclamation of St. Peter: "this was done in the name of Jesus Christ the Nazarean whom you crucified and whom God raised from the dead. In the power of that name this man stands before you perfectly sound" (Acts 4, 10).

The followers of Jesus believe that he truly rose from the dead. The Church is now celebrating the Season of Easter, the feast of his resurrection. We believe that the power which accomplished this marvellous work is even now at work in those who accept the Risen Jesus as their Lord. Moreover, we believe that the entire world is to be transformed according to this power. The life of the Risen Jesus is precisely that gift which humanity is "intuitively seeking in order to build its progress and its course in history on something that each man possesses or hopes to acquire."

We have the responsibility of communicating this message to humanity. In doing this, we try to use all the modern means of social communication: the press, radio, television, motion pictures, etc. As His Holiness Pope Paul VI wrote recently: "The first proclamation (of the gospel), catechises or the further deepening of faith cannot do without these means . . . The Church would feel guilty before the Lord if she did not utilize these powerful means that human skill is daily rendering more perfect" (Evangelic Nuntiandi, 45).

Notice that our message concerns not only the destiny of each individual. It concerns the transformation of human society. Moreover, this transformation is not entirely a matter of a further event. It is taking place now, in current events.

We look at man's desires, at his efforts on behalf of justice and development and peace. We see in this yearning the indelible mark of God the Creator in the heart of man. The Resurrection of Jesus confirms and rescues these noble aspirations of the human heart. Still, it confronts us with the fact that the ultimate resolution of the human drama takes place in an order of life hidden from the eyes of the world. It is a matter of the victory of grace over the tragedy of sin. It is God's judgment against sin which accounts for the collapse of all those human efforts which are not in accordance with this vision of reality.

Therefore, in order to be aware of the true meaning of these current events it is necessary to have that capacity for "recognition" of which the second reading and the gospel of today's liturgy speak.

The Lord speaks of those who can "hear" His voice, even though they do not yet belong to his fold. The mission of those who have been given the undeserved gift of knowing the name of the Good Shepherd is to transmit his call to those waiting to hear it. When they do, they will be gathered together into that intimate and indestructible communion which fulfills all our dreams for unity and love. In the words of the gospel, "there shall be one flock then, one shepherd" (Jn. 10, 16).

But who are they that have that capacity to recognize the voice of the Lord? Who are those who can learn to interpret current events according to the mind of the Spirit of God?

It is they whose hearts condemn iniquity and injustice wherever found, which love what is good and abhor evil. It is they who recognize their duty of working for the promotion of human rights: "respect for human life from the first moment of existence; right to development of the individual and the culture in which he lives; right to a personal and communal relationship with God the Creator" (Pontifical Commissions for Social Communications, Reflections for Tenth World Communications Day).

On this day the Church reminds you who are responsible for the means of communications to assist these people in recognizing and carrying out their responsibilties.

You may do this by directly promoting a vision of what is important and valuable. Consider, for example, the influence of radio and T.V. commercials. What type of values do they reflect? Is it not so that at times products are presented as so absolutely necessary for a full human life that those who are not able to afford them are made to feel less human?

There is another way to assist—or hamper—an order of rights and duties which is consistent with the dignity of man. I have in mind the ability of the mass media to interpret the meaning of current events. This interpretation need not be done directly by advertising it as such. It often takes place by the very format of your presentations, and by the time and space which you devote to certain topics and spokesmen. Through these and other means a hidden, but real, interpretation is given to what is happening around us. Think of what great responsibilities this entails for you who are able to influence millions of people in this way! You will be tempted to see yourselves as a kind of priests of modern society: the mediators between the people's present situation and an ideal world.

These in any case, are the kind of thoughts which the Church proposes to you on this day. This celebration is meant also to thank you for the good work you are doing, and to encourage you to re-dedicate your efforts on behalf of the rightful progress of our society.

We believe that if this progress is faithful to the Creator's plan inscribed in the heart of every person, it will open the mind and hearts of men and women to the Lord's voice. With God's help, they will be able to recognize the Son of God. Then they shall become children of God.

"What we shall later be has not yet come to light.
We know that when it comes to light we shall be like him,
For we shall see him as he is"—(1 Jn. 3, 2).

DEMOCRACY IN SPAIN

Mr. KENNEDY. Mr. President, I join in supporting the resolution of ratification, proposed by the Foreign Relations Committee to the Treaty of Friendship and Cooperation with Spain. And I wish to commend the committee for the excellent work it did on this treaty, to make clear the interests and concerns that many of us in this body have about developments in Spain.

I have been pleased to work with several other Senators in placing the United States firmly in support of the democratic experiment taking place in Spain's neighbor, Portugal. I believe our interest in Spanish democracy is equally clear. Following the accession to power of King Juan Carlos, many observers have gained new hope that Spain can indeed join the ranks of free and democratic West European nations, seeking for its people the same blessings of liberty that we and our friends in Western Europe take for granted.

It is within the framework of this basic interest in Spanish democracy that this treaty should be viewed. For it is far more than simply an agreement governing U.S. base rights in Spain. Rather it will largely define our relations with Spain for the near future. Therefore, it would be remiss of the Senate if we merely ratified this treaty, without indicating our concern that it be only part of an effort to support a transition in Spain to genuine democratic life.

The resolution of ratification states that moneys provided to Spain under the treaty should go through the normal procedures of Congress, including prior authorization and annual appropriations. Not only does this meet our constitutional responsibilities, but also it will give us a chance to review, on an annual basis, developments taking place within Spain. I for one will give my strong support to each year's appropriation, so long as Spain continues its evolution to democratic life.

The resolution also looks toward eventual full cooperation between Spain and NATO. For many years, I joined other Senators in opposing Spain's membership in the Atlantic alliance, because of the deep moral implications that membership would have had on the fabric of the alliance, and indeed, on the basic underpinnings of Western security. We opposed Spain's admission to NATO for the same reasons we opposed the Salizar and Caetano regimes in Portugal, and the colonels' junta in Greece.

With the emergence of truly free and democratic institutions in Spain, however, we should at that time welcome its close association with NATO, perhaps leading even to full membership.

Mr. President, I also welcome the committee's efforts to relate any nuclear cooperation with Spain to that country's joining the Non-Proliferation Treaty, or a least accepting IAEA safeguards for all of its nuclear facilities. This, too, can contribute to important interests of the United States—interests we share with other nations.

Mr. President, the ties between Spain and the United States go back to the founding of our Republic, and there are deep and lasting associations between our two peoples. If this treaty, today, can strengthen those ties, and help develop and sustain free and democratic institutions in Spain, then it will be a real accomplishment, and the basis for firm relations of friendship and mutual respect in the future.

In this spirit, I will vote for the committee's resolution of ratification.

H. S. KAWAKAMI: SUCCESSFUL MERCHANT

Mr. FONG. Mr. President, I am happy to pay tribute today to a long-time friend in Hawaii, H. S. Kawakami, who 50 years ago started a tiny family store and built it into a large complex of stores and supermarkets.

The rise and success of "the merchant prince of Kauai" has been told in his autobiography recently published under the title: "From Japan to Hawaii, My Journey." It is written in a style characteristic of the author: simple, straightforward, modest, heartwarming. His rags-to-riches career as a businessman and civic leader is an inspiring chronicle of a poor immigrant boy from Japan who turned adversities into solid success in Hawaii.

I join his many friends and admirers in commending him and his family on this occasion and in congratulating him on his autobiography.

I ask unanimous consent that an excellent review of the book by Paul Stoffel in the Honolulu Star-Bulletin be printed in the RECORD.

There being no objection, the review was ordered to be printed in the RECORD, as follows:

MERCHANT PRINCE RECALLS THE PAST

(By Paul Stoffel)

LIHUE, Kauai.—H. S. Kawakami, the 75-year-old founder of a big complex of stores and supermarkets, has written the story of his rags-to-riches career in an autobiography titled "From Japan to Hawaii, My Journey."

The man who sometimes is called "the merchant prince of Kauai" came to Kauai from Japan in 1912 as a penniless boy to join his father and brother, who worked in the cane fields.

Today, the Kawakami enterprises include 20 stores doing a multimillion dollar business in a half dozen towns and control of two shopping centers.

The 70-page story of Kawakami's "Journey" was unveiled at a luncheon. Tom Coffman, Honolulu newspaperman, was introduced as the man who helped write the autobiography.

Coffman, who wrote "To Catch a Wave," a book about the late Gov. John A. Burns, said the Kawakami story was easy to put together from tapes and that most of the phraseology is Kawakami's.

The book deals candidly with the problems of discrimination faced by Japanese people in plantation employment and in their harsh ordeals after Pearl Harbor.

The story tells how Kawakami got his education at Mid-Pacific Institute, where he worked for his tuition, and how he later received practical business training as a bookkeeper for a plantation.

The ambitious Harvey Saburo Kawakami decided that working for someone else was not for him. In 1926 he took the plunge into business.

With the help of his wife, Tomo, he set up a little "pa an ma" store in Waimea, with shoe-string capital of only $3,000. They worked long hours and lived frugally.

Much of the business for the store came from peddling merchandise in a $150 model-T Ford to sugar workers who lived in plantation camps in the Waimea and Kekaha area.

However, Kawakami roused the enmity of a sugar plantation, which barred him from selling in its camps because he competed with the company store. This forced the hustling storekeeper to find new customers and to broaden his markets.

He was later to see the plantation's action as a blessing in disguise and to philosophize that "sweet are the uses of adversity."

His business prospered and in 1929 he borrowed $4,000 from a bank to expand his store. He said this first bank loan was a scary experience, although much later he would borrow $225,000 from the bank for a shopping center project, without a quiver.

Now, on the golden anniversary of the Waimea venture, the Kawakami businesses have grown to include six Big-save supermarkets, four general stores, four snack shops, six resort gift shops and major interests in shopping centers at Kapaa and Lihue.

While he was building a merchandising empire, Kawakami and his wife raised a family of seven in the small cottage home they built behind the store at Waimea.

Tomo was the widow of his brother Sakuichi, who had wed her as picture bride while he was working in the cane fields. Sakuichi died in the flu epidemic of 1918 and Harvey Sabura later married his widow at the urging of the family.

George, the oldest son, was born in 1923 and now runs the furniture and dry goods store in Lihue. Richard is a dentist in Honolulu. Charles is assistant manager of a J. C. Penney Store in Hilo.

A daughter, Gertrude (Mrs. Akira Toma), runs the resort gift shops, and another daughter, Edith, is a teacher on Maui.

In his book, Kawakami tells how another daughter, Ellen, brought tragedy to the family when she took her own life in frustration over a bookkeeping problem in one of the stores.

Tomo Kawakami died in 1955 and her husband later wed Michiko, of Kyoto, Japan, who took the name Elsie when she became his wife.

Kawakami, who was an alien, was confronted with animosity and suspicion in the war hysteria following Pearl Harbor. Although he continued to operate his stores, he devoted much of his time to backing efforts of his countrymen to win acceptance as patriotic Americans.

He enlisted in the Army as an interpreter and with son George won recognition as the only Kauai father-son team in the Army. It was during his war service at Fort McClellan in 1945 that Kawakami became a naturalized citizen. He was then 45.

Earlier he worked tirelessly to win permission from the military to accept enlistments of citizens of Japanese ancestry in what would become the famous 44th Combat Team and the 100th Infantry Battalion.

The story also tells how a second Kawakami store business was established by his older brother Fukutara, who set up a store in Hanapepe. That enterprise was the core of a separate company—N. F. Kawakami—which also flourished.

Its initials "N. F." stood for Norito, the son, and Fukutara, the father. Norito has since become a circuit court judge.

The two family enterprises were merged after the death of Fukutara to avoid inter-family competition in store operations.

ECONOMIC SUMMIT

Mr. KENNEDY. Mr. President, next Sunday and Monday the leaders of seven major Western industrial nations will meet in Puerto Rico, for a conference on critical economic issues. This is an extension of the Rambouillet Conference held in France last year.

I support this conference, and our important role in it. The issues are too important, and the need to act on growing economic difficulties too imperative, for this opportunity to be lost.

The Western leaders at the conference will be vitally concerned with problems posed by the prospect of economic boom in most industrial states at the same time. This is a new phenomenon which occurred in the post-war world only once before, earlier in this decade, and led to a series of competitive economic policies in various countries that helped produce the worldwide recession that is now just beginning to end. Thus it is critical that this conference lead to concerted efforts to agree on coordinated management of the domestic economic efforts of all the industrial states, so that one nation's problems will not be exported to the others. It is particularly important that all the industrialized states recognize that unilateral, abrupt actions by any nation in this area tend to cause problems for all. And we must be especially concerned to work with Japan, so that its economic recovery will be consistent with that of other Western industrial nations.

The Puerto Rico conference should also be concerned with continuing issues in North-South relations. A new era in these relations has now become possible. As many of us in the Senate long urged, U.S. policy has finally recognized some of the imperatives of interdependence. Through his speeches at the seventh special session of the United Nations General Assembly last fall, and at the recent Nairobi meeting of the United Nations Conference on Trade and Development—UNCTAD—Secretary Kissinger has set a new and proper tone for U.S. policy in our relations with developing countries. And we have in place the Conference on International Economic Cooperation—CIEC—meeting in Paris.

Most of the preparatory work has therefore been done; major steps have been taken toward a basic change of attitudes needed for the United States and other nations to act effectively in a world of interdependence. But that phase can last only so long. We are fast approaching a time when concrete decisions must be taken, particularly within CIEC, if the atmosphere of cooperation so far gained is not to be dissipated. No one has a monopoly of wisdom on these issues, there are few clear answers; there is a long and difficult process ahead in coming to terms with specific steps that now have to be taken. The conference this weekend in Puerto Rico can be a beginning for the Western industrial states in taking these steps. And we in the Congress are fully prepared to play our necessary part in helping to shape constructive U.S. foreign economic policies that will build upon the progress made so far in relations with many of the world's developing states.

Mr. President, the Puerto Rico conference must face one other critical problem—namely, the economic situation in Italy. The voters have now been to the polls, and rendered their decision. During the next few weeks, the various parties in Italy will decide the composition of the new government.

But for us in the United States—working with our Allies in the industrial world—the course now is clear: we must do what we can to help put Italy back on its feet economically. For no result of the elections—no prognosis for the future of Italian political life or of Italy's relations with other Western states—will have much meaning unless we all act decisively, and soon, to help remedy the economic problems that have troubled the Italian nation. I welcome Gov. Jimmy Carter's forthcoming statement on this subject, in the thoughtful speech he made on alliance relations in New York on Wednesday.

It is important, of course, that the basic effort with regard to Italy begin in Europe and particularly within the European Community. Indeed, this will be a test of the Community's ability to act as a concert of nations, in aid of the particular economic and financial distress of one of its principal members.

At the same time, we in the United

States—as well as governments in Canada and Japan—should be prepared to help. As I result, I believe it is appropriate for the President to go on record at Puerto Rico in support of the basic objective of recovery and development for the Italian economy, as tangible evidence of our firm commitment to Italy's future and the close ties of friendship that have long existed between our two countries and peoples.

UNANIMOUS-CONSENT AGREEMENT—H.R. 14233

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the HUD appropriation bill, there be a time agreement for debate allowing 1 hour on the bill, equally divided, between Mr. Proxmire and Mr. Mathias; that there be a time limitation on any agreement of 30 minutes, a time limitation on any debatable motion, appeal or point of order, if such is submitted to the Senate, of 20 minutes, and that the agreement with respect to the division and control of time be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of Kay Bailey, of Texas, to be a member of the National Transportation Safety Board for the term expiring December 31, 1979.

There being no objection, the Senate proceeded to the consideration of executive business.

NATIONAL TRANSPORTATION SAFETY BOARD

The assistant legislative clerk read the nomination of Kay Bailey, of Texas, to be a member of the National Transportation Safety Board for the term expiring December 31, 1979.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. GRIFFIN. Mr. President, I ask that the President be notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

SATURDAY, JUNE 26, 1976

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 9 a.m. After the two leaders or their designees have been recognized under the standing order, the Senate will proceed to the consideration of Calendar Order No. 919, H.R. 14235, the military construction appropriation bill. There is a limitation on debate thereon, the debate being limited on the bill to 1 hour, with a time limitation of debate on any amendment of 30 minutes, and with a time limitation on any debatable motion or appeal of 20 minutes. There will be at least a rollcall vote on final passage of that bill. There may be a rollcall vote on any amendment thereto. It is possible a rollcall vote could occur as early as 9:30 a.m. I would rather think, however, that a rollcall vote would not occur prior to the hour of 10 a.m.

Upon the disposition of the military construction appropriation bill, the Senate will take up the Interior appropriation bill, H.R. 14231. There is a time limitation on that bill of 1 hour, a time limitation on any amendment of 20 minutes, and a time limitation on any debatable motion or appeal of 20 minutes. There will be a rollcall vote on final passage of that bill. I do not expect any amendments thereto, but I would not rule them out, in which event a rollcall vote could occur on any amendment.

Upon the disposition of the Interior appropriation bill, the HUD appropriation bill, H.R. 14233, will taken up under a time agreement. There is a time limitation of 1 hour on that bill, with a time limitation on any amendment thereto of 30 minutes. A rollcall vote will occur on final passage of that bill.

There may be rollcall votes on amendments to that bill, but, in any event, the rollcall votes and final passage of the three appropriations bills have already been ordered.

There will be at least three rollcall votes tomorrow. I would anticipate more than three rollcall votes, however. I should think that the Senate might be in until 4 or 5 o'clock before completing action on the three appropriation bills. With some luck, the action may be completed earlier. While I always count on a little luck, I think we ought to also count on not having such luck and being in until 4 or 5 o'clock tomorrow. And it could be longer, depending upon the number of amendments which are called up.

When the Senate completes its business tomorrow, it will stand in recess until the hour of 10 a.m. on Monday.

MONDAY, JUNE 28, 1976

The Senate on Monday will take up the HEW appropriation bill. There is no time agreement thereon. If that bill is not disposed of by 2 p.m. Monday, the Senate will resume consideration of the unfinished business, the tax reform bill. The pending question at that time will be on the adoption of an amendment dealing with the maximum tax. There is a time agreement on the maximum tax, with the understanding that final disposition thereof will occur no later than 8 p.m. Monday. So there will be rollcall votes on Monday.

Each day next week the Senate will convene at hour of 9 a.m., Monday through Saturday. Hopefully, the order for the Senate session on Saturday may be vitiated, but that will depend upon developments in the interim.

There will be rollcall votes daily, early and late, thoughout the week, and each afternoon the Senate will resume consideration of the tax bill. The business will be transacted on a multiple track basis throughout next week.

The HEW appropriation bill will be the first track item daily until disposed of. In any event, the manpower training bill, under an agreement and under a general understanding, will be taken up on the first track 1 day next week. I believe that about sums it up.

RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 9 a.m., tomorrow.

The motion was agreed to; and at 7:39 p.m. the Senate recessed until tomorrow, Saturday, June 26, 1976, at 9 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 25, 1976:

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Alan M. Lovelace, of Maryland, to be Deputy Administrator of the National Aeronautics and Space Administration.

NATIONAL TRANSPORTATION SAFETY BOARD

Kay Bailey, of Texas, to be a member of the National Transportation Safety Board for the term expiring December 31, 1979.

The above nominations are approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

NEW JERSEY'S FREDERICK SONTAG RECEIVES USITC AWARD

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. MINISH. Mr. Speaker, Frederick H. Sontag of South Orange, one of my constituents, is being honored by the U.S. International Trade Commission for Special Achievement. As I have returned recently from abroad and a careful inspection of several countries whose trade policies are being studied by the USITC, I am delighted to share with my colleagues the fact that one of our leading New Jersey consultants is being publicly recognized for those 7-day weeks he put in last year to make the economic effects trade hearings a success.

The Chairman of the USITC, Will E. Leonard, of Louisiana, and the Vice Chairman, Daniel Minchew, of Georgia, wisely last spring retained my constituent to help get the most substance possible into the 21 regional hearings that the USITC held outside of Washington for the first time and which resulted in the 66 volumes about the trade negotiations they prepared for the Congress and the President.

In my congressional district and throughout New Jersey we have some very skilled and courageous individuals who deserve further recognition by their Government. I think the Civil Service Commission might well expand its award and recognition program to cover the experts and consultants who, like USITC's Mr. Sontag, make major contributions to vital Federal programs.

The New York Times, the Newark Star-Ledger, the Maplewood-South Orange News-Record, and the Washington Post have recognized the unique work being done at the USITC by Chairman Leonard and Frederick Sontag. I am very proud that someone whom I have watched grow in experience in wisdom over the years is finally being publicly honored.

As I returned to America from abroad I was again impressed with the magnitude of the challenge before Congress and the Executive in implementing our legislative intent of the Trade Act of 1974. The USITC as the economic research arm of both the Congress and the Executive and as an independent agency must continue to develop in the years ahead. I am reassured that Chairman Leonard in 1976, and hopefully Vice Chairman Minchew in 1977, will have independent, intelligent, far-seeing people around them.

Below are the citation and excerpts of remarks made at the award ceremony:

FREDERICK H. SONTAG RECEIVING FEDERAL SPECIAL ACHIEVEMENT AWARD

Frederick H. Sontag of South Orange, N.J. and Seal Harbor, Me. is receiving the Special Achievement Award of the U.S. International Trade Commission that is granted for outstanding performance of a specific major assignment.

Sontag, who is the Senior Advisor to USITC Chairman Will E. Leonard, is receiving the citation which reads:

"For distinguished special achievement in transacting arrangements on numerous occasions for the conducting of hearings and other Commission activities outside of Washington, D.C. and for demonstrated accomplishment in assuring that Commission actions and decisions receive broadest possible dissemination and accurate interpretation, all of which materially advanced the accomplishment of the Commission's mission in international trade."

The public affairs and research consultant is also being given a check award.

Sontag, a graduate of Phillips Academy, Andover and Colby College, is a member of numerous professional and civic organizations.

The USITC is the chief international economic research arm of the Congress and the Executive Department. It is an independent agency.

Sontag, who is a nationally recognized lecturer, is the co-author of "Parties: The Real Opportunity for Effective Citizen Politics" (Alfred A. Knopf, hardback; Vintage-Random House, softcover).

Chairman Leonard said: "In a year when the U.S. International Trade Commission has taken on additional responsibilities and a corresponding increase in workload, my co-worker more than met the challenge. Excellence in any capacity is worthy of recognition and the Commissioners feel that this past year in particular represents a significant period in the history of our agency—a period that marked the beginning of expanded activities, importance, and service to this nation. To be honored at such a time commands special respect and admiration by all of us and represents a degree of achievement to which all of us might aspire.

"The Commissioners join in extending their personal congratulations and very sincere appreciation to you as you are being honored today, knowing that it is such individuals as yourself that make us proud of the U.S. International Trade Commission and its accomplishments."

In receiving the award, Sontag was told: "This award is in recognition of work performed outside of a regular assignment for performance above and beyond the call of duty. With this award the six Commissioners express their thanks and appreciation to an individual member of the staff for that extra measure of interest and service. One receiving recognition is to be congratulated, for such performance is the substance on which exemplary records of public service are built."

JUDGE AUSTIN F. ANGLEBERGER

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. BYRON. Mr. Speaker, with the recent passing of Judge Austin F. Angleberger, Frederick County, Md., lost one of its most distinguished citizens. He spent a lifetime in pursuit of excellence—whether as leader in civic organizations or on the playing field.

Judge Angleberger was a judge of the Frederick County Orphan's Court. He was active in the Frederick Lions and the Red Cross. He took an active part in many organizations and local projects leading to his election as a judge of the orphan's court.

Judge Angleberger will be greatly missed by those who knew him and worked with him. He was well known in local sports circles as well having played baseball and worked for the betterment of sports facilities in Frederick.

I would like to share with my colleagues the recent editorial on Judge Angleberger from the Frederick News Post:

AUSTIN ANGLEBERGER

Judge Austin F. Angleberger of the Frederick County Orphan's Court showed "a lot of hustle" in life.

And if what baseball players and fans call "hustle" means drive, determination, fortitude or just "sheer guts," then Austin Angleberger had it . . . and showed it right down to the last out Monday morning as he scored death's final victory over cancer.

Judge Angleberger was 67. Competition was the game of his life, and the record shows he played it well. From early youth to way past his prime baseball was his great love outside his family. When he could no longer play the game, he turned his love and knowledge of the game to the even more challenging undertaking of umpiring.

He umpired for years and helped organize his fellow umpires in Frederick County. About four years ago when interest in this seemingly thankless enterprise waned, he once again showed the "hustle" that was needed to bolster the program, taking over the helm of the Frederick County Umpires Association and rejuvenating it.

As the "now generation" says, "he got it together" early in life.

Austin Angleberger's constancy in his many undertakings, his community endeavors and his business won the respect and admiration of his fellowmen.

Whether as a player for the old Frederick Hustlers' baseball team, an umpire, a businessman, a civic worker, a church worker, a member of the Lions (his other great love), as a political worker or in his judgeship since 1970, he served well and with unblemished integrity and responsibility.

His credits were many—past president of the Frederick Lions Club, chairman of the Red Cross, leader in the Frederick Athletic Association, business manager and player with the Frederick Hustlers baseball team which fielded a professional and semi-pro team at McCurdy Field 20 years, and much more.

As president of the Frederick Athletic Club he worked with his fellow boosters to have McCurdy Field equipped with bleachers and lights and had the field improved for night baseball and football.

He was affiliated with the National Association of Basketball and Baseball Officials, was an executive member of the Maryland State Baseball Association, and a charter member of both Little League and Babe Ruth. He was president of the Frederick County Umpires Association which provides qualified officials for Little League, Babe Ruth, high schools and college baseball.

During World War II he served in the Office of Defense Transportation and on the Maryland Manpower Commission.

In the Lions, he was a past president and as secretary the past 10 years served on the club's board of directors. As a key member of Lions, he held membership in "International Roaring Lions."

An accountant, he had served as an auditor with the Maryland Public Service Commission and had been successful in the accounting and auditing business in Frederick 35 years, being licensed in securities, life and variable annuities in Maryland, dealing in stocks, bonds, taxes, estate and retirement planning.

He was well qualified in his field and the voters recognized this in electing him to two terms as a judge of the three-member Orphan's Court of Frederick County.

Austin Angleberger was well-known and well liked. He leaves his loving wife, Idalene Kelley Angleberger, who was his constant companion, and his son, A. Gary Angleberger, a minister in Ohio, and two grandchildren.

As long as people talk about local baseball and people who nurtured it in Frederick County, the name of Austin Angleberger will be mentioned . . . by men who played the game and their sons, men who knew this man either as player, umpire or as a source of encouragement in sports and in life.

Judge Angleberger gave it the "old hustle" in everything he did. He was one of those men of rare quality like the late great umpire Bill Klemm who once exclaimed, "I've never called one wrong . . ." and, holding his hand over his heart added with a certain finality, ". . . from in here!"

That's the way Frederick will remember Austin Angleberger—a man who played it from the heart . . . to the very end. May his soul, through the Mercy of God, rest in peace.

SOYBEANS AND RESEARCH

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. FINDLEY. Mr. Speaker, the American soybean farmer is willing to face world competition from other oilseed crops. But to face this competition, he needs our support and assurance that he has a fair chance to compete. Our help need not come in the form of tariff or quotas because these are a sign of weakness and defeat. Rather, our help can come in the form of research to assure that the American farmer can face competition and meet this competition head on.

A recent editorial in the Prairie Farmer entitled "One Way To Fight for Our Soy Oil Markets'" outlines the competition that the American soybean farmer is facing. It also outlines what can be done to assure that the American farmer is properly prepared to meet this competition. Competition can produce both an adequate food supply and a fair income for the farmer if it is given a chance.

The article from the June 5, 1976 Prairie Farmer follows:

ONE WAY TO FIGHT FOR OUR SOY OIL MARKETS

At least one seed company predicts that hybrid soybean seed will be available commercially within the next few years. Other efforts to increase soybean production are being made by our land-grant universities.

By increasing crop yields, other things being equal, you cut your per-unit costs. This is what happened, in an absolute sense, with the introduction of hybrid corn.

No other country can compete with US corn farmers because of our advanced methods. These can be copied, of course, but they give us substantial lead time.

Currently, US farmers are faced with some respectable competition from Brazil soybeans and East Indies palm oil. Some have been panicked into demanding that the palm oil competition be turned off. But tariffs and quotas are a sign of weakness and defeat.

The US is in the midst of negotiations in Geneva aimed at a broad lowering of trade barriers internationally.

Other US groups are clamoring for protection from competition like the shoe and specialty steel industries. Fortunately, President Ford has rejected their demands.

He's in the same mood about palm oil. Restrictions on trade, even palm oil, could seriously hurt farmers in the long run. Currently we are exporting $2 billion worth of agricultural products a month. How long do you think this would continue if we started telling the world "we want you to buy from us, but we won't buy anything from you"? Curtailment of agricultural trade would be a disaster for farmers.

So what is the answer? We dropped a hint at the beginning of this editorial. What we need is more research to break the soybean production barrier, thus lowering per-unit costs. This could make it difficult, if not impossible, for far-off lands to deliver palm oil on our doorstep at prices lower than soybean oil.

In fact, as this is written, palm oil and soybean oil are selling for almost exactly the same price in Illinois. It's hard to understand why anyone would buy palm oil with the saturated fat level of lard when he could get unsaturated soybean oil at the same price.

We could perform a greater service to soybean farmers by enhancing the soybean's competitive position. This could be done with more effort for research.

This makes infinitely more sense than hiding behind a protective shield of tariffs and quotas. We could easily fall asleep there.

STATEMENT OF PERSONAL, FAMILY, OFFICIAL AND CAMPAIGN FINANCES 1975

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. HORTON. Mr. Speaker, increased public awareness of government and its officials and increased public concern about the way in which the stewardship of public trust and of public funds is conducted has led me for the past 2 years to enter into the RECORD a complete statement of my personal, family, official and campaign finances. I am pleased today to enter into the RECORD a similar statement covering the calendar year 1975.

I make this annual disclosure statement for two purposes. My first purpose is to go far beyond the minimal disclosure requirements of the House Committee on Standards of Official Conduct in making clear that I conduct my office with neither actual nor potential conflicts of interest. My second purpose is to provide sufficiently detailed information to my constituents to illustrate what is involved financially in the proper operation of a congressional office and in the conduct of a Congressman's job.

It is for these reasons that I submit the following summary of my personal, family, official and campaign finances for 1975. The statement includes full disclosures of my personal and family tax payments, income and sources, personal assets and debts, my official expenditures and my use of Federal reimbursement accounts, funds returned to the U.S. Treasury, my campaign finances during 1975, my organizational affiliations and my handling of congressional papers and records.

REPORT

I. PERSONAL AND FAMILY FINANCES AND TAXES

A. Taxes:

1. Federal income tax paid for 1975 (joint return filed by Frank and Marjorie Horton), $6,460.60.*

2. New York State income tax paid for 1975 (joint return), $2,546.90.*

3. Montgomery County, Maryland real estate tax on personal residence (jointly owned) paid for 1975, $1,504.74.

4. Herkimer County, New York real estate tax on cottage (jointly owned) paid for 1975, $477.93.

Total Income and Real Estate Taxes Paid $10,900.17.

5. Other: During 1975, I received a total of $2,050.00 in honoraria for speeches and lectures to various groups, as follows:

a. National Tool and Die and Precision Machining Association $300.00.

b. National Audio Visual Association, $500.00.

c. National Wholesale Druggists, $250.00.

d. National Micrographics Association, $1,000.00.

All of the above were speeches in the Nation's Capital except the Micrographics Association which was in New Orleans, Louisiana.

It is my policy not to accept honoraria or expenses from persons, groups or organizations for appearances within my Congressional District.

B. During 1975 my wife received several small honoraria totalling $387.58 in connection with her work with Christian organizations and they are listed as follows:

Women's Aglow Fellowship (several separate events)	$192.58.
Washington Prayer Group	$10.00.
Palmyra Methodist Church	$35.00.
Westminster Presbyterian Church	$50.00.
Prayer Breakfast	$100.00.

The total amount of $387.58 was contributed to Christian charitable organizations by my wife.

Total 1975 joint income: $46,353.76.

C. Summary of Personal Assets and Liabilities:

1. Family residence at 9607 Hillridge Drive, Kensington, Maryland: Approximate value, excluding furnishings, $70,000.00; jointly owned with Marjorie Horton; mortgage amount oustanding as of June, 1976, $35,525.39.

2. Cottage at Big Moose Lake (Herkimer County), New York; Approximate value, excluding furnishings, $35,000.00; jointly owned with Marjorie Horton; mortgage amount outstanding as of June, 1976, $7,500.00.

Note: My residence in the 34th District is a rented apartment at 2123 East Avenue in the Town of Brighton, New York, in which I have no ownership interest.)

3. Common Stocks (all owned jointly with Marjorie Horton):

a. 10 shares of Eastman Kodak Company stock, valued in June, 1976 at $100.75 per share, total value $1,007.50.

b. 1 share of Xerox Corporation stock, valued in June, 1976 at $56.50 per share, total value, $56.50.

c. 10 shares of Rochester Community Baseball, Inc., stock, valued in June, 1976 at $5 per share, total value $50.00.

4. Automobiles:

a. 1973 Buick valued in June, 1976 by a Washington area Credit Union at $2,375.00.

b. 1972 Buick valued in June, 1976 by the same Credit Union at $2,150.00.

5. Other assets:

a. I am owed $34,700.00 by the partnership of Johnson, Reif and Mullan law firm as the proceeds for my sale (to them) of shares of stock in Blackacre, Inc., a Rochester, New York real estate corporation which owns the building at 47 S. Fitzhugh Street in which the law firm of Johnson, Reif and Mullan has its offices. I ceased all active practice of law at the time of my election to the Congress in 1962, and I am no longer affiliated with this or any other law firm. I no longer hold any stock in Blackacre, Inc.

b. Not included in this statement of assets are such miscellaneous items as clothing and household furnishings, and cash value of life insurance, which have not been appraised and all of which are within the normal range of expectation for a man of my age and income.

D. Personal Debts:

1. Mortgage liabilities for home and cottage are disclosed under C.1., assets summary.

2. I owe $5,000.00 on a loan account with the National Bank of Washington, Washington, D.C.

3. I owe $269.00 to Blackacre, Inc., as part

(*See II.B. regarding deductions of official expenses not reimbursed by the government.)

of the purchase price of stock in Blackacre, Inc., which I have since sold.

Except for the honoraria listed and the assets shown as jointly owned by my wife and me, Mrs. Horton has no assets of her own and no independent sources of income.

II. OFFICIAL EXPENSES AND REIMBURSEMENTS CONNECTED WITH MY DUTIES AS A U.S. CONGRESSMAN

(Note: With the single exception of the Stationery Allowance, any unused portion of which is taxable to a Congressman as income, none of the other accounts accrue any personal benefit to a Congressman or to members of his staff.)

A. Office Accounts:

1. In 1975, each Congressman was authorized a Stationery Allowance of $6,500.00 for office use. I expended the entire amount for the operations of my Washington, Rochester and Wayne County offices. At the end of 1975, this account showed a debit balance of $265.49 which was carried over to my 1976 Stationery Allowance. I withdrew no cash from the stationery account for personal or other use.

2. Each Congressman was authorized a postage allowance of $1,140.00 in stamps for the year, of which I withdrew the full amount, some of which was carried over for use in 1976.

3. Each Congressman is permitted an actual transportation expense (auto mileage or air fare) reimbursement for 26 round trips to his home district per year. I claimed reimbursement for all of these trips, at a total reimbursement of $3,949.96. In addition to these 26 trips, I made at least 13 additional trips to the 34th District at my own personal expense. Transportation expenses for these additional trips, for car rental, meals and other expenses not reimbursed by the government amounted to personal travel expenses of $3,411.64 for me in 1975.

4. The staff of each Congressman is allowed a total of six government-reimbursed round trips to the home district per year. As in the case of the Congressman, the reimbursement is limited to actual transportation expense (auto mileage or air fare). Meals, lodging and other expenses are not reimbursed. Similarly, there is no reimbursement for mileage expenses of staff members or Congressmen who travel within the Congressional District on official business. In 1975, three reimbursed trips were utilized by my Administrative Assistant, for a total reimbursement of $353.32. He made several additional trips to the District at his personal expense in 1975. I believe that personal contacts with government officials and constituent groups in my District by professional staff members contribute a great deal to the quality of my service and representation. However, this practice has had to be carried out at considerable expense to myself and members of my staff.

5. Each Congressman was permitted 18 staff positions and a total annual staff salary allowance of $220,686.00 in 1975. The number is uneven because one change was made in this allotment during the calendar year. I utilized a total of $197,320.13 from this amount, with the balance of $23,365.87 reverting to the U.S. Treasury. I currently employ 11 full-time and two part-time staff members, with seven of the full-time people and one part-time person serving in Washington and the remainder in my District Offices.

6. Each Congressman was authorized a telephone and telegraph allowance of 125,000 message units in 1975. Unused message units may be carried over from one year to the next. I used 84,762 telephone message units in 1975, and 281 telegraph units for a total of 85,043 units used. All units used were for official communication by myself or my staff and the bulk of them were consumed in communications to constituents in Monroe and Wayne Counties about federal matters affecting the 34th District.

7. Each Congressman was permitted reimbursement up to $6,000.00 in 1975 for the rental of space for District Offices. Since my Rochester office is in the Federal Building, and my Wayne County office is in the County Office Building, I did not claim any portion of this amount. Thus, $6,000.00 reverted to the U.S. Treasury.

8. Each Congressman was permitted reimbursement up to $2,000.00 for District Office Expenses in 1974. Since my District Office expenses exceeded this amount, I claimed the full $2,000.00

9. Each Congressman was permitted reimbursement up to $1,200.00 for District Office Telephone expenses for the first half of 1975. I utilized $1,021.52 of this amount. After June 1975, District Office Telephone reimbursements were combined with the telephone units allowance for the Washington office. My use of telephone and telegraph units is discussed in item number 6 above.

10. Each Congressman is permitted to obligate the House of Representatives for a total of $8,100.00 in office equipment rental payments for 1975. I utilized $7,150.30 of this amount for rental of photocopying, typewriting, telecopying and other articles of office equipment. An unused portion $949.70 reverted to the U.S. Treasury. Each Member of Congress is also able to authorize expenditures from a continuing allowance of $5,500.00 a year which the House of Representatives uses to purchase office equipment for use in the Congressmen's offices. At the close of 1975, I had an unused balance in the office equipment purchase account of $2,279.32.

11. Each Congressman was permitted $5,000.00 on 1975 for Constituent Communication's Expenses. I used $1,515.00.

12. Each Congressman is entitled to a special $3,000 tax deduction for living expenses in Washington. Since living expenses at a temporary place of employment are generally deductible for all citizens, and since living expenses during the year in Washington far exceed this figure, this "allowance" is not a financial advantage but a limitation on the deductibility of special living expenses.

B. Official Expenses Met Personally. Out of my personal income in 1975, I expended $7,390.85 for official expenses above and beyond the amount of reimbursements I received from accounts listed above. These official expenses met with personal funds were properly deducted from my Federal and New York State taxable income.

Summary:

Total allowances (not including telephone units) $255,539.56.

Total expended, $220,950.23.

Returned to the U.S. Treasury, $34,589.33.

Official expenses met personally (not reimbursed) $7,390.85.

III. POLITICAL AND CAMPAIGN FINANCES

A. It has been my practice neither to accept nor expend any monies personally for campaign purposes. All campaign contributions for my re-election campaigns have been received and expended by one campaign committee which has been organized for this purpose.

1. The Committee for the Re-Election of Congressman Frank Horton was reorganized in 1972 for the purpose of that year's Congressional election campaign and subsequent campaigns. Its treasurer is Alan J. Underberg, a Rochester attorney. The Committee has submitted all required disclosure reports to the Clerk of the House of Representatives (Washington, D.C., 20515) and to the Secretary of State in Albany, New York, as required under federal campaign finance disclosure laws. These reports are available for public inspection at those offices.

Summary of the Committee's finances in 1975:

Cash on hand, 1/1/75, $1,467.68.

Total receipts, $1,943.94.

Total expenditures, $1,606.15.

Cash on hand, 12/31/75, $1,805.47.

Note: None of the funds in this Committee is subject to my personal control.

B. Each Republican Congressman was allowed $2,000.00 by the National Republican Congressional Committee for use to defray public information expenditures in 1975. I utilized $1,998.16 for purposes such as the production of public service radio and television broadcasts, photographic services and other public information expenses related to my duties as a Member of Congress.

IV. AFFILIATIONS

A. I hold no directorships or partnerships in any professional or corporate profit-making entity, except I do serve, without pay, as a director of Rochester Community Baseball, Inc., which I served as President prior to my election to Congress in 1962.

B. I also serve on the board of the Genesee Valley Arts Center, Inc. and on the advisory boards of the Center for Migrant Studies at the SUNY College at Geneseo, of SOHI, a non-profit group which promotes investments in low and moderate income housing projects around the country, and of a group called Citizens for Decent Literature.

(Note: These are relatively inactive, honorary positions in which I serve without fee. I am also a dues-paying member of a large number of Rochester area civic, masonic and community organizations, a list of which I would gladly provide upon request.)

C. In my official capacity as a Member of Congress, I serve as Ranking Minority Member, House Committee on Government Operations, Member, Joint Committee on Atomic Energy, Chairman, Commission on Federal Paperwork, Vice Chairman, Select Committee on Professional Sports, and Member, U.S. Naval Academy Board of Visitors.

V. TRAVEL ABROAD

I made one trip abroad at government expense in 1975, to Scotland and France, as a member of the Joint Committee on Atomic Energy. The purpose of this trip was to review the status of breeder reactor technology in France and the United Kingdom.

VI. CONGRESSIONAL PAPERS

In 1967, I selected the University of Rochester as the repository for all files and papers resulting from my service in the Congress. In that year, I executed a document making a gift to the University of my Congressional papers then in existence as well as those that would result from further years of service as a Congressman. A substantial portion of my papers, from my first 13 years in the House are already filed at the University. At the time of this gift, University officials brought to my attention the availability of a tax deduction for the appraisal of these papers. Because much of the paper itself as well as much of the staff work, which created the files, was properly paid for by the government, through stationery and staff allowances, I declined the opportunity to take any tax deduction for this gift. In fact, I declined to have the papers appraised.

Therefore, the gift of my Congressional papers to the University of Rochester did not result and will not result in any tax or financial benefit to me whatsoever.

(Prepared as of June 18, 1976)

NATIONAL MEALS ON WHEELS PROGRAM

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. MILLER of California. Mr. Speaker, I am reintroducing today legislation to create, under the auspices of title VII of the Older Americans Act, a national meals-on-wheels program. The purpose of the program is to provide nutritional meals to homebound senior citizens who, without such a program, often suffer severe malnutrition.

Existing elderly feeding programs under title VII provide many seniors with good meals, but only about 13 percent of those meals are served to homebound senior citizens. Thus, only about 30,000 meals were delivered to homes last year under title VII although there are an estimated 3 to 4 million homebound seniors.

Aside from its nutritional benefits, such a program will have important financial benefits. Studies have shown that 10–40 percent of the seniors in institutional care are there solely because of their physical inability to prepare meals. Federal expenditures for senior citizens nursing care totaled over $5 billion last year.

Obviously, costs could be drastically reduced by extending existing home feeding programs, as H.R. 14456 would do. Additional savings would be realized by a reduction in medical costs and disability payments which could be lessened through the expansion of elderly nutritional feeding programs.

This legislation would provide $80 million in the first year and $100 million in the subsequent year to be distributed under the present title VII formula for distribution to title VII projects or local meals-on-wheels organizations for the specific purposes of providing home delivered meals. Existing programs, many of which I understand are being jeopardized by losses in funding, must be given priority if they have been operated successfully. Meals provided under the programs would have to contain appropriate percentages of the recommended dietary allowance to insure proper nutritional content.

An important component part of the legislation would establish a 1-year research project in cooperation with the National Aeronautics and Space Administration meal systems for the elderly. This project, a spinoff of the space program, will study methods for mailing or otherwise delivering packaged and prepared meals, either freeze-dried or preserved in another fashion, to elderly recipients with limited ability, physical or because of shortages of faclities, to prepare meals themselves. Over the past year, an experimental program operated by NASA in Texas, with the aid of the LBJ School of Public Affairs and United Action for the Elderly, has successfully provided over 120 elderly citizens with good meals.

The National Meals-on-Wheels Act makes fiscal, medical, and nutritional sense. It would not detract from existing programs, but provide a needed service to long ignored senior citizens. I invite my colleagues to join me in supporting this program by cosponsoring this legislation.

WOMEN'S LIBERATION ON THE FARM

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. FINDLEY. Mr. Speaker, two of my constituents, Cecilia and Irene Fleck, broke the barriers and entered the occupation of farming. The sisters have chosen an occupation that requires an enormous amount of work and fortitude. Starting daily chores at 4:30 a.m., Cecilia and Irene farm 400 acres and manage a livestock operation as well.

Women have always played an important role and met their share of the work load on a farm. Cecilia and Irene did not allow sex to become a barrier to their chosen occupation.

The following article from the June 5, 1976 Prairie Farmer spells out their lifestyles:

TWO SISTERS MAKE FARMING THEIR LIFE

(By Daisy Marie Hines)

Farm wives and daughters have always done their share around the farm in addition to making the house a home. Women's lib has nothing to do with it. It is just their way of life and there is none better anywhere.

But when 2 daughters of a family of 13 children decide at an early age to make farming their vocation, that's news.

Cecilia and Irene Fleck farm 400 acres near Buffalo, Ill. They are livestock and grain farmers. And there isn't anything around the farm that a man can do that they cannot. If asked why 2 women spend their lives farming, they would answer, "Farming is our life. We do the things we do for the love and excitement of it."

The notion of ever being anything but farmers has never entered their minds. They began learning at the age of 4 or 5. Even at that age they enjoyed watching their father milk the cows and wished they could help. And by the age of 8 or 9 they were milking right along with their father, and nearly as well.

Working in the fields came at an early age too. The first time Irene drove the tractor to help her father she was 12. She found herself alone in a field with the tractor and forgot how to shift gears, so she worked it out for herself. That pretty well sums up the way their lives have been. If something goes wrong they work it out for themselves.

The ladies are knowledgeable about the breeding process. Calving time is just another day or night in their busy lives. When a calf is born they do not leave it until they are sure that it knows how to nurse. Irene and Cecilia wean their calves at 6 or 7 months. If anyone wants to buy a cow whose calf hasn't been weaned, the buyer has to buy both or it's no sale.

If one happens out to Fleck Farms after a flooding rainstorm and the water and wind have laid low an electric fence it isn't unusual to see Cecilia or Irene in hip boots and putting the fence back up.

They do minor repairs on their machinery, saw wood by hand if necessary, set fenceposts or stretch fence, and do any of the many other things which have to be done around a farm.

The Fleck farming operation is unusual because they are women doing the job alone. Schools in the area have begun sending city children out to see how a very successful farm operation is handled.

Cecilia and Irene enjoy the children. They use tractors to pull wagon loads of excited, happy, and sometimes frightened children all over the farm.

Cecilia and Irene start their day every morning at 4:30. They do the chores and go into town for early church services. Then they return home for breakfast and the day's work. It's a good way to start the day.

When visiting the Fleck Farms the first thing one notices about Cecilia and Irene is their quick and genuine hospitality and their sincere pleasure at seeing you. The 2nd thing one notices is the red bandana handkerchiefs neatly tied around their heads. They are never without the bandanas. And there is a reason. Underneath the bandanas are well-groomed coiffures. When it's time for church activities or social functions, off come the bandanas. Then you see a beautiful hairdo complemented by their tanned faces and their natural glow of good health.

It is doubtful that women's lib has anything to do with the lives of these 2 unusual ladies. And if asked about women's lib they would probably shrug, smile, and change the subject. They would instead ask you if you would like to see their new calf born only hours earlier or their 368 baby chicks.

They are well educated individuals. Farming is their vocation, their hobby, and their life. And that's what they like to talk about.

AN HONOR FOR SYLVIA R. GINSBERG FROM THE AMERICAN JEWISH COMMITTEE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. KEMP. Mr. Speaker, this year the Buffalo Jewish Community collaborated on one of the most enjoyable and festive celebrations ever held in western New York, Israel Expo '76.

Sponsored by the United Jewish Federation, Israel Expo '76 recreated the magic of the Holy Land, complete with bazaars, an archeological dig, and an Israeli kibbutz. It was highly acclaimed by all.

On June 17, the American Jewish Committee held its annual dinner in honor of Sylvia R. Ginsberg, who was chairman of Israel Expo '76. Sylvia did an overwhelmingly excellent job, and richly deserved this honor.

Mr. Speaker, I insert for the RECORD the citation that was presented to Sylvia by the American Jewish Committee, in recognition of her tireless efforts to make this festival a success:

AMERICAN JEWISH COMMITTEE AWARD PRESENTED TO SYLVIA R. GINSBERG

In recognition of her untiring leadership and dedicated service in advancing community relations and understanding of the State of Israel as chairwoman of Israel Expo '76.

By means of her boundless and unflagging effort, she directed this project whose goals it was to bring to the people of Western New York the ecumenical, cultural and educational aspects of the State of Israel thus promoting greater understanding and tolerance and serving to dispel anti-Semitism. She helped convey the community's conviction that people of all faiths can grow together, work together and learn together which contributed in large measure to the success of Israel Expo '76.

Through her guidance, she helped the community make a singular and remarkable contribution to the the advancement of an awareness and a better understanding of her People, their contributions, their hopes and their aspirations which will be felt for years to come.

REGULATION PROLIFERATION

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. JONES of Tennessee. Mr. Speaker, the more I observe the actions of the regulatory agencies in the United States, the more I become convinced that they have created more problems—and are continuing to do so—than they have solved. One recent example of this that has caused a great deal of controversy was the proposed field sanitation rules published by OSHA. Under these rules, farmers would have to have water fountains and Jiffy Johns in the field with any hired workers.

The latest example of this mentality—or lack of it—is a proposal by FDA to ban, without even a public hearing, the use of the chemical Furazolidone. The major usage of this chemical is in the prevention of disease in laying hens, turkeys, and broilers. FDA is considering banning this chemical because there is a possibility that it is a carcinogen. In other words, it may cause cancer.

Initially, the fact that Furazolidone may cause cancer would seem to be enough to justify banning the drug. But, estimates are that the economic impact of such a ban would be approximately $2 billion per year. More importantly, Furazolidone is the only drug available that can be used for the control of salmonella in adult poultry. And we know what salmonella does. So, do we take a maybe or a sure thing?

The following article from the Poultry Times very correctly, I think, points out some of the problems we get into with regulatory agencies overreacting without considering all of the facts that they have before them.

The article follows:

Price of Emotional Hysteria Comes High

(By John F. Yarbrough)

If there is anything more detrimental to the progress of mankind than ignorance, it must be scientific technology confused by emotionalism. And there is no place on earth where the mixture of technology and emotionalism exhibits its destructive tendencies more completely than in the machinations of the Food and Drug Administration.

Time after time in recent years the public has been whip-sawed into a frenzy of fear over the "imminent hazard to public health" which accompanies some "out of the blue" pronouncement that FDA is kicking this product or that product off the market because it believes the product is potentially a carcinogen in animals or man.

The poor rat gets it in the neck every time. Hundreds of these research animals are literally bombarded with blockbuster doses of this drug or that chemical in order to determine if the drug is carcinogenic. It matters not what the normal use of the product might be in terms of dosage, and it doesn't even matter whether the product is detectable after simple withdrawal periods (as is the case with some animal fed drugs), the answer is always the same: if it is possible to produce tumors in laboratory animals, no matter how unreasonable or unlikely the dosage, the product is considered carcinogenic and is removed from the market.

No one in his right mind could condone the exposure of humans to substances that would poison them or create carcinogenic health hazards. But that's the point where emotionalism begins to fog up the works.

Several years ago, FDA's decisions on drugs were based on tests designed to detect the presence of drugs or their metabolites in parts per million. The advent of more sophisticated laboratory equipment and technology has now enabled scientists to measure the presence of substances in parts per billion (ppb). From a layman's point of view, ppb can be compared to one fluid ounce in 10,000 full railroad tank cars; one penny out of $10,000,000 or one kernel of corn out of 7,143 bushels of corn.

The absurdity of FDA paranoia and that of a few of our citizenry who race with fear rather than reason, can most easily be demonstrated in the recent controversy over the nitrites argument with bacon. What this really boiled down to was FDA's objection to the presence of nitrobopyrrolidine in bacon. It makes no difference to FDA that a human would have to consume 46,245 pounds of bacon containing 10 parts per billion of the nitrite to ingest as much of this chemical substance as is contained in one daily dose level of a compound prescribed for many women going through what is commonly called the "change of life".

Of particular concern to livestock and poultry producers today is FDA publication in the Federal Register (May 13) of a Notice of Opportunity for a hearing on a Petition to withdraw Approval of Furazolidone. This drug, components of which are derived from corn cobs, has been a mainstay in the control of bacterial infections, not the least of which is salmonella, a disease-causing organism, in both animals and man.

What prompts this FDA action, aside from agitation from Rep. John Moss (D. Calif.), is the refusal of FDA to accept the testing data and techniques by which manufacturers of the product claim they can detect the product down to the level of two ppb. The fact that literally hundreds of thousands of tons of furazolidone have been consumed by livestock for more than 20 years, without a single instance of any kind of health problem attributable to the use of the product, is of no consequence to FDA. Furthermore, the product, in many forms, is undetectable in livestock or poultry after a very brief withdrawal period.

The potential cost to consumers, if furazolidone is removed from the market as an anti-bacterial agent, is estimated by FDA in its own "Inflationary Impact Analysis" to run from $218 million to $2.6 billion annually.

How long can the American public afford this expensive emotional hysteria?

UNAVOIDABLY ABSENT

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mrs. KEYS. Mr. Speaker, on Thursday, June 24, 1976, I was unavoidably absent for one rollcall vote. Had I been present, I would have voted as follows:

Yea on Rollcall No. 457, the rule providing for the consideration of H.R. 14260, foreign assistance and related programs appropriation bill for 1977.

COST OF H.H.H.'S JOB BILL

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. ESCH. Mr. Speaker, an article appeared in the Dispatch a month ago which dealt with the Humphrey-Hawkins bill, H.R. 50. The paper's editors summarized well some of the key problems with this measure. They noted that most of the cost of the bill would have to be borne by the taxpayers, with the usual effects of more deficit spending, in their words—

> . . . more inflation, more taxes, less incentive for business to expand and hire, and therefore more unemployment, to be relieved by more Government hiring. The classic vicious circle.

The authors also note that the mandated public service jobs are to draw the same pay as the prevailing market rate, and therefore there is no incentive for the worker in public employment to return to a productive job in the private sector. I believe their conclusion as to the wisdom of this proposal is correct: "Humphrey-Hawkins adds up like any other numbers game; the players almost always lose."

Mr. Speaker, the entire article is herewith inserted in the RECORD for the benefit of all Members:

Cost of H.H.H.'s Job Bill

The most controversial piece of legislation now before Congress is the so-called full-employment bill. Minnesotans might most conveniently identify it as the "H" bill—for Hubert Horatio Humphrey and Augustus Hawkins, its principal sponsors. Other may prefer to call it simply the 50-50 bill: S-50 in the Senate, HR-50 in the House. And 50-50 is said to describe its approximate chances of becoming law.

And of course 50 and 50 add up to 100, and 100 describes the percentage of support it gets from Democratic presidential candidates, labor leaders and liberals, and the degree of opposition shown by President Ford, Ronald Reagan and fiscal conservatives.

The important numbers associated with the bill are neither so amusing nor so simple. They are the numbers associated with its cost to the country.

The Humphrey-Hawkins bill, simply described, is the most sweeping economic planning-social welfare legislation ever seriously championed in Congress. It proposes to achieve "full employment" in this country (defined in the bill as no more than 3 per cent unemployment) through (a) the integrated plans and fiscal programs of the President, Congress and the Federal Reserve, and (b) using the federal government as employer of last resort. In other words, if the coordinated economic planning of the government doesn't achieve the goal of "full employment and balanced growth" the government will hire the remaining jobless—presumably until the 3 per cent goal is reached.

Estimates by its sponsors put the cost of this program at anywhere from $20 billion to $40 billion per year, but they claim this cost would be more than balanced by the extra income tax revenues coming from a now fully-employed work force. This is Mickey Mouse arithmetic at best. The cost estimate, too, is questionable. Opponents claim costs would run from $40 billion to $80 billion.

Any cost over additional tax income would of course have to be borne by the taxpayers and would tend to have the usual effects of deficit spending: more inflation, more taxes, less incentive for business to expand and hire—and therefore more unemployment, to be relieved by more government hiring. The classic vicious circle.

And what of the cost on a per-case basis? Though the bill is a little vague on the point, the implication is clear that the public service jobs to be created to take up the employment slack are to be paid at rates equal to those prevailing for similar jobs elsewhere. In other words, make-work jobs with pay so high there is virtually no incentive to get into private, productive jobs as openings develop.

Are, then, we to have added to an already overstuffed bureaucracy another layer of well-paid public "servants" contributing virtually nothing to the gross national product and virtually impossible to dislodge from the public teat? Is this the definition of "balanced growth" according to HHH and H?

Humphrey-Hawkins adds up like any other numbers game: the players almost always lose.

WABASH CANAL FOUND UNFEASIBLE

HON. PHILIP H. HAYES

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. HAYES of Indiana. Mr. Speaker, it is with great pleasure that I have learned the Louisville district office of the Army Corps of Engineers, has, in a preliminary finding, confirmed my belief that a Wabash Canal extending from the Ohio River to Mount Carmel, Ill. would not be an economically feasible undertaking. Although the corps has yet to release exact figures, the district office has informed me the cost-benefit ratio of such a canal would be less than 1 to 1, a negative ratio which leave no rationale for the construction of such a canal.

I strongly commend the district office on their finding. Constructing a canal along this 42 mile segment which so greatly impacts on my congressional district, would have meant the loss of nearly 10,000 acres of rich and productive farmland. In addition, the U.S. Fish and Wildlife Service has clearly warned that the negative repercussions on the area's environment and wildlife, should a canal be built, would be irreversible. National landmarks, such as the village of New Harmony, where substantial amounts of taxpayers' dollars have already been invested in restoration and maintenance costs, would be threatened by flooding, drainage and seepage problems, according to the service.

The Army Corps of Engineers district office's finding confirms my view of the proposed canal as a boondoggle at the taxpayers' expense. I certainly hope the corps has the wisdom to accept their district office's finding and thus save the taxpayers untold millions.

POET LAUREATE IN MIAMI BEACH

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. PEPPER. Mr. Speaker, may I direct your attention to a very patriotic poem especially appropriate to the Bicentennial, which I received from Dr. Roberta Gans Brin of Miami Beach, and which I would like to make available to all of our colleagues. Mrs. Brin, active after a long career in teaching pharmacology in New York State, and one of the poet laureates of that region, has come to Miami Beach, Fla., where she writes daily on current topics and enjoys the sunshine in our area. She also belongs to the Lambda Kappa Xi medical sorority and B'nai B'rith, and with her permission I include her uplifting poetry at this point:

My Country—Bicentennial

(By Dr. Roberta Gans Brin)

There is no perfect country,
Nor is there an ideal land,
For whatsoever our Lord created
With his Godly command
Has some flaw or imperfection,
A delineation from the divine—
And yet my country, perfect or imperfect,
I'm so happy you are mine—

For nowhere under the setting sun
Exists there such a land,
Offering liberty, freedom and justice
With such a bounteous hand—
My country—right or wrong;
My country—weak or strong;
My country's dynamic might,
My country's stars and stripes so bright,
My country—in peace or war;
My country's open door.

My country—bound in unity
Survives every disunity—
My country—for law and order
Against each vicious, gross marauder.
My country's fifty states:
Freedom's spirit at your gates;
With equal rights and equal laws
Stand together for a united cause.

My country—melting pot for the world,
A welcome banner for all unfurled;
My country—a haven for people from other lands,
For downtrodden masses, for persecuted bands—
My country—200 years ago you were born,
From Mother England you were spawned.
To be free born men, free born sires,
You buried your dead on flaming pyres—
For religious freedom from the despot's yoke,
For the degradation of slavery, freedom awoke.

For the right of assembly
And to speak the truth—
For equality and justice,
Against oppressions uncouth—
Taxation's burden draining the nation dry,
Drove our patriot Fathers to defy—
Boston's Tea Party with cunning guile
Bitterly served the British to rile—
Lexington and Concord, and Paul Revere,
Made our swaddling nation's path so clear.
Washington and Lincoln, leaders strong,
The Star Spangled Banner—our nation's song.

And from the smouldering ashes of bloody discontent
Was born our nation—its bicentennial advent
From your anguish—both 200 years ago,
My country, My country—I love you so!

SECRETARY KISSINGER'S TOAST TO MEXICAN PRESIDENT LUIS ECHEVERRIA

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. RANGEL. Mr. Speaker, while it is not often that I feel moved to commend our Secretary of State for his positions that he takes in respect to many matters, I do particularly want to call the Members' attention to the address he delivered in Mexico City this June 11, 1976, in which he combined high praise for the achievements of President Luis Echeverria with firm respect for the integrity and independence and development of our sister nation of Mexico. Mr. Kissinger's remarks are especially relevant in view of the recent nomination by my distinguished colleague from California, Mr. Hawkins, of President Echeverria for the 1976 Nobel Peace Prize, which I wholeheartedly support. I also note that the distinguished majority leader of the Senate, Mr. Mansfield, has joined in this nomination. I personally want to add my appreciation for the vigorous efforts being made by Mexico under President Echeverria's leadership to eradicate the drug traffic into the United States.

The Secretary of State's address follows:

Toast by the Honorable Henry A. Kissinger Secretary of State at His Dinner for His Excellency Lic. Luis Echeverria Alvarez President of Mexico

I want to begin by saying that it gives me the greatest satisfaction to be able tonight to reciprocate to my Mexican friends a small measure of the hospitality which this great and beautiful country has so warmly extended to me on so many occasions in the past. I spent my honeymoon here; I have deep professional and personal ties to Mexico.

I have never come to this land without sensing deeply both the glory of Mexico's ancient past and its dynamism today—the thousands of years of civilization that culminated in the panorama of splendor that so awed the first conquistadores—and now the vibrant course of modern Mexico, whose struggle for political and economic independence, dignity and social justice has won for it the admiration of the community of nations, as well as a growing role of leadership in international affairs.

The impact which Mexico is making on our interdependent world, as all of us here know, is attributable in large part to the boundless energy and broad vision of President Luis Echeverria. He is an inspirational leader. I have had the privilege of working with him for nearly six years. He will be remembered in history for his great contributions to peace, progress and justice.

Tonight I want to discuss two great tasks which are deep and permanent concerns of our two nations. Both bear the personal mark of President Echeverria:

The global challenge of helping to construct a new and peaceful international order offering justice and prosperity to all peoples;

and the state of the special, indeed unique bond between the United States and Mexico.

The United States respects and values Mexico's role on the world scene. We also cherish our close historical, practical and personal ties as neighbors. There is no conflict between these realities. Indeed they offer our two nations a precious advantage as we approach together the great issues of our time.

Mexico and the United States are independent, and self-confident nations. We are mature enough to encounter the trials of our era without crises of identity, and without allowing differences permanently to divide us. We are serious enough to disagree without rancor; creative enough to cooperate without threatening each other's independence. In this, we are truly at the frontiers of Western Civilization. As North American nations we are irrevocably linked by geography, history, interest and principle. We need sign no documents to insure our kinship of thought and action as free and friendly peoples. We have a relationship all the more special for being unwritten.

THE GLOBAL CHALLENGE FOR PEACE, PROSPERITY, AND JUSTICE

History has presented this generation with two great and unique challenges: the imperative of peace in the nuclear age; and the need to give purpose to peace by helping to shape a new structure of international relations that speaks to the positive aspirations of all peoples.

Every nation has a stake in, and a responsibility for, the problem of global peace. Each has its special circumstances and its special role.

The United States, uniquely among the free nations of the world, bears a heavy responsibility to maintain the balance of stability upon which world peace depends. This is why we are committed to oppose the forces of intimidation and oppression whenever they threaten the global equilibrium, But we know, as Mexico knows, that peace is tenuous, and progress is fragile without a curb, and eventually an end, to the arms race. This is why we have embarked on the difficult and complex negotiations to limit strategic arms; to reduce these arms and to ease the economic burden of the arms race.

Mexico, whose voice is heard by all the major groupings of the world's nations, also bears a responsibility for peace. Mexico has been among the staunchest proponents of disarmament and the use of national resources for development rather than the accumulation of arms. Mexico was the leader in negotiating the Treaty of Tlatelolco establishing a nuclear-weapons-free zone in Latin America. And Mexico has raised its voice in support of the dignity, security and self-determination of nations threatened by external intervention.

But the ultimate purpose of nations is to look beyond a peace that rests exclusively on a precarious balance of power to a new era of international economic cooperation. We must offer our children the hope of a better future by mastering the great economic and social challenge of building a new, equitable, and productive relationship among all nations, and particularly those of north and south.

The problem of economic development is not merely a technical but a profoundly political and moral issue. It is not possible to build a world community which is divided between the rich and the poor. If we are to live in a world of peace and justice, all nations must have the consciousness that the world community listen to their concerns.

This is why we attach such importance to to the dialogue now taking place between the developed and developing nations. For beyond the technical solutions we may reach, the spirit we help engender can contribute to a world of peace and to a sense of community. This is why we are disturbed by attitudes of confrontation, and concerned by those who seek gains through technical majorities. It is the essence of an effective international structure today in our interdependent world that solutions cannot be imposed by one group on another, but that a consensus must be established in which all share. By continuing to grow in strength and international participation, Mexico, and indeed all the nations of Latin America can in important respects act as a bridge between the different groups that exist in the world today.

The United States has accepted the challenges of an interdependent world. We are committed to the cause of cooperation on an equal basis between all nations—whatever their stage of development. We have pursued this course at the Seventh Special Session of the United Nations General Assembly; in the Conference on International Economic Cooperation; at Kingston in January; at Nairobi last month. There have been setbacks of course, but we believe a new and positive atmosphere has been created, and we join with your President in the view that the serious and responsible nations of the world now have an unprecedented opportunity to advance mankind's age-old dreams of a better life.

The United States knows that while our specific approaches to these problems may differ, Mexico shares our aspirations for a better world of peace and prosperity. Mexico has used its growing international influence to focus on the great global effort to secure peace and enhance the quality of human life. Mexico's example is proud and compelling, not only for the peoples of the Americas but for all who value peace, prosperity and justice.

Mexico's economic growth and progress have made it a vital force in international affairs. Mexico had a major influence on the course of the Seventh United Nations Special Session and is an active participant in all international efforts to accelerate development through a fair and cooperative global economic system. Mexico's energetic promotion of the Charter of Economic Rights and Duties of States—which you yourself inspired, Mr. President—itself symbolizes the need for a new awareness that interdependence is not a slogan but a reality.

And since the Revolution of 1910, Mexico has presented the International community with the example of a proudly independent nation committed to progress and social justice. Today, Mexico's voice is heard and heeded in the leading councils of the world.

It is my profound conviction that Mexico and the United States together have a priceless advantage upon which to base common efforts in virtually every major area of human and international concern. Mexico's history, economic growth, institutional stability and political imagination enable it to bring independent new dimensions to the global cooperation so essential to our shared hopes for a less divided and more prosperous world.

The United States believes that the universal search for an enduring structure of peace for all peoples is possible only if it is based upon the free commitment of strong, stable, and responsible nations. Mexico's growing national strength and development and deepening participation in global councils strengthens the voice of this Hemisphere and has given a special projection to the nations of North America in the vital debates of our time such matters as disarmament and global security.

The higher stage of economic progress that Mexico has attained has brought it into the company of economies which are vulnerable to global inflation, to sudden fluctuations in world patterns of supply and demand, to important technological change and investment capital shortages. At the same time, our economies are among the world's most open and flexible. We can respond to change quickly and effectively. We have the opportunity and the responsibility and the will to shape the course of economic events rather than to acquiesce in the stale determinism that paralyzes so many nations of the world. In the key areas of finance and technology, investment and trade, the United States and Mexico and with us the other nations of the Hemisphere, have outstripped the world as a whole. Our habits of practical cooperation give us a head start. The efforts we take together can thus make a special and positive contribution to the course of development around the world.

Beyond peace and prosperity lies a deeper universal aspiration for dignity and justice. Our two countries are both committed to the rule of law and extending the reach of international law in world affairs. This is most urgently needed with regard to the last great frontiers of our planet—the oceans. They are the common heritage of mankind, but they can become arenas for conflict if not governed by law. The differences between us on the issues involved have led to tensions, but they are issues which nations everywhere will have to solve. Our two nations have a special advantage and thus a special responsibility to reach agreement on our differences in the context of a rapid and successful conclusion to the Law of the Sea Conference this year. We have agreed to urgent consultations on this important issue.

And we have as well an obligation to the deeper sources of our common humanity. No peoples have been more dedicated to the cause of human dignity and liberty than ours. The struggle to secure the peace, or to widen prosperity ultimately will have no meaning unless the peoples of the world can pursue their aspirations without fear; in societies which foster the fundamental rights of mankind. At the General Assembly of the Organization of American States in Santiago earlier this week I reaffirmed the unequivocal commitment of the United States to the American Declaration of the Rights and Duties of Man. The United States endorsed the reports presented there by the Inter-American Human Rights Commission, whose powers we proposed be broadened. We did so in the recognition that the precious heritage of our Western Hemisphere is the conviction that human beings are the subjects, not the objects, of public policy; that citizens must not be the mere instruments of the state. The traditions of our two countries and our heritage as free American Republics places upon us a special trust to defend and carry forward the principle that progress is sterile unless it enhances the areas of human freedom.

These are some of the great global challenges we both face. Let me turn now to the bilateral process through which we shape our progress as friends and partners.

MEXICO AND THE UNITED STATES: INDEPENDENCE AND INTER-DEPENDENCE

The imperatives of the relationship of Mexico and the United States are not to be found in words but in geography. Our shared destiny is literally written in stone. But the special relationship we have today represents as well an achievement of human will and responsibility.

The work we are doing together serves not only to strengthen our own ties; it is a demonstration to the world that two nations can resolve, in a reasoned and responsible manner, problems of acute sensitivity in areas touching upon:

National sovereignty;
economic advantage; and
human concern.

Let me briefly review the record of shared effort we have compiled and the work yet before us in each of these three areas.

First, how many nations of the world could accept as natural and comfortable an undefended boundary of nearly two thousand miles? Our active day-to-day cooperation along our border is a rare phenomenon. Through the years, our joint International Boundary and Water Commission has solved major problems of shifting boundaries, flood control, and water distribution. The solution of the Chamizal and other territorial issues, the resolution of the problem of Colorado River salinity, the coordination of air traffic control along our border have all been approached cordially, persistently, and constructively. This is a record of which we can be proud, and on which we can build as we take up further aspects of cooperation along the border, such as widened cooperation on search and rescue operations and problems affecting the environment.

Second, we have acted and are acting with mutual respect and great responsibility on issues of substantial economic interest, such as the desire of Mexican workers to seek employment in the U.S.; and of Mexican exporters to sell in our country's markets. After decades of relatively satisfactory accommodation to the question of undocumented workers, we now face a number of new issues requiring mutual study and heightened cooperation—and that must take into account the legitimate concerns both of the people of the United States and the human rights of Mexican citizens.

We share Mexico's concern over your large trade deficit in 1975. The economic recovery in the United States and the continuation of the forward looking attitude which now informs U.S. trade policy will serve, I am confident, to bring our trade accounts closer into balance. Even more important, the U.S. Trade Act's Generalized System of Preferences will expand Mexico's access to our market. Indeed, Mexico, with over a half-billion dollars worth of exports eligible for duty-free treatment, should be the primary beneficiary of our new tariff system which gives products of developing countries competitive advantage over products of developed nations.

Third, both our nations have acted with heart and with vision on matters of deep human concern. We have combined our efforts with increasing success against the international narcotics trade, which has victimized so many citizens of both our countries. The effort of the Mexican Government to stop the production and trafficking of dangerous drugs in Mexico can stand as a model for the world. We are proud to be able to support you in your increasingly effective program of narcotics control. A related issue now before us concerns the need to prosecute narcotics violators to the full extent of the law while at the same time ensuring the observance of their legal and human rights. We have had useful talks about improving the situation of nationals of our two nations imprisoned in the other country.

And, more positively, we have strengthened the cultural relations between our two nations. We share deep ethnic, linguistic, intellectual, and historical ties. Mexico's early recognition of the importance of preserving a nation's cultural heritage has inspired similar efforts around the world and won the admiration of the millions who experience first hand, as I shall tomorrow, the glories of your Mayan past. The Treaty on the Protection of Cultural Property between the U.S. and Mexico has been in force since 1970 and has proven effective. We are proud to assist Mexico's efforts to defend its cultural patrimony as a sustaining value for future generations.

As we look to the future we are witnessing a growth of balanced, two-way exchanges which range across the spectrum of intellectual and cultural life, from the arts to the humanities to technology. While increasing numbers of Mexicans are studying in the United States, more U.S. students are learning at Mexican universities than in any other nation. Each of us is developing a greater appreciation of the creative experience and achievement of the other—in science, music, literature, and the visual arts. We are prepared to move ahead even more vigorously to promote cultural exchange and cultural understanding, recognizing that they are powerful forces affecting the quality and tone of the future course of our relationship.

All these are issues of immediate and direct concern to our two nations. But they are also variations on the larger themes of sovereignty, economic interest, and human concern that affect nations everywhere. Our struggles and our successes in dealing effectively and creatively with our own interdependence is relevant to the rest of the increasing interdependent world in which we live. In a period when mankind faces international problems which are not only complex but fraught with ultimate risks, it is unrealistic as well as unwise to expect easy solutions. What we can and must seek to bring about is an atmosphere—in bilateral, regional, and global relations—in which problems are addressed positively and constructively, in which divergent views are expressed openly and freely, without wounding and sterile rhetoric, and in which the objective is an effort to solve problems pragmatically, not aggravate them ideologically.

Our long record of experience together makes clear that cooperative effort serves us both much better than recrimination or unilateral action. Although our differences over the years of our respective independence as nations have at times been enormous, in this last half century we have done as much to achieve a positive atmosphere of cooperation as any two nations in the world. The United States and Mexico are engaged today by preference as well as necessity.

In the future as in the past our success will be founded upon a fundamental continuity of purpose, of effort, of policy. That continuity is reflected today in your forward-looking "Plan Basico"; and in the United States by the permanent interests of our foreign policy in maintaining global peace while building for a new era of economic cooperation and human justice. With this continuity and in this spirit we can continue to provide an example to the world of the way neighbors ought to conduct themselves; not only geographic neighbors such as we, but all nations—for on this shrinking planet all peoples are neighbors.

Mr. President, friends:

A short distance from my office in the Department of State in Washington is a statute of Benito Juarez on which are engraved his words, "Peace is respect for the rights of others."

But Benito Juarez also knew, that the mere absence of war is not enough. The relations of states today must have an economic, and a moral dimension as well. In the hearts of men and women, peace means an abiding sense of security and freedom from external intimidation; it also means the hope of widening economic opportunity; and it means conditions which foster the growth of social justice for all.

These are values and causes which Mexicans and Americans hold in common and hold dear and which you, Mr. President, have done so much to promote.

I ask you to join me tonight in a toast to these values we share; to the distinguished President of Mexico, our good friend, Luis Echeverria; to the United Mexican States; and to the permanent and productive friendship of the peoples of Mexico and the United States.

ILLINOIS COUPLE COMPLETES PEACE CORPS TOUR

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. PRICE. Mr. Speaker, Walter and Marie Kozuch Dawson, both 24, will complete their tour as Peace Corps volunteers this month.

For 2½ years, Mr. and Mrs. Dawson have worked side by side as partners in a forestry project in tropical Ecuador. I would like to commend them for their service to the people of this developing nation.

Their work has involved evaluating experimental stands of trees used in reforesting an overpopulated, overfarmed Ecuadorean province.

They are both natives of Illinois, graduating from Southern Illinois University at Carbondale in 1973. He is the son of Amelia and the late Walter Dawson of Lebanon, Ill. She is the daughter of Lottie and Edward Kozuch of Round Lake. Mr. Dawson's undergraduate degree was in forestry, and he hopes to enter forestry graduate school, after returning to the United States this summer.

Working in forestry, the Dawsons have seen few immediate results come from their labors. However, I applaud the concern about the future their long-range thinking and their work show.

They deserve thanks for taking several years of their lives to do something to improve the future of another nation's people. But for the Dawsons, the caring will not be over when they return home, because they will return home with an adopted Ecuadorean child, a 1-year-old girl they have named Sandy.

I am confident that they have gained as much from their Peace Corps experience as they have given to others through it. I can only hope that all of the Peace Corps volunteers around the world show the same degree of concern for humanity and dedication to their work that the Dawsons demonstrate.

SPIRIT OF LEMONT, ILL.

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. DERWINSKI. Mr. Speaker, the community of Lemont, Ill., was struck by a tornado early Sunday evening, June 13. Storms accompanying the tornado caused extensive flood damage in Lemont and adjacent communities in Cook County.

When President Ford declared the affected communities a "disaster area," relief programs were immediately put into effect. I want to commend all the Federal and State agencies involved for their efficiency and cooperation in meeting the needs of the people in the damaged areas. The Federal Disaster Assistance Administration, the Small Business Administration, State and local agencies, and the Red Cross and Salvation Army effectively coordinated aid to the victims of this disaster.

The Lemont Beacon published an editorial on June 17 describing the spirit demonstrated by the people of Lemont in responding to each other's needs in this disaster. I insert it in the Record as part of my remarks.

Spirit of Lemont

Many people think the bicentennial spirit is either dead or means a person paints his fire hydrant red, white and blue.

But the courage, compassion, determination, and the resourcefulness demonstrated by disaster victims and the many hundreds who offered assistance could not be equalled by our forefathers.

So many people said they cared in so many ways. To watch drenched policemen controlling traffic at 3 a.m., Jaycees taking food from their own kitchens to bring to stricken residents, old and young embracing each other and offering sympathy, or simply watch flickering candles in the churches is heart rendering.

Organizations responded immediately to people's needs. Lemonters were continually asking what can we do to help? Neighbors who used to merely nod in passing were crying in each other's arms. Looting was kept to a minimum because policemen refused to allow unauthorized personnel into the area. Public officials didn't sleep until Lemont was safely bedded down for the night. Congressmen plunged into cutting political red tape. Victims calmly accepted their fate.

Lemont is a close-knit community, grown closer through tragedy.

Thumbs up Lemont.

A LEADER, DUCKWORTH IDEAS PROGRESSIVE

HON. WALTER FLOWERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. FLOWERS. Mr. Speaker, we in Tuscaloosa, Ala., are saddened by the death of Mr. Joseph Duckworth, one of our community's leading citizens for nearly 70 years.

Mr. Duckworth, who was 96 years old when he died 2 weeks ago, moved to Tuscaloosa in 1907, a year after he had lived through the great fire of San Francisco. Subsequently he founded his own insurance agency and helped form a savings and loan association.

While building up his businesses, he gave unselfishly of his time to help the community, serving many years on school and hospital boards and taking an active role in civic organizations. He also was a leader in the Methodist Church.

He was an inspiration to all who knew him, and we will miss him greatly. My family and I extend our deepest sympathy to members of the Duckworth family.

To acquaint my colleagues and others with the life and accomplishments of Mr. Duckworth, I offer the following editorials from the Tuscaloosa News and the Graphic, our hometown newspapers, for inclusion in the RECORD:

[From the Tuscaloosa News]

A LEADER—DUCKWORTH IDEAS PROGRESSIVE

The Tuscaloosa area lost a community service bulwark this week with the death of Joseph A. Duckworth, 96.

Duckworth was a kingpin in commercial and community development here for nearly 70 years. His life reflected a broad spectrum of interest and dedication.

He played a major role in development of Druid City Hospital, in the growth of the public schools and the location of a modern hotel in the downtown in addition to the other business interests.

A native of Salem, Mo., Duckworth started his career as a school principal after graduation from Southeast Missouri College at Cape Girardeau.

His career in the insurance business began in San Francisco, Calif. with Pacific Mutual Life Insurance Co. His association with that firm eventually brought him to Tuscaloosa.

In 1907, Duckworth joined W. F. Fitts and Co. here, the state representative of Pacific Mutual as well as agent for various property and casualty insurance companies.

It was 1918 when he joined with Charles Morris and they formed the Duckworth-Morris Insurance Agency. Duckworth saw the need for long-term loans here and in 1925 in association with Morris and Spencer Pearson organized Tuscaloosa Building and Loan Association—forerunner of First Federal Savings and Loan Association.

Duckworth served as president of the savings and loan association until 1952 and as chairman of the board until 1970. He was chairman and director emeritus of First Federal after that time.

But in addition to his business career, Duckworth found time to devote to many important local institutions.

He was one of the developers of Druid City Hospital which opened in 1923 and was named one of the first two Druid City Fellows by the hospital's new foundation.

Duckworth served on the Druid City board of trustees for 25 years. He was a past-chairman of the board.

The civic leader put in 30 years on the Tuscaloosa City Board of Education which he served as vice president and president. He was credited with locating the present sites of both Tuscaloosa and Druid high schools.

In 1953, Duckworth was named Tuscaloosa's Citizen of the Year because of the leadership he provided in securing a modern hotel (now Ramada Inn Downtown) for the central city.

He was also an early developer of the present Chamber of Commerce which he served as president in 1922–23 and in many other capacities over the years.

His public service with the Rotary organization was also well-known. He joined the Tuscaloosa club in 1918 serving as district governor in 1930 and as sergeant-at-arms for the International Rotary Convention in Mexico City in 1936.

He was named a Paul Harris Fellow in 1973 when friends made a donation to the Rotary Foundation in his name.

Another of his major interests was his church, First United Methodist. There he served as chairman of the board of stewards, finance committee and board of trustees as well as being church treasurer.

In 1974, the University of Alabama recognized Duckworth's usual record of service to the community where he lived. The school conferred the degree of honorary doctor of laws on him.

It was an honor he had most certainly earned.

For the record of Joseph A. Duckworth's life is a truly remarkable one. He was a man ahead of his times in many of his ideas—who had the ability to make those ideas reality.

[From the Tuscaloosa Graphic]

JOSEPH A. DUCKWORTH

Joseph A. Duckworth was 96 years old when he died June 14. The figure correctly traced his time on this earth. But it belied the youthful spirit of this pioneer Tuscaloosa business, civic, and church leader.

Mr. Joe was young in heart. He was always young because he was always interested in everything about him, especially people. He never ceased delving and seeking into those things important to his community. He made new friends and he inspired young people.

His career in Tuscaloosa tells a story of our city's growth and development. It was a small sleepy town when Joe Duckworth came here as a business man in 1907. He had a vision of what Tuscaloosa would be someday. With the late Charles Morris he founded Duckworth-Morris Insurance Agency in 1918.

As city and county grew, Mr. Duckworth's business acumen led him into forming another business. He and associates established Tuscaloosa Building and Loan Assn. in 1925 (now known as First Federal Savings and Loan Assn.).

It wasn't so many weeks ago when we saw Mr. Joe going into his office. Even at 96 he wanted to be where the action was. He was a unique citizen. His life was a model of what intelligence, industriousness, and integrity mean in making a successful life.

That Mr. Duckworth lived to be 96 is an insight into his great spiritual qualities. Like so many who lived to advanced years he was warm and positive in his relations with others. He was helpful and optimistic with young people. Long ago he encouraged us in our newspaper enterprise and he remained a booster through the years. These are the things a person remembers and values.

Certainly he did the same for many others. He was interested in people, in helping them, and in sharing his vision and enthusiasm for the great future of this community with those who would follow. Joe A. Duckworth never lost his youthful love of life and this is what made him great.

THERE'S A BIG AGGRESSOR MISSING FROM THE SOVIET LIST

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. DERWINSKI. Mr. Speaker, I cannot be convinced that the much heralded and also much lamented policy of détente espoused by Secretary Kissinger is the success he claims it to be.

One only has to look at the performance of the Soviets to reach this judgment. One consistent Soviet trait is the deliberate falsification of history. This point is brought out very appropriately in a column by John Gaspar which appeared in the Chicago Tribune on June 23.

The article follows:

THERE'S A BIG AGGRESSOR MISSING FROM THE SOVIET LIST

(By John Gaspar)

You can always be sure of two things about the Kremlin's view of history: It seldom is dull and it always is one-sided.

In the first of an eight-volume series published last week, the Soviet Military Encyclopedia lists 29 countries as aggressors in 60 military conflicts between 1945 and 1973.

Who heads this list of post-war "aggressors"? Britain, with 21 violations. It is closely followed by the United States with 17.

Conspicuous by its absence from this roster of aggressors is the Soviet Union. China, Cuba, and East Europe are absent, too. They are depicted as the defenders of the oppressed peoples of the world.

However, a more objective look at history certainly shows the Communists, and the Russians in particular, to be aggressors in many a conflict.

Poland, Romania, Czechoslovakia, Hungary, Bulgaria, and East Germany fell under the hammer and sickle during the closing days of World War II. The Russians came, saw, conquered, and stayed.

Were the Russians blameless in the Communist fighting in Greece in 1947–49? Only the intervention of the U.S. prevented that country from being smothered by Ivan's protective hug.

Did the Hungarian freedom fighters invite the Soviet army to invade their country in 1956? Ivan says he definitely was invited.

Thousands who fled the country suggest that the invitation did not come from the "masses."

Where the people of Prague cheering when the troops of the Soviet Union and other Warsaw Pact countries crushed their brief liberalization movement in 1968? Nobody heard any request for such intervention from the legal government of Alexander Dubcek.

Who supplied the MIG warplanes and the military hardware for the North Korean invasion of the south in 1971? The Russians supplied the arms while the Red Chinese provided thousands of troops.

It was the "peace-loving" Russians who imposed a military blockade of Berlin in 1948 in an attempt to starve out western influences. Communism topped this in 1961 when it erected a wall to keep the East Germans from fleeing into the West.

In 1962, the world was stunned to learn that the Russians had supplied the Cubans with missiles. Under heavy pressure from the U.S., Khrushchev reluctantly removed them.

The Russian role also figured heavily in the Viet Nam war. Along with China and other Communist nations, they supplied the arms that eventually led to the conquest of South Viet Nam, Cambodia, and Laos.

More recently, the Russians and their Cuban cronies played a vital role in planting a Marxist regime in Angola. Russian weapons also were a key factor in bringing Mozambique under the Soviet umbrella in Africa.

Then, too, there's the Soviet skulduggery in Somalia, the Sudan, and the Congo. It's anybody's guess who is to blame for the frequent border clashes between the Russians and the Red Chinese.

Moscow has also been labeled as both hero and villain in the several wars between Israel and the Arabs. The Egyptians finally had enough of their Red benefactors and told them to go home. However, Russian arms are still being sent to Syria, Iraq, and the Palestinian guerrillas.

The Soviet Union also has to be considered an aggressor for its interference in Yugoslavia and Albania, even though no military invasion occurred. Those two countries rejected Moscow influence and followed their own forms of Communism.

The Russian view of history also fails to note the Chinese Communists' invasion of Tibet, the Chinese-Indian border clashes, and the Cuban involvement in various Latin American countries.

A quick tally shows that the Russians have intervened, meddled, or had a key role in 27 countries, in some cases more than once. This would suggest that the Soviet Union is the world's worst postwar aggressor.

Henry Ford may not have had the Russian viewpoint in mind when he said, "History is bunk," but the Russian version fits this description.

CLARK MOLLENHOFF AND "THE PRECARIOUS PROFESSION"

HON. EDWARD MEZVINSKY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. MEZVINSKY. Mr. Speaker, professional journalists have always played an important role in the public life of this Nation. The development of modern investigative reporting techniques, though, has added a new dimension and a new significance to the impact of the press on our national affairs.

Clark Mollenhoff is a leader in that development. In a 30-year reporting career and as Washington Bureau Chief of the Des Moines Register and Tribune, Clark has made a special contribution to new techniques and new perspectives for reporters. As a theorist and as a practitioner, Clark has earned the respect of his professional peers and of all of us who know how great an impact his work has made on journalism and on many of the central issues of our times.

On June 20, Clark spoke before the Investigative Reporters and Editors Group in Indianapolis, presenting his insights on the status of investigative reporting in America, its possibilities, and its pitfalls. Clark's informed observations are interesting reading for anyone who recognizes the continuing significance of investigative reporting in America today.

The article follows:

THE PRECARIOUS PROFESSION

Investigative reporting is a precarious profession, and don't forget it. For the most part it is hours and days—and sometimes weeks—of tedious work in combing records, endless interviews with people who do not really want to talk to you, the running out of endless leads, the frustration of having most of the leads end as very dry holes or, worse yet, with inconclusive results, and the impenetrable stonewalling of responsible officialdom.

This is not an easy way to make a living as a newsman, even under the best of circumstances; and I believe I have been blessed with the best practical circumstances for more than thirty years with the Des Moines Register and Tribune.

Investigative reporting is not an automatic way to consistent front page stories, nor is it the best path to a vast admiring audience or into the heart of your editor and your publisher.

If you are doing your job right, it is almost certain that you will become controversial and subject to accusation that you favor one political party, political figure, or political ideology. If you play it aggressively on one side of the political street, you will have one group of dear, dear friends, but you will have another group of bitter enemies.

Unless you are meticulously careful in developing your story as well as in writing it, you are likely to be under attack on charges of "irresponsibility" or "character assassination." Well-financed adversaries and their lawyers will pounce upon your most inconsequential procedural mistake, and it is likely that you will have to defend every word in a critical story.

When you hit it big, you will find politicians, reporters, editors, and publishers clustered around with smiles, handshakes, and pats on the back for "great work." But, if you are under attack, and are seemingly vulnerable, only a handful of reporters and editors will have the depth of knowledge and understanding to stick with you and give you encouragement and support.

And when your target for criticism is a very influential personage, you must know that a whole new standard must be applied to your procedures and to the story approach. Unless you take it upon yourself to make sure you are knee deep in facts, law, and reasonable justifications for everything you have done and written, you will be courting disaster.

Also, there are some circumstances with powerful public figures when no amount of fact, law, and logic can prevail. You will be fortunate if you always recognize those cases far enough in advance to avoid a confrontation.

All of those facts of life on the real pitfalls should be enough to make any sensible person wary of investigative reporting as a career. And, I must say, many who take a turn at it are discouraged at the many pitfalls, weary of the long hours of reading and research, and abandon it for a more comfortable existence as a political pundit, columnist, or editor. Or better yet, they stick to a career as a humor columnist or sports writer where the turn of a phrase is an end in itself, which is certainly more pleasant than turning over stones or dead bodies.

With all that I have said, you must wonder why anyone would take up investigative reporting as a career. Why would George Bliss, Sandy Smith, Bill Lambert, Wally Turner, Bob Green, Clark Mollenhoff, and a host of others take it up, and stay with it for 25 years or more?

When investigative reporting pays off quickly with million-dollar dividends such as Bob Woodward and Carl Bernstein are receiving, it can seem glamorous and highly rewarding. There is drama in the story of two young, and relatively inexperienced, reporters who had an important role in the development and breaking of exclusive news stories that helped keep the Watergate investigation alive. Eventually the Watergate investigations brought President Nixon tumbling down, which added an unprecedented touch of drama to cap the Woodward-Bernstein saga.

The Woodward-Bernstein story had the ingredients for an excellent book, "All The President's Men," and an excellent movie that gives realistic treatment to one slice of the Watergate story. But, it is important to remember that this was just one slice of the Watergate story—a part of the Washington Post slice of Watergate, but not even all, or the most important part, of the Washington Post's contribution.

It is understandable that Robert Redford kept the story line as lean as possible in the movie, and did not include the vital contributions of Barry Sussman or the many important, closely related stories developed and written by Morton Mintz, Larry Stern, Ronald Kessler, Spencer Rich, and George Lardner, among others.

While the drama critics and book reviewers need only concern themselves with the question of whether the story line was generally realistic and the characters believable, we must avoid the pitfalls of oversimplification and try to see through and around the devices of the dramatist if we are to learn anything practical from the Watergate story.

We owe Woodward and Bernstein, Robert Redford and the Washington Post a great deal from the standpoint of putting major focus on the importance of investigative reporting as a force against abuses of power by the President of the United States and other high federal officials. The impact of the book and the movie has only begun to be felt in our journalism schools and in our newsrooms.

Hardly a week passes that I do not hear of some new incident of an editor with a "Deep Throat" problem. This situation is widespread, and serious, for young and inexperienced reporters are turning up with "confidential sources" on a wide range of exotic political shenanigans that would amount to libel problems if printed.

Often reporters refuse to identify their sources to the editor, and at the same time hint, give the impression, and occasionally charge that the editor or the newspaper, or both, are "gutless" or are a part of a "cover-up" for crooked politicians.

The inexperienced reporter may see his "Deep Throat" as the way to fame and fortune, and be thoroughly frustrated and angered if editors and publishers are less single-minded and less dedicated than Kay Graham and Ben Bradlee in the Watergate story.

We must be realistic about whether our publishers and editors should be expected to put their reputations and fortunes on the line on the word of an untried reporter who says he has a "confidential" source. Such a risk is unreasonable with an inexperienced reporter. And, it is even a bit precarious when dealing with such experienced professionals as George Bliss, Sandy Smith, or Bill Lambert, who know and understand what corroborative evidence is and have years of experience in judging the reliability of informants.

Realistically, it is unlikely that many of us will have a publisher or editor with the dedication of Kay Graham and Ben Bradlee to exposing the truth about Richard Nixon's administration. The question of whether this was solely a dedication to obtaining the whole truth on Watergate is immaterial now, and the rights of a free press should not be and cannot be, contingent upon passing some litmus paper test on purely nonpartisan, objective motivations.

They were right on the basis of the overwhelming weight of the evidence as we know today, and were basically right in the aggressive questions raised and pursued as their staff pushed forward on a dozen fronts to make certain that official Washington would not forget the unanswered questions.

But, they did take chances. They did go into print on a number of occasions on the basis of evidence that many other experienced and objective editors would have found insufficient. They did make mistakes, as all of us may when we press the known evidence to the frontier of projection, and when we make judgments based upon second- and third-hand hearsay for corroboration. It is refreshing that many of those errors and questionable tactics are admitted in the book, even though they are passed over lightly in the movie.

We must all take some chances with regard to the really big expose, for it is seldom that we can pin down all aspects of a highly controversial story with solid evidence that would be admissible in a court. However, that should be our goal, for every time we deviate from that standard we do have some degree of vulnerability that can be ignored only when there are compensating advantages on other points.

Since Watergate is the overwhelming story of our era, it is necessary that we analyze it carefully for what it was and what it was not.

First, it was a great example of what a newspaper can do when it is dedicated to obtaining the whole truth, as the Washington Post was in this case.

Second, it was an excellent example of what young and relatively inexperienced reporters can do with one hell of a lot of leg work, persistence, and luck.

But, it is a mistake to oversimplify and state that two young reporters exposed Watergate and forced the resignation of President Nixon. While their contribution was significant, it was not vital to any crucial development, for the FBI bureaucracy, the Federal Election Office, and civil litigation by the Democratic party had accumulated most of the hard evidence, and many other reporters and newspapers were on the trail of the same stories.

It was important to get that information into the public domain, and it was simply a matter of the Washington Post being a bit more agile and aggressive in getting into print ahead of the New York Times, the Washington Star, the Los Angeles Times, Newsday, the Chicago Tribune, the Scripps-Howard newspapers, and others. Each of the above listed news organizations had a good many exclusive news breaks that were probably as important as any single story the Washington Post carried.

The press as a whole did a great job, in the finest tradition, but it would be a bit of a myth to suggest that the free press did it alone. The press was dependent upon the integrity of the FBI bureaucracy and the Federal Election Office for the production and preservation of evidence that made the exposure possible.

And, likewise, all of the best work of the press and the government investigators would have meant nothing if it had not been for the courage, ability, and integrity of Representative Wright Patman, Senator Sam Ervin and United States District Judge John J. Sirica in late 1972 and early 1973.

Remember the persistent probe by Representative Patman's banking and currency committee that produced a massive factual report on the Mexican laundry before it was aborted by Gerald Ford and Garry Brown and the White House in October, 1972.

Remember the persistent search for truth by Judge Sirica in the trial of the Watergate burglars that frustrated the initial cover-up of the White House role and made it possible for Senator Sam Ervin to demonstrate the need for a Senate inquiry.

Judge Sirica's initially controversial pressures for the truth and the impending Senate probe by Sam Ervin created the conditions for the defections of James McCord, John Dean, and Jeb Magruder.

It is true that the free press aggressively reported these matters and, in this, fulfilled its responsibility to keep the public informed. But there were powerful political forces at work in Congress—I mentioned only the AFL–CIO as one—that were more important than any segment of the press in finally persuading the House Judiciary Committee to launch the impeachment proceedings.

Although Watergate is behind us, the lessons of Watergate should be remembered in proper perspective or we will be destined to make misjudgments in the future. The next time we might not be so fortunate as to find the free press so courageous, or to find men of the tough, deep integrity of Sam Ervin, Wright Patman, John Sirica, or Special Prosecutor Archie Cox in the right place at the right time.

We must recognize that if there were a single person with the all-encompassing knowledge of "Deep Throat," such an all-knowing source is unlikely to surface in Washington in the next crisis. But, if we analyze "Deep Throat's" actual contribution, it was insignificant except that it encouraged the Washington Post to move with stories it had obtained from other confidential sources.

"Deep Throat" said he would give no information, and pretty well lived up to that promise. He only confirmed that certain facts might or might not be true. A rookie cop would be fired for presenting such anonymous material as corrobation, and no experienced investigative reporter would give it more than casual consideration as a possible source for leads.

Some Post people say today that "Deep Throat" was not important in any decisions to move with stories. I would stress the importance of the tireless leg work of Woodward and Bernstein and the availability of "leaked" information from government investigators who did not want the Watergate cover-up to succeed.

Except in the rare, rare case where a newspaper actually starts an investigation of government corruption or mismanagement most of the newspaper's success is contingent upon good, knowledgeable sources within the investigative or prosecution apparatus for "exclusive leaks."

I want to mention briefly a system of investigative reporting that starts from scratch. It is a system developed at the American Press Institute under the great late editor Ben Reese and J. Montgomery Curtis. It is a system of solid investigating that has been in use on dozens of papers from Los Angeles to Long Island, from Miami to Philadelphia and Bangor, Me.

At the American Press Institute, I developed my first "Blueprint for Investigative Reporting" which Ben Reese dubbed my "Follow the Dollar" speech. In the same API forum, I developed the first check list for investigative reporters which was later expanded by John Siegenthaler, Reese, Monty Curtis, and others.

Paul Williams is presently working on a book that will compile this material, his own important experiences, and the experiences of others in a comprehensive study of systematic investigative reporting.

The system of program evaluation review techniques can be used on any city, county, state, or federal agency, or on any private enterprise institution. It involves an analysis of the history of the agency, its purposes, and a study of how those purposes are being advanced from a standpoint of possible conflicts of interest and the administration of its laws and regulations. It comes complete with a check list for investigative reporters so you don't forget any areas of potential mismanagement or corruption.

George Anthan, Jim Risser and I have used the system successfully on a four-year project involving the commodity market regulations. We took the old, ineffective Commodity Exchange Authority apart, and those articles stimulated five congressional investigations which resulted in the creation of a new, independent agency—the Commodity Futures Trading Commission. We are hopeful that this Commodity Futures Trading Commission will be a more aggressive and more effective regulator.

We did not receive journalism awards on the commodity trading investigation which spread over several years while the major attention of the press was concentrated on Watergate and related matters. However, an outgrowth of that investigation won for Jim Risser, of our Washington Bureau, a Pulitzer prize for national reporting on the grain inspection scandals. Risser's work was a follow through on one aspect of grain trading activities, using the same solid techniques we had used in our investigation of the scandals in commodity market regulation.

We also did a comprehensive series on the operation of the Packers and Stockyards Administration. This investigation of the flaws in the laws that regulate the marketing of livestock was planned and structured by our three-man team in the same manner as the commodity trading investigation and the grain inspection probe.

While systematic investigative reporting will not make you popular with those you are investigating, it can perform a much needed public service, win journalism awards, and cut the odds on your being a casualty of our precarious profession. Publishers and editors rather uniformly are pleased with solid investigative jobs that keep their headaches at a minimum and do not result in unreasonable libel risks for the newspapers.

They may not know precisely all the ingredients that go into the successful job, but it is not necessary that they know how to do the job if they are understanding of the importance of the job and give thoughtful encouragement to those who know how to do it. It isn't necessary for the owner of a football team to be able to pass or catch a football or to know much more than how to read the scoreboard. The coach must be able to recognize talent, even as he may not be able to execute the plays he devises in his overall strategy.

Over a period of more than 30 years, I have had understanding and encouragement that has permitted me freedom to pursue any and all investigations in a responsible way, and to call them as I saw them as long as I was right on the facts and law.

It was an unusual experience, and I believe it was unusually successful. I have worked hard, have taken the job seriously at all times, and have had a measure of luck. I have also had the common sense to make sure that I, personally, could defend all of my investigations and stories before any forum.

There are those who say there is too much investigative reporting. Occasionally these critics point to examples of irresponsibility and incompetence that make me shudder. There are always too many well-meaning irresponsibles in this business and too many scoop-happy opportunists.

But there are never too many good, solid investigative reporters for the systematic analysis of government operations—men and women who know how to find out if there is political favoritism or fraud in the way government is operating.

There can't be enough reporters to deal effectively with scandals in a $400 billion-a-year federal government, without taking into account the multiplicity of local and state agencies. We are the communication line that is vital to final government accountability to the public, and we should all do our utmost to make certain that the life line of democracy is not cluttered with irresponsible debris or superficial froth.

Every irresponsible story provides fuel for the fires of those who would discredit investigative reporting and would turn us all into fawning political lap dogs. We cannot control a truly free press, but we can take the responsibility for analyzing the output of the free press and expressing our views.

We have the responsibility to praise good investigative reporting, but to analyze and criticize the most glaring examples of irresponsibility. There may be times when we do not wish to criticize, but prefer to remain silent about the errors of others. But under no circumstances should we defend irresponsibility other than to state: The free press must have a right to be wrong, or it is not a free press.

If we do not criticize the free press or other investigative reporters from time to time, we are really in no better position than the doctors who will not criticize other doctors, or the lawyers who feel compelled to defend the entire legal fraternity as well as some crooked judges.

If we fail to involve ourselves in a thoughtful, critical analysis of investigative reporting, irresponsible reporting will grow and flourish, and the sound practitioners of our precarious profession will find themselves in even more precarious circumstances.

It is not stretching the point to say that, as our government grows bigger and more complex, the public and even the Congress are more reliant upon nonpartisan, thoughtful, and serious investigations by the press for understanding when there is corruption or mismanagement in government and potential conflicts of interest.

Any superficiality or irresponsibility adds to the difficulty of doing the vital job properly. There are no rules or guidelines that are infallible. Each of us, as an individual, has the responsibility to do his or her best to contribute to the solution and to avoid being part of the problem.

POSTAL SERVICE PLAN TO CLOSE 12,000 RURAL POST OFFICES

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. EMERY. Mr. Speaker, as you and my other colleagues are well aware, I have been one of several Members of Congress who have expressed our displeasure over the way the U.S. Postal Service goes about the rather basic business of delivering the mails. We have been particularly distressed with the Postal Service's ill-conceived plan to close 12,000 small rural post offices around the country.

We in northern New England would be particularly hard hit by this latest Postal Service plan because our States are rural by nature and we depend very greatly on our small, hometown post office, not only for the dispatch and receipt of letters and packages but as a center of communication and socializing for townsfolk.

I would like to share with you one of the finest articles I have seen to date which describes our particular postal needs and how they might be met by the Postal Service if we let them. I have attached an especially well written article by Richard M. Ketchum, editor, Blair & Ketchum's Country Journal, a monthly magazine published in Vermont but circulated throughout rural New England.

Mr. Ketchum and the publisher, Mr. William S. Blair, are both refugees from more urban and more hectic centers of commerce who several years ago brought their talents to rural New England and invested them—along with some money, I presume—quite generously in this monthly publication which many of us delight in reading each month. This article, aside from conveying a very necessary and prophetic message, is a common, garden variety of the journalistic excellence they produce each month.

The article follows:

LETTER FROM THE COUNTRY

"We are all helpless," the letter said, "and we should not be." Our friend was speaking of the decline and fall of the U.S. postal system and of how that demise affects everyone living in the country. He mentioned the mounting cost of mailing a letter, the deteriorating service, the closing of small rural post offices, and the nondelivery and mutilation of mail without explanation or apology, and as we read on we wondered how many more times we would receive a letter from him, since the post office in his little town in California and ours in Vermont are probably high on Washington's list for extinction.

Some visionary in the capital has calculated that 12,000 of our 31,000 post offices could be closed (presumably as the Postal Service's bicentennial gift to the people) at an annual saving of $100 million. In case you have missed it, the message coming through from Washington is that small-town America—the section of the country most dependent upon mail—is being phased out by the Postal Service. The nation that brought you a piece of the moon can no longer afford to deliver a picture postcard to Cousin Fern in Shreve, Ohio.

We are not exactly certain how the mail will arrive in our town once our post office has been abandoned or demolished, but in our mind's eye we construct a scene something like this. Every ten days or so (always, as we see it, on stormy mornings) a large truck bearing the familiar red, white, and blue emblem of the U.S. Postal Service will roar through town and someone in the truck will heave out a canvas bag, which will slide to a stop in the general vicinity of the village green. Then, presumably, if the sack has not fallen open of its own accord, the first passerby will untie it, pour the contents onto the ground, and begin rummaging through the pile for his or her letters and packages. Other neighbors will join the search, and before long forty or fifty townspeople will be crawling around the ground on all fours, throwing envelopes over their shoulders while they look for one that belongs to them. Collaboration of this kind might conceivably lead to a heightened sense of community, but we doubt it; we tend to think it will produce some sharp exchanges of views when Calvin Skinner plants his knee by mistake on Malcolm Cooper's hand, or when old Mrs. Arbuthnot finds someone standing on her social security check. The sorting process is bound to take quite a while, especially in a high wind, and some mail will be undeliverable since addresses written in ink will wash off after prolonged exposure to rain or snow. But we hope everyone will be philosophical about the inconvenience; after all, it isn't every day we can play a part in saving the Postal Service money. And when you consider how many good things our taxes buy—grain for the Russians, aid for foreign dictators, bombers for Arabs and Jews, bribes for Japanese businessmen and Lord knows who—we surely can't begrudge the Postal Service its economy measures.

Apparently, the mistake we made all along was in thinking that the Postal Service would be what its name implies—a service. It turns out that an argument has been going on since the earliest days of the republic—dating back to Hamilton and Jefferson—as to whether the post office should be profitable. George Washington saw the postal system's function as drawing the nation together—"with a chain that can never be broken"—and later the Jeffersonians argued successfully that any profit the system might produce should be used to improve service generally. That happy view prevailed until the late 1960s, when a commission headed by Frederick R. Kappel recommended that the Post Office Department be reorganized as an independent branch of government and become self-sufficient, or free of subsidy from Congress, by 1984. In endorsing reform of the Post Office Department in 1969, President Nixon said that what Americans wanted was "fast, dependable, and low-cost mail service. They want an end to the continuing cycle of higher deficits and increasing costs." And certainly no one would argue with that. But what has befallen us, as a result of the reorganization, is slower, more erratic deliveries, greatly increased postal charges, and staggering deficits.

At times, in fact, our postal system appears to be about as badly off as Italy's was a few years ago. Mountains of mail accumulated there and the Italians, ever pragmatic, finally decided that since there was no straightening out the mess, they would begin again from scratch—and threw the entire stack of mail into the river.

Of all branches of government, the Postal Service is the one that touches the lives of most Americans on every day but Sunday. For two centuries it has been their principal channel of communication with the world outside their homes. Without the mails, American business would have collapsed. Through the mails, knowledge and information and ideas are disseminated, largely through a diverse range of magazines and newspapers. And in many communities, the mails are the only channel through which books may be obtained.

Yet for some reason or other the folks down in Washington decided that the Postal Service—unlike any other federal agency—should make money. No one has seen fit to ask the Secretaries of Agriculture, State, of Health, Education and Welfare to turn a profit. Nor are the Joint Chiefs of Staff being urged to put Defense in the black. Closer to home, we are not asking our firemen, teachers, policemen, hospital employees, sanitation workers or any others involved in vital services, to make a profit. (You see how ridiculous this becomes when you think about it?)

Unfortunately, like so many other aspects of life in this country, the Postal Service has simply gotten out of hand. It just isn't working any more. You see this when your copy of Country Journal arrives, looking as though it's been through a cabbage shredder. We see it when we walk into our local post office and read the sign on the stamp machine in the lobby—"Out of Order." Somehow you would suppose that a nation that spends $14.2 billion a year on its postal system ought to have stamps that will stick to an envelope. But we can't even seem to manage that any more.

Our new streamlined Postal Service has spent millions of dollars developing what is called a "bulk mail system;" and we think some of the results are worth reporting. Not long ago it was found that the system expends more than eight days, on the average, getting a parcel from Washington D.C., to Los Angeles. (That is slightly less than the Pony Express required to carry the mail from St. Louis, Missouri to Sacramento in 1861, but the Pony Express was a lot more reliable than the U.S. Postal Service—in its brief heyday it covered 650,000 miles and lost only one mail.) Another test revealed that almost half of the fragile items sent by parcel post arrive broken. (Sorting bins are usually located from five to twenty-five feet away from the clerks who sort parcels—just far enough to encourage the throwing of packages. And in certain post offices, automatic sorters drop packages anywhere from one to four feet.)

But the difficulties are not restricted to parcel post. Take first-class mail. During one six-month period, 13 million letters were missorted in a New York post office. In Washington, the Postal Service has a letter-sorting machine it describes as "the equipment of the future." And alas for all of us, it may be. This 91-foot-long sorting device, which is manned by twenty employees, has an error factor that has run as high as 17 per cent. That is, there are times when one letter out of every six is going to the wrong destination. And every time a letter is missent, it may be delayed as long as five days. They will tell you that this sorting machine—which, with others like it, was supposed to save taxpayers $1 billion a year—can correctly sort 1,100 letters per man hour. And that sounds impressive until you learn that in the old, pre-sorting-machine days 1,700 letters per man hour were being sorted. How, you ask? By a method devised by Benjamin Franklin when he was running the postal system, in which letters are placed, one by one, into the proper pigeon holes.

For those who are not impressed by claims for the sorting machine, we call attention to the Postal Service's cancelling machines, which print postmarks on letters faster than the eye can see. The trouble seems to be that these labor-saving gadgets jam as often as every ten or fifteen minutes, and when they do, they rip up large quantities of letters, which then have to be taken away and mended painstakingly by hand in another part of the post office.

We had assumed, somehow, that the almost universal use of zip codes would speed the delivery of mail and, indeed, that is the impression the Postal Service likes to give you. But in truth, zip codes don't achieve much positive effect. They merely stave off disaster. For if a substantial segment of the population quit using them, the entire postal system would collapse.

The Postal Service's machines were designed to replace people, but since the machines don't work properly, the Postal Service continues to rely on people. And since there are some 700,000 postal employees, with an average basic wage of $13,400 a year, it is no wonder that 85 per cent of the Postal Service budget is for labor and benefits. For the sake of comparison, that $13,400 is about $2,000 a year more than the national average salary for policemen, firemen, and teachers. It is the same salary, in fact, that is received by the average assistant professor at a four-year college. And no end is in sight: the average pay of postal workers will rise to $16,500 by 1978—an increase of more than 23 per cent over present levels.

During the past several months, *Country Joiurnal's* circulation department has been deluged with complaints from subscribers whose copies have arrived damaged or, in many cases, have not arrived at all. What we learned upon investigation is that copies of the magazine were being routed through *two* bulk-mail handling centers by the Postal Service, thus increasing the likelihood of damage or loss by some geometric factor. We are, of course, taking every step possible to correct this situation and to ensure that subscriber copies arrive safely and intact. But in the meantime, we can only ask our subscribers' forbearance for the Postal Service's heavy-handed machines.

Country Journal, like most small magazines, is almost totally dependent upon the Postal Service. More than 60 percent of our subscribers live in small towns or rural areas; our subject matter is country living; and there is no way we can reach new prospects for the magazine except through third-class mailings. That is how we must build our circulation.

Second-class mail provides our means of distribution—the only method by which we can deliver copies of the magazine to subscribers.

And first-class mail is what we rely on to communicate with advertisers, with subscribers, and with authors and illustrators and photographers.

It is perhaps worth reminding our friends that this venture is still a small and somewhat fragile one—progressing nicely, thank you, but not yet in the black. The two partners are staunch believers in the free enterprise system—a system that has treated us well until now, convincing us that this is the way the nation will flourish and prosper.

So, feeling as we do, we find it ironic that this year $1 out of every $5 we spend will go to the U.S. Postal Service. That is an awesome burden for a venture of this size to carry. Our postal bill for 1976, in fact, will be the biggest single item in our budget—more than we spend on paper, on printing, on paying our employees, or on purchasing the articles and illustrations for the magazine.

We launched *Country Journal* in May 1974. Our bill for postage two years later will be more than the total amount of money it took to start this magazine.

Rates are one thing, however; service another. What is most disturbing about the remedies now being proposed by the postal authorities is that all of them reduce or eliminate mail service.

We believe that everyone in this country has a *right* to such service, and we remind you that this is an election year—an appropriate time to inquire about your congressman and senators' stand on the postal issue. Just be sure to write while the Postal Service is still delivering letters. R.M.K.

O'NEILL HAS MADE HIS CHOICE KNOWN

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. EDWARDS of California. Mr. Speaker, I would like to commend to my colleagues the following article by Mary McGrory which appeared in the Washington Star on June 25, 1976. I join many of my colleagues in Congress and millions of Americans in voicing my agreement with Ms. McGrory's comments.

The article follows:

O'NEILL HAS MADE HIS CHOICE KNOWN

(By Mary McGrory)

House Majority Leader Thomas P. O'Neill laid out the case for one of his own as vice president to Jimmy Carter's designated representative, Charles Kirbo, last Wednesday morning.

"I don't want you to think I'm parochial," O'Neill said by way of introduction, "and that I would be for someone just because he's a member of the House, but my first choice would be Peter Rodino."

O'Neill went on to explain in practical, explicit terms befitting a man who has spent his life in the ultra-political climate of Boston.

"When I go through the Italian areas of my district, I go into the bakeshops and I see pictures of Rodino and Judge Sirica. This man gave the Italian people a tremendous lift. And there are 30 million of them eligible to vote in this country."

O'Neill went on to tell Kirbo that Rodino's appeal extends far beyond his own ethnic group. The New Jersey congressman gets more mail than any other member—an average of 350 letters a day from Americans who are still grateful to him for what he did as chairman of the Impeachment Committee.

"He knows the feelings of the American people," O'Neill said. "He represents everything that is decent and just."

O'Neill conceded that Rodino's age could be a problem—he was born in 1909—but not when you think about it.

"He is in great physical shape, works out in the gym every day, plays paddle-ball, and he's sharp, able, talented. He would be capable of being president if it came to that."

"Nobody is better liked in Congress," O'Neill wound up in a Roman-candle finale. He is a Northeastern Catholic, comes from a big city, is an excellent speaker and a natty dresser."

A number of House members agree with O'Neill. Some 50 of them have signed a petition that is being circulated in Rodino's behalf by two New York congressmen, Charles Rangel and Mario Biaggi. A couple of "Rodino for Veep" buttons have sprouted on the floor.

Some of the others are not so sure. They wonder if Rodino's skilled and patient management of the infinitely perilous business of cornering Richard Nixon is a vivid memory with the voters. And there are, naturally, those who believe that if Jimmy Carter turns to the House, he would be better advised to choose one of them. After he brought it off, some felt free to go back to their original judgment that Peter Rodino was a nice little man from Newark who was not equal to the job.

Only one opinion counts in all this, of course, and that is Jimmy Carter's. He has said that it would not be appropriate for him to tip his hand until after he has been nominated. But he did say during a pause in the Capitol Hill hosannas that were being heaped on him that "someone from Washington would be the best choice." The line gave infinite encouragement to Rodino's partisans, who began immediately to point out that Rodino symbolizes the best of Washington—its occasional ability to rise to an occasion and to demonstrate that even the most powerful are subject to the law.

Although Carter owes fewer men than any all-but-anointed nominee in history, he may be slightly beholden to Rodino, whose stubborn refusal to join a pro-Humphrey, "uncommitted" slate in New Jersey eliminated what could have been a bump along the road. The man to whom he owes the most, Rep. Andrew Young of Georgia, the young black who established Carter's credentials with white liberals, is a long-time Rodino fan.

Rodino, it will be argued, although perhaps not to the nominee's face, provides a nice temperamental balance. As poor as Carter growing up—Rodino used to write poetry on tenement fire-escapes—he is much more humble and much less self-righteous.

And since Carter will undoubtedly want two terms, he might feel more comfortable with a partner without ambition. Sen. Walter F. Mondale of Minnesota, who is being pushed as an equally strong lure for the liberals, is a much younger man with a future, which might be held against him. Sen. Frank Church of Idaho is another and most eager contender. Some in the Carter circle are saying that his style, which is also on the preachy side, would disqualify him because a campaign conducted on such an unrelentingly high moral pitch on both ends would remind voters of a long Sunday afternoon in Glasgow.

Senator Adlai Stevenson of Illinois, bearer of a beloved and famous name, guarantor of Mayor Daley's favor, is being considered as a bright and moderate liberal who would be expected to know his place in a Carter administration. Sen. John Glenn of Ohio is still in the running because of his celebrity, although he has yet to establish a record.

O'Neill and company hope that Carter will be won over to Rodino because the danger of any skeleton popping out of the closet is non-existent. The full force of the Nixon White House was set to discovering dirt on the chairman of the Impeachment Committee.

"They came out of the woodwork," says O'Neill, "but they couldn't find a thing. Carter could rest absolutely easy with Peter."

VOTER REGISTRATION

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. HUNGATE. Mr. Speaker, as this Presidential election year occurs as we celebrate our Nation's Bicentennial, it gives us the opportunity to reflect on the importance of voting to our democracy.

Exercising the right to vote has kept our democracy going for the past 200 years and it is that which will keep us going for the next 200 years. Every effort should be made to encourage those who are eligible to register and vote.

With this in mind, I am pleased to call to the Members' attention a program initiated by the city of Moberly, Mo., in my congressional district. The following article from the June 14, 1976, Moberly Monitor-Index describes this program:

MAYOR PROCLAIMS VOTES REGISTRATION, AWARENESS WEEK

Moberly's Mayor Lionel Thompson today announced an all-out effort to get "young and old alike" registered to vote.

In a proclamataion, he designated the week of June 21 as "Mayor's Voter Registration and Awareness Week."

During the proclamation-signing this morning at city hall, Mayor Thompson said, "I always have been strong on voting. I think everyone should vote. I want to see youth in government, and if we get 200 young people registered this will be fine."

From 1 p.m. to 7 p. m. June 26, there will be a registration booth in the lobby at the Municipal Auditorium, and on July 3, same time, on the main floor of the auditorium.

Plans are to distribute pamphlets and bumper stickers during the registration campaign.

Persons who are 18 and who have not registered, or persons who have registered, but have changed precincts since voting last, will be required to register to vote in the primary election.

It has been pointed out that a person may register now at the courthouse in Huntsville or in the basement of the courthouse in Moberly. The deadline for registering is July 7 for the primary to be held in August.

At 7:30 p.m. June 22, there will be a meeting of service groups on the Little Stage of the Municipal Auditorium to discuss the campaign and make plans.

Mike Foelsch, assistant administrative intern, thought up the plan for Mayor's Voter Registration and Awareness Week, and as far as is known it is the first such week anywhere.

The proclamation follows:

Whereas, Moberly, Missouri, and the State of Missouri is fast approaching the August primary and November general elections; and

Whereas, We being a nation of, by and for the people, the decision as to which candidate and program to support will be brought before us for our opinion; and

Whereas, citizens of all eligible age have apparently lost the will to become involved in the affairs of their community; and

Whereas, this loss of interest is reflected in the ever increasing number of young and old alike who fail to register, and if registered fail to vote.

Now, therefore, I, Lionel B. Thompson, Mayor of the City of Moberly, Missouri, do hereby proclaim the third week in the month of June, 1976, as Mayor's Voter Registration and Awareness Week in Moberly, Missouri, and encourage all citizens to register to vote and to exercise their right to vote in all elections.

Mayor Thompson sent the following letter to businesses:

As you are probably aware, the Moberly City Council is urging the community's churches and civic clubs to adopt a voter awareness and registration program. It is hoped that such a program will generate the desire for citizens of all eligible age to register and vote in the upcoming August primary and November general election.

In order that the Council might alert as many citizens as possible to the importance of registering and voting within a very limited time frame, it naturally seeks areas where high concentrations of citizens of voting age occur for distribution of brochures, bumper stickers, etc.

This is why we have contacted you. The Moberly City Council is seeking your permission to place volunteer workers (who would represent various civic clubs, churches, organizations, etc.) in the parking lot of your place of business. The volunteer workers would be given instructions prior to their arrival to in no way interfere with the normal operation of commerce, to pick up all discarded materials, etc.

The dates we have in mind for this activity have tentatively been set for the 19th and 26th of June.

The Moberly City Council sincerely hopes that you will seriously consider letting us place volunteer workers on your lot. The success of the "Mayor's Voter Registration and Awareness Campaign" will ultimately lie in contacting as many citizens as possible and to do this we need your assistance.

Please reply your willingness to help us in the efforts to Mike Foelsch, Administrative Assistant, 109 North Clark, Moberly, Mo. 65270.

Please help us insure the constitutional right of every qualified citizen to vote his mind by the adoption of the "Mayor's Voter Awareness Program."

He sent a similar letter to civil groups.

ROSLINDALE HISTORY

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. BURKE of Massachusetts. Mr. Speaker, in the past 200 years, this country has developed from a largely agricultural country into a highly developed, industrialized one. Areas that once were sparsely settled have become bustling centers of activity.

One area in the 11th District of Massachusetts which is a fine example of this movement and change is Roslindale, in the southern part of Boston. Although we are honoring the 200th anniversary of our country's founding, Roslindale has a history much older than that.

The Indians who were the first inhabitants of this area first met the white man in 1630, when the first settlement was made in what was then called Rocksbury. In the western part of that settlement, a brave group of pioneers began to establish a community which, by 1712, had built a church of its own on Peter's Hill. That church and its successors formed the focal point of what was to become Roslindale.

The growth of Roslindale was influenced by the changing transportation patterns of the Boston area. The Dedham Post Road, now known as Centre Street, carried many people to and from Boston. To travel on that road is to follow in the footsteps of Miantonime, King of the Narragansetts; the Minutemen and militia on their way to Bunker Hill; Nathan Hale, Benedict Arnold, and George Washington. It was to the Peacock Tavern on this road that Washington retired for refreshment after selecting Weld Hill as a battle line for the seige of Boston.

With the coming of the railroad, the area became known as South Street Crossing, because the trains crossed South Street at the street level. In 1870 the area declared its intention to establish its own identity by forming a separate postal district. The existing name was not considered to be of sufficient distinction, so, at a meeting of the landowners, the name Roslindale was adopted.

It took, however, a tragic disaster to significantly change the rural character of this new town. On March 14, 1887, the morning train of the Boston and Providence Railroad, bringing over 300 commuters into Boston, *fell off a* weakened bridge and into a 75-foot chasm. The tragedy brought many people out from Boston to see the wreckage. In Roslindale, they found a lovely village with open space and a salubrious climate, and there was a resultant mini-exodus from the smoky and crowded neighborhoods of the innercity. Physicians often recommended that patients suffering from lung ailments move to Roslindale for their health.

The coming of these new residents, however, caused Roslindale to lose the rural atmosphere which had characterized its first 175 years. By the turn of the century, several estates had been divided into lots, a new railroad had been built to accommodate the commuters, and Roslindale had become a garden suburb.

Some sense of the quickly disappearing rural atmosphere of Roslindale was preserved in the Arnold Arboretum, the former Weld farm. Bequeathed to Harvard in 1873, which set up a professorship of tree culture to honor the donor, James Arnold, the arboretum offers a memory of Roslindale's pastoral heritage.

The town's new residents changed not only its physical character, but its social character as well. Old stock Yankees, who had first settled there, were replaced by the sons and daughters of the Catholic immigrants of Boston. As one resident has put it:

> My street was a League of Nations. We had Italians, Polish, German, Slavic, Irish—no group ever dominated culturally.

Few problems resulted from this mixture. In fact, this cultural diversity has been a source of pride for Roslindale.

Roslindale also has a great deal of pride in some of its citizens who have taken their place in our history. The first man to die in the service of the United States in World War I, Irving Adams, was a native of Roslindale. In his memory, the Roslindale American Legion was named, and a park was established.

Another World War I veteran, Fred Fuller, competed in the European Allied games and returned home a champion runner. In the national 10-mile race after the war, he broke the American record, and his time stood until 1959. He was the first man to win the AAU cross-country and the national 10-mile race for 2 consecutive years.

And no history of Roslindale would be complete without mentioning "Gramp" Hodgkins, a naturalist who, in the early part of the 20th century, taught the boys of the area about the pleasures of the great outdoors. Or Parker Weeks' blacksmith shop, which served as the meeting place for the politicians of the day.

Roslindale has not, however, been trapped in nostalgia. Since 1968, it has had one of Boston's "Little City Halls," and in 1972, the "Roslindale First" movement was founded, with the intention of asserting Roslindale's identity and strengthening its residents' solidarity.

Mr. Speaker, I am proud to represent such a vital community, and am grateful for this opportunity to share the history and experience of Roslindale with my colleagues.

HOUSE APPROVES VETERANS' BILL

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. FISHER. Mr. Speaker, on June 21, the House of Representatives approved two bills which are of considerable importance to the American veteran.

One, H.R. 14298, would make permanent the 8 percent increase in pension rates for eligible veterans and their survivors which went into effect last January 1 and authorizes a further increase of 7 percent to begin on January 1, 1977. The other, H.R. 14299, increases the rates of disability compensation for disabled veterans and their survivors at an across-the-board rate of 8 percent with additional compensation for 50–100 percent disability. Under the House bill, the increase in disability compensation would go into effect on October 1, 1976.

The President's fiscal year 1977 budget had excluded cost-of-living increases for veterans programs. Congressional concern about this policy position was, and is, strong. Over the years, Congress has adjusted veterans disability and pension payments to keep pace with the rising cost of living. To deny equitable increases in these programs would be unreasonable. Consumer Price Index statistics and projections made by the House Budget Committee indicate that the increases recommended by these two bills are justified to maintain the purchasing power of the payments made to veterans and their dependents.

The House initially took up the issue of cost-of-living increases in these veterans programs during debate on the first concurrent budget resolution in April and overwhelmingly approved by 396 yeas to 6 nays an amendment to the resolution earmarking funds for veterans services and benefits. I voted in favor of this amendment, as I did for H.R. 14298 and H.R. 14299, the bills authorizing the increases in the veterans disability and pension programs. I urge the Senate to take up these measures quickly so the legislation can be signed into law and the nearly 5 mililon veterans, widows and children who are eligible can begin to receive increased benefits.

SEMINAR ON JEWISH POVERTY HELD BY THE METROPOLITAN NEW YORK COORDINATING COUNCIL ON JEWISH POVERTY

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. KOCH. Mr. Speaker, on May 23, 1976, the Metropolitan New York Coordinating Council on Jewish Poverty held its second annual breakfast seminar on Jewish poverty issues. I attended and found the information provided at that seminar by the speakers to be extremely thought-provoking and helpful.

I should like to place in the RECORD, for the benefit of our colleagues who are interested in dealing with poverty, not on a racial or religious basis but rather on a need basis, the text of the statement delivered by Jerome M. Becker, president of the Metropolitan New York Coordinating Council on Jewish Poverty, and an appendix which provides information on the extent of the Jewish poor in New York City:

TEXT OF ADDRESS BY JEROME M. BECKER

Distinguished Government officials; Jewish communal leaders; ladies and gentlemen: In behalf of the Metropolitan New York Coordinating Council on Jewish Poverty and its 45 constituent member organizations representing the entire spectrum of Jewish organizational activity in New York City, we welcome you to our second annual seminar on Jewish poverty issues.

Our concern is the Jewish poor of New York City: our purpose to raise the level of governmental awareness of the plight of the Jewish poor and to motivate the expansion of governmental programs to service basic Jewish poverty needs.

In New York City today, the Jerusalem of America, one out of every five Jews is a potential welfare risk. This makes the Jewish poor the third largest poverty group in the city of New York. This should shatter the myth of Jewish affluence and shock the composure of Jewish complacency. Yet, somehow, the myth has not died. It persists. It persists in the minds of government which regards Jewish poverty with malevolent neglect. Yes, the myth of Jewish affluence still lives but so too does the reality of Jewish poverty—and the problem is growing. It is eating at the heart of the Jewish community and gnawing at the vitals of neighborhood stability.

In 1972, as these issues surfaced, the Metropolitan New York Coordinating Council on Jewish Poverty was formed. It was created to be the organized Jewish community's central instrument to deal with the communal problems of the Jewish poor. It serves as the coordinating force and forum of the Jewish community in New York City on the issue of Jewish poverty. Sitting here today are representatives of the New York sections of major national Jewish organizations: city-wide Jewish social service agencies: and boro-wide and neighborhood Jewish community councils. They represent a wide variety of ideologies and programs but all are united as concerned partners in actively planning and developing a communal response to Jewish poverty. The coordinating council serves as the advocate of the Jewish poor: the catalyst for services, programs, and research as well as the interlocking bridge between governmental agencies and community groups. But what are our issues? What are our needs?

In a way, the problems of the Jewish poor are no different from those of the poor of other ethnic or minority groups. The Jewish poor have physical, medical, emotional, and legal problems. They need food, clothing, jobs, and a variety of services similar to all others and a variety of such issues has been detailed in fact sheets to all. But, in some ways, Jews are different and so, too, are their problems and it is these distinctive problems of the Jewish poor that I want to underscore today.

New York City's major poverty program, the Council against Poverty, by its thrust and format, drastically neglects the Jewish poor. The city of New York was divided into 26 poverty areas. Each area was to facilitate the development of a variety of numerous vital social welfare, health, legal and community action programs to the poor.

Three major criteria were established for designating a poverty area.

1. The incidence of live births in city hospitals.

2. The incidence of cases of juvenile delinquency.

3. The number of people on welfare.

These criteria eliminate Jewish involvement. The majority of the Jewish poor are aged who certainly are not giving birth or committing delinquent acts. Jews, moreover, have an ingrained cultural aversion to accepting welfare. As a result, the vast number of the Jewish poor reside outside the designated poverty areas and are not eligible for vital programs. Even those Jews residing within poverty areas are neglected and underserved. In recent years, out of a total budget of approximately 41 million dollars, CAP provided less than 1% of such funds to serve Jewish programs. A portion of the Jewish community of East Flatbush, for example, resides within the boundary lines of the Brownsville Poverty Corporation. What has been the allocation of funds to serve poor, lonely and frightened Jews in that area?—zero.

This sad scene is replicated throughout the city.

The issue has been brought to the attention of governmental officials and agencies. Time and again they have voiced interest, concern, and recognition of the problem but, in pragmatic terms, the status quo of neglect continues. Indeed, the error is continuously compounded. For example: the Department for the Aging noted that the thrust of its programs will be upon the aged in the poverty areas. We have testified in hearings on these issues; written reports; and yet, in New York City, the 26 poverty areas still function: still serve as the major vehicle for the delivery of poverty funds.

In addition, Government service programs for minorities restrict Jewish involvement. By Federal regulation, a Yiddish-speaking Jew is not a minority but a Spanish-speaking person is. If so, why should not the non-English speaking Jew also be eligible to participate in the same category and classification as other limited English-speaking persons? Why are the Yiddish and Russian-speaking Jews considered second class minorities? All non-English speaking Jews should be granted full rights in such programs.

Another factor, not generally considered, is that Hasidim and other pious Jews are mandated by firm religious commandments to expend funds for kosher food products and religious education for their children. As a result, many of them surely live in poverty, even though the family may earn somewhat above official poverty income levels. Who is to care for them? What programs meet their needs?

In short-range pragmatic terms, two basic issues most affect the status of the Jewish poor.

1. Funding—This is the bread and butter basic concern of the Jewish community. Under the aegis of the metropolitan New York coordinating council on Jewish poverty, two local Jewish community councils were funded to serve the Jewish poor: the Concourse Jewish Community Council in the Bronx and the lower east side in Manhattan. As a result of the success of these projects, the coordinating council funded similar but more limited programs in such other areas of high concentrations of Jewish poor as: Boro Park, Brighton Beach, Coney Island, Crown Heights, Rockaway Peninsula, Rugby-East Flatbush, Queens and Washington Heights-Inwood. All these Jewish Community Councils are true grass root leadership organizations. They assist the Jewish poor in such soft service areas as: housing, employment, medicare, medicaid, welfare, SSI, homemaker services, reduced fare, escort services and neighborhood stabilization.

The existence of these vital services depends exclusively upon Government grants. Many programs were drastically cut back when a Federal grant to the coordinating council was terminated in December 1974, as a result of a bureaucratic entanglement among the city government, CAP, and OEO. Thus our basic support was derived from the human resources administration of the city of New York for the fiscal year ending June '75, a total of $475,000 was allocated for this program. For the current fiscal year, Jewish poverty groups were cut nearly 20% and the total is less than $400,000. This means, about $1.00 for each poor Jew in New York City—yet another blow to the Jewish poor.

Compounding the problem was the fact that even this meager funding was never secure. With blood, sweat and tears Jewish leadership had to constantly experience trauma and uncertainty before the conclusion of each funding cycle. Last year, for example, the commissioner of HRA had officially recommended a 55% cut in funds to ethnic programs. Thus, not only are Jewish poverty programs drastically under-funded but even the minimum they do receive is subject to uncertainty and cuts above and beyond those threatened or experienced by other poverty groups.

To Government officials we say—eliminate the brinkmanship and make permanent at least the minimal government response to the Jewish poor. The Jewish poor and their programs have already suffered enough.

The Second major issue relates to the distinctive quality of Jewish life and its relationship to cuts in human services mandated by the current fiscal crises. A poor, aged, Jew will not stand in welfare or SSI lines to submit forms and seek benefits. They have language barriers, cultural distinctions and fear of strangers, mobs, and different national or racial groups. (This problem exists within many cultures). They want someone from their own culture and neighborhood to help them. They look to Jewish community councils for help. They recognize that local councils are fighting to save the neigborhoods and to prevent crime and ghettoization. They need local facilitors who can explain services, forms, and help "walk papers" through the bureaucratic mazes.

The State and city government should be aware of these issues. They should recognize that the centralization of services outside of neighborhoods will mitigate once again against Jewish involvement. Our local programs and services have been drastically curtailed as a result of the cuts that have been imposed. Any further decrease in funding would cripple and destroy these programs.

The delivery of services on a neighborhood basis is not a luxury but a necessity that will, in fact, provide comprehensive service. Government must begin a dialogue with local leadership. Government must come to the communities to discuss the most effective means of service delivery. In our city today any diminution of neighborhood satellites in the name of fiscal necessities or theoretical concerns will be a further negative wedge against the interests of the Jewish and ethnic poor.

Now, we Jews shall no longer be silent on these issues. Yes, it is true—Jews do not make violent demonstrations: do not generally threaten: do not commit acts of disorder. Indeed, this may be the reason why our needs have been neglected. There is no reason to alter our character. What we shall do is to utilize more dynamically our major resource. We Jews vote. Jews vote in large numbers in regular elections and primaries. No longer can Jews rely on promises. It's performance that counts. It's performance in the area of programs and funds to serve the Jewish poor and it is performance that the Jewish community will recognize at the polls.

These are the issues—these are the problems—the basic survival program for the Jewish poor now awaits government action. We hope—we pray—that no longer will concerned neglect be the basic response. The Jewish poor have waited long enough. Now is the time for action.

Metropolitan New York Coordinating Council on Jewish Poverty—Problems of the Jewish Poor

EXTENT OF POVERTY

One out of every five Jews living in New York City today is a potential welfare risk. This makes the Jewish poor, numbering approximately 350,000, the third largest poverty group in the City of New York.

DEMOGRAPHIC FACTORS

1. *The aged poor*—A large amount of Jewish poor are aged who subsist on fixed incomes and are most adversely affected by the current depression/inflation. Due to language barriers, a cultural aversion to seeking welfare, and bureaucratic problems, only a small proportion obtain the entitlements for which they are eligible. For example, only about 30,000 aged Jewish poor have registered for SSI. As a result of fear and crime, many are homebound prisoners in slum residences.

2. *The poor Hasidim and other Orthodox Jews*—Basic religious values necessitate added expenditures for kosher food products and yeshiva education for their children. As a result, many live in poverty even though the family income may somewhat exceed official poverty levels.

3. *Russian immigrants*—These people lack fluency in English and the ability to immediately adapt to American life due to culture shock. The process of socialization is generally marked by a transient status of poverty.

4. *Laid-off Jewish civil servants and educational personnel*—Hard data based upon the actual number of workers note that the Jewish civil servants and educational personnel were the hardest-hit group in the recent layoffs due to the city's fiscal crises.

5. *The sick and the marginals*—Jewish poor include those who, due to physical and mental impairments, simply could not work and fell below poverty levels. Children of single parent homes and ill-trained persons who simply could not "make it" in society form a unique level of Jewish poor. Thus, the Jewish poor run the gamut of age levels and the spectrum of human problems. Yet, their needs have been traumatically neglected by government.

GOVERNMENT'S RESPONSE

Out of a total budget of approximately $42 million, CAP–CDA has allocated less than one per-cent to programs with any Jewish content. Thus, the bulk of support for Jewish communal poverty programs comes from New York City's Human Resources Administration.

However, due to the city's current fiscal crisis, HRA was forced to cut these already underfunded programs by some 20 per-cent during the current fiscal year. As a result, Jewish poverty programs must engage in a constant battle for sustenance and survival, with no illusions of vitally needed expansion. In addition, Yiddish and Russian-speaking Jews are not considered in the same eligibility category as Spanish-speaking persons for participation in government-funded programs for persons of limited English-speaking ability.

SPECIFIC ACTION REQUESTED

To provide relief for the Jewish poor, support and action are needed from all levels of government to increase Human Service benefits. The following specifics are suggested:

1. Guidelines for distributing poverty funds in New York City (CAP) must be revamped to reflect the needs of the Jewish poor.

2. The federal government must make direct grants to care for the needs of the Jewish poor as well as the poor of the other white ethnic groups.

3. All levels of government must sustain Jewish poverty programs and secure their funding on a permanent basis.

4. Non-English-speaking Jews must be afforded full and equal benefits for participation in government-funded programs to serve disadvantaged minorities.

Rabbi Jack Simcha Cohen,
Executive Director.

HEALTH CARE LEGISLATION FOR MOTHER AND CHILDREN

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. OBERSTAR. Mr. Speaker, yesterday I introduced legislation establishing a comprehensive medical and health program for mothers and children. The legislative provisions for health services for mothers and children, which began in 1935 with formula grants to States for maternal and child health services and services for crippled children under title V of the Social Security Act, have been broadened and expanded over the years.

In 1967, Public Law 90–248, in a major revision of title V, consolidated all of the child health authorizations into a single authorization with percentage allocations to three broad categories of formula grants to States for maternal and child health and crippled children's services, project grants for maternity and infant care, health services for children and youth, dental care and services, and grants for research and training.

Under the maternal and child health and crippled children's programs, States use Federal funds, together with State and local funds, to extend and strengthen health services for mothers and children, especially in rural areas and in areas experiencing severe economic distress. However, there is no comprehensive coverage for all the children of this Nation.

Given the premise that the best way to insure the health of a child is through proper prenatal, delivery, and postnatal care, I have covered these needs in the bill.

The legislation I introduced is similar to that introduced earlier by the gentleman from New York (Mr. SCHEUER). The program to be instituted will be financed by a small additional payroll tax and by general revenue, $100 million transferred from the Treasury to the trust fund for initial capitalization of the program.

The bill creates a Maternal and Child Health Board within the Department of Health, Education, and Welfare which administers the program; the Social Security Administration supervises payments to providers of care.

All children up to their 18th birthday will receive professional medical and dental services, as well as preventive services. Also included are up to 100 days of hospitalization, 60 visits for rehabilitation, laboratory diagnostic services, and medication which has to be taken for longer than 4 weeks.

All pregnant women are provided with full professional services, prenatal, delivery, and postnatal care, up to 12 weeks following the termination of pregnancy.

I particularly want to point out that the bill has a strict prohibition against abortion and against any funds being used in any way to finance abortion services.

This legislation will supercede title V and those provisions of title XIX of the Social Security Act in regard to maternal and child health services.

I am including a summary of the Maternal and Child Health Act and a cost breakdown of this legislation:

SUMMARY OF THE MATERNAL AND CHILD HEALTH CARE ACT

PEOPLE COVERED

All children from birth to age of 18 years and all pregnant women who are legal residents of this country are eligible for the benefits of this program.

SCOPE OF BENEFITS

The program provides for children a wide range of health care benefits. Pregnant women are provided with full prenatal, delivery and post delivery care.

Children's benefits

1. Professional services:

(a) Provided by a physician or a physician's extender under the supervision of a physician.

(b) Preventive health services including screening medical history and physical examination and such screening and preventive health measures as are appropriate to the age of the child. The frequence and the details of these preventive health visits are to be determined by the Maternal and Child Health Board in consultation with the Maternal and Child Health Advisory Council.

(c) All professional services for sick children with a 10% coinsurance fee paid by the patient to the provider.

(d) Dental services include preventive services, diagnostic services, and therapeutic services, for children over the age of 4 years.

(e) Limitations of service.

(1) Private psychiatric care. Mental health services are covered only when delivered in such institutional settings as community mental health or child guidance clinics.

(2) All major surgery to be performed only by Board eligible or certified surgeons.

(3) Tonsillectomies and adenoidectomies to be performed only after a second opinion from an independent physician.

(4) Dental orthodontic services are excluded except for therapy required for handicapping malocclusion.

(5) Services in connection with abortion are excluded, except to prevent the death of the mother.

2. Institutional services:

(a) Hospital Services—100 days annually.

(b) Skilled nursing homes limited to 120 days annually. Child may be admitted upon certification of need for such service only after a physical examination performed within 24 hours of admission.

(c) Home health services including homemaker services limited to 120 days annually with a ten percent coinsurance.

(d) Rehabilitative services provided in an organized setting limited to 60 visits annually.

(e) Mental health and social services provided in an organized setting limited to 60 visits annually.

(f) Excludes institutional services in connection with abortion except to prevent the death of the mother.

3. Other services:

(a) Laboratory diagnostic services.

(b) Drugs prescribed to be taken for longer than 4 weeks.

(c) Devices, appliances and equipment with a 10% coinsurance fee.

(d) Excludes any other services in connection with abortion.

Maternity benefits

1. Professional practitioner services:

(a) Provided by a physician or by a physician extender under the supervision of a physician.

(b) All professional services required during pregnancy and delivery.

(c) All professional services required for the diagnosis and treatment of conditions related to pregnancy during the 12 weeks following the termination of pregnancy.

(d) Services in connection with abortion are excluded, except to prevent the death of the mother.

2. Institutional services:

(a) All hospitalization required during pregnancy and for delivery.

(b) All hospitalization required for the diagnosis and treatment of conditions related to pregnancy during the 12 weeks following the termination of pregnancy.

(c) Excludes services in connection with abortion except to prevent the death of the mother.

3. Other services:

(a) All laboratory diagnostic services required during pregnancy and during the 12 weeks following the termination of pregnancy.

(b) All drugs prescribed during pregnancy and during the 12 weeks following pregnancy which are to be taken for longer than four weeks.

(c) Excludes any other services in connection with abortion.

Other benefits

a The Maternal and Child Health Board is mandated to designate certain regions or populations as medically underserved and to allocate additional funds for services required to ensure access and appropriate use of the benefits of the program. Such services include transportation, social services, outreach and counselling.

ADMINISTRATION

A three person Maternal and Child Health Board within the Department of Health, Education, and Welfare is responsible for the administration of this program. The members of the Board are appointed by the President with the advice and consent of the Senate. The responsibilities of the Board include the formulation of regulations, the negotiation of reimbursement schedules for institutions and of fee schedules for practitioners.

A National Maternal and Child Advisory Council consisting of 6 consumers and 4 experts in Maternal and Child Health are appointed by the Secretary of Health, Education, and Welfare. The Council advises the Maternal and Child Health Board on matters of policy and the operation of the program. The Council reports to the Board and to Congress annually.

FINANCING

The program is financed through the following sources:

A. 0.1% tax on employee's wages up to $20,000 annually;

B. 0.1% tax on employer's payrolls;

C. 0.1% on self-employed income up to $20,000 annually; and

D. contributions from general revenues equal to the amount necessary to implement the provision of this program.

PAYMENTS OF PROVIDERS OF MATERNAL AND CHILD HEALTH CARE

A. Institutional reimbursement will be by a method of prospective reimbursement negotiated by the institutions with the Maternal and Child Health Board or their respective delegates.

B. Individual professional providers will be reimbursed by fee schedule negotiated between the professional providers and the Maternal and Child Health Board. The Maternal and Child Health Board may not approve any fee schedule which exceeds the prevailing fee schedule existing on December 31, 1974, and which has been adjusted by appropriate economic indices. Professional providers may elect to be reimbursed through the capitation method of reimbursement. The Board may provide up to a 10% bonus to those practitioners electing capitation as a mode of reimbursement. No co-insurance will be paid by patients using providers reimbursed through capitation.

C. Payment to dispensers of drugs or appliances will be based upon wholesale cost and a dispensing fee negotiated between the dispensers and the Maternal and Child Health Board or their delegates.

EFFECT ON OTHER GOVERNMENT PROGRAMS

Direct medical care benefits for mother and children under Title XIX and Title V are superseded by this Act.

OTHER MAJOR PROVISIONS

A. Only hospitals with 1500 deliveries in an urban area and 500 deliveries in a rural area will be approved as institutions for the maternity benefits of this program. The Board may waive this provision in areas in which it creates a hazard for the health and welfare of pregnant women.

B. Only hospitals with defined pediatric units of at least 12 beds and a 70% occupancy rate will be eligible institutions for the pediatric benefits of this program.

C. Families who are indigent are exempted from the coinsurance fee.

EFFECTIVE DATE

A. Tax collection will begin during the fiscal year following enactment.

B. Maternity benefits and those for children up to the age of 2 years will begin twenty four months following enactment.

C. Benefits for children, ages 2 through 4 years, will begin 40 months after enactment.

D. Benefits for children, ages 4 through 12 years, will begin 60 months following enactment.

E. Benefits for children, ages 12 through 18 years, will begin 72 months following enactment.

ESTIMATED TOTAL COST OF THE MATERNAL AND CHILD HEALTH BILL

Pediatric component	$7,561,561,883
Maternity component	3,036,201,500
Dental component	2,276,650,752
Drug cost	360,635,693
Nursing home cost	79,901,875
Laboratory cost	635,755,362
Total cost	13,950,707,065
Plus 7% administrative cost	14,927,256,559
Minus current Federal outlays (medicaid, title V of the Maternal and Child Health Act) OEO programs, and regained lost Federal revenue	−3,237,000,000
Net cost of maternal and child health bill	11,690,256,559

NOMINATION OF MAJ. GEN. JOHN W. MORRIS FOR CHIEF, CORPS OF ENGINEERS, IS EXCELLENT CHOICE

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. EVINS of Tennessee. Mr. Speaker, the President recently nominated Maj. Gen. John W. Morris to be the next chief of the Chief of Engineers, U.S. Corps of Engineers, and I wanted to take this means of congratulating General Morris on his nomination to this important position, and commending him for his outstanding record of service in the Corps of Engineers.

General Morris has appeared before the Subcommittee on Public Works Appropriations, on which I have the honor to serve as chairman, on many occasions and he has always been articulate, informed, and knowledgeable—he has demonstrated his great abilities and talent as an administrator and as an engineer.

Major General Morris will assume his new duties on July 1—he is presently Deputy Chief of Engineers.

During his 33 years of active service in the Corps of Engineers, General Morris has acquired a broad range of experience in public works, military construction, military staff and command, and in working with Congress.

General Morris has commanded troops at every level from platoon to a separate brigade of 15,000 engineer officers and men during his service.

Positions in which he has served include Director of Civil Works, Office of the Chief of Engineers, Washington, D.C.; Division Engineer, Missouri River Division, Omaha, Nebr.; Deputy Chief of Legislative Liaison for the Secretary of the Army, and Deputy Commandant, U.S. Military Academy.

General Morris is an excellent choice for appointment as Chief of the U.S. Corps of Engineers—he is deserving of promotion and advancement, and I know we all wish him the very best of good luck and success as he assumes his new and broader responsibilities.

REFORM OF FOOD STAMP PROGRAM

HON. THAD COCHRAN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. COCHRAN. Mr. Speaker, I submit a plea to my fellow colleagues asking them to support meaningful reform of the food stamp program. The current system of food stamp distribution, like some other Federal programs, has become bogged down in waste, fraud, and mismanagement. And it does not provide, in many cases, the nutritional benefits to poor people for which it was designed.

In my own Fourth Congressional District of Mississippi, I receive letters every day asking why this program has not been cleaned up. Economically, my constituents are in an excellent position to make such a judgment about the program. Mississippi has the lowest per capita income in the Nation, yet many of the observers of the program in my State recognize its inadequacy in truly serving the poor.

The food stamp program which began as a $60 million experiment has mushroomed into a $6 billion catastrophe, transparent with loopholes. The program has created a climate in which corruption has flourished. Constituents protest to me almost daily of incidents involving misuse of food stamps.

Because of my deep concern about the need for reform, I have introduced a bill entitled the Food Stamp Reform Act of 1975 and am cosponsoring two others to improve and make more realistic various provisions relating to the eligibility for food stamps and administrative responsibility for the food stamp program.

A report to the Joint Economic Committee estimated that by 1977, at present growth rates, 1 in 4 Americans could be eligible to receive food stamps at least 1 month during the year. When the program was initiated in 1965, 442,359 persons received food stamps. Last year that number had grown to 19,142,145, an increase of 4,277 percent.

Supporters of the current program argue that reasons for the rapid increase in recipients include inflation, increased unemployment, and decreasing real income.

I realize that in the last few years our country has been suffering from economic difficulties, but I do not believe that these problems have been so severe that 25 percent of our citizens are in imminent need of financial assistance from the Federal Government to feed themselves.

The reform legislation which I introduced will simplify the program, discourage fraud, and expand benefits to the truly needy.

Let us examine its major provisions which will save the taxpayers approximately $1.2 billion a year.

Under existing regulations, eligibility for the food stamp program is determined by a family's or individual's income after various deductions. These deductions include income taxes, social security payroll taxes, mandatory union dues, health care and child care costs, and alimony, among other things. There is no maximum gross income level at which persons become ineligible, so long as allowable deductions bring gross income within the range of net income eligibility.

The original purpose of the food stamp program was to provide an adequate diet. Instead, as you can see, it now subsidizes medical care and other household costs with its itemized deductions. For every dollar deducted for a nonfood expenditure, purchase requirements for food stamps are increased.

The Food Stamp Reform Act of 1975 would cut out itemized deductions and call for a single deduction of $100 per family and $125 for the elderly. A 1975 survey of food stamp households showed that households with larger gross incomes claim large deductions while households in the lowest gross income range claim relatively small deductions. The major benefit of itemized deductions, it is evident, accrues to the higher and middle income households and not to the truly needy. Deduction of a standard amount from the gross income could remedy some of these problems by providing larger benefits at the lower end of the scale while curtailing those at the higher end.

My bill also redefines income, restricting to households below the poverty level the eligibility to purchase food stamps. As defined by the Office of Management and Budget, the poverty level is $5,500 for a family of four. Currently, a family of four with an income of $6,636 is eligible for food stamps. It is estimated that 57 percent of those households eligible for food stamps are above the poverty level.

I also recommend that the price paid by participants for their food stamps be set at 30 percent of gross income. Purchase price of stamps would be allowed to vary according to regional food price variations, and allotments would be increased 20 percent for those still eligible. This purchase requirement would prevent some higher income families from using the food stamp program to subsidize nonfood expenditures.

The Bureau of Labor Statistics in analyzing studies of the food stamp program, found that the 30-percent purchase requirement benefited to a great extent the elderly poor and large poor households.

Other provisions of my bill would close numerous loopholes in the food stamp program. For able-bodied recipients who do not have children under 6 years of age, there would be a work registration requirement. College students and strikers would be disqualified from the program.

In fiscal year 1975, the Department of Agriculture reported that there were $9,562 in counterfeit food stamps found in circulation, and almost $1,000,000 in counterfeit food stamps were seized before circulation. Recipient fraud amounted to $320,000, while caseworker fraud totaled about $10,000. Thefts amounted to $450,000 and over 500 retailers were disqualified from participating in the program.

Treasury Secretary, William Simon, confirmed the widespread misuse of food stamps in a report to the Senate Select Committee on Nutrition and Human Needs last October. Secretary Simon cited such abuses as using food stamps to buy meat for a restaurant, to post bond for a speeding ticket, and to pay for gasoline charge accounts.

My bill is designed to discourage this kind of fraud associated with the current program. I propose issuing photo identification cards to recipients and having them countersign each food stamp coupon at the grocery store. I also support the requirement of developing an earnings clearance system to check actual earned income against income reported by households.

Today, there are far too many current recipients of food stamps who should not legally be entitled to them. The Federal Government should not continue to subsidize those who are voluntarily poor.

It is imperative that the administrative procedures, which now allow for rather loose handling of Federal receipts in payment of food stamps, be tightened to bring about a more expeditious handling of the enormous amounts of Federal moneys which, according to recent disclosures, have been allowed to accrue interest to the benefit of individuals and groups who sell the stamps.

Therefore, with these arguments, I rest my case and ask for a verdict which will bring swift action in reforming this program to help the poor people of our country who really are unable to pay for the food they need and to eliminate the opportunity for misuse and waste of our tax dollars which are allocated to this effort.

THE PROBLEMS AND PROMISES OF "SUNSET" LEGISLATION

HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. COTTER. Mr. Speaker, various "sunset" and "zero-base review" proposals are now before the House and Senate. Among them is H.R. 14077, the Government Economy and Spending Reform Act, which requires the termination of any Federal program that is not reviewed according to a strict zero-base procedure.

A glance at any of these bills will reveal the massive undertaking they propose. We have created an unwieldy complex of Federal departments and agencies. In spite of the Budget Reform Act, this complex still defies effective congressional oversight and control.

I believe the sunset approach must be given a chance, if only on an experimental basis. The natural momentum of bureaucratic expansion must come to an end. I hope the House and Senate will clear some form of this legislation later this year.

An interesting summary of Colorado's experience with this approach appeared this morning in the Wall Street Journal. The article also describes the problems we in the Federal Government may encounter if we try a similar approach.

The article follows:

NEW "SUNSET LAWS" SEEK TO CURB GROWTH OF BIG GOVERNMENT—COLORADO'S ACT IS A MODEL; IT WILL DISBAND AGENCIES THAT DON'T SERVE PUBLIC

THE QUESTION: WILL IT WORK?

(By Robert L. Simison)

DENVER.—Raul N. Rodriguez, executive director of Colorado's Department of Regulatory Agencies, doesn't sound like a bureaucrat. He says things like, "Regulation is bad." And, "I'd like to do away with this department."

He doesn't act like one either. Besides urging the dissolution of certain of his department's agencies, he has helped pass a law that could do away with them all: Colorado's new "Sunset Law." The experimental measure would terminate in six years the state's regulatory agencies, representing a third of all its executive units, unless they justify their existence. Some 39 agencies regulating businesses ranging from mobile home dealers to utilities are affected. If an agency fails to convince the legislature it should be reestablished, the agency's sun will set.

In a year when opposing government growth is popular, the sunset approach is catching on. "People are fed up with big government and want to do something responsible about it," says a spokesman for Common Cause, the self-styled citizens' lobby.

Thus, it's no surprise that similar proposals are dawning elsewhere. In Washington, one federal proposal already has 56 Senate and 112 House backers. Following Colorado's lead, the Florida legislature has passed a sunset measure that will apply to 108 laws that regulate 77 industries and professions, and the Maryand legislature has set up a panel to draft a sunset bill. Legislators in a score of other states are also studying the bill.

ELECTION YEAR PIZZAZZ?

However, sunset laws may have more election-year pizzazz than long-term utility, both backers and critics point out. The concept actually is intended more to force legislatures to review their offspring than to wipe out a lot of agencies. And the workload of such reassessments may make sunset laws unworkable or ineffective.

The problem sunset seeks to remedy is that government programs and agencies often seem to mushroom out of control. "We tend to create things and then forget about them," acknowledges Rep. Gerald Kopel, who backed sunset in the Colorado House.

A case in point was Mr. Rodriguez's Department regulatory agencies. The department's 31 occupational licensing boards and eight major regulatory agencies, such as the Public Utilities Commission, consist of fixed-term appointees who are usually nominated by the industries and occupational groups they regulate. Their rulings aren't subject to gubernatorial or legislative review. (The legislature does have the power to abolish the regulatory boards, but as a practical matter, inertia and lobbyist pressure means that this option is rarely—if ever—exercised.)

WHO CUTS MEN'S HAIR?

This system, common to most states, has come under harsh criticism here in recent years. "These agencies were protecting the industries they regulated, not acting in the public interest," charges Rosalie Schiff, executive director of Colorado's Common Cause chapter. As examples, critics here cite a recent jurisdictional dispute between the cosmetologists' and barbers' boards over who could cut men's hair. The critics have also charged that boards licensing electricians, plumbers and court reporters set ridiculously high standards. The medical examiners' board was criticized for failing to discipline doctors for malpactice.

The solution that caught on here developed out of some notepad scribblings by Craig Barnes, a young Denver lawyer, during a Common Cause meeting. Although the idea of automatic terminations wasn't new, Mr. Barnes claims credit for naming it sunset. "It's like the end of the day for these agencies, and it's inexorable," he says.

The resulting Colorado law, which passed with Common Cause backing, sets 13 of the 39 agencies for automatic termination every other year. But before an agency is dismantled, the law mandates public hearings at which "the agency shall have the burden of demonstrating a public need for its continued existence . . . ." Agencies that pass the test can then be restructured or renewed for up to six years.

TRYING TO SHAPE UP

There's evidence the law is already having the desired effect. With the first batch of terminations looming next year, "these agencies are all trying to shape up," Mr. Rodriguez says.

An agency that has reason to try especially hard is the one that licenses court reporters. Legislative hearings aired complaints that, among other things, the Shorthand Reporters Board artifically restricted entry into the profession by making its qualifying test almost impossible to pass. (In two examinations last year, only three of 84 persons were certified.) In the face of intensive lobbying, a bill to abolish the board cleared the house. The bill died in the Colorado Senate after the sunset law slated the agency for termination next year.

Since that close call, the shorthand reporters board has been conducting a "massive housecleaning," according to John Bovarie, board secretary. In a revised examination given this year, 22 of 43 applicants passed. "It's a good thing this came up." Mr. Bovarie concedes. "Now we can correct some things that needed correcting."

The legislature's move to abolish that board was no idle threat. After overwhelmingly clearing the sunset bill, the legislature repealed statutes requiring licensing of midwives and ore buyers, eliminated boards that licensed landscape architects and tested doctors on basic sciences and buried the cemetery board (its duties were transferred to the insurance division). It also turned down licensing bids by such groups as dog groomers and massage-parlor operators.

Similar measures aimed at tightening legislative control over agencies have drawn incerased attention elsewhere in recent years. The most important of these is zero-based budgeting, a system initiated under former Gov. Jimmy Carter in Georgia and since adopted by a handful of other states. Under this system, which Mr. Carter proposes to apply to the federal government, each department or activity of state government must justify every dollar it seeks to spend every year rather than simply justify proposed spending increases. The various Sunset laws seek to use a different mechanism to impose the same result: top-to-bottom reassessment on a regular basis.

In Washington, the sunset bill getting the most attention combines both ideas. Initiated by Sens. Edmund S. Muskie and William V. Roth, the bill would put all government programs and activities on a five-year schedule of reauthorizations. In each year's "zero-based" review, Congress would evaluate the effects of various spending levels, including zero, on the goals of each agency and program.

However, even backers are wary of applying sunset to the entire federal government before it has been tested on a smaller scale. "We can't even guarantee to anybody that this will work," says Sidney Brooks, chairman of Colorado Common Cause, who calls the Colorado law a pilot project.

Both the Florida and California legislatures have backed away from measures that would have applied the sunset approach to most functions of state government. In both states, a feeling that the idea was premature contributed to the retreats, although the Florida legislature did enact a measure applying sunset to regulatory matters. The Louisiana legislature is still weighing a sunset bill; other sunset measures were introduced too late for action in the Alaska, Minnesota and Illinois legislatures. Texas voters in 1975 defeated a proposed new state constitution containing a provision limiting to 10 years the life of most statutory agencies, though the sunset feature isn't blamed for the defeat.

The chief doubt about sunset relates to the legislative review it seeks to force. Colorado's bill fails to set specific guidelines for evaluating agencies, contends John Reese, editor-in-chief of the American Bar Association's Administrative Law Review. And even if it did, "It's ridiculous to pass a bill telling us to do what we could have been doing anyway," says Sen. Ruth Stockton, the only member of the Colorado Senate who voted against the bill.

Limited time in session would further hamper thorough review by legislatures, critics add. The result could be that "legislators will have to vote based on whatever lobbying pressure is applied," says James C. Perrill, a lobbyist for the Colorado Medical Society. Such pressure could make the renewal of terminated agencies simply a routine matter, critics believe. Further, reviews would make agencies "spend all their time fighting for their lives instead of doing their jobs," contends a Texas lawmaker.

Recognizing these limitations, Colorado intends to go slow with the concept. "We need to see how it works before we go further," says Gov. Richard D. Lamm. But, he adds, "we're going to have to tighten the belt of government. We can't raise more taxes, but we can abolish things."

FARM CENSUS REFORM NEEDED

HON. NEAL SMITH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. SMITH of Iowa. Mr. Speaker, the House Census and Population Subcommittee earlier this week held hearings on a bill I have introduced, H.R. 12397, to reform the agricultural census.

My bill, in brief, would lift a heavy paperwork burden on the Nation's farmers, abolish perhaps 13 million needless Government forms, and save some $30 million.

A statement in support of my bill was prepared by Mr. L. C. Carpenter, vice president of the Midcontinent Farmers Association, for the hearings. It is an excellent statement and I am including it in the RECORD for the benefit of my colleagues.

The statement follows:

STATEMENT OF L. C. "CLELL" CARPENTER

Madam Chairman and Members of the Committee: I am L. C. "Clell" Carpenter, Vice President of Midcontinent Farmers Association, headquartered in Columbia, Missouri. MFA is a farm organization representing over 162,000 farmers in the mid-central United States.

We appreciate your holding these hearings on a subject of vital concern to farmers and the Nation—the agricultural census. With assets of $600 billion, agriculture is the Nation's largest industry. One of every four persons in private employment works in a job related to agriculture. Therefore, the welfare of the farm sector is of prime concern to a much broader segment of our society than only farmers.

Because change is continually occurring in agriculture, it is important to measure these changes and provide updated information to farmers, to their suppliers, to local, state, and national governments, and to the general public.

The information most needed by farmers in making their short-run production plans is provided by those monthly, quarterly and annual reports now made available on a state and national basis by the Statistical Reporting Service of USDA. In contrast, the information needed by farmers, and even more so by business and governments, for long-range planning related to agriculture is the historical information provided on a local, state and national basis through the agricultural census.

Especially important is that specialized information is provided only by the agricultural census.

To illustrate—In the fall of 1973 when the OPEC imposed an oil embargo, agriculture was vitally affected. Farmers were faced with a fuel shortage, primarily because the major oil companies withdrew from the rural markets. Farmer cooperatives had to supply both their own member-patrons during a time of fuel shortage and those farmers deserted by the major oil companies.

To meet the immediate and long-range fuel needs of farmers, it was essential to know the amount of fuel they used by geographic areas. The major oil companies, naturally, did not make information available. The state agency administering the gasoline tax could not supply the information needed. The only source was the agricultural census. Our planners used the 1964 and 1969 census data to project the fuel needs of farmers during the mid–1970's.

We are anxiously waiting for the release of the 1974 farm census data to update our information on current total amounts of fuels used by farmers.

Madame Chairman, it is important to measure the increased capital intensiveness of farming in order that adequate capital is to be available to farmers for both production and ownership loans. It is necessary to know the amount of machinery, fertilizer, pesticides, and other farm production inputs used by farmers if new plants are to be planned and built when and where needed to meet expanded needs of farmers.

For example, during the past decade many thousands of acres of our forest lands have been converted to pasture. If we are to meet the long-range needs of the farmers involved, we must know the number of acres converted and the amount of fertilizer and seeds used on these new pastures.

The 1974 farm census, when finally released, will be the best source of information available for our assessing the ever-changing situations within agriculture.

It is also important to have an update on social and economic data of the farm *sector* such as the age of farmers, sources of income of farmers, and the amount of land in production. Only then can proper economic and social planning be accomplished.

It must be remembered that the agricultural census information needed by private industry and government is provided by farmers. If farmers are to provide the information needed primarily by others it is essential that they have an input in how and when the information is to be collected.

We see several problems with the collection and dissemination of the census data as now done by the Commerce Department.

Foremost among these is that the questionnaire is too complex and burdensome to be handled by mail. Until the 1969 agricultural census, the information was gathered through personal interviews.

The questionnaire is far more complex than the Internal Revenue Service forms. It requires searching past records on production, expenses, inputs and income in order to complete the 38 sections, with over 250 questions plus sub-questions, and over 1500 spaces for answers. Of course, most farmers did not have to fill in a majority of the spaces, but considerable time had to be spent in deciding which ones to answer and which ones to pass. The Office of Management and Budget has estimated that the 1974 agricultural census form was five times more burdensome for farmers to complete than all USDA forms completed during the year.

A second major *problem* is the incompleteness of the farm census returns. Due to the difficulty of responding to the questionnaire, many farmers failed to complete them, in spite of their being required by law to do so. It has been estimated that the 1974 agricultural census had a much poorer rating of completeness than the 1969 census.

Prior to 1969, the agricultural census was used to measure the accuracy of the figures arrived at by SRS through probability sampling. Now SRS figures are used to measure the incompleteness of the census figures.

A third problem farmers, agribusinesses and government agencies have with the agricultural census is the long delay between collection of data and publication of findings. We have not received even preliminary figures, yet we know there has been a change in the cattle cycle since the data was gathered.

Because of the importance of the agricultural census to farmers, agribusiness, and governmental agencies, and because of the deficiencies in the present census collection system, we propose several improvements. H.R. 12397 provides for several improvements which we support. But it does not go far enough. We propose the following:

1. The present definition of farms and the same statistical classification of farms in effect on January 1, 1975, should be continued.

A primary function of the census is to provide facts useful for comparison. Changing the farm definition or classification would weaken the usefulness of the information for determining agricultural trends.

2. The farm census information should be collected by probability sampling.

A major complaint by farmers against the census is its complexity and the time involved in completing the census form. By using a probability sampling, many farmers would be relieved of providing the information. Yet the reliability of the data would not be less than under the present system where 20% of the farmers do not complete the questionnaire.

Having a smaller number of respondents would enhance reducing the time required to analyze and publish the farm census data.

Because of the importance of having data on a county basis, it is necessary to have a large enough sample within each county to assure the reliability of county data. Therefore, we believe that at least 200 samples per county should be taken. Overall the sample would comprise 25% of the total. In a state such as Missouri, which has a large number of small family farms, the 200 per county would be considerably below 25% of the total. An individual farmer's chances of being included in the farm census would be reduced from the present once every five years to about once every twenty years.

3. The collection of sampling should be by personal interview rather than by mail.

As stated above, the census form is difficult and time consuming for farmers to complete. Computing the answers to some questions is an almost impossible task. Computing the number of acre feet of water used in irrigation serves as an example of the difficulties involved.

Yet, for the census to be of value, it must be comprehensive. Having enumerators to personally interview each respondent would make the task much easier for the farmers involved. It should increase the accuracy of the replies.

4. The mandatory requirement for completing the farm census reports should be deleted for individual and family farmers, but should be continued for corporate farms.

Such a change would be in keeping with recent farm corporation reporting requirements enacted by the legislatures of Missouri and many other states.

Also the importance of a few large feedlots to the total beef produced is such that without their cooperation, a true picture would not be obtained. The same is true of other large producers. We have one large hog producer in Southwest Missouri whose output is such that if he is missed, reliable hog figures could not be given for either the county where located or for the State.

5. The responsibility for collecting the farm census should be transferred from the Department of Commerce to the U.S. Department of Agriculture.

USDA already collects much of the data included in the agricultural census. It has enumerators who understand farmers and farm problems now securing data through personal interview. In fact, many of our farm members requested the assistance of SRS enumerators in completing their 1974 farm census form. This indicates the rapport such enumerators have with farmers. SRS also has a complete and current list of farmers by state. Such lists would prevent the kind of mistakes made by the Census Bureau when it missed thousands of farmers for the 1974 farm census who had completed the 1969 census and who were still farming in 1974.

Although we believe USDA is best suited and equipped to make the farm census, farmers are not concerned over which administrative agency secures the needed information. If the provisions called for above are enacted into law, farmers are willing for Congress to decide which agency is best suited to make the farm census.

6. USDA should not have authority to secure access to or examine Federal income tax returns in order to make their farm census records more complete.

We would go beyond this provision called for by H.R. 12397 and extend it to eliminate the present authority of the Census Bureau to have access to IRS records.

Madame Chairman, we believe that most complaints of farmers concerning the farm census will be eliminated if provisions of H.R. 12397, plus others set out in this testimony are incorporated into law.

Thank you for the opportunity of making the views of farmers known to your committee.

THIS IS QUINCY, MASS.

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. BURKE of Massachusetts. Mr. Speaker, while our Nation is celebrating its 200th birthday, Quincy, Mass., is celebrating its 351st. The Quincy Sun, one of the finest weekly newspapers in the country, recently observed these two occurrences with the publication of a special edition entitled "Historic Quincy."

Over the next few days, I will be bringing to your attention excerpts from this Bicentennial salute to the birthplace of John Adams and John Quincy Adams.

THIS IS QUINCY . . .

This is Quincy . . .

It's a Mount overlooking a Bay on which adventurers gamboled and feasted and traded in the wilderness and a man named Thomas Morton of Clifford's Inn, gent., for whatever dark and selfish reason, treated an Indian as a fellow human being.

It's a Swamp where a Governor of the Bay Colony named John Winthrop sought industrial independence from the Old World by turning ore from the bog into iron in the first commercial blast furnace in America.

It's two small red Houses at the foot of a Hill, the birthrooms of which produced the Second and Sixth Presidents of the United States and a long line of distinguished men named Adams who made their country a better place simply by their being.

It's a Hill of Granite where often unwelcome workers from alien shores came together and remained to wrest the rock from the earth and shape it and send it to market on the crude progenitor of all the railroads of America.

It's a River, wide and deep, where the great ships of their times were born in wood and steel and went down to the sea to sail the world over, spewing fire and ball in time of war, tending to man's needs and comforts in time of peace.

It's a Coast, sheltered and protected from the Main, where people from time immemorial have met to refresh themselves in its waters and scud their small boats with gay sails before the wind in competion or relaxation.

This is Quincy . . .

NATURAL GAS SHORTAGE

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. FLORIO. Mr. Speaker, every year throughout the Northeastern States, and particularly in the southern New Jersey area which I represent, we are consistently inundated with threats of natural gas curtailments for our industries and our homes. As all of my colleagues are aware, there has been an ongoing discussion as to the accuracy of information available regarding natural gas reserves and much speculation as to the legitimacy of the alleged shortages.

The president of the New Jersey Department of the Public Utilities has brought to my attention his observations on this matter which comprises much of the work of his department. Therefore, I would like to share his comments with my colleagues. The text of the letter follows:

STATE OF NEW JERSEY,
DEPARTMENT OF PUBLIC UTILITIES,
June 22, 1976.

Hon. JAMES FLORIO,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN FLORIO: It has been my long held view that in the natural gas crisis facing this nation there is an invisible line between fact and fiction leading to an artificial supply gap designed to drive prices up and to force deregulation of the cost of this precious commodity.

Without any sense of gloating or indulging in "I told you so," I call your attention to a Federal Power Commission staff report of June 21 which reflects such a broad disparity in estimates of natural gas to indicate a climate of contrivance on the part of the gas producers to attain their goals.

The FPC found a 1.7 trillion cubic feet gap between its estimates and those of the gas producers and the American Gas Association in reporting off-shore Louisiana gas discoveries in 1971–72. The FPC estimated the gas resources at 4.85 TCF while the producers and the AGA came in with a figure of 3.15 TCF.

Why the more than 25 percent gulf between the figures? The FPC staffers discovered a lag by the producers and the AGA in reporting some 1.3 TCF of newly discovered gas.

The FPC notes that the AGA publishes once a year the only estimate of total gas reserves in the United States. This suggests to me that judicious application of the figures by those seeking further enrichment from the sale of gas could be a potent weapon in any campaign for higher prices authorized by the FPC or the ultimate goal of deregulation by Congress.

While the FPC concluded that despite the lag in reporting their estimates and those of the producers in total were reasonable, I submit that the failure to have prompt and current reporting of gas discoveries does create an artificial supply condition.

This condition, I believe, has been a major ingredient in the cliff hanger situation facing those of us in the Northeast and particularly New Jersey in which we go from year to year under the threat of such severe shortages that could lead to industrial shutdowns, massive unemployment, cold homes and schools and dire economic and social ills.

We have been forced on numerous occasions to resort to significantly higher priced synthetic gas to cover the shortfall in the pipeline supply. This has been the sad and costly case in South Jersey where the natural gas situation cannot be called a mere crisis but a calamity.

I ask that you members of the Congress begin an independent inquiry into this reporting system which I am sure you will agree puts a severe strain on the credibility of all parties in the mind of the public.

Sincerely,

JOEL R. JACOBSON,
President.

UNITED STATES MAINTAINS RIGHT FOR 24 MILITARY BASES

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. BEDELL. Mr. Speaker, on June 12, 1898, with U.S. troops encamped on the outskirts of Manila and Admiral Dewey's fleet riding at anchor in Manila Bay, Gen. Emilio Aquinaldo proclaimed the first Philippine Republic. Independence, however, was a short-lived affair, and after a bitter and bloody war which took 600,000 Filipino lives and 7,000 American lives, the United States replaced Spain as the Philippines' colonial master.

U.S. troops have not left the Philippines since that time. The formal granting of political independence to the Philippines in 1946 was not followed by U.S. troop withdrawal, but rather by the implementation of a military base agreement which gave the United States the right to maintain 24 military bases and installations in the country. The rationale for this agreement was to contribute to the strategic position of the United States in the Far East and to help protect the Philippines from external Communist aggression. Today, those bases contain 15,000 American servicemen, and they constitute a state within the Philippine state, possessing their own economic, political and judicial systems.

In recent years, the changing complexion of the domestic situation in the Philippines and the changing nature of the U.S. role in Southeast Asia have raised significant new questions about the current U.S. military presence in the Philippines. While the bases were originally established to protect the "territorial integrity of the Philippines," Department of Defense officials have regularly admitted that no viable external threat to the Philippines now exists. Moreover, a strong case can be made that, rather than acting as a deterrent to foreign aggression, the U.S. military presence in the Philippines actually serves the negative function of increasing the possibility of external attack to the Philippines, especially in light of the fact that the Philippines is reportedly 1 of the 12 foreign countries where nuclear capable fighter bombers are stationed and where nuclear warheads are stored.

Moreover, it is indeed paradoxical that the bases themselves have constituted a significant source of external interference in the domestic affairs of the Philippines. Base officials have in the past aided the Philippine Government in various counterinsurgency actions. And they have done so, it seems, without much concern for the implications of their actions.

In 1973, a Senate Foreign Relations Committee staff report noted that "base officials told us that they were pleased to have the opportunity to assist the Filipinos. They did not seem concerned about the problems which could arise as a result of the use of a U.S. base for counterinsurgency operations." Such activity could very conceivably develop into greater U.S. involvement in Philippine internal affairs, and this possibility is particularly menacing at this time when the Marcos government is involved in a major two-pronged internal war against domestic insurgencies.

The argument is often made that, while the U.S. military clearly benefits from its agreements for bases in the Philippines, so does the Philippines. However, upon closer examination it is apparent that the real beneficiary of these agreements is the Marcos government rather than the Filipino people. While Marcos publicists contend that the bases provide a great stimulus to the Philippine economy, this argument appears overstated. The bases employ less than 1 percent of the nonagricultural labor force, and base spending probably accounts for a significant portion of the inflationary pressures in the Philippines economy.

What is even more disturbing is the role which the bases play in helping President Marcos maintain martial law in the Philippines. In the words of American Ambassador Sullivan, the American military presence in the Philippines has "allowed the country to concentrate its defense budget on law and order instead of spending huge amounts on the building of a bigger Navy and Air Force."

The economic, political, and social costs of the bases for the Filipino people should not be minimized, and a persuasive case can be made that their impact far outweighs any economic benefits they might bring to the country.

Eighty years have passed since the declaration of Philippine independence. In my judgment, it is time that the United States genuinely respect the independence of the Philippines by reassessing the nature of and need for its military presence in that country. It is time for the administration to present its case for our present posture in the Philippines. The U.S. bases in the Philippines have become pawns in the dangerous game of threat and veiled threat that the Marcos regime is playing in order to assure continued U.S. military assistance. Much of this aid is used to maintain its repressive rule over the Filipino people. This aid can only come to President Marcos in two ways—through direct military assistance, a channel which would subvert both the letter and the spirit of the so-called human rights amendment; or in the form of rental dues for base property—payments which could then be utilized by the regime to purchase American weapons.

The Marcos regime and the Defense Department are now engaged in discussions aimed at revision of the military bases agreement, with President Marcos reportedly pushing for an annual rental payment of $40 million from the United States. The Marcos move is obviously intended to insure a continued flow of arms—convertible money from the Defense Department in the event that official military aid is cut off under the aegis of the human rights amendment.

It is my hope that both the American people and the Congress will respect the genuine interests of the Filipino people by phasing out U.S. military aid to the Marcos government and by reexamining the need for maintaining U.S. bases in the Philippines.

A PARDON FOR TOKYO ROSE?

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, recently there has been much discussion in the media concerning a Presidential pardon for Iva Toguri D'Aquino, or "Tokyo Rose", as she and some other women were dubbed when they made propaganda broadcasts for the Japanese during World War II.

Jim Daniell, a well-known businessman and former standout college and professional athlete from the Pittsburgh area, has written to the Pittsburgh Press condemning the idea of a pardon for Iva D'Aquino.

Daniell was a naval officer, serving in the Pacific during World War II, and was the subject of one of Tokyo Rose's broadcasts.

Judge John Hester, of Allegheny County's Common Pleas Court wrote to me concerning Mr. Daniell's position and asked me to put his letter into the RECORD.

The following is Judge Hester's letter and the letter Mr. Daniell sent to the Pittsburgh Press:

COURT OF COMMON PLEAS,
Pittsburgh, Pa.

Hon. WILLIAM S. MOORHEAD,
Member of Congress,
Washington, D.C.

DEAR BILL: Enclosed herewith please find copy of a communication directed by James L. Daniell to the Editor of The Pittsburgh Press under date of March 16, 1976. On March 15, 1976, the Press carried a syndicated column dealing with the proposed probation and/or parole of the infamous World War II character known as "Tokyo Rose". The Daniell letter appeared in The Pittsburgh Press as an answer to said article in the Letters to the Editor.

Jim Daniell is now serving as an Executive with United States Steel Corporation. Prior to OUR War, he and I served the County of Allegheny as life guards at the South Park Pool. During that time, Jim was named an All American on several of the great football teams produced by Paul Brown at Ohio State. As you know, his older brother, Avarell was an All American at the University of Pittsburgh during the latter years of the great Jock Sutherland.

Following his graduation from Ohio State, Jim went into the Navy, becoming a Line Officer in the Destroyer Division. He had the misfortune to lose three Destroyers during the Campaign in the South Pacific. His conduct under fire was such that he was awarded the Silver Star and practically every other recognition for bravery under fire, short of the Congressional Medal. Following his discharge from the Navy, he played professional football for the Chicago Bears of the National League, and then the Cleveland Browns of the American Football League.

The opinions expressed by Mr. Daniell in his letter to the Press, reflect most accurately, the opinions maintained by all of his contemporaries.

We are requesting that Congressman Gaydos and yourself consider inserting the within letter into The Congressional Record. Trusting that you survived the recent Primary in excellent health, both physically, emotionally and financially, and with kindest personal regards, I am

Very sincerely yours,

JOHN P. HESTER.

PITTSBURGH, PA., *March 16, 1976.*

Mr. JOHN TROAN,
Editor, the Pittsburgh Press,
Pittsburgh, Pa.

DEAR MR. TROAN: The article reported by Lois Wille, Monday, March 15, 1976 with headlines, Tokyo Rose: "I Still Love This Country," triggered memories for me of many days in October, 1944 while aboard the USS Mullaney, DD 528 operating in and about Leyte Gulf. In the latter part of the first week of October, we departed Ulithi as part of the Seventh Fleet Task Force which would return General MacArthur and the American troops to the Philippines. We arrived three days prior to "A-Day" and along with three other destroyers entered Leyte Gulf at Samar and were quickly bombarded by shore batteries, made smoke and returned to the vast expanse of the ocean. After exchanging many volleys from our five-inch .38 caliber rifles, we determined this was no place for four "tin cans" and awaiting the heavy batteries of the battleships and cruisers as well as aerial support. In the morning hours of October 20th our troops landed on Tacloban. Late on the night of October 23rd, the dramatic beginning of the first Battle of the Philippine Sea began unfolding.

This battle was the beginning of the end for the Japanese fleet. Ironically on the morning of the 26th, we were anchored some three hundred yards from the beach, enjoying a lull in the activity after eleven continuous days of battle stations, and while I was having a cup of coffee in the Ward Room, Tokyo Rose came on the air and announced regretfully that Captain Baron Joseph Mullany, Lt. Commander Ratliffe, Lt. James L. Daniell and the gallant crew of the USS Mullaney were burning and sinking in Leyte Gulf.

It was announced that all hands were lost and the ship was totally destroyed. Her announcement was so vivid and displayed such accuracy that I ran from the Ward Room to the foc'sle to examine the damage for myself . . . only to find clear blue skies, calm water and a completely erratic untrue report, for this was *my* ship that she was describing and much to my relief her propaganda was not based on fact. Her description was so vivid and included so many names accurately that I actually touched my own cheek with my hand to assure myself that I was alive and not dead as she claimed.

It was however startling to be seated and hear the Captain's name and my name and other officers names being blared over Tokyo radio at that particular time.

Tokyo Rose was a vicious cruel traitor who should gain no consideration simply because thirty-two years have passed and there are those who favor a pardon bid. There are many soldiers, sailors and marines who landed on Leyte Gulf and other points in the Pacific that are there for eternity and will never be pardoned except by God in his realm.

From my memories of Tokyo Rose, I feel she is as guilty today as she was in October of 1944; therefore, I would criticize any pardon that generous, misled and misinformed Americans might attempt to offer.

Sincerely yours,

JAMES L. DANIELL.

PERSONAL EXPLANATION

HON. PIERRE S. (PETE) du PONT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. DU PONT. Mr. Speaker, yesterday I had to return to Delaware on business, and missed several recorded votes in the House. Had I been present, I would have voted in the following manner:

Rollcall No. 453, "no."
Rollcall No. 454, "no."
Rollcall No. 455, "aye."
Rollcall No. 456, "no."
Rollcall No. 457, "aye."

THE INEQUALITY OF INDETERMINATE SENTENCING

HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1976

Mr. COTTER. Mr. Speaker, I would like to bring two excellent editorials in the Hartford (Conn.) Times to the attention of my colleagues. They concern needed reforms in our criminal justice system.

The editorials follow:

CRIMINAL JUSTICE SYSTEM NEEDS SIGNIFICANT REFORM

Boston Police Commissioner Robert DiGrazia was definitely correct when he said last week that "police alone cannot curb violent street crime."

The problem of crime is not solely a police problem. It is a problem of the whole society. It is a problem of every citizen of Connecticut and of every citizen who lives in the Greater Hartford area. It also is a problem that has much to do with the court system.

There is no quarrel with the reasons the commissioner cited as leading to the commission of violent crimes: ". . . Social and economic ills such as poverty, unemployment, broken homes, poor education and drug addiction and alcohol abuse," to anyone aware of the issues in modern criminology this list is all too familiar.

DiGrazia calls for the public to do its part in alleviating the situation. The root problems of crime can not be sloughed off to the police. That would only serve to postpone the inevitableness of having to deal with them eventually. Citizens groups must actively familiarize themselves with possible solutions and seek their implementation through the various legislative and regulatory avenues available.

But the solutions to the root causes of crime only come after long and intensive effort, if they come at all. Yet this effort must begin now. Citizens must ask their representatives at the State House about viable alternatives to the miasma that we now refer to as our criminal justice system.

But where can we start? For one, with sentencing reform measures. Justice in this country is not equitable. Sentences are so discretionary that while one individual might receive a mild sentence another might receive, for essentially the same crime, an indeterminate sentence of 10 to 15 years.

To quote from the prestigious Twentieth Century Fund's Task Force on Criminal Sentencing: "Where equal treatment is not the rule, potential offenders are encouraged to play the odds, believing that they too will be among the large group that escapes serious sanctions." Thus rendering the supposed deterrent factor grossly ineffectual.

President Ford has called criminal sentencing "often erratic and inconsistent" stating that the resulting "lack of uniformity is profoundly unfair and breeds disrespect for the law."

The task force calls for a shorter period of sentencing for a higher percentage of individuals rather than a long period of incarceration for a small minority of those found guilty.

The implementation of a sentencing procedure of a mandatory-minimum sentence which would be set legislatively to fit the individual crime should be sought. Such a procedure would end the discrepancies currently found in the system.

But this is only one area of a much larger problem. Solutions are available but only through intensive effort by those who are affected by societal crime—all of us.

Commissioner DiGrazia is attempting to place the situation in its proper forum, the light of public discussion. Effort should immediately be directed toward realizing the sorely needed reforms of the criminal justice system.

INEQUALITIES OF CRIMINAL SENTENCING NEED REFORMS

In a continuing effort to bring to public attention some of the inequalities and failings of the criminal justice system, both within Connecticut and in the United States, it does not seem at all certain that the wide range of sentencing alternatives that judges hold enhance the credibility or the deterrent force expected of the criminal justice system.

There are no guidelines for judges to employ in arriving at a specific sentence for a criminal. It is the structure of the indeterminate sentence that a judge may sentence an individual to a time period of anywhere between probation and life imprisonment.

While most judges, it is hoped, try to be fair with their sentencing, the structure of the sentencing procedure allows for inequalities and inconsistencies to appear across the board.

In an arbitrary fashion, samples of seeming inconsistencies in sentences recevied by criminals have been monitored for the last few weeks. These were taken directly from the daily newspapers.

A man who shot three men in a pool hall received a sentence of two and one-half years, while a man who shot and robbed another man received a sentence of 12½ to 25 years. A third individual received a sentence of 10 to 20 years in another shooting death.

Following a conviction for armed robbery one individual received the maximum of ten years in prison (even when the defendant supposedly did not point his weapon at anyone nor was the weapon loaded, according to his defense counsel). In still another armed robbery sentence, the individual was given only a two year term in prison (and a five-year probationary sentence for breaking parole when he robbed the bank).

According to the Twentieth Century Fund's Task Force on Criminal Sentencing such disparity is noticed across the country.

"Grotesque disparities are revealed in the sentences imposed for the same classes of offenders in one state as compared to another state, by different courts within the same jurisdiction, and even by individual judges meting out punishment to different offenders.

"Although there are few careful studies of sentencing disparity, those that have been undertaken demonstrate that unexplained and seemingly inexplicable sentencing disparity is widespread."

The state of Ohio recently completed a study of the disparity of sentencing in that state by evaluating the felony sentences imposed by judges in one county.

The results showed a variety of different types of sentence disparity. Again from the Task Force report, one judge granted 26 per cent of convicted felons to probation, while another gave 51 per cent probation. One of the judges studied incarcerated 62 per cent of the individuals convicted of grand larceny while only incarcerating 17 per cent of those found guilty of robbery. Another finding of the study was that one judge imprisoned 56 per cent of the black defendants appearing before him and only 35 per cent of the white defendants.

These statistics demonstrate three distinct types of judicial disparity: "overall disparity among the judges in the severity of sentencing, disparity within an individual judge's pattern of sentencing for different offenses, and disparity in the sentencing of black and white defendants.

These findings are, no doubt, in some degree also true in Connecticut. It is hoped that they are not, but given the nature of the current sentencing structure such findings would hold up.

Work and effort must begin that will bring about a system that is definitive in what is to be expected, punishes equally and provides appropriate punishment for the crimes committed.

SENATE—*Saturday June 26, 1976*

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. Richard Stone, a Senator from the State of Florida.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, Lord of all wisdom and might, keep us this day in health of body and clarity of mind, in purity of heart and cheerfulness of spirit, in contentment with our lot and charity with our colleagues; and further all our proper efforts with Thy blessing. Grant us strength to rise above all impatience and weariness that here the right thing may be done in the right way. In our work strengthen us; in our pleasure purify us; in our travels protect us; in our troubles comfort us; and lead us to the fullness of Thy kingdom.

Through Jesus Christ our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

U. S. Senate,
President pro tempore,
Washington, D.C., June 26, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Richard Stone, a Senator from the State of Florida, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. STONE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, June 25, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER DESIGNATING PERIOD FOR ROUTINE MORNING BUSINESS

Mr. MANSFIELD. I ask unanimous consent that after the two leaders have been recognized, there be a period for the conduct of routine morning business of not to exceed 30 minutes, with a time limitation on statements therein of 3 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar under "New Reports."

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MISSISSIPPI RIVER COMMISSION

The second assistant legislative clerk read the nomination of Brig. Gen. Elvin Ragnvald Heiberg III, Corps of Engineers, to be a member of the Mississippi River Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

APPALACHIAN REGIONAL COMMISSION

The second assistant legislative clerk read the nomination of George G. Seibels, Jr., of Alabama, to be Alternate Federal Cochairman.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk proceeded to read sundry nominations in the Department of Justice.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. I ask unanimous consent that the Senate resume the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I desire no time.

Mr. GRIFFIN. I yield back the time on this side, Mr. President.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 30 minutes, with a 3-minute limitation on statements therein.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KENNEDY, from the Committee on the Judiciary, with amendments:

S. 800. A bill to amend chapter 7, title 5, United States Code, with respect to procedure for judicial review of certain administrative agency action, and for other purposes (Rept. No. 94–996).

By Mr. MAGNUSON, from the Committee on Appropriations, with amendments:

H.R. 14232. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94–997).

DEVELOPMENTS IN AGING: 1975 AND JANUARY–MAY 1976—REPORT OF THE SPECIAL COMMITTEE ON AGING—REPORT NO. 94–998

Mr. CHURCH, from the Special Committee on Aging, submitted a report entitled "Developments in Aging: 1975 and January–May 1976," pursuant to Senate Resolution 62, 94th Congress, 1st session, which was ordered to be printed.

ADDITIONAL COSPONSORS

S. 3584

At the request of Mr. Proxmire, the Senator from Minnesota (Mr. Mondale) was added as a cosponsor of S. 3584, to extend and increase authorization for the extension of the winter navigation season for the Great Lakes-St. Lawrence Seaway System.

AMENDMENT NO. 1902

At the request of Mr. Taft, the Senator from New York (Mr. Buckley) was added as a cosponsor of amendment No.

1902, intended to be proposed to H.R. 10612, the Tax Reform Act of 1976.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS, 1977—H.R. 14232

AMENDMENT NO. 1967

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed to the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

HEALTH PROFESSIONAL EDUCATIONAL ASSISTANCE ACT—S. 3239

AMENDMENT NO. 1968

(Ordered to be printed and to lie on the table.)

Mr. BEALL (for himself, Mr. Taft, Mr. Bentsen, Mr. Garn, Mr. Hatfield, and Mr. Hruska) submitted an amendment intended to be proposed by them jointly to the bill (S. 3239) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health professions, to revise the National Health Service Corps program, and for other purposes.

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1969

(Ordered to be printed and to lie on the table.)

INDEPENDENT GAO AUDIT OF THE IRS: TAX BILL THROWS UP A ROADBLOCK

Mr. METCALF. Mr. President, buried deep within the 1,536 pages of H.R. 10612, the so-called tax reform bill, there is a provision that would virtually foreclose the Comptroller General from making any independent audit of the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms.

That provision—at page 704, beginning in line 3—says, in essence, that if the GAO wants to look at tax returns or return information while pursuing an independent audit of the Internal Revenue Service, it must first obtain the written approval of the Senate Finance, House Ways and Means or the Joint Committee on Internal Revenue Taxation. It says further that any such inspection or disclosure of the returns or information shall be under the supervision of one of these committees, probably the joint committee.

This means, at least to this Senator, that if this provision is adopted, the taxwriting committees by law would be placed in a special position of controlling any investigation initiated by the Comptroller General which may be required under his independent mandate under the Budget and Accounting Procedures Act and other statutes.

The Comptroller General, Mr. Staats, has testified before committees on both the House and Senate sides, that in order for him to make any meaningful management audit of the IRS, it will be necessary to make a selective examination of tax returns and return information in accordance with his own audit principles and procedures.

Indeed, in a recent letter to the chairman of the Senate Government Operations Committee, Mr. Ribicoff, who is also a member of the Senate Finance Committee, Mr. Staats reiterated his opposition to the formal approval requirements contained in the tax reform bill provisions. He said, in part:

> We believe that it is basic to our system of checks and balances and the fundamental principles of the Budget and Accounting Act that the Comptroller General have authority to audit and review operations of Government without the approval and under the supervision of a committee or committees of the Congress. A requirement for approval by congressional committees for access to information strikes at the independence of the Comptroller General and conceivably could prevent a necessary review or audit from being made if committees of Congress chose to withhold approval.
>
> The formal approval arrangement contemplated . . . in the proposed provisions of the Tax Reform Act of 1976, however has the effect of giving committees a veto over GAO proposed audits when access to individual taxpayer records is involved. The amendment would further complicate our work in that knowledge as to whether such access is required would, in some cases, be known only after GAO has invested considerable time and money in the audit. A formal approval arrangement could therefore result in delays and increased budgetary costs.

Mr. President, what we have here in the Senate bill's buried language is an issue of major legislative proportion. The GAO is the Congress watchdog—it belongs to no special committee, but is to be independent in conducting evaluations of the efficiency, the effectiveness and the economy of all Federal agencies for the benefit of the Congress. The precedent was established when the GAO was set up in 1921 in section 312(a) of the Budget and Accounting Act. It was restated in section 117(a) of the Accounting and Auditing Act of 1950, and again in section 204(a) of the Legislative Reorganization Act of 1970, as amended by the Congressional Budget and Impoundment Act of 1974.

The Senate Finance Committee language on page 704 of this bill, specifically refers to the access to tax returns and tax information which may be required by the Comptroller General pursuant to his mandate under section 117 of the Budgeting and Accounting Procedures Act of 1950 (31 U.S.C. 67). That act says, in part, that the transaction of each Federal executive agency shall be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller of the United States.

Despite this broad mandate to the Comptroller General to make audits of Federal agencies, the facts are—and we should all be cognizant of them—that the IRS and the ATFB for years have refused to let the GAO come in and conduct any independent review of their administration of the tax laws and to independently inspect tax returns and return information. At the same time, these agencies seem to have had no problem in opening their tax files to the President, Presidential aides, certain Federal agencies, States, and local governments.

These two agencies, with concurrence of the Treasury Department, and with the general support of the taxwriting committees, have taken the position that two sections of the Internal Revenue Code—title 26, United States Code—preclude any independent GAO review.

The first, section 6406, makes findings and decisions of the Secretary of the Treasury on claims and allowances not subject to review by any other agency. The GAO has recognized this injunction, and has repeatedly asserted it has no interest in affecting such decisions.

The second, section 8022, authorizes the Joint Committee on Internal Revenue Taxation to investigate the administration and effects of our Federal tax system, and, in its discretion, report its results to the House and Senate. The GAO's position on this is that such authority is parallel to its own, rather than exclusive. In any event, the joint committee has never made an overall audit of the management, operations, and performance of the IRS and the ATFB.

This standoff between IRS and GAO was the subject of extensive hearings by the House Government Operations Committee. Its investigating subcommittee found a number of substantial abuses and weaknesses in the administration of the tax laws which, it said, led to loss of public confidence in the system. Accordingly, the House committee reported H.R. 8948 restating the authority of the GAO under section 117 of the Budget and Accounting Procedures Act of 1950 to self-start its own independent examination of the IRS and the ATFB, and further insuring that GAO audits would in no way affect the finality of Treasury decisions on the merits of any claim or result in any unauthorized disclosures of tax returns or information.

H.R. 8948 was approved by the House under a suspension of the rules. The language of the House bill was worked out in cooperation with representatives of the GAO, the IRS, and the ATFB. It passed the House unanimously. The Ways and Means Committee registered no objection.

On the Senate side, the Government Operations Committee agreed with the House on the GAO's independent audit authority and access to tax returns, and by amendment added additional requirements as to GAO's responsibilities in handling the audits. Notice of persons having access to the returns and the procedures for protecting confidentiality of returns and information were to go to the Joint Internal Revenue Taxation Committee and others.

However, when the Senate Government Operations Committee version was referred to the Finance Committee, the approach was turned completely around. H.R. 8948, as reported by finance, prohibited the GAO from inspecting tax returns and tax return information unless it obtained written permission from and was subjected to supervision by the tax-writing committees and the Joint Committee on Internal Revenue Taxation.

We were prepared to take up H.R. 8948 and meet the issue of an independent GAO audit versus committee control head on, but the tax reform bill intervened, and as expected, the Finance Committee sealed into their tax bill amendments the same restrictive language as they put into their Senate version of H.R. 8948.

The result is that we are faced in this tax bill with essentially the same issue that is involved in H.R. 8948, and under the weight of a 1,500-page bill, in the pressure of tax code revision, an impending recess and an increasing backlog of Senate business, we will not be able to get to an adequate debate on the larger and more important matter of an independent review of the IRS and the ATFB by the Comptroller General.

Indeed, if we adopt the Finance Committee's language, we may be foreclosing our option to provide any meaningful independence to the GAO, since control and supervision over access to tax returns and information—basic audit information—will by law be under the control of the tax-writing committees.

Therefore, Mr. President, I feel that the appropriate legislative approach should be to delete the language relating to the Comptroller General appearing on pages 704 and 705, and in other appropriate places, of the bill, and take up the matter in its entirety when the Senate subsequently considers H.R. 8948, which is on the Calendar (Calendar No. 865).

Accordingly, I submit today an amendment to this effect, and urge its acceptance or adoption.

Mr. President, I ask unanimous consent that the letter from the Comptroller General to the Chairman of the Senate Government Operations Committee (Mr. Ribicoff), dated June 16, 1976, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Comptroller General of
the United States,
Washington, D.C., June 16, 1976.

Hon. Abraham Ribicoff,
Chairman, Committee on Government Operations, U.S. Senate.

Dear Mr. Chairman: H.R. 8948, 94th Congress, which clarifies the authority of the Comptroller General to audit the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms of the Treasury Department, was passed by the House of Representatives on October 20, 1975, and reported with amendments by the Senate Committee on Government Operations on April 14, 1976. The bill was then referred to the Senate Finance Committee for further report.

The Senate Finance Committee reported the bill back to the Senate on May 20, 1976 (Senate Report 94-909) recommending further amendments. One of the Finance Committee amendments would allow the Comptroller General access to tax returns and tax return information for audit purposes only with the written approval, and under the supervision, of the Committee on Ways and Means of the House, the Committee on Finance of the Senate, or the Joint Committee on Internal Revenue Taxation.

A similar provision is included in section 1202(a) of H.R. 10612, the Tax Reform Act of 1976, which amends section 6103 of the Internal Revenue Code. See proposed section 6103(i)(6) which is on pages 704 and 705 of the bill. H.R. 10612 was reported by the Senate Finance Committee on June 10, 1976.

We are greatly concerned with these amendments. The General Accounting Office has always worked closely with committees of Congress in performing audits and reviews requested by them. At the same time the Comptroller General has, since the establishment of the Office in 1921, had authority to independently decide on additional audits and reviews that he believes are necessary in the public interest. This independent authority is set forth in section 312(a) of the Budget and Accounting Act of 1921, and restated by section 117(a) of the Accounting and Auditing Act of 1950, and section 204(a) of the Legislative Reorganization Act of 1970, as amended by the Congressional Budget and Impoundment Act of 1974.

We believe that it is basic to our system of checks and balances and the fundamental principles of the Budget and Accounting Act that the Comptroller General have authority to audit and review operations of Government without the approval and under the supervision of a committee or committees of the Congress. A requirement for approval by congressional committees for access to information strikes at the independence of the Comptroller General and conceivably could prevent a necessary review or audit from being made if committees of Congress chose to withhold approval.

We are, of course, aware of the concern of the Congress and the public relative to tax return privacy. However, the General Accounting Office has for many years had access to highly classified security information without having breached that privilege. In addition it should be noted that H.R. 8948 prohibits GAO from making any unauthorized disclosure of tax return information and subjects GAO employees to the penalties provided by law in the same manner and degree as employees of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms.

However, for all practical purposes, adoption of the amendment would not alter the present arrangement whereby the General Accounting Office undertakes reviews of IRS operations at the request of the Joint Committee on Internal Revenue Taxation. Individual taxpayer records are made available to GAO when necessary to carry out these requested reviews. It is questionable, therefore, as to whether the H.R. 8948, as amended by the Senate Finance Committee, would in the final analysis accomplish any major purpose.

We would of course be quite agreeable to working out any informal advisory arrangements which are feasible from the standpoint of the interested committees and the GAO. The formal approval arrangement contemplated by the amendment to H.R. 8948 and in the proposed provisions of the Tax Reform Act of 1976, however, has the effect of giving the committees a veto over GAO proposed audits when access to individual taxpayer records is involved. The amendment would further complicate our work in that knowledge as to whether such access is required would, in some cases, be known only after GAO has invested considerable time and money in an audit. A formal approval arrangement could therefore result in delays and increased budgetary costs.

Informal consultation is in line with present policy and practices as GAO undertakes audits of sensitive matters. It would also avoid a precedent of requiring committee approval prior to conducting by the GAO of an audit on its own initiative—a practice which could have far reaching implications for the independence of the GAO which has prevailed for 55 years and which we believe has served the Congress well.

We strongly urge that the amendments recommended by the Senate Finance Committee in both H.R. 8948 and the Tax Reform Act of 1976 (H.R. 10612) requiring written approval of the Senate Finance Committee, the House Committee on Ways and Means, or the Joint Committee on Internal Revenue Taxation for the Comptroller General to have access to individual tax returns and tax return information not be adopted.

For the above reasons, I have concluded that it would be preferable to have no legislation than to establish a precedent of the type which is embodied in the Finance Committee amendments.

Sincerely,

Elmer B. Staats,
Comptroller General of the United States.

AMENDMENT NO. 1970

(Ordered to be printed and to lie on the table.)

TAX JUSTICE FOR HOMEMAKERS

Mr. McGOVERN. Mr. President, the Tax Reform Act of 1976, now under consideration, offers the means to focus attention on inequitable provisions that have remained unrecognized and unchallenged for far too long. One such provision which I would like to see changed is the requirement for using the joint income tax return.

The amendment which I submit today, asks that each partner swear or affirm on the 1040 form that each, in fact, owns half of all the income reported in the return and all assets for which a tax deduction or credit or exemption is claimed.

The nonsalaried spouse now has no access to the individual incentive or security available to those who draw a paycheck or own property. With the sworn right to claim an equal share of the taxable income and property, opportunities for investment, retirement plans, credit and loan applications and the many other business transactions that require proof of income could be available—both spouses would be individually eligible for investments that require financial backing.

One of the immediate benefits would be the cutting in half of the inheritance tax liability. The oath of joint ownership would refute the argument that, after the death of one partner, inheritance tax should be collected on the full amount.

There is no doubt that homemakers in this country are denied the respect and esteem they deserve. Because home management skills have not been translated into job market terms, homemakers with years of experience as counselors, consultants, organizers, budget managers, psychiatrists and teachers count for little in the job force. It is incredible that people who provide incalculable services to this country should be labeled by attitude and fact "unskilled" and "nonsalaried."

We know that the employment statistics for women, in spite of progressive legislation and court decisions, still show that women remain economically disadvantaged. The unsalaried homemaker is even more disadvantaged because of her inability to initiate decisions involving her family's security or her own financial endeavors.

I submit that by making the joint income return a reality rather than just a signature, we will contribute generously to the much needed stability of families and ease the unnecessary economic dependence of married women.

Mr. President, I ask unanimous consent that the text of my amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1970

At the appropriate place, insert the following new section:

Sec. . Joint Returns.

(a) In General.—Section 6013(a) (relating to joint returns) is amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon and by adding at the end thereof the following new paragraph:

"(4) no joint return shall be made unless each spouse verifies by oath or affirmation, under regulations prescribed by the Secretary, that such spouse has equal ownership, management, and control of all income required to be included in such return and all assets for which any tax deduction, exemption, or credit is claimed."

(b) Technical and Conforming Changes.—The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of enactment of this Act, submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this section.

(c) Effective Date.—The amendment made by this section shall apply only to returns filed after the date of enactment of this Act with respect to taxable years ending after such date.

ADDITIONAL STATEMENTS

THE EYE OF JEFFERSON

Mr. MATHIAS. Mr. President, in 1965 when I proposed a commission to plan for the Bicentennial it was my hope that we could evoke the best in our past to help us enjoy the present and improve the future.

The National Gallery of Art has lived up to my expectations by arranging a Bicentennial exhibit that delights the eye and informs the mind. It explains the revolutionary generation to the Bicentennial generation by illustrating the things that interested and stimulated one of the great revolutionists—Thomas Jefferson. It is a magnificient interpretation of 1776 for the benefit of 1976.

As a further help to the public in fully appreciating the exhibit, the museum has published an unusual catalog which is available at the Gallery.

A thoughtful review of the exhibit by Barbara Gold was published in the Baltimore Sun on June 6, 1976. I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Art Notes—Excellent Jefferson Show

(By Barbara Gold)

The National Galley of Art in Washington has just opened what must be the most carefully articulated, most extravagant, most fascinating Bicentennial exhibition in a season that threatens to leave everyone surfeited with both Bicentennial exhibitions and superlatives. "The Eye of Thomas Jefferson" is a coherent, thoughtful look at the life, times and interests of the man who was not only one of the great figures of the era being commemorated but also perhaps the last great renaissance man.

Thomas Jefferson was the author of the Declaration of Independence, served as our third Prdesident, was adept at politics, gardening, architecture, writing, art collecting, history and more. He loved to travel, put together an ideal list of the classical pieces he would like to see in casts or originals in the President's mansion, and he planned Monticello, the University of Virginia, the Rosewell residence in Virginia, and held a competition for the President's nome.

The exhibition includes more than 600 painting, sculptures, drawings, prints, books, examples of decorative arts, architectural drawings and models and landscape designs. They have been lent by more than 150 collections in Europe and the United States—including Baltimore's Peale Museum which has contributed Charles Wilson Peale's "Exhuming of the Mastodon."

VENUS FROM ITALY

Italy has sent the Venus de Medici. The marble sculpture, made in the First Century B.C., was considered the epitome of classical perfection. It was first on Jefferson's list of classical pieces to have in his ideal collection, and it is displayed in a reconstruction of a temple he designed to hold it.

England has sent one of the Towenly vases, another great classical piece Jefferson would have liked to own. Almost one fifth of the loans come from French collections—including the Louvre, Versailles, and the Bibliotheque Nationale.

The exhibit itself is a triumph of planning. Two years went into it, and installation takes up all the gallery's ground-floor exhibition space plus the West Garden Court—which serves as sanctuary for two mockingbirds housed in a Jefferson-designed classical temple.

Furniture, rooms and table settings have been brought together and re-created down to the last details of mirrors, rugs and silver. Letters have been read and researched, and the works of art mentioned in them have been located and borrowed for the show.

LAST OF THE AGE

Focusing on one outstanding man this way turns out to be a particularly fitting method of handling the Bicentennial period. The Eighteenth Century was perhaps the last time when a man could hope to become knowledgable in so many diverse fields. Jefferson serves as an outstanding example of that age for he was, possibly, the last well-known person to attempt the feat of mastering so many fields so successfully.

He was the archetypal man of reason, and the Eighteenth Century, if it was anything, was the age of reason. Great priorities were placed on logical thought, on the abilities of the mind and on the great things it could accomplish. Jefferson comes through in this exhibit as both man and thinker. Portraits, drawings, models, and installations are divided into sections which cover his formative years, the "progress of the human mind," his interests in Britain, the Revolution and his crucial role in it, architecture, nature and plants.

The man of reason is not the only man in this exhibition, however. There is another side of Jefferson here. That is the man who met and spent summer afternoons (properly chaperoned) for one Paris summer with Maria Cosway, a British painter who had come to the city with her husband and who inspired Jefferson not only to begin a lifelong friendship but also to write his famous "Dialogue of the Head and the Heart," a verbalization of an internal struggle that reflects not only the Eighteenth Century stress on reason and control but also the emotional, romanticized attitudes of the coming Nineteenth.

A SHOW THAT WORKS

This show works because it is about one man and because it creates a picture of the history of the time, a picture Jefferson was instrumental in creating. He was not only the author of the Declaration of Independence. He initiated the expedition of Lewis and Clark, negotiated the Louisiana Purchase, and served as a diplomat in Paris. A red-walled gallery serves as a small Paris salon, and paintings by Jacques Louis David document his preference for that great classical painter.

The success of this exhibit is not due to great expense—although the costs are expected to run into the hundreds of thousands—but rather to careful planning and execution, thorough research, and meticulous attention to detail.

Other less successful Bicentennial exhibitions, whether lavish or modest, have been characterized by haphazard planning, careless execution and lack of attention to detail. These exhibitions have made it very difficult, as the Bicentennial season reaches its summer climax, to see new efforts with an open mind. "The Eye of Thomas Jefferson" is truly different and should not be missed.

EMERGENCY RULE IN INDIA

Mr. KENNEDY. Mr. President, a year ago today emergency rule was proclaimed in India under the terms of its constitution. In the year since, many of the measures taken by the Government of India—and many of the actions taken by Prime Minister Indira Gandhi and her party—have raised serious and troubling questions for all true friends of India.

Although what has occurred in India is not unlike what has happened previously in neighboring Pakistan and Bangladesh, and was well within the bounds of previous Indian precedent, the scope and degree of Mrs. Gandhi's action represent a significant departure from India's constitutional tradition.

Many observers believe that in addition to Mrs. Gandhi's political difficulties, a deteriorating political and economic situation in India required emergency measures to meet an emergency situation. And most foreign observers seem to agree that emergency rule generally gained popular support across India, and that the tangible efforts of the Government over the year in halting inflation, in controlling the economy, in increasing food production, and in stablizing urban conditions, are receiving continued popular support.

But whatever the justifications or economic merits of emergency rule may be, friends of India are inevitably concerned over the apparent direction the Government of India has taken in implementing the terms of the emergency proclamation. Tens of thousands of political prisoners remain in jail, and many are still being held without charges against them. Fundamental civil liberties have been suspended, and strict press censorship imposed. Elections have been postponed, and opposition parties banned. And judicial safeguards have been weakened as the constitution has been amended.

Together, these actions have served to erode the traditional democratic institutions which have guided India since independence. And they form a pattern that raises the question as to whether Mrs. Gandhi has bent beyond repair India's constitution and democratic practices—despite her stated intention is to do otherwise.

Mr. President, like many Americans, I deeply regret the conditions last year which produced emergency rule in India—even as we all hope that its imposition will not mark India's final passage from democratic ideals.

Obviously, the future of India is for the people of India to determine. And, as President Julius Nyerere, of Tanzania, noted some years ago, there are differing paths of socialism and differing ways to achieve democracy. Across Asia and Africa, Third World nations are shaping their political systems and their social policies according to what they see as their own needs. In many countries, "democracy" has been defined in ways that are in marked contrast to American or Western tradition.

In case of India, its friends must actively support Mrs. Gandhi's stated intention to remain faithful to India's democratic ideals—and to hope that the actions she takes in the coming months will redeem her promises of democratic reform.

The international community must also continue to fulfill its responsibility to be vigilant to any reports of the gross violations of human rights in India, and to express its deep concern over the fate of political prisoners still detained.

Mr. President, I ask unanimous consent that several relevant press reports on the situation in India be printed in the RECORD.

There being no objection, the press reports were ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, June 21, 1976]

IS INDIA BETTER OFF WITHOUT DEMOCRACY?—AFTER YEAR-LONG "EMERGENCY" THE MIDDLE CLASS SEEMS CONVINCED

(By Peter Kai)

BANGALORE, INDIA.—One year after Prime Minister Indira Gandhi imposed a state of emergency and assumed sweeping executive powers, the Indian people appear divided, but resigned to a permanent end of democratic rights.

On the surface they have responded favorably to a government-sponsored press campaign aimed at "normalizing" the state of emergency.

Although tens of thousands of political dissidents remain imprisoned—some say at least 100,000—Mrs. Gandhi seems to have convinced many middle-class Indians the current economic benefits of the emergency justify the permanent suspension of such basic democratic rights as the freedoms of speech, assembly, press, and judicial appeal.

Deviraj Patel, who owns a small, electrical-parts factory in the city of Poona, says, "Democracy isn't suited to India. Two years ago I really feared a communist take-over. Today, that just won't happen. My business is prospering. I have no more labor problems. Taxes are lower, and profits this year will triple."

An Army colonel, who worries about retiring on a fixed military pension, says of the emergency: "You only have to look around to see the benefits. . . . Prices of food and consumer items are actually lower, people are working in a disciplined manner, and New Delhi has been swept clean of thousands of beggars and slum dwellers."

BREAKUP OF INDIA AHEAD?

As a result of a favorable monsoon within the past year and of strict monetary policies begun in 1974, inflation actually has halted in the last six months. But many economists note the strict monetary policies largely benefit the urban middle-class, while industrial workers have been hit with sudden layoffs and with increasing unemployment.

One prominent economist who declined to be identified, comments: "The middle class find life much simpler. The trains run on time. There are no more strikes or noisy political processions. And, most important, the government has lowered taxes and halted inflation.

"Politically, Mrs. Gandhi has destroyed the fragile, but democratic, balance of power among our diverse peoples. After she goes, I believe India faces either a right-wing military dictatorship or a breakup of the Indian union into several separate states."

With slogans such as "Only Magic: Iron Will, Discipline, Hard Work," "The Nation is on the Move," and "She Stood Between Chaos and Order," the government extolls the benefits of the emergency. Government ministers publicly argue that the right of judicial appeal and other democratic guarantees have too long delayed the implementation of land reform, educational reform, and social justice for Hindu "untouchables."

MIXED FEELINGS ON CAMPUS

A university dean in the State of Maharashtra says, "Under the emergency, educational reform is moving forward for the first time. Students can no longer strike when they fail their exams. We don't allow them to indulge in street politics any longer, so they are studying for the first time. And now I can dismiss professors who don't show up on time to teach their classes."

But an "untouchable" political-science student graduating from the same university complains, "We are getting no better a deal under the emergency than without it. The same civil servants with the same caste prejudices continue to discriminate against untouchable students and government officers seeking promotions. The only difference is that under the emergency we have no judicial appeal against discrimination."

Several determined civil liberties lawyers in Bombay are perhaps the only people in this country who have taken a public stand against the government's attack on the judiciary. This reporter witnessed a recent case before the chief justice of the Bombay High Court in which lawyers prevailed upon the court to at least temporarily prevent the arbitrary arrest of an outspoken government critic.

HOW MUCH FREEDOM OF DISSENT?

N. A. Palkhivala, prominent civil-liberties lawyer, declared before the court: ". . . this government's state of emergency has not eliminated the right to dissent. If the chairman of the Bombay Bar Council. Mr. Ram Bulchan Jethmalani, a lawyer who practices in this very court, cannot express his opinions at a lawyers conference, then who can? It is the right of any citizen, even under the emergency, to dissent peacefully—even if he describes our present government as undemocratic and calls for an end to the emergency."

One issue where the increased administrative powers under the state of emergency will likely directly affect everyone is population control. A national campaign recently was launched to introduce legislation for compulsory sterilization in most states within a year. Many administrators already are said to be using their unquestioned authority to compel people to undergo sterilization.

A district chief in Maharashtra who controls the daily lives of more than half a million people admitted to this reporter. "Under the emergency I can force my people to have fewer babies. The other day, for instance, I withheld several hundred monthly paychecks for schoolteachers until they agreed to sterilize themselves."

This district chief, who refused to be identified by name, speaks bluntly: "You know, even after almost 30 years of parliamentary democracy, our bureaucracy is unable to tolerate democratic attitudes of dissent and free criticism. We inherited from the British Raj an uncompromising respect for rules and regulations—but not necessarily democracy. I think you will find that, whoever holds power at the top, the Indian bureaucracy will carry out orders—along with the usual 'tea money' on the side."

CRUSHING WEIGHT OF HISTORY

Another Indian, this one a widely known writer, asserts: "We are in for a long period of increasingly authoritarian rule. You can see it simply in the growing influence of the Prime Minister's son, Sanjay Gandhi. Many of us will be jailed, and I doubt very much if India will ever again see the face of democracy."

But a left-wing journalist responds, "Democracy in India was always an illusion. Before the emergency there were more than 25,000 political prisoners in the State of West Bengal alone. We hear the hue and cry about the death of democracy because only now are a few middle-class liberals and intellectuals beginning to feel the harshness of a repression that formerly only the poor suffered."

An American student of India tries to explain the emergency in historical terms: "India is falling back on a 5,000-year tradition of centralized imperial rule through a far-flung bureaucracy. This was how the Moghuls and the British ruled India's disparate peoples. . . . Democracy has had a very short run in this part of the world.

[From the Christian Science Monitor, June 25, 1976]

Democracy Faces an Uphill Climb in India

It is going to be a long, slow—and grim—haul for democracy in India, where civil rights have taken a holiday, where the judiciary has been short-circuited, and where political activity has been reduced to nothing.

This is the view of veteran observers of the Indian scene as the country enters its second year under the state of emergency imposed by Prime Minister Indira Gandhi last June 26. These observers see strong shades of a "guided democracy" or, as it is sometimes also called, paternalistic dictatorship.

"What the country has witnessed," says a widely known academic, "is the virtual depoliticization of the system . . . with the oligarchic concentration of power in Mrs. Gandhi and a few of her aides."

There is this assessment of the current state of affairs:

The parties of the opposition are a demoralized lot. Although four of them recently agreed to a merger, they have not been able to organize any significant resistance to the emergency. And, with press censorship tight, the few symbolic acts of definance they could put up had little impact.

The "underground" has virtually been put to an end. The remnants were mopped up earlier this month when Socialist Party and railway union chief George Fernandes was arrested. Even in hiding, Mr. Fernandes appeared to be doing little more than circulating letters to bolster the illusion of a resistance.

The opposition has no specific demand to formulate now. The newly merged "federal party," formed at the initiative of Jayaprakash Narayan, who is perhaps Mrs. Gandhi's chief opponent but who also is of advancing years and what is generally considered to be ill health, fondly hopes that the Prime Minister will restore democratic norms and call general elections early in 1977. However, the new party, for all intents and purposes, is a loose electoral front of dissimilar elements and with a limited objective—to polarize the anti-Congress Party vote at the next elections, if held.

The ruling Congress Party has never polled more than 45 percent of the vote in India, but under the simple majority system in effect it has stayed in power by getting seats in Parliament out of proportion to its vote.

Observers say it is possible that Mrs. Gandhi will formally lift the emergency shortly before the elections, which are seen as a necessary exercise to legitimize it. But even so the emergency will be redundant as soon as proposed constitutional amendments—which would make permanent the curbs on civil rights, the scope of judicial intervention, and laws barring publication of anything deemed objectionable—are rammed through Parliament. This the Prime Minister unquestionably has the power to do, since in both houses her Congress Party holds a two-thirds majority.

Outside the political arena, there are recessionist trends in several sectors of the economy—industrial production has yet to pick up in several areas, and India has survived on massive external credits—but two successive years of good harvests have helped contain the raging inflation and there now is a 12-million-ton buffer stock of foodgrains. Mrs. Gandhi seems to hope that the good harvests, the buffer stocks, and relative price stability will give her party a convincing victory at the polls.

The opposition, on the other hand, has not been looking beyond elections. And, it appears it would be content just to win a few seats in what seems certain to be an unequal contest.

[From the Baltimore Sun, June 26, 1976]

Emergency To Go on, Mrs. Gandhi Declares

New Delhi.—Prime Minister Indira Gandhi made it clear yesterday she is not ready to lift India's year-old state of emergency, in part because her opposition at home and abroad "has been subdued but not vanquished."

In an interview with Samachar, the Indian news agency, the 59-year-old prime minister also gave no indication of any plans to hold elections, restore press freedom or civil rights or release political prisoners.

Mrs. Gandhi cited dangers facing the country in declaring the emergency. Just before the declaration, she had been accused by a court of violating election laws.

"Dangers before the country have not diminished. They are as real today as they were a year ago," Mrs. Gandhi said. The threat "of subversion, of interference from outside . . . is increasing."

She did not specify the origin of the external threat, but her language was similar to that of last December when she accused the U.S. Central Intelligence Agency of mounting a "Chilean-style destabilization campaign" against her rule.

"Recent developments in the Western press have drawn attention to persistent efforts to destabilize governments in Asia, Africa and Latin America and to malign and even assassinate leaders who show independence," Mrs. Gandhi said.

The interview, marking one year of emergency rule, was the centerpiece for a series of Samachar articles extolling the gains, particularly economic, of the measures Mrs. Gandhi took "to save the nation from internal disorder and economic chaos."

[From the New York Times Magazine, Apr. 4, 1976]

India Is As India Does

(By J. Anthony Lukas)

(With total censorship guaranteeing a docile populace, she seems to be moving from dictatorship to dynasty.)

The camel-tracked deserts of Rajasthan slid beneath the wings of the British Airways jet speeding toward New Delhi. In the lounge several passengers sipped a "wake-up" glass of mango juice.

"Is this your first trip to our country?" asked a portly Bombay businessman, an opal ring shimmering on his pinkie.

"No, I was here from 1965 to 1967."

"Ahhh," he sighed. "You will find things changed. No longer are we soft and amoebalike. We are hard and disciplined now. The Lady has done that. Hats off to the Lady!"

A half-hour later, the plane landed at Delhi. On the tarmac I sniffed the acrid fumes of burning cow dung from a thousand fires warming the wintry morning. I was back in India.

It was a return I had long awaited. My two years as New York Times correspondent in this surprising land had been filled with rich friendships, revealing encounters, evocative scenes, and for eight years I had hungered for those special pleasures. So after Prime Minister Indira Gandhi declared an "Emergency" last June, suspended many constitutional rights and called for a new era of discipline, I welcomed the opportunity to revisit India and find out how it had changed.

As I rode from the airport in the cool of that delicious November morning, Delhi seemed to have changed very little. There were the same broad boulevards, the same red-sandstone Government buildings, the sprawling white bungalows which once housed British colonial administrators and now serve as residences for ministers and senior civil servants.

But as my taxi approached Connaught Circus, the city's busy commercial center, I began to notice large billboards by the road: "Work More—Talk Less," "Hard Work, Clear Vision, Iron Will, Strictest Discipline," "Improve the Quality of Goods and Streamline Distribution," "Defeat the Design of Sabotage by Reactionary Forces." A closer look revealed other posters on shop windows, on the backs of buses, on mail trucks or office walls bearing pictures of Mrs. Gandhi and what are called "stray thoughts of the Prime Minister." One sign read, "Courage and Clarity of Vision, Thy Name is Indira Gandhi."

Soon I learned that these billboards and posters were only the most visible manifestations of a full-blown "personality cult" which, during the past months, has been carefully erected around the Prime Minister. She has been bathed in a superheated rhetoric which projects her not simply as a political leader but as the very personification of the nation. "Indira is India and India is Indira," Congress Party President D. K. Barooah said last summer. M. F. Hussain, a renowned Indian artist, painted a mural depicting India as the godess Durga riding a lion.

At my hotel, I telephoned an old friend and arranged to meet him in one of the tiny coffee shops which ring Connaught Circus. I was apprehensive, for before I left New York I had been warned that even my best friends might be too frightened to talk with me. This dismayed me, for what I remembered best from my Indian idyll had been precisely the talk—the loquacious, nattering, windy, glib, eloquent, expansive, angry, passonate talk which went on at dinners, garden parties, cocktail parties, tea parties, indeed any gathering of two or more, and rarely ended until throats were hoarse and eyes red as the dawn came up over the Mogul tombs.

The India I knew was intensely politicized. The old system's strength lay in dealing with conflicts between language groups, religious, regions and castes, and ultimately evolving a rough consensus through endless palaver. Its weakness was in solving economic problems. The palaver could grow exasperating—particularly when it took the place of action to relieve the hunger and poverty of ordinary Indians. But there was something awesome, too, about this new democracy struggling so earnestly to work out its staggering problems within the relatively unconstrained forms of Western liberalism. It was a struggle I found endlessly fascinating, and one which was unimaginable without the talk.

So when I met my friend that morning in the dusky recesses of the crowded coffee shop I was worried. Was it all right to talk there, I asked solicitously. For a moment he surveyed the room uneasily. "Oh, why not?" he shrugged finally, and then launched into a minute dissection of the current regime.

In the days to come, I found the same skittish loquicity as I made the rounds among old friends and new acquaintances. Most asked me not to use their names for fear of Government reprisal, but once we got started they invariably spoke their minds. At one party, I talked for half an hour with a prominent dissenter while a high-ranking man from the Research and Analysis Wing (R.A.W.), the Indian equivalent of the C.I.A., sat across the room. When I asked the dissenter how he dared talk so freely with a spy so close at hand, he said blithely, "Oh you know us, Tony, nothing can turn us off." But when I told this story to another friend, he said bitterly, "Of course, we still talk. What else can we do?"

Indeed, talk—what a cynical Indian friend calls "fearless gossip"—is the last remaining safety valve among those which once permitted the straining engine of Indian democracy to survive nearly apocalyptic pressures. All the other valves—a free press, the parliamentary opposition, regional parties, an unfettered judiciary—have now been largely shut off.

One might be willing to sacrifice even the glorious talk if that would make some difference in the lives of ordinary Indians. One official told me bluntly, "It is only foreign reporters like yourself and your counterparts among the Indian upper middle class who worry about such things as freedom of expression. What most of our people care about is filling their bellies. We are tired of being the workshop of failed democracy. The time has come to exchange some of our vaunted individual rights for some economic development."

I took this admonition to heart. Perhaps the official was right. Perhaps I was wallowing in nostalgia for an India that could be no more, an India where I and my colleagues fed off the rich meat of good conversation while the rest of the nation starved. So, as I roamed the country in the next few weeks, I asked myself: Was Mrs. Gandhi's Emergency truly an exchange worth making, a trade-off of individual liberties for economic growth which would hurt a paltry few but bless a whole nation?

Soon I learned that the change had far more to do with the Prime Minister's character than the needs of the nation.

When I was last in India, Mrs. Gandhi was still trying to follow in the footsteps of her father, Jawaharlal Nehru, who had been Prime Minister for 17 years. She tried to play by her father's rules—an exquisite respect for the sensibilities of colleagues, the press, the opposition parties. But she couldn't pull it off. Nehru, she once conceded, "was a saint who strayed into politics . . . but I am not of the same stuff."

A woman who has known Mrs. Gandhi since childhood told me, "The biggest mistake people have made about Indira has been to see her as her father's daughter. She isn't. She's her mother's daughter. Jawaharlal had a genuine sense of his own power, so much so, in fact, that he fought to keep it in check. But Indira's mother, Kamala, felt snubbed and abused in the Nehru family. She felt an abiding sense of powerlessness. Indira has often said how much he identified with her mother. She has always felt powerless, too."

By 1969, she could no longer keep up the pretense. Gradually, she shucked off her father's technique of graceful consensus building and found her own style—determined enforcemnet of her own will. During the next few years, she broke the power of anyone within her own party who could say her nay. Systematically, she rooted out the chief ministers of India's 22 states who boasted an independent power base and replaced them with her own courtiers. She grew testy with the often irritating opposition. Increasingly, she resorted to President's Rule—a temporary administration by the central government which really means Prime Minister's Rule—to keep opposition coalitions out of power in the states. And she began taking steps to restrict the independence of India's feisty press.

Thus, the elements of her Emergency could be found in Mrs. Gandhi's rule long before last June. Her formal declaration of Emergency was not a sharp break with the past but a logical extension of her style of governance.

But if Indira abandoned her father's democratic model, then her own son is carrying the authoritarian progression one step further. Since mid-June, Sanjay Gandhi has emerged as a major influence on his mother, a power in his own right and her logical successor in the family dynasty.

At 29, Sanjay has no credentials which would entitle him to be second-in-command of the world's second most populous nation. He has never held a formal Government job and only recently, at his mother's behest, was named to the executive committee of the Congress Party's youth wing. Until last year, he was best known as builder of the Maruti, a small car named after the son of the Hindu wind god.

And the Maruti has been more of an embarassment than a credential. Although Sanjay had scant engineering experience, the Government selected him over 13 other applicants to build the "people's car." Mrs. Gandhi said she could not deny Sanjay the opportunity "just because he is my son. Then how am I going to justify young men in the country." Sanjay's automobile was certainly denied no opportunity: financiers rushed to invest; Government bureaucrats cut through red tape, and Bansi Lal, then Chief Minister of Haryana State, condemned 297 acres of choice farmland to make way for a factory so immense that it looks like the Pentagon rearing above the North Indian plains. Yet to date, the plant produces barely 10 cars a month.

But these days Sanjay has turned his attention to other matters. From midsummer on, Mrs. Gandhi has spent much of her time closeted in her residence, where Sanjay and his wife also live. This has given her son special access which no other adviser is able to match, and he has seized the advantage. The Emergency's tough measures bear his stamp. A former high-ranking official says: "Sanjay has the biggest voice in deciding who is arrested. He gives orders to Cabinet officials and top civil servants. Already he is something between the Crown Prince, and the Lord High Executioner."

Indeed, Sanjay has now pushed aside most of the other advisers who once had his mother's ear. He told Siddharta Ray, the Chief Minister of West Bengal, he wanted no more of his "publicized dashes to Delhi." But it was P. N. Haksar, the deputy chairman of the planning commission, and at one time his mother's principal private secretary, who was Sanjay's particular rival. There has been bad blood between the two men for years, dating from the days when Haksar had to get Sanjay out of several youthful scrapes involving drink, cars and women. Most recently Sanjay blamed Haksar for hostility to the Maruti project and for refusal to backdate a letter which would have legalized one of his mother's disputed election practices.

So after the Emergency was declared, Sanjay and his associates decided to "send Haksar a message." The message was delivered by way of Haksar's uncle, Pandit Haksar, who owns Pandit Brothers, a well-known New Delhi dry goods firm. One day, Government inspectors descended on the store's branch in Connaught Circus and conducted a rigorous search for improperly priced goods. When they failed to find anything, they moved on to the store's branch in the Chandi Chowk district and there, on the balcony, discovered some bed sheets with no price markings. On this technical violation alone, they promptly arrested 85-year-old Pandit Haksar and his partner. Only after strenuous protests from their friends, did Mrs. Gandhi herself get the pair released on bail. But P. N. Haksar got the message.

One part of the message is that, with the ascendancy of Sanjay, influence in the Prime Minister's inner circle has passed from the Kashmiris to the Punjabis. From the beginning, Mrs. Gandhi relied heavily on a small group of personal advisers whose loyalty was exclusively to her. But because the Prime Minister seems incapable of trusting anyone for more than a year or two, the composition of this "kitchen cabinet" shifted constantly. In recent years, she has depended on several Kashmiri Brahmins (members of the highest Hindu caste who, like the Nehrus, come from the northern state of Kashmir). Known as the *Panch Hakare* or "Five Warriors," these aristocratic advisers—of whom Haksar was the leader—have now been largely displaced by a rougher bunch referred to as "the Punjabi Mafia."

Sanjay's wife, Manaka, is a Punjabi, and many of Sanjay's friends and close associates also come from the brash, energetic Punjab State northwest of Delhi. Chief among these is his closest ally, Bansi Lal, the former Chief Minister of Haryana, recently promoted to Defense Minister (Haryana split off from the Punjab in 1966). As Chief Minister, Bansi Lal patterned himself after Pratap Singh Khairon, a legendary Punjabi Chief Minister who became known as "the Al Capone of Indian politics," ultimately dying gangster-style in a hail of bullets on a darkened road. But Khairon got things done. So does Bansi Lal. At any price.

Indeed, so do all the members of the Sanjay-Bansi Lal faction who now form the Prime Minister's inner circle—Yashpal Kapoor, the former member of her secretariat whose campaign work resulted in one of her "corrupt practices" convictions last *June*, B. K. Dhavan, Kapoor's cousin and now one of the Prime Minister's secretaries, and Mohammed Yunus, an old Nehru family retainer.

"These are unabashed tough guys," says one who knows them well. "They are the kind of people you always find near the top of an authoritarian regime: cool, pragmatic men uninhibited by many scruples."

A case in point. One keynote of the Emergency has been a campaign designed to "clean up" the cities. Workmen have been whitewashing curbstones. Beggars, who used to throng Connaught Circus, have been trucked into the countryside. And Government bulldozers have been demolishing unauthorized squatters' colonies and merchants' quarters. One area scheduled for demolition last fall was a warren of tiny stalls near the Jama Masjid, Delhi's biggest mosque.

A social worker who had long labored in the district got wind of the demolition plan and protested to Sanjay about the Government's lack of concern for relocating the merchants. Two nights later, there was a knock on the social worker's door at midnight. Eight policemen burst in, arrested him and carted him off to jail, where he spent nine days. He was later released—but only after he had been paraded through the Jama Masjid area in chains, with the police reviling him. So far as I could determine, his only crime had been to dare to differ with the Prime Minister's son.

When I heard this story I realized how thoroughly India had changed from the days I had lived there. There has always been injustice in India. There has always been poverty, disease and misery. But not for some time has there been personal tyranny.

And yet, as I traveled around the country, I was struck by another undeniable fact. Although the tyranny tightens every day, there is little visible evidence of protest. This is a striking paradox. How can the Indians who fought so bravely for their freedom against the British only three decades ago sit by and let this freedom be taken away?

First, the freedom struggle is fast receding into the mists of memory (an ad in a Bombay newspaper recently warned: "If you were born before Independence Day 1947 you could be losing your hair"). Moreover, it is one thing to fight against a foreign occupier, and quite another to resist oppression from the very family which helped lead that fight and has guided the nation through most of its first quarter-century of independence.

To be sure, violent protest is no rarity in India. I remember days in the mid-60's when I could lay out wire-service dispatches in a semicircle on my desk and choose which riot I wanted to go to: the riot over use of the English language in Madras, over cow slaughter in Uttar Pradesh, over bar examinations in Kerala, over streetcar fares in Calcutta.

But such dispatches are deceptive. Violent protest in India is less spontaneous than it seems. It is generally of three kinds: spontaneous demonstrations over religion or language, loosely organized demonstrations over living costs and highly structured protests over everything else, particularly politics. But Mrs. Gandhi has now imprisoned the very opposition leaders capable of mounting such protests. (The Government refuses to say how many it has arrested but estimates range from 10,000 to 100,000. Among the prisoners are at least three former cabinet ministers, 11 members of the upper house of Parliament, about 20 members of the lower house, the most prominent leaders of every opposition party—except the pro-Moscow Communists—and some dissenters within Mrs. Gandhi's own Congress Party.)

There remain, of course, the Gandhian techniques of passive resistance employed so effectively against the British: peaceful processions, sitins, voluntary surrender for arrest. But these techniques share one quality that is often overlooked. They are acts of *symbolic* resistance which depend for their effectiveness on widespread publicity. And while even the British colonists generally permitted news of these events to circulate, Mrs. Gandhi has shrewdly banned all such reports.

Trained in the British tradition, India's civil servants and military officers are relentlessly loyal to political leadership. But some of them might have been less willing to follow Mrs. Gandhi down the authoritarian road had they felt their resistance would have any impact. One official told me at length how unhappy he was about the Emergency measures. If he felt so strongly, I asked, why hadn't he resigned? "I thought of it," he said said, "but who would know? Only my wife and children—and they would find out because there woudn't be any food on the table." In fact, only two officials—an Additional Solicitor General and an officer of the Federal Reserve Bank—are known to have resigned in protest against the Emergency.

Ordinarily, the most effective technique for rallying opposition would have been a traditional "fast unto death" by the 73-year-old leader of the opposition coalition, Jayaprakash Narayan (known as J.P.) This was a technique Mohandas Gandhi often used against the British and it has been successfully employed by others in recent years. It brings great moral suasion on the Government, but again it clearly depends on widespread publicity. When J.P. considered such a fast in his prison cell, his friends warned him, "Don't do it. Nobody will ever know."

There is another story about J.P.'s early detention. It is said that when he was moved from Delhi to Chandigarh, he was so sick officials wanted to take him in an ambulance. "Oh, no," J.P. replied. "You want me lying down so I won't see the crowds of my supporters demonstrating in the streets." The officials then insisted that he accompany them on a tour of Delhi, where they showed him that nobody was in the streets—for J.P.'s arrest had never been published in the censored press. "Now," they asked, "will you get in the ambulance like a good man?" J.P. meekly complied.

Thus, censorship is not incidental to the Emergency. It is absolutely central—the prime instrument which guarantees the Prime Minister a docile populace. In my travels to Bombay and Calcutta, I found journalists, lawyers and Government officials utterly unaware of what was going on in Delhi. And they knew it.

But most Indians don't even know how utterly cut off they are from the truth. Mrs. Gandhi was once Minister of Information and Broadcasting and that apprenticeship has served her well. She has wheeled all the machines of publicity into the current battle and they are grinding overtime.

This media blitz is particularly devastating because the press—once the freest between the Rhine and the Japan Sea—has been utterly emasculated. Reporters stick their dispatches on one end of the censor's conveyor belt which then disappears into a tunnel. If they are lucky, the stories come out the other end with only a few key passages red penciled. Sometimes they don't come out at all.

Censorship "guidelines" prohibit reporters from writing anything that would, among other things, "subvert the functioning of democratic institutions," "affect India's relations with other countries," "denigrate the institutions of the Prime Minister, President, Governors," "bring into hatred or contempt the government established by law in the country." Obviously such sweeping prohibitions mean exactly what the censors in any given case wish them to mean.

In the 1960's, some of my closest Indian friends were newsmen. On my return, I sought out one of them—one of the ablest reporters in the country.

"I can't go on like this," my friend said in despair. "I'm a professional reporter. Now I've been reduced to rewriting Government handouts. I've asked them to take the byline off my pieces. I wouldn't put my name on the ridiculous fantasies I have to grind out. It's absolutely impossible to be an honest journalist in India today."

Several days later, another friend took me to a meeting of the Delhi branch of the National Union of Journalists (N.U.J.). When I arrived, some 50 newsmen were seated around a long table. Prithvis Chakravarty, Secretary General of the group, reported that he had been negotiating with the Government on plans to "restructure" the Indian press: among them, establishment of regional boards to serve as "buffers" between editorial staffs and the industrial owners, and a merger of India's four major news agencies under Government auspices. Chakravarty conceded that some newsmen believed these measures were designed to further throttle the press's independence, but he insisted: "It is not for us to question the Government's sincerity. We must accept the Prime Minister's word that these schemes are to preserve independence of editors."

This provoked some incredulity around the table. George Verghse, Mrs. Gandhi's former Information Adviser who was recntly forced from his job as editor of The Hindustan Times by Government pressure, said he had ample reason to question the Government's sincerity. "They say they want to guarantee freedom of the press by protecting us from our owners," he said. "But they want to set up boards—on which the Goveernment will apparently have the predominant influence—to govern us instead. That seems a very dubious exchange."

Then a Kashmir editor broke in: "Don't you realize how ridiculous you are? The very discussion we are having here cannot be reported in your own newspapers. When will you fight back?"

The editor's challenge set off a spate of self-flagellation. "India is a meek country and Indian journalists are the meekest of all!" exclaimed a prominent reporter.

Chakravarty stubbornly defended himself. "You must distinguish between my duty as an individual and my duty as Secretary General of the N.U.J. As an individual I may have my views about the Emergency. As Secretary General, I must accept the right of established authority to proclaim the Emergency. So what shall I do: Jump from the Qutub Minar [an ancient tower in Delhi]? Go to the Himalayas? Stop shaving?"

Since that meeting, the journalists' worst fears have been realized. Censorship has been realized. Censorship has been institutionalized with a law permitting the Government simply to close down any publication which prints "objectionable matter."

But it would be foolish to suggest that Mrs. Gandhi has pulled off her Emergency merely through repression. Even before June 26, she had genuine support from some important segments of Indian society and the Emergency has given her added leverage with other groups.

Her principal support comes from rural India—the 584,000 villages where 80 percent of India's population lives. The Congress Party has always drawn most of its votes from these dusty hamlets where the cadres of the "freedom movement" first penetrated in the 1920's. And Indira probably has more support among villagers than her father ever had. For Nehru was a true aristocrat, brought up in a cosmopolitan milieu, who spoke chiefly Urdu (the language of India's Moslems) flavored with only a few Hindi words. But Indira was raised primarily by her mother, a devout Hindu, and she speaks vernacular Hindi, replete with references to the Hindu scriptures. In recent years, she has shrewdly cultivated the dress, speech and air of frail fatigue which identify the emotion-laden figure of Mataji, the Indian Respected Mother (her enemies call her "Mama Doc" or "Big Mommy"). When she plays this role—with the skill of a trained actress—she strikes sparks from rural audiences.

But although she makes her rhetorical pitch chiefly to the small peasants, the landless laborers, tribal groups and lower castes, who are at the bottom of India's social scale, her prime allies in the villages are really the prosperous peasantry, India's "kulaks," who are mainly interested in maintaining the status quo.

In urban India her prime allies are not the workers but the major industrialists. There is exquisite irony in this. During the late 1960's, in her campaign to build mass support and isolate the leaders of the old Congress organization, she staked out a populist position laced with perfervid denunciations of the "monopolists." During this period, her program had a "socialist" tinge: emphasis on the public sector as opposed to private enterprise, encouragement of small private companies over large ones, heavy trade controls, bank nationalization.

But by the early 1970's she quietly began to abandon some of those sacred tenets—not because she had rethought her position, but because they simply weren't working. Well before the Emergency, she authorized Finance Minister Chidambra Subramaniam and Industries Minister T.A. Pai to loosen constraints on private industry, encourage the big companies, liberalize terms for foreign private investment and crack down hard on labor unrest.

But now, during the Emergency, she has cut loose with a fresh burst of rhetorical populism. To whip up enthusiasm for her Draconian measures, she and her parliamentary ally—the pro-Soviet Communist Party of India—sponsored a series of "anti-fascist conferences" throughout the country, culminating in a monster All-India Conference last December, during which speakers poured forth this sort of thing: "The most welcome event in the post-independence era is the proclamation of Emergency that has cleared the decks for a battle against the reactionary forces in Indian society being aided and abetted by outside forces, particularly the multinational corporations of America which believe that democracy must be subverted and stable governments must be destabilized just to contain the advance of socialism in any country."

The Emergency, then, is profoundly schizoid. The left has been given control of the rhetoric. The right has been granted most of the tangible benefits.

At a party in New Delhi, I met a member of the prominent Oberoi family, which owns the largest hotel chain in India. How was the Emergency affecting them, I asked. "Oh, it's just wonderful," she cooed. "We used to have terrible problems with the unions. Now when they give us any troubles, the Government just puts them in jail."

In Bombay, I met with J.R.D. Tata, the board chairman of the Tata group of industries, the largest industrial giant in the land. Tata's gargantuan office is all cream suede and white leather—a set from a 1930's Myrna Loy-Cary Grant film. Over tea and chocolate cake served on sterling-silver trays, Tata told me why he supported the Emergency: "Things had gone too far. You can't imagine what we've been through here—strikes, boycotts, demonstrations. Why, there were days I couldn't walk out of my office onto the street. The parliamentary system is not suited to our needs."

The Tatas are aristocratic Parsis who are relatively responsible Indian capitalists. But Mrs. Gandhi's closest business allies come from the rought-and-tumble world of "early capitalism"—the entrepreneurs-on-the-make, who see in the Emergency the kind of political and moral climate in which they can amass their millions.

Closest of all to the Prime Minister are the Birla family, who—though they now control India's second largest industrial empire—have few political or business scruples. And, of late, a gaggle of aspiring tycoons have also begun to pay court to Sanjay (who, in a rare interview, recently excoriated his mother's Communist allies and came out foursquare for private enterprise).

I spoke with one young mogul in his office on a Calcutta back street. In 1971, Raj Kumar Saraogi, 30, launched Artwork Exports Ltd. with 200 rupees. Today, he exports ready-made clothing worth more than 100 million rupees (about $1.2 million) annually. Although he speaks only halting English, he spends several months a year striking big deals in Paris, Rome, Stockholm and New York. A bon vivant and ladies man, he spent 25,000 rupees of his first million on a massive hair transplant. When I asked his views on the Emergency, he said, "Personally, I don't believe in politics. I don't have time. But the Lady's doing a good job. You can get things done these days. You can make money. That's all I care about."

But Mrs. Gandhi cares little about either the rhetorical shadow or the tangible substance of the Emergency. She has few real convictions. George Verghese, once one of her closest advisers, says: "She has no consistent vision; everything is tactics." One British journalist aptly described her stand as "slightly to the left of self-interest." The Emergency began solely to keep her in power and that remains its prime reason for being. All else is afterthought, designed to swathe the naked blade of personal power in the sheath of national interest.

According to Mrs. Gandhi, her Emergency was necessary because of a "deep and widespread conspiracy" by J.P.'s opposition coalition (which ranged from the Jan Sangh, a party of right-wing Hindu extremists, to the Maoist Communists).

One Indian official told me the Government had been forced to move by "an unholy alliance of J.P.'s irresponsible demogoguery, Jan Sangh troops, big-business money and foreign forces seeking to destabilize conditions here." The argument is not convincing for a number of reasons.

There are, to be sure, some disturbing ambiguities in J.P.'s recent positions. His calls for a "total revolution" in Indian life—by which he apparently means a moral revolution against corruption—could be misinterpreted. His appeals to the army and police not to obey "unjust orders" could—probably unfairly—be construed as a call to mutiny. And in opening his movement to all comers, he has embraced some political extremists—notably the Jan Sangh—who make his other supporters uncomfortable. But J.P. is simply not an irresponsible demagogue. His roots are in the nonviolent tradition; he has no apparent ambition for personal power.

The Rashtriya Swayamsevak Sangh, commonly known as the R.S.S., are a tightly disciplined band of volunteers between the ages of 12 and 21, but they can hardly be called "troops." Pictures of material seized from the R.S.S. offices after the Emergency primarily show long wooden staves and wooden swords. I asked Om Mehta, a Minister of State in the Home Ministry, about this and he replied vaguely, "There were some metal swords, too." Even with some metal swords, I asked, how could boys with staves pose much of a threat to a superbly equipped army of about one million men, the Border Security Force of about 85,000, the Central Reserve Police of about 57,000 and some 755,000 state policemen? "Well," Mehta said, "there were undoubtedly some rifles, too." "Did you seize any?" I asked. "No," he said. "But they probably kept them at home. Don't underestimate these people's capacity for mischief."

J. P.'s coalition has received some contributions from big business. But every year far more industrialist money pours into the coffers of Mrs. Gandhi's Congress Party, which—since it has been in power since 1947—can deliver a quid pro quo.

For months, Mrs. Gandhi has directly or indirectly pointed her finger at the C.I.A., accusing it of attempting to "destabilize" the Indian situation. But she has persistently refused to provide evidence. When I asked on what she based her charges, she replied, "Do you think that President Allende [of Chile] would have given any description if you had asked him one week before [his assassination]? . . . I know nothing about the C.I.A. except what I have read in your own newspapers and the books that have appeared. Some of the people who are mentioned in some of these books have been in India, too." A few days later, I met a high-ranking R.A.W. official. "Does R.A.W. have any evidence that the C.I.A. has been trying to 'destabilize' the Indian situation?" I asked. "No," he said. "I should have thought your chaps had enough on their plates for the moment without worrying about us."

The real threat J.P.'s coalition posed was that it might unite the opposition to unseat Mrs. Gandhi's party in the national elections that had been scheduled for early this year. Indeed, it gave fair warning of this in mid-June when it won a slim majority in Gujarat. But even this wasn't what triggered Mrs. Gandhi's extreme measures. The threat to which she responded last June came not from the opposition but from within her own party.

During the spring, various Congress Party M.P.'s were growing restless with Mrs. Gandhi's leadership. One group of about 50 "Young Turks" began meeting to consider their options. Another 70 or so—supporters of Agriculture Minister Jagjivan Ram—began their own caucuses. This was the situation when suddenly, on June 12, Mrs. Gandhi suffered two devastating blows: first, the results of the Gujarat elections, and, second, the Allahabad High Court's decision that she was guilty of two "corrupt practices"—use of a Government official to "further her election prospects" and use of state officials to "construct rostrums." The offenses were minor, but the conviction posed a serious problem because the Allahabad judge barred her from elective office for six years. If forced to resign her seat in Parliament, Mrs. Gandhi would have to resign as Prime Minister within six months.

In the days following June 12, ferment built rapidly within the Congress Party. There were reports that the "Young Turks" and Ram's forces might join hands with the opposition to support a motion of "no confidence" in Mrs. Gandhi. Some of the Prime Minister's advisers suggested that to forestall such a move, she might resign until the Supreme Court ruled on her appeal. Under their plan, she would retreat to the Congress Party Presidency while one of her trusted subordinates—Defense Minister Swaran Singh or Siddharta Ray—kept her place warm. But this option was scotched when Jagjivan Ram warned that he would put up a fight for the Prime Ministry.

Even before Ram's warning, Mrs. Gandhi probably realized that if she resigned she would never get her job back. This instinct was reinforced by a faction of "left-wing" advisers—Barooah, Haksar, Ray and Rajni Patel—who feared they would be shunted aside if Ram came to power. It was at this juncture that Sanjay urged his mother to seize full powers and "teach those people a lesson they'll never forget."

Since June 26, Mrs. Gandhi has withdrawn further into the recesses of her closely guarded house. Visitors who are ushered into her presence find her strangely distracted. When I saw her on Dec. 1, she rambled through her lengthy answers in a dull, toneless voice—a sharp contrast to the animation she displayed during my first interview with her some eight years before. Only her hands betrayed her nervousness as they played restlessly over the desk, arranging and rearranging papers, a letter opener, pins and pencils in neat, rectangular patterns.

In person, she cultivates a softness in sharp contrast to her tough public stance. When a Canadian journalist noted recently that many Indians were afraid of her, she replied, "I think it is funny anybody should be frightened of me. I am such a meek and a mild person." I asked her why so many people saw her differently from the way she saw herself. "I don't think anybody would have tolerated what I have tolerated over the years either in terms of the type of false propaganda or the allegations, the calumny, the hatred," she said. "But I took it all with a smile."

And, as she sees it, she is only behaving as any mother would. "What do you want for your child? No mother wants harm to the child. And yet there are times when you have to be strict with the child. He may have desires which, if you fulfill, they are harmful."

Mrs. Gandhi treats her different children differently. She depends on the passive acquiescence of the downtrodden, nonpolitical peasantry and the active complicity of the kulaks and large industrialists. And she largely writes off everybody in between: the small urban middle class, shopkeepers, intellectuals, professionals and activist students.

There is profound irony here, for many of these people are just the ones who most fervently welcomed her election 10 years ago. "The night she became Prime Minister, we had a big party and toasted her in champagne," one professor recalls. "She was cosmopolitan, Western, modern, secular. We saw a new age dawning. Now she has turned on the very people she was closest to."

Since the Emergency, authorities have cracked down hard on India's universities. On July 7, the Central Reserve Police surrounded the dormitories of New Delhi's Jawaharlal Nehru University, arresting 60 students, 10 of whom were kept in prison for weeks. At Delhi University, 126 professors were arrested in the middle of the night, handcuffed and dragged to jail. On Nov. 3, L. B. Keny, a distinguished historian and president of the Teachers Association of Bombay University, was arrested. The prime target of this crackdown is the Jan Sangh, which has widespread support among North Indian students, as well as shopkeepers and professionals.

In part, she has met the threat of the Jan Sangh by seeking to preempt its ultranationalism. The army's victory in Bangladesh, the explosion of a nuclear device and the launching of a satellite all revived Indians' pride in their nation. More recently, she has fed the fires of nationalism with lesser fuel: Government hotels have been required to replace their Western entertainment with Indian songs, folk dances or sitar performances; New Delhi's streets, long named for British colonial administrators, have been nationalized (Hastings Road has become Krishna Menon Marg) and she personally ordered a woman television announcer to change her Western hair style to the Indian bun.

For the moment, though, Mrs. Gandhi has a much more effective weapon for damping down unrest among the urban middle class. City dwellers, India's prime consumers, are most affected by fluctuations in supply and price, particularly of grain. And today food is more plentiful than at any time in recent years and prices are largely stabilized. Indeed, India is probably completing the best six months in its economic history.

Mrs. Gandhi's propagandists claim that this is largely the result of the "miraculous" Emergency. But, in fact, the Emergency has little to do with the economy's regeneration. The single most important factor is the good monsoon last summer—following several disastrous ones—which not only paved the way for a record food-grain crop (114 tons) but swelled the rivers which feed the country's vital hydroelectric system. Moreover, the country is also reaping the benefits of a credit squeeze imposed before the Emergency, which has, at last, brought runaway inflation under control. The only Emergency measures which can legitimately be credited with any role in the current economic upswing are the crackdowns on smuggling and black marketeering.

Officials love to boast about the new sense of "discipline" in the land. It is true that Government workers—and even some in private industry—now get to work on time. They take shorter tea breaks. They form orderly bus queues. The Railways Minister told me—as if nobody had ever said it before—"The trains now run on time." But these are cosmetic changes.

The question remains: What happens when the monsoon fails again, setting off the inevitable cycle of drought, famine and urban unrest? Will Mrs. Gandhi be able to survive the disenchantment?

She is taking no chances. When I left India in mid-December, there were still some who believed she might reverse her course and gradually restore some personal and political liberties. Instead, she has moved in the opposite direction—postponing for at least a year the national elections scheduled for this spring, ruthlessly taking over the governments of Tamil Nadu and Gujarat, the last two states controlled by the opposition, and relentlessly restricting the few remaining civil liberties.

The law has been reduced to a mere servant of the regime. Under the Defense of India Act and the Maintenance of Internal Security Act, the Government now arrests anyone it wants and holds them as long as it likes without charges. The ancient right of *habeas corpus* is no more. In recent arguments before the Bombay High Court, a Government attorney contended that the regime could starve prisoners or even shoot them without legal challenge.

India's most prominent attorney is Nani Palkhivala, who represented Mrs. Gandhi in her election case until he resigned in protest on the evening of June 26. Arguing another case recently, he declared: "In this very large country there are only a few hundred square feet where a man may speak freely." Several weeks later, Palkhivala told me he was referring to the courtrooms of India, and warned that "even those few square feet are being reduced every day. If this Government is allowed to have its way, freedom will perish altogether in India."

Indeed, Mrs. Gandhi seems to be moving toward even more drastic changes in the guise of "constitutional reforms." One still-secret Government document—slipped into my hands by a dissenter—calls for a full-blown Presidential system which would guarantee "the unobstructed working of the executive." The legislature, "unlike the U.S.A., will not be too independent of the executive." The Supreme Court would be abolished along with the whole concept of independent judicial review. The reform would assure that the powers of the executive are not "frittered away in fruitless debate and discussion." In fact, by institutionalizing the accretions of executive power during the Emergency, the plan appears to be a blueprint for outright dictatorship.

There are those who ask: What does it matter? They contend, with some justification, that the Emergency has little impact on the lives of most Indians. Moreover, they argue that life in India today is not very different from what it was 10, 20 or even 50 years ago. The subcontinent moves to deeper rhythms, in which the rains, the crops, disease, poverty, birth and death are the timeless constants.

"Life is instinctive here, like a salmon swimming upstream," an Indian architect told me. "I spend much of my day dealing with steel and concrete, and then suddenly my whole background rears up at me. One of my employees asks me for a loan. 'The devil has possessed my mother,' he says. 'I must take her on a pilgrimage to the seven holy places.' The horror of it!"

And the most relentless constant in Indian life is the birth rate, which now adds 13 million Indians to the population every year. When I left India in 1967, there were roughly 500 million Indians. When I returned, there were 600 million.

When I asked Prof. Purushottam Lal of Calcutta University how things had changed in my absence, he smiled and said, "Things are always getting better and worse in India at the same time. Twenty-five years ago, there were 50 students in the M.A. English program here, of whom five were as good as any in the world and 45 ranged from fair to terrible. Now there are 300 students in the program, of whom 30 are of world standard and 270 range from fair to terrible. And so it is in every aspect of Indian life. Because there are so many more of us all the time, there is always more good and more bad." Lal's Law operates everywhere. There are far more telephones in Delhi today than when I worked there. But the increase has required installation of a device called the "cross bar" which makes dialing nearly impossible.

Finally, there are those who argue that India was never a real democracy, that most Indians never participated in the old Indian political system. That may be true. But even if only 30 million Indians played some active role in the old system, that is 29,999,998 more than today, when only two—a mother and her son—make any significant political decisions. In less than a year, the second most populous nation in the world has gone from a relatively open system to a rigidly closed one. That should matter to all Indians—and to us.

[From the (London) Economist, May 29, 1976]

Life With Mother India

Indians were inveterate talkers before Mrs. Gandhi proclaimed her emergency a year ago and, now that the initial shock has worn off, they are inveterate talkers again. Neither the suspension of the right to free speech nor the threat (and, all too often, the reality) of arbitrary arrest has stopped the gossip, the argument, the philosophising that once characterised one of the most open—and garrulous—societies in the world. Only the quotient of rumour has gone up because verifiable facts are so scarce. But just as a visitor begins to be lulled into the sense that nothing has really changed, an old friend unplugs a telephone, moves into the garden or simply lowers his voice. And reminds one that after the last foreign journalist moved freely through new India and published his thoughts, an official task force was formed to track down his every source.

The telephoneless millions of course have no worries about taps and bugs. Urban intellectuals, who have never got much closer to their impoverished neighbours than the foreign passers-through, concede the government's point that the poor have felt the 11 months of emergency mainly as a period of lower prices. The impact will come, they say, when a harvest fails or the poor man finds that he too has no redress against the small-time autocrat whose powers have been enhanced along with those of his superiors.

But the poor are not the only people in India for whom economic survival comes first. The fear of losing a livelihood is what prevented more than two top civil servants from resigning in protest against the emergency, it is what stopped more than a handful of opposition members of parliament from giving up their seats and it is what stops thousands of journalists from abandoning what has ceased to be a profession.

The writers on India's censored newspapers are a demoralised lot. Some have retained a sense of integrity by writing in coded political jabs which are opaque enough to pass the censor, and usually the reader as well. Others have withdrawn their bylines from written-to-order copy. An editor can assert his independence occasionally by failing to publish an editorial praising a given government act. But with the censor imposing positive guidelines—a telephoned order to print such and such a story on page one—as well as negative ones, leeway is extremely limited and most editors find it safer to conform. Where editors have resisted they have been replaced. Virtually all conversations with pressmen end with a query about alternative employment.

Lawyers are another group directly affected by the rash of new restrictive legislation. But only a few have gone to battle in defense of the legal system, contesting the curbs on civil rights in the courts, usually without a fee; the rest concentrate on practices that continue to be lucrative despite the recent supreme court judgment banning suits based on habeas corpus. Judges have come under particular pressure lately as a result of government orders to transfer 62 high court jurists to distant benches. A Delhi judge who ruled against the government in a key case involving an imprisoned journalist has, for example, been reassigned to Assam. This kind of treatment—legal but unprecedented—is likely to lead both to reduced judicial independence and to a growing reluctance among lawyers to take on such thankless and ill-paid jobs.

Businessmen are a happier group, largely because of the recent budget which confirmed the rightward shift in economic policy that began before the emergency and has since been reinforced by Sanjay Gandhi's pro-business bias. But while praising the new efficiency and responsiveness of the bureaucracy, business executives admit that opportunities for bureaucratic blackmail have also increased.

The drive against corruption which is one of the flagships of the emergency has turned out to be a convenient cover for dealing with anybody who is defiant or uncooperative. A flagrant example which is currently going the rumour round is that of the former air chief marshal and head of Indian Airlines, Mr. P. C. Lal. When Mr. Lal learn that executives of his airlines were being hired and fired from above without his approval, he protested to the prime minister, only to be told that officers obey orders or else. His resignation was accepted the next day and shortly afterwards his house was raided by the police. Another related technique of intimidation is the investigation of back taxes. One prominent Indian who refused a government appointment is now having to cope with the reopened tax returns of his dead father.

The effect of the emergency on genuine corruption is difficult to measure. Some people have been fired from the civil service, mostly at lower levels, but notably not a single Congress party functionary has been hit. Congress continues to extort funds from business houses but in a different manner from before. Bucketmen are no longer sent round to collect secret caches of cash (companies are prohibited by law from contributing to political parties). Instead whole industries are given an annual target for contributions to certain select charities which are known to serve as conduits for party funds. These include the prime minister's relief fund (which a 1975 law freed from an external audit) the Jawaharlal Nehru Memorial Center in Bombay and the Jaslok Hospital Research Centre. The party also collects money from industry in the form of expensive advertisements in party brochures.

Opposition parties, on the other hand now find that contributions from business have completely dried up. The few opposition leaders who are out of jail and above ground have few illusions about their chances of combating Mao Gandhi's big money machine. But they insist that parties can survive, as the numerous underground newssheets have, on small contributions. (The home ministry announced two weeks ago that 7,000 people had been arrested for distributing undeground literature and 34 presses closed down.)

Opposition spokesmen are realistic about the difficulties of producing some unity in their own broken ranks. They were unable to rally opposition members of parliament behind a call from the imprisoned Socialist leader, Madhi Limaye, to resign their seats in protest against the postponement of the elections. And they were unable even to unite behind joint candidates in the recent indirect elections for the upper house. But they have nonetheless decided to form a single opposition party to fight the Congress party if an election should be held.

Representatives of four parties—Jana Sangh, Socialist, opposition Congress and BLD (People's party)—met in Bombay last weekend to agree on the common policy platform. They had the blessing of Jayaprakash Narayan, the leader of last year's anti-Gandhi campaign, who has been effectively tied to a dialysis machine in Bombay since his release from jail several months ago, One of the opposition leaders who did not make it to Bombay was Charan Singh of the BLD who was released from prison in mid-April and immediately delivered a blistering four-hour speech in the state assembly of Uttar Pradesh. He since reported to have been rearrested.

Politicians are still hoping against hope for a return to the pre-emergency status quo. But quite a large number of businessmen and intellectuals seem to have accepted Mrs. Gandhi's analysis that the old system had failed—because it had produced low growth or because it was unresponsive to popular needs. Although few of them accept her remedy for curing it—the setting up of an apparent dynasty built on fear and calls in the night rather than any real economic reform—they agree that the system should be changed.

A group of intellectuals is working on a new political framework to counter Mrs. Gandhi's plan—which seems to be to institutionalise the emergency. A prominent political scientist, Rajni Kothari, put some ideas forward in a recent issue of Seminar, one of the last free publications left in India. On the argument that the key to democratisation is decentralisation, he proposed breaking up India's 22 states, and 200-odd districts into smaller units, and setting up directly-elected councils at district level as well as in the states and at the centre. He also urged the decentalisation of political parties, state-financed elections and limits on the terms of cabinet ministers.

The problem with such worthy prescriptions is that they assume a free marketplace of ideas. And, despite the claims made for Mrs. Gandhi's "national debate" on proposals for a revised constitution, free is what India is not. Until Mrs. Gandhi and her son show some willingness to share power with others—or are forced to do so—plans for tinkering with the system or even for revising it entirely, as Mrs. Gandhi seemed set on doing earlier this year, remain irrelevant. Democratic forms can assist the functioning of a democracy but they can also be used to disguise its opposite. This is what Mrs. Gandhi's frequent protestations about preserving democracy are doing today.

SHE DID WELL, DIDN'T SHE?

At this week's meeting in Paris of the consortium of about a dozen wealthy countries that provide India with aid, Indian government officials have undoubtedly been trying to explain away an embarrassing increase in gold and foreign exchange reserves estimated at $2 billion at the end of April.

Several favourable factors have been at work in the past year. First, the trade gap declined, albeit modestly, compared with the previous year. This was made possible by an impressive 7% increase in exports at a time when most other non-oil developing countries were finding it extremely difficult to maintain export levels. Slack domestic demand together with sizeable earnings from sugar, silver, garments, leather and leather goods and marine products accounted for this performance. Import growth was kept down to a modest 2.4% despite record food and fertiliser imports. This was partly because no increase was permitted in the value of petroleum imports, and partly because relative industrial stagnation provided little impetus for import growth.

Second, the trade gap was more than covered by a substantial increase in net aid, which rose from $1,000m in 1974–75 to just over $1,500m in 1975–76. This was due both to a 21% increase in gross disbursements by the consortium countries and to a handsome contribution from members of the Organisation of Petroleum Exporting Countries.

Third, a totally unexpected windfall came from private remittances. These are estimated to have provided more than $500m in 1975–76, partly as a result of the depreciation of the official exchange rate of the rupee and the appreciation of the free market rate. This narrowed the margin between the official and free rates, and thus increased the attraciveness of remittances through official channels. Another factor was the stringent measures against smuggling operations financed through the black market in foreign currency.

The outlook for 1976–77 seems fairly good. The trade gap will almost certainly be wider, but probably not as wide as the World Bank's estimate of $1,650m. If exports repeat last year's performance and grow by 6–7%, a not unreasonable prospect, they could total $4,800m. After the bumper crop the foodgrains buffer is already in excess of 10m tons. Food imports will therefore be lower, provided the monsoon is near normal. Fertiliser imports are also expected to fall. But with the recovery in industrial production and investment expected in 1976–77, maintenance and investment goods imports will rise sharply.

Assuming imports reach World Bank projections of $6,200m, the total financing requirement, including debt servicing, will be $2,260m. The World Bank estimates disbursements out of the aid pipeline, which has currently swollen to a massive $4,000m, to exceed $1,500m. That leaves a gap of $750m to be financed out of disbursements from fresh commitments made in 1976–77, private remittances, and other net invisible earnings. Disbursements from fresh commitments alone exceeded $1,000m in 1975–76. This level may not be sustained in the new year because of an expected decline in the disbursement of OPEC commitments. But it does look as if India will be in a position by March, 1977, to have repaid some of its obligations to the International Monetary Fund without a significant decline in the level of its reserves.

Because of this relatively optimistic prospect the World Bank has not set a target for fresh commitments in 1976–77. But the bank's annual review of the Indian economy stresses the inherent uncertainties. A poor monsoon and a below-average export performance could change the picture quickly. The high level of reserves masks the heavy borrowings from the fund ($800m) that made it possible. But, more important, if the Indian economy is to move out of the relative stagnation of the past decade the current efforts to stimulate the level of investment must be accompanied by a sizeable increase in aid flows in the years to come. The bank clearly approves of the government's economic strategy and calls on the aid community to "continue to respond to India's needs with no less vigour than was displayed during the recent crisis years".

INDIA'S BALANCE OF PAYMENTS [1]

[In millions of dollars]

	1974–75	1975–76 [2]	1976–77 [3]
Exports, fob	4,180	4,470	4,800
Imports, cif	–5,670	–5,800	–6,200
Trade balance	–1,490	–1,330	–1,400
Debt service	–779	–785	–860
Gross aid	1,766	2,210	[4] 1,510
IMF transactions (net)	530	130	–45
Miscellaneous capital and invisibles (net)	–65	575	350
Use of reserves (– =increase)	38	–800	[5] 445

[1] Financial year April–March.
[2] Provisional.
[3] Economist estimates.
[4] Excludes disbursements out of fresh commitments in 1976–77
[5] Represents unfinanced gap to be covered by disbusrements from fresh commitments or change in reserves.

DESEGREGATION AND THE CITIES PART XVIII—THE FACTS ON VIOLENCE

Mr. BROOKE. Mr. President, one of the most frequent arguments about school desegregation concerns its relationship to violence in the schools. Because of the evident public concern about this issue Senator JAVITS and I recently posed a series of questions to the Justice Department's Community Relations Service, the Federal agency responsible for mediating racial conflicts. In the agency's response Assistant Attorney General Ben Holman has drawn on the Service's experience in hundreds of cases. The response is important both for what it says about the greatly overblown public perception of the danger of violence and for the very constructive proposals for positive programs to minimize racial conflict in desegregating schools.

The experience of the Justice Department indicates that there are many school systems where the entire desegregation process is carried out without any injuries. The large majority of racial conflicts the CRS deals with in schools are not in systems implementing desegregation plans. Careful planning for desegregation in Detroit resulted in a decline in the number of racial incidents from the level before desegregation. Elementary school integration almost always occurs without significant conflict. Much of the violence that does occur is committed by parents outside school buildings. There is no evidence of physical danger to white children bused to inner city schools; in fact the extraordinary procedures to protect children often mean that they are safer than elsewhere in the city. Violence usually declines markedly, where it occurs, once the transition to desegregation is completed.

The evidence produced by the Justice Department shows that an extraordinary social transformation in our schools usually takes place with remarkably little conflict. Considering the emotions generated by the often bitter public debates over the issue, this record is a tribute to the good sense of the American people and to the responsible school officials. If communities would heed the good advice provided by the Community Relations Service for avoiding confrontations and parent's groups opposing busing would follow the good example of their children, desegregation could become increasingly peaceful.

The Assistant Attorney General's report on the national record shows that significant violence is very uncommon, occurs mostly outside the schools, and can often be avoided through effective planning. Most communities, in fact, succeed in repairing a basic social and constitutional defect of their educational systems without experiencing as many injuries as can be expected on any high school football field on any fall Friday night. This problem has been blown way out of proportion and I hope that the Justice Department's report receives the serious attention it deserves.

Mr. President, I ask unanimous consent that the Assistant Attorney General's report be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

COMMUNITY RELATIONS SERVICE,
Washington, D.C., June 10, 1976.

Senators EDWARD W. BROOKE and JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATORS BROOKE AND JAVITS: In response to your inquiry regarding trends in incidents of violence associated with school and housing desegregation, I have prepared the following comments which, I hope, will help clarify some commonly held misconceptions about school desegregation. Experience on the part of the Community Relations Service (CRS) indicates that there are many myths surrounding housing and educational desegregation which are simply not supported by the facts. These myths are nonetheless widely propagated by the opponents of desegregation, in part out of lack of knowledge of the true facts, but sometimes also purposefully to impede the process. In answering the questions posed in your letter, it should be noted that the Community Relations Service does not maintain comprehensive statistics on violence or civil disturbances. However, during the course of our conciliation and mediation services, we closely monitor the development of problems and work with all sectors of the community to develop strategies for reducing violence and tension when they do occur. On this basis, CRS is in a unique position to accurately describe the effects of educational and housing desegregation on the general population.

Question 1. How many serious injuries are there in a typical recent year?

In a typical recent year, most schools, including those which have undergone recent desegregation, had no serious injuries.

In fact, to date, Detroit, which began implementation of court ordered segregation in January of this year, actually reports a decrease in the number of injuries resulting from racial incidents; of the 15 injuries reported, only one was serious and required hospitalization. This decrease was due to better planning and preparedness by all responsible officials. CRS has closely monitored the incidence of violence in Detroit schools during desegregation, and we have determined, without question, that where there were problems, there was inadequate preparation. CRS played a significant role in developing the plans, models and mechanisms which helped to minimize violence and disruptions.

In spite of the publicity which Boston has received over recent years and the reputation for violence which it has developed, only three of its 19 high schools—South Boston, Hyde Park, and Charlestown—have had repeated racial problems; of these three schools, only Hyde Park and South Boston have had several injuries, of which one required overnight hospitalization. Charlestown's only injury resulted when an aide tried to break up a fight, fell down the stairs, and was injured. Most of the violence which occurred in Boston did not take place inside the schools, but rather on the streets, as a result of confrontations and antibusing demonstrations. In fact, the attached newspaper article quotes Boston Police Commissioner Robert DiGrazia as saying that there have been 272 desegregation related injuries, of which 177 were police officers. Most of these did not occur inside schools.

In contrast, a city like Springfield, Massachusetts, in the same State, has had no injuries related to desegregation at all. Neither have other major desegregation efforts which took place in cities such as Stockton, California, Corpus Christi, Texas, Beaumont, Texas, New Roads, Louisiana, Baltimore, Maryland, and Racine, Wisconsin.

Question 2. What are the main causes?

Most desegregation related injuries within the schools are the result of fights between black and white students. However, the reasons for these fights vary, and could often have been prevented if better planning with more sensitivity to the concerns of both majority and minority students had taken place. Some of the causes for interracial conflicts include:

The continued use of racially inflammatory symbols, such as a confederate flag, "Dixie" as a school song, or athletic teams known as "Rebels". All of these suggest to students that even though both black and white students attend the school, it in fact belongs to the white students and the white community, making the promotion of racial harmony within the school impossible.

Discipline procedures, rules, and regulations that are not clearly defined or realistically thought out inevitably resulting in a disproportionate number of minority students being suspended, and usually suspended for longer periods of time.

The lack of grievance procedures or other mechanism which allow for the identification, discussion, and resolution of problems before they reach a crisis or confrontation stage.

Improper training of staff, particularly teachers and administrators, in preparation for working with and relating to a multiracial/multi-cultural student body. The insensitivity and subtle racism which staff sometimes display often results in tension and frustration among minority students, which, in turn, leads to confrontations and fights. CRS has found that the cause of many confrontations between black and white students is not so much real hostility between students as anger and frustration with staff which is, instead, directed at other students.

Outside agitation and inciting of hostility from the surrounding community which creates and encourages confrontations and violence within the schools. This includes such incidents as demonstrations around the schools, racist literature and slogans, stoning of buses, assaults on minorities, and threatening of those trying to comply with the court order. These kinds of activities continued and have sustained the level of tension in areas like South Boston and Louisville. In fact, Police Commissioner DiGrazia of Boston feels that such demonstrations and the perpetration of violence to protest desegregation are further encouraged by the failure of the local court system to back up efforts of the police department to stop violence. He points out in the attached article that of 937 desegregation related arrests, not one has resulted in a jail sentence, thus encouraging continued disobedience of the law, and violence.

Question 3. Is there a sharp decline in problems after the first year or two of desegregation?

The area in which CRS has been best able to see the results of desegregation over a number of years has been in the Southeast, particularly in Alabama, Florida, Georgia, Mississippi, North Carolina, and South Carolina. CRS was engaged in a major effort there to prevent or reduce incidents of violence and tension resulting from desegregation during the 1970–71 school year. A look at those States over the past three years indicates that we have had to respond to a decreasing number of education related incidents of racial conflict. We responded to 38 such cases in 37 communities in 1973, 20 in 1974, and 16 in 1975. In an individual State comparison, Alabama shows an increase in 1975 over 1974 activities, and Georgia shows an increase in 1974 activities as compared to the 1973. However, even with the recorded increases in Alabama in 1975 and Georgia in 1974, the overall yearly totals decreased in 1974 and 1975, respectively.

As indicated in the CRS Annual Report of 1974, school racial problems continued to demand a major portion of CRS' time and resources in the FY 1974. The agency conciliated and mediated 190 school disputes—more than any other category. However, most of these disputes occurred in communities other than the Deep South—in the North and the border States.

Question 4. Has the Community Relations Service worked out procedures and recommendations that avoid needless friction in newly integrated schools?

"Twenty-six percent of the CRS caseload involves racial confrontations in the schools. Less than one-quarter of these involved school systems at some stage of the desegregation process. CRS has found that the problems attendant to desegregation merely bring to the forefront problems that are already existent within the school system prior to desegregation. The changes taking place as a result of school desegregation highlighted those aspects of the institutional system which were already the source of conflict and tension, such as lack of a sufficient number of counselors, irrelevant curriculum materials, unenforceable conduct and dress codes, and inadequate mechanisms for parent participation in school decisionmaking processes. In all school responses, whether related to desegregation or not, CRS recommends and assists in the implementation of procedures designed to reduce violence and encourage interracial cooperation. A description of some of those mechanisms is provided in Attachment B.

Since 1974, CRS has been named in seven court orders to assist the community and court in the peaceful implementation of a desegregation plan. The activities of CRS in the Detroit case, described here in Attachment D, illustrate further some of the recommendations and procedures advocated by CRS as a means of achieving desegregation without violence.

Question 5. Is it true that elementary school integration almost always takes place without incident?

It has been the CRS experience that desegregation on the elementary level is not attended by conflict and confrontation to the extent that it is at the junior high and senior high school levels. In fact, it is seldom attended by conflict within the school at all, and we can say with a wealth of experience behind us that the advent of desegregation at the elementary level usually occasions no conflict or disruption.

The only incidents which have taken place in relation to the desegregation of elementary schools have been those protests or demonstrations by adults which have occurred in opposition to desegregation or "busing" in general. We are not aware of any serious injuries taking place within elementary schools as a result of desegregation.

Question 6. How much of the problem is caused by people outside the schools, as opposed to students?

Experience has shown most major conflict situations are precipitated by people or forces outside the school. Parents and proponents of causes usually are the culprits in these conflict situations. Even those situations that originate among students usually do not grow into major conflicts unless parents and other adults are drawn into them. Another observation we have made is that conflict situations are of shorter duration and more easily resolved and the intensity of the matter is at a greatly reduced level when only students are involved.

Developments in Boston over the past two years indicate the validity of this observation. Inevitably, serious incidents within the schools resulted from or were related to activities or incidents within the surrounding community. The unfortunate stabbing of Michael Faith in December 1974, was the culmination of several weeks of incidents, such as the distribution of anti-black literature in South Boston, the performance of "monkey dances" and shouting of obscenities at black students by adults near the school, and white students marching through school corridors yelling "Niggers eat shit", after meeting in the auditorium with white community leaders.

In contrast to this situation, in the black community, where community leaders were in the streets to encourage students to comply peacefully with the court order, to welcome white students into the neighborhood, and to discourage retaliation when buses with black students had been stoned in areas like South Boston, incidents within the schools were far fewer, and no serious injuries took place within those schools.

Your letter next addresses the frequently heard claim of opponents of school desegregation to the effect that white children transported into inner-city schools confront danger because the neighborhood is not safe. In our experience, there is no substance to this assertion. Even though many such inner-city neighborhoods do have crime rates which are higher than those of other parts of the city from which white children are being bussed, neither experience nor logic suggests any connection between crime rates and the safety of school children being transported to and from schools. If anything, white children being transported within the inner-city are *safer* than in other parts of the city, in part because of community patrols and other measures taken by the minority community to insure that the charges remain groundless.

Finally, you ask about the trend regarding violence and vandalism directed toward minority families moving into white neighborhoods. Our contacts with Human Relations and Fair Housing organizations throughout the country suggest that while such conduct continues to occur, the incidence of such attacks is not increasing nationally. What we have observed is a substantial increase of such attacks in individual cities. Two recent examples for such increase are the cities of Boston and Los Angeles and vicinity. In Boston, a wide range of such violence has been occurring, including rocks and gunshot assaults on houses, firebombs, and burning of crosses; in Los Angeles there has been a recent rash of cross-burnings adjoining housing occupied by black families. In neither city, by the way, are such attacks predominantly upon new residents, and are frequently directed at long term residents of the community. As a result of such attacks, there has been a trend toward resegregation of housing in some parts of Boston, particularly in subsidized housing projects which are already predominantly white In Boston there is reason to believe that the level of such violence is substantially increased by the opposition which exists to the school desegregation which is taking place in the city; in Los Angeles some feel, albeit with little direct evidence, that anticipation of a decision by the California Supreme Court requiring school desegregation in Los Angeles is a factor in the cross burnings there also.

Please accept my apology for the delay in getting this reply to you. My staff is under great demands these days, due in large part to seemingly ever increasing requests for our help in school desegregation situations. Rest assured, however, that within the limits of our resources, we stand prepared to assist you in your important examination of the school desegregation process and consideration of the need for additional legislation.

Sincerely,

BEN HOLMAN.

ATTACHMENT A

[From the Boston Globe, May 27, 1976]

DIGRAZIA SAYS COURTS FAIL TO SUPPORT POLICE

(By John F. Cullen)

Comr. Robert J. diGrazia charged yesterday that the courts have given no effective support to the Boston Police Department since the beginning of the desegregation of the city's schools in 1974.

In a prepared statement, diGrazia said the department's plan to protect school children went into effect in September 1974 and that, despite 937 arrests, no one has gone to jail.

He said 272 persons have been injured, including 177 policemen.

Albert J. Kniupis, said for the department that the police effort, operation safety,'has cost more than $13 million.

A court official, who asked not to be identified and who has been involved in most of the arrests diGrazia referred to, said: "The statement by the commissioner is totally ridiculous.

"The police commissioner is fully aware that the court has done its utmost to be fair and objective in each of the cases that has resulted from school busing incidents.

"The police realize, as the courts do, that the vast majority of persons that have been arrested in incidents directly related to the court order are not criminals. They have been persons who have been emotionally drawn into violence that they would normally never commit.

"Certainly this does not in any way justify their actions, but, at the same time, the courts have a responsibility to look at the totality of the circumstances and the character of the individual accused."

Stephen Dunleavy, diGrazia's secretary, said: "The commissioner's position concerning the courts' treatment of arrested persons has not changed. He has always maintained the position that in certain instances swift effective justice and jail sentences, where appropriate, would have a settling effect on the community.

"The police commissioner has spoken to the judges involved on occasion concerning their treatment of those arrested in incidents related to school desegregation, but the courts have done nothing."

Dunleavy said policemen cannot continue to go into the city each day and make arrests and then be "denounced" by judges for their actions.

He said diGrazia feels strongly that the majority of people in the city do not realize how the courts are treating these cases and that the judges must bear responsibility for diluting the effectiveness of the police.

Another police official said: "If the courts desire to make assaulting police officers with rocks, bricks and bottles socially acceptable, then they should tell us what the new guidelines are and not just let people hit the streets with suspended sentences."

ATTACHMENT B

SCHOOL/COMMUNITY PARTNERSHIP RECOMMENDATIONS

Among the steps which CRS recommends to improve the relationship and communication between school personnel, the community, and students prior to and during the desegregation process are the following:

Establishment of biracial or multi-racial parent and student councils in each school.

Open house programs planned jointly by staff, students and parents for current and new students.

Formation of community or neighborhood teams to coordinate the efforts of community and city organizations, particularly for information dissemination and crisis response activities (school, city, police and neighborhood officials, as well as parents and students should participate on this level).

The involvement of biracial parents and students on every level of planning.

Use of parents and community members as volunteers in the schools.

Training for staff on how to work with parents and the community in such areas as extracurricular activities, grievance procedures, curricular planning and analysis, etc., and to view them as a resource rather than an obstacle to educational progress.

COMMUNICATION/INFORMATION

One of the keys to an effective desegregation process is a well designed, implemented, and widely supported communication and information dissemination system; a system which involves not only school and city officials, but all segments of the majority and minority community, including businessmen, clergy, the media, and safety, health and fire officials. Components in this system should include the following:

Rumor Control and Information Center which:

Checks into and verifies or dispels rumors
Answers questions of the public
Keeps media informed
Coordinates the information systems of

schools, police, health and fire units, other city offices, and community resources.

Such a rumor control mechanism is crucial to peaceful implementation, since community protests, concerns, and confrontations are often based on inacculate, incomplete or misleading information.

Public Information Program which:

Involves school, city, and state resources, community and civic organizations, labor unions and businesses, churches, parent and student organizations and media.

Keeps the public informed about new and recent developments in the desegregation planning effort, such as court decisions, school department actions, student assignment plans and criteria, transportation plans, etc.

Apprises students and parents, and the community, of what to expect from the school to which they have been assigned.

Emphasizes the positive aspects and benefits of desegregation, describes positive experiences in other cities.

Disseminates accurate information and facts about busing, the law, the history of desegregation, etc. (The U.S. Commission on Civil Rights has information and statistics which would apply.)

Publicizes positive and supportive statements made by community and city leaders, including pro desegregation and antibusing leaders and spokespersons.

AFFIRMATIVE ACTION RACE RELATIONS

Another key ingredient in an effective desegregation process is a visible commitment not only to desegregation and improved race relations among students, but to improvement in every aspect of the school system. This process should include:

A totally integrated staff, including teachers, clerical staff, administrators, nurses, counselors, maintenance staff and custodians, cafeteria staff, servicing personnel, aides; and a plan to fill more positions with minority staff, where necessary.

Provisions for biracial or multi-racial participation in all extracurricular activities and programs, including clubs, sports, music, student government and press, etc.

Elimination of tracks or program designations which tend to resegregate students within a school.

Training for staff and students on how to deal effectively in a multi-racial ethnic setting.

A review of the curricula and programs to assure that the contributions and history of minority groups are reflected not only in one or two special courses, such as Black Studies or Spanish American History, but throughout the curriculum.

SECURITY PROVISIONS

Adequate contingency plans for preventing and resolving conflict within the schools and on the streets is crucial. Among the steps and measures which CRS recommends to school and police departments are the following:

Student discipline code

a. The development of an effective student discipline code and adequate grievance mechanisms. This involves a coordinated effort by staff, students, and parents to draw up a clearly defined and uniformly implemented and enforced code of discipline. (Please refer to Attachment C for recommendations regarding the content of such a code.)

b. Establishing a grievance mechanism which allows complaints and potential problems to be addressed and resolved before they lead to conflict and violence

c. Planning training sessions and workshops for staff, students and parents to assure that each is familiar with and knows how to use and apply the code and grievance mechanisms.

d. A recordkeeping mechanism which provides quick identification of trends in discipline problems, grievances filed, effective and ineffective discipline procedures, suspension rates, etc.

e. Assurance that there is multi-racial input and participation in every aspect of the above process.

Detailed contingency planning for each school including—

a. Day-to-day security provisions.

b. School/police liaison guidelines.

c. Guidelines for response to emergencies.

d. Special staff assignments.

e. Involvement of community organizations.

f. Effective reporting system and a formal relationship with the rumor control mechanism.

g. Strategies for response to fire alarms, bomb scares, etc.

h. Thorough training and workshops for all staff in handling student disturbances.

Development for External Security (on the streets, around schools, and along transportation routes), including provisions for:

a. Keeping demonstrators away from the schools to minimize tension inside the schools.

b. Effective protection of buses.

c. A program to inform the community that the law will be enforced.

d. Intensified training for all police officers in human relations skills, crowd control, conflict resolution, and in the laws and statutes which police officers must enforce during the desegregation process.

ATTACHMENT C

STUDENT DISCIPLINE CODE

RECOMMENDED CONTENTS

A. Description of the roles and responsibilities of—

1. Administrators
2. Teachers
3. Other staff
4. Students
5. Parents

B. Statement of rights of students, including the right to—

1. an education
2. not to be discriminated against on the basis of race, creed, color, sex, national origin
3. free speech (without disrupting the educational process)
4. choice of dress (including limitations, if any)
5. due process

C. Rules and regulations

D. Offenses and applicable disciplinary action which may be taken. Suspendable offenses should be clearly delineated, and limited to those actions which actually threaten a person or property, and for which no other alternative is available.

E. Description of available grievance and appeals procedures, including names and telephone numbers for persons in each step of the appeal process.

ATTACHMENT D

COMMUNITY RELATIONS SERVICE INVOLVEMENT IN DETROIT SCHOOL DESEGREGATION CASE

In an order filed on April 30, 1975, Judge Robert DeMascio "requested the Community Relations Service, U.S. Department of Justice, to provide assistance to the City of Detroit, to the parties to this litigation, and to the Court in achieving harmonious implementation of a remedial plan to be ordered by the Court and of future long-range plans to eliminate racial segregation to the extent possible in the public schools in the City of Detroit. . . ." It was further ordered that CRS shall inform itself generally of the community relations, related conditions and developments relevant to the formulation and implementation of the desegregation plan ordered by the Court and will further undertake at the request of the Court various specific community relations and related projects which the Court determines necessary to the formulation and implementation of the desegregation plan. . . ."

As a result of both the Court order and the earlier positive response we received from Detroit school officials and community leaders who were familiar with CRS' work in Detroit and elsewhere, the Agency opened a temporary field office to work exclusively on helping the Court and the community to (1) identify potential problems that could arise under a desegregation plan, (2) develop plans and programs that would minimize the likelihood that problems would arise, (3) devise techniques to identify problems promptly if they did arise and (4) develop contingency plans to deal with any problems in a manner that would assure the safety and security of the entire community with a minimum of disruption to the education process. CRS activities during the nine months from the filing of the April 30 Order into the first week of implementation of the pupil reassignment plan included the following:

1. At the request of the Court, CRS prepared an analysis of the school system's Student Code of Conduct and policies on students' rights and responsibilities, recommending ways to assure that disciplinary problems were being handled in an equitable and consistent manner throughout the school system. When a revised Student Code of Conduct was drafted by school administrators and approved by the Court, CRS, at the request of school officials, participated in the training of administrators who would be responsible for implementing it.

2. At the request of the Court, CRS critiqued the Community Relations Program prepared by school officials as part of the school board's desegregation proposal.

3. At the request of police officials, CRS critiqued the operations plan for the Detroit Police Department's special school desegregation task force, and provided the police department technical assistance in planning for contingencies that might arise under the pupil reassignment order.

4. At the request of police officials, CRS provided a panel of experts drawn from CRS staff and consultants to conduct a half-day training session for some 150 police officers assigned to the desegregation task force.

5. At the request of school officials, CRS provided a team of specialists with extensive experience in desegregation who were responsible for the in-school security program and guidelines for school security officers.

6. CRS convened and provided technical assistance in meetings at which police and school officials worked on a coordinated response to problems in and around schools and school property.

7. CRS convened a series of weekly meetings with and helped coordinate the activities of community organizations interested in the use of volunteers to facilitate school desegregation. CRS provided information on how volunteers were utilized in other cities and helped prepare guidelines for the recruitment and use of volunteers. CRS also became the vehicle through which the joint concerns of these organizations were communicated to police and school officials.

8. At the request of school officials, CRS provided technical assistance to administrators responsible for developing training materials for school volunteers, participated in sessions at which school administrators developed guidelines for the use of volunteers and provided facilitators to assist in the training of volunteers

9. At the request of police officials, CRS prepared guidelines for the use of volunteers in crisis intervention and provided a panel of CRS specialists to train volunteers for this work.

10. CRS provided technical assistance in establishing a desegregation communications and rumor control program. Through a staff specialist, CRS provided models from

other communities that had experienced desegregation and helped local organizations prepare a proposal for a desegregation information center that was submitted to the Mayor and Superintendent of Schools.

11. CRS identified anl arranged for an advertising executive from another part of the country to meet with Detroit electronic media executives to discuss media campaigns in support of the court-ordered remedy.

12. At the request of the court-appointed Monitoring Commission, CRS provided information on the functioning of similar bodies in Denver and Boston. CRS assisted the Monitoring Commission in identifying volunteer observers and helped coordinate the activities of the Monitoring Commission observers with other volunteers assisting in desegregation during the first week of pupil reassignment.

13. CRS maintained continuing communication with all parties to the litigation, the Court, City and State officials and organizations whose primary concern was school desegregation. CRS also served at times as liaison between those groups and the Court to transmit information or requests. CRS also provided periodic verbal assessments of community relations aspects of the case to the Court, to others with official responsibility and to interested community leaders.

14. On January 22, CRS Detroit staff of two professionals was supplemented with seven staff specialists who had worked on school desegregation cases in other cities (Boston, Louisville, Indianapolis, Racine, Dallas, Baltimore and Prince Georges County, Maryland). During the week of January 26, this staff was deployed to CRS, school and police command posts and to mobile units to support the local communications network that was able to provide timely and accurate assessments and information on reported incidents. Following staff debriefings at the close of each day, information compiled by CRS staff was shared with top school administrators.

15. Since April 30, 1975, CRS staff met with representatives of more than 125 official agencies and community organizations concerned with the Court's desegregation order, including groups opposed to it, for the purpose of answering questions about the desegregation plan and discussing ways of minimizing the likelihood of disruptions when implementation began. CRS was invited to and participated actively in more than 300 public meetings throughout the city at which the status of the case and strategies to minimize disruptions were discussed.

To accomplish its work under the Court's Order and to provide other requested assistance, CRS since last May assigned a total of 19 staff members and consultants to Detroit for limited periods of time. Generally, the Detroit staff was supplemented by small teams of specialists for several days at a time. The Detroit Office was opened under the authorization of Assistant Attorney General Ben Holman, Director of the Community Relations Service.

WAYNE HAYS AND THE SINS THAT REALLY HURT

Mr. McGOVERN. Mr. President, I ask unanimous consent that my letter to the Washington Post, which appears in today's issue of that paper, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

[From the Washington Post, June 26, 1976]

Wayne Hays and "The Sins That Really Hurt"

Perhaps before there is any more public clamor over the troubles of Congressman Hays, a note of caution should be sounded, lest the outcry over this incident excuses us from thinking about some of the more far-reaching public sins.

Mr. Hays has already confessed that what he did was wrong. He thus joins a long historical procession of kings and queens (including Solomon, David and Cleopatra), presidents, senators, clerics, generals, celebrated housewives, journalists, corporation executives and others who have kept lovers or been kept themselves—sometimes at public expense.

The fact that he joins a renowned company of scandalizers does not, of course, excuse his own conduct. Neither should we excuse the conduct of the central actor in his exposure. When Elizabeth Ray goes public with her story, she does so, not to advance virtue, but because she makes a greater profit selling herself to a publisher than to a congressional payroll.

I know that Wayne Hays has offended a lot of people with his sharp tongue. He used it against me in 1972. He is admittedly an ornery devil, with an apparent need to demonstrate his personal power. But there is also a sentimental, kindly side to Wayne Hays. He loves children, he adores his new wife, he is respectful and thoughtful towards the wives of his colleagues.

These traits do not justify his alleged wrong-doing, but it is important to avoid so much concentration on sensational cases of this kind that we fail to learn lessons from some of the far costlier catastrophes.

A special probe is now going forward on Mr. Hays. Have we, however, probed sufficiently how a great and decent people were drawn into years of senseless killing and destruction in Vietnam? We are told that the conduct of Wayne Hays reflects unfavorably on the whole Congress. If so, who is carrying the burden for the brutal rape of Vietnam, Laos and Cambodia?

We are shocked by the $14,000 wasted on Elizabeth Ray. But how deeply do we comprehend the $175 billion in public funds wasted on the fiasco in Indochina?

We are shocked over the liaison of Hays and Ray. But what will we actually do to discipline a CIA that hired underworld thugs to murder Prime Minister Castro and other leaders of the Cuban nation?

In other words, where is the sense of guilt and the recognized need for atonement over the sins that really hurt? While meting out proper justice to Congressman Hays, I hope such personalized exercises will not supplant thoughtful and corrective action that might move the American nation into a closer union with its professed ideals. I am not yet prepared to believe that all will be well with our souls even if we do elect a President who assures us that the government is now as good as we are.

George McGovern,
U.S. Senator From South Dakota.

Washington.

UNDERSTANDING SOLAR ENERGY'S FUTURE

Mr. McINTYRE. Mr. President, I ask unanimous consent that an editorial from today's Washington Post, commending the Congress for its foresight in increasing funding for the development of solar energy, be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McINTYRE. This is a very balanced editorial; it does not propose any pie-in-the-sky immediate solutions to the Nation's energy problems through solar energy, but it does look forward, as I believe the Congress has, to the day when solar energy can make a major contribution to this Nation's energy needs.

And I wish to emphasize that those of us who are proponents of solar energy are not being carried away in a rosy glow of a world bathed in nothing but sunshine. If there is a Member of the Congress who believes that solar energy is the solution to all today's enery problems, I hope that that Member especially will read this fine editorial.

Exhibit 1

[From the Washington Post, June 26, 1976]

Letting the Sunshine In

The most appealing new source of energy is the oldest source of all: sunshine. Congress is now in the process of forcing the administration to speed up dramatically the development of solar heat and power. Of all the collisions between Congress and the White House over energy policy, this one is among the most useful. For here Congress is on exactly the right track.

The President's budget asked a rather modest $160 mililon for the federal Energy Research and Development Administration's solar work over the coming fiscal year. The House Science Committee recommended authorizing $227 million. Instead of paring it down, the House voted—in a resolution with 80 sponsors—to increase it by another $116 million. Congress sometimes votes huge authorizations merely as an expression of good will and best wishes, with no intention of actually providing the money. But in this case the House last week voted to appropriate $309 million. The Senate seems to be moving in the same direction. And all of this is happening despite the tight control Congress has put on spending this year.

What can the country expect to get for this surge of new money for solar development? Solar technologies fall into two broad categories—those that heat and cool buildings and those that generate electricity. They are proceeding at quite different rates.

Heating and cooling by sun power is already here. There are probably more than a thousand buildings of various sorts and sizes, throughout the country, that are using it to one degree or another. The availability of equipment is increasing rapidly; a recent federal survey counted 130 companies that are manufacturing it. The immediate limitation is not inadequate technology but rather inadequate industrial infrastructure. The manufacturers need the capability not only to make the equipment on a large scale but to distribute, install and service it as well. Some of the new money for ERDA will go into attempts to pull the new solar industry rapidly through that phase of growth.

Solar generation of electric power is further off than home heating and cooling. By most estimates, commercial power generation by the sun will become a possibility some time in the 1990s. Here a great deal of engineering research still needs to be done. But, once again, there is good reason to shorten the time that normal commercial development would require. Solar heating and cooling systems help the country meet an immediate danger—steadily rising imports of oil countries that continually threaten to use the oil weapon again. Solar electricity, in a longer future, can reduce the need for massive and rapid expansion of nuclear generation. The congressional votes on the solar energy appropriation are one of the more constructive manifestations of this country's concern about the next generation of plutonium breeder reactors.

But there is a certain danger that Congress will get carried away with the rosy glow of a world bathed in nothing but sunshine. Some congressmen already seem to think that they are buying an easy substitute for a national energy policy. It's not quite that easy. The promise of solar power does not remove the prospect for higher energy prices ahead, or the need for much more serious conservation. On the contrary, the longer Congress holds the prices of oil and gas artifically low, the less need most Americans will see for installing solar heaters in their houses. As for conservation, it is still this country's most accessible and safest energy source. Even the most optimistic prospects for solar energy over the next decade represent only a fraction of the energy to be saved by a cautious and moderate attempt at conservation.

A HEALTH PROGRAM THAT WORKS—THE WASHINGTON/ALASKA REGIONAL MEDICAL PROGRAM

Mr. MAGNUSON. Mr. President, I shall ask unanimous consent to print in the RECORD an article written by Dr. Donal Sparkman, who is the director of the Washington/Alaska regional medical program, which serves in my home State of Washington.

I want to place this article in the RECORD so everyone here will have a chance to see how a health program ought to be run.

Not by redtape, or computors, or lines and lines of people waiting but by an organization which clearly recognized the need to set up a health system of, by, and solely for the purpose of serving people.

People also made this RMP operate well because the organization never outgrew or lost sight of its purpose to operate and develop an effective and workable health care delivery system.

An effective health care delivery system is something which, unfortunately, this country does not have today—a sad circumstance for such a wealthy nation. But, we are trying to build one, and it is not easy. This RMP program has shown me and thousands in the Pacific Northwest just what can be done if people put their minds, backs, and hearts to work. Dr. Donal Sparkman has had a profound effect on making this a success story.

Mr. President, I ask unanimous consent that the article entitled "The Curious Odyssey of the W/ARMP," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Bulletin of King County Medical Society, May 1976]

THE CURIOUS ODYSSEY OF THE W/ARMP

Federal health programs often appear on the scene unexpectedly, some outlive their usefulness, but few die. Factors which cause programs to appear or disappear don't always seem rational and the federal government doesn't seem to learn from past experience. With this in mind, let us examine briefly the ill-fated course of the RMP.

Just what motivated President Johnson to appoint the Debakey Commission in 1964, was never clear, but this group of health professionals, academicians and laymen, decided that there was a serious gap between knowledge about heart disease, cancer and stroke generated by research and application of this knowledge to patient care. The Commission recommended a national network of regional centers, designed to unite the worlds of scientific research, medical education and medical care. Their lofty plans were scaled down by the Congress, which omitted the recommended centers, but called for the development of regional cooperative arrangements to afford the medical profession the opportunity to make available to patients the latest advances in diagnosis and treatment of heart disease, cancer, stroke and related illnesses.

DEVELOPMENT

The Washington/Alaska Regional Medical Program (W/ARMP) came into existence in the fall of 1966, with the encouragement of Dr. John Hogness, then Dean of the University of Washington School of Medicine, and with approval of the Governors and medical associations of the two States. A Regional Advisory Board, which was to become the policy making body for W/ARMP, was appointed; it had broad representation of health professionals and other citizens from both states. The first projects to carry out the mission of RMP, were approved in the spring of 1968 and additional projects were approved at roughly annual intervals thereafter. Ideas for these projects arose from many different groups. All were subject to careful review by W/ARMP staff, by expert consultants and by the Advisory Board before forwarding to HEW for final decision.

The underlying theme was the development of regional cooperative arrangements and, in keeping with its mandates, many of these were in continuing education of physicians, nurses and other health professionals. Continuing education needs appeared to be greater outside the King County area, and as it turned out, Medical School faculty and practicing physicians in King County carried most of this burden. One early continuing education activity was the Continuing Education Coordinator Network, established jointly with the UW School of Medicine and the Washington State Medical Association. This group met regularly to consider how best to identify and respond to continuing education needs in their respective communities. Early recommendations led to the production of television programs, which were shown throughout the state and received national recognition. Preceptorships were arranged, permitting practicing physicians to return to the Medical School or to the Hospital of their choice for short refresher courses. Consultants were sent out upon request. This two-way flow of people and information, in addition to providing continuing education, led to better understanding between remote physicians and medical centers. Eventually this contributed to the development of the University's WAMI Program, and to other continuing relationships between King County physicians and distant communities.

Discussions held by the Coordinator with leaders in continuing education from around the country, led to recognition of peer review as a better means of identifying continuing education needs. This, in turn, led to the development of the Health Care Review Center, supported jointly by W/ARMP and WSMA; all of this prior to passage of PSRO legislation.

Two other examples of early W/ARMP projects were Medic I and a radiation physicist consultant.

MEDIC I

Recognizing that the "Aid Cars" of the Seattle Fire Department were being called upon to deal with heart attacks, Gordon Vickery, then Seattle Fire Chief, was invited to a W/ARMP sponsored meeting of cardiologists to consider better methods of first-contact-care for acute heart attacks. Discussions between the Chief, Dr. Len Cobb, and others, led to W/ARMP support for the first two years of Medic I. Demonstration that firemen with special training and equipment could successfully handle this difficult problem resulted in its continued funding by the City of Seattle.

In 1968, there was one radiation physicist on the UW faculty in the Northwest to provide consultation service to physicians operating cobalt and other super-voltage therapy equipment. Recognizing the limited time he could provide in consultation, a project was developed to hire another radiation physicist to serve this important function. With the approval of radiation therapists in the Northwest, the program was set up and from the beginning a fee was charged for the service provided. The program has progressively expanded, now uses a computer to aid radiation therapists in calculating dosages, is self-supporting, as an important component of radiation therapy in the Northwest, and has become a model for replication elsewhere in the United States.

By 1971 the federal view of health care priorities had changed and RMP was directed to modify its mission to include other than heart disease, cancer and stroke and to direct its efforts toward the broad problems of health care delivery, particularly for low income, minority and otherwise poorly served persons. W/ARMP staff adjusted objectives to the new mandate and in the last five years developed activities such as the Health Manpower Clearinghouse and a Nurse Practitioner Training Project.

The Clearinghouse was a modest project designed to help alleviate the maldistribution of physicians in Washington, particularly in rural areas. It coordinated the efforts of the WSMA, other health professional associations and state and federal agencies, each of whom had previously attempted to respond to urgent community requests for help without adequate staff and information. It identified communities in need, before crises occurred and worked with them to determine whether replacement of a physician was their best course. Aggressive recruitment built a sizable list of physicians looking for placement. The project was successful and since termination of W/ARMP support in 1975, has continued on funds from two foundations with reasonable hope that it will be supported by the state or other resources on a permanent basis.

Responding to the inability of some small remote communities to get and hold physicians, W/ARMP, in 1972, selected a small group of nurses, who, after special training, and with physician back-up, have served as nurse practitioners in Darrington, Forks, and Vashon Island. There has not always been unanimous approval of this new health care arrangement, but careful monitoring has demonstrated that their performance is good and community acceptance excellent. In this state and elsewhere in the country, there is increasing acceptance of the nurse practitioner role and the passage of the Nurse Practice Act, by the Washington Legislature in 1973 gave a legitimacy to their function. The UW School of Nursing now provides two nurse practitioner courses and hopes to have support for third.

CHANGE IN SIGNALS

After 1971 federal signals for RMPs changed almost yearly and in 1973, when President Nixon ordered termination of RMPs, it was true, as he charged, that the program's mission had not been consistent. Concerned with rising health care costs and uncoordination of federal health programs, Congress, in late 1974, passed the Health Planning and Resource Development Act of 1974 (PL 93–641), which was designed to combine existing RMPs, Comprehensive Health Planning Agencies and Hill-Burton programs and to put new emphasis and teeth in health planning and regulation. As of this writing we are still between the old and new, but RMPs terminate June 30, and as it turns out, the "orderly transition" of RMPs into the new Health Systems Agencies (HSAs) doesn't happen. In the State of Washington, the pre-existing CHPs, with some change, will, in at least two stances, become the new HSAs.

There are enough uncertainties regarding the about-to-be-born HSAs that, at this point, one can only speculate how they will work. Two points of concern to physicians are, that there will be meager physician participation and that the new organizations will have significantly greater regulatory authority than has existed in the past. Governor Evans, like many other Governors, is unhappy with the new Health Planning and Resource Development Act, for a number of reasons, such as the way the authority of HEW by-passes the Governor in health care matters.

Looking back, it seems to me that some of the more important accomplishments of W/ARMP were:

1. The way in which it brought together different groups of health providers and consumers to work toward common goals.

2. That it gave the opportunity to many practicing physicians to look beyond their own practices at health care problems and to work toward alleviating these.

3. With innovation and a modest amount of start-up funds, needed health care activities were initiated, which then became self-supporting or supported by other sources.

ADVANTAGES OF RMP

1. Though it was under the direction of the federal government, it had considerable autonomy and flexibility to respond to local needs.

2. It was able to assemble a diversified staff, competent in technical and professional aspects of health care and in community organization. It also benefited from excellent consultant assistance from volunteers who served on its many committees.

3. It had statewide jursdiction with good relations with professional health associations, educational institutions and public health that permitted development of regional or statewide programs.

4. It had the opportunity to serve as neutral party or "honest broker" among disparate provider groups on local or statewide issues.

5. Creativeness and innovation were encouraged in responding to health care needs.

6. Though by definition, it was a part of the bureaucracy, every effort was made to keep it as un-bureaucratic as possible, to respond promptly and directly to questions and issues.

7. It devised and carried out careful evaluations of its activities, a function given lip service by the federal government, but rarely more than that.

If RMP had these advantages and made some notable achievements in the improvement of health care, why was it terminated?

1. With alarming increases in the cost of the federal health care budget it was natural that Congress would consider cost the number one priority. RMP was designed to try out better methods of continuing education and delivery of health care and while such efforts should result in more rational health care arrangements, they had relatively little effect on cost containment. Congress and HEW hope that the regulatory powers of the new Health Planning and Resource Development Act will accomplish this.

2. Relationship with CHP: Theoretically CHPs should have been in existence before RMPs to determine health care needs and set priorities so that RPMs could respond. It didn't happen that way. While in Washington and Alaska relations between RMPs and CHPs were generally good, the relationship was not as clearly defined as it should have been and over the country there were evidences of unproductive competition between the two agencies.

3. RMPs did not fit neatly into the usual federal-state relations through regional HEW offices or State Health Departments. RMP had a degree of autonomy from HEW that was a continuing source of nervousness and dissatisfaction to the establishment.

4. As might be expected, there was much variation in the quality and performance among RMPs around the country.

In my opinion, there is a need for health service development capacity to respond to health care needs, to try out changes and in so doing to involve as broad a segment of health professionals as possible. Though the Health Planning and Resource Development Act includes language relative to health services development or RMP-type activities, its relative importance in the law is indicated by the fact that this section occupies less than a page of a 92-page document describing the Act. Further, the new HSAs are proscribed from entering into health service development activities for at least the first year of their existence and considering their preoccupation with regulatory matters and the austerity of the health budget, there is real question whether such health service development activities will ever become a significant part of their program. Considering the swings in the pendulum of federal health care directions in the past two or three decades it is likely that as the developmental type activities or RMP are missed, a new Phoenix may arise from the ashes.

NATIONAL CENTER FOR HEALTH EDUCATION

Mr. CRANSTON. Mr. President I was proud to learn that the first president of the National Center for Health Education will be Robert L. Johnson, University of California vice president for university and student relations. As more and more recognition is given to the importance of health education in preventing illness and in encouraging the appropriate utilization of health resources, the establishment of the national center last November was a timely event. With the election of Robert Johnson to the presidency of the center, I am confident the center will become a major force among the Nation's health care resources.

CONSUMER PROTECTION BENEFITS CONSUMER AND BUSINESS

Mr. MOSS. Mr. President, with all the talk about regulatory reform and getting Government off of business' back, a recent Ford Motor Co. message to its dealers demonstrates that consumer protection legislation can be beneficial to both the consumer and business. The foundation of consumer legislation is to insure that competition is fostered in the consumer's interest, and in our society competition is the guiding principle. The Ford Motor Co.'s message to dealers uses the Magnuson-Moss Warranty Act as an example of how Federal legislation can benefit both business and the consumer.

As Mr. P. E. Benton, Jr., general manager of Ford Parts and Service Division says in his memo to dealers,

> Complying with these provisions affords an opportunity for the dealer to build a more permanent relationship with his new vehicle customer.

Mr. Benton goes on to say, and I believe this comment is critical considering some of the criticism which has been directed at this important consumer protection measure—

> We believe, however, that rather than a hindrance, the Act affords an opportunity to increase customer satisfaction with our products and to build a more permanent customer relationship with the dealer.

Mr. President: Ford Motor Co. is to be congratulated for its vision, and as principal sponsor of the Magnuson-Moss Act, I wish to thank the company.

I ask unanimous consent that the Ford Motor Co. message to dealers be printed in the RECORD.

There being no objection, the message was ordered to be printed in the RECORD, as follows:

THE MAGNUSON-MOSS WARRANTY—FTC IMPROVEMENT ACT AND ITS IMPORTANCE TO YOUR DEALERSHIP

ALL FORD AND LINCOLN-MERCURY DEALERS:

The U.S. Warranty and Federal Trade Commission Improvement Act (Magnuson-Moss Act) is of utmost importance to your dealership. First, because there are certain provisions of the new warranty law with which the dealer and the manufacturer must comply. Second, because complying with these provisions affords an opportunity for the dealer to build a more permanent relationship with his new vehicle customer.

The provisions of this new law, effective July 4, 1975, require that the warranty must be labeled "full" or "limited", and its terms made available to the consumer prior to the retail purchase.

Ford Motor Company has complied with the first provision by clearly identifying its new 1976 car and light truck warranty a "limited warranty". You, the dealer, must comply with the second provision by describing the warranty terms to each prospective customer before he signs the buyer's order.

In many cases, regulatory legislation is interpreted as being too biased against the seller and unfairly weighted in favor of the buyer. We believe, however, that rather than a hindrance, the Act affords an opportunity to increase customer satisfaction with our products and to build a more permanent customer relationship with the dealer.

On the following pages of this brochure are described some tools and suggested procedures to assist your sales and service personnel in more effectively complying with the new law.

Please study and review them with your counsel so compliance with their principles will be initiated effectively in your dealership.

Sincerely,

P. E. BENTON, Jr.

USE THESE TOOLS TO COMPLY WITH THE MAGNUSON-MOSS WARRANTY ACT

"Any written warranty that passes from a seller to a consumer must be made available to the consumer prior to purchase. The burden of assuring customer knowledge of the warranty terms rests with the seller."

These two requirements of the Magnuson-Moss Act rest squarely upon the seller's shoulders for compliance. Failure to "make the written warranty available to the consumer prior to the purchase" and not being able to prove that such action was taken can subject the dealer to severe penalties under the Act including the ineffectiveness of any disclaimers and potential monetary damages. Obviously, poor customer relations and bad publicity for the seller could result. On the other hand, using the tools described on these pages enables Ford and Lincoln-Mercury Dealers to comply fully with the new law and, in so doing, build a solid bank of satisfied customers.

"MAXIMUM RETURN" YEAR 1976 NEW CAR AND LIGHT TRUCK WARRANTY VIDEO TAPE

An excellent medium for clarifying the provisions of our warranty to prospective customers prior to purchase. Let Phil Abbott's audio-visual presentation of the warranty premiums help your salesmen comply with the new law.

The showing of this video tape to each prospective new 1976 vehicle buyer in its entirety, together with proof that he has read and understands the 1976 limited Warranty statement, constitutes compliance with the "Notice Requirements" of the Magnuson-Moss Act. In any event, even if the prospective customer views the film . . . especially if he does not . . . he should be given the opportunity to review the 1976 Warranty Statement as published in the Warranty Facts Booklet.

Approximately ten minutes in length, properly used at the strategic moment, this easily understood explanation of our warranty terms can help close deals by instilling customer confidence in your dealership and Ford-built products.

The message of this tape strongly reinforces your professional service capabilities in handling not only warranty work but all required customer service needs.

1976 WARRANTY FACTS BOOKLET

Spells out the exact legal terminology of the 1976 limited warranty provisions, defines the special pro rata warranty on batteries, refers to tire adjustments by the tire manufacturers and answers a list of frequently asked warranty questions.

The booklet explains in depth warranty information that the video tape could only briefly present. While the booklet is placed in the glove compartment of each 1976 car and light truck, equip your salesmen with extra copies to use as an authoritative reference when answering questions from prospective buyers.

1976 OWNER'S MANUAL

An effective selling tool in convincing new and repeat customers that their 1976 vehicles should come home to your dealership for the scheduled maintenance, as outlined in the Owner's Manual, plus any needed warranty work.

Like the Warranty Facts Booklet, the Owner's Manual is referred to in the 1976 warranty video tape and salesman should have copies to use for any additional information prospective buyers may request. The customer's permanent copy will be placed in each new vehicle's glove compartment.

RETAIL BUYER'S AGREEMENT

A simple form signed by your buyers of new vehicles offers proof that your dealership has complied with the requirement of the Magnuson-Moss Act which places the "burden of assuring consumer knowledge of the warranty terms" with the seller.

Should the question ever arise as to whether or not the provisions of our 1976 New Car and Light Truck Warranty have been explained to a particular purchaser, that purchaser's signature on the Retail Buyer's Agreement form would dispel any doubts. Use it with each and every 1976 model deal

USE MAGNUSON-MOSS TO BUILD CUSTOMER CONFIDENCE AND CLOSE SALES

Only a few simple steps are necessary to train your sales force in taking action to comply with the law and using the procedure as a possible stepping stone to closing more sales.

Acquaint all your sales staff with the new Magnuson-Moss Warranty Act and its two basic provisions:

a. that our 1976 warranty must be designated as a "limited warranty"

b. that the seller is responsible for making the terms of the warranty available to the buyer prior to the retail purchase.

Preview the 1976 warranty video tape entitled "Maximum Return" with your sales force. Have them contribute their thinking on the best time during a sales presentation to introduce the subject of warranty and show the tape to a prospect.

Review both the 1976 Warranty Facts Booklet and Owner's Manual and describe their functions in answering questions and reference for greater warranty detail and recommended maintenance. Distribute copies of each to all members of your sales staff.

Introduce the Retail Buyer's Agreement form. Explain its function as verification by the purchaser that the warranty terms have been made available to him.

Demonstrate how getting a prospect to sign a Retail Buyer's Agreement form (which acknowledges that the customer understands the Warranty Provisions) after viewing the tape can lead directly to closing the deal and signing a buyer's order.

Distribute copies of the Agreement form to your staff. Since the burden of assuring customer knowledge of the warranty terms rests with the seller, you may wish to make it mandatory to have the customer-signed copy of the warranty acknowledgement form attached to each retail order form.

Set up a procedure for your car and truck salesmen to introduce your service department to your customers and prospects. Taking five minutes for this "service walk" will help reinforce the service professionalism of your dealership personnel and equipment and will add to the value of a vehicle sale. This is when you'll want your Service Manager and Advisors to sell the idea of bringing the new vehicle back home for service.

Properly using Magnuson-Moss can help bring your customers maximum return on their investment in a Ford-built product and give your dealership maximum return in sales and service volume from satisfied customers.

KEEP CUSTOMER CONFIDENCE—BUILD SERVICE SALES

In the final analysis, good or bad owner relations are often generated in the service department. How the customer is received, how his requests are handled and how well the work is done all have a direct influence on whether he will return for additional maintenance and service, or not.

Now that each new 1976 model buyer, by law, should be briefed in the terms of our warranty, it is important that the new vehicle be properly prepared for delivery. It is recommended that you thoroughly brief your service and parts personnel in the new Magnuson-Moss Warranty Act and the manner in which you expect each of them to handle the warranty presentation and all service maintenance. Follow these simple steps:

Introduce all service and parts personnel to the provisions of the new law.

Show them the video tape entitled "Maximum Return" and explain that this is viewed by each prospective buyer.

Define your dealership policy in detail as it relates to properly handling new vehicle prep and all service work throughout the period of ownership and thus build a permanent relationship with satisfied customers.

Stress the importance of customer follow-up . . . after the sale and throughout the period of ownership. Establish a procedure for following your customers for needed maintenance on a regular basis.

Two legs of the "triangle of satisfaction" mentioned in the warranty video tape are dependent on your management direction. You make the investment in talent and equipment, and ycur merchandising and promotion activities bring maximum return on your investment.

Make new customers' introduction to your service department a regular way of life. Take the time to meet and welcome your customers of the future. Your sincere desire to serve all their automotive needs will establish a long-lasting relationship.

Build on the Service Conveniences you offer: credit cards, toll-free line, complete parts and accessories inventory support, full-line service capabilities, service rentals and convenient hours.

Satisfied customers are your most important asset. It has been estimated that over his adult lifetime, the average customer is worth more than $50,000.00 in vehicle and service sales to the dealership. Naturally, the impact of a customer's relationship with your dealership is more directly associated with his service experiences than with his car buying experience, perhaps up to a ratio of 10 to 1. This makes it imperative that your service personnel put your best foot forward on each and every service job. Keep your customers coming back to you and your dealership will realize maximum returns in volume and profits for your efforts.

SELECTING THE VICE PRESIDENT

Mr. McGOVERN. Mr. President, at a time when there is considerable discussion about the selection of the Vice Presidential nominees for 1976, I find Mr. Clayton Fritchey's piece in this morning's Washington Post of special interest.

Mr. Fritchey correctly makes the point that while serious questions were raised about my selection of Senator Eagleton as a running mate in 1972, there was a far more serious deficiency later revealed in the background of Vice Presidential nominee Spiro Agnew. Beyond this, Mr. Agnew was selected, not once, but twice, for the second highest office in the land.

It is also worth noting for historical purposes that few Vice Presidential nominees have ever been carefully checked as to personal background. There was nothing unusual about the manner in which either Mr. Eagleton or Mr. Agnew was selected as a Vice Presidential nominee.

In any event, while I do not agree with all of the observations in Mr. Fritchey's column, I do think Members of the Congress and others will find this piece of interest. I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Choosing No. 2

(By Clayton Fritchey)

Now that Jimmy Carter's nomination for President is taken for granted, everybody is telling him how to pick a Vice President or, rather, how to avoid one who might have a skeleton in his closet. What it comes down to is—"No more Eagletons."

The reference, of course, is to Sen. Thomas Eagleton (D-Mo.), who was nominated for Vice President by the Democrats in 1972, but later forced off the ticket when it became known that some years previously he had been treated briefly for nervous exhaustion after a grueling campaign for state office.

Looking back, it now would appear that the Democratic Party and the press, if not the public, reacted excessively to the revelation that Eagleton had been given "shock" therapy as part of his hospital treatment.

In fairness to the senator, we today know that he was telling the truth four years ago when he assured the electorate that his illness was of a passing nature, that he had completely recovered from it and was competent to perform his official duties. His record in the Senate since 1972 more than bears this out and, in recognition of this, the people of Missouri re-elected him in 1974 by a handsome majority.

Eagleton's outstanding performance in the Senate in the last two years is a timely reminder to us to guard against the superstition that nervous and psychological disorders are necessarily worse than somatic ones. Either type of illness can lead to death or to recovery. It all depends.

How many could qualify for public office if previous illness was a fatal black mark? Both Gen. Eisenhower and Lyndon Johnson were elected President by huge majorities even after barely surviving massive heart attacks and neither had any trouble carrying out his duties.

In pondering the vice presidency this year, a better watchword would be—"No more Agnews." Atty. Gen. Edward Levi has just offered the services of the FBI to check the backgrounds of prospective vice-presidential nominees of both major parties, but there is no reason to believe that an FBI quickie would have discovered that Agnew had been on the take or that Eagleton had received shock treatment. Both disclosures came about accidentally.

In any case, the whole idea of involving the FBI in presidential and vice-presidential politics is repugnant. And, from a practical standpoint, unnecessary. By the time a candidate can aspire to the presidency, the unrelenting glare of long political exposure has usually uncovered all the public needs to know about the person.

The unprincipled record of "Tricky Dick" was known to the electorate long before Nixon ran for President, so his election cannot be blamed on public ignorance. In fairness to the public, however, it should be recalled that, in winning the 1968 election, Nixon got only 43 per cent of the vote.

On the whole, our political system tests candidates pretty reliably. There have not been many big post-election surprises; few hidden skeletons have emerged in the White House. The Presidents who turned out to be second or third rate or worse were known to be of doubtful caliber well before they were elected, as, for example, in the cases of Nixon and Warren G. Harding. Nixon and Agnew are the only nationally elected officials in our history to be accused of criminal conduct and driven from office.

In my time, no nominee of either major party has ever disclosed his choice for Vice President in advance of his own nomination, and generally the choices have been acceptable because the nominee naturally wants a running-mate who will enhance the ticket or, at worst, not compromise it.

In 1956, Adlai Stevenson, following his own nomination, suddenly and dramatically, threw the contest for the vice presidency wide open, leaving the outcome entirely to the delegates. It was widely acclaimed as a fine democratic gesture, but in fact the decision eased Stevenson out of an embarrassing dilemma.

Rightly or wrongly, three or four of the vice-presidential hopefuls thought they had reason to believe Stevenson was in their corner, so he could not support one without offending the others. The open convention was a good out. The winner was the late Estes Kefauver, but Hubert Humphrey, John F. Kennedy and Albert Gore, among others, would have been quite acceptable. This year the Democratic Party is again blessed with a half-dozen or more officials, any one of whom would strengthen the ticket. So, if Gov. Carter should want to emulate Stevenson, he is in a good position to do so.

SENATOR LONG AND THE CRANSTON AMENDMENT

Mr. CRANSTON. Mr. President, unfortunately, I was unable to participate in yesterday afternoon's discussion on the Senate floor regarding Senator Long and provisions in the pending tax bill that might affect his daughters, nephews, and nieces. And, unfortunately, I may not be present when this provision in the tax bill is actually considered, for my duties as chairman of the Democratic Credentials Committee will keep me away from the Senate most of Monday, Tuesday, and Wednesday.

So I want, at this time, to verify everything that the Senator from Louisiana said yesterday in the Chamber discussion concerning the origins of the provisions now in law which may have adversely affected the Senator's relatives. It was my amendment to the tax bill—an amendment concerning the oil depletion allowance—that was adopted by the Senate and enacted into law that is involved in all this discussion.

This amendment was worked out in discussion between Senator Long and me. After our discussions, Senator Long asked Larry Woodworth to draft it, and I then introduced it. Senator Long and I specifically agreed that the amendment should be drafted very broadly, so that no one who should pay the tax would escape the tax. We recognized that the consequence might well be that some people who in all fairness should perhaps not be subject to the tax would be required to pay it. We knew, however, that we could not foresee all contingencies.

So Senator Long did indeed play a big part in preparing and writing into law the provision of the current code that have perhaps insured members of his own family.

I have no similar first-hand knowledge of the Dole amendment, apparently designed to cure certain inequities that developed in the application of my amendment, and so, of course, I have no comment on that aspect of this matter.

JOE RAUH: THE DEPENDABLE LIBERAL

Mr. McGOVERN. Mr. President, I ask unanimous consent that an article by Robert J. Donovan, appearing in the Los Angeles Times of Monday, June 21, relating to my friend, Joe Rauh, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Understanding Rauh—in One Easy Lesson: If Carter Can't Get a "Fix" on the Liberal Leader, He's Really an Outsider

(By Robert J. Donovan)

Washington.—Jimmy Carter has a problem.

He can understand people around his brother Billy's filling station. He can understand the congregation in a black Baptist church. He can understand big-shot Texas businessmen and Harvard professors. But, he confessed last week, he cannot get a fix on Joseph L. Rauh, Jr.

"I don't understand Joseph Rauh," Carter told reporters on a flight from Texas to Sea Island, Ga. "He didn't understand me. There's a chasm that exists."

Incredible! Everyone understands Joe Rauh, including Lillian Hellman, a legal client of his, who says in her current book, "Scoundrel Time," "I liked Rauh. Shrewdness seldom goes with an open nature, but in his case it does and the nice unbeautiful, rugged, crinkly face gives one confidence about the mind above it."

Not understanding Joe Rauh at least proves Carter's claim to being a Washington outsider, because all the Washington insiders have for 30 years known Rauh, a founder and current vice chairman of the Americans for Democratic Action, as open, amiable, honest, forthright to a fault, and ready at the drop of a hat to expound liberal gospel. In fact, he's about the easiest person in town to understand.

When the shocking news arrived from Sea Island, it seemed imperative to rush over and have a chat with him at his Connecticut Ave. law office, and one thing the visitor learned was that Rauh, despite his wait-and-see stance, would as of now vote for Carter. At the same time, Rauh talks about Carter in terms that set forth, simply, a liberal's dilemma about Carter as the Democratic candidate.

No one in Washington speaks with higher credentials on liberalism. A graduate of Harvard and Harvard law school, law secretary to Justices Benjamin N. Cardozo and Felix Frankfurter and deputy housing expediter under President Truman, Rauh has been in the forefront of liberal fights in and out of courts and congressional hearings since the late 1940s.

He helped both President Kennedy and President Johnson with civil-rights legislation, and has been an attorney for unions and civil-rights organizations. For such work he has won all sorts of honors, including the Lasker award of the New York Civil Liberties Union.

Rauh and Carter agree that they had something of a run-in at last year's ADA national convention here. Candidates for the Democratic nomination were invited to speak at a Friday night session. Carter did not appear. However, he turned up and wanted to speak at the Saturday cocktail party, according to Rauh. Rauh objected that this was unfair to some of the other candidates, who, he said, had canceled important appointments to attend the Friday night session.

Beyond this flap, Rauh has not joined the rush to support Carter, preferring, he has said openly, to wait and see. To see what?

"Obviously, what I hope for out of any Democratic President," he said in an interview, "is liberal leadership. It is as simple as that. I have always thought that liberals in politics ought to be for ideals and idealism, and not be in politics for personal advantage."

At 65, he said, he is too old to want anything personally from a Democratic administration, merely liberal leadership.

"By that," he explained, "I mean that the country is run for the benefit of those who have the least and need help and not for the benefit of those who have the most and don't need help. All four Democratic Presidents of my lifetime—Roosevelt, Truman, Kennedy and Johnson—have been liberals.

"I am not hostile to Carter. There is no reason for me to be personally hostile."

Rauh and the ADA were supporting Morris Udall for the Democratic nomination. Now that Carter is the apparent winner, Rauh believes that, instead of joining the rush to the Georgian, the liberals have more to gain by waiting.

"Liberals in politics," he explained, "may get candidates to come in their direction more likely by withholding final judgment and thus pressuring a centrist candidate like Carter to come our way."

He conceded, however, that the Republicans leave Democratic liberals with little choice but to back Carter.

"If I had to decide at this moment," he said, "I would cast my vote for Carter primarily because he has the support of the black leadership. It seems somewhat lacking in humility to decide what is best for the have-nots in this society when they have decided on Carter."

Not an altogether enthusiastic statement. What would Carter have to do to win the wholehearted support of one of the Democratic party's outstanding liberals?

"I guess," Rauh replied, "I would put it this way:

"One doesn't expect Carter to take an ADA position on most or all issues. One can expect him to clarify the positions he has on issues so that we would know just where he stands.

"For example, he opposes the pro-abortion constitutional amendment, but in other ways tries to make the anti-abortion people feel he is on their side. He says he is for 'voluntary busing.' That is misleading, because even the most hostile opponents of integrated education do not challenge voluntary busing—they challenge court action to insure integration.

"He says he's for health insurance but refuses to support any specific means of bringing it about.

"To be honest, I am affected by the writings of Stephen Brill and Bob Schrum. (The former wrote a critical article about Carter for Harpers magazine and the latter, after working briefly for Carter as a speechwriter, quit in disagreement and wrote a memorandum explaining why.) There are two young men of high integrity.

"Both attested to Carters saying different things to different audiences and different things in public and in private. I would hope that in some way Carter could dispel the doubt that all this raises."

THE 18 MONTHS THAT MATTER

Mr. MAGNUSON. Mr. President, I ask unanimous consent that a speech delivered by Mr. Jack Steiner at the Department of Transportation's 1976 Aviation Review Conference in Washington, D.C. be printed in the Record. Mr. Steiner is vice president for technology and new prorgam development of Boeing Commercial Airplane Co. His May 24, 1976 speech deals with the critical period which the airline and aircraft industries are now facing. I invite the attention of all Members of Congress to Mr. Steiner's remarks.

There being no objection, the speech was ordered to be printed in the Record, as follows:

The Eighteen Months That Matter

(By J. E. Steiner)

Ladies and Gentlemen: Eight years ago, in 1968, the United States airplane industry produced almost 700 commercial airplanes at a total annual value of over five billion in 1975 dollars. This year, 1976, the same industry will produce less than 200 airplanes for a value in the same dollars of not quite four billion. In 1968 over 60 percent of our output went to U.S. Airlines. Today about 28 percent is for the U.S. even though world passenger *traffic volume almost doubled* in those eight years.

Is this because our industry matured and new airplanes could no longer offer technical improvements? Not really. We now know how to build engines that burn 20 percent less fuel per pound of thrust than any delivered in 1968—and fuel price (in constant dollars) has tripled or quadrupled in the time period involved. We now know how to build wings almost 10 percent more efficient than those we built in 1968. We now have digital electronics that, in some ways, constitute as great a technological advancement as the introduction of the transister—and much more efficient structures—and lower community noise than dreamed possible in 1968. In short, we have the largest technological improvement package available since the introduction of the jet airplane almost 20 years ago—but it is largely unused.— In fact, only a relatively few of our 2150 U.S. airline jet transports use any of it at all—and none use even half of the total package.

With a 1968 industry direct employment of over a quarter of a million workers and a balance of trade contribution of almost $6 billion in 1975—second only to agriculture,— one might have thought that the industry was deserving of a little thoughtful planning. Let's consider a typical measure of average airline health, i.e., the percent of the operating fleet which an airline can replace in any given year with its cash flow (net profit plus depreciation plus deferred tax). Using a percentage number has two benefits: it accounts for the growth which has occurred during the year, and it accounts for increases in the price of replacement equipment.

If aircraft remained viable for 20 years before replacement, which, unfortunately, they don't, an airline would obviously need to have an annual cash generation sufficient to replace 5 percent or 1/20th of its fleet. Since growth, over a rather substantial period of years, will be roughly equal to replacement, about another 5 percent is required for growth. As any airline knows, airplane acquisition is really not the only reason for generating cash. A few more percent is required to replace other capital assets and provide adequate cash return to investors.

Yet cash generation in percent of fleet replacement for the total U.S. trunk system went from over 13 percent in 1967 to 6 percent in 1970 to less than 4 percent in 1975, and no one here in Washington even mentioned it. A great system was dying. A system that had propelled the U.S. manufacturers to build better equipment than any other manufacturers on earth. Yet, instead of sounding the alarm—the occurrence of a desperate phenomenon—(dying of the market, drying up of jobs, diminishing of future balance of trade, lack of funds for technological development—sickness of the whole civilian manufacturing system)—many in Washington ignored the plight of the airlines and pressed for lower fares for their constituents, and loaded on a host of environmental requirements. They ignored airline employment layoffs and red ink income statements. They ignored the manufacturer's declining sales. They chose to ignore all these threats to our free enterprise system.

What many may not have realized was that they were in effect causing less noise reduction to result and greater fuel to be used by impeding the one requisite of technological progress—financial capability of the U.S. trunk carriers. The airlines simply could not afford to buy quieter and more fuel efficient equipment to replace their aging fleets.

Let's make sure we understand the basic fundamentals: (a) substantial annual investment in technological development; (b) a financially sound group of airlines that can keep their aircraft fleets up to the state-of-the-art and can retire airplanes at the end of book life (about 14 years) to permit a whole new generation of technology to enter the system. In between (a) and (b) are jobs, balance of trade, and American leadership of the world commercial airplane industry. We got where we are due to the large amount of technology piled up by U.S. military development of the long-range bomber in the 1950's. U.S. manufacturers have built over 90 percent of all the commercial airplanes in the free world. In addition, the crossover in travel between intercity rail and intercity air traffic which occurred in 1956 resulted ten years later (1966), in six times as much air travel as rail and an acceleration of our growth in Gross National Product.

Now, almost 600,000 passengers a day are carried by our U.S. domestic airline system. Ten years from now it will be one million a day. It is estimated that such intercity flying is now participated in by over half of the total U.S. population—and air transportation has become a dominant world factor, said, in fact, to be the second greatest single contributor to rate of economic growth, exceeded only by education. It has been estimated that, in this Bicentennial year, some 18 million people from other nations will visit the United States. Of this, almost seven and one-half million will arrive by air. Air transport has long ago ceased to be a luxury, and remarks limiting it to any "jet set" are out of touch with reality. Air transportation is the basic mode of intercity transportation now and in the future. It is one of the pillars upon which our economic system is supported.

And yet, in our infinite wisdom, we virtually ceased large-scale government sponsored technological development applicable to civil aircraft in about 1955 and didn't start it up again until about 1970. Our government paid Harvard Business School in the early 50's to study and tell us that all successful engine programs were started before the airplane on which the engine would be used was defined—because the development time of engines is, by its nature, longer than the development time of airframes. Yet the same government that paid for the study forgot its message for 15 years—1955 to 1970 and allowed the major burden of long term technological development to shift to private industry. Private industry is capable of tackling very large programs but is not capable of funding the very long term development building blocks that, in this industry, produces them.

That 15 years, lapse essentially erased our world technological lead. Now at long last, we are struggling to re-create it. It is very questionable whether this can be done, but we must try. I fully support the increasingly aggressive attitude of NASA. I trust this attitude will be supported by adequate federal research funds—on a scale that even the proponents do not appear to understand, if world supremacy is to be re-instated.

I was interested in a recent Senate hearing in which I participated. One of the Senators alluded to our U.S. leadership and control. My response was: Sir, with only 20% of the orders coming from the U.S., we are not controlling anything. With appropriate hindsight, the opportunity we have presented to our foreign competitors seems, indeed, to have been incredible.

Every large U.S. commercial airframe, and engine company is engaged in collaboration arrangements or discussions with non U.S. nations. Such engagement does not diminish American jobs, it creates them. Without co-operation, these international markets can be closed to us.

The situation is now becoming fairly well understood. Financially sound airplanes originate financially sound new airplane programs which introduce new technology aircraft into the air transportation system which result in greater productivity, lower operating cost, less fuel burned and lower community noise. This isn't done with rules, its done with rules—plus money.

The year 1976 looks like one of modest airline profit—but one year cannot remedy the effects of seven or eight years of unsatisfactory earnings. It will take a lot more. Profits is not a dirty word. It is the only thing that makes our system run. There hasn't been a new U.S. commercial aircraft program started for over eight years—the longest dry spell in the history of commercial aviation.

At any given time, and for any given route pattern, an airline requires a distribution of different sized aircraft. If they have too many small ones, airport congestion and gate constraints occur. If they have too many large ones, frequency is constrained and passenger load factors are unprofitably low. If one divided the U.S. domestic trunk jet trasnport aircraft sizes into four classifications: "small," "medium," "large," and "very large," then an optimum U.S. domestic trunk jet transport distribution would, in general, have a relatively high percentage of "medium" size aircraft. The number of seats associated with each size classification increases very gradually with time—at a rate well below overall revenue passenger mile growth with time. The size, complexity, and inertia of the system eliminates all but very gradual changes in the number of seats associated with size classification.

Another way of saying this is that the figure of merit is cost per revenue passenger mile (RPM), not cost per available seat mile (ASM).

The first item on our current high technology is, of course, the high bypass ratio engine. This offers a fuel consumption benefit of about 20 percent and, in addition, has a favorable effect on community noise. The latter is due to the sound quality of noise generated by the high bypass ratio engine. Suppression of its higher frequency noise tends to be more feasible than the lower frequency of older engines.

High bypass ratio engines are available in the United States only in the "large" and "very large" size aircraft. These are the DC–10, the L–1011, and the 747, and they number about 300 out of the total 2,150 U.S. jet transports.

The only medium size (actually somewhat large size for "medium") commercial airplane in the world employing a high bypass ratio engine is the French/German A300B which has been slow in selling. However, 56 aircraft have been sold or optioned to eight airlines on three continents. As yet, none have been purchased by U.S. operators. The only high bypass ratio "small" aircraft seriously discussed is the French Super Mercure, powered by the U.S./French CFM–56 engine. However, the economic viability of this aircraft remains a question.

A substantial deferred-buying bow wave of unfilled modernization requirements in the medium and small size airplanes has built up. Over-capacity has been eroded by time. We predict that a $46 billion (1975 constant dollars) world market, now through 1985 exists—almost half for replacement and half for growth. We predict that 52 percent of the requirement will be by U.S. airlines, 24 percent by European (including 5 percent by Britain, 3.5 percent by France, 3 percent by Germany), 4 percent by Japan, 4 percent by Canada and so on. We predict that two-thirds of this market will be for deliveries between 1980 and 1985. We see a technology package of high bypass engine, a more modern wing (worth about half as much in efficiency as the engine), new integrated digital electronics, and improved structures—a larger technological package than existed between the 707 and 747, except for the size effect of the latter. We see this market fueled by (a) the deferred buying syndrome and the aging fleet, (b) the gradual elimination of over-capacity, (c) the noise requirement to quiet or, preferrably, replace the 707 and DC8, and (d) the resumption of U.S. and world economic growth.

All these forces seem to be building together to form a critical period, and for purposes of this discussion I've called it "The 18 Months That Matter". It starts about now. On its outcome will rest the fortune, the jobs, the balance of trade, the large contributions of a healthy airline system to economic growth, the increased technological and catalytic spinoff of commercial aerospace—and the future of U.S. commercial aviation for the next two decades.

Let's name a few ingredients of the next 18 months:

(1) Maintenance of reasonable airline profits through appropriate tariff structure and a reasonable cooperation of labor, which sometimes seems to fail to realize the potential perils in job security and eventual living standards.

(2) Creation of an environment whereby new programs can be started in a timely manner. From three and one-half to four years are needed to bring off a new program. If we want low noise and better fuel efficiency in 1981 to 1985, then we must face almost immediate reconstruction of confidence of the financial community in airline credit-worthiness. In addition, if there is to be a noise reduction escrow fund, let's have it soon.

(3) Construction of new design noise standards so manufacturers can be assured that their aiming point isn't going to change.

(4) Construction of CFM56 and JT10D "ten ton" engine programs with *no* time delay and with extra emphasis on cost of ownership which has been so disappointing on all first generation high bypass ratio engines.

(5) Creation of at least one (and possibly two) new, U.S.-led designs incorporating all elements of the latest technology package in the two-aisle, LD3 capable size area of 180 to 200 U.S. two-class passengers and powered by either three "ten ton" engines or two of the existing "20 ton" engines.

(6) Development of at least one U.S.-led program using high technology and having viable economics, in the European all-tourist, 160 to 170 passenger capacity.

(7) Stabilization of planning for future airway air traffic control with a program that employs available digital electronic capacity to more efficiently utilize air space, save fuel through "strategic control", "time slotted arrival" or equivalent in a system whose *orderly* efficiencies can eventually led to complete nation-wide and eventual world-wide precise control of all air vehicles (lets aim high enough).

(8) Embark on an *adequate* federally funded program of long lead time research which will lead to another "package" worthy of spawning a whole new set of airplanes of all sizes about 1995 (or earlier if we can) and including powered laminar flow control, composite primary structures, wake vortex control, and enough noise reduction to eliminate noise as a community program.

(9) Metallurgy and engine technology to significantly further reduce fossil fuel consumption, but more importantly to cut cost of ownership by a very large percentage and virtually eliminate in-flight shutdowns and other interruptions of reliability.

(10) Start on a superior SST development which will produce yet another generation of long range airplanes in the next century.

Ladies and Gentlemen: All except item (10) should be plainly visible 18 months from today. Our economy has begun a recovery of reasonable term. We have finally grasped the fact that a healthy commercial aerospace industry with hundreds of thousands of jobs and billions of dollars toward balance of trade can only come from a financially viable airline system. Our congressional committees are finally realizing the technological difficulty created by 15 years of inattention. (NASA re-started its research oriented to civil transport about five years ago). Some Europeans feel our inactivity gives them a chance at world domination, but most realize that reasonable collaboration is a more satisfactory solution (the market is about 60 percent in North America).

What will the next 18 months show us? Will we see this long delayed recognition of the importance of U.S. airline financial health and credit-worthiness backed up with real and workable programs to permit fleet modernization? Are we going to see tangible action toward the objectives of more efficient fuel use and meaningful reduction in community noise? Will long term commitments be made to fund aeronautical and related R&D work to permit America to regain world leadership in this vital technical and economic sector? . . . I think conditions are right for positive developments. I think many in government, both in the legislative and executive branches, understand the situation and are beginning to take actions which will aid in turning the situation around. I think industry, both airlines and manufacturers, is ready to respond. And most importantly I think, the fundamental underlying economic situation is improving at a rate that will support the many actions that are necessary to recover our position of world leadership in commercial aviation.

And so ends my discussion of "The 18 Months That Matter." We will live in their shadow for two decades to come.

GENOCIDE CONVENTION DOES NOT THREATEN CONGRESSIONAL OR STATES' RIGHTS

Mr. PROXMIRE. Mr. President, as we consider the Genocide Convention, I want to address myself to those who have advanced the opinion that U.S. ratification of the Genocide Convention would result in the surrender of certain congressional and States' rights. Some critics have expressed the fear that this treaty usurps the expressed power of the Congress to define and punish offenses against the law of nations. Solicitor General Philip Perlman addressed this issue in testimony before a subcommittee of the Senate Foreign Relations Committee in 1950 when he stated that—

> This treaty will not bypass Congress or in itself legislate Federal Criminal Law.

Indeed, the treaty itself states that it is the duty of the domestic legislatures of the signatories involved to undertake action to state what offenses are punishable, to prescribe penalties and to try the guilty persons, thus implementing the provisions of the treaty.

The States, like the Congress, will not suffer any loss of their constitutional rights if the United States ratifies this Convention. It is argued that if the Senate approves a convention which will become a part of our domestic law, then, having to surrender their jurisdiction in Congress. However, Congress has already been invested with the power to prescribe penalties for offenses against the law of nations. This is made clear by our Constitution. It is impossible to deprive the States of jurisdiction which was never theirs in the first place.

In the words of Prof. Richard Gardner:

> Our ratification of this Convention will dissipate the embarrassing contradiction between our failure to act and our traditional leadership in support of basic human rights.

Mr. President, I urge the Senate of the United States to delay no longer in ratifying this important document.

THE IMPACT OF THE DEFENSE ON THE REGIONS

Mr. McGOVERN. Mr. President, a piece by Mr. Neil R. Peirce in today's Boston Globe contains some interesting information about the impact of Federal spending on various sections of the Nation.

The central thesis of the article is that our enormous military budget now has the effect of transferring Federal revenues paid by all of the American people into the South and West. It is in the so-called Sun Belt areas of the Nation where the taxpayers' defense dollar is having its most striking impact in the form of jobs and contracts.

I ask unanimous consent that Mr. Peirce's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Northeast Loses Hold on Wealth

(By Neil R. Peirce)

Washington.—The spending and tax policies of the Federal government are causing a massive $30 billion annual drain on the economies of the nation's Northeast and Midwest.

Some of the money is siphoned off by the Federal bureaucracy in Washington, D.C. But most of it is flowing south and west, to the fast-growing states of the south-southwestern "sunbelt," as well as to the Rocky Mountain and Pacific coastal states.

These findings are based on an exclusive National Journal study of how much the Federal government raised in taxes and how much it returned through various spending programs, in each region and state of the nation in fiscal year 1975.

The survey shows that Federal policies are underscoring and furthering the increasingly rapid movement of wealth in the nation—a shift benefiting most states with booming economies, but threatening to undermine the economic base of the country's older, industrialized Northeast quadrant.

When the Northeast dominated the national economy, it made much sense in national policy terms to pump Federal tax dollars into the South and West—to alleviate rural poverty, to build highways across open spaces, to construct dams, to build military and space facilities where there's plenteous land and favorable climate.

The question now is whether the spending flow ought to be reversed, or at least equalized, because so many Northeast quadrant states are on the economic ropes, hard put to finance essential local government services.

The Great Lakes states alone, according to the National Journal figures, have a negative balance of payments to Washington of $18.6 billion—$62.2 billion paid in Federal taxes in 1975, with only $43.6 billion returned in total Federal outlays.

The mid-Atlantic states of New York, New Jersey and Pennsylvania are in almost as bad a position, losing $10 billion through their exchange with the national government. The Great Plains states lose $1.5 billion, New England $762 million.

The contrast with the favorable position of the South and West could scarcely be more startling. The southern states receive back $11.5 billion more from Washington than they pay in taxes. California and the other Pacific states emerge with a net favorable balance of $7 billion. The Mountain states are $3.6 billion ahead.

A measure of "dollar returned for dollar paid" works out just as dramatically. For each $1 residents and businesses of the five Great Lakes states pay in Federal taxes, they receive back a meager 70 cents in Federal outlays. For the mid-Atlantic the return is 83 cents, for New England 96 cents (Massachusetts, 95 cents), for the Great Plains states 94 cents.

Yet for the southern states, the average return from Washington is $1.14 for each tax dollar paid. For the Pacific states the figure is $1.17, for the Mountain states $1.30.

What accounts for the immense differentials in regional and state balances of payments? The Federal tax burden is part of the answer: It's significantly higher in the Northeast quadrant and in the Pacific states than elsewhere.

But the really big difference is in defense spending—for military bases, personnel and defense contracts. The government expends $623 per capita on defense in the West, more than triple the $207 rate in the Midwest. The South gets $412 per person, the Northeast only $309 in defense dollars.

Only for a few programs—welfare in particular—are per capita Federal payments higher in the Northeast than elsewhere. But the dollar advantage is slight and welfare payments do little to stimulate the long-term growth of a local economy. The big benefit comes in jobs and that's where the South and West profit so handsomely from Federal spending. In the Northeast and Midwest, federally-funded jobs, including account for 5.7 percent of all wages and salaries. But in the South and West, the comparable figure is 15.6 percent.

Those federally-created jobs stimulate demand for major new capital items in the South and West, including new homes. Add that to the disproportionate share of Federal money going south and west for public works—highways, sewer construction and the like—and one sees some justification for the older states' complaints that they are being forced to finance the development of their brash sunbelt competitors.

So far only New England, through a strong congressional caucus and research office—the only multi-state operation of its kind in Washington—has begun to "get its act together" in pressing for new energy policies and Federal grant formula revisions that benefit the region.

ALCOHOLISM

Mr. MOSS. Mr. President, as we all know, alcohol abuse is a serious social problem in our Nation today. It takes its toll in human misery, in broken homes, and in shattered careers. By conservative estimate there are perhaps 10 million alcoholics in our society and the number is increasing. The cost to business and industry alone, in terms of lost productivity, runs to billions of dollars.

Many groups, public and private, are striving valiantly to reduce the incidence of alcoholism, both for humane and economic reasons. One such group is the U.S. Jaycees whose 325,000 members in 7,000 chapters launched Operation Threshold several years ago. This is a commendable grassroots effort to create greater public awareness and understanding about responsible drinking, irresponsible drinking, and the illness of alcoholism.

The Arlington News in nearby Arlington, Va., recently published an interesting account of what the Jaycees are trying to accomplish. It is contained in a weekly column on alcoholism prepared by React, Inc., an Arlington organization which specializes in educating, training, and counseling people in all walks of life concerning problem drinking, alcoholism, and alcohol-related problems.

I ask unanimous consent that the article entitled "Alcoholism: The Sparkle and the Promise?" be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Alcoholism: The Sparkle and the Promise?

(By Thom and Pat)

No campaign against alcohol abuse in this country will succeed until the public—drinking and non-drinking public alike—is willing to reject all the hokum surrounding alcoholism.

And that means opening the window of ignorance so that the fresh air of knowledge can come in. Public education is the key.

No one is doing a better job in this respect than the 325,000 members of the United States Jaycees represented by 7,000 chapters across the country.

About four years ago the Jaycees launched Operation Threshold, the first nationwide grassroots community action program on the prevention of alcohol problems. It is designed to create awareness and understanding about responsible drinking, irresponsible drinking, and the illness (disease) of alcoholism.

This is not do-goodism and it is certainly not a temperance movement. Here is its total purpose in simple English:

"Threshold never encourages or discourages drinking, but rather proposes responsible drinking for those who choose to drink. It is a personal, private decision each person should make for himself."

The Jaycees will work with anybody and any organization it feels has the same goals—the prevention of alcohol problems. Operation Threshold is thoroughly grassroots so that any community—regardless of size—can participate. It works closely with the National Institute of Alcohol Abuse and Alcoholism which means it has the most reliable and up-to-date information available on the subject.

Without hesitation, the Jaycees have accepted the fact that alcoholism is a disease or illness, as have the American Medical Association, the American Bar Association, the American Hospital Association, and many other responsible groups.

"Despite this endorsement, however, we continue to view alcoholics and alcoholism in a negative and punitive light," the Jaycees say. "It is time that we take a new look at the entire area of alcohol usage and alcoholism and find a common ground for dealing with it as it relates to us personally and to our community."

They take the position that an alcoholic person should be treated no worse than an individual who has a heart attack, cancer, or diabetes, because he or she is sick with an illness that deserves comprehensive and responsive care just like any other.

"In order to make any headway, we feel that we must begin to openly discuss problem drinking as a social and health problem and assist in the prevention of alcohol abuse," the Jaycees point out.

"One way of quickly realizing the severity of alcohol abuse and alcoholism in the nation is just to pause for a moment . . . think of a relative, family member, or associate at work who has a serious alcohol problem . . . not difficult, is it? With 10 million alcoholic Americans, it shouldn't be."

Operation Threshold explodes many myths about problem drinking and pricks the conscience of many people who don't think they have a drinking problem. The social drinker, for example.

Some social drinkers, they explain, never take a drink except on special occasions while some drink regularly, but moderately, and others can't make it through a day without quite a few "social" drinks.

"For the true social drinker, alcohol is just one part of a social experience," say the Jaycees. "Drinking is not the reason for getting together. It is one of the things that many add to the pleasure of the occasion in the company of good friends, conversation and food."

One reason we have so many drinking problems in the United States today is that we haven't been able to agree on what is acceptable, responsible, and normal drinking. As a result, much of the problem drinking and alcohol abuse which exists in our society is disguised as social drinking.

That great institution—the cocktail party—comes in for some criticism. In the name of social intercourse that's where many of the abuses of alcohol take place. The host or hostesses—or bartender—pour like it's going out of style. And, of course, some of the guests drink in the same fashion—like it's going out of style.

"The disturbing truth is that many Americans have not learned how to use alcohol, and have not acquired the art of social drinking," say the Jaycees. "This statement is endorsed in part by the fact that we still tolerate drunkenness. If someone gets drunk, we accept his behavior. We laugh, or humor him, often excusing his actions."

We call people who pass out or sell cocaine and heroin "pushers." This will come as a shock to many well meaning people, but isn't the host or hostess who overpours or insists you have one more at a cocktail party no less a "pusher?" Since alcohol is a drug, and alcoholism our number one drug problem, we have highly respectable pushers working virtually every neighborhood in this country.

Here are some excellent do's and don'ts Operation Threshold has compiled for party-givers:

Don't serve doubles. Most people count and keep track of what they drink. Serving doubles is not generous. It is rude and dangerous.

Offer soft drinks. One-third of adults choose not to drink alcohol. So offer a choice. And when someone says, "No, thanks" . . . don't push it.

Don't rush refills. Never hurry someone to take another drink. In fact, you'll find it's a good idea to slow down the flow of alcohol for some guests.

Give more than a drink. You're not a bartender. You're a friend. People don't come to your home just for a drink. Introduce people to one another. Get a conversation started. Give someone a compliment. Or a laugh.

Keep them eating. Not just later on, but right from the start, while your guests are drinking. That's important, because eating slows down the rate which alcohol is absorbed into the system.

"Dinner is served." If you're going to serve dinner or a snack, don't wait too long. If the cocktail hour goes on for hours, nobody will recall what you had for dinner.

If someone gets drunk at your home, you are responsible to see that no harm comes to him. That's what it means to be a responsible host. See that he gets home safely; but don't let him drive. If necessary, let the guest stay overnight and sleep it off.

There are a few more thoughts from Operation Threshold:

"Drinking is done responsibly when its total effect is to add to the well-being of a person and to enhance his relations with others."

"Responsibility in the use of alcoholic beverages requires thought and self-discipline.

"If a person cannot make alcohol his servant, he should not allow it to become his master, in either a limited or total way."

This column is prepared and presented under the auspicies of Mr. Thomas H. Brown, III, and Mrs. Pat DeVore, R.N., in consultation with Dr. Charles Smith, M.D. Each has a wide range of experience and exposure to all facets of problem drinking, encompassing treatment, counseling, education and rehabilitation of people suffering from alcoholism. Individual counseling may be arranged with Mr. Brown or Mrs. DeVore.

If you have any questions about alcohol abuse which you would like to have answered in this column, you should direct your inquiries to React, Inc., 1008 N. Randolph Street, Arlington, Virginia, 22203. All identities will be kept strictly confidential.

CONFERENCE ON THE EXTENSION OF FEA

Mr. MUSKIE. Mr. President, Senate and House conferees are currently meeting to discuss legislation to extend the life of the Federal Energy Administration. There are several aspects of the Senate-passed extension bill that I would like to comment upon.

First of all, I urge the conferees to accept the conservation provisions in the Senate bill. I am hopeful that my colleagues will realize the importance of effective steps this year to encourage energy conservation at all levels of the economy. These provisions, which encourage conservation in existing homes and businesses and new buildings, represent one of the keys to meeting an energy problem over the long term.

It is past time to begin these efforts. I urge the members of the conference to act quickly and favorably on these proposals.

There are other portions of the Senate bill, however, which I did not support and which I urge my colleagues to drop from the conference-reported bill.

Specifically, I object to the exemptions from the crude oil price ceiling for domestic oil produced by stripper wells and by secondary and tertiary methods. These provisions go against our efforts to keep the economic recovery going and they are simply not an effective tool to increase production and encourage conservation.

The Congress worked hard throughout last winter perfecting a pricing system for domestic oil that made sense for the country. The removal of these unnecessary pricing provisions from the conference report will make sense of the FEA extension bill.

Previously, I questioned the need to extend the life of FEA at all. But I am satisfied that the bill before us establishes a procedure to phase out the agency over a specified time period. It thus represents a major step toward estabilshment of a Cabinet-level agency to deal with our energy needs over the long term; our next step in Congress is to establish that new agency.

REGIONALISM, FEDERALISM AND PAROCHIALISM

Mr. MAGNUSON. Mr. President, the Senator from Maryland (Mr. Mathias) recently addressed the annual conference of the National Association of Regional Councils in Hollywood, Fla. Senator Mathias' remarks on "Regionalism, Federalism, and Parochialism" outline a very thoughtful perspective on many important issues that confront our Nation. In this speech, Senator Mathias makes a number of significant comments on the current state of intergovernmental relations in the Nation, the evolution of regional councils, and the outlook for regional cooperation in the years ahead.

I believe that our colleagues will find these remarks of great interest and ask unanimous consent that the text of Senator Mathias' speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Regionalism, Federalism and Parochialism

(By Senator Charles McC. Mathias, Jr.)

There are going to be a lot of important meetings in 1976, including the national political conventions. But it is no exaggeration to say that this meeting may have a greater impact than any other—including the political conventions. And that is why I am delighted to be here at the opening session of the Annual Conference of the National Association of Regional Councils, or NARC as you have come to be known.

It is a rare pleasure to be invited to address a group of people who are in the vanguard of their times. The impressive growth of regional organizations over the past ten years; the fact that there are now more than 600 regional councils in operation representing almost 30 percent of the nation's population, attests to the truth of Victor Hugo's famous Observation: "There is one thing stronger than all the armies in the world and that is an idea whose time has come".

Clearly, the idea of regionalism has arrived, and not a moment too soon. There are now more than 16,000 general purpose local governments in the nation. They overlap with about 25,000 special districts and 3,100 counties. The average SMSA (Standard Metropolitan Statistical Area) has about 90 separate units of government, while the larger metropolitan areas may have several thousand.

Your presence here today, representing the American people in metropolitan areas, in small towns and in rural areas, testifies to the extent that jurisdictional fragmentation inhibits solving the numerous problems which confront our citizens, problems which are not confined by the boundaries that create this metropolitan mosaic. It also shows that regionalism is recognized as an effective way for rural areas to counter the growing pressures which threaten to erode traditional values and long-established patterns of living.

Almost 40 years have passed since Lewis Mumford identified regions as the bedrock of civilization. He saw the region as a natural organism combining the most important elements of human culture and he saw the nation, the state and even the city as artificial units described by arbitrary boundaries.

Mumford defined the regionalist as someone who tries to find out "how the population and civil facilities can be distributed so as to promote and stimulate a vivid and creative life throughout any geographic area that possesses a certain unity of climate, soil, vegetation, industry and culture".

The regionalists' objective, as Mumford foresaw it, is a noble one. But noble objectives are not necessarily the easiest to accomplish. There are often unforseen obstacles in the path of the most laudable goals.

For example, all of you who sit on regional councils are there by virtue of some other job you hold. As elected officials, your primary responsibility is to a local constituency that may not give a hoot about jurisdictional fragmentation. They want their local interests protected and they want you to do it. On election day a regional spokesman may find himself out in the cold, if he has let his enthusiasm for regional issues overshadow local concerns. This is a problem I am familiar with myself.

The need for regional approaches during the past ten years has transformed regional councils, which once were merely informal meetings between local officials, into major policy planning organizations. But, participation still is voluntary and the council, if it is to stay in business, has to keep everyone reasonably happy.

This too is an obstacle to regional accomplishment for, as long as local government can withdraw, or even just threaten to withdraw, the scope and nature of the issues a council of governments (COG) can reasonably attempt to address will be severely limited. When your energy is largely devoted to maintaining a consensus, so that no one will pick up their marbles and go home, there isn't much left over for finding cooperative solutions to the really difficult problems.

A regional consensus on the need for clean air and water or a transportation system that makes sense is not too hard to achieve. But, what happens when the controversial questions come up like: Dispersing low income housing, or sharing the burden of welfare, or disposing of solid waste, or busing across jurisdictional lines? I'll bet a lot of your COG members reach for their marbles and look for the exits. Unfortunately, there are still people who believe that no problem is so big that it can't be avoided.

The fact that each of you must walk a tightrope between local pressures pushing parochial concerns and your own conviction that regional approaches are necessary to solve our most critical problems exposes a fundamental dilemma in contemporary government.

In the past 200 years we have grown from a loose rural alliance of thirteen states to a vast nation of metropolitan areas. The ability of our basic governmental institutions to adapt themselves to serve the needs of people living in these new circumstances deserves serious examination.

Our Constitution created a government system and institutions designed to address the problems of those thirteen original states which, happily, has proved to be remarkably flexible. It has served us well but as Thomas Jefferson observed:

"Laws and institutions must be hand in hand with progress of the human mind . . . as manners and opinions change, with the change of circumstances, institutions must advance also to keep pace with the times."

In 1787 the states that were the primary component of the new experiment with a democratic federal system of government, were appropriate units for addressing the problems of the day. But, over the next two centuries, the rivers that had initially provided such convenient state boundaries also attracted urban centers. As these urban areas grew across state lines, so did the problems of the metropolis, without any reference to what the Founding Fathers had in mind when they wrote the Constitution.

Today, close to a quarter of America's population lives in 38 interstate metropolitan areas. In this election year, questions of intergovernmental relations may not be uppermost in the minds of these 55 million people, but, whether they know it or not, their lives are affected daily by the inadequacy of intra-jurisdictional mechanisms to handle regional problems.

In February and March of this year, I chaired a series of hearings before the Senate District Committee where the metropolitan dimension of the problems facing the Nation's Capital were examined. The problems which surfaced at these hearings are not, however, unique to the national capital area. They characterize interstate metropolitan areas generally.

These hearings revealed some pretty discouraging facts. For instance:

In the Washington area the overlap of programs administered by different Federal agencies made it possible for the District of Columbia—an area only 10 miles square—to start developing its own Emergency Medical Services (EMS) system completely independent of regional efforts that were already underway at the council of governments. As a result, it took several years of negotiation before a cooperative program could be agreed upon and started.

Because of its interstate charter the national capital region has four agencies designated by the Department of Health, Education, and Welfare (HEW) to conduct health planning. The result: An estimated cost in unnecessary hospital construction that will total close to $120 million by 1980.

I could give you many more examples from the hearings of confusion and waste resulting from problems, that are essentially interstate in character, being handled at a local level. Each of you, no doubt, could match me example for example from your own experiences.

But instead of dwelling on the negative aspect of the situation, I would like to take a look at what might be done to give regionalism the push it so clearly needs. I can think of no more appropriate 200th birthday present for America than to take Jefferson's advice to advance institutions "to keep pace with the times." The growth of interstate metropolitan areas is exactly the kind of change in circumstances that Jefferson anticipated would require adaptation of our institutions.

For my part, I intend to make a systematic review of Federal programs to see how they can be revised in order to stimulate problem-handling and problem-solving on a regional basis.

I know from previous experience that this won't be easy. Several years ago I decided that provision should be made for LEAA (Law Enforcement Assistance Administration) funding on an area-wide basis. Because criminals show no respect for state and local boundaries, I felt that a "beltway" crime conference could help address the metropolitan crime problem. But, from the reaction at the Justice Department to this proposal, you would have thought that I was trying to abolish the Constitution. Fortunately, I managed to overcome on this one.

I intend to overcome resistance to the regional concept in other areas as well. Generally, I prefer initiatives to come from below, from the grassroots level. But this is one area where the political facts of life and experience dictate that action come from above.

When a city and its suburbs lie in different States, their diverging priorities obviously will stand in the way of regional programs. How many people who have fled a city for the relative security of the suburbs would willingly help pay the costs of supporting that city? Or how many members of a State legislature, who represent rural areas, will vote in favor of the State tax money going to help a city located in another State? Not very many, I think.

It is for these reasons that I believe Congress must take the lead in encouraging new efforts at regional cooperation and in sustaining regional programs that are already underway. Federal incentives have promoted the nationwide growth of activities on a regional scale. Making a regional planning process a precondition in getting certain types of Federal grants has certainly encouraged local governments to join regional councils. These Federal requirements also have resulted in useful interstate metropolitan approaches in transportation, in water treatment, in sweage disposal and in housing and community development.

But, in spite of the progress that has been made, 55 million people in interstate metropolitan areas are still excluded from the benefit of many Federal programs. I think we now have to find a way to modify these programs so that State lines do not prevent large segments of the American people from participating in them.

The Federal programs I intend to review and to modify in an effort to encourage regionalism, are in the areas of: manpower, health care, social services, community action, law enforcement and economic development. Specifically, I intend to see what can be done with the health planning and resources development act to encourage local officials to establish health planning areas that will coincide with identifiable regions. It seems to me, elected officials would be more comfortable addressing health care needs on a regional basis if they are provided with a clear Federal mandate to emphasize regional solutions.

I intend to see that the comprehensive employment and training act is revised to recognize the special character of interstate areas and to empower areawide agencies to sponsor employment programs in cooperation with local governments.

I intend to find a way to earmark some of the general revenue sharing funds for the use of regional councils. I support an extension of the general revenue sharing legislation, but want to be certain that the 39,000 local government units that now receive these funds are the most appropriate recipients.

I intend to work for the establishment of a permanent legislative monitoring arm within the advisory commission on intergovernment relations (ACIR). I think the ACIR should review and evaluate the regional implications of proposed legislation and advise Congress on how new programs will operate on a regional basis, especially in interstate metropolitan areas.

I have already urged the select committee which is studying the Senate committee system to examine the question of how we might better organize ourselves to address the problems of interstate metropolitan areas. One recommendation that should certainly be considered is one NARC made at my district committee hearings: To establish a temporary joint committee on interstate metropolitan areas to formulate a coherent national policy on interstate metropolitan areas and to propose modifications in existing legislation to make it consonant with such a national policy. We simply cannot expect disjointed efforts by State and local governments, or even by separate committees of the Congress, to provide the kind of national approach the times demand.

I find it discouraging that the administration has sought to reduce funding for section 701 of the Housing Act which, as you well know, is the financial underpinning for comprehensive planning and many other important regional council activities. I will do my utmost to see that these funds are restored. I'm all for economy but it is penny wise and pound foolish to eliminate constructive planning programs to save a few million dollars when these very programs eventually would result in substantial savings by showing us how to use our limited resources in the most efficient way.

On the brighter side: Congress is considering legislation that will revise Federal planning requirements that have contributed to fragmentation in metropolitan areas. The Intergovernmental Coordination Act of 1976 was inspired by NARC President Wes Uhlman's concern about the fragmentation being caused by the 15 different regional planning bodies in the Puget Sound area. It is designed to unify the regional planning requirements of many different Federal programs and to provide funds to support the A-95 grant review process. I think this act will provide just the kind of stimulus for regional councils we so urgently need.

I've been talking for quite a while now about what I think should be done at the Federal level to encourage regionalism and about what I intend to do. Even more important perhaps are the tasks that face you.

As local officials and as members of regional organizations, each of you faces two basic challenges in the years ahead. First, you must work tirelessly at the grass roots to create a regional conciousness. You wouldn't be here today if you weren't already converted to regionalism. Now you must work to generate among the general public a sense that they are citizens of a region or a metropolitan community, that their horizons are broader and their possibilities grander than those contained within the confines of a city or even a State. You must be missionaries of regionalism and work with the zeal of missionaries if the concept is to be spread and accepted.

Second, regionalism needs a boost at the polls and boosters among the presidential candidates. There has been a lot of attention focused on the presidential primaries where there may be only 30 percent of the people noting and victory is proclaimed when a candidate gets 51 percent of the ballots. This association represents regional organizations whose decisions affect the lives of 80 percent of the voters in America. You have a tremendous political potential. In addition to your effort to get commitments to regionalism inscribed in the party platforms, I urge you individually and collectively to confront candidates for public office and to ask them for specifics on what they plan to do about air pollution, transportation, crime and unemployment in our major metropolitan areas. So far, there has been a disturbing silence from both sides of the aisle on these important issues.

If their plans do not include recognition of the role for regional organizations, I suggest that you and your constituents make your pleasure known on November 2.

DISC: U.S. TRADE POLICY, NOT TAX REFORM

Mr. RIBICOFF. Mr. President, I have become increasingly concerned in recent weeks over the growing debate on the merits of DISC as a tax program. Despite all the rhetoric and all the numbers that have been offered to argue one side or the other of this issue,the real issues involved have not been adequately addressed. DISC is not nearly so much a tax reform issue as it is a U.S. trade policy issue.

The underlying purpose of DISC is to remove an existing distortion in international trade and investment. In addition to establishing a workable system of intercompany pricing on the export of goods, DISC was created to put American exporters on an equal tax-footing with foreign competitors in the export market. The problem is that many foreign countries give their exporters income tax exemptions through rebates of indirect taxes like the value-added tax. Most western European nations have an indirect system of taxes, and I understand that Japan will soon adopt this kind of tax system. But the United States has a direct system of taxes, and the result has been that many foreign exporters do not have to pay any taxes when they export, while American exporters have had an additional tax imposed on them when they try to export to those foreign countries that have indirect taxes.

The issue here is subsidies and the distortion in trade that has resulted from the different systems of tax. The subsidy issue is a very important one, and a very difficult one to resolve. The existing international trading rules on subsidies are vague, and the crucial question of what constitutes a subsidy has never been answered. Article XVI of the GATT deals with subsidies, but it has continued the discriminatory distortion to trade that has resulted from the unequal tax treatment of direct and indirect tax systems.

Article XVI of the GATT states:

> Further, as of 1 January 1958 or the earliest practicable date thereafter, contracting parties shall cease to grant either directly or indirectly any form of subsidy on the export of any product other than a primary product which subsidy results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market.

So the subsidy issue is not a new one, and I think it is clear how inadequate the present trade rules are.

As chairman of the Subcommittee on International Trade, I know that when we wrote the Trade Act of 1974, the problem of subsidies was a major concern and one of the highest priorities for our trade negotiators in Geneva. The Trade Act clearly reflects the commitment of the Congress to resolving the difficult and complex issues of subsidies. Section 121 of that Act states:

> The President shall take such action as may be necessary to bring trade agreements into conformity with principles promoting the development of an open, nondiscriminatory and fair world economic system. The action and principles referred to include the revision of GATT articles with respect to the treatment of border adjustment for internal taxes to redress the disadvantage to countries relying primarily on direct rather than indirect taxes for revenue needs.

The European Community has challenged the legality of DISC under article XVI of the GATT, and the United States has filed counterclaims against the legality of the European Community's border tax adjustments. Our complaint is based on article XVI, and we have requested that the cases be heard together, and also, that one decision apply to both the practices of other nations that use indirect taxes and to our DISC program. I think this is fair, and it also shows that the real purpose of DISC is to equalize the trading conditions facing foreign and American exporters.

I want to make it clear. Subsidies are one of the major trading problems faced by the United States, and DISC is the key to reducing the trade barriers created by the tax practices of many of our trading partners.

The hearing on DISC and foreign border tax adjustments in Geneva is a special GATT tribunal. It is a legal hearing, and it is now underway. The United States presented its opening statement before the GATT tribunal on March 16, 1976.

Mr. President, I ask unanimous consent that the full text of those remarks outlining the United States position on DISC, border tax adjustments and the whole question on subsidies appear in full in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. These GATT hearings are continuing, in fact, the formal presentation of the United States brief detailing our position on DISC and subsidies is scheduled to be filed this coming week.

If the United States is going to be successful in resolving the subsidies issue, it must have leverage in the Geneva hearing and in the separate GATT negotiations on a new international subsidies code. Our case before the GATT tribunal rests entirely on the premise that DISC is comparable to the tax practices of other nations. In the GATT negotiations, our bargaining position is dependent on DISC, for it enables us to get concessions on border tax adjustments from other nations in return for compromises on DISC. So DISC is important as a bargaining chip, and Ambassador Dent, the President's Special Representative for Trade Negotiations has argued strongly for retention of DISC on just these grounds.

Mr. President, I ask unanimous consent that a recent letter from Ambassador Dent to my distinguished colleague, Senator FANNIN, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS,
Washington, D.C., June 15, 1976.

Hon. PAUL J. FANNIN,
U.S. Senate,
Washington, D.C.

DEAR PAUL: As the Senate begins consideration of the Tax Revision Act, I would like to restate my strong support for the retention of the present legislative coverage and benefits of the Domestic International Sales Corporation (DISC).

Full retention of the DISC will be advantageous to our efforts in the multilateral trade negotiations to reduce foreign nontariff measures that adversely affect United States exports.

Retention also is relevant to our current defense of the DISC before an international panel formed under the GATT to consider the complaint by the European Communities that the DISC is a prohibited subsidy under the GATT. This panel is expected to reach its decision this fall and any weakening of the DISC legislation at this time could be misconstrued.

I hope that, in considering tax revision, you and your colleagues will consider seriously the importance of the DISC in current United States international trade policy. It has proved invaluable in maintaining the U.S. position as an effective base for export. With our trade account having moved into a deficit of approximately $3.8 billion during the first four months of 1976, it seems untimely to consider weakening such an effective encouragement to exports from the U.S.

Sincerely,

FREDERICK B. DENT.

Mr. RIBICOFF. I believe it would be extremely unwise for the Congress to cut off DISC, which has proved so crucial to any satisfactory resolution of the whole issue of subsidies, at this time. If we act unilaterally on DISC, we will be undercutting our negotiators in Geneva, and we will be conceding the important hearings on direct and indirect tax practices now underway in Geneva.

Mr. President, I think the clear concern demonstrated by the European Community over DISC is the best indication of its important role in increasing U.S. exports from $44 billion in 1971 to over $107 billion in 1975. Let us remember, it was the Europeans who initiated the legal battle over DISC in Geneva. As Congressman KARTH has testified before the Finance Committee, the strong feelings of the Europeans regarding DISC are clear. I think our trading partners are the best judge of the effectiveness of DISC, and I think their actions are the best indication of whether we have an effective program in DISC or not.

To illustrate the kind of benefits offered to exporters by our trading partners, I would like to include a detailed list showing the array of benefits offered, on a country-by-country basis, to foreign companies. Mr. President, I ask unanimous consent that the charts showing these benefits be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. RIBICOFF. I strongly support continuation of DISC. If we are to solve the problem of subsidies once and for all, we must continue DISC.

Let me say, in recent times I have watched as Americans have taken unilateral action on international issues, and the result has frequently been counterproductive. It is not enough to recognize the interdependence of nations and the effect national economic policies have on the world economy and on world trade. We must also take actions that reflect this basic understanding. I urge all my colleagues in the Senate to support continuation of DISC. Otherwise, we will once again be acting in a vacuum without regard for the consequences of our actions. By supporting DISC, we will be supporting the efforts of our negotiators in Geneva to finally resolve an issue that is much larger than DISC, a problem that affects many nations: That is the problem of subsidies and the need for major reform of the international trading rules in this area.

EXHIBIT 1

STATEMENT OF RICHARD R. ALBRECHT GENERAL COUNSEL DEPARTMENT OF THE TREASURY

Mr. Chairman and Members of the Panels: It is a pleasure to be with you today to represent the United States in these proceedings. As you know since the GATT Council first decided to convene the panels on July 30, 1973, more than two and a half years of effort have been expended in reaching agreement on the membership of the panels and we are pleased that it is now possible to move forward with the proceedings.

We note the EC's expression of impatience with the practical difficulties we have encountered. The United States has shared that impatience. We expressed it when we met with Mr. Phan-Van-Phi over a year ago. We have only just now received the substantive views of the EC against the DISC. We too are confident that the GATT machinery for settling disputes will lead to an expeditious and reasonable conclusion.

At the request of the European Community, the GATT Council has convened these panels, although the U.S. thought the problem was a broad one, deserving of Working Party attention. The United States, however, did agree to the convening of the panels. The panels are technically separate but possess identical membership, and were directed by the GATT Council to consider the complaint of the European Community against the provisions of the United States tax code known as the Domestic International Sales Corporation or "DISC," and to consider complaints by the United States against related tax practices of Belgium, France and the Netherlands. Both parties contend that the respective challenged tax provisions are inconsistent with the GATT subsidies provisions embodied in Article XVI.

Although the panels are technically separate, all four cases are to be considered simultaneously. The United States' position is that the income tax practices of Belgium, France and the Netherlands and the DISC legislation raise the same principles concerning the application of the GATT subsidies rules to direct taxation of export income, and that, therefore, all four complaints should be considered together.

It may be useful to the panels for me to briefly review the history that led to the four cases being brought before you.

Unlike Belgium, France and the Netherlands, the U.S., in fact, subjects to tax the entire worldwide income of its resident corporations. Foreign taxes paid on foreign income can be credited against U.S. tax on that income. Thus, the income of a foreign branch of a U.S. corporation will be taxed either by a foreign country, or by the U.S.

As a general rule, the U.S. does not tax the foreign income of foreign corporations, including foreign corporations controlled by U.S. persons. There is, however, one very relevant and very important exception to this general rule. Pursuant to Subpart F of the Internal Revenue Code, a U.S. shareholder of a foreign corporation controlled by U.S. persons is subject to tax on certain income of that corporation. Included in the income taxed is the income from export sales of companies in countries where there is no manufacturing activity.

The U.S. taxes dividends paid to U.S. corporations or individuals subject, in the case of certain corporate distributees, to a foreign tax credit for taxes paid by the distributing corporation.

The results of this system on a U.S. corporation manufacturing in the U.S. for export are quite obvious. Sooner or later it is taxed in full on both the manufacturing and the sales element of the export transaction. If it exports directly, the full profit will be immediately taxed (subject to a credit for foreign taxes paid). If the sale is through a foreign sales subsidiary located in a low tax country, the subsidiary's income is likely to be taxed currently because of Subpart F. Even if Subpart F is avoided, the earnings will be taxed when the profits are repatriated. In addition, the U.S. has inter-company pricing rules which are vigorously enforced and which make unlikely any unrealistic allocations of income to foreign subsidiaries.

This system differs dramatically from the systems of many other countries, including Belgium, France and the Netherlands, which do not in fact tax the foreign sales income earned on their exports. Thus, prior to DISC, U.S. exporters were disadvantaged as compared to those countries.

The U.S. could, of course, have repealed Subpart F and eliminated or curtailed its arm's-length pricing rules, thus falling in line with other countries such as Belgium, France and the Netherlands. However, this would only have encouraged the use of tax havens, which is undesirable.

The United States Revenue Act of 1971 brought about a significant structural improvement and simplification in the tax treatment of United States exporters. Congress provided that U.S. exporters—through the use of Domestic International Sales Corporations (or DISCs)—would be entitled to defer a portion of their export sales income for taxable years beginning on or after January 1, 1972.

The purpose of the DISC legislation was to remove preexisting distortions in international trade, to establish a workable system of inter-company pricing on the export of goods, and to permit United States exporters to receive tax treatment for their export income more comparable to that afforded by many foreign countries to their exporters both by way of income tax exemptions and by way of adjustments of indirect taxes, such as the VAT. As in the case of a typical foreign subsidiary, the DISC itself is not directly subject to United States Federal income tax. However, the DISC's shareholders are treated as receiving one-half of the DISC's earnings currently, whether or not these are actually distributed as a dividend. The remaining one-half of the DISC's earnings may be retained by the DISC and reinvested in its export business, or invested in certain Export-Import Bank obligations or in "producer's loans" to related or unrelated U.S. producers for export without, in general, liability for Federal income tax.

Where a United States parent corporation conducts export sales through a DISC, the DISC legislation allocates the export-related income between the parent and the DISC on a 50–50 basis. Since half of the DISC's income is deemed distributed and taxed currently to shareholders, and only 50%, the half that is retained, is eligible for deferral, in effect only 25% of the export sales income earned through a DISC is eligible for tax deferral. For example, if a corporation exporting through a DISC has $200,000 for export earnings, $100,000 would be allocated to the DISC. Of this amount, $50,000 is taxed currently to the shareholders of the DISC as a dividend and $50,000 is eligible for tax deferral while retained by the DISC.

Deferral of tax on DISC earnings terminates and tax is imposed on the shareholders of the DISC if those earnings are distributed as a dividend, if the corporation no longer qualifies as a DISC, and in certain other cases. In no case is any of the income of a DISC exempted from tax.

At this point, I would like to summarize briefly the GATT law of subsidies against which these provisions are to be examined by the panels. Article XVI:4 provides:

"Further, as of 1 January 1958 or the earliest practicable date thereafter, contracting parties shall cease to grant either directly or indirectly any form of subsidy on the export of any product other than a primary product which subsidy results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market . . ."

Neither the GATT Articles nor the Notes and Supplementary Provisions to GATT define specific practices as Article XVI subsidies. The only official action taken by the Contracting Parties to move towards a definition of subsidies was the adoption by the Contracting Parties on November 19, 1960, of the Report of the Working Party on Subsidies. The Report sets forth a list of measures generally considered as subsidies. With respect to direct taxes, the list includes:

1. "The remission, calculated in relation to exports, of direct tax . . . on industrial or commercial enterprises."

2. "The exemption, in respect of exported goods, for charges or taxes . . ."

Remission of taxes means a forgiveness of taxes. Exemption also entails a permanent forgiveness of taxes. The DISC legislation does not fall within either of these specific categories, since it is not forgiveness of taxes but only a deferral of taxes.

Moreover, it is the United States position that the Working Party Report contemplated a distinction beween the taxation of production income and the taxation of sales income on exports. The remission or exemption of direct taxes on export production income is considered a subsidy, but the language of the Report does not encompass export sales income. Indeed, the tax systems of France, Belgium, the Netherlands and many other countries have historically exempted export sales income from domestic taxation, and those systems had long been in place at the time Article XVI:4 entered into force in 1962.

In regard to the parties obligations under the General Agreement, the United States expects to adhere strictly to the obligations that we have agreed to undertake. We do not, however, expect to be bound by obligations to which we have not acceded. To find that the DISC, a qualified tax deferral which does not result in bilevel pricing, would lend new breadth to Article XVI:4 to which the United States and, indeed, the other Contracting Parties, have never committeed themselves. To make such a decision would be to make new law and this is not a proper function of an Article XXIII:2 procedure of panel.

Notwithstanding the United States position that the DISC affords only deferral of taxes and is thus permissible under Article XVI, and that in any event Artivle XVI does not deal with export sales income, shortly after the DISC legislation was enacted, the European Community requested consultations with the United States under GATT Article XXIII:1. The Community alleged that the DISC entailed exemption from direct taxes on exports and thus would be incompatible with the subsidies provisions of the General Agreement. It is our view that the Community's objections are based on a misunderstanding of the purpose and effect of DISC and what the DISC accomplishes in comparison with the practices of other countries, including practices being challenged here by the United States, which grant tax exemption rather than tax deferral.

The United States also requested Belgium, France and the Netherlands to enter into consultations concerning their tax laws and practices which result in exemption from or deferral of income taxes with respect to income from export transactions. Bilateral consultations between the European Community and the United States and between the United States and Belgium, France and the Netherlands were held in 1972. However, the consultations yielded no satisfactory adjustment. In that recourse to the procedures provided under Article XXIII:1 had been exhausted with no result, both the Community and the United States brought their complaints before the Contracting Parties for consideration pursuant to the procedures under Article XXIII:2.

On July 30, 1973, the GATT Council directed that four panels be established to consider the European Community's complaint against the DISC and the United States' complaint against the tax practices of Belgium, France and the Netherlands in light of the views of the parties as expressed during the Council meetings of May 29 and July 30, 1973. The representative of the United States stated our willingness to have the Community complaint against the United States and the United States complaint against Belgium, France and the Netherlands considered by four panels, provided they had identical membership and provided other pertinent matters were agreed upon.

The United States delegation was willing to have the Community complaint considered first provided the United States would have the right to a consideration of its complaints against the three countries before any findings or recommendations relating to the DISC were reported by the Panel. The United States also stated that it expected that it could discuss the tax practices of other countries, including, but not limited to, those of Belgium, France and the Netherlands, during the consideration of the DISC as an aid in the interpretation of obligations under Article XVI:4 of the GATT. The representative of the European Community agreed to the structure of the panels and stated that in the discussions the parties could bring up any arguments they deemed appropriate. As has been pointed out, the interval since the Council meeting has been devoted to constituting the panel membership.

The United States would like to emphasize that the European Community, not the United States, has invoked this GATT dispute resolution machinery. Accordingly, we feel strongly that the EC should bear not only the burden of proof but the burden of going forward with its case. We think much more must be required of a complaining party in these proceedings than merely to raise the threshhold question of a challenged tax practice under Article XVI. Rather, we feel that the United States must be afforded an opportunity to review a comprehensive presentation of the EC's case, including factual data on such issues as bilateral pricing, before we fairly can be expected to offer the panels a defense of the DISC that will be on point.

We believe DISC is consistent with the GATT subsidies rules since its effect is essentially identical to the tax practices of these and most other industrial countries. When the EC challenged DISC, the United States countered with complaints against the tax practices of France, Belgium and the Netherlands. Since the tax practices of these countries confer even greater benefits on exporters than the DISC, we contend that, if DISC violates Article XVI, *a fortiori* the European practices are even more clearly in violation.

While the United States feels that the EC has the burden of going forward with its case against the DISC, the United States is prepared to present its affirmative case against the tax practices of France, Belgium and the Netherlands at the same time. Further, we would emphasize that all four cases involve common issues.

With respect to the United States cases, while the practices of the three countries differ in some particulars, there are many parallels and all three can be understood and examined in terms of the same legal principles. The United States will present its case in a manner that will assist the panels in comparing each of the three with the others and with the DISC. Finally, we feel the DISC can only be fairly tested under Article XVI following the panels enunciation of an interpretation of that provision developed after hearing all four cases and which it is prepared to apply to all four.

I would like to summarize the issues that will be involved as we foresee them, the main arguments that the United States would expect to offer in defense of DISC, and the United States arguments against the tax practices of France, Belgium, and the Netherlands.

SUMMARY OF ARGUMENT IN DEFENSE OF THE DISC

1. DISC is compatible with GATT. The DISC does not constitute a subsidy under Article XVI of the General Agreement on Tariffs and Trade (GATT) as interpreted by a 1960 working party on subsidies. The deferral of income taxes on export sales income is not a subsidy within the meaning of Article XVI. The DISC provisions do not provide an "exemption" from income taxes, as that term was used in the 1960 working party report, but only a limited deferral of tax on a portion of the export income. Thus, the DISC does not constitute a subsidy for the purposes of Article XVI:4.

2. Other Contracting Parties follow similar practices. Many other contracting parties bound by Article XVI:4 have followed the practice of exempting from taxation a portion of export sales income. These practices have not heretofore been regarded as constituting subsidies on exports in violation of Article XVI:4. Since the DISC provisions achieve essentially the same result as these preexisting tax practices by other nations, it follows that they cannot be considered to violate Article XVI:4.

3. The DISC does not result in bilevel pricing in violation of Article XVI:4. Even if the DISC provisions were determined to constitute a subsidy, they could not be prohibited under Article XVI:4 unless it could be established that they result in the sale of products for export at lower prices than those of like products sold domestically. The DISC provisions were not designed to enable U.S. exporters to reduce export prices below comparable domestic prices and we know of no evidence to demonstrate that they have in fact resulted in lower export prices. We believe that the EC must bear the burden of producing actual data substantiating bilevel pricing effects stemming from DISC in order to state a *prima facie* case under Article XVI.

4. The DISC legislation has not created a distortion in the conditions of international competition. The underlying purpose of the DISC legislation is to remove an existing distortion in the pattern of international trade and investment which resulted from the income tax structures of the United States and other countries. This distortion disadvantaged U.S. exporting firms. This distortion occurred because the U.S. taxes the entire worldwide taxable income of its corporations while other countries do not. Export sales income of U.S. based manufacturers, exporting through a foreign sales subsidiary, is subject to U.S. tax by reason of the anti-tax haven provisions of U.S. law (subpart F of the Internal Revenue Code). This contrasts with the law of most other countries which provides for an exemption from tax for the income of foreign subsidiaries of local parents. In some cases all foreign source income is exempt from tax. If the sales element of the profit on exports can be allocated abroad to a tax haven or low tax country (and in most cases it can) then the sales element is effectively exempt from tax. A primary purpose of the DISC legislation was to remove this distortion by providing tax deferral for a portion of the export sales income of U.S. based manufacturing firms. Thus the effect of the DISC is to neutralize taxation as a consideration for U.S. firms in deciding whether to locate manufacturing facilities at home or abroad and to remove the competitive disadvantage previously experienced by U.S. exporters by bringing U.S. tax practices more in line with those of other countries. The DISC provisions permit a U.S. exporter to operate through a U.S. corporation rather than through a foreign tax haven.

5 The DISC establishes a reasonable rule-of-thumb on the portion of export sales income eligible for tax deferral. The essence of the DISC legislation is its establishment of a rule-of-thumb for determining what portion of the total income of a U.S. firm manufacturing for export is to be treated as manufacturing profits, currently taxable in the United States, and what portion is to be treated as profit on export sale, subject to tax deferral. The DISC legislation in effect establishes a 75–25 allocation of profits between the manufacturing function and the export sales function. We believe this is a reasonable allocation in view of the practices of most other countries . . .

EXHIBIT 2

CHART I—TAX INCENTIVES FOR EXPORTS

	Austria	Portugal	Australia	New Zealand	Japan	Canada
Taxation of foreign branch income.	Fully taxed at usual rate (progressive rates from 30 to 55 percent). Deduction for foreign taxes paid. Foreign tax credit upon application.	Exemption of 2/3 of income (effective tax rate of 17.4 percent).	Exempt except it has not been taxed abroad (tax rates from 47.5 to 50 percent).	Fully taxed at usual rate (tax rates are from 20 to 45 percent). Foreign tax credit.	Taxable at usual rate (effective tax rate of 52 percent). Favorable foreign tax credit system.	Fully taxable at usual rate (46 percent). Foreign tax credit.
Taxation of foreign subsidiaries.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	Yes, but under conditions less stringent than under subpt. F income.
Deductibility of foreign branch losses.	Fully deductible.	Fully deductible.	Fully deductible.	Fully deductible.	Fully deductible.	Fully deductible.
Taxation of foreign source dividends.	Exempt if at least 25 percent control.	Exempt if at least 25 percent control. 1/3 taxable in other cases.	Exempt in practice.	Exempt.	Fully taxed at usual rate. Direct and deemed paid foreign tax credit.	Exempt when foreign subsidiary is controlled (50 percent). Partial exemption from 1986. Foreign tax credit.
Special deferrals of taxable domestic income.	Investment reserves.	None.		None.	Income may be deferred for: Overseas market development; overseas investment losses; foreign exchange losses.	None.
Specific export tax incentives.	10 percent writeoff with respect to acquisition of shares in certain foreign entities. Custom free zones.	do.	Deductions and rebates for export market development expenses.	Deduction of 150 percent of the cost of export related expenditures. Deduction of an amount related to increased export sales.	Reserves for overseas market development—Deduction of overseas investments. Reserves for foreign exchange losses. Special deductions for certain overseas transactions.	Do.
Intercompany pricing rules.					Favorable treatment for exporting companies.	
Border tax adjustments (VAT).	VAT (rate 16 percent) zero rate on exports.	None.	None.	None.	None.	Do.
Tax incentives indirectly benefiting exports.	Accelerated depreciation or tax-exempt investment reserve.[1]	Reduced tax rate or exemption from taxation products or processes. Accelerated depreciation.	do.		do.	Tax reduction for manufacturing income. Accelerated depreciation. Investment tax credit.[1]

	Belgium	France	Germany	Italy	Luxembourg	Netherlands
Taxation of foreign branch income.	¼ the usual rate (48 percent).	Exempt (corporate tax rate is 50 percent).	Normal tax rate (51 percent) plus foreign tax credit or, in certain cases, imposition of a flat 25 percent tax rate.	Taxed at usual rate (35 percent). Foreign tax credit.	Exemption on 50 percent of income (progressive tax rate from 20 to 49 percent). Foreign taxes deductible.	Taxed at usual rate. Favorable foreign tax credit system.
Taxation of foreign subsidiaries.	None. No subpt. F income equivalent.	None except if election is made. No subpt. F income equivalent.	Yes, but under conditions less stringent than the U.S. subpt. F provision.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.
Deductibility of foreign branch losses.	Fully deductible even though foreign income is exempt under tax treaty.	Not deductible[3]	Fully deductible even though foreign income is exempt under tax treaty.[4]	Fully deductible.		Fully deductible.
Taxation of foreign source dividends.	Permanent participation (held for more than 1 yr): 95 percent exclusion plus 5 percent tax credit. Nonpermanent participation: 15 percent tax credit.	95 percent exclusion if French company owns 10 percent or more of the stock.	Fully taxed at usual rate. Foreign tax credit and deemed paid foreign tax credit under certain circumstances.	Fully taxed at usual rate, Foreign tax credit.	50 percent exclusion if at least 25 percent control. Total exemption for holding companies. Foreign taxes deductible.	Exempt in majority of cases.
Special deferrals of taxable domestic income.	None.	Income may be deferred for: losses of certain foreign business; cost of investment in certain business in LDC's; export credit extended to foreign buyer.	Income may be deferred for: Losses of foreign branches whose income is tax exempt: losses of foreign subsidiaries; profits realized upon an exchange of property for stock of a foreign corporation.		None.	None.
Specific export tax incentives.	do.	Joint export programs—Election to compute income on a worldwide basis—A special deferral—Exclusion from the "inflation levy."	None.		do.	Tax credit for withholding tax on interest and royalties paid by residents in certain nontreaty LDC's.
Intercompany pricing rules.	Will provide assurances on allocation in certain cases. Historically generous to exporters.	As a general rule, not enforced against exporters.	Usually enforced although relaxation may be granted in special circumstances.			Usually enforced but special agreement used. May be negotiated with the tax authorities.
Border Tax Adjustments (VAT).	VAT (18 percent rate) up to 25 percent for luxury items. Zero rate on exports.	VAT (20 percent rate) up to 33 percent for luxury items. Zero rate on exports.	VAT (11 percent rate). Zero rate on exports.	VAT (12 percent up to 30 percent for luxury items). Zero rate on exports.	VAT (rate 10 percent). Zero rate on exports.	VAT (16 percent rate). Zero rates on exports.
Tax incentives indirectly benefiting exports.	Accelerated depreciation; exemption from real estate tax; reduced income tax rate on certain reinvested porfits.[3]	Accelerated depreciation; exemption from local business tax; reduction of registration taxes.[3]	Accelerated depreciation; reduction of corporate tax rate and VAT rates.[4]	Tax exemption or reduction for financial government owned companies.[5]	Investment credit from 3 to 9 percent of cost of certain capital assets.	Accelerated depreciation.[1] Investment tax credit from 8 to 16 percent of cost of certain capital assets.

	United Kingdom	Ireland	Denmark	Norway	Sweden	United States
Taxation of foreign branch income.	Taxable at usual rate (52 percent). Foreign tax credit.	Taxable at usual rate. (Average rate 50 percent.) Deduction for foreign taxes paid.	Taxed at half the usual rate (½ of 37 percent). Foreign tax credit.	Exemption on 50 percent of income (rate is 26.5 percent).	Taxed at usual rate (effective income tax rate is 54 percent). Foreign tax credit.	Fully taxable at usual rate (48 percent). Foreign tax credit.
Taxation of foreign subsidiaries.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	Yes, under subpt. F provisions.
Deductibility of foreign branch losses.	Fully deductible. Deductible against foreign source business income only when carried over to following years	Fully deductible.	Fully deductible.		Fully deductible.	Fully deductible.

CHART I—TAX INCENTIVES FOR EXPORTS—Continued

	United Kingdom	Ireland	Denmark	Norway	Sweden	United States
Taxation of foreign source dividends.	Fully taxed at usual rate. Direct and deemed paid foreign tax credit.	Fully taxed at usual rate	Fully taxed at usual rate Deemed paid foreign tax credit.	Half-exempt if at least 95 percent control.	Fully taxed at usual rate. Foreign tax credit.	Fully taxed at usual rate. Direct and deemed paid foreign tax credit.
Special deferrals of taxable domestic income.	None		None	Tax free reserves deductible.		About 25 percent of taxable income may be deferred under the DISC provisions.
Specific export tax incentives.	Deduction of business entertainment expenses connected with export activities.	Exemption from corporate taxes on profits attributable to exports of goods produced in Ireland.		do	Additional deduction for interest charged on export credit.	None, aside from DISC.
Intercompany pricing rules.	Not actively used				Not actively used	Strictly enforced, includin against export industry. Important cases agains exporters pending..
Border tax adjustments (VAT).	VAT (8 percent rate up to 25 percent for luxury items). Zero rate on exports.	VAT (19.5 percent up to 36.5 percent for luxury items). Zero rate on exports.	VAT (15 percent rate). Zero rate on exports.	VAT (20 percent rate). Zero rate on exports.	None	None at Federal level.
Tax incentives indirectly benefiting exports.	Favorable rates of depreciation.[1]	Accelerated depreciation.[1]	Tax-free investment reserves constituted by 20 percent of annual profits. Dissolved after 10 yrs.[1]	Accelerated depreciation. Tax-free reserves deductible.[1]	Accelerated depreciation.[1]	Accelerated depreciation, investment tax credit (10 percent).

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[1] Most of the tax incentives are granted in connection with industrial and regional development.

[2] Foreign branch income is taxable at usual rate if the French company elects to be taxed on a worldwide or consolidated basis.

[3] Losses of foreign branches are deductible when the domestic company elects to be taxed on a worldwide or consolidated basis.

[4] When the income has not been taxed abroad, the amount deducted for foreign losses must be put back into income after a number of years.

[5] Most of the tax incentives are granted in connection with industrial and regional development.

CHART II—NONTAX INCENTIVES FOR EXPORTS

	Austria	Portugal	Australia	New Zealand	Japan	Canada
Nontax incentives indirectly benefiting exports.	Investiment allowances[1]		None			Cash grants.[1]
Financing assistance	Guarantees for medium-term credits. Rate of interest is 7 percent.				Direct loans for medium-term sales. Long-term credits at preferential rates (from 7.5 percent to 8.75 percent). Financing of contract value from 48 to 64 percent. Mixed credits.	
Insurance assistance					Are insured: Production risks; commercial risks; political risks; currency fluctuations; loss of foreign investment. Risks are covered from 60 to 80 percent.	

	Belgium	France	Germany	Italy	Luxembourg	Netherlands
Nontax incentives indirectly benefiting exports.	Interest subsidies: Investment subsidies.[2]	Grants: Investment subsidies.[2]	Grants[2]	Capital grants: Long and medium-term loans by specialized government institutions.[2]	Grants: Loans; guarantees.[2]	Investment subsidies: Interest subsidies.[3]
Financing assistance	Discount at low rates. Interest rebates on export credit. Subsidized medium term export financing. Average rate borne by exporters is 9 percent. Financing of up to 90 percent of contract value.	Discount at low rates. Long-term loans at 7.5 percent rate to both suppliers or buyers. Financing of up to 100 percent of contract value. Mixed credits.	Discount at low rates. Guarantees. Long-term credits to both suppliers or buyers. Preferential rates of 10 percent. Financing of up to 80 percent of contract value. Mixed credit.	Discount at low rates. Interest subsidies. Long-term loans at 8.95 percent rate to both suppliers and buyers. Financing of up to 100 percent of contract value.		Discount at low rates. Guarantees. Subsidized medium and long-term export credits. Average interest rate borne by exporters is 9.5 percent. Financing of up to 90 percent of contract value.
Insurance assistance	Are insured: Commercial risks; political risks; currency fluctuations; risks covered from 80 to 100 percent.	Are insured: Production risks; commercial risks; political risks; currency fluctuations; market development; exhibition expenses; inflation risks; risks are covered from 80 to 100 percent.	Are insured: Production risks: commercial risks; political risks; currency fluctuations; inflation risks; risks are covered from 80 to 100 percent.	Are insured: Commercial risks; political risks; currency fluctuations; inflation risks; risks are 90 percent covered.		Are insured: Commercial risks; political risks; currency fluctuations; insurance usually covers from 75 to 100 percent of the risks.

	United Kingdom	Ireland	Denmark	Norway	Sweden	United States
Nontax incentives indirectly benefiting exports.	Grants; investment subsidies; interest subsidies;[1] employment subsidies.[3]	Investment allowances; training grants; loan guarantees.[1]	Loans: Cash grants[1]		Investment allowances: loan guarantees.[1]	None except limited agricultural subsidies.
Financing assistance	Guarantees. Interest rate subsidies. Portfolio refinancing. Support granted on a supplier and buyer basis. Interest rate borne by borrowers: 7.8 percent. Financing of up to 100 percent of contract value. Mixed credits.	Guarantees. Medium-term loans at preferential rates (8 percent). Financing of up to 80 percent of contract value.	Guarantees. Financing of up to 90 percent of contract value. Interest rate is 8.5 percent after 1st year.		Medium- and long-term financing at 2 or 3 percent above discount rate. Financing of up to 100 percent of contract value.	Discount at medium rates. Guarantees. Long-term export credit financing at interest rates from 8.25 to 9.5 percent. No mixed credits. Financing of 30 to 55 percent of contract value.
Insurance assistance	Are insured: Commercial risks: political risks; production risks; inflation risks; currency fluctuations; performance bonds; risks are covered up to 100 percent.	Are insured: production risks; commercial risks; political risks; currency fluctuations. Risks are covered up to 100 percent.	Are insured: Commercial risks; political risks; currency fluctuations; risks are covered from 65 to 90 percent.		Are insured: Commercial risks; political risks; currency fluctuations; inflation risks: risks are covered up to 90 percent.	Are insured: Commercial risks; exhibition expenses; political risks; risks are covered up to 95 percent.

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[1] Most of the nontax incentives are granted in connection with industrial and regional development.

[2] Most of the nontax incentives are granted in connection with industrial and regional development. In Belgium, interest subsidies are granted for the purpose of investment throughout the country and not only in depressed areas.

[3] Granted in order to encourage employers to retain employees.

CHART III—TAX INCENTIVES FOR EXPORTS[1]

	Belgium	France	Germany	Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	Norway	Sweden	Switzerland	Austria	Portugal	Australia	New Zealand	Japan	Canada	United States
Partial or total exemption on foreign branch income.	X	X	X		X				X	X		X		X	X				
Foreign subsidiaries not subject to tax.	X	X		X	Y	X	X	X	X	X	X	X	X	X	X	X	X		
Foreign branch losses deductible.	X		X	X	NA	X	X	X	X	NA	X		NA	NA	X	NA	X	X	X.
Partia or total exemption on foreign source dividends.	X	X			X	X			X			X	X	X	X	X		X	
Special deferrals of demestic income.	------	X	X	NA				NA		X	NA				NA		X		X.
Export tax incentives		X				X	X	X	NA	X	X		X		X	X	X		DISC only.
Nonenforcement of intercompany pricing rules.	X	X		NA	NA	X	X	NA	NA	NA	X	NA	NA	NA	NA	NA	X		------
Border tax adjustments	X	X	X	X	X	X	X	X	X	X			X						

[1] X indicates country has incentives. NA indiciatws that information not available.

CHART IV—NONTAX INCENTIVES FO REXPORTS[1]

[In percent]

	Belgium	France	Germany	Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	Norway	Sweden	Switzerland	Austria	Portugal	Australia	New Zealand	Japan	Canada	United States
Nontax incentives indirectly benefitting exports.	X	X	X	X	X	X	X	X	X	NA	X		X	NA		NA	NA	X	
Financing Assistance														NA	NA	NA		NA	
Rate of interest	9	7.5	10	8.95	NA	9.5	7 8	8	8.5	NA	(²)	NA	7				7.5 to 8.7 percent.	-------	8.25 to 9.5 percent.
Portion of contract value financed.	90	100	80	85	NA	90	100	80	90	NA	100	NA	NA				48 to 64 percent.	-------	30 to 55 percent (to buyers).
Mixed credits		X	X														X		
Insurance assistance					NA					NA		NA	NA	NA	NA	NA		NA	
Commercial risks	X	X	X	X		X	X	X	X		X						X		X.
Political risks	X	X	X	X		X	X	X	X		X						X		X.
Production risks		X	X				X	X									X		
Currency fluctuations	X	X	X	X		X	X	X			X						X		
Performance bonds							X												
Market developments		X																	
Exhibition expenses		X																	
Inflation risks		X	X	X			X				X								X.

[1] X indicates country has incentives.

NA indicates that information not available.

[2] 2 or 3 percent above discount rate.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

MILITARY CONSTRUCTION APPROPRIATION ACT, 1977

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 14235, which the clerk will report.

The assistant legislative clerk read as follows:

> A bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

The ACTING PRESIDENT pro tempore. The time for debate on this bill is limited to 1 hour, to be equally divided between and controlled by the Senator from Montana (Mr. MANSFIELD) and the Senator from Alaska (Mr. STEVENS), with a limitation of 30 minutes on amendments in the first degree, and a limitation of 20 minutes on amendments in the second degree, debatable motions, appeals, or points of order.

Who yields time?

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield me 30 seconds?

Mr. MANSFIELD. Yes, indeed.

Mr. ROBERT C. BYRD. Mr. President, the day before yesterday the Senator from North Carolina (Mr. MORGAN) indicated to me that he did not want a unanimous-consent agreement entered into on this measure. As it so happens, the unanimous-consent agreement has already been entered.

He asked me to get for him 30 minutes for himself to use during the debate on the Uniformed Services University of the Health Sciences. I, therefore, ask unanimous consent that 30 minutes be allotted to Mr. Morgan for his control on that subject.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. FORD. Mr. President, reserving the right to object, I do not want to object, but under the circumstances, since the 30 minutes is allotted against my amendment, I would like to ask for equal time, or an additional 30 minutes.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I present today for the consideration of the Senate H.R. 14235, together with the report from the Committee on Appropriations, No. 94-971, making appropriations available for military construction for the Department of Defense for fiscal year ending September 30, 1977 and for other purposes.

In presenting this bill I will not provide detailed figures concerning each project. The project breakdown and explanations are contained in the report which has been placed on each Senator's desk.

The committee held extensive hearings with the military departments and the Department of Defense concerning their construction project requests. Almost 500 different projects were considered. Even so, this is the smallest number of projects considered in my memory.

As pointed out last year in the presentation of the fiscal year 1976 military construction bill, the reduction in the number of men under arms and realinements in the Army, Navy, and Air Force bases continues to create uncertainty. The defense all-volunteer force concept continues to cause a large outlay of dollars in the construction program, particularly, in the barracks and "things for people" area. This bill contains significant amounts for each of the services for either new troop housing or for the upgrading of substandard barracks complexes.

Before going into the recommendations of the Committee on Appropriations, I will briefly summarize the pertinent facts pertaining to the bill.

The amount of the fiscal year 1977 budget estimate as presented to the Senate was $3,467,000,000. The amount of the bill as passed by the House was $3,293,118,000. The committee is presenting for consideration by the Senate today a bill amounting to $3,426,891,000. This is an increase of $133,773,000 over the amount passed by the House.

The reason for that is that many new requests were made after the bill had passed the House of Representatives. The Senate considered them, and for that reason the amount was increased. But even with that, the bill as presented today is $40,109,000 below the fiscal year 1977 budget estimate.

Consideration should be given to the fact that $1.2 billion of this bill is for family housing and of that amount approximately $1.1 billion is for fixed charges. In actuality, this bill today for construction projects amounts to approximately $2.3 billion.

The bill is made up of a number of large projects that, when combined with the housing figure, amount to approximately 80 percent of the bill. These large projects are as follows:

	Millions
Air Force, engine test facility, Arnold Engineering Center	$437
TRIDENT submarine base construction	137
Bachelor enlisted housing	181
Hospitals	146
Pollution abatement	158
Aircraft shelters, USAF, Europe	38
Energy conservation	125
Nuclear security	110
Planning and design	135

When added up, this total does not leave much money for the construction of individual projects in the services.

Under the Reserve forces program, the committee has recommended a total of $187 million.

Family housing is in an appropriation account different from the services and amounts to $1,304,523,000.

Recommended construction amount for each of the services is as follows:

Army	$611,537,000
Navy	578,301,000
Air Force	809,176,000
Defense Agencies	49,396,000

The amount provided to this subcommittee when the Committee on Appropriations allocated the amounts provided by the first concurrent resolution was $3.5 billion in budget authority. The bill, is approximately $73 million below this target figure in budget authority as assigned by the committee to this subcommittee.

The bill before you today contains no appropriation for the Uniformed Services University of the Health Sciences, or for the naval installation on the island of Diego Garcia.

ARMY

The Army program continues emphasis on facilities of direct benefit to the soldier. The committee has recommended approval of $240 million to provide such items as a new hospital at Fort Campbell, six new dental facilities, over 9,000 new or modernized enlisted barracks and the expansion of two dependent schools in Germany.

The Army has increased its emphasis on energy conservation, pollution abatement and nuclear weapons security. These highly commendable programs are recommended for approval at $50, $66 and $44 million respectively.

The committee recommends $267 million for the Army Forces Command. A major portion of this amount, $102 million, will allow the Army to continue its efforts, begun in fiscal year 1975, to provide facilities that will support the stationing of a 16-division active Army and therefore greatly improve its combat power. Other major efforts are being made to improve the working areas of the soldier.

The committee recommends $76 million for the training and doctrine command and $1 million for the military district of Washington.

For the Materiel Development and Readiness Command the committee recommends $66 million with primary emphasis on pollution abatement and research and development projects.

At the Military Academy the recommended amount is $3 million, for the Health Service Command it is $1 million, and for the Military Traffic Command it is about $0.5 million. The committee recommended approval of $2.5 million for nuclear weapons security inside the United States.

For the overseas commands, the recommended program includes $14 million for Korea—primarily for relocatable barracks, $100,000 for pollution abatement in Okinawa, $4 million for Army security overseas stations, $17 million for Europe, $80 million for the U.S. share of the NATO infrastructure program, and $42 million for nuclear weapons security.

The committee recommends $70 million for general authorization. This includes $24 million for minor construction, $1 million for access roads, $41.5 million for planning to include $3 million for special studies in regards to base closures, and $3.5 million for impact assistance due to sudden closure of Safeguard anti-ballistic-missile system.

NAVY

The major portion of the Navy program is for facilities to support the Trident weapons system. The amount recommended this year of $137 million makes the total authorized and appropriated for the various locations, Trident facilities project, $491 million, leaving approximately $175 million of facilities construction in fiscal years 1978, 1979, and future years. This year's project contains operational facilities for the submarine and missile at the Bangor Submarine Base, Washington, and missile production and storage facilities for the lead-ship demonstration and shakedown operations as well as for submarine loadouts of operational missiles.

The Navy also had significant programs for pollution abatement, energy conservation and nuclear weapons security facilities for which the committee recommends $40, $42 and $35 million, respectively.

For the Bureau of Medicine and Surgery, $45 million is recommended for a replacement hospital at Orlando, Fla., and other medical and dental facilities.

For the Marine Corps, which continues to stress bachelor housing projects, the committee recommends $47 million.

The programs recommended for the commanders in chief, Atlantic and Pacific Fleets are $65 and $48 million, respectively. These amounts include pollution abatement and energy conservation projects. For the Commander in Chief, Atlantic Fleet, $22 million is for a pier at the Norfolk Naval Station and $13 million for an air combat maneuvering range. The major portion, 71 percent, of the program for the Commander in Chief, Pacific Fleet, is devoted to pollution abatement and energy projects.

Recommended for the Chief of Naval Material is $121 million of which approximately $54 million is for the modernization of shipyards. Significantly, the Armed Services Committees recommended the addition of $18 million for the Chief of Naval Material to advance this year's program for shipyard modernization projects at Charleston and Pearl Harbor Naval Shipyards and a maintenance and repair facility at the Gulfport Naval Construction Battalion Center. The committee accepted the recommendations of the Armed Services Committees on these projects and recommends the addition of a project in the amount of $878,000 to replace, under the restoration of damaged facility authority, a comptroller office destroyed by fire at the Indian Head Naval Ordnance Station.

AIR FORCE

This year the Air Force is again attempting further effort to clear up the air and was as set forth under Federal law. The 22 individual pollution control projects at 20 locations provides further progress in meeting congressionally mandated milestones as set forth in the Clean Air Act and the Federal Water Pollution Control Act of 1972.

As we have become more aware of the magnitude of the problem, the Environmental Protection Agency, States, and local governments have developed and promulgated more stringent standards. The Air Force has studied their needs in depth and to be responsive have submitted their largest single pollution control program request.

Of the $52 million submitted, one project for $32 million is for air pollution control at Wright-Patterson AFB, Ohio.

This project was deferred from last year's program to allow for a more detailed study of possible options. The study is now complete and the results have been incorporated in this project. This significant pollution control effort will result in consolidation and modernization of outmoded heating plant facilities, provide pollution abatement control devices to insure continued attainment of the national ambient air quality standards and allow the continued use of coal during this critical period requiring conservation of liquid fossil fuel. The Air Force is continuing to place emphasis on improving the living conditions for its bachelor personnel. First priority is being placed on providing adequate accommodations for their junior enlisted personnel.

The current bill requests a compromise of modernization and new construction to satisfy the most pressing deficiencies while the Air Force reassesses its long-range construction and modernization requirements to determine the most cost effective and timely approach to provide an improved quality of living for its bachelor personnel. The request is for new accommodations to house 100 enlisted personnel and the modernization of existing facilities to accommodate 934 enlisted personnel.

The modernization of these existing facilities which are structurally sound will bring them to a standard of liveability comparable to that enjoyed by civilians in the same pay scale. Air Force surveys have revealed that privacy is a primary concern to its bachelor personnel. These projects are designed to achieve that objective. The modernization program will include upgrading of utility systems providing carpeting and development of environmental control within each room. It will provide acoustical improvements to reduce noise levels and it will provide semiprivate bathrooms. I believe that this bachelor housing program will provide comfortable and quiet living space and a maximum of privacy without being ostentatious.

The Air Force continues to be convinced of the urgent need to provide hardened shelters for tactical fighter aircraft in Europe. This is the third consecutive year that funds have been requested. Actual experience has shown that unsheltered aircraft are very vulnerable to the full array of area weapons such as napalm, bomblets, and strafing, as well as near misses with heavy conventional ordnance. The $38 million is recommended in this bill for aircraft shelters.

The committee has recommended funds to provide facilities for the advanced airborne command post at Offutt Air Force Base, Nebr. Committee members have scrutinized this requirement and have determined it to be essential to an adequate national defense.

These facilities, combined with a "power-on" alert, will assure an airborne capability which will enhance the survivability of the national command authorities, the Joint Chiefs of Staff and the Commander in Chief, Strategic Air Forces.

The construction of an aeropropulsion systems test facility at the Arnold Engineering Development Center, Tullahoma, Tenn., is by far the largest single project in the bill.

Because of the cost of the project, $437 million, the committee has reviewed the requirement in considerable depth as presented in this bill. We have also reviewed testimony received not only from expert Air Force witnesses, but also from nonmilitary experts including the Chief Science Adviser to the President and Director of the National Science Foundation. Additionally, competent experts from the private sector of the aviation industry have all voiced absolute support of the project.

Our approval of this project will assure the continued supremacy of our Nation in the design and development of air breathing aircraft engines. The high cost of the facility relates to the fact that it will enable testing of an actual aircraft engine in a capsule in which supersonic speeds and a full range of temperatures. Pressures and altitudes can be simulated for all operating phases of an aircraft engine. Being able to test engines in this configuration saves tremendous flying hours and avoids cost overruns experienced when engine modifications become necessary if the testing must be accomplished in actual flight. The facility will exceed that of any other nation and will not be duplicated by any other Government agency or by the private aircraft industry. It can pay for itself in the savings that will be realized in just one future engine development.

FAMILY HOUSING, DEFENSE

The committee has recommended an appropriation of $1,304,523,000 for the fiscal year 1977 military family housing program. This is a decrease of $27,721,000 from the amount appropriated for fiscal year 1976, reflecting a notably austere budget request by the Department of Defense. While the fiscal restraint shown by the Department of Defense with regard to this program is commendable, the committee is deeply concerned with the large, ever growing backlog of deferred maintenance in military family housing. The Services estimate that this backlog will grow to $333 million by the end of fiscal year 1977.

Surely budgetary cutbacks would be more appropriate in areas other than maintenance, where chronic underfunding can lead only to depressed occupant morale and higher costs to the taxpayer when essential work is ultimately done at higher price levels. With this in mind, the committee has deferred approval of $18,490,000 for modernization of existing housing and $6,510,000 for energy conservation projects with long amortization periods. This will help the maintenance situation somewhat, and will raise the amount appropriated for operation, maintenance and leasing to $1,065,200,000.

The committee has recommended $80,576,000 in new appropriated funds for family housing construction. This provides $25,890,000 for energy conserving improvements, $1,005,000 for planning, $5,220,000 for minor construction, and $48,461,000 for the construction of 1,094 new family housing units. The committee added $1,676,000 to the Defense request in order to construct 40 houses at Gila Bend Air Force Auxiliary Field, Ariz. Additional units are sorely needed at this remote installation, where manning has been increased and community housing support is virtually nonexistent.

Lastly, $158,747,00 of new appropriated funds is recommended for debt payment and servicemen's mortgage insurance.

DEFENSE AGENCIES

For the Department of Defense Agencies, the committee recommends a fiscal year 1977 appropriation of $49,396,000. This is $31,704,000 below the budget estimate of $81,100,000 and is in agreement with the amount authorized by the Committees on Armed Services.

The appropriation breakdown is as follows: Defense Mapping Agency, $1,478,000; Defense Nuclear Agency, $20,000,000; Defense Supply Agency, $19,221,000; and the National Security Agency, $2,247,000. For general support programs the committee recommends approval of $3,450,000 which includes $2,000,000 for minor construction; $1,000,000 for planning and design; and $450,000 for supporting activities.

Included in the bill is $20 million to clean up Enewetak Atoll. This will entail cleanup of radiological and structural debris resulting from U.S. atmospheric nuclear weapons testing. Cleanup is necessary to honor our commitment to return the Enewetak people to their home atoll. This $20 million matches the authorization previously granted by the Congress in fiscal year 1976. During the past year, Defense has made exhaustive efforts to plan the cleanup of Enewetak not only at the most austere level consistent with the safety of the people to be resettled there, but also to plan for the maximum use of military construction forces and their equipment. We strongly believe that $20 million represents the lowest and most realistic estimate of funds required to make Enewetak Atoll safe for human habitation.

I will be glad to answer any questions that the Senators may have concerning individual projects or any figures that are presented in the bill. In closing I would like to say that the Appropriations Committee was unanimous in reporting the bill to the Senate floor.

Mr. MANSFIELD. I ask unanimous consent to have printed in the RECORD a comparative statement of new budget—obligational—authority for 1976 and budget estimates and amounts recommended in the bill for 1977.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1977

Agency and item (1)	New budget (obligational) authority, fiscal year 1967 (2)	Budget estimates of new (obligational) authority, fiscal year 1977 (3)	New budget (obligational) authority recommended in House bill (4)	Recommended by Senate committee (5)	Increase (+) or decrease (—), Senate bill compared with— Appropriations, new (obligational) authority, fiscal year 1976 (6)	Budget estimates, new (obligational) authority, fiscal year 1977 (7)	House bill, new (obligational) authority (8)
Military construction, Army	$790,025,000	$649,500,000	$571,565,000	$611,537,000	—$178,488,000	—$37,963,000	+$39,972,000
Military construction, Navy	770,018,000	595,200,000	526,252,000	578,301,000	—191,717,000	—16,899,000	+52,049,000
Military construction, Air Force	550,644,000	802,300,000	777,900,000	809,176,000	+258,532,000	+6,876,000	+31,276,000
Military construction, Defense Agencies	19,300,000	81,100,000	40,896,000	49,396,000	+30,096,000	—31,704,000	+8,500,000
Transfer, not to exceed	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	0	0	0
Military construction, Army National Guard	62,700,000	47,200,000	61,128,000	61,128,000	—1,572,000	+13,928,000	0
Military construction, Air National Guard	63,000,000	27,600,000	37,200,000	37,200,000	—25,800,000	+9,600,000	0
Military construction, Army Reserve	50,300,000	47,000,000	53,804,000	53,804,000	+3,504,000	+6,804,000	0
Military construction, Naval Reserve	36,400,000	16,800,000	23,300,000	23,600,000	—12,800,000	+6,800,000	+300,000
Military construction, Air Force Reserve	18,000,000	10,000,000	10,773,000	10,773,000	—7,227,000	+773,000	0
Total, military construction	2,360,387,000	2,276,700,000	2,102,818,000	2,234,915,000	—125,472,000	—51,785,000	+132,097,000
Family housing, Defense	1,332,244,000	1,302,847,000	1,302,847,000	1,304,523,000	—27,721,000	+1,676,000	+1,676,000
Portion applied to debt reduction	—107,617,000	—112,547,000	—112,547,000	—112,547,000	—4,930,000	0	0
Subtotal, family housing	1,224,627,000	1,190,300,000	1,190,300,000	1,191,976,000	—32,651,000	+1,676,000	+1,676,000
Total, new budget (obligational) authority	3,585,014,000	3,467,000,000	3,293,118,000	3,426,891,000	—158,123,000	—40,109,000	+133,773,000

Mr. MANSFIELD. I take this occasion to thank our distinguished colleague, the Senator from Alaska, for his cooperation and understanding of the many problems which confronted the committee in its deliberations.

May I say, also, that special consideration should go to Mike Rexroad, the counsel for the committee, who did his usual good thorough job and for whose efforts the committee is deeply grateful.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. STEVENS. Mr. President, I yield myself such time as I may require.

Mr. President, the distinguished chairman of our subcommittee, Mr. MANSFIELD, has provided us with an excellent summary of the fiscal year 1977 military construction bill as recommended by the Appropriations Committee.

While our recommendations are some $134 million over the House-passed bill, I feel that our actions can be readily justified. First, the House of Representatives did not have the benefit of the conference version of the authorization bill. Our colleagues of the Committee on Armed Services made a strong case for several unbudgeted projects which were approved by the authorization conference and for which we have provided the necessary funds. Additionally, we are not playing trading games with the House of Representatives. We have agreed with practically all of the House additions to the bill as those projects were strongly justified by our own analysis.

I understand that there will be a floor amendment to halt construction of the Uniformed Services University of the Health Sciences. There is no money for this project in this bill. In fact, the construction bids have come in some $14 million less than we have already appropriated. At this time, I will not go into all of the arguments in favor or this school, as I am sure they will be fully covered if and when the amendment is called up. I remind my colleagues, however, that the Senate has fully debated the merits of this institution on several occasions and always with the same result: This university is essential if we are to retain medical personnel in the military services. I am hopeful that the Senate will today reaffirm that position.

I express my appreciation to Senator MANSFIELD with whom I have been privileged to work. We will certainly miss his guidance next year when we work on this bill. I understand that this is also the last military construction bill for Mike Rexroad, the majority clerk. I am sure that I may speak for the other members of the Committee in commending him on the fine job he has done over the years and extend our wishes for the best of success in the future.

Mr. President, I reserve the remainder of my time.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. STEVENS. I am happy to yield.

Mr. YOUNG. Mr. President, this is a good bill, carefully considered by the chairman of the committee and the staff members. I fully support it.

Mr. President, I regret that this will be the last appropriations bill that the distinguished majority leader of the Senate, my very special friend, Mr. MANSFIELD, will be handling. He has so ably handled this bill as he has all questions in the Senate and everything he has done in the Senate. He fights effectively and tenaciously for the positions he takes and for all he believes. But there is never anything personal about it. When it is over, there is no ill feeling.

We need more people like MIKE MANSFIELD in the Senate, particularly handling appropriations bills. We deeply regret he is leaving us and this is the last bill he will handle.

I also want to commend Mike Rexroad, the staff member who will be leaving also. He is what I consider an ideal type of staff member. He is a real professional. I do not know if he is a Democal feelings. He is a real professional. He a Democratic appointment when the Democrats were in control. Maybe he is a Democrat. But I never knew his political feelings. He is a read professional. He knows the bill. He has saved the Government a vast sum of money by his hard work and keen knowledge of the bills he handles. He has made good sense in every bill he has ever handled.

Mike Rexroad has always been most helpful to all the Members of the Senate and particularly to the members of the Committee on Appropriations. After almost 28 years of Government service of which over 19 years were with the Senate, Mike has certainly earned his retirement. He will be missed and remembered by his friends here in the Senate for his straightforward and can-do spirit in handling the military construction bill.

I also point out that Mike also served his country with distinction during World War II and the Korean war. He remained in the Air Force Reserve after the Korean war and attained the rank of brigadier general.

I have the highest commendaton for him, not only as a Senate staff member but also his record in the military services and other things he has undertaken.

I know that everyone here joins me in wishing Mike Rexroad a happy and rewarding retirement as well as success in the future.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. MANSFIELD. Mr. President, on behalf of Mike Rexroad and myself, I wish to thank the distinguished ranking Republican member of the Committee on Appropriations, my good friend "Mr. Wheat," the distinguished Senator from North Dakota, and also my distinguished associate in the conduct of the affairs of the subcommittee, the Senator from Alaska (Mr. STEVENS).

I shall make one more statement for the record and this has to do with the utilization of Fort Dix, N.J.

UTILIZATION OF FORT DIX, N.J.

Mr. President, I make a key point here—implementation of one station unit training at Fort Benning will not affect the utilization of Fort Dix, N.J. This is a point that the Secretary of the Army has continued to stress, but the issue has remained clouded and is the main argument used against implementation of one station unit training at Benning.

The Secretary of the Army has stated, and submitted in a fact sheet to my subcommittee, that the Army would continue to operate the Dix Army Training Center through fiscal year 1979 and, at the same time, is considering long-range utilization missions for Dix, including training.

Mr. President, the fact is that infantry one station unit training at Fort Benning will not affect Fort Dix since Dix trains recruits in lower density combat support military occupational specialties—MOS's—for which one station unit training is not feasible. No training that Dix does—for example, wheel vehicle maintenance, motor transport and food services—would be done at Fort Benning. Under the one station training concept, Benning will be the professional home of the infantry and conduct infantry training. The training of recruits in combat support MOS's will continue to be met by training centers at Forts Dix, Jackson, Knox and Leonard Wood.

Mr. President, I emphasize again—OSUT at Fort Benning will not close Fort Dix or impact on the training load there.

Mr. President, I ask unanimous consent that an information paper on the utilization of Fort Dix, N.J., and a letter from the Secretary of the Army, Mr. Hoffmann, directed to Senator Nunn, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Information Paper

Subject: Utilization of Fort Dix, New Jersey

Purpose. To provide information on current plans for utilization of Fort Dix, N.J., when One Station Unit Training (OSUT) is implemented at Fort Benning, GA.

Facts.

1. Army plans for Fort Dix have not changed since the Secretary of the Army testified before the House Subcommittee on Military Construction Appropriations in September 1975. At that time the Secretary stated that the Army would continue to operate the Dix Army Training Center through Fiscal Year 1979. Should the training center then be closed, several alternative missions for Fort Dix are being considered, but no final decision as to Fort Dix's long range utilization has been made or is imminent.

2. Utilization of Fort Dix is not affected by implementation of OSUT at Fort Benning or elsewhere, since Fort Dix trains recruits in lower density combat support military occupational specialties (MOSS) for which OSUT is not feasible. The requirement to train recruits in these MOSs is currently met by training centers at Forts Dix, Jackson, Knox, Leonard Wood, Bliss and Gordon.

Secretary of the Army,
Washington, D.C., June 21, 1976.

Hon. Sam Nunn,
U.S. Senate,
Washington, D.C.

Dear Sam: This responds to your 7 June letter concerning Army support of funding for a reception station and training facilities at Fort Benning in the FY 77 Military Construction Appropriations bill.

As you know, in my testimony last year before the Military Construction Subcommittee of the House Appropriations Committee, I indicated that the Army would conduct tests of the one-station and one-station unit training concepts. In consideration of those tests and the fact that the reception station would be needed only in the event we adopted the concepts at Fort Benning, I acknowledged that the reception station was of lower priority than the other facilities requested for Fort Benning in the FY 76 MCA program.

Our tests are now well along and we expect to report to the Congress on them by November of this year. The results to date are encouraging and we still support the concept of conducting infantry one-station unit training at Fort Benning. Both the reception station and the training facilities will be needed in order to conduct that training.

We have recently determined, however, that the reception station can be reduced in scope by deleting the dedicated barracks from the project, thus reducing its cost from the $10.953 million authorized in FY 76 to $6.9 million. The previously authorized but unfunded training facilities, at $2.661 million, would be needed in their entirety.

Although we are firmly committed to conducting advanced infantry training of our soldiers at Fort Benning and are now doing so, we will make no final decisions on the conduct of one-station unit training there until after completion of the current testing and subsequent evaluation. In that regard I note that you are proposing to seek funding of the reception station and training facilities on the condition that no construction take place until the one-station unit training tests are completed.

Your strong and loyal support of the Army as a whole and in particular your support of one-station unit training at Fort Benning is appreciated.

Sincerely,

Martin R. Hoffmann.

Mr. FORD. Mr. President, I ask unanimous consent that Jane Matthias and James King of my staff be accorded the privilege of the floor during the debate and the consideration of this legislation.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and considered the original text without waiving points of order.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, line 7, strike "$571,565,000" and insert "$611,537,000";

On page 2, line 17, strike "$526,252,000" and insert "$578,301,000";

On page 3, line 1, strike "$777,900,000" and insert "$809,176,000";

On page 3, line 12, strike "$40,896,000" and insert "$49,396,000";

On page 3, beginning with line 21, strike the following:

That none of the funds appropriated under this paragraph may be expended for the cleanup of Enewetak Atoll until such time as the Secretary of Defense receives certification from appropriate administering authorities of the Trust Territory of the Pacific Islands that an agreement has been reached with the owners of the land of Enewetak Atoll or their duly constituted representatives that this appropriation shall constitute the total commitment of the Government of the United States for the cleanup of Enewetak Atoll.

And insert in lieu thereof:

That the Secretary of Defense shall obtain certification from appropriate administering authorities of the Trust Territory of the Pacific Islands that assurances have been received from the owners of the land of Enewetak Atoll or their duly constituted representatives that this appropriation shall constitute the total commitment of the Government of the United States for the cleanup of Enewetak Atoll.

All feasible economies should be realized in the accomplishment of this project, through the use of military forces, their subsistence, equipment, material, supplies and transportation, which have been funded for other programs supporting ongoing operations of the military services. Further, such support should be furnished without reimbursement from Military Construction funds.

On page 5, line 23, strike "$23,300,000" and insert "$23,600,000";

On page 6, line 15, strike "$1,302,847,000" and insert "$1,304,523,000";

On page 6, line 21, strike "$42,360,000" and insert "$34,410,000";

On page 6, line 23, strike "$44,665,000" and insert "$35,175,000";

On page 6, line 25, strike "$16,850,000" and insert "$10,966,000"; and

On page 7, line 5, strike "$1,040,200,000" and insert "$1,065,200,000".

AMENDMENT NO. 1953

Mr. FORD. Mr. President, I now call up amendment 1953 and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kentucky (Mr. Ford) for himself, Mr. Proxmire, and Mr. Buckley proposes amendment No. 1953.

The amendment is as follows:

At the appropriate place in the bill insert a new section as follows:

Sec. . Funds appropriated under the hearing "Military Construction, Navy" in the Military Construction Appropriations Act, 1975, and in the Military Construction Appropriations Act, 1976, for the construction of the Uniformed Services University of the Health Sciences are hereby rescinded except for amounts necessary to terminate any contracts with respect to the construction of such university entered into prior to the date of enactment of this Act.

Mr. FORD. What is the time allotted to the Senator from Kentucky?

The ACTING PRESIDENT pro tempore. The Senator from Kentucky has 45 minutes.

Mr. STEVENS. Mr. President, parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. STEVENS. How much time is totally allotted on this amendment?

The ACTING PRESIDENT pro tempore. Initially 30 minutes. The Senator asked for and obtained an additional 30 minutes.

Mr. MANSFIELD. That was when the Senator from North Carolina was allowed 30 minutes.

Mr. STEVENS. So the total is 1½ hours.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. FORD. Mr. President, I shall make some remarks with reference to this amendment under those 30 minutes allotted to me outside of the bill.

There is no Senator in this Chamber who would not agree that it is imperative that the United States have the strongest defense establishment in the world, including the very best medical personnel available to service it, but we all know the inefficient use of funds in any sector of our Armed Forces only weakens the entire establishment. As representatives of the American people we owe it to our constituents to spend precious tax dollars wisely.

This is why I rise today in opposition to the Uniformed Services University of the Health Sciences and have joined with Senator PROXMIRE in offering an amendment to deny further expenditure for it. I suggest to our distinguished colleagues that funds for the university be used instead for the expansion of the Armed Forces health professions scholarship program, the Department of Defense vehicle for educating military medical personnel.

As Senators know, Senator PROXMIRE and I have serious doubts about the university project. Last November we wrote to the Comptroller General requesting that the General Accounting Office undertake a thorough analysis of the university program in comparison with the scholarship program and other alternatives.

That study, available to Congress in May, showed that the scholarship program is more cost effective than the university.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. FORD. I yield.

Mr. BEALL. Mr. President, I ask for the yeas and nays on this amendment.

Mr. PROXMIRE. Before we get the yeas and nays, we may want to modify this amendment. I would appreciate it if the Senator would withhold that request.

Mr. BEALL. I withhold the request.

Mr. PROXMIRE. We will request the yeas and nays later on. We may want to modify the amendment.

Mr. FORD. That study, available to the Congress in May, showed that the scholarship program is more cost effective than the University. In simple English, Mr. President, it costs the Uniformed Services University of the Health Sciences $150,000 more to educate one graduate than it does the scholarship program. I quote from the report:

> The educational cost per graduate of the scholarship program will be $36,784 as compared to $189,980 to educate a graduate of the University.

Furthermore, if you compare the two programs, the least expensive one produces the most medical school graduates. Current authorization allows DOD to have 5,000 students under scholarship at any time. About 72 percent of these scholarships have been made available to medical students, and DOD officials have estimated that the program will produce about 988 medical school graduates per year during fiscal year 1981 and beyond with the potential for providing 8,332 staff years of physician service.

In contrast, University officials estimate that the medical school will have an enrollment of 700 students in fiscal year 1984 and will be graduating classes of 175 students. As two of these are expected to serve in the public health service, only 173 will actually serve in the military medical corps, supplying 3,212 staff years of service.

Let me emphasize that in no way do I wish to deny our military sufficient medical care. If the Congress should decide to terminate the University program, there are three alternatives, identified by the GAO, which will provide the same number of staff years of physical service at, I might point out, the same or better levels of cost effectiveness, at that currently estimated for the combination of both the scholarship and the University programs in their first full years of operation.

Both programs operating concurrently in fiscal year 1984 are projected to provide 1,161 physicians to DOD and 11,544 staff years of service over a 30-year period—base figures for development of three alternatives.

One option is for the Department of Defense to administratively increase the initial active duty obligation of scholarship program participants. The necessary staff years of service could be obtained by increasing the estimated 988 scholarship program graduates' initial active duty obligations from 4 years to between 5 and 6 years. Although this would not provide the Nation with more physicians, it would provide the requisite number of staff years at no additional cost to the Nation's taxpayers beyond that of the scholarship program itself.

The second option is for DOD to fully sponsor those scholarship program participants who take civilian residency training. Permitting medical school graduates to remain on active duty while serving civilian residencies would subject them to increased active duty payback obligations. It would be necessary to increase the number of medical school scholarships by a total of 424 or 106 per year.

The third option is to increase the number of medical students in the scholarship program by 379 students annually. This alternative can be used not only to overcome the military's drain on physicians from the civilian sector's training spaces, but it can increase the overall number of physicians in the Nation. In other words, the use of the total funding needed to train the 175 graduates the University would produce at full operation could be used to train 379 physicians in civilian school—206 more doctors for our country. What more could we ask?

I ask unanimous consent that a table indicating Federal distress grant support from fiscal year 1972 to 1975 be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

Federal distress grant support from fiscal year 1972–75

Tulane University School of Medicine	$3,039,522
Xavier University School of Pharmacy	949,964
Total	3,989,486
St. Louis University School of Medicine	1,033,200
Creighton University School of Medicine	$1,637,392
University of Nebraska School of Dentistry	174,110
Creighton University School of Dentistry	684,708
Total	2,496,210
Meharry Medical College School of Medicine	3,346,170
Meharry Medical College School of Dentistry	3,121,938
Total	6,468,108
New York Medical College	1,062,000
New York University School of Dentistry	500,000
New York College of Podiatry	42,984
Columbia University School of Pharmacy	672,498
Total	2,277,482
Temple University School of Medicine	844,936
Temple University School of Dentistry	204,114
Pennsylvania College of Optometry	175,252
Pennsylvania College of Podiatry	1,279,319
University of Pennsylvania School of Veterinary Medicine	174,361
Total	2,677,982
Tufts University School of Dentistry	1,237,881
Massachusetts College of Optometry	611,649
Total	1,849,530
Fairleigh Dickinson University School of Dentistry	664,524
California College of Podiatry	350,300
Texas College of Osteopathic Medicine	700,131
West Virginia School of Osteopathic Medicine	68,211
Tuskegee Institute School of Veterinary Medicine	1,517,491
University of Nevada, Reno, School of Medicine	324,538

Mr. PASTORE. Mr. President, will the Senator yield for a question on that point, on my time?

Mr. FORD. I yield.

Mr. PASTORE. The Senator made much of the fact that there is an expansion that will provide for about 379 students. Is that what he said?

Mr. FORD. If the funds were used—only the funds to maintain the university those funds could provide 379 scholarships more than at present and produce 206 more doctors than the University would.

Mr. PASTORE. Two hundred and six more doctors. Is the Senator aware that each year we received from abroad, to become doctors—either in Italy, Mexico, or in Canada—6,600?

Mr. FORD. We send our students from this country?

Mr. PASTORE. Yes. We have 6,600 doctors who are educated abroad—for whom there is no room here in our own domestic medical schools. I thought I should bring out that fact.

Mr. FORD. I just want to tell the Senator that if he is trying to reduce foreign trained individuals, if we would take the money to maintain this university, then we would have 206 more than the University would provide and it would give us almost 400 new doctors every year.

Mr. PASTORE. There is no room for them.

Mr. FORD. There would be, if the medical schools were expanded.

Mr. PASTORE. I do not mean to interrupt the Senator if he does not want me to.

Mr. FORD. It is perfectly all right. I like it.

Mr. PASTORE. I like it, too.

Mr. FORD. I know the Senator does, and I am afraid to yield to him.

Mr. PASTORE. I come from a very small State. I go home on a weekend, and almost anybody can knock on my door, on Saturday and Sunday. Continuously, I have fathers come to me with their sons. The sons have been trained and they are fine students, with high scores, in a pre-med course. They come into my living room and they cry because the son has applied to 15 domestic medical schools and there just is no room, and they cannot get in. The Senator cannot imagine the frustration.

Add to that the fact that each year, the military will take a certain number of them and give them a scholarship, which means that they are going to serve 4 years in the military establishment. And what are they doing? They are taking a seat in the classroom that could go to another qualified young man. That is what troubles me.

Now we say, "Let's give them more money." We just do not do it. If anybody can stand here and say that every qualified student in America, from a premedical school—I mean the finest in the country—has a place in a medical school, then I will vote for the Senator's amendment.

I just went through that the other day. A boy came to me from the University of Rhode Island. He had applied to about 7 medical schools. He is a high-ranking student. He has almost a perfect score, and he cannot get in.

Mr. FORD. Did the Senator say the young man could not get in a Rhode Island school?

Mr. PASTORE. No, no, he cannot get in a Rhode Island school. Brown will only take a handful from the State of Rhode Island. They have not fully established themselves yet. There is no room for them. I meet it every, every, every weekend when I go home. It is pathetic. It makes you cry. The kid comes into your room and says, "I want to go to medical school, I went to pre-med, I have a high score. Can you talk to the Italian Ambassador and see if I can go to the University of Bologna?"

Is that not a wonderful thing, for a U.S. Senator to talk to an Italian Ambassador to send that kid to the University of Bologna? I think it is crazy.

Mr. FORD. It may be crazy and the Senator can eliminate this craziness by using the funds that it would take to maintain a hospital and increase by 206 the students in this country to be educated in our medical facilities.

Mr. PASTORE. I would go for the 206 plus, plus this school.

Mr. FORD. 175 on top of that makes it 379, Senator.

Mr. PASTORE. I would take 500, 1,000. We need them.

Mr. FORD. I am trying to help. I have only been here 18 months, and I am trying my best to see that those funds are adequately spent.

Mr. PASTORE. That is right, that is the first responsibility I had when I came to the Senate, to put up some money for expansion. Does the Senator know what they did? They recommitted the bill.

Mr. FORD. As Governor, I funded two medical schools in Kentucky and I understand the problem very well. That is the reason I am so seriously interested in this problem, to educate those people that the Senator says come into his living room and cry because they cannot get into medical school.

Mr. PASTORE. That is right.

Mr. FORD. They are all over the country. What the Senator is going to do is make it 175 and that is all he is going to give, when he can give 379—that is the point I want the Senator to understand—and not use any construction money.

Mr. PASTORE. Does the Senator understand that 60 percent of the budget of any medical school is Federal money?

Mr. FORD. We are going to spend that much more.

Mr. PASTORE. No, we are not.

Mr. FORD. Yes, we are.

Mr. PASTORE. When the fellows add up the cost of this military school, they do not put that in So they raise a ridiculous figure.

Mr. MANSFIELD. Mr. President, I hope that not all of my time is being taken up, because we only have 15 minutes.

Mr. PASTORE. I have said all I want to say.

Mr. FORD. I remind the Senator if he would read this, he would get all the answers to what we are trying to do. I think it would be entirely clear.

Mr. BELLMON. Will the Senator yield on my time?

Mr. FORD. I have some extra time and I do not want to take any time away from the leader, because I know what he wants to say and I do not intend to dilute his ability to express himself. If the Senator from Oklahoma wants to yield on his time, I do not know what that is on.

Mr. MANSFIELD. Mr. President, I only have about 10 minutes altogether.

The ACTING PRESIDENT pro tempore. The Senator has 12 minutes remaining.

Mr. MANSFIELD. The Senator can ask him to yield for a question.

Mr. BELLMON. Will the Senator yield for a question?

Mr. FORD. Yes.

Mr. BELLMON. I am confused about the figures the Senator from Kentucky has used for the comparative costs of the university and the scholarship programs. I have a letter from the Comptroller General which points out that the Federal scholarship program is costing the Defense Department directly $21,444 per staff year, and when you add the contributions by other agencies such as HEW, they are contributing $10,624, so the total cost for a staff year is $32,068.

Also in the report, there is the figure of $6,063 charged for operating costs, half of it is for research. So when you take that out, the cost of this university program will be $23,000, which makes it appear that the university program is roughly $10,000 per staff year cheaper than the present scholarship program. Do those figures agree with the figures the Senator is using?

Mr. FORD. No sir. The only thing I can give to the Senator from Oklahoma is the report to the Congress by the Comptroller General: "Cost-Effectiveness Analysis of Two Military Physician Procurement Programs: The Scholarship Program and the University Program."

This report shows us very clearly that it approximates $150,000 more per graduate at the university.

Mr. BEALL. Will the Senator yield on that point for a question?

Mr. FORD. They only wanted 15 minutes to a side on this and we are going about 30 minutes. The Senator is going to get 30 minutes of the Senator from North Carolina on his side.

Mr. BEALL. I was going to follow up on the question asked by the Senator from Oklahoma. If the Senator from Kentucky is using the GAO study, if that is the basis for the conclusions he is reaching with regard to the cost effectiveness of this medical school, I think we ought to point out that this is a cost-effectiveness study and not a cost-benefit study. Is that correct?

Mr. FORD. That is correct.

Mr. BEALL. Does the GAO not also say in this study that they have not included in the cost effectiveness, when comparing scholarship versus the medical school program, the HEW and VA contributions to the private medical schools around the country in making this comparison? Is that not correct?

Mr. FORD. I understand that is correct.

Mr. BEALL. Therefore, the Senator's figures are not valid.

Mr. FORD. Yes, they are, because we are adding another school.

Mr. BEALL. We are adding another school, but the Senator is using the total cost of this school as compared to only a partial cost of educating medical students in private schools. In addition, it is my understanding that additional private medical schools will be created in the future and they would receive the Federal assistance.

Mr. FORD. Does the Senator from Maryland want to bring all medical facilities of the military in and lay them on top of this?

Mr. BEALL. No. If we are going to compare the cost of a military school to the cost of training a doctor in a private school, then we have to include all of the Federal contributions to the private school, and make it a cost; not just the direct assistance to students, but also the capitation grants, the research grants, and the project grants made to private medical schools, because this is every bit as much a Federal contribution as the direct scholarship contribution to the schools.

Mr. FORD. Let me give GAO's response to that—

> We excluded from the analysis, nonscholarship related Federal funding such as research grants provided to medical schools by various Federal agencies. Such funding is made available to civilian school for reasons totally unrelated to the scholarship program and will continue regardless of whether the program continues or not.

Mr. BEALL. I have to take issue with that. There are reasons closely related to the scholarship program. The reason is we must assume stability in medical education and because medical schools are natural resources. We are going to have a health manpower bill come to the floor next week, in which we are asking for a continued Federal contribution to these medical schools, and are imposing certain conditioning so we can try to alleviate a very serious health manpower distribution problems that exists in the country. I do not think we can make a valid comparison without including these costs——

Mr. FORD. The research grants can be in several fields, I say to the Senator. They should not be applied to this scholarship program. I think the Senator is trying to make the figures somewhat different. This is what we find here all the time.

Before I arrived in this Chamber, Congress set up a Health Manpower Commission. The Senator ought to read that report. Theirs is more harsh against the military medical school program than the GAO study. They are the ones who say it is not needed, since we can perform a better service through civilian schools than they can. They even go so far as to say you can construct a building, let it remain vacant, and the taxpayers of this country would be much better off if we would take those funds and rely on the scholarship program.

I understand what it might mean to the State of Maryland, but I also know what it might mean to 114 medical schools across the country. We are not talking about just one school in a State; we are talking about 114 medical schools across this country.

Mr. BEALL. That is what we are talking about in our health manpower bill that is coming to the floor next week, not only the needs of the medical schools, but the needs of the American public. We cannot impose additional burdens on the medical schools to the ones that we have imposed already in meeting civilian needs.

Mr. FORD. Let me say to the Senator from Maryland, and then I am going to reserve the remainder of my time, because I would like to have a little time to rebut other arguments that might arise, and I shall yield to my colleague from Wisconsin if he has some comments to make: I do not believe that the Senator understands the ratio of doctors per hundred thousand population. Our problem becomes not the ratio of doctors to population, but the distribution of doctors in this country. The distribution of doctors has now been concentrated. I went through that problem, trying to have a licensing board say that hospitals will be built out where the people are instead of concentrated in the core of the cities, and adding another wing for Dr. Jones or Dr. Smith or whoever it might be.

We have to get the hospitals and the doctors out in the rural areas where the people are and where they do not have the medical facilities.

Mr. President, I am going to reserve the remainder of my time.

Mr. YOUNG. Will the Senator yield about 3 or 4 minutes?

Mr. MANSFIELD. Yes; I yield.

Mr. YOUNG. Mr. President, we have a severe shortage of medical schools in the United States right now. My own State of North Dakota, with only about 640,000 population, in order to get doctors, had to start their own 4 year medical school, a costly thing, but we are desperately in need of doctors. My home county does not have a doctor. The military services have a sizable requirement for doctors who have to be educated in medical schools all over the United States at sizable cost. If we have this one military medical school, at least we relieve some of the pressure on civilian medical schools.

During the discussion and debate on the matter of the Uniformed Services University many facts and figures have been thrown around. If one takes a brief moment to study the facts they are quite simple and straight forward.

For example, using the General Accounting Office report on the university as the authority, the cost to the Department of Defense of a scholarship graduate is $21,444 and $26,236 for the University graduate. Such figures as $36,784 for the scholarship program and $189,980 for the university have been referred to. These figures reflect estimated educational costs. GAO says that is not a valid basis on which to analyze and compare the programs. The primary unit of measurement is the estimated cost per staff year of service from graduates of each of the programs. According to GAO on this basis there is a 22.3 percent cost differential.

Other figures I have heard refer to the construction costs. In this regard $280 million, $200 million, $150 million, and $100 million have been mentioned. The fact of the matter is that Congress has previously authorized and appropriated a total of $79.9 million to build a complete medical school. However, you will find it interesting that this program is experiencing a cost underrun. Rather unique. The current working estimates for total construction of building, roads, everything, is $64.8 million.

If the university program were stopped today it is estimated that termination costs would be between $25 million and $45 million. That would hardly be a cost effective move.

Costs are an important part of the analysis of any program. We are certainly interested in costs. The university has reflected its concern for costs as demonstrated by their attempts to construct this school for a reasonable amount of money.

But even those who wish to terminate this program recognize that there are benefits to be derived from the establishment of this school which must be considered.

The establishment of the medical school, in addition to providing the military with the nucleus of career-oriented medical officers, will assist with the retention of physicians by granting academic and professional recognition for significant accomplishments and by providing an opportunity to those doctors on active duty to pursue academic medicine. Each year the military services lose many outstanding physicians because both these elements are absent from the present military medical program.

The graduate of the uniformed services university will be an expert in military medical problems such as the diagnosis and treatment of exotic diseases peculiar to areas outside the United States to which troops may be deployed. They will be able to handle mass casualties and medical problems resulting from hostile action. They will be trained in logistics and rapid deployment.

These are but a few of the specialized areas of study which students attending this school will undertake. None of this is taught in civilian medical schools for they train physicians for the civilian sector which is their purpose.

The military does have unique medical needs which this university can best teach.

The university will be able to easily undertake model studies in health education and health care delivery systems because of the controlled environment in which it will operate. Also, this school will serve as a repository of knowledge on worldwide medical problems making this a national health resource much like the National Institutes of Health and existing military medical institutes such as the Armed Forces Institute of Pathology.

We cannot gloss over these aspects of the university program. In referring to the benefits to be derived from the establishment of this medical school the GAO said:

> These are important concerns which must be considered along with the program's cost effectiveness.

As was properly stated during last year's hearings on this program, costs are important but not decisive.

A serious, objective appraisal of this program will lead one to the conclusion that this is not the monster some have portrayed it to be. Rather, that this is a reasonable, necessary program which the Congress has committed itself to.

I strongly support the uniformed services university and recommend that the amendment be defeated.

Mr. BELLMON. Mr. President, will the Senator yield me 1 minute? Mr. President, I ask unanimous consent that a letter from the Honorable MELVIN PRICE to Elmer Staats, Comptroller General of the United States, and the reply be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMMITTEE ON ARMED SERVICES,
Washington, D.C., April 27, 1976.
Hon. ELMER B. STAATS,
Comptroller General of the United States, General Accounting Office, Washington, D.C.

DEAR MR. STAATS: As you are aware, there has been considerable debate in the Congress concerning the economic aspects of training physicians for military service through either the military scholarship program at private medical schools or providing such training through the totally Federally funded institution, the Uniformed Services University of the Health Sciences.

Unfortunately, in the course of the debate there has been considerable distortion of these alleged costs because of the failure, in my judgment, to include all of the Federal costs involved. Also in establishing the end benefit to our Federal taxpayers, these costs necessarily must be amortized over the period of actual or anticipated service that will be rendered to the taxpayers by the individual physicians.

In light of these circumstances, I am requesting that your office undertake a thorough and comprehensive study to determine the actual Federal cost and the benefit ratio which results from the training of military physicians through the two sources which I have previously outlined, the scholarship program as compared to the actual training at the Federal medical school—the Uniformed Services University of the Health Sciences.

Obviously, the direct cost of training a physician at the Uniformed Services University of the Health Sciences is readily ascertainable as well as a determination of the cost/benefit ratio that will result from the graduate physician's anticipated period of obligated service. On the other hand, the cost/benefit ratio of the training provided through the scholarship program is much more difficult of assessment. This difficulty arises from the necessity of ascertaining the amount of actual financial aid which is provided these private medical schools through the various agencies, such as the Department of Health, Education, and Welfare, the Veterans Administration, and the Department of Defense. Federal assistance and financial support is given in a variety of forms, including capitation grants, research grants, scholarships, faculty support during the year, as well as construction funds for private medical schools. Moreover, we can not ignore the tax revenues which are directly lost by virtue of permitting a total tax write-off for financial support provided private medical institutions from private sources.

The study, to be meaningful, ought to cover a period of not less than five years, and preferably the period from 1970 through 1975.

It would be helpful if the results of your study could be made available to the Committee as soon as possible, but no later than September 1, 1976.

In the event you have any questions concerning this matter, please feel free to call me or the Chief Counsel of the Committee, Mr. Frank Slatinshek.

Sincerely,

MELVIN PRICE,
Chairman.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 15, 1976.
Hon. MELVIN PRICE,
Chairman, Committee on Armed Services, House of Representatives.

DEAR MR. CHAIRMAN: This is in response to your April 27, 1976, request for information on the total Federal costs involved in training physicians through the Armed Forces Health Professions Scholarship Program. As discussed with your office, we based our work on (1) information contained in a January 1974 report, "Costs of Education in the Health Professions," prepared by the National Academy of Sciences' Institute of Medicine and (2) data obtained from the Department of Health, Educaton, and Welfare (HEW) and the Veterans Administration (VA) regarding Federal grants provided to medical schools. HEW and VA provide most of the Federal subsidies to civilian medical schools.

OUR COST-EFFECTIVENESS REPORT

On May 5, 1976, we issued a report entitled "Cost-Effectiveness Analysis of Two Military Physician Procurement Programs: The Scholarship Program and The University Program" (MWD–76–122). We used a cost-effectiveness analysis to show the incremental costs expected to be incurred by the Department of Defense in fiscal year 1984—the first year of simultaneous full operation of both military physician procurement programs. Our analysis showed that the costs (including anticipated pay and retirement costs) per staff-year of expected physician services from an estimated 988 graduates of the Scholarship Program would be $21,444, compared to $26,236 per staff-year of service expected from the anticipated 173 graduates of the University program who will be supplying services to the Department.

In our analysis, we included as incremental costs associated with the Scholarship Program estimates of (1) the stipends to be paid by the Department to Scholarship Program participants, (2) the Department's payment of Scholarship Program-related medical tuition and fees to civilian medical schools, and (3) the Department's costs to administer the Scholarship Program. We excluded from the analysis, non-Scholarship-Program-related Federal funding (such as Federal capitation and research grants) provided to medical schools by various Federal agencies. Such funding is made available to civilian schools for reasons totally unrelated to the Scholarship Program and will continue regardless of whether the Program continues.

Cost-effectiveness analysis is particularly appropriate in a study which involves choosing one alternative over another to accomplish an objective. A cost-effectiveness analysis permits those making a choice between alternatives to (1) specifically address the future uses of resources since past expenditures are viewed as being outside the decisionmaking process and (2) consider only those potential costs directly attributable to each alternative.

FEDERAL FUNDING DIRECTLY ATTRIBUTABLE TO PHYSICIAN EDUCATION

Your office asked us to determine how much the Scholarship Program costs, presented in our May 5, 1976, report, would be increased by including non-Scholarship-Program-related Federal funds provided to civilian schools for educating physicians.

Based on data contained in a January 1974 report entitled, "Costs of Education in the Health Professions," prepared by the Institute of Medicine, we calculated the estimated amount of Federal funding to civilian medical schools which was spent on educating physicians. The Institute's study was prepared, under a contract with HEW, pursuant to the provisions of section 205 of Public Law 92–157. The study's objective was to provide information to the Congress on the national average annual education costs per student in eight health professions, including the medical profession.

The Institute reported that, at the 14 medical schools included in its sample, the average education costs per student amounted to about $12,650 for the 1972–73 academic year. Using detailed data contained in the report, we calculated that the Federal Government provided about $4,900—about 39 percent—of the $12,650 to support the education of each medical student in the civilian schools. An Institute official reviewed this calculation and told us that the $4,900 per student figure was an appropriate estimate.

Including non-Scholarship-Program-related Federal funding for medical schools' educational activities as part of the Program costs requires that the $4,900 figure be inflated to reflect fiscal year 1977 dollar values. Using an inflation rate of 8 percent per year,[1] annual Federal support provided to civilian schools for their educational activities amounts to $6,666 per student per year in fiscal year 1977 dollar terms or $26,664 per graduate (assuming a 4-year medical education). If this additional funding were expressed in terms of cost per expected staff-year of service by a Scholarship Program graduate, the resulting additional cost in fiscal year 1984, stated in fiscal year 1977 dollar terms, would be $3,162 per staff-year. Accordingly, the total cost per staff-year of service under the Scholarship Program would be as follows:

Defense Department cost	$21,444
Other Federal funding attributable to physician education	3,162
Total cost per staff-year	24,606

TOTAL FEDERAL FUNDING TO MEDICAL SCHOOLS

Your office also asked that we determine how much the Scholarship Program costs, presented in our May 5, 1976, report, would be increased by adding the Federal Government's total contribution to medical schools. Your office has expressed the view that these costs should be attributed to the Department's Scholarship Program, since civilian medical schools require this Federal support to continue their operations.

Information obtained from HEW's Bureau of Health Manpower and National Institutes of Health and VA showed that the Government provided about $1.038 billion to medical schools in fiscal year 1975. This support was provided in several forms such as capitation, construction, and research grants. About 84 percent of the $1.038 billion—or $874.5 million—was provided to medical schools for research, including research facilities. Based on the Institute of Medicine study (see p. 2), only about 13 percent of this research money—or $115 million—would be directly associated with the education of physicians.

Information compiled by the American Medical Association showed that, for the 1974–75 academic year, 54,074 students were enrolled in medical schools. Dividing $1.038 billion by the student enrollment yields a 1975 Federal contribution of $19,203 per student. When this figure is inflated at the 8-percent rate, the Federal contribution per student becomes $22,398, as expressed in fiscal year 1977 dollar terms, or $89,592 per graduate (again assuming a 4-year medical education).

If these costs are viewed as attributable to the Department's Scholarship Program, the Program's costs would be increased by $10,624 for each staff-year of military service expected from the 988 program graduates. Thus, the total cost per staff-year of service under the Scholarship Program would be as follows:

Defense Department cost	$21,444
Contributions by other Federal agencies	10,624
Total cost per staff-year	32,068

As pointed out in our May 5, 1976, report, including as Scholarship Program costs such estimates as discussed above—$3,162 and $10,624—would not be appropriate when the Department's two physician procurement programs are being compared from an incremental-cost viewpoint. Adding either of these estimates to the Scholarship Program's incremental costs (estimated in our report to be $21,444 per staff-year) results in an estimate of the total Federal costs attributable to the training of a Program participant to become a physician.

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[1] The 8-percent inflation rate was suggested by the Institute of Medicine official who directed the study.

The results of such additions to our $21,444 estimate do not represent figures which are comparable to the incremental costs estimated in our report as attributable to the operation of the University Program ($26,236). Such a comparison would involve relating estimated total Federal costs of the Scholarship Program to the estimated incremental costs of the University Program. Additional costs—such as the use of staff and facilities at nearby military medical institutions to provide support to the University Program—would have to be included with the incremental costs estimated for the University Program to provide any basis for comparing the Federal costs of the two programs. To our knowledge, no attempt has been made to determine what these additional costs would be.

We trust that this information will help the Committee in its further considerations regarding the Department's two principal physician procurement programs.

Sincerely yours,

R. F. KELLER.
Acting Comptroller General of the United States.

Mr. BELLMON. Mr. President, as a member of the Appropriations Subcommittee on Military Construction, I am familiar with need for the Uniformed Services University of the Health Sciences. There is a severe shortage in the number of physicians for the armed services. The purpose of the uniformed services university is to train physicians who know medicine as it relates to the needs of the military and who will stay in the armed services. Some Members consider this to be in conflict with the scholarship program which already exists for the purpose of procuring physicians for the armed services. In my opinion, these two programs are complementary, and together will be most beneficial in alleviating the chronic military physician shortage. This is precisely the intent Congress had in mind when the university was authorized in 1972.

As I am sure most Members are aware, the Congress has appropriated $79.9 million over the past 2 fiscal years for the university. This is the total amount needed to construct the medical school. The construction of increment I is 50 percent complete, and work on increment II has already begun. In addition, seven department chairmen and numerous faculty appointments have been made and announced. The university has received over 1,700 applications for admission to the first class which will begin this fall, and from these applications, 24 students have been accepted. It is my understanding that within 5 years the university will enroll 175 students for each entering class. In short, much work has been accomplished by the university, and it is inconceivable to me for the Senate to consider terminating further activity related to the uniformed services university. The funds which have been appropriated for the university over the past 2 fiscal years have been obligated for the purpose in which they were intended; namely, to construct a medical school so that physicians could be trained for service in the armed services. It would be wasteful for the Congress to initiate action at this time to terminate the activities of the uniformed services university.

Mr. President, the basic controversy with this medical school centers on a General Accounting Office report which assessed the cost effectiveness to the Department of Defense of the university as opposed to the scholarship program. While this report indicates a 22.3 percent cost differential to the Department of Defense between the scholarship program and the university, the GAO's primary unit of measurement was the estimated cost per staff year of expected service from graduates of each program. Such items as grants from HEW and the Veterans Administration for construction, capitation, research, and faculty support were not considered in the GAO report, and when all these items are considered, the cost to the American taxpayer is virtually the same for both the university and the scholarship program.

Therefore, Mr. President, in view of the funds which have already been expended for the university, the work which has been accomplished by the school in preparing for the first entering class, and the fact that the cost effectiveness between the university and the scholarship program are essentially on par, I would encourage the members of this body to reject any proposal which would alter the course of the Uniform Services University.

Mr. MANSFIELD. Mr. President, how much time do I have left?

The ACTING PRESIDENT pro tempore. The Senator has 10 minutes. Who yields time?

Mr. MORGAN addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina is assigned 30 minutes. The Senator from North Carolina is recognized.

Mr. MORGAN. Mr. President, the most baffling issue I have confronted on the floor of the Senate in the short period of time I have been here is this effort, and the one that was made last year, to eliminate what I believe is one of the most critical agencies of our Government, and that is the medical school that was established after many, many years of hard work to try to help and alleviate the shortage of doctors in America.

I did not hear all of the argument of my distinguished friend, the Senator from Kentucky, about the cost of this matter. To be perfectly candid, Mr. President, I do not care about the cost of this matter. That is not to say that I am not concerned about fiscal responsibility. But when in this Senate each year we spend $400 billion, we can afford to spend whatever it takes to train doctors to take care of the people in this country.

My distinguished colleague from Rhode Island has already pointed out more eloquently than I could ever do the need for doctors and the need for a place for training doctors.

Mr. President, I have been making this fight for 13 years. I have been answering the same argument that has been made by the distinguished Senator from Kentucky for 13 years. It is the same one that is put by the AMA and the Medical Accreditation Council. They say we can do better in the present medical schools. But they never do. They never do it unless they are forced to do it.

When we started trying to establish a new medical school in North Carolina we were opposed by the University of North Carolina. They said, "Oh, we can do it." But they had had 65 students in their freshman class for 10 years and had not increased by it one single doctor, even though they should have known better than anyone else under the sun the critical need for doctors.

But when it looks like we might establish another medical school, then they began to increase a little bit. This is typical of the fight. Many years ago the University of North Carolina had a 2-year medical school, and Wake Forest University had one. Then Duke University came along and got all of the Duke money, and they decided they would create a medical school. For year after year after year the two existing medical schools opposed the creation of a medical school at Duke. But after about 10 years Duke finally came around and got its medical school.

Then a few years later we decided in the legislature that we would make the University of North Carolina a 4-year medical school. Lo and behold, Duke turned around and fought the University of North Carolina.

If there is a monopoly in this country it is the one that exists between the AMA and the accreditation agency which is appointed by the AMA and medical schools.

Mr. PASTORE. Mr. President, will the Senator yield to me on that point for a short observation?

Mr. MORGAN. I would be happy to yield.

Mr. PASTORE. A relative of mine—now, this only happened recently—called up her doctor to make an appointment to be seen by the doctor. She called in May. Do you know what the receptionist told her? "The doctor has no open appointment until next September." Well, by that time she could have been in a casket. There you are. I thought I should bring that out. [Laughter.]

Mr. MORGAN. I am glad the distinguished Senator did because I have a consultant on my staff who is on leave from the university who is suffering from extreme migraine headaches, and he was just not getting any relief.

I went down to Dr. Cary here in the Capitol and I asked him if he would recommend a doctor for him who knew something about this problem. He did, one out at Georgetown, but it was 6 weeks before that doctor would see him and, in the meantime, that many sat in my office just in terrible pain and agony. That is typical of them.

My father-in-law died in a hospital 50 miles away from home with a terminal illness. He wanted to be at home, the family wanted him to be at home, but there was not a doctor within 25 miles who could be there or could see him to relieve him of any pain and suffering.

We talk about the cost of a medical school? We had a $350 million amendment to some little bill this week which was passed in 10 minutes of debate.

Mr. President, half of the doctors treating the mental patients in North Carolina today are foreign-trained doctors. It is a disgrace to this Nation that we lock up the people suffering from mental illness in mental hospitals, where they have no freedom of choice, they cannot walk down the street and change doctors, if they can find someone who can see them. We lock them up, and the medical society in my State and in any State says to the foreign doctors, "Yes, you come on in. You are not competent to engage in general practice in competition with the rest of the doctors, but you are competent to treat these mentally ill patients who cannot help themselves, who have no freedom of choice, who cannot communicate with you because of language barriers." How cruel can we be?

You say the services medical school is not going to alleviate the shortage. Of course, they are going to go into the services. But if you fill those places with doctors trained in this medical school, then you are going to leave some places in the other medical schools for local practitioners to be trained.

The Senator talks about the costs. Do you know what a doctor with 2 years in the Navy or one of the services makes today? $28,000 a year. There are doctors in the U.S. Armed Forces today, if I am not badly mistaken, who are making more than the Secretary of Defense. Do you know why we are paying them that? We are paying them that because we cannot get anybody to go there and do it. It is the old law of supply and demand.

We talk about our fears of national health insurance, and I share those fears. I do not believe that medicaid and medicare are working as effectively as they could. The ones who are opposing national health insurance most are the doctors of this country. Yet I have not seen where a half-dozen doctors are supporting the creation of new medical schools.

On the other hand, every medical society that I know of, the AMA and all, are opposed to the creation of new positions in medical schools.

Even the North Carolina Medical Society last year, after the medical school at East Carolina University had been created after 13 years of controversy, came within just four or five votes of abolishing or going on record for destroying that medical school, just as this Senate is about to do now.

Mr. President, I have voted as conservatively as any man on this side of the aisle with regard to expenditures in the Senate.

But there are some things you cannot afford to cut out, and one is the training of our young people who will provide for the care and health of our people. The demand is not going to grow less, it is going to grow more and more and more. Even if the need was not there, I believe any young man or young woman in this country who grows up with the dream of being a doctor and rendering service to mankind ought to have that opportunity, and regardless of the costs I am willing to pay them.

I reserve the remainder of my time.

Mr. PROXMIRE. Mr. President, the issue contained in this amendment jointly sponsored by the Senator from Kentucky (Mr. FORD), the Senator from New York (Mr. BUCKLEY) and myself is very simple.

Do we let our civilian medical schools provide medical physicians for our civilian and defense needs or do we turn to the Federal Government at a much higher price?

This is the choice between the scholarship program approved by Congress and the new Uniformed Services University of the Health Sciences. The scholarship program takes military personnel and places them in our civilian medical schools throughout the country where they receive the best training in the world and then go back to their military services to serve their country.

The university is an $80 million facility now just in the very initial stages of construction. It will train military personnel as physicians for military duties.

Do we let our existing medical schools continue to train our military doctors or should we go out and spend $80 million building a training facility for the military?

That is the question.

Luckily we have some answers to this complex issue.

The first thing to ask is which can do the better job? Here there is little dispute for our Nation's medical facilities are the finest in the world. They study and teach at the highest professional levels obtained anywhere. Will the military university be any better? It is hard to believe that it will be better although it might be as good. The argument of the university supporters is that this uniquely military facility will concentrate on uniquely military medical problems. To this I would answer that there is no such thing as a uniquely military medical problem. Our civilian schools study the same exotic diseases of the world that the university would examine. And after all, the subject matter is the same—human well-being—whether in uniform or out of uniform.

COST EFFECTIVENESS

The second question is which is the better value for the taxpayers? Here there is abundant evidence.

In 1974 the Senate established the Defense Manpower Commission to review military manpower issues and report back to the Congress where savings could be made and efficiency improved.

This Commission has now completed its work. One of its major conclusions deals with the university program.

The Commission states:

> Notwithstanding the minimal start-up expenditures that have already been made, the Commission recommends that the Uniformed Services University of the Health Sciences approach be terminated.

After 2 years of study and 38 pages of detailed analysis the Commission that the Senate established to tell us where to save money has told us to terminate the university program.

Last year the House Appropriations Committee asked the surveys and investigations staff to examine the relative merits of the scholarship program versus the university. This staff report concluded that the scholarship program was far cheaper than the university program. The House report provided termination costs so that proposals could be made to close down the university.

And finally there is the report by the Comptroller General on your desks. This is the most exhaustive study of the university and scholarship programs to date. The Comptroller General concluded that—

> In our opinion . . . the scholarship program is a more cost-effective method of procuring and retaining medical professionals than the university.

Now I ask my colleagues—on what basis should we make economic decisions when taxpayer funds are at stake? Should we consider unquantifiable items—those things which cannot be priced and for which there are no answers, or should we make a decision based on the least costly, most effective alternatives?

I think the answer is obvious. Just as obvious as the hard-hitting conclusions of the Comptroller General. He has told us that the university is between 22 and 400 percent more expensive than the scholarship program. The GAO examined the cost ratios from three different perspectives—thus the difference in the percentages. In each case, the university was more costly for the same effectiveness.

WHY NOW?

Now the question may be raised as to why we are bringing this amendment to the attention of the Senate at this time. We do so now for two reasons: First, this is the last clear opportunity to save millions of dollars for the taxpayers. Second, this is the first time that we have had the detailed, sophisticated information comparing the university and the scholarship programs. In the words of the Comptroller General:

> On no occasion was the Congress given an analysis which identified and compared the *potential total costs* involved in both procuring medical professionals through each program and then retaining some of these individuals for various periods, taking into consideration their service payback obligations.

Thus for the first time we have an honest comparison of the costs and alternatives and the conclusion is clear. We should proceed by augmenting the scholarship program and by stopping the university program.

FULL COSTING

As for the argument that the GAO did not include all Federal costs in this analysis, the answer is—that is absolutely correct—they did not. To do so would be entirely unsound. Why? Because the Federal subsidies to the civilian medical schools have been provided in the past and will be provided in the future regardless of the existence of the scholarship program. These subsidies are completely independent of the scholarship program. Therefore they are totally unallowable for purposes of comparing cost effectiveness.

The Comptroller General has made this very clear. He has said:

> Such funding is made available to civilian schools for reasons totally unrelated to the

scholarship program and will continue regardless of whether the Program continues.

The Defense Manpower Commission has stated:

> Inclusion of these subsidies is inappropriate because they are independent of the existence of either the University or the Scholarship program.

FUNDING INVOLVED

How much money is involved?

Starting from the ground up, the GAO report indicates the university will cost $150,000 more per graduate than the scholarships to educate its military physicians. This is the 400 percent difference referred to earlier.

Congress has appropriated $15 million for the university in fiscal year 1975 and $64.9 million in fiscal year 1976 for a total of $79.9 million.

The operating costs of the university will be about $21.6 million a year.

This amendment would deny all prior appropriations for the university except for appropriate termination costs.

Construction of the University is designed in two phases. 35 percent of the first phase is complete with $3.9 million spent as of June 23, 1976, according to the Department of Defense Comptrollers Office. The second phase is only 2 percent complete and $1.3 million has been spent. Therefore, as of today, only $5.2 million has been spent; $56.2 million has been obligated to the program. This latter figure should not be confused with expenditures. As with any rescission, all obligated funds are subject to retrieval by the Government in the negotiating process. When we passed the rescission for the F–111's last year, the Government was able to retrieve 80 percent of all obligated funds.

At most, and I stress at most, Mr. President, full termination costs would be $25 million.

It is interesting to note that this amount of money would be saved from 1 year's operating cost of the university. Furthermore, it is likely that the rudimentary building already under construction would be used at the Bethesda Naval Medical Center which has a multimillion-dollar construction program underway and is crying for more space. Therefore even the phase 1 facility, which could be completed with the termination costs, would be of value to the Navy and its construction costs not lost.

This calculation, based on Defense Department data, indicates that this amendment would save the taxpayers of this country about $55 million not counting the savings from using the phase 1 building for other purposes.

A saving of $55 million without any adverse effect on defense medical requirements. A savings that could be passed on to the taxpayers.

Mr. President, let us look at the facts. The Defense Manpower Commission, the House Surveys and investigations staff report, and the Comptroller General have all told us that the university is not cost-effective compared to the scholarship program.

Today we can take action which will save the taxpayers at least $55 million net savings after termination costs and then an additional $21 million in operating costs for the university each year.

We have a choice—a choice to pick a cheaper alternative based on our civilian medical schools and nongovernmental education or another Government program costing up to 400 percent more. If we start here today with a military university, what will tomorrow bring? Will we have Government-paid-for universities for dentists, nurses, veterinarians, lawyers? Why should the Government be brought totally into the health professions business when we can handle the problem through our civilian medical facilities at a far cheaper cost?

Mr. President, I urge acceptance of this amendment.

I found out, unfortunately, that this amendment is going to be taken down by a point of order.

I simply wish to point out there is much to what the Senator from North Carolina said to which I can agree.

We need more doctors—there is no question about it. We will need many more in the future.

Nevertheless, Mr. President, I think, regardless of how badly we need to achieve a national goal, we have to consider the cost of that.

Every study that has been made, the study by the GAO, the study by the Defense Manpower Commission, the study by the surveys and investigation staff of the House Appropriations Committee, all said that this is not the way to do it. It is far more expensive.

In fact, one part of the GAO study found it would be 400 percent more expensive to train doctors this way.

Nevertheless, Mr. President, the Senator from Alaska is going to make a point of order which is, of course, his right. I have talked with the Parliamentarian and he is going to sustain this point of order.

The reason, I understand, is that the money for the Armed Services Medical University is not in the bill; it is in previous appropriations.

The rules provide that the Appropriations Committee can rescind previous appropriations. However, the rule also provides that an amendment from the floor, as I understand it, cannot achieve that. It has to be done in the Appropriations Committee.

For that reason, although we misunderstood the situation before and thought this was in order, we were misinformed. As I understand it, the point of order by the Senator from Alaska will be sustained.

So I see no reason to prolong the debate under these circumstances. If the Senator from Alaska wants to make his point of order now, that will finish the debate as far as I am concerned.

Mr. MANSFIELD. Will the Senator withhold for a minute?

Mr. President, I ask unanimous consent on my time that an excerpt from the report on the pending bill, page 50, entitled "Uniformed Services University of the Health Sciences" be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

For the Uniformed Services University of the Health Sciences at Bethesda, Maryland, the Navy withdrew its request of $9,851,000 since sufficient space may be provided under the first two phases to satisfy present requirements for a medical school.

Bids received on the second increment in March 1976 were very competitive. The current working estimate for the second increment is $53.3 million, which is a savings of approximately $11.6 million from the $64.9 million appropriated for this project. The total cost of the first and second increments is estimated to be $64.3 million, which is $15.6 million less than the amount appropriated.

The deferral of the fiscal year 1977 project was unanimously approved by the University Board of Regents and the Deputy Secretary of Defense.

An orderly, well-conceived plan which will optimally meet the requirements of the additional schools is being developed. The outcome of this effort will be reflected, in part, in the University's request for funds for construction of the third increment, which can be expected to be presented for consideration to Congress within the next 2 years.

Mr. MANSFIELD. Mr. President, I rise in opposition to the amendment.

My reasons for opposing the amendment and supporting the program of the uniformed services university are based on several factors.

First, I believe the cost differential of 22.3 percent between the university and the scholarship program is not an unreasonable amount.

Second, if one considers the benefits to be accrued from the establishment of this school along with its costs and compare it to the scholarship program, the cost benefit is strongly in favor of the university.

Third, if the total Federal costs of the two programs is entered into the analysis, the university again looks better.

Fourth, the alternatives suggested, but not recommended, by the GAO are, in my opinion, neither reasonable nor feasible.

This is a very important aspect which has been often overlooked in this debate. What are the alternatives to the university? And what are their cost benefits as well as cost effectiveness?

The cost benefits of the alternatives are zero. The cost effectiveness is questionable.

Let us consider the first suggested alternative: Expand the scholarship program. Even with the scholarship program producing 1,000 physicians annually, the doctor's bonus assisting to retain doctors, volunteers from the civilian sector, many of whom are fed up with malpractice problems and have sought refuge in the military—and can be expected to return to civilian practice when the problem is solved—and the university producing 175 physicians per year, the military still anticipates a modest doctor shortage. It can be expected that the scholarship program will be increased even with the university in existence.

But beyond this and more to the point, an increase in the number of scholarship participants would draw additional physicians away from the civilian and into the military. This proposal does not increase the number of physicians produced. What we are doing is redistributing a resource which at present is limited.

To increase the present capacity to train doctors would require additional facilities and faculty. In all likelihood the Federal Government would assume at least half the cost inasmuch as that is presently the case. Then the questions arise, do we expand existing medical schools and if so which ones or do we build new ones?

Those who would argue that we already have enough physicians overlook two facts: The heavy reliance on foreign medical graduates and 10 new medical schools, in addition to the uniformed services university, are being planned which will receive substantial amounts of Federal support.

The second alternative of fully sponsored civilian training for scholarship participants will provide the military with a doctor who will not remain for a career. It has been the experience of the military that a physician who receives total civilian training, between 1 and 2 percent remain for a career. Exposure to military medicine sometime, preferably at the onset of training, is requisite if there is to be a career medical corps.

The third alternative of increasing the initial active duty obligation of the scholarship participant makes the program totally unequitable with the National Health Service scholarship program which has a 4-year obligation and greated financial emoluments. The quantity and quality of students applying for Armed Forces health professions scholarships is questionable under such circumstances.

In addition to the reasonableness of costs and the benefits to be accrued from the establishment of this school, I support this program because there are no satisfactory alternatives.

I strongly urge that the amendment be rejected.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished Senator from Mississippi (Mr. STENNIS).

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR STENNIS

I rise in opposition to the amendment.

I must admit, I am somewhat perplexed and shocked by this amendment inasmuch as there is no money in this bill designated for the University. The Congress has authorized and appropriated the total amount of money which is required to construct the medical school. It is obvious that it is the desire of the Congress, indeed this body, that the medical school be established.

The proper time for debate on this subject was in 1972 when the legislation authorizing this program was considered. And in 1974 when $15 million was requested by the University for construction of the first permanent facility of the medical school. And last year when this body considered the University's request for an additional $65 million to construct the second and final increment of the medical school building program.

The Congress on all these occasions has affirmed and reaffirmed its support of this program.

Pursuant to our direction, the university has progressed to the point where it will enroll a charter class of 32 medical students in the fall of this year. The Liaison Committee on Medical Education has informed the university that it will receive provisional academic accreditation. Over 30 faculty appointments, including heads of departments, have been made. Many of these persons who have received faculty appointments are highly respected physicians and scientists who, believing this to be a viable program, have agreed to leave good secure positions with civilian medical schools.

I believe we have a commitment and obligation to them.

Thirty-two students, who are from all parts of the United States, have been notified that they have been accepted to attend the medical school. Over a majority of the students who have indicated they will accept the university's invitation were also accepted to civilian medical schools. They turned down other opportunities to attend medical school opting for the uniformed services university. I think we have a commitment and obligation to them.

Those who are making this 11th hour appeal to terminate this program by denying all previously appropriated funds to the university base their reasoning on cost effectiveness. It is particularly relevant to note that the GAO explicitly points out in their report to the Congress on the university and Armed Forces professions scholarship program that numerous benefits will be derived from the establishment of this medical school and that they are very relevant to the consideration of the programs.

The bottom line figure according to GAO when comparing the two programs is $26,236 for the university graduate and $21,444 for the scholarship graduate. That is a cost differential of 22.3 percent, certainly not unreasonable when one considers that is only the cost to the Department of Defense. If we were to include the total Federal contribution to the education of a physician, the cost of the scholarship graduate would be approximately $6,000 more.

Since the military is going to receive the lion's share of service from graduates of the university, the Department of Defense should pay the bill.

This program is both reasonable in terms of costs and necessary if we are to provide the military with the necessary number of physicians to attend to the needs of those who are in service.

For these reasons, I strongly urge that this amendment be defeated.

Mr. MANSFIELD. Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. Is all time yielded back?

Mr. THURMOND. Mr. President, I rise in opposition to the amendment in the firm belief that the Nation and the military will be well served by the Uniformed Services University of the Health Sciences.

This program was authorized by the Congress in 1972 and will eventually become the principal source of procuring physicians for the Armed Forces.

The Uniformed Services University will be complemented by a scholarship program which is complimentary, not competitive. My support for this program rests on two principal conclusions. First, that the university will provide a positive and lasting source of physicians for the Armed Forces, and second, that the cost of this approach is reasonable and consistent with the needs of the Nation and the military.

PHYSICIAN SOURCE NEEDED

The military is presently dependent upon physician recruitment through the medical schools of the Nation. Most of these schools are presently overcrowded and there is a definite shortage of doctors as a result. Further, the States are reluctant to give these critical spaces for the training of physicians who will not be serving in the States in which these schools are located.

The new uniformed services university not only provides the Nation with a sure source of military physicians, we are aided further by the fact that its graduates will render longer service to the military.

The average military physician coming through the scholarship program will serve a minimum of 4 years and an average of 7 years. Those graduating from the uniformed services university will serve a minimum of 13 years and an average of 16 years.

Thus, it is clear that most of the physicians trained in the University will have incurred a period of military service greater than the scholarship trained physicians. In addition, the longer period of service of those produced by the uniformed services university will obviously lead to many of these individuals remaining in the military for their career.

UNIVERSITY COSTS REASONABLE

The other reason for my support of this program is the fact that based on the cost of the Department of Defense, the uniformed services university annual cost is about $26,000 per staff year compared to $22,000 per staff year in the scholarship program.

However, this cost fails to recognize that the Federal Government is subsidizing the civilian medical schools on the average of $12,000 annually per student. Once this cost is added to the $22,000 mentioned above, the cost comparison is $32,000 under the scholarship program and only $26,000 under the uniformed services university program.

Mr. President, before closing there are other reasons I could cite in support of the university. There is a need for specialized training in military medicine not available in the average medical school. This is a worthy point in support of the university program. Also, it should be recognized this program is already underway with construction begun and the first students scheduled to enter the school in September.

In conclusion, I would urge that the Senate reject the amendment aimed at terminating the uniformed services university of health sciences program.

Mr. FORD. Mr. President, I want the Senator to be able to say everything he wants to say.

Mr. PASTORE. No, I was going to make a point of order.

Mr. FORD. All right.

Mr. President, the desirability of the second and third alternatives is that, under the scholarship program's enabling legislation, the Secretary of Defense can provide any accredited institution with additional payments necessary to cover the increased costs to that institution caused solely by increases in its total enrollment due to acceptance of members of the scholarship program. Option No. 3—an annual increase of 379 scholarship students would provide a bonus of $10,247 per student. Each of the Nation's 114 accredited civilian medical schools could train 3 to 4 additional medical students per year and would receive over $30,000.

If DOD were to provide additional funding to civilian medical schools under option No. 2—an increase of scholarship medical students of 106 per year—about

$34,023 for each student could be granted. Nearly all the 114 medical schools would have to admit one additional student per year.

Even the Defense Manpower Commission—the very body chartered by Congress to make recommendations on balancing an adequate defense with the best possible return on the defense dollar—supports the GAO study.

The Commission takes particular issue with two aspects of the university's justification of its program as being comparable in costs per man-year of service to the scholarship program.

First of all, construction costs were not—yet should have been—included in cost estimates of the program. Its facilities are nowhere near completion, and as we all know, buildings are not a free commodity.

Second, and equally significant, Fedoral contributions to civilian medical schools have no bearing on the cost of the scholarship program, and are incorrectly included as part of it. These are unrelated costs, having existed before the beginning of the scholarship program.

The GAO backs up this point and goes one step further. In a June report prepared for the House Armed Services Committee, it points out that in order to provide any basis for comparing the Federal costs of the two programs, additional costs—such as the use of staff and facilities at nearby military medical institutions to provide support to the university program—would have to be included in the incremental costs estimated for the university program.

It is argued that there is a shortage of physicians in this country. The fact of the matter is that the physician/population ratio has significantly increased since 1965. In fiscal year 1969 there were 161 physicians per 100,000 population; in fiscal year 1975, there were 182 physicians per 100,000 population. The Secretary of Health, Education, and Welfare stated in 1975 that Federal aid coming from the Health Manpower Training Act of 1972 may well result in a surplus of physicians. Since 1972 enrollments have increased by 34 percent and graduates by 45 percent and further increases in graduates will be forthcoming in the next few years. With the maintenance of this training capacity, adequate numbers of health professionals will soon be in practice. It is only a matter of time as to when these large classes will impact upon American society.

I suggest to the Senate that instead of a long-term overall physician shortage, the United States is suffering from two, more severe problems—geographic and speciality maldistribution.

Even if our physician shortage is not being cured as quickly as it might be—and I wish it could be greatly speeded up—the fact that there is a scarcity of doctors is no argument on behalf of a program that produces fewer medical graduates and costs more to do so than another program that produces more and costs less. Again, the university program costs $150,000 more per graduate than the scholarship program.

Voices protest that the construction of the university is too far along to be terminated now. The Congress has appropriated two increments totaling $79.9 million for the construction projects, and only part of that has been spent. Construction of the first phase, costing $15 million is only 35 percent completed. Work on increment No. 2, a $64.9 million appropriation, has only just begun and is 2 percent completed. None of the money already obligated and spent for construction will be wasted. However, because there is a large scale building project underway at the nearby Bethesda Naval Medical Center and the university facility could be used in that program, as both the Navy and the GAO have indicated.

It is said that students have already been accepted to the charter class for the fall of this year and that we cannot be so heartless as to pull the rug out from under them now by terminating the university program. But, according to David Packard, Chairman of the Board of Regents, the situation is not nearly so grim: 24 students have been conditionally accepted and 80 others have been notified that they are alternates.

At this point I ask, where will these students receive their instruction? The first increment, 35 percent finished, has a completion date of January 1977. This is to consist of a basic science building, including some classrooms and laboratories. The second increment, the main university building, classrooms, laboratories, research space, a library, and parking garage, is not expected to be completed until August 1978. Are they going to meet in a construction site or an unfinished shell?

Finally, advocates of the university program maintain that it will offer greater opportunity for specialized training in "military medicine." I ask the Senators here, "What is military medicine?" I have been unable to find a definition for it and am curious. The example used most often is tropical medicine.

Mr. President, if tropical medicine needs to be studied, LSU has a fine medical school offering training in that area. LSU also offers the opportunity to work in the Nation's only leper colony. Military doctors can easily receive specialized training at our civilian schools.

Since the birth of the idea of the university, the mission of our military has changed. We no longer can afford to be a global policeman and are pulling back from bases all over the world. Just the other day the administration decided to leave the islands of Quemoy and Matsu. We may soon have no troops left in Thailand. Why is "military medicine" needed to take care of troops in Europe and the United States?

Furthermore, scholarship program students have 45 days annually of active duty service. Can they not get satisfactory experience and on-the-job training then?

My interest in the uniformed services university of the health sciences was aroused because as Governor of Kentucky I had the experience of trying to expand and improve two medical schools. I know what the costs of new facilities and new teaching manpower are compared to expanding upon existing medical schools, and they are greater to the point of being economically unjustifiable.

If our objective is—as I feel it should be—to meet the uniformed services medical needs at the lowest possible cost to the taxpayer, then our choice is clear. The GAO study clearly indicates that there are three less-expensive alternatives to the university—that an opportunity does exist for the Congress to eliminate a totally unwise and unnecessary expenditure of taxpayer dollars.

Mr. President, the choice is ours—and the choice is clear.

Just one moment, Mr. President, then the Senator from Rhode Island may make his point of order.

I think the Senator from North Carolina is more opposed to the AMA than he is to this amendment. I have not talked to the AMA, have not asked the AMA anything.

I happen to have a little experience in trying to fund two medical schools in a pretty nice State—I think it is the best one.

I think 75 percent of the 175 military service graduates will be leaving little service for the civilian population when we can get 206 more doctors in a civilian arena under my proposal.

I am ready for the Senator from Rhode Island to make his point of order.

The ACTING PRESIDENT pro tempore. Does the Senator from Kentucky yield back the remainder of his hime?

Mr. FORD. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. All time has been yielded back. The point of order is in order.

Mr. PASTORE. I make the point of order. This is legislation on an appropriation bill.

Mr. STEVENS. That it violates 404(c) 2 of the act, because that act gives the committee only the power to rescind funds previously appropriated.

Mr. FORD. A point of information. I would like to hear the Parliamentarian's ruling. Is the Parliamentarian ready to rule?

The ACTING PRESIDENT pro tempore. The Chair is ready to rule.

Mr. FORD. Well, I understand how the Chair will rule.

The ACTING PRESIDENT pro tempore. The point of order that the amendment is legislation on an appropriations bill is sustained.

Mr. FORD. Is that the only objection to the amendment?

Mr. PASTORE. For the time being, yes.

Mr. FORD. The parliamentary procedure is what I am asking.

Mr. PASTORE. Oh, I am sorry.

Mr. FORD. The amendment will come up again.

The ACTING PRESIDENT pro tempore. As the Senator from Alaska correctly stated, the Appropriations Committee could have put in a rescinding provision, but an amendment on the floor to do the same would not lie as being legislation on an appropriations bill.

For that reason, the point of order

raised by the Senator from Rhode Island is sustained.

Mr. FORD. Mr. President, did I understand the Chair to rule then that this body cannot vote under normal routine procedures to add or delete unless a committee has submitted it to the Senate?

The ACTING PRESIDENT pro tempore. That is not the case.

Mr. FORD. That is not the case?

The ACTING PRESIDENT pro tempore. Under the Budget Impoundment Act, the committee is given the jurisdiction over rescissions.

Mr. FORD. This is the decision.

The ACTING PRESIDENT pro tempore. But rule XVI, paragraph 4, which precludes legislation on an appropriations bill, is not waived and the point of order raised under it lies.

Mr. FORD. I thank the Chair.

Mr. MANSFIELD. Mr. President, I think that I am somewhat to blame for the situation which confronts us at the present time because the distinguished Senator from Wisconsin (Mr. PROXMIRE) was prepared to bring this up in the Appropriations Committee after the subcommittee had brought the bill to the full committee's attention.

Unfortunately, he was delayed by another committee, and, therefore, was unable to be there for that argument.

Had I known about this, I would have expected——

Mr. PROXMIRE. May I say, Mr. President, that the majority leader was just as accommodating as he could be. It was my fault entirely.

I had to make a choice between two committees. I felt I could not evade my duty in the other committee, so I went there.

The Senator from Montana was very accommodating and helpful and courteous, and I want to thank him.

Mr. MANSFIELD. I thank the Senator.

Mr. President, at the conclusion of my opening remarks on the pending business, I forgot to make the following request.

I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendments.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BELLMON. Will the Senator yield for a question?

Mr. MANSFIELD. Yes.

Mr. BELLMON. I call the distinguished majority leader's attention to page 10 of the bill, section 111.

It is my understanding that this section 111 is simply a reaffirmation of the sense of Congress that the executive branch should comply with the National Environmental Policy Act in carrying out its base realinement activities.

It is my understanding that this is not intended to place any additional or special requirements on the Department of Defense which exceed the existing mandate of NEPA.

Are these assumptions correct?

Mr. MANSFIELD. They are correct. I point out that the subcommittee put in $3 million for each of the services in that regard.

Mr. BELLMON. I thank the distinguished majority leader.

The ACTING PRESIDENT pro tempore. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. MUSKIE. Mr. President, the Senate is now deliberating H.R. 14235, the military construction appropriation bill for fiscal year 1977. I speak in support of this bill and take this opportunity to comment on the relationship between the bill and the totals allocated by the Committee on Appropriations to its Military Construction Subcommittee.

Pursuant to section 302(b) of the Budget Act, the Committee on Appropriations allocated to the Military Construction Subcommittee $3.5 billion in budget authority and $3.2 billion in outlays. The funds provided in this appropriation bill are $3.4 billion in budget authority and $3.2 billion in outlays. Thus, the bill is $0.1 billion less in budget authority than the amount allocated while the outlay total is the same as allocated.

Mr. President, because this bill deals with the national security function, I believe it is appropriate for me to reiterate a point that I have made time and again before this body. It concerns the proposed legislative savings for pay and compensation and sales of stockpile materials that are essential to our success in meeting the congressional targets for national defense established in the first concurrent resolution. A few of the potential savings we can achieve are: Repeal of the 1-percent kicker for retired pay; establishment of a pay cap for Federal workers; elimination of the commissary subsidy; and sales of strategic materials. If we are to stay within the budget targets that the Congress agreed to for the fiscal year 1977 budget, we must work hard to achieve all possible savings.

I wish to extend my appreciation to my good friends, the distinguished Senator from Montana (Mr. MANSFIELD), chairman of the Subcommittee on Military Construction, and the distinguished chairman of the Committee on Appropriations (Mr. MCCLELLAN), for their dedicated efforts in bringing before us a bill which is within the guidelines established in the first budget resolution.

The ACTING PRESIDENT pro tempore. Do the Senators yield back the remainder of their time?

All time has been yielded back. The bill, having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Florida (Mr. CHILES), the Senator from Missouri (Mr. EAGLETON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Colorado (Mr. GARY HART), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. STENNIS), the Senator from Georgia (Mr. TALMADGE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) and the Senator from Missouri (Mr. SYMINGTON) are absent because of illness.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY), the Senator from North Dakota (Mr. BURDICK), the Senator from New Mexico (Mr. MONTOYA) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), the Senator from Nebraska (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from Utah (Mr. GARN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Nebraska (Mr. HRUSKA), the Senator from New York (Mr. JAVITS), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are absent on official business.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from Oregon (Mr. HATFIELD) would each vote "yea."

The result was announced—yeas 64, nays 0, as follows:

[Rollcall Vote No. 346 Leg.]

YEAS—64

Abourezk
Allen
Bartlett
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Dole
Durkin
Eastland
Fannin
Fong
Ford
Glenn
Gravel
Griffin
Hansen
Haskell
Hathaway
Helms
Hollings
Huddleston
Jackson
Johnston
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
  William L.
Stevens
Stevenson
Stone
Taft
Thurmond
Williams
Young

NAYS—0

NOT VOTING—36

Baker
Bayh
Brock
Buckley
Burdick
Chiles
Curtis
Domenici
Eagleton
Garn
Goldwater
Hart, Gary
Hart, Philip A.
Hartke
Hatfield
Hruska
Humphrey
Inouye
Javits
Kennedy
Laxalt
Leahy
Long
McClellan
McClure
Mondale
Montoya
Percy
Sparkman
Stafford
Stennis
Symington
Talmadge
Tower
Tunney
Weicker

So the bill (H.R. 14235), as amended, was passed.

Mr. MANSFIELD. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore (Mr. STONE) appointed Mr. MANSFIELD, Mr. MCCLELLAN, Mr. INOUYE, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. STEVENS, Mr. YOUNG, Mr. BELLMON, Mr. BROOKE, Mr. SYMINGTON, Mr. CANNON, Mr. TOWER, and Mr. CASE conferees on the part of the Senate.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1977

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 14231, which the clerk will state.

The second assistant legislative clerk read as follows:

A bill (H.R. 14231) making appropriations for the Department of the Interior and related agncies for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to the consideration of the bill which had been reported from the Committee on Appropriations with amendments.

The **ACTING PRESIDENT** pro tempore. The time for debate on this bill shall be limited to 1 hour, to be equally divided and controlled by the Senator from West Virginia (Mr. ROBERT C. BYRD) and the Senator from Alaska (Mr. STEVENS) with 20 minutes on any amendment, debatable motion, appeal, or point of order.

Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished Senator from Wyoming.

Mr. McGEE. Mr. President, I ask unanimous consent that my staff member, Dr. John Baines, be accorded the privilege of the floor during consideration of this bill.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The **ACTING PRESIDENT** pro tempore. The Senate is not in order. Will Senators who wish to converse kindly withdraw to the cloakroom.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, the appropriations bill for the Department of Interior and related agencies is a complex one, but one that draws a good deal of attention from the Senate. The committee has received and considered hundreds of amendments again this year involving requests for additional funding that would have more than doubled the size of the bill. Because it involves the full range of energy, natural resources and Indian programs, the committee also heard from hundreds of public witnesses in addition to the regular agency budget hearings that spanned several months.

A great deal of work has gone into the bill, and I thank the ranking minority member of the subcommittee (Mr. STEVENS) for all of the burden that he has so willingly shouldered in helping to conduct all of the extensive subcommittee hearings. It is obvious to anyone that I could not chair all of those subcommittee hearings because of my duties as majority whip and Mr. STEVENS willingly picked up those hearings that I could not attend. He conducted several hearings which I could not chair and his cooperation has been invaluable to me.

SUMMARY OF FUNDING

Mr. President, the Interior and related agencies appropriations bill before us today carries total new appropriations of more than $6.2 billion, including some $267 million in appropriations to liquidate contract authority and $25 million in borrowing authority.

This is an increase of $255.2 million in the President's budget estimates and $305.3 million over the House allowance. Part of the increase over the House—$107.2 million—involves late-arriving budget amendments that were not considered by the other body. These total appropriations, Mr. President, amount to a sharp increase of more than $1 billion over appropriations for the current fiscal year, mainly in the form of new or expanding energy programs.

These are sizable increases, and they were not lightly considered. Program expansions, as well as selected reductions in some areas of the bill, have been carefully worked out and apply to the highest priorities in energy research and development, natural resource management and protection, and Indian and territorial, and cultural affairs.

The committee was literally inundated with scores of proposed amendments from Senators and Members of the other body, as I noted earlier. Many of the amendments reached the attention of the committee only on the day of the subcommittee markup and the full committee markup. We have tried to act fairly and impartially in responding to these increases.

The committee has recommended significant increases in the administration's budget proposal across a wide sweep of programs to enhance the Nation's natural resources and expand energy development. At the same time, selected reductions in programs of lesser priority have enabled the committee to keep within its assigned ceiling on new budget authority. The bill is at or over the outlay target, however, and I will cover that in a moment.

In the area of land and water needs, forest, range, and wildlife resources, the committee has recommended more than $82 million in additional appropriations. These additional funds are directed mainly to the Bureau of Land Management, U.S. Fish and Wildlife Service, and the Forest Service.

Recreation resources have drawn additional funds exceeding $160 million. These additional moneys are directed primarily at the growing backlog in national park operations, maintenance, and construction, and particularly at rapidly mounting land acquisition needs of the National Park Service, national forest recreation and wilderness areas, and endangered species habitat.

Energy and mineral programs of the Interior Department have also merited increased support in the committee's recommendations—more than $12 million over the budgeted programs for the Geological Survey, Bureau of Mines, and Mining Enforcement and Safety Administration alone.

Principally because of unacceptable reductions proposed in the Administration's budget for health and construction programs, the committee is recommending nearly $104 million in added funding for Indian programs. Major attention has been devoted to education programs and to school and health facilities.

The budget recommended sharp increases in energy resource development and in energy research, development, and demonstration. In view of the demonstrated capabilities of the various administering agencies to obligate effectively the sharp spendng increases provided in recent years, the committee has exercised restraint in recommending added moneys. Nonetheless, the committee has marked in an increase of more than $55 million for the Energy Research and Development Administration, directed chiefly at conservation R. & D.

A major reduction recommended by the committee is in petroleum purchases for the strategic petroleum reserve. This is based not on a program reduction but on the committee's estimate of actual needs and capabilitiy. Funds to implement the early storage plan by acquiring storage sites and facilities have just become available in the recently enacted second supplemental appropriations bill, and it was highly questionable whether the Federal Energy Administration would be able to obligate the $550 million requested in the budget. Accordingly, the committee recommends a $110 million reduction, in agreement with the House-reported allowance. Smaller reductions have been recommended for several agencies funded in the bill, mainly in salaries and expenses.

INCOMPLETE AUTHORIZATIONS

Mr. President, we unfortunately still have to live with a situation where many programs in the bill do not yet have completed authorizing legislation. I had hoped that, under the Budget Reform Act, this would not be a serious problem this year. Yet, such agencies and programs as the Energy Research and Development Administration, the Federal Energy Administration, the National Foundation on the Arts and Humanities, the Pennsylvania Avenue Development Corporation and others are still awaiting final congressional action on their authorizations.

In the case of the Federal Energy Administration we are recommending special language in the bill because of the continuing uncertainty over just what final decision Congress will make in extending the life of this agency. In the event that the FEA is not reauthorized and expires on June 30, the committee has included language in the bill authorizing the transfer of funds appropriated to the FEA to other agencies to which the FEA's energy management functions would have to be assigned. We see no other recourse since time is running out.

In the case of other unauthorized agencies or programs funded in the bill, we have included language making appropriations available only upon the enactment of required authorizations.

Mr. President, three late budget amendments have been included in full in the bill, two of them involving needed funding increases related to the Interior Department's assumption of the manageagement of the Alaska petroleum reserve and one providing $20 million in emergency assistance to the island of Guam. The Guam provision was also included in the House bill yesterday as a floor amendment.

SPENDING CEILING

Finally, Mr. President, the question of spending targets: As I stated earlier, the committee's recommendations were carefully developed to keep budget authority amounts well within the ceiling it has set for the Department of Interior and related agencies appropriation for fiscal year 1977. As displayed in the committee report, the recommended total is more than $700 million below target, but the balance will be needed to accommodate anticipated supplementals and possible new energy program authorizations.

A sharp increase in budget outlay estimates, however, has driven the total calculated for the bill just above the committee's $6.1 billion target. This has largely been caused by outlay increases in the administration's budget requests brought on partly by a series of unanticipated budget amendments and partly by Congressional Budget Office reestimates. Those changes have greater impact than the increases recommended by the committee.

This is a matter of serious concern to the committee. A careful analysis of CBO outlay estimates is needed to determine if all the upward revisions are required. Some adjustment in estimates or in the bill outlay target will clearly be required to provide for spending needs through the balance of the fiscal year.

On a budget function basis, the committee's recommendations would appear to be well within ceilings established under the budget resolution.

Mr. President, I ask unanimous consent to have printed in the RECORD a comparative table reflecting the fiscal year 1976 appropriations, the fiscal year 1977 estimates, the amounts appropriated by the House and the amounts recommended by the committee, with comparisons.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977

Item	1976 Appropriation	Budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (—) compared with— 1976 Appropriation	Budget estimate	House allowance
TITLE I—DEPARTMENT OF THE INTERIOR							
LAND AND WATER RESOURCES							
Bureau of Land Management							
Management of lands and resources	$215,463,000	$220,240,000	$216,299,000	$223,829,000	+$8,366,000	+$3,589,000	+$7,530,000
Construction and maintenance	9,404,000	9,884,000	7,510,000	9,970,000	+566,000	+86,000	+2,460,000
Public lands development roads and trails (appropriation to liquidate contract authority)	(3,183,000)	(5,000,000)	(5,000,000)	(5,000,000)	(+1,817,000)	( )	( )
Oregon and California grant lands (indefinite, appropriation of receipts)	28,000,000	30,000,000	30,000,000	30,000,000	+2,000,000		
Range improvements (indefinite, appropriation of receipts)	5,435,000	7,235,000	7,235,000	7,235,000	+1,800,000		
Recreation development and operation of recreation facilities (indefinite, special fund)	300,000	300,000	300,000	300,000			
Subtota	258,602,000	267,659,000	261,344,000	271,334,000	+12,732,000	+3,675,000	+9,990,000
Office of Water Research and Technology							
Salaries and expenses	18,180,000	22,273,000	21,003,000	21,553,000	+3,373,000	−720,000	+550,000
Total, land and water resources	276,782,000	289,932,000	282,347,000	292,887,000	+16,105,000	+2,955,000	+10,540,000
FISH AND WILDLIFE AND PARKS							
Bureau of Outdoor Recreation							
Salaries and expenses	5,889,000	6,187,000	5,961,000	5,961,000	+72,000	−226,000	
Land and Water Conservation Fund							
Appropriation of receipts (indefinite)	316,986,000	300,000,000	307,056,000	430,461,000	+113,475,000	+130,461,000	+123,405,000
United States Fish and Wildlife Service							
Resource management	120,750,000	122,821,000	127,799,000	129,169,000	+8,419,000	+6,348,000	+1,370,000
Construction and anadromous fish	19,311,000	6,727,000	14,493,000	15,330,000	−3,981,000	+8,603,000	+837,000
Migratory bird conservation account (definite, repayable advance)	7,500,000		7,500,000		−7,500,000		−7,500,000
Subtotal	147,561,000	129,548,000	149,792,000	144,499,000	−3,062,000	+14,951,000	−5,293,000
National Park Service							
Operation of the national park system	255,203,000	272,864,000	272,685,000	280,437,000	+25,234,000	+7,573,000	+7,752,000
Planning and construction	27,457,000	33,200,000	37,228,000	40,237,000	+12,780,000	+7,037,000	+3,009,000)
Road construction (appropriation to liquidate contract authority)	(40,115,000)	(18,000,000)	(19,100,000)	(23,495,000)	(−16,620,000)	(+5,495,000)	(+4,395,000
Preservation of historic properties	24,666,000	14,500,000	19,500,000	24,500,000	−166,000	+10,000,000	+5,000,000
Planning, development and operation of recreation facilities (indefinite, special fund)	14,000,000	14,000,000	14,000,000	14,000,000			
John F. Kennedy Center for the Performing Arts	2,645,000	3,072,000	3,072,000	3,072,000	+427,000		
Subtotal	323,971,000	337,636,000	346,485,000	362,246,000	+38,275,000	+24,610,000	+15,761,000
Total, Fish and Wildlife and Parks	794,407,000	773,371,000	808,237,000	943,167,000	+148,760,000	+169,796,000	+134,930,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977—Continued

Item	1976 Appropriation	Budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with— 1976 Appropriation	Budget estimate	House allowance
ENERGY AND MINERALS							
Geological Survey							
Surveys, investigations, and research	$272, 836, 000	$297, 858, 000	$296, 146, 000	$306, 516, 000	+$33, 680, 000	+$8, 658, 000	+$10, 370, 000
Mining Enforcement and Safety Administration							
Salaries and expenses	84, 465, 000	91, 040, 000	91, 098, 000	93, 740, 000	+9, 275, 000	+2, 700, 000	+2, 642, 000
Bureau of Mines							
Mines and minerals	158, 818, 000	157, 710, 000	163, 351, 000	158, 037, 000	−781, 000	+867, 000	−5, 278, 000
Total, energy and minerals	516, 119, 000	546, 068, 000	550, 559, 000	558, 293, 000	+42, 174, 000	+12, 225, 000	+7, 734, 000
INDIAN AFFAIRS							
Bureau of Indian Affairs							
Operation of Indian Programs	566, 118, 000	589, 510, 000	602, 610, 000	602, 113, 000	+35, 995, 000	+12, 603, 000	−497, 000
Construction	80, 672, 000	46, 263, 000	70, 969, 000	82, 406, 000	+1, 734, 000	+36, 143, 000	+11, 437, 000
Road construction		37, 205, 000	37, 205, 000	39, 405, 000	+39, 405, 000	+2, 200, 000	+2, 200, 000
Road construction (appropriation to liquidate contract authority)	(76, 705, 000)	(46, 795, 000)	(36, 795, 000)	(36, 795, 000)	(−39, 910, 000)	(−10, 000, 000)	( )
Revolving fund for loans	3, 000, 000				3, 000, 000		
Indian loan guaranty and insurance fund	10, 000, 000	20, 000, 000	15, 000, 000	15, 000, 000	+5, 000, 000	−5, 000, 000	
Alaska native fund	70, 000, 000	30, 000, 000	30, 000, 000	40, 000, 000	−30, 000, 000	+10, 000, 000	+10, 000, 000
Trust funds (definite)	3, 000, 000	3, 000, 000	3, 000, 000	3, 000, 000			
Trust funds (indefinite)	31, 200, 000	35, 387, 000	35, 387, 000	35, 387, 000	+4, 187, 000		
Total, Indian affairs	763, 990, 000	761, 365, 000	794, 171, 000	871, 311, 000	+53, 321, 000	+55, 946, 000	+23, 140, 000
TERRITORIAL AFFAIRS							
Office of Territorial Affairs							
Administration of territories	27, 753, 000	44, 046, 000	43, 846, 000	43, 846, 000	+16, 093, 000	−200, 000	
Permanent appropriation (special fund)	(600. 000)	(256, 000)	(256, 000)	(256, 000)	(−344, 000)	( )	( )
Transferred from other accounts (special fund)	(975, 000)	(620, 000)	(620, 000)	(620, 000	(−355, 000)	( )	( )
Trust Territory of the Pacific Islands	86, 438, 000	82, 321, 000	84, 566, 000	81, 277, 000	−5, 161, 000	−1, 044, 000	−3, 289, 000
Micronesian claims fund, Trust Territory of the Pacific Islands	10, 000, 000				−10, 000, 000		
Ex gratia payment, Bikini Atoll	3, 000, 000				−3, 000, 000		
Total, territorial affairs	127, 191, 000	126, 367, 000	128, 412, 000	125, 123, 000	−2, 068, 000	−1, 244, 000	−3, 289, 000
SECRETARIAL OFFICES							
Office of the Solicitor							
Salaries ane expenses	11, 598, 000	12, 658, 000	12, 371, 000	12, 371, 000	+773, 000	−287, 000	
Office of the Secretary							
Salaries and expenses	19, 256, 000	21, 097, 000	20, 430, 000	21, 060, 000	+1, 804, 000	−37, 000	+630, 000
Departmental operations	12, 366, 000	14, 425, 000	11, 812, 000	13, 770, 000	+1, 404, 000	−655, 000	+1, 958, 000
Salaries and expenses (special foreign currency program)	1, 494, 000	907, 000	907, 000	907, 000	−587, 000		
Subtotal	33, 116, 000	36, 429, 000	33, 149, 000	35, 737, 000	+2, 621, 000	−692, 000	+2, 588, 000
Total, secretarial offices	44, 714, 000	49, 087, 000	45, 520, 000	48, 108, 000	+3, 394, 000	−979, 000	+2, 588, 000
Total, new budget (obligational) authority, Department of the Interior	2, 523, 203, 000	2, 546, 190, 000	2, 610, 303, 000	2, 784, 889, 000	+261, 686, 000	+238, 699, 000	+174, 586, 000
Consisting of—							
Appropriations	2, 523, 203, 000	2, 546, 190, 000	2, 610, 303, 000	2, 784, 889, 000	+261, 686, 000	+238, 699, 000	+174, 586, 000
Definite Appropriations	2, 127, 282, 000	2, 159, 268, 000	2, 216, 325, 000	2, 267, 506, 000	+140, 224, 000	+180, 238, 000	+51, 181, 000
Indefinite Appropriations	395, 921, 000	386, 922, 000	393, 978, 000	517, 383, 000	+121, 462, 000	+130, 461, 000	+123, 405, 000
Memoranda—							
Appropriations to liquidate contract authority	120, 003, 000	69, 795, 000	60, 895, 000	64, 290, 000	−54, 713, 000	−4, 505, 000	+4, 395, 000
Total, new budget (obligational) authority and appropriations to liquidate contract authority	2, 643, 206, 000	2, 615, 985, 000	2, 671, 198, 000	2, 850, 179, 000	+206, 973, 000	+234, 194, 000	+178, 981, 000
TITLE II—RELATED AGENCIES							
DEPARTMENT OF AGRICULTURE							
Forest Service							
Forest protection and utilization:							
Forest land management	489, 658, 000	388, 621, 000	395, 911, 000	399, 248, 000	−90, 410, 000	+10, 627, 000	+3, 337, 000
Forest research	82, 280, 000	84, 691, 000	83, 311, 000	88, 537, 000	+6, 257, 000	+3, 846, 000	+5, 226, 000
State and private forestry cooperation	33, 158, 000	24, 800, 000	33, 254, 000	33, 254, 000	+96, 000	+8, 454, 000	
Subtotal	605, 096, 000	498, 112, 000	512, 476, 000	521, 039, 000	+84, 057, 000	+22, 927, 000	+8, 563, 000
Construction and land acquisition	18, 523, 000	14, 414, 000	16, 674, 000	17, 244, 000	−1, 279, 000	+2, 830, 000	+570, 000
Youth conservation corps	35, 098, 000		28, 000, 000	35, 000, 000	−98, 000	+35, 000, 000	+7, 000, 000
Forest roads		200, 000, 000	173, 000, 000	173, 000, 000	+173, 000, 000	−27, 000, 000	
Forest roads and trails (appropriation to liquidate contract authority)	(112, 857, 000)	(170, 104, 000)	(216, 104, 000)	(200, 104, 000)	(+87, 247, 000)	+(30, 000, 000)	(−16, 000, 000)
Acquisition of lands for national forests:							
Special acts (special fund, indefinite)	161, 000	160, 000	160, 000	160, 000	−1, 000		
Acquisition of lands to complete land exchanges	35, 000	54, 000	54, 000	54, 000	+19, 000		
Cooperative range improvements (special fund, indefinite)	700, 000	700, 000	700, 000	700, 000			
Assistance to States for tree planting	1, 368, 000	1, 373, 000	1, 373, 000	1, 373, 000	+5, 000		
Construction and operation of recreation facilities (indefinite, special fund)	3, 674, 000	2, 475, 000	2, 475, 000	2, 475, 000	−1, 199, 000		
Total, Forest Service	664, 655, 000	717, 288, 000	734, 912, 000	751, 045, 000	+86, 390, 000	+33, 757, 000	+16, 133, 000
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION							
Operating expenses, fossil fuels	431, 266, 000	493, 230, 000	544, 275, 000	541, 611, 000	+110, 345, 000	+48, 381, 000	−2, 664, 000
Plant and capital equipment, fossil fuels	21, 025, 000	57, 220, 000	68, 570, 000	63, 920, 000	+42, 895, 000	+6, 700, 000	−4, 650, 000
Special foreign currency program, fossil fuels	6, 650, 000				−6, 650, 000		
Total	458, 941, 000	550, 450, 000	612, 845, 000	605, 531, 000	+146, 590, 000	+55, 081, 000	−7, 314, 000

Item	1976 Appropriation	Budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with— 1976 Appropriation	Budget estimate	House allowance
TITLE II—RELATED AGENCIES—Continued							
FEDERAL ENERGY ADMINISTRATION							
Salaries and expenses	$153,077,000	$193,157,000	$148,458,000	$185,220,000	+$32,143,000	−$7,937,000	+$36,762,000
Strategic petroleum reserve	313,375,000	557,684,000	447,684,000	447,684,000	+134,309,000	−110,000,000	
Total	466,452,000	750,841,000	596,142,000	632,904,000	+166,452,000	−117,937,000	+36,762,000
FUNDS APPROPRIATED TO THE PRESIDENT							
Petroleum reserves	141,852,000	421,366,000	406,116,000	406,116,000	+264,264,000	−15,250,000	
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE							
Health Services Administration							
Indian health services	294,809,000	354,451,000	314,562,000	349,413,000	+54,604,000	−5,038,000	+34,851,000
Indian health facilities	55,616,000	40,345,000	70,663,000	76,499,000	+20,883,000	+36,154,000	+5,836,000
Total	350,425,000	394,796,000	385,225,000	425,912,000	+75,487,000	+31,116,000	+40,687,000
Office of Education							
Indian education	57,055,000	42,055,000	40,933,000	58,983,000	+1,928,000	+16,928,000	+18,050,000
INDIAN CLAIMS COMMISSION							
Salaries and expenses	1,411,000	1,530,000	1,525,000	1,525,000	+114,000	−5,000	
NAVAJO AND HOPI RELOCATION COMMISSION							
Salaries and expenses	12,700,000	500,000	400,000	400,000	−12,300,000	−100,000	
SMITHSONIAN INSTITUTION							
Salaries and expenses	81,673,000	85,100,000	82,635,000	82,616,000	+943,000	−2,484,000	−19,000
Museum programs and related research (special foreign currency program)	500,000	4,481,000	2,500,000	3,481,000	+2,981,000	−1,000,000	+981,000
Science information exchange	1,940,000	1,900,000	1,900,000	1,900,000	−40,000		
Construction and improvements, National Zoological Park	8,390,000	6,800,000	6,580,000	6,580,000	−1,810,000	−200,000	
Restoration and renovation of buildings	1,192,000	3,300,000	2,700,000	3,050,000	+1,858,000	−250,000	+350,000
Construction		500,000				−500,000	
Construction (appropriation to liquidate contract authority)	(2,500,000)	( )	( )	( )	(−2,500,000)	( )	( )
Salaries and expenses, National Gallery of Art	7,759,000	12,309,000	12,309,000	11,546,000	+3,787,000	−763,000	−763,000
Salaries and expenses, Woodrow Wilson International Center for Scholars	975,000	1,120,000	1,120,000	1,120,000	+145,000		
Total	102,429,000	115,510,000	109,744,000	110,293,000	+7,864,000	−5,217,000	+549,000
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES							
Salaries and Expenses							
Endowment for the arts	74,500,000	79,500,000	77,500,000	77,500,000	+3,000,000	−2,000,000	
Endowment for the humanities	72,000,000	79,500,000	77,500,000	77,500,000	+5,500,000	−2,000,000	
Administrative expenses	10,910,000	11,000,000	11,000,000	11,000,000	+90,000		
Subtotal	157,410,000	170,000,000	166,000,000	166,000,000	+8,590,000	−4,000,000	
Matching Grants							
Endowment for the arts (indefinite)	7,500,000	7,500,000	7,000,000	7,500,000			+$500,000
Endownment for the humanities (indefinite)	7,500,000	7,500,000	7,000,000	7,000,000	−500,000	−500,000	−500,000
Subtotal	15,000,000	15,000,000	14,000,000	14,500,000	−500,000	−500,000	+500,000
Total, National Foundation on the Arts and Humanities	172,410,000	185,000,000	180,000,000	180,500,000	+8,090,000	−4,500,000	+500,000
COMMISSION OF FINE ARTS							
Salaries and expenses	202,000	215,000	214,000	214,000	+12,000	−1,000	
NATIONAL CAPITAL PLANNING COMMISSION							
Salaries and expenses	1,871,000	1,904,000	1,904,000	1,904,000	+33,000		
AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION							
Salaries and expenses	9,462,000	1,965,000	65,000	65,000	−9,397,000	−1,900,000	
FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION							
Salaries and expenses		29,000	29,000	29,000	+29,000		
LOWELL HISTORIC CANAL DISTRICT COMMISSION							
Salaries and expenses	120,000				−120,000		
JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA							
Salaries and expenses	764,000	540,000	540,000	737,000	−27,000	+197,000	+197,000
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION							
Salaries and expenses	824,000	1,425,000		1,318,000	+494,000	−107,000	+1,318,000
Land acquisition and development (borrowing authority)		25,000,000		25,000,000	+25,000,000		+25,000,000
Public development		11,450,000		10,450,000	+10,450,000	−1,000,000	+10,450,000
Total	824,000	37,875,000		36,768,000	+35,944,000	−1,017,000	+36,768,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977—Continued

					Increase (+) or decrease (−) compared with—		
Item	1976 Appropriation	Budget estimate	House allowance	Committee recommendation	1976 Appropriation	Budget estimate	House allowance
Total, new budget (obligational) authority, Related Agencies	$2,441,573,000	$3,221,864,000	$3,070,594,000	$3,212,926,000	+$771,353,000	−$8,938,000	+$142,332,000
Consisting of—							
Appropriations	2,441,573,000	3,196,864,000	3,070,594,000	3,187,926,000	+746,353,000	−8,938,000	+117,332,000
Definite appropriations	2,422,038,000	3,178,529,000	3,053,259,000	3,170,091,000	+748,053,000	−8,438,000	+116,832,000
Indefinite appropriations	19,535,000	18,335,000	17,335,000	17,835,000	−1,700,000	−500,000	+500,000
Borrowing Authority		25,000,000		25,000,000	+25,000,000		+25,000,000
Memoranda—							
Appropriations to liquidate contract authority	115,357,000	170,104,000	216,104,000	200,104,000	+84,747,000	+30,100,000	−16,000,000
Total, new budget (obligational) authority and appropriations to liquidate contract authority	2,556,930,000	3,391,968,000	3,286,698,000	3,413,030,000	+856,100,000	+21,062,000	+126,332,000
RECAPITULATION							
Total, new budget (obligational) authority, all titles	4,964,776,000	5,768,054,000	5,680,897,000	5,997,815,000	+1,033,039,000	+229,761,000	+316,918,000
Consisting of—							
Appropriations	4,964,776,000	5,743,054,000	5,680,897,000	5,972,815,000	+1,008,039,000	+229,761,000	+291,918,000
Definite appropriations	4,549,320,000	5,337,797,000	5,269,584,000	5,437,597,000	+888,277,000	+99,800,000	+168,013,000
Indefinite appropriations	415,456,000	405,257,000	411,313,000	535,218,000	+119,762,000	+129,961,000	+123,905,000
Borrowing authority		25,000,000		25,000,000	+25,000,000		+25,000,000
Memoranda—							
Appropriations to liquidate contract authority	235,360,000	239,899,000	276,999,000	265,394,000	+30,034,000	+25,495,000	−11,605,000
Grand total new budget (obligational) authority and appropriations to liquidate contract authority	5,200,136,000	6,007,953,000	5,957,896,000	6,263,209,000	+1,063,073,000	+255,256,000	+305,313,000

Mr. ROBERT C. BYRD. Mr. President, I yield to my distinguished counterpart on the other side of the aisle.

Mr. STEVENS. Mr. President, I appreciate the kind remarks of the distinguished Senator from West Virginia.

I commend him as the distinguished chairman of the Interior Appropriations Subcommittee for another excellent job in guiding this subcommittee. Under his leadership and with the help of his outstanding subcommittee staff, I believe we have succeeded in bringing out a good bill; one that responsibly addresses the needs articulated in our extensive hearings and in the requests for appropriations for items of special concern to Members of this body.

The total recommended by the full committee for the Department of Interior and related agencies in fiscal year 1977 is $6,263,209,000. This is an increase of $1,063,073,000 above the amount appropriated in fiscal year 1976 and $255,256,000 above the amount requested by the administration.

The committee has recommended an increase of almost $200 million for activities relating to coal, mineral, forest, range, and wildlife resources. While this increase is unusually large, revenues from some of these activities are expected to be about $7.5 billion—more than the total appropriation being made in this bill. Increased funding for these areas is clearly a prudent investment.

Over $160 million has been added to the budget request for recreation resources. The bulk of this increase is for land acquisition through the land and water conservation fund, which is recommended for an increase of $130,461,000 above the budget request and $113,475,000 above last year's appropriation.

In the area of human needs, we are recommending approximately $1.3 billion for BIA and HEW programs benefiting Native Americans.

Fossil energy research and most of ERDA's conservation research are also funded through this bill. ERDA's fossil programs have been increased $8.5 million over the budget request. After large increases last year, the conservation programs are being provided a still larger increase of $74 million above the fiscal year 1976 appropriation and $40.5 million above the fiscal year 1977 budget request.

The recommendation for the Federal Energy Administration—FEA—the other energy agency funded in this bill, is $632,904,000. The committee has cut almost $118 million from the FEA budget request. Most of the decrease is in the agency's strategic petroleum reserve program and is due to the committee's belief that the $550 million requested for purchase of the oil for storage could probably not be fully obligated in the fiscal year. In FEA's other programs, the committee has cut almost $8 million, but it has fully restored the $25 million House cut in the State energy conservation or "State grants" program.

Finally, the committee has recommended approximately $299 million for cultural affairs funded through such Federal agencies as the Smithsonian Institution and the National Endowment on the Arts and Humanities. This is an increase of over $16 million above last year's appropriation for these programs.

As the country's resource limitations have become more apparent, the interest in the activities funded in the Interior appropriation bill has grown. There has been increasing pressure to respond to our resource and recreation problems and to the needs of Native Americans with greater and greater appropriations. The Interior Appropriations Subcommittee has been in the awkward position of fully appreciating the need for meaningful responses to these problems and yet also knowing full well that fiscal resources have limits, too; and that providing large funding increases for some of the activities within the scope of this bill would not necessarily assure more meaningful responses to these problems. As the increases I have cited indicate, the subcommittee has met this dual challenge successfully by providing reasonable and sufficient funding for the agencies involved to carry out their respective missions in a responsible, progressive manner.

Again, I commend the Senator from West Virginia for his fine work, and I join with him in urging the Senate to adopt the committee's recommendations without modification.

Mr. ROBERT C. BYRD. Mr. President, in order to put the bill in its proper parliamentary form, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall have been considered to have been waived by agreeing to this request.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, in line 10, strike out "$216,299,000" and insert "$223,829,000".

On page 2, in line 14, strike out "$7,510,000" and insert "$9,970,000".

On page 2, in line 20, after "expended" insert a colon and the following:

Provided, That $13,900,000 of unobligated balances of contract authority provided by the Federal-Aid Highway Act of 1973 (P.L. 93–87) and proposed to be unobligated as of September 30, 1977, is hereby rescinded.

On page 6, in line 17, strike out "$21,003,000" and insert $21,553,000".

On page 6, in line 17, strike out "$9,700,000" and insert "$7,540,000".

On page 6, in line 18, after "expended" strike out:

and shall be available for obligation only upon the enactment into law of H.R. 11559, Ninety Fourth Congress, or similar legislation: *Provided*, That the unexpended balances of the appropriations for "Salaries and expenses," Office of Water Resources Research, and "Saline water conversion" shall be merged with this appropriation.

On page 7, in line 16, strike out "$307,056,000" and insert "$430,461,000".

On page 7, in line 19, strike out "$79,603,000" and insert "$172,303,000".

On page 7, in line 21, strike out "$32,506,000" and insert "$56,961,000".

On page 7, in line 22, strike out "$10,745,000" and insert "$16,995,000".

On page 8, in line 11, strike out "$127,799,000" and insert "$129,169,000".

On page 8, in line 22, strike out "$14,493,000" and insert "$15,330,000".

On page 9, beginning with line 1, strike out:

MIGRATORY BIRD CONSERVATION ACCOUNT

For an advance to the migratory bird conservation account; as authorized by the Act of October 4, 1971, as amended (16 U.S.C.

715k–3, 5; 81 Stat. 612), $7,500,000, to remain available until expended.

On page 9, in line 12, strike out "three" and insert "four".

On page 9, in line 12, after "only," insert "one to be obtained by exchange".

On page 10, in line 18, strike out "$272,685,000" and insert "$280,437,000".

On page 11, in line 8, strike out "$235,000" and insert "$257,000".

On page 11, in line 10, strike out "$37,228,000" and insert "$40,237,000".

On page 11, in line 11, strike out the colon and the following:

Provided, That $2,060,000 shall be available for obligation only upon the enactment into law of authorizing legislation providing for the acquisition of locomotives and related facilities at the Golden Spike National Historic Site.

On page 11, in line 19, strike out "$19,100,000" and insert "$23,495,000".

On page 11, in line 20, after "expended" insert a colon and the following:

Provided, That $112,122,000 of unobligated balances of contract authority provided by the Federal-Aid Highway Act of 1973 (P.L. 93–87) and proposed to be unobligated as of September 30, 1977, is hereby rescinded.

On page 12, in line 3, strike out "$19,500,000" and insert "$24,500,000".

On page 12, in line 4, strike out "$15,000,000" and insert "$20,000,000".

On page 14, in line 9, strike out "$296,146,000" and insert "$306,516,000".

On page 15, in line 13, strike out "$91,098,000" and insert "$93,740,000".

On page 15, in line 21, after "work," insert "and for the purchase of not to exceed 195 passenger motor vehicles".

On page 16, in line 22, strike out "$163,315,000" and insert "$158,037,000".

On page 16, in line 23, strike out "$30,000,000" and insert "$97,779,000".

On page 18, in line 11, strike out "$602,610,000" and insert "$602,113,000".

On page 18, in line 12, strike out "$32,952,000" and insert "$29,952,000".

On page 18, beginning with line 13, insert "and $17,160,000 for self-determination grants to tribes".

On page 18, beginning with line 15, insert: and that the funds made available to tribes and tribal organizations through contracts authorized by the Indian Self-Determination and Education Assistance Act of 1975 (88 Stat. 2203; 25 U.S.C. 450) shall remain available until September 30, 1978: *Provided*, That this carryover authority does not extend to programs directly operated by the Bureau of Indian Affairs.

On page 19, in line 11, strike out "$70,969,000" and insert "$82,406,000".

On page 19, in line 18, strike out "$37,205,000" and insert "$39,405,000".

On page 20, in line 19, after "203)" insert "and section 409 of Public Law 93–153".

On page 20, in line 20, strike out "$30,000,000" and insert "$40,000,000".

On page 24, in line 12, strike out "$84,566,000" and insert "$81,277,000".

On page 25, in line 14, strike out "$20,430,000" and insert "$21,060,000".

On page 25, in line 18, strike out "$11,812,000" and insert "$13,770,000".

On page 27, in line 17, after "title" strike out "or in the Public Works for Water and Power Development and Energy Research Appropriation Act, 1977,".

On page 29, in line 12, strike out "$395,911,000" and insert "$399,248,000".

On page 29, in line 15, strike out "$5,025,000" and insert "$8,000,000".

On page 29, in line 23, strike out "$15,012,000" and insert "$18,867,000".

On page 30, in line 3, strike out "$83,311,000" and insert "$88,537,000".

On page 30, in line 19, strike out "$16,674,000" and insert "$17,244,000".

On page 31, in line 4, strike out "$28,000,000" and insert "$35,000,000".

On page 31, in line 6, strike out "$14,000,000" and insert "$17,500,000".

On page 31, in line 8, strike out "$14,000,000" and insert "$17,500,000".

On page 31, in line 22, strike out "$216,104,000" and insert "$200,104,000".

On page 32, in line 4, after "appropriation" insert a colon and the following:

Provided further, That the unused contract authorization contained in Federal-Aid Highway Act of 1973, Public Law 93–87, August 13, 1973, in the amount of $53,827,943 is hereby rescinded.

On page 36, in line 10, strike out "$544,275,000" and insert "$541,611,000".

On page 37, in line 19, strike out "$68,570,000" and insert "$63,920,000".

On page 38, in line 11, strike out "$148,458,000" and insert "$185,220,000".

On page 38, in line 15, after "That", strike out: "the funds made available under this head shall be available for obligation only upon the enactment into law of H.R. 12169, Ninety-Fourth Congress, or similar legislation".

And insert in lieu thereof: "in the event of the expiration of such Administration, the funds provided herein shall be available for obligation by any other entity or entities established to carry out substantially the same functions as such Administration".

On page 39, in line 16, after "expended" insert a colon and the following: *Provided*, That, notwithstanding any other provision of law, in the event the Secretary of the Navy should be unable to dispose of the petroleum produced from Naval Petroleum Reserve Numbered 1 at public sale, he shall submit to the Congress a certification so stating; and within 30 days after such submission, if neither House of the Congress adopts a resolution disapproving termination of production or a portion of production, such production or a portion of such production will cease.

On page 40, in line 10, strike out $314,562,000" and insert "$349,413,000".

On page 40, in line 20, strike out "$70,663,000" and insert "$76,499,000".

On page 41, in line 16, strike out "$25,000,000" and insert "$35,000,000".

On page 41, in line 16, strike out "$11,080,000" and insert "$18,000,000".

On page 41, in line 17, strike out "$3,000,000" and insert "$4,000,000".

On page 41, in line 19, strike out $40.933,000" and insert "$58,983,000".

On page 42, in line 24, strike out "$82,635,000" and insert "$82,616,000".

On page 43, in line 10, strike out "$2,500,000" and insert $3,481,000".

On page 44, in line 7, strike out "$2,700,000" and insert "$3,050,000".

On page 45, in line 5, strike out "$12,309,000" and insert "$11,546,000".

On page 46, in line 17, strike out "$14,000,000" and insert "$14,500,000".

On page 48, in line 7, strike out "$540,000" and insert "$737,000".

On page 48, beginning with line 10, insert:

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

SALARIES AND EXPENSES

For necessary expenses, as authorized by section 17 of Public Law 92–578 as amended, $1,318,000: *Provided*, That this appropriation shall be available only upon enactment of authorizing legislation.

LAND ACQUISITION AND DEVELOPMENT

The Pennsylvania Avenue Development Corporation is authorized to borrow from the Treasury of the United States $25,000,000 pursuant to the terms and conditions specified in paragraph 10, section 6, of Public Law 92–578: *Provided*, That this authority shall be available only upon the enactment of S. 1689, Ninety-Fourth Congress, or similar legislation.

PUBLIC DEVELOPMENT

For public development activities and projects in accordance with the development plan approved under section 5 of Public Law 92–578, as amendet, $10,450,000: *Provided*, That this appropriation shall be available only upon enactment of authorizing legislation.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. Mr. President, I yield such time to the Senator from Maine as he requires.

Mr. MUSKIE. Mr. President, I shall make a brief statement on this bill from the point of view of the Budget Committee.

The bill we are now considering, H.R. 14231, the Interior and related agencies appropriation bill, provides $6 billion in budget authority and $6.2 billion in outlays to fund the Forest Service, the fossil fuel program of ERDA, FEA, and most of the agencies within the Department of the Interior.

I support this bill. It is basically consistent with the assumptions of the first budget resolution. In terms of budget authority, the bill stays well within the amount allocated to the Subcommittee on Interior by the full Committee on Appropriations under section 302(b) of the Budget Act.

In terms of outlays, the bill is $59 million above the amount allocated to the subcommittee. I would like to take a moment to discuss this overage and to point out some additional demands that we may be facing later.

My impression is that this overage is at least in part due to the fact that the Congressional Budget Office reestimated some of the items in the President's budget while the Interior Subcommittee was considering this bill.

Given the outlay level in this bill, the $6.2 billion in budget authority and $2.2 billion in outlays held in reserve for contingencies by the Committee on Appropriations when it made the section 302 (b) allocation to its 13 subcommittees will have to absorb an extra $59 million in outlays.

In addition, supplemental requests for appropriations pertaining to this subcommittee may have to be considered. There are two such supplementals that we know of at this time. The first is a Forest Service firefighting supplemental of approximately $100 million in both budget authority and outlays. Based on past experience, we can expect to need such an amount this year. The second possible supplemental is less certain. It concerns synthetic fuels. If the Congress approves a $4 billion loan guarantee program for synthetic fuels, then a supplemental appropriation of $1 billion in budget authority can be anticipated. There would be no outlays involved for fiscal year 1977.

Together the two supplementals total $1.1 billion in budget authority and $100 million in outlays. If we were to relate these amounts to the Subcommittee on Interior's section 302(b) allocation, we see that the remaining $700 million in budget authority would be more than used up. We would find ourselves $400 million in budget authority over the amount allocated by the full committee to the subcommittee.

With outlays—where we already exceed the Interior Subcommittee's allocation—the passage of those supplementals would add to the excess over the allocation by $100 million—bringing the total excess of outlays to $159 million.

I make the point that, in discussing this with the distinguished chairman of the committee (Mr. ROBERT C. BYRD), he indicated that the Senate bill is above the House bill and that some of that $159 million could conceivably be picked up in conference. That is simply informational and not in any way a commitment, as I understand it. That conceivably could happen.

Does the Senator from Alaska want to comment on that?

Mr. STEVENS. I point out to the Senator from Maine that we have added $130.4 million for the Land and Water Conservation Fund. We have $10 million required by the Buckley amendment for outlays for the Alaska Natives land claims fund. It is true that we are some $59 million over our outlay target. We do not know what our colleagues in the House are going to do on these amendments. I could detail about $100 million more that will be in controversy in the conference. I hope that the chairman will consider the outcome of the conference in comparison to the outlay requirements.

There is a little leeway in both the House and the Senate bill as far as what will happen in conference. I cannot predict, but I assume that we are going to be somewhere between the House and the Senate bill when we finish.

Mr. MUSKIE. I understand perfectly, and I am not trying to anticipate what may happen. I simply indicate that possibility to which the Senator refers.

Mr. President, I ask unanimous consent that, at this point in my remarks, a table showing the effect of funding possible supplementals on the section 302 (b) allocation be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—*Effect on subcommittee 302(b) allocation of possible supplementals to the Interior and related agencies appropriation bill (H.R. 14231)*

[In billions of dollars]

	Budget authority	Outlays[1]
Subcommittee 302(b) Allocation	6.7	6.1
H.R. 14231	−6.0	−6.2
Remaining allocation	0.7	[2] −0.1
Possible supplementals:		
Forest Service firefighting	−0.1	−0.1
Synfuels	−1.0	------
(Total possible supplementals)	−1.1	−0.1
Excess over allocation if possible supplementals are funded	−0.4	−0.2

[1] Includes outlays from prior year authority.

[2] $59 million.

SOURCE: Committee on the Budget, U.S. Senate, June 26, 1976.

Mr. MUSKIE. It is important, Mr. President—and I want to emphasize this for the benefit of all Senators in the Chamber, and I wish there were more—that the Appropriations Committee's contingency reserve of $6.2 billion in budget authority and $2.2 billion in outlays is being used up. Again I would like to have printed in the RECORD at this point in my remarks a second table which shows the currently estimated demands upon the contingency reserve.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE II

[In billions of dollars]

	Budget authority	Outlays
Appropriations Committee reserve for contingencies	6.2	2.2
Federal pay raise	−0.8	−0.7
Items related to the Agriculture Subcommittee:		
Regular bill excess over allocation	−0.1	−0.1
Food stamps supplemental requirement	−1.2	−1.2
Amount of reserve remaining prior to this bill	4.1	0.2
Items relating to Interior Subcommittee:		
Excess in this bill over allocation	-----	−0.1
Possible supplementals in excess of allocation	−0.4	−0.1
Remaining reserve	3.7	0

SOURCE: Committee on the Budget, U.S. Senate, June 26, 1976.

Mr. MUSKIE. The anticipated Federal pay raise supplemental will use $800 million in budget authority and $700 million in outlays of this contingency reserve. The agriculture appropriation bill which was passed by the Senate earlier this week exceeded that subcommittee's allocation by $100 million in budget authority and outlays. That plus the potential $1.2 billion food stamp supplemental may use another $1.3 billion in budget authority and $1.3 billion in outlays. This leaves $4.1 billion in budget authority and $200 million in outlays remaining in the reserve prior to considering this bill.

But as we have noted, this bill uses $59 million in outlays from the contingency reserve. And if the two supplementals come along and require funds, the reserve will be reduced to $3.7 billion in budget authority and, more importantly, the outlay reserve will be used up entirely. So already we are finding that our flexibility later in the year is apt to be severely limited.

I know that the distinguished chairman of the Appropriations Committee (Mr. MCCLELLAN), and the committee's distinguished members realize this and know how tight the outlay situation is for fiscal year 1977.

I hope that my remarks here today will help keep other Members of the Senate aware of how tight the outlay picture is. If we are to stick to the budget targets of the first concurrent resolution, which we adopted only last month, we are going to have to exercise a careful watch on spending, particularly in regard to outlays.

There is one other point I wish to make. I understand that the Committee on Finance has reported, in connection with the debt ceiling legislation, language which has been referred to the Committee on the Budget requiring the Committee on the Budget to reduce, for every dollar departure from the $15.3 billion reduction in revenues, $1 in spending. For those who will be considering that language next week, I ask them to consider the debates that have taken place this week on the appropriations bills that have come before us, including this one. Each of these has been tight. Each of these has been bumping against the ceiling. So any notion that it will be easy to make up any change in revenues by cutting spending, I think, is thrown in considerable doubt by the history of these appropriations bills as they come to the floor.

That is a fine statement of policy that the Committee on Finance would like to have the Senate impose upon the Committee on the Budget. It arises out of a recommendation made by the President last December. Congress rejected it at that time, because we understood, having gone through one year of the budget process, that it is not all that simple. We found it was not with the first budget resolution this year. If we had accepted the President's advice last December, we would have held spending at the $395 billion level. The first concurrent resolution raised that to $412 billion. That represented a cut, not of $28 billion that the President asked for, but of $12 billion, which was the best that the committee and the Congress could do, taking into account all of these pressing needs. Now, when we are asked to reaffirm that policy in the light of the experience we have already had with this budget, in the light of the experience we are having with these individual appropriations bills, I think the Senate ought to focus on the facts and the realities before the Senate casually adopts a repetition of that policy which we have now tried to live with and implement. It is not possible, Mr. President, and I think that it is appropriate to make those observations this morning.

Mr. President, I yield the floor.

Mr. MANSFIELD. Mr. President, the subcommittee as well as its chairman, the distinguished Senator from West Virginia, (Mr. Robert C. Byrd), has been most generous to the State of Montana through its actions on H.R. 14231, the Interior and Related Agencies Appropriations bill for fiscal year 1977.

In particular, I am most grateful for the committee's continued strong support for the Energy Research and Development Administration's national magnetohydrodynamics — MHD — program. I have noted that this bill contains a $37,986,000 appropriation for the nationwide MHD program operating expenses and a $6,700,000 plant and capital equipment appropriation for construction of the Component Development and Integration Facility in Butte, Mont. I urge the committee to stand firm behind the Senate MHD program appropriation in conference wtih the House. Although this appropriation will keep the program moving ahead, any reduction will hinder the progressive development of this promising coal conversion technology.

Additionally, I have noted the committee's action appropriating $21 million for the national fuel cell program and $5 million for the small grants program for appropriate technology. Along with Senator Glenn, I personally discussed this detail with Senator Robert C. Byrd. I strongly support these important conservation programs.

Finally, Mr. President, I would like to explore in more detail committee report language concerning commercial-sized synthetic fuel demonstration plants. I note and support the committee's concern over ERDA's apparent inability to overcome administrative and technical obstacles hindering construction and operation of such demonstration plants at the earliest possible time. The report states that:

> The Committee believes that at least one plant from each of the major synthetic fuel areas is needed in order that they can be used as a benchmark against which cost-shared or industry-owned plants can be measured.

I ask my colleague, (Mr. Robert C. Byrd) the subcommittee chairman, if the major synthetic fuel areas referred to in the report are liquefaction, high Btu coal gasification, low Btu coal gasification and modular oil shale plant development?

Mr. ROBERT C. BYRD. Mr. President, generally speaking, the distinguished majority leader is correct.

Mr. MANSFIELD. The committee directs ERDA to expeditiously explore alternate processes and approaches, including Government owned contractor operated plants. Is it the committee's intent that ERDA immediately build these demonstration plants using first generation or first generation improved technology in order to shake out the bugs in the process prior to the testing of already planned second generation technology plans which are expected to come on line in the early 1980's?

Mr. ROBERT C. BYRD. It is the intention of the committee to move this along as rapidly as possible, and that is precisely why the language just cited by the Senator from Montana was included in the committee report. It is obvious that ERDA's present schedule will not move this Nation toward a more independent energy posture within what the committee considers a reasonable time. The committee wants to move ahead with this job and we want ERDA to give us a more accelerated schedule.

Mr. MANSFIELD. Is it reasonable that in the testing through this demonstration plant process, particularly in the high Btu coal gasification area, that every attempt should be made by ERDA to build one plant operating on lignite coal and one plant to operate on subbituminous coal?

Mr. ROBERT C. BYRD. Mr. President, this would appear to be a good operating policy.

Mr. MANSFIELD. I thank the chairman of the subcommittee.

I am especially pleased to note the report language indicating that existing Federal facilities should be utilized when possible. As chairman of the Military Construction Appropriations Subcommittee, I am acutely familiar with the many Defense Department facilities that have been closed around the country, some for more than 10 years, for which no acceptable reuse has been found. Given such Federal facilities with built-in alleviation for the major socioeconomic impacts associated with the development of a large demonstration plant, located in an area where there is a present or expected critical shortage of a needed energy supply, and provided that the environmental restraints are insignificant, I believe it would be in the best interest of the taxpayer and the technology development that such Federal efforts be coordinated. I hope that the Defense Department and ERDA work closely together so that acceptable reuse may be found for many of the empty Federal facilities across the country.

I thank the committee, especially the distinguished chairman, Mr. Robert C. Byrd, and the ranking Republican member, Mr. Stevens, for their efforts, and I wholeheartedly support passage of H.R. 14231.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

May I say that the language in the committee report had been put into the report at the request of the distinguished majority leader, and I would certainly hope and expect ERDA to carry out the recommendations included in the committee report.

Mr. MANSFIELD. Mr. President, I am once again deeply and personally grateful to the distinguished assistant majority leader.

Mr. STEVENS. Mr. President, I have one amendment. Does the Senator from Arkansas seek time?

Mr. BUMPERS. I wanted to speak on the energy institutes.

Mr. ROBERT C. BYRD. Mr. President, I yield to the Senator such time as he may desire.

Mr. BUMPERS. Mr. President, several months ago the distinguished Senator from Idaho (Mr. Church) introduced a bill in this body which was considered by the Interior Committee and which was later incorporated into the ERDA authorization bill which we passed yesterday.

The concept of the so-called Church bill was to establish energy institutes in at least one institution of higher learning in virtually every State in the country. The idea was that each State could conserve energy in a very unique way that would be peculiar to that particular State.

I thought the concept had great merit. At about the same time, the distinguished Congressman from the State of Arkansas (Mr. Thornton) introduced a bill in the House which he referred to as the energy extension bill. I introduced the same bill in the Senate and it was referred to the Committee on Interior.

During hearings over there, and while the distinguished Senator from Idaho was campaigning for President, we held hearings and agreed to coordinate the two, that was, to galvanize the two bills into one. We first called it the Church-Bumpers approach, but while he was gone I changed the name of it to the Bumpers-Church approach.

[Laughter.]

But it was essentially this, that these institutes for energy conservation in the various universities and colleges around the country would impart the benefit of their research to various volunteer and other public agencies to disseminate the information to the homeowners, to the businesses, and to the agricultural interests of the State.

The extension part of this would work almost identically to the way the cooperative Agricultural Extension Service operates. In my State the Department of Agriculture does extensive research particularly in the field of rice, cotton, and soybeans. The information they gain through this research is given to the cooperative Extension Service which, in turn, takes it on a door-to-door basis to the farmers in my State.

I use my State as an illustration because it is the same way in the other 49 States.

Extensive studies on an energy extension concept show that within 24 months the United States, through a massive conservation effort, with the expenditure of a very small amount of money could conserve the equivalency of the Alaskan pipeline.

Less than 15 percent of this appropriation today goes to conservation. Last week this body cavalierly passed an amendment to the FEA extension which will cost the United States $850 million over the next 4 years.

The distinguished Senator from Maine (Mr. MUSKIE), who is chairman of the Budget Committee and who has been ever diligent in trying to keep this body in line in meeting the targets of the first concurrent resolution, and I engaged in a short colloquy at that time in which he said that these giant spending amendments, which we adopt here with very little budgetary restraint, could subsequent to the second concurrent resolution cause some ongoing absolutely vital programs to be subject to a point of order.

I voted against that energy conservation amendment that was offered the other day for a number of reasons, none of them dealing with the merits of that bill, but one that we had not held hearings in our committee, the Banking Committee had not held hearings on it, the Commerce Committee had held virtually no hearings before it reported the bill. So here was a $850 million approach which everybody championed. Who is against conservation?

But the point I am trying to make is I honestly felt that that amendment was another typical throw-money-at-the-problem approach.

Here is a very small, modest program which our committee unanimously adopted and appropriated $25 million for, and which has been cut in half by this appropriation. We authorized $10 million for the energy institute concept and $15 million for the energy extension service.

The distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) and I have had a conversation this morning because I had originally intended to offer an amendment to restore the full amount of the authorization, but he has been most cooperative in agreeing to look at it in another 3 to 4 months from now to see how we are getting along with the program.

The other part that I wanted to restore was the small grants program. If I have one objection to the way the Energy Research and Development Administration is carrying on in solving the energy problems in this country, it is that they see everything in terms of giant technologies. The ERDA authorization bill, which we passed yesterday, carries $6.5 billion in both nuclear and nonnuclear research. As I said a while ago, less than 15 percent—and I think the figure may be less than 10 percent—is dedicated to the area of conservation where we can make the most dramatic impact on fuel problems of this country than in any other area.

So, Senator ABOUREZK, the distinguished Senator from South Dakota, and I championed installing a small grants program within ERDA so that little people in my State and yours would have an opportunity to go to ERDA with applications for significant energy savings programs or even an energy alternative program, and have an opportunity to be heard, because right now everything is in terms of billions to convert coal to fuel, billions for nuclear research, and very little to such things as biomass conversion, wind energy, energy storage.

So, Mr. President, I want to thank the Senator from West Virginia for allowing me to say these few things about my philosophical feelings and about the energy problem, to express my very strong feeling about the approach of the small grants program and, more especially, toward the research institutes and extension service.

For us to refuse to appropriate $25 million for a program that could, I am fervently convinced, save this country the equivalent of 2 million barrels of oil per day within 2 to 3 years, seems to me like the classic misplaced programs which we so often adopt here.

I hope that within 3 or 4 months the budget will allow us to reconsider restoring these three very small, highly valuable programs to their full strength.

I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, I fully sympathize with the viewpoint of the distinguished Senator from Arkansas. I too support the conservation programs.

Our problem here is that the authorization bill only passed the Senate yesterday, and the program supported by the Senator from Arkansas (Mr. BUMPERS) are all subject to conference approval. The request for these funds only reached the attention of the subcommittee on Wednesday evening, the eve of the markup by both the subcommittee and the full committee on Thursday. Yet even in the face of those two facts, the subcommittee and the full committee bent over backward and allowed 50 percent of the proposed authorizations.

The committee has very little information on these programs. Normally, the Committee on Appropriations would hold hearings on newly authorized programs after the enacting authorization has been implemented.

In this case, as I pointed out, the proposed authorization only passed the Senate yesterday, and here we are allowing 50 percent of that proposed authorization in this bill when the committee has not had even the opportunity to conduct a hearing.

And even more serious problems are the budget authority and outlay ceilings. At this point, we are about $50 million over the outlay ceiling, as we discussed earlier.

Looking down the road in anticipation of possible supplementals on Forest Service firefighting, which will probably amount to something like $100 million, and synthetic fuels commercialization, looking at this bill as it stands before us today and anticipating supplemental requests, we are faced with the prospect of being over the outlay ceiling to the tune of $200 million and over the budget authority ceiling to the tune of $400 million.

That is really our basic problem, may I say to the distinguished Senator.

I say to the Senator from Arkansas that I assure him I personally will be glad to take another look at those programs when we take up the supplemental. But I want to make it clear that even then, we may have problems with our budget authority and outlay ceiling.

So with that understanding, that we take a look at it at that time, after we can conduct hearings on it, the Senator has my assurance of my sympathetic understanding and support, conditioned, however, on the outcome of those hearings, but mainly on our budget authority and outlay ceilings problem at that time.

It may be that in conference with the House that the Senate will yield on some items which will bring us more clearly into line with those ceilings. Perhaps this will help to safeguard our situation as we anticipate these supplementals coming along.

Hopefully, as the result of the conference, we will be in better condition than we are now. But I thank the Senator for not pressing this today. I think it would be unwise to press it today in view of the spending ceiling problem and the fact that we do anticipate supplementals on Forest Service firefighting and synthetic fuels commercialization.

So with that understanding, we will do the best we can at that time. But I *hope* the Senator will understand and agree that even at that time our situation is going to have to be largely dictated by the budget authority and outlay ceilings situation at that time.

Mr. MUSKIE. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. MUSKIE. First, I ask unanimous consent that Karl Braithwaite and John Freshman of the Public Works Committee staff be granted privilege of the floor during the discussion on this and the HUD appropriation bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I would like to make two points. One is with respect to the reference the distinguished Senator from Arkansas made in the discussion he and I had earlier this week.

That is a point that all Senators should bear in mind. The budget resolution sets ceilings. It does not set priorities under those ceilings.

So the first programs to come along are the programs that will find easier funding. The last programs to come along as we approach the ceiling are going to have the toughest sledding, as this colloquy indicates.

So that as we approach the first appropriation bills, we ought not ignore the priorities issues that are involved within functions, and that the Senate ought to focus on. The Budget Committee does not control that and we would not presume to try.

But the Senator is absolutely right, pointing to the fact that in funding the first programs to come along we may inadvertently hurt some of the higher priority programs that happen to come along down the road on the calendar.

I also appreciate the obligations of the distinguished Senator from West Virginia with respect to the probability of reducing the numbers in this bill as a result of the conference between the House and the Senate.

Mr. STEVENS addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Alaska.

UP AMENDMENT NO. 111

Mr. STEVENS. Mr. President, I have an amendment at the desk and ask for its consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add a new section as follows:

SEC. 306. Pending the passage by the Congress of a National Forest Management Act, notwithstanding the provisions of the Act of June 4, 1897 (30 Stat. 35, as amended; 16 U.S.C. 476) pertaining to timber harvest, and, consistent with the purpose of achieving the policies set forth in the Multiple-Use Sustained-Yield Act (74 Stat. 215, as amended) and the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 476), the Secretary of Agriculture may expend funds under this Act for sale, at not less than appraised value, of trees, portions of trees, or forest products located on National Forest System lands in Alaska.

Mr. STEVENS. Mr. President, the amendment I am proposing would allow the Forest Service to continue to expend funds for the management of that portion of the Tongass National Forest affected by the so-called Monongahela decision as interpreted by the Alaska courts. The Senate Agriculture and Forestry and Interior and Insular Affairs Committee have reported a major forest management bill to the Senate floor and I am hopeful that this body will pass this bill later this session. However, there is much uncertainty whether the House will pass a bill this session and, therefore, a significant portion of the Tongass could remain withdrawn from any timber harvesting for another year.

The problem we face in Alaska is unique in that an Alaskan court applied the Monongahela ruling to a portion of an existing timber sale; the 50-year contract made to Ketchikan Pulp Co. in 1951. Unless some relief is provided that would allow continued operation in that portion of the sale, the company is going to be unable to meet its pulp and saw timber requirements, resulting in a layoff of a large number of employees this year. KPC provides the bulk of the employment in the Ketchikan area and this would severely impact this small community.

Let me state clearly, the amendment I propose would allow the Forest Service to continue to manage, for this fiscal year only, pending the passage by the Congress of a National Forest Management Act.

Mr. ROBERT C. BYRD. Mr. President, is this a language amendment only?

Mr. STEVENS. Yes, just a language amendment.

Mr. ROBERT C. BYRD. It does not involve any funds?

Mr. STEVENS. No funds.

Mr. ROBERT C. BYRD. To apply only to Alaska?

Mr. STEVENS. To apply only to Alaska.

This would permit the continued management of the Tongass for timber harvesting under the same strict and exacting practices previously imposed. All timber cutting would continue to be subject to the requirements of the Multiple-Use Sustained-Yield Act, the Forest and Rangeland Renewable Resources Planning Act, and NEPA.

Mr. HASKELL. Will the Senator yield for one or two questions?

Mr. STEVENS. Yes.

Mr. HASKELL. The Senator talked about this matter. It is my understanding that the court in Alaska, as opposed to the court in West Virginia involving the Monongahela decision, not only barred future sales contracts, but actually put an injunction on the performance of an existing contract, is that correct?

Mr. STEVENS. That is correct. It is applied differently in Alaska, because of our own decision in the Zieske against Butz case.

Mr. HASKELL. And it is my understanding that this deals only with the coming fiscal year. Any resolution of the problem after that year would have to depend upon future legislation, am I correct?

Mr. STEVENS. That is correct. This applies to the use of the funds under this bill for the Forest Service for this year only.

Mr. HASKELL. And any future use would have to await further legislation?

Mr. STEVENS. That is correct. We want the passage of the Randolph-Humphrey bill to solve the problem permanently.

Mr. HASKELL. I thank the Senator.

Mr. STEVENS. All timber sales, including the 50-year contract in Alaska are subject to the preparation of environmental impact statements. An EIS has been prepared for the area affected by Zieske against Butz.

The court in handing down the Zieske decision did not rule against the Forest Service in any of the environmental issues brought by the plaintiff. The court held that all environmental requirements and safeguards had been met. It simply found that the basic Organic Act was inadequate for the plans that the Forest Service had underway.

In the forest management bill that has been reported to the floor the inadequacies of the Organic Act are corrected. The problem is that we will not be able to get this bill to the President this year.

During the hearings before the Interior Appropriations Subcommittee the matter of the Zieske decision was brought up and it is the opinion of the Forest Service that a congressional directive would be necessary for any timber operation to continue in the area affected by the ruling.

Mr. BUMPERS. If the Senator will yield, I was not aware of the amendment which has been offered. Senator HUMPHREY and I have done perhaps more work on the forest management bill than anyone else. I would inquire of the Senator if he intended his amendment to overcome the Tongass decision.

Mr. STEVENS. The intent of the amendment is to permit the cutting for this year only of the Tongass Forest notwithstanding the Zieske decision which was brought down by our court and which indicates that the Organic Act should be amended as the Senator's bill would amend it.

Mr. BUMPERS. Is the effect of that to allow the Forest Service to continue the practices they have engaged in in the past with relation to that forest?

Mr. STEVENS. Yes, to the extent that it is subject to the environmental impact statements that have been approved by the courts. In my statement I pointed out that the court in that case approved the environmental impact statements for that portion of the Tongass which is to be cut this year. This would allow that cutting to continue notwithstanding the Zieske decision, pending the passage of the Senator's bill.

Mr. BUMPERS. How many acres does that involve? How many board feet? How many million board feet are involved and how many acres?

Mr. STEVENS. The total would be 8.25 billion board feet over the 50-year contract. It is in that portion of the Tongass that is affected. They will not cut it all this year.

Mr. BUMPERS. What would be the effect of the Senator's amendment if the so-called Humphrey bill were to pass Congress, which I believe it undoubtedly will, in some form, within the next 90 days?

Mr. STEVENS. I would be hopeful that it does. The amendment says until the passage of this act these practices can continue, but no longer than 1 year.

Mr. BUMPERS. What about the right of contract? Is the Senator talking about contracts that were in existence before this court decision?

Mr. STEVENS. That is correct.

Mr. BUMPERS. And they could continue the performance of those contracts?

Mr. STEVENS. That is correct.

Mr. BUMPERS. Could they continue the performance of those contracts subsequent to the passage of the Humphrey bill?

Mr. STEVENS. No. Well, subject to the terms of the Humphrey bill. As I understand it, it requires renegotiation of some of those contracts. This is offered for the purpose of assuring that the funds in this bill can be spent by the Forest Service on the Tongass Forest for the sales that were planned, consistent with the law and consistent with the Senator's bill if it is enacted. If it is not enacted, those sales would have to come to a halt in Alaska only, as I understand it. This would permit them to continue through the balance of this fiscal year where the funds are appropriated for the Forest Service in this bill. Hopefully, we would have the passage by the Congress of the Senator's bill either this year or early next year.

Mr. BUMPERS. Has the Senator consulted with Chief McGuire of the National Forest Service?

Mr. STEVENS. My staff has, yes. In the Interior Committee hearings I specifically asked what would happen if we did not get a direction from the Congress to continue. As I pointed out in my statement, the Forest Service agrees with me that it is necessary in Alaska only to have some direction by Congress in order to permit the timber operation to continue, if the Senator's bill is not enacted.

Mr. BUMPERS. I say to the Senator that I am not going to ask for the yeas and nays, but I am going to oppose the amendment. I do not sense that kind of urgency. I see no reason, if we accept that amendment, not to accept a similar amendment to vitiate the Monongahela decision.

Mr. STEVENS. It is my understanding this affects the Monongahela decision only to the extent it has been interpreted by the Alaska court in the Zieske decision. We are seeking to permit the continuation in Alaska of existing contracts for 1 year. The Monongahela decision affected future contracts, as I understand it, in the hardwood area. This is the Tongass area which has a long-term contract providing for annual cutting. We are seeking to continue this cutting for this period only, the scheduled annual cutting already subject to an environmental impact statement that was approved by the court.

The court did find that there was a defect in the Organic Act which would prohibit continued cutting unless Congress modified that act, which I am hopeful we will do. I am working with the Senator from Arkansas for that purpose. But unless we put something in here, the funds made available for the Tongass Forest will not be able to be spent unless the Senator's bill passes before the Congress adjourns.

Mr. BUMPERS. Is there anything in the Senator's amendment that could remotely be construed to affect the Monongahela?

Mr. STEVENS. No.

Mr. BUMPERS. It is confined exclusively to the Tongass?

Mr. STEVENS. It is confined exclusively to the National Forest Lands System of Alaska.

Mr. BUMPERS. As I said, I hope we will be able to take up the Humphrey bill very quickly. The House Committee on Agriculture is holding hearings on it now. I do not know how much progress they have made. I am as anxious as the Senator from Alaska to resolve this critical problem, but I am reluctant to agree to temporary matters when we know a final solution is in the offing.

Mr. STEVENS. I agree, but we have 3,500 people in southeastern Alaska completely dependent upon continued operations in that forest at this time. If that forest alone suffers because of the interpretation of the Zieske decision as applied to the Organic Act, those people will be laid off. We seek only to continue the existing contract in the existing manner approved by the court for the balance of this time, until the Senator's perfecting law is passed. We are supporting that bill. As the Senator knows, we are very interested in the passage of that act. I would appeal to the Senator to understand what is going to happen in this area if funds are provided, but the sales cannot be held in this fiscal year of 1977, if the bill does not pass this Congress.

Mr. BUMPERS. The reason I will oppose it is because it sets a precedent. For example, if the Senators from West Virginia, North Carolina, South Carolina, or Virginia should offer a similar amendment to any bill coming through here within the next week or two, the Senate would be very hard pressed to repudiate such an approach. For that reason, I would have to vote "no" to the Senator's amendment.

Mr. STEVENS. I understand the Senator's reluctance and his support of the other bill. I join in his support of the bill.

Mr. MANSFIELD. Will the Senator yield?

Mr. STEVENS. Yes.

Mr. MANSFIELD. Mr. President, does this cover the area around Ketchikan which appeared in the press some 2 or 3 weeks ago, which indicated that if something was not done this sole employer in that area would have to shut down completely?

Mr. STEVENS. Yes. It is also involved in the EPA problem. This is the exact area that the Senator mentioned.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

UP AMENDMENT NO. 112

Mr. ROBERT C. BYRD. Mr. President, I send to the desk an amendment to correct certain printing errors, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from West Virginia (Mr. Robert C. Byrd) proposes unprinted amendment No. 102:
>
> On page 10, line 18—

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with, and that the amendments be considered en bloc.

Mr. Robert C. Byrd's amendments, en bloc, are as follows:

> On page 10, line 18, add the following House Language in linetype: *Provided*, That the National Park Service shall not lease the facilities located at 900 Ohio Drive in the District of Columbia on any other basis than the fair market rental value generally pertaining for such premises in the area.
>
> Page 11, after line 14: Of the amount appropriated under this section, $111,000 shall be available for the payment of obligations outstanding on the date of enactment of this Act which where incurred in the development of the Chamizal National Memorial in the State of Texas.
>
> Page 17, after line 2: *Provided further*, That the full-time permanent employees hired by the Bureau of Mines to staff the mining research center at Carbondale, Illinois, shall not be counted against or considered to be a part of my employment ceiling assigned to the Department of Interior.

The ACTING PRESIDENT pro tempore. Without objection, the amendments are considered and agreed to en bloc.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 14231) was read the third time.

The ACTING PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield the Senator from New York 3 minutes.

Mr. JAVITS. Mr. President, I am very glad that I got here in time to speak on the question of the appropriation the Senate is now considering, because it includes appropriations for the National Endowment for the Arts and the National Endowment for the Humanities.

I have no challenge to the levels recommended by the committee. On the contrary, the subcommittee headed by the Senator from West Virginia (Mr. Robert C. Byrd) has recommended figures which are about $2 million for each under the President's budget, and therefore I think must be considered as meeting the recommendations of the committee, in substance, and the recommendations of the President.

But, Mr. President, I wish to call attention to the fact that the recommendation of the President and the action of the committee include the strong endorsement of Federal Government expenditure in these cultural areas by singling out these two endowments as deserving an increase over the previous year's levels, which is something pretty rare in appropriation bills today. There are very few items which were considered important enough or achievement-oriented enough to deserve increases in a year in which the prevailing call must be, insofar as we can, for decreases.

Mr. President, I rise to call attention to that fact in terms of the successful mission and the increasing stature and recognition of these endowments, and I am delighted to see in the Chamber the Senator from Washington (Mr. Magnuson), who very early on, years ago, joined with me and was heavily responsible, as were others here, including the former Vice President now our colleague from Minnesota (Mr. Humphrey), the former Senator from Pennsylvania (Mr. Clark) who is no longer with us, and other Senators——

The ACTING PRESIDENT pro tempore. The Senator's 3 minutes have expired.

Mr. JAVITS. I ask for 2 additional minutes.

Mr. ROBERT C. BYRD. I yield the Senator from New York 2 additional minutes.

Mr. JAVITS. In bringing about these statutes which have been so terribly beneficial, especially on the local level, which is the acid test, and also to testify to the excellence of the leadership period of Nancy Hanks, who has made such an enviable reputation on Capitol Hill, and Ronald Berman in terms of the humanities.

Mr. President, I point out that we are

just about to agree upon in conference, or work on in conference, new authorizations for both endowments. These authorizations may change the nature of the appropriations which we are asking for. This statement, I hope, Mr. President, will serve as a suitable basis in certifying to the fact that here are increases which are recommended by the President and were earned by performance in terms of individual American communities, so that a broader look, based upon the new authorizations, may be taken by the Appropriations Subcommittee dealing with this effort.

I point out that our new authorizations will deal with both the major nongovernmental contributions, which we hope will be raised because of the excellence of the projection, and also a larger governmental contribution, again because it is earned and deserved.

Mr. President, among its many provisions, the appropriations bill for Interior Department and related agencies includes funding for the National Endowment for the Arts and the National Endowment for the Humanities. The levels which the committee indicates in its recommendations to the Senate on H.R. 14231 would represent a modest increase in available funds when compared with the previous year level. These levels, which are virtually identical to the House passed amounts, are higher than any previous level of Federal support for cultural activities.

I am pleased to see the Senate continue its wise policy of gradually expanding funds available for these important purposes. Since authorizing the first proposal for an arts endowment many years ago, I have always firmly advocated an increased Federal responsibility in this area. Because these levels represent a new high in Federal funding, I intend to vote for them.

However, I am concerned that these levels represent a reduction from President Ford's fiscal year 1977 budget request for the Endowments. Specifically, the President has continued to show his strong endorsement of Federal Government expenditure in cultural activities by singling out the National Endowment for the Arts and the National Endowment for the Humanities as being unusually meritorious and thus deserving an increase over the previous year's level. I need not remind my colleagues how few other items were considered sufficiently important by the President to recommend increases in fiscal year 1977. Notwithstanding this request, both the House and the Senate committee levels are lower than the President's request.

I am the ranking minority member on the Labor and Public Welfare Committee and its Subcommittee on Arts and Humanities, which have jurisdiction for the authorizing legislation for the endowments. Both the Senate and House have recently passed similar legislation reauthorizing the activities of the endowments for 4 more years. These two bills are currently awaiting conference.

It is particularly notable that both the House and Senate bills contain fiscal year 1977 appropriation authorization levels which are consistent with the fiscal year 1976 authorizations; that is, approximately $250 million. Despite the long-standing advocacy or committee members in each House for increasing expenditures in these important areas, each committee has recommended and each House has passed a bill which shows restraint and realism regarding authorized funding levels. It is also notably that both bills contain new provisions within the current $250 million level emphasizing special needs. The conference committee will resolve differences between the bills, but will return to the respective Houses a package which includes new challenge grant authority and new museum services authority. The conference may also choose to report other additional priorities which are contained in either bill. Thus I am hopeful that shortly following the anticipated Presidential signature of this authorization legislation, the Appropriations Committee can review the needs of our cultural institutions in the context of new legislation. These considerations can be part of the earliest available supplemental appropriation in fiscal year 1977.

Mr. President, in closing, I wish to reemphasize my support of this legislation because it increases funds available to the Arts and Humanities Endowments. I hope that all my colleagues will support this legislation. When and if new provisions affecting cultural activities become law, I hope that the Appropriations Committee will again turn its attention to the needs of the cultural institutions of our Nation.

Again I thank Senator BYRD and his colleagues for the fine attitude, cooperation, and willingness to reward excellence which they have shown on this appropriation.

Mr. ROBERT C. BYRD. I thank the Senator, and I yield to the Senator from Michigan.

Mr. PHILIP A. HART. Mr. President, this will be the last time, in all likelihood, that I shall be present when funds are made available for certain of the national park and forest programs. Last June when I announced I would not seek reelection, I listed some of the items which I hoped could be accomplished in the months remaining to me. Action taken by the Senate Appropriations Committee this week brings one of the goals—assurance of the completion of the Sleeping Bear Dunes National Lakeshore in Michigan—within sight.

I rise to thank most especially the chairman of the committee, the able Senator from West Virginia, for his and the committee's action in increasing substantially the sum made available for land acquisition at the Sleeping Bear Dunes Lakeshore in Michigan.

This is an effort that began in 1960, became as controversial as busing and handguns in Michigan, and created at least one recall campaign for the Senator now speaking. I would be very uncomfortable if we had failed, before I left this body, to sustain the money that would result in delivery on the promise we made in 1960.

The recommendation of the Appropriations Committee for a $12,330,315 appropriation for land acquisition at Sleeping Bear would move the program at the park full steam ahead in the coming fiscal year.

It would also put to rest the belief among some that only in the distant future will Sleeping Bear become a working reality. It will reassure the doubters that the Government can meet its promises, even though fulfillment may sometimes come more slowly than we who promised would have preferred.

I hope the Senator from West Virginia will find time to see the Bear some day, and he will know we did right.

The committee's inclusion in this bill of $1 million to meet the Federal share for the development of the Father Marquette National Memorial in Michigan's Upper Peninsula is also gratefully acknowledged. This project, jointly funded by the State of Michigan and the Federal Government, is already underway and the grant will bring to fruition an idea nurtured by the Michilimackinac Historical Society for an appropriate commemoration and given substance by the Father Marquette Tercentenary Commission and the Congress.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator for his comments, and I assure him I look forward to that day. The committee has been very cognizant of the interest of the distinguished Senator from Michigan, and for that reason has attempted to be of support.

ADDITIONAL STATEMENTS

Mr. PELL. Mr. President, I am pleased to note that in the legislation we are considering, H.R. 14231, the appropriations recommended for the National Endowment for the Arts and the National Endowment for the Humanities are at historic highs. These appropriations, in the program areas involved, represent an increase of $8 million over last year's figures. I commend the committee for its wisdom and foresight in making possible an increase in funding.

As chairman of the Special Subcommittee on Arts and Humanities since its inception more than 10 years ago, I also wish to note that the appropriations in this area being considered are far below the current level of authorization. This year's authorized amount for the two endowments is $252 million, or $82.5 million more than the appropriations recommended in this legislation.

Mr. President, now awaiting conference action between the Senate and House of Representatives is legislation reauthorizing the arts and humanities program for the next 4 fiscal years. This new legislation contains features which I am convinced are highly desirable. These features include opportunities for both endowments to expand the present scope of their initiatives, and to do this within presently authorized ceilings. In fact, for fiscal 1977 the total authorized for the arts and humanities program is $2 million less than the present authorized level.

We look forward to an effective resolution of our differences with our colleagues in the House on the reauthorizing legislation (H.R. 12838).

We also look forward to funding at the earliest possible time for the areas for added initiatives we have prepared. Especially meaningful is a program to further assist our Nation's museums, and a program to provide special challenge grant opportunities for the endowments, so that the Federal investment can serve to engender increasing non-Federal support for our cultural life and well-being.

It is important that the funding levels we are considering today be fully approved. I am pleased to add my support to this concept. But I want to emphasize that added funds for these important programs are urgently needed, and that they are addressed in the new legislation I have mentioned, so that they may soon be considered.

The ACTING PRESIDENT pro tempore. Is all remaining time yielded back?

Mr. ROBERT C. BYRD. All remaining time is yielded back.

Mr. STEVENS. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. All remaining time having been yielded back, the question is, Shall the bill pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Florida (Mr. Chiles), the Senator from Missouri (Mr. Eagleton), the Senator from Colorado (Mr. Gary Hart), the Senator from Indiana (Mr. Hartke), the Senator from Minnesota (Mr. Humphrey), the Senator from Vermont (Mr. Leahy), the Senator from Louisiana (Mr. Long), the Senator from Arkansas (Mr. McClellan), the Senator from Minnesota (Mr. Mondale), the Senator from New Mexico (Mr. Montoya), the Senator from Mississippi (Mr. Stennis), the Senator from Georgia (Mr. Talmadge), the Senator from California (Mr. Tunney), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye) is absent on official business.

I also announce that the Senator from Missouri (Mr. Symington) and the Senator from Indiana (Mr. Bayh) are absent because of illness.

I further announce that, if present and voting, the Senator from North Dakota (Mr. Burdick) and the Senator from Minnesota (Mr. Humphrey) would each vote "yea".

Mr. HUGH SCOTT. I announce that the Senators from Tennessee (Mr. Baker) and (Mr. Brock), the Senator from Massachusetts (Mr. Brooke), the Senator from Nebraska (Mr. Curtis), the Senator from New Mexico (Mr. Domenici), the Senator from Utah (Mr. Garn), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Oregon (Mr. Hatfield), the Senator from Nebraska (Mr. Hruska), the Senator from Nevada (Mr. Laxalt), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), the Senator from Vermont (Mr. Stafford), the Senator from Texas (Mr. Tower), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), and the Senator from Oregon (Mr. Hatfield) would each vote "yea."

The result was announced—yeas 61, nays 4, as follows:

[Rollcall Vote No. 347 Leg.]

YEAS—61

Abourezk
Allen
Bartlett
Beall
Bellmon
Bentsen
Biden
Bumpers
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Dole
Durkin
Eastland
Fannin
Fong
Ford
Glenn
Gravel
Hansen
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Jackson
Javits
Johnston
Kennedy
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stevens
Stevenson
Stone
Taft
Thurmond
Young

NAYS—4

Byrd, Harry F., Jr.
Helms
Roth
Scott, William L.

NOT VOTING—35

Baker
Bayh
Brock
Brooke
Buckley
Burdick
Chiles
Curtis
Domenici
Eagleton
Garn
Goldwater
Griffin
Hart, Gary
Hartke
Hatfield
Hruska
Humphrey
Inouye
Laxalt
Leahy
Long
McClellan
McClure
Mondale
Montoya
Percy
Stafford
Stennis
Symington
Talmadge
Tower
Tunney
Weicker
Williams

So the bill (H.R. 14231), as amended, was passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make clerical and technical corrections in the engrossment of the Senate amendments.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. Robert C. Byrd, Mr. McClellan, Mr. McGee, Mr. Montoya, Mr. Chiles, Mr. Mansfield, Mr. Stevens, Mr. Young, Mr. Hatfield, and Mr. Bellmon conferees on the part of the Senate.

Mr. McGEE. Mr. President, I support passage of this measure. The legislation is responsive to the needs of our country, not only in the areas of energy and recreation, but in the equally vital conservation and natural resource production programs that are included in the bill.

I wish to thank the distinguished Senator from West Virginia, Mr. Robert C. Byrd and the distinguished Senator from Alaska, Mr. Stevens, for their impartial and able management of this legislation.

Mr. CULVER. Mr. President, the 1977 Interior appropirations bill which we have just passed provides $225,000 for the preservation of the steamship *Bertrand* archive at DeSoto Bend National Wildlife Refuge in western Iowa. This extensive and diverse collection of Civil War era artifacts is a valuable resource not only for professional historians and archeologists but for all Americans who are interested in their Nation's past. As one who has visited the collection and been impressed with its variety and quality and who has been active in the efforts to see it properly conserved and displayed at DeSoto Bend, I am gratified by the action which the Senate has taken.

Briefly told, the story of the *Bertrand* is this. In 1865, the *Bertrand*, laden with supplies for frontier mining camps, left St. Louis for Fort Benton, Mont. Barely 2 weeks later, it ran afoul of snags which plagued traffic on the Missouri River, and sank almost immediately. Although the crew and the miners, merchants and fortune seekers who made up its passenger list escaped the sinking without loss of life, the entire cargo of the *Bertrand* was lost. Silt soon covered the wreck and as the fickle Missouri changed course many times in the next century, the steamship was forgotten.

In 1968, two resourceful Nebraskans, Sam Corbino and Jesse Pursell, armed with contemporary newspaper accounts, old maps, ingenuity, and patience, located the hull of the *Bertrand* on the grounds of DeSoto Bend National Wildlife Refuge, some 500 feet from the current Missouri River channel. The treasure trove of mercury, whiskey, and gold which they sought was not to be found. What they did discover was probably more valuable. Finding the *Bertrand* was like walking into an 1865 general store. All the materials needed to sustain life in a frontier community—from sod-busting plows to foodstuffs to kegs of gunpowder—remained in a remarkably high degree of preservation. It was readily apparent to observers that the *Bertrand* artifacts could tell the exciting story of frontier life, of the river transportation along the Missouri, and of the winning of the West. The collection promised to be an important archive for professional scholars, but more importantly, a source of pride and a symbol of their heritage to the people of western Iowa and eastern Nebraska.

This promise, however, was threatened in two ways. To begin with, the artifacts were in serious danger of immediate deterioration. Locked in its fresh water grave, the *Bertrand* cargo had survived the ravages of time. But exposure to fresh air meant that many of the 2 million recovered items would rust or crumble or disintegrate unless expert treatment could be quickly provided. Second, there were suggestions that the collection should be moved or broken up to be distributed to museums in other locations across the country.

It was evident to me and many other members of the congressional delegations from Iowa and Nebraska that these dangers had to be resisted. Consequently, we have insisted that the integrity of the *Bertrand* archive must be maintained and that artifacts not be scattered among several museums. The *Bertrand* saga deserves to be told and illustrated in its natural and proper setting at DeSoto Bend. I am pleased that there are presently no plans to move any of the artifacts.

In addition, of course, it is essential that the trained personnel be hired and the needed equipment purchased to prevent deterioration of items in the collection. Last year, with the assistance of the chairman and ranking minority member of the Interior Subcommittee of the Senate Appropriations Committee, I obtained an emergency allocation of $25,000 to provide for the most pressing needs.

The $225,000 which has now been appropriated by both the House and Senate will complete the funding needed to stabilize the condition of the *Bertrand* artifacts. It will also provide for the architectural and engineering survey and design for a permanent museum to be built at DeSoto Bend. Such a museum would serve historians and other scholars and average citizens from across America, thousands of whom have already visited the *Bertrand*, in their attempts to learn more about our national past. I am hopeful that the action which we have taken today will ultimately make such a permanent facility a reality.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1977

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 14233, which will be stated by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 14233) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

The ACTING PRESIDENT pro tempore. Debate on this bill is limited to 1 hour, to be equally divided between and controlled by the Senator from Wisconsin (Mr. PROXMIRE) and the Senator from Maryland (Mr. MATHIAS), with 30 minutes on any amendment and 20 minutes on any debatable motion, appeal, or point of order.

Mr. PROXMIRE. Mr. President, may we have order?

The ACTING PRESIDENT pro tempore. The Senate is not in order. The Senate will be in order.

Mr. MOSS. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield to the Senator from Utah without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MOSS. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on Aeronautical and Space Sciences have the privilege of the floor during the Senate's consideration of H.R. 14233, the HUD-independent agencies appropriations bill: Gilbert Keyes, Craig Peterson, Craig Voorhees, James Gehrig, and Mary Jane Due.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DURKIN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. DURKIN. Mr. President, I ask unanimous consent that a member of my staff, Steven Pearlstein, may have the privilege of the floor during the consideration of this measure and votes thereon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PROXMIRE. The HUD-independence agencies appropriations bill for fiscal year 1977, as reported by the Senate Appropriations Committee, provides total new budget authority of $43,331,900,000, which is $349,170,000 above the amount contained in the House-passed version of the bill, about $2 billion below the budget estimate and almost $10 billion below the appropriations of last year.

This legislation provides funding for the Department of Housing and Urban Development, the Veterans' Administration, the National Aeronautics and Space Administration, the Environmental Protection Agency, the National Science Foundation and a number of smaller agencies, offices, and councils.

The most complex programs funded by this legislation are those of the Department of Housing and Urban Development. They are particularly difficult to come to grips with because of the provision of the new budget authority, in the case of annual contributions for assisted housing, over periods as great as 40 years. In fact, the major reason this bill is so substantially below the budget estimate is the committee's decision to concur with the House in reducing funding for assisted housing, including the section 8 program, well below the budget estimate. Although the reduction in terms of annual payouts under contributions contracts is $234,600,000, the reduction over the multiyear period that those contracts run amounts to $1,702,500,00.

This substantial reduction is due in large part to an assumption we shared with the House that the carryover of fiscal 1976 contract authority under the section 8 new construction program would be $100 million more than the administration projected. This amounts to approximately $2.4 billion in obligational authority over a 20- to 40-year period. If more section 8 authority is needed we can provide it in a supplemental.

Incidentally, the major reason we are not able to show a saving of the full $2.4 billion, despite the fact that we have cut into the administration's annual contract authority estimate even more deeply than the $100 million carryover figure would imply, is that we have earmarked $150 million in the bill for public housing, including $125 million for conventional public housing. This program has a 40-year run-out figure. Thus, this $150 million in annual contract authority alone results in $6 billion in outlays over a 40-year period—40 times $150 million.

As the report makes clear, we are prepared to give favorable consideration to a supplemental request for assisted housing if our carryover estimates are faulty or if additional funding is needed.

Another major factor in our reduction below the budget estimate is the committee's decision to concur in a House cut of $690.7 million in funds to reimburse the FHA or its losses on insured property. The amount provided—$135 million—should allow the FHA enough money to handle its cash flow problems. The remainder can be borrowed from the Treasury.

The other significant changes in the HUD programs, which I will be glad to discuss in detail if any of my colleagues wish me to do so, are:

First. An increase of $25 million above the House figure and $50 million above the budget request for the section 701 comprehensive planning grant program. The total provided is $75 million.

Second. An increase of $50 million above the House for the rehabilitation loan program to a total of $75 million. No funds were requested in the budget for this effort.

Third. An increase in the budget request of $112 million for public housing operating subsidies. This agrees with the action of the House.

Fourth. A decrease of $25 million in the budget request for flood insurance studies and surveys in concurrence with the House. The total provided is $75 million.

Fifth. A decrease of $11 million in the budget request for research and technology. This leaves a total of $60 million, which is $7 million above the House approved figure.

Sixth. A decrease of about $4 million in the budget request for HUD salaries and expenses to a total of $421 million, which is $4 million more than the House provided.

Most of the funding we have provided for the Veterans' Administration is entitlement support that we are required by law to appropriate for compensation, pensions and readjustment, or GI bill benefits. Of the total of $18.4 billion that is included in this bill for the VA, these entitlement payments account for $12.4 billion. Another $4.2 billion is devoted to medical care which is a moral obligation of the Federal Government if not an absolute quantifiable legal obligation. In fact, we have concurred with the House in adding $50 million to the budget request for additional medical care expenses. We have also approved the appropriations of $268,316,000 for the planning of eight new hospitals and the construction of two of those hospitals in accordance with a budget amendment submitted on May 24. By deleting a number of unbudgeted projects added by the House we have been able to cut the House-approved figure for major construction by $10,284,000.

The National Aeronautics and Space Administration is our next biggest account. There we have virtually agreed with the budget request. The figure we have approved is identical to the amount authorized and $1,803,000 below the budget estimate. The committee has recommended a total of $3.7 billion.

As we all know the Environmental Protection Agency has a great variety of missions. We have recognized the importance of their activities by providing about $240 million more in budget authority than EPA requested. The great bulk of the add-on—$200 million—is for waste water treatment facility reimbursement grants. The House concurred with this add-on. We have also provided an additional $14 million for State air and water control agency grants; $10 million for the clean lakes program and $4 million to keep the training program alive. We have not included funds for new waste water treatment facility construction because of the lack of an authorization. We hope to be able to move quickly in a supplemental to take care of the problem.

The committee has restored the funds cut by the House from the budget request for the National Science Foundation's basic research effort. This has meant an add-on of $56.6 million to the House bill. Although I opposed this 19.5-percent increase, other committee members disagreed. The total provided for NSF is $801.6 million—a mere $400,000 below the budget request. Our restoration of basic research funding was slightly offset by a cut of $5 million below the House level in the science education budget, which still leaves the NSF with $4 million more than it asked for in its budget request for science education.

The committee has provided $37 million—the budgeted amount—for the Consumer Product Safety Commission. Although this is $4.1 million below the figure approved by the House and represents a cut of about $2.6 million below CPSC's budget for last year, the committee felt that they could get the job done for less if they set priorities, which apparently the agency is prepared to do.

We have made relatively few changes in funding for the smaller agencies covered by this bill. The committee has recommended concurrence in a proposed cut in funding for the Selective Service System from $37.5 million last year to $6.8 million this year, which puts the System in a deep stand-by posture.

We have also approved, in part, an appropriation for funding for the new Office of Science and Technology Policy. The committee provided $2.3 million of the $3.3 million requested for the Office. More funding seems inappropriate at this time, since the President has not yet named a science adviser and the committee has had no opportunity to determine in detail how the funds are to be used.

In addition to these major appropriation decisions. The committee has recommended that language limiting the use of noise zone maps in Merced County, Calif., contained in the House-passed bill, be stricken. HUD objected to the language and we felt the issue should be kept alive for the conferees to resolve. Senator TUNNEY has told me that he strongly supports this language and I can assure my colleague from California that his views will be given every consideration in conference.

The committee has stricken language prohibiting EPA from limiting parking in the hope that the authorization committees will address that issue in the near future. If the authorizing committees do not move by the time we get to conference, we can consider restoring the language.

Finally, I have recommended the addition of language prohibiting the use of a chauffeured car to drive agency heads to and from work, in accordance with current law. This language does not apply to the Secretary of Housing and Urban Development.

The bill as reported is approximately $10 billion in new budget authority below the amount allocated by the committee as a target for this bill pursuant to the first concurrent resolution on the budget. There are three reasons for this discrepancy:

First. The target resolution includes about $5.6 billion in budget authority for new waste water treatment facility grants. There are no funds in the bill for such grants because the authorizing legislation has not yet been passed. We expect to act on this program in supplemental legislation.

Second. The target resolution includes about $1.2 billion for veterans that is contingent on the passage of legislation increasing veterans' benefits.

Third. There is further assisted housing money available that could be provided in a supplemental if the section 8 program moves ahead vigorously. Funds are also targeted for the Ginny Mae Tandem program. These two accounts total about $6 billion.

Mr. President, due to the speed with which the report was handled there are some errors in the figures appearing in the first paragraph on page 4. The figure in the first sentence should be $43,331,900,000, as reflected in the table on the first page of the report, rather than $43,281,900,000.

The second sentence of the first paragraph on page 4 should read as follows:

> This amount is $9,873,240,000 under the appropriations enacted for fiscal year 1976, $1,974,298,000 below the budget estimate for fiscal year 1977 and $349,170,000 more than was provided in the House bill for fiscal 1977.

Mr. President, I particularly thank my colleague from Maryland (Mr. MATHIAS) for his hard work on this bill. He has been unfailingly cooperative and most accommodating. We have our disagreements from time to time, but, happily, these are more than offset by a willingness to reach a common ground which has contributed greatly to an expeditious handling of the legislation we have before us today.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. HUDDLESTON). Who yields time?

Mr. MATHIAS. Mr. President, I wish first to thank our chairman of the subcommittee (Mr. PROXMIRE) for the very kind words he has uttered but even more for the courtesy and cooperation he has shown to me and the other members of the subcommittee during the long, hard process of hearings and marking up this bill. Senator PROXMIRE has covered all the points and given all the more important figures contained in this bill, so I will not attempt to cover this ground again. I would like to comment, however, on several items of importance to me.

First, let me say how pleased I am that both the Senate and House have arrived at a high funding level for housing for the elderly and handicapped. This important program has received tremendous support throughout the country as evidenced by the great number of applications for funding. The first round of applications have been processed and awards have been committed. With the additional funds provided in this bill of $750 million, we will now be seeing more applications generated throughout the country and the better ones will receive the needed funding. HUD chose to manage this program from its headquarters here in Washington and to me this appears to have been a happy choice. They developed the expertise in one office here in Washington from which they could look into the need for elderly and handicapped housing across the entire country and they could process the applications efficiently and assess the relative viability of these applications on an equal basis. I hope that HUD will continue this system of centralized processing, but I understand that they may relegate this process to the regions or areas. I think the chairman of the subcommittee would join me in wanting to have a hard look at any such change to assure that equal, and more importantly, efficient and timely consideration will be given to applications for these section 202 funds.

Mr. PROXMIRE. Mr. President, if the Senator will yield, I wholeheartedly agree with that. This is one of the best programs we have. It is not only popular, it is efficient, and it cost the Federal Government virtually nothing. I could not agree more.

Mr. MATHIAS. I thank the chairman. The committee has increased the House allowance of $25 million for the rehabilitation loan fund to $75 million, and has also increased the earmarking for modernization of public housing from $25 million to $45 million. We all know that both rehabilitation of residential and nonresidential property and modernization of certain public housing projects are a crying need in this country. We will have a tough conference debate with the House on these two items and can only hope that our brothers in the House "will see the light."

Another item of interest to my colleagues concerns rural housing development. The committee has concurred with the House that at least 15 percent of the public housing contract authority shall be earmarked for nonmetropolitan areas. We have done this in recognition of the financing problems rural areas are experiencing with the other lower-income housing program, section 8. I am encouraged by reports that HUD and the Farmers Home Administration have worked out an arrangement to expedite processing and review—times for the combined section 515/section 8 programs in rural areas. With the public housing set aside and the Farmers Home financing for section 8, I am hopeful that our Nation's rural areas will not be shortchanged in lower income rural housing funds.

The fiscal year 1977 HUD appropriation comes before the Senate at a time when several housing indicators would lead us to believe the housing sector is rallying from its worst slump since the end of World War II. While single family housing starts and the attendant construction jobs which produce those starts are beginning to pick up, the picture in multifamily production is not so rosy. Multifamily starts were down 33 percent in 1975 to 349,000 units, and it is the multifamily sector that is critical to the needs of low and moderate income families because it produces rental housing. With many local housing markets experiencing a very tight rental vacancy rate, the stimulation of multifamily rentals, particularly for low and moderate income becomes very important.

So, we should not be lulled into thinking that we are out of the woods yet in regard to a housing recovery. We must look carefully at the economic indicators and see who is benefitting from this purported housing recovery.

One thing is clear. The recovery is not benefitting those at the bottom of the economic scale who can least afford high rentals at more than 25 percent of their income. It is this group of households—elderly individuals and couples on fixed incomes; female-headed households with more than three dependent children to care for who subsist on food stamps; and aid to families with dependent children—who are hurt the most by the recession and the spiraling costs of basic necessities which their fixed incomes cannot stretch to meet.

The housing recovery is only occurring at the upper end of the economic scale for those who can afford to purchase housing with downpayments of 20 to 30 percent and 9- and 9½-percent mortgage interest rates.

Those who can afford the recovery will be able to participate in it. Those who cannot—those shut out of the home buying market and those of low- and moderate-income who can only participate in the rental market—will not see the effects of the recovery in their own shelter. Ther needs will remain unmet.

The President, in his state of the Union address, stated some 500,000 housing units were to be "assisted" this year. It is important to understand HUD terminology to anticipate how much visible, measureable progress we will see in fiscal year 1977.

"Units to be assisted" refers not only to new construction starts; it also includes rehabilitation of vacant units, occupancy and rent supplementing of existing standard housing units, and bailout of HUD-insured defaulted and foreclosed properties.

If we sift out the projected number of housing units which will be rehabilitated, rent supplemented, and "bailed out" for fiscal 1977, the HUD-assisted new construction starts picture is less than 250,000 units—not a very encouraging figure.

The programs that HUD proposes to use to generate 500,000 assisted units are the section 8 rent supplement program; the section 235 moderate income homeownership program; and the conventional public housing program.

Such a low "new construction starts" figure indicates to me that HUD is no longer out in front stimulating the housing sector and channelling production toward our greatest needs areas—low- and moderate-income housing.

New construction and substantial rehabilitation starts—as distinct from rent supplements to existing housing—are the most difficult to generate because there is no readily available financing mechanism except for the recently released $3 billion emergency mortgage purchase money for Ginnie May—GNMA.

The other potential source of financing, the section 802, interest reduction payments for State taxable bonds, was rescinded by HUD and overridden by the House. HUD has stated it will not use the $15 million available under this program.

HUD proposes to use section 8 in each of fiscal year 1976 and 1977 to rent and occupy 100,000 of its financially troubled properties. This means that HUD-held properties, the largest number of units being multifamily buildings in declining urban areas, will be rent supplemented by section 8 and occupied by "lower" and "very low" income families.

This backdoor bailout by HUD will constitute an estimated $1.3 billion drain on the FHA special risk insurance fund and the general insurance fund. Despite the section 8 ballots, this fund still requires an appropriation to keep it solvent.

Consider that HUD's own estimate of depletions of those two funds in fiscal year 1977 will amount to almost $3.2 billion. HUD's figures project for fiscal 1977 a continued increase in the number of multifamily assigned mortgages.

There are important policy questions raised by HUD's using a rent supplement program to keep their worst properties from going into bankruptcy. It results in low-income families occupying properties which are in poorly maintained condition, managed weakly, and are located in marginal neighborhoods.

The question is whether those buildings are salvageable, or even whether they should be salvaged.

We in Congress, as well as HUD policymakers, are faced with a very difficult proposition which has not been fully addressed. Should housing programs currently in operation, like section 8, be used to bail out faltering predecessor housing projects? What actions should be taken to remedy the growing problem of Secretary held and assigned mortgage properties?

Will we in Congress find ourselves next year or the year after reviewing a HUD budget which produces a minimum of new housing while using housing program appropriations to shore up the general and special risk insurance funds? The prospect of such a scenario occurring is not that farfetched.

HUD's property management operations have been the subject of several congressional hearings and investigations in the last year, and both the Senate and House have expressed their concern about the growth of the Secretary-held and assigned property inventory. I think several points have emerged clearly from those investigations.

A closer working relationship must be developed between HUD and the mortgage companies servicing HUD-insured mortgages. Changes in HUD policy toward late payments, partial payments, and penalties must occur and be clearly communicated to the mortgagee.

A better monitoring system must be developed by both HUD and mortgagees to keep themselves updated on problem mortgages and properties. Adjustments must be made in payments schedules and, most importantly, in the attitude of both HUD and the mortgagee toward the low- and moderate-income owner or renter.

The problem of Secretary-held and assigned mortgages requires close cooperation by both the public and private sectors, who are partners in the low- and moderate-income housing endeavors. "Forebearance," a term used to describe a patient extension of time for receipt of mortgage payments, can also be applied to the type of attitude both HUD and the banks must take toward low income owners and renters in these inflationary times of high unemployment.

The HUD field staff must be of a size and technical expertise to handle the defaulted and foreclosed inventory. And yet, we see indications of reductions in personnel, particularly in housing production and mortgage credit, at the area office levels. Such staff decreases can only exacerbate the problem.

As to the community development block grant program, these funds cannot be used to directly finance housing construction. I think we should be looking for visible end products out of the community development block grant program—namely new housing starts and rehabilitation of the existing stock for low- and moderate-income occupancy. It should not simply be a continuation of the former categorical programs under a different name. Yet, when we look at how some cities are using their funds, we find the same old urban renewal activities under a different guise.

The history of the initiation of the community development program was one of recognition of the need for a broader perspective on the dynamics of city growth and change. The program was intended to provide local policymakers the flexibility to use Federal funds to meet their particular and specialized needs. We have provided the full $3.2 billion request level for the community development block grant program and are looking forward to the feedback from the recipient communities on their experience with the program, creative uses they have made of the funds, and recommendations for improvement.

Despite the growing difficulties at the local level with defaults and foreclosures of HUD properties, there is no all-out effort by the Department to beef-up local area office staff and provide them with the training necessary to manage such properties. Added program responsibilities at the local level which HUD did not completely anticipate include extension of the GNMA Tandem program which provides financing for the section 8 program, as well as the section 312 rehabilitation loan program, the extension of the section 518(b) corrective repair program, and the 701 comprehensive planning program.

All of these responsibilities are added to the existing program responsibilities of local area office staff.

And yet HUD is reducing field staff by the end of fiscal 1976, and then HUD proposes to increase its field staff in fiscal year 1977. This "yo-yo" effect of HUD staffing, while partially due to congressional appropriations, is also due to HUD's internal workload measurement system. This system was developed by HUD in response to congressional concern about the size and role of regional office staff.

While several studies have pointed out the diminished role and need for regional offices, it appears the workload measurement system has had the real effect of reducing area office staff—those who have the direct, daily contact with housing producers, managers, and residents. It is these people who bear the major responsibility for timely processing of housing applications, review of local community development block grant applications and housing assistance plans.

And it is these people who bear the brunt of the complaints from the producers, managers, and residents when applications are not processed and decisions are not reached quickly.

HUD has informed me they measured workload in the field and assigned staff levels to the regions and areas on October 6, of last year. Yet, it was not until late April and May of this year that formal reduction-in-force notices went out to area office employees. Now a system needs improving that takes 6 months to adjust its personnel levels to workloads.

This system is applied to only 25 percent of the central office staff, and it results in little or no change at the regional level, and causes reductions in force at the area office level.

For example, I call my colleagues' attention to HUD's own data for area office staff decreases between fiscal year 1975 and fiscal year 1976. In region three, which includes five area offices, and two insuring offices, 66 permanent full-time positions will be abolished. During the same period the regional office located in Philadelphia gained one position.

In fact, the number of authorized positions in 8 of the 10 HUD regional offices is scheduled to increase between fiscal year 1975 and fiscal year 1976. There will be a net increase of 41 positions in regional office personnel during this time period.

I do not believe this is the result Congress was looking for when it directed HUD to take a look at its regional office structure. So I hope that HUD is making some adjustments to its workload measurement system to build in a gyroscope, if you will, to moderate the ups and downs of total HUD employment. They have informed me that they are doing so, and I would hope to see the application of that system to more of the 3,800 central office positions.

The Appropriations Committee is recommending a $60 million level for HUD research and demonstrations. I am a supporter of research here as well as in other parts of this bill, most notably, the National Science Foundation, and I share the belief of the subcommittee chairman (Mr. PROXMIRE) that the results of such research should be made generally available to the public in layman's English.

It seems to me that the more widely HUD distributes the results of ongoing and completed research the more informed we in Congress, urban professionals, and American citizens will become about the many pressing problems and proposed solutions facing us in the field of community development. This might be one way we can come closer to a consensus on workable programs and policy.

I am particularly concerned about ways we can reduce housing costs, both in the construction process and through financing mechanisms. HUD has many interesting research projects underway in these areas, including investigations into alternative mortgage payment plans.

HUD recently reported that 42 percent of all renters pay more than 25 percent of their income for rent. This group of people who are feeling the inflationary squeeze in their shelter costs has steadily increased over the past 2½ decades.

When I learn that over 70 percent of this Nation's families cannot afford the median price of a new home today because of the substantial downpayment and monthly payment costs, I begin to wonder about our national housing goals of a "decent home in a suitable living environment."

We all can benefit from the results of HUD's research and hopefully put some of the ideas generated to work for us all.

I am very pleased that this year the committee has included funds totaling $5 million, and designated that 50 personnel be assigned, for the Chesapeake Bay study by the Environmental Protection Agency. This project was actually started during the present fiscal year at a lower level with reprogramed EPA funds, for which I owe special thanks to the chairman of the House Appropriations Subcommittee on HUD-Independent Agencies and to my chairman.

The committee has recommended several changes in the NASA accounts and yet has agreed with the House on many others. We have provided funding for the construction of a lunar curatorial facility, which the House did not allow.

That, Mr. President, is a fancy name for a warehouse to put the moon rocks *in*. This is considered by the scientific community in this country as a high priority item.

With tremendous courage, energy, and expenditures, this country obtained hundreds of samples from the Moon, and I consider it absolutely essential that they not only be protected but be housed in a way that will allow safe and efficient access for the very important research which is now going on and will go on for many years, as we try to learn more about the world and the solar system we live in. On this subject of learning more about the universe so that we can know more about our own Earth, the Senate, in its report, has directed that NASA continue their preliminary studies and contracts leading to development of a space telescope to be flown into space by the space shuttle and to be used for many years. The House position is that the present design and predevelopment contracts should come to a stop, and we should wait until a decision is made, perhaps in fiscal 1978, to build the space telescope. This would mean that the engineering and scientific teams in the various aerospace and other private organizations who have worked in competition to prepare for the development and building of the space telescope would be left in limbo. I believe, and I know manv others share my view, that this would not only be inefficient but would work to the detriment of the program and the taxpayer in that ultimate costs would thereby increase when we attempt to restart development of the space telescope and the teams of experts now working on this would be disbanded. Perhaps of most importance is the fact that this Senate and this Congress will be faced, probably early next year, with the decision whether to build or not to build the space telescope and we can only know accurately what the costs will be if we continue the present process leading up to contractor selection and negotiations.

The Senate committee has restored the over $50 million House cut in basic research at the National Science Foundation. While it can be argued that this results in an increase in basic research funds at the National Science Foundation over the current fiscal year, to this point I say, "Amen." In terms of real dollars, I do not believe this country is moving ahead sufficiently in its commitment to basic research and even with the restoration of these funds it is not certain that we are adequately supporting basic research. The National Science Foundation management systems have been improved, their commitment to awarding only the most meritorious proposals for basic research have been made clear.

The committee has satisfied itself that the Director of NSF, Dr. Guyford Stever, is a capable administrator who is taking corrective action to make the peer review process work well. It is essentially sound.

In the judgment of many of us on the committee, the Nation needs additional fundamental research on natural phenomena, and the fundamental life processes. Our capacity to deal decades in the future with environmental problems, with disease, with the consequences of technology, with the shrinking natural resources and with energy production will depend on sustaining a strong basic research effort in the years immediately ahead. These considerations persuaded the committee that the President's proposal for funding basic research should be sustained.

After the end of World War II, the Nation launched a sustained and comprehensive research effort, financed substantially by Federal funds. Most of the basic research component of this expansion was undertaken by universities. The expansion of science in universities was on a scale which absorbed increasing amounts of faculty time. This generated a number of academic and financial problems.

With the passage of years, the policy of paying faculty salaries from Federal research grants needs reexamination. To what degree should the Federal Government assume responsibility for faculty salaries, particularly during the academic year? Is it sound to have university faculty members dependent upon Federal funds for their salaries? The committee has asked for a thorough study of the effect of NSF support of faculty salaries in connection with research grants. I hope these questions will be answered to our satisfaction.

Finally, to end on a happy note, let me say how pleased I am that, at long last, the administration has approved the construction of a new replacement VA hospital in Baltimore. It has been frustrating to me during the last few years to fight for funding for this construction which everyone agreed was needed. The funds are in this bill and in the House bill for the architectural services and design and other preconstruction activities leading up to the now approved construction of this hospital.

Again, I thank the chairman of the subcommittee for his cooperation, and I commend him for the excellent job he has done on this bill.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that Mr. James Medina of the Veterans' Committee staff be permitted privileges of the floor during the debate.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I make the same request as to my staff member, Charles Warren.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. MUSKIE addressed the Chair.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that a bill, as thus amended, be regarded for purposes of amendment as original text; provided, that no point of order shall be considered to have been waived by reason of agreement to this order.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, beginning with line 6, strike out:

The additional amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), entered into after September 30, 1976, shall not exceed $675,000,000 including not more than $25,000,000 for the modernization of existing low-income housing projects, which amounts shall be in addition to balances of authorization heretofore made available for such contracts: *Provided*, That the total new budget authority obligated under such contracts entered into after September 30, 1976, shall not exceed $14,608,390,000 which amount shall not include budget authority obligated under balances of authorization heretofore made available: *Provided further*, That of the total for contracts other than for modernization provided by this Act, not more than 25 per centum shall be allocated to contracts to make assistance payments with respect to new or substantially rehabilitated housing: *Provided further*, That of the total herein provided excluding funds for modernization, not less than $120,000,000 shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act: *Provided further*, That of the amount set forth in the third proviso, not less than 15 per centum shall be used only with respect to new construction in non-metropolitan areas.

And insert in lieu thereof:

The additional amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), entered into after September 30, 1976, shall not exceed $615,400,000 including not less than $45,000,000 for the modernization of existing low-income housing projects, which amounts shall be in addition to balances of authorization heretofore made available for such contracts: *Provided*, That the total new budget authority obligated under such contracts entered into after September 30, 1976, shall not exceed $14,870,400,000 which amount shall not include budget authority obligated under balances of authorization heretofore made available: *Provided further*, That of the total for contracts provided by this Act not less than $150,000,000 shall be used only for contracts to make assistance payments pursuant to section 8 of the above Act with respect to new or substantially rehabilitated housing: *Provided further*, That of the total for contracts provided by this Act, excluding funds for modernization, not less than $150,000,000 shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act and on which construction or substantial rehabilitation is commenced after the effective date of this Act except in the case of amendments to existing contracts: *Provided further*, That of the amount set forth in the third proviso, not less than 15 per centum shall be used only with respect to new construction in non-metropolitan areas.

On page 5, in line 2, after "handicapped", insert a colon and the following: "*Provided further*, That the Secretary may borrow from the Secretary of the Treasury in accordance with and up to the amounts authorized by said section, in such amounts as are necessary to provide the loans authorized herein."

On page 6, beginning with line 16, strike out:

For payment to cover actual losses, not otherwise provided for, sustained by the Special Risk Insurance Fund, $100,000,000; and for payment to cover actual losses under the General Insurance Fund from mortgages insured under section 221(d)(3) with below market interest rates, $35,000,000; to remain available until expended, as authorized by the National Housing Act, as amended (12 U.S.C. 1715z-3).

And insert in lieu thereof:

For payment to cover losses, not otherwise provided for, sustained by the Special Risk Insurance Fund and the General Insurance Fund, $135,000,000, to remain available until expended, as authorized by the National Housing Act, as amended.

On page 7, beginning with line 4, strike out:

HOUSING COUNSELING ASSISTANCE

For contracts, grants, and other assistance, not otherwise provided for, of providing counseling and advice to tenants and homeowners—both current and prospective—with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and meeting the responsibilities of tenancy or homeownership, including provisions for training and for support of voluntary agencies and servives as authorized by section 106(a)(1)(iii) and section 106(a)(2) of the Housing and Urban Development Act of 1968, as amended, $5,000,000.

On page 8, in line 10, strike out: "$3,048,000,000,".

And insert in lieu thereof: "$3,148,000,000 of which $200,000,000 shall be used for the purposes stated in section 103(a)(2) of said Act except that not more than $100,000,000 of the amount so provided may be used for the purposes of section 106(d)(1),".

On page 8, beginning with line 16, strike out:

For grants to States and units of general local government, to be used only for expenses necessary for carrying out a community development grant program authorized by Section 106(d)(2) of Title I of the Housing and Community Development Act of 1974, $100,000.000, to remain available until September 30, 1979.

On page 9, in line 5, strike out "$50,000,000" and insert "$75,000,000".

On page 9, in line 11, strike out "$25,000,000" and insert "$75,000,000".

On page 10, in line 9, strike out "$53,000,000" and insert "$60,000,000".

On page 10, in line 18, strike out "$417,000,000" and insert "$421,000,000".

On page 12, in line 16, strike out "$41,100,000" and insert "$37,000,000".

On page 14, in line 3, strike out "$265,000,000" and insert "$259,900,000".

On page 14, in line 3, strike out "until expended" and insert "for obligation until September 30, 1978".

On page 14, in line 15, strike out "until expended, $398,044,000" and insert "for obligation until September 30, 1978, $371,844,000".

On page 16, in line 8, strike out "$6,000,000" and insert "$5,000,000".

On page 16, beginning with line 18, strike out:

No part of any budget authority made available to the Environmental Protection Agency by this Act or for the fiscal year 1976 and the period ending September 30, 1976, shall be used for any grant to cover in excess of 75 per centum of the total cost of the purposes to be carried out by such grant made pursuant to the authority contained in section 208 of the Federal Water Pollution Control Act (P.L. 92-500).

On page 17, in line 12, strike out "$2,915,000" and insert "$2,800,000".

On page 17, beginning with line 13, insert:

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

SALARIES AND EXPENSES

For expenses necessary for the Office of Science and Technology Policy, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, $2,300,000.

On page 18, in line 5, strike out "$1,581,000" and insert "$1,645,000".

On page 18, in line 17, strike out "$2,767,425,000" and insert "$2,761,425,000".

On page 18, in line 25, strike out $118,090,000" and insert "$120,290,000".

On page 19, in line 25, strike out "$809,000,000" and insert "$813,455,000".

On page 20, in line 25, strike out "$681,400,000" and insert "$738,000,000".

On page 21, in line 13, after "individual", insert a colon and the following: "*Provided further*, That of the foregoing amounts, funds available to meet minima authorized by any other Act shall be available only to the extent such funds are not in excess of amounts provided herein: *Provided further*, That unless otherwise specified by this appropriation, the ratio of amounts made available under this Act for a program or minima to the amounts specified for a program or minima in any other Act, for the activity for which the limitation applies, shall not exceed the ratio that the total funds appropriated in this Act bear to the total funds authorized in such Act, for the activity for which the limitation applies."

On page 22, in line 9, strike out "$64,000,000" and insert the following: "$59,000,000: *Provided further*, That of the foregoing amounts, funds available to meet minima authorized by any other Act shall be available only to the extent such funds are not in excess of amounts provided herein: *Provided further*, That unless otherwise specified by this appropriation, the ratio of amounts made available under this Act for a program or minima to the amounts specified for a program or minima in any other Act, for the activity for which the limitation applies, shall not exceed the ratio that the total funds appropriated in this Act bear to the total funds authorized in such Act, for the activity for which the limitation applies."

On page 27, in line 20, strike out $399,134,000" and insert "$388,847,000".

On page 27 beginning in line 22, strike out: "*Provided*, That $5,800,000 shall be available for construction of a research and education facility at Dallas, Texas, $10,000,000 for construction of facilities on government owned land for a TARGET data processing center, $534,000 for design of nursing home care facilities at Wilkes Barre, Pennsylvania, and $500,000 for design of a new blind rehabilitation center and eye, ear, nose and throat clinic at Birmingham, Alabama.".

And insert in lieu thereof: "*Provided*, That $3,500,000 shall be available for the design of a clinical and ambulatory care addition and renovation of existing areas at the Oklahoma City, Oklahoma, Veterans Administration Hospital.".

On page 28, in line 19, strike out "$92,561,000" and insert "$92,501,000".

On page 29 in line 18, strike out "$2,100,000" and insert "$500,000".

On page 37, in line 4, strike out "mutability" and insert "mutuality".

On page 37, beginning with line 10, strike out:

SEC. 406. No part of the funds appropriated under this Act may be used by the Environmental Protection Agency to administer or promulgate, directly or indirectly, any program to tax, limit or otherwise regulate parking that is not specifically required pursuant to subsequent legislation.

SEC. 407. None of the funds provided by this Act shall be used to deny or fail to act upon, on the basis of noise contours set forth in an Air Installation Compatible Use Zone Map, an otherwise acceptable application for Federal Housing Administration mortgage insurance in connection with construction in an area zoned for residential use in Merced County, California.

And insert in lieu thereof:

SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of the Secretary of the Department of Housing and Urban Development, who, under title 5; United States Code, section 101, is exempted from such limitations.

On page 38, in line 5, strike out "408" and insert "407".

Mr. MUSKIE. Mr. President, I wish to make some comments on this bill from the point of view of the Budget Committee and then, subsequently, from the point of view of my interest in the Environmental Protection Agency.

Mr. President, the bill now under consideration, H.R. 14233, the HUD-Independent Agencies appropriations bill for 1977, would provide $43.3 billion in budget authority and $34.6 billion in outlays to fund the Department of Housing and Urban Development, the Veterans' Administration, the Environmental Protection Agency, the National Aeronautics and Space Administration, and a number of other Federal agencies. This bill is well within the Appropriations Committee's allocations of budget authority and outlays to the HUD subcommittee under section 302(b) of the Budget Act, and I plan to support the committee bill. But, Mr. President, I do want to highlight a few points with respect to the congressional budget that we should be aware of in considering the bill before us.

The HUD-Independent Agencies Subcommittee's allocation under section 302(b) amounts to $53.2 billion in budget authority and $37.2 billion in outlays. Enactment of H.R. 14233 as reported to the Senate would still leave available $9.9 billion in budget authority and $2.6 billion in outlays within the subcommittee's allocation. However, the budget resolution anticipated a higher appropriation to the FHA fund than is included in this bill.

The difference, amounting to $0.4 billion in budget authority and outlays, will, as a result of the approach taken in this bill, now turn up as backdoor borrowing attributable to the Banking Committee in the budget scorekeeping system. Accounting for this transfer of spending authority to the Banking Committee leaves $9.5 billion in budget authority and $2.2 billion in outlays remaining out of the HUD subcommittee's allocation, as we read it.

Possible supplementals for the Veterans' Administration and the Environmental Protection Agency programs could reduce these remaining balances to as low as $2.3 billion in budget authority and zero in outlays. These possible supplementals would result from cost-of-living increases of as much as $1.5 billion in budget authority and outlays for veterans' benefits which are almost certain to be enacted, a possible $0.7 billion in budget authority and outlays for other pending veterans entitlement legislation, and $5 billion in budget authority and $50 million in outlays for EPA construction grants. Those are the possibles we see coming down the pike. Thus, there are claims already on much of the budget authority and almost all of the outlays on what at first glance might appear to be ample room in this part of the Federal budget. Mr. President, I ask unanimous consent that a table be printed in the RECORD showing the effect of these supplementals on the subcommittee allocation balances.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EFFECT ON SUBCOMMITTEE SEC. 302(b) ALLOCATION OF POSSIBLE SUPPLEMENTALS TO THE HUD-INDEPENDENT AGENCIES BILL

[In billions of dollars]

Item	Budget authority	Outlays[1]
Subcommittee's sec. 302(b) allocation	53.2	37.2
Adjustment for backdoor funding of FHA fund[2]	−.4	−.4
Adjusted allocation[2]	52.8	36.8
H.R. 14233	43.3	34.6
Remaining allocation	9.5	2.2
Possible supplementals:		
EPA construction grants	3.0–5.0	.01–.05
VA cost-of-living increases for compensation, pension and GI bill benefits	1.1–1.5	1.1–1.5
Pending VA pension reform and medical care legislation	0–.7	0–.7
Remaining allocation if possible supplementals are funded	2.3–5.4	0–1.1

[1] Includes outlays from prior-year authority.

[2] The appropriations bill includes less funding for the FHA fund than anticipated in the Budget Committee's allocation of budget authority and outlays to the Appropriations Committee. Therefore, the difference should be available for the Committee on Banking, Housing and Urban Affairs. If the Appropriations Committee actually made such an adjustment, they could deduct the difference from any subcommittee's sec. 302(b) allocation.

Mr. MUSKIE. Mr. President, I also wish to remind my colleagues that the first budget resolution sets spending targets by functional category, and we will be converting those targets into functional ceilings in the second budget resolution this September. Although the bill appears to be in agreement with the target levels for 11 of the 12 functions affected by this bill, the funding levels in the bill before us today may well result in upward pressure on the budget authority target set for veterans' benefits and services.

This appropriations bill provides $280 million more in budget authority and $57 million more in outlays for the nonentitlement veterans' programs than contemplated when the functional targets in the first budget resolution were adopted. This funding increase results mainly from the President's budget amendment for VA hospital construction. Since cost-of-living increases and other pending legislation for entitlement programs may well take up the remaining slack in the veterans' function, it will be difficult to offset the $280 million increase in budget authority in this bill for the President's increased budget request with savings elsewhere in veterans' programs.

Mr. President, I hope that these comments will be of help to my colleagues in placing this bill within the context of the congressional budget, and I wish to commend the Appropriations Committee for staying within their own allocation for this bill.

Mr. President, I hope these comments may be helpful to Members. I know that Senator Proxmire is well aware of the points.

Mr. PROXMIRE. Mr. President, if the Senator will yield, I think his comments are extremely helpful because when you look at this bill we brought in superficially, it seems to be far under the budget with lots of room for increases.

The fact is, as the Senator from Maine pointed out, when the supplementals, which inevitably will come down, are acted upon we will be pressing right against the ceiling.

We are going to be hard put to stay within the ceiling. So I think this explanation is most helpful. It is exactly the kind of information which, without the Budget Reform Act and without the Budget Committee, the Senate would not have been provided. The lack of this sort of information has caused us to go way, way beyond our intentions in the past. So I thank the Senator very much.

Mr. MUSKIE. Mr. President, if I may turn briefly, I would like to turn to the EPA concerns that I have.

Mr. President, previously I commented on the HUD-independent agencies appropriations bill in terms of its consistency with the budget program of the Congress. I would now like to discuss the substantive environmental programs in this bill. I want to commend the committee and, particularly, the subcommittee chairman, Senator Proxmire and the ranking Republican, Senator Mathias, for their diligent work with regard to the Environmental Protection Agency's programs.

As chairman of the Environmental Pollution Subcommittee of the Senate Public Works Committee, I have for many years urged increases in EPA's appropriations. The environmental laws passed in the last few years have greatly increased that Agency's responsibilities and the responsibilities of State and local governments. The Senator from Wisconsin has always expressed support for efforts to protect the environment and has continued to display that support in the appropriations bill before us.

I want to commend the Senator for the action of this subcommittee in eliminating the legislative rider which was placed in this legislation by the House Appropriations Committee. The language would have limited the Environmental Protection Agency's authority to require the regulation of parking activities as part of air pollution control programs. That was section 406 of the House bill.

The legislative committees in the House and Senate have each resolved this issue in legislation which has been reported out of the authorizing committees in both Houses and awaits action by each chamber. There is no justification for this kind of legislative language in an appropriations bill, and I compliment the Senate subcommittee for eliminating it. I urge the committee to resist any efforts to place this language in the conference report.

The same holds true for section 407 of the House bill, which was eliminated by the Senate subcommittee, and which would have placed inappropriate restrictions on the interrelationship between noise control programs and housing mortgage insurance programs.

The present administration has never been sensitive to the needs of environmental protection programs. Nowhere has this been more apparent than in the handling of appropriations matters. The administration has consistently requested reductions in the funding of environmental programs.

This year the President requested a drastic cutback in these programs. He recommended the reduction of $53.4 million in basic EFA programs from an appropriations levels of $771.5 million for fiscal year 1976. This reduction is even more drastic when compared to the fact that a $46 million increase is needed merely to offset the effects of inflation over the past year. The Appropriations Committee, under the leadership of the subcommittee chairman, has restored most of those cuts, though the amount in the bill before us remains $3.1 million below the appropriations for fiscal year 1976. The House has provided considerably more funds in this area, and I hope the Senate committee will listen sympathetically to the possibility of accepting some of these increases.

I will not elaborate in detail the many areas of EPA's programs that need additional fund and manpower. That is expressed in the March 15 report from the Senate Public Works Committee to the Senate Budget Committee. In the 1975 report to the Budget Committee, the Public Works Committee identified $450 million in justifiable increases in environmental protection programs.

These were not the maximum increases that could be justified; they were the amounts the Agency could absorb in 1 year in areas where increases were needed. In the 1976 report to the Budget Committee, the Public Works Committee attempted to identify a more restricted list and identified programs which needed funding increases totaling $180 million.

The President's cuts must be compared against this analysis. In that light, the restorations proposed by the Appropriations Committee are certainly modest. I would like to place in the Record the analysis and recommendations of the Public Works Committee from the last 2 years so that the Senate might know the magnitude of the needs of the Agency and understand why the President's cuts must be rejected, as they have been by the Appropriations Committee. I ask unanimous consent that those portions of the March 15 reports be printed at this point in the Record.

There being no objection, the portions of the reports were ordered to be printed in the Record, as follows:

ENVIRONMENTAL PROTECTION AGENCY BUDGET—1975

(Natural Resources, Environment, and Energy—304)

The period from 1965 to 1975 was a period of growing environmental awareness, expanding environmental programs, and increasing commitments to the protection of the environment. Yet, as a percentage of the Federal budget, the funding of environmental programs has been constant. In 1965 natural resources and environment received 2.5 percent of the Federal budget. That percentage is unchanged for 1975. And yet major new programs, demanding significant increases in personnel and funding have been approved by the Congress.

One of the critical needs of the Environmental Protection Agency is increased personnel. Enforcement and research require people. The failure to make available necessary personnel to implement authorized programs is as effective in hampering a program's effectiveness as impounding appropriated funds.

The Senate Report accompanying the 1970 Clean Air Amendments pointed out that money and manpower for clean air programs were running at half the authorized levels. It went on to say the following:

"This pattern cannot continue if the Congress and the Federal Government are to retain credibility with the American people. The authorization figures contained in the bill represent the best estimate of the Committee in consultation with the Administration, of what will be required to implement its provisions.

"The availability of manpower, with adequate funding, can provide effective implementation of these amendments. The committee expects that past trends will be reversed and that required manpower will be made available to implement the programs."

The Committee has received a statement, from the National Air Pollution Manpower Development Advisory Committee, which was established under section 117 of the Clean Air Act, emphasizing the fact that manpower problems are becoming a very significant restraint on environmental progress.

During Senate consideration of the Clean Air Act of 1970, the Committee and the Administration spent considerable time establishing accurate figures regarding the personnel levels necessary to implement the Act. That estimate, contained in the Senate report accompanying the legislation, was that 2,930 people would be required to implement fully the Clean Air Act in fiscal year 1973. Yet at present fiscal year 1975 levels, the Agency has only 1,590 assigned to the air program.

Today, the Clean Air Act remains less than fully implemented in many ways. State implementation plans were not developed with detailed compliance schedules for each source of pollution to achieve fixed emission limitations; transportation control and land use programs did not include adequate consultation and planning processes; new source performance standards for 19 categories were to be published in less than a year after enactment of the Clean Air Act, yet only 8 have been promulgated; the air quality data base needed for effective regulation has been inadequate; monitoring of auto industry efforts to meet emission standards has been inadequate, and implementation plan violations have not been fully pursued.

The Committee believes that the restrictions on manpower by the Administration have been an important factor in these delays. Congress has authorized many new positions in the appropriations for the programs of the Environmental Protection Agency. Most of these have never been released to the Agency by the Office of Management and Budget.

Another example of the need for additional manpower (or effective utilization of manpower from other Federal agencies) relates to implementation of the Federal Water Pollution Control Act Amendments of 1972. That Act made $18 billion available for waste treatment construction grants. With the recent Supreme Court decision, this money has now been allotted to the States.

Failure to audit the use of water pollution construction grant funds, inspect sewage treatment plants constructed with those grant dollars, provide adequate training for personnel to operate those plants, and monitor the quality of effluent discharged from them can result in an inadequate protection of the Federal investment.

The Committee recommends a reduction for the noise control program. The fiscal year 1975 appropriation is $5.2 million. The budget request for fiscal year 1976 is $10.2 million. The Committee recommends retaining funding at the $5.2 million level. This is allocation of scarce resources In light of the Administrator's March 5 decision to delay auto emission standards, the Committee believes that scarce resources can be better spent on increased regulation of emissions from heavy duty vehicles, transportation control plan assistance, gasoline evaporative loss control, and State inspection and maintenance programs.

SUMMARY

As to the Committee evaluation of the proposed budget for the Environmental Protection Agency, we are concerned that the Agency's budget does not lend itself to the establishment of the spending priorities by the Congress. The failure of the Agency to identify either the authority for specific budget requests or the specific programs for which there will be expenditure makes impossible a congressional determination of the adequacy or the appropriateness of the request.

In light of this problem, the Committee will request that the Appropriations Committee insist that the budget for the Environmental Protection Agency be prepared in such a way as to identify specifically both the authority for and the purpose of budgetary requests. In the absence of that information this year, the Committee has agreed to identify for the Budget Committee three alternative levels of budgetary authority for EPA:

1. In the first category, the Committee identifies a need for a budgetary increase over the request of $450 million. This level of increase appears to be necessary to achieve implementation of mandatory functions under environmental statutes;

2. In the second category, the Committee has identified a need for $165 million increase as necessary to provide the implementation of those Agency responsibilities for which priorities can be identified and which if not provided will result in failure to achieve statutory deadlines and otherwise minimally carry out the purposes of the Clean Air Act and the Federal Water Pollution Control Act; and

3. Category three suggests no increase in budgetary authority for the Environmental Protection Agency, but rather suggests the need to reallocate proposed expenditures by the Agency to reflect those increases in appropriate categories identified in the minimum increase suggested in paragraph 2 above. This would mean that the Agency would have to curtail discretionary functions and otherwise restrict activities in order to assure implementation of mandatory statutory functions.

Important goals can be met by increasing funding of environmental programs. Jobs and employment can be stimulated directly and rapidly because many programs are labor intensive.

Environmental programs offer two useful approaches to help stimulate the economy:

(1) enforcement, research and monitoring programs are manpower intensive and can provide immediate employment opportunities. At the same time, they will bring the enforcement of environmental laws up to levels anticipated by Congress when initially enacted;

(2) The wastewater treatment construction grant program offers 43,000 direct jobs for every billion dollars expended, with the potential of substantial economic impact through indirect employment created by the stimulus of the initial construction expenditures.

Under the recently passed title X of the Public Works and Economic Development Act, the Environmental Protection Agency has identified grants to State pollution control programs as the program within their Agency that is most likely to stimulate jobs and have immediate impact.

Providing increases for these programs will bring them in line with the duties placed on the Environmental Protection Agency by the Clean Air Amendment of 1970 and the Federal Water Pollution Control Act Amendments of 1972. In addition to the economic impact, support of these programs at the levels recommended by the Committee on Public Works is essential to implement the Nation's environmental laws in the manner intended by the Congress.

The following table is used by the Agency and by the Appropriations Committee in analyzing the Environmental Protection Agency's budget request. The Public Works Committee recommendations are listed in an additional column.

EPA TABLE 1.—EPA APPROPRIATIONS (BUDGET AUTHORITY)

[In thousands]

OMB functional code and program	President's request			Public Works Committee recommendation			
	Fiscal year—		Transition quarter	Increase, fiscal year 1976	Transition quarter	Increased personnel, fiscal year 1976	Fiscal year 1976 total
	1975	1976					
304—Air	$152, 322	$140, 332		$130, 000		300	$270, 332
304—Water quality	163, 265	210, 864		215, 000		430	425, 864
304—Water supply	7, 779	32, 327					32, 327
304—Solid waste	14, 593	16, 632		10, 000		25	26, 632
304—Pesticides	33, 357	44, 175					44, 175
304—Radiation	7, 551	6, 067					6, 007
304—Interdisciplinary	15, 362	17, 362					17, 362
304—Toxic substances	8, 827	8, 837					8, 837
304—Noise	5, 274	10, 203		(−5, 000)		(−10)	5, 203
305—Energy R. & D.	134, 000	112, 000		100, 000		50	212, 000
304—Management and support	121, 675	135, 903					135, 901
304—Scientific activities overseas		6, 000					6, 000
304—Facilities	1, 400	2, 100					2, 100
Total	665, 395	742, 000	174, 000	450, 000	312, 000	795	1, 192, 000
304—Construction grants	[1]3, 399, 800						

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[1] With the Supreme Court decision and the release of impounded funds, $9,000,000,000 is now available as contract authority through fiscal year 1977; the total unobligated balance which will be available for fiscal year 1976 is $12,000,000,000 to $13,000,000,000. The agency believes $5,600,000,000 can be obligated in fiscal year 1976 ($2,300,000,000 from fiscal year 1975 funds and $3,300,000,000 from fiscal year 1976). The Public Works Committee believes this obligation can reach at least $6,000,000,000 in fiscal year 1976, based on testimony received from the States in hearings Feb. 28. Approximately $6,000,000,000 to $7,000,000,000 will be available for obligation in fiscal year 1977; it is possible that Congress may authorize additional sums for fiscal year 1977. EPA expects all $18,000,000,000 of the funds originally authorized in the 1972 act to have been obligated by the end of fiscal year 1977.

The administration expects fiscal year 1976 outlays to be $2,300,000,000—$1,500,000,000 in construction grant funds, $500,000,000 in previously appropriated reimbursement funds, and $300,000,000 in prior law (Public Law 84-660) contracts coming due out of previously appropriated funds. The Public Works Committee believes that fiscal year 1976 outlays could rise to $3,000,000,000 if the obligation rate is accelerated by the agency. Fiscal year 1977 outlays are difficult to project, but will probably be from $4,000,000,000 to $5,000,000,000.

EPA TABLE 2.—OUTLAYS

[In thousands]

OMB functional code and program	President's request			Public Works Committee recommendation	
	Fiscal year 1975	Fiscal year 1976	Transition quarter	Fiscal year 1976	Transition quarter
304—EPA nonenergy	$604, 964	$666, 989	$237, 932	[1] $956, 989	$316, 000
305—EPA energy	32, 000	113, 000		[2] 183, 000	
304—Water construction grants	2, 300, 000	2, 300, 000	730, 000	[3] 3, 000, 000	952, 000
Total	2, 936, 964	3, 079, 989	967, 932	4, 139, 989	1, 194, 000

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[1] Assumes that of the $350,000 increase in budget authority for nonenergy programs recommended by the Public Works Committee for fiscal year 1976, all but $60,000 (principally in research and development and in water pollution areawide planning) could be expended in the same year.

[2] Assumes that of the $100,000 increase in budget authority for energy programs recommended all but $30,000 could be expended in fiscal year 1976.

[3] See footnote 1, table 1.

Environmental Protection Agency Budget—1976

(Natural Resources, Environment, and Energy—304)

Vast new environmental programs have increased the responsibilities of the Federal Government for environmental protection over recent years. The lack of adequate funding and personnel has greatly hampered the implementation of pollution control laws.

This report identifies five budget alternatives for EPA's activities: (1) the President's proposed reduction of $53 million (approximately 7 percent) in EPA's basic budget for fiscal year 1977; (2) restoration of the fiscal year 1976 appropriations level and 6 percent additional funds added to cover the costs of inflation in the last year's increase over fiscal year 1976; (3) increases added to bring funding levels up to the point where program responsibilities could be carried out at the minimum acceptable level; (4) EPA's own judgment of the optimum level of funds it could absorb in a fiscal year; and (5) the level recommended by the Senate Public Works Committee as the optimum program in last year's report, adjusted for inflation.

Alternative	Fiscal year 1977 budget authority	Increase or decrease over fiscal year 1976 appropriation
Accept President's reductions	718	−53
Restore fiscal year 1976 base plus 6 percent inflation	817	+46
Increase to minimum levels needed to further program responsibilities	898	+127
EPA's judgment of optimum level	1, 006	+235
Public Works Committee judgment of optimum level	1, 264	+495

The Committee recommends the third alternative, which restores the cuts proposed by the President and adds funds necessary to move forward in a positive fashion to meet environmental commitments. These increases are necessary to meet the increased responsibilities that accompany these regulatory programs. This total is almost $300 million less than Committee recommended to the Budget Committee last year.

AIR

In air pollution, additional funds would be used to increase grants to State air pollution control agencies. Such funds have remained at a static level for many years, even though the Federal Government has placed increased reliance on State programs to fulfill the Clean Air Act goals. Funds would be used to support inspection and maintenance grants for vehicle inspection programs. The actual record of emissions from cars on the road shows very substantial deterioration from demonstration prototype cars tested. Inspection and maintenance programs were contemplated in the 1970 Act and should be implemented rapidly.

Increases in health effects research, particularly to investigate sulfates, cancer causing pollutants, and long term transport of complex pollutants is badly needed. Funds from the proposed increase would be used to implement an assembly line test to insure that the cars coming off the production line actually meet standards. A portion of these funds would be used to develop regulations for a certification program for aftermarket parts.

The increase would be used to establish additional new source performance standards for stationary sources of air pollution. The 1970 Amendments contemplated rapid implementation of new source performance standards, but the record has been extremely slow. Many major industrial categories still do not have such standards applicable to new construction. This has greatly hampered an effective air pollution program.

Funds would be available to continue training grants, and enhance stationary source enforcement activities. In addition, increased fiscal year 1977 funds would be used to cover the following activities which are contemplated in the Clean Air Amendments of 1976 which have been reported from the Committee: (1) transportation planning grants, (2) stratospheric ozone research, and (3) National Commission on Air Quality.

WATER QUALITY

The fiscal year 1977 budget request for the water quality program shows a major decrease from last year's level. The request for fiscal year 1977 is $178.2 million, down $60.1 million from the fiscal year 1976 level, and yet the water pollution control program is approaching a milestone year for enforcement and municipal construction activities. The overall success of the water pollution control effort depends to a large extent on the success of the activities pursued during fiscal year 1977.

The largest cut in the water program is borne by the section 208 planning effort. This year's budget requests only $15 million for funding of 208 planning areas and Statewide planning as well. This section provides grants to local and State planning agencies to plan for and manage their water resources on a long-term area wide basis.

Last year's budget included $53 million for 208 grants; the law anticipated an annual authorization of $150 million. In the option recommended, increased funds are made available for 208 planning grants, especially in response to last year's court decision requiring a 208 planning effort in all areas of all States. These funds would be used to fund 208 agencies designated in the last year, new designations in fiscal year 1977, areas to be covered by State planning, and continuation of funding for existing 208 agencies running out of money.

Another area of budgetary concern is section 106 State control agency grants. This year's budget requests $40 million, $4.5 million less than last year, and $35 million less than congressionally intended authorization levels. The Administration has stated publicly that it expects to give greater management and control responsibilities to the States in the coming fiscal year, and yet the program which provides funds to the State agencies for such purposes is reduced. The option recommended provides additional funds to State control agencies.

Funds for the development of effluent guidelines which serve as the basis for discharge permits should be increased as EPA begins to prepare to re-issue all discharge permits.

Also, funds for the management and audit of the construction grant program should be increased to insure the "fiscal integrity" of the municipal construction grant program.

The research and development effort, especially health effects, would receive additional funding under the recommended increase.

The Committee intends to authorize for fiscal year 1977 the expiring authorities in the Federal Water Pollution Control Act. Reauthorization for fiscal year 1976 is currently pending before the Congress at the same levels authorized for fiscal year 1975. Appropriation Acts for fiscal year 1976 and the transition quarter have carried authorizations for this program as well as all other Environmental Protection Agency programs. The Committee expects that authorization for fiscal year 1977 would continue at this same level, $903 million.

The Committee has pending before it a bill which authorizes $7 billion for waste treatment construction grants for fiscal year 1977, and an Administration bill to change the Federal share and eligibilities for such grants. We expect to consider these in the near future.

This would allow continuation of this program at approximately current levels for spending authority and outlays. Funds made available in fiscal year 1976 totaled $9 billion. Without these fiscal year 1977 funds, approximately one-half of the States run out of funds before the end of fiscal year 1977. Approximately $1.4 billion of these fiscal year 1977 authorizations will be obligated during the fiscal year.

SOLID WASTE

In solid waste, increased funds would be used for technical assistance and for expanding some of the research and demonstration activities of the Agency. State and local governments have increasingly requested the assistance of the Federal Government in assessing systems to be used to reduce solid waste and conserve resources. The Committee may consider legislation expanding the authorization in this area. New programs would include increased planning funds, implementation grants, small community grants, and loan guarantees.

While precise authorization levels have yet to be established, additional budget authority of $15 million for these combined programs should be sufficient to begin these efforts in fiscal year 1977.

ENERGY

The increased money available for energy activities would allow EPA to conduct further study of the health effects of energy-related pollutants, stimulate control technology to reduce such pollutants, and allow increased activities to assess the environmental problems associated with growth of various energy-related facilities. It is important that as the energy portion of the Federal budget increases and new forms of alternative energy are examined, the Environmental Protection Agency be given the resources needed to assess the impact of such projects. This will also insure that regulatory programs and control technology keep pace with such development.

NOISE

Under the noise program, no increased funds are proposed under the $127 million increase. This is principally due to the fact that the mandatory regulatory activities required by the Noise Act will have been completed in most phases by fiscal year 1977. Until the Agency fulfills these functions in a way that indicates the public health and welfare will be protected by such activities, there is little reason to increase program funds in this area.

PUBLIC WORKS COMMITTEE RECOMMENDATIONS FOR EPA BUDGET

	Committee recommendation for fiscal year 1977	Fiscal year 1976 spending authority	President's fiscal year 1977 request	Increase over fiscal year 1976 level	Increase over President's fiscal year 1977 reques
Air:					
Grants to State air pollution control agencies	61.5	54.7	51.5	7.2	10.0
Inspection and maintenance grants	4.0	0	0	4.0	4.0
Health effects research	37.7	32.7	30.7	5.0	7.0
Auto assemblyline test	1.0	0	0	1.0	1.0
New source performance standards and related work	9.0	8.0	8	1.0	1.0
Training grants	1.0	3.0	0	−2.0	1.0
Stationary source enforcement	11.8	9.2	9.8	2.6	2.0
Transportation planning grants (new)				35.0	35.0
Stratospheric ozone research				4.0	4.0
Total air increases				57.8	65.0
Water:					
Construction grant audit	28.5	22.5	26.0	6.0	2.5
208 areawide planning	75.0	53.0	15.0	22.0	60.0
State program grants	60.4	44.5	40.0	14.9	20.4
Water quality standards planning	18.1	32.4	14.9	−14.3	4.8
Enforcement	25.0	19.8	21.2	5.2	3.8
Ecological effects	25.0	19.5	18.9	5.5	6.1
Total water increases				39.3	97.6
Solid waste:					
New programs	15.0	0	0	15.0	15.0
Existing programs	18.1	15.6	15.7	2.5	2.4
Total solid waste increases				17.5	17.4
Noise: No change recommended.					
Total increases for air, water, solid waste, and noise				114.6	
Total increases all EPA program				132.3	180.0

Mr. MUSKIE. I do want to mention two specific programs that are discussed in the report of the Appropriations Committee.

This bill provides for continued funding of the long-range areawide waste treatment planning program under section 208 of Public Law 92–500. The $15 million provided here, when combined with $137 million of impounded funds ordered released by the courts, should be an adequate level for the 208 program for fiscal year 1977. I am pleased to note, however, that the committee report states that this funding level would be reappraised should release of the $137 million be delayed by appeals.

I strongly support the decision of the Senate Appropriations Committee to reject the language in the House bill which would restrict the 208 money, as well as funds that were provided for fiscal year 1976, to 75 percent Federal share. Both the House and Senate have approved authorizing legislation which would continue the 100 percent start-up grants for 208 agencies until such time as all designated agencies receive an initial grant. Thereafter, grants would be provided at a "maintenance" level of 75 percent. The action of the House in this appropriations bill would disrupt the legislative process currently underway and would also interfere with the proper implementation of the 208 program.

I commend the action of my colleagues on the Appropriations Committee in resisting this effort of the House, and I urge them to maintain this position in conference.

Although more than $8 billion of the $18 billion allotted to the individual States has not been obligated, at least 22 of the States will have obligated their full allotment of funds and will run completely out of funds before the end of fiscal year 1977.

The House and Senate Public Works Committees have recognized this, and each has reported legislation authorizing $5 billion to be allotted to the States and obligated for specific projects. The first concurrent resolution also recognized this need and targeted $6 billion for this program.

Because work has not been completed on authorizing legislation, there are no appropriations provided in this bill for construction grants. The need is clearly there, and an appropriation will be required.

I should point out that a full appropriation of the authorization will be required to enable allotment to the States to take place; however, no one anticipates obligation of all the funds. EPA's estimate of actual obligation pursuant to a $5 billion authorization and appropriation is $1.5 billion.

I would like to say briefly, in connection with that item, that I would like to focus particularly on the need which has now been approved in the budget resolution and in both Houses for additional budget authority of $5 billion to continue the ongoing waste treatment construction program. The authorization bill has not finally been acted upon, and it is for that reason, as I understand it, that this bill does not provide anything for that program.

Mr. PROXMIRE. That is correct.

Mr. MUSKIE. This general statement indicates the need to do so. I would like to compliment the Senator for his continuing interest in these environmental programs. The administration, this administration, has never been very generous to these programs, has never really been enthusiastic about them, but this bill before us reflects increases above the administration's request, for which I am appreciative.

Mr. PROXMIRE. Mr. President, if the Senator will yield, I compliment the Senator from Maine on the very difficult decisions he has had to make as both chairman of the Budget Committee and a great champion of various environmental programs. I know it is not easy for him to have to reconcile these painful priorities. I think he has done it well, and I am sure he will fight for everything he can get for the environmental programs, while at the same time recognizing the necessity of budget restraint. What I am trying to say is that the Senator from Maine is being very consistent.

Mr. MUSKIE. I have to accept this discipline for the program in which I am interested if I am to be credible when programs in which other Senators are interested are subjected to that discipline.

I would like to mention specifically one in which I was tempted to offer an amendment. That had to do with a program for grants to State air and water pollution control agencies. I was tempted to offer an amendment, but I am not going to, for the reasons we have just discussed.

This bill should add $20 million to the program for grants to State air and water pollution control agencies to be equally divided between air and water. The President's request for water pollution control agency grants for fiscal year 1977 was $40 million, down from congressional appropriations for fiscal year 1976.

The House added $4 million to restore State grants for air quality to the 1976 level of $55 million. The House added $10 million to restore water State agency grants to the 1976 level of $50 million. That $14 million increase was agreed to by the Senate Appropriations Committee.

My amendment was to be offered in the belief that grants to State air and water pollution control agencies should be top priority among resource needs in environmental protection programs. Grants to State air control agencies have remained at $51.5 million since fiscal year 1972. It was only in fiscal year 1976, as a result of the new Budget Act which made it possible to override the President's impoundment of congressional appropriations, that the level was increased to $55 million.

That modes increase was not enough to counter the effects of inflation over the last 4 years. Nor was it enough to provide the resources needed for States to assume the increased responsibilities we have placed upon them through environmental protection laws passed in the last few years.

We want the States to be the principal agencies implementing the Clean Air Act of 1970 and the Federal Water Pollution Control Act of 1972. Unless we provide adequate resources, implementation will not occur as effectively as it should. Enforcement action against polluters will not occur in cases where they are justifiable and needed. Permits for new sources and monitoring of existing permits will not occur as rapidly as needed. Local governments will have greater difficulty in submitting proper applications for water pollution control grants because of the lack of State personnel to provide technical assistance in formulating such applications.

The list of pollution control activities that are restricted because of inadequate funding of State agencies could go on and on. But perhaps the most useful fact is that the Environmental Protection Agency requested much more for this program from the President than I am requesting in the amendment I have proposed. In the EPA request for fiscal year 1977 funds, the agency asked for an increase of $58 million for air and water State control agency grants combined. My request is for approximately one-third that increase. The Appropriations Committee has added some funds, and I want to exercise restraint in the amount of the increase I am proposing

I think Senators should be aware that without substantial resources for State programs, more and more pollution control activities will have to be shouldered by the Federal Government. This does not correspond with the views I have heard from other Senators regarding the direction these programs should take. But State and local agencies will resist accepting a greater share of these programs unless they have adequate resources to implement the activities necessary.

Before offering this amendment, I made a careful examination of the budget totals to assure myself that my own action would in no way jeopardize the targets contained in the first concurrent resolution or the targets assigned by the Appropriations Committee to its various subcommittees. After examining this, I have become assured that the very modest amendment I am proposing can be added to this appropriations and still leave the total far below the targets assigned in the resolution or to the Appropriations Subcommittee.

There are a number of programs within this appropriations bill which will need to be covered by supplemental appropriations due to the fact that authorizations have not yet been passed. Even if all of these programs are funded at the highest reasonable estimate of their potential costs, there will be more than adequate room under the targets to absorb the $20 million amendment I am proposing. Even if EPA water construction grants are funded at the highest level now under consideration by the Public Works Committee—$5 billion and the veterans' cost-of-living increases are assumed at the highest end of the estimates—$1.5 billion, and the VA pension and reform and medical legislation is funded at the highest estimate—$0.7 billion, there will still be $2.3 billion remaining in budget authority under this subcommittee's allocation before that allocation is exceeded. Though outlays are somewhat tighter, the statement holds true there as well.

There are many other areas where EPA programs ought to be increased. I have not chosen to offer amendments in those areas because I believe we must be restrained in the increases we propose on these appropriations bills. I have resisted increases on other appropriations bills where I thought increases would jeopardize the targets assigned to the Appropriations subcommittees by the full committee.

I would oppose any such amendments on the bill before us, and it was only after being assured that this amendment would not create such a problem that I decided to offer it to the Senate. As chairman of the Environmental Pollution Subcommittee, I bear the responsibility of insuring that the programs we have authorized by law receive adequate resources to implement those programs. As chairman of the Budget Committee, I have the responsibility, shared by other members of the committee and by the Congress as a whole, to be sure that the actions I take while wearing one hat do not conflict with the actions taken while wearing another hat.

There is pressure in Congress, as the Senator knows, to turn more and more of the responsibility in these environmental programs over to State and local agencies. At the same time, if we want them to be able to assume those responsibilities we have got to help them find the resources to administer and implement the program. Because of the lack of enthusiasm on the part of the administration, we have not really done the job that we should do, and I hope that the Senator from Wisconsin, the floor manager of this bill, and the chairman of the subcommittee, will bear in mind the points that I have made in the statement so that maybe in a supplemental appropriation or somewhere down the line he can find the resources to put into this program. I appreciate his sympathy and his support toward that objective.

Mr. PROXMIRE. I thank the Senator very much.

UP AMENDMENT NO. 113

Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER (Mr. ALLEN). The clerk will please state the amendment.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an amendment: On page 27, lines 20 and 21, strike "$399,134,000" and insert "$399,131,000".

Mr. PROXMIRE. Mr. President, this is a Government Printing Office mistake we are trying to rectify by inserting the correct figures.

The PRESIDING OFFICER. Is all time yielded back on the amendment?

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time.

Mr. MATHIAS. I yield back the time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senators from Wisconsin.

The amendment was agreed to.

The PRESIDING OFFICER. Who yields time?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. MATHIAS. Mr. President, one of the longstanding interests of the chairman of the subcommittee has been the question of limiting the use of limousines. It is an effort in which I have seconded him and supported him with great enthusiasm, particularly since he sets such a frugal example himself by jogging to work every day.

I think all those who sit on the back seat of limousines with the little light so that they can read the funny papers to and from work should really take notice.

But in this matter, as in all matters, reason is the light of the law. We have to recognize that there are some occasions when it is appropriate for the Government to furnish transportation to employees.

It was said in history books that although there was a great deal wrong with the empire of Genghis Khan that in Genghis Khan's time a virgin carrying a bag of gold could go from one end of the empire to the other with total safety, without any danger of being molested.

While we can say many good things about our country and our time, we cannot say that about the city of Washington.

There are occasions when secretaries have been kept late at work, when they have to go home through the streets of of the city at a late hour, and their personal safety may be jeopardized.

I would not want the measures that we have taken in the committee on the abuse of the use of limousines to be taken to limit the ability of Government agencies to provide the necessary transportation, whether it be reimbursement for taxi cab fares, or similar methods, which are really directed at the safety and security of secretaries.

Mr. PROXMIRE. If the Senator will yield, I will be glad to agree to that.

I say to the Senator from Maryland, he does not jog to work, but he does drive a 1903 Buick—maybe not 1903, but pretty close to it. It looks like it.

Mr. MATHIAS. It is very close to it, Mr. President. Very close to it, but it got here this morning and I hope it will get me home tonight.

UP AMENDMENT NO. 114

Mr. MATHIAS. Mr. President, I have an amendment to send to the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maryland (Mr. MATHIAS) and the Senator from Tennessee (Mr. BROCK) propose an unprinted amendment numbered 114: On page 28, line 7, after the word "Hospital" insert "and $460,000 shall be available for the design of a new clinical building at the Mountain Home, Tennessee, Veterans' Administration Hospital."

Mr. MATHIAS. Mr. President, I offer this amendment on behalf of the Senator from Tennessee (Mr. Brock), on which I asked to be a cosponsor.

This amendment does not add any funds to the Veterans' Administration, construction, major projects account. The $460,000 is a reprograming of funds that were allocated in the original fiscal year 1977 VA budget to the VA hospital in Seattle, Wash. The budget having been amended, the House bill and Senate committee bill now reflect this amendment which adds $6,800,000 for funding leading to construction of a new, replacement VA hospital at Seattle. Therefore, the $460,000 previously budgeted for Seattle is no longer required, and can be reprogramed within the totals provided by the committee bill.

Mr. President, I ask unanimous consent to have printed in the Record at this point a statement that explains the need for the new clinical support facility at the VA hospital at Mountain Home, Tenn.

There being no objection, the statement was ordered to be printed in the Record, as follows:

The hospital facilities at Mountain Home, Tennessee, Veterans' Administration Hospital, were constructed in 1903–1905 and 1937. Minimum space was provided for clinical activities in the construction at that time. Over the past few years an increased workload in clinical support activities as a result of advances in medical treatment and outpatient services has compounded the initial space inadequacies. At the present time clinical support and ancillary functions including the surgical suite, recovery room, laboratory service, radiology service, pharmacy, ambulatory care, outpatient and key administrative support functions are widely dispersed in several buildings in inadequate and poorly aligned space. For example, laboratory funtions are located in two separate buildings and the recovery room is located two floors distant from the surgical suite. This separation of clinical and other support facilities results in inordinate travel time and has been a detriment to recruitment to physician staff.

It is proposed to construct a new clinical support facility which would provide adequate space for a modern functional surgical suite, recovery room, surgical intensive care complex, laboratory, nuclear medicine and radiology services, pharmacy, and selected ambulatory care, outpatient and medical administrative support functions. This project will bring these functions together in one building in a central area and optimize travel time to and from patient occupied buildings.

Mr. PROXMIRE. If the Senator will yield briefly, as I understand it, this amendment would use money that would not be used in Seattle, the funds would be transferred to a hospital facility in Tennessee.

This has been discussed, I understand, with the senior Senator from Washington and, of course, the Senator from Tennessee, and I am willing to accept the amendment.

Mr. MATHIAS. I am advised the Senator from Tennessee has discussed it with the Senator from Washington.

I thank the Senator.

The PRESIDING OFFICER. Is all time yielded back?

Mr. PROXMIRE. I yield back the remainder of my time.

Mr. MATHIAS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 115

Mr. CRANSTON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from California (Mr. Cranston) proposes an unprinted amendment numbered 115: On page 25, line 25, strike out "$4,222,232,000" and insert in lieu thereof "$4,218,032,000".

On page 26, lines 12 and 13, strike out "$97,433,000" and insert in lieu thereof "$101,633,000".

Mr. CRANSTON. Mr. President, as chairman of the Veterans' Affairs Committee's Subcommittee on Health and Hospitals, I would like to comment on those portions of H.R. 14233 which would appropriate funds for the Veterans' Administration's hospital and medical program. I will also introduce one noncontroversial amendment to the committee bill, which I will explain in detail in a moment.

For several years now, the distinguished chairman of the Committee on Veterans' Affairs (Mr. Hartke) and I have submitted annually to the Appropriations Subcommittee on HUD-independent agencies our suggestions and recommendations on the next fiscal year's appropriation for the VA hospital and medical program. The cooperative relationship between those of us on the Veterans' Affairs Committee and the members of this Appropriations Subcommittee on VA health matters has been very gratifying to me, and highly beneficial to the millions of veterans who are served by these two committees. I am most grateful to Chairman Proxmire and my good friend from Maryland, the ranking minority member of the Appropriations Subcommittee (Mr. Mathias), for their counsel and consideration.

Mr. President, on June 4, Senator Hartke and I recommended that the President's proposed appropriation for VA medical care of $4.172 billion be increased by $54 million, to account for workload underestimates for fiscal years 1976 and 1977 contained in the President's budget, and for other purposes. Our reasons for requesting the additional $54 million sum were contained in a letter and accompanying memorandum to the chairman of the Appropriations Subcommittee. Mr. President, I ask unanimous consent that our letter and justification statement be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

Committee on Veterans' Affairs,
Washington, D.C. June 4, 1976.

Hon. William Proxmire,,
Chairman, Subcommittee on HUD-Space-Science-Veterans Appropriations, Committee on Appropriations, Washington, D.C.

Dear Mr. Chairman: This letter contains our recommendations on fiscal year 1977 appropriations for the Veterans' Administration hospital and medical care program and for the staffing needs of its Department of Veterans Benefits.

VA HOSPITAL AND MEDICAL PROGRAM

Our recommendations specifically concern the seven appropriation accounts for the VA hospital and medical program: (1) medical care, (2) medical and prosthetic research (including research and development in health services), (3) medical administration and miscellaneous operating expenses, (4) health manpower training assistance, (5) construction, (6) grants to the Republic of the Philippines, and (7) grants for construction of State extended care facilities.

In weighing overall veterans' medical care priorities and in light of existing economic and budget circumstances, we believe that the President's overall request of $4,835,600,000 (including the recent $268,316,000 construction supplemental request) deserves the full support of your Subcommittee, the full Committee, and the Senate. This request, with the minor modifications we are recommending in this letter, represents a meaningful commitment to the VA health care program, and is consistent with the unequivocal bipartisan support that has always characterized the approach of the Administration and of our respective Committees to the maintenance of a strong and independent system of VA hospitals, clinics, nursing homes, and domiciliary facilities.

1977: A CRITICAL YEAR FOR THE VA HEALTH CARE SYSTEM

We are aware that appropriations for the coming fiscal year must be considered in the context of developments in the VA's health care capacity in the recent past, the unique budgetary considerations affecting the operations of our Committees under the new Congressional Budget Act, and the plans which we are now formulating for the future of the VA health care system.

During the six-year period from fiscal year 1963 to 1969—a period corresponding to the height of this country's involvement in the Indochina war—VA expenditures on health-related programs rose less than $0.4 billion (from $1.2 billion to $1.55 billion). It was clear to us in 1969 that the ability of the VA hospital system to cope with the enormous number of wounded veterans resulting from five years of full-scale fighting in Indochina would be seriously compromised without substantial increases of money and staff to improve the comprehensiveness and quality of services available to veterans in VA hospitals. With the concurrence and assistance of the Appropriations Committee, Congress embarked on a seven-year period of sustained growth for the VA health care system. Between fiscal years 1969 and 1976, the VA's health care budget has tripled (from $1.55 billion to approximately $4.8 billion this year), including funding for an additional 45,000 health care personnel. Today, we believe that the VA hospital system has virtually caught up with the demands of the Indochina War era, and we take pride in the manner in which the VA's Department of Medicine and Surgery has coped with one of the most difficult transition periods in its history—the transition from wartime to peacetime after the longest and most divisive war of the twentieth century.

With that task largely completed, we must turn our attention today to a new set of problems and challenges. With inflation eroding the purchasing power of the Federal dollar and with the imperative of keeping overall Federal expenditures within the targets and limits under the Congressional budget process, we must concentrate not on expanding the capacity of the VA health care system, but on ensuring the efficient utilization of resources that already exist. We believe that it is time to take a searching look at the present priorities within this enormous system of hospitals and other facilities, and to establish new priorities for the allocation of VA resources in order to redirect care and expenditures for the benefit of veterans with the strongest claim to treatment, at Government expense, in VA health care facilities.

We have devoted much of our attention and effort this Spring to the articulation and ment of Medicine and Surgery stressing the development of a new policy for the Departmore efficient utilization of existing resources within the limits of current capacity and current spending ceilings. We have introduced, held hearings on, and reported from Subcommittee (on May 25) major legislation (S. 2908, the proposed Veterans Omnibus Health Care Act of 1976, described in more detail below) to augment this new policy. We believe that 1977 will be a critical year in the development of the Department of Medicine and Surgery—a year in which the Department will constructively come to grips with the new realities respecting Federal spending and will be required to allocate its resources more prudently without reducing the quality or availability of essential medical services.

In light of the foregoing considerations, we offer the following recommendations for the VA hospital and medical program appropriations for fiscal year 1977.

RECOMMENDATIONS FOR PROGRAMS ALREADY AUTHORIZED

As indicated in the March 15, 1976, report by our Committee to the Senate Committee on the Budget (pursuant to section 301(c) of the Congressional Budget Act of 1974, Public Law 93-344), a corrected print of which is enclosed for your information*, we carefully reviewed the seven VA hospital and medical program appropriation accounts in question and concluded that the medical needs of veterans required increases over the President's budget request totalling $114,-300,000 in budget authority and outlays for programs already authorized by law. This would have represented an increase of 2.5 percent over the $4,567,300,000 proposed in the President's January budget. A detailed breakdown of the Committee's recommended increases is set forth under item IV.D. on pages 12-14 of the enclosed Committee Print.

In the March 15 report to the Senate Budget Committee, our Committee recommended outlays in Function 700 ("Veterans Benefits and Services") totalling $20.4 billion for fiscal year 1977.

Even though final Congressional action on the First Concurrent Budget Resolution reduced Function 700 outlays below the recommendations of our Committee, we believe that the outlay target of $19.5 billion provides latitude for modest increases over hospital and medical program levels recommended by the President. The amounts we recommend are reduced considerably from the amounts we included in our March 15 letter to the Budget Committee, and are, we strongly believe, necessary to prevent erosion in the quality of care available to veterans in the VA health care system.

We therefore recommend that VA hospital and medical program appropriations for fiscal year 1977 be increased $72,500,000 for programs already authorized, an increase of 1.4 percent over the $4,835,600,000 requested in the President's amended budget. The amount we recommend is $41,800,000 less than our March 15 recommendation to the Senate Budget Committee. Our recommendations are summarized and explained in the Attachment to this letter.

BUDGET RECOMMENDATIONS FOR NEW PROGRAMS

As described on pages 7-8 of the enclosed Committee Print, the Committee now has under active consideration S. 2908, the proposed Veterans Omnibus Health Care Act of 1976, and many of its provisions have already been favorably reported from the Subcommittee on Health and Hospitals. This major bill has two primary purposes. First, it would shape a new direction for the Department of Medicine and Surgery by emphasizing better and more comprehensive treatment primarily for service-connected veterans and primarily within the limits of existing resources, programs, and facilities. Among the key provisions of S. 2908 designed to serve this purpose are provisions to (1) require periodic reviews of beneficiary travel reimbursement rates to ensure that veterans receiving care for service-connected disabilities get the highest reimbursement priority; (2) expand eligibility for total VA health care benefits to include all veterans with service-connected disabilities rated at 50 percent or more (under current law, eligibility is limited to those with disabilities rated at 80 percent or more); and (3) establish a statutory system of priorities for outpatient care stressing treatment for veterans suffering from service-connected or catastrophic disabilities.

The bill's second major purpose is to authorize three new medical program directions to deal particularly with veterans with serious service-connected disabilities: (1) a program of readjustment professional counseling to assist recently-discharged veterans suffering from societal readjustment problems; (2) an innovative and cost-effective program in preventive health care for service-connected disabled veterans; and (3) a comprehensive alcohol and drug abuse treatment and rehabilitation program.

Based on cost estimates provided to the Committee by the Congressional Budget Office, we estimate that enactment of S. 2908 (including several cost-saving modifications) will entail additional expenditures in fiscal year 1977 of approximately $38,000,000 (including $6,000,000 for extension of the P.L. 94–123 special pay program). (This represents a reduction of about $78,000,000 from the Committee's preliminary cost estimate of $116,000,000 on page 7 of the Committee Print.)

Enactment of other health care legislation now pending before the Committee is expected to entail fiscal year 1977 expenditures of approximately $15,000,000, principally for increases in State home per diem rates (H.R. 10394).

STAFFING OF THE DEPARTMENT OF VETERANS' BENEFITS

With respect to the General Operating Expense (GOE) appropriation, we believe, as noted in the March 15 report to the Budget Committee, that the Administration's request of $512,447,000 is insufficient and should be increased by $30,000,000, an increase of 5.85 percent. We understand that this would increase GOE appropriations to the level of spending originally proposed by the VA to the Office of Management and Budget. This increase would bring the VA into compliance with the statutory formulas for the Veterans' Representative program by funding the 1,682 more of these personnel which the General Accounting Office has found to be required by 38 U.S.C. 243 to collect G.I. Bill overpayments and help curb G.I. Bill abuses.

An additional summary and explanation of our recommended GOE increase is contained in the Attachment to this letter.

SUMMARY

We recommend your favorable consideration of fiscal year 1977 appropriations for the VA hospital and medical care program of $4,908,100,000. This includes the $4,835,600,-000 proposed in the President's amended budget request, and $72,500,000 in additional appropriations for programs already authorized. We also recommend an increase of $30,-000,000 for General Operating Expenses.

We and our staff will be pleased to answer any questions or supply any information you or your staff may request with respect to the recommendations contained in this letter.

Thank you very much for your interest and attention.

Sincerely,

VANCE HARTKE,
Chairman.
ALAN CRANSTON,
Chairman, Subcommittee on Health and Hospitals.

DETAILED JUSTIFICATION AND SUMMARY OF FISCAL YEAR 1977 APPROPRIATIONS RECOMMENDATIONS SUBMITTED TO THE APPROPRIATIONS COMMITTEE BY SENATORS HARTKE AND CRANSTON

	Appropriations (millions)		
Appropriation item	Proposed by President January 1976 and May 1976	Recommended in Veterans Affairs Committee Mar. 15 report to Budget Committee	Recommended to Appropriations Committee, June 1976
Medical care	$4,172.2	+$95.8	+$54.0
Medical and prosthetic research	97.4	+7.4	+7.4
MAMOE	39.9	+.6	+.6
Assistance for HMT Institutions	35.0	+10.5	+10.5
Construction [1]	478.9	+0	+0
Grants to the Republic of the Philippines	2.1	+0	+0
Grants for construction of State facilities	10.0	+0	+0
VA hospital and medical programs, subtotals	[2] 4,835.6	+114.3	+72.5
General operating expenses	542.2	+30.0	+30.0

[1] Includes the President's $268,300,000 supplemental request of May 1976.

[2] Does not add up precisely because of rounding.

JUSTIFICATION

VA hospital and medical program

Medical Care: We recommend an increase of $54,000,000 in appropriations for medical care over the $4,172,232,000 proposed by the President, to be allocated in five areas as follows:

a. Staffing to meet workload underestimates. Additional staff is needed to meet unbudgeted out-patient workload increases. (See page 12 of the enclosed Committee Print; hereinafter all page references, unless otherwise noted, are to the Print.) We originally recommended $68,900,000 for projected increases in both inpatient and outpatient workloads.

We now believe that $40,000,000 will be sufficient for these purposes, all to support increased unbudgeted staff outpatient visits. Originally, we had projected that unbudgeted outpatient visits would reach 1,000,000 by June 30, 1976. Now, however, that appears to have been somewhat of an overestimate due to some controls which the Department of Medicine and Surgery has begun to implement.

An increased outpatient staff visit level of almost 600,000 has already been experienced through April 30, 1976, above the number of staff visits projected for FYs 1976 and 1977 in the President's budget. The best available estimates are that by the beginning of FY 1977, or shortly thereafter, unbudgeted outpatient visits will have reached 1,000,000. By that time, we hope that enactment of S. 2908, the proposed Veterans Omnibus Health Care Act of 1976, will bring the sharp rise in outpatient staff visits under control.

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*One line of text was inadvertently omitted on page 12 of the printed report; that text has been added in the margin in the copy of the report enclosed with this letter.

We, therefore, urgently request an additional appropriation of $40,000,000 to meet unbudgeted staff outpatient workload increases which will be realized almost entirely before the beginning of the next fiscal year.

b. New activitations. The activation of 2,068 hospital and 583 nursing home care beds is scheduled in fiscal year 1977. However, the President's proposed budget includes no funds for staffing of these new activations. (See pages 12–13.) We originally recommended $14,000,000 to staff facilities according to present activation schedules. We now believe that, in view of budgetary constraints, the VA health care system can adapt to a slower rate of activation of new beds, and we therefore recommend an increase of $7,000,000—one-half of our original recommendation—be appropriated in fiscal year 1977 for this purpose.

c. Hospital mission change. The conversion of several unaffiliated VA hospitals into rapid-turnover, acute-care facilities, and of psychiatric hospitals into general medical and surgical hospitals, is scheduled to continue during fiscal year 1977. (See page 13.) However, no funds were included in the President's budget for the necessary increase in staffing as a result of these conversions. We originally recommended an outlay increase of $4,800,000 to cover the cost of additional staffing. Again, we feel that, in view of budgetary constraints, the VA can proceed at a slower pace with these conversions, and we therefore recommend an increase of $2,400,000 in fiscal year 1977, or half of our original recommendation, for this purpose.

d. Education and training. New affiliations with medical and dental schools during the coming fiscal year will generate a need for additional residency and training program positions in VA health care facilities. However, the President's budget projects no increase in the number of training positions. Nor does it provide funding for a new Regional Medical Education Center. (See page 13.) We originally recommended $7,000,000 for these purposes. In line with a slower rate of implementing new affiliations, as suggested above, we recommend an increase of $3,500,000, half of our original recommendation, for this purpose.

e. Alcohol treatment units. We originally recommended increased outlays of $1,100,000 to support five new alcohol treatment units (ATU's) in those geographical areas most in need of such units. (See page 13.) In light of the extremely high incidence of alcoholism and alcohol-related infirmities among veterans treated in VA hospitals, we strongly believe that the full amount of our initial recommendation—$1,100,000—should be added for this purpose.

Medical and Prosthetic Research: We recommend an increase of $7,400,000 over the fiscal year 1977 budget request for research of $97,433,000 proposed by the President.

The VA's medical and prosthetic research budget has not grown in real dollar terms since fiscal year 1975, and for two consecutive years the Committee's report to the Senate Budget Committee has expressed grave concern over the potential damage done by a "standstill" research budget. Unless additional funds are provided for the research program, the Committee noted in this year's report, "that program is likely to suffer grave and potentially irreparable damage, to the detriment of the VA's entire medical care efforts." (See page 14.)

We therefore recommended in the March 15, 1976, letter an additional $7,400,000 in outlays for research for fiscal year 1977. We believe this remains an urgent need.

Assistance for Health Manpower Training Institutions: We urgently recommend an increase of $10,500,000 over the fiscal year 1977 budget request of $35,000,000 proposed by the President. This is the full amount of the Committee's original recommendation. (See page 14.)

Pursuant to the Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972 (now codified as chapter 82 of title 38, United States Code), the VA is authorized to make grants to affiliated health manpower training institutions to expand the training capacities of those institutions and foster closer affiliations with the VA health care system. Almost $15,000,000 worth of grants have been approved, but, because of lack of funds, not yet been made. This backlog of approved but unfunded grants is expected to grow to more than $24,000,000 by June, 1976. The President's budget proposes no funds to reduce the backlog. Therefore, we continue to urge an increase of $10,500,000 for this purpose.

Medical Administration and Miscellaneous Operating Expenses (MAMOE): We recommend an increase of $600,000 over the fiscal year 1977 budget request of $39,941,000 proposed by the President. This is the full amount of the Committee's original recommendation. (See page 14.) (Included in our MAMOE recommendation is the $3.5 million for the Exchange of Medical Information program requested by the President. The appropriation of this amount is authorized in H.R. 3348 which has passed the House, been reported from our Committee, and is pending on the Senate calendar. We expect favorable floor action early next week and concurrence by the House immediately thereafter.)

VA Department of Veterans Benefits staffing

We recommend that expenditures for General Operating Expenses (GOE) be increased $30,000,000 over the amount recommended in the Presidents January budget.

The $542.4 million originally requested by the VA for GOE (reduced from field estimates of $546.8 million and the departmental and division estimates of $545.1 million) should be restored in order to allow the Department of Veterans Benefits (DVB) sufficient resources to carry out its program responsibilities properly and in compliance with law. In particular, this amount is urgently needed to deal with the growing problem of overpayments resulting, in part, from an inadequate number of VA personnel either to process program changes or to monitor compliance by schools and veterans with the law. In a recent report to Congress, submitted on March 19, 1976 (B114859), the General Accounting Office (GAO) cited a "billion dollar problem" resulting from rapidly escalating GI Bill overpayments. GAO reported that, whereas, in fiscal year 1967 overpayments represented 0.7 percent of the VA's total educational benefits paid, in the first 6 months of fiscal year 1976 overpayments represented 15.6 percent of total benefits paid.

Section 243 of 38 U.S.C., which we authored in 1974, requires the Administrator to assign one full-time Veterans' Representative (Vet Rep) for each 500 persons enrolled in GI Bill educational programs (excluding training by correspondence). The law directs that Vet Reps are to be stationed at schools or in VA offices in direct support positions with responsibility for identifying and resolving various VA educational assistance allowance problems. Vet Reps are given a statutory responsibility to "assure correctness and proper handling of applications, completion of certifications of attendance, and submission of all necessary information (including changes in status or program affecting payments) in support of benefit claims submitted. . . ."

Pursuant to a request by our Committee, the GAO recently conducted a survey of Vet Reps and reported that an examination of school enrollment figures demonstrated that 2,965 Vet Reps were required for the nearly 1.5 million veteran students in receipt of GI Bill benefits. However, the GAO survey revealed that, in fact, there are only 1,283 Vet Reps currently employed by the VA, that is 1,682 fewer Vet Reps than specifically required by law. The $30 million we are requesting in additional GOE appropriations would bring about compliance with the full Vet Rep staffing formula prescribed by law and, as a result, could be expected to reduce significantly the high incidence and amount of veteran overpayments or incorrect payments.

The consequences of the VA's failure to comply with the law can be startling. Most recently, officials at one vocational school in Chicago, which has had an enrollment of 1,367 veterans, were indicted by a Federal grand jury for GI Bill fraud. VA officials presently estimate losses to the Government, as a result of fraud at this one school, of at least $6.7 million with expectations that this estimate will be revised upward. The VA has acknowledged that, despite the large veteran enrollment, no Vet Rep has ever been assigned to that school.

We believe that fraud of this alleged magnitude would not have occurred if one or more Vet Reps had been assigned to the school as directed by the statute. Without such active monitoring both of potential fraud cases and of tardy or incorrect compliance with VA regulations by veterans or schools, we believe that this "billion dollar problem" will only grow worse.

In summary, the savings to be achieved by reduced overpayments are many times in excess of the $30 million GOE increase we are seeking for the hiring of a sufficient number of DVB Vet Rep personnel.

Mr. CRANSTON. Mr. President, when H.R. 14233 was reported from Subcommittee on June 8, we were delighted to see that, pursuant to our recommendations, $50 million had been added to the VA medical care appropriation. We believe that the appropriation of these additional sums will have a major beneficial impact on the quality of care available to veterans in VA health care facilities, and we are most grateful to the members of the Appropriations Subcommittee for adding this sum for fiscal year 1977.

Nevertheless, one other item which we requested in our June 4 letter was not agreed to by the Appropriations Subcommittee—the additional appropriation of $7.4 million for the VA medical and prosthetic research program. I felt so strongly about this that on June 11 I wrote a second letter to the subcommittee chairman urging the appropriation of $4 million for VA research—a reduced sum, but sill, I believed, enough to make a significant difference to the VA's biomedical research effort in fiscal year 1977.

On June 21, Chairman Proxmire informed me that, although he felt that my June 11 letter had made "an excellent case" for a research add-on, he did not want to increase further the overall VA hospital and medical appropriation, and, therefore, he could not recommend the appropriation of additional sums for research beyond the amounts contained in the President's budget.

Mr. President, I ask unanimous consent that the text of my June 11 letter to Chairman Proxmire and the text of his June 21 reply be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

Committee on Veterans' Affairs,
Washington, D.C., June 11, 1976.
Hon. William Proxmire,
Chairman, Subcommittee on HUD-Space-Science-Veterans Appropriations Committee on Appropriations, Washington, D.C.

Dear Mr. Chairman: I wish to express my gratitude and appreciation for the recent decision of your Subcommittee to add $50 million to the amount requested by the President for Veterans' Administration medical care in fiscal year 1977. Your approval of this additional sum, which is almost the full amount Senator Hartke and I recommended for medical care in our letter of June 4, will contribute significantly to the health and well-being of the 3,000,000 veterans who depend upon the VA for their health care.

The $54 million we recommended be appropriated, in our June 4 letter for FY 1977 for veterans medical care was designated for five categories: staffing to meet outpatient workload underestimates, new activations, changes in hospital mission, education and training, and establishment of alcohol treatment units. I very much hope that in your Committee Report on H.R. 14233 you will indicate these specific categories as the targets of the additional $50 million. Since alcholoism and alcohol-related medical infirmities account for so enormous a proportin of VA hospital admissions nationally and in my own State of California, I particularly hope you will direct that the full amount we recommended—$1.1 million—be allocated for the establishment of new alcohol treatment units.

The following language for the Committee Report would achieve the above purposes with respect to the allocation of the $50 million increase:

"The $50,000,000 added to the President's budget request for veterans medical care follows the recommendations submitted to this Committee on June 4 by the Chairman of the Veterans' Affairs Committee and that Committee's Subcommittee on Health and Hospitals. Of this total sum, $30,000,000 should be used to support outpatient staffing increases and $20,000,000 to support staffing needs to achieve new activations and hospital mission changes, the addition of house staff (especially to support new activations), and establishment of alcohol treatment units.

"Particularly, the Committee designates $1,100,000 from outpatient and inpatient medical care funds to support the establishment of five new alcohol treatment units in those geographical areas most in need of such units to help meet the extremely high incidence of alcoholism and alcohol-related disabilities among veterans treated in VA hospitals."

Although I am delighted with your Subcommittee's action with respect ot the medical care item, I remain most concerned about your decision not to increase the appropriation for medical and prosthetic research above the straight-line amount requested by the President. The VA's medical and prosthetic research budget has not grown in real-dollar terms since fiscal year 1975. This fact, combined with the exclusion of physician researchers from special pay under the provisions of Public Law 94–123, last year's physician and dentist pay comparability law, has seriously undermined the strength and morale of the VA's medical research effort. (We will be attempting to rectify legislatively the researchers' exclusion from special pay.)

In fiscal year 1976, appropriations for VA medical and prosthetic research totalled $97,356,000, divided as follows: $90,012,000 for medical research; $3,757,000 for prosthetic research; and $3,587,000 for research and development in health services. Medical research, therefore, accounted for 92.5 percent of the total research budget. The President's standstill budget for fiscal year 1977 would reallocate these funds so as to increase the prosthetic research program by $1,689,000 (an increase of 45 percent); to $5,446,000. The program of research and development in health services would be cut by $483,000, to $3,104,000. The medical research program would be slashed by $1,129,000, to $88,883,000.

The seriously deteriorating situation with respect to the VA medical research program is illustrated by the deep cuts, necessitated by the President's shortsighted budget request, in the initial medical research targeting allowances for the Transition Quarter and FY 1977 assigned to VA hospitals last month—averaging an approximately 12 percent reduction in the level of research funding for individual hospitals during the Transition Quarter, and a further proposed reduction of between 12 and 15 percent for FY 1977. If the President's budget request for medical research is sustained, therefore, real-dollar spending on medical research will drop as much as 25 percent during the next six-month period, thus threatening a severe disruption of the recruitment and retention of physicians and clinical researchers during the summer recruiting season.

The VA's modest investment in medical research pays dividends that extend well beyond the considerable scientific merit and contribution of the work done. Research monies and facilities are essential to the recruitment and retention of first-rate physicians, and are also an important part of the valuable affiliations between VA hospitals and medical schools. If the research program is allowed to stagnate, the VA runs the intolerable risk of losing its top physicians, precisely at the time when it can least afford to see them go.

Our June 4 letter recommended the additional appropriation of $7.4 million in medical research funds for FY 1977, an amount that represented, in our opinion, a very minimal increase over the amount in the President's budget—especially considering the standstill level since FY 1975. Although I believe a somewhat lower amount would be acceptable, although not desirable, as described in more detail below, I feel very strongly that some increase is absolutely essential to demonstrate Congress' continued interest in and support for a viable VA research program.

A reduced acceptable increase in research funds would be a figure of $4.2 million. This would permit the Department of Medicine and Surgery to fund the most pressing of its fiscal year 1977 medical research needs—a long-planned $800,000 effort in biomedical research on spinal cord injury and related medical disabilities; $500,000 for attracting researchers and supporting research efforts at new VA hospitals or hospitals with emerging academic affiliations; and $2,900,000 for research staffing (this latter sum being the difference between the medical research portion of the medical and prosthetic research estimate for fiscal year 1976 and the reduced amount proposed by the President for medical research for fiscal year 1977).

However, a $4.2 million increase leaves unfunded for 1977 two major studies on hypertension—funding for which was included in our June 4 letter to bring the increase to $7.4 million. Although I believe these are important and necessary studies which can offer very valuable results to improve health care for veterans, they can be deferred to FY 1978, unlike the other research activities described above. (I also note that if we are able to enact a preventive health care program as proposed in S. 2908, the Veterans Omnibus Health Care Act of 1976, as reported from the Subcommittee on Health and Hospitals on May 25, to be effective beginning in FY 1978, these studies can effectively be integrated into the research associated with that new program.)

I urge that, when H.R. 14233 is considered in full Committee, you reconsider the critical need for a medical research increase over the funds available this fiscal year. Even the modest increase of 4 percent will mean a substantial real-dollar decrease from the FY 1976 level because of the research expenditures inflation rate. Nevertheless, I believe that the addition of $4.2 million for medical research is critically important to enable the Department of Medicine and Surgery to meet its most important research needs and to demonstrate Congress' commitment to a strong VA medical research program.

As always, I or the members of my staff are available to you or your staff should you need further information on any of the recommendations contained in this letter.

Sincerely,

Alan Cranston,
Chairman, Subcommittee on Health and Hospitals.

June 21, 1976.

Hon. Alan Cranston,
Chairman, Subcommittee on Health and Hospitals, Committee on Veterans' Affairs, Washington, D.C.

Dear Alan: Thanks so much for your helpful letter regarding the earmarking of $1,100,000 of the $50,000,000 added by the Subcommittee to the Administration's medical care request for the establishment of five new alcohol treatment units. I was also glad to receive the benefit of your views on the need for, at a minimum, an additional $4,200,000 for medical and prosthetic research.

I have directed the staff to add language to the draft report on the HUD-Independent Agencies bill which would assure the provision of $1,100,000 for alcohol treatment units. Of course this is subject to full Committee approval.

I'm afraid that I'm not in a position to recommend that the amount provided by the Subcommittee for medical and prosthetic research be increased in full committee, although you make an excellent case for such an add on. It is my strong belief that by adding $50,000,000 to the medical care request we have gone about as far as we should go in the medical area, particularly in view of a budget deficit which undoubtedly will exceed the President's estimate of $43 billion.

Naturally I'd be glad to get any further thoughts you may have on these issues or any other matters connected with this year's bill.

Sincerely,

William Proxmire,
Chairman, HUD-Independent Agencies Subcommittee.

Mr. CRANSTON. Mr. President, I appreciate the reasons why the Appropriations Committee felt that it could not support the addition of any more funds for biomedical research. Nevertheless, I am still convinced that serious damage will be done to the quality of the VA's research program and thus to VA medical care, if Congress does not this year—after 3 years of approving "straight-line" medical research budgets recommended by the President—demonstrate its commitment to a thriving VA research program. The course proposed by the President will result in station research budget cutbacks of from 10 to 30 percent for fiscal year 1977.

Since the last exchange of correspondence between Chairman Proxmire and me on this subject, I have discussed this matter again with him and with officials from the VA's Department of Medicine and Surgery. On the basis of these discussions, I am prepared to introduce an amendment to H.R. 14233 that would, I believe, be acceptable to the committee, and would accomplish one of my major objectives in the research area while at the same time achieving the committee's purpose of not increasing overall VA health care funds already in H.R. 14233.

My amendment, Mr. President, would remove $4.2 million from the additional $50 million in medical care funds recommended by the subcommittee over the budget request and shift that sum to the medical and prosthetic research item in the VA budget for medical research. The add-on for medical care would thus be $45.8 million—for a total of $4,218,032,000—and $4.2 million would be added to the $97.4 million which would be appropriated for medical and prosthetic research under H.R. 14233 as reported, bringing that total to $101,633,000—of which $93,083,000 would be for medical research.

This modest addition to the research budget will not be enough even to keep up with the cost of inflation; so that, under my amendment, next year's research budget would still be less than this year's in real-dollar terms. Nevertheless, Mr. President, adoption of this amendment will at least demonstrate—along with one other action we have recently taken in the Veterans Affairs Committee—that Congress has not given up on the VA medical research program.

As chairman of the Health and Hospitals Subcommittee and as a member of the Labor and Public Welfare Committee's Subcommittee on Health under the able leadership of my colleague, the distinguished Senator from Massachusetts (Mr. KENNEDY), I have had a chance to observe the role that a strong, vibrant research program can play in promoting patient care in the hospital setting.

I am firmly convinced, Mr. President, that a strong research program is essential to the maintenance of a first-class health care system. Research facilities play an essential role in the recruitment of physicians and other health care personnel and the strengthening of the crucial affiliations between VA health care facilities and medical schools. Significantly, 40 percent of the young VA clinical research investigators remain in the VA as clinicians when they complete the special research career development training program. Another 40 percent continue to serve the VA as faculty members of affiliated medical schools.

The research program is critical also for recruiting and retaining superior clinicians who do not enter the special research career development programs. Since January 1974, for example, 280 VA clinicians have received research funds as intrinsic to their being hired.

These clinician-investigators and their scientist colleagues contribute to the quality of practice in VA facilities beyond their own patient care. They create the atmosphere of questing minds and stimulating ideas that makes for progressive medical and dental practices, that welcomes new advances but is cautious in evaluating them, and that is prepared for changing patterns of medical care.

This research atmosphere has proved especially valuable in initiating affiliations with medical and dental schools, affiliations that have done much to improve the care rendered to veterans. Access to VA research facilities and participation in VA research investigations have served to integrate completely the affiliated schools' faculties into the VA health care programs and has helped maintain the VA hospitals as a prominent positive contributor to American medicine.

Research in VA hospitals has resulted in major medical advances which have saved lives, shortened recovery times, and made hospital stays more comfortable and more successful. The Veterans' Administration medical research program has provided information leading to the virtual disappearance of tuberculosis as a major medical problem, has contributed to the rational drug treatment of major psychiatric illness, and is pioneering the prevention and treatment of significant high blood pressure. Less obvious is the indirect contribution to patient care through such scientific advances as the development of radioimmunoassays for body components and the discovery of the role of glucagon, a natural antagonist of insulin, in diabetes. Overall VA research has become a major factor in improving the detection, prevention, and treatment of disease.

I cannot stress strongly enough, Mr. President, my conviction that money spent on research is money wisely invested to improve—directly and immediately—the quality of patient care in the VA hospital system.

It was for these reasons that I proposed on June 16, during consideration of S. 2908, the Veterans Omnibus Health Care Act of 1976, in the Veterans' Affairs Committee, and the committee adopted, an amendment to provide special pay for VA clinical research title 38 physicians and dentists, all of whom devote substantial portions of their time to direct patient care. The background on this amendment is as follows:

Mr. President, Public Law 94–123, the Physician and Dentist Pay Comparability Act of 1975, authorized the Chief Medical Director to supplement the salaries of full-time and some part-time physicians and dentists by paying them special pay of up to $13,500 annually. The act also gave the Chief Medical Director administrative authority to exclude categories of physicians and dentists from receiving special pay if the Chief Medical Director found that there was no "significant recruitment or retention problem" with respect to such categories. Eight months ago, the Chief Medical Director exercised that authority to exclude five categories of physicians and dentists from special pay. The largest excluded category—accounting for 150 of the 250 physicians and dentists excluded—were the clinical researchers in the VA's research and education career development program.

These physicians and dentists hold staff positions at hospitals and devote—and I stress this, Mr. President—at least one-quarter and generally one-half of their time to direct patient care.

For the past 8 months, Mr. President, I have carefully monitored the effect this exclusion has had on the quality of the VA's medical research program. I concluded that the continued denial of special pay for clinical researchers threatens to seriously harm the strength and vitality of the VA's medical research effort. Applications for senior clinical research positions are down significantly, and the resignations by clinical researchers—1 out of every 8—since special pay began 8 months ago is jeopardizing the continuity of the research program.

Officials in the Department of Medicine and Surgery acknowledge a serious deterioration of morale among clinical researchers who are being paid $7,000 to $10,000 less than their colleagues.

To overcome this tragic state in the research program, especially in light of the real-dollar cut-back in VA research money during the last 2 fiscal years and the one proposed for the next fiscal year, the committee adopted my amendment to mandate the payment of special pay to clinical researchers who are otherwise eligible for it under Public Law 94–123.

These two positive actions, with regard to the VA research program, if adopted by Congress, should help remove the cloud of demoralization and retreat now impending over VA medical research efforts.

Once again, Mr. President, let me express my deep appreciation to the chairman of the Appropriations Subcommittee and to the ranking minority member of that subcommittee, who have demonstrated time after time their concern for the health and welfare of the Nation's veterans. While I am not in total agreement with the subcommittee's recommendations on appropriations for the VA hospital and medical program for fiscal year 1977, I believe that the subcommittee has listened to us with an open mind and that it made its decisions after careful deliberation. Again, I thank the Senators for their time and courtesy.

Mr. President, this amendment does not add any money to the amount included in the bill. It merely would shift around a very small amount from one item to another within the VA hospital and medical appropriation, specifically moving $4.2 million to medical and prosthetic research from the medical care item.

Thus, Mr. President, I send to the desk the amendment I have described and ask for its immediate consideration.

Mr. PROXMIRE. Will the Senator from California yield?

Mr. CRANSTON. Yes.

Mr. PROXMIRE. It is my understanding that this amendment does not increase the funds in the bill at all. It simply transfers funds.

As I understand it, the Senator from California is chairman of the Health and Hospitals Subcommittee of the Veterans' Committee, is that right?

Mr. CRANSTON. Yes.

Mr. PROXMIRE. Is it his judgment that this transfer would be in the best interest of veterans?

Mr. CRANSTON. Very much so.

Mr. PROXMIRE. Mr. President, I have

no objection. I am happy to accept the amendment.

Mr. MATHIAS. I have no objection.

The PRESIDING OFFICER. Is all time yielded back?

Mr. MATHIAS. I yield back the remainder of my time.

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CRANSTON. Mr. President, I thank the Senators very much for their cooperation.

UP AMENDMENT NO. 116

Mr. DURKIN. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN), for himself and Mr. MCINTYRE, proposes an unprinted amendment numbered 116: On page 24, line 22, strike out "$4,873,000,000" and insert "$5,673,000,000."

Mr. DURKIN. Mr. President, what I am proposing is to add $800 million in additional funds to be used for veterans adjusted benefits under the GI bill.

The purpose of this amendment is to provide funds for additional benefits under the GI bill to two groups of veterans.

First, it would provide sufficient funds to allow almost 400,000 veterans to continue their education.

As everyone knows, while many in this body were around Memorial Day, giving patriotic speeches in their States, the GI bill benefits expired for 400,000 veterans in schools across the country, including 25,000 or 26,000 veterans in the State of New Hampshire.

In the second group, it would provide funds to end, once and for all, the arbitrary 10-year limit on education for veterans who have not yet reached their 10-year deadline.

For some time I have tried, along with others, to get the proper Senate committees to address this problem. Senator MCINTYRE and I, with a number of cosponsors, have introduced S. 3222. That bill sort of disappeared into the carpet and has not been heard from. In fact, there have not been hearings on it and there are no hearings in sight.

We are sort of in a Catch-22 situation.

This $800 million does not bust the budget. If we do not move now, when we move to bring S. 3222 to the Senate as an amendment to another bill, I understand that then it will be subject to a point of order.

I do not want to consume an undue length of time. I would urge that a point of order not be made on this amendment. We have had a wholesale abandonment of the rules of procedure today and this week, and it looks like we will next week.

I am reminded of a barroom poker game. The fellows are playing poker and a man has four kings. He thinks he has a pretty good hand. He bets the farm, the cattle, and all but his wife and children, but he loses because the man sitting across from him has an ace, 3, 5, 7, 9. The ace, 3, 5, 7, 9 is an old cat, and the guy who holds it points to the sign and says "Well, old cat beats anything." But a couple of hours later in the game, the farmer has an old cat himself. He bets everything he can get his hands on. The same opponent then turns over a pair of deuces and says, "I win." He points to another sign saying "Old cat only wins once a night."

So I would urge that there be no point of order. There was no point of order when many of these veterans were sent off to bleed and die in Southeast Asia. I do not think there should be any point of order made today. If there is, I would urge that the Members reject the point of order.

I think it is time we stood up and were counted on this issue. I hope we do not see a disturbing trend wherein the various rules are used by the administration, by the White House, by the Senate, or by the House, to avoid standing up on this issue. I believe we either ought to tell the veterans that their benefits have expired and we are not going to do anything about it, or take the opportunity today to do something about it. I am urging the second course.

Mr. PROXMIRE. Mr. President, there is no one in the Senate who does not recognize the fact that the GI education effort has been an excellent program. In fact, most of us have taken advantage of the program. It has contributed not only to those who have benefited from the additional education, but it has certainly strengthened our country by providing for a better trained, better educated people. It is a marvelous program.

Mr. President, there are a number of very, very serious problems with this amendment. I do hope that the Senator from New Hampshire will consider withdrawing the amendment and will consider working with our committee and, of course, the Veterans Committee, to try to see if we can accomplish his purpose in a little different way. Let me explain why.

In the first place, there is very strong opposition to authorizing an extension of the benefit period. An extension is opposed by the VFW, the American Legion, the DAV, and the House Veterans' Affairs Committee. It has been opposed by a lot of people who have the same interest in the veteran the Senator from New Hampshire and other Senators have.

In the second place, it adds money to the bill, but we are informed emphatically by staff, that there is no way that money can be spent. I say this because unless the law authorizes the extension of the benefit period for more than the present 10 years, the money cannot be paid out to veterans over a greater period despite the fact that the amendment adds $800 million to the bill for that purpose.

If the money could be paid to veterans we would not be able to pay other compensation that veterans may become entitled to through changes in authorizing legislation without violating a budget resolution ceiling.

For these reasons, I do hope the Senator from New Hampshire will consider working with the Veterans Committee and the Appropriations Committee to see if we can extend the benefit period as soon as possible. I believe he has made a very strong case. As I say, we all would like to do all we can to strengthen this program, but I do hope we can work it out another way.

Mr. DURKIN. Let me state for the record we sent around a Dear Colleague letter on S. 3222, trying to generate support for the hearings. The only thing we did was end up with an irate staff member from the Veterans Committee coming down and threatening one of my staff people with a verbal punch in the nose if we did not play ball. It does not make much impression on me, and I hope it does not make much impression on the Senate, that the older veterans groups do not want this bill. I am not impressed by the fact that the VFW and the DAV do not want it. They are interested, and properly so, in the older veterans. I think we have taken care of the older veterans. These are the younger veterans I am referring to.

I know everyone would like to forget Vietnam, but I do not think we ought to forget the casualties from Vietnam. We take care of them if they were shot up; we take care of them if they need a burial plot, as we should. But if they want to educate themselves, we are going to cut short the benefits.

The Senator knows as well as I do that for every dollar we expend on this program, we get at least $4 back. It is one of the most successful programs, social programs, if the Senator wants to call it that, we have ever had. Also, with the Nixon-Ford economic situation, there are a lot of veterans who are going back and picking up their educational benefits because they do not have a job or they do not work a full week.

We are cutting those people off.

I am going to persist. I am a member of the Veterans' Affairs Committee. We cannot even get a hearing on the bill. If we do not move in this fashion, we will be caught in the Senate Budget rules later on.

As I said, those boys did not try to hide behind any rules when the draft boards called for them. They went off to answer the call for military service.

I think the Senate should stand up and be counted. I think the Senate should display the same intestinal fortitude that we demanded and expected of those people we sent to Southeast Asia.

Mr. MATHIAS. Mr. President, I would like to salute the distinguished Senator for his interest in this problem. It is a problem. It is a very serious problem for the men and women who served in our Armed Forces, who do have difficulties in readjusting to civil life, who do need help. It is a problem in which I have been deeply involved. I welcome the Senator's interest, his concern and his desire to do something about it. I think it is a very useful addition to this debate.

I do have some serious questions which reflect those of the chairman of the subcommittee. For instance, I have been fighting for a long time to get a fair shake for the Vietnam veteran, a compensation which would be the equivalent of what I received at the end of World War II as a student under the GI bill. The Vietnam veteran in comparable dollar terms is simply getting shortchanged.

I would raise with the Senator whether extending the benefits over a wider period of time when we are not able to get the level up to where it ought to be in the period where we are covered is in the best interest of the whole veteran population of the country.

Then I would raise with the Senator another question, which is something more than a philosophical question. I believe all of us are sincerely interested in the whole range of benefits that are provided to the veterans who have fought our wars. These are educational benefits and there are benefits of other kinds. If every one of them has to be diluted because of the adoption of this particular amendment, I think we have to question whether we have really done justice.

While I can enthusiastically support the principle which the Senator adopts, which is embodied in his amendment, unfortunately it has some mechanical problems which present themselves. I will pledge myself to work with the Senator, or with any other Member of the Senate, to try to extend benefits, to improve benefits, to make them, as I say, comparable to what I received in terms of 1976 dollars.

But I do not see how the Senate can really help the American veteran by adopting this amendment today. It could seriously jeopardize some of the benefits which are already locked into the law.

Mr. DURKIN. Mr. President, in response to the observations of the Senator from Maryland, I would have to point out that it is my understanding that the Senate Veterans' Committee will be considering an increase in those levels in the next few weeks.

Mr. MATHIAS. Unfortunately they have considered that in the past, and have not been able to achieve it. I hope the Senator will join with us in trying to get that level up.

Mr. DURKIN. As I understand, the money has been provided in the budget resolution to take that into consideration.

Maybe I can strike a deal with the Senator from Maryland. I intend to pursue, and I think others on the committee intend to pursue, the matter to get adequate compensation legislation for our veterans from World War I on. If the Senator will join me in starting somewhere by supporting this amendment, I pledge my support to work to get adequate levels in subsequent measures.

Again, I think we all know it has been an extremely successful program. There may have been some abuses, but it has not been the history of this body to scrap a program merely because there have been a few abuses. We work to try to clean up the abuses.

We have adopted in my State, as many Senators know, a toll-free hotline, so people can call into my office toll free from anywhere within the State.

Electric utility rates and the suspension of the GI bill benefits are by far the two major areas with respect to which we are receiving calls—from real people who have real problems. They do not understand the Senate rules, and they do not understand Senate procedure. The only thing they know is they cannot pay the mortgage and cannot pay for books with promises. They know their education has been at best interrupted, and may be terminated, and I do not think we want to go on record as supporting the termination of education.

Mr. President, I ask for the yeas and nays.

Mr. PROXMIRE. Mr. President, will the Senator yield before he makes that request?

Mr. DURKIN. I yield for a question.

Mr. PROXMIRE. Mr. President, would the Senator really expect that $800 million to be expended, when there is no authorization, and a provision in the law saying 10 years is the limit?

Mr. DURKIN. That is the budget estimate. I tried to come in with a fair figure. The Budget Committee personnel have been very fair——

Mr. PROXMIRE. No, I am not talking about the amount. I have a different question. In view of the fact that the law limits the duration of time over which benefits can be paid for GI bill purposes to 10 years, does the Senator argue that if we appropriate this money, it can be expended in order to give a veteran educational benefits for an 11th and 12th year although the law does not permit it?

Mr. DURKIN. No; but we are working on eliminating the terminating date to allow expenditure of these funds.

Mr. PROXMIRE. If the Senator is arguing that the appropriation of these funds can overrule existing law, his amendment is subject to a point of order.

Mr. DURKIN. I am not arguing that. I will defer to the Senator from Wisconsin, who may have a better understanding of the rules than I do, and I am not sure what trap I am being asked to waltz into——

Mr. PROXMIRE. I am merely saying the law provides for a 10-year limit. The purpose of the Senator's amendment is to provide $800 million so that veterans who left the service more than 10 years ago can continue to take advantage of the GI bill.

All I am saying is that the law does not permit that, and if the Senator is saying that this appropriation will overrule the law, then I think I can make a point of order. Otherwise I could not. But if I cannot make a point of order, then the Senator is arguing for $800 million to no purpose. At least the funds cannot be used for the purpose for which he intends them.

Mr. DURKIN. I am not arguing that this amendment is going to overrule the law, but I am arguing that it will allow the money to be there and be available.

The situation the Senator suggests, even if it came to pass, I do not think the money would be lost. Even if we were thrown into some procedural problem later on down the road, the money is not going to be lost. So I think we can take up that problem when the particular problem presents itself.

As I see the amendment, we are back in that barroom in a poker game, with different signs, "An old cat only wins once a night." I do not want to get caught, nor do the veterans whose pensions have been terminated.

Mr. PROXMIRE. If the Senator can get the law changed to 12 years, we will certainly, without any question, provide the funds. We provide the full amount for veterans benefits to which veterans are entitled. We provide all necessary appropriations, and will continue to do so.

But until we change the authorizing legislation, it seems to me it is a vain act on our part, and it would be inappropriate, to provide the $800 million.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Utah.

Mr. DURKIN. Mr. President, *I think* I have the floor. I yield to the Senator from Utah for a question.

Mr. MOSS. I wanted to ask the Senator from New Hampshire this question: The procedure, of course, is to change the law and then determine if veterans are entitled to some additional entitlement. If that happens, automatically there has to be a supplemental appropriation, because, as the Senator from Wisconsin was pointing out, when there is a requirement, then we provide the funds. We exercise no judgment here as to whether to withhold them or not; the funds are provided. It is one of those locked-in expenditures.

The PRESIDING OFFICER. The time of the Senator from New Hampshire has expired. The Senator from Wisconsin has 13 minutes remaining.

Mr. PROXMIRE. Mr. President, I yield the Senator such time as he may require.

Mr. MOSS. May I ask the Senator from Wisconsin if the way I have stated it is not correct? If the entitlement period is changed by law so that a veteran is entitled to 12 or 13 years, then the appropriation is automatically provided; is that not true?

Mr. PROXMIRE. The Senator is correct.

Mr. DURKIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HANSEN. Mr. President, will the Senator from Wisconsin yield me some time? Does he have time?

Mr. PROXMIRE. Yes. Mr. President, I intend to move to table the amendment whenever the time comes, but I certainly do not want to cut off debate. I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I am the ranking Republican member on the Veterans' Affairs Committee, and I should report to Senators that the major veterans organizations, the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans, are all opposed to this amendment.

The reason is that priorities were set in order to keep within the budget constraints we have been asked to observe. All the major groups have set the priority of cost of living increases for compensation and pension on a higher priority level than extending the delimiting date. tending the delimiting period, the $800 And since no authorization exists for ex- million would mean virtually no cost of living increases for pension and compensation. I would hope very much that it is not adopted.

I am just as much interested as anyone else in giving every reasonable opportunity we can to veterans in this country to further their education. I think the experience we had following World War II proved the value of that kind of program.

But there has been reasonable opportunity already given, and I am greatly disturbed over the shifting of funds that would result if this sort of program were funded, as I understand it, and it seems to me that we would be doing a very grave injustice to persons who deserve increased help in meeting the cost-of-living expenses and other benefits that are written into the law now.

So I simply urge our colleagues to vote against the adoption of this amendment.

Mr. PROXMIRE. Mr. President, I thank the Senator.

Mr. SPARKMAN. Mr. President, will the Senator yield briefly?

Mr. PROXMIRE. I yield.

Mr. SPARKMAN. I am thoroughly in sympathy with the object that he is trying to achieve but, as I understand it, if he did more than put the figure in, it would be subject to a point of order.

Mr. PROXMIRE. That is right.

Mr. SPARKMAN. This has to go to the House of Representatives. I am wondering if, as it is, it is subject to a point of order in the House of Representatives?

Mr. PROXMIRE. I understand it could well be. We do not have advice on this point, of course, from the House Parliamentarian. I understand it could well be.

Mr. SPARKMAN. The Senator knows we often run into those things.

Mr. PROXMIRE. We certainly do. More often than not.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Maine.

Mr. MUSKIE. The Budget Committee, of course, is not a line item committee. This is a line item. But I think we have to put it in context of the overall budgetary limits and pressures.

In the first place, if the budget process is to work we must proceed and we must follow the procedures which enable us to take issues in their proper sequence. Otherwise, the budget process would be wholly without control.

We had some discussion earlier today on the Interior appropriations bill on this point. This amendment would add $800 million to this bill. It would do so, as I understand it without the authorizing legislation which is necessary if it is to be implemented.

Earlier, this morning, on this HUD bill, I pointed out that we anticipate a number of supplementals for VA benefit increases. These increases, which could total as much as $2.2 billion, would provide added benefits to pensioners, the disabled, students, and patients in VA hospitals. These possible increases are for bills the Committee on Veterans' Affairs intends to consider or has considered.

If we approve this amendment now to fund something the Veterans' Committee is yet to authorize, we will be putting this initiative for veterans against the initiatives we expect from the authorizing committee. There are not enough funds to cover all of the possibilities, as I indicated in my previous statement on the pending legislation.

The budget process leaves it up to the authorizing committees to decide on how the budget authority allocated to them should be divided up among the programs under their jurisdiction. In this case, the Committee on Veterans' Affairs should choose which of the programs they legislate should get the funds that are available for entitlement programs.

If we do not do it that way, what may happen is that high priority programs which have had the support of Congress for years and which today still have a claim upon the compassion of Congress may be squeezed out as we get to the ceilings on the allocations which have been provided. We ought not to take that risk. We ought not to take that risk until we get to the point with the advice of the Veterans Committee of making our priority choices. If at that point, Senators would prefer this over some of the other programs that might otherwise be squeezed out, benefits for pensioners, disabled, students, and patients in VA hospitals, then Senators can make that choice. But they should not be asked to make that choice now before they have had an opportunity to consider the recommendations in those areas of the Veterans Committee against this one against the amount of money, and we are talking about a possible $2.2 billion overall, that may be available. I just think this is out of order not in terms of a point of order. I am not going to raise a point of order. I do not know whether it is applicable. It may well be. I am simply making the point that in terms of the budget process the whole intention of that process is to enable Senators to choose their priorities when they have all the facts before them and all the claims on priorities before them. If we do not do it that way, then Senators can come to the Chamber one by one pushing an attractive program for, first, consideration, Senators will act on it because it is attractive, and then when we come to the ceiling we find high priority programs squeezed out inadvertently without the intention of any Senator to do so.

Mr. DURKIN. Mr. President, will the Senator yield?

Mr. MUSKIE. Of course, I yield.

Mr. DURKIN. If we wait, then when we come back at the end, the statement may very well be that this exceeds the budget. Then instead of the Senator from Maine being the budget buster, it would be the Senator from neighboring New Hampshire the budget buster. That is the catch-22 situation.

Mr. MUSKIE. May I respond to that?

Mr. DURKIN. Sure.

Mr. MUSKIE. The argument the Senator has just made is an argument against the budget process because the budget process requires us to wait, it requires us to make a beginning in the spring, then it requires us to make our spending decisions in terms of priorities. I mean if we all act in accordance with our individual intention—let me make a parallel comparison. I have a very strong commitment to the waste treatment program, and the budget resolution includes $5 billion for the continuation of that program because 22 States are running out. This bill where that $5 billion ought to be included does not include it. I did not offer an amendment to include it. Why? Because the authorization legislation has not yet been approved, and Senator PROXMIRE and his committee properly in my judgment said to me:

> Senator, you ought to take your place in line. When the authorizing legislation comes then we will consider appropriations to implement it.

I have exercised that restraint in a field where I had a high priority for 15 years. So I was strongly tempted to do this, and there may be those criticizing me for not doing it.

Mr. DURKIN. Will the Senator yield for one other question?

Mr. MUSKIE. Yes.

Mr. DURKIN. I will admit that I am not that familiar with all the rules. But what do I tell the veterans that are contacting me? Can the Senator give me one paragraph to tell them? Is it the Veterans' Committee; is it the Budget Committee? Who is going to surface, stand up, and tell those people that there are no benefits for them, to stop calling? I do not think the Budget Committee was to be a shield.

Mr. MUSKIE. It is not a shield. It is a shield for the taxpayer.

But when I first came to the Senate, there was no Veterans' Committee, and for years veterans organizations pressured us to create a Veterans' Committee on the Senate side to act as their voice. There was resistance to that from some quarters in the Senate. But finally, the Senate created a Veterans' Committee within the last 5 years.

What the Budget Committee did in the spring is to provide, I think, close to $2.5 billion in the President's budget for veterans. When we considered that resolution, we had provided almost $1.5 billion more than the House of Representatives. The House ultimately came up. So we provided the same amount. We provided more money in dollars than we did last year. The Budget Committee does not divided up that money. The Veterans Committee then takes over, and we created the Veterans Committee for that purpose. The Veterans Committee has not yet acted upon all these programs which can total as much as $2.2 billion. I repeat, which would provide added benefits to pensioners, disabled students, and patients in VA hospitals.

Until we get the whole picture presented to us, how are we to decide whether there is being an equitable distribution of the money provided in the first concurrent resolution? I do not want to vote against the Senator's proposal. But I do not see how I can vote for it until I get all of the facts. So, a vote today conceivably could prejudice his objective because of the other considerations; whereas, proceeding through the process in an orderly fashion could well advance the Senator's objectives. I do not know. I am not a member of the Veterans Committee. I do not need any more committees, I say to the Senator. I am not sure that I want all I have at this point.

In any event, that is the situation as I see it, as was the case with the Senator from Wisconsin and the Senator from Maryland.

I believe in the GI bill of rights. I did not take full advantage of it. Unless the law is changed, the money that the Senator is advocating cannot be spent; and he is risking, it seems to me, a vote, from his own point of view, at a premature time. I do not like to say this. We all like to vote "yes" on programs of this kind.

Mr. DURKIN. Does the Senator from Maine have any suggestions so far as the proper time is concerned?

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. PROXMIRE. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from New Mexico. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Florida (Mr. CHILES), the Senator from Missouri (Mr. EAGLETON), the Senator from Colorado (Mr. GARY HART), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. McCLELLAN), the Senator from Minnesota, (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Mississippi (Mr. STENNIS), the Senator from Georgia (Mr. TALMADGE), the Senator from California (Mr. TUNNEY), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Iowa (Mr. CULVER), and the Senator from Louisiana (Mr. JOHNSTON) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) and the Senator from Missouri (Mr. SYMINGTON) are absent because of illness.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), the Senator from Nebraska (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from Utah (Mr. GARN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Oregon (Mr. HATFIELD), the Senator from Nebraska (Mr. HRUSKA), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. McCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Vermont (Mr. STAFFORD), the Senator from Ohio (Mr. TAFT), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that if present and voting, the Senator from Ohio (Mr. TAFT), and the Senator from Oregon (Mr. HATFIELD) would each vote "yea."

The result was announced—yeas 43, nays 18, as follows:

[Rollcall Vote No. 348 Leg.]

YEAS—43

Bartlett
Beall
Bellmon
Bentsen
Biden
Bumpers
Byrd, Harry F., Jr.
Church
Cranston
Dole
Eastland
Fannin
Fong
Glenn
Hansen
Hart, Philip A.
Haskell
Hathaway
Helms
Hollings
Huddleston
Javits
Magnuson
Mansfield
Mathias
McGee
McGovern
Moss
Muskie
Nelson
Nunn
Packwood
Pearson
Proxmire
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stevens
Stevenson
Thurmond
Young

NAYS—18

Abourezk
Allen
Byrd, Robert C.
Cannon
Clark
Durkin
Ford
Gravel
Jackson
Kennedy
McIntyre
Metcalf
Morgan
Pastore
Pell
Ribicoff
Schweiker
Stone

NOT VOTING—39

Baker
Bayh
Brock
Brooke
Buckley
Burdick
Case
Chiles
Culver
Curtis
Domenici
Eagleton
Garn
Goldwater
Griffin
Hart, Gary
Hartke
Hatfield
Hruska
Humphrey
Inouye
Johnston
Laxalt
Leahy
Long
McClellan
McClure
Mondale
Montoya
Percy
Stafford
Stennis
Symington
Taft
Talmadge
Tower
Tunney
Weicker
Williams

So the motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HATHAWAY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 117

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask that it be immediately considered.

The PRESIDING OFFICER (Mr. HASKELL). The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. JAVITS) proposes unprinted amendment numbered 117:

NEW COMMUNITIES

For necessary expenses under section 502 (a) of the Housing Act of 1948 (12 U.S.C. 1701(c), $4,300,000.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may yield to the Senator from Alabama (Mr. SPARKMAN) for the purpose of presenting an amendment and, as soon as he has completed with his amendment or amendments, I may regain the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection, the amendment by Mr. SPARKMAN will be in order.

UP AMENDMENT NO. 118

Mr. SPARKMAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. SPARKMAN) proposes an unprinted amendment numbered 118: On page 5, line 19, strike all after "$2,975,000,000", through line 24.

Mr. SPARKMAN. Mr. President, this amendment would delete the provision of the committee bill authorizing excess rental charges credited to HUD under section 236(g) of the National Housing Act to be available for use in other programs.

Mr. President, I believe this provision should be deleted for the following reasons:

First, the Housing Act of 1974 specifically authorized that section 236 funds returned to HUD as excess charges should be used to assist section 236 projects which face financial difficulties, because of increased taxes and utility costs. HUD has failed to carry out this provision despite the specific legislative authority conferred 2 years ago, despite the fact that almost $25 million in excess charges have been returned to HUD, and despite the fact that many projects face financial difficulties and a number have sought remedy under the 1974 provision.

Second, the General Accounting Office has informed HUD that the accumulated section 236 funds are covered by the Impoundment Control Act, and that, in the absence of a recision approval by the Congress, these funds must be obligated in accordance with the provisions of the 1974 act. HUD has failed to obligate the funds. I am informed that the GAO is now considering legal action in order to require HUD to follow the requirements of the Impoundment Control Act.

Several courts have already stated, in cases brought by owners of troubled projects that HUD is required to utilize the returned funds. There are at the present time several judgments against HUD in cases involving more than 20 projects. HUD, however, persists in litigating rather than in obligating the funds authorized under section 236(g).

Finally, I believe that the provision under discussion is more properly a matter of legislative authorization under the jurisdiction of the Committee on Banking, Housing and Urban Affairs than an appropriations issue, since it would significantly change an authorized housing program.

In light of the principles and facts I have outlined I believe the manager of the bill should accept this amendment.

I express the hope that the chairman will accept this amendment and, at least, take it to conference where it can be worked out.

Mr. PROXMIRE. May I say to the distinguished Senator from Alabama who, incidentally, is the chairman of the Housing Subcommittee and who was chairman of the Banking Committee, of course, for many years, that I am happy to accept the amendment. I think it is a very good amendment. It is most important that we do our very best to keep the section 236 tax and utility subsidy program going. It is a good program. It is for low-income people.

All we are asking, as I understand it, is that this money be kept in the program and not distributed elsewhere.

Mr. SPARKMAN. That is what we have provided in the law.

Mr. PROXMIRE. It certainly is. So I am happy to support the amendment of the Senator from Alabama.

Mr. SPARKMAN. I thank the Senator from Wisconsin and I thank the Senator from Maryland.

Mr. MATHIAS. The Senator is exactly right. I am happy to join with the Senator from Alabama and the Senator from Wisconsin.

Mr. SPARKMAN. I thank the Senator from New York for yielding.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. PROXMIRE. I yield back the remainder of my time.

Mr. SPARKMAN. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

UP AMENDMENT NO. 117

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, the amendment which I proposed would add some $4 million to the general authority of the Secretary of HUD to deal with the problems of the programs under the Secretary's authority because we find no other place in the bill where it can be put without it being subject to a point of order, and it can be put in here as the appropriation authority is open. I do it for the purpose of raising this particular question which involves a very serious emergency in my own State.

It involves the problems of a community call the Gananda new community, and arises under the New Communities Act which we have passed and which is being administered in respect to 13 new communities, of which 7 are having very serious problems. There are two in Minnesota, Cedar Riverside, and Jonathan; there is one in Illinois, Park Forest South; one in Ohio, New Fields, and one in Texas, Flower Mound, and two in New York, Gananda, which is the one immediately at issue, and Riverton, both of which are having problems. That is out of 13 new communities in the country established under this new law.

Now, the reason for the new law was the desire, in a demographic sense, to reduce the impact of heavy populations on our central and older cities, and in order to develop new centers, new city centers, in different parts of the country as a highly desirable policy for the United States.

Mr. President, it is a highly desirable policy, without any question.

The local citizens and the local communities were invited to cooperate with the Federal Government in respect of these new communities, and in many cases these local units of government were very small. Take in the case of this situation, which is in a serious emergency right now, are two local towns, Walworth and Macedon, that got together in order to proceed in this new communities direction. As of the situation right now these towns, which can hardly afford this kind of loss, are faced with roughly $4 million, which amounts to local creditors' claims, local property taxes and assessments, and essential local government services which they have been furnishing to the new community there.

The investment on the part of these communities has been for them, considering their size, very large. The United States, in respect to Gananda, has guaranteed $22 million principal amount of obligations issued by the development corporation there. To put the matter in focus, Gananda is 12 miles east of Rochester, N.Y. That just gives a physical picture of the situation.

In essence, Mr. President, the United States undertook a moral obligation to these small communities, not a legal obligation, in the purposes which are stated for the New Communities Act. I will not trouble the Senate, as I know we are all anxious to terminate this debate as quickly as possible, by reading it into the RECORD, but I ask unanimous consent that subsection (f) of section 710 of the New Communities Act may be made a part of my remarks and printed in the RECORD at this point.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

SUBSECTION (f)

> (f) It is, therefore, the purpose of this part to provide private developers and State and local public bodies and agencies (including regional or metropolitan public bodies and agencies) with financial and other assistance necessary for encouraging the orderly development of well-planned, diversified, and economically sound new communities, including major additions to existing communities, and to do so in a manner which will rely to the maximum extent on private enterprise; strengthen the capacity of State and local governments to deal with local problems; preserve and enhance both the natural and urban environment; increase for all persons, particularly members of minority groups, the available choices of locations for living and working, thereby providing a more just economic and social environment; encourage the fullest utilization of the economic potential of older central cities, smaller towns, and rural communities; assist in the efficient production of a steady supply of residential, commercial, and industrial building sites at reasonable cost; increase the capability of all segments of the homebuilding industry, including both small and large producers, to utilize improved technology in producing the large volume of well-designed, inexpensive housing needed to accommodate population growth; help create neighborhoods designed for easier access between the places where people live and the places where they work and find recreation; and encourage desirable innovation in meeting domestic problems whether physical, economic, or social. It is also the purpose of this part to improve the organizational capacity of the Federal Government to carry out programs of assistance for the development of new communities and the revitalization of the Nation's urban areas.

Mr. JAVITS. In essence, Mr. President, it invites the cooperation of local communities to work out new communities, exactly what has been done in this case, and proposes that the local citizens be in partnership with the Federal Government to carry out these programs and, thereby, it ends by saying "and the revitalization of the Nation's urban areas."

Now, Mr. President, notwithstanding everything that this local community has been able to do—and I do not think there is any challenge to the fact that it has really done its utmost—the property is within immediate danger of being foreclosed upon and taken over, with whatever that may mean to the United States in terms of its own guarantee as well as to the local community. A local school, which has been established on the property, called the Gananda Central School District, will have to be foreclosed as a result, and the dislocation will be very, very great.

The reason why this is not a precedent respecting the other properties which are in trouble is that this is an emergency which, unless dealt with immediately, Mr. President, there will be nothing to deal with. The ball game will be over.

The money which we seek will be optional money on the part of the Secretary of HUD and will not necessarily have to be spent at all, but at least there will be available the amount which is required in order to save this particular community in the discretion of the Secretary.

Mr. President, one would ask why is not $4 million available in such a huge agency as the HUD, and why do we need a special provision like this? I can assure my colleagues that I am too experienced to seek $4 million in a huge bill like this unless it were absolutely essential.

This is what makes it essential: Under this very same statute; that is, the new communities statute, the Secretary has a revolving fund of a couple of hundred million dollars plus, a very substantial revolving fund. But for a reason which I cannot understand, the counsel to HUD has advised the Secretary that there is legal uncertainty whether the revolving fund is available for the purpose.

I would like to read the provisions, because I think they are essential to our discussion. Section 717(a) of the New Communities Act says:

> The Secretary is authorized to estabilsh a revolving fund to provide for (1) the timely payment of any liabilities incurred as a result of guarantees or grants under section 713—

That is the operative section—

> (2) making loans authorized under this part; (3) payment of obligations issued to the Secretary of the Treasury under subsection (b) of this section; and (4)—

And this I beg the Senate to note—

> any other program expenditures, including administrative and nonadministrative expenses.

(At this point, Mr. HASKELL assumed the Chair.)

I gather the legal uncertainty of the general counsel is based upon the general purpose and thrust of the other provisions of this particular statute. But it seems to me, according to the doctrine of interpretation endorsed by courts generally, that where the statute is specific, that replaces the policy, the theory, the thrust, or anything else; where it specifically says, as it does in this case, "and any other program expenditures including administrative and nonadministrative expenses."

But in the absence, with this legal problem staring us in the face, we are absolutely frustrated and this may go down the drain.

So I have asked the manager of the bill—and then I shall be through—because of an emergency situation which may involve very serious loss to the United States and will involve very serious damage to two small communities, will he take this amendment to conference?

If the legal problem of the department is cleared up—and I hope and pray it will be, and they are having, I gather, a big meeting next Monday—then we are out of the woods.

If the legal problem is not solved and the Secretary informs the conferees she does not intend to use any of this money, again, they will drop it in conference, but if the Secretary should advise the conferees she does think she has to do something about this, then at least there will be money available to do it.

We have to put it, as I say, under a section of law which has such sums as appropriation authority, because I feel, and I agree with Senator PROXMIRE, if it were subject to a point of order, the point of order would have to be made. That is his duty.

I hope by earmarking it this way and putting it under a section where it is permissible, and bearing in mind the express reasons I have given, the manager might consider taking it to conference solely for the purpose I have described.

Mr. PROXMIRE. May I say to the Senator from New York, that he, of course, as always, has made a devastating case here today. As a distinguished lawyer and a former attorney general of his State, I think he speaks with great authority.

I cannot understand, as he cannot understand, why HUD cannot make payments out of their revolving fund.

The Senator has read the language. It is explicit. It is clear. It seems to me that they should make those payments out of the revolving fund.

It is very difficult for me even to take this to conference and the Senator knows why.

For one thing, we did not know about this proposal until about 24 hours ago. Furthermore, there is no authorization. In addition, there have been no hearings. Finally, there is no budget request.

I am, of course, very concerned at the precedent that is involved in accepting an amendment of this kind without a budget request and without any authorization.

So I hope that the Senator will not press his amendment and will permit me, on the basis of this colloquy we are making on the floor, in the strongest way I know how, as manager of the bill, to indicate to HUD that it is clear in the language the Senator has read that they have authority to make the payment and that they should not feel there is any legal restraint on them.

Mr. JAVITS. Mr. President, on my time or the Senator's time, however the Senator wishes it, I referred to the fact that this amendment is directed to section 502(a) of the Housing Act of 1948, which gives the general authority to the Secretary of Housing and Urban Development to use such sums as may be necessary to carry out functions——

Mr. PROXMIRE. I misunderstood what the Senator is doing. Does he have any money in his amendment?

Mr. JAVITS. There is money in my amendment, but it is offered to implement the authority for such sums as the Secretary may need to carry out his functions, powers, and duties under section 502(a) of the Housing Act of 1948.

So that, technically, it can get by the point of order stage. That is the only reason I did it this way and I could legitimately raise the issue involved here.

In other words, I agree, I am using the technical way in which to get by the issue of the point of order.

But the purpose of the $4 million, if ever authorized in law, would be for the purpose we are discussing.

May I say to the Senator that as to precedent, obviously, where property is in the trouble that this is in, where we invest, this is the only thing we can do.

We are advised both by HUD itself and by the local community that they could, within a matter of days or a week or so, be out of business.

That is the only reason I have asked and been so explicit about the conferees.

I may say another thing, it is possible, notwithstanding Senator PROXMIRE's legal opinion and mine, that the Comptroller General may find differently after review.

I have not made the legal analysis. Although the language seems to me to be very clear, I have not made the legal analysis which is made in this particular statute.

For all I know, in a legal opinion, in some detail, the Comptroller General might very well disagree, in which case we would be out of business. That is the only plea I can make; the Senator knows it as well as I do.

Mr. MATHIAS. Will the Senator yield?

Mr. JAVITS. I yield.

Mr. MATHIAS. The Senator has remarkable ability, as this Senator has observed many times in the past, to very concisely and exactly state a problem, and I think that is what he has done here today.

The problem is a real one, and it is one that not only threatens the community which is now in the gunsight, but of course it can create problems in other communities later.

But the Senator is asking us to take this amendment to conference, in essence, because of an emergency which faces us.

Mr. JAVITS. That is correct.

Mr. MATHIAS. I think it might be useful, so we avoid the precedents all of us are concerned about, if he could further highlight just how this situation arose in the last 24 hours which creates the emergency.

Mr. JAVITS. The reason it arose is the pressure of creditors. Creditors' claims here are $1,600,000, and the pressure of creditors imposed by suits will force HUD to foreclose. That will shut out the creditors probably, and shut out the local people and very seriously jeopardize HUD's own guarantee which is based upon the fact that, to whatever extent this can be operative, probably a more limited extent than the original program, that at least they can redeem the amount of their guarantee and perhaps do something as far as creditors are concerned, too.

In short, it is a conservation proposition at this stage.

Mr. MATHIAS. And HUD has a substantial investment in jeopardy in this instance.

Mr. JAVITS. Exactly, as a guarantee matter, in a completely new field, for a new community we wish to encourage under this New Communities Act.

Mr. MATHIAS. If we can keep the situation from totally collapsing in the next few days while the traditional conservation methods can be applied, then HUD's exposure to loss which, after all, is loss for the taxpayers, can be reduced.

Mr. JAVITS. Materially reduced.

In addition, frankly, if the chairman felt that the amount which I have named is too high, I will reduce it.

I think the chairman and the ranking member know I would not expect to prevail in an amendment of this kind. I proposed it as a matter of absolute equity and honesty and I stated very frankly the reason and the protection which it will give if at least it is before the conferees.

Mr. MATHIAS. I must say, it is a troubling situation, but the Senator is painting a picture which is rather specific and does not give rise to creation of precedents.

Mr. JAVITS. Exactly.

Mr. MATHIAS. Which are likely to occur in exactly this way again.

Mr. JAVITS. Exactly correct.

Mr. PROXMIRE. May I say to the Senator from New York that I still have a problem with his amendment. The Senator, of course, is about as skilled at handling these things as anybody in the Senate—perhaps more so.

The fact is, however, that the rules, I think, are logically and properly constructed to prevent us from appropriating money that is not authorized, or has not been asked for in a budget request. It seems to me that if the Senator had proceeded as I expected him to initially, a point of order would be sustained on those grounds, as the Senator has agreed. Now he is using a technicality to get around that point of order. It makes it very difficult for me to accept his position. It is not because there is anything wrong in what the Senator has done, but there is logic to the rules that bar an amendment that is not authorized or for which there is no budget request.

Mr. JAVITS. Mr. President, I modify my amendment by removing the headnote.

The PRESIDING OFFICER. The amendment is so modified.

Mr. JAVITS. Mr. President, may I answer that as follows: If the amendment is all right in terms of the point of order, and I believe it is, then we are down to the fact that it is a question of equity, completely within the control, indeed, of the chairman and the ranking minority member themselves in the conference. It is not in the House bill. I am sure the House will accept a rescission the minute anybody opens his mouth about it. I wish to leave it that way. I have no desire to gain any advantage. I just do not want the Secretary deprived of the authority to save these local communities from a disaster. It is nothing else.

As it is in complete control of the Senator, as the purpose has been clearly stated on the record, as it is not subject to a point of order, in my judgment, it seems to me that we can take, without establishing a precedent, this precaution. That is all it is. It is a precaution which I ask the Senator to take. I will tell him right now, as he knows, there is nothing I can do about it if he dropped it, even if we were right. I am just hoping that the Senator will give these communities a chance by taking this precaution of including it in the bill. Otherwise, we are really out of business.

Mr. PROXMIRE. We have no letter from HUD. Does the Senator have assurances from the HUD that they accept this approach?

Mr. JAVITS. They accept this technique.

Mr. PROXMIRE. Do they support this particular amendment?

Mr. JAVITS. They support the technique which we are using of making this money available if it needs to be available and the conferees will decide that.

Mr. MATHIAS. If the Senator will yield, I can say that I heard from HUD this morning that they are concerned about the problem and that this is a technique——

Mr. JAVITS. That is all. It is simply a methodology.

Mr. MATHIAS. It is to keep the thing floating over the weekend.

Mr. PROXMIRE. I have no trouble over the methodology, but I have trouble over providing $4.3 million, which is what the amendment would do, on the basis of explanatory materials from HUD on 24 hours' notice, which does not give us time to explore the equities of the situation.

Mr. JAVITS. That is all the time we have, too. If equity is against it, I am sure the Senator will drop it. All I want to do is to have something on the record to succor a situation that needs it. That is all I am pleading for. It is nothing else.

Mr. PROXMIRE. Mr. President, under the circumstances, given the full notice that this will get rather complete consideration in the conference, as the Senator accepts, I will be happy to accept the amendment.

Mr. JAVITS. I thank my colleague.

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. MORGAN). The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, the Senator from Maine wanted to be recognized.

UP AMENDMENT NO. 119

Mr. HATHAWAY. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maine (Mr. HATHAWAY) proposes unprinted amendment numbered 119.

The amendment is as follows:

On page 4, line 9, strike out "15" and insert in lieu thereof: "20".

Mr. HATHAWAY. Mr. President, I would like to make the following points in support of this amendment, which increases the amount for nonmetropolitan public housing from 15 to 20 percent.

In 1973, 27.4 percent of the total population was nonmetropolitan.

Thirty-three percent of housing units were outside the metropolitan areas.

In 1973, the Joint Center for Urban Studies of Harvard-MIT estimated that there were 13.1 million households suffering from "housing deprivation" and of these more than 5 million were nonmetropolitan, or 38 percent were nonmetropolitan.

In 1974, the ratio of substandard housing to public housing was 5 to 1 for urban counties, and 17 to 1 for rural counties.

The incidence of substandard housing in nonmetropolitan areas was 3½ times that in metropolitan areas in 1974.

As precedent, the Housing and Community Development Act of 1974 stipulates that 20 percent of community development block grants be to nonmetropolitan areas. The Senate had approved 25 percent, but the House had 20 percent, and that was the figure that came out of conference.

I would like to have the attention of the floor manager, if I may, in regard to this matter.

I realize that the 15 percent is a floor and not a ceiling. With his assurance that the 20 percent which I have set forth in my amendment would be a goal that we would hope to achieve—sometimes these floors tend to be ceilings when we express them in the law—I would simply like the colloquy to indicate that the Senate intends that the 15 percent be only a floor and that 20 percent be the goal of HUD in this regard to help alleviate the housing shortage in nonmetropolitan areas.

Mr. PROXMIRE. May I say to the Senator from Maine that I agree wholeheartedly with the excellent case he has made that rural public housing for low-income people has been neglected. There is no question that the proportion of people with modest incomes who live in rural areas is very high. They have not received their fair share.

I believe the record the Senator has made is very helpful in emphasizing our desire that HUD should provide a greater proportion of their public housing funds for this purpose. As the Senator has said, the 15 percent provided in the bill is not a ceiling; it is a floor. We hope HUD can do much better than that. Certainly, 20 percent is a modest objective. I would hope the Department can go at least that far. I will do all I can to encourage it.

Mr. HATHAWAY. I thank the Senator. With his assurance, with which I presume the ranking minority member concurs, I would be happy to withdraw my amendment.

Mr. MATHIAS. I certainly share with the Senator a great concern for rural housing. I strongly support the chairman in this.

Mr. HATHAWAY. I thank the Senator from Maryland and the Senator from Wisconsin.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. HARRY F. BYRD, JR. Mr. President, the distinguished Senator from Wisconsin will recall the limiting language which was attached to the HUD appropriations bill for fiscal year 1976 dealing with increases in the published fair market rent bases for section 8 projects.

That proviso fixed the base level for section 8 fair market rent rates at the published levels as of September 8, 1975.

The purposes of such a limitation were, I believe, most appropriate. In certain sections of the country, fair market rent rates were inflated beyond all reasonable levels, causing tremendous pressures on the administration of this Federal housing program and unexpected and uncalled-for burdens on the taxpayers.

However, the letter of that law also "locked" HUD in on published fair market rents which were at the opposite end of the spectrum, as well. The most critical case, I believe, occurred in my State in southwest Virginia.

There, the fair market rents were set at such a low level that no new construction could be justified under the section 8 program.

Indeed, the new construction rates were lower even than existing housing rates. And because of HUD's arbitrary delineation of regional districts, the city of Bristol, Tenn. had significantly higher fair market rent levels than the city of Bristol, Va., although those cities are divided only by an invisible line down the main street of the metropolitan district.

As a result, the Bristol, Va., market area has been unable to bring in new construction section 8 projects, although there is a crying need for such housing in that area.

My question to the Senator is: Was it the intention of the committee to deny to HUD the administrative flexibility to correct its errors in published fair market rents by adoption of this language?

Mr. PROXMIRE. May I say to the distinguished Senator from Virginia that the answer to his question is "No." This situation was not within the intent of Congress in limiting HUD's escalating fair market rents. The southwest Virginia case is such that HUD should have, and, in the committee's opinion, does have, the authority to make the necessary increases in the Bristol, Va., area fair market rents to bring that area in line with reasonable, workable levels.

This is so despite the fact that the fiscal year 1977 appropriation does not contain similar language. Although the problem will not exist after October 1, 1976, the committee recognizes that critical delays have already occurred and that the obvious inequity of the Bristol situation should be abated prior to the end of the transition quarter.

Mr. HARRY F. BYRD, JR. I thank the Senator from Wisconsin very much. I hope this will encourage HUD to take prompt, appropriate action, because, as the Senator from Wisconsin pointed out, at the end of the transition quarter, October 1, this provision will terminate anyway.

I thank the Senator from Wisconsin very much.

The PRESIDING OFFICER. The bill is open to further amendment.

UP AMENDMENT NO. 120

Mr. ALLEN. Mr. President, I call up an amendment offered by myself and my distinguished senior colleague (Mr. SPARKMAN), and ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Alabama (Mr. ALLEN), for himself and Mr. SPARKMAN, offers unprinted amendment No. 120: On page 27, following line 21 add the following: "and $500,000 for design of a new blind rehabilitation center and eye, ear, nose, and throat clinic at Birmingham, Alabama;"

Mr. ALLEN. Mr. President, this appropriation was in the House bill. For reasons sufficient unto the committee, it was deleted by the Senate committee.

The amendment would restore $500,000 for design of the new blind rehabilitation center and eye, ear, nose, and throat clinic at Birmingham, Ala., which is a needed addition to the Veterans' Administration hospital facilities there.

I regret that the provision for this center was stricken out of the bill in the Senate committee, and I am hopeful that the managers of the bill will allow the restoration of the item.

I might state that had I realized that this center was knocked out by the committee, I would not have agreed to the approval of the committee amendments en bloc, so that the committee amendment striking this item out of the bill would have had to have been considered on its own merits.

I hope that the managers of the bill will allow the $500,000 for this much-needed center and clinic to be restored to the bill.

Mr. PROXMIRE. May I say to my good friend from Alabama that we would really like very much to accept his amendment, but we are in a position where we simply have to say no.

This was unbudgeted. The committee has deleted four unbudgeted projects under "major construction" from the House bill. They were all worthy projects but they would have been in addition to eight major construction projects proposed in a budget amendment at a cost of $268,316,000 in fiscal 1977 with future funding requirements of over $500 million.

The committee members have been very sympathetic to this effort to fund only budgeted projects in an attempt to hold expenditures down.

For example, the Senator from Louisiana (Mr. JOHNSTON), a member of the Appropriations Committee, badly wanted us to begin planning of a replacement hospital in New Orleans but settled for report language directing the VA to give this project a high priority in putting together its fiscal 1978 budget.

The only exception to this general rule was the addition of $3.5 million for an Oklahoma City project, but in this instance we had directed VA to reprogram money for the project last year in report language and the VA declined to do it. We felt we had no choice but to earmark the money in the bill this year.

To summarize, I realize that there are many excellent unbudgeted projects but I also have to recognize that we are approving some very substantial budgeted projects, that we should treat all unbudgeted requests in an evenhanded way, and that a great many add-ons this year would be inflationary given an estimated $50 billion budget deficit.

Mr. ALLEN. The chairman stated that the Senator from Louisiana (Mr. JOHNSTON) was willing to accept a statement that the committee direct the VA to give his installation high priority in its next budget request. Would the distinguished chairman be willing to insert language of that sort at some place in the bill or in the conference report, if the conferees do not agree to accept the House provision on the installation?

Mr. PROXMIRE. The advice of the staff is that it would be very difficult to do that in the bill itself, but I will do my very best to see that such language gets into the conference report, because the Senator has made a good argument. In fact, as the Senator has pointed out to us, this item is in the House bill.

Mr. ALLEN. Yes.

Mr. PROXMIRE. We may find that the House will prevail in conference.

Mr. ALLEN. I recognize that.

Mr. PROXMIRE. If this were to happen the project would be funded. But in any event I think the Senator has made an excellent case here on the floor. He may be assured that, at the very minimum, if the House conferees do not prevail, we will ask for conference report language to the effect that this should be given a high priority in the fiscal 1978 budget.

Mr. ALLEN. I thank the distinguished chairman. I do hope the House will prevail in conference as to this issue, but as a fallback position, if the House does not prevail, I appreciate the attitude of the distinguished chairman that he will see that strong language is inserted in the conference report, asking that the VA set a high priority on this installation in its next budget language.

Mr. MATHIAS. Mr. President, will the Senator yield?

Mr. ALLEN. I yield to the Senator from Maryland.

Mr. MATHIAS. I say to the Senator from Alabama that I think it is a great pity that this item was not budgeted. It should have been budgeted. There is a clear need for it.

Our problem is not with the worth of the project. The Senator is absolutely right about that, as the chairman has frankly stated. I would like to join with the chairman in the assurances he has given.

Mr. ALLEN. Mr. President, I thank the Senator. I state for myself, and I am sure I speak for my colleague (Mr. SPARKMAN) as well, that I appreciate very much the attitude of the chairman and that of the distinguished ranking Republican member.

I am hopeful that the House position will prevail in conference, however.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

ADDITIONAL STATEMENTS SUBMITTED

Mr. HUDDLESTON. Mr. President, as a member of the Subcommittee on HUD-Independent Agencies, I would like to comment on several items in this bill.

First, I am pleased that the committee has provided $75 million for the 701 comprehensive planning program. With all the various Federal moneys going into our States, cities, and localities; with all the various Federal programs which offer functional assistance; with all the various problems which our political jurisdictions must contend, comprehensive planning is a necessity, not a luxury. I am well aware that there are planning funds for a variety of functional areas such as health and transportation, but there is only one program—701—where comprehensive planning is the objective. 701 funds can—and are—being used by political jurisdictions for such activities as reorganizing city and county governments, improvements of citywide services, intergovernmental coordination, and measuring the impact of constructing schools, libraries, and other similar facilities. There are no other Federal funds available for planning in these areas.

Second, there are a number of jurisdictions which simply do not have adequate access to planning funds other than 701. States are among these. Some communities under 50,000 which do not fall within the community development areas come under this category.

We continuously hear complaints about the redtape in Washington, about the proliferation of programs. We have gone through a period of examining the grant process and we have adopted several block grant approaches. But the fact remains that there are many categorical programs, that those programs are in widespread use. And, as long as that is true, then a comprehensive planning process appears essential.

In my own State of Kentucky, planning for a number of functional categories has been turned over to area development districts. In fact, I am proud to say that Kentucky is in the forefront of such planning. Yet, most of those involved in the area development districts will be among the first to tell you that 701 is of utmost importance to them.

Turning to our housing and community development programs, the committee has sought to guarantee an adequate program in a number of areas where there was a possibility of significant reductions. We have insured an appropriation of at least $100 million for the so-called SMSA balance communities under the community development program. The formula for this program operates in such a way that SMSA balance areas could be left without funding were provision for them not expressly made.

The committee has also decided to increase over the budget request the funds available for the section 202 housing for the elderly program which assists in the construction of housing which can meet the special needs of our senior citizens. It has also recommended the continuation of the section 312 rehabilitation loan program which has played an important role in maintaining and improving older neighborhoods in many of our cities.

The committee confronted the same problems which the authorizing committee has been grappling with or how best to provide housing for our lower income families. The new section 8 has been less than satisfactory to many in meeting its stated objectives. Yet, it is still a new program and the results cannot be said to tell a full story at this point. The old conventional public housing program provides more housing more promptly. But, there is no indication that the problems which caused the administration and the Congress to replace conventional housing with section 8 have been overcome. For that reason, our recommendations represent something of a mixed bag—support for conventional public housing and support for section 8. This is no final solution and we will undoubtedly be facing the issue again. But, such an approach should give us the time needed to work out the current difficulties.

Within the public housing program, there is a further matter to which I would like to call the attention of my colleagues—the need for modernization. The committee has recommended funding to expand activities in this area. In addition, it has directed HUD to prepare a report on the nature and scope of modernization needs and on alternative means of meeting those needs. The report is to be prepared after consultation with communities faced with modernization needs and to include information on the methodology used to prepare the study.

Public housing represents an investment. It represents housing which can currently be utilized. To ignore the modernization needs is simply to ignore a resource which can be used immediately and to turn our backs on an investment which has already been made with tax moneys. That is patently unwise.

The most recent survey which HUD did on modernization needs was conducted in late 1973. A number of localities have recently suggested that the study does not reflect current needs. Hopefully, this report will provide additional information so that the committee can more accurately assess such needs and make an effort to meet them.

Mr. KENNEDY. Mr. President, the appropriation we are considering today includes funds for the activities of the National Science Foundation. As chairman of the Senate Special Subcommittee on NSF I would like to take a few moments to call to the attention of my colleagues the importance of the action taken by the Senate Appropriations Committee in approving the full administration request for basic research and in restoring the $56.6 million reduction in these funds which was included in the appropriation when it was received from the House.

The long-term trend in Federal funding of basic research over the past decade has been steadily downward. The Department of Health, Education, and Welfare, for example, when proper account is taken of the $71 million supplemental appropriation to the fiscal 1976 budget, actually suffers a decrease, in constant dollars, of 9 percent in support available for basic research. The net result is that the administration request for the overall support of basic research represents, in constant dollars, a net increase of only 1 percent.

In contrast to this overall trend, the administration's request for basic research supported by the National Science Foundation included an increase of 19.5 percent—12.6 percent when measured in constant dollars. It is an increase which was included in the authorization for the Foundation which I introduced and which was unanimously approved by the Senate last month.

In urging my colleagues to support full funding for basic research I want to call their attention to the fact that 87 percent of the NSF program is performed by colleges and universities. This support is a major determinant of the strength of the U.S. basic research effort and is the key to the effectiveness of the college and university system in expanding frontiers of scientific knowledge. More than 1,300 academic and nonprofit institutions participate in NSF programs in all 50 States and the District of Columbia. In fiscal year 1975, for example, about 18,000 principal investigators—outstanding scientists and science educators—carried out Foundation supported programs with the assistance of more than 12,000 graduate students and technicians.

I would also like to call attention to the testimony presented before my Subcommittee by the president of the University of Virginia, Dr. Frank Hereford. Dr. Hereford testified on behalf of the American Council on Education Association of American Universities and National Association of State Universities and Land-Grant Colleges. The following excerpt from his comments before the subcommittee highlights the importance of the administration's budget request for basic research:

> ". . . Federal support for basic research has declined by more than 20% in constant dollars since 1968 with serious adverse consequences for all of academic science. Support levels of individual projects have generally remained constant in spite of mounting inflation; and promising lines of investigation have been limited as a result. Scientists and agencies have tended to be caution rather than venturesome. Instruments, the central resource for many lines of inquiry, have deteriorated and need upgrading or replacement.
>
> This stagnation has derived in part from our tendency to support academic science on a crisis-to-crisis basis—from Sputnik to environmental concern to energy production. In each case universities have been called on to establish emergency programs. We believe that the country has wasted resources with this approach. If continuing, stable support for science and universities were provided, their strength could be sustained as a national resource, and the nation's capacity to deal with unforeseen problems would be considerably enhanced.
>
> Our national commitment to science began only at the end of World War II. We need to mold it into a scientific tradition comparable to that which in some Western European nations—Germany and Great Britain, for example—extends back into the nineteenth century.
>
> For these reasons we are particularly pleased that the President's proposed NSF budget provides increased funding for basic research. In terms of the total federal research and development budget the increase is of quite modest proportions. However, the cumulative impact on the nation's basic research community will be positive and substantial. We urge adoption of the President's proposal, and it is our earnest hope that it will prove to be a permanent turning point in federal recognition of the importance of basic research to the national welfare.

Mr. President, I urge the Senate to give its full support to the $610,600,000 included in the pending bill for the support of basic research by the National Science Foundation.

I also urge the Senate conferees, when they are appointed and meet with the House conferees, to exert every effort to insure that the final version of the appropriation includes the Senate's $610,600,000 figure for basic research.

MAINE CLEAN WATER SUCCESS STORY TOLD

Mr. MUSKIE. Mr. President, since Congress enacted the Clean Water Act of 1972, many have followed its progress with great interest. We have heard of difficulties encountered in implementing that act; we have suffered the problem of impoundment of money; we have heard industry complain of unreasonable requirements; and we have been told that the act created a paperwork burden of overwhelming proportions.

Against these criticisms I would like to call attention to the real life success story in the State of Maine.

Maine is a State which does not have a large water pollution control agency, yet it has not been overwhelmed with paperwork; it is a State which does not have a major engineering department in each city, yet at the same time Maine has performed well in its sewage treatment plants construction program. But more important, Maine's industry will comply with the standards of the 1972 act without even threats of plant closure or work force reduction.

In fact, Maine is a State which has benefited greatly from the provisions of the Clean Water Act. The funds that have been made available for construction grants have stimulated employment in a depressed construction industry. The requirement that industry meet basic national standards is consistent with Maine law which existed prior to the passage of the Clean Water Act.

The Clean Water Act insures the pulp and paper plants and other industrial facilities in other States will have to meet requirements similar to those in an environmentally conscious State like Maine are required to meet.

I am proud of Maine and the following specific accomplishments show why:

All the 26 major pulp and paper producing facilities in the State of Maine will be in compliance with the Federal 1977 requirements. Most will be in compliance with the Maine requirements of best practicable treatment by 1976. None of these papermills has been forced to close or has moved due to the requirements of the 1972 act.

Those companies have spent $83.15 million on pollution control. There are no reliable figures on the jobs created, but one undeniable fact emerges: that money was spent in Maine, and did not jeopardize the industry's expansion during that period.

Under the provisions of the Clean Water Act, Maine had been allotted $153,097,200 in construction grant funds. Of that $153 million allotment, 87 percent or $130,234,111 has been obligated for construction to specific projects throughout the State. Of that obligated money, $104,231,014 is actually under construction or has completed construction. That is 79 percent of the total funds obligated under construution.

That $131.2 million investment has resulted in the creation of approximately 6,550 jobs in Maine during a time in which the economy was recessed.

The success of the State of Maine under this program gives a clear indication that the objectives of the act can be achieved and have been achieved.

It is common now, and easy, to criticize the effort that government is making. The success of this program in achieving declared national objectives belies the criticism so often made of Federal programs. Maine's success is a positive statement of the ability of the Federal and State government to join together to solve serious national problems.

A letter from the head of the Maine construction grants program to a member of my staff gives the facts to amply demonstrate this point. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATE OF MAINE,
DEPARTMENT OF
ENVIRONMENTAL PROTECTION,
June 9, 1976.

Re: Public Law 92-500 construction projects.

MR. JOHN FRESHMAN.
Subcommittee on Environmental Pollution,
Dirksen Senate Office Building, Washington, D.C.

DEAR MR. FRESHMAN: As discussed by telephone today, this letter will show where our construction grant program is in relation to the total funds received by Maine under PL 92-500. PL 92-500 allotted $153,097,200 to the State of Maine for pollution abatement projects. As of April 30, 1976, we had obligated $131,234,111.

The following communities either have or have had projects under construction with PL 92-500 funds:

Community	*EPA funds*
Winslow	$1,726,500
Machias	1,005,225
Livermore Falls	1,084,800
Penobscot T.R.H.A.	521,955
Lisbon	2,169,750
Blue Hill	256,221
Moosehead S.D.	1,662,750
Brewer	5,277,750
Paris U.D.	3,539,250
Kennebec S.T.D.	16,479,750
Ft. Fairfield U.D.	2,595,000
Jay	790,137
Rumford-Mexico S.D.	5,511,750
Mexico S.D.	215,250
Southwest Harbor	1,671,630
Rockland	444,733
Rangeley	451,750
Manchester S.D.	499,500
Monmouth S.D.	932,850
Old Orchard Beach	1,931,025
Freeport S.D.	2,739,750
South Portland	11,673,000
Winter Harbor	911,100
Portland	28,255,500
Westbrook	7,368,375
York S.D.	826,207
Topsham S.D.	1,269,000
Brunswick S.D.	462,966
Cape Elizabeth	1,957,500
Total	104,231,014

Percentage of Obligated Funds under Construction: 79%.

Percentage of Allotted Funds under Construction: 68%.

Bids have been received but contracts have not been awarded:

Community	*EPA funds*
Rockland	$5,309,977
Millinocket	3,580,740
Wilton	3,008,900
Pittsfield	1,807,191
York S.D.	1,614,443
Portland	1,776,000
Madawaska	1,405,005
Total	18,502,256

Projects out to bid

Community	*EPA funds*
Ellsworth	$2,355,993
Old Town	3,065,729
Milford	521,640
Total	5,943,362

If you add the projects that have been bid but contracts not awarded, the percentage of obligated funds is 94% and the percentage of allotted funds is 80%.

If you add all three categories together, the percentage of obligated funds is 98% and the percentage of allotted funds is 84%.

The 46% figure that was given you from OMB baffles me.

Very truly yours,
DENNIS A. PURINGTON,
Chief, Division of Municipal Services, Bureau of Water Quality Control.

Mr. BROOKE. Mr. President, I strongly support the Senate Appropriations Committee recommendation that $801.6 million be appropriated for the National Science Foundation including $610.6 million for the vitally important field of basic research. That total appropriation is slightly below the President's request and represents a generally responsible and fiscally sound action that will benefit U.S. science, universities and colleges, and the American people. Personally, I would have preferred that at least the full request had been appropriated and I trust that next year we will appropriate a higher figure.

The United States, today, is facing increasing international competition, especially in important areas of high technology where we have been predominant for the past three decades. At the same time, the U.S. work force continues to grow, and it is clear that we must provide jobs for increasing numbers of workers. This will require that the United States stay ahead of its international competitors. This challenge demands that we have a continuing flow of new knowledge to fuel innovation and improved technologies—and in ways that will be environmentally sound. This is the tested road that leads to the establishment of new industries, more jobs and an improved quality of life for our citizens.

Fiscal year 1977 is not a time for retrenchment in basic research. It is not a time for placing restricting handicaps on our science enterprise that will limit its contributions to society. On the contrary, the problems of today and tomorrow demand that we continue to spur the pursuit of new knowledge and new understanding. The times call for a new and expanded vision and for added opportunities for our young people to employ their talents and their knowledge in moving America ahead as we enter our third century as a nation.

There is no shortage of talent; there is no shortage of enthusiasm on the part of our youth; and there is certainly no shortage of challenges; but there is a shortage of financial resources—the resources needed to buy advanced scientific instrumentation and to support research efforts that can provide a foundation on which to build an even better and greater America. That is what is at stake as we consider the National Science Foundation's appropriation for fiscal year 1977.

Research support statistics are not as precise as we would like them to be because of problems of definition and the difficulty of determining an accurate price deflator for science. Nevertheless, the experience of our colleges and universities in attempting to maintain first-rate science programs provides strong evidence that we are in a serious and deteriorating situation with respect to Federal support for basic science and in a serious and deteriorating position in respect to scientific achievement.

Federal support for basic research has actually declined approximately 20 percent in the last decade. And as a result there are many signs of decline now appearing. I quote only a few from the testimony of Dr. Jerome B. Wiesner, president of Massachusetts Institute of Technology, former Special Assistant to the President for Science and Technology, Chairman of the President's Science Advisory Committee, and Director of the Office of Science and Technology:

> The Share of the world scientific literature produced by the scientists of this country in the fields of chemistry, engineering and physics has been declining since 1972.
>
> The fraction of nobel prizes awarded to United States scientists over the period 1972–74 was a smaller proportion than was true in 1951–60 in the Fields of physics, chemistry and physiology/medicine.
>
> Between 1966 and 1973 patents awarded to foreign countries increased by 65 percent and by 1963, 30 percent of all U.S. patents were awarded to foreign nationals. This is primarily a measure of relative technological innovation, but it also tends to reflect relative scientific strength.
>
> United States industry is losing its competitive advantage in many highly technical fields ranging from nuclear power to certain classes of instrumentation.
>
> To some degree this was inevitable as other nations rapidly strengthened their scientific capabilities, but it is unfortunate that ours was allowed to decline in effectiveness.

And decline it has. It is significant that, even if all the funds requested in the President's budget for research and development at universities and colleges are provided in fiscal year 1977, the increase in constant 1972 dollars amounts to little over 3 percent. That is surely not a large increase, particularly when we consider that new scientific advances depend on an aggressive effort that can produce a steady stream of research results.

The United States, as it always has, should realize a good return on its science and technology investments. To do this will require a renewed commitment to fund advanced scientific research—basic research in the broad fields of science. The recommended appropriation for NSF is evidence of such a commitment. These and related factors led the President to conclude that even in these times of extreme budgetary constraint, it is in the best interest of the United States to provide for a strong program of scientific research.

The NSF programs are important to America. They are giving emphasis to a broad range of studies that have great potential for benefiting the economy and for improving the quality of life over the longer term. I will note just a few:

NSF support is making it possible for scientists to seek ways of developing safe and effective biological control techniques for insect pests. If successful, we can destroy insects that devour our crops with no adverse effects on the environment.

Studies on nitrogen fixation hold promise for the development of new energy saving processing techniques for chemical fertilizers;

Studies of changes in the earth's magnetic and volcanic forces are helping to develop ways to predict the timing and location of earthquakes;

Analyses of the functioning of chemical and biological catalysts are helping to improve chemical industrial processes;

Investigations of the novel properties of metals at extremely low temperatures are providing the basis for major technological advances in computing, measurement, and other electronic systems; and

Research on the Sun and the Sun's energy is providing essential background knowledge for the Nation's solar energy program.

NSF is a major factor in Federal support for basic research at colleges and universities in all parts of the country, accounting for 40–50 percent of Federal funds for basic research in a number of major science fields. For example, NSF accounts for 43 percent of Federal support for basic research in engineering at colleges and universities, 65 percent in the environmental sciences, more than 56 percent in mathematical sciences, 42 percent in the physical sciences, and 46 percent in the social sciences. NSF support is a major determinant of the overall U.S. basic research effort and is the key to the effectiveness of the college and university system in expanding the frontiers of knowledge.

NSF is the only agency with responsibility for support of basic research over the full range of the science disciplines. Even though the Foundation furnishes only about 23 percent of the total Federal support for basic research, it provides the means for assuring balance in the support of all fields of science. Looking at the NSF budget simply in terms of its own program growth fails to take into consideration the critical Government-wide balancing role of the Foundation in the support of basic research. This important balancing role on NSF was recognized by the President when he provided a substantial increase for the Foundation's fiscal year 1977 budget for basic research, late in the budget preparation process, after it was determined that the overall Federal budget for fiscal year 1977 at that time included inadequate support for basic research. It is important that the Congress also recognizes this balancing role of the National Science Foundation in the support of the Nation's basic research efforts.

The recommended action of the Senate Appropriations Committee is extremely important especially in view of the actions of the House which would reduce NSF's research funding by more than $50 million below the budget request. By giving an overwhelming approval to the Senate version of the Foundation's appropriation bill, we can take an important step in arriving at the needed level of funding for the NSF in fiscal year 1977. Basic research and our universities and colleges all across America will be affected by the action we take on this bill, and positive action by the Senate will give U.S. science a vote of confidence at this crucial time.

I strongly urge the support of all my colleagues in the Senate to approve the proposed appropriation for the National Science Foundation.

EPA'S ENFORCEMENT LETTERS ADMINISTRATIVE EDICT CANNOT AMEND THE LAW

Mr. MUSKIE. Mr. President, on June 3, 1976, the Assistant Administrator of the Environmental Protection Agency issued three documents purporting to establish an enforcement policy with regard to the July 1, 1977, deadline for point sources under the Federal Water Pollution Control Act.

These documents create a mechanism called an "Enforcement Compliance Schedule Letter," which, upon its issuance, would have the effect of extending the period of compliance beyond the statutory deadline. This device is without basis in the Federal Water Pollution Control Act. It is unlawful.

There are distressing aspects to this most recent effort on the part of EPA to avoid admittedly difficult problems and there are two points I would like to make.

First, this new EPA enforcement policy demonstrates a willingness to consolidate within EPA, an executive branch agency, the authority of the legislature and of the judiciary. Problems, however difficult, should not provide the stimulus to disobey the law.

The Federal Water Pollution Control Act of 1972 established a deadline of July 1, 1977—actually for completion of the control requirements established pursuant to the 1965 act. There is no provision for extension of this statutory deadline as was recognized in an opinion of the Administrator in "In the Matter of Bethlehem Steel Corp." In that opinion, the Administrator upheld and quoted his General Counsel—

> The Administrator has no discretion to extend the date of compliance.

I ask unanimous consent that this decision be printed in the Record at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MUSKIE. EPA has also properly maintained this position in litigation *State Water Control Board* vs. *Train* (8 ERC 1609) and continues to maintain that position in the appeal taken by the State of Virginia. I ask unanimous consent that this decision be printed in the Record at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. MUSKIE. Mr. President, section 301 of the 1972 act prohibits discharge of pollutants without authorization. Section 402 authorizes permits for the discharge of pollutants in compliance with the requirements of the act, including deadlines. Enforcement is authorized under section 309—authorizing Federal EPA enforcement—and section 505—authorizing citizens to seek enforcement in the Federal courts. Section 309 places mandatory burdens on the Administrator to enforce whenever, on the basis of information available to him, a violation of any condition or limitation occurs. The law gives three alternative enforcement routes:

First. He "shall" notify person alleged

of the finding of noncompliance, and, if after 30 days, noncompliance continues, he "shall" issue an enforcement order; or

Second. He shall directly issue an enforcement order; or

Third. He shall bring an action directly in the Federal district court.

Paragraph (4) subsection (a) of section 309 sets forth the contents of all enforcement orders referred to above. Among these, the orders shall state with reasonable specificity the nature of the violation and specify time for compliance "not to exceed 30 days." If such order is not complied with, the Administrator must proceed to court.

There is no discretion granted to the Administrator either on the question of whether to take an enforcement action or to modify or alter the objective of that enforcement action. Enforcement must be of compliance and compliance must be within the terms of the statute; namely, the requirements of section 301, section 302, et cetera.

The Administrator has no discretionary authority under the statute to alter in any way the 1977 deadlines of the act. While it is possible that a court in issuing "appropriate relief" might create new timetables under the equitable jurisdiction of the court, the Administrator has no such authority.

In the event of noncompliance beyond the dates provided for in the act—which may be extended only for the limited period of 30 days beyond the initial EPA order—the Administrator must go to Federal district court to seek the appropriate remedy. That appropriate remedy could include a consent order, an injunction, fines, or a combination of remedies. If Congress does not amend the law, only the authority of the court exists to alter the terms of compliance under the statute.

The Committee on Public Works has rejected as illegal a similar approach taken by EPA under the Clean Air Act. The Administrator has been told repeatedly that relief from deadlines is only available in the Congress and in the courts.

The Senate report (S. Rept. 94–717) on the bill, S. 3219, to amend the Clean Air Act, is very clear:

> Rather than use this provision, which the Agency has burdened with procedural and substantive requirements so that it is unworkable, the Environmental Protection Agency has adopted the practice of issuing enforcement orders under section 113(a) that extend far beyond the deadlines in the law or any dates applicable under section 110(f). This procedure has no basis in law. The only authority for extended deadlines is section 110(f).

Under the guise of semantics, the Assistant Administrator of EPA has seriously eroded a firm statutory position on extensions to the minimal requirements. The enforcement letter extension program removes enforcement credibility in anticipation of problems, which brings me to my second concern.

The Assistant Administrator's directive transfers the authority to grant extensions of the deadlines to the regional administrator and the States, thus assuring no national policy but rather 10 regional policies, and perhaps more. Inequity and rewards for delay are bound to occur. If, as the Deputy Administrator of EPA indicates, in a companion memorandum, only 230 or so point sources will be subject to such extensions, the control and administration over such extensions at the national level, if Congress should ever grant the necessary authority, would not be an overwhelming burden.

There is no reason to suggest the laggard will respond to an EPA extension letter any better than they have responded to the process, under the law to date. As the act requires, persons not in compliance must be brought into court and the authority of the court used to balance equities and supervise remedies, including any court-granted extensions.

The 1972 act created a regulatory program with national minimums to regulate inequities. Statutory deadlines are essential to the equitable scheme established under the 1972 act. Only in the most extreme circumstances and under court order should there be departures. Otherwise, the recalcitrants are rewarded and no penalty accrues.

At a minimum, if Congress should grant authority for extensions, any economic advantage to the source resulting from delay in compliance, whether through their fault or through the fault of the Government, should be eliminated to prevent those sources which complied from being penalized by their respect for and obedience of the law.

The Assistant Administrator's directive seems motivated by a practical problem, which, even if true, is not grounds to violate the law. Yet the practical problem—supposedly a flood of litigation—is anticipatory. And even the Deputy Administrator's figures undermine the claim of a flood of litigations. Two hundred and thirty cases spread among 94 Federal district courts is hardly a flood.

If relief is needed, it should be sought from Congress. And any such request should be accompanied by data on how many cases will be brought to each district court. Also, a request should justify why actions brought under section 309 would not produce a result which is in the public interest or carry out the purposes of the Federal Water Pollution Control Act.

The case has not been made that relief need be granted. Certainly, taking the extreme step of amending the law by administrative memo is not justified. Respect for the law cannot result from this type of action. I hope the Administrator will personally review this action and, to the extent he concludes such extension authority is necessary, will seek it from Congress.

I am taking the unusual step of commenting in the Senate on this administrative matter because it represents another attempt by an agency of the executive branch to act in a manner unauthorized by law.

Previously, this spring, the Administrator departed from the fabric of the Federal Water Pollution Control Act to accommodate a problem with a cluster of steel plants in Ohio. The act requires application of national minimum controls on plants of a class or category, wherever located. Yet, the Administrator in violation of his authority selected out of a class a few plants and eliminated the statute's requirements applicable to them. The new enforcement procedure proposed by EPA would provide an opportunity for regional administrators to authorize similar noncompliance with the law for selected point sources. Only citizen suits would be available to enforce the law. This is tantamount to repeal of deadlines.

Respect for the law is not going to be achieved if the Administrator develops a pattern of altering, without authority, the application of the law. Those who complied cannot conclude other than that their investments were not only not necessary, they were economically senseless. This view would drastically affect progress in the protection of our environment. We would lose the momentum we have gained.

I hope the Administrator will carry out the law in all areas. If difficulties arise, he should seek amendment. He should not take the law into his own hands.

EXHIBIT No. 1

[Docket No. PA–AH–0058]

BEFORE THE ADMINISTRATOR, U.S. ENVIRONMENTAL PROTECTION AGENCY, WASHINGTON, D.C.

In the matter of: National Pollutant Discharge Elimination System, permit for Bethlehem, Pennsylvania Plant (Permit No. PA 0011177) Bethlehem Steel Corporation, Permittee

DECISION OF THE ADMINISTRATOR

On September 3, 1975, Bethlehem Steel Corporation ("Permittee") filed a petition for review of a decision issued on August 21, 1975, by the Regional Administrator, Region III in the above-captioned proceeding.

The petition recites that on December 31, 1974, the Regional Administrator, Region III, issued a National Pollutant Discharge Elimination System (NPDES) permit for Permittee's Bethlehem, Pennsylvania plant, following a public hearing held on December 13, 1974. At the hearing, Permittee proposed a compliance schedule for the completion of some 22 projects involved in designing, purchasing and installing facilities required to meet the permit effluent limitations, which called for the completion of Phase I by January 1, 1979, and Phase II by July 1, 1979. The permit issued on December 31, 1974, however, requires that final permit conditions be met no later than July 1, 1977.

On January 16, 1975, Permittee requested an adjudicatory hearing on the following issue:

"May the Environmental Protection Agency establish an effective date for final permit conditions later than July 1, 1977 where final permit conditions are based upon the best practicable control technology currently available and on water quality standards."

On May 29, 1975, the foregoing question was referred to the General Counsel of EPA as a certified issue of law, pursuant to 40 CFR 125.36(m) (3). The General Counsel concluded, in a decision issued on July 24, 1975, that Section 301 of the Federal Water Pollution Control Act, as amended (the "Act"):

". . . clearly requires the achievement, by July 1, 1977, of effluent reductions based on the more stringent requirements of either section 301(b) (1) (A) or 301(b) (1) (C) of the Act. The Administrator has no discretion to extend the date of compliance."

The August 21, 1975, decision of the Regional Administrator, Region III, adopted the conclusion of law decided by the General

Counsel and found no factual or legal question remaining to be resolved in this proceeding. Accordingly, permittee's requests to modify the permit and/or convene an adjudicatory hearing were denied. The subject petition for review of the Regional Administrator's decision was filed thereafter within the prescribed 10 day period.

Permittee takes exception to the conclusion of the General Counsel (on the same grounds argued in its brief submitted to the Office of General Counsel in connection with the issuance of the General Counsel's decision) in the following particulars: (1) the General Counsel's decision addresses the "issue" of whether the effluent limitations in the permit were based on effluent guidelines, proposed guidelines, or water quality standards, which Permittee states is not relevant to the issue in controversy, *i.e.*, whether the Administrator may extend the July 1, 1977, compliance date contained in the Act; (2) the General Counsel's decision suggests that Permittee is challenging the effluent guidelines and the date for compliance set forth therein, rather than the compliance date of July 1, 1977, as set forth in the Act, which they contend is properly reviewable in an adjudicatory hearing since "the compliance date is a condition in the permit as a consequence of the Act and not as a consequence of regulations . . ."; and (3) the General Counsel's decision does not contain an analysis of the legislative history of the Act to determine whether Congress intended that the Administrator have discretion to extend compliance dates for final compliance beyond July 1, 1977. In summary, Permittee contends that the July 1, 1977, compliance date set forth in the Act "is merely an interim date set by Congress for achieving the ultimate objectives and goals by 1983 and 1985," and, as such, may be extended by the Administrator upon a proper showing of inability to comply by that date.

I have examined the language of the Act, as well as its legislative history, and am unable to find any basis to disagree with the conclusion of the General Counsel that, as a matter of law, the Administrator does not have authority or discretion under the Act to extend the July 1, 1977, deadline. The fact that the General Counsel's decision may have addressed other issues which Permittee does not consider relevant to the central issue raised, does not alter the fact that the central issue—the mandatory July 1, 1977, deadline—also was decided.

That issue being the only matter for which review has been requested by the Permittee, I see no need to prolong this proceeding by requesting additional briefs and argument on possible varying interpretations of the Act which might be offered.

Accordingly, the Decision and Order of the Regional Administrator, Region III, which relied upon the aforementioned decision of the General Counsel, is hereby affirmed and the subject permit, as originally issued, shall take effect immediately with the issuance of this decision.

RUSSELL E. TRAIN.

Dated: September 30, 1975.

EXHIBIT No. 2

FRIENDS OF THE EARTH V. CAREY

U.S. COURT OF APPEALS, SECOND CIRCUIT

Friends of the Earth, Friends of the Earth New York Branch, Natural Resources Defense Council, Inc., Sierra Club, Citizens for a Better New York, Citizens for Clean Air, Inc., Committee for Better Transit, Inc., Environmental Action Coalition, Inc., Harlem Valley Transportation Association, Institute for Public Transportation, NYC Clean Air Campaign, New York State Transportation Coalition, West Village Committee, David Sive, and Paul Dubrul v. Hugh Carey, Abraham Beame, David J. Yunich, Michael J. Cobb, Alfred Eisenpreis, Moses L. Kove, Elinor Guggenheimer, Robert A. Low, Michael Lazar, John Zuccotti, Morris Tarshis, Paul O'Dwyer, J. Douglas Carroll, Jr., William J. Ronan, Theodore Karagheuzoff, P.E., James Melton, Ogden Reid, State of New York, City of New York, New York City Transit Authority, No. 75–7497, April 26, 1976

Affirmed in part and reversed in part.

David Schoenbrod and Ross Sandler, New York, N.Y., for appellants.

W. Bernard Richland, corporation counsel, Alexander Gigante, Jr., Nina G. Goldstein, and Isaac Klepfish, New York, for appellees.

James P. McMahon, Stuart Riedel, Nancy A. Serventi. and Terrance J. Nolan, New York, for appellee New York City Transit Authority.

Full text of opinion

Before: Mansfield Timbers, and Meskill, *Circuit Judges*.

Mansfield, *Circuit Judge:*

This appeal arises out of the efforts of a group of the country's leading environmental and citizens' groups to enjoin and roll back the increase in New York City transit fares from 50 cents to 35 cents per ride and to enforce the "clean air" provisions of the Transportation Control Plan for the Metropolitan New York City Area ("the Plan"), which have long been approved pursuant to the Clean Air Act Amendments of 1970, 42 U.S.C. §§ 1857, *et seq.* ("the Act"). Defendants include the State and City of New York and named officials of both governmental entities as well as officials of the New York City Transit Authority[1] ("TA"). The dispute raises important questions concerning the viability of the citizen suit provision of the Act, § 304, 42 U.S.C. § 1857h–2, and the enforceability of the air quality standards enacted by Congress under that statute.

THE STATUTE

To understand the issues a brief preliminary outline of the relevant statutory provisions governing the state's obligation to clean up the air of Metropolitan New York City is necessary.[2] Expressing dissatisfaction with earlier efforts at air pollution abatement.[3] Congress enlarged the federal government's role through enactment of the Clean Air Act Amendments of 1970, 42 U.S.C. §§ 1857, *et seq.* The United States Environmental Protection Agency ("EPA") was instructed to establish national air quality standards of two types; (1) "primary ambient" (outdoor surrounding air) standards necessary for protection of the public health, § 109(b) (1), 42 U.S.C. § 1857c-4(b) (1), and (2) "secondary ambient" standards "requisite to protect the public welfare from any known or anticipated adverse effects associated with "air pollution, § 109(b) (2). Each of the 50 states was obligated within nine months thereafter to submit to the EPA an implementing plan for achievement of these standards, § 110(a) (1), 42 U.S.C. § 1857c-5 (a) (1). In particular, the states' plans were to satisfy the primary, health-related standards "as expeditiously as practicable" but in no case later than three years from the date of EPA approval, § 110(a) (2) (A) (i), and the secondary standards within a "reasonable time" to be fixed by a timetable, § 110(a) (2) (A) (ii). According to the approved timetable, state plans were to be filed by April 1973 and the primary air quality standards met by May 31, 1975. See *Natural Resources Defense Council, Inc.* v *E.P.A.*, 475 F.2d 968 [4 ERC 1945] (D.C. Cir. 1973). Should a state plan prove unsatisfactory in satisfying the ambient standards, the EPA itself is directed by Congress to develop an appropriate implementing plan in its stead, § 110(c) (1).

Since abatement and control of air pollution through systematic and timely attainment of the air quality standards is Congress' overriding objective, a plan, once adopted by a state and approved by the EPA, becomes controlling and must be carried out by the state. Modifications are permitted by the Act only cautiously and grudgingly. The EPA is authorized to approve *revisions* of the original plan, § 110(a) (3), only if it is satisfied that the revised plan still meets the requirements of the national air quality standards, § 110(a) (2). In addition, a state may request *postponement* of plan implementation "for not more than one year."[4] § 110(f), provided it "can satisfy the stringent conditions" imposed by that provision,[5] *Train* v. *N.R.D.C.*, 421 U.S. 60, 90 (1975). In all other cases full compliance with the plan is mandated See *id.* at 89–90.

FACTS

The history of New York State's steps toward compliance with the Clean Air Act through July 1974 is detailed in our prior opinion. See *Friends of the Earth* v. *E.P.A.*, 499 F. 2d 1118 [6 ERC 1781] (2d Cir. 1974). It is sufficient for present purposes to note that the State submitted to the EPA a plan called the Transportation Control Plan for the Metropolitan New York City Area ("the Plan"), containing 32 mandatory "strategies" or schedules of specific actions to be taken by certain dates to abate air pollution. The strategies were designed to meet the 1975 primary air quality deadline, to maintain air quality beyond that date, to create contingency steps or precedures should the primary strategies fail, and to plan for attainment of the secondary ambient air quality standards. The Plan was approved by the EPA on June 22, 1973, with certain revisions.

In 1974 environmental and citizens' groups attacked the Plan by way of a petition for review, *Friends of the Earth* v. *E.P.A.*, *supra*, arguing that several of the strategies were vaguely worded and inadequate in light of the air pollution standards mandated by the Act. Officials from the federal and state governments defended the strategies. We upheld the Plan in most respects, returning a few provisions to the EPA for further explanation. *Friends of the Earth* v. *E.P.A.*, *supra*. Consequently, with the acceptance by the EPA and judicial ratification by this court, the Plan became binding upon and enforceable against state and local officials, subject only to the narrow revision and postponement provisions allowed by the Act.

Nevertheless, enforcement of the Plan's strategies suffered because of inaction on the part of those legally obligated to put it into effect. In 1974, at the original argument before this court, the State had already fallen behind in compliance and consequently both the EPA and citizen groups had consented to eight other strategies.[6] Administrative action apparently had not even been commenced to enforce the remaining twenty. As of that date, although the Plan was designed to reduce carbon monoxide pollution by 78%, carbon monoxide levels in the City (95% of which are attributable to motor vehicles) had actually increased since pre-Plan days by some 25% and were now five times the level set by federal health standards. Thus these violations were significantly harmful to public health.

In late July the Transit Authority announced a pending transit fare increase from 35 cents to 50 cents. Believing that such an increase would undermine implementation of the Plan, plaintiffs returned to the district court on July 28, 1975, and, through an order to show cause, sought a preliminary injunction restraining the fare increase and ordering Plan enforcement. On August 4, 1975, plaintiffs moved for partial summary judgment enforcing four strategies that indisputably were being violated and that were cited as violations by the EPA. See note 7 *supra*. In addition, plaintiffs again requested the enforcement of the entire Plan.

Footnotes at end of article.

Four days later the EPA ruled that the State had failed to complete its application for a revision and on January 8, 1975, issued notices of violation with respect to 12 of the 32 strategies contained in the Plan, § 113(a)(1), 42 U.S.C. § 1857c-8(a)(1). The EPA, however, refused to initiate judicial enforcement proceedings as authorized by § 113 of the Act and instead attempted to negotiate consensual administrative orders.[6] By July, 1975, three months after the March 31 deadline for satisfaction of the primary ambient standards had expired, the City and State remained in explicit violation of four of the most important strategies[7] and requested that the court order immediate enforcement of the Plan's strategies. The court, however, was unable at that time, because of lack of jurisdiction, to order compliance, 499 F.2d at 1128, in the absence of a suit to enforce the Plan. The Act expressly provides only two methods for securing enforcement: a suit initiated by the EPA, § 113, 42 U.S.C. §1857c-8, or a citizen suit pursuant to § 304, 42 U.S.C. § 1857h-2, which authorizes citizens, as private attorneys general, to enforce state implementation plans provided (a) the citizen gives 60 days' notice of a violation to the EPA, the state and the alleged violator, and (b) the EPA or state has failed within the 60-day period to secure compliance or to bring an action for enforcement. Section 304(a)(1) provides that upon meeting these requirements

> "[a]ny person may commence a civil action on his own behalf—
>
> "(1) against any person (including (i) the United States, and (ii) any other governmental instrumentality or agency to the extent permitted by the Eleventh Amendment to the Constitution) who is alleged to be in violation of (A) an emission standard or limitation under this chapter or (B) an order issued by the Administrator or a State with respect to such a standard or limitation . . . ."

Pursuant to this authority the present citizen action was commenced.

On August 5, 1974, plaintiffs served their citizen suit notice of violations, § 304(b)(1)(A), and, after the required 60-day notice period had expired without compliance by the State and without the initiation of enforcement proceedings by the EPA, plaintiffs on October 11, 1974, commenced their action in the Southern District of New York and applied for preliminary relief. The City sought to avoid injunctive relief on the ground that the Plan was in the process of being formally revised. The State's Assistant Attorney General, on the other hand, adopted a somewhat ambivalent position. See *Friends of the Earth* v. *Wilson*, 389 F. Supp. 1394, 1395–96 [7 ERC 1939] (S.D.N.Y. 1974). He admitted "that he had a great deal of difficulty with his clients' arguments." He also acknowledged that the Plan "is a legally enforceable plan, is a legally adequate plan and that the state is committed . . . to fulfilling its responsibilities thereunder." However, he then informed the court that the "State apparently has no intention of implementing certain strategies," while admitting that "[i]f there is a valid legal ground for such a refusal, we have not been able to find it, your honor." In addition, he disputed the legal contention of both the city officials and the State Department of Environmental Conservation "that the proposed revision precluded enforcement of the plan," by noting that the revision was "speculative at best" and that the Governor-elect had opposed any such revision. Events a mere four days later proved the speaker correct concerning the uncertain nature of the "pending" revision.

The district court, Kevin T. Duffy, *Judge*, recognized that the State and City in effect conceded that they were in noncompliance with the Plan. However, on December 16, 1974, Judge Duffy denied relief, stating that in light of the proposed revision he would await clarification of the EPA's position and that the court lacked the expertise to supervise enforcement, which would involve "highly technical" problems. 389 F. Supp. at 1396.

On August 28, 1975, the district court again denied plaintiffs' requests for relief on several grounds.[9] In refusing to enjoin the fare increase Judge Duffy noted that the original complaint and statutory notice required by § 304(b)(1) had failed to name the Transit Authority ("TA"), the agency to which responsibility for the fare increase had been delegated. Therefore, although notice was given to its sister agency, the Metropolitan Transportation Authority, and to the state authorities officially responsible for compliance with the Plan, and although TA officials had notice in fact, the district court dismissed the complaint as to the TA for violating "[s]tandards of fairness and due process." In addition, the court found that there was a "substantial question" as to whether the court had subject matter jurisdiction over the fare increase since the terms of the Plan did not prohibit such an increase.

The district court also refused enforcement of the Plan. Even though the defendants had not denied plaintiffs' allegations that they were in outright violation of at least four important strategies and were in various stages of noncompliance with the remaining twenty-eight,[10] the district court apparently proceeding on the basis of unsupported assumptions derived from "a plethoria of paper emanating from the parties." concluded that "there exist many true issues of fact. . . ."[11] The court also apparently relied upon the fact that several orders were "presently under negotiation" between EPA and the State. However, the court neither defined these "issues of fact" nor explained the reasons for its unwillingness to enforce those strategies as to which the defendants were clearly in default other than to state that enforcement would necessitate excessive supervision by the district court "where there is already a federal agency charged with the enforcement of the Plan." Accordingly, he ordered that the action be dismissed unless plaintiffs joined the EPA as a party within 10 days. On the following day, August 29, 1975, plaintiffs filed their notice of appeal from the district court's order.

DISCUSSION

Since the district court appears to have labored under some fundamental misconceptions regarding not only the purpose of the citizen suit provisions of the Clean Air Act but also the roles of the parties and the court's own duty in such a suit, some clarification of these matters is essential at the outset.

In enacting § 304 of the 1970 Amendments, Congress made clear that citizen groups are not to be treated as nuisances or troublemakers but rather as welcomed participants in the vindication of environmental interests. Fearing that administrative enforcement might falter or stall, "the citizen suits provision reflected a deliberate choice by Congress to widen citizen access to the courts, as a supplemental and effective assurance that the Act would be implemented and enforced." *Natural Resources Defense Council, Inc.* v. *Train*, 510 F.2d 692, 700 [7 ERC 1209] (D.C. Cir. 1975). The Senate Committee responsible for fashioning the citizen suit provision[12] emphasized the positive role reserved for interested citizens:

> "Government initiative in seeking enforcement under the Clean Air Act has been restrained. Authorizing citizens to bring suits for violations of standards should motivate governmental agencies charged with the responsibility to bring enforcement and abatement proceedings."

Senate Committee on Public Works, S. Rep. 91–1196, 91st Cong. 2d Sess., at 35–36 (1970). See also Committee of Conference, H.R. Rep. No. 91–1783, 91st Cong., 2d Sess. (1970), reprinted in U.S.E.P.A., Legal Compilation (Air), Vol. III, at 1386–87 (1973). And the Congress apparently was sufficiently pleased with the operation of the citizen suit section of the Clean Air Act to essentially duplicate the provision in the subsequently enacted Water Pollution Control Act of 1972, § 505, 33 U.S.C. § 1365.

Thus the Act seeks to encourage citizen participation rather than to treat it as curiosity or a theoretical remedy. Possible jurisdictional barriers to citizens actions, such as amount in controversy and standing requirements, are expressly discarded by the Act. As additional encouragement the Act expressly authorizes courts to award costs of litigation to any party when "appropriate," § 304(d); see *Natural Resources Defense Council, Inc.* v. *E.P.A.*, 512 F.2d 1351, 1357 [7 ERC 2041] (D.C. Cir. 1975); *Natural Resources Defense Council, Inc.* v. *E.P.A.*, 484 F.2d 1331 [5 ERC 1879] (1st Cir. 1973).

> "The courts should recognize that in bringing legitimate actions under this section citizens would be performing a public service and in such instances the courts should award costs of litigation to such party. This should extend to plaintiffs in actions which result in successful abatement but do not reach a verdict. For instance, if a result of a citizen proceeding and before a verdict is issued, a defendant abated a violation, the court may award litigation expense borne by the plaintiffs in prosecuting such actions."

Senate Committee on Public Works, *supra*, at 37.

Once a citizen suit to enforce an EPA-approved state implementation plan has been properly commenced, the district court is obligated, upon a showing that the state has violated the plan, to issue appropriate orders for its enforcement. The court may not, over the plaintiff's objection, escape this obligation on the ground that the EPA is attempting to negotiate consent orders or has not been joined as a party in the citizen suit. Indeed, since it is EPA's failure to obtain compliance and to seek enforcement that brings the citizen suit into play, it would defeat the very purpose of that enforcement mechanism to require that the EPA be dragged reluctantly into the enforcement proceedings. The statute simply obligates the citizen plaintiff to provide the EPA with notice of the Plan's violation and of the upcoming private enforcement suit, § 304(b)(1)(A). The agency can then decide for itself whether or not to participate in the proceedings. "[T]he Administrator has the right to intervene in the suit, but he is not required to be a participant in such litigation and his absence does not render the action infirm." *Metropolitan Washington Coalition for Clean Air* v. *District of Columbia*, 511 F.2d 809, 814–15 [7 ERC 1811] (D.C. Cir. 1975).

Of course the EPA's participation in a citizen enforcement suit is welcomed by the court, since the EPA, as the agency vested by Congress with important overall responsibilities related to the matter under consideration, possesses expertise which should enable it to make a major contribution. But both the underlying rationale and legislative history surrounding the citizen suit provision demonstrate that Congress intended the district court to enforce the mandated air quality plan irrespective of the failings of agency participation. As noted earlier, the very purpose of the citizens' liberal right of action is to stir slumbering agencies and to circumvent bureaucratic inaction that interferes with the scheduled satisfaction of the federal air quality goals.

Nor may the district court deny citizen enforcement of an approved state implementation plan on the ground that the task of supervising enforcement would be unduly burdensome or require the court to grapple

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Footnotes at end of article.

with "highly technical" problems. Whatever may be the wisdom of having added this chore to the others imposed by new legislation upon the federal judiciary, Congress' intention that the courts must accept the duty is clear and unmistakable. Realizing that the responsibility for enforcement would thus fall upon the courts, Congress nevertheless viewed a plan's strategies as containing sufficiently clear and specific guidelines to enable a federal judge to direct compliance, armed as he is with the power to obtain such expert advice and assistance as may be necessary to guide him.[13]

"Enforcement of pollution regulations is not a technical matter beyond the competence of the courts. The citizen suit provision is consistent with principles underlying the Clean Air Act, that is the development of identifiable standards of air quality and control measures to implement such standards. Such standards provide manageable and precise benchmarks for enforcement." Senate Committee on Public Works, *supra*, at 37.

Indeed federal courts are daily called upon to resolve complex and difficult questions in many diversified fields such as antitrust, patent, and admiralty. Furthermore, in adopting § 304, Congress specifically considered but rejected arguments advocating the deletion or weakening of the citizen suit section of the Act on the ground that enforcement difficulties would overburden the courts.[14]

With these principles in mind we turn to the issues which are the immediate subject of this appeal: whether the district court erred in (1) refusing to enjoin the transit fare increase, and (2) refusing to enforce those strategies of the Plan which admittedly are being violated and to take steps toward enforcement of the other provisions of the Plan. With respect to the first of these two matters—the fare increase—we hold that the district court did not abuse its discretion in denying preliminary relief. As for the enforcement of the Plan's strategies, we direct the district court immediately to issue such orders as are necessary to enforce those strategies admittedly being violated and to conduct an expeditious hearing to determine the remaining violations and to enforce the other strategies as required by the Plan.

THE TRANSIT FARE INCREASE

Notice

The district court's primary basis for refusing to enjoin the transit fare increase was its finding that the notice given by the plaintiffs to the TA, the governmental agency to which responsibility for the transit fare schedules is delegated by the state, was inadequate. We disagree and find that the notice was clearly sufficient.

On August 5, 1974, as prescribed by the Clean Air Act, § 304(b)(1)(A), 42 U.S.C. § 1857h–2(b)(1),[15] plaintiffs sent their citizen suit notice of violations, including a comprehensive 34-page Table of Violations, to the Governor of New York State, the EPA, and the New York State Department of Environmental Conservation. While claiming that this notice met the requirements of the Act, plaintiffs additionally sent individual notice to each of 15 agents and agencies of the State to whom the State had delegated some responsibility for Plan compliance. In this latter group were officials of New York City and officers of the Metropolitan Transportation Authority ("MTA"), the TA's sister agency, including their joint chairman, David L. Yunich. Although the MTA and the TA technically are separate corporate entities under state law, they have the same chief executive, the same Board of Directors, issue a combined annual report, and, at the time of this suit, were represented by the same General Counsel. Thus David L. Yunich, the head of TA and named defendant in this action, had actual notice of the alleged violations and of the proposed suit, as did the General Counsel of TA, although the notice was addressed to both men in their capacities as MTA rather than TA officials.

The complaint, filed-after the 60-day notice period had expired, again named as defendants the state and city officials and David L. Yunich "in his official capacity as chairman of the [MTA]." When plaintiffs later sought to amend their complaint to add the TA as a defendant, the latter moved to dismiss on the ground that the 60-day notice required by the Act had not been provided. The district judge accepted the TAs argument in light of "[s]tandards of fairness and due process and dismissed the complaint. We hold this technical, crabbed reading of the statutes notice requirement to be clearly erroneous and reinstate the complaint as to the TA.

The district courts excessively restrictive construction of the citizen suit notice requirement is completely at odds with the announced purpose of the statutes, which looks to substance rather than to form in an effort to facilitate citizen involvement. As the Senate Committee on Public Works, *supra*, at 36, noted in authorizing the establishment of regulations governing the notice requirement of § 304:

"The regulations should not require notice that places impossible or unnecessary burdens on citizens but rather should be confined to requiring information necessary to give a clear indication of the citizens' intent."

Courts have consistently echoed the theme that the 60-day notice requirement is to be construed flexibly and realistically in order to further its essential purpose of providing "administrative agencies time to investigate and act on an alleged violation" rather than to hinder citizen participation. *Natural Resources Defense Council, Inc.* v. *Callaway*, 524 F. 2d 79, 84, n. 4 [8 ERC 1273] (2d Cir. 1975); *Conservation Society of South Vermont, Inc.* v. *Secretary of Transportation*, 508 F. 2d 927, 938–39 [6 ERC 1236] (2d Cir. 1974), *vacated on other grounds*, 96 S. Ct. 19 (1975).

[1] Looking both to the letter of the statute and to the purposes underlying the citizen suit provision, plaintiffs adequately performed their responsibility of providing informative notice. Under the Act the parties required to be notified were the "Administrator," § 304(b)(1)(A)(i), the "State in which the violation occurs," § 304(b)(1)(A)(ii), and the "alleged violator," § 304(b)(1)(A)(iii). It is undisputed that the Administrator and the State were both notified. The only remaining question is whether the requirement of notice to the "alleged violator" obligates the citizen to give formal notice directly to all of the involved agencies of the State in addition to notice to the primary State officials. Since the agencies merely act as delegates of the State, we hold that it does not.

As the State of New York recognizes,[16] it, rather than its local agency, is responsible under the Act and relevant regulations for the creation and enforcement of its Air Pollution Abatement Plan, § 107(a), 42 U.S.C. § 1857c–2; 40 C.F.R. § 51.11(f). Although it may choose to act through designated agents such as the TA, such designation does not relieve the State of its responsibility to carry out the Plan. See 40 C.F.R. § 51.11(f). For purposes of receiving formal statutory notice, the State and its agencies therefore must be treated as one; service of notice upon the State is service upon the "alleged violator" within the meaning of § 304(b)(1)(A)(iii), since the State as the principal is legally responsible for the acts of its agent. The Act's notice requirement was therefore satisfied by service of notice upon the State as the alleged violator.[17]

Our interpretation of the Act's provision for citizen suit notice accords with EPA's own practice of treating notice to the State as notice to the TA. Before commencing suit under § 113(a)(1), 42 U.S.C. § 1857c–8(a)(1), the EPA must give notice of the violation to "the person in violation of the plan and the State in which the plan applies. . . ." On January 8, 1975, in issuing notices pursuant to this section for alleged noncompliance with the express bus strategy of the Plan, responsibility for which is delegated by the State to the TA, the EPA notified the State, not the TA directly, that the State and City of New York are "in violation of the Transportation Control portion of the New York City . . . Plan." Subsequently it was the State, not the TA, that admitted violation of the strategy in a consent order dated April, 1975. The Act does not require or warrant the imposition of more onerous burdens of notice upon citizen plaintiffs than upon the EPA itself. As evident here, a state air pollution plan is likely to involve participation on the part of literally dozens of state and local agencies. To require that precise formalistic notice be provided to each is to erect wholly unrealistic barriers to citizens access to the courts as insured by Congress. The citizen would be relegated to a guessing-game reminiscent of strict common-law pleading long ago discarded.

Nor does the record support the district court's conclusion that the notice in this case violated "[s]tandards of fairness and due process." This statement first turns upon the court's erroneous assumption that the TA "is nowhere mentioned in the complaint." In fact, ¶ 44 of the Amended Complaint and the accompanying Table of Violations expressly refer to the Transit Authority as failing to perform its responsibilities under the Act. This complaint, which must be construed liberally, *International Controls Corp.* v. *Vesco*, 490 F.2d 1334, 1351 (2d Cir.), *cert. denied*, 417 U.S. 932 (1974); *Local 33, International Hod Carriers* v. *Mason Tenders*, 291 F.2d 496, 502 (2d Cir. 1961), is plainly sufficient in apprising the TA of the allegations leveled against it and the relief sought. Moreover, it is undisputed that actual notice was provided both to David L. Yunich and to the MTA. Regardless of the hat being worn by the joint officials of the MTA and TA, this notification in fact advised them of the proposed citizen suit and afforded them the requisite opportunity and time to investigate and to act on the alleged violation. This amply satisfies the language and spirit of the Act and the purposes to be served by a notice requirement under prevailing liberal pleading rules. Accordingly, we reinstate the TA as a defendant in the action.

Subject matter jurisdiction

As a further ground for refusing to enjoin the transit fare increase the district court stated that "[t]here is also a substantial question in my mind as to whether this Court has subject matter jurisdiction over the fare increase," since jurisdiction was grounded upon the Clean Air Act, § 304(a)(1), and the Plan promulgated thereunder "does not contain any language prohibiting a fare increase." We agree that jurisdiction is not available in this enforcement proceeding to test the validity of the fare increase.

[2] The citizen suit provision of the Act speaks in specific terms, conferring jurisdiction on the court to entertain any citizen suit claiming a violation of "an emission standard or limitation under this chapter" or of "an order issued by the Administrator or a State with respect to such a standard or limitation . . ." § 304(a)(1). The stabilization of transit fares is not an expressed strategy of the Plan as adopted by the State, accepted by the E.P.A , and upheld by this court. *Friends of the Earth* v. *E.P.A., supra*, 499 F.2d at 1125. As a result, the fare increase is not an overt violation of the above

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provisions of § 304 and we lack subject matter jurisdiction to review the propriety of the TA's action.

In finding lack of jurisdiction to roll back the transit fare increase at this time, however, we hasten to point out that our earlier decision in *Friends of the Earth* v. *E P.A., supra,* was predicated on the assumption that compliance with the Plan's other strategies, particularly those limiting parking spaces in business districts and providing express bus service, would achieve the overriding objective of "compelling [drivers] to use other modes of travel besides automobiles . . . ." See *id.* at 1125. This basic assumption has proven to be misguided. Noncompliance with most of the specified provisions of the Plan is undisputed, resulting in heavy increases in air pollution. Under present conditions, both the EPA [18] and state authorities [19] agree, furthermore, that the transit fare increase can be expected to produce approximately a 10% loss of rapid transit ridership, which would have an adverse influence on the Plan's central aim of inhibiting reliance on the automobile. Further, both apparently are in accord that a formal § 110 revision of the Plan may be necessary to take into account the fare rise.[20] Should these serious predictions prove to be accurate,[21] the EPA or citizen groups, of course, are free to seek appropriate revisions of the Plan under the Act. But such review does not rest upon § 304 and accordingly we are without jurisdiction to order transit fare relief.

Enforcement of the plan

[3] The primary relief sought by the citizen plaintiffs is enforcement of the Plan, which was approved by the EPA pursuant to § 110(a) (2) of the Clean Air Act, 42 U.S.C. § 1857c–5(a) (2), and upheld by this court some 20 months ago, *Friends of the Earth* v. *E.P.A., supra*. Specifically, the plaintiffs seek reversal of the district court's denial of partial summary judgment which would compel enforcement of the four strategies of the Plan [22] being violated by the State.[23] Plaintiffs also desire to pursue their claim that the State is in default in implementing the remaining strategies and to obtain judicial enforcement of these strategies. The plaintiffs' right under the Act to seek such an enforcement order is beyond challenge, § 304, 42 U.S.C. § 1875h–2. They have fully discharged their responsibility to provide statutory notice, § 304(b) (1) (A). Sixty days have passed without any action by the EPA or the State that would displace their citizen suit, § 304(b) (1). The district court, however, ordered that their action be dismissed "in its entirety unless the plaintiffs within 10 days" serve additional notice [24] on the EPA to induce the agency's intervention. The court reasoned that the "fact that the parties have advised that there are other orders presently under negotiation" between the State and the EPA "clearly [raises] a question of fact." Further, the court concluded that "the general policy is that the courts should not grant relief which requires continuous judicial supervision." Consequently, Judge Duffy in effect made the EPA an indispensable party to the action and rejected the task of judicial supervision as too onerous. We reverse and remand with instructions set forth below.

EPA-State negotiations

In denying relief under the citizen suit provisions the court referred to the existence of ongoing negotiations between the EPA and State and City Authorities designed to reach consent decrees carrying out the Plan's mandated strategies. We join the district court in recognizing the utility of such deliberations and the desirability of attaining compliance through consensual means. But it is equally clear that the statute empowers neither the EPA nor the State to delay the approved Plan's strategies through negotiations, be they formal or otherwise. Negotiations are no substitute for enforcement and for timely compliance with the Plan's mandated strategies. Consequently, the district court erred in permitting the continuation of EPA-State discussions to bar suit by citizen groups seeking judicial enforcement of the Plan's expressed provisions. The Act authorizes only two procedural routes for modifying the Plan: a § 110(a) (3) revision or a § 110(f) postponement. In all other instances, the State is relegated to a lone option: compliance. See *Train* v. *N.R.D.C., supra,* 421 U.S. at 89–90; *Metropolitan Washington Coalition for Clean Air* v. *District of Columbia, supra,* 511 F.2d at 811. As the Senate Committee that devised the citizen suit procedure made clear:

"[T]he factual basis for enforcement of [the Plan's] standards would be available at the time enforcement is sought, and the issue before the courts would be a factual one of whether there had been compliance." Senate Committee on Public Works, *supra,* at 37.

The EPA-State conversations hardly satisfy either of the exclusive modification mechanisms authorized under the Act. In relying upon the negotiations as a basis for deferring enforcement, the district court in effect granted a *de facto* revision beyond that permitted by Congress and without any of the performance safeguards that precondition the granting of modifications and postponements under § 110 of the Act. Such a step plainly violates the statutory scheme and cannot be used to nullify the citizen's statutorily-guaranteed right of enforcement.

EPA as an indispensable party

For reasons already stated the district court's decisions to convert the EPA into an indispensable party and to deny relief because of the burdensomeness of the judicial supervision it would entail were clearly erroneous. The suggestion that, in compelling joinder of the EPA, the district court merely applied the broad discretion granted it under Rules 19 & 21, F.R. Civ. P. is unsound. The general authority thus vested in the judiciary to manage ordinary litigation does not entitle the court to contradict a clearcut, specific legislative scheme or to emasculate the citizen suit provision created by Congress. In doing so, and in denying citizen enforcement of the lawfully established Plan, the district court abused its discretion under the Act.[25]

CONCLUSION

We are aware that enforcement of the air quality plan might well cause inconvenience and expense to both governmental and private parties, particularly when a congested metropolitan community provides the focal point of the controversy.[26] But Congress decreed that whatever time and money otherwise might be saved should not be gained at the expense of the lungs and health of the community's citizens:

"The protection of public health—as required by the national ambient air quality standards and as mandated by provisions for the elimination of emissions of extremely hazardous pollution agents—will require major action throughout the Nation. Many facilities will require major investments in new technology and new processes. Some facilities will need altered operating procedures or a change of fuels. Some facilities may be closed.

"The requirements for State action will be broadened. And the obligation of polluters will be greatly increased. What has been a program focused on uniquely critical area, underfunded and inadequately manned, will become truly national in scope and will require an immediate increase in personnel and funding." Senate Committee on Public Works, *supra,* at 1. See also House Committee on Interstate and Foreign Commerce, H.R. Rep. No. 91–1146, 91st Cong., 2d Sess., at 4–5 (1970).

The record before us is one that cries out for prompt and effective relief if the congressional clean air mandate is to have any mean ing and effect in New York City. We cannot disregard the frank statement made by New York State's Assistant Attorney General some two years ago, that this "is a legally enforceable plan. . . . a legally adequate plan," and that "[i]f there is a valid legal ground for . . . a refusal [to enforce the plan], we have not been able to find it . . ." Yet it is beyond serious dispute that the defendants are now almost a year in default in carrying out the principal strategies of the mandated Plan, which are central to achieving the primary ambient air quality standards prescribed by Congress, with the result that the public of New York City is exposed to carbon monoxide pollution that has in the meantime climbed to over five times the federal health standards. The court cannot consistently with its duty be a party to the delaying process that has led to this situation. The Senate Committee on Public Works, discussing the purpose of the citizen suit provision in its Report on the Clean Air Act Amendments of 1970, made this clear:

"If the Secretary and State and local agencies should fail in their responsibility, the public would be guaranteed the right to seek vigorous enforcement action under the citizen suit provisions of section 304.

* * * * *

"The Committee believes that if the timetables established throughout the Act with respect to ambient air quality standards necessary to protect public health are to be met, the threat of sanction must be real, and enforcement provisions must be swift and direct. Abatement orders, penalty provisions, and rapid access to the Federal District Court should accomplish the objective of compliance." Senate Committee on Public Works, *supra,* at 20, 22.

Accordingly, we affirm the denial of the preliminary injunction restraining the transit fare increase.

In all other respects we reverse the district court's decision and remand the case to that court with the following instructions:

1. The Transit Authority should be reinstated as a defendant in the action;
2. Partial summary judgment should be entered in favor of plaintiffs, directing enforcement of the four strategies listed in note 7 *supra,* the court to take such further steps as are necessary to insure enforcement of these strategies;
3. Further hearings should be held promptly to determine whether the defendants are in default in carrying out any of the remaining strategies and, if so, the court should enter such orders and take such other steps as are necessary to enforce those strategies being violated by the State.

Since time is of the essence in providing such relief as may be appropriate in this case, we direct that the case be given priority on remand and that, if Judge Duffy's schedule precludes his handling it promptly, the case be reassigned to another judge who is in a position to do so.

The mandate shall issue forthwith.

FOOTNOTES

[1] Neither the State nor State government officials appeared before this court or the district court to answer plaintiffs' challenges. Attorneys for the New York City Transit Authority and for the City government appeared and filed briefs.

[2] For further discussion of the history and operation of the statute, see the descriptions by the Supreme Court in *Train* v. *N.R.D.C.,* 421 U.S. 60, 63–67 [7 ERC 1735] (1975), and by this court in *Friends of the Earth* v. *E.P.A.,* 499 F.2d 1118, 1120–23 [6 ERC 1781] (2d Cir.

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1974). See also Luneberg, *Federal-State Interaction Under the Clean Air Amendments of 1970*, 14 B.C. Ind & Com. L. Rev. 637 (1973).

[3] See, e.g., Pub. L. 86–493, 74 Stat. 162 (1960); Clean Air Act of 1963, 77 Stat. 392; 79 Stat. 992 (1965 amendments); 80 Stat. 954 (1966 amendments); Air Quality Act of 1967, 81 Stat. 485.

[4] The Supreme Court has left open the question of whether successive postponements are permissible, noting that such a step appears in tension with the final bill that emerged from Conference, which deleted explicit language found in a predecessor Senate bill authorizing repeated postponements. *Train* v. *N.R.D.C., supra,* 421 U.S. at 85–86 n. 21.

[5] These conditions, listed in the conjunctive in the statute, include a history of good-faith efforts to comply with the Plan, the unavailability of requisite technology, alternative procedures that mitigate the damage to public health, and the importance to "national security or to the public health or welfare" of the continued operation of the pollution source. § 110(f)(1)(A)–(D).

[6] The Administrator of the EPA is authorized, upon finding that an implementation plan is being violated, to issue orders directing the person in violation of the Plan to comply. However, if that person violates the order the Administrator's only recourse is to commence a civil action in the district court for appropriate relief. See § 113(a)(1), (4) & (b), 42 U.S.C. § 1857c–8(a)(1), (4) & (b). Any person who knowingly violates an implementation plan's requirements or an order issued by the Administrator is guilty of a misdemeanor punishable by a fine of not more than $25,000 per day of violation or by imprisonment for not more than one year, or both, § 113(c)(1).

[7] These strategies are: reductions in business district parking, selective ban on taxicab cruising tolls on the East and Harlem River bridges, and night-time freight movement. The last two of these strategies were added to the primary strategies by Governor Rockefeller on April 17, 1973, in a letter to the EPA in which the Governor requested, and subsequently received, extensions of time to meet the photochemical oxidants standard and carbon monoxide standards of the original plan.

[8] Emission inspections of cars, trucks, and taxicabs, mechanic training, enforcing existing traffic regulations, traffic management, increased express bus services, and retrofit of trucks. Even here, however, the plaintiffs allege that City and State officials have failed to comply with the administrative order. The EPA recently has filed separate suit to enforce the taxicab-inspection strategy.

[9] 74 Civ. 4500. The order and opinion are not officially reported.

[10] Indeed, at oral argument before this court the City's attorney also acknowledged widespread noncompliance with the air quality plan, although he disliked that choice of words and preferred to state that the City "had fallen behind" the mandated timetable. The State, although primarily responsible for Plan compliance, has remained silent on this appeal.

[11] Judge Duffy, referring to the eight strategies with respect to which formal administrative consent orders had been negotiated between the State and the EPA, see note 8 *supra,* noted that plaintiffs alleged that even these orders had not been complied with and proceeded to surmise that "[i]t must be assumed that defendants would disagree with this allegation." From this he apparently concluded that, since "it must be assumed" that at least these eight of the 32 strategies remain in dispute, relief is properly denied as to all of the Plan's provisions.

[12] The House bill contained no provision for citizen suits. The Senate version prevailed in Conference Committee. See Committee of Conference, H.R. Rep. No. 91–1783, 91st Cong., 2d Sess. (1970), reprinted in U.S.E.P.A., Legal Compilation (Air), Vol III, at 1386 (1973).

[13] As the substantial flow of affidavits submitted on behalf of the parties demonstrates, the district court operating in an adversarial setting can expect to derive considerable technical assistance and clarification from experts provided by the parties themselves. In addition ,opportunities are open for the court to arrange for neutral technical advisors and experts to assist him in the performance of his duties. See generally Leventhal, *Environmental Decisionmaking and the Role of the Courts,* 122 U. Pa. L. Rev. 509, 546–49 (1974).

[14] For the arguments opposing § 304 on this basis, see Cong. Rec. Vol. 116 (Sept. 21–22, 1970), at 32,925–26 (Senator Hruska); *id.* at 33,102 (Senator Griffin). For the major responses, see *id.* at 32,926–27 (Senator Muskie); *id.* at 33,104 (Senator Hart).

[15] "No action may be commenced—

"(1) under subsection (a)(1) of this section—

"(a) prior to 60 days after the plaintiff has given notice of the violation (i) to the Administrator, (ii) to the State in which the violation occurs, and (iii) to any alleged violator of the standard, limitation, or order. . . ."

[16] In an affidavit submitted to the district court on August 1, 1975, the Assistant Attorney General of New York State acknowledged: "The State of New York is charged under the Federal Clean Air Act Amendments of 1970 . . . with the responsibility of achieving full compliance with national ambient air quality standards. . . . The State will exercise its full enforcement responsibility under the Act to insure Statewide compliance, including the City of New York."

[17] Our interpretation does not render superfluous the third prong of the notice requirement. The apparent overlap between (ii) and (iii) will not arise when a private party, rather than a delegated public agency, is in violation of the Plan. In such an eventuality, the State still must be notified under (ii) while the private party, as "alleged violator," receives separate notice under (iii). See 40 C.F.R. § 54.2.

[18] At the request of Judge Duffy, Gerald M. Hansler, Regional Administrator of the EPA, on August 1, 1975, submitted a letter explaining the agency's position on the fare increase. The EPA flatly predicted that the hike will "induce more subway and bus passengers to use their cars," and noted that the EPA consequently may require a § 110 revision of the original plan requiring even "more effective pollution control measures. . . ." The Administrator also stated that the City's failure to impose toll fares upon the East and Harlem River Bridge crossings, as provided in the Plan, has deprived the City of a valuable source of revenue designed to substitute for transit fare increases; this complies with the State's position before this court during the first appeal of this case that the bridge tolls, in addition to encouraging carpooling and abating pollution directly, were intended "to raise revenues for the City mass transit system. . . ." In conclusion, the EPA held: "To reiterate, we believe that an increase in fares on [Transit Authority] subways and buses will detrimentally affect the public health and welfare and that other measures are available, and required by the present TCP [the Plan], which would avoid this harmful result."

[19] In an affidavit submitted by New York State Assistant Attorney General James P. Corcoran, dated August 1, 1975, the State predicted a loss of ridership of approximately 10%, producing "an increase in vehicular traffic in the Manhattan central business districts, to the detriment of air quality in that area." But until the deterioration in air quality "can be projected with greater certainty," the State felt itself to be in an inadequate position "to assess what additional measures need to be undertaken," although it recognized that a formal § 110 revision of the Plan might be necessary to achieve the ambient air standards.

[20] See the statements of the EPA and State officials, notes 18 and 19 *supra.*

[21] The TA predicts a loss of ridership in the vicinity of 3–4%, but has not produced complete and organized figures to substantiate its prediction. Furthermore, none of the parties has attempted to accurately translate any resulting loss of ridership into increases in automobile usage. It is the reduction of the automobile as a source of pollution, rather than the gain of transit riders *per se* that is the objective of the State's Plan.

[22] See note 7 *supra.*

[23] As noted previously, the EPA on January 8, 1975, cited the State for violations of these four strategies. In an affidavit submitted to the district court on August 1, 1975, the Assistant Attorney General of the State of New York acknowledged that these strategies presently are "under negotiation" and while agreement ostensibly "has been reached" with respect to taxi cruising and after-hours goods delivery, no orders effectuating any of the four strategies had yet been issued. Similarly, the City did not claim adherence to the four strategies in its papers below. Quite the contrary, the district court literally was forced to "assume . . . that defendants would disagree with this allegation" of noncompliance with the Plan, and even here Judge Duffy was speaking specifically of the eight strategies to which administrative consent orders had been entered not the four remaining strategies to which the State and City officials had formally refused to consent. See notes 10 and 11 *supra.*

[24] Judge Duffy purported merely to require that plaintiffs serve the "proper notice" to the EPA under § 304(b)(1) of the Act. This characterization, however, is incorrect. Plaintiffs in fact served the "proper notice" on August 5, 1974, when they commenced their citizen suit. After Judge Duffy denied their first request for a preliminary injunction on December 16, the parties tried to reach accord through negotiations with the EPA. The failure of the negotiations and the increase in the subway fare prompted the citizen group to return to the district court and, through a show cause order dated July 28, 1975, to resume their request for a preliminary injunction based upon their 1974 complaint. Thus the plaintiffs were not obliged under the Act to give additional notice to the EPA when they had already provided the requisite statutory notice upon commencing the lawsuit; the district court's instruction to provide formal notice to the EPA in effect was a command for additional notice beyond that required by the Act. Moreover, it should be noted that the EPA was made aware of the reactivated lawsuit and was asked and permitted to participate; in response the agency chose to send a letter expressing its position. See note 18 *supra.*

[25] The further suggestion by defendants that EPA involvement was warranted to prevent conflicts in enforcement policy between the agency and citizen groups also is without merit. The citizen suit may only proceed in the event of agency inaction, § 304(b)(1)(B), and even then the EPA can participate in the creation and coordination of the judicial response by intervening as a matter of right. Furthermore, to enforce its own orders the EPA also must repair to the district court, § 113(b), 42 U.S.C. § 1857c-8, where the action can be consolidated with any pending citizen suit to insure uniformity of relief.

[26] See, e.g., *Metropolitan Washington Coalition for Clean Air* v. *District of Columbia,* 511 F.2d 809 (D.C. Cir. 1975) [7 ERC 1811] (Washington, D.C.); *South Terminal Corp.* v. *E.P.A.,* 504 F.2d 646 (1st Cir. 1974) [6 ERC

2025] (Boston); *Commonwealth of Pennsylvania* v. *E.P.A.*, 500 F.2d 246 [6 ERC 1769] (3d Cir. 1974) (Philadelphia); *State of Texas* v. *E.P.A.*, 499 F.2d 289 [6 ERC 1897] (5th Cir. 1974), *stay denied*, 421 U.S. 945 (1975) (major Texas cities).

The PRESIDING OFFICER. Who yields time? Do Senators yield back the remainder of their time?

Mr. PROXMIRE. I yield back the remainder of my time.

Mr. MATHIAS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is, Shall the bill pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. Abourezk), the Senator from Texas (Mr. Bentsen), the Senator from North Dakota (Mr. Burdick), the Senator from Florida (Mr. Chiles), the Senator from Iowa (Mr. Culver), the Senator from Missouri (Mr. Eagleton), the Senator from Colorado (Mr. Gary Hart), the Senator from Indiana (Mr. Hartke), the Senator from Colorado (Mr. Haskell), the Senator from Minnesota (Mr. Humphrey), the Senator from Louisiana (Mr. Johnston), the Senator from Vermont (Mr. Leahy), the Senator from Louisiana (Mr. Long), the Senator from Arkansas (Mr. McClellan), the Senator from New Jersey (Mr. Williams), the Senator from New Hampshire (Mr. McIntyre), the Senator from Minnesota (Mr. Mondale), the Senator from New Mexico (Mr. Montoya), the Senator from Maine (Mr. Muskie), the Senator from Rhode Island (Mr. Pastore), the Senator from Mississippi (Mr. Stennis), the Senator from Georgia (Mr. Talmadge), and the Senator from California (Mr. Tunney) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington), and the Senator from Indiana (Mr. Bayh) are absent because of illness.

I also announce that the Senator from Hawaii (Mr. Inouye) is absent on official business.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. McIntyre), the Senator from North Dakota (Mr. Burdick), the Senator from Minnesota (Mr. Humphrey), and the Senator from Rhode Island (Mr. Pastore) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Tennessee (Mr. Brock), the Senator from Massachusetts (Mr. Brooke), the Senator from Nebraska (Mr. Curtis), the Senator from New Mexico (Mr. Domenici), the Senator from Utah (Mr. Garn), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Oregon (Mr. Hatfield), the Senator from Nebraska (Mr. Hruska), the Senator from Nevada (Mr. Laxalt), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), the Senator from Virginia (Mr. William L. Scott), the Senator from Vermont (Mr. Stafford), the Senator from Ohio (Mr. Taft), the Senator from Texas (Mr. Tower), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

On this vote, the Senator from Ohio (Mr. Taft) is paired with the Senator from Arizona (Mr. Goldwater).

If present and voting, the Senator from Ohio would vote "yea" and the Senator from Arizona would vote "nay."

I further announce that, if present and voting, the Senator from Michigan (Mr. Griffin), the Senator from Oregon (Mr. Hatfield), and the Senator from Texas (Mr. Tower) would each vote "yea."

The result was announced—yeas 53, nays 2, as follows:

[Rollcall Vote No. 349 Leg.]

YEAS—53

Bartlett
Beall
Bellmon
Biden
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Dole
Durkin
Eastland
Fannin
Fong
Ford
Glenn
Gravel
Hansen
Hart, Philip A.
Hathaway
Hollings
Huddleston
Jackson
Javits
Kennedy
Magnuson
Mansfield
Mathias
McGee
McGovern
Metcalf
Morgan
Moss
Nelson
Nunn
Packwood
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stevens
Stevenson
Stone
Thurmond
Young

NAYS—2

Allen
Helms

NOT VOTING—45

Abourezk
Baker
Bayh
Bentsen
Brock
Brooke
Buckley
Burdick
Chiles
Culver
Curtis
Domenici
Eagleton
Garn
Goldwater
Griffin
Hart, Gary
Hartke
Haskell
Hatfield
Hruska
Humphrey
Inouye
Johnston
Laxalt
Leahy
Long
McClellan
McClure
McIntyre
Mondale
Montoya
Muskie
Pastore
Percy
Scott, William L.
Stafford
Stennis
Symington
Taft
Talmadge
Tower
Tunney
Weicker
Williams

So the bill (H.R. 14233), as amended, was passed.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MATHIAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of H.R. 14233 and the Senate amendments thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. Proxmire, Mr. Pastore, Mr. Stennis, Mr. Mansfield, Mr. Bayh, Mr. Chiles, Mr. Johnston, Mr. Huddleston, Mr. McClellan, Mr. Moss, Mr. Mathias, Mr. Case, Mr. Fong, Mr. Brooke, Mr. Bellmon, and Mr. Young conferees on the part of the Senate.

S. 3625—FEDERAL ENERGY ADMINISTRATION ACT EXTENSION

Mr. JAVITS. Mr. President, I send to the desk a bill on behalf of Senator Ribicoff and myself, and I ask that it be reported.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3625) to extend the expiration date of the Federal Energy Administration Act of 1974.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may be deemed to have objected to further proceedings after second reading and that the bill be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, the bill introduced by my friend and colleague, Mr. Javits, certainly has my support. I am sure that we all remember the extensive debate on S. 2872, the FEA Extension Act. The act, as passed by the Senate was a substantially different bill from the one as reported by the Committee on Government Operations.

We are currently in a conference with the House on this act. We have been working all of this week, and have meetings scheduled for next week. All of the conferees have been working most diligently to report out of conference a bill by the 30th. However, it became apparent, late yesterday, that it would be impossible to reconcile the vast differences in the two bills by the date on which the agency expires.

The 30-day extension, as proposed by Senator Javits, would permit the conferees to continue to reconcile their differences and would provide for the responsible continuation of programs carried out by the Federal Energy Administration.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 10 a.m. on Monday.

After the two leaders or their designees have been recognized under the standing order, the Senate will take up H.R. 14232, the Labor-HEW appropriations bill.

At no later than 2 p.m., if that bill has not been disposed of, the Senate will resume consideration of the unfinished business, H.R. 10612, at which time the pending question before the Senate will be on the adoption of the maximum tax amendment. There is a time limitation on that amendment, and rollcall votes will occur during the morning on the HEW appropriations bill and/or on amendments thereto; and during the afternoon rollcall votes are expected to occur on the maximum tax amendment.

The agreement is to the effect that final disposition of the maximum tax amendment will occur at no later than 8 p.m. on Monday.

On Monday, the Senate will be in late, and daily next week the Senate will be in early and late. I anticipate that the

Senate will be coming in earlier than 9 a.m. on each day after Monday.

I anticipate very late sessions—I emphasize very late sessions—daily, beginning with Monday next week.

There is quite a heavy load of business to be transacted, and it is hoped that the Senate will make adequate progress; but it is the leadership's view that such progress can be made only by having very early and very late sessions, with rollcall votes occurring early and late.

RECESS UNTIL 10 A.M., MONDAY, JUNE 28, 1976

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10 a.m. on Monday.

The motion was agreed to; and at 2:10 p.m., the Senate recessed until Monday, June 28, 1976, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate on June 26 (legislative day of June 18), 1976:

Mississippi River Commission

Brig. Gen Elvin Ragnvald Heiberg III, Corps of Engineers, to be a member of the Mississippi River Commission under the provisions of section 2 of the act of Congress approved June 28, 1879 (21 Stat. 37) (33 U.S.C. 642).

Appalachian Regional Commission

George G. Seibels, Jr., of Alabama, to be Alternate Federal Cochairman of the Appalachian Regional Commission.

Department of Justice

David W. Martson, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania for the term of 4 years.

John J. Smith, of Delaware, to be U.S. marshal for the District of Delaware for the term of 4 years.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

SENATE—*Monday, June 28, 1976*

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. Jesse Helms, a Senator from the State of North Carolina.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal God, who art the source of our life and the end of our pilgrimage, we praise Thee for Thy presence with us all our days. Thou dost satisfy us in the morning with Thy loving kindness, Thou dost uphold us at noonday in the strength of Thy Spirit; and when evening comes Thou art our hope and our rest.

May the knowledge of Thy presence support us, in health and in sickness, in joy and in sorrow, in hope fulfilled and hope denied. Purify our motives; deepen our understanding; quicken our hearts; give us strength of mind and body sufficient for our tasks. Enable us to go forth each day in the confidence Thou art with us amid the storms and stresses of life; that with Thee is forgiveness for sin; strength for the day and peace at the last; through Jesus Christ our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., June 28, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Jesse Helms, a Senator from the State of North Carolina, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. HELMS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Saturday, June 26, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Armed Services be granted permission to meet during the session of the Senate to consider nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. I desire no time.

The ACTING PRESIDENT pro tempore. Does the distinguished minority leader seek recognition?

Mr. HUGH SCOTT. Mr. President, I yield back my time.

ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a period for the conduct of morning business of not to exceed 30 minutes with a time limitation of 3 minutes attached thereto.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MANSFIELD: A LOW-KEY ROCK OF INTEGRITY

Mr. PERCY. In a recent article in the Christian Science Monitor, entitled "Mansfield: A Low-Key Rock of Integrity," Senator Mansfield discussed many issues, including the work of the Senate and his conversations through the years with Presidents of the United States. Comments are made also about the characteristics of our distinguished majority leader.

There have been questions raised as to whether the Senate has the firm, strong leadership that it has had at various times in the past. Comparisons often are made with the days of Senator Lyndon Johnson who, obviously exerted considable force and power.

I did not serve under Majority Leader Lyndon Johnson; I have served as a Senator for a decade with Senator Mansfield as our majority leader. Never in my own experience in industry, education, philanthropy, or in Government have I respected a leader as much as I respect Senator Mansfield.

I consider him as a man of integrity and decency which has never been questioned. I consider him as a man of honor, honesty, and fairness in dealing with his colleagues, giving equal consideration for all points of view. But I also consider him as a very forceful leader. He has taken strong positions on many controversial issues through the years. Certainly his judgment on the Vietnam war and the rightness of his point of view on that issue is apparent to all now.

As Senator Mansfield approaches his retirement, I would like to pay my own personal tribute to him for his qualities of leadership and fairness that inspire those who work with him. Under his leadership we have moved forward with the greatest of speed, feeling that we are being dealt with as human beings and as peers, but also accepting leadership because of the qualities that Senator Mansfield exerts.

I pay great tribute to him and doubt that in our experience in the Senate, any of us will ever have the opportunity again to serve under a leader who could surpass the qualities of leadership, inspiration, and guidance that Senator Mansfield has provided to his distinguished colleagues.

Mr. President, I ask unanimous consent that an article dated Thursday, June 10, 1976, in the Christian Science Monitor be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Mansfield: a Low-Key Rock of Integrity

(By Louise Sweeney)

Washington. — When Mike Mansfield closes the double mahogany doors of the Senate Majority Leader's office for the last time, it will be with a soft click and not a slam. That's the style of the quiet man from Montana who is retiring after 34 years in Congress.

To give an idea of how quietly he treads the corridors of power, there is this story, which Republican Sen. Charles McC. Mathias of Maryland tells. It's about how Mr. Mansfield stirred some bipartisan political cream into a breakfast with the President:

Senator Mathias tells it reluctantly, grinning, "I don't suppose it hurts to say this today . . . When I was running for reelection in '74, as a good Democrat, Mike couldn't do anything that would be overtly helpful to me . . ." But Senator Mansfield did help.

When Gerald Ford was brand-new as President, the Majority Leader invited the President to the Mansfield home for an intimate breakfast, just the President, Mansfield, a Democratic Senator — and Mathias.

A DIFFICULT SITUATION

"It was a kind of rapprochement between the Majority Leader of the Senate and the new President who had arrived on the scene under very difficult conditions," Senator Mathias remembers.

"Obviously when the President arrives at Mansfield's house, that is covered by the press. And what more eloquent way can Mike have of getting a message across, than inviting you to come on that very special occasion to his house, and yet one which was perfectly proper, no one could object to it."

Michael Joseph Mansfield has been one of the two most powerful men in Congress for a decade and a half, but he feels about power as he felt about fresh peaches in his youth: he doesn't like the taste of it. Too much fuzz.

"I've never felt I was powerful or I had power. I always felt I was one of 100 members and that I was as good as the next one, but no worse. And the power that came to this job I diffused through others, through committees."

It is said of Mike Mansfield that "when he succeeded Lyndon Johnson, everybody in the Senate grew an inch." He says simply of LBJ and himself: "He was vigorous and I was retiring; he was an extrovert, I was an introvert." Those who applauded LBJ as the consummate ringmaster, flicking the whip often, have criticized Mr. Mansfield for not leading forcefully enough. A Washington Post editorial criticizes his "liberality that has involved a kind of abdication" of strong leadership.

SINCE FDR'S DAY

But no one questions the integrity, honesty or fairness of this Washington landmark. Interviewing Mike Mansfield is like interviewing a mountain. Mount Mansfield is just there, a tall, looming, craggy presence, casting his shadow over Washington ever since FDR's day. The familiar face is spare, high-cheek-boned, lined, so quiet it is almost expressionless. Until you notice the glints of wit and emotion, like flashes of mica in a rock.

There is a glint now in the gray-blue eyes as he's asked about President Ford's decision not to use the word "detente" any more. "Oh, yes we are! It's a good word. It's in the dictionary and you can't abolish a word with a wave of the hand as Canute tried to abolish the tide with a wave of his spear or trident. The word's there. The meaning is clear."

Senator Mansfield, a prime mover and shaper on the Senate Foreign Relations Committee, was considered a neo-isolationist at one point. He says the word isolationism is still there, too, "but the idea has become outmoded . . . we're not veering back toward isolationism, if for no other reason than the fact that it is impossible to be isolationist in the world in which we live. . . .

"There's hardly a place in the world where you don't know within an hour any event that's happened there . . . we *have* to live with one another. . . ."

SELF-RELIANCE LEARNED EARLY

But Mike Mansfield himself has always had the self-reliance of a loner. He grew up like an orphan after his widowed, Irish immigrant father, a New York hotel porter, shipped him off to Great Falls, Montana, to live with an aunt. But young Mansfield ran away from home at 14, joined the Navy, went back later to Butte as a mucker (shoveler) mining copper until he met a teacher named Maureen Hayes. He had only gone through the eighth grade; she refused to marry him unless he got himself an education. He took on high school and college simultaneously; she taught him, cashed in her life insurance to put him through Montana State University. He got his BA, then MA there, went on to teach Far Eastern history at MSU before his 10-year term in the House.

His heroes are Montana State Sen. Tom Walsh, Western artist Charlie Russell, whose frontier scenes hang in his anteroom, and JFK. "My heroine? My wife."

In windy Washington, he's known as a terse man with a word, who answers many questions with a "yup" or "nope," a technique that once resulted in "Meet the Press" reporters—who had prepared 27 questions—asking 80. This man who sounds a little like Mr. Moody from Fred Allen's program says, "I can't stand extended talk. I think you can say what you want in a sparse, brief manner and the meaning is clear."

Here's his almost voluminous assessment of presidents he's known: "Roosevelt was the most effective . . . Truman the most courageous, Eisenhower for his two terms the best because he was a man of his times and presented a father image. Kennedy would have been a great president in my opinion, but tragedy cut it short. Johnson, the best president on domestic policy. On foreign policy, the Dominican Republic and Southeast Asia were tragedies. Nixon will be remembered for two things: opening the door to China and the Watergate affair. Ford: a more open White House, a candid president, very conservative, consistent in that respect, and really a difficult man for the Democrats to beat, so we can't take him lightly."

UP TO THE PEOPLE

He is asked whether he hopes for any resolution for the current impasse in government, with a President of one faith and a Congress of another. "No, because it will be up to the people to decide, and when they elect a president of one party and a majority of the other party in Congress they are expressing a desire that there should be a lack of conformity, that it shouldn't be a 'yessir' Congress, that independence is something to be valued. . . . And I wouldn't want a Congress which would automatically come to heel because it had a president of the same party."

In his 24 years as a senator, Mike Mansfield says "the thing I'm most sorry about is the war in Southeast Asia. Tragedy. Costly in men and treasure. Costly in prestige. Utterly unnecessary. A war for which we'll be paying well into the next century."

What is he most proud of? He ticks off four things in his quick telegraph style: first, obtaining the vote for 18 year olds; second, the part he played in initiating the Watergate investigation; third, the part he played in initiating the Senate intelligence inquiry (and the fact that there have been no leaks); fourth the "evolution, unpublicized, in the conduct of the Senate."

He explains: "All senators are equal in my opinion . . . there are no superstar senators, there are no second-rate senators, no senators who should spend months or years saying nothing, while their elders speak out on any and all subjects. There is no club in the Senate any more. . . ."

Senate Minority Leader Hugh Scott (R) of Pennsylvania praises Senator Mansfield for that—for opening up the club. He tells of how Mr. Mansfield has opened doors formerly shut to all but the oldest, most powerful members "Sharing the panache," Senator Scott calls it. "He's infinitely patient and terribly fair," says the Republican leader who transacts business with him all day long.

Like the college professor he once was, Senator Mansfield maintains a Mr. Chips sort of concern for the new boys. "There are people with potentials, people like Garry Hart, John Glenn, Bumpers, that entire class. Others ahead of 'em."

Sen. Frank Church (D) of Idaho says. "He was always a person I would turn to when I needed advice. . . . He personifies honor in the politics of our land—and in the profession which conspicuously lacks humility, Mike Mansfield is a truly humble man."

"Left, you always turn left in my office," he says, as he leads the way, with a soft lope, past the crystal chandeliers and marble fireplaces. He sits talking in a long buff-colored room about politics—and about poached eggs. Sometimes fixes them for his wife for breakfast. Admits he likes to read history and mysteries (Ross Macdonald, Dashiell Hammett), likes to watch movies "at Jack Valenti's Place," collects "Far Eastern memorabilia," listens to jazz, George Feyer, Enoch Light, Roger Williams.

A LITTLE FISHING

His wife, who sums him up as "kind, tolerant, a loving person," says he sings Edith Piaf and Cole Porter songs around the house. He says that when he quits he's going to do a little fishing in mountain streams.

From where he sits, is he optimistic or pessimistic about the future of the country which some suggest is in its decline and fall?

"Oh, as far as my country is concerned, I'm always optimistic. I become depressed once in a while, did during the war in Southeast Asia. But that's a feeling I can't afford to harbor too long. The country is still young, got lots of room, hopefully the purgatory which we've gone through in Watergate and Vietnam, Southeast Asia, will make us better people, a better nation. . . .

"Even though the government is criticized because of the crises we've passed through, there is a recognition that while democracy is the most desirable of all governments, it operates on a most delicate balance. I think out of all this is coming a better understanding, a greater appreciation, greater hope and confidence in the future."

And how does he want to be remembered? Long pause. Then, soft as a cat's paw: "As a man who did his best."

(Routine morning business transacted today is printed later in today's Record of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS ACT, 1977

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 14232, which the clerk will state by title.

The second assistant legislative clerk read as follows:

> A bill (H.R. 14232) making appropriations for the Departments of Labor, Health, Education, and Welfare and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the

Committee on Appropriations with amendments.

FEDERAL ENERGY ADMINISTRATION ACT EXTENSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily and the Senate turn to the consideration of Calendar 943, S. 3625.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will state the bill by title.

The second assistant legislative clerk read as follows:

Calendar 943, S. 3625, a bill to extend the expiration date of the Federal Energy Administration Act of 1974.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its immediate consideration.

Mr. PERCY. Mr. President, I wish to comment in support of the extension which has been introduced by Senator JAVITS, with the full concurrence of both the majority and minority.

The extension of FEA has been in conference, the conference is being conducted with considerable diligence. We are meeting again this afternoon at 3 o'clock. The able leadership of HARLEY STAGGERS and Senator RIBICOFF is moving us forward, but there are an extraordinary number of highly complex matters that simply cannot be resolved in the given time. FEA will lapse as of this week unless Senator JAVITS' extension is passed. I think this 30-day extension is necessary and desirable, and I am pleased to support it.

Mr. JAVITS. Mr. President, I introduced this bill because it has become apparent that we will be unable to complete the conference on H.R. 12169 by Wednesday, June 30, the day the current FEA legislation expires. I believe it is very important that no lapse in the Federal Energy Administration Organization take place, particularly after both Houses have passed bills extending the agency for periods over 1 year while the executive and the Congress work out a more permanent Federal energy organization.

The bill before us is a simple 30-day extension of the Federal Energy Administration to give us in the Congress the time to work out a compromise on the different FEA extension bills passed by each House. Those differences are many and complicated, and especially from the point of view of a Senate conferee, it is critical that we give the House the time it needs to digest the many useful provisions, primarily dealing with conservation programs for energy, that were passed by the Senate as a part of its FEA extension.

I believe the 30 days contained in the emergency extension will provide sufficient time for the conferees to work out a bill that incorporates a great deal of the Senate's provisions. It is for that reason I urge the Senate to pass this short-term FEA extension.

Mr. President, although much of the FEA's substantive authority derives from legislation other than the FEA Act, there will be seriously disruptive consequences if there is a lapse of basic FEA authority to exist. If the statutory agency disappears, the President will have to put all of the energy functions in a new Federal Energy Office that would be in the Executive Office of the President and hence substantially insulated from congressional scrutiny. Moreover, there will be many technical legal problems resulting, such as losing the authority to contract for services, and complexities deriving from transfers of personnel and property.

I ask unanimous consent that a letter from John Hill, Acting Administrator of FEA to John Dingell, chairman of the House Subcommittee on Energy, be printed in the RECORD at this point. It details the legal complications that would result from a lapse in the FEA's basic legislation.

Mr. President, all this can easily be avoided with this simple 30-day extension. I urge its prompt passage and hope the House takes similar and immediate action.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 21, 1976.

Hon. JOHN D. DINGELL,
Chairman, Subcommittee on Energy and Power, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request, conveyed to me this morning by Committee Chief Counsel Charles Curtis and Subcommittee Chief Counsel Frank Potter, for our views concerning the legal authority to provide for the continuation of FEA's functions should the Congress not complete action on the legislation now in conference to extend the Federal Energy Administration Act of 1974 beyond its current termination date of June 30, 1976.

As you know, virtually all of FEA's statutory authority stems not from the FEA Act but rather is provided in separate legislation, some which vests authority in the President which has been delegated by the President to FEA, and other legislation which vests statutory authority directly in FEA. The petroleum price and allocation control authority of the Emergency Petroleum Allocation Act of 1973, as amended, is an example of the former, while the authority to establish the early storage strategic petroleum reserve pursuant to the Energy Policy and Conservation Act is exemplary of the latter category.

The existing laws which provide statutory program authority directly to the Administrator of the Federal Energy Administration also include provisions authorizing the President to designate another Federal agency to carry out those functions should the Federal Energy Administration terminate on June 30, 1976. Section 14(a) of the Energy Supply and Environmental Coordination Act of 1974, which authorizes the coal conversion program for powerplants and major industrial fuel burning installations, permits the President to designate "any officer of the United States" as the Administrator of the Federal Energy Administration for the purposes of that Act after FEA "ceases to exist." Similarly, section 527 of the Energy Policy and Conservation Act requires the President to designate, in the absence of any law otherwise providing for continuation or reversion of FEA's functions, "an appropriate Federal agency" to carry out functions vested in FEA by the Energy Policy and Conservation Act.

It is clear from these provisions that the Congress intended programs administered by FEA pursuant to law to continue unimpaired should the Federal Energy Administration Act not be extended prior to June 30, 1976. Authority for programs now vested by law in the President could be delegated, pursuant to 3 U.S.C. 301 and for other provisions of law, to an executive agency or agencies to continue their operation. The provisions of the Energy Supply and Environmental Coordination Act and the Energy Policy and Conservation Act mentioned above provide the President similar latitude with respect to authorities vested by those statutes in FEA. Moreover, the President could, as was the case when the Emergency Petroleum Allocation Act originally became effective, employ the authority provided by that and other statutes to establish by Executive Order an entity such as the Federal Energy Office (FEA's predecessor agency) to carry out the functions vested by law in the President, which entity could also be designated by the President as the agency to continue programs required by statute of the Federal Energy Administration.

Although there is legal authority for such arrangements, they would entail considerable administrative and other difficulties. Some of the legal elements of an agency established by statute could not directly be provided, such as contracting authority, and these deficiencies as well as the administrative complexities associated with the transfer of property and all personnel would impair implementation of programs now underway, such as strategic storage, product decontrol and other efforts at regulatory reform. Moreover, $7 million appropriated to FEA for the transition quarter (July 1–September 30, 1976) in the 1976 Second Supplemental Appropriation Act is subject to a proviso linking its availability to extension of the Federal Energy Administration Act, so that amount would not appear to be available to any other organization established to continue FEA's functions. If the Federal Energy Administration were later re-established by statute, a question would exist as to whether officials currently holding Executive Level IV and above positions would have to be reconfirmed by the Senate, and all of the property and personnel transfers would have to be carried out again in renewing the Federal Energy Administration. I hope this information will be helpful to you.

Sincerely,

JOHN A. HILL,
Acting Administrator.

The PRESIDING OFFICER (Mr. STONE). The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time and passed, as follows:

S. 3625

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 30 of the Federal Energy Administration Act of 1974 is amended by striking out "June 30, 1976." and inserting in lieu thereof "July 30, 1976."

(b) The amendment to the Federal Energy Administration Act of 1974 made by subsection (a) shall take effect on June 30, 1976.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1977

The Senate continued with the consideration of the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

Mr. HELMS. Mr. President, I ask unanimous consent that Dr. James P. Lucier be accorded the privilege of the floor during the discussion of the HEW appropriation measure and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that during the discussion and pendency of H.R. 14232 Debra Robertson and Bob Jerome of my staff be allowed the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that during consideration of H.R. 14232, Mary Repper of Senator STONE's staff be granted privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that Mr. Carl Anderson be granted privilege of the floor during discussion of the HEW appropriations bill and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. Mr. President, I ask unanimous consent that Tim Judson, of my staff, may have the privilege of the floor during the debate and votes on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that Larry Gage, of Senator HATHAWAY's staff, be allowed the privilege of the floor during the pendency of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, in view of the fact that Mr. CRANSTON is chairman of the Democratic Credentials Committee and will be downtown working with the committee today, Tuesday, and Wednesday, I ask unanimous consent, on his behalf, that Ann Gray, John Fleming, Bill Jackson, and Gary Aldridge, of Mr. CRANSTON's staff, may have full access to the floor during those days, with the understanding that no more than two of those staff members will be on the floor during any one time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MANSFIELD). Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, at this I make the usual request: I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of further amendment, provided that no point of order be considered as waived.

The PRESIDING OFFICER (Mr. STONE). Is there objection?

Mr. HELMS. Mr. President, reserving the right to object, would the Senator mind repeating that request?

Mr. MAGNUSON. Well, we usually make this request on appropriation bills. We ask unanimous consent that the committee amendments be agreed to en bloc, that the bill as thus amended be considered as original text for the purpose of further amendment, and that no points of order be considered as waived.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, while we look at this carefully, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. Is there objection to the request of the Senator from Washington? Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, in line 5, strike out "$69,774,000" and insert "$70,374,000".

On page 2, in line 15, strike out "$3,311,831,000" and insert "$3,311,830,000".

On page 3 in line 3, strike out "section 906(a)(1)" and insert "title IX".

On page 3, at the end of line 4, insert "to remain available until June 30, 1978".

On page 4, in line 16, strike out "$89,100,000" and insert "$147,500,000".

On page 4, in line 17, strike out "$1,412,700,000" and insert "$1,354,300,000".

On page 7, in line 19, strike out "$129,833,000" and insert "$134,333,000".

On page 8, in line 14, strike out "$72,196,000, of which $5,652,000" and insert "$73,451,000, of which $5,614,000".

On page 8, in line 23, strike out "$49,312,000" and insert "$49,182,000".

On page 10, in line 1, strike out $981,021,000" and insert "$1,056,021,000".

On page 11, in line 6, after "therein" insert a colon and the following: "Provided further, That $11,000,000, for renovation and construction, shall remain available until expended".

On page 11, in line 11, after "Act," insert "the National Disease Control and Health Education and Promotion Act,".

On page 11, in line 16, strike out "$121,728,000" and insert "$189,928,000".

On page 11, in line 25, strike out "$773,412,000" and insert "$850,000,000".

On page 12, in line 5, strike out "$380,661,000" and insert "$420,661,000".

On page 12, in line 9, strike out "$54,573,000" and insert "$59,573,000".

On page 12, in line 14, strike out "$202,837,000" and insert "$230,837,000".

On page 12, in line 21, strike out "$153,132,000" and insert "$163,132,000".

On page 12, in line 26, strike out "$139,615,000" and insert "$143,615,000".

On page 13, in line 4, strike out "$198,435,000" and insert "$218,435,000".

On page 13, in line 10, strike out "$140,343,000" and insert "$150,343,000".

On page 13, in line 15, strike out "$29,200,000" and insert "$31,200,000".

On page 13, in line 19, strike out "$56,270,000" and insert "$70,000,000".

On page 14, in line 5, strike out "$136,299,000" and insert "$142,299,000".

On page 15, in line 20, strike out "$761,441,000" and insert "$764,599,000".

On page 16, beginning with line 6, insert:

BUILDINGS AND FACILITIES

For construction, alterations, extension, and equipment of buildings and facilities on the grounds at Saint Elizabeths Hospital, $25,000,000, to remain available until expended.

On page 16, in line 16, strike out "$351,896,000, of which $4,000,000" and insert "$363,120,000, of which $9,000,000".

On page 17, in line 2, strike out "$1,500,000,000" and insert "$2,000,000,000".

On page 18, in line 7, strike out "$22,416,000" and insert "$22,216,000".

On page 19, in line 5, strike out "($2,223,981,000)" and insert "($2,323,981,000)".

On page 19, in line 10, strike out "($3,000,000)" and insert "($4,000,000)".

On page 19, in line 11, after the semicolon, strike out "part J of the Vocational Education Act" and insert "the Communications Act of 1934, as amended".

On page 19, in line 16, strike out "$2,649,022,000" and insert "$2,787,350,000".

On page 19, in line 18, after "380" insert "and $18,000,000 for educational broadcasting facilities shall remain available until expended, including "$1,000,000 for carrying out section 392A of the Communications Act of 1934, as amendeed:".

On page 19, in line 25, strike out "($2,223,981,000)" and insert "($2,323,981,000)".

On page 20, in line 24, strike out "$20,000,000" and insert "$30,000,000".

On page 21, in line 3, strike out "$5,000,000" and insert "$7,000,000".

On page 21, in line 10, strike out "47.5 per centum" and insert "$9,000,000".

On page 21, at the end of line 11, after "Act" insert a colon and the following: "*Provided further,* That, notwithstanding section 421A(c)(2)(A) of the General Education Provisions Act, the Commissioner of Education is authorized to approve applications for funds to increase school facilities in communities located near the Trident Support Site, Bangor, Washington, on such terms and conditions as he may reasonably require without regard to any provision in law.".

On page 21, in line 21, strike out "$249,700,000", of which $21,500,000" and insert "$294,950,00, of which $21,500,000,".

On page 21, in line 23, strike out "$126,850,000" and insert "$137,600,000".

On page 22, in line 4, after "sections" strike out "607, 618 and 619" and insert "607 and 618".

On page 22, in line 5, strike out "$426,375,000" and insert "$507,125,000".

On page 22, in line 6, strike out "$300,000,000" and insert "$330,000,000".

On page 22, at the end of line 6, after "B" insert "and $25,000,000 for section 619".

On page 22, in line 9, after "1978" insert a colon and the following: *Provided,* That the appropriation for "Education for the handicapped" contained in title I, chapter VI of Public Law 94–303 (Second Supplemental Appropriations Act, 1976) is amended by adding at the end thereof ", to remain available until September 30, 1977"."

On page 22, in line 18, strike out "$928,553,000" and insert $936,553,000".

On page 23, in line 2, strike out "$77,000,000" and insert "$85,000,000".

On page 23, in line 10, strike out "$350,170,000" and insert "$352,670,000".

On page 23, in line 15, strike out "($53,900,000)" and insert "($63,412,000)".

On page 23, in line 15, strike out "($2,849,000)" and insert "($3,337,000)".

On page 23, in line 17, strike out "($147,330,000)" and insert "($162,330,000)".

On page 23, in line 19, strike out "$204,079,000" and insert "$229,079,000".

On page 24, in line 4, strike out "$45,493,000" and insert "$50,443,000".

On page 24, in line 19, strike out "$115,434,000" and insert "$116,649,000".

On page 25, in line 16, strike out "$21,446,000" and insert "$20,446,000".

On page 25, in line 24, strike out "$18,036,150,000, of which "$52,500,000" and insert "$18,045,100,000, of which $60,000,000".

On page 27, in line 16, strike out "$63,095,000" and insert "$62,895,000".

On page 30, in line 25, strike out "$2,762,000" and insert "$3,012,000".

On page 31, in line 14, strike out "$82,909,000, of which "$3,000,000" and insert "$81,909,000, of which $2,000,000".

On page 32, in line 7, strike out "$1,883,514,000" and insert "$1,906,523,000".

On page 32, in line 10, after "1973" insert a semicolon and the following "$309,000 shall be for section 110(b) of such Act".

On page 32, in line 17, strike out "allotment level" and insert "level of operations".

On page 33, in line 4, strike out "$92,661,000" and insert "$89,511,000".

On page 33, in line 12, strike out "$24,950,000" and insert "$12,475,000".

On page 37, in line 24, strike out "title II of".

On page 37, in line 25, strike out "$56,800,000" and insert, as amended, "$108,200,000".

On page 38, in line 4, strike out "$496,000,000" and insert "$558,500,000".

On page 38, in line 10, strike out "$96,750,000" and insert "$103,000,000".

On page 38, in line 11, strike out "$107,150,000" and insert "$121,000,000".

On page 38, in line 13, strike out "$120,200,000" and insert "$140,000,000".

On page 39, in line 14, strike out "$517,000" and insert "$492,575".

On page 39, in line 21, strike out "$77,776,000" and insert "$78,204,000".

Mr. MAGNUSON. Mr. President, I have a somewhat lengthy statement on the bill, because it is a big, complex bill, which probably affects every person in the United States in one way or another. I know the Senate has been extremely busy these last several weeks, and there is a great push to finish up our business.

We are now taking up the Labor-HEW appropriations bill for fiscal year 1977. Believe me, I would like nothing better than to stand here 1 day and say to my colleagues that once this bill is voted on and passed, our business will be finished. Someday the Senator from Massachusetts, I am sure, and I would like to stand here and say this bill contains nothing for cancer and heart research, nothing for public service jobs, and nothing for educating the needy and handicapped children. Someday, I would like to say these problems are behind us.

Unfortunately, this is not the day. There is still a lot of unfinished business here—the business of the people. That is all this bill is about.

Our committee worked very diligently on the bill. Item by item, we went down the list of more than 400 programs. For most, the choice was not whether we cut the program or continue it. The choice was, and is, do we continue to vigorously attack the problems that plague this country or do we back off and hope somehow, somewhere, the job will get done? Mr. President, the stakes are too high. The committee knows that—the people, too, know it all too well. Just talk to the father who is getting his first unemployment check or the handicapped child who has never seen the inside of a public school.

This bill is not going to solve all the problems—nor is it going to right all the wrongs. But that makes this bill no less important. Believe me, this is not an ornament to our society or a small wave in the ocean. What we have in this bill are down-to-Earth programs to help meet our most critical needs. There are no secrets in this bill, but there are some very sad reminders of how much we have not done—how much is left to do. Open the report to any page and you will see words like: Diabetes, infant mortality, severely disabled, drug abuse, and mental health, and I could go on and on. Instead of looking on helplessly, we are trying to offset not with more words—but with our actions through research, preventive health services, rehabilitation, and educational opportunities. This bill does not do it all, but it surely has a tremendous impact on what gets done.

BUDGET CEILINGS

I call everyone's attention to the fact that this bill is still under the budget ceiling. It is under our committee's allocation by close to $9 billion. But before anyone breathes a sigh of relief, let me tell you that $9 billion is not up for grabs. In fact, we face some very tight going before this year is out. In spite of all the budget deadlines and rules, there are still about $6 billion worth of unauthorized programs left to fund later on in a supplemental. That does not even include supplementals for noncontrollable programs—the ones we must appropriate for. For as long as I can remember we have had to appropriate supplementals for welfare. Just a month ago, it happened again—to the tune of $2 billion. It may be even more this year.

All in all, however, we are extremely close to the ceiling allocation. This is especially crucial when you look at the health programs. One of the basic problems here is that whenever hospital and medical costs go up, medicaid goes up. Medicaid is a noncontrollable health program, so it must be funded at the expense, sometimes unfortunately, of research and health services. It is as simple as that.

The situation is not much better in education, where we have yet to fund higher education and vocational education programs. The hard realities are that any changes to elementary and secondary education now might, in view of budget ceilings, be at the expense of college student aid.

DEPARTMENT OF LABOR TRAINING AND EMPLOYMENT

The Department of Labor has many new programs, some of them just recently authorized and some of them not authorized. In this bill, we try to strengthen the vital employment and training programs which the budget proposes to significantly cut or, in some cases, abolish.

One of the saddest casualties of persistent high unemployment is the idle men and women it produces. Who can measure the impact of having 7 million people unemployed? We are talking about people who can and want to work, not machines or raw materials we can put in storage. We cannot afford to continue paying billions in unemployment benefits and welfare. It has never been more important to invest in employment and training programs to offer jobs and self-esteem—and this is so important—creating taxpayers instead of people who are drawing on the Treasury because through no fault of their own they are unemployed.

So this bill provides training and employment opportunities for half a million people, restoring the 10-percent cut proposed by the administration. Together with funds contained in the emergency supplemental enacted this spring, we provided for continuation of 320,000 public service jobs through January 1977. We had to defer consideration of additional appropriations to further extend this program, pending again enactment of renewed authorization which might show up in supplementals. Once again, despite 7 million Americans still unemployed, the administration budget has proposed to phase out public service jobs, which would put another quarter million people out of work.

We provided 22,600 jobs for the elderly, compared to the current level of 15,000. And this does not even come anywhere near meeting the total problem. The administration once again proposed to abolish this program, which provides community service employment to low-income elderly persons, in such areas as park beautification, and needed occupations such as nursing home aides, teacher aides, and library assistants.

The committee recommends providing jobs for 1 million disadvantaged youths next summer. In contrast, the budget proposed to cut the current program level serving 888,000 youths down to 672,000 job opportunities. Our committee recommendation would provide work for half of the 2 million disadvantaged youths expected to be unemployed next summer, significantly reducing idleness and despair.

We also provided a 10-percent increase in the enrollment level of the Job Corps, reversing the trend which has seen this highly effective program pared down in recent years. Our recommendation would provide 22,000 enrollment opportunities for low-income, disadvantaged young men and women, to get intensive vocational training and education leading hopefully to meaningful jobs.

Our recommendations would also restore the 10-percent cut in State Employment Service staff proposed by the budget, by including funds to support 30,000 staff years of employment. We have been having a difficult time getting the Labor Department to hire these staff, which are critically needed to provide effective employment services for the jobless, and strongly urge immediate action to fill all these positions.

UNEMPLOYMENT BENEFITS

The unemployment compensation program has taken on critical importance to combat the cruel impact of the high levels of joblessness in the last 2 years. More than $20 billion has been spent in each of the last 2 years for these mandatory benefits to the jobless. While this has helped cushion the impact of high levels of unemployment, it has bankrupted many State unemployment trust fund accounts. It is my understanding that come next year most of the State unemployment trust funds are going to be broke and will have to go to the Federal Government for relief. This bill contains $5 billion in Federal funds to help bail out State trust fund accounts, many of which are already exhausted. We have also included strong language in the report intended to prevent abuses of the unemployment system by persons who are not really looking for work. I think they are very, very few.

OCCUPATIONAL SAFETY AND HEALTH

We have some debate and some controversy about OSHA in the Chamber before we finish this bill.

But we added funds to raise the number of OSHA compliance officer staff from 2,038 to 2,482, an increase of 444 positions. Although this will provide for 5,000 more inspections of businesses to insure the safety and health of workers, it still will provide for inspecting only a very small fraction of business establishments. The Occupational Safety and Health Administration is, therefore, expected to continue concentrating its efforts on the biggest firms with the worst history of health and safety violations.

We provided funds to continue the current level of consultation services with employers, which have been particularly useful to small businesses meeting requirements of the law without being cited for violations and fined.

Many of us recognize that the enormous complexity of the Occupational Safety and Health Act merits considerable perfection. However, let me remind my colleagues that this is a money bill. I had hoped we could stay away from the legislative issues that should properly be considered before the authorizing committees. However, the House added two provisions affecting the enforcement of the law on small farms and businesses. I am hopeful that these provisions can be struck from this bill before the Senate today—and I will support their deletion.

HEALTH

Prevention. Throughout this whole bill and report, that is what we talk about and support. Prevention.

This is not a new idea. But it is amazing how many people have and are just learning about this. We have a long way to go though—while some people talk about it, millions do not practice it and even more cannot afford the luxury of it.

We have demonstrated time and time again that a little early preventive health care can save billions of dollars in health care costs. More important, it can prevent unnecessary suffering—and the death of those close to us.

Good prevention programs begin with basic medical research. At the National Institutes of Health, we are conducting research programs on hundreds of diseases and trying to find cures, treatments, and ways of avoiding them altogether. We are making good progress, too.

Today, we have 20 percent fewer strokes than we had 20 years ago. We may have found a way to prevent blindness from diabetes; heart attacks are declining and we have developed very effective treatments for a disease that kills one woman every 15 minutes—breast cancer. The list of breakthroughs is growing.

This bill contains well over $2 billion for these research programs. That is a lot money, but it is well spent and we are again urging NIH to continue to strengthen its review and monitoring system so that only the most productive research is funded.

With these increased amounts, we will begin a research and education program on diabetes, and it will be one of the most complete programs we have ever funded to conquer a disease.

We also have provided for a major initiative in nutrition programs, as well as meeting the recommendations of both the multiple sclerosis and arthritis commissions.

This research is vital, but if we do not put the results into practice, it does not pay for itself. Health professionals are needed for this. Unfortunately, It has been nearly 3 years now since we have had a health manpower bill—hopefully, one will be enacted soon. There, again, we will come into more money and supplementals. I have said many times that I think we in this country have the best health research in the world, but our real problem is the delivery of health to the people.

We must keep these possible supplementals in mind because we are very, very tight on our health ceiling figure. We need every dollar that we have left in the health ceiling for these unauthorized programs.

We were able though to provide funds for the nurses. This will continue national nurse training and begin a new fellowship program as well.

This is one program for which the administration budgets always have been completely inadequate.

A national health insurance program, no matter what form it takes, is not going to be worth one nickel unless we have the manpower to carry it out. That is where nurses, paramedics, and the others come into play. Research and manpower all lead to health services for our country, and we still have a long way to go.

For health planning programs, $140 million has been allowed. This is way over the request and we are putting a lot of money into this. We will be looking at this program carefully to make sure we are getting our money's worth. Planning programs must be useful and effective to save the health dollars they were meant to save.

Research and manpower all lead to health services for our country. We have a good start on developing a national health care system. We have had a lot of talk in Congress and throughout the country about a national health insurance program. There are many proposals. I am hopeful that we will pass one before this Congress ends but, if not, that it will be done in the next Congress.

This bill will greatly expand our community health and mental health centers program—as well as expand services to drug abuse victims and our migrant workers.

All of this must be done now if we are ever to be able to talk about a national health insurance program. We must prepare and be ready for this—it is not something that just happens.

Finally, we have come full circle in our preventive medicine effort. This bill allows $60 million for the newly enacted National Disease Control and Health Education and Promotion Act of 1976. This is very badly needed money for immunization programs for our children. This also provides funds to help rid our cities of rats and bring the very tragic lead-poisoning program into a national effort. VD centers will also receive increased support across the Nation.

These programs are prevention. They were made possible through medical research. They will be carried out by health professionals and our service programs will make them effective.

This is all very important to our families and all of the people in this country. Without our health, we have nothing—health is the greatest of our possessions.

EDUCATION

The bill includes about $6 billion for education programs. This is about $240 million over the House bill and $1.8 billion over the President's budget. As I mentioned earlier, we deferred all the unauthorized higher education and vocational education programs.

The Federal Government does contribute very little to the national investment in education—about 7 percent. There will always be the arguments that this should be raised or lowered. I would personally like to see it raised. The important thing to realize today, however, is that this bill does not attempt to take over education from the States and local school districts.

I remember when Federal aid to education around here was a bad word. The real problem with people who opposed Federal education was, maybe, a somewhat valid argument that if the Federal Government got into education, it would immediately take over the administration and the philosophy of schools throughout the country. Again, even with this great amount of money, we are only contributing about 7 percent. The important thing to realize is that there has never been any attempt to take over education from States and local school districts. We were very selective on where the money goes. It is there to meet the critical needs of 6.5 million needy children—those from poor families—those who, right from the start, are not on equal footing with their classmates. We also put the money where it would do the most to stimulate the local school districts to do something. There is more than one-half billion dollars in this bill specifically for the education of handicapped children. We think that this is a major step toward reaching the 8 million handicapped youngsters in this country.

There is more than $115 million in the bill for billingual education. This will help us meet the commitment to the more than 2.5 million children who may need special instruction in English.

Also, the bill provides enough to expand our efforts in vocational and trade school education. If you want to talk about cutting unemployment and the unskilled labor force—here is the place to do it. With less than a 20-percent Federal investment—the States do the rest—we can look forward to helping 18 million students next year. We think this is very important. Congress has always accepted our viewpoint on putting more emphasis on vocational education.

In other areas, the bill continues to fund impact area aid on the same basis as last year. This will ease the burdens placed on school districts because of nearby military installations. This has always been a subject of argument, whether or not impacted aid in some places is equitable. But, there again, this is a legislative matter. We on the Committee on Appropriations have advocated, over and over again, that payments be made on an equitable basis.

The bill also continues support to help those areas which are going through the desegregation process. Again, we have put emphasis on the special emergency problems some schools are running into.

And, finally, the bill expands the library programs. In case anyone has forgotten, about 5 percent of our population cannot get to a library, and as many as 15,000 schools in this country have no library at all. We think that is a condition that should be corrected. The library funds in this bill will help reach about 29 million disadvantaged people, 800,000 people in State institutions and 480,000 who are blind and physically handicapped.

Of course, we give aid to some of our fine schools for the deaf and the blind, which are serving as many people as they can serve, but not enough.

WELFARE AND SOCIAL SECURITY

The bill also includes $18.5 billion for public assistance and $13.5 billion for Social Security. I hope it is understood that when we talk about appropriating money for social security, which I feel should not be a part of the budget, the $13 billion we are talking about is only the Federal portion. The tip of the iceberg. It is for noncontrollable items, specifically benefits to coal miners, aid to the aged, blind, and disabled, and the Supplemental Security Income program. This does not include the billions of dollars in benefits that are paid out of the social security trust funds.

PROGRAMS FOR THE ELDERLY

I suppose no one would disagree that older Americans are the ones most severely hit by the combined impact of inflation and recession. What good does it do to increase human lifespan if we do not provide the elderly with the proper care, treatment, and nutritional services?

The bill we bring before the Senate more than doubles the budget request for Administration on Aging programs.

Some of these are new bills, new authorizations for programs that are just beginning. I do not think we do enough, but we have to prove the programs first. This appropriations bill provides for daily, hot, nutritious meals for half a million elderly persons, a 20-percent increase over the current level, which is so inadequate. We have allowed for an expansion of multipurpose senior citizens, which will provide the delivery of "one stop" social services on the significantly expanded level provided by this bill. Other major initiatives include expanded research and training efforts, and multipurpose centers on gerontology.

POVERTY PROGRAMS

The best figure we get is that there are still 26 million Americans living in poverty. By that, I mean below poverty level in income. The committee has therefore provided for continuation of the current level of antipoverty services, with expansion of programs in two high-priority areas—emergency food services and energy conservation services. The emergency food program provides services to more than 1 million impoverished Americans filling in the gaps of services not provided by other food and nutrition programs. The energy conservation program will permit weatherization of more than 100,000 homes, primarily for low-income persons in rural areas, double the level of the current program.

We talked about that at some length last week when we talked about our problems in energy. This can do a great deal toward solving that problem. We also provided initial funding to begin implementation of migrant programs authorized by the Community Services Act, such as housing assistance, and day care services.

VOLUNTEER PROGRAMS

Recognizing the limitation of Federal resources to provide for the wide-ranging needs of our less fortunate citizens, we have provided $108 million for domestic volunteer programs coordinated by the ACTION Agency. Hundreds of thousands of volunteers, serving primarily individuals below the poverty line, are doing work worth many times their cost to the taxpayers. Most serve with no pay at all. Others, often low-income persons themselves, receive a basic living allowance. The growth and success of the Older American volunteer programs has been particularly encouraging, where the volunteers, aged 60 and over, frequently seem to be benefited as much as the persons they serve.

PUBLIC BROADCASTING

Public radio and television stations across the Nation will benefit from this bill. We are recommending $364 million for the Corporation for Public Broadcasting over the next 3 fiscal years. Public Broadcasting has been struggling along for many years with minimal Federal support. This bill puts the funding of public broadcasting on a sound footing. Many people will be able to enjoy quality programs as a result of our recommendation.

LEGISLATIVE ISSUES

Once again, Mr. President, some of our colleagues in the House have lost sight of the one and only purpose of this bill—to appropriate money for programs—this is an appropriation bill. I shall never forget last year, when the Senator from Massachusetts and the rest of us had the bill, we spent 8 long days talking about legislative issues. Not one word was said about the money part of the bill, not one word, or about these vital programs, whether there was enough or whether they should be cut or whether they are working out or not. Last year's debate was virtually all about legislative matters.

Do you know how long we spent on a $53 billion bill, $53 billion of the taxpayers' money for all these vital programs? We spent one-half hour. Our course, the Senator from Massachusetts and I were pleased with that because we assumed it implied they accepted our figures. But this is not right. To have these legislative issues in an appropriation bill is just not right either.

Now, on the floor of the House several legislative provisions were added to the bill. We must, by legislative procedures, take up the House bill, so we had to take up in the House bill, before we substituted our proposals, the legislative matters that were put in on the House floor. It happened while we were marking up the bill. We thought the House would be through the first day, but they went on, and these proposals were put in after we, the full committee recommended this bill to the Senate.

Now, these involve issues that have been discussed over and over again when the Labor-HEW bill is on the floor.

One of them is the OSHA inspections; the other is an antiabortion provision. The newest additions this year deal with hiring practices, as well as a somewhat minor item, entertainment expenses at the Corporation for Public Broadcasting—in a $57 billion bill. I am sure we can resolve that.

But there are issues that should be dealt with in the legislative committees and not here. What is more disappointing is these side issues only serve to divert attention to the whole point of the bill, getting the money and services out to the people.

While we move in slow circles around these controversial items the clock begins to run out on the sick, the needy people, and those who have been already waiting too long for this bill and who cannot afford to wait any longer.

I do hope that on these legislative issues the Senate will not, first of all, take up too much time and, secondly, realize they are legislative issues.

Mr. President, I yield the floor.

Mr. BROOKE. Mr. President, I yield to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that Barbara Diton and Mary Jane Checchi of Senator BAYH's staff be granted the privileges of the floor during the debate and floor action on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I ask unanimous consent that Ralph Neas of my office be granted privileges of the floor during the debate and votes on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, if the Senator will yield, I ask unanimous consent that Richard Vodra of Senator Schweiker's staff be granted the privileges of the floor during the consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. BROOKE. I yield.

Mr. MAGNUSON. This is a long, complicated bill, and my subcommittee heard many, many hundreds of witnesses, on 400 programs—maybe too many, but they are line items—even if you consolidated some of the programs you would still have the line items within the programs. The fine work of our staff on both sides is such that I want to say that I am deeply appreciative of the members of the subcommittee. This year we divided the work on the hearings, and some members took on one portion and other members of the subcommittee the other, and that is the way we were able to get to the floor this early; otherwise we would never have made it. I am deeply appreciative of the staff.

Mr. BELLMON. Mr. President, if the Senator will yield, I ask unanimous consent that Mr. Frank Steindl of the Senate Budget Committee staff be granted the privilege of the floor during debate and votes on this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I am pleased to join with my distinguished chairman, Senator Magnuson, in presenting our budget recommendations for the Departments of Labor and of Health, Education, and Welfare and related agencies for fiscal 1977.

The Labor-HEW bill is one of the largest and most important bills that come before Congress annually. This year it provides more than $57 billion in new spending authority, including funds to administer the more than $100 billion in benefits available under the social security and other trust funds.

It is no accident that it is so large in size. For this is a "people's" bill, providing for many of the needs and problems of the people in our Nation. It is an instrument for reducing the effects of poverty, alleviating despair and improving life for all Americans.

Consider, for example, what it is expected to do. Through this bill we provide funds to retrain people for more productive jobs; improve the conditions in which they work; provide for the financial security and health of millions in their old age; attack and seek cures for disease; strengthen health care for people at all stages of life; aid the handicapped; broaden and strengthen education at all levels; provide for the poor, the near poor and the unemployed; and battle discrimination. I could go on and on.

In fiscal 1977 we shall continue the progress already made in these areas. But we also will step up our efforts in a number of areas, most notably in the fields of research into cancer, diabetes, spinal cord regeneration and nutrition. We also are beginning new, expanded and more extensive efforts in the areas of education of the handicapped, disease control, and assistance to older Americans.

Our Senate bill provides a total of $57,142,638,575. This is $937,426,575 more than the amount in the House version, and $4,524,230,575 above the very unrealistic amount in the budget estimates.

Still we are about $9 billion under our subcommittee allocation ceiling for appropriations and about $5.7 billion below in outlays. This does not mean there is a lot of room to add funds to the bill. We regard the committee bill as very tight in terms of the budget ceilings because there still are a number of additional items to be funded when the authorizations become available. These include health manpower, higher education, and public service jobs programs.

Let me run down some of the highlights of our bill.

LABOR

In the area of labor our bill provides a total of $10.1 billion, slightly more than the House allowance. In particular we provide $2.2 billion for the CETA programs, including $1.8 billion for training and $400 million for 50,000 public service jobs. We also provide $595 million for 1 million summer jobs for young people.

Also included is $5 billion for unemployment benefits. Taken together this reflects the fact that our Nation continues to have a high rate of unemployment and that continued Government assistance is necessary. Our committee also provides an additional $10 million to strengthen the compliance aspects of the occupational health and safety program.

HEALTH

For health we recommend more than $300 million above the House figures. A substantial portion of this stems from my amendment to increase the resources of the National Cancer Institute by $76.5 million over the House level. We hope the additional funds will help us to better understand the causes of this virulent disease and develop more effective treatments which will reduce the physical pain and mental anquish associated with cancer. These additional funds will enable the Institute to expand research on environmental causes which are now estimated to cause between 60 and 90 percent of all cancers. Additional emphasis will be placed on early detection which is now our best hope of cure.

(At this point, Mr. Nunn assumed the Chair.)

Cancer now represents the leading cause of death in children under 15, second only to accidents in this country. Significant progress has been made in treating children with certain forms of leukemia and some bone cancers but a great deal remains to be done. Our recommendations in this area will enhance our chances for success in prevention, detection, treatment, and cure of cancer.

Had we not been on the floor this morning, I would be in Boston dedicating the new 17-story Charles A. Dana Building of the Sidney Farber Cancer Center. The Farber Center is one of the finest comprehensive cancer centers in the Nation. Heretofore it has been a primary place for treatment of children with cancer but with the addition of the Dana Building Sidney Farber now will extend its care to adult victims as well. The completion of the Farber Center was made possible through the funds provided in our 1976 Labor-HEW bill. In addition to cancer the committee has included additional funds over the budget and the House allowance for all of the National Institutes of Health.

This is something that the distinguished chairman and I have been very careful to see to, because there was some feeling that we were not spreading the health dollars as much as we could.

We tried to do it in this bill. We believe we did it in this bill by increasing all of the budget allowance for the National Institutes of Health.

Time simply does not allow the enumeration of the many worthwhile efforts our recommendations will support. But I would mention two important programs.

The committee feels that there is some good indication that spinal cord regeneration is possible. We hear some success in this area has been achieved by Soviet doctors. Accordingly, we have directed the National Institute of Neurological and Communicative Disorders and Stroke to substantially increase research and training programs in this field which could benefit thousands of accident victims with spinal cord injuries.

The other Institute of particular interest to me is the National Institute of Child Health and Human Development. Although our Nation's infant mortality rate has declined during the past 6 years, 14 other developed countries lay claim to lower infant death rates than the United States. This Institute will step up its efforts in providing a sound nutrition program for mothers and children and investigate promising new leads into the causes of sudden infant death syndrome.

The efforts of the Institute will be supplemented by programs under community health services and maternal and child health. In both instances we have directed the Department to increase the provision of early and periodic screening, diagnosis, and treatment of children. The $4 million Senate increase for research and training under maternal and child health will permit a broadening of training programs offered for the care of mentally retarded and multiple-handicapped children.

I was particularly glad to support the provision of additional funds for 25 new community mental health centers throughout the country; States will be given additional assistance in establishing effective detection and referral programs for the 23 million Americans suffering from hypertension; and family planning services will be expanded to help insure that those desiring this information will have access to it.

In passing the Health Planning and Resources Development Act, Congress placed many responsibilities for the efficient provision of health care at reasonable costs on the newly established health systems agencies. To enable the HSA's to meet our mandates, the Appropriations Committee has recommended $102 million for these agencies. This will provide average funding of 41 cents per capita and allow for the authorized minimum of $175,000 for the small agencies.

The renovation of Public Health Service hospitals is necessary in many areas if these facilities are to meet life-safety codes. Accordingly, the committee has allowed $11 million for this purpose and an additional $9 million above the House for general operations. This will maintain the Public Health hospital system at least year's level of services and personnel.

Two specific areas—nutrition and diabetes—received close attention by the committee this year. We have earmarked money in several different areas to support new initiatives on a coordinated basis. Our increases for diabetes, together with the amounts available in the House bill, will begin one of the most comprehensive and intensive attacks on any disease in this country. With the money allowed for nutrition in the Health Services Administration, the Center for Disease Control, and the National Institutes of Health, a new momentum in research and dissemination of nutrition information will be achieved. We strongly feel that this area which is basic to good health has not received sufficient attention in the past.

EDUCATION

Our bill provides more than $6 billion for education. This is more than $240 million over the House. We have provided increases for disadvantaged children under title I of elementary and secondary education; for reading programs including inexpensive book distribution; drug abuse education; environmental education; aid to land-grant colleges; and for libraries and library resources. We have gone considerably beyond the House and added $30 million for handicapped education grants for a total of $330 million. This is a new and expanded program designed to reach all of our 8 million handicapped children by September 1, 1978. We also add $25 million to assist with the preschool handicapped. And I was glad to increase the amount for specific learning disabilities to from $5 million to $10 million.

In particular, I am pleased the committee accepted my amendment to add $39.2 million to the House level for emergency school aid. The additional funds are designed to provide a total of $50 million for targeting emergency assistance on areas under court orders to desegregate their school systems and for other special projects. This level for targeted assistance is more in line with the amount HEW says will be necessary in fiscal year 1977. My grant amendment provides another $10.7 million to maintain ESA grants at their 1976 level of $137.6 million.

In other areas we agree with the House on impact aid, although we add $10 million for construction; agree on vocational education to provide 2 years of funding; and agree on continuing the small but important program to increase the number of minority lawyers—the so-called CLEO program.

For the most part, our committee could take no action in the area of higher education. We hope the authorizing bill will be along shortly. We have allocated a portion of our budget ceiling to take care of such programs as basic educational opportunity grants and the other vital student aid programs.

HUMAN DEVELOPMENT

We provide a total of $1.9 billion for human development, or slightly more than the House allowance. Our bill includes $475 million for Head Start projects, or $40.7 millon more than the budget request to serve pre-school children. We also provide $839 million for the handicapped and disabled, and under an amendment by Senator EAGLETON and me, we provide more than $400 million for assistance to older Americans. This includes a level of $225 million for nutrition for the elderly. Under the Labor Department, we provide $90.6 million for 22,600 jobs for the elderly in the new fiscal year.

RELATED AGENCIES

Our bill contains almost $1.4 billion for related agencies. This includes some $559 million for the Community Services Administration, formerly the Office of Economic Opportunity. We provide $330 million for local initiative grants, the same as the House. However, our bill increases funds for emergency food by $25 million and we go from the House level of $27.5 million to $55 million for emergency energy. This is a vital program which can help with insulating poor people's homes against the winter weather and with preventing the shut-off of their utilities when they fall behind in their bills. In addition, at my request our report directs the head of CSA to report to Congress by October 1 with recommendations on cost-effective ways to bridge the gap between the real income or poor and near-poor households and the rising cost of energy.

The measure also provides full funding for the Corporation for Public Broadcasting over the next 3 years. This advance funding should put the Corporation in a better position to plan for its long-range activities. However, during committee consideration of CPB, I expressed deep concern about the lack of equal employment opportunities for women and minorities by both the Corporation and by the public broadcasting stations which receive funds from it. As a consequence of our discussion, the committee agreed to write strong report language advising CPB of its duty to comply with relevant civil rights laws and to play a leadership role in seeing to it that the PBS stations also comply. The committee stated that it will expect a quarterly report on the Corporation's efforts and accomplishments in this area, with the first report due 90 days after the bill is enacted.

Also under related agencies we provide about $108 million for the ACTION program and also provide the full amount of the request for the National Labor Relations Board. In ACTION's case we have provided more than double the House allowance in responding to the new authorization for the program. In the NLRB case we have added only $428,000 to go back to the budget request and thus to assist the Board in reducing its heavy backlog of cases.

Mr. President, I believe we have developed a sound and responsible bill. Through it we will be able to continue and even to increase progress in the many vital fields which the measure covers. I believe the bill deserves to be passed by the Senate, and I urge my colleagues to approve it.

I fervently hope the administration will review this bill, understand its importance, and recognize that the committee has done its work in trying to keep the bill down, and that the President will sign it into law.

I wish to associate myself with the remarks made by the distinguished chairman as to the tremendous volume of work that has to be done by the very dedicated staff of our subcommittee; and I particularly single out the majority professional staff member, Mr. Dirks; the minority professional staff member, Mr. Kaganowich; and the other members of the staff, including Don Ruscio, Terry Lierman, Jim Sourwine, Sam Hunt, and Linda Richardson. I thank my colleagues who have aided me and the chairman in holding hearings, and particularly single out the man who has done more than anyone else for health, education, and welfare in this country, a man with whom I have been particularly privileged to work, the distinguished chairman of the subcommittee, the Senator from Washington Mr. MAGNUSON).

UP AMENDMENT NO. 121

Mr. PACKWOOD. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Oregon (Mr. PACKWOOD) proposes unprinted amendment No. 121: On page 37, beginning on line 17, add the following new section:

Mr. PACKWOOD. "Strike the following."

The assistant legislative clerk read as follows:

> Strike the following:
>
> "SEC. 209. None of the funds appropriated under this Act shall be used to pay for abortions or to promote or to encourage abortions."

Mr. PACKWOOD's amendment is as follows:

> On page 37, beginning on line 17, strike the following:
>
> "SEC. 209. None of the funds appropriated under this Act shall be used to pay for abortions or to promote or encourage abortions."

Mr. PACKWOOD. Mr. President, I interrupted the reading because I did not want the language I have mentioned to appear in the RECORD as an addition to the bill rather than a striking out from the bill.

Mr. President, this is the same old chestnut we have had for the past few years, on this bill or in other efforts on this floor, to write into law, or in one case to write into the U.S. Constitution, a provision to prohibit abortions, sometimes prohibiting them under any circumstances and sometimes under limited circumstances.

In this particular case it is the most odious of all amendments, because the amendment put into the bill by the House would prohibit any Federal money—and bear in mind, this is HEW appropriations, covering community hospitals, medical schools, medicaid, and so forth—from being used for certain kinds of population planning under family planning programs or for therapeutic abortions of any kind. Thus, abortions to save the life of the mother, abortions because the child is likely to be born deformed, abortions of any kind would be prohibited if any Federal dollars were involved.

As the chairman indicated, this measure is not an appropriate vehicle for that purpose. This is an appropriations bill. The Hyde amendment is a typical attempt to prohibit the use of money in an appropriations bill for some purpose that the amendment sponsors do not like; and it is usually offered when the sponsors have lost in an effort in the legislative committee to achieve their ends.

Two years ago when we had a similar provision added in a bill, it was dropped in conference, and the conferees said:

> An annual appropriations bill is an improper vehicle for such a controversial and far-reaching legislative provision whose implications and ramifications are not clear, whose constitutionality has been challenged, and on which no hearings have been held. The rules and traditions of both the House and the Senate militate against the inclusion of legislative language in appropriations bills.

Nothing has changed in 2 years. This is a similar provision to that considered in the Senate 2 years ago, only worse, because it leaves out the provision that we were considering then in the so-called Bartlett amendment—and I see the distinguished Senator from Oklahoma is here—which would have allowed therapeutic abortions if it was necessary to save the life of the mother.

Mr. President, there are dozens of arguments against this language. To begin with, the amendment is clearly unconstitutional. The Senate is going to look foolish if it insists upon adding this amendment, when we know full well that as soon as it goes to court it will be declared unconstitutional. Not only will we look foolish in adding it, but as far as I am concerned, it is a retreat from the responsibility that the Senate has if it adds the amendment with the secret thought in mind, "Oh, well, the courts will take us off the hook."

For the past 5 or 10 years in the Senate, we have been complaining about the usurpation of congressional authority. We complained about the President doing it during the Vietnam war, although frankly we gave him the authority and appropriated the money for him to do it. We have complained whenever the courts do it. We have said these matters belong to the legislative body. But now I fear there will be a good many Senators who will say, "Why not vote for it; it will never go into effect anyway, and we will let the courts take care of it."

There have been no less than 10 cases in which the courts have considered the attempt to limit the use of medicaid funds for abortion; and in every instance the Federal district courts have found the issue unconstitutional. In every case which has involved a State denial of medicaid benefits for the performance of an abortion, the lower Federal courts have consistently held that under Roe and Doe—those were the two principal Supreme Court cases—a woman's constitutional guaranteed right to privacy includes her fundamental right to abort a pregnancy. Any State action interfering with that right must be justified by a compelling State interest. However, no Federal court which has addressed this constitutional issue—and as mentioned there have been at least 10 such cases according to the American Law Division of the Library of Congress—has sustained a State's claim to compelling interest in this area.

Courts have reasoned that once a State chooses to pay for medical services providing prenatal care for poor women, it cannot refuse to pay for abortion services unless there is a legitimate, compelling State interest. Courts, including the Supreme Court, have held that moral disapproval, cost, desire to discourage, and administrative convenience are not sufficiently compelling to allow a State to restrict a constructional right.

A study of the American Law Division of the Library of Congress found in regard to a Bartlett amendment restricting Federal funds for abortion last year that:

> By eliminating abortion as one of the medical services that may be rendered indigent women under the Medicaid program, while at the same time continuing to allow all other medical services for pregnant women, the subject provision would be very likely to be held by the courts to create an invidious classification which restricts the fundamental right of women in that class to decide whether to have abortions. If this is indeed the prospect, the decisions would conflict with the Supreme Court decision in *Roe* and *Doe*, and lower court ruling interpreting those cases, and other Supreme Court rulings in analogous contexts, and would therefore be held to violate the equal protection standards of the Fifth Amendment.

I want to emphasize that that was a comment on the Bartlett amendment, which would have allowed Federal funds to be used for therapeutic abortions to save the life of the mother, though it eliminated all others. The study says that that restriction would be unconstitutional, and now we are faced with an amendment in this bill that would make no exceptions, for the life of the mother or otherwise.

Two years ago, Dr. Louis Hellman of the Department of Health, Education, and Welfare stated some facts to the conference committee that was considering the bill which contained the Bartlett amendment.

This was 2 years ago, bear in mind.

What he said was this:

First—

> Most of the women denied medicaid for abortions would be forced to carry unwanted pregnancies to term. The cost to the Government for the first year alone after birth for medical care and public assistance would be between $450 million and $565 million.

That figure represents just those who receive medicaid service for abortions because they are too poor to afford abortions of their own. If they do not have Government-assisted abortions, they will carry their pregnancies to term.

Thus, make no mistake about what the provision in this bill does. The amendment that is now in the House bill does not prohibit abortions. It prohibits abortions for poor people. The rich can still have their abortions. The rich still will have their abortions. They will go to whatever State permits them, whatever State does them with ease, or whatever country does them with ease, and we will simply force the poor back to the situation that existed prior to the Supreme Court decision in the Roe and Doe cases.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. PACKWOOD. I yield.

Mr. HELMS. Will the Senator repeat the figure he just gave about money that would be saved?

Mr. PACKWOOD. This is Dr. Hellman's statement 2 years ago at the time the conference was considering this. It was not money saved. It was a cost as between the abortions and if they do not have the abortions, the women bearing children, and the pregnancy costs for 1 year, and I shall quote it again.

> The cost to the Government for the first year alone after birth for medical care and public assistance would be between $450 million and $565 million.

Mr. HELMS. I thank the Senator. In other words, what we are saying is it is cheaper to the State to kill the unborn children of the poor than it is to let them be born.

Mr. PACKWOOD. I expected that would be the subsequent statement that the Senator from North Carolina was going to make. I will let him phrase it as he wishes. I have other arguments. I do not really rest it on cost at all. I will rest it on deaths if we want.

Dr. Hellman also estimated 2 years ago there would be between 125 and 250 deaths which would result from self-induced abortions if they could not be obtained legally.

Let us talk about whose lives we are concerned with. Again we are not going to stop abortions by retaining passing this House language. What we are going to do is put them back into the butcher shop and backroom, with coat hanger abortionists, and we are going to have many women dying immediately from badly performed abortions or dying very soon afterward from infections resulting from improperly performed abortions.

So if we are talking about sympathy and empathy, the desire to save lives, we are not going to do it by the inclusion of this provision in the bill. In addition to the 125 to 250 who will die, up to 25,000 cases involving serious medical complications from self-induced abortions would result. The hospital costs involved, and again, this is the estimate by Dr. Hellman 2 years ago, would be anywhere from $375 to $2,000 per patient.

The Department of Health, Education, and Welfare is opposed to this provision. I quote their statement:

> This language would affect virtually all programs involved in or related to the provision of medical care as well as those which are concerned with social and educational services or benefits funded by the Departments of Labor and of Health, Education, and Welfare. Included would be programs such as those of the Bureau of Community Health Services, the Public Health Hospitals, social service programs of AFDC and Medicaid.
>
> The program that would be most affected would be the Medicaid program in 49 States and the District of Columbia. It is estimated that the Department is currently financing between 250,000 and 300,000 abortions annually at a cost of $45–$50 million. The preponderance of funding is through Medicaid. For each pregnancy among Medicaid eligible women that is brought to term, it is estimated that the first-year-costs to Federal, State, and local governments for maternity and pediatric care and public assistance is approximately $2,200. No information exists for departmental programs separating therapeutic from nontherapeutic abortions.
>
> The provision would also clearly preclude the use of departmental funds for therapeutic abortions including those to save the life of the mother, severely constrain medical schools receiving capitation grants and other HEW funds from instructing students in the performance of abortions, and preclude any federally supported agencies or projects from counseling clients on the availability of abortion services.

Mr. President, there are not many new arguments to be made on this subject. The Senator from North Carolina (Mr. Helms) when we were considering his constitutional amendment several months ago, or at least considering the motion to consider it, indicated that abortion was really a moral issue. I am inclined to agree that it is. It is not a financial issue. It is not really a legal issue. It is a moral issue. The moral issue is, Should this Congress in one form or another attempt to impose upon the whole country a law or a constitutional amendment, if it could be passed, that would prohibit abortions—prohibit them in all cases, prohibit them in some cases, or whatever, but prohibit abortions? That is one view, that that is the function of Congress. That view is held very sincerely, very honestly, and in many cases very religiously by people who oppose abortion.

I have seldom seen in my now almost quarter century, in one form or another, of public life, an issue whose adherents on both sides more passionately felt that they are right. But just as there are those who want to prohibit abortions and are convinced, for whatever reasons, moral, religious, or others, that they are right, there are an equal number on the other side equally convinced that whether or not a woman chooses to have an abortion is not the business of this Congress, this Government, or of anyone else, but a private decision to be made between the woman and her physician. They feel that just as passionately.

When we had the debate on the amendment of the Senator from North Carolina, I read into the Record, and I shall now read it into the Record again, a list of organizations who support legalized abortions. I wish to give Senators the scope. Let me read, first, because these are the most critical ones, the list of religious organizations that support legalized abortion:

National Federation of Temple Sisterhoods;
Commission on Social Action of Reform Judaism;
Clergy Consultation Service on Abortion;
American Baptist Convention;
American Friends Service Committee;
Connecticut Council of Churches;
Church Women United;
Presbyterian Church in the U.S., Committee on Women's Concerns;
Presbyterian Church in the U.S., General Assembly;
Lutheran Church in America;
B'nai B'rith Women;
Board of Homeland Ministries, United Church of Christ;
Center for Social Action, United Church of Christ;
Council of Churches of the Mohawk Valley Area;
United Church of Canada General Council;
American Humanist Association;
American Jewish Congress, Women's Division;
Board of Church and Society, United Methodist Church;
Church Women United of Connecticut;
Church and Society Unit, United Presbyterian Church, USA;
Washington Office, United Presbyterian Church, USA;
Women's Program Unit, United Presbyterian Church, USA;
Church of the Brethren;
Pennsylvania Council of Churches;
Baptist Joint Comimttee on Public Affairs;
Women of the Episcopal Church, and they were reaffirming a 1970 endorsement;
National Association of Laity;
American Ethical Union, 65th Annual Assembly;
Young Women's Christian Association;
Baptist Joint Committee on Public Affairs;
Southern Baptist Convention;
American Lutheran Church;
Women's League for Conservative Judaism, 1974 and that was a 1974 reaffirmation of a 1972 endorsement;
Reorganized Church of Jesus Christ of Latter Day Saints;
Central Conference of American Rabbis;
Unitarian Universalist Association;
Unitarian Universalist Women's Federation;
Women's Division, Board of Global Ministries, United Methodist Church;
Friends Committee on National Legislation;
United Methodist Church, Women's Division;
Union of American Hebrew Congregations;
American Ethical Union, National Women's Conference;
Reformed Church in America:
National Council of Jewish Women, reaffirmed and this was again a reaffirmation in 1975 of a previous 1969 endorsement;
Catholics for a free choice; and
United Synagogue of America.

Mr. President, in addition, I ask unanimous consent to have printed in the Record a list of medical groups, and others, which support legalized abortion.

There being no objection, the list was ordered to be printed in the Record, as follows:

MEDICAL GROUPS WHICH HAVE ENDORSED ABORTION RIGHTS

Medical Committee for Human Rights, 1967.
American Public Health Association, 1968.
American Medical Women's Association, 1969.
American Psychiatric Association, 1969.
New York Academy of Medicine, 1969.
Group for the Advancement of Psychiatry, 1969.
American Protestant Hospital Association, 1970.
American Medical Association, 1970.
American Medical Student Association, 1970.
American Psychoanalytic Association, 1970.
American College of Obstetricians and Gynecologists, 1970.
California Medical Association, 1970.
American College of Nurse-Midwives, 1971.
Michigan Nurses Association, 1971.
National Medical Assocation, 1971.
Physicians Forum, 1973.
Iowa Medical Society, 1973.
Association of Planned Parenthood Physicians, 1973.
National Association of Reproductive Health Centers.
American College Health Association.

Other Organizations Which Have Endorsed Abortion Rights

National Abortion Rights Action League, 1968.
American Civil Liberties Union, 1968.
Planned Parenthood—World Population, 1969.
National Council of Women of the United States, 1969.
American Psychological Association, 1969.
American Society of Mammalogist, 1970.
The Izaak Walton League of America, 1970.
Chicago Child Care Society, 1970.
National Organization for Women, 1970.
Urban League, 1970.
White House Conference on Children and Youth, 1970.
United Automobile Worker's Union, 1970.
American Association of University Women, 1971.
American Home Economics Association, 1971.
National Association of Social Workers, 1971.
National Council on Family Relations, 1971.
National Welfare Rights Organization, 1971.
National Emergency Civil Liberties Committee, 1972.
Community Service Society, 1972.
American Bar Association, 1972.
Child Welfare League of America, 1973.
American Veterans Committee, 1973.
Americans for Democratic Action, 1973.
Women's International League for Peace and Freedom, 1973.
Human Rights for Women, 1973.
National Association of Women Deans, Administrators and Counselors, 1973.
Intercollegiate Association of Women Students, 1973.
Women's Legal Defense Fund, 1974.
Workmen's Circle, 1974.
Americans United for Separation of Church and State, 1974.
National Women's Political Caucus, 1974.
National Organization for Non-Parents, 1975.
National Commission on the Observance of International Women's Year, 1975.
Women's Equity Action League.
Women's Lobby.

Zero Population Growth.
District 1199 of the National Union of Hospital and Health Care Employees.
Sierra Club.
Friends of the Earth.
Environmental Policy Center.
Environmental Action.
Sex Information and Education Council of the U.S.
Center for Law and Social Policy.
Center for Women Policy Studies.

Mr. PACKWOOD. I am not going to read the entire list, but I will say that it includes the American Medical Association and the American Bar Association.

In sum, Mr. President, any group we might think of that has stature in this country, whether it be a group concerned with medical practices or with the law or with moral concern, has endorsed legalized abortion. These are not groups unconcerned with the sanctity of life. These are not barbaric, anti-Judeo-Christian, anti-Western civilization mores. These are groups concerned with the sacredness of the unborn and with the sacredness of women as anybody else.

We are a pluralistic society. We wisely wrote into our Constitution, especially in the Bill of Rights, severe restrictions on the Government's desire to impose on a majority of its citizens a particular point of view.

In this particular case, if the normal polls, such as those by Lou Harris, Dr. Gallup, and others, are to be believed on the issue of legalized abortion, a majority of Americans support the Supreme Court, and that has been a consistent position in polling for the last few years.

So in this case, it is not an effort by a well-intentioned majority to impose its wishes on a minority. It is an effort by a well-intentioned, sincere, zealous minority—minority—to impose on everyone in this country that minority's view of law, that minority's view of medicine, that minority's view of morality. I think it is a mistake.

I hope the Senate will be willing to adopt my amendment and strike this odious provision from this bill.

Mr. BARTLETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. BARTLETT. I yield, without losing my right to the floor.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. I understand there is no time limitation on this bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. MAGNUSON. Is there a unanimous-consent agreement that we return to consideration of the tax bill at 2 o'clock?

The PRESIDING OFFICER. The Senator is correct.

Mr. MAGNUSON. So that we have between now and 2 o'clock on this bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. HUGH SCOTT. Mr. President, will the distinguished Senator from Oregon yield for a unanimous-consent request?

Mr. PACKWOOD. I had given up the floor.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. HUGH SCOTT. Mr. President, will the Senator from Oklahoma yield for a unanimous-consent request?

Mr. BARTLETT. I yield, without losing my right to the floor.

VISIT TO THE SENATE BY A MEMBER OF THE JAPANESE SENATE

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that the Senate stand in recess for 2 minutes, to extend its greetings to the youngest member of the Japanese Senate, Senator Eitaro Itoyama.

RECESS

There being no objection, the Senate, at 11:43 a.m., recessed until 11:45 a.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. NUNN).

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1977

The Senate continued with the consideration of the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

Mr. BARTLETT. Mr. President, I rise to speak in opposition to the efforts by the distinguished Senator from Oregon to attempt to remove section 209 from H.R. 14232.

This amendment was adopted by the House on June 24 by a vote of 207 to 167 and has a very simple purpose—to end the practice of the Federal Government's financing abortions.

On March 26, the U.S. Solicitor General, Mr. Robert Bork, submitted a brief to the U.S. Supreme Court, arguing that States should be free to deny medicaid payments and other payments to women seeking abortions as a matter of choice. The brief was filed in support of the State of Pennsylvania's efforts to overturn a lower court ruling to the contrary. The brief went on to say that "the fact that a woman has a qualified right to an abortion does not imply a correlative constitutional right to free treatment."

Mr. Bork also disputed arguments that the requirement unconstitutionally discriminates against women who choose to have abortions rather than live births. I am pleased that the administration apparently is taking the lead in correcting a practice that put the Federal Government in the abortion business at a cost to the taxpayer of up to $100 million annually.

This, of course, is an approximate figure. There are no figures on how many abortions are financed by the Federal Government. There is no information available from the administration as to just what is going on in this area and what the costs are. These estimates are made by outsiders, but no actual account is kept of the activity by the Federal Government.

It is clear that Congress has been unwilling to face up to the issue of federally financed abortion. Not only has legislation regarding this issue been ignored, but also, Congress has failed even to demand a thorough accounting of the massive costs of the practice by the Federal agencies involved or even to hold hearings on the matter of financing abortion.

The first question on deleting section 209 is not whether abortions are legal but whether the right of abortion must be subsidized by the Federal Government. Although the Supreme Court has ruled on the question of legality, it certainly did not and cannot mandate Congress to follow suit by spending taxpayers' dollars to pay for abortions. Hopefully, we have not arrived at the point that a legal right carries with it a concomitant legal duty by Congress to pay for the exercise of that right. In the 93d Congress, the Senate adopted such an amendment, only to have it stricken in conference.

The Senator from Oregon discussed the report made by the conference committee in striking the amendment. He mentioned that it was brought out that there have not been hearings. This was 2 years ago, and there still have not been hearings, though this Senator has a bill in the Committee on Finance, of which the distinguished Senator from Oregon is a member, to stop Federal financing of legal abortions in this country.

But there have been no hearings, and I think that to keep mentioning this fact and to hide behind it as a dodge does not seem to me to be facing up to the issue.

I also would like to bring out that abortions are legal not because of legislative action taken by this body and the other body, but by action of the Supreme Court; so we have not had an expression of this body passing legislation to authorize the financing of abortions, and we have not had an effort by this body even to have a hearing to determine the extent of abortions that are financed by the Federal Government.

Mr. President, in the 94th Congress, when a similar amendment was offered to S. 66, the Nurses Training Act, the distinguished Senator from Indiana (Mr. BAYH) made reference to the fact that the conferees, during the 93d Congress, dropped this abortion funding provision precisely because Congress had not had a chance fully to examine the implications of such an amendment. This is the point I was talking about that was also made by the distinguished Senator from Oregon. The distinguished Senator from Indiana said:

> We still have not had that opportunity.

That was on April 10, 1975. I submit to the Members of the Senate that today, June 28, 1976, over 14 months later, we still have not had the hearings.

I would like to have the hearings and this Senator has asked for hearings on his bill that he has before the Committee on Finance.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. BARTLETT. I yield to the distinguished Senator from North Carolina.

Mr. HELMS. I think the distinguished Senator is making an excellent point, in that Congress is ducking this issue. I can understand the reluctance of the Senate to get into a matter that, as the able Senator from Oregon (Mr. PACKWOOD) said, has advocates on both sides. But this, Mr. President, is a question that ought not to be settled by referendum. It involves human lives. If some Member of the Senate could persuade me that an abortion is not the termination of a human life, I would have no further problem with the amendment of the distinguished Senator from Oregon.

Whatever the Supreme Court has said about a woman's right to privacy with respect to abortions does not translate, in the view of the Senator from North Carolina, into an affirmative duty on the part of the Federal Government to use public funds to finance the termination of human life. That is the question we are probing today.

The distinguished Senator, in his eloquent fashion, referred just now to the Bill of Rights. The Bill of Rights has no more ardent advocate than I am, and I agree with the Senator from Oregon that the will of the majority ought not to be imposed upon the minority, and vice versa. But in this abortion question, the Senator from Oregon, having said that there are millions of people on both sides who are sincere—and he is correct in that—ought also, I think, to acknowledge that public funds ought not to be used for this. Why should privacy be supported with public money when it involves the taking of human life? This is the question with which the Senator from North Carolina takes issue.

If the Senator wishes, we can lay aside the moral issue. I am not personally able to ignore what I consider an awesomely important moral issue. But for the purpose of this piece of legislation, we can lay it aside, if the Senator wishes. And we still face the plain truth that there is no constitutional requirement, Mr. President, that public funds be used to finance abortions. I do not think that the Congress of the United States ought to permit it. I commend the distinguished Senator from Oklahoma for making clear this point.

Mr. BARTLETT. Mr. President, in spite of the fact that this matter has been before the Senate on two different occasions and that my legislation, Senate bill 318, has been pending in the Committee on Finance since February 3, 1973, there have not even been hearings scheduled, as I said before, let alone a committee consideration or a vote. So, surely, no one today will seriously suggest that we procrastinate longer, using this same argument.

Last Wednesday, the distinguished Senator from Massachusetts (Mr. BROOKE), my good friend, rose to speak against the hypocrisy of the Federal Government spending millions of dollars to encourage the production of tobacco, while spending more millions for cancer research. The appropriations bill involved here contains billions of dollars, and I am sure that the distinguished Senator from Massachusetts knows precisely how much, for related medical and health items intended to save or prolong lives. To allow the expenditure of more millions to destroy the lives of the healthy unborn is wrong and every bit, I suggest to the Senator from Massachusetts, as hypocritical as any action this august body could render, and as hypocritical as the Senator cited when he made the comparison on the matter of spending so much for subsidizing the production of tobacco.

Mr. BROOKE. Will the Senator yield?

Mr. BARTLETT. I yield to the good Senator.

Mr. BROOKE. I am sure that my good friend from Oklahoma has read the language which is contained in this House bill. It was not put in by the Senate; it was put in by the House. The Senator has been one of the leaders, together with Senator HELMS of North Carolina, in the so-called prolife movement on the Senate floor. The House language in this appropriations bill is much broader than the language which is contained in the constitutional amendments which have been offered, because, under this language, even the health of the mother and the life of the mother cannot be protected. It goes so far that if there were a need to have an abortion to protect the life of the mother and that mother were poor, that mother could not have an abortion under this language. I want to be sure that the Senator understands that, because I think the Senator has always—I know this is true of the Senator from New York (Mr. BUCKLEY) who, unfortunately is sick today—wanted to protect the life of the mother.

Many prolife people want to protect the life of the mother, but under this language, we cannot even protect the life of the mother.

The Senator is quite correct: I did say the other day that it is hypocrisy for the United States to be spending $850 million in cancer research and, at the same time, subsidizing the tobacco industry, which is, by no means, a destitute industry, in order to have more people smoke and thereby contract lung cancer, which we are trying to alleviate. But we have to turn that argument around in this case. I think the Senator has the right argument, but he is using it in the wrong place. I think the argument supports the Senator from Oregon. It is the life, it is the health of people tha we are trying to protect in the Senator's attempt to strike this House language, which goes much farther than what the Senator from Oklahoma has ever attempted to do or much farther than what the Senator from North Carolina has ever attempted to do.

Mr. BARTLETT. Is the Senator then saying that he wants to terminate human life in order to save the Federal Government money in protecting and safeguarding the lives of the citizens of this Nation?

Mr. BROOKE. Not at all.

Mr. BARTLETT. Would he explain why he is not advocating that?

Mr. BROOKE. I am not going to go into such a very specious argument. Of course life is precious. Life is foremost. We are here to protect life, not destroy life. I agree with the Senator.

In this case, as I tried to point out to my friend, we have to realize that under this bill language a poor mother cannot have her life protected if an abortion is the only way of protecting that life.

Mr. PASTORE. Will the Senator yield?

Mr. BARTLETT. I yield without losing the right to the floor.

Mr. PASTORE. I think what we are doing is comparing apples with oranges. I do not think it is a question of economics. I do not think it is a question which has to do with poverty. The question involved here is one of morality. There are many, many people who feel that life begins at the time of conception. I am one of those who believes that. I have been brought up to believe that. I fundamentally have believed it all my life, and I still believe it. And yet I have the highest respect for other people who disagree with me. I do not think they are out to kill anybody. I do not make that accusation.

But here we are spending public money on a highly controversial moral question. The big question here is, is this proper to do? That is what I think is involved here. I do not think it has anything to do about subsidies for tobacco. I voted against those subsidies. I voted against those subsidies, very much to the chagrin of my good friend from Kentucky. But that is apart from the question. We cannot make a comparison between these two.

I remember a long, long time ago when this question was first being raised. At that time President Eisenhower was the President. The serious question arose whether or not we should spend money and send it abroad under foreign aid to educate people as to what they ought to do about abortion. He called it poppycock. He said we had no business to get into it.

This idea that a poor lady is going to be denied an abortion in order to save her life is a medical question. That is a medical question. That is going to be resolved by the doctors.

Mr. BROOKE. Will the Senator yield?

Mr. PASTORE. Yes.

Mr. BROOKE. It is a medical question that is going to be resolved by the doctor, but under the House language that poor mother would not be able to use medicaid funds for that purpose.

Mr. PASTORE. I know that. By the same token if we take the House language out it is going to mean that if a woman is pregnant—6 months and she is poor, she can have an abortion. It works both ways. We can dramatize this as much as we want to, but what we are actually doing here is sanctifying with public money something that other people morally have an objection to. That is the only objection I have.

Look, if someone wants to get a private group to put up the money to do this, there are many private agencies. There are agencies that teach about what parenthood should do and what parenthood should not do. There are a lot of private agencies that could come up with the money, if that is necessary.

The big question here is a large proportion of the American public do not believe in abortions. There is a large proportion of the American public who believe in abortion. I do not think that question ought to be decided with public money on the floor of the Senate. That is the only argument I have.

Senators can take it or leave it, but that is fundamentally my objection to using public money for that reason.

Mr. PACKWOOD. Will the Senator yield?

Mr. BARTLETT. I yield without losing my right to the floor.

Mr. PACKWOOD. If I might respond to the Senator from Rhode Island, what he says is that he is opposed to using tax money for something that is either controversial or has morality involved on both sides. It is something he is opposed to, morally.

There were thousands, maybe millions, of people in this country who were morally opposed to the Vietnam war. We used public funds to prosecute that war. Many people opposing the war went to jail. They refused to pay their taxes. They said it was immoral. We said in a democracy the majority has the right to govern and the fact that the minority does not like the expenditure of funds——

Mr. PASTORE. There we go again.

Mr. PACKWOOD. It is the same thing.

Mr. PASTORE. This is getting Vietnam into it.

Mr. PACKWOOD. The Senator's objection is the use of public funds for an allegedly immoral purpose. He does not like it.

Mr. PASTORE. Every time fellows get caught on the hook they bring up Vietnam. I am not bringing in Vietnam. Vietnam is not the question here. Everybody knows what we are talking about.

Mr. PACKWOOD. The question is the expenditure——

Mr. PASTORE. Wait a minute. There was the Council of Bishops' Conference. After all, they are respectable people. They represent a large segment of our society. They came out strongly against abortion. Whether or not the Senator agrees with them or disagrees with them is his business. But when he begins to use their money to carry out his idea of morality, that is what I object to.

Mr. PACKWOOD. What is the difference in using somebody's money to carry out a war that many people thought was immoral—using their money to carry out something they thought was immoral?

Mr. PASTORE. There is no comparison, absolutely no comparison at all. I am talking about the morality of abortion. The Senator is talking about morality of war. We have had war. All war is immoral.

Mr. PACKWOOD. But we continue to fund it.

Mr. PASTORE. Every war is immoral, and I will agree to that.

Mr. PACKWOOD. And the Senator keeps voting for the appropriations.

Mr. PASTORE. So did the Senator from Oregon. I voted for the appropriations in World War II. What has that to do with it? If I was around in World War I, I would have voted for those, too. That has nothing to do with it.

Mr. PACKWOOD. All I am saying to the Senator from Rhode Island is that the history of this country is replete with expenditures by the Federal Government and by State governments for purposes that sometimes a few and sometimes many people thought were wrong and immoral.

Mr. PASTORE. Is the Senator now saying to me that abortion is immoral?

Mr. PACKWOOD. No, I am not.

Mr. PASTORE. What is the Senator saying? That it is moral?

Mr. PACKWOOD. I am saying there are honest people with different——

Mr. PASTORE. Is the Senator saying that abortions are immoral or moral?

Mr. PACKWOOD. There is a honest difference of opinion.

Mr. PASTORE. What about Vietnam? Was it moral or immoral?

Mr. PACKWOOD. I supported the war.

Mr. PASTORE. Was it immoral or moral?

Mr. PACKWOOD. All I am saying is there are many people who thought the war immoral. I thought our intentions were moral. I voted for the appropriations with the Senator from Rhode Island.

Mr. PASTORE. Let me conclude by saying that all war is immoral.

Mr. PACKWOOD. Under any circumstances?

Mr. PASTORE. Under almost any circumstances.

Mr. PACKWOOD. Almost any circumstances? Well, in this year of the Bicentennial I am intrigued with the concept of morality.

The PRESIDING OFFICER. If the Senators will suspend for a moment, the galleries are guests of the Senate and they are reminded that they must be quiet.

Mr. BARTLETT. Mr. President, I did notice that the distinguished Senator from Massachusetts, in making the statement about hypcocrisy in the matter of spending money for tobacco production and also spending money for cancer research, did not make his comparison as far as spending millions of dollars for the health of the people of this Nation and then spending in the case of abortion millions of dollars of taking lives of healthy unborn. I think there the same hypocrisy exists——

Mr. BROOKE. If the Senator will yield, I do not think that is an accurate statement, that the Federal Government is spending millions of dollars for the abortion of healthy unborns. Where does the Senator get that statistic? I have never heard that. There is nothing in this bill that provides millions of dollars for the abortion of the healthy unborn.

Mr. BARTLETT. Will the Senator please tell me how many unborn fetuses are aborted by Federal dollars and the total expenditure?

Mr. BROOKE. I think the burden is on the distinguished Senator from Oklahoma who made the statement to tell the Senate how many fetuses unborn have been aborted by Federal dollars.

Mr. BARTLETT. It also happens to be that the Congress has not been advised as to how much, but there are a number of very responsible estimates of hundreds of thousands of healthy unborn fetuses that have been aborted, costing millions of dollars. So I think it is a statement that will stand up.

Mr. BROOKE. For what period? Since we have been in existence?

Mr. BARTLETT. In 1 year——

Mr. BROOKE. In 1 year?

Mr. BARTLETT. The latest estimate I saw was in the neighborhood of 300,000 fetuses aborted, costing——

Mr. BROOKE. At Federal expense?

Mr. BARTLETT. At Federal Government expense, yes. I think as a member of this committee the Senator should look into this. Perhaps he can give us a little more accurate figure.

I have asked HEW if they would tell me how many and they say they do not know.

I would like to comment on the statements made by the distinguished Senator from Rhode Island.

I think he brought the argument right down to the important point. What has been done by the Congress has not been through legislation but through, first, a Supreme Court decision legalizing abortions, and then through medicaid and other health programs financing abortions without having hearings and without passing legislation authorizing this to be done.

He is saying it is a moral issue. I agree, and I will have more to say about that in just a minute. But if the Senator would like me to yield for a comment on the numbers involved, I would be glad to, if he has any figures.

Mr. BROOKE. No.

Mr. BARTLETT. All right.

Mr. PASTORE. Mr. President, will the Senator yield again?

Mr. BARTLETT. I yield.

Mr. PASTORE. I think the Senator is making a terrible mistake in arguing the merits of abortion against nonabortion. I do not think that is the question before this body. The question before this body is inasmuch as this is a very sensitive problem and splits our population right down the middle—and I am not condemning anybody for disagreeing with me, all I am saying is it is not proper under those circumstances to use public funds in order to benefit one side or the other, and it should not come up. That is about all. I think the more we argue that point the stronger our argument will be. But if we are going to decide on this floor today whether or not abortion is legal or illegal, the Supreme Court has already said that under circumstances it is.

We are not arguing today an amendment to the Constitution. I do not think that has anything to do with it.

All I am saying here is you have a perfect right to disagree with me on this highly moral question if you believe in abortion. It happens that I do not. All I am saying is that the American public is split down the middle. Do not split them any more, and keep public funds out of it. That is all I am saying.

Mr. PACKWOOD. I cannot resist responding once more. Whose side are you coming down on? This bill does not force a single person to have an abortion. All the medicaid money that is given out does not force a woman to have an abortion against her will. We have not come to that in this country, we never will, and I would not support it if we tried to do that. What this bill does, minus the House amendment, is say to the poor of this country who cannot afford abortions and cannot get abortions—or if they do they will get backroom butchery jobs: "If you want an abortion we will make it available to you."

This bill is neutral if we take this House amendment out. If you want an abortion you can have it. If you do not want one you do not have to have it. If we leave this amendment in and we are coming down on one side all right, we are coming down on the one side against the poor who cannot afford an abortion, the poor woman who would like one.

Mr. PASTORE. We like to use these words such as "butchery"——

Mr. BARTLETT. Mr. President, without losing my right to the floor I yield to the Senator from Rhode Island.

Mr. PASTORE. Now we are butchers. That is not the question. The question is there are many, many organizations, apart from government taxpayers' money, who would provide the money under certain circumstances. But the idea that some poor girl who maybe is married or not married, I do not know, becomes pregnant, and after 6 months or so she decides she wants to have an abortion, now, if she is on medicaid the public coffers are going to pay for it, is that right?

Mr. PACKWOOD. That is correct.

Mr. PASTORE. That is all I am saying. I yield the floor.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. BARTLETT. I yield to the distinguished Senator from Massachusetts, without yielding my right to the floor.

Mr. BROOKE. I think the statement has been made, "Well, the Supreme Court has decided this issue." The Supreme Court has said, as has been said on this floor before that under certain circumstances, abortions are legal.

Two years ago, the Supreme Court ruled that a woman has the qualified right to terminate her pregnancy during the first trimester of that pregnancy. Her right to do so is based on the constitutionally protected right of privacy. Since that landmark decision, the lower Federal courts have consistently ruled against States' policies which would curtail that right. In particular, they have ruled that under the 14th amendment once a State makes medical services available to pregnant women, it cannot discriminate against those women who choose to terminate their pregnancy during the first trimester. Public programs by paying for childbirth, but not elective abortions, deprive indigent women of their right of privacy to decide whether or not to bear children and force them to carry their children to term of economic reasons. In judicial decisions no interest of the State has been compelling enough to override a woman's right to privacy in the matter of whether or not to choose an abortion during the first 3 months of pregnancy.

I believe that the same judicial reasoning which the courts have applied to States' actions under the 14th amendment would also be applied to Federal actions under the 5th amendment. I, therefore, believe the House language to be unconstitutional. The Federal Government as well as the States cannot provide funds and services for those women who choose to end their pregnancy through birth while denying funds and services to those who choose to end their pregnancy during the first trimester.

Now, unless you have a constitutional amendment that passes the Judiciary Committee and is reported out to the floor of the Senate, voted on by the Senate and the House, and then ratified by the States, that Court decision will be the law of the land. That is the law we have to deal with.

The issue before us now is whether we want to deprive poor women who are on medicaid, who, under those circumstances that have been set forth by the Supreme Court of the United States, are going to be denied the right to have abortions. That is all we are saying. That is the simple issue that is facing the Senate today, and no more.

I do not think we ought to get into an emotional debate about the number of aborted fetuses and morality and the dictates of religion. That is not before us. All we have in this bill is language which would deny poor women who are on medicaid the opportunity to qualify under the Supreme Court decision.

Now, the Senator from Rhode Island said there could be other agencies providing abortion. What other agencies are there? We know that is not true. Rich women have always been able to have an abortion when they wanted it. They can do it now and they have always been able to do it. They can go into a clinic and have an abortion. That is what we know and that is what they have been doing.

Poor girls have had to go down some dark alleyway, and, yes, have an abortion by a butcher, and many times lost their lives because they could not afford to go into a clinic or to a hospital to have an abortion.

The Supreme Court has said it is wrong. The Supreme Court has tried to rectify the situation. If we do not like that law there are ways of changing it, and the Senator from North Carolina has tried to change it that way. He stood on the floor and tried to get a constitutional amendment up, and he failed to do it.

But we are not talking about that today. We are, if we do not knock out this language as the Senator from Oregon wants us to do, denying a poor woman her equal rights to go in and have an abortion under those circumstances limited by the Supreme Court and no more.

So to protect her life, her right to live, we are denying her the right to have an abortion. If she is raped and becomes pregnant, she has to have the child because she cannot afford to have an abortion.

If there is incest and she becomes pregnant, and she cannot afford to have an abortion, she has to have the baby because we are denying her her rights as set forth by the Supreme Court of the United States.

The Senator said we are divided down the middle. We are not divided down the middle on this issue at all. The great majority of people in the United States understand there are certain circumstances under which a woman should be given the opportunity to have an abortion.

So I hope the Senator's amendment to strike will prevail. I ask to join him as a cosponsor of his amendment. I think it is a good amendment, and I think it is an essential amendment, and I hope we do not spend days and days on this issue.

At the appropriate time, someone will come forth with a constitutional amendment and let the Senate decide it one way or the other if we ought to go that route. But we cannot change the law on this floor today, and we all know it.

All we can do is to knock out in this language, this language in this bill, this appropriation bill, which would then enable a poor woman to have an abortion if her doctor should deem that it is necessary.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. BROOKE. Yes.

Mr. BARTLETT. Without losing my right to the floor I yield to the Senator from North Carolina.

Mr. HELMS. I thank the Chair and I thank the Senator.

I wonder if I might ask the Senator from Massachusetts if he would clarify to the Senator from North Carolina a statement the distinguished Senator made. He said:

> Let us bring the issue to the floor and decide it in terms of a constitutional amendment.

Would the Senator favor that? Would he favor bringing it up?

Mr. BROOKE. I would vote against the constitutional amendment because, as I have said clearly time and time again, I believe that a woman should be entitled under certain circumstances to have an abortion, so I would vote against it.

Mr. HELMS. I understand. But the Senator would not oppose bringing it up so that there can be an up and down vote?

Mr. BROOKE. I would not.

Mr. HELMS. I thank the Senator.

Mr. BROOKE. If it comes through the proper legislative channels, with that caveat. That is the way we do business in the Senate.

Mr. HELMS. Well, that is the way we say we do business, but that is not the way we actually do it.

Mr. BROOKE. I would not be in favor of the constitutional amendment, but I would not say, "No do not bring it up." If I was a member of the Judiciary Committee, I would vote for the opportunity for the Senator to bring it up, yes, and then I would vote against it.

Mr. HELMS. The Senator has made himself clear, and I appreciate it.

Mr. BROOKE. All right.

Mr. HELMS. Mr. President, to continue the same line of debate, I have from the St. Louis University Law Journal an article by Prof. Robert Byrn which addresses itself to precisely what is being said here this morning. Let me read in part what Dr. Byrn says. He says:

> Few would deny that a state has a legitimate interest in promoting equal opportunities for the poor. But the legalized killing of the unborn children of the poor is not the way to do it. The fact that an unborn child may ultimately become a source of strain upon family finances and relationships ought not justify killing him.
>
> It is often alleged, as a justification for elective abortion that medically safe abortions have always been available to the wealthy who can afford high-priced doctors or trips abroad, while the poor are forced to risk life and health at the hands of disreputable practitioners. This purported justification bears re-examination.

He goes on to say:

> First, does it mean that every law which the rich are able to evade must be repealed for the benefit of the poor even at the expense of the lives of dependent human beings? If, for instance, a particular country legalized the killing of the old and senile, would each state be required to enact a similar law because the rich are now able to "anticipate the death" of the burdensome relatives by taking them abroad, while the poor must stay home and bear the burden? The writer suggests that the *noblesse oblige*, which makes the high-priced vices of some of the rich the standard of good law, should be alien to our jurisprudence.
>
> Secondly, does the purported justification mean that we are required by law or public policy to upgrade the financial status of the poor by providing them with the means of killing financially burdensome unborn children? Presuming that an unborn child, like every human being, has a fundamental right to live, the question seems to answer itself. Further, if the Supreme Court has held that there is no fundamental constitutional right to adequate housing, and that "wealth discrimination" alone is not a suspect classification, how can it be claimed that legalized killing of human beings is a constitutionally mandate right of the poor?

That is the question, I say to the Senator from Oklahoma.

I am continuing to read:

> As a matter of policy, one might well disagree with the Court's decisions on the right to housing and on "wealth discrimination." But even had the Court come to different conclusions in these cases, no third person's right to live would have been invaded.
>
> No viable program for the relief of poverty can be premised on the permissive killing of a particular class or poor human beings simply because the program, by its very approach, teaches us that the lives of the poor are disposable. "The poor cry out for justice and equality and we respond with legalized abortion." This is neither justice nor equality, and it is definitely poor policy.

That is the question this morning, Are we going to use Federal funds to do that?

Continuing to read from Dr. Byrn's statement:

> It has been alleged by a director of the corporation which administers New York City's municipal hospitals that "the level of health care in municipal hospitals is shocking." A major cause of this needless suffering and health of the poor has been the diversion of funds from ordinary health care to the operation of a "responsive" abortion program. Perhaps the morbidity and mortality suffered by the poor as a result of this choice of priorities ought to be included when we analyze the "safety" of induced abortion as a health-care boon to the poor.

Here is a point that has seldom been considered on the floor, Mr. President, and I continue to quote from Dr. Byrn's article in the St. Louis University Law Journal:

> Thirdly, does the purported justification mean that legalized abortion is now to be regarded as a practical, if not principled, way of solving the problems of poverty? In *Fenster v. Leary* the New York Court of Appeals, in striking down a vagrancy law, noted in dictum that if the real purpose of such a law were to compel persons to work, who might otherwise become public charges, "interesting" thirteenth amendment and equal protection problems would be raised. These problems become more aggravated when government decides to ameliorate poverty, not by forcing the poor to work under threat of criminal penalty, but by declaring open season on the lives of unborn children in the hopes that fewer babies will be born to the poor.
>
> There are undoubtedly many desirable approaches to easing the financial burdens of the poor, particularly when pregnancy occurs. Legalized abortion is not one of them.

I add to that, certainly, federally subsidized abortion is not one of them.

I thank the Senator.

Mr. BARTLETT. Mr. President, I ask unanimous consent that it be in order to obtain the yeas and nays on a motion to table that will be made by the junior Senator from Oklahoma after everyone has had an opportunity to speak.

The PRESIDING OFFICER (Mr. JOHNSTON). Is there objection?

Without objection, it is so ordered.

It will be in order to ask for the yeas and nays.

Mr. BARTLETT. Mr. President, I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BARTLETT. Mr. President, the basic question here, though recognizing that abortion is legal, is, Do the Members of the Senate want to finance the taking of the thousands of lives—of human lives—on the recommendation of two adults?

One, the mother, who is unwanting, or finds the unwanting of that child; and the other, the doctor, who is paid in this case by the Federal Government. This is the question.

The Senator from Massachusetts and the Senator from Oregon have talked about the moral issues. They have talked about how, in their opinions—and I think I am speaking correctly; if I am mistaken, I would like to be corrected by the Senator from Massachusetts—each of them feels that it is moral to take the thousands of lives that are being taken by federally financed abortion.

Mr. BROOKE. May I restate my position?

I think it is not immoral to have an abortion under certain circumstances.

Mr. BARTLETT. Then I ask the Senator, does he feel it is moral to take the life of an unborn child?

Mr. BROOKE. I do not believe that a woman can just be promiscuous and have children and get rid of those children by abortion. I think that is immoral.

Mr. BARTLETT. But this law provides that.

Mr. BROOKE. I do not think abortion is to be used for birth control, if that is what the Senator is saying.

No, I do not think that is right.

Mr. BARTLETT. But it is being used that way.

There is no test as to whether or not a person is using abortion as birth control. Many people advocate it as that.

So with the thousands of lives being taken, I think the Senator might have second thoughts.

But in debating the constitutional amendment question which the Senator favored being brought up now, I find when I am arguing in favor of the constitutional question, or the matter of the financing, generally, I receive advice that we should proceed the other way, but not the way we are proceeding at that time.

Mr. BROOKE. Because I think——

Mr. BARTLETT. I think there is no better place to discuss the matter of financing than on the appropriations bill which finances the abortions. So this is obviously an appropriate place.

Mr. BROOKE. I agree with the Senator.

Mr. BARTLETT. Just cut out the money.

Mr. BROOKE. I agree with the Senator that it is reasonable to be discussing this issue here.

Mr. BARTLETT. I also say that on the morality question, to discuss abortion in terms of the mother but never the unborn child, never the fetus, is like discussing slavery only in terms of the owner and not the slave.

The life involved is the life of the unborn child and it is the mother who does the unwanting, that does not want the child who is being hurt.

The Senator from Oregon talked about the sacredness of life and the fact that he claims there are more people who favor abortion than who oppose.

I question that because we have had and introduced polls to show the contrary of what he is saying.

But when he talks about minority, he should be talking about the true minority involved in this question, which is the human life involved, 4½ pounds or less, with no opportunity to represent its desire to live. But we know those desires exist, because when the fetus is aborted, it tries to live. It tries to breathe. It wants to live. It does not want to die. And it amazes me that people, in talking about this, do not seem to like the word "die" that is involved, or the word "kill," which certainly is involved in taking the life of the unborn child.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. BARTLETT. Yes.

Mr. BROOKE. What about the life of the mother? Does she die? Do you kill the mother?

Mr. BARTLETT. As the Senator knows, I had that in my amendment, that the

Senator could have supported; he had the chance in conference committee, where it got knocked out. If I were writing this, I would have put that in.

Mr. BROOKE. But it is not in here.

Mr. BARTLETT. I did not want to take the chance of having the will of the Senate thwarted again, because if I had made even slight improvement, as the Senator knows—I agree it would be an improvement—we would get knocked out again.

What am I thinking about?

Mr. BROOKE. That is what I am wondering.

Mr. BARTLETT. I am weighing the rights of thousands and thousands of unborn fetuses whose lives are taken with this financing.

I recognize this is not in the form I would like to see it. But when the Senator talks about——

Mr. BROOKE. Will the Senator yield?

Mr. BARTLETT. Yes.

Mr. BROOKE. I think the difference is much stronger than what the Senator is saying. He is saying that the amendment is not in the form he would like to see it. It goes far beyond that. This provision does not permit the abortion even when the mother's life is in jeopardy. That is a medical decision. The Senator has always supported that. I cannot see how the Senator can support this language, legally or morally.

Mr. BARTLETT. I can support the language morally, because I know that thousands and thousands of healthy lives are being taken because the Senator from Massachusetts and other Senators have insisted on financing abortions.

Mr. BROOKE. What about the mother's life? The Senator has not answered that. Does he just close his eyes and turn his back on the life of the mother? Does he say there is no morality involved in destroying the life of the mother? There is no question about the mother's existence.

Mr. BARTLETT. The Senator has said that in part he morally objects to abortions, not entirely but in part; I think that is a fair statement. But I think it is important on the question of morality. When people say they do not want their morals to be forced on someone else, that they want them to be free to act as they would like, they are forgetting about the fact that we are forcing a morality upon the unborn fetus.

Mr. BROOKE. Is the Senator not going to answer my question?

Mr. BARTLETT. The unborn fetus is not having an opportunity to have its case presented properly.

Mr. BROOKE. I have tried to answer all the Senator's questions, but he just has not answered my question about the mother's life. It is not protected in this language; how are you going to get around that?

Mr. BARTLETT. The Senator is not responding on the moral question here.

Mr. BROOKE. Oh, I have answered every question on morality that the Senator has asked me. I have really restated my position fully. Will the Senator state his question again?

Mr. BARTLETT. Well, I think what the Senator is pointing out is that he was claiming that the provisions of the law at the present time prevent a woman from using the financial support of the Federal Government for abortions just not to have children. He said he was opposed to that.

But that is the case. So it was not the way the Senator describes it. That is the case in many instances.

Also, it is the case that it is just the person wanting the life of the child to be taken, and a doctor paid by the Federal Government to take the life of that child, who are representing society. They are also representing the unborn child, apparently, because no one else is. I think the Senator thinks this is moral, and thinks that the taking of the lives of thousands and thousands of unborn children is a moral action by the Senate.

Mr. BROOKE. No, I have not said that. The Senator knows I have not said that.

Mr. BARTLETT. It is a legal act, because the Supreme Court says it is legal. I think they are wrong. But the question here is whether or not the Members of this body want to finance the taking of the lives of thousands and thousands of unborn children. We cannot even find out precisely how many from the departments of the Government under HEW that are involved.

I am not saying that I think this amendment is perfect, but I think it is more perfect than what is going on. I think it would be less injustice to human life and dignity to have this amendment stay in the law.

If it is passed, I would try to improve on it if the Senator would join with me, to make it a little bit better, to protect the life of the mother, which, as the Senator knows, I desire. But when it gets down to the question of which is proper, just, and better, I say the present language is superior to what the Senator suggests, taking it out.

Mr. BROOKE. The Senator has answered my question. He says he prefers it because he thinks it is the lesser of two evils.

Mr. BARTLETT. Yes; and I think it is much the lesser of two evils, by thousands and thousands of lives.

Mr. BROOKE. I thank the Senator.

Mr. MAGNUSON. Mr. President, will the Senator from Oklahoma yield?

Mr. BARTLETT. Yes; without relinquishing my right to the floor, I yield to the Senator from Washington.

Mr. MAGNUSON. There are many States that have passed on this question by State law, including my own, in which they had an initiative, I believe 3 and a half or 4 years ago, on this very question.

How would this amendment interfere with a State's right to determine what a citizen of the State could do about this problem?

Mr. BARTLETT. This amendment does not affect that. The Supreme Court has ruled what the States are free to do. They have certain authority in the third trimester of pregnancy, from the sixth month on, to make certain determinations.

The amendment that is in the bill, that the Senator from Oregon wishes to strike, which I would like to see remain in and therefore I am going to offer, at an appropriate time, a motion to table the amendment, deals with the financing of the hundreds of thousands of abortions taking place each year, financed by the Federal Government.

Mr. MAGNUSON. I do not know about those figures. Like the Senator from Oklahoma, we never did get the exact figures, and when you take out the cases where a doctor has told a medicaid patient, the woman, "this might endanger your life," I do not know how many of those there are.

The Senator is dealing strictly with the number of abortions, no matter how they were done or why. Those figures are a little loose, but I agree with the Senator from Oklahoma that they are substantial.

I wonder what would happen under medicare, where the States make a substantial contribution to all phases of medicine? In the State of Washington, this would interfere with what the State decided by an initiative at one time. This amendment would stop that, and I do not know how we can do that, when the State makes this large contribution to medicare.

In other words, the States are part of this matter. Our State voted on this issue. They decided it in a general election. I will admit it was quite controversial, but the State soundly defeated such language as this for our State. That is the law at home.

The States contribute to medicare, and it seems to me that the medicare people would have to follow it, or at least give cognizance to the fact that there is a State law which has established a policy in this matter, voted on by the people, not by the legislature.

They would have to give cognizance of that fact, but under this amendment as to Federal funds they would come right out and clash directly with the States rules on this matter. And that poses a problem to me.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. BARTLETT. Without losing the right to the floor, I yield.

Mr. MANSFIELD. If I may have the attention of the manager and the ranking Republican member of the committee, as well as the distinguished Senators from Oregon and Oklahoma, Senators are aware that at 2 o'clock we go back on the tax bill. I think this matter has been thrashed out pretty thoroughly. It is a simple issue. It does not take much thought to decide whether Senators are for or against. I would like at this time to ask unanimous consent that the vote occur on the pending amendment not later than the hour of 1:30 p.m.

The PRESIDING OFFICER. Is that on the pending amendment or motion to table?

Mr. MANSFIELD. Pending amendment.

The PRESIDING OFFICER. There is a motion to table pending.

Mr. BARTLETT. I have to say to the Senator from Montana that I have the yeas and nays ordered on a motion to table, that I said I would like at the time appropriate after everyone had discussed it. I would certainly not object to the unanimous consent request if it applied to the motion to table.

Mr. MANSFIELD. By 1:30 p.m.

The PRESIDING OFFICER. On the motion to table?

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. That is on the motion to table and not on the amendment itself?

Mr. MANSFIELD. That is correct.

Mr. MATHIAS. Does that contemplate the vote not to occur before 1:30 p.m.?

Mr. MANSFIELD. Not beyond 1:30 p.m. We have another 50 minutes.

The PRESIDING OFFICER. Without objection, the vote on the motion to table will occur no later than 1:30 p.m.

Mr. MANSFIELD. I ask unanimous consent that if the tabling motion fails the vote occur immediately on the amendment itself.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Mr. President, reserving the right to object, and I shall not object to the motion for the moment, but reserve the right to object.

Mr. MANSFIELD. Mr. President, I repeat the unanimous-consent request.

The PRESIDING OFFICER. Without objection, the vote on the amendment, the motion to strike, will occur immediately after the tabling motion if that fails.

Mr. BAYH. Mr. President, will the Senator from Oklahoma, who I understand has the floor, permit me to address three or four questions to him?

Mr. BARTLETT. Yes, I am glad to yield to the Senator from Indiana.

Mr. BAYH. I appreciate that. As he knows, I have given more than passing attention to this problem, and frankly, I share some of his concern. I have struggled in my own mind to reconcile this issue.

We are talking about the language, as I read it, "None of the funds appropriated under this act shall be used to pay for, promote, or encourage abortions." That is specific language, is it not?

Mr. BARTLETT. Yes, that is correct, section 209.

Mr. BAYH. I am not sure I got in timely on the colloquy between our distinguished colleague from Massachusetts and colleague from Oklahoma. Does the Senator from Oklahoma concur that if this language were permitted funds would be prohibited even if the life of the mother was in grave question?

Mr. BARTLETT. Funds would not be provided for that purpose. The Senator's question, I am sure, meant Federal funds. There would be no Federal funds available for that purpose, as I read the amendment. There would be other funds available, but not Federal funds.

Mr. BAYH. What other funds?

Mr. BARTLETT. Oh, there are lots of private funds available for that purpose. But let me answer, if I may, the question.

Mr. BAYH. What are these private funds? If the language of the distinguished Senator from Oklahoma is permitted to stand we have a dual standard. If you are a middle-class mother and a father and you have five children and for one reason or another the mother becomes pregnant and her life is put in jeopardy, you can go to the doctor or to the hospital and have an abortion; if you are poor and do not have the money and you cannot take advantage of the only medical funds available to you, you cannot.

Mr. BARTLETT. As the Senator knows, the Senator from Oklahoma thinks there is a very distinct moral question involved here, and the question here is do we finance the taking of hundreds of thousands of human lives on the recommendation of two adults, one the mother who does not want the child, and, two, the doctor, paid for by the Federal Government? It is a moral question. I know the Senator has said before that he morally opposes abortion. So I ask the Senator this about that: He does not want to force his morals on some other human being, but he is willing to force his moral judgment on the unborn fetus to be aborted and have life taken. Is that not a matter that would be in opposition to what the Senator believes should be done?

Mr. BAYH. Not at all. The Senator from Indiana is personally opposed to abortion, concerned about it, and believes it personally is a moral question, the very point raised by the Senator from Oklahoma. But this whole issue really redefines "life." The Senator and I have become involved more than once in colloquy here involving a constitutional amendment which has, in essence, the same thrust as this.

Mr. BARTLETT. Does the Senator believe that the unborn fetus is not a life; if it is not a life, it will be aborted naturally. So I think what he is doing in not forcing his morals on the mother or the doctor, he is forcing his morals on the unborn child.

Mr. BAYH. But the amendment before us does not allow a doctor to make a determination as to whether the mother's life or the fetus will be taken. The doctor may make a conclusion that if the natural childbirth continues the mother is going to die. The Senator from Oklahoma by supporting this amendment is saying an unborn fetus is supposed to determine the future of a mother of maybe five children. I am also concerned about the dual standard involved. If it is a moral question, it is a moral question. And it seems to me that we are putting a dollar and cents value on morality which I find it impossible to do. We dare not spend any Federal funds to assure indigent women their rights, but it is all right to go out and let people who have the money themselves do it. Of course, the Senator from Oklahoma has a consistent position where he does not want anyone to do it. But by accepting his amendment we are establishing a dual standard, and that deeply concerns the Senator from Indiana.

Mr. BARTLETT. It deeply concerns the Senator from Oklahoma that the Federal Government has financed the taking of human life in numbers of hundreds of thousands. I think it is important for the Senator to think about his own morality that he is talking about when he personally says he opposes abortion, and yet he is forcing his morality by allowing the taking of the life of the unborn. The fetus loses its life. Dr. Albert Schweitzer said that if a man loses reverence for any part of life, he loses reverence for all of life.

Mr. BAYH. I wish we had Dr. Schweitzer here to testify concerning the hundreds of thousands of illegal abortions that were being performed before the Supreme Court decision. I wish that deciding this question or deciding the more grandiose question of the constitutionality of the amendment would make the issue of abortion disappear. The sad fact is that it will not.

So some of us who are really hard pressed to come to grips with this from a moral standpoint have to face reality as well as morality. The fact right now is not whether or not there are going to be abortions but whether they are going to be on the operating table, in the doctor's office, or in the backroom, on a butcher's block.

The Senator may not have to face up to that, but that is what all the records show, that abortions are not going to disappear. There perhaps will be a slightly fewer number—I will admit that—but there also will be a lot of lives lost because of the illegal abortions that are performed in the most horrible conditions.

Mr. BARTLETT. When the Senator talks about the morality of permitting the mother who does not want the child to have an abortion in concert with her doctor who is paid by the Federal Government, then he does not want to force his morality in that decision on that mother and that doctor; but he is forcing the fetus to have its life taken, and he is ignoring the moral question so far as the unborn child is concerned. He is not looking at that human being, probably 4½ pounds or less in size. It is discriminated against because of size, because it is small, because some people apparently do not consider it to have the dignty of human life. But it is obvious that it does.

Mr. BAYH. The Senator has made that point at least once or twice in his colloquy with the Senator from Indiana. At the risk of repeating myself, I think it is because of that particular question that the Senator from Indiana is concerned about abortion.

The Senator from Oklahoma keeps coming back to the doctor being paid by the Federal Government. Is the Senator suggesting that we have significant numbers of doctors in this country who are going to propose that a woman have an abortion—a very traumatic experience to doctors as well as prospective mothers—just to be able to get a check from Uncle Sam?

Mr. BARTLETT. I do not feel that there is the kind of counseling that should exist with this legal process that does protect the young mother from a step that perhaps she will regret greatly.

There is a wonderful article—I wish I had it with me to put it in the RECORD—by a woman who is a writer and who used a "Jane Doe" name in writing the article for the New York Times. For reasons of her husband's future job, she chose, along with him, to have an abortion of their fourth child. She described how detrimental this was to her well-being after the abortion took place.

I will provide the article for the Senator, because I know he will be very concerned about it. It is a very heartrending article.

Mr. BAYH. I would like to have it. I am sure it is no different from the type of evidence we have had presented.

Mr. BARTLETT. I think it is a little different.

Mr. BAYH. I say to the Senator from Oklahoma that I am sure he has not listened to as many people who have been directly involved in the abortion question as has the Senator from Indiana. We may come down on different sides, but I do not know of anybody in Congress who has sat there and listened to both sides longer than I have. Contrary to what many people have written and believe, I have really struggled with this. On one side the question is the traumatic experience of having an abortion. On the other side is the countless number of women who testified to what it is like being mutilated. Some of them cannot testify because they are dead. A question was raised by a woman by the name of Mrs. Katz, who gave birth to a Tay-Sachs child, that horrible disease from which children die at age 3 or 4.

Mrs. Katz told us that if she and her husband had not had the option of an abortion, they never would have had another pregnancy. She had, running around in the hearing room, two curly-haired, blue-eyed boys who would not have been born if she had not had that option.

Am I, as a Member of the Senate, really clothed with the authority to say that a man and woman, "Thou shalt not have another pregnancy unless you are prepared to face the traumatic experience of Tay-Sachs?" I am not prepared for that. The Senator from Oklahoma may be.

I do not think we are going to change each other's opinion.

I ask the Senator from Oklahoma to give us the benefit of his interpretation of the word "encourage," which really broadens the scope of this.

For example, could a hospital receiving Federal funds be deemed to have violated this amendment if it permitted a physician to perform an abortion in its facilities?

Mr. BARTLETT. The Senator has called this my language. This is the language in the House bill.

Mr. BAYH. I am sorry.

Mr. BARTLETT. It was introduced by Representative HYDE.

Mr. BAYH. I assume that the Senator from Oklahoma associates himself with it.

Mr. BARTLETT. I am not going to make the kind of response on this that the Senator is asking, because I do not want to make an interpretation that would be wrong.

However, I do think—and I will give the Senator my own feelings—that there is in the present practice of the Federal financing of abortions a certain amount of promotion, a certain amount of the encouragement of abortions.

In the case I cited—I cannot think of the name of the person involved—the mother did not have to abort that child with an illegal operation and did not have to risk the chance she took, which she probably took knowingly.

Mr. BAYH. We have to be specific. I assume that the Senator from Oklahoma associates himself with and supports this language. If he does not, that is all right; I will not address the questions to him. I do not know how he can say that he supports this language without being prepared to support the consequences. The consequences, as I read the word "encourage," are that if one is a hospital administrator, receiving Federal funds for a different part of the hospital, and a woman uses those facilities for an abortion—that is indeed a legitimate interpretation of violating this language. If I am wrong, I stand corrected.

Mr. BARTLETT. The language is very simple. It says:

> None of the funds appropriated in this act shall be used to pay for abortions or to promote or encourage abortions.

Mr. BAYH. If a hospital operating room is permitted to be available to a doctor in the community, does that not encourage the commission of abortion?

Mr. BARTLETT. If the Federal moneys appropriated under this act were to be used to pay for abortions—and I suppose the Senator does not have trouble with that—or to promote or encourage the act of abortion, of course these funds could not be given. If it is a Federal appropriation for another part of the bill that is completely unrelated to abortions, it would have no application.

Mr. BAYH. The Senator is surely not going to answer the question the way I want him to, and he has no reason to, unless he agrees. However, the word "encourage" is used. I have here a copy of an earlier amendment I believe was authored by the Senator from Oklahoma in September of 1974 and it also uses the word "encourage." Therefore, I assume that this word "encourage" is a term he is familiar with.

Mr. BARTLETT. I talked about "encourage." If the question of the Senator is if, in other parts of the bill, there is Federal money for operating room, that would come under this provision, I would think not. I do not think it does.

Mr. BAYH. The Senator does not think it encourages a doctor to perform an abortion by making an operating room available in which that abortion can be committed?

Mr. BARTLETT. I do not.

Mr. BAYH. I think that certainly restricts the definition of "encourage."

May I ask another question?

Mr. BAYH. How about a medical school if its obstetrics or gynecology professor whose salary could be partially federally supported taught his students about abortion, perhaps even performed one so they could have this first-hand experience of how an appropriate abortion was performed. Would this not be a violation?

Mr. BARTLETT. Is the Senator's question whether this language would cover that?

Mr. BAYH. Yes.

Mr. BARTLETT. I would think not.

Mr. BAYH. Does the Senator mean that the teaching of how an abortion is committed does not encourage other doctors to commit abortion?

Mr. BARTLETT. This amendment has to do with the appropriation of funds for abortions, to promote or encourage abortions. It would be expected by this Senator that there would be legal abortions performed in hospitals in operating rooms, that there would be doctors who would be trained in abortions, and that they would take place, but without Federal financing of those abortions. The amendment is very clear.

Mr. BAYH. What concerns me in what the Senator now says is that he talked about legal abortions. If this amendment passes, it is illegal to use Federal funds. Let us assure I am a professor in this science, I must say to my students, as I am teaching them, "The information I am giving you is good counsel and good medical practice unless there are Federal funds used in paying for the abortion." Is that really a realistic way to teach a class?

Mr. BARTLETT. I think the Senator knows that just because a woman has a right under certain conditions, but under rather broad conditions, to an abortion does not imply any correlative right to free treatment or to federally financed abortions. This is what this amendment does. There is a correlation in Federal financing and private financing of hospitals.

I could ask the Senator the same questions about those operating rooms being partially privately financed in the privately supported medical schools teaching abortion. Certainly, I think it will be taught. But the point is that the purpose of the amendment is very clear, to stop the Federal financing of abortions.

I wanted to say, when the Senator was talking about the lengthy hearings that he had, and for which I commend him, because I am aware of those—I testified before his subcommittee. I thank him for having the hearings on the abortion question regarding the constitutional amendment to outlaw abortions. At the same time that the Senator was doing that, there has been nothing done on this question; there has not been any hearing. This Senator has a bill before the Committee on Finance that is quite similar to the one we are talking about which would outlaw the financing of abortions. I have asked for hearings; I have not received them. I think it would be very important to have certain questions asked of HEW about the extent of the Federal participation in abortions, because we do not know precisely, but I happen to be of the opinion that the numbers are in the hundreds of thousands. I also happen to be of the opinion that the counseling is not necessarily equal in presenting both sides of the issue. So I think that there is a lot that needs to be learned about the matter and I would think, since we do not know the answers to a lot of these questions, we should not continue the financing of the taking of thousands of lives of healthy human beings. The question is the financing. The question is not the legality.

I do not question the legality. I disagree with it, but I do not question that it is legal to have abortions.

Mr. BAYH. I must say that I share the concern of the Senator from Oklahoma over the need for adequate counseling. I cannot honestly say that in each instance, the counseling given an expectant mother, young or old—a pregnant woman—would meet the standard that the Senator from Indiana would like to see it meet as far as presenting all options.

I have introduced legislation, along with the distinguished Senator from Massachusetts (Mr. KENNEDY)—I do not know whether the Senator from Oklahoma would care to join in sponsoring this—which would create a series of life support centers. These centers would provide the open and unbiased counseling before the abortion is recommended and permitted. Unfortunately, the mother, regardless of age, is all to often confronted with a situation of an abortion or a child that is turned out into the world unwanted. So I would like to see us do a better job of dealing with this problem.

Mr. BARTLETT. I say to the distinguished Senator from Indiana that I have enjoyed the colloquy. I know that the distinguished Senator from Maine would like the floor.

Mr. CHILES. Will the Senator yield to me before he yields the floor?

Mr. HATHAWAY. Will the Senator yield? I have been waiting here since 11 o'clock.

Mr. BARTLETT. I prefer to yield to the Senator from Maine, because I told him I would. I yield to the Senator from Maine.

Mr. HATHAWAY. I thank the Senator.

Mr. President, on behalf of Senator WILLIAMS, I ask unanimous consent that Nik Edes, Peggy Taylor, and Don Elisburg be allowed the privileges of the floor during debate on this bill and any votes thereon.

The PRESIDING OFFICER (Mr. MUSKIE). Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I say to the Senator from Florida that I have been waiting since 11 o'clock to talk on this issue and I am not going to take too long. Hopefully, I can get through before the 1:30 time we have agreed on to vote.

Mr. CHILES. I just wondered if the Senator will allow me to ask one question.

Mr. HATHAWAY. The Senator from Indiana wanted to ask a few questions and it took quite a few minutes, so I will ask the Senator to wait.

Mr. BAYH. Let me apologize to the Senator from Maine. I did not see him asking for recognition or I would not have imposed myself. If he has been waiting here that long, I hope he will go at it.

Mr. BARTLETT. Mr. President, I yield the floor to the Senator from Maine.

Mr. HATHAWAY. Mr. President, I support the amendment of the Senator from Oregon (Mr. PACKWOOD) to strike out the House floor amendment restricting the use of certain Federal funds for abortions, and I would like to be added as a cosponsor to that motion to strike. I shall keep my remarks brief and to the point, since this issue has been discussed at great length previously, and we are under a time restriction, to vote in about 20 minutes.

There are several clear reasons why my colleagues should support the amendment to strike out section 209.

First, it is one of the most ill-considered kinds of substantive authorizing legislation to be added to an appropriations act. My colleagues are all aware that Congress rarely passes an appropriation measure that does not contain some language that might technically be considered "legislating." However, it is equally rare that we tolerate the addition of major legislative items, involving constitutional rights and guarantees, to such a bill. We must not set such a precedent today.

Second, the constitutional nature of this particular issue is clear, and this amendment clearly runs counter to existing constitutional law. Three years ago, in Roe against Wade and Doe against Bolton, the Supreme Court held that every woman has a qualified right to terminate her pregnancy, based on her constitutional right to privacy. In the face of that decision, opponents of that right have quite correctly realized that nothing short of a constitutional amendment would be sufficient to alter that decision. Supporters of such an amendment brought it to the floor of the Senate this past April 28, despite the fact that the amendment had not been reported by the Committee on the Judiciary, which is charged with its consideration. The Senate voted at that time to table that amendment, by a vote of 47 to 40. I believe that vote should stand for the time being as a Senate rejection of the very heart of the antiabortion argument, that it should be unconstitutional to perform one.

Finally, since the Senate has refused to accept the argument that abortions should be outlawed in the U.S. Constitution, and since the Supreme Court has held that the Constitution guarantees at least a qualified right to an abortion, an amendment such as the one currently before us would clearly violate other constitutional rights, such as the 14th amendment right of poor and indigent women to equal protection under the health laws of this country.

If Federal funds can be provided for maternal care under our health laws, and abortion has been held to be both legal and constitutional, is would be blatant discrimination to deny such legal medical procedures to women who need them. This is especially true with regard to the totally unqualified restriction in the House amendment.

I urge my colleagues to support the amendment to strike the House amendment.

I wish to add three points that may have been covered in part in earlier debate, but not covered as thoroughly as I would prefer. I shall be happy to have those Senators who are opposed to the motion to strike participate in a colloquy, if they would like to, on these points.

In the first place, in my opinion, this amendment which the House adopted, prohibiting any funds for purposes of abortion, is in direct contravention of the 14th amendment to the Constitution, the equal protection amendment, particularly and perhaps only with respect to medicaid funds.

The situation we are setting up by denying States the right to spend money for abortion purposes under the medicaid program is this: We are saying, in effect, that the poor or indigent woman who is pregnant can get money under medicaid only if she intends to go through or is medically able to go through with a full-term pregnancy. If that is not her intention, however, and she wishes or needs to exercise her right, guaranteed by the Supreme Court under the Constitution of the United States, to have an abortion, we are denying her those funds. That is clearly a violation of the equal protection provision, because we are discriminating within a class of people who are entitled to Federal funds. Please note this is not a "rich against poor" argument, but rather the setting up of discrimination classes among the poor.

Second, and I suppose this is the most important, is the public policy argument. Are we going on record, as a Congress, saying we are going to deny Federal funds for certain individuals, those who want or need to have an abortion, or those who have been advised by a physician to have an abortion? Are we going on record saying that they will be deprived of Federal funds for this purpose? Aside from the 14th amendment argument, should it be the policy of Congress to undercut any right that belongs to the people under the Constitution, such as the right interpreted by the Supreme Court in Roe against Wade and in Doe against Bolton.

I think this is an extremely important issue. It does not really make any difference whether you are on the side of abortion or whether you are against abortion. It is our responsibility to uphold the Constitution of the United States as interpreted by the Supreme Court. Our only recourse in that regard is to amend the Constitution. Of course, there have been efforts in regard to amending the Constitution with respect to abortion. At the present time they have not seen fruition, but perhaps some day that will be the subject of debate in the Senate.

In the meantime, the Constitution as interpreted by the Supreme Court remains. We certainly are obligated not to discourage people from exercising their right under the Constitution by depriving them of funds so they can so exercise that right.

This morning I have heard a lot of arguments with respect to the morality of abortion. I think we all know that morality is an individual question. There may be people who have moral feelings about the Supreme Court's ruling. There may be people who have moral feelings about other provisions in the Constitution—the right to bear arms, for example. I suppose there are some people who are pacifists who do not think that provision of the Constitution should be there.

I think it is highly necessary in this society that we have, each of us, strong moral principles to which we adhere. But we have all agreed that the Constitution, as interpreted by the Supreme Court, is the fundamental law of the land, and that each of our own moral feelings or holdings do not override that Constitution. Although we may disagree with the Constitution and the laws because of our moral precepts, nevertheless we are committed to obeying those laws and to adhering to the basic principles of the Constitution.

As I mentioned earlier, if we care to either change those laws or amend the Constitution we are certainly free to do so. But as long as there is a constitutional right remaining which allows women to have an abortion under certain circumstances, we certainly should not discourage them from using that right by the tactic that has been employed by the House.

For these reasons, we are going to try to strike the House-passed amendment at the present time, since to do otherwise would deny funds to certain classes of people to avail themselves of their constitutional right.

The PRESIDING OFFICER. Without objection, the Senator from Maine is added as a cosponsor of the amendment.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Senator from Alaska (Mr. GRAVEL) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, the arguments can be well summarized by the proponents and opponents of this amendment. Perhaps the most telling point is the Draconian effect this is going to have on everyone in this country who has any interest in having an abortion and is poor. This is not a half-way amendment. This is a total, absolute prohibition. It says that no matter what the circumstances, no matter how dire the medical circumstance, no matter how endangered the life of the woman, there will be no Federal funds used for abortion, despite the fact that the Constitution now guarantees that women in this country shall have a choice as to whether or not they want an abortion.

We are going to make sure, unless my amendment passes, that that constitutional right to abortion is going to be effectively denied to a large group of citizens in this country.

Yes; the Supreme Court has passed on this type of issue before. They have said there were certain kinds of constitutional rights that cannot be taken away because somebody is too poor to take advantage of them. One is the right to counsel in a trial. For years we have said if a person has a constitutional right to defend himself in a court, he cannot be denied that right because he is too poor to afford it.

Now the Supreme Court has said that everyone has a constitutional right to decide for themselves, and I emphasize to decide for themselves, whether or not they want an abortion.

I think it would be immoral for this Congress to say, "Yes, the Constitution guarantees you the right to decide for yourself whether or not to have an abortion, but we are going to effectively take away that right for those who cannot afford it."

I know the frustration of those who say there have not been hearings in the Finance Committee, or adequate hearings elsewhere. In 1970 I proposed a bill which would have legalized abortion nationally. This was before the Supreme Court decision legalized it. I could not get any hearings. Although the Senator from Oklahoma and the Senator from North Carolina who individually support their particular position were not here at the time, many Senators who are here now were very opposed to my having any hearing on that amendment.

Many of the very same organizations in this country who are complaining they have not had a hearing, including the Right to Life group, were vehemently opposed to giving me any hearing when the law was on their side.

So let us call a spade a spade. The law has changed. The law is now on the side of those who want to have an abortion. Those who were so vehemently opposed to hearings before, when the law was on their side, now are turning the argument and complaining that the very argument they made is being used against them. When indeed it has not been used against them.

When I introduced my amendments there was not a single hearing in this entire Congress on the issue. There was not a single vote on the floor on this issue. Now we have had vote after vote after vote, and we have had hearings, more hearings than any normal bill or constitutional amendment gets.

If we are going to adopt the standard that the Federal Government or the State governments will not spend money on something that a bare minority of its citizens are passionately or morally opposed to, then we are not going to spend money for much of anything. A representative form of government cannot work if a minority at any particular stage will say, "Wait, we feel strongly about that so we are not going to spend any money."

We have a system in this country which says, within the limits of the Constitution, the majority shall have the right to rule consonant with the protection of minority rights guaranteed by the Constitution.

We cannot allow a determined minority to attempt to impose upon all of the majority a view that that minority alone holds.

All I am asking when we finally vote in a few moments to table this amendment is to consider whether or not we want to keep a provision in this bill which is not neutral, but a discriminatory provision that says to everyone in this country who has been guaranteed a right to obtain an abortion by the Constitution and is poor, "Forget it"; and to everyone in this country who has been guaranteed a right by the Constitution and who is rich, "Pay for it to preserve it."

If we have come to the place where the preservation of critical constitutional rights is dependent upon wealth, and wealth alone, then we have reached a very sorry passel in this country.

Mr. President, I ask unanimous consent that Senator JAVITS be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I think the distinguished Senator from Oregon, in talking about the majority and the minority, fails to recognize who the minority in this country are. The real minority are the unborn children whose lives are denied by the actions in concert of the mothers, prospective mothers, and a doctor paid for by the Federal Government.

No one is, or very few people are, worried much about the rights of the unborn fetus. It seems to me that the most important right of all that we depend upon the Constitution and our Government to defend is the right to life, but a guarantee to only a part of a person's life is no guarantee at all, and we know that.

So the basic right we treasure so much is a right that is not extended to the unborn. It comes later on, and then becomes a right, even though human life is involved from the very beginning of conception, as the great majority of the people believe.

This is a moral question, and I think at a time when the people are divided on this, either side can show polls that the majority favor their side, but I think it is very basic that the U.S. Government does not have to nor is there a right being denied if the U.S. Government does not finance abortion.

The Senator from Oregon did not say that, but he comes close to it. The Solicitor General, Mr. Bork, submitted a brief to the U.S. Supreme Court arguing that States should be free to deny medicaid payments to women seeking abortions as a matter of choice. The brief went on to say that:

> The fact that a woman has a qualified right to an abortion does not imply a correlative constitutional right to free treatment.

So the basic question here is a question of whether or not the Members of this body want to finance a legal abortion and take the lives of thousands and thousands of unborn children.

Mr. DOLE. Mr. President, I voted against the motion to table the amendment of the Senator from Oregon (Mr. PACKWOOD) because I feel—as do many, I am sure, in this body—that the House-passed language is probably overly restrictive and absolute.

At the same time, however, now that that motion has failed, I am going to vote against the Packwood amendment itself, simply because I believe that some limitation on expenditures of public funds for abortion is appropriate.

The question here, I think, is one of degrees—and as I indicated during our discussion of the proposed Helms constitutional amendment earlier this spring, there does need to, or should, be consideration given to the exceptional cases.

Unfortunately, the point of order against the modification just offered by the distinguished Senator from Oklahoma (Mr. Bartlett) has prevented the basic qualification respecting the life of the mother from being adopted. Since that would have helped ease the concerns numerous Senators have over drawing these types of spending boundaries too tight, it could very well have made the prohibition acceptable to a majority of those who are voting.

In any event, we may be dramatizing the issue too much by suggesting that a doctor or hospital is going to deny an abortion to a mother who cannot afford one—but whose life depends upon it—just because the Federal Government will not pick up the check. Let us face reality: If a dying woman requires emergency surgery, the oath of Hippocrates does not stipulate that a decision to proceed be based on dollar signs.

While not totally satisfied with what section 209 of this appropriation bill—as added by the House—I am opposed to the pending proposal to delete it completely.

The PRESIDING OFFICER. Who yields time?

Mr. BARTLETT. Mr. President, I will make my motion, if there is no one else who would like to speak.

Mr. President, I move to lay on the table the amendment of the distinguished Senator from Oregon.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the question is on agreeing to the motion to lay on the table the amendment of the Senator from Oregon. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers), the Senator from California (Mr. Cranston), the Senator from Mississippi (Mr. Eastland), the Senator from Hawaii (Mr. Inouye), the Senator from Massachusetts (Mr. Kennedy), the Senator from Arkansas (Mr. McClellan), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya), the Senator from North Carolina (Mr. Morgan), the Senator from Utah (Mr. Moss), the Senator from Rhode Island (Mr. Pell), the Senator from California (Mr. Tunney), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina (Mr. Morgan) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Mexico (Mr. Domenici), the Senator from Arizona (Mr. Goldwater), and the Senator from Vermont (Mr. Stafford) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

On this vote, the Senator from New York (Mr. Buckley) is paired with the Senator from Vermont (Mr. Stafford). If present and voting, the Senator from New York would vote "yea" and the Senator from Vermont would vote "nay."

The result was announced—yeas 27, nays 55, as follows:

[Rollcall Vote No. 350 Leg.]

YEAS—27

Allen
Bartlett
Bellmon
Biden
Byrd, Robert C.
Curtis
Durkin
Eagleton
Ford
Garn
Hartke
Hatfield
Helms
Hruska
Johnston
Laxalt
McClure
McGee
Metcalf
Pastore
Proxmire
Randolph
Roth
Stennis
Stone
Thurmond
Young

NAYS—55

Abourezk
Baker
Bayh
Beall
Bentsen
Brock
Brooke
Burdick
Byrd, Harry F., Jr.
Cannon
Case
Chiles
Church
Clark
Culver
Dole
Fannin
Fong
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Leahy
Long
Magnuson
Mansfield
Mathias
McIntyre
Mondale
Muskie
Nelson
Nunn
Packwood
Pearson
Percy
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stevens
Stevenson
Taft
Talmadge
Tower
Weicker

NOT VOTING—18

Buckley
Bumpers
Cranston
Domenici
Eastland
Goldwater
Inouye
Kennedy
McClellan
McGovern
Montoya
Morgan
Moss
Pell
Stafford
Symington
Tunney
Williams

So the motion to lay on the table was rejected.

UP AMENDMENT NO. 122

Mr. BARTLETT. Mr. President, I have an amendment at the clerk's desk. I ask that it be read.

The PRESIDING OFFICER (Mr. Gary Hart). The amendment will be stated.

The second assistant legislative clerk read as follows:

> The Senator from Oklahoma (Mr. Bartlett) proposes unprinted amendment No. 122: On page 37, line 19, change the period to a comma and add, "except such abortions as are necessary to save the life of the mother".

Mr. BARTLETT. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. The motion to lay on the table having been defeated, normally the vote would then occur on the Packwood amendment. Now I understand the Senator from Oklahoma has a substitute for the Packwood amendment; is that correct?

Mr. BARTLETT. It is an amendment to the existing language in the bill.

The PRESIDING OFFICER. The language offered by the Senator from Oklahome would be in the nature of perfecting language to the language already offered.

Mr. MAGNUSON. And under the rules, there would be no debate on that; we would vote on that, and if it should fail, then we would vote on the Packwood amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. PACKWOOD. Mr. President, a point of order. Is the amendment of the Senator from Oklahoma legislation on an appropriation bill, and is it in order?

The PRESIDING OFFICER. Is the Senator raising a point of order?

Mr. PACKWOOD. Yes, I am raising a point of order.

The PRESIDING OFFICER. The Senator is correct. The amendment would be legislation on an appropriation bill, and the point of order is well taken.

Mr. PACKWOOD. So the amendment is out of order?

The PRESIDING OFFICER. The amendment is out of order.

Mr. MAGNUSON. Then, Mr. President, we now vote on the Packwood amendment to the bill; is that correct, up or down?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon (Mr. Packwood). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. Cranston), the Senator from Mississippi (Mr. Eastland), the Senator from Hawaii (Mr. Inouye), the Senator from Arkansas (Mr. McClellan), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya), the Senator from North Carolina (Mr. Morgan), the Senator from Utah (Mr. Moss), the Senator from Rhode Island (Mr. Pell), and the Senator from California (Mr. Tunney) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina (Mr. Morgan) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Mexico (Mr. Domenici), the Senator from Arizona (Mr. Goldwater), and the Senator from Vermont (Mr. Stafford) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

On this vote, the Senator from Vermont (Mr. Stafford) is paired with the Senator from New York (Mr. Buckley). If present and voting, the Senator from

Vermont would vote "yea" and the Senator from New York would vote "nay."

The result was announced—yeas 57, nays 28, as follows:

[Rollcall Vote No. 351 Leg.]

YEAS—57

Abourezk
Baker
Bayh
Beall
Bentsen
Brock
Brooke
Bumpers
Burdick
Cannon
Case
Chiles
Church
Clark
Culver
Fannin
Fong
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McIntyre
Metcalf
Mondale
Muskie
Nelson
Nunn
Packwood
Pearson
Percy
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stevenson
Taft
Talmadge
Tower
Weicker
Williams

NAYS—28

Allen
Bartlett
Bellmon
Biden
Byrd, Harry F., Jr.
Byrd, Robert C.
Curtis
Dole
Durkin
Eagleton
Ford
Garn
Griffin
Hartke
Hatfield
Helms
Hruska
Johnston
Laxalt
McClure
McGee
Pastore
Proxmire
Randolph
Roth
Stone
Thurmond
Young

NOT VOTING—15

Buckley
Cranston
Domenici
Eastland
Goldwater
Inouye
McClellan
McGovern
Montoya
Morgan
Moss
Pell
Stafford
Symington
Tunney

So Mr. Packwood's amendment was agreed to.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. Helms be recognized to call up an amendment at this time, without any action being taken on that amendment today.

AMENDMENT NO. 1967

Mr. HELMS. Mr. President, I call up my amendment No. 1967.

The PRESIDING OFFICER (Mr. Hansen). Is there objection? The Chair hears none, and it is so ordered.

The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following new section:

Sec. . None of the funds appropriated under this Act shall be used to require any school, school system, or other educational institution, as a condition for receiving funds, grants, or other benefits from the Federal Government, to classify teachers or students by race, or national origin; assign teachers or students to schools, classes, or courses for reasons of race, or national origin; or prepare or maintain any records, files, reports, or statistics pertaining to the race, or national origin of teachers or students.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a time limit of not to exceed 1 hour on the amendment, the time to be divided and controlled in the usual form. This is agreeable to Mr. Brooke and Mr. Magnuson.

Mr. JAVITS. Mr. President, reserving the right to object—and I do not expect to object—what is this amendment?

Mr. MAGNUSON. This is a busing amendment.

Mr. CURTIS. Mr. President, reserving the right to object——

Mr. JAVITS. Mr. President, on my reservation, what is the unanimous-consent request?

Mr. ROBERT C. BYRD. That there be not to exceed 1 hour, to be divided and controlled in accordance with the usual form.

Mr. JAVITS. What about amendments to the amendment?

Mr. ROBERT C. BYRD. I was going to get to that.

Mr. JAVITS. And the right to table before we vote on the substance.

Mr. ROBERT C. BYRD. The time agreement is conditioned on there being an up-and-down vote on the amendment, with no intervening amendments or motions, at the expiration of the time thereon.

Mr. MONDALE. Mr. President, reserving the right to object——

Mr. JAVITS. Does that include the right to table? I want the right to table.

Mr. ROBERT C. BYRD. Then, we cannot get the time limitation.

Mr. MONDALE addressed the Chair.

Mr. JAVITS. Mr. President, I have not yet objected.

Mr. ROBERT C. BYRD. Mr. President, I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the appropriate place, insert the following new section:

Sec. .None of the funds appropriated under this Act shall be used to require any school, school system, or other educational institution, as a condition for receiving funds, grants, or other benefits from the Federal Government, to classify teachers or students by race, or national origin; assign teachers or students to schools, classes, or courses for reasons of race, or national origin; or prepare or maintain any records, files, reports, or statistics pertaining to the race, or national origin of teachers or students.

Mr. JAVITS. Mr. President, for the moment, I prefer to have the request withdrawn, as I shall otherwise object. I understand that agreements have been made, and I shall do my utmost to respect them, but I do not wish to be driven to a decision this minute.

Mr. ROBERT C. BYRD. Mr. President, I withdraw the request.

I ask unanimous consent that upon disposition of the amendment by Mr. Helms, Mr. Durkin be recognized to call up his amendment to this bill.

Mr. CURTIS. Mr. President, reserving the right to object, may we inquire what the amendment is?

Mr. MANSFIELD. OSHA.

Mr. CURTIS. I object.

Mr. MANSFIELD. Just calling it up.

Mr. CURTIS. I object to calling it up.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. The Senator cannot object to calling it up.

Mr. CURTIS. I object to a unanimous-consent request to call it up at a particular time.

Mr. MANSFIELD. We have to face it sometime.

Mr. ROBERT C. BYRD. The Senator can get recognition to call it up.

The PRESIDING OFFICER. Objection is heard.

Mr. MONDALE. I understood that there was a unanimous-consent agreement that the tax bill would be called up at 2 o'clock this afternoon. Has that agreement been vitiated?

Mr. ROBERT C. BYRD. No. The amendment by Mr. Helms is merely laid before the Senate—it is to the HEW appropriation bill—with the understanding that it will be the pending question before the Senate tomorrow.

Mr. MAGNUSON. Mr. President, we are going to meet early in the morning, in the hope that we can get out of the way these legislative amendments to the appropriation bill. I am sure we can do so if we will all come in here in the morning. Possibly we can get the so-called busing amendment that the Senator from North Carolina voted on by 9 or 9:30. Then there will be the OSHA amendments, I suspect, and other amendments.

I hope we can pass the appropriation bill tomorrow. People are waiting for this money. I do not want to happen what happened last year, when we spent 7½ days talking about a legislative amendment, and we ended up talking one-half hour about a $60 billion bill. This gets to be ridiculous.

I have not heard a word yet as to whether or not we appropriated enough money for some of the needs of the people or whether we appropriated too much. This is an important bill. It affects everybody in the United States. I hope we will complete action on this bill tomorrow.

ADDITIONAL STATEMENTS SUBMITTED

Mr. LEAHY. Mr. President, I express my appreciation to the committee for what it has done in this bill for health programs. I support the increases in funding of the vital maternal and child health programs, family planning, health centers, cancer, and other biomedical research and mental health research and training. We cannot afford cutbacks in health care programs at this time. We must continue to provide services to the poor, and to prepare the resources necessary to deliver that care.

An area of particular interest to me is funding for nursing education programs and nursing research projects and the related fellowships administered by the Division of Nursing of Health Resources Administration.

Recently I received a copy of a new publication from the American Nurses' Association that explains rather well what nursing research is all about. I would like to quote from the introduction:

Important advances in health care and the study of people with health problems are being made through nursing research. Research in nursing investigates the area of knowledge where the physical and behavioral sciences meet and influence one another, in an effort to study how health problems relate to human behavior and how behavior relates to health and illness.

The physical sciences and medicine address biological malfunctions and resulting symptoms. While they can answer the what and how of illness and health, traditionally they have had difficulty in relating this to human behavior. The social and behavioral sciences study human actions, but only infrequently are these actions studied in relation to health and illness.

Research in nursing addresses the human and behavioral questions that arise in the treatment of disease and the prevention of illness and maintenance of health. Some of the human questions that must be answered are:

How are individuals helped to maintain health?

How are individuals persuaded to use available measures to prevent illness?

How are people helped to cope with illness when it comes?

How are complications for hospitalized or chronically ill people reduced?

How is illness prevented for people who are highly subject to health risks such as premature infants and the elderly?

Nurse researchers are attuned to these problems and to formulating the specific research questions that will develop the knowledge and skill needed to answer them. For many years qualified nurses have been doing research that covers a wide range of studies. Nurse researchers investigate and test ways to reduce complications of hospitalization, surgery and chronic illness, ways to improve the outlook for high risk groups such as premature infants and the elderly, and they develop and test ways to manage anxiety, pain, and stress for people in hospitals and those living with health impairments. Nurse researchers also do basic research in anatomy, physiology, psychology, anthropology, and sociology.

There are 1,100 to 1,200 doctorally prepared nurses in the world at the present time. About half of them hold a Ph. D.—the research degree. Yet this number is very small in relation to the number of researchers in other fields and in relation to the numerous questions that need to be answered. Since most research funding in the area of health today is provided to find answers to social problems, it has been difficult for nurses to get funding for their particular area of research—that poorly understood area where behavioral science and physical science overlap in health care.

Some current nursing research studies focus on pain and how to relieve it, care of severely burned patients, changes in physical care of patients following a heart attack and adaptations in the environment that enhance the growth of premature infants.

In light of the ongoing hearings on the Nation's health research programs nursing research is an area we should all keep an eye on. It has great potential for us all.

Mr. MANSFIELD. Mr. President, I congratulate the subcommittee as well as its chairman, the distinguished Senator from Washington (Mr. Magnuson), for bringing to the Senate floor an exceptionally well-balanced fiscal year 1977 Labor-HEW appropriations bill.

In particular, I am pleased to note the committees inclusion of $55 million for the emergency energy conservation services program of the Community Services Administration. This funding is only a fraction of the amount needed to deal effectively with the energy conservation problems of the poor, near poor, and elderly of this Nation. It does, however, represent a significant increase over the $27.5 million funding level in fiscal year 1976 and is a step in the right direction.

I am especially pleased to note the following committee report language:

> Within the total provided for emergency energy conservation services, the Committee strongly recommends that a significant funding level be maintained to continue efforts of the National Center for Appropriate Technology.

Mr. President, this national center concept has been awaiting CSA action for nearly a year and it is an idea whose time has come.

While CSA Director Sam Martinez is showing every indication that he will bring new life to CSA activities, I strongly urge that he carefully consider the National Center for Appropriate Technology concept and move expeditiously to fully fund the Center proposal.

The concept and need are immediate and practicable. The Center function of providing support for development of appropriate technology items essential to the needs of the poor, near poor, and the elderly is not presently available to CSA either within the Government or by private firms.

I thank the committee for recognizing the need this concept fulfills and for the continuing support the committee has provided.

Mr. TAFT. Mr. President, on Thursday, June 24, the House passed two devastating amendments dealing with OSHA exemptions in its consideration of the Labor/HEW appropriations bill. As I understand the situation, the sponsors of these amendments intend that their amendment will exempt employers with 10 or fewer employees from the coverage of the act. I want to make my position clear that I have never supported, nor will I support, any OSHA exemptions based upon the numbers of workers an employer employs. I do not think this is a reasoned approach to OSHA reform. And yet, I can see that the House is extremely frustrated by the fact that the on-site consultation bill which was overwhelmingly passed in November 1975, H.R. 8618, has not been acted upon by the Senate. As most of my colleagues are aware, I have done what I can to move S. 3182, an identical OSHA reform bill through the Senate without much success thus far other than pursuading almost one-third of this body to cosponsor the legislation.

Congressman Findley in the debate on his amendment stated that his amendment was only necessary because the Senate had not passed an on-site consultation bill.

Mr. President, I do believe that the Congressman's statement is part of the consideration relied upon by Members of the House when they overwhelmingly approved both the Skubitz and Findley amendments. I believe the House is experiencing a sense of disappointment and irritation that the on-site consultation proposal is not law and therefore cannot be used by businessmen including small businessmen and farmers to assist them in their efforts to comply with OSHA's voluminous regulations.

Mr. President, this is a golden opportunity for the Senate to process my on-site consultation bill, S. 3182. I am proud to announce that I now have 28 cosponsors from both sides of the aisle indicating a broad-based, bipartisan support for this legislation. I believe it is a reasonable alternative to assisting employers rather than exempting anyone from the coverage of the act. The safety and health of 10 or fewer employees is as important as the safety and health of 10 or more employees—a limitation of numbers under these circumstances is only an artificial distinction.

For the information of my colleagues, Senators Beall, Laxalt, and I, wrote to the chairman of the Labor Committee on June 22 requesting that he *schedule* a markup session on the legislation as soon as possible. I have not as of yet received a response from the chairman but I think that in light of the House's action on the pending measure the climate for consideration of the on-site consultation bill would be most favorable. It is the best possible approach to the problem of assisting employers and especially small employers to comply with OSHA.

I trust that my colleagues will encourage Senator Williams and the other members of the Labor Committee to move this bill through committee and on to the Senate floor for final approval as rapidly as possible. I ask unanimous consent that the letter I referred to earlier in my remarks now be printed in full in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

COMMITTEE ON LABOR
AND PUBLIC WELFARE,
Washington, D.C., June 22, 1976.

Hon. Harrison A. Williams, Jr.,
Chairman, Labor and Public Welfare Committee, Washington, D.C.

Dear Pete: On March 18, 1976, we, some of the original cosponsors and members of the Labor Committee, introduced S. 3182, a bill to amend OSHA to provide on-site consultation and education to employers. Since this date, we have been joined by twenty-four (24) of our colleagues indicating a broad-based, bi-partisan support for the legislation. The bill was referred to the Labor Committee and it has been considered extensively in the OSHA oversight hearings. We submit that this OSHA reform effort, while limited in scope, is extremely important in promoting OSHA's effectiveness and we respectfully request your leadership in providing early and favorable action by the Committee.

For your information, some of the key factors of the bill are:

1. It creates on-site consultation services with the U.S. Department of Labor. These services would be completely separated from enforcement activities. We want to stress that it is not our intention to detract in any manner from OSHA's compliance activities.

2. Priority for the services would rightfully go, upon request, to small businesses and hazardous workplaces. However, there is no arbitrary "number-of-employees" cutoff limit which would preclude larger employers from using the services.

3. The program would be 100% federally funded and the coverage would be universal. In other words, unlike the present system, employers in all jurisdictions would be eligi-

ble to use the services and their employees would benefit to a greater extent than they now do.

4. Consultants could not issue citations or propose fines and the consultant's report could not be used against the employer unless the employer specifically permits such use.

5. The consultant's advice would not be binding upon enforcement personnel in the case of a subsequent enforcement inspection. However, the consultant's report, if permitted by the employer may be used as evidence of the employer's good faith in the determination of any penalties.

6. Consultants discovering a serious hazard shall immediately notify the employer of the hazard and permit a reasonable time for abatement of the hazard. The consultant would not notify enforcement personnel except in a case where the employer refuses to abate the serious hazard.

We suggest that it would be appropriate to dispense with further hearings on this issue and proceed directly to mark-up for these reasons: (1) our 1974 oversight hearings as well as our current hearings gathered much evidence and information about this specific subject-matter and most of the interested parties have taken a position on it; (2) the issue is not complex so that additional hearings are necessary; (3) the House has overwhelmingly by a voice vote of 115–15 passed an identical bill on November 17, 1975 (H.R. 8618); and, (4) The Department of Labor supports the proposal as introduced.

Moreover, the bill in its present form is supported by the National Association of Manufacturers, the Associated General Contractors of America, Inc., the National Federation of Independent Business, the Printing Industries of America, the U.S. Chamber of Commerce, as well as by other trade and business associations.

We know you may be reluctant to put any OSHA bill through Committee or on the floor for fear that the present Act might be diluted by amendment. We pledge to you that we and interested industry leaders will work with you and our colleagues to secure agreement that the bill be enacted without amendment to it and any other OSHA provision.

We believe that the establishment of a voluntary Federal on-site consultation program which does not contain any punitive features should reduce much of the employer opposition to the Act. As a result, it should encourage compliance thereby providing employees with a place of employment which is safe and healthful. We know you share this objective and we hope that you will view this bill as a worthwhile vehicle to accomplish this goal.

Best regards,

ROBERT TAFT, Jr.
PAUL LAXALT.
J. GLENN BEALL, Jr.

NIOSH CONSTRUCTION FUNDING

Mr. PROXMIRE. Mr. President, I rise to strongly oppose the Senate Appropriations Committee decision to add $1.5 million to the Labor-HEW appropriations bill for starting construction of a National Institute for Occupational Safety and Health facility in Cincinnati.

NIOSH, HEW, OMB, and the President have not asked for these funds. According to officials in the Division of Health Facilities Planning of the Public Health Services they already have the money to complete the work on the building drawings and plans. So what will the 1.5 million go for? Nobody seems certain, but the best guess is that it will be spent on a parking lot and a sewer pipe. Since the plans and drawings for the new NIOSH facility will not be complete until January of 1978, the money cannot really be going to begin construction of any important part of the new facility.

Congressman FLOOD's subcommittee has very carefully followed this project, which will cost the taxpayers $50 million and they are just not satisfied with the report submitted by HEW. They want a proper report submitted before spending our funds for the new facility. I fully agree with them. The current report appears to have been done over a single weekend. Only 1 page is devoted to each of 10 cities. No site visits were made, and each of the cities was not given a chance to fully present its case.

For example, the House asked for a careful evaluation of recruitment potential in each location. The report submitted had only one sentence on the situation in Cincinnati. It said:

> Federal recruiting in the Cincinnati area has been reasonably successful in the past and should be considerably improved with the location of the laboratories in adequate quarters.

However, just last week I had my staff check with a number of NIOSH and Public Health Service officials to get the very latest statistics on recruitment in Cincinnati. Here are the facts as of June 1:

> Positions allocated to NIOSH in Cincinnati: 471.
>
> Persons on Duty: 396.
>
> Vacancies: 75, or over 15 percent, with a disproportionate number of these vacancies for the highest scientific positions.

There are some who would defend this "quickie" report by claiming that a study completed in April 1973, fully dealt with all the issues involved in site selection and that further investigation is therefore unnecessary. But the former NIOSH director who conducted that first study says that it was by no means complete.

Dr. Marcus M. Key, now a professor of environmental medicine at the University of Houston, told Congressman OBEY's office that the site study he conducted for NIOSH "was in no way exhaustive. It only involved cities where local officials were aware of the possible relocation of the Cincinnati facility and had invited NIOSH to make an evaluation. It did not provide any detailed analysis of the recruitment problems which have since proven to be a major difficulty in Cincinnati."

In addition the second report included only three of the cities involved in the first report. In other words, seven of the cities in the "quickie" report never were really evaluated.

A number of our colleagues share my views on this matter. Senator SCHWEIKER spoke very eloquently against committing the $1.5 million and for accepting the House view on NIOSH during the Labor-HEW Subcommittee markup. Senators NELSON, GRIFFIN, HELMS, and MORGAN have also written in support of the House position.

In conclusion, nobody asked for this money within NIOSH or the administration, the House Labor-HEW Appropriations Subcommittee does not want to spend this money, a number of Senators do not wish to spend this money. The report supporting the Cincinnati site is completely unacceptable.

We need a fair and complete search for the location of this important $50 million facility. I urge that we require that type of search before committing any tax money to construction for NIOSH.

ORDER FOR RECESS UNTIL 8 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 8 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE TAX REFORM ACT OF 1976

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, H.R. 10612, which will be stated by title.

The legislative clerk read as follows:

> A bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. Committee amendment No. 13, as amended, is now open to further amendments dealing only with maximum tax and an amendment to be offered by the Senator from Alabama (Mr. SPARKMAN).

VISIT TO THE SENATE BY MEMBERS OF THE AUSTRALIAN PARLIAMENT

Mr. SPARKMAN. Mr. President, we are honored today to have five Members of the Parliament of Australia visiting us. They are at the rear of the Chamber, and I ask them to stand. They are: Honourable John Elden, McLeay, M.P.; Senator Frederick Michael Chaney, LL.B.; Senator the Honourable Reginald Bishop; John Martin Hyde, M.P.; and Ralph Jacobi, M.P.

[Applause, Senators rising.]

Mr. President, I ask unanimous consent to have printed in the RECORD biographical data with respect to our guests.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BIOGRAPHICAL DATA

HONOURABLE JOHN ELDEN MCLEAY, M.P.

Minister for Construction and Minister Assisting the Minister for Defence.

Liberal Party member of the House of Representatives for Boothby, South Australia, since 1966.

Born 1922. Married, three children.

Educated Scotch College, Adelaide. Served with the Australian Imperial Force during World War II in New Guinea.

Managing Director, McLeay Bros Ltd. since 1949.

Served as Councillor, Alderman and Mayor, Unley City Council during the period 1949–70.

Member, House of Representatives Standing Committee on Privileges 1969–71; Joint Committee on Foreign Affairs 1970–71.

Assistant Minister to the Minister for Civil Aviation and Member of the Executive Council 1971–72.

Member, Opposition Shadow Ministry and spokesman for Housing and Construction 1974–75.

Leader, Australian Delegation Fifty-ninth IPU Conference, Paris 1971.

Recreations/interests: Volley ball, tennis.

SENATOR FREDERICK MICHAEL CHANEY, LL.B.

Liberal Party Senator for Western Australia since 1974.

Born 1941. Educated Aquinas College, Perth and the University of Western Australia. Barrister and Solicitor. Married, three children.

Prior to entering Parliament served as a public servant, Papua New Guinea 1964–65. Private law practise 1965–68 and 1970–74. Corporate Solicitor Handock Wright Mining Partnership.

Senior Vice President, State Liberal Party, Western Australia 1970–74. Member, Federal Executive of Liberal Party 1973–74; Federal Platform Committee of the Liberal Party 1973–74.

Member, Senate Legislative and General Purpose Standing Committee on Constitutional and Legal Affairs 1974–75; Senate Select Committee on Foreign Ownership and Control 1974–75; Joint Committee on Prices 1974–75.

Opposition Whip 1974–75.

Government Whip in the Senate 1976.

Recreations/interests: Swimming, squash, gardening.

Senator the Honourable Reginald Bishop.

Australian Labor Party Senator the South Australia since 1961.

Born 1913. Married, two children.

Prior to entering Parliament was an official of the Australian Railways Union, South Australian Branch 1937–56. Saw active service with the RAAF 1943–46. Secretary, South Australian Trades and Labour Council 1956–62. Commissioner, South Australian Board of Industry 1956–62. Member, South Australian Advisory Committee, Workmans Compensation 1957–61. Executive Member, ACTU, 1956–62. Member HRH Duke of Edinburgh Study Conference, UK, 1956. Member, Second ACTU Delegation to China 1958 and Adviser, ILO Conference, Geneva 1960.

Member, Senate Standing Committee on Regulations and Ordinances 1965–69; Senate Select Committee on Container Method of Handling Cargoes 1967–68; Joint Committee on Foreign Affairs 1970–72. Member, Parliamentary Delegations to South East Asia 1964 and 1970; Australian Delegation to CPA Conferences, Kingston 1964, Kuala Lumpur 1971; Australian Parliamentary Mission to Europe and the UK 1968. Observer, South Pacific Commission, Apia 1972. Officially visited Indonesia 1973. Leader, Parliamentary Delegation to South East Asia 1974.

Acting Minister for Labour for two periods in 1973.

Minister for Repatriation and Minister assisting the Minister for Defense 1972–74. Acting Minister for Defense and Acting Minister for Transport on various occasions. Postmaster-General 1974–75.

Recreation/interests: Sporting interests.

JOHN MARTIN HYDE, M.P.

Liberal Party member of the House of Representatives for Moore, Western Australia, since 1974.

Born 1936. Married, four children. Educated Hale School, Parth. Farmer since 1952. Councillor, Dalwallinu Shire Council 1966–71. President of the Moore Division of the Liberal Party 1969–71 and 1973. Member, Western Australian State Executive of the Liberal Party 1969–71 and 1973.

The electorate of Moore is rural and outer metropolitan. Its area is approximately 87,600 square kilometres and it has some 74,000 enrolled electors. Industries include wheat, wool, beef, cattle, vineyards, crayfishing, poultry farming, light industry and service industries.

Recreations/interests: Agriculture and animal genetics.

RALPH JACOBI, M.P.

Australian Labor Party member of the House of Representatives for Hawker, South Australia since 1969.

Born 1928. Married, three children.

Prior to entering Parliament was General Secretary Australian Government Workers Association.

Member, Australian Parliamentary Delegation to the Australian Constitutional Convention 1975.

Member, Joint Committee on Foreign Affairs and Defense since 1976.

The electorate of Hawker is metropolitan, residential, suburban and industrial, southern Adelaide. Its area is approximately 47 square kilometers and has some 60,700 enrolled electors. Industries include: car assembly plants, rubber mills, light engineering, construction works and service industries.

Recreations/interests: Walking, tennis, reading.

RECESS

Mr. SPARKMAN. Mr. President, we are delighted to have these gentlemen with us, and we want them to know that we welcome them here.

I ask unanimous consent that the Senate stand in recess for 2 minutes, in order to allow Senators to speak to our guests.

There being no objection, the Senate, at 2:08 p.m., recessed until 2:10 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Hansen).

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

UP AMENDMENT NO. 123

Mr. LONG. Mr. President, I send to the desk an amendment on behalf of the Committee on Finance.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. Long), for the Committee on Finance, proposes unprinted amendment No. 123.

At the end of title III of the bill, add the following new section:

Sec. 302. Maximum Tax for Individuals.

(a) In General.— Section 1348 (relating to 50-percent maximum rate on earned income) is amended to read as follows:

"Sec. 1348. 50-Percent Maximum Rate Where Taxpayer Has Personal Service Income.

"(a) General Rule.—If for any taxable year an individual has section 1348 taxable income which exceeds the amount of taxable income specified in paragraph (1), the tax imposed by section 1 for such year shall, unless the taxpayer chooses the benefits of part I (relating to income averaging), be the sum of—

"(1) the tax imposed by section 1 on the highest amount of taxable income on which the rate of tax does not exceed 50 percent,

"(2) 50 percent of the amount by which his section 1348 taxable income exceeds the amount of taxable income specified in paragraph (1) of this subsection, and

"(3) the excess of the tax computed under section 1 without regard to this section over the tax so computed with reference solely to his section 1348 taxable income.

"(b) Definitions.—For purposes of this section—

"(1) Section 1348 taxable income.—The term 'section 1348 taxable income' means the amount which bears the same ratio (but not in excess of 100 percent) to the taxpayer's taxable income as his section 1348 net income bears to his adjusted gross income.

"(2) Section 1348 net income.—The term 'section 1348 net income' means the amount which equals the sum of—

"(A) the taxpayer's net personal service income, and

"(B) so much of his net investment income as does not exceed the less of (i) his net personal service income or (ii) $100,000.

"(3) Net personal service income.—The term 'net personal service income' means any personal service income reduced by the sum of—

"(A) any deductions allowable under section 62 which are properly allocable to or chargeable against such personal service income, and

"(B) the sum of the items of tax preference for the taxable year.

"(4) The term 'personal service income' means any income which is earned income within the meaning of section 401(c)(2)(C) or section 911(b), and also includes any amount received as a pension or annuity, except that such term does not include any distribution to which section 72(m)(5), 402(a)(2), 402(c), or 403(a)(2)(A) applies.

"(5) Net investment income.—The term 'net investment income' means any income which is not personal service income or net capital gain (within the meaning of section 1222(11) less any deductions allowable under section 62 which are properly allocable to or chargeable against such net investment income.

"(c) Married Individuals.—

"(1) In general.—Except as provided in paragraph (2), this section shall apply to a married individual only if such individual and his spouse make a single return jointly for the taxable year.

"(2) Exception for nonresident alien individual.—Paragraph (1) shall not apply to a married individual if his spouse is a nonresident alien individual.".

(b) Clerical Amendment.—The table of sections for part VI of subchapter Q of chapter 1 is amended by striking out the item relating to section 1348 and inserting in lieu thereof the following:

"Sec. 1348. 50-percent maximum rate where taxpayer has personal service income.".

(c) Conforming Amendments.—Section 1304(b)(5) is amended by striking out "earned" and inserting in lieu thereof "personal service".

(d) Effective Date.—The amendments made by this section apply to taxable years beginning after December 31, 1976.

The PRESIDING OFFICER. Time for debate on this issue is limited to 5 hours, to be equally divided and controlled by the Senator from Louisiana (Mr. Long), or his designee, and the Senator from Minnesota (Mr. Mondale), with debate on any amendment thereto to be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and with debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate to be limited to 10 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: Provided, that the said Senators, or either of them, may, from the time under their control on the committee amendment, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order: Provided further, that the committee amendment on maximum tax be disposed of not later than 8 p.m. this evening.

Mr. LONG. Mr. President, I ask unanimous consent that I may yield to the assistant majority leader without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR FILING COMMITTEE REPORT ON DEBT CEILING

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on the Budget have until midnight tomorrow night to file a report on the debt ceiling.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. LONG. Mr. President, this is the committee language that was stricken from the bill by the Allen amendment, as agreed to when we were debating the minimum tax proposal. The amendment was broader than the minimum tax. It therefore took with it the maximum tax voted by the committee and this matter should be considered on its own merits.

Mr. President, basically, here is what we have: we have a situation where taxpayers making $200,000 or more average paying taxes to this Government of about 44 percent. That 44 percent is an average, since there is a great variation. For example, we have had all this conversation about some people who have gotten by with paying zero in taxes. The Treasury has its sights zeroed in on what it calls the target group and those are people—and there is a considerable number of them—who are able to get by with a tax, based on adjusted gross income, of no more than 14 percent. The Committee on Finance minimum tax zeroes in very well on that group. There are some people, and they are not many in number, but there are some, who pay a great deal more than 44 percent.

Mr. President, we agreed, in the 1969 Tax Reform Act, that on earned income, the top tax rate would be 50 percent, but we did have a provision, which had been subsequently referred to as "preference poison," which would say that to the extent that one has income in the preference areas it would reduce the amount of money that would be subject to the maximum tax limitation. It is now suggested that, in addition to his earned income from salaries or wages, investment income up to $100,000, or an amount equal to earned income subject to the limitation, whichever is the lesser, ought also to be subject to the 50-percent limitation.

Keep in mind, Mr. President, that we had this great difference among people paying zero percent, less then 14 percent, up to those paying as much as 70 percent. If we believe in tax justice and tax equity, it has been said, time and again, that if we are able to raise more money from people who get by without paying us much, we could reduce the rates on people who are paying taxes on everything that they make. That type of suggestion was made during the Kennedy administration, it was made during the Johnson administration, it had been made—at least it had been suggested—by the House of Representatives.

To those who say that if we did not have so-called shelters, if we did not have very favorable tax treatment for some taxpayers, we would not have to have such tax rates, we propose to call their hand and to recommend the kind of upper limit on tax rates similar to those recommended by Democratic Presidents Kennedy and Johnson and has been recommended by the House of Representatives on occasion—and even on one occasion agreed to by the Committee on Finance. When a person is paying the full tax on practically every bit of income that he has it is unfair to be charging him a tax that could work out to 70 percent of part of his income when we have others who, because they find capital gains or the various tax shelters that we have been debating about—which we do tax to the extent of more than $1 billion in this bill—there should be a reduction in the rate of that poor fish who has not learned to swim yet.

I do not know of anybody who actually pays 70 percent, or anything like that. My impression is that any fellow who finds he is paying that much talks to other people who have some tax plan, who would say, "Why, you poor fish. Don't you know any better than to pay a 70 percent tax on much of what you make? You ought to adjust your affairs and adjust your business to have more of your income made by way of capital gains, to put some of it into State and municipal bonds where you do not pay a tax on it, to find ways that you have a high interest expense so you invest in whatever might be available to help hold down your tax liability. If you do that, you will not pay anything like that."

So that person, of course, feels that he has been a fool when he sees how little someone else is paying and how much he is paying. So he starts looking for that type of approach somewhere, so he can find himself some deductions, and he proceeds to do that.

If we make the tax for those who are paying taxes on everything that they earn, less than that 70 percent wartime rate, there will be more of an inclination for people to stay with the type of things they do best and to invest in the kind of things that they know best, which also provides jobs, and to take less and less interest in trying to find some exotic type of arrangement whereby they would have a much greater taxation break.

I believe experience would demonstrate that unless there is heavy taxation, people are not going to go for the exotic type of arrangement which would appear to save them a lot on taxes because, in many instances, those people lose a great deal of money by doing so.

I see a chart placed on the blackboard behind us by those who will oppose the amendment, making the point that this maximum tax only benefits high-bracket taxpayers. By definition, that is so. But let us keep in mind that the tax bill we have before us zeroes in very strongly on high-bracket taxpayers who pay very little and makes them pay more. In doing so, it is fair to contend that there ought to be some relief for high-bracket taxpayers who pay altogether too much tax. This proposal would cost about $300 million and it would tend to make people move away from tax shelters into those things where they are paying the full amount of tax as provided by the new law.

In other words, Mr. President, I am one who believes that tax reform means more than just putting more tax on the person who is paying little now.

It means that we ought to have less tax on a person who is paying a great deal.

Some years ago we considered tax proposals that would limit the tax burden on those in high brackets and who were paying taxes on everything they made. I would just like to read from the recommendation of tax reform studies and proposals, U.S. Treasury Department, under the Kennedy and Johnson administrations, a suggestion along the lines we are discussing here. It was not an identical proposal, but a parallel or similar proposal:

Maximum individual income tax

> As part of a program for achieving tax fairness among higher income individuals, it is appropriate to consider not only those who pay too little tax in relation to others, but also those who pay too much tax. The former group consists of individuals whose true income includes substantial amounts of excluded income. A minimum tax has been proposed for them under a rate schedule that could raise their effective rate of tax on true income up to nearly 35 percent.
>
> The latter group consists of individuals who enjoy few, if any, tax preferences. For example, of those with taxable income of $500,000 or more, about 29 percent would pay—after the other reforms included in the program—more than 50 percent of their true incomes in tax. This tax burden is high in relation to what others in their income class pay or are being asked to pay under the reform program.
>
> The Treasury recommends, as a component of an overall program to improve the equity of the income tax at the higher brackets, that no individual be required to pay more than one-half of his total income (including presently taxable income plus the major sources of excluded income) in income tax to the Federal Government. This would be accomplished through the introduction of an optional, alternative maximum tax. In making this recommendation the Department stresses the concept of "total income," for the maximum tax approach is valid only if these is assurance that an individual's total receipts are realistically and fully taken into account in computing the tax.
>
> This alternative maximum tax would be computed at the rate of 50 percent on the same concept of income proposed in connection with the minimum tax with the addition of the value of stock options at the time of their exercise. Taxpayers would have the option of paying this maximum tax if it were lower than their regular tax under present law.

Mr. President, I ask unanimous consent that the next paragraph be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

> It is necessary to emphasize that the establishment of such a maximum tax is feasible only in conjunction with the recommended treatment for the taxation of appreciated assets transferred at death or by gift. A high proportion of those who would benefit from the maximum tax proposal are also large holders of appreciated assets. They, therefore, now benefit from the permanent exclusion from income taxation of the appreciation on these assets, which is possible under present law. Unless this special tax benefit is removed, it would be unfair to provide additional benefits through any reduction in the tax applicable to annual dividends, interest, and other income mainly derived from those assets. Indeed, such treatment would be inconsistent with the concept of the maximum tax as setting a limit on total tax paid in relationship to total income including capital gains.

Mr. LONG. Mr. President, if Senators really believe and want to tell people in the business community that they are in favor of putting more taxes on capital gains, they are in favor of putting more tax on tree farmers, more taxes on oil people, more people in various and sundry lines of endeavor because those people do not pay as much as someone else pays, they ought to either put up or shut up on the argument that if we do that we can reduce the rates, that if we are taxing all incomes we can reduce the rates.

So there is a proposal that in addition to a 50-percent maximum tax that we have in the law on the income of people who work very hard and earn quite a bit, who earn more than $38,000 if they are single or more than $52,000 if they are married, to encourage them to put their resources, their personal resources, to best use. Incidentally, in many cases it brings the Government more money because people like Muhammad Ali, actors, entertainers, well as those in business, just go out and make a lot more money if they can keep half of it. A world champion boxer boxes four times a year instead of one time a year if he can keep half of it.

Taking those things into consideration we suggest that with regard to up to $100,000 of dividends, royalties, rents, interest, and other investment income one should have the benefit of the same 50-percent limitation.

Implicit in this proposal is what I have referred to before as the so-called preference poison. If a person has gains or any other so-called preference items that we have been debating here for several days, the amount of income subject to the 50-percent limitation would be reduced by the amount of preference. That would serve to reduce the amount of earned income benefiting from the 50-percent limitation. In doing so it would also reduce the amount of investment income benefiting from the 50-percent limit. So the preference income would reduce the benefit from the 50-percent in both areas. For example, if we had, let us say, capital gains of $10,000 subject fully to the minimum tax, this would cause a reduction of $10,000 both in the earned income and also an equal amount of investment income eligible for the limit. The result would be that it would cause the so-called preference poison to have a double effect. Again, that makes it more desirable for a person to earn his money, whether by investment or by his personal services in areas that are fully taxable rather than in areas that are not fully taxable.

Mr. President, I do not know of a single taxpayer who would be benefited by this proposal, but anyone who finds himself in this position, that he has no items that could be considered preference items, paying taxes in the full amount on everything that he earns, is entitled to the consideration of a 50-percent tax rate to the amount that this amendment would recommend. The committee supports the amendment, Mr. President, and I hope very much that the Senate will agree to it.

Mr. BENTSEN. Will the Senator yield?

Mr. LONG. I yield.

The **PRESIDING OFFICER.** Who yields time? Does the Senator from Louisiana yield time?

Mr. LONG. I yield.

Mr. BENTSEN. Mr. President, at the present time we have a maximum tax rate of 50 percent on earned income. We also have a maximum 70 percent rate on what is termed unearned income. This so-called unearned income is truly a misnomer and one that I think a lot of people have resented for a long time. It is truly a misnomer to talk about the interest from savings and loan accounts as unearned income or the dividends from venture capital investments as unearned income.

I was just reading a newspaper in the other room. They were talking about Muhammad Ali getting $6 million for less than 1 hour's performance in Japan. Well, I am happy for him. I think the 50-percent maximum tax prevails in that kind of a situation.

We also heard of a situation where a rock singer made over $12 million last year and paid a 50-percent maximum tax.

I do not begrudge this for one moment and I am pleased at the popularity of these individuals. However, it is not good policy to turn around and impose a 70-percent tax on a venture capital investment, for example, that might develop into the Xerox or the IBM of tomorrow, which results in innovative and creative products and services and creates more jobs for the people of this country.

How do people react when all they are getting is 30 percent of the profit of their endeavors, and are going to lose 70 percent?

We have heard a lot about the big hitter and the big winner, and that is great out on the stump. But we ought not to do that to our colleagues. Let us talk about economic objectives and what we are trying to accomplish for our country. If you really want to strike at tax shelters and stop investments in some of the foolish deals we have seen promoted around this country, some of which have no legitimacy at all, then get rid of the 70 percent tax bracket and reduce it to the 50 percent that you find on earned personal income. Then, I think you would find a substantial reduction in the amount of money going into the so-called tax shelter.

The Finance Committee amendment expands the definition of income eligible for the 50 percent maximum marginal tax rate to include a limited amount of net investment income. The amount of net investment income eligible for the maximum rate is limited to the lesser of $100,000 or personal service net income.

Mr. President, this section of the Finance Committee bill represents a constructive method to slow down the search for tax shelters and also to remove an excessive tax on investment income.

Today there is substantial evidence that the United States has not been keeping pace with other industrialized nations with respect to economic growth and capital investment.

An important starting point in a discussion of capital formation is the pattern of economic growth. The average annual rate of real economic growth during the 1960's for the 20 nations belonging to the Organization of Economic Cooperation and Development—OECD—ranged from a high of 11.1 percent for Japan, to a median of about 5 percent for Australia, the Netherlands, and Norway, to a low of 2.8 percent for the United Kingdom. The United States, during this time experienced an average growth rate of 4 percent a year—17th among the 20 nations.

Of the many factors that influence economic growth rates, none is more important than the level of capital investment. A strong rate of new capital investment is required to generate sustained economic growth. However, during the 1960's, the United States had the worst record of capital investment among the major industrialized nations of the Free World. A study prepared by the Department of the Treasury indicates that total U.S. fixed investment as a share of National output during the time period of 1960 through 1973 was 17.5 percent. The U.S. figure ranks last among a group of eleven major industrial nations; our investment rate was 7.2 percentage points below the average commitment of the entire group.

This tax bill which has been reported by the Senate Finance Committee is the first real breakthrough to encourage investment capital in this country, to bring about some of the creative enterprises that have to be brought about in this country, to give people a chance to step up.

This legislation proposed by the committee will go a long way toward achieving that and I think the amendment that is being proposed will be a step back from that.

I yield back the remainder of my time.

Several Senators addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Minnesota.

UP AMENDMENT NO. 124

Mr. MONDALE. Mr. President, I call up my unprinted amendment No. 124, now at the desk, as a substitute for the language intended to be inserted by the

Finance Committee's pending unprinted amendment; and I ask unanimous consent that its reading be suspended.

The PRESIDING OFFICER. The amendment has to be stated further.

The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. Mondale) for himself and others proposes unprinted amendment numbered 124.

The amendment is as follows:

Sec. 302. Maximum Tax Amendments.

(a) In General.—Section 1348 (relating to percent maximum rate on earned income) is amended to read as follows:

"Sec. 1348. 50-Percent Maximum Rate Where Taxpayer Has Personal Service Income.

"(a) General Rule.—If for any taxable year an individual has personal service taxable income which exceeds the amount of taxable income specified in paragraph (1), the tax imposed by section 1 for such year shall, unless the taxpayer chooses the benefits of part I (relating to income averaging), be the sum of—

"(1) the tax imposed by section 1 on the highest amount of taxable income on which the rate of tax does not exceed 50 percent,

"(2) 50 percent of the amount by which his personal service taxable income exceeds the amount of taxable income specified in paragraph (1) of this subsection, and

"(3) the excess of the tax computed under section 1 without regard to this section over the tax so computed with reference solely to his personal service taxable income.

"(b) Definitions.—For purposes of this section—

"(1) Personal service taxable income.—The term 'personal service taxable income' means the amount which bears the same ratio (but not in excess of 100 percent) to the taxpayer's taxable income as his net personal service income bears to his adjusted gross income.

"(2) Net personal service income.—The term 'net personal service income' means any personal service income reduced by the sum of—

"(A) any deductions allowable under section 62 which are properly allocable to or chargeable against such personal service income, and

"(B) the sum of the items of tax preference for the taxable year.

"(3) The term 'personal service income' means any income which is earned income within the meaning of section 401(c)(2)(C) or section 911(b), and also includes any amount received as a pension or annuity, except that such term does not include any distribution to which section 72(m)(5), 402(a)(2), 402(c), or 403(a)(2)(A) applies.

"(c) Married Individuals.—

"(1) In general.—Except as provided in paragraph (2), this section shall apply to a married individual only if such individual and his spouse make a single return jointly for the taxable year.

"(2) Exception for nonresident alien individual.—Paragraph (1) shall not apply to a married individual if his spouse is a nonresident alien individual.".

(b) Clerical Amendment.—The table of sections for part VI of subchapter Q of chapter 1 is amended by striking out the item relating to section 1348 and inserting in lieu thereof the following:

"Sec. 1348. 50-percent maximum rate where taxpayer has personal service income.".

(c) Conforming Amendments.—Section 1304(b)(5) is amended by striking out "earned" and inserting in lieu thereof "personal service".

(d) Effective Date.—The amendments made by this section apply to taxable years beginning after December 31, 1976.

The PRESIDING OFFICER. There are 30 minutes on the amendment.

Mr. MONDALE. I would make a parliamentary inquiry. As I understand it, that amendment was supposed to be voted upon by 8 o'clock, with 5 hours equally divided; am I correct?

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana has the 5 hours. The time from that amendment could be yielded by either the Senator from Louisiana or the Senator from Minnesota.

Mr. MONDALE. Who controls the time in opposition to the amendment offered by the Senator from Louisiana?

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. MONDALE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MONDALE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONDALE. Mr. President, I want it understood that the time I have used and will use in the future will come off the time of my side in opposition to the underlying Long amendment unless I specify otherwise.

The PRESIDING OFFICER. The Senator has the right to yield time on the amendment.

Mr. MONDALE. All right.

Now, Mr. President, I promised I would yield 10 minutes to the Senator from Wisconsin, and I would like to do so. I ask unanimous consent that I may do so without yielding my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Wisconsin (Mr. Proxmire) is recognized for 10 minutes.

Mr. KENNEDY. Mr. President, will the Senator yield? Would the Senator just add 4 more minutes on the subject to this Senator?

Mr. MONDALE. I yield 4 more minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. Without objection, it is so ordered, without the Senator losing his right to the floor.

Mr. PROXMIRE. Mr. President, because of the procedures followed in the Senate Finance Committee I believe that portions of the tax reform bill have been converted into a program of "welfare for the well-to-do." This has happened through the addition of dozens of special interest amendments to the bill, many of them added at the last minute, without very much discussion and, in some cases little knowledge of who was the real beneficiary.

The bill as it came to the Senate floor contained three major parts. The first two, an essential tax cut and provisions providing about $1 billion in needed tax reform but which fell short of tax reformers hopes, were good. But the committee also added a grab bag of amendments which provides some of the biggest handouts, giveaways and ripoffs since the super con man Peter Stuyvesant bilked the Indians out of Manhattan Island for 24 dollars.

CHRISTMAS TREE BILL CONVERTED TO BICENTENNIAL BIRTHDAY BILL

In the past the special privilege tax bill has arrived on the Senate floor with its trinkets and tinsel late in December just before the Christmas adjournment. This year the bill has arrived in time for the Fourth of July. Its name can therefore appropriately be changed from the "Christmas Tree bill" to the "Bicentennial Birthday bill." It has a myriad of presents, provided by the Senate Finance Committee but to be paid for by the ordinary, hard-working, God-fearing average American family, to almost every major industry in the country.

Among the recipients of the committee's largesse are oil and gas companies, investment services, political consultants, soft drink franchises, landlords, optical firms, airlines, auto companies, shipbuilders, insurance companies, mineral producers, the glass industry, clothing retailers, lumber companies, public utilities, banks, telephone and telegraph corporations, household appliance firms, restaurants, and motels among others.

The biggest irony is that the committee cut out $1.7 billion in tax cuts for the average family in order to pay for the goodies given to some of the wealthiest corporations in America. Here are some of the specific amendments and the companies who lobbied for them or receive the benefits:

Investor diversified services: The amendment would overrule a Treasury regulation requiring investors in their certificates to include a ratable portion of the interest payment deferred until maturity. IDS certificates yield only 3 percent over 22 years, and investors lose up to 20 percent of their money if they bow out before 8 years.

I have always felt this was about the most foolish investment an investor could make—a real turkey but the effect of the amendment is to make a bad investment slightly less bad.

Mr. CURTIS. Will the Senator yield?

Mr. PROXMIRE. Oil and gas companies: The bill restores the depletion allowance for integrated oil producers with $5 million in sales or less. Many big companies will benefit. Bonanza for the oil companies? $18 million in fiscal year 1977.

An anonymous Coca-Cola franchise: The amendment apparently exempts income from being taxed as a personal holding company—70 percent versus corporate rate of 48 percent. It is retroactive to 1964 and the franchise would qualify for refunds from the Treasury.

Mr. CURTIS. Will the Senator yield for a question?

Mr. PROXMIRE. I cannot yield at the present because my time is limited. At the end, I will yield.

Texas Optical Co.: Allows capital gains treatment to the transfer of a franchise in partnership situations, typical to the optical franchises. Amendment offered on behalf of Texas Optical Co.

United Airlines: Amendment provides for a refundable investment credit for unused investment credits. Apparently also available to utilities and others where overinvestment has yielded excess depreciation and investment credits. Cost of amendment: $300 million to $500 million.

Chrysler: Unused credits refundable under the above amendment was also applied to foreign tax credits benefiting Chrysler. Cost of amendment rises from $14 million in fiscal year 1977 to $30 million in fiscal year 1978.

Shipbuilders: Section 806, page 196 of the report grants the investment credit for shipbuilders even where tax free construction funds have been used.

Superior Oil Co.: Redefines the repatriation of overseas funds to exclude funds invested in the Outer Continental Shelf. Superior Oil gets the provision retroactively.

American Investors Group, Inc.: Special provision to exclude its Bermuda operations from U.S. tax. Cost, $11 million in fiscal year 1977, $10 million annually thereafter.

Hall Corporation Shipping Ltd.: Technical amendments narrowing the definition of shipping income favor this company.

Freeport Minerals: Amendment exempts Freeport Minerals and others from repeal of the per country method of computing the foreign tax credit. Estimated to cost $10 to $25 million to the Treasury.

Boise Cascade: One of the largest conglomerates in this country. Excepts Boise Cascade's Chilean losses from foreign loss recapture rules.

Robert Hall Co.: Specifically written exception from foreign loss recapture rules where taxpayers owned at least 10 percent of voting stock. Fits Robert Hall like a glove.

Natomas Corp.: This $8 million amendment providing a special carryback for excess foreign tax credits is designed to benefit the Natomas Corp. It will cost the Treasury $10 in fiscal year 1978. Another amendment favoring Natomas and others will cost about $25 million yearly for 5 years.

Sun Oil Co.: An amendment to provide special transitional exclusion from the recapture of foreign oil related losses will cost $21 million in fiscal year 1977 and $6 million in fiscal year 1978.

Major oil companies: Expands the definition of oil-related income by including certain interest income. Will cost an estimated $40 million to the Treasury in fiscal year 1977 and $90 million a year after.

I.U. International Corp.: This Philadelphia-based conglomerate will save an estimated $5 million by consolidating certain gas utility income with its non-oil income.

Tenneco, another conglomerate: This company will get up to $5 million by an amendment which clarifies the definition of oil related income in the liquidation of a Tenneco Canadian subsidiary.

Mobil Oil: Amendment allows Mobil and other Iran-based companies to claim foreign tax credits even though they have no "economic interest" in the properties after expropriation. Benefits to Mobil and others? About $40 million a year for 10 years.

American Investors Group: This amendment, which clarifies rules for determining the source of insurance underwriting income, will benefit American Investors Group and possibly others by up to $5 million annually.

Laredo National Bank, Texas: Amendment excludes from taxation the interest earned by foreigners on U.S. bank accounts and bonds.

H.H. Robertson Co.: Amendment overrules a tax court decision requiring the company to pay a tax on a liquidating income. Cost is estimated at $2 million.

Royal Bank of Canada: This amendment, which allows certain income to be taxed as capital gains instead of ordinary income, was sought by the Royal Bank of Canada. Revenue loss is estimated at up to $5 million.

Hanna Mining Co.: Amendment allows consolidation of Western Hemisphere Trade Companies—WHTC—with non-WHTC's if over 95 percent of the gross is derived from mining in a contiguous country. Fits Hanna like a glove. It is tailor made.

Insurance companies: Permits insurance companies to consolidate their life insurance operations with casualty insurance operations. It will cost an estimated $50 million a year after 1978.

Johns-Manville, Honeywell, Certain-Teed Products, Eaton Corp.: These companies all benefit from the home insulation credit or amendments added to it.

Marriott Corp.: Amendment frees employers from reporting tip income of their employees from charge account receipts. Added at Marriott Corp.'s behest. Loss in taxes, up to $5 million.

Mr. President, because the bill provides an extension of the tax cut it has become a "must" bill, and, of course, almost all of us will vote for it. But the Senate must find a procedure to prevent every big taxpayer in the country from adding piggyback amendments, which are often nothing more than private relief bills, to an otherwise desirable and necessary extension of the tax cut.

CONTENDING FOR CHANGE IN PROCEDURES

What we are contending for is a change in procedures.

In the past the House has had something called a "Member's bill"—very similar to what the Senate has done and is doing on this bill. Every year in the House, each member of the Ways and Means Committee was allowed to have one or two bills passed by the committee and the House without real examination of its merits—who it was for, how much it costs, and who benefited.

In the Senate we had the "bobtail" bill. That was converted to the "Christmas tree" bill when sessions lengthened from July to December. Again, amendment after amendment was added either in committee or on the floor.

Some of these were good, some were bad, and some were indifferent. But again it was seldom known as to who benefited, what the cost was, or what the Treasury's views about them were.

The House has reformed its procedures. The Member's bill is gone. The Ways and Means Committee has set up a number of subcommittees to winnow the bills that come to them, to hold hearings on them, to publish reports about them, and to examine them in a systematic way. The staff gives detailed descriptions of them. They are told how the present law would be changed, what the revenue loss would be, the position of the Treasury on them, and who benefits.

In the case of revenue bills the Constitution clearly states that they shall originate in the House. I do not believe that the Senate should be precluded from amending a House bill because of that provision.

But that is a very different matter from adding on several dozen amendments to the tax bill which are essentially unrelated to the major subject matter of the bill itself.

The fact is that dozens upon dozens of amendments, favoring or for the benefit of companies and industries, have been added to the tax bill. And some of them actually overturn tax court decisions, which was the forum we established to handle detailed, complex tax matters in contention.

And because the extension of the income tax cut we previously voted is the major substance of the bill, many of these amendments will get a free ride.

Reforming our procedures so that these provisions are heard in detail, are reported on in depth, and information about who benefits and why is provided to the Senate, is long overdue.

As I say, the House has done this and has provided the Members an opportunity to get into detail on the proposals that would benefit individual companies, and find out precisely why action by Congress is necessary.

Mr. President, I ask unanimous consent that a detailed explanation of each of these provisions be printed in the RECORD following my remarks.

There being no objection, the explanations were ordered to be printed in the RECORD, as follows:

EXPLANATIONS

AMENDMENT OVERRULING THE IRS ON THE QUESTION OF EXPENDING PREPUBLICATION COSTS

(Bill 1305, page 403 of the Report).

Explanation: This amendment would allow past expensing (writing off in one year) of prepublication costs, overruling the IRS position relating to encyclopedia publishers and other technical and textbook publishers. Any IRS ruling could be made prospective only.

The IRS has published a revenue ruling (Rev. Rule 73–395), that would require publishers to capitalize over the life of a book, expenses relating to research. Publishers have been expensing (writing off in one year) such costs. This primarily covers a situation such as the Britannica III where most of the cost of production is in research. The IRS has ruled that such expenses should properly be deducted over the commercial life of the publicaion and not written off in the first year and has applied this ruling retroactively.

Revenue Effect: This amendment could mean reduction in tax liabilities for a narrow class of taxpayers who have taken these fast write-offs in the past.

AMENDMENT OVERRULING IRS REGULATIONS ON THE TAX TREATMENT OF FACE-AMOUNT CERTIFICATES

(Bill section 1307, page 407 of the Report).

This amendment relates to the tax treatment of face amount certificates—an installment investment certificate promising a lump sum interest yield after 22 years. These certificates are sold almost exclusively (95%) by Investors Syndicate of America, a subsidiary of the Minneapolis-based mutual fund, Investor Diversified Services. The IRS has recently ruled that investors in these certificates must include in the income a ratable portion of the interest payments deferred until maturity. (This treatment is the same as that applied to other deposit arrangements that provide for interest to be paid in a lump sum at maturity—i.e. certificates of deposit).

In 1975, I.S.A. filed suit to enjoin the IRS from enforcing its regulations. The U.S. Court of Appeals in the District of Columbia ruled against ISA, finding sufficient grounds for trial court to possibly uphold the regulations.

The amendment would overturn the IRS regulations giving interest on face amount certificates favorable tax treatment accorded all such investment before Congress cracked down on them in 1969.

The House Ways & Means Committee after hearings and several hours of debate defeated similar legislation earlier this year.

These certificates are notoriously band investments yielding only 3% over the 22 year period. Furthermore, the investor will lose up to 20% of his money if he bows out of the deal within the first 8 years. (According to *Forbes,* at least half of the investors do drop out early with an actual out of pocket loss.) After 10 years the average yield is 1.1%, after 15 years it is only 2.5%.

Tens of thousands of people buy these certificates ($320 million worth in 1974). Forbes notes "a person would be far better off putting his money in a bank or U.S. Savings Bonds . . . or in whole life insurance," and asks: "Is it wrong to persuade people to invest their hard earned savings in so unprofitable a way?" As a practical matter—Congress ought not to lift a finger to grant IDS the legislation which it says it needs to continue marketing these unconscionable instruments to consumers (whose average annual income is between $12,000 and $14,000)—so long as they don't pay market interest rates.

RULES RELATIVE TO LIMITATIONS ON OIL AND GAS PERCENTAGE DEPLETION

(Bill Section 1317, page 424 of the Report).

This section contains a series of amendments to help narrow classes of oil and gas operators.

The 1975 Tax Reduction Act repealed the oil and gas depletion allowance for integrated oil producers who own retail outlets. One part of this section restores the depletion allowance for all integrated companies with $5 million of sales or less. There are several large oil and gas companies who will benefit from this proposal (among the top 70 oil companies in the country).

Also a special provision restores depletion allowance for one independent oil producer who happens to own six gas stations in Israel but does not sell his U.S. production through those stations. (He was inadvertently hit by the integrated company rule.)

Two sections modify the depletion repeal exception rules to benefit unnamed trusts that own oil properties and receive depletion.

Revenue Loss: This section loses $18 million in FY 1977, $10 million in FY 1981.

TAX TREATMENT OF CERTAIN DEBTS OWED BY POLITICAL PARTIES

(Bill Section 1304, page 401 of the Report).

The present law does not allow a tax deduction for bad debts of political parties. This law is an effort to avoid favorable tax treatment to individuals or corporations who would "donate" their services to political campaigns knowing they will not actually be paid for them. However, recently more and more professional services are provided to political campaigns by professionals who anticipate payment for those services (polling, direct mailing, media campaigns, etc.). Some of these people have been stuck with large debts after recent campaigns and while making good faith efforts to collect the debts, have been unable to. They are also denied a tax deduction. The amendmnet would grant a tax deduction to such bona fide bad debts.

Specifically, Charles Guggenheim has been seeking this change in the law because of bad debts incurred during 19 Democratic campaigns.

Ironically, the Senate Finance Committee has worded the prospective change in such a way that it could only be of help to a major Republican campaign professional, Henry Deirdorf, but could be of no help to Mr. Guggenheim.

AMENDMENT TO EXEMPT FROM PERSONAL HOLDING COMPANY INCOME RENT FROM THE LEASE OF INTANGIBLE PROPERTY

(Bill section 1308, page 409 of the report).

This retroactive amendment would apparently exempt income received by a Coca-Cola Franchise (we believe in Alabama) from being treated as personal holding company income (taxed at 70% instead of the 48% corporate rate) contrary to present law.

Presently, a corporation or partnership set up to collect primarily passive types of investment income for its shareholders or partners is treated as a personal holding company and taxed at the regular 70% individual tax rates. Exceptions are made for income where the corporation leases its tangible property to a 25% shareholder. The exception does not apply to intangible property such as trademarks or licenses.

In this case, apparently, a Coca-Cola bottling franchise owned by a corporation or partnership leases its license to one of its own shareholders or partners who operates the franchise in his own right. Without this section, the corporation or partnership which is merely operating as a "corporate pocketbook" to shelter ordinary investment income would be taxed as a personal holding company at 70%.

The amendment is retroactive for twelve years to 1964. Apparently, the individuals involved would qualify for cash refunds from the Treasury.

AMENDMENT TO ALLOW CERTAIN FRANCHISE TRANSFERS TO RECEIVE CAPITAL GAINS TREATMENT

(Bill section 1411, page 414 of the report).

The first part of this section simply extends the 1969 Tax Reform Act general rule denying capital gains treatment to the transfer of a franchise to partnership situations.

But the retroactive transitional rule is a special rule to allow capital gains treatment to the transfer of a professional practice if a contract was in existence prior to January 1, 1970, and the transferor is an employee or partner of the transferee.

Such franchise transfers are typically franchise optical companies. The amendment was offered on behalf of the Texas Optical Company.

REFUNDABLE INVESTMENT CREDIT

(Section 8020; page 177 of report)

Primarily for airlines, such as United Airlines and utilities. Starting in 1984 companies will receive a check from the treasury in the amount of any post 1975 investment credits which go unused because future taxable income is too low. Cost in 1984: $300–500 million.

(Refunds don't start until 1984 because taxpayers must exhaust their existing right to carry forward unused credits for 7 years to offset taxable income in those years.) Overinvestment in aircraft has yielded excess accelerated depreciation and investment credits.

2-YEAR EXTENSION OF EXISTING CARRYOVER PERIODS FOR EXPIRING INVESTMENT CREDIT AND FOREIGN TAX CREDITS

(Section 803; page 178 of report)

Sought by airlines, such as United Airlines and Chrysler. Airlines sought to extend their ability to keep alive old (pre 1976) unused investment credits which can already be carried forward at least 7 years and often 10 years. They have been seeking to make these old credits refundable (just as post 1975 credits will be) and this gives them two more years in which to lobby. The committee later applied this to foreign tax credits apparently to benefit Chrysler. Cost: $14 million in FY 1977 and $30 million in FY 1978.

INVESTMENTS IN U.S. PROPERTY

(Section 1021; page 225 of Report)

Under present law when a U.S. corporation reinvests the earnings of a foreign subsidiary in property located in the U.S. this is considered a repatriation of foreign earnings and triggers the U.S. corporate income tax. The bill redefines what will be considered investment in U.S. property to eliminate some hardships.

However, the bill contains a special retroactive exception for Superior Oil Co. Superior accidentally invested foreign earnings in a drilling rig on the U.S. continental shelf without being aware that in 1969 Congress defined U.S. investment as including the continental shelf.

There is another special exception to the definition designated to exclude Pyramid Ventures Corp. of Louisiana.

It is known that a corporation invested in the U.S. stock market in 1975 without realizing that this triggered a tax. They still have not paid the tax. The bill's new definition of repatriation would result in such an investment (in stock of a party not related to the U.S. parent) not being considered a repatriation. The new definition has been made retroactive to 1975 to help this corporation.

(It is not known whether this corporation is Pyramid Ventures or whether the exception known to exist for Pyramid Ventures turns upon other language in this section.)

EXCLUDING CERTAIN INSURANCE EARNINGS FROM THE RULES WHICH SUBJECT TAX-HAVEN EARNINGS OF FOREIGN OPERATIONS TO U.S. TAX

Section 1023; page 229 of Report)

The American Investors Group Inc., a U.S. insurance corporation sought this exclusion for its Bermuda operation: Cost: $11 million in FY 1977; $10 million yearly thereafter.

The excluded earnings are those which must be set aside and reinvested to meet capital and legal reserve requirements as if (hypothetically) the more stringent U.S. requirements applied in the foreign country.

FOUR EXCLUSIONS OF CERTAIN SHIPPING PROFITS FROM RULES WHICH SUBJECT TAX HAVEN EARNINGS OF FOREIGN OPERATIONS TO U.S. TAX

(Section 1024; page 230)

Consists of technical amendments narrowing only slightly the definition of shipping income. (Shipping income is ineligible for deferral of tax on foreign earnings—unless promptly reinvested in shipping operations—because shipping income can be easily manipulated into tax haven countries.)

The first exception to the tax haven rules for foreign subsidiaries would be provided for income from shipping between two or more points within the country in which a foreign shipping subsidiary is incorporated (and in which the ship is registered). In addition, if a company has virtually all of its assets in foreign shipping operations, repayments of unsecured loans would be treated as reinvestment in shipping operations for purposes of the tax haven rules in the same manner as is treated the repayment of secured loans. (Fourth exception listed in the Report.) Both of these rules are for Hall Corporation Shipping Ltd. owned by Frank A. Augsbury Jr. and family.

The second exception listed in the Report is for two unidentified small corporations from Louisiana and Texas that have set up their oil rig servicing vessels under the Panamanian flag to avoid taxation. The 1975 Tax

Reduction Act would generally tax such operations so these companies have sought a special exclusion for rig servicing.

EXCLUSION OF SALES OF CERTAIN AGRICULTURAL PRODUCTS GROWN OUTSIDE THE U.S. FROM THE RULES SUBJECTING TAX HAVEN INCOME TO U.S. TAX

(Section 1025; page 232 of Report).

Under present law foreign tax haven income is ineligible for deferral and therefore is immediately subject to U.S. tax. Profits from sales of foreign grown farm products which are of a type also grown in the U.S. are subject to tax under the tax haven rules. This bill would exclude from tax all farm products grown outside the U.S. It thus may give such goods a competitive price advantage. Primarily benefits Cargill and apparently the other five major grain and commodity exporters: Continental, Bunge, Cook, Garnac, Louis Dreyfus. Cost: $17 million in FY 1977; $15 million in each future year.

THREE YEAR TRANSITIONAL EXCLUSION OF CERTAIN MINING COMPANIES AND PUERTO RICAN OPERATIONS FROM THIS BILL'S REPEAL OF THE PER COUNTRY METHOD OF COMPUTING THE FOREIGN TAX CREDIT

(Section 1031(c)(2); page 238 of Report).

Benefits among others, the Freeport Minerals Co., and would cost the Treasury between $10 million and $25 million of the anticipated $50 million a year expected to come from the repeal. Would permit use of the per country limitation for three more years provided that 80% of a company's foreign operations involved mining of hard minerals, there is a commitment to expand these operations and the activities are carried out through a separate corporation which has been in existence for at least five years and has been operated at a loss for at least two years.

A similar three-year postponement was accorded Puerto Rican operations, apparently at the request of PPG Industries, Inc. (Pittsburgh Plate Glass).

EXCEPTION TO FOREIGN LOSS RECAPTURE RULES OF THE SENATE BILL FOR SOME OF BOISE CASCADE CORPORATION'S CHILEAN LOSSES

(Section 1032(c)(2); page 240 of Report).

After 1975 the bill will curb the advantages of deducting foreign start-up losses against U.S. income and then paying no U.S. tax on subsequent profitable foreign operations (due to the foreign tax credit). But it doesn't apply to losses from the future disposition of securities which were received before 1975 if they were received as compensation for an expropriation of property.

"The second exception" on p. 240 is designed for the Robert Hall Co. (the apparel retailer) and allows escape from recapture where the loss (although incurred after this bill's effective date) is from stock, indebtedness, or guarantees of a corporation in which the taxpayer owned at least 10% of the voting stock.

SPECIAL CARRYBACK OF EXCESS FOREIGN TAX CREDITS OF OIL COMPANIES

(Section 1035(a); page 246 of Report).

Amounts not allowed as foreign tax credits on foreign oil extraction income in 1978 and later years (because of the Tax Reduction Act of 1975) could be carried back (to taxable years ending in 1975 to 1977 only). The 1975 Act generally provides that oil company credits in excess of 50% of taxable income are not usable. A floor amendment proposed by Nelson, Hartke et. al. would reduce this 50% limit to 48%.

Designed to benefit Natomas Corp. Cost: $8 million in FY 1977; $10 million in FY 1978.

SPECIAL TRANSITIONAL EXCLUSION FROM THE RECAPTURE OF FOREIGN OIL RELATED LOSSES

(Section 1035(b); page 247 of Report).

Existing law (enacted in 1975) curbs the practice of using foreign drilling losses to reduce U.S. taxable income and then paying no U.S. taxes when operations become profitable (due to the foreign tax credit). Such losses are later "recaptured" by reducing the amount of foreign taxes allowed to offset U.S. tax on subsequent profits.

The committee approved a transition rule on foreign losses to aid the Sun Oil Co., presumably in its North Sea operations. The provision applies to losses incurred before July 1, 1979, under binding contracts entered into prior to July 1, 1974. The amount of the loss which could be recaptured in any year would be limited to 15% of the loss in each of the first four years in which oil-related income is earned. The remaining loss would be recaptured in the fifth year. Cost: $21 million in FY 1977; $6 million in FY 1978. Recouped in later years.

EXPANSION OF THE DEFINITION OF OIL RELATED INCOME (AGAINST WHICH FOREIGN TAX CREDITS FROM OIL EXTRACTION OPERATIONS CAN BE OFFSET) BY INCLUDING CERTAIN INTEREST INCOME

(Section 1035(c); page 248 of Report).

Benefits most of the major oil companies. Most majors have branches which are organized as U.S. corporations but earned all of their income abroad. These branches are capitalized with both debt and equity; thus they pay dividends and interest to their parent company. Provides that interest received from a domestic corporation which earned less than 20% of its income in the U.S. will qualify as "Oil Related Income". Foreign tax credit from extraction operations can only be offset against oil related income under present law (Tax Reduction Act of 1975).

Dividends already are included as are both interest and dividends from foreign chartered corporations. There is no strong logic that dictates either exclusion or inclusion but inclusion will cost the Treasury $40 million in FY 1977 and $90 million yearly after that.

Moreover, inclusion simply gives oil companies another way to use their credits in excess of 48% of extraction income, some of which may really represent royalties.

SPECIAL DEFINITION OF OIL RELATED INCOME TO EXCLUDE INCOME FROM TRANSPORTATION OR DISTRIBUTION OF NATURAL GAS BY A REGULATED PUBLIC UTILITY WHICH MEETS CERTAIN NARROW REQUIREMENTS

(Section 1035(c)(5); page 250 of Report).

Amendment benefits I.U. International Corporation, a Philadelphia based conglomerate. Under the 1975 Tax Reduction Act oil related income cannot be consolidated with non-oil income. I.U. International evidently desires to consolidate certain gas utility income with its non-oil income to use some foreign tax credits on such income. Cost: $5 million.

CLARIFICATION OF DEFINITION OF OIL RELATED INCOME (AGAINST WHICH OIL EXTRACTION FOREIGN TAX CREDITS CAN BE OFFSET) TO INCLUDE GAIN ON SALE OF COMMON STOCK OF A FOREIGN CORPORATION

(Section 1035(C)(2)(B) page 250 of Report.)

Amendment is designed to benefit Tenneco on its liquidation of a Canadian subsidiary. The law already allows this favorable treatment on the sale of assets. Cost: less than $5 million annually.

PARTIAL REPEAL OF 1975 TAX REDUCTION ACT TO ALLOW MOBIL AND OTHER COMPANIES IN IRAN TO CLAIM FOREIGN TAX CREDITS EVEN THOUGH THEY HAVE NO "ECONOMIC INTEREST" IN PROPERTIES AFTER EXPROPRIATION

(Section 1035(E); page 251 of Report.)

Amendment was sought by Mobil Oil Corporation. The 1975 Tax Reduction Act denies foreign tax credits when oil companies no longer own an "economic interest" in the wells (i.e. they own no mineral rights after expropriation) and they buy their crude oil from the host country at other than market prices. This prevents the disguising of part of the purchase price as a foreign tax.

Mobil hopes to quietly repeal the 1975 Act wherever a company had owned an interest on March 29, 1975. The 1975 Act thus would only apply to newcomers. Cost: $40 million yearly for at least 10 years.

OVERRULING OF RECENT (APRIL 1976) IRS RULING WHICH HAD DENIED FOREIGN TAX CREDITS ON PRODUCTION SHARING CONTRACTS IN INDONESIA

(Section 1035(f); page 253 of Report.)

Amendment sought by Natomas Corporation and others who operate in two Indonesian consortiums. (Natomas also received another special interest amendment allowing Carryback of Excess Credits disallowed by the 1975 Tax Reduction Act.)

It is increasingly common for a corporation wholly owned by the host country to own all oil reserves while the U.S. oil company acts as a service contractor and receives a share of the oil production as its compensation. The government owned corporation pays over some of their oil revenues some of the oil revenues to the government and this is arbitrarily labelled an indirect payment of income taxes on behalf of the U.S. owned oil company.

The IRS denied the foreign tax credit in part because: the foreign country already owns all the oil and thus there is really no payment by the contractor to the government; and in any event, any such payment would be a royalty.

Amendment will overrule the IRS ruling for 5 years as to contracts entered into by April 8, 1976. To restrict benefits to small companies the benefits will be unavailable to the extent a company has excess credits available from other countries. Cost: $25 million yearly for five years.

TECHNICAL CLARIFICATION OF RULES FOR DETERMINING THE SOURCE OF INSURANCE UNDERWRITING INCOME

(Section 1036; page 257 of Report).

Amendment is one of two special amendments sought by American Investors Group. At present insurance contracts negotiated in the U.S. covering overseas risks may be subject to foreign taxation but classified as U.S. income under U.S. tax laws and therefore ineligible for the foreign tax credit. This amendment would classify such income as foreign income to prevent double taxation. Cost: less than $5 million annually.

EXCLUSION FROM TAXATION OF INTEREST EARNED BY FOREIGNERS ON U.S. BANK ACCOUNTS AND BONDS

(Section 1041; page 258 of Report).

Amendment sought by Laredo National Bank (Texas), which holds large Mexican deposits, and many other banks.

OVERRULING OF TAX COURT DECISION (AFFIRMED BY COURT OF APPEALS) WHICH HAD REQUIRED H. H. ROBERTSON TO PAY A TAX ON A LIQUIDATING DIVIDEND

(Section 1042; page 270 of Report).

H. H. Robertson Co. liquidated a foreign subsidiary and as required by present law (Sec 367) obtained an IRS ruling that it would pay ordinary income tax on its accumulated earnings and profits. Robertson miscalculated the tax owed because it had reduced its accumulated earnings by the fair market value of certain property it had earlier paid out as a dividend instead of by its cost basis. The courts held that its computation was clearly contrary to law.

The bill modifies the general requirement that an IRS ruling be obtained before a foreign liquidation. But it also includes a retroactive "special rule in the case of certain past liquidations: not withstanding that a refund would be barred by any court case." Cost: $2 million.

PERMITTING FOREIGN BANKS TO TREAT GAINS ON DEBT INSTRUMENTS AFTER JULY 11, 1969

(Section 1044; page 276 of Report).

Amendment sought by Royal Bank of Canada. The 1968 Tax Reform Act changed the character of certain income from capital gains to ordinary income. This would accidentally prevent using capital loss carryforwards to reduce taxes on such income. Cost: Less than $5 million.

PERMITTING CONSOLIDATION OF CANADIAN MINING SUBSIDIARIES

(Section 1052(b); page 284 of Report).

Amendment tailored to a Canadian iron ore subsidiary of Hanna Mining Co. The bill repeals favorable treatment for Western Hemisphere Trade Cos. (WHTCs) and repeals the percountry method of computing foreign tax credits. The new foreign tax credit rules prohibit consolidation of WHTC's with non WHTC's. The amendment would allow such consolidation if over 95% of gross is derived from mining in a country contiguous to the U.S.

PERMITTING INSURANCE COMPANIES TO CONSOLIDATE THEIR LIFE INSURANCE OPERATIONS WITH CASUALTY INSURANCE OPERATIONS

Amendment sought by a dozen major insurers. At present non insurance companies (such as ITT) can file a consolidated return and thus offset casualty insurance losses against other business income. The amendment is a logical extension of this rule. Cost: $0 in FY 1977; $25 million in FY 1978; $50 million yearly thereafter.

SPECIAL TREATMENT OF CERTAIN INADVERTENT DISTRIBUTIONS OF A LIFE INSURANCE COMPANY

(Section 1509; page 457 of Report).

Amendment will apply only to Businessmen's Assurance Co. of America. It miscalculated the tax effect of a dividend which was inadvertently paid from a (taxable) surplus account. It discovered the error and had the dividend paid back before the end of the year. Amendment is retroactive to 1959 and applies only to dividends paid back before the end of the year.

SPECIAL INTEREST ENERGY AMENDMENT

(Section 2001 et. seq.; page 549 of Report).

The homeowner insulation credit which will generally benefit Johns-Manville, Certain-Teed Products, etc. has appended to it a credit for automotive clock-timers (the so-called "Honeywell amendment") and a credit for heat pumps, pushed by GE and Westinghouse. The geothermal drilling and depletion deductions will probably primarily benefit Union Oil or Pacific Gas And Electric in their joint California Geyser operation. The "exemption from the retailer excise tax on special motor fuels (propane) for certain non-highway use" will simply equalize the treatment of propane and diesel fuel. It will benefit Eaton Corp., a maker of lift trucks.

A ONE WEEK CHANGE IN THE EFFECTIVE DATE OF THE NEW GRANTOR TRUST RULE

(Section 1013, page 215 of the report).

People presently put their investments in foreign trusts because such trusts do not pay any United States income taxes. The bill would remedy this by taxing the grantor on the income of the trust. The effective date of the House bill is May 21, 1974, in order to catch eleventh hour tax avoiders who rushed to set up such trusts once they heard that the House Ways and Means Committee was considering this provision. The Senate Committee changed the effective date to May 29, 1974, purportedly because the wire services delayed reporting the House action for a week. It is not clear who is trying to beat the effective date with this amendment.

REPORTING TIP INCOME

(Section 1312, page 416 of report).

This amendment was added at the behest of the Marriott Corporation and the restaurant workers union. Under the amendment, an employer would not have to include any tip income on an employee's W-2 Form which was not reported to him by the employee pursuant to sec. 6053 of the Internal Revenue Code. The effect of the amendment is to free employers from the responsibility of reporting tip income from charge account receipts. Thus if an employee fails to report charge account tip income to his employer, the employer is not required to report those tips to the IRS.

The amendment will result in tax savings for restaurant workers of less than $5 million.

Mr. KENNEDY. Mr. President, I commend the Senator from Wisconsin for the statement that he has made this afternoon. I think all of us in this body and all Americans are very much in his debt for his careful eye and sharp pencil in terms of Government expenditures. I think he has identified, in these particular areas of the tax bill, an area of major importance and great concern to all of us here in the U.S. Senate, because by implication we are all very much involved in the development of this legislative process.

As the Senator has pointed out, the procedures which are generally followed by the Finance Committee are, I think, intolerable. We saw more than 50 of these various provisions put into the Finance Committee bill on the last day, few of them given any serious discussion, without a detailed explanation or a Treasury comment on most of them, and in many instances without even the committee members themselves being aware that certain matters were going to be called up or at least having the benefit of a full presentation of the amendments.

That is why I am pleased to join the Senator from Wisconsin in protesting against the special interest provisions in the pending Tax Reform Act and the way they were incorporated in the bill.

Few things are more calculated to destroy the confidence of millions of ordinary taxpayers in the fairness and justice of the tax laws than the realization that countless new loopholes are now in the process of being written into this very legislation for the benefit of specific wealthy individuals and corporations.

Some of these provisions are written so narrowly that they are obviously intended to benefit only a single individual or corporation. Their hallmark is their "one-eyed, bearded, man-with-a-limp" language—tax "fingerprints" designed to fit only one taxpayer. Sometimes, the language is buried in obscure and complex provisions of the bill. On other occasions, it leaps out from the page, indicting itself because of its specific language in the midst of an otherwise general provision.

Others are larger loopholes, designed to benefit favored industries like the oil companies or waste recyclers, giving them unfair tax advantages over other less fortunate taxpayers.

In still other cases, the special provision is designed to reverse an unfavorable IRS ruling or court decision, as greedy taxpayers short-circuit the administrative process and bypass the courts. They skew the tax laws by obtaining the redress through Congress that they cannot get on the merits through the executive or judicial branches of the Government.

Often, the special provisions are "midnight loopholes," tucked into the Finance Committee bill at the end of a long day of executive sessions, with little discussion and virtually no analysis. It appears that more than 50 such provisions tiptoed into the committee bill on Thursday, May 27, the last day of the bill's markup, a "Black Thursday" for the Internal Revenue Code, a "Thursday Evening Massacre" for the Nation's tax laws.

At the end of my remarks, I am attaching a list of the individuals or corporations or industries already identified as benefiting from the special interest provisions in the pending tax bill. I would emphasize that not all of these provisions are unwarranted. If past experience is any guide, they probably fall roughly into thirds—one-third are meritorious, one-third are in a gray area where the merits are not yet clear, and one-third are bad apples that ought to be dropped immediately from the bill.

In cases where these special interest provisions have merit, it is because they are designed to alleviate an unintended hardship caused by the application of a general tax law to a particular situation. Necessarily, Congress cannot always anticipate the precise impact of complex general tax provisions on specific facts and taxpayers. Some responsible congressional procedure is essential, therefore, to assess such situations and determine if relief is appropriate. What is clear, however, is that the present procedure fails to meet that test.

Special interest provisions have been part of the Tax Code for decades. The best-known case was the "Philadelphia Nun" provision, enacted in 1924, which allowed essentially unlimited charitable contributions to be deducted. Designed to accommodate the special circumstances of a single wealthy taxpayer, the provision became one of the most notorious loopholes in the tax laws. For over four decades, before the loophole was finally closed in 1969, it was used by extremely wealthy individuals to eliminate their taxes altogether. Thus, even provisions that are meritorious for the intended beneficiary are susceptible to abuse, as unintended beneficiaries rearrange their affairs to obtain the tax benefits that are available.

The shameful fact is that many of these special provisions have no merit at all. They are insinuated into tax bills at the behest of lobbyists with access to the legislative process. Often, the lobbyists lay the groundwork in advance, with well-placed campaign contributions to guarantee the access they need if their loopholes are to become law.

The campaign financing "connection" is probably the most insidious aspect of these special interest provisions—the corruption or the appearance of corruption that exists when special interest loopholes are added to the tax laws at the request of big campaign contributors. The role of campaign contributors gives the obvious impression that the Internal Revenue Code is up for sale, that by "inventing" a few thousand dollars in a key legislator's campaign, a wealthy individual or corporation or even an entire industry can obtain vast tax benefits, sometimes reaching hundreds of millions of dollars.

The Senate has no one but itself to blame for the current mess. The method by which these special interest provisions make their way into tax legislation is a scandal and disgrace, an embarrassment to the Finance Committee and every Member of the Senate.

What we are witnessing is the worst remaining vestige of the spoils system in Congress, a process by which friends and campaign contributors and well connected lobbyists obtain vast unwarranted tax benefits, sometimes worth tens of millions of dollars to themselves.

Various public interest groups have already identified over 50 such provisions in the present bill. They give the whole 1,500-page bill a bad smell, and they embarrass every Senator who has to deal with the legislation.

There is a better way, and the House of Representatives has found it. Recently, the House Ways and Means Committee implemented responsible procedures for dealing with the issue of special interest tax provisions:

Notice is given of such provisions, and an opportunity for hearings is provided. Proposals are published in the Congressional Record, and staff summaries are prepared. The Treasury Department has an opportunity to consider the proposals and make recommendations on their merit.

Time is available to find the answers to two of the most crucial questions about these measures: Who receives the benefits? How much revenue loss to the Treasury is involved?

Then, when the necessary information is obtained and the questions are answered, the Ways and Means Committee assesses the merits of the proposals and votes on them as amendments to the tax laws.

By contrast, the present Senate system is an obvious invitation to abuse, and the abuse will continue so long as the Senate fails to clean its stable. In the first instance, the burden is on the Finance Committee to take the necessary steps to present such abuse. If the committee fails to act, I am hopeful that the Senate will act itself to solve the problem. Let us hope that the embarrassment caused by the present tax bill is the last such embarrassment the Senate will have to endure because of the way we write the tax laws.

Mr. President, I ask unanimous consent that a partial list of the special interest provisions in the bill may be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

Partial List—Special Interest Provisions in H.R. 10612, the Tax Reform Act of 1976

1. Airlines and Utilities (Bill p. 288; report p. 177). Allows refunds for investment credits still unused after seven-year carryforward. Appropriately, the first refunds will occur in 1984. Revenue loss in 1984 estimated at $300–500 million.

2. Chrysler (Bill p. 289; Report p. 178). Two year additional carryforward of investment tax credits and foreign tax credits that expire in 1976.

3. Shipping Industry (Bill p. 323; Report p. 196). Allow investment tax credit for costs of building ships in U.S., even though the construction is financed with previously untaxed profits in so-called "Capital Construction Funds." Revenue loss: $21 million in 1977; $45 million in 1981.

4. Foreign Trust Beneficiaries (Bill p. 452; Report p. 215); delay House effective date by 8 days for provision taxing grantors on income of foreign trusts.

5. Superior Oil Co. (Bill p. 463; Report p. 225); retroactive exemption from tax on foreign earnings invested in drilling rig on continental shalf.

6. American Investors Group, Inc. (Bill p. 468; Report p. 229) exempt the firm's Bermuda operation from foreign tax haven rules.

7. Hall Shipping Corporation; Louisiana and Texas Oil Servicing Vessels; Cargill and other grain and commodity exporters. (Bill p. 469; Report p. 230), various exclusions of shipping profits from foreign tax haven rules.

8. Pittsburgh Plate Glass Co.; Freeport Sulphur Co. (Bill p. 478; Report p. 238): three years postponement of change in foreign tax rules for a mining company and for operations of PPG in Puerto Rico.

9. Boise Cascade Corp.; Robert Hall Co. (Bill p. 485; Report p. 240); exception from foreign loss recapture rules for Chilean expropriation losses and for liquidation of a clothing company.

10. Natomas Corp. (Bill p. 496; Report p. 246): Special carryback for foreign tax credits or oil.

11. Sun Oil Co. (Bill p. 498; Report p. 247): Special transitional rule for recapture of foreign oil losses for North Sea operations.

12. Major Oil Companies (Bill p. 499; Report p. 248): Expands definition of "oil related income," against which foreign tax credits may be used, to include certain interest income.

13. Tenneco (Bill p. 499; Report 250): Benefit under oil-related income provisions for liquidation of Canadian subsidiary.

14. I. U. International Corp. (Bill p. 500; Report p. 250): Allow a Philadelphia conglomerate to consolidate gas utility income and non-oil income.

15. Iranian Oil Consortium (Bill p. 501; Report p. 251): allow foreign tax credits until 1986, even though Mobil and other U.S. oil companies may no longer own an "economic interest in the oil and gas fields."

16. Natomas Corp. (Bill p. 502; Report p. 253): Reverse IRS ruling denying foreign tax credit for oil in Indonesia production-sharing contracts.

17. American Investors Group (Bill p. 504; Report p. 257): allow foreign tax credit for income from insurance contracts written in U.S. on overseas risks.

18. H. H. Robertson Co. (Bill p. 516; Report p. 270): Retroactive benefit for a corporate liquidation.

19. Royal Bank of Canada (Bill p. 540; Report p. 276): favorable capital loss carryforward rule.

20. Hanna Mining Co. (Bill p. 553; Report p. 284): favorable treatment for a Canadian ore subsidiary under foreign tax rules.

21. Political Consultants (Bill p. 813; Report p. 401): allow a bad debt deduction in certain cases involving unpaid debts owed by candidates to professional political consultants.

22. Encyclopedia Britannica (Bill p. 814; Report p. 403): overrule IRS position and allowed research costs and other prepublication expenses to be deducted immediately, rather than depreciation over the life of the publication.

23. Investors Diversified Services (Bill p. 817); Report p. 407): overrule IRS position that interest on "face amount" certificates must be included currently in income.

24. Coca Cola Co. (Bill p. 818; Report p. 409): exempt a particular franchise for the personal holding company rules, which would require tax at 70% rate, not 48% corporate rate; 12-year retroactivity granted for exemption.

25. Texas Optical Co. (Bill p. 822; Report p. 414): allow capital gains treatment for the transfer of a professional practice before 1970.

26. Marriott Corp. and Restaurant Employees Union (Bill p. 823; Report p. 416): Reverses IRS ruling requiring employers to include tip income stated on charge account slip in the employers' reports to the IRS.

27 Belco Petroleum Co. (Bill p. 829; Report p. 424); restores oil depletion allowances for independent producers with retail outlets in Israel.

28. Integrated Oil Companies (same); restore depletion allowance for companies with $5 million in retail outlet sales or less. Some of the largest oil and gas companies wil benefit.

29. Oil trusts (same); restore depletion allowance in cases where interests change hands by birth, death, or adoption; restore depletion allowance in certain other cases.

30. Major Life Insurance Companies (bill p. 920; Report p. 454): permit companies to consolidate life insurance operations with casualty insurance operations.

31. Businessmen's Assurance Co. of America (Bill p. 924; Report p. 457): special treatment for inadvertent dividends; retroactive to 1958.

32. Honeywell (Bill p. 1472; Report p. 550): inclusion of clock thermostats in definition of insulation for which the home insulation credit will be available.

33. General Electric, Westinghouse (Bill p. 1483; Report p. 555): tax credit for residential heat pumps.

34. Union Oil Co.; Pacific Gas and Electric Co.; (Bill p. 1498; Report p. 571): allow intangible drilling deduction and 22% depletion deduction and 22% depletion deduction for geothermal property.

35. Waste Recycling Industry (Bill p. 1503; Report p. 575): tax credit to recyclers for purchase of recyclable solid waste materials. Revenue loss: $9 million in 1977; $345 million in 1981.

36. Eaton Corp. (Bill p. 1515; Report p. 581): equalize treatment of propane and diesel fuel by exempting propane from excise tax.

Mr. MONDALE. Mr. President, the pending amendment, which I have offered on behalf of several of my colleagues, is designed to strike out a provision found in the Senate Committee on Finance measure. This committee proposal, if adopted, would for the first time put a ceiling of 50 percent on the maximum tax rate that could be applied to investment income. It does so under a very complicated formula, but that, in effect, is what it does.

It would cost the Treasury next year, the first full year, approximately $300 million, and by 1981 would cost the Treasury approximately $600 million per year.

Let us review, for a moment, where we are at this point in the consideration of the tax bill.

The first thing the tax reform group sought to do was to close down some of the so-called tax shelter loopholes found in the tax laws—loopholes that permit wealthy Americans to use tax fictions to reduce their income against which taxes would be paid. Those privileges, called tax shelters, have permitted very wealthy

Americans to reduce their taxes or even to avoid taxes completely. We tried to eliminate some of the most outrageous tax sheltering devices, and we were turned down.

The next effort that we made was to say, "Well, if we cannot close down these loopholes, then let us try to increase the minimum tax on so-called preference income, as defined by the Senate Committee on Finance. In that way, some of the wealthy individuals in America paying little or nothing in taxes and some of the great corporations of this country paying virtually nothing in taxes would at least have to pay a minimal sum into the Treasury to help pay for the cost of the country from which they enjoy so much; and such a minimum tax would finance the cost of extending the temporary individual tax cuts which are to expire under the provisions of the Senate Committee on Finance proposal on July 1 next year." We lost that amendment last week. So now we have another attempt to try to knock out a loophole—not an existing loophole, but a new loophole that is proposed to be added to the law, designed to reduce the tax rate on investment income for the especially privileged in America. It is new. We have never had it before. They propose that we spend $300 million a year in that way.

If we cannot pass the reform coalition's maximum tax amendment, then it seems to me that the only way we can ever pick up revenue is to ask the Joint Committee on Internal Revenue Taxation to develop a new tax which will increase revenues without raising taxes on anyone. I do not know how they are going to do it; but unless that kind of bill can be shaped, I see no way of picking up revenue—unless we increase the taxes on the average American.

The second possibility is to shape the law in a way that would have the Government pay taxes in addition to everyone else. I do not know of any other way of increasing revenue in the way that is needed.

Bear in mind the choices that are made by the Committee on Finance. While we would bring relief of up to $20,000 for the very wealthy in this maximum tax ceiling found in the bill of the Committee on Finance at a cost of $300 million, the committee would raise $300 million by partially repealing the right of Americans to deduct their gasoline taxes—a deduction 60 percent of whose benefits go to Americans making less than $20,000 a year. The bill proposes to partially repeal the sick pay exclusion. That would pick up $350 million, and 75 percent of the revenue would come from persons making less than $20,000 a year.

The bill proposes to close a preference that permits the deduction of part of the cost of a home on the grounds that it is being used for business purposes. This affects teachers, professors, and professional people. It would pick up $200 million in revenue. Finally, the bill proposes picking up revenue by repealing the personal tax credit, which provides at least $180 a year to most single taxpayers and families. In other words, we picked up revenue in this bill by increasing taxes on persons of modest or low income. And most of the preferences found in the bill are designed to direct billions of dollars of relief over the years to persons of high income, and especially those at the very top.

I do not think the American people support the judgments underlying this set of priorities. I do not think it is good economics. I think it is bad tax equity, and I think we lose the respect of the American people when we pursue this course of logic. Of all the preferences found in the finance bill, the most indefensible, the least acceptable, is this preference which puts a maximum ceiling on the rate of tax for investment income. It is on this amendment that I wish to speak now.

My remarks will be brief.

May we have order, Mr. President?

The **PRESIDING OFFICER** (Mr. FANNIN). May we have order in the Senate?

The Senator from Minnesota.

Mr. **MONDALE**. Mr. President, a few numbers will vividly describe the committee's provision we seek to change.

First, as to the figure $50,000, 99.6 percent of the benefits from the committee's provision will go to individuals making more than $50,000. In other words, over 99 percent of the relief in this bill goes to Americans in the top 1 percent of American income levels.

The annual tax saving to many of the wealthy investors under this bill will be $20,000. It will cost the Treasury $300 million in the first calendar year. It will cost $600 million by 1981. And this and other new tax preferences will be financed by increasing the taxes on the average American by $180.

I believe that it is imperative that the Senate act to modify this maximum tax provision.

Let me provide some background. In the Tax Reform Act of 1969, Congress provided that earned income of a taxpayer would be eligible for a special maximum tax rate of 50 percent, as compared to the regular maximum tax rate of 70 percent. One of the reasons stated for enacting this maximum tax rate in 1969 was to discourage the use of tax shelters to reduce income tax liability. The other rationale was to reduce the disincentive effects of high tax rates with respect to income in the form of wages, salaries, professional fees, and personal compensation.

The benefits of the maximum tax are enjoyed exclusively by those joint returns of taxable income above $52,000 and single return earners above $38,000. And in 1972, 90 percent of the maximum tax savings accrued to taxpayers with earnings above $100,000. The 1972 data further reveal that the average maximum tax benefit for taxpayers in that $50,000 to $100,000 income bracket was $510 while those individuals earning $500,000, or more, received an actual tax reduction of $78,000. In other words, the maximum tax is a regressive form of relief giving the most benefits to the very rich.

These disturbing figures become even more alarming when one realizes that the maximum tax has not served to decrease the use of tax shelters. In fact, the evidence indicates that the use of shelters increased after the maximum tax was adopted in 1969.

But now we are confronted with a new argument: "The existing maximum tax does not work, because it is not sweet enough." "Add another $300 million to the maximum tax provisions and", we are told, "tax shelters will evaporate." So under the committee bill the 50 percent ceiling would be extended to unearned income to the extent of a taxpayer's first $100,000 of earned income. Virtually all of these additional benefits would go to individuals with earnings in excess of $50,000 and 83 percent of the tax savings would be enjoyed by taxpayers making over $100,000.

I would ask our colleagues to look at the chart shown on the blackboard, which shows who gets the benefits of the committee's maximum tax provisions.

Those having adjusted gross income of $50,000 or less would get 0.4 percent of the relief; those from $50,000 to $75,000, 4 percent of the relief; those from $75,000 to $100,000, 13 percent of the relief; those from $100,000 to $200,000, 46 percent of the relief; and those between $200,000 and $500,000 31 percent of the relief; and 82 percent of all the relief goes to taxpayers in excess of $100,000. I think this committee proposal deserves the commendation of every tax loophole specialist who has ever worked on the Federal income tax proposals, because this proposal is pure in one sense: It delivers more relief to the very rich and less relief even to the middle rich than any other tax proposal ever proposed. Whoever thought of it should receive an international parliamentary union award for exceeding any other proposal for the excellence and the purity with which it delivers vast amounts of money to those already having great amounts.

The other day the chairman of the Committee on Finance said that there are two ways to redistribute income: "You make the poor richer or you make the rich poorer." The author of this amendment has a new idea: Make the super rich even richer; and I think he deserves great tribute and respect for the excellent of the concept, if that is what you wish to achieve.

Let us be sure we understand what is happening here. The Senate rejected the LAL approach to tax shelters because they said it would be too tough. Last week, the Senate rejected a minimum tax designed to impose a modest tax on preference income because it would "crucify" the rich. But now we have the answer: Give the wealthiest Americans so many direct tax benefits that they will not be eager to use tax shelter.

Gresham once said that bad money drives good money out of circulation. Apparently, we have the same theory now applied to tax laws. Tax loopholes must inevitably destroy the progressive and equitable provisions of the tax laws in order to reach the lowest common denominator—the most egregious tax loopholes found in the Tax Code.

I believe that the idea that the committee's maximum tax provision will curb tax shelters is preposterous. Not only has the concept proved to be fallacious; but also, the thrust of the committee's proposal is an affront to more than 99 percent of American taxpayers who do not fall within the privileged class which stands to benefit from the new loophole.

The Finance Committee's maximum tax provision should be rejected by the Senate, and I hope it will be. There are many other aspects of this amendment that should be considered, and I should like to mention a few.

No doubt we will hear a great deal about honey and poison: that this bill, as it comes from the Finance Committee, has both incentives and disincentives, that it is a balanced system. But the way we calculate it, there is about 14 times as much honey as poison in this bill. However, the honey gets greater, the richer you are; and the ratio of poison to honey increases as the tax bracket is lowered. The "honey" is supposedly the extension of the maximum tax ceiling to unearned income. The "poison" refers to the elimination of the present $30,000 exemption for tax preferences.

Those who are advocates for the committee provision realize that it is difficult to defend a $20,000 handout to the wealthiest taxpayers, so they would argue that the bill's poison should be sufficient to overcome one's reluctance to vote for the committee's maximum tax proposal. However, several observations should be made about the honey and poison argument.

First, the reform coalition agrees that the elimination of the $30,000 exemption is desirable, and we have included it in our amendment.

Second, it is to be noted that the net effect of the committee's maximum tax provision will be a revenue loss to the Treasury of $49 million in 1977, $333 million in 1978, and $577 million in 1981. In other words, the honey is much more potent than the poison.

Third, the deduction of tax preferences works in a bizarre fashion. If you are a run-of-the-mill corporate executive with a salary of $100,000 and investment income of $100,000, every dime of preference income reduces the amount of investment income eligible for the maximum tax. But if you are one of the super rich, say, with earnings of $500,000, you can have $400,000 of preference income without affecting the amount of investment income eligible for the 50 percent tax ceiling.

I heard something today about Muhammad Ali making $6 million in one fight. The way this maximum tax is written, he would be able to shelter every dime of $100,000 of investment income with a maximum 50 percent tax; whereas, the corporate officer with income of $85,000, $90,000, or $100,000 a year may find all of his investment income left uncovered by the maximum tax proposal.

It is similar to the minimum tax issue we fought here the other day. Those modest size, middle-income investors would pay a higher minimum tax, under the Finance Committee proposal, than would the big hitters on top. In the same way, with the committee's maximum tax ceiling proposal, the super rich earners would be able to shield the maximum amount of unearned income.

Finally, of course, what is at issue here is whether we can pick up enough revenue in a responsible way to finance the extension of the individual tax cuts now temporarily found in the Tax Code—tax cuts which permit the average family about $180 relief. It seems to me to be unjustifiable to try to finance loopholes of the kind I have described for the super rich by repealing and terminating this crucial temporary relief now found in the Tax Code.

I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I commend the Senator from Minnesota for making a forceful and compelling and irrefutable argument. I shall mention a few of the points that have been stressed by the Senator from Minnesota and will add one or two other matters which I think the Senate should consider prior to the time we vote on this measure.

The Senator has correctly pointed out the issue of tax equity and emphasized that we really should be focusing on the issue of tax equity.

The other evening, when the Senate was debating the minimum tax, we were involved in a detailed explanation of the various kinds of proposals. We were losing the point of what actually was at stake, the basic question of tax justice and fairness to the American people.

No matter how this cake is sliced, in excess of $300,000,000 is being given, as a result of the Finance Committee recommendation, to the top 1 percent of taxpayers in the Nation. At the same time if the recommendations of the Finance Committee are accepted the taxes of the working poor, the lower-middle income groups and middle-income taxpayers would be increased by $1.8 billion, because of the committee's refusal to extend the 1976 tax cut past June 30 next year.

A basic, fundamental issue of tax justice is involved. It has been underscored time and again in the presentation of the Senator from Minnesota. It is interesting that back in 1969, in the closing hours of the conference between the House and the Senate, the Senate agreed to reduce the top earned income tax rate from 70 to 50 percent. The House had passed the provision that year. But the Senate Finance Committee had refused to accept it. In conference, however, a midnight deal was struck, and the provision was enacted into law. So in 1969 the Finance Committee was willing to deny this benefit to the top 1 percent of taxpayers. Now the working poor and the middle-income people are subsidizing the wealthy to the tune of $660 million a year because of the maximum tax on earned income. A $660 million annual subsidy is going to the top 1 percent. Now, the committee wants to add another $300 million by lowering the percentage from 70 to 50 percent on unearned income. If this measure of the Senator from Minnesota is not accepted, we will wind up with a subsidy of close to $1 billion a year under the maximum tax.

Furthermore, the argument made in 1969 was that unless we embraced this provision, we were going to open up the way for the growth of various tax shelters; that unless we reduce the 70 percent bracket to 50 percent, in terms of earned income, all these moneys were going to be used in the tax shelters.

But the Senator from Minnesota knows what has happened to the growth of tax shelters over the past 7 years. Tax shelters have mushroomed, siphoning up to $20 billion from the economy. Those tax shelters have grown by billions and billions of dollars in spite of the maximum tax. The tax shelter deals have simply been adjusted to appeal to the 50-percent-bracket taxpayer.

We will also hear, as we already have heard during the course of the discussion, that we do not want to get into the situation in which we will be driving the incentive out of the marketplace for America's rich. We constantly have thrown at us the situation in Great Britain. But the fact is, as the Senator from Minnesota knows, that the top rates were a good deal higher from 1950 to 1963. At that time, the top rate was 91 percent. Yet that was the period when we saw the rebuilding of the American economy after World War II, and the rebuilding of the European economy by American enterprise. That was when we were at a top rate of 91 percent—from 1950 to 1963. Now we are going from 70 to 50 percent. We are not even keeping the 70 percent, under the Finance Committee's recommendation, for unearned income.

In 1964, we were at 77 percent; from 1965 to 1967, 70 percent on earned income. If these high rates are a disincentive, they certainly were not acting that way in those boom years. We have seen the number of individuals in those higher income brackets increase dramatically over time, which using all kinds of devices to reduce their effective tax rates. In some instances, these individuals at the top brackets are, in effect, paying a much lower percent than working blue collar workers.

Finally, I wish to mention that if the Senator has reviewed Forbes magazine's list of top corporate executives and their compensation, he will see who benefits from the maximum tax. In one instance, an executive received $1,600,000 annually—annually—in salary. The effect of the present maximum tax could save that individual $200,000.

The second highest paid executive received total compensation of $1,200,000. His potential saving from the maximum tax is close to $175,000. The head of one major multinational corporation received total compensation of $782,000; the maximum tax may have reduced his taxes by some $90,000.

These individuals saved more from the maximum tax in 1975 than 99 percent of Americans made that one year—that one year.

It seems to me, Mr. President, that, for the reasons stated by the Senator from Minnesota and for many other reasons, this provision is unwarranted and unjustified. What we ought to be doing is not lowering the top rate on unearned income; we ought to be going back to where the law was prior to 1969 on earned income. The incentives would still be there. We could find a better use for the $660 million being spent. We could restore the $35 credit and perhaps even achieve a reduction of tax rates for the ordinary taxpayer.

Mr. MONDALE. I thank the Senator from Massachusetts. The theory here seems to be that if there is an outrageous tax loophole, as there is with tax shelters that permit the use of fictitious tax principles—and they are fictitious—to shelter vast amounts of earned income for the very wealthy, what we must do is, not go after those preferences that permit them to escape massive amounts of taxes but, instead, weaken other provisions that tax the wealthy so it all comes down to about the same level as the preferences existing for the worst of all tax loopholes. In other words, instead of remedying the wrong, we adjust everything down so everything stinks.

Mr. KENNEDY. Will the Senator yield further?

Mr. MONDALE. Yes.

Mr. KENNEDY. The committee proposal is also justified on this trickle-down theory that we hear about. We have already heard how, by providing more money for the super rich, we are also going to help everyone else. There is a trickle-down effect that is going to create jobs for others, and they are going to be paying more taxes on their earnings.

But you could also take the $300 million and throw it off the dome of the Capitol. Someone would pick it up, someone would go out and buy something with it, and jobs would be created. I daresay there are not going to be any more jobs created whether we throw it off the dome of the Capitol or provide it in a lower top tax bracket on unearned income. The committee view is based on an economic theory which I think has been thoroughly discredited in recent times.

If we are really interested in expansion of jobs, let us expand investment credit. Later, I hope to have an amendment in that area. That is where we can really provide the expansion. But to think that, by reducing unearned income tax from 70 to 50 percent, we are going to be opening up and resolving the job situation is complete nonsense. Quite to the contrary. What we have seen and what every fair evaluation of the economy shows is that when we put money and purchasing power into the hands of low income and middle income working people, we get the maximum stimulus for the economy. We get an expansion of the job market and a reduction of the welfare rolls.

Mr. MONDALE. I agree with the Senator. In the sixties, we had a 70 percent maximum rate on earned and unearned income. But because we had wise economic policies with a stimulative monetary and fiscal basis, we took a stagnant economy—with 7.5 percent unemployed and with about 30 percent of the industrial productivity idle—and in 8 years, we had full employment and a stable dollar; and the country was back at work with higher tax revenues. We did that principally by increasing the purchasing power of the average American and not by reducing the tax rates on the top earners. They paid 70 percent when they got to the top. That did not discourage investment. We still got the investments, and this country grew. Incidentally, right after we dropped the maximum tax to 50 percent, we went into a recession.

Now we are being told that the only way we can make the economy grow is to be sure that we have a maximum tax on the super rich of 50 percent, even though history is very clear that we have had many very healthy periods of economic growth in America with a tax rate at the maximum level of 70 percent or higher. So I think the argument just falls of its own weight.

Let us consider tax equity. We have already heard a couple of times today about Muhammad Ali. I think that, if this maximum tax passes, there should be a big banquet honoring the Committee on Finance for what they have done; and all the people who got $20,000 should come and attend it and honor them. I would have Muhammad Ali there. I would have every major rock band in America. I would have every top-earning football player. I would have every president of every major corporation in America. Every one of them will get a check of $20,000 in this bill. Then I think we should put it on national television so that the rest of America—the people that paid for this loophole—could have at least a chance to look at the wonderful dinner. This is one of the great gift-giving proposals in the history of American tax law.

I yield the floor.

Mr. LONG. Mr. President, the Senators have been discussing the so-called maximum tax as though that were a loophole. Now, that is in contrast to the things we have been hearing from them over the past week or so, talking about people who paid nothing and people in the so-called target group, who made $100,000 or more and paid 14 percent or less. Mr. President, this does not include any of that group. We are talking about the poor sap who paid 100 percent on everything—that is, 100 percent of the effective rate on everything, the person who had no capital gain, none of these shelters that we have heard people talk about here for days on end. We are talking about the poor sap who had not learned to go out and look for shelters. We are talking about the fellow who pays 100 percent of whatever his tax rate might be on all his income. Now we have a 50 percent maximum tax on that earned income. This is the law now because some of us have had the courage to stand up against some of the oratory we have had here, to say that if someone has earned income by his own hard work, we were not going to tax him on more than 50 percent of that income earned by personal services. This was the standard that applied back in the old days when we had a 10 percent earned income deduction.

Now we are saying to the fellow who does not look for capital gains, the man who does not look for tax shelters, the fellow who pays the whole tax on all of it, his earned income, in addition to a 50-percent rate on what he earns himself, he ought to have the benefit of a 50-percent rate on a parallel amount up to as much as $100,000 of earned income. That is to say if he is really putting his money where the Government is able to tax it, we will charge him no more than a 50-percent tax on that income.

Mr. President, some years ago I asked my dear friend, the late Robert Kerr, if instead of having provisions in the tax laws that give individuals tax deductions, why should we not work toward a reasonable rate that a person would think is fair, which he was willing to pay, or at least which he recognized to be appropriate and fair under a given set of circumstances, and at the same time try to eliminate the deductions.

The Secretary of the Treasury received a standing ovation before the Tax Foundation when he proposed a tax simplification plan to have no deductions and a top rate of 30 percent.

I recall what my dear friend Robert Kerr at that time told me:

> Russell, you are talking about Utopia, something that could not happen. You could not even get the Republicans to vote for that. By the time you got there with somebody shouting how that would benefit somebody in the upper brackets, nothing would happen. If you are going to let people earn something and give them an incentive to invest their money and put money to work, you have to think in terms of stock options, where people can argue about the complexities of it and contend that that is fair against those circumstances.

We have provided in the law that a person can put money away for his own retirement. He defers the tax on the amount set aside until after he retires. So he pays no tax on that at the time he earns it. He can put aside up to 15 percent of what he is earning.

I do not see any of the so-called reform amendments in here seeking to do anything about all of this money which can be put aside for retirement.

Social security money which is paid by an employer for his employee is put aside and is not taxed to the employee and the employer gets a deduction for that amount. So there is a so-called tax expenditure which goes untaxed, totally untaxed, which the employer puts up when an employee takes it down on the other end.

There are provisions in the tax law where someone has a tax advantage, either to help with his retirement or to provide for a great number of other things, such as having to do with health care.

We also have a provision in this bill, which I do not suppose will be challenged, that an employer can insure his employees for legal expenses. I regard that as an unnecessary tax expenditure.

We have those kinds of provisions in the law that even our liberal friends are willing to go along with and support. But then we come along and say:

> Why not put it out in the open, that a person can keep half of what he makes in a limited set of circumstances to encourage people not to fool around with tax shelters, to give them the incentive to make their money where the government will tax it fully at the rate the government cares to apply to it? Why not take that approach and make it less attractive for people to think about seeking tax shelters or some way to try to cut down on their taxes?

Now we hear someone wants to charge that as being a loophole. Mr. President, any time the Government takes half, I do not think the Government is giving any special favor. If 50 percent is what I am permitted to keep out of what I either earn with my investments or earn with my own hard work, and we are only talking about investments up to the amount of $100,000, for the life of me I do not see why someone would get upset about it.

Let us look at the last figure I had about this group. If we look at the $200,000 earning group, here is a statement by Mr. Edwin Cohen when he was in Treasury analyzing these taxpayers who got by without paying much. He made this point:

> There were in 1970 a total of 15,300 persons in this country with adjusted gross incomes above $200,000, and of that 15,200 of them paid an average Federal income tax of $177,000, a total of $2.7 billion. This is an effective rate of 44 percent of their adjusted gross income and 59.5 percent of their taxable income.

Mr. President, here we are speaking of those who are paying the full amount, who are paying 50 percent plus. I would submit that this small progress in providing some incentive for people to make their money in ways where it is fully taxable is tax reform.

I am happy to vote for about $1,300,000,000 worth of taxes that are aimed at those people who are getting the benefit of something that could be described by any fair term as a preference, a tax loophole, or something of that sort. But we are talking about that poor sap who is paying taxes on every bit of what he is earning, and paying a tax rate of 70 percent on most of it. This man will not pay that amount for very long. He will be forced to find a different way to do business or find tax shelters. It is very discouraging and demoralizing to be paying out 70 cents on a dollar, and paying a State tax in addition to that, where a fellow might wind up with only 25 cents on the dollar or maybe less than that.

I submit, Mr. President, it is about time we begin, while we are bearing down and taxing those we think are arranging their affairs to pay less tax than the average, to find a way to provide some small consideration to those who are paying a great deal more than the average.

I would like to think the Horatio Alger tradition is still alive in America, and that a person does not have to have a tax shelter in order to get there. This amendment seeks to move us in that direction.

Otherwise, I think when our friends who choose to label themselves as reformers go out and talk to the business community and they make this big statement that, "If we could just close down on these tax shelters, if we could just get rid of these loopholes, we could reduce your tax rate, reduce the rate you pay," they should also tell the business people in the audience—be they members of the Kiwanis, or Rotary or Chamber of Commerce—that "When I say when we get rid of these tax shelters, I do not mean anybody in this audience. You would pay more if we could make you pay more."

I was party to the last tax reform we passed. We just analyzed where the tax cuts fell. They all fell in the lower brackets. By the time we got to the people in the higher brackets, everything was taken out as the bill went through. Everything that benefited corporations was taken out. Everything that gave someone some credit for the fact that he was putting a lot of people to work—well, it seemed like that had a way of going out. We were able to preserve, however, the 50-percent maximum tax on a person's personal service income.

Finally, when we got down to it, if we continue in this way, the bill will be referred to as a soak-the-successful bill. Everybody in this country will get soaked by the so-called tax reform. That is what tax reform will mean to the business community. Soak the successful. Soak those who work very hard to make their money and do a good job of it, and move toward the British system of confiscatory taxation, to move on those who have what it takes, who have more talents, who are more able, who can put businesses together, who can create private enterprise and make it go, and benefit themselves and everybody who has anything to do with it, either as an employee, an associate, their communities. Just bear down and clobber those kinds of people.

I had a chance to see what they have in England. I am not happy about all of that. I would like to see us move in the direction that does not tax all the incentive out of America. I would like to see us move in a way where America rewards those who work very hard and those who seek to do everything we want them to do in this country by any fair standard.

Fifty percent is about fair. I do not care whether you are thinking about a welfare client or whether you are thinking about a person who works very hard for what he makes. Fifty percent is about a fair amount to let a person keep out of his hard earnings.

I would submit that you could ask the average person on the street—a person who works hard and, by his own hard work begins to move himself ahead, creates a successful business, a successful enterprise be he a doctor or lawyer, a businessman, benefits his community, benefits his fellow man, provides opportunities for a great number of people—"What do you think would be the fair share the Government ought to take? Do you think it ought to be about 50 percent?"

I would be willing to venture the assertion that you would find is that the overwhelming majority of American people, even though they might not be making that much, would say that the Government should not take more than half. They would say he should be left with half of what he earns.

Mr. KENNEDY. Mr. President, will the Senator yield on that point?

Mr. LONG. Yes.

Mr. KENNEDY. What is the effective rate of tax now, even if you get the maximum 50 percent rate? As I understand it, even at the present time, the effective rates on income from $50,000 to $100,000 is 25.2 percent; at $1 million and over, it is 34 percent. So we are not even talking about the current situation. We are talking about an effective rate of 50 percent, and we are not even close to it.

Mr. LONG. May I say to the Senator, it gets confusing to talk about the marginal rate and the effective rate. I am talking about the way people look at it. I do not care whether a man has made $100,000 already or not. What about a person who takes a chance, one who looks at a new investment. Take a person like the fellow I was talking to just the other day who said, "Well now, look, when I go into these investments, whether it is to build an office building or to open up a new subdivision or whatever I might try to do in my line of endeavor, I am taking a big chance, and if I take that chance and cannot keep more than 30 percent from my endeavors if it goes well, and I am subject to losing the whole thing if it goes poorly, I am just not going to take that kind of a risk. I would be a fool to do it."

Very few people would be willing to take the risk under those circumstances.

Now, to let a person keep 50 percent of the honest profit he makes in starting a new enterprise—and we are talking about the kind of people who know how to make such a success—look at what all those workers make out of that? Instead of quitting because he has gotten himself up into a 70 percent bracket, he proceeds to work that much harder saying "Here is a chance to move ahead and do some good." Why not go ahead and let him do it?

This type suggestion was supported, I am happy to say, by President Kennedy and President Johnson. It seems to me that 50 percent is fair enough if all you are talking about is $100,000 of investment income.

The PRESIDING OFFICER (Mr. FANNIN). The Senator's time on the amendment has expired.

Mr. LONG. I yield the Senator from Nebraska 10 minutes.

The PRESIDING OFFICER. On the bill?

Mr. LONG. On the bill.

Mr. CURTIS. Mr. President, I support the Finance Committee's decisions with respect to the so-called "maximum tax." I urge my colleagues in the Senate to sustain the committee's judgment on this important issue.

The 50 percent maximum tax was enacted in 1969. It was designed both to reduce taxes for those who were paying too much and to discourage the use of artificial tax shelters. The committee amendment now before us is designed to make the maximum tax more effective as a way to reduce the adverse economic effects of excessively high tax rates. It will also serve as a more effective deterrent to the use of artificial tax shelters.

The committee amendment makes the maximum tax more effective in several ways. First, under present law, personal service income is stacked below other income in computing what income is taxed at the bottom tax rates. As a result, the maximum tax does not discourage the use of tax shelters and other tax-savings devices by those who have significant investment income as well as personal service income. Under the committee amendment, investment income up to $100,000 is eligible for the 50 percent maximum tax on a dollar-for-dollar basis with personal service income.

A second way in which the maximum tax is made more effective by the committee amendment is by reducing the amount income otherwise eligible for the maximum tax by $1 for each dollar of tax preference income. Under present law, this tax preference offset only applies to tax preference income in excess of $30,000.

It was the committee's judgment—which I share—that these two changes will make the maximum tax a more effective incentive to avoid the use of tax shelters and similar devices.

I favor the committee approach and urge my colleagues to reject all attempts to repeal the maximum tax or weaken the committee's approach by excluding investment income.

The high-rate brackets in excess of 50 percent discourages those with high incomes from saving and encourages them to look for ways to shelter all or a portion of their income from tax. When we permit our tax rate structure to be so high as to produce this effect, our tax system is undermined. Just as we should make sure that each individual pays his fair share of taxes, we should make sure that those whose tax bills are excessive should be granted relief.

In this connection, Mr. President, I would call the Senate's attention to the fact that only $2 billion in revenue would be collected if we confiscated all income now subject to tax at rates higher than 50 percent. That is, reducing the top rate to 50 percent for all income would only reduce Federal revenues by $2 billion. The committee bill is far more modest, Mr. President, and I urge my colleagues to support it. So long as our tax rates continue at confiscatory levels, the search for tax savings devices will continue no matter how tightly we draft our tax laws. The Senate has already acted to impose a tough minimum tax in the name of fairness or equity. The same principles warrant adoption of the committee's maximum tax amendments.

Mr. President, a tax loophole is generally understood as something which permits an individual who has substantial income and either completely escapes taxation on it or devises some arrangement where they pay a very small amount of tax. That situation is not involved in this question. The pending question is what should be the maximum rate of tax that we should impose on ordinary income.

Now, I submit that individuals and families who have already made their fortune would have no interest in this proposal. The only way the "have-nots" can become "haves" and have some capital to invest is by producing ordinary income. After they have made what they can by personal services and they can invest a little bit. To those people, who are coming up, the young and others, with capability, the only way they can obtain capital to invest is out of earnings, and eventually some investment income on what they can save.

This is ordinary income. If we tax it at the rates running to 70 percent, they will never obtain capital. But you do freeze into that category all of those individuals and families who have already made their fortunes. That is the issue here.

If someone is paying 50 percent of his income in taxes, he is not escaping taxes, he is not paying at a pitifully low rate; he is paying half of his income in taxes. Thus, the only issue here is what should the maximum tax be on ordinary income.

In this context, any remarks about a loophole are entirely diversionary. There is only one question: How high should the tax rates go on ordinary income, especially that which is earned income?

I am happy to yield to my chairman.

Mr. LONG. Well, Mr. President, would the Senator agree that if people work very hard, they apply themselves in college, they do everything that we would like to think an American, born of humble means, should do to try to move himself ahead and improve his community and provide an opportunity for himself, his wife and his children, would it not be fair to suggest that we ought to be able to both live a good life and save something to plow back in and invest?

Mr. CURTIS. That is true. Also no one can make a very sizable income without providing jobs for somebody else.

Mr. LONG. That is right.

Mr. CURTIS. It is just totally impossible.

Now, when someone is asked to take a risk—and it takes about $50,000 on an average to provide one job—what is involved with the risk?

Well, the business venture might fail and he could lose his capital. What else is the risk? Inflation might destroy what he has made. What else is the risk? His product might become obsolete after a few years.

What else is the risk? The local taxing authorities might increase the taxes on him. What else is the risk? Well, he might have some labor trouble. He might, for example, have a long strike. If you add all of these risks together and then say to him, "Now, if you overcome all of these risks and make a dollar, the Government is going to take more than half of it away from you," how can we provide jobs? Can we have an economy in full employment, with a tax rate that takes more than half of somebody's income away from him?

Now, probably we should be here with something more liberal than the committee proposal. A case could be made for an absolute 50-percent limitation. But we have applied that limitation for earned income and only a limited amount of investment income.

This, Mr. President, is an issue that involves our economy, it involves employment, it involves job opportunity. I do not think it will cost a nickel in revenue. Now, taking the most adverse figures, the estimate revenue loss is $300 million. One percent of our revenue is $3.5 billion. This involves less than 1/10 of 1 percent of our revenue. I do not think there is anybody here who would suggest that this provision would not release enough risk capital to provide jobs upon which individuals pay income tax and payroll tax—and they step out of the line for unemployment compensation—to offset the revenue loss.

Mr. President, not too long ago I heard a man make this statement. He lived in a small town of about 3,000 people. He pointed to the richest man in town and said, "He does not need his income, but all the rest of us do, because this man is engaged in many different businesses." Then he enumerated all the jobs that these several businesses provide and he ended up by saying, "He does not need to earn a nickel any more—he has got enough—but the rest of us in that town will be in a very adverse situation if he quits earning money, just closes up these businesses, and decides to live on the principal."

Mr. LONG. Will the Senator yield at that point?

Mr. CURTIS. I am happy to yield.

Mr. LONG. When I was a boy starting college, it seemed to me asking too much to hope to accumulate a million dollars net worth, but that perhaps it would not be expecting too much to hope to earn a quarter of a million during my productive years.

A quarter of a million dollars then would be the same thing as $1 million now.

One should try to think that if a person is a very successful leader of his community and he does a very good job in his endeavors over a period of his productive years, he should be able to live a good life and accumulate what would have been a quarter of a million when he was a young man just starting college. It would seem, if he is going to do it, that he is not going to be able to do it where his savings have to come out of what is left after he pays 70 percent.

It is asking an awful lot to ask him to make it when he is paying 50 percent.

At the time I was trying to think in terms of what a young man might be able to do if he was reasonably intelligent and worked very hard, hoping to be a lawyer some day and be successful in some line of endeavor, not knowing I would go into government, in fact, at that time we did not have the 50-percent rate, much less 70 percent. It took a war, the greatest war in which America ever participated, World War II, to ever get us up to the kind of rates that this 70-percent tax rate envisages.

May I suggest to the Senator, 70 percent might be all right in wartime, but for peacetime, 70 percent——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LONG. I yield the Senator 2 additional minutes.

Seventy percent is a very harsh tax rate to put on industrious people who are trying to move their community ahead in peacetime.

Mr. CURTIS. That is correct.

The individual and the families who have accumulated vast fortunes can say, "Well, I will not engage in any enterprise unless I can put it on a basis of a capital gain," or "We are going to put the most of this in tax-free State bonds."

They can do that. The individual this hurts is the individual on the way up, who has the ability and the drive and the competence and will do the hard work to some day become the captain of industry or business or leadership in his profession.

This is not an amendment for the idle rich. It is not an amendment to close loopholes.

A loophole is a gimmick whereby people pay no tax, or a very little bit of tax. This is a tax on ordinary income.

Congress has to face the question. Is it fair to take more than half out of every dollar of income somebody has, or at least half of it?

Mr. KENNEDY. Mr. President, I just want to correct the misnomer about what the rate of taxes in this country at over the period since the 1930's.

In 1932 to 1935, the top rate was 63 percent. So even during the Depression it was 63 percent.

From 1936 to 1939, it was 79 percent.

From 1940 to 1949, it ranged from 81 to 94 percent.

From 1950 to 1963, a 13-year period, it was 91 percent.

In 1952 to 1953, it actually went up to 92 percent.

From 1964 to 1969 it was 70 percent.

So during some of the great growth years of our Nation, the top tax rate was 70 percent or higher. There is no economic evidence whatever that the high rates acted as a disincentive.

Mr. President, we have had these rates, and we had our Horatio Algers, too. And the American economy grew to be the strongest, most powerful economy in the world.

It is false to suggest that the only time we have used these high rates was in time of war. We have had very high rates throughout the post war period.

One other point, and then I shall yield. The fact of the matter is, Mr. President, even though these rates have been on the books, the effective tax rate, and that is the rate that people are actually paying, in these areas from $50,000 income to over $1 million, is only about 30 to 31 percent. So very few people are even paying the 50 percent rate. They use various loopholes to reduce their effective rates to levels well below the statutory rates.

That is the way it is at the present time. With the recommendation that will be made by the Senate Finance Committee, they will probably knock that down another point, perhaps two points. So the wealthiest taxpayers in the country may wind up paying effective rates of less than 30 percent.

So, in effect, while we are providing a 20 percent reduction for the wealthiest people on unearned income, from a 70 percent to a 50 percent top rate, we could, in effect, lower the bottom rate from 14 to 13 percent, and benefit millions of ordinary taxpayers.

That would provide less taxes for the Americans at the lowest income levels.

That would be tax equity for the poor, not new tax breaks for the rich.

I yield to the Senator from Louisiana.

Mr. FONG. Mr. President, will the Senator yield me 2 minutes?

Mr. LONG. I yield the Senator 2 minutes.

Mr. FONG. We are just talking about the Federal tax here, is that right?

Mr. LONG. Yes.

Mr. FONG. Well, you must consider that there is also a State tax. In many of the States, their tax has run up to 11 percent, 12 percent, and even up to 15 percent—for example, in my State, the top tax rate is 11 percent. If a man earns $1, he pays 11 cents to his State. That will leave 89 cents. If we tax him at the 70 percent level, 70 percent of the 89 cents is 63 cents. So, 63 cents plus 11 cents is 74 cents. Actually, a man earning $1 would then net for himself 26 cents. Is that correct?

Mr. LONG. Yes.

Mr. FONG. That would be correct. And if you tax him 50 percent, he would then pay 44½ cents in Federal taxes plus 11 cents in State taxes, or total taxes of 55½ cents, leaving him with 44½ cents of the $1 he earned. So when Senators say he pays 50 percent, they are talking about only the Federal tax; they are not talking about the Federal tax plus the State tax. If you talk about the Federal and the State tax, it would have to be increased by 11 percent more.

Mr. LONG. Yes.

Mr. FONG. I thank the Senator.

Mr. LONG. Mr. President, it has been suggested for persons who find themselves in the very high tax brackets, that they consider all sorts of tax shelter activities which would save them from paying a very high tax rate. For example, here are those to which reference was made in a letter from Arthur Anderson and Co., directed to me:

> Among the methods we have observed as effective in countering confiscatory rates are these:
>
> 1. Development of new forms of financial and control arrangements to make maximum use of beneficial provisions in the tax laws. (i.e. tax shelters)
>
> 2. Investment in nonincome producing, appreciating assets (i.e. empty office building in the U.K.) art, sculpture, etc. in all countries.

Or in land.

> 3. Maximum use of fringe benefits which are either not taxed at all or which have a taxable value for less than market value.

We all know what some of those are.

> 4. Substitution of more vacation, holidays, sick leave, etc. for cash remuneration or, in the case of self-employed, increasing leisure time at the expense of productive time.
>
> 5. Proliferation of taxable persons or entities.
>
> 6. Change of country of residence, domicile and/or citizenship.
>
> 7. Use of tax haven countries.
>
> 8. Purchase of tax exempt securities.

Mr. President, these are just eight different ways that an accounting firm like Arthur Anderson would lay out to clients as ways they might consider changing their way of doing business, when they find their income is being taxed at 70 percent.

Some of those headings, obviously refer to a vast multiple choice of ways people can go when confronted with what amounts to a very high tax rate, when the Government takes more than two-thirds of what people earn.

Rather than making it to their advantage to look for tax shelters, rather than making it enormously to their advantage to think in the terms listed by those eight illustrations, is it not far better to say that they should have a rate that is reasonable. Should not we suggest that rather than go for the tax exempt bonds, for example, that they should put their investments in a taxable investment, and rather than go for the growth stocks, they should go for a stock that earns a better return, such as we traditionally thought of in the past? Is it not better to provide for people, in a way that we could honestly expect them to invest their money in ways that would be fully taxable, and tax it at 50 percent, rather than to have all these people who have been very successful, who have very substantial incomes, at least temporarily, looking for these various and *sundry* ways to hold down their tax liability, such as the purchase of tax exempt securities, or the use of tax haven countries, change of domicile, or even change of citizenship?

Some of our very famous citizens have been caused to do that, to take citizenship in a country which does not charge them a rate nearly so great as that charged in this country.

Really, Mr. President, when confronted with the alternatives, it just seems to this Senator that we would be much better off, while bearing down on tax shelters as we do in the bill, to give people an alternative, a proper alternative, and say "All right, now, if you make $50,000 of earned income by your own personal services, we will let you earn another $50,000 by investments which would yield a return, and the two of them together would be taxed at 50 percent," although they would be penalized to the extent that they have any preference income. That, I think, Mr. President, is tax reform.

Tax reform is more than just increasing one's taxes. It ought to involve reducing taxes for those who are paying altogether too much; and that, I believe, Mr. President, is something that we should change in the law. If we want to to be able to look at these business people, many of whom have exceptional assets to offer their communities, be able to look them in the eye when they say, "Look at what you have done to me; what have you done for me?" We ought to be able to say, "Up to $50,000 of earned income and $100,000 including investment income, the top rate we are going to put on you is 50 percent."

Mr. MONDALE. Mr. President, I think the business community should be pleased with what we are doing for them—items that are not in contest here. There is a permanent 10-percent tax credit in this bill that we are not arguing about. There is a special 12-percent investment credit for those corporations that established ESOP's. We made permanent in this bill a $1.7 billion reduction in tax rates for small businesses, and many of us in the so-called reform group supported that provision. There are many other things in this bill that bring relief to businesses and to wealthy Americans, that are not under attack.

What we are challenging are those parts of this measure which we think give relief that is unjustified, and which can only be purchased at the expense of repealing much needed personal tax relief. This is not an antibusiness attack; it is an attack, in this case, on a new preference never before seen in the tax laws, which would deliver relief of about $20,000 to the very wealthiest Americans.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONDALE. Over 82 percent of the relief goes to taxpayers of $100,000 or more, and the blackboard, I think, sets forth that distribution.

I am glad to yield to the Senator from Louisiana.

Mr. LONG. Is the Senator sure that he would call it a preference to permit a person to keep 50 percent of his income? Would the Senator call that a preference? Is he being preferred?

Mr. MONDALE. When we say, as we are in this bill, that those who happen to be fortunate enough to be in the top 1 percent of American income earners are to enjoy up to $20,000 in tax savings, while the taxes on the average American are increased by $180 each, then I say that recipients of this new maximum tax provision are being preferred, yes.

Mr. LONG. I say to the Senator that there has to be at least 90 percent of people in that same earning category who are not paying anything like that much because they are enjoying capital gains for these various things that the Senator has been talking about where they pay very little or at least pay a lot less than what we are talking about here.

When the Senator is talking about the group that really is paying these high rates of tax on everything they earn, is it really fair to talk about these people as being preferred when we compare them to others in the same economic earning group who are not paying anything like that rate?

Mr. MONDALE. It certainly is. For example, this bill, if it is adopted, will mean that Muhammad Ali will make $20,000 more off his fight in Japan simply because we have decided that he should have the $20,000 check. It means that every big rock star, every big income-earning movie star, and every high-paid corporate executive will get approximately $20,000 of relief that they never had before. At the same time, we would say to the average family, "You pay $180 each toward this gift to those at the very highest brackets in American life."

Mr. LONG. The Senator is assuming that Muhammad Ali is investing his money in ways where he is getting no tax breaks, no capital gains. The Senator is assuming he is not taking advantage of the benefit of capital gains or interest expense deductions.

Mr. MONDALE. I assume if he gets $6 million in earned income this year from that fight, which is what I understand he will get, he probably has $100,000 or more of investment income coming in. If that is not the case, I am in error.

Mr. LONG. The Senator has to assume that that man is not investing his money in ways where he would have tax preferences, and the probabilities are that that man has been around long enough so that he has an investment adviser. I submit to the Senator that the only people who are going to invest their money in ways where they are only keeping 30 cents on the dollar of their earnings are people who are like fish who have not yet learned how to swim, because usually we find that when people are in that situation, someone says:

> You are a fool to invest your money in something where you are taking a risk and only keeping 30 cents on the dollar. Now put it in State and local Government bonds and in Government bonds you would owe no tax on it rather than pay 70 percent of it through investment trusts. Or put it in something where it would have a growth potential.

I suspect we would find this would not make the least bit of difference to Muhammad Ali. The only people to whom it is likely to make a difference are those people who are getting stung for the first time because, after they have been burned with this they, too, can talk to Arthur Anderson and they, too, can talk to investment counselors on the way they can invest their money, including the small business corporations that we talked about where they do not pay anything like 60 or 70 percent.

Mr. MONDALE. This is exactly the argument we heard in 1969 when we put the majimum tax ceiling on earned income. The argument was that we must put a maximum tax on earned income to discourage tax shelters.

So we did that, and it now costs $600 million a year to do so.

What happened? It did not reduce tax shelters. The tax shelter syndicates simply changed the way in which the package was operated, and the number of tax shelters more than doubled in 4 years.

So I think the argument is just as fallacious this time as it was then.

Furthermore, it seems to me that the Senator from Louisiana is arguing that, if we have some outrageous tax shelters that permit the very wealthy to completely or largely escape taxes, the answer is not to change those loopholes but instead to lower taxes on the very rich to a point where they enjoy low effective tax rates with or without tax shelters.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONDALE. If a 50-percent maximum tax ceiling on investment income is adopted, tax shelters will still be attractive to many high-income people. History has proved that the maximum tax is not an effective deterrent to tax shelters.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONDALE. No. I wish to make a final point.

The Senator seems to be arguing that, if we have a 50-percent maximum tax on investment income, people will not invest. What have they been doing all these years? How come we have had so much investment in the absence of a maximum tax? How come we would lose $300 million the first year if we put a cap on the tax on investment income? Why have we had some of the most exuberant capital investment periods in American history with the 70-percent rate if it was discouraging those investments?

I think there is utterly no history that justifies the argument that a 70-percent tax rate discourages investment.

What discourages investment is a stagnant economy, a flat economy, and what will bring that about is trying to depress consumer spending—a result that will follow if we permit the temporary tax cuts to expire.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. LONG. Let me say that, as far as this Senator was concerned, two strong arguments appeal to me about the 50 percent rate.

One of them is justice, simply being fair. When someone goes out and works as hard as people work to make their money and put the kind of dedication they put into being very successful, and the Government takes more than half of what they earn by dint of personal services, it seems to this Senator to be unfair, and it is contrary to the American dream by my standards.

In the second place, it is counterproductive because as to those estimates the Senator is talking about, that $6 million, that is based on the assumption that people are going to do the same thing against a very high tax rate that they would against a more reasonable tax rate.

If we apply that example I gave of Muhammad Ali, he was fighting one championship fight a year at that tax rate. Now he fights four championship fights a year.

I made a simple calculation in terms of assuming a man would make $500,000 in one fight, and the Government takes 70 percent. We get $350,000. If he fights four fights and makes $2 million, the Government gets $1 million. The Government gets three times as much.

But the way that estimate was put together it would indicate that the Government would actually lose money, that we would lose $100,000 when in fact the Government made $650,000 by the same type calculation.

If the man made more than $500,000 a fight, then the Government would get a great deal more than that. So the point is it is counterproductive because it kills off incentive and people do not do what they would otherwise do toward producing more, taking more ventures, more chances, more risks, and investing their money in ways that are good for society as well as good for themselves and good for their communities.

Taking those things into account, it seems fair and it seems right.

I fully anticipated that, when I for one at least voted in the conference to try to see that we would have a 50-percent limit on what a person earned by his own work and his own efforts, I thought that that might be the subject of a great deal of criticism. I say to the Senator I have yet to find anyone say we did wrong. I have been a Senator for 7 years since that date. I have yet to have the first person, be he a labor leader, a politician, a Senator, or a Congressman say we did something wrong. I have up to this point, from 1969 up to 1976, 7 years, yet to hear the first person come to me and say that we did something wrong, that was not fair, that it was not right to say that when a person goes out and works for it or even if he makes a lot of money from it, as Muhammad Ali did, simply getting his brains knocked out in the ring, and having those capillaries popped all over his head every time he takes a left hook or a right cross, that he was not entitled to keep half of that.

If Americans would like to think that, if they do not have the talent to make a success of themselves, if they do not have the talent to make it for themselves, they would like to think their son or daughter might. That is the American dream.

Do we want to level this country down to what socialist countries permit? Do we want to move in the direction England is moving, or do we want to keep America open as the land of great opportunity, where talented people, even from those countries, are headed? Do we want America to be the land of opportunity, the land where all horizons are not too distant for people to reach, or do we want to close this door of opportunity, where people, by dint of hard work and zealous effort and dedication and honesty, can move every community, every State, and even their Nation——

Mr. MONDALE. Mr. President, since this is on my time, and I am enjoying it——

Mr. LONG. I yield the Senator the time it took—2 or 3 minutes.

Mr. MONDALE. It is a beautiful speech, but it is on my time. That is the only point.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. MONDALE. Mr. President, I was very interested in the arguments by the Senator from Louisiana about risk taking and about earned income, because, in both these areas, the Finance Committee increases the tax rates.

No one here is challenging the 50 percent maximum rate on earned income. That would remain unchanged. But the Finance Committee drops out the $30,000 exemption, so the tax on earned income is going up, with the sponsorship of the Senator from Louisiana. So I find it difficult to square what the Finance Committee proposes with the theory expressed by the Senator from Louisiana.

Second, in terms of risk taking, we are talking about investments that are made with the expectation of capital gains; and, by eliminating the $30,000 tax preference exemption, the Senate Finance Committee has proposed an increase in the effective capital gains tax. So, once again, one wonders how the theory expressed by the distinguished Senator from Louisiana squares with the bill that came from the Finance Committee.

The Finance Committee has offered a new proposal to put a maximum tax on unearned income. We have not had that before. With the 70 percent rate, we have had many, many boisterous, full expansionary periods in the American economy; because when the economy assures a good return on investments, people invest. The present rate structure has been a part of America for a long, long time. It has served us well.

Let us talk about work, however. There are many Americans—most of them, I hope—who contribute to this country. Everyone does, not just Muhammad Ali, not just the president of Exxon, not just the rock singers. They contribute, too; but they do not contribute everything. We have people who work in hospitals, who carry the mail, who work in steel mills, who work on the farms, who work in all kinds of industries and businesses and jobs in America. Many of these workers are making $8,000, $9,000, $10,000 a year—some of them less. They, too, contribute to this country. Indeed, they are our most precious resource.

If we want to talk about encouraging work, it seems to me that this tax bill should be bringing relief to those who are working hardest, who have the least left at the end of a day's work, and who have the responsibility of caring for their families and all their needs.

But what does this bill do? This bill says that we will reward a certain kind of work, work performed by people who are very wealthy; such people could shield $100,000 of investment income by an equivalent amount of earned income. More than 82 percent of this relief goes to Americans with incomes in excess of $100,000. That is the kind of work we single out for special reward. What do we do for the laundry worker, the steelworker, the postal worker? What do we do for them? This bill raises his taxes to pay for the $20,000 we give to the super rich. Why? Because we say their work is worth less? Because we say they need the money less? Is that the argument? I do not think they are going to buy that.

What else do we do to that worker? We partially repeal his right to deduct taxes for the gas he needs to get to and from work. We partially repeal the sick pay exclusion. We repeal the right of teachers and professors and others to deduct part of their home expenses.

Then we repeal, on the average, about $180 of tax relief for every family and every single taxpayer in America. We take $9 billion of relief from the average American, so that those in the top earning brackets can get an extra $20,000 on the grounds that their work is important. But why do we want to do that? Certainly, it is not to bring forth investment, because we have had it all along. What possible reason do we have?

I do not think the equity argument stands for a moment. Americans are looking at this tax bill and they cannot understand it, and neither can I.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I am sure the Senator can find more things about this bill that he likes, in addition to those he made reference to in his speech.

For example, in this bill, we on the Finance Committee—with the Senator's support, I am happy to say—restored the earned income credit to help the working poor.

Mr. MONDALE. I am in favor of that provision.

Mr. LONG. I see that, and I am happy the Senator supported it, because I am pleased to say that the Senator and I can agree on something. I am confident that if I can persuade the Senator from Minnesota to see it my way, we have had it right.

Mr. MONDALE. If I can just persuade the Senator from Louisiana to see it my way, we could save $300 million here.

Mr. LONG. The Senator knows that many times he has persuaded me to see his way.

Furthermore, Mr. President, we increased the low-income allowance; we increased the standard deduction for workers. Those are good things in this bill about which everybody will be happy.

Also, I am satisfied that we have something in this bill that is proving itself, and that is employee stock ownership. We doubled the incentive for employee stock ownership provided by the tax code. I have no doubt that as time goes by and more and more businessmen use the employee stock ownership device, we are going to find that it is going to be the way by which the average middle income worker will have an estate in addition to his home and his pension which he has earned by dint of hard work. He will have a nest egg of anywhere from $50,000 to $300,000 or $400,000, which he can call his own; and in retirement, he can use those assets however he wishes and leave them to his children.

We are moving toward making capitalism a democratic type of thing, whereby workers and their families will be a part of it and will own a major interest in it.

I am happy that the Senator from Minnesota has seen fit to go along with that type thing and support it. Also, I am happy to see that the Senator from Arizona (Mr. FANNIN) has seen fit to support it. He has been a strong believer in employee stock ownership, and we are making a giant stride forward in employee stock ownership.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. FANNIN. Mr. President, the Senator from Arizona is very proud to support the distinguished Senator from Louisiana, who has been a leader in support of the employee stock ownership program.

I know that for a while there was not a great deal of interest in it, until the Senator from Louisiana decided that it was a good plan, whereby we can give the employee something by which he can benefit from his own labors and his dedication. He can see the company go forward, and he can go forward with it.

This is an incentive program that does accomplish what the Senator said: to have greater stock ownership around the country. This is the way we do have capitalists. This is the way we get people started in having a stake in the business at some time in the future, having greater interest in their work. They will see that the other employees go forward. It will give them an interest so that it will help them go forward.

I commend the Senator for promoting this plan, and he has done so successfully. It is one part of the bill that is supported by almost everyone. Many other parts of this bill are very beneficial to the working man.

We talk about the great need in this country for capital formation. This is one of the greatest needs, if not the greatest. We see areas in which trillions of dollars are needed in the next few years for programs that must go forward, such as the energy programs that will make it possible for us to pay employees more. If we can have low-cost energy, it will mean that we can compete with the other countries of the world and pay better salaries. Where is that capital going to come from? It is going to come from every city and village around this country. Those are the people in the category the Senator is talking about. He wants to give them an incentive to make investments, an incentive to be able to buy those benefits. It seems to me that it is not going to be very beneficial or give them much incentive if they are going to be taxed 70 percent.

I feel that the way in which the Senator from Louisiana has handled this bill, we must take it in the overall. We cannot take just one part and say that is the only part that should be done or that is the way in which it should be done.

That is the way in should be done. I commend him because he has taken into consideration a balanced program. I think this is certainly a commendable way to handle this legislation.

Mr. LONG. I thank the Senator.

Mr. President, let me point out also that in this bill, we increased the child care credit. I do not know whether the Senator from Minnesota persuaded me to be for the increased credit for child care or I persuaded him. I know he has been interested in that kind of thing and we made a long stride forward in helping provide credit for child care.

We also increased the credit for retirement income, so that there are a lot of things in this bill.

Mr. MONDALE. Will the Senator yield?

Mr. LONG. Yes, I yield.

Mr. MONDALE. I agree that there are several things in here that are very good. I agree with everything the Senator listed. I would add the estate tax credit. I agree with the earned income credit; I have always favored that. However, I wish we could have immediately implemented the full retirement income credit, because there are several retirees on private incomes that are really in bad shape. I hope that in time, we will do that.

I do not wish to be heard at all to say that this bill is completely unacceptable. I am arguing the points that I think need to be changed in order to pick up the revenue that is essential if we are going to extend those temporary tax cuts.

Mr. LONG. May I say also that it does not go into effect this year, but we do very well by people who are able to leave an estate when they retire. That does not benefit the low-income people.

I must say, also, Mr. President, that if this is a redistribution of wealth that the Senators have in mind, an income tax is a very poor way to do it. An income tax does not distinguish between those who already have great wealth because they might have inherited it or, perhaps, accumulated it in the past by their own work, and those who are making wealth for the first time. So if one wants to redistribute the wealth, he would have to think in different terms, either in terms of the inheritance tax or something that would be effective year to year, such as a capital levy, which nobody is proposing. Nobody is arguing for that.

If one wishes to redistribute the wealth of the country, he would have to think in those terms. He is not going to be able to do it with an income tax, because the income tax only taxes the income that a person made in any particular year.

Mr. President, I am prepared to yield the floor at this time.

Mr. MONDALE. Mr. President, I want to make a few arguments that I think need to be made. The Senator from Louisiana argues that the new investor, the person getting into the investment business for the first time with modest capital, will be discouraged from investing unless the maximum tax ceiling is extended to unearned income. It is certainly a desirable achievement to encourage that kind of investment; but the irony is that the Senate committee, both with respect to its minimum tax proposals and with respect to the way it fashions its new maximum tax, would tax the new investor the hardest and would give more relief to the biggest investors of all. In the minimum tax, the committee bill would drop the tax preference exemption to $5,000. So the small investor would actually have paid a higher minimum tax under the Senate Finance Committee bill than he would have paid under the amendments offered by the so-called tax reform group, which felt it was important to have some elbowroom so new investors could begin to invest with the maximum return without having too high a bite imposed upon them by the minimum tax. Thus, the minimum tax furnishes an example where the theory espoused by the Committee on Finance and the committee's tax bill pull in opposite directions.

Similarly with this maximum tax. The way the Senate Committee on Finance worked it out, the corporation executive, with a salary of $100,000 and investment income of $100,000, would find that every dime of preference income would reduce the amount of investment income eligible for the maximum tax ceiling. At the same time, under the Finance Committee proposals, the super rich taxpayer with $500,000 of earnings could enjoy $400,000 of preference income without affecting the amount of investment income eligible for the 50 per cent tax ceiling. In other words, in both the minimum tax and maximum tax provisions found in the Senate Finance bill, the committee has developed a regressive formula that would hit the new and the modest investor the hardest and the established super rich big hitters the least.

In the case of the committee's maximum tax proposal, 82 percent of the benefits goes to taxpayers with adjusted gross income in excess of $100,000 a year, thereby making certain that really all of this windfall is obtained by the very most privileged and rich in American life. I said earlier, when the Senator from Louisiana was not here, that the author of this new maximum tax provision deserves our respect; because I doubt there has ever been an amendment developed with such precision, and with such pure motivation, that has achieved with such perfection for the super rich. It is targeted in with skill which deserves our highest praise. All this money—$300 million this year, $600 million by 1980—will go to the very cream of America; the richest of the rich will each get $20,000 of tribute paid by the rest of America in the form of an increase in taxes on the average American. Someone who can design a plan where so much is given to so few by so many, and get away with it in a Democratic society, is entitled to the International Parliamentary Union award of all time.

The PRESIDING OFFICER. Who yields time?

QUORUM CALL

Mr. LONG. Mr. President, I believe that we would be well advised to move along with this debate and bring this matter to a vote. I shall make a unanimous-consent request that we have a quorum call, at the end of which we would have 5 minutes on each side and then vote. I doubt we are going to change that many votes. I know we are not changing any right now, because everybody on the floor has made up his mind one way or the other.

The PRESIDING OFFICER. Is the Senator suggesting a live quorum? If so, to be charged on whose side?

Mr. LONG. I suggest we take from both sides. I ask that it be taken from both sides. I ask unanimous consent that we have a live quorum and at the conclusion, when a quorum is determined to be present, we have 10 minutes to be equally divided between myself and the Senator from Minnesota.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll, and the following Senators entered the Chamber and answered to their names:

[Quorum No. 26 Leg.]

Allen
Baker
Brock
Cranston
Curtis
Dole
Domenici
Fannin
Hansen
Hart, Gary
Hartke
Jackson
Javits
Kennedy
Laxalt
Long
Magnuson
Mansfield
McGee
Mondale
Nelson
Percy
Ribicoff
Sparkman
Talmadge
Tower
Young

The PRESIDING OFFICER. A quorum is not present.

The Senator from Minnesota.

Mr. MONDALE. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

(After some delay:)

Mr. MANSFIELD. Mr. President, I

move that the Sergeant at Arms be directed to compel the presence of absent Senators, and I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Montana (Mr. MANSFIELD) to direct the Sergeant at Arms to compel the presence of absent Senators. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The **PRESIDING OFFICER** (Mr. GARY HART). The Senate will be in order. Senators will take their seats.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. **ROBERT C. BYRD**. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Mississippi (Mr. EASTLAND), the Senator from Kentucky (Mr. FORD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from North Carolina (Mr. MORGAN), the Senator from Utah (Mr. MOSS), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Mississippi (Mr. STENNIS), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. **GRIFFIN**. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 80, nays 1, as follows:

[Rollcall Vote No. 352 Leg.]

YEAS—80

Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hruska
Humphrey
Jackson
Javits
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClure
McGee
McIntyre
Metcalf
Mondale
Montoya
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Williams
Young

NAYS—1

Weicker

NOT VOTING—19

Abourezk
Buckley
Eastland
Ford
Goldwater
Hollings
Huddleston
Inouye
Johnston
McClellan
McGovern
Morgan
Moss
Pell
Randolph
Stafford
Stennis
Symington
Tunney

So the motion was agreed to.

The **PRESIDING OFFICER** (Mr. CULVER). A quorum is present.

There will now be 10 minutes of debate on the pending amendment. Before the debate commences, the Senate will be in order. Senators will kindly suspend conversations and take their seats, or retire to the cloakrooms. The Senate will be in order.

Who yields time?

Mr. **LONG**. Mr. President, some years ago I made the point to the late Robert Kerr, who served with me on the Finance Committee, that it would be good if we would start moving to eliminate tax loopholes, to eliminate tax preferences, and to reduce the rates.

Senator Kerr at that time told me, "Russell," he said, "you will never be able to do anything like that. You couldn't even get the Republicans to vote for that, much less the Democrats."

Mr. President, since that time it has been demonstrated that the people do want exactly that kind of thing.

In the 1969 Tax Reform Act, some of us had the courage to support a final product which said that, on a person's earned income, what he earned by the strict rules going back to the earned income credit, all we would take would be 50 percent at the top rate.

It was predicted that orators in the labor union halls and elsewhere would absolutely crucify us if we did that. Yet, Mr. President, we did that with regard to all earned income in 1969 and I have until tonight—7 years later—to hear the first labor leader, the first businessman, the first economist, criticize us for that.

That was regarded as good tax reform. When the Secretary of the Treasury made the speech before the Tax Foundation in which he said, "You should just get rid of all deductions, tax at a top rate of 30 percent, and make it applicable to all income," it got a standing ovation from the Tax Foundation.

I have mentioned that to business people, and before I even had a chance to tell them what was wrong with it, they stop me and applaud when I suggest that.

What we have here, in addition to the 50 percent rate on earned income—which, as I say, I have yet to find a single person criticize in 7 years—is that for an equal amount of investment or other income, not to exceed $100,000, he would pay at a top rate of 50 percent on that parallel amount. What we also have in this provision is "double preference poison," which means that if you have $100,000 of preference income, it is taxable against you not only on the earned income, but also on the investment income, so it counts against you twice for purposes of the 50 percent tax limit, and you can call that "double preference poison."

Senators can look at that chart there, where it says "no earned income," where, if he had $175,000 of earned income, he would pay $79,000 in taxes. If he had $50,000 of preference income, it would be $90,000, where, under the existing law, he would pay $92,000. If he had more preference income, then it would not benefit him in any way. As it stands now, he is benefited in that income bracket. He might be paying zero and he might be paying 70 percent. It tends to average out about 44 percent.

This is to say that the poor fish who has not learned to swim yet, who has no tax lawyer and no tax accountant, ought to get the full benefit of what he is getting, whether by investment or by dint of the sweat of his own brow.

Mr. President, the other side of the board is the other side of the story. They say it only applies to high-income people, and that is right, because the low-income people, those below $50,000, are not paying in that $50,000 bracket; therefore, it would not apply to them. But, Mr. President, the theoretical cost of $300 million of this does not take into account the fact that those people, if permitted to keep 50 percent, would go into investment after investment after investment. They would build things we need in this country, they would start new payrolls, new jobs, and opportunities because they could keep half of their income.

To ordinary layman to whom one says, "How much do you think a person ought to be able to keep out of what he earns, be it by investment or be it by his own work," I have never seen anyone yet say that in that general area he should not be able to keep at least half.

Mr. President, as sure as I am talking here tonight the public when polled will accept it; they accept that what a person makes honestly where every bit of it is subject to tax, 50 percent is enough. If we are going to have reform, we should not only bring up what those pay who do not pay enough, but we should also bring down those who are being taxed on every nickel that they make. This moves us in that direction.

The Mondale amendment would seek to keep the parts of this amendment that put even more taxes on those who are successful and knock out the part that would give them any consideration at all for the fact that they are paying taxes on every dollar that they earn with no tax shelter. In fact people are not only penalized but they would be double penalized as far as the benefit of this amendment is concerned if they had a tax break.

The **PRESIDING OFFICER**. The Senator's 5 minutes have expired.

Mr. **MONDALE**. Mr. President, the reform coalition's amendment is a very simple one. It would merely delete the committee's extension of the maximum tax ceiling to unearned income. What we propose to do is to retain the present 50 percent ceiling on the rate applied to earned income and to retain the present maximum rate of 70 percent on unearned income. I think if there is one amendment that ought to appeal to the Senate, among all that we have proposed—if there is one proposition that is overwhelmingly in favor of equity in tax justice, balance, and good economic policy—it is this one, for several different reasons.

First of all, the person who shaped the new maximum tax provision we seek to delete ought to be given the International Parliamentary Union award for drafting a provision which classically and purely distributes all of the benefits to the richest of the rich. It is absolutely a classic amendment; 82 percent of the tax savings in this new amendment would go to taxpayers with adjusted gross income in excess of $100,000, and it is even regressive in terms of the modest investor. Under the Committee on Finance's bill the average corporate executive, the average lawyer, and the average doctor, would have far much less relief than the really big income earning executive, movie star, rock star and boxer, who would receive up to $20,000 of tax relief.

Why does the committee want to provide such a large windfall to wealthy Americans? They say, first, it will discourage tax shelters. But that is what they said in 1969 when they put the 50-percent cap on earned income, and the use of tax shelters increased dramatically in the early 1970's. Second, they say a 70-percent tax rate discourages investment. However, we have had this 70-percent rate on investment income for 25 years, and some of the most dynamic periods in American economic growth have occurred with this tax rate. Some of the best periods of economic growth we have ever known have taken place with the law as we propose to keep it.

Finally, they say we should reward effort. But I think this objective has to be tested in a perspective that takes account of tax equity.

In this bill, we are asking the average worker to give up $180 in individual tax relief. We are seeking to repeal a taxpayer's right to deduct his gasoline taxes We are seeking to restrict deductions for the business use of homes. We are asking to do away with sick pay exclusions. And we are doing all of this at the same time as the bill would provide $300 million in tax relief for the richest of the rich, with out any strong justification.

I think the committee's maximum tax provision stands as a proposal that is entitled to this description: Never has so much been given by so many to so few in the history of the tax laws.

Mr. DOLE. Mr. President, I support the amendment of the Senator from Minnesota to maintain the current rates of taxation on so-called unearned—investment—income. While I strongly support the maximum 50 percent marginal rate on personal services income in order to avoid work disincentives and discourage noneconomic income sheltering by wealthy individuals.

Mr. President, the Federal Government continues to run huge, multibillion deficits. Confidence in our tax system has been eroded over recent years. Surely, this is not the time for the Congress to provide a tax cut for persons wealthy enough to be in the 50 percent marginal tax bracket and above. In terms of equity it is not merited, and the tens of hundreds of millions of dollars to the Federal Government cannot be justified.

I must oppose the proposed Finance Committee amendment and support the alternative proposed by the Senator from Minnesota.

Mr. PASTORE. Vote.

The PRESIDING OFFICER. Time on the amendment has expired.

Mr. LONG. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. The vote will be on the Mondale amendment.

The PRESIDING OFFICER. That is correct.

Mr. LONG. And the Mondale amendment is a substitute to strike, in effect, the committee amendment.

The PRESIDING OFFICER. It is a substitute for the committee amendment.

Mr. MONDALE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? Evidently there is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. Eastland), the Senator from Kentucky (Mr. Ford), the Senator from South Carolina (Mr. Hollings), the Senator from Kentucky (Mr. Huddleston), the Senator from Hawaii (Mr. Inouye), the Senator from Louisana (Mr. Johnston), the Senator from Arkansas (Mr. McClellan), the Senator from South Dakota (Mr. McGovern), the Senator from North Carolina (Mr. Morgan), the Senator from Utah (Mr. Moss), the Senator from Rhode Island (Mr. Pell), the Senator from West Virginia (Mr Randolph), and the Senator from California (Mr. Tunney) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia (Mr. Randolph), the Senator from North Carolina (Mr. Morgan), and the Senator from Rhode Island (Mr. Pell) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater) and the Senator from Vermont (Mr. Stafford) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 66, nays 17, as follows:

[Rollcall Vote No. 353 Leg.]

YEAS—66

Abourezk
Allen
Bartlett
Bayh
Beall
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Durkin
Eagleton
Glenn
Griffin
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Humphrey
Jackson
Javits
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
Mathias
McGee
McIntyre
Metcalf
Mondale
Montoya
Muskie
Nelson
Nunn
Pastore
Pearson
Percy
Proxmire
Ribicoff
Roth
Schweiker
Sparkman
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Weicker
Williams
Young

NAYS—17

Baker
Bellmon
Bentsen
Curtis
Fannin
Fong
Garn
Gravel
Hansen
Hruska
Long
McClure
Packwood
Scott, Hugh
Scott, William L.
Thurmond
Tower

NOT VOTING—17

Buckley
Eastland
Ford
Goldwater
Hollings
Huddleston
Inouye
Johnston
McClellan
McGovern
Morgan
Moss
Pell
Randolph
Stafford
Symington
Tunney

So Mr. Mondale's amendment was agreed to.

Mr. MONDALE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATHAWAY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. I yield back the remainder of my time.

Mr. MONDALE. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question now occurs on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

UP AMENDMENT NO. 125

Mr. KENNEDY. Mr. President, I send to the desk an amendment to the House bill and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. Kennedy) proposes unprinted amendment No. 125.

Mr. KENNEDY. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place at the end of title III add the following new section:

SEC. 303. REPEAL OF MAXIMUM TAX; REDUCTION IN LOWEST RATE OF TAX.

(a) REPEAL OF MAXIMUM TAX.—Section 1348 (relating to 50 percent maximum rate on earned income) is repealed.

(b) REDUCTION IN LOWEST RATE OF TAX.—

(1) MARRIED FILING JOINTLY, SURVIVING SPOUSE, AND HEAD OF HOUSEHOLD.—The tables set forth in subsections (a) and (b) of section 1 (relating to imposition of tax) are each amended—

(A) by striking out "14%" and inserting in lieu thereof "13%"; and

(B) by striking out "$140" and inserting in lieu thereof "$130".

(2) MARRIED FILING SEPARATELY, ESTATES AND TRUSTS, AND UNMARRIED.—The tables set

forth in subsections (c) and (d) of section 1 (relating to imposition of tax) are each amended—

(A) by striking out "14%." and inserting in lieu thereof "13%."; and

(B) by striking out "$70" and inserting in lieu thereof "$65".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 1304(b) (relating to special rules) is amended by striking out paragraph (5).

(2) The table of sections for part VI of subchapter Q of chapter 1 is amended by striking out the item relating to section 1348.

(d) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1976.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Is an amendment to the House bill in order at this point?

The PRESIDING OFFICER. Yes, it is.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, for the benefit of the Senate, this amendment follows the Mondale amendment. The Senate has gone on record, I think wisely so, to maintain the present 70 percent top rate for unearned income. This amendment does the same thing for earned income. It was the law up until 1969. In 1969, the top rate was reduced from 70 to 50 percent for earned income. It has been 50 percent since 1969. The revenue loss is $660 million in fiscal 1977. The loss prevented by the Mondale amendment was $300 million. This amendment will save $600 million.

A second part of the amendment will change the 14 percent rate for the lowest tax bracket to 13 percent. What that will mean is that the benefits of the $660 million will go basically to middle-income and low-income people—$660 million from the top 1 percent, spread out in the form of $660 million in benefits for low-income and middle-income people.

That is, effectively, what this amendment does. We are provided tax reductions for vast majority of taxpayers, and pay for it by eliminating the maximum tax and its $660 million windfall for the wealthiest taxpayers. We will repeal the maximum tax, and restore the law to the way it was prior to 1969. I think it would be wise, fair, and just to return to that concept at the present time.

We hear it asked, is it not unfair for the Government to take any more than one-half of a person's income?

In the long run it may be desirable to move to a maximum 50 percent rate. But the problem now is that low- and middle-income wage earners are overtaxed. Let us achieve fair tax burdens for them, before starting on tax relief for the rich.

Also, let us remember that because of tax shelters, capital gains rates and other tax preferences, virtually no wealthy person pays 50 percent of his income in taxes. The top effective rate is around 32 percent. Therefore, the immediate priority is to shift a reasonable share of the tax burden from low- and middle-income individuals to the very wealthy.

The following table shows the actual effective rates of tax paid by individuals in income brackets who qualify for the 50 percent maximum tax:

[Effective rate of tax]

Income class	*Percent*
$50–100,000	25.2
$100–150,000	29.6
$150–200,000	30.2
$200–500,000	30.4
$500–1,000,000	30.7
$1,000,000 and over	31.4

We also hear it asked, do not rates of 70 percent discourage incentive and create a situation like England?

No objective study has ever found that high progressive rates have any significant effect on work incentives. As I have said, the United States had a top rate of 91 percent for many years, without any discernible adverse effect on the work habits of top executives and movie stars.

We are now a long way from England's situation, where the rates can exceed 90 percent.

Finally, we hear it asked, does the maximum tax not encourage high-income people to stay away from tax shelters and drive their energies to productive work?

In fact, the maximum tax has had just the opposite effect. Tax shelter deals are now geared directly to the 50 percent maximum tax individuals. The explosion of tax shelters since 1969 is ample evidence of the lack of impact the maximum tax has had on curbing tax shelters.

Mr. President, we have discussed the maximum tax issue all afternoon. I am prepared to vote.

Mr. LONG. Mr. President, in 1969, we reduced taxes for all those except those in the upper brackets. In the upper brackets, we gave them a big, solid tax increase so that when you look at a chart of where the impact fell, while we were providing tax cuts at the lower levels—mainly by increasing the personal exemption, as I recall it—the tax increase at the upper level was about, the overall tax increase, 7.5 percent. We did have one item—just one item in there—that will give some basis upon which to say that that 1969 bill was not a wholly successful bill. That was that we said on earned income, that we would have a top rate of 50 percent.

Mr. President, I am satisfied that that made us a lot of money, because there are all kinds of people who would go into ventures and work and try harder to earn money when they had the encouragement that they could keep half of what they made by dint of their own personal service income, rather than having 70 percent of that taken from them.

Mr. President, if this amendment should carry, let the word go out that the only way anybody is going to keep any substantial portion of his income is to put it in tax shelters. Let it be known, that the use of tax shelters is the only way they will keep any substantial amount of what they make. In short order, they are in a 70-percent bracket.

The Senator was saying something about how we used to have a high rate sometime years ago. Back in that time, in 1932–35, one reached the 50 percent rate at $88,000. Converted to present day purchasing power, that would be about $360,000. Today they reach that same 50 percent bracket at about $40,000 for a single person.

So we have at least done one thing that would cause people to think that it might be desirable to earn income in ways that are fully taxable by dints of one's hard work rather than earning it by tax shelter. This would take that incentive away.

In my judgment, Mr. President, that is a backward step. In just over a period of time the business community will condemn us for that type of thing and so will successful people. They will feel the only way they can keep anything substantial out of what they make is to find some kind of a tax shelter, to do it by capital gains or to buy some real estate and not even pay the capital gains tax. Do not sell it. Do not part company with it. Find some way to defer the tax on it but do not tax on it because in that way they would pay a 70 percent tax.

I think that would be unwise.

Mr. President, the Senator's amendment is in two parts. One part provides a tax cut for those in the lower income brackets, to reduce that rate from 14 percent to 13 percent. I think we ought to vote on those two separately. I would ask for a division of that amendment.

Mr. CURTIS. Mr. President, I ask to be recognized.

Mr. KENNEDY. Will the Senator yield for one question on a technical matter?

Mr. LONG. I yield.

Mr. KENNEDY. From a technical point of view, I would like to ask whether what is shown on this blackboard does not represent, according to the Senator's figures, where the benefits actually go under the maximum tax. For those with AGI of $300,000 and over the maximum tax gives an average benefit of $78,000 per individual. That is his tax saving under the maximum tax.

Mr. LONG. That is how it would appear, assuming people would do business the same way against a 70 percent tax rate that they do against a 50 percent tax rate.

Let me point out a simple example with which everybody here is familiar. We used to have one heavyweight championship fight a year. Now we have four heavyweight champion fights a year by the same champion. What is the difference? This man being permitted to keep half of the money finds that it is more advantageous to go out there and take that chance. I am told by doctors every time a man absorbs a hard punch in the head it breaks the capillaries in his brain. But that man will go out and take that kind of beating, if the incentive is adequate, and take that chance.

If one assumes that a man makes

$500,000 in one of those fights, at a 70 percent rate he could not keep but $150,000. The incentive is just not there to go out and risk his crown that often. On the other hand, Mr. President, when he had four fights a year, instead of the Government making $350,000, perhaps, on one fight, on four fights at a 50-percent rate that would be $2 million and the Government would make $1 million instead of $350,000. So the Government would make three times as much money because the man would have four fights. In fact, he does have the four fights.

So that is what is wrong with the Senator's supposition and his assumption. When we put a 70 percent tax on somebody, and only let him keep 30 cents out of every dollar, he is not going to perform the same way he would if we had a 50 percent tax.

Mr. President, I recall the situation when a man had a mule pulling his wagon and the mule looked in horrible shape. Someone asked him what was the problem and he said, "Well, usually at the close of the day I roll the dice with my mule to see whether I get a shot of whisky or whether the mule gets some oats." He said, "The mule just hasn't won many times lately." So the mule was about to starve to death.

If we do not provide enough incentive for people to go out and try to do something, those people obviously are going to spend more time enjoying life, they will spend more time trying to find ways where they can hold down their tax liability. That just makes sense.

I ask that the amendment be divided, one, to vote on the 14 percent rate going to 13 percent, and the other with regard to the earned income limit.

The PRESIDING OFFICER. Will the Senator from Louisiana indicate to the Chair where he would desire to have the amendment divided?

Mr. LONG. Between subsection (a) and (b). I would like to see the amendment. May I see a copy of the amendment?

Subsection (a) says:

> Repeal of Maximum Tax; Section 1348—Section 1348 (relating to 50 percent maximum rate on earned income) is repealed.

I would like to vote on that section first and then vote on the other section thereafter.

The PRESIDING OFFICER. There are two more sections on the second page.

Mr. LONG. Those are technical and conforming amendments. I would like to vote first on the 50 percent maximum rate.

The PRESIDING OFFICER. Subsection (a)?

Mr. LONG. Yes.

Mr. ALLEN and Mr. CURTIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. ALLEN. Mr. President, I think it might be advisable for the distinguished Senator from Massachusetts to withdraw his amendment. I believe he has been mousetrapped on this decision. I do not believe the Senate will go back to the 70 percent rate for earned income. When they fail to do that, we would have before the Senate the desirable reduction from 14 percent down to 13 percent but it would be at a cost of some $600 million to the Treasury. I do not believe the reform group here in the Senate would want to cost the Treasury $600 million.

I believe his position is untenable and I hope he will withdraw the amendment.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. Mr. President, we are asked here to raise the rate——

Mr. LONG. Will the Senator yield so I may request the yeas and nays?

Mr. CURTIS. I yield.

Mr. LONG. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered on division one.

Mr. CURTIS. Mr. President, we are asked to raise the rate on earned income from a maximum of 50 percent to 70 percent.

Mr. President, I do not believe that is in the interest of the economy of our country.

Are we to say to people, "Go out and try. Work hard in your business. Take all the risks necessary and then the Federal Government will take more than half of your income in addition to the State income tax."

I agree with my distinguished chairman that the present law is not objected to by the rank and file of our people. No one, regardless of his economic status or his political philosophy, is saying that your taxes ought to be more than 50 percent on the money you earn because after you pay the 50 percent to the Federal Government you have to pay your State income tax.

Earlier today in the debate there was talk about authors, movie actors, and others who would benefit. Well now, let us think about that a little while. Suppose someone makes one more picture and they go up into the 70-percent tax bracket and they decide not to make another picture. But suppose the tax is 50 percent, and they decide to make that other picture. How many people are put to work because of the latter decision?

I do not believe we are helping the economy of our country. I do not believe we are helping the economy of our cities and towns where we live by removing the 50 percent ceiling on earned income.

Mr. President, we should not be carried away by this estimate of loss of revenue or gain of revenue. There are some tax features where that can be estimated. There are others where it is totally speculative, and this is one of them.

You will have many decisions of individuals to earn a little more, to write that additional book, to expand his business, work a little harder, do something more if there is a ceiling of 50 percent.

If those decisions are made in the negative because of a high rate of tax, the total amount received by the Government will be less, not more, than if we had the 50 percent rate.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. CURTIS. I would be happy to yield.

Mr. LONG. According to the tax tables here a person goes above the 50 percent rate if he is single at $38,000. So let the word go out that the self-proclaimed reformers, in the guise of reform, want to take a person making over $38,000 and move his rate on up. For a married couple it will hit that above $52,000. At $52,000 they will have paid $14,000 in taxes. So that means they would have $38,000 after taxes. So the keeping money reaches about $3,000 a month. When that happens: Let the word go out they think 50 percent is not enough from that point forward, that you ought to take more than 50 percent once they get to making $3,000 a month for a couple.

Mr. CURTIS. My chairman has given very significant statistics.

Mr. LONG. That is what they call reform, and I assume they think it is a tax shelter for a man and wife who both work; that is a tax shelter.

Mr. CURTIS. How many people in this Chamber have received complaints from single persons because they are overtaxed?

Mr. HANSEN. Who has not?

Mr. CURTIS. Yet we are proposing to raise the tax on every single man and woman who makes over $38,000 a year, raise that tax up and take away the protection of the 50-percent limit.

Then what do we do with them with regard to the social security tax? We raise the rates, and the last several increases have been absorbed by that group and, if they are self-employed, they pay approximately or near one and a half times the rate, and then on top of that they must pay State income tax.

Mr. President, let us not be fooled.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. CURTIS. Yes. If you are interested in jobs, if you are interested in the workman being worthy of his hire and having at least half of his income left, less his social security tax, less his State income tax, do not vote for the destructive amendment now pending.

I yield to my chairman.

Mr. LONG. Well now, a single person on $38,000 of taxable income is in the 50-percent bracket. Now, on that amount that person will have paid $13,000, assuming he had not paid any taxes to the State, but he will pay $13,000 income tax to the Federal Government. That leaves them $25,000.

So, for about $2,000 a month that single person is then in the 50-percent bracket. In other words, once he is able to keep as much as $2,000 a month, that person is then in position to be benefited by the Kenneedy tax reform, so that he would then be paying a higher tax from that point forward because he is regarded as one of those who has been favored.

Let the word go out if he has been making $2,000 a month he has been favored. He is one of these tax cheaters the reformers have in mind.

Mr. PASTORE. Mr. President, will the Senator yield so that I may ask a question of the Senator from Louisiana?

Mr. CURTIS. I yield.

Mr. PASTORE. At what point in earned income would you be subject to the 70-percent tax, single and married?

Mr. LONG. We are talking about the 50-percent rate.

Mr. KENNEDY. I will be glad to answer that.

Mr. PASTORE. No, I want to know whom it will affect.

Mr. LONG. This will affect everybody making more than the 50 percent rate. You go over the 50 percent bracket at $38,000 if you are single, and $52,000 if you are married.

Mr. PASTORE. What is it at 70 percent?

Mr. LONG. Just a moment. Let me turn the page. At 70 percent, you hit the 70 percent bracket at $100,000.

Mr. KENNEDY. I am reading from the tax rates which show the figures and which indicate that a single individual would have to have $38,000 in taxable income before the 50 percent rate would come into effect. That means you are talking about single individuals making over $50,000; and $52,000 in terms of married taxpayers, which means effectively over $60,000.

I would ask the Senator from Rhode Island to look at whom this benefits. The blackboard shows where the benefit goes.

Mr. CURTIS. Mr. President, I decline to yield further.

Mr. PASTORE. Will the Senator yield?

The PRESIDING OFFICER (Mr. STONE). Does the Senator yield?

Mr. CURTIS. Mr. President, I would like to continue, if I may.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. Mr. President, by earned income we are not limiting this to wages.

This amendment applies to professional fees, this amendment applies to a business enterprise where you do render services.

Now, if someone is going to go into business, and after he takes all the risks he is still subject to an income tax, a Federal income tax, much more than 50 percent, he is going to question whether or not he should take those risks because he also has to pay a State income tax.

Mr. FONG. Mr. President, will the Senator yield?

Mr. CURTIS. I am happy to yield.

Mr. FONG. Suppose we have a taxpayer earning $1. In my jurisdiction and in other jurisdictions, for example, where the State tax is 11 percent on the top category, from that $1 that he earns the State taxes him 11 cents; is that correct?

Mr. CURTIS. That is correct.

Mr. FONG. He has then 89 cents left.

Mr. CURTIS. Yes.

Mr. FONG. And if the Federal Government takes 70 percent, the Federal Government takes almost 63 cents, 70 times 89 cents, 63 cents. Then 63 cents plus 11 cents or 74 cents of that $1 a man earns would go to State and Federal taxes leaving him with 26 cents of the dollar he earned; is that correct?

Mr. CURTIS. That is correct.

Mr. FONG. Therefore, after the State takes its share and the Federal Government takes its share and in many States the tax paid the Federal Government is not deductible insofar as the State tax is concerned—this man who makes $1 pays 74 cents in taxes. The only money left in his pocket after he has made that $1 is 26 cents.

Mr. CURTIS. That is correct.

I thank my distinguished friend.

Mr. FONG. I want to go further.

Suppose we take a man like Muhammad Ali. Suppose he has $1 million left from his earnings after taxes and he invests it at 10 percent, which is very high. He then has $100,000 in investment income.

The Federal Government now takes $50,000 from him on earned income. $100,000 at 50 percent, is that correct?

Mr. CURTIS. Well, the 50-percent limit now is only on earned income.

Mr. FONG. Yes.

Mr. CURTIS. His investment income would be taxed at a higher rate than that.

Mr. FONG. Yes, the Federal Government, on top of the income taxed, takes 70 percent of his investment income.

Mr. CURTIS. It would be somewhere between 50 and 70.

Mr. FONG. That would be $70,000 more in taxes.

Mr. CURTIS. Yes.

Mr. FONG. But if Muhammad Ali put that $1 million in State or municipal tax-free bonds, which paid him 5 percent, he would bet $50,000. That $50,000 would be free from Federal taxes.

Is that correct?

Mr. CURTIS. That is correct.

Mr. FONG. Yes.

Whereas, if he had investment income, the Federal Government would have taken $70,000 from him.

Is that correct?

Mr. CURTIS. That is correct.

Mr. FONG. The Federal Government gets no taxes in the latter situation. He does not have to pay any Federal taxes on his income from that type of investment.

In other words, the $50,000 he gets from tax-exempt bonds is free and clear of any Federal taxation.

Mr. CURTIS. Correct.

Mr. FONG. Why should any man work to earn money, pay a 70 percent tax on that and if he does manage to accumulate $1 million put it in any kind of risk investment when he can put it in tax-free State or municipal bonds and not be taxed at all on the income from his capital investment?

Mr. CURTIS. That is what is happening because of the high rates. Individuals are choosing no activity or a passive investment that is tax free, or is sheltered in some way.

Mr. FONG. Yes.

Mr. CURTIS. And the Government is losing by reason of high rates, in many instances.

Mr. FONG. The Government here loses $70,000 on the loss of taxes from income on investments—And, let us not forget that at some point he may decide not to work if all he has left is 26 cents of every dollar he earned.

Mr. CURTIS. That is correct.

Mr. FONG. If the $100,000 investment income gets taxed at 70 percent, it would leave him with $30,000. A man would go into tax-exempt bonds. He then gets $50,000 in income and the Federal Government does not get 1 cent.

Mr. CURTIS. That is correct.

Mr. FONG. But if we put a 50-percent tax on that $100,000 investment income, the Government would get $50,000 and Muhammad Ali would get $50,000.

Mr. CURTIS. That is correct.

Mr. FONG. Whereas now he will be tempted to put it all in tax free State or municipal bonds and the Federal Government will not get 1 cent.

If we pass this amendment, that is what Muhammad Ali is going to do, and that is what every man, who has any sense at all, will do. He will work only insofar as it is worth his while taxwise and then he will invest his capital in tax-free or sheltered income. The result will be that the Federal Government will not get 1 cent in taxes on investment income. And, the income tax the Federal Government will be reduced as it becomes economically less advantageous to earn large sums of money by the sweat of one's brow. If he goes in and resists capital and loses, the Federal Government says, "Too bad, you have lost it."

But if he makes it, Government will say, "I am the biggest shareholder. I will take almost three-fourths of what you made." In other words, the Federal and State Government will take 74 percent of what he made.

So, in terms of investment, he would be very foolish, he would be insane, to go ahead and invest—unless it was in tax-free or sheltered income.

Would the Senator say that?

Mr. CURTIS. I would say that, and that is a very good argument against the Mondale amendment, which we just voted, as well as this pending one.

Mr. President, in just a moment I will yield the floor.

Mr. President, if we say to someone, "You take all the risks of business and, if you win, you don't even get to keep half of it, plus they will take from you the State income tax," what is he going to do? He is not going to take the risk.

What are the risks? Well, the business might fail. The product might become obsolete and not last very long. There may be a change in his local taxes to change the entire picture. He might have difficulty in getting the right help or management. He may have labor trouble.

Shall he take all those risks and not get to keep half of the money he makes?

It is half, less the State taxes.

Mr. President, a tax of more than 50 percent, instead of increasing the Government revenue decreases it. I challenge any estimator to prove to the contrary.

This idea that this costs so much is purely speculation.

Mr. President, we do not need to be talking about a multimillionaire or people who have great earning power.

This may be a small enterprise, where a man ought to take a risk and go into the business and accomplish something. But he will not do it if he does not have half a chance of winning.

If we give him a chance to do that, he may employ some other people. He may employ one or two boys or young ladies that can learn from him and go on and be a success and add enterprises and jobs all over the country.

Mr. President, this amendment strikes at the very heart of our private enterprise system. It strikes at the very heart of the profit system. It is destructive to our enterprise. It does not hurt those individuals and those families who have already accumulated their millions and are well-padded and protected from any source.

It is an amendment directed at the have-nots who have the energy, the desire, the willingness to work, and the brains to go to the top. This puts a weight on them.

Mr. President, I yield the floor.

The **PRESIDING OFFICER**. The Senator from Wyoming.

Mr. **HANSEN**. Mr. President, since I have been a Member of the Congress—and that has been not quite 10 years—I have seen a number of pieces of legislation come before the Congress to address the problem of rising health costs in America.

For example, the Congress has, and continues to consider insurance that would provide for protection against catastrophic illness. We know that medical costs have gone up and up and up.

The fact is that today more and more doctors are going into dual practice. Under such a system one doctor works 1 week and his partner works the next week. Doctors alternate that way for one very real reason. They have just about reached the point, that there is not much point in trying to keep on working as hard as the average doctor is called upon to work and have to turn over as big a chunk of his earned income as is required by the law.

If this amendment is agreed to, the next time we try to call a doctor and cannot get anybody, I hope people in this Chamber will understand one of the reasons.

We would have fixed this so that anyone who earns over $32,000 will start having to give over half of what he earns to the Federal Government.

I cannot think of no better way than by adopting the amendment now before us, that, instead of medical service and health care more widely available, more and more doctors will continue to limit their practice in an effort to escape high taxes.

I hope that Senators understand very clearly that a person who looks at a medical education today and contemplates the years he is going to have to spend in training, the time that he will have to spend interning when he is receiving practically a pittance for what he is doing, may very well ask himself, "Is it going to be worthwhile?"

The medical profession is very demanding. The life expectancy for doctors is less than average because of the great demands that are placed upon them.

I think that this is a bad amendment. I think we have been caught up in the demagogic appeal of thinking it makes good sense to say we are going to lower the taxes of people with little income. We are talking about going from 14 percent down to 13 percent—to give low bracket taxpayers a 1-percent break.

But the most significant item that has been hurting the small wage earner or the person in the lower income group has not been the tax bind he has had; it has been the great rise in inflation that has resulted from excessive Government spending.

We do not balance the budget. We add to inflation by putting more money into the economy, without increasing the production of either goods or services. It is inflation that is the evil villain of the small taxpayer, not excessive taxes. This Government must address inflation if we are serious about addressing the true economic problem of this group of taxpayers.

The amendment before us does not address this problem. It merely assumes that moderate to high earned income individuals will reduce their productivity to avoid having their Government take larger and larger amounts from them in income taxes. Mr. President, I do not speak of millionaires, but individuals with earned income of $32,000. It is this group of individuals that will be severely hit by this amendment.

Mr. **KENNEDY**. First of all, Mr. President, I respond to my friend from Alabama that under the division procedure, we will have an opportunity to vote on the first part of my amendment, which effectively restores the tax policy to its pre-1969 level. We would have a top rate of 70 percent on earned income. So we will know very quickly whether that provision is going to be accepted.

Obviously, I would hope we will have an opportunity to vote on that measure, and if that passes, to vote on the second part.

To listen to my good friend and colleague from Wyoming and others who say that this will be the end of health care, I just ask, where were the doctors prior to 1969? We had many good doctors out in the State of Wyoming as well as in Massachusetts, who were providing dedicated service to many communities throughout Wyoming, just as in my State. The fact is that all this amendment does is go back to where we were prior to 1969, and restore the rates as they were in 1969 and for many years before.

We have listened to the arguments of how this will eliminate the Horatio Algers of America. We have heard all the other straw arguments that have been raised. The fact is, as the Senator from Minnesota pointed out, that America did well during that period of time. All we are doing is go back to that effective tax rate. If Horatio Alger didn't need a 50-percent rate from 1945 to 1969, why does he need it now?

Mr. **HANSEN**. Mr. President, will the Senator from Massachusetts yield so that I may respond to his statement?

Mr. **KENNEDY**. I yield to the Senator for that purpose.

Mr. **HANSEN**. The fact is that we do have a shortage of doctors out there, and from 1963 to 1969 we had many communities in Wyoming that had no doctors. We still have. We have plenty of them. I have a bill in to exempt from taxation the amount that is forgiven under a student loan program to a student who returns to his State and practices after completing his education.

Mr. **KENNEDY**. The Senator will have a chance to vote on that very concept this week.

Mr. **HANSEN**. The Senate will have an opportunity to a vote on my amendment, too.

Mr. **KENNEDY**. Yes. The point I was making, Mr. President, is that these professions were doing exceedingly well during those years under the 70-percent rate, and there is no reason to think they would be adversely affected now.

There is a great deal of talk about who would bear the burden of the amendment. I think that is a fair question, and one that deserves to be responded to.

The blackboard here reflects who bears the burden, and who will be subject to this particular measure.

Under the maximum tax on earned income, we find that for those with incomes between $50,000 and $100,000, there are approximately a half million taxpayers. That is less than 1 percent of all taxpayers. They get an average of $510 each from the maximum.

But the superrich, the ones who earn $500,00 a year or more, of which there are 1,000, will be saving $78,000 under the maximum tax. That is what it means to them. It is a fraction of the top 1 percent that this particular amendment is really directed toward, but it is a $660,000,000 amendment.

What are we talking about in terms of the effective tax rates of taxpayers? The chart on Senator's desks gives income classes and effective tax rates. We see that even for those people earning $1 million or more, the effective tax rate is 34 percent. Even with the 50 percent maximum rate, their effective rate does not reach that level, for all the reasons that have been discussed during our debate in these past few days.

This amendment will change the effect in tax rate, even for people over $1 million, by 2 or 3 percent, and get them up to maybe a 33 percent effective rate. The impression that is attempted to be left here is that all these people will be jumped to a 70 percent rate. That is just plain wrong; it is not accurate. The chairman of the Finance Committee knows that the effective rate is a much fairer way of estimating what people are paying. We are talking about the fact that people with incomes over $1 million pay anywhere from a 29 percent effective rate to 31 percent. This would make it 1 to 3 percentage points higher. So there should be no doubt as to what we are talking about.

My final point, Mr. President, is that we are talking about $660 million from the people in the highest 1 percent of the American taxpayers. That is what we are talking about amid all the crocodile tears being shed here. That is what we are talking about in these circumstances, just trying to make it a little easier for people in the middle and lower income groups, the working people. That is the equity issue we are talking about on this amendment. That is very clear.

We have the opportunity to make a choice. Do we want to continue to underwrite the top fraction of 1 percent of the richest people of this country to the tune of $600 million, or do we want to provide some very modest, but nonetheless important, relief to the low and middle income people of this country?

That is really the choice.

As I mentioned earlier, we had the 70-percent tax rate or higher for decades, and the country did reasonably well. A lot of people did reasonably well in that period.

So for those reasons, and others mentioned here, I hope that we can adopt this amendment.

Mr. STEVENS. Mr. President, will the Senator yield for one short request?

Mr. KENNEDY. I yield.

Mr. STEVENS. The statistics on the blackboard in 1936 would have been substantially changed, would they not? I have supported the Senator on the unearned income concept, but I simply cannot see this concept on earned income. If we compare it to 1936 the number of people who would have been above $100,000 would have been, as I understand it, practically nil.

Mr. KENNEDY. The Senator makes the point that there were obviously a lot fewer people at the higher levels during that period of time. I would not dispute it. But the point that I would make to the Senator is that in terms of the rates, we have had the rate structure from 1950 to 1963 at 90 percent. From 1963 to 1969 it was at 70 percent. It was only reduced from 70 percent to 50 percent in 1969. And the economy survived; individuals made fortunes during that period of time.

So, although I would think the Senator's point is a fair one in terms of comparing figures now to 1936, the point that I was mentioning is that we have had a rate at 70 percent or higher since 1936 and it was 90 percent from 1950 to 1963. If the Senator is concerned about the effects of inflation, why does he not worry about the effect on low- and middle-income groups? When they cut the top rate from 70 percent to 50 percent in 1969, why did not they cut the bottom rate from 14 percent? But his point on inflation is valid.

Mr. STEVENS. I thank the Senator.

Mr. LONG. Mr. President, awhile back I was talking to one of America's great corporate executives. I will not mention his name because he did not authorize it, and I would not want to embarrass him any about that. We were discussing this problem. That man, a chief executive of one of the largest corporations in America, said this. He said:

> I do not take an interest in any of these tax shelters. As far as I am concerned, I am well paid, if I can earn my salary and give the government half of it. I can pay a State income tax and these various other taxes on property and all that, I can do some entertaining, do pretty much what is expected of me and save something.
>
> But, if you repeal that 50 percent limitation on earned income then I am going to be out looking for shelters. And frankly, there are a lot of them looking for me right now. There are just a great number of them that would like to put my name down there as one of the persons on that tax shelter and help sell it to others. I do not want to do that and prefer not to, and if Congress would permit me just to keep half of what I earn in my salary, then as far as I am concerned I am not interested in going into tax shelters.

Here is a whole list of tax shelter items by Arthur Anderson that they give their people right off. Here are eight different suggestions of ways that you can go about reducing your tax and maximizing your income: For example, tax shelters, buy nonproduction properties or appreciated assets such as art or sculpture, land, maximize the use of fringe benefits wherever they are not taxed, substitute more vacation, holiday, and sick leave for cash remuneration, or in case of self-employed increase leisure time at the expense of productive time, proliferate the number of taxable persons—such as making your infant son a partner in the business, and that kind of thing—change your country of residence, domicile or citizenship, use tax haven countries for investment, purchase tax exempt securities.

So all that type of thing is still available to people. To take the kind of people, our business leaders, who do not want to go into tax shelters and force themselves into tax shelters is a very unwise thing to do.

I simply do not think the Senate wants to do that. If they do, they can call that tax reform. I think the people who understand it best will say it is exactly the opposite.

Mr. President, I move to table part A which is the first part of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. KENNEDY. I ask for the yeas and nays, Mr. President.

Mr. LONG. They have been ordered.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. Eastland), the Senator from Kentucky (Mr. Ford), the Senator from South Carolina (Mr. Hollings), the Senator from Kentucky (Mr. Huddleston), the Senator from Hawaii (Mr. Inouye), the Senator from Louisiana (Mr. Johnston), the Senator from Arkansas (Mr. McClellan), the Senator from South Dakota (Mr. McGovern), the Senator from North Carolina (Mr. Morgan), the Senator from Utah (Mr. Moss), the Senator from Rhode Island (Mr. Pell), the Senator from West Virginia (Mr. Randolph), the Senator from California (Mr. Tunney), and the Senator from Indiana (Mr. Bayh), are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia (Mr. Randolph), the Senator from North Carolina (Mr. Morgan), and the Senator from Rhode Island (Mr. Pell) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater) is necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 59, nays 24, as follows:

[Rollcall Vote No. 354 Leg.]

YEAS—59

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Dole
Domenici
Fannin
Fong
Garn
Glenn
Gravel
Griffin
Hansen
Haskell
Hatfield
Helms
Hruska
Humphrey
Jackson
Javits
Laxalt
Long
Magnuson
McClure
McGee
Montoya
Nunn
Packwood
Pastore
Pearson
Percy
Proxmire
Ribicoff
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Weicker
Young

NAYS—24

Abourezk
Biden
Case
Church
Clark
Cranston
Culver
Durkin
Eagleton
Hart, Gary
Hart, Philip A.
Hartke
Hathaway
Kennedy
Leahy
Mansfield
Mathias
McIntyre
Metcalf
Mondale
Muskie
Nelson
Schweiker
Williams

NOT VOTING—17

Bayh
Buckley
Eastland
Ford
Goldwater
Hollings
Huddleston
Inouye
Johnston
McClellan
McGovern
Morgan
Moss
Pell
Randolph
Symington
Tunney

So the motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I believe that Senators would like to dispose, one way or the other, of the last half of the amendment. I am willing to vote on it now if we can agree that we will vote now. Otherwise, I shall feel compelled to move to table the amendment. I should like to ask unanimous consent that we vote on the last half of the amendment.

Mr. KENNEDY. Will the Senator yield?

Mr. LONG. I do not want any long speeches.

Mr. KENNEDY. I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The section on maximum tax is open for amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR YEAS AND NAYS TOMORROW ON MR. HELMS' AMENDMENT TO H.R. 14232

Mr. ROBERT C. BYRD. I ask unanimous consent that it be in order at this time to order the yeas and nays on the amendment by Mr. Helms to the HEW appropriation bill tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Is there a sufficient second for the yeas and nays? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I suggest to all Senators that they might stay around for a little while. I am not at all certain, by any means, that there will be a rollcall vote, but I believe the distinguished Senator from Louisiana is going to make a proposal that he has not much choice to hold back much longer, because of the time limitation involved.

AUTHORIZATION FOR COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS TO MEET ON TUESDAY, JUNE 29, AND THURSDAY, JULY 1, 1976, DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs, be permitted to meet in markup session on Tuesday, June 29, and Thursday, July 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. LONG. Mr. President, the withholding rates are scheduled to go up on Thursday. We have a lot more work to do on this bill. I am optimistic that, at some point when we vote on these major controversial items, things will break loose, as they sometimes do, and we can make a tremendous amount of progress in a short period of time. But I see no prospect at all right now. It would take a real miracle—and I mean the kind where the Almighty has to get in and put His shoulder to the wheel 100 percent—to get this bill on the President's desk by Thursday. I think, as a personal matter, by any potential known to Congressmen and Senators, that is just not possible. So I would like to suggest that we simply take a relatively minor House bill at the desk, to which no objection is known, and simply call that bill up and add onto it an amendment to extend the present withholding rate from July 1 to August 16. I am satisfied that that will take us through the period of the recess for the Democratic Convention. It will also enable us to have the period from then until the Republican Convention to finish work on this bill. I am confident that, given that additional time, we can finish it. In fact, I am really very optimistic that we can vote on the main controversial items before the recess and I think there might be a chance to pass the bill before the recess. But I am positive that we cannot have this on the President's desk between now and Thursday. So, if there is no objection, we shall do that. If the Senators feel that they do not want to consider it tonight, we can wait until tomorrow.

Mr. CURTIS. Will the Senator yield?

Mr. LONG. I yield to the distinguished Senator.

Mr. CURTIS. I think that the plan that the Senator has suggested is an excellent one This bill, after the Senate is through working its will, will call for a massive amount of work on the part of the staff in preparation for the conference. It is a matter that the conference should take considerable time on. My only suggestion would be that we would prefer 60 days to 45. But, certainly, the Senator's proposal, as contrasted to letting the bill die or extending the cuts or trying the impossible job of getting through, is the right course.

Mr. LONG. I believe the chances are very good that we can pass this bill and lay it on the President's desk in 45 days. If we cannot, we might have to ask for an additional continuance. There are Senators who very much want to be assured that they are going to have their opportunity for the kind of amendments they thought were appropriate. I believe we can give them that opportunity; 45 days would probably be enough. If that is not enough, I believe we can get some additional time from the Senate. I would hope we would not have to ask for it.

Mr. CURTIS. Will the Senator permit us to have a short quorum call?

Mr. LONG. Yes.

Mr. GRIFFIN. I would like to add to what the distinguished ranking minority member has said. I strongly urge that it be extended to September 1, and not just extended to the day the Republican National Convention begins. It seems to me that has some implications which I do not think are intended. It seems to me it would be better to extend it to September 1.

Mr. LONG. I have been informed, and I do not have it directly though it is the word I have received by hearsay which I regard as very good hearsay, that the House will not accept a date that goes beyond August 16. I think that is enough. If we do not get the job done by August 16, I will be happy to offer another amendment that will give us whatever time it looks like we will need beyond that. I honestly think that is all the time we are going to need. I would be happy to do my best to extend that date if we had to, but I do not believe we will have to have it.

Mr. DOLE. Will the Senator yield?

Mr. LONG. Yes.

Mr. DOLE. I believe, as the Senator from Michigan has pointed out, the feeling would be that the Republicans deserted the Congress before any final action was taken and went to our convention. If we could change that to September 1, I believe we would have it completed before our convention. We would be criticized if we had to go and nominate someone——

Mr. HANSEN. Will the distinguished chairman yield for a question?

Mr. GRIFFIN. As the Senator knows, the recess allotted for the Democratic convention takes into consideration that many Senators on that side will be tied up with convention responsibilities during the week before the convention begins. I can say that is true of many Senators on this side of the aisle who will not be able to be here. As the Senator from Kansas indicates, we just do not want to be in a position where it looks as if we are not here to extend that withholding tax.

Mr. LONG. As I say, it would be all right with me, but I am told that the House is not going to agree with it.

Mr. DOLE. We can try it.

Mr. GRIFFIN. Why not try it?

Mr. LONG. All right.

Mr. GRIFFIN. It seems a little strange——

Mr. LONG. I will try to do that. While the colloquy was going on, my staff aide has changed the date to September 1.

WITHHOLDING TAX EXTENSION

Mr. LONG. Mr. President, I ask unanimous consent that the present tax bill be temporarily laid aside and that the Senate proceed to consider H.R. 10051, which is at the desk.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 10051) to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered.

Without objection, the bill will be considered as having been read twice by title and the Senate will proceed to its immediate consideration.

UP AMENDMENT NO. 126

Mr. LONG. Mr. President, I have an unprinted amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes an unprinted amendment No. 126.

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . WITHHOLDING; ESTIMATED TAX PAYMENTS

(a) WITHHOLDING.—

(1) IN GENERAL.—Section 3402(a) of the Internal Revenue Code of 1954 (relating to income tax collected at source) is amended by striking out "July 1, 1976" and inserting in lieu thereof "September 1, 1976".

(2) Technical Amendment.—Section 209 (c) of the Tax Reduction Act of 1975 is amended by striking out "July 1, 1976" and inserting in lieu thereof "September 1, 1976".

(b) Estimated Tax Payments by Individuals.—Section 6153(g) of such Code (relating to installment payments of estimated income by individuals) is amended by striking out "July 1, 1976" and inserting in lieu thereof "September 1, 1976".

(c) Estimated Tax Payments by Corporations.—Section 6154(h) of such Code (relating to installment payments of estimated income by corporations) is amended by striking out "July 1, 1976".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENTS NO. 127 AND 128

Mr. CHURCH. Mr. President, I send two amendments to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. Does the Senator wish to amend the bill that is pending?

Mr. CHURCH. Yes.

The PRESIDING OFFICER. The clerk will state the amendments.

The assistant legislative clerk read as follows:

The Senator from Idaho (Mr. Church), for himself and Mr. McClure and Mr. Tunney, proposes unprinted amendments No. 127 and 128.

The amendments are as follows:

UP Amendment No. 127

At the appropriate place in the bill, insert the following new section:

Sec. . Amendment to Supplemental Security Income Program.

(a) In General.—Section 1612(a) (2) (A) of the Social Security Act is amended—

(1) by striking out the word "and" which appears at the end of clause (i) thereof and by inserting a comma in lieu of such word, and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (iii) support and maintenance shall not be included and the provisions of clause (i) shall not be applicable in the case of any individual (and his eligible spouse, if any) for the period which begins with the month in which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in a residential facility (including a private household) maintained by another person and ends with the close of the month in which such individual (or such individual and his eligible spouse) ceases to receive support and maintenance while living in such a residential facility (or, if earlier, with the close of the fifth month following the month in which such period began), if, not more than 30 days prior to the date on which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in such a residential facility, (I) such individual (or such individual and his eligible spouse) were residing in a household maintained by such individual (or by such individual and others) as his or their own home, (II) there occurred within the area in which such household is located (and while such individual, or such individual and his spouse, were residing in the household referred to in subclause (I)) a catastrophe on account of which the President declared a major disaster to exist therein for purposes of the Disaster Relief Act of 1974, and (III) such individual declares that he (or he and his eligible spouse) ceased to continue living in the household referred to in subclause (II) because of such catastrophe".

(b) Effective Date.—The amendments made by this Act shall be applicable only in the case of catastrophes which occur on or after June 1, 1976.

UP Amendment No. 128

At the appropriate place in the bill insert the following new section:

Sec. . Exclusion From Income Under the Supplemental Security Income Program.

(a) In General.—Section 1612(b) of the Social Security Act is amended—

(1) by striking out the word "and" which appears at the end of paragraph (9),

(2) by striking out the period at the end of paragraph (10) and by inserting in lieu thereof "and",

(3) by inserting the following new paragraph:

"(11) assistance received under the Disaster Relief Act of 1974 or other assistance provided pursuant to a Federal statute on account of a catastrophe which is declared to be a major disaster by the President.".

(b) Effective Date.—The amendments made by this Act shall be applicable only in the case of catastrophes which occur on or after June 1, 1976.

The PRESIDING OFFICER. Is there objection to considering the amendments en bloc?

Without objection, the amendments will be considered en bloc.

Mr. CHURCH. Mr. President, on behalf of myself, Senator McClure, and Senator Tunney, we propose an amendment which would provide that SSI recipients who leave their own households, because of a major disaster would not have their benefits reduced by one-third. On June 5 a part of the Teton Dam collapsed, causing extensive flooding within a five-county area in Idaho.

The impact has been devastating: 6,000 families have been affected in one form or another; 1,014 homes have been destroyed; and 2,620 dwelling have been damaged.

The dollar cost of the flood varies considerably, with some estimates as high as $1 billion.

But the human tragedy is even worse. This is especially true for low-income aged, blind, and disabled persons who have been uprooted from their homes.

There are 1,048 supplemental security income recipients in the three counties most seriously affected—Jefferson, Madison, and Fremont. Of this total, approximately 854 live in their own households.

The social security district office serving these three counties estimates that one-half to three-fourths of all the SSI recipients have been adversely affected by the disastrous flood.

Many of these individuals have been forced to abandon their dwellings and seek temporary shelter elsewhere—typically in another person's household.

This can cause further economic hardship to SSI recipients because their basic grants are reduced by one-third when: first, they reside in the household of another; and second, they receive support and maintenance.

Beginning next month, this means that the Federal SSI monthly income standard of $167.80 will be reduced by $55.93, to $111.87 for qualifying individuals. And for eligible couples, the income standard would be reduced by $83.93, from $251.80 to $167.87.

These individuals who are now struggling on limited incomes can ill afford to have their basic benefits slashed by one-third. Their living expenses have already increased—and quite often substantially—because of the disaster.

They did not, of course, seek a new residence voluntarily but only because of necessity.

Our amendment is designed to remedy this situation. Specifically, it would allow SSI beneficiaries to continue to receive their full benefits for 6 months, if they are forced to leave their household because of a major disaster declared by the President under the Disaster Relief Act.

To my way of thinking, SSI recipients should not be penalized when they are forced to reside in another household because of a disaster.

The 6-month grace period would provide sufficient time for these individuals either to establish their own new residences or return to their former residences.

If they do not under these circumstances, their basic benefits would be reduced by one-third.

This approach, it seems to me, is eminently fair. Moreover, it can prevent an even greater hardship for low-income persons victimized by circumstances beyond their control.

Mr. President, I have personally observed the destruction caused by the flooding of the Snake River. And I strongly believe that our Nation should attempt to do everything possible to alleviate the suffering of these individuals, as well as insure that existing laws do not operate to their disadvantage.

For these reasons, I urge prompt approval of this legislation.

Mr. President, I ask unanimous consent that a fact sheet concerning the Teton Dam disaster be printed in the Record.

There being no objection, the factsheet was ordered to be printed in the Record, as follows:

Factsheet

Effects of Teton Dam Disaster:

Over 6,000 families have been affected in varying degrees.

1,014 homes have been completely destroyed.

2,620 homes have been damaged.

Cost estimates of the damage are speculated as high as $1.7 billion.

1,048 SSI recipients live in the affected areas—specifically the Counties of Madison, Jefferson, and Fremont.

854 SSI recipients live in their own households and the district Social Security office in Idaho Falls estimates that ½ to ¾ of these individuals have been affected by the flood.

SSI law states that when an individual moves into the home of another, his or her basic SSI benefits will be reduced by one-third. Those victims of the Teton Dam flood who are forced to leave their homes will be subjected to this provision of the law.

The amendment would give such individuals a 6-month grace period to either return to their own households or take up a new residence of their own before their SSI benefits are reduced by one-third.

The amendment would not result in a direct cost outlay but would in effect cost the SSI program a savings of a maximum of $48,000 a month for the Teton Dam disaster victims.

The Church-McClure bill, S. 3542, which would authorize the Secretary of Interior to make compensation for the damages resulting from the flood would not apply in any form to the SSI recipients reduction in benefits because of a change in household residence.

EXCLUDE DISASTER ASSISTANCE AS INCOME UNDER SSI

Mr. CHURCH. Mr. President, we also offer for consideration the Church-McClure-Tunney amendment to exclude from countable income under the SSI program assistance received under the Disaster Relief Act of 1974 or other assistance under a major disaster declared by the President.

Many of my constituents in Idaho have been victimized by the recent collapse of the north wall of the Teton Dam. A large number have received or will receive assistance under the Disaster Relief Act.

In the case of SSI recipients, this emergency assistance must be included as countable income for purposes of determining eligibility as well as payment levels. The effect is that many Idaho SSI recipients—who have already suffered great hardships because of this flood—may have their SSI payments either reduced or cut back. And in some instances, they may loose their SSI benefits entirely.

These individuals have already suffered substantially. Large numbers have lost their homes, personal effects, furnishing, and even loved ones.

For low-income persons the loss or reduction of SSI payments at this time of extreme hardship can have devastating effects.

Our amendment is designed to assure that these individuals will not suffer further any unintended hardships because of this calamity. The purpose is to exclude disaster assistance as income in determining eligibility and payment levels under SSI. Similar exclusions exist under other laws for emergency situations. And I believe that the same treatment should be available for SSI recipients. For these reasons I urge prompt passage of this amendment.

Mr. President, I ask unanimous consent that a fact sheet pertaining to this amendment be printed at this point in the Record.

There being no objection, the factsheet was ordered to be printed in the Record, as follows:

FACTSHEET

As a result of the Teton Dam disaster, many Idaho constituents are receiving "disaster assistance" in such forms as:

Temporary housing;
Food services;
Legal services;
Employment services;
Relocation benefits;
VA loans;
HUD loans;
Farmers Home Administration loans;
SBA loans.

The SSI law now includes some of the benefits, whether in-kind or cash, as income for the recipient. The victims of the Teton Dam flood would be subjected to this provision.

The amendment would exclude as income for SSI purposes any assistance received under the Disaster Relief Act of 1974 and "other assistance provided pursuant to a Federal statute on account of a catastrophe which is declared to be a major disaster by the President."

The amendment would therefore exclude as income for SSI purposes any assistance such victim will receive under the provisions of the Church-McClure bill (S. 3542) which would authorize the Secretary of Interior to make compensation for the damages resulting from the flood.

The amendment would result in only a negligible cost according to the Social Security Administration.

Mr. CHURCH. Mr. President, these two amendments are offered by my distinguished colleagues Mr. McClure, Mr. Tunney, and myself. As I have stated, they arise out of the emergency at Idaho from the unprecedented break of the Teton Dam in Idaho. As Members of the Senate know, this has caused a tremendous disaster. Among those who have been victimized by the flood waters are a number of SSI beneficiaries.

That program is meant to provide a supplemental check to those who receive very little or no social security.

There are two quirks in the law that can cause hardship for victims in an emergency of this kind.

One quirk would reduce the amount of SSI benefit by one-third if the recipient moves into the household of another and receives maintenance and support.

The homes of these people have been destroyed by the flood. In addition to their terrible losses, they face a further reduction in their very modest SSI income.

My information is that social security does not want to reduce these amounts but an amendment to the law is needed in order to accommodate the needs of these people.

Second, these same people have had their property and home destroyed. Everything they own has been ruined by the flood waters. We have assumed a Federal obligation to repay them for their losses. Again, it is necessary to amend the SSI law so that the payments they receive in damages are not counted as income for purposes of determining their benefits under the SSI program.

Both of these amendments are eminently sensible. They are fully justified. I know of no opposition to them whatever. They are necessary in order that justice may be done to those people who receive the least income of all, the SSI beneficiaries under the social security program.

Mr. LONG. Mr. President, I will ask if the Senator will accept an amendment. At the end of his amendments, line 5, on page 2, on both amendments, add the words "and before December 31, 1976." That will take care of the disaster that occurred in the Senator's State of Idaho and give us some time to study this problem with regard to future disasters.

Mr. CHURCH. That is fine with me. I accept the modification.

The PRESIDING OFFICER. The amendments are so modified.

The amendments, as modified, are as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . AMENDMENT TO SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1612(a)(2)(A) of the Social Security Act is amended—

(1) by striking out the word "and" which appears at the end of clause (i) thereof and by inserting a comma in lieu of such word, and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (iii) support and maintenance shall not be included and the provisions of clause (i) shall not be applicable in the case of any individual (and his eligible spouse, if any) for the period which begins with the month in which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in a residential facility (including a private household) maintained by another person and ends with the close of the month in which such individual (or such individual and his eligible spouse) ceases to receive support and maintenance while living in such a residential facility (or, if earlier, with the close of the fifth month following the month in which such period began), if, not more than 30 days prior to the date on which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in such a residential facility, (I) such individual (or such individual and his eligible spouse) were residing in a household maintained by such individual (or by such individual and others) as his or their own home, (II) there occurred within the area in which such household is located (and while such individual, or such individual and his spouse, were residing in the household referred to in subclause (I)) a catastrophe on account of which the President declared a major disaster to exist therein for the purposes of the Disaster Relief Act of 1974 and (III) such individual declare that he (or he and his eligible spouse) ceased to continue living in the household referred to in subclause (II) because of such catastrophe".

(b) EFFECTIVE DATE.—The amendments made by this Act shall be applicable only in the case of catastrophes which occur on or after June 1, 1976 and before December 31, 1976.

UP AMENDMENT NO. 128

At the appropriate place in the bill, insert the following new section:

SEC. . EXCLUSION FROM INCOME UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1612(b) of the Social Security Act is amended—

(1) by striking out the word "and" which appears at the end of paragraph (9),

(2) by striking out the period at the end of pargaraph (10) and by inserting in lieu thereof "; and".

(3) by inserting the following new paragraph:

"(11) assistance received under the Disaster Relief Act of 1974 or other assistance provided pursuant to a Federal statute on account of a catastrophe which is declared to be a major disaster by the President.".

(b) EFFECTIVE DATE.—The amendments made by this Act shall be applicable only in the case of catastrophes which occur on or after June 1, 1976, and before December 31, 1976.

The PRESIDING OFFICER. The question is on agreeing to the amendments, as modified, en bloc.

The amendments, as modified, were agreed to.

Mr. DOLE. Mr. President, this bill, H.R. 10051, was passed overwhelmingly by the House of Representatives on Tuesday. It is identical to S. 2704, a bill I introduced along with the Senator from Georgia (Mr. Talmadge) on November 20, 1975, and section 1509 of the Finance Committee amendments to H.R. 10612, the tax reform bill.

This legislation prevents imposition of the so-called "phase III tax" on life insurance companies when a company distributes money to the stockholders inadvertently from the policyholder's surplus account. This simple bill prevents imposition of this special tax only when the amount distributed is promptly returned to the company and put back into the policyholders' surplus account.

This legislation has been considered favorably by the Senate Finance Committee and the Ways and Means Committee without any substantial opposition.

CURRENT LAW

Under present law, a life insurance company is subject to three so-called phases of tax liability. First, it is taxed currently on its "taxable investment income." Seond, it is taxed currently on 50 percent of the excess of its "gain from operations" over its "taxable investment income." All of this phase I and phase II currently taxed income is placed in a "shareholders' surplus account" and is then subject to distribution by the company to its shareholders without further tax consequences.

Under current tax law, tax on the remaining 50 percent of the excess of "gain from operations" over "taxable investment income" was intentionally deferred by Congress due to the difficulty of determining the true income of insurance companies. Life insurance companies are permitted to accumulate this tax deferred amount in a reserve fund known as the "policyholders' surplus account."

When a company makes a distribution to shareholders out of this "policyholders' surplus account"—after exhausting its "shareholders' surplus account"—the tax deferral on amounts so distributed is eliminated. Under current computations, the life insurance company must pay approximately $1 of tax for every dollar distributed out of the policyholders' surplus account.

INADVERTENT DISTRIBUTIONS

Thus, rarely will any life insurance company deliberately make a distribution out of the policyholders' surplus account. When such a distribution is made inadvertently and is returned promptly to the company, this bill will relieve the company from the liability to pay this extraordinarily heavy tax. It should be noted that this legislation does not give relief to the shareholders who return the distribution. They are treated as having received taxable dividends. The legislation contains adequate safeguards so that this relief wil not be abused.

The legislation would provide relief for the Businessmen's Assurance Co. of America—BMA—in connection with the distribution made in December 1969 in the amount of almost $5½ million. When the error in computation was discovered, the company's principal shareholder promptly returned the distribution to the company. Unless legislative action is taken, more than 1 million policyholders in 49 States, Puerto Rico, and the Virgin Islands will be hurt.

URGE ENACTMENT

Since there is no substantial opposition to the bill and it provides equitable tax treatment in the case of inadvertent distributions which would otherwise trigger an extraordinarily heavy tax liability, I urge the Senate to adopt H.R. 10051.

The PRESIDING OFFICER. If there are no further amendments to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill, as amended, pass?

The bill (H.R. 10051), as amended, was passed.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended to read as follows: "An act to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such disrtibution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year and for other purposes."

Mr. LONG. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical or clerical corrections in the engrossment of the amendments to H.R. 10051.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE HOUSE

At 2:14 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the bill (H.R. 11804) to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Sikes, Mr. Patten, Mr. McKay, Mr. Murtha, Mr. Steed, Mr. Chappell, Mr. Mahon, Mr. McEwen, Mr. Talcott, and Mr. Cederberg were appointed managers of the conference on the part of the House.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

Correction in Report of Comptroller General

A letter from the Comptroller General transmitting an errata sheet relating to the report entitled "Progress and Outlook for U.S. Security Assistance to the Republic of Korea"; to the Committee on Government Operations.

Report on Emergency Homeowners' Relief Act

A letter from the Secretary of Housing and Urban Development transmitting, pursuant to law, a report on the Emergency Homeowners' Relief Act (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

Report of the Secretary of Transportation

A letter from the Assistant Secretary of Transportation transmitting, pursuant to law, a report on a new system of records (with accompanying report); to the Committee on Government Operations.

Financial Statement of the National Council on Radiation Protection and Measurements

A letter from the General Council of the National Council on Radiation Protection and Measurements transmitting, pursuant to law, a report entitled "Financial Statements and Supplemental Schedules for the Year Ended December 31, 1975, and Auditors' Opinion" (with accompanying report); to the Committee on the Judiciary.

Proposed Acts of the Council of the District of Columbia

Two letters from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, copies of proposed acts adopted by the Council (with accompanying papers); to the Committee on the District of Columbia.

Report of the Comptroller General

A letter from the Comptroller General transmitting, pursuant to law, a report entitled "Savings Possible Through Better Management of Quarters for Enlisted Personnel" (with an accompanying report); to the Committee on Government Operations.

Report of the Federal Energy Administration

A letter from the Administrator of Federal Energy transmitting, pursuant to law, a report on the economic impact of energy actions (with an accompanying report); to the Committee on Interior and Insular Affairs.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

Joint Resolution No. 167 adopted by the Assembly of the State of New York; to the Committee on the Judiciary:

"JOINT RESOLUTION NO. 167

"Joint resolution of the Senate and Assembly of the State of New York, requesting the Governor of New York state and memorializing Congress to designate the city of Oneida, New York as the Craft Capital of the U.S.A.

"Whereas, The Madison County Historical Society, Inc., located in the city of Oneida, New York has developed programs and acquired materials pertaining to traditional crafts of the United States of America of unequalled quality and quantity; and

"Whereas, Such programs include the largest traditional craft show in the United States of America; and

"Whereas, Such collection of materials includes the largest and most complete documentation of film and tape of living craftsmen performing their traditional crafts; and

"Whereas, The Bicentennial Commission of the city of Oneida has listed as part of its official program for nineteen hundred seventy-six, the designation of the city of Oneida as the Craft Capital of the U.S.A.; and

"Whereas, The executive committee of the Madison County Historical Society, Inc., has approved by resolution its support of the Bicentennial Commission of Oneida to have the city of Oneida designated as the Craft Capital, United States of America; now, therefore, be it

"*Resolved,* That the Senate and Assembly of the state of New York hereby requests the Governor of this state and memorializes the Congress of the United States to designate the city of Oneida, New York, as the Craft Capital of the U.S.A.; and be it further

"*Resolved,* That copies of this resolution, suitably engrossed, be transmitted to the Madison County Historical Society, Inc., and to the President of the Senate of the United States, the Speaker of the House of Representatives, and to each member of the Congress of the United States from the State of New York."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. **METCALF**, from the Committee on Interior and Insular Affairs, without amendment:

S. Res. 460. A resolution expressing the sense of the Senate with respect to the equitable allocation of North Slope and other crude oil resources and petroleum products to the North Tier region of the United States (Rept. No. 94–999).

By Mr. **JACKSON**, from the Committee on Interior and Insular Affairs, without amendment:

S. Res. 469. A resolution to disapprove energy action numbered 3, an executive branch proposal to exempt number 2 heating oil and number 2-D diesel fuel and mandatory petroleum allocation and price regulations (Rept. No. 94–1000).

S. Res. 470. A resolution to disapprove energy action numbered 4, an executive branch proposal to exempt middle distillates (other than number 2 heating oil and number 2–D diesel fuel) from the mandatory petroleum allocation and price regulations (together with additional views) (Rept. No. 94–1001).

H.R. 7792. An act to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington (Rept. No. 94–1002).

By Mr. **BAYH**, from the Committee on the Judiciary, without amendment:

S.J. Res. 127. A joint resolution to restore posthumously full rights of citizenship to Eugene Victor Debs (Rept. No. 94–1003).

By Mr. **BAYH**, from the Committee on the Judiciary, with an amendment:

S. 2387. A bill to restore and promote competition in the petroleum industry, and for other purposes (together with additional views) (Rept. No. 94–1005).

Mr. BAYH. Mr. President, I am filing today for myself and Senator PHILIP A. HART, of Michigan, the majority report of the Committee on the Judiciary on S. 2387, the Petroleum Industry Competition Act, which was ordered reported by the committee on June 15.

Because of the substantial controversy and misinformation this legislation has engendered I ask unanimous consent to have printed in the RECORD the following informational documents: a factsheet on S. 2387, a section-by-section analysis of S. 2387, point and counterpoint on the issue of divestiture, and 10 commonly asked questions and answers on vertical divestiture.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2387—THE PETROLEUM INDUSTRY COMPETITION ACT—FACTSHEET

1. Introduced September 22, 1975 by Senator Birch Bayh. After 14 days of hearings in the Subcommittee on Antitrust and Monopoly the bill was reported favorably to the full Judiciary Committee on April 1, 1976 by a four to three vote, following the adoption of an amendment in the nature of a substitute offered by Senator Philip Hart. Senator Hruska, at his request, chaired full Committee hearings at which Administration witnesses testified on the bill. The full Judiciary Committee voted 8–7 to favorably report S. 2387 on June 15, 1976.

2. In addition to Senators Bayh and Philip Hart, the bill is being co-sponsored by Senators Abourezk, Church, Clark, Durkin, Gary Hart, Haskell, Kennedy, McGovern, McIntyre, Packwood and Tunney.

3. The legislation has several objectives:

(a) To create a free market in crude oil. At present independent oil producers are often forced to sell their oil to major, vertically integrated oil companies. Also, independent refiners are almost entirely dependent on Federal regulation to assure them of a fair supply of crude oil at reasonable prices. Creating a free market in crude oil will not only provide all refiners equal access to crude oil, but also will provide now absent price competition. It will also remove the existing entry barriers that have limited the growth of independent capacity.

(b) To protect retailers franchised by the major oil companies and independent marketers from predatory pricing and other anti-competitive practices by the major, vertically integrated oil companies. Major companies are increasingly closing dealer operated service stations and replacing them with company owned stations managed by company employees.

(c) To remove major incentives for the multi-national, vertically integrated oil companies to cooperate fully with the pricing and supply practices of the Organization of Petroleum Exporting Countries. Because higher OPEC prices increase the value of the oil reserves of the major oil companies, and because those companies need an assured supply of crude oil for their downstream (refining and marketing) operations, there is no incentive to try to weaken the cartel. Through divestiture we can create a situation in which refiners will finally want to buy crude oil as cheaply as possible and thus begin to exert pressure on OPEC prices.

(d) To provide all oil producers, refiners and marketers equal, non-discriminatory access to crude oil and petroleum product pipelines, thus ending the monopoly power exploited by the vertically integrated major oil companies through their control of more than 90 percent of the nation's pipeline capacity.

4. The legislation proposes to achieve these objectives through vertical divestiture of the largest, integrated oil companies. Divestiture would work in this fashion:

(a) The 18 largest integrated oil companies would be required to separate their exploration and production from their refining and marketing within five years of the bill's enactment.

(b) With limited exceptions, oil producers, refiners and marketers would be prohibited from owning crude oil or petroleum product pipelines, thereby giving these pipelines the common carrier status they should have. Exceptions are provided for pipelines integral to the operation of a production or refining asset where retention of such pipelines will not contravene the purposes of the legislation nor impede competition. Exception may be granted by the Federal Trade Commission upon application by an affected company.

(c) While permitting refining and marketing to remain together, refiners may not operate or own, directly or indirectly, marketing outlets not owned or operated prior to January 1, 1976.

(d) The Federal Trade Commission is empowered to receive and to approve, and to amend if necessary, divestiture plans to be prepared by the affected companies and submitted to the FTC within 18 months of enactment. Such plans must take effect no later than five years after enactment.

(e) A special Temporary Petroleum Industry Divestiture Court is created to handle all litigation arising from the legislation to assure expeditious action on such litigation. All appeals from decisions of the Temporary Court will go directly to the U.S. Supreme Court which is also instructed to give expeditious action to suits arising from the legislation.

5. Affected companies include all crude oil and petroleum product pipelines and major producers, refiners and marketers. For the purposes of the legislation major producers are defined as those producing 100,000 barrels of oil a day and major refiners and marketers are defined as those refining or marketing 300,000 barrels of oil a day, respectively.

MAJOR PRODUCERS, REFINERS, AND MARKETERS 1974 (UNITED STATES ONLY)

[In barrels per day]

	Crude production	Refinery throughput	Marketing
Exxon	890,000	1,123,000	1,782,000
Texaco	807,000	945,000	1,338,000
Shell	586,000	1,005,000	1,060,000
Standard Oil (Indiana)	539,000	936,000	1,012,000
Gulf	476,300	813,000	860,600
Mobil	420,000	823,000	928,000
Standard Oil of California	413,080	867,000	1,006,000
Atlantic-Richfield	383,100	653,500	697,600
Getty	300,300	[1] (214,500)	[1] (254,000)
Union	268,400	439,100	441,200
Sun	265,588	489,988	570,546
Phillips	255,700	523,000	541,000
Continental	218,000	322,000	364,000
Cities Service	212,300	[1] (213,800)	348,400
Marathon	174,039	[1] (264,415)	[1] (280,106)
BP–Sohio	[1] (29,646)	323,336	332,996
Amerada Hess	[1] (98,816)	530,000	591,000
Ashland	[1] (23,071)	329,789	457,007

[1] Below size cutoff.

Source: National Petroleum News, "Factbook Issue", mid-May 1975.

6. Among the organizations supporting the legislation are the following:

American Association of Retired Persons.
AFL–CIO.
American Federation of Teachers.

American Public Power Association.
Communication Workers of America.
Consumer Federation of America.
Conference of Mayors.
Energy Action Committee.
Independent Gasoline Marketers Council.
International Ladies Garment Workers Union.
National Congress of Petroleum Retailers.
National Consumers League.
National Farmers Union.
National Rural Electric Cooperatives Association.
Oil, Chemical and Atomic Workers.
Society of Independent Gasoline Marketers of America.
United Auto Workers.
United Mine Workers.
United Steelworkers.

S. 2387—The Petroleum Industry Competition Act—Section-by-Section Analysis

Section 1—Short title.

Section 2 (a)—Findings—States the commitment of Congress to a free market economy and concludes that existing antitrust laws have failed to provide adequate competition in the petroleum industry.

Section 2 (b)—Purpose.—States that the purpose of the Act is to create and to maintain competition in the petroleum industry by requiring divestiture of certain assets by major, vertically integrated oil companies.

TITLE 1—INDUSTRY COMPETITION

Section 101—Definitions.—Key definitions include: Major marketer is one that markets or distributes 110 million barrels of refined petroleum products in a calendar year; Major producer is one that produces 36.5 million barrels of crude oil in a calendar year; Major refiner is one that refines 110 million barrels of oil in a calendar year; Prohibited asset is any marketing, production, refining or transportation asset the retention or which is prohibited by Section 102.

Section 102—Unlawful Retention.—Makes it unlawful, five years after enactment, for:

A major producer to own or to control any marketing, refining or transportation asset:

Any petroleum transporter (including crude oil and refined product pipelines without regard to size) to own or to control any production, refining or marketing asset;

Any major refiner or major marketer to own or to control any production or transportation asset;

Anyone owning a refining, production or marketing asset to transport oil by a transportation asset in which he has an interest.

Section 103—Unlawful Operation.—Upon enactment major refiners are prohibited from owning or operating any marketing asset not operated prior to January 1, 1976.

Section 104—Exemptions—

(a) Upon application the Federal Trade Commission may exempt from the provisions of the Act a transportation asset upon finding that the asset is so integral to the operations of the applicant that no public purpose would be served by divestiture and that retention of the asset will not tend to injure competition or to subvert the purposes of the Act.

(b) To facilitate divestiture the Federal Trade Commission may provide exemptions of up to one year from existing laws prohibiting interlocking relationships.

Section 105—Reports.—Requires those affected by Section 102 to provide the Federal Trade Commission with requested information within 120 days of enactment.

Section 106—Proxy Solicitations.—Gives the Federal Trade Commission jurisdiction over proxy solicitations by those affected by Section 102 until divestiture is completed.

Section 107—Enforcement—

(a) Empowers the Federal Trade Commission to require the submission of divestiture plans by those affected by Section 102 within 18 months of enactment. Gives the Commission authority to approve such plans or to modify such plans by Commission order and to enforce the plans. Requires such plans be necessary or appropriate to achieve the purposes of the Act, as well as being fair to affected persons.

(b) Directs the Federal Trade Commission to bring suit in the Petroleum Industry Divestiture Court to assure compliance with the Act.

(c) Permits the Federal Trade Commission to use its full authority and sanctions to carry out the provisions of the Act.

Section 108—Penalties—

(a) Provides civil penalties of $100,000 for an individual and $1,000,000 for a corporation for violation of the provisions of the Act.

(b) Provides civil penalties of $100,000 for persons who violate orders issued by the Federal Trade Commission under the Act. In cases of continuing non-compliance each day of such non-compliance may constitute a separate offense.

TITLE 2—TEMPORARY PETROLEUM INDUSTRY DIVESTITURE COURT

Section 201—Establishment.—Creates a special Temporary Petroleum Industry Divestiture Court to consist of at least three judges appointed by the Chief Justice from among U.S. district court and courts of appeal judges.

Section 202—Judges.—Empowers the Chief Justice of the United States to designate one of the appointed judges as chief justice of the Temoprary Petroleum Industry Divestiture Court.

Section 203—Reference Jurisdiction.—Gives the Temporary Petroleum Industry Divestiture Court the powers of a U.S. district court. Gives that court authority to refer appropriate matters to a referee in bankruptcy for determination.

Section 204—Transfer Jursidiction—

(a) Permits a single judge or panel of judges of the Temporary Petroleum Industry Divestiture Court to exercise functions of the Judicial Panel on Multi-district Litigation to handle jurisdictional questions.

(b) Prohibits the Judicial Panel on Multi-district Litigation from acting on matters before the Temporary Petroleum Industry Divestiture Court.

Section 205—General Jurisdiction—Reserves for the Temoprary Petroleum Industry Divestiture Court exclusive jurisdiction on matters arising from the Act.

Section 206—Compulsory Process.—Provides national subpoena power to the Temporary Petroleum Industry Divestiture Court.

Section 207—Rules.—Instructs the Temporary Petroleum Industry Divestiture Court to exercise its powers and adopt rules to expedite the resolution of cases brought under the Act.

Section 208—Appeal.—Provides for sole appeal to the U.S. Supreme Court of judgements of the Temporary Petroleum Industry Divestiture Court, and further requires that petitions to the Supreme Court must come within 30 days of entry of an order or judgements by the Temporary Court. Instructs the Supreme Court to expedite action on petitions and appeals under this section. Limits the jurisdiction of all other courts on matters arising from the Act.

Sections 209 through 215.—These are housekeeping provisions regarding the organization and operation of the Temporary Petroleum Industry Divestiture Court.

Point and Counterpoint on Divestiture

The vertical divestiture debate centers on fifteen basic points of contention. The following briefly discusses these points.

IMPACT ON OPEC

The oil companies claim that vertical divestiture will help strengthen the Organization of Petroleum Exporting Countries (OPEC) . . .

The truth is that vertical divestiture is an essential step in the direction of breaking-up the cartel.

The integrated oil companies affected by the proposed divestiture legislation have three very important reasons to cooperate fully with the cartel:

(1) While many of the OPEC nations have bought out the oil reserves previously controlled in their countries by the oil companies, those same companies stand to make new riches as the producing agents of the OPEC countries;

(2) The worldwide increase in the price of oil brought about by the cartel has increased by hundreds of billions of dollars the reserves owned by the integrated oil companies in the U.S. and around the globe. For example, the OPEC price increases of just the past three years have increased the value of oil on Alaska's North Slope by close to $100 billion. This is a simple windfall for the companies owning the rights to North Slope oil.

(3) Integrated companies require a guarteed supply of crude oil for their downstream (refining and marketing) operations. The guarantee of supply is far more important to an integrated company than the price of oil since they are often paying themselves for crude oil and, in turn, selling refined product to themselves. Because supply is often more important to an integrated company than price, the major oil companies have little incentive to destroy their sweetheart relationship with OPEC.

While divestiture legislation is not likely to interrupt the close relationship between OPEC and the production companies operating in the OPEC countries, divestiture will help bring pressure to bear on the cartel. It will do so in this fashion:

With refiners separated from producers the refiners will develop a now absent interest in purchasing crude at lower prices in order to compete in the sale of refined products. Instead of blithely paying the OPEC price, refiners will have a now non-existent incentive now glaringly absent to begin to try to drive down the price.

Also, after divestiture the companies will no longer have the same motivation and ability they now have to control output from the OPEC countries to help sustain higher prices. No less an authority than the Shah of Iran has acknowledged that the integrated companies now regulate output to maintain the OPEC price. With an end to their stranglehold on the marketplace the companies will no longer be in a position to do OPEC's dirty business for it.

IMPACT ON COMPETITION

The oil companies claim that the enactment of divestiture legislation will actually lead to less, not more, competition . . .

The truth is that divestiture opens the door for competition where it is now lacking.

The oil industry is essentially non-competitive for three reasons:

(1) It is more integrated than any other basic industry, with a relatively small number of companies controlling the oil from the time it is produced until the time it is sold to the consumer.

(2) The industry has developed a set of interrelationships more designed to inhibit than to promote competition. Such techniques as the joint bidding for the rights to produce oil on Federal property, joint ownership of oil pipelines, the swapping of crude oil and refined products, and the whole host of joint ventures by the companies create common interests that inevitably stifle competition.

(3) The industry is highly concentrated, with a small number of companies having extensive control of much of the crude oil, pipeline and refining capacity and marketing outlets.

By addressing itself to the most deleterious of these problems—the vertical integration—

divestiture legislation can spur competition in the following ways:

There will be a free market in crude oil in which all refiners will have an equal opportunity to bid for all crude oil with a common interest in holding prices down.

Pipelines will become true common carriers, providing equal access to all shippers and ending the discrimination the independent sector of the industry has faced in trying to use crude oil and product pipelines.

Since major companies will be prohibited from expanding their marketing operations the service station dealers whose very existence has been threatened by the integrated companies will be protected against further encroachments. These dealers are most often independent businessmen who seek to compete fairly and openly, but who have been the victims of anti-competitive behavior by the major campanies.

IMPACT ON PRICES

The oil companies claim that prices will go up if the divestiture legislation enacted . . .

The truth is just the opposite—divestiture should mean lower energy prices for consumers.

Independent marketers have traditionally undersold integrated marketers by three to six cents a gallon. With the free market to be created by divestiture there will be true price competition and the law of supply and demand will be permitted to operate in the oil industry. When free enterprise is permitted to operate in the American economy the historical record is for prices to come down. In the case of oil such successful price competition should translate to savings for consumers of at least $3 billion a year for gasoline alone. This is based on the sale of 100 billion gallons a year and allows for price reductions in the three to six cent range in that portion of the retail market now controlled by the integrated companies.

Also, independent refiners with an assured supply of crude oil have been able to provide price competition to the refining operations of integrated companies. The president of Ashland Oil, for example, has said he can pay a dollar more a barrel for crude oil, than a major refiner and compete in the sale of refined products.

The absence of a free market in crude oil, with independent producers forced to sell to integrated pipelines and with independent refiners dependent on Federal regulations to guarantee them a crude supply, prevents price competition. Divestiture, on the other hand, by providing all producers with equal access to crude pipelines and by providing all refiners with an equal opportunity to purchase crude oil will hold prices in check through healthy competition. It is important to recognize that even the limited competition now provided by independent refiners and marketers would be impossible were it not for an elaborate system of government regulation of prices and supplies. Divestiture will permit a free market to operate without such government interference in the marketplace.

IMPACT ON CAPITAL

The oil companies claim they will have trouble raising the capital for energy exploration and development if divestiture legislation is passed . . .

The truth is that the Petroleum Industry Competition Act should have no bearing on capital formation. The 18 companies covered under the bill's provisions as major producers, refiners and/or marketers are so large that after divestiture each of the component parts of those companies would qualify for the Fortune 500 list of America's largest corporations. Just one example of the size of these companies can be found in the case of Exxon, now the largest company in the world. After the proposed divestiture the refining and marketing company created from Exxon would be the second largest of all corporations, and the production company created from Exxon would be the sixth largest. The fact is that after divestiture the component parts of the affected companies would all rank among the top ¼ of one percent of all corporations in the U.S. and thus be in an excellent position to raise capital.

The truth is that the oil industry raised the same phony cry about capital formation when the oil depletion allowance was repealed. Yet, according to the American Petroleum Institute, the oil industry drilled 17.5 percent more wells in 1975 than in 1974, despite the fact that depletion was almost entirely repealed effective January 1, 1975.

The truth is that the oil industry is quite profitable and that it has had, and will continue to have, no trouble attracting needed capital. Indeed, the capital available to the industry so far exceeds what it needs for energy exploration and development that Mobil has committed close to a billion dollars to the purchase of Marcor, the parent company of Montgomery Ward, and Atlantic Richfield has bid almost $200 million for Anaconda. Gulf even went so far a couple of years ago as to try to use some of its capital to buy the Ringling Brothers Circus.

LESS EFFICIENCY OR MORE

The oil companies claim their integrated structure provides efficiencies which will be lost if divestiture legislation is enacted. . . .

The truth is that the industry has never demonstrated what those efficiencies are; it has never substantiated this claim.

The truth is that the extensive vertical integration and unparalleled interrelationships of the major oil companies provide a degree of market control which minimizes the need for efficiency in oil company operations. By bringing the free enterprise system to bear in the industry divestiture will require the oil industry to respond to a free market, as should all industries. Then the uninhibited operation of the law of supply and demand will provide the proper incentive for the industry to truly be efficient.

The real test of efficiency in the industry has been met by the independents who have had to compete with the integrated companies. Faced with the market domination of the majors the independents have survived because of the implementation of efficiencies far greater than those employed by the major, integrated companies.

There may be no better source to refute the claim that divestiture will mean the loss of efficiencies of integration that the respected economist M.A. Adelman, who is himself opposed to divestiture. Professor Adelman wrote in the Washington Post of May 8, 1976: "The industry's contention, that vertical integration helps efficiency, is unfounded."

The phony nature of this argument of efficiency is even further devastated by the testimony of Exxon officials in state tax cases in Wisconsin and South Carolina that the company is already divided among functional lines such as those to be followed in divestiture. In the South Carolina case Exxon said: "Each of these functions is managed and accounted for on a functional operating basis. Each is a segment of (Exxon's) total corporate enterprise, but each has its own accounting, budgeting and forecasting, its own management and staff, its own profit center, its own investment center, its own physical facilities, etc."

If integration provides efficiencies, Exxon has hidden them quite well.

IMPACT ON STOCKHOLDERS

The oil companies claim that divestiture will hurt their stockholders. . . .

The truth is that precedents support the argument that stockholders will actually benefit from divestiture.

Under the most likely form of divestiture, called stock spin-offs, stockholders receive shares in the divested companies in proportion to their holdings in the original integrated company. When such a divestiture of the Standard Oil of New Jersey Trust was ordered by the U.S. Supreme Court in 1911, the combined value of the stocks of the divested companies rose 47 percent in one year, while the stockmarket as a whole rose by only seven percent.

The interests of stockholders would be fully protected under divestiture, especially since the affected companies are actually empowered to write their own divestiture plans, subject to approval by the Federal Trade Commission.

It should be little wonder that Joseph Tovey, a stock analyst opposed to divestiture, has said, ". . . from an investor's standpoint, if there were to be a breakup, I think it would be a bonanza for investors."

FREE ENTERPRISE OR GOVERNMENT TAKEOVER

The oil companies claim that divestiture legislation is a major step toward a government takeover of the industry. . . .

The truth is that divestiture is designed to provide a free market in crude oil and refined petroleum products and thus to lessen the need for government involvement in the oil industry.

At present, through an elaborate system of price regulation, supply allocations, and refiner entitlements, the oil industry is the most closely regulated of all industries, other than public utilities. This complex maze of government regulations developed in response to the lack of competition in the industry and to the heavy-handed treatment of independent refiners and marketers by the integrated companies.

Divestiture is designed to create a free market in the oil industry and thus enable us to move away from such extensive government regulation of this vital industry. Unless the market control of the major, vertically integrated companies is ended through the enactment of divestiture legislation it will be necessary to perpetuate unwieldy government regulation of the industry, something divestiture proponents seek to avoid.

The truth, also, is that divestiture in no way opens the door for nationalization of the industry. Quite to the contrary, divestiture is designed to still the cry for nationalization by requiring the oil industry to operate—like other U.S. industries—under a truly free market.

THE CONCENTRATION ARGUMENT

The oil companies claim that vertical divestiture legislation is misdirected since the oil industry is less concentrated than some other industries . . .

The truth is that the industry's attempt to focus attention on concentration ratios is a public relations effort to divert attention from the real culprit—vertical integration.

The truth is that while divestiture proponents have not built their case on concentration the oil industry is actually far more concentrated than the industry numbers suggest.

Competition is lacking in the oil industry because of the unique combination of extension of extensive vertical integration and serious concentration. While some other industries are more concentrated than oil, no other basic industry has the same degree of vertical integration as the oil industry, and it is to integration that the divestiture legislation is addressed.

The oil companies are fond of talking about all the independent oil producers, refiners and marketers in the U.S. The fact is that most oil discovered by independents is sold to major, integrated oil companies who gain control of crude oil through their extensive control of the nation's crude oil pipelines. Also, independent refiners are beholden to the integrated companies for crude oil.

The power of the integrated oil companies was demonstrated in recent years when they sought to deny lower priced crude oil to independent refiners, an anti-competitive gambit that brought forth an elaborate system of government regulation known as entitlements. Similarly, when refined petroleum products were in short supply the integrated companies sought to use their market control to put independent service station dealers out of business. The large companies might well have succeeded except for the imposition of mandatory allocation rules by the Federal government.

The simple fact is that the existence of independents at different levels of the oil business does not refute the reality of the market control enjoyed by the integrated major oil companies. Since that integration includes control of more than 90 percent of the nation's oil pipelines by the top twenty oil companies, and since many of those lines are actually joint ventures of two or more of those huge companies, the integrated companies are able to take control of more than 90 percent of the nation's crude oil.

In understanding the lack of validity of the industry's recitation of concentration figures, it is important to bear in mind that if concentration were the problem in the oil industry, conventional anti-trust legislation might well solve the problem. The divestiture legislation directed at a different, yet quite serious, problem of vertical integration: the total domination of all phases of the oil industry by a relatively small number of companies.

THE DISRUPTION ARGUMENT

The oil companies claim that divestiture will create confusion in the industry and disrupt the normal operations of the oil industry . . .

The truth is that the industry has been guilty of duplicity in describing the current nature of the industry, and the threat of havoc in the industry with divestiture has not been substantiated.

The argument that divestiture will create confusion and disrupt the industry is based on the contention that integrated oil companies are single "unitary" companies not easily divided along functional lines. Yet Exxon actually went to court in Wisconsin and South Carolina to avoid state taxes by proving just the opposite—that the company is divided along distinct functional lines. As the Exxon counsel told the Wisconsin State Tax Appeals Commission: "Our evidence . . . will show that each function is independent and unitary to, or an integral part of, any other function." Exxon went so far as to bring into the Wisconsin case the head of the Houston office of the Arthur Anderson and Company, the huge accouting firm, who testified on the basis of his personal knowledge that other companies, besides Exxon, maintained functional divisions in their operations.

The oil industry cannot have it both ways; it cannot claim to be divided along functional lines and then claim that divestiture along those functional lines will create disruption.

IMPACT ON PROFITABILITY

The oil companies claim that they are not very profitable and that vertical divestiture would destroy them . . .

The truth is that the integrated companies are actually quite successful and the argument that they are not profitable is an adroit, but somewhat deceptive, use of numbers. The basis for the contention that the oil industry is not very profitable is the fact that the industry's return on equity is close to the average for all companies. However, this fails to take into account the key fact that the oil industry has a much higher equity to debt ratio than most industries and thus its return on equity is much lower than it would be if it had a more traditional equity to debt ratio. This is why the authors of a basic accounting textbook have written: "In evaluating the financial position of a firm the relationships as indicated by both the absolute amounts and the ratios, *it is especially import that the limitation of the data be realized . . . One ratio* or even several ratios standing alone, whatever their value, *may be insignificant.*"* (emphasis added)

The truth is that the very profitability of the oil industry, enabling it to build a very strong equity position, provides the basis for the misleading contention that the industry is not too profitable.

However, it is probable that the profits of the major, integrated companies are depressed somewhat by virtue of their gargantuan size. The independent sector of the marketing industry, supply and price being equal, is able to provide price competition to the marketing operations of the large integrated companies. And the president of Ashland Oil, a large refiner without significant production, has said he can spot the integrated companies a dollar a barrel in crude prices and undersell them. The point in both cases is the same, the largest, vertically integrated companies have become so large that they are not truly efficient and their profitability suffers as a result. This is why Joseph Tovey, a securities dealer who is actually opposed to divestiture, has said, ". . . if there were to be a breakup, I think it would be a bonanza for investors."

IMPACT ON ENERGY INDEPENDENCE

The oil companies claim that divestiture will hurt the national effort to achieve energy independence . . .

The truth is that the oil companies have interests that coincide with the international oil cartel and the "sweetheart deal" between the companies and the cartel has actually increased U.S. dependence on foreign oil.

For years the multi-national oil companies shifted their drilling activities from the United States to the countries that now comprise the Organization of Petroleum Exporting Countries (OPEC). They did this to maximize profits with little regard for the U.S. national interest.

Those same companies also declined for many years to expand U.S. refining capacity, and even worked with the Nixon Administration to prevent smaller competitors from building new refineries.

It is such a lack of interest in the U.S. national interest that caused us to become so vulnerable to the OPEC states.

Now, when the United States seeks to reduce its independence on foreign oil, and perhaps to actually achieve energy independence the oil companies are waving the banner of energy independence. The fact is that the passage of vertical divestiture legislation will have no negative consequences for the goal of energy independence. The percentage of U.S. energy needs to be met with oil and natural gas cannot grow significantly in the next decade; oil is not the key to energy independence.

The real answer to energy self-sufficiency can be found in the vast U.S. coal reserves. Coal production, the implementation of more efficient, cleaner techniques for using coal as coal, and, ultimately, the conversion of coal to gas and liquid are the means by which we will reduce our reliance on imported oil. If one recognizes that coal—and not oil—is the key to energy independence then it is easy to understand that vertical divestiture of the oil industry will have no impact on that goal.

But, while we are moving toward the improved use of U.S. coal reserves, vertical divestiture will mean that U.S. oil reserves are priced—as they are now—by a foreign cartel and a small group of non-competitive, multinational oil companies.

IMPACT ON NATIONAL SECURITY

The oil companies claim that the enactment of vertical divestiture legislation will endanger the national security . . .

The truth is that a number of those same companies bowed to pressure from the oil producing countries and refused to supply oil to the U.S. Sixth Fleet in the fall of 1973 when war was raging in the Middle East.

The truth is that the cozy relationship between the multi-national, vertically integrated oil companies and the Organization of Petroleum Exporting Countries (OPEC) has actually increased the U.S. vulnerability to another OPEC oil embargo. Since one of the purposes of the divestiture legislation is to end the mutuality of interests between the oil industry and OPEC, it will actually serve to help protect the U.S. national security.

The truth is that for years the integrated oil companies devoted their attentions to the development of foreign oil reserves, rather than U.S. reserves, to maximize profits without regard to the growing dependence of the U.S. on foreign oil. If those same companies that now talk about national security had devoted more attention to developing U.S. oil reserves, the consequences of the 1973–74 oil embargo would have been far less severe.

LOGICAL OR EMOTIONAL

The oil companies claim that the divestiture legislation is an emotional, misguided and unnecessary response to public concern about energy policy and oil prices . . .

The truth is that the divestiture legislation is the logical heir to generations of public concern about the lack of competition in the oil industry, and a reflection of the harsh reality that nothing short of legislated divestiture is adequate to provide the competition now absent in the oil industry.

Even a cursory look at a few of the highlights of the public concern about the lack of competition in the oil industry can show the background in which divestiture legislation must be cast:

1890 the Ohio Attorney General first posed questions about the monopolistic behavior of Standard Oil of New Jersey.

1906 the U.S. Department of Justice brought a civil suit charging the Standard Trust with violation of the anti-trust laws.

1906 Senator Henry Cabot Lodge called for divestiture of oil pipelines.

1911 the U.S Supreme Court upheld the Justice Department case and ordered the break-up of Standard Trust.

1920–22 Senator Robert LaFollette conducted extensive hearings into the oil industry and reached the conclusion that all oil pipelines should be common carriers.

1940 the U.S. Department of Justice brought the famous "Mother Hubbard" case charging 22 oil companies, hundreds of their affiliates, and the American Petroleum Institute with anti-trust violations.

1973 the Federal Trade Commission charged the eight largest oil companies with engaging in a host of anti-competitive practices.

The pending divestiture legislation, rather than being an emotional and unnecessary step, is the only logical step to take since it is clear that existing anti-trust law is inadequate to bring competition to the oil industry.

IMPACT ON EMPLOYEES

The oil companies claim that divestiture will hurt their employees, either through a reduction in jobs or by endangering pension rights. . . .

The truth is that oil company employees, along with all Americans, stand to benefit from divestiture and the Petroleum Industry Competition Act has been endorsed by all major unions, including the Oil, Chemical and Atomic Workers.

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* Glenn Welsch, Charles Zlatkovich and John White, *Intermediate Accounting*, Richard D. Irwin, Inc., 1972.

The oil industry is not labor intensive; it has relatively few employees for so large an industry and thus the employment consequences of divestiture will not be great. While the employment impact of divestiture will not be great it still should be a positive, not a negative, impact by removing entry barriers that have inhibited the independent sector of the industry.

This is another of the areas in which the oil industry tries to argue both sides of an issue. The industry claims divestiture will increase operating costs by destroying present efficiencies and requiring the hiring of unneeded personnel. And then the industry turns around and tries to argue that divestiture will cost jobs. It can't have it both ways.

In any event, rather than letting the oil companies speak to the employment issue, let those most directly affected respond. And that response can be found in the endorsement of the bill by the AFL–CIO, the UAW, the Teamsters and most significantly the Oil, Chemical and Atomic Workers.

Regarding the alleged threat to employee pensions through divestiture, the major pension law enacted in 1974, the Federal Employment Retirement Income Security Act, protection for the pension rights of oil company employees. Any suggestion to the contrary shows an unwillingness or an inability to understand how this landmark legislation works.

GOVERNMENT WITNESSES

The oil companies claim that all government witnesses oppose divestiture. . . .

The truth is that divestiture is opposed by the Ford Administration and opponents of the legislation did bring a parade of Ford appointees to Capitol Hill to testify against the legislation.

Far more revealing is the fact that in 1973 the Federal Trade Commission filed a major anti-trust case charging the eight largest oil companies with engaging in a host of anti-competitive practices. Instead of listening to the appointees of a President who has consistently taken the side of the oil companies, even recommending total decontrol of oil and natural gas prices, listen instead to the Federal Trade Commission:

"While varying numbers of independent companies operate at each level, the industry is dominated by 18 vertically integrated companies that operate at all levels."

The Federal Trade Commission has also said:

"The major firms seek to consolidate market power by various exclusionary tactics. These firms basically attempt to sharply limit the supply of crude available to independent refiners and refined product available to independent wholesalers and retailers. This is accomplished by minimizing use of formal market sales and thus avoiding flows of product from within the majors' vertically integrated structure to the market. It is also accomplished through control of pipelines, exchange agreements, processing agreements, and price protection coupled with price wars. An elaborate network of devices to deny independents access to product has been erected. The resulting system endangers existing independents, makes new entry difficult or impossible, and yields serious economic losses to American consumers."

The FTC suit against the oil companies is three years old. Given the massive legal counter-assault of the oil companies and the slow movement on the case it is clear it will take many more years to resolve. But when the head of FTC's Bureau of Competition was asked what remedy he would seek when the case was finally won, he said: "Divestiture."

TEN QUESTIONS AND ANSWERS ON VERTICAL DIVESTITURE IN THE OIL INDUSTRY

1. WHAT IS "VERTICAL DIVESTITURE"?

The major oil companies are "vertically integrated" which means they are involved in every phase of the business from the oil well to the service station. Vertical divestiture is the technical term for separating the major oil companies' crude oil production from their refining and marketing operations, and for making the petroleum pipeline system an independent operation equally accessible to *all* shippers.

2. WHY DO WE NEED VERTICAL DIVESTITURE?

Presently, the major oil companies control all but an inconsequential part of the nation's crude oil supply. But for the intervention of federal government regulations, independent refiners (that is, firms from outside the close knit family of integrated major companies) would exist at the pleasure of their major competitors on whom they depend for crude supplies.

The anti-competitive effect of this control of crude is made more serious by various interlocking arrangements between the major companies, such as joint oil and gas production ventures, joint operation of pipelines, and intricate cooperative arrangements for exchanging crude oil and oil products.

Thus, not only do the majors own large portions of the crude oil, but they also ensure that it is kept in restricted distribution channels by these collective arrangements. The results, in the words of a Federal Trade Commission complaint are that, 'American consumers have been forced to pay substantially higher prices for petroleum and petroleum products than they would have had to pay in a competitively structured market."

3. HOW WILL DIVESTITURE IMPROVE COMPETITION?

A vertically integrated company does much of its selling to itself. Its refineries buy oil from its oil wells and ship it through its pipelines. Its marketers buy from its refineries. Since it has its own captive customers at each stage, it does not have to compete for their business. And since those captive customers are each tied to a particular oil giant, they are not out looking for the best prices and services available. When an independent refiner or marketer buys from the giants, he is, in fact, buying from his own competitors. He is at their mercy since they can cut off his supplies and set the prices when he buys. In short, only a small part of the oil flowing in the U.S. is available in a really free market. Most of it is kept within the control of individual oil giants, or allocated and priced by arrangements among them.

Divestiture will mean that at each stage separate and independent buyers will be shopping for the best deals from separate and independent sellers. All the oil and oil products in the U.S. will be sold under conditions of competition. Companies at each stage will be able to sell for prices which reflect their costs and a reasonable return on their investments, but will not be able to extract the additional profits that come from having monopolistic power. Competitors will grow and prosper because they are efficient and are able to provide their customers with the best products and services at lowest cost, rather than because they are part of giants which control the most supplies of crude oil or the most pipelines or the most refineries.

4. WHY IS THERE SUCH A PUSH FOR VERTICAL DIVESTITURE NOW?

Many responsible people in government have for years believed that vertical divestiture was the best way to deal with the competitive problems of the petroleum industry. Such distinguished men as Sen. Henry Cabot Lodge, Franklin Roosevelt, Alfred Landon, Sen. Guy Gillette and Sen. Bob LaFollette have supported vertical divestiture in one form or another, but like all pocketbook issues, political action depends upon the public's awareness and their willingness to communicate their desire for action to their elected representatives. In the present economy, Americans are growing more concerned about the problem of monopoly, not just in the petroleum industry, but across the board. Lack of economic competition is an issue that has forced itself into the conscience of the American public, and the elected representatives are responding to this concern.

Moreover, the current national desire for fewer governmental controls over private business means that we will have to rely more heavily on real business competition to protect the consumer. If we lift controls in a non-competitive industry like oil, we will just be trading control by government (which is, of course, responsible to the public) for control by a small group of oil company executives. Thus, it is essential that the oil industry be restructured to make it competitive before the scheduled decontrol of oil prices in 1979.

5. WHAT ARE THE STEPS NECESSARY TO PASS A DIVESTITURE LAW?

The Senate Judiciary Commitee's Antitrust Subcommittee already has voted favorably on the "Hart Substitute Divestiture Bill", named for Sen. Philip Hart, the Michigan Senator who has worked hard for many years in the Senate protecting consumer interests. If the bill is reported favorably by the Senate's Judiciary Committee, it will go before the full Senate. Once the Senate acts, two Committees of the House of Representatives, the Interstate and Foreign Commerce Committee and Committee on the Judiciary will consider the matter, and then it will go before the entire House. Finally, it will go to the President for his signature.

6. WHAT ARE THE CHANCES FOR ENACTMENT OF A VERTICAL DIVESTITURE LAW THIS YEAR?

On a Senate test vote last October, vertical divestiture received 45 of the necessary 51 votes. One Senator was absent but subsequently voted for divestiture on another vote. Another Senator, Hugh Scott, the Republican leader, has since switched his position and announced in favor of divestiture. Seven other Senators said in October that while they had procedural problems with a divestiture vote then (before Committee hearings had ended), they were not barring future support for it. Other Senators have indicated they are considering voting for it. In short, the necessary votes are available in the Senate, especially if there is widespread public support. In the House, on the most recent vote pitting the major oil companies against consumer interests, the consumer side won 205–201. This should be the result again as long as citizens show their support for divestiture. Similarly, the last time President Ford was presented with a bill opposed by Big Oil, he reluctantly approved it. And he has recently wandered back from firm opposition to divestiture to a "show me" attitude. Given another choice between the people's interest and the Oil Lobby's interests, he should opt for the people.

7. WHAT WILL HAPPEN TO OIL COMPANY STOCKHOLDERS IF DIVESTITURE OCCURS?

The most likely form of divestiture will result in each stockholder owning a share in three or four separate companies (e.g. Exxon Production, Exxon Transportation, Exxon Refining and Marketing) instead of one company. The history of similar divestitures and the opinions of Wall Street experts suggest that the total value of the stocks of the separate divested companies will be greater than the value of the integrated company. In fact when the Standard Oil monopoly was broken up in 1911, the price of stock in its successor companies went up 47% from its original stock price, at a time when the Dow Jones average of stock prices went up only 6%.

8. WILL THE DIVESTED COMPANIES BE ABLE TO RAISE THE CAPITAL THEY NEED, ESPECIALLY TO DEVELOP NEW OIL AND GAS PRODUCTION?

The divested companies will be more competitive and less secret, but they will not be small. Exxon, which is now number 1 on the Fortune 500 list of U.S. corporations, would have successor companies that would all be in the top 20, and Exxon Production would be number 4. Even the smallest of the oil giants, Marathon Oil, which is now number 77 on the Fortune 500, would be succeeded by companies which are all on the Fortune list and thus among the very largest U.S. corporations. Not only would they still be able to raise capital, but the available capital would not have to go through the bureaucratic delays and limitations of an integrated company. Importantly, available capital would no longer be diverted to other non-energy investments. Mobil Production, for example, would be in the oil production business and its stockholders, banks, and other financial sources would expect it to focus its efforts and capital on that work rather than diluting its skills and experience with non-energy undertakings, such as its current Marcor (Montgomery Ward) venture. Similarly, Gulf Production would never consider purchasing the Ringling Brothers Circus, as Gulf recently tried to do.

9. CAN DIVESTITURE BE ACCOMPLISHED SMOOTHLY AND WITHOUT MAJOR INTERRUPTIONS IN THE ENERGY INDUSTRY?

The most realistic companies are already considering the best way to handle divestiture. The Hart bill, in fact, would let the companies themselves propose divestiture plans, subject to government approval. Since the integrated companies' middle management will be the future top management of the divested companies, they will have a direct and personal interest in coming up with sensible, workable plans, and they will see to it that the companies function smoothly, productively, and profitably during the transition period. Moreover, they have a legal obligation to their boards and stockholders to do so, and any temptation on their part to prevent divestiture from working will be offset by serious legal and professional risks and liabilities.

The ease with which divestiture can be accomplished was demonstrated further by the Exxon Corporation. In Wisconsin and South Carolina tax courts, in attempting to avoid state taxes on the entire corporation, Exxon testified that each of its division keeps records on income, costs, and profits as though it were a separate, distinct business. Exxon's testimony strongly suggested that all major oil companies keep records this way. Thus, divestiture simply would involve cutting along the dotted lines that the companies themselves have drawn.

10. AREN'T THE OPEC OIL PRODUCING COUNTRIES THE REAL VILLAIN IN OUR ENERGY PROBLEMS?

The recent spectacle of Mobil, Exxon, Texaco, and Standard Oil of California meeting in secret under armed guard in Panama City, Florida, with Sheik Yamani of Saudi Arabia to discuss future arrangements for producing and pricing Saudi Arabia's oil, should dispel any illusion as to whether the oil majors are on the American consumers' side or OPEC's side. Precisely because of their integrated structure, the best interests of the oil giants are served by staying friendly with the producing countries. In fact, the Arab producers have managed to increase prices by 600% at a time when they are producing at only 77% of their capacity. This would be impossible without some arrangement for deciding who will sell how much oil. The Arab countries have never themselves been able to make or enforce such an arrangement, but with the acquiescence of the integrated oil giants, the cutbacks on production have been made possible and the exorbitant world prices kept up. In other words, the same companies which should be competing with one another to find the best deal, refusing to pay prices that are way out of line with costs, and bringing crude oil prices down, are instead acquiescing to the activities of the producing countries to keep prices up, so that the companies can maintain their control over oil supplies, increase the value of their own oil holdings, and prevent potential competitors from intruding seriously or substantially to upset the applecart. In short, because they are integrated they are part of the problem instead of being part of the solution.

By Mr. HASKELL, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 1404. An act to authorize the Secretary of the Interior to convey certain lands in Madera County, California, to Mrs. Lucille Jones, and for other purposes (Rept. No. 94-1006).

By Mr. HRUSKA, from the Committee on the Judiciary, without amendment:

H.R. 5666. An act for the relief of Won, Hyo-Yun (Rept. No. 94-1007).

DEPARTMENT OF DEFENSE APPROPRIATION AUTHORIZATION ACT—CONFERENCE REPORT—REPT. NO. 94-1004

Mr. STENNIS submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12438) to authorize appropriations during the fiscal year 1977, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each Active Duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs:

Albert C. Zapanta, of California, to be an Assistant Secretary of the Interior.

Clement B. Malin, of Virginia, to be an Assistant Administrator of the Federal Energy Administration.

Samuel J. Tuthill, of Virginia, to be an Assistant Administrator of the Federal Energy Administration.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. STENNIS. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nominations of Brig. Gen. Harold F. Hardin, Jr., and Brig. Gen. Robert L. Kirwan, U.S. Army, for temporary appointment to the grade of major general; and Maj. Gen. John W. Morris, U.S. Army, for promotion to lieutenant general; and Brig. Gen. Richard L. Frymire, U.S. Air Force Reserve, to be major general, and Col. Harry A. Serra, U.S. Air Force Reserve, to be brigadier general. Also, Brig. Gen. Vito J. Castellano, Army Reserve, to be major general; and Brig. Gen. John Coffey, Jr., Army Reserve, to be major general; and Maj. Gen. CJ Le Van, U.S. Army, to be lieutenant general; and Col. Richard Carr, U.S. Air Force, to be brigadier general. Also, Rear Adm. Willard P. Arentzen, U.S. Navy, for appointment as Chief of the Bureau of Medicine and Surgery for a term of 4 years; and Vice Adm. Donald L. Custis, U.S. Navy, for appointment on the retired list in the grade of vice admiral; and Vice Adm. Thomas B. Hayward, U.S. Navy, for appointment to the grade of admiral; and Rear Adm. Bobby R. Inman, U.S. Navy, for appointment to the grade of vice admiral. I ask that these nominations be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. in addition, there are 430 in the Army Reserve for promotion to the grade of colonel and below, list beginning with Harold R. Alley; and there are 71 in the Navy for temporary and permanent promotion to commander and below, list beginning with Donel S. Bianchi; and there are 668 in the Air Force for promotion to the grade of colonel, list beginning with William H. Adams; and there are 44 in the Air Force Reserve for promotion to lieutenant colonel, list beginning with Norman C. Ault, Jr. Also, there are 873 in the Air Force for promotion to the grade of captain and below, list beginning with Anthony W. Aldebol; and there are 295 in the Army for promotion to the grade of major and below, list beginning with Theodore B. Gesulga; and there are 22 in the Navy for promotion to the grade commander and below, lst beginning with Michael J. Dunne, Jr.; and there are 370 in the Navy for temporary and permanent promotion to the grade of commander and below, list beginning with Allan R. Latty. Also, there are 12 NROTC graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, list beginning with Paul D. Adams; and there are 106 in the Marine Corps Reserve for permanent appointment to the grade of colonel, list beginning with George S. Ames; and there are 300 in the Marine Corps and Marine Corps Reserve for temporary appointment to the grade of lieutenant colonel, list beginning with William R. Abele, Jr. Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of May 17, 20, and 21, June 2, 15, and 16, 1976, at the end of the Senate proceedings.)

ENROLLED BILL SIGNED

The enrolled bill (H.R. 8471) to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone was signed on Saturday, June 26, 1976, by the Acting President pro tempore (Mr. CULVER).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. GRIFFIN:

S. 3626. A bill for the relief of Mr. Manuel Arana and Mrs. Dina Isabel Gonzales. Referred to the Committee on the Judiciary.

By Mr. HELMS:

S. 3627. A bill for the relief of Lucila Ester Gonzales. Referred to the Committee on the Judiciary.

S. 3628. A bill to amend title 28 of the United States Code, to provide a civil action for damages against the United States and the United States Postal Service with respect to tortious conduct of the United States Postal Service in the delivery of mail matters, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. ROTH (for himself and Mr. BEALL):

S. 3629. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to provide civil penalties for noncompliance with the terms and conditions of any ocean dumping permit issued thereunder. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HELMS:

S. 3628. A bill to amend title 28 of the United States Code, to provide a civil action for damages against the United States and the United States Postal Service with respect to tortious conduct of the United States Postal Service in the delivery of mail matters, and for other purposes. Referred to the Committee on the Judiciary.

Mr. HELMS. Mr. President, today, the Members of the Congress are being constantly reminded of the accomplishments of this great Nation over the past 200 years, and rightfully so. The United States, in the Declaration of Independence and the Constitution, has the world's greatest guidelines for Government, and for the most part, we have abided by the spirit and letter of the two documents throughout our proud history.

However, we are all painfully aware of one area of gross failure, one dictate of the Founding Fathers that we failed to abide by; namely, we have failed in providing adequate postal service to this Nation. Mr. President, we have not only fallen short of expectations, we have failed miserably. Each Member of the Senate is constantly bombarded with complaints in the thousands relating to postal service. The rates for postage increase almost exponentially, while the service deteriorates. It has reached the point where thousands of people and businesses are having to resort to other means of mail transportation because the Postal Service has proven totally unreliable and incompetent.

Maybe this illness would not hurt so much had we some form of recourse or control, but such is not the case. If the Postal Service fails in its job, there is very little the Senate can do in the short term to attack the cause of the problem, and there is absolutely nothing that can be done by the average citizen.

The problems with the Postal Service are not new for we confronted the issue of inadequate service at inequitable prices in 1970 when the Congress passed the Postal Reorganization Act. The purpose of this act was to insure that the Postal Service provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities—section 101, title 39. I totally concur with this intent. If operated as a business, the Postal Service will be forced to become more efficient and more reliable.

However, the Reorganization Act of 1970 has been a colossal failure because we, the Congress, while encouraging businesslike conduct on the part of the Postal Service, have not made the service subject to the demands and responsibilities of business activity.

The service of our Postal System has deteriorated constantly in recent years, and it has now reached the point where the Postal Service is totally unreliable in many instances. And while we debate reform, citizens and businesses are constantly suffering the consequences.

Let me relay two examples of business and citizens being penalized helplessly by the Postal Service. The first example is contained in a letter dated June 9, 1976, and reads:

> On May 14 a check for White Furniture Company was mailed from Chase Manhattan Bank in New York to Central Carolina Bank here in Mebane. The check was for $15,000. The post office still has it. This is a total of 26 days.
>
> On April 30, Duke Power Company mailed White Furniture Company an electric bill. The bill was received May 5. It was paid promptly (amount $7221.05) and the check was mailed to Duke Power Company; however, the post office still has it. Yesterday, we stopped payment on this check. We received a bill from Duke Power Company for our May bill and they added 1% for late payment in the amount of $72.21.
>
> By the way, a valentine was sent from the girls in the office of Tyson Smith here in Mebane on February 13. The valentine greeting was received February 17. . . .
>
> The above was just a few of the more glaring, more expensive post office "services" that have been experienced here recently; there are numerous others which is unnecessary to mention. By the way, we didn't trust the post office to deliver our most recent check to Duke Power Company; I personally took it to the Mebane Duke Power Company Office and handed it to the manager.

The second example, also contained in a letter, is dated April 6, 1976. I quote:

> On March 24, 1976, we deliverd to the Greensboro, North Carolina Post Office 187 bags of mail, weighing 7,334 pounds. Each bag was properly coded and mailed in accordance with postal instruction under our bulk rate permit no. 8.
>
> All Greensboro, North Carolina items were bagged by zip code direct.
>
> The delivery of this mailing to some of our own employees in zip code 27410 Greensboro, North Carolina was made over a period of several days with deliveries being made on Friday, March 26; Saturday, March 27; Monday, March 29; Tuesday, March 30 and Wednesday, March 31.
>
> No mailings were received in our home office, Post Office Box 21008, Greensboro, North Carolina, zip code 27420, until Tuesday, March 30.
>
> Some mail to zip code 27408 was delivered on Saturday, March 27.
>
> Some mail to zip code 27401 was delivered on Tuesday, March 30. Secretaries in my office who live in nearby communities of Franklinville, North Carolina, 27248, and Stoneville, North Carolina, 20748 still have not received their annual reports as of April 6.
>
> We have checked with the local customer service representative at the Greensboro Post Office and have been informed that as of April 1, 1976, there were no more parcels of this mail still being held in the Post Office.
>
> We are particularly disturbed over the delays experienced in this matter because its involves our Corporate Annual Report which is required by federal law to be received by our stockholders within a specified time after year end. We had hoped that we could rely upon the Postal Service in order to comply with these requirements but evidently that may not be the case.

Mr. President, these two examples simply point out a problem that is growing constantly. It is one thing when our Postal Service makes things uncomfortable, but when it begins causing businessmen and individuals to be penalized for something over which they have absolutely no control, then we have a situation that demands immediate action. It is the small businessman, that class of entrepreneur that cannot afford alternative forms of delivery and cannot afford monetary penalties, that is suffering as a result of postal mismanagement and congressional inaction, and Mr. President, the problem can be tolerated no longer.

Mr. President, we must give the people of this Nation a tool by which to recover damages suffered due to an unreliable Postal Service. To do otherwise would represent irresponsibility of the greatest magnitude on the part of the Congress.

The bill I am offering will do just this by making the Postal Service subject to the demands of all businesses, and it will provide the citizens of this Nation with a tool by which to make the Postal Service truly what it says it is: a service.

Mr. President, this bill will simply give the average citizen the right to maintain a suit against the U.S. Postal Service and/or the United States for negligence in the delivery of mail. This newly created liability would be restricted to delayed or incorrect delivery, and would not involve liability arising from damaged parcels, which are presently covered by an optional insurance system. For example, when a citizen mails an important letter to a destination that would normally involve a 2- or 3-day delivery period, and the Postal Service does not deliver the letter until 2 or 3 weeks following the mailing of the same, and the citizen suffers a monetary loss as a result of the delay, a claim for relief would lie against the Postal Service for any actual damages suffered.

George Washington once referred to the Postal Service as "a chain that can never be broken." This addition to the United States Code would strengthen a vital link of that chain.

By Mr. ROTH (for himself and Mr. BEALL):

S. 3629. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to provide civil penalties for noncompliance with the terms and conditions of any ocean dumping permit issued thereunder. Referred to the Committee on Commerce.

Mr. ROTH. Mr. President, the purpose of the bill I am introducing today is to remove any economic incentive which an ocean dumper might have to violate orders to stop ocean dumping. It does this by automatically imposing on the dumper a penalty equal to the economic benefit realized from failure to comply with an order to halt or reduce ocean dumping.

As many Senators may recall, the Marine Protection, Research, and Sanctuaries Act was enacted in late 1972. It represented the adoption of a national policy that contamination of the great natural assets of the oceans would not be tolerated. Specifically, the law's purpose was to "prevent or strictly limit the dumping into oceans waters of any material which would adversely affect human health, welfare or amenities, or the marine environment, ecological systems, or economic potentialities." Pursuant to the authority conferred on it by this law, the Environmental Protection Agency has ordered the city of Philadlephia—which dumps 140 million pounds of sewage sludge off the Delaware and Maryland coast each year—to halt all ocean dumping by 1981, and cut it in half by 1979.

It is worth noting, I believe, that ocean dumping is considerably less expensive than the various land disposal alternatives. The cheapest land disposal method is landfilling, which is twice as expensive as ocean dumping. The more environmentally acceptable alternatives such as pyrolosis are 3 to 4 times the cost of ocean dumping. Assuming that ocean dumping costs approximately $33 per dry ton, a city such as Philadelphia can save millions of dollars a year by ocean dumping sewage sludge.

The savings, of course, are illusory. The people upstream may be saving money, but that is because the people downstream are bearing the cost. In my view, money being saved by Philadelphia is coming out of the pockets of Delaware, Maryland, and New Jersey taxpayers. The ultimate results of ocean dumping are demonstrated in the New York Bight, where a sludge blanket several feet deep has accumulated. I might add that the beginnings of such a blanket are found at the Philadelphia dump site as well.

For these reasons, the city has been required to periodically report its progress in the development of ocean dumping alternatives. In various of the reports, the city has spoken in glowing terms of the potential of landfilling sludge, applying it as a liquid or solid fertilizer, utilizing it for the rehabilitation of strip mines, incinerating it, pyrolizing it, or wet acid oxidizing it. The city has received technical assistance from the Environmental Protection Agency and, more importantly, large grants of money. Despite this, there is no record of progress toward elimination of ocean dumping. The only program which the city has developed is a so-called give-away program, in which members of the general public are urged to pick up the sludge for use on their gardens and lawns.

Clearly, such a program is not adequate by itself to dispose of 140 million pounds of sewage sludge per year. The development and implementation of land disposal alternatives requires careful and complete planning, well in advance of an actual deadline for halting ocean dumping. It was for this reason that Philadelphia was required in an earlier ocean dumping permit to develop concrete plans for implementing alternatives. In response, the city submitted a "master plan" in November 1975. In this so-called master-plan, the city proposed 10 major alternatives to ocean dumping and set for itself certain deadlines in implementing these alternatives. As a subobjective of part 1 of the plan, for instance, the city said it would start giving away sludge in the Spring of 1976. Similarly, in part 3, the city stated that plans and specifications for the complete recycling center will be prepared during the first half of 1976 so that construction contracts may be let at the beginning of fiscal year 1977.

When EPA issued its most recent permit to Philadelphia, it was conditioned on Philadelphia's complying with these and other time-phased objectives. The permit requires, for example, that the city submit plans for the recycling center by September 1, 1976, which is 2 months later than the self-imposed deadline contained in the master plan. Similar requirements were imposed elsewhere in the permit.

Personally, these requirements seem eminently reasonable. The city was required to meet deadlines which it has established for itself. There was no question of an insensitive Federal bureaucracy unilaterally imposing unrealistic requirements. These were the city's own goals. Philadelphia was being required only to live up to its word, to keep its own promises.

But to read the reaction of city officials, one would certainly never conclude this.

Shortly after the permit was issued, a city official was quoted in a local newspaper as follows:

He did not believe the city could meet the deadlines contained in the permit.

The deadlines, he said, were the result of political pressure from Delawareans, not technical information.

It was not a question of whether the city would seek an extension, but when.

Mr. President, we have dealt with the city of Philadelphia in good faith for almost 4 years. We have given officials the benefit of the doubt at every juncture. We have asked only that the city cease dumping within a reasonable time, taking into consideration financial and technical constraints. We have received promises and more promises, but we have not seen one iota of action. Personally, I do not believe this kind of duplicity should be permitted to continue.

The purpose of this bill is to insure that if an ocean dumper is saving money by violating an EPA order and continuing to dump, the savings are disgorged automatically. If the dumper realizes no benefit, then this noncompliance penalty does not come into play. Or if the reasons for the noncompliance are truly beyond the control of the dumper, then the penalty does not attach. But the dumper must prove this in a court of law.

Otherwise, if the reasons for the delay are within the dumper's control, and if there are savings to be realized, then this penalty is imposed automatically.

I would like to make it clear that this penalty is in addition to, not instead of other penalties which might be appropriate. If the noncompliance was willful, then criminal penalties might be sought. And, if the circumstances warrant, the other civil penalties contained in the ocean dumping law can be imposed.

The purpose of this bill is simply to remove Philadelphia—and other ocean dumpers as well—from temptation's door. I want to make sure that crime does not pay.

This kind of a provision has precedent elsewhere in law.

Section 6.03 of the Model Penal Code provides that criminal offenders may be fined a fixed amount or any higher amount equal to twice the pecuniary gain realized by the offender. An analogous provision is contained in Federal law relating to the loading of merchant vessels. There, the penalty for loading a vessel beyond its draft line is $500 per inch of draft in excess of the line. This is evidently an attempt to roughly equate the fine with the economic benefit to be gained from the violation.

In addition, my colleagues who are lawyers know that in equity a wrongdoer is forced to disgorge the gain realized from a breach of duties, and that unjust enrichment will not be permitted. My bill would extend this principle to the field of ocean dumping.

Mr. President, I believe this bill is deserving of support. I hope that it will be acted on speedily by the committee and returned to the floor for enactment into law.

I ask unanimous consent that text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3629

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1415 of the Marine Protection, Research, and Sanctuaries Act (33 U.S.C. 1420) is amended to read as follows:

(a) Assessment of delayed compliance penalty by Administrator; assessment of other civil penalties.

(1) Any ocean dumping permit issued under section 1412 of this Act, any condition of which requires the permit holder to cease or

reduce ocean dumping by a date certain, shall be amended to include a delayed compliance penalty, calculated and established pursuant to this section. Such penalty shall be imposed on any permit holder who does not cease or reduce ocean dumping by the date specified or in the amount required in said permit unless the reason or reasons for the permit holder's non-compliance were beyond the control of the permit holder.

(2) As an enforceable interim step under a permit, any condition of which requires the permit holder to cease or reduce ocean dumping by a date certain, issued under section 1412 of this Act, the permit holder shall furnish to the Administrator information containing a detailed description of the technology or systems proposed to achieve compliance and the estimated cost of compliance, including capital costs, debt service costs, the estimated schedule of expenditures to comply, and the estimated annual costs of operation and maintenance of any technology or systems required in order to maintain such compliance, together with such information as the Administrator may require on the economic value which a delay in compliance may have for the permit holder.

(3) (a) A notice of receipt of information pursuant to subsection 2 of this section shall be published in the newspapers in general circulation in each affected State, and such notice shall set forth where copies of the information are available for inspection and, for a reasonable charge, copying.

(b) (i) Within sixty days following the date of publication of the notice issued under paragraph (A) of this subsection there shall be published in the newspapers in general circulation in each affected State (and, as appropriate, the Federal Register) the proposed delayed compliance penalty applicable to the permit holder, with an announcement of an opportunity for a public hearing on such action.

(ii) Such proposed delayed compliance penalty under subparagraph (i) of this paragraph, determined in accordance with guidelines published by the Administrator, shall be a monthly payment in an amount no less than the monthly equivalent of the capital costs of compliance and debt service over a normal amortization period, not to exceed ten years, operation and maintenance costs forgone as a result of noncompliance, and the economic value which a delay in compliance may have for the permit holder.

(iii) The Administrator shall take final action establishing such delayed compliance penalty within sixty days after the date of publication of the proposed penalty under subparagraph (i) of this paragraph.

(4) (a) In the event a permit holder contests the delayed compliance penalty established under this section, the permit holder may within sixty days seek review of such penalty in the appropriate United States district court.

(b) (i) Except as provided in subparagraph (ii) of this paragraph, in no event shall any challenge or review taken under this subsection operate to stay or otherwise delay the obligation of a permit holder not in compliance to commence monthly payment of the delayed compliance penalty as determined by the Administrator, pending the outcome of any such review.

(ii) In any challenge of the imposition of the penalty based on an allegation that the failure to comply was due to reasons beyond the control of the permit holder, the obligation to commence monthly payment of the delayed compliance penalty may be stayed pending the outcome of such challenge: *Provided*, That as a condition of such stay, the permit holder shall post a bond or other surety in an amount equal to the potential liability for such penalty during the period of the stay.

(iii) If a permit holder is successful in any challenge or review proceedings under this subsection, the court may award such relief as necessary, including cancellation of the bond, rebate of any payments, or adjustment of the amount of payments required by the order.

(5) Willful failure to make any payment required by an order under this section and section 1412 of this Act or to submit information required under this section shall, in addition to liability for such payments, subject the permit holder to a penalty under subsection (b) of section 1415 of this Act.

(6) Any person who violates any other provision of this subchapter, or of the regulations promulgated under this subchapter, or a permit issued under this subchapter, shall be liable to a civil penalty of not more than $50,000 for each violation to be assessed by the Administrator. No penalty shall be assessed until the person charged shall have been given notice and an opportunity for a hearing of such violation. In determining the amount of the penalty, the gravity of the violation, prior violations, and the demonstrated good faith of the person charged in attempting to achieve rapid compliance after notification of a violation shall be considered by said Administrator. For good cause shown, the Administrator may remit or mitigate such penalty. Upon failure of the offending party to pay the penalty, the Administrator may request the Attorney General to commence an action in the appropriate district court of the United States for such relief as may be appropriate.

ADDITIONAL COSPONSORS

S. 2875

At the request of Mr. McGovern, the Senator from New Mexico (Mr. Montoya) was added as a cosponsor of S. 2875, to amend the Internal Revenue Code of 1954.

S. 3547

At the request of Mr. Humphrey, the Senator from New Mexico (Mr. Montoya) was added as a cosponsor of S. 3547, to amend title 38 of the United States Code.

S. 3600

At the request of Mr. William L. Scott, the Senator from Tennessee (Mr. Baker), the Senator from Arizona (Mr. Fannin), the Senator from Alaska (Mr. Gravel), the Senator from Wyoming (Mr. Hansen), and the Senator from Oklahoma (Mr. Bellmon) were added as cosponsors of S. 3600, the Federal Officials' Anti-Defamation Act.

SENATE JOINT RESOLUTION 206

At the request of Mr. Stone, the Senator from Montana (Mr. Mansfield) was added as a cosponsor of Senate Joint Resolution 206, proposing a National Leadership Conference on Energy Policy.

AMENDMENT NO. 1785

At the request of Mr. Stevenson, the Senator from Texas (Mr. Bentsen) was added as a cosponsor of amendment No. 1785 intended to be proposed to the bill (S. 3084) to extend the Export Administration Act.

AMENDMENTS NOS. 1871 AND 1948

At the request of Mr. Church, the Senator from Idaho (Mr. McClure) and the Senator from California (Mr. Tunney) were added as cosponsors of amendments Nos. 1871 and 1948, intended to be proposed to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1886

At the request of Mr. Stone, the Senator from Maryland (Mr. Beall) was added as a cosponsor of amendment No. 1886, intended to be proposed to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1902

At the request of Mr. Taft, the Senator from Oklahoma (Mr. Bartlett) was added as a cosponsor of amendment No. 1902, intended to be proposed to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENTS SUBMITTED FOR PRINTING

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976—H.R. 8603

AMENDMENTS NOS. 1971 AND 1972

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS submitted two amendments to be proposed by him to the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes.

REIMBURSEMENT OF STATES FOR INTERIM ASSISTANCE PAYMENTS—H.R. 14484

AMENDMENT NO. 1973

(Ordered to be printed and referred to the Committee on Finance.)

Mr. TAFT. The SSI program's interim assistance provisions offer a negligible-cost means of assuring that applicants receive the financial help they need while the Social Security Administration is processing their applications. Without the program, the Social Security Administration would reimburse successful applicants retroactively for the payments due during these periods. But this would be little consolation during the several months recipients sometimes must wait for eligibility determinations. Food bills, medical bills, and other necessary expenses do not wait for the Social Security Administration to make its decisions.

Theoretically, State and local public assistance programs could supply the necessary interim relief. However, many States and localities were reluctant to do so prior to the enactment of the Federal interim assistance provisions.

Their concern was that they were not assured of reimbursement by the SSI recipient once the retroactive payment of SSI benefits was made. Thus, many of those in need did not receive help, while some received double payments.

To remedy this situation, in 1974 I proposed and the Congress enacted the present interim assistance provisions. These provisions allow the Social Security Administration to reimburse State and local government agencies directly, from the recipients' retroactive SSI amounts, for any interim assistance supplied to these recipients. The recipient has to consent to this procedure at the time the interim aid is extended and is assured of receiving any retroactive SSI payment still owed to him within 10 working days of its receipt by a State or local agency.

Thus, this program leaves the decision whether to extend interim aid and in what amount to the State and local public assistance systems, but it encourages the extension of aid by providing reimbursement when the SSI payments are made. Twenty-three States, including Ohio and the District of Columbia have chosen to participate in this program; 682 local agencies, including Ohio's 88 county public assistance systems, are being reimbursed directly. Three more States are considering participation.

Through January 1976, net disbursements to participating agencies totalled $11.6 million and over 50,000 SSI applications had been involved.

Fortunately, the Social Security Administration has cut somewhat its delays in processing SSI applications. At the time the interim assistance provisions were enacted only about half of the aged SSI claims were processed in less than 60 days and half of the blind and disabled claims in less than 90 days. By August 1975, about half of the aged claims were processed in less than 30 days and half of the blind and disabled claims were processed in less than 60 days. This speed-up means that other provisions of the SSI law, allowing one-time $100 emergency advances to presumptively eligible aged citizens and SSI payments for 3 months to presumptively eligible disabled citizens, can serve adequately an increased proportion of SSI applicants.

However, there still will be thousands of these citizens who will have to rely on the interim assistance program to avoid temporary financial hardships. Furthermore, a recent HEW report to Congress on the program indicated that program's administrative costs, which constitute the only costs of continuing the program, are very low.

Thus, the report concluded that "as long as the program continues to help even a small number of people, it is worth extending," and called for making the program permanent. The report also indicated that all participating States would recommend the program's extension, as opposed to expiration.

The interim assistance provisions clearly are no substitute for further improvements in the Social Security Administration's SSI determinations process. Furthermore I realize that some would prefer to see the Federal Government take more direct responsibility for interim assistance, and I have proposed legislation (S. 1514) which would move in this direction in some respects. But the present program is working and should be retained, at least until Congress agrees upon a better approach. I am proposing a 2-year extension, rather than a permanent program, to help assure that the program receives continued congressional scrutiny.

The only substantive change in the program which I am proposing would allow State and local agencies a maximum of 15 working days, rather than the present 10, to pay SSI recipients any retroactive amount still owed them after the interim and reimbursement has been deducted. I originally proposed the present limit to assure that recipients receive this money reasonably promptly. However, although the average times nationwide are within the 10-day limit, a significant number of State and local agencies may be discouraged from participating in the program by it. The result is less interim and extended and greater possibilities of double payments to recipients.

The additional 5 working days I am suggesting could draw more agencies into the program, without adversely affecting recipients to any great extent. They would be receiving SSI checks for the current month in any event, and the law still would direct remaining retroactive SSI payments to be made "as expeditiously as possible".

I ask unanimous consent that the amendment be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1973

On page 1 of the bill, insert after line 5 the following:

Section 1631(g)(4)(A) of the Social Security Act is amended by striking out "ten" and inserting in lieu thereof "fifteen".

AMENDMENT NO. 1974

(Ordered to be printed and to lie on the table.)

Mr. LONG, from the Committee on Finance, submitted an amendment to be proposed to the bill (H.R. 14484), supra.

Mr. LONG. Mr. President, on June 25 the Committee on Finance met to take up measures which have a June 30 deadline. At its meeting the Committee on Finance ordered reported four bills in this category. A fifth bill, H.R. 14484, dealing with SSI and child support, has not yet passed the House of Representatives. The committee agreed that this bill would be held at the desk, and that committee amendments dealing with SSI and child support would be offered to the bill.

Since the bill will not be referred to the Finance Committee, no report will be filed on the committee amendments. In order that Senators and interested persons may have the benefit of the kind of description of the amendments which would ordinarily appear in the committee report, I ask unanimous consent that this information be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF PROVISIONS OF H.R. 14484, AS AMENDED BY THE COMMITTEE ON FINANCE—SUPPLEMENTAL SECURITY INCOME AND CHILD SUPPORT AMENDMENTS

SUPPLEMENTAL SECURITY INCOME (SSI)

Interim assistance

Claims for SSI from aged, blind and disabled individuals sometimes encounter processing delays. A temporary provision enacted in 1974 authorizes agreements between the Federal Government and participating States under which the States will provide aid during the processing period. If the individual is subsequently found to have been eligible for SSI, his first check containing his retroactive entitlement will be paid to the State. The State, in turn, will deduct the amount of interim aid it had furnished in the retroactive period and pay the remainder to the individual applicant. (If the individual is found to be ineligible for SSI, no reimbursement is provided to the State.) The law establishing this procedure provided that it would expire June 30, 1976 and requiring the Department to report its views and recommendations by May 1, 1976. This report has been made and recommends indefinite extension of this provision.

The House bill would make the provisions for this interim assistance procedure permanent. The Finance Committee recommends that the House provisions be agreed to.

Food stamp eligibility of SSI recipients

At present, SSI recipients are eligible for food stamps in all States except California, Nevada, Massachusetts and New York. In those four States, recipients are excluded from the food stamp program because the States receive additional Federal funding under a special SSI savings clause which takes into account the fact that the States pay a State cash benefit which has been raised to compensate for the loss of food stamps. The present situation, however, is based on temporary legislation which expires June 30, 1976. The law which would take effect as of July 1, 1976 would make the food stamp eligibility of SSI recipients in all States dependent upon an individual assessment of a complex set of factors. This provision is generally considered to be unworkable. The House bill would extend the present situation for an additional year.

The provisions of existing law which expire on June 30 were originally recommended by the Committee on Finance and approved by the Senate as permanent provisions. The House of Representatives has, however, only been willing to agree to them on a temporary basis in the past. Earlier this year, the Senate approved a bill revising the Food Stamp program which again included a section making the existing SSI/food stamp relationship permanent. That legislation is now pending in the House of Representatives, but it will not be acted on in time to meet the June 30 expiration date of the present law. The Finance Committee recommends that the one-year extension in H.R. 14484 be agreed to. This should give ample time for further consideration of the permanent change proposed in the Food Stamp bill.

Under the continuation of present law proposed in the House-passed version of H.R. 14484, however, SSI recipients in three States (California, New York, and Nevada) would become eligible for food stamps for the first time because the SSI savings clause will phase out of existence in those States as of July 1, 1976. The State of California has indicated that it would prefer for SSI recipients to continue to be ineligible for food stamps, and instead receive a somewhat higher level of cash benefits under the State-funded supplementary payments program. The Finance Committee recommends an amendment to the House bill under which at the State's option SSI recipients in that State would continue to be ineligible for food stamps—provided that the State enacts legislation to increase its State supplementary payments. The State legislation would have to assure SSI recipients an increase in total monthly income effective July 1976 of $3 ($4.50 for couples) over the amount they would have received under existing State law, and an increase in income in future years equal to the full amount of any increase which takes place in Federal SSI benefit levels.

These increases would have to be made over and above any increases in income which would result from the operation of State law as in effect on June 1, 1976.

The State would be able to deny food stamps to its SSI recipients only so long as these conditions with respect to higher cash benefits continue in force. If the State ceases to comply with these conditions, SSI recipients would become eligible to participate in the food stamp program. In addition, the State could at its option elect to restore food stamp eligibility to SSI recipients. The cost of the increased State supplementary benefits would be borne entirely by the State.

Child support—Continuation of Federal matching for State child support programs

The child support program enacted as part of Public Law 93-647 requires States to make available services for the determination of paternity, child support collection and enforcement. These services would be available to public assistance recipients and those individuals not on public assistance. Federal sharing in the cost of services for persons not on welfare are scheduled to expire on June 30, 1976. The House bill would extend the matching until June 30, 1977. The Finance Committee recommends approval of this provision.

In addition, the Committee recommends approval of the provisions described below.

Clarification of garnishment provisions (section 4 of the bill)

In the months since section 459, which provides for garnishment of Federal payments, became effective on January 1, 1975, a number of questions have arisen as to the intent of the Congress with respect to certain provisions, and as to procedures which should be followed in the implementation of the provisions by Federal agencies. The Committee amendment provides necessary clarifying language to remove the uncertainty which presently exists on the part of beneficiaries of support and alimony orders, their counsel, and agencies of government.

District of Columbia (sec. 4(a)).—The garnishment provision as reported by the Committee and enacted into law is applicable to moneys due from, or payable by, the United States, including any agency or instrumentality thereof. It was the view of the Committee that this language was sufficiently clear to include employment with the District of Columbia. Because a question has been raised about whether the language of the statute adequately spells out the intent of the Congress, the Committee amendment would add specific reference to the District of Columbia.

Conditions and Procedures (sec. 4(b) (2).—The Committee amendment includes a number of provisions which would establish various conditions and procedures to be followed under section 459. It specifies that service of legal process brought for the enforcement of an individual's obligation to provide child support or alimony is to be accomplished by certified or registered mail, or by personal service, upon the person designated to accept the service for a governmental entity. The process must be accompanied by sufficient data to permit prompt identification of the individual and the moneys which are involved. These provisions will permit inexpensive and expedited service and will enable the agency to respond in an efficient way.

Federal employees whose duties include responding to interrogatories authorized by law would not be subject to any disciplinary action, or civil or criminal liability or penalty for, or on account of, any disclosures of information made in connection with the answering of such interrogatories.

The amendment also provides that the head of a govermental entity or his designee shall have 30 days (or a longer period if provided by applicable State law) from the effective date of service within which to respond to interrogatories or to legal process seeking the payment of child support or alimony obligations. The Federal Government is so large and its activities and offices are so numerous that a reasonable time for response is required to permit identification of the proper account, ascertainment of the sufficiency of process, and consultation with counsel.

As a protection to the employee, however, the amendment also would require that the person who is served must, as soon as possible but within no more than 15 days, inform the employee whose money would be affected that the process has been served.

To avoid the problems which might ensue if Federal agencies were compelled to alter their disbursement cycles to accommodate payments due for child support or alimony, the amendment specifically provides that government entities shall not vary their normal pay and disbursement cycles in order to comply with any such legal process. Generally, disbursements of regular periodic payments of remuneration for employment are computerized. However, process served upon an agency may unreasonably require that a pay check of a certain date be held up when in fact such process was not received in time to permit the reprogramming of the computer run affecting that particular check. In other instances a writ may call for deductions which are more or less frequent than the times the individual is actually paid. The Committee amendment would avoid very substantial additional costs to the Government and serious inconvenience or hardship to thousands of others affected by the computerized payrolls.

The Committee amendment provides that neither the United States, any disbursing officer, nor governmental entity shall be liable with respect to any payment made from money due an individual pursuant to legal process regular on its face, if the payment is made in accordance with the section and the regulations issued thereunder. This provision would protect the United States and its employees with regard to actions they are required to perform.

Issuance of Regulations (sec. 4 (c)).—Section 459 has no provision specifically authorizing the issuance of regulations relating to the administration of the functions with which each of the three branches of Government is charged under the garnishment law. Considerable delay and confusion have ensued since the enactment of the provision in January, 1975, and there are still no regulations relating to this statutory provision. The General Accounting Office has recommended clarification of the garnishment law by providing for specific authority to issue regulations, commenting in a recent report that "the garnishment provision in section 459 should be expanded to specifically provide authority to one or more organizations to issue implementing regulations." The Attorney General has sent to Congress a legislative proposal aimed at clarifying the regulatory authority. The Committee amendment would clarify the situation by adding a new section 461 to Title IV which vests the authority to issue regulations for section 459 in (1) the President, for the Executive Branch, including the territories and possessions of the United States, the United States Postal Service, the Postal Rate Commission, any corporation the majority of the stock of which is owned or controlled by the Federal Government or any agency or instrumentality thereof and the Government of the District of Columbia; (2) the President pro tempore of the Senate and the Speaker of the House of Representatives jointly for the Legislative Branch, and (3) the Chief Justice of the Supreme Court for the Judicial Branch.

The Committee amendment also provides that regulations issued for the three branches of Government are to include (1) a requirement that the head of each Governmental entity involved shall cause to be published in the appendix of the regulations the designation of the agent or agents for service of process, identified by title of position, mailing address and telephone number, and (2) an indication of the data reasonably required in order for the Governmental entity promptly to identify the individual with respect to whom legal process is being brought.

These provisions will eliminate the problems Government attorneys and private practitioners have had in determining how to effect service of process in order that their clients may obtain the benefit of the garnishment statute. They will make it possible for the Government attorney and the private practitioner to easily locate the person who is to receive the process, and to know the kinds of information which must be provided to enable the governmental entity to identify the employee concerned.

The amendment would require that heads of givernmental entities or their designees respond to relevant interrogatories, if authorized by the law of the State in which legal process will issue, prior to formal issuance of the process, upon a showing of the applicant's entitlement to child support or alimony payments.

The amendment also makes clear the procedure to be used in case of disputes which may arise when two or more parties seek to attach the safe payments with legal process issued from more than one source. It provides that if a governmental entity is served with more than one legal process with respect to money payable to any individual, then the money shall be available on a first-come-first-served basis. This simple approach to such situations should expedite agency action and eliminate the need for lengthy procedures during which the individual concerned will not have his income subject to garnishment from any source. Subsequent process will be satisfied out of money remaining after satisfying a prior process.

Definitions (sec. 4(d)).—The Committee amendment would add a new section to part D to define the terms used in section 459.

United States.—Present law provides that moneys due from or payable by "the United States (including any agency or instrumentality thereof and any wholly owned Federal corporation)" shall be subject to legal process brought for the enforcement of legal obligations to provide child support or alimony as though the United States were a private person. Because questions have been raised about what the term "United States" means for purposes of the provision, the Committee amendment adds a definition which makes clear its intent that the term includes all three branches of government—legislative, judicial and executive, and each and every department, agency, or instrumentality of any such branch, including the Postal Service, the Postal Rate Commission, any wholly-owned Federal corporation, any office, commission, bureau, or other administrative subdivision, and the governments of the the District of Columbia and the territories and possessions of the United States.

Child Support.—The Committee amendment would provide a definition of the term "child support" which states clearly that it means, when used in reference to the legal obligations of an individual to provide such support, any periodic payment of funds for the support and maintenance of a child, and (subject to and in accordance with State law) includes (but is not limited to) payments to provide for health care, education, recreation, clothing, or other specific needs. Uncertainty whether agencies can pay court-ordered attorneys' fees, interest, and court costs is removed by the Committee's definition. These are included when and to the extent they are recoverable pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

Alimony.—The Committee amendment would define "alimony" for purposes of section 459, when used in reference to the legal obligations of an individual to provide the same, to mean periodic payments of funds for the support and maintenance of the spouse (or former spouse). It (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support. This definition is in keeping with the increasing State use of "support" terminology instead of "alimony". The same provisions relating to attorney fees, interest, and court costs as are provided with regard to "child support" are also included with regard to alimony. The amendment also clarifies the Committee intent that "alimony" does not include payments or transfers of property made in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses.

Private person.—The definition provides that "private person" means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

Legal process.—This term is defined for purposes of section 459 to mean any writ, order, summons or other similar process in the nature of garnishment which is issued by a court of competent jurisdiction, or by an authorized official pursuant to State or local law, and which is directed to, with the purpose of compelling a governmental entity which holds moneys otherwise payable to an individual to make a payment to another party in order to satisfy a legal obligation for child support or alimony payments. Thus legal process includes the statutory remedy for recovery of support and maintenance under the Aid to Families with Dependent Children program which is provided in the law of the State of Washington, and other States which may have similar statutes. (See the Comptroller General's decision on this issue, published at 55 Comp. Gen. 517 (1975).

Moneys, the entitlement to which is based on remuneration for employment.—When the Committee made its report on the child support amendments in 1974, it stated:

"The Committee bill would specifically provide that the wages of Federal employees, including military personnel, would be subject to garnishment in support and alimony cases. In addition, annuities and other payments under Federal programs in which entitlement is based on employment would also be subject to attachment for support and alimony payments. This provision would be applicable whether or not the family upon whose behalf the proceeding is brought is on the welfare rolls. It would also override provisions in various social insurance or retirement statutes which prohibit attachment or garnishment." (S. Rept. 93–1356)

Although the intent of the Congress would appear to be clear from this report language, questions as to the applicability of the statute to social insurance and retirement statutes have arisen. Other questions as to the kinds of remuneration which are covered by the statute, such as commissions or bonuses, have also been raised.

To remove the possibility of confusion as to the intent of the Committee, the amendment adds a definition of "remuneration for employment" which covers compensation paid or payable for personal services of an individual, whether wages, salary, commission, bonus, pay, or otherwise, and includes but is not limited to severance pay, sick pay and incentive pay, but does not include awards for making suggestions. It also includes periodic benefits (as defined in section 228(h)(3) of the Act) or other payments to an individual under the insurance system established by Title II, or any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents or survivors' benefits, or similar amounts payable on account of personal services performed by any individual. It excludes payments under any Federal program established to provide compensation for Black Lung benefits or for deaths suffered by Federal employees or any payment by the Veterans Administration as compensation for service-connected disability or death.

Thus, the provisions of section 459 would apply, in addition to those already mentioned, to payments under (1) the Civil Service Retirement program, (2) the Retirement and Disability System established for employees of the Foreign Service, (3) the various retirement, annuity, and survivor benefit plans and programs established for members of the Armed Services or employees of the United States, (4) the Railroad Retirement Act and the Railroad Unemployment Insurance Program, (5) beneficiaries of life insurance policies provided under Government programs where the amount of coverage is directly or indirectly based (wholly or in part) on the amount of remuneration for the employment involved, (6) the Federal program for Compensation for Work Injuries of Federal employees (but not death benefits hereunder), and (7) the Longshoremen's and Harbor Workers' Compensation Act (but only in cases were the payments are made by the United States).

The provision would not apply to reimbursement of expenses incurred by an individual in connection with employment or allowances in lieu thereof; e.g. per diem, mileage allowance, travel and transportation allowances, cost-of-living allowances, military quarters and subsistence allowances, uniform and clothing allowances, overseas station allowances, Armed Forces Health Profession scholarship stipends, and other similar work related expenses or allowances.

It would not apply to State or locally administered programs even though such programs have been established under Federal auspices and there is Federal participation in the costs thereof simply because the benefits paid out are not paid by the Federal Government. The State unemployment compensation programs are prime examples of this category. It should be emphasized that the fact that Section 459 is applicable to particular moneys does not necessarily mean that those moneys will be subject to legal process; it merely means that the question of whether such moneys will be subject to legal process will be determined in accordance with State law in like manner as if the United States were a private person.

The Committee amendment would also specify exclusions which are to be made in determining the amount of money due from or payable by the United States to any individual for purposes of section 459. Thus, the amendment would exclude amounts which are owed by an individual to the United States; are required to be, and are, deducted from the remuneration of other payment involved, including, but not limited to, Federal employment taxes, survivor benefit program contribution, fines and forfeitures ordered by court-martial; are properly withheld for Federal, State, or local income tax purposes, if the withholding is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1954 may be permitted only when such individual presents evidence of a tax obligation which supports the additional withholding); are deducted as health insurance premiums; are deducted as normal retirement contributions (without supplementary coverage); are deducted as normal life insurance premiums (without supplementary coverage).

Limitation on Percentage of Wages Subject to Legal Process (sec. 4 (e)).—There is no limit in Federal law on the percentage of wages or other payments which may be garnished for child support or alimony under court order. Many States may garnish 100 percent of wages and others may collect 100 percent of wages through wage assignment. Because of the arrearages that have resulted through incomplete payments (or no payments) or child support and alimony orders, the wages or the annuities of a number of people have been garnished at 100 percent for periods of many months and even years. This has sometimes caused the second families of the fathers in those cases to face financial ruin. It would be of questionable equity to place a limit on section 459 which affects only Federal employees and do nothing for other persons faced with financial ruin which cannot be avoided even under the bankruptcy provisions since both child support and alimony are exempt from bankruptcy. To provide equal treatment to all persons and not just the Federal employee, the Committee amendment would, therefore, modify the provisions of the Consumer Credit Protection Act (15 USC 1673 (b)) which now permit 100 percent of wages to be garnished for child support and alimony, by setting a limit of 50 percent on the amount of wages or other employment related income which is subject to garnishment for child support and alimony for a person supporting a second family and 60 percent for a person who is not—plus an additional 5 percent in each situation if there are outstanding arrearages.

The Committee amendment would also bring in conformity the workings of the garnishment law under section 459 and 15 USC 1673(b)(1) by amending the provisions of the Federal garnishment law (which now only specify court support orders) to include orders issued in accordance with an administrative procedure, which is established by State law and which affords substantial due process, and is subject to judicial review.

Bonding of State and local employees (sec. 5).—The new child support legislation is expected to result in the collection by State and local agencies of increasingly large amounts of money. Although normal procedures would seem to call for the bonding of employees who are responsible for handling this money, it has come to the Committee's attention that this is not the case in all instances. The Committee amendment would therefore require bonding of all State and local employees, or employees of contractors used by agencies, who handle the collection of or accounting for child support payments. The Committee amendment would also provide for the separation of the functions of collection of money from accounting by requiring that individuals responsible for handling the money not be the same individuals who are responsible for the accounting of such money. The principles, standards, and related requirements prescribed by the U.S. Comptroller General concerning control over collection of funds require that persons responsible for handling cash receipts should not participate in accounting or operating functions which would permit them to conceal in the accounting records the misuse of cash receipts. Again, however, the Committee is aware that these procedures are not always followed. The Committee amendment would make clear in the law that this kind of precaution must be taken in all States and localities. The child support program is in the early stages of implementation. The purpose of the Committee amendment is to prevent abuse in this program before it has started, and to preclude some of the kinds of problems which have arisen in other programs.

Incentive payments to States and localities (sec. 6).—Section 458 provides for incentive payments to States and localities for the purpose of encouraging broader participation in the child support program. It provides that if a political subdivision of a State or another State collects the child support payment, it is entitled, for the first 12 months of collections, to 25 percent of the amount retained by the State in which the recipient family lives. This 25 percent is paid from the Federal share. After the first year the collecting unit of Government is entitled to 10 percent of the amount retained. This provision has two potentially negative features: It encourages States to concentrate on new cases in order to get the higher percentage payment at the expense of older cases; and it creates serious administrative complications in calculating the amounts payable.

The Committee amendment would change this provision to allow the payment of a single uniform percentage of 15 percent for all incentive payments, without regard to the time period of collections, an approach recommended by the GAO, in their recent report on child support legislation.

Demonstration projects (sec. 7). The basic research and demonstration authorization for health and welfare programs under the Social Security Act is in section 1115. However, the provisions of that section do not apply to part D of Title IV. This means that there is no authorization for experimental, pilot, or demonstration projects relating to the child support program. Such projects could be particularly useful in promoting the development and more effective implementation of this new program by the States, and therefore the Committee amendment would extend this provision to include projects under Part D. The amount of money now authorized for section 1115 purposes is $4 million. There has been no increase in this amount since 1967 when the Senate accepted a Finance Committee amendment to increase the demonstration authorization to $10 million. The Conference would not accept the Senate increase but did agree to increase the amount from $2 million in effect then to $4 million. The Committee amendment would increase the authorization to $8 million to insure adequate funds for the new child support projects.

Reporting Requirements (sec. 8). Present law requires that the Secretary of HEW submit an annual report to the Congress on all activities under the child support program. The law does not specify the kinds of information which should be included in these reports. However, in view of the newness of the program, the dearth of information which is currently available on the subject of child support, and the propensity of the Administration to overlook the importance of program data for evaluation purposes, the Committee amendment spells out in the law some of the kinds of information which are necessary for program evaluation. Examples are data (for both AFDC and non-AFDC families) on program costs, collections, court support orders, paternity determinations, and parents located in sufficient detail to show the cost and benefits to the States and Federal Government of child support programs; and data showing use by States of the Federal Parent Locator Service, use of provisions for IRS collections, use of Federal courts, and the number of cases by State in which AFDC applicants refuse to cooperate in identifying and locating the absent parent.

The Committee amendment also provides that annual reports be submitted to the Congress within three months of the end of each fiscal year to assure the possibility of prompt and current evaluation of program developments. The first annual report would be due October 1, 1976, three months after the end of FY 1976.

BUDGETARY IMPACT OF H.R. 14484

The Finance Committee estimates that the enactment of H.R. 14484 with the amendments recommended by the Committee would be consistent with the budgetary totals included in the First Concurrent Resolution on the Budget for Fiscal Year 1977.

1. Extension of interim assistance program.—This program has no impact on Federal budget authority or outlays in the fiscal period beginning July 1976 or in any subsequent year.

2. Extension of provisions governing food stamp eligibility of SSI recipients.—The permanent law provisions which would become effective if this amendment is not enacted would result in some persons now eligible for food stamps becoming ineligible and some persons now ineligible becoming eligible. Those provisions have never been in effect since they are generally recognized as unworkable. The Committee on Finance believes that the amendment should be considered as a continuation of present law with no budgetary implications.

3. Optional exclusion of SSI recipients from food stamps in California.—The amendment proposed by the Finance Committee which would permit California to continue the exclusion of SSI recipients from food stamps is estimated to reduce budget authority and outlays by $50 to $60 million in fiscal year 1977. The Committee accordingly would revise its allocation of budget totals for fiscal year 1977 as indicated in Senate Report 94-949 by changing the controllable budget authority and outlay totals for the Aid to Families with Dependent Children program from $-0.2 billion to $-0.1 billion and by adding a category "Food stamp program" for which the Committee will allocate as controllable amounts of budget authority and outlays $-0.1 billion.

The Committee estimates that a reduction in Federal budget authority and outlays ranging from $50 to $75 million can also be anticipated in each of the subsequent five fiscal years under this provision. However, the Committee notes that this savings would not take place if California elects to restore the food stamp eligibility of SSI recipients.

4. Child support provisions.—The provision of the bill extending Federal matching for the costs of providing child support and paternity determination services to non-welfare families until June 30, 1977 would result in increased Federal budget authority and outlays of $3.1 million in the period July-September 1976 and $14.7 million in fiscal year 1977; it would have no budgetary impact in succeeding years. The provision revising the application of incentive payments to units of government collecting child support on behalf of other governments is estimated to reduce federal budget authority and outlays by $4.6 million in July-September 1976 and $22.2 million in fiscal year 1977. Comparable savings in the range of $20 to $30 million per year are estimated for this provision in each of the five subsequent fiscal years. The increased authorization for research projects would, subject to appropriations action, increase Federal budget authority and outlays by $4 million in fiscal year 1977 and in each of the five subsequent years. For purposes of indicating the relationship between this bill and the allocation of budget totals for fiscal year 1977 under Senate Report 94-949, the Committee on Finance estimates that there would be an overall net reduction in Federal budget authority and outlays, of an entitlement nature, amounting to $7.5 million as a result of the child support provisions of the bill. This would fall within the $—0.2 billion in controllable amounts shown for the Aid to Families with Dependent Children category shown in Senate Report 94-949. (As indicated above, that $—0.2 billion would be modified by other provisions of this bill to $—0.1 billion).

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1977—H.R. 14232

AMENDMENT NO. 1975

(Ordered to be printed and to lie on the table.)

Mr. DURKIN submitted an amendment to be proposed by him to the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1976

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Phillip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, Mr. Mondale, and Mr. Proxmire) submitted an amendment to be proposed by them jointly to the bill (H.R. 10612) to amend the tax laws of the United States.

NOTICE OF HEARING TO DISCUSS DROUGHT DISASTER PROGRAMS

Mr. McGOVERN. Mr. President, on behalf of two subcommittees of the Committee on Agriculture and Forestry, I wish to announce that a hearing will be held at 9 a.m. Thursday, July 1, on legislation to deal with current drought conditions in the upper Midwest and with chronic disaster conditions affecting many agricultural areas of the United States.

The hearing will involve S. 3564, introduced by the Senator from Minnesota (Mr. Mondale), which would provide emergency transportation payments to deliver hay to livestock producers in drought-affected areas. But beyond this specific emergency measure, we will be considering a longer range view of disaster problems that may arise in the future.

Testimony will be presented by administration, congressional, and public witnesses in 322 Russell Senate Office Building, and persons who wish to testify should contact the committee hearing clerk at 202/224-2035 before the close of business on Tuesday, June 29.

The hearing will be conducted by the Subcommittee on Agricultural Credit and Rural Electrification, of which I am chairman, and the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, of which the Senator from Kentucky (Mr. Huddleston), is chairman.

My subcommittee is concerned because of its jurisdiction over emergency disaster loan programs for farmers in drought and other disaster areas, and Senator Huddleston's subcommittee is concerned inasmuch as it has jurisdiction over S. 3564 and several other programs of the Department of Agriculture which affect disaster areas.

ADDITIONAL STATEMENTS

SILENT LEARNING

Mr. HOLLINGS. Mr. President, I am pleased to bring to the attention of my colleagues in the Senate information I recently received from the president of Gallaudet College, Dr. Edward C. Merrill, Jr.

Dr. Merrill and his staff are outstanding leaders in the education of children with special needs, and we are very proud of the services being provided at Gallaudet which serve as models for the entire Nation.

I ask unanimous consent that Dr. Merrill's letter and a Wall Street Journal article about Gallaudet be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

GALLAUDET COLLEGE,
Washington, D.C., June 14, 1976.

HON. ERNEST F. HOLLINGS,
Subcommittee on Labor, Health, Education, Welfare, Washington, D.C.

DEAR SENATOR HOLLINGS: As someone who is interested in and committed to providing quality education services to deaf young people, I thought you would be interested in the enclosed article from the Wall Street Journal.

We are all working toward meeting the needs of deaf students and toward providing the most comprehensive system of education possible. As attention focuses more on the role of the public schools in educating all handicapped children, we must not overlook the valuable resources assembled in special schools and the role of special schools in educating handicapped children.

We need to keep four important points in mind as we review the various options for educating handicapped children. All handicapped children are not alike and even children with the same handicap may require different types of services. Therefore, there should be as wide a variety of programs as possible to respond to the educational needs of handicapped children.

We should not be naive about the need for special services. Children with severe handicaps such as deafness need highly specialized and high quality services ranging from counseling to audiological services. When such services are not provided adquately, the school program becomes a restrictive environment for a handicapped child. Further, when such specialized services are provided adequately, the cost of the local school program will be substantially the same if not more than the cost of a special school.

Finally, we must remember that a parent has the right to choose the educational program which he or she feels best meets the needs of his or her child.

What deaf children need is to have the same opportunities as their hearing peers to choose from a variety of educational programs and to find the environment in which they can achieve and succeed.

Sincerely yours,

EDWARD C. MERRILL, Jr.,
President.

[From the Wall Street Journal, May 13, 1976]

SILENT LEARNING: AT INNOVATING COLLEGE, DEAF STUDENTS RECEIVE A FULL CAMPUS LIFE

(By Roger Ricklefs)

WASHINGTON.—Scores of spectators at the Gallaudet College theater chattered amiably in sign language. As the house lights dimmed and the college production of "The Fantasticks" began, they grasped rubber balloons between their finger tips. Feeling sound vibrate on the balloons, these deaf men and women followed the rhythm of the popular musical.

In the orchestra pit, singers and musicians who can hear provided the sound, while on stage deaf student actors and actresses played their roles in sign language. All the songs were translated into signs and rearranged where necessary so that the hand movements kept time with the music. The show played to a sell-out audience of hearing as well as deaf spectators last year and became a hit of the sign-language theater.

Success in unlikely projects such as musical theater for people who don't hear is nothing new for Gallaudet, the world's only liberal-arts college for the deaf. Over the years, Gallaudet (pronounced Gall-o-det and named after Thomas Gallaudet, a pioneer in education of the deaf) has dramatically helped expand society's idea of what the deaf can do and has found ways to offer its 1,000 students a remarkably complete college experience.

The college offers courses in conversational French and public speaking. It sponsors an annual "Miss Gallaudet" contest whose winner later competes nationally for the title of "Miss Deaf America." Its football games come complete with cheerleaders who urge the "Bisons" to victory in sign language.

EXPANDED OPPORTUNITIES

"Gallaudet gives me a chance to do things I could never do in a hearing college," says Barbara Goettseh, a junior from Iowa who has been vice president of her class and Queen of the Gallaudet Homecoming.

Gallaudet even holds dances. Students keep time to the vibrations of hired rock bands that play as loudly as possible. A group of students actually started their own rock band last fall. "It was a wild idea, but we wanted to prove that deaf people can do more things," says Steven Longo, leader of the new band. Mr. Longo, who is himself extremely hard of hearing rather than deaf learns a new song by playing a record on a highly amplified phonograph time after time and then, trying the song on his guitar. "I try to play the bass note first to get the rhythm. It may take a week to learn one song," he says.

"We try to find songs with a simple beat so that people can follow the vibrations easily," Mr. Longo adds. As the band plays extremely loudly, some students also catch part of the music through their residual hearing. (Most deaf people—some say all—can hear some noises, even if they can't differentiate them well. A deaf person is simply one who can't hear and understand speech.)

LINCOLN'S LEGISLATION

A rock band at a college for the deaf clearly represents a startling change. When President Lincoln signed the 1864 legislation that chartered the federally supported Gallaudet College, it was widely assumed that the deaf couldn't benefit from college. This notion still prevails in much of the world.

But in the U.S. today, education for the deaf and other handicapped is booming, and Gallaudet is a leader in developing new techniques. This role is important because 1.8 million Americans are deaf and another 12 million have hearing impairments.

Given its leadership role, Gallaudet is inevitably caught up in passionate battles in the deaf world over teaching methods and competing sign language systems. Yet the pleasantly landscaped campus of low, red brick buildings certainly doesn't look like any hotbed of controversy or scene of innovation. Students dressed in blue jeans stroll leisurely across the spacious lawns exchanging sign language chitchat in eerie silence.

Extracurricular activities are popular, and Gallaudet has long supported a full athletic program. Indeed, the college says that in the late 19th Century, it invented the modern football huddle as a way to prevent opposing teams from reading its sign language instruction. The athletic program often requires greater than normal amounts of practice to compensate for advantages a hearing person takes for granted. For instance, deaf outfielders don't hear a baseball bat hit the ball and therefore tend to get a late jump on fly balls, says Martin Minter, Gallaudet's baseball coach.

"SILENT SPORTS"

But Gallaudet piles up respectable records against hearing colleges. Students who do well in Gallaudet athletics often go on to compete in the "Deaf Olympics," the International Games for the Deaf organized by the 42-nation International Committee of Silent Sports. Some alumni have also been elected to the Hall of Fame of the American Athletic Association of the Deaf, one of numerous groups of all sorts in the increasingly organized deaf community.

The instructional program relies heavily on visual aids. About 25% of the professors themselves are deaf, and the others must pass a test in sign language, which takes roughly as long to learn as a foreign language.

Obviously, students in the conversational French course that started last fall can't hear how to pronounce "bouillabaisse" and "Clemenceau." But Catherine Ingold, the instructor, finds she can spell out the words in the same phonetic alphabet the students use in learning to pronounce English words. Gallaudet also offers a regular speech therapy program. Students use techniques like feeling the throat of the therapist and observing their mouths in mirrors to improve the speech they never hear.

Outside of college work, students tend to be avid fans of foreign movies with written substitles. They patronize a popular cellar beer hall operated by the Student Union. Some also play a sign-language version of "Scrabble" called "Keep Quiet," which is sold in the Student Union book store. The store also sells such items as a T-shirt inscribed "Let's Talk," that portrays all the letters of the American Sign Language alphabet.

Students live in dormitory rooms that appear decorated mainly with the standard props of U.S. college rooms, such as Indian print bedspreads and Spanish travel posters portraying flamenco dancers. Among the few unusual features are heavy wood doors with large metal plates at the bottom. As a discreet knock will obvious prove futile, a visitor is supposed to announce his arrival by kicking the door to creat a vibration—a standard procedure in the deaf world. Fire alarms on campus all use flashing lights instead of bells.

Most Gallaudet students say they chose the college because the special facilities and the association with other deaf people allow them to have a full college experience with easy communication. "I didn't go anywhere else because I was worried about how I would get along; I felt I would always be writing notes," says Carolyn McCaskill, a junior. While most Gallaudet students were born deaf or became deaf in infancy, Miss McCaskill says she gradually lost her hearing as a child. Like 63% of all Gallaudet students, she attended a residential high school for the deaf.

At Gallaudet, she became a cheerleader. And last March, presenting a skit based on interpreting a Diana Ross song, she won the Miss Gallaudet talent contest. She says she plans to become a teacher or social worker for the deaf.

Indeed, about half of Gallaudet's graduates take jobs in education of the deaf. The others enter many professions such as computer programming, accounting and library work. Nearly 50 private companies now recruit on campus. Practically all the graduates get jobs, but many still find advancement in their jobs blocked at an early stage, says Marilyn Galloway, the placement officer.

EVENING COURSES

Besides educating college-age students and placing them in jobs, Gallaudet offers sign-language evening courses to 300 hearing adults. It helps community colleges across the nation establish adult education classes with sign-language instructors and special materials. It even helps train deaf leaders in how to lobby for deaf rights.

Gallaudet also operates model secondary and elementary schools that develop and test special teaching materials and techniques. A simple example is a book on textures that includes swatches of terry cloth, aluminum foil and other materials. These allow the child to feel what words like "rough," "smooth" and "silky" mean. Aids to vocabulary building are often essential because the deaf child never hears words that most children hear time and time again from infancy. This is why deaf children average lower on reading achievement tests than other youngsters even though they are equally bright.

Techniques Gallaudet develops are used in programs at all levels across the country. In the last six years alone, scores of local school districts and at least 26 colleges have established special programs for deaf students. The National Technical Institute for the Deaf at the Rochester (N.Y.) Institute of Technology, founded eight years ago, enrolls over 600. Gallaudet's example has helped show many of these institutions what could be accomplished. "Largely because of Gallaudet, the United States is the undisputed leader in the higher education of the deaf," says Jerome D. Schein, director New York University's Deafness Research and Training Center.

But Gallaudet College and its model schools have their critics, especially among advocates of the growing "mainstreaming" trend in education of the handicapped. These advocates contend that special institutions isolate the handicapped and encourage dependency. They favor use of regular schools with special classes and tutors as needed.

SELECTIVE MAINSTREAMING

Edward C. Merrill Jr., Gallaudet's president, contends that the mainstreaming concept is fine for some students and ineffective for others. He also contends that many mainstream programs don't provide the services needed. "My fear is that parents may take pride in saying, 'My daughter is going to the neighborhood school,' when in fact she isn't learning a darn thing," he says.

There are other battles too. Gallaudet stresses use of "total communications," a combination of spoken language and signs, each meant to reinforce the other. Some educators shun the signs and stress a strict "oral" approach. They contend that this forces students to develop their lipreading ability and residual hearing and thus adapt best to life in a hearing world.

Total-communications fans argue that many deaf people find lipreading strenuous, if not impossible. Only about 30% to 40% of English words can be "read" on the lips, and the rest must be guessed, they observe.

But even within the total communications camp, battles range over sign-language systems. In one corner is American Sign Language, (Ameslan), an independent language quite different from English in both grammar and "wording." In the other corner is Signed English, a direct translation of English into manual signs. To top it off, there are several regional dialects of Ameslan, Ameslan slang and various competing systems of Signed English.

Gallaudet uses Signed English in formal class room work, but many students use Ameslan among each other. Ameslan is much simpler and faster than Signed English—and faster than spoken English, for that matter. Signed English fans say Ameslan isolates the deaf from the rest of America because it isn't directly based on the English language. Ameslan fans say Signed English enthusists are literary snobs.

The controversy is so intense that it has become the subject of a satirical sign-language play, which has been performed at Gallaudet. A kind of "Pygmalion" of the deaf world. "Sign Me Alice" involves an innocent, unpretentious girl named Alice who normally uses Ameslan. She falls under the influence of an intellectual mentor who tries to teach her the more socially prestigious Signed English. Eventually disillusioned with her mentor, Alice meets a humble, sincere young man who also has his doubts about Signed English. The young couple go off and sign unpretentious Ameslan to each other happily ever after.

"STEADY AS YOU GO!"

Mr. MATHIAS. Mr. President, tall ships from all over the world arrived in Newport to revive for all of us the romance of sea and sail. But the voyage, which was undertaken as a part of the Bicentennial commemoration, did more than recall the way of life during the Revolution.

On the way to Newport, the fleet of tall ships was becalmed for a time. It was a strong reminder of the dependence of man on forces that we cannot control and often do not fully understand.

The tall ships were greeted in Newport by the kind of celebration that John Adams had prescribed, including "solemn acts of devotion to God Almighty."

At a service yesterday at historic Trinity Church in Newport a Bicentennial sermon was preached by the Very Reverend Francis B. Sayre, Jr., Dean of the Washington Cathedral.

Dean Sayre's sermon is thoughtful and eloquent. He considered both the joy of reaching harbor and also the equipment that every man and woman needs for a safe voyage.

I ask unanimous consent that Dean Sayre's sermon be printed in the RECORD.

There being no objection, the sermon was ordered to be printed in the RECORD, as follows:

BICENTENNIAL SERMON: "TALL SHIPS AT NEWPORT"

"STEADY AS YOU GO!"

(By the Very Reverend Francis B. Sayre, Jr., Dean, Washington Cathedral)

On tossing sea or smooth, the ancient order to the helm links generation after generation of seafarers, keeping to their courses upon the deep, pitting their purpose against the primevil power of wind and wave and unseen current.

"Keep your stem to the heading: leave a straight wake astern!" That would have been John Cabot's instruction to his quartermaster in the tiny ship "Mathew" in the year 1497 as he made for what he thought would turn out to be the oriental Isles of Spice, only to find that he and his 18 men had arrived 52 days out of Bristol, on the foggy coast of Labrador.

A century later navigators knew a little more about geography, enough so that the ltitle "Golden Hind" could make it 'round the world in two years, four months. Think of the patient courage of Francis Drake and his men that survived those watery years, and in the long mid-watch ever bade the steersman, "Steady as you go!"

Steady course, steady purpose! Have they not ever been married upon the sea?

Vessel "Mayflower", 180 tons burden, setting sail in 1620 from Old England, in quest of a New, the eyes of all 100 passengers bent firmly upon the west, where God might make a fresh beginning with them, and they with God.

"Constitution", "Constellation", "Flying Cloud", ships of war and ships of peace, whalers and clippers and coast-wise schooners; they bred all of them a sturdy race, looking to the stars by night and the horizon by day for those unswerving signs by which a mariner is guided: by which he may discern that same "Father of Lights" of whom the Bible speaks, *"with whom is no variableness neither shadow of turning."* (James 1:17)

Thus are we grateful, on this Sunday of national remembrance, to all these Captains and their crews who have sailed across the rolling main, and come at last to this ancient port, to remind us of our youth, and to refresh our hope. They man a fleet of beautiful and stately grace, built like ships before them of the skill of careful artisans; and sailed by courage in the tops, and discipline upon the deck below, by those who have striven to embody the plain and precious blessings with which the continent came to be endowed. Their word to us this morning, and to all of America, is simply that the landfall is the same as it was 200 years ago. The course is constant; the goal unchanged. "Steady as you go."

So should a nation's purpose be: fixed and clear. To build in the great shipyard of this land a vessel for all of us, tall enough to go anywhere and everywhere the spirit might ordain, yet so stoutly fastened in her every timber—ribs to keel, knees to ribs, planking on top and masts stepped in between—that no storm should breach her hull or undo her patient plan.

Such a ship, hewn in responsibility, but with freedom at her prow, was the little bark that was launched to independence two centuries ago. And other men on other shores watched the pennants atop her spars, to see which way she would fly, or whether it was all just a dream. How many since then have followed in her train!—as now this bicentennial fleet from their several coasts across the sea.

But these sailors also know, what some citizens have forgot in this latter day; that no purpose is achieved, nor any course made good upon God's ocean, until first you have trimmed your sails and set the helm to fit His winds and the set of His tide upon the deep.

Keen is the mariner's eye to discern those telling signs upon the clouds, at the line 'twixt sky and water, or on the crest of waves where the spindrift blows; by which he might foretell the bluster or the calm; the weather God has in store for him.

And if he is so fortunate as to find a wind that blows from Heaven exactly in the direction he would go on earth, then easy and gay the skipper who can barrel down before that wind, all canvas set, rolling along upon the bosom of the blast. This has been America in these latter times; affluent and easy, not having to work very hard to run out her log; just cruising wing and wing, tide and breeze at her back, the men lolling upon the deck, a beer in their hand.

But more often in this world it is a headwind that we face; then, though the bearing of your destination be precisely the same, you have to tack—back and forth, back and forth; close-hauled; wind in your face, spray on your legs; fingers white upon the sheet, body tensed against the bucking tiller; fine tuning your lively lady to the majestic forces of splendid Creation: and so wresting from that opposing wind the destiny of your desire.

That's when your boat must needs be staunch and true, well braced and put together and, lithe like a living thing. And that is when the sailor too is on his mettle, no less in command for all his reverence in the presence of a power mightier than his own.

This also I take to be the message of these tall ships, coming here on freedom's birthday: their voyage is made to demonstrate that liberty is not the toy of whim, not mere indulgence of each sailor's dream, or any citizen's selfish wish: but rather is founded upon a deeper consonance with those eternal laws which God ordained to rule the universe: laws of brotherhood, laws of truth, laws of love and sacrifice and the humble integrity of self-discipline. You go by His wind! for these are the laws "whose service is perfect freedom".

Let us remember that They are given by that "Father of Lights, with whom is no variableness, neither shadow of turning," that same God whose Word to us in the centuries ahead can be naught else but simply and quietly: "Steady as you go."

THE TIDEWATER STRIDERS TRACK CLUB

Mr. HARRY F. BYRD, JR. Mr. President, I wish to extend my compliments today to the members of the Tidewater Striders Track Club for their unique contribution to our Nation's Bicentennial program.

Acting in relays, the members of the track club ran from Jefferson's home, Monticello, in Albemarle County, Va., to the steps of the Capitol of the United States, a distance of 120 miles.

They brought with them a copy of the Declaration of Independence signed by Frank L. Hereford, Jr., president of the University of Virginia. I accepted the document at the Capitol on behalf of my colleagues in the Congress.

The relay began at 12 noon Saturday, June 26, and ended at precisely 1 p.m., Sunday, June 27.

The president of the Tidewater Striders Track Club is Mr. Robert Jennings of the city of Chesapeake.

Those who participated in the relay, varying in age from 9 to 55, demonstrated patriotism the hard way. I commend them for this Bicentennial activity.

ENERGY CONSERVATION WITHOUT CONGRESS

Mr. PERCY. Mr. President, if this Nation continues to consume energy in the same profligate way that it has in the past, we will become dependent on external energy sources to such a degree that our national security may be compromised and future generations may not be able to enjoy the kind of prosperity that now sustains us. Congress has recognized the need for conservation of our existing energy resources, and has mandated certain measures to encourage more reasonable energy consumption measures.

Specifically, the Energy Policy and Conservation Act of 1975 was an attempt to reduce the daily waste of millions of barrels of oil in energy-inefficient automobiles, a source which presently consumes a substantial proportion of our oil bill. We cannot allow our limited energy reserves to be wasted in the tanks of fuel inefficient cars when it is apparent that the costs of such luxury will be shouldered by unborn generations.

This institution has tried in the past few years to guide our society toward greater energy consciousness, but still has not done enough. A bill which I originally introduced, fully supported by Senator Jennings Randolph, set the national speed limit at 55 miles per hour and was designed to prevent unnecessary squandering of gas, but general disregard by the public aided by the proliferation of citizen's band radios, warning of "Smokey" patrols, has undercut that energy conservation measure.

In light of such failure to face up to the realities of the energy crisis, Congress must continue to point out the direction of necessary change. Some opponents of big government decry such guidance because it reduces the immediate choices available to the free market; but Congress must advocate such policies because they will, in a broader sense, sustain the Nation's ability to make future choices.

The task of defending our long-term interest is not a pleasant one for those of us who wish to satisfy the preferences and priorities of the present. However, a well-reasoned national policy must emphasize issues which are important, and not just immediate.

I want to draw to the attention of my colleagues an article on this subject by George Will which appeared in the May 31 issue of Newsweek magazine. I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Taking a Ride With Ronnie

(By George F. Will)

Ronald Reagan recently found himself in Detroit, in front of a spiffy audience, the Economic Club. With the insouciance that makes politicians do daring deeds with careless smiles, he praised the automobile. His words were well received, especially those deploring the yoke of government oppression under which the automobile industry labors. Then his listeners went home to cold stone slabs in Grosse Pointe dungeons, or wherever the oppressed lay their weary heads.

Reagan's Detroit message is worth pondering, and not just because one in ten American jobs is related to the manufacture, maintenance or operation of automobiles. His words display a troubling aspect of his brand of conservatism.

Reagan warned that "the automobile and the men and women who make it are under constant attack from Washington." The attackers are "elitists . . . some of whom seem obsessed with the need to substitute government control in place of individual decision making." He cited the Energy Policy and Conservation Act of 1975:

". . . It mandated gasoline mileage standards which by 1985 will have the effect of forcing Detroit to make some 80 to 90 per cent of its automobiles subcompacts or smaller . . . The bill regulates the marketplace, dictates to the consumer and, in the process, will make Detroit's unemployment problem worse than it already is. In fact, because it takes less manpower to make these small cars . . . the unrealistic fuel-use standards . . . would cost at least 200,000 Michigan workers their jobs . . ."

OFFENSIVE STANDARDS

Today the booming automobile industry does *not* resemble a patient etherized upon a table. The law that Reagan believes may etherize Detroit mandates a 50 per cent increase (based on the 1973 average) in fuel efficiency by 1980.

In 1973, the new-car average was 13.2 miles per gallon. The new law requires a 1980 average of 20 mpg. The industry's compliance will "produce" 2 million barrels of oil a day. That is like constructing another Alaska pipeline. The lash of the law, not market pressures, will accomplish this. And it makes economic sense. The cost to the industry of complying with the law will be passed on to car buyers. But that cost will be much less than the higher fuel costs consumers would have paid to operate the less economical cars which, but for the new law, Detroit would have produced.

The 1985 standards that offend Reagan require a 27.5 mpg new-car average. The standards petrify General Motors, which guesses that "85 per cent of all the new cars built in 1985 and after can be no heavier than today's Chevrolet Vega."

GM is underestimating itself. Performance standards will continue to stimulate technological innovations; the Vega is not the last word in combining size and efficiency. And new technologies may not cause unemployment. They may be especially labor intensive. Anyway, the labor content of automobiles varies less with their size than with the optional equipment that adorns them.

The national interest in oil conservation is patent. Domestic production is in the sixth year of decline, a million barrels a day below the level when the embargo began in 1973. We are importing 42 per cent of the oil we use, up from 29 per cent in 1972. One week this spring we set a dismal record: imported oil, and products, exceeded domestic production.

THE BIG-CAR COMEBACK

Automobile efficiency is the heart of the matter. We burn 50 per cent of our oil on highways. In the first eight days of July 1975, vacation travel days, Americans used as much oil as the U.S. Armed Forces used in 1944, the most strenuous year of World War II. But there remains the unassailable core of Reagan's case against the new law: it "regulates the marketplace, dictates to the consumer . . ." Indeed it does.

Everything we know about past and present consumer preferences, and the American psyche, supports Reagan's judgment that unfettered consumer demand would cause Detroit to produce different cars—heavier and more powerful—than Detroit must produce to comply with the law. Big cars are staging a strong comeback. *Vox populi, vox Dei.* Then the voice of God is the voice of the Detroit woman who, when car shopping in May, declared: "I want to buy a car when it's still a car, and not one of those small things."

Volumes of U.S. history are packed into that woman's disdain of "small things." And the essence of Reagan's conservatism is in his defense of her sovereign right to indulge her disdain.

Of course, a government must be generally predisposed to respect the ordinary desires of ordinary people; otherwise it cannot live in harmony with the governed. But Reagan seems more than just generally predisposed. In his enthusiasm for the market mechanism is an unsettling indiscriminateness, a breath of dogmatism and perhaps a confusion about the purpose of government.

There are sober people of understanding and goodwill who believe the new fuel-efficiency standards are mistaken. Reagan's criticism is defensible. But the fact that the standards interfere with market choices is not itself a sufficient ground for defense.

At birth (say, for fun, in 1776: the publication of Adam Smith's "Wealth of Nation's") the free-market doctrine was utilitarian. It subsequently has become in some circles, slightly mystical. Some conservatives cling to it with the unreasoning intensity of swimmers clinging to rocks in a riptide.

A free market is a nifty arrangement for recording preferences and allocating resources accordingly. But there is a point at which the obeisance of political persons before market decisions is, like other forms of populism, an excuse for not leading. At that point free-market principles are less an aspect of their political philosophy than a substitute for political philosophy.

A RESPONSIBLE STATE

The state is more than a device for serving the immediate preferences of its citizens. Its purpose is to achieve collective objectives, and the collectivity—the nation—includes a constituency of generations not yet born. That is why the state, unlike an economic market, has responsibilities, and must look down the road farther than citizens generally look in their private pursuits. Thus the state's legitimate purposes are more complex than the sum of citizens' private purposes; the public interest is not just the automatic, unguided outcome of the maelstrom of private interests. A conservatism that cannot comfortably accommodate these elementary truths is unserious, and irrelevant to the political economy of our nation.

Surely the art, the drama of democratic government derives from this fact: the long-term interests of the nation frequently are not the short-term desires of the majority. Reagan's Detroit remarks, including the tiresome, reflexive denunciation of "elitists," raise doubts about his understanding of that.

KERMIT GORDON'S LEGACY TO THE AMERICAN TAXPAYER

Mr. PROXMIRE. Mr. President, one of the most remarkable economists and administrators who has served in Washington in the last 20 years, Kermit Gordon, died recently.

Hobart Rowen has written a moving and eloquent tribute to Mr. Gordon. The essence of the Gordon legacy as Rowen sees it was that Government is not the evil, uncontrollable monster that many have charged—that it is manageable.

One contribution to this manageability has been overlooked and in Rowen's brief article, Rowen does not mention it. That is Gordon's struggle to secure a basis for measuring productivity in the Federal Government.

CAN GOVERNMENT PRODUCTIVITY INCREASE?

One of the prime reasons for the scorn of Government in this private enterprise society of ours has been the assumption that while some Government services are essential and can only be performed by Government, the Government itself is a deadweight burden that muddles along and is incapable of productivity improvement.

When he first became budget director, Kermit Gordon attacked this myth a unique little study of Government productivity in some half dozen agencies.

He studied man-hour inputs and the resulting production. He found that each of these agencies had some productivity improvement and some of them enjoyed a remarkable increase.

Gordon then began a movement to measure productivity throughout the Federal Government. That movement has been proceeding apace in recent years and is one of the contructive elements of good news that simply has not been reported.

STAATS, MORRIS, AND INK

Led in recent years by Comptroller General Elmer Staats, Tom Morris, and GSA's Dwight Ink, a committee on Federal Government productivity has now succeeded in measuring productivity in more than 60 percent of the jobs in the Federal Government.

This can be immensely helpful in providing that primary need that we politicians talk about but so rarely act to achieve: holding down Federal spending without reducing services.

In fact, increased productivity by those the taxpayer hires to work for him in Government is the only way we can get our money's worth out of Government. This is in no small part, a Gordon legacy.

For a quick major turnaround in the size of Government, it is of course necessary to make the painful decision to discontinue some of the services Government performs. There is little chance to achieve this, but there is some chance to resist the extension of Government activity and meanwhile to work to improve productivity and thus the burden of what Government is doing now. With Federal Government productivity improving at a rate of 2 percent per year and the economy growing in real terms at a rate of 3 percent per year, the burden of Government can ease sharply in a relatively few years.

GORDON LEGACY

The great contribution of Kermit Gordon in this struggle was to highlight and underline the possibility of making real progress by focusing our attention on improving the productivity of our Federal workers.

Here is why this focus is so essential: There is a powerful incentive in private enterprise to improve productivity.

Take a worker paid $5 an hour for producing four widgets at a labor cost of $1.25 a widget. The firm increases the worker's production to five widgets an hour and the labor cost drops to $1 for each widget. Result, an increase profit on every widget of 25 cents an hour. For a small firm with a hundred workers, each working a standard 2,000 hours per year, that a nice, tidy $50,000 annual increase in profits. The motivation is emphatic and effective. That profit motive gears private industry to increase productivity. That is the name of the game.

WHY NOT GOVERNMENT?

Now, how about the Government? If a Government agency has 1,000 cases to process in a week and has 100 employees working directly on those cases, with a quota of 10 cases per employee, what happens if you increase their productivity so each worker can handle 11 cases per week? Result: You can get rid of 9 or 10 employees. But do you? Obviously, the taxpayer would benefit from this, but not the employees, and not those who make the decision—that is, the Government executive in charge. He makes no direct profit from this productivity increase. What is worse, he is likely to face a demotion because his empire has shrunk from 100 employees to 90. He has a smaller shop, less apparent justification for his rating. So why go to all the trouble of finding ways to get more work out of the work force?

Now here is where the Gordon-inspired productivity measurement comes into play. Once you establish the principle of measuring productivity for Government employees by agency and job, then you have an independent basis for evaluation of the job the employee is doing and the executive in charge is doing. Rewards and incentives can be based on what workers produce.

HOW GOVERNMENT CAN DO IT

Obviously the rewards cannot be as powerful and forceful in Government as they are in private industry, but they can be clear and definite. Ratings, and promotions can be geared to productivity almost as emphatically in a Government agency as in a very large business. The emphasis has to be emphatic and the reinforcement of productivity as a goal has to be expressly rewarded, but it can be done.

Slowly and quietly this managerial revolution is moving through the Federal Government. In the past few years, more and more Government jobs have been measured, more and more Government employees are being recognized and rewarded for their productivity, and, believe it or not—and it does indeed take some believing—the taxpayer is probably beginning to get a little more for his tax dollar.

Kermit Gordon started something and Elmer Staats, Dwight Ink and especially the hard-working Tom Morris are carrying on in a way that unfortunately few taxpayers know about.

Mr. President, I ask unanimous consent that the article to which I referred, by Hobart Rowen, published in Sunday's Washington Post, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOCIETY AND THE FAITH OF KERMIT GORDON

[By Hobart Rowen]

"I inherited a lot of talent from Kennedy," Lyndon Johnson once said, "but no one better than (Kermit) Gordon." That says almost all of it, Kermit Gordon, head of the Brookings Institution, who died last week in Washington at age 59, was a solid and wise citizen—affable, compassionate, witty and urbane.

He came to Washington from Williams

College in 1961 to join the Council of Economic Advisers, excited, he once told me, at being a member of a team that might translate into reality the Kennedy promise "to get the country moving again."

In later years, at Brookings, he may have turned a trace more conservative. Certainly, the public perception of a Brookings identity with Democratic Party politics bothered him, and he tried to defuse it.

Gordon never fell into the Washington trap of seeking power for power's sake. My mind goes back to the time he was called to the phone during a dinner party in 1965. Later, I found out it was President Johnson at the other end, tempting Gordon with the job of Secretary of the Treasury.

But Gordon turned him down, and held fast to his plan to leave as budget director to go to Brookings, firmly believing that LBJ needed a banker or financial man, rather than an economist, to succeed Douglas Dillion. For most men, principle would have succumbed to ego under the weighty honor of the Treasury job.

Gordon had another great gift, not bestowed on all economists: He knew how to make the jargon of the trade come out in nice, smooth English. But it was not simply the deft turn of phrase that distinguished Kermit Gordon's efforts. There was substance and imagination as well.

In the extraordinary gifted Kennedy CEA, if Chairman Walter W. Heller (who recruited the other members) was the salesman and educator, and Yale's James Tobin the moral conscience, Gordon was the work horse.

He was the one who devised the famous 1962 wage-price guidelines for "non-inflationary behavior." This, of course, caused organized labor to cool on Gordon—an attitude that continued while he served, as a good soldier, on the Nixon pay board in 1972. Gordon, for his part, viewed labor with a jaundiced eye. He felt the unions in recent years had come up with few new ideas.

Gordon will be known best for his years as budget director, first under Kennedy, and then under LBJ, with whom he established an extraordinary relationship. In his first session with the new president, in that traumatic weekend following the Kennedy assasination, Gordon told LBJ that there was still time for an "LBJ imprint" to be put on the budget for fiscal 1965.

He gave Johnson the idea that the budget total—which liberals were fighting to pump up to $103 billion—could be brought in under $100 billion, establishing Johnson as an economizer and man of action.

Attention thus was focused by administration publicists on that mystical and almost meaningless $100 billion benchmark. When Gordon produced a $97.9 billion budget, Johnson was hailed as a hero by the Congress and the business community, and Gordon had cemented a solid and influential role with LBJ.

Johnson demanded Gordon's almost constant attendance. Once, having discovered that the budget director and his wife Molly had gone off to a concert, LBJ snarled the next morning: "Well, playboy, I hope you had a good time."

To those who saw the Williams College liberalism dissipating under the Johnsonian influence, Gordon once said in an interview with Newsweek: "It's just nonsense to think that the liberal point of view must be associated with loose spending." Liberals, he wrote later, are as apt to confuse "profligacy with progress" as conservatives are to mix up "parismony with economy."

One of his most tireless crusades was against pork-barrel legislation, especially the billions for water control. "Can you imagine spending all that money to reclaim land, and then using the whole damn area to plant crops already in surplus?" he once exploded.

Yet Gordon had no patience with the sort of disillusion with government articulated in the late 1960s by campus radicals and black leaders (who should have known better, he thought).

He liked, as he would say, to take the "non-apocalyptic" view of things, whether it related to inflation, the oil embargo, or social crisis. The Kermit Gordon philosophy in essence, was that the people's problems are many, but manageable.

"I come away with the feeling that this society is going to get better marks than it seems to be earning right now," he told the Women's National Democratic Club in 1969. If it does, it will be because of the faith of individuals like Kermit Gordon.

FEDERAL LABOR LAWS UNFAIR TO JOURNALISTS

Mr. FANNIN. Mr. President, for some time I have favored comprehensive reform of our Federal labor laws. In light of recent disclosures concerning alleged illegal activities involving the Teamsters and links between organized crime and elements of the labor movement, it is clear that labor reform is long overdue.

One of the first reforms that needs to be enacted is to amend the Federal statutes governing labor-management relations, notably the National Labor Relations Act and the Railway Labor Act. These laws create hardships and injustices for many workers, particularly for working journalists and students. I have introduced legislation to correct these problems, S. 2721, the Journalists' Freedom of Choice Act. This legislation would provide for an exemption for journalists and students respectively from the requirements of union membership or the payment of union dues or fees in lieu of membership.

Mr. President, upon introducing S. 2712, I indicated my belief that the Federal labor laws create an unconstitutional infringement on journalists' rights of free speech. Individuals employed as columnists, broadcast journalists, commentators or critics on public issues find they must join a union or pay fees to a union in order to hold a job. Thus, journalists employed in the electronic or print media must subject themselves to membership requirements and union discipline in order to express their views on controversial issues of public importance. When the union orders a strike, they are even prevented from practicing their chosen profession. This, in my view, amounts to an unconstitutional prior restraint on free speech by government. It has produced a chilling effect on journalists' first amendment rights and freedom of expression.

The case that best illustrates the unfortunate effects of Federal law upon the free press and the rights of journalists was Buckley, Evans, et al. against AFTRA. As my colleagues will recall, the American Federation of Television and Radio Artists, AFL–CIO, required William F. Buckley, Jr., and M. Stanton Evans, the conservative columnists-commentators, to join the union as a condition of being employed by the national media. Buckley and Evans carried their complaint against AFTRA all the way to the Supreme Court which denied their petition for writ of certiorari, and thus refused to decide the basic issues in the case.

The failure of the highest court to hear the case left standing the decision of the U.S. Court of Appeals from the Second Circuit. The appellate court had held that the first amendment was not so "exalted" as to forbid a law effecting a prior restraint of speech where there is a "proper governmental purpose," such as reducing industrial strife, and thus the forcible collection of union dues from the petitioners was permissible and appropriate. In effect, the court of appeals said that since Messrs. Buckley and Evans were receiving benefits from AFTRA, they should pay union dues or fees.

The second circuit court held that it did not have to decide whether full membership in AFTRA was, in fact, required, as the union had contended, since along the way AFTRA, by changing its position in the case, had already conceded that employees like Buckley and Evans did not have to become members in good standing. The appellate court indicated, however, that the NLRB had jurisdiction to issue declaratory orders that petitioners did not have to become union members to hold jobs as network commentators-journalists.

Accordingly, Buckley and Evans went back to the National Labor Relations Board to seek a declaratory decree. The union contended that the NLRB did not have the power or authority to issue the order unless the petitioners filed unfair labor practice charges, which they had not. Further, the union contended that the case was now moot since it had dropped its allegation concerning compulsory union membership and thus, there was no justiciable issue. Finally, in March of this year, the NLRB decided that, first, petitioners were indeed correct: there is no legal requirement of union membership other than possibly the payment of fees; but second, it is unnecessary to determine whether the Board has authority to issue a declaratory order because the case is moot.

In effect, the NLRB decision told Buckley and Evans: "You're right on the law but we can't grant you a remedy." The difficulty is that in order for the rights of these journalists to be protected they need a court decree or an NLRB order requiring the television networks to stop discriminating against them because they refuse to join the union. Not surprisingly, in the wake of the NLRB decision, Buckley and Evans have been advised by the broadcasting companies that they cannot be hired unless they retain their membership in AFTRA.

Undeterred, Messrs. Buckley and Evans have been advised by the broadcasting companies that they cannot be hired unless they retain their membership in AFTRA.

Undeterred, Messrs. Buckley and Evans have filed a new complaint in the Southern District of New York. They are suing the union and the National Labor Relations Board asking that court to order the Board to issue the requisite order. They have alleged an abuse of discretion by the Board for not having provided them adequate relief to insure that their rights would be protected.

So, Mr. President, the story of Buckley and Evans against AFTRA continues. Unfortunately, the issues involving journalists' freedom of choice in labor relations remain unresolved, and their rights of free expression are left unprotected. Clearly, there is a solution which the Congress could provide to insure that the rights of journalists and of America's electronic and printed press are preserved. The remedy is for Congress to enact legislation such as S. 2712 to provide an exemption in the Federal statutes for journalists from the law's exclusive representation provisions. Passage of such legislation would clarify the rights of employees under the Federal labor laws and would resolve the issues raised by the Buckley case. Such legislation would also strengthen first amendment guarantees for journalists employed by the press, radio and television as columnists, commentators and critics on public issues.

Mr. President, for better understanding of the quandary in which Messrs. Buckley and Evans now find themselves, I call to the attention of my colleagues two articles written by these distinguished journalists.

As Buckley indicates, the National Labor Relations Board pats you on the head but does nothing to protect your rights. I quote him:

> Everyone concerned fawns over the rights Mr. Evans and I enjoy under the Constitution of the United States. We don't have to be members . . . don't have to accept union discipline . . . don't have to observe a picket line in order to give our views over the airwaves. But prospective employers insist on membership. It is, to use carefully the overused word, Orwellian: the bureaucrat's solution: everyone get rhetorical satisfaction, and nothing changes.

Mr. Evans makes another point. It is no longer disputed—and the courts have made it clear—that it is unlawful to compel someone to join a labor union and to remain a union member in good standing, even though required by union contract. A union may demand payment of dues or fees, but full-fledged membership is illegal. The problem is that even though the courts and unions know this to be true, employers are still insisting that their workers join a union. As a result, as Mr. Evans put it,

> The labor chieftains are having their cake and eating it, too. Out on the job market where the contracts are signed, members recruited, and dues money collected, employees are told they have to join up, period. But in the rarefied atmosphere of court and hearing room, where few employers ever tread, the unions concede that compulsory membership is legally verboten. And on the basis of this concession, the NLRB dismisses the whole affair because "there is no justiciable issue." . . . If this is indeed the shape of the law, the point should be made known to American workers confronted daily by demands for compulsory membership. Why isn't it.

Mr. President, I ask unanimous consent that the complete texts of the article by William F. Buckley, Jr., from the Washington Star of March 21, 1976, and the article by M. Stanton Evans from Human Events of June 12, 1976 be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Star, Mar. 21, 1976]

NLRB PATS YOU ON HEAD, BUT DOES NOTHING

(By William F. Buckley Jr.)

Would you care for an example of the reasons why some people die young, and lose their marbles?

1. 1964. I find a note from my secretary on my desk: "WFB: I have been asked to pass this message to you from the American Federation of Television and Radio Artists—you cannot appear on any more radio or TV unless you become a member of AFTRA." A little while later a Mr. Groot, the local executive secretary of AFTRA in New York—which is the union that decides whether you listen to Walter Cronkite, or for that matter Archie Bunker—used plain language and wrote me. "Since AFTRA has the union shop in all of its collective bargaining agreements it is necessary that persons who appear on radio or television in AFTRA-covered employment be members of AFTRA within the period prescribed by law."

2. So, with my colleague M. Stanton Evans, I filed a lawsuit. In the course of the argumentation, AFTRA abruptly changes its position. It says I don't have to be a member of the union—merely pay dues and initiation fee. Not a cent for tribute, say I. The lower court sides with me, but the higher court disagrees on the question of whether I need to pay dues, and suggests we knock on the door of the National Labor Relations Board for advice, which we do.

3. The National Labor Relations Board finds—for AFTRA. But on the following grounds: that "there is no justiciable issue." After all, says the NLRB, AFTRA agrees that Buckley doesn't have to join the union, so what is there to settle? Indeed, AFTRA, in its legal brief, said that it had "stated publicly and repeatedly that the only 'membership' requirement it can impose upon petitioners as a condition of employment is payment of initiation fees and dues."

4. But, in fact, AFTRA has not "publicly and repeatedly" made any such statement. In its copious literature, it has not repeatedly made any such assertion. Nor has it ever accosted the question why Mr. Evans and I should enjoy liberties not extended to, say, Mr. Eric Sevareid and Mr. Dan Rather.

5. Meanwhile, I write to a broadcast company that has the standard contract fifth AFTRA. It happens I plan to do business with this company and I ask now whether I can drop membership in AFTRA inasmuch as AFTRA has said repeatedly (but only before courts of law) that I don't have to join. The company writes back that under Paragraph 84 of the Code of Fair Practice, which is a part of their contract with AFTRA, it is the company's responsibility to see to it that all contractees belong to AFTRA. The company added that if its own "contract with AFTRA is ever amended or revised so that (the company) is no longer under a duty to broadcast only AFTRA members we should be glad to reconsider our position with respect to you. Until then we must comply with our contract with AFTRA and insist on your continued membership as a condition of your employment."

6. So that you have the court of appeals and the National Labor Relations Board saying to you, in effect, that you have nothing to complain about, since everybody agrees that you are right. It is as though Party A sued Party B for $10,000 allegedly owed. Party B replies by saying: "As a matter of fact, you are quite right—I do owe you the money." With which facts before it, the courts decline to award a judgment to Party A on the grounds that it is redundant. Meanwhile, Party A, trying to get his hands on his property, is ignored, and is frustrated by Party B's instructions to its bank to refuse to honor any request by Party A for restitution.

It is all so cozy this way. Everyone concerned fawns over the rights Mr. Evans and I enjoy under the Constitution of the United States. We don't have to be members . . . don't have to accept union discipline . . . don't have to observe a picket line in order to give our views over the airwaves. But prospective employers insist on membership. It is, to use carefully the overused word, Orwellian: the bureaucrat's solution: everyone gets rhetorical satisfaction, and nothing changes.

What next? One would not think the issues at stake so subtle that they should escape the capacity for discrimination of the eminent men whose burden Mr. Evans and I and the National Right to Work Defense League have been carrying for lo these many years. But alas many prominent broadcasters would rather praise the First Amendment than call for its enforcement.

[From Human Events, June 12, 1976]

WORKERS DON'T HAVE TO JOIN UNIONS

(By M. Stanton Evans)

How many people are aware that it is against the law, anywhere in the United States, to compel somebody to be a member of a labor union?

Believe it or not, that is the case—so stipulated by spokesmen for the unions and by the National Labor Relations Board. Contrary to general belief, a union can't force you to be a member to get employment where it has a contract. The most it can require is payment of dues. But full-fledged membership is absolutely out.

Here is the way the National Labor Relations Board has put the matter: "There is no dispute, and the law is absolutely clear, that a union, pursuant to a union-security clause validly authorized . . . can only require the payment of periodic dues and initiation fees after the statutory 30-day period and cannot, under any circumstances, require 'full-fledged membership or any other type of membership."

Moreover, according to the NLRB, an employer can't fire you for refusing to join a union. The board advises that "a termination of employment for reasons other than nonpayment of such dues and fees would be a violation of the [National Labor Relations] Act. Likewise, a refusal to employ an individual who refused to become a 'member' of . . . any . . . union would also be a violation of the Act."

This interpretation was handed down by the NLRB in a recent action brought by William F. Buckley Jr. and myself against the American Federation of Television and Radio Artists, a union of which we have been compulsory members. While focused specifically on AFTRA, the ruling by its ample language embraces compulsory union membership of every type. And what it tells us is that such membership is flatly against the law.

The curious thing, however, is this: Though the NLRB informs us that there is no question about the illegality of compulsory membership, and even though the lawyers for AFTRA acknowledge as much, nobody seems to know this is the law. Indeed, it is common practice for workers to be told they "must join the union" as a condition of employment, and for such requirements to be written into union contracts. So far as I know the recent utterance of the NLRB has done little to change this.

In its legal pleadings, AFTRA says that "in conformity with applicable law, [it] has stated publicly and repeatedly that the only 'membership' requirement it can impose upon petitioners as a condition of employment is payment of initiation fees and dues." Yet the standard AFTRA contract with broadcasters requires them to say "we will employ and maintain in our employment only such persons covered by this agreement as are members of the American Federation of Television and Radio Artists in good standing. . . ."

Needless to remark, it is the latter construction that prevails in the real-world marketplace of broadcast journalism. Last fall, for instance, Buckley asked the producers of his "Firing Line" show, RKO General, if he could drop out of AFTRA membership and still continue to broadcast. The answer was an emphatic "no."

"Unfortunately," the president of RKO told Buckley, "our own contract with AFTRA is perfectly clear in this respect; we may not broadcast anyone in 'covered employment' (which you are) unless he is a member of AFTRA 'in good standing.' AFTRA has always been very insistent on the enforcement of this provision."

All of which is standard procedure in the broadcast industry, well known to everyone. Thus a few months back, William A. Rusher executed a contract with NBC in New York to broadcast commentaries, and asked if he could avoid the requirement of union membership and still go on the air. He received the following answer from NBC:

"You will note that under the terms of paragraph 16 of this proposal you are obligated to become a member of AFTRA. I am aware of your feeling with respect to joining AFTRA, but I am afraid our labor agreement with AFTRA makes it impossible for us to accommodate you.

"Your employment with us falls under the terms of the current AFTRA Code of Fair Practice for New York Local Television Broadcasting; and, pursuant to paragraph 84 of that agreement, you must apply for membership with AFTRA no later than the 30th day following the beginning of your employment.

"Should you elect not to comply with the foregoing, we will have no option except to discontinue your employment relationship with us."

So, the labor chieftains are having their cake and eating it, too. Out in the job market where the contracts are signed, members recruited, and dues moneys collected, employes are told they have to join up, period. But in the rarefied atmosphere of court and hearing room, where few employes ever tread, the unions concede that compulsory membership is legally verboten. And on the basis of this concession, the NLRB dismisses the whole affair because "there is no justifiable issues."

It may be argued that, in financial terms, the shift from compulsory membership to compulsory dues is a distinction without a difference—and I for one object to having my dues money siphoned off by this coercive process. Nonetheless, the dividing line between dues and membership is significant: In terms of union discipline, going out on strike, suspension, and the like.

If this is indeed the shape of the law, the point should be made known to American workers confronted daily by demands for compulsory membership. Why isn't it?

POSTAL SERVICE

Mr. McGOVERN. Mr. President, in spite of a pledge last year by the Postmaster General to the contrary, it appears that the U.S. Postal Service has launched a major effort to curtail service in our rural areas. In pursuit of the penny-wise, pound-foolish notion of efficiency, USPS officials also have adopted questionable tactics in order to pressure small communities into accepting inferior postal arrangements.

A typical pattern has developed in South Dakota, and presumably in other States as well, in which USPS officials descend upon small communities without warning, demanding that local postal patrons make immediate choices about alternative types of postal service. Without sufficient time for discussion, some towns have been pressured into choosing a so-called community post office in place of regular rural delivery. This ill-named option transfers responsibility for mail delivery from the Postal Service itself to a local contractor. It almost inevitably leads to a decline in the quality of service.

On January 29, I introduced a bill, S. 2898, which would, among other things, establish an orderly procedure for evaluating the implications of proposed route consolidations and postal facility terminations. It would require the Comptroller General to undertake a study in each case of proposed closure, specifically to include the likely implications for cultural life, the local economy and the conduct of Federal Government business. The bill would prohibit closure of any existing facility until the required study has been completed.

Mr. President, I am proud to report that South Dakotans are resisting the decline of Postal Service. In the town of Vale, to take only one example, citizens have begun to organize to save their post office. I ask unanimous consent that an analysis by Mrs. Rozella Bracewell of the postal controversy in Vale, which appeared in the March 3, 1976, edition of the Valley Irrigator of Newell, S. Dak., be printed in the Record. This article provides an excellent sense of the crucial importance of good postal service to the quality of life in rural America.

There being no objection, the article was ordered to be printed in the Record, as follows:

Vale Fighting To Keep Post Office

(By Rozella Bracewell)

Two postal inspectors left so much antagonism in Vale last week, you'd have thought they had come to get rid of God and motherhood!

Robert Hart, section center postal supervisor and Lehland Deilke, customer relations, both from the Rapid City Post Office, covered the town with form letters as a prelude to possibly closing the third-class Vale Post Office in the near future.

By week's end, a grass-roots meeting of Vale postal patrons, both town and rural, was set up to discuss ways of keeping the post office open and intact. The gathering will be March 9, 7:30 p.m. in the social rooms of the Vale Lutheran Church.

Moderator for the question-and-answer question session will be Dan Wiest, Newell, a retired postmaster. Wiest is secretary of the Newell Community Club. He said they support the idea of keeping small post offices open.

The get-together was launched by concerned Vale mail customers who don't want the Vale Post Office closed or transformed into a community or contract post office (CPO). They wish to prevent the change to CPO status because it provides less quality and service, as do the other proposals, all designed to save postal department money.

This review places the Vale Post Office in danger of eventually being closed, probably around April 1, the two representatives said. Vale Postmaster Tom MacKrell is being transferred to the Newell Post Office, replacing Wiest.

The form letters, which are causing such an uproar, are an "economic review of community post offices." They offer four alternative suggestions for Vale mail service and are supposed to be filled out by customers and given to MacKrell for forwarding to Rapid City.

The Vale Post Office has 55 boxes, 20 percent of them rented by rural people for various reasons. There are 21 boxes going out of Vale on the Whitewood Star Route and 21 returning from Whitewood, a 42 mile round trip.

The mail route east and south of Vale covers a 61 mile round trip and 85 boxes. The majority of the families use a Vale address and "want their post office left alone." Many are steamed up about the form letters and the review, they say the alternative suggestions are unsatisfactory.

One called the economy postal jargon "a lot of bull." The thought of closing the modern, efficient, well-liked Vale Post Office and placing a CPO in Mildred Edwards' little grocery or across the street in Ivan Johnson's former cafe home or elsewhere, as was suggested by the reviewers, was called "ridiculous" by more than one patron.

The Vale Post Office has officially run since March 6, 1883 although mail was delivered and sent out of the town since Vale was founded in 1879 by Andrew Rosander. The building where the post office now stands was built in 1965.

Mail and postal service in Vale are a unique blend of town and country cooperation. People affected by this proposal are asked to come forth and speak their minds during the March 9 meeting. Organizers hope to force talk into action.

The form letters, which will be the subject of the meeting, can be picked up at the Vale Post Office. Persons putting on the meeting request that those who plan to attend to study the document beforehand.

They suggest that those who feel strongly about this issue write to Sen. James Abourezk, D-SD: Sen. George McGovern, D-SD: Rep. James Abdnor, R-SD: Rep. Larry Pressler, R-SD: and Sen. Gale McGee (D-Wyo.), care of Senate Building, Washington, D.C.

ENERGY REORGANIZATION WORKSHOP

Mr. PERCY. Mr. President, recently I had the pleasure of opening a 2-day workshop on Government organization for energy affairs, attended by experts on energy policy and public administration. This workshop was part of an extensive study being conducted by the Congressional Research Service at my request on energy organization in the executive branch. The National Academy of Public Administration arranged the workshop for CRS, and the following people participated:

List of Participants

James E. Akins, former Ambassador, Saudi Arabia; former Director, Office of Fuels and Energy, Department of State; Energy Advisor, White House.

Charles F. Bingman, Deputy Administrator, Urban Mass Transportation Administration; former energy specialist, Office of Management and Budget.

Lynn Alan Brooks, Commissioner, Connecticut Commission of Planning and Energy Affairs.

Monte Canfield, Jr., Director, Office of Special Programs, General Accounting Office;

former Deputy Director, Energy Policy Project, Ford Foundation.

Chester L. Cooper, Institute for Energy Analysis, Oak Ridge Associated Universities; former Director, International and Social Studies, Institute for Defense Analysis.

Alan L. Dean, Vice President, U.S. Railway Association; former Senior Analyst, Bureau of the Budget; Assistant Secretary, Department of Transportation.

William O. Doub, Attorney; former Commissioner, Atomic Energy Commission; Chairman, Federal Energy Regulation Study Team.

George C. Eads, Executive Director, National Commission on Supplies and Shortages.

Harold B. Finger, Manager; Center for Energy Systems, General Electric Company, former Director, nuclear systems and propulsion, National Aeronautics and Space Administration and Atomic Energy Commission.

Bernard L. Gladieux, Consultant; former Partner, Booz, Allen and Hamilton; Director, Knight, Gladieux and Smith.

Thomas Keith Glennan, Consultant, Department of State; former President, Case Institute of Technology; Administrator, National Aeronautics and Space Administration; Ambassador, International Atomic Energy Agency.

Harold P. Green, Attorney; Professor, National Law Center, George Washington University.

Charles J. Hitch, President, Resources for the Future; former President, University of California; Assistant Secreary, Department of Defense.

Harry Perry, Consultant, Resources for the Future; former staff, Bureau of Mines, Atomic Energy Commission, Congressional Research Service.

Frank Pollara, Special Assistant to the Officers, American Federation of Labor-Congress of Industrial Organizations.

Clem Rastatter, Director, Energy Conservation Project, The Conservation Foundation.

Cecily Cannan Selby, President, Americans for Energy Independence; former Executive Director, Girl Scouts.

H. J. Young, Senior Vice President, Edison Electric Company.

William E. Warne, Consultant; former Assistant Secretary, Department of Interior.

The National Academy of Public Administration did an excellent job of organizing and running the workshop. In particular, I want to commend Mr. Roy W. Crawley, Mr. Erasmus Kloman, and Mr. Harold Orlans.

The Congressional Research Service is working closely with my staff in thinking through some of the fundamental issues relating to energy organizational structure in the executive branch. I particularly want to commend Mr. David Gushee and Dr. Frances Gulick for the excellent work they are doing.

I ask unanimous consent that the text of my comments given at the opening of the 2-day energy reorganization workshop be printed in the RECORD at the conclusion of my remarks. I intend to make public the full proceedings of the workshop as soon as possible.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

OPENING REMARKS, SENATOR CHARLES H. PERCY

I am delighted to be here to open this 2-day workshop on government organization for energy affairs. As you know, this has been arranged at my request by the National Academy of Public Administration and the Congressional Research Service.

This workshop is being held on a timely topic. The events of the past several years have made clear that there are fundamental flaws in the way essential tasks are divided among the many organizations and agencies responsible for some facets of energy affairs. It is time that these flaws be addressed and the present interim arrangements replaced with a longer-lasting and more effective organizational structure.

I would like to share with you my own thoughts on what those faults are.

I would also like to lay out a number of fairly simple but, I think, basic organizing concepts which I hope you will take into consideration and examine critically as you discuss the important energy issues which are on today's agenda.

I. SOME MAJOR SHORTCOMINGS

Some of the basic faults in the existing energy structure in the executive branch are these:

(1) There is no satisfactory mechanism for authoritative, high-level definition of energy policy and goals, or for providing policy guidance to operating and regulating agencies concerned with energy affairs. The Energy Resources Council is simply a co-ordinating body which has no staff and therefore does not adequately meet the need for goal and policy definition.

(2) Federal energy regulatory agencies operate autonomously within narrow task-oriented perspectives specified in their statutes. The result is that, although there is surprisingly little overlap of regulatory authority, in practice their regulations may serve contradictory and conflicting ends. An example is the price controls on natural gas. This type of situation is fostered by the lack of a Federal mechanism to formulate energy policy goals and priorities which can serve as the basis for program guidance, and by the lack of a satisfactory co-ordinating and review authority.

(3) Similarly, Federal agencies with operating energy programs (as contrasted with regulation) often work at cross purposes in the absence of a mechanism for policy guidance and regular program review. An example is the Department of Interior's coal leasing moratorium when announced policy was to increase reliance on coal.

(4) *Energy data* collection, analysis and dissemination is fragmented, outdated, overlapping, incomplete, and often contradictory. Furthermore, these tasks are being carried out in intellectual isolation from the collection and analysis of other economic and social data reflecting domestic and international developments with which energy has a close relationship.

(5) *State and local governments* have a great impact on energy facility siting and licensing, as well as on other energy policies and programs, but their activities are not integrated and coordinated with Federal energy activities.

(6) Energy goals and objectives are not systematically *integrated with other high priority national goals*, objectives, and programs. A conspicuous example is the conservation of energy, which tends to be treated as an overlooked postscript in agency budgets and operating programs.

(7) The vital task of *energy research, development and demonstration* (R, D and D) efforts has been separated from the market in which the results of these efforts will be applied. Consequently, researchers tend to select targets of technical opportunity and technical approaches which do not completely meet the needs of the users of new technology. I am well aware that collecting all energy R, D and D under the single roof of the Energy Research and Development Administration along with a very large financial transfusion was intended to jolt the efforts of federal energy R, D and D into increased effectiveness. I ask you to consider carefully, however, whether this act represented the severing of a vital artery.

Each of these deficiencies can be related to some organizational weakness. In almost every case, the fault can be traced to a failure to re-examine the traditional organizational missions of established departments and agencies, and to assign to each the appropriate task. In addition, there has been a failure to recognize that we need to take a much closer look at the pervasive influence of energy on our economy.

II. ENERGY'S SPECIAL ROLE

Energy is so essential to our economic and social structure that changes in its management affect the whole nation. To a greater degree than for most other economic activities, the authority to control its development, distribution or use is tantamount to the political power to govern.

Federal energy organization must, therefore, consider safeguards against deliberate or unwitting accumulation of economic power in the federal establishment. This must be done without sacrificing efficiency, flexibility or effectiveness.

III. SOME ORGANIZING CONCEPTS

I suggest that any federal energy reorganization which builds on the following organizing concepts could ensure that responsibility for energy functions is placed in the appropriate hands. The following principles would combine not only an organizationally sound disposition of duties, but would also build in the needed safeguards mentioned earlier.

(1) Organizationally discrete energy functions

So far as possible, four major energy functions regularly carried out during non-emergency situations should be kept institutionally separate. I do not mean to imply that new agencies need to be set up to house each of these functions. Existing agencies could be used. The four functions are:

Energy policy generation and review.

Energy data collection and analysis.

Energy regulation.

Operating programs, including those which deal with energy supply and use.

By far, the largest of these functions is the last. Since the category includes the applied research, development and demonstration (R,D and D) of energy supply technologies, it is fairly similar to what in the past we have called a Department of Energy and Natural Resources (DENR). I believe the vital function of research, development and demonstration ought to be carried out within, or at least under the authority of, the organization or department which deals with the market in which the results will be applied. Such an arrangement would facilitate the commercialization of new technologies.

(2) Conservation of energy

Far from being a function which ought to be organizationally discrete, conservation of energy—as both a goal and an activity—ought to be ubiquitous, being practiced wherever energy is used. Accordingly, conservation of energy during non-emergency situations ought to be administratively integrated within every organized Federal entity, whether or not involved in energy.

(3) Energy emergencies

An energy emergency—whether from natural causes or man-made—is by definition an event which in the past has virtually always required violation of the organizational separation of the key functions listed above.

During wars, as during the recent energy shortages, the consequence has been to concentrate both the policy-making decisions and the authority to exercise additional energy action programs.

As noted earlier, the pervasive power in the government accruing to any exercise of energy control ought to be kept in check wherever possible. A third organizing concept, therefore, could be to provide within the regular Departments of government sufficient administrative flexibility and readiness to activate such standby authorities as needed, without requiring creation of new agencies. Existing agencies should be made strong enough to withstand the popular tendency to create new agencies to meet new crises.

IV. CONTRIBUTION OF THE WORKSHOP

In suggesting these concepts, I do not mean to imply that they are the only organizing ideas we should examine or that there is only one reorganized federal energy configuration that would see them realized.

I do feel, however, that it is essential that we consider here not just what energy functions need to be performed, or how the federal government can best be organized to carry them out, but also why we believe a different structure can better serve the public. Once we understand—and can agree—*why* we need to change, it should be somewhat easier to discover and decide on how and where and when the necessary changes should be made.

I look forward to the contribution that this workshop will make toward solving these energy problems dealing with policy and programs.

Let me just say in closing that the workshop participants have a very comprehensive agenda and a very limited time within which to cover it. In the interest of providing them the greatest possible flexibility and to facilitate a candid exchange of ideas, I understand that attendance of the actual workshop sessions will be limited solely to those invited by the National Academy of Public Administration. I do not wish the results of this workshop to be confidential, however, and shall personally take the necessary steps to assure that the full proceedings of the workshop and the National Academy of Public Administration summary of it are made public as soon as it is physically possible.

THE GENOCIDE CONVENTION AND MORAL RESPONSIBILITY

Mr. PROXMIRE. Mr. President, former Assistant Secretary of State Ernest A. Gross, in speaking before the U.N. General Assembly some years back, made clear our leadership role and our deep commitment to the provisions of the Genocide Convention. Secretary Gross said:

> It seems to the United States delegation that in a world beset by many problems and great difficulties, we should proceed with this Convention before the memory of recent horrifying genocidal acts has faded from the minds and consciences of men.

Has the memory faded this fast? From Senate failure to ratify this convention, which our Government took the lead in creating, this would seem to be the sad reality. Have we so rapidly forgotten the little children with distended stomachs, the infants with skeletal arms dangling uselessly from emaciated bodies that are living lessons in human bone structure, on and on until one's mind reels with disbelief?

During and after World War II, the horrors of Buchenwald, Dachau, Lidice, and Belsen slowly became known. Time and distance may have blurred the picture for a time, but there have been more recent reminders in Biafra and Bangladesh.

In this year of commemoration of the founding of a nation built on the protection of basic human rights, including the most basic of all—the right to life, there should be a groundswell of indignation in this country against such horrific crimes against all humanity. Moral decency demands the ratification of the Genocide Convention by this Chamber.

What are we afraid of? Do we fear world opinion? Would ratification of the convention make us more open to attack than we are already?

Mr. President, the opponents of the Genocide Convention have no compelling arguments that meet these fears. There are no persuasive issues that stop us from ratifying this convention.

In my opinion, the Senate should move to ratify the convention without further delay. Too much time has passed as it is.

MACKENZIE PIPELINE HIT BY HICCUPS

Mr. STEVENS. Mr. President, Alaska's natural gas is crucial to the Nation's future, and the transportation of that gas is an important issue. Several routes have been proposed, including two through Canada. Therefore, Canada's pipeline application procedures and decision process should be of interest to the Congress.

The Financial Post of Toronto on May 29 carried an article on the status of Canadian procedures. The article points out the difficulties faced by any proposal which requires approval from the Governments of two independent nations. It also summarizes the problems the proposals of the Arctic gas companies have encountered recently.

I commend this article to the Members of the Senate as it gives some idea of the complexity of the Canadian regulatory processes.

I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Mackenzie Pipeline Hit by Hiccups

(By Stephen Duncan)

Ottawa.—The proposal to build a natural-gas pipeline along the Mackenzie Valley—which never was a simple issue—is running into increasingly heavy weather.

At least two alternative pipeline schemes will be thrown into the debate in the months ahead. The result will be more choices to be made, perhaps more hearings, and, inevitably, more delays.

The Polar Gas Project—once considered a long-shot proposal—is being readied years before most observers thought it could be. The consortium planning the pipeline—which would run from the high Arctic Islands south along Hudson Bay—now hopes to get an application before the National Energy Board by early next year.

Another proposal, to move Alaskan gas along a new pipeline through the Yukon and British Columbia to link with the existing Alberta Gas Trunk Line Co. system is also being put forward. Its proponents—a consortium headed by Northwest Pipeline Corp. of Salt Lake City, Utah (and which includes Foothills Pipe Lines Ltd. of Calgary, one of two applicants to build a Mackenzie line now before the NEB)—could make formal application to the NEB by August this year.

Meanwhile, public opposition to a Mackenzie line seems to be crystalizing around Mr. Justice Thomas Berger's inquiry, and growing in intensity. They have also been joined by a federal cabinet minister—Indian & Northern Affairs Minister Judd Buchanan—who recently came out openly against the Mackenzie line.

And, in the U.S. there is growing restiveness. The U.S. needs Alaskan gas. But it can no longer count on a Canadian decision that would guarantee construction of a joint U.S.-Canadian pipeline, proposed by Canadian Arctic Gas Pipelines Ltd.

All of this creates a growing problem for CAGPL. The more Canada delays a decision, the more likely the U.S. is to write off the CAGPL project and opt instead for an "all-American" line.

But considering the new factors coming into play, delays seem inevitable. And what once seemed a relatively straightforward two-part decision—should a line be built and who should build it—has now become a web of conflicting issues and questions.

"All bets are open," one senior energy advisor in Ottawa comments on the fate of a northern pipeline. "All the cards are wild."

These different scenarios are emerging:

The issue no longer is either a Mackenzie line or nothing.

The two new proposals—by Northwest and Polar Gas—have multiplied the decisions that must be made.

Northwest provides an alternative route for bringing Alaskan gas to market. Polar Gas would provide an alternative to supplying Canada with frontier gas. Both create a new range of choices for the Canadian government. And that will inevitably mean more delays in any decision being reached.

The Polar Gas project has been talked about for several years. But even its supporters never expected to be in a position to make formal application to build a pipeline until about the end of the decade.

What has changed that timeframe is Panarctic Oils Ltd. Panarctic—a government-industry consortium and a member of the Polar Gas project—has had good success exploring in the high Arctic Islands. Panarctic now has proved up reserves totaling about 15 trillion cubic feet. That's still short of the 20 trillion to 30 trillion cubic feet it needs to justify a pipeline costing $7.5 billion in 1974 dollars.

But Panarctic's reserves are already far larger than the six trillion cubic feet found so far in the Mackenzie Delta. And Charles Hetherington, Panarctic president, is highly optimistic that the consortium is close to reaching those reserve levels. So are a lot of industry observers.

Consequently, Polar Gas now plans to make application before the NEB to build a 2,500-mile-line pipeline that starts in the Arctic Islands and moves south along the west side of Hudson Bay.

Polar Gas believes its project will raise fewer social and environmental questions than the Mackenzie line.

Either way, the NEB may have to make at least an initial assessment of the Polar project, before it rules on CAGPL or Foothills.

The timing of a decision on the Mackenzie line is becoming critical.

The NEB, now holding hearings into applications by CAGPL and Foothills Pipe Lines (which proposes to build an "all-Canadian" line along the Mackenzie) are expected to wind up at the end of . . . Justice Thomas Berger, now investigating the social and environmental consequences of a

Mackenzie line, is also expected to complete his hearings by year end.

Both the NEB and Berger are expected to have their reports and recommendations ready by early 1977.

Polar Gas now is expecting to apply to the NEB by March, 1977, at the latest. In any event, it wants to get its application in before the board reaches its decision.

Either way, the Polar project will have to be considered by the federal government, say top sources in Ottawa. Canada will need frontier gas to offset growing gas shortages and rising oil imports in the 1980s. If the gas doesn't come from the Mackenzie, it will have to come from the Arctic Islands.

But Ottawa will also have to make the decision without all the data it should have.

At the moment, the Mackenzie Delta area contains insufficient proved-up reserves to justify a pipeline. But successful drilling in the Beaufort Sea this summer might change that. By next year, when the government is wrestling over which pipeline proposal should get the nod, reserves in the Mackenzie Delta area could match those in the Arctic Islands. Or they may not.

Growing pressure in the U.S. suggests Canada cannot wait long to decide. The U.S. is short of gas now and will be critically short in the mid-1980s. It has to know, next year, if Canada will approve a pipeline that will carry Alaskan gas to U.S. markets through Canadian territory.

Which way the decision goes, is probably not as important as simply making the decision. Then the U.S. will know where it stands, and can plan accordingly.

But all the signs point to a protracted debate, next year, before Canada reaches a decision.

If the federal cabinet decides a pipeline should be built (it can do this even if the NEB recommends the opposite) the betting in Ottawa is that legislation will be required.

The native land-claims question, for example, must be resolved. Legislation would be needed to deal with this issue, even if the legislation just postpones a final land-claim settlement.

WILD FREE ROAMING HORSES AND BURROS ACT

Mr. METCALF. Mr. President, a landmark decision of the U.S. Supreme Court was handed down on June 17 in the case of Kleppe against New Mexico. Congress passed the Wild Free Roaming Horses and Burros Act to protect the wild burros and horses on public lands. Many of these animals were being rounded up, captured, and destroyed.

The act provided that all such animals on public domain administered either by the Secretary of the Interior—BLM lands—or by the Secretary of Agriculture—national forest lands—were to be protected.

The State of New Mexico insisted that the act was unconstitutional as an unlawful extension of congressional powers.

The Court held that in protecting the burros and wild horses, Congress was acting within powers granted under the property clause of the Constitution.

The text of the decision follows. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the text of the decision was ordered to be printed in the RECORD, as follows:

[SUPREME COURT OF THE UNITED STATES—No. 74-1488]

KLEPPE VERSUS NEW MEXICO

Thomas S. Kleppe, Secretary of the Interior, Appellant, v. State of New Mexico et al.

On Appeal from the United States District Court for the District of New Mexico [June 17, 1976].

Mr. JUSTICE MARSHALL delivered the opinion of the Court.

At issue in this case is whether Congress exceeded its powers under the Constitution in enacting the Wild Free-Roaming Horses and Burros Act.

I

The Wild Free-Roaming Horses and Burros Act (the Act), 85 Stat. 649-651, 16 U.S.C. (Supp. IV) §§ 1331-1340, was enacted in 1971 to protect "all unbranded and unclaimed horses and burros on public lands of the United States," § 2(b) of the Act, 16 U.S.C. § 1332(b), from "capture, branding, harassment, or death." § 1 of the Act, 16 U.S.C. § 1331. The Act provides that all such horses and burros on the public lands administered by the Secretary of the Interior through the Bureau of Land Management (BLM) or by the Secretary of Agriculture through the Forest Service are committed to the jurisdiction of the respective Secretaries, who are "directed to protect and manage [the animals] as components of the public lands . . . in a manner that is designed to achieve and maintain a thriving natural ecological balance on the public lands." § 3(a) of the Act, 16 U.S.C. § 1333(a). If protected horses or burros "stray from public lands onto privately owned land, the owners of such land may inform the nearest federal marshall or agent of the Secretary, who shall arrange to have the animals removed."[1] § 4 of the Act, 16 U.S.C. § 1334.

Section 6 of the Act, 16 U.S.C. § 1336, authorizes the Secretaries to promulgate regulations, see 36 CFR § 231.11 (1975) (Agriculture); 43 CFR pt. 4710 (1975) (Interior), and to enter into cooperative agreements with other landowners and with state and local governmental agencies in furtherance of the Act's purposes. On August 7, 1973, the Secretaries executed such an agreement with the New Mexico Livestock Board (the Livestock Board), the agency charged with enforcing the New Mexico Estray Law, N. Mex. Stat. Ann. § 47-14-1 *et seq.* (1953).[2] The agreement acknowledged the authority of the Secretaries to manage and protect the wild free-roaming horses and burros on the public lands of the United States within the State and established a procedure for evaluating the claims of private parties to ownership of such animals.

The Livestock Board terminated the agreement three months later. Asserting that the Federal Government lacked power to control wild horses and burros on the public lands of the United States unless the animals were moving in interstate commerce or damaging the public lands and that neither of these bases of regulation was available here, the Board notified the Secretaries of its intent "to exercise all regulatory impoundment and sale powers which it derives from the New Mexico Estray Law, over all estray horses, mules or asses found running at large upon public or private lands within New Mexico . . . This includes the right to go upon Federal or State lands to take possession of said horses or burros, should the Livestock Board so desire." App. 67, 72.

The differences between the Livestock Board and the Secretaries came to a head in February 1974. On February 1, 1974, a New Mexico rancher, Kelley Stephenson, was informed by BLM that several unbranded burros had been seen near Taylor Well, where Stephenson watered his cattle. Taylor Well is on federal property, and Stephenson had access to it and some 8,000 surrounding acres only through a grazing permit issued pursuant to the Taylor Grazing Act, 48 Stat. 1270, as amended, 43 U.S.C. § 315b. After BLM made it clear to Stephenson that it would not remove the burros and after he personally inspected the Taylor Well area, Stephenson complained to the Livestock Board that the burros were interfering with his livestock operation by molesting his cattle and eating their feed.

Thereupon the Board rounded up and removed 19 unbranded and unclaimed burros pursuant to the New Mexico Estray Law. Each burro was seized on the public lands of the United States[3] and, as the director of the Board conceded, each burro fit the definition of a wild free-roaming burro under § 2(b) of the Act. App. 43. On February 18, 1974, the Livestock Board, pursuant to its usual practice, sold the burros at a public auction. After the sale, BLM asserted jurisdiction under the Act and demanded that the Board recover the animals and return them to the public lands.

On March 4, 1974, appellees[4] filed a complaint in the United States District Court for the District of New Mexico seeking a declaratory judgment that the Wild Free-Roaming Horses and Burros Act is unconstitutional and an injunction against its enforcement. A three-judge court was convened pursuant to 28 U.S.C. § 2282.

Following an evidentiary hearing, the District Court held the Act unconstitutional and permanently enjoined the Secretary of the Interior (the Secretary) from enforcing its provisions.[5] The court found that the Act "conflicts with . . . the traditional doctrines concerning wild animals," 406 F. Supp. 1237, 1238 (1975), and is in excess of Congress' power under the Property Clause of the Constitution, Art. IV, § 3, cl. 2. That Clause, the court found, enables Congress to regulate wild animals found on the public land only for the "*protection* of the public lands from damage of some kind." 406 F. Supp., at 1239 (emphasis in original). Accordingly, this power was exceeded in this case because "[t]he statute is aimed at protecting the wild horses and burros, not at protecting the land they live on." *Ibid.*[6] We noted probable jurisdiction, 423 U. S. 818 (1975), and we now reverse.

II

The Property Clause of the Constitution provides that "Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States." U.S. Const., Art. IV, § 3, cl. 2. In passing the Wild Free-Roaming Horses and Burros Act, Congress deemed the regulated animals "an integral part of the natural system of the public lands" of the United States, § 1 of the Act, 16 U.S.C. § 1331, and found that their management was necessary "for achievement of an ecological balance on the public lands." H.R. Conf. Rep. No. 82-681, 92d Cong., 1st Sess., 5 (1971). According to Congress, these animals, if preserved in their native habitats, "contribute to the diversity of life forms within the Nation and enrich the lives of the American people." § 1 of the Act, 16 U.S.C. § 1331. See Protection of Wild Horses and Burros on Public Lands, Hearing on S. 862, S. 1116, S. 1090, and S. 1119 before the Subcomm. on Public Lands of the Senate Comm. on Interior and Insular Affairs, 92d Cong., 1st Sess., 69, 122, 128, 138, 169, 183 (1971). Indeed, Congress concluded, the wild free-roaming horses and burros "are living symbols of the historic and pioneer spirit of the West." § 1 of the Act, 16 U.S.C. § 1331. Despite their importance, the Senate Committee found that these animals "have been cruelly captured and slain and their carcasses used in the production of pet food and fertilizer. They have been used for target practice and harassed for 'sport' and profit. In spite of public outrage, this bloody traffic continues unabated, and it is the firm belief of the committee that this senseless slaughter must be brought to an end." S. Rep. No. 92-242, 92d Cong., 1st Sess., 2 (1971).

For these reasons, Congress determined to preserve and protect the wild free-roaming

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horses and burros on the public lands of the United States. The question under the Property Clause is whether this determination can be sustained as a "needful" regulation "respecting" the public lands. In answering this question, we must remain mindful that, while courts must eventually pass upon them, determinations under the Property Clause are entrusted primarily to the judgment of Congress. *United States* v. *San Francisco,* 310 U.S. 16, 29–30 (1940); *Light* v. *United States,* 220 U.S. 523, 537 (1911); *United States* v. *Gratiot,* 14 Pet. 526, 537–538 (1841).

Appellees argue that the Act cannot be supported by the Property Clause. They contend that the Clause grants Congress essentially two kinds of power: (1) the power to dispose of and make incidental rules regarding the use of federal property; and (2) the power to protect federal property. According to appellees, the first power is not broad enough to support legislation protecting wild animals that live on federal property; and the second power is not implicated since the Act is designed to protect the animals, which are not themselves federal property, and not the public lands. As an initial matter, it is far from clear that the Act was not passed in part to protect the public lands of the United States [7] or that Congress cannot assert a property interest in the regulated horses and burros superior to that of the State.[8] But we need not consider whether the Act can be upheld on either of these grounds, for we reject appellees' narrow reading of the Property Clause.

Appellees ground their argument on a number of cases that, upon analysis, provide no support for their position. Like the District Court, appellees cite *Hunt* v. *United States,* 278 U.S. 96 (1928), for the proposition that the Property Clause gives Congress only the limited power to regulate wild animals in order to protect the public lands from damage. But *Hunt,* which upheld the Government's right to kill deer that were damaging foliage in the national forests, only holds that damage to the land is a sufficient basis for regulation; it contains no suggestion that it is a necessary one.

Next appellees refer to *Kansas* v. *Colorado,* 206 U.S. 46, 89 (1907). The referenced passage in that case states that the Property Clause "clearly . . . does not grant to Congress any legislative control over the States, and must, so far as they are concerned, be limited to authority over the property belonging to the United States within their limits." But this does no more than articulate the obvious: that the Property Clause is a grant of power only over federal property. It gives no indication of the kind of "authority" the Clause gives Congress over its property.

Camfield v. *United States,* 167 U.S. 518 (1897), is of even less help to appellees. Appellees rely upon the following language from *Camfield:*

"While we do not undertake to say that Congress has the unlimited power to legislate against nuisances within a State, which it would have within a Territory, we do not think the admission of a Territory as a State deprives it of the power of legislating for the protection of the public lands, though it may thereby involve the exercise of what is ordinarily known as the police power, *so long as such power is directed to its own protection.*" *Id.,* at 525–526 (emphasis added).

Appellees mistakenly read this language to limit Congress' power to regulate activity on the public lands; in fact, the quoted passage refers to the scope of congressional power to regulate conduct on *private* land that affects the public lands. And *Camfield* holds that the Property Clause is broad enough to permit federal regulation of fences built on private land adjoining public land when the regulation is for the protection of the federal property. *Camfield* contains no suggestion of any limitation on Congress' power over conduct on its own property; its sole message is that the power granted by the Property Clause is broad enough to reach beyond territorial limits.

Lastly, appellees point to dicta in two cases to the effect that, unless the State has agreed to the exercise of federal jurisdiction, Congress' rights in its land are "only the rights of an ordinary proprietor . . . ." *Fort Leavenworth R. Co.* v. *Lowe,* 114 U.S. 525, 526 (1885). See also *Paul* v. *United States,* 371 U.S. 245, 264 (1963). In neither case was the power of Congress under the Property Clause at issue or considered and, as we shall see, these dicta fail to account for the raft of cases in which the Clause has been given a broader construction.[9]

In brief, beyond the *Fort Leavenworth* and *Paul* dicta, appellees have presented no support for their position that the Clause grants Congress only the power to dispose of, to make incidental rules regarding the use of, and to protect federal property. This failure is hardly surprising, for the Clause, in broad terms, gives Congress the power to determine what are "needful" rules "respecting" the public lands. *United States* v. *San Francisco,* 310 U.S., at 29–30; *Light* v. *United States,* 220 U.S., at 537; *United States* v. *Gratiot,* 14 Pet., at 537–538. And while the furthest reaches of the power granted by the Property Clause have not yet been definitively resolved, we have repeatedly observed that "[t]he power over the public lands thus entrusted to Congress is without limitations." *United States* v. *San Francisco,* 310 U.S., at 29. See *Ivanhoe Irrigation District* v. *McCracken,* 357 U.S. 275, 294–295 (1958); *Alabama* v. *Texas,* 347 U.S. 272, 273 (1954); *Federal Power Comm'n* v. *Idaho Power Co.,* 344 U.S. 17, 21 (1952); *United States* v. *California,* 332 U.S. 19, 27 (1947); *Gibson* v. *Chouteau,* 13 Wall., 92, 99 (1871); *United States* v. *Gratiot,* 14 Pet., at 537.

The decided cases have supported this expansive reading. It is the Property Clause, for instance, that provides the basis for governing the territories of the United States. *Hooven & Allison Co.* v. *Evatt,* 324 U.S. 652, 673–674 (1945); *Balzac* v. *Porto Rico,* 258 U.S. 298, 305 (1922); *Dorr* v. *United States,* 195 U.S. 138, 149 (1904); *United States* v. *Gratiot,* 14 Pet., at 537; *Sere* v. *Pitot,* 6 Cranch 332, 336–337 (1810). See also *Vermilya-Brown Co.* v. *Connell,* 335 U.S. 337, 381 (1948). And even over public land within the States, "[t]he general Government doubtless has a power over its own property analogous to the police power of the several States, and the extent to which it may go in the exercise of such power is measured by the exigencies of the particular case." *Camfield* v. *United States,* 167 U.S. 518, 525 (1897).

We have noted, for example, that the Property Clause gives Congress the power over the public lands "to control their occupancy and use, to protect them from trespass and injury and to prescribe the conditions upon which others may obtain rights in them . . . ." *Utah Power & Light Co.* v. *United States,* 243 U. S. 389, 405 (1917). And we have approved legislation respecting the public lands "[i]f it be found necessary for the protection of the public, or of intending settlers [on the public lands]." *Camfield* v. *United States,* 167 U. S., at 525. In short, Congress exercises the powers both of a proprietor and of a legislature over the public domain. *Alabama* v. *Texas,* 347 U. S., at 273; *Sinclair* v. *United States,* 279 U. S. 263, 297 (1929); *United States* v. *Midwest Oil Co.,* 236 U.S. 459, 474 (1915). Although the Property Clause does not authorize "an exercise of a general control over public policy in a State," it does permit "an exercise of the complete power which Congress has over particular public property entrusted to it." *United States* v. *San Francisco,* 310 U. S., at 30 (footnote omitted). In our view, the "complete power" that Congress has over public lands necessarily includes the power to regulate and protect the wildlife living there.[10]

III

Appellees argue that if we approve the Wild Free-Roaming Horses and Burros Act as a valid exercise of Congress' power under the Property Clause, then we have sanctioned an impermissible intrusion on the sovereignty, legislative authority and police power of the State and have wrongly infringed upon the State's traditional trustee powers over wild animals. The argument appears to be that Congress could obtain exclusive legislative jurisdiction over the public lands in the State only by state consent, and that in the absence of such consent Congress lacks the power to act contrary to state law. This argument is without merit.

Appellees' claim confuses Congress' derivative legislative powers, which are not involved in this case, with its power under the Property Clause. Congress may acquire derivative legislative power from a state pursuant to Art. I, § 8, cl. 17, of the Constitution by consensual acquisition of land, or by nonconsensual acquisition followed by the State's subsequent cession of legislative authority over the land. *Paul* v. *United States,* 371 U.S. 245, 264 (1963); *Fort Leavenworth R. Co.* v. *Lowe,* 114 U. S. 525, 541–542 (1885).[11] In either case, the legislative jurisdiction acquired may range from exclusive federal jurisdiction with no residual state police power, *e.g., Pacific Coast Dairy, Inc.* v. *Dept. of Agriculture of Cal.,* 318 U. S. 285 (1943), to concurrent, or partial, federal legislative jurisdiction, which may allow the State to exercise certain authority. *E. g., Paul* v. *United States,* 371 U. S., at 265; *Collins* v. *Yosemite Park Co.,* 304 U.S. 518 528–530 (1938); *James* v. *Dravo Contracting Co.,* 302 U. S. 134, 147–149 (1937).

But while Congress can acquire exclusive or partial jurisdiction over lands within a State by the State's consent or cession, the presence or absence of such jurisdiction has nothing to do with Congress' powers under the Property Clause. Absent consent or cession a State undoubtedly retains jurisdiction over federal lands within its territory, but Congress equally surely retains the power to enact legislation respecting those lands pursuant to the Property Clause. *Mason Co.* v. *Tax Comm'n of Washington,* 302 U. S. 186, 197 (1937); *Utah Power & Light Co.* v. *United States,* 243 U. S., at 403–405; *Ohio* v. *Thomas,* 173 U. S. 276, 283 (1899). And when Congress so acts, the federal legislation necessarily overrides conflicting state laws under the Supremacy Clause. U.S. Const., Art. VI, cl. 2. See *Hunt* v. *United States,* 278 U. S., at 100; *McKelvey* v. *United States,* 260 U. S., at 359. As we said in *Camfield* v. *United States,* 167 U. S., at 526, in response to a somewhat different claim, "A different rule would place the public domain of the United States completely at the mercy of state legislation."

Thus, appellees' assertion that "[a]bsent state consent by complete cession of jurisdiction of lands to the United States, exclusive jurisdiction does not accrue to the federal landowner with regard to federal lands within the borders of the state," Brief for Appellees, at 24, is completely beside the point; and appellees' fear that the Secretary's position is that "the Property Clause totally exempts federal lands within state borders from state legislative powers, state police powers, and all rights and powers of local sovereignty and jurisdiction of the states," *id.,* at 16, is totally unfounded. The Federal Government does not assert exclusive jurisdiction over the public lands in New Mexico, and the State is free to enforce its criminal and civil laws on those lands. But where those state laws conflict with the Wild Free-Roaming Horses and Burros Act, or with

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other legislation passed pursuant to the Property Clause, the law is clear: the state laws must recede. *McKelvey* v. *United States,* 260 U.S., at 359.

Again, none of these cases relied upon by appellees are to the contrary. *Surplus Trading Co.* v. *Cook,* 281 U.S. 647, 650 (1930), merely states the rule outlined above: that "without more," federal ownership of lands within a State does not withdraw those lands from the jurisdiction of the State. Likewise, *Wilson* v. *Cook,* 328 U.S. 474, 487–488 (1945), holds only that, in the absence of consent or cession, the Federal Government did not acquire exclusive jurisdiction over certain federal forest reserve lands in Arkansas and the State retained legislative jurisdiction over those lands. No question was raised regarding Congress' power to regulate the forest reserves under Property Clause. And in *Colorado* v. *Toll,* 268 U.S. 228, 230–231 (1925), the Court found that Congress had not purported to assume jurisdiction over highways within the Rocky Mountain National Park, not that it lacked the power to do so under the Property Clause.[12]

In short, these cases do not support appellees' claim that upholding the Act would sanction an impermissible intrusion upon state sovereignty. The Act does not establish exclusive federal jurisdiction over the public lands in New Mexico; it merely overrides the New Mexico Estray Law insofar as it attempts to regulate federally protected animals. And that is but the necessary consequence of valid legislation under the Property Clause.

Appellees' contention that the Act violates traditional state power over wild animals stands on no different footing. Unquestionably the States have broad trustee and police powers over wild animals within their jurisdictions. *Toomer* v. *Witsell,* 334 U.S. 385, 402 (1948); *Lacoste* v. *Dept. of Conservation,* 263 U.S. 545, 549 (1924); *Geer* v. *Connecticut,* 161 U.S. 519, 528 (1896). But as *Geer* v. *Connecticut* cautions, those powers exist only "in so far as their exercise may not be incompatible with, or restrained by, the rights conveyed to the Federal government by the Constitution." 161 U.S., at 528. "No doubt it is true that as between a State and its inhabitants the State may regulate the killing and sale of [wildlife], but it does not follow that its authority is exclusive of paramount powers." *Missouri* v. *Holland,* 252 U.S. 416, 434 (1920). Thus, the Privileges and Immunities Clause, U.S. Const., Art. IV, § 2, cl. 1, precludes a State from imposing prohibitory licensing fees on nonresidents shrimping in its water, *Toomer* v. *Witsell, supra;* the Treaty Clause, U.S. Const., Art. II, § 2, permits Congress to enter into and enforce a treaty to protect migratory birds despite state objections, *Missouri* v. *Holland, supra;* and the Property Clause gives Congress the power to thin overpopulated herds of deer on federal lands contrary to state law. *Hunt* v. *United States, supra.* We hold today that Property Clause also gives Congress the power to protect wildlife on the public lands, state law notwithstanding.

IV

In this case, the New Mexico Livestock Board entered upon the public lands of the United States and removed wild burros. These actions were contrary to the provisions of the Wild Free-Roaming Horses and Burros Act. We find that, as applied to this case, the Act is a constitutional exercise of congressional power under the Property Clause. We need not, and do not, decide whether the Property Clause would sustain the Act in all of its conceivable applications.

Appellees are concerned that the Act's extension of protection to wild free-roaming horses and burros that stray from public land onto private land, § 4 of the Act, 16 U.S.C. § 1334, will be read to provide federal jurisdiction over every wild horse or burro that at any time sets foot upon federal land. While it is clear that regulations under the Property Clause may have some effect on private lands not otherwise under federal control, *Camfield* v. *United States,* 167 U.S. 518 (1897), we do not think it appropriate in this declaratory judgment proceeding to determine the extent, if any, to which the Property Clause empowers Congress to protect animals on private lands or the extent to which such regulation is attempted by the Act. We have often declined to decide important questions regarding "the scope and constitutionality of legislation in advance of its immediate adverse effect in the context of a concrete case," *Int'l Longshoremen's & Warehousemen's Union* v. *Boyd,* 347 U.S. 222, 224 (1954), or in the absence of "an adequate and fullbodied record." *Public Affairs Associates, Inc.* v. *Rickover,* 369 U.S. 111, 113 (1962). Cf. *Eccles* v. *Peoples Bank of Lakewood Village,* 333 U.S. 426 (1948). We follow that course in this case and leave open the question of the permissible reach of the Act over private lands under the Property Clause.

For the reason stated, the judgment of the District Court is reversed and the case is remanded for further proceedings consistent with this opinion.

FOOTNOTES

[1] The landowner may elect to allow straying wild free-roaming horses and burros to remain on his property, in which case he must so notify the relevant Secretary. He may not destroy any such animals, however. § 4 of the Act, 16 U.S.C. § 1334.

[2] Under the New Mexico law, an estray is defined as: "Any bovine animal, horse, mule or ass, found running at large upon public or private lands, either fenced or unfenced, in the state of New Mexico, whose owner is unknown in the section where found, or which shall be fifty (50) miles or more from the limits of its usual range or pasture, or that is branded with a brand which is not on record in the office of the cattle sanitary board of New Mexico. . . ." N. Mex. Stat. Ann. 47–14–1 (Repl. 1966).

It is not disputed that the animals regulated by the Wild Free-Roaming Horses and Burros Act are estrays within the meaning of this law.

[3] The record is somewhat unclear on this point, but appellees conceded at oral argument that all the burros were seized on the public lands of the United States. Tr. of Oral Arg. 35.

[4] Appellees are the State of New Mexico, the New Mexico Livestock Board, the Board's director, and a purchaser of three of the burros seized at Taylor's Well.

[5] Since appellees did not file suit against the Secretary of Agriculture, the District Court's injunction was limited to the Secretary of the Interior, who is the appellant in this Court.

[6] The Court also held that the Act could not be sustained under the Commerce Clause because "all the evidence establishes that the wild burros in question here do not migrate across state lines" and "Congress made no findings to indicate that it was in any way relying on the Commerce Clause in enacting this statute." J. S., at 5a–6a. While the Secretary argues in this Court that the Act is sustainable under the Commerce Clause, we have no occasion to address this contention since we find the Act, as applied, to be permissible exercise of congressional power under the Property Clause.

[7] Congress expressly ordered that the animals were to be managed and protected in order "to achieve and maintain a thriving natural ecological balance on the public lands." § 3(a), 16 U.S.C. § 1333(a). Cf. *Hunt* v. *United States,* 278 U.S. 96 (1928).

[8] See pp. 15–16, *infra.* The Secretary makes no claim here, however, that the United States owns the wild free-roaming horses and burros found on public land.

[9] Indeed, *Hunt* v. *United States,* 278 U.S. 96 (1928), and *Camfield* v. *United States,* 167 U.S. 518 (1897), both relied upon by appellees, are inconsistent with the notion that the United States has only the rights of an ordinary proprietor with respect to its land. An ordinary proprietor may not, contrary to state law, kill game that is damaging his land, as the Government did in *Hunt;* nor may he prohibit the fencing in of his property without the assistance of state law, as the Government was able to do in *Camfield.*

[10] Appellees ask us to declare that the Act is unconstitutional because the animals are not, as Congress found, "fast disappearing from the American scene." § 1 of the Act, 16 U.S.C. § 1331. At the outset, no reason suggests itself why Congress' power under the Property Clause to enact legislation to protect wild free-roaming horses and burros "from capture, branding, harassment, or death," *ibid.,* must depend on a finding that the animals are decreasing in number. But responding directly to appellees' contention, we note that the evidence before Congress on this question was conflicting and that Congress weighed the evidence and made a judgment. See Hearings on H.R. 795, H.R. 5375 and Related Bills (Protection of Wild Horses on Public Lands) before the Subcomm. on Public Lands of the House Comm. on Interior and Insular Affairs, 92d Cong., 1st Sess., 1–2, 7, 11–14, 17, 26–32, 80, 87–88, 101, 103, 134–136, 139–141 (1971). What appellees ask is that we reweigh the evidence and substitute our judgment for that of Congress. This we must decline to do. *United States* v. *San Francisco,* 310 U.S. 16, 29–30 (1940); *Light* v. *United States,* 220 U.S. 523, 537 (1911); *United States* v. *Gratiot,* 14 Pet. 526, 537–538 (1940). See also *Clark* v. *Paul Gray, Inc.,* 306 U.S. 583, 594 (1939). In any event, we note that Congress has provided for periodic review of the administration of the Act. § 10 of the Act, 10 U.S.C. § 1340.

[11] Art. I, § 8, cl. 17, of the Constitution provides that Congress shall have the power:

"To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the acceptance of Congress, become the Seat of the Government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which Same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings . . ." The Clause has been broadly construed, and the acquisition by consent or cession of exclusive or partial jurisdiction over properties for any legitimate government purpose beyond those itemized is permissible. *Collins* v. *Yosemite Park Co.,* 304 U.S. 518, 528–530 (1938).

[12] Referring to the Act creating the National Park, the Court said:

"There is no attempt to give exclusive jurisdiction to the United States, but on the contrary the rights of the State over the roads are left unaffected in terms. Apart from those terms the State denies the power of Congress to curtail its jurisdiction or rights without an act of cession from it and an acceptance by the national government. The statute establishing the park would not be construed to attempt such a result. As the park superintendent is undertaking to assert exclusive control and to establish a monopoly in a matter as to which, if the allegations of the bill are maintained, the State has not surrendered its legislative power, a cause of action is disclosed if we do not look beyond the bill, and it was wrongly dismissed." 268 U.S., at 231 (citations omitted).

While Colorado thus asserted that, absent cession, the Federal Government lacked power to regulate the highways within the park, and the Court held that the State was entitled to attempt to prove that it had not surrendered legislative jurisdiction to the United States, at most the case stands for the proposition that where Congress does not purport to override state power over public lands under the Property Clause and where there has been no cession, a federal official lacks power to regulate contrary to state law.

HEARING AIDS UNDER INCREASING PUBLIC SCRUTINY

Mr. PERCY. Mr. President, for more than 2 years I have been advocating improvements in the hearing aid delivery system so that the estimated 20 million Americans with some form of hearing impairment would stand a better chance of receiving professional treatment for their disability.

I note that, in recent days, two articles have appeared which provide valuable advice to those with hearing impairment. One article, written by Sylvia Porter and appearing in the May 26, 1976, Washington Star, is a clearly written how-to-do-it for persons suffering a hearing impairment who are just starting to look for help. The other article, an extremely comprehensive examination of "How To Buy a Hearing Aid," appears in the June 1976 Consumer Reports, and reflects, as usual, that publication's fair-minded attention to detail.

I ask unanimous consent that both of these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

YOUR MONEY'S WORTH—IF YOU NEED A HEARING AID

(By Sylvia Porter)

Can you imagine being hard of hearing and then being so gullible that you bypass all medical opinion and rely for advice on a hearing aid salesperson whose main interest is in meeting a monthly sales quota and thus selling you a product, whether or not suited to your particular hearing problem?

Can you imagine yourself with clear signs of hearing impairment not even consulting your own family physician, much less an otolaryngologist (ear specialist) plus a trained audiologist (a person who measures your level of hearing)?

Can you imagine yourself, elderly and confined to your home, welcoming a door-to-door hearing aid salesperson whose competence to judge your needs is, at a minimum, questionable?

Perhaps this form of ignorance defies your comprehension. But the awful facts are:

An overwhelming 70 percent of hearing aid owners have never even seen a medical specialist. They are trying to solve their hearing problems with hearing aids bought impulsively after insufficient, improper self-diagnosis.

An expert estimate is that 60 percent of all hearing aids are sold in the home.

So widespread is the lack of training that of an estimated 15,000 hearing aid dealers and sales personnel, less than 3,000 are "certified," meaning the majority have not even completed a study course offered by the National Hearing Aid Society.

Government regulations are limited in assuring the qualification of dealers. Many states still do not license dealers and, in those that do, inadequate enforcement of licensing laws and exceptions to the rules result in inadequate policing.

As Sen. Charles H. Percy, R-Ill., chairman of a subcommittee investigating hearing aids, declared after recent hearings, the studies have "raised significant questions about the ethics, training and professionalism of . . . hearing aid dealers."

And as the National Institutes of Health emphasized, "it is important to have an examination by the family doctor or pediatrician and by an ear specialist, with such testing as the specialist recommends, before starting to select a hearing aid."

1. If an ear specialist who has diagnosed the cause of your hearing problem recommends a hearing aid, the Veterans' Administration has established valuable purchase guidelines for you, based on exhaustive tests. The aids chosen by the VA for the contract year 1975 include "in ear," "over ear," "body" and "eyeglasses." The VA has made no distinction between regular and "special" aids.

The choices are: Acousticon A-465SSR; Audiotone A-20 P-2, A-20 P-5 and A-25; Audiovox 101-CDGD and 111 SRD; Dahlberg HG-1250; Lehr Omniton IIIF, Optica 6, Star 6F and Star 6 ST; Maico CQ; North American Philips HP 8123 HP8273, HP8274 and KL 6730; Otarion RX-880 Bonc CROS; Opticon 375 PPX, 380 SI, 565 SZ, 565 SZ LDC, and 850 Super CROS; Qualitone SNEC, SWH, and TSP.

Also, Siemens 34D-SL-PC; Sonotone 35 AX, 35AZ, 77S, and 670 XV; Telex 70, 331 H, and 334 Vicon OE 139; and Zenith Award, Carlo CM, CROS, Pacemaker EP 11, Vocalizer 111, and Vocalizer 400.

2. The most expensive hearing aid may not necessarily be the best for you and there are no advance guarantees. So buy from a dealer who is willing to sell on a trial basis for a sufficient time to permit reasonable evaluation. Perhaps you can rent an aid for a fee and if the aid is right for you, apply the fee to the final cost.

3. Don't ignore battery costs which depend in part on the type of aid and in part on the way the aid is used. A single hearing aid battery doesn't cost much, but if you use your aid constantly during working hours, replacement costs can become a big item.

4. Find out if your local hospital is associated with a non-commercial hearing aid center. Get a list of such centers from the National Bureau of Standards, Monograph 117 on Hearing Aids, U.S. Government Printing Office, Washington, D.C. 20402 for 35 cents.

5. Don't expect your hearing aid to do more than amplify sound and enhance whatever residual hearing remains to you.

6. For further information, write: The National Hearing Aid Society, 20361 Middlebelt, Livonia, Mich. 48152; and the Better Hearing Institute, 1430 K St. NW, Washington, D.C. 20005.

HOW TO BUY A HEARING AID—PART I: WHAT CONSUMERS SHOULD KNOW

Some five years ago, after lengthy litigation, CU forced the Veterans Administration to release its ratings of hearing aids—ratings based on data developed at public expense and therefore, under the 1967 Freedom of Information Act, open to public disclosure. It was, as we noted at the time, a narrow victory for consumers. For one thing, the Government agency conceded that the principle of disclosure applied only to hearing aids. For another, the information that was revealed was of direct benefit only to hearing specialists, not to people in need of aids.

At that time, in addition to publishing the VA ratings (as we do the most current ratings in the following section of this report), we commented on serious shortcomings in the system of manufacture, marketing, and fitting of hearing aids. The extent of the difficulties that plague the hard-of-hearing could only be guessed at in 1971. The focus is sharper now, thanks to a monumental report by the Department of Health, Education, and Welfare Interdepartmental Task Force on Hearing Aids, reports by public interest groups, and hearings before the U.S. Senate Subcommittee on Consumer Interests of the Elderly. The picture that has emerged from those reports and hearings is very discouraging indeed.

The HEW Task Force reported that 14.5 million persons in the U.S. suffer some form of hearing impairment, but more than 10 million of those have received no medical attention for their disability. Yet, paradoxically, a significant number of the approximately 600,000 Americans who do buy hearing aids each year either don't need the aids, receive no benefit from them, or would be better served by medical or surgical treatment.

It's a pity that the vast majority of persons with impaired hearing receive no professional help. As we noted five years ago, even partial deafness causes enormous problems. Children with such a handicap are sometimes mistakenly marked down as slow-witted, and they may have behavioral problems. Adults may suffer strained relations with those forced to shout or repeat themselves. People of any age risk physical danger from things they can't hear.

It's not hard to understand why hearing loss so often goes uncorrected. Hard-of-hearing persons may try to conceal their condition for fear it will set them back professionally or socially. Vanity may play a role, too, in the form of an effort to deny any disability. Ignorance of the kind of help available is another factor. But certainly, one important reason many people remain unhelped is the high—possibly unreasonably high—price of hearing aids.

WHAT DRIVES UP THE COST?

In terms of technical complexity, a hearing aid isn't much different from the audio-amplifier section of an ordinary transistor radio, with a microphone added. But aids cost $350 and more. Why?

The HEW Task Force reported that the parts in a $350 hearing aid cost $30. The costs for labor, advertising, and promotion run about $45, bringing the total manufacturer's cost to $75. The manufacturer sells the aid to a dealer for between $80 and $140. The dealer then tags on a 200 to 300 per cent markup. Those are huge markups, raising the question of why competitive forces have failed to hold them in check. The Federal Trade Commission provided some answers after a full investigation of the hearing-aid industry.

Among the findings of FTC staff members: The four largest hearing-aid manufacturers account for 50 per cent of all hearing-aid shipments; the eight largest, 70 per cent. Such high market shares in any one industry indicate what economists refer to as a shared monopoly, or oligopoly. An oligopolized industry tends not to compete on price and quality, the product characteristics important to consumers. It tends to compete instead in promotion, especially promotion designed to "differentiate" one manufacturer's product from a competitor's essentially similar device.

Last year, the FTC accused six hearing-aid makers of, among other things, falsely claiming that their devices were new inventions or that they embodied new engineering concepts. The charges are still pending at this writing. But even if they're made to stick, there's little hope for lasting improvement. Similar FTC actions in the past against many of the same manufacturers failed to clean up such practices.

Turning to retail dealers, the FTC found competition as constricted there as among manufacturers. Manufacturers sell aids directly to dealers. Some dealers carry on a single brand of hearing aid and are granted exclusive selling territories by the manufacturer. The dealers handle only one brand, according to complaints by the FTC against five manufacturers, because the factories coerce and intimidate them into doing so. (Three of the manufacturers, Sonotone Corporation, Radioear Corporation, and Dahlberg Electronics, Inc., signed consent orders with the FTC agreeing to stop the restrictive practices. Charges are still pending against

Beltone Electronics Corporation and the Maico Hearing Instruments Division of Textron, Inc.)

With only one brand to sell, dealers are subject to great pressure from manufacturers, who may prove adamant about the maintenance of artificially constructed list prices. According to FTC complaints, hearing-aid manufacturers have threatened to stop supplying dealers who cut prices. And because there are so many limited-line dealerships, they have little cause to abandon their high markups. An estimated 7,900 dealers divide sales totaling 600,000 hearing aids each year. Most dealers, therefore, sell very few each year, but those few go at high prices.

What to do about it? There are a few faint glimmerings of reform in the marketing and pricing of hearing aids, which we'll touch on later. But for now—and indeed at any time—it's best to remember that hearing loss is, above all, a medical problem. And, as in 1971, our best advice on seeking a remedy begins with a basic understanding of that fact.

WHO CAN BE HELPED?

Loss of hearing may be caused by any number of things: accumulation of earwax, infection in the ear, certain diseases (such as measles or meningitis), a reaction to antibiotics, tumors, a head injury, a birth defect, or long exposure to high sound levels. Perhaps the most common cause of all is a condition called presbycusis, part of the aging process. Few persons over 65 can hear as well as they did when they were 25.

Whatever the specific cause, there are two broad categories into which all hearing loss falls—"conductive" and "sensorineural." Conductive loss results from a failure in some part of the physical linkage of tissue and bones that conducts sound impulses from the eardrum to the nerve centers of the inner ear. A conductive hearing loss usually blocks and muffles sound uniformly, as you would by covering your ear with your hand. Sensorineural loss results from damage to the nerve centers in the inner ear, the nerve pathways to the brain, or perhaps to that portion of the brain that receives and interprets audio nerve signals. It's characterized by the inability to hear particular sound frequencies or tones, which may lead to difficulty in understanding certain words and sounds used in normal speech. For example, "s" may be confused with "f" because the nerve fibers that differentiate them are affected. Sensorineural loss is also frequently accompanied by increased sensitivity to loud sounds, which give discomfort or pain, and by humming and buzzing sensations. It's not at all uncommon for a person who is hard of hearing to be suffering from both kinds of loss.

Most conductive losses can be corrected by surgery. But very few sensorineural losses can be corrected surgically or medically. People with sensorineural loss usually have no other recourse than to be fitted with a hearing aid, which will be helpful in many, but not all, cases.

If you have difficulty hearing, the first thing to do is to consult a medical doctor—preferably your family physician—who may decide that the problem calls for a specialist. In that case you'll probably be referred to an otolaryngologist or otologist. An otolaryngologist is a physician specializing in ear, nose, and throat problems. An otologist is a physician who specializes in ear problems only. (In the interest of simplicity, we'll use the term otologist to describe both kinds of specialists.) It is possible, of course, to go directly to an otologist; you can find the names of those practicing nearest you by calling your local medical society. The important point is to seek competent medical help.

More can be at stake than the loss of hearing. Oncoming deafness is occasionally due to serious pathology close to the body's path of hearing—a tumor, for instance. A medical diagnosis, then, could be of lifesaving importance.

To determine whether a hearing aid may help you, an otologist will take a detailed medical history and perform a complete evaluation of your ears, nose, and throat. You may then undergo hearing tests in the otologist's office or be referred to an audiologist. Audiologists are nonmedical, university-trained specialists who are skilled in evaluative and rehabilitative services for people with hearing problems.

A reliable indicator of an audiologist's skills is a Certificate of Clinical Competence issued by the American Speech and Hearing Association (ASHA), the professional body that governs the field of audiology. That certificate should not be confused with the designation of Certified Hearing Aid Audiologist displayed by many hearing-aid dealers and granted by the National Hearing Aid Society, the dealers' trade association. A certified member of ASHA has had to comply with much sterner training requirements than a member of the trade association.

One hitch in the recommended course is that it may take time and effort to get professional help. While there is no longer an absolute shortage of otologists and certified clinical audiologists, few are located in rural areas. A second hitch is that professional help may cost a sizable sum. Fees vary throughout the country, of course. In the Washington, D.C., area, an otologist's examination could cost $25. A hearing test and hearing-aid evaluation at one hospital-connected speech and hearing clinic would cost another $45 to $60, making a total of $70 to $85. An otologist in a Los Angeles suburb told us he charges $22 for an initial medical checkup and $10 for a hearing test on the second visit. The audiologist with whom he works then charges $45 for a hearing-aid evaluation. Although those examples may not be typical for all areas, they indicate that it's not unusual to pay $80 or more for a proper introduction to a hearing aid.

In certain areas, though, the introductory professional fees need not be extra expenses. A number of otologists and audiologists refer patients who need hearing aids to dealers who (despite the displeasure of manufacturers) have agreed to provide discounts. The dealers do so because they're spared the expense of evaluation and testing. The director of one hearing clinic in Washington, D.C., told CU that, because of such discounts, his patients pay no more for professional services and an aid than they would for an aid alone from most local dealers. The Los Angeles otologist told us that he arranges a 10 per cent discount with a local dealer. That often covers the $45 charge by his associated audiologist for a hearing-aid evaluation.

THE HEARING TEST

The battery of tests in an audiological examination are generally of two types. One type employs an electrical device called an audiometer to determine the patient's ability to detect pure tones of various pitches. The second type investigates his or her comprehension of certain spoken words.

Both the pure-tone and spoken-word tests are performed with varying degrees of sound intensity, usually measured in decibels (dB). The number of decibels of a sound is derived logarithmically from the number of times that sound is stronger than the weakest sound audible to the normal ear. The more decibels, the stronger the sound.

Among other things, the ear specialist tests for two important limits at frequencies deemed important for speech intelligibility: the "threshold of hearing" and the "threshold of discomfort." Your threshold of hearing is the weakest sound that you can hear. Your threshold of discomfort is the loudest sound that you can hear without distress. A sound slightly louder than your threshold of discomfort marks your "threshold of pain," the point at which your ear will hurt. A person with normal hearing has a threshold of hearing near 0 dB and a threshold of discomfort of about 120 dB. In tests for loss of hearing, an elevation of the threshold of hearing is generally the most significant finding. The table below shows how, as the threshold rises in the general speech frequency range, the degree of impairment becomes more severe.

Threshold shift (dB) characterization, and effect:

0–15 (in the poorer ear), normal, no difficulties.

15–30 (in the better ear), near normal, difficulty with faint speech.

30–45 (in the better ear), mild impairment, difficulty with normal speech.

45–60 (in the better ear), moderate impairment, difficulty with loud speech.

60–90 (in the better ear), severe impairment, can understand only amplified speech.

90 or more (in the better ear), profound impairment, difficulty even with amplified speech.

With some conductive losses, the range from the threshold of hearing to the threshold of discomfort decreases by the same number of decibels in all frequencies. With others, the threshold of discomfort shifts upward, so that one can tolerate louder sounds than previously.

Sensorineural hearing losses can be more complicated. Often, the threshold of hearing shifts differently for different frequencies. Thus, you might be able to hear a bass tone normally, a mid-range tone starting at 30 dB, and a high treble starting at 50 dB. To further complicate matters, the threshold of discomfort is apt to fall. Persons so afflicted may ask you to speak louder because they can't hear you; then, when you raise your voice moderately, it seems to them you're shouting. There are still other variations in sensorineural loss—for example, "holes" or gaps in the audible frequency range that prevent certain isolated tones from being heard normally. Complex and patternless sensorineural losses make the specification of an aid extremely difficult.

Adding to the difficulty are as yet unresolved questions in hearing-aid technology: Should an aid be designed to give the wearer tonally even sound, by strongly amplifying only those tones heard most poorly? Or will an aid work just as well if it provides equal amplification of all frequencies, or perhaps a moderate emphasis in the treble tones? Hearing specialists do not agree on the answers to those questions.

THE HEARING AID

The important components of a hearing aid are a microphone to pick up the sound, an amplifier to boost the loudness of the sound, a receiver (or earphone) to deliver the sound, and a battery as a power source. Nearly all aids in use are air-conduction types, which put the sound directly into the ear canal through a molded ear piece. Bone-conduction aids, which direct the sound against the skull (usually the mastoid bone behind the ear), have limited application.

Four styles of air-conduction aids are in common use. The smallest is worn in the ear. Because it's so tiny, it can't provide powerful amplifications; it's for cases of mild or moderate hearing loss. The largest and most powerful aids are worn on the body, in a front pocket or pinned to a garment, with only the receiver extending by wire to the ear. However, body aids can pick up rustling noise from the user's clothing and may be blocked by heavy overclothing.

But 80 percent of the hearing aids in use are of moderate size and intermediate power. They fall into two types: behind-the-ear (or over-the-ear) aids, the familiar half-moon shaped apparatus worn between the ear and head; and eyeglass aids, continued in the temples of the eyeglass frame.

The useful amplification of a hearing aid is referred to as "average gain," measured in decibels over normal voice frequencies. A conventional aid with an average gain of 50 dB, which would put it in the moderate-power class, can amplify sound 50 dB. Conventional aids are classified in three power categories: strong (as high as 65 dB), moderate, and mild (as low as 29 dB).

To prevent pain and damage to the ear, aids have a limit to the loudness they can produce. That limit is called the "saturation sound-pressure level" or "maximum power output," also measured in decibels. It's usually set around the threshold of discomfort. Thus, if an aid with an average gain of 60 dB and a maximum power output of 120 dB receives a sound of 80 dB, it won't boost that sound to 140 dB, but rather cut if off at 120 dB. The average gain and maximum power output needed by any one person is determined in the audiological evaluation, although even those averages will not fully describe a hearing loss that is different for different frequencies.

There are specialty models with features designed to compensate for particular kinds of hearing loss:

Compression models. In such aids, the gain isn't equal at all levels. Strong sounds are amplified less than weak sounds.

Directional models. These do not amplify sounds from the rear as much as they do from the front, helping the wearer to discriminate between desirable sounds and background noise.

High-frequency-emphasis models. These aids emphasize the treble, providing little or no amplification below 1000 Hz.

CROS models. The CROS aid differs from conventional aids in that its microphone is placed on the opposite side of the head from the receiver. Originally designed for people with a hearing loss in only one ear, it has proved of benefit to people with bilateral losses, too. One of its major advantages is a marked reduction of low-frequency background noise, when the aid is used with an open earpiece.

BICROS models. With these models a microphone is placed on each side of the head, and signals from both microphones are delivered to one ear. Such models are of benefit to persons with different amounts of hearing loss in each ear.

Even when an aid is well fitted and working properly, most first-time users go through a period of adjustment. The quality of the sound, especially nonspeech sounds, is more "brassy" than would normally be experienced. That's due in part to the hearing aid's limited frequency range. It takes close to the full range of normal hearing, about 50 Hertz (Hz) to 10,000 Hz, to provide reasonably accurate timbre (the quality given to sound by its overtones). Most hearing aids work in a narrower range of about 500 to 4000 Hz, which is sufficient to make sound intelligible, though not entirely natural. Then, too, hearing aids don't handle all tones evenly, further distorting sounds. Finally, many wearers of hearing aids find themselves unable to "tune out" distracting sounds, as a person with normal hearing does; everything from a slamming door to a jet flying overhead sounds unnaturally loud and jarring. With patience, however, and perhaps rehabilitative therapy with a qualified audiologist, most people can adjust to the imperfections of hearing aids.

WHY MORE AREN'T HELPED

Even those who seek to remedy their hearing loss in the recommended, medically directed way have no guarantee of success. In a sense, they start with four strikes against them.

First, the degree and quality of hearing loss can be difficult to determine precisely, even by medical specialists or trained audiologists. Judgments based on responses from patients are more subjective than the experts would like.

Second, no single model of hearing aid can come close to compensating completely for any type of hearing loss.

Third, hearing specialists are handicapped in referring patients to hearing-aid dealers by the bewildering array of aids on the market (about 1200) and by the shortage of unbiased technical information about them.

Fourth, hearing specialists lack a reliable means of prescribing a hearing aid with performance characteristics best suited to a patient's needs. It may be possible to specify the patient's requirements in such characteristics as frequency response, gain, maximum power output, and freedom from distortion. But a hearing-aid dealer has little way of relating those specifications to the products at hand. It's likely that if 10 people were sent to 10 different dealers with the same specifications, they would come back with 10 measurably different hearing aids.

Complicating matters is a lack of product reliability. More than 50 per cent of hearing aids tested by the New York League of the Hard-of-Hearing failed to meet manufacturers' advertised specifications. The HEW Task Force said an industrywide standard of quality and performance for hearing aids is "sorely needed" to eliminate wide variations in the performance of aids.

As if there weren't enough medical and technological difficulties in correcting hearing loss, 70 per cent of the 600,000 people who buy hearing aids each year further reduce their chances of finding a remedy by failing to enlist professional help initially. According to the HEW Task Force, 85 per cent of persons who contact dealers directly are found "capable of being helped" by an aid. In contrast, statistics from the government of Saskatchewan, Canada, show that only 45 per cent of persons who contact audiologists in that province are diagnosed as needing a hearing aid.

The U.S. and Canadian patient groups are presumably similar; they sought help because they couldn't hear well. The Americans, however, were diagnosed by tradespeople interested in selling hearing aids. The Canadians were diagnosed by professionals without a pecuniary interest in aids. Investigations by public-interest groups in New York City and Baltimore came to similar conclusions. They found that in more than 40 per cent of the cases studied, dealers recommended the purchase of hearing aids when hearing professionals had determined previously that patients couldn't benefit from the devices.

In addition to commercial motives, the sale of unnecessary hearing aids can be attributed to hard-sell tactics, faulty test equipment, and poor training and regulation of dealers. Beware of any dealer who says that an aid will make hearing absolutely or practically normal, or that an aid is essential for "nerve stimulation" to prevent further hearing loss. Those are common but untrue claims. Beware also of the dealer who tests hearing in a less-than-quiet area. A very quiet room is essential for accurate testing.

Exhaustive testing with calibrated equipment is essential in evaluating a person's need for a hearing aid. Yet only a few of the 40 states with licensing laws for dealers require them to use even minimal testing procedures and audiological screening equipment. Fourteen of those states have no system to check the calibration of test devices. In most states that do call for calibration, dealers are required only to file an annual certificate with the licensing boards that their equipment has been calibrated. "Just how well this voluntary reporting system works is unclear," comments a staff study by the Permanent Subcommittee on Investigations of the U.S. Senate Government Operations Committee.

The basic training for hearing-aid salespersons is a 20-week home-study course offered by the National Hearing Aid Society (NHAS), the dealers' association. That's the course leading to the designation "Certified Hearing Aid Audiologist." The Senate Permanent Subcommittee on Investigations asked several committees of hearing professionals, mainly otologists and audiologists, to evaluate the content of the NHAS home-study course. The experts characterized the course as "inadequate," "inaccurate," and even "potentially dangerous." (The NHAS announced a new, more detailed, college-based training program for dealers last year, but the NHAS won't compel attendance or expel members who don't sign up.) The HEW Task Force said that the NHAS home-study course and subsequent examination "do not include any evaluation of the dealer's practical skills in testing and fitting hearing aids, nor of the dealer's ability to communicate with and counsel the hearing impaired."

State regulation of hearing-aid dealers is, at best, uneven. Forty states now have licensure laws for dealers, but most of them are modeled on a bill proposed by the industry. Only four—Hawaii, Minnesota, New York, Vermont—require that a person see a doctor or audiologist before buying a hearing aid. Nearly 50 per cent of state-licensed dealers were not required to take an examination for the certification. They were "grandfathered" into licenses by virtue of their business activity before the law was passed. Only seven states require applicants for licensure to have had training other than apprenticeship under a licensed dealer. Virginia alone requires an applicant to complete a college-level course.

The NHAS and the hearing-aid manufacturers rely on state licensing agencies to police dealers. But few of the states employ full-time professional staff members for this purpose. The budgets for licensing boards are often minuscule or nonexistent. In 35 states, dealers either outnumber the other board members or comprise at least one-half the panel, and a number of boards rarely transact business. The staff study of the Senate Permanent Subcommittee on Investigations reached this conclusion: "Most state licensing agencies are controlled by dealers—many of whom have been grandfathered into licensure. These dealers are often responsible for the drafting of loophole-ridden laws in the first place. Once on the board, these dealers frequently band together to frustrate consumer members."

NARROWING THE DEALER'S ROLE

Hearings before the Senate Subcommittee on Consumer Interests of the Elderly provided case histories of the dangers of purchasing a hearing aid without prior medical consultation. Among them were examples offered by the Minnesota Public Interest Research Group:

A 68-year-old stroke victim with expressive aphasia (a loss of the ability to speak) was sold two aids although he had normal hearing.

A 44-year-old man with conductive hearing loss was sold two hearing aids. When he finally saw a physician, surgery restored him to almost normal hearing.

A 68-year-old man was tested and fitted by a dealer with an in-the-ear hearing aid too weak to compensate for his loss. Professional examinations later found the aid to be completely inadequate, and a different aid was prescribed.

Certainly, not all hearing-aid dealers are guilty of such practices. Many, it should be acknowledged, have extensive practical experience with hearing problems. And many more are sincerely interested in helping people hear better. The HEW Task Force said that "the various services (e.g., fitting an aid, pre- and post-aid counseling, and repairs) provided by these specialists are regarded by many of the hard-of-hearing as indispensable to their welfare." Still, CU believes that the prospective purchaser of a hearing aid would be wise to view dealers as tradespeople who can be helpful in explaining the workings of and problems associated with hearing aids, but not as professionals competent to diagnose and solve a hearing problem.

Thus, when you walk into a hearing-aid dealer's store, you'll be there just as a customer, not as a patient or examinee. If you've followed the steps CU has outlined, you'll bring specific instructions from an otologist or audiologist (although, as we have explained, the instructions may not always be readily interpretable into the name of a specific model). You don't need any further evaluations or a sales pitch. But you could use a price break in return for not using the dealer's testing and evaluation services. Some dealers can be persuaded to give a discount, so ask for one.

The dealer will probably take an impression of your ear canal to make the earpiece, if that has not already been provided by the audiologist. A charge of $15 or $20 extra is common for that. And the dealer can be quite helpful in showing you how to operate and take care of the aid.

You should insist that the aid be bought on a trial basis only. Reputable dealers will rent you the aid for about $1 a day for a month. If you aren't satisfied, they'll take it back. If you buy the aid, they'll deduct the rental fee from the price. The FTC has proposed a new regulation that would, in effect, make the 30-day rental offer mandatory for all dealers, except when specific brand-and-model aids are prescribed by otologists or audiologists. (CU has commented to the FTC that the distinction between prescribed aids and unprescribed aids is unfair because buyers of both types run a risk of getting an aid not right for them.) During the 30-day trial period, you should return to the otologist or audiologist to find out whether the aid is working properly. Unless something is obviously wrong, try a new aid the full month to become accustomed to it. If you can't you may decide that you need rehabilitative help.

Dealers defend their high markups by reciting the time they devote to testing, fitting, and following the progress of their customers. In our view, however, testing is a job for otologists and audiologists.[1] And a patient experiencing difficulty in adjusting to a hearing aid is better served by professional advice, not advice from a dealer. As for fitting the earpiece, dealers often charge extra for that anyway.

Most dealers, in effect, force customers to buy a whole package of services. The HEW Task Force has proposed changing that by "unbundling" the dealer's bill. Unbundling would mean that the cost of services would be separated from the cost of the hearing aid, permitting buyers to pay only for those services they need. The Tack Force recommended that all state licensure and registration laws for hearing-aid dealers contain a requirement for unbundled, itemized bills. CU has suggested to the FTC that it include the unbundling requirement in a new trade regulation under consideration for the hearing-aid industry. We did so because the reform would be quicker, surer, and more uniform under Federal, rather than state, jurisdiction.

But there is a possibility that much the same kind of reform can be accomplished on the commercial level. A stark example is Master Plan Service Co. of Minneapolis, which now has franchises in 19 cities. Master Plan attempts to carry as many hearing-aid lines as possible, despite resistance from manufacturers who prefer exclusive or limited-line dealerships. Master Plan does little advertising and no prospecting for clients. It accepts orders only on referral from otologists and audiologists, and it does no testing or evaluation of patients. It just sells and services prescribed aids at a cost of $150 or more below list price. In our view, the Master Plan approach properly divides responsibility between the professional and trade members of the hearing-aid delivery system.

NOT MUCH HELP WHEN THE BILL COMES

Financial assistance from the Government is limited. Medicaid programs in 26 states,[2] Guam, and the Virgin Islands offer assistance to certain categories of people who cannot afford to buy a hearing aid. The program covers diagnosis of the hearing problem and purchase of the aid. But the criteria for determining need are fairly restrictive.

The Medicare program for the elderly provides assistance only for diagnosis leading to ear surgery—not for diagnosis calling for a hearing aid nor for purchase of the aid itself.

The Federal Rehabilitation Services Administration, working through state departments of vocational rehabilitation, assists people whose hearing problems handicap employment. (Homemaking is often viewed as an eligible form of employment.) Information can be obtained from your state vocational rehabilitation agency. General information on deafness and hearing and speech impairment can be obtained from the Office of Deafness and Communications Disorders, Rehabilitation Services Administration, Office of Human Development, Department of Health, Education, and Welfare, Washington, D.C. 20201.

Help for children is provided through the Federal Maternal and Child Health Service. The program is administered through state health departments or state crippled-children's services, which should be contacted for information. The children's service arranges for diagnostic work and hearing aids at no cost or at reduced prices, depending on need.

Veterans can obtain free diagnostic services and hearing aids from the Veterans Administration. Assistance is usually limited to veterans whose hearing losses are service-connected or to patients in VA hospitals.

The American Speech and Hearing Association's "Guide to Clinical Services in Speech Pathology and Audiology" lists more than 1882 sources of speech and hearing clinical services, many of which have been accredited by ASHA. The full "Guide" is available for $5, and a list of facilities in your area is available free on request. Also free is a useful ASHA pamphlet titled "Hearing Impairment and the Audiologist." Write: American Speech and Hearing Association, 9030 Old Georgetown Road, Washington, D.C. 20014.

KENTUCKY'S WHEELER DEALERS

The Senate Permanent Subcommittee on Investigations, at the request of Senator Charles H. Percy of Illinois, recently examined state licensing and training requirements for hearing-aid dealers. Many of the 40 state licensing boards, the study found, are controlled by dealer members who constitute a majority. Thus the boards seem to work harder to protect dealers from criticism than to protect consumers from injustices. In the case of Kentucky, the study produced evidence that certain dealer members of the licensing board used that membership to advance personal interests.

Kentucky is one of the many states that allow persons to be granted a dealer license without an examination, if they were engaged in the hearing-aid business prior to passage of the licensing law. The practice, called "grandfathering," rests on the notion that experience equals competence. One person grandfathered into a Kentucky license was the son of Charles N. Stone, then chairman of the licensing board. The son, Michael Stone, was 19 when he applied for a license. He stated on his application that he was 14 when he began working in his father's store. Grandfathering is a dubious practice at best; applied to a teen-ager, it's ludicrous.

The Senate study also cited an incident involving a Kentucky board member, Marion Roberts, also a hearing-aid dealer. Roberts was asked by a consumer member of the board about his reasons for sponsoring a particular man who applied for a license and about whether he had supervised the man's work for six months, as required by law. According to the other board member, Roberts "replied that the man owed him $4000 and he must get it back, so he was going to sign an affidavit swearing that he has sponsored the man for six months." A third board member, Norma Jean Phillips, confirmed the story, adding in an affidavit that Roberts told her the applicant was "not of good moral character." (Roberts denied Ms. Phillips's recollection of their conversation.)

Roberts, along with four other dealer members of the board, including chairman Stone, were involved in a third incident that came to the Senate investigators' attention. In January 1974, the five board members organized the Kentucky College of Otometry, later renamed the National College of Otometry. The college's catalogue detailed a five-year course of study, at $500 per semester, leading to a "Doctor of Otometry" degree. The five state board members were listed as "regents," and the college's address was the same as Roberts' dealership in Richmond, Ky.

At its meeting in November of 1974, the board heard a suggestion from member Larry J. Naiser, one of the college's regents, that the board officially commend the college. A formal motion to approve the college was neither offered nor voted upon. Yet shortly afterward, Marion Roberts wrote to hearing-aid dealers around the state, inviting them to a seminar at the college's campus at which "certified otometrist" wall plaques would be issued to those who paid the $60 attendance fee. The letter began: "Our State licensing board *has approved* the 'National College of Otometry' and are [sic] in the process of writing the College of Otometry a commendation."

The Kentucky Attorney General filed suit the following April against the National College of Otometry and two of its "regents," including Roberts, for false and misleading practices. The suit charged that the institution was not a duly accredited college and had no authority to issue a doctoral degree. The terms "otometry" and "otometrist" are reserved for professional audiologists, the suit alleged. The challenged representations, according to the suit, "will mislead and cause consumers to seek advice, assistance, and treatment related to hearing and disorders of hearing from recipients of the defendants' otometry degree, and cause such consumers to part with substantial sums of money, and risk serious and irreparable harm and damage to their hearing and psychological health."

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[1] The U.S. Food and Drug Administration has recently proposed rules requiring hearing-aid dealers to direct customers to physicians for a medical examination before selling them an aid. But the proposed rules contain a massive loophole. Adult customers, except under certain limited circumstances, can sign a paper waiving the medical exam. Dealers in pursuit of a fast sale will be tempted to push the waiver, not the exam.

[2] California, Connecticut, Illinois, Indiana, Iowa, Kansas, Louisiana, Massachusetts, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Rhode Island, Utah, Virginia, Vermont, Washington, West Virginia, and Wisconsin.

In May of 1975, the defendants agreed to an order prohibiting the use of the words "otometry" and "otometrist" and prohibiting any representation that the state board had approved the college. In accord with the conditions of the order, Marion Roberts wrote to dealers who had attended the conference, offering refunds on the $60 paid for the "Certified Otometrist" plaques. He explained that "the Certificate issued to you at our November 1974 Conference is to be considered valueless, is not to be displayed, and could be considered a violation of the Kentucky Consumer Protection Act."

PART 2: WHAT PROFESSIONALS SHOULD KNOW

The Veterans Administration tests only about 20 to 25 per cent of the hearing aids on the market. Still, for the 1976 model year, it tested more than 100 hearing aids—far more than CU could possibly test in a program of our own. (Our summary of the VA test results is meant for otologists and audiologists. As in 1971, CU endorses the VA's view that the selection of an aid should not be made solely by studying its ratings, but rather requires professional guidance as described in the previous section of this report.)

The VA invites manufacturers to enter aids of their choice for the testing program. The aids submitted must be standard, currently available production models. VA representatives pick three random samples of each aid from the manufacturers' stock. Those samples are tested for the VA by the Sound Section of the Institute of Basic Standards at the National Bureau of Standards, and the Biocommunications Laboratory at the University of Maryland.

Raw data from the tests are analyzed by the VA's Auditory Research Laboratory and, in most cases, are converted into a performance score. The VA also considers cost, dividing the cost of an aid (usually a discounted price) by the performance score to determine lowest cost per point of quality. Administration contracts are awarded on the basis of superior performance scores, lowest cost per quality point, and particular characteristics needed for clinical reasons. In addition, the VA considers the past year's record of repair service.

As in the past, our introduction here to the VA ratings is but a brief summary of the tests from which they were derived. One can obtain the complete test report, "Handbook of Hearing Aid Measurement, 1976," from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for $5.50.

This year's report goes into detail on the various test methods used, including those for many specialized aids. Tests included measurements of frequency response, gain, maximum power output, battery current drain, harmonic distortion, signal-to-noise ratio, and hum immunity. The VA also checked to see whether the aids are clinically acceptable—that is, whether they're easy to wear or use.

The measurements for each electronic characteristic were scored and weighted according to criteria developed by the VA to produce an overall performance score. A score of 100 is average for an aid within its category. Scores above and below this point represent proportionately better or worse aids. Most of the test data used to score the aids can be read directly from the Government report. In the ratings that follow, the technical information is limited to average gain, average maximum power output, and overall performance score.

In 1971, we calculated and published the Index of Effectiveness (I of E), a factor that received heaviest weighting in the VA's scoring scheme. But it had to be extrapolated from various secondary data. And since the VA is currently reevaluating and modifying its hearing aid evaluation criteria, CU is unable to provide the I of E. Also, the VA's scoring scheme may be modified for aids with special characteristics or not computed at all. This year, for example, the VA did not compute performance scores for high-frequency-emphasis, in-the-ear, CROS, and BICROS aids.

The VA has reported which aids it selected for contract or, in the case of those not selected, which aids nonetheless scored in the top 25 per cent of their category.

VETERANS' ADMINISTRATION RATINGS OF HEARING AIDS

Listed by categories. Models with standard acoustic characteristics are categorized by power: strong, moderate, and mild. Within power categories, listed in order of decreasing performance score (with 100 as average). Models with unique characteristics are categorized by specialty, and, except as noted, are listed in order of decreasing performance score. Performance scores were not computed by the VA for CROS, BICROS, high-frequency-emphasis, and in-the-ear aids. All figures rounded to nearest whole number. Prices are given when available from manufacturers and are list, as stated by them, rounded to the nearest dollar.

Described by type: body (on-the-body), over ear (behind or over-the-ear), eyeglass, and in-the-ear. Except as noted, average gain is the amplification in decibels (dB) as computed by the VA over the frequency range of 500 to 2000 Hz.; for high-frequency-emphasis aids, gain was computed over the range of 1000 to 2000 Hz. Average maximum power output (the amplification cut-off point) is in dB computed over the speech spectrum range.

VETERANS, ADMINISTRATION RATINGS OF HEARING AIDS

Brand and model	Type	Average gain	Average maximum power output	Performance score
Strong-power models:				
Oticon 375 PPX (Oticon Corp., Union, N.J.), $415.	Body	59	131	121
Telex 70 (Telex Communications, Inc., Minneapolis).	do	61	133	113
Zenith Vocalizer III (Zenith Hearing Instrument Corp., Chicago), $335.	do	63	135	97
Radioear 980 (Radioear Corp., Cannonsburg, Pa.)	do	63	135	96
Audivox 115X11 (Air) (Audivox Hearing Aids, Newton Mass.), $405.	Over ear	59	130	87
Lehr Omniton 115F (Lehr Instrument Corp., Huntington Station, N.Y.).	Body	62	135	63
Danavox 727 PPE (Danavox, Inc. Minneapolis).	do	62	133	52
Acousticon A770 Gold (HP receiver) (Acousticon Systems Corp., Danbury, Conn.).	do	67	139	38
Sonotone 670 BX (Sonotone Corp., Elmsford, N.Y.).	do	72	142	33
Moderate-power models:				
Zenith Pace EPII (Zenith Hearing Instrument Corp.), $395.	Over ear	52	127	150
Oticon S-11-V (Oticon Corp.), $425	Eyeglass	44	118	142
Oticon E-11-V (Oticon Corp.), $420	Over ear	45	118	132
Audiotone A-24D (Audiotone Division, Royal Industries, Phoenix).	do	45	119	130
Lehr Optica 6 (Lehr Instrument Corp.), $375.	Eyeglass	47	121	123
Sonotone 40-6 (Sonotone Corp.)	do	51	123	122
Radioear 1050 (Radioear Corp.)	Over ear	54	127	120
Sonotone 77-S (Sonotone Corp.)	do	55	124	118
Lehr Star 6F (Lehr Instrument Corp.), $395.	do	55	127	116
Telex 334 RD (Telex Communications, Inc.).	do	54	127	116
Widex A2-T (Widex Hearing Aid Co., Long Island City, N.Y.).	do	53	127	115
Oticon E-18-P (Oticon Corp.), $455	do	56	130	113
Audiotone A-24 (Audiotone Division, Royal Industries).	do	46	119	112
Vicon 124 (Vicon Instrument Co., Colorado Springs, Colo.).	do	45	118	112
Audiotone A-20 (Audiotone Division, Royal Industries).	do	45	121	108
Qualitone TPF (Qualitone, Inc., Minneapolis), $355.	do	53	126	107
Qualitone TSP (Qualitone, Inc.), $370	do	55	129	103
Audivox 111 Spectacular, RD response (Audiovox Hearing Aids), $390.	Eyeglass	54	128	102
Vicon 150 (Vicon Instrument Co.)	Over ear	54	127	102
Rexton 4134 (Starkey Labs, Inc., Eden Praine, Minn.).	Body	50	124	101
Audiotone A-25 (Audiotone Division, Royal Industries).	Over ear	44	120	100
Audiotone A-23 (Audiotone Division, Royal Industries).	do	55	128	99
Radioear 1040 (Radioear Corp.)	Eyeglass	55	127	98
Danavox 695 PPE (Danavox, Inc.)	Over ear	55	127	97
North American Philips HP8276E (North American Philips Corp., NYC), $414.	do	55	128	97
Dahlberg HT 1233 (Dahlberg Electronics, Inc., Golden Valley, Minn.).	do	55	128	96
Vicon 123 (Vicon Instrument Co.)	do	48	119	93
Oticon 380 SI (Oticon Corp.), $250	Body	55	125	89
Dahlberg RP 2528 (Dahlberg Electronics, Inc.).	do	52	125	85
Widex 77 (Widex Hearing Aid Co.)	do	47	119	85
Rexton 4136 (Starkey Labs, Inc.)[1]	do	52	124	83
Vicon M-8 (Vicon Instrument Co.)	Body	54	131	81
Fidelity F-339 (Fidelity Electronics, Ltd., Chicago), $390.	do	57	128	78
Siemens 24PP PC (Siemens Corp., Union, N.J.), $460.	Over ear	56	128	78
Danavox 735-S (Danavox, Inc.)	do	48	121	77
Fidelity F-39 (Fidelity Electronics, Ltd.), $490.	do	56	128	75
Dahlberg HF-1250 (Dahlberg Electronics, Inc.).	Eyeglass	58	129	74
Otarion Tonette (Otarion Electronics, Inc., Ossining, N.Y.).	Over ear	44	118	56
Zenity Award (Zenith Hearing Instrument Corp.), $99.	Body			
Mild-power models:				
Qualitone UFO (Qualitone, Inc.), $368	Over ear	31	112	149
Oticon E-16-U (Oticon Corp.), $299	do	39	113	138
North American Philips HP8252 (North American Philips Corp.), $285.	do	37	112	126
Qualitone TSS (Qualitone, Inc.), $360	do	39	121	125
Rexton 4112 (Starkey Labs., Inc.)[2]	do	35	114	120

Brand and model	Type	Average gain	Average maximum power output	Performance score
Audivox 37 Micronic (Audivox Hearing Aids), $285.	Eyeglass	41	113	118
Acousticon A-690 w/"A" tone control, —2 (Acousticon Systems Corp.).	Over ear	36	113	113
Danavox 745 V (Danavox, Inc.)	do	44	118	112
Lehr Star 44 (Lehr Instrument Corp.)	do	40	114	112
Dahlberg RL 2527 (Dalhberg Electronics, Inc.).	do	38	113	109
Telex 334 (Telex Communications, Inc.)	do	37	110	96
Acousticon A-650R (Acousticon Systems Corp.).	do	39	113	93
Audivox 123 Bi-Focal, RD response (Audivox Hearing Aids), $405.[3]	Eyeglass	39	113	81
Dahlberg PA 2526 (Dahlberg Electronics, Inc.).	Over ear	40	114	81
Acousticon A-465 SSR (Acousticon Systems Corp.).	In ear	29	109	
Otarion Listenette (Otarion Electronics, Inc.).	do	40	114	
Compression models:				
Oticon 565 SZ LDC (Oticon Corp.)[4]	Over ear	30	106	143
Vicon 159 (Vicon Instrument Co.)[1]	do	36	112	120
H-C 527SE *with N transducer* (H-C Electronics, Inc., Mill Valley, Calif.), $255.	Body	64	122	119
North American Philips HP8274 (North American Philips Corp.), $438.	Over ear	45	117	119
H-C 527L with N transducer (H-C Electronics, Inc.), $413.	Body	64	123	114
Qualitone CSD (Qualitone, Inc.), $355[4]	Over ear	30	106	113
Fidelity F-37 (Fidelity Electronics, Ltd.), $430.	do	43	115	109
Zenith Command 100 (Zenith Hearing Instrument Corp.), $395.	do	33	106	108
H-C 527L with W transducer (H-C Electronics, Inc.), $413.	Body	62	120	94
Siemens 32D-AGC (Siemens Corp.), $435[4]	Over ear	52	116	93
Siemens 22-AVC (Siemens Corp.), $428	do	38	110	92
H-C 527SE with W transducer (H-C Electronics, Inc.), $255.	Body	62	119	91
H-C 527L with PP transducer (H-C Electronics, Inc.), $413.	do	71	129	82
H-C 527SE with PP transducer (H-C Electronics, Inc.), $255.	do	70	128	77
Radioear 1030 (Radioear Corp.)[4]	do	50	121	75
North American Philips HP8275 (North American Philips Corp.), $438.	do	36	108	27
H-C 527PE (H-C Electronics, Inc.)	Body			
Shalako 1421 (Shalako International, Scottsdale, Ariz.).	Over ear	23	107	
Shalako 1511 (Shalako International)	Body	18	112	
Directional models:				
Rexton 4137 (Starkey Labs, Inc.)	Over ear	38	115	133
Qualitone CSD (Qualitone, Inc.), $355[2]	do	30	106	132
Vicon 159 (Vicon Instrument Co.)[2]	do	36	112	131
North American Philips HP8283E (North American Philips Corp.), $405.	do	47	120	130
Lehr Star 6 AVCD (Lehr Instrument Corp.)	do	42	120	114
Zenith Royal D (Zenith Hearing Instrument Corp.), $425.	do	53	126	113
North American Philips HP8288E (North American Philips Corp.), $405.	do	43	115	110
Audiotone A-27 (Audiotone Div., Royal Industries).	do	45	127	106
Danavox 735 DS (Danavox, Inc.)	do	45	120	104
Siemens 32 D-AGC (Siemens Corp.), $435[3]	do	52	116	99
Siemens 34D-SL (Siemens Corp.), $460	do	53	127	94
Acousticon A-690 D (Acousticon Systems Corp.)	do	48	120	89
Vicon 158 (Vicon Instrument Co.)	do	52	127	85
Radioear 1030 (Radioear Corp.)[3]	do	50	121	75
Fidelity F-58D (Fidelity Electronics, Ltd.), $490.	do	43	116	72
Maico Co. (Maico Hearing Instruments, Minneapolis).[5]	do	40	113	69
Telex 33D (Telex Communications, Inc.)	do	52	126	46
High-frequency-emphasis models (The VA did not compute performance scores for the following models. Listed in order of decreasing gain).				
Lehr Optica 6 Bifros (Lehr Instrument Corp.), $705.	Special eyeglass.	32	124	
North American Philips HP8269 (North American Philips Corp.), $405.	Over ear	31	120	
Audivox 101 Cycloramic II, DGD response (Audivox Hearing Aids), $345.	do	26	117	
Acousticon A-650 HP (Acousticon Systems Corp.).	do	25	119	
Maico DE (Maico Hearing Instruments)	do	24	118	
Siemens 26H (Siemens Corp.), $421	do	24	123	
Widex 85 (Widex Hearing Aid Co.)	do	24	122	
Dahlberg NP2521 (Dahlberg Electronics, Inc.).[1]	do	20	121	
Sonotone 50-2 (Sonotone Corp.)	Eyeglass	19	119	
Zenith Dover C (Zenith Hearing Instrument Corp.), $375.	Over ear	17	121	
Telex 331H (Telex Communications, Inc.)	do	15	119	
Danavox 743 UN (Danavox, Inc.)	do	14	117	
Lehr Star GH (Lehr Instrument Corp.), $395.	do	13	121	
Audiotone A-20 P-5 (Audiotone Div., Royal Industries).	do	12	125	
Cros and Bicros models (The VA did not compute performance scores for the following models. Listed in order of decreasing gain; the gain reported for CROS aids was measured at 2,000 Hz; for BICROS aids, 1,000 Hz.):				
Telex 334 BC (Telex Communications, Inc.).[4,6]	Over ear	61	127	
Telex 334 SC (Telex Communications, (Inc.).[4,7]	do	59	129	
Qualitone TSPNB (Qualitone, Inc.), $445.[6]	Eyeglass	58	130	
Siemens 24E SL-PC (Siemens Corp.), $439.[6]	Over ear	58	129	
Dahlberg HG 1250 (Dahlberg Electronics, Inc.)[6]	Eyeglass	56	128	
Oticon S11V (Oticon Corp.), $425[7]	do	55	119	
Radioear 1040 (Radioear Corp.)[6]	do	51	127	
Sonotone 35 AX (Sonotone Corp.)[6]	do	51	123	
Otarion X-102 (Otarion Electronics, Inc.)[6]	do	49	120	
Vicon OE-124 (Vicon Instrument Co.)[7]	Over ear	49	123	
Viennatone ALPC/C (Viennatone of America, Inc., Chicago).[7]	Eyeglass	49	117	
Beltone Sonata Standard (Belton Electronics Corp., Chicago).[6]	Over ear	47	117	
Radioear 1010 (Radioear Corp.)[7]	Eyeglass	47	120	
Siemens H28E MP HF (Siemens Corp.), $421.[7]	Over ear	47	117	
Acousticon 1001 (Acousticon Systems Corp.).[7]	Eyeglass	46	118	
Audivox 123C (Audivox Hearing Aids), $450.[7]	do	46	115	
Dahlberg JC1254 (Dahlberg Electronics, Inc.).[7]	do	46	118	
Fidelity F52C (Fidelity Electronics, Ltd.), $490.[7]	Over ear	45	113	
Oticon 850S (Oticon Corp.)[6]	Eyeglass	45	120	
Audiotone A 24 (Audiotone Div., Royal Industries).[6]	Over ear	44	118	
Sonotone 35 AZ (Sonotone Corp.)[7]	Eyeglass	44	125	
Vicon OE-124 (Vicon Instrument Co.)[6]	Over ear	43	119	
Audiotone A24 (Audiotone Div., Royal Industries).[7]	do	42	120	
Audivox 123BC (Audivox Hearing Aids), $480.[6]	Eyeglass	42	116	
Beltone Aria Standard (Beltone Electronics Corp.).[7]	Over ear	42	110	
Acousticon 1001 (Acousticon Systems Corp.).[6]	Eyeglass	38	118	
Fidelity F490BC (Fidelity Electronics, Ltd.), $490.[6]	do	35	119	
Qualitone SNEC (Qualitone, Inc.), $400[7]	do	34	123	
Viennatone ALPC/BC (Viennatone of America, Inc.).[6]	do	34	120	
Otarion X-101 (Otarion Electronics, Inc.)[7]	do	32	117	
Zenith Cros (Zenith Hearing Instrument Corp.), $390.[7]	do	29	121	
Special model (Binaural phase related. Different frequency response on each side.):				
Zenith Biphasic (Zenith Hearing Instrument Corp.), $690.	Eyeglass			

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[1] Directional.
[2] Compression.
[3] Option for directional.
[4] According to the company, this model has been discontinued.
[5] According to the company, this model has been replaced by model DH.
[6] Bicros.
[7] Cros.

THE MONONGAHELA ISSUE

Mr. HELMS. Mr. President, the National Forest Management Act of 1976 (S. 3091) was reported in mid-May by the Committee on Agriculture and Forestry and the Committee on Interior and Insular Affairs after 3 days of joint hearings and 4 days of joint executive sessions. It is a far-reaching measure which would govern forest management practices on our 155 national forests, and would amend the Forest and Rangeland Resources Planning Act of 1974 and the Organic Act of June 4, 1897.

It was the act of 1897 on which the Monongahela decision was based; and it was this decision, sustained in August 21, 1975, by the Fourth Circuit Court, that has created a crisis atmosphere in the forest products industry nationwide, and economic hardship and dislocation in the industry in the States of West Virginia, Virginia, and North and South Carolina.

S. 3091 would, if enacted, repair this particular condition, for, as the distinguished chairman of the Agriculture and Forestry Committee, Mr. TALMADGE, has stated, the bill—

> . . . brings into the 20th Century those parts of the old Organic Act which created the original Monongahela situation.

But the proposed measure does much more than that. The overall objective of S. 3091, in the language of the report from the Committee on Agriculture and Forestry, is to—

> . . . insure that the resources found in our National Forests can be used and enjoyed by the American public, now and in the future. Only by managing National Forest System lands in a manner aimed at maximizing all the renewable resources, air, soil, and water can this objective be achieved.

Mr. President, I commend the leadership of the two committees, the members who participated in committee deliberations, and the staffs, for their productive efforts in resolving some very difficult problems. But some questions remain whether in all respects of S. 3091 would lead to management which would maximize—

> . . . all the renewable resources (of) air, soil and water . . .

Indeed, there are some provisions which, in my opinion, could lead in quite the opposite direction—and this is an opinion shared by many professional foresters and the forest products industry in general. I refer particularly to the so-called nondeclining yield provision (section 11) which would effectively preclude the harvesting of most of the old growth and virgin timber of our great national forests in the West—leaving this timber to die from age or disease and be wasted forever—a timber volume estimated at 180 billion board feet.

There is also a provision constraining the harvesting of timber based on the relative productivity of the site—section 5(H) (III). This provision, I am informed, could cause substantial hardship in the timber industry of the Southwest and the intermountain States.

There are other provisions which would remove restraints on the Forest Service in the use of timber sale receipts for road construction (section 20) and other purposes (section 18), and some which would prescribe forest management practices in ambiguous language.

It is my understanding that discussions have been taking place among leaders and members of the two committees which may lead to clarifying some of these issues and resolving some of the problems by floor action when S. 3091 is called up in the Senate.

Though I have mentioned some of the areas that trouble me, I believe that S. 3091 is generally a good bill which will solve some very thorny problems. The committees attempted to report an environmentally sound and balanced bill. And this was achieved in large degree by incorporating some of the provisions of S. 2926, introduced by the able and cooperative senior Senator from West Virginia (Mr. RANDOLPH) who has taken a particular interest in the subject and who participated in the hearings and committee deliberations on S. 3091.

And yet, I believe it is safe to state that my friend from West Virginia is, from a different point of view, also not wholly pleased with S. 3091 as reported. And it is my understanding that the distinguished gentleman from West Virginia plans to offer some amendments to S. 3091 when it comes to the floor of the Senate.

In general, the amendments proposed by Senator RANDOLPH in executive session reflect the view that S. 3091 represents too much emphasis on the use of the National Forest System as a source of timber supply; while there are others of us who believe that the national forests can meet the multiple-use needs and still greatly increase the growth and harvesting of timber.

I make note of these two unresolved points of view, Mr. President, to highlight the fact that the Senate itself may be confronted with some difficult issues to resolve in S. 3091. And while the appropriate committees of the other body have not yet reported a comparable measure, the clock is fast running out on the 94th Congress.

Meanwhile, many citizens and communities in the State of North Carolina and West Virginia, as well as Virginia and South Carolina, are suffering severe economic hardship as a result of the Monongahela decision. The implementation of that decision by the Forest Service in the fourth circuit has resulted in the virtual elimination of timber harvesting in nine national forests of the region, and a reduction of timber cutting by some 300 million board feet annually.

The Monongahela decision has had little effect on the giants of the industry, most of whom own their own woodlands and can outbid the small mills for the remaining private sources of timber. But the annual loss of 300 million board feet is the equivalent of shutting down 40 or 50 of these small privately owned mills, many of which are the economic mainstay of the many families in small rural communities in which they are located. It means the loss of hundreds of jobs in areas that offer little other opportunity for employment. And it means uncertainty and hardship for the other small businesses which services the mills or depend on them for timber. These figures may not mean much, Mr. President, in National terms—but for our people in the region they are statistics of economic strangulation for many small businesses and personal survival for the families that depend on these enterprises for their livelihood.

Mr. President, in addition to affecting the hundreds of thousands employed in the forestry and wood products industries, the absence of sound forestry policy threatens each and every American with the additional burden of massive shortages and spiraling prices for wood, housing, paper, and the thousands of other products of the forest which we all use every day.

The resulting timber shortage will mean higher prices and greater pressures to use substitute materials for home construction and other products such as steel and plastics which are not renewable resources of this country. There is evidence of increasing scarcity of minerals and sources of energy such as natural gas and petroleum that are needed to convert minerals into usable products. Thus, the long period of relative price stability that has characterized many of the materials that compete with timber could come to an end.

In a rising demand market such as we are beginning to experience, the competition for standing timber is great. Bidding for available stumpage will escalate, raising prices for all fiber products. Therefore, a resulting increase in the prices of all products made from wood is inevitable.

The environmental impact is also unacceptable. Increasingly heavy demand on private forest lands will result in premature cutting and overcutting on all available lands.

Indeed, without prompt congressional action, this Nation will suffer a timber supply crisis fully as disruptive as the fuel and energy crisis whose effects we still feel. It simply makes no sense for the Congress to permit and condone artificial and needless scarcities of products which are in such high demand by the consuming public. Until the Congress enacts legislation to insure a comprehensive and responsible forestry policy, every American will live under the threat that the court decision which has already caused so much economic disruption will be extended to all of the Nation's 155 national forests. These lands currently provide one-fourth of all the timber consumed annually in the United States and 50 percent of that amount would be permanently eliminated from use. This means that we can expect a reduction of 25 to 30 percent in the Nation's total yearly supply of timber.

Mr. President, until this matter is resolved, the annual timber harvest from Federal lands in my State alone will drop from 55 to 60 million board feet to zero. At current rates of utilization, it requires approximately 15,000 board feet of lumber to build an average six-room home. If all the timber sold from North Carolina forests each year were converted to lumber—which, of course it is not—then each million board feet of timber could produce approximately 66 homes. This means, Mr. President, that almost 4,000 families who might have been able to purchase recent housing for themselves next year will have to go without. It means that the thousands of persons employed in the construction of those homes will be thrown out of work. It is irresponsible for the courts to suddenly curtail the availability of so much timber and to force such extensive hardship upon the consuming public.

I might reiterate, Mr. President, that the economic hardship caused by the implementation of these court decisions reaches much further than those who may need to purchase a new home. It extends to many other areas as well. Among those hardest hit in my State are the approximately 300 small timber operators who depend upon small sales of national forest timber for their livelihoods There are approximately 33 mills in North Carolina that depend, in part, on national forest timber for their supplies. If they are unable to meet their needs from privately owned land and become unable to meet their commitments to other forest-product industries, including our furniture manufacturers and the home builders, certainly many would be forced out of business. We are speaking here of small independent businesses run by people who must endure hardships and danger to earn their livings. The wood products industry is highly independent and competitive. Nationwide there are more than 25,000 such companies, and the largest 5 of these control only 10 percent of total sales. Should the Congress fail to provide for sound forest management policy, it will be the smaller operators who will be wiped out and whose lives will be shattered.

Mr. President, the bill S. 3091 will go a long way toward providing a long-term solution to the very real problems I have just described. I cannot emphasize strongly enough that the approach we take here is predicated upon the belief that it is necessary to address the broad spectrum of thinking which exists among all of those interested in the advancement of sound forestry practices. Most thoughtful Americans recognize the forests for the perishable treasure that they are. Environmentalists and timber users alike can join in support of the concepts contained in this bill.

The bill addresses the immediate problems created by the West Virginia and Alaska Federal court decisions have precipitated the immediate crisis. For the long term, it provides for specific direction in the planning and application of silvicultural practices which are compatible with the most advanced conservation, management, and resource development techniques. For the short term, the bill authorizes the Secretary of Agriculture to implement interim measures and procedures to guide forestry policies so as to effectively fill the gap created by the court decisions. Also, it averts the threatened application of the Monongahela decision on a nationwide basis and will thus save the country from a serious disruption of its timber supply.

We have little time remaining, Mr. President, and the people of my State and region are calling for and deserve relief from this Congress from circumstances over which they have no control. I was greatly distressed to learn that consideration of this legislation has been postponed until the week of August 23. Frankly, Mr. President, that is just too late a date to bring up this important and urgent legislation. I have joined with a number of my colleagues in requesting that the distinguished majority leader reschedule S. 3091 for consideration during the week of July 19.

Mr. President, I ask unanimous consent that this letter, dated June 25, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Washington, D.C.,
June 25, 1976.

Hon. Mike Mansfield,
Russell Senate Office Building,
Washington, D.C.

Dear Senator Mansfield: It is our understanding that the Democratic Policy Committee, in consultation with the Senate Republican leadership, has decided to delay consideration of S. 3091, the National Forest Management Act of 1976, until the week of August 23.

While we certainly understand the need for the Senate to take up its business in an orderly fashion and are aware of the large number of pressing matters and the difficulties the leadership has in scheduling them, it is our view that the National Forest Management Act is highly important legislation which should be taken up as soon as possible. We respectfully request that S. 3091 be rescheduled for consideration during the week of July 19, immediately after the Democratic National Convention.

By way of background, S. 3091 was unanimously reported in mid-May by the Committee on Agriculture and Forestry and the Committee on Interior and Insular Affairs. It is a far reaching and urgently needed measure which would govern forest management practices on our 155 National Forests and would amend the Forest and Rangeland Resources Planning Act of 1974 and the Organic Act of June 4, 1897. The bill has 20 Senate cosponsors and broad support in the Congress.

In addition to dealing in a major way with the management of the National Forest System, the immediate, practical effect of this legislation would be to permit the Forest Service to resume timber harvesting in the nine National Forests located in the Fourth Judicial Circuit. As you know, the implementation of the Monongahela Decision in the Fourth Circuit has resulted in the virtual elimination of timber harvesting in the region and a reduction of timber cutting by some 300 million board feet annually.

Needless to say, the Monongahela Decision has created a crisis atmosphere in the forest products industry nationwide and economic hardship and dislocation in the industry in North Carolina, Virginia, West Virginia and South Carolina. The annual loss of 300 million board feet annually is the equivalent of shutting down 40 or 50 small privately owned mills, many of which are the economic mainstay of the many families in small, rural communities. Every day that passes before this matter is resolved threatens the loss of hundreds of jobs in areas that offer little other opportunity for employment. And it means uncertainty and hardship for the other small businesses which service the mills or depend upon them for timber.

We'll genuinely appreciate any assistance you may give us in this connection.

Sincerely,

Jesse Helms,
Bill Scott,
Robert Morgan,
Strom Thurmond.

TOWARD SOLVING THE RURAL HEALTH CARE PROBLEM

Mr. BROCK. Mr. President, the "doctor shortage problem," is a familiar cry heard in the health care field, but as most careful observers realize, it is not a doctor shortage problem per se, but rather two other very important related problems. One, is the very, very serious problem of maldistribution of doctors, especially in rural America, but also in many of our inner cities; and second, is the problem of having too many specialists, and not enough primary care doctors such as family physicians, pediatricians, internists and other primary care personnel.

The geographic maldistribution of health manpower represents one of the most serious barriers to access to health care in the Nation. Increases in the total supply of health professionals have not reduced the problem of maldistribution. In fact, during the past 10 years, the problem has worsened.

The national ratio of physicians to population is 156 physicians for every 100,000 people, or one physician for every 641 people. The Atlantic and Pacific coastal regions have much larger physician to population ratios than do other parts of the Nation. The Middle Atlantic region has the highest number of physicians per capita with a total of 196 physicians for every 100,000 people, 126 percent of the national average. On the other hand, the East South-Central region has the lowest ratio, with only 105 physicians per 100,000 population, 67 percent of the national average. In Tennessee, there are 123 physicians per 100,000 population, 79 percent of the national average.

More serious, however; than the variation in physician to population ratios among States is the variation among areas within States. Especially serious are the differences between suburban areas on the one hand and rural and inner city areas on the other. Nationally, the physician to population ratio in urban areas is 170 physicians per 100,000 population, more than twice the nonurban ratio of 80 physicians per 100,000 population. Rural areas now have less than one-half of the physician to population ratio of urban areas in 35 States; in 14 States, the ratio in rural areas is less than one-third that of urban areas. The situation with respect to inner city areas is similar to that in rural areas.

In my home State of Tennessee, the problems are especially severe. Of the 95 counties in Tennessee, the Department of Health, Education, and Welfare has designated 36 areas as being critical medical shortage areas and 38 areas as being critical dental shortage areas.

TENNESSEE

Critical medical shortage area

Campbell—the Jacksboro medical service area

Carroll
Cheatham
Cocke
Crockett
Decatur
Fayette

Fentress—the Jamestown medical service area

Giles
Grainger
Grundy
Hancock
Hardeman
Hawkins
Haywood
Hickman
Johnson
Lauderdale
Loudon
McNairy
Macon
Meigs
Moore
Perry

Putnam—the Monterey medical service area

Rhea
Roane
Scott
Stewart
Trousdale
Union
Wayne
White
Williamson
Wilson

Critical dental shortage area

Bledsoe
Campbell
Carter
Carroll
Cheatham
Claiborne
Clay
Cocke
Crockett
Cumberland
Decatur
DeKalb
Fayette
Giles
Grainger
Grundy
Hancock
Hardeman
Hawkins
Hickman
Jackson
Lake
Macon
Meigs

Morgan
Overton
Perry
Pickett
Robertson
Scott
Smith
Stewart
Trousdale
Unicoi
Union
Van Buren
Wayne
White

While maldistribution is, in my opinion, the more serious problem, we also find that we probably have more than enough specialists. In the late 1940's, 50 percent of all physicians considered themselves to be general practitioners, but by 1974 this proportion had decreased to 16.4 percent. Conversely, physician specialists increased from 37 percent in 1949 to over 80 percent in 1980. Naturally, this increase in specialization simply exacerbates the maldistribution problem since specialists tend to go to the large urban hospitals and not rural areas.

There have been many suggested solutions to these problems, but they all have one thing in common—they force the doctors into roles. For the maldistribution problem, last Congress we had a suggestion that would have forced all doctors to go into rural areas. This year's bill is an improvement forcing only 25 percent. Of course, we really do not know if that is too high, too low, and besides, it is still forcing people. For the specialty problem, the proposal is to establish a series of councils on postgraduate physician training, which strikes me as being the wrong approach in this era of deregulation. If that passes, I will predict one thing for certain—in 10 or 20 years, we are bound to have a shortage of specialists.

I am opposed to these approaches to maldistribution and specialty for two very basic reasons. First, I do not like to force people if it is not really necessary. This is a free society and we ought to look for incentive approaches, not compulsory approaches. Second, and for a more practical reason, I am opposed to compulsory programs because they do not really solve the problem and they become very expensive because the Government continuously has to foot the bill.

In the long run, it is better to get volunteers who want to serve in these areas because they will stay and, it will be considerably cheaper to get volunteers. The maldistribution problem that has led to a paucity of doctors in rural areas is a very serious problem. If need be we should have compulsory programs, but we should also be looking for permaent and voluntary solutions at the same time.

This is the basic philosophy and thrust of my new manpower bill, the "All Volunteer Health Manpower Act of 1976." Before I explain my bill, I would like to make two points clear. This is not a substitute bill for the present health manpower bill, it is just a series of new suggestions which leads into my second point, these are all programs and ideas that could be added on to the present bill. My ideas do not conflict with any provision presently in the bill and since they are all volunteer programs, there will be no costs involved, unless, we do get volunteers into the underserved areas.

Mr. President, let me briefly explain the provisions of my bill.

Title 1 would appoint a Council on Medically Underserved Population consisting of 10 members from outside the Government who have demonstrated excellence in conducting analysis of factors relating to determining the adequate supplies of health services, facilities and personnel. Mr. President, I am not usually enamored with the idea of establishing another Council, on the other hand, I am not enamored with the complete lack of information and standards we have in this area. As Herm Schmidt of the Library of Congress has noted:

> Figures of shortages have ranged between 1800 physicians and 30,000 physicians. It is obvious that there would be a significant difference in the approach used to correct a shortage of 1800 physicians and the approach used to correct a shortage of 30,000. It would appear, therefore, that an essential preliminary step to the development of an intelligent public policy on health manpower would be to reach some agreement or acceptance among the Administration and Congress as to the magnitude of the manpower shortage.

I agree, and think that such a Council would be a good clearinghouse for this whole question of manpower shortage.

Title 2 consists of a two-part series of very small projects that I believe could help in the shortage area. The one part would allow the Secretary of HEW to give a series of small, and I emphasize small, but essential loans that could help new, young doctors who wanted to serve in underserved areas. I envision a series of three-loan programs: First. Up to $1,000 for the doctor and his wife to visit these areas. Most of our doctors come from urban areas and do not even know the problems exist. Second. Up to $3,000 for one of the National Health Service Corps' package kits that the Corps uses to establish an office. In short, the doctors would not have to go through all the trouble, and in some rural areas it is a real problem, to get a startup kit. He would simply get one of the prepackage kits from the Corps. Third. Finally, a loan up to $5,000 to establish his office. In most rural areas this amount of money would be either a sufficient down payment for an office and/or enough to pay for a year's rent.

There would be a "forgiveness" provision to these loans. If the doctor or dentist stayed for 1 year, he would be forgiven for the travel allowance, if he stayed 2 years he would be forgiven for the National Health Service Corps' kit and if he stayed 3 years, he would be forgiven for the $5,000 loan. In short, for an obligation of 3 years the doctor would get $8,000 worth of services. A cheap, very cheap price considering that a National Health Service Corps doctor would be paid at least $90,000 for the same 3-year period. And, of course, a volunteer that goes would probably stay whereas the Corps doctor would have to be continually replaced.

Finally, another part of this title would establish a simple information program that the Secretary of HEW would mail each year to each medical school listing all the information about underserved areas, where they are located, the programs, and so forth, that are available. Remember that most students are from urban areas and simply do not know about the rural opportunities, shortages, programs, and so forth. This to me, is the proper role of Government—issuing information nationwide that only they can properly do.

Title 3 of the bill is a series of "capitation incentives" that would place the burden on the medical schools, but only if they wanted. Here is how it would work. A medical school would get an extra $200 per student capitation for each 3d and 4th year medical student they have enrolled in primary care programs. The school would thus have an incentive to get away from specialized training and/or to establish primary care programs. Schools would get an extra $500 for each full-time student they recruit from a designated underserved area. This is crucial in my estimation since studies show that those most likely to serve, and stay, in underserved areas are those that come from such an area.

Finally, each school would get an extra $500 per capitation for each graduating doctor they sent to an underserved area. The school would get this extra money for up to 4 years. Naturally, they would only get this extra capitation for students they send who do not have some prior obligated commitment. What can the schools do to encourage doctors to go into rural areas so that they can get these funds? They could establish field offices, preceptor programs, out-clinics, and so forth. I leave it up to them and have faith in the imagination of our American educational system. What better way to solve the underserved problem than for the schools themselves to get into the act.

I would like to state once again, that these are additional capitations, not in lieu capitations. In short, I am placing the burden of incentives on the schools themselves.

Title 4 is a program that I have introduced before. This program would allow the National Health Service Corps to initiate a program of guaranteeing the income of private doctors who want to serve in rural areas, but who do not necessarily want to become Federal doctors. I believe that this program would be very beneficial because the practice would belong to the doctor, not to the Government.

The National Health Service Corps has done an outstanding job of getting doctors to the underserved areas, but its record on retention is only so-so. The doctor who participated in this guaranteed income program would have the salary protection of the National Health Service Corps, plus, he would be building his own practice. I doubt that a doctor who has built a good practice after 3 or 4 years would be as apt to leave as a Federal doctor.

And, of course, this would be much cheaper than sending the Federal doctor since we would be only guaranteeing the income and not paying out the 33,000 some odd dollars per year to a Federal doctor.

This section of the bill would also allow the National Health Service Corps to offer some of their other services such as providing linkages with institutions. Again, I would like to emphasize that this section is not a substitute for additional National Health Service Corps. The National Health Service Corps has done a wonderful job and there will probably always be certain rural areas that will require a Federal National Health Service Corps doctor. But there are other areas that could support a private doctor, and these are the areas that I am allowing the National Health Service Corps to try to serve with my guaranteed income plan.

Finally, title 5 is a scheme that I hope will encourage group practice in underserved areas. This section would provide tax credits of 10 percent of income for a doctor who served in an underserved area. However if a doctor started a group practice, the tax credit would be the number of doctors times 10 percent up to a 50 percent maximum. In other words, one doctor would get 10 percent, two doctors would each get 20 percent; a couple of doctors, a dentist and a nurse, for example, would each get 40 percent, and if they added a lab technician they would all get 50 percent.

Now, if a doctor is already in the area, that is still designated underserved, he would not get a credit. But, if he added someone, they would both get 20 percent and so on up to 50 percent.

One of the main reasons cited by doctors why they do not want to serve in rural areas is professional and social isolation. A group practice would take care of the professional isolation and go a long way toward taking care of the social isolation. Also, another reason that young doctors do not want to go into underserved areas is because the practice is harder, they work harder and they never get vacations. A group practice would go a long way toward solving this problem also.

Mr. President, as one who has just spent about 3 months on the IRS code going over tax credits, I do not particularly relish the idea of adding another. But in this case, if this would help establish a group practice, not just one doctor but a group practice in a rural area, then I am all for it.

Mr. President, I would like to again state that these are ideas that do not conflict with any other existing program or proposed program that is in the health manpower bill that we should be debating soon. Also, with the exception of the Council, these are all volunteer measures which means that no new costs would be incurred, unless, someone takes advantage of them. Then, of course, although there might be some initial cost increase to implement these programs, in just a few years there would be considerable cost saving since the problem of maldistribution and overspecialization would be solved.

Finally, I would like to emphasize that these are just ideas, but they are ideas that are at least worth trying to get at the real problem of doctor shortage in the rural areas. The real solution is to get doctors in these areas who want to go, who want to start their own practice and who want to stay. This is the spirit in which I offer these ideas and I hope that it is the spirit in which they are reviewed.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3616

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "All Volunteer Health Manpower Act of 1976".

TITLE I—COUNCIL ON MEDICALLY UNDERSERVED POPULATIONS

ESTABLISHMENT OF COUNCIL

"SEC. 101. (A) (1) The Secretary shall appoint a permanent Council on Medically Underserved Populations (hereinafter in this title referred to as the 'Council') consisting of ten individuals from outside of the Government who have demonstrated excellence in conducting analyses of factors related to determining adequate supplies of health services, facilities, and personnel.

"(2) The Council shall establish criteria for the designation of medically underserved populations under this title and under sections 1302 (7) and 1633 (16) of the Public Health Service Act. In establishing such criteria, the Council shall take into consideration the number and types of personal health services needed under section 1302 (7), the number and types of facilities needed under section 1633 (16), and the number and types of primary health care personnel needed under this title.

"(3) The Council shall establish initial criteria within one year after the date of enactment of this title.

"(4) The Council is authorized to conduct such studies (either directly or indirectly) as it deems necessary to determine criteria for designating medically underserved populations with respect to personal health services, facilities, and primary health care personnel. The Council shall conduct such additional studies as may be necessary to determine reasons for shortages of personal health services, facilities, and primary health care personnel for medically underserved populations and ways of overcoming such shortages.

"(5) (A) Members of the Council shall be appointed for a term of two years except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of such term and shall not be removed except for cause. Members may be reappointed to the Council.

"(B) The Council shall be located within the office of Assistant Secretary for Health and shall meet not less often than quarterly.

"(C) The Council shall be appointed within one hundred and twenty days after the date of enactment of this title.

"(D) The Secretary shall furnish to the Council such staff and office space as the Council may reasonably require in the performance of its duties.

"(E) Appointed members of the Council shall receive, for each day they are engaged in the performance of the functions of the Council, compensation at rates not to exceed the daily equivalent of the annual rate in effect for grade GS-18 of the General Schedule including traveltime; and all members while so serving away from their home or regular places of business may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as such expenses are authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

TITLE II—SERVICE IN UNDERSERVED AREAS

ASSISTANCE FOR SERVICE IN UNDERSERVED AREAS

SEC. 201. Title III of the Public Health Service Act is amended by inserting the following new sections:

"SEC. 337. (a) The Secretary is authorized to make loans to physicians and dentists—

"(1) not to exceed $1,000, for a visit to an underserved area;

"(2) not to exceed $3,000 for equipment approved by the National Health Service Corps for use in an underserved area;

"(3) not to exceed $5,000 for the purposes of establishing an office in an underserved area.

"(b) Loans under this section shall be made under such terms and conditions as the Secretary may prescribe.

"(c) Loans under this section shall be cancelled if a physician or dentist practices his profession in an underserved area for a period of not less than 3 years.

"(d) There are authorized to be appropriated to carry out the purposes of this section such sums as may be necessary.

"INFORMATION PROGRAM

"SEC. 338. The Secretary shall establish a program to provide information on all federal health services programs in underserved areas to each school of medicine, osteopathy, dentistry, nursing, and the schools which train allied health personnel.".

TITLE III—CAPITATION INCENTIVES

SEC. 301. Section 770 of the Public Health Services Act is amended by adding at the end thereof the following:

"(k) (1) Capitation Differential Incentives.—In addition to other sums available under this section a school of medicine, osteopathy, or denistry shall each receive—

"(A) $200 for each full-time student enrolled in such school who is in the third or fourth year of a program for primary care;

"(B) $500 for each full-time student enrolled in such school who resides in a designated underserved area; and

"(C) $500 for each graduating student who enters practice in designated underserved areas.

"(2) Sums payable under subparagraph (C) of paragraph (1) shall be paid to a school for each year such graduate serves in a designated underserved area, except that payments shall not be made for any year served after the fourth year of such service. No payments shall be made under subparagraph (C) of paragraph (1) for any graduate service in a designated underserved area during a period of obligated service (as defined in this Act).".

TITLE IV—ASSISTANCE TO PRIMARY CARE PERSONNEL

SEC. 401. Title III of the Public Health Service Act is amended by adding at the end thereof the following:

"PROGRAM

"SEC. 339. (a) The Secretary shall provide assistance to private primary health care personnel who desire to locate and establish medical practices in areas designated as underserved and who have entered into an agreement in accordance with section 339A.

"(b) The Secretary may make grants for a period of up to three years to approved applicants for assistance under this subpart. Such grant may include—

"(1) salary of the participant in accordance with subsection (c);

"(2) salaries of other personnel necessary to the practice;

"(3) the construction, purchase, lease, or rent of facilities appropriate for such medical practice including the cost of modernization or alteration of existing buildings;

"(4) the purchase of all equipment appropriate for such medical practice;

"(5) costs of appropriate training and continuing education during the initial three-year period of assistance; and

"(6) other costs appropriate for the establishment and initial operation of such medical practice.

"(c) (1) In the case of each participant who enters into an agreement under section 338, the Secretary shall pay to him, as soon as practicable after the close of each calendar quarter in which he practices his profession in accordance with such agreement, an amount which is equal to the excess (if any) of—

"(A) the basic pay, allowances, adjustments to pay, and bonuses, such participant would have received for the period of such practice during such quarter and the preceding calendar quarters in the same fiscal year if during the same period of practice he were a member of the Commissioned Corps of the Public Health Service serving in the National Health Service Corps, over

"(B) the sum of the net income (as determined under regulations prescribed by the Secretary) derived by such participant during that period of practice (from the private practice of his profession in accordance with such agreement) and the amount (if any) paid to such participant under this paragraph with respect to the portion of that period of practice which occurred in such preceding calendar quarters.

"(2) If after the close of any fiscal year—

"(A) the amount described in paragraph (1) (B) which was received by the participant for the period in such year in which he practiced his profession in accordance with an agreement under section 338 exceeds,

"(B) the amount of basic pay, allowances, adjustments to pay, and bonuses which the participant would have received for such period if during such period he were a member of the Commissioned Corps of the Public Health Service serving in the National Health Service Corps,

the Secretary shall be entitled to recover from the participant an amount equal to the lesser of the amount of—

"(i) such excess, or

"(ii) the amount paid to the participant under paragraph (1) for the period in such year in which he practiced his profession in accordance with the agreement under section 338.

"(3) The Secretary may extend the provisions of this subsection for a period of five years, in a case in which the participant enters into a new agreement under section 338.

"(d) (1) The Secretary shall encourage the development of organizational arrangements appropriate for each designated area. Such arrangements may include but shall not be limited to group or partnership practices, the use of physician extenders, team practices, the establishment of networks of practices, new or experimental practice arrangements, and other appropriate arrangements.

"(2) The Secretary shall specifically encourage the development of group or partnership practices and the enrollment of patients on a prepaid capitation basis.

"(3) Assistance under this section shall be available to health professionals desiring to join already existing organizational arrangements in designated areas.

"(4) The choice of organizational arrangements shall be solely the choice of the participant and in no case shall the provision of assistance under this title be conditioned upon the establishing of a particular organizational arrangement.

"(e) The Secretary shall provide such technical assistance with regard to the organizational arrangements chosen by the participant as may be needed for the establishment and initial operation of such medical practice, including but not limited to the following:

"(1) appropriate financial support systems, including fee schedules and billing and fee collection systems, arrangements for reimbursement under title XVIII and XIX of the Social Security Act or any other third party payor;

"(2) linkages for consultation;

"(3) linkages for referral;

"(4) hospital privileges;

"(5) arrangements for laboratory and X-ray services;

"(6) arrangements for pharmacy services;

"(7) obtaining a medical license in the State in which the practice is located;

"(8) obtaining a license from the Bureau of Narcotics and Dangerous Drugs for the purpose of prescribing drugs which are federally controlled;

"(9) recruitment of supporting personnel;

"(10) development of systems for hours of operation, patient appointment, patterns of patient flow, and medical record systems; and

"(11) all other assistance needed in the establishment and initial operation of such medical practice.

Such technical assistance may be provided (A) by grants from the Secretary to the participant (who may then purchase such assistance), (B) by direct provision of technical assistance by Federal employees, or (C) by Federal purchase of technical assistance through contract with appropriate organizations. Such technical assistance shall not be limited to the initial establishment of the medical practice, but shall be provided on a continuing basis as required throughout the initial three-year period of assistance to the participant.

"(f) The Secretary shall provide an opportunity for new recruits to participate in an appropriate orientation period with an established practice or other institution located within or near the designated area before they begin establishing their own practices.

"(g) (1) The Secretary shall provide nonfinancial assistance to the spouse and the family of the participants under this section to help them in adapting to the area in which the practice is located. Such assistance shall include, but not be limited to, the location of appropriate housing, educational resources, employment opportunities, shopping resources, recreational resources, social and cultural resources, and the fulfillment of other needs. Such technical assistance shall be provided on a continuing basis as required throughout the initial three-year period of assistance to the participant.

"(2) The Secretary shall provide financial assistance to participants under this section and their families for the purpose of moving their residence to the location of the practice in the same manner as such assistance is provided to members of the Commissioned Corps of the Public Health Service.

"(h) The Secretary shall develop systems to provide coverage for participants during periods totaling thirty days annually when they are away from their practice for purposes of vacation, continuing education, or other valid purposes.

"(i) Notwithstanding any other provision of law, the Secretary, to the extent feasible—

"(1) may make such arrangements as he determines necessary to enable Corps personnel in providing health services under this section to utilize the health facilities of the area to be served, except that if such area is being served by a hospital or other health care delivery facility of the Public Health Service, the Secretary shall, in addition to such other arrangements as the Secretary may make to insure the availability in such area of care and services by Corps personnel, arrange for the utilization of such hospital or facility by Corps personnel in providing health services in such area but only to the extent that such utilization will not impair the delivery of care and treatment through such hospital or facility to persons who are entitled to such care and treatment through such hospital or facility, and

"(2) may make such arrangements as he determines are necessary for participants to use the equipment and supplies of the Public Health Service.

"(j) In providing assistance under this section, the Secretary shall require communities or individuals living within the areas to be served by such medical practice to provide such portion of such assistance as may be appropriate and in such form as may be appropriate. Such portion of such assistance may be in the form of a provision of appropriate facilities, property, services in kind, money, or in other appropriate ways.

"(k) All assistance available under this section (except assistance under subsection (c) of this section) shall be *available to* personnel practicing in such designated areas on the date of enactment of this title, or subsequent to such date, if such personnel enter into agreements with the Secretary to expand such practices.

"(l) In a case in which a participant wishes to relocate his practice from one designated area to another designated area during the period of the agreement, the Secretary shall assist such participant in such relocation when the Secretary determines that such relocation is justified. The terms of the agreement shall not be extended as a condition of such relocation.

"REQUIREMENTS OF PARTICIPANTS

"SEC. 339A. (a) The Secretary shall not make any payment to any applicant under this subpart unless—

"(1) an application has been submitted to the Secretary in such manner and contains such information as he may prescribe; and

"(2) the participant enters into a written agreement with the Secretary whereby in consideration of the assistance made available under this subpart the participant agrees as follows:

"(A) to engage on a full-time basis in the private practice of his profession for a period of not less than three years in an area designated as underserved;

"(B) to charge any individual who receives health services provided by the participant in connection with such private practice for such services at the usual and customary rate prevailing in the area in which such services are provided, except that if such individual is unable to pay such charge, he shall be charged at a reduced rate (if any) based on such individual's ability to pay;

"(C) to take such action as may be reasonable for the collection of payments for such health services, including the collection on a fee for service or other basis from a Federal agency, or agency of a State or local government, or other third party the portion of such cost for which such agency or third party is responsible;

"(D) not to discriminate against any individual on the basis of such individual's ability to pay for such service or because the payment for health services provided to such individual will be made under an insurance program established under part A or B of title XVIII of the Social Security Act or under a State plan for medical assistance approved under title XIX of such Act;

"(E) not to discriminate in the provision of health services against any individual on the basis of race, religion, sex, color, creed, or national origin;

"(F) to provide assurances that Federal funds provided under this title will be used only for the purposes for which provided and in accordance with the applicable provisions of this title and regulations established pursuant thereto;

"(G) to provide for such fiscal control and fund accounting procedures as are required by the Secretary to assure proper disbursement of, and accounting for, Federal funds provided under this title;

"(H) to make such reports, in such form and containing such information as the Secretary may from time to time reasonably require, and shall keep such records and afford such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports except that the participant shall not be required to make such reports or furnish such information more often than four times annually for the period of this agreement;

"(I) to permit the Secretary or any office of the Congress of the United States, or any of their authorized representatives, access, for the purposes of audit and examination, to any books, documents, papers, and records of the participant of any assistance under this section which are pertinent to any such assistance; and

"(J) to abide by such additional provisions as the Secretary may reasonably require to carry out the purposes of this title.

"(b) The Secretary is authorized to prescribe such rules and regulations as he deems necessary to carry out the purposes of this section.

TITLE V—TAX CREDITS FOR HEALTH PROFESSIONALS SERVING IN DESIGNATED UNDERSERVED AREAS

SEC. 501. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44 the following new section:

"SEC. 44A. HEALTH PROFESSIONALS PRACTICING IN DESIGNATED UNDERSERVED AREAS

"(a) GENERAL RULE.—There is allowed to an individual who is a health professional practicing in a designated underserved area (as defined in the Public Health Service Act) as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the gross income of such individual.

"(b) GROUP PRACTICE RULE.—There is allowed to an individual who is a health professional practicing in a group in a designated underserved area (as defined in the Public Health Service Act) as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the gross income of such individual times the number of health professionals in the group. In no case shall the credit provided under the preceding sentence exceed 50 percent.

"(c) DEFINITION.—For the purposes of this section the term 'health professional' means a physician, dentist, nurse, or a certified member of any allied health profession.

"(d) EXCEPTION.—Whenever an area, which had been designated as underserved is redesignated as not being underserved, the credit allowed under this section shall be applicable only to health professionals serving in such area at the time of such redesignation.

"(e) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under—

"(1) section 33 (relating to foreign tax credit),

"(2) section 37 (relating to credit for the elderly),

"(3) section 38 (relating to investment in certain depreciable property),

"(4) section 40 (relating to work incentive program expenses),

"(5) section 41 (relating to contributions to candidates for public office), and

"(6) section 42 (relating to taxable income credit).

"(f) REGULATION.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section.".

(b) CLERICAL AMENDMENT.—The table of contents for such subpart A is amended by inserting after the item relating to section 44 the following:

"SEC. 44A. HEALTH PROFESSIONALS PRACTICING IN DESIGNATED UNDERSERVED AREAS.".

BUREAU OF RECLAMATION POLICIES AFFECTING FAMILY FARMING

Mr. HASKELL. Mr. President, on June 3 the Comptroller General presented Senator NELSON and me with a report which we had requested as a result of our investigation of the impact of the Bureau of Reclamation policies on family farming.

I am inserting in the RECORD a copy of our press release which includes the digest of the GAO report. For those of our colleagues who would like to read the GAO report in more detail, copies are available in my office or from the Small Business Committee.

I would urge all of my colleagues who are interested in the survival of the family farmer as a backbone of American society to carefully study the GAO findings. Basically, the report contends that the Bureau of Reclamation is allowing sale of excess lands to nonfarming investors at prices which are highly questionable.

During hearings which Senator NELSON and I cochaired, the National Farmers Union, National Land for People, and others urged Congress to take affirmative action to reassert its historical legislative intent that Federal benefits of reclamation accrue to real farmers—not paper farmers.

If left to Bureau of Reclamation regulation chances are good that real family farmers will see little of the $3 billion Federal subsidy which Westlands will receive.

Mr. President, I believe that a rural way of life is integral to the survival of a healthy, pluralistic culture. That rural life needs an economic base on which to grow. Historically, family farming provided much of the economic base that nurtured a viable rural way of life. But as we all know the 24 percent of the workforce engaged in farming in 1940 fell to 5 percent by 1970.

Independent family farmers are famous for their self-reliance, hard work, tightly knit communities, and positive outlook on life. If we ever needed this type of values it is now. But you cannot build a healthy rural community out of rocky hillsides and marginal agricultural lands. You need good land, access to credit, and an occasional helping hand from Providence.

There is plenty of good farmland in Westlands that should be sold to bona-fide family farmers. Very little has been or apparently will be. Credit will flow to family farmers who acquire these lands if they ever have the opportunity to do so, because they will be acquiring it at approximately half its market value.

Also needed is implementation of congressional policies in a way which adheres to the spirit of those policies. There are several areas in which I question the Bureau of Reclamation's interpretation of the letter of reclamation law. But I do not question whether or not they are implementing the spirit of the law. I know that they are not.

In order to turn Westlands and other excess lands reclamation projects into the flourishing rural communities which were promised when Congress authorized them, a determined effort by the Bureau of Reclamation to promote family farming is required. There is good reason to believe that the Bureau has the authority to institute regulations which would accomplish this end. However, Bureau officials disagree.

Therefore, Senator NELSON and I are currently considering legislation which will insure that only bona fide family farmers receive this massive Federal outlay. Among other things it would prevent speculation in excess lands, provide a Federal fund to purchase land for lease and eventual sale to family farmers, and generally reassert congressional intent of promotion of settlement through reclamation of arid lands. We intend to circulate a discussion draft soon.

I ask unanimous consent that the press release may be printed in the RECORD.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

NEWS RELEASE—SELECT COMMITTEE ON SMALL BUSINESS, U.S. SENATE

Senators Gaylord Nelson, D-Wis., and Floyd Haskell, D–Colo., said today a General Accounting Office report has increased their concern that family farmers are being priced out of the market for land sold in federal irrigation projects because of Bureau of Reclamation policies.

The GAO report, prepared at the two Senators' request, also contains legislative recommendations which would help to achieve Congressional intent of the Reclamation Act of 1902. According to the report Congress wanted to "provide opportunity for a maximum number of settlers on the land and promote homebuilding; spread the benefits of the subsidized irrigation program to the maximum number of people; and promote the family-size farm as a desirable form of rural life."

To achieve that, the GAO says, Congress should establish a governmental purchasing system for excess land for resale to family farmers. The report also suggests owners of land in the federal project should be required to farm their land themselves.

Senator Nelson, Chairman of the Senate Small Business Committee, and Senator Haskell, as Acting Chairman of the Senate Interior Committee have co-chaired four days of hearings on the failure of the Bureau of Reclamation's enforcement of the reclamation laws to promote family farming. During two days of hearings conducted in Fresno, California in February the Senators expressed concern that the Bureau was allowing non-resident, non-farming investors to acquire land (often at half its market value). They also charged these investors are major beneficiaries of subsidies provided by the federal government and intended to benefit bona fide family farmers.

Westlands, the country's largest water district, will receive a total of $658 million in federal subsidies according to a present value computation of the 40-year, $3 billion subsidy. That calculation was contained in an earlier GAO report to Senators Nelson and Haskell.

Private landowners who receive federal water and own more than 160 acres must contract with the federal government to dispose of all land in excess of 160 acres within 10 years. The 1926 Omnibus Adjustment Act provides that such excess lands "shall be appraised in a manner to be prescribed by the Secretary of the Interior and the sale prices thereof fixed by the Secretary on the basis of its actual bona fide value at the date of appraisal without reference to the proposed construction of the irrigation works." GAO found that "the Bureau does not adequately support its basis, or give consideration to all appropriate factors, in establishing land values without project benefits."

Critics of the Bureau contend that it has allowed excess land holders to inflate approved sale prices by including as a condition of sale farm facilities and equipment, leasehold rights, corporate stock, and in one extreme case, an airplane landing strip. The GAO report said that the Bureau should evaluate the value of these extras on the basis of their usefulness to the purchaser, particularly one who chooses to operate a small farm.

Haskell and Nelson stated, "The GAO findings on the Bureau's price approval practices substantiate our concern that family farmers interested in actively operating their own farms are being precluded from obtaining low cost excess land. Congress never intended the benefits of federal irrigation projects to go to groups of paper farmers who purchase large blocks of excess land and lease it to large operators."

Nelson and Haskell noted that they are currently drafting legislation which would include the major provisions recommended by GAO to assure that the benefits of federal irrigation go to family farmers.

Official Digest of Report Follows. The full report is available from S.B.A. & G.A.O.

[Comptroller General's Report to the Select Committee on Small Business and the Committee on Interior and Insular Affairs (Westlands Hearings) United States Senate]

DIGEST

(Appraisal Procedures and Solutions to Problems Involving the 160-Acre Limitation Provision of Reclamation Law, Department of the Interior)

Reclamation law limits to 160 acres the land on which any one owner is entitled to receive water from a Federal water resources project. Owners of more than 160 acres in the Westlands Water District may receive water on such excess land from the Bureau of Reclamation's Central Valley Project if they sign recordable contracts agreeing to sell such excess lands within 10 years to eligible buyers at prices based on the actual bona fide value of such lands without reference to the construction of the Federal project.

GAO reviewed Bureau appraisal techniques for assessing the value of excess land without project enhancement and believes such techniques need improvement. The Bureau does not:

Adequately support its basis, or give consideration to all appropriate factors, in establishing land values without project benefits.

Consider the usefulness to the purchaser of farm facilities and equipment in estimating their value.

Adequately document the basis for its independent evaluations.

In addition, GAO believes that to improve management control there is a need for written Bureau guidelines, and for periodic internal reviews, applicable to the Bureau's excess land appraisal activity.

To improve the management of the appraisal activity and to insure that appropriate factors are considered in establishing the sale price of excess lands without project enhancement, the Secretary of the Interior should require the Bureau to:

Undertake a formal study in the Westlands Water District designed to ascertain the value of excess lands, by class and location, without project enhancement, giving consideration to the decreasing ground water supply that would have resulted if the Federal project had not been constructed.

Obtain from the seller supporting data for values assigned by the seller and to document in the sales file the basis for the valuations assigned by the Bureau's appraiser.

Issue detailed Bureau guidelines setting forth the criteria and procedures for evaluating excess land sales.

GAO recommends also that the Secretary have his internal audit staff schedule reviews of the appraisal activity in the various Bureau regional offices.

GAO also evaluated the practicality of three proposed solutions to the following problems.

Bureau-approved sales of large minimum acreages of excess lands which are sold in units to groups of purchasers with requirements to buy all facilities and equipment reportedly hamper small family farmers in their attempts to buy excess lands.

Various arrangements such as trusts, partnerships, corporations, and leases reportedly allow one farm operator to receive low-cost Federal water for large tracts of land he does not own and hamper small family farmers from owning and operating land in the Westlands Water District.

The three proposed solutions to these problems were reinstituting a residency requirement, establishing a commission to insure that family farmers are given priority in the purchasing of excess land, and establishing a system for purchase of the excess land by the Government for resale to family farmers.

GAO believes that all of the proposed solutions could contribute to a reduction in the magnitude of the problems. The solution, however, that probably has the potential for being most effective is establishment of a system for purchasing the excess land by the Government for resale to family farmers. This solution would be more effective if the 160-acre limitation provision were made applicable to an owner-operator of land receiving water from a Federal project rather than, as present, being applicable only to the owner of the land.

Because of the time that would be required, the lack of basic data, and the subjective considerations involved, GAO did not attempt to ascertain the Federal costs that might be required to implement the three proposed solutions to certain perceived problems in administering the 160-acre limitation provision.

GAO discussed its findings and conclusions with Bureau of Reclamation officials, but as requested, GAO did not obtain written comments from the Bureau or for the Department of the Interior.

TRIBUTE TO INTERNAL SECURITY SUBCOMMITTEE

Mr. STONE. Mr. President, for many years, the present Cuban regime has been in the habit of aiding terrorism and violence throughout the world. The United States has always opposed such activities, and Secretary Kissinger's warnings to the Cuban regime would seem to make the administration's position clear on this subject. However, more disturbing than Castro's subversive interference in the domestic affairs of foreign countries is his fomenting of underground terrorism in our own country. Leading the efforts to expose and document such activities is the Internal Security Subcommittee of the U.S. Senate. As the subcommittee has demonstrated, the Castro regime uses Puerto Rico as an infiltration base into our country. Agents trained by Cuba operate in major U.S. cities such as Chicago and New York, where Cuban-trained terrorists caused the January 24, 1975 bombing explosion of Fraunces Tavern, killing five persons and injuring 56 others. Facts such as these would not be known by many people were it not for the diligent efforts of subcommittee investigators like Al Tarabochia and Dave Martin.

Exemplifying the opinion held of the subcommittee by law enforcers throughout the country, is a recent resolution adopted by the International Association of Bomb Technicians and Investigations, expressing "the appreciation of our organization to the Senate Subcommittee on Internal Security for the valuable information on terrorism which it has compiled and published and for its efforts to promote better public understanding of the importance of adequate law enforcement intelligence in combating terrorism."

I ask unanimous consent to have printed in the Record a letter which Capt. Tom Brodie, advisory committee member of the IABTI and a leading Dade County, Fla., law enforcement officer, wrote to me, enclosing a copy of the resolution along with an accompanying letter to Chairman Eastland. Captain Brodie expresses his concern and that of fellow law enforcers over reports of efforts to eliminate the Subcommittee on Internal Security. IABTI officers and members believe that the information published by the subcommittee has been extremely useful to law enforcers in their work against terrorism. As is pointed out in their letter to the chairman, it is especially important that the subcommittee continue its investigations during these troubled times, when terrorism is on the rise at home and abroad.

There being no objection, the material was ordered to be printed in the Record, as follows:

Miami, Fla.

Dear Senator Stone: As you know, I have for a number of years now, served as bomb expert to the Dade County Public Safety Department. I am still grateful to you for the very generous introduction you gave me when I testified before the Senate Subcommittee on Internal Security last September, together with three other bomb experts from different parts of the country.

I also serve as a member of the Advisory Committee of the International Association of Bomb Technicians and Investigators and that is why I am writing this letter. The purpose of this letter is to convey to you the text of a resolution unanimously adopted by the IABTI at its recent convention in

Chicago, commending the work of the Senate Subcommittee on Internal Security and expressing the hope that it would be able to step up its activities. I am also enclosing a copy of the letter which was sent to Senator Eastland, the Chairman of the Subcommittee, by our current and past presidents, Inspector Donald Hansen of San Francisco and Lt. Billy Poe of Louisiana.

We of the IABTI feel that the many hearings and studies of the Subcommittee on Internal Security dealing with the questions of terrorism and law enforcement have been very helpful to us, and we are disturbed by reports that there are some people in Congress who would like to do away with the Subcommittee. We hope that these reports are in error. Law enforcement officers who are on the front line in the fight to protect our communities against terrorists of all kinds would consider it a terrible blow to our efforts if the Subcommittee were done away with.

I know we can count on your support but I would ask for your assistance in calling this problem to the attention of your colleagues in the Senate.

With best wishes,

Sincerely,

THOMAS G. BRODIE.

INTERNATIONAL ASSOCIATION OF BOMB TECHNICIANS & INVESTIGATORS,
San Francisco, Calif., June 4, 1976.

Hon. JAMES O. EASTLAND,
Chairman, Senate Subcommittee on Internal Security, U.S. Senate, Washington, D.C.

DEAR SENATOR EASTLAND: The International Association of Bomb Technicians and Investigators have the honor of transmitting to you the enclosed resolution which was unanimously approved by the members at their Conference in Chicago last week. The resolution speaks for itself. Essentially, it expresses the appreciation of our organization to the Senate Subcommittee on Internal Security for "the valuable information on terrorism which it has compiled and published from the many hearings and staff studies on the subject of terrorism," and for its efforts to promote better public understanding of the importance of adequate law enforcement intelligence in combating terrorism.

The IABTI was formed in 1972 in response to the growing international phenomenon of criminal and terrorist bombings. Its primary objectives are to promote an exchange of ideas and information between bomb technicians and investigators in the United States and throughout the free world, and in general maintain the highest possible level of professional competence among technicians and investigators in this criminal activity, through training programs, conferences, and the constant updating of information. Our organization has some 900 members nationally and over 30 in other countries. We think it fair to say that our membership includes, by far, the majority of the law enforcement officers in our country dealing directly with the problem of protecting our communities and our nation against bombers and terrorists of all kinds. Our membership includes experts serving with public safety agencies on the municipal, state, and federal level, as well as a large membership from the various branches of the military. We also have numerous associate members who work in the field of security for private industry.

We would ask you to convey our gratitude to all the Senators who serve on the Subcommittee and to provide them with copies of the enclosed resolution.

We have an important request to make, to which we hope the Subcommittee will be able to respond affirmatively Many of our members studied all or most of your hearings on terrorism and they have been greatly impressed by them. In the case of any future hearings the Subcommittee may have bearing on the problems of terrorism and law enforcement, would it be possible for the Subcommittee to mail copies directly to our U.S. membership, providing the Association supplies mailing labels to facilitate the posting? Because it is important that our members add to their understanding of the ideology, organization, and philosophy of the numerous terrorist groups now operating in our country, it would mean very much to us if this could be arranged We would, in addition, like to have a small quantity—approximately 40 copies—which we could mail to our foreign members. In addition, some of our members would like to get copies of your past hearings and studies. If you could provide us with a Bibliography of those titles that are still available, we will notify our membership and advise them to write personally for those publications they may desire.

Those of us who work in the front line of battle against terrorism strongly believe your Subcommittee has made a far more important contribution to the security of our nation than is commonly realized. We believe your activities will be even more important in the future than they are today because the problem of terrorism is almost certain to grow in dimension over the coming years.

Sincerely yours,

Insp. D. L. HANSEN,
San Francisco Police International Director IABTI.

Lt. WM. T. POPE,
Chairman, Louisiana State Police Advisory Committee IABTI.

RESOLUTION ADOPTED BY THE EXECUTIVE BOARD AND THE MEMBERSHIP OF THE INTERNATIONAL ASSOCIATION OF BOMB TECHNICIANS AND INVESTIGATORS AT ITS 4TH INTERNATIONAL CONFERENCE HELD AT THE MCCORMICK INN, CHICAGO, ILLINOIS, DURING THE WEEK OF MAY 30 TO JUNE 4, 1976.

Whereas terrorism is a growing phenomenon throughout the United States and the Free World; and

Whereas law enforcement officers at all levels have been handicapped in the fight against terrorism by the massive destruction of intelligence files and the increasing restrictions placed on law enforcement intelligence activities; and

Whereas the public and our legislative bodies must be provided with information that will help them to better understand the problems confronted by law enforcement officers in seeking to protect their communities and the nation against terrorist activities of all kinds; and

Whereas the law enforcement community stands in great need of centralized intelligence on terrorism and terrorist elements, and of in-depth information covering all aspects of the problem of terrorism;

Therefore be it resolved that the International Association of Bomb Technicians and Investigators expresses its gratitude to the Senate Subcommittee on Internal Security for the valuable information on terrorism—valuable to the law enforcement community as well as to the public—which it has compiled and published in its many hearings and staff studies on the subject;

That it further expresses its appreciation to the Subcommittee on Internal Security for stressing the importance of adequate Law enforcement intelligence capabilities—a delicate subject but one that urgently demands discussion;

And finally, that it expresses the hope that the Subcommittee will pursue with vigor these activities which have given important support to our Nation's law enforcement agencies.

Mr. HANSEN. Mr. President, I wish to congratulate my distinguished colleague from Florida for submitting the letter from the Association of Bomb Technicians and Investigators commending the efforts of the Internal Security Subcommittee for its hearings and staff studies on terrorist-related activities. The 12 hearings and staff studies from last year serve as physical evidence of the subcommittees' continuous efforts to gather information on groups and individuals threatening the safety of our citizens. The subcommittee's ability to keep abreast of these problems has largely gone unrecognized; it is only proper, therefore, for us to take this time to give the subcommittee long-overdue commendation for a fine job.

It is unfortunate that in the minds of some the Internal Security Subcommittee is linked exclusively with the so-called "witch hunts" of the 1950's. Some seem to feel the subcommittee's only function is the investigation of potential Soviet spies. Since its inception, however, the subcommittee has operated under a far broader mandate: to keep abreast of all threats to our citizens' safety. While it has done considerable work on the activities of Communists in this country, many of the problems it has studied have been apolitical in nature. As an example I could cite its hearings on the subject of drugs, which served to fill many gaps in our understanding of the situation.

In the past several years we have also witnessed a rise in the number of terrorist groups devoted more to violence for its own sake than any particular ideology. Although often small in terms of membership, a basic understanding of incendiary weapons has allowed them to pose a serious threat to the physical safety of our people. It is not difficult to perceive the challenge such organizations—small, scattered country-wide and difficult to penetrate—pose for investigators. The subcommittee, however, has risen to the task, amassing an ever-increasing body of information which has proved invaluable for law enforcement agencies.

Our country would be in more vulnerable position without a congressional body charged expressly with the investigative and legislative functions related to our national security. It was for this reason that in 1950, the Senate assigned this function to the Judiciary Committee. Wisely, it chose to create a special subcommittee to concentrate its full efforts on this work, rather than assign such an important duty to the already overburdened full Judiciary Committee. It is surprising that some feel jurisdiction over internal security should now be turned back to the full committee; in retrospect, it is clear that the tangible accomplishments of the Internal Security Subcommittee could not have been produced under a different administrative arrangement.

The subcommittee's investigations, contrary to what some believe, generally deal with pressing problems of the moment. Only last week, disturbing evidence was brought to light by subcommittee testimony concerning the planned disruption and possible terrorism of Fourth of July festivities in Philadelphia and Washington. In testimony, June 18, before the subcommittee, William R. Kinter, former Ambassador to Thailand, who is now a University of Pennsylvania political scientist, was joined by Philadelphia and Washington policemen in warning of major demonstrations, marches, and possible terrorist activities on the Fourth of July.

Philadelphia would be the focus of these Bicentennial disruptions according to Kinter, who also said:

> The July 4 Coalition, which is planning the demonstrations, is commanded by the Prairie Fire Organization of the Weather Underground and the Puerto Rican Armed Forces National Liberation.

As far back as July of 1975, the subcommittee disclosed similar information. In investigative hearings, an official of the Puerto Rican Socialist Party was cited as saying, "We are going to turn upside down the Bicentennial celebration."

Fortunately, the Internal Security Subcommittee is able to make this sort of information public, in this case forewarning the people and law enforcement agencies of Philadelphia and Washington of probable subversion and terrorism in one of this country's greatest celebrations.

Although we have spent millions of dollars in order to investigate allegations relating to wrongful activities attributed to the American intelligence community, the subcommittee has had minimal financial support in investigating sabotage and terrorism directed at our own people by domestic and foreign elements working on American soil.

The letter submitted by my colleague from Florida is direct evidence of the valuable support the subcommittee lends to various law enforcement agencies. In view of this letter and the threats posed by domestic terrorism, it is my opinion we should increase, rather than decrease, the investigative activites of the Internal Security Subcommittee so we can try to get to the bottom of these threats to the lives of our people and the continued security of our country.

Mr. FANNIN. Mr. President, the Senate formally recognized a quarter-century ago that "it is vital to the internal security of the United States that the Congress maintain a continuous surveillance over the problems presented by those who seek to evade, or to violate with impunity" the laws designed to protect the internal security of the United States. In response to Senate demand, the Judiciary Committee created the Senate Internal Security Subcommittee. The subcommittee is still responsible for that continuous surveillance.

The subcommittee has been active in making a complete and continuing study and investigation of the administration, operation, and enforcement of laws relating to espionage, sabotage, and the protection of the internal security of the United States. Since 1969, the Senate Internal Security Subcommittee has held 106 days of hearings which resulted in 79 publications. In addition, 28 reports and staff studies were printed during this period.

The subcommittee has produced legislation and fulfilled its responsibility of investigation as mandated by the Senate Judiciary Committee in 1950. The 12 hearings conducted by the subcommittee in its fiscal year ending February 26, 1976, which covered such matters as terrorism, communist bloc activities, and organized subversion in the U.S. Armed Services, were unique in that no other comparable inquiries were conducted by any other committee or subcommittee of the U.S. Congress. These investigative hearings perform a necessary oversight function and serve to make important information public, a power not possessed by executive law enforcement agencies.

Many law enforcement agencies, in fact, are able to put to use information brought to light by the subcommittee. D. L. Hansen, the international director of the International Association of Bomb Technicians and Investigators particularly thanks the subcommittee for "the valuable information on terrorism which it has compiled and published from the many hearings and staff studies on the subject of terrorism." A resolution passed by the association expresses its gratitude for the Internal Security Subcommittee's valuable information on terrorism and expresses its hope that the subcommittee will "pursue with vigor these activities which have given important support to our Nation's law enforcement agencies." This is an eloquent tribute to the performance of the subcommittee.

The present U.S. internal security situation warrants the need for a congressional committee with investigative powers that can make certain information public. As an example, the Internal Security Subcommittee in February published testimony concerning an organized effort to subvert our Armed Forces by inciting military personnel to disobedience and sabotage by seeking to solicit intelligence from them and by seeking to indoctrinate them in Marxism-Leninism.

Had it not been for the work of the Senate Internal Security Subcommittee, these facts quite probably would not have been brought to light on a subject of great importance to the Congress.

Statistics and statements by U.S. public officials warn of the great threat currently posed to the internal security of the United States by espionage and terrorism. According to the Rockefeller Commission "the United States remains the principal intelligence target of the Communist bloc." The number of Communist officials in this country, of which a significant percentage are intelligence officers, has tripled to 2,000 since 1960.

According to former CIA Director Colby, some 900 attempts were made by foreign governments to recruit Americans for intelligence work between 1970 and 1975. The FBI has determined there are presently over 100 separate subversive groups in the United States committed to destroying the Government and the number of terrorists in our country is now over 15,000.

These are but a few examples of the U.S. security problem and the job before the Senate Internal Security Subcommittee. I would like to thank my colleague from Florida for bringing our attention to the importance of the work that has been done by the Internal Security Subcommittee to keep America free.

Mr. CURTIS. Mr. President, I commend the Senate Internal Security Subcommittee for the vital service it has rendered to Congress and to the American people in the field of internal security over the years. Among the highlights of the subcommittee's investigations have been an exhaustive study into marihuana and hashish traffic, an examination of Soviet intelligence and security practices, and six studies on the awful problems of terrorism and counterterrorism.

I believe that the Senate Internal Security Subcommittee deserves the gratitude of the Nation for the information it has exposed over the years through its investigations. This includes facts about Castro's export of revolutions and support for terrorist activities in this hemisphere. In this regard, the subcommittee has made a unique contribution through hearings and studies on the Venceremos Brigade, a Castro organization which has transported over 2,000 young Americans to Cuba. Ostensibly visiting Cuba to help with the sugarcane harvest, these young Americans instead are taught Marxist political theory, are trained in terrorist tactics, and many are recruited as agents for Cuba's General Directorate of Intelligence. Over a dozen of the most wanted terrorists in the country have been identified as veterans of the Venceremos Brigade.

The Senate Internal Security Subcommittee has also published testimony establishing the existence of a whole series of organizations working to subvert our Navy. According to the testimony of the top U.S. Navy security officers these organizations had actively encouraged naval personnel to engage in concerted action to prevent deployment of vessels, to disrupt the capability of naval commands to function as military units, and to even engage in sabotage. Attempts have been made to solicit classified information from naval personnel and to politically influence and indoctrinate them under the pretext of affording them legal counsel.

Mr. John Donnelly, Head of the Internal Security Division, Naval Investigative Service, told the subcommittee:

> These groups espouse Marxist-Leninist revolutionary doctrines with varying Maoist shadings . . . all are active in attempting to generate dissidence and discord within the enlisted ranks of the military.

It is impossible to examine this alarming testimony without being gravely concerned. The subcommittee made a valuable contribution to America with this study. The Senate Internal Security Subcommittee with its unique investigative abilities, is able to devote its energies and activities to this area, and I salute its continued fight against subversion.

I want to join my distinguished colleagues in congratulating the subcommittee. As stated in the letter from the International Association of Bomb Technicians and Investigators the information compiled by the subcommittee has been a valuable tool in combating terrorism. The increased threats from innumerable revolutionary groups and new dangers constantly developing show that the work of the Senate Internal Security Subcommitte is absolutely indispensable for the security of the Nation.

Mr. President, I would not say that there are not some valid criticisms that could be made of the Internal Security Subcommittee. It might be strange if that were not so. All committees need shaking up now and then. Staff directors and staff members often need some prodding to do the best job possible. I am not in a position to pass judgment on the quality or quantity of their work because I have no direct connection with it. However, on the question of whether or not there should be an Internal Security Subcommittee, there can only be one answer. The situation would be very bad without such a committee for I know that over the years they have accomplished much good.

Mr. McCLURE. Mr. President, I am pleased that time has been set aside today in order to give recognition to the role that the Senate Internal Security Subcommittee has played in keeping our Nation free from subversive influences.

The subcommittee's success is measured in part by those who urge that its work is finished and that it can now be disbanded. But any nation which has the role of world leadership thrust upon it will inevitably have enemies, and the threat of subversion and terrorism will always be present.

It seems to me that we have two choices. We can dismantle all of the information-gathering apparatus in the Federal Government, thereby giving the impression that our resolve to remain free is somehow less than it once was. Or we can maintain those institutions as proof of our determination to protect our liberty at all costs.

Certainly, in the case of the Senate Internal Security Subcommittee, there is sufficient justification for its continued existence.

Terrorism has not reached the scale here that it has in other countries, but the statistics are nevertheless alarming. According to the FBI, there are at least 100 separate violent subversive groups in the United States, and over 15,000 individual terrorists. The danger to our citizens is reflected in the statistics: in the San Francisco Bay area alone, there was a terrorist bombing every 24 days in 1974, and by mid-1975 the number had increased to 1 per week.

Because of this and other problems, the United States has a vital need for the Internal Security Subcommittee. As the only organization in the country with legislative and investigative powers in regard to internal security, it has a key role to play in maintaining domestic calm. Furthermore, through the publication of its reports and hearings, it is able to perform the important function of educating the public about matters threatening our security. Although crippled by a steadily shrinking budget, The Internal Security Subcommittee, through its careful investigative work, has become indispensable to preserving the increasingly endangered security of our country.

Mr. President, I am pleased to bring the work of the Internal Security Subcommittee to the attention of this body and the American people, and I salute the subcommittee for its history of solid accomplishments.

Mr. GARN. Mr. President, I wish to commend my distinguished colleague from Florida. By submitting this letter, the Senator has brought to the attention of the American people the kind of gratitude many law enforcement agencies quietly express for the subcommittee's overall contributions. It is gratifying to learn of the Association of Bomb Technicians' tribute to the fine work of the Internal Security Subcommittee.

It seems popular these days to downgrade the work of such groups as the Internal Security Subcommittee. The House Committee on Internal Security is gone. The Internal Security Division of the Department of Justice is gone, effectively buried by being merged with the Criminal Division. The Subversive Activities Control Board is gone, abolished outright like the House Committee. Military intelligence activity has been cut back to the point of oblivion in many areas.

The Central Intelligence Agency has been turned into the prime target of a wrecking operation of ferocious intensity, an operation which, if it succeeds, will cripple our principal weapon in countering the effects of the Soviet KGB. Even State and local police intelligence gathering units are being systematically hamstrung by a succession of lawsuits obviously designed with but one purpose in mind: to put those agencies out of business.

In such a climate, we can ill afford to eliminate what, is, in plain fact, just about the last official agency that possesses the professional expertise and the capability to keep us informed of terrorism and other subversive activities.

Make no mistake about it: The Internal Security Subcommittee does valuable work, and it does that work well. The recent reports on the Puerto Rican Revolutionary Workers Organization and the Peoples Bicentennial Commission are extremely valuable documents which provide the Congress and concerned citizens in general with up-to-date, vital data on two clear threats to our internal security. They show that the subcommittee is fully aware of the current threat posed by groups which are capable of violence to achieve their ends, and they also show that the subcommittee knows how to communicate this awareness effectively.

The subcommittee has released very informative hearings on the threat posed by outright terrorist organizations as well, including a masterful exposition of the nature of Trotskyite Communist terrorism by Herbert Romerstein, one of the Nation's leading experts on subversive activities. Mr. Romerstein's testimony, published in hearings on the "Trotskyite Terrorist International," should be required reading for every American citizen—and especially every Member of Congress who blithely thinks there is no need for a Subcommittee on Internal Security. This one hearing alone would be more than enough to justify the subcommittee's modest request for funds.

Most recently, the subcommittee has released a hearing on the "Subversion of Law Enforcement Intelligence Operations." This hearing is devoted to the activities and personnel of the Organizing Committee for a Fifth Estate, also known as the OC-5.

This group, which publishes the magazine "Counterspy," is perhaps best known for publicizing the name and address of Richard Welch, the CIA man murdered recently in Greece in a particularly brutal terrorism. There is really nowhere else the average citizen can go for up-to-the-minute data on this organization, which is deadly serious about what it is doing. The subcommittee has once again performed a valuable service.

Were there no Internal Security Subcommittee, organizations like the OC-5, the People's Bicentennial Commission, the network of Trotskyite terrorist groups, and the Weather Underground—also the subject of an extemely comprehensive study by the subcommittee—could go about their business in relative obscurity.

To be sure, we would still have the Federal Bureau of Investigation, but we tend to forget that much of the Bureau's work must, of necessity, remain secret so as not to jeopardize valuable informants. This is unavoidable, but why deprive ourselves of the information we must have in order to judge intelligently the possible need for remedial legislation in this vital area of our national life? A body like the Internal Security Subcommittee is not forced to labor under the secrecy requirements of the Bureau; it can develop current information and make it available to Congress and the people so that we have an accurate basis for judgment.

Mr. President, I support the Internal Security Subcommittee wholeheartedly and I urge my colleagues to examine the work it has done. We cannot afford, in a time of naked terrorist activity, to overlook our best source of information on the threats we face from the apostles of violence.

Mr. BARTLETT. Mr. President, in submitting this letter from the Association of Bomb Technicians and Investigators, my distinguished colleague from Florida has given the Internal Security Subcommittee credit for a task that has gone largely unrecognized. Despite less than adequate funding, the subcommittee has dealt with terrorism and many other pressing security problems in a manner in which we can all be proud.

The subcommittee's exhaustive efforts to uncover information regarding security problems posed by those who seek to evade or violate the laws designed to protect the internal security of the United States, have resulted in countless hearings and soundly documented reports that prove invaluable to the intelligence community, law enforcement agencies and the public as a whole. These hearings are only a part of the task facing the subcommittee. A great deal of time and effort is expended upon prehearing investigations, extensive research, and miscellaneous administrative tasks. These duties go unnoticed by the Congress and the public, but are vitally necessary to the findings and overall product of the subcommittee.

Currently, we are faced with the dilemma brought about by recent investigations involving the conduct of the FBI and the CIA, the subcommittee's executive counterparts. With these agencies in public suspicion regarding their means of guarding our internal security, it is difficult to imagine a time when we will be in more need of a reliable guardian of security.

In addition, both of these executive agencies have been handicapped by the recent crusade against law enforcement intelligence. In response, the subcommittee has held hearings on the "Nationwide Drive Against Law Enforcement Intelligence" to expose those who would like to see the American intelligence community with its hands tied behind its back. I think my colleagues will have to concur that intelligence gathering capabilities are definitely necessary to the security of the United States and, even in light of this drive against our intelligence agencies, the subcommittee is still able to perform its oversight function and make important information public; under the law, the FBI and CIA are not empowered to perform either of these functions.

If we, as Members of Congress, are to remain informed as to threats against the internal security of our country—terrorism, communism, drug traffic, assault on law enforcement intelligence—we must realize the necessity of the Internal Security Subcommittee and recognize the potential of this congressional agency's contribution to national security.

Again I commend my distinguished colleague for submitting this letter to Senator Eastland bringing to the attention of the Members of the Senate the fine job this organization is doing.

PLIGHT OF THE DEVELOPING NATIONS

Mr. KENNEDY. Mr. President, in a compelling essay this weekend, the President of the World Bank, the Honorable Robert S. McNamara, has once again focused our attention on the continuing plight of the developing nations—especially among the poorest of their people.

In an article in the Baltimore Sun, Bob McNamara underscores the shocking statistics that describe conditions among the 1 billion people who live in the lowest economic ranks of the developing world—a "world" of the poorest of the poor that represents one-third of mankind.

As he notes in his article, their economic advancement" has been disgracefully slow," and "if the people of the rich, Western World really understood these conditions, there would be more talk about development."

Regrettably, there is not today that degree of understanding. Indeed, recent years have seen a growing weariness among many nations in the Western World to face squarely the awful implications of the plight of the poorest. Americans, too, have inevitably been distracted by inflation and economic problems at home.

But there is no reason why our country, in concert with others, cannot do both—to meet our urgent economic needs here at home, as well as respond to the critical development needs of the Third World.

We have the capacity to help people help themselves. Hopefully, Mr. McNamara's eloquent statement will help give us the will to do so.

Mr. President, I would like to share with my colleagues the essay by Mr. McNamara, and I ask unanimous consent that it be printed in the Record.

There being no objection, the essay was ordered to be printed in the Record, as follows:

Poor Nations Edge Toward Disaster as Rich Do Less and Less

(By Robert S. McNamara)

The economic advance of the two billion people in the developing countries is disgracefully slow, particularly for the poorest among them. The rate of advance needs to be accelerated both in their interest and in the interest of the developed nations.

At the national level it is leading to a questioning of previous growth strategies, to a focusing on problems of mass poverty and to a search for new development approaches combining both growth and equity.

At the international level, it is highlighting the widening gulf between poor and rich nations and focusing attention on the desperate situation of the very poorest nations.

Per-capita incomes of the poorest nations stagnated in the first half of the 1970's, and may continue to stagnate for the next 5 or 10 years. In many nations it has actually declined. And although per-capita incomes of the middle-income developing countries have increased, the disparity in incomes between them and the industrial nations has substantially widened.

It is this situation that has provoked demands for a new international economic order, and the series of international meetings to discuss the relationships between the rich and the poor world: the United Nations Special Session, the North-South dialogue in Paris, the UNCTAD meeting in Nairobi.

This continuing debate is of critical importance because the conditions faced by a billion people in the poorest of the developing countries are shocking: their infant-mortality rate is six times as high as in the developed world; their life expectancy at birth is one-third lower; their literacy rate is about half; the nutritional intake for about half their populations is below the minimum acceptable standards. (For tens of millions it is less than sufficient to permit optimum development of the brain.)

If the people of the rich Western world really understood these conditions, there would be more talk about development. It is not so much a matter of "aid weariness" as one of lack of understanding. There is very little discussion in the United States about the possibilities of external assistance. This is also true of many other major industrial nations. The attitude is that the developing countries should be left to solve their own problems.

This indifference to development aid can be emphasized by noting that, at the time of the Marshall Plan, the U.S. set aside 2.5 per cent of its gross national product for foreign assistance. Since then, the American GNP per capita in real terms has increased more than 100 per cent, while U.S. economic assistance—in relation to income—has dropped 90 per cent, to 0.27 per cent of GNP. The American people are not less generous today, but their attitude toward aid has become distorted.

I would like to believe there are hopeful prospects for reversing the present trend. But I am not sanguine. The outlook for assistance on concessional terms—as through the International Development Association, the soft-loan affiliate of the World Bank—its disappointing. And without expanded support of the hard loans of the Bank, much of the remainder of the work done by the World Bank will be constrained.

That would be a tragedy, because our investment projects are proving effective in helping to make the poor more productive. Progress is slow, but it is happening. Of the greatest significance is the bank's assistance to rural development, which has quadrupled since we announced three years ago in Nairobi our intention of attacking rural poverty by increasing the productivity of the rural poor.

The following are four examples of World Bank rural development projects that indicate the scope of this program in benefitting tens of millions of people:

In Mexico the Bank is sponsoring a food production and livestock project with a $110 million loan. The project supports integrated rural development in 30 of the poorest regions in Mexico, with a total rural population of 1.5 million. It includes construction of small-scale irrigation systems and feeder roads, small market stores and warehouses, water supply systems for 250,000 people, 220 health posts and 70 rural health centers, and 1,150 classrooms to accommodate 60,000 students.

It also includes livestock development, soil and water conservation, training of farmers, intensive technical assistance, and provision of materials for self-help projects. Yields of major subsistence crops are expected to increase, as well as the average incomes of the 750,000 people who are to benefit directly from the project.

In India the Bank, through loans of $27.7 million and $16.4 million, is sponsoring two dairy development projects. Their purpose is to increase milk production through cooperatives covering over two million people in selected areas of two states of India. The money will provide breeding stock, an artificial insemination program, extension servive programs, five union cooperative dairy plants and feed mills and milk collection and chilling equipment. A regional diagnostic laboratory is also planned, and a plant for production of veterinary vaccines.

Institutions to be created include 3,000 dairy cooperative societies organized into 8 cooperative unions. Increases in milk production will come from cows and buffaloes belonging to 400,000 families who live on plots of less than five acres or are landless. Milk production is expected to increase by 760,000 tons a year. In addition to the rural families directly participating in the project, millions of children in the urban areas will benefit nutritionally from the output.

An education project in Tanzania—assisted by an $11 million loan—will assist in the training of managers for 7,500 ujamaa (self-help) villages, and is the first comprehensive program of its kind in Tanzania. The project will help meet the demand for trained manpower brought about by Tanzania's rapid progress in villagization and its development of cooperatives. Five new rural training centers will be established for the program. The project will also assist the government's policy of reorienting secondary education so that it will be more relevant to national economic development. Expansion of facilities for the teaching of science and practical subjects will add 2,100 places in 15 schools.

A rural development project in the Philippines ($25 million loan) aims at improving living conditions among 200,000 poor rice farmers and mountain tribesmen on the island of Mindoro, where annual per capita incomes range between $70 and $140. The government gives high priority to developing backward areas with agricultural potential like Mindoro to correct regional economic and social imbalances, assist national food grain production, and to build up government services for planning and implementing rural projects.

The project will improve the island's rural transpotration system. It will expand irrigation facilities, and provide an island-wide agricultural program to supply fertilizer, seed, extension services and rodent control. A public health effort will be directed toward the control of endemic schistosomiasis.

Special medical, agricultural, legal, and communications services will be provided to 80,000 people of minority tribes. Under the project, rice production will increase by 65,000 tons, or enough to feed over half a million people a year. The incomes of those benefitting from the project are expected to almost double.

As these projects show, the major part of the responsibility for the economic advance of the developing countries is being borne by the countries themselves.

I do not subscribe to the view that mass starvation is inevitable. With the right technology, proper incentives and a more effective use of savings, there is tremendous potential for food production in these countries. There is also scope for trade expansion, export diversification, and a greater share in industrialization.

But it is difficult to see how these countries can move forward without additional assistance from the rich countries. Six years ago, in the General Assembly of the United Nations, the industrialized nations agreed that external concessionary aid amounting to 0.7 per cent of gross national product was needed if the developing countries were to achieve reasonable rates of growth. This year it will not exceed one-half of that amount. U.S. aid will be closer to one-third of the target.

The U.N. target is supportable by the economies of the Western industrial nations and Japan. These nations could move to that level by reallocating a small fraction of the amount by which their incomes will increase in future years.

The industrial nations as a group have not suddenly become poorer and less capable of development aid. After a recession that is proving less prolonged than was first feared, the major economies are growing again, with balance of payments surpluses being accrued. We have the means; what we need now is the political will.

RETURNABLE BEVERAGE CONTAINER LEGISLATION

Mr. HATFIELD. Mr. President, the Senate will soon consider S. 2150, the Solid Waste Utilization Act. As most of my colleagues now know, I intend to offer my Beverage Container Reuse and Recycling Act as an amendment to this legislation.

Reports, assumptions, facts, and analyses abound on this controversial issue. As I have maintained throughout my involvement with returnable beverage container legislation, we not only have these studies on which to base our judgment, but the test of experience as well. Oregon's returnable system has worked well now for over 3 years. There is no reason to believe that a national system cannot be equally as successful.

Mr. President in order to further examine this concept, I would suggest to my colleagues that they review the materials which I now ask unanimous consent to have printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Washington Star, Apr. 23, 1975]

GOVERNOR STRAUB ON POP-TOP, BOTTLE LAW

The issue of banning non-returnable bottles and pop-top cans is being sharply debated as several local communities weigh implementing such steps. The State of Oregon passed such a law in 1972. Oregon Gov. Robert W. Straub was interviewed on the subject by Washington Star Staff Writer Thomas Love.

Question: What has happened in Oregon since it became the first to outlaw non-returnable bottles and pop-top cans?

Straub: We've had a very noticeable cleanup of litter along our highways, lakes and recreation areas. A report done by Oregon State University shows there actually has been an increase in employment because of the bottle bill—more people being needed in the grocery stores and supermarkets to handle the returned bottle.

Q: Has there been any major change in the cost of keeping the state clean since the law went into effect?

A: Yes, the cost has been remarkably reduced. The deposit requirement has caused most of the bottles to be returned to the stores so they're not lying around on the highways or on the beaches, waiting to be collected.

Q: What has been the cost to the state's retailers and wholesalers of drinks and beer because of the new law?

A: I can't tell; I don't know. Consumption has not been much affected. People are drinking as much beer and Coca-Cola as they were before, and to some extent local breweries accrue an economic advantage because they can more easily use the returnable bottles. I think they have enjoyed some benefits in terms of competition with out-of-state breweries.

Q: Some retailers have complained that they're unfairly bearing the brunt of the cost of the program because they have to absorb all the additional costs of handling and transporting the bottles that are turned in. How does the state feel about this?

A: I think this is true but I think that it's a minor cost. It is a burden to the retail outlets, but they do get the advantage and the profits from selling the beer and the soft drinks. I feel it's part of the cost that they should absorb and they are absorbing it.

Q: This is, you think it should be viewed as a normal business expense?

A: That is correct.

Q: Has there been any thought of including some provision in the law to reimburse the retailers for their additional costs?

A: That proposal was before the 1973 legislature and was rejected.

Q: Have you any idea of what percentage of the bottles are actually being returned?

A: I would make an estimate of 90 percent.

Q: Has there been any loss of business to neighboring states in areas close to the borders because of the law?

A: Not in any measureable amount. Conversely, we do not have a sales tax so communities on the border are benefitted because people come into Oregon to buy groceries and so on. There's no reason why we should suffer any losses.

Q: How does the law affect the sellers of such things as imported beer when it would be unreasonable to ship the bottles back where they came from for refilling?

A: Those bottles are considered "premium bottles" so they're returned to the distributor with a five cent deposit rather than the normal two cents. They're disposed of in the solid waste stream.

Q: Do you know whether the bottlers are making more or less profit since they have to use more expensive returnable bottles but can use them time and time again?

A: We don't have a large bottling industry in Oregon, so we haven't looked too closely at this. However a returnable bottle replaces about nine non-returnable bottles and doesn't cost nearly that much more, so bottlers probably have an opportunity to make more profit from returnable bottles than from non-returnables.

Q: How has the public responded to the ban on returnable bottles and poptop cans?

A: Tremendously. I think if there were any effort to repeal the bottle amendment there would just be a public uprising against such a move. It is completely sold. I think the average citizen is for it. I think even the average grocery store owner or manager finds it acceptable.

Q: Is there any organized opposition to the law?

A: Within the state of Oregon, no. The container industry is opposed to it and it retains lobbyists working throughout the nation against any spread of the ban. Of course, some of them are Oregon people.

Q: I talk it then that this is not much of a political issue. Would there be any money available from opponents of the ban for politicians who would work to repeal it?

A: There would not be because in my judgment it is politically unsupportable in Oregon for anybody to advocate repeal of the bottle bill. It is really widely accepted and dug in here now. There is no major thrust against it.

Q: Why do you think the people of Oregon have accepted the ban and are now so well behind it when there has been so much opposition in other parts of the country when similar laws have been proposed?

A: I think if other parts of the country were to adopt bottle bills similar to Oregon's that very soon their support would be strong as it is here. The fact is that the industry is spreading misinformation about the effects of the bottle bill. I've heard and seen reports that the packaging industry is saying it isn't effective in dealing with litter. This is incorrect. It has proven to be very effective in Oregon. I have seen reports that the packaging industry is saying the bottle bill is a severe blow to employment. This has not been true in Oregon since it has actually helped employment. Of course there is the other advantage of energy conservation in recycling the container.

Q: Are there any other reasons the ban is working out so well here?

A: Yes. I guess it may be partly due to the unique nature of the Oregon populace. They are little bolder in venturing forth—in trying new things. But once ideas have been proven, they stick with them.

Q: Based on conversations you have had with governors of other states and any requests for information you have received, do you see similar laws being enacted elsewhere?

A: Yes. Vermont already has a bottle bill similar to Oregon's. The state of New Mexico tried to get a bottle bill through but it was killed by one vote in the committee. Other states have inquired. I feel there is a growing awareness on the part of state legislators that this would be a sound, constructive way to go.

[From the Reader's Digest, March 1976]

CAN THIS LAW STOP THE TRASHING OF AMERICA?

(By Earl and Miriam Selby)

In the last 15 years, a revolution has swept through the U.S. soft-drink and beer industries. Back in 1960, we drank 95 percent of our soda pop and 50 percent of our packaged beers from refillable bottles—the kind that could be brought back for the deposit and then used over and over. Today, 79 percent of packaged beer and two out of three soft drinks are sold in cans and "no deposit, no return" bottles, which are used once and then thrown away.

As a result, America is living amid the offal of the beer and beverage industry. Consider:

We are now using about 60 billion beverage throwaways a year. These cans and bottles add some nine million tons of trash to our national garbage can.

Using what it called conservative estimates, the Research Triangle Institute of North Carolina reported that in 1969 more than two billion beverage containers found their way to the national roadside. Since then, the total may have reached three billion. Such throwaways account for 20 to 40 percent of all litter.

Several years ago, a metals company offered a dime a pound for empty aluminum beer and pop cans. In 14 weeks, Billy R. Hall, a Dallas cement-finisher, and his wife salvaged almost a quarter of a million cans from the streets and alleys of their city.

A 1975 California study put that state's current litter injuries at 300,000 per year. The predominant causes: broken beer and pop bottles and pull-tab openers from cans.

How do we avoid this trashing of America?

In the early 1970's, two states—Vermont and Oregon—pioneered a kind of legislation that has come to be known as "the bottle bill." This legislation led to a deposit-and-refund system on beer and carbonated soft-drink containers, cans included. The theory was that it would encourage everyone to return containers to the beverage network so they could be refilled or recycled, thus cutting down on litter and also lightening the overburdened garbage can.

How did the idea work? In Oregon, according to a study by Massachusetts' Applied Decision Systems (ADS), beer and pop roadside trash declined 66 percent within one year of passage of the bottle bill; all litter declined 11 percent. Another study by Don Waggoner, past president of the Oregon Environmental Council, indicated that two years after the bottle bill the state's beverage trash was down 83 percent; all litter, 39 percent. In Vermont, the highway department reports that can and bottle litter declined 76 percent in one year; all litter, 33 percent.

Today, bottle-bill advocates are pushing basically similar legislation across the nation. They have made hundreds of efforts to enact bills—from Congress down to City Hall. South Dakota has passed container legislation due to go into effect in July. The District of Columbia's council adopted a bill in 1974, only to have the mayor veto it. The federal Environmental Protection Agency backs a national bill. So do such diverse organizations as the National League of Cities and the U.S. Conference of Mayors, the League of Women Voters and the United Auto Workers.[1]

The backers now see more than trash involved. They say that America has become a ethic of "waste not, want not." They see the bottle bill as a way to begin recapturing national thriftiness. In their scenario, if we refilled 90 percent of beverage bottles and recycled eight of ten beverage cans, the country would annually save from five to six million tons of basic resources (glass, steel, aluminum) and energy equivalent to 39 million barrels of oil.

There is also the issue of cost to the consumers. In 1972, the president of Coca-Cola, U.S.A., told Congress: "Coke sold in food stores in non-returnable packages is priced on the average 30 to 40 percent higher than in returnable bottles." Why? Softdrink cans cost about seven cents each. The Pepsi-Cola franchiser in Portland, Ore., figures that using refillable bottles again and again reduces the container cost per filling to less than a penny, compared with four to seven cents for throwaways. A 1971 study by Prof. Bruce Hannon at the University of Illinois concluded that changing from throwaways to refillables would save consumers about $1.4 billion a year.[2]

Such a change, however, especially on a national scale, would hit certain giant industries with megaton force. Here is the reason:

There was a time when a brewer's territory was limited to the distance that a team of horses—and later a truck—could cover in a day. Throwaways changed all that. No longer concerned about getting containers back to the plant, brewers could ship a thousand miles or more, enabling the big ones to invade the local market of smaller rivals. From 184 in 1958, the number of brewers shrank to 55 in 1974. Eight beer manufacturers now control nearly three-quarters of the market. If throwaways were banned, these giants would be hard hit.

The ADS survey provided another insight into why the beverage industry fights for throwaways. In 1872, big national brewers charged an average wholesale price of $2.50 in Oregon for a case of beer in 11-ounce, refillable bottles. For a case of 12-ounce throwaway cans, the average wholesale price was $3.20. On the bottled beer, the brewers included a mark-up for themselves of 32 cents over the cost of manufacturing. On the cans, the mark-up was 74 cents. The mark-ups for soft drinks were even larger.

It is easy to see why most big beverage makers and bottlers have fought bottle bills. They have been joined by can and glass makers, beer wholesalers, supermarket chains, and the large unions of steel, glass and aluminum workers. It has been a costly fight. William Coors, whose brewery is the only major beer maker to favor deposit legislation, has publicly put the spending at $20 million a year. There is no doubt about the campaign's success. Of hundreds of efforts to enact bottle bills, only three states and a scattering of local jurisdictions have succeeded. And most of the county and city laws have been suspended, pending court tests.

The bottle bill has done much to detrash Oregon and Vermont. Nonetheless, there are serious questions that can be raised. Here, in mini-debate form, are some of them, with replies summarizing both the industry position and that of the bottle-bill advocates.

1. Won't consumers lose "convenience" and "freedom of choice"?

Industry: Beer and soft-drink makers adopted throwaways because the consumer wanted them. Though consumers may tell pollsters they favor returnables, in the marketplace they buy non-returnables because they want the convenience. They should be allowed to choose.

Advocates: Throwaways are "convenient" chiefly for the beverage industry's biggest customer: food outlets, which avoid the cost of handling returnables. As for the consumer's supposed preferences, a survey in Oregon found that only 12 percent of consumers felt it was inconvenient to pay deposits and return empties. Only seven percent thought the bottle bill limited their choice of soft drinks—three percent for beer.

2. Does a bottle bill cost jobs?

Industry: A national bottle bill would throw from 60,000 to 160,000 people out of work. As chairman William F. May of the American Can Co. says, this nation is too deeply committed to the one-way, no-deposit, no-return container to go back to the refillable system.

Advocates: Though there would be dislocations, overall a bottle bill creates employment because of the additional workers needed by beer and soft-drink makers and distributors. Anyway, did industry shed tears when throwaways allowed big brewers to swallow smaller plants and eliminate some 20,000 jobs? When Vermont's AFL–CIO leadership tried to get support for fighting the state's bottle bill, the rank and file turned it down.

3. What about the impact on industry?

Industry: It would be catastrophic. Can and bottle plants would lose billions in sales. In Oregon alone, the ADS study reported, can makers lost about $10 million in one year's sales, and it was expected that glass sales, after a spurt to meet the need for new refillables, would go down another $3.6 million.

Advocates: The bottle bill doesn't mean the end of beverage-can sales. Now that progress is being made toward an ecologically sound non-detachable opener for cans, metal containers could be expected to retain about 20 percent of the market. Besides, as the Oregon Court of Appeals told American Can and other industry litigants: "With every change of circumstance in the marketplace, there are gainers and there are losers. There will be new gainers and new losers as the industry adapts to the ban."

Industry: We estimate that converting to refillable systems—dismantling can lines, getting new equipment—would cost $5 billion. That's intolerable.

Advocates: A few years ago, the industry hired Midwest Research Institute of Kansas City to determine the impact of a ban on throwaways. MRI estimated aggregate impact (including new equipment and additional labor) for brewers, beer distributors, bottlers and retailers in the first year to be a loss of $247 million. By the second year, however, lower container costs with a refillable system were seen as yielding an aggregate gain of $37 million.

Industry: The extra costs of handling returnable bottles could be devastating to small grocers. And a flood of returnables would overwhelm the storage capacities of supermarkets. Also, stores would be exposed to vermin-ridden containers.

Advocates: There is some inconvenience for grocers in handling returns. However, when a group of Vermont grocers claimed losses because of the bottle bill, a court upheld the law and dismissed the suit. Vermont grocers already get, for handling costs, a 20-percent allowance on the deposit. Oregon's legislature, on the other hand, has not seen the need to authorize such an allowance. And neither state has yet cited any store as a health hazard for having empty beverage containers.

4. What about consumer prices?

Industry: They would have to go up, because of the tremendous costs of converting plants to refillables.

Advocates: If industry converted to returnables, it would save money, because it would be paying less per use for containers. With these savings, prices could be reduced. A widely accepted estimate is that a bottle could be refilled ten times.

Industry: The trouble with all those "savings" is that they are based on the assumption that people will return bottles. A refillable bottle may make only two or three round trips between plant and consumer in big cities, as few as five or eight elsewhere.

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[1] Bottle bills include various provisions. Oregon's law banned the pull-tab can altogether, on the ground that the tab was dangerous, unsightly and omnipresent in litter. Vermont initially did not ban the pull-tabs, but now has banned both them and non-refillable bottles, starting in 1977.

[2] The impact of containers on the cost of beer is immense. An 1973 article in Beverage Industry said that for three of the largest brewers—all heavily into non-returnable cans and bottles—containers constituted 56 percent of their average manufacturing expenses. This was almost three times the amount spent on labor, and nearly four times the cost of the beer's agricultural ingredients.

Advocates: When industry was arguing against a government proposal to destroy bottles bearing outlawed cyclamate labels, it said the containers lasted five years. An Arizona bottler says he gets about 50 round trips per bottle.

Besides these questions, there is one more point to consider. What do the people of Oregon and Vermont think of their bottle laws? In Vermont, every attempt to repeal or cripple the law has been defeated. The ADS public-opinion poll for Oregon says: " 'Overwhelming' is virtually the only word to describe Oregon's approval of the bottle bill. Nine in ten people (91 percent) said they approved, and only one in 20 voiced any disapproval at all."

All right, says industry, but that was a poll. There have been eight legislative votes in other states involving the bottle bill, and the bill has been turned down every time.

This is the first of a series of articles on the bottle bill. In the second, the authors will examine the strategy and tactics by which virtually every effort to enact legislation against throwaway beverage containers has been defeated.

[From the Reader's Digest, May 1976]

The Lobby That Battles the Bottle Bills

(By Earl and Mariam Selby)

A "bottle bill" is a piece of federal, state or local legislation aimed at helping America kick the habit of throwing away 60 billion beer and soda-pop cans and bottles every year. To stem this nine-million-ton tide of trash, the typical bottle bill proposes that all beverage containers—cans included—carry deposits with mandatory refunds, so they will be returned for refilling or recycling. Advocates of bottle bills argue that they will cut down on litter and trash, conserve energy and resources, and save consumers more than a billion dollars a year.

On the surface, those promises seem so attractive that one wonders why we haven't embraced a *nationwide* bottle bill. A partial answer may be found in what happened in two localities when bottle bills came up against the lobby supported by the beverage and container industries:

In 1970, in Washington State, college professor Robert Keller triggered a statewide vote on a bottle bill. He and his group had $6000 to spend on their cause. The lobby had $300,000. It inundated the state with commercials, advertising and other materials. The bottle bill lost.

In Florida, a Dade County (Miami) survey estimated that a typical mile of a major Dade street is littered with 17,850 cans each year. A young county commissioner, Harvey Ruvin, proposed a bottle bill. His side had $1,700—plus whatever free air time they could get under the federal "Fairness Doctrine"—to tell their story to the public. The lobby had $180,000—most of it from outside of Dade County—to mount a spectacular advertising blitz using 19 newspapers, 20 radio stations and four television outlets. In November 1974, the voters turned the bottle bill down.

William K. Coors, the only major brewer who favors deposit legislation, estimates that industry pours out $20 million a year to battle the bottle bill and to promote its own alternatives. Support is drawn from the can and bottle makers, the beer and pop industries, certain supermarket chains, and large unions of steel, glass and aluminum workers. With a total annual budget of $7.5 million, the United States Brewers Association alone can call on its lawyers, economists, consultants, think-tank researchers and field representatives to help quash a bottle bill. Such money and firepower are hard to overcome.

Thus, bottle-bill advocates have lost every one of the eight elections involving the bill. In all, there have been hundreds of efforts in Congress and the States to enact various forms of bottle-bill or other beverage-container legislation. To date, only the Oregon, Vermont and South Dakota legislatures, plus a scattering of local jurisdictions, have succeeded. (South Dakota's law is not scheduled to become effective until 1978).

The success of the lobby can be explained not only by its munificent war chest, but also by its shrewd tactics. Consider:

The lobby plays hard, and for keeps. In New York City, a group known as the Environmental Action Coalition received $350,000 in support over a period of three years from industry—Pepsi-Cola, the Can Manufacturers Institute, the Aluminum Association and other keepers of the lobby—to educate the public on such industry-endorsed goals as recycling and resource-recovery programs. In the spring of 1975, however, the Coalition endorsed the bottle bill as a companion to resource recovery. Since then, it has received almost nothing from the lobby.

The lobby can be devious. It sometimes submarines discussion of a bottle bill by raising unwarranted fears. Mayonnaise jars are a favorite tactic. William Ginn, a leader in Maine's struggle to get rid of throw-away containers, was startled when a brewers' spokesman he was debating on radio referred to such jars, implying that the bill could lead to a deposit on them, although nothing in the legislative proposal even remotely supported this. Ginn got so caught up in the mayonnaise question that by the time he recovered himself he had lost the debate. Says Ginn: "I know—now—what the technique is: confuse the public by making it unsure as to just what the bottle bill is. You don't vote for what you have doubts about."

The lobby uses time-consuming court challenges. In Bowie, Md., the city council passed a bottle bill. The lobby sued to overthrow the bill. Four years went by before the lobby was defeated in the courts.

The lobby hides its identity. Its politically active committees frequently bear names that give no indication that they are industry-supported. In Washington State, the lobby called itself Citizens Committee Against Initiative 256; in Maryland, the Maryland Council on Environmental Economics; in Eau Claire, Wis., the Eau Claire Consumer Information Committee; in Florida, the Dade Consumer Information Committee. When Dade County environmentalists protested that this last name was misleading because the committee was not a consumer group, an industry spokesman stated that the name was proper because the committee was trying to get information to consumers.

The 1974 Florida battle deserves further attention because Dade County was so strategically important. With more than a million and a half residents, and up to 12 million tourists annually, the Miami area accounts for nearly one percent of the U.S. beverage market, consuming the contents of 490 million throwaway cans and bottles every year. If Dade went for the bottle bill—and if tourists brought word of the law back home—the domino effect could ripple everywhere.

So out went the lobby's call for money. In a single week, the Dade Consumer Information Committee collected $98,200, with individual contributors going as high as $7000. Florida law, however, limits donors in single-issue fights to $1000. The lobby was therefore forced to return $61,000. Milwaukee's Joseph Schlitz Brewing Co., which had sent in $2800, got $1800 back. A bit later, the Dade committee received $1000 from a malt company and $800 from a Wisconsin firm selling ducklings. Both are owned by Schlitz. From St. Louis, Anheuser-Busch (Budweiser) chipped in $1000. So did seven of its transportation subsidiaries, and a can company partially owned by the brewer. Total: $9000. For this single election in one county the lobby eventually financed the Dade committee with $150,000, drawn from 23 states as far away as Washington and California.

How to use the money? First, the committee hired public-relations counselor Richard Rundell to coordinate its campaign. A man with 20 years' experience in Florida politics, Rundell laid down his basic strategy: "Keep the campaign local by using Miami people who can tell audiences, 'I am one of you. Big business happens to be against this [the bottle bill], but so am I and so should you be.' "

At Rundell's suggestion, a public opinion poll was taken to orient the campaign. The poll found that while voters strongly endorsed a deposit on bottles, they were five-to-four against a deposit on cans. The lobby therefore concentrated its advertising firepower on can deposits. In one ad, the headline implied that *all* cans, not just beverage containers, would be subject to deposit.

The lobby fastened on inflation as the umbrella for its campaign. It claimed that fighting the bottle bill was "fighting inflation," since a deposit raised the cost. It did not mention that deposits would be refunded—more that nationally franchised soft drinks already on local shelves in deposit bottles were generally cheaper than the same brand in throwaways.

Many supermarkets put stickers on all six-packs of beverages, saying the bottle bill would raise the price 30 cents (the deposit). The Winn-Dixie grocery chain, which financed its own campaign with $30,000, printed anti-bottle-bill statements on paper bags, so a shopper carrying one became a walking billboard for the lobby.

The lobby touched off memories of fights over "forced busing" by calling the bottle bill the "forced deposit" law. A young black man was hired to broadcast commercials against the bottle bill and to rebut claims that the bill would help save the environment. "We made it clear," Rundell wrote in the *Public Relations Journal*, "that we felt some of our minority groups didn't have much of an environment to worry about."

Indeed, the well-organized lobby was on the attack in so many places, in so many ways, that the environmentalists never could catch up. Before the campaign, the lobby's own poll had predicted that the bill would pass, possibly by two-to-one. The actual vote, after the lobby finished its three weeks of intensive work, was 57 percent against it.

The lobby isn't always that successful. But, as in Vermont, even when it loses the first battles, it keeps the war going. Shortly after Vermont inaugurated the deposit system in 1973, beer distributors boosted their prices in the state by 60 cents a case, exclusive of deposits. Twenty-four cents were mandated in the law to repay grocers for handling container returns. And the other 36 cents? Gov. Thomas Salmon, an advocate of the bottle bill, hung them on the lobby. He charged it was grabbing for profits in an "overt attempt to anger the Vermont public by substantial increases in the price," an anger which could then be funneled into a drive to repeal the bottle bill.

Having seen something of how the beer and soft-drink lobby works, and so often wins, who can doubt its power?

For years, the lobby has been claiming that there are alternative ways to accomplish the bottle bill's objectives. In a future issue, the final article in this series will evaluate some of these proposals.

[From the Reader's Digest, July 1976]

The Whys Behind a Bottle Bill

(By Earl and Miriam Selby)

Three years ago, on the outskirts of Fredericksburg, Va., scene of a great Civil War battle, a real-estate firm decided to do its share in a new war—this one against the beer and soda-pop trash that lay like a festering eyesore along the roadsides. To wipe out at least some of the blight, the firm offered a penny for every can retrieved from the litter, thinking that perhaps 200,000 or so would be brought in.

Instead, 700,000 cans flooded in. Lacking manpower to segregate the aluminum containers (the only valuable scrap) from the steel ones, the firm had to ask the state highway department to bury the whole mess. The containers thus became one more monument to the 60 *billion* beverage cans and "no-deposit, no-return" bottles that we acquire each year—which account for an estimated $200-million share of our national bill for solid waste.

Cold facts such as these have fueled the continuing struggle to enact "bottle bills"—legislation aimed at stemming the tide of throwaways by reverting to the traditional system of deposit-and-refund. To date, only two states—Vermont and Oregon—have bottle bills (South Dakota legislation is scheduled to take effect in 1978). Yet results in those states are impressive. A year after adoption of a bottle bill in the early 1970s, Oregon's beverage-related litter was down 66 percent, according to a survey generally endorsed by the beverage and container industries. Environmentalists claim that, since then, the beer and pop litter has decreased even more. In Vermont, a state survey indicated that, after one year of the bottle bill, roadside beverage litter had been slashed 76 percent.

A Better Way? The beverage and container-industry lobby, which has spent millions of dollars challenging bottle bills, insists that the track record of such legislation is no reason why additional states, or the U.S. Congress, should adopt similar legislation. The lobby claims there is a better way to accomplish the same goal.

What is it? Over the last 20 years, the lobby has plumped for a variety of answers. One is a New York-based organization named Keep America Beautiful, Inc. (KAB), which came into being in 1953. That was the year Vermont farmers, whose cows were being cut by shattered glass along roadsides, prodded the state into experimenting with a ban on non-refillable beer bottles. Sensitive to any public outcries against beverage litter, the lobby created and began bankrolling KAB.

No one could fault KAB's call for more education on the evils of littering. But rather than lay any onus for litter on industries whose packaging wound up as roadside trash, KAB saddled the blame on the rest of us, contending that littering is a "social problem" because only people litter. It therefore urged stricter enforcement of the anti-litter laws, more litter baskets, more litter pick-ups. It did not advocate any cutbacks in containers and other items most prone to becoming litter.

Industry has contributed millions of dollars to KAB. In 1973 alone, for example, nearly 80 percent of KAB's $765,548 in contributions came from metals companies, beverage manufacturers and glassmakers. Nor is that all. Since the early 1970s, the Advertising Council, an industry and media group supporting public-service projects, has been arranging for KAB to have free use of up to $30 million yearly in air time and print space for advertising messages, usually plugging the theme, "Only people make litter."

"Piecemeal Approach." In 1968–69, KAB financed a roadside-litter survey, designed by North Carolina's Research Triangle Institute. According to the survey, paper items (on a piece count) make up more than half of all highway trash, while beverage containers constitute only 20 percent. Using the survey as a blockbuster against bottle bills, the lobby argued that even if a bottle bill wiped out all beverage trash, it would still leave 80 percent of roadside litter untouched. Why push a bottle bill, asked the lobby, when at best it can accomplish so little?

The question seems reasonable until the survey on which it is based is examined. Billed as a "national" study, the KAB project involved litter counts on just two miles of main highways in each of only 29 states. It never looked at secondary roads or recreation areas, where beverage-container trash is often rampant, and the counts were not taken in summer, when litter is at its peak. Also, the KAB survey did not include millions of flip-top openers littered from beverage cans.

Despite these shortcomings, the lobby used the survey as an argument against bottle bills. KAB, however, appeared to be publicly neutral—until its president, Roger W. Powers, said in 1974 that legislation banning items found in the nation's trash pile was a "piecemeal approach" that "will not stop people from littering." When some groups protested by withdrawing from KAB's advisory council, Powers eventually backtracked, saying that he had spoken only for himself, and KAB itself conceded that it was "not in a position to evaluate" bottle-bill legislation.

KAB describes its overall accomplishments as "unparalleled." Are they? In 1971, the Management and Behavioral Science Center, a part of the University of Pennsylvania's prestigious Wharton School of Finance and Commerce, looked at some of KAB's work. The Center's report, commissioned by the Anheuser-Busch brewing company, concluded that KAB programs and other anti-litter efforts by industry had neither significantly reduced litter nor shown promise of doing so. Said the Center: "Most of these efforts have been directed more toward preventing or delaying restrictive legislative action or taxes than toward reduction of litter."

KAB was soon off in another direction, spending hundreds of thousands of dollars on a project it first called "Action Research Model" (ARM), then renamed "Clean Community System" (CCS). KAB said the program was designed to identify sources of litter, and then use community organization to change behavior patterns through education, laws, enforcement and better trash handling.

Soon after launching the program in 1974–75 in Charlotte, N.C., Macon, Ga., Tampa, Fla., and Sioux Falls, S.D., KAB claimed that litter was down more than 50 percent—as tallied at certain pre-selected spots.

In July 1975, KAB cited "significant litter-reduction measurements" from the program's work in Nevada's Reno-Sparks area. How KAB could know this is a mystery, because Reno-Sparks did not take its first litter-reduction count until early 1976, when it reported a 16-percent drop.

Having defeated a bottle bill in Florida's Dade County (Miami), the industry lobby spurred creation of an ARM group in that area. Consultants coordinated by the U.S. Brewers Association chose the sites where litter would be evaluated, but failed to include the region's most popular mark. When the local group asked industry to pay for a new survey, and also to meet the costs of tabulating litter on both an item-count and a volume basis, the answer was: No money available. As a result, Dade County did not have any litter-reduction tabulation in the first year after establishment of its ARM group.

In February 1976, U.S. Environmental Protection Agency (EPA) officials asked KAB to document ARM-CCS clean-up claims, and also to spell out the ultimate cost to taxpayers As of this writing, KAB has submitted no data.

Model Statute. In the State of Washington, the lobby had another "better way", which went before the voters in 1970. It proposed what it termed a "model" litter-control law—and even persuaded the industry to voluntarily agree to a tax that would help finance provisions in the law against littering. The voters found this impressive. The bottle bill was shelved in 1970; the litter law passed in 1971.

Washington's "model" statute has been kind to those who helped birth it. The law lays a litter tax not only on beverages and containers, but also on food, tobacco, household paper products, newspapers, magazines and soap. In 1974, the container industry paid $24,094, less than three percent of the total tax collection of $902,111. A full 52 percent of the tax came from wholesale and retail-food establishments, which, naturally, passed it on to consumers.

The state's original claims of 90-percent litter reductions were slashed to 60- to 70-percent after out-of-state researchers challenged the figures. Even with these reductions a Seattle *Post-Intelligencer* poll reported in February 1975 that nearly seven out of every ten Washingtonians interviewed saw a need for a bottle bill in their state.

Resource Recovery. In another effort to show why bottle-bill legislation is not needed the lobby has embraced "resource recovery"—an approach which holds that there is "cash in trash," that we can recoup from solid wastes both materials for recycling and fuel for energy. The National Center for Resource Recovery, bankrolled mostly by industry, notes that a number of recycling plants, both publicly and privately financed, have been started.

Resource recovery certainly sounds good. On a broad scale, however, there are serious questions. In every 100 tons of garbage, for example, there may be no more than 13 or 14 tons of recoverable, salable metals and glass. Except for aluminum, scrap brings low prices, and markets for it are not always available. And there are problems even with aluminum. An industry offer to pay up to 15 cents a pound for aluminum cans brought to recycling depots has prompted the return of only about one in every four aluminum beer and pop cans; so, in a year when 15 billion of these containers are used, about 11¼ billion are still thrown away.

What is the answer? Must we make an either/or choice between bottle bills (which may cause temporary financial dislocations for some industries) and the alternatives presented by the lobby? The fact is, we need not. "There's nothing wrong in educating people about litter, or in recovering resources from trash," points out Forest Golden, an Auburn, N.Y., professional engineer fighting to bring a bottle bill to his state. "But, simultaneously, we need a bottle bill." The Presidentially appointed Citizens' Advisory Committee on Environmental Quality also emphasizes the need for both recovery programs and national bottle-bill legislation.

There are several advantages to such a combination approach:

It would eliminate unnecessary waste of materials. We would be using fewer beverage containers; at the same time, we would be recovering resources that were formerly lost in garbage.

It would save energy. Studies in progress for the Federal Energy Administration indicate that energy savings with an all-returnable system of beverage containers could amount to the equivalent of from two million to four million gallons of gasoline per day.

It would reduce pollution from manufacturing. According to the EPA, a system using one refillable bottle that will make ten round trips creates less than half the air-polluting emissions of a system using ten single-use cans or ten one-way bottles. Also, a system using refillable containers is almost four times as efficient in holding down industrial wastes. As for roadside beverage litter, there is no longer any doubt that bottle bills can significantly throttle this ugliness.

Samplings of public opinion show that most Americans are aware of these facts. In

Michigan, a poll found 73 percent in favor of bottle-bill legislation. In New York State, a Harris poll reported that 83 percent favored a bottle bill. A nationwide poll conducted in February 1975 by the Opinion Research Corp. indicated strong public support for a national bill—73 percent for, 15 percent against. Clearly, these figures point to one conclusion: Americans believe that the time for a national bottle bill has come.

[From Audubon, March 1976]

Keeping America Bottled—and Canned—Or, Why You See Only Paper Products in Those Anti-Litter Ads

It has been said that we shall be remembered for our beverage containers, that after the great apocalypse, archeologists from another world will sift through the middens of our civilization and marvel at our prodigious thirst. Boring through the millenial accretions and taking samples from the bottle first, the archeologists will exhume a chronological record of mankind's sipping hardware through the ages: the gourd, the Grecian urn, the bronze goblet, the silver chalice, the pewter jug. And so on until, near the top of the midden, they will unearth the American fliptop beer can and a glass bottle bearing the curious inscription, "No Deposit-No Return." And the visitors will scratch their heads, assuming they have such things, and ponder the fate of a society that fancied it could afford to fill the Earth's canyons and marshes with containers manufactured for one-time use only. Should they get lucky, they might even extract an artifact or two bearing legible proof that the container manufacturers operated with the best of intentions, for here is another inscription. "Keep America Beautiful," it says in large red letters. "Don't Litter." And here is a well-preserved poster showing Iron Eyes Cody, the flip-top American Indian. Iron Eyes is riding his horse across a hilltop littered with picnic trash. "People start pollution," the legend reads. "People can stop it."

Can they? This year in these United States and abroad, beer and soft-drink container manufacturers will continue to quarry from the Earth vast quantities of iron and bauxite and silica. The resources will be fashioned into cans and bottles. The cans and bottles will be filled, the contents drunk, and the empties jettisoned into an overflowing stream of solid waste. On the average, every American in 1976 will cast off at least 300 of these containers (and maybe more, insofar as the bicentennial year is sure to be wet and celebratory). And that adds up to 60 billion bottles and cans, or nine million tons of aluminum, steel, and glass. Eventually, most of the empty containers will be plowed into sanitary landfills, our municipal middens, through more than a few will undoubtedly linger awhile by the wayside, glinting brightly in the sunlight.

Legions of Scouts and housewives will be enlisted to clean up the mess, to do their litter bit, and possibly be rewarded at year's end with a plaque from Iron Eyes Cody himself. Great fortunes in advertising will be lavished in the effort, not only to keep the nation's roadsides tidy but to ensure that the consumer will have a product after which to tidy up. In other words, empties. Throwaways. The one-way can and the no-return bottle. Convenience packaging, they call it in the trade. And so, conveniently enough, we are informed there is but one sure way to stop pollution—by demanding more trash receptacles to receive our disposable containers. Well, two ways, possibly. More trash baskets and a greater degree of razzle-dazzle down-court accuracy. I mean, how can we keep America beautiful if, after taking the pause that refreshes, we don't sink a basket almost every time?

Yet throughout the country runs a ripple of discomfort and a rising suspicion that the way to stop pollution is to sink the waste at its source. In short, preventive medicine instead of bandages and cough syrups. This kind of thinking haggles the conduct of the national life-style, for it reaches beyond the packaging issue into the larger question of libidinous consumption and instant obsolescence. It suggests a need—yes, and a demand—not only for reusable containers but for longer-lived tires and smaller cars and sturdier appliances and a host of other radical changes in the marketplace. It implies, in effect, that America must now strive to be not only tidy but thrifty. "Profligate materials use has been thoroughly built into the nation's economy," warned the National Commission on Materials Policy in 1973, "and remedial steps may cause painful readjustments. But inaction can result in serious economic dislocations . . . The proper approach is to think ahead."

On the face of it, the first and easiest remedial step would be a return to the returnable beverage container. Easy, because we have been through it before, and without much pain: the trip with the empties back to the grocery store and the deposit refunded out of the cash register. Anyone over 15 years of age can remember flattening tin cans underfoot and hauling them off to the wartime scrape depot). But for all the memories, today it is easier said than done. The throwaway container, which represented less than 10 percent of the soft drink market as recently as 1965, now represents nearly 70 percent of that market. While per capita consumption of beer and soft drinks increased some 33 percent between 1959 and 1972, consumption of beer and soft drink containers increased 220 percent. Why? Because throwaways are more profitable for brewers and bottlers; and the price differential reflects that fact. By some estimates, Americans are paying up to 25 cents of every beverage dollar for the privilege and convenience of depositing their empties in a garbage can.

The throwaway system involves other debits as well. Take aluminum, for example, a very precious commodity and a rapacious consumer of fuel in the manufacturing process. This year, one pound of every ten pounds of aluminum processed in the United States will wind up in beverage cans. And despite recycling efforts, only a fraction of that aluminum will ever be recovered. The energy loss may be even worse. An individual who throws away 300 aluminum beer cans also is throwing away the energy that it took to manufacture and ship those cans in the first place—the equivalent of 28 gallons of gasoline, a three-week supply for the average American motorist (if he or she is lucky enough to get 20 miles to the gallon).

However rational a general return to returnables may seem to most environmentalists and consumer advocates, the battle to achieve it through local, state, or national legislation has been a losing one. So far. Opinion polls show a clear majority of Americans favor restrictions on throwaways, but in almost every test of that popular bias, measures have failed in the polls where citizens and legislators must affirm their opinions with votes. "Since 1969," says Henry B. King, president of the U.S. Brewers Association, "more than 1,000 pieces of restrictive container legislation have been introduced in this country, and all but a handful have been rejected. That certainly tells me something about who's buying this concept."

It should tell the rest of us something about the effectiveness of Henry King and other beverage lobbyists operating in the legislative arena. By the most conservative estimate, the American brewing industry alone has spent more than $20 million to block the passage of "bottle bills" at local, state, and national levels. How much the National Soft Drink Association, Aluminum Association, Continental Can Company, American Can Company, Pepsi-Cola Company, Coca-Cola USA, and other associations and companies have invested toward the same end is anyone's guess. But judging from their results, they are spending big and talking fast. If you listen carefully to the rhetoric, you begin to wonder if being against throwaways isn't almost as bad as being against motherhood and apple pie. "Mandatory deposit legislation," says Thomas Baker, executive vice-president of the National Soft Drink Association, "is out of keeping with the whole free flow of commerce in this country. How can you justify putting a plug in it?"

In early December, at the Mayflower Hotel in Washington, D.C., some 600 people representing almost every state of the Union—people like you and me, who start pollution and who therefore can stop it—gathered to attend the twenty-second annual meeting of Keep America Beautiful. KAB is a nonprofit organization financially supported by more than a hundred corporations, trade associations, and labor unions. In addition, there is a national advisory council comprising service, professional, conservation, youth, and women's organizations, as well as federal agencies. These also number about a hundred, although the exact figure fluctuates from year to year. The National Audubon Society is a member of this council, as are the American Automobile Association, Camp Fire Girls, Future Farmers of America, National Rifle Association, Trout Unlimited, U.S. Fish and Wildlife Service, and Veterans of Foreign Wars. It is about as eclectic an advisory council as one might ever hope for and possibly one shouldn't. There are state affiliates as well, 35 of them, to implement KAB's programs and policies at the grass roots. Altogether, counting corporations, associations, affiliates, unions, and advisory organizations, Keep America Beautiful indirectly reaches one out of every three households in the United States. Factor in the free public-service advertising it utilizes annually through the Advertising Council, and the public outreach of this organization comes close to total saturation.

KAB's far-reaching programs are basically educational, and that is a tall order when one considers the principal lesson. The principal lesson is that people start pollution, that the man in the street who misses the trash basket with his beer can is just as guilty as the president of a corporation that is fouling the air. Yet KAB is quite successful in getting this message across. Its Action Research Model (ARM) program, for example, is a systems approach designed to identify and modify behavior patterns that tend to sustain littering in a particular community. Already tested in three southern cities, ARM this year will be extended to at least 50 more communities across the country; and KAB officials expect it will continue to reduce visible litter by at least 60 percent in demonstration areas. That is to say, ARM motivates people to hit the trash basket every time. It does nothing to reduce the volume of solid waste.

KAB's twenty-second annual meeting at the Mayflower Hotel was a splendid affair. There were reports and speeches and panel discussions. People pressed through the lobby bearing KAB litterbags. A pressroom was made available, and KAB staffers rushed about with stacks of news releases. There was a news release for every one of the more than 50 communities and individuals who were to be honored at the national awards banquet in the Grand Ballroom. A KAB official mentioned that they had run out of station wagons, used to bring the litterbags and news releases from New York City to Washington. In the Chinese Room of the Mayflower, a cash bar was opened each day before luncheon. All the setups were in disposable bottles. As each bottle was emptied, a bartender dropped it into a large receptacle. As each receptacle was filled, uniformed busboys carried it off through the hotel kitchen. Trucks came at night and took the bottles away to be buried. The meeting lasted for three days and three nights.

On the first day, the KAB national advisory council rendered a list of recommendations. Some were posed in the form of questions. Why, asked W. Jane Westenberger of the Conservation Education Association, couldn't KAB place some emphasis in its program on reducing waste at its source? Why, asked Thomas Williams of the U.S. Environmental Protection Agency and Charles H. Callison of the National Audubon Society, couldn't KAB give its advisory council the privilege of reviewing national advertising material before it is broadcast? And the recommendations were jotted down. And the council adjourned. Downstairs in the Aviation Room, KAB Chairman James C. Bowling of Philip Morris was calling his board of directors to order.

The KAB board is largely composed of top executives from many of the corporations and associations supporting KAB's program. Running down the list one sees such names as Thomas F. Baker and Sidney P. (Seven-Up) Mudd of the National Soft Drink Association, Henry B. King of the U.S. Brewers Association, William F. May of American Can Company, Earle G. Ingels of Kerr Glass Manufacturing Corporation and the Glass Container Manufacturers Institute, S. L. Goldsmith Jr. of the Aluminum Association, Victor A. Bonomo of Pepsi-Cola, Donald R. Keough of Coca-Cola USA, and Roger W. Powers, former public relations director for U.S. Brewers and now president and chief executive officer of Keep America Beautiful. Powers this year will operate KAB with a staff of 16 and a tight $600,000 budget, of which $55,000 will be contributed by his former employer, U.S. Brewers.

In the Aviation Room, the microphone was handed to President Powers. He told the directors about ARM's success in the South. A bright note in an otherwise "tough" year, though perhaps not so tough as it might have been. Not with $30 million worth of free public-service advertising. Not with Iron Eyes Cody riding and padding the KAB message into the living rooms of America. And speaking of America. Powers called it "the most abundant and beautiful country in the world."

"Abundance, hell," a skeptic said later in the hotel lobby. "We're digging deeper and deeper into the ground and then throwing it all away at the other end. They ought to change the name of this organization."

"To what?" I asked.

"To Make America Beautiful," said the skeptic. "Because we ain't there yet."

In almost every respect save one, the beverage container industry has consistently managed to stay one jump ahead of its critics. Long before Lady Bird Johnson launched her crusade in behalf of natural beauty, before "ecology" became a household word, before Earth Day introspection raised a new set of judgments about the quality of our national life, the container industry saw a blight of litter at the end of the tunnel and moved decisively to dislodge it. Out of the effort came Keep America Beautiful, founded by industry in 1953. And industry looked upon KAB and saw that it was good. Then came Earth Day, and the long-haired orators who warned of lost resources and wasted energy, and who exhorted the people to recycle their newspapers and cans. But the container industry had seen this coming, too, and in its wisdom created the National Center for Resource Recovery in Washington, D.C. And industry looked upon the center and saw that it was good. And the environmentalists agreed, though some of them now were beginning to speak of something else. They called it "source reduction." They said resource recovery—recycling—must be accompanied by reduction of waste at its source, and that the place to begin was with beverage containers, with deposit legislation, with returnable refillable bottles. And industry looked upon resource reduction, and from the perspective of profitability saw that it was bad.

The National Center for Resource Recovery, financed like KAB through industry and labor contributions, is a technological think-tank for the marketing of solid waste recycling systems. It is staffed for the most part by the people who conquered outer space, by refugees from the truncated National Aeronautics and Space Administration. The center's first president was Richard Lesher, who formerly served as NASA's assistant administrator for technology utilization and who is now top man in the U.S. Chamber of Commerce. Lesher's chair at the center was filled last year by Rocco Petrone, NASA's one-time director of Apollo missions. Neil Armstrong, first astronaut on the moon is a member of the board. So is Peter W. Stroh, the brewer. And August A. Busch III of Anheuser-Busch. And Donald M. Kendall, board chairman of Pepsi-Cola and board chairman also of the National Center for Resource Recovery.

In the industrial scheme of things, the center's role is far more complex than KAB's, for it is dealing not with Scouts and trash baskets but with mayors and capital budgets and sophisticated hardware designed to swallow a city's refuse whole and then spit it out in segregated bundles of reclaimed material. There are hammer mills and shredding machines and magnets to extract ferrous ores and optical sorters to sort colored glass and even air classifiers to blow organic wastes into ancillary systems, where table scraps are mashed into briquets and mixed with coal as fuel for electric generators. The possibilities are almost endless, and various combinations of units are now or soon will be humming merrily in Baltimore, St. Louis, Milwaukee, New Orleans, and a score of smaller cities in between. Someday, quite likely, every city in America will be recovering resources from its refuse. "By almost every accepted criterion," science writer Boyce Rensberger reported in a recent issue of *The New York Times Magazine*, "solid waste recycling has become a major new growth industry." Some corporations are falling over each other to get a piece of the action. Municipal sanitation departments are receiving solicitations from Monsanto and Union Carbide and other august members of the *Fortune* 500. All of a sudden garbage is big business in the United States.

Even the most skeptical, the most radical, the most uncompromising environmentalist has to admit that resource recovery is a bit of good news, an answer to an Earth Day prayer. To be sure, it is a highly capital-intensive venture, but so was everything else of significance accomplished so far by this country in the twentieth century—from atomic weapons to Apollo moon shots, from the construction of upstream dams, to the payment of downstream disaster loans. In addition, there are bugs in the recovery systems: cost overruns, for example; and in some cases, according to sources at the U.S. Environmental Protection Agency, difficulties in bringing the hardware emissions in line with state or federal air quality standards. But no doubt these are problems that can be solved with time. At least, one hopes they can. The only problem that may not be overcome in time enough to matter is the inflexibility of those in industry who argue that resource recovery precludes source reduction; that, in effect, if we are going to invest in optical sorters and magnetic extractors, then we must insist that the sorters have something to sort and the magnets something to extract. The throwaway bottle and disposable can.

On the second day of KAB's twenty-second annual meeting at the Mayflower Hotel, Iron Eyes Cody rose early from bed and attired himself in a suit of soft white doeskin embroidered with beads and porcupine quills. His hair fell across his shoulders in braids, black as a raven, and into the right-hand braid he placed an eagle feather, lashing it there securely with rawhide. Iron Eyes looked out across the dour city and sighed, remembering now that it was the day to recite the invocation from the rostrum in the East Room, just before the keynote address and the final report on the Action Research Model. He would give them the Great Spirit prayer in the same strong voice that had much impressed the great Cecil B. DeMille and that had shared soundtracks with Gary Cooper: "Make me wise that I may know all You have taught my people. The lessons You have hidden in every rock."

And later, he knew, there would be interviews with reporters, and he would tell them how he had been doing KAB television commercials since 1969, and how it had been figured by computer that in just six years his image had been broadcast into ten billion livingrooms, reminding people of their responsibility for pollution. And perhaps this time there would be no difficult questions, such as: "Tell me, Iron Eyes, why is it, in the commercials, that the litter is always paper, that there are never any bottles or cans?" For truly, how did one answer such a question when one was not in charge of designing the set?

The press was a puzzlement. Always looking for bad news. Why even now on another floor at the Mayflower, unbeknownst to Iron Eyes Cody, Environmental Action was entertaining reporters with some bad news about KAB. In a mock ceremony environmentalists were presenting KAB with their "people who start pollution award," but no one from KAB was there to accept it. Not that it mattered. The award was simply a gimmick, an excuse to remind the press that in 1974 KAB President Roger Powers had testified in California against passage of a statewide container deposit bill. It was an action that Powers would later describe as "an unfortunate misunderstanding" but which nonetheless precipitated the resignation of seven organizations from KAB's National Advisory Council (the seven being the Garden Club of America, Izaak Walton League, National Parks and Conservation Association, Nature Conservancy, Outdoor Writers Association of America, Sierra Club, and Wilderness Society). It also led to a successful effort through the National Advisory Council, an effort led by Williams and Callison, to get a policy adopted declaring KAB's official incompetence, or neutrality, on returnable container legislation.

"Good grief," said a KAB staffer when word of the Environmental Action reaction began to spread through the East Room. "Don't those kids have anything better to do than drag *that* up all over again?"

Later still, Roger Powers was addressing a group of state affiliate leaders. "I just want you to understand," said Powers, "that industry will fund you if you respond to its needs."

The first loud shot in the battle over beverage containers was fired in Oregon on October 1, 1972. On that day Oregon became the first state to restrict the proliferation of throwaways by mandating a two-cent deposit on standard bottles refillable by all brewers and bottlers and a five-cent deposit on other containers. The flip-top (the pull-tab) was banned altogether. Industry predicted economic chaos. Bottlers proceeded to attack the law as unconstitutional. Attorneys argued in court. The law was upheld. Oregon Governor Tom McCall hailed it as a "rip-roaring success." The state attorney general was glad to hear that. Never, he said, had he seen "as much pressure exerted by so many vested interests."

The pressure, however, did not let up. Before long word got around the country that Oregon was a disaster area. According to State Representative Nancie Fadeley, people kept coming up to her saying. "Oh, you're from Orygawn . . . Is it true they don't drink beer anymore in Orygawn?" There were rumors that all the breweries had shut down. There were rumors that, rather than reducing roadside litter, the Oregon bottle bill had somehow increased it. After all, here was Thomas Baker of Keep America Beautiful and the National Soft Drink Association saying consumers would "probably treat returnable bottles the same way they treat nonreturnable bottles." And there was William May of Keep America Beautiful and American Can Company telling his stockholders that studies showed the "beverage container portion of highway litter actually increased" after the Oregon bottle bill became law. Governor McCall did not like being called a liar. Such statements, he said, represented "a shockingly distorted view of what is happening."

And what exactly *was* happening? For one thing, less litter was happening, as anyone without an economic ax to grind might reasonably have expected. In fact, 6 months after the law took effect beverage container litter was down nearly 80 percent, and total litter was down about 35 percent overall. One survey showed that in September 1972, the month immediately preceding enactment, beverage containers averaged 144 items per mile along certain stretches of Oregon highways, and total litter averaged 1,031 items. Six months later, in the month immediately preceding William May's report to his stockholders, those figures had dropped to 19 containers and 141 total litter items per mile.

Then there was the question of jobs. Industry claimed the Oregon law had resulted in a net loss of employment. A consulting firm tallied up the pink slips, taking note that National Can Corporation had closed its plant at Yakima and laid off about 100 employees. Other manufacturing job losses were cited. Curiously, the consultant did not cite the 65 new jobs created in the trucking and retail sales sectors, nor was there any mention of the $1.6 million in wages those jobs added to the state's economy.

And something else was happening in Oregon. With the returnable container system, there were savings in energy. Economist Bruce Hannon, in a study of the beverage industry, broke down the energy costs of resource acquisition, transportation, manufacture, bottles, packaging, and other processes. Measuring these costs in British thermal units (BTUs), Hannon found that returnable beer bottles with a reuse rate of 19 fills require 19,640 BTUs of energy per gallon while throwaway bottles need 59,800 BTUs and one-way cans 58,190 BTUs. For the soft drink industry, he found the respective costs to be 24,240 BTUs for 15-fill returnables, 80,000 BTUs for throwaway bottles, and 58,225 BTUs for cans. The Oregon Environmental Council subsequently calculated on the basis of these figures that the state's bottle bill was saving 1.32 trillion BTUs a year—a fuel equivalent sufficient to heat the homes of 40,000 people.

Despite the "rip-roaring success" of the Oregon experiment, similar legislation has thus far been enacted in only one other state. Vermont went returnable in September 1973. In July of this year, South Dakota will become the third state to outlaw throwaways. Minnesota and California have passed legislation barring the flip-top, but not the throwaway. Oberlin, Ohio; Bowie, Maryland; Howard and Montgomery counties, Maryland; Loudoun County, Virginia; and Richland County, Wisconsin, returnable container systems have been adopted. And there, as of January 1976, the list ends.

The other list—of states and counties and municipalities where recent container legislation has either languished in committee or perish at the polls—seems without end. Maine's proposed bottle bill lost in the legislature by one vote. In Michigan last fall, where opinion surveys indicated that 73 percent of the people favored deposits legislation, legislators lent their ears to lobbyists for the other side and shelved the measure. A similar bill died of benign neglect last year in the New York legislature. One begins to wonder how, and why.

Wondering, one remembers what happened in Dade County, Florida, in November 1974. Opinion surveys had looked favorable there, too. People had seemed to smile kindly on a referendum that would have required a five-cent deposit on beverage containers and banned all pull-tab tops. Proponents of the measure raised $1,741 and spread the good word as best they could. Opponents spread their own good word. And they could do it better because they had access to airplanes pulling streamers and retailers who allowed them to place placards on grocery shopping carts. When the votes were counted and announced, the proponents were stunned. They had 98,283 votes. The other side had 136,016. The proponents couldn't understand what had happened until someone discovered that the other side had outspent them by more than a hundred to one—had, in fact, spent $180,000, of which more than $90,000 came from out-of-state sources. Now who outside Florida could possibly care *that* much about the disposition of beverage containers in Dade County?

On the evening of the third day of KAB's twenty-second annual meeting at the Mayflower Hotel there was a cash bar reception; the setups came out of no deposit-no return bottles, and busboys moved with precision to carry empties out through the kitchen. Then it was time for the national awards banquet in the Grand Ballroom. The Beautify Texas Council won first place in the state category. Louisa County, Virginia, won first place in the county category. Tifton, Georgia, won first place in the small-community category. The press release prepared by KAB for the occasion said Tifton was "one of Georgia's fastest-growing communities" and that its citizens had banded together under the banner of Operation SURGE (Systematic Utilization of Resources for Growth and Efficiency). SURGE works to stimulate concern about litter.

The second place, or special merit, winner in the small-community category was DeRidder, Louisiana. The motto of the people of DeRidder who are working to stop pollution is "De-litter DeRidder." According to the KAB release, DeRidder is the cleanest city in Louisiana. In the autonomous local organization category, the special merit award went to the Pacific Northwest 4-Wheel Drive Association, representing 175 individual clubs and 3,000 families in Idaho, Washington, and Oregon. The 4-Wheelers were cited for their concern with protecting the natural environment through litter pickups and the disposal of junked autos. Most of the awards were presented by Ralph P. Davidson, publisher of *Time* and member of the KAB board of directors, but a few of the honors were handled by Iron Eyes Cody and a young woman identified as Miss Teenage America. Almost everyone applauded warmly.

Not far from the Mayflower Hotel is the building at 1835 K Street which until recently housed the Office of Solid Waste Management Programs of the U.S. Environmental Protection Agency. EPA is headquartered across town at the Waterside Mall. Before Solid Waste moved to the Waterside Mall last fall, a gulf existed between OSWMP and its parent agency—a gulf of miles and, as some observers guessed in light of certain events, of ideology as well, though perhaps an even greater gulf now lies between Waterside Mall and the White House on Pennsylvania Avenue.

It could be argued that people who work in the White House have more important things to worry about than garbage, not to mention throwaway beverage containers. The Nixon Administration, for example, did not worry much about the management of solid waste. The Nixon Administration thought so little of the problem that in 1973 it attempted to trim OSWMP's budget from an authorized $36 million to $5.8 million (OSWMP ultimately got $14 million in a compromise). Also at that time, and even earlier, there was little enthusiasm either in the White House or at Waterside Mall for this old-fangled idea of returnable containers. William Ruckelshaus, EPA's first administrator, let it be known in 1971 he didn't believe mandatory deposit legislation would work. In 1972, EPA internally advocated a policy of noninvolvement in bottle-bill affairs at the state level. And in 1973, possibly in frightened response to the specter of Nixon's budgetary meat-ax, EPA's position was simply that "solid waste management is a local problem."

The federal perspective changed somewhat in 1974 after Senator Mark Hatfield of Oregon introduced a bill calling for a refundable five-cent deposit on all beer and soft-drink containers sold in interstate commerce—an Oregon-type bottle bill for the nation. In January of that year, Arsen J. Darnay, deputy assistant administrator for EPA's solid waste management programs, dispatched a memo to J. Nicholas Humber, acting director of OSWMP's Resource Recovery Division. The following excerpt is illustrative of EPA's posture at the time:

"Norman Dobyns, American Can, called me on December 11 to say that information he has received from the Commerce Committee indicates that the Hatfield bill will very definitely be the subject of hearings in March of this year. Dobyns let me know that he, and the industry as a whole, will pull out all stops in an attempt to defeat this legislation . . . I indicated to him that my inclinations are not to oppose it and that the administration will certainly not allow us to support it and as a consequence we are likely to be taking a relatively neutral stand . . . It will be very difficult to find the right things to say in the testimony. I'm afraid that a neutral or ambiguous position will get us in bad trouble."

As it turned out, Darnay was mistaken about everything except the bad trouble, for on May 7, 1974, EPA Deputy Administrator John Quarles testified before the Senate Commerce Committee that EPA favored adoption of a nationwide mandatory deposit system for beverage containers. Such a measure, said Quarles, would help save energy and raw materials and reduce both litter and the volume of solid waste. Darnay wrote another memo, to his staff:

"I can't believe he [Quarles] said the whoooooole thing . . . The battle may not be over, of course . . . But for the moment, a major breakthrough has been achieved." The battle wasn't over. And for Quarles and EPA Administrator Russell Train, and for Darnay and Humber and others in OSWMP, the trouble was just about to begin.

What triggered it more than the Quarles statement was a speech by Russell Train six months later at the Third National Congress on Waste Management Technology and Resource Recovery in San Francisco. To win the war on waste, Train said in effect, we must first declare war on the throwaway container. Source reduction, he said, "touches on a central nerve which transmits very disturbing impulses to those who evidently persist in believing that wasteful energy and wasteful materials use are the hallmark of a technologically advanced society. This is tantamount to saying that the American system . . . depends upon our ability to waste abundantly."

If Train could declare a war, so could Donald M. Kendall, chairman of Pepsi-Cola and of the National Center for Resource Recovery. In a "Dear Russ" letter later described by ABC news commenator Edward P. Morgan as a classic example of tycoon "arrogance" (and with carbon copies to President Ford, Donald Rumsfeld, and Treasury Secretary William Simon). Kendall labeled Train's speech a "disservice to the administration, to industry and labor, and to the nation," accused Train of violating normal executive privilege, claimed Train's position defied "the will of the people" (as expressed, Kendall noted, in the voting booths of Dade County), and warned that "a narrow view of the conservation of materials and energy . . . ignores 200 years of economic progress which is based on the substitution of materials and mechanical energy for human energy."

Shortly thereafter Kendall met personally with presidential aide Rumsfeld in the White House. A subsequent meeting was arranged for Kendall with officials of the Treasury Department, and in February of 1975 top staffers from the Federal Energy Administration were summoned to the White House to be briefed on the ramifications of national beverage container legislation by Henry King and the U.S. Brewers Association. King, Sidney Mudd of Seven-Up and Keep America Beautiful, Tom Donohue of the AFL–CIO, and several other representatives of labor and industry also paid a visit to Russell Train at Waterside Mall. "They tried to terrorize the administrator," says one EPA official who was privy to that encounter. Train didn't scare. But somewhere in EPA someone else apparently did scare. In March 1975, Eileen Claussen, chief of OSWMP's Source Reduction Branch and principal EPA advocate of container legislation, was removed from her job abruptly and transferred "on loan" to a noncontroversial desk at the Office of Technology Assessment. There were internal reports of "irreconcilable differences" between Claussen and her superiors; but insiders say she was "sacrificed" because of her bottle-bill advocacy and her successful development of data supporting container legislation. Claussen's post at EPA's Source Reduction Branch remains vacant.

More recently EPA's public stance on container legislation has appeared somewhat inconsistent. In April 1975, for example, John Quarles submitted a ten-page statement at a House subcommittee hearing on deposit legislation: but Quarles said nothing in his remarks about the proposed bill, though it was almost identical to the Senate bill which he—and EPA—had supported a year earlier. Environmentalists interpreted the omission as evidence of an EPA pullback, a capitulation to industry pressure. And yet in the matter of promulgating guidelines that would require the use of returnable beverage containers at all federal facilities, EPA resumed its hang-tough battling posture and proceeded, over the vigorous objections of industry, to circulate those guidelines for public comment.

On the surface, the effort to ban throwaways at federal facilities would seem small stuff compared to the prospect of a national bottle bill. Beer and soft-drink concessions in national parks, military installations, federal office buildings, and other facilities constitute less than two percent of the total beverage market. But such supporters of the measure as Patricia Taylor of Environmental Action see it nonetheless as a critical first step toward national legislation. Federal facilities are scattered throughout every state. Thus, any returnable system imposed on those facilities is almost certain to influence marketing practices in surrounding areas.

In addition, behind-the-scenes maneuvering by lobbyists to block publication of the federal guidelines apparently has resulted in a major defection from the closed ranks of the beverage industry. On September 18th, in a letter to President Ford, W. K. Coors threw his support behind the EPA effort and, in effect, withdrew his opposition to a uniform deposit system on all carbonated beverage containers. Coors is president of Adolph Coors Company of Golden, Colorado, the nation's fourth largest brewer. In his letter to President Ford he noted that "many members of the carbonated beverage and related industries are attempting to stop this publication [of the EPA guidelines]. It is our feeling that the guidelines must be published for public comment in order that we may be objective and have an opportunity to hear from all segments of our society."

And now in Washington the delegates to the twenty-second annual meeting of Keep America Beautiful were heading home, positively reinforced with their awards and eager as always to pitch right in on the littered skirmish lines of the Republic. A new year was just around the corner, the big bicentennial birthday, a time for sprucing up towns and countryside and for spreading the good word about ARM and SURGE, and possibly even about how the U.S. Brewers Association, with its tax-deductible contributions to KAB, was helping the people who start pollution to stop it cold on the cutting edge of a trash basket.

But what new developments would the new year bring, aside from the clutter of more cans and bottles and flip-tops glinting in the sunlight? Well, possibly the new year would bring to the retail shelf Coca-Cola's new "Easy-Goer" beverage container—the bottle made of plastic, the plastic made from acrylonitrile resins, the resins derived from petroleum and natural gas; the kind of bottle, according to the Food and Drug Administration, which cannot be adopted safely to a refillable system "for the foreseeable future." The "Easy-Goer" is manufactured by the Monsanto Company, but such other firms as DuPont, Borg-Warner, and Standard Oil of Ohio are developing their own lines of plastic containers for a market that Advertising Age values at $1 billion. So perhaps the new year will bring something else, too—something like chemists to the board of directors of Keep America Beautiful.

Or possibly it won't. Who can be sure? Possibly, instead of plastic containers, the new year will bring at last some positive action on the Hatfield bill, or another bill like it. The new year could mark the end of executive flimflam and congressional cowardice on this issue and the start of a new time in this country when waste shall no longer be allowed to make wealth. And then, perhaps, allowing a few more years for the gradual phase-in of new systems and new attitudes, people like Patricia Taylor and Eileen Claussen could prepare a tombstone to be erected on the curb in front of the Mayflower Hotel. The inscription on that stone would be plagiarized from the one engraved by environmentalists in Oregon in 1972, although the dates and the place of death would be changed. The inscription would read: "No Deposit-No Return. Born circa 1950. Died in America circa 1979. May it rust in peace."—John G. Mitchell.

[From the Journal of the American Medical Association, June 14, 1976]

ALUMINUM "POP TOPS"—A HAZARD TO CHILD HEALTH

(By John D. Burrington, M.D.)

In a 3½-year period, seven children have been treated for complications of ingestion or aspiration of pull tabs from aluminum beverage cans. One child died from a fistula between the esophagus and a branch of the aortic arch, and two children suffered esophageal perforation with local abscess formation. Since aluminum absorbs x-rays poorly, the pull tabs cannot be seen in frontal projection if they overlie vertebral bodies. Any toddler with unexplained alteration of feeding habits or persistent respiratory symptoms requires evaluation for an aspirated or ingested foreign body. (JAMA 235:2614–2617, 1976)

Physicians have been alerted by Alexander et al,[1] Glass and Goodman,[2] and others to suspect esophageal foreign bodies in children with unexplained respiratory symptoms. Radiopaque objects are easily detected by routine roentgenographic examination of the neck and mediastinum, but radiolucent objects still go undetected. The advent of radiolucent plastic toys that are frequently included in breakfast cereal or popcorn as "prizes" has produced a substantial number of esophageal obstructions and perforations in children. To this list of child health hazards producing esophageal obstruction with radiolucent objects, we must now add the ubiquitous metal strips removed from "pop top" beverage cans. These shiny pieces of metal, which litter the ground of parks and picnic areas, prove irresistible to curious toddlers or children crawling in the grass. They place the attractive new objects into their mouths and all too frequently swallow or aspirate them. While many pull tabs undoubtedly pass undetected through the gastrointestinal tract, this report outlines the case histories of seven children in whom they lodged in the esophagus or were aspirated into the airway. In none was the ingestion witnessed or suspected. Six of the children survived their encounter, but one bled to death from erosion of the pull tab through the esophagus into a branch of the innominate artery.

REPORT OF CASES

Case 1.—A 13-month-old boy was brought to his pediatrician because of a two-week history of inability to take any stable food or other solids. He had been able to drink liquids up until four hours prior to being seen. At that time he was unable to swallow his saliva. Chest roentgenogram demonstrated a column of food and air bubbles extending upward from the level of the aortic arch. He underwent esophagoscopy under general anesthesia and a large amount of food was removed from the upper portion of the esophagus. A sharp metal strip from a pop top lying at the base of the food column was removed through the esophagoscope. There were local ulcerations in the esophagus, but no evidence of perforation. His recovery was uneventful, and no stricture or other complication developed.

Case 2.—An 11-month-old boy was seen because of high fever, difficult respiration, and inability to swallow liquids. On admission to the hospital, his temperature was 40 C rectally, and he was extremely ill. A chest roentgenogram showed mediastinal widening and fluid in the left hemistherax. Aspirated fluid showed mixed flora on Gram stain and yielded a mixture of Gram-positive and Gram-negative organisms. After 12 hours' chest drainage, rehydration, and infusion of intravenous antibiotics, he remained extremely ill. A limited barium swallow examination showed considerable distortion of the upper third of the esophagus in the region of the thoracic inlet and extravasation of contrast material into the mediastinum. After further rehydration, he underwent a right thoracotomy and exploration of the upper esophagus. The region between the aortic arch and thoracic inlet was densely fibrotic, and an abscess cavity continuous with the esophagus contained a free-floating metallic strip from a pop top. The stiff and inflamed edges of the esophageal perforation were loosely approximated with interrupted sutures of 4/0 wire. Large anterior and posterior chest tubes were placed in the right portion of the chest, with the tips near the

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Footnotes at end of article.

area of perforation. A Stamm gastrostomy was placed for alimentation, and a sump catheter was inserted into the nasopharynx to minimize passage of saliva down the esophagus.

The esophageal closure leaked a small amount of saliva from the third through the seventh day but ultimately sealed completely. On the ninth day, the tube in the left side of the chest was removed, and on the tenth and 14th days the tubes in the right side of the chest were removed. A rather long stricture from the thoracic inlet to the region of the aortic arch developed, which required several dilations starting one month after his original surgery. After five dilations, the esophagus assumed approximately normal caliber, and he had no further difficulties in swallowing. The gastrostomy tube was removed approximately nine months after the original operation and two months after his last dilation.

Case 3.—A 4-month-old infant was admitted because of a coarse, hacking cough and wheezing respirations. The initial diagnosis of croup or epiglottitis could not be confirmed by lateral roentgenograms of the airway. When his symptoms worsened, he underwent laryngoscopy before an endotracheal tube was passed to relieve his airway obstruction. Wedged between the vocal cords was a rolled-up metallic portion of a beverage can top. This was removed with forceps, and an endotracheal tube was passed into his airway. Forty-eight hours later, the endotracheal tube was removed, and he had no further difficulties.

Case 4.—A 2-year-old boy was seen for a history of difficulty in swallowing for at least one year. He supposedly had had several normal barium swallow examinations, although our initial study showed a distortion of the esophagus in the portion between the thoracic inlet and the aortic arch. There appeared to be deviation of the esophagus to the left and an apparent diverticulum or duplication of the esophagus extending to the right. Fluoroscopy showed the entire area somewhat stiffened, and peristalsis was abnormal.

An exploratory operation was performed after esophagoscopy showed only the deviation and stiffening of the esophagus. Through a right thoracotomy, the upper portion of the esophagus was mobilized, although it was deeply encased in scar. To the right and posterior portions of the esophagus lay a fairly large abscess cavity in which a pull tab was lodged, surrounded by pus and old food. There was no mucosal lining, but at operation it was not possible to differentiate a perforation with abscess formation from a diverticulum that had become a repository for the metal strip and food.

The cavity was excised as much as possible, and the esophagus was closed primarily with interrupted sutures of 4/0 wire. A large chest tube was left in place, with its tip near the suture line, and a sump catheter was placed in the nasopharynx. A small amount of saliva was present in the chest tube from the second to the fifth day, although a diatrizoate meglumine swallow examination performed on the tenth day showed no further leakage. The chest tube was consequently removed, and he required four dilations of a long stricture that occurred in the region of the perforation. This slowly resolved, and although his follow-up has been sporadic, he has remained asymptomatic.

Case 5.—An 11-month-old boy was brought to the emergency room about one hour after the onset of an episode of coughing and intermittent cyanosis. This had begun during a family picnic at a public picnic ground. On admission to the hospital, he had coarse breath sounds and marked dyspnea. Chest roentgenogram, including inspiratory and expiratory x-ray films to rule out a foreign body, were all interpreted as normal. He was placed in mist and given postural drainage and bronchial dilators without relief. On the following morning, he underwent bronchoscopy, and the metallic tab of a pop top was removed from the region of the carina. His convalescence was uneventful.

Case 6.—A 13-month-old girl appeared in the emergency ward, unable to swallow her own saliva. Chest roentgenograms showed mediastinal widening, with a tiny amount of fluid in the left side of the chest. A diatrizoate meglumine swallow examination showed complete obstruction of the esophagus at the level of the aortic arch but no extravasation of contrast material. After eight hours of rehydration and infusion of intravenous antibiotics, she underwent esophagoscopy and had a large amount of old food removed from her esophagus. After the food had been removed, it was not possible to pass the esophagoscope through a narrow portion of the esophagus. This scope was removed and a 3½ F bronchoscope inserted. Through the telescope, a small, metallic foreign body could be identified deeply embedded in granulation tissue. At this point, the endoscopy was discontinued, and the patient was returned to the recovery room.

On the following day, with two units of cross-matched blood on hand and with thoracotomy instruments in the operating room, the endoscopy was repeated, and the metallic foreign body was removed uneventfully. There was a small amount of bleeding but no evidence of perforation. She was watched carefully in the intensive care area for 48 hours, with a nasopharyngeal sump tube in place, while receiving intravenous fluids and antibiotics. After 48 hours, the diatrizoate meglumine study was repeated and showed a small but distorted lumen in the esophagus and no extravasation of contrast material. By the fourth day, she was afebrile, and her vital signs had returned to normal. She then began a diet of clear liquids and advanced to a soft diet over the next 48 hours.

Two weeks later, she was admitted because of inability to swallow her saliva, and on examination she had food impacted above a stricture in her esophagus. The food was removed through an esophagoscope, and a filiform dilator was passed through the area of the stricture. The filiform dilator was followed with dilators up to a 12 F, and then a No. 8 polyethylene feeding catheter was inserted through the nostril into her stomach. She received tube feedings for approximately one week and then underwent an esophageal dilation again. Over the next three months, the stricture slowly softened, and she required no further dilations. She is now asymptomatic.

Case 7.—An 11-month-old boy had been seen in several different emergency rooms over a period of ten days because of noisy breathing and diminished intake of food and liquid. Numerous chest roentgenograms were taken, including a study of the entire airway from nasopharynx to mainstem bronchi. These were interpreted as normal. On the day of admission, he had passed several tarry stools, and his hematocrit reading dropped from 36% to 14%. Transfusion with packed red blood cells in the intensive care area raised his hematocrit reading to 25%. After six hours of stable vital signs, he suddenly became ashen, his blood pressure dropped to unobtainable levels, and bradycardia developed. Resuscitation required 450 ml of saline and 250 ml of packed red blood cells, approximately one blood volume for this 10-kg child, administered over approximately 25 minutes. When his resuscitation was complete, he began to vomit large volume of bright red blood, and his abdomen distended rapidly.

With a preoperative diagnosis of upper gastrointestinal bleeding probably originating from the stomach, he was taken to the operating room. Rapid exploration of his stomach and duodenum showed blood to be welling up from the esophagus. Examination of the lumen of the esophagus showed no evidence of mucosal tears suggestive of a Mallory-Weiss syndrome or esophageal varices. A sterile proctoscope inserted in the distal portion of the esophagus showed only that bright red blood was gushing down from above. The incisions were closed with a single running suture. The patient underwent esophagoscopy from above but bleeding was so brisk that no information was obtained.

Through a left thoracotomy, the distal portion of the esophagus was freed up from the diaphragm to the arch of the aorta. An umbilical tape tied about the esophagus just below the aortic arch showed that the bleeding was coming from above. The upper portion of the esophagus between the thoracic inlet and the aortic arch was then freed up, and external compression here demonstrated that the bleeding was from behind the aortic arch. The portion of the esophagus below the arch was opened linearly, and with a finger in the esophagus, bleeding could be temporarily tamponaded by pressing upwards against the aortic arch. During the hurried dissection of the aortic arch in an attempt to control bleeding, blood loss exceeded our ability to replace it, and the patient lost all vital signs. Each time the patient was resuscitated the massive bleeding recurred, and after 20 minutes he had fixed, dilated pupils, so further efforts were abandoned.

At postmortem examination, there was a deep ulceration within the esophagus that conformed exactly to the metallic tab of a pop top. There was also a large perforation of the esophagus into the region of the aortic arch, although no direct communication could be demonstrated with the aorta. Presumably the sharp irregular tip of the metal strip had eroded through into one of the great vessels or perhaps a bronchial vessel. This foreign body was not obtained from the gastrointestinal tract at the time of autopsy, although retrospective review of the chest roentgenograms taken several days before showed a metallic object in the esophagus behind the aortic arch that conformed in outline to a metal pull tab.

COMMENT

Thin strips of aluminum that become lodged in the esophagus are particularly difficult to detect reoentgenographically unless they are looked for specifically.[3] Flat objects such as coins invariably become oriented transversely in the esophagus since this represents its greatest diameter.[4] In children, most objects that do not pass the esophagus become impacted at the thoracic inlet or above the aortic arch where the esophagus overlies the vertebral column. Thus, the outline of foreign bodies in this portion of the esophagus is projected over the image of the vertebrae in routine posteroanterior or anteroposterior chest roentgenograms.

Alexander et al[1] have shown that absorption of x-rays by a substance is roughly proportional to its density. Thus, fat is less dense than water, and small shards of glass with a density of 2.4 to 2.8 may not be detectable roentgenographically when imbedded in tissue. Aluminum with a density of 2.7 has much the same radiodensity as glass, so that the pull tabs, which are made of aluminum 0.2 mm thick, show only a faint shadow on an ordinary roentgenogram. In the lateral projection, a pull tab in the esophagus presents 14 mm of aluminum in its greatest diameter, so that recognition should be facilitated. Viewing this portion of the esophagus without interference from

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Footnotes at end of article.

projection of the arms and shoulders takes special effort in positioning the patient.

Since many of the ingestions or aspirations involving toddlers are not witnessed by an adult, the history obtained by the first physician to see the child may not suggest a foreign body. However, persistent respiratory symptoms and any change in eating habits should be evaluated by posteroanterior and lateral chest roentgenograms with inspiratory-expiratory views if indicated. The neck and nasopharynx should be included in all such examinations. If these are normal and there is no evidence of mediastinal abscess or free air, a contrast study of the esophagus using thickened barium will frequently show plastic, fish bones, or an aluminum foreign body lodged in the esophagus.

The metal strip from a pop top is usually bent into a hook shape as it is removed from the can. When the ring separates from the bent metal strip, it leaves a serrated edge and two sharp corners. Thus, if diagnosis is delayed, these sharp edges will perforate the esophagus and cause mediastinitis or erode into the mediastinal vessel. Safety pins lodged in the esophagus have caused aortic arch perforation and acute cardiac tamponade,[5] but since they are made of spring steel, they are more readily identified roentgenographically than are aluminum pull tabs. All parents must be cautioned about the hazard of discarded pull tabs just as they are now about the hazards of the open safety pin left within an infant's reach during a diaper change.

FOOTNOTES

[1] Alexander WJ, Kadish JA, Dunbar JS: Ingested foreign bodies in children. *Prog Pediatr Radiol* 2:256–285, 1969.

[2] Glass WM, Goodman M: Unsuspected foreign bodies in the young child's esophagus presenting with respiratory symptoms. *Laryngoscope* 76:605–615, 1966.

[3] Rogers LF, Igini JP: Beverage can pull-tabs: Inadvertent ingestion or aspiration. *JAMA* 233:345–348, 1975.

[4] Caffey J: *Pediatric X-Ray Diagnosis*, ed 6. Chicago, Year Book Medical Publishers Inc, 1972, p. 600.

[5] Norman MG, Cass E: Cardiac tamponade resulting from a swallowed safety pin. *Pediatrics* 48:832–833, 1971.

MORGAN: SHAPE, JANUARY 10, 1975

This is Edward P. Morgan, ABC news Washington, with the "Shape of One Man's Opinion." A look at polluted business practices after this word.

Russell Train, the pleasant-faced, mild mannered Republican ex-tax judge who is the director of the Environmental Protection Agency, may need some protection himself. He is an endangered species—sniped at by conservationists for being too soft on pollution and business lobbies for being too hard on profits. Today he is under heavy fire from the container industry for daring to suggest that recycling bottles and cans on a national scale (as done now successfully in Oregon and Vermont) might save money, energy and the environment.

At a waste management convention in San Francisco last November 14, Train said EPA studies indicate that federal legislation to outlaw the no-deposit no-return process could possibly render 90 per cent of all containers, refillable ten times—making for an energy saving in manufacture equivalent to 92,000 barrels of oil *per day*. The media paid almost no attention to his report.

But a man named Donald M. Kendall did. A one time Nixon intimate, head of PepsiCo, the huge worldwide soft drink concern, Kendall wrote Train a blistering three-page letter on December 12th, with copies to President Ford and Treasury Secretary Simon, accusing him of disservice to the Ford administration, to industry and labor and even hinting at disloyalty. As a document of a tycoon's arrogance to a public official it could become a classic. Kendall's undocumented argument was that the bottle bill, as it's sometime called would make beverages more expensive and dry up jobs in the brewing and bottling industries.

Ironically, Kendall didn't say a word about how the bill was working in Oregon or Vermont. In telephone interviews, Governor Thomas Salmon, a Democrat, told me it was a "rip roaring success" in Vermont, and Oregon's outgoing Republican Governor Tom McCall said in addition to tidying up the state, it had produced a net gain of 250 jobs.

Pepsi's top man seems unimpressed. On Tuesday, the White House confirms, Kendall saw top presidential aide Donald Rumsfeld. Presumably Train was discussed.

The pressure grows. The National Center for Resource Recovery has contacted at least two high Treasury officials on the issue. NCRR has developed a technology to salvage materials and energy from municipal waste streams. It sells its process to states and localities but with a clause saying they must pay a penalty if the enact bottle bills. NCRR also has an EPA contract for solid waste work. And who is board chairman of the National Center for Resource Recovery? Donald M. Kendall.

I'll have a footnote in 30 seconds.

Oregon's senior senator, Republican Mark Hatfield backs a bill banning throwaway bottles and cans nationwide. Ironically the Nixon administration endorsed the principle last spring. Pepsi's Kendall must not have been listening.

This is Edward P. Morgan ABC News Washington with the "Shape of One Man's Opinion."

MORGAN: SHAPE, MARCH 19, 1975

This is Edward P. Morgan, ABC News Washington, with the "Shape of One Man's Opinion." A look at our Mother the Earth, after this word.

Man continues marauding but Spring is freshly fluttering in the wings. Whether you got the word or not, we are now celebrating National Wildlife Week, with the theme of caring about the habitat of nature's living and growing things. And Friday marks the celebration of the fifth anniversary of Earth Day. Cynics said it wouldn't last, our commitment to conservation, but it is lasting, albeit under stress, and because of that, Mother Earth has a better chance of lasting too.

The first Earth Day was a welcome departure from our wretched involvement in Vietnam, which wouldn't end for another two and a half years, but our concern for the environment does not seem to fade—even though powerful industrial lobbies are trying shamelessly to use our economic troubles as an excuse to roll back anti-pollution measures and, here and there, the Environmental Protection Agency shows unsettling signs of buckling under the strain.

"A cleaner environment," Maine's Senator Ed Muskie warned on April 22, 1970, "will cost heavily in foregone luxuries, in restricted choices, in higher prices for certain goods and services and in hard decisions about our national priorities."

We still have a whale of a job ahead to save Mother Earth and her inhabitants, including by the way, the whales themselves. Progress is measured in small units. Over the almost hysterical objections of breweries, bottling companies and their related unions, Oregon and Vermont have enacted laws banning no-deposit-no-return containers for beer and soft drinks. Some local communities of other states have followed suit and Oregon's senior Senator, Republican Mark Hatfield, is pressing for similar legislation on the federal level.

And the conservationists have a new ingredient going for them: people. More and more environmentalists are getting elected to important public office. Colorado's new Democratic governor, young Richard D. Lamm, spearheaded the successful fight against commercial interests to ban the winter Olympics from his state. With that as a cue, he insisted in his pre-November campaign that Colorado must have "sensible and balanced growth" and not allow herself to become an "energy colony" of the federal government.

Even more exciting things may happen in Alaska, literally the nation's last frontier, under her new handsomely-bearded 52-year-old Republican governor, Jay Hammond. Facing the rising pressure for more industry he questions whether it adds to the quality of life. "Some statistics suggest," Hammond has said, "that in the long run perhaps it is not possible to overstate the environmental case, save politically, of course. Wisdom certainly suggests that errors should be on the side of conservation, for such are at worst ephemeral and easily corrected."

As opposed, for example, to the rape of uncontrolled strip mining.

I'll have a footnote in 30 seconds.

"At the root of the problem where our civilization goes wrong," writes Author-Poet Gary Snyder, "is the mistaken belief that nature is something less than authentic, that nature is not as alive as man is, or as intelligent." Defying nature's wisdom has been civilization's constant problem.

This is Edward P. Morgan ABC News, Washington, with the "Shape of One Man's Opinion."

MORGAN, SHAPE, APRIL 3, 1975

This is Edward P. Morgan, ABC News Washington, with the "Shape of One Man's Opinion." A look at waste-not-litter-not ideas after this word.

Under mounting pressure itself from both industrial and union lobbies to relax anti-pollution measures purportedly to lubricate the economy, the Environmental Protection Agency has been conducting a two-day conference in Washington on how to reduce waste—the manufacturing of which is one of America's leading pursuits.

Business and labor spokesmen traded intelligence—if that's the term—with public interest groups and government representatives on ways of using recycling to reduce waste of materials and energy. Ironically, collection centers to recycle old newspapers, bottles and the like, have been closed down in many communities because dealers have found it unprofitable to handle them. There is a pretty paradox for you! The price of newsprint soars but processors can't afford to recycle paper. Glass is not an inexhaustible product but the litter of broken bottles seems to be more economical than using these containers again.

At least that, in effect, is the argument of soft drink and brewery interests and their respective trade unions in their furious lobbying to prevent legislation that would outlaw the prevalent "no-deposit-no-return" cycle. But cracks are developing in their container, so to speak, as community after community follows the lead of Oregon and Vermont in banning no-deposit-no-return bottles and cans.

Actually the town of Bowie, Maryland, was in the vanguard of this enlightened movement against unnecessary litter. (Is any litter necessary?) Four years ago Bowie enacted an ordinance requiring a five-cent deposit on all soft drink and beer containers. Suppliers and distributers went to court. But last week Maryland's highest court, in a six-to-one decision, upheld the ordinance as a necessary litter-control measure.

That's not likely to be the last of Bowie litigation but the verdict may give some spur to Oregon's senior Senator, Republican Mark Hatfield, who is pushing for Federal legislation against no-deposit-no-return containers. Furthermore, Tom McCall, who was governor of Oregon when its "bottle bill" was passed and implemented, reports encouraging news on the subject in his new role as columnist and lecturer. On a recent eastern swing, McCall found that new studies in both Maryland and Michigan support his own argument that the bottle bill is actually a job-producing measure—not a job-shrinking one as the industrial and labor lobbies have—with some effect—argued.

Labor, McCall contends, has been "pushed all out of shape on this by the container manufacturers," adding that Oregon's top Teamster union official now calls the State's bottle bill "Teamster legislation" because so many trucks are engaged in collecting returnable beer bottles from stores, the carriers coming, he said, from as far away as Anaheim, Calif.—and it's a money-making operation.

I'll have a footnote in 30 seconds.

At the Washington conference on combatting waste, Deputy Administrator John Quarles didn't waste words in reiterating EPA's support for a national bottle bill. It may take time to bottle up short-sighted labor-management opposition to such legislation but common sense should win in the end.

This is Edward P. Morgan ABC News, Washington, with the "Shape of One Man's Opinion."

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, there will be no more votes tonight, but it is expected that rollcall votes will occur by 9 o'clock tomorrow morning.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—H.R. 14232

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the amendment by Mr. HELMS to the HEW appropriation bill there be a time limitation of not to exceed 1 hour to be equally divided in accordance with the usual form, and that the amendment be voted on up or down without any intervening amendments or motions or debate once the time allotted to the amendment has expired.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—S. 3370

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, this agreement having been cleared on both sides of the aisle, that when Calendar Order No. 803, S. 3370, a bill to amend the Small Business Investment Act of 1958, is called up and made the pending business before the Senate, there be a time limitation on the bill of 1 hour to be equally divided between Mr. MORGAN and Mr. GARN; that there be a time limitation on an amendment by Mr. BUMPERS, amendment No. 1867, of 1 hour; that there be a time limitation on any other amendment of 30 minutes; that there be a time limitation on any debatable motion, appeal, or point of order, if such is submitted to the Senate, of 20 minutes, and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—H.R. 14260

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as H.R. 14260, the foreign assistance appropriation for fiscal year 1977, is called up and made the pending business before the Senate, that there be a time limitation thereon of 1 hour on the bill to be equally divided between Mr. INOUYE and Mr. BROOKE; that there be a time limitation on any amendment of 30 minutes; a time limitation on any amendment to an amendment of 20 minutes; a time limitation on any debatable motion, appeal or point of order of 20 minutes, and that the agreement with respect to the division and control of time be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 8 a.m. After the two leaders or their designees have been recognized under the standing order, the Senate will resume consideration of the HEW appropriation bill, H.R. 14232. The pending question before the Senate at that time will be on the adoption of the amendment by Mr. HELMS, amendment No. 1967, which reads as follows:

> SEC. ( ). None of the funds appropriated under this Act shall be used to require any school, school system, or other educational institution, as a condition for receiving funds, grants, or other benefits from the Federal Government, to classify teachers or students by race, or national origin; assign teachers or students to schools, classes, or courses for reasons of race, or national origin; or prepare or maintain any records, files, reports, or statistics pertaining to the race, or national origin of teachers or students.

The yeas and nays have been ordered on that amendment.

The time limitation thereon is not to exceed 1 hour, and under the agreement a vote will occur up or down on the amendment without any intervening motion, amendment or debate, and with respect to debate once the expiration of time has been reached. So this means, Mr. President, that there will be a rollcall vote tomorrow morning at around 9 a.m. if all the time of 1 hour is taken for debate on the amendment.

Upon disposition of the Helms amendment, other amendments will be called up to the HEW appropriation bill. Under the order entered last week, the Senate will resume consideration of the tax reform bill at no later than 2 o'clock tomorrow, earlier if the HEW appropriation bill has been disposed of.

If the HEW appropriation bill has not been disposed of by 2 p.m., the Senate will resume consideration of the tax reform bill and the HEW appropriation bill will in that situation be laid aside again to be called up to come up again on Wednesday.

Rollcall votes will occur tomorrow afternoon.

The pending question when the Senate resumes consideration of the tax reform bill will be on the adoption of the amendment by Mr. HATHAWAY. The Hathaway amendment deals with intangible drilling costs.

So I would say, Mr. President, that the Senate will not only come in early tomorrow but will be in late as well.

RECESS UNTIL 8:00 A.M., TUESDAY, JUNE 29, 1976

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 8 o'clock tomorrow.

The motion was agreed to; and at 7:20 p.m., the Senate recessed until tomorrow, Tuesday, June 29, 1976, at 8 a.m.

HOUSE OF REPRESENTATIVES—*Monday, June 28, 1976*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Thou shalt do that which is right and good in the sight of the Lord.—Deuteronomy 6: 18.

O God, our Father, let Thy spirit come afresh into all our hearts that with a keen perception of right and wrong we may strive earnestly to live by the high principles of our holy faith. Illumine our minds and quicken our consciences that we may see the way to take and with courage walk on it, keeping our minds clear, our hearts clean, and our hands strong. So may we serve our country with the best we have to give. In the spirit of Christ we offer this our morning prayer. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 12545. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13680) entitled "An act to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes."

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 13350. An act to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes;

H.R. 14231. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes;

H.R. 14233. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes; and

H.R. 14235. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14231) entitled "An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ROBERT C. BYRD, Mr. MCCLELLAN, Mr. MCGEE, Mr. MONTOYA, Mr. CHILES, Mr. MANSFIELD, Mr. STEVENS, Mr. YOUNG, Mr. HATFIELD, and Mr. BELLMON to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14233) entitled "An act making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PROXMIRE, Mr. PASTORE, Mr. STENNIS, Mr. MANSFIELD, Mr. BAYH, Mr. CHILES, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. MCCLELLAN, Mr. MOSS, Mr. MATHIAS, Mr. CASE, Mr. FONG, Mr. BROOKE, Mr. BELLMON, and Mr. YOUNG to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14235) entitled "An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MANSFIELD, Mr. MCCLELLAN, Mr. MAGNUSON, Mr. INOUYE, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. STEVENS, Mr. YOUNG, Mr. BELLMON, Mr. BROOKE, Mr. SYMINGTON, Mr. CANNON, Mr. TOWER, and Mr. CASE to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 877. An act to direct the Secretary of the Interior to purchase and hold certain lands in trust for the Zuni Indian Tribe of New Mexico; to confer jurisdiction on the Court of Claims with respect to land claims of such tribe; and to authorize such tribe to purchase and exchange lands in the States of New Mexico and Arizona;

S. 3050. An act to authorize the Secretary of Transportation, when the Coast Guard is not operating as a service in the Navy, to lease for military purposes structures and their associated real property located in a foreign country; and

S. 3589. An act to designate the Federal office buildings located in Manchester, N.H., as the "Norris Cotton Building."

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 14239, APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES, 1977

Mr. SLACK. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

CALL OF THE HOUSE

Mr. BROOMFIELD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 464]

Abdnor
Ambro
Anderson, Ill.
Andrews, N.C.
Ashbrook
Ashley
AuCoin
Badillo
Bell
Bolling
Bonker
Brodhead
Brown, Mich
Brown, Ohio
Burke, Calif.
Burke, Fla.
Byron
Chisholm
Clausen, Don H.
Cochran
Conlan
Conyers
Dent
Derrick
Devine
Diggs
Dingell
Dodd
Downing, Va.
du Pont
Early
Eilberg
English
Erlenborn
Esch
Eshleman
Evans, Ind.
Fish
Fithian
Florio
Flowers
Flynt
Ford, Mich.
Fountain
Fraser
Frey
Fuqua
Giaimo
Gibbons
Gilman
Gradison
Green
Hammerschmidt
Hanley
Harkin
Harrington
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Heinz
Helstoski
Hicks
Hillis
Hinshaw
Holland
Holtzman
Horton
Howard
Hughes
Ichord
Jarman
Jeffords
Jones, Tenn.
Karth
Kindness
Landrum
Latta
Lehman
Lent
Litton
Lloyd, Calif.
Long, La.
McCollister
McDade
McHugh
Madigan
Maguire
Matsunaga
Metcalfe
Mitchell, N.Y.
Moorhead, Pa.
Mosher
Murphy, Ill.
Murphy, N.Y.
Neal
Nix
O'Brien
O'Hara
Paul
Pepper
Peyser
Pressler
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Rhodes
Richmond
Riegle
Risenhoover
Roberts
Rodino
Roe
Rooney
Rosenthal
Roush
Ruppe
Russo
Ryan
Scheuer
Sisk
Smith, Nebr.
Snyder
Solarz
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Sullivan
Symington
Taylor, Mo.
Teague
Thornton
Udall
Vander Jagt
Vigorito
Wampler
Young, Alaska
Young, Ga.
Zeferetti

The SPEAKER. On this rollcall 283 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMUNICATION FROM THE CLERK OF THE HOUSE—CERTIFICATE OF ELECTION FOR THE HON. SAM B. HALL, JR.

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
June 28, 1976.

Hon. CARL ALBERT,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: This is to advise that I am in receipt of the Certificate of Election for the Honorable SAM B. HALL, JR., who was duly elected Representative in Congress, First Congressional District, State of Texas, to fill the unexpired term caused by the death of the Honorable Wright Patman, in a Special Election held on June 19, 1976.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
House of Representatives.

HON. SAM B. HALL, JR.

The SPEAKER. Will the Member-elect, the gentleman from Texas (Mr. HALL), present himself in the well of the House to take the oath of office?

Mr. HALL of Texas appeared at the bar of the House and took the oath of office.

PERMISSION FOR SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY OF COMMITTEE ON GOVERNMENT OPERATIONS TO SIT FROM 10 A.M. UNTIL 12 NOON ON TODAY, AND ON TUESDAY AND THURSDAY OF THIS WEEK DURING THE 5-MINUTE RULE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Legislation and National Security of the Committee on Government Operations be permitted to sit on today, Monday, June 28, on Tuesday, June 29, and on Thursday, July 1, 1976, from 10 o'clock a.m. until 12 noon while the House is in session under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON GOVERNMENT OPERATIONS TO MEET ON WEDNESDAY, JUNE 30, 1976, DURING THE 5-MINUTE RULE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations be permitted to meet on Wednesday, June 30, 1976, while the House is in session under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I would be glad to yield to my colleague, the gentleman from Texas, to have him tell us whether the minority side has had notification of this meeting. I might also ask the gentleman, are there only one or two bills to be considered, or is there a wide scope of legislation scheduled?

Mr. BROOKS. Mr. Speaker, if the gentleman will yield, every member of the entire committee has been notified, all the minority and majority members of the full committee. A meeting was scheduled last Wednesday, but not very many members came to it. As a result of that, we have rescheduled that meeting for this Wednesday, and then we are possibly going to meet again in September.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, will the gentleman tell us, is this request only for the hours between 10 a.m. and 12 noon?

Mr. BROOKS. That is true for the subcommittee, but not for the full committee. We anticipate being finished by noon, but I think the full committee request might run over that a few minutes. There are five reports and two bills, but they probably will not meet again for some time.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

WARNING TO TRAVELERS

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. Mr. Speaker, according to a recent newspaper report, a traveler who had just returned from the Soviet Union was telephoned by a man who identified himself as "Mr. Schneider, a State Department official," asking a number of questions about the people he had seen and the things he had done. "Mr. Schneider" said that the Soviet Union had lodged a complaint with the Department about the traveler's activities.

My office has met the traveler, who confirms the report.

The disturbing truth is that the State Department says it has received no such complaint from Soviet officials, and there is no Mr. Schneider who might have been charged with such a mission.

Travelers would be well advised to ask for the number at the State Department and call back whenever they are questioned in this way.

PROVIDING FOR CONSIDERATION OF H.R. 14234, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1287 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1287

Resolved, That during the consideration of the bill (H.R. 14234) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1977, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provision of clauses 2 and 6, Rule XXI are hereby waived: beginning on page 2, lines 3 through 9; beginning on page 3, line 1 through page 4, line 6; beginning on page 4, line 16 through page 5, line 15; beginning on page 6, line 22 through page 7, line 19; beginning on page 8, line 9 through line 16; beginning on page 15, line 5 through line 14; beginning on page 16, line 1 through line 7; beginning on page 17, line 1 through line 7; beginning on page 21, line 16 through line 24; and beginning on page 25, line 1 through line 6.

The SPEAKER. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. DEL CLAWSON) for the minority, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1287 provides that during the consideration of the Department of Transportation and Related Agencies Appropriation bill (H.R. 14234), points of order will be waived against specified sections of the bill for failure to comply with clauses 2 and 6, rule XXI.

Clause 2, rule XXI prohibits appropriations not authorized by law. Certain sections of the bill would appropriate funds for which authorizing legislation has not yet been enacted.

Clause 6, rule XXI prohibits reappropriations. Certain provisions in the bill do make unexpended balances available for other purposes.

The distinguished chairman of the subcommittee (Mr. MCFALL), my esteemed colleague from Massachusetts (Mr. CONTE), the ranking minority member, and all the gentleman on the Subcommittee on Transportation deserve the profound thanks of the House for their tireless efforts in this area. The work of the subcommittee has been geared toward upgrading our transportation system, protecting the taxpayers' interest in economy and keeping a steadfast commitment for putting our Nation's transportation dollars where they will create the most new jobs.

I commend my colleagues and rise in strongest possible support for the bill.

As a representative for much of Boston and seven suburban towns, I am pleased to see the attention the committee has paid to our transportation needs.

Under the research and development programs of the Federal Railway Administration, the committee directs FRA to make funds available to qualified communities seeking assistance under the intermodal terminal demonstration program. South Station in South Boston has an application pending for a $1.5 million renovation which would link subway, intercity rail, bus, taxi and automotive transportation. It will be an outstanding program and I am deeply concerned, as is the Committee, by the delay in acting on the application by the Boston Redevelopment Authority, which has already been funded by the Committee on Appropriations. It is my understanding that the gentleman from Massachusetts (Mr. CONTE) will address this matter during debate on the bill and I would like to associate myself strongly with my colleague's remarks.

The bill would also provide funding for the commitment made by Congress, in the Rail Revitalization and Regulatory Reform Act of 1976, to assist the continued operation of branch freight lines necessary to the economic well-being of many states and of particular importance in New England.

Vital to the economic improvement of our region is the Northeast Rail Corridor improvement program. Total projected costs for the program over a 5-year period should run about $1.75 billion. The annual breakdown is as follows:

Northeast Corridor improvement program, obligation plan

[In millions of dollars]

Fiscal year 1976	25	25
Transition quarter	25	50
Fiscal year 1977	150	200
Fiscal year 1978	450	650
Fiscal year 1979	600	1,250
Fiscal year 1980	500	1,750

It is expected that construction work will first concentrate on the Boston-to-New York portion of the corridor.

In administering this program and in awarding contracts, it is my hope that FRA will take a much stronger position in regards to awarding contracts to firms in the area in which work is to be undertaken. I would hope that the Committee on Appropriations, in reports to accompany future transportation appropriations will make its views on this question very clear.

In the report, the committee has suggested certain efficiencies in Amtrak's operations which enable the committee to reduce the budget request. In doing so, the committee makes very clear that reductions should not encumber Amtrak's ability to operate the present intercity rail passenger system.

One of the new lines which the committee, thereby, keeps in operation is the Boston-Chicago train. I would hope that this will make clear Congress intention to keep this line running.

Based on this I would expect FRA to set—as one of its major priorities—improvement of the railbed between Springfield, Mass., and Albany, N.Y., which has been the most serious impediment to adequate ridership.

Instructions in the committee report also address the serious problems of Washington, D.C. and Boston, Mass., in obtaining timely action from the Urban Mass Transit Administration on applications under the interstate transfer system provided in the Federal-Aid Highway Act of 1973. For Massachusetts this will mean adequate funding for long sought improvements in the MBTA system in Boston.

Mr. Speaker, this bill is a vital step in meeting our commitment to providing an adequate national transportation system and I urge the adoption of the rule so that we may proceed to consider the bill, H.R. 14234.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as explained by the gentleman from Massachusetts, this rule waives points of order against portions of H.R. 14234—Department of Transportation and related agencies appropriations bill for 1977. Specifically, points of order are waived against clauses 2 and 6 of rule XXI, which is the rule dealing with unauthorized appropriations and reappropriations. The provisions that need the waiver are: Office of the Secretary, DOT; Coast Guard; Federal Aviation Administration; National Highway Traffic Administration; Federal Railroad Administration; National Transportation Safety Board and U.S. Railway Association.

The cost of this bill is $14,161,154,779.

The administration believes the following aspects of this bill should be modified:

It is essential that an obligation ceiling for the Federal aid highway program, section 316, be retained. However, the administration continues to support its limit of $6.7 billion in lieu of the $7.2 billion limit contained in the bill.

Because the 1977 outlays that would result from the bill in its present form already exceed the President's budget by over $200 million.

Funds which were added to the President's request for highway and mass transit programs should be eliminated.

Maximum resistance should be given to further additions to the bill.

Mr. Speaker, while the administration and others have reservations concerning some of the provisions of the bill, the rule is not so controversial. I support its adoption.

Mr. Speaker, I have no further requests for time.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SYMMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 329, nays 0, not voting 103, as follows:

[Roll No. 465]

YEAS—329

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derwinski
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fisher
Flood
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Gaydos
Giaimo
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hanley
Hannaford
Hansen
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Holt
Horton
Howe
Hubbard
Hungate
Hutchinson
Hyde
Jacobs
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lehman
Levitas
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCormack
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Moss
Mottl
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Pattison, N.Y.
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Quie
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Robinson
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
Runnels
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Stephens
Stokes
Stratton
Studds
Symms
Talcott
Taylor, N.C.
Thompson
Thone
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—0

NOT VOTING—103

Ambro
Anderson, Ill.
Andrews, N.C.
AuCoin
Badillo
Bell
Burke, Fla.
Byron
Cochran
Conlan
Conyers
Dent
Derrick
Dodd
du Pont
Early
Eilberg
Erlenborn
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fish
Fithian
Florio
Flowers
Flynt
Frey
Fuqua
Gibbons
Gilman
Gradison
Green
Hammerschmidt
Harkin
Harrington
Hays, Ohio
Hébert
Heinz
Helstoski
Hillis
Hinshaw
Holland
Holtzman
Howard
Hughes
Ichord
Jeffords
Jones, Tenn.
Karth
Landrum
Latta
Lent
Litton
Lloyd, Calif.
McCollister
McDade
Madden
Madigan
Maguire
Matsunaga
Mitchell, Md.
Moorhead, Pa.
Mosher
Murphy, Ill.
Nix
O'Brien
O'Hara
Patterson, Calif.
Paul
Pepper
Peyser
Pritchard
Quillen
Railsback
Randall
Richmond
Riegle
Roberts
Rodino
Roe
Roush
Ruppe
Russo
Ryan
Scheuer
Sisk
Smith, Nebr.
Snyder
Stanton, James V.
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Sullivan
Symington
Taylor, Mo.
Teague
Thornton
Udall
Vander Jagt
Wampler
Young, Ga.

The Clerk announced the following pairs:

Mr. Dent with Mr. Anderson of Illinois.
Mr. Florio with Mr. Derrick.
Mr. Roberts with Mr. Erlenborn.
Mr. Hébert with Mr. Bell.
Mr. Badillo with Mr. Evans of Indiana.
Mr. AuCoin with Mr. Hillis.
Mr. Rodino with Mr. Andrews of North Carolina.
Mr. Hughes with Mr. Fish.
Ms. Holtzman with Mr. Wampler.
Mr. Teague with Mr. du Pont.
Mr. Russo with Mr. Ruppe.
Mr. Howard with Mr. Hammerschmidt.
Mr. Nix with Mr. Steiger of Arizona.
Mr. Ambro with Mr. Burke of Florida.
Mr. Murphy of Illinois with Mr. Railsback.
Mr. Jones of Tennessee with Mr. Hays of Ohio.
Mr. Dodd with Mr. Cochran.
Mr. Byron with Mr. Karth.
Mr. Eilberg with Mr. Esch.
Mr. Flynt with Mr. Madigan.
Mr. Green with Mr. Steiger of Wisconsin.
Mr. Matsunaga with Mr. Conlan.
Mr. Moorhead with Mr. Latta.
Mr. O'Hara with Mr. Eshleman.
Mr. Symington with Mr. Quillen.
Mr. Sisk with Mr. Pritchard.
Mr. Richmond with Mr. Maguire.

Mr. Pepper with Mr. Frey.
Mr. Harrington with Mr. Lent.
Mr. Ichord with Mr. McDade.
Mr. Litton with Mr. Gilman.
Mr. Gibbons with Mr. O'Brien.
Mr. Fuqua with Mr. Peyser.
Mr. Conyers with Mr. Snyder.
Mr. Early with Mr. Gradison.
Mr. Evins of Tennessee with Mr. James V. Stanton.
Mr. Fithian with Mr. Flowers.
Mr. Harkin with Mr. Patterson of California.
Mr. Jeffords with Mr. Mosher.
Mr. Mitchell of Maryland with Mr. Madden.
Mr. Helstoski with Mr. Holland.
Mr. Floyd of California with Mr. McCollister.
Mr. Scheuer with Mr. Randall.
Mr. Roe with Mr. Young of Georgia.
Mr. Roush with Mr. Riegle.
Mr. Vander Jagt with Mrs. Sullivan.
Mrs. Smith of Nebraska with Mr. Ryan.
Mr. Thornton with Mr. Steelman.
Mr. Stuckey with Mr. Udall.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 14235, DEPARTMENT OF DEFENSE MILITARY CONSTRUCTION APPROPRIATIONS, 1977

Mr. SIKES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Florida? The Chair hears none, and appoints the following conferees: Messrs. SIKES, PATTEN, MCKAY, MURTHA, STEED, CHAPPELL, MAHON, MCEWEN, TALCOTT, and CEDERBERG.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. McFALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14234) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from Massachusetts (Mr. CONTE) and myself.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. MCFALL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14234) with Miss JORDAN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from California (Mr. MCFALL) will be recognized for 1 hour, and the gentleman from Massachusetts (Mr. CONTE) will be recognized for 1 hour.

The Chair recognizes the gentleman from California (Mr. MCFALL).

Mr. McFALL. Madam Chairman, I yield myself 20 minutes.

Madam Chairman, we submit for your consideration today the bill, H.R. 14234, making appropriations for the Department of Transportation and related agencies for fiscal year 1977.

As chairman of the Subcommittee on Transportation Appropriations, I want to express my appreciation to the members of the committee for their cooperation during the detailed hearings on this bill. It is a real pleasure to serve with them. I especially want to thank the distinguished ranking minority Member from Massachusetts (Mr. CONTE) for his active participation in developing this legislation. I believe we are in agreement on all issues except one.

The committee, I believe, has carefully reviewed the programs of the Department of Transportation and related agencies, and is recommending what we consider to be sufficient funds to allow these agencies to help meet the requirements of our Nation's transportation system.

SUMMARY OF THE BILL

The bill includes a total of $14,161,154,779, of which $8.8 billion is liquidating cash and about $5.3 billion is new obligational authority. In some instances, after considering all pertinent factors, we are recommending that programs go forward at a faster rate than that provided in the budget. For the most part, however, reductions are recommended. The total amount of new obligational authority is $66,215,000 below the budget.

The bill provides funds for about 132,000 positions, including nearly 39,000 military personnel for the Coast Guard. This is an increase of about 500 over fiscal year 1976. The major increases in personnel are for air traffic control and for the implementation by the Coast Guard of the recently enacted 200-mile-limit legislation.

SELECTED MAJOR RECOMMENDATIONS

I would call the attention of the Members of the Committee to the summary beginning on page 5 of the report. The major recommendations are as follows:

First, the appropriation of $1,666,000,000 for the operations activities of the Federal Aviation Administration, $11,619,000 less than the budget request;

Second, an increase of $70,000,000 over the budget for the Coast Guard to implement the Fishery Conservation and Management Act of 1976;

Third, the appropriation of $495,200,000 for Federal Grants to Amtrak, including $414,700,000 to cover operating losses on the full system;

Fourth, a general provision providing for obligations of not to exceed $7,200,000,000 for Federal-Aid Highways and Highway Safety Construction programs, an increase of $500,000,000 over the budget;

Fifth, the appropriation of $818,580,000 for operating expenses of the Coast Guard;

Sixth, an appropriation of $575,000,000 for projects substituted for interstate system projects, including the full budget request for the Washington Metropolitan Area Transit Authority;

Seventh, rejection of the proposed general provision to place a 50-percent limitation on the use of mass transit formula grants for operating subsidies;

Eighth, increases over the budget totaling $62,267,000 for four highway programs financed with direct appropriations;

Ninth, the appropriation of $68,000,000 to continue the traffic and highway safety activities of NHTSA at the current rate; and

Tenth, the appropriation of $200,000,000 for facilities and equipment of the Federal Aviation Administration.

OFFICE OF THE SECRETARY OF TRANSPORTATION

Madam Chairman, the bill provides appropriations of $65 million for the Office of the Secretary of Transportation. This includes $34.9 million for salaries and expenses. We have provided for some new positions, but have also made offsetting reductions so that there is a net decrease in personnel for this office.

The bill also includes $28 million for the transportation research activities of the Office of the Secretary. This would continue these activities at last year's level. Nearly 3 years ago I reported that we were funding a study designed to demonstrate ways of achieving reductions in automobile fuel consumption.

I am pleased to report that the Department of Transportation is completing its study on motor vehicle fuel goals. One part of this study indicates that there is a 30- to 40-percent potential savings in fuel for commercial vehicles. Another part of this study will indicate that, with proper conservation, we can save very large amounts of petroleum and still have the many benefits which the automobile contributes to our economy and life style.

COAST GUARD

The Coast Guard is one of the finest organizations in our Government. It has a reputation for being cost conscious and submitting tight budgets.

With the enactment of the Fishery Conservation and Management Act of 1976, the Coast Guard enforcement jurisdiction will be significantly increased. Now approximately 545,000 square miles of area are under Coast Guard law enforcement jurisdiction. On March 1, 1977, this will be expanded to 2.2 million square miles.

At the time we marked up and reported this bill, no budget request had been submitted to implement this new legislation. We believe that funding should be provided to permit the Coast Guard to respond in a timely and effective manner. The second supplemental for fiscal year 1976 included $10 million and the accompanying bill includes an additional $70 million for this purpose.

Of the $70 million recommended, $60 million is for equipment and $10 million is for operating expenses. The $10 million increase in operating expenses is, to a large degree, offset by recommended reductions in other Coast Guard activities of $9,320,000.

For acquisition, construction, and improvements, we recommended $231 million, including $60 million for the implementation of the 200-mile limit legislation. In addition, the bill contains $17,571,000 for programs which are unbudgeted but are included in the authorizing legislation.

For the Federal Government's share for bridge alterations we are recommending $9.6 million. These funds should be adequate to continue the four ongoing projects and to initiate one new project in fiscal year 1977. These projects are listed on page 13 of the committee report.

We have approved the full budget requests for retired pay and State boating safety assistance and have made only minimal reductions in the appropriations for research and development and Reserve training. I think it is significant that the Members know the extent to which Coast Guard reservists are now supporting Regular Coast Guard activities. In each of the past 2 fiscal years, approximately 2.8 million man-hours of training were performed in nearly all of the major operating activities of the Regular Coast Guard.

We did not include the $5 million requested for the pollution funds, because we felt the present balance of $9.4 million should be adequate to meet the Coast Guard's pollution cleanup requirements through the end of fiscal year 1977.

FEDERAL AVIATION ADMINISTRATION

Madam Chairman, we recommend the sum of $1,666,000,000 for operations for the Federal Aviation Administration. This provides for all personnel engaged in the operation and maintenance of the air traffic control system, as well as all supporting services and administrative costs and most of the regulatory personnel in the FAA.

Our recommendation is $92,750,000 more than the amount appropriated for similar activities in fiscal year 1976. We have approved funds for some 537 new air traffic controllers. This increase is, to a large degree, offset by reductions in the flight standards and administrative support activities. The reductions from the budget total $11,519,000 and are listed on page 16 of the committee report.

The bill includes $200 million for facilities and equipment for the Federal airway system. This is $26,595,000 less than the budget request. This reduction is based primarily on the large amount of previously appropriated funds which are presently available or will soon become available.

For the R. & D. programs of FAA, the bill includes $72 million in trust funds and $17.4 million in general treasury funds. We believe these funds are essential for FAA to develop the improved equipment necessary to cope with the projected air traffic demands of the next decade. We are concerned about the lack of progress being made in coordinating our navigation and communication systems. This apparent lack of coordination seems to be exemplified by the Aerosat program. With the assistance of the House Committee on Science and Technology, I would expect that, prior to next year, we should have a better indication of where we are going with respect to this program.

We have recommended the full budget request in liquidating cash for airport development grants. The bill also includes a $390 million limitation on obligations for airport grants financed under contract authority. This is $40 million more than the budget request and the 1976 level.

With respect to the Metropolitan Washington airports, the committee recommends $20.7 million for operation and maintenance and $5 million for construction. Excluding interest and depreciation expenses, both of these airports are expected to generate revenues in excess of direct operating costs.

FEDERAL HIGHWAY ADMINISTRATION

Madam Chairman, highways provide by far the largest portion of transportation services used in this country. About 88 percent of all intercity travel and 98 percent of all urban passenger trips are by the highway mode. This mode is essential to the preservation of American mobility and to our economic well-being.

To continue our highway program we recommend liquidating cash appropriations totaling roughly $6.6 billion from the highway trust fund. Of this amount, about $3 billion is to continue the construction of the Interstate System. This System is nearly 90 percent completed.

For administrative expenses of the Federal Highway Administration, the bill includes a limitation of $150.4 million. This is a reduction of $1.9 million below the budget.

The bill includes the full amounts requested for motor carrier safety and highway safety research and development. The amounts recommended are $6.9 million for motor carrier safety and $9 million for highway safety R. & D.

Under our recommendations the full budget requests would also be approved for the Alaska highway and for railroad-highway crossings demonstration projects. Because of the relatively large unobligated balance under the railroad-highway crossings program, we feel that the $10 million recommended should be adequate to permit all of the authorized projects to progress on schedule.

With the enactment of the Federal-Aid Highway Act of 1976 funding for highway beautification shifted from contract authority to direct appropriations. The amount recommended in the bill for this program is $28 million.

The bill also includes liquidating cash appropriations of $70 million for off-systems roads, $22.5 million for the Great River Road, and $3.56 million for territorial highways. We increased the limitation for the territorial highway program by $1 million and specifically earmarked these additional funds for the territory of Guam.

We made four other increases over the budget totaling $62,267,000 for highway programs financed with direct appropriations. The four programs involved are access highways to lakes, highways crossing Federal projects, the overseas highways and the project acceleration demonstration program.

In addition to these appropriations, we are recommending an obligation ceiling of $7.2 billion for the Federal-aid highways and highway safety construction programs. A similar provision was agreed to by the House last year by a vote of 287 to 95. This year's ceiling is consistent with the first concurrent resolution on the budget and is $500 million above the President's budget. As we indicated in the committee report, it is not our intention that this limitation be used by the Secretary as discretionary authority to distort the priorities established in the Federal highway legislation.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

In the field of highway safety, we recommended $68 million for the traffic and highway safety program. This is a reduction of $5.98 million and would continue this program at the current level.

The other activity under this administration is a grant-in-aid program for State and community highway safety. We recommend $83.3 million to pay obligations already incurred under this program, and, also recommend a limitation of $103 million in obligations to be made in fiscal year 1977.

FEDERAL RAILROAD ADMINISTRATION

The bill provides $6.3 million for the Office of the Administrator of the Federal Railroad Administration. We recommend the appropriation of $18.3 million for the railroad safety functions of the Federal Railroad Administration. Of this amount, $5 million is for the automated track inspection program. This automated equipment should enable FRA's existing personnel to inspect more track on a more efficient basis. The bill also includes $1 million for grants to States for railroad safety. We reduced this appropriation somewhat, because they presently have more than $3 million of carryover funds.

For railroad research and development, we recommend $51.5 million, a reduction of $5 million from the budget estimate. Most of this reduction is in areas where we feel the private sector should be making a greater effort.

We have recommended $60 million to provide Federal subsidies to continue rail service on light density branch lines. Although this amount is less than the budget requests, it would make, when combined with prior appropriations, more than $114 million available for subsidy grants for the nationwide and regional rail service programs.

The bill includes $150 million for the Northeast Corridor improvement program and $6 million for the Alaska railroad. These are the full budget requests.

For Amtrak, we are recommending $495.2 million, including $414.7 million for operating expenses. We believe this amount is adequate to enable Amtrak to operate its full passenger system. Under the committee's recommendation

Amtrak will not be required to discontinue any trains. We are concerned about the fact that Amtrak is owned by three operating railroads and the Penn Central estate. With the large amounts of Federal funds being paid to Amtrak and being invested in the Northeast Corridor, we feel that this matter should be addressed by the Department and the appropriate legislative committees.

URBAN MASS TRANSPORTATION ADMINISTRATION

Madam Chairman, we recommend $12.6 million for administrative expenses of the Urban Mass Transportation Administration. This should be adequate for 500 position, an increase of 20 over the present level.

For research, development, and demonstrations we are recommending $57 million, an increase of $3 million over fiscal year 1976. The largest increase is in the area of service and methods demonstrations. These projects attempt to improve urban transportation systems by a better utilization of existing technology.

We did not approve the proposed provision limiting to 50 percent the amount of formula grants funds which can be used for operating assistance. Many transit systems require these operating assistance funds to provide continued service to their communities.

Under our recommendations, there will be a total of $750 million available for transit or highway projects which are substituted for interstate system segments. These are all general Treasury funds and include a direct appropriation of $575 million and $175 million of obligations under prior year contract authority.

Earlier this year a study of the Washington, D.C., Metro system was prepared for the Library of Congress. This study questioned some of the projections on which the entire 98-mile system was based. At our direction the Department agreed to analyze the Library of Congress study as well as the projections on which the full system is based. This analysis has been completed. This analysis leaves unsettled many of the important questions raised by the Library of Congress study. I believe that it is important for the Secretary and the Congress to have the advice of an independent group whose objectivity and judgment would be unquestioned. It is my understanding that from time to time the Federal Government has enlisted the advisory support of the National Academy of Sciences for making independent assessments on issues of major national concern. Therefore, I feel the Secretary should seek the cooperation of the Academy so that both the Congress and the administration can be assured that future Federal support for the WMATA rail transit system can be based upon the most objective review of the prospective need for the system.

In addition the bill provides for an obligation level of $1,947 billion for UMTA programs in fiscal year 1977. The breakdown of this amount is contained in the committee report. We have provided the full amounts requested for capital grants, formula grants, and rail service operating payments.

RELATED AGENCIES

Title II of the bill provides $294,202,779 for six transportation related agencies. This amount includes $13,800,000 for the National Transportation Safety Board, the full amount requested by the Board to annualize the 386 positions authorized by Congress last year. While this amount is $1.8 million more than the President's request, the recommendation includes no new positions for fiscal year 1977.

For the Civil Aeronautics Board, the committee recommends $21,450,000 for salaries and expenses, which is nearly $1.6 million more than last year. The sum of $80,007,000 is recommended for subsidy payments to local service carriers providing air transportation to communities which might not otherwise be served.

The Interstate Commerce Commission will receive $56,400,000 for salaries and expenses under the committee's recommendation. This amount is $424,000 above the President's request and $4 million more than was provided for fiscal year 1976. The Railroad Revitalization and Regulatory Reform Act of 1976 provided for comprehensive and far-reaching railroad regulatory policy changes. The language of the committee report makes it clear that we expect the Commission to move expeditiously to complete certain one-time rulemakings while at the same time substantially lessen its activities in railroad rate regulation. The committee's funding recommendation is consistent with these expectations.

The committee recommends $65,800,000 for operating expenses and $3,150,000 for the capital program for the Panama Canal. These amounts are repaid to the Treasury through tolls and other charges on users of the Canal.

For the U.S. Railway Association we have recommended $12,000,000 for the necessary expenses surrounding the litigation of the final system plan and oversight responsibilities over the Consolidated Rail Corp.

Finally, the committee has recommended the full budget requests for the Washington Metropolitan Area Transit Authority. The advance Federal contribution for fiscal year 1978 will exhaust the authorizations for this program.

Madam Chairman, the committee held 27 days of hearings on this bill from late January to early April of this year. We received testimony from 17 Members of Congress and over 150 Department and agency officials. I believe we have brought a balanced and carefully considered bill to the House and I urge its adoption.

Mr. SIKES. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Florida (Mr. SIKES).

Mr. SIKES. I thank the gentleman for yielding.

Madam Chairman, I know of the very great interest of the distinguished gentleman and his committee in the Coast Guard and Coast Guard Reserve, and my question simply is: Does the distinguished gentleman feel that we have adequately provided in this bill for the Coast Guard Reserve?

And before the distinguished chairman answers, let me state there is some apprehension among the Coast Guard personnel that we possibly should have done more for the Coast Guard Reserve than was requested in the budget.

I am assuming that the Coast Guard Reserve feels that if they have a strong case and if there are areas which need additional funding, an opportunity will still be presented for them to take this matter to the other body and present the justification which will be required for additional funding.

Am I correct in this assumption?

My concern is in the fact that the early mobilization requirement of the Coast Guard Reserve is 22,000 persons. A shortfall presently exists of about 4,000 reservists needed to meet the Coast Guard Reserve mobilization requirement. This is expected to be achieved through a gradual increase with annual incremental growths in presently existing reserve forces. Obviously some additional funding will be required for this purpose. I feel that the House will want the Coast Guard Reserve to accept its full measure of responsibility in the event of mobilization and will want to provide the necessary funding for that purpose.

Mr. McFALL. Madam Chairman, we have had in this subcommittee a continuing interest in the Coast Guard and the Coast Guard Reserve. Over the years we have helped to bring about a change in the function of the Coast Guard Reserve so that now it has the same kind of duties that the regular Coast Guard has, such as search and rescue and environmental protection.

They are really a different kind of organization than they used to be largely because of the recommendations that this subcommittee has made. We think we have a very fine Coast Guard Reserve. Our recommendations reflect the high regard we have for the Reserve.

Mr. SIKES. Madam Chairman, I compliment the gentleman and the members of his committee for their interest, and I appreciate the comments the gentleman has made.

Mr. ADAMS. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Washington (Mr. ADAMS), the chairman of the Committee on the Budget.

Mr. ADAMS. Madam Chairman, I thank the gentleman for yielding.

Madam Chairman, I rise in support of the bill H.R. 14234, the transportation and related agencies appropriation bill for 1977. Over the past 10 days, I have been informing the House as to the status of appropriations bills with respect to the budget resolution targets. This bill is deserving of support. Like most of the bills reported out by the Committee on Appropriations, it is well within the budget target established by that committee for its subcommittees.

The bill provides $5,271 million in budget authority and $3,714 million in outlays as compared with the subcommittee allocation of $6,072 million in budget authority and $14,694 million in outlays. Together with amounts previously enacted or passed by the House, $711 million in budget authority and $1,034 million in outlays remain available in this allocation.

In the budget resolution, additional amounts were provided beyond the President's request to carry out various provisions of the Federal Aid Highway Act of 1976 and the Rail Revitalization and Regulatory Reform Act of 1976, both of which were enacted subsequent to the formulation of the administration's January budget requests. Only a few of the elements of these important transportation bills were considered by the subcommittee in arriving at the spending recommendations before us today. The administration, in fact, is still in the process of fully developing their proposals for implementing this legislation.

Thus, of the amounts targeted for this subcommittee pursuant to the first budget resolution, $675 million in budget authority and $475 million in outlays remain to be considered. Even if these amounts were to be fully provided, the projected totals for the subcommittee will still be $36 million in budget authority and $559 million in outlays below the allocation. This substantial shortfall in outlays results from a much slower rate of obligation in the Federal aid highway program during fiscal 1976, than was assumed in the first budget resolution.

This appropriations bill includes among its general provisions certain limitations on the amounts of obligations to be entered into for the transportation assistance programs financed through contract authority during fiscal year 1977. Among these programs are highway construction, highway safety, mass transit, and airport assistance. Such limitations on the use of contract authority are essential if we are to assure the House that its outlay targets will not be breached. I support these limitations, all of which have been in previous appropriations bills, as a necessary step in assuring that the Congress has control over spending.

To remove them at this time would be a step backward, making even more of the budget uncontrollable. I need only cite an experience last June, when highway obligations rose by more than $1 billion above administration estimates, in the course of a few weeks. This kind of uncontrolled expenditure would make a shambles of carefully developed budget estimates, but it is a continuing possibility. Much prior-year contract authority has accumulated as a result of past impoundments and other spending delays. Without a limitation, those funds, together with new funds provided by the recently passed Highway Act would make available for obligation as much as $11.8 billion in fiscal year 1977.

The specific amounts in this bill for the various contract authority limitations are, with one exception, in line with those assumed by the Congress in the budget resolution and are most reasonable. The proposed ceiling on highway obligation, for example, is $7.2 billion, which is $500 million more than recommended by the President but is within the budget resolution target. This increase was incorporated in the budget resolution in order to provide for additional, badly needed, construction jobs. In the case of the airport construction program, however, the obligation level recommended is substantially below that which will be authorized if the pending airport bill becomes law. The conference report on the budget resolution assumed $510 million for this program in contrast to the $390 million obligation ceiling in the appropriation bill in order to reflect the amounts proposed in the pending authorization bill. The chairman has indicated there will be amendments to bring this program into line with the proposed ceiling.

Some will argue that obligation ceilings will be used by the administration to distort program implementation and priorities. The authorizing committee could set these ceilings. The Appropriations Committee in its report, assures the House that it will not allow administrative distortion. I recognize the concern, but feel that congressional oversight must be provided either by the authorizing or appropriating committee and this is the only way available this year. If the limitations are abused by the administration, I will join in seeking their repeal.

In summary, this appropriations bill is consistent with the budget resolution and with the need to provide effective controls on spending without restricting efficient program implementation. It provides funds necessary to meet many important transportation needs and I support its passage.

Mr. McFALL. Madam Chairman, I thank the gentleman from Washington (Mr. ADAMS) for his comments.

It has been our intent in this bill to cooperate with the Committee on the Budget. We hope that by working together we can develop a better transportation system that will meet the needs of the country and at the same time be consonant with the welfare of the country.

Mr. ALEXANDER. Mr. Chairman, the transportation appropriations bill we are considering today is an important one for our fastest growing transportation system segment—the airways.

While the funding recommended in this bill is somewhat less than the amount in the fiscal year 1976 bill, the amount of money for airways and airport programs should be about $300 million more than was actually available during the current year. This is because of the delay in completing the authorization legislation for fiscal year 1976.

Air transportation has become the dominant method of people movement between cities and regions of our Nation. Whether they go by commercial airlines, air taxi services, or private planes Americans prefer to travel by air. Between 1970 and 1975 the number of Americans going by air increased by 47 million.

The more Americans come to depend on traveling by air for business and pleasure trips the greater the pressure becomes on our airport and airways facilities. And, the heavier becomes the pressure the men and women who guide and shepherd the planes throughout crowded skies.

These developments make the need for increased air traffic control personnel, improved airways facilities and airports and better airport and airways development programs imperative.

To get these kinds of programs we must have both appropriations and authorizing legislation. Without the authorizing legislation the program does not legally exist. Without funding legislation the program can legally exist but will not function.

The necessary authorizing legislation is in the last stages of approval. The Senate has okayed the conference report on H.R. 9771, the Airport and Airways Development Act Amendments of 1975, and the report is now awaiting House approval. I am advised by the airport and airways officials in my State that they feel this is a good bill.

In this proposal before us today the Committee on Appropriations has recommended funding necessary to support a national commitment to improved air transportation. Not only does this legislation make available during the coming year more money than has been authorized for spending in this current year, but it has taken steps needed to help improve air safety through air traffic control activities.

While the Federal Aviation Administration has been allowed an overall personnel increase of 125 changes in staffing levels within the FAA activity categories is intended to result in a 427 position increase in the air traffic control sector. Information we had in committee and information which I have received from airport and airways officials in Arkansas firmly supports the need for this staffing increase.

Mr. SMITH of Iowa. Will the gentleman yield?

Mr. McFALL. I yield to my good friend from Iowa.

Mr. SMITH of Iowa. I thank the gentleman for yielding.

Madam Chairman, I would call the Members' attention to the appropriation on page 16 for "Rail service assistance." The committee recommends $60 million for the rail service assistance program. The language of the bill makes this amount available for grants for the 17-State program in the Northeast and Midwest as well as for the 33 remaining States covered by section 803 of Public Law 94–210.

The administration requested only $5 million for "planning grants" for the section 803 program but I am pleased to note that the Appropriations Committee recognized that many States covered by the section 803 program, including Iowa, are ready to proceed with program implementation. The committee report language on page 32 makes it clear that subsidy money would be available to States ready to proceed under the section 803 program.

I would note that $13,880,000 has already been provided by Public Law 94–303 for planning and subsidy grants for both rail service assistance programs. Since prior appropriations have already been made for the 17-State program authorized by Public Law 93–236, it is clear that a substantial amount of the $13,880,000 currently available as well as the $60 million recommended in this bill should go for the section 803 rail service assistance program.

I support the committee's recommendation and I thank the gentleman for yielding.

Mr. CONTE. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, before I begin to review the bill before us today, I should like to express my appreciation for the cooperative manner in which all the members of the subcommittee worked on this legislation. This has been an extremely busy year for our subcommittee. Aside from the regular ominous task of preparing a bill to provide the integral funding support for the national transportation system, we were delegated the responsibility of funding support for the Consolidated Railway Corporation—ConRail. The subcommittee labored many hours and literally went page by page through the three volume USRA final system plan. It was our task to determine the adequate funding level for the largest corporate reorganization in the history of finance. I commend each member of the subcommittee for their hard work and dedication displayed throughout the year. My hat is off to these gentlemen.

I could not begin to review this legislation without a tribute to one exemplary member—our chairman and my good friend, the gentlemen from California (Mr. McFall). Chairman McFall and I as the ranking minority member—from the onset—worked as a team rather than on a partisan basis to insure that our bill provided a means for the safest, most efficient, and most convenient transportation system available.

Over the past year, we listened to pleas for fiscal responsibility and under-the-budget spending. We have labored through legislation that was sometimes in excess of $1.5 billion over the budget. I am pleased to once again announce that this bill is below the budget. The specific appropriation level in this legislation includes $5,286,077,357 which is $66,215,000 below budget estimates for new obligational authority. I am sure that these funding levels present a most welcomed change to all Members.

At this time, I should like to review and highlight the different provisions of this bill.

For the office of the Secretary of Transportation "Salaries and expenses" this bill is $450,000 below the budget. We are convinced that this reduction will not affect program performance. Under transportation planning, research and development, we are $1.8 million below the budget. Reductions across the board are minor and will not affect any ongoing programs. For grants-in-aid for natural gas pipelines safety, the committee provided a sum of $2 million. This represents more than a 20 percent increase over the fiscal year 1976 level of $1,650 million. I am sure many members have been contacted on this matter to provide the full $2.5 million request, however, the increase provided is in excess of the rate of increased obligations.

We come now to the Coast Guard. Surely there is no other agency in this appropriations bill which I am closer to. Since my first days in the Congress almost 18 years ago, I followed the Coast Guard budget. Formerly, I was a member of the Subcommittee on Treasury, Post Office and Civil Service Subcommittee which then had funding jurisdiction. When the Coast Guard moved from the Treasury Department to the Department of Transportation, I moved as well to the the Transportation Subcommittee. Last year during consideration of this bill, the gentleman from California (Mr. McFall) remarked that the Coast Guard ran a "trim ship" and were cost conscious. I echo that once again this year.

For operating expenses the committee recommends $808.6 million which is $9.32 million below the budget. All reductions are due to uncalculated operational cost savings. We are convinced that no program changes would result.

The next Coast Guard category is one which I have followed so closely since my early days on the Appropriations Committee—acquisition, construction, and improvement. I have been concerned since those early days that Coast Guard acquisitions were taking a back seat to the other military services. When I first came to the Committee on Appropriations virtually all Coast Guard ships, aircraft, and land vehicles were hand-me-downs from the Navy, Air Force, and Army. Former Chairman Vaughan Gary of Virginia and I were determined to rectify that situation. Our campaign to outfit the Coast Guard throughout these years with new equipment to insure that they have become outfitted as well as our other services. One of the last vital procurements which are still pending are the medium range surveillance aircraft which I will cover more closely later.

The committee recommends $151 million for acquisition, construction, and improvement which is $100,000 under the budget. In addition, our subcommittee recommends that in light of new acquisitions authorized in the new Coast Guard authorization which are unbudgeted, acquisition of the most essential items such as badly needed harbor tugs be purchased with $17,719 million in appropriated funds which will go unobligated through fiscal year 1977.

Out of the $171 million, we have provided A.C. & I. $24.3 million is included for the Coast Guard medium-range surveillance, MRS, aircraft procurement program. This would make a total of $72 million available for obligation on the 41-craft, procurement has been lagging now for 3 years and is of extreme concern to me. We are finally on the verge of selecting a contractor and we now find that there are five manufacturers, possibly six which have qualified craft for submission of bids. Two, possibly three of the manufacturers are foreign. It is incomprehensible to me that a U.S. military service must now rely on foreign concerns for parts and components. I say this in a positive tone because it is clear that the foreign governments will provide their manufacturers enough subsidation to underbid American concerns. The Buy American Act would provide an American manufacturer with only a maximum 10-percent advantage which would surely be overcome by the tens of millions of dollars in subsidies by foreign governments. Equally as important is the fact that this country is still suffering high rates of unemployment. The 41-aircraft, $250-plus million program could provide more than 9,000 man-years of employment over the 30-month purchase program—averaging more than 1,510 jobs per year. I will offer an amendment limiting the awarding of a contract to a domestic manufacturer with design, engineer, manufacturing, and assembly facilities in the United States. I urge my colleagues to read my additional views at pages 53–54 of the report which detail the most unfortunate situation we are now faced with.

On June 23, on page 33 of the Wall Street Journal, was an article entitled "Two French Firms Plan Joint Trijet Venture Aimed Chiefly at U.S.," which explained that the venture is aimed chiefly at the United States, and the article is as follows:

Two French Firms Plan Joint Trijet Venture Aimed Chiefly at U.S.

> Paris.—With substantial French government backing, France's privately owned Aeronautique Dassault-Breguet Aviation S.A. and the state-controlled Societe Nationale Aerospatiale will jointly produce a new executive trijet aimed chiefly at the U.S. market.
>
> The two companies said the government support, which will be reimbursable, will cover 100% of the development expenses incurred by Aerospatiale and 40% for Dassault.
>
> Called the Mystere 50, the trijet will be the latest addition to the family of military and executive aircraft built by Dassault.
>
> Like its previous, smaller versions, the Mystere 50 will be sold in the U.S. and elsewhere under the Falcon name.
>
> The new plane will have only a slightly higher carrying capacity but will be much faster and have a longer range than earlier models. It will be able to carry eight to 12 passengers more than 3,300 miles, thus linking the U.S. East and West coasts or the U.S. with Western Europe, the builders said.

There is the beginning. There is the foot in the door. The Coast Guard will be the very first one to buy these airplanes subsidized by the French Government. Our domestic producers just will not be able to compete, and yet we sit here and stand here on the floor of the House and pass $5 billion for CETA jobs, giving people jobs to shuffle papers. When it is all over with, we have nothing, nothing at all. Yet we are going to blow this first contract.

I say it is only the first contract. There will be a lot more going to the French.

On another subject, with the passage of the extension of U.S. Fisheries management jurisdiction to 200 miles, the Coast Guard now becomes the agency responsible for the enforcement of the program. The legislation, Public Law 94-265, authorizes substantial additional equipment and 869 personnel. In anticipation of budget requests for this item, the committee provided $70 million in this bill to implement the intial provisions of the 200-mile limit legislation; $10 million is already available by the provisions of the second supplemental. Accordingly, this legislation makes $80 million available for the program. It is important to note that our subcommittee recommended this $80 million figure to the Committee on the Budget for this program. That recommendation was incorporated in the budget resolution.

It has come to my attention that there will be an amendment to increase appropriations for the Coast Guard program dealing with the 200-mile limit. Early this spring when the House concurrent resolution on the budget was still in the making, our subcommittee along with the Merchant and Fisheries Subcommittee on Coast Guard submitted our recommendations to the Budget Committee for an appropriate figure for the 200-mile limit enforcement program for fiscal year 1977. Our subcommittees proposal of $80 million in budget authority and $50 million for outlays was inserted in the first concurrent resolution on the budget for fiscal year 1977 (H. Con. Res. 611).

I should like to refer my colleagues to page 46 of House report No. 94-1030 to House Concurrent Resolution 611 which supports this assertion. Accordingly, the "Dear Colleague" that has been circulated on this matter is misleading, to the extent that the last paragraph intimates that the budget resolution contains merchant marine and fisheries $108.6 million figure for this program.

It clearly does not—it contains the Appropriations Committee recommendation for $80 million.

I should like to advise that I was an original cosponsor of H.R. 200 which established the 200-mile jurisdictional zone. I supported the $10 million provision in the second supplemental for this program to get it underway as soon as possible. That is the reason the figure in this bill is only $70 million.

Finally, I think we would be making a mistake to even assume the authorization ceiling will allow a $108.6 million appropriation program. The Coast Guard authorization conference has not even convened yet. The House bill contains $108.6 million level with specific acquisitions enumerated while the Senate bill merely provides a $100 million lump sum appropriation. It is entirely possible that the final authorization could be less than $108.6 million.

No one refutes the importance of this program. However, it is important to keep in mind that it is not realistic to assume that more than $80 million could be obligated before the end of fiscal year 1977. The Coast Guard is satisfied with this figure. As a matter of fact, to this date no budget request on this matter has been received.

Accordingly, I would urge Members to oppose efforts to increase these appropriations. For the remaining programs under the Coast Guard, alteration of badges, retire pay, reserve training, R. & D. State boating safety assistance, the committee essentially provided the administration request.

Because of a surplus in the pollution fund the committee chose a figure $5 million which is half the request.

This concludes my review of the section on the Coast Guard. However, I feel at this time a personal note of thanks to Capt. Raymond H. Wood, USCG is in order. Captain Wood has served as Chief for Coast Guard congressional relations for 3 years. He has recently been transferred to a command post in Norfolk, Va. Captain Wood is a valuable asset to the Coast Guard and has been a tremendous help to the chairman, myself, and all the members of the subcommittee on Coast Guard matters. I wish him well in his new post.

The Federal Aviation Administration is the largest operating budget of all the agencies in this legislation. For operations, the committee recommends $1.666 billion which is $11.519 million below the budget. Virtually all the restrictions are again caused by uncalculated cost savings. None of the reductions will affect program levels. For facilities, engineering, and development. The bill included $15.5 million which is $492,000 below the budget.

For facilities and equipment our $200 million funding level is $26.6 million below the budget. This is caused by an unobligated balance of almost $217 million still pending with 1976 authorizing legislation which has not yet become law. For research, engineering, and development, the committee provided a level of $76.7 million which is $4.7 below the budget. Again no program changes will be realized. Also, this reduction is due in part to the less than anticipated increase in commercial air traffic which is still below the 1973 level. For grants in aid for airports and the National Capital airports we are at the budget request level. Construction at the National Capital airports is $3.1 million below the request due to $17.982 million unobligated balance as of May 1, 1976.

Before I continue to the next provision, I should like to interject another personal note on the retirement of Mr. James Dow, former Deputy Administrator of the Federal Aviation Administration. Jimmy Dow served as Acting Administrator at this time last year and made one of the finest presentations ever before our subcommittee. Mr. Dow served over 33 years in public service. Throughout those years he was honored with meritorious service awards from both the Department of Transportation and the FAA he served the FAA in virtually every key position.

I am sure that Jimmy Dow will continue to be active in his efforts to insure that the United States maintains the safest and most efficient air traffic control system possible. To him and his family I should like to wish every future happiness and success. I am sure my chairman joins me in this tribute.

Under the Federal Highway Administration we recommend a limitation on general operating expenses of $150.4 million which is $1.9 million below the budget and of no consequence to existing program levels.

For motor carrier safety, highway research and development and highway-related safety grants funding levels are at the level requested by the administration. Further railroad highway crossings demonstration projects, the Alaska Highway, the National Scenic Highway, highway safety construction programs are all funded at the budget request.

For territorial highways, $400,000 above the budget is included to alleviate the Government traffic situation in Guam. For off-system roads, our $60 million recommendation is $22 million under the budget; in light of a May 1, 1976 unobligated balance of $30 million. In order to continue construction at present levels on access highways to public recreation areas, the committee recommends $4.8 million when no funds were requested. Further we are $11.6 million below the budget for the right-of-way revolving fund again because of a substantial amount of unobligated funding.

The committee recommends $35 million when no funds were requested for highways crossing Federal projects. This is an extremely important program and is authorized under section 132(a) of the Federal Aid Highway Act of 1976, Public Law 94-280. This authorization passed after the official budget submission. Further the committee provided $12.5 million when no funds were requested for the overseas highway through the Florida Keys. Examination of the present structure reveals extremely dilapidated superstructures and potentially dangerous safety conditions that can only be resolved by construction of a new highway.

We now come to a matter of concern in this legislation which occurred during consideration of the conference report to the fiscal year 1976 transportation appropriations bill (H.R. 8365). Specifically I am referring to section 316 of this bill which imposed a $7.2 billion ceiling on obligation for Federal aid highways or highway safety construction programs.

During consideration of the conference report to the fiscal year 1977 appropriations bill, the House voted by a tremendous mandate of 297 to 95 to agree to a Senate amendment imposing a $7.2 billion limitation on obligations for fiscal year 1976 and $1.8 billion for the transition quarter. The justification for imposing the ceiling then is still effective today.

At present, highway programs enjoy authorization ceilings in excess of $15 billion. it is essential that we maintain this necessary constraint to keep our highway spending in perspective. The director of the Executive Office of Management and Budget made it very clear that they will recommend the President veto this legislation if this bill does not contain this limitation on obligation.

I should like to interject that the administration requested a limitation of $6.7 billion. This subcommittee recommended an obligation ceiling of $7.2 billion to the Budget Committee which was incorporated in House Concurrent Budget Resolution 611. I direct your attention to this at page 46 of the report, House Report No. 94-1030, which substantiates this.

The Federal Highway Administration advises that an obligation ceiling of $7.2 billion more than represents a good estimate of the States ability to obligate these funds. Over the last 10 years obligations averaged $4.9 billion. It is clear that this $7.2 billion figure will more than suffice and not unduly tie the hands of our Public Works Committee. If this amendment is proposed, I urge Members to defeat it.

For the National Highway Traffic Safety Administration we have a $5.980 below the budget figure of $68 million caused by uncalculated cost savings and planned program terminations. We recommend $83.3 million for State and community highway safety which is $8.7 below the budget. This again is caused by existing unobligated funds that can be used to support planned program levels.

For the Federal Railroad Administration Office of the Administrator, we recommend $6.3 million which is $185,000 below the budget. For railroad safety the $18.3 million recommendation is $200,000 below the budget as a result of second supplemental appropriation actions. Grants-in-aid for railroad safety is funded at a $1 million level which is one-half the budget request. This is caused by the outstanding unobligated funds. For railroad R. & D. we are at a figure of $51.5 million which is $5 million below the budget. The committee is satisfied that no essential program levels will be affected by this change.

I should now like to turn my colleagues attention to language I inserted at page 32 of the report dealing with intermodal passenger terminals funded in last years transportation appropriations bill, Public Law 94–134. As of this date, the funds have not yet been made available to the cities specifically set out in the conference report accompanying that bill, House Report 94–636. It is my hope that the FRA will immediately make those funds available to these selected communities. Continued withholding of these funds is clearly contra to legislative intent set out in House Report 94–636.

Mr. McFALL. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. McFALL. Madam Chairman, I certainly agree with the gentleman from Massachusetts. We think that the language of the report is proper, that these funds ought to be expended. I agree with the statement made by the gentleman from Massachusetts. The Department of Transportation should proceed with the program in an orderly fashion.

I thank the gentleman for making the statement.

Mr. CONTE. I appreciate that, and I want to commend the gentleman from California for his contribution.

Madam Chairman, I would like to address myself to the level of funds provided for rail service assistance in this bill. These funds are intended primarily to aid the 17 States in the Northeast and Midwest to deal with the massive rail branch line abandonments allowed by the final system plan for the implementation of the Consolidated Rail Corporation. That plan did not include over 7,000 miles of existing rail line in the restructured system. This Congress approved that drastic plan because we knew there was a program of rail service continuation, which Congress established, to assist the affected 17 States to continue service on the parts of that 7,000-mile system that they found to be critical.

This bill contains $60 million for rail service assistance for fiscal year 1977. However, this $60 million has no earmark for implementation under the 17-State program consisting of ConRail States or the 33-State program which has no ConRail service. The administration requested $81.2 million for the two programs. The request, exclusive of administrative expenses, was basically $5 million for planning in the 33-State program, and approximately $70 million for the 17-State program. To date, the 17-State program has received a total of $40.3 of the $180 million authorized through 1978. The second supplemental contained $13.88 million that was to be available for both programs.

The way the appropriation is set up, the bill would provide as much as $60 million from the estimated remaining $135 million in authorized funds for the 17-State program. In the same fashion as much as $60 million could be made available from the barely untouched $360 million authorization for the 33-State program.

The rationale in the subcommittee recommendation is that since the States will only be operating approximately one-half of the 7,000 subsidy eligible miles—appropriations at the budget level are not well taken. This position has merit to a point. However, I feel it is important to provide as much front money as possible in a program such as this to reduce the need for continued patchwork maintenance. The result will be a substantial savings in the long run coupled with a more substantial and improved track bed and rail line.

The Senate has provided the administration request at $81.2 million. I should like to point out that the draft Senate report concludes that the administration request seems insufficient and anticipates the need for additional supplemental appropriations.

Let me point out that this rail service continuation program authorized in the Regional Rail Reorganization Act of 1973 is one which, with amendments made at States' urging in the Railroad Revitalization and Regulatory Reform Act, allows the States considerable discretion. I am very pleased to observe that the States appear to be using this discretion wisely and frugally to produce long-lasting benefits.

The program originally had been viewed as a 2-year phaseout of uneconomic branch lines. However, the States argued that the branch line decisions of the Federal planners did not recognize the true facts or potential on numerous branch lines. Thus they have chosen to concentrate State actions on preserving those lines which will have a lasting value and a reasonable prospect of becoming self-sustaining.

For instance, in my own district, the Massachusetts Secretary of Transportation has chosen to continue only one of the two branch lines available for subsidy. On one line, he judged that there was little prospect of long-term viability. Rather, using his discretion, he chose to concentrate State and Federal funds on lines which could become self-sustaining. Thus, on the second line I speak of, running 25 miles from Palmer to South Barre, the State is planning to rehabilitate the deplorably deteriorated tracks, to promote new industry and to develop increased industrial use of rail. Massachusetts is now badly in need of Federal funds to rehabilitate this line. Doing so will produce significant operating economies, allow more dependable service, and will restore industrial confidence. If this is done, we expect to see the operating costs come down, the traffic volume go up substantially and the line become viable.

This story is repeated elsewhere in Massachusetts and across the 17 State region. For example, Massachusetts is continuing service on only 6 of the 14 branch lines not included in ConRail. In the 17-State region, the States are continuing slightly over 180 of the 450 branch lines available for subsidy. This is less than half of the 7,000 miles not included in ConRail.

Clearly, this program is not an unthinking, politically motivated, simple subsidy of failing rail branch lines—"dogs" of the system as they have been called by the Federal planners. Rather, it has become at the State's hands and with this Congress aid, a program for resuscitating the vital branch line links which have true potential but which Penn Central and the other bankrupts had neglected and cast aside.

As such, the States' initiative needs our support. In fiscal year 1977 the States in the Northeast and Midwest need much more than the $49 million included in the $60 million rail assistance provision of this bill before us today. They need an appropriation now for fiscal year 1977 adequate to secure cost-saving improvements—we should not delay them while money is wasted on excessive operating expenses.

I will continue to follow this program closely and urge my colleagues on the subcommittee to seriously consider the higher Senate figure in conference. Finally, it is my hope that the Federal Railroad Administration will closely monitor this program and come back to us with such supplemental requests as are necessary to carry out the mandates of the Regional Rail Reorganization Act of 1973 and the Rail Revitalization and Regulatory Reform Act of 1976, Public Law 94–210.

The next important provision is probably the one met with the most controversy—grants to the National Railroad Passenger Corporation, Amtrak. Throughout fiscal year 1976 quarter, Amtrak is being subsidized at the maximum $328 million level. To continue maintaining the same system in fiscal year 1977, Amtrak advises that needed $460 million in operating assistance—this is virtually a $122 million increase.

It is incomprehensible that their operating deficit should increase more than 33 percent in the span of 1 year. The administration recommended a funding level of $378 million which is $50 million above last year's figure. The committee chose a figure of $414.7 million which is $85.9 million above last year's funding level. If Amtrak continues to require funding in addition to this level of assistance, the committee makes the following cost savings changes.

First. Maintain fiscal year 1976 level of operating expenses for facilities and equipment instead of expanded new $222 million program. Because of Amtrak's newly acquired maintenance facilities—their maintenance cost should be substantially below the fiscal year 1976. Accordingly, maintaining the fiscal year 1976 level coupled with the maintenance cost savings expected, should result in a total Amtrak cost saving of $31 million.

Second. Most recent data from American Association of Railroads indicate that Amtrak's inflation estimates for fiscal year 1976 were substantially larger than realized. As a result—a $12.3 million cost saving.

Third. Finally our hearings indicated that Amtrak could easily shave $2 million off their administrative expenses.

For capital grant acquisitions the committee recommends $80.5 million which is $25.2 million below the Amtrak administration request. The committee is satisfied that additional funds could be recouped by the following:

First. Reducing "spot" right of way improvement at a level of $2.4 million instead of $10.4 as requested. Additional assistance is made through the Railroad Revitalization and Regulatory Reform Act of 1976, Public Law 94–210.

Second. Further, a $6.3 million reduction can be made in Amtrak's passenger equipment acquisition program. This reduction could easily be made in view of the fact that Amtrak's passenger equipment acquisition is increasing far beyond increased ridership.

We are convinced that the substantial level of funding in this bill and the cost saving recommendations would insure that Amtrak could not justify a route termination for lack of adequate operating assistance.

For the Urban Mass Transit Administration, the committee recommends $55 million which is a decrease of $15 million below the budget. The committee closely scrutinized this program and provided adequate funding levels to maintain present program levels.

I should like to note language which I inserted in the report at pages 38–39 regarding an UMTA study to coordinate Washington, D.C., university class scheduling to run as closely as possible to mass transit operating schedules. If successful, this study will develop an effective means of encouraging student riderships and discouraging the congestion caused by student-owned automobiles in and around the various District of Columbia campuses.

I should now like to bring everyone's attention to language I inserted at page 41 of the report dealing with interstate transfer substitutions. As Members may know, 23 U.S.C. 103(e) (4) enables States to substitute a portion of their interstate highway route for a mass transit project.

This bill contains a $575 million ceiling on interstate transfer substitution of which up to $400 million is earmarked for District of Columbia Metro accordingly, $175 million is available for the remainder of the State programs. I should like to point out that the Department of Transportation assures this committee that the remaining $175 million will be adequate for remaining State program. Their budget submissions have indicated that they have set aside no more than $100 million for projects in Boston, Mass., and no more than $57 million for similar substitutions in Pennsylvania and Oregon. It is the committees understanding that the programs in these particular States will have adequate funding as their applications are approved. My language provides that from here on UMTA is authorized to approve segments or portions of major mass transit substitution projects. This will enable projects to continue on an orderly basis without having a tremendous "on-paper" distorted budget impact in any 1 year.

For instance instead of a 5-year $500 million transfer program approved in a particular year and showing up "in toto," in the budget for that particular year, it would show up over the space of 5 years at the rate of $100 million per year. This would also prevent the need for additional appropriations a reassessments for inflationary impacts. Spreading the program out over a period of years will result in yearly assessments of inflation impact. This can only result in a more closely supervised budgetary control.

As a final note, I should like to direct Members attention to the language at page 40 of the report which refers to the Library of Congress report on the validity of cost and ridership predictions on the D.C. Metro system. The reports goes on to state that:

> The committee assumes, therefore, that the Department does not disagree with the estimates contained in the Library of Congress study.

This language was prepared prior to a missive from the Department advising that they are presently in the midst of reviewing the entire question of the cost to complete the metrorail system. Consequently this language should not be interpreted as a conclusive assertion of the Department position, but rather as the committee's assumption of the Department's position at the time of the preparation of the report.

For the St. Lawrence Seaway Development Corporation, the committee has included the budget request of $982,000.

For the National Transportation Safety Board the committee provided $1.8 million above the $12 million budget request to enable the NTSB to meet its now statutory responsibilities as an independent Federal regulatory agency.

The Civil Aeronautics Board will receive only $204,000 below the $21.450 budget request, while the committee is providing the full $80.007 request for payments to air carriers. This is a provision of most concern to me. I have inserted language at page 43 of the report to clearly express the committee's desire that the Civil Aeronautics Board initiate a study of the subsidy needs of all regulated carriers.

It is our intent that this study should be made of those carriers who were previously but are not currently receiving subsidies. It is the opinion of the committee that these carriers are providing a most valuable service to the small communities throughout the Nation. If it is determined that these carriers are suffering net losses by virtue of their important service to small low-density areas, then the criteria for subsidy eligibility must be reexamined and the inequities corrected.

We now come to the grandfather of all Federal regulatory agencies—the Interstate Commerce Commission. The committee provided $56.4 million, which is $424,000 above the administration request. I emphasize administration request because Public Law 94–210 authorizes the Interstate Commerce Commission to submit their budget directly to Congress. The committee recommendation is some $3.23 million below the Interstate Commerce Commission request.

I should like to note that the committee provided $1.363 million in budget support for the Office of the Rail Public Counsel which was created in the Rail Revitalization and Regulatory Reform Act of 1976, Public Law 94–210. This office will serve as an adjunct of the Interstate Commerce Commission with authority to intervene in any Commission rulemaking, ratemaking, or other administrative proceeding on behalf of the shipping public or any segment of the industry not adequately represented in the particular proceeding. This particular appropriation has been criticized for it is argued that it is the genuine statutory responsibility of the ICC to take into consideration all interests that might be affected by a Commission proceeding.

The problem is that all too often a majority interest in a particular proceeding will be more than adequately represented by a cadre of counsel while the groups with a lesser interest in a proceeding will go virtually unspoken for. The Commission will then have only a partial record upon which to act. The Office of Rail Public Counsel is designed to insure that the record in every proceeding adequately reflects the positions of all possible parties and interests concerned. Further, this office is authorized to appeal a Commission proceeding in the courts. As an attorney, I appreciate the need for such an entity to insure that the record in every proceeding is developed as much as possible. Finally, if the Commission decision does not appear to be supported by the record, it is reassuring that this office stands ready to safeguard the interests of those who might have been overlooked in the decision.

The Rail Revitalization and Regulatory Reform Act of 1976, Public Law 94–210, contains a section I authored which requires that in every ratemaking proceeding, the Commission must consider all possible instances of possible discriminatory effects of the rate amongst the various transportation regions throughout the Nation. At this time, such considerations are made only after the fact; that is, on appeal. The Office of Rail Public Counsel will be that entity charged with examining all possible discriminatory effects of rates from the onset. This alone justifies the existence of this entity.

I initiated the feed grains investigation case before the Interstate Commerce Commission 3 years ago. I discovered that feed grains shipped into New England from the Midwest were shipped at rates up to 40 percent higher than identical shipments of feed grains to a point equidistant in the Southern United States. The Commission finally found that the rate structure was prejudicial against northeastern shippers and is now in the midst of reassessing the whole structure.

It is my hope that my amendment to the Rail Revitalization and Regulatory Reform Act (P.L. 94-210) is followed to the letter by the Office of Rail Public Counsel to insure that these gross inequities never recur again.

The Panama Canal will receive a funding support level of $65.8 million which is $247,000 below the budget request. The reduction should have no effect on program levels.

Now we come to the U.S. Railway Association. The committee has provided $12 million for administrative support which is $100,000 below the request. Most of these funds are expected to be utilized in the support of the ConRail final system plan before the special court. Because ConRail had to include more than 2,000 miles of rail line that the Southern and Chessie rail systems were expected to operate, ConRail's court burdens were increased proportionately.

At this time, I should like to note the efforts of Transportation Secretary William Coleman on this matter. Up until the "11th hour" on March 30, 1976, Secretary Coleman was engaged in virtual round-the-clock negotiations with the Chessie and Southern Railroads, ConRail, and the respective labor unions in efforts to reach an agreement which would have resulted in the Southern and Chessie operating 2,000 miles of the bankrupt lines. The labor situation became an unfortunate impasse. However, I feel that Secretary Coleman proceeded in an exemplary fashion in attempting to resolve the negotiations. We are most fortunate to have a Secretary with such capabilities, dedication, and persistence. He has moved the Department in a most positive direction ever since his appointment.

On March 25, 1976, I served as minority floor manager for the supplemental railroad appropriations bill (H.J. Res. 801). My remarks were directed to the absence of "margin of safety" or

"Contingency" funds in the bill. The reason for the absence of these funds was the fact that the larger unified ConRail necessitated a larger figure which ConRail had not yet formulated since that time, ConRail has determined that an appropriate figure would be $300 million as opposed to $250 million required by the earlier contemplated smaller ConRail structure. It is my hope that when these essential funds are requested in subsequent legislation that they will be supported by this House.

This matter was discussed at some length in this Chamber during the course of our deliberations over what became the Railroad Revitalization and Regulatory Reform Act of 1976. But, again, the subject matter was of such complexity and the debate so frequently concentrated on peripheral issues, that it is little wonder if the average Member of this body failed to grasp that what being attempted here amounted to the largest corporate reorganization in our Nation's history. Further, that if, in the course of that attempt, a proper foundation is not laid for what is being called an income-based reorganization of the several bankrupt railroads being folded into ConRail, then the Federal Government quite likely could be exposed to a multibillion dollar liability in favor of those bankrupt rail estate. One of the basic issues the courts will examine to try to determine if such an income-based reorganization can be achieved, is this very question of whether or not ConRail is being adequately capitalized.

Transportation Secretary Coleman testified before our subcommittee early February and emphatically stated the need for full funding of the contingency fund for two very clear reasons: First, to insure ConRail's financial viability; and, second, to demonstrate to the special court that the integrity of the final system plan is specifically a corporate reorganization and not a taking.

For the final appropriation in this bill, we have the Washington Metropolitan Area Transit Authority which received the budget request for administrative and operating expenditures.

Mrs. FENWICK. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentlewoman from New Jersey (Mrs. FENWICK)

Mrs. FENWICK. I thank the gentleman for yielding.

Did I misunderstand, or did the gentleman say that there were $575 million, of which $400 million would go to the District of Columbia for Metro, that the remaining $175 million would be available to the rest of the country, of which $100 million is going to Massachusetts and $57 million to Oregon?

Mr. CONTE. And Pennsylvania.

This is in regard to the provision that if a State does not choose to spend its allocation under the interstate highway trust fund, then they can take that portion of the allocation and use it for mass transit projects.

Those are the only applications pending. Boston happened to be one of the latest in the country. Instead of building the interstate highway, they chose to go ahead with mass transit.

Mrs. FENWICK. And there is nothing else pending?

Mr. CONTE. No. Oregon, Pennsylvania, Massachusetts, and I think that is it.

Mrs. FENWICK. I thank my colleague.

Mr. GRASSLEY. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Madam Chairman, I thank the gentleman from Massachusetts for yielding.

I would like to go back to that point in his remarks where the gentleman was talking about the addition of funds that the committee made for the 33-State area. I think there was an addition of $60 million; is that correct?

Mr. CONTE. Yes.

Mr. GRASSLEY. All right. Would the gentleman say, if he did not already, is there any assurance that some of that fund would go to the 33-State part of the program or will all of that be for the 17-State region?

Mr. CONTE. First of all, I would like to clarify this by saying that we had $60 million here. We put $10 million in the supplemental, so now it is $70 million to date. The 17-State program received a total of $40.3 million of the $180 million authorized through 1978.

In answer to the gentleman's question, I would say that it would go beyond the 17 States.

Mr. GRASSLEY. If the gentleman will yield further, in other words, there will be some assurance that every State could stand a good chance of getting some of that additional money put in by the committee?

Mr. CONTE. Yes.

Mr. GRASSLEY. Am I right that the committee is responding with this additional funding much beyond what the administration wanted to do by requesting funds just for the writing of State plans and just until State plans were completed and submitted? Is that right?

Mr. CONTE. I would say "yes" to that question and elaborate further by saying that it was my intention to offer an amendment here for some additional money. I decided not to do that.

I understand that the Senate may be putting additional money in; and I, for one—and I am only speaking for myself—will support that in conference.

Mr. GRASSLEY. Again, Madam Chairman, I would like to thank the gentleman from Massachusetts (Mr. CONTE) and the committee for looking beyond and going further than what the administration had intended to do, because there are many States—and I think my State is one of them—that are prepared to spend any additional Federal money that they can get for railroad revitalization because, for instance, we have had a State program of subsidies to rail-bed rejuvenation for a period of 2 years.

I think that the administration ought to take these plans into consideration and not assume, right from the very beginning, that no State is prepared to spend Federal money wisely.

Madam Chairman, with the passage of the Regional Rail Reorganization Act of 1973, Congress made clear its intent to rescue one of the Nation's most important resources. Railroads are, indeed, a resource without which a strong and vital national economy are impossible. Of course, the Regional Rail Act was directed primarily at maintaining and improving rail services in the Northeast-Midwest region; but the enactment of the

Railroad Revitalization and Regulatory Reform Act of 1975 assured that included within our national rail policy would be the goal of rehabilitating and reconstructing the entire national rail network.

Each of us, in considering the level of appropriations needed to carry out the purposes of these two important laws must remember that today's railroads are a cornerstone of America's future. Railroads are perhaps the most efficient and environmentally sound modes of transportation in the country. Indeed, while the average citizen probably, when thinking of trains, gets a picture in his head of a car carrying automobiles or coal, trains also insure that we have an adequate supply of food, both throughout the Nation and throughout the world. In the Midwest, trains are crucial to insuring that basic grains are distributed via elevators and terminals. As this Nation becomes more fuel-conscious and, at the same time, puts more money into the development of coal, a top-notch rail system will be a priority.

Before us today is a recommendation to appropriate for fiscal year 1977 $60 million dollars for rail service rehabilitation and continuation assistance in all sections of the Nation. Whereas we have two separate rail authorization laws, the Revitalization Act which covers the 33 state region, and the Rehabilitation Act which covers a 17-state region, the $60 million has not in any way been earmarked by the Appropriations Committee. This is unfortunate, assuming the earmarking is meant as precedent, because competition between the 17-State region and the 33-State region will result in hurried process of "grantsmanship."

This body, in approving the $60 million recommendation, must understand that, due to some delays by the Federal Railway Administration in the formulation of regulations crucial to the completion by States in the 33-State area of their State rail plans, these States may not be able to qualify for any of the $60 million until the early spring of 1978. Iowa has virtually completed its own intermodal transportation plan, and it is perhaps the most thorough and well thought out in the Nation. In fact, the Department of Transportation may decide to use the Iowa plan, or parts of it, as a model for the rest of the Nation. But Iowa's plan does need some finishing touches which cannot be added until the FRA issues its final set of regulations. While I believe the FRA is acting in good faith, each day of delay means a bit more chance that Iowa may have to abandon up to 500 miles of track while being unable to compete with the Northeast States for any of the $60 million.

The Northeast region is all set to go primarily because its authorizing legislation went into effect years ago. Major problems which may have developed in the formulation of regulations have had plenty of time to be worked out. Thus, it is entirely possible that the entire $60 million appropriations we vote on today will go to ConRail. Certainly, with Iowa and several other States in the 33-State region just about set to implement their plans, we cannot deny them the opportunity simply because of the workings of our appropriations process. Therefore, I will support the recommendation of the Appropriations Committee under the assumption that, either the 33-State region will qualify for some of the $60 million, or a supplemental appropriations will be adopted to meet the region's need.

Remember, not only are the railroads themselves at stake. Also at stake is an efficient and effective means of transporting food and manufactured goods, as well as raw resources such as coal and, thus, a healthy economy.

Mr. CONTE. Madam Chairman, does the gentleman from California (Mr. McFall) want to elaborate on the answer to the question of the gentleman from Iowa (Mr. Grassley)?

Mr. McFALL. If the gentleman will yield for the purpose of answering the question. The funds in this bill are available for planning and subsidy grants for both programs.

Mr. CONTE. Madam Chairman, I thank the gentleman from California.

Mr. ABDNOR. Madam Chairman, I would like to address briefly the committee's recommendations for fiscal year 1977 appropriations for section 132(1) of the Federal-Aid Highway Act of 1976 and for section 803 of the Railroad Revitalization and Regulatory Reform Act of 1976. Both are of extreme importance to my constituents.

Section 132(a) of the Federal-Aid Highway Act of 1976 authorizes $100,000,000 for the construction or reconstruction of public highways or highway bridges crossing any Federal public works project when there has been a substantial change in the requirements and cost of such highway or bridge since the public works project was authorized and when such increased costs would work an undue hardship upon local interests.

The language of this section was expressly tailored to include the necessary authority to permit the repair of the U.S. Highways 12 and 212 bridges crossing the Corps of Engineers operated Oahe Reservior at Mobridge and Forest City, S. Dak., respectively.

Quite extensive repairs to these bridges have been necessitated due to problems created by the operation of the Federal reservoir. These problems were unforeseen at the time the State assumed responsibility for the bridges and present a financial burden beyond the State's means, as well as an imminent safety hazard.

I was, therefore, gratified when in correspondence addressed December 17, 1975, Secretary Coleman assured me that the "Federal Highway Administration will continue to cooperate, to the extent that its authority and limited funds permit" in dealing with the problems of these bridges.

More recently, on April 8, 1976, the Federal Highway Division Administrator in Pierre, S. Dak., Mr. Arthur L. Johnson, wrote:

> While the Oahe Reservoir and the accompanying bank erosion are clearly not within the jurisdiction of the Federal Highway Administration, the federal-aid highways within the state are. We felt it was time to see if we couldn't do something to assist the state in correcting these troubled bridges regardless of the causes that created the situation.
>
> It became quite evident that the normal appropriations of federal-aid highway funds to South Dakota are not sufficient to permanently correct these bridges. Both we and the officials within the South Dakota Department of Transportation (SDDOT) feel the only way adequate funds are going to become available is through special legislation either within a normal highway bill or otherwise.

Subsequently, the Federal-Aid Highway Act of 1976 was enacted providing the necessary authority; and the Administrator of the Federal Highway Administration, Norbert T. Tiemann, in correspondence dated April 30, 1976, assured me that "the needs of South Dakota will be fully considered and that we will strive for a fair allocation of appropriated funds."

Accordingly, I am pleased the committee has recommended that section 132 be funded in the coming fiscal year. Although the recommended level of $35 million is certainly far short of the needs nationwide, South Dakotans only ask that our problems—which are estimated to require approximately $15 million—receive the consideration due them, consistent with their urgency and the budgetary factors involved.

Hopefully, the expressed understanding of departmental officials, from the secretary to the local division administrator, of the seriousness of these problems will result in the necessary funding being made available as soon as possible.

Even as we look forward to assistance in preserving these vital highway links, we were pleased in my State to see section 803 of the Railroad Revitalization and Regulatory Reform Act of 1976 enacted into law. The authority contained in this section provides the means required for us to maintain equally vital rail branch lines which have been marked for abandonment.

There are presently 353.2 miles of trackage pending abandonment in South Dakota. The Division of Railroads of the State Department of Transportation has informed me that we will need approximately $7,600,000 under section 803 in fiscal year 1976.

These funds will not be used to subsidize lines which will eventually be phased out. Each has a definite potential for increased traffic. The intent is to make each a viable, profitable part of the national rail system.

We have already lost enough miles of rail line in South Dakota to realize what it means at the local level. We are also beginning to develop the hard economic data to realize what rail abandonments mean to the State as well.

In view of the importance of these lines to our State as a whole, there can be no doubt the officials of the State Department of Transportation will do everything in their power to see that we can utilize funding under section 803 as soon as possible. Indeed, the timing is critical.

I must admit when I cast my vote for

the Railroad Revitalization and Regulatory Reform Act, I did not do so without reservation. My personal fiscal philosophy, which I believe reflects that of my constituents quite well, gave me pause as I contemplated the monetary commitment we were imposing upon the American taxpayer.

It was the realization of the importance of the assistance offered by section 803, however, which dictated my support for the measure as a whole. Funding for the light density rail line program is vital to South Dakota.

I, therefore, find particularly disturbing the argument that such assistance is required in the 17 Northeastern States because of the insolvency of the railroads there. What difference does it make to a community if they are abandoned by a solvent railroad or one that is bankrupt?

The communities which are about to be impacted by rail abandonments in my State deserve the same consideration as those elsewhere. South Dakotans appreciate budgetary realities, but we also must insist upon equitable treatment of our problems.

If the $60 million recommended by the committee for both the Northeast and the rest of the country for fiscal year 1977 is inadequate when added to unexpended fiscal year 1977 funds for the Northeast, perhaps it should be increased. In any event, the abandonment of rail lines outside the Northeast must be given equal consideration in the allocation of any level of funding.

Mr. HORTON. Madam Chairman, Wayne County in central New York State is served almost entirely by subsidized branch lines. About 2,000 agricultural carloads a year are received or shipped on the subsidized lines by local agriculture. Many firms such as the Comstock Division of Borden and Duffy-Mott process food for the national market and are dependent on these lines. The New York State rail plan provides for the continuation of the central portion of these lines and the elimination of many miles of lines that serve no rail customers. Analysis of the resulting operation shows clear profit potential for ConRail.

The State of New York, under its rail plan, plans to acquire, rehabilitate and operate two essential lines in Wayne County. These lines are the Hojack Line from Union Hill to Scriba, N.Y., running east and west and the line running south from Sodus Point, N.Y., to Newark, N.Y. The line from Sodus Point intersects the Penn Central main line, which is included in ConRail, at Newark, however, it is necessary that connections be constructed.

Along with Congressman CONTE, I request that sufficient funds be made available to the subsidy program so that capital projects like these can be completed immediately and the operating subsidy be stopped and service be improved at the same time.

Mr. LAFALCE. Madam Chairman, there is a rail line in my 36th Congressional District in western New York which is a perfect example of why increasing the amount of authorized funds to be appropriated this year—and reducing, therefore, the amounts which will be needed in future years for capital projects—will ultimately result in savings to the taxpayers—something we all agree with.

Some years ago when the new hydroelectric plant was being built in Niagara Falls, N.Y., a portion of the Penn Central Rail Line which ran through the site had to be removed. During that construction period the rail service to shippers on that line became accustomed to receiving service from the east, from Rochester, some 76 miles away.

And after the powerplant was completed the portion of the rail line was not replaced, even though neither Penn Central nor anyone else had sought or received permission to abandon it or otherwise remove it.

The USRA analyzed this line from two perspectives. One, assuming that the service to the shippers on the line—all of whom are at the western end, by the way—would continue to be supplied from Rochester. This analysis showed that a subsidy of $480,000 per year would be needed to sustain the line.

The other analysis, however, assumed that the missing section—about half a mile—would be replaced and the track rehabilitated to decent standards to permit service on the much shorter western section of the track. That analysis showed that the line would be profitable to ConRail to the tune of $80,790 per year.

In other words, Madam Chairman, replacing the missing section and rehabilitating the line to assure safety and environmental soundness would result in a subsidized line being added to ConRail and taken out of the subsidy system, making ConRail more profitable and, at the same time, saving the taxpayers nearly half a million dollars each year.

The cost of rehabilitation of this line has been estimated by the New York State Department of Transportation at $2.4 million. Yet the recommendation before us today would provide New York State with less than $6 million for all of its capital projects on 1,000 miles of line.

New York is not the only State which will be shortchanged if the $49 million recommendation is accepted. All of the States in the 17-State region have similar problems and, I might add, similar opportunities to effect subsidy savings which could easily surpass the capital costs of these projects. Appropriation of $100 million of the remaining $130 million would give New York almost $15 million—enough to get a number of priority projects, including this one, done right away.

Subsidies could be curtailed earlier and next year's capital program could be reduced to the remaining $30 million which has been authorized. It is absurd, in my view, to hold back payments from one pocket for this program when the price of that is to continue making subsidy payments out of our other pocket.

Mr. BEDELL. Madam Chairman, we are today considering H.R. 14324, the proposed Transportation Appropriations bill for fiscal year 1977.

On February 5, 1976, the Regional Rail Reorganization and Regulatory Reform Act of 1976, which authorized this appropriation, was enacted into law.

With this authorization legislation, the Congress and the President clearly acknowledged that the threat of very serious economic and social consequences resulting from railroad failures is not isolated within the northeast region, but rather extends dangerously to the rest of the country.

In a separate and distinct provision, section 803, the act authorized a 5-year program with funding up to $360 million for branch line assistance for those States beyond the 17 of the northeast region.

For the grain rich States of the midwest, and for my own State of Iowa, the efficiency and health of the railroads are of vital importance in sustaining agricultural growth and in transporting crops to markets.

Thus, the recognition, in a nationally oriented bill, of a significant deterioration of midwest railroads and of the need for substantial assistance was most gratifying.

It is unfortunate that today, as we consider H.R. 14234, the perception of our national rail problems seems to have again narrowed to within the boundaries of the northeast region.

The House Appropriations Committee has recommended a figure of only $60 million for all branch line assistance, whether in or out of the northeast region.

This appears to be a considerable sum until we consider all that will be required of that $60 million. While administrative costs will consume approximately $6 million, it is estimated by FRA that the demands of the northeast branch lines for fiscal year 1977 could reach $70 million and therefore far exceed the remaining $54 million in Federal resources provided in this bill for the branch line assistance program.

With the 17 Northeast States ready to immediately begin their programs, and the other States either unprepared or awaiting completion and approval of their final plans in accordance with the authorizing legislation, the States outside of the Northeast are, in effect, cut off from participation in this program in the coming year.

This is a frustrating situation for Iowa which has already gone through the experience of creating a State plan. The Iowa Department of Transportation estimates that $8 million in Federal assistance, under this program, will be needed by next spring, for fiscal year 1977.

I believe that the failure of this appropriations bill to recommend a level of branch line assistance which would adequately fund all eligible States is a great error.

Further, I believe that it is vitally important for Congress to maintain the realistic vision which it adopted with the authorizing legislation, enacted last February. We must follow through on an explicit and substantial commitment to the needs of those railroads beyond the Northeast and act on a recognition of the far reaching dangers to our agricultural and economic health resulting from a vulnerable continental rail system.

Mr. McEWEN. Madam Chairman, the New York State rail plan proposes that a connection be built between the former Penn Central branch in Ogdensburg to the Ogdensburg Bridge and Port Authority Railroad, a short line railroad that serves many points in St. Lawrence County. If the connection were built, rehabilitation of the 19-mile Penn Central spur would be limited to a 7-mile section and 12 miles of the spur could be abandoned entirely. All customers would be served. Moreover, substituting the short line service for ConRail would save operating subsidies of up to $500,000 annually, result in a profitable operation of the short line, and continue to generate the main line of the rail traffic for ConRail at the short line junction. This connection would cost about $2 million. If all the subsidies were appropriated at one time, and not piecemeal, the State would have sufficient capital to build this connection immediately and stop the subsidy payments. Obviously, after only a few years of service the capital cost would be repaid and the savings to the national taxpayer would accrue.

Mr. McFALL. Madam Chairman, I yield 3 minutes to the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Madam Chairman, at the proper time, I will offer an amendment to strike section 302 of this bill. This provision places a ceiling on the amount that the Secretary can obligate for airport construction during fiscal year 1977.

This past week, the conferees filed the conference report on H.R. 9771—the Airport and Airway Development Act Amendments of 1976. This measure authorizes contract authority of $510 million for construction in fiscal year 1977 from the trust fund—a trust fund consisting of taxes on the users of the aviation system.

This figure—$510 million—is consistent with the budget resolution, and has been endorsed by the Secretary of Transportation.

Yet, the appropriations bill before us cuts this number by 23.5 percent—reduces the fiscal year 1977 obligation authority from $510 million to $390 million. That results in a cut of 23.5 percent in the amount each air carrier airport would receive in fiscal year 1977—funds that are urgently needed for construction, to increase safety margins, and to improve efficiency.

Madam Chairman, in 1970 the Congress passed and the President signed the Airport and Airway Development Act of 1970. This measure was designed to give sponsors—the cities and counties—long-term assurance that funds would be available for necessary construction. The funds would come from the trust fund which consists of taxes on the users.

In the amendments of 1976—the conference report—we placed a ceiling on the amount that could be obligated for each year. For fiscal year 1977, the Secretary can obligate no more than $510 million. So there is a ceiling on fiscal year 1977 obligational authority.

The Appropriations Committee, however, also placed a ceiling on this amount—a ceiling of $390 million—which is $120 million lower than the level approved by Congress in the budget resolution, and $120 million lower than the level supported by the Secretary of Transportation.

The effect of this arbitrary ceiling of $390 million contained in the appropriations bill is to reduce the amount available to each air carrier airport by 23.5 percent, and would reduce the general aviation level by an equal amount.

In addition, Madam Chairman, in the conference report on H.R. 9771, we permit the use of user taxes to pay for the servicing of airway facilities—a cost which was previously borne by the general taxpayer. We authorize $250 million for fiscal year 1977 for this purpose; however, if the full amount of construction funds are not forthcoming, then the amount for servicing would be reduced by a proportionate amount. Thus 23.5 percent of the funds which would be paid by the users would be paid by the general taxpayer, if this ceiling of $390 million remains.

In conclusion, a vote for the amendment to strike section 302 would mean:

First. An increase of 23.5 percent in funds for airport construction in every part of the country;

Second. A decrease of $58.75 million in the amount that the general taxpayer would pay for the maintenance of the aviation system; instead, the users of the system would pay this amount;

Third. A shifting of a larger part of the burden of paying for the upkeep of FAA facilities from the general taxpayer to the users of the aviation system;

Fourth. Consistency with the fiscal year 1977 budget resolution approved by the Congress; and

Fifth. Supporting the funding levels endorsed by the Secretary of Transportation.

I will ask for an "aye" vote on this amendment.

Mr. SNYDER. Madam Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Kentucky.

Mr. SNYDER. Madam Chairman, as I understand it, we are talking about, in the area of air carrier airports, both discretionary money and emplanement money?

Mr. ANDERSON of California. That is right.

Mr. SNYDER. Assuming that the bill stays as it is so that the Secretary makes his cut proportionately between both the discretionary and the emplanements, what would happen to the gentleman's State of California in regard to this loss of revenue through those emplanements?

It does not take it all out of one or the other.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFALL. Madam Chairman, I yield 2 additional minutes to the gentleman from California.

Madam Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from California.

Mr. McFALL. I thank the gentleman for yielding.

I intend to offer an amendment raising the limitation to the authorized amount, $510 million for fiscal year 1977, and I hope the House will accept it. Now that we have the authorizing legislation, I believe we can and should go forward at a higher rate.

Mr. ANDERSON of California. I thank the gentleman for his comments.

In answer to the gentleman from Kentucky, of the amount that we have in our bill, H.R. 8771, air carrier airports in California would receive about $27 million. If we go to the reduction, the $390 million that is in the appropriation bill, California would lose about $7 million, down to $20 million.

Mr. SNYDER. Madam Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Kentucky.

Mr. SNYDER. I thank the gentleman for yielding.

I believe Massachusetts would go from $4.5 mililon down to $3.4 million, or a loss of $1.1 million out of the emplanement money alone. Of course, we are not talking about general aviation which would also be reduced.

Mr. ANDERSON of California. Yes. Massachusetts would drop about $1.1 million. In addition, the discretionary fund which in the conference report on H.R. 9771 is $146 million. The $390 million ceiling placed in the appropriations bill would drop that discretionary fund to $111 million, or a loss of $35 million.

Mr. SNYDER. If the gentleman would yield further, in response to what the gentleman from California (Mr. McFALL) said about the situation earlier, would the gentleman tell the committee the status of this trust fund in regard to its surplus. Am I correct that the trust fund is in substantial surplus?

Mr. ANDERSON of California. The trust fund has plenty of money—over $1 billion—to take care of this. That is why the administration was so insistent about our provision that takes money out of the trust fund to pick up maintenance costs, and to relieve the general taxpayer of $250 million the first year, and it averages through our 5-year bill about $300 million a year. So it is a great boon to the general taxpayer.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFALL. Madam Chairman, I yield such time as he may consume to the gentleman from New York (Mr. KOCH).

Mr. KOCH. Madam Chairman, I am a longstanding supporter of mass transportation, and I would like to attempt to clear up some of the misunderstanding concerning the appropriations provided in the bill for mass transportation projects substituted for interstate system projects.

Some have asked whether the proposed limitation contained in section 316 on obligations for Federal-aid highways and highway safety construction will affect the ability of local jurisdictions to take advantage of the legislation allowing substitution of mass transit projects for interstate highway projects.

Because the limitation contained in the bill applies only to "Federal-aid highways" and to "highway safety construction" accounts, the ceiling imposed by section 316 will not affect the ability of a State government to apply to the Department of Transportation for approval of a substitute mass transportation project.

The committee is recommending $575 million in this bill for such substitutions, in addition to allowing $175 million for obligations incurred for mass transit substitutions under the terms of the Highway Act of 1973.

Under the terms of the Highway Act of 1976, which was recently passed by the President, all interstate substitutions for mass transportation will now have to be appropriated, after approval for substitution has been obtained from the Secretary of Transportation. This is a technical change from the situation which existed under the 1973 legislation, where the approval of a substitute project created contract authority and required the appropriations process to provide liquidating cash to pay for the obligations incurred. In both cases, however, the funds that pay for these mass transit projects come from the general revenues of the Federal Government and not from the highway trust fund, as is sometimes supposed.

I believe there still exists a great deal of misunderstanding in the Congress and in the country as a whole about the provisions of the Highway Acts of 1973 and 1976 concerning the allocation of interstate highway funds for mass transportation purposes. Although this is not a matter over which this committee has legislative jurisdiction, the effect of this new program is to require that increasing appropriations be made from the general revenues of the Treasury. These mass transit projects are not being paid from the highway trust funds, as is supposed by a great number of people.

I have no objection to this, and I think it is an appropriate use of Federal resources, serving to expand the Nation's commitment to safe and convenient transportation available to all our citizens, but I believe that some have the misconception that these so-called interstate transfers are funded from the highway trust fund.

In fact, under the highway authorizing legislation, there are two separate provisions benefiting mass transit. The interstate transfer provision allows the transfer of authority, but not the funds, for mass transit projects. The money must still be appropriated for these mass transit projects, while the money which would have been spent for the interstate segment remains in the highway trust fund.

Another provision in the Highway Act allows the use of funds provided for urban system roads to be used for mass transportation purposes. This transit option is funded directly from the highway trust fund, but thus far only seven cities have used a total of $50 million from this source during the past 3 years. This provision, which does not require that a city completely renounce a particular highway project in order to obtain the funding for mass transportation projects, will hopefully be used increasingly in the future, but it is a very limited program. For one thing, there is a more limited amount of money available under this program for each urban area's highway and transit needs. Nationwide, $800 million must be apportioned among all States; for example, for fiscal 1976 California was apportioned $90 million, New York State $77.5 million. This money is further subdivided to urban areas within the State, so that all of New York City and northern New Jersey were apportioned $57.8 million in fiscal 1976. This limited amount of money must be allocated both to repair and to build existing highways within urban areas as well as mass transit projects. Furthermore, the formula for the urban system program provides a 70/30 Federal/State matching share rather than the 80/20 available under some Urban Mass Transportation Administration programs and under the interstate transfer arrangement. Thus both the amount of money available and the terms of the urban system program discourage its widespread use for mass transportation.

I point this out, because I think it is important that we not be under the illusion that the highway trust fund is providing a great deal of mass transit assistance. It is not. I believe that the Congress must revise the trust fund at the next opportunity to provide for general funding for all transportation needs rather than continue this single purpose trust fund which misallocates our resources by funding highways almost exclusively.

The Public Works and Transportation Committee performed legislative legerdemain, when it got this piece of highway trust fund legislation through the Congress in 1973. Many Members, then and now, thought they were opening the highway trust fund for mass transportation. They were not. They were opening the General Treasury.

Nevertheless, even though I believe the highway trust fund should directly provide the funds for federally aided mass transportation projects, the existing interstate transfer provision does provide a vital mechanism to authorize funding for mass transportation, and I certainly support the appropriation of general funds for this purpose until legislation is adopted to provide for funding for mass transit from the highway trust fund.

Madam Chairman, I would also like to comment on the importance of funds appropriated for rail service assistance. The bill we are reporting today contains $60,000,000 for rail service assistance, which will enable the States to make improvements and continue service on rail lines that were not included in the ConRail system, when that became operational, but which have been continued as part of the various State rail plans.

I support the appropriation for these branch lines, even though there are no such lines in my district, because I believe in establishing viable rail serice for the country as a whole, and these funds will help do that. Without sufficient funds to make necessary capital improvements and to subsidize service on these branch lines, the entire ConRail system will suffer, because these branch lines will provide additional revenue to the main lines by generating additional traffic. And we should also be mindful of the needs of the rural communities whose businesses are dependent on these rail lines. Those of us who represent the larger cities are not unconcerned with the difficulties of the rural areas, and we hope that those areas also sympathize with some of the problems that large cities have with mass transit and other programs, and their financial and legislative difficulties.

There are those who say that appropriating a larger amount of money for these rail subsidies would be fiscally imprudent, but I believe that the appropriation of money now to allow capital improvements on those lines that the States have designated as part of their rail plans will enable the States to achieve long-term efficiencies and better operating results, and will save the taxpayer money in the long run. For these reasons, I favor increased amounts for rail service assistance.

I also want to make it clear that I believe that our rail passenger system, Amtrak, deserves the strong support of the Congress, and I think this bill does continue a strong record of financial support for Amtrak. The Transportation Subcommittee on which I serve has made an effort to provide enough money for Amtrak to continue operating all the routes it now operates. I hope that Amtrak will be able to introduce new equipment and to generate increased revenue, so that passenger service can continue and even be expanded where feasible.

Mr. McFALL. Madam Chairman, I yield 3 minutes to the gentleman from New York (Mr. NOWAK).

Mr. NOWAK. I thank the gentleman for yielding.

I would like to address a question to the distinguished gentleman from California. The report language on page 25 states that it is not the intent of the committee that the Secretary use the obligational ceiling to distort the priorities set by the Congress. However, I wonder if this language is strong enough to make certain that the Secretary cannot simply choose not to fund a particular program. For example, a discretionary fund has been established by Public Law 94-280 for the Secretary to approve, at his discretion, priority primary projects of unusually high cost and requiring long periods of time for their construction.

It was my understanding that the ceiling and obligation would not give the Secretary the authority to decide to not fund this type of program.

Mr. McFALL. If the gentleman will yield, we have a highway obligation ceiling in the current year. This ceiling has not distorted the highway program. We put language in the report on pages 25 and 26 because we want the executive branch to know the Secretary and OMB may not pick and choose among priorities set by Congress, and that it should not discard discretionary highway programs in order to hold down obligations. Although the Secretary has the authority to approve individual priority primary projects set up under Public Law

94-280, he may not simply decide not to fund the program.

I certainly agree with the gentleman and I believe the committee report speaks to that issue directly.

Mr. NOWAK. I thank the gentleman.

Mr. McFALL. Madam Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. Nolan).

Mr. NOLAN. Madam Chairman, the Appropriations Committee bill provides $60 million for rail service assistance nationwide. This includes assistance under section 402 of the Rail Reorganization Act of 1973 for States in the northeast region and under section 803 of the Railroad Revitalization and Regulation Reform Act of 1976 for the States outside the region.

Since the enactment of the Railroad Revitalization Act in February, the States outside the region have made great progress in developing State plans for the rehabilitation of vital branch lines. My own State of Minnesota has established a State department of transportation and has appropriated $3 million for its contribution toward this joint effort to save our rail lines. Likewise, the States of Iowa, South Dakota, Wisconsin, Florida, and others have plans ready or nearly ready for approval by the Department of Transportation. Minnesota estimates that it will require at least $6 to $8 million in assistance. Wisconsin, Iowa, and South Dakota have made estimates in the same range.

It has been charged that neither the Federal agencies responsible for the program nor the States will be ready to utilize appropriate funds. However, the Interstate Commerce Commission has said that it will have its proposed regulations out by July 1. The Department of Transportation has made a similar promise.

The State of Minnesota has indicated that its final comprehensive plan will be completed early next year. The State is having hearings on the plan this week throughout Minnesota. However, the State has said that it could have a plan ready in as little as 6 to 8 weeks if the money were immediately available.

The committee report states that the committee intends that the funds recommended will be available for planning and subsidy grants for both the section 402 and 803 programs. The Department of Transportation has already demonstrated its bias against States outside the region by failing to request an appropriation for section 803. Madam Chairman, I believe that we should make it clear—beyond a shadow of a doubt—that the funds appropriated in this legislation are to be made available to all States on an equal basis. There should be no discrimination in the distribution of these funds which will favor States in the northeast region. I trust that the Congress is hereby making it clear to the Department of Transportation that this $60 million is to be distributed in an equitable manner to those States which are eligible and that the Department of Transportation should return to the Congress to request supplemental funds if the appropriated moneys are depleted.

Mr. CONTE. Madam Chairman, I yield such time as he may consume to the gentleman from Alabama (Mr. Edwards).

Mr. EDWARDS of Alabama. Madam Chairman, I thank the gentleman for yielding me this time.

I might say at the outset that it is a pleasure to serve with the gentleman from California and the gentleman from Massachusetts and our colleagues on the subcommittee. They do an outstanding job. I take this opportunity to thank especially the gentleman from Massachusetts, who all too often has to carry the burden on our side alone because of my other subcommittee. He does an outstanding job and it is a pleasure to work with him.

Madam Chairman, I think we have brought a good bill here today. Like many bills that come to the floor, I suppose there are some things not everybody agrees with, but it is a good bill and I urge the Members of the House to support it.

I am going to confine my remarks today to one particular area, not in a sense of finding fault with this particular bill but to call to the attention of the Members what we are doing and what we will be doing as far as the grants and loans and assistance to railroads are concerned, because I am bothered about the direction in which we are going. I think at one place in the Record we ought to set it all down so people can see just what is happening in the railroad finance part of this bill and prior bills.

I requested of the Administrator of the Federal Railroad Administration a list of all programs authorized and funded so that we might have it in one place, and, Madam Chairman, at the appropriate time when we go back into the House I will ask permission to have this statement put in the Record following my remarks.

The Administrator of the Federal Railroad Administration has reported that of programs authorized and funded, Amtrak has an authorization for loan guarantees on capital programs of $900 million; operating subsidies for losses total some $1.5 billion; capital program grants for Amtrak total some $240 million; the Northeast Corridor startup costs amount to $10 million; the Northeast Corridor program amounts to $1.75 billion until expended; the rail service continuation subsidies for the northeastern region amount to $180 million; the rail service subsidies for the national program amount to $360 million; the interim operating assistance direct grants amount to $282 million; grants-in-aid for railroad safety amount to over $6 million available; the U.S. Railway Association assistance to Con-Rail under section 216, amounts to $2.1 billion until expended; the U.S. Railway Association loans related to implementation of the system plan—maximum obligational authority amounts to $275 million; the intermodal terminal planning amounts to $20 million; and the emergency loan guarantees amount to $125 million.

Then under a heading of "Authorized Programs Not Yet Funded," the railroad rehabilitation and improvement, redeemable preference shares amount to $600 million and the obligational guarantee amounts to $1 billion.

Madam Chairman, in short, assistance in all categories of loans, loan guarantees, and grants will have aggregated $3.8 billion from 1971 through the transition quarter, and an additional $2 billion will be available in fiscal year 1977.

Now, on top of that, I might mention that at the end of calendar year 1975, Amtrak has operating deficits of $1.026 billion.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. CONTE. Madam Chairman, I yield 2 additional minutes to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Madam Chairman, in addition to that, the Deputy Secretary of Transportation, John Barnum, in his testimony before the Senate Commerce Subcommittee on Surface Transportation said that the taxpayer is now paying approximately $1.25 to Amtrak for every $1 that Amtrak receives in revenues.

Now, Madam Chairman, I do not know where we draw the line on deciding whether we have a nationalized rail system or not; but I think the taxpayers need to know that they are putting billions of dollars into the rail systems of this country with those billions of dollars obviously goes a large degree of Federal control of those railroads.

I think it is time that we understand what we are doing.

Now, I want to make clear again that I am not finding fault with the money that is provided in this bill for the railroads in this instance, but to make very clear that we are embarked upon a course of spending here, as far as the railroads are concerned, that appears to have no end. The fear that I have is that in this great benevolent attitude the Federal Government has toward helping out the railroads, we are eventually going to own all of them.

As I said before, the best way to help the railroads is to get the monkey of overregulation off their backs and they will be able to help themselves without this great influx of Government money to run them.

Madam Chairman, our colleague, the gentleman from Colorado (Mr. Armstrong) has commented on this matter in his separate views in the committee report, and I hope all Members will read the gentleman's comments.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. CONTE. Madam Chairman, I yield 2 additional minutes to the gentleman from Alabama.

Mr. REGULA. Madam Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Ohio.

Mr. REGULA. Madam Chairman, in the statistics concerning the amount of taxpayers' money going in, as opposed to revenue, does this include a pro rata share for upgrading the trackage which would accrue to the benefit of the freight-hauling operation?

Mr. EDWARDS of Alabama. There is

some money for upgrading trackage. Probably, in all honesty, it is not as much as should be, if the Federal Government is going to help the railroads. There are those who would argue that what the Federal Government should do is just buy the rights-of-way and in turn lease those rights-of-way to the private railroads. Truckers use the public highways and the public waterways are used by the barge lines. That may be going a bit far for some people, because it really then puts the railroad rights-of-way under the ownership of the Federal Government; but my point is that the way we are going, the Federal Government in one way or another is going to end up owning all the railroads.

I think this Congress through its authorizing committee needs to start looking at this problem and find some real answers to the problems of the railroads vis-a-vis the use of taxpayers' money to run them.

Madam Chairman, I thank the gentleman from Massachusetts for yielding me this time.

I include the following:

RAILROAD FINANCIAL ASSISTANCE PROGRAMS

A. PROGRAMS AUTHORIZED AND FUNDED

Title 1: Grants to the National Railroad Passenger Corporation (Amtrak) (a) Loan guarantees on capital program; *Authorization:* $900 million maximum limit; *Current availability:* Estimated loans outstanding: 6/30/76 $594 million; 9/30/76 $635 million; 9/30/77 $746 million.

Title 1: (b) Operating losses subsidy; *Authorization:* Prior to FY 76, $637.3 million: *Current availability:* $635.6 million. *Authorization:* FY 1976, $350 million; *Current Availability:* $350 million; *Authorization:* to $105 million; *Current availability:* $105 million; *Authorization:* FY 1977, $378 million[1] *Current availability:* $378 million[1], and *Authorization:* FY 1977 (such amounts as necessary for corridor operations); *Current availability:* $68 million[3].

Title 1: Capital program grants: *Authorization:* FY 1976 $110 million; *Current availability:* $109.7 million; *Authorization:* to $25 million; *Current availability:* $25 million; *Authorization:* FY 1977 $105.7 million. *Current availability:* $105.7 million[1].

Title 1: (d) NEC start up costs; *Authorization:* FY 1976 $10 million; *Current availability:* $10 million.

Prior to FY 1976, loan guarantees financed 100% of Amtrak's capital program. Starting with FY 1976, new capital acquisitions will be financed with Federal grants.

Title 2: *Northeast Corridor Program;* authorization: $1.75 billion until expended (estimated 1976–1981); current availability: 1976 $25 million; to $25 million; 1977 $150 million.[1]

For the establishment, within 5 years, of regularly scheduled and dependable intercity rail passenger service between Boston and New York, operating on a 3-hour-and-40-minute schedule, and between New York and Washington, D.C., operating on a 2-hour-and-40-minute schedule.

Title 3: Rail service continuation subsidies (Northeast Region); authorization: $180 million available until April 1, 1978; current availability: 1976 $35 million;[2] to $15 million;[2] and 1977 $70 million.[1]

Federal matching funds are made available to states under an entitlement formula to provide a transition subsidy to continue essential rail services of lines abandoned by ConRail with the Federal share to be: 100% for first 12 months after conveyance; 90% for succeeding 12 month period.

Title 4: *Rail services, subsidies* (National program); authorization: $360 million until expended (maximum of $5 million/year for 3 years for planning grants); current availability; FY 1976 $5 million;[1] FY 1977 $5 million.[1]

Federal matching funds are available to States outside the Northeast region on an entitlement formula for: rail service continuation payments; acquiring rail lines to maintain existing service or provide for future service; rehabilitating rail properties to maintain adequate service; reducing costs of lost rail service if less expensive than continuing rail services. Federal share is 100% for first 12 months and declines to 70% by 1981.

Title 5: *Interim Operating Assistance:* Direct grants—Sec. 213, Obligation guarantees; authorization: $282 million through 1976—$300 million maximum limit; current availability: prior to FY 1976 $210 million; FY 1976 $60 million; 5/1/76 $292.7 million.[4]

Provided direct grants to Trustees of Railroads in Reorganization to maintain essential services until conveyance on April 1, 1976; and guarantee of obligations of the railroads for maintenance and improvements of rail properties.

Title 6: Grants-in-aid for railroad safety; authorization: unspecified share of safety authorization; current availability: prior to FY 1976, $2.465 million; FY 1976, $1.5 million; TQ $0.375 million; FY 1977, $20 million.[1]

Federal matching funds to States on a 50/50 basis to carry out railroad safety programs for payment the ensuing year.

Title 7: United States Railway Association (USRA), assistance to ConRail under Sec. 216, RRRR Act; authorization: $2.1 billion, until expended; current availability: 1976, $500 million; TQ $350 million; 1977, $615 million; appropriated for future years, $561 million.

The association is authorized to invest from time to time in the securities of ConRail by purchasing (1) up to $1,000,000,000 of debentures issued by ConRail and (2) after the acquisition of such debentures, up to $1,100,000,000 of the series A preferred stock of the Corporation.

Title 8: USRA loans related to implementation of the system plan-maximum obligational authority; authorization: $275 million until expended; current availability: 1976, $275 million.

Title 9. Intermodal terminal planning; authorization: $20 million; ($15 million demonstration); ($2.5 million preservation)[6]; ($2.5 million planning)[6]; current availability: 1976 $3.5 million;

Secretary of Transportation authorized funds for the preservation and conversion of historic railroad passenger terminals.

Title 10. Emergency loan guarantees; authorization: $125 million maximum limit; current availability: estimated loans $106 million.[7]

Authorized the Secretary to guarantee loans of any railroad undergoing reorganization under section 77 of the Bankruptcy Act upon findings that cessation of essential transportation services by the railroad is imminent, would endanger the public welfare and that there is no other practicable means of obtaining funds.

B. AUTHORIZED PROGRAMS NOT YET FUNDED

Title 1: *Railroad Rehabilitation and Improvement* (a) Redeemable Preference Shares; authorization: $600 million until expended; current availability: 1977 request $70 million.

Secretary of Transportation authorized to purchase trustee certificates at par value for rail facilities rehabilitation and improvement financing.

Title 1: (b) Obligation Guarantee; authorization: $1 billion until expended; current availability: 1977 request $400 million.

Authorizes the Secretary to guarantee loans for rail facilities rehabilitation and improvement.

FOOTNOTES

[1] As requested in the FY 1977 Annual Budget Submission and Amendments.

[2] Includes requested supplemental appropriations.

[3] As requested by Amtrak Administration proposal not yet transmitted.

[4] $249.3 million of which was converted to grants (4–1–76).

[5] Represents loan authority.

[6] There is also authorized to be appropriated to the National Endowment of the Arts for FY 1977, $2.5 million for planning and $2.5 million for interim maintenance.

[7] Of which $102.4 million has been issued to date. Penn Central and Central Railroad Company of New Jersey have defaulted on $50 million and $2.4 million, respectively. Of the $19 million remaining under the authorization, $17.5 million has been reserved for the Rock Island Railroad.

Mr. McFALL. Madam Chairman, I yield 6 minutes to the gentlemen from New Jersey (Mr. HOWARD).

Mr. HOWARD. Madam Chairman, if the House today agrees to the proposal by the Appropriations Committee to impose obligation ceilings on trust fund programs authorized by the Committee on Public Works and Transportation in the areas of highways, highway safety, and aviation, we will be seriously impeding the highway and aviation programs.

As pointed out in the committee's June 10 "Dear Colleague" letter, each of these programs is funded from trust funds whose income is generated by users of the federally aided facilities, and, therefore, fall under section 401(d) of the Congressional Budget and Impoundment Control Act as exceptions to 401(a) and (b). This cannot be overemphasized, as it would certainly appear that in view of this exception of trust fund spending in the Budget Act from mandatory appropriation ceilings, the Appropriations Committee proposal not only violates the spirit if not the letter of our own Budget Act, but amounts to congressional impoundment of user tax funds—similar to the Presidential impoundment found unlawful by the courts of 1975.

In floor debate on this matter last year, the chairman of the House Budget Committee argued that the intent of this provision was simply to smooth out the annual obligation levels to avoid periodic surges. It is, however, the cyclical effect on highway and airport projects caused by the tinkering with the obligational authority in the past—that is, the deferrals and impoundments, which the Appropriations Committee is proposing to continue, which has been a partial cause of those periodic surges.

Most States work at a constant level in the planning and design phases of their highway planning, a reflection of their recognition of the need for long-range construction planning, and an assumption that the continuing flow of user taxes into the Federal trust funds will insure reasonably stable authorizations from those funds back to the States. When artificial adjustments—such as the recent illegal impoundments—cause a curtailment of available obligation au-

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thority, the States are forced to shelve certain of their planned projects. Then when new and larger amounts of obligational authority suddenly bcomes available—as with the court-ordered release of impounded funds—the States may "sweep the cupboards bare" and large amounts may be obligated in relatively short periods of time—the so-called periodic surge.

To avoid these, the better path to take would be to avoid artificial obligational levels and let the programs seek their own level and adjust themselves.

During last year's debate, it was argued that this obligational ceiling did not pose a threat to the authorizing committee's ultimate control of obligations in that the level of obligations for fiscal year 1976 would never reach the limit. In considering a similar limit for fiscal year 1977, however, this argument cannot be made because the cyclical effect of past deferrals and impoundments may cause the States' fiscal year 1977 obligations to be in the high side—perhaps, exceeding the limit suggested by the Appropriations Committee for highway and highway safety projects.

But what does this really mean? Our distinguished colleague, the gentleman from California (Mr. McFALL) last year argued that without this ceiling on obligational authority, there would be no limit on expenditures during the fiscal year. What this ignores, however, is the already existing limit imposed by the authorizing committee, and the fact the program is predictable because of the process involved in producing Federal-aid projects. Acceptance of these limitations would be an abdication of the congressional responsibility to set priorities among the highway and airport development programs, and it would mean that some States could receive lesser amounts of trust fund moneys than they are authorized by law. Past experience under administration impoundments has shown the chaotic effect of this delegation of congressional priority setting, and I see no reason to believe that a congressionally sanctioned impoundment would have any other effect than to allow continued administration distortion of congressional priorities.

Mr. CONTE. Madam Chairman, I yield 6 minutes to the gentleman from Ohio (Mr. HARSHA).

Mr. HARSHA. Madam Chairman, for a number of years now I have been watching a situation build up to a point where the House has got to take a stand on the issue of congressional impoundments.

I am talking about the provisions in the appropriations bill before us setting obligational ceilings on programs of highway construction, highway safety, and airport development. They have got to go.

A lot of us have been congratulating ourselves that the Congress took a big step toward regaining our rightful role in controlling spending and setting priorities when we enacted the Budget Act.

We were entitled to dine out for a while on that. It gives us a useful procedure. If we are unhappy with the result, with the size of the deficits or the emphasis given one area of spending over another, that is to be expected. A procedure or process is only that. It still takes the Members to make it work.

But if anyone thinks we have done the deed—even from a procedural standpoint—I have got news for them. We have not by a long shot, and we will not until we get rid of this business of congressional impoundment by way of Appropriation Acts obligational ceilings. And there is no better time than the present to do it.

For years—first in the highway safety program, then in the airport development program, and now in the highway construction program—the House has acquiesced in the practice of congressional impoundment. It happened before enactment of the Budget Act, during its enactment and since its enactment.

And it is a procedure completely outside the Budget Act, which expressly exempted these trust-fund-financed programs from any requirement of this sort. It has gone through piecemeal. But this year, now that we have just enacted a major highway bill and are about to enact a major airport development bill, this year is the time to call a halt.

Take the first victim, highway safety. The Committee on Appropriations has been placing restrictions on obligations since fiscal year 1967, when the program was financed 100 percent by general revenues.

This is a program in which the benefits are hard to measure in dollar terms. But we all share in the objectives: To save the lives of American citizens, to protect them from injury, from misery, hardship, property damage, and other economic loss.

The Congress has recognized the need, and under the leadership of the Committee on Public Works and Transportation we have moved ahead in two ways: We have increased authorization levels over the years. But beyond that, we have substantially shifted the program from general revenue financing to highway trust fund to assure that the funding will be assured at the higher levels.

But the Committee on Appropriations has continued to place ceilings: When general funds were involved, and when trust funds were involved; before enactment of the Budget Act and since its enactment. The result: priorities have been distorted and funds lapsed.

Now take the airport development program, subject to appropriations limitations since fiscal year 1971, following enactment of airport development legislation in 1970 which made contract authority available for the program.

Over the first 5 years of that program, nearly $1.5 billion was authorized. Of this amount, $189 million, more than 10 percent, could not be obligated when the authorization expired at the end of fiscal year 1975. In effect, it is wiped off the books.

I think it is important to point out that for most of these 5 years, the obligational ceiling was set at the authorized level. But that was not much of a favor. It meant that if the full obligational authority in for any fiscal year was not used, it could not be carried over. You could kiss it goodbye.

That is the history of impoundments. That is the history of executive impoundments in the highway construction program and impoundment in the highway safety and airport development programs.

Now we come to the highway program and the proposal to slap on a $7.2 billion ceiling for fiscal year 1977, which is totally unneeded. Not only will it do no good, it will do harm to the program. It will pick up right where executive impoundments left off.

We already know that the States had managed to obligate only $3.5 billion by the end of May, versus a total available for obligation of $9 billion for fiscal year 1976 and the transition quarter. Their inability to do so stems from the history of past impoundments, and the inherent, built-in limitations on their ability to develop projects.

When funds were released from impoundment in fiscal 1975, we had a big year. No question about it. Total obligations were in the range of $7.8 billion to $7.9 billion. This was catch-up, taking advantage of the release of funds and clearing a substantial backlog of projects, some of which take years to develop.

Under normal procedures the balance of unobligated apportionments can be carried over from one fiscal year to the next. This permits a catch-up after a year with a low rate of obligations, resulting from impoundment or other causes. But imposition of ceilings year after year means you can never catch up.

If we want to get rid of the surges and sags in the rate of obligation of highway construction funds, if we want to get rid of the problems of impoundment, the way to do it is to quit impounding. Let the States move ahead and plan their projects, large ones and small ones, according to their own priorities within the general framework of the program.

There is no need for a ceiling. Best estimates are that perhaps $8.1 to $8.5 billion could be obligated in fiscal year 1977. Considering the rate of unemployment in the construction trades and the depression of the entire construction industry, that will not do a thing to stimulate inflation. It is extremely unlikely—on the basis of the rate of obligations during fiscal 1976 to date—that the 2-year volume would break the combined recommended ceiling for the 2 years. The Appropriations Committee need not get into the act because the funds come from the highway trust fund, not requiring general revenue appropriations.

Madam Chairman, in response to the urgings of the States and various Members of this body, the Federal-aid highway program has been refined over the years and modified to increase flexibility: transferability among categories, consolidation of categories, provision for the three R's—resurfacing, restoration, and rehabilitation—trust fund financing of mass transportation, broadened interstate transfer and transit substitution provisions.

Well, you cannot eat flexibility. You cannot put it to work. It makes absolutely no sense for us to refine the program if the Appropriations Committee is going to pull the rug on the funding.

That is the perspective I bring to this debate because these programs are now all lodged under the jurisdiction of the Committee on Public Works and Transportation, the committee on which I am privileged to serve. These are priority programs, funded by their own distinct mechanism—trust funds, and they deserve to be treated—as the Budget Act treats them—differently—because of their funding and the nature of the programs themselves.

They touch the lives and well-being of the entire population of this country. I recommend the deletion of the obligational ceilings relative to these programs.

Mr. CONTE. Madam Chairman, I yield 5 minutes to the gentleman from Louisiana (Mr. TREEN).

Mr. TREEN. Madam Chairman, I would like to have the attention of the subcommittee chairman.

With reference to the committee report, on page 22, the committee states that the $10 million appropriated for railroad-highway crossing demonstrations is for the four projects authorized in 1976 as well as the projects authorized in past years. The report goes on to say that the amount recommended is intended to fund preliminary engineering for these projects.

Our situation in Jefferson Parish, La., Madam Chairman, may be different from the other three newly designated communities since we have already been the subject of a Federal Railroad Administration study. We intend to approach our railroad highway crossings problem in two stages, one short-range and one long-range. The short-range goal, which was first recommended by FRA, involves the removal of some of the present switching track which contributes to the necessity of highway crossings, together with the installation of new switching and tie-in tracks on rights-of-ways not requiring the crossing of highways. The Jefferson Parish Council has already obtained commitments from the State highway department and the affected railroads to meet the local share required for this first phase of its demonstration project. Therefore, it would like to make application for Federal assistance toward this track consolidation effort this fiscal year, if the Interstate Commerce Commission gives its approval.

Madam Chairman, my question to the gentleman from California (Mr. McFALL) is this: It was not your committee's intent, was it, to preclude Jefferson Parish from applying for section 163 funds to do work other than preliminary engineering?

Mr. McFALL. Madam Chairman, will the gentleman yield?

Mr. TREEN. I yield to the gentleman from California.

Mr. McFALL. Madam Chairman, that was not our intent. It was our committee's feeling that the $10 million provided in this bill, together with the unobligated balance from prior years, would be sufficient to fund four new projects as well as the projects authorized in past years. We made reference to preliminary engineering to make it clear that the Secretary was to accept applications from four new communities, with the only limitation being the practical one of the amount of funds available.

Mr. TREEN. Madam Chairman, I thank the gentleman from California for his response.

Mr. CONTE. Madam Chairman, I yield 5 minutes to the gentleman from Kentucky (Mr. SNYDER).

Mr. SNYDER. Madam Chairman, I rise in support of the earlier remarks made by the gentleman from California (Mr. ANDERSON), and in support of the two amendments that he will offer during the reading of the bill for amendment purposes.

Madam Chairman, I look at the obligation limitation on the airport development program in this transportation appropriations bill before us and I kind of wonder how it got there.

During the period the 1976 ADAP legislation was being put together, I sort of got the impression from all the anguished calls from Members that this was considered a pretty important program.

And while we are arm-wrestling with our colleagues from the other side of the Hill in conference, with one eye over our shoulders looking at the administration's signals, I thought we were putting together a package everyone could support.

I particularly got the impression we were home free as far as fiscal 1977 was concerned, because the Budget Committee had approved our authorization level of $510 million.

When we get to the limitation of $390 million for fiscal 1977 in the appropriations bill—$390 million versus $510 million—I do not know what to say except that we ought to get rid of it. And while we are at it, we ought to put an end to these obligation ceilings on the airport trust fund.

I suppose it has always been possibl to make a case that the authorizing committee should not have the final say about a program on its own. After all, in most cases the Appropriations Committee has to appropriate the funds in advance anyway when general funds are involved.

But we have got a different situation here. The funds come from the trust fund, with all the revenues coming from the users of the system. And that trust fund is in surplus.

What is more, you have the same need for long-term, predictable funding for airport development projects as you do in the highway program which we've heard a lot about.

Those projects can take a number of years to complete, and we recognized this in the Airport and Airway Development Act Amendments of 1976 by a section on multiyear projects which provides for obligation of funds apportioned or to be apportioned for the life of the project, including future fiscal years.

Nobody has to tell us on the Aviation Subcommittee that controls on spending are needed. Originally, we wanted a 3-year bill to strike a compromise between the need for long-term planning and construction, and the need for Congress to take a hard look at the program.

I can tell you the major airport sponsors wanted a 5-year bill, but said they could live with 3 years. But we got over in conference with the Senate and they wanted a 5-year. The upshot was that with fiscal 1976 pretty well gone, we agreed to a bill carrying us through fiscal 1980 for formula grant funds, but only through fiscal 1979 for discretionary funds under the control of the Secretary. This is a serious point, and one of the main points of disagreement we had to resolve in the conference.

Now we have heard a lot of discussion about how the highway program has been subjected to impoundment by the executive branch, and all of the problems that have resulted. I can tell you that we have had the same problem during the full 5 years of the ADAP program.

The authorizations were $280 million for each of fiscal years 1971, 1972, and 1973, going up to $310 each for fiscal 1974 and 1975. The limitations were $250 million in 1971, $280 million for fiscal 1972 and 1973, $300 million for fiscal 1974, and $310 million for fiscal 1975.

For a lot of reasons it was not possible to obligate all the way up to the limit in many of these years, with the result that when the authorization expired, there was $189 million in unobligated authorizations lost.

So here is the situation after the first 5 years. Nearly $1.5 billion was authorized, but more than 10 percent withheld from obligation.

There was no authorization for 1976, or will not be until the 1976 conference report passes both Houses. Yet we have collected these taxes and they are in the trust fund. A full year has been lost. And now the Appropriations Committee comes in with a $390 million limitation, considerably under the $510 million figure provided in the conference version and approved by the Budget Committee.

We have been hearing about the manipulation that trust fund programs can be subjected to by an administration under impoundment. Well, it can happen here, too.

Look at the authorization of $435 million for air carrier airports in fiscal 1977. Two-thirds of that will go to airports by a formula based on the number of passengers enplaned at those airports. That is about $290 million. The remaining one-third is distributed at the Secretary's discretion.

Now suppose we leave the $390 million limitation on, which would mean a reduction of $120 million, and if the Secretary chose to take a large amount of it—or even all of it—from the enplanement money, that would knock it down to $170 million from $293 million. That way he could reduce the enplanement money going out automatically and keep all of this discretionary money to parcel out as he sees fit.

I am not saying he would do that, but what I am saying is that we do not have any business setting up a situation where any Federal Cabinet member can play around with a major Federal program like that.

It used to happen when impoundments were illegal, or were subsequently ruled illegal in the courts. Who is to say it would not happen when we set it up like that for the administration?

Now, the chairman's proposed amendment will solve the problem this year if we are allowed to roll over the 1976 money to the transition quarter.

I do not want to drag this out but I do want to remind some of the Members from the Northeast, especially New England, who have been concerned about the minimum annual eligibility for $150,000 in enplanement funds. We recognized your problem in conference and took care of it. Frankly, I thought that action was to result in a removal of this limitation on the trust fund.

But right now I want you to ask all the Members where your airports will be—Members from any district qualifying under the $150,000 minimum the same question—where would you be if the reduction all came out of enplanement funds? It has got to come out of somewhere.

Madam Charman, I urge that the limitation be rejected and urge the support of my colleagues.

Madam Chairman, we have lost much of the 1976 year for construction. The money has been collected during all this time into the trust fund. There has been no reduction in the taxes collected, but we have not been able to spend it. Now we come in with this limitation on the spending of trust fund money.

Madam Chairman. I urge that the As far as I am concerned, I think that when we are talking about legislators enacting laws to collect money for specific purposes and then not using it for those purposes, we are putting ourselves in a very bad light. The truth of the matter is that it is almost immoral to say that with this combined budget which we have, we are going to take all of the income on one side of the ledger, be it trust fund money or general revenue or anything else, and come up with a figure. Then over on the other side of the ledger we are going to take the expenditures, and the difference is the deficit.

Madam Chairman, what we are doing in order to fool the American people, is that we take in a lot of extra money for the trust fund, admittedly pledged to that purpose, but actually it is a surplus, so that we can go out and garner votes with grandiose schemes of social welfare programs and show that the deficit is at that point not so big because we collected taxes that went into a surplus trust fund. This reduces the general revenue deficit. This is a bookkeeping gimmick. Nothing else.

Mr. CONTE. Madam Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Madam Chairman, I am particularly concerned about the proposal to continue obligation ceilings on two programs on which we have worked so long in the Surface Transportation Subcommittee, on which I serve as ranking minority member. I refer to highway construction and highway safety.

I am always struck by the difference between the realities of these programs and the requirements to make them work, as we see them through our hearings and deliberations in the subcommittee and the full committee, and the way they are too often debated on the floor.

Last year, for example, when the House was debating whether or not to accept the appropriations limitation on the highway program, which was tacked on by floor action in the other body, we heard a lot of misleading talk. Scare talk. OMB was warning of a great budget-busting surge of spending because theoretically something like $16 billion was going to be available for obligation, so we had to have a $9 billion limitation on obligations. We heard, too, that we were singling out the highway program and trying to get preferential treatment for it.

Yes, and we heard that this was to be a one-time deal, a one-shot limitation to help smooth out the rate of obligations as the program finally gets out from under impoundment and the games that administrations of both parties had been playing for years.

What has happened? What has really happened? Well, the visions of the big spending surge have vanished. The States had by last month obligated only $3.5 billion as against a ceiling of $7.2 billion for fiscal year 1976 and another $1.8 billion for the transition quarter.

As to preferential treatment for highway construction here in one appropriations bill alone we confront a limitation on three programs—three trust-fund-financed programs that do not require a nickel in appropriations from general revenues: Highways, airport development, and highway safety.

What is more, just 2 weeks ago this body decisively rejected a proposal to impose similar restrictions on revenue sharing, which is financed from general revenues. We accepted the same arguments on behalf of that program that can be made more forcefully in the case of big-ticket construction programs financed by their own dedicated source of revenue.

And finally, we find that that 1-year limitation is back, this time initiated on the House side, breathing new life into the old Washington adage that there is nothing so permanent as a temporary program, a temporary building or a temporary restriction.

With respect to the highway construction program, the way I see it is that we have two responsibilities. We are responsible for meeting the needs of the country for the safe, efficient, and economical movement of people and goods in all areas of the country. But we also have to meet the test of fiscal responsibility. And I believe we have.

Demand for highway construction—and reconstruction, I want to emphasize that—is growing at twice the rate we are meeting it. This sums up the findings of the latest highway needs report, indicating that our roads are physically deteriorating, or their capacity is falling behind demand, at twice the rate that we are doing anything about it.

This is due in part to the effects of past impoundments which we will never get over unless and until we stop impounding highway funds. We already have a limitation in the authorizing process; a limitation in the requirements of the Budget Act: a limitation in the flow of funds into the Highway Trust Fund. Finally, we have a limitation in that it is becoming increasingly difficult, time-consuming, and costly to bring a project from the planning to the construction stage. These are the realities of the program.

I am concerned about the safety implications of further disruptions in the program. In this connection, I am convinced that you can make the case that practically any project which improves the movement of vehicles can be described legitimately as a safety measure. The 3–1 disparity between fatality rates in rural versus urban areas also reflects the differing physical characteristics of their highways. The record of the interstate highway program certainly bears that out.

But I am talking about a lot more than major new construction. A great amount of the huge backlog of work to be done represents protecting our massive investment in existing facilities: Reconstruction on existing alinements, straightening, widening, improving grades, providing bypasses to ease congestion. These all have safety implications.

Beyond this, of course, we have specifically targeted safety construction categories: Elimination of roadside obstacles, elimination of high-hazard locations; bridge reconstruction and replacement; rail-highway grade crossing improvements; pavement marking; and the off-system safer roads program.

And, of course, we have research and development under section 403 of title 23 of the United States Code, and finally our section 402 programs, highway-related safety grants and State and community highway safety programs, administered respectively by the Federal Highway Administration and the National Highway Traffic Safety Administration.

I am deeply concerned by the fact that the highway construction program, including highway safety construction, and the 402 program are subject to de facto impoundment under the transportation appropriations bill now before us.

The Committee on Public Works and Transportation has labored long and hard to improve these programs, and these efforts have been ratified by the membership of this body at large through repeated passage of our legislation by overwhelming margins. At present, NHTSA is revising its safety standards under congressional mandate, with the objectives of increasing State program flexibility, and improved targeting of programs on the most promising and realistic means of reducing fatalities and crippling injuries.

Why repudiate these efforts? In the safety field, now is the time to make good on the promise of our past legislative efforts: The increases in funding and our attempts to assure funding through the trust fund mechanism. Now is the time to reaffirm the congressional commitment to highway safety, to tell the States and communities across the country that we do indeed regard this a priority program. And one of the most convincing ways to get that message across is to assure full funding, and not cut the ground out from under these efforts.

Madam Chairman, our highway needs require no further elaboration at this point. I sincerely hope that the limitation on highway construction will be recognized for the harm it will do. But I urge Members to give particular attention to the safety aspects, and the effects of the obligational limitation which have been tolerated by this body too long. Both categories of restrictions should be stricken.

Mr. RUSSO. Madam Chairman, I rise in support of the Department of Transportation appropriation bill, H.R. 14234, I would like to specifically address my remarks to the railroad-highway demonstration project funds that the committee has appropriated for this year.

When these demonstration projects were authorized by Congress in 1973, two of the overpasses were located in my congressional district, one of the busiest freight train centers of the United States. These overpasses will eliminate ground-level railroad crossings on two of the most traveled thoroughfares in my area. According to the Secretary of Transportation's preliminary study of the crossing sites, these two projects will significantly reduce both traffic congestion and crossing-related auto accidents.

At the Blue Island crossing, the study noted that an average of 120 trains per day interrupt the flow of traffic on Vermont Street. Drivers using Vermont Street have grown frustrated with the delays caused by the increasing use of the railroad tracks by the Rock Island Railroad. In addition, during 1972 there were 16 automobile accidents reported at the Vermont Street crossing, many attributed to drivers who were attempting to beat the train.

In Dolton, site of the other project, the situation is slightly different. In an attempt to plan for the future as well as correct an existing problem, the overpass will be constructed over the Indiana Harbor Belt tracks that bisect Cottage Grove Avenue. Every day an average of 78 trains traverse Cottage Grove Avenue, holding up many of the 3,900 vehicles that use this important thoroughfare. Many of these drivers are either driving to work or driving home from one of the numerous factories located in the adjacent area. According to the Secretary's report, traffic along this route will continue to increase in the coming years, driving home the point that an overpass is needed now. With the construction of this overpass, many of these workers will be able to report to work on time and drive home without interruptions from train traffic.

In addition to the convenience these new overpasses will bring, there are also economic benefits to the local communities. The estimated cost for the Blue Island project is $6 million and the Dolton project is $4.6 million. Both projects are under the administration of the Cook County Highway and Roads Department in cooperation with the Illinois Department of Transportation. Local contractors and construction companies will build these projects, thus increasing the employment of workers in our economy that are among the most heavily unemployed. I believe that the money the Appropriations Committee has approved for this work will be very well spent.

Mr. HARKIN. Madam Chairman, I want to associate myself with the remarks made by my colleague from Minnesota (Mr. NOLAN) expressing his concern with the appropriation recommended for rail service assistance under section 803 of the Rail Revitalization and Regulatory Reform Act.

Public Law 94-210 established a 5 year, $360 million Local Rail Assistance plan with direct Federal subsidies to States and localities for maintenance, rehabilitation and improvement of service on abandoned lines.

As we know however, due to its continued preoccupation with the Northeast reorganization, the Federal Railroad Administration has requested an appropriation level for fiscal year 1977 that appears to be only sufficient to satisfy the needs of rail service assistance authorized for the Northeast region by section 402 of the Regional Rail Reorganization Act of 1973.

This situation is most unfortunate for several States, including Iowa, Minnesota and South Dakota, outside the Northeast region, all of whom have for some time now given careful consideration to their State and local transportation resources and needs.

The Iowa Railway Assistance Program, established in 1974, has already been successful in repairing nearly 500 miles of Iowa rail track. The Iowa program is being billed by the Council of State Governments as a model system which could prove to be highly beneficial to other States.

Perhaps the most important contribution of Iowa's branch line plan, however, has been the bringing together of a group of individuals in the State with often diverse interests and goals—shippers, the railroads, local communities, business organizations and the State government—for one objective. These people have worked hard to put together a plan and provide adequate funding and resources to implement that plan.

I would also point out that Iowa's plan has had the benefit of a statewide transportation study by three Iowa State University economists which summarizes their research on the economic benefits and costs of upgrading 71 rail lines in Iowa, and estimates the impact of abandonment of the lines. This study, which was funded by the Federal Railroad Administration, is considered by FRA and other officials of the U.S. Department of Transportation to be one of the most authoritative studies of its kind. It is just another indication of the efforts to develop an effective, rational State transportation system to which Iowa is firmly committed.

It would be a gross injustice to penalize the efforts of these States simply because most other States outside the Northeast region have not moved as rapidly in developing State plans to become eligible for Federal rail assistance funds. I want to express my concern, as well as my hope, that the Federal Railroad Administration will exercise its discretion over the funds which we are providing in a manner that will insure these States will have an equal chance to take advantage of these moneys for their local rail assistance programs.

Mr. JONES of Alabama. Madam Chairman. I do not want to take a lot of time during this period on the subject of obligation ceilings because I will be saying more during the amending period under the 5-minute rule. As most of you know, I will be offering amendments to strike the obligation ceilings for the highway and safety programs.

I would like, however, to be sure that everyone knows what the numbers are that we are talking about and more specifically what is actually authorized for obligation in 1977 under highway legislation and what the effect of a ceiling means.

The Federal Highway Administration produces a monthly document called "Program Progress" which delineates the status of highway funds by category, by State, by unobligated balances, by trust fund accounts, and covers in quite a bit of detail the status of these programs.

I have and will consider as a base the latest of these documents which gives the status as of May 31, 1976.

Using this document and the Federal Aid Highway Act of 1976, there will be available between now and the end of fiscal year 1977 approximately $15.8 billion.

Since there are still 4 months until the beginning of fiscal year 1977 under which contracts can be let under the $9 billion ceiling for the fiscal year 1976 and the transition quarter, then the $15.8 billion could be reduced by a maximum of $5.4 billion. Thus, the amount available for fiscal year 1977 could be as low as $10.4 billion.

From a practical standpoint, it would not be either of these figures but something more in the neighborhood of $12 billion.

I want to go through this exercise because it is easy to bandy many numbers around in the program with everybody ending up totally confused.

The question then is whether or not and under what conditions about $12 billion could be obligated during fiscal year 1977. The issue which appears to bother the Appropriations Committee most is that it is actually possible to obligate this $12 billion.

I maintain that there is no way that $12 billion can be obligated and therefore there is no need for any ceiling. We have received testimony from the States and contractors that the absolute maximum, under the most ideal conditions, which the industry and the States can obligate is about $8.5 billion.

This does not mean I would in any way recommend an $8.5 billion ceiling. I merely want to point out that the fear of a monstrous budget-busting highway program taking place in fiscal year 1977 is really without foundation. The difference between the $7.2 billion ceiling recommended in H.R. 14234 and this $8.5 billion maximum I mentioned is about the same as the shortfall that will occur in 1976 and the transition quarter. Thus, from an outlay standpoint over the 2-year period, there is no appreciable difference with no ceilings.

The main problem is throwing the program in the lap of the Secretary to do with as he pleases. This is the theme I will elaborate on in the amendments.

Mr. BOLAND. Madam Chairman, I wish to express my strong support for the amendment offered by my good friend and colleague from Massachusetts, the distinguished ranking minority member of the Subcommittee on Transportation (Mr. Conte). He is seeking to raise the amount recommended for rail service assistance so that light density lines not included in the Final System Plan can be rehabilitated on an accelerated basis. This is not an amendment that will throw Federal dollars away on subsidies for lines that will eventually be shut down. Only one-half of the eligible lines will receive assistance as a result of this amendment. That number—185 out of 450—represents the trackage which the 17 Northeastern States have judged to be salvageable with some Federal assistance. Only half of the eligible trackage excised from the ConRail System is involved.

The bill before us today contains a recommendation of $60 million for rail service assistance. Of that amount, only $49 million will be available to the 17 Northeastern States most severely impacted by branch line closures in the wake of the bankruptcy of the Penn Central and other major northeastern railroads. Current spending in this category is at the level of $100 million. Thus, the bill before us would cut back on the rate of spending in this so critical area. The total authorization for the necessary work for these branch lines is $180 million. Of that amount, $50 million is being spent during fiscal year 1976 and that transition quarter. Although the authorization remaining, $130 million, extends into fiscal year 1978, the States, which are committing their own resources and funds into these lines along with the Federal assistance they receive, point out that this money can best be spent "up front."

The rationale for this assertion deserves attention. First, the Northeastern States have together resolved to use the funds they receive under the Rail Service Assistance program not for the subsidization of all the light density branch lines until Federal funds ran out, but rather for capital improvements and modernization of a small group of lines which have the economic potential to become profitable again. The lines in question have been selected under carefully drawn criteria of social need, economic potential, and near term potential profitability. As I have said, only 185 out of 450 lines survived this kind of selection process.

Second, front end funding of the rail service assistance program will make available to these struggling branch lines quantities of inexpensive but highly usable materials that will become available as a result of main line abandonments pursuant to the final system plan. Early investment and rehabilitation of those lines can eliminate costly operating losses in the future. Many of these lines must be brought into compliance with minimum Federal standards of rail safety before they can be put into service. All of these costs, if postponed, will only add to the financial burden that these lines will have to overcome in the next years. It would represent a boon to the taxpayer to accelerate the necessary work now rather than let it wait until it can only be more expensive and less cost effective. Of course, it goes without saying that as these lines are put back into economic running order, the revenues which they will generate can only increase. With these added revenues will come the needed new investments in businesses and other facilities which efficient rail freight service encourages.

There are, then, real advantages to the taxpayer in accelerating work on the light density lines. Moreover, the projections that I have mentioned are not pie-in-the-sky. Recent investment by the State of New York in selected light density lines has resulted in the upgrading of safety standards, train schedules and deliveries. Annual maintenance savings are already apparent. Most importantly, new business expansion and higher rates of profitability are very encouraging. One of the lines in Massachusetts which offers potential very similar to this is one in my own congressional district. The Palmer-South Barre Line, if it can be put back in service within a reasonable time, offers the potential to return to profitability. What it desperately requires, as do so many of these branch lines, is the elimination of backlogged maintenance repairs and rehabilitation so that a fresh start with reasonable maintenance costs can be made.

Madam Chairman, the fact that the 17 Northeastern States are so anxious to move ahead with the revitalization of their branch lines—which can only involve them in considerable expense in meeting costs of rehabilitation not provided by the Federal Government—is the best indication I can offer as to the need for the acceleration of funding for rail service assistance. Their confidence ought to bolster ours. We are not being asked to give additional moneys for this program, but rather to supply those which we have authorized at a time when they can do the most good. I sincerely urge Members to support this invaluable amendment.

Mr. FRENZEL. Madam Chairman, a year ago when the Department of Transportation Appropriations bill was debated, my good friend, the ranking minority member of the Transportation subcommittee (Mr. Conte) assured me that funding for the development of new urban transit options would begin to climb in the years to come. While I would be happier with a sharper increase, I am pleased to see that the committee has recommended an $8.5 million increase over last year's transit R. & D. funding. This still represents less than 4 percent of total UMTA funding, but it is an important step in the right direction now that the unfortunate Morgantown experience is behind us. I would urge the Committee to continue and accelerate this pattern of growth next year as well.

I believe the distinguished chairman of the subcommittee (Mr. McFall) shares my growing apprehension regarding the mushrooming transit operating deficit problem. Fifteen years ago, when Federal support for mass transit was first launched, transit nationally operated in the black. Last year transit operating deficits climbed to $1.7 billion and these deficits are now growing at more than 30 percent a year.

In the face of this appalling trend the committee is rightly insisting that unbuilt segments of the proposed Washington Metro Subway System is subjected to the same sort of alternatives, analysis required of ever other capital grant application. Recent studies by the Department of Transportation and the Library of Congress strongly suggest that operating subsidies for full subway system will quickly become an intolerable burden. Despite my disappointment at the committee's slow pace of increasing transit research. On the whole the committee has once done an outstanding job. I urge the adoption of the bill.

Mr. CONTE. Madam Chairman, I have no further requests for time.

Mr. McFALL. Madam Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

For necessary expenses of acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto; $231,000,000 to remain available until September 30, 1979.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Biaggi: On page 4, line 5, strike "$231,000,000", and insert in lieu thereof "$251,000,000".

Mr. BIAGGI. Madam Chairman, the amendment I am offering today on behalf of the Committee on Merchant Marine and Fisheries, will add $20 million to the Department of Transportation Appropriation for fiscal year 1977, and specifically to the appropriation for Coast Guard funding for Acquisition, Construction, and Improvements.

Earlier this year, the Congress, after long and detailed consideration, enacted the Fishery Conservation and Management Act, to extend the fisheries zone of the United States from 12 to 200 miles. The overwhelming support for that legislation indicated that the great majority of the Congress could no longer wait for the Law of the Sea Conference to resolve an issue which had been pending before it through many unproductive sessions. That act will go into effect next March, and we must be prepared, having taken this position to protect our coastal offshore fisheries, to provide the necessary equipment to insure that our legislative efforts are not frustrated by an inability to enforce the law.

During the course of the development of the Fishery Conservation and Management Act, it should have been clear that the Congress was serious in its intention to enact H.R. 200 into law. There is no question in my mind that the Office of Management and Budget had many clear signals to that effect, and if that Office was not aware of the facts of life any earlier, it must have gotten the word when the President, even before passage by both Houses, indicated his intention to sign a bill into law, provided the effective date was advanced sufficiently to give the most recent session of the Law of the Sea Conference one last chance to reach an international arrangement on the subject. In order to lean over backward, the House managers in the committee of conference finally agreed to push the effective date back to March 1, 1977. As many of us anticipated, this extra measure of constraint did nothing to encourage the Law of the Sea Conference to come to final agreement, and so reluctantly, the United States, because of the sheer necessity to protect its fisheries resources, has extended its fisheries zone to 200 miles from the coastline. In that zone are many stocks of fish threatened with extinction because of the unprincipled grab of foreign fishing vessels intent on vacuuming up every species in their paths, regardless of the impact on the overall supply. If we are going to insure that the purpose of our legislation is carried out, we must be sure that the agency charged with enforcing the act is supplied with the necessary aircraft, vessels, and personnel to insure that foreign fishing vessels do not continue to rob us of our fishery resources.

In anticipation of the enactment of H.R. 200, the Subcommittee on Coast Guard and Navigation, in considering H.R. 11670, the annual Coast Guard authorization bill for acquisition of vessels and aircraft, and the construction of shore facilities, specifically directed the Coast Guard to furnish it with the best estimate of the Coast Guard as to its acquisition needs for the enforcement of the law. In view of the fact that the bill at that time was not yet enacted, the Presidential budget submission did not, of course, include any requests for its enforcement, and indeed the constraints imposed by the Office of Management and Budget, the Department of Transportation, and the Coast Guard were unable to recommend the addition of specific funds. Nevertheless, the subcommittee, after insisting upon factual information, without regard to any specific recommendation, was informed by the Coast Guard that, in order to enforce a 200-mile fishing zone, the Coast Guard would need for fiscal year 1977, an additional 863 personnel to operate 4 additional vessels and 10 additional aircraft, and would require an increase in the authorization of 456 man-years of training.

While the necessary overall funding would be required in funds for operating expenses, it was necessary for the authorization bill to increase the personnel and training ceilings to reflect the additional needs. This, our subcommittee did. I am gratified to note that in its report on H.R. 14234, the Appropriations Committee has reflected its agreement with those needs by including $10 million for operating expenses for this purpose.

I am also gratified to see that the Appropriations Committee has provided for a $60 million appropriation for acquisition and construction to reflect the new replacement equipment, whether vessels or aircraft, looking to the time in the future where the interim equipment which is being brought out of mothballs as an emergency measure, must be replaced. My only regret is that the $60 million was not larger.

From the information furnished to the Subcommittee on Coast Guard and Navigation, at our insistence, we determined that the Coast Guard needs for acquisition in this area in fiscal year 1977 amounted to an additional $108.6 million. In reaching that figure, we acted conservatively. We could have included other acquisitions and justified them, but we realized that we must be practical. We knew that the Coast Guard was planning to utilize four vessels taken out of mothballs for interim enforcement. We saw in the budget request a request for two replacement cutters as a part of an overall replacement program initiated without regard to the new legislation. We added an additional two, so that we could have four replacements for the four aging cutters being called on for immediate duty. In connection with the aircraft, we noted that the Coast Guard intended to utilize an additional 10 rehabilitated aircraft for interim enforcement. We, therefore, elected to provide for six long-range surveillance aircraft and five short-range recovery helicopters which would serve as replacements for these interim aircraft. While the Coast Guard had originally proposed 10 of these short-range recovery helicopters in its original submission to the Office of Management and Budget, and doubtless needed that many, we felt we should limit our authorization to the specific replacements of the demonstrated needed equipment. That we did. That is all we did.

The total of our authorization in H.R. 11670 came to $108.6 million for a need which was brought on by the enactment of Public Law 94-265. It must not be forgotten, however, that these items of equipment authorized will not be devoted solely to the enforcement of the 200-mile fisheries limit, but will also be used in other missions of the Coast Guard, including search and rescue and pollution enforcement.

During the course of hearings in the Subcommittee on Transportation, several members of the Merchant Marine and Fisheries Committee appeared to testify in support of the items included in the authorization bill. At this time, I wish to express my appreciation to Chairman McFALL, Mr. CONTE, and other members of that subcommittee for the courtesies extended to us on that occasion, and for the careful consideration which they obviously gave to our testimoney. The final action of that subcommittee and the Full Appropriations Committee on this bill indicates that they concur with us in the need for most of the additional items which we supported. It is apparent, however, that they did not include two of the recommended items. One of these involved the authorization for two additional cutter replacements at a cost of $49 million. Since it is now apparent that it is unlikely that those additional vessels could effectively be procured at this time, I concur and accept that judgment in the Appropriations Committee action on that issue. On the additional items related to the 200-mile limit enforcement, involving aircraft, the committee has provided for $60 million. Because of the increased estimates on the purchase of long-range surveillance aircraft, however, and because of the need to provide for funding in connection with that procurement for improvements at air stations to accommodate the new aircraft, the $60 million provides for only five long-range surveillance aircraft instead of the six authorized. Furthermore, it does not provide for any of the five short-range recovery helicopters involved. My amendment, which would add $20 million, would take care of one additional long-range surveillance aircraft and would, in addition, provide for the initiation of the helicopter replacement program.

As to the helicopter procurement, I consider this matter of significant importance. The helicopter involved is intended to be a replacement for the present aging HH-52's, but with significantly added capabilities. The longer range and longer endurance involved would render the offshore enforcement operations significantly more effective. Operating with cutters as platforms, the new helicopters would insure an expanded coverage of the area in which a cutter was operating, and with its rapid response could arrive quickly on scene and identify a potential violation by foreign fishing vessels which might be in the area legitimately fishing one stock, but inclined to shift their attention to other unauthorized stocks if not kept under close surveilance.

As to the impact of my amendment on the recently passed budget resolution, there seems to be some disagreement as to what the Budget Committees included in the final target. As to our committee, we recommended to the House Budget Committee the inclusion of the total $108.6 million for the additional facilities required, in addition to the $10 million for operating expenses of the Coast Guard.

As to the item with which we are now concerned, we have been informally advised that, while there was no specific action by the House Budget Committee to approve or disapprove this line item, the only discussion in the Budget Committee consideration was a statement by a member of the Budget Committee, urging support of its inclusion in the budget target. We have also been informally advised that after the adoption of the conference report, the House Budget Committee staff has operated on the assumption that the final budget resolution includes $70 million for this item. On the other hand, it is my information that the Senate Budget Committee staff makes the assumption that there is a total for this item of $90 million in the budget resolution. My amendment would fall halfway between the two Budget Committee staff assumptions, and would raise this appropriation figure to $80 million.

Madam Chairman, there is one major concern that I have on this matter which is not related directly to the amount of money. We are all well aware that the administration lobbied long and hard against the passage of H.R. 200, all the way up until it became absolutely clear that the Congress would pass the legislation, despite their opposition. Leading that opposition were the State Department and the Office of Management and Budget. No matter what we do here today, it is my belief that many elements in the executive department will continue to attempt to place roadblocks in the proper implementation of the law. I believe that this debate should make it clear that I, for one, will not tolerate continued foot dragging, and I expect the administration to utilize the funds which we provide in the best manner open to them for effective enforcement. In that regard, of course, it may well be that future refinements will indicate that a somewhat different allocation of funds might produce a better result, and I urge the House conferees on this appropriation to assure that the final conference report recognizes that potentiality, and I further urge that that conference report and the statement of managers will endorse the idea of flexibility, subject only to the proper supervision of the two Appropriation Committees.

I urge the adoption of the amendment.

Mr. HUGHES. Madam Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from New Jersey.

Mr. HUGHES. Madam Chairman, I thank my colleague for yielding and commend the gentleman from New York for a very fine statement. I rise in strong support of the Biaggi amendment and associate myself with his remarks. It is extremely important that in this bill we have the additional funds so that the Coast Guard can do their job in enforcing the 200-mile limit. I urge my colleagues to support this amendment so that we can truly protect our domestic fishing industry.

Mr. LEGGETT. Madam Chairman, I rise in support of the amendment.

Madam Chairman, I appreciate the chairman of the subcommittee yielding and I commend my colleague, the gentleman from New York, on asking for this additional money for the Coast Guard.

However, I want to thank my colleague, the gentleman from California, for adding the very generous amount of money that he did for the Coast Guard that is in this bill.

We are in a situation where we are trying to effect a renaissance in American fishing. We are going through a study in the General Accounting Office to try to figure out how to do this. We have a study going on in the Office of Technological Assessment. The Congressional Research Service is working on it also. My Subcommittee on Fisheries and Wildlife Conservation and the Environment is working on the matter extremely diligently. But in order to improve the posture of the surveillance of the U.S. Coast Guard and to actually police a new 200-mile fishing limit, we really have to redevelop our existing resources.

We have a great deal to do. As I understand it, at the present time the Coast Guard monitors on the order of 500,000 square miles of land off the coast of the United States. Under the 200-mile limit legislation, the Coast Guard will have imposed on it the obligation to monitor several million square miles.

They can do that in name only now. I took my subcommittee to Kodiak, Alaska last August and we ascertained at that time from talking directly to the Coast Guard that the 12-mile limit was enforced only 5 percent of the time there due to the fact that we just did not have the resources there to do the job. We have had the Coast Guard before the Coast Guard Subcommittee, chaired by the gentleman from New York (Mr. BIAGGI), before our Fisheries and Wildlife Subcommittee, and we have had them before the Appropriations Committee, and we have asked them: "Can you enforce a 200-mile limit to protect American fisheries if we were to enact the law?" And they came back and said: "Certainly." We say: "Well, what will it take?" The response is: "Preliminarily, it will take $109 million," and that involved taking certain high-endurance cutters out of mothballs, building some new high-endurance cutters, rehabilitating some medium-endurance cutters, and upgrading some of our helicopter capability.

Now, we can cut some of those projected standards; but to argue over $20 million, which is really the subject of this amendment, as to whether or not the Coast Guard can or cannot do the job with or without this amendment, is a subjective thing.

Madam Chairman, what I do not like to be is in the position where we enact a law, we promulgate the necessary regulations, and we try to get the Coast Guard to enforce them, but we discover they are not enforcing the law "because, unfortunately, Congress, you did not give us the money."

We asked, "How much will it take to do the job?" At first they said we need 1,500 people. Well, in the current authorization bill, they have enough money for 863 additional military and 6 civilians. That is certainly going to help them; but in this appropriation bill, we have cut out their chopper capability. Now, that is not all their helicopter capability, because these helicopters are about 11 of their existing high-endurance cutters that they have.

We have a job to do. We just had a report filed with our Subcommittee on Fisheries and Wildlife Conservation that indicated the number of foreign fishing vessels operating off the U.S. coasts last month in May. There were 50 Soviet ships, 14 Polish, 2 Danish, 9 Cuban, and 4 East German off our New England coast.

Off the coast of Alaska where the gentleman from Alaska (Mr. YOUNG) is a little bit peripatetic, we had 109 Soviet ships, 581 Japanese ships, 38 Korean ships, 2 Chinese ships. There was a total of 928 ships off the American coast within 200 miles in just 1 month.

Now, to change this pattern of conduct within the framework of international law to provide for an allowable catch for the Americans and to allow for an additional allowable catch for those Americans who want to build up their capability is the big issue.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. LEGGETT was allowed to proceed for an additional 2 minutes.)

Mr. LEGGETT. Madam Chairman, then we provide for an additional allowable catch within the framework of what we call the optimum sustainable yield to be apportioned to foreign fishermen. How do we do this? All of it to the Japanese, or all of it to the Soviets? The Japanese are on our side in some of our alliances. The Soviets we relate to on some kind of a détente basis. The East Germans we have just recognized and they want to get into the act. We do not know how we will apportion this excess. It will become very, very sticky; but when we relate to observing 928 ships in 1 month, it is going to require a big surveillance capability, a big interdiction capability, a capability of landing a helicopter next to a ship to see if they have the kind of gear that is authorized, to see if they have the number of fish, the number of tonnage authorized in the permit. Every single ship after next March 1 that will be fishing off the coast of the United States registered under a foreign flag will have to have a permit. That is going to be pursuant to an International Fisheries Agreement. Those permits are going to be delivered and we are going to have to police this. This is a very formidable matter.

Madam Chairman, I strongly support the amendment of the gentleman from New York.

Madam Chairman, the extra $20 million provided by this amendment will be used by the Coast Guard to acquire one long-range surveillance aircraft and five short-range recovery helicopters—all of which are crucial to permit the Coast Guard to adequately enforce the Fishery Conservation and Management Act of 1976.

Madam Chairman, in determining the needs of the Coast Guard in carrying out its functions under the 200-mile fishery zone legislation, my subcommittee was advised by the Coast Guard that it would need an additional $108.6 million for fiscal year 1977.

Madam Chairman, the Coast Guard appropriation bill that passed the House in April of this year contained the $108.6 million figure, and that figure is consistent with the recommendations to the

Budget Committee by our Committee on Merchant Marine and Fisheries and is consistent with the request I made before the Budget Committee for inclusion in the first budget resolution which recently passed the House.

Madam Chairman, it is my understanding that the budget resolution included only $80 million of our $108.6 million request and that the Appropriations Committee appropriated only $60 million of this authorization. Although I am pleased that the Appropriations Committee included $60 million, yet I am disappointed that it did not include the entire amount authorized.

Madam Chairman, I would like to emphasize that the need is still there for $108.6 million. That amount was arrived at after careful consideration by the Coast Guard officials. Although the Biaggi amendment will increase the appropriation only $20 million, that is from $60 million to $80 million, I wholeheartedly support this amendment as this extra $20 million will be of great assistance to the Coast Guard in meeting its responsibilities under the act.

Madam Chairman, I would certainly hope that we consider very broadly the recommendations made by the chairman of the Subcommittee on the Coast Guard and put this $20 million in here and take a chance on the future of the fishing industry of the United States.

Mr. McFALL. Madam Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 466]

Archer
AuCoin
Bell
Bolling
Burton, John
Byron
Carney
Cederberg
Cleveland
Conlan
Conyers
Dent
Derrick
Diggs
Esch
Eshleman
Evins, Tenn.
Florio
Flowers
Foley
Frey
Hammerschmidt
Harsha
Hays, Ohio
Hébert
Hefner
Heinz
Helstoski
Hillis
Hinshaw
Horton
Jones, Tenn.
Karth
Landrum
Litton
Lundine
McDade
Madigan
Matsunaga
Melcher
Mills
Montgomery
Mosher
Nowak
O'Hara
Pepper
Peyser
Quillen
Reuss
Riegle
Roberts
Rosenthal
Russo
Satterfield
Scheuer
Schneebeli
Sisk
Smith, Nebr.
Spellman
Stanton, James V.
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symington
Teague
Udall
Wilson, C. H.
Young, Ga.
Zeferetti

Accordingly the Committee rose; and the Speaker having resumed the Chair, Ms. Jordan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14234, and finding itself without a quorum, she had directed the Members to record their presence by electronic device, whereupon 362 Members recorded their presence, a quorum, and she submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. STUDDS. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in strong support of the amendment offered by the gentleman from New York (Mr. Biaggi).

Mrs. SULLIVAN. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. Madam Chairman, I rise in support of the amendment proposed by the gentleman from New York (Mr. Biaggi), which would add $20 million to the Coast Guard Appropriation. This would provide additional necessary equipment for the enforcement of Public Law 94–265, as well as for the performance of other Coast Guard missions.

When the proposal was first made for extending the U.S. fisheries zone to 200 miles, I was not in favor of that proposal because of my hope and the assurances from the State Department that the matter of coastal State fisheries controls would be resolved expeditiously in the Law of the Sea Conference. After several years of decreasing hopes, I finally came to the conclusion that our country could no longer wait, or we would find that when international agreement was reached, there would be no fish to manage. I, therefore, supported the enactment of H.R. 200, and the bill was passed by large majority in both Houses.

Having enacted the legislation, it seems to me that this House is duty-bound to provide the necessary enforcement capability. In proposing H.R. 200, we gave our best views as to what the enforcement needs would be. Those views remain essentially the same, and the additional moneys proposed in this amendment are, in my opinion, the minimum amount that we should provide, unless we are to ignore the obligation which we have accepted in the enactment of the fisheries zone extension.

I urge the support of all Members for the amendment.

Mr. STUDDS. Let me say, if I may, Madam Chairman, to the members of the committee, that a few months ago this House and this Congress enacted into law, and it was signed by the President, the extension of this Nation's fisheries jurisdiction to 200 miles.

It is inconceivable to me, a few short months after having said to the other nations of this world that we intend to exercise management authority and jurisdiction over our Nation's coastal fisheries to 200 miles, that this Congress would turn around and say to those nations that we are not serious; we really do not intend to do it; we do not intend to give our Coast Guard the manpower, the aircraft, the helicopters, and the ships it needs to do it in order to give a signal to the other nations of the world that we mean what we say.

Madam Chairman, I do not believe for a single moment that this Congress would want to hold this Nation up to ridicule on the part of the Soviet Union, Japan, and two dozen or so other nations who have literally raped the coastal fisheries of this land for over a decade. However, by doing this, we would inevitably be put in that position.

Madam Chairman, we should adopt the amendment offered by the gentleman from New York (Mr. Biaggi). It seems to me absolutely imperative that every Member of this body, whether or not he or she initially supported this legislation, should not hold this Nation up to international ridicule, but should show that we mean what we say. The only way to make certain that the other nations of the world do not misread our intentions is by adopting this amendment.

Mr. du PONT. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from Delaware.

Mr. du PONT. Madam Chairman, I wish to associate myself with the remarks of the gentleman from Massachusetts (Mr. Studds).

Madam Chairman, I rise in support of the amendment offered by the chairman of our subcommittee (Mr. Biaggi) that would add $20 million to the Department of Transportation appropriation for fiscal year 1977. I think the details of this amendment have been fully described by the chairman and I only wish to add briefly my sentiments regarding the necessity of this modest addition to the Coast Guard budget.

Earlier this year this Congress passed H.R. 200, the Fishery Conservation and Management Act of 1976, in an effort to preserve our rapidly disappearing coastal fisheries resources. The debate on H.R. 200 underscored the emergency nature of this legislation. Foreign fishing fleets, in anticipation of the extension of our economic zone, have been engaged in an unrelenting assault on coastal fish species, literally scooping up all the fish in sight regardless of the implications for future supplies. H.R. 200 was passed with overwhelming support indicating that the majority of Congress new we could no longer afford to wait for an international resolution of the fisheries jurisdiction question. Implicit in this action is the commitment by the Congress to give the Coast Guard the tools for effectively implementing this new law. Without the effective enforcement mechanism, H.R. 200 will be just another piece of paper.

The Merchant Marine and Fisheries Committee, in considering the annual Coast Guard authorization bill, recognized the need to add equipment to the Coast Guard inventory to meet the added responsibilities imposed by H.R. 200. The subcommittee, using preliminary estimates of need from the executive branch, authorized an additional $108 million in order to enforce the 200-mile fishing zone. The House Appropriation Committee has recognized that a need has been demonstrated for additional Coast Guard equipment acquisition and they have provided for $60 million in the annual appropriations bill.

I am supportive of that figure but I believe if the Congress is serious about making H.R. 200 effective, an additional $20 million is not only justified, but badly needed. The Appropriations Committee apparently deleted $49 million from our request which would have provided for two additional Coast Guard cutters. Because of the leadtime involved in procuring these vessels, I can accept the Appropriation Committee's reasons for deleting that $49 million. However, the remaining $60 million provides for only five long-range aircraft instead of the six authorized in our Coast Guard authorization bill; and the Appropriations Committee did not allow for any of the five short-range helicopters that were authorized by the Merchant Marine Committee bill. The $20 million that is being offered as an amendment would provide for one more long-range surveillance aircraft and would allow for the initiation of the helicopter acquisition program.

I believe this $20 million is an essential part of an effective program to implement H.R. 200. I also believe that the addition of this $20 million is consistent with the Budget Act targets. Although there is some disagreement as to the precise figures, the House Budget Committee staff has assumed that $70 million would be spent for enforcement of the 200-mile zone while the Senate Budget Committee staff assumes that $90 million is provided for this purpose. The amendment offered by the chairman of our subcommittee would split the difference and would raise the appropriation figure to $80 million.

Therefore, I urge my colleagues to accept this modest increase; it is necessary if H.R. 200 is to become an effective tool in preserving the coastal fish resources and it is a fiscally responsible increase.

Mr. RUPPE. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from Michigan.

Mr. RUPPE. Madam Chairman, I rise in support of the amendment.

The Fishery Conservation and Management Act of 1976 is largely a response to the effects of foreign overfishing off the shores of the United States. It is a well-documented fact that the advent of large-scale foreign fishing coincided with a precipitous decline in the U.S. fisheries. The reason for this decline was that foreign fleets failed to observe basic principles of resource conservation and management.

This tremendous overfishing occurred despite the existence of several international agreements providing for the conservation of fisheries resources. However, the sad reality is that these agreements lacked effective enforcement mechanisms and, therefore, were largely ignored.

Without effective enforcement it is likely that this same fate will befall the Fishery Conservation and Management Act of 1976. Conservation regulations will be ignored and the depletion of U.S. fisheries will continue unabated.

The amendment we are offering today will give the Coast Guard additional resources to enforce this act. Specifically, the increased funds will permit that agency to purchase additional equipment needed for patrolling the 1,676,000 square nautical miles, which Public Law 94–265 added to our fishery jurisdiction.

It is clear the Coast Guard will need these resources to enforce the Fishery Conservation and Management Act and, therefore, I urge the adoption of this amendment.

Mr. FORSYTHE. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from New Jersey.

Mr. FORSYTHE. Madam Chairman, I rise in support of the amendment.

The Fishery Conservation and Management Act of 1976 was born out of this Congress desire to conserve and manage the vast fishery resources found off the coast of the United States. In this regard, it is important to remember that in the early 1960's, prior to the arrival of the large foreign factory ships off our shores, there was an abundant supply of fish.

The problem, Madam Chairman, was that these large foreign fleets ignored the basic principles of conservation and management. U.S. fish stocks were overfished and began to decline until at least 10 valuable commercial species are now considered depleted.

The irony of this situation is that much of this foreign overfishing occurred despite the existence of international conservation agreements. Because there was no effective mechanism for enforcing these agreements, foreign fleets could generally ignore international conservation measures and the reality of the situation is that they did precisely that. The result was the rapid depletion of the living resources off the U.S. coast.

The Congress has now enacted a Fishery Conservation and Management Act. If this act is to succeed in preserving and restoring our fisheries, the United States must be fully prepared to insure that our conservation regulations are observed. Without effective enforcement, this act will be no more effective than many existing international agreements.

Madam Chairman, it is essential that the House approve this amendment which will give the Coast Guard sufficient resources to meet its responsibilities to enforce the Fishery Conservation and Management Act of 1976.

Mr. EMERY. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from Maine.

Mr. EMERY. Madam Chairman, I rise in support of the amendment to appropriate $10 million for the Coast Guard so they may properly enforce the 200-mile limit bill.

A number of my colleagues and I are pinning many of our hopes for the revitalization of our domestic fishing industry on the 200-mile limit bill, H.R. 200. The conservation and management policies and goals set forth by the act have the potential of completely turning around the present situation of depleted fishery stocks which have contributed so heavily to the depressed state of the industry. It goes almost without saying, however, that unless the proper funds are appropriated for enforcing the bill, then all of these hopes will come to little.

The Coast Guard is a key factor in making the law successful. If management and conservation policies are to be established and if quotas are to be imposed, then the Coast Guard must have the proper equipment and adequate personnel in order to effectively survey the waters which now fall under jurisdictional control of the U.S. economic zone. Without their effective enforcement capabilities, then implementation of the act will be useless.

Madam Chairman, it is for the reasons which I have outlined here that I urge the Congress to support this amendment and appropriate the funds necessary for carrying out the act.

Mr. YOUNG of Alaska. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Madam Chairman, I rise in strong support of this amendment and wish to associate myself with the remarks of the gentleman from Massachusetts (Mr. Studds).

Madam Chairman, I rise in support of the amendment introduced by the gentleman from New York (Mr. Biaggi). I feel the adoption of this amendment is crucial to the implementation of the 200-mile fishing bill, as passed by the Congress earlier this year.

I feel that the 200-mile bill is the most important piece of fisheries legislation ever enacted by the Congress. It is a comprehensive bill that is designed to conserve and develop our dwindling fisheries. By extending our fishing zone from 12 to 200 miles, we can act for the first time to prevent foreign fishing vessels from exhausting our stocks with unwise fishing practices.

As the organization entrusted with the duty of enforcing the extended zone, the Coast Guard will be taking on a tremendous burden. Recently, the incidence of sighting of foreign fishing boats off our coasts has risen dramatically, evidenced by a recent NOAA press release that reported a record high number of fishing vessels off our shores. A total of 928 foreign vessels were sighted last May, a much higher number than the 610 sighted in April and the 787 sighted in May of last year. The situation in Alaska is especially serious, as 581 Japanese vessels were off Alaska alone in May.

When the March 1, 1977, date of implementation for the 200-mile bill arrives, the Coast Guard will need to expand its support facilities and vessels considerably in order to protect and enforce the zone. The Coast Guard requested $108.6 million for the purchase of two high-endurance cutters, six long-range surveillance craft, and five recovery helicopters. The Appropriations Committee recommendation falls short of that request, and it is crucial that we try to make part of the gap up.

When the Congress passed the 200-mile bill, the mandate was clear: We were no longer prepared to allow the foreign rape of our precious fisheries. But we must not just sit back now that the President has signed the bill and wait for the fish stocks to start building themselves. There is still much work to do. The Congress did some of that work a little over a week ago when the Commerce Department appropriations bill came up, and the question of appropriations for the Department of Commerce to implement the 200-mile bill was discussed. Fortunately, the House passed an amendment to fund this bill, and it is equally important that the House act again to insure that the Coast Guard can enforce it. Public Law 94–265 will be a joke otherwise, and fisheries conservation and development will be impossible. For this reason, I urge the adoption of this amendment.

Mr. BREAUX. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from Louisiana.

Mr. BREAUX. Madam Chairman, I rise, too, in support of the amendment offered by the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Madam Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from New York.

Mr. BIAGGI. Madam Chairman, I thank the gentleman for yielding.

I ask unanimous consent to modify my amendment so as to reduce the increase from $20 million to $10 million.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment, as modified.

The Clerk read as follows:

Amendment offered by Mr. BIAGGI, as modified: On page 4, line 5, strike "$231,000,000", and insert in lieu thereof "$241,000,000".

Mr. STUDDS. Madam Chairman, in conclusion may I say that, particularly with the granting of the unanimous consent request of the gentleman from New York (Mr. BIAGGI) to reduce the increase in funding sought by his amendment, that this becomes eminently reasonable and absolutely essential if this Nation is not to render itself a laughing stock among the nations of the world. I urge my colleagues to support the amendment.

Mr. McFALL. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, the money that the subcommittee recommends in this bill is over the President's budget and is $10 million less than the congressional budget allocation. With the revised amendment, we are equal to the congressional budget resolution for this Coast Guard activity. It is a matter of judgment as to what might be needed. The authorizing committee feels that more is necessary. We held hearings on this matter and we thought that our recommendation was sound. However, in view of the gentleman's revised amendment, I think the House should agree to the amendment.

Mr. CONTE. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Massachusetts.

Mr. CONTE. Madam Chairman, I rise in strong support of the amendment offered by the gentleman from New York (Mr. BIAGGI) to increase appropriations in this bill for the Coast Guard's enforcement program of the Fishery Conservation and Management Act of 1976 (P.L. 94-265).

I am intimately familiar with the appropriations necessary for this legislation. I was an original cosponsor of H.R. 200 and supported that legislation each and every time it was debated in this Chamber. No one can detract from the importance of this legislation.

I am satisfied that this additional funding is more than adequate to support the personnel and equipment required in the first 6 months of the operation of the 200-mile limit enforcement program.

However, I shall state that it is clear that fiscal year 1978 will require additional acquisition and operation funding to insure that the program is fully operational by mid-1978.

I wish to assure that no Member in this House is more concerned with an adequate level of funding for this program than I. I am satisfied that the $90 million provided between this bill as amended and the second supplemental appropriations bill will more than suffice the needs of the Coast Guard in the initial 6 months of this enforcement program.

I urge my colleagues to adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York, Mr. BIAGGI, as modified.

The amendment, as modified, was agreed to.

The CHAIRMAN. The clerk will read.

The clerk read as follows:

FEDERAL AVIATION ADMINISTRATION

OPERATIONS

For necessary expenses of the Federal Aviation Administration, not otherwise provided for, including administrative expenses for research and development and for establishment of air navigation facilities, and carrying out the provisions of the Airport and Airway Development Act; purchase of four passenger motor vehicles for replacement only and purchase and repair of skis and snowshoes: $1,666,000,000: *Provided*, That there may be credited to this appropriation, funds received from States, counties, municipalities, other public authorities, and private sources, for expenses incurred in the maintenance and operation of air navigation facilities.

Mr. CONTE. Madam Chairman, I move to strike the last word.

Madam Chairman, I rise to speak on the need to require purchase of Coast Guard medium-range surveillance aircraft by the Coast Guard from domestic aerospace facilities.

Being closely associated with the Coast Guard procurement since my first days in this Chamber, I offer this amendment to insure against a dangerous precedent about to take place. To this date, no military service has had to rely on any foreign country for so much as an integral component of any aircraft, land vehicle, or oceangoing vessel.

The Coast Guard is on the verge of awarding a 41 aircraft purchase contract to a foreign manufacturer. I feel this is unconcionable. I have set out my apprehensions in detail at pages 53–54 of this report. It is my hope that all Members will read them before casting their vote on this amendment.

At this time, five aerospace manufacturers demonstrated an ability to satisfy the Coast Guard specifications while one additional aerospace concern has petitioned for consideration. To date, three of the five qualifying manufacturers are U.S. aerospace firms. The other two firms under consideration are French and German manufacturers. The sixth firm petitioning for consideration would offer a modified Soviet-built aircraft.

If this contract should be awarded to either of the two, possibly three, foreign aerospace facilities, it will make a military service dependent upon a foreign manufacturer for parts and components. This must not be. These craft are essential to expand the Coast Guard's over-water surveillance capabilities.

It is argued that since the United States has the most sophisticated aerospace facilities in the world, we could easily duplicate parts and components here in the United States if a serious emergency existed. I agree that such domestic manufacture of parts and components could take place. However, it would take no less than 1 year, according to conservative estimates, to construct the molds and dies necessary to produce the components. What do we do in the interim—revert back to demothballed C-131A aircraft which are already grossly obsolete? I charge that the assertion that American facilities could take over in emergency situations is a mere peripheral point clouding the serious complexities of this matter.

Some argue that competition will insure the best airplane at the best price. I contend that this program will just deliver merely the cheapest of the five or six acceptable craft—not necessarily the best. My reason for this is the massive subsidization provided by foreign countries to their manufacturers to "get into" our market.

Early reports show that the German Government has already subsidized the initial production of the German manufacturer's aircraft at more than 53 million deutche mark which amounts to slightly over $23 million. The Buy American Act will only give a domestic manufacturer a 10-percent advantage. This is clearly no match to these massive foreign subsidies.

My second point of opposition to this matter is with regard to our rate of unemployment. Latest economic reports from the French and German embassies advise that unemployment in those countries rests at 5 and 4 percent respectively while ours still soars in excess of 7.5 percent. We provide billions of U.S. dollars for "make work" jobs, which never result in any tangible or lasting benefit, in return for our dollars. With my simple language amendment we would immediately provide 9,000 man-years of employment at an average of 1,510 jobs per year. How many times have I heard so many of my colleagues argue for the need to stimulate private sector employment to create meaningful jobs? Fellow Members I am offering you that opportunity with my amendment.

This procurement program has now lagged for more than 3 years. It is quite likely that none of the three foreign countries could provide all 41 craft within the 30-month procurement schedule. The three domestic manufacturers stand ready to provide tested modified off-the-shelf aircraft within an 18-month period.

Limiting procurement to an American concern would thus put these craft in the hands of the Coast Guard a valuable year sooner. This would also cut the cost of rehabilitating and operating the demothballed C–131A aircraft for interim use.

Finally, I should like to make the point that I have no desire to in any way interfere with commercial or Government nonmilitary acquisitions—my apprehensions arise out of the fact that the aircraft will be used by a U.S. military service. I should like to note by the wayside that the French company proposing a bid in this program has sold 60 of their 80 new jets—75 percent—in the United States. I am sure that statistics on purchase of the German crafts are similar. I feel satisfied that foreign concerns will continue to feel they have a substantial market for commercial and private craft here in the United States.

I urge my colleagues to read my additional views at pages 53–54 of this report.

Thank you, Madam Chairman.

Mr. MURPHY of New York. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. MURPHY of New York. I thank the gentleman for yielding. I have great respect for my colleague, the gentleman from Massachusetts.

Madam Chairman, as you may know, I was chairman of the Coast Guard Subcommittee of the House Merchant Marine and Fisheries Committee at the time the decision was being made to purchase upwards of 40 medium-range surveillance aircraft to replace the aging HU–16 Albatross fleet. It was during my period as chairman that the subcommittee went through an extensive investigation of an attempted sole source procurement by the Department of Transportation of Rockwell International's Sabreliner 75A. As a result of that investigation, the Coast Guard and DOT agreed to an open competition which would guarantee the Coast Guard and, in the final analysis, the American people the best possible aircraft at the lowest possible price. As a result of the above efforts over the past several months, the Coast Guard has been able to consider no less than five aircraft representing high capability to perform the required missions: yet, with an apparent broad range of unit cost per aircraft which is the type of competitive situation that took almost 2 years to achieve.

I now find that an attempt is being made to amend the transportation appropriations bill, H.R. 14234, with language restricting the procurement of Coast Guard medium-range surveillance aircraft to companies that meet certain conditions of American ownership and operation.

Madam Chairman, I am fearful that if this amendment is allowed to stand the ultimate cost to the American taxpayer for these aircraft could total an additional $50, and perhaps as much as $75 million.

As I pointed out, the procurement process has been a long one fraught with many difficulties in obtaining adequate competition. This has meant numerous revisions in the request for technical proposals—RFTP. To insure proper competition, and with the full knowledge of the Congress, non-U.S. companies were invited to bid. At the present time, the Coast Guard is in receipt of technical proposals from interested companies and is evaluating such proposals. After this evaluation, those companies found technically qualified will be asked to submit cost proposals.

Needless to say, such proposals are costly matters for the companies involved. Costs to date are estimated at approximately $300,000 per company. The so-called non-American companies have entered this competition in good faith. They are perfectly willing to meet the terms of the proposal including the qualification under the Buy-American Act. This act, of course, gives to American companies a favored advantage.

The amendment offered by Mr. CONTE is unusually discriminatory. I feel that it will reflect adversely not only on the two non-American sources which have entered the competition, but on the whole of our international aerospace procurements. As you are aware, this industry is a major contributor toward achieving a favorable U.S. balance of trade.

This may not continue to be the case if obviously discriminatory legislation such as this is enacted. Coming at a time when at least one foreign government is meeting to discuss joint ventures, when members of American aerospace industry are meeting with their foreign counterparts, when the Federal Republic of Germany is looking for a replacement of its fighter aircraft, and when the procurrent by the Dutch of the F–16 is just beginning, it could have a severe adverse effect upon our foreign aerospace markets.

The companies involved are well aware of the desirability for production of these aircraft in whole or in part in this country. In this connection, I have attached to my statement a fact sheet concerning the proposal by Falcon Jet Corp. of Teterboro, N.J. Both Falcon Jet and Fokker-VFW have responded to the Coast Guard proposal, but, under the Conte amendment, they would be precluded from consideration. Members should note that almost 70 percent of the procurement cost of the Falcon will be spent in the United States with over 88 percent of the operation and maintenance costs being spent in this country. This would create at least 13,600 jobs in the United States during the period of this procurement.

In summary, this procurement is well down the line toward completion. The old MRS aircraft are falling apart and the need for their replacement is urgent. To introduce a major change at this time as envisaged by the Conte amendment will not only be disruptive but will lead to higher costs to the Coast Guard and to a diminution of our access to foreign aerospace markets.

Madam Chairman, it is in the best interest of the American taxpayer and the Coast Guard to have maximum competition in this procurement. I believe that without the Conte amendment, we will achieve this goal. This will result in the procurement of the best possible aircraft at the best price, well insulated from many international perturbations.

I urge Members to sustain the long work of the Merchant Marine and Fisheries Committee to achieve a truly competitive situation in this aircraft purchasing program which may ultimately reach a half billion dollars during the life cycle of the planes. A vote against the Conte amendment will achieve this.

The factsheet is as follows:

COAST GUARD AIRCRAFT PROCUREMENT

In an effort to obtain the most modern and efficient Medium Range Surveillance aircraft, the U.S. Coast Guard invited the Falcon Jet Corporation of Teterboro, New Jersey, to respond to the Coast Guard procurement proposal. This corporation is owned 50 percent by Pan American and 50 percent by Avions Marcel Dassault.

The aircraft which Falcon Jet is proposing (Falcon-20G) is a newer model of the Falcon 20, a modern existing aircraft approved by the FAA in 1965. Over 350 of these aircraft are flying in the U.S. at this time.

Over 68 percent of the cost of each Falcon–20G will be spent in the U.S. The aircraft will be assembled in Little Rock, Arkansas.

The engines (the most advanced turbofan in the U.S.) are produced by the Garrett Corporation in Phoenix, Arizona.

The avionics will be provided by the Collins Radio Group of Rockwell International, Cedar Rapids, Iowa.

The engine nacelles will be constructed by Rohr Industries, Inc., Chula Vista, California.

The training of pilots and maintenance technicians for this aircraft will be done at the Falcon Jet Center, Teterboro, New Jersey.

The computerized maintenance system will be developed and operated by Camp Systems, Inc., Long Island, New York.

When the aircraft is operational, 88 percent of operation and maintenance costs will be in the U.S. The only portion purchased from abroad will be some spare parts for the airframe. Plans and drawings are available for these parts to be made in the U.S. if any emergency so dictates.

The Falcon procurement will create at least 13,600 jobs in the U.S. over a period of 6 years. These jobs will be spread over 20 states, many of which are in high unemployment areas. In addition, retrofit of existing Falcon 20 aircraft and future commercial sales of the Falcon 20 and 20G would be accomplished in the U.S. Retrofits alone of existing Falcon 20 aircraft would more than offset any foreign input to this procurement.

Mr. CONTE. Madam Chairman, what the gentleman says is perfectly correct. As I recall—and I imagine the subcommittee chairman will bear me out—the Coast Guard was very happy with the sole source airplane that they were going to get. They thought it was very adequate.

Madam Chairman, the thing that gripes me is that we, the lowest bidder is going to get it. Well, just fine and dandy. When we say that the taxpayer is going to save money, that is just a false saving. Because of the loss of jobs this program and others would create, we will have to come in with some social programs that will cost billions of dollars because our people are displaced from their jobs and out of work. That is what bothers me.

If I were a betting man, I would bet

the gentleman the French manufacturer is going to get this because the French Government wants it and they are going to subsidize that aircraft, Madam Chairman, at 100 percent for their total research and development just to get the contract. It is a foot in the door.

I cannot do anything about it. I am disturbed about it. I finally want to make it clear that I do not have any airplane companies in my congressional district so my interest is surely for our American workers.

AMENDMENT OFFERED BY MR. YATES

Mr. YATES. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: On page 6, line 3, strike the period, insert a comma and the following: "*Provided further,* That no funds appropriated by this Act for the operation activity 'Operation of Traffic Control System,' nor for the salaries and expenses of persons operating that system shall be available for the control of civil supersonic aircraft engaged in scheduled or nonscheduled commercial service for landings within the United States of America, which aircraft do not comply with noise standards established for subsonic aircraft by the Federal Aviation Administration under Federal Aircraft Regulation (FAR) 36, presently in force and effect."

Mr. YATES. Madam Chairman, I see my good friend, the gentleman from Massachusetts and I just wanted to say I listened with approval to his argument about the subsidization of the French aircraft. I wonder whether the gentleman is going to include that argument to the Concorde?

Mr. CONTE. Madam Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Massachusetts.

Mr. CONTE. Madam Chairman, it is just too bad the gentleman from Illinois did not vote for my amendment in the subcommittee.

Mr. YATES. On what?

Mr. CONTE. On my buy-American amendment.

Mr. YATES. The gentleman did not vote for my amendment.

Mr. CONTE. My amendment came first.

Mr. YATES. I think my amendment came first.

Madam Chairman, in 1969 this Congress passed legislation to require the reduction of aircraft noise in this country, and now we have seen that standard shattered by the introduction into commercial aviation into this country of the French-British Concorde. We have seen the Concorde in operation. It is a pretty sight. We have listened to the Concorde in operation, and it is pretty awful.

It is unquestionably the noisiest plane in the world. We know now that it operates on takeoff at a noise level that is 4 times above the noise standard established by the FAA in accordance with the congressional mandate of 1969 legislation. The FAA acting on that mandate established a noise level of 108 p.n.d.b. That is the noise rating that the experts tell us is the way in which noise is to be measured. The FAA has not established such a noise level for supersonic aircraft. They established 208 p.n.d.b. This is a noise level that is 4 times noiser than the noise level established for subsonic aircraft.

That noise level is not going to improve. The same planes will be operating. There are no improvements on prospect for the Concorde engines. Their noise will continue.

Why must we therefore wait for the expiration of Secretary Coleman's 16 months experimental period? The question that we have before us now is whether we want to retrogress from the decision that we made in 1969 to cutback on aircraft noise. If we approve of the operation of the Concorde we will be moving in just the opposite direction, toward a noisier atmosphere around the operation of aircraft.

Mr. WOLFF. Madam Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New York.

Mr. WOLFF. Madam Chairman, the gentleman brought up a very significant point. He said in the Congress we mandated noise rules be set up in 1969. We still do not have a noise rule. One of the basic reasons why we do not have a noise rule yet is the basic fact that the decision has been postponed constantly. So today we are faced with a situation where Secretary Coleman comes in and sends a plan to OMB which we still do not know about. I say we have got to have a program of retrofitting aircraft so we can conform to the original regulation that was set up.

This historical failure has roots, Madam Chairman. We know that in January 1973 secret letters were sent by President Nixon to Mr. Heath and to Mr. Pompidou saying that any fleet noise rule that was promulgated by the United States would not apply to the Concorde. Therefore, these aircraft can come in and, yet, as we know, our own aircraft cannot operate at these levels. This is a double standard, an inconsistency, which Congress never intended in 1969, as the gentleman from Illinois so rightly contends.

Mr. HARRIS. Madam Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Virginia.

Mr. HARRIS. Madam Chairman, I would like to join with my colleague. I think the amendment has a great deal of merit.

May I ask the gentleman, is it true that the Dulles Airport is the only airport they are allowing the Concorde to land?

Mr. YATES. That is correct.

Mr. HARRIS. For the only reason that the FAA has control of that airport and they can direct that the aircraft be landed there, regardless of what people think?

Mr. YATES. May I say that the Concorde is not operating into the JFK Airport because the New York Port Authority has ruled it cannot land there.

I assume that the answer to the gentleman's question is that the FAA, which wants supersonic flight, has permitted it to land at Dulles.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. YATES) has expired.

(At the request of Mr. HARRIS, and by unanimous consent, Mr. YATES was allowed to proceed for an additional 3 minutes.)

Mr. YATES. Madam Chairman, to permit the Concorde to fly in at this noise level is contrary to the congressional intent.

Madam Chairman, what is the public service that this aircraft renders? It carries only 80 passengers between Britain and France and this country. It cannot take any more because it has such a limited range. Thus, in order to permit the carriage of 80 passengers, who pay a fare approximately 20 percent higher than the first-class fare for other aircraft, we will permit this plane to fly into this country with such outrageous noise levels.

In committee, may I say, Madam Chairman, my good friend, the gentleman from Massachusetts (Mr. CONTE) pointed out the horrors that would result if my amendment were approved.

The gentleman from Massachusetts said that Concordes would crash all over the country because there would not be any monitoring by the FAA towers. Well, if Concordes were to fly into this country without air traffic control, that would be a most unique circumstance. I am sure that the Concorde management would never permit the Concorde to fly into this country without air traffic control.

Mr. ADDABBO. Madam Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New York.

Mr. ADDABBO. Madam Chairman, I want to commend the gentleman from Illinois. The gentleman was the one that led the fight against the American SST, because at that time we knew that the SST could never meet our environmental noise standards.

Madam Chairman, would not the gentleman agree with me that if the Concorde were permitted to go on flying, breaking our laws, going above the noise standards permissible, that we will get to where we will possibly see legislation in this Congress saying "Why can't we waive those qualifications for our own aircraft?" And the battle for the Amerisan SST will start all over again.

Mr. YATES. Madam Chairman, I think the gentleman is right. It would permit other major airlines not only to fly into Dulles and JFK, but to other airports.

Mr. McFALL. Madam Chairman, I rise in opposition to the amendment.

Madam Chairman, I rise in opposition to this amendment. This is a perennial exercise we have here concerning the SST. At first there was concern about the effect of the SST on the atmosphere. We have discovered that we would need a lot more planes flying for a much longer time than we have now with the French-British Concorde to have any effect on the atmosphere. So no one makes that argument any more. Now the argument is noise.

I suggest that this is a subjective matter and that we ought to go forward with the test.

Mr. ADDABBO. Madam Chairman, will the gentleman yield?

Mr. McFALL. Will the gentleman allow me to finish my statement? I have not really said anything.

Mr. ADDABBO. That is just the point. I just want to take up the word "subjective." Those who live near the airport are subjected to this noise every day.

Mr. McFALL. I suppose subjective is similar to what kind of noise annoys an oyster. It is the same thing we have had over the years; there are negative aspects to the SST and positive aspects to the SST.

The point I would make is that the administration—and I think correctly—has authorized a 16-month trial period at Dulles Airport. We are within 30 miles of that airport. That airplane has come in; we have watched the newspapers, and some people say it is quieter than they expected; and some people say it is noisier.

We only have a few airplanes a week coming in here, and certainly during that period not too many people are going to be annoyed by this airplane. The people from New York get up and complain about this airplane. It is not coming into New York. It is coming into Dulles, and I understand that the gentleman from Virginia (Mr. Harris) would want to make a statement about it because it is coming into his area.

Mr. HARRIS. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Virginia.

Mr. HARRIS. Madam Chairman, I just wondered if the people in my area had anything to say about being used as guinea pigs, or was it because the FAA could put it in without any consent on their part to be made guinea pigs.

Mr. McFALL. I assume the gentleman can make that kind of statement on his own time.

We have, I think, a proper 16-month period in which to determine whether or not this airplane is the kind that we should bring into our airports throughout this country. Certainly, it does not meet the subsonic standards. Eighty percent of the airplanes that are flying today do not meet this FAR 36 standard. The President's airplane, the 707, does not meet those standards. If the Members read the comments of the people who listened to the Concorde as it landed at Andrews Air Force Base when it brought the President of France here, they will know that those people said that it was quieter in landing than the President's 707.

A few planes a week take off from Dulles, and it is noisier than the 707 at takeoff, but I submit that there is little enough noise over a short period of time, bothering very few people, to allow this experiment to go forward so that we can find out whether or not we ought to have supersonic aircraft landing in this country.

If we do not do this, I submit that we get ourselves into all kinds of problems in our commercial and diplomatic relationships with the French and British.

We sell billions of dollars worth of aircraft to NATO countries. We have a fine relationship with the British and the French, and yet when they make an airplane, if we do not allow it to land in the United States, it seems to me that is very unfair to them. We can then get ourselves into diplomatic problems with the French and British, who can retaliate against us. I believe that the rational thing to do is to continue with this test.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. Ford of Michigan and by unanimous consent Mr. McFall was allowed to proceed to 1 additional minute.)

Mr. FORD of Michigan. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Michigan (Mr. Ford).

Mr. FORD of Michigan. I thank the gentleman for yielding.

As one who voted against the building of the American SST, knowing full well that there was a potential loss of profits in the American aircraft industry, and the loss of economic potential that we had pitched at us for a number of years, I am somewhat disturbed when I hear the argument made that, even though the Congress decided that the potential damage to us and to other people in the world, from an ecological point of view, and the potential damage to the international aircraft transportation industry by this ill-fated experiment with instant transportation was too great for us to take the risk on behalf of our own American industry, we should put all that aside now, simply because the French and the British have invested their money, and somehow we owe it to them to allow them to do that which we would not allow our own American industry to do.

Am I characterizing accurately the argument that the gentleman just made? Or did I miss something?

Mr. McFALL. I do not think the gentleman has characterized the argument very clearly.

Mr. FORD of Michigan. If the gentleman will yield further, maybe I am being unfair, but that is what is coming through to me.

Is that what the gentleman is saying or not? Maybe I missed it. I get the impression that we should have some kind of special sympathy or empathy for the British and French aircraft industry because of their investment.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Mr. Ford of Michigan and by unanimous consent, Mr. McFall was allowed to proceed for 1 additional minute.)

Mr. FORD of Michigan. If the gentleman will yield further, we had a tremendous investment in this country, but Congress decided as a matter of policy that the American SST was too dangerous for our people to go ahead with it. Why is it different because the French or British have invested their money?

Mr. McFALL. Certainly the Congress decided not to go ahead with it, for whatever reason they decided. Certainly they did not decide, it seems to me, that it was too dangerous for the people of the world to go ahead, because the evidence is exactly contrary to that.

In all of the investigation that we have had concerning the atmospheric effects of the SST, it is obvious that any of the emissions from these several aircraft that are flying today would have no effect upon the atmosphere at all.

So there is no danger to the people of the world as a result of the SST.

Mr. WOLFF. Madam Chairman, will the gentleman yield on that point for a correction?

Mr. McFALL. No. When I am through, the gentleman can get his time. If he wants to get me some more time, I will be glad to debate it with him.

The gentleman knows, as everyone knows, that it would take at least 120 airplanes flying to have any effect on the atmosphere in the form of nitrous oxide, and that we would have to have 2,000 airplanes flying 4 hours a day for there to be any effect on the atmosphere from sulfur. Those are the two qualities of the emissions that would be present in any SST emission.

There is, I believe, little doubt that these few airplanes would not have any effect on the ozone at all.

So the question comes down to noise and the question comes down to what sort of a policy we should have with our friends in France and in Britain who have invested all of this money in the Concorde SST which will be flying all over the world except, perhaps, to the United States.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Mr. Murphy of New York and by unanimous consent, Mr. McFall was allowed to proceed for 2 additional minutes.)

Mr. MURPHY of New York. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from New York (Mr. Murphy).

Mr. MURPHY of New York. I thank the gentleman for yielding.

Madam Chairman, I want to congratulate the gentleman in the well for his well-reasoned response to my colleague from Illinois. I think that, as we have studied the SST development over the last 9 years, the United States has made a great contribution to supersonic flight.

I think it was an unfortunate decision of the Congress not to continue with the Boeing SST, because if there is one thing that the Concorde has proven it is that the entire base of the Boeing SST was correct. It was an aircraft one-third faster and one-half again larger than the Concorde. It was the economic model for the world to purchase and to buy. The Concorde is a viable aircraft. It is only coming in to Dulles three times a week twice a day. It has proven the fact that people want supersonic travel. We are in the first generation of supersonic commercial engines. Technology will be able to conquer the noise problem that my colleague from Illinois so well pointed out.

Madam Chairman, I certainly support the position taken by the gentleman in the well (Mr. McFall).

Mr. McFALL. Madam Chairman, I

would say that the problem is one of the noise.

We have observed the Concorde. I do not think the noise is such that it should reverse the decision to go ahead with this trial and determine whether or not the supersonic transport is an aircraft that we should allow to land in the United States.

Mr. GOLDWATER. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from California.

Mr. GOLDWATER. Madam Chairman, I think my colleague, the gentleman from California (Mr. McFall) has made a very reasonable assessment of the supersonic transport and of aviation in general. I think the gentleman is absolutely correct. The problem is not just the SST; it is the whole question of noise.

The gentleman is absolutely right, and it is true that at least 80 percent of American-built aircraft do not meet the now current FAR-36 noise standards. We are only going to overcome that problem by allowing somehow and in some way these airlines to make a profit.

The CHAIRMAN. The time of the gentleman from California (Mr. McFall) has expired.

(By unanimous consent, Mr. McFall was allowed to proceed for 2 additional minutes.)

Mr. GOLDWATER. Madam Chairman, if the gentleman will yield further, the only way we are going to overcome this noise problem is to move these old airplanes out of the fleet and allow the airlines to begin making a profit. The appropriate committees of Congress are now examining this entire question.

We are going to come up with answers on how to quiet them down and make aviation a good neighbor. We do not solve the problem by cutting off our nose to spite our face. This is modern technology, new technology that we need for aircraft, and we must allow this thing to be tried out. We have got to allow it to make its own way, to either fail or succeed.

We have international complications here, too, that we have to consider. Granted, it is noisy, there is no question about that. But that problem can be solved, and we are not going to solve it by cutting it off right at this point.

Mr. DUNCAN of Oregon. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. Madam Chairman, I want to endorse everything that the gentleman in the well said, that the gentleman from California (Mr. Goldwater) said, and that the gentleman from New York (Mr. Murphy) said. I wholeheartedly oppose the amendment offered by the gentleman from Illinois (Mr. Yates), and I do so as a Member of this Congress who, when the proposal was first made to get the Government involved in our domestic SST, was one of a handful of eight or nine Members who opposed it.

I was not in the Congress when a very, very expensive research program, which promised to push back the frontiers of knowledge in the field of aeronautics, was terminated, in my judgment unnecessarily, by this Congress. But the French and the British elected to go ahead with it, and I think they have pushed back the frontiers of knowledge. I believe there is evidence that if we permit this vehicle to use our airports and our skies, the possibilities and indeed the probabilities are that this Nation will reap far more than either France or Britain in gaining technical knowledge of our air space and our ability to conquer it. I think it is important to recognize that this Concorde and these engines were designed long before FAR-36 came into effect.

The CHAIRMAN. The time of the gentleman from California (Mr. McFall) has again expired.

(On request of Mr. Duncan of Oregon and by unanimous consent, Mr. McFall was allowed to proceed for 2 additional minutes.)

Mr. DUNCAN of Oregon. Madam Chairman, if the gentleman will yield further and if I may proceed, it seems to me outrageous, if we look at this from the standpoint of our foreign relations, to say that on the basis of a retroactively based regulation of the Federal Aviation Agency, we are going to deny to our allies, France and Britain, the opportunity to prove in flight what they have established on the drawing board.

As the gentleman from New York (Mr. Murphy) pointed out, it amounts to only two flights a day 3 days a week. I would ask each Member who is disposed to support this amendment to ask himself how many military supersonic flights are made in this country every day. I am sure the Members will find indeed that they are legion.

It is unthinkable that here at an airport which this Congress in its wisdom has established in a comparatively remote area of this Capital district we propose to terminate what is really a magnificent effort on the part of the engineering and scientific community of this world to make a substantial advance in aeronautics.

Mr. McFALL. Madam Chairman, I agree with the gentleman.

Ms. ABZUG. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentlewoman from New York.

Ms. ABZUG. Madam Chairman, I think that those of us who have sat through these hearings—and I have sat through two sets of committee hearings, both of the Committee on Public Works and Transportation and the Committee on Government Operations—have a completely different view of what the history of the SST and the Concorde flight is all about.

First, let me deal with the problem that my colleague has been concerned with; namely, our relations with Britain and France. In the course of our hearings, as a result of inquiries which I made to the White House, we discovered that there had been some agreements which were rather secret and some promises that were made by the Nixon White House to both France and Britain guaranteeing that we would allow the Concorde in regardless of our noise standards.

That, in and of itself, was extremely suspect. In addition to that, we have found other evidence, aside from that which the gentleman suggests, with respect to the ozone layer.

The CHAIRMAN. The time of the gentleman from California (Mr. McFall) has expired.

(On request of Ms. Abzug and by unanimous consent, Mr. McFall was allowed to proceed for 2 additional minutes.)

Ms. ABZUG. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentlewoman from New York.

Ms. ABZUG. To continue, Madam Chairman, the National Academy of Sciences in its discussion on the environmental impact of supersonic air flight, which was released in 1975, gives evidence that each Concorde operation would be responsible for 40 to 60 cases of skin cancer annually in the United States, and they project that anticipated Concorde operations would therefore result in more than 1,000 new cases annually.

Madam Chairman, there has been a lot of discussion about the decibel noise level. It is claimed that the tests exceeds it.

What is more important is that our Government has refused to follow the recommendations that have been made by the Environmental Protection Administration to the Department of Transportation with respect to specific noise standards for an SST, which are different from subsonic standards. The recommended SST noise standards exceed the noise levels that have already been monitored and tested at Dulles.

Therefore, Madam Chairman, there appears to be no reason that at this time we should prematurely allow an immature technology to create a hazard to the health of the people in this country, be it at Kennedy Airport, be it at Dulles Airport or be it generally. Particularly is this so if we recognize the fact that those who manufacture the Concorde itself admit that perhaps a second generation of Concordes, which is 8, 9, or 10 years hence, might be improved and could be ecologically sound.

Madam Chairman, we do not have the right to say that because we have other unhealthy emissions in the atmosphere, we should add yet some more. We in the Congress have the responsibility to begin to guard zealously the hazard to the health of our citizens, the people of this country.

Therefore, Madam Chairman, I support this amendment. I think there is valid reason that this amendment should be supported, and I urge its adoption.

The CHAIRMAN. The time of the gentleman from California (Mr. McFall) has expired.

(By unanimous consent, Mr. McFall was allowed to proceed for 1 additional minute.)

Mr. McFALL. Madam Chairman, just

to answer what the gentlewoman from New York (Ms. ABZUG) has said so well and so persuasively, I do not agree with her, but I think we should understand, No. 1, that the noise level of the Concorde is a very minimal thing, as has been pointed out; and No. 2, the gentlewoman from New York cites a study which does not agree with the findings of the Department of Transportation.

That Department found that we would have to have 120 planes flying 4 hours a day to have any perceptible effect at all on skin cancer, and that the difference would be the same as the natural difference between living in Baltimore and Washington.

Certainly, we ought to be looking at the relationship that we have with the French and the British and go ahead with this experiment to find out whether or not we should permit the Concorde to fly to this country.

Ms. ABZUG. Madam Chairman the issue under debate regarding the future of SST flights in the United States is critical to us, not only in terms of the damage which will be done to the environment in which we and future generations live, but also in its daily impact upon the health and welfare of thousands of Americans—particularly those living near JFK and Dulles Airports. There is already abundant documented evidence of the harmful threat posed by the intrusion of this aircraft into our skies. It is inconceivable to me that, with all this demonstrated evidence, we could continue to permit the flights of this destructive machine in the United States.

The Department of Transportation has been monitoring the flights of the Concorde at Dulles Airport. The perceived noise level which has been measured by the Department has reached levels as high as 129 decibels. This presents a level which is more than twice as loud as that deemed tolerable to the human ear. According to the original environmental impact statement of the Department of Transportation, the offensive vibration levels of just eight Concorde operations daily at JFK Airport—and four are already planned—will include an additional 50,000 people who live in the vicinity in an area that will experience vibration levels characterized as "unacceptable" by the Department of Housing and Urban Development. In addition to the noise and vibration impacts, the physical and psychological effect of this constant assault upon the individuals living in the area is incalculable.

Furthermore, the emissions from the planes will seriously threaten the ozone layer of our atmosphere. The ozone layer protects us from the ultraviolet rays of the Sun. The impending increase in ultraviolet radiation would cause negative environmental effects including a significant rise in the incidence of skin cancer. As stated above the report by the National Academy of Sciences on the "Environmental Impact of Stratospheric Flight" released in 1975 gives evidence that each Concorde operation would be responsible for 40 to 60 cases of skin cancer annually within the United States. Anticipated Concorde operations would therefore result in more than 1,000 new cases annually.

Climatic changes with potentially cataclysmic impact on our planet may also be brought about by alteration of the ozone layer.

The energy crisis is still very much with us, and regular operations of the Concorde in this country will only serve to aggravate it. The SST has a seating capacity of only 100 to 125 passengers as compared with the conventional jets, which are capable of carrying up to 400 people. This aircraft would therefore consume two to three times the fuel used by our current commercial planes to transport each passenger across the Atlantic. During this Congress, the House has repeatedly expressed its deep concern regarding measures which can be taken to preserve the limited energy supply. I hardly think it wise to aggravate existing shortages and to approve a policy which contradicts those concerns, by permitting the wasteful drain on our valuable resources which Concorde operations mandate.

There are few people able to afford the luxury the SST provides. As I have stated on many occasions, it is nothing more than a plaything for the rich. Yet we are considering compromising the health and best interests of the thousands of American citizens most directly affected by its operation. There is no reasoning which justifies the toleration of the harmful effects we are bound to suffer from the Concorde. The jet is hardly worth the relatively small benefits it will accrue.

The SST is a graphic example of blind, senseless technology running at an overzealous pace. The dangers of this wasteful machine make the burden of its presence too great for us to accept. Our approval of this aircraft in spite of the implications for our natural and human resources would be a terribly regressive step. In light of this evidence I think it would be costly and unwise to jeopardize the well-being of so many Americans.

I coauthored the amendment which was accepted by the House to the airway development bill, which would have had the effect of suspending Concorde operations for 6 months. What we have an opportunity to do in this bill, by accepting the Yates amendment, is to guarantee that for the 1977 fiscal year and hopefully beyond that, these operations will be stopped. Therefore, I urge the adoption of this amendment.

Mr. CONTE. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, with regard to the questions posed by the gentleman from Michigan (Mr. FORD) of the chairman, I was coauthor of the amendment with the gentleman from Illinois (Mr. YATES) to defeat the SST.

The gentleman from Illinois (Mr. YATES) took his position on an environmental basis, but I took mine on an economical basis. I had decided that the SST was not economically sound and I made that argument.

Mr. YATES. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. YATES. Madam Chairman, as the report will show, there were a number of reasons that I oppose the SST. The environmental reason was only one. The economic reason was another. The hazardousness of the aircraft was another.

There were five or six or seven reasons. The gentleman from Massachusetts was a cosigner of that report.

Mr. CONTE. Madam Chairman, that is exactly right. The gentleman had a number of reasons. Mine was on the economy aspect. I did not have any problems with respect to environment.

Madam Chairman, I think I may be saying this in jest, but a lot of the Members who are debating here certainly exceed an acceptable decibel noise level. It is aggravating to my ears to hear someone screaming and hollering about this matter, but they have the right, and they should ge given that right.

Madam Chairman, as we well know, Secretary of Transportation Coleman ruled February 4, that British Airways and Air France could begin limited scheduled operations of the Concorde SST into JFK and Dulles Airports for a 16-month demonstration/trial period. While the British and French had asked for full landing rights, Secretary Coleman only granted them a demonstration period for up to four flights daily at JFK and two flights at Dulles and subject to concise and strict operating conditions. The demonstration is cancelable on 4 months' notice for any reason and immediately in case of danger to the health and welfare of the American people.

In making his decision Secretary Coleman indicated that given the present state of our knowledge it would have been irresponsible to reach a final conclusion as to the environmental acceptability of the Concorde at this time. The Washington Post has called his decision "a sensible answer to a difficult question." Newsweek called it a model for dealing with a difficult question of technology against ecology.

As you know, flights began into Dulles airport May 24. Despite some initial controversy, the sky has not fallen and the noise estimates in the Secretary's decision appear to have been accurate. The flights are subject to the closest monitoring scrutiny in aviation history.

I oppose the Yates amendment for several reasons:

First, in many ways Secretary Coleman's decision is a model of how Government should decide close and difficult questions that involve complex technical data, international law, and environmental and safety issues which require administrative expertise to fully understand. Moreover, the Secretary's decision came after a careful and open process involving a public hearing, a special hearing at which he himself presided and an open public record. His 61-page decision sets forth his reasons in full. On May 19 the U.S. Court of Appeals in Washington upheld his decision and rejected arguments that the process was inadequate or that the decision was somehow the product of a "secret deal" with the British and French to admit the Concorde.

I believe the Secretary deserves our support for the method he has chosen in which to make this important decision. When the test is concluded we will have a sound basis in fact and data on which all parties can agree to make the final judgment.

Second, the Yates amendment is really a backdoor attempt to reverse Congress' early decision on the Concorde. Last July 10 we rejected the same amendment to the DOT appropriation by a margin of 196–214. The other body defeated Senator BAYH's amendment to the same affect last July 25. Although the House voted narrowly 199–198 on December 18 to bar Concorde operations from ADAP funded airports for 6 months, the other body acting March 25 after the Secretary's decision, decisively defeated amendments to prohibit SST operations in the United States, 31–50, or to require SSTs to meet subsonic noise standards 29–49 and 28–51. The House 6-month ban was dropped from the conference report.

Thus Congress has supported the Secretary's decision. The concern initially felt by the House that full scale Concorde landing rights would be granted was allayed by his decision to permit only a demonstration. We have made our concern known and the Secretary's decision was fully responsive to it. It is both balanced and cautious.

Third if we bar Concorde flights without a full analysis of the data and seem to repudiate Secretary Coleman's model decisionmaking process, the result will be—and seems to be—unfairly discriminatory. For example, 85 percent of our own domestic flights do not meet our own subsonic noise standards. More than one-fourth of the U.S. commercial fleet consists of B–707's and DC–8's which are actually louder on landings than the Concorde and while the Concorde is louder on takeoff only two flights are underway at Dulles while there are daily over 1,500 flights in the United States by 707's and DC–8's.

We have a problem with airport noise. The Government should work to solve that problem. But the Concorde is only a very, very small part of it. To bar the Concorde while applying noise standards to our own aircraft that are not technically feasible or economically reasonable would in fact set a double standard which could have severe international repercussions. Accordingly, we should treat the British and French in a manner consistent with the rules we apply to our own planes—85 percent of which are not required to meet our subsonic noise standards for these same reasons.

Finally, we now know that Britain and France have stopped manufacturing Concordes beyond the initial run of 16 and that no U.S. carriers have expressed an interest in purchasing the plane. If the Concorde fails as a concern factor it will be seen to fail not because we barred it arbitrarily or we wanted to protect our own aviation industry which itself has benefitted so much from international purchases, but because the plane failed on its merits. Secretary Coleman's decision is consistent with our proper role which is to test and evaluate the plane as an impartial umpire and then to make a fully informed decision.

Mr. WOLFF. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. WOLFF. I thank the gentleman for yielding.

The gentleman says that the decision of Secretary Coleman is a moral decision. Does he know that the decision is now under investigation by the General Accounting Office as having been a decision made that totally disregarded the EPA's recommendations, and the first recommendations that were made by the EPA were withdrawn because of certain questionable statements made under pressure in the original report?

Mr. CONTE. I will say this to the gentleman from New York, certainly I understand this, and I am sure that, just as the Court of Appeals found in Mr. Coleman's favor, the General Accounting Office will also find in his favor.

I might add, and I brought this up in another debate—the gentleman possibly was not here—I am intrigued at Members of Congress coming from New York City and being upset—this does not affect New York City; it only affects Dulles. Every time I go to New York City, because I love that city, I voted to help bail out the gentlemen's city.

I am shocked at the pollution, crime and disorderly physical conditions there. It seems as though these Members should place other issues higher on their priorities other than SST landings 200 miles away. Why do they not clean up their city before they try to prevent the Concorde from landing at Dulles.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. WOLFF, and by unanimous consent, Mr. CONTE was allowed to proceed for 3 additional minutes.)

Mr. WOLFF. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. WOLFF. I thank the gentleman for yielding. I would be happy to have the Concorde land right on his doorstep.

Is his the clean city of Boston which has banned SST's from landing at Boston? Or is it another city that benefits from the tourists from New York who help keep his constituents in business. Maybe New Yorkers who this gentleman deplores should be aware of his distaste of New York people and withold their skiing and travel to the music festivals that keep his constituents in business. We really should be spending the money at home then perhaps the gentleman would be less critical. But this is really the point. We want American interests and not foreign interests to come just.

Mr. CONTE. Pittsfield, Mass. It is immaculate. My city is immaculate, one of the finest cities in the United States. My people would not stand for that filth, crime, and rape and pollution.

Why does not the gentleman clean up his own city first and leave Dulles alone?

Mr. WOLFF. Madam Chairman, I move to strike the requisite number of words.

First of all, I think the record should show that our colleague, the gentleman from California, said something about the fact that there is only a little extra noise with the Concorde. That is like saying that one could be a little bit pregnant, because right at the present time the surveys that have been made—and these are not subjective studies, but measurements made by noise meters—indicate that the noise is at least twice as bad as America's noisiest aircraft at the least, and four times as noisy at the most.

Someone else said something about skin cancer, and what is a little skin cancer? Supposing we ask those people who are stricken by skin cancer, "What is a little skin cancer?"

So far as the aircraft is concerned, and taking the environmental effects and putting those aside for a moment, we very cavalierly talk about the National Academy of Sciences and say their opinion does not mean very much. But let us come down now to the very basic mechanical aspects of this aircraft. 1972 White House studies have shown that the nitrogen inerting system for fuel safety in that aircraft is unsafe. The White House memo said there must be a system devised to see to it that that aircraft is able to fly without risk of exploding in the air. We must assume then that is what we are faced with now, in the absence of a clear, detailed report from the FAA.

Someone did say something about the fact that we should not worry because the British and French have already certified the aircraft. I ask the Members to harken back to the days when they certified an aircraft called the Comet. That aircraft remains the most tragic example of diplomatic certification to date.

Now we come as well to the question of the takeoff and landing of the aircraft. Certainly in the landing of the aircraft they will not have noise much worse than other planes. They cut back the engines. Anyone who knows anything about flying an aircraft knows one cuts back the engines on landing. But on the takeoff of that aircraft, instead of flying over the noise meters in order to cooperate with us they have maneuvered in order to "beat the box" . . . that is what they have tried to do out at Dulles—they have evaded the boxes that have been set up with disturbing frequency.

Mr. Coleman came before a committee of this House and said that these tricks must have been because of a change in the wind. Well, I wish Secretary Coleman had actually been frank with us because in the morning, just before he came up before our committee, he called in the British Ambassador and said: "You cannot do that again."

Now we are given a report on May's noise tests. That initial report allegedly shows what the noise level is at certain points, but we do not know how far away the aircraft was from those measuring boxes, or where the boxes really are, or whether they represent FAR–36 points, or what. I have written the Secretary demanding that he clean up this charade in time for his June report.

What is happening and what will have to happen in New York for that aircraft to take off there, is that it will have to make a 25-degree turn at 100 feet off the ground in order to evade JFK's noise laws.

I ask the Members to think not only about the city of New York. I am considering the fact that many people visit New York, your constituents. If that aircraft crashes on takeoff, there will be many more people hurt by it than the people in that aircraft.

Now let us get to the question whether or not there is a point regarding the relations between Britain and France. How many Members of this House got up on the floor and deplored the idea that the French were attacking our currency when they refused to accept dollars and would only accept gold as payment? Where are those same people today, the same people who complained about the problems we are having with the American dollar in the international payments? They are the same people today who are saying, "Well, after all, we have got to take care of the British and the French. They are our cousins and our friends."

I say we ought to take care of our American relations first instead of our foreign relations.

The Concorde must land at other airports throughout this country if it is to ever pay its own way. But by law there can only be 16 aircraft produced, and 16 aircraft cannot carry the Concorde project economically.

Serious life-safety problems arise as well, for at the present time the reserve fuel this aircraft can carry is not sufficient unless they reduce the seating capacity of the aircraft in order to have some holding time. Although the DOT's stories shift on this, I gather Concorde has a very limited holding time over any airport it comes into. There are serious safety questions here that clearly are sufficient reasons for denying Concorde access to U.S. airspace.

Those who say it is coming only into Dulles, I would remind them that Mr. Coleman said it should be permitted to land at two airports, Dulles and Kennedy.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. HARRIS, and by unanimous consent, Mr. WOLFF was allowed to proceed for 2 additional minutes.)

Mr. HARRIS. Madam Chairman, will the gentleman yield?

Mr. WOLFF. I yield to the gentleman from Virginia.

Mr. HARRIS. Madam Chairman, do I understand the Secretary of Transportation has said this plane needs some more testing before we can be sure what the effect on the environment is? Is that basically the position of the Secretary of Transportation?

Mr. WOLFF. In response to the gentleman, the Secretary says it will take 16 months. It was the initial report in this series which prompted my remarks about a charade.

Mr. HARRIS. I do not know why it would take 16 months. I understood my colleagues who are opposed to this amendment say we need that time to determine the actual effect. Did I understand my colleagues to say that?

Mr. WOLFF. I think the gentleman ought to ask them.

When one has a test which can be completed in a few months, why should it take 16 months?

Mr. HARRIS. Since it is flying already into Paris and London and Rio, why cannot we do the tests there?

Mr. WOLFF. I would point out that the people in London object to it as much as the people in the United States. I have received many letters from English citizens saying how frustrated they are because of official British policy, and praising us for our openness and dedication to fairness.

Mr. HARRIS. I do not know why the people around Dulles have to be used as guinea pigs. Why not the people where the plane is manufactured? Why cannot it be measured there? Is there something peculiar about Dulles that the tests can be carried out only there?

Mr. WOLFF. Yes, there is. It is the only airport the FAA controls. The citizen's only hope for controlling the FAA at Dulles is Congress.

Mr. HARRIS. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. WOLFF was allowed to proceed for 1 additional minute.)

Mr. WOLFF. Madam Chairman, I would like to make my colleagues aware of one other element in this matter. Secretary Coleman will not tell us if he is considering preempting the ability of airports to determine at a local level the noise standards such an action opens the United States Government up to billions upon billions of dollars in anti-aircraft noise law suits that were not settled by the Burbank decision.

Madam Chairman, I offer for the edification of the Members a 1972 memo sent just prior to Burbank by Secretary Volpe to his Cabinet colleagues that had been declared confidential and has just recently been declassified:

> For example, property loss damages nationwide resulting from aircraft noise have been estimated by some to add up to many billions of dollars. The Supreme Court held in 1962 that the liabiilty for any taking of property due to excessive aircraft noise rested with the airport operator. While it is not certain that Federal preemption will necessarily lead to Federal liability, it is significant to note that local officials have argued that, if the Federal Government exercises preemption and thus prevents local governments from taking any action to reduce aircraft noise, the injured property owners should seek compensation from the Federal Government rather than from the airport operator.

The Supreme Court case which Mr. Volpe was worried about, Burbank, did not settle the preemption issue, the right of the Federal Government to take over local airport operations.

So, it would take an act of Congress to allow this, via approving appropriations. Sitting over in OMB right now is Mr. Coleman's "retrofit-replacement" decision. We do not know what kind of money is involved.

If the decision includes a preemption clause, then from the Volpe memo, we have the potential for "many billions of dollars" in aircraft noise liability which the Federal taxpayers may have to assume.

This is a potential Pandora's box in raids on the Federal treasury which does not seem justified in the name of Concorde, or diplomatic niceties.

Before we approve today's appropriation, we need to know what Mr. Coleman has up his sleeve. It can be no more coincidence that Coleman has delayed making his retrofit-replacement decision public until after today's vote, despite promises to do so by June 1, which itself was a lengthy "extension" on his initial promise to do so in April.

Today's appropriation may just be the beginning of a very costly year for the DOT and FAA, and the American taxpayer. Before anyone votes on anything today for the DOT we are entitled to know what Mr. Coleman has up his sleeve at OMB and how you, my colleagues are protecting your constituents.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. YATES).

The question was taken; and on a division (demanded by Mr. YATES) there were—ayes 23, noes 54.

RECORDED VOTE

Mr. YATES. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 126, noes 269, not voting 37, as follows:

[Roll No. 467]

AYES—126

Abzug
Addabbo
Ambro
Anderson, Ill.
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bennett
Bergland
Biaggi
Bingham
Blanchard
Blouin
Bonker
Brodhead
Burke, Calif.
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Collins, Ill.
Cornell
D'Amours
Delaney
Dellums
Diggs
Dingell
Downey, N.Y.
Drinan
Early
Edgar
Eilberg
Evans, Ind.
Fascell
Fisher
Fithian
Florio
Ford, Mich.
Forsythe
Gilman
Grassley
Green
Gude
Hanley
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Holland
Holt
Holtzman
Horton
Howard
Hungate
Hyde
Jacobs
Jones, Okla.
Keys
Koch
Krebs
Lehman
Lent
Lundine
McHugh
Maguire
Melcher
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Mink
Mitchell, Md.
Moakley
Moffett
Moss
Mottl
Myers, Pa.
Nedzi
Nolan
Oberstar
Obey
O'Hara
Ottinger
Patterson, Calif.
Pike
Randall
Rangel
Reuss
Richmond
Rinaldo
Risenhoover
Rodino
Roncalio
Rooney
Rosenthal
Roush
Roybal
Russo
Ryan
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Solarz
Stark
Stokes
Studds
Thompson
Traxler
Tsongas
Waxman
Weaver
Wirth
Wolff
Wydler
Yates
Zeferetti

NOES—269

Abdnor
Adams
Alexander
Allen
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Bauman
Beard, Tenn.
Bedell
Bevill
Biester
Boggs
Boland
Bolling
Bowen
Breaux
Breckinridge
Brinkley
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Carney
Carter
Cederberg
Chappell
Clancy

Clausen,
 Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Corman
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Derwinski
Devine
Dickinson
Dodd
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Emery
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fary
Fenwick
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford, Tenn.
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammer-schmidt
Hannaford
Hansen
Harsha
Hébert
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Howe
Hubbard

Hughes
Hutchinson
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDonald
McEwen
McFall
McKay
McKinney
Madden
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Meyner
Michel
Milford
Mills
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead,
 Calif.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nix
Nowak
O'Brien
O'Neill
Passman
Patten, N.J.
Pattison, N.Y.
Paul
Perkins

Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Rees
Regula
Rhodes
Robinson
Roe
Rogers
Rose
Rostenkowski
Rousselot
Runnels
Ruppe
St Germain
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Snyder
Spence
Staggers
Stanton,
 J. William
Steed
Steiger, Wis.
Stephens
Stratton
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NOT VOTING—37

AuCoin
Bell
Brademas
Brooks
Byron
Conlan
Conyers
Dent
Derrick
Esch
Eshleman
Hays, Ohio
Helstoski

Hillis
Hinshaw
Jones, Tenn.
Karth
Litton
McDade
Madigan
Matsunaga
Moorhead, Pa.
Pepper
Peyser
Riegle
Roberts

Sisk
Smith, Nebr.
Spellman
Stanton,
 James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Teague
Udall
Young, Ga.

The Clerk announced the following pairs:

On this vote:

Mr. Peyser for, with Mrs. Smith of Nebraska against.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. KOCH

Mr. KOCH. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KOCH: On page 6, line 3, strike the period, insert a comma and the following: "*Provided further*, That no funds appropriated under this Act may be obligated or expanded for air traffic control in connection with any civil supersonic aircraft engaged in scheduled or nonscheduled commercial service at John Fitzgerald Kennedy International Airport, New York, unless such aircraft is in compliance with noise standards established for subsonic aircraft by the Federal Aviation Administration under Federal Aircraft Regulation (FAR) Part 36, as in force and effect on June 1, 1976."

Mr. KOCH. Madam Chairman, I have a difficult job to do because what I have to do is to get approximately 200 Members to change their position; that is to say, they who a few moments ago voted "no" to vote "yes" with respect to this amendment.

Let me tell the Members why I think they can do that in good conscience.

For those who were not present during the debate, I think they ought to know that the amendment which was just defeated, offered by my good friend, the gentleman from Illinois (Mr. YATES)—and we both serve on the same committee—was directed to the whole country. It would have, had it been adopted, excluded the SST from the United States, and this Congress decided that it was not going to do that; it was not going to prevent a test because the Secretary of Transportation, not so very long ago, decided that there should be a testing of the SST.

Madam Chairman, the Secretary of Transportation decided that there would be a test to determine whether or not the charges with respect to noise and pollution and cancer were, in fact, valid or not; he decided that that test would take place over an 18-month period; and he decided that the test would take place at two airports, one, Dulles, and the other J. F. Kennedy.

Madam Chairman, the difference between the two airports is this: Dulles is operated by the FAA. It is a Federal airport. JFK, on the other hand, is operated by the port authority. It is a State airport, operated, in fact, by both New Jersey and New York under the port authority.

The port authority, with the consent—indeed, in accordance with the desires of the Governors of New York and New Jersey—said, "We do not want the SST to land at JFK." They passed the appropriate resolution, and the SST does not now land at JFK.

However, because the Secretary initially had designated two airports for that purpose, the owners of the Concorde have now gone into court and have said that the Secretary of Transportation has preempted the area.

Notwithstanding the fact that the owners and operators of JFK have said that they do not want the SST at JFK, the owners of the Concorde are relying on the courts to overrule that.

Madam Chairman, what my amendment does is the following: It says that with respect to JFK, a State-operated airport where the operators, the port authority, and the Governors of the States of New Jersey and New York have said they do not want it, that we ought not to overrule them.

Madam Chairman, what we are saying is something that any Member might say with respect to a facility in his own State.

Assume for a moment that there was a comparable facility in a Member's State that was not federally owned or operated. Assume for a moment that the Member's locality said that they did not want it in that area. How many of us sit idly by and allow a situation to occur.

Therefore, Madam Chairman, what I am saying is whether you agree with the arguments made by those who oppose the SST for environmental or other reasons or not, the Members should agree with me and those of us who are sponsors of this amendment, that we should not overrule or permit the port authority to be overruled in this matter.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. KOCH was allowed to proceed for 2 additional minutes.)

Mr. KOCH. The Members should agree with us and say, "Look, if there is a test to be made, let the test be made at Dulles Airport, because we have already said that, and if, at the end of the 18-month period the test shows that the arguments offered in opposition were wrong, well, then, we will have the SST at JFK and elsewhere." But do not impose that test on both airports when one of those airports is not a Federal airport.

Mr. SCHEUER. Madam Chairman, I want to congratulate the gentleman from New York for presenting this amendment. I represent John F. Kennedy Airport and all the communities immediately surrounding it. I know of the agony which the residents of these communities experience as a result of the dreadful noise of the noisiest jet aircraft now in use. This agony can only be exacerbated by flights of the Concorde into JFK.

Madam Chairman, we have long since passed the point in man's history where every new technology must be welcomed unquestioningly with open arms. The results of our ignorance and delinquency in such areas as noise and environmental pollution, carcinogenic substances, and nuclear energy are, by now, well documented. We are beginning to learn that the premature introduction of a technology will not improve the quality of our lives but may well detract from it. Imperfect technologies do not constitute progress, and the Concorde epitomizes such imperfect flawed technologies.

The promulgation by the Federal Aviation Administration of aircraft noise standards, known as FAR 36, in 1969 appeared to symbolize a new trend toward controlling noise pollution in this country. It demonstrated a greater understanding that progress must involve careful thought and restraint rather than the simplistic notion that "new and improved" is better.

But in the years following 1969 we

have not fulfilled this promise. Today, fully 80 percent of the jets in our commercial fleet were built prior to 1969 and remain exempt from FAR 36 standards. We have developed a technology called SAM retrofit, which involves quieting excessively noisy jet engines with sound-absorbing material. Yet, old and noisy jets such as the 707, and the DC–8 are still flying.

The Concorde issue is a painful example of our failure to follow our own mandate as set forth in the Noise Control Act of 1972, in which we declared our intent "to promote an environment for all Americans free from noise that jeopardizes their health and welfare." In recent tests at Dulles, the Concorde proved at times to be more than twice as loud as the noisy 707's and DC–8's, and four times as loud as quieter planes such as the 727, the 747, and the DC–10's. In almost every case, the noise levels produced by the Concorde exceeded those contained in FAR 36, from which the Anglo-French SST has been exempted.

However, the threat of flights into Kennedy Airport still looms ahead. The tests at Dulles should show the Concorde to be the exceptionally noisy plane many environmentalists, scientists, and Members of Congress have long claimed it to be. Yet, there is no indication that such results will alter Secretary Coleman's decision or the Concorde manufacturers' determination to fly into JFK.

The Concorde represents another retreat from our intent to control noise in this country. The Port Authority of New York and New Jersey has asserted its right to forbid the Concorde from landing at Kennedy pending 6 months of testing at Dulles, and its right to do so is presently being tested in the courts.

But the Congress must exercise its authority, and its responsibility, to halt this needless and senseless threat to the half million citizens of New York City whose lives and comfort—not to mention their sanity—would be shattered by the Concorde's nerve-jarring takeoff noises.

Such a temporary halt to flight operations of Concorde into JFK would not spell the end of supersonic jet travel. It would only delay it until currently available technology can be channeled into a second generation SST which will not only be fast but environmentally and economically acceptable. The Concorde, which is the result of outmoded and imperfect technology and gross political considerations, should not be permitted to disrupt our health and welfare and thwart our efforts to control our environment.

I urge all of my colleagues to support the amendment offered by Mr. Koch.

Mr. DOWNEY of New York. Madam Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from New York

Mr. DOWNEY of New York. Madam Chairman, I rise in support of the amendment offered by the gentleman from New York (Mr. Koch). I would ask the gentleman: Am I not also correct that the Governor of the State of New Jersey is also opposed to the Concorde's landing at JFK Airport?

Mr. KOCH. Both Governors have.

Mr. DOWNEY of New York. Both Governors have.

Mr. KOCH. All I am asking the Members to do is to do for us what they would want us to do for them, were they similarly situated and not impose this test on a State airport.

Mr. ADDABBO. Madam Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from New York.

Mr. ADDABBO. Madam Chairman, on the last go-round the gentleman from New York is, I am sure, aware of the fact that many of our colleagues said that they would welcome the SST into their home airports. This is a chance to do just that, to get it into their home airports and to keep it out from JFK Airport. We do not want it, and it can go to their airports.

Mr. KOCH. The point is that the testing ought to take place at Dulles Airport and not at Kennedy Airport.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. STRATTON. Madam Chairman, I move to strike the last word, and I rise in opposition to the amendment offered by the gentleman from New York (Mr. Koch).

Madam Chairman, I think it is important to point out that not all of the Members from the State of New York take this parochial attitude toward the Concorde.

What this amendment in effect is asking us to do is allow a State agency or a multistate agency to set the national transportation policy. The national transportation policy should be set by the Federal Government, by the United States of America; and that is what has happened in the case of the Concorde.

Do we want the village of Orly in France, for example, to decide whether a 747 should land at the Paris airport or should not land? Of course not.

The Secretary of Transportation has made an eminently fair decision in this case. The Concorde has been flying now for over a month into and out of the Dulles airport.

Mr. ADDABBO. Madam Chairman, will the gentleman yield?

Mr. STRATTON. Not at this moment. I will when I conclude.

Madam Chairman, in spite of all the dire predictions to the contrary, the skies have not fallen in at Dulles. Even the people under the plane's path admit that the noise is less disturbing to them, whatever the precise decibel count, than is the noise of the 707 or the 747's. The fact of the matter is that a meaningful test of the Concorde cannot be carried out successfully unless it is also carried out at the international airport in New York City because that is where the major part of the economic support for this kind of transatlantic transportation is generated. The Secretary of Transportation very wisely reaffirmed that. I think it would be a very fatal mistake for us to determine here that any airport operated by any combination of cities or States should have the authority to overrule Federal transportation policy.

The Koch amendment should be defeated.

Mr. ADDABBO. Madam Chairman, will the gentleman yield?

Mr. STRATTON. I am happy to yield to the gentleman from New York.

Mr. ADDABBO. Madam Chairman, the gentleman from New York (Mr. Stratton) is from the upper section of New York. How far from the Kennedy Airport does the gentleman live?

Mr. STRATTON. The thing we are talking about here is our national transportation policy.

Mr. ADDABBO. How far does the gentleman live from the airport?

Mr. STRATTON. It is not a question of how far who lives from what airport. The fact of the matter is that this plane has been flying into the Dulles Airport and that all of the dire predictions that were made as to what was going to happen as a request, that crockery and windows were going to be broken, and that it was going to damage people's hearing have not materialized. The people of New York City are going to find exactly the same thing when the trial is allowed to proceed at JFK Airport.

I think, frankly, in view of the very serious financial situation which the city of New York is in, they ought to welcome the added income that the successful operation of the Concorde would bring to New York City.

Ms. ABZUG. Madam Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentlewoman from New York.

Ms. ABZUG. I thank the gentleman for yielding.

I just want to say that JFK under the law has the authority and responsibility, which is more important, to set its own noise standards. Should there be any damages resulting from the plane coming in above its own noise standards, it would be liable under the present law to lawsuits and for damages.

Mr. STRATTON. The gentlewoman is a distinguished lawyer. I am not a lawyer at all. But I may say that I share the point of view of the Secretary of Transportation, who is a very distinguished lawyer, that the position taken by the Port of New York Authority with regard to JFK is unconstitutional.

Ms. ABZUG. If the gentleman will continue to yield, I realize that the Secretary of Transportation is a Philadelphia lawyer and I am just a New York lawyer. However, the fact is that there are Supreme Court cases on this issue. I disagree with the Secretary of Transportation. He appeared before my committee, and he said he was looking into the possibility of the Federal Government's instituting a legal action against JFK Airport if it attempted to ban Concorde operations. But he agreed with me that under the present state of the law, should the Concorde come in, and should it cause damage, it would be the airport under our law which would be responsible for damage suits. So I think it is important that the gentleman from Albany understand what the problem is.

Mr. STRATTON. Madam Chairman, I decline to yield any further. I think the basic question here is who sets our national transportation policy. We simply cannot have 50 or 100 or 200 different policies. It must be set by the National Government.

Madam Chairman, I yield back the remainder of my time.

Ms. ABZUG. Madam Chairman, while the decision of the Transportation Secretary to permit Concorde operations—which I unalterably oppose—permits flights at JFK Airport, citizens and officials in the New York metropolitan area have thus far successfully prevented operations there. Unless Concorde flights can come into JFK, Air France and British Airways will be forced to discontinue their plans to maintain operations of this damaging aircraft into the United States. To guarantee that the Concorde is not allowed to pollute our skies on a regular basis, we should therefore pass this amendment. It will put the promoters of the Concorde on notice once and for all that their venture cannot succeed.

I have witnessed first hand the noise problem which the hundreds of thousands of people living in the vicinity of JFK Airport now experience. Unlike Dulles Airport, JFK is situated in the center of a heavily populated area of Brooklyn and Queens. At Dulles Airport, the Department of Transportation has already measured noise levels at 129 decibels; the permissable figure for jet aircraft at JFK Airport is 114 decibels. It is uncontested that the phenomena of decibel impact means that a 129 level is more than twice as noisy as a 114 level. Clearly, any aircraft that exceeds 114 decibels should not be permitted at JFK Airport, or at any other civilian airport. Yet, the Transportation Secretary suggested both in this decision on permitting Concorde operations and in his answers to questions I posed to him at hearings before the Government Activities and Transportation Subcommittee, that the Federal Government would institute legal action against JFK Airport if it attempted to ban Concorde operations by applying its own noise standards.

An airport such as JFK situated in the midst of hundreds of thousands of residents, must be permitted to apply its own noise standards. With all the rhetoric of the Ford administration regarding "big government" it is hardly consistent to insist on its noise levels. To guarantee that the local airport authorities at JFK be permitted to apply their noise regulations to the Concorde—which will mean banning the Concorde, we must accept this amendment.

I oppose the Concorde. It is a real danger to the health, and welfare of both present and future generations. It is a particular danger to those citizens who live near JFK Airport. They are already assaulted by noise and vibrations from existing aircraft. Unless we ban Concorde operations there, this assault of noise will be augmented with Concordes which have twice the noise level of any aircraft now flying there, and 50,000 additional residents of the area will be living under vibration levels characterized by the Department of Housing and Urban Development as "unacceptable." All this will be done so that a few rich people can have a new plaything and will be able to cross the Atlantic 3 hours quicker. Few of those who will suffer would ever think of using this plane. The trade-off is hardly equitable. We must protect those Brooklyn and Queens residents, even if the administration is not prepared to do so.

Mr. McFALL. Madam Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Madam Chairman, this amendment is the same as the previous amendment except for the fact that there are no SST or Concorde flights into New York currently, and there may never be any. As I understand the Secretary of Transportation's plan, he is going to go ahead with this test program at Dulles, and after the test there will be a determination. It seems to me that this amendment is premature. I am sympathetic to the concern raised by my good friend, the gentleman from New York (Mr. KOCH). However, I must oppose the amendment.

Mr. KOCH. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from New York.

Mr. KOCH. I thank the gentleman for yielding.

Normally I am in full support of what my chairman's position is on almost every matter, but here let me point out an inconsistency, if I may. On the one hand, we are all in accord. Congress has spoken that at Dulles they are going to have the testing. The gentleman has said to this House that there is no plan at this point to have the SST fly to JFK, but the owners of the Concorde have gone into court and have said that they have the legal right to do that because of the earlier statement of the Secretary of Transportation.

I am in accord with the gentleman that we should make a decision based on the testing that takes place at Dulles.

What I do not want to see, and the gentleman really does not want to see it either, simply from the remarks the gentleman has made, is that we have the Concorde people slipping into JFK as a result of a court decision, and if the gentleman is correct, as I believe he is, that we do not at this moment want JFK used for that purpose, the only way we can assure that without in any way stopping the SST from coming to the United States and landing at Dulles, the only way we can assure it not having a second simultaneous testing place is by supporting this amendment.

I urge the gentleman to reconsider his position.

Mr. McFALL. I thank the gentleman for his remarks. I know they are sincere and well thought out. I do not believe the amendment belongs in this bill at this time.

Ms. ABZUG. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentlewoman from New York.

Ms. ABZUG. Madam Chairman, I would like to make two points in this connection, in support of this amendment. The testing at Dulles has already indicated a decibel level at 129. The standard at JFK is a decibel level of 114. In the questioning of the Secretary of Transportation before two committees on which I serve, the Secretary of Transportation conceded that should it be discovered prior to the completion of the tests that indeed the noise levels went beyond expectation, that he could conclude the tests earlier than presently projected.

Now as far as JFK is concerned, we already know from the tests that the noise levels of 129 decibels exceed those levels established for JFK which is 114 decibels. Despite that the Secretary of Transportation, threatened a lawsuit should we continue the ban on testing of flights at JFK; this despite the fact that a lawsuit for the Concorde has been filed.

If Congress wants to do equity, and it should do equity, it seems to me absolutely essential that we take what has happened and use the results of Dulles testing for considering this amendment and forbid the Concorde from coming into JFK.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. McFALL was allowed to proceed for 1 additional minute.)

Mr. WYDLER. Madam Chairman, will the gentleman yield?

Mr. McFALL. I will be delighted to yield as soon as I get my time.

The CHAIRMAN. The gentleman is recognized.

Mr. McFALL. I yield to the gentleman from New York if he will let me have 15 seconds.

Mr. WYDLER. I will get the gentleman additional time.

Madam Chairman, let me make it clear I think the gentleman is not correct when he makes the case that during the period of this appropriation bill a decision will not be made as to JFK. The fact of the matter is that the only thing that is keeping the Concorde out of JFK today is a ruling by the Port Authority of New York/New Jersey. That decision is going to be reviewed in a 6-month period, which will fall next November. That is early in the next fiscal year as a matter of fact, and that is the period when the Port Authority will review its decision and may change it, as far as I know.

So it is very crucial to us in the New York area, those of us who will be affected by this plane. It is not crucial to those from the district represented by the gentleman from New York (Mr. STRATTON), who lives hundreds of miles away, but it is very important to those of us who will have to live with this plane actually at this time.

So I am rising in support of this amendment and I am asking the gentleman to take that into account.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. WYDLER, and by unanimous consent, Mr. McFALL was allowed to proceed for 1 additional minute.)

Mr. McFALL. Madam Chairman, it may very well be that there are court suits pending on this matter. I do know that there are presently no Concorde operations at New York.

Mr. WYDLER. Madam Chairman, if the gentleman will yield again, I am afraid the gentleman does not really know what the Secretary of Transportation has decided. He has decided they could go into JFK right now to test. In other words JFK and Dulles were supposed to be the guinea pigs for the plane for the next 16 months. So if the Secretary of Transportation were to have his way, the plane would be landing today at JFK. The only thing keeping the Concorde out of New York at the present time is a local decision by the New York/New Jersey Port Authority.

So I say that is vital if they are going to keep it out that we do not do this in the House today.

Mr. McFALL. Madam Chairman, it seems to me the issue is exactly the same and we ought to defeat the amendment.

Mr. RYAN. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I think perhaps the reason why I speak, rather than simply voting for this amendment, is because there appears to be some misinformation that ought to be corrected.

At the time that the Concorde took off from Dulles Airport, some weeks ago, I was out there with my Subcommittee on Conservation and Natural Resources to listen to the airplanes land. Unfortunately, the news media event was the landing, not the takeoff 2 days later. On landing, those pilots were very careful to come in over the airport, tiptoeing in as quietly as they could, as far away as they could from the microphones set up there. The readings were still the equivalent of a 707 aircraft coming in, or about 112 to 144 decibels. Everyone said, "Well, that is not bad. They are no worse than the regular airplane." They were right. But the press was not around, a couple of days later when those two Concordes took off. The reading on the meter was 129 decibels. Now, what is 120 to 112? Well, the Washington Star had a little bar graph on the front page which said, "Here is the way it is with the 707. Here is the DC-8, the DC-10, and the Concorde." The Concorde in a bar graph was just a little noisier on takeoff than the 707—at least that is what the bar graph said.

The only thing they did not tell us was that bar graph was totally unfair and inaccurate. Anybody who knew anything about noise and noise levels would laugh at that graph.

I happen to know about noise and noise levels for a very simple reason. I have been representing the area around the San Francisco Airport for almost 20 years in my present capacity and in different positions. I know about decibels and PNDB, because we have had to learn to live with them.

Let me tell the Members about this noise level of 129 decibels. It is a logarithmic statement, not an arithmetic statement. For every 10 decibel increase, the amount of noise doubles. In other words, when that Concorde takes off, it is 2½ times as noisy as the takeoff of a 707. That is so noisy that the human ear and mind become badly disoriented. It can be a frightening experience.

Now, we already have Los Angeles court judgments against the LA airports in the tens, if not hundreds of millions of dollars, for the noise around that airport. Liability judgments against airport noise are now an accepted fact in airport management and cost.

I would suggest this is not a local policy confined to cities that have airports with that kind of problem. I would suggest it is a national policy in which every Member here, from such States as Montana, Upstate New York, Arizona and Nebraska have a stake because of the amount of money involved in court judgments which can be brought against the Federal Government.

When a Concorde takes off from Dulles or JFK or anyplace else, it is the equivalent of two and a half 707's taking off at the same time.

If anyone wants a comparison imagine having three 707's fly over this Hill at about 1,000 feet and even with all the insulation we have here, see whether we could conduct our business. Understand that when it takes off in an area where millions of people live; where they try to hold school and have a normal kind of life that people should have or expect to have, the Concorde is a menace—a disaster. It is too noisy. It is all the kinds of things which the FAA already has said simply will not fit into our environment for the construction and use of American-made aircraft.

FAR 36, that is Federal Aviation Regulation 36, spells out very clearly for all American manufacturers what their limitations are as far as manufacturing jet engines is concerned and how noisy they can be. Those regulations do not apply to the Concorde, because they are foreign made. As a matter of courtesy, we have let France and Britain build them, even though we have turned down the SST ourselves.

Madam Chairman, I think there are two assumptions being made on this floor today that are greatly in error. One is that somehow the Concorde is not much noisier than a 707. On the contrary it is the noisiest plane in the world, by a long way.

The other assumption is that somehow this amendment does not affect a member here unless the member represents an airport. It does, because if the SST begins to land in this country, it will cost, simply in lawsuits alone, billions of dollars in payments to all American citizens.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Ms. HOLTZMAN and by unanimous consent Mr. RYAN was allowed to proceed for 1 additional minute.)

Ms. HOLTZMAN. Madam Chairman, will the gentleman yield.

Mr. RYAN. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Madam Chairman, I want to compliment the gentleman on the clarity and the eloquence of his remarks. I share his opposition to the SST.

I would like to point out to my colleagues in the House that the issue here is, given how noisy and how dangerous the SST is, how many guinea pigs do we have to have? The SST is already landing at Dulles Airport. We do not need a second experiment at JFK, using the people of New York as test cases. Please protect the people of New York and the people of this country from unnecessary exposure to the SST. I therefore strongly support the amendment by Mr. KOCH of New York which would ban SST landings at Kennedy Airport.

Mr. RYAN. I thank the gentlewoman for her comments.

Madam Chairman, I would just say once more that the property liability and damage involved here is in the billions of dollars by court suits already settled today around the country, and I can promise that if the SST begins to land at various places, there will be lawsuits brought up and judgments made in the millions, and I suppose ultimately, collectively, in billions of dollars, which this Congress will have to help, and substantially help, to pay for. For what particuar reason? For no reason other than to allow people to fly a little bit faster than they do today.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Mr. STRATTON and by unanimous consent, Mr. RYAN was allowed to proceed for 1 additional minute.)

Mr. STRATTON. Madam Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from New York.

Mr. STRATTON. Madam Chairman, the gentleman is an expert in decibals, but would the gentleman not agree that the real problem with aircraft noise is not simply in the decibels recorded on some kind of indicator, but the impact on the people who have to listen to this noise? Does not the gentleman also admit that the interviews with the people in the Dulles area have indicated that while the noise of the Concorde taking off may be louder than the 707 or the 747, it lasts for a shorter time, and that the impact is not nearly as annoying because it happens to be in a lower register so that in airports such as JFK, this would be an improvement, considering all the noise they have there, rather than being an additional annoyance.

Mr. RYAN. I appreciate the remarks of the gentleman from Schenectady, but if he lived around an international airport he would have a different view.

Let me tell the Members what PN db is.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request by Mr. LENT and by unanimous consent Mr. RYAN was allowed to proceed for 1 additional minute.)

Mr. RYAN. There are all kinds of different ways to measure noise. If the Members want a little lesson in physics—some of which I do not understand myself—there is low level noise which we cannot hear, and high level noise which appears as a kind of hiss, which has some effect on the ear. The PN db rating is a rating that has been developed by Federal officials in the appropriate agencies for the purpose of determining those kinds of ranges which most affect the human ear, human hearing, the normal kind of traffic and commerce, so that the perceived noise decibel rating is the best kind of rating for middle level sounds, which are the most effective on the human ear.

In response to the gentleman's question, I can only tell him that if it takes less time to have the effect, it is because they take off at a more vertical rate than they need to, I believe; and that does not guarantee pilot discretion on takeoff at all.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Mr. KOCH and by unanimous consent Mr. RYAN was allowed to proceed for 1 additional minute.)

Mr. KOCH. Madam Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from New York.

Mr. KOCH. Madam Chairman, I would like to make it very clear that no matter where one stands with respect to the SST, that is not the issue. One may disagree with the arguments against the SST. I do not wish to get caught up in that debate at this moment, although I happen to agree with those arguments.

The real question here is, shall we overrule the Port Authority of the States of New York and New Jersey when that authority has banned the SST from JFK. Dulles Airport is now the place where the SST is being tested? If, 18 months from now, we find that the arguments against it are invalid and it should fly elsewhere, fine, but there is no reason to impose the SST on JFK Airport at this time.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Mr. LENT and by unanimous consent Mr. RYAN was allowed to proceed for 1 additional minute.)

Mr. LENT. Madam Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from New York.

Mr. LENT. Madam Chairman, I congratulate the gentleman on his statement.

Madam Chairman, I rise in support of the amendment offered by my colleague from New York to prohibit the use of funds at Kennedy Airport for air traffic control of supersonic aircraft not meeting Federal noise requirements for subsonic aircraft.

The arguments for and against SST flights in the United States have been made time and time again. But as one who has consistently opposed SST landings anywhere in the United States, I can find no advantage, commercial or otherwise, which should override the very real threat the SST poses to our environment.

Shortly after Secretary Coleman's unfortunate decision to allow SST flights at John F. Kennedy and Dulles Airports on a trial basis, I introduced legislation which would require supersonic aircraft to meet noise, safety and environmental standards now required of subsonic aircraft presently in commercial service. The Koch amendment would accomplish what I hoped to accomplish, and that is the banning of the SST flights into Kennedy Airport for at least the immediate future.

The Coleman decision established a double standard, which makes no sense. Why should a foreign plant manufacturer be entitled to escape the same kind of noise requirement which we impose—and rightly so—on domestic airplane manufacturers? This standard is bad for American industry, and it is certainly bad for the hundreds of thousands of citizens living in Kennedy's jet alley who must endure the increased noise levels.

I urge adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. KOCH).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. KOCH. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 170, noes 228, not voting 34, as follows:

[Roll No. 468]

AYES—170

Abzug
Addabbo
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bennett
Bergland
Biaggi
Bingham
Blanchard
Blouin
Bonker
Brodhead
Burke, Calif.
Burke, Fla.
Burton, John
Carney
Carr
Chisholm
Clay
Collins, Ill.
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Delaney
Dellums
Derwinski
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Fish
Fisher
Fithian
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Gaydos
Gilman
Grassley
Green
Gude
Guyer
Hamilton
Hanley
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Holland
Holt
Holtzman
Horton
Howard
Hughes
Hungate
Jacobs
Jeffords
Jones, Okla.
Keys
Koch
Krebs
LaFalce
Lagomarsino
Lehman
Lent
Levitas
Long, Md.
Lundine
McHugh
Madden
Maguire
Melcher
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Mosher
Moss
Mottl
Murphy, Ill.
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pettis
Pike
Randall
Rangel
Reuss
Richmond
Rinaldo
Rodino
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Solarz
Spellman
Stark
Stokes
Studds
Talcott
Thompson
Traxler
Tsongas
Vanik
Waxman
Weaver
White
Wilson, Tex.
Wirth
Wolff
Wydler
Wylie
Yates
Zeferetti

NOES—228

Abdnor
Adams
Alexander
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Bauman
Beard, Tenn.
Bedell
Bevill
Biester
Boggs
Boland
Bolling
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Corman
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Devine
Dickinson
Diggs
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Emery
English
Erlenborn
Evins, Tenn.
Findley
Flood
Flowers
Flynt
Foley
Fountain
Frenzel
Frey
Fuqua
Gibbons
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hammerschmidt
Hannaford
Hansen
Hébert
Hefner
Henderson
Hicks
Hightower
Howe
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Landrum
Latta
Leggett
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDonald
McEwen
McFall
McKay
McKinney
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Meyner
Michel
Milford
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead Calif.
Morgan
Murphy, N.Y.
Murtha
Myers, Ind.
Neal
Nichols
Nix
O'Brien
Passman
Pattison, N.Y.
Paul
Perkins
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Rees
Regula
Rhodes
Robinson
Roe
Rose
Rousselot
Runnels
Ruppe
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steiger, Wis.
Stephens
Stratton
Stuckey
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Whalen
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Winn
Wright
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—34

AuCoin
Bell
Brademas
Burton, Phillip
Conlan
Conyers
Dent
Derrick
Esch
Eshleman
Giaimo
Hays, Ohio
Helstoski
Hillis
Hinshaw
Jones, Tenn.
Karth
Litton
McDade
Madigan
Matsunaga
Pepper
Peyser
Riegle
Risenhoover
Roberts
Sisk
Smith, Nebr.
Stanton, James V.
Steelman
Steiger, Ariz.
Symington
Teague
Udall

The Clerk announced the following pairs:

On this vote:

Mr. Helstoski for, with Mr. Jones of Tennessee against.

Mr. Peyser for, with Mrs. Smith of Nebraska against.

Mr. PATTEN changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

OPERATION AND MAINTENANCE, METROPOLITAN WASHINGTON AIRPORTS

> For expenses incident to the care, operation, maintenance, improvement, and protection of the federally owned civil airports in the vicinity of the District of Columbia, including purchasing of ten passenger motor vehicles for police type use, for replacement only; and purchase of two motor bikes for replacement only; purchase, cleaning, and repair of uniforms; and arms and ammunition; $20,700,000.

AMENDMENT OFFERED BY MR. HARRIS

Mr. HARRIS. Madam Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. HARRIS: Page 8, immediately after the period, at the end of line 25, insert the following new sentence:
>
> "None of the funds appropriated under this section may be obligated or expended in connection with the landing at Dulles International Airport of any civil supersonic aircraft engaged in scheduled or nonscheduled commercial service, unless such aircraft complies with the noise standards established for subsonic aircraft by the Federal Aviation Administration under Federal Aircraft Regulation (FAR) 36, presently in force and effect."

Mr. CONTE. Madam Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Massachusetts reserves a point of order on the amendment.

Mr. HARRIS. Madam Chairman, I am offering an amendment to ban the Concorde-SST from landing and taking off at Dulles International Airport in northern Virginia. Secretary of Transportation Coleman issued a decision on February 4 to allow British Airways and Air France to conduct flights into Dulles International Airport for a 16-month trial period during which time FAA is monitoring the noise and emission levels of the aircraft. Dulles is the only place in the country where the SST is actually entering the United States. FAA tests are being conducted and FAA officials have publicly stated that so far the aircraft is noiser than predicted.

My concern about SST landings at Dulles is that of Federal imposition on the will of a local community. The SST is not landing at other airports; it is landing at one of two airports owned and operated by the Federal Government. And I am disturbed because the Secretary of Transportation is saying in effect that local government and local community have little voice in this activity. The Federal Government is the owner and operator and the Federal Government is letting it in. Because there is no local community control over Dulles, the community has no role—except acquiesence.

In the Federal Aviation Act, Congress directed the FAA to adopt noise standards for all aircraft. To date, the agency has not promulgated regulations governing supersonic aircraft flying at subsonic speeds. The FAA has been dragging its feet for years, even though another Federal agency, the Environmental Protection Agency, and others have recommended regulations. The intent of the Congress was to require FAA to adopt standards before aircraft began operating, to insure the health and safety of citizens. FAA has not done this. I do not understand, how as a matter of national policy, the Federal Government can recognize its responsibility to promulgate regulations to insure the health and safety of the citizenry, but go only half way by issuing regulations for only a certain category of aircraft. Allowing the SST to enter the country with no regulations is not only bad policy, it is dangerous policy. And it can be dangerous to the public.

Additionally, Congress in the Noise Control Act of 1972 stipulated that the Federal Government must comply with State and local requirements respecting the control and abatement of noise. 42 U.S.C. 4903 (b) reads:

> Each department, agency of instrumentality of the executive, legislative and judicial branches of the federal government having jurisdiction over any property or facility or engaged in any activity resulting or which may result in the emission of noise shall comply with federal, state and interstate and local requirements respecting control and abatement of environmental noise to the same extent that any person is subject to such requirement.

Fairfax County, one of the local jurisdictions in which the airport is located, has enacted a noise control ordinance; county officials are monitoring the noise levels and are finding that the SST violates this local law.

Fairfax County currently has two court actions pending. One of these would force FAA to adopt noise standards for all aircraft, as Congress intended. The other attempts to enforce the county's noise ordinance. With these two fundamental issues hanging in the balance, I do not see how we can charge ahead and let the SST in.

Many questions about the ramifications of the SST abound, such as the effects of noise and emissions, the possible increased incidence of cancer, and the reserve fuel capacity of the airplane. Also still unanswered are questions about secret agreements with the governments in question. I am not sure that the question of whether the FAA handled the SST properly and used reliable data in developing the environmental impact statement have been answered. Many legal gray areas remain, for example, the degree of discretion Congress gave the FAA and whether the situation in which individuals are adversely affected by aircraft noise is an unconstitutional "taking" of property rights.

There is one thing I am quite sure of, and that is that the citizens of northern Virginia should not be used as guinea pigs for foreign airlines against their will. The citizens of northern Virginia should not be subjected to experiments. The SST is flying in other parts of the world. If the administration wants to test it, I say test it there, where it is operating fully—not here through a "back door."

The SST is not flying into airports that are owned by State or local governments. DOT knows that local authorities would not welcome it. The SST is flying into a federally-owned and operated airport where the people, effectively have little voice. These actions have come to me, their conduit for expressing their views on this Federal issue. The Secretary said, in his decision:

> The FAA is the proprietor of Dulles and it is therefore part of my decision today to direct the Federal Aviation Administrator to permit one Concorde flight per day at Dulles under the conditions noted.

I quite frankly do not understand the "therefore," the connection. But I suspect that the Secretary had a notion that this route for the Concorde was immune, since it was under Federal control. Well, the public in northern Virginia has made its feelings quite clear to me, their Federal representative, on this issue. And the local Fairfax County has taken its case to the courts. This bill represents our opportunity to say, "Stop the Concorde, until these many questions are resolved." My concern is that the people of my district are being used as a laboratory for an experiment. This bill represents a way that we can ban the Concorde until the many questions surrounding it are answered once and for all. I urge my colleagues to join me.

Mr. CHARLES H. WILSON of California. Madam Chairman, will the gentleman yield?

Mr. HARRIS. I am happy to yield to the gentleman from California who I know is very considerate of the people in Fairfax County.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

Of course, the gentleman only goes back and forth between here and Fairfax County.

Mr. HARRIS. That is not true at all.

Mr. CHARLES H. WILSON of California. The gentleman does go on trips; does he?

On the last several trips I have taken back and forth between Dulles and California, the pilots of the planes have gone slowly past the Concorde. They say, "Isn't the Concorde beautiful?"

One cannot believe the interest that the people have in this, and the jealousy that they seem to feel that we do not have our own.

The second point is is this really not just about the same thing we just defeated? I realize this is important to the gentleman from Virginia, but can we resolve this quickly and not have to consider any further debate on it?

Mr. HARRIS. If any Member wants to speak on it, far be it from me to deny him the opportunity.

Madam Chairman, I urge my colleagues to have the same consideration that I know they show for their constituents for these people in Fairfax County, Prince William County, and Loudoun County, who are being subjected to this, and to agree to this amendment.

The CHAIRMAN. Does the gentleman from Massachusetts (Mr. CONTE) wish to be heard on his point of order?

Mr. CONTE. Madam Chairman, I withdraw my point of order.

Mr. McFALL. Madam Chairman, I rise in opposition to the amendment.

Madam Chairman, we have already

voted on two Concorde amendments. They were both rejected. This amendment is only slightly different than the previous amendments in that the prohibition would apply only to Dulles Airport. I hope the House will reject this amendment as it did the previous two amendments.

Mr. CONTE. Madam Chairman, I move to strike the requisite number of words.

I concur with my Chairman. We have debated this issue. I can understand the gentleman's feeling, but we have debated this issue thoroughly today. We have heard all of the argument, and there have been two rollcall votes. I hope we can move on with the bill. The hour is getting late and there are a lot more amendments.

Madam Chairman, I yield back the remainder of my time.

Mr. GOLDWATER. Madam Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Madam Chairman, it amuses me that the gentleman from Virginia would seek the supersonic Concorde as the issue on which to wage his campaign against airport noise.

POINT OF ORDER

Mr. HARRIS. Madam Chairman, I make the point of order the gentleman is not standing.

The CHAIRMAN. The gentleman from California may proceed, if he should desire to rise as required by the rules.

Mr. GOLDWATER. Madam Chairman, perhaps we could have these microphones extended so that we would better be able to stand.

It was pointed out in the debate earlier that some 80 percent of the airplanes in this country do not meet local noise ordinances. I wonder why the gentleman takes this time capitalizing on the controversy of the supersonic Concorde to wage war on noise? Where has he been since first elected. Local ordinances have been violated way before he came to Congress. I detect political overtones are involved.

I think the House has spoken on this issue. I would urge the House to defeat this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. Harris).

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Project Acceleration Demonstration Program

For necessary expenses to enable the Secretary to conduct demonstration projects authorized by section 141 of the Federal-Aid Highway Act of 1976, $10,000,000, to be derived from the Highway Trust Fund and to remain available until expended.

AMENDMENT OFFERED BY MR. EDGAR

Mr. EDGAR. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Edgar: On page 15, after line 2, insert the following:

"CARPOOL DEMONSTRATION PROGRAMS

"For payment of obligations incurred in carrying out the provisions of title 23, United States Code, section 101 as authorized by section 120 of the Federal-Aid Highway Act of 1974 (Public Law 93-643), to remain available until expended, $3,750,000."

Mr. CONTE. Madam Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Massachusetts (Mr. Conte) reserves a point of order on the amendment.

The gentleman from Pennsylvania (Mr. Edgar) is recognized for 5 minutes in support of his amendment.

(Mr. EDGAR asked and was given permission to revise and extend his remarks.)

Mr. EDGAR. Madam Chairman, I offer an amendment to this appropriation bill which would add an additional $3.75 million for carpool demonstration projects, as authorized by Public Law 93-643.

Congress has historically been sensitive to the need for Federal support for carpooling and vanpooling programs. The 93d Congress in particular passed two laws, the Emergency Highway Energy Conservation Act—Public Law 93-239—and the Federal Aid to Highways Act of 1974—Public Law 93-643. Approximately $10.4 million of Federal funding for 88 projects in some 29 different States have been provided over the past 2 years under the Emergency Highway Act, Public Law 93-239. But under the Federal Aid to Highways Act of 1974, even though we authorized $7.5 million for carpooling projects, no moneys have been appropriated. I remind the House that carpooling and vanpooling saves a lot of gas and a lot of energy.

Madam Chairman, it has been demonstrated and proven that these projects have been helpful in fostering ridesharing. We have had many demonstration projects throughout the country that have clearly indicated that carpooling and vanpooling can provide for increased energy conservation, as well as an opportunity to cut down on pollution in urbanized areas.

I would hope that the committee chairman and the ranking minority Member would agree to appropriate this $3.75 million, so that moneys might be used to provide for additional carpooling projects.

I am reminded of the fact that since 1956 we have spent $75 billion on interstate highways and highway-related projects. We have spent less than $10.4 million on ride-sharing and carpooling. Most of us are concerned about public transportation, about vanpooling, about carpooling, about trying to get people moving about the country as efficiently as possible.

I think that an expenditure of this magnitude will help to point out to the Nation that we in the House and the Senate take seriously carpooling and vanpooling, that it is no longer just an experimental project and that we would like to provide for an ongoing appropriation for ridesharing.

So, Madam Chairman, I ask that the House accept this additional amount of $3.75 million for carpooling and vanpooling, to take seriously the Federal Aid to Highway Act of 1974, in which we authorized $7.5 million to carry out the provisions of subsection 120 of that act.

POINT OF ORDER

The CHAIRMAN. Does the genlteman from Massachusetts (Mr. Conte) desire to be heard on the point of order?

Mr. CONTE. Yes, I do, Madam Chairman.

I pursue the point of order and say this is legislation on an appropriation bill and, therefore, the point of order should lie.

The gentleman's amendment provides at the end under Public Law 93-643, "to remain available until expended, $3,750,000."

In reading the law, the law provides that when appropriating not to exceed $7.5 million to carry out this subsection. I think the words, "to remain available until expended" makes it legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. Edgar) desire to be heard on the point of order?

Mr. EDGAR. Madam Chairman, I just point out, it was authorized in the act of 1974 to provide $7.5 million and none of those funds have been appropriated. I take that legislative record to offer my amendment.

The CHAIRMAN. The Chair is ready to rule.

Deschler's Procedure, chapter 26, section 701 states:

> Language in a paragraph of a general appropriation bill providing that funds provided in that paragraph shall remain available until expended is generally conceded to be legislation in violation of clause 2, rule XXI unless the authorizing legislation permits such availability.

The authorizing legislation, as pointed out by the gentleman from Massachusetts, does not permit such availability and to try to write in such availability into the appropiration bill does constitute legislation on an appropriation bill and, therefore, is out of order.

The Chair sustains the gentleman from Massachusetts on the point of order.

The Clerk will read.

The Clerk read as follows:

INTERSTATE COMMERCE COMMISSION

Salaries and Expenses

For necessary expenses of the Interstate Commerce Commission, including services as authorized by U.S.C. 3109, $56,400,000, of which $150,000 shall be available for valuation of pipelines, $1,250,000 shall be available for necessary expenses of the Rail Services Planning Office, $1,363,400 shall be available for necessary expenses of the Office of Rail Public Counsel: *Provided*, That Joint Board members and cooperating state commissioners may use Government transportation requests when traveling in connection with their official duties as such.

AMENDMENT OFFERED BY MR. SKUBITZ

Mr. SKUBITZ. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Skubitz: On page 22, at the end of line 26, strike the period and add the following: ", and *Provided further* that the money appropriated for the necessary expenses of the Office of Rail Public Counsel shall not be extended until other modes of transportation regulated under Parts I, II, III, and IV of the Interstate Commerce Act (U.S.C. et. seq.) are subject to an Office of Public Counsel."

Mr. CONTE. Madam Chairman, I raise a point of order against the amendment.

Mr. SKUBITZ. Madam Chairman, will the gentleman withhold his point of order until I finish my statement?

Mr. CONTE. I reserve my point of order.

The CHAIRMAN. The gentleman from Massachusetts (Mr. CONTE) reserves his point of order.

The gentleman from Kansas (Mr. SKUBITZ) is recognized for 5 minutes in support of his amendment.

Mr. SKUBITZ. Madam Chairman, contained in the appropriations for the Interstate Commerce Commission is a sum of $1,363,400 which is earmarked for the Office of Rail Public Counsel. My amendment does not reduce or modify that sum. My amendment simply requires that the money not be expended until the other modes of transportation within the jurisdiction of the ICC are made subject to an Office of Public Counsel.

Madam Chairman, I am proposing this amendment because I think that both equity and good transportation policy require its adoption. Let me give this body a little of the background concerning the provision for an Office of Rail Public Counsel. The Office of Rail Public Counsel was part of the Railroad Revitalization and Regulatory Reform Act of 1976 which was signed into law by the President last February. One could reasonably ask why is the Office of Public Counsel limited to railroads? Quite frankly, the only reason for that limitation is the jurisdictional arrangement of the House committees.

The House Interstate and Foreign Commerce Committee which reported the rail bill used to have jurisdiction over all modes of transportation subject to the Interstate Commerce Act. In the reorganization of committee jurisdiction, the Committee on Public Works was given jurisdiction over pipelines, motor carriers, water carriers, freight forwarders, and the ICC generally. Jurisdiction over railroads and those parts of the ICC dealing directly with railroad matters was left with the Interstate and Foreign Commerce Committee. Because of this jurisdictional split, it was impossible for the House Interstate and Foreign Commerce Committee to institute a general Office of Public Counsel within the ICC. The Senate, which does not have a similar jurisdictional problem, did pass a bill calling for an Office of Public Counsel which would monitor all of the regulated modes within the ICC.

Obviously, Madam Chairman, those who supported the concept of an Office of Public Counsel had hoped that the House would overcome the difficulties caused by committee jurisdictions and that motor carriers, water carriers, freight forwarders, and pipelines would be subject to an Office of Public Counsel by prompt action of the Committee on Public Works and Transportation. To date this has not occurred. Consequently we stand the risk of seriously unbalancing transportation regulation by having railroads subjected to federally funded public scrutiny while the other modes are subjected only to the routine of ordinary regulation.

My amendment would simply hold in abeyance the funding of the Office of Rail Public Counsel until such time as other modes of transportation were given the benefit of review by a public counsel within the ICC.

I might add, Madam Chairman, that just prior to our action on the rail bill, the ICC itself had established an Office of Public Counsel. That Office never got off the ground and has been abandoned because the Commission felt that Congress intended to create such an Office with the full force and effect of statutory law. My amendment will provide an incentive for this body and our colleagues in the Senate to consider the advisability of an Office of Public Counsel for all modes of public transportation.

In the meantime my amendment will prevent a situation where railroads are singled out from all other modes and treated differently. At no time has anyone ever suggested that railroads need an Office of Public Counsel more so than trucks or motor carriers or pipelines or freight forwarders. On the contrary, the evidence before our committee indicates that railroads have fewer shipper complaints and complaints from the public than many other modes of transportation.

The adoption of my amendment will give us time to seek a remedy in a fair and impartial manner and to overcome a difficulty caused more by the happenstance of our committee's jurisdiction than by any factor related to sound public policy.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Massachusetts (Mr. CONTE) desire to be heard on his point of order?

Mr. CONTE. I insist on my point of order, Madam Chairman, and I would like to be heard.

The CHAIRMAN. The gentleman is recognized.

Mr. CONTE. Madam Chairman, even before I argue, I will say that I tried to tell my good friend, the gentleman from Kansas (Mr. SKUBITZ), not to take the time of the House with his amendment, but the gentleman would not listen.

Madam Chairman, I make a point of order against the amendment on the grounds that it is legislation on an appropriation bill, and therefore, violates clause 2 of rule 21.

The amendment provides that appropriations in this bill for the Office of the Rail Public Counsel shall not be expended until other modes of transportation regulated under certain specified parts of the Interstate Commerce Act are "subject to an Office of Public Counsel."

Madam Chairman, if the Office of Public Counsel referred to in the amendment is the one funded in this bill, then the amendment would at the least impose additional duties on that office, by expanding the jurisdiction of the Office to include the modes of transportation specified in the amendment.

If the Office of Public Counsel is not the one funded in this bill, then the amendment would make the funds in this bill subject to an unrelated contingency, that is, the creation of an Office of Public Counsel.

Madam Chairman, in either case, the amendment is clearly legislation on an appropriation bill, and subject to a point of order.

The CHAIRMAN. Does the gentleman from Kansas (Mr. SKUBITZ) desire to be heard on the point of order?

Mr. SKUBITZ. Yes, Madam Chairman.

I must admit that I think the gentleman from Massachusetts (Mr. CONTE) is absolutely correct. But I was hopeful that the reasonableness of the logic of the gentleman from Kansas would prevail and that he would budget just a little and accept this amendment.

Madam Chairman, I ask unanimous consent that my amendment be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CAPITAL OUTLAY

For acquisition of land and land under water and acquisition, construction, and replacement of improvements, facilities, structures, and equipment, as authorized by law (2 C.Z. Code, sec. 2; 2 C.Z. Code, sec. 371), including the purchase of not to exceed eighteen passenger motor vehicles for replacement only; improving facilities of other Government agencies in the Canal Zone for Canal Zone Government use; and expenses incident to the retirement of such assets; $3,150,000, to remain available until expended.

Mr. SNYDER. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I have taken this time to inquire of those handling the bill, either the gentleman from California or the gentleman from Massachusetts, as to what we are talking about on line 19, page 23, "For acquisition of land and land under water."

We had an amendment up here a couple weeks ago, and I thought I lost. I thought I might inquire, to see if something has happened differently.

Could either of the gentleman enlighten me as to what we are acquiring down there by way of land and land under water?

Mr. CONTE. Madam Chairman, if the gentleman will yield, will the gentleman point out again where that language appears?

Mr. SNYDER. It is on page 23, line 19, I will say to the gentleman from Massachusetts. It says, "For acquisition of land and land under water," and it goes on and talks of acquisition of some other things, too.

Mr. McFALL. Madam Chairman, if the gentleman will yield, the amount in this bill is not for the purpose of acquiring any land under water, but it is possible, I suppose, in the Canal Zone that they might be required to purchase land under water, and certainly the general legislation should contain that kind of language. I do not know of anything they are going to buy that is under water, but conceivably at some time they might want to do that.

Mr. SNYDER. It says, "land and land under water." It includes both.

I would just hate to think that if in fact we are negotiating giving it away, that we are going to buy some more from them before we give it back to them. That is what concerned me. In reading the report on that section, I did not see anything that indicated there was any testimony on acquisition of land or land under water.

Mr. McFALL. Madam Chairman, this is the same general language we carry every year, and no Member has ever asked a question about it before.

If there has to be a distinction between land and land under water, I presume in the Canal Zone they might want at some time to buy some land that is under water.

Mr. SNYDER. It is not the distinction that bothered me. I just thought the gentleman might know of some specific negotiations for land acquisition.

Mr. McFALL. I do not know of any.

Mr. CONTE. Madam Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Massachusetts.

Mr. CONTE. Madam Chairman, I hate to get into this because I realize what an expert the gentleman from Kentucky (Mr. SNYDER) is on the Panama Canal. Just let me point out to the gentleman that that language has been in every appropriation bill since I have been on the committee.

I have last year's appropriation bill, and on page 32 of that bill we see "Capital outlay," and it provides for "acquisition of land and land under water." That language has always been in there. If it becomes necessary, they may have to purchase some land or water rights, and this gives them that broad authority. It is language that has always been used in this bill.

Mr. SNYDER. Madam Chairman, I had one other question in regard to the report on this section.

On page 46 of the report, the following language appears:

> This appropriation is repaid to the U.S. Treasury over the life of the capital asset through depreciation charges to the Canal Zone Government.

I was wondering whether or not the committee heard any testimony in regard to the life of the assets that are being depreciated and, if so, what that is.

Mr. McFALL. Madam Chairman, if the gentleman will yield, there are various depreciation schedules applicable to each of the capital assets, depending upon the life of that particular piece of construction. It does not deal with the treaty or title in any way. It is just, as I understand it, the accounting procedure that they have adopted.

Since the gentleman from Kentucky does know a lot about the Canal Zone, I would think he would really be able to explain this to me better than I can explain it to him.

Mr. SNYDER. Madam Chairman, I thank the gentleman for the compliment.

I will say that we have had some hearings in the Subcommittee on the Panama Canal of the Committee on Merchant Marine and Fisheries in which it has been determined in the last couple of years that they have begun to depreciate the titles and the treaties, looking toward a conclusion of our relationship there in some 25 years.

I was not thinking that the gentleman was doing that by this language, but my next question was going to be whether or not the committee had any evidence that this would be the result.

The CHAIRMAN. The time of the gentleman from Kentucky (Mr. SNYDER) has expired.

(By unanimous consent, Mr. SNYDER was allowed to proceed for 2 additional minutes.)

Mr. McFALL. Madam Chairman, will the gentleman yield further?

Mr. SNYDER. I yield to the gentleman from California.

Mr. McFALL. Madam Chairman, we did not intend to get into that argument by including that sentence in the report. I am a cosponsor of the legislation that would prohibit the kind of depreciation that the gentleman describes.

Mr. SNYDER. Madam Chairman, I am aware of that. There was no evidence in the hearings, I take it, that depreciation or anticipated life of any of the fixed assets was being shortened because of the treaty negotiations?

Mr. McFALL. That is correct.

Mr. SNYDER. I would urge that in the committee hearings next year this matter be delved into a little bit further for the benefit of those of us who are interested in it.

Mr. WHITTEN. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I wish to thank the committee for including this section having to do with "Highways Crossing Federal Projects" which is as follows:

> For necessary expenses in carrying out the provisions of title 23, United States Code, section 156, $35,000,000, to remain available until September 30, 1979.

This supplements the action the House took, later concurred in by the Senate, which I discussed in the House on April 13, 1976, at page 10817, after we got the Legislative Committee to include it in the Omnibus Highway Act.

Madam Chairman, it is to be noted that $50,000,000 was authorized for this fiscal year. It is evident that there was a hardship worked on my State under the old statutes, due to 10 of the 13 highway crossings of the Tennessee-Tombigbee navigation project being in my State, which is the only one that signed the commitment for construction and maintenance, now no longer required on new projects. Should it develop, since this is general law, that additional projects qualify under this provision, then I would hope that the other body would add such funds as may be required.

Again, I wish to thank the committee for this action in bringing equal treatment to this older project in my section, the Tennessee-Tombigbee navigation project which otherwise would place my State of Mississippi at a serious disadvantage.

The section of title 23, United States Code, section 156, reads as follows:

HIGHWAYS CROSSING FEDERAL PROJECTS

> SEC. 132. (a) Chapter 1 of title 23, United States Code, is amended by adding at the end thereof the following new section:
>
> "§ 156. Highways crossing Federal projects
>
> "(a) The Secretary is authorized to construct and to reconstruct any public highway or highway bridge across any Federal public works project, notwithstanding any other provision of law, where there has been a substantial change in the requirements and costs of such highway or bridge since the public works project was authorized, and where such increased costs would work an undue hardship upon any one State. No such highway or bridge shall be constructed or reconstructed under authority of this section until the State shall agree that upon completion of such construction or reconstruction it will accept ownership to such highway or bridge and will thereafter operate and maintain such highway or bridge.
>
> "(b) There is hereby authorized to be appropriated not to exceed $100,000,000 to carry out this section. Amounts authorized by this subsection shall be available for the fiscal year in which appropriated and for two succeeding fiscal years."
>
> (b) The analysis of chapter 1 of title 23 of the United States Code is amended by adding at the end thereof the following:
>
> "156. Highways crossing Federal projects."

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

> SEC. 302. None of the funds provided in this Act shall be available for the planning or execution of programs the commitments for which are in excess of $390,000,000 for Grants-in-aid for airports in fiscal year 1977.

AMENDMENT OFFERED BY MR. M'FALL

Mr. McFALL. Madam Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. McFALL: On page 26, line 13, strike out "$390,000,000" and insert the following: "$510,000,000."

Mr. McFALL. Madam Chairman, the subcommittee marked this bill up 2 months ago. At that time, we did not have authorizing legislation for the airport construction grant program. Our subcommittee recommendation was $390 million, which was somewhat higher than in previous years. Last Wednesday the conference report on the Airport and Airway Development Act Amendments of 1976 was filed. The report authorizes $510 million for airport construction grants for fiscal year 1977, an amount consistent with the budget resolution. Given the substantial disruption of the program during the past 12 months, I believe that the higher funding level of $510 million is more appropriate than our original recommendation in light of current economic conditions.

Madam Chairman, I hope the committee can agree to this amendment.

Mr. CONTE. Madam Chairman, I rise in support of the amendment offered by the gentleman from California (Mr. McFALL).

The amendment simply will increase the limitation ceiling to $510 million. This is the figure expected to come out of the pending conference on the Airport and Airway Development Act (H.R. 9771).

The amendment poses absolutely no trespass upon the jurisdiction of the Committee on Public Works, nor to contravene the full implementation of the ADAP bill which is soon expected to come out of conference.

Since 1971, this subcommittee has included an obligation ceiling similar to section 302 of the bill before us today. Last year, the appropriation bill contained a ceiling of $350 million. That section was passed without objection.

I should like to emphatically state that this particular limitation was never conceived to give the Secretary of Transportation the discretionary authority to rearrange priorities as set out in the ADAP bill. The bill as it is contains a $40 million level above that requested by the Department. This figure was arrived at before the Senate action on the ADAP bill. I should like to note that our bill was prepared prior to Senate action on the ADAP bill.

The concurrent budget resolution process is unclear at times. While it is stated clearly at page 45 of the report (H. Rept. 94–1030), accompanying the budget resolution (H. Con. Res. 611) that the limitation on obligation would be the level included in the House passed version of the ADAP bill, the Senate report is not as specific. Rather, the Senate report contains a large categorical limitation of which the instant matter is only a part. Accordingly, our subcommittee was left in a quandary of the actual level to be used.

In light of recent developments in the Senate and the pending conference, I feel it is most appropriate to increase this obligation ceiling to $510 million. I feel that this figure will work harmoniously with the level provided in House Concurrent Resolution 611, the $510 million level in the ADAP legislation and the Senate concurrent resolution on the budget. The Public Works "Dear Colleague" enumerates several benefits from acceptance of the Anderson-Snyder amendment. Summarized, they are as follows:

First. Savings of $58.5 million in general Treasury revenues by using trust funds for servicing Federal airway facilities.

Second. Prevent 25-percent loss in aid to airports.

Third. Increase availability of funds critically needed for airway safety and improvements.

The amendment will accomplish each and every one of those benefits. However, most importantly it will secure the integrity of our new budget authorizing and Appropriations Committee recommendations. This is obviously the most advantageous route to pursue.

I urge my colleagues to adopt this amendment.

Thank you, Madam Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. McFall).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ANDERSON OF CALIFORNIA

Mr. ANDERSON of California. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Anderson of California: Page 26, strike out lines 11 through 14, inclusive, and renumber succeeding sections accordingly.

Mr. HOWARD. Madam Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, she will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. ANDERSON of California. Madam Chairman, I ask that the amendment that has just been presented be reread so we know what we are talking about here.

The CHAIRMAN. The Clerk will rereport the amendment.

The Clerk reread the amendment offered by the gentleman from California (Mr. Anderson).

Mr. ANDERSON of California. Madam Chairman, I appreciate the efforts of my good friend and colleague, the gentleman from California (Mr. McFall) to increase the fiscal year 1977 ceiling to $150 million. I know that he is a great expert on aviation and is trying to do what is best for the country.

However, there are three basic reasons why this ceiling, even the increased ceiling, fails. First, if this ceiling of $510 million is maintained, then the funds which were authorized for fiscal year 1976, $350 million, will be lost. Last year the Appropriations Committee placed a ceiling of $350 million for obligations for fiscal year 1976. That money was not spent but it cannot carry over to the transition quarter nor can it carry over to fiscal year 1977 if this ceiling of $510 million remains in the bill.

Second, one of the great problems with Federal construction programs is that they are funded only on an annual basis. They are not long term; they are year-by-year programs. To solve this problem, to allow the Secretary to make long-term commitments, we on the Aviation Subcommittee of the Public Works Committee worked long and hard for the necessary language. We finally arrived at the language which would allow the Secretary to make a commitment to the city and county sponsors that we would fund long-term projects over several years. This provision allows sponsors to plan and be assured funds will be forthcoming in future years after the completion of long-term projects.

The ceiling in this bill, if continued over the years, could nullify that concept. Next year there may be a ceiling of only a small amount. Thus, no sponsor in this country could depend on next year's money to complete his project. Long-term planning would be out the window. Redtape and delays will continue. Inefficiency and waste will continue.

Finally, this ceiling gives the OMB and the Secretary of Transportation a signal that they may be able to ignore the authorizing legislation; that they may have the authority to twist this program to their own purposes, and that each year they can come in and try to abort the airport and airway development program which runs for 5 years. Rather than abide by the intent of the Congress in the ADAP legislation, which permits long-term contractual authority, the OMB and the Secretary of Transportation may be able to approach the Appropriations Committee and get a ceiling on expenditures, thus gaining control of the program and attempting to ignore the ADAP legislation. This ceiling, while on the one hand unnecessary, is on the other hand, a signal to the administration that they can go to another committee and try to twist and bend the ADAP legislation.

A vote of "yes" on the amendment to strike the ceiling would not increase expenditures but would tell the administration that tinkering with this program, ignoring the intent of the Congress, and adjusting the spending levels in the future years, thus gutting the provisions that permit long-term planning, will not be tolerated.

I urge a "yes" vote on the amendment to strike section 302.

The money we are talking about is trust fund money. That trust fund has a huge surplus. Thus, the amendment to strike section 302 does not alter the budget and does not result in an increased burden on the taxpayers but it does permit long-term planning and long-term commitments.

A "yes" vote is consistent with fiscal integrity and is necessary to allow this program to be placed on a businesslike basis without the waste and without the "start and stop syndrome" that has plagued this program in the past.

Mr. McFALL. Madam Chairman, I rise in opposition to the amendment offered by my good friend, the gentleman from California (Mr. Anderson). I had hoped that by our previous amendment, which was agreed to, that raised the limitation to $510 milion, we could take care of most of the objections that the gentleman had to our attempt to work with the Budget Committee in limiting the amount of funds for this program.

Now, if the gentleman's amendment is agreed to and this provision is stricken, then they would have the $350 million from the previous year, $87 million from the transition quarter and $510 million from the fiscal year 1977. This is certainly more than the budget resolution intends to be obligated in the upcoming fiscal year.

I know that the gentleman from Washington (Mr. Adams), the chairman of the Committee on the Budget, is going to rise and agree with me that we should oppose this amendment.

There is $510 million in the Budget Act set aside for this program. I do not think that we can make fiscal year 1976 and the transition period funds available without going over $510 million, which is the limit for the fiscal year 1977.

This is essentially the same question that we will have in the next amendment which the Public Works Committee intends to offer.

We are doing this in order to make the Budget Act work. We have $510 million set aside in the Budget Act for this program. Unless this limitation is approved by the House and is allowed to stay in the bill, then there would be nearly $1 billion available, almost twice as much as is provided for in the budget resolution.

Mr. CONTE. Madam Chairman, I rise in opposition to the amendment to strike section 302 from this legislation. The effect of this limitation would completely remove the allocation of the airport and airway trust fund moneys from the appropriations process.

Just recently, we all received a "dear colleague" from the Committee on Public Works regarding this particular matter. That "dear colleague" attacked the limitation basically on grounds that the $390 million ceiling was too low and was inconsistent with the $510 million authorizing level agreed to in the pending conference on the Airport and Airway Development Act of 1976 (H.R. 9771).

The arguments basically centered on the fact that the ceiling would result in a 25-percent cut in the obligations of funds throughout the States. The amendment of the gentleman from California (Mr. McFALL) corrected that problem. That amendment increased the limitation ceiling to $510 million. This is the same level provided in the pending authorizing legislation as well as the figure in the concurrent resolution on the budget (H. Con. Res. 611). On this point I direct Members attention to pages 43–47 of the House Report 94–1030 accompanying House Concurrent Resolution 611.

This limitation is not new to this appropriations bill. This committee inserted language identical to the instant section 302 since 1971.

It is clear that this committee is vitally concerned with the availability of funds for airport and airway development across the Nation. This is substantiated by the amendment by our subcommittee chairman to increase the limitation to $510 million—the exact level accepted by the ADAP Conference.

I should like to interject that if the ADAP Conference had firmed up an authorizing ceiling before this legislation was marked up, I am sure the bill would have contained the higher figure.

Our airport programs will not suffer with the retention of section 302 in this legislation. However, more importantly, retaining this section will secure the integrity and harmony of our budget, authorizing, and Appropriations Committee recommendations. This is obviously the most advantageous route to pursue.

I urge my colleagues to oppose this amendment.

Mr. ADAMS. Madam Chairman, will the gentleman yield?

Mr. McFALL. I am glad to yield to the gentleman from Washington.

Mr. ADAMS. Madam Chairman, I rise in support of the gentleman's position. We have the problem with each one of these accounts that involve trust funds with entitlement authority, that if we do not in each year fit these within the budget resolution, the amount that will be spent in these entitlement programs, then we will have to raise the deficit in that particular year to account for it.

Madam Chairman, we have tried very carefully in this committee to construct the amount of money in this case coming out of the authorizing committee. I was hopeful when the chairman of the subcommittee arose and raised the amount to the exact amount in the budget resolution, which was $510 million, that we would not have this kind of amendment removing this limitation. We are going to have this later on in the bills involving highway funds. If we build up large amounts of money in these funds and we do not smooth them out by placing the amount to be spent in each year for them, we get large bulges in them and drops as we go through the years.

Madam Chairman, I hope the amendment will not be agreed to. There is ample money for the program in the future. One of the reasons this occurred was that the authorization bill has not set a series of limitations and years in the future that we can plan on.

Now, that will be done, because the bill is coming out and it is not necessary that this continue indefinitely in the future. We are trying at this point to work through a smooth transition from a period in the past when we did have limitations out of the authorizing committee, other than when the authorizing committee will do it. This is provided for in the Budget Act.

Madam Chairman, there has been some confusion as to whether or not trust funds are exempt. I would state they are not. In the conference report on the Budget Act of 1974, the final paragraph states flatly on page 66:

> The managers note that these exemptions relate only to the procedures in this section and that the programs are fully subject to the Congressional process.

So I agree with the gentleman. I hope the amendment will be defeated and that we will proceed on with the other sections of the bill.

Mr. DUNCAN of Oregon. Madam Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Madam Chairman, I suppose that as a Member of the Committee on Appropriations, I am subject to the same charge of provincialism and prejudice as are members of the authorizing committee themselves as they come to the floor in zealous defense of the prerogatives of their own committees and of their own programs of which they have jurisdiction. We have seen the increasing volume of late, as with my friends on the Subcommittee on Fisheries and Wildlife, constantly on the floor for increased appropriations for that purpose.

Similarly, we had the gentleman from Washington (Mr. McCORMACK), from the Science and Technology Committee, asking for increased appropriations for his committee just last week. I suggest that it is probably the job of the authorizing committee to display this enthusiasm for the programs which are within its jurisdiction, just as agencies downtown which are set up to regulate industries eventually acquire a constituency and become advocates for those contsituencies. Those committees are not going to do their jobs unless they think that is the most important job to be done in the Congress. So, they consider the amounts to be spent and the amounts necessary to do that job, assuming, as they must, optimum conditions.

But, Madam Chairman, somebody has to act as an arbiter in any economy where there is always more demand for money to spend than there is a supply of money to meet those demands. Who is to serve as that arbiter? If we must take on as the level of appropriations, the level set by the authorization bill, when we are faced with conditions that are not optimum, somebody has to make the decision as to how to allocate available funds, and I suggest to the Members that this job is delegated to the Budget Committee and the Appropriations Committee.

Mr. SNYDER. Madam Chairman, will the gentleman yield?

Mr. DUNCAN of Oregon. I yield to the gentleman from Kentucky.

Mr. SNYDER. Where does the gentleman want to obligate this trust fund money, other than for trust fund purposes? He has made a good argument for the amendment. He is talking about people with constituencies wanting to get increased appropriations. We are not asking for that.

Let us be honest with the people paying taxes into the trust funds.

Mr. DUNCAN of Oregon. Madam Chairman, let me respond, because the gentleman has suggested that these are trust funds, and perhaps there is no reason for this Congress, or the Budget Committee or the Appropriations Committee, to concern itself with how they are spent. Yet, I suggest that under this very budget bill, expenditures of the trust funds do have a very significant impact on the budget and on the fiscal position of the United States.

The gentleman from Washington (Mr. ADAMS) has just pointed out that trust funds are a part of a consolidated budget. Even the trust funds therefore have an impact on the size of the national debt. I suggest that these are not trust funds sitting in a room somewhere which we can shovel in and take out. They all have to be borrowed. I ask the gentleman, where does the interest come from to pay on the national debt? Whether or not borrowed for trust funds, the interest is paid for from the general fund. And I will answer my own rhetorical question without troubling the gentleman.

The answer, of course, is the general fund. I suggest another possibility, not with this airport act, but with the highway trust fund that comes later. That is, the provision that is in the act that provides for the so-called transfer of interstate highway funds to mass transit programs. I know, and the gentleman knows, that there is no transfer of funds; that these trust funds have been held inviolate—as I expect the committee should hold them inviolate in the position they occupy. All that is transferred is the authority to go ahead with a mass transit program in lieu of the interstate program. No funds are transferred from the highway trust fund.

Where does the money come from to pay for that mass transit program which has been authorized? It comes out of the general fund.

I would say one more thing in line with the argument of the gentleman from Washington (Mr. ADAMS). The budget bill and those budget figures that it contains, as a practical matter, represent the maximums, are not really intended and as a pragmatic matter do not have to operate to establish a minimum except in one set of circumstances; that is, where the Budget Committee and this Congress in its wisdom has decided a level of spending that, from a macroeconomic standpoint, ought to be set in order to advance at the optimum the interests of this country.

Mr. SNYDER. Madam Chairman, I move to strike the last word, and I rise in support of the Anderson amendment.

Mr. JONES of Alabama. Madam Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Madam Chairman, on July 28, 1975, the gentleman from Washington (Mr. ADAMS), chairman of the committee, dispatched a memorandum discussing section 401, which is contained on page 8.

It reads as follows:

> Exceptions. Subsection (d) exempts certain types of legislation from the new procedures applicable to contract, borrowing, and entitlement authority. The exempted categories are as follows:
>
> (1) where the spending authority results from a trust fund established by the Social Security Act (but only if the trust fund was in effect on July 12, 1974, the date of enactment of the Budget Act); or any other trust fund which is at least 90 percent self-financed (such as the highway trust fund);

So the application of the trust fund to this inducement to be for the Budget Control Act was an inducement that those two items would be exempted.

Mr. SNYDER. I thank the chairman of the Committee on Public Works for his contribution. I had intended to address myself to that a little later, but the gentleman has done it well.

Madam Chairman, I rise in support of the Anderson amendment. At first glance, it might seem that a vote against a ceiling, against an obligation limitation, would mean we are for busting the budget and a lot of big spending. That is what OMB wants us to think, but that just is not true. They are talking a pretty good game of fiscal responsibility downtown. But they are not fiscally responsible. When we look at the real reasons for putting on these ceilings and look at the real results, their argument falls apart. The result will be more Federal spending, for things like welfare payments and food stamps and a bunch of other social programs, and more Federal deficits.

I think the gentleman from Oregon made it patently clear they want to take in a lot of money in receipts in this trust fund so that they can go out on social welfare experiments and spend that money on the outgo side but the outgo will not show up as big as it actually is because it is actually computed in with the rest of the general tax revenue for the purpose of determining the deficit.

The idea of putting a ceiling on obligation of funds from the Airport and Airway Trust Fund is part of an effort to put a lid on Federal spending, total Federal spending. The revenues come from the airline ticket tax and general aviation fuel tax. The trust fund does not contribute a dime to the deficit. They want to see the trust fund used in spending for other programs. The trust fund of the Airport Trust Fund is in a surplus budget position. It is a self-financing program. The surplus is substantial and will continue to be in surplus, with expenditures at the level contemplated in the conference report on the 1976 amendments filed last week.

Using those expenditure levels, we will have a surplus of over $1 billion at the end of the program, and that even includes the fact that we are taking some money that has been used, almost $1 billion in the 5 years of the bill, out of the general revenues for the maintenance of the airway system. Taking it out of the trust fund thereby relieves the general fund of $1 billion over the next 5 years.

Mr. JONES of Alabama. Madam Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Alabama (Mr. JONES).

Mr. JONES of Alabama. The gentleman will, I think, recall that we in the Committee on Public Works have been enthusiastic supporters of the Legislative Budget Control Act. We did not come here this afternoon to incite discord with the provisions of that bill. But we were trying to see that those funds that are collected for a specific purpose are spent for the purpose for which this Congress has legislated time and time again.

Mr. SNYDER. The gentleman is correct. We only want to comply with the Budget Act.

It does not exempt this trust fund from the budget targets, but it does exempt it from appropriation bills, as set out in section 401, subsection (d), as the gentleman from Alabama read from the letter from the gentleman from Washington.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. ANDERSON of California and by unanimous consent, Mr. SNYDER was allowed to proceed for 2 additional minutes.)

Mr. ANDERSON of California. Madam Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from California.

Mr. ANDERSON of California. I thank the gentleman for yielding.

Madam Chairman, the gentleman mentioned a moment ago we had given a $1 billion relief to the general taxpayer on this 5-year program by taking trust fund money to pick up maintenance costs. Thus, relieving the general taxpayer of that burden. If next year the ceiling we are talking about were to be lower, then as a result of that lower ceiling, that makes maintenance from the trust fund go down. As a result, next year, we will be faced with the prospect of providing additional money from the general fund to make this up.

Mr. SNYDER. That is right. The conference report which will, I suppose, be voted on this week and which the Senate has already adopted says that since we are now getting a portion of this operational maintenance fund out of the trust fund instead of out of general revenues, if the Secretary does not spend the construction money in the same proportions as set out in the trust fund legislation, he must reduce his expenditures from the trust fund proportionately, which means he will have to go back to the general revenues again to seek that money.

Madam Chairman, the gentleman's point is well made.

Mr. ALEXANDER. Mr. Chairman, I rise in opposition to the amendment.

Mr. McFALL. Madam Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from California.

Mr. McFALL. Madam Chairman, I do not wish to disagree with my good friend, the chairman of the Committee on Public Works and Transportation, on the theory of the effect of trust fund programs, but I will make a short statement, and then I know the gentleman from Washington (Mr. ADAMS) wishes to address himself to this point.

Section 401(d) of the Budget Act exempts trust fund programs from the provisions of section 401(a) which requires that contract authority provided in an authorizing bill be available in such amounts only as specified in appropriation acts. This means that the new spending authority for trust funds contract authority programs can be provided in the basic authorizing legislation. Sections 302, 303, 304, 316 and 317 in the bill before us do not alter or disturb these Budget Act provisions. New spending authority comes into being as a result of basic authorizing legislation. However, persuant to section 302(a) of the Budget Act, the Budget Committee allocates spending responsibility to the various House committees. A table showing the spending responsibility of the various House committees was filed by the House Budget Committee on May 7, 1976, pages 13028 and 13029. This allocation of responsibility clearly shows that the Appropriations Committee has the responsibility of insuring that the outlay targets approved by the House in the budget resolution are not exceeded. Chairman ADAMS can attest to the fact that the obligation ceilings contained in the bill before us are the only mechanism the Appropriations Committee has to meet its responsibility.

Madam Chairman, I would now ask that the gentleman from Arkansas (Mr. ALEXANDER) yield to the gentleman from Washington (Mr. ADAMS).

Mr. ALEXANDER. I yield to the gentleman from Washington.

Mr. ADAMS. Madam Chairman, I am very familiar with the ADAP program because it used to be in the jurisdiction of the Committee on Interstate and Foreign Commerce, and I was one of the authors of the act at the time it was created. I am not at all hostile to the act.

I in fact fought the fight to be certain trust funds were not used for general revenue purposes such as running the FAA. So I have been in support of the program, and I am still in support of the program. I have assisted the Committee on Public Works and Transportation in its efforts to pass the public works bill this past week and to expand the amount of aid to the cities, and so on.

However, what we are dealing with here is the fact that the sections that were referred to are sections of the Budget Act that apply to all the other entitlement programs, and without the exception they would prevent this bill from coming on the floor at all because it would be subject to a point of order. We have not raised a point of order under section 401, but the original act made it very clear that the provisions of the total act, including the amounts of money that would be spent for each program, were subject to the Budget Act, and as was pointed out by the chairman of the Subcommittee on Appropriations, the total amounts of the resolution were allocated to the various subcommittees on appropriations because all of this spending does have an effect.

In a moment we will go to a discussion of the highway trust fund, and what we are trying to do there is to work off the balances of the past. We will actually be spending more under the allocations of the highway trust fund than we will be taking in in revenues this year, and we will be continuing to do that for several years as that balance is worked off.

As far as this item is concerned, we were below the figure, and there was an extra balance. In the committee the subcommittee chairman raised the amount of money up to $510 million, which is the total amount allocated and which provides all, as far as anyone knows, that is expected to be spent from this fund this year.

Trust fund expenditures have a major economic impact in this economy. They are public works, and they pump directly into the income stream, just as with the bill we passed last week. That was an expanded public works program which we all supported.

So we are not trying in any way to be hostile to the Committee on Public Works and Transportation or to any other committee. We are trying to pin each one of these into a total budget resolution. If we do not do this, we will get big bulges in our spending in one year and lower amounts in the next year. The procedure we followed last year in adopting a limitation was perfectly proper.

It was the Committee on Appropriations and the subcommittees which put limitations on. I am not saying they will do it every year. We are hopeful that as soon as the conference committee begins to work through the ADAP program, as they are doing now, this will smooth out in the authorizing committees. The same thing will be true of the highway trust fund, as soon as we smooth out what happened with respect to the past impoundments, so that I hope that this limitation will be accepted and that the amendment removing the limitation will be voted down, allowing us to get on with the business of this bill.

I thank the gentleman for yielding.

Mr. ANDERSON of California. Madam Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from California to ask a question of the gentleman from Washington (Mr. ADAMS).

Mr. ANDERSON of California. Yes.

I wanted to make sure that the gentleman is aware that what he is opposing will not create another problem.

The gentleman is aware of the present ADAP law. I know he is aware of the original law of 5 years ago, an excellent law, but in the present ADAP conference report, we are taking money out of the trust fund to pay for a part of the maintenance which was previously funded out of the general fund.

The CHAIRMAN. The time of the gentleman from Arkansas (Mr. ALEXANDER) has expired.

(By unanimous consent, Mr. ALEXANDER was allowed to proceed for 1 additional minute.)

Mr. ANDERSON of California. Madam Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from California.

Mr. ANDERSON of California. To continue, Madam Chairman, out of the trust fund we are taking over $1 billion over 5 years to pay for maintenance which was previously funded out of the general fund. But that amount is tied to the construction level. If that construction level drops below what is agreed upon in the ADAP bill, the money that goes for maintenance decreases by the same percentage. In effect, we will have a problem if there is a ceiling which is lower, causing us to have to go out to get more money from general revenues for maintenance.

Mr. ADAMS. If the gentleman will yield further, I might state to the gentleman that we could have avoided a great deal of this if the authorization bill had been in here this spring, so that we could have taken this into account in the appropriation bill that came up. If that is done in the future, I am certain that it will be considered by the Committee on Appropriations when the supplemental comes up, but we cannot second-guess these things because they are not before us at the time. If there is the problem which the gentleman mentions, I am certain they will consider it later.

The CHAIRMAN. The time of the gentleman from Arkansas (Mr. ALEXANDER) has expired.

(On request of Mr. LATTA and by unanimous consent, Mr. ALEXANDER was allowed to proceed for 1 additional minute.)

Mr. LATTA. Madam Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Ohio.

Mr. LATTA. Madam Chairman, I want to associate myself with the remarks just made by the gentleman from Washington (Mr. ADAMS), the chairman of our Committee on the Budget.

Certainly we have to vote down this amendment. It would be ruinous as far as the Budget Act is concerned.

It is a blank-check approach. We cannot have it. If we are going to have an effectively operating Budget Act, we cannot remove the limitations on this type spending.

If we are going to have budgetary restraint, we must vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ANDERSON).

The question was taken; and on a division (demanded by Mr. ANDERSON of California) there were—ayes 17, noes 23.

Mr. ANDERSON of California. Madam Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, she will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The CHAIRMAN. The pending business is the demand of the gentleman from California (Mr. ANDERSON) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 303. None of the funds provided under this Act shall be available for the planning or execution of programs the obligations for which are in excess of $17,000,000 for "Highway-related safety grants" in fiscal year 1977.

AMENDMENTS OFFERED BY MR. HOWARD

Mr. HOWARD. Madam Chairman, I offer four amendments and ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

Amendments offered by Mr. HOWARD: Page 30, strike out line 22 and all that follows down through and including line 3 on page 31 and renumber succeeding sections accordingly.

Page 31, strike out lines 4 through 8, inclusive, and renumber succeeding sections accordingly.

Page 26, strike out lines 15 through 18, inclusive, and renumber the succeeding sections accordingly.

Page 26, strike out lines 19 through 23, inclusive, and renumber succeeding sections accordingly.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey that his amendments be considered en bloc?

There was no objection.

Mr. HOWARD. Madam Chairman, I oppose the provision to clamp this lid on obligations for the Federal-aid highway and safety construction programs during fiscal year 1977.

It will create immediate and long-term damage to our highway programs—as well as those mass transit projects financed from the trust fund under highway legislation.

It will prolong unemployment in the

construction field—still at the 14-percent level—at a time when we are trying to stimulate employment.

It will give excessive spending discretion to the executive branch—in a Presidential year at that—at a time when we are working to implement the Budget Act and strengthen the role of the Congress in this respect.

And it will subject the programs affected to continued instability and quite possibly higher construction costs due to delay and uncertainty.

At a time when the program still has not recovered from past impoundments, this limitation will perpetuate the ills of impoundment by—in effect—perpetuating impoundment.

And for what? On the basis of what facts? We have absolutely no basis to make a judgment on the floor today as to what the magnitude of the impact will be if this limitation is imposed.

We are now operating under an obligational limitation of $9 billion for fiscal year 1976 and the transition quarter. The extent to which the limitation will curb authorized obligations will depend largely on what the obligations for this period of a year and a quarter turn out to be. And I submit that we have no way of knowing. At the end of May, the States had obligated $3.5 billion of the $9 billion. Thus we do not know how much more will be obligated, and how much will remain to be obligated in fiscal year 1977 and subject to this limitation.

To be perfectly honest, the fiscal year 1976 limitation has not created much of a problem to date, one of the chief reasons being the fact that the program has not yet recovered from impoundment. The reason for the ceiling was a surge in 1975, a direct result of the release of previously impounded funds. Projects long on the shelf were finally enabled to proceed, making a huge dent in the backlog. That explains both the big surge in fiscal 1975 and the drop-off in fiscal 1976.

Now, however, there is increasing likelihood that a similar limitation on fiscal year 1977 would really begin to bite. Projects now in the pipeline will be ready to proceed to construction. This limitation could seriously handicap the States in proceeding with the volume of projects in preparation. And it could lead to the reimposition of the administrative controls which so frustrated the States and prompted the Congress to enact its impoundment controls.

I want to emphasize that the limitation has nothing to do whatever with the Budget Act, which specifically exempts the highway trust fund from mandatory appropriations ceilings. We support the act, we support the process, and we have worked in good faith to cooperate with it. What we are opposing is new, artificial, and unjustified constraint on the trust fund-financed program never intended by the Budget Act.

In one sense, imposition of the appropriations ceiling would substitute congressional impoundment for executive impoundment. But that is only partially true, to the extent that the obligations total is placed under a ceiling. I would perpetuate the evils of executive impoundment by delegating to the executive branch the same latitude for manipulation which characterized past executive impoundments.

This might not be readily apparent until you take a look at how the funding of Federal-aid highway programs operate. Funds are apportioned by category or function to the States based on the authorizing legislation. The amounts of those apportionments are not altered in any way by any obligational limitations. The ceiling simply works to limit the total available for obligation. Furthermore, there is absolutely no mechanism in law to provide for proportional reductions between or among categories of apportionment or among States—to see that none is short-changed unduly as a result of obligational limitations.

Operating with a reduced ceiling, a Secretary of Transportation—with the advice and consent of the Office of Management and Budget—has a lot of latitude to pick and choose in the release of obligational authority.

There is nothing in law to say that a Secretary couldn't take the total obligational authority within the limitation—a far smaller pot than total apportionments based on the authorization level—and favor one category or another. States could be permitted to spend up to the full limit of their apportionments on rural highway programs, or urban highway programs, or mass transit programs, or interstate highway programs.

Or you can turn it around and say the Secretary could deliberately short-change those categories or activities in disfavor with a given administration at a given time. This he could do by concentrating the cut-backs in those categories. This would distort the development of projects in the States according to their own priorities. Projects under preparation in the short-changed categories would be choked off, creating chaos.

And all of this would be perfectly legal and all within the obligational limitation set by the Congress. It would substitute the judgment of the Secretary and OMB for the authorizing committees of the Congress—and the membership, as well—with respect to priorities among activities providing Federal support.

Additional problems can arise with the timing of the release of obligational authority, or with changes in the basis for the release, creating further chaos and confusion.

The operation of the Federal-aid highway program in fiscal year 1972 is a case in point. Not only were program priorities distorted because of impoundment, but the allocation of funding among States was significantly skewed.

In the first quarter of fiscal year 1972, the administration released a distribution of $1.145 billion in obligational authority on a State-by-State basis, one quarter of the level established in the President's budget for that fiscal year. That was the first quarter.

But in the second quarter, instead of another $1.145 billion, the total was raised to $1.345 billion—up more than a half billion—and made available on a first-come-first-served basis. The only limitation was that a State in a position to move ahead and take advantage by virtue of having a number sufficient volume of projects ready to go could not exceed its apportionment.

First come, first served might sound fair, but look how it worked out in practice. Winter weather limits the construction season in many Northern States to 6 months of the year, so they schedule the letting of their big contracts for the spring—just before the season begins—and cut back substantially in the fall and winter. At the same time, construction can go on year-round in the other States.

The second quarter release caught the Northern States unable to move ahead at the same rate as the Southern States.

Madam Chairman, this is a Presidential election year. I am not suggesting that Mr. Ford would exercise discretionary authority in this program for his own political advantage. However, the potential is there for any administration.

That second-quarter release also illustrates how obligational limitations can distort priorities, as I mentioned earlier. This was a common practice of both Democratic and Republican administrations during the years when highway funds were being impounded illegally.

In this case, the administration specified that the additional funds had to be used only for highway projects and for work in areas of high unemployment. Priority was to be accorded rail-highway grade crossing improvements. These are certainly priorities, but they do not necessarily square with the congressional intent with respect to priorities as expressed in the authorizing legislation.

So, Madam Chairman, these are not just speculative horrors. They are based on experience under years of impoundments by the executive branch. There have been quarterly releases, yearly releases, extra releases, special releases, year-end releases, releases for regions, and releases for certain programs.

There have been allocations on the basis of relative apportionment factors, allocations on the basis of readiness to proceed, allocations on a combination of factors. Given this history, you can understand why State highway administrators have been grinding their teeth over their inability to plan their programs intelligently. And can we give them any assurance that the same thing will not happen now, courtesy of the Congress of the United States, under legislative impoundment?

Madam Chairman, the integrity of the House itself is at stake in the issue we must decide today. Twice within the past 6 months, the Members of this body have debated the question of obligational authority for the funding of our Federal-aid highway safety and construction programs, and twice we have recorded our overwhelming approval of that authority.

Twice, Madam Chairman, the Members sitting here today have pledged the Congress to honor our solemn commitment to the States, the territories, and the people of America. We cannot, we must not, repudiate that pledge. Let us honor our pledged word by resounding approval of this amendment.

Ms. ABZUG. Madam Chairman, I rise in support of the amendments.

Section 316 of the transportation appropriations bill imposes an obligation ceiling of $7.2 billion on the Federal-aid highway and related mass transt programs for the coming fiscal year. Last year, I strongly protested the action of the Appropriations Committee to limit these programs; and, today, I renew my opposition to this practice.

We have come a long way in the highway program, Madam Chairman. The 1973 Federal-Aid Highway Act dramatically altered the role of the cities in the transportation planning and decisionmaking process.

For the first time, it permitted Federal-aid highway funds to be used for public mass transportation capital expenditures. For the first time, highway funds were specifically authorized for metropolitan transportation planning. For the first time, highway funds were specifically earmarked for expenditure in urbanized areas of 200,000 or more population. And, perhaps, most important, local officials were given the responsibility to determine their transportation future through a revised State and local decisionmaking process.

No longer, Madam Chairman, are State and local officials faced with the proposition of using the funds for highways or losing their funding altogether. At a time when we are moving to implement a policy of increased flexibility in the use of transportation funds, it is counterproductive to the promotion of that policy to enact the additional restrictions that are being proposed today by the Appropriations Committee.

The task of allocating limited resources among transportation modes is not an easy task for State and local officials. The practice of legislative impoundment, unless rectified, will compound that problem immensely.

The withholding of these funds will have many unfortunate consequences. States and communities will not be able to foretell what percentage of their funds will be available to them for contractural obligation. The inability to continue or complete projects according to plan will disrupt construction schedules, cause costly delays, handicap the orderly allocation of manpower, and jeopardize the rights of many of our citizens to honest and decent jobs.

Legislative impoundment of trust fund moneys runs counter to the express provisions of the 1974 Congressional Budget and Impoundment Control Act. There is no need for this limitation; it is unwarranted, and I urge the House to support the amendment to get rid of it.

Mr. McFALL. Madam Chairman, I rise in opposition to the amendments.

Madam Chairman, Members will recall that on November 11 of last year, we debated substantially the same issue in connection with the conference report on the 1976 Appropriation Act (H. Rept. 94–636). At that time the House voted 297 to 95 to accept the recommendation of the Appropriations and Budget Committees to establish similar obligation ceilings for fiscal year 1976 and the transition period. I hope the House will accept our current recommendation and defeat the amendment offered by my good friend, the gentleman from New Jersey (Mr. Howard).

Last year there were some dire predictions concerning the effect of the previous limitations particularly the ceiling on the Federal-aid highway program. At that time I inquired as to the basis for these predictions since there seemed to be a misunderstanding as to the effect of the limitations on the administration of the program. At that time I stated my belief that the limitations would not spell the end of the highway trust fund, would not enable the Secretary of Transportation to distort the priorities established in the authorizing legislation and would not result in "congressional impoundment," whatever that is.

The limitation contained in the 1976 Appropriation Act have not produced any of the negative outcomes which were predicted. The limitations have not been interpreted by DOT or OMB as a way to rearrange highway and highway safety spending priorities.

I am confident that the limitations proposed in the current bill will not be interpreted in this fashion. If they are interpreted in this way, I can assure the Public Works Committee and the House that in my capacity as chairman of the Subcommittee on Transportation Appropriations, I will recommend appropriate action to correct any Executive abuse which might occur.

I want to set out for the Record the way in which we on the Appropriations Committee have developed these limitations, particularly the limitation on the Federal-aid highway account with the intention of preserving the jurisdiction of the Public Works Committee in its role in authorizing this important program and at the same time insuring that aggregate Federal spending is kept under control. During our hearings this year, I asked the Deputy Under Secretary of Transportation how this ceiling would be administered if the States were able to obligate more than the amount of the ceiling. In page 5, page 23 of the hearings, he said:

> This program has had a tradition of a formula, and its whole nature has been formula. The Congress had continually—and I think wisely—insisted on a formula program.
>
> So we may be in the position of recommending to you—and we would only take this action after consultation with you and the Public Works Committee—that we would have to devise some way of dividing up (the ceiling).

I wholeheartedly agree that the Public Works Committee should be consulted on this matter.

During the markup on our bill, we asked the staff of the Public Works Committee for any suggestions they might have concerning this limitation provision. These suggestions are a substantial part of the language on pages 25 and 26 of the committee report. The following quote from the report conveys the essence of why we have recommended the obligation limitation.

> In recommending an obligation limitation of $7.2 billion for the Federal highway program, it is the intention of the Committee to prevent the aggregate amount of contract authority apportioned and available to the states from being obligated in one fiscal year, thus creating an unreasonable burden on total Federal spending. It is not the intent of the Committee that the limitation be used by the Secretary as discretionary authority to distort the priorities established in the Federal highway legislation . . . Rather, the Secretary should take only the action necessary, consistent with the intent of Congress, to insure that a program level of $7.2 billion is achieved, consistent with each state's highway program abilities and priorities.

The Public Works Committee also suggested that we include section 317 in conjunction with the obligation ceiling. We agree with the purposes of this section and have included it in the bill. I want the Members to know that we have done our best to work with the Public Works Committee in insuring that we do not invade their jurisdiction and at the same time insure that we have a mechanism in the appropriations process to protect the economy and the country from unconstrained, unbridled Federal spending.

Madam Chairman, there seems to be a misunderstanding about what the 1974 Congressional Budget and Impoundment Control Act does and does not mean for trust fund contract authority programs such as the highway and highway safety construction grant programs.

Section 401(d) of the Budget Act exempts trust fund programs from the provisions of section 401(a) which requires that contract authority provided in an authorizing bill be available in such amounts only as specified in appropriation acts. This means that the new spending authority for trust fund contract authority programs can be provided in the basic authorizing legislation. Sections 303, 304, 316, and 317 in the bill before us do not alter or disturb these Budget Act provisions. New spending authority comes into being as a result of basic authorizing legislation. However, pursuant to section 302(a) of the Budget Act, the Budget Committee allocates spending responsibility to the various House committees. A table showing the spending responsibility of the various House committees was filed by the House Budget Committee on May 7, 1976, pages 13028 and 13029. This allocation of responsibility clearly shows that the Appropriations Committee has the responsibility of insuring that the outlay targets approved by the House in the budget resolution are not exceeded. Chairman Adams can attest to the fact that the obligation ceilings contained in the bill before us are the only mechanism the Appropriations Committee has to meet its responsibility. The gentleman's amendment would strike out this mechanism.

Madam Chairman, every year the Appropriations Committee reviews these programs along with other Federal highway and highway safety grant programs. All of these limitations have been carried in previous appropriation bills, some of them since 1969. The functions performed by the States under these programs are very similar to what the Federal agencies do. We need this limitation to insure a proper coordination of Federal and State effort in highway transportation and highway safety.

I urge the Members to reject the amendment. It is an amendment which severely damages the philosophy of the new budget control process, a philosophy which we should all support.

We think we have cooperated with the Committee on Public Works. We are trying at this time and in this bill to maintain the integrity of the Budget Act. I am sure that the chairman of the Budget

Committee, the gentleman from Washington (Mr. ADAMS) will make a statement at this time indicating the opinion of the Budget Committee concerning the limitations we have here.

Mr. ADAMS. Madam Chairman, will the gentleman yield?

Mr. McFALL. I will be glad to yield to the gentleman.

Mr. ADAMS. Madam Chairman, I rise in support of the statement made by the gentleman, and in opposition to the amendment. We have tried in the budget resolution—and it has been carried out in the allocations by the Appropriations Committee—to set a reasonable spending amount for this year for the highway program. This is considerably above what the President recommended, and if there is an amendment offered to drop back to the President's figure, I will oppose that recommendation and go with what the Congress has voted on, which is $7.2 billion.

The problem we have here is that, with the amounts that are available from the past and the amounts that are available in the recently-passed Highway Act, there would be available for obligation as much as $11.8 billion in fiscal year 1977. What we are trying to do is work off in an orderly fashion, without having the program go up and down, the amounts of money that are available from the past. This is being done. The $7.2 billion obligational authority spent this year is above the revenues that have come in.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. HOWARD and by unanimous consent Mr. McFALL was allowed to proceed for 2 additional minutes.)

Mr. ADAMS. I am hopeful that the committee will, in this case, support the position of the subcommittee chairman: $7.2 billion will protect the budget. We had the problem a year ago, as all the Members know, of nearly $2.1 billion being obligated in 1 month; in fact, in a period of less than 2 weeks we had $1 billion go out in obligations. It is just that if we are going to have control over what we do, we should set a ceiling that operates with the formula established by the Committee on Public Works, and if that committee moves forward they, in future years, will establish and submit the action.

Mr. McFALL. The Appropriations Committee has the responsibility for providing limitations on spending under the Budget Control Act. I would hope that the House would continue to maintain the integrity of the Budget Act, as we have attempted to do in this way.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Mr. HOWARD and by unanimous consent Mr. McFALL was allowed to proceed for 2 additional minutes.)

Mr. HOWARD. Madam Chairman, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from New Jersey.

Mr. HOWARD. Madam Chairman, would the gentleman not agree that if this amendment is not adopted, no matter what the intent stated by anybody downtown is, the entire total authority for utilizing what money is set by this committee lies with the Secretary of Transportation, and not under any guidelines other than the overall apportionments by bills we have passed, but all in his hands?

Mr. McFALL. No, I do not agree with that.

Mr. HOWARD. Would the gentleman state what legality would stop him?

Mr. McFALL. Let me read what we put into the record.

Mr. HOWARD. In the law?

Mr. McFALL. We have endeavored to do everything that the Committee on Public Works has recommended to us except not put in a ceiling. We cannot go that far, because if we do not put in a ceiling, then this program will be exempt from the Budget Act and the budget process which that act establishes.

It would go on unrestricted. In order to cooperate with the Budget Committee and the Budget Act, we have to have a ceiling. I think the gentleman would agree that we cannot exempt highways and allow the rest of the spending programs of the Federal Government to have ceilings.

Mr. HOWARD. If the gentleman will yield further, is it not true that last year, with the Budget Act and with the same provisions, neither the House nor the Senate came out with a bill that had a ceiling in it, but it was only put in on the floor of the other body and accepted in conference on this side? So it apparently was not important enough last year for the gentleman to put in his bill.

One further thing, in response to the gentleman stating that big bulge of $1 billion came out at the end of the fiscal year. In the last month that $1 billion came out because we were under several years of past Presidential impoundment and there was such a backlog that when the courts finally said that Presidential impoundments were illegal, at that time the States were trying to make up for what they lost, and that is why we had this bulge, and if we do not let the States match the money and comply with what the Federal Government allows them, we are just going to end up with another backlog.

Mr. McFALL. The House thought it was important enough last year to vote in favor of that limitation by 297 to 95, and I would hope they would do so again.

Second, in the 11 months of the fiscal year, up to now, they have only committed about $4 billion in highway funds. States do not have the matching money.

Mr. HOWARD. Then why does the gentleman speak about putting a ceiling on?

Mr. JONES of Alabama. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I think that it is necessary for us, from time to time, to examine the highway program and the history of its progress.

The first Highway Act that was passed by the Congress was in 1916. That was the farm-to-market road. As a result of the passage of that act, the contracts that were made under the authorization bills that were passed by the Congress became a contractual obligation, not a specific obligation, but one that was recognized up until 1956.

Just this afternoon I was talking with the former chairman of the Committee on Ways and Means, the gentleman from Arkansas (Mr. MILLS), repeating some of the history of the act that was passed in 1956. That was the establishment of the trust fund. When we established the trust fund in 1956, we had 54 million vehicles in this country. Today we have over 106 million vehicles seeking the same accommodations of those highways, with the exception of the Interstate System, which is not complete.

Just recently, in 1975, we recognized the delays, the inconvenience of the motorists throughout the country for both pleasure and trade and commerce, and the enormous proposition of making transportation a reliable enterprise as sponsored by our Federal Government.

As a consequence of that, we passed in this House in 1975, by a vote of 410 to 7, an increase in the trust fund. For what purpose?

The answer is to get along with the construction of our highway program and fulfill the obligations and the needs of this country.

Now, we did not take into account what we have been discussing here this afternoon. That was not the question. That was not even conceived when we voted on the bill because it was specifically exempt. I am speaking of the highway trust fund and the aviation trust fund. Everyone acknowledged that they had been exempt.

So the question does not come into play that we are denying the Committee on Appropriations the authority to review or to go over with a fine-tooth comb expenditures which are made by any department of Government from any fund, including the trust fund.

So why do we beg the question this afternoon and say that we are trespassing or bringing injury to the legislative or the appropriation process? Why, of course we are not.

We have identified the amounts that go to the respective States and in what categories they will be expended, whether they will be for the primary, the secondary, or the urban system, or any of the other systems that come out of the trust fund. All they need from the Committee on Appropriations is accommodation and the acknowledgement of what we have done here in the House.

So if we go back to the figure of $7.2 billion and we deny the use and the requirements and the need of the amounts that have been made available under the trust fund, then we are denying the people of this Republic their total requirements from the transportation system.

Madam Chairman, if all these amounts in the trust fund were accommodated for surface transportation—and that includes mass transportation—it means we are accommodating every form of surface transportation.

So let us get along with the business of assuring the people of this country that we are going to have a splendid highway system and we will not tolerate any changes or any ineptitudes on our part.

Mr. HARSHA. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of the amendment to remove the limitation this bill would impose on obligations of trust fund revenues for the Federal-aid highway program.

I am absolutely convinced that such limitations would be disruptive of—and destructive to—the complex mechanism which has worked so well in the financing of the program, worked well to the point where it is taken for granted. Worked well, I should say, except when the executive branch has impounded funds and knocked the program into a cocked hat.

I want to focus on that mechanism for two reasons: One, so Members will grasp why obligation ceilings on the trust fund are unnecessary and unwarranted, and have no constructive role in the process.

Two, if this limitation is retained, Members—particularly those who vote to retain the limitation—are going to have to do a lot of explaining when the program gets tied up in knots, projects get bogged down and the complaints come piling in. I can help you explain it, but I cannot help you justify it.

The key step in the process is apportionment to the States, simply a division of authorizations—interstate, primary, secondary, and urban—according to formulas established in law. This is the critical control point. Contrary to what the distinguished chairman of the subcommittee said, there is a limitation built into the trust fund. The Secretary cannot apportion more authorizations than can be liquidated by anticipated revenues paid by users into the trust fund. That is regardless of what the Committee on Public Works and Transportation authorizes. If revenues decline, or if authorizations are too high, then he must reduce apportionments accordingly. That is written into the trust fund law.

This reflects the basic nature of the trust fund itself. The fundamental principle on which it is based is that funds from no other source are involved, and they cannot be used for any other purpose. It is a balanced-budget system, a self-financing system.

The only role of the Appropriations Committee is to appropriate funds from the trust fund to reimburse the States after the fact—sometimes years after the fact—liquidating cash for obligations incurred.

This system is geared to the realities of highway consideration and the Federal-State partnership involved. Many projects take years if not decades to complete. States have varying needs and priorities based on those needs, needs which change over time as projects come to completion and changes in demand occur. So there they proceed at an uneven rate in obligating funds in the various authorized categories.

This cannot be structured in advance without putting the program in a straitjacket or disrupting the development and conduct of projects. Because of this flexibility, this leadtime, it can be years before obligation authority is translated into outlays. Because of this, it is totally unrealistic to assume that all unobligated apportionments are going to be obligated during any one fiscal year. They will not be. They cannot be. That is the fatal flaw in ceilings or obligation limitations. They are based on the assumption that the two are synonymous, and that the ceilings must be imposed to control obligations. That is dead wrong. That is why they will disrupt the program and why they should be rejected. I urge acceptance of the amendment.

Mr. RONCALIO. Madam Chairman, I move to strike the requisite number of words and I rise in support of the amendments.

Madam Chairman, I would like to propound a few questions to the gentleman from Washington (Mr. ADAMS), the chairman of the Committee on the Budget, to remove a few doubts that I have about his opposition to this amendment.

If the funds of the trust fund are to be obligated and then spent on projects, be it highway or aviation improvements or any other kind of improvement, and these funds have emanated from a trust fund, what difference does it make, insofar as holding down Federal indebtedness and the future charges or debt to the Treasury, when these funds are spent?

Mr. ADAMS. If the gentleman will yield, what occurs in this type of operation is that we have built up large unobligated balances, and what occurs is that we spend out less in a particular year as against what we have figured. The amount of outlays rises dramatically. It does not cause the debt figure to rise, if that is what the gentleman is asking about.

Mr. RONCALIO. Therefore, is there a loss to the Treasury because there has to be a call on certain obligations before their maturity?

Mr. ADAMS. That is true.

Mr. RONCALIO. Is that not the work of the money managers at Treasury, rather than the fault of the authority or highway superintendents who have to meet leadtime to plan a huge airport or interstate road program; is that not correct? Why should they be obligated to move in a 12-month period when planning, architectural, or engineering requirements mandate longer terms?

Mr. ADAMS. If the gentleman will yield further, here is the problem: If we have $7.2 billion scheduled to flow out into the program this year, you continue to roll your debt to make those funds available during the course of the year. You do it on a leadtime basis as it goes out.

If, on the other hand, someone goes in and there is available at the present time $12 billion that could be spent now, I agree with the gentleman who was in the well before that it may not go to $12 billion. The funds can go to $8.3 billion or $8.4 billion. That means that we must change our debt rotation schedule, sell off some of our obligations sooner, and spend out $8.3 billion instead of $7.2 billion, for example.

That is what happened during the 2 years before. We arrived at the end of the year with a balance in the fund, thinking we were going to hit the targets exactly.

In 1 month in 1975, in June, $2.1 billion flowed out, which destroyed the whole system of rotation.

I am trying to answer the gentleman's question as to why, for orderly budgeting, you will not have an idea of how much you are going to spend in the year, and there is a big unobligated amount here.

Mr. RONCALIO. I appreciate the gentleman's response, but I am not satisfied with it.

Perhaps we in the Congress ought to initiate an inquiry in to the management policies at Treasury, in the handling of public funds, and on the return of public funds invested, rather than put the burden now the building superintendents of the highway system and those who are charged with timely public burdens. I think the responsibility of the Committee on the Budget is to keep this country from incurring larger deficit spending. I think that timeframe obligation of trust fund receipts falls outside of this responsibility.

Mr. ADAMS. What was attempted to be done here was to estimate and to get the differences between Committee on Public Works and the Committee on Appropriations and the independent staffs opinion of what there was that was necessary that the States were obligated to spend. We try to do this each year; $7.2 billion covers this amply. We therefore, in answer to the gentleman's question and the others, have tried to set that up. We, therefore, are trying to do this kind of an operation insofar as the ceiling is concerned on each department of the Government.

Mr. RONCALIO. Let me recoup one minute of my time. Whether or not the $7.5 billion is adequate or not depends upon one's point of view. If you run an airport and you have been waiting 2 years for money and you cannot get obligational authority, then, you see, the argument does not hold. And, by the same token, that applies to highway programs of all types, where there is a 2- or 3-year delay, then the argument does not hold.

The CHAIRMAN. The time of the gentleman has expired.

(On the request of Mr. ADAMS, and by unanimous consent, Mr. RONCALIO was allowed to proceed for 2 additional minutes.)

Mr. ADAMS. I will run through this for the benefit of the gentleman so that he can understand it. What happens in this new program, we have, as in times past, we have estimated the obligational authority and we have looked into the future years as to the amounts necessary, so that plans can be made in the future so that they can continue to plan on being able to spend out what is needed, and what has happened, in the last 2 years, when we started, at the end of fiscal year 195 the unobligated balance was $7,700,000,000. The new budget authority that was put in in fiscal year 1976, $3,475,000,000. The "hold harmless" and the transition quarter was $1,650,000,000, making $12,580,000,000 available.

This year the obligations in fiscal year 1976, in the transitionary quarter, were $7,500,000,000.

Mr. RONCALIO. The gentleman's objection is that all of the $12.5 billion might be taken, instead of just the $7 billion?

Mr. ADAMS. Yes.

Mr. RONCALIO. What difference should that make if the money-management short term investment policies are sound?

Mr. ADAMS. There is $3.3 billion for fiscal 1977, taking the unobligated balance left for 1976, the transitionary quarter, of $8,399,000,000, and the new budget authority for 1978 of $3.583 billion, which was brought back, leaves $11,886,000,000. So that total amount is obligated out in this one year rather than being taken out through several years, and we are using up that balance through these years, and you will get one distortion in the highway program and a second distortion in the manner in which you handle Federal finances in order to have the money to pay on the contracts.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. HOWARD, and by unanimous consent, Mr. RONCALIO was allowed to proceed for 1 additional minute.)

Mr. HOWARD. Rather than $3.2 billion, the only real possibility for the States on the matching of the funds is actually about $8.5 billion, not $12 or $13 billion this year, that is to help make up for the past, the only difference is the trust fund money will have two results, one, they will be denied $1.3 billion of trust fund money for States that use this program to put people to work and who have a long past due account, the other result will be because we do not have that likelihood up to about $8.5 billion that we may cut off the highway program before the end of the fiscal year and things will stop dead and we will have a bigger recession, and we will have a pile of money unused which at some future date will cause a surge.

Mr. RONCALIO. I thank the gentleman. It seems to me that we are caught in a dilemma. We have the courts of the land telling us that we must not impound where trust funds in are effect, and we have our good friend in Washington (Mr. BROCK ADAMS) telling us otherwise. I would say we face a conflict of authority, and in lieu of this I am inclined to abide by court directions.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONTE. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in opposition to the amendment which seeks to strike sections 303, 304, 316, and 317 from the Department of Transportation and related agencies appropriations bill (H.R. 14234).

It is most important that these sections remain in this bill. Specifically, I am concerned with the $7.2 billion limitation on obligations for "Federal-aid highways" and for "highway safety construction programs."

Let me, first of all, say that I have a letter. I am very concerned. This is a good bill. I hate to disagree with my good friend, the gentleman from New Jersey. I would like to be with him, because he is one of the finest Congressmen we have in the House. I feel pretty strongly myself about highway construction. Unfortunately, we have a Governor in Massachusetts who has been dragging his feet on highway construction. He has not even spent the money he has available. I feel very strongly that we ought to put people to work. I happen to be an advocate of highway construction.

As I said, we have a good bill here, and if these amendments pass, it will be out the window with a veto.

Let me read the Members a letter dated June 23, 1976, to our minority leader:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., January 23, 1976.
Hon. JOHN J. RHODES,
Minority Leader, House of Representatives,
Washington, D.C.

DEAR JOHN: We understand that members of the House Public Works Committee will offer an amendment to the 1977 Department of Transportation Appropriations Act which would seek to strike sections 302, 303, 304, 316 and 317 of the bill as reported by the Appropriations Committee. The effect of this amendment would be the removal of obligation limitations on the highway, highway safety, and airports grant programs.

This amendment could increase the fiscal year 1977 budget up to $5 billion.

The Secretary of Transportation and I believe that such increases would be inflationary and unwarranted.

If this amendment to the Department of Transportation Appropriations Act is approved by the Congress, Secretary Coleman and I would strongly recommend to the President that the bill be vetoed.

If we are ever going to be in a position of restraining growth in Federal spending to get the balanced budgets and the tax cuts the economic health of our nation and fairness to our taxpayers require, it is vital that this proposed amendment be defeated.

With kind regards.

Sincerely yours,

JAMES T. LYNN,
Director.

That is what the whole ball game is all about. We are going to get a veto.

Mr. HOWARD. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New Jersey.

Mr. HOWARD. I thank the gentleman for yielding.

I just want to ask the gentleman what Mr. Lynn meant in what the gentleman read. I want to ask the gentleman how the acceptance of this amendment, concerning a balanced budget, could bring one dime to any deficit in the budget, or cause any direction away from or toward a balanced budget. I would just like to respond to that last paragraph of Mr. Lynn's.

Mr. CONTE. I imagine what he means is expenditures.

Mr. DUNCAN of Oregon. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. I thank the gentleman for yielding.

I think both gentlemen are right. I think he is correct. It does not affect the balance, but it does affect the national debt, because whether the money is borrowed for trust fund purposes or some other purpose, it is a part of the debt.

Mr. HOWARD. If the gentleman will yield further, it is not borrowed at all. This is money that comes from a gallon of gasoline bought by people who are in the trust fund. The only public spending is where every time the dollar becomes due, the dollar is there to pay for it. So it is not borrowed funds at all.

Mr. LATTA. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

We seem to be missing the most important point contained in the language the gentleman just read—and I might say for emphasis that the Director of the Budget sent a copy of the same letter to the Budget Committee—and that is inflation. If we put $5 billion into the economy over and above what has already been programed, it is inflationary, and we cannot get around it, whether or not it is in or out of the budget. We have got $5 billion going into a heated economy. This is a point we have to consider here, whether or not we want to continue inflation, and I do not think many people in America want that to continue. We want to do something about it, and the only thing we can do is support the committee action.

Mr. WRIGHT. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Texas.

Mr. WRIGHT. I thank the gentleman for yielding.

Of any supposed inflationary impact, I do not think we can rightly construe that expending moneys on highways is per se inflationary.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. WRIGHT, and by unanimous consent, Mr. CONTE was allowed to proceed for 5 additional minutes.)

Mr. WRIGHT. If the gentleman will yield further, last year, because of the long drought of activity, and because of the extremely high level of unemployment in the building trades, and because road builders and other contractors who had millions of dollars in idle equipment were trying desperately to hold together crews for whom there was not any work, the funds that came in on the highway projects actually were lower than the bids that had come in the year before.

I am in an awkward position on this matter because I am a member of both the Public Works Committee and the Budget Committee. I can understand the desire of the Budget Committee to try to have a definite ceiling on every form of spending, but I do not think it is bad. I really do not think it is bad to say this spending is not inflationary because of such a long drought in the impoundment of money in this sector.

Mr. CONTE. I thank the gentleman from Texas (Mr. WRIGHT).

Mr. MILFORD. Madam Chairman, will the gentleman yield briefly?

Mr. CONTE. I yield briefly to the gentleman from Texas (Mr. MILFORD).

Mr. MILFORD. Madam Chairman, we are spending cash money out of the trust fund. The money is in the bank. We are not spending deficit money.

Mr. CONTE. I thank my friend, the gentleman from Texas.

Madam Chairman, this particular limitation was inserted in this bill only after hearings on this matter and extensive deliberations. This identical section appeared as a Senate amendment to the conference report to last year's appropriations bill. This House gave this same provision a tremendous affirmative mandate by a vote of 297 to 95.

The debate we are now in the midst of is a test of rehetoric more than anything else. The basic opposition to this limitation is not that a sufficient amount of funds would not be available, but merely that the limitation is unwarranted. As a matter of fact, the administration recommended a limitation of $6.7 billion which they felt would more than adequately support the States ability to obligate the funds in fiscal year 1977. This committee provided a $500 million higher limitation to insure that no State would be prevented from obligating adequate funds to support their programs.

At this time, I should like to turn to the Public Works Committee "Dear Colleague" letter of June 10, 1976, on this matter. They advise that this limitation would:

> Turn over the highway program to the Secretary of Transportation to deal with at his discretion rather than as Congress intended.

If this statement had any element of truth, I would be the first to strike this limitation from this bill. Specifically, on this point, we put strong language in the report to reassure all concerned that the Secretary would not and could not usurp this authority. I should like to highlight part of that language:

> It is not the intent of the committee that the limitation imposed under section 316 and the provisions of section 317 be used by the Secretary as discretionary authority to distort the priorities established in the Federal highway legislation. For example, it is not intended that the Secretary set aside all or a major portion of the unobligated interstate funds available in fiscal year 1977 merely to comply with these provisions and in so doing severely limit the availability of non-interstate funds.
>
> Rather, the Secretary should take only the action necessary, consistent with the intent of Congress, to insure that a program level of $7.2 billion is achieved, consistent with each State's highway program abilities and priorities.

To support this assertion, I should like to quote Federal Highways Administrator Tiemann where he was asked if the limitation did in fact give the Federal Highway Administration or the Secretary the authority to rearrange priorities as set out in the highway authorization on this matter.

At page 8 of volume 2, he replied:

> The limitation is limited only by the States' apportionment and their ability to obligate funds. In other words, we see this as attempting to help slow spending States catch up to the fast spending States without limitation or appearance of having a limitation. You get away from the "use it or lose it" philosophy that the States have adopted.

I should now like to turn to another important consideration. The budget resolution (H. Con. Res. 611) does contain this committee's recommendation for a $7.2 billion ceiling on highway obligations. For Members information, I refer to page 46 of the report accompanying the budget resolution (H. Con. Res. 611). The Budget Committee inserted this figure after reviewing recommendations from both the Public Works and Appropriations Committees on this matter.

I should now like to ask the supporters of this amendment where they were when the budget resolution was prepared? I point your direction to the hearings on the budget which contain almost 700 pages of testimony and committee recommendations.

On page 492 of that volume there exists only one sentence on this matter in the presentation by the Public Works Committee. The particular sentence merely expresses the committee's opposition to the limitation with no other explanation. Now I should like to direct Members attention to the House consideration on the budget resolution (H. Con. Res. 611), April 27–29, 1976.

There was no amendment to strike this limitation by the supporters of the present amendment. As a matter of fact, the record reveals that the matter was not even brought up. Now the supporters of this amendment come to the floor in violent opposition to this provision. Perhaps this is a lesson we must all learn—take a more active part in the preparation of the budget resolution.

After all these months of deliberation on this issue, the arguments I hear in opposition are that the Secretary will usurp authority to rearrange funding priorities and that the provision is simply unwarranted. With regard to the claim of the Secretary's ability to rearrange congressional priorities—nothing could be further from the truth. As I have already explained, the limitation has already been in existence for 8 months and the programs have all proceeded in an orderly fashion as set out in the highway legislation. Further, testimony before our committee clearly substantiates the fact that the legislated priorities will not be violated. As I said earlier, if this were not true I would be the first to strike this section. Finally, the argument that this provision is unwarranted cannot stand without any substance.

Fellow Members, there are more than $11.5 billion in authorized programs in the statutes. There are several billion dollars worth of additional programs now pending. It is most essential that we insert this limitation as a safeguard. Without this, the highway program would avoid the appropriation process altogether. We will merely resort to a program of uncontrollable liquidating cash. The trust fund is not infinite; it must be protected.

The Executive Office of Management and Budget and the Department of Transportation will recommend that this legislation be vetoed without these limitations. The justification for their existence in this bill is still as clear as it was when the Chamber voted 297 to 95 to retain it in the conference report to the 1976 bill.

I urge Members to defeat this amendment.

Mr. MAHON. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Texas.

Mr. MAHON. Madam Chairman, I just want to say that I believe the Committee on Appropriations has taken a wise course in respect to this matter by providing a ceiling on the amount that will probably be obligated. I believe that to go further than that and permit obligations of up to $12 billion would be irresponsible and could not be justified. We should be running a tighter ship than that. I agree with the gentleman.

Mr. McFALL. Madam Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. McFALL. Madam Chairman, the point is that we want to maintain the integrity of the Budget Act and not grant exemptions. The Budget Act did not say that because programs come out of the trust fund, they are not covered by the Budget Act we passed.

Mr. CONTE. Exactly right; that is the whole ball game.

Mr. SHUSTER. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, a few moments ago the question was asked, "How can we say that there should be no ceilings for highways, but ceilings for other programs?" This gets to the heart of the issue, I think.

It seems to me the answer is clearly that the trust fund is different. Users, highway users, put money into the trust fund. They pay the taxes in order that they can have a sound highway program; so, to say that we are going to tax the highway users, but then impose some arbitrary ceiling and not let that money for which they pay be spent to provide them with better highways, indeed is not in keeping with fairness. The trust fund is different, because the money is not coming out of the general fund. It is coming from highway users.

Second, we have heard a lot of talk today about a ceiling. Well, there is a legal ceiling which already exists. It is a legal limit on spending. The Secretary of the Treasury must certify that there will be sufficient funds in the trust fund to meet any obligations. If sufficient funds are not there, the apportionment to States must be cut back.

When we talk about a $12 billion obligation, it has been pointed out that nothing near that sum could be obligated; but even so, if it were, that obligation is different from the money which is actually spent and even though we may have an $8 billion obligation it does not follow that $8 billion is going to be spent.

The outlays, in some measure, will occur in later years.

So in summary, Madam Chairman, first of all, the trust fund is different. The money is paid for by users who expect better highways as a result of their expenditures.

Second, there is a legal limit on spending.

Third, and most importantly, the need clearly exists across America. Today 36 States are running out of noninterstate money. What are we going to do with the highway program in many of our States if we impose this artificial ceiling? I say that we break faith with the motoring public who are paying taxes for better roads.

Madam Chairman, I urge adoption of the amendment.

Mr. ALLEN. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of the amendment. I have listened with great interest to this debate. I have listened to the distinguished gentleman from Washington (Mr. ADAMS) talking about how this will affect the budget.

The truth of the business is that there has been an unspoken word in this matter. The only way that this possibly could affect the budget, in view of the fact that we are spending the money supposedly out of the trust fund especially earmarked for this purpose, is in the event that the money that was impounded in years gone by has already been spent for other purposes. I suspect that is actually the truth of the matter.

Now that we have spent out of the trust fund for other purposes, those who are opposed to this amendment are saying that this would affect the need of this Government to go out and borrow money because the money is not in the trust fund. If that be the case—and that is the only logic to the argument at all, because the money is earmarked, it has been paid in by the taxpayers and the highway users for a specific purpose—and if instead of being used for that purpose it has been impounded and then spent for other purposes, of course we are going to have to replenish that fund by going out and borrowing the money.

If that be the case, the time to face up to it is now. I urge the Members to vote to support and adopt this amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New Jersey (Mr. HOWARD).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. McFALL. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device; and there were—ayes 251, noes 146, not voting 35, as follows:

[Roll No. 469]

AYES—251

Abdnor
Abzug
Addabbo
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Bafalis
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bergland
Bevill
Biaggi
Blanchard
Blouin
Boggs
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carter
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Corman
Cotter
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
de la Garza
Dellums
Derwinski
Diggs
Downing, Va.
Duncan, Tenn.
Edgar
Edwards, Calif.
Eilberg
Emery
English
Evins, Tenn.
Fary
Fascell
Fish
Fithian
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Green
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Harkin
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hightower
Holland
Horton
Howard
Howe
Hubbard
Hughes
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Kasten
Kazen
Kemp
Ketchum
Keys
Kindness
Krueger
Lagomarsino
Leggett
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lundine
McCollister
McCormack
McDonald
McHugh
Madden
Maguire
Mann
Mathis
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nichols
Nolan
Nowak
Oberstar
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Perkins
Pettis
Pressler
Preyer
Price
Quillen
Railsback
Randall
Rangel
Rees
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Roncalio
Rooney
Rose
Rostenkowski
Rousselot
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Sharp
Shipley
Shuster
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Stark
Steed
Stephens
Stokes
Stratton
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Ullman
Van Deerlin
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
White
Whitehurst
Wilson, Bob
Wilson, Tex.
Wolff
Wright
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zeferetti
Koch
Krebs
LaFalce
Latta
Lehman
Lent
Long, Md.
Lujan
McClory
McCloskey
McEwen
McFall
McKay
McKinney
Madigan
Mahon
Martin
Mazzoli
Meeds
Miller, Ohio
Mills
Moorhead, Pa.
Mosher
Moss
Mottl
Neal
Nedzi
Nix
Obey
O'Brien
O'Hara
Passman
Pattison, N.Y.
Paul
Pickle
Pike
Poage
Pritchard
Quie
Regula
Reuss
Rhodes
Rogers
Rosenthal
Roush
Roybal
Runnels
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Shriver
Sikes
Simon
Solarz
Staggers
Stanton, J. William
Steiger, Wis.
Studds
Treen
Tsongas
Vander Jagt
Vander Veen
Vanik
Whalen
Whitten
Wiggins
Wilson, C. H.
Winn
Wirth
Wydler
Wylie
Yates
Young, Fla.
Zablocki

NOES—146

Adams
Alexander
Armstrong
Ashley
Aspin
Badillo
Baldus
Bauman
Bennett
Biester
Bingham
Boland
Bolling
Bonker
Brown, Calif.
Brown, Ohio
Broyhill
Burlison, Mo.
Carr
Cederberg
Clawson, Del
Collins, Tex.
Conable
Conte
Cornell
Coughlin
Danielson
Delaney
Devine
Dickinson
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edwards, Ala.
Erlenborn
Evans, Colo.
Evans, Ind.
Fenwick
Findley
Fisher
Foley
Forsythe
Frenzel
Gibbons
Gradison
Gude
Guyer
Hannaford
Hansen
Harrington
Harris
Hicks
Holt
Holtzman
Hungate
Hutchinson
Hyde
Ichord
Jarman
Johnson, Colo.
Jones, N.C.
Jordan
Kastenmeier
Kelly

NOT VOTING—35

AuCoin
Brademas
Burke, Calif.
Conlan
Conyers
Dent
Derrick
Esch
Eshleman
Flood
Hays, Ohio
Hébert
Helstoski
Hillis
Hinshaw
Jones, Tenn.
Karth
Landrum
Litton
McDade
Matsunaga
Michel
Moakley
Pepper
Peyser
Riegle
Roberts
Sisk
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Teague
Udall

Messrs. YOUNG of Texas, CARTER, FLOWERS, and FREY and Mrs. HECKLER of Massachusetts changed their vote from "no" to "aye."

Mr. LaFALCE and Mr. KREBS changed their vote from "aye" to "no."

So the amendments were agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 319. Such funds as may be necessary shall be utilized from the appropriations hereinabove made available to the Federal Aviation Administration and to the Civil Aeronautics Board for the preparation of a plan to coordinate as promptly as possible the use of Midway Airport with O'Hare Airport in Chicago, Illinois, for service by airline carriers, in order to relieve air traffic congestion and to promote air safety in that area.

AMENDMENT OFFERED BY MR. ANDERSON OF CALIFORNIA

Mr. ANDERSON of California. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON of California: Page 31, after line 21, insert the following:

SEC. 320. Section 302 of the Department of Transportation and Related Agencies Appropriation Act, 1976, and the period ending September 30, 1976 (P.L. 94–134) is amended by striking out "$350,000,000" and all that follows down through the period at the end thereof and inserting in lieu thereof the following: "$437,500,000 in fiscal year 1976, including the period July 1, 1976, through September 30, 1976.".

Mr. ANDERSON of California. Madam Chairman, this is a technical amendment which neither increases or decreases funding. It merely permits the carryover of funds which were authorized for fiscal year 1976. Otherwise, these funds would be lost.

In the fiscal year 1976 appropriations,

there was a ceiling of $350 million which could be obligated for airport construction during fiscal year 1976. Since there has been no program, this money will be lost, unless we permit it to carryover into the transition quarter.

While this is merely a technical amendment, it is urgently needed in order to permit construction in the transition quarter.

Mr. McFALL. Madam Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from California.

Mr. McFALL. I thank the gentleman for yielding.

We have been advised by the Budget Committee that this is within the budget limitation, and on this side we have no objection.

Mr. CONTE. Madam Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

The gentleman from California spoke to me and the gentleman from Kentucky, and certainly to this I would have no objection.

Mr. SNYDER. Madam Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Kentucky.

Mr. SNYDER. I thank the gentleman for yielding.

Madam Chairman, I rise in support of the pending amendment offered by the gentleman from California, my very good friend and the chairman of the Aviation Subcommittee. I concur fully with all he has said.

We have a situation here where the obligation ceiling for Airport Development Aid Program—ADAP—grants imposed by our Appropriations Committee for fiscal year 1976 was $350 million. In addition, a ceiling of $87.5 million was imposed for the transition quarter. These ceilings were included in the Department of Transportation Appropriations bill for fiscal year 1976—Public Law 94-134—section 302.

Inasmuch as fiscal year 1976 is just about over, and since the President has not yet signed the bill (H.R. 9771) which authorizes fiscal year 1976 obligations, we must take action to extend the time during which obligations for this period must be made. This is the sole purpose of the pending amendment. If we fail to act, no obligations for fiscal year 1976 will be possible or may be made—despite the fact that the authorizing legislation (H.R. 9771) will soon be on its way to the White House—the Conference Report having been filed last week. The authorization for fiscal year 1976 obligations then would become moot and meaningless.

The pending amendment simply permits fiscal year 1976 obligations to be made during the transition quarter by stating that the entire $437.5 million for fiscal year 1976 and the transition quarter may be obligated during the 3 months of the latter.

Madam Chairman, surely all will agree that this is an eminently fair and reasonable proposal. I urge my colleagues to support the amendment as offered so that we may proceed promptly with the urgent task of upgrading our national airport system.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ANDERSON).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Ohio: On page 31, after line 21, add the following paragraph:

SEC. 320. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

Mr. MILLER of Ohio. Madam Chairman, this is the 10th time that we have before us the amendment which would reduce the nonmandatory spending in the bill by 5 percent. Ninety-five percent of the amount in the bill is not mandatory and, therefore, the 5-percent reduction would total $251,088,000.

In the report itself under the inflationary impact statement, it explains that 69 percent of the bill is for personnel and operating costs of the various bureaus and agencies. Five percent of the bill—5 percent only—will go to finance various transportation, research and development activities, and the remaining 26 percent will finance transportation, construction, and development projects.

Madam Chairman, I would urge a vote for the amendment, and I yield back the remainder of my time.

Mr. McFALL. Madam Chairman, I rise in opposition to the amendment.

As the gentleman from Ohio says, this is the same amendment that we have had on other appropriation bills. It has been defeated every time. It is impossible really to accept this kind of an amendment because of the meat-ax cut that it makes. I would hope that the House would reject it.

Mr. CONTE. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, members of the Committee of the Whole House, I hope that we resoundly defeat this amendment. This is a rehash of the amendment of our late, lamented friend, Frank Bow. Frank Bow used to offer this amendment on every single bill, and on every single bill I voted against him.

I can appreciate the frustrations that stimulates this type of action. However, it clearly flies in the face of responsible legislation.

Surely in these financially troublesome times, towing the line and exercising fiscal restraint is most essential. However, it is clear that we must continue to support all essential programs with that level of funding that would insure no serious program changes.

This bill is an excellent example of fiscal responsibility; once again, this bill is reported to you below the budget. This year we are $56.215 million below the budget in new obligational authority. That figure would actually be higher had we received all the Administration requests that are anticipated.

Further, I feel it is irresponsible to make cuts across the board with such indifference to the importance of each particular program. To illustrate my point, I should like to turn to the Federal Aviation Administration provision for salaries and expenses. The Miller amendment would reduce the manpower for air traffic controllers by a critical 5 percent. During our hearings we heard of the severe need for additional air traffic controllers who are already overworked. This blanket amendment would have cut these vital increases. Who can argue against the importance of maintaining these additional personnel—no one. However, the Miller amendment would blindly do this damage.

If we desire to reduce funding in this manner, we perform a disservice to those who have entrusted us to legislate responsibly in their behalf. In addition, we do an injustice to those who labored so hard to produce such an obviously responsible funding scheme.

If the gentleman chooses to make 5 percent cuts across the board, he should move to amend each and every provision so that we can decide these issues on the merits. Only in this fashion can the integrity of the appropriations process be safeguarded.

I urge my colleagues to oppose this ill-advised amendment which flies in the face of responsible legislation.

Thank you, Madam Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER).

The question was taken; and on a division (demanded by Mr. MILLER of Ohio) there were—ayes 36, noes 98.

So the amendment was rejected.

The CHAIRMAN. The clerk will read.

The clerk concluded the reading of the bill.

Mr. McFALL. Madam Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Ms. JORDAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14234) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1977, and for other purposes, had directed her to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time.

MOTION TO RECOMMIT OFFERED BY MR. EDWARDS OF ALABAMA

Mr. EDWARDS of Alabama. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. EDWARDS of Alabama. I am in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. EDWARDS of Alabama moves to recommit the bill, H.R. 14234, to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 376, nays 21, not voting 35, as follows:

[Roll No. 470]

YEAS—376

Abdnor
Abzug
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Aspin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Fish
Fithian
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Milford
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—21

Adams
Armstrong
Ashbrook
Brown, Ohio
Collins, Tex.
Conable
Crane
Edwards, Ala.
Findley
Fisher
Hansen
Latta
McDonald
Martin
Mikva
Miller, Ohio
Paul
Schneebeli
Steiger, Wis.
Symms
Vander Veen

NOT VOTING—35

AuCoin
Biaggi
Brademas
Conlan
Conyers
Dent
Diggs
Esch
Eshleman
Flood
Hays, Ohio
Hébert
Helstoski
Hillis
Hinshaw
Howe
Jones, Tenn.
Karth
Litton
McDade
Matsunaga
Moakley
Pepper
Peyser
Quillen
Riegle
Roberts
Sisk
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Teague
Udall

The Clerk announced the following pairs:

Mr. Dent with Mr. Hébert.
Mr. Teague with Mr. Udall.
Mr. Roberts with Mr. Riegle.
Mr. Helstoski with Mr. Symington.
Mr. Biaggi with Mr. Flood.
Mr. Sisk with Mr. Esch.
Mr. Jones of Tennessee with Mr. Eshleman.
Mr. Stuckey with Mr. Hays of Ohio.
Mr. Pepper with Mr. Hillis.
Mr. Moakley with Mr. Howe.
Mr. Brademas with Mr. Conlan.
Mr. Matsunaga with Mr. Conyers.
Mr. Diggs with Mr. Karth.
Mr. AuCoin with Mr. Litton.
Mr. McDade with Mr. Peyser.
Mr. Quillen with Mr. James V. Stanton.
Mr. Steiger of Arizona with Mr. Steelman.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include pertinent extraneous matter, on the bill (H.R. 14234) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks announced that the Senate had passed a bill of the following title:

S. 3625. An act to extend the expiration date of the Federal Energy Administration Act of 1974.

APPOINTMENT OF CONFEREES ON H.R. 11481, CERTAIN MARITIME PROGRAMS OF DEPARTMENT OF COMMERCE APPROPRIATIONS AUTHORIZATION, 1977

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11481) to authorize appropriations for the fiscal year 1977 for certain maritime programs of the Department of Commerce and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and requests a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentlewoman of Missouri? The Chair hears none, and appoints the following conferees: Mrs. SULLIVAN and Messrs. ASHLEY, DINGELL, DOWNING of Virginia, MURPHY of New York, RUPPE, and McCLOSKEY.

FURTHER LEGISLATIVE PROGRAM

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I merely rise to announce the program for the remainder of the evening.

We will follow through with H.R. 13965, the District of Columbia appropriations for fiscal year 1976 conference report.

Following that we will take up H.R. 12203, the foreign assistance appropriations for fiscal year 1976 conference report.

At the completion of those two conference reports, we will adjourn for the evening.

Mr. CORMAN. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from California.

Mr. CORMAN. Mr. Speaker, I ask this question of the gentleman: Would we be able to take up, by unanimous consent, H.R. 14484 before we adjourn tonight?

Mr. O'NEILL. I do not have any knowledge of that bill.

Mr. CORMAN. It was on the calendar to appear just before H.R. 10210. It is by unanimous consent. It is on the program right there.

Mr. O'NEILL. Mr. Speaker, in view of the fact that it is through unanimous consent, following the foreign assistance appropriations conference report we will take that matter up; that is, H.R. 14484, the extension of the social security title XVI and child support programs. If unanimous consent is granted, we will take it up.

Mr. CORMAN. I thank the gentleman.

CONFERENCE REPORT ON H.R. 13965, DISTRICT OF COLUMBIA APPROPRIATION BILL FOR FISCAL YEAR 1976

Mr. NATCHER. Mr. Speaker, I call up the conference report on the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 23, 1976.)

Mr. NATCHER (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. NATCHER. Mr. Speaker, the conference report now before us will provide resources totaling $1,534,108,600 for the District of Columbia for fiscal year 1976.

Of this amount, $868,959,100 will be financed from Federal funds.

This, Mr. Speaker, is approximately 56.6 percent of the total budget for the District government for 1976. The remaining financing, 43.4 percent is from local taxes and other sources of revenue.

The Federal payment for fiscal year 1976, as provided for in this conference report, totals $248,948,700. This is $5,051,300 below the budget for the fiscal year 1976, $1,051,300 below the bill as passed by the House and $728,000 less than proposed by the Senate.

In addition, the transition period Federal payment totals $66,137,600. The Federal loan amount contained in the conference report is $210 million. This is $38,153,000 below the amount requested.

As far as District of Columbia funds are concerned, Mr. Speaker, the bill provides $1,159,849,200. This is $43,199,100 below the amount requested in the budget, $18,604,300 less than the amount in the House passed bill and $4,384,800 more than was included in the Senate version of the bill.

The District of Columbia funds for the transition period total $248,130,200. This is $406,200 below the amount requested in the budget, $362,400 below the House and $261,600 above the Senate.

The conference action reflects reductions due to the late passage of the bill which is for the fiscal year ending June 30, 1976, and the transition period ending September 30, 1976. The budget as approved provides funds to continue operation of existing programs and services without significant expansion for new and improved services.

The conference agreement provides additional funds to improve services and facilities at Forest Haven and D.C. General Hospital. Also provided are recreational facilities for the mentally retarded, a new branch library, modernization of two schools, and $500,000 toward the acquisition of the Shapiro Tract for recreational purposes. A total of $3.2 million has been allowed for police and other public safety services during the Bicentennial period.

Mr. Speaker, I will, at the appropriate time request permission to insert a tabulation at this point in the RECORD which summarizes the conference action.

The table referred to follows:

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1976 (H.R. 13965)—CONFERENCE SUMMARY

Agency and item	New budget (obligational) authority enacted fiscal year 1975	Budget estimate of new (obligational) authority fiscal year 1976 and transition period	New budget (obligational) authority House bill	New budget (obligational) authority Senate bill	New budget (obligational) authority conference	Conference compared with—			
						Fiscal year 1975 enacted	Budget estimates	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FEDERAL FUNDS									
Federal payment	$226,200,000	$254,000,000	$250,000,000	$249,676,700	$248,948,700	+$22,748,700	−$5,051,300	−$1,051,300	−$728,000
Transition period		66,500,000	66,500,000	65,876,000	66,137,600		−362,400	−362,400	+261,600
Payment in lieu of reimbursement for water and sewer services to Federal facilities	5,600,000	5,688,000	5,688,000	5,688,000	5,688,000	+88,000			
Transition period		1,422,000	1,422,000	1,422,000	1,422,000				
Loans to the District of Columbia for capital outlay	152,600,000	248,153,000	210,000,000	209,000,000	210,000,000	+57,400,000	−38,153,000		+1,000,000
Transition period									
Total, Federal Funds	384,400,000	507,841,000	465,688,000	464,364,700	464,636,700	+80,236,700	−43,204,300	−1,041,300	+272,000
Transition period		67,922,000	67,922,000	67,298,000	67,559,600		−362,400	−362,400	+261,600
DISTRICT OF COLUMBIA FUNDS									
Operating Expenses									
General operating expenses	82,087,900	118,081,200	116,861,000	116,314,400	116,366,400	+34,278,500	−1,714,800	−494,600	+52,000
Transition period		30,984,600	30,024,900	30,098,300	30,111,700		−872,900	+86,800	+13,400
Public safety	231,851,700	243,079,100	243,059,100	243,059,100	243,059,100	+11,207,400	−20,000		
Transition period		66,784,000	65,436,100	64,499,500	64,999,500		−1,784,400	−436,600	+500,000
Education	223,351,600	237,841,600	237,382,300	237,325,900	237,325,900	+13,974,300	−515,700	−56,400	
Transition period		47,568,300	47,476,600	47,465,200	47,465,200		−103,100	−11,300	
Recreation	15,758,700	16,522,000	16,520,000	16,520,000	16,520,000	+761,300	−2,000		
Transition period		4,956,000	4,956,000	4,956,000	4,956,000		−600		

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1976 (H.R. 13965)—CONFERENCE SUMMARY—Continued

Agency and item	New budget (obligational) authority enacted fiscal year 1975	Budget estimate of new (obligational) authority fiscal year 1976 and transition period	New budget (obligational) authority House bill	New budget (obligational) authority Senate bill	New budget (obligational) authority conference	Conference compared with—			
						Fiscal year 1975 enacted	Budget estimates	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DISTRICT OF COLUMBIA—Continued									
Operating Expenses—Continued									
Human resources	$234, 528, 800	$265, 079, 400	$264, 124, 200	$264, 074, 500	$264, 074, 500	+$29, 545, 700	−$1, 004, 900	+$49, 700	
Transition period		74, 222, 200	74, 830, 900	74, 871, 000	74, 871, 000		+648, 800	+40, 100	
Transportation	26, 177, 400	27, 922, 600	26, 942, 600	27, 899, 400	25, 919, 400	+742, 000	−1, 003, 200	−23, 200	−$980, 000
Transition period		7, 326, 900	6, 922, 400	7, 167, 400	6, 915, 600		−411, 300	−6, 800	−251, 800
Environmental services	56, 910, 000	63, 619, 700	63, 619, 700	63, 492, 300	63, 492, 300	+6, 582, 300	−127, 400	−127, 400	
Transition period		16, 693, 800	16, 345, 800	16, 311, 200	16, 311, 200		−382, 600	−34, 600	
Personal services		10, 000, 000	10, 000, 000	10, 000, 000	10, 000, 000	+10, 000, 000			
Transition period			2, 500, 000	2, 500, 000	2, 500, 000		+2, 500, 000		
Settlement of claims and suits	200, 300	304, 500	304, 500	304, 500	304, 500	+104, 200			
Transition period									
Repayment of loans and interest	49, 067, 000	63, 380, 600	63, 380, 600	63, 380, 600	63, 380, 600	+14, 313, 600			
Transition period									
Bicentennial services		1, 000, 000	1, 000, 000	500, 000	700, 000	+700, 000	−300, 000	−300, 000	+200, 000
Transition period									
Total, operating expenses	919, 933, 400	1, 046, 830, 700	1, 043, 194, 000	1, 042, 870, 700	1, 042, 142, 700	+122, 209, 300	−4, 638, 000	−1, 051, 300	−728, 000
Transition period		248, 536, 400	248, 492, 600	247, 868, 600	248, 130, 200		−406, 200	−362, 400	+261, 600
Capital Outlay									
Capital outlay	204, 918, 000	156, 217, 600	135, 259, 500	112, 583, 700	117, 706, 500	−87, 211, 500	−38, 511, 100	−17, 553, 000	+5, 112, 600
Transition period									
Total, District of Columbia funds	1, 124, 851, 400	1, 203, 043, 300	1, 178, 453, 500	1, 155, 464, 400	1, 159, 849, 200	+34, 997, 800	−43, 199, 100	−18, 604, 300	+4, 384, 800
Transition period		248, 536, 400	248, 492, 600	247, 868, 600	248, 130, 200		−406, 200	−362, 400	+261, 600

Mr. Speaker, I recommend the adoption of this conference report.

Mr. YOUNG of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman for yielding.

The conferees had a good conference session. The House will defer to the Senate on a number of spending items, mainly where their budget figure was lower than the House's figure.

Therefore, the bill comes back with actually less dollars than it had in it when it left here.

Mr. Speaker, we strongly support the conference report.

Mr. BURGENER. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from California.

Mr. BURGENER. Mr. Speaker, I thank the gentleman for yielding.

I want to commend my chairman and the ranking member for the expeditious manner in which they have handled this.

There is just one point of interest: Forest Haven, which many of us are interested in, does now contain in this conference report 20 new positions. That is not nearly enough, but it will be a strong shot in the arm, and it will help the morale of the staff out at Forest Haven.

When we come to the fiscal year 1977 budget, we hope to have a more comprehensive plan of management.

Mr. Speaker, I urge the adoption of the conference report.

Mr. YOUNG of Florida. Mr. Speaker, I have no further requests for time.

Mr. NATCHER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 3, strike out: "$250,000,000" and insert "$249,676,700,".

MOTION OFFERED BY MR. NATCHER

Mr. NATCHER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Natcher moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur therein with an amendment, as follows:

In lieu of the sum named in said amendment, insert the following: "$248,948,700".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 7: Page 5, line 4, strike out: "$30,024,900" and insert "$30,098,300,".

MOTION OFFERED BY MR. NATCHER

Mr. NATCHER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. NATCHER moves that the House recede from its disagreement to the amendment of Senate numbered 7 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert the following "$30,111,700".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 9, line 16, insert: "including $333,500 for the improvement of care and treatment of the mentally retarded at Forest Haven,".

MOTION OFFERED BY MR. NATCHER

Mr. NATCHER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. NATCHER moves that the House recede from its disagreement to the amendment of the Senate numbered 13 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 17: Page 10, line 18, strike out: "$26,942,600" and insert "$27,899,400,".

MOTION OFFERED BY MR. NATCHER

Mr. NATCHER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. NATCHER moves that the House recede from its disagreement to the amendment of the Senate numbered 17 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "$26,919,400".

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 21: Page 11, line 1, strike out: "$6,922,400" and insert: "$7,167,400,".

MOTION OFFERED BY MR. NATCHER

Mr. NATCHER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. NATCHER moves that the House recede from its disagreement to the amendment of the Senate number 21 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "$6,915,600".

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the conference report just agreed to, and that I may be permitted to include a tabulation summarizing the action taken.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

CONFERENCE REPORT ON H.R. 12203 FOREIGN ASSISTANCE APPROPRIATIONS, FISCAL YEAR 1976

Mr. PASSMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 12203) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of April 2, 1976.)

Mr. PASSMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The SPEAKER. The gentleman from Louisiana (Mr. PASSMAN) is recognized for 30 minutes.

Mr. PASSMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report that is presented to you today contains $5,179,890,909 for foreign aid funding which is $609,750,000 below the budget requests. The conference report also contains funding for the transition quarter of $759,275,000 if the recommendations are adopted later concerning the Middle East transition period amounts. Even with the compromise for the transition period we are $384,000,000 below the budget. The conferees tried to bring back a good appropriation bill and I think we have succeeded.

The conference report was filed on April 2, 1976, but we have not been able to present it to the House because the authorizing legislation did not clear Congress until last Friday, June 25, 1976. As you will remember, the first authorization bill was vetoed by the President on May 7, 1976, so it took time to pass another authorization. The President indicates that he plans to sign the legislation that was sent to him on Friday. I might indicate at this time that none of the foreign aid funds may be obligated or expended at the levels provided for in this bill until authorizing legislation is enacted.

One of the important issues in this bill is the transition period funding for Israel and the Middle East countries. The conferees originally intended to offer motions insisting on the House position regarding this matter which would have provided no funding for this purpose. However, since this report was filed, certain negotiations have been conducted and a compromise has been reached. At the proper time, I plan to offer motions on amendments numbered 36, 37, 52, and 53 which would provide $275,000,000 for Israel, $75,000,000 in economic aid and $200,000,000 in military aid, $100,000,000 in economic aid to Egypt, $60,000,000 in economic aid to Jordan, and $15,000,000 in economic aid to Syria. The President has indicated that he would not veto this appropriation bill if it contained these amounts.

Mr. Speaker, I insert the following table which lists the amounts contained in the conference agreement.

	New budget authority					Conference compared with—			
	Enacted fiscal year 1975 (includes supplement)[1]	Estimates 1976/transition	House 1976/transition	Senate 1976/transition	Conference 1976/transition	Fiscal year 1975 enacted	New budget authority, estimate	House bill	Senate bill
TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES									
FUNDS APPROPRIATED TO THE PRESIDENT									
Economic Assistance									
Food and nutrition, development assistance	$300,000,000	$623,000,000	$487,500,000	$456,600,000	$426,600,000	$126,600,000	−$196,400,000	$−60,900,000	−$30,000,000
Transition period		167,150,000	121,900,000	120,000,000	112,500,000		−54,650,000	−9,400,000	−7,500,000
Population planning and health, development assistance	[2] 125,000,000	218,500,000	[49] 180,000,000	[57] 151,400,000	[66] 146,400,000	21,400,000	−72,100,000	−33,600,000	−5,000,000
Transition period		66,500,000	[50] 45,000,000	33,450,000	33,450,000		−33,050,000	−11,550,000	
Education and human resources development, development assistance	82,000,000	84,500,000	82,000,000	60,800,000	60,800,000	−21,200,000	−23,700,000	−21,200,000	
Transition period		23,679,000	20,500,000	8,800,000	8,800,000		−14,879,000	−11,700,000	
Selected development problems, development assistance	[3] 37,000,000	44,000,000				−37,000,000	−44,000,000		
Transition period		12,571,000					−12,571,000		
Selected countries and organizations, development assistance	30,000,000	37,000,000				−30,000,000	−37,000,000		
Transition period		16,400,000					−16,400,000		
Technical assistance, energy, research, reconstruction and selected development programs, development assistance			72,000,000	57,400,000	57,400,000	57,400,000	57,400,000	−14,600,000	
Transition period			18,000,000	11,100,000	11,100,000		11,100,000	−6,900,000	
Subtotal	574,000,000	[17] 1,007,000,000	821,500,000	726,200,000	691,200,000	117,200,000	−315,800,000	−130,300,000	−35,000,000
Transition period		[18] 286,300,000	205,400,000	173,350,000	165,850,000		−120,450,000	−39,550,000	−7,500,000
Loans	(175,000,000)	(453,600,000)	(300,000,000)	(275,000,000)	(300,000,000)	(125,000,000)	(−153,600,000)		(25,000,000)
Transition period		(122,400,000)	(75,000,000)	(74,000,000)	(75,000,000)		(−47,400,000)		(1,000,000)
Grants	[4] (399,000,000)	[19] (553,400,000	[51] (521,500,000)	(451,200,000)	(391,200,000)	(−7,800,000)	(−162,200,000)	(−130,300,000)	(−60,000,000)
Transition period		[20] (163,900,000)	[52] (130,400,000)	(99,350,000)	(90,850,000)		(−73,050,000)	(−39,550,000)	(−8,500,000)
International organizations and programs	[5] 125,000,000	189,500,000	[53] 160,000,000	[58] 190,500,000	[67] 175,250,000	50,250,000	−14,250,000	15,250,000	−15,250,000
Transition period		19,200,000	19,200,000	13,400,000	16,300,000		−2,900,000	−2,900,000	2,900,000
United Nations Environment Fund	5,000,000	7,500,000	5,000,000	7,500,000	7,500,000	2,500,000		2,500,000	
Transition period									
American schools and hospitals abroad	17,500,000	[21] 20,000,000	20,000,000	9,800,000	19,800,000	2,300,000	−200,000	−200,000	10,000,000
Transition period		2,500,000	2,500,000	1,150,000	2,400,000		−100,000	−100,000	1,250,000
American schools and hospitals abroad (special foreign currency program	(6,500,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(500,000)			
Transition period		(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)				

Footnotes at end of article.

	New budget authority					Conference compared with—			
	Enacted fiscal year 1975 (includes supplement) [1]	Estimates 1976/transition	House 1976/transition	Senate 1976/transition	Conference 1976/transition	Fiscal year 1975 enacted	New budget authority, estimate	House bill	Senate bill
TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES—Continued									
FUNDS APPROPRIATED TO THE PRESIDENT—Con.									
hn MacCormick Center, St. John's Medical College (special foreign currency program)			($13,650,000)	($13,650,000)	($13,650,000)	($13,650,000)	($13,650,000)		
Transition period									
Indus Basin Development Fund grants	$9,000,000	[22] $22,500,000	9,000,000	22,500,000	9,000,000		−13,500,000		− $13,500,000
Transition period		[23] 4,500,000	2,250,000	4,500,000	2,250,000		−2,250,000		−2,250,000
Indus Basin Development Fund, loans	200,000	[24] 10,000,000	5,000,000	10,000,000	10,000,000	9,800,000		$5,000,000	
Transition period									
Contingency fund	1,800,000	[25] 10,000,000	5,000,000		5,000,000	3,200,000	−5,000,000		5,000,000
Transition period		[26] 5,000,000	1,250,000		1,250,000		−3,750,000		1,250,000
International disaster assistance	[6] 35,000,000	[27] 45,000,000	20,000,000	[59] 45,000,000	[70] 45,000,000	10,000,000		25,000,000	
Transition period		[27] 10,000,000	5,000,000	5,000,000	5,000,000		−5,000,000		
African development program			5,000,000	5,000,000	5,000,000	5,000,000	5,000,000		
Transition period									
Cyprus relief and rehabilitation		[28] (25,000,000)	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000		
Transition period		[28] (5,000,000)	5,000,000	5,000,000	5,000,000		5,000,000		
International narcotics control	[7] 17,500,000	42,500,000	37,500,000	32,500,000	37,500,000	20,000,000	−5,000,000		5,000,000
Transition period		13,000,000	9,375,000	8,125,000	9,375,000		−3,625,000		1,250,000
Assistance to Portugal and Portuguese colonies in Africa gaining independence	[8] 25,000,000		(24)			−25,000,000			
Transition period									
Payment to the Foreign Service Retirement and Disability Fund		[29] 16,680,000	16,680,000	16,680,000	16,680,000	16,680,000			
Transition period									
By transfer	(16,080,000)					(−16,080,000)			
Transition period									
Overseas training (special foreign currency program)		(200,000)	(200,000)	(200,000)	(200,000)	(200,000)			
Transition period									
Administrative expenses:									
AID	40,000,000	(30)				−40,000,000			
Transition period									
State	4,800,000	(31)				−4,800,000			
Transition period									
Subtotal	854,800,000	1,370,680,000	1,129,680,000	1,090,680,000	1,046,930,000	192,130,000	−323,750,000	−82,750,000	−43,750,000
Transition period		340,500,000	249,975,000	210,525,000	207,425,000		−133,075,000	−42,550,000	−3,100,000
Indochina Postwar Reconstruction Assistance									
Indochina postwar reconstruction assistance	440,000,000	(32)				−440,000,000			
Transition period		(32)							
Middle East Special Requirements Fund									
Middle East special requirements fund	100,000,000	[33] 50,000,000	50,000,000	50,000,000	50,000,000	−50,000,000			
Transition period		[34] 10,000,000	10,000,000	10,000,000	10,000,000				
Security Supporting Assistance									
Security supporting assistance	[9] 660,500,000	[35] 1,873,300,000	[55] 1,712,500,000	[60] 1,689,900,000	[71] 1,689,900,000	1,029,900,000	−183,400,000	−22,600,000	
Transition period		[36] 40,200,000	25,200,000	[61] 411,575,000	[72] 269,700,000		229,500,000	244,500,000	−141,875,000
AID Operating expenses				[62] 194,600,000	194,600,000	194,600,000	194,600,000	194,600,000	
Transition period				55,500,000	55,500,000		55,500,000	55,500,000	
United Nations Force in Cyprus		[37] 9,600,000					−9,600,000		
Transition period		4,800,000					−4,800,000		
Total	2,054,800,000	3,303,580,000	2,892,180,000	3,025,180,000	2,981,430,000	926,630,000	−322,150,000	89,250,000	−43,750,000
Transition period		395,500,000	285,175,000	687,600,000	542,625,000		147,125,000	257,450,000	−144,975,000
Military Assistance									
Military assistance:									
Regular appropriation	475,000,000	[38] 394,500,000	225,000,000	225,000,000	225,000,000	−250,000,000	−169,500,000		
Transition period		[39] 42,200,000	27,200,000	27,200,000	27,200,000		−15,000,000		
Appropriation to liquidate contract authority		(323,913,000)	(323,913,000)	(200,000,000)	(275,000,000)	(275,000,000)	(−48,913,000)	(−48,913,000)	(75,000,000)
Transition period									
International Military Education and Training									
International military education and training		30,000,000	25,000,000	23,000,000	23,000,000	23,000,000	−7,000,000	−2,000,000	
Transition period		[40] 9,000,000	6,250,000	5,750,000	5,750,000		−3,250,000	−500,000	
Inter-American Foundation									
Inter-American Foundation (limitation on obligations)	(10,000,000)	(10,000,000)	(5,000,000)	(10,000,000)	(7,500,000)	(−2,500,000)	(−2,500,000)	(2,500,000)	(−2,500,000)
Transition period		(2,500,000)	(1,250,000)	(2,500,000)	(1,875,000)		(−625,000)	(625,000)	(−625,000)
Total, title I	[10] 2,529,800,000	[41] 3,728,080,000	3,142,180,000	3,273,180,100	3,229,430,000	699,630,000	−498,650,000	87,250,000	−43,750,000
Transition period		446,700,000	318,625,000	720,550,000	575,575,000		128,875,000	256,950,000	−144,975,000

	New budget authority					Conference compared with—			
	Enacted fiscal year 1975 (includes supplement)[1]	Estimates 1976/transition	House 1976/transition	Senate 1976/transition	Conference 1976/transition	Fiscal year 1975 enacted	New budget authority, estimate	House bill	Senate bill
TITLE II—FOREIGN MILITARY CREDIT SALES									
Foreign military credit sales	[11] $300,000,000	[42] $1,065,000,000	[56] $1,065,000,000	[63] $1,065,000,000	[73] $1,065,000,000	$765,000,000			
Transition period		[43] 42,000,000	30,000,000	[64] 212,200,000	[74] 140,000,000		$98,000,000	$110,000,000	—$72,200,000
Total, titles I and II, new budget (obligational) authority	2,829,800,000	4,793,080,000	4,207,180,000	4,338,180,000	4,294,430,000	1,464,630,000	—498,650,000	87,250,000	—43,750,000
Transition period		488,700,000	348,625,000	932,750,000	715,575,000		226,875,000	366,950,000	—217,175,000
TITLE III—FOREIGN ASSISTANCE (OTHER)									
INDEPENDENT AGENCY Action—International Programs									
Peace Corps	[12] 77,687,000	80,826,000	80,000,000	[65] 80,826,000	[75] 80,826,000	3,139,000		826,000	
Transition period		25,729,000	20,000,000	[66] 25,729,000	[76] 24,000,000		—1,729,000	4,000,000	—1,729,000
Department of Health, Education, and Welfare									
Assistance to *refugees* in the United States (Cuban program)	90,000,000	[44] 85,000,000	85,000,000	85,000,000	85,000,000	—5,000,000			
Transition period		[45] 19,000,000	19,000,000	19,000,000	19,000,000				
Department of State									
Migration and refugee assistance	[13] 8,443,000	10,100,000	9,000,000	[67] 9,000,000	9,000,000	557,000	—1,100,000		
Transition period		800,000	800,000	700,000	700,000		—100,000	—100,000	
Emergency migration and refugee assistance fund				5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	
Transition period									
Assistance to refugees from the Soviet Union	[14] 40,000,000		15,000,000	15,000,000	15,000,000	—25,000,000	15,000,000		
Transition period									
Assistance to Palestinian refugees	10,000,000					—10,000,000			
Transition period									
Funds Appropriated to the President									
International financial institutions									
Asian Development Bank:									
Paid-in capital	24,126,982	24,126,982	12,063,491	24,126,982	24,126,982			12,063,491	
Transition period									
Callable capital		96,507,927	48,253,963	96,507,927	96,507,927	96,507,927		48,253,964	
Transition period									
Special funds	50,000,000	50,000,000	25,000,000	50,000,000	25,000,000	—25,000,000	—25,000,000		—25,000,000
Transition period									
Total	74,126,982	170,634,909	85,317,454	170,634,909	145,634,909	71,507,927	—25,000,000	60,317,455	—25,000,000
Transition period									
Inter-American Development Bank:									
Fund for special operations	[15] 225,000,000	[46] 275,000,000	200,000,000	250,000,000	225,000,000		—50,000,000	25,000,000	—25,000,000
Transition period									
International Development Association	320,000,000	375,000,000	320,000,000	375,000,000	320,000,000		—55,000,000		—55,000,000
Transition period									
Total, title III	845,256,982	996,560,909	794,317,454	990,460,909	885,460,909	40,203,927	—111,100,000	91,143,455	—105,000,000
Transition period		45,529,000	39,800,000	45,429,000	43,700,000		—1,829,000	3,900,000	—1,729,000
TITLE IV—EXPORT-IMPORT BANK OF THE UNITED STATES									
Limitation of program activity	(6,403,086,000)	(5,619,945,000)	(5,619,945,000)	(5,619,945,000)	(5,619,945,000)	(—783,141,000)			
Transition period		(1,436,813,000)	(1,436,813,000)	(1,436,813,000)	(1,436,813,000)				
Limitation on administrative expenses	[16] (10,542,000)	(11,416,000)	(11,416,000)	(11,412,000)	(11,412,000)	(870,000)	(—4,000)	(—4,000)	
Transition period		(2,949,000)	(2,949,000)	(2,948,000)	(2,948,000)		(—1,000)	(—1,000)	
Total	(6,413,628,000)	[47] (5,631,361,000)	(5,631,361,000)	(5,631,357,000)	(5,631,357,000)	(—782,271,000)	(—4,000)	(—4,000)	
Transition period	( )	[48] (1,439,762,000)	(1,439,762,000)	(1,439,761,000)	(1,439,761,000)		(—1,000)	(—1,000)	
Grand total, new budget (obligational) authority, titles I, II, and III	3,675,056,982	5,789,640,909	5,001,497,454	5,328,640,909	5,179,890,909	1,504,833,927	—609,750,000	178,393,455	—148,750,000
Transition period		534,229,000	388,425,000	978,179,000	759,275,000		225,046,000	370,850,000	—218,904,000
Reappropriation of unobligated balances:									
(a) Economic assistance	(41,393,000)	(17,800,000)	(17,800,000)	(17,800,000)	(17,800,000)	(—23,593,000)			
Transition period									
(b) Military assistance	(4,596,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	—(2,296,000)			
Transition period									
(c) Security supporting assistance	(743,000)	(4,100,000)	(4,100,000)	(4,100,000)	(4,100,000)	(3,357,000)			
Transition period									
(d) Indochina postwar reconstruction assistance	(134,000)	(11,200,000)	(11,200,000)	(11,200,000)	(11,200,000)	(11,066,000)			
Transition period									
Total, NB(O)A	3,675,056,982	5,789,640,909	5,001,497,454	5,328,640,909	5,179,890,909	1,504,833,927	—609,750,000	178,393,455	—148,750,000
Transition period		534,229,000	388,425,000	978,179,000	759,275,000		225,046,000	370,850,000	—218,904,000

Footnotes on following page.

[1] Does not include $405,000,000 appropriated in fiscal year 1975 for Cambodian and South Vietnamese refugees to remain available through June 30, 1976. If this amount was included in the fiscal year 1975 totals, the grand total would be $4,080,056,982.

[2] Placed a limitation of $110,000,000 on the funds which could be used for programs relating to population growth.

[3] Placed a limitation of $500,000 on funds for the National Association of the Partners of the Alliance, Inc.

[4] Included about $115,100,000 for operating expenses.

[5] Placed a limitation of $17,000,000 for UNICEF program.

[6] Earmarks $25,000,000 for Cyprus.

[7] Plus could use unobligated balance of about $15,000,000.

[8] Earmarks $5,000,000 for the Cape Verde Islands and $5,000,000 for Mozambique, Guinea-Bissau and Angola. Unobligated balances were continued available under the fiscal year 1976 continuing resolution.

[9] Earmarks $324,500,000 for Israel, $250,000,000 for Egypt and $77,500,000 for Jordan.

[10] Prior year unobligated balances reappropriated.

[11] Earmarks $300,000,000 for Israel out of the aggregate credit sale ceiling of $872,500,000.

[12] Includes $687,000 as provided in the 2d supplemental, fiscal year 1975. Earmarks $44,500,000 for direct support of volunteers.

[13] Includes $23,000 as provided in the 2d supplemental, fiscal year 1975.

[14] The conference statement directed that not less than $35,000,000 be made available to resettle Soviet refugees in Israel.

[15] Earmarks $25,000,000 for cooperatives, $10,000,000 for credit unions and $15,000,000 for savings and loan associations.

[16] Includes an increase in limitation of $300,000 as provided in the 2d supplemental fiscal year 1975.

[17] Includes a decrease of $4,700,000 contained in H. Doc. 94–292.

[18] Includes a decrease of $3,700,000 contained in H. Doc. 94–292.

[19] Includes $381,600,000 in grants and $171,800,000 in operating expenses.

[20] Includes $114,000,000 in grants and $49,900,000 in operating expenses.

[21] Includes an increase contained in H. Doc. 94–382.

[22] Includes an increase of $6,000,000 contained in H. Doc. 94–292.

[23] Includes an increase of $3,700,000 contained in H. Doc. 94–292.

[24] Submitted as a budget amendment in H. Doc. 94–292.

[25] Includes a decrease of $20,000,000 contained in S. Doc. 94–160.

[26] Includes a decrease of $10,000,000 contained in S. Doc. 94–160.

[27] Submitted as a budget amendment in S. Doc. 94–160.

[28] Requested under security supporting assistance.

[29] Includes an increase of $600,000 contained in H. Doc. 94–344.

[30] This account is now included under operating expenses allocated to each appropriation item.

[31] This account was transferred to the Department of State appropriations bill.

[32] Deleted in H. Doc. 94–292 ($952,000,000 regular appropriation and $241,300,000 transition).

[33] Includes an increase of $25,000,000 contained in H. Doc. 94–292.

[34] Submitted as a budget amendment in H. Doc. 94–292.

[35] Includes an increase of $1,277,900,000 contained in H. Doc. 94–292 and an increase of $15,000,000 contained in H. Doc. 94–344.

[36] Includes a decrease of $116,200,000 contained in H. Doc. 94–292 and an increase of $10,000,000 contained in S. Doc. 94–161.

[37] Item is also included in the security supporting assistance item.

[38] Includes a decrease of $321,587,000 contained in H. Doc. 94–292. The regular appropriation and the contract authority are combined in the document.

[39] Includes a decrease of $87,800,000 contained in H. Doc. 94–292 and an increase of $15,000,000 contained in S. Doc. 94–161.

[40] Includes an increase contained in S. Doc. 94–161.

[41] Prior year unobligated balances requested to be reappropriated.

[42] Includes an increase of $280,000,000 contained in H. Doc. 94–292 and an increase of $225,000,000 contained in H. Doc. 94–344. Administration has requested authority to forgive Israel from repayment of $750,000,000 of credit sales and to be able to provide credit sales on a concessionary basis.

[43] Includes an increase contained in S. Doc. 94–161.

[44] Includes an increase of $44,700,000 contained in H. Doc. 94–344.

[45] Includes an increase of $10,000,000 contained in H. Doc. 94–344.

[46] Submitted as a budget amendment in H. Doc. 94–157. Administration has requested authority to void last year's earmarking of $50,000,000 for the IDB.

[47] Includes a decrease of $952,842,000 contained in H. Doc. 94–344.

[48] Includes a decrease of $273,458,000 contained in H. Doc. 94–344.

[49] Placed a limitation of $135,000,000 on the funds which could be used for population planning.

[50] Placed a limitation of $33,750,000 on the funds which could be used for population planning.

[51] Includes approximately $171,800,000 in operating expenses.

[52] Includes approximately $49,900,000 in operating expenses.

[53] Placed a limitation of $20,000,000 for UNICEF.

[54] The authorizing legislation (P.L. 94–161) provided that up to $30,000,000 of the funds made available for development assistance in FY 1976 may be used for development assistance or relief and rehabilitation assistance to countries and colonies in Africa which were, prior to April 25, 1974, colonies of Portugal.

[55] Earmarks $700,000,000 for Israel, $695,000,000 for Egypt, $72,500,000 for Jordan, $80,000,000 for Syria and $65,000,000 for Greece.

[56] Earmarks $1,500,000,000 for Israel out of the aggregate credit sale ceiling.

[57] Earmarks not less than $105,000,000 for population planning.

[58] Earmarks $1,000,000 for the safeguard and inspection program of the International Atomic Energy Agency, and makes the $1,000,000 available until expended.

[59] Earmarks $25,000,000 only for Guatemala disaster assistance.

[60] Earmarks $700,000,000 for Israel, $695,000,000 for Egypt, $72,500,000 for Jordan, $80,000,000 for Syria and $65,000,000 for Greece.

[61] **Earmarks $175,000,000 for Israel, $173,750,000 for Egypt, $18,125,000** for Jordan, and $20,000,000 for Syria.

[62] These funds were included in the various accounts before.

[63] Earmarks $1,500,000,000 for Israel out of the aggregate credit sale ceiling.

[64] Earmarks $375,000,000 for Israel out of the aggregate credit sale ceiling.

[65] Earmarks $7,867,000 for readjustment allowances.

[66] Earmarks $2,776,000 for readjustment allowances.

[67] Places a ceiling of $3,054,390 on the U.S. Refugee Program.

[68] Not less than $103,000,000 shall be available only for population planning.

[69] Not more than $20,000,000 shall be available for the United Nations Children's Fund and not less than $1,000,000 shall be available for the International Atomic Energy Agency to be used for the purpose of strengthening safeguards and inspections relating to nuclear fissile facilities and materials.

[70] $25,000,000 available only for Guatemala disaster relief assistance.

[71] Of this amount, $700,000,000 shall be allocated to Israel, $695,000,000 shall be allocated to Egypt, $72,500,000 shall be allocated to Jordan, $80,000,000 shall be allocated to Syria, and $65,000,000 shall be allocated to Greece.

[72] Of this amount, $75,000,000 shall be allocated to Israel, $100,000,000 shall be allocated to Egypt, $60,000,000 shall be allocated to Jordan and $15,000,000 shall be allocated to Syria.

[73] Of this amount, not less than $1,500,000,000 of the aggregate credit sales ceiling shall be for Israel.

[74] Of this amount, not less than $200,000,000 of the aggregate credit sales ceiling shall be for Israel.

[75] Of this amount, $7,599,000 shall be for Peace Corps volunteer readjustment allowances.

[76] Of this amount, not less than $2,684,000 shall be used for Peace Corps volunteer readjustment allowances.

Mr. SHRIVER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report contains $5,179,890,909 for fiscal year 1976. This is $609,750,000 below the budget request; $148,750,000 below the Senate bill; and $178,393,455 above the House bill.

For the transition quarter, $759,275,000 is included—that includes the Middle East compromise funds which the chairman will recommend at the appropriate time.

The compromise consists of $275 million for Israel, $100 million for Egypt, $60 million for Jordan, and $15 million for Syria. All of this is in the form of security supporting assistance grants with the exception of $200 million for foreign military credit sales for Israel, half of which will be forgiven.

If we do not include this $450 million package for the Middle East during the transition quarter, only $30.2 million would be available between now and October 1, for these four countries and other security supporting assistance needs for Malta, Portugal, U.N. Forces on Cyprus, and other needs.

Even though we are nearly through the fiscal year, enactment of this bill is important to these countries. Authority under the continuing resolution for Israel is limited to $550 million for fiscal year 1976; under this bill, Israel will get $2.2 billion, plus the transition quarter money. That is a difference of $1.65 billion for fiscal year 1976.

The total for Israel for the 15-month period is $2.475 billion.

I am in strong support of the compromise which has been worked out in regard to this transition quarter money for the Middle East participants of the Sinai agreement, and I urge you to support the chairman's motions to recede and concur with amendments for this purpose. The misunderstandings and controversy regarding these funds have added to the delay in bringing this bill before the House for final action.

No one is ever completely satisfied with a compromise, but this bill will furnish desperately needed funds and credits to Israel to keep them going pending action on the fiscal year 1977 bill. Hopefully, these funds will help to maintain the peace in that critical area until meaningful negotiations can proceed for a lasting peace.

There are, of course, other programs which are in need of this new funding authority—programs which have had to operate nearly 12 months under a continuing resolution. Food and nutrition, population planning and health, education, technical assistance, including financial help for the humanitarian programs of private and voluntary organizations—these are funded in this bill. Three-fourths of this aid goes to countries with average per capita incomes of less than $300 a year.

Other programs include American schools and hospitals abroad, the Peace Corps, refugee programs, U.S. participation in international financial institutions, the international narcotics control activities, and the Middle East special requirements fund, which is critical to the implementation of the Sinai agreement.

Ms. ABZUG. Mr. Speaker, the civil war in Lebanon has added a new factor of instability and uncertainty to prospects for peace in the Middle East. The hijacking yesterday of the Air France jetliner bound from Tel Aviv to Paris shows that many of the old dangers of terrorism and uncontrolled guerrilla attacks still persist as threats to Israeli society and indeed, to responsible diplomacy in that region.

Under these conditions, the United States must do everything in its power to reinforce the security of Israel. We must continue to provide the means for its military defense and to help alleviate the incredible strain which constant threats from its neighbors place on the Israeli economy.

The $2.2 billion in security supporting assistance and foreign military credit sales for fiscal year 1976 contained in this conference report is an indespensible factor for providing Israel with the military and economic support required for its defense and survival. I have often opposed American foreign aid to repressive countries and dictatorships which suppress human rights, but our support for a democratic Israel makes clear our commitment to democracy and independence.

This conference report has been delayed many weeks due to disagreement over the administration's decision to ignore Israel's needs during the 3-month transition quarter. Their position was very short-sighted, placing meaningless budgetary considerations ahead of real policy needs. The conferees who refused to accept their position played an important role in making it possible for working out a compromise of $275 million in aid for Israel for the transition quarter. Certainly Israel could well use more aid, and we should never foreclose the possibility of a supplemental appropiration if the need arises. But I believe we have reaffirmed the principle that we must never shortchange prospects for peace and stability in the Middle East by cutting back on our support for Israel.

Mr. CONTE. Mr. Speaker, we are considering the conference report for foreign assistance appropriations for fiscal year 1976 and the July through September transition quarter. Fiscal 1976 is effectively over, and the transition quarter begins in a few days. In light of that fact, it is essential to complete the consideration and approval of this meassure at this time.

As my colleagues well know, the primary point of dispute in this bill has been over the levels of security supporting assistance and foreign military credit sales for mid-Eastern countries, especially Israel, for the transition quarter. As a firm supporter both of the administration's efforts to bring peace to the Middle East and of Israel's stability and security, I believe that the measure before us strikes a reasonable compromise.

This bill offers a balanced and well-planned program to support our interest in the Middle East. It includes $2.2 billion for Israel for 1976—$1.5 billion in security supporting assistance and $700 million in foreign military credit sales, and $275 million for Israel for the transition quarter—$75 million in security supporting assistance and $200 million in foreign military credit sales.

For Egypt, the bill contains $695 million in security supporting assistance for 1976, and $100 million in security supporting assistance for the transition quarter. These amounts will foster economic and social development within Egypt, thereby creating the preconditions to a continued and more permanent peace.

I am disappointed that more funding could not be provided, and I fought and it was my motion in conference for higher levels of support for Israel. But I believe that these amounts provide adequate support for Israel and the other nations of the Middle East, consistent with the necessity of staying within budgetary limitations during a period of austerity here in the United States.

I have been informed that the President will veto any attempt to increase the transition quarter levels of funding above those contained in the compromise measure before us. In order to eliminate the uncertainty surrounding the foreign assistance appropriation for this year, and to enable our allies to budget these funds into their programs, I believe that our interests and those of our allies would be best served by approving this conference report.

Let us not forget that this measure contains things other than security supporting assistance for the Middle East. It also contains a full range of funding for humanitarian and economic assistance programs. I am generally pleased with the levels of funding which came out of conference, and believe that this bill effectively responds to our humanitarian instincts and our worldwide responsibilities. I urge the adoption of this report.

Mr. SCHEUER. Mr. Speaker, this appropriation, providing funds for foreign economic assistance, contains $200 million for carrying out AID health and population planning programs. Of that amount, no less than $134 million will go for population planning programs. This appropriation demonstrates our commitment to helping the developing countries in their efforts to implement effective family planning programs.

The problem of population growth and the role of the United States should play in assisting the developing nations in controlling their growth rates continues to be an issue of overriding importance—Unless population growth is checked in many Asian, African, and Latin American countries, the rest of our assistance will have little impact in improving per capita income and the quality of life for most people in the developing world.

The world's population has already reached the 4 billion mark. About 70 percent of these people live in the developing world and account for over four-fifths of the world's yearly increase in population. Even if all families in the less-developed countries were to have an average of two children—an overly optimistic goal—their population would still increase two and a half times by the year 2050.

Today, it is estimated that between one-third and one-half of the world's people are chronically undernourished. As population increases, we must expect to observe a corresponding increase in the demand for food and improved standards of living. As little as 30 years ago, all of the areas of the world, except Western Europe, were net exporters of food. Today almost all of the world's food exports come from North America. It is becoming increasingly clear that we will no longer be able to expand food production at the same rate as during the past 10 years. Just this month, at a U.N. food conference in Rome, it was predicted that we would have severe world food shortages by 1985. Currently, inadequate food supplies will have to be stretched even further, if populations continue to expand at their current rates.

While the developing countries must take the initiative for implementing programs to control their own rates of population growth, the developed nations must also assume some responsibility by assisting those countries which have the will and determination to implement effective family planning programs. Sixty-five of the countries in the developing world now have such programs.

We now know that it takes from 5 to 10 years to develop an effective family planning program. Thus, our foreign assistance in this area is just beginning to show results. While we have not made as rapid progress as I would like, we have made real progress nonetheless.

Some countries, such as Korea and Taiwan, have been successful in bringing their birth rates down to below 30 per thousand over the last decade. Some larger countries, like Pakistan, Indonesia, and Bangladesh, which had difficulties at first in setting up and operating efficient programs in family planning, are now well on the way to implementing nationwide efforts.

During the past 10 years, there has been a marked improvement in the family planning delivery systems in these countries. Using indigenous midwives, local leaders, and encouraging easy access to different methods of fertility control, these countries are finally beginning to reach a substantial percentage of the fertile couples who require family planning assistance. And couples are utilizing this help because they have learned that spacing out children and reducing overall family size will help improve the health and welfare of their family.

Earlier this year, I visited several countries in Southeast Asia, where the population problem is most critical. I was most impressed by the initiative that the top leadership in some of these countries has taken in implementing their family planning programs. In Indonesia, I had the pleasure of meeting with President Suharto and discussing with him the population issue. Suharto is a strong backer of family planning in Indonesia. Accordingly at 6 p.m. every day, after the women come in from the fields, the Hindu temple bells in each village ring to remind the women that it is "pill time."

On the island of Bali, I was able to visit a banjar which is a village made up of anywhere from a few hundred to a thousand people. Each chief maintains a chart tacked up for public view on his porch, which shows each home in the village where there is a woman in her childbearing years, and which is color-coded to depict the kind of contraception the women of childbearing years in that household are using. Any woman who is not using some family planning method feels a bit of peer group pressure, an important means of encouraging the use of family planning among village members.

The statistics show the success of these innovative techniques in encouraging the use of family planning services. Of the 3,600 banjars on Bali, 1,200 now have organized family planning programs, and about 36 percent of the women of childbearing age are practicing some kind of family planning. Through this extensive family planning effort, Indonesia has succeeded in reducing its rate of population growth by more than one-tenth of 1 percent annually. Currently, the population of Indonesia is 134.7 million and the annual growth rate is 2.1 percent—down from 2.5 percent in 1965. While Indonesia's family planning efforts have been concentrated on the densely populated islands of Bali and Java, plans are now underway to extend family planning services to the outer islands.

When Indonesia and other developing countries show this type of commitment to reducing their population growth rates, it would be disastrous for us not to supplement and support their efforts by providing funds for international population programs.

Since the Bucharest World Population Conference, requests for assistance from governments and private family planning associations to carry out innovative people-oriented programs have increased tremendously. Most nations have removed restrictions on provision of family planning information and services to their populations. The need for contraceptive supplies and for government backing to see that these supplies are available in every household is greater than ever. We need, therefore, to increase our commitment to family planning assistance by supporting programs which will reach a larger number of the world's poor and which call for individual planning, participation, and self-reliance—all of which are today key objectives of our economic assistance program.

We cannot afford to relax in our commitment to assist the developing nations in controlling their population growth rates. I believe that we can be heartened by the vigor with which governments which have ongoing family planning programs are pursuing their population objectives.

I commend the chairman and the members of the committee for their recommendation that $134 million be available for the AID population program. Those countries which have demonstrated their commitment to family planning and their ability to use our aid effectively, deserve this support.

Mr. SHRIVER. Mr. Speaker, I have no requests for time.

Mr. PASSMAN. Mr. Speaker, I have no requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. THONE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 231, nays 158, not voting 43, as follows:

[Roll No. 471]

YEAS—231

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Ill.
Annunzio
Ashley
Aspin
Badillo
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bergland
Biester
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chappell
Chisholm
Clay
Cohen
Collins, Ill.
Conable
Conte
Corman
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Delaney
Dellums
Derwinski
Dodd
Downey, N.Y.
Drinan

Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Giaimo
Gilman
Goldwater
Gonzalez
Gradison
Green
Gude
Guyer
Hall, Ill.
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Heckler, Mass.
Heinz
Hicks
Holtzman
Horton
Howard
Hyde
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jordan
Koch
Krebs
Krueger
Lagomarsino
Leggett

Lehman
Lent
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mazzoli
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mollohan
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nowak
Oberstar
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pickle
Preyer
Price
Quie
Railsback
Rangel

Regula
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder

Schulze
Seiberling
Sharp
Shriver
Sikes
Simon
Smith, Iowa
Solarz
Stanton, J. William
Stark
Steiger, Wis.
Stokes
Stratton
Studds
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt

Vander Veen
Vanik
Vigorito
Walsh
Waxman
Whalen
Whitehurst
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Tex.
Zeferetti

NAYS—158

Abdnor
Allen
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baldus
Baucus
Bauman
Bennett
Bevill
Blouin
Bowen
Brinkley
Brown, Ohio
Broyhill
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Cornell
Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derrick
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
English
Evans, Ind.
Evins, Tenn.
Flowers
Flynt
Fountain
Frey

Fuqua
Gaydos
Gibbons
Ginn
Goodling
Grassley
Hagedorn
Haley
Hall, Tex.
Hammerschmidt
Hansen
Harsha
Hechler, W. Va.
Hefner
Henderson
Hightower
Holt
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jarman
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Latta
Levitas
Lloyd, Tenn.
Lott
Lujan
McDonald
Mahon
Mann
Martin
Mathis
Melcher
Milford
Miller, Ohio
Mills
Montgomery
Moorhead, Calif.
Mosher

Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Obey
Paul
Pettis
Pike
Poage
Pressler
Pritchard
Quillen
Randall
Risenhoover
Robinson
Rose
Roush
Rousselot
Runnels
Ruppe
Russo
Satterfield
Sebelius
Shipley
Shuster
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Staggers
Steed
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Waggonner
Wampler
Weaver
White
Whitten
Wiggins
Wylie
Young, Alaska
Young, Fla.
Zablocki

NOT VOTING—43

AuCoin
Biaggi
Brademas
Conlan
Conyers
Dent
Diggs
Dingell
Esch
Eshleman
Hays, Ohio
Hébert
Helstoski
Hillis
Hinshaw

Holland
Howe
Jones, Tenn.
Karth
LaFalce
Landrum
Litton
McDade
Matsunaga
Meeds
Moakley
Moffett
Pepper
Peyser
Rees

Riegle
Roberts
Sisk
Spellman
Stanton, James V.
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symington
Teague
Thompson
Udall

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Dent against.

Mr. Biaggi for, with Mr. Roberts against.

Mr. Pepper for, with Mr. Stuckey against.

Mr. Helstoski for, with Mr. Teague against.

Mr. Sisk for, with Mr. Jones of Tennessee against.

Mr. McDade for, with Mr. Conlan against.

Mr. Hillis for, with Mr. Steiger of Arizona against.

Mr. Steelman for, with Mr. Eshleman against.

Mr. Thompson for, with Mr. Landrum against.

Mrs. Spellman for, with Mr. Stephens against.

Mr. Matsunaga for, with Mr. Holland against.

Until further notice:

Mr. AuCoin with Mr. Brademas.
Mr. Moakley with Mr. Conyers.
Mr. Moffett with Mr. Dingell.
Mr. Riegle with Mr. Hays of Ohio.
Mr. Litton with Mr. Esch.
Mr. Symington with Mr. Howe.
Mr. Diggs with Mr. Karth.
Mr. LaFalce with Mr. Meeds.
Mr. Rees with Mr. Peyser.
Mr. James V. Stanton with Mr. Udall.

Mr. CARR and Mr. BURKE of Florida changed their vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 11, strike out: "$487,500,000" and insert $456,600,000".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$426,600,000".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: page 2, line 16, strike out "$121,900,000" and insert "$120,000,000".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$112,500,000".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 2, line 19, strike out "$180,000,000" and insert "$151,400,000."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert $146,400,000".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 2, line 20, insert: "That not less than $105,000,000 of such amount shall be available only for population planning: *Provided further,*".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 4 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "That not less than $103,000,000 of such amount shall be available only for population planning: *Provided further,*".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 14: Page 4, line 13, strike out: "$160,000,000, of which not more than $20,000,000 shall be available for the United Nations Children's Fund:" and insert: "$190,500,000: *Provided,* That not less than $1,000,000 of such amount shall be available only for the International Atomic Energy Agency to be used for the purpose of strengthening safeguards and inspections relating to nuclear fissile facilities and materials: *Provided further,* That such $1,000,000 shall remain available until expended: *Provided further,*".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 14 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$175,250,000: *Provided,* That not more than $20,000,000 shall be available for the United Nations Children's Fund: *Provided further,* That not less than $1,000,000 shall be available until expended only for the International Atomic Energy Agency to be used for the purpose of strengthening safeguards and inspections relating to nuclear fissile facilities and materials: *Provided further,*".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: Page 7, line 8, insert: "and 491A,".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "and 495A".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 25: Page 7, line 9, strike out "$20,000,000" and insert "$45,000,000".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 25 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: Page 7, line 9, insert: ": *Provided,* That of this amount $25,000,000 shall be available only for Guatemala disaster relief assistance".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 26 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 27: Page 7, line 11, insert: ": *Provided further,* That the President shall submit quarterly reports to the Committee on Appropriations of the United States Senate and to the Committee on Appropriations of the House of Representatives on the programing and obligation of funds appropriated for International Disaster Assistance."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 27 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 31: Page 9, line 5, insert: "Operating Expenses of the Agency for International Development,".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 31 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 32; Page 9, line 15, insert: None of the funds made available under this Act for "Food and nutrition, Development Assistance," "Population planning and health, Development Assistance," "Education and human resources development, Development Assistance," "Technical assistance, energy, research, reconstruction, and selected development problems, Development Assistance," "International organizations and programs," "United Nations Environment Fund," "American schools and hospitals abroad," "Indus Basin Development Fund," "International narcotics control," "African development program," "Security supporting assistance," "Operating Expenses of the Agency for International Development," "Middle East Special requirements fund," "Military assistance," "International military education and training," "Inter-American Foundation," "Peace Corps," "Migration and refugee assistance," or "Assistance to refugees from the Soviet Union or other Communist countries in Eastern Europe," shall be available for obligation for activities, programs, projects, type of materiel assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings for the current fiscal year without the express approval of the Appropriations Committees of both Houses of the Congress, and of the Foreign Relations Committee of the Senate and the International Relations Committee of the House of Representatives.

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 32 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"None of the funds made available under this Act for "Food and nutrition, Development Assistance," "Population planning and health, Development Assistance," "Education and human resources development, Development Assistance," "Technical assistance, energy, research, reconsruction, and selected development problems, Development Assistance," "International organizations and programs," "United Nations Environment Fund," "American schools and hospitals abroad," "Indus Basin Development Fund," "International narcotics control," "African development program," "Security supporting assistance," "Operating Expenses of the Agency for International Development," "Middle East Special requirements fund," "Military assistance," "International military education and training," "Inter-American Foundation," "Peace Corps," "Migration and refugee assistance," or "Assistance to refugees from the Soviet Union or other Communist countries in Eastern Europe," shall be available for obligations for activities, programs, projects, type of materiel assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings for the current fiscal year without the approval of the Appropriations Committees of both House of the Congress."

Mr. PASSMAN (during the reading). Mr. Speaker, I ask unanimous consent that the remainder of the motion be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 36: Page 11, line 15 strike out $25,200,000 and insert: "$411,575,000".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 36 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$269,700,000".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 37: Page 11, line 15 insert: ": *Provided*, That of the funds appropriated under this paragraph, $173,750,000 shall be allocated to Egypt, $175,000,000 shall be allocated to Israel, $18,125,000 shall be allocated to Jordan, and $20,000,000 shall be allocated to Syria."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 37 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided*, That of the funds appropriated under this paragraph, $75,000,000 shall be allocated to Israel, $100,000,000 shall be allocated to Egypt, $60,000,000 shall be allocated to Jordan, and $15,000,000 shall be allocated to Syria".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 38: Page 11, line 20, insert:

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 38 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 39: Page 11, line 22, insert:

For "Operating Expenses of the Agency for International Development", $194,600,000.

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 39 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 40: Page 11, line 24, insert: For "Operating Expenses of the Agency for International Development" for the period July 1, 1976, through September 30, 1976, $55,500,000.

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 40 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 47: Page 16, line 25, strike out: "The payments due in 1976, 1977, 1978, 1979, and 1980" and insert: "All amounts due and owing."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 47 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate Amendment No. 48: Page 17, line 9, strike out "deferred from repayment until 1981." and insert "waived and forgiven."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of Senate numbered 48 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate Amendment No. 52: Page 18, line 22, strike out: "$30,000,000" and insert $212,200,000".

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 52 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$140,000,000".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 53: Page 18, line 23 insert: "*Provided*, That of the amount provided for the total aggregate credit sale ceiling during the period July 1, 1976 through September 30, 1976, not less than $375,000,000 shall be allocated to Israel."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 53 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided*, That of the amount provided for the total aggregate credit sale ceiling during the period July 1, 1976 through September 30, 1976, not less than $200,000,000 shall be allocated to Israel".

The SPEAKER. The gentleman from Louisiana (Mr. Passman) is recognized for 30 minutes.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, could the gentleman from Louisiana (Mr. Pass-

MAN) tell us why we are forgiving $100 million?

Mr. PASSMAN. I did not hear the gentleman.

Mr. ROUSSELOT. Could the gentleman tell us why in receding from this position we are forgiving $100 million?

Mr. PASSMAN. There is no forgiveness in this bill. The forgiveness is provided for in the authorizing legislation. We are following the provisions contained in the authorizing legislation.

Mr. ROUSSELOT. I understand.

Mr. PASSMAN. It passed the House last Tuesday, as the gentleman knows.

Mr. ROUSSELOT. Yes, I remember; but why are we doing that? Can the gentleman explain why we are forgiving $100 million?

Mr. PASSMAN. It is our understanding, and I think the record is absolutely clear, that they are not in a position of repaying the loans for all these purchases, so half of it is forgiven.

Mr. ROUSSELOT. Therefore, we are just forgiving $100 million.

Mr. PASSMAN. They have one of the largest per capita debts in the world.

Mr. ROUSSELOT. In other words, we are just nice guys.

The SPEAKER. The question is on the motion offered by the gentleman from Louisiana (Mr. PASSMAN).

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 55: Page 19, line 9, insert: "*Provided*, That of this amount $7,867,000 shall be for Peace Corps volunteer readjustment allowances, as atuhorized by Public Law 94–130."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PASSMAN moves that the House recede from its disagreement to the amendment of the Senate numbered 55 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided*, That of this amount $7,599,000 shall be for Peace Corps volunteer readjustment allowances, as authorized by Public Law 94–130".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 57: Page 19, line 14, insert: "*Provided*, That of this amount not less than $2,776,000 shall be used to fund Peace Corps volunteer readjustment allowances, as authorized by Public Law 94–130."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PASSMAN moves that the House recede from its disagreement to the amendment of the Senate numbered 57 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided*, That of this amount not less than $2,684,000 shall be used to fund Peace Corps volunteer readjustment allowances, as authorized by Public Law 94–130".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 72: Page 27, line 1, insert:

"SEC. 506. Beginning three months from the date of enactment of this Act, no part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act unless (1) such debt has been disputed by such country prior to the enactment of this section or (2) such country has either arranged to make payment of the amount in arrears or otherwise taken appropriate steps, which may include renegotiation, to cure the existing default."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PASSMAN moves that the House recede from its disagreement to the amendment of the Senate numbered 72 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 73: Page 27, line 14, insert:

"SEC. 507. The amounts appropriated in this Act shall be available only upon the enactment of authorizing legislation."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PASSMAN moves that the House recede from its disagreement to the amendment of the Senate numbered 73 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

CONCERNING CONFERENCE REPORT ON H.R. 12203, FOREIGN ASSISTANCE APPROPRIATION, 1976

(Mr. PASSMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PASSMAN. Mr. Speaker, the conference report we have just agreed to contains $450 million for the Sinai peacekeeping package. This is the compromise worked out recently which contains $200 million for military credit sales for Israel, $75 million in economic assistance for Israel, $100 million in economic aid for Egypt, $60 million in economic aid for Jordan, and $15 million in economic aid for Syria. The Senate bill contained higher figures but we think this is a fair compromise hopefully acceptable to all parties.

GENERAL LEAVE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to, and that I may include certain extraneous material and tables.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

CONFERENCE REPORT ON S. 268, DESIGNATING EAGLES NEST WILDERNESS, ARAPAHO AND WHITE RIVER NATIONAL FORESTS IN COLORADO

Mr. MELCHER submitted the following conference report and statement on the Senate bill (S. 268) to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado:

CONFERENCE REPORT (H. REPT. No. 94–1308)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 268) to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with amendments as follows:

(1) On page 1, line 6, strike out "May 1973" and insert in lieu thereof "June 1976".

(2) On page 1, lines 11 and 12, strike out "one hundred and thirty six thousand seven hundred and fifty" and insert in lieu thereof "one hundred thirty-three thousand nine hundred ten".

(3) On page 2, lines 2 and 3, strike out "Interior and Insular Affairs Committees" and insert in lieu thereof "Committees on Interior and Insular Affairs".

(4) On page 2, line 4, between "such" and "description" insert "map and".

(5) On page 2, line 7, strike out "legal description and map" and insert in lieu thereof "map and description".

And the House agree to same.

JOHN MELCHER,
PHILLIP BURTON,
LLOYD MEEDS,
GOODLOE E. BYRON,
JIM SANTINI,
PAUL E. TSONGAS,
JAMES WEAVER,
SAM STEIGER,
DON H. CLAUSEN,
JAMES P. JOHNSON,
Managers on the Part of the House.

HENRY M. JACKSON,
LEE METCALF,
FLOYD K. HASKELL,
JAMES ABOUREZK,
MARK O. HATFIELD,
JAMES A. MCCLURE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE CONFERENCE COMMITTEE

The managers on the part of the Senate and the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 268) to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado, submit the following joint statement to the Senate and to the House in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with amendments thereto.

The differences between the Senate bill, the House amendment, and the amendments to the House amendment agreed to by the conference committee, are discussed below.

THE WILDERNESS

All three proposals—the Senate bill, the House amendment, and the amendments to the House amendment agreed to by the conferees (the "conference committee amendments")—would designate as a component of the National Wilderness Preservation System the Eagles Nest Wilderness in the Arapaho and White River National Forests in the State of Colorado.

This area was first set aside as the Gore Range-Eagles Nest Primitive Area by administrative action on June 19, 1932. Subsection 3(b) of the Wilderness Act of 1964 (78 Stat. 890, 891) directed the Secretary of Agriculture to study all primitive areas to determine their suitability to be components of the National Wilderness Preservation System established by that Act. The study of the Gore Range-Eagles Nest Primitive Area was completed in 1971 and, on February 8, 1972, the President submitted to the Congress an 87,755 acre Eagles Nest Wilderness proposal.

Both the Senate bill and the House amendment would abolish the classification of the Gore River-Eagles Nest Primitive Area and establish a wilderness larger than that proposed to the Congress in 1972: the Senate bill's proposed wilderness contains 130,080 acres*; whereas the House amendment would designate a 136,750 acre wilderness. The 6,670 acre difference between the Senate bill and House amendment results from boundary differences in eleven areas.

The conference committee admendments provide for the designation of a 133,910 acre wilderness. Of the eleven areas in which the boundaries of the wildernesses to be designated by the Senate bill and the House amendment differ, the conference committee chose to adopt the boundary proposed by the Senate bill in nine areas and the boundary proposed by the House amendment in two areas. The conferees also agreed not to insert in the conference amendments a management provision included in the Senate bill but absent from the House amendment. The conferees' actions are discussed below.

RESOLUTION OF BOUNDARY DIFFERENCES

The eleven areas in which the Senate bill and the House amendment propose differing wilderness boundaries are set out below, together with a description of the action taken in each case by the conferees and the reason therefor.

1. Cataract Lake. The House amendment to the Senate bill would add 160 acres on the northeastern shore of Cataract Lake on the northern boundary of the proposed wilderness. The conferees agreed to maintain the Senate bill's boundary. This boundary would exclude from the wilderness the following non-conforming uses associated with a Forest Service campground: two cabins valued at $60,000, a single lane dirt road with drainage structures, an 18 car parking lot, two residences, a primitive toilet, a horse unloading ramp, a boat ramp, and a 6 unit campground which includes a water system constructed at a cost of $135,000. The lake would remain in the wilderness so as to exclude motor boat use and limit access to most of the shoreline to non-motorized means.

2. Black Lake. The House amendment to the Senate bill added 570 acres around Black Lake on the northeastern boundary of the proposed wilderness. The conferees agreed to maintain the Senate bill's boundary. This boundary would exclude from the wilderness approximately 520 acres of private land involving significant developments, including a resort, outbuildings and cabins, a boat dock, and a road of sedan standard.

3. Slate Creek. The House amendment to the Senate bill would add 170 acres along Slate Creek on the eastern boundary of the proposed wilderness. The conferees agreed to maintain the Senate bill's boundary. This boundary would exclude from the wilderness approximately 162 acres of private land and a road.

4. Harrigan and Boulder Creeks. The House amendment to the Senate bill would delete 450 acres in the area of Harrigan and Boulder Creeks along the eastern boundary of the proposed wilderness. The conferees accepted the House amendment's boundary which is drawn on topographical features and not section lines and, therefor, would be more manageable.

5. South Rock Creek. The House amendment to the Senate bill would add 85 acres in the area of South Rock Creek on the edge of the eastern boundary of the proposed wilderness. The conferees agreed to maintain the Senate bill's boundary. This boundary would exclude from the wilderness a collection ditch for irrigation purposes. According to the Forest Service, this ditch is under permit to the Maryland Creek Ranch, has been reconstructed within the last seven years, and requires periodic maintenance with a bulldozer and backhoe.

6. Maryland Creek. The House amendment to the Senate bill would add 640 acres in the area of Maryland Creek on the eastern boundary of the proposed wilderness. The conferees agreed to maintain the Senate bill's boundary. This boundary would exclude from the wilderness land at an elevation which would permit the Board of Water Commissioners of the City and County of Denver (the "Denver Water Board") to construct approximately half of the 40 mile gravity flow conduit it had originally proposed for its East Gore Collection System. This System would, if constructed, divert 70,000 acre feet of water produced in the wilderness into Dillon Reservoir. From the Reservoir the water would be transported under the Continental Divide through the Roberts Tunnel for municipal use by Denver and other front range municipalities. The gravity flow conduit is the facility through which the water would flow from the diversion points to Dillon. Under the House amendment, the Water Board would have to interrupt the gravity flow system and construct pumping facilities to transport the East Gore Collection System water from the northern boundary to the southern boundary of the Maryland Creek area. The conference committee amendments would permit the construction and operation of an uninterrupted conduit in this area.

7. Ryan Gulch. The House amendment to the Senate bill would add 470 acres in the Ryan Gulch area on the eastern boundary of the proposed wilderness. The conferees agreed to maintain the Senate bill's boundary. The reason is set forth in 8. below.

8. Lilly Pad Lake. The House amendment to the Senate bill would add 175 acres in the area around Lilly Pad Lake on the eastern boundary of the proposed wilderness. The conferees agreed to maintain the Senate bill's boundary. This boundary and the Senate bill's boundary in the Ryan Gulch area were originally requested by officials of Summit County. These boundaries would draw the wilderness back from populated areas of private land. They would permit the establishment of a more manageable boundary from the standpoints of both protecting the wilderness and providing proper public services (e.g. police and fire protection) to the residential property.

9. Frisco area. The House amendment to the Senate bill would add 30 acres to the proposed wilderness on the eastern boundary thereof near the town of Frisco. The conferees agreed to maintain the Senate bill's boundary. This boundary would exclude from the wilderness the site of the eastern portal of the eight mile Vail tunnel which the Denver Water Board proposes to construct under the wilderness as part of the Eagle-Piney Collection System. This System, if constructed, would collect 100,000 acre feet of water from the Eagle River and Piney River drainages (70,000 acre feet of which is produced in the wilderness) to the west and south of the wilderness and transport the water through the Vail tunnel under the wilderness to the Dillon Reservoir on the eastern side of the wilderness. The Denver Water Board has also designed a second 100,000 acre foot collection system—the Eagle-Colorado—which would also use the Vail tunnel. The total of 200,000 acre feet would then be transported in the same manner and for the same purpose as contemplated for the water of the East Gore Collection System as described in 6, above.

10. Corral Creek. The House amendment to the Senate bill would add 510 acres in the Corral Creek area on the southwestern boundary the proposed wilderness. The conferees agreed to maintain the Senate boundary. This boundary would exclude from the wilderness an area which was timbered in the late 1940's and early 1950's. Several other areas in the southern portion of the proposed wilderness also were timbered; however, most of the cuts were made in the 1920's and early 1930's using horsepower which minimized the impact on the areas. These areas are reverting to their natural state and already do possess the requisite wilderness characteristics. The conferees agreed that the wilderness values of the Corral Creek area were diminished not only by the more recent timber cutting but also by the area's proximity to, and potential sight and sound intrusion of, Inter-state 70 which runs parallel to, and less than a mile west of, the House amendment's boundary.

11. Booth, Pitkin, Bighorn, and Main Gore Creeks. The House amendment to the Senate bill would add 3590 acres in the drainages of Booth, Pitkin, Bighorn, and Main Gore Creeks on the western boundary of the proposed wilderness. The conferees chose the House amendment's boundary with one small change. This change would exclude from the wilderness approximately 30 acres along Booth Creek. On this site, the Vail Water and Sanitation District owns and operates, under Forest Service permit, a 2.5 million gallon per day raw water treatment plant and a 1.5 million gallon treated water reservoir.

The remaining 3560 acres which would be made part of the wilderness by the conference committee amendments contain the diversion points for an annual volume of 28,000 acre feet, or 28%, of the water to be collected by the Eagle-Piney Collection System and the site of the western portal to the Vail tunnel. The conferees recognized that inclusion of this area would require the reestablishment of proposed diversion points downstream from their existing sites, a redesigning of the Eagle-Piney Collection System, and a potential increase in construction and operating costs due to, among other things, the necessity of substituting higher cost pumping facilities for the planned gravity-flow facilities. The conferees were mindful, however, of the truly significant wilderness values of this area. In particular, the Colorado Division of Wildlife has testified that the area provides critical wildlife habitat; most importantly, it serves as a winter range and lambing area for the Gore Range bighorn sheep herd.

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*This and all other figures concerning the Senate bill and House amendment are updated figures which were supplied to the conference committee by the Forest Service. The figures contained in Senate report (94–172) will differ from these corrected figures. Any acreage figures, however, are only estimated. Therefore in the conference committee amendments, as in all wilderness legislation, legal force is given only to the map and the legal description of the wilderness area prepared by the Forest Service after enactment.

THE MANAGEMENT PROVISION

The Senate bill contains a management provision (section 4) which is absent from the House amendment. This provision addresses the issue of the authority of the Secretary of Agriculture to authorize, subject to whatever regulations he believes to be necessary, the construction and operation of the Vail tunnel under the wilderness. The purpose of the provision is to insure that the Senate bill could not be construed as altering the Secretary's authority under the Wilderness Act; in short, it was to maintain neutrality as to the scope of that authority. The history of this issue is discussed in the Senate report (report No. 94-172). The Senate conferees agreed not to include the provision in the conference committee amendments with the understanding that the joint explanatory statement make it clear it is not the intent of the conferees in omitting this provision to either enlarge or diminish the authority of the Secretary to permit the construction and operation of the tunnel.

CONFERENCE COMMITTEE AMENDMENTS

The specific conference committee amendments to the House amendment to the Senate bill are as follows:

1. The map reference in the House amendment is changed so as to reflect the conferees' decision to follow the Senate bill's boundary in nine areas, and the House amendment's boundary in two areas, where the boundaries of the Senate bill and the House amendment differ. The map reference change is made by altering the date of the map from May 1973 to June 1976.

2. As a result of the decisions on boundaries, the conference committee amendments would establish a wilderness the area of which would be 2,840 acres less than the 136,750-acre wilderness to be designated by the House amendment and 3,110 acres more than the 130,800-acre wilderness to be designated by the Senate bill. Accordingly, the acreage given in the House amendment must be altered by deleting the figure of 136,750 and inserting the figure of 133,910.

3. The conference committee amendments include a technical change to provide the proper title of the committees of Congress with which the wilderness map and legal description are to be filed by the Secretary of Agriculture after enactment of the legislation.

4 and 5. Two other technical changes agreed to by the conferees and included in the conference committee amendments would make the references to the wilderness map land legal description identical to those in the Senate bill. The House amendment has an inadvertent omission of one such reference.

JOHN MELCHER,
PHILLIP BURTON,
LLOYD MEEDS,
GOODLOE E. BYRON,
JIM SANTINI,
PAUL E. TSONGAS,
JAMES WEAVER,
SAM STEIGER,
DON H. CLAUSEN,
JAMES P. JOHNSON,
Managers on the Part of the House.

HENRY M. JACKSON,
LEE METCALF,
FLOYD HASKELL,
JAMES ABOUREZK,
MARK O. HATFIELD,
JAMES A. MCCLURE,
Managers on the Part of the Senate.

EXTENSION OF CERTAIN TEMPORARY PROVISIONS UNDER SSI AND CHILD SUPPORT PROGRAMS

Mr. CORMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 14484) to make permanent the existing temporary authority for reimbursement of States for interim assistance payments under title XVI of the Social Security Act, to extend for 1 year the eligibility of supplemental security income recipients for food stamps, and to extend for 1 year the period during which payments may be made to States for child support collection services under part D of title IV of such act, which was unanimously reported favorably to the House by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. KETCHUM. Mr. Speaker, reserving the right to object, and I shall not object, I would ask the gentleman from California (Mr. CORMAN) the chairman of the subcommittee, if the gentleman would give us a brief explanation of this bill.

Mr. CORMAN. Mr. Speaker, will the gentleman yield?

Mr. KETCHUM. Certainly I yield to the gentleman.

Mr. CORMAN. Mr. Speaker, I urge support of H.R. 14484. It is vital that the Congress act on this bill immediately, since it deals with provisions in the SSI and AFDC programs which will expire on June 30.

H.R. 14484 was reported out of the Committee on Ways and Means without opposition. The Congressional Budget Office has indicated that there will be no budgetary cost for any provisions of the bill.

H.R. 14484 would make permanent the existing authority for providing Federal reimbursement to States under the interim assistance reimbursement program. Such payments are made to individuals awaiting final determination on their applications for benefits from the SSI program for the aged, blind, and disabled. This program was established to alleviate hardships on potential SSI recipients resulting from delays in determination of SSI eligibility. Federal reimbursement is made only for applicants who are subsequently determined to be eligible for SSI payments.

The second provision of H.R. 14484 would delay for 1 year, or until comprehensive food stamp reform legislation is enacted, a provision of Public Law 93-86 now scheduled to go into effect on July 1. Under this law, a complicated procedure would be required whereby each recipient would have his eligibility determination made on the basis of whether his current income is larger or smaller than that he received or would have received in December 1973—prior to the implementation of the SSI program.

The third provision in H.R. 14484 would continue for 1 year Federal matching for State child support programs for nonwelfare recipients. Current law mandates States to make available child support collection and enforcement services to welfare recipients and those not on welfare who request such services. It is intended that these programs for nonwelfare recipients will become self-supporting by way of the fees collected for the services, but the programs have not yet become fully implemented to that point. Thus, Federal matching for these services would continue for 1 more year, as a part of the effort to reduce the number of families which may have to obtain AFDC because of the lack of child support provided by an absent father.

Mr. Speaker, I urge passage of H.R. 14484.

Mr. KETCHUM. Mr. Speaker, further reserving the right to object, and again I shall not object, the statement made by the gentleman from California (Mr. CORMAN) the chairman of the subcommittee, is 100 percent accurate. The minority side has no objection to this bill.

Mr. Speaker, H.R. 14484 has broad support among the minority members of the Committee on Ways and Means. The Subcommittee on Public Assistance unanimously reported the bill to the full committee after hearing the testimony of administration witnesses on the subjects involved. The legislation would make no substantive changes in current law, but only extend certain existing authorities beyond their June 30, 1976, expiration date.

The Department of Health, Education, and Welfare has sought extension of the interim assistance reimbursement authority for the supplemental security income—SSI—program. Established to avoid hardship upon potential SSI recipients during the period of their eligibility determination, the program provides Federal reimbursement to States for assistance they render to persons awaiting a final determination on their SSI application. Reimbursement is made only with respect to individuals subsequently determined to be eligible. Twenty-four States and the District of Columbia presently participate in this program, which would become permanent under this legislation.

The Department also sought extension of the present relationship between SSI and the food stamp program. Except in the "hold harmless" States where an equivalent bonus is provided in benefits, under current law, SSI beneficiaries are entitled to purchase food stamps. Unless we adopt the legislation before us, eligibility provisions of Public Law 93-86 which are commonly regarded as excessively costly and administratively unworkable will take effect. Congress twice before has acted in the manner proposed here. We are hopeful that the Agriculture Committee soon report a food stamp refrom bill which will more substantially address the fundamental issues of food stamp eligibility for SSI recipients, and that extension beyond that proposed here will be unnecessary.

The Department did not request extension of the authority for Federal financial participation in the child support collection program for nonwelfare cases, on the grounds that such services can be provided through a fee. However, because this program is just getting started in many States, and in light of the fact that the original intention of Federal financial participation was to assist States in its establishment, the minority members have not objected to its extension for an additional year.

I urge the adoption of this legislation.

Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER**. Is there objection to the request of the gentleman from California (Mr. CORMAN).

Mr. **BAUMAN**. Mr. Speaker, reserving the right to object, I just wanted to ask the gentleman for his assurance that this bill contains no future difficulties for any of these programs that are outlined. This way of doing things has now become a traditional event. The gentleman from California brings in bills amending this law in this area and it seems that it is always on the eve of an expiration date and comes to us, and again I will say, it seems always on the eve of a congressional recess. When the programs appear to be collapsing this seems to be the way. It also seems we have to come back several times to amend subsequent mistakes that have occurred because of this procedure. I just want the gentleman's personal assurance, which I will take to be as good as gold.

Mr. **CORMAN**. Mr. Speaker, will the gentleman yield?

Mr. **BAUMAN**. I yield to the gentleman from California.

Mr. **CORMAN**. I thank the gentleman for yielding.

Within my capacity as a legislator, the gentleman has my assurance.

Mr. **BAUMAN**. I will have to take the gentleman's word on that.

Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER**. Is there objection to the request of the gentleman from California (Mr. CORMAN).

There was no objection.

The Clerk read the bill as follows:

H.R. 14484

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

INTERIM ASSISTANCE

SECTION 1. Section 1631(g) of the Social Security Act is amended by striking out paragraph (6).

FOOD STAMP ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

SEC. 2. Section 8 of Public Law 93–233 is amended, subject to such further modifications as may hereafter be made in the provisions of law involved, by striking out "the 30-month period beginning January 1, 1974" where it appears—

(1) in the matter preceding the colon in subsection (a)(1), and in the new sentence added by such subsection, and

(2) in subsections (a)(2), (b)(1), (b)(2), (b)(3), and (e).

and by inserting in lieu thereof in each instance "the period ending June 30, 1977".

CHILD SUPPORT COLLECTION PAYMENT

SEC. 3. Section 455(a) of the Social Security Act is amended by striking out "June 30, 1976" in the matter following paragraph (2) and inserting in lieu there "June 30, 1977".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAKING IN ORDER ON TOMORROW CONSIDERATION IN THE HOUSE OF CONFERENCE REPORT ON H.R. 14237, AGRICULTURE APPROPRIATIONS, 1977

Mr. **WHITTEN**. Mr. Speaker, I ask unanimous consent that it be in order on tomorrow to consider in the House the conference report on the Agriculture appropriations bill, H.R. 14237.

The **SPEAKER**. Is there objection to the request of the gentleman from Mississippi?

Mr. **ROUSSELOT**. Mr. Speaker, reserving the right to object, would the gentleman explain why he makes this request?

Mr. **WHITTEN**. Mr. Speaker, if the gentleman will yield, first, at this stage of the session I think it will be well to get anything behind us that we can, on the one hand. Second, the bill is almost without change substantially the bill as the House approved it in final passage. The report was given to this House and the Senate.

Not only that, I have a personal obligation on Thursday morning which cannot be helped, so it is a matter of getting it out of the way as soon as we can.

Mr. **ROUSSELOT**. Also the gentleman is trying to overcome the 3-day rule?

Mr. **WHITTEN**. That is the reason for the request.

Mr. **ROUSSELOT**. I appreciate the gentleman's explanation.

Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore (Mr. MCFALL). Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE INTEGRITY OF THE HOUSE

(Mr. **BAUMAN** asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. **BAUMAN**. Mr. Speaker, this morning the Baltimore Sun has a lead editorial entitled "The Integrity of the House," part of which I would like to read to this body. It deals with the recent conversion of the majority party to the view that the House affairs, financial and otherwise, ought to be brought out into the open. It notes the majority party has recently been converted to "reform," and I quote:

> But not too much, for the leaders of the party have made it clear that they are more interested in the appearance of reform than they are in reform, itself.
>
> That is a harsh charge, but consider that speaker after speaker at the Democratic caucus urged their colleagues to vote for a reform package not on the grounds that the reforms were right and proper but on the grounds that the Republicans must not be given the reform issue.

And then they go on to note:

> They knew that meant that "reform" in 1976 would be what Democrats alone decided it ought to be. The public, the public interest lobbies, and the Republicans would be shut out—exactly as they have been since 1971.

I hope the majority leadership and the House Administration Committee will take note of the widening and broadening public awareness of exactly what the majority party is trying to force on the House and allow the full House to work its will on true reform.

The editorial follows:

THE INTEGRITY OF THE HOUSE

> Five years ago Democrats in the House of Representatives overrode Republican objections and enacted a law that gave to a single committee—Wayne Hays' House Administration Committee—the power to decide in secret how much money members would get for what purposes and other such housekeeping details. Formerly those decisions had been made in full sight of the public in the normal legislative process—hearings, floor debate, vote. As a predictable result of the change, the House is now enmeshed in scandal involving improper uses of expense accounts and payrolls which were either shielded or encouraged or practiced by the Hays committee. So last week House Democrats decided they had been wrong in 1971. They voted in caucus to join Republicans on the floor and kill the 1971 law. For this—and for disposing of Wayne Hays as chairman—they deserve credit. But not too much, for the leaders of the party have made it clear that they are more interested in the appearance of reform than they are in reform, itself.
>
> That is a harsh charge, but consider that speaker after speaker at the Democratic caucus urged their colleagues to vote for a reform package not on the grounds that the reforms were right and proper but on the grounds that the Republicans must not be given the reform issue. Also consider that while agreeing that the 1971 law must be killed, a majority of the Democrats insisted that the first new reform package be enacted by the House Administration Committee under that very law. They knew that meant that "reform" in 1976 would be what Democrats alone decided it ought to be. The public, the public interest lobbies, and the Republicans would be shut out—exactly as they have been since 1971. Furthermore, according to Representative Robert Bauman of the Eastern Shore, those Democratic reform proposals contain clever loopholes that would allow the committee to continue to raise members' expense accounts on its own and in private. If that is true, and it seems to be, what a cynical exercise the Democratic leadership is engaged in.
>
> The House Administration Committee is scheduled to vote today on whether to put the Democratic reform package into effect as is—under the now discredited 1971 law—or to let the issue go to the floor of the House for a debate and give and take in full public view. The latter course is more in keeping with the true spirit of reform.

JUSTICE DEPARTMENT SHOULD SHOW GOOD FAITH VIS-A-VIS ANTI-BUSING BILL

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. Edwards) is recognized for 10 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, on June 24, I joined in introducing H.R. 14553, the antibusing bill proposed by the President. I applaud the President's effort in trying to cut back on forced busing and his proposal to terminate Federal court control of local school systems within 5 years. While the bill leaves much to be desired, it is, nevertheless, a start toward returning control of our schools to local officials.

But, Mr. Speaker, the President's proposed legislation will not produce any noticeable result if the Justice Department does not show good faith. And so many of us are skeptical of the practical effect of a law which might embody the proposed changes.

For example, the bill calls for a citizens advisory commission made up of a cross section of citizens from all parts of the country. This Commission would work with local school boards in setting up biracial citizen groups who could make recommendations for solving potential or present integration problems. That is great if anybody at the Justice Department will listen to the biracial citizen group when it makes a recommendation. But experience tells us that in practice the Justice Department does not really work that way.

A case in point: The Mobile County Public School system desperately needs to construct a new high school. Under court order, it cannot be built until the Federal district court approves the location. So a biracial advisory committee was set up to make a recommendation as to location and curriculum. The committee is a mirror image of the community—black, whites, professionals, housewives, clergy, labor. For many months they toiled. There was much debate, considerable effort, some compromise and finally a plan was devised. It was approved by the school board, the NAACP, the local representative of the Justice Department and had the general support of the people of Mobile County. It was assumed that the plan would be submitted to the Court and that the people would soon have the long-awaited high school under construction.

Well, Mr. Speaker, a few weeks ago the matter was set for hearing by the Court and, much to everyone's surprise, in walked the Justice Department lawyers with a brief in opposition. Needless to say, the school board was shocked. But I am told that the Judge really "hit the ceiling."

Now, Mr. Speaker, the matter has been further delayed until September because of the Justice Department's 11th-hour protest.

The point of all this is that one might ask; why all the effort to set up citizen biracial advisory committees if nobody at the Justice Department is willing to listen to them? There has to be an end to these cases some day, but a system that allows a few Justice Department lawyers to completely frustrate a community-wide effort, a biracial committee, the NAACP, a school board and all others who are striving to educate our children, is flawed. When a community shows good faith, I think it has a right to expect a little good faith on the part of the Justice Department.

As I said, Mr. Speaker, the school board is very upset about the actions of the Justice Department and on June 9, the board passed a resolution concerning this matter. I include the resolution to be printed in the Record at this point:

Resolution

Whereas, the Board of School Commissioners, working under a United States District Court Order of 1971 has, with the assistance of the majority of the citizens of Mobile County achieved a truly unitary system of education for the boys and girls of Mobile County, Alabama, and such unitary system has been and is proceeding well; and

Whereas under the said Court Order it was necessary to establish plans for a new school in Toulminville as well as a new school on Wolf Ridge Road, which plans have been submitted to the Federal Court, with the concurrence and approval of the NAACP, the Bi-racial Committees and the local representative of the U.S. Department of Justice; and

Whereas, the U.S. Department of Justice has had knowledge of the plan for a great length of time, but has seen fit to file objections and make such approval by the Court impossible to achieve before September, 1976 by eleventh hour objections; and

Whereas, the plan presented calls for construction of a school in the Toulminville areas, which such school would provide an alternative program not now being offered in the School System, as well as a regular comprehensive high school program, thereby providing for unique options for students attending the Toulminvills School, noting that an elective vocational alternative high school has already been provided for students which has resulted in a unitary system; now, therefore, be it

Resolved by the Board of School Commissioners of Mobile County that the eleventh hour action of the United States Department of Justice in intervening in this matter be deplored, particularly when the plans have the support of a cross section of the community, including the NAACP, the Bi-racial Committees and the local representative of the U.S. Department of Justice, as well as the Board and its professional staff, and be it further resolved that a copy of this Resolution be forwarded to the President of the United States, to the Secretary of Health, Education and Welfare, to the Attorney General of the United States and to both Senators and all Representatives of the State of Alabama in the United States Congress and that a copy of this Resolution be spread upon the permanent minutes of the Board.

AMERICAN BAR ASSOCIATION SUPPORTS THE "GOVERNMENT IN THE SUNSHINE" BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. Abzug) is recognized for 15 minutes.

Ms. ABZUG. Mr. Speaker, this week the House will consider the "Government in the Sunshine" bill, H.R. 11656, which will for the first time in our history open to public observation meetings of Federal independent agencies. This bill is the product of hearings and careful consideration by the Government Information and Individual Rights Subcommittee, which I chair, the Administrative Law and Governmental Relations Subcommittee, chaired by my distinguished colleague, Walter Flowers, and the full Government Operations and Judiciary Committees.

I have received from the American Bar Association a letter addressing a number of the points of contention regarding the Sunshine bill. While I do not agree with the ABA's position on this bill in every respect, I think it important that their letter be placed in the public record.

The ABA opposes any change in the definition of what constitutes a meeting if it would eliminate conference calls at which business is conducted or gatherings at which business is conducted. The ABA recommends—and the present version of the bill provides—that an incidental, casual or chance meeting is not a "meeting" so long as no agency business is conducted there.

The ABA also agrees with the Government Operations Committee that an agency which deletes exempt matter from a meeting transcript should be required to provide, in lieu of the deleted matter, the reason and statutory basis for the deletion. This will give an interested person some general idea of what kind of material has been deleted without revealing anything that is exempt from disclosure under the bill's 10 exemptions.

Finally, the ABA supports the bill's provision permitting any person to bring suit to challenge the closing of a meeting. If we are to open meetings to any citizen, then surely, we must give every citizen the right to seek redress if his right to attend is denied or abridged. I note in connection with this provision of the legislation that the general public will not have the right to overturn substantive action taken at an unlawfully closed meeting, but only to require the release of the nonexempt portions of the transcript and perhaps to secure a court order against future violations of the open meeting provisions of the law.

The full text of the American Bar Association's letter follows:

American Bar Association,
Washington, D.C., May 26, 1976.

Hon. Bella Abzug,
Chairwoman, Subcommittee on Government Information and Individual Rights, Committee on Government Operations, U.S. House of Representatives, Washington, D.C.

Dear Chairwoman Abzug: On behalf of the American Bar Association I wish to reiterate our previously expressed support for enactment of the proposed "Government In The Sunshine Act". I understand that the House of Representatives soon will consider this bill, H.R. 11656, on which I want to convey our particular views concerning specific sections and amendments.

The Association supports the policy of opening the meetings of multimember federal agencies to public view, but recognizes the equally important policies of protecting the rights of persons and encouraging the fair and effective functioning of government. Thus, the important policy of openness is a means of achieving good government, not an end in itself. The following comments are aimed at accomplishing this goal.

1. Section 3(a)—Definition of "Meeting"

The definition of "meeting" should be

premised on the fundamental consideration that any gathering of the number of agency members required to transact business should be covered by the Act if the gathering would predetermine agency action in any respect. Thus, chance encounters and other casual or incidental discussions essential to effective government should not be covered unless they predetermine the conduct of any aspect of official agency business.

The evil to be guarded against is an agency's public "rubber-stamping" of decisions predetermined in private, whether in face-to-face meetings or telephone conference calls. Thus, the Association supports amendment of Section 3(a) to include "simultaneous communications" or similar language covering conference telephone calls.

2. Section 3(c)—Procedures for Closing Meetings

Some of the procedures for noticing meetings, for closing meetings and for recording deliberations of meetings also raise important questions. These processes for agencies should be relatively simple and straightforward—as they are now with Congressional committees—and should not require the disclosure of information validly exempt under the Act. Thus, the Association supports the bill's provision in section 3(c) protecting against the disclosure of such information.

3. Section 3(f)(1)—Records of Closed Meetings

The requirement of a formal record for closed meetings also raises significant issues. An agency's decision to close a meeting must be based on one or more of the stated exemptions to the openness requirement. The Act should retain the requirement of a relatively simple procedure for making and maintaining a complete, permanent record of a closed meeting in the expectation that at some future date the information discussed will lose its confidential nature and be made public. Such procedures have long been followed for sensitive Congressional hearings. If there is no record of a meeting, the public will not subsequently have the access to which it would otherwise be entitled.

Of greater significance, the absence of a formal record could utterly undermine the fundamental purpose of the Act. Persons challenging the validity of a closed meeting or the validity of agency action suspected of being conducted in a closed meeting would have no evidentiary basis upon which a court could pass judgment. However, a person challenging such action could be satisfied that the legal remedies were sufficient if a court were able to examine *in camera* a confidential transcript and rule that the closed meeting was validly held. Thus, the Association supports the section 3(f)(1) requirement of a record for closed meetings.

4. Section 3(f)(1)—Authority for Closing Meetings

The requirement that the record of a closed meeting be made available to the public except for parts properly exempt should be retained in its present form. The requirement that an agency supply the statutory authority for material deleted from the public transcript, and a reason for invoking that authority, is proper and sufficient protection against abuse. We support this provision of the bill as reported by the House Committee on Government Operations.

5. Section 4(a)—Ex Parte Communications

Finally, the Association is strongly opposed to any amendment of section 4 concerning ex parte communications. In particular, the requirement in section 4(a) for placing ex parte communications on the record should be retained. The ex parte communications prohibited by section 4 of the bill relate only to on-the-record hearings required under 5 U.S.C. 557, and allow ex parte communications otherwise permitted by law. The very purpose of an on-the-record hearing is to permit notice to all interested parties of the issues and evidence in controversy and to allow such parties an opportunity to rebut and cross-examine. It is therefore essential that all information "relative to the merits of a proceeding", and upon which a decision is rendered, be available to all interested parties and be placed on the record. To allow prohibited ex parte communications to remain confidential would officially sanction the abuse of on-the-record hearings and due process.

The American Bar Association commends your efforts toward enactment of the proposed "Government In The Sunshine Act" and respectfully urges that the above considerations be reflected in the legislation.

Sincerely,

Herbert E. Hoffman.

ASKS FOR FUNDAMENTAL REFORM OF CONFERENCE COMMITTEE PROCEDURES

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Michigan (Mr. Carr) is recognized for 15 minutes.

Mr. CARR. Mr. Speaker, it is about time that the House take leadership in fundamental reform of conference committee procedures—procedures which are so lax as to invite abuse of the legislative process.

The conference committee is uniquely important in that legislative process. It is there that so few can decide the ultimate outcome of legislation for so many. The conference committee has great potential for good beyond the formalistic function of reconciling differences between House and Senate versions of the same legislation for final House, Senate, and Presidential approval.

Unfortunately, as presently conceived, the conference committee has great potential for bad. It can be a public confidence restoring procedure or the worst that backroom, doubledealing politics has to offer. Under the present conference committee rules the choice is left to the conferees. The lady from Denver, Colo., and I submit to the House that that choice is too important to be made by conferees, but should be made instead by the full House, but the adoption of certain and enforceable guarantees against the secrecy of conference committees.

Prior to the adoption of House Resolution 5 on January 14, 1975, most conference committees were closed to the press, the taxpayers, and to nonconferee Members of Congress.

House Resolution 5 included a provision authored by the gentleman from Florida (Mr. Fascell). That "sunshine" provision mandated all conferences to be "open to the public except when the managers of either House or Senate, in open session, determine by a rollcall vote of a majority of those present, that all or part of the remainder of the meeting on the day of the vote shall be closed to the public."

While the Fascell rule has undoubtedly improved the situation by turning the rule around to favor the presumption of open conferences, it did not go far enough. In spite of this and other reforms of the 94th Congress there are still tough and troublesome pockets of resistance to the idea of conducting public business in public. Indeed, aided by the laxness and general unenforceability of the rules, the cloak of secrecy still hangs over public proceedings.

The lady from Colorado, Ms. Schroeder and I have recently had some experiences which draw this situation and its absurdities into sharper focus.

Ms. Schroeder and I are members of the House Committee on Armed Services. Along with our colleagues in the committee we have an intense interest in our military posture and the budget which supports it. As members of the committee we have a strong desire to learn as much as we can about military needs and the legislative process that reviews these needs. In particular we have a keen interest in the politics of the military budget.

To most of you our compelling motivation should be obvious. Ms. Schroeder and I, although members of the partisan majority of the committee, are part of a minority viewpoint on the committee. Most of those that share our views and our desire to probe and dig are also the more "junior" members of the committee. Because most of the partisan minority and majority on the committee join together on all significant budgetary issues, there is little if any partisan adversary advocacy.

As a result any adversary advocacy on military budget issues comes from the few of us on the majority side who believe we can get more defense for less money.

We recently sought to be appointed to be on the House-Senate conference committee on the military authorization bill. Our purpose was two-fold. First, just plain interest in serving and experiencing the dynamics of the conference. Second, both Ms. Schroeder and I had amendments in disagreement on the bill on which we thought we could make a positive contribution. It should be noted that Senator John Culver stood in our approximate position on the Senate side and was appointed member of the conference for the purpose of his amendment in disagreement.

We failed to get appointed. Chairman Price rather lamely explained to me in a letter dated June 3, 1976:

> As you undoubtedly realize, every Member of the Committee and indeed many Members of the House share your desire to be appointed to the conference committee. However, obviously, all these wishes cannot be accommodated. Therefore, I have insured a substantial representation from the Committee on Armed Services by asking the Speaker to appoint 13 Members *in order of seniority*. (Emphasis added.)

The letter is typical of the attitude by the most senior committee members and their hand-picked staff as to the order of things on the Armed Services Committee. The spirit, if not the letter, of the antiseniority system reforms have conveniently eluded them.

Ms. Schroeder and I were undeterred. We sought to sit in on the conference committee meetings. Surmising that our colleagues on the Armed Services Committee who seemed genetically programed to close meetings to the public would do so in conference committee under rule 28, paragraph 6, we politely asked Chairman PRICE if he would mind if we attended.

At one point he told Ms. SCHROEDER that our attendance would be alright, but later reversed himself. In the hopes of avoiding an embarrassing situation either for ourselves or the committee, we sought the advice of the majority leader, the Parliamentarian and the author of the rule. They were helpful, but in the end we were able to get "permission" to attend.

As we read the rule the word "public" does not apply to Members of Congress. The author of the rule agrees, the Parliamentarian apparently does not. Because we believe that our interpretation of the rule is reasonable, we do not feel obliged to accept a different interpretation against our interest.

Thus, except for the very first day of and/or I have attended all conferences committee meetings. On each day the House conferees have voted to close these meetings to the public. On each day we have been asked to leave. On each day we have refused. And on each day the conferees have commenced their business without further confronting the issue of our presence. We have voluntarily complied with the conferees' wishes not to have the substantive issues under consideration to be discussed with the public or the press. We have, however, communicated to other Members, the press and the public about conference committee events as they relate to our challenged attendance or committee procedures.

We have learned a great deal which we believe will help us become more productive members of the Armed Services Committee and the Congress. We have also learned that if other members are to have the same rights without the embarrassment of intimidation that the rules of the conference need to be strengthened and clarifies.

Therefore, today the lady from Colorado and I are introducing six House resolutions designed to correct six procedural deficiencies we have observed regarding our recent experiences. We solicit your support and cosponsorship.

The first and most important of our resolutions would amend the rules of the House and make it clear that in no event can a sitting Member of this House be barred from attending a conference committee meeting.

The second resolution we offer amends the present rule to mandate that the conference committee be open to the public unless the full House votes otherwise. This removes the power to close the conference committee meetings from the House conferees. Keep in mind that the role of the conference is to reconcile differences between publicly passed House and Senate versions. Continued public—in the sunshine—debate must carry heavy presumption and should not be lightly overturned by a handful of conferees who fear the political consequences of votes and discussion they might have as agents of the House as opposed to their role as representatives of their constituents. If they feel they have such a conflict, they should resign from the committee and allow the Speaker to appoint a replacement.

Our third recommendation is to afford a member of Congress who has successfully offered a floor amendment 10 minutes to explain the amendment to the conferees. The member could speak longer only by the unanimous consent of the conferees. The purpose should be obvious. Floor amendments in disagreement, particularly those that were not previously in committee, deserve to be explained and defended by the author of the amendment. This does not say that the conferees from the House would not, to the best of their ability defend their amendment. It merely states that the author of the amendment has the option to fortify those abilities.

Our fourth recommendation is to require all conferees' proceedings to be conducted in full conference committee. While it might be said that splitting the conference into subcommittees would speed the work of the committee, whatever efficiency is obtained comes at a costly price. First keep in mind that conferees are not and should not be unto themselves. They are the bargaining agents of the House. All the agents of the House should have the opportunity to listen to all the debate on all provisions of the legislation. It is inappropriate for the House to delegate bargaining authority to all the conferees only to have the conferees in effect delegate portions of the bargaining authority to certain members of the conference. Another cost is that use of subcommittee can be abused to avoid the requirements of publically or member attended conference committee sessions.

On our first four recommendations we further recommend that the rules be enforceable by preserving a point of order to the conference report in the full House. If the point of order is sustained the conference report is rejected and the Speaker appoints new conferees to conduct the conference according to the rules. This may be tough medicine, but if they are not adapted we are left only to voluntary compliance by the conferees.

Our fifth recommendation is simply to prohibit the Speaker from appointing conferees on the basis of seniority. The seniority system may be appropriate in assigning office space, but it has no place in the processing of legislation. In the spirit of the reforms of the 94th Congress, many conferees are made up of conferees without regard to seniority. As pointed out before, some like the Armed Services conferences are not. Of course, in practice the Speaker does not select the conferees. The selection is made by the committee chairperson. The chairperson then recommends those selected to the Speaker for ratification by appointment. This rule would require the Speaker to provide a check against chairpersons who are not in step with the policy that seniority has no place in the legislative process.

Our sixth recommendation is to prevent the use of proxies in conference committees. The use of proxies in standing committees can be justified as an antidisenfranchising device to assure a congressional district its full representation. A similar justification does not exist where the conferees are acting as agents for the House. Presently there are no rules regarding the use of proxies in conference committees and we have found their use to be haphazard and vulnerable to abuse. We cannot use proxies on the House floor and we think that rule should apply in conference. These rule changes and clarifications are not proposed as the final answer to strengthen the House's control over the conduct of the forum in which its positions are argued, defended, and bargained. But they are a start.

These rules are not impracticable or plucked out of thin air. For the last 2 months, Ms. SCHROEDER and I have confronted these problems. They are real. They have been thought through.

Obviously, our experiences may be incomplete. We know of others who have had similar difficulties. There may be others we are not aware of who have experienced the unfairness and absurdities of vague or inadequate rules. To these people we solicit your support and you comments, and your cosponsorship.

To all, we suggest that the procedures of the conference need study and improvement. Public confidence in the legislative process can only be as good as public confidence in its weakest link. Ms. SCHROEDER and I believe the conference committee is presently that weak link. It should become the new frontier of congressional reform.

Ms. SCHROEDER. Mr. Speaker, I join the gentleman from Michigan (Mr. CARR) in introducing a package of resolutions designed to open up the secretive closed-door sessions of the armed services conference which annually considers over $30 billion worth of weapons. Of course, these resolutions will apply to conferences of other committees, but the Armed Services Committee appears to be the committee least apt to open its doors voluntarily. These changes came about as Mr. CARR and myself attempted to attend the armed services conference as nonparticipating observers. Each time we were asked to leave, but each time we stayed. Government is not a fungus, it can thrive in the sunshine.

The rules changes contained in the package of resolutions would force the armed services conference committee to abide by procedures already practiced by other conference committees in the name of open and responsive government. They would:

Require that all conference committee meetings be open to the public unless the full House specifically authorized closing of a meeting;

State that House Members have the right to attend any conference committee meeting;

Prohibit conference committees from conducting business through subcommittees;

Require that the Speaker make appointments to conference committees without regard to seniority; and

Allow a Member who has successfully offered an amendment to a bill being considered by a conference committee to appear before the conference to make comments regarding the amendment.

It has not been a particularly pleasant experience, but the many days of ordeal in attending the conference shows how months of subcommittee work, full committee work, and votes by the full House can be casually cast aside by conferees if there is no check on their power or no way to make them accountable. I hope the House will act on these reforms in short order.

Mr. PATTERSON of California. Mr. Speaker, I would like to speak today in support of the reform provisions recommended by the Democratic Caucus and approved by the House Administration Committee this week. I believe that these provisions will do much to alleviate past abuses and assure public access to information about how the House of Representatives spends the taxpayers' money. The changes will provide all of us with some flexibility to meet the needs of our constituents while assuring the public that we are wholeheartedly concerned that proper accountability be established and maintained from this time forward.

Since we will be debating the reform provisions on the floor of the House today, I would specifically like to address my remarks to the major proposals in the reform package. First, I believe that the proposal to remove from the House Administration Committee the current authority to expand or change allowances without a direct floor vote is a necessary step if we are to have meaningful changes in the operation of internal House activities. No longer should we in the House be able to sidestep our responsibility for how each of us uses public funds. If there is a need to expand or change an account, we should be able to justify the change to the public through an open discussion on the House floor instead of letting a few Members on a Committee bear that responsibility.

Second, the creation of a Commission composed of eight Members of Congress and seven persons from outside the Congress would provide a vehicle through which we will be able to involve the public in the processes and activities of the House. In addition, a thorough study done by such a body would, I am sure, produce valuable ideas as to further areas to which we in the Congress should direct our attention.

The third major area of reform is the proposal to consolidate seven existing accounts into one congressional account per Member. The present procedure which allows cash withdrawals from some accounts by Members of Congress would be eliminated and use of a certified voucher for expenditures from the account would be required. Each Member would sign the certified voucher verifying exactly what each expenditure is to be used for and these vouchers would be available for examination by the public.

As a final safeguard, there would be a quarterly publication specifically listing the expenditures from the account by individual Member as well as a report on staff salaries, job descriptions and duties by each Member office and committee office. This consolidation and reporting procedure would provide more accountability as well as more efficiency. In addition to protecting the public interest it would provide flexibility in operation of the 435 individual Member offices and would allow us to service our diverse and distinctive constituencies in a better manner.

In view of the quality and soundness of these reforms, I have been completely surprised and disappointed at the action of the Republican leadership in the past few days. On Tuesday, June 29, the Republican conference voted 145 to 0 to try to force these proposals to the floor where they hoped to weaken if not kill integral parts of the package. The minority leader has accused the Democratic Caucus of acting in secret. He well knows the provisions endorsed by the Caucus and reported by the House Administration Committee were reached after many hours of debate in an open, public meeting on the floor of the House of Representatives. Furthermore, he also knows that this meeting was observed from the gallery of the House by many of our Republican colleagues, the press, and the general public. On Tuesday, June 29, Congressman Bauman of Maryland prevented the publication of the provisions in the Congressional Record by raising an objection to a unanimous consent request, thereby denying a chance for all Members and the public to have instant and complete access to all details of the proposed reforms in the final language suggested by the House Administration Committee.

I find this action to be childish and not becoming for a Member of the House of Representatives. It seems to me that some Republican Members of the House have as much to gain—or to lose—from revision of the rules of the House as do Democratic Members. They have, however, chosen to be hypocritical by first urging action some weeks ago, implying that it was the majority leadership that should take the lead in such action, and then impeding the ratification of proposals acted upon in good faith by the Democratic Caucus. They know well that in this election year, the Democrats will be held responsible for the failure to enact these forms, and so they play political games with congressional reform.

I urge both Republican and Democratic Members who have spoken against the reforms to realize that the time for change is now and that we in the Congress must move forward to assure that any confusion about accounts and misuse of funds are eliminated so that we will regain the respect of the American public. I have, in my service in the 94th Congress, found that this body is composed of well-reasoned, good thinking men and women who ran for public office because they believed that the House of Representatives offered a way to assist their constituents, their State and the Nation. These reforms and others that come in the future will be an important aid in allowing us to do that job we were elected to do. I urge my colleagues to join with me in taking this vital step.

GENERAL LEAVE

Mr. McHUGH. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks and to include extraneous material on the subject of the special order today of the gentleman from Michigan (Mr. Carr).

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from New York?

There was no objection.

SYNFUELS—A PROENVIRONMENT PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Brown) is recognized for 5 minutes.

Mr. BROWN of California. Mr. Speaker, for the past several months, four committees in this House have conducted an exhaustive examination of the bill, H.R. 12112. If enacted, this bill will permit existing synthetic fuel technology, which has remained essentially dormant since World War II in this country, to make its first ventures into the Nation's marketplace. In view of America's current energy situation, this bill may very well be the single most important piece of energy legislation the Congress will consider during this session.

During lengthy committee hearings on this proposal, the environmental impact of synthetic fuels has emerged as a key issue. In many cases, the testimony in this area has been conflicting and has often clouded the synthetic fuels picture.

Because of the vital importance of this legislation, I would like to present the results of several studies which speak for themselves and should remove much of the confusion surrounding this area:

First. Coal based synthetic fuel plants will cause about one-tenth to one-hundredth the pollution of equivalent coalfired powerplants, even those that use the best available pollution control technology, according to a study sponsored by the Council on Environmental Quality—"A Western Regional Energy Development Study: Primary Environmental Impacts", prepared under contract No. EQ4AC037, by Radian Corp., August 1975.

Second. An ERDA study prepared in cooperation with the Water Resources Council has estimated a synthetic fuel plant producing high-Btu gas from coal would need about one-half the amount of water required by an equivalent coal-fired powerplant and less than one-third that needed by a nuclear plant of the same output. Specific high-Btu coal gasification plants designed for Western locations, however, estimate about one-tenth the water consumption of equivalent coal-fired powerplants.

Third. Environmental considerations have helped to shape the synthetic fuels program since its inception. A 1,000 page draft environmental impact statement was prepared concurrently with the policy recommendations of the President's Interagency Task Force. It should be noted that representatives of the En-

vironmental Defense Fund, Colorado Branch of Friends of the Earth, the Colorado Open Space Council, and the National Audubon Society stated in their comments on the EIS that—

Generally speaking, the EIS itself is a good analysis of the predictable impacts of synthetic fuels development.

The following information amplifies these points:

I. GENERAL COMPARISON OF ENVIRONMENTAL IMPACTS

The table below compares pollution estimates for various kinds of modern energy plants, all of which draw on domestic energy resources that could be developed without delay. Data in this table were drawn primarily from studies by the President's Council on Environmental Quality. It has been known for some time that environmental pollution from synthetic fuel plants is small relative to other industries, especially when compared to pollution expected from new coal-fired power plants whose construction is expected over the next ten years.

SUMMARY COMPARISON OF ENVIRONMENTAL IMPACTS

Plant/option	Usable energy produced (10^9 Btu per day)	Air emissions (pound per hour)					Water requirements (acre-feet per year)	Solid wastes (tons per day)	Resource requirement (million tons per year)
		PART	SO_2	NO_x	CO	HC			
High-Btu coal gasification (250 mmscfd)	250	180	450	1,780	90	30	6,300	1,400	8.3
Coal-fired powerplant with electrostatic precipitator (1,000 MW)	80	500	10,200	6,900	400	120	9,700	750	3.0
Same as above, with limestone scrubber	80	530	1,100	7,300	400	120	11,100	1,700	3.0
Kaiparowits powerplant (3,000 MW, with scrubbers)	240	1,070	4,300	20,830	NA	NA	54,300	NA	9.0
Shale oil plant:									
50,000 barrels per day	290	130	1,500	600	50	800	6,200	47,700	23.0
10,000 barrels per day	60	30	310	100	10	150	1,200	9,500	4.6

Note: All figures rounded.

Sources: Radian Corporation, "A Western Regional Energy Development Study: Primary Environmental Impacts," vol. II, prepared for the Council on Environmental Quality and the Federal Energy Administration under contract No. EQ4AC037, August 1975.

"Final Environmental Impact Statement on Proposed Kaiparowits Project," U.S. Department of the Interior, March 1976.

Air quality

While there is some variability depending on which grade of coal is used, the CEQ data show it would take about 10 full-scale coal gasification plants to pollute the air as much as 1 Kaiparowits (the recently-deferred 3000-megawatt coal-burning power plant that had been proposed for southern Utah). A maximum of only 2 high-Btu coal gasification plants, however, will be allowable under the provisions of H.R. 12112, and these are most likely to incorporate advanced tail gas treatment and incineration to further reduce air pollutants. Indeed, it is relevant to note that strong evidence was recently developed in an Environmental Protection Agency study that synthetic fuel plants would conform to, and even exceed the most comprehensive non-deterioration requirements in the proposed amendments to the Clean Air Act (U.S. Environmental Protection Agency, *Summary of EPA Analysis of the Impact of the Senate Significant Deterioration Proposal*, Washington, D.C. 20450, April 1976)

Solid wastes

Under the modular oil shale approach specified in H.R. 12112, only a small fraction of the waste piles foreseen in the draft EIS will be experienced in the upper Colorado River region. As the modular oil shale program progresses, techniques developed for seepage and runoff control from waste piles will be evaluated for application to future, commercial-scale shale oil recovery plants.

Land impacts

Problems of land disturbance resulting from strip-mining in Western states are also addressed in the draft environmental impact statement. According to the EIS, for example, a 350,000 barrel per day synfuels program could cumulatively affect 6,020 acres of land over a 20 year period in the Four Corners region. At any single moment, much less acreage would be out of production. In regions such as this, it is believed that the range and agricultural productivity of Western surface-mined lands can be largely restored, and often enhanced beyond previous levels. University and state agricultural research and experiment stations are currently examining land revegetation techniques at most existing surface coal mine sites in the West.

Carcinogens

Alarm over possible cancerous agents emanating from synthetic fuel plants has repeatedly been expressed. Yet ERDA is aware of the potential toxicities of synthetic fuel process components and products. Considerably more information is needed concerning these substances, and major ERDA programs are now underway to produce this information. Limitation of worker contact with carcinogenic process intermediates through the use of automated and remote-operated plants can be expected to assure occupational safety.

Modern pollution control systems installed on synthetic fuel plants will be evaluated as to completeness of carcinogenic removal. Impurity-removal techniques borrowed from oil refining can be evaluated as well under the information-level program that is spelled out in H.R. 12112. In short, the proposed legislation will evaluate the effectiveness of potential solutions and make the results serve to protect the public from cancerous agents by making these solutions available to all industries.

II. WATER RESOURCES AND REQUIREMENTS

A recent ERDA study undertaken in cooperation with the Water Resources Council (WRC) staff concluded that adequate water supplies exist for any synthetic fuel plant that might be included in the Synthetic Fuels Demonstration Program, including those proposed for Western states. One of the prime informational goals of H.R. 12112, of course, is to identify just how much water synthetic fuel plants really require, and how well their water conservation systems can work. A detailed estimate of water use was recently prepared for the National Science Foundation and is summarized in the table that follows.

Water consumption: 250 MMSCFD high-Btu coal gasification plant

[Millions of gallons per day]

	New Mexico	*Wyoming*
Process (a 250,000,000 cubic feet per day high-Btu coal gasification plant)	0.80	0.80
Cooling	3.11	2.64
Mining and reclamation	.77	.05
Evaporation, disposal, other	.82	.31
Total	5.50	3.80
Acre-feet per year	6,160	4,256

Source: Dr. David J. Goldstein, Water Purification Associates, Cambridge, Massachusetts, from study sponsored jointly by the National Science Foundation and the Environmental Protection Agency, May 1976.

Unlike the ERDA/WRC staff estimates, these estimates assume dry cooling, which has now been proposed for inclusion in several Western coal gasification projects likely to vie for H.R. 12112 loan guarantees.

Water drawdown from the Upper Colorado River Basin resulting from shale oil projects has been particularly exaggerated by some observers. The modular oil shale approach embodied in H.R. 12112 will require about 1000 to 2000 acre-feet of water per year, which will reduce flow in the Colorado River by an estimated one- or two-tenths of one percent (0.1–0.2%) of the total expected water delivery in 1985. Since a portion of the water supply will often be taken from the shale mine itself, however, this estimate reflects a "worst case" drawdown. There is no way that demonstration projects included in H.R. 12112 could increase the salinity of the lower Colorado River, as has been charged. Again, however, information developed by the modular oil shale programs will be instrumental in preventing excessive drawdown and/or salinity increases when full-scale oil shale facilities are developed at later dates.

III. ENVIRONMENTAL PROTECTION STRATEGY

In addition to preparation of both the programmatic and site-specific environmental impact statement as required by the National Environmental Policy Act of 1969, the Synthetic Fuels Program would be conducted using a strict, methodical Environmental Protection Strategy as follows:

Use of environmental protection criteria in evaluation of project proposals. Proposals will be systematically compared with regard to both direct plant environmental impacts, and forecasted secondary and cumulative effects.

Federal approval and State review of detailed site development plans, as well as off-site project-related plans.

Extensive coordination efforts to develop an environmental data base that will benefit ERDA's and other interagency energy environment R&D programs. In particular, the following two interagency program objectives will be supported by the environmental data base:

Determination of potential environmental impacts of synthetic fuel processing operations of commercial scale.

Development of control technology to minimize negative impacts and diseconomies associated with retrofitting.

Comprehensive environmental monitoring of plants, including ambient air quality, water quality at key well and stream locations on- and off-site, noise levels, continuing investigations into revegetation dynamics and other ecological aspects, and survey of land use changes.

Environmental advisory committee with state and other representation to ensure regional and state participation in the decision process.

Finally, H.R. 12112 requires that the Synthetic Fuels program be carried out in such a manner as to meet or exceed all applicable Federal and State environmental laws and regulations.

IV. CONCLUSIONS

In short, Mr. Speaker, detractors of the Synthetic Fuels Demonstration program urge defeat of H.R. 12112 based on predictions of "dire" environmental consequences. In fact, not only are the environmental consequences not at all dire, they are obviously well in hand by many participants, including those who would administer the proposed loan guarantee program. Relative to H.R. 12112, the only "dire prediction" this nation cannot afford to ignore is that of diminishing security of energy supply and eroding economic well-being as a result of our growing dependence on foreign sources of fuel. It is of clear and paramount importance to our continued success as a nation that we correct the worsening domestic energy supply/demand imbalance by moving ahead on all energy fronts—synthetic fuels commercialization included. Passage of H.R. 12112 will promote environmentally favorable energy solutions that have been anticipated and planned for, and will pave the way for a real and sensitive appraisal of the true effects of synthetic fuels development.

DEBT COLLECTION HOUNDS SHOULD BE CURBED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, in the very near future, an important bill, the Debt Collection Practices Act (H.R. 13720) will be voted on. Before my colleagues consider their votes, I would like to take a few minutes to express some strong feelings I have about the abuses in debt collecting.

Strong-arm tactics and intimidating harassment of consumers practiced by some unethical debt collectors is about as necessary today as debtors' prison. My intent as head of the Subcommittee on Consumer Affairs, is to see these tactics curbed through passage of H.R. 13720.

Offhand, I can cite three very important reasons why passage of this bill is of the utmost necessity.

First, $3 billion in debts were handed over to professional debt collectors last year which should indicate how large the industry of these agencies is becoming.

Second, the practice of unethical tactics and many times physical threats by some collectors oftentimes affects not only the consumer who owes the debt, but innocent third parties.

Third, because there is no effective debt collection regulation or law in 25 States in this country, over 80 million people are subject to the continued abuse with no legal redress.

Before I proceed further, let me point out again that this bill is not designed to interfere with the reasonable efforts of reputable debt collectors. Nor is it going to allow the consumer who owes a debt to avoid his responsibility by using this legislation to hide behind skirts.

Simply stated, this bill will prohibit collectors from treating consumers in any way other than a reasonable and civil manner deserved by all individuals.

This legislation will prevent the disreputable collectors from enjoying a free reign of terror over innocent victims. Consumers have cited examples to me of the questionable methods employed by some agencies to insure collection. The abuses range from collectors posing as attorneys and policemen to threatening consumers with imprisonment and even physical harm.

Other provisions in the bill would prevent the addition of interest charges imposed after bills have been paid, the misuse of postdated checks, and the undue harassment often experienced day and night over the phone.

One of the most common complaints of abuse is the way collectors use third parties, such as neighbors and employers, to unduly embarrass and even jeopardize the consumer's position. This bill does not prevent bill collectors from communicating with consumers or their employers, but it does regulate the frequency and methods with which consumers can be contacted.

Enforcement of this legislation would be the responsibility of the Federal Trade Commission and would include stiff penalties consistent with those in the Consumer Credit Protection Act.

Those opposing this legislation have suggested that prohibiting harsh debt collecting tactics would mean less debts collected and might increase the cost of consumer credit. My answer to that is perhaps this bill would force credit grantors to take greater care in issuing credit in the first place, thus possibly reducing the number of outstanding debts in the long run.

In my opinion, this legislation is both fair to the industry of reputable collection agencies—by setting up a standard code of ethics—and also provides protection to the consumer from the intimidating harassment of the unethical debt collectors.

This bill will come before you shortly, and I strongly urge you to vote in favor of H.R. 13720 and thus end the abusive tactics so rampantly practiced by unscrupulous debt collectors against the American consumers.

A CONNECTICUT JUDGE TRIES NEW APPROACH TO FIRST OFFENDERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. COTTER) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, I would like to bring to the attention of my colleagues an editorial that was broadcast on WFSB–TV in Hartford, Conn.

The editorial follows:

WFSB EDITORIAL

(By Dan Gold)

The courts in this country have been traditionally lenient with first offenders. The idea was that a person shouldn't have to pay too high a price for a first mistake; that justice should be tempered with mercy.

It's a beautiful thought, but crime statistics indicate that it hasn't really worked. Too many first offenders commit second offenses, then more. Too many people go from relatively minor first and second offenses—and suspended sentences—to more serious crimes, jail terms and criminal careers.

If you saw our Crime and Punishment Week program, "Up Against the Wall," last week, you learned about what appears to be a better way of dealing with first and second offenders. Judge Robert Satter of New London's Common Pleas Court has taken to sentencing first offenders to a few days in jail—just to let them know what jail is like.

Judge Satter has a good idea that we'd like to see adopted by his colleagues.

THE BOUNDARY WATERS WILDERNESS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRASER) is recognized for 5 minutes.

Mr. FRASER. Mr. Speaker, today I am introducing the Boundary Waters Wilderness Act. My bill maintains the entire present Boundary Waters Canoe Act, as designed by the Wilderness Act of 1974—Public Law 88–577—as a unit of the National Wilderness Preservation System.

The aim of this legislation is to retain all the present protective features of the parent 1964 Wilderness Act which may apply to the BWCA, and to specifically exclude those incompatible uses or practices which now threaten the integrity of the area as a wilderness.

The following uses are specifically prohibited:

Commercial timber harvesting and administrative cutting of timber to manipulate vegetation in the entire area;

All recreational uses of motorized watercraft and snowmobiles, except for hardship cases, where a phaseout period not to exceed 5 years may be allowed at the discretion of the Secretary of Agriculture;

Leasing of Federal mineral rights inside the area for mineral exploration or mining, and the use of Federal lands in connection wtih any mineral exploration or mining within the area—except in a national emergency.

The bill increases payments to St. Louis, Lake and Cook Counties, Minn., in lieu of taxes of federally owned lands within the value of such lands to 1¼ percent of such value. The bill also gives the BWCA the new name: Boundary Waters Wilderness Act.

An alternative proposal has already been introduced in the House by my colleague from Minnesota (Mr. OBERSTAR). In an effort to give Congress the opportunity to consider several alternative plans for the BWCA, I am introducing a bill which places greater emphasis on protection of the wilderness features of the BWCA.

The 1 million acre Boundary Waters Canoe Area is our largest wilderness east of the Rockies and the second largest in our Wilderness System. It is our Nation's only lakeland canoe wilderness—a labyrinth of more than 1,000 lakes interconnected by hundreds of miles of streams and short portages which served as the highway of the fabled fur traders who followed water routes pioneered by Sioux and Chippewa Indians. The BWCA has had some past logging, but still contains 540,000 acres of virgin country—by far the largest such areas remaining in the Eastern United States. This last large remnant of the old "northwoods" is remarkable not only for its lakes and virgin forests, but also for its wildlife. Many plant-eaters such as the moose, deer, beaver, snowshoe hare, and porcupine are present, and so are their natural predators, including such rare species as the eastern timber wolf, pine marten, fisher, lynx, and bald eagle. Even many Western Wilderness Areas lack such complete "food chains." This natural ecosystem is a valuable scientific and educational resource and has already been the focus of important research in wildlife ecology and behavior, forest ecology, nutrient cycles, lake studies, and vegetation history.

The BWCA is complemented on the Canadian side of our border by its sister area, the Quetico Provincial Park of Ontario, where commercial logging and nearly all motorized recreational uses are already prohibited. Together these areas encompass an area the size of Yellowstone National Park, and comprise one of the finest wilderness areas on our continent. Because of all these unique features, it is not surprising that the BWCA is the most heavily used unit of our entire Wilderness System by wilderness-seeking recreationists, who come from throughout the Nation.

Few areas have such a long history of effort to protect a unique natural environment as the BWCA. The existing public policy of primarily wilderness management has been established through the actions of Congress and the Minnesota Legislature, Federal and State courts, and administrative acts of Federal, State, and international agencies. Congress recognized this history, as follows, when it enacted the Wilderness Act in 1964:

> Nothing in this chapter shall modify the restrictions and provisions of the Shipstead-Nolan Act (Public Law 539, Seventy-Frst Congress, July 10, 1930; 46 Stat. 1020), the Thye-Blatnik Act (Public Law 733, Eightieth Congress, June 22, 1948; 62 Stat. 568), and the Humphrey-Thye-Blatnik-Anderson Act (Public Law 607, Eighty-fourth Congress, June 22, 1956; 70 Stat. 326), as applying to the Superior National Forest or the regulations of the Secretary of Agriculture." 16 U.S.C. § 1133(a)(2).

Before outlining the history of Federal involvement in the BWCA, I believe it is significant to the Congress consideration of BWCA problems to list a few of the actions by the State of Minnesota which antedated Federal action to prevent commercial development:

First. Gen. C. C. Andrews, chief forest fire warden for Minnesota, in 1902 recommended to the U.S. General Land Office that certain Federal lands in Cooke, Lake, and St. Louis Counties be set aside as a Federal "forest reservation." In response to this State initiative, the Land Office Commissioner did set aside 500,000 acres. Additional lands totaling over 600,000 acres were set aside in 1905 and 1908. It was from these lands that President Theodore Roosevelt proclaimed the Superior National Forest in 1909.

Second. State officials and private organizations fought the so-called Backus Plan for dams for waterpower development before the International Joint Commission in what is titled the "Rainy Lake Reference." This matter, which extended from 1925 through 1934, when the plan was formally rejected by the IJC, produced evidence vital to the enactment of the Federal Shipstead-Nolan Act in 1930 and to the State of Minnesota's parallel legislation in 1933.

Third. Air space limitations were legislated by the State of Minnesota in early 1949, well before President Truman's air space ban of December 17, 1949.

Fourth. Most recently, in 1976, the State of Minnesota enacted into law a longstanding State administrative policy which prohibited the leasing of State minerals or the use of State lands and waters for mineral exploration and development in the BWCA, except as related to a congressionally declared national emergency. This precedent, just set by the State legislature, provides additional impetus for the congressional action I am proposing for the BWCA today.

Turning to Federal involvement, the history may be summarized as follows. Following the setting aside of approximately one million acres as a Federal "forest reservation" in 1902, 1905, and 1908, the Superior National Forest was established by proclamation of President Theodore Roosevelt in 1909. In 1926, following a controversy over Forest Service road building, Secretary of Agriculture Jardine administratively established a roadless policy which created the first "Superior Wilderness Area." Jardine promised that the Forest Service would build no more roads of any character in 1,000 square miles of the best canoe country. By 1930, the effort reached the U.S. Congress with passage of the Shipstead-Newton-Nolan Act which protects lakeshores from logging and prevents dam building. Through the Thye-Blatnik Act of 1948, the Humphrey Thye-Blatnik-Anderson Act of 1956, and Public Law 87-351 (1961), Congress has now appropriated $4½ million for the acquisition of private inholdings which once dotted the area.

As earlier mentioned, in 1949 President Truman created an air space reservation over the area to prevent the landing of float planes on wilderness lakes. On the other hand, in 1948 the Forest Service authorized road building and the sale of pulpwood timber in large areas that Secretary Jardine had earlier pledged to keep free of roads.

In 1964, Congress included the BWCA in the Wilderness Act as a unit of the new Wilderness Preservation System, but paragraph 4(d)(4) of that act provides that:

> Other provisions of this Act to the contrary notwithstanding, the management of the Boundary Waters Canoe Area—shall be in accordance with regulations established by the Secretary of Agriculture in accordance with the general purpose of maintaining, without unnecessary restrictions on other uses, including that of timber, the primitive character of the area, particularly in the vicinity of lakes, streams, and portages; Provided that nothing in this Act shall preclude the continuance within the area of any already established use of motorboats.

This ambiguous language leaves much discretion to the Secretary of Agriculture. It has led to endless controversies and lawsuits centered around mineral exploration and mining, logging and road building, and the growing recreational use of motorboats and snowmobiles.

Public concern over possible mining arose in 1969 when claimants to private mineral rights threatened to enter and drill with heavy equipment for potential copper and nickel deposits in the largest virgin areas. A lawsuit was brought by the Izaak Walton League—joined later by the State of Minnesota—against the mining interests and the U.S. Forest Service to prevent that entry. The suit was successful, and U.S. District Judge Neville held that in effect the Congress and the people had zoned the BWCA against mining by a long series of protective acts culminating with its inclusion in the Wilderness Act. The decision was reversed on a technicality, however, when the U.S. Eighth Circuit Court of Appeals remanded the case for further administrative action. Thus, the question of the legality of mining inside the BWCA is still before the court and the Forest Service.

The BWCA has been rife with controversy over logging since about 1962. After passage of the Wilderness Act, Secretary of Agriculture Freeman zoned the area into a 600,000 acre Interior Zone closed to logging and a 400,000 acre Portal Zone open to logging, which included large areas of virgin forest. Considerable pulpwood logging had occurred by 1964, and this practice continued in the Portal Zone. The effect of this logging, which involves the wholesale clear-cutting of many contiguous square miles of virgin country and the building of a spider web network of gravel haul roads, is to destroy the natural character of the landscape. By 1972, with some 160,000 acres of virgin forest remaining in the Portal Zone, the Minnesota Public Interest Research Group— later joined by the Sierra Club—brought suit against the Forest Service to challenge the legality of logging the remaining virgin areas. These suits, brought under both the National Environmental Policy Act (Public Law 91-190) and the Wilderness Act, were successful in the district court.

Further, cutting of the large contiguous blocks of virgin forest was permanently enjoined in 1975. Six active timbers sales in virgin country were halted, and there has been little logging in the BWCA since 1973. The decision is under appeal by the timber companies and the Forest Service, however, and a decision on that appeal is imminent. If the trial court is reversed, logging and road building in the virgin forests could begin anew, perhaps as early as this fall, unless Congress acts to prevent such a tragedy. But this decision affects only the remaining virgin areas, and even if the decision is affirmed, legislation is still needed to restore the logged areas to as natural a state as possible.

Conflicts over motorized recreational uses have also intensified greatly since 1964. Pursuant to the special language of the Wilderness Act, the Secretary of

Agriculture in 1965 designated for motorboat and snowmobile use some 19 canoe routes, including about 60 percent of the water area of the BWCA. This means that most paddling canoeists, skiers, and snowshoers must compete with gasoline engines—the very symbol of the urban world they hoped to leave behind—on at least portions of their wilderness trips. And it is clearly a majority of users, seeking the very kind of experience only this area can offer, that are suffering at the expense of a motorized minority with vast alternative areas available to them. Some 70 percent of visitor use is by paddling canoeists, skiers, and snowshoers, yet these people have only the lakes of the BWCA potentially available to them for wilderness travel, while motorized recreationists have most of the other 40,000 lakes in Minnesota, Wisconsin, and Michigan. These recreational conflicts are severe and growing and are thoroughly documented by social research. Motorboat and snowmobile use have grown considerably since passage of the Wilderness Act, although not as much as canoeing. Both lawsuits and administrative appeals to the Secretary of Agriculture are now pending to define the Secretary's authority to regulate motorized use under the Wilderness Act, but neither approach will satisfactorily resolve the problem.

In each of these resource and recreational use conflicts a broad national interest is at stake because of the large size of the BWCA, its location in the upper midwest which makes it accessible to and used by large populations, and its uniqueness in the Wilderness System. Only the Congress can adequately resolve these conflicts because they stem from the vague, ambiguous, and contradictory language of the Wilderness Act with respect to the BWCA. This language continues to encourage the Forest Service to allow the growth of fundamentally incompatible uses. New legislation to clarify congressional intent and resolve the issues in the national interest is therefore essential.

The bill I am introducing today is brief and simple in concept. It will lay to rest the endless controversies over this area by protecting its remaining virgin forests and allowing the restoration of areas already damaged by logging and road building, by ending the needless conflicts over mechanized verus compatible wilderness recreational uses, and by protecting the area from mining or mineral exploration activities inside its borders. It recognizes the overwhelming concern for the area as a wilderness by Minnesota's citizenry as a whole, and it recognizes the national concern that our only lakeland wilderness ecosystem and canoe wilderness not be further compromised. The language of the bill is based on proposals of several major conservation and environmental organizations in Minnesota, and the thrust of the bill is supported by numerous state and national citizen organizations.

There is a justifiable concern in northeastern Minnesota over adequate tax revenues for local governments, and about the future of the local economy. My bill addresses these concerns in two ways. First, it will increase payments in lieu of taxes to local governments for Federal lands in the BWCA. Second, it will assure that the unique attractions of the BWCA will continue to bring tourist dollars into the local economy indefinitely into the future. In an economy now heavily based on the mining of non-renewable resources, the magnificent Boundary Waters Wilderness will be a magnet that can help the outdoor recreation industry of northeastern Minnesota provide badly needed and permanent diversification of the economic base. There are already many hundreds of miles of alternative snowmobile and motorboat routes available to local citizens outside the BWCA in the 3 million acre Superior National Forest, and still more can be developed. The forest products industries, which also add valuable diversity to the local economy, have vast alternative timber supplies in northeastern Minnesota, and recent studies by the Forest Service indicate that most of the best timber growing areas are actually outside the Boundary Waters Wilderness.

If this bill is enacted it will preserve this last great remnant of the old "northwoods" for all of our citizens—both for today and for generations yet unborn. Let me remind you that if only one of the many battles to preserve the splendid Superior-Quetico Wilderness had been lost, there would be no BWCA program to debate in Congress today. Our Canadian neighbors have recently protected all of Quetico Park from logging, and closed virtually the entire park to motors and snowmobiles. It would be timely in our Bicentennial Year and on the 50th anniversary of Secretary Jardine's designation of the first canoe country wilderness, to match Ontario's program on our side of the border. Let us commemorate the historic contributions of the canoe country's waterways to the development of both nations by preserving this splendid example of primeval America for all time.

I include the following:

SECTION-BY-SECTION ANALYSIS OF THE BOUNDARY WATERS WILDERNESS ACT

1. *Section 101.* (Prohibition of timber cutting)

This section prohibits all commercial logging (or "timber harvest") and the administrative cutting of timber in the BWCA as of the effective date of the Act. Essentially no commercial timber cutting is now occurring on federal land within the area because a federal district court injunction against further logging of the remaining large contiguous blocks of virgin forest has been in effect since 1973. Some 160,000 acres of virgin forest are now within the Portal Zone where the current Forest Service management plan allows commercial logging. Six timber sales which contain about 10,000 acres of uncut virgin forest are now enjoined by the court. The Portal Zone also contains about 240,000 acres of previously logged areas, but as a practical matter the timber industry is currently interested only in cutting the remaining virgin forest. The cut-over areas either contain uneconomic tree species or trees which are too young and small to be utilized. Most of the usable timber involved is jack pine and black spruce, and is used for pulpwood. Alternative supply areas of these species and of technically usable alternative species exist outside the BWCA and are now being used by the industry. Hundreds of miles of gravel haul roads, crossing many canoe portages, have been built in the past to facilitate commercial timber harvest. This practice would also end with the termination of logging.

"Administrative cutting" of the forests in the BWCA has not yet been practiced except in very small experimental areas. But it could potentially involve the wholesale cutting of the virgin forests on a non-commercial basis, even in the Interior Zone, for the purpose of manipulating the vegetation to produce desired species diversity or wildlife habitat patterns. The current BWCA management plan discusses this approach and permits its application to an unspecified degree. My bill prohibits such methods of manipulating vegetation because in a Wilderness Area, the objective is to allow natural processes to determine vegetation patterns and diversity. This prohibition is effective with passage of the Act. This section of the bill would eliminate the need for the present Interior Zone-Portal Zone designations, which relate chiefly to timber harvest, and are often confused with recreational zoning. Tree cutting for the purpose of clearing portages, trails, and campsites is permitted.

2. *Section 102.* (Prohibition of the recreational use of motorized watercraft, snowmobiles, and other motorized recreational vehicles).

This section prohibits the recreational use of all types of motorized watercraft and snowmobiles in the BWCA as of the effective date of the Act. The Secretary of Agriculture is authorized to phase out such use over a period not to exceed five years after passage of the Act in local hardship situations. This exception is intended to allow a period of adjustment for resort owners or others whose businesses are based in part on motorized use of lakes on the periphery of the area, particularly where such businesses are located on or immediately adjacent to such lakes. There are at present some 19 designated motor and snowmobile routes. Substantial portions of the BWCA in both the Interior Zone and Portal Zone are already closed to motors and snowmobiles by existing Secretary's regulations (CFR 293.16). Section 102 of this Act closes most of the remaining 19 motor and snowmobile routes immediately, but allows varying phase-out periods for local hardship situations. The Portal Zone-Interior Zone concept now applied by the Forest Service is not involved in the designation of existing motor routes. Section 102 of this Act also prohibits any use of motorized recreational vehicles other than motorboats and snowmobiles, which might otherwise conceivably be held to be authorized by the Wilderness Act. The current problem with snowmobiles, which are not mentioned in the Wilderness Act, points to the need for this additional language.

3. *Section 103.* (Prohibition of mining and mineral exploration)

This section prohibits any federal agency from issuing leases, permits, or other authorizations for the mining of or exploration for federal minerals in the BWCA. It also prohibits leases, permits, or other authorizations by any federal agency for the use of federally-owned lands in relation to any mining or mineral exploration in the BWCA, whether such operations are on federal land or on other ownerships. (There are substantial areas of state-owned and county-owned land in the BWCA and a small area of private land.) The above prohibitions could be set aside by a specific Act of Congress in a national emergency. Low-grade copper-nickel sulfide deposits are known to occur in portions of the BWCA and there are large areas of privately-held severed mineral rights. The validity of these mineral claims has not been finally determined by the courts, but a lawsuit by the Izaak Walton League and the State of Minnesota in the federal district court for Minnesota has already indicated the complexity of the mineral rights problem in the BWCA (*Izaak Walton League et al.* v. *George W. St. Clair et al.*, 5–69 Civ. 70, 73–1407, 1408, 1409). Just this last spring (April, 1976) the Minnesota legislature passed an Act with respect to state minerals policy in the BWCA that has substantially the same effect for state lands, minerals and waters in the BWCA as has Section 103 of this Act on federal lands and minerals.

The legal status of federal mineral rights in the BWCA is different from that of minerals in most western Wilderness Areas covered by the 1964 Wilderness Act, in that federal minerals in the BWCA have already been withdrawn from entry under federal mining laws, while in most western Wilderness Areas the Wilderness Act specifically permits such entry until 1984. In *IWLA v. St. Clair, supra,* the district court has already held that the Wilderness Act plus a long series of earlier legislative, judicial, and administrative acts has in effect zoned the BWCA against mining. This decision has been set aside on a technicality by the Eighth Circuit Court of Appeals, but the relevant legal theory is still available for future legal actions. Section 103 of my bill and its other sections do not disturb the basic umbrella of protection provided to the BWCA by the Wilderness Act with respect to mining or minerals exploration; rather, they build upon that foundation. This is an important feature of the bill because of the very serious potential for damage to the wilderness character of the BWCA from mining, should such activity occur within its borders.

4. *Section 104.* (Payments to counties in lieu of taxes.)

This section amends the Thye-Blatnik Act of 1948 (P.L. 62–568) and subsequent related Acts to increase the level of payments in lieu of taxes to the counties of Cook, Lake, and St. Louis in northeastern Minnesota from three-quarters of one percent of the appraised value of the federal lands in the BWCA in each county to one and one-quarter percent. The purpose of this provision in the original Thye-Blatnik Act was to compensate local counties for the loss of tax base involved in the acquisition of private holdings in the BWCA. These acquisitions involved a number of developed summer resorts and cabins as well as undeveloped land. Since wilderness designation for the BWCA precludes further private developments within the area, this loss of tax base is permanent. Local governments are still deficient in tax base and hard pressed for funds, and an upward revision of these payments in lieu of taxes is overdue.

5. *Section 105.* This section simply changes the name of the BOUNDARY WATERS CANOE AREA to the BOUNDARY WATERS WILDERNESS AREA. Such a name change is needed to emphasize the full wilderness status which this Act confers upon the BWCA, and to give the area a name consistent with those accorded other units of the National Wilderness System. The choice of a new name is certainly not final in this initial bill. Consideration has also been given to calling the area the "SUPERIOR WILDERNESS AREA"—a name more in keeping with the region's traditional but informal names—the "SUPERIOR-QUETICO WILDERNESS" or the "QUETICO-SUPERIOR WILDERNESS." Other appropriate new names may also merit consideration. Upon final enactment of this proposed statute, the most appropriate name will be conferred upon the area.

H.R. 14576

A bill to redesignate the Boundary Waters Canoe Area as the Boundary Waters Wilderness Area, to withdraw certain authorities for timber harvesting and vehicle use within such area, to increase the payments made to counties respecting such area, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

REDESIGNATION

SECTION 1. The area known as the Boundary Waters Canoe Area, as generally depicted on the map filed by the Secretary of Agriculture pursuant to section 3(a) of the Wilderness Act (78 Stat. 890, 891; 16 U.S.C. 1132(a)), is hereby designated as the Boundary Waters Wilderness Area.

ADMINISTRATION; RESTRICTIONS ON USE

SEC. 2. (a) Except as may be otherwise provided under subsections (b) and (c) of this section, the area designated by section 1 as the Boundary Waters Wilderness Area shall be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act (78 Stat. 890; 16 U.S.C. 1131) governing areas designated by that Act as wilderness areas.

(b) In applying the provisions of the Wilderness Act to the Boundary Waters Wilderness Areas as provided in subsection (a), any authorization under section 4(d) (5) of such Act for—

(1) timber harvesting within such area, including administrative cutting other than cutting necessary for portages, trails, and campsites, and

(2) recreational use within such area of motorized watercraft, snowmobiles, or other motorized recreational vehicles

shall not apply after the date of enactment of this Act, but, with respect to such area, the Secretary may permit a variance from the requirements of paragraph (2) and from any applicable provisions of the Wilderness Act prohibiting recreational use of such vehicles. Such variance may permit such use for such period (not more than 5 years from the date of enactment of this Act) as may be necessary to permit the gradual termination of such use in cases of extreme hardship, as determined by the Secretary.

(c) In addition to any other applicable prohibition or withdrawal from entry or appropriation under any provision of the Wilderness Act or under any other provision of law, no permit, lease, or other authorization may be issued by any agency or authority of the United States for—

(1) exploration for, or mining of, minerals owned by the United States within the Boundary Waters Wilderness Area, or

(2) the use of land owned by the United States in relation to any mining or exploration for minerals in such area.

The prohibitions contained in this subsection and any withdrawal from entry or appropriation for mining or exploration for minerals applicable to the Boundary Waters Wilderness area shall not apply to the extent specifically provided in legislation enacted by the United States after the date of enactment of this Act pursuant to a national emergency declared by the President.

PAYMENTS

SEC. 3. Section 5 of the Act of June 22, 1948, entitled "An Act to safeguard and consolidate certain areas of exceptional public value within the Superior National Forest, State of Minnesota, and for other purposes" (62 Stat. 568; 16 U.S.C. 577g) is amended by striking out "three-quarters of 1 per centum" and substituting "one and one quarter of 1 per centum".

CONFORMING AMENDMENT

SEC. 4. (a) Section 4(d) (5) of the Wilderness Act (78 Stat. 890, 985; 16 U.S.C. 1133 (d) (5)) is amended by adding the following at the end thereof: "For modification of the authorities under this provision, see section 3(b) of the Act of ———, 19— entitled 'An Act to redesignate the Boundary Waters Canoe Area as the Boundary Waters Wilderness Area, to withdraw certain authorities respecting timber harvesting and vehicle use within such area, to increase the payments made to counties respecting such area, and for other purposes' " (Public Law ------------).

(b) Such section 4(d) (5) of such Act is amended by striking out "Boundary Waters Canoe Area" and inserting in lieu thereof "Boundary Waters Wilderness Area".

INDUSTRY ENDORSES TRANSFER IN H.R. 13555

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. DOMINICK V. DANIELS) is recognized for 10 minutes.

Mr. DOMINICK V. DANIELS. Mr. Speaker, on June 29, the House will consider H.R. 13555, The Mine Safety and Health Act of 1976. One of the most spurious arguments against the bill is that it would transfer the Mining Enforcement and Safety Administration—MESA—from the Department of the Interior to the Occupational Safety and and Health Administration—OSHA—in the Department of Labor.

This is blatantly false.

H.R. 13555, as anyone who is sufficiently concerned to read the legislation will quickly discover, transfers the enforcement of MESA to the Department of Labor. Within the Labor Department a new position of Assistant Secretary of Labor for Mine Health and Safety will be created. This new Assistant Secretary will be appointed by the President and confirmed by the Senate.

Thus, enforcement of mine health and safety will be elevated from its current low-level rank in the bureaucracy at the Interior Department, to the status of a full administration in the Labor Department. The new Mine Health and Safety Administration will be equal to the Labor-Management Services Administration, the Employment Standards Administration, and to OSHA. Each administration in DOL has its own assistant secretary and its own separate distinct staff and functions.

Attempts to influence my colleagues by stating that miners' health and safety would be under OSHA are deliberately misleading, designed to defeat the transfer by linking it to OSHA, which has been subject to much criticism in this Chamber.

Further, certain statements have been made that there is universal and solidified opposition by industry to the transfer.

Again this a false statement.

Let the facts speak for themselves.

On June 4, 1976, United States Steel Corp. advised the Honorable CARL PERKINS, chairman of the Education and Labor Committee of its support for the transfer. The corporation said, "We urge you to support this feature—transfer—of the bill."

United States Steel further states:

> It is our judgment that the Department of Labor is the more appropriate and capable authority for overseeing also the administration of the safety and health law affecting

employees in mining. Not only does Labor have greater experience than Interior in these matters, but it would clearly seem the more economical and efficient means of providing this service to place the total responsibility under a single agency.

I am including in the Record a copy of this letter.

The Aluminum Co. of America—Alcoa—also supports the transfer. A letter expressing Alcoa's support is included in House Report 94–1147. To summarize, Alcoa states its specific support for "The transfer of enforcement jurisdiction from the Interior Department to the Department of Labor."

I am including the full text of Alcoa's endorsement of the transfer so that my colleagues may understand in full their reasons for its support of this provision.

In addition, the Bituminous Coal Operators Association and the National Coal Association, representing the industry most affected by transfer of the Federal Coal Mine Health and Safety Act from Interior to DOL, presented a joint statement to the Senate Labor Committee on April 7, 1976, indicating that the coal industry did not object or oppose the transfer of enforcement responsibility from the Department of the Interior to the Department of Labor.

I trust that my colleagues will listen to the facts and not be swayed by misleading statements about H.R. 13555. I urge my colleagues to support the transfer provision.

Texts of the letters follow:

United States Steel Corp.,
Pittsburgh, Pa., June 4, 1976.

Re Mine Safety Bill—H.R. 13555
Hon. Carl D. Perkins,
House of Representatives,
Washington, D.C.

Dear Mr. Perkins: H.R. 13555 transfers jurisdiction over the Federal Metal and Nonmetallic Safety and Health Act and the Federal Coal Mine Health and Safety Act from the Department of the Interior to the Department of Labor.

We urge you to support this feature of the bill.

The Department of Labor has long had responsibility in the field of employee safety and health. That responsibility was further increased with the passage of the Occupational Safety and Health Act of 1970 which covers most of industry.

Because of this background, it is our judgment that the Department of Labor is the more appropriate and capable authority for overseeing also the administration of the safety and health law affecting employees in mining. Not only does Labor have greater experience than Interior in these matters, but it would clearly seem the more economical and efficient means of providing the service to place the total responsibility under a single agency.

Accordingly, we respectfully ask that you act favorably on the transfer provisions of H.R. 13555.

Very truly yours,
J. Bruce Johnston.

Aluminum Company of America,
Pittsburgh, Pa., March 31, 1976.

Hon. Dominick V. Daniels,
Chairman, Subcommittee on Manpower Compensation and Health and Safety, House Committee on Education and Labor, Rayburn House Office Building, Washington, D.C.

Dear Congressman Daniels: Aluminum Company of America urges that the Federal Metal and Non-metallic Mine Safety Amendments of 1975 be passed with specific support for (1) the transfer of enforcement jurisdiction from the Interior Department to the Labor Department and (2) the exclusion of the alumina refining process from the definition of "milling" in the Act.

A great deal of confusion has surrounded the jurisdictional authority of MESA and OSHA relative to Alcoa's mining and alumina refining plant in Bauxite, Arkansas as well as the alumina refining facilities at Mobile, Alabama and Point Comfort, Texas. While MESA has assumed inspection responsibilities, in whole or in part, for Alcoa's Mobile, Bauxite and Point Comfort facilities since November, 1975, Alcoa firmly believes that further MESA–OSHA jurisdictional disputes will arise at these facilities A costly, time-consuming and unnecessary duplication of effort has resulted from both agencies claiming jurisdictional responsibility for inspecting and recording at Point Comfort. Both Alcoa and its plants find themselves subject to two sets of standards and separate administrative and legal procedures.

Alcoa believes that the alumina refining process should be under OSHA jurisdiction. Alcoa agrees that bauxite mining facilities are outside OSHA's jurisdiction. The 1975 amendments, therefore, should exclude the alumina refining process from any existing or future interpretations of "milling" and properly place these processes and facilities under OSHA jurisdiction.

Sincerely,
Miles O. Colwell, M.D.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New Jersey (Mrs. Meyner) is recognized for 5 minutes.

Mrs. MEYNER. Mr. Speaker, I was unable to be in the Chamber on Friday, June 25. I would like the Record to show that, if I had been present, I would have voted as follows:

Yea on rollcall No. 460, passage of House Resolution 1285, the rule to H.R. 14231, making appropriations for the Department of the Interior and related agencies for fiscal year 1977;

Aye on rollcall No. 461, the McCormack amendment to H.R. 14231;

No on rollcall No. 462, a motion to recommit H.R. 14231 to the Committee on Appropriations with instructions;

Yea on rollcall No. 463, final passage of H.R. 14231.

In addition, Mr. Speaker, I would like to state that, due to the complicated parliamentary situation last Thursday, I inadvertently voted "no" on rollcalls Nos. 447 and 448, the Skubitz and Findley amendments to H.R. 14232, making appropriations for the Departments of Labor and Health, Education, and Welfare and related agencies for fiscal year 1977. I had intended to vote "aye" on these amendments and would like the Record to so indicate.

ANNOUNCEMENT AS TO VOTE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Danielson) is recognized for 5 minutes.

Mr. DANIELSON. Mr. Speaker, due to official Veterans' Affairs Committee business, I was compelled to be absent late Friday, June 25, 1976. I therefore missed three rollcall votes and would like the Record to show how I would have voted had I been present.

Rollcall No. 461—an amendment to H.R. 14231, Department of the Interior and related agencies appropriations that increases appropriations for ERDA's energy conservation programs by $67.5 million. This passed by a vote of 170 ayes to 157 noes. I would have voted "no."

Rollcall No. 462—a motion to recommit H.R. 14231, Department of the Interior and related agencies appropriations, to the Committee on Appropriations with instructions to report it back forthwith containing an amendment that sought to reduce total budget authority for payments not required by law by 5 percent, and that amounts withheld should not exceed 10 percent. Failed by a vote of 84 yeas to 219 nays. I would have voted "no."

Rollcall No. 463—H.R. 14231, Department of the Interior and related agencies appropriation bill for fiscal year 1977. Passed by a vote of 295 yeas to 1 nay. I would have voted "yea."

THE HONORABLE WILLIAM H. NATCHER

(Mr. JONES of Alabama asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. JONES of Alabama. Mr. Speaker, our colleague, William H. Natcher, was elected in a special election on October 1, 1953, and since Congress was in adjournment at that time, he was not sworn in as a Member until the first day of the second session of the 83d Congress on January 6, 1954.

Mr. Natcher is one of the senior members of the Committee on Appropriations and is one of the 13 subcommittee chairmen. The Committee on Appropriations has 13 subcommittees and our friend, Bill Natcher, is a member of the subcommittee that appropriates the money for the Department of Labor-Health, Education, and Welfare; is a member of the subcommittee that appropriates the money for the Department of Agriculture; and is chairman of the District of Columbia Budget Subcommittee.

Mr. Speaker, our colleague, Representative William H. Natcher has endeavored to make a good Member of the House of Representatives. On Sunday, June 27, 1976, the Washington Star published an article by Rebecca Leet and Michael Kiernan entitled: "Today's Good News: He Saved Taxpayers $166,000." I am placing the article in the Record for the benefit of the Members of the House, the context of which follows:

[From the Washington Star, June 27, 1976]

Today's Good News: He Saved Taxpayers $166,000

(By Rebecca Leet and Michael Kiernan)

Consider the ideal congressman who doesn't drink, smoke, swear or run around with women.

He comes to work at 7 a.m. and doesn't leave until dusk. He opens his own mail, never misses a vote, and never accepts campaign contributions—from anybody, even friends.

He is so sensitive about saving the taxpayers' money that he spends less than a third of his own congressional staff allowance. Last year alone he saved $166,000 on unused staff funds.

And he keeps to himself. He rarely issues a news release or tries to impress colleagues or constituents with the clout of two decades of congressional seniority. He doesn't even have a press aide.

He exists. Yes he does.

He is Rep. William H. Natcher, D-Ky., whose austere political lifestyle may come as a surprise to many in Washington who know him only as the fierce critic of the Metro subway system and the chairman of the House District appropriations subcommittee.

A 23-year veteran of the House, Natcher these days is being perceived as the kind of congressman who gives Capitol Hill a good name. To be sure there are many other men and women like him who are a credit to the profession of politics, but probably no one on the Hill labors more at perfection than Natcher.

Some say he is perfect to a fault. "He's so obsessed with a perfect attendance record he doesn't get back to his home district as often as other congressmen," complained Walter Baker, Natcher's Republican challenger in the November general election.

Others criticize his stubbornness, noting that Metro would have cost less and been far closer to completion had it not been for his years of opposition to the system.

And one top congressional staffer for another Democrat grumbled last week that Natcher employs no professional people on his staff mainly out of fear that one of them might muster enough political clout to run against him back home in Bowling Green, Ky.

Nevertheless, for voters aghast at the activities of representatives like Wayne Hays, D-Ohio, who allegedly kept a $14,000-a-year mistress on his payroll, Natcher, the gentleman from Kentucky, is enough to restore their faith in male members of Congress.

As another congressional aide put it: "Isn't it refreshing to know that at least one member out of 435 has never missed a vote in 20 years?"

In a chamber chagrined by repeated sex scandals in recent weeks, Natcher's colleagues are only too willing to agree.

Ask Majority Leader Thomas P. (Tip) O'Neill about Natcher and his big Irish face lights up. "He's a tremendous fellow . . . an extremely hard worker . . . extremely well-liked . . . forthright . . . just a beautiful person. He's right at the top, one of the most respected members of the House."

When a critical matter is before the House for debate, chances are Natcher will be in the chair, controlling the flow of debate.

It was Natcher, for example, who had been chosen by the leadership to chair House debate on the impeachment of Richard Nixon, had the matter gotten that far. Natcher chaired the session which confirmed Nelson Rockefeller as vice president.

Ask Rep. George Mahon, chairman of the House Appropriations Committee, about Natcher and he'll tell you that, although Natcher is seventh in seniority on Mahon's committee, Natcher is among the three most respected members of the committee.

Mahon said Natcher's committee work extends well beyond the District of Columbia subcommittee which he has headed for more than a decade. Natcher is especially knowledgeable on matters relating to agriculture and the Department of Health, Education and Welfare. He is the second ranking Democrat on the appropriations subcommittees which oversee these departments.

Mahon noted that Natcher could have played his political cards differently so that he would have become chairman of a subcommittee more prestigious than the District—the subcommittee on the Department of the Interior, for example.

But, Mahon said, Natcher chose instead to stay with committees where he had the greatest interest. Unlike some of the committee chairmen who oversee District affairs on Capitol Hill, Natcher lives in the District and not in the suburbs.

Even city officials respect Natcher, a rural Southerner who supported limited home rule for District. Said one city official: "He's tough and stubborn sometimes, but he's also an extraordinarily fair and courteous man. I've never seen him utter a discourteous word to anyone in the District."

As for stubborness, few in the city government can forget Natcher's insistence for seven years that the city spend millions on highways while also building the Metro subway system.

When the city resisted Natcher, he repeatedly held up funds for Metro. At one point Natcher threatened to scuttle Metro entirely, and it took President Nixon to persuade the House to overrule Natcher. It was one of Natcher's rare public defeats in the House.

Today, however, it is Natcher's austere lifestyle, rather than critcism of the Metro system, that sets him apart from many of his colleagues.

A Baptist, whose only addiction appears to be peppermints, Natcher has always been wary of squandering his staff payroll. The 66-year-old Natcher is as parsimonious with himself as he tries to be with the District budget.

Although members of Congress are allowed 18 staff members and a total salary allowance of $238,584 yearly, Natcher employs only eight secretaries (all women) and his total payroll last year was $72,318.

Unlike nearly all other members of Congress, he employs neither a legislative assistant, an administrative assistant nor a press secretary. The reason, according to one staff member: he's so organized he does it all himself.

Every day he comes into the office about 7 a.m., or shortly thereafter, opening his own mail and dictating replies.

He doesn't use his own big personal office for such work preferring the space usually taken up by a congressman's administrative assistant. The larger room is reserved as a meeting room and place for greeting constituents.

Inside the smaller office space, Natcher labors among boxes and books and papers stacked everywhere. Built-in file cabinets line one wall. Near his desk hang the citations from the clerk of the House which attest to a record of which Natcher is extremely proud: he has never missed a vote in his nearly 23 years in Congress.

If Natcher fails to tell you, his receptionist will, that he is the only congressman in 200 years to have compiled that record.

Natcher does not accept campaign contributions. Admittedly, his wife is wealthy and the largely rural second district in Kentucky, which includes Ft. Knox, is heavily Democratic.

However, others from similarly safe districts with wealthy backgrounds have felt no such compulsion to reject donations. But Natcher has a goal of going through Congress without ever knowingly spending another's money on his campaign.

When he discovered, following the 1972 election, that some doctors in his district had spent $1,000 on his behalf, he repaid them.

And his campaign spending has to rank among the lowest in Congress. In the 1972 campaign, for example, he spent only $9,395.

From the beginning of his congressional career in 1953, Natcher has regarded his tenure in Washington as something bordering on a sacred mission. "They never sent a congressman from the second district who wanted to come up here as bad as I do," he said 23 years ago.

Five months after arriving in Washington, Natcher began keeping a private journal in which he still records each week his impressions on the goings-on in Washington.

His impressions will never be serialized in the National Enquirer. The more than two dozen volumes, locked up in a safe, are meant only for his children and grandchildren to read.

Natcher's career, meanwhile, may take a new turn this fall as he faces a troublesome Republican opponent, 39-year-old Harvard Law graduate Baker, a Republican state senator from Glasgow, Ky., who speaks forcefully about the flaws he sees in Natcher.

Baker complains that Natcher has failed to assert "the national leadership you'd expect from a man with so much seniority."

Natcher devotes more time to the people of the District of Columbia than to his constituents back in Kentucky, according to Baker, who is also quick to point out that last week's Senate-sponsored study detailing the horrors of the District's accounting practices suggested that Natcher "hasn't done that good a job looking out for the District either."

Added Baker: "When was the last time you heard of a bill introduced by Natcher of real national significance? I don't think you can name one."

What does Natcher say about such charges? Courteous, calm, aloof, he is reluctant to say anything at all and was not available to answer questions last week from Star reporters.

A reporter who showed up shortly after 8 a.m. Friday hoping to interview the congressman discovered he had already opened his mail and gone to a 7:30 meeting.

"The congressman is very busy," explained one of his secretaries. "Maybe he can get to you next week."

INVESTIGATION INTO SEXUAL ASSAULTS IN THE CITY, STATE, AND FEDERAL PRISONS IS WARRANTED

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, on April 5, 1976, I placed in the CONGRESSIONAL RECORD extended correspondence which I had with several of the district attorneys in the city of New York and others concerning a sexual assault upon a young man—adolescent—while he was in a prison van being transported from the criminal courthouse in the borough of Manhattan to Rikers Island in the borough of the Bronx. I will not repeat the details which are set forth in that correspondence other than to briefly state why I again refer to that situation, but I urge the Members to look at that statement which will be found on page 9473 of the April 5 CONGRESSIONAL RECORD.

I believe that in the city, State, and Federal correction systems of our country we have large numbers of unreported sexual assaults occurring by prisoner against prisoner which warrant investigation by those three levels of government. The case brought to my attention involved an adolescent, but it was ascertained that each of the two district attorneys involved, to wit the district attorney of Bronx County and the district attorney of Queens County, each thought the other should have pursued the matter and so it fell between the cracks. I pursued the matter with both of them and in my last correspondence of March 24, reported in the Congressional Record of April 5, 1976, I asked the district attorney of Queens County to prosecute the matter. The allegation is that the adolescent prisoner had been subjected to repeated sexual assault during the course of his transfer from the court to the Rikers Island detention center.

Because I believe that the prison system to which we send those who commit crimes must be a place where one in good conscience can send other human beings, we must make certain that each of the prison system provides at the very least protection against sexual assaults, which allegedly are very common occurrences. And so, I sent the Congressional Record of April 5 discussing this subject, to every criminal court judge in the city of New York, every New York State senator and assemblyman, members of the New York City Council, as well as the administrative judges of the New York State Supreme Court and other public officials, hoping to elicit not only their comments but also their support for an investigation.

I regret to say that the responses were very few in number and none indicated that he or she would pursue the matter. And regrettably, most failed to respond at all.

Respecting the original case of M.S. the adolescent who was the victim of this assault, I recently received a letter dated June 14 from the district attorney of Queens County in which he sets forth the facts that his investigation has ascertained, and in which he says:

> In conclusion, I would like to state that the actions of the Queens District Attorney's Office in this case have been absolutely correct. The Bronx District Attorney's Office which has jurisdiction over Rikers Island, where all of the defendants were lodged and which was the most convenient place in which to conduct the investigation, should have prosecuted this case. I cannot understand how the Bronx expected the Queens District Attorney's Office to prosecute the Manhattan and Brooklyn incidents if the Bronx itself felt that it could not do so. Apparently, they felt that this case was something like a game of tag. Since they made the phone call to our Office rather than to Brooklyn or Manhattan, we were "it."

I also took up with New York City Corrections Commissioner Benjamin J. Malcolm another alleged sexual assault not involved in the case which I have described in detail above. However, there was one significant statement in his letter on that other matter which I simply would like to quote as it bears upon the need for an investigation into sexual assaults. His letter of May 20 contained the following statement:

> It may interest you to note that we are extremely concerned and have been for quite sometime about these types of assaults, which occur more frequently amongst the 16–20 year old population than the adults. Presently we are engaged in looking at these assaults in great detail.

Most regrettable of all is that at the present time there is no independent investigation presently underway into the subject to sexual assaults in the city or State prisons, nor is there any such investigation into the Federal prisons, although I have received a letter from Norman Carlson, Director of the U.S. Bureau of Prisons, indicating that he is aware of comparable situations in at least one U.S. penitentiary—at Lewisburg, Pa. In his letter to me of June 8 he said:

> In response to recent incidents at Lewisburg, I have appointed a high-level Board of Inquiry composed of Bureau officials from outside the Lewisburg institution and an experienced attorney from the Department of Justice.

I believe that in the State of New York there ought to be a special investigation directed by the Governor or the attorney general on this subject; as for the Federal prisons, I believe that the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the House Judiciary Committee ought to hold hearings on sexual assaults in the Federal prisons. I am bringing this correspondence to the attention of Chairman Robert Kastenmeier, urging such hearings; and to Gov. Hugh Carey for the same purpose vis-a-vis the State and city prison systems.

To conclude, Mr. Speaker, let me again refer to the facts established by an investigation in 1968 ordered by Judge Barbieri in Philadelphia of the Philadelphia prison system: based on extrapolation of the interviews conducted, that investigation concluded that the 60,000 prisoners in the Philadelphia prisons during the 26 months during the period of June 1965 to July 1968 would have been subjected to approximately 2,000 sexual assaults.

I want to conclude, Mr. Speaker, by recalling the statement of Dostoevski:

> The degree of civilization in a society can be judged by entering its prisons.

The City of New York,
Office of the Mayor,
New York, N.Y., April 20, 1976.

Hon. Edward Koch,
House of Representatives,
Washington, D.C.

Dear Congressman Koch: Thank you very much for your excerpt from the Congressional Record. The problems in developing an effective and controlled corrections system for the City of New York has been a major concern of my administration. As you know, I have proposed in my financial plan for the next two years that the State of New York assume the financial responsibility for providing correctional services throughout the State. The resources of the City of New York are too limited to provide the full scope of services that are required for an effective corrections program.

Sincerely,

Abraham D. Beame,
Mayor.

U.S. House of Representatives,
Washington, D.C., May 11, 1976.

Hon. Abraham D. Beame,
The City of New York,
Office of the Mayor,
New York, N.Y.

Dear Mr. Mayor: I have your letter of April 20th in response to my discussion of sexual assaults in the city prison system set forth in the Congressional Record statement of April 5th, and I want you to know that I very much appreciate your interest.

I understand your comment that "the resources of the City of New York are too limited to provide the full scope of services that are required for an effective correction program." However, ought not there to be an investigation into the subject of sexual assaults in the prisons to determine what, in fact, has been the response to date of the Department of Corrections, the courts and the district attorneys to this crucial problem, and how the matter should be dealt with in the future?

What distresses me almost as much as the continuing sexual assaults in the prison system is the apparent indifference of public officials to this problem. I sent the reprint of the Congressional Record statement I made on the subject to every Criminal Court Judge of the City of New York, as well as Chief Judge Charles Brietel and Administrative Judges David Ross and Richard Bartlett, and to the Deputy Mayors. Regrettably, yours is the only written response I have received to date.

I urge you to appoint a Commission or an existing Administrator to hold hearings and report to you on this grave situation. It cannot go unattended. Do let me have your response to this suggestion.

All the best.

Sincerely,

Edward I. Koch.

The City of New York,
Department of Correction,
New York, N.Y., May 24, 1976.

The Hon. Edward I. Koch,
House of Representatives,
New York, N.Y.

Dear Congressman Koch: In reference to your inquiry of February 11, 1976, and this Department's response of March 19, 1976, regarding the incidence of assaults in prison vans, please be advised that a search of the Department's files has produced the information detailed below.

1. In 1973, there were no reported assaults in Department Prison Vans.
2. In 1974, there were two reported assaults; the disposition of one was the subject of our letter of March 19, 1976, to your office; the other resulted in institutional disciplinary proceedings against the two offending inmates.
3. In 1975, there were no reported assaults in Department Prison Vans.
4. Thus far in 1976, there have been two reported incidents, one of which resulted in the inauguration of criminal charges against the offending inmates which are pending in Bronx County, while the other was not prosecutable since the complainant refused to identify his assailants.

If any further information is required, please do not hesitate to contact us.

Sincerely,

Benjamin J. Malcolm,
Commissioner.

State of New York,
Office of Court Administration,
New York, N.Y., June 7, 1976.

Congressman Edward I. Koch,
New York, N.Y.

Dear Ed: I have your letter of May 27, in which you asked me to direct an inquiry into sexual assaults within the New York state and city correctional systems.

As State Administrative Judge, I have no power to direct such an inquiry. More fundamentally, I doubt that this is an appropriate judicial function at all. Investigations into allegations of criminal conduct are traditionally conducted by a district attorney or, if the Governor deems it appropriate, by the Attorney General. Each of these prosecutors may use a grand jury in his investigation but it is the prosecutor who directs the investigation and it is only he who has the investigative resources. The court's role is limited to general supervision of the grand jury and adjudicating questions of law which arise from its investigation. I noted that in the Congressional Record you referred to a judge in Philadelphia who appointed an assistant district attorney as a "special master" to investigate and report upon homosexual assaults against prisoners in that jurisdiction; the courts of New York have no such powers.

I understand your frustration in the S. case, in which apparently neither the Bronx nor Queens County District Attorney felt confident enough of jurisdiction to prosecute for an offense committed in a prison van somewhere in route from one county to another. I wish I had the answer.

Sincerely,

DICK.

OFFICE OF THE DISTRICT
ATTORNEY OF QUEENS COUNTY,
Kew Gardens, Jamaica, N.Y., June 14, 1967.

Re: M.S.

Hon. EDWARD I. KOCH,
Member of Congress,
New York, N.Y.

DEAR CONGRESSMAN KOCH: The following is the information I have received to date regarding the above-captioned matter:

M. S., a twenty year old white male, six feet, two inches tall and 180 pounds, was arrested in the vicinity of 243 E. 53rd Street, Manhattan, on October 9, 1974. He was charged with disorderly conduct [New York State Penal Law § 240.20(5)] and a violation of the New York City Administrative Code under Section 435.10-1 which prohibits soliciting people on the streets to patronize a business establishment.

The complaint in the case against S. alleges that the defendant stopped male passersby "causing them to change their direction and did attempt to persuade them to enter the abovementioned premises namely the Spartacus Massage Parlor."

On arraignment in Part AR I of the New York City Criminal Court in New York County, S. pled guilty to the disorderly conduct charge and was sentenced to five days at Rikers Island.

According to S. (who gave a statement concerning the incident to a representative of the Department of Correction on the morning of October 11th, 1974) he was placed in a prison van leaving the Tombs Prison in Manhattan at about 9:30 on the evening of October 10, 1974. About ten minutes before he was put into the van, he had been attacked in a cell by another inmate who had heard him conferring with his lawyer and who had learned that S. had $21. in his possession. S. was forced to call a guard, who released him from the cell.

According to S., some of the other inmates in the van with him had been put into the cell from which he had been removed and had learned that he had money in his possession.

As soon as S., who was handcuffed to another prisoner, was put in the van, all of the other prisoners started making references to the money he had, asking him for loans, offering to sell him cigarettes, etc. They then began feeling for his wallet and in the process also began feeling his private parts.

S. protested this treatment "very sharply" and to the other inmates that we was not "gay."

One person sitting near S. told him that he should claim he was a homosexual so that he could get special treatment while in prison. The other inmates then started roughing S. up. He fell to the floor. They began kicking him. While he was lying down, somebody grabbed his wallet.

The person who had advised him to claim that he was a homosexual then told S. that the treatment he had just received was an example of what would happen to him if he didn't cooperate. S. was unable to identify this individual.

Six of the prisoners in the van unzippered themselves and compelled S. to engage in acts of oral sodomy.

After S. arrived in the receiving area at Rikers Island, one of the personnel there noticed that he was cut and asked him what happened. S. told the correction officer he had been beaten up in the van. The other inmates in the van were brought in for him to identify. He was reluctant to identify anybody because the other prisoners had told him that they were friendly with some of the correction officers and they would be "after" him and so would the correction officers.

At the close of the interview when questioned as to whether he had spoken to his lawyer about what had happened to him, S. made the following statement:

"No. No. I was reluctant to press charges because as traumatic as it was from what I had seen of New York jails I didn't want to have people spending more time because of me. I mainly felt angry at the correction officers for putting me in that compartment and just left me at their mercy for forty-five minutes to an hour. But now I've been convinced that if things are going to happen, I'll have to press charges."

On October 12, 1974 Correction Officers James F. Lasser (Sh. #175 and T. Arena (Sh. #1699) proceeded to Bronx Criminal Court with three inmates named H. P., T. C., and J. H., who were to be charged with robbery, assault, sodomy, and possession of stolen property on the complaint of M. S.

The van carrying the three defendants arrived at Bronx Criminal Court at 11:45 A.M. on October 12, 1974. Upon arrival arrest procedures were not immediately initiated because Assistant District Attorney Fisher had to consult with his superiors concerning the question of jurisdiction. Correction Officer Lasser did not proceed with the arrest process until this question of jurisdiction was resolved by the Bronx District Attorney's Office.

On October 22, 1974 Assistant District Attorney William Poppe moved to dismiss the charges against all three defendants on the grounds that: "It appears that the allegations of sodomy in this case and of robbery occurred in another borough (sic), and the robbery having occurred in Manhattan and the sodomy (sic) having occurred in Brooklyn and Queens."

I am enclosing a copy of the minutes of dismissal of October 22, 1974. They are at variance with the claim of the Bronx District Attorney's Office, as stated in Mr. Merola's letter to you dated February 19, 1976, that: "Because all of the events took place off Rikers Island and in Queens County, the court had no option but to dismiss the complaint for lack of geographical jurisdiction, in accordance with the provisions of Section 20.40 of the Criminal Procedure Law of the State of New York."

According to Bronx Assistant District Attorney Robert Dorf, one of the alleged acts of sodomy took place in Bronx County, after the van had arrived on Rikers Island. The Bronx did not prosecute that particular case because, according to Mr. Dorf, S. was unable to identify the individual responsible.

Sometime after the Bronx District Attorney's Office had the charges against P., C., and H. dismissed, Mr. Dorf telephoned Assistant District Attorney Lawrence Finnegan and asked him to prosecute the case. Mr. Finnegan, who was of course unaware that the case had been dismissed on the Bronx District Attorney's Office's own motion, declined. He advised Mr. Dorf that the case should be presented to the Grand Jury.

Mr. Dorf has informed me that after Mr. Finnegan told him of his decision, he decided to send Mr. S. to the 114th Precinct in Queens to initiate a complaint. Mr. Finnegan was never informed of this rather unorthodox maneuver.

I have telephoned the detectives in the 114th Precinct and they have no record of ever having forwarded a complaint from M. S. to the Queens District Attorney's Office. Mr. S. never came into our Office to lodge a complaint with us.

After the dismissal of the case, the Department of Correction's Central Intelligence Unit made several efforts to contact Mr. S. On February 10, 1975, Investigator Robert Samberg recommended that the case be closed because his efforts to contact S. by telephone and certified mail had failed due to the fact that S. had moved and left no forwarding address.

On May 27, 1975 Samberg located S., who was then working at the Garden of Eden Massage Parlor at E. 51st Street in Manhattan. Samberg left his card with S. and "asked him to come in for an interview." S. indicated that "he might not want to pursue the matter but would call."

On June 30, 1975 Samberg again called the Garden of Eden Massage Parlor. S. had given up his employment at that establishment and had left no forwarding address. On July 10, 1975 the Department of Correction closed its case because of S.'s unwillingness to cooperate.

One of the ironies of this case, is that it is very dubious that the sodomy charges could have ever been successfully prosecuted. There were ten inmates in the van in addition to S, the majority of whom according to S participated in the sodomies. The only witness of any value at all who was willing to give a statement, claimed that Slater either initiated the homosexual activity or was a willing and active participant.

It appears to me that the robbery and assult charges against the defendants were viable because of the fact that the exact amount of money which S claimed had been stolen from him was recovered from two of the inmates. In addition, S was injured in the course of the robbery. The robbery and assault cases were never pursued because evidently after the dismissal no one in the Bronx District Attorney's Office saw fit to refer the case to Mr. Morgenthau's Office.

In addition to the minutes of the dismissal of October 22, 1974, I am enclosing for your information photostatic copies of Sections 1.20, subd. 36 ad 20.40 of the Criminal Procedure Law.

I have contacted the F.B.I. in an effort to locate Mr. S and will inform you of any developments in this regard.

In conclusion, I would like to state that the actions of the Queens District Attorney's Office in this case have been absolutely correct. The Bronx District Attorney's Office which has jurisdiction over Rikers Island, where all of the defendants were lodged and which was the most convenient place in which to conduct the investigation, should have prosecuted this case. I cannot understand how the Bronx expected the Queens District Attorney's Office to prosecute the Manhattan and Brooklyn incidents if the Bronx itself felt that it could not do so. Apparently, they felt that this case was something like a game of tag. Since they made the phone call to our Office rather than to Brooklyn or Manhattan, we were "it."

If you have any further inquiries in this matter, I suggest that you make them to the Bronx District Attorney's Office.

Very truly yours,

CORNELIUS J. O'BRIEN,
Executive Assistant,
District Attorney.

[Criminal Court of the City of New York, Bronx County: Part 1E—Docket X42118 through 810]

CHARGE SODOMY

People of the State of New York against H.P., T. C., J.E., and M.S., Defendants.

Before: Hon. Archie A. Gorfinkel, Judge, Criminal Court, October 22, 1974.

Appearances: William Poppe, Esq., Assistant District Attorney, Bronx County, for the People, Louis Alperin, Mount Vernon, N.Y., for the Defendants.

Court Officer. Added to the calendar, H.P., T.C., J.E., and M.S., Correction Officer James Laser.

Mr. Poppe. May I approach with the defense counsel, Judge?

Mr. Alperin. Louis Alperin for the defendants.

The Court. Yes. (Assistant District Attorney and Defense Counsel approach the bench.)

Mr. Poppe. Your Honor, I have talked with the arresting officer on this case. We have discussed the facts. It appears that the allegations of sodomy in this case and of robbery occurred in another borough, the robbery having occurred in Manhattan and the sodomy having occurred in Brooklyn and Queens. The arrests, of course, were made here in the Bronx and they are now before Your Honor. I would respectfully request on that basis that the case be dismissed, Your Honor, since we do not have jurisdiction at this point.

The Court. All three defendants, P., C., and E?

Mr. Alperin. All three.

The Court. Motions are granted. Case is dismissed, with leave to bring it in any other county that has proper jurisdiction.

House of Representatives,
Washington, D.C., June 28, 1976.

Hon. Hugh L. Carey,
Governor of New York,
Albany, N.Y.

Dear Governor: I am enclosing a statement that I am placing in the Congressional Record which contains extended correspondence on the subject of sexual assaults in the prison system. I believe that such assaults, while not reported, are widely engaged in and are the most horrendous part of an admittedly failing correction system. The facts which I detail relate to a particular case which would warrant an investigation by appropriate authorities; however, there is a need for a thorough investigation of this situation since the physical and mental well-being of hundreds if not thousands of prisoners held by the city or state is seriously affected—not in relationship to the punishment meted out by a court, but related to a system which fails to protect those placed in its charge from physical assault.

You will note from my statement that I have sought to attain an investigation of the situation from the courts, but have been advised by State Administrative Judge Richard Bartlett, as appears in his letter of June 7 which is part of my Congressional statement, that "the courts of New York have no such powers (of investigation)."

I urge that you appoint a special prosecutor to investigate such sexual assaults in city and state prisons, or alternatively, that you request the State Investigation Commission to initiate such an investigation.

I have made a similar request of Attorney General Louis Lefkowitz since the appointment of a special prosecutor requires the joint cooperation of both yourself and the Attorney General.

Sincerely,

Edward I. Koch.

REQUIRING INSURANCE AND PROPER LICENSES FOR AUTOS IMPORTED BY FOREIGN VISITORS AND DIPLOMATS: NEW COSPONSORS FOR THE REVISED VERSION OF H.R. 11560

(Mr. **KOCH** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. **KOCH**. Mr. Speaker, today I am pleased to reintroduce H.R. 11560, a bill to require vehicles driven into the United States from foreign countries to have the liability insurance required by State law, and to establish a national system to identify vehicles operated with foreign country license tags in the United States. This legislation should be uncontroversial, because it fills an obvious void in our system of dealing with foreign-owned motor vehicles. I am pleased to announce that an additional seven Members have agreed to cosponsor this bill, making a total of 29 Members who are cosponsoring this legislation.

The seven new cosponsors of this bill are: Representatives Abzug, Delaney, Duncan of Oregon, Fisher, Krebs, Krueger, and Patterson of California.

Previously the following 22 of my colleagues had cosponsored H.R. 11560:

Baucus, Bedell, Bevill, Dominick V. Daniels, Downey of New York, Drinan, Eilberg, Ford of Michigan, Gude, Heckler of Massachusetts, Helstoski, Hughes, Ketchum, Keys, Moss, Ottinger, Richmond, Roybal, Scheuer, Solarz, and Zeferetti.

The bill I am introducing today makes a few technical changes in H.R. 11560 in order to strengthen its provisions, particularly in the area of insurance requirements for cars owned by foreign diplomats. These changes were suggested by the commissioners and administrators throughout the country who responded to my request for their comments. I previously cited the more helpful of those comments in a statement I made on April 5 on pages 9476–9477 of the Record.

I found particularly helpful the letter I received from Mr. Ejner J. Johnson, administrator of the Maryland Department of Transportation, who pointed out that insurers could defend against liability in certain cases by asserting the defense of diplomatic immunity to which certain of their insured, diplomatic clients were entitled. To deal with this problem, I have amended section 2 of the bill to require that insurers of diplomats not be allowed to assert this defense, even though those with diplomatic immunity would still be immune from lawsuits. The burden would be placed on the insurance company, if their client used a shield of diplomatic immunity to avoid liability.

What seems incredible to me, as it must to others, is that the United States is one of the few nations in the world not to require proof of liability insurance from those who drive their vehicles into the country. Mexico, Canada, the Western European nations, and the Communist bloc countries all require proof of insurance, before allowing any foreign citizen, whether diplomat, tourist, or student, to drive an auto into their countries.

Those who have traveled in Europe are no doubt familiar with the "green card," issued as proof of insurance to drivers in those countries. Such a card, issued by an insurance company doing business in the United States or having an agent here, would be the proof of insurance required by our bill. We would hope that this requirement would encourage responsibility by foreign drivers, insure obedience to the financial responsibility laws in the States in which they drive, and avoid situations where Americans are without recourse in the event of an accident involving a foreign driver.

The second major part of the legislation which I am reintroducing today would establish a central record for vehicle license numbers and owner names and addresses at the Department of Transportation in Washington, D.C., and also automatically transmit this information to the State in which the automobile was principally garaged.

This legislation would facilitate the identification of any foreign automobile which is to be operated in the United States. It would require the notation of the license tag number, owner's name and address, and other pertinent information whenever an automobile with foreign license tags will be operated in the United States more than 30 days. Under the United Nations Convention on Road Traffic, the United States is obligated to honor the license tags of foreign nations for 1 year after the entry of the vehicle into the United States. However, it is almost impossible to identify such an auto, if it is involved in an accident or picks up a number of parking or moving violations, because there is no record anywhere in the United States of the owners or license numbers of these vehicles. In addition there is no means to determine whether the particular license tag is still valid, because there is no way to determine how long the vehicle has been in the United States using such license tags.

In lieu of hearings, the bill has been distributed to the pertinent Federal agencies and to the public for comment; comments were due to be submitted to the Trade Subcommittee of the Ways and Means Committee by June 25.

It is my hope that the Subcommittee on Trade will favorably report the bill as soon as possible, with any appropriate modifications suggested by the comments received and with the technical amendments necessary to improve the bill and make it effective.

CONFERENCE REPORT ON H.R. 14239

Mr. **SLACK** submitted the following conference report and statement on the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes:

Conference Report (H. Rept. No. 94–1309)

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14239) "making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 10, 11, 17, and 18.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 6, 22, and 23, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert "$20,400,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$160,890,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$753,000,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$360,000,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$26,725,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$63,500,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$62,912,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$14,470,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$566,270,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$12,239,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$54,696,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$11,350,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$125,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 5, 20, 24, 26, and 29.

JOHN M. SLACK,
NEAL SMITH,
JOHN J. FLYNT, Jr.
BILL ALEXANDER,
YVONNE BRATHWAITE BURKE,
GEORGE MAHON,
E. A. CEDERBERG,
MARK ANDREWS,
Managers on the Part of the House.

JOHN O. PASTORE,
JOHN L. MCCLELLAN,
MIKE MANSFIELD,
ERNEST F. HOLLINGS,
WARREN G. MAGNUSON,
THOMAS F. EAGLETON,
J. BENNETT JOHNSTON,
WALTER D. HUDDLESTON,
ROMAN L. HRUSKA,
HIRAM L. FONG,
EDWARD W. BROOKE,
MARK O. HATFIELD,
TED STEVENS,
MILTON R. YOUNG,
JACOB K. JAVITS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF STATE

Administration of foreign affairs

Salaries and Expenses

Amendment No. 1: Appropriates $539,800,000 as proposed by the Senate instead of $537,800,000 as proposed by the House.

It is the intent of the conferees that the reduction of $2,000,000 from the budget estimate be accomplished by savings resulting from personnel reductions determined by the Department.

International organizations and conferences

Contributions to International Organizations

Amendment No. 2: Appropriates $277,545,453 as proposed by the Senate instead of $274,000,000 as proposed by the House.

General provisions—Department of State

Amendment No. 3: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, which is as follows:

SEC. 105. The Congress, taking cognizance that—

(1) the Secretary of State on June 11 submitted a multi-point proposal to the Sixth General Assembly of the Organization of American States designed to restructure the membership qualifications, the policymaking organs, and the financial assessments for the members of that body, and

(2) the United States Government has been regularly contributing approximately two-thirds of the annual OAS budget, and

(3) the bureaucratic structure of the OAS has, according to the Secretary of State, assumed a "ponderous" and "cumbersome" nature, pre-empting some of the policymaking responsibilities of the General Assembly, and

(4) the several member-states of the OAS have sought a more active role for the organization in formulating common policy positions on such hemispheric issues as recognition of the Cuban Government, renegotiation of the Panama Canal Treaty, and protection of human rights in Chile, and

(5) the responsive structure and financial strength of the OAS will determine the relevance of that organization for meeting the challenges of the future,

therefore expresses its support for the proposal presented to the Organization of American States General Assembly on June 11 by Secretary of State Henry A. Kissinger and urges the General Assembly to favorably consider and adopt the United States proposal at an early date.

TITLE II—DEPARTMENT OF JUSTICE

General administration

Salaries and Expenses

Amendment No. 4: Appropriates $20,400,000 instead of $20,100,000 as proposed by the House and $20,481,000 as proposed by the Senate. The amount allowed includes funds for 18 additional positions for the U.S. Parole Commission.

Amendment No. 5: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, which is as follows:

"In addition to funds provided under this Act, unobligated balances from the amount appropriated for the Watergate Special Prosecution Force in 1976 shall remain available until September 30, 1977."

Legal activities

Salaries and Expenses, General Legal Activities

Amendment No. 6: Appropriates $64,090,000 as proposed by the Senate instead of $63,565,000 as proposed by the House.

Salaries and Expenses, United States Attorneys and Marshals

Amendment No. 7: Appropriates $160,890,000 instead of $158,850,000 as proposed by the House and $161,905,000 as proposed by the Senate. The increase over the House amount will provide full-year funding for 100 new positions provided for United States attorneys in the Second Supplemental Appropriation Act for 1976, as well as funds for 51 additional positions.

Law Enforcement Assistance Administration

Salaries and Expenses

Amendment No. 8: Appropriates $753,000,000 instead of $738,000,000 as proposed by the House and $809,638,000 as proposed by the Senate. Of the total amount appropriated, $40,000,000 is to be made available for the Law Enforcement Education Program (LEEP), $75,000,000 for the Juvenile Justice and Delinquency Prevention Program, and $15,000,000 for encouraging community participation in crime prevention.

General provisions—Department of Justice

Amendment No. 9: Deletes proposal of the Senate which would prohibit the use of funds for the withdrawal or modification of the designation of the Department of the Treasury as the United States representative to INTERPOL.

TITLE III—DEPARTMENT OF COMMERCE

General administration

Salaries and Expenses

Amendment No. 10: Appropriates $13,595,000 as proposed by the House instead of $14,410,000 as proposed by the Senate.

With respect to the Secretarial representatives in the 10 Federal regions, the Conferees would have no objection to the Secretary of Commerce continuing this program under present funding arrangements.

Bureau of the Census

Salaries and Expenses

Amendment No. 11: Appropriates $43,245,000 as proposed by the House instead of $43,924,000 as proposed by the Senate.

Economic Development Administration

Economic Development Assistance Programs

Amendment No. 12: Appropriates $360,000,000 instead of $300,000,000 as proposed by the House and $453,500,000 as proposed by the Senate.

The conferees are agreed that the $360,000,000 should be allocated among the various Economic Development Assistance Programs in the same amounts as in fiscal year 1976 except that $3,000,000 should be allocated to the research program. In addition, the Section 304 program of supplemental grants to States should be maintained at a level of $20,000,000.

Administration of Economic Development Assistance Programs

Amendment No. 13: Appropriates $26,725,000 instead of $25,426,000 as proposed by the House and $28,750,000 as proposed by the Senate.

Regional Action Planning Commissions

Regional Development Programs

Amendment No. 14: Appropriates $63,500,000 instead of $42,200,000 as proposed by the House and $85,068,000 as proposed by the Senate.

The conferees are agreed that $1,000,000 of the total amount appropriated is to be allocated, before other fund distribution, to the Old West Regional Commission for the Mountain Plains Education and Economic Development Program.

The total amount appropriated also includes $1,000,000 for the organization and operation of new regional commissions, authorized under section 509(d)(2) of the Public Works and Economic Development Act of 1965, as amended.

In addition, $500,000 of the total amount appropriated is to be allocated to the New England Regional Commission for the Regional Economic Development Bank.

Domestic and International Business Administration

Operations and Administration

Amendment No. 15: Appropriates $62,912,000 instead of $62,280,000 as proposed by the House and $63,530,000 as proposed by the Senate.

The amount appropriated incudes $632,000 for keeping two trade centers open, which were proposed for closing in the budget request.

While the funds added by the Senate for the export administration program have been deleted, the conferees expeet the Department to improve the management of the export administration program, and would have no objection to the submission of a reprograming request in order to accomplish this objective.

U.S. Travel Service

Salaries and Expenses

Amendment No. 16: Appropriates $14,470,000 instead of $12,220,000 as proposed by the House and $16,720,000 as proposed by the Senate.

The amount appropriated includes $12,970,000 for the international tourism promotion program and $1,500,000 for the domestic tourism promotion program.

Amendment No. 17: Designates $1,500,000 for the domestic tourism promotion program as proposed by the House instead of $2,500,000 as proposed by the Senate.

National Oceanic and Atmospheric Administration

Operations, Research, and Facilities

Amendment No. 18: Permits expenses of an authorized strength of 388 commissioned officers on the active list as proposed by the House instead of expenses of 400 such officers as proposed by the Senate.

Amendment No. 19: Appropriates $566,270,000 instead of $558,200,000 as proposed by the House and $574,490,000 as proposed by the Senate.

The amount appropriated includes $22,000,000 for carrying out the Fisheries Conservation and Management Act of 1976; $27,239,000 for the Sea Grant program; $1,070,000 for evaluation of offshore dump sites; and a total of $1,000,000 for replacing equipment and facilities on the Pribilof Islands and for improving forecasting services and water quality monitoring systems related to the safety and efficiency of the trans-Alaska pipeline marine leg and support of Outer Continental Shelf development.

The conferees have deleted funds added by the Senate for additional porpoise surveys ($380,000); an economic assessment of marine recreational fisheries ($670,000); a marine minerals program ($495,000); and a program of testing and operation of aircraft in support of weather modification research ($570,000). However, the conferees would have no objection if these programs were to be carried out within the total amount appropriated.

With respect to the Sea Grant program the conferees will expect that the major portion of the increase of $4,000,000 will be used for marine education and the marine advisory services which are designed to put marine research into practice.

Construction

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

"Construction

"For expenses necessary for the National Oceanic and Atmospheric Administration for planning the construction of facilities and construction of an access road and security fencing, $970,000, to remain available until expended."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

On June 10, 1976 the House Appropriations Committee completed an investigation of the proposed NOAA facility at Sand Point, Seattle, Washingon. The investigation raised several issues concerning the Sand Point project and included several alternatives for meeting NOAA's facilities' needs in the Seattle area. The conferees are agreed that the Department of Commerce should address the issues raised in the investigative report and submit a detailed report to the House and Senate Appropriations Committees as soon as possible.

National Fire Prevention and Control Administration

Operations, Research, and Administration

Amendment No. 21: Appropriates $12,239,000 instead of $10,178,000 as proposed by the House and $14,300,000 as proposed by the Senate.

TITLE IV—THE JUDICIARY

Courts of Appeals, District Courts, and Other Judicial Services

Salaries and Expenses of United States Magistrates

Amendment No. 22: Appropriates $12,341,000 as proposed by the Senate instead of $11,862,000 as proposed by the House.

Salaries and Expenses of Referees

Amendment No. 23: Appropriates $30,201,000 as proposed by the Senate instead of $29,824,000 as proposed by the House.

TITLE V—RELATED AGENCIES

Commission on Security and Cooperation in Europe

Salaries and Expenses

Amendment No. 24: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate amended to read as follows: "$340,000 for the period beginning July 1, 1976, and to remain available until expended."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The House had proposed an appropriation of $300,000 to be available on October 1, 1976, while the Senate had proposed an appropriation of $375,000 to be available on July 1, 1976. The conference agreement provides $340,000 to be available on July 1, 1976.

Federal Communications Commission

Salaries and Expenses

Amendment No. 25: Appropriates $54,696,000 instead of $51,448,000 as proposed by the House and $57,945,000 as proposed by the Senate.

Federal Trade Commission

Salaries and Expenses

Amendment No. 26: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which restores language designed to protect the privacy and security of data obtained in the Federal Trade Commission's line of business program.

International Trade Commission

Salaries and Expenses

Amendment No. 27: Appropriates $11,350,000 instead of $11,300,000 as proposed by the House and $11,539,000 as proposed by the Senate.

Legal Services Corporation

Payment to the Legal Services Corporation

Amendment No. 28: Appropriates $125,000,000 instead of $110,000,000 as proposed by the House and $130,000,000 as proposed by the Senate.

TITLE VI—GENERAL PROVISIONS

Amendment No. 29: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate amended to read as follows:

"SEC. 606. None of the funds appropriated in this Act shall be made available for the collection and preparation of budgetary information which will not be available to the Committees on Appropriations of the Senate and House of Representatives."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1977 recommended by the Committee of Conference, with comparisons to the fiscal year 1976 amount, the 1977 budget estimates, and the House and Senate bills for 1977 follows:

New budget (obligational) authority, fiscal year 1976	$6,489,650,000
Budget estimates of new (obligational) authority, fiscal year 1977	[1] 6,313,251,453
House bill, fiscal year 1977	6,541,128,000
Senate bill, fiscal year 1977	6,880,147,453
Conference agreement	6,680,314,453
Conference agreement compared with:	
New Budget (obligational) authority, fiscal year 1976	+190,664,453
Budget estimates of new (obligational) authority, fiscal year 1977	+367,063,000
House bill, fiscal year 1977	+139,186,453

Senate bill, fiscal year 1977 -------------------- —199,833,000

[1] Includes $16,132,453 in budget estimates not considered by the House.

John M. Slack,
Neal Smith,
John J. Flynt, Jr.,
Bill Alexander,
Yvonne Brathwaite Burke,
George Mahon,
Elford A. Cederberg,
Mark Andrews,
Managers on the Part of the House.
John O. Pastore,
John L. McClellan,
Mike Mansfield,
Ernest F. Hollings,
Warren G. Magnuson,
Thomas F. Eagleton,
J. Bennett Johnston,
Walter D. Huddleston,
Roman L. Hruska,
Hiram L. Fong,
Edward W. Brooke,
Mark O. Hatfield,
Ted Stevens,
Milton R. Young,
Jacob K. Javits,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Dent (at the request of Mr. O'Neill), for this week, on account of illness.

Mr. Helstoski (at the request of Mr. O'Neill), for this week, on acocunt of official business.

Mr. Hillis (at the request of Mr. Rhodes), for today and tomorrow, on account of a death in the family.

Mr. McDade (at the request of Mr. Rhodes), for today and until further notice on account of illness.

Mr. Pepper (at the request of Mr. O'Neill), for today, on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. Regula) to revise and extend his remarks and include extraneous matter:)

Mr. Edwards of Alabama, for 10 minutes, today.

(The following Members (at the request of Mr. McHugh), to revise and extend their remarks, and to include extraneous matter:)

Ms. Abzug, for 15 minutes, today.

Mr. Brown of California, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Cotter, for 5 minutes, today.

Mr. Green, for 10 minutes, today.

Mr. Fraser, for 5 minutes, today.

Mr. Dominick V. Daniels, for 10 minutes, today.

Mrs. Meyner, for 5 minutes, today.

Mr. Danielson, for 5 minutes, today.

Mr. Flood, for 60 minutes, on July 21.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Conte, to revise and extend his remarks immediately following the remarks of Mr. McFall on the so-called Anderson of California amendment to strike section 302 under the 5-minute rule in the Committee of the Whole in consideration of H.R. 14234 today.

Mr. Sikes, immediately following the remarks of Mr. McFall during general debate today on H.R. 14234.

Mr. Abdnor, to revise and extend his remarks immediately following Mr. Conte's remarks.

Mr. Horton, to revise and extend his remarks immediately following Mr. Conte's remarks.

Mr. LaFalce, to revise and extend his remarks following the colloquy between the gentleman from Massachusetts (Mr. Conte) and the gentleman from Iowa (Mr. Grassley).

Mr. Bedell, to revise and extend his remarks in general debate following the colloquy among Mr. Grassley, Mr. McFall, and the gentleman from Massachusetts.

Mr. Conte to follow the remarks of Mr. McFall on his amendment.

Mr. Edwards of Alabama, and to include extraneous material, in general debate today on H.R. 14234.

Mr. McEwen to revise and extend his remarks following those of the gentleman from Massachusetts.

Ms. Abzug, to revise and extend her remarks following Mr. Howard.

Ms. Abzug, to extend her remarks prior to the vote on the Yates and Koch amendments on H.R. 14234.

Mr. Conte, immediately following the remarks of Mr. Passman on the conference report on H.R. 12203 today.

(The following Members (at the request of Mr. Regula) and to include extraneous matter:)

Mr. Grassley.
Mr. Horton in four instances.
Mr. Esch.
Mr. Conte.
Mr. Michel.
Mr. Derwinski in two instances.
Mr. Wiggins.
Mr. McCollister in three instances.
Mr. Symms.
Mr. Rousselot in two instances.
Mr. Bob Wilson.
Mr. Steiger of Wisconsin.
Mr. Collins of Texas in two instances.
Mr. Johnson of Pennsylvania.
Mr. Ashbrook in two instances.

(The following Members (at the request of Mr. McHugh and to include extraneous matter:)

Mr. Bolling.
Mr. Risenhoover.
Mr. Brown of California in 10 instances.
Mr. Annunzio in six instances.
Mr. Gonzalez in three instances.
Mr. Anderson of California in three instances.
Mrs. Keys.
Mr. McCormack.
Mr. Harris.
Mr. Vanik.
Mr. McDonald in four instances.
Mrs. Schroeder.
Mr. Byron in 10 instances.
Mr. Pepper.
Mr. Mazzoli.
Mr. Boland.
Mr. Rosenthal.
Mr. Russo.
Mr. Delaney.
Mr. Ford of Michigan.
Mr. Minish.
Mrs. Meyner.
Mr. Burke of Massachusetts.
Mr. Harkin.
Mr. Edwards of California.
Ms. Abzug.
Mr. Lehman.
Mr. Hawkins in three instances.
Mr. Meeds.
Mr. Bingham in 10 instances.
Mr. Early.
Mr. Rangel.
Mr. Moorhead of Pennsylvania in two instances.
Mr. Zablocki in two instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 877. An act to direct the Secretary of the Interior to purchase and hold certain lands in trust for the Zuni Indian Tribe of New Mexico; to confer jurisdiction on the Court of Claims with respect to land claims of such tribe; and to authorize such tribe to purchase and exchange lands in the States of New Mexico and Arizona; to the Committee on Interior and Insular Affairs.

S. 3050. An act to authorize the Secretary of Transportation, when the Coast Guard is not operating as a service in the Navy, to lease for military purposes structures and their associated real property located in a foreign country; to the Committee on Merchant Marine and Fisheries.

S. 3589. An act to designate the Federal office building located in Manchester, N.H., as the "Norris Cotton Building"; to the Committee on Public Work and Transportation.

ENROLLED BILLS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 11804. An act to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes;

H.R. 12545. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and for other purposes; and

H.R. 13680. An act to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on June 25, 1976 present to the President, for his approval, bills of the House of the following titles:

H. 5621. An act to authorize the Secretary of the Interior to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania, and for other purposes;

H.R. 5630. An act to amend the Federal Boat Safety Act of 1971 in order to increase and extend the authorization for appropriations for financial assistance for State boating safety programs;

H.R. 11439. An act to amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored;

H.R. 12188. An act to amend the Community Services Act of 1974 to make certain technical and conforming amendments;

H.R. 12567. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the Act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes; and

H.R. 13380. An act to amend the Central, Western, and South Pacific Fisheries Development Act to extend the appropriation authorization through fiscal year 1979, and for other purposes.

ADJOURNMENT

Mr. McHUGH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 21 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, June 29, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3561. A letter from the Secretary of Housing and Urban Development, transmitting the sixth report on the Emergency Homeowners' Relief Act, pursuant to section 111 of the act; to the Committee on Banking, Currency and Housing.

3562. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–132, "To amend D.C. Law 1–24, the District of Columbia Act on the Aging," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

3563. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–135, "To provide additional revenue for the District of Columbia, and for other purposes," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

3564. A letter from the Assistant Secretary of Transportation for Administration, transmitting notice of a proposed new system of records for the Department of Transportation, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3565. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on the programing and obligation of international narcotics control funds during the period July 1, 1975, through March 31, 1976, pursuant to section 481(b)(1) of the Foreign Assistance Act of 1961, as amended; to the Committee on International Relations.

3566. A letter from the General Counsel, National Council on Radiation Protection and Measurements, transmitting the audit report for the Council for calendar year 1975, pursuant to section 14(b) of Public Law 88–376; to the Committee on the Judiciary.

Received From the Comptroller General

3567. A letter from the Comptroller General of the United States, transmitting a report on savings available to the Department of Defense through better management of quarters for enlisted personnel; jointly, to the Committees on Government Operations, and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DIGGS: Committee on the District of Columbia. Report on allocation of budget authority and outlays by major programs. (Rept. No. 94–1306). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee on Science and Technology. Report on allocation of budget totals for fiscal year 1977 (Rept. No. 94–1307). Referred to the Committee of the Whole House on the State of the Union.

Mr. MELCHER: Committee of conference. Conference report on S. 268 (Rept. No. 94–1308). Ordered to be printed.

Mr. SLACK. Committee of conference. Conference report on H.R. 14239 (Rept. No. 94–1309). Ordered to be printed.

Mr. ULLMAN: Committee on Ways and Means. H.R. 14514. A bill to permit a State which no longer qualifies for hold harmless treatment under the supplemental security income program to elect to remain a food stamp cashout State upon condition that it pass through a part of the 1976 cost-of-living increase in SSI benefits and all of any subsequent increases in such benefits.

(Rept. No. 94–1310). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ULLMAN:

H.R. 14571. A bill to revise the estate and gift tax laws of the United States; to the Committee on Ways and Means.

By Mr. GREEN (for himself, Mr. Dent, Mr. Edgar, Mr. Eilberg, Mr. Flood, Mr. Gaydos, Mr. Moorhead of Pennsylvania, Mr. Morgan, Mr. Murtha, Mr. Nix, Mr. Rooney, Mr. Vigorito, and Mr. Yatron):

H.R. 14572. A bill to provide for the inspection, rehabilitation, reconstruction, or replacement of bridge structures in Allegheny County, Pa.; to the Committee on Public Works and Transportation.

By Mr. ARCHER:

H.R. 14573. A bill to amend title 18, United States Code, to promote public confidence in the legislative branch of the U.S. Government by requiring financial disclosure by Members of Congress, candidates for Congress, and certain employees of the legislative branch; to the Committee on Standards of Official Conduct.

By Mr. CLANCY:

H.R. 14574. A bill to increase for a 5-year period the duty on certain hand tools, and for other purposes; to the Committee on Ways and Means.

By Mr. DUNCAN of Tennessee (for himself and Ms. Keys):

H.R. 14575. A bill to amend title XVIII of the Social Security Act to provide that podiatrists shall be treated as physicians for certification and related purposes under the medicare program the same as doctors of medicine, and to provide coverage under the supplementary medical insurance program for the cutting and removal of warts; to the Committee on Ways and Means.

By Mr. FRASER:

H.R. 14576. A bill to redesignate the Boundary Waters Canoe Area as the Boundary Waters Wilderness Area, to withdraw certain authorities for timber harvesting and vehicle use within such area, to increase the payments made to counties respecting such area, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mrs. HOLT:

H.R. 14577. A bill to amend 36 United States Code 10 to define the Star Spangled Banner, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. JOHNSON of California (for himself, Mr. Lujan, Mr. Shriver, Mr. Sebelius, Mr. Foley, Mr. McKay, Mr. Howe, Mr. Evans of Colorado, Mr. White, Mr. Risenhoover, Mr. Steed, Mr. Skubitz, Mr. Runnels, Mr. Won Pat, Mrs. Pettis, Mr. Weaver, Mr. Don H. Clausen, Mrs. Smith of Nebraska, Mr. Kazen, Mr. Meeds, Mr. Miller of California, Mr. Roncalio, Mr. Santini, Mr. Benitez, and Mr. Symms):

H.R. 14578. A bill to authorize various Federal reclamation projects and programs, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MURPHY of New York:

H.R. 14579. A bill to provide that the library of New York Law School shall be considered a designated depository for Federal Government publications; to the Committee on House Administration.

By Mr. RODINO (for himself, Mr. Sarbanes, Mr. Seiberling, Ms. Jordan, Mr. Mezvinsky, Mr. Mazzoli, Mr. Hughes, Mr. Hutchinson, Mr. McClory, Mr. Railsback, and Mr. Cohen):

H.R. 14580. A bill to amend the Clayton Act to provide for premerger notification and waiting requirements, and for other purposes; to the Committee on the Judiciary.

By Mr. RUPPE (for himself and Mr. Esch):

H.R. 14581. A bill to require the Comptroller General of the United States to conduct annual audits of the contingent fund of the Senate and the contingent fund of the House of Representatives; to the Committee on House Administration.

By Mr. RUPPE (for himself and Mr. Oberstar):

H.R. 14582. A bill to extend and increase the authorization for the demonstration program for winter navigation on the Great Lakes-Saint Lawrence Seaway System; to the Committee on Public Works and Transportation.

By Mrs. SULLIVAN (for herself, Mr. Rooney, Mr. Zeferetti, Mr. Oberstar, Mr. Melcher, Mr. Dent, Mr. Clay, Mr. Howard, Mr. Rangel, Mr. Mathis, Mr. Moorhead of Pennsylvania, Mr. Carney, Mr. Stephens, Mr. Gaydos, Mr. St Germain, Mr. Burke of Massachusetts, and Mr. McEwen):

H.R. 14583. A bill to permit the operation in the coastwide trade by a U.S. citizen of the foreign-built passenger vessel *Cunard Adventurer*, to allow a U.S.-flag passenger service restricted to the intra-Hawaiian Islands cruise trade which would provide employment for American seamen as well as domestic shipyards on the west coast of the United States when such vessel voyages outside the State of Hawaii once-a-year for required repairs or drydocking when the vessel would be entitled to carry passengers; to the Committee on Merchant Marine and Fisheries.

By Mr. ANDERSON of California:

H.R. 14584. A bill to authorize the Secretary of the Army, acting through the Chief of Engineers, to operate and maintain the Los Angeles-Long Beach harbor model for the purpose of conducting certain tests; to the Committee on Public Works and Transportation.

By Mr. COHEN:

H.R. 14585. A bill to amend title 38 of the United States Code in order to provide that the fees payable to agents or attorneys who represent veterans in allowed claims under the veterans' laws shall be paid by the Administrator rather than deducted from amounts awarded under the claims; to the Committee on Veterans' Affairs.

H.R. 14586. A bill to amend title II of the Social Security Act to provide that attorneys' fees allowed in administrative or judicial proceedings under that title (or under title XVIII of such act), in cases where the claimants are successful, shall be paid by the Secretary of Health, Education, and Welfare rather than deducted from the amounts awarded claimants; to the Committee on Ways and Means.

By Mr. D'AMOURS:

H.R. 14587. A bill to prohibit any State from imposing a tax on the income derived by any individual from services in the Federal area within such State if such individual is not a resident or domiciliary of such State or of any other States which imposes a tax on income; to the Committee on the Judiciary.

By Mr. ECKHARDT (for himself, Mr. Taylor of North Carolina, Mr. de Lugo, Mr. Jones of Oklahoma, Mr. Lujan, Mr. Risenhoover, Mr. Sebelius, Mr. Steiger of Arizona, Mr. Charles Wilson of Texas, Mr. Won Pat, and Mr. Young of Alaska):

H.R. 14588. A bill to amend the Mineral Leasing Act of 1920, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FISH (for himself and Mr. Moffett):

H.R. 14589. A bill to provide an additional 26 weeks of benefits under the emergency unemployment compensation program; to the Committee on Ways and Means.

By Mr. KOCH (for himself, Ms. Abzug, Mr. Delaney, Mr. Duncan of Oregon, Mr. Fisher, Mr. Krebs, Mr. Kreuger, and Mr. Patterson of California):

H.R. 14590. A bill to amend the Tariff Schedules of the United States in order to require proof of liability insurance for automobiles entered into the United States for personal use by nonresidents and foreign government personnel, and for other purposes; to the Committee on Ways and Means.

By Mr. THONE (for himself, and Mr. Horton):

H.R. 14591. A bill to establish national policies to promote the adoption of Government programs which can be expected to provide the greatest net public benefit and to prevent Government programs from having unreasonable public costs, to establish a system requiring regulatory cost benefit assessments to be prepared for any proposed legislation or regulation which may have a significant economic impact, and for other purposes; to the Committee on Government Operations.

By Mr. WHALEN (for himself, Mr. Aspin, Mr. Badillo, Mr. Baldus, Mr. Bevill, Mr. Bingham, Mr. Blouin, Mr. Dan Daniel, Mr. Downey of New York, Mr. Boland, Mr. Drinan, Mr. Edgar, Mr. Edwards of California, Mr. Eilberg, Mr. Fish, Mr. Florio, Mr. Ford of Michigan, Mr. Hamilton, Mr. Hanley, Mr. Hannaford, Mr. Harrington, Mr. Howard, Mr. Jenrette, Mr. Johnson of California, and Mr. Koch):

H. Con. Res. 665. Concurrent resolution expressing the sense of the Congress in favor of eliminating the reduction in other Federal benefits which results when cost-of-living increases in social security benefits occur; to the Committee on Ways and Means.

By Mr. WHALEN (for himself, Mr. Krebs, Mr. Lehman, Mr. Lundine, Mr. Mineta, Mr. Mitchell of Maryland, Mr. Moorhead of Pennsylvania, Mr. Nolan, Mr. Nowak, Mr. Ottinger, Mr. Pattison of New York, Mr. Pepper, Mr. Richmond, Mr. Riegle, Mr. Rodino, Mr. Roe, Mr. Solarz, Mr. Weaver, and Mr. Wolff):

H. Con. Res. 666. Concurrent resolution expressing the sense of the Congress in favor of eliminating the reduction in other Federal benefits which results when cost-of-living increases in social security benefits occur; to the Committee on Ways and Means.

By Mr. NEDZI:

H. Res. 1372. Resolution to limit the authority of the Committee on House Administration to fix and adjust allowances; to the Committee on House Administration.

By Mr. CARR (for himself and Mrs. Schroeder):

H. Res. 1373. Resolution to amend the Rules of the House of Representatives to provide that the Speaker shall make appointments to conference committees without regard to seniority; to the Committee on Rules.

H. Res. 1374. Resolution to amend the Rules of the House of Representatives to allow Members to attend conference committee meetings between the House and Senate; to the Committee on Rules.

H. Res. 1375. Resolution to amend the Rules of the House of Representatives to provide that a conference committee meeting may only be closed to the public upon a vote of the House specifically authorizing the closing of such meeting; to the Committee on Rules.

H. Res. 1376. Resolution to amend the Rules of the House of Representatives to prohibit conference committees from conducting business through the use of subcommittees; to the Committee on Rules.

H. Res. 1377. Resolution to amend the Rules of the House of Representatives to allow a Member who has successfully offered an amendment in the House to a measure committed to conference committee to be afforded an opportunity to appear before the conference committee to make comments respecting the amendment; to the Committee on Rules.

H. Res. 1378. Resolution to amend the Rules of the House of Representatives to provide that members of conference committees may not vote by proxy on conference committee business; to the Committee on Rules.

H. Res. 1379. Resolution to amend the Rules of the House of Representatives with respect to procedures to be followed by conference committees, and for other purposes; to the Committee on Rules.

By Mr. KETCHUM (for himself, Mr. Abdnor, Ms. Burke of California, Mr. Butler, Mr. Cornell, Ms. Heckler of Massachusetts, Ms. Keys, Mr. Murphy of New York, Ms. Pettis, Mr. Robinson, Mr. Runnels, Mr. Sarasin, Mr. Scheuer, Ms. Schroeder, Mr. Sebelius, Mr. Seiberling, Mr. Simon, Ms. Smith of Nebraska, Ms. Spellman, Mr. Van Deerlin, Mr. Vigorito, Mr. Waggonner, Mr. Walsh, and Mr. Wirth):

H. Res. 1380. Resolution to amend rule XXII of the Rules of the House of Representatives to remove the limitation on the number of Members who may introduce jointly any bill, memorial, or resolution; to the Committee on Rules.

By Mr. MOSS:

H. Res. 1381. Resolution providing for the reprinting of the subcommittee print entitled "The Costs of Regulation and Restrictive Practices"; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

411. By the SPEAKER. Memorial of the Council of the District of Columbia, relative to the criminal law authority of the Council; to the Committee on the District of Columbia.

412. Also, memorial of the Senate of the State of New York, relative to establishing Fort Wadsworth, N.Y., as a national park memorial; to the Committee on Interior and Insular Affairs.

413. Also, memorial of the Legislature of the State of Hawaii, relative to the tax status of prepaid legal service plans; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. METCALFE introduced a bill (H.R. 14592) for the relief of Mrs. Angelita Short, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

504. By the SPEAKER: Petition of the Rhode Island League of Cities and Towns, Providence, R.I., relative to general revenue sharing; to the Committee on Government Operations.

505. Also, petition of the Village Board, Westmont, Ill., relative to flood control; to the Committee on Public Works and Transportation.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 10210

By Mr. BURLISON of Missouri:

Page 39, immediately after line 24, add the following new subsection:

"(5) examination of the problems of claimant fraud and abuse in the unemployment compensation programs, and the adequacy of present statutory requirements and administrative procedures designed to protect the programs against such fraud and abuse;"

Renumber subsequent subsections accordingly.

H.R. 13555

By Mr. ERLENBORN:

Page 81, beginning with line 14, strike out everything down through line 18.

Page 81, line 19, strike out "9" and insert in lieu thereof "8".

Page 81, beginning with line 1, strike out everything after "any" down through line 2 and insert in lieu thereof the following: "independent contractor therewith and any agent thereof in cases where such contractor or agent is charged with responsibility for the operation of such mine or for the supervision of the miners in such mine.".

Page 104, beginning with line 17, strike out everything down through line 24 on page 107, and insert in lieu thereof the following:

"Sec. 8. (a)(1) The Secretary shall prescribe regulations requiring operators to report work-related accidents and injuries in a mine, which shall include regulations requiring prompt notice to the Secretary of any serious accident in a mine, including any explosion, ignition, fire, unintentional roof fall, inundation, or other accident resulting in the death or hospitalization of any miner.

"(2) The Secretary shall prescribe regulations requiring operators to investigate accidents in a mine in order to determine the causes and the means of preventing recurrences, and such regulations may include provisions relating to the keeping of records of such investigations.

"(3) In the event of any accident occurring in a mine, the operator shall promptly notify the Secretary thereof and shall take appropriate measures to prevent the destruction of any evidence which would assist in investigating the cause or causes thereof. In the event of any accident occurring in a mine where rescue and recovery work is necessary, the Secretary or an authorized representative of the Secretary shall take whatever action he deems appropriate to protect the life of any person, and he may, if he deems it appropriate, supervise and direct the rescue and recovery activity in such mine.

"(b) The Secretary, in cooperation with the Secretary of Health, Education, and Welfare and the Secretary of the Interior, shall prescribe regulations requiring operators to maintain and make available to the Secretary or the Secretary of Health, Education, and Welfare, or the Secretary of the Interior, such records regarding his activities relating to this Act as the Secretary, after consultation with the Secretary of Health, Education, and Welfare and the Secretary of the Interior, may prescribe by regulation as necessary or appropriate for the enforcement of this Act or for developing information regarding the causes and prevention of accidents and illnesses in the mines subject to this Act.

Page 128, line 3, strike out "shall" and insert in lieu thereof "may".

Page 128, line 14, strike out "or repeatedly".

Page 128, line 17, strike out "shall" and insert in lieu thereof "may".

Page 128, line 19, strike out "or repeatedly".

Page 129, line 13, strike out "shall" and insert in lieu thereof "may".

By Mr. RONCALIO:

Amendment No. 1:

Page 83, line 22, strike out "The Secretary" and all that follows through "this section." on page 84, line 8.

Page 84, line 9, insert "or without" immediately after "with".

Page 84, line 17, insert "or without" immediately after "with".

Amendment No. 2:

Page 85, line 4, strike out all that follows "Act" down through "Act" in line 12, and insert in lieu thereof a period and the following: "The Secretary shall publish in the Federal Register each such standard so determined, unless the Secretary determines that such standard does not promote the health and safety of miners employed in the milling of minerals in mines subject to this Act. The Secretary shall afford interested persons a period of forty-five days after publication to submit written data or comments. Unless the Secretary determines, on the basis of such data and comments, that a standard does not promote the health and safety of such miners, the Secretary shall promulgate by publication in the Federal Register, within thirty days after the close of the comment period specified in the preceding sentence, a standard based upon the standard published under the second sentence of this paragraph and the data and comments received thereon, together with an explanation of the reasons such standard is pertinent to such miners."

Amendment No. 3:

Page 100, insert immediately after line 16 the following:

"(f) Any person aggrieved by a decision denying, or a rule or order granting, in whole or in part, any variance, variation, tolerance, or exception under this section may apply to the Secretary for a review of such decision, rule, or order, under such procedures as the Secretary shall by regulation establish.

Amendment No. 4:

Page 132, line 19, insert "(1)" immediately after "(d)".

Page 132, line 25, strike out "The" and insert in lieu thereof "Except as provided in paragraph (2), the".

Page 133, insert immediately after line 4 the following:

"(2) The Commission shall review any report of a hearing examiner if a party aggrieved by a determination made in such report with respect to an alleged violation of a standard, rule, or order promulgated pursuant to section 5 of this Act files an appeal with the Commission within 30 days after the issuance of such report, and if the grounds for such appeal relate to the interpretation of such standard, rule, or order. The Commission shall by regulation establish such procedures as may be necessary for filing appeals under this paragraph.

By Mr. SARASIN:

Page 141, beginning with line 3, strike everything through line 10, and insert in lieu thereof the following:

"(2) The Secretary shall coordinate, as he deems appropriate, any research, experiments, or demonstrations under this Act conducted by the Secretary of Health, Education and Welfare and the Secretary of the Interior."

Page 144, line 10, following "substance", insert: "and physical agents".

Page 144, line 17, following "substance", insert: "or agent".

Page 144, line 20, after "possible.", insert the following sentence:

"Upon request of any individual for such determination under this subsection, his name and the names of individual miners referred to in such request shall not appear on any record published, released, or made available under this Act."

Page 144, line 22, following "toxic", insert: "or harmful".

Page 145, line 5, after "Act," insert: "and have access to all records pertaining to employee exposures."

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 25, 1976, page 20629:

HOUSE CONCURRENT RESOLUTIONS

H. Con. Res. 636. May 13, 1976. Post Office and Civil Service. Expresses the sense of Congress that the U.S. Postal Service should not close or otherwise suspend the operation of any post office during the six-month period beginning on the date of adoption of this resolution.

H. Con. Res. 637. May 17, 1976. International Relations. Urges President Ford to request the Soviet Union to release from prison Valentyn Moroz and permit him and his family to emigrate from the Soviet Union.

H. Con. Res. 638. May 18, 1976. Ways and Means. Expresses the sense of the Congress that the President shall seek the elimination of surety deposit requirements on vegetable protein products imposed by the European Economic Community. Provides that if the President shall fail to eliminate such requirement, he shall obtain full compensation for such actions under article XXIII of the General Agreement on Tariffs and Trade.

H. Con. Res. 639. May 18, 1976. International Relations. Expresses the sense of Congress that the Soviet Union should release Georgi Vins from imprisonment and allow freedom of religion in that nation.

H. Con. Res. 640. May 20, 1976. House Administration. Directs that the document "Federal Election Campaign Laws Relating to the United States House of Representatives," be printed as a House document.

H. Con. Res. 641. May 20, 1976. House Administration. Directs that there be printed additional copies of the report of the Subcommittee on Health Care and Long-Term Care entitled "New Perspectives in Health Care for Older Americans (Recommendations and Policy Directions of the Subcommittee on Health and Long-Term Care)."

H. Con. Res. 642. May 20, 1976. Ways and Means; Interstate and Foreign Commerce. Expresses the sense of the Congress that the Medicare program of the Social Security Act should defray the full cost of hospitalization of persons eligible for assistance under such program.

H. Con. Res. 643. May 24, 1976. House Administration. Directs the Joint Committee on the Library to purchase the statue of George Washington executed by the sculptor Trygve A. Rovelstad.

H. Con. Res. 644. May 24, 1976. Post Office and Civil Service. Expresses the sense of Congress that the U.S. Postal Service should not close or otherwise suspend the operation of any post office during the six-month period beginning on the date of adoption of this resolution.

H. Con. Res. 645. May 25, 1976. Rules. Creates the Select Joint Committee on the Congressional Page School which shall be authorized to determine whether it is necessary to have the Congressional Page School.

H. Con. Res. 646. May 26, 1976. Provides that when the House adjourns on Thursday, May 27, 1976, it shall stand adjourned until 12 o'clock meridian Tuesday, June 1, 1976.

H. Con. Res. 647. May 27, 1976. Post Office and Civil Service. Calls for a Bicentennial salute to those Founding Fathers whose ideas and ideals guide the United States.

H. Con. Res. 648. June 1, 1976. International Relations. Expresses the sense of the Congress that in determining whether or in what amount foreign assistance should be furnished to a country, the President should consider the treatment of United States nationals arrested in such country for criminal offenses.

H. Con. Res. 649. June 3, 1976. Education and Labor; Veterans' Affairs. Requires the Congress and executive agencies administering educational and veterans' programs to treat vocational education equally with other forms of education.

H. Con. Res. 650. June 3, 1976. Armed Services. Declares it the sense of Congress that a certain individual should receive a commission in the United States Army.

H. Con. Res. 651. June 4, 1976. International Relations. Expresses the sense of the Congress that the United States reaffirms a sympathetic interest in Italian democracy and democratic institutions. States that the United States is willing to participate in efforts to provide financial assistance to Italy with the assistance of other friends and allies of Italy.

H. Con. Res. 652. June 9, 1976. Authorizes a correction in the enrollment of the bill H.R. 11559.

H. Con. Res. 653. June 9, 1976. International Relations. Directs the President to express the request of the United States Government that the Government of the Union of Soviet Socialist Republics provide Valentyn Moroz with the opportunity to accept the invitation of Harvard University to join the Harvard Ukrainian Research Institute for the 1976–77 academic year.

H. Con. Res. 654. June 11, 1976. Post Office and Civil Service. Urges all American citizens to fly the flag daily during the period between Flag Day and Independence Day to honor America.

H. Con. Res. 655. June 11, 1976. House Administration. Directs that there be printed copies of a publication entitled "Summary of Veterans' Legislation Reported, Ninety-fourth Congress."

HOUSE RESOLUTIONS

H. Res. 1210. May 20, 1976. Sets forth the rule for the consideration of H.R. 11909.

H. Res. 1211. May 21, 1976. Elects the Honorable John J. McFall, a Representative from the State of California, as the Speaker pro tempore during the absence of the Speaker of the House.

H. Res. 1212. May 24, 1976. Expresses the condolences of the House of Representatives on the death of the Honorable Torbert H. Macdonald, Representative from the State of Massachusetts.

H. Res. 1213. May 24, 1976. Judiciary. Refers H.R. 13943 to the Chief Commissioner of the Court of Claims.

H. Res. 1214. May 24, 1976. Sets forth the rule for the consideration of H.R. 12945.

H. Res. 1215. May 25, 1976. Interior and Insular Affairs. Expresses the sense of the House of Representatives that the President of the United States should direct the Secretary of the Interior to make prompt arrangements to conserve the helium which is now being extracted and then vented into the atmosphere.

H. Res. 1216. May 26, 1976. Post Office and Civil Service. Expresses the sense of the House of Representatives that the United States Postal Service shall not close or suspend the operation of any post office unless there is a clear and compelling need to do so.

H. Res. 1217. May 26, 1976. Sets forth the rule for the consideration of H.R. 6218.

H. Res. 1218, May 26, 1976. Sets forth the rule for the consideration of H.R. 9560.

H. Res. 1219. May 26, 1976. Sets forth the rule for the consideration of H.R. 10930.

H. Res. 1220. May 26, 1976. Sets forth the rule for the consideration of H.R. 12169.

H. Res. 1221. May 26, 1976. Sets forth the rule for the consideration of H.R. 13555.

H. Res. 1222. May 26, 1976. Sets forth the rule for the consideration of H.R. 13655.

H. Res. 1223. May 27, 1976. Post Office and Civil Service. Expresses the sense of the House of Representatives that the United States Postal Service shall not close or suspend the operation of any post office unless there is a clear and compelling need to do so.

H. Res. 1224. May 27, 1976. Rules. Establishes the House Committee on Intelligence to oversee and make continuing studies of the intelligence activities and programs of the U.S. Government.

H. Res. 1225. June 1, 1976. Rules. Establishes the House Committee on Health which shall have the responsibility for investigating health measures generally, health facilities, health care programs, national health insurance, public health and quarantine, and biomedical research and development.

H. Res. 1226. June 1, 1976. Rules. Establishes the House Committee on Health which shall have the responsibility for investigating health measures generally, health facilities, health care programs, national health insurance, public health and quarantine, and biomedical research and development.

H. Res. 1227. June 1, 1976. Interior and Insular Affairs. Recommends that the Board on Geographic Names approve a proposal to name two mountains in Alaska after the late Congressmen Hale Boggs and Nick Begich.

H. Res. 1228. June 1, 1976. Interior and Insular Affairs. Recommends that the Board on Geographic Names approve a proposal to name two mountains in Alaska after the late Congressmen Hale Boggs and Nick Begich.

H. Res. 1229. June 1, 1976. Interior and Insular Affairs. Recommends that the Board on Geographic Names approve a proposal to name two mountains in Alaska after the late Congressmen Hale Boggs and Nick Begich.

H. Res. 1230. June 1, 1976. Interior and Insular Affairs. Recommends that the Board on Geographic Names approve a proposal to name two mountains in Alaska after the late Congressmen Hale Boggs and Nick Begich.

EXTENSIONS OF REMARKS

MAC KANTOR—A GOOD MAN TO FOLLOW

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. GRASSLEY. Mr. Speaker, on June 12, one of the great men from my State, from my district, in fact, Clark Mollenhoff, was honored in his hometown of Webster City, Iowa, with the dedication of a plaza bearing his name. He shared that honor with another famous Webster City product, MacKinlay Kantor. Both are Pulitzer Prize winners, Mr. Mollenhoff for his investigative reporting, Mr. Kantor for his historical novels. At the dedication of the Kantor-Mollenhoff Plaza, Webster City Mayor Bob Naden said that probably no other city the size of Webster City—population roughly 8,500—has produced two Pulitzer Prize winners. I am proud to say I represent Webster City, and that I have had contact with at least one of its former residents, Clark Mollenhoff.

As an investigative reporter for the Des Moines Register for more than 20 years, Mr. Mollenhoff has uncovered misuse of taxpayers' funds and betrayal of public trust in all areas of political life, from the Des Moines Police Department to the White House. He has won every journalism award in existence at least once.

As a small recognition of his accomplishments, I would like to print in the RECORD Mr. Mollenhoff's comments at the Kantor-Mollenhoff Plaza earlier this month:

MAC KANTOR—A GOOD MAN TO FOLLOW

Mac Kantor is a hard man to follow in the ceremonies here for he always seems to put things in the precisely right perspective. But, I have become accustomed to following Mac.

Mac Kantor was the speaker at the annual meeting of the State Historical Society in Iowa City (I believe it was in 1972 or 1973), and I was the speaker in 1974. I reflected at that time that it seemed to me that I have been following Mac Kantor all my life.

He has proved a good man to follow. As an historical novelist Mac has few peers.

My first recollection of him was in the mid-1930's when I noted that MacKinlay Kantor, an Iowan, was the author of the story for the movie, "The Voice of Bugle Ann." It was a haunting tale about a hunting dog, and it struck a responsive note with me because a neighbor in Lohrville was an avid coon hunter who kept several dogs.

Mac Kantor was an Iowa author who, like Phil Stong, author of "State Fair," had the good fortune of having his story bought for the movies.

I was living in Algona when I saw the movie based on Mac's book, and he was already a boyhood hero when I moved with my family from Algona to Webster City in the summer of 1937.

Kantor was back in Webster City that year to dig in some Indian mounds and do research that I assume eventually became a part of his book, "Spirit Lake." (It may have been just a little shuffling around with a shovel and crew to get the advantage of a tax write-off on expenses to visit the old home town.)

Kendal Young Library in Webster City had a whole shelf set aside for Kantor's books. It was quite impressive, and I set a goal to try to read all of them.

We lived at 923 First Street for a period of time, and it was the local street legend that Mac Kantor had acquired an early interest in Civil War history from an old Civil War veteran who had lived in a huge frame house a block west. When I passed that house I imagined the teen-age Kantor sitting on the steps listening to the tales of the old Civil War veteran.

I followed Mac Kantor in Miss Ethel Swanson's English Literature course at Webster City's Lincoln High School, and wrote a few stories for the local Freeman Journal as he had done.

And, when I was graduated from Webster City Junior College, I had the audacity to seek a job as a reporter with the Des Moines Register and Tribune because Mac Kantor had done it without a college degree more than a decade earlier. (He was a columnist for The Des Moines Tribune—kinda the Don Kaul, Bob Hullihan or Gordon Gammack of that era.)

As a successful Iowa author and alumnus of the Register and Tribune, Mac Kantor and his occasional eccentricities were still topics of discussion in the newsroom. Editor Kenneth MacDonald and Managing Editor Frank Eyerly had known him, as had many others on the staff. They revelled in his success, and I felt a kinship simply because we claimed the same home town.

And so it has been through the years. Always following Mac Kantor. He received a Pulitzer Prize for "Andersonville" in 1957; and I received a Pulitzer for national reporting of labor racketeering in 1958.

Mac received an honorary Doctor of Literature degree from Drake University and gave the commencement address in 1960. I followed him two years later.

At the outset I wanted to be a novelist, preferably a historical novelist. But I have found some of the events of the contemporary history I have moved through to be more strange and more fascinating than any plots I might have conjured out of my imagination.

In addition to Kantor, Dr. Faye Lewis was writing books and demonstrating that even women from Webster City could accomplish such things.

In Junior College I read the classic "Autobiography of Lincoln Steffens" about a muckraking reporter in the era of Teddy Roosevelt. I read it with total fascination and absorption in Steffens' search for ethical standards in business and in the periodic reform movements that followed exposure of corruption.

As a 17-year-old boy, I was not only fascinated by Steffens' explorations of corruption, but privately deplored the fact that I had been born 50 years too late to take part in those exciting forays against the forces of evil. In my youthful naivety, I believed that Steffens and his band of crusaders had pretty well cleansed America's cities and states. And what Iowa youth of that era could have imagined there was any significant corruption in the Federal government in Washington—in institutions established by George Washington, Thomas Jefferson, and James

Madison; and rededicated to all that was good by Abraham Lincoln, Teddy Roosevelt, Woodrow Wilson, and Franklin D. Roosevelt?

There had been the Harding years and Teapot Dome scandals, but that bunch of scoundrels had been tossed out of the pure white marble temples of Washington in short order.

There were no scandals about Coolidge or Hoover, and although I associated Herbert Hoover with responsibility for the great depression, I almost forgave him that dereliction because he was born in West Branch, Iowa.

Needless to say, it took only a few weeks as a 20-year-old reporter in Des Moines to learn that Lincoln Steffens hadn't quite eliminated corruption or favoritism, bribery and brutality from the processes of government.

I was secretly pleased to discover that Lincoln Steffens had left a few little pockets of corrupt government. In time, I learned that few elected officials or police in Des Moines and Polk County had ever heard of Steffens, and those who had were ignoring his warnings.

In the 35 years since I first went to work as a police reporter, I have learned that man, with all his wisdom, seldom learns from the mistakes of others and most often fails to see the full lessons in his own mistakes. He remembers what he wants to remember so he can rationalize his biases and prejudices in politics, political institutions, and in his judgments of people.

But with all of the mistakes and misjudgments that all of us make, there is one thing I am certain that Mac Kantor and I will agree on. We were fortunate to be born and reared in north central Iowa. We were fortunate to have lived in Webster City and to have been educated in its school system, for it is indeed a true land of opportunity for anyone who will give it a try.

While Mac Kantor and I are deeply moved by this honor from our home town, this ceremony is significant only as it influences the lives of Webster City's young people now and in the future. Whatever we have done is done. Whatever we do in the future is probably unrelated to this event.

If this ceremony—if some words on that granite monument—if some words spoken here—give confidence or inspiration to even one person, so that he or she achieves what might not have been dared, this event will have been worth all of the hard work and dedication that Roger Balsley, Jerry Wells, and Bill Groves have put into this Twin Parks Plaza ceremony. That is what is important.

STEEL INDUSTRY BORN HERE IN 1644

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. BURKE of Massachusetts. Mr. Speaker, the city of Quincy, Mass., aside from being the birthplace of two Presidents, has many other qualities which make it unique. Two of these qualities were elaborated upon in the recent Bicentennial Issue of the Quincy Sun, and I would like to take this opportunity to share them with my colleagues.

STEEL INDUSTRY BORN HERE IN 1644

It failed after nine years of effort and, since failure was anathema in a growing America, perhaps that is why the site and even the memory of the first commercial iron blast furnace in the United States was lost for so long.

It flourished, if that is the word, from 1644 to 1653 on the banks of the Mount Wollaston River in a section of Old Braintree called "the Woods". It left its name on the river, now Furnace Brook in West Quincy.

Iron was an important commodity in Colonial Massachusetts, particularly for nails and pots and pans. Unfortunately, iron utensils had to be imported from England, a costly process for the penny-wise colonists.

With this in mind, John Winthrop Jr., son of the governor of the Massachusetts Bay colony [Did someone cry "Nepotism?"], went to London and formed the "Company of Undertakers for the Ironworks in New England." He, of course, was the local agent.

The Company gave Winthrop a thousand pounds in capital and a work crew of indentured servants, many of whom ran away when they heard they were going to the wilds of America. Jail was better than that!

When, after a search from Maine to Plymouth, he decided to locate in Quincy, Winthrop was also granted 3,000 acres of land, with subsidiary land rights elsewhere in the colony, and a 21-year monopoly.

The operation was deemed of such importance that the iron workers were given exemption from militia duty, this at a time when war was imminent with the Narragansett Indians and with Ninigret, sachem of the Niantics.

The first iron was turned out in 1644, but young Winthrop was fired the next year, to be succeeded by Richard Leader. It is interesting to note that one of America's earliest industrial magnates toiled for a salary of 100 pounds a year.

The ore from which iron was blasted on the banks of Furnace Brook came from the swamps and bogs. It was not a high quality product. Water power from a dam thrown across the Brook was inadequate. Quincy iron proved to be more expensive than the imported kind.

The Company of Undertakers appealed for fresh money in 1646 and apparently there were enough investors ready to send good money after bad because the furnace was still in operation in 1650 when the Scotch Prisoners arrived.

The Scots were rugged Highlanders soldiers in the army of the future King Charles II who were captured by Oliver Cromwell at the Battle of Dunbar. They suffered the fate common to most 17th Century prisoners of war.

Cromwell shipped 272 of them to New England, cheap labor in an effort to make the Quincy iron works a paying proposition. It didn't work. The Company of Undertakers went bankrupt in 1653 and "the Woods" went back to the bear and the deer.

Meanwhile with the same Richard Leader as agent, construction began on a second iron works on the North Shore in Saugus in 1646. When it was completed in 1650 it was recognized as the first integrated iron industry in America.

IT WAS THE DARNDEST LOOKING CONTRAPTION BUT . . .

It was the darndest looking contraption that many among the distinguished gathering had ever seen.

Each of the three wagons had four wheels, 6½ feet in diameter, surmounted by a smaller gear wheel which was used to raise and lower the cargo platform that was slung low between the wheels.

It rode on foot-high wooden rails, topped by iron plate, which rested on stone sleepers or cross ties, placed eight feet apart and firmly supported on crushed granite to a depth beyond the frost line.

On Saturday, Oct. 7, 1826, the wagons were laden with 16 tons of the finest Quincy granite and the opening day guests were properly amazed when a single horse moved the whole thing with ease more than three miles to a special wharf on the Neponset River.

The granite blocks, a particularly hard and weather-resistant stone capable of taking a brilliant polish, were enroute to Charlestown, where they were building a monument to the Battle of Bunker Hill.

The Granite Railway, the first such commercial venture in the United States, was built specifically to transport stone for the Bunker Hill Monument.

That it became successful, and a model for others around the country, is a tribute to three vastly dissimilar men, the engineer Gridley Bryant, the architect Solomon Willard and the financier Col. Thomas Handasyd Perkins.

Bryant, who grew up poor down the coast in Scituate, was 37 at the time, but already an engineer of note. He once described his boyhood thusly:

"I was generally at the head of the young urchins of our neighborhood and, when there was a fort to be constructed or a cabin to be built in our plays, I was always appointed chief engineer by common consent."

He was apprenticed to a Boston builder at 15, his own man at 21 and a success from the start.

He invented the eight-wheeled railroad car and, when a fellow named Ross Winans of Baltimore sued to establish a patent on it, Bryant was able to prove his claim to the satisfaction of the U.S. Supreme Court. Nevertheless, he died broke.

Willard, then 43, left the family farm in Petersham in the wilds of central Massachusetts for Boston to learn carpentry, which led to wood-carving, then to stone-carving to drawing to architecture.

From all accounts [no likeness of him exists] he was a bear of a man, gentle, obliging, industrious and thoughtful to a fault. Frivolity, it was said, was alien to him and he was never known to run. He could be crotchety, too.

When Perkins, who well knew the value of a dollar, suggested that he might be spending too much money, Willard quit in a huff and refused to come back until Perkins ["the most unfit person on earth"] was eased out as secretary of the Bunker Hill Association.

Perkins was the autocratic, 52-year-old merchant king of Boston who was said to have been offered the post of Secretary of the Navy by President George Washington, and turned it down with the observation that he owned more ships than the Navy.

It was Perkins who lobbied the Railway's charter through a puzzled and obstinate Massachusetts Legislature, which had never been called upon to incorporate a commercial railroad before.

He invested in the Granite Railway reluctantly at first, then gradually bought out most of the other stockholders when his business sense told him the Railway had itself a captive customer, the Bunker Hill Association, in which he was also an officer.

"I think I may safely call it my road," he once said, "not only because I set it agoing, but because I own three-fifths of it."

Some of Perkins business acumen rubbed off on Bryant and Willard, too.

Exploring the hills of West Quincy, they came across a ledge of seamless granite that Willard deemed just right for the monument and Bryant bought it cheap with borrowed money [$250] because the owner thought it worthless since it was so far from transportation.

Later, Bryant sold the rights to the quarry to the Bunker Hill Association for $375—a $75 profit.

Even in its early days, the Granite Railway was a tourist attraction of some magnitude.

Daniel Webster, who used to stop off for a pick-me-up in Quincy enroute from Boston and Washington to his home in Marshfield, viewed it and decided that it would never succeed because of the frost that would form on the rails in the winter.

A group of men from Maryland came to look it over one day and they must have decided it was good because two years later they broke ground for the Baltimore and Ohio Railroad.

The President of the United States, a local boy named John Quincy Adams, visited in August, 1827, got caught in a thunderstorm and took shelter in a shed where Willard's stone-cutters were hacking away at monument granite.

A group of visitors was riding up the Railway's incline in an empty car on July 25, 1832, when the chain broke and catapulted them over a 40-foot cliff. One was killed in what may have been the first railroad fatality in the United States.

About halfway from quarry to river, at a place where the railroad crossed the Plymouth Road, a quarry town sprang up almost overnight. It was called Railway Village and, when the railway was no longer a novelty, it became East Milton.

On a Saturday night, it assumed the aspects of a Western cowtown as the stonecutters of West Quincy marched down the road to the Hotel Milton in Dorchester Lower Mills to cut the granite dust in their throats with a few stiff draughts.

The building of the Bunker Hill Monument, as it turned out, was a long-running production for the Granite Railway.

The Association went broke in 1829 only to revive four years later when the Massachusetts Charitable Mechanics Association, proprietors of the Mechanics Building in Boston, came through with a $10,000 grant.

It foundered again in 1840 and was saved by a $30,000 donation from a month-long fair run by a group of civic-minded ladies.

The monument was finally dedicated on June 17, 1843, precisely 20 years and 10 days after the Association was formed to build it.

The Granite Railway Co. survived until 1870 when most of its track was taken over by the Old Colony Railroad which in turn became a division of the New York, New Haven and Hartford.

Today much of the roadbed, over which freight moved commercially on rails for the first time in America, is buried under the macadam of the Southeast Expressway.

BICENTENNIAL YEAR

HON. JOHN Y. McCOLLISTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. McCOLLISTER. Mr. Speaker, in this Bicentennial Year, Omahans are especially proud that the President of our United States, Gerald R. Ford, is a native of Omaha and is the only native-born Nebraskan ever to occupy the White House.

As we reflect on the values which made this Nation strong, the values which are traditionally associated with the Midlands heartland of our Nation, we find these same traits of character exemplified in our President. Hardworking, honest, fair, dedicated, patriotic, an exemplary parent and devoted husband, Jerry Ford embodies those qualities that we strive for ourselves and hope to develop in our children.

To commemorate our Bicentennial, the citizens of Omaha are preparing a time capsule which will be sealed and buried on the site of President Ford's birthplace. To the citizens of this land in the year 2076 who will open that sealed capsule, I commend the example of President Gerald R. Ford as representative of the high standards of conduct valued by the American people in the year of their Bicentennial. President Ford's two state of the Union addresses would be a useful commentary on our Bicentennial times for interested citizens a century hence.

THE AUTHORIZATION OF THE B-1 BOMBER

Hon. Theodore M. (Ted) Risenhoover

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. RISENHOOVER. Mr. Speaker, most wisely, this Congress has renewed its commitment to a strong national defense by continuing the authorization of the B-1 bomber.

An article in Skyline, published by Rockwell International, and written by Robert Harwood, tells a dramatic story of the success of this fine airplane and the people who are preparing it to defend our country.

I ask unanimous consent that the article be printed in the RECORD:

Lancaster and Palmdale serve the aerospace industry of Edwards Air Force Base. They are the centers of life in the desert where people escape the congestion and pace of Los Angeles for small town quiet.

But in these tranquil communities there is an intensity of aerospace activity that is only matched by the intensity of the desert.

Near these communities the Air Force and NASA test the most advanced aircraft known to man as exotic planes take off from seemingly endless runways and land on the blue mirages of long-dry lakebeds.

It is on this desert that Rockwell International is building the Space Shuttle Orbiter, which will enable man to commute into space much the same as commercial aircraft enable him to traverse oceans today.

And it is on this desert where Rockwell is building and testing the B-1 strategic bomber, which would replace the aging B-52 in the Strategic Air Command fleet of peacekeeping aircraft.

On April 1, the flight test program took another step forward as a second B-1 took off from the final assembly site at Palmdale.

As with the first flight of any aircraft, the preparation for this one was a long, tedious, exacting job.

It began on January 16 when the plane rolled out of its hangar at Palmdale and began final checkouts.

The two-plus months of testing included checkouts of subsystems, hydraulic systems, ground propulsion and low and high speed taxi tests . . . an exhausting review of the plane's readiness to fly.

Throughout these days of preparation a calm, professional confidence prevailed. Even in the cold, early desert morning of April 1 when final checkouts were being made for the flight only hours away, there was none of the bustle that would be expected.

There was only a sense of purpose.

Although the failure of what one official called "an eight cent gasket in the engine" delayed the flight for two hours, there was no questioning, no doubt, no panic. There was work to be done.

The repairs were executed.

At 11 a.m., the B-1, freed of air hoses and electronic cables, led a caravan of Air Force-blue vans, cars and a mobile-communications bus from the run-up pad out to the runway.

Less than a half-hour later, the huge, white craft glided down the runway and rose to join its F-111 chase-plane, ignoring the applause of approving employees watching from behind a link fence paralleling the runway.

For the next four hours and 54 minutes the B-1 was put through its paces . . . and then some. A detailed flight plan, which had been reviewed for months, guided the flight crew of pilot Charlie Bock, copilot Lt. Col. Ed McDowell, offensive systems operator Lt. Col. Warren Brotnov and flight test engineer Dick Abrams.

Just two days before, Rockwell, Boeing and Air Force personnel had gathered at Edwards for a final preflight evaluation meeting. There had been talk then of flight preparations, of minor repairs and of the actual flight of what was affectionately and simply called "The Bird."

In the informal, classroom-like setting, they met for the assurance of a group discussion, a last minute check that nothing had been overlooked, that all contingencies had been considered.

But none of the 75 men gathered had ventured to predict the success which lay two days ahead.

"This flight is more successful than the first flight of number one," boasted Buck Buchanan, vice president, Test & Evaluation at the B-1 Division, as he watched the quiet, disciplined control room activities, "but then we were very cautious with the first airplane."

With the addition of Brotnov, the offensive systems operator, the flight marked the first time that four men had flown. Brotnov's job was to check out Boeing's offensive avionics subsystem which gives the B-1 the ability to perform its bombing mission.

Over 100 Boeing employees had been working together with Rockwell employees at Palmdale to install and check out the avionics.

The primary test objective was the completion of a general shakedown of the aircraft and its subsystems.

Climbing to 10,000 feet over a desert terrain unchanged since prehistoric times, the plane's handling characteristics were evaluated and compared with what had been experienced on the first B-1.

The mission also included calibration of the B-1's airspeed system using two pacer aircraft, a checkout of the plane's terrain-following radar, radar altimeters and doppler radar, and the collection of vibration and acoustic data—all of them successful, according to Buchanan.

Charlie Bock agreed.

As he climbed down the B-1's ladder to be greeted by photographers in the orange evening sun he said simply, "It flew just like number one. We were up about a half hour longer than we planned and did everything we wanted."

Like all flight testing, the trial which the B-1 is undergoing is a cautious, deliberate process but it is one with a sense of adventure that few men are privileged to share.

No matter how much debate echoes from the marble walls of Washington, the flight of the plane over the open California desert tells of the program's success.

There, on that flat desert, there is a confidence that comes with seeing an airplane grow out of intricately shaped pieces of metal.

As the second B-1 joined its older sister under the cavernous 100-foot hangar ceiling at Edwards, there was no talk of politics, only of engineering, production and test flight.

There was simply an airplane that flies.

THREATS TO ORDERLY OBSERVANCES OF THE BICENTENNIAL, PART I—THE JULY 4 COALITION—SPONSORS AND ENDORSERS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. McDONALD. Mr. Speaker, following is a compilation of sponsors of the July 4, counter-Bicentennial demonstration in Philadelphia which may be instructive:

Jayma Abdoo, NLG, Philadelphia.

Ralph Abernathy, SCLC.

Frank Ackerman, Dollars and Sense.

Angelo Alicea, Council of Latin American Trade Unionists.

*Jose Alberto Alvarez, PSP.

*Akil Al Jundi (Herbert S. Deane), Attica Now, Buffalo, NY.

Harry X. Amana, Philadelphia Tribune.

Esta Armstrong, health worker.

Rev. Cecelio Arrastia.

*Lindsay Auden, N.Y. Coalition Against S-1.

*Steve Ault, National Coalition of Gay Activists.

Bruce Bailey.

*Ella J. Baker, MPOC.

Frances Beal, Third World Women's Alliance.

Diane Becker.

*Norma Becker, War Resisters League.

John Beckwith, Science for the People.

*Ben Bedell, Guardian.

Clyde Bellecourt, AIM.

*Vernon Bellecourt, AIM.

Rev. Daniel Berrigan.

John Beverly.

Clinton Bey, Republic of New Africa.

Rev. Milo Billman, Camden, N.J.

Arlene Boop.

*Rosa Borenstein, PRSC exec. secty.

Susan Borenstein, Nat'l Coordinating Center in Solidarity with Chile.

Prof. Joseph Boskin, Boston Univ.

Ann Braden [CPUSA].

Carl Broege, NLG.

*Owen Brooks, Delta Ministry, MS.

Tyrone Brooks, Nat'l Communications Secty, SCLC.

Elaine Brown, Black Panther Party.

Doris Bunte, Mass. State Rep.

Margaret Burnham, Mass. Alliance Against Racist & Political Repression.

Douglas Butler, All Boston Labor Comm., A. Philip Randolph Institute.

Josephine Butler, DC Statehood Party

Maris Cakars, WRL.

Rev. Eugene Calendar, N.Y. Urban League.

Ennio Carrion, United Furniture Local 140.

*Juan Chacon, USWA Local 890.

Martha Chamberlain.

Ernie Chanes, P.R. Decolonization.

*Allan Charney, NAM; executive dir., Ass'n Legal Aid Lawyers.

Douglas Chin, Chinese for Sane Society.

Noam Chomsky, MIT.

Robert Chrisman, The Black Scholar.

*Marilyn Clement, National Council of Churches; Inter-religious Foundation for Community Organization (IFCO).

Dick Cluster, Dollars and Sense.

Johnetta Cole, Venceremos Brigade.

*Slim Coleman, Natl Tenants Org.

*Virginia Collins, RNA & MPOC.

Gerry Condon, NCUUA.

*Humberto "Bert' Corona, [CPUSA] & NAARPR.

Pam Costain, Twin Cities Women's Union.

Ed Cross, Comp. Air & Tunnel Local 147.

*Rene Cruz, KDP (Union of Dem. Filipinos).

*Tal D'Amato, Midnight Special.

*Barbara Dane.

*Ivy Daivs, dir., LSCRRC.

Vera DeBenedetti.

*Dave Dellinger, Seven Days.

Ronald V. Dellums, U.S. Congress.

*Emile Di Antonio, filmmaker.

Clay Dillon, RNA

Jennifer Dohrn, PFOC.

Rev. Dalton Downes.

John Drake, MPOC, Indep. Socialists of Lancaster, PA.

Martin Duberman.

*Ann Gael Durham, Native Am. Solid. Comm.

*Jimmy Durham, AIM Internat'l Indian Treaty Council, UN office.

Gabrielle Edgcomb, Alliance for Labor & Community Action, Washington, D.C.

Joan Eisenberg.

Sr. Ann Aldridge.

Jack Elliott, folksinger.

Jim Ferlo, YWLL; former Model Cities Commissioner, Pittsburgh.

Richard Fishkin.

Jeff Fogel, NLG.

Paul Garver, SEIU Local 585, Pittsburgh.

* Gavrielle Gemma, Workers World Party.

Margaret George.

Eva Gladstein, Tenants Action Group, Phila.

Yvonne Golden, S.F. Black Teachers Caucus.

Rafael Gonzalez, trade unionist.

Carlton Goodlet, [CPUSA], *Sun Reporter*.

Larry Gossett, Seattle.

Stacey Gottlieb, Berkeley-Oakland Women's Union.

Rev. David Gracie, Phila.

Jim Grant, Wilmington 10.

Dick Gregory.

* Wilbur Haddock, United Black Workers.

John Haer.

Polly Halfkenny, instructor at CPUSAs Center for Marxist Education, Cambridge, MA.

* Saralee Hamilton, AFSC National Women's Program.

* Moses Harris, Black Economic Survival.

Oom Harrison, Phila.

* Jim Haughton, Fightback.

David Hereth.

Will Herzfield.

Rev. Bill Hogan, Chicago.

Howard Horn, Amal. Meatcutters, 627.

Phil Horowitz.

Bill Howard, Black Council, Reform Church of America.

Paul Irish, American Committee on Africa.

Charles Isaacs, PFOC, NY.

* Ronnie Sue Jaffe, 1199 Rank & File.

David Kairys, NECLC, NLG, Phila.

Earl Keihl.

Ying Kelley, Berkeley City Council.

* Muhammed Kenyatta, BEDC.

Melvin King, Mass. State Rep.

* Arthur Kinoy, MPOC.

* Frederick Douglas Kirkpatrick, Deacons for Defense and Justice.

* Patrick Knight, Local 371, SSEU, District Council 37, AFSCME.

* Yuri Kochiyama.

* Karen Kollias, *Quest*.

William Kunstler.

George Lakey.

Sid Lens.

* Bob Lewis, MPOC, NLG.

* Alfredo Lopez, PSP; J4C.

Luis Lopez, Secty, Local 264, Transport Workers Union.

Federico Lora, El Comite-MINIP.

* Don Luce, Clergy & Laity Concerned.

Salvatore Luria, MIT.

Roberta Lynch, nat'l committee, NAM; Chicago Women's Union.

Mel Madden, co-founder, Liberty Village.

Roberto Maestas, La Raza Center, S.F.

* Harry Magdoff, *Monthly Review*.

Holly Maguigan, NLG, Phila.

William Mandel [old CPUSA].

Dorothea Manuela, District 65, Boston.

* Alberto Marez, Crusade for Justice.

Julius Margolin.

* Key Martin, YAWF/WWP.

* Rev. Paul Mayer.

John McAuliff, AFSC.

Karen McCann, District 65, Chicago.

* David McReynolds, WRL.

Stewart Meacham, AFSC.

Rosemary Mealy, Third World Coalition.

Dale Melcher, Valley Women's Union, MA.

Prof. Philip Meranto, Univ. of Wash.

Margarita Mergal, PRSC, San Francisco.

Richard Meritzer.

Ruth Messinger, College for Human Services.

Jenny Meyers.

Joseph Miller, Philadelphia.

Susan Miller.

Sid Mills, chmn., Survival for American Indians Ass'n Caravan for Survival.

Howard Moore, NLG, San Francisco.

Grace Mora Newman, CPUSA P.R. Commission.

Anna Morgan, WILPF, Boston.

Leora Mossten, ACLU Education & Action Fund, NJ.

* Saladine Muhammad, Black Anti-Bicentennial Committee; African People's Party.

Ron Myers.

* Ed Nakawatase, AFSC Native American Affairs.

Ruben Neives, trade unionist.

* Hank Nusslein, Rank & file telephone wkrs.

* Imari Obadele (Richard Henry), RNA.

Fr. Jack O'Malley.

Tom Onieal.

* Susan Ortego, U.S. Comm. for Panamanian Sovereignty.

Lou Pappalardo.

Bishop Antulio Parrilla-Bonilla, San Juan.

Bill Patterson.

*Sidney Peck, Clark University.

Sam Perez, Council of Hospital Community Boards.

*Darrow Perkins, Black Panther Party.

Mark Peterson.

Marjorie Pierce.

Minnie Player, Cleveland Welfare Rights.

*Walter Pletsch, ARISE.

*Milton Pokorne, Taxi Rank and File.

*Lance Pustin, PFOC.

Alex Quinonez, trade unionist.

*Jovelino Ramos, National Council of Churches, Commission on Justice and Liberation.

David Rammler, Neighborhood Resources, Phila.

David P. Richardson, PA. State Legislature.

*Arturo Rivera, Federacion de Universitarios Socialistas Puertoriquenos.

Philip Rivera.

Vivian Rivera, NYC J4C coordinator.

Geraldine Roberts, Domestic Workers of America.

*Antonio Rodriquez, Center for Autonomous Social Action—General Brotherhood of workers (CASA), Los Angeles.

*Dr. Helen Rodriquez, Committee to End Sterilization Abuse.

Carl Rogers.

Sharon Rose, Alliance for Labor & Community Action, DC.

David Rudovsky, NECLC, NLG, Phila.

Marie Runyon, N.Y. State Assembly.

Molly Rush.

*Sheila Ryan, Palestine Solidarity Committee.

Digna Sanchez, PSP U.S. Zone Political Commission.

Tyree Scott, Seattle.

Moe Seager.

Pete Seeger.

*Ali Shabazz, YAWF, Philadelphia.

Rev. Cordell Sloane.

Sr. Marcia Snowden.

Paul Soglin, Mayor, Madison, WI.

David Sola, trade unionist.

*Ann Sparanese, Venceremos Brigade.

Jack Spiegel, (CPUSA), Shoeworkers.
Claude Steiner.
Fr. Antonio Stephens.
T. Milton Street, Phila.
*Paul Sweezy, *Monthly Review*.
Ken Thomas.
Rachel Tilsen, Native American Solidarity Committee.
Rip Torn, actor.
*Peter Van Delft, District 65, DWA, Boston.
*Edwin Vargas, American Federation of Teachers, Hartford, CT.
*Chiqui Vicioso, United Methodist Office at the U.N.; Dominican Republic Task Force.
George Wald, Harvard University.
Joseph Walker, *Bilalian News;* Int'l Organization of Journalists.
Joseph Waller, Afrikan People's Socialist Party.
Rev. Paul Washington, Church of the Advocate, Philadelphia.
Rev. George Webber.
Barbara Webster (Kinoy), MPOC.
Lynn Weikart, District Leader, Democratic Party of N.Y.
Doron Weinberg, past president, NLG.
Evelyn Weiner, LEMPA, NYC.
*Cora Weiss, Friendshipment.
*Rev. Philip Wheaton, Ecumenical Program for Interamerican Communication and Action (EPICA), Washington, DC.
Jim Wiggins.
*Margaret Wright, People's Party.
Howard Zinn.
Rev. Roger Zpernick, Kingsway Lutheran Church, Phila.

July 4 coalition organizational sponsors

Accion Boricua, N.Y.C.
Action Coalition of Elders, Pittsburgh.
Action for Women in Chile.
African Liberation Day Support Committee, Bay Area.
Afrikan Peoples Party.
Afrikan People's Socialist Party.
Agricultural Workers Association [*Asociacion de Trabajadores Agricolas (ATA)*].
All Afrikan Peoples Revolutionary Party.
Alliance for Labor and Community Action, Washington, D.C.
Alternative Press Syndicate [Underground Press Syndicate].
American Federation of State, County and Municipal Employees, Local 1695.
American Friends Service Committee, San Francisco.
American Indian Movement.
Angola Solidarity Committee, Bay Area.
Assata Shakur Defense Committee.
Attica Now, Buffalo, N.Y.
Bay Area Gay Liberation.
Bay Area Namibia Action Group.
Berkeley-Oakland Women's Union.
Black Anti-Bicentennial Committee, Philadelphia.
Black Economic Survival, Brooklyn, N.Y.
Black Panther Party.
The Black Scholar.
Brother, Berkeley, Calif.
Bryn Mawr—Haverford Social Action Caucus, Pa.
Center for Autonomous Social Action—General Brotherhood of Workers (CASA), Los Angeles, Calif.
Chelsea Community Board, N.Y.C.
Chicago Women's Defense Committee.
Chicago Women's Liberation Union.
Christopher Street [Gay] Liberation Day Parade Committee, N.Y.C.
Council of Churches of the City of New York.
City Crisis Coalition, N.Y.C.
City University of New York, Puerto Rican Caucus.
Chile Solidarity Committee.
Church of the Covenant, staff, Boston.
Columbia Tenants Union, N.Y.C.
COMEXAZ, Oakland, Calif.
Committee for One Korea.
Committee to End Sterilization Abuse.
Comite Civico Pro Liberacion de Nicaragua.
Common Sense, Philadelphia, Pa.
Communist Party, San Francisco.
Community Newsletter, Bay Area, Calif.
Congress to Continue the American Revolution.
Co-op City Peace Committee, N.Y.C.
Cultural Workers Front [*Frente Trabajadores de la Cultura*]
Deacons for Defense and Justice.
Disabled in Action, N.Y.C.
East Bay Men's Center.
East Bay Socialist School of the New American Movement.
Ecumenical Program for Interamerican Communication and Action (EPICA), Washington, D.C.
Fightback, N.Y.C.
Gay Activists Alliance, Philadelphia.
Federation of Socialist Puerto Rican University Students (*Federacion de Universitarios Socialistas Puertorriquenos (FUSP)*.
Gay Anti-Imperialist News Service.
Gonna Rise Again Graphics, San Francisco.
Granite State Alliance, N.H.
The Guardian.
Hard Times Coalition.
Homefront.
Hospital Workers Union, Local 1199, United Members Committee.
Hostos Community College Student Government.
Indochina Solidarity Committee, Bay Area.
Inkworks, Oakland.
Intercommunal Survival Committee, Chicago.
International Indian Treaty Council of AIM.
Irish Republican Clubs of the U.S. and Canada.
Jesuit Conference, Office of Social Ministries.
June 8th Daycare Coalition, N.Y.C.
June 28th Union, Berkeley.
Laborers for Democracy.
Lance Yellowhand Defense Committee, Pittsburgh.
Laney College Organizing Committee.
Manchester Food Club, Pittsburgh.
Marxist Education Collective, N.Y.C.
Mass Party Organizing Committee.
Mass Transit Street Theater, N.Y.C.
Midnight Special.
Movimento Popular Dominicana (MPD).
National Alliance Against Racist and Political Repression, Bay Area.
National Coalition for Social Change.
National Council of Churches, Fifth Commission.
National Council of Churches, Executive Committee of the Commisison on Justice, Liberation & Human Fulfillment.
National Lawyers Guild.
National Student Council Against Racism (NSCAR).
Native American Solidarity Committee.
New American Movement.
New England Food Cooperative Organization.
New Unity, Springfield, MA.
New World Resource Center, Chicago.
Non-Intervention in Chile.
Northern California Alliance.
Palestine Solidarity Committee.
Peace and Freedom Party.
Penn State University Coalition.
People Against Racism in Education, N.Y.C.
People's Bicentennial, Chicago.
People's Bicentennial Commission, Manchester, N.H.
People's Health Center, N.Y.C.
People's Law School [of the National Lawyers Guild].
People's Power Project, Pittsburgh.
Philadelphia Workers Organizing Committee.
Prairie Fire Organizing Committee.
Puerto Rican Solidarity Committee.
Puerto Rican Socialist Party.
Queens (N.Y.) Coalition for Peace and Justice.
Radical Alliance of Social Service Workers.
La Raza Center, San Francisco.
Republic of New Africa.
Revolutionary Marxist Organizing Collective.
Rising Up Angry, Chicago.
Riverside Church (NYC), Social Action Steering Committee.
San Francisco Committee to Stop S–1.
San Francisco Liberation School.
San Francisco Mime Troop.
Socialist Party, U.S.A.
Socialist Workers Party.
Southern Christian Leadership Conference.
Strike Support Committee, Amherst, M.A.
Student Action for Appalachian Progress, W.V.
Third World Women's Alliance.
Trade Unionists for Action and Democracy, Bay Area.
Trinity Parish, Trinity Church, N.Y.C.
Twin Cities Women's Union.
Union of Democratic Filipinos [*Katipunan Demokratika Pilipino (KDP)*]
United Black Workers, N.J.
United Prisoners Union.
U.S. Committee for Panamanian Sovereignty.
University of Pittsburgh—Undergraduate Women's Union, Third World People's Coalition and University Women's Center.
Venceremos Brigade.
Veterans for Peace, Chicago.
U.S. Out of Angola Committee, Chicago.
War Resisters League.
West Side Neighbors, Philadelphia.
Winter Soldier Organization, Bay Area.
Wisconsin Alliance.
Worker Patient Organization.
Worker Student Organizing Collective.
Workers World Party.
Youth Against War and Fascism.
Yvonne Wanrow Defense Committee.

A POLISH COMMEMORATION

HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. DELANEY. Mr. Speaker, today, June 28, marks the 20th anniversary of the Poznan Polish Workers' Revolt against Soviet domination. The Polish eagle might be considered by many to be a curious looking bird, even as national eagles go, with his stiff stylized wings and ancient crown on his skull. His feathers may be beaten and torn. But his head is unbowed, much as the spirit of the Polish people under Communist oppression.

In spite of attempts to win over the non-Communist population in 1956, the basic lines of Marxist economic policy espoused by Poland's puppet regime and an enforced low standard of living remained unaltered in Poland. At Poznan on June 28, 1956, workers of the Cegielski factory rioted during an industrial fair following a long dispute with regime representatives over declining wages. Some 50,000 workers and students soon joined them under the slogan of "Bread and Freedom" as the rioting spread and became a bloody demonstration which only Soviet troops were able to quell. The first soldiers called in to assist police actually behaved like the Hungarian troops who marched into Budapest a few months later—they either made common cause with the workers or they took the vaguest of half measures against them. Official sources eventually listed some 48 killed and 270 wounded.

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*Members of the J4C executive board.

Mr. Speaker, on this commemorative day, I want to take the opportunity to salute our American citizens of Polish descent and pray that the courage of their brothers and sisters across the seas will soon be rewarded with freedom and true self-determination.

CLEAN AIR DEBATE

HON. JOHN Y. McCOLLISTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. McCOLLISTER. Mr. Speaker, the House will have before it within a month, the long-awaited Clean Air Act amendments. There are many serious and significant policy questions which this bill must resolve.

One of the most serious, but relatively unpublicized, is the question of preventing the anticipated anticompetitive and anticonsumer impact of the performance warranty provided in the 1970 act but never implemented.

Our House Small Business Committee, in 1974, recommended reducing the length of this warranty from 5 years to 1 year. The Interstate and Foreign Commerce Committee unanimously accepted an 18-month warranty—the compromise worked out in the subcommittee.

Two experienced and thoughtful reporters of events in our Capital City, Jerald terHorst and Darwin Olofson, have made the performance warranty question the topic of recent news stories. Because they provide a useful insight in understanding this problem, I am including them in the RECORD at this point:

[From the Sunday News, May 30, 1976]

NADER STAND HIT ON "CLEAN AIR" DEBATE

(By J. F. terHorst)

WASHINGTON.—While public attention is being diverted by the political smog over the presidential primaries, the U.S. Senate is about to begin floor debate on the long-awaited "Clean Air Amendments of 1976."

That could have more effect on the air we breathe, the places we work and the money we spend than almost anything else the Senate and the White House candidates have said and done all year.

It's a pity the existing Clean Air Act of 1970 has not curbed the noxious emissions along the campaign trail. And, to turn serious, it is a pity that no presidential aspirant is making a big issue of the proposed changes in the six-year-old law that was adopted as the means for cleaning up the nation's air by the end of the decade.

Nearly a year has gone into the shaping of the amendments that will be offered by the Senate Public Works Committee. As Congressional Quarterly observed, every step along the way has been monitored by a small army of lobbyists representing environmentalists, consumer groups, the electric utilities, the oil, steel and chemical industries, Detroit's auto makers and local and state governments.

Two major controversies will be up for judgment. One involves what ought to be done to preserve unspoiled parts of the country against industrial smoke and gases. Another battle will be fought over the auto companies' efforts to lower the standards for vehicle emissions. Both of these struggles find environmental and consumer organizations on one side and the business communities on the other.

Yet one facet of the auto-emission controversy strikes me as intriguing because the battle lineup is different, even unusual. There are consumer champions in opposition to each other, the auto makers are essentially neutral and some very potent business groups actually are promoting the cause of "the little guy," along with their own.

I am referring to the amendment to be offered by Sen. Lloyd Bentsen, D-Tex., to reduce the performance warranty on pollution-control systems on new cars from five years and 50,000 miles to 18 months and 18,000 miles.

On the surface, that idea sounds like an anti-consumer move by a probusiness senator. And that is what Ralph Nader and the National Clean Air Coalition of assorted environmental and consumer organizations thinks about it.

But then you find a proconsumer liberal like Sen. Philip A. Hart, D-Mich., and others listed as co-sponsors of the Bentsen plan. And you find it has staunch support from the independent auto-parts companies, the corner gas station owner and the big Automotive Service Industry Association. And suddenly it is no longer easy to distinguish the good guys from the bad guys.

Independent garage mechanics and parts manufacturers contend that the "5-50" warranty now on the books will, if put into effect by the Environment Protection Agency, prevent them from repairing cars and trucks until they are five years old or have 50,000 miles on them. The American Automobile Association argues the existing law would practically force car owners to have all repairs and maintenance done by new car dealers or risk voiding their warranties.

That strikes Bentsen and Hart as anti-consumer. It limits a motorist's ability to choose a repairman of his own. It offers the Detroit auto makers a competitive edge over the whole auto repair market and that threatens the future existence of the 400,000 independent garages, service stations and others who now perform about 80 percent of the repairs to America's 125 million cars and trucks.

Nader and the consumer-environmental coalition contend this fear is unjustified. Their own fear is that any tampering with the "5-50" warranty would ease the pressure on car makers for quality emission controls. Not so, counter the proponents of the "18-18" warranty amendment, since Detroit still will have to build emission devices to a "5-50" standard provided in the production warranty and not affected by changing the performance warranty.

My feeling on this upcoming Senate battle is that Nader ought to lose and your corner repairman should win. Forty million cars and trucks have been built since the Clean Air Act went into effect in 1970. At the rate of nine million vehicles a year, those covered by the act soon will comprise most cars and trucks on the road.

There is no good reason why the auto makers should be given a prospective monopoly over the auto parts and repair business. And it is not physically possible for the 25,000 new-car dealers to handle all the service and maintenance work.

Moreover, if the car buyer is going to have to pay an extra $200 or more on a new car for the manufacturer's "free" "5-50" warranty, the roar from American motorists may even shake up those presidential candidates who cannot seem to find specific issues to talk about. And it should.

[From the Omaha (Nebr.) Morning World-Herald, June 7, 1976]

McCOLLISTER "FRUSTRATED" BY AUTO LAW OPPOSITION

WASHINGTON.—Persuading colleagues that consumers would benefit from his amendment to reduce the warranty on pollution control systems on new cars has been "a most frustrating experience," according to Rep. John McCollister.

But his amendment, which has been approved by a House committee, is now being pushed by a group of senators, including Lloyd Bentsen, D-Tex., and Philip Hart, D-Mich.

It would lower the emission control system warranty from five years and 50,000 miles to 18 months and 18,000 miles.

Ralph Nader and a coalition of environmental and consumer organizations view it as anti-consumer legislation that would ease pressure on car makers.

His amendment has been hard to sell, McCollister said, "because it gives the impression of taking something away from the consumer.

"It has been a most frustrating experience trying to explain that it isn't taking something away, just the reverse," he said.

"This body deals so much with appearances and so little with substance," he added.

McCollister said under the five-year, 50,000-mile warranty; car owners would be forced to have repairs done by dealers to protect their warranties.

Not only would that have an anticompetitive effect on independent repairmen and service stations, he said, but it would leave the car owner with no freedom of choice.

"We're preventing the consumer from being placed in the difficult position of not being able to take his auto where he wants to have it fixed."

To protect their five-year warranty, he said, car owners would be reluctant to go to an independent repairman for almost any repairs.

THE MINNESOTA ENDORSEMENT OF THE DECLARATION OF INTERDEPENDENCE

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. FRASER. Mr. Speaker, largely through the efforts of Mr. Lynn M. Elling, the Minnesota Endorsement of the Declaration of Interdependence is a reality.

Enough publicity has attended Henry Steele Commager's effort so that it is unnecessary for me to further identify the Declaration of Interdependence. However, I would like to introduce the text of the declaration into the RECORD at this point:

A DECLARATION OF INTERDEPENDENCE

(By Henry Steele Commager)

When in the course of history the threat of extinction confronts mankind, it is necessary for the people of The United States to declare their interdependence with the people of all nations and to embrace those principles and build those institutions which will enable mankind to survive and civilization to flourish.

Two centuries ago our forefathers brought forth a new nation; now we must join with others to bring forth a new world order. On this historic occasion it is proper that the American people should reaffirm those principles on which the United States of America was founded, acknowledge the new crises which confront them, accept the new obligations which history imposes upon them, and set forth the causes which impel them to affirm before all peoples their commitment to a Declaration of Interdependence.

We hold these truths to be self-evident: that all men are created equal; that the inequalities and injustices which afflict so much of the human race are the product *of history* and society, not of God or nature; that people everywhere are entitled to the blessings of life and liberty, peace and security and the realization of their full potential; that they have an inescapable moral obligation to preserve those rights for posterity; and that to achieve these ends all the people and nations of the globe should acknowledge their interdependence and join together to dedicate their minds and their hearts to the solution of those problems which threaten their survival.

To establish a new world order of compassion, peace, justice and security, it is essential that mankind free itself from the limitations of national prejudice, and acknowledge that the forces that unite it are incomparably deeper than those that divide it—that all people are part of one global community, dependent on one body of resources, bound together by the ties of a common humanity and associated in a common adventure on the planet Earth.

Let us then join together to vindicate and realize this great truth that mankind is one, and as one will nobly save or irreparably lose the heritage of thousands of years of civilization. And let us set forth the principles which should animate and inspire us if our civilization is to survive.

We affirm that the resources of the globe are finite, not infinite, that they are the heritage of no one nation or generation, but of all peoples, nations and of posterity, and that our deepest obligation is to transmit to that posterity a planet richer in material bounty, in beauty and in delight than we found it. Narrow notions of national sovereignty must not be permitted to curtail that obligation.

We affirm that the exploitation of the poor by the rich, and the weak by the strong violates our common humanity and denies to large segments of society the blessings of life, liberty and happiness. We recognize a moral obligation to strive for a more prudent and more equitable sharing of the resources of the earth in order to ameliorate poverty, hunger and disease.

We affirm that the resources of nature are sufficient to nourish and sustain all the present inhabitants of the globe and that there is an obligation on every society to distribute those resources equitably, along with a corollary obligation upon every society to assure that its population does not place upon Nature a burden heavier than it can bear.

We affirm our responsibility to help create conditions which will make for peace and security and to build more effective machinery for keeping peace among the nations. Because the insensate accumulation of nuclear, chemical and biological weapons threatens the survival of Mankind we call for the immediate reduction and eventual elimination of these weapons under international supervision. We deplore the reliance on force to settle disputes between nation states and between rival groups within such states.

We affirm that the oceans are the common property of mankind whose dependence on their incomparable resources of nourishment and strength will, in the next century, become crucial for human survival, and that their exploitation should be so regulated as to serve the interests of the entire globe, and of future generations.

We affirm that pollution flows with the waters and flies with the winds, that it recognizes no boundary lines and penetrates all defenses, that it works irreparable damage alike to Nature and to Mankind—threatening with extinction the life of the seas, the flora and fauna of the earth, the health of the people in cities and the countryside alike—and that it can be adequately controlled only through international cooperation.

We affirm that the exploration and utilization of outer space is a matter equally important to all the nations of the globe and that no nation can be permitted to exploit or develop the potentialities of the planetary system exclusively for its own benefit.

We affirm that the economy of all nations is a seamless web, and that no one nation can any longer effectively maintain its processes of production and monetary systems without recognizing the necessity for collaborative regulation by international authorities.

We affirm that in a civilized society, the institutions of science and the arts are never at war and call upon all nations to exempt these institutions from the claims of chauvinistic nationalism and to foster that great community of learning and creativity whose benign function it is to advance civilization and the health and happiness of mankind.

We affirm that a world without law is a world without order, and we call upon all nations to strengthen and to sustain the United Nations and its specialized agencies, and other institutions of world order, and to broaden the jurisdiction of the World Court, that these may preside over a reign of law that will not only end wars but end as well that mindless violence which terrorizes our society even in times of peace.

We can no longer afford to make little plans, allow ourselves to be the captives of events and forces over which we have no control, consult our fears rather than our hopes. We call upon the American people, on the threshold of the third century of their national existence, to display once again that boldness, enterprise, magnanimity and vision which enabled the founders of our Republic to bring forth a new nation and inaugurate a new era in human history. The fate of humanity hangs in the balance. Throughout the globe, hearts and hopes wait upon us. We summon all Mankind to unite to meet the great challenge.

The Minnesota endorsement is simply that—strong support and endorsement of the Declaration of Interdependence by the political leaders of the State: the Governor and Lieutenant Governor, the majority, and minority leaders of both Houses of the State legislature and the constitutional officers of the State.

In addition, a group of Minnesotans including the chief justice of the Minnesota Supreme Court, both U.S. Senators, the leaders of both major political parties and other important citizens, commended, in a further endorsement, the State officials for lending their names to the project.

Mr. Elling has done a magnificent job. In this 200th year of our independence, the Declaration of Interdependence is an appropriate Bicentennial document, affirming, among other things, those principles upon which the United States was founded and recognizing the new crises that confront us.

The Minnesota endorsement follows:

The Minnesota Endorsement of the Declaration of Interdependence

Recognizing the urgent need to move ahead with this Bicentennial Project, and

Further recognizing Minnesota's leadership role in promoting World Citizenship with the first State Declaration,

Be it resolved that it is appropriate and fitting for this great state to offer strong support and endorsement of This Declaration of Interdependence,

Be it further resolved that as a symbol of our support for this Declaration, we continue to proudly display the United Nations flag with the United States flag at the State Capitol,

Finally, we urge the leadership of all other states to take similar action.

Effective Law Day, May 1, 1976.

Wendell R. Anderson, Governor, State of Minnesota.

Nicholas D. Coleman, Senate Majority Leader.

Robert O. Ashbach, Senate Minority Leader.

Jim Lord, State Treasurer.

Rudy Perpich, Lt. Governor.

Martin O. Sabo, Speaker of the House.

Joan Growe, Secretary of State.

Warren Spannaus, Attorney General.

Irv Anderson, House Majority Leader.

Henry J. Savelkoul, House Minority Leader.

Robert W. Mattson, State Auditor.

We, the undersigned, commend the State Officials for this endorsement of The Declaration of Interdependence. We urge other states, our nation and other nations to follow this example, which is a valuable step in building a World Community of Peace Under Just Law:

Don Fraser, Member of Congress.

Charles H. Slocum, Chairman, Independent-Republicans of Minn.

Earl D. Craig, Jr., President, Mpls. Urban Coalition.

George C. Mastor, President, Minn. State Bar Assn.

T. M. Richter, President, World Federalists Assoc.

Hubert H. Humphrey, U.S. Senator.

David Roe, President, Minn. AFL–CIO.

Robert J. Sheran, Chief Justice, Minn. Supreme Court.

Jerry Jenkins, President, League of Women Voters.

John R. Roach, Archbishop of Minneapolis & St. Paul.

Walter F. Mondale, U.S. Senator.

Rick Scott, Chairman, Minn. DFL Party.

A. C. Lehman, Jr., Exec. Director, Minn. Council of Churches.

C. Peter Magrath, President, University of Minnesota.

John Edie, President, UNA of Minn.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on July 1, 1776, the Continental Congress began the formal debate over declaring independence from Great Britain. The Maryland delegation declared that their earlier instructions forbidding them to vote for independence had been superseded, and they were now prepared to vote for independence. Their new instructions read in part:

> The Deputies of this Colony, attending in Congress, or a Majority of them or of any three or more of them, (are authorized and empowered to concur with the other United Colonies, or a Majority of them, in declaring the United Colonies free and independent States . . ."

During the same debate, the New York delegation read a letter from its colony informing them that they did not have the authority to vote for independence.

FORMER CONGRESSMAN CRAIG HOSMER: AN ANALYSIS OF THE ANTI-NUCLEAR, NO-GROWTH PHILOSOPHY

HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. McCORMACK. Mr. Speaker, several weeks ago the Honorable Craig Hosmer, a former Member of this body from the State of California, wrote what I consider to be an unusually thoughtful and penetrating analysis of the rationale behind the antinuclear, no-growth philosophy that has evidenced itself in some elements of our society.

Hosmer's letter, it seems to me, is so worthwhile that it should be made a part of the record for permanent reference, not only for Members of Congress, but also for historians who may some day look back to try to analyze what motivated this anomaly in the traditional American philosophy of encouraging all citizens in our society to aspire to higher standards of living and greater freedom of dignity for everyone.

The text of the Hosmer letter is as follows:

DEAR CONGRESSMAN: As a former member of the House of Representatives who served on both Interior and Joint Atomic committees my interest in conventional and nuclear energy sources spans many years. As president of the organization on this letterhead I am now concerned primarily with nuclear power. But, in trying to analyze why nuclear power is being fought so hard, I awakened to the fact that conventional power is in trouble too. There are many obstructions to getting coal out of the ground and burning it, to drilling offshore for oil in the Lower 48 and in getting Alaskan oil down to its market.

In that context I ask myself these questions:

"What motivates the anti-nuclear movement? Is it just concern with nuclear power? Or, is it something beyond?

Perhaps the following analysis will be helpful to you as you prepare yourself to meet the public during this year's campaign period:

Straightforward anxiety over safety and nuclear proliferation obviously underlies some nuclear apprehension. But to understand the extent of nuclear dissent in America today, it is necessary to postulate the existence of a quite separate category of energy opponents consisting of people disillusioned with some aspects of the American society, possibly distrustful of its institutions, and seeking for the country a lifestyle quite different than today's. To such people, nuclear power may symbolize life's frustrations and its elimination be seen as a bridge to broad societal changes they wish to see.

One must understand that such people are hardly subversives or bomb-throwing radicals. They are likely to be idealistic and highly motivated to better the world. Or, they may be dissatisfied with lives of empty affluence. For example, the Creative Initiative Foundation is a band of upper and middle income Californians whose zealous opposition to nuclear power is part of an overall philosophy of simplifying lifestyles and cutting back on technology. Similarly, the parochial focus of formidable environmental and kindred groups assures that a nuclear power ban is high on their list of goals without consideration at all of the adverse consequences of overdependence on limited energy sources. Recently, even the National Council of Churches was persuaded to condemn element number 94 (plutonium) on supposed moral grounds.

In short, to gauge the anti-nuclear movement it is necessary to understand that numerous of its components may be less anti-nuclear than they are "pro" or "anti" something else, that others may join it seeking sometimes nebulous goals only peripherally related to the nuclear power equation and that end objectives may be either obscured or ill defined at this point. Thus, the movement's immediate focus on nuclear power may be only a way station to a farther destination.

In a recent revealing interview Ralph Nader, titular head of the U.S. anti-nuclear movement, talked hardly at all of nuclear concerns, but broadly of basic changes in the American society: Bigness in the economic system will be broken down into small parts. Extremes in income and wealth shall be narrowed. Producer cooperatives and consumer cooperatives are to be financed by government and supplant large corporations. Decentralization is to replace centralization and small, self-contained communities will re-emerge and large cities disappear. Energy consumption is to be more than halved. The resulting low-energy society compared to the one it replaces is supposed to be simpler, fairer, cleaner, less complicated, more responsible to peoples' needs and more satisfying to their souls. What it might really be like is something else, again.

As a strategy to achieve these ends, Nader recalls that his fight against Detroit's corporate giants was not won by frontal attack. It focused public alarm upon shortcomings of the Corvair first, and only thereafter upon his real target, the corporate system which produced it. So far as it is visible, the strategy of the disparate forces under the anti-nuclear banner who might boldly restructure American lifestyle seems to follow a similar pattern. They would:

Forge together and give leadership to a wide range of social activists, idealists, dissidents, consumer groups, environmental organizations and other protesters;

Take advantage of the wave of distrust in institutions which has been heightened by the Vietnam and Watergate tragedies, Congress failing to deal with problems, leaders who do not lead, public scandals, and the "little man's" disillusionment with big government, big business, big anything;

Focus upon a suitable target, in this case nuclear power, which symbolizes both bigness and business, has its ancestry in the explosive tragedy of Hiroshima, and whose semi-metaphysical nature and awkward licensing procedures give endless opportunity for repeated challenges in full sight of sensation prone media.

Carrying forward an anti-nuclear strategy so conceived could make construction of nuclear power stations increasingly difficult. But, the strategy also has a conventional side. Coal and petroleum could be stifled by tougher environmental laws, regulations, taxes and other means. This is not an unassuming strategy just to conserve energy and increase efficiency within a growth society. These restraints on energy supply would come during a dozen or so years of United States history in which demographic factors already in place are calculated to double the demand for energy. Ultimately, these factors could combine to reduce its supply below the level needed to power the country's energy intensive socio-economic system and precipitate major societal changes.

Could this transition to a no-growth, low energy society be made without upheaval? Do people really need or want it?

Abrupt and drastic change can bring with it severe unemployment and the powerful disturbances resulting whenever one societal structure is torn down to substitute *another*. Moreover, even the architects of change seem vague about what is to come. It is to be simple, clean and fair. But what will make it so? How will the new low-energy situation differ from the one of a century ago that Americans ever since have worked to put behind them? In 1876 stars were bright; air was clean; life was simple. But also life was short, disease endemic, wages low, illiteracy high, child labor widespread and comfort limited. To return to a low-energy society Americans might have to suffer much, give up much and change much. And, there is no assurance that most of the bad of the good old days would not be brought right back with it.

Under the democratic process, decisions making radical changes in a nation's lifestyle deserve to be made openly. They should not be disguised and brought in through a side door, as in California where an initiative proposition camouflages a nuclear moratorium as a safety measure under the beguiling sponsorship of a "Project Survival." Whenever the low-energy idea has been put to the peoples' representatives, such as by proposals to slash R&D funds or end nuclear indemnity laws, it has been rejected decisively. Indeed, if the change were ever put squarely to the people, it would be rejected out of hand. This underlines the pragmatism of the movement's strategy to precipitate it indirectly, by means of energy famine, steering away from an open plebiscite and publicizing ultimate goals to only a trusted few.

To draw a conclusion from the foregoing, I call attention to the many procedural roadblocks to getting things done in our country erected by court decisions and, in recent years, written into the law by Congress itself. Often they seem to contribute less to desirable environmental and aesthetic goals than they do to protracted delay in access to energy and the similar resources needed for man's support, employment and satisfactions.

To the extent that such delays cripple the economy, they force changes upon the existing free-enterprise socio-economic system. It is obvious that changes brought about in this manner are not the result of voluntary actions by an aware people democratically taken. Rather, they are the silent products of inaction and delay which seep from obscure recesses of procedurally snarled courts, boards, regulatory bodies and commissions.

Permitted to continue, that kind of paralysis inevitably will kill off our "growth" society and supplant it with a "no-growth" pattern, accomplishing the basic goal of the counter-culture. In the process, the people's heritage of a free, productive economy and choice of lifestyles will be denied them and a disciplined, spartan, yet-to-be-defined regimen imposed upon them.

My point is, that even if such a fate were necessary or inevitable—and I do not for a moment grant that it is—the proposition should be put squarely to an aware people for their free choice and consent. It should not be brought about surreptitiously and by indirection.

I hope these thoughts are helpful as you grapple with legislation dealing with energy supply and access to resources and as you campaign on the home front.

Sincerely,

CRAIG HOSMER.

WHY IS KISSINGER ABANDONING THE REPUBLIC OF CHINA?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. ASHBROOK. Mr. Speaker, once more concern is being raised about Secretary of State Kissinger's policy toward the Republic of China on Taiwan. As Kissinger tries to make the U.S. relations with Peking closer, he is also attempting to weaken a strong and mutually beneficial relationship between the United States and the Republic of China on Taiwan. This Kissinger policy which seems to have the support of President Ford would be disastrous not only for the Republic of China but also for this country.

In the Sunday, June 27, 1976, issue of the Washington Star an article by Norman Littell appeared discussing U.S. policy toward Taiwan. Below appears the text of that article. I commend it to the attention of my colleagues.

KISSINGER'S MORALITY AND TAIWAN'S FATE

(By Norman Littell)

"The greatness of America," Henry Kissinger said in April, "has been not so much its physical strength as its moral significance."

After expounding at length on our dedication to liberty and the progress of all mankind, peace, and justice, as inspiring goals, the Secretary finally reaches the concrete:

"The survival and security of Israel are unequivocal and permanent moral commitments of the United States. Israel is a loyal friend and a fellow democracy, whose very existence represents the commitment of all free peoples.

"America will not abandon a friend because to do so in one part of the world would shake confidence in every part of the world. There will be no American weakness or abdication for this can only tempt adversaries, confuse allies, and undermine security in the world—ultimately to the grave peril of our country."

Can this fine statement of basic principles of our country stand and face the acid test of comparison with Kissinger's statement elsewhere in contemporary history? Does the last quoted statement apply equally to another small country long-listed as a "loyal friend and a fellow democracy" on the other side of the world?—One which even supplied men, munitions, planes, and attacking power in World War II when Admiral Nimitz, in command of our Pacific defenses, faced the drastic shortages which inevitably flowed from General Marshall's advice that we must concentrate on Europe?

What would have happened without the loyal fighting force of the Republic of China on Taiwan?

This brings us face to face today with Kissinger's favorite word—"détente." Almost unknown to the American public, the use of this French word originated with the ex-President Richard Nixon's visit to the People's Republic of China (the Communist mainland) on invitation of Premier Chou En-lai, from February 21 to February 28, 1972. Dr. Henry Kissinger was then Assistant to the President. This is not the time or place to discuss the fact that this expedition to Communist China, as noted quite critically by President Nixon's former Vice President, Spiro Agnew, in an interview with Merv Griffin (on TV Channel 5) on May 13, was an effort by our former Chief Executive, repudiated by his own people in the Watergate scandals, to make a spectacular breakthrough to one of the two principal Communist powers. The fact remains that the joint communique issued at Shanghai on February 28, 1972, still rides high in our foreign policy, even though the leadership of Chou En-lai collapsed soon thereafter and new leaders of different points of view face us across the ocean.

Before quoting this communique and showing that it still rules policy in the State Department under Secretary Kissinger who had a great part in drafting it, we may note among the generalities of this communique those few words which seek to state the American point of view and policy:

"The United States supports individual freedom and social progress for all the peoples of the world, free of outside pressure or intervention."

The fate of a small, independent country, far more integrated and more firmly established than Israel, far, far away, hung in the balance—and still does. The communique recites the following:

"The two sides reviewed the long-standing serious disputes between China and the United States. The Chinese side reaffirmed its position: The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; the Government of the People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Taiwan is China's internal affair in which no other country has the right to interfere; and all U.S. forces and military installations must be withdrawn from Taiwan. The Chinese Government firmly opposes any activities which aim at the creation of 'one China, one Taiwan,' 'one China, two governments.' 'two Chinas,' and 'independent Taiwan' or advocate that 'the status of Taiwan remains to be determined.' "

To anyone knowing the facts and familiar with the situation on Taiwan, the statement which followed in respect to the United States' point of view is almost unbelievable. During the administration of President Eisenhower in the United States, extensive efforts were dedicated to aiding smaller countries in advancing private initiative and enterprise, inasmuch as it was evident even at that early time that we could not forever sustain the enormous burden of foreign aid. Furthermore, this country was dedicated to the principles of self-help and private initiative. The writer having been chairman of successive committees of the American Bar, International Bar and Inter-American Bar Associations on foreign investment laws. I was asked to meet with delegations from foreign countries seeking investment of American capital, and above all the importation of "know-how" of production.—One of these delegations was from Taiwan, and the Taiwanese Foreign Investment Encouragement Law was thereafter drafted upon return of the delegation to Taiwan, and adopted by the legislative Yuan to become the "Foreign Investment Encouragement Law of 1959."

Experience showed many flaws in the Act, and the Republic of China asked the United States State Department to invite the writer to visit Taiwan and help redraft the law. This was done in 1960, in a very intensive "vacation month" in Taiwan, where the writer was the first "foreigner invited to appear before the legislative Yuan, in order to explain the law. The "Foreign Investment Encouragement Law of 1960" became the leading one in the world and highly successful, as measured by the flow of capital, of "know-how," and the steady increase of employment and production, until the annual per capita production of $750 on Taiwan, having 16 million people, is about four times that of the Communist occupied territory of Mainland China with 800,000,000 people. Nowhere in the world is the contrast more vividly apparent between the free way of life, so glibly talked about by Kissinger, and the controlled Communist order of things which is the common denominator of both Russia and Mainland China, with due deference to their native differences.

Even while the writer was there, escapees from Mainland China, fleeing the Communist regime by one method or another—sailboats, motorboats, rafts, and even in some instances swimming through shark-infested waters, sought their future in life on Taiwan. It is also apparent here when the American Immigration Service supervises the transplanting to this country of several hundred thousand Chinese escaping from the Mainland. Although these facts were well known in 1972, nevertheless the joint communique makes these following extraordinary admissions on the part of the United States:

"The U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes."

It is too late for President Ford to make a fresh start by simply dropping all references to the word "détente," for Henry Kissinger still heads the State Department, and according to President Ford's public statement, will be asked to continue if Ford is re-elected. The policy of the Ford Administration is precisely the same as Nixon's. The official statement of State Department policy of March 1976, appearing in its regular release entitled "GIST," said in part as follows:

"Current situation: During his visit to Peking in December 1975, President Gerald R. Ford reaffirmed the U.S. commitment to complete the normalization of relations with the PRC on the basic of the Shanghai Communique. This communique, which was signed on February 28, 1972, provides the framework for the new relationship between the U.S. and the PRC. In this document, the two sides jointly stated that:

Progress toward the normalization of relations between China and the U.S. is in the interest of all countries;

Both wish to reduce the danger of international military conflict;

Neither should seek hegemony in the Asia-Pacific area and each is opposed to efforts by any other country or group of countries to establish such hegemony;

Neither is prepared to negotiate on behalf of any third party or to enter into agreements or understanding with the other which may be directed at other states.

It is a tragic thing for 16 million people on the island of Taiwan that the policies of the 1972 communique, notwithstanding the 1954 treaty of mutual defense between the Republic of China on Taiwan and the U.S. Government, should state in continuance of the Nixon policy:

"Acknowledged that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is part of China;

"Reaffirmed its interest in a peaceful settlement of the Taiwan question by the Chinese themselves;

"With this prospect in mind, affirmed the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan; and

"Pledged to reduce its military presence in the Taiwan area as tensions there diminish."

With per capita production of $750 per person in Taiwan, amounting to three or four times the per capita production on Mainland China with a population of 800 million under communist collectivist production, it was a sad incident in the history of American foreign relations when Nixon sought to redeem his damaged reputation by establishing new relationships with the Peking government. (Being unable to read Chinese, he could not even translate the denigrating signs and placards held up at the public meetings where he appeared in Peking.) He well knew, however, that the Republic of China or Taiwan was the most outstanding success of American foreign policy in creating in the smaller nations the private enterprise approach to production so basic to the free way of life. All this was disregarded and virtually abandoned in the détente Communique of 1972.

Still more tragic is the failure of President Ford to make a clean break with Nixon policy. In foreign affairs, Henry Kissinger is the connecting link. He helped draft the communique and create the so-called "détente" with Communist China.

To the American public, détente has come to mean simply a friendly approach to the hostile Communist countries—principally, Russia and Communist China. Too little thought is given to the fact that while Communist Russia and Communist China are at the moment hostile to each other, facing each other over an 800-mile boundary line, if the Soviet Government, in maneuvering for political power, could bring about a treaty as it did with Hitler's government, deserting the allies, and combine with the Communists of China, an overwhelming control of power by the communist powers in the Far East would be assured.

Our mutual aid treaty of 1954, with the Republic of China, plus Taiwan's armed strength with 500,000 men in a disciplined array in Taiwan's military forces, and Taiwan's increasingly successful manufacture of planes and other armaments, has constituted a counter-balancing force which we cannot afford to abandon.

With the death of President Chiang Kai-shek, it can be said with a degree of certainty that the Nationalist concept of reconquering the mainland by military means has been abandoned in the Republic of China, but not so as to political and economic penetration. The news is widespread in Mainland China as to the improved living conditions, employment, industrial and agricultural production in Taiwan.

The Taiwan Food Bill in 1975, commissioned the national Chung-sing University to make a survey of the diet of the people of Taiwan; 2400 households were visited. The findings were well known that the per capita consumption of meat had increased greatly, also of fish, eggs, cooking oil, and dairy products during the five-year period from 1970 to 1975. No censorship can prevent news from traveling. Quite aside from the natural sympathies of most of the Chinese population in Mainland China, the fact that life is better and opportunty greater in the free way of life on Taiwan is a deeply undermining force to the Communist regime in the Mainland. No wonder Peking would like to acquire the province of Taiwan and absorb it, with its industry and armaments, into the disciplines (coupled with executions) of the collectivist regime which cannot possibly compete with the productive capacity of Taiwan.

As the able President Yen Chia-kan of the Republic of China said on World Freedom Day, January 23 of this year, at the Sun Yat-sen Memorial Hall on Teipei, the fall of Indo-China proved that illusions of "detente" and appeasement" can never improve the world situation, and furthermore that "detente and appeasement will encourage the Communists and make new catastrophes inevitable."

Anti-Communist leaders from all over the world coming to Taiwan for the week-long activities of the 1976 "World Freedom Day" meetings, joined in warning the free nations against illusions about detente with the Communists. They also said that President Ford's recent statements are just matters of political expediency. Paul Vanderhoven, President of the Belgium chapter of the World Anti-Communist League, said that it is a great mistake for the United States President, Gerald Ford, to set a goal of "normalizing relations with Peking. The normalization of relations only benefits the Peking regime."

No Secretary of State in our history has so freely and fully used the power of the United States in foreign relations as a tool to serve his own convictions. No book he may write, if and when he leaves office, can explain away his selective use of what he calls "the moral force" of the United States. For all practical purposes, the Shanghai Communique of February 28, 1972, has had the force and effect of a treaty, but such a treaty would never have run the legal course of passage through Congress.

In contrast thereto is Kissinger's abandonment of "our friend" to whom we are bound by the loyalties of World War II in the Pacific, and by treaties of mutual guarantee—the democratic Republic of China on Taiwan.

SOCIAL SECURITY PAYMENTS TO HEW—WORTH THE COST?

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. VANIK. Mr. Speaker, with the current strong interest across the country in preserving the soundness of the Social Security Trust Funds—which, as Members know, have recently been shrinking—the Ways and Means Oversight Subcommittee is examining various aspects of the social security SSI program and its expenditures.

I was surprised to learn that in fiscal year 1975 some $20.6 million was spent from the trust funds for salaries, expenses, et cetera, in the Office of the Secretary of HEW and in other non-social security sections of that Department.

Information I have obtained shows that of the $20.6 million withdrawn from the hard-pressed trust funds about $8¼ million went to the Office of the HEW Secretary.

It is interesting to note that the total of $20.6 million a year, although it makes up only a small part of the total social security expenditures, is still enough to pay 5,000 aged or disabled people a continuing benefit of close to $350 a month.

Whether the social security system received good value for this money paid to non-social security units of HEW is a question that should be pursued. I fear that the trust funds are being used to subsidize HEW activities which are of little use to social security beneficiaries. Perhaps social security beneficiaries would be better served by an independent agency which did not have to support an extra headquarters' staff.

THREATS TO ORDERLY OBSERVANCES OF THE BICENTENNIAL, PART I; THE JULY 4 COALITION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. McDONALD. Mr. Speaker, during the past 2 weeks, the three principal groups planning events which may disrupt the orderly observance of the Bicentennial on July 4—the July 4 Coalition—J4C—the Rich Off Our Backs—July 4th Coalition—ROOB—and the People's Bicentennial Commission — PBC — have completed their demonstration plans and are now involved in final "building actions." These reports on their counter-Bicentennial plans are designed to summarize and update my series of reports during the past 5 months on these activities.

THE JULY 4 COALITION

The July 4 Coalition—J4C—operating from headquarters at 339 Lafayette Street, New York, N.Y. 10009—212/673-1776; from the Zion Baptist Church, Broad and Venango Streets, Philadelphia, Pa. 19140, 215/228-0515 and 732-6673, a church whose minister is Rev. Leon Sullivan of Opportunities Industrialization Center fame and fortune; from 362 Capp Street, San Francisco, Calif., 415/648-3011; and claiming more than 60 local July 4 coalitions in Boston, Chicago, Detroit, Seattle, Los Angeles, Madison, Minneapolis, St. Louis, Athens, Ohio; Baltimore, Buffalo, and other cities, has attracted a sponsor list which reads like a rollcall of late 1960's old and new left anti-Vietnam organizers.

In its formation, J4C had the assistance of the Communist Party, U.S.A. In recent weeks, many of the CPUSA organizers have retreated and are no longer active with the coalition. CPUSA cadre have been told to stay clear of Philadelphia, to avoid arrest, and against becoming involved in possibly violent activities.

In pulling out at this time, the Communist Party is using a long-developed strategy which was effectively implemented in Chicago at the 1968 riots at the Democratic National Convention and in Washington, D.C., at the 1971 Mayday disruptions. On both these occasions of major street violence, the Communist Party was documented as having provided the major logistical backup—the medical first aid teams, the legal defense apparat, money for office space, et cetera. Once having assisted in preparing a climate for violence, the Communist Party made sure its members were out of the way when the new left stormtroopers rioted in the streets.

In October 1968, the House Committee on Un-American Activities held extensive hearings on the disturbances that had taken place at the Democratic National Convention in Chicago, Ill., that summer. The committee received evidence that plans had been made many months earlier to provide organization, legal defense and medical aid for the violent disruptions.

During the early stages of the planning identified Communist Party members such as Kendra Alexander, Carolyn

Black, Earl Durham, Don Hammerquist, Charlene Mitchell, and Jack Spiegel took an active role. The rent for the office to be used by the disruption organizers was paid for by a check written by identified Communist Party member, Dr. Quentin Young. In 1976 FBI files released by the Church committee confirmed the information developed by the House Committee on Un-American Activities. However, when the days of violence took place the Communist Party members were conspicuous by their absence.

In 1971 the Communist Party through its front organization, Peoples Coalition for Peach and Justice, played a major role in organizing the violent "May Day" demonstration in Washington, D.C. The House Committee on Internal Security held hearings documenting the Communist Party role. Herbert Romerstein at that time, an investigator for the committee and now a member of my staff, witnessed the demonstrations. He testified that on May 4, he observed identified Communist Party member, Jack Spiegel, haranguing a crowd of young people. Romerstein testified:

> As soon as he finished his speech he moved out of the area in which police were making arrests.

Spiegel is now a sponsor of the July 4 Coalition. He is active in Chicago organizing people to demonstrate in Philadelphia. However, as in 1968 and 1971, after the Communists have turned the animals loose on the streets they are sure to carefully duck out and avoid arrest.

Therefore while numbers of well-known, and lesser known CPUSA members still appear in the lists of July 4 Coalition sponsors, also sections of the CPUSA and its fronts—Trade Unionists for Action and Democracy, the National Alliance Against Racist and Political Repression, Chile Solidarity Committee, and so forth—Communist Party organizers are for the most part no longer participating in J4C meetings. In fact, even the J4C poster in CPUSA's Jefferson Bookstore in New York City have been taken down.

The J4C was initiated at a conference called by the Puerto Rican Socialist Party—PSP—on January 24, 1976. It was further developed at the National Hard Times Conference organized by the Prairie Fire Organizing Committee—PFOC—and took its present form at a March 27-28 New York City conference attended by representatives of some 100 groups from 53 cities and 27 States.

Originally conceived by the PSP as publicizing its demand for "A Bicentennial Without Colonies," the J4C has expanded its demands to include the PFOC's Hard Times issues and others in a multi-issue spectrum of more than 20 demands ranging from independence for Puerto Rico through "Stop U.S. Government Aid to Repressive Regimes," and "Equal Rights for Gay People," to "Improve and Enforce Occupational Health and Safety Regulations," and "Economic Security for Senior Citizens."

July 4 Coalition organizers were jubilant at the decision of the U.S. Attorney General not to back up the Philadelphia Police Department with Federal troops. J4C regarded this as a further victory over Mayor Rizzo's administration, reinforcing their successes in Federal court in obtaining parade permits.

In the first week of June, the J4C claimed 150 sponsoring organizations; but by June 21 was claiming "more than 400" organizational sponsors.

Midwest and east coast organizing is designed to build maximum attendance at the Philadelphia counter-Bicentennial, while on the west coast, demonstrations are planned in San Francisco, Los Angeles, and Seattle.

While some of J4C's most militant pacifists recently—May 28, 1976—issued statements disavowing violence and stating they "sharply oppose the politics of terrorism," the J4C is dominated by the Puerto Rican Socialist Party, the Weather Underground's Prairie Fire Organizing Committee, and the Venceremos Brigade, all of which have close ties to the Cubans.

The PSP, a Castroite communist party, has repeatedly been exposed as the sponsoring organization for Cuban trained terrorist cadres, the latest of which is the FALN. FALN's first bombs, it will be recalled, October 1974, coincided with a PSP rally at New York's Madison Square Garden. Featured speaker at that rally, PSP secretary general Juan Mari Bras, said then that the FALN bombings were justified:

> There is a diversity of forms and means by which the Puerto Rican people struggle for independence and national liberation. This is one of our means.

J4C's pacifist contingent also ignores the Prairie Fire Organizing Committee role in the coalition, choosing to overlook PFOC's status as the overt arm of the Weather Underground Organization and the fact that many PFOC members have been to Cuba as members of the Venceremos Brigade or on other, less publicized, visits.

The J4C pacifists further ignore the documented relationships between the Cuban KGB—the Directoria General de Intelligencia (DGI)—and the PSP, VB, and some PFOC activists, together with the record for terrorist violence established by the Republic of New Africa, the American Indian Movement, the Crusade for Justice, and other members of the J4C coalition.

With such a wide range of issues, it is not surprising that the J4C claims more than 200 people as sponsors—see list following as an appendix—including representatives of more than 400 endorsing groups—some of them with only five members and others local subdivisions of national groups. The J4C's published lists of sponsors include both the Communist Party, U.S.A.—CPUSA—and their Trotskyist rivals of the Socialist Workers Party—SWP; the American Indian Movement—AIM; the National Lawyers Guild—NLG; Palestine Solidarity Committee—PSC; Puerto Rican Solidarity Committee—PRSC; Republic of New Africa—RNA; and the Workers World Party—WWP.

Among the organizations taking principal leadership roles in the coalition with the PSP are the Venceremos Brigade—VB; the New American Movement—NAM; Mass Party Organizing Committee—MPOC; Prairie Fire Organizing Committee—PFOC; and the War Resisters League—WRL. The J4C's published list of endorsing organizations follows as an appendix.

The J4C national organizing has been coordinated by an executive board—indicated in the appendix—and by a staff of organizers headed by Alfredo Lopez, a member of the PSP U.S. Zone Political Commission who resigned his position as director of the PRSC to free himself for J4C activities. Others working with Lopez include Alan Howard, Chile Solidarity Committee—CSC; Lally Lopez, PRSC; Ro Reilly, MPOC; and Jed Proujansky, PFOC and Native American Solidarity Committee—NASC.

J4C's organizing effort has included a massive distribution of literature including special pamphlets and leaflets directed toward blacks, women and workers, together with production of posters, buttons, and newsletters.

Building actions for the Fourth of July have included a "Vito Marcantonio Contingent" marching in the June 6 Puerto Rican Day Parade in New York City; a June 7 picket line with American Indian drums and chants at the Boston Government Plaza, followed on June 9 by a press conference on the State House steps denouncing "FBI harrassment of the coalition" and featuring George Wald; a Chicago rally on June 12 in protest of a Standard Oil Company Bicentennial Dinner; a small Philadelphia picket line on June 15 organized by the PSP which attracted less than 20 persons, 5 of them under 10 years of age, 2 of whom were selling copies of a rival political newspaper, and 2 police officers; and a June 25 People's Tribunal in New York City sponsored by the New York City J4C group.

According to New York J4C coordinator, Vivian Rivera, the Tribunal will focus on economic issues and attack the Emergency Financial Control Board—EFCB—the New York State agency which has trimmed the New York City budget.

According to the PSP, "The discussion will also revolve around the possibility of this Tribunal serving as an instrument of struggle even after the 4th of July." Speakers are to include Dave Dellinger; Joe Schwab, shop steward of Local 3283 of the American Federation of Teachers, manpower division; Freda Zames, Disabled in Action; Alfredo Lopez; and Jose Alberto Alvarez-Febles, First Secretary of the PSP's U.S. Zone.

The J4C states that its aim "is a demonstration toward building a strong unified anti-imperialist movement;" and with this goal, local organizing groups are being urged to organize events for July 2 and 3. J4C suggested activities include:

Giant car caravans of as many people as you can get who are going to Philly to drive around the community the night before the bus leaves. You can do it at night with flashlights to have a "candlelight caravan" or during the day. Cars should be covered with posters. Stop in different neighborhoods and talk to people. Let them know why you are going to Philadelphia. Ask them to join you.

A giant "we shall return"—as opposed to "going away"—party, with local cultural groups or just a lot of musicians or music. It can be held in a park, a church * * * invite everybody you know. Talk about why we are going to Philly and what our unity means.

A rally right before the bus leaves—depending on when your bus is leaving—such as the event the Boston coalition is planning on the Boston Common before their buses takes off.

A press conference, the day before, with as many members of the coalitions participating as possible, announcing your departure to Philly. All coalitions should do this.

The J4C's announced plans for Philadelphia on July 4 include a 10:30 a.m. ecumenical religious service led by Rev. Paul Washington and others at the Church of the Advocate, 18th and Diamond Streets; at 11:30 a.m. a "Parade of the People" will march from 10th and Diamond Streets to Fairmount Park—33d and Oxford Streets—a distance of about 1½ miles through North Philadelphia.

According to the J4C Organizer's Bulletin, June 11, 1976:

> We want the march to be as beautiful, impressive and politically impactful as possible. The Puerto Rican people and Native American people have informed us they will be marching in contingents. From the way the regional organizing has been going, most cities will march in city-wide contingents, stressing the demands and concerns of the communities and forces in the cities, and building unity for continuing work together when you return home.
>
> * * * The march must be massive and visually powerful. Each regional contingent should have a block wide banner on poles with the name of the city clearly identified (Chicago is ready or St. Louis is ready) or with a slogan signed by the name of the city (Stop Racist Attacks, Boston) to lead the contingent. We recommend * * * one banner to every 20 people participating. This is important—banners can made a powerful impact and visually double the size of the march.
>
> East coalition should make at least 3 banners, hopefully more, with the three main demands of the coalition: A Bicentennial Without Colonies—Freedom for all Oppressed Nations/Full Democracy and Equality/Jobs and a Decent Standard of Living. This will provide political unity and continuity to the march. * * *
>
> Every person in the march should have something to do or carry. Blow-up posters of leaders of peoples' movements such as Fred Hampton, Martin Luther King, Lolita Lebron, Sojourner Truth, Mother Jones, Eugene Debs * * * puppets, effigies, * * * clowns, minstrals, jugglers, * * * make it visually exciting.
>
> The sound and rhythm of the march is important. We will probably lead the march with Indian drums. Each coalition should try to bring a drum * * *. Wooden clapping blocks are important * * * and whistles to carry on the rhythm. * * *
>
> We want everyone to have something to do in the march, * * *. If we do it well, our march of 50,000 people will look like 100,000 and will have a tremendous impact.

Following the march a rally will be held at which the announced speakers are:

Rev. Ralph Abernathy, Southern Christian Leadership Conference.

Harry X. Amana, Philadelphia Tribune.

Ella J. Baker, a founder of the Student Non-Violent Coordinating Committee—SNCC—now with the MPOC and PRSC.

Clyde Bellecourt, American Indian movement.

"Big Black," Attica Now.

Fr. Daniel Berrigan.

Juan Mari Bras, founder and secretary-general of the PSP.

Elaine Brown, Black Panther Party—BPP.

Roy Brown, singer in the Chilean revolutionary "New Song" style.

Len Chandler, folksinger.

Karen DeCrow, National Organization of Women—NOW.

David Dellinger, Seven Days magazine.

Brenda Eichelberger, National Alliance of Black Feminists, Chicago.

William Kunstler, Center for Constitutional Rights and National Lawyers Guild.

Ramon Jimenez, Coalition to Defend Puerto Rican Rights.

Matt Jones, folksinger.

Arthur Kinoy, Mass Party Organizing Committee—MPOC.

Rev. Frederick Douglas Kirkpatrick, deacons for Defense and Justice.

Tapson Mawere, U.S. representative of the Zimbabwe African National Union—ZANU—a terrorist organization.

Sid Mills, leader of the Caravan for Self-Determination of the Survival of American Indians Association—SAIA—associated with the AIM.

Jill Raymond, a radical lesbian recently released from jail after serving a contempt sentence for refusing grand jury questions about admitted revolutionary bank robber and accused murderer Susan Saxe.

Antonio Rodriguez, secretary-general of CASA—Center for Autonomous Social Action—General Brotherhood of Workers, a Chicano Marxist-Leninist organization based in Los Angeles.

Dr. Helen Rodriguez-Trias, Committee to End Sterilization Abuse and active in various PSP and Cuban associated projects such as the United States-Cuba Health Exchange and the committee for July 26.

Walter Rodriguez, Puerto Rican Union of Actors and Technicians.

Hon. Marie Runyon, N.Y. State Assembly, a former fundraiser for CPUSA fronts and now the employer of thrice convicted heroin dealer and revolutionary Martin Sostre.

Ed Sadlowski, leader of a United Steelworkers "reform" movement.

Harvard Stevens, Third World Workers Association, Boston.

Joseph Waller, African People's Socialist Party.

Peter Yarrow, folksinger.

CONCLUSION

Mr. Speaker, in testimony before the Senate Internal Security Subcommittee on June 18, 1976, senior police officials from Philadelphia, Pa., and Washington, D.C., characterized the planned counter-Bicentennial actions as having "a great potential for disruption and violence" and noted that unconfirmed reports indicated that activities could range from "mass civil disobedience to multiple random bombings across the country."

To this, Washington Metropolitan Police Department Deputy Chief Robert L. Rabe added that there was "no hard intelligence available from any source at my disposal." He continued by contrasting the situation with previous demonstrations when law enforcement intelligence units from across the country had supplied his department with information on numbers of demonstrators, their potential for violence, and the identity of their leaders.

Now, with the abolition of many police intelligence units and the cutback in Federal information gathering, there is no available information that can be used to combat political violence or terrorism.

If our national celebration passes without untoward incident, it will be due to the vigilance and dedication of the much-attacked police, and the great good sense of our citizens who, learning of the totalitarian and violent nature of the counter-Bicentenntial organizers, reject them.

ENERGY ACTIONS NO. 3 AND NO. 4

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. HARRIS. Mr. Speaker, I oppose the President's proposals to immediately decontrol middle distillates. Middle distillates are used primarily for space heating in residential, commercial, and industrial facilities; highway motor fuel in trucks and buses; boiler fuel in industrial applications; fuel for railroad locomotives; and steam generation for power plants. The administration proposes to decontrol No. 1 heating oil, No. 1 D diesel fuel and kerosene, No. 2 heating oil, and No. 2 diesel fuel. I believe that decontrol of these middle distillates, at this time, is not in the best interests of the consumer; and, I therefore intend to support House Resolution 1302 and House Resolution 1303 to disapprove of Energy Actions No. 3 and No. 4.

The Federal Energy Administration in its "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations" reports that:

> The 70 percent increase in middle distillate prices and 6.9 percent decline in demand from 1973 to 1975 indicate that middle distillates are essentially products that are largely price-inelastic in the range of prices experienced. Thus, the relatively inelastic demand for middle distillate products, in spite of price increases, has largely supported the continued upward movement of prices.

In other words, continued increases in prices will not significantly decrease the quantity of middle distillates that are demanded by end users. In a more normal market, one would expect less inelastic demand; that is, an increase in prices would bring about a more significant reduction in quantity demanded. As a result, the demand of the middle distillate market supports continuing price increases.

The basic cause of this price-inelastic demand situation is that end users of middle distillates have little real opportunity for substitution. As everyone knows, natural gas is in short supply and largely unavailable for new users. Continued curtailments can be expected to cause a shift in demand of middle distillates. Demand pressures can be expected to increase.

In the absence of market substitutes, consumers and other end users are protected from exorbitant prices only by market supply conditions. For this reason, I am particularly concerned about reports that FEA used inadequate and outdated information to analyze the middle distillate supply conditions.

While it is certainly true that FEA could reimpose controls if prices increase too rapidly, experience has pointed out that the administration is much less willing than Congress to use controls in order to prevent consumer victimization. Should Congress approve Energy Actions No. 3 and No. 4, Congress will abdicate its power to protect the consumer. Future congressional action will be effectively constrained by the willingness of the administration to reimpose controls or to take other necessary action.

At the current time, other creative alternatives are available short of the "all or nothing" decontrol which has been presented to us. FEA could act to end the "marriage" requirement that ties historical sellers to purchasers. I would support that proposal, but that is not the issue before Congress.

However, even if one minimizes the potential shortage of middle distillate supply and the fear that the administration will not act promptly in the event of supply problems, there is an additional justification for opposing decontrol of middle distillates.

No. 1 D diesel is included in the middle distillates that FEA proposes to decontrol in Energy Action No. 4. No. 1 D diesel fuels over 1,200 inner-city bus systems in the United States. Unlike some other customers, No. 1 D users have no immeiate alternatives. For instance, the Washington Metropolitan Area Transit Authority has to buy this fuel no matter what the price, or go out of business. At the same time, the market for No. 1 D diesel is not a growing one, and the fuel companies are turning their refineries to petroleum products that represent high growth potential. These two factors contributed greatly to the price escalation of No. 1 D diesel.

Over the last 3 years, Exxon, Texaco, Mobil, and Shell oil companies have increased the price of No. 1 D diesel fuel almost 200 percent, even with FEA controls. One can only imagine what would happen if no controls existed.

Among total operating costs, fuel ranks second only to personnel. For example, at WMATA, fuel as a percent of operating costs has almost doubled since 1972—2.7 percent to 5.1 percent—even though nearly every other expense item increased, in absolute terms, during that period.

Perhaps the best means of resolving our energy supply problems is to create more energy-efficient transportation systems. However, if we continue to jack up the price of fuels which buses require, public and private transit systems will be forced to raise fares. Needless to say, this will discourage transit riders and would force more commuters back to their own cars and out of the mass transit systems. FEA action to lift controls on the price of No. 1 D works against energy conservation policies.

Last February 19, 1976, I asked FEA to take two actions:

> First, the FEA must immediately take No. 1 D diesel out of the "general refinery products" category and limit its price by the same proportional formula now used for jet engine fuel. Due to the relatively small number of barrels of No. 1 D that are produced, the impact on the other products in the mix will be minimal."
>
> Second, the FEA has built in a variety of monetary incentives for the oil companies to generate U.S. crude oil sources. The rationale being to accelerate U.S. energy independence. As we have seen, however, the oil companies also need an incentive to produce the No. 1 D diesel that is so vital to bus transportation. The FEA must develop a formula that ties eligibility for existing monetary incentives to a quota of No. 1 D diesel production. That quota should be based on the number of barrels of No. 1 D diesel produced in 1970. This action will assure an on-going supply of diesel for the bus companies and, by virtue of setting production at 1970 levels, push the price down to a more realistic level.

Obviously, FEA did not take my advice.

Unless Congress disapproves FEA's proposals to decontrol middle distillates, which include No. 1 D diesel, action will not be taken to limit the price increases that are undermining our mass transit systems.

Therefore, I urge my colleagues to disapprove Energy Actions No. 3 and No. 4, by supporting House Resolution 1302 and House Resolution 1303.

THE CASTRO CONNECTION

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. PEPPER. Mr. Speaker, one of the most distinguished citizens of Miami's Cuban-American community, displaced by the ongoing terror which Castro has introduced to the former "Jewel of the Caribbean" is Dr. Manolo Reyes, the outstanding Latin Americans affairs editor at WTVJ-TV in Greater Miami. As he is closely aware of the nuances of Fidel Castro's widespread interference in this hemisphere, the numerous ways in which Cuba today is used by the international Communists to disseminate poisonous words, silent strategic weapons and insurgent arms in the Americas, and since I share the belief that we must not be oblivious to these threats, I request permission to include the following Manolo Reyes/WTVJ-editorial at this point where it will be available to all of our colleagues:

SEPTEMBER 28, 1975.

THE CASTRO CONNECTION

There is a very interesting and focal point that needs to be studied, analyzed and investigated in different parts of the world. It could be called The Castro Connection.

At this stage I am sure that The Castro Connection is being studied and analyzed by national and international observers, by those who study foreign policy and fundamentally by those authorities who investigate crimes.

Those in favor of the DETENTE even if they act slow, deaf and blind, preaching against any disturbances have to realize that The Castro Connection will spring out any minute now with all its intensity and with great risk for the security and peace of the nations of the Western Hemisphere.

In the past, Francisco Camaano Deno, the Dominican Republic general dissappeared in a revolt in his country . . . some time later reappeared once more in the Dominican Republic leading a small guerrilla group. The Dominican Republic air force immediately took action and Camaano died, and his group dissolved. But the information released was that on several occasions Camaano was in training in Oriente province in Cuba. It is almost impossible that such a well-known person as Camaano would disappear from the free world and could not be seen except if he had hidden behind the Iron Curtain. The question now is: was there a Castro Connection?

The chief of the Portuguese navy, a well known man for his leftist activities, visited Cuba, in the middle of the turmoil that has been whipping his country. Fidel Castro made several statements in favor of the communists in Portugal and the question arises. Was there a Castro Connection?

Several weeks ago the assistant Secretary for Latin-American affairs in Washington, William Rogers, said they would observe Cuba's good faith in their attitude towards the Puerto Rican case. Three days later Castro delivered a poisonous attack against the United States government accusing him of oppressing Puerto Rico. And he even formed an International Congress in favor of Puerto Rico's Independence where many communist personalities attended. The act in itself constitutes a flagrant violation of the non-intervention doctrine in the internal affairs of other countries, this time the United States. And again the question arises: Was there a Castro Connection?

In one of the most recent acts. . . . in the detention of Patty Hearst with three of her comrades . . . the question we've been asking before might very well arise here. We remember that Patty Hearst's nickname was "Tania", the famous guerrilla woman who was "Che" Guevara's lover, who was killed in Bolivia.

We must recall that in one of the tapes sent by Patty Hearst to the news media and broadcasted by CBS network she spoke several words in Spanish, I recognized those words immediately because she repeated the famous Castro's slogan: "Fatherland or Death, we shall win".

When she was arrested in San Francisco she had those words written down somewhere in the room where she was hiding. She belonged to the Symbionese Liberation army which was spoken of in a boastful way by the Communist radio of Cuba.

One of the three persons arrested along with Patty Hearst was Wendy Yoshimura, 30 years old and accused by the federal authorities of attempting to blow up the ROTC building in Berkeley.

It was informed that the Yoshimura woman was in Cuba for a whole summer along with the so-called "Venceremos Brigade" cutting sugar cane for Castro's regime. And again the question arises: Is there a Castro connection?

In the last times there has been much information and speculations about John F.

Kennedy's tragic death. The Warren Commission said there was only one assassin: Lee Harvey Oswald. Nevertheless, Oswald belonged to the Fair Play Committee for Cuba and was an active member of that organization. Several months before the Kennedy assassination Oswald wanted to go to the Soviet Union through Cuba. For that purpose he went to Mexico. Was there a Castro connection in his plans?

This is the same question many people ask and with a Detente or without one; it must be given an answer . . . so that the real truth and justice be disclosed guaranteeing the peace and security of countries.

A TIME TO HALT AGE BIAS

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. ROSENTHAL. Mr. Speaker, the time has come for the Congress to protect the livelihood of our senior citizens. The Supreme Court on Friday upheld the constitutionality of mandatory retirement. If this degrading practice is to be stopped, it is now up to us take the initiative.

Mandatory retirement tells seniors that after an arbitrary age, typically 65, they are no longer fit to be employed. Regardless of their capacity to do the work, their desire to continue to earn their own way, their ability to make a major contribution to their employers and society, seniors know that when the fateful day arrives they are to be put out the door with a pat on the back, a meager pension, if they are lucky, and maybe even a gold watch which will tick off the hours until oblivion.

According to recent polls, no fewer than 7 million Americans have been dismissed against their will solely because the employment clock ran out.

In 1967, the Congress took a long step toward recognizing the irrationality and cruelty of age discrimination. In the Age Discrimination in Employment Act, it was declared that—

> The setting of arbitrary age limits regardless of potential for job performance has become a common practice.

And that—

> It burdens commerce and the free flow of goods in commerce. (29 U.S.C. sec. 621.)

But only people between ages 40 and 65 were deemed worthy of this protection against discrimination. In other words, discrimination at age 64 is arbitrary and falls under the act's interdictions, but forced retirement at age 65 and beyond is implicitly rational and has the blessings of the Supreme Court, which, incidentally, is itself exempted from mandatory age retirement, as is the Congress.

Many of our most esteemed colleagues, Mr. Speaker, have passed beyond the magic threshold of age 65. I ask them, and their brethren on the Supreme Court, whether on that momentous day they experienced any sudden deterioration in their faculties or diminution of their desire to be of gainful service to themselves and to their country.

Mr. Speaker, I am the sponsor of legislation, H.R. 6841, which would strike the upper age limit from the Age Discrimination in Employment Act. I invite and urge the support of my colleagues for this basic measure of justice for senior citizens. Let us devote a few moments of the time we spend debating financial aid for seniors to a bill which would keep millions of seniors off those aid rolls for a little while longer.

"FULL EMPLOYMENT ACT" IS QUACK CURE * * * FOR ECONOMIC ILLS BESETTING US ALL

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. ESCH. Mr. Speaker in, the continuing debate concerning H.R. 50, the Humphrey-Hawkins bill, several political groups have given their positions on this measure. Last month, the Liberty Lobby submitted its statement to the House, which was also published in the May 31 issue of its newspaper. The testimony is somewhat lengthy, but I would like to have the majority of the statement, those portions dealing with economic problems and governmental power, published in the RECORD for the consideration of all Members. I believe the lobby makes some important points:

"FULL EMPLOYMENT ACT" IS QUACK CURE * * * FOR ECONOMIC ILLS BESETTING US ALL

Would you fight a forest fire by flooding the flames with gasoline? That is the approach this mis-nomer, the "Full Employment and Balanced Growth Act," takes in applying a quack cure to our economic ills.

H.R. 50 is a license to spend to infinity. The primary cause of inflation and of the resulting unemployment from the slowing of the economy is deficit spending by the U.S. as implemented by the Federal Reserve. This bill would mandate and generate the most massive deficit spending this country has seen to date—and this country has seen much, with a deficit of more than $600 billion.

Inflation causes unemployment; H.R. 50 would cause inflation.

This "Five Year Program" (quoting Senator Humphrey) is a warmed-over Five Year Plan the communists have tried to launch for years. If it were not for the West, Russia would have starved and collapsed from within, years ago. Should H.R. 50 pass, the same could eventually happen to America.

In order for government to spend massive amounts of funds to "guarantee" employment of 97 per cent of the "work force," the funds either must come from taxes, bled out of workers (middle class,) or from future generations in the form of debt at high interest rates. This bill would mandate greater spending, higher taxes and more debt. It is impossible to spend yourself into prosperity. And with the degree of efficiency of most government operations, the debt generated would be greater than any benefits.

If more deficit spending would answer our economic woes, our deficit of more than $600 billion and rapidly going even higher (45 per cent of the total debt created in the last seven years), we should have no inflation, no unemployment, a confident economy and such a high level of prosperity that the deficit would be a "myth." President Franklin D. Roosevelt explained this attitude toward deficits with a glib "We owe it to ourselves."

But what we "paid ourselves" was more debt, rampant inflation, more unemployment and loss of confidence in our economy. The "something for nothing" boys have ruined the economy with heavy doses of socialism and its resulting debts. Now they propose more of the cause in order to solve the effect. This type of reasoning is irrational, as history has demonstrated time and time again.

H.R. 50 would generate greater inflation at a more rapid rate which, in turn, would dry up venture capital. Venture capital is the money that is risked in uncertain investments combined with an unstable monetary situation. Withdrawing venture capital would result in lower productivity.

Confidence can't be legislated into an economy; it results from a sound economic situation. The sponsors of the bill want to push on the string by foolishly attempting to create confidence when all they would create would be the woes of deficits, devaluations and depressions.

The general findings state that "Congress finds that the Nation has suffered substantial and increasing unemployment and underemployment, over prolonged periods of time, imposing numerous economic and social costs." This results from the injection of excessive socialism into our competitive, free enterprise system. H.R. 50 proposes more socialism—more of the cause in order to resolve the effect. This is not the solution.

The Full Employment and Balanced Growth Plan would create massive unemployment and an unbalanced, non-growth economy as the bureaucrats in their infinite wisdom go off on uncontrolled, unchecked sprees.

Under Title I—Establishment of Goals, Planning, and General Economic Policies, the Declaration of Policy states that "The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means . . . to foster and promote free competitive enterprise . . . and to promote full employment, production, and purchasing power."

The basic premise of this bill is in error. It is not the responsibility of the Federal Government to promote socialistic schemes within a free market. If this is not true, then there is no economic liberty and without that there are no human rights.

How ironic it is that those who cry out for human rights are the same people who would deny these rights by taking away economic freedom.

It is impossible to "promote free competitive enterprise" with heavy doses of socialism. And it is also impossible to "promote full purchasing power" with a bill that would produce more inflation with deficit spending. Inflation is the reduction or dilution of the purchasing power of our dollar. The proclaimed goal and proposed solution run in completely opposite directions.

The "employer of last resort" becomes the employer of first resort, as demonstrated by past growth of the federal payroll. Since Franklin D. Roosevelt, the cost of government and welfare has skyrocketed. Back in 1933, the total federal civilian employment was slightly more than 605,000, with a very small percentage of the populace working for the government at all levels.

Today, the figure has soared to about 13.4 million, or one out of every six wage earners employed by the federal, state or municipal governments. The total federal payroll is now more than $40 billion. This does not include the almost uncountable, and now uncontrollable, welfare recipients at the various government levels. An indication of how massive this problem has become is the fact that social services are now 57 per cent of the federal budget.

* * * * *

Congress must curb the executive branch as it accumulates more and more power to itself via the massive expenditure of money and manpower. Having accomplished that, Congress then does not want to be guilty of this same dastardly deed by passing H.R. 50.

* * * * *

This legislation also involves itself with education and day care. Federal control of children is another pet project of the leftists who wish to regiment our society totally. "Priority policies and programs to support full employment and balanced growth shall initially include . . . the quality and quantity of heath care, education, day care, and housing essential to a full economy . . ." This, of course, requires more government control. All of us would come under the control of the bureaucrat. Besides, the federal government is a notorious bumbler in trying to handle these obviously local problems.

The same page calls for "such other priority policies and programs as the President deems appropriate." This promotes an even greater degree of control, especially when the President implements an executive order. The President, under these conditions, would have the power of a king. This legislation would turn the calendar back 200 years.

* * * * *

This bill is also another example of asking Congress to turn over to unelected bureaucrats its authority and responsibility for making the laws of the land. "The Secretary (of Labor), in carrying out the provisions of this section, shall establish such regulations as he or she deems necessary." To give such power into the hands of bureaucrats not directly accountable to the American people provides the way for unbridled power.

It is this approach that has created so many of our alphabetical monsters (OSHA, EPA, etc.) that have the force of law but none of the restraints upon those elected by the people.

The expense of the exploding bureaucracy required to administer this monster and the cost of "creating" jobs would far exceed any "benefit." History has proved this time and again. The mere fact that we are $600 billion in debt 30 years after the Full Employment Act of 1946 speaks volumes.

Wishful thinking does not alter the fact that this bill would put America even deeper in debt and thus create more inflation and more unemployment. What the proponents seek to avoid, unemployment, is exactly what will be produced. This bill is economic suicide.

The proposal to find jobs comparable to one's previous "standard" is ludicrous. When times are tough, one tightens his belt—as every generation has done in the past. To offer a dole merely because one cannot maintain his income level is to assure even more welfare, handouts and abuses. This openly advocates greater inefficiency within our economy.

"The Congress shall initiate or develop such legislation as it deems necessary to implement these proposals and objectives . . ." This one sentence in Sec. 302 is a mandate, a requirement to spend and spend which would result in a total collapse of our economy and eventually our Nation.

* * * * *

Gentlemen, you are urged to vote against this socialistic legislation because it would sell out the future of all Liberty Lobby members and subscribers, and all Americans. It is Marxist in its concept and would result in the opposite of its purported goal of assuring full employment. The deficit spending, the inflation and the resulting unemployment would contribute to a total and nonrecoverable national bankruptcy with resulting anarchy and the overthrow of our system. Let us not legislate that in this year of the 200th anniversary of our freedom.

FINANCIAL STATEMENT FOR 1975

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. MAZZOLI. Mr. Speaker, today, I am inserting into the RECORD a complete statement of my financial worth as of December 31, 1975. This statement includes all assets which are held in my name individually; those held jointly with my wife; and all assets which are held by my wife in her name.

Also included is a statement of our income, from all sources, for the calendar year 1975 as developed from our income tax return for that year.

Since coming to the Congress in 1971 **I have placed a full financial disclosure in the RECORD annually. I shall continue this** practice each succeeding year that it is my privilege and honor to serve in the Congress of the United States.

The statement of finances follows:

Romano L. and Helen D. Mazzoli—Statement of financial worth as of December 31, 1975

Cash on deposit	
Lincoln Federal S&L Assn., acct. No. 37339	$8, 914. 72
Liberty National Bank & Trust Co., Acct. No. 09-013390	2, 903. 35
Liberty National Bank & Trust Co., Acct. No. 08-33-816-7	27. 89
American United Life Insurance Co., Policy No. 1116312	110. 91
American United Life Insurance Co., Policy No. 1011729	859. 00
Northern Virginia S&L Assn., Cert. of Deposit L50021	1, 141. 68
Northern Virginia S&L Assn., Cert. of Deposit L80507	1, 109. 95
Northern Virginia S&L Assn., Acct. No. 6084	1, 767. 40
Government Services S&L Assn., Acct. No. 034231-9	3, 414. 02
Securities, stocks, and bonds	
U.S. Government bonds, series E	926. 45
Real property	
Residential:	
939 Ardmore Drive, Louisville, Ky.:	
Assessed value	22, 720. 00
Less: Mortgage, Portland Federal S&L	11, 254. 70
Subtotal	11, 465. 30
1030 Anderson St., Alexandria, Va.:	
Assessed value	56, 200. 00
Less: Mortgage, Cowger & Miller Co	52, 605. 29
Subtotal	3, 594. 71
Commercial or Investment	----------
Cash surrender value of life insurance policies	
American United Life Ins. Co., Policy No. 1011729	$2, 880. 87
American United Life Ins. Co., Policy No. 1116312	312. 61
Federal Employees retirement system	
Contribution to fund	16, 725. 77
Automobiles	
1965 Rambler, fair market value	250. 00
1973 Chevrolet, fair market value	2, 975. 00
Law books	545. 07
Net assets	65, 674. 70
INCOME	
Interest and dividends	
Lincoln Federal S&L Association	451. 77
Liberty National Bank & Trust Company	107. 45
American United Life Insurance Company	38. 35
Government Services S&L Association	197. 38
Northern Virginia S&L Association	259. 15
Law practice: income	----
Miscellaneous	
Kentucky Home Economics Association, Electrical Women's Round Table, honorarium for speech	200. 00
U.S. House of Representatives: Salary	42, 850. 00
Gross income	44, 104. 10
EXPENSES, DEDUCTIONS, AND EXEMPTIONS	
Congressional expenses in excess of reimbursements	1, 369. 49
Miscellaneous congressional deductions	3, 796. 62
Miscellaneous deductions	378. 00
Itemized personal deductions	9, 571. 00
Personal exemptions	3, 000. 00
Subtotal	18, 114. 62
Total taxable income	25, 989. 48

AMERICAN HANDOUTS IN FUTURE

HON. JOHN Y. McCOLLISTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. McCOLLISTER. Mr. Speaker, as we consider today the amount of the American contribution to the World Bank, the Asian Development Bank and the Inter-American Development Bank, we must seriously reconsider the impact these investments are having on the American economy.

For the most part, the impact has been salutory. Developing foreign economies allow people to help themselves. They reduce the pressure for American handouts in the future. They boost the standard of living in foreign countries, creating new markets for our industrial products, creating employment in this country.

But there is one unfortunate situation where our tax dollars are being used to subsidize and create unfair and destructive competition for American farmers—and, more to the point of our concern today, our own taxpayers.

Palm oil imports have more than doubled in the past year and are expected to triple again over the next decade. The rapid increase of palm oil imports has severely damaged our domestic soybean industry. Soybean exports comprise the largest single commodity among our farm exports and are absolutely vital to maintaining the significantly positive balance of trade necessary to offset deficits in the international trade of manufactured products. The U.S. Department of Agriculture projects that unrestricted imports of palm oil will result in displacing more than a half million acres of soybeans in this country every year—15 million bushels annually.

The reason for the dramatic upsurge in world production of palm oil in recent years has been the opening of the American market. We have no import quotas on palm oil, unlike many other foreign markets. Competition is one thing, but using our tax dollars to stimulate the growth of this competitive industry to the detriment of domestic producers is quite another. Since 1965, international lending institutions have built the palm oil industry through 32 industrial development loans; several of the recent loans have not yet resulted in bringing even greater production on-line. So the threat is mounting yearly. Since 1966, the United States has deposited $462 million into the Asian Development Bank which has, in turn, loaned $240 million for palm oil production. All told, loans from the three international leanding institutions whose funding we are considering today totaled $496 million. Since our tax dollars are used to support these institutions, we are using our own tax dollars to help destroy our domestic soybean industry and with it our best chance to protect the dollar in the world money market.

Mr. MOORE intends to offer an amendment today which I fully support and hope that the House adopts. It would deny the use of funds appropriated for the use of these three international development banks for the purpose of making loans for the production of palm oil.

The United States, of course, cannot dictate the conditions of loans made by these independent institutions. But this strong indication of purpose on the part of the Congress will send a message to the policymakers of these development banks and discourage their financing of expansion of palm oil production facilities. I urge the Members to support the Moore amendment.

LIVE ATLANTIC SALMON CAPTURED IN CONNECTICUT RIVER FISHWAY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. CONTE. Mr. Speaker, if someone had mentioned the prospect of capturing an Atlantic salmon in the Connecticut River as recently as 3 years ago, he would have been met with many suspect glances, and be politely told that while that was a pleasant thought, the possibility was virtually nonexistent.

But much progress has been made in the last few years, and on June 11, a 40-inch, 20-pound female salmon was captured in the river near Holyoke, Mass., giving renewed hope to all who are concerned with returning the once-thriving fish to the river permanently. The Interior appropriations bill that the House passed and sent to the Senate Friday, included $1 million for the White River National Fish Hatchery in Bethel, Vt. The funds will be used primarily for outside rearing pools to be built at the hatchery site. With this appropriation, plus some design modifications, the hatchery could be operable by as early as mid-1977.

I urge my colleagues in the Senate to consider the action we have taken with regard to the fish hatchery, and to pass a bill with a similar provision. Together, we can speed the day when an Atlantic salmon in the Connecticut River is not a rarity, but an everyday reality.

An article appearing in the June 13 Hartford Courant discusses the implications of the salmon's capture near Holyoke, and some of the recent history of the efforts to return the Atlantic salmon to the Connecticut River. In addition, the article gives encouraging news concerning the three-fold increase in the number of shad in the river this year compared with last year.

The article follows:

LIVE ATLANTIC SALMON CAPTURED IN CONNECTICUT RIVER FISHWAY

(By Everett W. Lumbert)

The capture of another live Atlantic Salmon in the main fishway at the Holyoke Water Power Company dam in Massachusetts has renewed the faith of many persons who have been working for years in the hope of once again restoring a run of the fish in the Connecticut River.

The salmon, believed to be a female, measured some 40 inches in length and was in the 20-pound weight class.

According to John Hickey, manager of the power company, the fish was captured about 9:30 a.m. Friday using special apparatus in the fishway designed to trap fish using the fishway for study purposes.

The salmon has been transferred to the Berkshire National Fish Hatchery in Massachusetts where it will be studied closely by fishery biologists to determine its exact length, age, and possible origin.

OFFICIALS ELATED

Cole Wilde, Chief of the Fish and Water Life of the State Department of Environmental Protection (DEP) as well as marine biologists and power company officials involved in the restoration project were elated over the catch.

They are hoping more salmon will be taken at the fishway alive, preferably both males and females, to start a strain of fish who will continue to return to the Connecticut River.

Last year, a 10-pound male Atlantic Salmon captured alive in the Holyoke fishway subsequently died after it apparently became caught in a net covering a holding pool at the Berkshire fish hatchery.

The death of the fish, which was captured on June 23 of last year, was a tremendous disappointment to persons who are working on the restoration of salmon in the Connecticut River.

OTHER FISH

The fact that salmon are attempting to return to the river after being released as smolts during the past several years was first borne out in 1974 when a dead salmon was found on the shore of the river.

Another dead salmon was also found in a commercial fisherman's net on June 2 of last year, while after the first salmon was taken at Holyoke last June, another dead salmon was also found in the river.

Commenting on the number of fish reported found in the river last year, Howard Larsen, Regional Director of the U.S. Fish and Wildlife Service in Boston, Mass., said *the in*stances of the fish returning in two years gave his department an "optimistic" feeling for the future of the Atlantic Salmon program.

I share that view, and while I may not be around when the fish really return to the river, I believe future generations will have the pleasure of seeing a dream come true.

SHAD SEASON

Theadore B. Bampton, Deputy Commissioner of the DEP, has announced the sport fishing season for shad will close at midnight June 27.

Commissioner Bampton noted that the sport fishery for shad, because of unusually high water in the Connecticut River during most of the spring did not truly reflect the size of the run.

He said that all available evidence indicates that the 1976 run of shad ranks as one of the largest runs in the past 35 years.

To bear out the commissioner's view, facts I have gathered this week indicate that more than 350,000 shad have passed over the Holyoke Dam to date, as opposed to a count of 115,733 made last year.

In addition, some 1,000 shad were passed over the Rainbow Dam in Windsor on the Farmington River during initial operations of a new fishway constructed at the dam.

STATE REPORT

Around the state this week, field personnel of the DEP report that stream fishing for trout is good to excellent in the Housatonic River, Whiting River, Blackberry River, Farmington River and its west branch, Sandy Brook, Nepaug River, Mill River, Saugatuck River, Norwalk River, Mianus River, Pootatuck River, Mount Hope River, Fenton River, Natchaug River, Yantic River, Five Mile River, and Bigelow Brook.

Trout fishing is also reported good at Colebrook Reservoir, West Hill Pond, Highland Lake, East Twin Lake, Wononscopomuc Lake, Bashan Lake, Lake Quonnipaug, Long Pond, Beach Pond, and Mashapaug Lake.

Bass fishing is reported good in Colebrook Reservoir, Bantam Lake, East Twin Lake, Wononscopomuc Lake, Lake Lillinonah, Rogers Lake and Gardners Lake.

Panfish are producing well in East Twin Lake, Bantam Lake, Lake Housatonic, Pachaug Pond, Glasgo Pond, Killingly Pond, Moosup Pond, Hopeville Pond and Williams Pond.

Shad fishing is falling off at the Enfield dam.

DEMOCRACY'S DILEMMAS

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. HARKIN. Mr. Speaker, Clark R. Mollenhoff, chief of the Des Moines Register's Washington bureau has been watching Washington for many years. He is widely known and respected throughout the Nation as one of America's best investigative reporters.

During part of the Nixon administration, Mr. Mollenhoff watched Washington from a different perspective. He accepted a request from the President to become the Nation's first ombudsman. He was charged with searching for and exposing inefficiencies and conflicts of interests, from within the Government. It soon became apparent, however, that the Nixon administration really had no intention of allowing him to bring his full talents to bear at that task, and Mr. Mollenhoff resigned the post, to return to the Des Moines Register.

Mr. Mollenhoff recently delivered the commencement address at Iowa State University, in Ames, Iowa. From his special vantage point as a seasoned Washington observer, and as one who was able to view the abuse of power from within the Nixon administration, Mr. Mollenhoff talked about democracy's dilemmas. He talked about corruption; how it can grow; how it can be exposed; and most importantly, how it can be prevented.

I commend his remarks to the attention of each and every Member of this body, and their staffs, and include it in the RECORD:

DEMOCRACY'S DILEMMAS

(By Clark R. Mollenhoff)

In the 200-year history of the American Democracy the dilemmas inherent in organizing a government to perpetuate freedom have grown with the size and complexity of the nation. The more we learn about the chaotic complex of the present $400-billion-a-year federal government, the more we must be struck with the thought that it is remarkable we have kept it together this long.

There is, and always has been, an inherent inconsistency in trying to organize freedom. If we analyze it carefully, we must understand that any organizational rules are, in and of themselves, limitations on freedom.

Conversely, freedom represents a threat to organized institutions' discipline.

Thus, the survival of any of our free institutions is achieved through a constant balancing act with few clear rights and wrongs, and certainly no pat formula for survival. Survival of any free institution is contingent upon constant work and constant study of all of the elements of its operation to make the shifts needed to maintain the vital balance.

Survival of any free institution is dependent upon understanding how to maintain a satisfactory balance of freedom and discipline.

Man's experience in maintaining individual freedoms and institutional freedoms has not been good. The Greek city states achieved a remarkable freedom for citizens for a brief period before losing the balance on the side of chaotic individual freedom, and in time losing freedom.

The Romans indulged themselves with a few freedoms for few people, and then lost the balance to a tightly disciplined authoritarian society that ruled the world. The success of the Romans as world rulers was a result of a flexibility that Rome permitted in the operations of the various parts of the Roman empire.

Our own 200-year history of relative freedom is unique, for we have seen dozens of nations emerge with promises of freedom and equality, only to fall victim to authoritarian rule, in Africa, Asia, South America, and Europe. Dictatorship is always imposed on the theory that it is necessary to bring order out of chaos, and with the promise or indication that dissent will be permitted when the nation can afford it.

Indira Ghandi's actions in India are a dramatic example of the throttling of democratic institutions to stifle an uncomfortable dissent.

Over the last 2,000 years we have had countless examples of people seeking to organize a system to guarantee freedom for the individual. Most of the experiments failed, for a wide range of reasons which boiled down to the fact that they lost balance.

Balance is vital to survival of any of our free institutions—whether it is an educational institution, the free press, a labor organization, or the businesses of our free enterprise system. Balanced thinking and balanced actions are also vital to the survival of the American Democracy.

Alexis de Tocqueville, in his classic work, *The American Democracy*, examined the strengths and weaknesses in our system. While generally admiring its strengths, he recognized the inherent destructive qualities of some of our freedoms if they were not judiciously exercised.

Those observations by a visiting Frenchman in the 1830's were followed by the equally keen observations of James Bryce a half century later in *The American Commonwealth*.

The dilemmas they saw in the United States' efforts to govern itself under the Constitution were the same problems our forefathers saw in establishing this nation, in writing its Constitution, in writing the first ten amendments to the Constitution, and in writing the laws and commenting on the problems of that day.

Thomas Jefferson, one of the wisest of the men who established this nation, and one most dedicated to belief in the inherent wisdom of the average man, was both the greatest defender and the greatest critic of the free press.

You are certainly familiar with Jefferson's often-quoted early views that if he had to decide between a government without newspapers and newspapers without a government, he would not hesitate a moment to prefer the latter.

That was said before he became President; and after he assumed the highest office in the land he lambasted the critical press as filled with falsehoods and written by liars. He commented that even the truth is contaminated when served up in the "polluted vessel" of the press.

Jefferson did not want a press without a government in his earlier years; nor would he have abolished the free press in his later years. Jefferson was a man who valued balanced thinking, and in each case was exaggerating for emphasis.

Free communication of ideas by speech and the printed word is an essential ingredient of an effective democracy. But, it must be recognized that an irresponsible or venal press can be one of the most destructive forces in a democarcy.

This question is often asked: "What can government do to control the press and make it more responsible?"

The answer is that there is nothing the government can or should do to control the press or make it responsible, for any government control is a temptation to the government to exert political or ideological control of the press.

The importance of freedom of the press is not because of the rightness or wrongness of any segment of the press at any time, but in the freedom for different ideas to circulate within the press as a whole, or within any segment of the press. The strength of the free press is in its diversity, and the greater its diversity of view the greater its strength in support of democratic principles.

Whenever the press is irresponsible, authoritarian, corrupt or unfair, it is doing a disservice to the long term interest of the free press. The stronger its position, the more the press should lean over backwards to be accurate, to be responsible, to be fair, and to be restrained in the use of its power.

If we misuse that power to misrepresent, to distort, or to color a picture, we will be the losers in the long run in the same degree that we distort.

Even though some unintentional distortions may creep into any story, balance must be our goal in dealing with the dilemma a free press seems to present to so much of our society.

"The press was a great force in the exposure of Watergate. Much of the work was in the finest tradition of a free press, which fought the power of the White House, to expose the coverup. But, it is a myth and a distortion to contend that the press alone, or any segment of the press, brought Richard Nixon tumbling down.

It may serve the purpose of a dramatic book or movie to stress the role of one reporter, one team of reporters, or one newspaper, but it seldom happens that way when major political reputations are at stake. It is usually a team effort.

It is usually a team effort, contingent upon support from others in the press and upon courageous efforts on the part of a number of government officials.

The Watergate myth does no harm if it is understood in the perspective of the dependence upon the basic integrity of the FBI bureaucracy and the Federal Election Office for the production and preservation of the evidence that made the exposure possible.

Likewise, all of the best work of the press and the government investigators would have meant nothing if it had not been for the courage, ability, and integrity of Senator Sam Ervin, Representative Wright Patman, and United States District Judge John J. Sirica.

Remember that it was the persistent search for the truth by Judge Sirica in the initial trial of the Watergate burglars that frustrated the first cover-up of the White House role and made it possible for Senator Ervin to demonstrate the need for a Senate inquiry.

Judge Sirica's initially controversial pressure for the truth and the impending Senate probe created the conditions for the defections of James McCord, John Dean, and Jeb Magruder.

It is true that the free press aggressively reported these matters and, in this, fulfilled its responsibility to keep the public informed; but there were powerful political forces at work in Congress that were more important than any segment of the press in persuading the House Judiciary Committee to launch the impeachment proceedings.

To achieve the vital balance in your analysis of government operations or your own role, you must avoid the myths and deal with it in the perspective of weaknesses and strengths. Otherwise, you are likely to engage in the same kind of deadly self deception that Richard Nixon, H. R. Haldeman, and John Ehrlichman engaged in, in November 1972 when the first stage of the cover-up had worked. They believed they could engage in even more arrogant wielding of the power of the presidency for four more years.

They believed there were no effective restraints upon their power. They were the law because they interpreted the law to their liking.

"Executive privilege" was their ultimate shield, as they viewed it, putting a curtain of secrecy around the whole White House complex and making them unaccountable to the Congress, unaccountable to the courts, and unaccountable to the public for the manner in which they administered and enforce the nation's laws.

While they were not the first to do this, Nixon and his power-mad clique were the first to deceive themselves that there would be no accountability. They were surrounded by young men who were eager to serve, reluctant to raise any criticism, and certainly unwilling to challenge a presidential judgment. They made themselves inaccessible to those few who would question the infallibility of their decisions and regarded such questioning as a form of disloyalty.

Although Watergate is behind us, the lessons of Watergate should be remembered or we will be destined to make the same mistakes again. The next time we might not be so fortunate as to find the free press so courageous, or to find men of the tough, deep integrity of Senator Sam Ervin, Judge John J. Sirica, or Special Prosecutor Archie Cox in the right place at the right time.

You can be in the right place at the right time, and with the right background.

It *is* important to be an honest, thoughtful, conscientious worker who is not afraid of tedious chores, who is consistently reliable, and who has the courage to follow through in the face of major obstacles.

Don't permit your perspective to be distorted by the spectacular success of a few people who may be blessed with qualities of genius plus a good deal of luck and a few useful connections. You are taking poor odds if you sit back and trust to luck, native talent, and a few connections. Conscientious work does count most of the time.

Remember that when the work load becomes heavy the competition thins out considerably, and you will be the beneficiary if you are one of the few who follows through.

Don't be discouraged when the breaks seem to go against you, even on some major endeavor. We often learn more from the experiences of striving than we do from exhilarating, spectacular easy success.

Don't be misled by the momentary success of those who cut corners on integrity and seem to get by with dishonest or fraudulent activities. Except in rare cases, they will pay a price for their dishonesty or superficiality, and you may pay a higher price if you unwisely follow their example.

President Nixon and the Watergate gang are the most recent dramatic examples of seeming success by cunning practitioners of fraud and deception. You can find their counterparts in the Senate and the House and across the entire sweep of the business world. Lockheed's pattern of international bribery is being unwound despite its tremendous financial and political power. Despite the massive political and economic clout of the Teamsters union, Dave Beck and Jimmy Hoffa were exposed and became symbols of corrupt use of union power.

Despite Lyndon Johnson's vaunted ability to manipulate the Congress and government agencies, the Bobby Baker case was exposed and prosecuted. Even after Watergate, Johnson and Bobby Baker are symbols of dishonest wheeling and dealing in government.

What is the meaning of this for young college people?

By conscientious work and study, you can find your way through the seeming dilemmas in our society and avoid being one of the thoughtless young people who permit themselves to be maneuvered into dishonest or unethical acts that can mar or destroy a career.

There were countless young people in the Nixon White House who thought they had the world by the tail because they were named by Haldeman or Ehrlichman for important political chores. Their careers and lives have been seriously damaged or destroyed because they unthinkingly followed directions in carrying out illegal and unethical acts.

The same thing can be said about a number of young—as well as not-so-young—people who were used by Lyndon Johnson, Bobby Baker, Dave Beck, Jimmy Hoffa, or the top executives of Gulf or Lockheed.

This is not said to discourage you from taking responsible jobs in organizations that deal with the great problems of our day or the great political or social movements. I have great confidence in the ability of young people to do great things within a relatively short period after they emerge from college, but it must be done with a considerable degree of caution and restraint.

The greater the power placed in your hands, the more cautious and restrained you should be in its use. Eigl (Bud) Krogh, a 34-year-old lawyer assistant to John Ehrlichman, said he didn't realize the power of his telephone calls from the White House to government agencies until Watergate started to come apart. He recognized his abuse of power as he was going to prison.

As you take your places in business or in government, think of Bud Krogh, Dwight Chapin, Jeb Magruder, and John Dean and the price they paid for abuse of power.

But, also think of Thomas Jefferson and Alexander Hamilton who were young men when they were key figures in the establishment of our system of government.

There are young men in politics today—men like California Governor Jerry Brown—who have many of the marks of leadership, and whose views and activities demonstrate an understanding of the vital balance on what government can do and what it cannot do.

Governor Brown has been in office too short a time to form a definitive conclusion as to his record and his full potential. But, he is a serious young man with a well-disciplined mind and a political philosophy that makes common sense to a nation angered and frustrated by big political promises and poor performance.

This same frustration and anger is behind the phenomena of former Governor Reagan in the Republican party and former Governor Jimmy Carter in the Democratic party. Without regard for the personalities or abilities of these political figures, the public reaction is a healthy one—a desire to go outside the traditional establishment patterns for presidential candidates.

They are all talking to political audiences against the background of sharp memories of the extravagant rhetoric of the Kennedy and Johnson years as well as the Nixon-Ford era.

They are speaking against the backdrop of congressional investigations that have demonstrated that recent administrations have botched some important parts of the job because they failed to achieve honesty and efficiency in the administration and enforcement of the laws.

The voters and the nation's business and political leaders are looking for performance rather than rhetoric—and I mean true performance, rather than over-simplified, self-serving claims of accomplishment that are misleading.

We have seen that the Kennedy administration's Camelot was a mirage. President Johnson's self-serving claims for the success of his poverty program collapsed in the face of national scandals exposed by newspapers, congressional investigations, and the General Accounting Office.

Richard Nixon's claim of smooth-functioning, business-like efficiency in the White House dissolved in the spotlight of Watergate as the biggest fraud of all. In fact, he and his top aides simply didn't know how to make a government function properly, and hid the flaw behind a curtain of secrecy and clever, misleading rhetoric. Even his much-heralded foreign affairs "triumphs" are a little less convincing as Dr. Kissinger's public relations tinsel unravels with the years.

President Ford, the self-styled man of openness and candor, has done an effective job of destroying his own credibility with nearly every segment of the electorate—particularly with old-line, conservative Republicans with whom he should be the strongest. This is true whether you view him from the right, the left, or straight down the middle. A major part of the convincing fascade came tumbling down with the Nixon pardon, and he has been adding to his own problems month by month.

Where there are failures of the old guard, there are opportunities for young men and women. And you are never too young to start seriously thinking and planning what you are going to do with your lives.

The whole plan probably will not fall into place for several years. In the interim, regardless of the general career area you choose, you will have a better chance of a measure of satisfying success if you follow a few simple rules:

Work hard, and try to find pleasure in your work.

Avoid being superficial or dishonest in seeking your goals.

Strive constantly for the vital balance in assessing the seeming dilemmas of our society.

Use your common sense in judgments on what government can and cannot do for you or for our society.

Iowa State has a great tradition, and you can be a part of the great record. The past includes such giants as:

Booker T. Washington, the great Negro agricultural scientist and educator;

Henry A. Wallace, a great Secretary of Agriculture;

John V. Atanasoff, the man who developed the first computer—here, on this campus; and

Hugh Sidey, author and distinguished Washington Bureau Chief for Time.

Many others, making equally worthwhile contributions, are at work in the laboratories of industry and on the farms of Iowa.

Your contribution, your success will be as you will it to be.

As I conclude, I am reminded of the comment attributed to Baron Rothchild: "To me there are no good times or bad times. Every time is a time of *opportunity*."

Regardless of how you have used or misused your college years, you are opening a new door. As you stride through, keep in mind that it's a new ball game—the first can be last and the last can be first. Need more be said.

NEEDED: A CAMPAIGN ON THE ISSUES

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. MICHEL. Mr. Speaker, in the June 17 issue of the Penny Press, a fine local newspaper in my hometown of Peoria, Mary Alice Erickson, Peoria County Republican chairman, wrote an essay which seems to me particularly relevant and important in this election year.

Noting that a recent Associated Press poll shows people care more about the personal qualities of their candidates for public office than they do about their position on the issues, she writes:

> We are still buying from the fast talking, smooth operating medicine man. Never mind that the stuff he sells won't do a thing to help—may even make us sick.

She is absolutely right, and the AP poll results are disturbing. We simply must give more attention to what is being said by those who would lead us. Let us have teeth in our platforms, not just in our grins.

[From the Peoria (Ill.) Penny Press, June 17, 1976]

PERFORMANCE IS THE DIFFERENCE

(By Mary Alice Erickson)

A recent Associated Press poll, as reported in the Peoria Journal Star, uncovered several disturbing but not surprising attitudes of the American voters. The support of the candidate most often has nothing to do with what he intends to do as an officeholder.

In a country which has depended upon free and open discussion of issues and on adherence to principle and law, "The overwhelming majority of those interviewed said the personal qualities of the candidates, not his stands on the issues, are more important in deciding whom to support."

Good grief! We are still buying from the fast talking, smooth operating medicine man. Never mind that the stuff he sells won't do a thing to help—may even make us sick. But he is so personable, good looking, honest sounding, etc., etc.

And then if a voter does decide to let the issues make the difference, lo! and behold! the supporters of the same candidate can't even be consistent in telling us for what the candidate stands!

I was recently asked if I thought the average American voter is now more informed than in years back. By implication I assumed the questioner feels that the voter is in fact informed and sophisticated in his vote—I emphatically said, "NO." How could he be? How many voters want to really listen to a candidate? How many take the opportunity to go somewhere to listen to a political speech?—candidates do make themselves very available. Who would listen to a candidate on television if there were other choices on other channels?

Political campaign managers know that the name recognition is THE important element in candidate support. Facts and issues have very little to do with an election. And this was borne out by the Associated Press poll.

Too many candidates to know? Too many issues with which to be bothered? Nonsense!

First of all, there is a difference between political parties. This is the first and foremost fact to bear in mind and the one that can wash away the confusion and the complication of trying to know every candidate and his stand on every issue. Astute students of our form of government know that our strong two-party system has been the foundation of the strength and continuity of our government. Loyalty to party and to principle are essential to keep the power of government spread among the citizenry.

Neither major party has a monopoly on virtue or immorality, on good looking candidates or smooth talking ones, or on rascals or saints. But voting records and platforms do show that there is a difference between parties. Performance in governing shows that there is a difference. And THAT should be of interest to the voter. Once understood, the voter can make the choice of party and know that on the basis of general principle he has made a choice consistent with his own view of how government should be run.

The voter must also understand that it is the State and Federal Legislative bodies that make the laws and determine the guidelines for all other branches of government. For 40 years the U.S. Congress and Senate have been controlled by the Democrat Party—fortunately President Ford has had the courage to use the veto to bring us back toward economic stability. Four years ago the State of Illinois had a surplus and was booming. It has taken that short time to bring us to a deficit and to discourage business expansion. These are the issues, and several more, that should be of concern to the voter.

PATUXENT NAVAL AIR TEST CENTER WINS TOP ENVIRONMENTAL AWARDS

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. BAUMAN. Mr. Speaker, I am pleased to announce that the Department of Defense has selected the Naval Air Test Center, Patuxent River, Md., for the 1975 Department of Defense—DOD—Environmental Quality Award. This award is given annually to the DOD activity that conducted the most outstanding environmental protection and enhancement program during the preceding calendar year.

I am particularly pleased and proud that St. Mary's County, Md., is the home of this 6,400-acre Navy installation initially established in 1943, and its 17,500 personnel and dependents. The Air Test Center is located at the confluence of the Patuxent River and the Chesapeake Bay and enjoys an unusually beautiful and wide diversity of ecological resources including beach and dune areas, brackish and salt water estuaries, fresh water ponds, marshlands and open fields; and pine and deciduous forest areas.

The mission of the center is to test and evaluate aircraft weapon systems, provide test pilot training, and conduct related programs in research and exploratory development. The objectives of the center's environmental quality program is to promote harmony between the naval mission and environmental protection. Thus, the center is concerned with any undesirable impacts that may result from its activities. To this end, they have strived to protect and enhance environmental quality through the abatement of pollution and the conservation of natural resources.

The first step in meeting the objectives of the center's environmental quality program was the development in 1972 of an Environmental-Ecological study to assess in detail the environmental assets and liabilities of the center. This study has been the origin of many environmental and ecological improvements at the center and throughout the Navy, and has resulted in an environmental ethic being reflected in the installation's master plan. This study will be continuously updated and improved through an agreement with nearby St. Mary's College of Maryland.

The center's environmental program includes $2.5 million in funded projects for the improvement of the installation's wastewater collection and treatment systems, and for the purchase of equipment to rapidly contain and remove oil spills. In the area of air pollution, comprehensive studies are underway to determine the quality of the air in the vicinity of the center. The Navy is providing this data to the State of Maryland for their use. In addition, the Navy is taking action to reduce the emission of air pollutants through its "Boiler Tune-Up" program and the development of an air pollution episode plan outlining specific actions to be taken to reduce emissions during regional air basin air pollution episodes.

As we all recognize, noise pollution is a problem associated with aircraft operations at any airport or air installation. This problem, however, can be mitigated by appropriate zoning, adjustment of air operations, and through the utilization of noise suppression equipment. The test center has effectively achieved this. For example, in close cooperation with the surrounding communities, the Navy has carefully measured and plotted the noise patterns. This information was incorporated in the St. Mary's County master plan and served as the basis for local communities to adopt appropriate zoning ordinances. In addition, the Navy is utilizing special, acoustically designed facilities for jet engine testing, and plans to relocate high power engine test pads to remote sites that are away from administration and housing areas. This is just one example of how environmental problems can be solved through cooperative efforts.

Other noteworthy environmental protection efforts include recovery or recycling of salvageable scrap metals, aircraft tires, and contaminated jet engine fuels.

If there is one outstanding factor in the center's excellent environmental protection program, it is the close, cooperative relationship with the neighboring communities, and local State and Federal environmental and natural resources conservation personnel, which has resulted in the exchange of valuable environmental information. The center has conducted a number of environmental seminars for the local communities and serves as a nonvoting member on various county commissions concerned with land use, water supply and treatment and recreational planning.

I am proud to add my personal congratulations to our good Navy neighbors in St. Mary's County, Md. We appreciate their good work to protect our natural environment while at the same time fulfilling their vital mission of national defense.

COMMUNIST CAMPAIGN AGAINST SPAIN INTENSIFIES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. McDONALD. Mr. Speaker, as restrictions on political activities diminish in Spain, the Communists see an opportunity to finally conquer Spain. The

Reds have never gotten over the military defeat inflicted upon them by General Franco in the 1936–39 war. Communist agents from all over Europe have been infiltrating into Spain during the past few months to take advantage of the Spanish Government's relaxation of restrictions.

The Communists in the United States are doing their share to try to weaken American support to the Spanish people. Last March, a small group of middle aged, nicely dressed men and women visited congressional offices. They identified themselves as representatives of the Veterans of the Abraham Lincoln Brigade. The VALB consists of veterans of the Spanish Civil War. Earl Browder, then head of the Communist Party, U.S.A., boasted that at least 75 percent of the Abraham Lincoln Brigade were Communist Party members. The delegation asked Senators and Representatives to oppose the U.S. Base Treaty with Spain. The lobbying was done in coordination with hearings on the subject by the Senate Foreign Relations Committee.

The leader of the VLAB lobbyists was Steve Nelson who neglected to advise the Congressmen he visited of his long service to the Communist cause. Nelson has served in many high ranking Communist Party, U.S.A. positions including membership on the National Committee.

In January, 1959, the House Committee on Un-American Activities released its report on "Patterns of Communist Espionage." The report included a section on Vassili M. Zubilin who headed Soviet espionage in the United States from 1942 to 1944. The report stated,

> While serving with the embassy in Washington, Zubilin played a key role in the theft of atomic secrets from the radiation laboratory at the University of California in Berkeley. The Soviet espionage project at this laboratory was under the direction of Steve Nelson, presently a Communist Party official in Western Pennsylvania, who was then the party organizer of Alameda County, California, where the laboratory is located.
>
> It is known from U.S. intelligence reports that on one occasion Nelson visited Zubilin, who was then in Oakland, and complained about the inefficiency of two persons in the espionage cell at the laboratory. As a result of Nelson's complaint to Zubilin, the two were transferred to other party activity.
>
> In March 1943, several days after a scientist from the laboratory visited Nelson at his home and gave him information about experiments being conducted at the laboratory (which was then working on the atomic bomb project), Nelson met Peter Ivanov, the Soviet vice consul in San Francisco, and transferred a small package or envelope to him. A few days later, Zubilin appeared at Nelson's home and turned over to him ten bills of unknown denominations. This was obviously a payoff for the information he had obtained.

Among other Communist Party activists in the VLAB lobbying delegation were Abe Osheroff, a former Communist Party section organizer in Brooklyn, N.Y., and Anthony DeMaio. DeMaio who now resides near Frederick, Md., had a long and interesting history in Spain. According to the recommended decision of the Subversive Activities Control Board in the case of Attorney General against Veterans of the Abraham Lincoln Brigade, issued May 18, 1955,

> Tony DeMaio, a CPUSA member, operated as a member of the secret police checking on political and military dissidence and any breach of Party discipline for which he had the power to arrest and execute. He and others performing these functions, such as Felix Kuzman, William Ellis, and Robert Cohen, were generally referred to as "GPU" agents, indicating that they took orders directly from the Russian Secret Police and acted on behalf of the Comintern.

The report also revealed that a member of the Abraham Lincoln Brigade named Albert Wallach had been arrested by the secret police for participating in activities of a non-Communist labor organization. He was one of a number of Americans arrested by the Communist secret police in Spain whose fate is unknown. In Wallach's case, however, he was thrown into a hole with another ALB member, Edward Horan. The report states Horan last saw Wallach when he was taken from the hole, which they shared, in the middle of the night and Wallach indicated that he would not be back. Shortly thereafter, machine gun fire was heard and Wallach has never been seen since. His chief accuser and interrogator had been Tony DeMaio.

While the lobbying was taking place, hearings were being held on the Spanish Base Treaty. Among the witnesses were a number of old-left and new-left activists. Most prominent of the "old Leftists" was Abe Feinglass, International Vice President of the Amalgamated Meat Cutters Union. Feinglass had been identified as a Communist Party member in testimony before the House Committee on Un-American Activities. The new-left was represented by Eric W. Schmidt of the U.S. Committee for a Democratic Spain. In 1968, the House Committee on Un-American Activities identified Schmidt as one of the participants at a meeting on January 26, 1968, to plan the legal defense of the people who were expected to riot at the Democratic National Convention that was held that summer. Schmidt was quoted as saying that they have to have two hats, one nice and the other violent. Among others at the 1968 meeting was Bernadine Dohrn, now leader of the Weather Underground terrorists.

Other enemies of Spain that testified at the Senate hearings included Paul O'Dwyer, who publicly supports terrorism by the Irish Republican Army, and Dr. Richard Korn who threatened the Senators with "the most violent domestic explosion this country has known since the Civil War" if they ratified the treaty with Spain.

Spain is going through its most trying times since its civil war. America must stand with Spain and do what it can to prevent the Communist from completing by subversion what they failed to accomplish by military action 40 years ago.

PERSONAL EXPLANATION

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mrs. KEYS. Mr. Speaker, on Friday, June 25, 1976, I was unavoidably absent for the following rollcall votes. Had I been present, I would have voted on matters coming before the House as listed:

Yea on rollcall No. 460, the rule providing for the consideration of H.R. 14231, the Department of the Interior and related agencies appropriation bill for 1977.

Yea on rollcall No. 461, an amendment offered by Mr. McCormack to H.R. 14231.

Nay on rollcall No. 462, a motion to recommit the bill H.R. 14231.

Yea on rollcall No. 463, final passage of the bill H.R. 14231.

INCREASED USE AND EFFECT OF THE LOAN AND LOAN GUARANTEE DEVICE

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, one of the fastest growing areas of governmental activity and a concern of every Member of the Congress is the increased use of the loan and loan guarantee device. The Committee on Banking, Currency and Housing, through its Subcommittee on Economic Stabilization, will hold hearings on this matter later this summer. They are warranted since credit assistance provided by the Federal Government involving use of the loan guarantee alone is averaging $50 billion annually, and by the end of this fiscal year, guaranteed and insured loans outstanding are expected to total $218.3 billion.

Mr. Speaker, many legislative proposals now before the Congress would add substantial new commitments to this total. For example, synfuels, energy conservation, and nuclear assurance legislation proposals call for guarantees totaling $16 billion. That is an amount almost equal to the new growth of loan guarantees outstanding in fiscal year 1976. In addition, the Energy Independence Authority, if established, would provide loan and loan guarantees totaling $100 billion over a 10-year period. A multinational financing facility has been proposed, to assist industrialized nations in meeting financial commitments resulting from high oil prices. Our contingent commitment is expected to be at least $7 billion in guarantees.

Mr. Speaker, it seems likely that Federal guaranteed and insured loans outstanding will exceed $400 billion by 1984. On the face of it, it is clear there is a need to reexamine loan guarantees as means for the Federal Government to redirect resources. In particular, there is a need to determine the impact and the distribution of benefits resulting from such assistance where project size and guarantee risks are high.

The hearings will focus on: First, the way loan guarantees effect private investment decisions; second, the effectiveness of loan guarantees to redirect resources in the fashion sought by the Congress; and third, alternative ways of achieving the same goals that might reduce risk—or increase the return—to the Federal Government.

Mr. Speaker, the results of these studies and hearings can be very helpful to the Congress. They will assist the Members in handling loan guarantees as they become part of the budget process. They will be helpful in determining the true nature of the Government's future spending commitment. They can be especially helpful in developing useful information for evaluating various capital subsidies, both in future as well as in current legislation. Adequate guidelines regarding oversight of the implementation of such subsidies are not always available. It is our expectation the committee's efforts can be instrumental in their provision.

U.S. RADIO FACILITIES IN SPAIN

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. ZABLOCKI. Mr. Speaker, last week attention was called by Members of both Houses to the still unresolved question of Radio Liberty's lease arrangement in Pals, Spain. As Members have pointed out, the original lease for RL's transmission facilities expired last April and has not been renewed as of this date, despite Senate ratification of the Treaty of Friendship and Cooperation with Spain.

I think it is fair to say that until now, this matter has not received the attention it deserves from our own State Department negotiators, who have been largely preoccupied with military base negotiations. Now is the time to restate and reemphasize the concern of this body over the successful resolution of the lease renewal issue.

Mr. Speaker, the fiscal year 1977 authorization for the Board for International Broadcasting, which is included in the bill S. 3168, provides for a comprehensive study of projected needs for U.S. international broadcasting operations based on anticipated language requirements and anticipated cooperation among various agencies of the U.S. Government, U.S. Government-funded organizations, and foreign governments involved in international broadcasting. The conference report on S. 3168, which is scheduled for floor consideration on Wednesday of this week, requires the President to submit a report to Congress on this subject by January 31, 1977. Clearly, the status of the RL transmitter site and facilities at Pals will be a major factor to be considered in any subsequent recommendations which are submitted in this regard and consequently an early decision on the matter is urgently needed.

Mr. Speaker, the record of this House in support of Radio Free Europe and Radio Liberty is both consistent and clear: The annual authorization bills for the Board for International Broadcasting, which funds these two radios, have been approved in recent years by substantial majorities—both in our Committee on International Relations and on the House floor. From a technical standpoint, the transmission facilities at Pals currently play a vital role in Radio Liberty's broadcasts to the Soviet Union and relocation costs are estimated at upward of $20 million.

Let me just add that the outcome of this issue affects not only our bilateral relations with the Government of Spain, but our global posture vis-a-vis the Soviet Union and the countries of Eastern Europe. As such, it is a matter of fundamental importance to the United States and should be viewed accordingly.

TRIBUTE TO THE BRIGHTER SIDE SINGERS OF TEMPLE CITY HIGH SCHOOL

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. ROUSSELOT. Mr. Speaker, today I would like to pay special tribute to an outstanding group of young musicians from my district, Temple City, Calif. This choral group, the Brighter Side Singers of Temple City High School, has been invited to perform in the Nation's Capital on June 29, 1976, in conjunction with the District of Columbia's Bicentennial "Salute to California."

Under the leadership of Mr. Roger Lockie, chairman of the Temple City High School Department of the Performing Arts, the Brighter Side Singers have toured in the United States and Europe for the past 21 years. In 1971, the choir, composed of 20 high school students, made a 23-day concert tour of England and Holland. In 1974, Mr. Lockie returned with a group to perform a 19-day tour which included East and West Germany, Holland, France, and England. For the past 5 years, the Brighter Side Singers have served as the Southern California March of Dimes Choir. More recently, the choir was featured at the Southern California Cerebral Palsy Telethon. The group has also provided pregame and halftime entertainment at professional sporting events for the Los Angeles Dodgers, the Rams, the Lakers, and the Kings.

Their June 29 performance in Washington, D.C., is part of the 1976 Brighter Side Singers' Bicentennial tour which also includes visits to New York, Boston, Philadelphia, and many other sites of American Bicentennial interest. Their visit to the Nation's Capital will be highlighted by performances on the Capitol steps, at the California Avenue program, the Lincoln Memorial, the President's Park, and a final concert at the Cheverly United Methodist Church in Maryland.

The Brighter Side Singers have funded their tour through donations received at various concert performances and through gifts from parents and friends.

A versatile group, the Brighter Side Singers' repertoire features a variety of music from classical, contemporary, sacred, spiritual, and popular literature.

Mr. Speaker, I am proud of this accomplished and energetic group of high school students and extend my compliments to them and to their dedicated director. On behalf of the 26th Congressional District and the State of California, I thank the Brighter Side Singers of Temple City High School for their fitting contribution to America's Bicentennial celebration.

SUPREME COURT DECISION AS IT AFFECTS UNEMPLOYMENT COMPENSATION COVERAGE

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. STEIGER of Wisconsin. Mr. Speaker, given the importance of the recent Supreme Court decision in the National League of Cities against Usery and its potential impact on the provisions of House Resolution 10210 I want to share with my colleagues the following memo:

The decision of the Supreme Court in *National League of Cities* v. *Usery* in no way affects the constitutional validity of the proposed extension of the Federal unemployment compensation law to cover additional employees of the States and their subdivisions.

The constitutional basis for this legislation is wholly different from that which was at issue in the *NLC* case. There, the Court held that the power of Congress to regulate interstate commerce did not encompass a law by which the States were *compelled* to adhere to federally-established minimum wage and maximum hour standards for their own employees. Here, the legislation is based on the taxing and spending powers of Congress, and would simply add another to the reasonable conditions to be met by any State that *chooses* to participate in the basic, permanent unemployment compensation program so as to entitle private employers in the State to the 2.7 percent tax credit and entitle the State to the Federal grant for administering its unemployment insurance program.

In *Steward Machine Co.* v. *Davis*, 301 U.S. 548 (1937), the Supreme Court upheld the original law establishing the Federal-State Unemployment Compensation Program. That law enacted a payroll tax of 3.0 percent on private sector employers, and allowed a credit of 90 percent of the tax, or 2.7 percent, for contributions paid into a State unemployment fund under a State unemployment compensation law found to meet the conditions for approval that the Federal law established.

Additionally, a State which had an approved compensation law could apply under the Act for a grant of funds to be used by the State in the administration of its law, and those grants would issue upon a finding that the State law contained the required provisions. In *Steward Machine*, the Court held that this law was within the power of Congress under Article I, Section 8, Clause 1, of the Constitution "[t]o lay and collect Taxes . . ., to pay the Debts and provide for the common Defense and general Welfare of the United States. . . ."[1] Under that power,

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[1] The author of the majority opinion in the *NLC* case made clear the inapplicability of that decision to laws enacted pursuant to this delegated power. "We express no view as to whether different results might obtain if Congress seeks to affect integral operations of state governments by exercising authority granted it under other sections of the Constitution such as the Spending Power, Art. I, § 8, cl. 1, or § 5 of the Fourteenth Amendment." *NLC* v. *Usery*, —U.S. —, —, slip op. at 18 n. 17.

Congress was entitled to prescribe conditions for a tax credit that it found were related in subject matter to activities "fairly within the scope of national policy and power" and which would "assure a fair and just requital for benefits received" (301 U.S. at 590, 598). The conditions established by the law "[were] not directed to the attainment of an unlawful end, but to an end, the relief of unemployment, for which nation and state may lawfully cooperate." (Id. at 593.) And "inducement or persuasion does not go beyond the bounds of power" (id. at 591).

To the argument that the Federal unemployment provisions infringed upon States' rights in violation of the Constitution, the Court replied that "[n]o officer or agency of the national government can force a compensation law upon [a State] or keep it in existence." (Id. at 595.) Mr. Justice Cardozo, writing for the Court, pointed out that the States have power to make contracts and to consent to an offer by the Federal Government of a Federal tax credit and grant. By enacting a state unemployment compensation law meeting Federal statutory standards, he wrote, a State "is seeking and obtaining a credit of many millions [against the Federal unemployment tax] in favor of her citizens out of the Treasury of the nation. *Nowhere in our scheme of government—in the limitations express or implied of our Federal Constitution—do we find that she is prohibited from assenting to conditions that will assure a fair and just requital for benefits received.*" (301 U.S. at 598, emphasis added.)

It must be emphasized that neither Federal unemployment compensation law, the present law, nor the proposed amendment impose any tax upon the States or their subdivisions. And it is relevant to remind ourselves that, as inadequacy of the basic program has required repeated action by Congress temporarily extending benefits for those in the regular program, so also Congress has been impelled by the circumstance of growing unemployment among those *not* so covered—chief among them, employees of States and their subdivisions—to enact a Special Unemployment Assistance Program which has been wholly federally funded. The SUA program, which was contained in the Emergency Jobs and Unemployment Assistance Act of 1974, P.L. 93-567, and was extended by P.L. 94-45, is due to expire at the end of 1976. It is within the "fair margin of discretion" permitted Congress (301 U.S. at 594) now to determine as a matter of fiscal and social policy that the burden of meeting the needs of State and local government employees who become unemployed must no longer be borne solely by the Federal Government but, henceforth, should be shared by those States that choose to participate in the Federal program, and thus receive its benefits.

POST EDITORIAL COMMENDS CONGRESS FOR INCREASING APPROPRIATIONS FOR SOLAR ENERGY RESEARCH

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. EVINS of Tennessee. Mr. Speaker, the Washington Post in an editorial on last Saturday commended the Congress for increasing appropriations for solar energy research for the Nation. In this action, the Post concludes that the "Congress is on exactly the right track."

The editorial points out that the House took the lead in providing $309 million for solar energy research and development for fiscal 1977. This appropriation was included in the public works, water resources, and energy research and development appropriations bill in the overall appropriation for the Energy Research and Development Administration.

The editorial points out, also, that a national program of energy conservation is highly important.

Because of the interest of my colleagues and the American people, I place the editorial entitled "Letting the Sunshine In" in the RECORD herewith.

The editorial follows:

LETTING THE SUNSHINE IN

The most appealing new source of energy is the oldest source of all: sunshine. Congress is now in the process of forcing the administration to speed up dramatically the development of solar heat and power. Of all the collisions between Congress and the White House over energy policy, this one is among the most useful. For here Congress is on exactly the right track.

The President's budget asked a rather modest $160 million for the federal Energy Research and Development Administration's solar work over the coming fiscal year. The House Science Committee recommended authorizing $227 million. Instead of paring it down, the House voted—in a resolution with 80 sponsors—to increase it by another $116 million. Congress sometimes votes huge authorizations merely as an expression of good will and best wishes, with no intention of actually providing the money. But in this case the House last week voted to appropriate $309 million. The Senate seems to be moving in the same direction. And all of this is happening despite the tight control Congress has put on spending this year.

What can the country expect to get for this surge of new money for solar development? Solar technologies fall into two broad categories—those that heat and cool buildings and those that generate electricity. They are proceeding at quite different rates.

Heating and cooling by sun power is already here. There are probably more than a thousand buildings of various sorts and sizes, throughout the country, that are using it to one degree or another. The availability of equipment is increasing rapidly; a recent federal survey counted 130 companies that are manufacturing it. The immediate limitation is not inadequate technology but rather inadequate industrial infrastructure. The manufacturers need the capability not only to make the equipment on a large scale but to distribute, install and service it as well. Some of the new money for ERDA will go into attempts to pull the new solar industry rapidly through that phase of growth.

Solar generation of electric power is further off than home heating and cooling. By most estimates, commercial power generation by the sun will become a possibility some time in the 1990s. Here a great deal of engineering research still needs to be done. But, once again, there is good reason to shorten the time that normal commercial development would require. Solar heating and cooling systems help the country meet an immediate danger—steadily rising imports of oil from countries that continually threaten to use the oil weapon again. Solar electricity, in a longer future, can reduce the need for massive and rapid expansion of nuclear generation. The congressional votes on the solar energy appropriation are one of the more constructive manifestations of this country's concern about the next generation of plutonium breeder reactors.

But there is a certain danger that Congress will get carried away with the rosy glow of a world bathed in nothing but sunshine. Some congressmen already seem to think that they are buying an easy substitute for a national energy policy. It's not quite that easy. The promise of solar power does not remove the prospect for higher energy prices ahead, or the need for much more serious conservation. On the contrary, the longer Congress holds the prices of oil and gas artificially low, the less need most Americans will see for installing solar heaters in their houses. As for conservation, it is *still this* country's most accessible and safest energy resource. Even the most optimistic prospects for solar energy over the next decade represent only a fraction of the energy to be saved by a cautious and moderate attempt at conservation.

THE MINE SAFETY AND HEALTH ACT OF 1976

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. LEHMAN. Mr. Speaker, the House is scheduled to consider H.R. 13555, the Mine Safety and Health Act of 1976, tomorrow. The bill is important for two major reasons. First, the bill would upgrade standards for the protection of metal and nonmetallic miners. Recent mine disasters have served to reinforce the impression that employment in the mines continues to be a hazardous occupation. Second, all safety and health enforcement activities would be transferred from the Department of Interior to the Labor Department. This is an appropriate step in view of the Labor Department's longstanding statutory responsibility to safeguard workers. Mr. Speaker, I intend to support the bill but understand that several misconceptions have been generated about the actual scope of the legislation. In order to provide Members with a factual description of the bill prior to its consideration, I would like to insert a copy of the responses to several frequently asked questions:

THE MINE SAFETY AND HEALTH ACT OF 1976

Misconception No. 1: Sand and gravel and crushed stone operations and their workers will be treated differently.

Answer: Some confusion over coverage of sand and gravel and crushed stone operations exists because the House Subcommittee on Manpower, Compensation, and Health and Safety, during eight days of hearings, considered certain proposed bills which excluded sand and gravel operations from coverage by a new metal and *nonmetallic* mine safety and health measure thereby placing these operations under the jurisdiction of OSHA.

H.R. 13555, as reported by the Education and Labor Committee, however, includes sand and gravel and crushed stone operations in the definition of mines covered by the new Federal Metal and Nonmetallic Mine Safety and Health Act. This is consistent with coverage under the existing law, the Federal Metal and Nonmetallic Mine Safety Act of 1966, Public Law 89-577.

Therefore, H.R. 13555 eliminates any jurisdictional confusion by placing sand and gravel and crushed stone operations and their respective workers under the jurisdiction of the Assistant Secretary for Mine Safety and Health as established by the new

Federal Metal and Nonmetallic Mine Safety and Health Act. It is the same coverage to which they are now responsible under the current Metal and Nonmetallic Mine Safety Act. No change takes place.

Misconception No. 2: H.R. 13555 promulgates standards.

Answer: H.R. 13555 establishes procedures for standard setting under a new Federal Metal and Nonmetallic Mine Safety and Health Act. Congress will not legislate standards applicable to either metal and nonmetallic mines or milling operations. Further, the Act does not amend or in any way alter existing standards under the Federal Coal Mine Safety and Health Act of 1969.

This is especially true of the "advisory standards" of the Metal Act of 1966 which must be submitted to a special advisory committee before they can be repromulgated as mandatory standards under this Act.

Misconception No. 3: Any representative of miners who is an employee of an operator has the right to compensation during the period of time he or she accompanies an inspector during an inspection. Compensation during a "walk-around" violates the principles of collective bargaining.

Answer: The question of the right for a miner to accompany an inspector in order to disclose his or her concern with an alleged dangerous work area or otherwise assist an inspector during an inspection is well established under the Federal Coal Mine Health and Safety Act and OSHA and is not at issue.

H.R. 13555, however, builds on experience gained under previous safety and health laws, on debate during their passage, and on extensive oversight hearings and committee investigations. The participation and encouragement of participation of miners in inspections is a vital part of insuring effective implementation of health and safety laws. H.R. 13555 gives miners under the new Federal Metal and Nonmetallic Mine Safety and Health Act the right to pay during their participation in inspections. Assurance of compensation during the "walk-around" will encourage miners to assist inspectors carry out their responsibilities and thereby further the objectives of the Act.

The health and safety of miners is not an issue that should be decided at the bargaining table; workers should not be forced to make their lives and health subject to the vicissitudes of contract negotiations. Further, absent this right to compensation during "walk-arounds," miners in non-union mines may be subject to loss of pay during "walk-arounds," whereas unionized miners may have greater opportunity in the collective bargaining process to assure their receipt of pay during "walk-arounds."

Misconception No. 4: The existing Federal Metal and Nonmetallic Mine Safety Act of 1966, Public Law 89-577, provides more effective means and measures for improving the working conditions and practices of the nation's metal and nonmetal mines than H.R. 13555 would provide.

Answer: The current law covering the nation's metal and nonmetallic miners was passed in 1966. Experience in the past 10 years has revealed that this Act is clearly inadequate to sufficiently protect 262,000 metal and nonmetal miners and workers in milling operations. The Act is deficient in the area of standard-setting, enforcement, and it contains no provisions for health research.

The death and injury records by themselves indicate that there is a serious deficiency in the effective enforcement of current law by the Department of the Interior. But upgrading the metal and nonmetallic law in itself will not be sufficient to protect the American worker. There is an inherent incompatability between the Department of the Interior's responsibilities to spur production of our natural resources and to also regulate production so as to assure the safety of miners.

Finally, the new bill will fill a serious need for an effective health research program designed to reduce occupational diseases in the nation's metal and nonmetallic mines. Through such improvement in the metal and nonmetallic safety and health statute, young Americans will be encouraged to enter this field that is critical to the future well-being and industrial expansion of this nation.

GUN CONTROL

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. FORD of Michigan. Mr. Speaker, I recently received a letter from a police lieutenant in my district who offers a sensible "middle road" approach to the never ending controversy over gun control.

Lt. Joseph Beesley, of the Taylor Police Department, argues that the real, basic issue is not really control, or noncontrol, of guns, but of proper training for those who own and use guns.

He points out that automobiles kill far more people each year than firearms, and that individuals are required to pass tests and obtain licenses before they can legally drive autos.

Mr. Speaker, I insert the text of Lieutenant Beesley's letter in the RECORD at this point, and invite the comments of my colleagues or other interested readers:

JUNE 2, 1976.

Congressman WILLIAM FORD,
Federal Building,
Wayne, Mich.

DEAR CONGRESSMAN FORD: I am writing you regarding the gun legislation that keeps coming before Congress and other legislative bodies in government. I feel there is a need for some legislation on "firearms", but I do not feel it should be in the form of ownership. I feel that since guns are built for the basic purpose of killing, we need to take time to train people who want to own a gun on how to handle them safely and impress upon them how dangerous a gun can be, to them as well as others. Not only should they be trained but they should have to obtain a certificate stating they have successfully completed such a course before they are eligible to buy firearms. This should be a requirement, as well as having reached the age of majority.

To my knowledge there is no place in this country where this type of requirement exists. However, there are some steps in this direction being taken by the Department of Natural Resources requiring new hunters under the age of sixteen (16) to take hunter safety courses.

We seem to set some priorities in some areas but let others slide. For instance, automobiles which are not meant to kill, still do "kill." We tell people before they can drive they must take driver's education, pass a test before they can get licensed to drive an automobile. But a gun that is built to kill we merely insist they reach the age of majority and then you can buy and own one if you don't have a serious criminal record.

However, criminals still have guns, just like bad drivers still drive when their licenses have been revoked, and both these types of people kill or cause serious injury to innocent people. Even people that have no criminal record sometimes kill or seriously injure people, including members of their own family, with guns, but this is also true with automobiles.

Homicides

1973	19, 530
1974	20, 600

Traffic fatalities

1973	56, 056
1974	46, 686

In 1974, of the 20,600 homicides, 68% were with firearms, or 14,008.

Of course, the significant difference is that automobiles are a necessity and firearms are not. However, which is the deadliest, the 46,686 people killed in automobile accidents in 1974 or the 14,008 killed in 1974 with firearms? Of course, there were "only" 32,678 more deaths with automobiles than with firearms in 1974.

With "only" 46,686 people killed in 1974 with automobiles, this is a marked decrease from 1973's 56,056 and seems to be a direct result of the lowered speed limits which one would have to say has been good for the country. I feel that if we assessed penalties against persons committing crimes with firearms such as mandatory jail terms for those persons convicted of using a firearm in the commission of a crime, we would also cause a marked decrease in deaths by use of firearms.

You still hear the argument that guns are not necessary and people do not need them, therefore, you should ban the ownership of them. This may be true but I think there are a lot of people who hunt and target shoot as well as collectors because they enjoy them. I am one of these people.

My question to many of the anti-gun people is about alcohol. I am sure that many of them are drinkers or at least drink alcoholic beverages. My next question would be, is it necessary and if so, why? I do not drink alcoholic beverages and seem to get along fine. Think about this when considering anti-gun legislation, that over half of all traffic deaths (in 1974 46,686 total, half 23,343) were killed because of abusive use of alcohol, by driver and pedestrians.

Since highway fatalities average 150 a day, this means that some 75 people prove each day that drinking may not be necessary. But I ask you, what are we doing about this? It is "only" 75 people a day! But some people, including some of our law makers would like us to believe that some drugs should be legalized! Of course, I am sure that driving while under the influence of drugs would also cause the death toll to go up! So I would ask you, where are our priorities? Is it to save lives by banning guns, or should we attack the total problem?

Traffic deaths in 1974, 23,343.

Gun deaths in 1974, 14,008.

Drug deaths in 1974, no statistics at this time.

(Unknown how many involved alcohol.)

If we did this, then we could help the total population and make this country a better and safer place to live!

Sincerely,
LIEUTENANT JOSEPH BEESLEY,
Personnel and Training,
Taylor Police Department.

In conclusion, it would seem to me that if we really wanted to save lives, we would first do away with alcohol and save, 23,343; guns and save, 14,008; and drugs and save, unknown.

COMPARATIVE UNEMPLOYMENT RATES OF INDUSTRIALIZED NATIONS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. HAWKINS. Mr. Speaker, I call to the attention of the Members a revealing new set of statistics released by the Department of Labor just this month. For the first time the unemployment rates of seven industrialized foreign nations—Canada, Japan, France, Germany, Italy, Sweden, United Kingdom—are compared on an adjusted basis with that of the United States. An attached table displays unemployment rates since 1970.

It shoud be immediately recognized that the unemployment rate in the United States is consistently higher than that of any listed European nation or Japan. I hope that table will eliminate several misconceptions concerning comparative unemployment rates that presently exist. Introducing the table is a summary article which appeared in the June 12, edition of the AFL–CIO News:

U.S. UNEMPLOYMENT LEADS MAJOR NATIONS

America's unemployment rate is higher than that of any other major industrialized country in the world, the Bureau of Labor Statistics reported.

A BLS survey found that as of April the 7.5 percent jobless rate for Americans exceeded the rates in Japan, Britain, France, Canada, Germany, Italy and Sweden.

Only Canada's 7.4 percent April jobless rate came close to matching that of the United States. The rate was 4.8 percent in France and 3.8 percent in Germany. The United Kingdom the same month had a jobless rate of 5.8 percent.

Latest available figures for Japan put that country's unemployment rate at 2.1 *percent* in February. In the same month, Sweden had a jobless rate of 1.6 percent while Italy's January rate was 3.6 percent.

While methodology used in collecting data varies from country to country, BLS noted that the figures were adjusted when possible to reflect the concepts of the U.S. statistics.

TABLE 1.—UNEMPLOYMENT RATES IN 8 COUNTRIES, ADJUSTED TO U.S. CONCEPTS, SEASONALLY ADJUSTED, 1970–76

Period	United States	Canada [1]	Japan	France	Germany	Italy [2]	Sweden	United Kingdom [3]
1970	4.9	5.7	1.2	2.7	0.5	3.5	1.5	5.0
1971	5.9	6.2	1.3	3.0	0.7	3.5	2.6	3.6
1972	5.6	6.3	1.4	3.0	0.9	4.0	2.7	4.2
1973	4.9	5.6	1.3	2.9	1.0	3.8	2.5	2.9
1974	5.6	5.4	1.4	3.1	2.1	3.1	2.0	2.9
1975	8.5	6.9	1.9	[4] 4.3	[4] 3.9	[4] 3.6	1.6	[4] 4.9
Quarter:								
I	8.1	6.7	1.7	3.9	3.2	3.2	1.6	3.7
II	8.7	7.0	1.8	4.2	4.0	4.0	1.7	4.5
III	8.6	7.1	1.9	4.5	4.4	3.7	1.6	5.7
IV	8.5	7.1	2.2	4.7	4.3	3.9	1.7	6.0
1976:								
1st quarter	7.6	6.8		4.8	4.0	3.6	1.6	6.2
January	7.8	6.6	2.1	4.7	4.0	3.6	1.8	6.5
February	7.6	7.0	2.1	4.7	4.0		1.5	6.1
March	7.5	6.9		4.8	3.9		1.6	6.1
April	7.5	7.4		4.8	3.8			5.8

[1] Revised on the basis of results from the revised labor-force survey.

[2] Quarterly rates are for the 1st month of the quarter.

[3] Great Britain.

[4] Preliminary.

Note: Quarterly and monthly figures for France, Germany, Italy and Great Britain are Calculated by applying annual adjustment factors to current published data, and therefore should be viewed as only approximate indicators of unemployment under U.S. concepts. Published data for Canada, Japan, and Sweden require little or no adjustment.

Source: Bureau of Labor Statistics, U.S. Department of Labor, June 1976.

THANK YOU, MY PEOPLE

HON. ALBERT W. JOHNSON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. JOHNSON of Pennsylvania. Mr. Speaker, radio station WFRM in the 23d Congressional District town of Coudersport, Pa., annually sponsors an editorial contest for local students. This year over 40 students from McKean and Potter Counties competed for the grand award, which was won by Miss Beth Ann Yancosek of Hazel Hurst, Pa. Miss Yancosek, the daughter of Mr. and Mrs. Robert Yancosek, graduated in May from Smethport Area High School in my hometown and will attend Clarion State College in September to major in elementary education. While in high school, she was a member of the National Honor Society, senior band, Swingin' Seventies, pep band, and was copresident of her senior class. She is a member of the United Methodist Church of Hazel Hurst. As the grand award winner in the editorial contest, Miss Yancosek received $200 and a wrist watch.

Miss Yancosek is a fine example of what is right with the youth of America today. In this Bicentennial Year, I would like to call my colleagues' attention to her award-winning editorial, which was printed in the Olean, N.Y., Times Herald. The editorial, entitled "Thank You, My People," follows:

THANK YOU, MY PEOPLE

(By Beth Yancosek)

July 4, 1776, to most of the world was a day that meant very little, but to those people who lived and worked on my fertile plains, it was a day never to be forgotten. It was on this day that I became a nation, known to the world as the "United States of America."

It is now 1976, a very special year for me as it is my 200th birthday celebration. At the time of my birth, people all over the world were very doubtful that I would be able to survive. But I have survived, stronger and healthier than any nation in the world has been.

I have survived through many wars, watching my people suffer and die in order to uphold my beliefs as are listed on my birth certificate, the Declaration of Independence.

Many great and brilliant men and women have been born in my country. They have done so much to make me proud. George Washington, my first Father and President of my land; Abe Lincoln, who freed my black people; Tom Jefferson, who wrote my birth certificate; Betsy Ross, who made my first flag; Clara Barton, who founded the Red Cross to help my people in time of need; Martin Luther King, a wonderful man who fought aaginst racial prejudices among my people; John Glenn, the first one of my people to go into orbit around the earth; the Kennedy brothers, Jack and Bob, who were killed by assasins before they were able to complete their life work; and my present leader of my country, Jerry Ford. These are but a few of my people who have helped to make me so great and powerful.

My birthday is being celebrated in so many different ways and it is all being done in my favorite colors, red, white and blue. Many of my small towns may have just a picnic while some of my larger cities are having huge parades and dinners and speeches honoring me.

I become so happy and excited when I see and hear all this celebrating going on, but on the other hand I am very sad when I see and hear some of my people complaining about all this celebrating for my bicentennial birthday. Many of these people feel that because of such things as high taxes, racial prejudices, immoralities, corruption in higher government, high crime rates, inflation and the energy crisis we should not be bothered with celebrating my 200th birthday.

Perhaps if these same people were to live in the land of one of my neighbors, where they would have no freedom of speech, press, or religion or the right to bear arms, the right of search and seizure, and the right to a fair trial, etc., as stated in my bill of rights, they would at once realize that my land is indeed the land of the free and the home of the brave.

I, the United States of America, on this my 200th birthday want to thank each and every citizen of this country, both past and present for helping me to become what I am today, the greatest nation in the world.

Thank you.

THE EEOC CRISIS: A FAILURE OF LEADERSHIP

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. HAWKINS. Mr. Speaker, I wish to call to the Members' attention the following article from the New York Times that appeared today. The Subcommittee on Equal Opportunities, which I chair, will shortly issue a report which will deal in detail with much that is discussed in the excellent article by Ernest Holsendolph. In essence, we are faced with a leadership crisis that transcends not only intermediate and top levels at the Commission itself but extends right into the Oval Office. The article follows:

JOB-EQUALITY COMPLAINTS PILING UP

(By Ernest Holsendolph)

WASHINGTON.—For the 10th consecutive year, the Equal Employment Opportunity Commission will record a sizable increase in its backlog of job complaints when its books close on the fiscal year at the end of this month, with the number likely to be more than 130,000.

The increase has become expected, like the arrival of summer heat and humidity here. And, as with the weather, there is little optimism that anything can be done about it.

While the commission staff processes more complaints every year, its operations are overrun by an even faster growth in the number of complaints received.

"About the only way to reduce this growth curve is to make people stop signing complaints," said one agency official.

Despite the increase in complaints, the commission is now processing fewer than it did in past years—as Representative Augustus F. Hawkins, Democrat of California, pointed out at a hearing last month—even though the agency has had an $8.5 million increase in its annual budget and an increase in its manpower authorization of 200. Nearly everyone agrees that the agency's management efficiency leaves much to be desired.

Over the years the commission, established in 1965 to enforce the equal employment rights of minorities in the private sector, has seen the number of complaints grow from 8,700 received in 1966 to 71,000 in the 1975 fiscal year, which ended last June.

In 1966, the commission "resolved" only 6,400 of the 8,700 complaints. Consequently, the backlog at the end of that year was 2,300 complaints. By the end of February 1976 it had grown to 118,000.

Representative William Clay, Democrat of Missouri, has reported that 100 complaints are pending against a company in his home town of St. Louis.

"But nothing has been done about those complaints in five years," Mr. Clay told the commission chairman, Lowell W. Perry, before the chairman resigned May 15.

Mr. Perry, who was head of the agency only one year, responded that "we can't put some complaints ahead of others—we're doing the best we can to improve."

Until President Ford names a new chairman, Ethel B. Walsh, the vice chairman is serving as acting chairman.

The lesson to be learned from the agency's record, in view of some observers of civil rights enforcement, is that many companies can reasonably gamble that they can ignore pending complaints, with a better-than-even chance of avoiding serious trouble.

Because of the backup, employees—most of whom earn low wages—are forced to wait from two to seven years for rulings on whether their complaints are justified. By the time the commission gets around to their complaints, many employees have left their jobs in discouragement.

Employment complaints are received in the 32 district offices of the Equal Employment Opportunity Commission around the nation. The complaints are referred first to state employment discrimination agencies, where the states have 60 days to take them up. If there is no state action in that time, the complaints return to the district offices of the commission.

It is at this point where most complaints lie unattended for long periods of time. "That's where most of the so-called backlog is," said Eduardo Pena, director of the commission's compliance division.

One strategy that the commission has been using to reduce its caseload has been to consolidate complaints—either by putting the complaints against a single company together or by combining them geographically, Mr. Pena said.

He said that 70 percent of the agency's investigation forces work on the individual complaint and the remainder do broader investigations to uncover patterns of industrial discrimination that might make the basis of class-action suits.

If investigators find that a complaint has substance, a conciliator is sent to try to achieve a voluntary agreement to remedy the employee's grievance. Under a new approach, the agency said, it is training staff members to do both investigation and conciliation, which should be time-saving and more efficient. A complainant may sue if he is still dissatisfied after a commission decision.

Approximately 70 percent of the complaints filed by employees are either closed administratively by the agency for lack of jurisdiction or are later dismissed for lack of merit, commission officials say.

If no voluntary remedy is possible, the matter is turned over to headquarters here for a litigation decision. If the case involves "new principles," the full five-member commission may vote on whether to sue the employer. However, most cases hinge on a decision of the general counsel's staff.

The commission, in addition to its mission to process complaints by individuals who feel that they have been subjected to employment discrimination, also files suits against employers for alleged patterns and practices that appear to be discriminatory.

In the last two months two employers, the largest in their fields, have filed consent decrees with the commission in which they promise to change their ways in order to bring more minorities and women into their work forces.

The two, United Airlines and Merrill Lynch, Pierce, Fenner & Smith, the brokerage house, also promised to pay back wages to individuals who have been harmed by some of the past practices in that they were either denied employment or certain promotions.

Last month, the agency disclosed that 58 of its 274 positions for lawyers were vacant, including 20 in the commission's headquarters.

Most decisions on acceptable settlements or on litigation are made by the general counsel's office, Mr. Pena said, but about 500 "novel" cases are pending in the compliance office for examination by high-level officials.

An example of a case that will require special attention is one now pending before the commission. Mr. Pena said. It involves the complaint of a black, who charged discrimination in the rejection of his job application by a large company.

The applicant was turned down on the basis of the results from a blood pressure test given to all job seekers. He asserted that since blacks tend to have higher blood pressure readings than others, the test is discriminatory.

"We will have to decide whether the test requirement conforms" to a case that "holds that a test is valid only if it can be shown to be job related," Mr. Pena said.

Other novel cases involve a variety of tests and practices used by companies to hire personnel, but which affect minorities or women disproportionately—and therefore illegally.

In the last nine months, about 4,200 cases where the employer was judged by agency officers to be at fault were sent to agency lawyers for possible litigation. No more than 200 of these will result in lawsuits, if past form holds, Mr. Pena said.

The remaining 4,000 cases will be returned to district offices, where some effort will be made to find private lawyers to offer their services to help the complaining employees.

"Sad to say, probably no more than 10 percent of them will be picked up by private lawyers," Mr. Pena said. "And so they will join many thousands of other complainants who were judged to have cause for complaint but never got satisfaction."

FINANCIAL DISCLOSURE STATEMENT

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. HORTON. Mr. Speaker, on Friday, June 25, I included in the RECORD my statement disclosing personal, family, official, and campaign finances for 1975. Unfortunately, a section of that disclosure statement was omitted. I am, therefore, resubmitting the complete text of my statement:

STATEMENT OF PERSONAL, FAMILY, OFFICIAL AND CAMPAIGN FINANCES, 1975

Increased public awareness of government and its officials and increased public concern about the way in which the stewardship of public trust and of public funds is conducted has led me for the past two years to enter into the *Record* a complete statement of my personal, family, official and campaign finances. I am pleased today to enter into the *Record* a similar statement covering the calendar year 1975.

I make this annual disclosure statement for two purposes. My first purpose is to go far beyond the minimal disclosure requirements of the House Committee on Standards of Official Conduct in making clear that I conduct my office with neither actual nor potential conflicts of interest. My second purpose is to provide sufficiently detailed information to my constituents to illustrate what is involved financially in the proper operation of a Congressional office and in the conduct of a Congressman's job.

It is for these reasons that I submit the following summary of my personal, family, official and campaign finances for 1975. The statement includes full disclosures of my personal and family tax payments, income and sources, personal assets and debts, my official expenditures and my use of federal reimbursement accounts, funds returned to the U.S. Treasury, my campaign finances during 1975, my organizational affiliations and my handling of Congressional papers and records.

I. PERSONAL AND FAMILY FINANCES AND TAXES

A. Taxes—

1. Federal income tax paid for 1975 (joint return filed by Frank and Marjorie Horton), $6,460.60.[1]

2. New York State income tax paid for 1975 (joint return), $2,546.90.[1]

3. Montgomery County, Maryland real estate tax in personal residence (jointly owned) paid for 1975, $1,504.74.

4. Herkimer County, New York real estate

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[1] See II.B. regarding deductions of official expenses not reimbursed by the government.

tax on cottage (jointly owned) paid for 1975, $477.93.

Total Income and Real Estate Taxes Paid $10,900.17.

B. Sources of All Income—

1. Annual salary as U.S. Congressman, $42,850.00.

2. Total dividends received on common stock in 1975, $50.60 (received jointly).

3. Interest received on savings account and on notes outstanding, $1,465.58.

4. Income from rentals of Big Moose cottage, $1,600.00.

5. Other: During 1975, I received a total of $2,050.00 in honoraria for speeches and lectures to various groups, as follows:

a. National Tool and Die and Precision Machining Association, $300.00.

b. National Audio Visual Association, $500.00.

c. National Wholesale Druggists, $250.00.

d. National Micrographics Association, $1,000.00.

All of the above were speeches in the Nation's Capital except the Micrographics Association which was in New Orleans, Louisiana.

It is my policy not to accept honoraria or expenses from persons, groups or organizations for appearances within my Congressional District.

C. During 1975 my wife received several small honoraria totalling $387.58 in connection with her work with Christian organizations and they are listed as follows:

Women's Aglow Fellowship (several separate events), $192.58.

Washington Prayer Group, $10.

Palmyra Methodist Church, $35.

Westminster Presbyterian Church, $50.

Prayer Breakfast, $100.

The total amount of $387.58 was contributed to Christian charitable organizations by my wife.

Total 1975 joint income: $46,353.76.

D. Summary of Personal Assets and Liabilities—

1. Family residence at 9607 Hillridge Drive, Kensington, Maryland: Approximate value, excluding furnishings, $70,000.00: jointly owned with Marjorie Horton; mortgage amount outstanding as of June, 1976, $35,525.39.

2. Cottage at Big Moose Lake (Herkimer County), New York: Approximate value, excluding furnishings, $35,000.00: jointly owned with Marjorie Horton; mortgage outstanding as of June, 1976, $7,500.00.

(Note: My residence in the 34th District is a rented apartment at 2123 East Avenue in the Town of Brighton, New York, in which I have no ownership interest.)

3. Common Stocks (all owned jointly with Marjorie Horton)

a. 10 shares of Eastman Kodak Company stock, valued in June, 1976 at $100.75 per share, total value, $1,007.50.

b. 1 share of Xerox Corporation stock, valued in June, 1976 at $56.50 per share, total value $56.50.

c. 10 shares of Rochester Community Baseball, Inc., stock, valued in June 1976 at $5 per share, total value $50.00.

4. Automobiles

a. 1973 Buick valued in June, 1976 by a Washington area Credit Union at $2,375.00.

b. 1972 Buick valued in June, 1976 by the same Credit Union at $2,150.00.

5. Other assets—

a. I am owed $34,700.00 by the partnership of Johnson, Reif and Mullan law firm as the proceeds for my sale (to them) of shares of stock in Blackacre, Inc., a Rochester, New York real estate corporation which owns the building at 47 S. Fitzhugh Street in which the law firm of Johnson, Reif and Mullan has its offices. I ceased all active practice of law at the time of my election to the Congress in 1962, and I am no longer affiliated with this or any other law firm. I no longer hold any stock in Blackacre, Inc.

b. Not included in this statement of assets are such miscellaneous items as clothing and household furnishings, and cash value of life insurance, which have not been appraised and all of which are within the normal range of expectation for a man of my age and income.

E. Personal Debts—

1. Mortgage liabilities for home and cottage are disclosed under C.I., assets summary.

2. I owe $5,000.00 on a loan account with the National Bank of Washington, Washington, D.C.

3. I owe $269.00 to Blackacre, Inc., as part of the purchase price of stock in Blackacre, Inc., which I have since sold.

Except for the honoraria listed and the assets shown as jointly owned by my wife and me, Mrs. Horton has no assets of her own and no independent sources of income.

II. OFFICIAL EXPENSES AND REIMBURSEMENTS CONNECTED WITH MY DUTIES AS A U.S. CONGRESSMAN

(Note: With the single exception of the Stationery Allowance, any unused portion of which is taxable to a Congressman as income, none of the other accounts accrue any personal benefit to a Congressman or to members of his staff.)

A. Office Accounts—

1. In 1975, each Congressman was authorized a Stationery Allowance of $6,500.00 for office use. I expended the entire amount for the operations of my Washington, Rochester and Wayne County offices. At the end of 1975, this account showed a debit balance of $265.49 which was carried over to my 1976 Stationery Allowance. I withdrew no cash from the stationery account for personal or other use.

2. Each Congressman was authorized a postage allowance of $1,140.00 in stamps for the year, of which I withdrew the full amount, some of which was carried over for use in 1976.

3. Each Congressman is permitted an actual transportation expense (auto mileage or air fare) reimbursement for 26 round trips to his home district per year. I claimed reimbursement for all of these trips, at a total reimbursement of $3,949.96. In addition to these 26 trips, I made at least 13 additional trips to the 34th District at my own personal expense. Transportation expenses for these additional trips, for car rental, meals and other expenses not reimbursed by the government amounted to personal travel expenses of $3,411.64 for me in 1975.

4. The staff of each Congressman is allowed a total of six government-reimbursed round trips to the home district per year. As in the case of the Congressman, the reimbursement is limited to actual transportation expense (auto mileage or air fare). Meals, lodging and other expenses are not reimbursed. Similarly, there is no reimbursement for mileage expenses of staff members or Congressmen who travel within the Congressional District on official business. In 1975, three reimbursed trips were utilized by my Administrative Assistant, for a total reimbursement of $353.32. He made several additional trips to the District at his personal expense in 1975. I believe that personal contacts with government officials and consistuent groups in my District by professional staff members contribute a great deal to the quality of my service and representation. However, this practice has had to be carried out at considerable expense to myself and members of my staff.

5. Each Congressman was permitted 18 staff positions and a total annual staff salary allowance of $220,686.00 in 1975. The number is uneven because one change was made in this allotment during the calendar year. I utilized a total of $197,320.13 from this amount, with the balance of $23,465.87 reverting to the U.S. Treasury. I currently employ 11 full-time and two part-time staff members, with seven of the full-time people and one part-time person serving in Washington and the remainder in my District Offices.

6. Each Congressman was authorized a telephone and telegraph allowance of 125,000 message units in 1975. Unused message units may be carried over from one year to the next. I used 84,762 telephone message units in 1975, and 281 telegraph units for a total of 85,043 units used. All units used were for official communication by myself or my staff and the bulk of them were consumed in communications to constituents in Monroe and Wayne Counties about federal matters affecting the 34th District.

7. Each Congressman was permitted reimbursement up to $6,000.00 in 1975 for the rental of space for District Offices. Since my Rochester office is in the Federal Building, and my Wayne County office is in the County Office Building, I did not claim any portion of this amount. Thus, $6,000.00 reverted to the U.S. Treasury.

8. Each Congressman was permitted reimbursement up to $2,000.00 for District Office Expenses in 1975. Since my District Office expenses exceeded this amount, I claimed the full $2,000.00.

9. Each Congressman was permitted reimbursement up to $1,200.00 for District Office Telephone expenses for the first half of 1975. I utilized $1,021.52 of this amount. After June 1975, District Office Telephone reimbursements were combined with the telephone and telegraph units is discussed in item number 6 above.

10. Each Congressman is permitted to obligate the House of Representatives for a total of $8,100.00 in office equipment rental payments for 1975. I utilized $7,150.30 of this amount for rental of photocopying, typewriting, telecopying and other article of office equipment. An unused portion $949.70 reverted to the U.S. Treasury. Each Member of Congress is also able to authorize evpenditures from a continuing allowance of $5,500.00 a year which the House of Representatives uses to purchase office equipment for use in the Congressmen's offices. At the close of 1975, I had an unused balance in the office equipment purchase account of $2,279.32.

11. Each Congressman was permitted $5,000.00 in 1975 for Constituent Communication's Expenses. I used $1,515.00.

12. Each Congressman is entitled to a special $3,000 tax deduction for living expenses in Washington. Since living expenses at a temporary place of employment are generally deductible for all citizens, and since living expenses during the year in Washington far exceed this figure, this "allowance" is not a finanical advantage but a limitation on the deductibility of special living expenses.

B. Official Expenses Met Personally—

Out of my personal income in 1975, I expended $7,390.85 for official expenses above and beyond the amount of reimbursements I received from accounts listed above. These official expenses met with personal funds were properly deducted from my Federal and New York State taxable income.

Summary:

Total Allowances (not including telephone units), $255,539.56.

Total Expended, $220,950.23.

Returned to the U.S. Treasury, $34,589.33.

Official expenses met personally (not reimbursed), $7,390.85.

III. POLITICAL AND CAMPAIGN FINANCES

A. It has been my practice neither to accept nor expend any monies personally for campaign purposes. All campaign contributions for my re-election campaigns have been received and expended by one campaign committee which has been organized for this purpose.

1. The Committee for the Re-Election of Congressman Frank Horton was reorganized in 1972 for the purpose of that year's Congressional election campaign and subsequent campaigns. Its treasurer is Alan J. Underberg, a Rochester attorney. The Committee has submitted all required disclosure reports to the Clerk of the House of Representatives (Washington, D.C., 20515) and to the Secretary of State in Albany, New York, as required under federal camapign finance disclosure laws. These reports are avaialble for public inspection at those offices.

Summary of the Committee's finances in 1975:

Cash on hand, 1/1/75, $1,467.68.
Total Receipts, $1,943.94.
Total Expenditures, $1,606.15.
Cash on hand, 12/31/75, $1,805.47.

Note: None of the funds in this Committee is subject to my personal control.

B. Each Republican Congressman was allowed $2,000.00 by the National Republican Congressional Committee for use to defray public information expenditures in 1975. I utilized $1,998.16 for purposes such as the production of public service radio and television broadcasts, photographic services and other public information expenses related to my duties as a Member of Congress.

IV. AFFILIATIONS

A. I hold no directorships or partnerships in any professional or corporate profit-making entity, except I do serve, without pay, as a director of Rochester Community Baseball, Inc., which I served as President prior to my election to Congress in 1962.

B. I also served on the board of the Genesee Valley Arts Center, Inc. and on the advisory boards on the Center for Migrant Studies at the SUNY College at Genesee, of SOHI, a non-profit group which promotes investments in low and moderate income housing projects around the country, and of a group called Citizens for Decent Literature.

(Note: These are relatively inactive, honorary positions in which I serve without fee. I am also a dues-paying member of a large number of Rochester area civic, masonic and community organizations, a list of which I would gladly provide upon request.)

C. In my official capacity as a Member of Congress, I serve as Ranking Minority Member, House Committee on Government Operations; Member, Joint Committee on Atomic Energy; Chairman, Commission on Federal Paperwork; Vice Chairman, Select Committee on Professional Sports; and Member, U.S. Naval Academy Board of Visitors.

V. TRAVEL ABROAD

I made one trip abroad at government expense in 1975, to Scotland and France, as a member of the Joint Committee on Atomic Energy. The purpose of this trip was to review the status of breeder reactor technology in France and the United Kingdom.

VI. CONGRESSIONAL PAPERS

In 1967, I selected the University of Rochester as the repository for all files and papers resulting from my service in the Congress. In that year, I executed a document making a gift to the University of my Congressional papers then in existence as well as those that would result from further years of service as a Congressman. A substantial portion of my papers, from my first 13 years in the House are already filed at the University. At the time of this gift, University officials brought to my attention the availability of a tax deduction for the appraisal of these papers. Because much of the paper itself as well as much of the staff work, which created the files, was properly paid for by the government, through stationery and staff allowances, I decline the opportunity to take any tax deduction for this gift. In fact, I declined to have the papers appraised.

Therefore, the gift of my Congressional papers to the University of Rochester did not result and will not result in any tax or financial benefit to me whatsoever.

THE COURTS AND BUSING

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. RANGEL. Mr. Speaker, recently the Supreme Court again definitively spoke on the issue of school busing by refusing to reexamine a case concerning the Boston schools. Though it is universally acknowledged that the Supreme Court determines the law of the land, there are some who continue to challenge its repeated dictums on the busing issue.

Unfortunately there are no simple solutions to the problem of segregated neighborhoods leading to segregated education. But until alternative solutions emerge, the word of the Court must stand.

I would like to bring to the attention of my colleagues the following column from the New York Post by Mr. Roy Wilkins, a long respected voice of moderation in the civil rights movement. Though not wholly optimistic, Mr. Wilkins provides us with a sensible appraisal of the current situation. I therefore urge that my colleagues review his remarks, which follow:

[From the New York Post, June 26, 1976]

Boston: It's Not Over

(By Roy Wilkins)

Only a small part of Boston (or of South Boston, and not all of that) has greeted with thinly-veiled threats of violence the Supreme Court's refusal to reexamine the Boston school case. The Justice Dept. refused to act, despite President Ford's urging, although it felt vindicated in its refusal which it had announced several days prior to the high court's decision.

Mrs. Elvina Palladino, a vociferous anti-busing advocate, was the only one quoted by the press as predicting violence as a direct result of the court's action. She is quoted as having said, "I hope it doesn't cause violence in the city. It probably will."

Mrs. Louise Day Hicks, Boston City Council president, said the court's action was an "injustice" and went on to hint at rebellion against rule by the courts: "The Supreme Court may have spoken, but the people shall rule and God help those who have let them down."

Mrs. Hicks parlayed her opposition into membership on the School Committee (board of education) and then as a Congresswoman in Washington. She returned to run for mayor and settled finally for city council president. Mrs. Palladino is now an elected member of the School Committee.

Judge W. Arthur Garrity, Jr., of the Federal District Court, which heard the case from the beginning, said in his opinion that the Boston School Committee members had "knowingly carried out a systematic program of segregation affecting all of the city's students, teachers and school facilities and have intentionally brought about and maintained a dual school system."

The result was two systems, overwhelmingly racial, in which 84 per cent of white students attended schools that were 80 per cent white while 62 per cent of black students attended schools more than 70 per cent black.

"Therefore the entire school system of Boston is unconstitutionally segregated," the opinion declared. This was the ruling (and the desegregation plan) which the U.S. Supreme Court let stand as announced on Monday, June 14.

Unfortunately this does not end the Boston matter. Because of the tightly-knit neighborhoods of this city and their feeling that anything imposed on them is by outsiders—whom they don't recognize—there is a struggle ahead.

It goes back to the fights between the Yankees and the Irish immigrants over the city government.

The Irish may hear about the changing Texans, Georgians, Virginians and even Mississippians, but they persist in fighting somebody that resembles Yankees, no matter that they have black faces. They see the interference by outsiders to foist desegregation upon them.

The struggle goes on there, but there is another danger. It is legislation saying how long a court may control busing.

Courts have equity power. It is supposed to last as long as the inequity lasts. One bill proposed would not only limit court control to a maximum of five years but would provide that only the amount of racial segregation of certain schools (not the whole system) be subject to the law.

This would lead the federal courts into more trouble than they have now. They would be obliged to determine which segregation flowed from which order and what schools or parts of schools were affected. It would be a mess.

Where was the threat of the black vote in this? Prior to all the maneuvers the Black Caucus was brought in and rendered a unanimous opinion that to proceed would be folly. The members of the Black Caucus were beautiful. But where was the fear of the reprisal of the black vote for such an action by President Ford?

COMMENTS ON JOBS BILL

HON. LLOYD MEEDS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. MEEDS. Mr. Speaker, I would like to call the attention of the Members to a very enlightening letter to the editor authored by my good friend and colleague Congressman Augustus F. Hawkins. The letter deals with several misconceptions concerning the Full Employment and Balanced Growth Act of 1976. The letter, which appeared in the Washington Post on Saturday, May 30, 1976, follows:

"Disparaging and Flippant Comments" on the Jobs Bill

Your lead editorial of May 8 about the Hawkins-Humphrey proposed "Full Employment and Balanced Growth Act of 1976" substitutes rather disparaging and somewhat flippant comments—unjustified because of the measure's importance—for discerning criticisms which I would welcome. You say no more nor less than the bill "attempts to legislate the unemployment rate down to levels far below those for which severe wage inflation would begin to be a serious danger" and that "Senator Hubert H. Humphrey has sponsored the successive versions of the bill without so much as tipping his hat to the possibility that it might be inflationary."

Your disparagement imports that the sponsors of the bill are attempting to solve the tremendous problem of employment by legislating it down, as if we were attempting to wave a magic wand or destroy an evil by passing a law. This is unworthy criticism from a source which in the past has given so much evidence of its recognition of the worth of legislation as an expression of national purpose. The Hawkins-Humphrey bill voices this national purpose. And far from seeking to accomplish this purpose by unreflective fiat, it embraces a wide range of specific measures, all dictated by the experience gained in failing to reach reasonably full employment for 23 years and getting further and further away from it on a long term basis.

Your editorial then accuses the sponsors of attempting to risk excessive inflationary dangers by getting unemployment down too far. All empirical evidence is that "wage inflation" is reduced or removed under conditions of reasonably full employment and production, because these conditions bring high productivity gains while such gains fall or disappear when there is high idleness of plants and workers. Your editorial espouses the "trade-off" theory of inflation, namely, that inflation is caused by low unemployment and cured by high unemployment, a theory now rejected in published statements by President Ford, Federal Reserve Board Chairman Arthur Burns, and Council of Economic Advisers Chairman Alan Greenspan.

It appears that your editorialist has not "tipped his hat" to the vast empirical evidence on this subject of inflation. During the very recent years, we have suffered simultaneously the highest inflation since the Civil War and the highest unemployment since the Great Depression. Happily, although inadequately, unemployment and inflation have simultaneously started to come down even more recently. Looking backward more fully over more than two decades, we have come close to full employment only twice, in both cases wtih virtual price stability. And we have almost throughout these years had the most inflation when unemployment has been intolerably high or moving upward and the least inflation under contrary circumstances.

It is also apparent that your editorialist has not "tipped his hat" to the views of the very competent Director of the Congressional Budget Office, Dr. Alice Rivlin, who wrote to me on April 22, 1976, as follows:

". . . most would also agree that measures such as contained in the Hawkins-Humphrey Bill to reduce the structural imbalances in the labor market, to improve labor mobility, to reduce frequent occurrences of unemployment among the unskilled, and to improve employability by training and the elimination of discrimination could lower the unemployment rate at which the labor market becomes 'tight'. If such measures were adopted and were effective, *a non-inflationary unemployment rate could potentialy be even lower than 3 per cent*" (emphasis added).

Your editorialist also has not "tipped his hat" to the fact that the Hawkins-Humphrey bill contains an extremely wide range of practical measures to deal with inflation. I will not quote these, because the real problem is to get your editorialist to take a look at the bill in its entirety.

As a tribute to the generosity of The Washington Post, I am glad to recall that the empirical evidence, in devastating contradiction of the "trade-off" theory, has been carried several times in the form of letters and articles in The Post. Unfortunately, this has not yet penetrated into your editorial columns.

Perhaps your editorial in this instance contains one other evidence of its thinking on our economic problems. It suggests that the central economic problem is to get the rate of investment up, and imports that the real difficulty for the next president will be to get capital investment "without convicting himself of favortism toward business and the rich." While much of business and some of the rich may be among my friends, I may know nothing more discredited on the basis of real experience than the theory that we can overcome recessions and restore and sustain full prosperity by granting excessive tax concessions to that sector of the economy. This has been tried on several recent occasions, and we all know the unhappy results, in the long-run if not immediately. The Hawkins-Humphrey measure, when enacted, will encourage the use, on a pragmatic basis, of all sound measures to help business directly for the benefit of all, but not to help anyone directly for the benefit of themselves only. The Hawkins-Humphrey bill recognizes that what business now needs most—for the benefit of itself, the whole economy, and the American people—is more rapid and certain expansion of markets for its products. And this is why the Hawkins-Humphrey bill is pointed generally in the direction of watering the trees at the bottom by strengthening the ability of the consumer to buy—on a less inflationary basis than in recent years or now—and by reordering public outlays for goods and services in the direction of the real priority needs of this great nation.

AUGUSTUS F. HAWKINS,
Member of Congress,
Democrat of California.
Washington, D.C.

ARE DIRECT NEGOTIATIONS NOW TAKING PLACE BETWEEN THE UNITED STATES AND VIETNAM ON THE MIA ISSUE?

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Ms. ABZUG. Mr. Speaker, during consideration of the foreign aid appropriations bill on Friday, June 28, I introduced an amendment to prohibit aid to any country in Southeast Asia which is not accounting for American personnel listed as missing in action in that country. By changing the total unconditional prohibition on aid to Indochina which was contained in the bill as reported, this amendment was intended to encourage direct negotiations between the United States and Vietnam on the MIA issue and other matters of mutual interest. Unfortunately, the amendment was defeated.

It was a major surprise during the debate on the amendment to hear several references made to "negotiations which are already underway" and to "talks—which—are now going on about the missing in action and about other matters which affect both of these countries." I believe that these were the first public suggestions that negotiations have actually commenced and that talks are now underway which might be able to resolve the important issue of an MIA accounting.

Since Congress has a responsibility to encourage and promote direct negotiations, we should try to ascertain whether or not such negotiations have actually begun and, as well, to inquire about their character. Today I am sending a letter to Secretary Kissinger asking him for the latest information about any direct contact between the two countries. It is especially important to find out whether such contact, if it exists, actually constitutes direct negotiations or, rather, is only a preliminary discussion concerning the possibility of beginning negotiations in the future.

I would like to explain my understanding of the historical background to negotiations. At the conclusion of my remarks, I will insert the text of my letter to Secretary Kissinger which is intended to clarify the current status of negotiations between the United States and Vietnam.

The problem of achieving an accounting for the MIA's was seen as virtually insoluble when the Select Committee on MIA's was created by this body last summer. At that time, there was no diplomatic contact between the United States and the Government of North Vietnam. The Prime Minister of North Vietnam, Pham Van Dong, had publicly offered in a speech in June 1975 to open discussions with the United States to solve all outstanding issues between the two countries, including the accounting for American missing in action. The State Department turned down the offer, on the ground that the Paris agreement had been violated by the takeover of Saigon by Communist forces. A complete trade was imposed on both North and South Vietnam. No diplomatic recognition was extended to either government. And the United States vetoed the applications for membership by the two Vietnams to the United Nations.

Our Government was thus putting itself in the position of demanding that the Vietnamese Governments provide an accounting for MIA's while still pursuing policies which were more in line with wartime hostility than with normal peacetime relations. It was at that point, in September 1975, that the Select Committee on Missing Persons in Southeast Asia was formed to investigate the whole problem of obtaining information on the missing in the Indochina war. The chairman and members of this committee wisely understood that only diplomatic negotiations on a basis of equality could bring satisfaction to the families of our missing.

They were resolved to take actions to encourage the opening up of such negotiations. The chairman sent a letter to the Vietnamese Prime Minister asking for a meeting between the committee and the North Vietnamese Ambassador in Paris, Vo Van Sung. On December 6, 1975, the committee held several hours of talks with Ambassador Sung, clarifying the Vietnamese position on an accounting for MIA's and suggesting the building of a bridge between the two countries on the basis of reciprocal gestures.

As a result of this meeting, the Vietnamese announced that they would return a gesture of goodwill the remains of three American flyers shot down over North Vietnam. Later in December, four members of the committee flew to Hanoi to receive the remains of the three airmen, and remained for another day for further talks with the Deputy Foreign

Minister and the Prime Minister of the Democratic Republic of Vietnam.

Upon their return from this trip, members of the committee urged the President and the Secretary of State to contiune the dialog with the DRV by making gestures of good will. In a meeting with Secretary of State Henry Kissinger on March 12, they asked him to consider opening direct talks with the DRV on the problems of MIA's and all other outstanding issues. The Secretary promised to take their suggestion to the President.

Two weeks later, Chairman MONTGOMERY announced that the State Department had sent a diplomatic note to the Vietnamese proposing executive level talks with North Vietnam.

This seemed to be the breakthrough we had all been waiting for. The National League of Families of American Prisoners and Missing in Southeast Asia called it "The best news in over 3 years." But since that note, there has apparently been no progress toward the promised talks, and there is growing evidence that the critical step of making a concrete proposal for beginning the negotiations has not yet been taken by the United States. In a speech last month, State Department official Douglas Pike characterized the note as "a testing of the waters, an effort to determine whether conditions exist to warrant proposing to Hanoi that full and formal negotiations be opened." North Vietnam replied to the U.S. note with a note of its own on April 12 reiterating its willingness to reach an early resolution of all outstanding problems through negotiations, according to news reports, and it asked the United States to make a concrete proposal for starting those negotiations.

The United States replied on May 3, but the substance of this response still remains a closely guarded secret. The State Department is hinting, however, that it is no longer pressing for face-to-face talks with the Vietnamese, but is content to rely on diplomatic messages. The monthly newsletter U.S./Indochina Report, published by the Indochina Resource Center, reports in its June 1976 issue that State Department representative Funseth, when asked whether the letter put forth a proposal for getting talks underway, replied—

> It's a technical question whether you have face-to-face meetings or exchange correspondence. Our focus isn't on a face-to-face meeting.

Mr. Speaker, it was in response to this context of uncertainty and executive silence that I decided to introduce my amendment last week. Are diplomatic efforts stalled? Or have negotiations in fact commenced? If so, are these negotiations face to face or by diplomatic note? Are they preliminary or substantial?

These are the questions which we must have answered prior to making a decision about possible future congressional action on the MIA issue and other postwar issues. I have written to Secretary Kissinger today to obtain this information, and will inform Members of his response.

The text of my letter follows:

WASHINGTON, D.C.,
June 28, 1976.

Hon. HENRY A. KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR SECRETARY KISSINGER: I am writing to request information about the current state of negotiations between the United States and the Democratic Republic of Vietnam concerning the Missing-in-Action and other matters of mutual interest.

During consideration of an amendment I offered on June 25 to the Foreign Aid Appropriations for Fiscal Year 1977, several Members made reference to "talks now going on" between the two countries or to "negotiations which are already underway." Since I had offered my amendment to encourage the initiation of direct bilateral negotiations, I feel it is important to clarify the question of whether such negotiations have actually commenced.

I would therefore appreciate answers to the following questions:

(1) Is there regular direct contact between the United States and the Democratic Republic of Vietnam taking place in Paris or any other location concerning the MIA's and other matters of mutual interest? Is this contact in the nature of direct negotiations on these matters, or preliminary discussions concerning the possibility of beginning negotiations in the future?

(2) If discussions or negotiations are occurring, when did they begin and at what diplomatic level are they taking place?

(3) If direct negotiations are now occurring, are negotiations at a higher level anticipated in the future?

(4) If neither talks nor negotiations are being held, what is the position of the State Department regarding iniatives or concrete proposals from the American side to begin either?

Thank you for your assistance.

Sincerely,

BELLA S. ABZUG,
Member of Congress.

THE STRATEGIC CRUISE MISSILE: WHAT IT MEANS

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. BOB WILSON. Mr. Speaker, the pros and cons of the cruise missile have been the subject of extended discussion and debate. It is a subject in which the American people have understandably shown a great deal of interest and on which they have good reason to inform themselves. One of the best and most informative articles that I have seen on the subject of the cruise missile is that appearing in the June 1976 issue of the Government Executive. The article is by contributing editor Adm. John T. Hayward, retired, a man with a vast experience and background in naval matters and one well-qualified to speak on the subject of the cruise missile.

I hope that all of my colleagues will take the time to read this fine article and inform themselves of what I consider to be the true story of the cruise missile and the place that it occupies in our future defense structure:

THE STRATEGIC CRUISE MISSILE: WHAT IT MEANS

(By John T. Hayward, Contributing Editor)

This weapons system has come under much criticism by a great many individuals—and I believe the critics are either not knowledgeable about the subject or, like a lot of idealists, are convinced that peace is achieved through weakness.

This attitude seems to be prevalent in Congress.

For the record—the Soviets right now have over 800 long-range nuclear cruise missiles in their order of battle. And then there is the ECHO-class Russian subs, each carrying eight such missiles with ranges of from 300 to 700 nautical miles.

The warheads are rated in the hundreds of kilotons. And the Soviets have over one hundred subs with nuclear ability for their "big" wars.

According to Soviet Admiral Gorshove, head of the Russian Navy, "Nuclear rocket missile armed submarines have a main role in warfare." He goes on to say that after an initial strike by land-based systems, the subs are held in reserve as a powerful bargaining counter to compel an already weakened enemy to accept Russia's terms.

One hears precious little about the Russian philosophy of deterrence but it is apparent that they intend to win the war, when and if it comes.

We emphasize deterrence but do not want to think about the "unthinkable" as Herman Kahn puts it. No one has the authority, accountability or means to put the U.S. back together again if such a war occurs—and no one is planning for this. Yet I can say with assurance that the Russians have a system and plans to stay in business if such an exchange takes place.

Now why do we need the strategic cruise missile?

The vital importance of this system becomes increasingly evident as its many offensive uses, its susceptibility to wide proliferation throughout the fleet and its political character are assessed.

First, it is an offensive weapon and adds a strong capability to our most sophisticated and expensive surface ships.

It will complement the offensive power of the carrier strike aircraft and greatly compounds the enemy's defensive problems.

The Russians now spend about $3.5 billion on their air defense and we obviously want them to continue doing this.

This accurate, low flying missile will certainly achieve such an objective no matter how many *B–1's* we build. A philosophy of mixed trajectories and mixed guidance systems is a must across the spectrum of our weapons.

The primary vehicle for this sea-launch cruise missile (*SLCM*) is the attack nuclear submarine. This does not mean that the sub cannot function in its primary mission. It just adds the ability to launch, accurately, long range missiles against the Soviet mainland.

This makes it an ideal second strike system or as a weapon for unhurried bargaining. Its use, particularly from the sub, can be handled with great deliberation—and it certainly complicates enemy nuclear war planning.

The *SLCM* makes every submarine a major threat and the enemy would no longer be able to concentrate on the *Trident/Polaris* system.

On the other side, such a weapon adds significantly to the flexibility of the U.S. in its deterrent posture. We cannot guarantee that our deterrence might not fail—through accident or miscalculation.

If this should happen, would the U.S. objective be to destroy the U.S.S.R. or to stop the war? The cruise missiles would permit selective response and allow us to hit meaningful targets and avoid widespread collateral damage.

Through such means we may be able to prevent the massive destruction of our cities. It at least gives us this possibility. Many people have difficulty in accepting the idea that limited use of nuclear weapons might terminate rather than escalate, a war.

But even the most skeptical agree that it would be useful to attempt to limit the level of violence.

BELOW COST

The *SLCM* program has been ably conducted by the Navy's Captain Walter Locke. It is no small technical accomplishment to package such a weapon into a conventional 21-in. torpedo tube. And, again to his credit, he did the job well below the original cost estimates. It was a natural approach—to make the submarine the constraining vehicle for the system yet leave it perfectly adaptable to surface or air launching.

The competition for the system was won by the Convair Division of General Dynamics in April 1976. Its very American name is the *Tomahawk*.

The system also has the added ability of tactical use with conventional warheads from any of its launch vehicles. (There is little doubt that the Russians are prepared to employ nuclear weapons tactically at sea so it is certainly necessary for us to have a like capability.)

There is all too much reliance by Congress on the so-called "peaceful" intentions of our opposition and not enough on their capabilities—which is what really counts.

This brings us to one of the major reasons for the development of the system. This is the offensive capability of our surface Navy as well as our attack nuclear submarines.

It is this lack of offensive ability that is so apparent, not only to the Soviets, but also to the rest of the maritime world. As an example—we build the Los Angeles class of nuclear submarines at a cost of over $200 million per copy to fight for us and all it carries is the *Mark 48* torpedo.

Our submariners are all ready to fight World War II again!

Our beautiful, new 963 Spruance class carries a five-inch gun!

The current modern age of technology makes such an approach to maritime power ridiculous. These are supposed to be *WARSHIPS*.

SOVIET RECOGNITION

As Admiral Gorshove says: "Cruise missiles have become an important weapon for destroying surface targets. Their appearance has introduced fundamental changes in the organization of a Naval engagement and permits the delivery of powerful and accurate attacks from great distances against the enemy's major surface ships."

The Secretary of Defense, our Navy leaders and some in Congress fight and denigrate Admiral Rickover's work to produce the finest fighting ships in the world. They are arguing over the wrong problem.

Weapons make a warship.

Can you find the Admiral Rickover in the weapons system field in the Navy?

Certainly not—and you probably won't unless the Navy faces up to the problem. Shipbuilders are not interested in weapons. But the men who will have to fight with the ships should be vitally concerned. A line operating officer should be the man directly involved in this process.

LEADERSHIP LACKING

If someone of Rickover's drive and imagination had been in charge of offensive weapons for our ships and submarines we would have an offensive surface Navy today.

We even have a former Chief of Naval Operations saying the following: "A final malady that afflicts—and continues to afflict—the whole Navy, though the surface Navy was, and is, the greatest sufferer, can be described in one word: Rickover.

What a self-indictment for a man who was the Number One Naval Officer in the nation for four years. His footprints in the sands of time in the Navy are fast dissappearing, if not already gone, while Rickover's work will endure as long there is a U.S. Navy.

The Navy has to face the problem in weapons systems.

Someone has to have the responsibility, authority and accountability for our Navy to fight at sea. The Strategic Cruise Missile affords an opportunity to really do something in this vein.

PART X: SUPPRESSION OF INNOVATION—THERAPY DELAYED IS THERAPY DENIED

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. SYMMS. Mr. Speaker, the following article appeared recently in Indiana Business and Industry magazine. It illustrates the effect of the drug lag upon American consumers excellently.

In all this controversy about the drug lag, the FDA and my legislation to repeal the "efficacy clause" from the 1962 Amendments to the Food, Drug and Cosmetic Act, one question arises. That is, whether any legislation to bring about regulatory reform by repealing the "efficacy clause" will result in a flood of ineffective drugs to the market. The question arises as to whether I and the cosponsors do not wish to have efficacy proved before a drug is marketed. These kinds of questions misstate the issue. The issue is not whether the effectiveness of drugs will be judged but who will do the judging. It is my feeling that the FDA has been inadequate to the task. It is now taking an average of 7 years before FDA grants approval of a new drug application. This delay is not due, generally, to genuine doubts by FDA drug reviewers about a pending drug application—the delay is inherent in the nature of bureaucracies to procrastinate the exercise of judgment. For this reason, many Americans are made to suffer unnecessarily. Even with just the "safety clause" left intact, the FDA will still be called upon to weigh the benefits of new drugs with the risks. I am presently working on supplemental legislation which would mandate the use of outside advisory committees of experts from the fields of clinical pharmacology and various medical specialties to help reviewers perform this weighing process. This helps to answer the question of who will make judgments about benefits of new drugs. Even without such committees, however, wise decisions about the efficacy of new drugs will be made by physicians who now, on the average, receive four years of specialty training after graduation from medical school. And these physicians will have one advantage over FDA personnel. They will sense the urgency of their patients' medical needs in a way that no FDA drug reviewer, insulated from the clinical setting, can ever sense.

Mr. Speaker, I would like to point out a very serious problem which I feel impairs the judgment of those of us in this Congress who are charged with the responsibility of making laws. These remarks are not meant to be deprecating in any way, but to point out what I perceive to be a problem. We have become an extremely reactive group. If a problem receives widespread publicity in the newspaper, magazines and electronic media, we react to it and not always in appropriate ways. When the thalidomide tragedy occurred in the early 1960's, we rushed through the Congress a law which did not really reflect a proper response to the tragedy. The problem with thalidomide was never efficacy, but its unsafe effects upon the embryos of pregnant women. In the United States, there were only 18 documented cases where thalidomide caused deformities. I have been told that there may have been as many as 150 or 200 undocumented cases, Mr. Speaker, but the fact remains that thalidomide had not entered the American market because of the safety clause. It was most probably obtained by American mothers while overseas or in limited settings where clinical studies were being conducted. But the fact remains that the problem with thalidomide was never one of efficacy, but of safety. Indeed, the drug is very useful in overcoming rejections of tissue grafts in burn patients and if administered to geriatric patients. Because thalidomide was in the headlines, this Congress reacted—even overreacted.

But something more insidious has been happening as a consequence of our existing drug laws. Let me give you just one example of it. A benzodiazepine hypnotic drug—nitrazepam—was approved for marketing in the United States 5 years after its introduction in Europe. One advantage of this drug over other hypotics is its safety if an accidental overdosage takes place. If one measures the "penetration" of nitrazepam, that is, the prevalence of the drug in physicians' prescribing practices, one arrives at a 33 percent penetration figure abroad during the time that the drug was unavailable here. During this time, 3,600 Americans died from overdoses of hypnotics. With a fair degree of certitude, one can conclude that 1,200 American lives might have been saved if this safer drug had been available here. Instead, these deaths were treated by the news media, understandably, as random and unconnected episodes. Perhaps the column space devoted to obituaries of these dead Americans was somewhat comparable in quantitative terms to the column space devoted to news about *thalidomide*—perhaps. But qualitatively, the news coverage differed. There were no front page headlines, no magazine articles, no major reports on television. There has been no opportunity for the Congress to "react" to this situation and rethink the wisdom of existing drug laws. I honestly believe, Mr. Speaker, that the absence of headlines about these kinds of random episodes impairs our ability to make sound judgments, to properly weigh the need to prevent precipitous approval of unsafe drugs with the need to bring better drugs to market quick enough to save lives. In the last analysis, we are weighing loss of life. How many lives are lost because available therapy is bad, and how many lives are lost because therapy is not available.

In our effort to overcome the problem of bad drugs being marketed, we may be burdening our research and innovation capabilities. At least one economist has come up with some interesting figures. He claims that ineffective drugs may have accounted for as much as 10 percent of pre-1962 drug purchases—and this is an outside figure. In our effort to get that 10 percent off the market, we have eliminated 60 percent of potential drug innovation. If we wish to prevent suffering and death in this country, is this really the way to go about it?

The article follows:

Therapy Delayed Is Therapy Denied

Late last fall, Richard D. Wood, Chairman, Eli Lilly and Company, made a statement in a speech before the State Chamber of Commerce meeting to the effect that "the regulatory process works contrary to the needs of society when the availability of a new drug for arthritis is delayed an extra four months because of a mechanical bureaucratic inefficiency."

What Wood was referring to was a product that was developed through the drug company's most extensive, thorough and costly clinical evaluation of any product in its history. Even though Lilly submitted over 100,000 pages of scientific data to the Food and Drug Administration, they were informed by the Federal bureau that it could not move ahead on their application until they put some of the same information on an electronic tape for the FDA's computer. Furthermore, this request came from the FDA after their own analysis of the research study found the drug, Nalfon, to be safe and effective in the treatment of arthritis.

Physicians say that if an individual lives long enough, he is likely to have cataracts, arthritis, or possibly, cancer, all of which are part of the senility syndrome. With arthritis in prospect for all those who are otherwise to enjoy longevity, it would seem that by withholding a drug to relieve the suffering of its victims, the government agency is working against, rather than for, an ever-increasing segment of the population, the senior citizen.

Nor are the elderly the only ones so affected by arthritis. There are many diagnosed cases among children. The most serious, most painful and most crippling form of the disease is rheumatoid arthritis, which usually strikes those in the 20 to 45 age bracket, the prime of life years. Estimates of the Arthritis Foundation are that almost $3.5 billion in wages and homemaker services are lost annually due to arthritis and that the malady affects one of every four families. To date, no cure for the incapacitating affliction has been found.

Because there is no cure, many people with arthritis feel it won't do any good to consult a physician and become the easy prey instead of "quacks" and patsies for cure-all patent medicines. In addition to the cost of the arthritis man-hour loss, the annual rip-off by charlatans from its victims runs in excess of another $4 million.

Traditionally, aspirin has been most widely used to combat arthritic pain, but in extreme cases, the compound is woefully inadequate. Besides, gastrointestinal disorders, ringing in the ears, internal hemorrhage, ulcers, even, are often associated with long range aspirin dosage. These concomitants most certainly indicate a search for an alternative. Synthesized by Lilly researchers in the mid-60's, Nalfon showed the greatest potential as another substance which could be used to treat the pain, fever and inflammation of arthritis.

Clinical trials with Nalfon began in 1969. The first tests were done on healthy individuals to determine absorption rates, blood levels and rates and method of excretion. In later clinical studies, 3,000 patients with some form of arthritis were treated on a double-blind basis, with half receiving Nalfon and half receiving drugs already on the market. This specific study was similar to the one which was made on the Salk vaccine in the 50's when certain children were administered innoculations against polio while others were given placebos. Lasting from one day to three years, depending upon the kinds of information sought, during these Nalfon trials, patients were monitored and examined continuously.

As these investigations expanded, medical clinicians worldwide became involved. All told, Nalfon was analyzed in 194 separate studies conducted at 100 different medical institutions. Nearly 5,800 patients in 17 different countries participated in all. On just one study alone, 51,000 separate laboratory tests were conducted on 216 patients with rheumatoid arthritis. Anthonly S. Ridolfo, M.D., head of research in arthritis and connective tissue diseases at the Lilly Laboratory for Clinical Research, coordinated the exhaustive study.

Lilly spokesmen emphasize that Nalfon is not a cure, but according to Dr. Ridolfo, the discovery of such new drugs is an important step in making the ailment easier to live with until the ultimate cure can be found. Besides providing relief for the sufferer, including flares and long-term management, in patients treated with Nalfon there is a marked reduction in joint swelling, pain and duration of morning stiffness as well as an increase in mobility.

Nalfon was first made available to physicians in South Africa in 1973. Subsequently, it was cleared by the FDA's opposite numbers in Brazil, Canada, Spain, Switzerland, the United Kingdom and West Germany. But not until April of this year was it finally approved by the U.S. Food and Drug Administration for use in this country, even though as the study progressed, data were submitted to the FDA for its immediate and ongoing review.

Nor is Nalfon the only drug which has been held off the American market longer than off those abroad. Minipress, a cardiovascular agent researched and developed by Pfizer, was released in 1974 for marketing in South Africa, Argentina and Brazil. In 1975, it was launched in 10 additional markets, but only recently has the FDA issued its letter approving Minipress for introduction in the United States.

* * * * *

There are others, of course, but Minipress and Nalfon sufficiently serve to illustrate the point that Federal regulation and bureaucratic red tape has the end result of withholding much-needed medicines from the American market. Therapy delayed is therapy denied.

Besides denying therapy through FDR-imposed delays, the restrictive aspects of his regulatory agency have other effects upon the drug industry. Increasing stringency at every stage, layers of constraints added over the years have fostered a decade of slowdown in new drug introduction. Moreover, when a new drug's approval is withheld because of some suspected potential risk which theoretically might evolve from its use, the result is that established and previously cleared drugs that may be less effective and even less safe will still continue to be prescribed as the only alternatives.

Aspirin, the less safe, less effective drug for the treatment of arthritis, again serves as an example. Until an alternative compound received government clearance, arthritis sufferers continued to use aspirin and patiently withstand its side effects in the absence of the availability of a surrogate substance.

Yet, those dependent upon this less sophisticated drug, in one regard, might even consider themselves lucky to have it. Aspirin has often been used to illustrate the ever-growing restrictions on new drug release. Many theorize, due to present day standards and rigors of FDA testing, aspirin would never be approved today. At least, it is conjectured, it would not be an over-the-counter drug but would be sold by prescription only.

Regulations that result in frustrating research by adding costs and incurring supension of studies and laboratory tests often force drug companies to abandon research programs into interesting compounds altogether. Extreme regulation, in this instance, would relegate the United States to the drug research field. Shrinking research productivity remains a troublesome concern, especially since better drug therapy holds the highest promise of reducing costs in the more expensive areas of health care delivery.

Regulation has dramatically escalated the cost of research. According to estimates of the Pharmaceutical Manufacturers Association, it now takes in excess of $11 million to bring a new entity from discovery to market compared to the $1.2 million that was expended for this purpose, on an average, in 1962.

Climbing costs often narrow the scope of drug research by forcing drug companies to concentrate on developing cures and treatment for the more dramatic and often fatal diseases like cancer and polio. What this means is that alleviation is denied the far greater number of victims of chronic diseases and disorders that plague without killing or crippling. To support this fact, no cure for the common cold has yet been found, most likely because research in this area has a low priority.

Excessive regulation steps up the lead time required to bring a new drug to the market place after its initial discovery. This represents still another way it denies therapy to the afflicted. PMA statistics show it now takes seven years for a new entity to receive FDA clearance where as in 1962, there was only a two-year time lapse between the first study phase and final approval.

Bureaucratic mismanagement and unobtainable goals such as "absolute" drug safety set by the FDA have still another adverse affect on the American drug industry. For cost and regulatory reasons, research and development spending abroad by U.S. firms has more than doubled since 1971. From 1940 to 1970, U.S. drug companies originated 70 percent of the new entities introduced into this country; presently, they originate less than 37 percent.

Moreover, there is an increasing drain-off of the American research dollar into foreign countries. In 1974, many of the first clinical trials of American-oriented drugs were being conducted outside the United States, particularly in the United Kingdom and in West Germany. In addition, Swiss, Japanese, French and Swedish pharmaceutical houses are rapidly expanding their research and development investments which results not only in a cutback in American research, but often lures research talent as well as funds away from the United States.

Furthermore, stepped-up activity in foreign research programs tends to lower the quality of medical care at home. Earlier availability of medicines outside the country may even eventually raise the hospitalization and treatment standards above ours and may force Americans to seek medical services abroad.

Even though less regulation and lower costs make the climate more favorable to research abroad, there is still more research and production in terms of dollar volume in the United States, though this is relative. The point where this situation is reversed has not yet been reached; hopefully, it never will be.

Finally, although American regulatory procedures seem to be rapidly stifling domestic drug research and development, defendants of the system point out that, in spite of the frustrations which occur, the FDA is far more thorough than its sister systems on other continents. Thalidomide, which was cleared and marketed in many countries overseas, was never approved by the FDA.

The stand taken by the intermediary organization, the PMA, in regard to the relationship between government regulatory agencies and drug research and development as stated is, "Government, industry and the scientific community share a common need to improve the inherently slow and cumbersome process of drug research, particularly in its clinical phases. No one questions the need for a comprehensive system of ethical principles, regulations and controls, or sets of values that must prevail among sponsors, investigators, involved institutions and government. Despite the constraints placed upon drug innovations, there exists no socially acceptable alternative in the U.S. to the present system of drug regulation.

"However, such an elaborate system, relatively new to science, must not become entrenched in its own orthodoxy. It should remain flexible and open to incremental improvements that do not violate the essential unity of the research process, or needlessly prolong the time required to develop and approve new medicines, devices and diagnostic products."

CRITICAL ISSUES AHEAD

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. EDWARDS of California. Mr. Speaker, Mary McGrory has written another perceptive article in the Washington Star for June 28, 1976, about the Democratic Presidential campaign—this time focusing on California Gov. Jerry Brown's recent speech delineating the critical issues the Democratic Party must address in our campaigning this year. The article follows:

IT'S NOT ALL OVER FOR JERRY BROWN

(By Mary McGrory)

Gov. Edmund G. Brown Jr. of California did something impossible in his 30-minute Friday night television speech. He drained off the embarrassment from his continuing and admittedly hopeless quest for the presidency.

He did if by doing the unexpected. He was expected to lay down his sword at last to Jimmy Carter—whom, in an aside, he promised to support "enthusiastically" in November. He was expected to swagger a bit about his victories over Carter in the late primaries and promise to be back next time.

Instead, Brown gave an impassioned, rapid-fire review of the trouble he had seen in America during his brief and flashy campaign. He didn't talk politics. He talked policies. He told the Democrats the issues they must address if they want to take the country in November.

The young governor appeared distraught and faintly upkempt. He never smiled and scarcely paused for breath. He spoke without a text or even any notes. It was like a half hour with Peter the Hermit. Repent, the end is nigh.

Politics he dismissed in the first paragraph. He was born into politics. His father had been governor of California, too. That was a detail. What matters is what is happening in the country, in the bombedout, burnt-out slums, in the Bronx and in Newark. What is important is the fact that old people are left behind in the central cities while their children strike out for the suburbs.

He rattled it all off without even the hint of transitions or witticisms. He was like a war correspondent stumbling in from the front, afraid he may not be able to convey the horrors he has seen and the gravity of the situation.

We must do battle against the Pentagon and the B1 bomber. We must stand up to Detroit and its polluting cars. We must save our air and water. We must save jobless and despairing youth.

The contrast with Jimmy Carter, who says that Americans need only vote for him to get the decent, compassionate, loving government they deserve, was complete. Brown says that Americans have to demand those things from their leaders.

The young governor was demonstrating to his followers and those few hundred delegates pledged to him that they need not be ashamed of supporting him. He was showing them that he had a right to run for the presidency and to stay with it, because he can do what he thinks a president ought to do—"set a tone and define a vision."

He was trying to tell them that he is not the spoiled crown prince of American politics, petulant and privileged beneficiary of his father's good name.

What else he accomplished by his tour de force it is hard to say. Like his candidacy, it came awfully late. The nominee is chosen, and he is unlikely to ask Brown to address the convention. The platform is written and reflects none of the urgency that informed Brown's outburst. The Democrats aren't looking for a prophet, they just want a winner. The party leaders will be irritated by a young man who has articulated the issues better than anyone in the campaign.

Brown has bought himself some time and some elbow-room. Those delegates who are anxious to get on the train may be content to wait a while longer. Brown may be able to put off his surrender until the C's are reached in the roll call at Madison Square Garden.

He's going to move around a little bit, betimes. He's headed for the Mayor's Conference in Milwaukee, and may take in the Governor's Conference in Hershey, Pa.

He's not going to New York, in short, in the role previously designated, that of another casualty flattened by the Carter bandwagon. The net effect of his show of force and life on Jimmy Carter may be to force the nominee to choose the most liberal running mate he can find. John Glenn, reputedly the front-runner, wouldn't be quite the answer to Brown's bugle call.

TRIBUTE TO GEN. LAJOS DÁLNOKI-VERESS

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. HORTON. Mr. Speaker, Gen. Lajos Dálnoki-Veress, who served as President of the World Federation of Hungarian Freedom Fighters, died in London on March 29 of this year. I feel it is most important that the life of this distinguished servant of the cause of freedom be the subject of our attention. I am, therefore, submitting for the benefit of my colleagues an excellent biography of the late general which was prepared by the Library of Congress:

GENERAL LAJOS DÁLNOKI-VERESS (1889–1976)

LATE PRESIDENT OF THE WORLD FEDERATION OF HUNGARIAN FREEDOM FIGHTERS

General Lajos Dálnoki-Veress, one of the most remarkable men in the post-World War II period of Hungarian history, died in London March 29 at the age of 87. The part he played against the Nazis during the war, his sufferings at the hands of the jailers of both the Nazi and Communist regimes, his imprisonment and his liberation by the Hungarian Freedom Fighters in 1956, his efforts to unite expatriate Hungarians during the last decades of his long life, moves every free man of self-respect to honor the memory of this Hungarian patriot.

Lajos Dálnoki-Veress was born on October 4, 1889, in Sepsiszentgyörgy, Hungary (now Sfintul Gheorghe, Romania), in Eastern Transylvania, to a Székely Calvinist family with centuries-old tradition of military service. Following his studies at the Ludovika Military Academy in Budapest, he served in the 10th Hungarian Honvéd Hussar Regiment, one of Hungary's famous light cavalry units, fought in World War I, mostly on the Russian front; he was wounded three times in the war.

After the collapse of Béla Kun's short-lived Communist dictatorship in 1919, Dálnoki-Veress joined the new Hungarian national army, organized under the country's elected head-of-state, Regent Miklós Horthy, former admiral in the Austro-Hungarian navy. By then, according to the Peace Treaty of Trianon of 1920, (which, incidentally, was never ratified by the United States), Hungary had lost more than half of its population (including circa 4 million Hungarians), and about two thirds of her former state territory, along with the Székely region, the home land of the family of Dálnoki-Veress.

Following his graduation from Hungary's War College, Dálnoki-Veress taught military history and strategy at the Ludovika Military Academy (in 1923–1927, and again in 1929–1931), and was appointed to increasingly responsible posts as officer on the Hungarian general staff.

His most consequential appointment was that of military attaché at the Hungarian Legation in Vienna (1934–1938) where he had the opportunity to witness, first, the 1934 Nazi uprising and the assassination of Australia's independence-minded Chancellor, Engelbert Dollfuss, then the long struggle by his successor Kurt Schuschnigg against the diabolic subversion by the Nazis which ended in Austria's submission to Hitler's occupation in 1938.

These experiences left lasting impressions on the political outlook of Dálnoki-Veress. He became convinced that Austria's occupation by Nazi Germany was a major tragedy for Central and South-Eastern Europe, and a particularly bad omen for the future of Hungary. As military attaché, he had the opportunity to observe and analyze the methods by which Hitler and his Party-affiliated military experts and assorted propagandists succeeded in penetrating the minds of glory-seeking officers and public servants and turned them against their own government in Austria. He also became aware however, that similar contacts were developed by Nazi Germany across the borders of Hungary and other countries in that region of Europe. After the occupation of Austria, Dálnoki-Veress returned to Hungary with the conviction that his fatherland should use any means to avoid being penetrated by Nazi ideology. Almost simultaneously, however, he also had to observe, particularly after the German "Blitzkrieg" against Poland in 1939, that any military resistance by an inferior power against Hitler's modern, motorized armies would be doomed to defeat, and, in the case of Hungary, would lead to the total annihiliation of the country.

Regent Horthy, a gentleman and officer of the traditional style, was an avowed antagonist of Hitlers' theories and devices. Supported by the various Hungarian governments, he made determined efforts to keep the Nazi influence out of the country, and the country out of the war. His war-time Prime Minister Miklos Kállay, in concert with the leaders of the opposition parties in the Hungarian Parliament, established contacts with anti-German, Jewish and some other groups, including certain domestic Communists of the underground, and a semi-officially organized, secret resistance network came into being. And while Hungary had to pay dearly in the military theater for Hitler's half-hearted assistance to Hungary in regaining more than 3 million Hungarians and the regions settled by them in Czechoslovakia, Romania and Yugoslavia, the country, often at the personal insistence of Regent Horthy, successfully defended its Jewish population against Hitler's increasing threats and demands for a "final solution of Hungary's Jewish problem".

An eyewitness, our own John Montgomery, United States ambassador to Budapest, the last American diplomat of high rank during those years in Central Europe, published his recollections of those eight years in the Hungarian capital, entitled "Hungary the Unwilling Satellite," in 1947. Later, in 1954, being called by the United States House of Representatives' Select Committee on Communist Aggression to testify on his observations in that unhappy country, he made some points about Hungary's political life which are worth calling to the attention of the present generation (as quoted from pages 36 and 37 of the 325-page House document entitled "Communist Occupation of Hungary"):

"In the 8 years that I spent in Hungary as representative of our Government I was always mystified as to why Hungary had such a bad press in the United States and was so misunderstood. I came to the conclusion that this was due to the fact that they knew and cared so little about propaganda, of which their neighbors were masters . . ."

"Hungary was a democracy and the Regent occupied about the same position as the Queen does in England. They had labor unions and their advance in industrial labor, considering their handicaps, was as great as ours, and in a sense more secure. Their scientific achievements are well known and today many of our top atomic scientists are Hungarian."

"They had complete freedom of religion. There was no state church. On the contrary, the state supported all the churches, Catholic, Protestant, Jewish, and so forth . . . There was no racial question. On the contrary, Hungary was a refuge for thousands of Jews during the time of their persecution by Hitler and other countries. More than 750,000 found refuge there. Hungary's sympathy for the Allies was so pronounced that during my stay there I wondered how they dared be so open about it."

This "openness" did not miss the attention of Hitler's military and civilian observers in Hungary. Neither did they miss recognizing certain changes in the top military positions of the Hungarian army which, by smart maneuvering on the part of Horthy and Kállay, became gradually occupied by independent, often openly anti-German generals. This group included General Lajos Dálnoki-Veress, by 1944 Commanding General of the 2nd Hungarian Army in Transylvania, with the particular distinction that, in case of the arrest or death of Regent Horthy at the hands of Hitler's agents, he will direct, as appointed head-of-state (*homo regius*) and designated Prime Minister, the country's military struggle against Nazi Germany, and the negotiations for a separate peace treaty for Hungary.

As stated also by Ambassador Montgomery, "when the war started, the Hungarian Government thought that as soon as the Allied Army came near they would surrender but as it progressed and there was no army to surrender to, they sent missions to Ankara and Rome to find some way out but without success."

These preparations to leave Hitler's "inner fortress" were reported by a German agent employed at the British Embassy in Ankara, Turkey, to his masters, and Hitler, by "inviting" Regent Horthy on March 18, 1944, to Austria, for a "top-level discussion of Hungary's increase of her share in the anti-Soviet war", the momentary power vacuum in Hungary could be used by the German Air Force to occupy all major Hungarian cities from the air. After the conclusion of this "maneuver", Regent Horthy, now practically a captive in Hitler's hands, was returned to Hungary before any meaningful anti-German action had been initiated. However, the arrest and deportation of Prime Minister Kállay and many other prominent Hungarians forced Horthy to accept an openly pro-Nazi Government which soon began the confinement of Jews to ghettos from which many of them were later deported to the death camps in Germany.

Nevertheless, the anti-Nazi activities of Horthy and his resistance group, led by General Dálnoki-Veress, were continued, now virtually under the eyes of the German SS and other secret and public agents of Hitler. For example, by a shrewd move of an armored division, which had been commanded by General Dálnoki-Veress, and some other units in Budapest still loyal to the Regent, Horthy managed to arrest an attempt by some Nazi groups, planned for the 6th of July, to "deliver" the Jewish population of Budapest (more than a quarter of a million people) to Nazi Germany.

The forceful moves of the Regent and his men wore down the pro-Nazi government, and, following the shock caused by the Romanian about-face of August 23, 1944, Horthy managed to get Hitler's consent to form another cabinet. On the surface, this was also a pro-German government, but the key ministers were selected from among the loyal followers of the Regent.

Horthy finally could progress with his plans to prepare for a move similar to that of the Romanians. However, his situation was completely different. By then, Hungary was inundated by the remnants of several retreating German armies, totaling some 500,000. Hungary's own forces, in a variety of barely controllable situations, became engaged against the invading Soviet army units as well as against the Romanians. Also as the only trespass to Hitler's army in the Balkans, Hungary was regarded as high priority "property" by the German military commanders.

After having dispatched several representatives to the Western Allies, and, finally, also to Moscow, the Regent broadcast a proclamation for a general armistice. Simultaneously, orders were given to the commanders of the two Hungarian armies in Eastern Hungary, one of them commanded by General Dálnoki-Veress, to join their forces with the Soviet army already advancing on Hungarian territory. The other commander, General Miklós, managed to reach the Soviet lines, but General Dálnoki-Veress was immediately arrested by a pro-German officers' group, sharing the fate of Horthy and many of his supporters in Budapest and in various parts of the country who became Hitler's prisoners. Subsequently, several of Horthy's men were killed or executed by firing squads. General Dálnoki-Veress was sentenced for 15 years imprisonment by a Nazi court. However, he was able to get away from a column of prisoners as they were marched to Germany. Soon he was captured by the Russians and held in an internment camp in Hungary till April, 1945.

As British historian Carlile A. Macartney observed in his "A History of Hungary, 1929–1945", the best work ever written on this turbulent period of Hungarian history, General Dálnoki-Veress was the only Hungarian general who made serious attempts, both in the spring and in the fall upheavals in 1944 to undertake the necessary moves for a military action against the Germans.

No wonder that after his release from Russian captivity in 1945, General Dálnoki-Veress soon became a center figure of national resistance.

Hungary's post-World War II situation was marked by the complete destruction of her major cities, her transportation network, the absence of circa two million refugees, expatriates and prisoners of war, the greatest inflation recorded in mankind's history, and, most eminently, by the bitter struggle against the Soviet troops which lived up fully to their grim reputation in occupied lands. Hungary's heroic attempts to marshal some support from the Western powers by voting into power the country's various, democratically oriented political parties by giving them 83 per cent of the votes in the presence of one million Soviet soldiers, were without any notable success. The Allied Control Commission in Budapest, constituted of the highest representatives of the Western Allies and the Soviet Union was turned into a powerless tool in the hands of its Soviet Chairman. Despite the outcome of the elections, positions of real power, especially in the almighty Ministry of Interior and its dreaded Political Police were with the Communists, whose relentless attacks against the majority parties destroyed all authority of independent repute in Hungary.

Since the presence of an enormous Soviet occupation force excluded any possibility of democratic and lawful development, General Dálnoki-Veress and thousands of other Hungarian patroits expended their war-time underground organization called "Hungarian Community", waiting for the signing of the peace treaty according to which all occupation forces were supposed to leave Hungary.

However, the Communist Party, under direct orders from Moscow, suddenly "unveiled" this "anti-constitutional and anti-democratic conspiracy" and, by merciless personal attacks, forced the Government and other leaders of the majority parties to sacrifice the "conspirators", that is, their own political and social backbone. The most brutal methods of blackmail and torture in the cellars of the Communist political police headquarters resulted, as expected, in "sensational" confessions which were followed by harsh sentences. Among other patriots, General Dálnoki-Veress was given a death sentence; it was changed, however, by the President of the Republic of Hungary to life imprisonment. After more than nine years spent in the Communist prison, General Dálnoki-Veress was liberated by the Freedom Fighters on October 23, 1956.

Nobody, including General Dálnoki-Veress himself, had expected that the most important services of this eminent miltiary leader who achieved the highest military rank open to him in his own country, that of a three-star general, would be rendered abroad, long after he finished his military career in his homeland.

Immediately after the tragic ending of the Hungarian uprising in 1956, the idea of a world organization of those who fought against the Soviets in that great event was born almost simultaneously in Chicago and Paris. After five years of initial difficulties and soul searching, the general assembly of the "World Federation of Hungarian Freedom Fighters", held in Buffalo, New York, in 1961, elected as its president General Lajos Dálnoki-Veress, then residing in London.

This election is regarded, in retrospect, as the most important event in the history of the post-1956 Hungarian emigration. Within a few months, the General arrived in the United States and launched methodical organizational work which, in fact, marked the creation of the World Federation of Hungarian Freedom Fighters as it exists today. Through his extensive correspondence from his headquarters in Passaic, New Jersey, then in New York City, and later, for the longest period (1965–1970) in Washington, D.C., and through his travels across the United States and Canada, the General succeeded in bringing into the organization many of the more than 80,000 Hungarians who were admitted as immigrants to the United States and Canada in the wake of the 1956 uprising.

Aside from his organizational talents, the

General was also very successful as an "ombudsman" for Hungarians living in North America and other parts of the world. There is hardly any major settlement of Hungarians where Lajos Dálnoki-Veress had not paid a visit, everywhere urging Hungarians to settle their differences, to develop local programs for cooperation with other Hungarian groups, organizations, churches and associations, as well as with other, non-Hungarian refugee groups from Europe's conquered and oppressed countries. Although he was an outspoken critic, his advice was usually heeded. He was a man born to be a leader; this was one of the keys to his success with men.

His other secret was his ability to establish friendship and develop lasting bonds of loyalty among his followers. Based upon his many years spent in high positions as well as under the worst human conditions in postwar Hungary, he had been careful in the selection of his staff. Almost everyone among the present leaders of the World Federation of Hungarian Freedom Fighters was invited by him to accept responsible assignments in the Federation; the unquestionable success and strength of the organization are proofs that General Lajos Dálnoki-Veress has been a good judge of human nature and character in the emigration also.

Another important factor in his continuous success with his former compatriots (besides his close contacts to Admiral Miklós Horthy, and his own high military rank which was never compromised by any shady deal or treason), was his great ability to create an atmosphere of peace and mutual trust among the various factions of the Freedom Fighters and the representatives of earlier groups of Hungarian "displaced persons." The circumstance that he selected his immediate staff in the Federation, knowingly and purposefully, with the intent that it should reflect a balanced representation of the social background of all post-war Hungarian emigree groups, contributed decidedly to the strength of the organization all over the world.

His personal contacts and cooperation with the Free World representatives of the captive nations of the Soviet orbit were the best throughout all the years of his leadership. During his years in Washington, D.C., he developed excellent contacts with the leaders of the Baltic, Czechoslovak, Polish, Ukrainian, and other refugee organizations. Even closer were his ties with a number of members in the Congress, both in the Senate and the House of Representatives. In 1960, he was introduced to John F. Kennedy and Richard M. Nixon. Senator Everett Dirksen was a much treasured friend, so were Senators Thurmond, Brooke and several others. As documented by numerous addresses delivered by members of the Congress and inserted in the CONGRESSIONAL RECORD, the political and moral heritage left by the 1956 Hungarian Revolution was honored and kept alive by the legislative body of the United States Government during and since the leadership of General Dálnoki-Veress.

This always respectable, indefatigable and cheerful man was reelected five times as president of the World Federation of Hungarian Freedom Fighters. His public addresses and articles published in the Hungarian emigree press were of great influence upon his countrymen. His presence in the World Congresses of the Hungarian Freedom Fighters (in Bad-Godesberg in 1962, in Washington in 1964, in Ottawa in 1967, in London in 1970), and his participation in every national congress of the Hungarian Freedom Fighters' Federation—USA, held between 1962 and 1970, established an example unmatched even by those many years younger.

In 1970, when he returned to England, General Dálnoki-Veress continued his organizational activities in Europe and reinforced the network of the Freedom Fighters in several European countries. He also founded the "European Congress of Free Hungrians" which, in the same way as it is being conducted by the "Coordinating Committee of Hungarian Organizations in North America", provides a forum for the discussion of political issues important for Hungarians whenever the need arises.

In the course of the 1970's, General Dálnoki-Veress was also in charge of the preparation of a 3-volume work, the history of Hungary's national defense and the country's military participation in the Second World War. It was the energy, the persistent will and scholarship of General Dálnoki-Veress which enabled the editorial committee to conclude this 1200-page work, the great values of which will be recognized increasingly by historians as the years pass.

When, in 1973, the then 84-year-old General submitted his resignation from the presidency of the World Federation of Hungarian Freedom Fighters, the Federation's World Congress (the second held in Washington) elected him honorary president without a single dissenting vote.

From my personal contacts with many prominent leaders in the American Hungarian community, I have first-hand knowledge of the consensus regarding the importance of this eminent Hungarian patriot who has just passed away. I know that he was one of the best his country has produced during these last decades, and that his memory will be enshrined in the hearts of Hungarians all over the world.

WES BARTHELMES

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. BOLLING. Mr. Speaker, Wes Barthelmes, a friend, and known to many on Capitol Hill as an exceptional staff assistant and eminent newspaperman, met an untimely death last week at age 54. It is fitting that Members of the House and Senate took the floor to eulogize this outstanding public servant.

Joe McCaffrey in his June 25 radio broadcast spoke of the unique qualities of Wes Barthelmes, "one of the best congressional staff members" known to him in his 30 years on Capitol Hill. I want to share Joe McCaffrey's tribute to Wes Barthelmes with colleagues, his friends, and family:

Wes Barthelmes

Congress and everything and everyone connected with Congress are now under fire and because of that the good members and highly capable staff people are being overlooked.

I was hit with that thought suddenly, shockingly yesterday when I learned of the death of Wes Barthelmes, one of the best Congressional staff members I have known in my 30 years on the Hill.

A former Washington Post reporter and editor, Barthelmes had worked with Richard Bolling, Edith Green, Frank Church and at the time of his death was administrative assistant to Delaware's Joe Biden.

If there was an award for the best all around Congressional staff person Wes Barthelmes would win the first one to be given out.

He was a model for others in the business: he had a keen political insight, he was dedicated, his integrity unquestioned.

More than anything else, he knew Congress, not just how to get things done, but whether some things could be done at all, realizing that if they couldn't, then the energy should be shifted to things that could be accomplished.

Wes Barthelmes personified the best on Capitol Hill, where there are so many hardworking, dedicated people.

PERSONAL EXPLANATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mrs. SCHROEDER. Mr. Speaker, on the afternoon of June 15, 1976, I was absent. Had I been present I would have voted as follows:

Rollcall No. 380, "yea."
Rollcall No. 381, "yea."
Rollcall No. 382, "yea."

RISING INFLATION DEMONSTRATES NEED FOR H.R. 50

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 28, 1976

Mr. HAWKINS. Mr. Speaker, in the largest 1-month increase since October 1975, inflation rose 0.6 percent in May. This indicates an annual rate of 7.4 per cent, and is approxmiately 2½ times the inflation rate of the first 3 months of this year. Accelerating inflation of the type experienced in the last 3 months clearly demonstrates a need for the Full Employment and Balanced Growth Act. H.R. 50's anti-inflation policies would diagnose the causes of inflation and determine appropriate solutions. H.R. 50 seeks to reduce and restrain inflation while achieving full employment and balanced growth. Only H.R. 50 provides the framework for rational development of feasible, coordinated economic programs designed to combat the twin evils of inflation and unemployment. The Washington Post of June 23 contains an article written by James L. Rowe, Jr., which details the most recent Labor Department statistics on inflation. The article follows:

[From the Washington Post, June 23, 1976]

CONSUMER PRICES CLIMB 0.6 PERCENT IN MAY

(By James L. Rowe, Jr.)

Consumer prices jumped 0.6 per cent in May, seeming to bear out administration warnings that the low inflation rate early this year could not be sustained.

The Labor Department reported a big surge in food prices as well as increases in gasoline and apparel costs that sent the consumer price index on its biggest one-month climb since October.

It was the third month in a row that consumer price increases accelerated. If consumer prices continue to rise 0.6 per cent a month for the next 12 months, prices would be 7.4 per cent higher next May. During January, February and March retail prices rose at an annual rate of 2.9 per cent.

In metropolitan Washington, prices rose 1.8 per cent in the three months ending in May. Sharp increases in the cost of clothing, used cars and household services such as maintenance, property insurance and telephones led the rise.

Food prices rose 0.4 per cent with grocery prices declining 0.3 per cent and restaurant prices rising 2.2 per cent.

"Just as the underlying rate of inflation was understated in the first quarter because of declining food and fuel prices, the 7.4 per cent rate in May is too large to be sustained," said senior Treasury Department economist Herman I. Liebling.

Maynard Comiez, acting chief economist at the Department of Commerce, said the underlying inflation rate appears to be about 6 per cent. That is lower than the 7 per cent price rise in 1975 and the giant 12.2 per cent surge in 1974.

But it is still well above the inflation rate in most of the last 30 years—both boom periods and recession times.

As the year-old recovery continues, the upward pressure on prices can be expected to increase as less-efficient plant capacity is brought into production to meet rising demand.

President Ford and his economic advisers have argued that because inflation is a constant danger, the nation must be careful about overstimulating the economy for fear of rekindling heavy inflation, which they think was the cause of the severe 1974–75 recession.

Administration critics charge that with an unemployment rate of 7.3 per cent and substantial excess capacity in much of industry, the country would run little risk of renewing inflation by more stimulative economic policies.

Nevertheless, the broad acceleration of consumer price increases was sharper than expected and would worry both administration economists and their critics if it continues.

Food prices, which fell for the first three months of the year, climbed 1 per cent in May, while nonfood commodities such as clothing, gasoline and appliances rose 0.6 per cent after three consecutive months of rising 0.3 per cent.

Only services declined, from a 0.5 per cent rise in April to a 0.4 per cent climb in May.

All percentage increases are adjusted to account for normal seasonal variations. The consumer price index itself, which is not seasonally adjusted, stood at 169.2 per cent of its 1967 average, 6.2 per cent higher than a year ago. That means that a basket of goods or services that cost consumers $10 in 1967 cost $16.92 last month.

The biggest May food price climb occurred in beef prices. But in recent weeks cattle prices have stabilized, which should hold down future price increases at the supermarket.

The Labor Department reported that increases "for pork and poultry were considerably larger than in April and prices of cereal and bakery products moved up for the first time in four months." Fruits and vegetable prices fell.

Gasoline prices rose for the first time since October and the price of apparel jumped. The Labor Department said that the "prices of other commodities such as fuel oil, houses and new cars also rose more in May than in April."

The cost of services was rising much more slowly than earlier this year. There was a big increase in gas and electric rates, a decline in mortgage interest rates (which appear to be turning around again) and a continued moderation in hospital costs.

HOUSE OF REPRESENTATIVES—*Tuesday, June 29, 1976*

The House met at 10 o'clock a.m.

Rev. Cecil Bishop, John Wesley AME Zion Church, Washington, D.C., offered the following prayer:

Our Father God, ruler of all nations, whose creative hand we discern in the vastness of the oceans, and whose strength we see in the majesty of the hills, we thank Thee for our creation, preservation, and for the means of grace and the hope of glory. With our burdened lives tense and strained in a violent world we seek that peace which is the gift of Thy love to all who yield their will to Thy will, their minds to Thy truth, their hearts to Thy obedience. In these troubled days, confronted with tragedy, and filled with anxiety our parched spirits yearn for the refreshing waters of Thy presence. Strengthen us where we are right, and correct us where we are wrong and lead us in the Way everlasting. In Thy name, we ask it all. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 10051. An act to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year.

REV. MR. CECIL BISHOP

(Mr. DIGGS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. DIGGS. Mr. Speaker, this afternoon's session of the U.S. House of Representatives was eloquently opened by the Reverend Mr. Cecil Bishop, pastor of the John Wesley AME Zion Church at 1615 14th Street NW., in the District of Columbia, and one of the most respected and admired new clergymen in the Nation's Capital, a man who is a continuously ascending star in the ministry of his denomination.

Because Rev. Mr. Bishop symbolizes the strength, diversity, and brotherhood that have allowed America to survive, it is particularly fitting that he is a guest chaplain this week, as we approach the monumental celebration of freedom on Sunday, July 4, 1976.

Mr. Speaker, it is a privilege and honor for me to congratulate Rev. Mr. Bishop for his contribution to the spiritual uplift of the House today and to witness the justifiable pride on the face of his wife in the visitor's gallery, Mrs. Wilhelma Jones Bishop, my first cousin.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO MEET DURING 5-MINUTE RULE TODAY

Mr. HUGHES. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have permission to meet during the 5-minute rule today.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman please restate the request?

Mr. HUGHES. I just asked unanimous consent for the Committee on the Judiciary to meet during the 5-minute rule today. I might say, I have talked to the ranking minority member and he is in accord.

Mr. ROUSSELOT. Is this from 10 o'clock to 12 noon?

Mr. HUGHES. We are not sure.

Mr. ROUSSELOT. Mr. Speaker, I will be constrained to object if it is beyond 12 o'clock.

Mr. HUGHES. If my colleague will withhold the objection, I have talked to the ranking minority member and that member is in accord with the request. We want to finish up two measures and we may go over beyond 12 o'clock.

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, most Members have told me—and I agree with the concept—that the main time for the meeting of the committee is from 10 o'clock a.m. to 12 o'clock noon and it is difficult to attend meetings and also try to cover all the floor legislation we have here in these closing moments of this session before the July 4 recess.

So will the gentleman agree to meet from 10 o'clock a.m. to 12 o'clock noon?

Mr. HUGHES. If the gentleman will withhold the objection for just a moment, the ranking minority member is in accord with the committee request. It may go over 15 or 20 minutes to half an hour. We would like to finish the matters today.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, will the gentleman agree to meet from 10 o'clock a.m. to 12 o'clock noon?

Mr. HUGHES. Well, we would prefer if it goes over 12 noon to be able to finish the measures.

Mr. ROUSSELOT. Then, Mr. Speaker, I will be constrained to object.

Mr. HUGHES. I reluctantly would agree to 12 o'clock.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman and I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET ON TODAY FROM 10 A.M. TO 12 NOON

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation may have permission to meet this morning, Tuesday, June 29, 1976, from 10 a.m. to 12 noon.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON SURFACE TRANSPORTATION OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET FROM 10 A.M. TO 12 NOON ON TOMORROW

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent that the Subcommittee on Surface Transportation of the Committee on Public Works and Transportation may be permitted to sit tomorrow, Wednesday, June 30, 1976, from 10 a.m. to 12 noon.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

REPUBLICAN CONFERENCE CALLS FOR TRUE HOUSE REFORMS

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, I announce to the House of Representatives that the Republican Conference, meeting this morning, discussed in great detail the proposals for various so-called House reforms presented by the Democratic Caucus. I think I can speak for many, if not most, of my Republican colleagues in stating our strong opposition to the creation of any slush fund for Members as has been proposed by the majority side.

The conference, formally and unanimously, first, called for the immediate, complete, and retroactive repeal of the final jurisdiction of the House Committee on Administration over all allowances, ending the authority granted in 1971; second, the conference called for any reforms or changes in the rules to be brought to the full House of Representatives for complete debate under an open rule, permitting amendments by any Member.

After all that has happened, these two points are the very minimum the people of the United States can expect from this Congress. To do otherwise, would be a disservice to them and to the House.

DEMOCRATIC CAUCUS REFORMS—OR ARE THEY?

(Mr. MARTIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARTIN. Mr. Speaker, this has has been a memorable, red-letter day in my life. I have just had it explained to me prior to the convening of the House just what it is that the Democratic caucus proposed to bestow on me in the name of reform, in House Resolution 900.

First, they want to increase my office expense allowances by some $30,000 to $35,000. Mr. Speaker, that is some reform. I somehow feel unworthy of this generosity, since I do not use up all of the swollen allowances that are already available.

Second, they propose a reform, so-called, that will guarantee for the future that we will have automatic cost-of-living increases in these allowances. Considering that this is on top of an immediate 75 percent increase in the base level, I have to call that some reform.

Now, in return, they propose to impose several burdens on me, to offset these two sweeteners.

First of all, I will be required to report any and all relatives I have on the congressional payrolls. That is a good idea and it will be easy to comply since I do not have any.

Second, they will take away the legal right to pocket unused allowances. That, too, is a good idea. In the past I have returned unused allowances to the Government anyway, so it is not much of a burden.

Mr. Speaker, these last two provisions are so sensible, like the Nedzi-Michel proposal to strip the Administration Committee of its 1971 authority to raise these allowances without a vote of the House. They are so sensible that I would be happy to support these three true reforms on their merits, without the generous increase of the first two proposals.

CALL OF THE HOUSE

Mr. BEARD of Tennessee. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 472]

Abzug
Andrews, N.C.
Ashley
AuCoin
Biaggi
Bolling
Burke, Fla.
Byron
Chisholm
Conyers
Coughlin
Danielson
Dent
du Pont
Esch
Eshleman
Fraser
Giaimo
Gibbons
Harsha
Hays, Ohio
Hébert
Heckler, Mass.
Heinz
Helstoski
Hillis
Hinshaw
Jarman
Jones, Tenn.
Karth
LaFalce
Leggett
Litton
Long, La.
McDade
McDonald
McKinney
Matsunaga
Melcher
Michel
Mills
Moorhead, Pa.
Nolan
Pepper
Riegle
Risenhoover
Roberts
Roncalio
Rostenkowski
Ryan
Santini
Scheuer
Shuster
Stanton, J. William
Stanton, James V.
Steelman
Stephens
Stuckey
Symington
Udall
Vigorito
Waxman
Young, Tex.

The SPEAKER. On this rollcall 369 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

APPOINTMENT OF CONFEREES ON H.R. 14231, DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1977

Mr. YATES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14231) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? The Chair hears none, and appoints the following conferees: Messrs. YATES, McKAY, LONG of Maryland, EVANS of Colorado, MURTHA, DUNCAN of Oregon, MAHON, McDADE, REGULA, and CEDERBERG.

NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT OF 1966 AMENDMENTS

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9291) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, after line 4, insert:

SEC. 3. Section 103(i) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Not later than six months after the date of enactment of this section, the Secretary shall conduct a study and report to Congress on (A) the factors relating to the schoolbus vehicle which contribute to the occurrence of schoolbus accidents and resultant injuries, and (B) actions which can be taken to reduce the likelihood of occurrence of such accidents and severity of such injuries. Such study shall consider, among other things, the extent to which injuries may be reduced through the use of seat belts and other occupant restraint systems in schoolbus accidents, and an examination of the extent to which the age of school buses increases the likelihood of accidents and resultant injuries.".

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. McCOLLISTER. Mr. Speaker, reserving the right to object, and I shall not object, I would state that the Senate bill and the House bill are identical with the exception of the provisions of the Senate amendment which was just read by the Clerk. I know of no objection to this and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman from New York explain to us the differences?

Mr. MURPHY of New York. Mr. Speaker, if the gentleman from California will yield, the difference between the Senate and the House version was basically the amendment that was just read. The gentleman from California (Mr. Leggett) could not be here during the consideration of the bill and could not offer this amendment. This is the amendment that was added by the Senator from California in the Senate and it came back to the House with this amendment. The minority and the majority are both happy to accept the amendment.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman from New York for his explanation and I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the request of the gentleman from New York?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just under consideration, H.R. 9291.

The **SPEAKER.** Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON FORESTS OF COMMITTEE ON AGRICULTURE TO SIT FROM 2 O'CLOCK TO 3:30 O'CLOCK THIS AFTERNOON

Mr. WEAVER. Mr. Speaker, I ask unanimous consent that the Subcommitee on Forests of the Committee on Agriculture may be permitted to sit from 2 o'clock to 3:30 o'clock this afternoon to consider timber management legislation.

The **SPEAKER.** Is there objection to the request of the gentleman from Oregon?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, the request of the gentleman from Oregon is to consider that legislation only?

Mr. WEAVER. Mr. Speaker, I assure the gentleman from California that only that bill will be taken up.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the request of the gentleman from Oregon?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN REPORTS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until midnight tonight to file certain reports.

The **SPEAKER.** Is there objection to the request of the gentleman from Indiana?

Mr. BAUMAN. Reserving the right to object, Mr. Speaker, will the gentleman tell us what the reports might be on?

Mr. MADDEN. The possibility of the extension of the Federal Energy legislation, a 30-day extension.

Mr. BAUMAN. Is the gentleman asking permission to file any reports regarding any so-called House reforms?

Mr. MADDEN. No.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the request of the gentleman from Indiana?

There was no objection.

CONFERENCE REPORT ON H.R. 14236, PUBLIC WORKS APPROPRIATION BILL, FISCAL YEAR 1977

Mr. EVINS of Tennessee. Mr. Speaker, I call up the conference report on the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 24, 1976.)

Mr. EVINS of Tennessee (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The **SPEAKER.** Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The **SPEAKER.** The gentleman from Tennessee (Mr. Evins) is recognized for 30 minutes.

Mr. EVINS of Tennessee. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we bring you today the conference report on the bill (H.R. 14236) making appropriations for water and power development and energy research for fiscal year 1977—ending September 20, 1977.

The report represents a reasonable compromise between the bills adopted by the House and Senate.

As I stated when this bill was passed by the House on June 15, this is a significant bill—an important bill—a bill that touches the lives of vitally all Americans.

This bill represents capital investments in America—investments in the future of America and faith in the future of America.

This measure has been described as an All-American bill because its programs build America and the waves of programs flowing out from this bill touch virtually all of America.

This bill in its appropriations for research and development provides a strong and continuing response to the energy crisis.

To briefly summarize the action to date on this measure, the House passed the bill on June 15 by a vote of 378 to 20. The Senate passed the bill on June 23 by a vote of 94 to 1.

The conferees met last Thursday—June 24—resolved the differences and issued the conference report. Published in the Congressional Record, Friday, June 25, 1976 at pages 20461–70.

In other words, within a period of 2 weeks this bill has passed the House and the Senate, cleared the conference and is before you again today in the form of the conference report.

The conference report which we bring you today is a balanced report, a good report—finely balanced between public works and energy research and development.

We had a good conference. As in all conferences, some compromises were of necessity made.

The conferees' report is $304,818,000 over the budget estimate—which represents an increase of only 3 percent over the budget.

However, the amount agreed on in conference is $434 million below the ceiling set by the House concurrent resolution on the budget.

I repeat—this bill is $434 million less than the target set in the House concurrent resolution on the budget for public works, and energy research and development.

The conference report is $58,104,000 more than the House bill—$15,172,000 less than the Senate bill.

As the Members will recall, we had two supplemental budget requests related to this bill.

One request was made to the House and one to the Senate.

The request submitted to the House was for $200 million for payment of claims and damages from the Teton Dam failure.

This budgeted amount was accepted.

The second budget request was submitted to the other body and considered in the Senate. This request was for $178,800,000, for enlarging, upgrading, and expanding the uranium enrichment plant at Portsmouth, Ohio.

The budgeted amount was accepted by the Senate. These supplemental budget requests account for a substantial amount over last year.

We thus bring you a conference report $58,104,000 more than the House bill—and $15,172,000 less than the Senate bill.

The conference report recommends a total of $9,724,313,000 for fiscal 1977—for public works and energy research and development.

I want to insert at this point in the Record a table outlining the conference action by appropriations item compared with 1976 appropriations, the 1977 budget request and actions of the House and Senate:

	New budget authority					Conference compared with—			
	Enacted, fiscal year 1976	Estimates, fiscal year 1977	House, fiscal year 1977	Senate, fiscal year 1977	Conference, fiscal year 1977	Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
TITLE I—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION (EXCEPT FOSSIL FUELS RESEARCH DEVELOPMENT)									
Operating expenses	$3,149,015,000	$4,137,571,000	$4,172,783,000	$4,118,186,000	$4,147,563,000	$998,548,000	$9,992,000	−$25,220,000	$29,377,000
Plant and capital equipment	907,642,000	1,579,399,000	1,525,500,000	1,610,485,000	1,572,410,000	664,768,000	−6,989,000	46,910,000	−38,075,000
Geothermal Resources Development Fund		50,000,000	30,000,000	30,000,000	30,000,000	30,000,000	−20,000,000		
Total, title I	4,056,657,000	5,766,970,000	5,728,283,000	5,758,671,000	5,749,973,000	1,693,316,000	−16,997,000	21,690,000	−8,698,000
TITLE II—DEPARTMENT OF DEFENSE—CIVIL									
Department of the Army									
Corps of Engineers—Civil									
General investigations	66,836,000	64,255,000	70,110,000	72,180,000	71,920,000	5,084,000	3,665,000	1,810,000	−260,000
Construction, general	1,228,648,000	1,266,332,000	1,416,477,000	1,436,759,000	1,436,745,000	208,097,000	170,413,000	20,268,000	−14,000
Flood control, Mississippi River and tributaries	163,250,000	191,220,000	227,667,000	231,497,000	231,497,000	68,247,000	40,277,000	3,830,000	
Operation and maintenance, general	582,073,000	583,900,000	648,900,000	648,900,000	648,900,000	66,827,000	65,000,000		
Revolving fund	700,000			6,600,000	6,600,000	5,900,000	6,600,000	6,600,000	
Flood control and coastal emergencies	90,400,000	18,140,000	30,000,000	22,140,000	22,140,000	−68,260,000	4,000,000	−7,860,000	
General expenses	43,700,000	47,400,000	47,200,000	47,200,000	47,200,000	3,500,000	−200,000		
Special recreation use fees	1,200,000	3,100,000	2,000,000	2,000,000	2,000,000	800,000	−1,100,000		
Total, title II	2,176,807,000	2,174,347,000	2,442,354,000	2,467,276,000	2,467,002,000	290,195,000	292,655,000	24,648,000	−274,000
TITLE III—DEPARTMENT OF THE INTERIOR									
Bureau of Reclamation									
General investigations	20,892,000	21,030,000	24,487,000	24,762,000	24,762,000	3,870,000	3,732,000	275,000	
Construction and rehabilitation	327,308,000	347,017,000	351,386,000	347,811,000	348,811,000	21,503,000	1,794,000	−2,575,000	1,000,000
Upper Colorado River storage project	41,152,000	61,231,000	59,331,000	59,331,000	59,331,000	18,179,000	−1,900,000		
Colorado River Basin project	29,205,000	73,420,000	73,420,000	73,420,000	73,420,000	44,215,000			
Colorado River Basin project (appropriation to liquidate contract authorization)	(22,440,000)	(20,600,000)	(20,600,000)	(20,600,000)	(20,600,000)	(−1,840,000)	( )	( )	( )
Colorado River Basin Salinity Control Project	19,670,000	43,120,000	44,700,000	44,680,000	44,680,000	25,010,000	1,560,000	−20,000	
Operation and maintenance	132,162,000	143,000,000	143,000,000	143,000,000	143,000,000	10,838,000			
Loan program	22,665,000	10,773,000	22,209,000	28,495,000	27,495,000	4,830,000	16,722,000	5,286,000	−1,000,000
Emergency fund	1,000,000	1,000,000	400,000	1,000,000	1,000,000			600,000	
General administrative expenses	21,840,000	22,600,000	22,600,000	22,600,000	22,600,000	760,000			
Total	615,894,000	723,191,000	741,533,000	745,099,000	745,099,000	129,205,000	21,908,000	3,566,000	
Alaska Power Administration									
General investigations	652,000	763,000	749,000	749,000	749,000	97,000	−14,000		
Operation and maintenance	1,007,500	1,164,000	1,141,000	1,141,000	1,141,000	133,500	−23,000		
Total	1,659,500	1,927,000	1,890,000	1,890,000	1,890,000	230,500	−37,000		
Southeastern Power Administration									
Operation and maintenance	1,000,000	1,106,000	1,076,000	1,076,000	1,076,000	76,000	−30,000		
Southwestern Power Administration									
Construction	680,000	960,000	896,000	896,000	896,000	216,000	−64,000		
Operation and maintenance	6,080,000	7,821,000	7,707,000	7,707,000	7,707,000	1,627,000	−114,000		
Total	6,760,000	8,781,000	8,603,000	8,603,000	8,603,000	1,843,000	−178,000		
Total, title II	625,313,500	735,005,000	753,102,000	756,668,000	756,668,000	131,354,500	21,663,000	3,566,000	
TITLE IV—INDEPENDENT OFFICES (excluding ERDA)									
Appalachian Region Commission: Salaries and expenses	1,870,000	1,897,000	1,897,000	1,897,000	1,897,000	27,000			
Appalachian regional development programs (funds appropriated to the President)	288,200,000	298,500,000	300,500,000	306,000,000	303,000,000	14,800,000	4,500,000	2,500,000	−3,000,000
Delaware River Basin Commission:									
Salaries and expenses	81,000	83,000	83,000	83,000	83,000	2,000			
Contribution to Delaware River Basin Commission	215,000	198,000	198,000	198,000	198,000	−17,000			
Total	296,000	281,000	281,000	281,000	281,000	−15,000			
Federal Power Commission	36,560,000	41,582,000	41,582,000	41,582,000	41,582,000	5,022,000			
Interstate Commission on the Potomac River Basin: Contribution to Interstate Commission on the Potomac River Basin	52,000		52,000	52,000	52,000		52,000		
Nuclear Regulatory Commission: Salaries and expenses	217,423,000	249,430,000	244,430,000	244,430,000	244,430,000	27,007,000	−5,000,000		
Susquehanna River Basin Commission:									
Salaries and expenses	81,000	83,000	83,000	83,000	83,000	2,000			
Contribution to Susquehanna River Basin Commission	150,000	150,000	150,000	150,000	150,000				
Total	231,000	233,000	233,000	233,000	233,000	2,000			
Tennessee Valley Authority: Payment to Tennessee Valley Authority fund	100,025,000	121,185,000	120,930,000	127,130,000	125,930,000	25,905,000	4,745,000	5,000,000	−1,200,000
Water Resources Council: Water resources planning	10,722,000	9,465,000	11,965,000	14,665,000	12,665,000	1,943,000	3,200,000	700,000	−2,000,000
Total, title IV	655,379,000	722,573,000	721,870,000	736,270,000	730,070,000	74,691,000	7,497,000	8,200,000	−6,200,000

	New budget authority					Conference compared with—			
	Enacted, fiscal year 1976	Estimates, fiscal year 1977	House, fiscal year 1977	Senate, fiscal year 1977	Conference, fiscal year 1977	Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bil
RECAPITULATION									
Total, new budget (obligational) authority titles II, III, and IV (excluding ERDA)	$3, 457, 499, 500	$3, 631, 925, 000	$3, 917, 326, 000	$3, 960, 214, 000	$3, 953, 740, 000	$496, 240, 500	$321, 815, 000	$36, 414, 000	−$6, 474, 000
Total, new budget (obligational) authority titles I, II, III, and IV	7, 514, 156, 500	9, 398, 895, 000	9, 645, 609, 000	9, 718, 885, 000	9, 703, 713, 000	2, 189, 556, 500	304, 818, 000	58, 104, 000	−15, 172, 000
Memoranda: Appropriations to liquidate contract authorizations	22, 440, 000	20, 600, 000	20, 600, 000	20, 600, 000	20, 600, 000	−1, 840, 000			
Total appropriations, including appropriations to liquidate contract authorizations	7, 536, 596, 500	9, 419, 495, 000	9, 666, 209, 000	9, 739, 485, 000	9, 724, 313, 000	2, 187, 716, 500	304, 818, 000	58, 104, 000	−15, 172, 000

Mr. Speaker, the largest amount in the conference report is for the Energy Research and Development Administration.

The total appropriation for ERDA is $5,749,973,000 for fiscal 1977.

This represents a vigorous response to the energy crisis and provides appropriations for continuing programs of research into alternative sources of energy to fossil fuels—including solar energy, geothermal and nuclear fusion and fission, among others.

This conference report represents both an immediate and long-term effort to solve the problems of the energy crisis and unemployment.

SOLAR ENERGY

For solar energy, our subcommittee recommended $213,700,000 which was $50,000,000 more than the budget request, added by the Appropriations Subcommittee.

As you all know, the committee accepted and the House adopted the Conte-Koch amendment adding $95 million more for solar energy research.

This made a total of $308,700,000 for solar energy carried in the bill and approved by the House.

The Senate approved $278,200,000 for solar research.

The difference in the two bills for solar research was $26,600,000.

We reached a fair compromise.

The conferees approved $294,300,000—compromising the House and Senate difference almost right down the middle—a split on this item.

So we bring back a conference report with $294,300,000 for solar energy research and development for fiscal 1977. The original budgeted amount was $160 million for this purpose.

I might add that in addition to this sum exclusively for solar energy research, the report contains an additional amount for program direction for solar energy and other energy research programs. So we have approved a substantial increase for solar energy research.

The report also includes $54,700,000 for geothermal research and $772,452,000 for fission power reactor development—primarily the liquid metal fast breeder reactor program designed to "breed" fuel for nuclear powerplants.

Other nations are ahead of us in this promising technology and we must move forward to perfect the technology and build a demonstration plant.

The bill also contains substantial funding for research and development on energy conservation—fuel cycle research and development—environmental research and safety—high energy physics research and basic energy sciences research.

The search continues for alternative sources of energy that can be developed as a practical supplement and substitute for fossil fuels.

That is the major thrust of ERDA and a major thrust in this bill.

This conference report also represents a continuing effort to develop the Nation's water resources in a sound and orderly manner.

Water is one of our most valuable resources—and water resource development is one of the major means of providing our ever-expanding population with essential services.

The conferees agreed to $2,467,200,000 for the programs, projects, and operations of the Corps of Engineers for fiscal 1977.

I want to point out that of the 11 new planning starts added by the House for the Corps of Engineers, the Senate deleted 4.

Three of the four were restored by conference action.

Of the 23 new construction starts added by the House for the corps, 2 were deleted by the Senate, but were restored in conference.

Of the 17 new studies added by the House, 3 were deleted by the Senate—all were restored in conference.

Total new starts approved by the conference action for the Corps of Engineers and the Bureau of Reclamation are set out in a table as follows:

	Studies	Planning	Construction	Loans
Corps	29	19	27	
Bureau	14	4	5	7
Total	43	23	32	7

Your conferees stood by the House position and won on most issues.

I would remind you that the budget recommended no new construction starts for the corps and only five new studies.

This was a rather pathetic gesture and the conference report has approved new starts and studies as indicated previously in the public interest.

Mr. Speaker, I repeat—this is a vital and needed measure, a good conference report for public works and an accelerated program of energy research and development in response to the continuing energy crisis.

I urge adoption of the conference report.

Mr. MYERS of Indiana. Mr. Speaker, the chairman has made his usual outstanding presentation explaining the particulars of this conference report. As the chairman said, the conference report is silghtly over the House version but it is a workable and satisfactory, as far as the minority is concerned, compromise with the Senate.

All the conferees did sign the conference report and we do support this conference report at this time.

Mr. Speaker, I yield to the gentleman from West Virginia (Mr. SLACK).

Mr. SLACK. Mr. Speaker. The conferees report on H.R. 14236 included language relating to hopper dredges.

The purpose of the conference report language dealing with hopper dredges is to assure private industry that it shall have the opportunity to bid on all hopper dredge work which it has the capability to perform and that industry shall be awarded the contract for such work whenever its bid is within 25 percent of the Government's estimated cost for doing the work.

The intent of this language is to do away with the corps' policy of maximum utilization of its own dredges before putting work out for competitive bid. The conferees intend to assure full utilization of private hopper dredge capability, even if it means Government dredges may not be fully utilized.

It is the intent of the conferees for the corps to retire or scrap its old hopper dredges if industry's capability becomes operational.

It is also the conferees intent that the small and medium class hopper dredges to be constructed by the corps under this bill shall ultimately be part of the corps' residual fleet for emergency work and national defense and would not be used to compete with industry capability, provided industry meets the above criteria.

The conferees are reaffirming the dredging policy which was adopted last year.

Mr. MYERS of Indiana. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I am pleased that the conference report on H.R. 14236, the Public Works appropriations bill, contains funds for an important flood control project in the 17th Congressional District of Ohio. This project is a local protection measure for the city of Newark, the county seat of Licking County.

Specifically, H.R. 14236 appropriates $500,000 for the Log Pond Run diversion flood control project. These funds will enable the Army Corps of Engineers to initiate construction on this part of the flood control project for Newark as well as provide for reformulation studies of other aspects of flood control for the Newark area.

This project is certainly needed. Newark is a heavily populated industrial area—41,836 according to the 1970 census. A serious flood problem exists in the upper Licking River basin with the city of Newark being the major damage center. During 1959 a flood in this area caused losses totaling more than $7 million.

The Ohio Department of Natural Resources has strongly backed the Newark project. In testimony before the House Appropriations Subcommittee on Public Works, Robert Teater, director of the department, called it "one of our top priority flood control projects in Ohio." He also stated—

> This proposed project is vitally important to the Community of Newark, and we strongly request your support in providing the necessary funding. As far as our statewide interest is concerned, we would be willing to accept minor cutbacks in other flood control projects to ensure that the Newark project is fully funded.

I am pleased that the House and Senate conferees have realized the value of this project. The $500,000 appropriated in this bill is an important step toward providing flood protection for the city of Newark.

Mr. MYERS of Indiana. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Speaker, I support the conference report on the public works appropriation bill for fiscal year 1977. As one of the House conferees I agreed with the decision to restore $124,000 to the Water Resources Council for Administration and Coordination.

When this bill (H.R. 14236) was considered by the House on June 15 last, I made it crystal clear at that time that any reduction in administration and coordination for the Water Resources Council would not be made up by slashing $75,000 for the special study of the Connecticut River Basin. I am pleased that the conferees have added $124,000 requested by the Water Resources Council.

DICKEY-LINCOLN SCHOOL LAKES, MAINE

Mr. Speaker, on June 15 when the House was considering the public works for water and power development and energy research appropriations bill for 1977, there was reference made to the Dickey-Lincoln project in Maine.

I would like to comment on some of the statements contained in the RECORD of June 15 relating to this project.

The statement in the RECORD indicates that the project would produce less than 1 percent of our electric energy needs at an astronomical cost.

I am advised that no known singular electric plant could significantly alter the energy picture in New England. The power supply industry is comprised of a multitude of various types and sizes of installations designed to meet specific section of the New England power demand. The objective is to develop a coordinated power supply system utilizing the most economic, reliable, and technically feasible facilities. Studies have indicated that Dickey-Lincoln School Lakes would be the most economical addition to the New England power system.

It is also significant to note that hydroelectric sites normally have high initial construction costs in relation to other alternatives. However, the annual operation and maintenance expenses are significantly lower. For example, the project is not dependent upon costly fuel for its operation. Water is a continuous free and clean source of power.

From the viewpoint of ultimate Federal project costs, all expenditures allocated to power are reimbursable through user charges. Of the total project cost, including transmission, of $625 million the net ultimate expenditure to the Federal Government would be $29.3 million.

With specific reference to the 1 percent output it is interesting to note that the large Northfield Mountain pumped storage hydroelectric project in western Massachusets generated 894 million kilowatt hours of power in 1974. This output represented 1.2 percent of the total 1974 New England power exchange load of nearly 73 billion kilowatt hours.

The statement in the RECORD indicates that there will be a flooding of 88,600 acres of wildlands and deer yards in northern Maine and Quebec.

Maine is the most heavily forested State in the Nation with 90 percent or 17.7 million acres of its land area in forest land. Over 95 percent of the forested area or 16.9 million acres is classified as commercial forest land. Aroostook County—within which Dickey-Lincoln School is located—has the greatest amount of commercial forest land totaling 3.8 million acres or 22 percent of the State total. The land required for the project would represent less than 3 percent of the commercial woodland available in Aroostook County.

The value of Dickey-Lincoln School Lakes rests in its capability to provide immediate large electrical capacity to meet short duration peak requirements. It is not designed to provide full-time generation which is more economically provided by large baseload plants; for example, nuclear steam plants. The amount of electric potential from the hydroelectric site is a direct function of river flows. As previously mentioned, the large impoundment behind Dickey Dam would conserve the spring runoff for use during peak power demands. The volume of water within the reservoir in essence represents a set amount of potential electric energy, or, in other words, kilowatt hours of generation. The manner in which this stored water or energy is utilized is a matter of choice. It can be released over long period of time through small turbines or it can be discharged over short imcrements of time through larger units. The former method would result in a base load power operation. The latter is a peaking power operation. From the standpoint of economic and operational efficiency, hydroelectric sites have their greatest value as peaking plants, such as Dickey Dam.

The data in the RECORD of June 15 suggests that the water can be run through the dam for only 2.5 hours a day.

I am advised that the 2½-hour period represents an average value over an annual period. For instance, Dickey Dam could generate to full capacity an average of 2½ hours per day, 7 days per week; or 3½ hours daily, 5 days per week. The operating period can vary at any given time depending upon the specific daily power demand. During months of peak demand the average generating time could be increased to 7 hours per day, 7 days per week if desired. In the event of an electrical blackout, the project is capable of generating electricity for a continuous period of up to 35 days. It is evident that the project is very flexible. This flexibility and its instant startup capability are very positive characteristics for any power system. As a point of interest, the corps is presently evaluating the feasibility of incorporating pumped storage capability in the project. This would increase the operating time and further enhance the project's flexibility.

The 2.5-hour operation—actually 4 hours each weekday—constistently cited is solely an average value equating the total energy producing capability of the project in daily terms but unfortunately this is often misconstrued as the operational plan. Apparently, part of the problem is difficulty in trying to describe load delegation in layman terms. The project should be viewed as a very flexible installation capable of generating for varying periods of time dependent upon the demand placed upon the New England system. For example, the spring season is a historical period of minimum power demand, accordingly the project generation would be minimal. Weekends are also times of minimum demand during which the project would usually not generate electricity. On the other hand, during periods of maximum power demand; namely, December and January, the project could be operated for long periods extending up to 8 to 9 hours daily. The quick starting, flexible, and reliable nature of a hydroelectric plant are assets to a coordinated power system.

The statement in the RECORD further suggests that many significant changes in our national energy requirements, and changes in methods of producing electrical energy have rendered the Dickey-Lincoln project both inefficient and inadequate.

On the contrary, the increased cost and concern over the availability of fossil fuels and the delays encountered in the construction of private powerplants prompted the Congress to add funds to the fiscal year 1976 public works appropriations bill to resume preconstruction planning of the project. Based on values furnished by the Federal Power Commission the value of the project's output has increased in recent years.

The June 15 statement mentions the Dickey-Lincoln project compared to a nuclear plant.

This statement measures the value of the project in terms of its energy producing capability, that is, kilowatt hours. This is not an equitable comparison. The project is designed as a peaking powerplant and not a baseload plant. Any large power system is composed of a blend of various plants each having a particular fit within the system. Continuous or baseload power demands are met by nuclear powerplants or fossil fuel units. These facilities are designed to achieve their maximum economy by being operated almost continuously. As a result, they are high energy producing installations. However, these same plants are not suitable for meeting short duration peak power demands typical to a power system because of economic and operating constraints. Peak power demands are met principally by hydroelectric facilities—both conventional and pumped storage—or by gas turbine units. By design, they are not high energy producing facilities because of the relatively short operating periods. Projects such as Dickey-Lincoln School are specifically used to provide ready reserve for system load protection. The value of large peak powerplants to the New England system is evidenced in the private sector by the construction of the large Northfield Mountain and Bear Swamp pumped storage projects.

The Northfield Mountain project with an installed capacity of 1 million kilowatts generated, as I noted earlier, 894 million kilowatt hours of power in 1974. This represents an annual average operating time of approximately 2½ hours per day.

What is the environmental impact?

The corps has not yet had the opportunity to evaluate the environmental impact of the project site. With the resumption of preconstruction planning and the associated development of the environmental impact statement, the social, economic, and environmental aspects of the project will be evaluated. The analysis will be based on with and without the project conditions thereby reflecting negative as well as positive impacts. The draft EIS is scheduled for completion in January 1977.

An assessment of wildlands and existing deeryards and the project's impact will be developed for the environmental impact statement. Studies have been initiated utilizing aerial photography techniques to identify location of deeryards. The U.S. Fish and Wildlife Service prepared a report in 1968 which identified deeryards. However, since then timber harvesting has been very active within the project area. Undoubtedly changes have resulted in deeryard locations. The Service will update its report to reflect results current studies.

What about the statement that the flow of water in the St. John and Allagash Rivers is far from constant.

We all know that the St. John River is subjected to a wide variation in flows. It experiences extremely heavy flows in the spring principally due to snowmelt runoff and predominantly low flows for the remainder of the year. The spring runoff represents about two-thirds of the total annual runoff. The large impoundment behind Dickey Dam would in effect be recharged each spring. The New England Division of the Corps of Engineers is evaluating the project power output based on computer simulation studies utilizing 41 years of hydrologic record. Accordingly their studies fully reflect the historical varying flow conditions of the St. John River.

With respect to the changing pool levels, these studies indicate that during the summer season from June to October the lake level would normally fall or rise only slightly, depending upon hydrologic and electric load conditions.

During a normal year the pool would be nearly full in June, following the spring refill period, and then fall about 1.5 feet by the first of October. Pool fluctuations due to daily power operations would be minute, generally less than 2 to 3 inches. The normal pool fluctuation during the summer season would be about 2 feet. The maximum drawdown experienced during the summer months for the 41 years of simulation was 4.5 feet. The exposed bottom for the normal summer drawdown of 2 feet would be about 1,500 acres, equivalent to a 35-foot-wide strip around the 350 mile periphery of the lake. Maximum drawdown, normally about 20 feet, would occur each year during the winter months when snow would effectively cover the exposed areas. The minimum power pool level of 868 feet mean sea level occurred once during the 41 year simulation and was in the month of March just prior to the spring refill season. The difference in lake area between the full pool level at 910 feet mean sea level and the minimum pool is 32,000.

And then we have the comment that the public works appropriation is designed for meeting flood control and similar purposes.

This statement is not accurate. The public works appropriation bill includes funds for other projects that are basically power projects, beach erosion, hurricane protection, navigation, municipal and industrial water, et cetera.

The flood control benefit—0.14 percent of the total project benefits—results from the multiple purpose use of the dams. Adequate storage within the large impoundment will be available each spring to control flood runoff, which also serves to recharge the power pool. The costs allocated to flood control through multiple use of the project are less than any single purpose flood control project which would provide equivalent protection.

The statement in the Record indicates the project would not produce a significant saving of oil.

I am advised that to produce an equivalent amount of electricity, fuel consumption—dependent upon the type of alternative—would total 1.7 million barrels of oil, or 600,000 tons of coal, or 9.2 cubic feet of gas annually.

The statement in the Record of June 15 is typical of the nature of opposition focusing on the project. The various issues raised—especially with respect to environmental aspects—can only be answered through continued project planning and preparation of an environmental impact statement. The remoteness of the project area has resulted in a spare amount of factual baseline data relating to its environmental resources. Continuation of planning will permit development of valuable baseline information and provide for a logical process through which the impacts of the project proposal can be objectively evaluated.

When the 1976 public works appropriation bill passed the House on June 24, 1975, there was a vote taken on the Dickey-Lincoln project. The vote was overwhelmingly in favor of the project 246 to 162.

On the Senate side there was also a vote on the project and that vote was 73 to 13 in favor of the project.

I submit, Mr. Speaker, that there is wide support for this project.

There was no debate on the Dickey-Lincoln project during the consideration of the public works appropriation bill for 1977. The vote on the final passage of that bill by the House was 378 to 20.

We should get the facts.

We should complete the environmental impact statement.

We should allow the Corps of Engineers to complete the preconstruction planning.

We must look at all sources of energy supply for the New England area.

Mr. MYERS of Indiana. Mr. Speaker, I yield such time as he may consume to the gentleman from Vermont (Mr. Jeffords).

Mr. JEFFORDS. Mr. Speaker, I would like to compliment the work of the Public Works Subcommittee, led by the very distinguished and enlightened work of Congressman Evins in this conference for the Public Works Appropriations for fiscal year 1977.

As is known, this appropriation contains the money needed for ERDA programs, and I have been particularly interested in the money to be allocated for solar energy programs. I am gratified that Congressman Evins and the other House conferees were successful in obtaining a split with the Senate, whose figures in the various operating categories were substantially lower than those passed in the House. It is particularly pleasing to see that the conferees were able to come out with a figure for research into photovoltaics of $59.4 million. This is somewhat above an even split with the Senate.

And even more importantly, it is very significant to note that the Senate receded to the House figure in program direction, so that the increased staffing in the ERDA solar division will be able to effectively administer the substantial increases in funding for the various solar programs. The House, through the amendment to the ERDA appropriation offered by Congressman Conte, achieved an increase of $3.9 million in the program direction category for operating expenses when the measure was on the floor. The relevant citation in the Congressional Record during debate on the successful Conte amendment is page 18161 of June 15, 1976. The total figure for program direction was then adopted by the conference, as printed in the Record of June 25, 1976 on page 20462. Thus the final figure for program direction of $216,085,000 for operating expenses includes the $3.9 million of additional solar division program direction which was added by Congressman Conte. This is, of course, in addition to the money previously allocated by the Appropriations Committee in this legislation for solar division program direction.

It is, naturally, the expectation of the sponsors of the Conte amendment that the increased staff will be hired and put to work as soon as possible, and with an eye to putting these new programs along the road very expeditiously.

Mr. EVINS of Tennessee. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. Pickle).

Mr. PICKLE. Mr. Speaker, I would like to observe this morning that the conference report we have before us is perhaps the last piece of major appropriation legislation that will be handled by our distinguished colleague, the gentleman from Tennessee, Joe Evins, and I can think of no time or place more appropriate to say a few words in recognition of that gentleman's outstanding career representing the people of the Fourth District of Tennessee.

Joe Evins once said: "There is nothing more permanent than a temporary job in Washington," and for the past 30 years he has been proving that. But Joe Evins made this a permanent job because he understands the people of central Tennessee and he knows how to work for them. He comes from a long line of public servants from DeKalb County, from the same area that produced Andrew Jackson, Andrew Johnson, Cordell Hull; and even Sam Rayburn was born in Roane County, Tenn., but he later discovered that he (Rayburn) was actually a Texan, but he did come from Joe Evins' district.

Joe Evins started getting to know the people in and around Smithville, Tenn., early in his life when he became the town's first paperboy and when he worked as a clerk in the Atnip and Garrett Grocery Store.

I have found a very interesting book entitled "Evins of Tennessee," that was published a few years ago, in which it is said that: "He became a confirmed Democrat at the ripe old age of 12."

Well, I think that now we can forgive him for his hesitancy on that point, because we know he, at least, made the right decision.

As a Democrat, the gentleman from Tennessee (Mr. Evins) was elected to the 80th Congress in 1946, in the same freshman class as Speaker Carl Albert, and the late John F. Kennedy. In the campaign for that election, the gentleman from Tennessee (Mr. Evins) promised that—

> If elected to Congress, I will not try to be a knight in armor, seeking to change the world.

Now, I would never accuse the chairman of going back on his word, but I would have to admit that the gentleman has had a hand in many changes as chairman of the Committee on Small Business and chairman of the Public Works Subcommittee.

Mr. Speaker, the late Lyndon B. Johnson recognized this fact when he said of the gentleman from Tennessee (Mr. Evins)—

> Generations of Americans yet unborn will benefit from the labors of this man.

Many of the items in this public works bill today will benefit millions of people yet to be born.

Mr. Speaker, it has been an honor to serve in Congress with the gentleman from Tennessee (Mr. Evins). We will all lose a good friend and the country will lose a great statesman when the gentleman leaves this body at the end of this session; but at the same time, we can all be a little envious of the gentleman going back to his blood's country to be with his family and friends and doing all those things that there never seemed to be time to do before.

When the gentleman from Tennessee (Mr. Evins) married Ann Smartt of Tennessee, she remarked that he was "debonair, outgoing and spontaneous. He was gay, rather daring. He was always interested in people, rather than things, not material things."

Well, Mr. Speaker, those of us in the House also find him to be debonair and outgoing, interested in people, but also interested in things that help the country.

What the gentleman from Tennessee has done for the United States in past years as chairman of the Public Works Subcommittee will bring untold benefits for countless millions of people yet to come.

We are grateful to the gentleman from Tennessee (Mr. Evins). I think we ought to pause this morning at this time to pay tribute to this good man from Tennessee.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Kentucky.

Mr. Speaker, I thank the distinguished chairman of the committee and I am in total agreement with the gentleman.

Mr. CHARLES WILSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to my colleague, the gentleman from Texas.

Mr. CHARLES WILSON of Texas. Mr. Speaker, I would like to associate myself with the remarks of my colleague, the gentleman from Texas. I would like to point out that many of the *qualities that* we admire in the gentleman from Tennessee have been demonstrated not only by the gentleman, but also those from his district. I know from first hand because my wife had an automobile breakdown in the Fourth District in Monterey and she found a great deal of helpfulness on the part of those fine Tennesseans. I think this was largely due to those following the example of their great Congressman.

Mr. Speaker, I would also like to point out that the gentleman from Tennessee (Mr. Evins) is extremely proud of his State and of anything that has the name of Tennessee attached to it. Just this year my people in my district had occasion to be very grateful to the gentleman from Tennessee because we were able to keep in the bill the Tennessee Colony Reservoir. The reason we did that was so that we would not have to change it to Massachusetts Colony or Mississippi Colony, or whoever succeeds the gentleman from Tennessee in the chairmanship.

Mr. PICKLE. Mr. Speaker, I want to observe that since we have the Tennessee Colony in Anderson County, Tex., perhaps we might want to change it to the Evins of Tennessee Colony.

Mr. Speaker, I recall a story, if the gentleman will yield back to me for just a moment, when Senator Lyndon B. Johnson was the majority leader. There was a bill up sponsored by the gentleman from Tennessee to rename the Carthage Dam, and to change it to the Cordell Hull Dam. Everybody was for it and just as the majority leader presented it, he reached in his pocket and pulled out a 15-page document entitled "A Bill to Establish a Water Resource Development Commission for the State of Texas."

That is how we got our water commission work going in Texas. The majority leader attached it to a bill introduced by the gentleman from Tennessee (Mr. Evins) so we have latched on to him for a long time.

Mr. McCOLLISTER. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Speaker, I would hope that those of us who have served with the gentleman from Tennessee on the Small Business Committee will have an opportunity to pay tribute also for his leadership of the Small Business Committee. It has been a real privilege to serve with him, and I for one will miss him very much.

Mr. PICKLE. I thank the gentleman from Nebraska.

May I observe that earlier this year I presented testimony in strong recommendation for the continuation and enforcement of the Robinson-Patman Act, one of the greatest benefits to the small businessman. The chairman of that committee, JOE EVINS, was extremely interested in that testimony and put it in the record because JOE EVINS wanted to see that the Federal Trade Commission did carry out its obligations under the Robinson-Patman Act. So he is carrying on the work in this field in great fashion.

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, I appreciate the gentleman yielding to me. I thank the gentleman from Texas for taking this opportunity to show this body's affection and esteem for the retiring chairman of this committee.

The gentleman mentioned that Mr. EVINS became a Democrat when he was 12, and maybe that is kind of retarded in being affiliated, compared to Texas standards, but he has made up for it since that point. Even though we do serve on opposite sides of the aisle, I must say that the chairman has always treated his responsibilities with fairness. We have served on the same subcommittee for a few years now, and I must also say that he has always treated the minority on the subcommittee with the same sense of fairness.

So, he is an avid Democrat, but when it comes to the responsibilities of this House and the Committee, he has been an American first. The gentleman from Texas mentioned that Mr. EVINS came down here, not as a knight in shining armor to change the world, and perhaps he has not changed the world, but he certainly has made a significant contribution toward changing this country of ours.

So, I join with his friends here in saying that we will miss the gentleman from Tennessee in this body. But, our loss is going to be Tennessee's gain. However, Tennessee is certainly going to miss him in this body, as well as the Nation. He has been a great American and a great Member of Congress. The things he has done are indelible and will last for a long, long time.

Mr. PICKLE. I thank the gentleman for his remarks.

Mr. LONG of Maryland. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Speaker, I thank the gentleman for yielding to me, and I congratulate him also for giving us all this opportunity to add our own words in support of our dear friend, JOE EVINS.

There has been very few Congressmen in my 14 years in Congress for whom I—and it seems to me the rest of my colleagues—have had greater affection and esteem.

This House has benefited for three decades from his thoughtful and judicious treatment of the taxpayer's dollar in his years of service to the Appropriations Committee and, more recently, from his deep concern for the well-being of the small businessman through his outstanding service in chairing the Small Business Committee.

I have some knowledge of the deep affection and respect which the people of Tennessee's Fourth District have for this outstanding gentleman who has represented them in Congress for 30 years. JOE EVINS reflects and represents in the highest tradition the pride in America and the staunch patriotism of Tennessee's Volunteers. His constituents should know that we have been proud to serve with him and shall miss his wise counsel, but wish him the very best of pleasant and productive new careers as he concludes his congressional service.

Mr. PICKLE. I thank the gentleman.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to my colleague from Texas.

Mr. MAHON. Mr. Speaker, as the chairman of the Appropriations Committee who has worked through the years with the distinguished gentleman from Tennessee, I wish to add a word of commendation for this man's brilliant and scintillating record in the House of Representatives. He has been a stalwart soldier in the force to improve America. His deeds will live long after his career ends in the House. He has done a great job and he has the respect and confidence and support of the members on the Appropriations Committee and the membership of the House.

The people of his district love him, and we wish him great happiness when he goes back to his native State to continue his role of serving his fellow man.

Mr. PICKLE. I thank the chairman.

The SPEAKER pro tempore (Mr. SLACK). The time of the gentleman from Texas has expired.

Mr. EVINS of Tennessee. Mr. Speaker, I yield 2 additional minutes to the gentleman from Texas.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I am happy to yield to the distinguished Speaker.

Mr. ALBERT. Mr. Speaker, I thank the gentleman from Texas for taking this time for this very important purpose.

JOE and I took the oath of office the same day, the same time, January 3, 1947. His wife Anne and my wife Mary and he and I have all been close friends ever since.

We are two of the remaining four Members of a class that was overwhelmingly Republican; the other two are the gentleman from Texas (Mr. BURLESON) and the gentleman from Louisiana (Mr. PASSMAN).

In that same class, were Jack Kennedy and Richard Nixon. So we have survived all of the Republicans, at least, in that effort. But none has contributed more, been a finer gentleman, or a better Congressman than JOE EVINS. Both as chairman of the committee that builds America and as chairman of the Committee on Small Business he has made lasting and memorable contributions to this House which will be monuments to his service.

GENERAL LEAVE

Mr. PICKLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of the tribute to the gentleman from Tennessee (Mr. EVINS).

The SPEAKER pro tempore (Mr. SLACK). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. EVINS of Tennessee. Mr. Speaker, I want to thank my friend, the distinguished gentleman from Texas (Mr. PICKLE), the distinguished Speaker, the gentleman from Oklahoma (Mr. ALBERT), the distinguished gentleman from Texas, the chairman of the Committee on Appropriations (Mr. MAHON), and all who have made remarks. This comes as a surprise, and it is appreciated.

HOPPER DREDGES

Mr. Speaker, almost 7 years ago the committee in language in the report placed a moratorium on the construction of further hopper dredges by the Corps of Engineers until a study could be made of the matter.

This moratorium remained in effect for about 5 years—and no hopper dredges were built by the corps.

Two years ago the committee lifted the moratorium and we placed money in the bill for design for small and medium hopper dredges because there was a need for such dredges, and there was—and is—enough business for both private industry and the corps.

This year we placed $6.6 million in the bill for construction of one medium and one small hopper dredge by the corps, and for further design work.

We also placed language in the bill providing that private industry should get the hopper dredge business if interested companies can meet the testing requirements of the market formula of the Corps of Engineers.

The formula includes the cost of construction as determined by the corps plus 25 percent margin.

If private industry can qualify under this formula, then the committee wants private enterprise to have the business and the corps will give private industry the business.

The corps has a fleet of hopper dredges which are becoming old and obsolete—one sank last year, as a matter of fact.

Moreover, the corps must have an emergency fleet for emergency work and national defense purposes.

Again Mr. Speaker I want to emphasize—the public interest requires that the corps maintain the test of the market formula requirement for private industry which proposes to build hopper dredges, while at the same time proceeding with its plans to build hopper dredges to modernize its fleet.

There is enough business for both public and private industry.

Mrs. BOGGS. Mr. Speaker, I rise today in strong support of the 1977 Public Works Appropriations Act conference report and to add my sentiments of esteem and affection and gratitude to the gentleman from Tennessee. He and his lovely Ann will be sorely missed.

I particularly appreciate the conference committee's decision to retain the Senate provision which makes available $6.6 million for the design and construction of Army Corps of Engineers hopper dredges. Hopper dredges are specially constructed seagoing vessels which perform the essential task of clearing our Nation's ports, harbors, and waterways of siltation which builds up and blocks traffic.

Hopper dredges are owned and operated by private dredge companies, ports, and Corps of Engineers, depending upon circumstances and jurisdiction. For many years the corps has operated a fleet of these vessels as part of its mission to maintain the Nation's public waterways. These dredges not only work to keep traffic flowing along the country's thousands of miles of water "highways," but they also respond to emergency situations and natural disasters in ports and harbors which may be caused by hurricanes in the gulf or flooding in other parts of the Nation.

The appropriations bill before us would allow the corps to proceed with the design and construction of a small and medium size hopper dredge to augment its aging and dilapidated fleet. In fact, the average age of corps dredges is well over 30 years and a national dredging study by the Arthur D. Little Co., concluded that the corps must continue to operate the hopper dredge fleet and make additions or replacements. The study forecast a need for 9 to 11 new hopper dredges over the next 10 years, with some of immediate necessity. Due to the critical situation caused by the acute shortage of working hopper dredges the conference committee has voted to allow design and construction to proceed on two dredges; the time lag expected for construction of such mammoth and complex vessels is anywhere from 2 to 5 years depending on circumstances.

Federal construction of these badly needed dredges will leave private enterprise the lion's share of the business to designing, constructing, and operating new dredges, as the Congress has recommended in previous appropriations bills. As a Member from the State of Louisiana, which includes shipbuilding firms along with the great port of New Orleans, I strongly support this congressional commitment to the private sector in the dredging business. I am equally firm in my support for allowing the Corps of Engineers to go ahead with these modest plans to meet the current needs of the Nation's ports for adequate maintenance.

Therefore, I wish to thank the conference committee on this bill for its understanding and attention to the needs of our ports, and I wish to urge my colleagues in this House to approve the conference report on the fiscal 1977 Public Works Appropriations Act. Thank you very much.

Mr. McCOLLISTER. Mr. Speaker, seldom in the history of this body has a 30-year tenure by a single Member been marked with the distinction which marks that of our colleague, Joe L. Evins. Joe Evins is guiding his last appropriations bill today. His sensitive leadership has been responsible for the constructive record that the House Small Business Committee has had during his tenure as its chairman. And his thorough understanding of policy options has made him an effective chairman of the Public Works Appropriations Subcommittee.

I have worked with Joe Evins closely on many small business matters and have grown in my admiration and respect for his legislative skills and honorable conduct. I cannot think of any committee of the House which approaches the resolution of policy questions in the constructive, amicable manner which marks the proceedings of the Small Business Committee. It is a personal tribute to Chairman Evins that the House, in 1974, saw fit to expand the duties of the Select Committee on Small Business to embrace responsibility for legislative authority over the U.S. Small Business Administration.

With the dramatic growth of government and, especially, of Government spending, we need careful legislative craftsmen plying their trade. We need down-to-Earth, nondemagogic Congressmen who respond to the substance of problems, not their public image. In short, we need Congressmen like Joe Evins. The 95th Congress will be poorer for his retirement. We will all miss his leadership and the benefit of his wise counsel.

Mr. ADAMS. Mr. Speaker, the conference report of H.R. 14236—making appropriations for public works for water and power development and energy research for fiscal 1977—provides $9,703 million in budget authority and $5,610 million in estimated outlays. This is $58 million above the budget authority passed by the House, and $15 million below the level passed by the Senate. The Senate, however, considered $179 million in budget estimates that were not considered by the House.

The subcommittee allocation targets under the budget resolution are $10,137 million in budget authority and $8,926 in outlays. Considering the outlays for prior year actions and the amounts in the conference report, $434 million in budget authority and an estimated $191 million in outlays remain available in the subcommittee allocation. No further assumptions contained in the first budget resolution remain to be considered by this subcommittee.

I support adoption of the conference report and urge all Members to do the same.

Mr. EVINS of Tennessee. Mr. Speaker, I have no further request for time, and I move the previous question on the conference report.

The previous question was ordered.

The **SPEAKER.** The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. LEVITAS. Mr. Speaker, I object to vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER.** Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 381, nays 15, answered "present" 1, not voting 35, as follows:

[Roll No. 473]

YEAS—381

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Hefner
Heinz
Henderson
Hicks
Hightower
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hungate
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
Lagomarsino
Landrum
Latta
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister

McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Mahon
Mann
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Ariz.
Stephens
Stokes
Stratton
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—15

Archer
Broyhill
Conable
Conlan
Crane
Derwinski
Edgar
Hughes
Hutchinson
McDonald
Maguire
Martin
Miller, Ohio
Paul
Steiger, Wis.

ANSWERED "PRESENT"—1

Baldus

NOT VOTING—35

Abzug
Ashley
Biaggi
Boggs
Butler
Conyers
Dent
du Pont
Esch
Gibbons
Hays, Ohio
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Ichord
Jones, Tenn.
Karth
LaFalce
Leggett
Lehman
Litton
McDade
Matsunaga
Michel
Nolan
Pepper
Riegle
Roberts
Rostenkowski
Sisk
Steelman
Stuckey
Symington
Udall

The Clerk announced the following pairs:

Mr. Dent with Mr. Karth.
Mr. Helstoski with Mr. Ashley.
Mr. Rostenkowski with Mr. Butler.
Mrs. Boggs with Mr. Udall.
Mr. Biaggi with Mr. Nolan.
Ms. Abzug with Mr. Hillis.
Mr. Jones of Tennessee with Mr. du Pont.
Mr. LaFalce with Mr. Gibbons.
Mr. Pepper with Mr. Hays of Ohio.
Mr. Riegle with Mrs. Heckler of Massachusetts.
Mr. Symington with Mr. Esch.
Mr. Sisk with Mr. Ichord.
Mr. Conyers with Mr. Leggett.
Mr. Matsunaga with Mr. Steelman.
Mr. Litton with Mr. Lehman.
Mr. Stuckey with Mr Michel.
Mr. Roberts with Mr. McDade.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 3, line 17, after "appropriation" insert: *": Provided further,* That this appropriation shall be available only upon the enactment into law of authorizing legislation".

MOTION OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Evins of Tennessee moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 4, line 10, after "appropriation" insert: *": Provided further,* That this appropriation shall be available only upon the enactment into law of authorizing legislation".

MOTION OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Evins of Tennessee moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore (Mr. McFall). The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 12: Page 8, after line 2, insert:

"REVOLVING FUND

"For the design and construction of hopper dredges, $6,600,000, to remain available until expended.".

MOTION OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Evins of Tennessee moves that the House recede from its disagreement to the amendment of the Senate numbered 12 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 17: Page 12, line 8, after "private" insert: *": Provided further,* That of funds available to the Bureau of Reclamation pursuant to Public Law 94-180 under this appropriation title, not to exceed $300,000, to remain available until expended, may be transferred without reimbursement, with the approval of the Secretary of the Interior, to 'Salaries and Expenses', Office of the Secretary, to provide for expenses related to investigations of the structure failure, the expenditure of which funds shall not be subject to the limitation on services as authorized by title 5, United States Code, section 3109, as contained in section 104 of Public Law 94-165".

MOTION OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Evins of Tennessee moves that the House recede from its disagreement to the amendment of the Senate numbered 17 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and to include extraneous material and tables, on the conference report on the bill H.R. 14236.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CONFERENCE REPORT ON S. 3184, COMPREHENSIVE ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION ACT AMENDMENTS OF 1976

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the Senate bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 22, 1976.)

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The SPEAKER pro tempore. The gentleman from West Virginia (Mr. Staggers) is recognized for 30 minutes.

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is important legislation which will continue and expand the Federal effort to prevent and treat alcohol abusers and alcoholics. It would:

First, authorize small increases in the authorizations of appropriations for both State formula grants and special project grants and contracts through fiscal year 1979;

Second, provide support for those States which adopt the basic provisions of the Uniform Alcoholism Intoxication and Treatment Act thus decriminalizing alcoholism and public drunkenness;

Third, provide greater emphasis on the alcohol and drug problems of presently underserved populations of women and youth;

Fourth, require States to undertake an inventory of existing alcoholism resources, both public and private, to assure cooperation with and coordination among all alcoholism and health planning entities with the States, and to assess, on a continuing basis the progress of their programs;

Fifth, provide for increased emphasis on federally sponsored research into the causes and consequences of alcoholism, including a new program to create National Alcohol Research Centers.

The programs supported by the provisions of this conference report are of critical importance to the health and welfare of all Americans. The economic costs associated with the misuse of alcohol are estimated at more than $25 billion annually; half of all traffic fatalities, one third of all suicides and one half of all homicides are directly related to alcohol. The social costs of alcohol abuse are immeasurable. S. 3184 offers a significant opportunity to lower the economic and social costs as well as the incidence of alcohol abuse and alcoholism, and I urge the agreement of this body to its provisions.

Mr. CARTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support the conference substitute on legislation to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970. This legislation revises and extends for 3 fiscal years programs of assistance under the 1970 act.

While I strongly support the goals of this legislation—I am concerned about the cost of the conference substitute. I would have preferred the House bill's authorization figures, which I feel reflected a more moderate—yet still adequate—amount.

The conference substitute authorizes a total of $600.5 million for 3 fiscal years. In addition, the conference substitute includes authorizations for an expanded research program by the National Institute on Alcohol Abuse and Alcoholism.

Mr. Speaker, this provision for a research program was not in the House bill—and the administration does not feel it is necessary, because we will be spending $12 million next year on research.

However—Mr. Speaker—because the problem of alcoholism and alcohol abuse is of such paramount concern to the health of our citizens, I feel it is essential to support the legislation before us today.

There are over 95 million Americans who drink—and about 1 in 10 is either a full-fledged alcoholic or at least a problem drinker.

In addition—I am deeply concerned by the evidence documenting an upsurge of problem drinking among the youth of this Nation. The National Institute on Alcohol Abuse and Alcoholism estimates that there are 450 thousand teenage alcoholics in this country. This is indeed a most disturbing trend which deserves increased Federal attention.

Mr. Speaker—I urge that the Members give this conference substitute their favorable consideration.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Speaker, I am pleased to recommend the conference report to my colleagues. Simply stated, both the House amendment and the Senate bill made fundamental changes to the existing authority and so did the Senate bill. Under the conference substitute, all of the revisions made by the House bill are included, as are most of the Senate's revisions. The authorizations reflect an equitable compromise between the House and Senate figures.

Mr. Speaker, this conference report authorizes the continuance of a broadly based Federal effort to effectively deal with the massive problems of alcohol abuse and alcoholism in this Nation. It will continue programs which make treatment programs available at the community level and will authorize an expanded Federal program for intramural and extramural research into the causes, treatment, and consequences of alcohol abuse and alcoholism.

Mr. Speaker, with respect to that portion of the statement of managers which would require the National Alcoholism Advisory Council to review all initial grant applications and all noncompeting renewal applications, we have been advised that such a review would create an unnecessary burden on the Council. Thus to clarify the intent of the managers that large expenditures of Federal moneys be reviewed periodically to assure proper administration of such programs, it would be acceptable if only renewal grant applications in excess of $250,000 were reviewed by the Advisory Council. I have been advised that such a level would include 60 percent of all treatment program grants and should enable the Advisory Council to exercise its oversight responsibilities over the program.

All House conferees signed the report, Mr. Speaker, and I commend it to my colleagues without reservation.

Mr. CONTE. Mr. Speaker, I am pleased to rise in support of this measure to provide a 3-year extension for alcohol abuse programs, and providing for expanded research by the National Institute on Alcohol Abuse and Alcoholism—NIAAA.

My interest in and concern for alcoholism programs goes back as far as my service in the Massachusetts State Senate. In 1950 I was a strong proponent of a bill to establish the first statewide program of alcoholism clinics in Massachusetts. Following the enactment of that bill, I worked with local officials to get an alcoholism clinic going in my own district.

Since my election to the Congress I have been a strong supporter of alcoholism treatment and research programs and appropriations. In 1967 I cosponsored legislation to provide for a comprehensive program for the treatment and control of alcoholism. The major components of that legislation were finally enacted in the comprehensive Alcohol Abuse and Alcoholic Prevention, Treatment, and Rehabilitation Act of 1970, an extension of which we are providing for in this measure.

When the 1970 act was first passed, I led the fight in the House for appropriations for its implementation; and ever since then I have worked within the Labor-HEW Appropriations Subcommittee to see that alcoholism programs received their fair share of the Federal health dollar.

I am pleased with the results of the conference in bringing us an extension of alcoholism formula and project grant programs, and particularly with the inclusion of specific authorizations for NIAAA research. I believe that this measure responsibly reflects the concern of the Congress over the Nation's No. 1 drug abuse problem, alcoholism. My colleagues may be sure that I will continue to support appropriate levels of appropriations for alcoholism programs under this authorization.

Mr. Speaker, I urge the adoption of this report.

Mr. STAGGERS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 386, nays 6, not voting 40, as follows:

[Roll No. 474]

YEAS—386

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biester

Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chisholm
Clancy
Clausen,
Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammer-schmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Hefner
Heinz
Henderson
Hicks
Hightower
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead,
Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson,
Calif.
Pattison, N.Y.
Perkins
Pettis
Pickle
Pike
Poage
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton,
J. William
Stanton,
James V.
Stark
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—6

Collins, Tex.
Crane
Hansen
McDonald
Paul
Symms

NOT VOTING—40

Abzug
Ashbrook
Ashley
Biaggi
Boggs
Brown, Calif.
Butler
Chappell
Conyers
Dent
du Pont
Esch
Gibbons
Hays, Ohio
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Howe
Ichord
Jones, Ala.
Jones, Tenn.
Karth
LaFalce
Litton
McDade
McKinney
Mathis
Matsunaga
Nolan
Pepper
Peyser
Pressler
Riegle
Roberts
Rostenkowski
Steelman
Stuckey
Symington
Udall

The Clerk announced the following pairs:

Mr. Dent with Mr. Karth.
Mr. Helstoski with Mr. Udall.
Mrs. Boggs with Mr. Hays of Ohio.
Ms. Abzug with Mr. McDade.
Mr. Biaggi with Mr. Steelman.
Mr. Jones of Tennessee with Mr. Rostenkowski.
Mr. Pepper with Mr. Nolan.
Mr. Riegle with Mr. Ashbrook.
Mr. Symington with Mr. Brown of California.
Mr. Matsunaga with Mr. Conyers.
Mr. Litton with Mr. du Pont.
Mr. Stuckey with Mr. Hillis.
Mr. Roberts with Mr. Butler.
Mr. Gibbons with Mr. Howe.
Mr. Ichord with Mr. Jones of Alabama.
Mr. LaFalce with Mr. Esch.
Mr. Mathis with Mr. Pressler.
Mr. Chappell with Mr. McKinney.
Mr. Ashley with Mr. Peyser.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 14237, AGRICULTURE APPROPRIATIONS FOR FISCAL YEAR 1977

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H.R. 14237), making appropriations for the Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 25, 1976.)

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi (Mr. WHITTEN) is recognized.

Mr. WHITTEN. Mr. Speaker, we bring to the Members today a conference report which I highly commend to my colleagues. The conference resulted in unanimous agreement with all conferees signing the report.

Mr. Speaker, this bill making appropriations for the Department of Agriculture and related agencies for fiscal year 1977 includes the Food and Drug Administration, the Commodity Futures Trading Commission, the school lunch and school milk programs, the food stamp program, and many other food programs relating to production, processing and orderly marketing. The bill also includes funds for rural development and conservation.

SUMMARY

I would like at this time to describe some of the highlights of this bill. The conference report recommends a total of $12,581,998,000 in total budget authority for fiscal year 1977. The amount agreed to by the conferees for fiscal year 1977 is $6,106,000 more than the budget estimate, or an increase over the estimate of less than five one-hundredths of 1 percent. The conference agreement is $2,000,582,000 less than the congressional budget target, which will be reserved for future supplemental budget requirements. The agreement is $67,560,000 more than the amount approved by the House, but it is $738,234,000 less than the Senate bill. I would also like to point out that the amount recommended for fiscal year 1977 is $1,905,780,000 less than the fiscal year 1976 appropriation. The reasons this bill is so far below last year's appropriation are because the funds needed for restoration of capital impairment for the Commodity Credit Corporation are about $2.5 billion less than last year and current requirements for food stamps are about $400 million less than last year, although these two decreases are partially offset by about $1 billion in increased requirements for the child nutrition program.

REDUCTIONS PROPOSED BY THE PRESIDENT

One of the major problems faced by the Congress this year was the need to restore the massive reduction proposed by the President in important ongoing programs. To illustrate this problem, I would like to insert a table at this point in the RECORD that clearly illustrates the reductions proposed by the President and the restorations recommended by the conferees:

SUMMARY OF BUDGET CUTS RESTORED

[Amounts available in 1976, the budget cuts proposed for 1977, and the restorations recommended in the bill]

	NOA, 1976	Budget cut, 1977	Restoration, 1977
TITLE I—AGRICULTURAL PROGRAMS			
Agricultural Research Service: Dairy herd improvement	$1,500,000	−$1,500,000	+$1,500,000
Animal and Plant Health Inspection Service:			
Burrowing nematode	372,000	−372,000	+1,000,000
Japanese beetle	1,159,000	−1,159,000	
White-fringed beetle	115,000	−115,000	
Total	1,646,000	−1,646,000	+1,000,000
Cooperative State Research Service: Rural development research	1,500,000	−1,500,000	+1,500,000
Extension Service:			
Nutrition education program	50,560,000	−10,170,000	+10,170,000
Rural development	1,000,000	−1,000,000	+1,000,000
Title V, Rural development	1,500,000	−1,500,000	+1,500,000
Total	53,060,000	−12,670,000	+12,670,000
Statistical Reporting Service: Floriculture surveys	161,000	−161,000	+161,000
Agricultural Marketing Service: Payments to States and possessions	1,600,000	−1,600,000	+1,600,000
TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS			
Agricultural Stabilization and Conservation Service:			
Agricultural conservation program	190,000,000	−190,000,000	+190,000,000
Water Bank Act program	10,000,000	−10,000,000	+10,000,000
Forestry incentives program	15,000,000	−15,000,000	+15,000,000
Total	215,000,000	−215,000,000	+215,000,000
Farmers Home Administration:			
Rural development grants	11,875,000	−11,875,000	+10,000,000
Rural water and waste disposal grants	250,000,000	−250,000,000	+200,000,000
Rural housing for domestic farm labor	7,500,000	−7,500,000	+7,500,000
Mutual and self-help housing	$9,000,000	−$9,000,000	+$9,000,000
Rural community fire protection grants	3,500,000	−3,500,000	+3,500,000
Total	281,875,000	−281,875,000	+230,000,000
Soil Conservation Service:			
River basin surveys and investigations: Cooperative surveys	10,343,000	−500,000	+500,000
Watershed planning	10,834,000	−1,200,000	+1,200,000
Watershed and flood prevention operations:			
Public Law 534 operations	25,383,000	−6,029,000	+6,000,000
Public Law 566 operations	119,223,000	−5,181,000	+5,000,000
Great Plains conservation program	22,379,000	−17,201,000	+16,201,000
Resource conservation and development:			
Technical assistance	16,514,000	−2,701,000	+8,500,000
Cost-sharing assistance	10,300,000	−5,800,000	
Total	214,976,000	−38,612,000	+37,401,000
TITLE III—DOMESTIC FOOD PROGRAMS			
Food and Nutrition Service:			
Child Nutrition Programs:			
Nonfood assistance (earmarked)	(20,650,000)	(−20,650,000)	(+28,000,000)
Nutritional training and surveys (earmarked)	(700,000)	(−700,000)	(+700,000)
Special milk program	144,000,000	−144,000,000	+155,000,000
Total	144,000,000	−144,000,000	+155,000,000
TITLE IV—INTERNATIONAL PROGRAMS			
Foreign Agricultural Service:			
Agricultural attaches	9,942,000	−191,000	+2,500,000
Foreign market development	20,064,000	−1,288,000	
Total	30,006,000	−1,479,000	+2,500,000
Grand total	945,324,000	−700,043,000	+658,332,000

DOMESTIC FOOD PROGRAMS

The conference agreement includes $28 million earmarked for nonfood—equipment—assistance, $13,675,000 for State administrative expenses, $700,000 for nutrition training and surveys, and $155 million for the special milk program. More than $2.8 billion will be available for child nutrition programs including the school lunch and school breakfast programs.

Mr. Speaker, for the domestic food programs, including the food stamp program, the conference agreement provides over $7 billion out of the total $12.5 billion in the bill.

AGRICULTURAL PROGRAMS

Mr. Speaker, the conference agreement provides $1.5 billion for dairy herd improvement, $50,560,000 for nutrition education, $2.5 million for rural development extension activities, $161,000 for floriculture surveys, $1.5 million for control of citrus blackfly infestations, $1.6 million for AMS payments to States and possessions, and $1 million available for miscellaneous plant diseases and pests including Japanese beetle control.

The conference agreement provides that the boll weevil eradication program be implemented without undue delay subsequent to certification to congressional committees by the Director of Boll Weevil Research at the Boll Weevil Laboratory that a substantial and sufficient scientific breakthrough has been achieved, and that he recommends the program be initiated; and, that each of the three States to be involved has passed and implemented the necessary legislation and has demonstrated to appropriate congressional committees that they are legally and financially prepared to fulfill their responsibilities under the program.

Mr. Speaker, the conferees have also agreed upon more than $270,576,000 for agricultural research, including a number of specific projects.

The conferees passed without prejudice funding the Mediterranean fruit fly barrier program until the Department has submitted a budget estimate and hearings have been held.

The conference agreement includes $1.2 million for witchweed eradication, $5 million for increased urban activities and penalty mail costs of the Extension Service, and $1.5 million for pilot extension projects in New York, Chicago, Los Angeles, and other major cities.

RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

Mr. Speaker, we have taken the silver out of our coins and have removed gold from behind our currency. If we permit the fertility to be taken out of our soil, we will have nothing left to support our money and our economy. For this reason, the conferees have recommended restoration of the Agricultural Conservation Program. Under this program, since 1936, we have planted about 7 billion trees, have constructed over 2 million water impoundment reservoirs and have treated hundreds of millions of acres of land to reduce soil erosion.

Mr. Speaker, we must continue to protect the fertility of our soil through this program where the farmer puts up about half of the cost plus his labor. At this point in the RECORD I would like to insert a table showing the major soil and water conservation accomplishments under this program:

Total accomplishments 1936–74

Practice	
Water impoundment reservoirs constructed to reduce erosion, distribute grazing, conserve vegetative cover and wildlife, or provide fire protection and other agricultural uses (structures)	2,308,000
Terraces constructed to reduce erosion, conserve water, or prevent or abate pollution (acres)	34,215,000
Stripcropping systems established to reduce wind or water erosion or to prevent or abate pollution (acres)	114,346,000
Trees and shrubs planted for forestry purposes, erosion control, or environmental enhancement (acres)	5,590,000
Forest tree stands improved for forestry purposes or environmental enhancement (acres)	4,636,000
Wildlife conservation (acres)	[1] 13,894
Sediment pollution-abatement structures or runoff control measures (acres)	[2] 9,006,000

[1] From 1962 with certain data estimated.

[2] 1970–73 only.

Included in the bill, Mr. Speaker, are funds for the forestry incentives program, Water Bank Act program, rural development grants, rural water and waste disposal grants, rural housing for domestic farm labor, mutual and self-help housing, and rural community fire protection grants. Each of these programs was proposed by the President to be terminated.

Mr. Speaker, the agreement also provides for new planning and construction starts by the Soil Conservation Service, $29,972,000 for resource conservation and development, and $21,379,000 for the Great Plains conservation program.

For the Farmers Home Administration the conferees have agreed upon 700 additional positions primarily to meet the servicing requirements of the agency's ever-increasing loan portfolio. Included in the agreement is an insured loan increase of $105 million over the House amount for both low- and moderate-income loans.

With regard to the Rural Development Service, the conferees were advised that the Senate legislative committee is contemplating organizational changes affecting the Rural Development Service. In consideration of this, the conferees agreed to temporarily maintain the Service as a separate agency and directed that the present organization closely coordinate with the Farmers Home Administration.

INTERNATIONAL PROGRAMS

Mr. Speaker, the conferees have agreed upon an increase of $2,500,000 for the cooperator program for foreign market development, $500,000 more than the amount provided by the House.

FOOD AND DRUG ADMINISTRATION

Mr. Speaker, for the Food and Drug Administration, the conferees have agreed upon $241,977,000 for salaries and expenses. This includes 996 additional positions of which 319 will be used to implement the new medical devices legislation.

FOOD STAMP PROGRAM

Mr. Speaker, questions have been raised as to the Food Stamp program. Our hearings clearly show that some action must be taken to prevent the abuses, waste and even illegal activities in connection with the food stamp program both for the benefit of those really eligible and the people as well. Last year the committee report (No. 94–645, November 7, 1975) accompanying the Supplemental Appropriations bill, quoted from existing law showing that the Secretary of Agriculture authorizes eligibility standards, approves State plans, and determines whether the provisions of the law are being carried out and has the authority to disapprove State plans.

As a result of the hearings and report, the Secretary of Agriculture advised the committee and the Congress that he would implement new regulations for the program that would bring the many abuses under control while at the same time protecting the program for those who are truly in need of food stamps.

Because of these statements we received from the Secretary of Agriculture, the appropriation for food stamps for the current fiscal year was reduced by $1,187,095,000 and for the transition quarter by $788,833,000 for a total reduction of $1,975,928,000, and for the coming fiscal year, in this bill, a further reduction of $400 million below the amount appropriated for the current fiscal year is made.

Frankly, action by the Secretary has been enjoined by the Federal courts. Legislative committees of the House and Senate are meeting now on new legislation so what the future holds I do not know. The foregoing presents the present situation.

SUMMARY OF CONFERENCE ACTION

Mr. Speaker the total obligational authority for the fiscal year 1977 recommended by the committee of conference, with comparisons to the fiscal year 1976 amount, the 1977 budget estimates, and the House and Senate bills for 1977 follow:

Total obligational authority, fiscal year 1976	$14,487,778,000
Budget estimates of total obligational authority, fiscal year 1977	12,575,892,000
House bill, fiscal year 1977	12,514,438,000
Senate bill, fiscal year 1977	13,320,232,000
Conference agreement, total obligational authority	12,581,998,000
Conference agreement, new budget (obligational) authority	11,542,998,000
Conference agreement (total obligational authority) compared with:	
Total obligational authority, fiscal year 1976	−1,905,780,000
Budget estimates of total obligational authority, fiscal year 1977	+6,106,000
House bill, fiscal year 1977	+67,560,000
Senate bill, fiscal year 1977	−738,234,000

I include the following tables:

Agency and title	New budget (obligational) authority enacted to date fiscal year 1976	Budget estimates of new (obligational) authority fiscal year 1977	New budget (obligational) authority recommended in House bill 1977	New budget (obligational) authority recommended in Senate bill 1977	New budget (obligational) authority recommended by Conferees	Increase or decrease (−) Conference recommendations compared with— 1976 enacted	1977 budget estimate	1977 House bill	1977 Senate bill
TITLE I—AGRICULTURAL PROGRAMS									
PRODUCTION, PROCESSING, AND MARKETING									
Office of the Secretary	$2,836,000	$2,328,000	$2,267,000	$2,267,000	$2,267,000	−$569,000	−$61,000		
Departmental Administration	[1] 16,050,000	14,324,000	14,145,000	14,145,000	14,145,000	−1,905,000	−179,000		
Economic Management Support Center	(2)	2,805,000	2,802,000	2,802,000	2,802,000	2,802,000	−3,000		
Office of the Inspector General	17,552,000	18,636,000	18,434,000	18,434,000	18,434,000	882,000	−202,000		
Transfer from food stamp program	(6,635,000)	(7,932,000)	(7,932,000)	(7,932,000)	(7,932,000)	(1,297,000)	( )	( )	( )
Subtotal	(24,187,000)	(26,568,000)	(26,366,000)	(26,366,000)	(26,366,000)	(2,179,000)	(−202,000)	( )	( )
Office of the General Counsel	8,517,000	8,730,000	8,708,000	8,708,000	8,708,000	191,000	−22,000		
Agricultural Research Service:									
Research	281,839,000	263,202,000	267,570,000	277,170,000	270,576,000	−11,263,000	7,374,000	$3,006,000	−$6,594,000
Special fund (reappropriation)	2,000,000	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	−2,000,000	( )	( )	( )
Scientific activities overseas (special foreign currency program)	7,500,000	10,000,000	5,000,000	10,000,000	7,500,000		−2,500,000	2,500,000	−2,500,000
Subtotal	291,339,000	273,202,000	272,570,000	287,170,000	278,076,000	−13,263,000	4,874,000	5,506,000	−9,094,000
Animal and Plant Health Inspection Service:									
Disease and Pest Control	149,511,000	167,384,000	169,107,000	174,594,000	171,244,000	21,733,000	3,860,000	2,137,000	−3,350,000
Meat and Poultry Inspection	228,218,000	232,498,000	232,423,000	238,223,000	232,423,000	4,205,000	−75,000		−5,800,000
Subtotal	377,729,000	399,882,000	401,530,000	412,817,000	403,667,000	25,938,000	3,785,000	2,137,000	−9,150,000
Cooperative State Research Service	114,460,000	122,508,000	124,702,000	129,542,000	126,652,000	12,192,000	4,144,000	1,950,000	−2,890,000
Extension Service	228,935,000	218,790,000	236,947,000	248,470,000	240,208,000	11,273,000	21,418,000	3,261,000	−8,262,000
National Agricultural Library	5,539,000	6,034,000	6,026,000	6,026,000	6,026,000	487,000	−8,000		
Statistical Reporting Service	31,362,000	33,712,000	33,459,000	33,827,000	33,827,000	2,465,000	115,000	368,000	
Economic Research Service	25,642,000	26,116,000	26,080,000	26,555,000	26,080,000	438,000	−36,000		−475,000
Agricultural Marketing Service:									
Marketing Services	47,055,000	57,087,000	52,734,000	52,734,000	52,734,000	5,679,000	−4,353,000		
Payments to States and possessions	1,600,000		1,600,000		1,600,000		1,600,000		1,600,000
Subtotal	48,655,000	57,087,000	54,334,000	52,734,000	54,334,000	5,679,000	−2,753,000		1,600,000
Packers and Stockyards Administration	5,171,000	5,234,000	5,226,000	5,226,000	5,226,000	55,000	−8,000		
Farmer Cooperative Service	2,559,000	2,594,000	2,589,000	2,589,000	2,589,000	30,000	−5,000		
Total	1,176,346,000	1,191,982,000	1,209,819,000	1,251,312,000	1,223,041,000	46,695,000	31,059,000	13,222,000	−28,271,000

Footnotes at end of table.

Agency and title	New budget (obligational) authority enacted to date fiscal year 1976	Budget estimates of new (obligational) authority fiscal year 1977	New budget (obligational) authority recommended in House bill 1977	New budget (obligational) authority recommended in Senate bill 1977	New budget (obligational) authority recommended by Conferees	Increase or decrease (—) Conference recommendations compared with—			
						1976 enacted	1977 budget estimate	1977 House bill	1977 Senate bill
FARM INCOME STABILIZATION									
TITLE I—AGRICULTURAL PROGRAMS—Continued									
Agricultural Stabilization and Conservation Service:									
Salaries and expenses	$151,181,000	$157,891,000	$157,410,000	$157,410,000	$157,410,000	$6,229,000	—$481,000		
Transfer from Commodity Credit Corporation	(72,571,000)	(74,958,000)	(74,958,000)	(74,958,000)	(74,958,000)	(2,387,000)	( )	( )	( )
Subtotal	(223,752,000)	(232,849,000)	(232,368,000)	(232,368,000)	(232,368,000)	(8,616,000)	—481,000	( )	( )
Dairy and beekeeper indemnity programs	6,650,000	4,050,000	4,050,000	4,050,000	4,050,000	—2,600,000			
Subtotal	157,831,000	161,941,000	161,460,000	161,460,000	161,460,000	3,629,000	—481,000		
Federal Crop Insurance Corporation:									
Administrative and operating expenses	12,000,000	12,000,000	11,976,000	11,976,000	11,976,000	—24,000	—24,000		
Federal Crop Insurance Corporation Fund	(8,184,000)	(8,006,000)	(8,006,000)	(8,006,000)	(8,006,000)	(—178,000)	( )	( )	( )
Subtotal	(20,184,000)	(20,006,000)	(19,982,000)	(19,982,000)	(19,982,000)	(—202,000)	(—24,000)	( )	( )
Commodity Credit Corporation:									
Reimbursement for net realized losses	2,750,000,000	898,652,000	189,053,000	898,652,000	189,053,000	—2,560,947,000	—709,599,000		$—709,599,000
Limitation on administrative expenses	(39,400,000)	(40,700,000)	(41,220,000)	(41,220,000)	(41,220,000)	(1,820,000)	(520,000)	( )	( )
Total	2,919,831,000	1,072,593,000	362,489,000	1,072,088,000	362,489,000	—2,557,342,000	—710,104,000		—709,599,000
Total, title I	4,096,177,000	2,264,575,000	1,572,308,000	2,323,400,000	1,585,530,000	—2,510,647,000	—679,045,000	$13,222,000	—737,870,000
TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS									
RURAL DEVELOPMENT AND PROTECTION									
Farmers Home Administration:									
Rural Housing Insurance Fund:									
Direct loans	(20,000,000)	(20,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(—5,000,000)	(—5,000,000)	( )	( )
Insured loans	(3,196,000,000)	(2,696,000,000)	(3,091,000,000)	(3,496,000,000)	(3,196,000,000)	( )	(500,000,000)	(105,000,000)	(—300,000,000)
Guaranteed loans	( )	( )	(500,000,000)	(200,000,000)	(500,000,000)	(500,000,000)	(500,000,000)	( )	(300,000,000)
Reimbursement for interest and other losses	122,000,000	175,429,000	175,429,000	175,429,000	175,429,000	53,429,000			
Subtotal	(3,338,000,000)	(2,891,429,000)	(3,781,429,000)	(3,886,429,000)	(3,886,429,000)	(548,429,000)	(995,000,000)	(105,000,000)	( )
Agricultural Credit Insurance Fund:									
Insured real estate loans	(520,000,000)	(370,000,000)	(520,000,000)	(520,000,000)	(520,000,000)	( )	(150,000,000)	( )	( )
Soil conservation loans	(27,000,000)	(27,000,000)	(27,000,000)	(27,000,000)	(27,000,000)	( )	( )	( )	( )
Operating loans	(625,000,000)	(625,000,000)	(625,000,000)	(625,000,000)	(625,000,000)	( )	( )	( )	( )
Emergency loans	(400,000,000)	(100,000,000)	(100,000,000)	(100,000,000)	(100,000,000)	(—300,000,000)	( )	( )	( )
Reimbursement for interest and other losses	169,214,000	141,189,000	141,189,000	141,189,000	141,189,000	—28,025,000			
Subtotal	(1,741,214,000)	(1,263,189,000)	(1,413,189,000)	(1,413,189,000)	(1,413,189,000)	(—328,025,000)	(150,000,000)	( )	( )
Rural water and waste disposal grants	250,000,000		200,000,000	200,000,000	200,000,000	—50,000,000	200,000,000		
Sec. 504 grants			5,000,000	5,000,000	5,000,000	5,000,000	5,000,000		
Rural housing for domestic farm labor	7,500,000		6,000,000	7,500,000	7,500,000		7,500,000	1,500,000	
Mutual and self-help housing	9,000,000		9,000,000	9,000,000	9,000,000		9,000,000		
Rural Development Insurance Fund:									
Reimbursement for losses	25,214,000	47,484,000	47,484,000	47,484,000	47,484,000	22,270,000			
Water and sewer facility loans	(470,000,000)	(470,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(130,000,000)	(130,000,000)	( )	( )
Industrial development loans	(350,000,000)	(350,000,000)	(350,000,000)	(350,000,000)	(350,000,000)	( )	( )	( )	( )
Community facility loans	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	( )	( )	( )	( )
Subtotal	(1,045,214,000)	(1,067,484,000)	(1,197,484,000)	(1,197,484,000)	(1,197,484,000)	(152,270,000)	(130,000,000)	( )	( )
Rural Community Fire Protection Grants	3,500,000		3,500,000	3,500,000	3,500,000		3,500,000		
Salaries and expenses	155,102,000	162,156,000	166,502,000	170,000,000	170,000,000	14,898,000	7,844,000	3,498,000	
Transfer from loan accounts	(3,500,000)	(5,500,000)	(5,500,000)	(5,500,000)	(5,500,000)	(2,000,000)	( )	( )	( )
Subtotal	(158,602,000)	(167,656,000)	(172,002,000)	(175,500,000)	(175,500,000)	(16,898,000)	(7,844,000)	(3,498,000)	( )
Rural Development Grants	11,875,000		10,000,000	10,000,000	10,000,000	—1,875,000	10,000,000		
Subtotal	753,405,000	526,268,000	764,104,000	769,102,000	769,102,000	15,697,000	242,844,000	4,998,000	
Rural Development Service[3]	1,341,000	1,434,000	1,324,000	1,433,000	1,433,000	92,000	—1,000	109,000	
Rural Electrification Administration:									
Rural electrification and telephone revolving fund:									
Electric loans	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	( )	( )	( )	( )
Telephone loans	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	( )	( )	( )	( )
Subtotal	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000 000)	( )	( )	( )	( )
Capitalization of Rural Telephone Bank	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)	( )	( )	( )	( )
Salaries and expenses	20,713,000	21,409,000	21,350,000	21,376,000	21,350,000	637,000	—59,000		—26,000
Subtotal	20,713,000	21,409,000	21,350,000	21,376,000	21,350,000	637,000	—59,000		—26,000
Total	775,459,000	549,101,000	786,778,000	791,911,000	791,885,000	16,426,000	242,784,000	5,107,000	—26,000

Footnotes at end of table.

Agency and title	New budget (obligational) authority enacted to date fiscal year 1976	Budget estimates of new (obligational) authority fiscal year 1977	New budget (obligational) authority recommended in House bill 1977	New budget (obligational) authority recommended in Senate bill 1977	New budget (obligational) authority recommended by Conferees	Increase or decrease (—) Conference recommendations compared with—			
						1976 enacted	1977 budget estimate	1977 House bill	1977 Senate bill
CONSERVATION									
Soil Conservation Service:									
Conservation operations	$206, 807, 000	$215, 329, 000	$214, 423, 000	$214, 423, 000	$214, 423, 000	$7, 616, 000	—$906, 000		
River basin surveys and investigations	14, 745, 000	14, 266, 000	14, 745, 000	14, 745, 000	14, 745, 000		479, 000		
Watershed planning	11, 196, 000	10, 012, 000	11, 196, 000	11, 196, 000	11, 196, 000		1, 184, 000		
Watershed and flood prevention operations	[4] 211, 745, 000	135, 263, 000	146, 199, 000	146, 199, 000	146, 199, 000	—65, 546, 000	10, 936, 000		
Resource conservation and development	29, 972, 000	21, 488, 000	29, 972, 000	29, 972, 000	29, 972, 000		8, 484, 000		
Great Plains conservation program	22, 379, 000	5, 178, 000	20, 379, 000	22, 379, 000	21, 379, 000	—1, 000, 000	16, 201, 000	$1, 000, 000	—$1, 000, 000
Subtotal	496, 844, 000	401, 536, 000	436, 914, 000	438, 914, 000	437, 914, 000	—58, 930, 000	36, 378, 000	1, 000, 000	—1, 000, 000
Agricultural Stabilization and Conservation Service:									
Agricultural Conservation Program Advance authorization (contract authority)	190, 000, 000		190, 000, 000	175, 000, 000	190, 000, 000		190, 000, 000		15, 000, 000
Liquidation of contract authority	(190, 000, 000)	(90, 000, 000)	(105, 000, 000)	(105, 000, 000)	(105, 000, 000)	(—85, 000, 000)	(15, 000, 000)	( )	( )
Forestry incentives program	15, 000, 000		15, 000, 000	15, 000, 000	15, 000, 000		15, 000, 000		
Water Bank Act program	10, 000, 000		10, 000, 000	10, 000, 000	10, 000, 000		10, 000, 000		
Emergency conservation measures	10, 000, 000	10, 000, 000	10, 000, 000	10, 000, 000	10, 000, 000				
Cropland adjustment program	42, 000, 000	(5)	(5)	(5)	(5)	—42, 000, 000			
Subtotal	267, 000, 000	10, 000, 000	225, 000, 000	210, 000, 000	225, 000, 000	—42, 000, 000	215, 000, 000		15, 000, 000
Total	763, 844, 000	411, 536, 000	661, 914, 000	648, 914, 000	662, 914, 000	—100, 930, 000	251, 378, 000	1, 000, 000	14, 000, 000
Total, title II	1, 539, 303, 000	960, 637, 000	1, 448, 692, 000	1, 440, 825, 000	1, 454, 799, 000	—84, 504, 000	494, 162, 000	6, 107, 000	13, 974, 000
TITLE III—DOMESTIC FOOD PROGRAMS									
Food and Nutrtion Service:									
Child nutrition programs	1, 153, 072, 000	1, 689, 507, 000	1, 989, 507, 000	1, 694, 557, 000	1, 792, 032, 000	638, 960, 000	102, 525, 000	—197, 475, 000	97, 475, 000
Transfer from sec. 32	(737, 111, 000)	(1, 111, 000, 000)	(811, 000, 000)	(1, 139, 000, 000)	(1, 039, 000, 000)	(301, 889, 000)	(—72, 000, 000)	(228, 000, 000)	(—100, 000, 000)
Total	(1, 890, 183, 000)	(2, 800, 507, 000)	(2, 800, 507, 000)	(2, 833, 557, 000)	(2, 831, 032, 000)	(940, 849, 000)	(30, 525, 000)	(30, 525, 000)	(—2, 525, 000)
Special milk program	144, 000, 000		144, 000, 000	155, 000, 000	155, 000, 000	11, 000, 000	155, 000, 000	11, 000, 000	
Special supplemental food program (WIC)	106, 000, 000	250, 000, 000	250, 000, 000	250, 000, 000	250, 000, 000	144, 000, 000			
Transfer from sec. 32	(144, 000, 000)	( )	( )	( )	( )	(—144, 000, 000)	( )	( )	( )
Total	(250, 000, 000)	(250, 000, 000)	(250, 000, 000)	(250, 000, 000)	(250, 000, 000)	( )	( )	( )	( )
Food stamp program	5, 203, 000, 000	4, 794, 400, 000	4, 794, 400, 000	4, 794, 400, 000	4, 794, 040, 000	—408, 600, 000			
Food donations program	17, 839, 000	23, 166, 000	23, 166, 000	23, 166, 000	23, 166, 000	5, 327, 000			
Elderly feeding program	(6)	22, 000, 000	22, 000, 000	22, 000, 000	22, 000, 000	22, 000, 000			
Total, title III	6, 623, 911, 000	6, 779, 073, 000	7, 223, 073, 000	6, 939, 123, 000	7, 036, 598, 000	412, 687, 000	257, 525, 000	—186, 475, 000	97, 475, 000
TITLE IV—INTERNATIONAL PROGRAMS									
Foreign Agricultural Service	37, 071, 000	37, 119, 000	38, 599, 000	39, 599, 000	39, 099, 000	2, 028, 000	1, 980, 000	500, 000	—500, 000
Public Law 480:									
Title I—Credit sales	449, 466, 000	680, 465, 000	680, 465, 000	680, 465, 000	680, 465, 000	230, 999, 000			
Title II—Commodities for disposition abroad	640, 451, 000	488, 790, 000	488, 790, 000	488, 790, 000	488, 790, 000	—151, 661, 000			
Total	1, 089, 917, 000	1, 169, 255, 000	1, 169, 255, 000	1, 169, 255, 000	1, 169, 255, 000	79, 338, 000			
Sales Manager	(2, 590, 000)	(2, 613, 000)	(3, 133, 000)	(3, 133, 000)	(3, 133, 000)	(543, 000)	(520, 000)		
Total, title IV	1, 126, 988, 000	1, 206, 374, 000	1, 207, 854, 000	1, 208, 854, 000	1, 208, 354, 000	81, 366, 000	1, 980, 000	500, 000	—500, 000
TITLE V—RELATED AGENCIES									
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE									
Food and Drug Administration:									
Salaries and expenses	207, 805, 000	239, 493, 000	236, 771, 000	249, 905, 000	241, 977, 000	34, 172, 000	2, 484, 000	5, 206, 000	—7, 928, 000
Buildings and facilities	1, 000, 000	3, 125, 000	3, 125, 000	5, 625, 000	3, 125, 000	2, 125, 000			—2, 500, 000
Total	208, 805, 000	242, 618, 000	239, 896, 000	255, 530, 000	245, 102, 000	36, 297, 000	2, 484, 000	5, 206, 000	—10, 428, 000
INDEPENDENT AGENCIES									
Commodity Futures Trading Commission	11, 483, 000	11, 615, 000	11, 615, 000	13, 500, 000	12, 615, 000	1, 132, 000	1, 000, 000	1, 000, 000	—885, 000
Farm Credit Administration:									
Limitation on administrative expenses	(7, 671, 000)	(7)	(8, 429, 000)	(8, 429, 000)	(8, 429, 000)	(758, 000)	(8, 429, 000)	( )	( )
Total, title V	220, 288, 000	254, 233, 000	251, 511, 000	269, 030, 000	257, 717, 000	37, 429, 000	3, 484, 000	6, 206, 000	—11, 313, 000
Total, NB(O)A	13, 606, 667, 000	11, 464, 892, 000	11, 703, 438, 000	12, 181, 232, 000	11, 542, 998, 000	—2, 063, 669, 000	78, 106, 000	—160, 440, 000	—638, 234, 000
RECAPITUALTION									
Title I—Agricultural programs	4, 096, 177, 000	2, 264, 575, 000	1, 572, 308, 000	2, 323, 400, 000	1, 585, 530, 000	—2, 510, 647, 000	—679, 045, 000	13, 222, 000	—737, 870, 000
Title II—Rural development and assistance programs	1, 539, 303, 000	960, 637, 000	1, 448, 692, 000	1, 440, 825, 000	1, 454, 799, 000	—84, 504, 000	494, 162, 000	6, 107, 000	13, 974, 000
Title III—Domestic food programs	6, 623, 911, 000	6, 779, 073, 000	7, 223, 073, 000	6, 939, 123, 000	7, 036, 598, 000	412, 687, 000	257, 525, 000	—186, 475, 000	97, 475, 000
Title IV—International programs	1, 126, 988, 000	1, 206, 374, 000	1, 207, 854, 000	1, 208, 854, 000	1, 208, 354, 000	81, 366, 000	1, 980, 000	500, 000	—500, 000
Title V—Related agencies	220, 288, 000	254, 233, 000	251, 511, 000	269, 030, 000	257, 717, 000	37, 429, 000	3, 484, 000	6, 206, 000	—11, 313, 000
Total, New budget (obligational) authority	13, 606, 667, 000	11, 464, 892, 000	11, 703, 438, 000	12, 181, 232, 000	11, 542, 998. 000	—2, 063, 669, 000	78, 106, 000	—160, 440, 000	—638, 234, 000
Transfer from sec. 32	881, 111, 000	1, 111, 000, 000	811, 000, 000	1, 139, 000, 000	1, 039, 000, 000	157, 889, 000	—72, 000, 000	228, 000, 000	—100, 000, 000
Total obligational authority	14, 487, 778, 000	12, 575, 892, 000	12, 514, 438, 000	13, 320, 232, 000	12, 581, 998, 000	—1, 905, 780, 000	6, 106, 000	67, 560, 000	—738, 234, 000

Footnotes at end of table.

Agency and title	New budget (obligational) authority enacted to date fiscal year 1976	Budget estimates of new (obligational) authority fiscal year 1977	New budget (obligational) authority recommended in House bill 1977	New budget (obligational) authority recommended in Senate bill 1977	New budget (obligational) authority recommended by Conferees	Increase or decrease (—) Conference recommendations compared with—			
						1976 enacted	1977 budget estimate	1977 House bill	1977 Senate bill
RECAPITULATION—Con.									
Consisting of:									
1. Appropriations	$13,414,667,000	$11,464,892,000	$11,513,438,000	$12,006,232,000	$11,352,998,000	—$2,061,669,000	—$111,894,000	—$160,440,000	—$653,234,0000
2. Reappropriations	2,000,000					—2,000,000			
3. Contract authorizations	190,000,000		190,000,000	175,000,000	190,000,000		190,000,000		15,000,000
4. Direct and insured loan level	6,808,000,000	5,858,000,000	6,528,000,000	6,933,000,000	6,633,000,000	—175,000,000	775,000,000	105,000,000	—300,000,000
Memoranda:									
1. Appropriations to liquidate contract authorizations	190,000,000	90,000,000	105,000,000	105,000,000	105,000,000	—85,000,000	15,000,000		
2. Appropriations, including appropriations to liquidate contract authority	13,604,667,000	11,554,892,000	11,618,438,000	12,111,232,000	11,457,998,000	—2,146,669,000	—96,894,000	160,440,000	653,234,000
3. Transfers from sec. 32	881,111,000	1,111,000,000	811,000,000	1,139,000,000	1,039,000,000	157,889,000	—72,000,000	228,000,000	100,000,000
4. Transfers from Commodity Credit Corporation	72,571,000	74,958,000	74,958,000	74,958,000	74,958,000	2,387,000			

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[1] Includes $2,755,000 for the Economic Management Support Center appropr.ated under this heading in fiscal year 1976.

[2] $2,755,000 was appropriated under Departmental Administration for this unit in fisca' year 1976.

[3] The House bill provided that the Rural Development Service be placed under the Farmers Home Administration. The conference agreement maintained RDS as a separate agency.

[4] Includes $65,336,000 for sec. 216 emergency repair work.

[5] All agreements under this program have expired.

[6] In fiscal year 1976, $10,500,000 was available for this program by transfer from AMS sec. 32 and CCC sec. 416.

[7] The budget requested deletion of the limitation.

Mr. ANDREWS of North Dakota. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this conference report. As the chairman of our subcommittee has pointed out, it was a good conference. The position of the House was substantially sustained.

This agreement assures us of an ongoing food supply and gives the farmer a break because his productivity is protected. The food stamp program is included in the bill. We did the best we could with that program, considering the present vagaries of the law and the administration of that law.

Mr. Speaker, I commend to my colleagues their support for this conference report.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from North Dakota.

Mr. ROUSSELOT. Mr. Speaker, did the Senate increase the dollar amount for food stamps over what the House provided?

Mr. ANDREWS of North Dakota. No, it did not.

Mr. ROUSSELOT. That is a change. May I ask the gentleman, was it less?

Mr. ANDREWS of North Dakota. No, it was left at the identical figure decided upon by the House.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman.

Mr. ADAMS. Mr. Speaker, the $12,582 million included within the conference agreement on the Agriculture and related agencies appropriations bill for fiscal 1977 is within the amount allocated by the Appropriations Committee under the first budget resolution.

The bill passed by the House was approximately $2 billion under the subcommittee allocation; this conference agreement is also nearly $2 billion less than the allocation, $68 million above the House bill, and $738 million less than the Senate bill.

I might point out again that the $2 billion below the allocation results from the fact that the level in this conference report for the food stamp program is significantly less than the level assumed in the first budget resolution and also below current estimates without program reform. In addition the reimbursement of net realized losses to the Commodity Credit Corporation is well below the assumptions in the budget resolution.

I support adoption of the conference report and urge that my colleague do the same.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SYMMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 372, nays 27, not voting 33, as follows:

[Roll No. 475]

YEAS—372

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hayes, Ind.
Hébert
Hefner
Heinz
Henderson
Hicks
Hightower
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
Lagomarsino
Landrum
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback

Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—27

Archer
Bennett
Clancy
Clawson, Del
Collins, Tex.
Conable
Crane
Evans, Ind.
Gradison
Harrington
Hechler, W. Va.
Jacobs
Lent
McDonald
Miller, Ohio
Moorhead, Calif.
Mottl
Paul
Pike
Rousselot
Schneebeli
Symms
Wiggins
Wilson, Bob
Wolff
Wydler
Young, Fla.

NOT VOTING—33

Ashley
Biaggi
Conlan
Conyers
Dent
Duncan, Tenn.
du Pont
Esch
Gibbons
Hawkins
Hays, Ohio
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Jones, Tenn.
Karth
LaFalce
Litton
Long, La.
McDade
McKinney
Matsunaga
Nolan
Pepper
Peyser
Riegle
Roberts
Rostenkowski
Steelman
Stuckey
Symington
Udall

The Clerk announced the following pairs:

Mr. Dent with Mr. Karth.
Mr. Helstoski with Mr. Udall.
Mr. Rostenkowski with Mr. Hays of Ohio.
Mr. Biaggi with Mr. McDade.
Mr. Jones of Tennessee with Mr. Steelman.
Mr. Pepper with Mr. du Pont.
Mr. Riegle with Mr. Hillis.
Mr. Symington with Mrs. Heckler of Massachusetts.
Mr. Matsunaga with Mr. Esch.
Mr. Litton with Mr. Conlan.
Mr. Stuckey with Mr. Peyser.
Mr. Roberts with Mr. McKinney.
Mr. LaFalce with Mr. Ashley.
Mr. Conyers with Mr. Duncan of Tennessee.
Mr. Hawkins with Mr. Gibbons.
Mr. Long of Louisiana with Mr. Nolan.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 4, line 20, insert: "except that the foregoing limitation shall not apply to the acquisition of lands for the U.S. Sugarcane Laboratory, Houma, Louisiana, at a cost not to exceed $450,000;".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the remaining amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 7: Page 7, line 16, strike "apportioned for use pursuant to section 3679 of the Revised Statutes, as amended," and insert "available".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 7 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and on the several motions was laid on the table.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include tables, charts, and extraneous matter, on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION FOR COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT TO SIT TODAY DURING 5-MINUTE RULE

Mr. FLYNT. Mr. Speaker, I ask unanimous consent that the Committee on Standards of Official Conduct may be permitted to sit today during debate under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

REQUEST FOR CONSIDERATION OF S. 3625—FEDERAL ENERGY ADMINISTRATION EXTENSION

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3625) to extend the expiration date of the Federal Energy Administration Act of 1974, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

Mr. PAUL. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. PAUL. Mr. Speaker, I object to this request for unanimous consent for substantive reasons, even through procedural reasons would be sufficient. I have been in this Congress for less than 3 months, but the parliamentary maneuvering I have seen already convinces me that this body does not and will not act responsbily in passing legislation. We have passed appropriations bills before we have enacted bills authorizing the appropriations. The leadership schedules very important bills—such as the amendments to the Bretton Woods agreement—under suspension of the rules, hoping that they can whisk the bill through before anyone comprehends what the amendments entail. And now, after a 90-day extension of the FEA failed to pass this House last week, an attempt is made to have a 30-day extension pass under suspension of the rules. I suspect that as soon as I finish my objections—or perhaps even before I finish—the Rules Committee will schedule an "emergency" meeting so that this bill may be brought to the House floor again tomorrow. I only wish there were some way to let the people back in the congressional districts know exactly how things are run here. Perhaps then they would react with the same dismay that has been my reaction.

There are, however, substantive reasons for eliminating the Federal Energy Administration. Secretary Simon himself has said that if he could have his way, it would be abolished tomorrow. Since the FEA was created, our dependence on imported oil has increased to over 40 percent, and during some weeks, we import more than half of the oil we consume. Our oil companies, wholesalers and retailers struggle under an incredibly irrational system of price controls, allocations and rebates. Some oil companies—particularly the Amerada Hess Co.—have received windfalls because of a regulation issued by the FEA requiring certain oil companies to share the wealth with other oil companies, so that the burden of FEA's controls may be borne more equally.

Furthermore, I understand that the gas rationing coupons that were printed 2 years ago by the FEA without congressional authority have never been destroyed. Apparently the FEA foresees a day when such rationing coupons may be useful. Just a few weeks ago the FEA published regulations to be imposed during an energy emergency—regulations that would result in a completely controlled energy supply and distribution system. The FEA is more than a nuisance bureaucracy. It is a sinister threat to the well-being and the very survival of the remnants of our free society. It has grown into almost a billion dollar a year bureaucracy which has no other purpose than to harass and disrupt the American people and the economy. Like all bureaucracies created to cope with emergencies, it has a vested interest in the perpetuation and exacerbation of the conditions which led to its creation. The FEA is not interested in providing cheap fuel to as many Americans as possible, but in keeping prices up, in allocating supplies, and in discouraging production of new fuels. The best interests of the American people would best be served by letting this bureaucratic threat expire at the stroke of midnight on June 30. That would be a real source for celebration this July 4: Independence from the energy czars.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, 1977

Mr. PASSMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 14260) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 14260, with Mr. KAZEN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday, June 25, 1976, the Clerk had read through line 12 on page 10.

The Clerk will read.

The Clerk read as follows:

ASSISTANCE TO REFUGEES FROM THE SOVIET UNION AND OTHER COMMUNIST COUNTRIES IN EASTERN EUROPE

For necessary expenses to carry out the provisions of section 101(b) of the Foreign Relations Authorization Act of 1972 and the provisions of section 501(c) of the Foreign Relations Authorization Act, Fiscal Year 1976, $15,000,000.

AMENDMENT OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PASSMAN: On page 12, lines 8 and 9, strike out "the provisions of section 501(c) of the Foreign Relations Authorization Act, Fiscal Year 1976" and insert in lieu thereof "the provisions contained in H.R. 13179 or other similar legislation relating to assistance to refugees from Communist countries in Eastern Europe".

Mr. PASSMAN. Mr. Chairman, this amendment really brings into compliance the appropriation bill language with the latest authorization bill. At the time the authorization bill was adopted the appropriation bill had already been reported by the committee and this language needs to be updated to reflect this later action.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. PASSMAN).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

INVESTMENT IN INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment by the Secretary of the Treasury of the second installment of the United States contribution to the fourth replenishment of the resources of the International Development Association as authorized by the International Development Association Act of August 14, 1974 (Public Law 93-373), $320,000,000, to remain available until expended.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Page 13, line 10, strike out "$320,000,000" and insert in lieu thereof "$192,000,000".

Mr. ASHBROOK. Mr. Chairman, this is a very simple amendment and it should be easy to support it because the report of this committee clearly mandates such action. My amendment would merely reduce the appropriation to the International Development Association by 40 percent, a small reduction of $128 million. This would still leave $192 million for the program.

I think we all know this is the soft loan counter where probably the greatest mistakes are made with the taxpayers' money. The United States has provided 35 percent of the overall contribution made to IDA which in turn has used 40 percent of those resources for the India loans. At the top of page 42, in the second full paragraph the committee report states:

> The Committee finds it difficult to justify India's receiving 40 percent of IDA's resources when that country has shown little commitment to helping its poor, has moved away from democracy and toward authoritarianism, has squandered huge sums on military spending and nuclear development, and has done much to weaken international restraints on the spread of nuclear weapons.

Well, now, that is about as categorical an indictment as we could ever expect to get out of any committee that deals with international relations.

Mr. Chairman, I agree wholeheartedly with this statement; yet if we are to enact this bill as presented to us by the committee, we would still place $320 million in IDA, of which 40 percent will go to India. My amendment merely reduces that 40 percent in line with the very, very clear statement of this committee.

Mr. Chairman, I find it quite extraordinary that the same committee which clearly, cogently, and correctly assesses the situation in its report would nonetheless want to continue this huge expenditure of the taxpayers' money to a country that clearly does not deserve it.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, is it the gentleman's clear intent with this amendment that this decrease of 40 percent would be directed toward taking it from India?

Mr. ASHBROOK. That is exactly right.

Mr. HARKIN. Mr. Chairman, I just would like to compliment the gentleman from Ohio on his amendment. I intend to support it. I think focusing in on what India has been doing with this money is in the best spirit and dedication we have been trying to foster around here in trying to address this situation of human rights around the world. I think if there is one country that has shown little regard for the human rights of its citizens under a democracy, it has been India.

Mr. Chairman, I congratulate the gentleman from Ohio. This is a good amendment.

Mr. ASHBROOK. Mr. Chairman, I would say to the gentleman, we are doing the best we can with the opportunities before us. It is very clear that if we reduce IDA 40 percent, IDA could still make contributions to India from the remaining amount. This is the best we can do. It is the strongest signal we can send to IDA and India that as American taxpayers we do not want such sums squandered in a country that clearly does not deserve it. The matter speaks for itself. I am only reiterating what is on page 42 of the report. I absolutely concur in that. I congratulate the committee for its fine statement.

I kind of wonder about their temporary aberration after making such a fine statement, that they would place the money in the committee for a purpose that is condemned.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like the record to show that I represent the views of the Appropriations Subcommittee on Foreign Operations and, as such, I am honor bound to oppose this amendment. It is my responsibility to oppose this amendment.

I might call the attention of the committee to the fact that the budget request was for $375 million and the committee reduced it to $320 million.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I certainly commend the gentleman for this statement. I only ask my friend, the chairman, does the statement on page 42 of the report reflect the opinion of the gentleman from Louisiana?

Mr. PASSMAN. As far as the statement regarding India is concerned, it is true I might point out this committee never tries to withhold any information that the House is entitled to and should have before it when considering this bill. As the gentleman knows, India was forgiven repayment of $2.2 billion in local currency several years ago.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield further?

Mr. PASSMAN. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Well, I did not know at that time this point would be raised.

The gentleman talks about India making payment. The gentleman is aware that only last year our own Government forgave $2 billion for India and in a letter I am holding, it refers to this forgiveness as repayment; so we forgave them last year and said they repaid it. It is just that simple. It is just that deceitful over there in the State Department.

Mr. PASSMAN. We had an Ambassador in India who worked out some kind of agreement. I did not know the purpose behind it. I do know this, that we agreed to forgive India from repaying $2,200,000,000. In fact, we owned that much currency. They indicated to us, "You have too much control over our currency." So, they were forgiven repayment of $2,200,000,000. I did not like it, but that is water under the bridge and there is nothing we can do to correct it at this time.

Mr. ASHBROOK. I thank the gentleman, and I appreciate the fact that he is against the amendment. I appreciate his stewardship of taxpayers' funds over the years. I recognize that he has to stick by the committee's position, but I think the matter speaks for itself. The language on page 42 of the report would seem to mandate the action I am taking on this amendment. I am sorry the gentleman will not support the amendment, but I certainly hope that the House will.

Mr. FRASER. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, the subcommittee I chair of the Committee on International Relations has held two hearings on human rights in India, and will have a third hearing this afternoon.

It is a tragic picture in India. There is almost total censorship of the press. There are some 50,000—some put it much higher—political prisoners in jail, including members of the Indian Parliament. There is eradication of political and civil rights in India which has been wholesale. Just the other day, India noted the anniversary of the emergency decree in India. The Prime Minister, Indira Ghandi, indicated that there was no present intention of lifting the emergency decree or of restoring any of the political rights of the people of India.

I myself would have opposed any significant increase in bilateral aid to India at this time. We give them very little, and I would clearly oppose any military assistance to India.

The human rights conditions in India approximate those in Chile, South Korea, and a number of other countries around the world. In terms of human rights, it is a disaster. Nevertheless, I am opposed to this amendment on the same grounds I was opposed to writing a letter to the World Bank in opposition to loans to Chile.

If the international system is going to work, it has to work evenhandedly, without reference to the violations in political systems that prevail in various countries around the world. We did not want to involve the World Bank in politics and human rights issues inside Chile. I do not want to involve the World Bank in those issues inside India.

The fact is, the aid flows to India have been very small. If we average the aid flows from the World Bank and other contributing countries over the last 3 years, the annual total aid to India has been $1.50 per Indian. To Pakistan, it has been $8, or almost five times as much; and to Bangladesh it has been $10, or approximately six times as much. In other words, India has been very much on the short end of assistance from the international community, including the World Bank.

One thing that is noteworthy about aid to India is that under the leadership of President McNamara of the World Bank, all the emphasis has been targeted on helping the poorest of the poor. I have an article written in one of the Indian journals in which they were criticizing the fact that the credit institutions in India were really helping the middle class, the people who had money, but in the same article they say:

> It is noteworthy that for the past five years, it is not the Prime Minister or Finance Minister of a developing country, but an American—the President of the World Bank, Mr. Robert McNamara—who has been with admirable perseverance carrying on a noble crusade for directing financial resources for the uplift of the rural poor. At the Nairobi meeting of the World Bank in September 1973, Mr. NcNamara argued, for instance, that without uplifting the poorest, any hope of substantial growth would be illusory.

The World Bank has tried to do what the establishment in India has been reluctant to do on its own.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I know of the gentleman's concern for the poorest of poor nations, but, when he mentioned Robert McNamara, I just had to ask the gentleman to yield because I just wonder if, in that same vein in which Mr. McNamara was talking a couple of years ago, of helping the poorest of poor nations, is it in that same light that he keeps extending more and more bank loans to the nation of Chile, for example?

Mr. FRASER. My problem with the World Bank, with respect to Chile, is that I think the World Bank got involved in the politics of Chile. It held back loans to the Allende regime, and, when the Allende regime was overthrown by the junta, it seemed the World Bank was exceedingly generous. I deplored that. I wanted the World Bank to stay out of these issues. That is why I do not want to inject them into the World Bank's treatment of India.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(By unanimous consent, Mr. FRASER was allowed to proceed for 3 additional minutes.)

Mr. FRASER. There is one other problem with this amendment, and that is, while the author may hope that the money will be withheld from India, in fact there is no way we can dictate that result. If these international banks are to have any meaning, it is that they will use their own judgment about where these funds will go. It will mean that the Board of Governors of the World Bank will have to make their own judgment as to where the priorities are to be found around the world. I would judge that they would find it inappropriate to take direction of a unilateral nature from the United States with respect to the priority of allocation of resources.

I think the net effect of adopting this amendment not only is to inject the World Bank into the internal politics of a country but to help to destroy the international system itself. We do not have much going for us in the international system these days, and I would hope the committee would not lend itself to furtherance of that result.

Mr. HARKIN. Mr. Chairman, will the gentleman yield further?

Mr. FRASER. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

As I understand it, about a week ago we had the bill up here with an amendment regarding Chile, and it seems to me that one of the concerns we had was that the clear direction of the report was that no United States aid, including direct or indirect, by the United States or any agency in which it is participating, would extend aid over and above the amount we set in there for Chile.

If I remember correctly, the gentleman had something to say about that because it seemed as though those agencies such as the Inter-American Development Bank and the World Bank were extending such aid assistance to Chile. It seems to me that this argument would hold true for India also.

Mr. FRASER. The gentleman is mistaken. The limitation on aid for Chile dealt with U.S. agencies. We did set an economic aid limit of $25 million, which by itself gave Chile more per capita aid than the aggregate of all per capita for India.

I would say to the gentleman that if it were proposed to increase bilateral aid to India, I would be opposed to it. I think India's performance in the human rights field is disastrous. But I think it is an enormous mistake to inject the World Bank into these issues. We are going to destroy what we have left of the international system. The world is getting fractured enough, I think, without that.

Mr. REES. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I agree with the feelings of my good friend, the gentleman from Minnesota (Mr. FRASER) that we cannot be making political judgments on every loan that is made from the World Bank. If we only dealt with parliamentary democracies, I doubt if there would be many countries we would be dealing with. One must understand the nature of the aid. These are loans basically for the infrastructure of the poor countries. These are loans to deal with world agriculture, with basic food production.

These are loans to countries that have an average GNP per person of less than $200 a year. They might have a repressive administration in India, but by denying India IDA loans we are saying that no money will be given to help the poorest people in these countries that are aided by IDA projects.

The appropriation that was requested by the Administration was for $375 million, and this was cut by $55 million in the committee. I oppose this cut, and I think the cut was a bad one. If we approve this amendment before us, an additional 40-percent cut, I think it would be disastrous for those people who are the poor people living in the poorest of all the countries.

Mr. Chairman, I was at the UNCTAD in Nairobi, and I think this country had better recognize that with so many lesser developed countries having difficulties with their economies and with our own income rising along with other developed countries, this gap between rich and poor is growing. We should also realize that we have a great dependency on the third world, as we become more and more a consumer of raw materials in our economy, we are more and more dependent upon imports from the third world.

I think we must have a better dialog with the third world than we are having. One way of developing a better dialog and one way of dealing with our problems and with their problems is to have full funding of IDA.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I appreciate the gentleman's point of view, but in reality any money that we give or loan to India in this particular case means that we are indirectly underwriting a totalitarian regime and making it possible for them to make atomic bombs.

Mr. REES. Mr. Chairman, I will answer that by saying that that is a very simplistic statement. We have no money that is being given to India in this fashion, and the fact is that the people at IDA say that India's portion is getting to be less and less each year because they have been doing better economically.

I have here an article from Bombay's Economic and Political Weekly written by a left-wing ideolog, and it is headlined "McNamara's Little Green Revolution. World Bank Scheme for Self-Liquidation of Third World Peasantry."

So the left wing ideolog are going after the IDA program, too, because they do not want to see the peasantry getting anything. They do not want to see rural agriculture being developed in that country.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I will just say that the answer to that is that there is a very fine line between the Communist ideologies and the totalitarian ideologues in the Third World countries. They are both the same, and I would say to the gentleman that if he wants to help the poorest of the poor people in these countries, he should be talking about increasing title II food aid which goes directly to the people and increases their own nutritional levels. That type of thing would help to a greater extent, I believe than giving loans to the totalitarian government that does not help its own people.

Mr. REES. Mr. Chairman, if the gentleman will give back a little of my own time so I might reply, I will say this is a multilateral institution. This is the World Bank, and the members of the World Bank represent practically all the non-Communist countries in the world.

I think the World Bank has done an excellent job, I think IDA has done an excellent job, and the minute we start getting ideologically motivated against a regime and start punishing the poor people of that country by withholding funds from basic infrastructure development, then we are going about it in the wrong way; we are doing it backward.

IDA is a multinational agency. This Congress cannot interpret where these funds go, the direction is determined by a vote within the World Bank. Where we have a substantial voice as a member.

Mr. HARKIN. Mr. Chairman, if the gentleman will yield further, I believe if the gentleman wants to help the poorest of the poor in India and the poorest of the poor in Chile, the best way to do it is to help get rid of Indira Ghandi and get rid of General Pinochet by cutting down loans.

Mr. REES. Mr. Chairman, I believe the average income of people in Chile is more than $200 a year, and if Chile gets any loans from the World Bank, it is 8 percent market rate money. The World Bank borrows on the open market, and that is the kind of money Chile gets.

Mr. SHRIVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to emphasize that this amendment would not stop these International Development Agency loans to India. We do not control in this country where the loans go from the International Development Association. The House passed, I would remind all the Members, the authorization for these funds on July 2, 1974, by a vote of 225 to 140.

In all of these multilateral international organizations, this House, by usually better than 2 to 1, supported these programs.

Mr. Chairman, it is incumbent upon this committee, whether we like it or not, to fund them in accordance with those authorizations that have been passed. Therefore, our committee has taken a strong view that these amounts that are required from time to time be paid in accordance with those authorizations so strongly supported by the House.

Mr. Chairman, the United States has already reduced our payment schedule. The fiscal year 1976 appropriations bill, the one which passed the House last night, included $320 million for the first payment, a reduction of $55 million below our pledge. This bill does the same thing. We reduce it $55 million.

Therefore, Mr. Chairman, this amendment cuts the request by 51 percent, not the 40 percent, intended for India, if that is where the result would finally occur.

Mr. Chairman, I think our committee has done well in bringing forth, in accordance with the authorization so strongly supported by the House, the amount of funds needed.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman and Members of the House, I regret that I was not here when the amendment was introduced; but it seems to me that if there is to be any blame at all in our relationship to the world bank it is in the direction that we are underfunding rather than overfunding and that we are not living up to our commitments that we have given to the World Bank. But instead we are asking to cut back and to cut back arbitrarily on one nation.

First of all, there is no assurance that the World Bank is going to follow our direction in cutting back on that one nation, the second largest nation in the world. The World Bank simply cannot ignore the second largest nation in the world.

The other point is that if we did that and if we were successful in cutting back, would that change or modify the policies of India? I would doubt it.

My guess is that as economic problems would grow, the government might become authoritarian, and the result would be hurting needy people in India rather than changing the government.

Therefore, Mr. Chairman, I would hope and urge that the amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Ashbrook).

The question was taken; and on a division (demanded by Mr. Ashbrook) there were—ayes 16, noes 32.

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Eighty-four Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Ohio (Mr. Ashbrook) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 165, noes 229, not voting 38, as follows:

[Roll No. 476]

AYES—165

Abdnor
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Bowen
Brinkley
Brooks
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Chappell
Clancy
Clausen, Don H.
Clawson, Del

Cleveland
Cochran
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, R. W.
Delaney
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
Emery
English
Evans, Ind.
Evins, Tenn.
Fish
Fithian
Florio
Flowers
Flynt
Fountain
Frey
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Goldwater
Goodling
Grassley
Hagedorn
Haley
Hall, Tex.
Hammerschmidt
Hansen
Harkin
Harsha
Hébert
Hechler, W. Va.
Hefner
Henderson
Hightower
Holland
Holt
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Pa.
Jones, N.C.
Kasten
Kelly
Kemp
Ketchum
Krebs
Lagomarsino
Landrum
Latta
Lent
Levitas
Lloyd, Tenn.
Long, Md.
Lott
Lujan
McClory
McCollister
McDonald
Mahon
Martin
Mathis
Melcher
Milford
Miller, Calif.
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Natcher
Neal
Nichols
Paul
Pettis
Pickle
Pike
Poage
Pressler
Randall
Regula
Robinson
Rogers
Rousselot
Runnels
Russo
Ryan
Santini
Sarasin
Satterfield
Schulze
Sebelius
Shipley
Shuster
Sikes
Skubitz
Smith, Nebr.
Snyder
Spence
Steiger, Ariz.
Stratton
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Walsh
Wampler
Weaver
White
Wilson, Bob
Wolff
Wydler
Yatron
Young, Alaska
Young, Fla.
Young, Tex.

NOES—229

Abzug
Adams
Addabbo
Alexander
Anderson, Ill.
Annunzio
Ashley
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bergland
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chisholm
Clay
Cohen
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Dellums
Derrick
Derwinski
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Eshleman
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fisher
Flood
Foley
Ford, Tenn.
Fraser
Frenzel
Giaimo
Gonzalez
Gradison
Green
Gude
Guyer
Hall, Ill.
Hamilton
Hanley
Hannaford
Harrington
Harris
Hawkins
Hayes, Ind.
Heinz
Hicks
Holtzman
Horton
Howard
Howe
Hubbard
Jacobs
Jeffords
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jordan
Kastenmeier
Kazen
Keys
Kindness
Koch
Krueger
Leggett
Lehman
Lloyd, Calif.
Long, La.
Lundine
McCloskey
McCormack
McEwen
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mann
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Rangel
Rees
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shriver
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Stokes
Studds
Thompson
Traxler
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waxman
Whalen
Whitehurst
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Wylie
Yates
Zablocki
Zeferetti

NOT VOTING—38

Biaggi
Breaux
Conyers
Dent
du Pont
Esch
Ford, Mich.
Forsythe
Hays, Ohio
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Jones, Ala.
Jones, Tenn.
Karth
LaFalce
Litton
McDade
McKinney
Matsunaga
O'Brien
O'Hara
Pepper
Peyser
Riegle
Risenhoover
Roberts
Schneebeli
Steed
Steelman
Stuckey
Symington
Teague
Udall
Waggonner
Whitten
Young, Ga.

On this vote:

Mr. Roberts for, with Mr. Dent against.

Mr. Jones of Tennessee for, with Mr. Matsunaga against.

Mr. Waggonner for, with Mr. Pepper against.

Mr. Teague for, with Mr. Symington against.

Mr. Breaux for, with Mr. Biaggi against.

Mr. Stuckey for, with Mr. Riegle against.

Messrs. YATRON, SKUBITZ and HUGHES changed their vote from "no" to "aye."

Mr. NOLAN and Mr. FRENZEL changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. REES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and members of the committee, I would like to discuss some of the technical aspects of what the subcommittee actions have had regards multinational banks. What the committee has done is to cut each of the appropriations in half, both for the Asian Development Bank, the Inter-American Development Bank, and there is a substantial cut in IDA. I do not think this is very sophisticated reasoning. Either a bank is doing a good job or it is not doing a good job, and the cut should be made in terms of the job the bank is doing.

In the Inter-American Development Bank, which I consider a very important institution, especially with our close relations with Latin America, the callable capital is cut in half. The request was for $200 million, callable and only $100 million was appropriated. This does not save one red cent of the taxpayers' money because callable capital never leaves the Treasury of the United States. What callable capital is, is capital that the banks can draw on if they are unable to pay their obligations on the private borrowings they make in the private international markets. Since recreation of multinational institutions, there has never been a call on one red cent of the callable capital of any multinational institution. These are the facts.

So when we cut the callable capital in half, we do not save anything. It looks good to say we are saving $100 million, but we did not save anything.

What does this mean? The callable capital is the basis in the Inter-American Development Bank by which the Inter-American Development Bank goes out in the world money market and borrows money, and then it relends money to their members at market rates. Most of them are lesser-developed countries. The callable capital also gives the United States its voting power. So that if we cut off the callable capital, it means that we have that less say in a multinational institution than if we authorized the callable capital.

I wanted to bring this out, because a Member reading this will say, "Well, didn't the subcommittee do a good job? They just saved the taxpayer $100 million." That is bunk. They did not save them one red cent. By that cut, all we said was that we are not going to allow the Inter-American Development Bank to go out and borrow on private market, and we are not going to give the United States the weighted voting power that it should have as a member of the Inter-American Development Bank or as a member of the Asian Development Bank.

I consider these banks very important. I believe these banks give us access to market and it gives these countries access to our own market in terms of purchasing our technology and our goods. I think these banks are good loans for necessary projects. In the case of the Inter-American Development Bank, if these cuts remain its means we might cut the bank off from any lending at all, because there has to be a 75 percent agreement in terms of overall subscription.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Of course, in the business of appropriating callable capital, if and when they default, then the capital will be called and it will pay off their obligations.

Mr. REES. Yes, but as the gentleman knows, in the history of multinational banks surviving the very recent serious recession and a 400-percent increase in the price of petroleum, there has not been one call on any multinational bank.

Mr. PASSMAN. If the gentleman will yield further, give them time and they will default.

Mr. REES. We are just lessening our bargaining power in these banks by cutting callable capital.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 505. The funds appropriated or made available pursuant to this Act shall be available notwithstanding the provisions of section 10 of Public Law 91–672, and section 15(a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended.

POINT OF ORDER

Mr. ECKHARDT. Mr. Chairman, I make a point of order against section 505 of the bill.

The CHAIRMAN. The gentleman from Texas (Mr. ECKHARDT) will state his point of order.

Mr. ECKHARDT. Mr. Chairman, this section would waive section 10 of the Foreign Military Sales Act, thereby allowing unauthorized funds for military assistance and foreign military credit sales included in this bill to be made available for expenditure. This provision in an appropriations bill would change existing law, in violation of rule XXI, clause 2.

The CHAIRMAN. Does the gentleman from Louisiana (Mr. PASSMAN) desire to be heard on the point of order?

Mr. PASSMAN. No, Mr. Chairman. I ask for a ruling.

The CHAIRMAN (Mr. KAZEN). The Chair will sustain the point of order.

As conceded by the committee report on page 45, the committee has included this section 505 which allows funds to be obligated or expended for programs not yet authorized. This provision in effect voids the operation of specific sections of existing law, and, therefore, is in violation of clause 2, rule XXI. The point of order is sustained.

AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Ohio: On page 17, after line 9 add the following paragraph:

SEC. 508. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, that of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

Mr. MILLER of Ohio. Mr. Chairman, I suppose perhaps I should capitulate. However, I believe that it is correct that we continue to offer the 5-percent reduction proposal on each of the appropriation bills—this is No. 11. The Members have heard it before.

This bill would reduce all nonmandated expenditures by 5 percent. One would have to say that at least we have been consistent throughout the appropriations process. This will be one of the last amendments of this type to be offered because we are coming to the end of the appropriation bills.

Mr. Chairman, we just voted down an amendment that would have reduced foreign assistance by $128 million. This amendment would have cut that much from IDA. We voted that down by 165 to 229.

The United States contributes 37.13 percent of the total IDA funds. There are 127 other nations that also contribute to IDA, but the United States puts in by far the highest amount.

The 5-percent reduction that I have offered in the amendment would reduce this bill by $249,309,000.

I need not reiterate what has gone on in the past, at least not in toto; but one item is important.

We increased our debt limitation ceiling last week to $700 billion. We will be paying $45 billion a year in interest, and that amounts to $123,300,000 a day interest on the national debt.

Mr. Chairman, I would like to convey a concise message to the Members as to where some of that interest money is coming from.

In the 30-year period, from 1946 to 1976, we have given financial aid to 135 nations around the world. Let me tell the Members about a few of those nations and what they have done with the funds.

We have extended to Germany $3.7 billion. Do the Members know what country owns the largest part of our national debt, the money that we are borrowing to pay our bills? The answer is Germany. We now owe Germany $20 billion. Foreign countries are buying our national debt. Part of that $123 million in interest goes to Germany.

Let us also consider Japan. Over that 30-year period, under this same program of foreign assistance, we have given Japan $3.3 billion. They now own $8.7 billion of our national debt.

Let us consider France. We have given them $7.2 billion. They now own $6.2 billion of our national debt. They have lent us the money so that we can pay our bills. I would like to insert a table of foreign holdings of public debt securities:

FOREIGN HOLDINGS OF PUBLIC DEBT SECURITIES BY UNITED STATES SINCE 1946

Country	Holdings (billions)			Total aid given
	Total	Official	Private	
Germany	$20.0	$20.0	(1)	3,767,000,000
Japan	8.7	8.6	$0.1	3,305,000,000
France	6.2	6.2	(1)	7,215,000,000
Switzerland	3.5	3.5	(1)	98,400,000
Canada	3.1	3.1	(1)	295,900,000
Netherlands	2.4	2.4	(1)	2,158,000,000
Sweden	2.1	2.1	(1)	231,000,000
Saudi Arabia	4.5	NA	NA	108,000,000
Iran	.6	NA	NA	2,330,000,000
Libya	.5	NA	NA	220,000,000
Iraq	.2	NA	NA	84,000,000
Kuwait	.2	NA	NA	
Total	52.0	45.0	.1	

[1] Less than $100,000,000.
NA—Not available.

Total U.S. debt held by all foreign nations.

Year:	
1975 (Dec. 31)	$66.5
1974	58.4
1973	55.5
1972	55.3
1971	46.9
1970	20.6
1969	11.2
1968	14.3
1967	15.8
1966	14.5
1965	16.7

Source. Treasury Statement, May 31st, Page 63, Foreign Holdings of the Public Debt.

Mr. Chairman, in the past the national debt has been mainly a debt held within—we owed it to ourselves. We taxed Americans to repay the national debt owned by other Americans. In fact, some Americans were taxed to pay themselves back. In these cases the debt was within the national family. We did not lose any income. There is very little loss or strain on the economy.

In recent years a serious trend has started. It should be a warning to all. In 1965 the foreign debt holdings totaled $16.7 billion. In 1975 it was $66.5 billion. This figure represents a growing loss of disposable income involved within the national debt. This represents more than 12 percent owned by foreign official institutions and citizens of other countries.

This merely illustrates another warning sign that we are overspending as shown by an increasingly larger national debt.

We can start slowing this trend by reducing this bill by 5 percent. I urge the acceptance of my amendment.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if these reductions were to have been made, they should have been offered as specific amendments. The committee has held many days and weeks of hearings and has worked very hard to make specific reductions in the various programs.

The Members should know that the committee has recommended reductions already of over $663 million. We have already made a 12-percent reduction below the budget request. This amendment would further reduce the programs for food and nutrition, population planning, narcotics, the children's funds, and so forth.

Therefore, Mr. Chairman, inasmuch as we already made a 12-percent reduction below the budget request I think we would be justified in voting down the amendment offered by the gentleman from Ohio (Mr. MILLER).

Mr. SHRIVER. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, the committee has already cut this bill by twice the amount that the gentleman from Ohio (Mr. MILLER) proposes.

This amendment calls for a 5-percent overall cut, with a provision under which the bill can be cut by an amount up to 10 percent.

Mr. Chairman, under the 5-percent cut, Israel would lose $87,350,000. Under the 10 percent cut, Israel would lose $174,700,000.

Other programs would be cut, such as the humanitarian food and nutrition programs, refugee programs, American schools and hospitals abroad, the Peace Corps, the Sinai Agreement funds, international narcotics control, international disaster assistance, and aid to U.S. private and voluntary organizations.

The committee has already made selective cuts in the amounts in this bill totaling $551 million, which is more than 10 percent below the budget request.

These cuts were made after extensive hearings. If the gentleman from Ohio disagreed with our recommendations on any of these items, then he should have offered amendments at the proper time rather than using this shotgun method under which all discretion is left to the administration as to where the 5 percent would be taken. We have already made reductions, and I urge the committee to vote against the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER).

The question was taken; and on a division (demanded by Mr. PASSMAN) there were—ayes 36, noes 39.

RECORDED VOTE

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 214, not voting 31, as follows:

[Roll No. 477]

AYES—187

Abdnor
Allen
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bevill
Blouin
Bowen
Breaux
Brinkley
Brooks
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Crane
Daniel, Dan
Daniel, R. W.
Derrick
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edgar
Edwards, Ala.
Emery
English
Erlenborn
Eshleman
Evans, Ind.
Findley
Fish
Fithian
Flowers
Flynt
Ford, Tenn.
Fountain
Fraser
Frey
Fuqua
Gibbons
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall, Tex.
Hamilton
Hammerschmidt
Hannaford
Hansen
Harkin
Harsha
Hayes, Ind.
Hechler, W. Va.
Hefner
Henderson
Hicks
Holland
Holt
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Kindness
Landrum
Latta
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Lott
Lujan
McCollister
McDonald
Martin
Mathis
Mazzoli
Melcher
Michel
Milford
Miller, Ohio
Moffett
Montgomery
Moore
Moorhead, Calif.
Mosher
Mottl
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Paul
Perkins
Pettis
Pickle
Pike
Pressler
Pritchard
Quie
Quillen
Randall
Regula
Risenhoover
Robinson
Rogers
Roush
Rousselot
Runnels
Ruppe
Russo
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Staggers
Steiger, Ariz.
Steiger, Wis.
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Vander Jagt
Vigorito
Waggonner
Walsh
Wampler
Whitehurst
Whitten
Wiggins
Winn
Wylie
Young, Alaska
Young, Fla.

NOES—214

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Ill.
Annunzio
Ashley
Aspin
Badillo
Baldus
Bergland
Biester
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chappell
Chisholm
Cohen
Collins, Ill.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derwinski
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Fary
Fascell
Fenwick
Fisher
Flood
Florio
Foley
Ford, Mich.
Frenzel
Gaydos
Giaimo
Gilman
Gonzalez
Green
Hall, Ill.
Hanley
Harrington
Harris
Hawkins
Heinz
Hightower
Holtzman
Horton
Howard
Howe
Hughes
Jeffords
Jones, Ala.
Jordan
Keys
Koch
Krebs
Krueger
Lagomarsino
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Nedzi
Nix
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Poage
Preyer
Price
Railsback
Rangel
Rees
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Seiberling
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Stanton, J. William
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Teague
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Waxman
Whalen
White
Wilson, Bob
Wilson, Tex.
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—31

Biaggi
Clay
Conyers
Dent
Diggs
du Pont
Esch
Evins, Tenn.
Forsythe
Gude
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Jones, Tenn.
Karth
LaFalce
Litton
McDade
Matsunaga
O'Hara
Peyser
Riegle
Roberts
Steelman
Stuckey
Symington
Weaver
Wilson, C. H.

Mr. LEGGETT and Mr. PATTERSON of California changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MOORE

Mr. MOORE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORE: Page 17, immediately after line 9, add the following section:

"SEC. 508. None of the funds appropriated or made available pursuant to this Act shall be used by any international financial institution for the purpose of extending loans for the production of palm oil to be exported to the United States."

Mr. MOORE. Mr. Chairman, I am privileged to serve as a member of the Oilseeds and Rice Subcommittee of the Agriculture Committee. This committee has done some work on the situation of palm oil imports into the United States. As a result of that work, I am offering an amendment today, supported by me, supported by the chairman of the Oilseeds and Rice Subcommittee, and also by the ranking minority member of the Oilseeds and Rice Subcommittee.

Basically, the situation is this: Agricultural exports from the United States now total about $13 billion per year, which has put us into the black in international trade every year for about the last 3 years. The biggest single item in our export of agricultural commodities is soybeans. We are the biggest exporter of soybeans in the entire world. Therefore, there is no question of the value of soybeans to the United States and to its economy.

I believe free enterprise in agriculture will work so long as the Government does not interfere with agriculture and so long as the Government does not foster unfair competition in agriculture. That is exactly what it has done in the situation of palm oil imports into the United States. Today the soybean industry—and as a matter of fact, all of our domestic oil industry such as soybean oil, peanut oil, cottonseed oil, sunflower oil, and corn oil—is in jeopardy because of the unfair competition by the palm oil industry of foreign countries. That unfair competition is caused by this appropriation bill making funds available to three international lending institutions, the Asian Development Bank, the World Bank, and the Inter-American Development Bank, which in turn are making otherwise unavailable loans to foreign countries to get into the production and refining of palm oil, which we now find is being exported to the United States.

That is unfair competition with our own domestic vegetable oil industries. As a matter of fact, the result of it is as follows: Last year, in one year, palm oil imports into the United States increased by 118 percent. The U.S. Department of Agriculture now tells us that this is expected to triple in the next 10 years. It is not unusual, then, that last year soybean farmers lost $1.5 billion at the same time these palm oil imports were so increasing. In addition to that, the U.S. Department of Agriculture has now concluded, in a recent report, that if this continues, if this palm oil importation growth continues, we are going to see 15 million bushels of soybeans, or one-half million acres of soybean production, go out of production in the future. It will no longer be needed. It is going to be displaced by the palm oil production being made possible by American tax dollars putting them into business to compete with the American taxpayers.

I am not asking at all that we set up any sort of duty system. I am not doing anything to upset international commerce. As a matter of fact, the European Common Market and Japan are some of the biggest importers of soybeans, and they have duties against palm oil. We have none. We have no protection whatsoever against the importation of palm oil.

I am not asking for duties; I am not asking for curtailment of trade or anything except simply that the money we give these institutions not be used—not be used—to compete with our own taxpayers and continue to worsen their situation. We are only seeing the top of the iceberg now or just the beginning of the problem this unfair competition is going to cause.

Twenty-six percent of world production of palm oil is due directly to the loans from these three international banks. Since 1966, we have given $462 million to the Asian Development Bank. Over one-half of that, $240 million, went into loans for the production of palm oil. The Inter-American Development Bank has loaned out $16 million of American money and the World Bank has loaned out $239 million since 1966, all for the production and refinement of palm oil. If this continues, it is predicted that 45 percent of the world palm oil production will be due directly to these loans these institutions are making with American taxpayers' dollars.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman from Louisiana for offering this amendment, and I would like to associate myself with his remarks. I would like to encourage this committee to adopt this amendment for the protection of the American farmer.

Mr. MOORE. I thank the gentleman.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Indiana.

Mr. FITHIAN. I thank the gentleman for yielding.

Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Louisiana. I think he is doing the farmers a great deal of good in proposing this amendment. I certainly intend to support the gentleman's amendment.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. MOORE) has expired.

(By unanimous consent, Mr. MOORE was allowed to proceed for 1 additional minute.)

Mr. MOORE. Mr. Chairman, I would simply like to conclude by saying this: What is going to happen to unemployment in this country, the economy of this country, and our balance of international trade if we do not do something to rectify this unfair situation?

I believe this amendment is a step in the right direction. Although I am not so naive as to believe that it will solve the problem completely, at least it will start us in the right direction. It is awfully hard to go home to the farmers and businessmen and their families who are involved in the vegetable oil industry and tell them that we can do nothing about stopping American dollars from causing unfair competition from overseas. We can with this amendment and I urge its passage.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. I thank the gentleman for yielding.

Mr. Chairman, I would like to compliment the gentleman from Louisiana for offering this amendment.

Mr. Chairman, I rise in support of the Moore amendment, prohibiting international lending institutions from using money appropriated under this bill for the purpose of assisting foreign countries to produce palm oil to be imported back to the United States.

Those who have expressed concern about the recent surge of palm oil imports into this country have been accused of being protectionist. I believe that it is more accurate to say that we would like soybean oil to be able to compete on a fair basis with palm oil. That is exactly what this amendment does. It imposes no trade barriers, no tariffs, no duties, and no quotas. It simply says that the United States is no longer going to place an important domestic crop at a competitive disadvantage by subsidizing foreign palm oil plantations. If palm oil is as genuinely profitable a commodity as current U.S. policy is making it appear to be, then it should have no difficulty attracting capital through normal financial channels.

The 1975 import levels of palm oil reached well over 400,000 tons, an increase of at least 130 percent from 1974 levels. Many of the plantations that we have funded in recent years are just now becoming mature, with estimates that 1985 import levels may reach a million and a half tons. The impact upon the American farmer is not difficult to trace. Acreage figures for 1976 show that the farmer will be planting 51 million less acres of soybean, a 12-percent decline from 1973 levels. In Minnesota, farmers are anticipating 10 to 20 percent less acreage.

While the palm oil import situation may seem like a boon to consumers, this is an extremely shortsighted and simplistic view. Soybean oil is merely one of the fruits of the soybean. Soybean meal constitutes two-thirds of the high protein animal feed in the country, used in feeding rations to livestock, hogs, and poultry. When the farmer discontinues his soybean production, he discontinues not only soybean oil production, but also soybean meal production. The result is either poorer quality meat, or similar quality meat at substantially higher prices. Unless the flight by farmers from soybeans is checked, the American consumer is going to pay at least several billion dollars more annually in their meat purchases, by the early 1980's. Any savings resulting from increased supplies of subsidized palm oil are insignificant before this.

Once again, the issue here is *not free*, unfettered trade; but, rather, whether the United States is going to continue to insure that soybean oil remains 3 to 5 cents per pound more costly than palm oil through the loan policies of several international lending institutions. Currently, these loans subsidize more than 45 percent of all palm oil production. The soybean grower is asking no favors or privileges—merely, that his own Government give him the opportunity to compete on equal terms in the marketplace.

Mr. THONE. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Nebraska.

Mr. THONE. I thank the gentleman for yielding.

Mr. Chairman, I support the amendment offered by the gentleman from Louisiana.

Mr. Chairman, I rise in support of the amendment to H.R. 14260 offered by Mr. MOORE.

The importing of palm oil into this country, without restriction, is having a severe and adverse impact upon the domestic oilseed industry, especially soybean oil.

The testimony of Assistant Secretary of Agriculture Richard E. Bell before the House Agriculture Subcommittee on Oilseeds and Rice on March 18, 1976, sets forth the extent of increase in palm oil importation in just the last couple of years:

In 1974–75, palm oil accounted for 46 percent of all vegetable oil imports, and 6.7 percent of all the edible fats and oils used for food in the United States.

Palm oil imports are expected to increase even further in the current 1975–76 marketing year—reaching a record 900 million pounds and accounting for 7.7 percent of all edible fats and oils used for food in the United States.

Palm oil has the physical and chemical characteristics to allow it to be used in a wide variety of ways. In the past, however, it has been mostly used in the United States for shortening. For example, in 1974, nearly 90 percent was used for shortening.

Recent research work, however, has successfully fractionated palm oil resulting in a liquid oil comparable to peanut or olive oil in consistency and melting characteristics. This means that palm oil will be able to penetrate the cooking and salad oil market, a major market area from which it previously was excluded.

One inherent drawback of palm oil, however, is that it is a saturated oil, despite its being a vegetable oil.

The upsurge in U.S. imports of palm oil is associated with the dramatic increase of world production of palm oil since 1970. World palm oil production in calendar 1976 is expected to approach 3.2 million metric tons or about 7 billion pounds—nearly double the production in 1970.

Part of the expansion in world palm oil production during the past several years has been brought about by loans from international lending institutions such as the World Bank. I understand that 32 such loans have been made for palm oil production and processing facilities since 1965.

Much of the palm oil produced from plantations and facilities financed by international lending institutions has gone into export.

The growth of palm oil imports from 1965 to 1975 are graphically illustrated by the table below prepared by the U.S. Department of Agriculture:

PALM OIL: IMPORTS INTO SPECIFIED COUNTRIES, ANNUAL 1965-74

[In 1,000 metric tons]

Country	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974 [1]
Belgium-Luxembourg	28	27	28	28	22	25	26	23	25	26
Denmark	1	1	1	1	4	5	10	8	10	10
France	37	41	42	35	35	41	49	43	57	56
Germany, West	103	115	99	126	132	116	150	151	152	133
Finland	3	5	3	2	3	4	4	4	6	4
Italy	32	33	36	37	53	43	54	52	57	54
Netherlands	65	69	65	71	77	89	129	162	161	147
United Kingdom	117	150	99	109	139	162	223	208	244	296
Total, EC	386	441	373	409	465	485	645	651	712	726
Canada	9	12	10	8	16	12	13	31	20	16
United States	3	34	29	47	72	64	98	196	177	187
Portugal	14	16	16	14	18	19	20	18	16	22
Sweden	2	2	2	3	3	5	8	8	5	8
India	7	11	8	1	(2)	(2)	1	1	52	53
Iraq	50	36	52	54	58	66	78	82	105	125
Spain	16	20	22	28	42	40	41	55	100	115
Philippines	6	6	6	8	8	5	7	3	3	4
Ivory Coast	1	4	1	2	1	(2)	(2)	(2)	(2)	0
Kenya	5	4	2	6	12	7	15	15	17	14
Total	499	586	521	580	695	703	926	1,060	1,207	1,270

[1] Preliminary.

[2] Less than 500 tons.

A recent study by the U.S. Department of Agriculture dated January 1976, "Palm Oil, Historical Perspective, and Future Prospects," attributes much of the expansion of expanded foreign palm oil output to the U.S. international financial assistance program, which is predicted to boost world exports of palm oil by over 800,000 tons by 1980 or over one-half the projected growth in world palm oil output.

Since 1965, the International Development Administration and the World Bank have loaned in excess of $200 million to assist palm oil producers. The U.S. share in the capital and voting strength of the World Bank is 20 percent. Between 1975–80, international loans are expected to subsidize more than 45 percent of all palm oil production.

In recent years subsidies to U.S. farmers have markedly declined. At the same time, we are asking farmers to plant crops from fence row to fence row. How then can we in good conscience subsidize foreign production to compete with unsubsidized crops like soybeans? Moreover, given the health hazards of saturated fats, of which palm oil is one, how can we in the United States subsidize the increased consumption of this saturated fat oil, which is generally considered to be a health hazard.

Mr. Chairman, I urge you to support the Moore amendment and put some sense back in our Government programs.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. Moore) has again expired.

(On request of Mr. Latta, and by unanimous consent, Mr. Moore was allowed to proceed for 1 additional minute.)

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I would like to commend the gentleman for offering this amendment. Soybeans, as everyone in the rural areas realizes, is a very important crop. The price of soybeans is now starting to creep up to where it should be. Unless we do something to curtail some of these loans mentioned by the gentleman, we will see these prices going back down to stay.

Mr. Chairman, I support the gentleman's amendment.

Mr. MOORE. Mr. Chairman, I think the farmers are being asked to compete with unfair competition.

Mr. HOLLAND. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from South Carolina.

Mr. HOLLAND. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Louisiana, and I support the gentleman's amendment.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of the amendment of the gentleman from Louisiana (Mr. Moore) to prohibit loans for the purpose of developing foreign palm oil production which directly threatens our domestic soybean production.

At present three massive international financial institutions, the Asian Development Bank, the Inter-American Development Bank, and the International Development Association—World Bank—are using taxpayer dollars to subsidize the palm oil industry in other nations, primarily in Southeast Asia and Africa. Due to this American financial support, there has been a drastic increase in the importation of foreign vegetable oils. As the palm oil imports continue to increase, consumption of American vegetable oils will decrease, farm prices will fall due to losses in soybean sales, and the price to consumers will increase for American meat, poultry, and dairy products.

The magnitude of this problem is best seen by looking at some statistics showing the recent growth of palm oil importation. Total imports of palm oil into the United States in 1975 were estimated at twice the volume of 1974; over a billion pounds of the commodity are predicted for import in 1976—about three times the 1973 amount. On the basis of present trends USDA predicts that U.S. palm oil imports by 1985 will be three times the volume of 1976—the oil equivalent of approximately 300 million bushels of soybeans. To make that figure meaningful, I would like to report that my State of Nebraska produced 28,560,000 bushels of soybeans on 1,190,000 acres in 1974. At the 1974 Nebraska rate of production, the projected palm oil importation in 1985 would replace about 13 million acres of American soybeans.

This would mean higher meat, poultry, and dairy prices for America's consumers. Prospective damage induced by palm oil on the markets for U.S. soybean oil will discourage American farmers from planting soybeans. Consequently, the price of soybean meal used as animal feeds will go up. Since higher-priced feeds will have to be used to produce America's meat, the price will naturally rise. The American shopper will be paying the tab for our actions today.

The farmer, of course, will experience similar frustration as the market value of his crop falls. Soybeans are one of the Nation's top cash crops; the option to grow soybeans on a profitable basis gives the American farmer greater stability of income and greater opportunity to improve his farming efficiency. Just for 1 year, however, 1975, USDA's

Foreign Agriculture Service stated that the swelling palm oil imports caused an estimated loss of $1.5 billion of farm income.

There is one final irony of these international subsidies for palm oil: While attempting to assist the economies of less-developed countries, these loans prejudice the competitive standing of other edible oil producers in less-developed countries such as Brazil, India, and the Philippines.

At the very least, the foreign economic policies of our Government should not encourage higher food prices at home. At best, they should discourage unfair competition for American products. Since 1966 the United States has been depositing money into these international banks only to see it used to undercut our own soybean market. We can not afford to continue robbing the right hand to pay the left. I urge full support of the amendment.

Mr. PASSMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I also want to commend the distinguished gentleman from Louisiana (Mr. MOORE) for being a fine man and my good friend. In all probability, my district in Louisiana is the largest producer of soybeans in the State of Louisiana. It also produces a great deal of cotton.

I want it perfectly understood that I represent the committee in this instance and not my personal feelings. As chairman of the Foreign Operations Subcommittee, I have the responsibility to defend the appropriation bill as reported to the House. Now if we look at the record, there are mainly four nations exporting palm oil to the United States. First, Indonesia. In 1975 we imported $15,500,000 in palm oil but they purchased from us $810,100,000 worth of goods.

From Nigeria we imported $1.3 million and they purchased from us $536.3 million in commodities.

In Malaysia, we imported $172.9 million of palm oil, but they purchased from us $395.3 million in commodities.

In 1975, the total amount of the imports of palm oil was $191.8 million, but at the same time these countries purchased commodities from us in the amount of $1,820,000,000.

This amendment, of course, will not stop shipments of palm oil to the United States. It is not all inclusive because it does not include the bilateral organizations. Even if it did, I do not believe it would stop palm oil imports because these countries would finance this valuable export market commodity from their own foreign exchange or receive funds from other donors. This amendment only affects the U.S. contributions to the international organizations and does not stop palm oil imports.

If we are going to sell our products worldwide, we are going to have to buy from these countries. I think the best way to handle this, if we feel that we are importing too much palm oil, is that we should set up some kind of increased tariff rate or perhaps, set up some kind of quota arrangement, because we are not going to cut it off with this amendment. If we limit the aid cut off to the international organizations, they will just turn around and finance it through bilateral organizations or finance it out of the earnings from their foreign exchange account.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, I have great respect for my colleague, the chairman of the subcommittee, who is from the great State of Louisiana, and I agree with him about the importance of this issue to any State that produces soybeans.

The gentleman poses a solution as to tariffs and quotas, but I wonder if that does not worsen the problem in international trade. I, too, would favor an import duty on palm oil. The problem, of course, is that the benefits might not outweigh the disadvantages.

The big problem, the USDA and the State Department tells us, is that that is protectionism. If we pass a strict tariff, what we are doing is encouraging other countries to do the same thing, and the result would be that we would foul up the whole situation in the area of international trade as it affects agriculture.

My amendment does not contain that threat. It simply means that these other countries would not be able to get these loans to compete with us.

Mr. PASSMAN. Mr. Chairman, I will say to the committee that if this amendment is adopted, then none of the international organizations could accept any funds. It would cut off the International Development Association, the Asian Bank, and all the others. They could not accept these contributions.

I believe there is a better way to work it out. It is most difficult for me to oppose this amendment, inasmuch as my district is a heavy producer of cottonseed oil as well as soybean oil but I do not think this is the way to do it and, I do not think this amendment is going to cut off the importation of palm into the United States.

Mr. Chairman, I think there is actually a good motive behind the offering of this amendment, but I question the effectiveness of the amendment. I hope we will vote it down and let us work out some kind of a quota arrangement.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. PASSMAN) has expired.

(By unanimous consent, Mr. PASSMAN was allowed to proceed for 1 additional minute.)

Mr. SHRIVER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Kansas.

Mr. SHRIVER. Mr. Chairman, is it not true, I will ask the chairman of the subcommittee, that there have been no loans proceeded by any of these international organizations this year, and is it not also true that the U.S. Department of Agriculture is now conducting a study along this line and a report will be made as to whether there is any adverse effect upon the economy of this country because of this? Is that not true?

Mr. PASSMAN. Mr. Chairman, the gentleman from Kansas (Mr. SHRIVER) has stated the facts as I understand them.

Mr. MOORE. Mr. Chairman, will the gentleman yield further?

Mr. PASSMAN. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, I would simply like to respond to the point that was just made by my colleague, the gentleman from Kansas (Mr. SHRIVER), as to the reason the international banks have suspended these loans. This is proof of the fact that we need to take this action, because the only reason they have suspended the loan is that they recognize what we have done to our international palm oil production.

Mr. PASSMAN. Mr. Chairman, if we take this amendment, it would, of course, bar contributions to the multilateral organizations, but these countries could obtain funds through other channels and and the United States could still import all the palm oil these countries want to make available.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment which would prohibit the contribution of any funds appropriated under this bill to any international financial institution for loans for palm oil projects.

Such a condition on U.S. contributions to these institutions would be totally inconsistent with the multilateral framework within which these institutions operate. The terms and conditions on which the American contributions are made available to the institutions are established by law in the articles of agreements made between the institution and the donor nations. It would be legally impossible for these institutions to accept U.S. contributions with new strings attached.

In addition, such an attempted restriction would set a bad precedent. If we could prohibit loans for certain activities, then so could other countries. Or there could be prohibitions placed on loans to certain countries. This would completely destroy the multilateral character of these institutions and the spirit of international cooperation which goes into these multinational development efforts.

Not only is this amendment bad in principle, as a repudiation of our intent in entering into participation in these international financial institutions, but it is also unnecessary, in light of U.S. Government actions in the palm oil area.

No loans for palm oil production or processing have been made by any of the international financial institutions this year. The United States has requested the IFI's not to bring forward any new projects for palm oil until a U.S. Department of Agriculture study of the subject has been completed. The banks have honored this request.

The Department of Agriculture study of palm oil markets and their effect on domestically produced oils is now close to completion. If this study concludes that there will be future surpluses or gluts of fats and oils in the world markets, then the Treasury will make every effort to persuade the banks to stop all future lending for palm oil. But it would be a serious blow to our multilateral assistance efforts to take the type of peremptory action suggested by this amendment.

Mr. Chairman, let me just point out that for many countries to whom palm oil loans have been made in the past, palm oil is effectively the only case product. Bank-supported palm oil projects provide the livelihood for a large number of small farmers and the rural poor in some of these countries. About 25 percent of this production is for domestic consumption, with the remainder going into the world market.

Mr. Chairman, I appreciate the concerns of the gentleman in making this amendment, but in light of the damage it would do to our relationships with the international financial institutions, and the ongoing study by the Department of Agriculture, I urge my colleagues to defeat this amendment.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I am sorry that the gentleman from Massachusetts (Mr. CONTE), who just addressed us, failed to yield.

I wanted him to reconcile for the benefit of this Member and perhaps some of the other Members who are supporting this amendment his position on this issue as opposed to his position on the matter of curbing the importation of stainless steel products.

Mr. SMITH of Iowa. Mr. Chairman, I am the one who blasted out of the Agriculture Department last January the information on these loans to Malaysia, especially with respect to palm oil, and I think there was plenty wrong; however, it does not necessarily follow that this amendment should be passed.

Mr. Chairman, I would like to get just a few facts before the House and tell the Members why I think this is the wrong approach.

About 10 years ago the Keogh amendment eliminated the minimum 3-cent import tax on palm oil. We became the only country with no import duty on palm oil. Even the oil-deficit countries have a duty on palm oil.

Also, the exporting countries, such as Malaysia, have a duty on palm oil. We are the only country that does not have the minimum duty. We could have a 3-cent duty without violating any international tariff or trade agreements.

With that kind of an artificial economic situation, the surplus in palm oil is bound to flow to the United States. So the cure is to put a 3-cent duty on palm oil here in the United States so that the palm oil will flow in the world market on a supply-and-demand economic basis instead of being controlled or influenced by this artificial situation. Some bad judgments were made in making these palm oil loans to establish palm oil plantations. They loaned the money, not to the small farmers, but to the big plantation owners to tear up rubber trees on their plantation so as to plant palm oil trees.

The loans were not to help either small farmers or hungry people in Malaysia obtain more locally grown food.

Ninety-five percent of the production in Malaysia is going to go into the world market. To make that kind of loans was bad judgment on the part of the international agencies. I think that judgment has now been arrested. They never should have made these kind of loans. The loans should not have been made to rubber plantation owners to help them go into palm oil tree production. However, we cannot make individual decisions in Congress contrary to the charter of international organizations. If we do not like what they do then we should either not join or we should do what we did and influence them to change their policy or hold up their loans.

Let us keep in mind that we have a world palm oil market, the same as we have a world wheat market and the same as we have a world soybean market. What we ought to do is to equalize the import tax and the export tax so that the world market can work on an economic basis.

Even if this amendment prevented new production, it does nothing about existing production which will continue to flow into the United States on an artificial basis and uneconomic basis.

I have and I will continue to press for administrative action to prevent further loans of this type that has been successful and is a better approach than an amendment which gives the illusion of action but in fact does nothing other than discourage the corrective action needed relative to equalizing tariffs.

The price of soybeans has recovered dramatically but it is mostly because meat prices are higher. Oil prices have not responded accordingly and this further illustrates that broad economic pressures set soybeans prices rather than an amendment of this kind.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, let me say to the gentleman from Iowa that I agree with his facts and figures and also support your concern for import duties, but we do not have this before us and there is not a chance that such a bill is going to receive a day of hearings. Therefore, there is nothing to prevent loans being made this year or next year. These are the loans that will increase palm oil production in the next 10 years by at least 45 percent, which will destroy the domestic oil industry. I submit that this amendment is all we have.

Mr. SMITH of Iowa. I submit that the gentleman's amendment will not do it either because it prohibits financial institutions from making those loans for "the production of palm oil to be exported to the United States." The loans were not made for that purpose but rather to export into the world market.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Chairman, on April 27, I testified before the Senate Committee on Foreign Relations regarding our contributions to international lending institutions, with particular reference toward these institutions encouraging the production of palm oil. I made the point then that the production of palm oil by developing nations, especially Malaysia and Indonesia, was being directed toward an export trade. At that time, and in subsequent meetings, I emphasized that the U.S. Government should not assist in the subsidization of a crop which is used primarily as an export product which competes directly with American exports. Farmers of America have already lost over $1.5 billion due to competition resulting from foreign palm oil. Frankly, they and I do not understand why our tax dollars should be used to assist foreign nations, not to feed their own people, but to compete in markets and with products of which there is already an abundance.

Unfortunately, the committees which authorize and appropriate money for these international lending institutions did not heed my remarks, and the result has been a glut on the world markets of vegetable oils. Soybean prices have dropped and farmers are bearing the brunt of this drop. While in the short-term, this may be beneficial to the consumer, in the long-term it will hurt. If prices stay down, farmers will grow fewer soybeans; soybeans can be processed into a meal for feed, unlike palm trees. As a result, the price of raising meat for edible consumption will rise and consumers will pay more at the supermarket. In the meantime, if this appropriations bill is passed without the Moore amendment, they will be footing the bill for such future price increases via their tax dollars. And, it is very probable that the excess supplies of oils on the market will drive prices so low that everyone, including the palm oil producers, will suffer.

I believe it is time for some rationality to be implanted in this Nation's foreign policy with respect to development assistance, and that is why every Member here must vote in favor of the Moore amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I would ask the gentleman from Louisiana (Mr. MOORE) whether if the amendment is not agreed to the gentleman will vote for the bill?

The **CHAIRMAN.** The time of the gentleman has expired.

Mr. POAGE. Mr. Chairman, I move to strike the requisite number of words.

Mr. MOORE. Mr. Chairman, will the gentleman yield for one moment?

Mr. POAGE. Certainly, I gladly yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, I have asked the gentleman from Texas to yield to me becaust of the question that was put to me by the distinguished chairman of the Committee on International Relations, the gentleman from Pennsylvania (Mr. MORGAN) which I did not have the opportunity to answer.

The answer to the inquiry of the gentleman from Pennsylvania is yes, that I will vote for this bill regardless of whether the amendment is passed or not.

Mr. POAGE. Mr. Chairman, previous speakers have suggested that some kind of tariff be imposed on the importation of palm oil rather than preventing an oversupply as the amendment would—at least in part. What this amendment does is to say we will not lend any more money to develop any palm oil orchards. I think that is a whole lot better than cutting off the sale of the product after it has been grown. If you follow the advice of some of those who say we must not touch this problem until the production is offered for sale then you will continue to lend more money and put more land into palm oil trees. Under the plan suggested the producers would find that they had no market or a restricted market. So you would create a situation where both producers and the bank would take unnecessary losses. In short you would do harm to everybody.

Is not the better thing to do to stop this unwanted production at the source? And this is what this amendment attempts to do in the future. We were not able to do this in the past, of course, but this amendment does attempt to do as little violence as possible to the possible producers of palm oil. I think it is better that we handle it that way than for us to encourage production which we do not need.

Certainly we are producing plenty of edible oil in the United States. When the gentleman from Massachusetts (Mr. CONTE) suggests that we wait and see if this importation of palm oil has any serious impact the gentleman seems to overlook the fact that the edible oil market in the United States has already dropped by 50 percent.

That is a serious impact. We have already had that happen. It is time to act.

Let us ask ourselves: "Do we really want these oils? Why should we want to import a dangerous food product? Edible oils fall into saturated and unsaturated oils. There has been a great deal of feeling in the scientific community for a number of years that saturated oils were harmful to human health, and there is a great deal more evidence on that subject than there is on most of the subjects for which we are passing regulations and are forbidding the use of various kinds of insecticides or other chemicals. We do know that saturated oils are harmful to the health. We know that palm oil is the most highly saturated edible oil sold on the civilized market. An analysis of the statistics on fats and oils published by the Department of Agriculture shows that palm oil contains 45 percent saturated fatty acids, while hog lard contains only 38 percent, and hog lard has almost disappeared from the domestic market because our American housewives do not want to buy this saturated oil. Palm oil is more highly saturated—more than three times as highly saturated as soybean oil, which is about 15 percent; or peanut oil, which is about 18 percent, and has about four times as much fatty acids as sunflower oil, which has only 12 percent.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the distinguished gentleman from Texas.

Mr. MAHON. I thank the gentleman for yielding.

The gentleman makes a very valid point that palm oil is dangerous to the health of the American public, and a way must be found to protect the American public with respect to this oil. I shall help find a way to protect us from the menace that affects us with regard to palm oil from the standpoint of our economy, and from the standpoint of our health.

Mr. POAGE. I think it is clear, as the gentleman points out, that regardless of economic effects—and I think the economic effects justify our taking this action—but regardless of all economic factors—if we are going to deal fairly with the American housewife and sell her the things that are helpful to her family, we have got to eliminate the large scale use of this highly saturated palm oil, which is the most highly saturated edible oil on the market. Let us quit financing a product which poses such a threat to the health of our American people.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TSONGAS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think on an amendment like this the House should take the time and look at the detail of what it is voting on. This is a well intentioned amendment. What it says in effect is that it tries to protect those American farmers who are in competition with the palm oil that is being imported to the United States. But let us look at its effect in terms of palm oil and let us look at it in terms of the effect on the multilateral international development banks. The fact is that we cannot put strings on American money going to development banks. It is not allowed in the charter. Even if this amendment passes, it is illegal, and beyond that we are setting a precedent. If we put strings on in terms of palm oil, every other country that contributes money to the development banks will then have the same precedent to point to and they can put on their own strings for their own products. The process could go on endlessly and what we will end up with is the demise of the development banks. That is a long-term effect of what we are doing here. Let us see if we can decide it among ourselves. Are we willing to let the banks go the way of all flesh? Are we willing to kill them because we are concerned about our own farmers and its effect?

The fact of the matter is that this amendment, whether it passes or fails, has absolutely no impact whatsoever on those in the United States who are in competition with palm oil. John Bushnell, the Assistant Secretary of the Treasury, came before the International Finance Committee in March and said that no funds would be given, in his opinion, for palm oil in this year. This was long before this amendment—and none have been given.

The question comes down, Mr. Chairman, to since it is not going to have any effect, inasmuch as the loans are not going to be given out whether this amendment passes or not, why do damage to the International Development Banks?

I think we have to look at this thing very carefully.

Mr. J. WILLIAM STANTON. Mr. Chairman, will the gentleman yield?

Mr. TSONGAS. I yield to the gentleman from Ohio.

Mr. J. WILLIAM STANTON. Mr. Chairman, I appreciate what the gentleman is saying. I would like to associate myself with his remarks. It is, as the gentleman said, totally illegal. It is a question of interfering in the international institutions which are under charter. If there was a problem we wanted to address, then the problem should have been addressed in our authorization legislation. The appropriation bill is not a place to handle the problem.

Mr. TSONGAS. The gentleman is correct. If there is an impact it should be in the authorization bill, but since the gentleman says it has no impact why do we go the route of adopting it? It is something which can be serious and do irreparable damage to the international development banks. I do think that position can be sustained.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. TSONGAS. I yield to the gentleman from Louisiana.

Mr. MOORE. Does the gentleman not think that the Congress should indicate to the international lending institutions by virtue of this amendment our position?

Mr. TSONGAS. As I indicated to the gentleman last week I think colloquy is excellent. Our position has been made clear: it is opposed to palm oil loans. We have made that position clear today. It is established. But to go beyond that may be damaging to the international institutions.

Mr. MOORE. I have to disagree with the gentleman on that. It seems to me if the American taxpayers' dollars are going to be spent, we had better have something to say about where the dollars are going. I disagree with anybody who says we have no control over where our money goes through these international banks.

Mr. JENRETTE. Mr. Chairman, on Friday, June 25, I addressed this body regarding the negative impact upon the American farmer by rapid increases in palm oil imports. As I pointed out last week, the tragedy in this situation is that it was the farmers' tax dollars that helped finance foreign production and processing of palm oil through loans endorsed by the National Advisory Council, and paid by the international development banks.

At this time, I only wish to reiterate my concern that our farmers will continue to suffer under the administration silence on this subject. We must act now, and demonstrate our intention to halt the double-duty taxation on the American farmer. I urge favorable consideration of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. MOORE).

The question was taken; and on a division (demanded by Mr. MOORE) there were—ayes 58, noes 83.

RECORDED VOTE

Mr. MOORE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 198, noes 210, not voting 24, as follows:

[Roll No. 478]

AYES—198

Abdnor
Alexander
Ambro
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baldus
Bauman
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Blouin
Boggs
Bowen
Breaux
Brinkley
Brooks
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derrick
Devine
Dickinson
Downey, N.Y.
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
Emery
English
Evans, Ind.
Fary
Fish
Fithian
Flowers
Flynt
Fountain
Frey
Fuqua
Gaydos
Gibbons
Ginn
Goldwater
Goodling
Grassley
Guyer
Hagedorn
Haley
Hall, Tex.
Hammerschmidt
Hansen
Harkin
Harsha
Hawkins
Hébert
Hechler, W. Va.
Hefner
Henderson
Hightower
Holland
Holt
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Lagomarsino
Landrum
Latta
Leggett
Lent
Levitas
Lloyd, Tenn.
Long, La.
Lott
Lujan
McCollister
McCormack
McDonald
Madigan
Mahon
Mann
Martin
Mathis
Melcher
Michel
Milford
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nolan
Oberstar
O'Brien
Paul
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Randall
Regula
Rhodes
Risenhoover
Robinson
Rogers
Roncalio
Rose
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Satterfield
Schulze
Sebelius
Sharp
Shipley
Shuster
Sikes
Sisk
Skubitz
Smith, Nebr.
Snyder
Spence
Steed
Steiger, Ariz.
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Tex.
Wolff
Wright
Wydler
Yatron
Young, Tex.

NOES—210

Abzug
Adams
Addabbo
Allen
Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baucus
Beard, R.I.
Bell
Biester
Bingham
Blanchard
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Broomfield
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chisholm
Clay
Cleveland
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Delaney
Dellums
Derwinski
Diggs
Dingell
Dodd
Drinan
Duncan, Oreg.
Early
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Eshleman
Evans, Colo.
Fascell
Fenwick
Findley
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Giaimo
Gilman
Gonzalez
Gradison
Green
Gude
Hall, Ill.
Hamilton
Hanley
Hannaford
Harrington
Harris
Hayes, Ind.
Heinz
Hicks
Holtzman
Horton
Howard
Howe
Hughes
Jacobs
Johnson, Pa.
Jones, Ala.
Jordan
Kastenmeier
Keys
Koch
Krueger
LaFalce
Lehman
Lloyd, Calif.
Long, Md.
Lundine
McClory
McCloskey
McEwen
McFall
McHugh
McKay
McKinney
Madden
Maguire
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, N.Y.
Myers, Pa.
Nedzi
Nix
Nowak
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Price
Railsback
Rangel
Rees
Reuss
Richmond
Rinaldo
Rodino
Roe
Rooney
Rosenthal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Seiberling
Shriver
Simon
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Thompson
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
Wiggins
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wylie
Yates
Young, Alaska
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—24

Biaggi
Conyers
Dent
du Pont
Eckhardt
Esch
Evins, Tenn.
Hays, Ohio
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Jones, Tenn.
Karth
Litton
McDade
Matsunaga
O'Hara
Peyser
Riegle
Roberts
Steelman
Stuckey
Symington

Mr. McCORMACK changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. VANDER VEEN. Mr. Chairman, I intend to vote for this foreign aid appropriations bill because I think it is important that we provide these badly needed funds without any further delay. However, I support this bill with considerable reluctance. The appropriations it provides for several key international aid programs are woefully inadequate and represent significant reductions in the administration's requests for these programs, even though these requests were not overly ambitious in the first place.

The bill cuts the administration's request for food and nutrition programs by $63 million, while population planning and health programs were reduced by almost $30 million. Funds for international development banks have been slashed by a total of about $335 million despite our Government's obligations to help fund these international assistance agencies.

Mr. Chairman, I am disappointed, to say the least, that such large cuts were made in these programs. Our Nation is one of the richest in the world, and our standard of living is one of the highest. Our per capita income is well over $5,000, while dozens of countries have incomes of under $500 per person. But we allocate only twenty-five hundredths percent of our gross national product to nonmilitary foreign aid, one of the lowest of all industrial countries.

And even though the income gap between our country and the third world is already huge, it will continue to grow. World population is expected to grow from its present 4 billion to 7 billion by the end of the century, and 80 percent of this increase is expected to occur in the developing countries, which grow only 20 percent of the world's food supply. UNICEF estimates that 1.5 billion people are inadequately fed in the developing countries, and an additional half-billion are severely malnourished.

Many more statistics could be quoted, but I think the point is obvious—we clearly have a strong moral obligation to do the maximum possible to help the people in these countries achieve a decent standard of living. The international economic assistance bill we passed last year pointed our aid programs in the right direction with its emphasis on population control, food and nutrition aid, and self-help programs. But all this is meaningless if we fail to provide adequate funding for these programs.

Mr. Chairman, I hope that this stingy aid appropriation will be increased in the other body, and that these increases will be retained in the conference report on the bill. I urge the House conferees to accept the maximum amount of funding possible.

Beyond that, I hope future foreign economic aid appropriations will reflect a more responsible level of funding and the true humanitarian spirit of the American people. Let us continue in our tradition of responding to those who desperately need our assistance. Our moral responsibilities to our fellow man demand that we do no less.

Mr. KOCH. Mr. Chairman, I would like to reemphasize my support of this important foreign assistance and related programs appropriations bill for fiscal 1977, but also make a few comments about it.

Again this year the foreign assistance appropriations bill contains both military and economic assistance programs in one unified bill.

Because of the Presidential veto of the security assistance authorization bill for 1976, the conference report for the fiscal 1976 foreign assistance appropriation, which contains both military and economic aid, could not be voted on, until the House had passed the new International Security Assistance and Arms Control Act of 1976, which authorizes military and security assistance programs for both fiscal 1976 and 1977. In the meantime, even though most economic programs had been authorized in December 1975, by the International Development and Food Assistance Act of 1975, the economic assistance programs were required to wait for the passage of the military authorization bill and the final passage of the conference report for the fiscal 1976 foreign assistance appropriation, which contained both economic and military aid.

I think this history shows that there is a great deal to be gained in acting on two separate foreign aid appropriations bills, one military and the other economic, just as two separate authorization bills have been passed by the Congress, one for military and security-related programs and one for economic and humanitarian programs.

Those who favor one foreign assistance appropriations bill argue that having all programs in one bill is the best way to make the Congress analyze the totality of our foreign aid program. I disagree. I believe we should have two bills, one with economic programs and one with military, because in this way the Congress can best appraise each program for its merits and faults. In spite of what the report on this bill states, this year would have been an appropriate year to report two separate bills, because the economic programs for 1976 and 1977 had already been authorized by Public Law 94–161, the International Development and Food Assistance Act of 1975, many months before the arguments over the international security assistance bill were resolved.

I particularly support the economic development, health, and population programs contained in this bill, as well as the refugee programs, the Peace Corps, and, of course, the security supporting assistance program, which is so important to helping maintain peace in the Middle East. The $3.8 billion appropriated by this bill for humanitarian, economic, health, and other nonmilitary purposes includes: $35 million for the Middle East Special Requirements Fund, $170 million for international organizations and programs, $19.8 million for the American Schools and Hospitals Abroad program, $25 million for international disaster assistance, $34 million for the International Narcotics Control Commission, $71 million for the Peace Corps, $10 million for migration and refugee assistance, and $10 million for the assistance of Soviet refugees. For programs administered by the Agency for International Development, the bill includes $1.090 billion—an increase of $43,550,000 above the fiscal year 1976 appropriations. This category includes $475 million for food and nutrition assistance, $200,000,000 for population planning and health, $70 million for education and human resources development, $70 million for technical assistance, energy, research, reconstruction, and selected development problems, and $193 million for the operating expenses of the Agency for International Development.

For the Middle East, the fiscal 1977 bill contains $1.664 billion in security supporting assistance including $700 million earmarked for Israel, $695 million for Egypt, $72 million for Jordan, $80 million for Syria, and $65 million for Greece. This is economic assistance primarily for the Middle East nations on which the United States is relying for peaceful solutions to the Middle East tensions. Regrettably peace is still far away and the plight of Lebanon is unbearable. In addition, Israel will receive $1 billion in foreign military credit sales, a loan, of which one-half will be forgiven. The need for a strong Israel is visably demonstrated by the plight of Lebanon.

The bill also contains funds for capital payments to the Asian Development Bank, the Inter-American Development Bank, and the International Development Association. I support providing higher captial payments for these programs, both to honor our international commitments and because these institutions provide valuable development assistance.

In this connection I would like to note the amendment which I offered in subcommittee and which was adopted, withholding funds from any international financial institution receiving funds under the bill, which does not allow the American director of the institution access to the same information about outstanding loans as is available to the president or employees of the bank. At stake was the situation where employees of some of these international financial institutions were receiving personal loans, but the amounts and recipients could not be determined. I believe an international bank may create a small program of emergency loans for medical and other reasons, or a program of second mortgage housing loans for relocated employees who need assistance, as a service and fringe benefit to employees. However, the directors of the institution have a right to find out the amount of the loan and whether there appears to be any favoritism in their approval.

I support the economic programs funded by this bill, because I believe they attempt to bring the best in American economic, health, and planning expertise and resources to bear on the problems of the developing world, and I urge my colleagues to vote in favor of this appropriations bill.

I am much less convinced about the merit of many of the military programs in the bill, and my remarks on Uruguay last week highlighted that country as an example of our military aid being abused and perverted. I believe military aid must be looked at on a case-by-case basis. We should not be providing military aid to countries whose governments are systematically repressive of their populations. Recently, the President vetoed the security assistance authorization because, among other things, the Congress imposed in that bill strict human rights standards as a condition of U.S. military aid. I believe this veto reemphasized the need for Congress to make its own review of the human rights situation in individual countries, as well as the strategic importance of those countries, to determine whether it will permit military aid in specific countries.

I am encouraged that I have received so much support from my colleagues in the House and particularly on the Foreign Operations Subcommittee for my amendment to this bill, which cuts off any military aid for Uruguay for fiscal 1977. The State Department opposes this amendment, even though they have not been able to refute the overwhelming evidence that the military government of Uruguay has engaged in an inhuman and nauseating campaign of political repression that has deprived thousands of Uruguayans of their basic human rights and even their lives. I expect that the State Department will make a concerted effort to prevent the Senate from adopting a similar amendment, but I hope the Senate will resist their arguments and do what human decency demands—deprive the military dictators of our moral and material support, until they demonstrate some respect for basic human rights.

Despite my reservations about some of the military programs funded by this appropriations bill, I support the bill as a whole as a constructive effort by the United States to help provide for the future security and economic development of those nations who rely on the United States for its leadership and generosity.

Mr. BIESTER. Mr. Chairman, I rise in support of H.R. 14260, the foreign assistance appropriations bill for fiscal year 1977. This legislation will provide funding for a variety of economic development and security assistance programs previously authorized by this House. Among those provisions particularly deserving of our support are vital assistance for increasing food production, population planning and improved resource development within the Third World, as well as military and economic assistance necessary to encourage progress toward a peaceful settlement of the Middle East conflict.

However, it is unfortunate that H.R. 14260 does not include further appropriations for U.S. participation in the African Development Fund—ADF—the concessionary lending branch of the African Development Bank. On May 31, the President signed legislation authorizing a U.S. contribution of $25 million to the ADF for fiscal year 1977. Subsequently, $5 million in initial funding for the ADF was included in the Second Supplemental Appropriations Act of 1976. If adequate funding is not forthcoming for the approaching fiscal year, Congress will prevent an effective U.S. participation in a worthy development institution whose charter we helped to draft, whose goals we have endorsed, and whose efforts we have pledged to assist. In light of our important initiatives at the United Nations Seventh Special Session and the recently concluded United Nations Trade and Development Conference at Nairobi, to omit funding the ADF in fiscal year 1977 is precisely the wrong direction to take.

The ADF, with the participation of leading industrial nations, has sought to address the agricultural and social development needs of the poorest African nations. The 13 countries which borrowed a total of $47 million from the

ADF in 1974 have an average annual per capita income of less than $125. Five of these nations are in the drought-stricken Sahel region. Yet, with the modest self-help programs assisted by the ADF since 1973, these nations can hope for progress.

Mr. Chairman, after many years of receiving too little attention and too few resources, American policy in Africa has arrived at a critical crossroads. Understandably, the situation in southern Africa has preoccupied our immediate concerns. Nevertheless, the long-term promise and problems of African economic development will ultimately be even more significant for a broad range of U.S. interests. Our Nation can rightly claim an honorable record in assisting African development, and surely this is not the time to slacken our efforts. Many tens of millions of Africans still suffer the terrible ravages of hunger, disease, and poor education. A judicious combination of bilateral, multilateral, and regional development assistance programs is required to alleviate these conditions. Accordingly, I would hope that House conferees for the legislation under consideration today might agree to provide funding for the ADF, which I understand is included in the foreign assistance appropriations legislation to be considered in the other body.

Mr. ASHBROOK. Mr. Chairman, I rise in strong opposition to H.R. 14260, the Foreign Assistance Appropriations bill for fiscal year 1977. This legislation will continue the disastrous foreign aid giveaway program that has cost the American taxpayer billions of dollars while producing few results.

The amount of money devoured by the foreign aid program is truly astonishing. In the years following World War II through June 30, 1976, the United States has provided economic and military assistance totaling $181,628,719,000. This includes $143,470,414,000 in grant aid and $38,158,305,000 in so-called loans.

Even this incredible sum does not reveal the entire cost of the program. Since our Nation had a budget surplus only six times during these three decades, the Committee on Appropriations estimates that an additional expense of $125,793,716,000 in interest has been incurred to borrow the money we have given away. This makes the actual cost in excess of $307 billion. In addition other departments of the Federal Government have what should be classified as foreign aid projects that are not even included in these figures.

I would remind my colleageus that such a sum would pay off almost half of our national debt. It is also almost three times the total net U.S. balance-of-payments deficit between the years 1950 and 1976. As the committee report notes—

> Soon after the foreign assistance program was started, the United States' international balance of payments began to experience large deficits.

Is there any wonder why?

Yes, the American people have paid a heavy price to finance the foreign aid program. And what have we gotten in return for these sums? Frankly, very little.

The foreign aid program has been a failure any way you look at it. Almost everyone would agree that it has not raised the standard of living of the world's poor by more than the slightest degree. Almost everyone would agree that it has not made us popular around the world.

The case of India is an excellent example. We have poured in well over $8 billion to that nation alone. Yet despite this vast amount of aid there have been few results. As nationally syndicated columnist Henry J. Taylor has written:

> India's economy remains in collapse. Nothing but nothing America's taxpayers have done can get it moving. It's like trying to push a truck uphill with a rope . . . In the 28 years since India's independence, India has been stricken by more poverty, disease and despair than ever before in its history.

In the past this aid could be somewhat justified on the grounds that India was the world's largest democracy. For the past year, however, this has not been the case. Indira Ghandi has established a one woman dictatorship, imprisoning her opposition and ruling by personal whim. She has also exhibited far more affection for the Kremlin than for America, even saying that the United States poses a military threat to India. So much for American generosity.

Despite the failure of foreign aid, the bill before us today would channel another $4,946,198,000 into this program. Almost $5 billion would go to 67 countries for economic assistance, 45 countries for military assistance, 8 countries for security supporting assistance, 77 countries for Public Law 480 assistance and 66 countries for Peace Corps assistance. In most instances, this is just throwing good money after bad. I cannot support such an expenditure and I strongly urge defeat of the bill.

Mr. LEGGETT. Mr. Chairman, the bill before us today marks the fourth time in as many months that we have considered a foreign aid measure. With the food and economic aid authorization having been dealt with last September, we have had two security assistance authorization bills before us, covering both fiscal 1976 and 1977, as well as the appropriation for all foreign aid in fiscal year 1976. And we find ourselves in the unusual position of having the conference report still pending on that fiscal 1976 appropriation, with the conference report only just adopted on the security assistance authorization, as we take up H.R. 14260, the foreign aid appropriation for fiscal 1977. Moreover, if the administration has its way, we will have yet another foreign aid measure to face later this year—a resolution approving and authorizing funds to implement the base agreement signed in March with the Government of Turkey.

Much of this logjam in foreign aid legislation was the result of the administration's inability, ostensibly because of the need last year for a major review of Middle East policy, to present its security assistance proposals for fiscal 1976 until last fall, well into the fiscal year. That problem forced us to take up food and economic aid in a separate authorization measure, an outcome that is not only logically sound but also served to dispel the shibboleth that economic aid cannot survive without the political support generated by the presence of military assistance in the same bill.

In any event, let us hope that 1976 will represent the high water mark for indecision and delay in presenting the foreign aid program. We must have timely consideration of these bills if we are going to be able to make the new budget process, with its necessarily demanding schedule, work in this as in other functional areas.

I might add that it will be difficult to conduct a timely legislative process in foreign assistance unless the executive branch is prepared to respect our determination to proceed with reforms of both economic and military aid. The President's decision to veto S. 2662, our original security assistance authorization H.R. 11963, is not a cause for confidence in that regard.

Neither is his message requesting us to pass a resolution authorizing a 4-year, billion dollar program of military aid to Turkey. Such a program would run directly counter to the reform which we put into both of our security assistance authorization bills. It is that military grants will come to an end at the end of fiscal year 1977 unless specifically authorized on a case-by-case annual basis in the future.

H.R. 14260 contains appropriations sufficient for a $200 million security assistance program to Turkey—$50 million of grants and $150 million of credit sales. That amount is close to what is called for in the United States-Turkish base agreement. If it is sufficient to motivate the Turks to proceed with implementation of the agreement, then I am for it. But beyond this point I do not think we should go now. This is hardly the time to consider signing a billion dollar check to Turkey when that Government has yet to move from its intransigent position on the Cyprus issue.

The overall bill incorporates a number of cuts in the amounts requested, most of them in economic and supporting assistance. The reductions made totaled $106 million in economic aid, and $117.5 million in supporting assistance to the countries of the Middle East. In my judgment, the relatively modest cuts that would be made in the large amounts requested for this latter category of aid to Israel, Egypt, Jordan, and Syria should not hinder the accomplishment of our objectives in those countries.

The bulk of the cuts in economic aid are made in the food and nutrition, and population planning and health categories. These are areas which assume particular importance under the "new directions" reforms that we instituted in economic aid in 1973. For that reason, my preference would have been to fund these categories at the full amounts authorized.

Despite these reservations, I do feel that we should adopt this bill. While I do not endorse every provision, I have decided to support this bill and urge my colleagues to do likewise.

The CHAIRMAN. The Clerk will read.

The Clerk concluded the reading of the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. PASSMAN).

Mr. PASSMAN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KAZEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14260) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MYERS OF INDIANA

Mr. MYERS of Indiana. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MYERS of Indiana. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MYERS of Indiana moves to recommit the bill, H.R. 14260, to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BELL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 238, nays 169, not voting 25, as follows:

[Roll No. 479]

YEAS—238

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Beard, R.I.
Bell
Bergland
Biester
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chisholm
Clay
Cohen
Collins, Ill.
Conable
Conte
Corman
Cotter
D'Amours
Daniels, N.J.
Danielson
Delaney
Derwinski
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Fuqua
Giaimo
Gilman
Goldwater
Gradison
Green
Gude
Guyer
Hall, Ill.
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hébert
Heinz
Hicks
Holland
Holtzman
Horton
Howard
Howe
Hughes
Hyde
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jordan
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lent
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Mineta
Minish
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Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moore
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nowak
Oberstar
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Seiberling
Sharp
Shriver
Simon
Sisk
Smith, Iowa
Solarz
Spellman
Stanton, J. William
Stanton, James V.
Steiger, Wis.
Stephens
Stokes
Stratton
Talcott
Thompson
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Weaver
Whalen
Whitehurst
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Tex.
Zeferetti
Flynt
Fountain
Frey
Gaydos
Gibbons
Ginn
Gonzalez
Goodling
Grassley
Hagedorn
Haley
Hall, Tex.
Hammerschmidt
Hansen
Harsha
Hechler, W. Va.
Hefner
Henderson
Hightower
Holt
Hubbard
Hungate
Hutchinson
Ichord
Jacobs
Jarman
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kasten
Kastenmeier
Kazen
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Keys
Landrum
Latta
Levitas
Lloyd, Tenn.
Lott
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Mathis
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Milford
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Miller, Ohio
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Montgomery
Moorhead, Calif.
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Obey
Paul
Pettis
Pike
Poage
Pressler
Quillen
Randall
Risenhoover
Robinson
Rose
Roush
Rousselot
Runnels
Ruppe
Russo
Santini
Satterfield
Schneebeli
Sebelius
Shipley
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Staggers
Steed
Steiger, Ariz.
Studds
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Waggonner
Wampler
White
Whitten
Wiggins
Wylie
Young, Alaska
Young, Fla.
Zablocki

NAYS—169

Abdnor
Allen
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baldus
Baucus
Bauman
Beard, Tenn.
Bedell
Bennett
Bevill
Blouin
Bowen
Breaux
Brinkley
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conlan
Cornell
Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Dellums
Derrick
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
Emery
English
Eshleman
Evans, Ind.
Evins, Tenn.
Flowers

NOT VOTING—25

Biaggi
Conyers
Coughlin
Dent
du Pont
Esch
Hays, Ohio
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Jones, Tenn.
Karth
Lehman
Litton
McDade
Matsunaga
O'Hara
Peyser
Riegle
Roberts
Stark
Steelman
Stuckey
Symington

The Clerk announced the following pairs:

On this vote:

Mr. Helstoski for, with Mr. Dent against.

Mr. Biaggi for, with Mr. Jones of Tennessee against.

Mr. Matsunaga for, with Mr. Karth against.

Mr. Stark for, with Mr. Roberts against.

Mr. Litton for, with Mr. Stuckey against.

Until further notice:

Mr. Lehman with Mr. Hillis.

Mr. Conyers with Mr. Coughlin.

Mr. O'Hara with Mr. Peyser.

Mr. Riegle with Mr. McDade.

Mr. Symington with Mr. du Pont.

Mr. Hays of Ohio with Mr. Esch.

Mrs. Heckler of Massachusetts with Mr. Steelman.

Mr. McCOLLISTER and Mr. HALL of Texas changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries.

SUPPORT AID TO ISRAEL

(Mr. LEHMAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. LEHMAN. Mr. Speaker, I ask unanimous consent to have my statement placed in the RECORD immediately after the rollcall vote on the foreign assistance legislation.

The **SPEAKER.** Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. LEHMAN. Mr. Speaker, I am very unhappy that circumstances beyond my control did not permit me to vote on the foreign assistance bill for fiscal 1977 which includes aid to Israel. Ironically enough, I was meeting with a staff member from the Armed Services Committee in his office on a matter relating very much to assistance for the State of Israel.

Because of certain circumstances of communication, I was not alerted that the vote was coming and did not get to the floor in time for that particular vote. Of course had I been present, I would have voted “yes.”

PERMISSION FOR SUBCOMMITTEE ON GOVERNMENT PROCUREMENT AND INTERNATIONAL TRADE OF COMMITTEE ON SMALL BUSINESS TO SIT FOR 1 HOUR THIS AFTERNOON

Mrs. FENWICK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Government Procurement and International Trade of the Committee on Small Business may be permitted to sit for 1 hour this afternoon.

The **SPEAKER.** Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

PERSONAL EXPLANATION

Mrs. BOGGS. Mr. Speaker, in my official capacity as the representative of the House at the Bicentennial I was at the White House this morning and missed the vote on the conference report on the public works appropriations bill. Had I been here I would have voted in favor of it.

GENERAL LEAVE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 14260, the bill just passed.

The **SPEAKER.** Is there objection to the request of the gentleman from Louisiana?

There was no objection.

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS, PUNCTUATION AND CROSS-REFERENCES IN ENGROSSMENT OF H.R. 14260

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill H.R. 14260 the Clerk be authorized to correct section numbers, punctuation, and cross-references.

The **SPEAKER.** Is there objection to the request of the gentleman from Louisiana?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE CONFERENCE REPORT ON H.R. 14235, MILITARY CONSTRUCTION APPROPRIATION BILL

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a conference report on H.R. 14235, the military construction appropriation bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

MAKING IN ORDER CONSIDERATION ON THURSDAY NEXT OF CONFERENCE REPORT ON H.R. 14235

Mr. MAHON. Mr. Speaker, I ask unanimous consent that it may be in order in the House on Thursday next to consider the conference report on H.R. 14235, the military construction appropriation bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

ENDANGERED SPECIES ACT OF 1973 AMENDMENTS

Mr. LEGGETT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 229) to amend the Endangered Species Act of 1973 to assure the perpetuation of the art of scrimshaw, and for other purposes, with Senate amendments to the House amendments thereto, and concur in the Senate amendments to the House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendments to the House amendments, as follows:

Page 1, line 12, of the House engrossed amendment, after "oil" insert: , "including derivatives thereof,".

Page 4, after line 21 of the House engrossed amendment, insert:

"(6) (A) Any contract for the sale of pre-Act Endangered Species parts which is entered into by the Administrator of General Services prior to the effective date of this subsection and pursuant to the notice published in the Federal Register on January 9, 1973, shall not be rendered invalid by virtue of the fact that fulfillment of such contract may be prohibited under subsection 9(a) (1) (F).

"(B) In the event that this paragraph is held invalid, the validity of the remainder of the Act, including the remainder of this subsection, shall not be affected.

"(7) Nothing in this subsection shall be construed to—

"(A) exonerate any person from any act committed in violation of paragraphs (1) (A), (1) (E), or (1) (F) of section 9(a) prior to the date of enactment of this subsection; or

"(B) immunize any person from prosecution for any such act.".

The **SPEAKER.** Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman explain what this does?

Mr. LEGGETT. If the gentleman will yield, yes. The legislation very simply clarifies the term “sperm whale oil” by adding “including derivatives thereof” to the bill as it was passed by the House.

Second, it keeps in force and effect the GSA contracts and advises that any enforcement activities heretofore taking place will continue.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, is there anything added by the Senate amendments?

Mr. LEGGETT. There is nothing added. We have the Senate amendments to the House amendments to the Senate bill, but the amendments are as I have just stated.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman.

I withdraw my reservation of objection.

Mr. LEGGETT. Mr. Speaker, the House passed S. 229 on February 17, 1976, to amend the Endangered Species Act of 1973 to allow the limited disposal of pre-act, legally obtained endangered species parts and products. In addition, the House further amended S. 229 to include a number of minor technical changes to clarify certain ambiguities, to avoid lapses of coverage, and unnecessary administrative burdens in the original legislation.

As the Senate originally passed S. 229 on April 14, 1975, the bill only allowed certain exemptions for a limited period of time for the sale of finished scrimshaw products in interstate commerce. The House expanded the limited exemptions to include sperm whale oil as well as scrimshaw products and raw stocks normally held prior to December 28, 1973. The House amendments also included technical changes in the Endangered Species Act to:

First. Provide an affirmative defense for prima facie violations of section 9;

Second. Clarify the notice of review of permit of applications provision;

Third. Clarify the 30-day comment period preceding permit issuances;

Fourth. Strengthen and clarify the enforcement provision;

Fifth. Authorize the disposal of forfeited or confiscated endangered species parts or products; and

Sixth. Clarify the definition of “commercial activity.”

After S. 229 was amended by the House and returned to the Senate, the Senate acted on June 24, 1976, by accepting the House amendments with three additional clarifying amendments as follows:

First. The first amendment clarified the term “sperm whale oil'” by adding “including derivatives thereof” to cover such derivatives as spermacetti which is used by pharmaceutical companies as an ingredient in lotions, cosmetics, and the like.

Second. The second amendment responds to a request by the General Services Administration that the validity of the contracts entered into by GSA with private companies for the disposal of the Nation's stockpile of sperm whale oil be made clear.

Third. The third amendment is to resolve any uncertainty regarding previous enforcement actions or ongoing investigations. The amendment simply states that nothing in S. 229 shall be construed to: First, exonerate any person for any act committed, prior to the dates of the enactment of S. 229, in violation of the provisions for which exemptions are being granted; or second, to immunize any person from prosecution for any such act. Each of these additional clarifying amendments are consistent with the intent of the House when it originally acted upon S. 229 back in February of this year.

Because of the concerns of companies dealing in sperm whale oil and derivatives thereto, the Senate's first clarifying amendment adding "including derivatives thereto" helps define the scope of this bill. The second amendment by the Senate regarding the General Services Administration's contract concerning approximately 23,400,000 pounds of stockpiled sperm whale oil is necessary to assure that these contracts will be performed by the parties as contemplated.

And, finally, on account of several enforcement actions and ongoing investigations, we agree with the additional Senate language which clarifies the scope of limiting exemptions contained in S. 229. The House never intended in S. 229 to exonerate any person for any act committed prior to the enactment of S. 229 in violation of the provisions for which exemptions are being granted or to immunize any person from prosecution for any such act.

For these reasons, Mr. Speaker, I urge the House to concur in the Senate amendments to the House amendments on S. 229.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

A motion to reconsider was laid on the table.

ALLOWING CERTAIN DISTRIBUTIONS OF TAXES BY LIFE INSURANCE COMPANIES

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 10051) to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, after line 5, insert:

SEC. 2. EXCLUSION FROM INCOME UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1612(b) of the Social Security Act is amended—

(1) by striking out the word "and" which appears at the end of paragraph (9),

(2) by striking out the period at the end of paragraph (10) and by inserting in lieu thereof "; and",

(3) by inserting the following new paragraph:

"(11) assistance received under the Disaster Relief Act of 1974 or other assistance provided pursuant to a Federal statute on account of a catastrophe which is declared to be a major disaster by the President.".

(b) EFFECTIVE DATE.—The amendments made by this Act shall be applicable only in the case of catastrophes which occur on or after June 1, 1976 and before December 31, 1976.

Page 3, after line 5, insert:

SEC. 3. WITHHOLDING; ESTIMATED TAX PAYMENTS.

(a) WITHHOLDING.—

(1) IN GENERAL.—Section 3402(a) of the Internal Revenue Code of 1954 (relating to income tax collected at source) is amended by striking out "July 1, 1976" and inserting in lieu thereof "September 1, 1976".

(2) TECHNICAL AMENDMENT.—Section 209 (c) of the Tax Reduction Act of 1975 is amended by striking out "July 1, 1976" and inserting in lieu thereof "September 1, 1976".

(b) ESTIMATED TAX PAYMENTS BY INDIVIDUALS.—Section 6153(g) of such Code (relating to installment payments of estimated income by individuals) is amended by striking out "July 1, 1976" and inserting in lieu thereof "September 1, 1976".

(c) ESTIMATED TAX PAYMENTS BY CORPORATIONS.—Section 6154(h) of such Code (relating to installment payments of estimated income by corporations) is amended by striking out "July 1, 1976" and inserting in lieu thereof "September 1, 1976".

Page 3, after line 5, insert:

SEC. 4. AMENDMENT TO SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1612(a)(2)(A) of the Social Security Act is amended—

(1) by striking out the word "and" which appears at the end of clause (i) thereof and by inserting a comma in lieu of such word, and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (iii) support and maintenance shall not be included and the provisions of clause (i) shall not be applicable in the case of any individual (and his eligible spouse, if any) for the period which begins with the month in which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in a residential facility (including a private household) maintained by another person and ends with the close of the month in which such individual (or such individual and his eligible spouse) ceases to receive support and maintenance while living in such a residential facility (or, if earlier, with the close of the fifth month following the month in which such period began), if, not more than 30 days prior to the date on which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in such a residential facility, (I) such individual (or such individual and his eligible spouse) were residing in a household maintained by such individual (or by such individual and others) as his or their own home, (II) there occurred within the area in which such household is located (and while such individual, or such individual and his spouse, were residing in the household referred to in subclause (I)) a catastrophe on account of which the President declared a major disaster to exist therein for purposes of the Disaster Relief Act of 1974, and (III) such individual declares that he (or he and his eligible spouse) ceased to continue living in the household referred to in subclause (II) because of such catastrophe".

(b) EFFECTIVE DATE.—The amendments made by this Act shall be applicable only in the case of catastrophes which occur on or after June 1, 1976 and before December 31, 1976.

Amend the title so as to read: "An Act to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year, and for other purposes."

Mr. SPEAKER. Is there objection to the request of the gentleman from Oregon (Mr. ULLMAN)?

Mr. SCHNEEBELI. Mr. Speaker, reserving the right to object, and I shall not object, but I would like to ask the chairman if the gentleman would explain the amendments that accompany this bill; but prior to that, I would like to say that I support the action suggested by the chairman to accept the Senate amendments added to H.R. 10051. As Members will recall, that bill which recently passed the House relates to the tax of life insurance companies. The Senate yesterday added three amendments to that bill:

The first amendment would extend the present withholding tax schedules through September 1, 1976. This is necessary since the Senate has not completed action on the tax reform bill and in the absence of an extension of the withholding tables, taxpayers would begin having more tax withheld after tomorrow. There is no question about the intent of either the House or Senate to extend those tax cuts and this amendment is simply a device to do that for a 60-day period. I fully anticipate that before that time we will have completed action on the tax reform legislation and presented it to the President.

The second amendment deals with a humanitarian problem occasioned by the break in the Teton Dam in Idaho. Under existing law, if supplemental security income—SSI—recipients leave their own household, their benefits are reduced by one-third. This amendment would simply provide that SSI recipients would not have their benefits reduced by one-third if they had to leave their households because of a major disaster. I think we are all aware of the great problems that have resulted from the break in the Teton Dam and this amendment would essentially suspend that one-third reduced requirement for a 6-month period, thus giving those tragedy victims the opportunity to relocate.

The third is also related to the Teton Dam situation and provides that for the purposes of determining eligibility under the SSI program, that amounts received under the Disaster Relief Act of 1974 and other assistance programs for tragedy victims would not be counted. This seems to be a sound amendment which deserves our support and I endorse it.

In the case of the second amendment, there is no outlay effect and in the case of the third, I am advised that the cost would be neglible to the Social Security Adminstration. Thus, I foresee no budget act difficulties with either of these amendments. For these reasons, I support the action of the chairman and urge my colleagues to do so.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Speaker, we passed H.R. 10051 under suspension about 10 days ago, a noncontroversial bill, to which the Senate attached three amendments.

Mr. Speaker, the temporary tax cuts that were extended into 1976 are scheduled to expire on Wednesday, June 30, 1976. This means that as of July 1, withholding on wages and salaries paid to individuals will rise so that their take-home pay will be less.

The tax reform bill that we sent to the Senate last year extended the tax cuts through the entire year of 1976. Since the Senate will not complete consideration of the tax reform bill before June 30, it is necessary that some action be taken on withholding pending the completion of the tax reform bill.

The Senate has sent to us the House-passed bill, H.R. 10051, which includes an amendment to extend the existing withholding schedules from July 1, 1976, to September 1, 1976. This is intended to allow the Senate time to complete its action on the tax reform bill and to have a conference report agreed to and sent to the President. I think it is important that we not allow the withholding to increase on July 1, but that we wait until the tax reform bill comes back from the Senate to extend the tax cuts for 1976. I urge that the House agree to the extension of the withholding schedules through September 1, as provided by the Senate amendment.

The Senate added two additional amendments to the bill, occasioned by the Teton Dam disaster in Idaho. These amendments are designed to assure that SSI beneficiaries will not be disadvantaged because of temporary rearrangements of the way they live, and because of the receipt of Federal disaster relief to compensate some of their losses.

The first amendment would provide that the reduction for living in the household of another person would not be applicable during the period between June 1, 1976, and December 31, 1976, for SSI beneficiaries living in major disaster areas declared by the President, and who have had to terminate their former living arrangements because of a catastrophe.

The second amendment would provide that aid under the Federal Disaster Relief Act would not be counted as income to such persons.

Both of these amendments appear reasonable, as SSI beneficiaries by definition have very limited incomes and could hardly be placed in better financial position by these provisions than they would have been in had the disaster not occurred. While there have been a number of other major disaster areas declared by the President since June 1, the numbers of people involved are apparently quite small in comparison to the Teton Dam disaster.

The amendments would not increase SSI expenditures over those anticipated. They would preclude some savings that would result if the law were strictly enforced without the amendments. I recommend that the House accept these amendments of the Senate.

(Mr. SCHNEEBELI asked and was given permission to revise and extend his remarks.)

Mr. SCHNEEBELI. Mr. Speaker, I thank the committee chairman for his explanation of this legislation. I urge its adoption and I withdraw my reservation of objection.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of the bill under discussion (H.R. 10051).

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon (Mr. ULLMAN) to concur in the Senate amendments?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, is the question being put on consideration of the bill?

The SPEAKER. On Senate amendments, to concur in the Senate amendments. The question was put.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. Reserving the right to object, I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Speaker, the unanimous-consent request is to agree to the Senate amendments. I attempted to explain what the Senate amendments do. This was a House-passed bill which we have already voted on, and we are agreeing by this action to the Senate amendments.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BAUMAN. Mr. Speaker, if an objection is lodged to the request, can the Chair then put the question?

If an objection is lodged to the request to agree to the Senate amendments, would the Chair then be able to put the question?

The SPEAKER. No.

Mr. BAUMAN. In other words, there is no manner in which a Member can obtain a rollcall vote on this?

The SPEAKER. Not on this request.

Mr. BAUMAN. It either passes by unanimous consent or not at all?

The SPEAKER. Yes.

Mr. BAUMAN. The gentleman from Maryland thinks that is unfortunate, and withdraws his reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

A motion to reconsider was laid on the table.

EXTENDING AND INCREASING AUTHORIZATION FOR MAKING LOANS TO UNEMPLOYMENT FUND OF VIRGIN ISLANDS

Mr. CORMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 13069) to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands, with Senate amendments thereto, and disagree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, after line 12, insert:

SEC. 2. (a) Section 3(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands,".

(b)(1) Section 403(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam and the Commonwealth of the Northern Mariana Islands,".

(2) Section 423 of the Social Security Act is amended, in subsections (a) and (b), by striking out "and Guam" each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(c) Section 1003(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northeran Mariana Islands,".

(d) Section 1403(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virginia Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northeran Mariana Islands,".

(e) Section 1603(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands,".

(f) Section 1905(b) of the Social Security Act is amended by striking out "and Guam" and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(g)(1) Section 1101(a) of the Social Security Act is amended—

(A) in the first sentence thereof, by striking out "and Guam" and inserting in lieu thereof ", Guam, and the Commonwealth of the Northern Mariana Islands", and

(B) in the third sentence thereof, by striking out "and Guam" each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(2) Section 1101(a)(8) of the Social Security Act is amended, in subparagraphs (A) and (B), by striking out "and Guam" each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(h)(1) Section 1108(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (2),

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and

(C) by adding at the end thereof the following new paragraph:

"(4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed $190,000 with respect to any fiscal year.".

(2) Section 1108(b) of such Act is amended—

(A) by striking out "and" at the end of paragraph (2),

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", and", and

(C) by adding at the end thereof the following new paragraph:

"(4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed $15,000.".

(3) Section 1108(c) of such Act is amended—

(A) by striking out "and" at the end of paragraph (2),

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", and", and

(C) by adding at the end thereof the following new paragraph:

"(4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed $160,000.".

(4) Section 1108(d) of such Act is amended by inserting "the Commonwealth of the Northern Mariana Islands," immediately after "Samoa,".

(i) Section 248 of Public Law 90–248 is amended—

(1) in subsection (b), by striking out "and Guam" and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands",

(2)(A) in the first sentence of subsection (c), by striking out "or Guam" and inserting in lieu thereof "Guam, or the Commonwealth of the Northern Mariana Islands",

(B) in the second sentence of subsection (c), by striking out "and Guam" and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands", and

(3) in subsection (d), by striking out "or Guam" and inserting in lieu thereof "Guam, or the Commonwealth of the Northern Mariana Islands".

(j)(1) The provisions of titles I, X, XIV, and XVI of the Social Security Act (as applicable on the effective date of this section to Puerto Rico, the Virgin Islands, and Guam) shall be applicable to and in effect with respect to the Commonwealth of the Northern Mariana Islands.

(2) Section 7(b) of Public Law 93-647 is amended by striking out "or Guam" and inserting in lieu thereof "Guam, or the Commonwealth of the Northern Mariana Islands".

(k) The effective date of this section shall be the date determined under section 1003(b) of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (approved by Public Law 94–241); and the amendments made by the preceding provisions of this section shall take effect on such date; except that the provisions of subsections (f), (g), and (h) of section 403 of the Social Security Act shall not be applicable to the Commonwealth of the Northern Mariana Islands for any fiscal year which commences prior to the expiration of the first full fiscal year for which such Commonwealth has an approved plan under part A of title IV of such Act.

(l) Section 502 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States (approved by Public Law 94–241) shall be construed as if the clause "Section 228 of Title II and Title XVI of the Social Security Act as it applies to the several States" did not appear therein and, notwithstanding any provision of such section, no provision of the Social Security Act shall be or become applicable to the Northern Mariana Islands or any resident thereof by reason of the provisions of such section 502.

Amend the title so as to read: "An Act to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands and for other purposes.".

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. KETCHUM. Mr. Speaker, reserving the right to object, I would certainly concur in the unanimous-consent request made by the gentleman from California, my colleague, chairman of the Subcommittee on Public Assistance. Earlier this year, this body twice passed the Northern Marianas covenant.

In what to me is really a reprehensible act and a breach of faith with a commonwealth we have just brought into our purview as citizens of the United States, the other body has chosen to remove, by amendment, certain benefits extended in that compact. Now, recently the House has enacted—or attempted to enact—these same benefits for Puerto Rico, the Virgin Islands, and Guam. It seems to me that this House can take no other action than to object to the Senate amendment and insist that it be removed.

Mr. CORMAN. Mr. Speaker, will the gentleman yield?

Mr. KETCHUM. Reserving the right to object, and I shall not object, I yield to the gentleman from California.

Mr. CORMAN. Mr. Speaker, I thank the gentleman for yielding to me. He has very accurately portrayed the amendment which was put on H.R. 13069 by the Senate. I hope the Senate will proceed to pass the bill without the amendment so that the Virgin Islands may have their funds for their unemployment compensation program.

But, we could not accept the provisions on the Marianas Islands. It would have taken away benefits which we are committed to, both morally and legally.

Mr. KETCHUM. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 3168, FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEAR 1977

Mr. MORGAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the Senate bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes, and that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 25, 1976.)

Mr. MORGAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. The gentleman from Pennsylvania (Mr. MORGAN) is recognized for 30 minutes.

Mr. MORGAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report on S. 3168, the Foreign Relations Authorization Act, contains the fiscal 1977 authorizations for three Government bodies which the House earlier passed as separate pieces of legislation.

They are:

The authorization for the Department of State, which the House passed by a vote of 327 to 22 on June 18;

The authorization for the U.S. Information Agency, which the House passed by a vote of 313 to 25 that same day; and

The authorization for the Board for International Broadcasting which the House passed 287 to 70 on March 29.

The Senate approved these authorizations in one piece of legislation, and the House subsequently accepted this way of dealing with the authorizations.

The total amount in the conference report is slightly higher than the House authorized in its three bills. But the amounts in the conference report—if fully appropriated—would conform to to the targets set in the first budget resolution for this category.

Title I of the legislation authorizes 1 billion, 54 million, 922 thousand dollars for the Department of State in fiscal 1977.

Title II authorizes 262 million, 908 thousand dollars for USIA in fiscal 1977.

Title III authorizes 58 million, 385 thousand dollars for the Board for International Broadcasting for the operations of Radio Free Europe and Radio Liberty.

Title VI of the bill makes some technical amendments to the Japan-United States Friendship Act in order to facilitate its future operations.

Title V of the bill makes changes in Foreign Service retirement designed to bring that retirement system into conformity with the civil service retirement system.

These amendments to the Foreign Service retirement are not controversial. They have been supported by the Department of State and employees groups.

Two controversial provisions which were in the original Senate bill were dropped at the insistence of the House conferees. They would have provided free annual health checkups for Foreign Service retirees and their spouses, and some special reemployment rights.

For those interested in the details of these retirement provisions, an explanation can be found on page 41 of the conference report.

On several issues at conference the House conferees were able to prevail over initial Senate resistance.

For example, the statement on the Panama Canal remains just as it was passed on the House floor.

As for the antidiscrimination provision, it has been retained in its essential elements.

We also were successful in obtaining agreement on the domestic distribution of specified USIA films and an exhibit for the Bicentennial—some of which were added by amendment on the House floor.

The committee of conference agreed that such action is not to be taken as a precedent for the future.

Mr. Speaker, I believe this report of conference contains a reasonable compromise of the differences in the House and Senate bills.

I urge, therefore, that this conference report be approved by the House today.

GENERAL LEAVE

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that all Members may be permitted to revise and extend their remarks on the conference report under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I believe the chairman of the committee has adequately explained this bill. I think we have well defended the House position. We prevailed in most instances.

We did accept some improvements in the retirement system of the Foreign Service, bringing it more in line with that of the civil service as recommended by the administration and accepted by the other body.

We did prevail on the Panama Canal language which we wrote in the bill on the House side. The Senate accepted that language. The money herein authorized is very close to what we had provided before in the House.

Mr. Speaker, I urge that this conference report be approved by the House.

Mr. BROOMFIELD. Mr. Speaker, I rise in behalf of the conference report on S. 3168, which incorporates the three bills authorizing appropriations for the State Department, the U.S. Information Agency, and the Board for International Broadcasting. I am happy to endorse this conference language on behalf of the minority, and am pleased to be associated with legislation which is highly responsible, respects the essential legislative concerns of the House as well as the Senate, and which provides for the continued conduct of a wide range of international activities.

Mr. Speaker, most of my distinguished colleagues were here when the different parts of this bill were passed. I have no need to rehash these bills. And, the changes as reported from conference are in the main minimal. I believe that I can say that in almost every instance we obtained the essence, if not the exact wording, of our legislation. The major difference has to do with some timely and useful provisions to bring the Foreign Service retirement system into line with other Federal systems. Our concern for the 1-percent add-on was a part of a larger package of reforms which the Senate addressed and which the House did not discuss. The changes in the act are clearly explained in the report of the conference committee, and I commend this to my colleagues' attention.

My other comment, Mr. Speaker, is to compliment my colleague from Alabama, ranking minority member on the International Operations Subcommittee, JOHN BUCHANAN, for his excellent job in the conference. He was both knowledgeable and eloquent, and certainly demonstrates his hard work and careful attention in subcommittee.

I urge my colleagues to accept this conference report.

Ms. HOLTZMAN. Mr. Speaker, I rise in support of the conference report to accompany S. 3168, the authorization for the Department of State and the U.S. Information Agency.

I am particularly pleased that the conference report includes my amendment which protects Americans against Arab-inspired discrimination. Specifically, my amendment, which was previously adopted by the House, prohibited the State Department from advertising or negotiating contracts with foreign countries or firms that would discriminate against Americans on the basis of religion, sex, race, or national origin.

The State Department often acts as an intermediary for foreign countries, firms, or universities who do business with Americans. It is intolerable to permit the State Department to assist with contracts that will exclude Jews and others. Our Government must, in its negotiations with foreign countries, act on behalf of all Americans.

My amendment would prohibit the State Department from providing assistance to foreign nations or firms if they refuse to contract with an American company because of the religion, sex, race, or national origin of the companys' owners, board of directors or employees.

It has been reported that Arab nations have conditioned contracts on the exclusion of Jews and women. Last year, for example, the State Department assisted Saudi Arabia in negotiations with the State of California to hire highway construction workers. The State of California ended the negotiations when the State determined that Saudi Arabia would not allow Jews to participate in the project. We cannot permit the State Department to do this again.

I urge passage of the conference report which includes this important nondiscrimination provision.

Mr. MORGAN. Mr. Speaker, I have no further requests for time.

The SPEAKER. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WYLIE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 358, nays 45, not voting 29, as follows:

[Roll No. 480]

YEAS—358

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conte
Corman
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fisher
Fithian
Flood

Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Heinz
Hicks
Hightower
Holland
Holt
Holtzman
Horton
Howard
Howe
Hungate
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schulze
Sebelius
Seiberling
Sharp
Shriver
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Talcott
Taylor, Mo.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wydler
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—45

Ashbrook
Bauman
Burleson, Tex.
Clancy
Collins, Tex.
Conlan
Cornell
Crane
Devine
Early
English
Eshleman
Evans, Ind.
Gaydos
Hammerschmidt
Hansen
Hechler, W. Va.
Hefner
Henderson
Hubbard
Hughes
Hutchinson
Ichord
Kastenmeier
Kindness
Latta
Lloyd, Tenn.
McDonald
Mills
Mottl
Natcher
Paul
Poage
Quillen
Rousselot
Satterfield
Schroeder
Shipley
Shuster
Snyder
Steiger, Ariz.
Sullivan
Symms
Taylor, N.C.
Wylie

NOT VOTING—29

Abzug
Conyers
Dent
du Pont
Esch
Evins, Tenn.
Fish
Hall, Tex.
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Jones, Tenn.
Karth
Litton
McDade
Matsunaga
O'Hara
Peyser
Riegle
Roberts
Rose
Steelman
Stuckey
Symington
Wolff
Wright

The Clerk announced the following pairs:

Mr. Dent with Mr. Roberts.
Mr. Helstoski with Mr. Karth.
Mr. Stuckey with Mr. O'Hara
Mr. Symington with Mr. Esch.
Mr. Riegle with Mr. du Pont.
Mr. Wolff with Mr. Steelman.
Ms. Abzug with Mr. Peyser.
Mr. Matsunaga with Mr. Hays of Ohio.
Mr. Litton with Mr. Hillis.
Mr. Jones of Tennessee with Mrs. Heckler of Massachusetts.
Mr. Conyers with Mr. Fish.
Mr. Evins of Tennessee with Mr. Esch.
Mr. Hébert with Mr. McDade.
Mr. Rose with Mr. Wright.

Mr. LEHMAN changed his vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR SUBCOMMITTEE ON AGRICULTURAL LABOR OF COMMITTEE ON EDUCATION AND LABOR TO SIT DURING 5-MINUTE RULE ON JUNE 30 AND JULY 1

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that the Subcommittee on Agricultural Labor of the Committee on Education and Labor be permitted to sit during consideration of legislation under the 5-minute rule on Wednesday, June 30, 1976, and Thursday, July 1, 1976.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

MAKING IN ORDER ON TOMORROW CONSIDERATION OF CONFERENCE REPORT ON H.R. 14239

Mr. SLACK. Mr. Speaker, I ask unanimous consent that it may be in order on tomorrow to consider the conference report on the bill H.R. 14239, making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. BAUMAN. Mr. Speaker, reserving the right to object—and I shall not object—I wonder if I could take this occasion to ask the leadership exactly what the program is going to be for the remainder of today for the Members' information, and for tomorrow, so we may know exactly what it is that we are going to do. Is there anyone who can respond to that question?

Mr. McFALL. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from California.

Mr. McFALL. The conference report on the Eagles Nest Park, which the gentleman from Montana (Mr. MELCHER) has, will be the next item to be brought up, and then the rule and general debate on the mine safety bill. That will be the schedule for the rest of the day.

Mr. BAUMAN. Could the gentleman give us any enlightenment about the schedule on tomorrow?

Mr. McFALL. We will have six conference reports. We will also have the FEA extension, and the disapproval resolutions and the bills listed for today and tomorrow.

Mr. BAUMAN. Reserving the right to object further, does the gentleman have any information about the plans to bring to the floor any resolution dealing with the so-called reform of housekeeping matters of the House of Representatives?

Mr. McFALL. I understand those will be brought up on Thursday.

Mr. BAUMAN. Can the gentleman tell me whether this is House Resolution 1372, scheduled for hearing tomorrow morning by the Rules Committee, or will it be in some other form?

Mr. McFALL. I am unable to answer the gentleman. I understand the Rules Committee is meeting and they will determine that.

Mr. BAUMAN. Further reserving the right to object, does not the gentleman feel the House has a right to know what will be done on this very important reform issue? Are we to be kept in the dark until the very last minute and then have it sprung on us?

Mr. McFALL. As I understand, as soon as we find out what the Rules Committee is going to do the gentleman will be privy to that same information since there are five Members from the gentleman's party on the Rules Committee and they will know what they are doing up there, I assume.

Mr. BAUMAN. The gentleman thanks the gentleman from California for making this gentleman "privy".

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PROVIDING FOR CONSIDERATION OF CONFERENCE REPORT ON H.R. 12438, DEPARTMENT OF DEFENSE APPROPRIATION AUTHORIZATION ACT, 1977

Mr. PEPPER from the Committee on Rules, submitted a privileged resolution (H. Res. 1383, Rept. No. 94–1311), on the conference report on the bill (H.R. 12438), which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON S. 268, DESIGNATING THE EAGLES NEST WILDERNESS, ARAPAHO AND WHITE RIVER NATIONAL FORESTS, STATE OF COLORADO

Mr. MELCHER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the Senate bill (S. 268) to designate the Eagles Nest Wilderness, Arapaho and

White River National Forests, in the State of Colorado.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MELCHER. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 28, 1976.)

Mr. MELCHER (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MELCHER. Mr. Speaker, the conference report that is now presented on the bill S. 268 is a compromise. It is a compromise which was within the authority of the House and Senate conferees. It is consistent with the House intent when it enacted the bill to designate the Eagles Nest Wilderness Area. I believe it to be satisfactory to most of the Members of the House.

Mr. JOHNSON of Colorado. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Speaker, the gentleman's statement is correct that the compromise as worked out between the House and the Senate conferees is a satisfactory version. The Governor of the State said he thought it was a good compromise.

Mr. MELCHER. I thank the gentleman.

Mr. ARMSTRONG. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Speaker, is it still the case in this bill as in the bill as it passed the House that if the Denver Water Board wanted to develop certain water rights that they thought they owned in the area they will be protected?

Mr. MELCHER. I will say to the gentleman that concerning the compromise the Senate's position as it affected the rights of the Denver Water Board was agreed to in three instances and the House version was agreed to in one instance as it affected the Denver Water Board.

Mr. ARMSTRONG. If the gentleman will yield for a moment, I would like to observe that in both the language of the Senate bill, as I understand it, and the bill as it passed the House we had what seemed to me was the effect of having the Federal Government making decisions which in prior instances have been made under Colorado law and by Colorado voters. It is not my position to argue that now but I think in Colorado we will rue the day we participated in transferring that right to Washington and I think other States will regret the position we are now taking.

I thank the gentleman for his response to my question.

Mr. MELCHER. Mr. Speaker, I thank the gentleman from Colorado (Mr. ARMSTRONG) for his remarks, but I must point out that the conference report is a compromise between the two bills and that neither bill exceeded the rights and prerogatives of Congress. The boundaries of the Eagles Nest Wilderness, as adopted by the conference committee, reflect the significant wilderness values of this national forest area and would not preclude developments located outside wilderness boundaries of water yielded from within the wilderness, nor would valid existing water rights be interfered with. Water collection methods, locations of water delivery systems and costs would be modified, but valid Colorado water rights have not been usurped by this action. In addition, the conferees insured that it is not the intent of the report to either enlarge or diminish the authority of the Secretary of Agriculture to authorize the construction and operation of a water transport tunnel in Federal land beneath the wilderness.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I was just informed by the page that there are no copies available of the conference report; is that correct?

Mr. MELCHER. No. I think the gentleman will find that the conference report is available at the rear of the Chamber.

Mr. SEIBERLING. Mr. Speaker, could the gentleman describe the nature of the compromises that were worked out, because it seems to me there were some very, very critical issues in this bill. A compromise could tilt the thing one way or the other quite substantially.

Mr. MELCHER. On pages 4, 5, and 6, of the conference report, the compromises are listed.

Generally speaking, the House receded to the Senate on most of the provisions. The point that the House remained firm on was on point No. 11, which is on page 6, where the House amendment to the Senate bill did add 3,590 acres in the drainages of Booth, Pitkin, Bighorn, and Main Gore Creeks on the western boundary of the proposed wilderness.

Generally speaking, I think the conferees were practical in accepting the most sensible provisions of each bill. I feel that the House should be able to accept the conference report.

Mr. SEIBERLING. Mr. Speaker, if the gentleman will yield further, is the effect of the compromise to permit the transfer of a greater amount of water from the western side of the Continental Divide to the eastern side of the Continental Divide than the House bill would have permitted?

Mr. MELCHER. No. I can answer that as no, since that is not the effect of the conference.

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman from Montana.

Mr. MELCHER. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 388, nays 13, not voting 31, as follows:

[Roll No. 481]

YEAS—388

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Heinz
Henderson
Hicks
Hightower
Holland
Holt
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall

McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—13

Armstrong
Ashbrook
Burke, Calif.
Clay
Collins, Ill.
Crane
McDonald
Moss
Paul
Schroeder
Seiberling
Wilson, C. H.
Wirth

NOT VOTING—31

Abzug
Andrews, N.C.
Conyers
Dent
du Pont
Esch
Evins, Tenn.
Fish
Hagedorn
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Holtzman
Horton
Jones, Tenn.
Karth
Litton
McDade
Matsunaga
Murphy, N.Y.
O'Hara
Peyser
Roberts
Rose
Steelman
Steiger, Ariz.
Stuckey
Symington

The Clerk announced the following pairs:

Mr. Hébert with Mr. Peyser.
Ms. Abzug with Mr. Steiger of Arizona.
Mr. Dent with Mr. Horton.
Mr. Roberts with Mr. Karth.
Ms. Holtzman with Mr. Hays of Ohio.
Mr. Rose with Mr. du Pont.
Mr. Stuckey with Mr. Esch.
Mr. Symington with Mr. McDade.
Mr. Jones of Tennessee with Mr. Hillis.
Mr. Matsunaga with Mrs. Heckler of Massachusetts.
Mr. Conyers with Mr. Andrews of North Carolina.
Mr. Murphy of New York with Mr. Evins of Tennessee.
Mr. Helstoski with Mr. Fish.
Mr. Litton with Mr. Hagedorn.
Mr. O'Hara with Mr. Steelman.

Mr. FLOWERS and Mr. WHALEN changed their vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. TSONGAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just adopted.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

REQUEST TO INSERT MATERIAL IN RECORD

Mr. THOMPSON. Mr. Speaker, I ask unanimous consent that I may be permitted to insert some statements at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. BAUMAN. Reserving the right to object, Mr. Speaker, will the gentleman from New Jersey tell us whether these are the orders of the Committee on House Administration that were adopted Monday?

Mr. THOMPSON. If the gentleman will yield, they are.

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. THOMPSON. Mr. Speaker, may I move to insert some statements at this point in the Record?

The SPEAKER. The Chair will inform the gentleman from New Jersey that he cannot make a motion on that point. However, the gentleman can ask unanimous consent for a special order to address the House at the conclusion of legislative business.

Mr. THOMPSON. Mr. Speaker, I ask unanimous consent that following the close of business today, I may have a special order of 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. THOMPSON. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. THOMPSON. Mr. Speaker, is there any device by which I may do the Members of this body the courtesy of being able to read in tomorrow's Record the actions taken by the Committee on House Administration?

The SPEAKER. The Chair will state that, of course, the gentleman could do it by a unanimous-consent request.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BAUMAN. Mr. Speaker, is it not a fact that under the terms of House Resolution 475, adopted in 1971, if the gentleman enters these statements into the Record, then they have the force and effect of law and the allowances are effective without letting the full House work its will? That is what I object to strongly.

The SPEAKER. The Chair will state that the Chair is not aware of that requirement for printing in the Record.

Mr. BAUMAN. Perhaps the House should be informed fully exactly what we are doing to the American people without allowing a vote of the House.

Mr. THOMPSON. Mr. Speaker, may we have regular order?

The gentleman from Maryland (Mr. Bauman) by objecting is, in effect, Mr. Speaker, denying every single one of his colleagues in this House the courtesy which they deserve to learn of the actions of the Committee on House Administration.

Mr. Speaker, I renew my unanimous-consent request.

Mr. BAUMAN. I reserve the right to object, Mr. Speaker.

Mr. DICKINSON. Mr. Speaker, if the gentleman from Maryland will yield, I will reserve the right to object.

Mr. BAUMAN. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, let me say, as the ranking minority member, I am, I think, familiar with those items that the chairman of the committee intends to insert in the Record. However, I have not seen them in final form.

There was a discussion of these in committee yesterday and the verbatim remarks have not been returned. Therefore, I really do not know what they are in final form.

Mr. Speaker, if the gentleman from New Jersey (Mr. Thompson) could show me a copy and enable me to become familiar with them, I would join him in offering them for publication in the Record so that they may become final in accordance with any action that our committee took. I am just not familiar with what the gentleman is seeking to do for our committee, but I am willing to cooperate in any reasonable way.

Mr. THOMPSON. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from New Jersey.

Mr. THOMPSON. Mr. Speaker, the resolutions, I assure my friend, the gentleman from Alabama (Mr. Dickinson), the distinguished ranking minority member of the committee, are precisely those which the committee spent many, many long hours in going over.

They are simply the agenda items as adopted seriatim by the committee. The regulations to be forthcoming are not included. These are, without any exception, precisely consistent with the language which was voted upon by the committee.

Mr. DICKINSON. Mr. Speaker, would the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, I might

say that I am caught by surprise and perhaps it would have been helpful if we had been notified in advance but, let me say that the last two amendments we worked on yesterday were amendments offered verbally. They were not in writing. They were complicated in nature. One was the amendment offered by the gentleman from Georgia (Mr. Mathis) and also there was the amendment that was offered by the gentleman from South Carolina (Mr. Davis). We had a conversation during the time when one amendment was adopted and one amendment was not adopted, as to precisely what was contained in the amendments, and there was no unanimity of opinion of those sitting around the table as to exactly what was in them.

If the gentleman from New Jersey has the right one, perhaps we could review it, examine it and I would agree that that was the amendment. But we were not in accord yesterday as to what was done and we were waiting for the verbatim transcript to see what we did do.

Mr. THOMPSON. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from New Jersey.

Mr. THOMPSON. Mr. Speaker, I will state to the distinguished ranking member of the Committee on House Administration that I shall afford an opportunity for the gentleman to review the language contained in these committee orders which were voted on.

Mr. DICKINSON. If the gentleman will yield further, I appreciate that. I would appreciate the opportunity before they were inserted in the Record to examine them because, as has already been pointed out to the Members, once they are inserted in the Record, they will become binding upon us with the full force and effect of a law on this body. Since none of us have had the opportunity to review them, I would appreciate that opportunity. I am sure we could work out any difficulties or differences we might have between us.

Mr. THOMPSON. The gentleman from Alabama shall have a copy of them in the shortest possible time.

Mr. Speaker, I withdraw my unanimous-consent request.

The SPEAKER. The gentleman from New Jersey withdraws his unanimous-consent request.

Mr. THOMPSON. I thank the gentleman from Maryland.

APPOINTMENT OF CONFEREES ON H.R. 13035, NATIONAL SEA GRANT COLLEGE AND PROGRAM ACT OF 1966 AMENDMENTS

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13035) to amend the National Sea Grant College and Program Act of 1966, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri? The Chair hears none, and appoints the following conferees: Mrs. Sullivan, and Messrs. Downing of Virginia, Rogers, Murphy of New York, Breaux, Ruppe, and Mosher.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO HAVE UNTIL 4 P.M. JULY 14, 1976, TO FILE CERTAIN REPORTS

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent that the House Committee on Merchant Marine and Fisheries have until 4 p.m. on July 14, 1976, to file reports on the following bills which were reported out of committee on June 29, 1976:

First. H.R. 12939, to amend certain laws affecting personnel of the Coast Guard.

Second. H.R. 13326, to extend the existing exemption of the *Delta Queen* from the safety at sea laws.

Third. H.R. 13218, to permit the steamship *United States* to be used as a floating hotel.

Fourth. H.R. 14311, establishing certain accounting standards relating to the Panama Canal.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 13555, MINE SAFETY AND HEALTH ACT OF 1976

Mr. YOUNG of Georgia. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1221 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1221

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 13555) to amend the Federal Metal and Nonmetallic Mine Safety Act and to transfer certain functions relating to coal mine health and safety under the Federal Coal Mine Health and Safety Act of 1969. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against sections 2 and 3 of said substitute for failure to comply with the provisions of clause 5, rule XXI, are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Georgia (Mr. Young) is recognized for 1 hour.

Mr. YOUNG of Georgia. Mr. Speaker, I yield the usual 30 minutes to the distinguished gentleman from Illinois (Mr. Anderson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1221 provides for an open rule with 1 hour of general debate on H.R. 13555, a bill which amends the Federal Metal and Nonmetallic Mine Safety Act and transfers certain functions relating to coal mine health and safety under the Federal Coal Mine Health and Safety Act of 1969. The resolution further provides that the amendment shall be considered in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment.

All points of order against sections 2 and 3 of the substitute for failure to comply with the provisions of clause 5, rule XXI are waived upon adoption of the rule. Clause 5, rule XXI prohibits appropriations in an authorizing bill.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1221 would make in order House consideration of the bill H.R. 13555, the Mine Safety and Health Act of 1976. The purpose of this legislation is essentially twofold: first, it would transfer the administration of both coal and noncoal mine health and safety from the Department of Interior to the Department of Labor, and second, it would amend the Federal Metal and Nonmetallic Mine Safety Act by establishing within the Department of Labor a Federal Metal and Nonmetallic Mine Safety Commission and a National Advisory Committee on Metal and Nonmetallic Mine Health and Safety.

Mr. Speaker, this rule provides for 1 hour of general debate on the bill, to be equally divided between the chairman and ranking minority member of the Committee on Education and Labor. The rule also makes the committee substitute in order as an original bill for the purpose of amendment and waives points of order against sections 2 and 3 of the bill for failure to comply with the provisions of clause 5 of rule XXI which prohibits appropriations on an authorization bill. In section 2 of the bill, on page 137, there is a provision which transfers unexpended balances from the Department of Interior to the Department of Labor; this constitutes an appropriation. And in section 3, on page 150, there is a comparable provision.

Mr. Speaker, the bill which this rule makes in order is an extremely controversial bill, with most of the controversy revolving around the proposed transfer of the Mining Enforcement and Safety Administration, MESA, from Interior to Labor. I had offered a motion in the Rules Committee to at least postpone action on the rule until we had heard from Chairman Brooks of the Government Operations Committee which has jurisdiction under clause 1(h)(3) of House Rule X over "reorganizations in the executive branch of the Government." It seems to me that this bill should have been jointly or sequentially referred to the Government Operations Committee in the first place since clause 1 of Rule X states that—

> All bills, resolutions, and other matters relating to subjects within the jurisdiction of any standing committee as listed in this clause shall . . . be referred to such committees.

I think the exclusive referral to the Education and Labor Committee may have been an oversight, since the transfer provision is buried deep in this bill at section 22. At the very least, one would think that the Government Operations Committee would have been invited to submit its views and recommendations on this proposed Government reorganization. Clause 2(1)(3) of Rule XI presently requires that all committee reports contain the oversight findings and recommendations of the Government Operations Committee if timely submitted. Not only does the Government Operations Committee have original jurisdiction over executive reorganizations, but it has the general oversight responsibility under clause 2(b)(2) of Rule X to "review and study, on a continuing basis, the operation of Government activities at all levels with a view to determining their economy and efficiency." It, therefore, seems to me that the Government Operations Committee has been doubly slighted by the manner in which this legislation was handled and reported, and that the House has subsequently been slighted by not having the benefit of that committee's wisdom on this proposed transfer.

Mr. Speaker, I do not want to dwell at length on the substantive aspects of this mine safety bill during debate on this rule. But it does seem to me that some very important procedural questions are involved here which do deserve airing at this time. While there will inevitably be jurisdictional overlaps which cannot be completely accommodated in the referral process without inordinately delaying the legislative process, I do believe a very fundamental problem is involved with the present bill on which the House rules are not ambiguous and on which the interest of another committee is more than just tangential or inconsequential. The Government Operations Committee clearly has jurisdiction over "reorganizations in the executive branch" and rule X clearly states that all bills containing subjects within the jurisdiction of a standing committee shall be referred to that committee.

There is a serious question here as to whether this proposed game of bureaucratic musical chairs is necessary to achieve the objective of more effective mine safety enforcement. Certain changes have already been made in MESA to improve its effectiveness since the complaints which prompted this proposed transfer. It seems to me that a respectable trial period accompanied by close oversight would be preferable to the blunderbuss approach taken by this bill. Moreover, we have not been given any reason to believe that these functions will be any more effectively administered in the Department of Labor. Dr. Morton Corn, the Assistant Secretary of Labor for OSHA was recently quoted as saying:

> We are struggling to get this agency on track, and the transfer of MESA at this time could be an overwhelming burden to the department and to the effort in progress.

In conclusion, Mr. Speaker, while I will not oppose this rule, I do hope the proposed transfer of MESA will be stricken by amendment, or, failing that, that the bill will be recommitted to the Committee on Government Operations for further study and review.

Mr. YOUNG of Georgia. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Speaker, I thank the gentleman from Georgia.

Mr. Speaker, I strongly support this resolution and the bill which it will make in order, H.R. 13555.

I am concerned with the fact that there are rumors that when the conference committee meets on this bill the metal and nonmetallic mine safety provisions may be merged with the mine safety provisions of the Federal Coal Mine Health and Safety Act of 1969 which carries the danger of weakening the 1969 laws. I note on the floor the presence of the distinguished gentleman from Kentucky, the chairman of the Committee on Education and Labor (Mr. PERKINS). I would just like to ask him if he agrees that there is considerable difference between the kind of safety regulations necessary for coal mining and for operations in the metallic and nonmetallic areas.

Mr. PERKINS. Mr. Speaker, if the gentleman will yield, I will answer by saying I agree with the gentleman from West Virginia. That is why we have for years provided for the safety and health enforcement under the different laws.

Mr. HECHLER of West Virginia. I would further ask the gentleman from Kentucky if he would agree it might be dangerous to merge these two provisions which might have the effect of weakening the Coal Mine Health and Safety Act of 1969, which the gentleman exerted great leadership in having enacted by the Congress.

Mr. PERKINS. We wrote the 1969 Coal Mine Health and Safety Act with the view of taking into consideration in the mining both the health and safety of the employees and it was thought here that it would be better from the standpoint of the safety of everybody concerned to have this. That is the reason for the transfer.

Mr. HECHLER of West Virginia. I want to make it clear I am very much in favor of the transfer. I wanted assurance from the gentleman from Kentucky that the provisions of the Coal Mine Health and Safety Act would not be watered down.

Mr. PERKINS. There is no provision of the Coal Mine Safety and Health Act which will be diluted by reason of the transfer.

Mr. HECHLER of West Virginia. I think it would be unfortunate if the conference committee should try to combine both of these laws.

Mr. PERKINS. That will just not work out. The Coal Mine and Safety Act will be administered separately.

Mr. HECHLER of West Virginia. I appreciate the assurances of the gentleman from Kentucky.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Idaho (Mr. HANSEN).

Mr. HANSEN. Mr. Speaker, the public is becoming extremely critical of reckless congressional actions concerning regulatory agencies. A bill, such as the one that we are considering today, has not complied with the spirit of the Rules of the House of Representatives, and no study has been made concerning the impact of a major transfer within the executive branch. There is no estimate of the effect upon the budgets of either agency, or upon the employees involved. Finally, it should be noted that more than a reasonable doubt has been established concerning the actual need for the transfer. Remember, all of us will have to be able to reply when our constituents ask, "How much of our tax dollars will this cost?" There can be no reply unless a study is ordered.

It should be noted that this bill has not complied with the spirit of the Rules of the House of Representatives, specifically rule 10(h)3, which states that the Government Operations Committee must approve all reorganizations of the executive branch. Also the OSHA act states in section 4(b)1 that:

> Nothing in this Act shall apply to working conditions of employees with respect to which other Federal agencies . . . exercise statutory authority to prescribe or enforce standards or regulations affecting occupational safety or health.

Mr. Speaker, I urge that the rule be defeated.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I rise not so much to speak or address myself to the rule as to the exchange that took place just prior to the consideration of the rule. I do so in defense of the gentleman from Maryland (Mr. BAUMAN) who objected to a unanimous-consent request that was by no means a routine kind of request.

Mr. Speaker, I must say that in retrospect I never thought that a newly elected chairman of a committee would come down and make a unanimous-consent request of such proportions in the manner in which he did make his request.

Now, Members can say what they want, but the minority was not advised that he would do so and I find on further inquiry that there are some discrepancies in what the chairman indicated was or was not agreed to by the minority.

Now I have to say again this was by no means a routine unanimous-consent request, and the gentleman from Maryland was perfectly within his rights in objecting. I would have done the same under the same circumstances.

This issue is too big to be handled in such routine fashion. It deserves an open debate here in this House with every Member having an opportunity to express themselves and that includes Members of the majority as well as the minority who have strong feelings on the subject.

Mr. **THOMPSON**. Mr. Speaker, will the gentleman yield?

The **SPEAKER**. The Chair will advise the gentleman from New Jersey that the House is debating the resolution from the Committee on Rules and the Chair will not recognize anyone else for any extraneous debate without unanimous consent.

Mr. **THOMPSON**. Mr. Speaker, on a point of personal privilege, am I not entitled to time to answer a personal attack, as a matter of privilege? If I have that right, Mr. Speaker, I demand it.

The **SPEAKER**. The gentleman may not interrupt the consideration of the pending resolution on a question of personal privilege.

Mr. **THOMPSON**. Mr. Speaker, that gentleman over there is lucky.

The **SPEAKER**. One broken rule does not justify two.

Mr. **YOUNG** of Georgia. Mr. Speaker, I urge the adoption of House Resolution 1221 in order that we may proceed to the consideration of H.R. 13555.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The **SPEAKER**. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **ERLENBORN**. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 363, nays 36, answered "present" 1, not voting 32, as follows:

[Roll No. 482]

YEAS—363

Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Eshleman
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Heinz
Henderson
Hightower
Holland
Holt
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kelly
Kemp
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
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Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Spellman
Spence
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Stanton, J. William
Stanton, James V.
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Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—36

Abdnor
Archer
Armstrong
Ashbrook
Bauman
Beard, Tenn.
Broomfield
Burgener
Burleson, Tex.
Clancy
Clawson, Del
Collins, Tex.
Crane
Erlenborn
Hansen
Hicks
Hutchinson
Hyde
Kazen
Ketchum
McCollister
McDonald
Paul
Poage
Quillen
Robinson
Rousselot
Satterfield
Sebelius
Shuster
Smith, Nebr.
Snyder
Steiger, Ariz.
Symms
Taylor, Mo.
Winn

ANSWERED "PRESENT"—1

Bafalis

NOT VOTING—32

Abzug
Biester
Conyers
Dent
Dickinson
du Pont
Esch
Evins, Tenn.
Fish
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Hillis
Hinshaw
Holtzman
Jones, Ala.
Jones, Tenn.
Karth
Litton
McDade
Matsunaga
Murphy, N.Y.
O'Brien
O'Hara
Peyser
Roberts
Rose
Solarz
Steelman
Stuckey
Symington

The Clerk announced the following pairs:

Mr. Hébert with Mr. Peyser.
Mr. Dent with Mr. Hays of Ohio.
Mr. Helstoski with Mr. du Pont.
Mr. Matsunaga with Mr. Esch.
Mr. Symington with Mr. McDade.
Ms. Holtzman with Mr. Hillis.
Mr. Roberts with Mrs. Heckler of Massachusetts.
Mr. Rose with Mr. Dickinson.
Mr. Stuckey with Mr. Steelman.
Mr. Jones of Tennessee with Mr. Fish.
Mr. Litton with Mr. Jones of Alabama.
Mr. O'Hara with Mr. Murphy of New York.
Mr. Conyers with Mr. Karth.
Ms. Abzug with Mr. O'Brien.
Mr. Evins of Tennessee with Mr. Solarz.

Mr. **BURGENER** and Mr. **SNYDER** changed their vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 7792. An act to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12203) entitled "An act making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes."

The message also announced that the Senate agreed to amendments of the House to the amendments of the Senate numbered 1, 2, 3, 4, 14, 24, 32, 36, 37, 52, 53, 55, and 57 to the foregoing bill.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 127. Concurrent resolution authorizing the correction of the enrollment of the bill H.R. 7792.

EXPLANATION OF REQUEST TO INSERT IN RECORD ORDERS OF COMMITTEE ON HOUSE ADMINISTRATION

(Mr. BOLLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLLING. Mr. Speaker, I asked for this time in order to clarify some facts, but not to engage in controversy, with respect to the content of the orders that the Committee on House Administration has issued, which will be worked out in detail, I am sure, by the various members of the committee, minority and majority.

However, Mr. Speaker, I think it is important for the Members not to have the misconception that in order for those orders to have the force of law, they must be published in the Record.

Mr. Speaker, I would like to read from the law simply so that all Members will understand the facts. I read as follows:

> Until otherwise provided by law, the Committee on House Administration, may, as the Committee considers appropriate, fix and adjust from time to time, by order of the Committee, the amounts of allowances (including the terms, conditions, and other provisions pertaining to those allowances) within the following categories . . .

Then, Mr. Speaker, it goes on at length.

The matter of the unanimous-consent request was merely an attempt to comply, as I understand it, with the spirit of the debate which took place on July 21, 1971, when that law was passed by the House. In effect, it said that the committee would take care to assure the Members of the content of any action. Therefore, the unanimous-consent request to put the orders in the Record would not have any effect on their having the force of law; and it was merely an attempt to comply with the spirit of the debate when the law was enacted.

Mr. Speaker, I started out by saying that I have no intention of getting involved in the controversy over the content of the orders, and I do not.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, because the gentleman from Missouri (Mr. Bolling) has a great knowledge of the affairs of the House, I am sure he will acknowledge that on Friday the Committee on House Administration took action on House Resolution 900, which dealt with many of the same matters that the same committee acted upon again on Monday. The orders acted upon on Monday are the same series of orders which the gentleman from New Jersey (Mr. Thompson) attempted to put in the Record.

Is it the contention of the gentleman from Missouri that one group or the other of these orders have become effective; and if so, is it the Friday group of orders which are to be given legal effect?

Mr. BOLLING. The gentleman from Missouri, in attempting to answer that question, will have to depend on the information that he has received. The information that he has received is that what was adopted by the Committee on House Administration on Friday was legislation and that legislation which would have taken the place of committee orders was included in other legislation which would have taken from the Committee on House Administration the power granted in this 1971 act.

In other words, the action of the Committee on House Administration on Friday was a proposal for legislation, which is within their inherent power, as the gentleman from Missouri understands it. Therefore, the action of the Committee on House Administration on Monday was a carrying out of that 1971 law with respect to providing for orders as opposed to the proposing of legislation.

Mr. BAUMAN. If the gentleman will yield further, it is my information, after speaking with two members of the minority on the Committee on House Administration, that the insertion in the Record that has been proposed by the gentleman from New Jersey is of a series of orders which may have contained variances of content from what the Committee on House Administration actually did on last Monday.

Mr. BOLLING. The gentleman from Missouri, now speaking, tried to avoid that problem.

Mr. BAUMAN. I will withdraw the question.

Mr. BOLLING. Mr. Speaker, I say that, because I did not want to get involved in that question. I do not think that that is the question I am speaking to.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman from Missouri for yielding to me.

Mr. Speaker, as long as we are talking about procedures under which the committee publishes its orders and under which they become effective, how is any Member of the House able to protest one of these orders if that Member believes the orders are not an accurate reflection of the committee action?

Mr. BOLLING. I think we are shifting the subject that I was trying to talk on, again, but I would try to answer that. I would hope that the differences that might exist within the Committee on House Administration would be reconciled before the orders were actually published.

Mr. FRENZEL. I thank the gentleman.

MINE SAFETY AND HEALTH ACT OF 1976

Mr. DOMINICK V. DANIELS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 13555) to amend the Federal Metal and Nonmetallic Mine Safety Act and to transfer certain functions relating to coal mine health and safety under the Federal Coal Mine Health and Safety Act of 1969.

The SPEAKER. The question is on the motion offered by the gentleman from New Jersey (Mr. Dominick V. Daniels).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 13555, with Mr. Giaimo in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New Jersey (Mr. Dominick V. Daniels) will be recognized for 30 minutes, and the gentleman from Minnesota (Mr. Quie) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. Dominick V. Daniels).

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield myself such time as I may consume.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I rise in support of H.R. 13555, the Mine Safety and Health Act of 1976.

This legislation has a two-fold purpose:

First. To substantially improve safety and health conditions in the Nation's metal and nonmetallic mines, especially through new efforts to discover and take action against health hazards in the mines; and

Second. To consolidate in one Federal agency practically all job safety and health enforcement activities, including both coal and noncoal mines.

Mining is recognized as one of this country's most hazardous occupations and since the economy of this Nation cannot do without its vast natural resources which have helped to bring us the most advanced living standards in the world, there is an urgent need to prevent death and serious physical harm and to prevent occupational diseases originating in our Nation's mines.

Painful experience has revealed that the current metal and nonmetallic mine safety law enacted 10 years ago in 1966 is woefully inadequate to protect the life and health of the 262,000 miners working in 16,500 metal and nonmetallic mines and milling operations. This legislation is needed as well to protect 187,000 workers in the Nation's 5,200 underground and surface coal mines.

I believe you will concur in my opinion that this act must be updated when I point out to you the senseless loss of lives and tragedies that have occurred in the last few years, namely:

First. The asphyxiation of 21 workers in a Louisiana salt mine in 1968;

Second. The death of 89 coal miners in Farmington, W. Va., in 1969;

Third. The death of 91 miners in the silver mine disaster in Kellogg, Idaho, in 1972;

Fourth. The hydrogen sulphide suffocation of seven miners in Posiclaire, Ill., in 1972; and

Fifth. The loss of 26 miners and mine officials in the Scotia mine disaster this year—1976—at Oven Forks, Ky.

In 1975, 8,213 workers were injured and 122 died in our Nation's metal and nonmetallic mines. Last year, 11,001 miners were injured and 155 miners died in the coal mines.

Must Congress be moved into action to protect the lives and safety of our mine workers only after a major tragedy?

It is our duty at all times to safeguard workers by enacting laws for their protection and to place the responsibility for the proper administration of those laws in the appropriate agency of Government.

The responsibility for the protection of the life, safety and health of the worker should be under the jurisdiction of the appropriate department that has historically been concerned and charged with safeguarding the welfare of the worker; namely, the Department of Labor. The credibility of the Government's commitment to safety and health enforcement is strained when the executive department charged with encouraging production of natural resources is also the department which administers laws to protect the miner; this conflict of interest is direct and overwhelming.

Therefore, it is the purpose of this bill, H.R. 13555, to correct the glaring inadequacies in the Federal Metal and Nonmetallic Mine Safety Act of 1966, and to transfer the administration of all mine enforcement activities—both coal and noncoal—from the Department of the Interior to the Department of Labor.

I shall briefly outline the deficiencies in the present metal and nonmetal law and the major provisions of H.R. 13555.

The present act, Public Law 89–577, contains no general duty provision to cover unique circumstances where no standards have been promulgated. Section 4 of H.R. 13555 establishes a duty of each mine operator to furnish employment and a place of employment free from recognized hazards that are causing or are likely to cause death or serious injury to miners.

There is currently no provision for the promulgation of emergency temporary standards in cases of grave danger from toxic substances or other hazards. Section 5(c) authorizes the Assistant Secretary to promulgate such an emergency regulation to protect the health and safety of miners.

The bill further provides for immediate promulgation of all standards deemed as "mandatory" under the existing law and for a review of present "permissive" standards.

The bill also establishes procedures for public hearings and comment periods on any proposed standard and permits a delay of effective date of standards in order to insure that operators and miners will be adequately informed.

Public Law 89–577 does not permit a variance in standards or for employees to be informed of an application for a variance from a standard. This bill provides that miners must be given notice of the application and afforded an opportunity to participate in a hearing.

Current law does not prohibit advance notice of an inspection. H.R. 13555 specifically prohibits such notice and provides for a mandatory penalty for giving unauthorized advance notice of an inspection.

H.R. 13555 also requires that all underground mines be inspected at least four times annually and surface mines at least twice.

Present law makes no provision for employees to obtain the results of an inspection. Section 11 of H.R. 13555 provides that any citations issued for a violation of the general duty or of a standard, rule or regulation, must be prominently posted at or near each place where violations occurred, and at a location where miners check in and out on a daily basis.

However, because these inspections are required by H.R. 13555 for all mines, penalties are mandatory only for failure to correct a violation or for willful or repeated violations, for false statements and for violation of posting requirements.

Miners are also subject to mandatory penalties for willful violation of smoking standards.

Section 16(j) authorizes the three-member Federal Metal and Nonmetallic Mine Safety and Health Commission established under the bill to review and assess all proposed civil penalties which are contested by the employer.

Section 23 of H.R. 13555 provides for research activities by the National Institute for Occupational Safety and Health, including study of lung and respiratory diseases, carcinogenic substances, industry-wide studies of the effect of chronic or low-level exposure to mine substances or the potential for illness, disease, or loss of functional capacity in aging adults.

Finally, a new provision in this bill, which is a direct result of lessons learned by the Manpower Subcommittee through oversight hearings on the Kepone tragedy, is contained in section 17 of H.R. 13555, "effect on State laws." This section provides that nothing in the act shall prevent States or courts from exercising enforcement or other authority under State law to protect the public health and welfare. Further, States may also carry out their own programs of education, training, consultation, statistic compilation, or research in mine safety and health.

Thus, States are able to lend their assistance in guaranteeing the miner his right to a safe and healthful work environment, as well as insuring that the community is not jeopardized from hazards generated in the workplace.

H.R. 13555, however, does not authorize State plans for their own development and enforcement of standards. Only five States do so under present law. Our hearings revealed that State plans have not generally been as effective as the Federal program. Therefore, this bill calls for a Federal program of standards and enforcement, with States being encouraged to supplement rather than supplant the Federal effort.

Another problem brought to the committee's attention during 8 days of hearings is the difficulty of small business owners to comply. H.R. 13555 provides for loans to small mine operators and for information under the act to be obtained with a minimum burden on small business. Section 9 also mandates that mine operators receive updated copies of all standards at least annually.

The bill also transfers to the Department of Labor, titles I, II and III, as well as parts of title V relating to coal mine health and safety—except research—of the Federal Coal Mine Health and Safety Act of 1969.

This transfer of enforcement of coal and noncoal mine health and safety laws was recommended repeatedly during the hearings by those who maintain that the Department of Interior is a resource- and production-oriented agency that places secondary emphasis upon the well-being of mine workers. I concur with this view.

The fragmentation of certain job safety and health enforcement programs into different Government agencies has diluted congressional efforts to guarantee all workers an equal right to a safe and healthful worksite. This legislation will correct this dispersion by placing all such programs in a single agency—the Labor Department—which has as its single duty the protection of the welfare of the American workers.

However, to guard against the loss of expertise developed by the Department of Interior, the bill authorizes the transfer of appropriate personnel to the Labor Department without reduction in classification or compensation for 1 year after transfer. In addition, certain research functions in the field of mine safety will remain in the Department of Interior, under coordination of a new Assistant Secretary of Labor for Mine Safety and Health.

Testimony also brought to the committee's attention numerous jurisdictional problems between Mining Enforcement and Safety Administration, MESA, and the Occupational Safety and Health Administration, OSHA, which have created confusion and placed undue burdens on mine operators. To resolve this uncertainty, section 5(a)(3) places the milling stage of operations under the new Assistant Secretary for Mine Safety in the Department of Labor.

Mr. Chairman, I know that during consideration of this vital legislation, there will be those who will portray this bill as placing mine safety and health programs under OSHA. There will be those who will turn this debate into a forum for throwing stones at OSHA.

The miners of this Nation deserve better treatment than having their well-being subverted by blatantly false assertions concerning H.R. 13555. This legislation will elevate the administration of mine health and safety within the Labor Department.

It will finally free the enforcement of programs for the health and safety of miners from an overwhelmingly conflicting situation in the Interior Department.

Savings of lives will replace the saving of dollars policy that is the governing concern of the Interior Department.

My colleagues had their opportunity to play politics with the welfare of the American worker last week during debate on the Labor-HEW appropriations bill. I hope that reason will prevail today.

I trust that as I near the end of my 18 years in this House, I can look upon this day as the time when my colleagues joined together in saying to the country's miners, and to the young people who are considering a career in the mines:

> Yes, we will provide you with the full protection of the laws of this land by passing a new, updated bill to meet the needs of miners in the last quarter of the 20th century.
>
> And, yes, we will insure that this new law is administered by the appropriate government agency that has a single goal—the protection of the life, health, safety and welfare of the American workers.

Mr. QUIE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think that we ought to strengthen the health and safety legislation to make certain that the workers are protected. While there could be some amendments that would be acceptable, I would certainly accept the amendments that have been offered and are proposed in this legislation to the Federal Metal and Nonmetallic Mine Safety Act; however, I believe that H.R. 13555, the Mine Safety and Health Act of 1976, should be defeated if it contains the transfer provisions as reported by the Education and Labor Committee. At the proper time, I intend to offer an amendment to strike those portions of the bill which deal with transferring the enforcement functions of the Mining Enforcement and Safety Administration, MESA, from the Department of Interior to the Department of Labor. Without the transfer provisions, I would support the legislation strengthening the Federal Metal and Nonmetallic Mine Safety Act.

Before briefly explaining why I support the continuation of MESA in the Department of Interior, let me note some of the problems with the rhetoric of the bill's proponents.

First, it is obvious that the main purpose and "reason for being" of the bill is the transfer provision. An intent to strengthen the provisions of the Metal and Nonmetallic Act is prominently displayed, but it is clear that the real purpose is to achieve the objective of some people in organized labor to eventually rest all safety and health enforcement in the Department of Labor.

There are three major reasons why the objective of those in organized labor who support this bill is not realistic:

First. The original purpose on opposition to the former Acting Administrator of MESA. For some reason, the United Mine Workers and the Steelworkers literally could not tolerate the former Acting Administrator.

However, the source of their distaste has been removed. In his place is an administrator palatable to organized labor; even the very person appointed as administrator who was supported by organized labor.

So, the original purpose for those in organized labor seeking the transfer is no longer present.

Second. The proponents of the bill imply that the intent of the Occupational Safety and Health Act is to assert jurisdiction over areas where another Federal agency has authority, but has not issued an enforceable standard, and that somehow this bill clears up the confusion in the milling area.

These implications and arguments have no merit since, OSHA has entered into a memorandum of understanding with MESA relative to milling in which MESA's jurisdiction over milling is asserted, as is clearly correct under section 4(b)(1) of OSHA. This memo of understanding assures harmony and reduces any argument for transfer for this reason. Section 4(b)(1) of OSHA clearly states the congressional intent that OSHA is only to assert its jurisdiction when another Federal agency has failed to act under its jurisdiction.

The problems and confusion of jurisdiction are not the fault of MESA—it is the continuing misinterpretation of section 4(b)(1) of the Occupational Safety and Health Act by OSHA. Even if the words of section 4(b)(1) are not clear enough, and they are clear, as quoted:

> Nothing in this Act shall apply to working conditions of employees with respect to which other Federal agencies . . . exercise statutory authority to prescribe or enforce standards or regulations affecting occupational safety or health.

Then, the legislative history, particularly the dialog among Representatives ERLENBORN, PERKINS, and DANIELS, make clear that OSHA has no jurisdiction in mining or milling—I have attached a copy of that debate to the end of my statement and ask that it be inserted in the RECORD. Accordingly, the Department of Labor should not be rewarded with jurisdiction over milling because there is confusion as to jurisdiction when the Department of Labor has deliberately caused that confusion by continuing to assert jurisdiction over areas where they have none, despite the intent of Congress expressed in clear jurisdictional language in 4(b)(1) of OSHA. The confusion or problems have already been settled without the necessity for the transfer provisions in H.R. 13555.

Third. Most importantly, neither organized labor nor the proponents of the transfer provisions have demonstrated: a necessity for the transfer; that health and safety would be increased effectively with a transfer; or that a deleterious effect has been evident over the years of MESA inforcement of health and safety of miners. Contrary to their failure of proof are the obvious benefits of granting the Bureau of Mines and MESA enforcement authority over safety and health in the mines in 1970. Furthermore, contrary to the failure of OSHA in the Department of Labor to show any great benefit or to even measure the impact in general industry safety and health as the result of OSHA is the proof of the Bureau of Mines and MESA showing a steadily downward trend of fatalities and incidents of disabling injuries in the mines, despite the fact Interior also has the responsibility for mineral development. The Interior's responsibility for mineral development has been misstated in our arguments over transfer and I am guilty as well for implying that Interior's mission was maximum production.

The proponents have declared that Interior's objective is maximizing energy and mineral production; however, it is actually DOI's mission to supervise the wise and economic use of the Nation's natural resources. When we look at Interior's mission as the wise and economic use of natural resources, we can clearly see that such objective is not incompatible with its mandate to foster the safety and health of our Nation's miners.

Accordingly, I cannot accept the argument that there is a conflict in the Department of Interior's dual missions, and conclude that the transfer of MESA from Interior to the Department of Labor is unrealistic.

Some of the reasons I support the retention of MESA within Interior may have already been stated in refuting the transfer proponent's arguments, but let me again state them for the benefit of the record. First, it is clear that the Bureau of Mines has had experience in mine safety since 1910. At that time, Congress recognized the uniqueness of mining and its hazardous nature—the Bureau of Mines was created and the Bureau's role was primarily advising, experimental work and teaching accident prevention, first aid and mine rescue. As a result of continuing disasters in the mines, the Department of Interior recommended the ultimately adopted Federal Metal and Nonmetallic Mine Safety Act of 1966 and the Federal Coal Mine Health and Safety Act of 1969. With the effective enforcement granted to the Department of Interior in 1970, there was a sudden and dramatic decline in the number and scope of major disasters in mining; and with the creation of MESA as a separate enforcement entity apart from the Bureau of Mines in 1973, an even more dramatic and welcome decline in the number and scope of major disasters and fatalities and disabling injuries in the mines has occurred.

Not only do the statistics of reducing fatalities reflect the expertise of the Department of the Interior in mining, but the Department of Labor recognizes this expertise also, or OSHA frequently calls on MESA when inspecting various types of tunneling operations.

Second, I support the retention of MESA within Interior because there is a possibility that resources for mine safety and health will be diluted, through administrative action, into general industry safety and health if the transfer takes place.

All of us here today are aware of the fact that Congress has attempted to deal with the problems of mine health and safety over a period of many years and through enactment of various laws on this subject. Let us keep in mind that MESA personnel have long been involved in this cumulative endeavor but MESA has existed as a separate administration from the Bureau of Mines for a relatively brief period of time.

We should proceed with great haste to insure that those areas that need change are changed but let us proceed with great care to insure that existing foundations of good mine health and safety legislation and administration are not weakened or destroyed. This is the least we owe to the survivors and victims of the Scotia disaster and a responsibility we have to all who have suffered to provide this Nation's mineral needs.

It is true that some organized labor leaders are supporting the transfer of MESA from Interior to DOL, but, despite this public endorsement, other union leaders are letting it be known that they oppose transfer to DOL because they fear a consequent dilution of mine health and safety funds; a dispersal of the specifically trained mine inspection force; a loss of the present leadership of MESA, a leadership which the UMWA International Executive Board recently unanimously endorsed; and a lack of trust in the capacity of DOL to administer mine health and safety legislation due to DOL's track record in administering its own responsibilities placed there by the OSHA Act.

DOL has expressed the view that there is an imbalance in the distribution of Federal financial resources for workers' safety and health. This view, if MESA is transferred to DOL, could result in a cutback in MESA's programs so that MESA funds could ultimately be shifted to OSHA.

Most workers covered by the OSHA law are far less subject to injury than miners, and funds should not be diverted from MESA programs in order to provide coverage to more populous but less dangerous industries.

A major mine disaster occurring after congressional action that would allow such health and safety funds reallocation would create a shock wave of public and labor outrage that would certainly redound to this Congress. Assurances against this sort of bureaucratic juggling are weak in both S. 1302 and in H.R. 13555. In this regard H.R. 13555 protects personnel and positions for only 1 year and decrees that there would be no fewer inspectors. However, these provisions are far from pursuasive that MESA funds would not be diluted.

Congress should be directing its efforts at improvement of the existing mine health and safety laws, especially in the areas of revising enforcement tools and penalty procedures, and giving stronger endorsement to providing training and technical assistance to miners and operators rather than introducing an administrative nightmare into an already difficult area of legislation.

Third, the Department of Interior's recognized commitment to enforce mine health and safety, evidence by statistics of increased enforcement, dispels the assertion that it favors its additional mandate to supervise the wise and economic use of our Nation's minerals and fuel. For instance, there were over 31,000 inspections of metal and nonmetallic mines in 1975, an increase of 22,600 since 1971. Closure orders totaled over 3,200 in 1975, an increase from 54 in 1971. Those type statistics lead me to believe the Department of Interior is serious about its duty to enforce safety and health.

Along with the statistics of increased enforcement activity are statistics showing the substantial reduction of fatalities and disabling injuries in mining and quarrying. The Preliminary Accident Report for 1975 indicates that in the past 10 years mining and quarrying posted the most improvement—42 percent fewer deaths per 100,000 workers, while construction under OSHA, considered a critical enforcement area, only registered a 16-percent improvement. Even since 1972, we have seen a remarkable reduction in the number of nonfatal disabling injuries and fatalities.

Fourth, it is clear that the Department of the Interior is best able to perform research which is interrelated between extraction technology and safety. Presently, the Bureau of Mines conducts research on all aspects of extractive mining technology with a major emphasis on the health and safety of mine workers. Separation of components of such research would be inefficient, devisive, and costly, resulting in fragmentation and duplication of efforts. Mining is unique and hazardous and a number of essential engineering support functions involving a high degree of technical knowledge and experience are necessary for both research dealing with extraction and research dealing with enforcement and standards setting. Why divide this research expertise? Cooperation may ultimately be achieved between Labor and Interior, but the present cooperation between MESA and the Bureau of the Mines is a working, successful liaison. It should not be disturbed.

Finally, let me state that transferring MESA to the Department of Labor assures us of no increase in miner's health and safety. There is no historical precedent that a super-bureaucracy of health and safety is an efficient management organization. The bureaucracy built up under OSHA, which already borders on a super-bureaucracy, leads to the opposite conclusion. Certainly, the safety and health of our Nation's miners should not be placed in a Department which has not been able to efficiently manage the safety programs mandated to it.

In conclusion, I wish to commend the chairman of the Subcommittee on Manpower, Compensation, and Safety and Health for his devotion to the cause of the working man, and in this bill the miner. Because we have a basic difference of where MESA enforcement should be placed does not detract from my respect for his dedication in following through on his commitment to strengthen the Metal and Nonmetallic Act. With a few moderate changes, and without the transfer, we would have before us a bill which we all could support. Nevertheless, I must urge my colleagues to support my attempt to retain MESA in the Department of Interior. It is my honest feeling that our miners will continue to receive more consideration and be better protected under enforcement by MESA in the Department of Interior.

I include the following:

Mr. ERLENBORN. Mr. Chairman, there is another fault that I find with the committee bill. It is presently covered in the Steiger-Sikes substitute and that is the question of dual coverage. In the committee bill section 4(b) (1), (2), and (3) makes some exceptions, actually in effect repeals certain laws in the field of health and safety, but there are some obvious exceptions in the committee bill to this repeal which leaves a dual coverage in several areas.

I call to mind the coal mine safety bill which is not repealed by this bill. Yet, the rules and regulations under this act, as provided in the committee bill, could and should and would get into the area of coal mine health and safety and the metallic and nonmetallic mine safety act and the health and safety act—all three of these would continue to exist and there would be no reason why the health and safety rules promugated under this act would not also apply to those industries?

Mr. PERKINS. I would say to my distinguished colleague that he is incorrect in that statement because all of these various legislative acts as railway safety and mine safety are specifically exempted under section 22(b).

Mr. ERLENBORN. I stand corrected.

Mr. Chairman, I was referring to an earlier section on coverage which made certain other exceptions and I did not realize that the committee had separated the exemptions and put them in two different places in the bill.

I think the gentleman is correct.

However, I would like to engage in a colloquy with the gentleman from Kentucky and the gentleman from New Jersey as to the interpretation of this language so there will not be any question as to what it means.

Is it your understanding that present Federal laws providing authority to the executive agency to prescribe health and safety standards that are being exercised will then exempt that industry from the coverage of this act?

Mr. DANIELS of New Jersey. All Federal agencies which are covered by the health and safety laws will be exempt from this act—with just one exception. That is the construction industry. In the construction industry where the Secretary of Labor makes the health and safety rules and regulations, we authorized the Secretary of Labor—we even exempt that area and let the construction safety and health law prevail over all construction except with respect to the penalty. The penalty will be covered by this act.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Erlenborn) has expired.

Mr. STEIGER of Wisconsin. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ERLENBORN. May I question the chairman of the subcommittee a little more closely on that question because I think the interpretation of this language might be a little bit tricky. I know the reason it is worded this way.

It says that:

"Nothing in section 5 of this act shall apply to working conditions of employees with respect to whom any Federal agency exercises statutory authority to prescribe or enforce standards or regulations affecting occupational safety and health."

Now let me pose a couple of alternative questions.

If there is authority under the Federal law, but it has yet been put into effect and it is not being exercised by the executive agency because they have no rules or regulations, then until they do adopt rules and regulations and exercise that authority—then this does apply; is that correct?

Mr. DANIELS of New Jersey. Yes; that would be correct. The gentleman has placed his finger on the key word—and the key word is "exercise."

If an agency fails to pursue the law and exercise the authority that has been given to it, then this law will step in.

Mr. Erlenborn. In other words, the mere existence of statutory authority does not exempt an industry? It is the exercise of that authority pursuant to the statute that does exempt it; is that correct?

Mr. Daniels of New Jersey. That is correct.

Mr. Erlenborn. I have one other question. This will certainly clear up any difficulty in interpreting this so far as the presently existing statutory authority presently being exercised.

Let me ask this question.

If presently existing statutory authority which is not presently being exercised at the time this bill goes into effect, but is then subsequently exercised; does that then at the time it is exercised exempt an industry?

Mr. Daniels of New Jersey. At the time that that authority is exercised, that industry will be exempt.

Mr. Erlenborn. So this does have a prospective effect. In other words, we are not going to interpret this language only as though it were being interpreted as to conditions that exist on the day it becomes law, but it will have a prospective effect and the future exercise of authority will then exempt an industry from coverage under this law?

Mr. Daniels of New Jersey. The gentleman is absolutely correct.

Mr. Erlenborn. There is one other situation where there is no present statutory authority, but subsequent to this bill becoming law, statutory authority is enacted, and then the exercise of that authority comes into play: Would that then exempt an industry?

Mr. Daniels of New Jersey. I think it would depend upon the language employed in that future statute as to what was the intent of Congress. Would it be the intent of Congress that that particular industry should be exempt from the provisions of this bill, or shall we place all safety standards under one authority; namely; as provided in this particular bill?

Mr. Erlenborn. I would suspect that if there were separate authority enacted in the future, it would be clearly the intent of Congress that that separate authority would apply rather than the present authority, else legislative enactment would be a waste of time.

Mr. Daniels of New Jersey. I would say it would depend upon the intent of Congress at that particular moment.

Mr. Erlenborn. I thank the gentleman for his help in clarifying the language and making some legislative history on that point. I think it will be helpful in the future in interpreting this language.

Mr. HANSEN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Idaho.

Mr. HANSEN. Mr. Chairman, I would like to commend the gentleman from Minnesota (Mr. Quie) for the statement he has made. and I pledge my support to preventing the transferring of MESA to the Department of Labor. I feel that the lack of expertise which has been shown by the Department of Labor on safety aspects, as has been demonstrated under the Occupational Safety and Health Act, would preclude any transfer of something as technical as mine safety into this area, especially until there has been better responsibility demonstrated.

I think that what has been laughed at on the farms, as far as safety expertise and knowledge are concerned and as far as the activities, the pamphlets, and the publications of the Department of Labor are concerned, would be fatal in the mines.

I also want to say that the illustration of the mood of the House recently, as far as agreeing to amendments to restrict OSHA relative to its access to farms with more than 10 employees and also to make pro forma inspections as far as small business is concerned, is, I think, indicative of the fact that if this were transferred to the Department of Labor, MESA might be subject to some activities that may not be comfortable for the miners. I think that it would be very, very dangerous to try to put both of these safety organizations under the same department under the circumstances that exist.

Again, Mr. Chairman, I commend the gentleman, and I hope that his position prevails.

Mr. QUIE. Mr. Chairman, I thank the gentleman from Idaho.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky (Mr. Perkins).

Mr. PERKINS. Mr. Chairman, first, let me compliment the distinguished chairman of the subcommittee (Mr. Dominick V. Daniels), for a tremendous job in bringing this legislation to the floor.

It is my view that we should transfer the functions of the Mining Enforcement and Safety Administration to the Department of Labor. H.R. 13555, the Mine Safety and Health Act of 1976, does this.

Mr. Chairman, H.R. 13555 significantly strengthens the Federal Metal and Nonmetallic Mine Safety Act, and H.R. 13555 transfers all mine safety and health enforcement responsibility from the Interior Department to the Department of Labor.

Mr. Chairman, I do want to stress that the provisions of the bill, of course, will be administered by different inspectors. The metallic and nonmetallic mines will be inspected by specialists under the law. Likewise, the same will be true under the Federal Coal Mine Health and Safety Act of 1969. The two laws will not be merged in any sense of the word, but their administration will be transferred to the same Department.

Mr. Chairman, we think this will bring about better mine safety. We believe that there is an inherent and irreconcilable conflict between the Interior Department's missions to both stimulate the production of coal and other minerals, and enforce Federal mine safety and health laws. Nothing more dramatically demonstrates this conflict than the tragedy of the Scotia coal mine disaster recently in Kentucky where 26 men lost their lives.

Mr. Chairman, I just want to say, by way of history, that I recall the time when the Federal mine inspectors only had the right to go into certain mines until we enacted the Federal Coal Mine Safety Act in 1952, and then we made a 14-mine exemption by the Federal Coal Mine Health and Safety Act of 1969.

That was written specifically following the Farmington disaster in my own congressional district in which some 78 men lost their lives.

The Scotia Coal Mine disaster which killed 26 men on March 9 and March 11, 1976, is the most recent tragic example of the desire to increase coal production and profits at the expense of coal miners' safety and health. Since the Scotia Mine disaster we have been conducting an intensive investigation into the tragedy. Presently, we are in the process of completing an interim report on the background, nature, and possible causes of the Scotia disaster. The information we have obtained to date indicates the importance of this legislation.

Thus far, our investigation has progressed to a point where we have concluded:

First. The Scotia mine had a long history of coal mine safety and health violations. The Scotia mine, because of its prior safety record, might well have been considered an "imminently dangerous" mine and should not have been permitted to operate until adequate assurances were given that its history of persistent safety violations would be stopped.

Second. The enforcement record of the Mining Enforcement and Safety Administration (MESA) vis-a-vis the Scotia Mine was, at best, ineffective. We believe that MESA failed to use its authority adequately to effectively enforce coal mine safety and health at the Scotia Mine.

SAFETY HISTORY OF THE SCOTIA MINE

The Scotia Mine, near Oven Fork, Ky., is considered among the 100 most dangerous coal mines in the United States. In addition to being the most gassy mine in eastern Kentucky, it has a long history of Federal coal mine safety and health violations. Since 1970, the Scotia mine has been ordered closed 110 times—39 times for imminent danger conditions. During this same period, the mine received 855 notices of Federal coal mine safety and health violations. In the 2-year period immediately prior to the March 9 and March 11 disasters, the Scotia mine received a total of 420 safety and health violations, 63 of which were directly related to dangerous ventilation and methane gas conditions.

Our investigation of the safety history of the Scotia mine also has determined that the company's safety education and training program was a farce, particularly with respect to fire and evacuation drills. The complete inadequacy of Scotia's safety education and training program has been repeatedly verified by numerous witnesses who appeared before our committee.

In terms of the safety history issues directly related to the Scotia disaster, we have determined:

First. Dangerous concentrations of methane gas had previously been detected by both MESA inspectors and Scotia company officials.

Second. Preshift examinations—fire bossing—were not always conducted in accordance with the law.

Third. Methane monitoring at required 20-minute intervals was sporadic at best.

Fourth. Violations of Federal ventilation requirements were common and dangerously repetitive.

Fifth. The lack of proper training and education in mine fire and evacuation drills may have contributed to the deaths of six Scotia miners who initially survived the first explosion—March 9—but who subsequently suffocated after their self-rescuers became inoperative.

MESA ENFORCEMENT EFFORTS AT THE SCOTIA MINE

MESA's enforcement efforts at the Scotia Mine leave much to be desired. Nothing more clearly demonstrates this ineffectiveness than the tragic fact that on March 9 and March 11, 1976, the Scotia Mine blew up and killed 26 men. MESA's ineffectiveness with respect to this mine has been inadvertently admitted by the agency. According to MESA Administrator Robert Barrett,

> Prior to the explosions, federal inspectors had spent more than 1,000 man-days inspecting the Scotia Mine, issuing 855 notices of violations and 110 closure orders.

Other MESA officials have testified that the Scotia Mine was the most inspected mine in eastern Kentucky. The question thus arises, why, after all the MESA inspection activity, notices, and closure orders, did the Scotia Mine continue as an unsafe and dangerous mine?

The answer, we believe, is that the Scotia Coal Co. was essentially permitted to ignore the law. We are convinced that MESA failed to adequately use its authority to enforce properly the Coal Mine Health and Safety Act with respect to the Scotia mine.

Our investigation of MESA's enforcement efforts at the Scotia Mine has raised a number of policy questions, including:

First. MESA's policy governing section 104(a) of the Coal Mine Health and Safety Act (imminent danger): MESA did not attempt to pursue a close-down of the mine, involving the question of whether the mine's history of repeated safety and health violations—that is, the operation of the mine itself could be considered as imminently dangerous and therefore subject to a closure order until adequate assurances were made that the mine would be operated as required by law.

Second. MESA's mine closure policy governing section 104(c) of the Coal Mine Health and Safety Act (unwarrantable failure to comply): With respect to the Scotia Mine, the policy question is one of whether MESA adequately and forcefully used its section 104(c) closure authority to impress upon Scotia's management the severity of the mine's health and safety problems.

Third. MESA's policy governing its section 109(b) authority under the Coal Mine Health and Safety Act (criminal penalties): Since MESA never brought criminal charges against Scotia, the question arises as to whether MESA could, and should, have used its criminal penalties authority to enforce the law at the Scotia mine.

Fourth. MESA's policy governing the assessment and collection of monetary fines for coal mine health and safety violations: In terms of the Scotia mine, MESA's record on the assessment and collection of fines demonstrates both low assessment and even lower collection rates. The question, therefore, is whether a more aggressive monetary penalty policy could, and should, have been used to enforce the law at the Scotia mine.

Fifth. MESA's policy governing safety and health inspections and procedures: In terms of the Scotia mine, MESA never issued a citation for failure to conduct fire and evacuation drills or to test self-rescue equipment; MESA did not adequately inform its inspectors on the history of violations at the mine; MESA's procedures for approving and checking the mine's ventilation plans were questionable; MESA's policy of limited inspections using only one inspector whose expertise might not be appropriate is also questionable; and MESA had no uniform set of criteria governing closure orders for the Scotia mine.

These raise serious doubts about MESA's inspection procedures at the Scotia mine.

THE NEED FOR H.R. 13555

H.R. 13555, the Federal Mine Safety Act of 1976, accomplishes two necessary and important goals:

First. H.R. 13555 significantly strengthens the Federal Metal and Nonmetallic Mine Safety Act of 1966, and

Second. H.R. 13555 transfers all mine safety and health enforcement responsibility, including coal, from the Interior Department to the Department of Labor.

With respect to strengthening the metal and nonmetallic mine safety bill, there is little controversy. Nearly everyone to testify before the Education and Labor Subcommittee on Manpower, Compensation, and Health and Safety agreed that the present law is clearly inadequate to protect "hard rock" miners. We believe that the Nation's metal and nonmetal miners should be provided with safety and health protection similar to that already sought to be afforded to our coal miners and other workers.

In terms of the transfer of mine safety enforcement responsibilities, we are convinced such a transfer would enhance mine safety. We believe that there is an inherent and irreconcilable conflict between the Interior Department's missions to both stimulate the production of coal and other minerals and to enforce Federal mine safety and health laws. Nothing more dramatically demonstrates this conflict than the Scotia mine disaster.

As I have attempted to outline in this statement, Scotia had a history of placing coal production before the safety of its miners. The record clearly indicates that MESA's enforcement efforts were ineffective with respect to changing Scotia's attitudes and policies toward safety and health. For whatever reason or reasons, MESA failed to adequately use its authority under the Coal Mine Health and Safety Act and therefore provided Scotia with little incentive to obey the law. Scotia flagrantly and repeatedly violated established Federal safety and health regulations and received little more than a slap on the hand from MESA. In our opinion, the company's safety attitude and record were so bad that MESA should have used all the power and authority at its command to effectively limit Scotia's ability to operate until such time when fundamental safety and health policy changes were made within the company.

How many other Scotias are there in this country waiting for dangerous concentrations of methane to combine with inadequate mine ventilation and an ignition source? How many more Scotias are there with a history of flagrant and repeated safety and health abuses? How many more miners have to be killed before we recognize that the Interior Department has inherent and irreconcilable missions with respect to production and mine safety and health?

We strongly believe that the enforcement of mine safety laws appropriately belongs in the Department of Labor under the jurisdiction of a separate Assistant Secretary of Labor for Mine Safety and health. By creating such an agency in the Labor Department to enforce all Federal mine safety and health laws, the Congress will have advanced the cause of miner safety and health immeasurably.

We call upon the House of Representatives to recognize the 26 miners who died at the Scotia mine; to recognize the 91 silver miners killed in the Sunshine mine disaster in 1972; to recognize the five miners who died at Itmann, the 9 who died at Blackville in 1972; to recognize the 38 miners killed at Huden in 1970; and to recognize the 78 miners who lost their lives at Farmington in 1968. We call upon the House of Representatives to recognize the thousands of miners killed in mine explosions, roof falls, and other mine accidents over the years. We call upon the House to pass H.R. 13555, the Federal Mine Safety Act of 1976.

I include the following:

Scotia Coal Mine—Summary of safety and health violations—January 1974–February 1976

Category of violation	Number of violations	Number of closure orders
Ventilation—30 CFR, part 75, subpart D	63	10
Electrical equipment general—30 CFR, part 75, subpart F	41	1
Combustible materials and rock dusting—30 CFR, part 75, subpart F	86	8
Fire protection—30 CFR, part 75, subpart L	53	3
Dust standards—30 CFR, part 70, subpart B	28	0
Trailing cables and grounding—30 CFR, part 75, subparts G & H	10	3
Miscellaneous—30 CFR, part 75, subpart R	71	4
Roof support—30 CFR, part 75 subpart C	23	7
Mandatory safety standards, surface coal mines and surface work areas of Underground coal mines—30 CFR, part 77	28	2
Maps, hoisting and mantrips—30 CFR, part 75, subpart M & O	17	1
Grand totals	420	39

Source: Senate Subcommittee on Labor—Staff study.

SCOTIA COAL MINE—SUMMARY OF VIOLATION NOTICES AND CLOSURE ORDERS, MAY 13, 1970-MAR. 9, 1976

	1970	1971	1972	1973	1974	1975	1976
Total number of violation notices issued	79	94	156	116	103	214	92
Total number of closure orders issued	6	23	13	24	18	23	3
Total number of 104(a) closure orders issued (imminent danger)	5	7	4	9	5	9	0
Total, number of violation notices and closure orders	85	117	169	140	121	237	95

Note: Closure orders can be issued by MESA if an imminent danger 104(a) exists, if a violation has not been abated within a specified time, or if there is an unwarrantable failure of the operator ato comply with a Federal health or safety standard. The orders can affect the entire mine or only portion of the mine.

Source of data: Mine Safety Enforcement Administration, U.S. Department of the Interior.

Description of Violation***	*Total number of times violation was cited Jan. 1974-Feb. 1976*
Not enough air reaching the working face	26
High methane concentration	7
Approved ventilation plan not being followed	18
Line brattice out of position	6
Methane monitor inoperative	3
Permanent stopping was installed with incombustible material	1
Water sprays not provided for the heat drive	1
Fans at new returns section not equipped with a pressure gauge and an automatic signal device to give alarm	1
Tests for methane were not being taken at 20 minute intervals	1
Permanent brattices had not been constructed	2
Lost coal and coal dust	1

*** Ventilation violations—Scotia Mine January 1974–February 1976.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield 7 minutes to the gentleman from Pennsylvania (Mr. GAYDOS).

Mr. OBERSTAR. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. Mr. Chairman, I thank the gentleman for yielding.

I rise in support of the Mine Safety and Health Act.

Mr. Chairman, there has been a great deal said in debate about labor leaders supporting the bill and others not supporting it.

I would say, let us ask the miners, not just the labor leaders. I did that.

I asked the miners in my district. Northern Minnesota is an iron-ore mining district. We have the largest iron-ore mines in the United States and some of the largest anywhere in the world. There are some 12,300 iron-ore miners in our district.

I asked them to discuss this legislation at their regular membership meetings, and by unanimous vote of the membership, the men and women who work in the mines, they supported this legislation totally.

Mr. Chairman, I would also say this from my own experience: My father was an underground iron ore miner who worked 600 feet down in the Godfrey iron ore mine.

He was chairman of the Godfrey Underground Miners' Safety Committee for almost 20 years. He walked every mile of that mine, inspecting working conditions. Then he would come home and talk safety at the dinner table, so I grew up in a family that faced danger and threat to life and limb every day.

In those days, there were no effective Federal laws or agencies to protect miners' safety. My father wanted such programs, but they did not exist. Now that he is retired and I have the honor to serve in Congress, I want this legislation passed, to assure others the protection he wanted, but did not have.

Mr. Chairman, this kind of legislation, as my father told me, is the kind of legislation we need to protect the life and limb of the miners.

Federal responsibility for miners' safety now is split between two vastly different acts, the Federal Metallic and Nonmetallic Mine Safety Act of 1966 and the Coal Mine Health and Safety Act of 1969, the enforcement of which comes under jurisdiction of the Federal Mine Enforcement and Safety Administration of the Department of the Interior.

The Mine Safety and Health Act of 1976, H.R. 13555, has two primary objectives: to codify those various laws into a consistent and comprehensive program providing better statutory protection to hard rock miners by upgrading the provisions of the enforcement of the Coal Mine Safety Act and the Metal Mine Safety Act from the Department of the Interior to the Department of Labor.

The intent of the legislation is to combine all the statutory protections now afforded workers through different safety laws. H.R. 13555 would make the metal act comparable to the provisions covering coal and industrial workers.

The lack of compliance with Federal safety regulations and the lack of enforcement of these regulations by the Government combined to cause 117 deaths at the Scotia and Sunshine Silver mines. These deaths bring into question the effectiveness of the 1969 Federal Mine Health and Safety Act, but closer analysis reveals that the carelessness on the part of the Mining Enforcement Safety Administration coupled with weak statutory provisions is what is suspect and not the safety standards per se.

Both mine operators and the Department of Interior, which includes MESA, are concerned primarily with mineral production, subsequently safety functions become secondary.

An incident at a taconite plant, an iron ore processing facility, in my district bears out the experience that safety and production often run contrary to one another. Several years ago because of the mine safety law's lack of enforcement power 1,300 union members walked off the job because of what they alleged to be company violation of mandatory mine safety standards. MESA's only recourse, in that case, and under the present law, was to go into Federal court. This legislation would reverse this situation. Mining companies in violation of the laws would be required to comply immediately with citations and would have to initiate legal action to contest penalties assessed against them by MESA. The burden, therefore, is on the company and not the regulatory agency or on the employees.

The company attempted to fire the striking workers for breach of contract, but the U.S. Court of Appeals required management to observe the safety standards.

At issue was a company order to change burned-out grate castings on a conveyor belt, "on the fly," while the conveyor was moving. Grate castings are used to carry iron ore pellets through the furnace for heat treatment. Even with highly sophisticated protective equipment the workers were subject to serious burns from the 2,000-degree heat and injury from the moving conveyor. This is but one of countless examples of danger to life and limb that would be dealt with by this legislation.

If future mine catastrophes are to be avoided, this country needs a commitment to mine safety from mine operators and Government regulatory agencies, and I firmly believe that the enactment of this legislation will put us solidly on the road toward achieving that goal.

Mr. Chairman, I thank the gentleman for yielding to me.

Mr. GAYDOS. Mr. Chairman, I rise in strong support of H.R. 13555, the Mine Safety and Health Act of 1976.

First of all, I am proud to associate myself with the sponsor of this legislation. The Honorable DOMINICK V. DANIELS who has labored so unstintingly throughout his years as a Member of this body to enact health and safety legislation to protect American workers. Chairman DANIELS was the architect of OSHA. Today, in what is probably his last appearance before us as floor manager on this bill to provide further protection for the safety and health of American workers, he once again exhibits the dignity, integrity, and compassion that are the trademarks of his long and honorable legislative career.

Second, I am proud to support a bill which will provide sorely needed changes in the health and safety laws which apply to the 449,000 American workers who are employed in the very hazardous coal and non-coal-mining industry.

The bill before us seeks to effectuate a substantial upgrading in the protection provided for these miners. First of all, the bill contains several provisions which would require a greater effort on behalf of industry to improve the working conditions for miners.

Second, more stringent implementation of the standards and regulations promulgated pursuant to this bill are mandated.

Finally, the provisions requiring "walk-around" rights for miners during inspection tours, will enable the miners themselves, those individuals who pay the high price with their own lives when their employers fail or refuse to provide a safe and healthy work place, to play an active part in making their work place a safe and healthful one.

I do not think anyone seriously questions the need for upgrading the Federal Metal and Nonmetallic Mine Safety Act of 1966. It has not been amended since it was first enacted.

In May 2, 1972, 91 workers perished in the Sunshine Mine disaster. Surely such a catastrophe should have caused more aggressive action on the part of the Mine Enforcement and Safety Administration of the Department of Interior—MESA—to protect the safety and health of miners. But what actually happened? What has industry done with respect to improving—or in some cases initiating—training and education programs in safety and health for miners? What has MESA done to improve its enforcement of existing law? Have the so-called advisory standards of MESA been made mandatory so as to prevent further death and injury to miners?

The answer to all these questions is either "no" or "nothing", a shocking commentary on the callousness with which industry and a Federal agency view the life and limb of American miners.

Two incidents that were related by a witness who testified before the Subcommittee on Manpower, Compensation, and Health and Safety graphically point out the deplorable conditions that still exist.

In one case, in 1974, workers at Kennecott Copper Corp.'s Bingham, Utah, open-pit copper mine were forced to engage in a five-week work stoppage in order to bring about compliance with safe crew size on drilling rigs. I think the very poignant words of the witness before the subcommittee speak for themselves. I know I could not improve on them. I would like to quote them:

> All the assistance of MESA experts and staff members could not force compliance. The workers, subjected to threats of discharge and other discipline, including costly legal action, had to enforce mine safety.
>
> Is it the intent of Congress to have workers placed in such jeopardy? To endanger their income, their jobs, give up weeks of work, face punitive damages in order to assure a safe work place?

In another case, less than a year ago, a miner was injured at Asarco's Ground Hog Mine in New Mexico. Brought to the surface, he was placed in the bed of an open pickup truck and driven in the rain 15 miles to a hospital where he was dead on arrival. Where was the ambulance which should have been provided by the employer as standard emergency equipment? Its absence caused the death of this miner and resulted in a walkout, loss of income, and the discharge of two union officials for not forcing their members to return to work.

Again, in the words of the witness before the subcommittee:

> What the absence of a mine safety law without adequate standards and without immediate enforcement has and is creating is a system of worker vigilantes who have no choice but to take into their own hands the preservation of their lives.

Many of the provisions in the legislation before us could go far toward improving the working conditions for miners. That is, provided that the Federal agency responsible for implementing those laws dedicated to the health and safety of miners.

I submit that the Department of Interior, which currently is responsible for implementing the existing safety laws for both coal miners as well as metal and nonmetallic miners, has not and will not have the necessary dedication to protect the life and limb of those miners.

The track record of the Department of Interior to date does not inspire much confidence that it would demonstrate any newfound zeal in carrying out the provisions of this bill.

The goal of the Department of Interior is to devise and regulate the most efficient manner of extracting the basic raw materials indispensable to the economy of this Nation. As such, the preservation of our human resources—namely 449,000 miners is of secondary concern. This is most apparent when we realize that MESA collects 25 percent of its fines while OSHA collects 77 percent.

Furthermore, the Scotia Mine, which was the scene of the very recent disaster, was found guilty of 650 safety violations since 1970, many carried a potential fine of $10,000, yet the company was initially fined a total of $240,489 or $314.60 per violation. MESA later reduced this to $78,877 or $121.35 per violation.

Finally, the Scotia Mine operated in open defiance of a closure order.

Interestingly enough, the Bureau of Mines in the Department of Interior has a rather large budget ostensibly for safety and health-related research. But the research projects are to develop methods for mine operators to comply with safety and health needs while meeting production schedules. Once again, the health and safety of the miner is secondary to the most efficient method of extraction of natural resources.

Accordingly, the legislation before us seeks to eliminate the status of the miner as subordinate in value to the raw materials he extracts from the Earth, by removing from the Department of Interior the jurisdiction over the health and safety of miners and establishing it in the Department of Labor, the organization which has as its sole objective, the protection of the American worker.

Some critics of this transfer of authority contend it will mean the erosion of the trained inspectors currently implementing both mine safety laws. But I suggest this a copout by those who really fear that inspectors responsible to an Assistant Secretary for Mine Safety and Health in the Department of Labor will commence implementing mine safety laws with such dedication and zeal for the health and safety of miners that is so conspicuously absent in MESA.

Mr. Chairman, events of the recent past clearly indicate that the future well-being of this Nation depends on a greater use of our domestic sources of raw materials. The task of the Department of Interior to provide for the most expeditious and effecient extraction of those natural resources is indeed most demanding. Yet, at the same time, if we are going to attract new workers to seek employment in the very hazardous occupation of mining, we must make sure that the health and safety of these miners is adequately protected. We cannot tolerate greater use of our natural resources which are purchased with the life and limb of those employed in providing such resources.

The issue is quite clear. Only if the health and safety of our miners is entrusted to an agency which exists solely to protect the American worker, can we be assured that untold miners will not pay for the future of our economy with their lives. It is vital that the provisions of the bill before us transferring the protection of miners be transferred from the Department of Interior to the Department of Labor. We cannot restore to life those many miners who have perished because of the past neglect of MESA. We can, however, take the indispensible step to protect the lives and health of today's miners and those of the future.

In reviewing the material from various sources which has been sent to me on this legislation, I note certain criticisms which are based on misconceptions as to exactly what this bill would accomplish.

For the benefit of my colleagues, I would like to call their attention to four of these misconceptions in particular, with an explanation as to the actual results if this bill is passed.

MISCONCEPTION NO. 1

There is no sound basis for legislating the transfer of the functions of the Mining Enforcement and Safety Administration from the Department of the Interior to the Department of Labor and such transfer will result in loss of expertise as well as coordination of safety and health research with research dealing with productivity.

ANALYSIS

It is the primary mission of the Department of the Interior to spur production of this Nation's natural resources so as to meet an ever-increasing demand exacerbated by a dependency on natural resources from overseas. Given this primary objective—managing and maximizing our mineral and fuel production—the Department of the Interior should not have the additional responsibility of enforcement of mine safety and health laws. This enforcement function appropriately resides with the Department that has historically been concerned with the well-being of the American worker—the Department of Labor.

It is realistic, therefore, to place in the Labor Department the day-to-day enforcement activities of the Coal Mine Health and Safety Act and the new Federal Metal and Nonmetallic Mine Safety and Health Act. The need for a Federal regulatory function with regard to occupational safety and health in the mines cannot be met properly by leaving MESA within the Interior Department. Transfer to the Labor Department will in no way jeopardize the Interior Department's energy and resource development programs.

Furthermore, the transfer will result in no loss of expertise. In addition to transfer of functions from the Department of the Interior to the Department of Labor, H.R. 13555 specifically transfers personnel without reduction in classification or compensation for 1 year after the transfer. Thereafter the demand of four mandatory underground inspections and two mandatory surface inspections will dictate the level of manpower needs.

The bill provides that the mine safety and health enforcement staff is that transferred to the Department of Labor shall comprise a separate and distinct organization under an Assistant Secretary for Mine Safety and Health, responsible for the unique health and safety of coal and noncoal miners.

The bill provides that research on health problems associated with metal and nonmetallic mining and milling operations shall be conducted by the Department of Health, Education, and Welfare. HEW already carries out such activities under the Federal Coal Mine Health and Safety Act of 1969. H.R. 13555 recognizes that the 262,000 workers associated with non-coal mining and milling operations are entitled to a similar health research program carried out by the Department of Health, Education, and Welfare.

Research into safety in mining operations is linked to research on extractive technology, and this function is therefore retained in the Department of Interior to facilitate coordination between research into new mining systems and equipment and worker safety requirements relative to such new technology.

The Department of Labor under H.R. 13555 will coordinate the research activities of the Departments of Health, Education, and Welfare and of the Interior. Personnel in HEW and Interior will be able to pursue health and safety research unencumbered by responsibilities to enforce health and safety regulations and standards. These regulatory and compliance functions will be carried out by the Department of Labor.

MISCONCEPTION NO. 2

The bill would place programs for mine safety and health under OSHA (The Occupational Safety and Health Administration).

ANALYSIS

The Mine and Safety Health Act of 1975 transfers enforcement of the amended Federal Metal and Nonmetallic Mine Safety and Health Act and the Federal Coal Mine Safety Act from the Department of Interior to the Department of Labor. Section 19(a) establishes in the Labor Department a new position of Assistant Secretary for Mine Safety and Health. This position shall be filled by Presidential appointment and confirmed by the Senate. It shall be the duty of this new Assistant Secretary to enforce the provisions of the Mine Safety and Health Act of 1976.

Also housed within the Labor Department is the Occupational Safety and Health Administration. This Administration, however, is headed by its own Assistant Secretary who likewise is appointed by the President and confirmed by the Senate. The functions of OSHA will continue to be distinct and separate from those of the mine safety and health division. Enforcement personnel from the two divisions will be distinct and separate as well.

OSHA personnel will be responsible for safeguarding the life and health of more than 65 million American workers in 5 million work sites covered by Public Law 91–596, the Occupational Safety and Health Act. The new Assistant Secretary for Mine Safety and Health and his or her personnel will be responsible for protecting the life and health of approximately 187,080 active coal miners in 2,123 underground coal mines and 3,106 surface mines; and 262,000 workers associated with approximately 16,500 metal and nonmetallic mining and milling operations throughout the country.

The committee realizes that conditions in workplaces covered by OSHA—manufacturing, lumbering, construction, industry, retail, and other business establishments and farming—are substantially different from activities associated with coal and metal and nonmetallic mining, sand and gravel and crushed stone and milling operations. Therefore, the jurisdiction of the Mine Safety and Health Act, H.R. 13555, is distinct from OSHA's.

Further, the Federal Coal Mine Safety and Health Act requires at least four annual inspections of coal mines, and mandates additional spot inspections for gassy mines. The new Federal Metal and Nonmetallic Mine Safety Act will require at least four inspections annually of underground mines and two annual inspections of each surface mine.

In order to insure compliance with the inspection requirements in both these mining-related acts, as well as to insure the enforcement of the Occupational Safety and Health Act, Section 5 of H.R. 13555 specifically states that there shall be no reduction in the number in inspectors engaged in enforcing the Coal Mine Act, the Metal and Nonmetallic Act or in OSHA. This clear legislative directive will insure the separation of staffs and prohibit the reduction of enforcement efforts in any of these vital worker safety and health laws.

MISCONCEPTION NO. 3

OSHA standards become metal and nonmetallic mine standards.

ANALYSIS

H.R. 13555 establishes procedures for promulgating standards pertinent to Metal and Nonmetallic Mine Safety and Health. These rulemaking procedures will be separate from the rulemaking procedures under the Occupational Safety and Health Act of 1970.

The Assistant Secretary of Labor for Mine Safety and Health is required within a year of the effective date to begin rulemaking procedures for promulgating under the new act those standards under OSHA which are appropriate for metal and nonmetallic miners. H.R. 13555 establishes a comprehensive procedure in which interested parties may participate in public hearings and have the right to obtain judicial review. Hence there will be no transference of OSHA standards except through a due process procedure.

In order to rectify jurisdictional problems concerning workers engaged in milling operations, the new Federal Metal and Nonmetallic Mine Safety and Health Act requires that the Secretary of Labor determine which OSHA standards apply to milling of mineral in mines and promulgate these standards under this new act. However, in making these determinations with regard to milling operations, the Secretary of Labor is required to give due consideration to the convenience of administration resulting from the delegation to one Assistant Secretary—either the Assistant Secretary of Labor for OSHA or the new Assistant Secretary of Labor for Mine Safety and Health—of all authority with respect to the health and safety of miners employed at one physical establishment.

H.R. 13555 would thereby eliminate the current jurisdictional confusion between OSHA and MESA that has placed an undue burden on employers who are subject to two separate Federal agencies having occupational safety and health enforcement responsibilities over one physical establishment. Further, emploees would be assured of equivalent protection regardless of any technical definition of the type or nature of the work they are performing.

MISCONCEPTION NO. 4

Standards under the Federal Coal Mine Health and Safety Act of 1969 would be applicable to metal and nonmetallic miners.

ANALYSIS

H.R. 13555 has two major purposes. First, it amends the existing Federal Metal and Nonmetalic Safety Act of 1966 to substantially upgrade the protections afforded to workers engaged in such operations. Under the new Federal Metal and Nonmetallic Mine Safety and Health Act, enforcement of these provisions will be transferred from the Department of Interior to the Department of Labor under a new Assistant Secretary for Mine Safety and Health.

Second, H.R. 13555 transfers all functions of the Secretary of the Interior under titles I, II, III, and parts of title V relating to coal mine health and safety—except research—to the Secretary of Labor. These provisions of the Coal Mine Act—standards and enforcement—are to be administered by the new Assistant Secretary for Mine Safety and Health in the Labor Department. The safety and health standards for coal miners will not be affected by the new metal and nonmetallic provisions, nor will coal standards be applicable to miners engaged in noncoal mining, sand and gravel, crushed stone or milling operations.

Some confusion on this subject has existed because of other bills introduced in this session of Congress concerning mine safety and health. H.R. 13555 does not consolidate coal and noncoal mine safety and health standards or standard-setting procedures nor is there any procedure to stimulate the new Assistant Secretary for Mine Safety and Health to apply coal mine standards. He or she is, of course, free to initiate standard development as a result of information received from any source. But the new act does not mandate a selection process for coal mine standards.

I most sincerely urge my colleagues to give their full support to the Mine Safety and Health Act of 1976 as reported by the Committee on Education and Labor.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. Simon).

Mr. SIMON. Mr. Chairman, I gather that the key is really going to be the amendment of my colleague, the gentleman from Minnesota (Mr. Quie) for whom I have great respect but with whom I differ on the matter of this transfer. There are a number of points that ought to be made on the transfer to the Department of Labor. First of all, labor wants it. There is no question about the fact that the coal miners in southern Illinois, and I think all over the Nation, want it.

Second, it is practical. We have in the committee report a letter from the Aluminum Co. of America saying we ought to be combining some of these enforcement agencies in one department.

Third, and I think most important, we have to face something that, with all due respect to my colleague, the gentleman from Minnesota, he did not face, and that is that the Department of Interior is production and mangement oriented; the Department of Labor is more on the side of laboring men and women.

Here let me put into the Record at this point an article from the June 19 Washington Post. The heading reads: "Interior Judge Chided For Coal Firm Fining." Let me just read the first paragraph:

> An Interior Department administrative law judge has been reprimanded for trying to fine a coal company that he decided was violating federal coal mine safety standards.

He was criticized by the Assistant Secretary of the Interior Department for being too tough on a coal company.

The article referred to is as follows:

INTERIOR JUDGE CHIDED FOR COAL FIRM FINING

(By Cynthia Kadonaga)

An Interior Department administrative law judge has been reprimanded for trying to fine a coal company that he decided was violating federal coal mine safety standards.

The administrative law judge, Joseph B. Kennedy, was reprimanded by Under Secretary Kent Frizzell March 17.

Sens. Edward M. Kennedy (D-Mass.) and Harrison A. Williams Jr. (D-N.J.) have begun preliminary inquiries into the case. Kennedy is chairman of the Senate Judiciary's Subcommittee on Administrative Practice and Procedure. Williams is chairman of the Labor and Public Welfare Committee.

Another Interior Department administrative law judge, William Fauver, said the reprimand is unprecedented. "There is no other case I know of in which an agency has attempted to reprimand an ALJ for a decision, or for deciding to make a decision," he said.

Fauver is president of the Federal Administrative Law Judges Conference. He said he would sign a petition circulating among the department's 15 ALJs asserting that Frizzell has no authority to reprimand them.

Frizzell declined to comment.

On Feb. 2, Kennedy fined Harlan No. 4 Coal Co. in Knoxville, Tenn., $2,682 for 25 safety violations. The violations, which the company has since corrected, included inadequate electrical equipment and poor ventilation.

Administrative law judges in the Interior Department hear cases involving primarily mine safety violations, and decide whether to assess fines. In the Harlan case, the company did not answer Judge Kennedy's request that it state its side of the case in writing.

The company's attorney, Wesley Marsh, said he did not receive any request. He said that he had thought a federal court had prohibited Kennedy from acting.

Frizell wrote Judge Kennedy on March 17 that his Harlan decision had violated an order by a U.S. District Court in Kentucky. Under the order, Frizzell said, Kennedy was not to act until the court decided whether to grant Harlan's request for a preliminary injunction to halt any government action against it.

Frizzell also wrote:

"Your action in this matter displays a lack of respect for orderly judicial processes and disregard for your responsibility as an administrative law judge to the department and our legal system. Accordingly, you are hereby reprimanded for your action."

The department nullified Judge Kennedy's fine.

Kennedy responded in a June 10 letter telling Frizzell his action "has the appearance of an official reprisal against a judicial officer of the department for refusing preferential treatment of a large coal operator.".

According to an Oct. 8, 1975, transcript, U.S. District Court Judge Bernard T. Moynahan originally said he would decide on issuing a preliminary injunction within 20 days. But on Nov. 25, Moynahan said he would delay his decision indefinitely. Such delays are unappealable.

Attorneys for the Mining Enforcement and Safety Administration, which is part of the Interior Department, protested the delay. In a Jan. 16 letter, to Moynahan, MESA attorney I. Avrum Fingeret wrote that his failure to decide in effect granted the coal company's request. A copy of the letter was obtained by The Washington Post.

Judge Kennedy noted that Fingeret's letter did not promise that the department would withhold further action in the case. Kennedy said the fact that Moynahan issued no further orders did not prohibit him from deciding the case and imposing fines.

Moynahan could not be reached for comment.

Judge Kennedy said that by mid-January he had told the Interior's director of hearings and appeals, the chief administrative law judge and several other attorneys in the department of his plan to decide the case Feb. 2.

He said Fingeret told him that MESA's chief attorney, Richard Long, "might have some problems" with the action. "Fingeret said he would inform me if that happened, but by Jan. 29, I still hadn't heard" Kennedy said. "So I decided to go ahead."

Long said he did not know about Kennedy's proposed fine until after Kennedy announced it.

Fingeret said in a telephone conversation that he told Kennedy not to act.

The director of hearings and appeals, James Richards, said he knew of Kennedy's decision, but did not have the authority to interfere.

Chief Administrative Judge L. K. Luoma said he, too, knew of the decision and "probably" told Kennedy to go ahead. "I probably said, 'Fine,' " he said.

Yet those of us who were down in Kentucky and have heard the testimony of the Scotia Mine disaster know that that mine disabused the rules and regulations day after day after day and averaged a $125 fine.

The simple fact is we need more firm direction from top management. As far as the technical expertise, that is it. The personnel are going to be transferred. What is needed is some heart and soul and guts in back of those technical experts. They have to know that the top management in their department feels that the laws have to be enforced and enforced vigorously. I think this transfer would help.

I would add one other point. The gentleman from Minnesota points out that things have improved. I have before me the report of the Democratic study group, and I will read these sentences, and if I am incorrect in this, I will be pleased to be corrected by my colleague. But it says here:

> The number of coal mining fatalities increased from 1974 to 1975, and metal and nonmetallic mining deaths, excluding sand and gravel operators, were higher in 1974 than in 1966 when the Federal Metal and Nonmetallic Safety Act was enacted.

It seems to me, Mr. Chairman, that it is clearly in the interest of safety in the coal mines of this Nation to transfer this function to the Department of Labor.

Mr. QUIE. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut (Mr. Sarasin).

Mr. SARASIN. Mr. Chairman, I rise in support of H.R. 13555, the Mine Health and Safety Act of 1976. The Committee on Education and Labor has held 8 days of hearings on H.R. 9318, the precursor to H.R. 13555. Besides those formal hearings, numerous amendments and contentions offered by various interested parties have been discussed informally at length. As a result of these discussions and resulting agreements, I believe the committee has reported a bill that offers additional protections to our Nation's metal and nonmetallic miners, while, at the same time, accommodating some of the concerns of mine operators.

H.R. 13555, as amended, essentially accomplishes two purposes: First, it strengthens the Metal and Nonmetallic Mine Safety Act of 1966; and second, it transfers the inspection and enforcement functions of the Mining Enforcement and Safety Administration—MESA—from the Department of Interior to the Department of Labor.

Everyone concerned with the welfare of our Nation's miners agrees to the general conclusion that MESA should be upgraded and that the Metal and Nonmetal Act needs strengthening. The necessity of strengthening provisions for safety and health of our Nation's miners is illustrated by the numerous losses of lives and disabling injuries of workers in our Nation's mines. Although I had expected that some operators of mines would look with disfavor on some of the provisions in the bill, I have found that, except for minor areas, many operators agree with the strengthening provisions. Indeed they should since when we find 155 fatalities and 11,155 disabling injuries in coal mines and 121 fatalities and 8,213 disabling injuries in metal and nonmetallic mines in 1975, there is adequate justification for strengthening the Metal and Nonmetallic Act and possibly looking to strengthen the Coal Act.

In terms of metal and nonmetallic mines, it is clear that for the first time H.R. 13555 will provide our metal and nonmetallic miners an additional measure of Federal protection which has been absent as compared to our coal miners and workers in general industry. For instance, this bill includes a general duty clause which requires operators to provide a safe and healthful working environment and by doing so follows the protections offered by other existing Federal laws. Certainly metal and nonmetallic miners should have rights equal to workers in coal or other occupations. Furthermore, the Coal Act provides for no advance notice of inspection and the metal and nonmetallic miners are entitled to that equal protection. This bill, H.R. 13555, provides this. Besides, the assistance of the National Institute of Occupational Safety and Health and the Department of Health, Education, and Welfare in research of and recommending health standards—a matter which has been relatively ignored to this point—is mandated by this legislation. This bill, again compatible with the Coal Act, provides for a scheme of civil penalties to assure compliance by operators. Although enforcement was achieved only by the threat of using the procedure of issuing closure orders in the past, this bill removes the use of a threat, and mandates a more orderly and logical enforcement scheme.

Other additional protections offered by H.R. 13555 include a provision for the promulgation of emergency temporary standards, under section 5(c); the promulgation of the present mandatory standards and a review and consideration of the present "permissive" standards; mandates four times a year underground inspections and two inspections a year on the surface; provides that mine employees can obtain the results of an inspection; and provides that they be informed of the results of investigations regarding toxic substances in which they may work.

H.R. 13555 also protects the rights of operators—they may obtain variances and have an opportunity to comment on proposed standards. Operator's due process procedures are protected in their right to a hearing, an opportunity to appeal to the Review Commission, and further appeal to the courts.

Accordingly, I support this bill, H.R. 13555, which offers protections to our country's metal and nonmetallic miners that is only equal to protections offered workers in other occupations, particularly, when, in my view, basic due process is provided those on whom the responsibilities for the safety of the miners rest.

Regarding the matter of the transfer of MESA from Interior to Labor, it is my view that passage of this bill should not be opposed because of the transfer provisions. There are compelling arguments supporting the case for transfer and there are substantial arguments for opposing transfer, but the concept of worker safety and health programs in one Department is not an unrealistic concept. The upgrading of MESA to the Assistant Secretary level, no matter where located, is an improvement that registers no dissent. As there is no doubt that the Labor Department's main concern will be the worker, labor's complaint that the Department of Interior was more production oriented than safety conscious, resulting in a conflict of missions, will be alleviated. The fact that the Steelworkers and the United Mine Workers personally feel they would get more protection from the Department of Labor is compelling reason for the transfer, since these are the workers who must work at the hazardous occupation of mining.

It has been argued that research will be disrupted and fragmented if the transfer takes place, but it is not beyond comprehension that the Department of Interior and the Bureau of the Mines can cooperate with the Department of Labor in developing technical expertise to provide for greater production of resources along with better safety methods. There is no reason why effective research within Interior cannot continue and there is no reason the two Departments should not cooperate as effectively as the Department of the Interior claims the Bureau of Mines and MESA have in the past.

To say that I do not oppose the transfer, and, as a matter of fact support the transfer, does not mean I cast any aspersions upon the Department of Interior or MESA. The statistics supplied show that fatalities and disabling injuries in mines have shown an encouraging downward trend. As I have previously stated, that is to the Department of Interior's and MESA's credit, and I continue to hope that trend will accelerate, no matter where Department enforcement is located.

Finally, there has been some representations that possibly mine safety will become mixed with OSHA or enforcement and research funds will be diverted into general industry safety. However, in supporting the transfer, I expect, as the bill promises, separate administration from OSHA. I expect, as the bill promises, a continuing emphasis on safety and health for miners. I expect, as the bill promises, no organizational or policy changes by the Department outside the confines of the legislation, and no redistribution of MESA resources to OSHA general industry.

Since all of us are aware of the highly dangerous conditions of working in the mines, there can, in good conscience, be no lessening of concern of the welfare of our Nation's miners. I believe the Department of Labor will carry out our expectations in the manner we have expressed. It is for these reasons that I support H.R. 13555.

Mr. Chairman, during the course of debate on this bill in committee, we have had amendments offered by various interested persons. Let me say that the chairman of our subcommittee gave all suggestions presented to us careful consideration. I would like to commend him for his untiring effort in bringing this legislation to the floor, and to his commitment to fairness. When he retires at the end of this session, the working men and women are losing a champion supporter. It has been my pleasure dealing with him on matters before his subcommittee, particularly this past year. I thank him for his courtesies.

Also, during the course of debate on the bill and amendments, we have had the very able counsel of the legislative counsel's office. I would like to commend and thank counsel Kathy Montague for assisting in writing the bill and amendments, and also commend the outstanding efforts of majority counsel Dan Krivit and minority counsel Edith Baum.

Mr. QUIE. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Chairman, I have serious reservations concerning H.R. 13555, the so-called Mine Safety and Health Act of 1976. In particular, I question transfer of the enforcement functions of the Mining Enforcement and Safety Administration from the Department of the Interior to the Department of Labor.

My opposition to the proposed transfer is based on several grounds. First and foremost, there is no reason to believe that the move would result in fewer injuries and deaths or achieve and other worthwhile purpose.

If I honestly felt that the transfer would mean fewer fatalities, I would not oppose it. The record shows, however, that the Department of the Interior has been conducting its enforcement duties in a responsible manner. It has been increasingly active in inspections, in issuing notices of violations and withdrawal orders, and in levying assessments on operators for violations.

After passage of the Federal Coal Mine Health and Safety Act of 1969, for example, inspections rose from 8,709 in 1970 to 74,629 in 1975. Notices of violations rose from 38,000 in 1970 to 111,463 in 1975. In that same period withdrawal orders jumped from 1,493 to 6,142 and assessments from 100,000 to 10 million. Similar statistics may be cited for metal and nonmetallic health and safety enforcement.

This is hardly a record of inactivity and failure to carry out congressionally mandated responsibilities. It shows that the Department of the Interior and MESA and its inspectors are taking their responsibility to inspect mines and to protect workers from unsafe conditions very seriously.

One telling report which interprets the meaning of these statistics was released in March by the National Safety Council. The preliminary accident report for 1975 indicated that in the past 10 years the Nation's work death rate in 8 principal industry groups was reduced an average of 24 percent. Construction, considered a critical enforcement area of one regulatory agency, only registered a 16-percent improvement during that 10-year period. By contrast, mining and quarrying posted the most improvement during this period—42 percent fewer deaths per 100,000 workers.

Since 1973, when MESA was created, there has been a 31-percent decrease in the number of fatalities in the metal, nonmetal mining and milling operations. This is an outstanding record in the field of safety.

Health activities have also received continued and increasing emphasis from MESA. In 1974, over 4,200 inspections involving industrial hygiene sampling were made. These inspections were involved in evaluating degrees of hazard found from contaminants such as dusts of silica, asbestos, and talc, noise, toxic gases, radon daughters, and welding fumes.

Nevertheless there is a feeling by some that the safety and health enforcement field is greener on the other side of the fence. Before accepting that line, we should consider the following:

Since administration of the longshoremen's and harbor workers' safety program has been taken over by the Occupational Safety and Health Administration—OSHA—in the Labor Department, the number of inspections of maritime facilities has declined dramatically. The mining occupations are far too hazardous for the Congress of the United States to take the chance that metal and nonmetallic mine safety programs and inspectors might suffer a fate similar to that of the maritime safety and health programs.

The Labor Department has been lax in issuing health standards. Is the health of miners an area we can afford to take a chance with by adding it to the responsibility overload of the Labor Department?

After 3 years of recordkeeping, the Labor Department has failed to develop statistical data necessary to measure the impact of OSHA's operations. Do our miners want their health and safety concerns placed with a department that cannot handle its present workload within a reasonable time frame?

The Labor Department has not collected data on the nature and causes of occupational injury and death. This data is necessary to develop procedures for selection of inspection sites, inspection frequency and issuance of citations.

After considering these facts we should ask ourselves whether the miner will be better served in health and safety concerns by the proposed transfer called for in this legislation.

My second major reason for opposing the transfer is the experience that the Department of the Interior has built up in dealing with mine safety. It has been involved in this area since 1910 and has had effective enforcement powers since 1970. I see no reason to discard this expertise in favor of an agency that does not have a backlog of mining experience. Rather than promoting health and safety, the proposed transfer might instead disrupt enforcement of the law. The confusion resulting from the transfer might result in a backslide from the present advances made in health and safety programs for our workers.

Another area of the bill that I believe deserves attention is the part dealing with penalties. As presently drafted, the bill requires mandatory penalties against operators rather than making them discretionary. This fails to take into account that some violations may be unintentional.

A mandatory penalty approach is too punitive. The goal should be compliance with the safety and health standards, not penalty for penalty's sake. Discretionary penalties would be a better approach to the problem.

Mr. QUIE. Mr. Chairman, I yield 3 minutes to the gentleman from Wyoming (Mr. Roncalio).

Mr. RONCALIO. Mr. Chairman, I want the able and excellent gentleman (Mr. Quie) to know how much I appreciate his yielding me this time. I respect his leadership in this Institution and I am pained to have to depart from his convictions on this legislation.

This is one instance where I will be supporting the transfer of MESA from the Department of the Interior to Labor. That is not without some misgivings, because I have lived a reasonably full life exposed to the many-faceted Department of the Interior.

My father was a United Mine Worker's laborer for many years. The Department of Interior has exercised oversight on many applications of deep coal mining that have affected my life. It is with some degree of sadness that I see this function passing from the Department of the Interior; but the answer is, I suppose, it is a case of whose time has come.

When I realize that mine research last year in the Department of the Interior was such that the Department allowed $400,000 to be paid to the Bechtel Corp. in San Francisco, Calif., to run through its computers a research request on whether coal should be moved by railroad or moved by slurry lines, the return to the Department of the Interior was that the slurry system is the most efficient and the one that should be used.

Of course, we are to this day still amazed that Interior could be so taken in by a company that has a proprietary interest in the process, with a case before the Congress asking for the right of eminent domain for its slurry pipelines.

Later on I shall offer 4 amendments.

If three might be accepted by the eminent majority subcommittee chairman (Mr. Dominick V. Daniels), I would yield upon the fourth.

Mr. Chairman, I want to pay my respects to the distinguished gentleman from New Jersey (Mr. Dominick V. Daniels). I realize with some sadness this may be the gentleman's last matter on the floor. I wish the gentleman good health and long life in his retirement from Congress. I will miss the gentleman. He represents a great deal that I treasure and I have enjoyed my association with him over the years.

Mr. Chairman, I have four amendments to section 2, of this bill, H.R. 13555, which have been printed in today's Record as amendments Nos. 1 through 4, and which would be applicable to all metal and nonmetal mines covered by the bill. The section of the bill to which my amendments relate, section 2, would replace the present Federal Metal and Nonmetallic Mine Safety Act of 1966 with a new and more stringent act entitled the "Federal Metal and Nonmetallic Mine Safety and Health Act." Under section 4 of the bill, the new act would take effect on July 1, 1977.

Mr. Chairman, I have long supported strong Federal legislation to assure employee health and safety at the jobsite and I support the further improvements in mine safety which are provided by the pending bill. The members of the House Committee on Education and Labor have done an outstanding service in working their way through a highly technical subject matter, and have brought to the floor a measure which promises to take another significant step forward toward the objective of improving the health and safety of mine workers in my State of Wyoming and in all the other mining States of the Nation. I agree with the committee that it is now time to repeal the Federal Metal and Nonmetallic Mine Safety Act of 1966, and to supplant that act with the more effective provisions of the proposed Federal Metal and Nonmetallic Mine Safety and Health Act.

The committee's recommended bill, H.R. 13555, and the proposed new Metal and Nonmetallic Mine Safety and Health Act, provides a constructive program for enhancing the physical well-being of the metal and nonmetal miner. This program includes several important changes in the present law and also provides valuable, new concepts. Among the numerous features of the bill which promise a safer and more healthful work place for the metal and nonmetal miner, I note with particular approval the following:

First. The transfer of administrative responsibility for mine health and safety from the Interior Department to the Labor Department;

Second. The new emphasis on research programs to develop adequate knowledge of health hazards associated with metal and nonmetal mining;

Third. The requirement for the development of health standards which assure that no miner will suffer impaired health or diminished life expectancy by reason of exposure to a hazard, and which prescribe medical examinations and other tests of miners where appropriate;

Fourth. The requirement for the development of standards dealing with toxic materials, with the miners having rights to observe the monitoring of such materials;

Fifth. The authority for the Secretary of Labor to assess civil penalties for violations of the proposed act; and

Sixth. The establishment of a three-member Presidentially appointed commission to have jurisdiction over controversies arising under the enforcement provisions of the proposed act.

I commend the committee for the development of this bill, especially since it comes at a time when the Nation's extractive industries are likely to be expanded with a concomitant increase in the number of workers who will be needed to perform underground mining tasks. I believe, though, that the bill will be improved by my amendments and that this purpose can be achieved without infringing in the slightest on the safety objectives of the bill. Before explaining my amendments, however, I would note some facts on the trona mining industry which is important to my State of Wyoming, and which has achieved excellent safety records in the extraction and processing of the trona mineral.

The mining of trona in Green River, Wyo., began in 1947 with the opening of the first trona mine by the FMC Corp. A second mine was brought into production by the Stauffer Chemical Co. in 1962, and a third in 1968 by the Allied Chemical Corp. Texas Gulf will open a fourth mine in the fall of this year. The three mines now operating employ about 2,700 employees, roughly half of whom are engaged in the underground mining of the mineral, trona, with the balance being engaged in the aboveground processing of the mineral into sodium based chemicals, chiefly soda ash. The end uses of trona are principally in the manufacture of glass, soap and detergents, water treatment, and pulp and paper manufacturing.

The Wyoming trona mines have similar mining conditions. Although enough methane is liberated from the surrounding shales to classify the mines as gassy, good control is maintained by ventilating the mines with large volumes of fresh air. The trona mineral is noncombustible and the trona dust is nonexplosive. Additionally, based on 28 years of mine experience, it would appear that the trona dust does not constitute a pulmonary hazard to the trona miners.

Chiefly because of the comprehensive, indepth training programs used to prepare their employees to perform their jobs safely, and because of the commitment to safety of the trona management teams, the Wyoming trona mines have achieved an outstanding safety record despite the fact that most of their production activity is carried out in an underground environment. The 10-year average for the Wyoming trona industry ending in 1974, based on the number of disabling injuries per million man-hours worked, shows an overall disabling injury frequency rate of 3.75 for all workers, both surface and underground, and a rate of 6.02 for all underground workers. Comparable injury frequency rates for all manufacturing are much higher.

The Wyoming trona mines have thus demonstrated the capability of extracting and processing underground minerals in quantities necessary for commercial success and at the same time achieving exemplary safety records for the underground and surface workers involved in the production activity. My amendments are in the interest of preventing disruption of these successful trona operations and will also improve the overall effectiveness of the administration of the proposed Metal and Nonmetal Mine Act.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield my remaining time to the gentleman from West Virginia (Mr. Hechler).

Mr. HECHLER of West Virginia. Mr. Chairman, I too would like to pay tribute to the gentleman from New Jersey (Mr. Dominick V. Daniels) for his leadership, not only on this legislation but also going back as far as the Federal Coal Mine Health and Safety Act of 1969, when he and other members of the Committee on Education and Labor helped the Nation's coal miners so much. I would also like to pay tribute to the counsel of the subcommittee, Dan Krivit, who I understand is leaving the committee and has been extremely helpful through the years.

Mr. Chairman, I represent the district which has more coal miners, more retired miners and widows than any congressional district in this Nation. The coal miners of the Fourth Congressional District of West Virginia, and indeed throughout the Nation, have been from the start very much in favor of placing enforcement authority in the Department of Labor. As a matter of fact, following the Farmington disaster on the 20th of November, 1968, when 78 coal miners were killed, I introduced a bill on the 6th of February, 1969, which provided for transfer of coal mine safety enforcement to the Department of Labor.

I was looking at my 1969 testimony this morning. Seven years ago, I characterized the Interior Department and the Bureau of Mines as production-oriented, and the Department of Labor as employee-oriented. I am very pleased now that this legislation is coming to the floor, because this bill places enforcement authority where it should have been all along—in the Department of Labor.

I am pleased that the distinguished Speaker of the House has given leadership on this issue down through the years. His knowledge of coal mining in Oklahoma and the need for coal mine health and safety is personal.

Mr. Chairman, the gentleman from Illinois (Mr. Simon) cited an article in the Washington Post which indicated that Undersecretary of the Interior Kent Frizzell had reprimanded an administrative law judge for fining a coal company that was violating Federal coal mine safety standards. This really goes right to the heart of why we are transferring this authority to the Department of Labor, because time after time the Department of the Interior and its officials have tried to dilute and water down the enforcement of coal mine health and safety standards.

The preamble to the Federal Coal Mine Health and Safety Act states: "The first priority and concern of all in the coal mining industry must be the health and safety of its most precious resource, the miner."

What happened? In 1969, they fired Jack O'Leary, head of the Bureau of Mines, because he wanted to enforce the Coal Mine Safety Act too strongly. What did they do then? They put in a coin-operated laundry man by the name of Edward Failor as assessment officer over the entire coal mine health and safety law. When Failor left, he took a position with the Committee To Reelect the President and was down at Miami Beach for the Democratic National Convention, no less. For some reason, he had a room next to Larry O'Brien—I could never figure out what he was doing there—but he was a politician clearly not interested in mine safety, nor qualified by interest, background, or inclination to enforce the law.

From the date the 1969 Federal Coal Mine Health and Safety Act became law, it was weakened by pressure from the coal industry exerted through high officials of the Department of the Interior.

This is the main reason why I ask my colleagues to support this bill and to transfer enforcement to the Department of Labor.

Under unanimous consent, I include the following letter from Arnold Miller, International President of the United Mine Workers of America, to Secretary of the Interior Thomas Kleppe:

June 25, 1976.

Thomas S. Kleppe,
Secretary of Interior,
Washington, D.C.

Dear Secretary Kleppe: I am extremely disturbed at the action taken by Undersecretary Kent Frizzell March 17 when he sent a letter of reprimand to Administrative Law Judge Joseph B. Kennedy for assessing civil penalties under the 1969 Coal Mine Health and Safety Act against the Harlan No. 4 coal company. Its widereaching implications are obvious. In the first place, it is totally improper for an Executive official of the Interior Department to attempt to coerce and improperly influence the judicial actions of an Administrative Law Judge. Secondly, it would appear from the record that in addition to violating all standards of due process with regard to Judge Kennedy, Mr. Frizzell was incorrect on the fact of the case as stated in his March 17 letter.

But what disturbs me most of all as President of the United Mine Workers of America is that a high ranking official of the Interior Department should act so blatantly and crudely to undermine the very foundation of mine safety enforcement which your Department is charged with carrying out. As you well know, the single greatest obstacle to effective enforcement of health and safety in the mines is the continual delay in assessment and collection of fines from mine operators who willfully violate the 1969 Coal Mine Health and Safety Act. Mr. Frizzell's reprimand of Judge Kennedy is a clear signal throughout the Department and to other Administrative Law Judges that the Department of Interior officially supports those operators who delay payments of fines for their violations.

This instance is doubly disturbing because Harlan No. 4 Coal Company has a long history of violations and those for which Judge Kennedy assessed a penalty were violations that could easily have resulted in major loss of life to the miners affected. According to Judge Kennedy 25 of the 41 violations were "serious" and 13 involved "gross negligence on the part of the operator." Indeed Judge Kennedy further indicates that had the company's actual record of prior violations been made available to him by the Office of the Solicitor the penalty assessed would have been much higher.

I wonder why that record was not made available. Judge Kennedy claimed he was informed by the Office of the Solicitor that the company had a history of only 41 violations when in fact the number was 1600. How could such a gross mistake—a mistake which redounded to the considerable benefit of Harlan coal company—been made by your Department? If anyone deserved to be reprimanded it would appear to be the individual or individuals who so misinformed Judge Kennedy about the facts of this case.

Finally I note that the violations for which Judge Kennedy assessed Harlan No. 4 included inadequate ventilation—the very cause of the March 9 and 11 explosions at the neighboring Scotia coal mine which killed a total of 26 coal miners and federal mine inspectors. So what is the response of the Department of Interior to the disaster. Six days later on March 17 Undersecretary Frizzell reprimanded the Administrative Law Judge who tried to enforce ventilation standards at another underground mine in the same area.

Is that the legacy of these 26 dead men? Does the Department of Interior believe it will prevent future Scotias by undermining the assessment penalties for other mine operators who commit the same offense in the same area?

I think your Department owes an explanation for Mr. Frizzell's action and if no satisfactory explanation can be found, you owe it to the Nation's 450,000 miners to demand Mr. Frizzell's immediate resignation. Your failure to act will be seen by coal mining families as confirmation of the belief that the Interior Department is more concerned with protecting the profit statements of a coal company than the lives of coal miners.

If Mr. Frizzell's action was an isolated incident I might look on it merely as an error of judgment. Unfortunately, it is all too consistent with an overall pattern within this Administration to undermine enforcement of the 1969 Coal Mine Health and Safety Act. As the record shows, of the $3.5 million in uncollected penalties forwarded to the Justice Department since 1970 only $400,000 has been collected—about 11%.

That record makes a mockery of the 1969 Coal Mine Health and Safety Act. Undersecretary Frizzell's recent action only serves to reinforce that mockery.

Yours truly,

ARNOLD MILLER.

Mr. MEEDS. Mr. Chairman, I rise in support of H.R. 13555, the Mine Safety and Health Act of 1976.

At the outset I would like to commend Chairman DOMINICK DANIELS for the efforts he has made on what is one of the most important and far-reaching pieces of legislation concerning the American worker that this House has considered this year. Mining has long been recognized as one of the most hazardous occupations in the world. In our efforts to capitalize on our Nation's energy resources, mining, especially mining of coal and uranium, is vitally important. If we are to increase production of these and other strategic reserves, we must do what is necessary to insure the safety of the workers of this industry.

Consider for a moment these facts. The United States has large reserves of coal, estimated to last 500 years. Our coal reserves contain three times the energy potential contained in the Middle East oil reserves. Ninety percent of our Nation's proved energy reserves are in coal. Yet over the last 75 years the United States has changed from using coal for 90 percent of our energy needs to dependence on oil and gas, much of which is imported, for 75 percent of its energy.

If this Nation is to rely more and more on our abundant coal and uranium reserves must we not also rely more and more on the productivity of those dedicated to the mining occupation and should we not; must we not, do whatever we can to assure the safety of that occupation.

The Sunshine mining disaster of 1972 in which 91 miners' lives were lost and the Scotia mining disaster of this year in which 26 miners' and Federal investigators' lives were lost are evidence enough that we have been remiss in our responsibility to the safety of this occupation. Of all our energy resources, mining is the most dangerous and need, no demands, the protection that H.R. 13555 provides.

The time has come that Congress must pass H.R. 13555 and transfer the mine safety and health enforcement activities of this Nation from the Interior Department whose executive mandate is production, to the Labor Department whose primary responsibility is the well-being of the American labor force.

If productivity is to be increased, safety must keep pace. So on behalf of the miners of America and our future energy goals, I ask that you join me in supporting the passage of the Mine Safety and Health Act of 1976.

Mr. DENT. Mr. Chairman, the Scotia coal mine disaster, which killed 26 men on March 9 and March 11, 1976, is the most recent tragic example of the desire to increase coal production and profits at the expense of coal miners' safety and health. Since the Scotia mine disaster we have been conducting an intensive investigation into the tragedy. Presently, we are in the process of completing an interim report on the background, nature, and possible causes of the Scotia disaster.

Thus far, our investigation has progressed to a point where we have concluded:

First. The Scotia mine had a long and abominable history of coal mine safety and health violations. In our opinion, the Scotia mine, because of its prior safety record, should have been considered an "imminently dangerous" mine and should not have been permitted to operate, until adequate assurance was given that its chronic and persisting safety violations were permanently abated.

Second. The enforcement record of the Mining Enforcement and Safety Administration—MESA—vis-a-vis the Scotia mine, was, at best, ineffective. We believe that MESA failed to adequately use its authority to effectively enforce coal mine safety and health at the Scotia mine.

SAFETY HISTORY OF THE SCOTIA MINE

The Scotia mine, near Oven Fork, Ky., is considered among the 100 most dangerous coal mines in the United States. In addition to being the gassiest mine in eastern Kentucky, it has a long and serious history of Federal coal mine safety and health violations. Since 1970, the Scotia mine has been ordered closed 110 times—39 times for imminent danger conditions. During this same period, the mine received 855 notices of Federal coal mine safety and health violations. In the 2-year period immediately prior to the March 9 and March 11 disasters, the Scotia mine received a total of 420 safety and health violations, 63 of which were directly related to dangerous ventilation and methane gas conditions.

Our investigation of the safety history of the Scotia mine also has determined that the company's safety education and training program was a sham, particularly with respect to fire and evacuation drills. The complete inadequacy of Scotia's safety education and training program has been repeatedly verified by numerous witnesses who appeared before our committee.

In terms of the safety history issues directly related to the Scotia disaster, we have determined:

First. Dangerous concentrations of methane gas had previously been detected by both MESA inspectors and Scotia company officials.

Second. Preshift examinations—fire bossing—were not always conducted in accordance with the law.

Third. Methane monitoring at required 20-minute intervals was sporadic at best and not always complied with.

Fourth. Violations of Federal ventilation requirements were common and dangerously repetitive.

Fifth. The lack of proper training and education in mine fire and evacuation drills may have contributed to the deaths of six Scotia miners who initially survived the first explosion—March 9—but who subsequently suffocated to death after their self-rescuers became inoperative.

MESA ENFORCEMENT EFFORTS AT THE SCOTIA MINE

MESA's enforcement efforts vis-a-vis the Scotia mine leave much to be desired. Nothing more clearly demonstrates MESA's ineffectiveness than the tragic fact that on March 9 and March 11, 1976, the Scotia mine blew up and killed 26 men. MESA's ineffectiveness with respect to this mine has been inadvertently admitted by the agency. According to MESA Administrator Robert Barrett:

> Prior to the explosions, federal inspectors had spent more than 1,000 man-days inspecting the Scotia mine, issuing 855 notices of violations and 110 closure orders.

Other MESA officials have testified that the Scotia mine was the most inspected mine in eastern Kentucky. The question thus arises, why, after all the MESA inspection activity, notices, and closure orders, did the Scotia mine continue as an unsafe and dangerous mine?

The answer, we believe, is that the Scotia Coal Co. was essentially permitted to ignore the law. We are convinced that MESA failed to adequately use its authority to properly enforce the Coal Mine Health and Safety Act with respect to the Scotia mine.

Our investigation of MESA's enforcement efforts with respect to the Scotia mine has raised a number of serious policy questions including:

First. MESA's policy governing section 104(a) of the Coal Mine Health and Safety Act—imminent danger: MESA did not attempt to pursue in the Federal courts the policy question of whether—based upon a mine's prior history of safety and health violations—the operation of a mine, in and of itself, could be considered as imminently dangerous and, therefore, ordered closed until adequate assurance was given that the mine would be operated as required by law?

Second. MESA's mine closure policy governing section 104(c) of the Coal Mine Health and Safety Act—unwarrantable failure to comply: With respect to the Scotia mine, the policy question is one of whether MESA adequately and forcibly used its section 104(c) closure authority to adequately impress upon Scotia's management the severity of the mine's health and safety problems?

Third. MESA's policy governing its section 109(b) authority under the Coal Mine Health and Safety Act—criminal penalties: Since MESA never brought criminal charges against Scotia, the question arises as to whether MESA could, and should, have used its criminal penalties authority to more adequately enforce the law at the Scotia mine?

Fourth. MESA's policy governing the assessment and collection of monetary fines for coal mine health and safety violations: In terms of the Scotia mine, MESA's record on the assessment and collection of fines demonstrates both low assessment and even lower collection rates. The question, therefore, is whether a more aggressive monetary penalty policy could, and should have been used to better enforce the law at the Scotia mine?

Fifth. MESA's policy governing safety and health inspections and procedures: In terms of the Scotia mine, MESA never issued a citation for failure to conduct fire and evacuation drills or to properly test self-rescue equipment; MESA did not adequately inform its inspectors on the history of violations at the mine; MESA's procedures for approving and checking the mine's ventilation plans were questionable; MESA's policy of limited inspections using only one inspector whose expertise might not be appropriate is also questionable; and MESA had no uniform set of criteria governing closure orders for the Scotia mine. These raise serious questions regarding MESA's inspection procedures at the Scotia mine.

THE NEED FOR H.R. 13555

H.R. 13555, the Federal Mine Safety Act of 1976, accomplishes two necessary and important goals:

First. H.R. 13555 significantly strengthens the Federal Metal and Nonmetallic Mine Safety Act of 1966; and

Second. H.R. 13555 transfers all mine safety and health enforcement responsibility, including coal, from the Interior Department to the Department of Labor.

With respect to strengthening the metal and nonmetallic mine safety bill, there is little controversy. Nearly everyone to testify before the Education and Labor Subcommittee on Manpower, Compensation, and Safety and Health agreed that the present law is totally inadequate to protect hard rock miners. We believe that the Nation's metal and nonmetal miners should be provided with safety and health protection similar to that already afforded to our coal miners and other workers.

In terms of the transfer of mine safety responsibilities, we are convinced such a transfer would enhance mine safety. We believe that there is an inherent and irreconcilable conflict between the Interior Department's missions to both stimulate the production of coal and other minerals, and enforce Federal mine safety and health laws. Nothing more dramatically demonstrates this conflict than the tragedy of the Scotia mine disaster.

As we have attempted to outline in this statement, Scotia had a history of placing coal production before the safety of its miners. The record clearly indicates that MESA's enforcement efforts were ineffective with respect to changing Scotia's attitudes and policies toward safety and health. For whatever reason or reasons, MESA failed to adequately use its authority under the Coal Mine Health and Safety Act and, therefore, provided Scotia with little incentive to obey the law. Scotia flagrantly and repeatedly violated established Federal safety and health regulations and received little more than a slap on the hand from MESA. In our opinion, the company's safety attitude and record were so bad that MESA should have used all the power and authority at its command to effectively limit Scotia's ability to operate until such time when fundamental safety and health policy changes were made within the company.

How many other Scotias are there in this country waiting for dangerous concentrations of methane to combine with inadequate mine ventilation and an ignition source? How many more Scotias are there with a history of flagrant and repeated safety and health abuses? How many more miners have to be killed before we recognize that the Interior Department has inherent and irreconcilable missions with respect to production and mine safety and health?

We strongly believe that the enforcement of mine safety laws appropriately belongs in the Department of Labor under the jurisdiction of a separate Assistant Secretary of Labor for Mine Safety and Health. By creating such an agency in the Labor Department to enforce all Federal mine safety and health laws, the Congress will have advanced the cause of miner safety and health immeasurably.

We call upon the House of Representatives to recognize the 26 miners who died at the Scotia mine; to recognize the 91 silver miners killed in the Sunshine mine disaster in 1972; to recognize the 5 miners who died at Itmann; the 9 who died at Blackville in 1972; to recognize the 38 miners killed at Hyden in 1970; and to recognize the 78 miners who lost their lives at Farmington in 1968. We call upon the House of Representatives to recognize the thousands of miners killed in mine explosions, roof falls, and other mine accidents over the years. We call upon the House to pass H.R. 13555, the Federal Mine Safety Act of 1976.

Mr. PHILLIP BURTON. Mr. Chairman, mining has long been among the most hazardous occupations in American industry, yet the role of the miner continues to play an essential part in promoting our Nation's economy. Our Nation's industries, utilities, and transportation systems are more dependent on energy resources now than at any point in our 200-year history. The vitality of the mining industry has reemerged in order to meet the increasing demand for energy resources, and has contributed to diminishing American dependence on foreign sources of supply.

The American miner has effectively played the principal role in achieving this national priority; yet, Federal administration of the health and safety of miners has not been vigorously enforced. It has been watered down, mismanaged, and inefficiently operated by the department entrusted with the power to correct the ills of this industry.

Actual examples, collected from the record of the Mining Enforcement and Safety Administration, best serve to emphasize the incredible extent of irresponsible administration that has persisted in mine safety enforcement. Since MESA's creation, over $48 million in penalties have been levied against coal mine operators. To date, only $11.6 million or 24 percent of this amount has been collected. The average assessment has been settled for a mere 23 cents on the dollar. In one particular case involving the Pittston Co., a $3,325 assessment was settled for $1.

Figures prepared by the General Accounting Office illustrate that the average time from citation for a violation to the assessment of a penalty runs 198 days. The average time from the citation to the actual collection of a fine has been 270 days.

MESA's record of enforcement procedures, rather than deterring continued violations, has often served to promote the continuation of hazardous mining conditions. The level of assessments and the time lag involved in collecting penalties has better served the interest of productivity, than the more pressing need of the safety of miners. The cost efficiency of mine operation has been maintained as a priority at the expense of the lives and health of the men and women who go into the mines every day.

Mr. Chairman, I am certain the Members of the House will remember the tragedy that took place in March of this year at the Scotia mine in Oven Forks, Ky. Twenty-six men died in two explosions less than 48 hours apart. That mine had nine closure orders imposed on it for repeated ventilation violations. Had MESA inspectors strictly enforced the ventilation regulations authorized under the Federal Coal Mine Health and Safety Act of 1969, this tragedy could have been averted.

The Interior Department, in its continued drive for overall productivity, has promoted the use of a continuous mining machine called the heli-miner. As this machine cuts through coal, it leaves a self-supporting arch supposedly capable of preventing roof falls without the necessity of additional supports or roofbolting. Three men were killed in 1973 as a result of the collapse of one of these so-called "self-supporting" roofs.

The United Mine Workers of America then insisted that MESA compel the installation of proper roof supports where heli-miner machines were in use. MESA took no action.

On January 24, 1974, another miner was killed as a result of the same type of cave-in. The UMW again demanded that MESA take action.

Six weeks later, MESA replied that an evaluation of the heli-miner system would be made.

On May 17, 1974, still another miner, Lawrence Hyer, was killed in the same tragic type of roof collapse. MESA, following its investigation, finally ordered roof bolts installed, but only in the section of the one mine in which Hyer was killed.

Today, MESA still continues to refuse to issue a blanket order governing the use of this machine.

The increased demand for coal and other mineral resources is making an already deadly industry more dangerous. Surely, there is adequate justification for the transfer of MESA to the Department of Labor. The responsibility for the enforcement of mine safety should not rest with the same Department responsible for increasing mineral production.

The Interior Department's priorities are contradictory to the direction and purpose of MESA. The primary function of Interior is to promote and maintain mineral production. The function of safety and health enforcement has been relegated to an incidental role. MESA has not received the support from Interior that is so necessary to its efficient operation.

The goals and directives of MESA and Labor are one, and the transfer to the Labor Department will put the teeth back into mine safety and health enforcement. The transfer will restore to the miner the single right which he has been so long denied—the guarantee that the laws aimed at the protection of his life will be stringently enforced.

Mr. QUIE. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

H.R. 13555

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mine Safety and Health Act of 1976".

Mr. DOMINICK V. DANIELS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. Giaimo, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 13555) to amend the Federal Metal and Nonmetallic Mine Safety Act and to transfer certain functions relating to coal mine health and safety under the Federal Coal Mine Health and Safety Act of 1969, had come to no resolution thereon.

GENERAL LEAVE

Mr. DOMINICK V. DANIELS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, on the bill (H.R. 13555) previously under consideration.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. CHARLES H. WILSON of California. Mr. Speaker, I wish to make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CHARLES H. WILSON of California. Mr. Speaker, as we approach the time for unanimous-consent requests to be made, the inclusions in the Record, does each request have to be objected to individually, or can a Member object to them en bloc?

The SPEAKER. The Chair cannot rule on a hypothetical situation, but an objection is possible only when the question is put to the House.

Mr. CHARLES H. WILSON of California. Mr. Speaker, generally the names are read of all of those who are making a unanimous-consent request, and at the conclusion the Speaker usually asks if there is objection. I want to know if that is the procedure, or if it must be done individually as each request is made.

The SPEAKER. The Chair does not know of any reason why there would be any objection on either side, and the Chair is not quite certain what the gentleman is referring to.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I have a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CHARLES H. WILSON of California. Mr. Speaker, does a Member have the right to reserve an objection?

The SPEAKER. To reserve the right to object?

Mr. CHARLES H. WILSON of California. To reserve the right to object as to a unanimous-consent request.

The SPEAKER. To any unanimous-consent request, yes.

COMMUNICATION FROM THE CLERK OF THE HOUSE—SUBPENA DUCES TECUM IN GRAND JURY INVESTIGATION IN U.S. DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

Washington, D.C.,
June 28, 1976.

Hon. Carl Albert,
The Speaker, House of Representatives, Washington, D.C.

Dear Mr. Speaker: On June 25, 1976, I was served with a subpoena duces tecum by a Representative of the U.S. Department of Justice; said subpoena was issued by the United States District Court for the District of Columbia.

The subpoena commands me or my authorized representative to appear before the Grand Jury of the U.S. District Court on June 20, 1976, and requests certain House records that are outlined in the subpoena itself, which is attached hereto.

House Resolution No. 9 of January 14, 1975, and the rules and practices of the House of Representatives indicate that no official of the House may, either voluntarily or in obedience to a subpoena duces tecum, produce such papers without the consent of the House being first obtained. It is further indicated that he may not supply copies of certain of the documents and papers requested without such consent.

The subpoena in question is herewith attached, and the matter is presented for such action as the House in its wisdom may see fit to take.

With kind regards, I am,
Sincerely,
Edmund L. Henshaw, Jr.,
Clerk, House of Representatives.

[In the U.S. District Court for the District of Columbia]

Subpena Duces Tecum

In re possible violations of 18 U.S.C. §§ 201, 371, 1001, and 1341.

To: Hon. Edmund L. Henshaw, Jr., Clerk of the House of Representatives, Washington, D.C., or his authorized representative:

Bring with you: All original and official payroll, time and attendance, tax and personnel documents and materials whether maintained by the Finance Office, the Committee on House Administration or other internal House of Representatives body, relating to Donald R. Gosney and Jana Lincoln Murray for the period beginning January 1, 1972 up to and including the date hereof, including but not limited to the following: all applications for employment, personnel files, payroll ledgers or journals, payroll authorization forms, time and attendance records, monthly reports of employment of staff submitted by Committee Chairmen relating to Donald R. Gosney and Jana Lincoln Murray, and House of Representatives records reflecting or identifying all United States Treasury checks, by number, issued to Mr. Gosney or Ms. Murray during the above-mentioned period.

You are hereby commanded to attend before the Grand Jury of this Court on Wednesday the 30th day of June, 1976, at 10:00 a.m. to testify and produce the aforesaid documents on behalf of the United States, and not depart the Grand Jury without leave of the Court or United States Attorney.

Witness: this 25th day of May, 1976.

William B. Jones,
Chief Judge, United States District Court for the District of Columbia.

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 1384) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1384

Whereas, in a Grand Jury Investigation pending in the United States District Court for the District of Columbia, a subpena duces tecum was issued by the said court and addressed to Edmund L. Henshaw, Jr., Clerk of the House of Representatives, directing him to appear as a witness before the grand jury of the said court at 10:00 antemeridian on the 30th day of June, 1976, and to bring with him certain papers and documents in the possession and under the control of the House of Representatives: Therefore, be it

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That when it appears by the order of the court or the judge thereof, or of any legal officer charged with the administration of the order of such court or judge, that documentary evidence in the possession and under the control of the House of Representatives is needful for use in any court of justice, or before any judge or such legal officer, for the promotion of justice, this House will take such action thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

Resolved, That when said court determines upon the materiality and the relevancy of the records called for in the subpena duces tecum, then the said court, through any of its officers or agents, have full permission to attend with all proper parties to the proceeding and then always at any place under the orders and control of this House, and take copies of those requested papers and documents which are in the possession or custody of the Clerk; and the Clerk is authorized to supply certified copies of such documents or papers that the court has found to be material and relevant and which the court or other proper officer shall desire, so as, however, the possession of said documents and papers by the said Clerk shall not be disturbed, or the same shall not be removed from their place of file or custody under the said Clerk; and be it further

Resolved, That as a respectful answer to the subpena duces tecum a copy of these resolutions be submitted to the said court.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMUNICATION FROM CHAIRMAN OF THE COMMITTEE ON HOUSE ADMINISTRATION—SUBPENA DUCES TECUM IN GRAND JURY INVESTIGATION IN U.S. DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

The SPEAKER laid before the House the following communication from the chairman of the Committee on House Administration:

WASHINGTON, D.C.,
June 28, 1976.

Hon. CARL ALBERT,
The Speaker,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On June 25, 1976, William Cable, Staff Director for the Committee on House Administration was served with a subpoena duces tecum by a Representative of the U.S. Department of Justice; said subpoena was issued by the United States District Court for the District of Columbia.

The subpoena commands him or his authorized representatives to appear before the Grand Jury of the U.S. District Court on June 20, 1976, and requests certain House records that are outlined in the subpoena itself, which is attached hereto.

House Resolution #9 of January 14, 1975, and the rules and practices of the House of Representatives indicate that no official of the House may, either voluntarily or in obedience to a subpoena duces tecum, produce such papers without the consent of the House being first obtained. It is further indicated that he may not supply copies of certain of the documents and papers requested without such consent.

The subpoena in question is herewith attached, and the matter is presented for such action as the House in its wisdom may see fit to take.

With kind regards, I am,
Sincerely,
FRANK THOMPSON, Jr.,
Chairman, Committee on House Administration.

Attachment.

[In the U.S. District Court for the District of Columbia]

SUBPENA DUCES TECUM

In Re: Possible Violations of 18 U.S.C. §§ 201, 371, 1001 and 1341

To: William Cable, Staff Director, House Administration Committee, House of Representatives, Washington, D.C., or his authorized representative:

Bring with you: Any and all originals or copies of official payroll, time and attendance, tax and personnel records maintained by or in the House Administration Committee relating to (1) Elizabeth Ray, (2) Hayward T. Hane, (3) Paul Panzarella, (4) Patricia Rones, (5) Jana Lincoln Murray, and (6) Donald R. Gosney including but not limited to the following: All applications for employment, W-4 Federal Tax Forms, clerk-hire forms, personnel files, payroll ledgers or journals, payroll authorization forms, monthly reports of employment of staff, time and attendance records, leave records and any affidavits or certifications relating to the foregoing.

You are hereby commanded to attend before the Grand Jury of this Court on Wednesday the 30th of June, 1976, at 10:00 a.m. to testify and produce the aforesaid documents on behalf of the United States, and not depart of the Grand Jury without leave of the Court or United States Attorney.

WILLIAM B. JONES,
Chief Judge.

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 1385) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1385

Whereas, in a Grand Jury Investigation pending in the United States District Court for the District of Columbia, a subpena duces tecum was issued by the said court and addressed to William Cable, Staff Director for the Committee on House Administration, directing him to appear as a witness before the grand jury of the said court at 10:00 antemeridian on the 30th day of June, 1976, and to bring with him certain papers and documents in the possession and under the control of the House of Representatives: Therefore, be it

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer, for the promotion of justice, this House will take such action thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

Resolved, That when said court determines upon the materiality and the relevancy of the papers, documents, and records called for in the subpena duces tecum, then the said court, through any of its officers or agents, have full permission to attend with all proper parties to the proceeding and then always at any place under the orders and control of this House and take copies of any papers, documents, or records; and the Clerk of the House is authorized to supply certified copies of such papers, documents, or records in possession or control of the House of Representatives that the court has found to be material and relevant and which the court or other proper officer thereof shall desire, so as, however, the possession of said papers, documents, and records by the House of Representatives shall not be disturbed, or the same shall not be removed from their place of file or custody under any Member, officer, or employee of the House of Representatives; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpena aforementioned.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING AND DIRECTING THE CLERK TO MAKE CORRECTIONS IN ENROLLMENT OF H.R. 7792

Mr. MEEDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 127) authorizing the correction of the enrollment of the bill (H.R. 7792) to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington, and ask for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution

The Clerk read the Senate concurrent resolution as follows:

S. CON. RES. 127

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill H.R. 7792, to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington, the Clerk of the House of Representatives is authorized and directed, in the enrollment of said bill, to make the following corrections:

(1) In section 2(a)(1), strike out the word "compromise" and insert in lieu thereof "comprise".

(2) In section 2(b), strike out "(1)".

(3) In section 3(a), strike out the words "(hereinafter referred to as the "wilderness")" and insert in lieu thereof "(hereinafter referred to as "the wilderness")".

(4) In section 3(a), strike out " "intended wilderness" " where it appears in such section and insert in lieu thereof " "Intended Wilderness" ".

(5) In section 3(e), strike out the words " "Intended Wilderness Lands" " and insert in lieu thereof " "Intended Wilderness" ".

(6) In section 4(a), strike out the words " "Intended Wilderness Lands" " and insert in lieu thereof " "Intended Wilderness" ".

(7) In section 4(b), strike out the words "intended wilderness lands" and insert in lieu thereof " "Intended Wilderness" ".

(8) In section 4(c)(1), strike out " "intended wilderness" " wherever it appears in

such section and insert in lieu thereof " "Intended Wilderness" ".

(9) In section 4(c)(1), strike out the words " "Intended Wilderness Lands" " and insert in lieu thereof " "Intended Wilderness" ".

(10) In section 4(c)(3), strike out the words " "intended wilderness" " and insert in lieu thereof " "Intended Wilderness" ".

(11) In section 6(a), strike out the word "prepared" and insert in lieu thereof "prepare".

(12) In section 6(a), strike out the words "multiple use plan" and insert in lieu thereof "multiple-use plan".

(13) In section 6(f), strike out the word "formation" and insert in lieu thereof "formulation".

Mr. MEEDS (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The SPEAKER. The gentleman from Washington (Mr. Meeds) is recognized for 1 hour.

Mr. MEEDS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is merely an effort to make totally technical changes in the Alpine Lakes legislation. We are changing the word, "compromise," to "comprise" as it should read. We are moving some asterisks; we are capitalizing the words, "Intended Wilderness," which were left in the lower case in the House bill; we are also changing the word, "prepared," from the past tense to the present tense; and we are changing the word, "formation," to "formulation."

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman's yielding.

The gentleman has discussed this with the minority Members?

Mr. MEEDS. I have discussed it with the minority Members. I have cleared it with the ranking minority Member, the gentleman from Kansas (Mr. Sebelius).

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

REPORT ON THE NATION'S PROGRESS IN SPACE AND AERONAUTICS DURING 1975—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94-541)

The SPEAKER laid before the House the following message from the President of the United States; which was read, and together with the accompanying papers, referred to the Committee on Science and Technology and ordered to be printed with illustrations:

To the Congress of the United States:

I am pleased to transmit this report on the Nation's progress in space and aeronautics during 1975. This report is provided in accordance with Section 206 of the National Aeronautics and Space Act of 1958, as amended (42 U.S.C. 2476).

1975 was another year of continued progress in the Nation's space and aeronautics activities. It marked significant accomplishments in many areas.

Earth orbiting satellites continued to bring new and increased benefits in a variety of applications. Two additional international communications satellites were launched, expanding the already impressive international satellite communications capability. A second domestic commercial communications satellite was put into operation. Military satellite communications were enhanced. In addition, a new system of satellites for global weather reporting was initiated, providing reports every thirty minutes on weather across half the globe.

Landsat 2 was orbited to join Landsat 1 to provide additional earth sensing data to explore potential uses in a wide range of activities, including crop forecasting, pollution monitoring, forestry and land use studies, and in mineral exploration.

I had the pleasure and thrill of talking to our astronauts and the Soviet cosmonauts when they linked up in space at the culmination of the historic U.S.-USSR Apollo Soyuz Test Project.

Major milestones were met in the development of the Space Shuttle, the Nation's current major space project. Canada agreed to develop the remote manipulator system for the Shuttle, a major and welcome contribution.

Development of Spacelab, a key system to take advantage of the capability of the Space Shuttle and being built and funded by the European Space Agency, continued on schedule.

We continued to probe the unknown in space. Pioneer 10 will be the first man-made object to venture beyond our solar system. Pioneer 11 will make the first flyby of Saturn in 1979. In passing Jupiter these vehicles sent back pictures that added greatly to our knowledge of the largest planet. Last August and September we launched two Viking spacecraft toward Mars. They will arrive at the height of our Bicentennial celebration and may provide information on the existence of life in some form on our neighboring planet.

In aeronautics, research focused on the technologies needed to reduce fuel requirements, noise, and pollution. Also emphasized was improved reliability, performance, and safety. Military aircraft development featured the first supersonic flight of the B-1, the operational deployment of the F-14 and F-15, and the selection of the F-16 and F-18 as future fighter aircraft.

The fruits of our research continued to be enjoyed by the transfer of space and aeronautics technology to many beneficial uses in our society, including energy research, medical care, transportation, and new techniques and materials for manufacturing.

Our Nation's activities in aeronautics and space continue to be a major contribution to our quality of life and economic growth.

We can all take pride in our commitment to advancement in space and aeronautics as reflected in the accomplishments described in this report.

Gerald R. Ford.

The White House, *June 29, 1976.*

REQUEST FOR EXTENSION OF REMARKS

Mr. REGULA. Mr. Speaker, I ask unanimous consent that the following Members be permitted to extend their remarks and to include additional matter in that section of the Record entitled "Extensions of Remarks:"

Mr. Gilman in two instances.
Mr. Erlenborn.
Mr. Sarasin in two instances.
Mr. Mitchell of New York.
Mr. Steiger of Arizona in three instances.
Mr. O'Brien.
Mr. Esch.
Mr. Young of Alaska.
Mr. Vander Jagt.
Mr. Carter.
Mr. Wiggins.
Mr. Derwinski in four instances.
Mr. Collins of Texas in two instances.
Mr. Lott.
Mr. Grassley.
Mr. Emery.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. CHARLES H. WILSON of California. Mr. Speaker, reserving the right to object, earlier today on two occasions, the geniteman from Maryland (Mr. Bauman) objected to the unanimous-consent request of the gentleman from New Jersey (Mr. Thompson).

Following that, the gentleman from Illinois (Mr. Michel) was allowed to speak out of order and made what, in my opinion, Mr. Speaker, was a statement close to questioning the motives of the gentleman from New Jersey (Mr. Thompson).

The Speaker allowed the gentleman to speak out of order, but when the gentleman from New Jersey (Mr. Thompson) wanted to respond as a matter of personal privilege, he was not allowed to do that.

Following that, the gentleman from Minnesota (Mr. Frenzel) made a statement that also came close, in my opinion, to question the motives of the gentleman from New Jersey.

Mr. Speaker, I think the activities of our good friends on the other side, in this Member's opinion, have been improper today and not anything I appreciate.

Mr. Speaker, I dislike standing up and questioning or making a point of order or objecting to the unanimous-consent requests.

I see the name of the gentleman from New Jersey (Mr. Thompson) down here on the list of unanimous-consent requests that are going to be made by our side of the aisle. I will not have the opportunity to return and object, as our good friend from the other side might, unless I do it at this time.

Mr. Speaker, I am sure that his unanimous-consent request will be objected to for the third time today.

Therefore, Mr. Speaker, I very reluctantly object or reserve my right to object.

The SPEAKER. The Chair will state that the Chair thinks it is the right of all Members to be recognized and to speak or to debate specific matters.

However, the Chair does not believe that anyone should object to special orders at the end of the day unless some Member has a valid reason.

Mr. CHARLES H. WILSON of California. Mr. Speaker, when are the Members of this side of the aisle going to have an opportunity to demonstrate their strong feelings about things like this? We cannot let this be a one-sided thing. We are the majority, Mr. Speaker.

The SPEAKER. The gentleman could do it tomorrow.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I cannot think of a better time than today.

However, Mr. Speaker, if the Speaker asks me to defer it until tomorrow, I will do that.

The SPEAKER. The Chair respects the gentleman's opinion and recognizes that there has been some unusual activity today during the course of the consideration of a particular request.

I think this is something that would be very difficult to stop.

Mr. CHARLES H. WILSON of California. However the rule we had originally was that we would not move on any thing when a crisis comes before the House of Representatives unless our national defense is involved until we had a 6 months' waiting period. I think we are moving too darned fast.

But, I respect the fact that everything is being done according to the rules of this House.

Mr. Speaker, I would ask unanimous consent, if my friends would allow me, to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California (Mr. Charles H. Wilson) that he may be permitted to revise and extend his remarks?

There was no objection.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I withdraw my reservation of objection.

Mr. MICHEL. Mr. Speaker, further reserving the right to object, and I do so only for this moment because I want to allay the feelings of the gentleman from California (Mr. Charles H. Wilson) that in the Record tomorrow there would be anything to indicate that the gentleman from Illinois who is now speaking was questioning the motives of the gentleman from New Jersey (Mr. Thompson).

What the gentleman from Illinois was distressed about was that there was serious reservation on this side about what was and was not agreed to in that which was to be placed in the Record. It is my understanding that in the subsequent developments there is to be some kind of accommodation. And, with that, I think the gentleman from California (Mr. Charles H. Wilson) shows his good spirit in not objecting because it certainly would not be the intent of the gentleman now speaking to object to any insertions of any kind in the Record.

REQUEST FOR EXTENSION OF REMARKS

Mr. SHARP. Mr. Speaker, I ask unanimous consent that the following Members be permitted to extend their remarks and to include additional matter in that section of the Record entitled "Extensions of Remarks":

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. McDonald in three instances.

Mr. Simon.

Mr. Mathis.

Mr. Murtha.

Mr. Minish.

Mr. Hungate.

Mr. Wilson of Texas.

Mr. de la Garza.

Mr. Slack.

Mrs. Burke of California.

Mr. Russo.

Mr. Adams.

Mr. Davis.

Mr. Maguire.

Mr. Mazzoli.

Mr. Meeds.

Mr. Hawkins.

Mr. McCormack.

Mrs. Spellman.

Mr. Brademas in three instances.

Mr. Thompson in three instances.

Mr. BAUMAN. Mr. Speaker, I reserve the right to object to the request regarding the gentleman from New Jersey (Mr. Thompson).

The SPEAKER. The gentleman from Maryland reserves the right to object to the inclusion of the name of the gentleman from New Jersey (Mr. Thompson).

Mr. BAUMAN. Mr. Speaker, may I ask the gentleman from Indiana (Mr. Sharp) whether or not the gentleman knows whether the gentleman's request is intended to include the orders passed by the Committee on House Administration last Monday?

Mr. SHARP. Mr. Speaker, in response to the inquiry of the gentleman from Maryland, I simply do not know. As the gentleman from Maryland I am sure knows, under the House procedures, we simply follow and read off the names of the Members on the list and the number of times that they wish to have extensions included.

Mr. BAUMAN. Mr. Speaker, further reserving the right to object, let me say to the gentleman from Indiana that I fully understand the position in which the gentleman finds himself and, of course, no one is saying that the gentleman from Indiana is responsible for what goes in the Record.

Earlier today the Record will contain a full explanation of the disagreement that existed and still exists regarding the request of the gentleman from New Jersey.

It is not my intention to pursue this reservation of objection but I also assume that in the ensuing time the gentleman from New Jersey and the various Members of the minority on the Committee on House Administration have indeed had a chance to discuss this matter so that whatever is put into the Record is, in fact, an accurate reflection of what the committee actually did.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, further reserving the right to object, I would propound a parliamentary inquiry of the Chair.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BAUMAN. Mr. Speaker, my parliamentary inquiry is this: Is the opinion expressed by the distinguished gentleman from Missouri (Mr. Bolling), earlier today that these orders take effect upon the date the committee finally acts upon them, rather than upon any printing in the Record at a subsequent time, correct?

The SPEAKER. The Chair will state that the statement the gentleman from Missouri (Mr. Bolling) made was accurate.

Mr. BAUMAN. So that no objection to a request to insert them in the Record from any Member would prevent them from taking effect?

The SPEAKER. They would take effect immediately upon the final action of the Committee on House Administration. If thereafter either placed in the Record or sent out by other means such as a Dear Colleague letter, that is simply for the convenience of the Members.

Mr. BAUMAN. Further inquiring of the Chair, may I also understand that such committee orders take effect at a time when the Committee on House Administration finally acts on language that all Members understand to be the form agreed upon.

The SPEAKER. The Chair is of the opinion that when they take effect should be reflected by the minutes of the committee, which should show exactly what they did and when.

Mr. BAUMAN. I thank the Chair for his indulgence, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

PARLIAMENTARY INQUIRY

Mr. SEIBERLING. Reserving the right to object, Mr. Speaker, I would like to make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SEIBERLING. If in fact the gentleman from New Jersey had already previously reserved time to cover it, would not he have the right to put the particular items in the Extensions of Remarks section in any event?

The SPEAKER. Only by unanimous consent agreement.

Mr. SEIBERLING. But assuming he had already gotten that at some previous time, which is the custom.

The SPEAKER. If he had an outstanding request to extend his remarks and include extraneous matter, he could exercise that.

Mr. SEIBERLING. And if he did not, Mr. Speaker, could not some other Member who had already gotten such time have those items put in?

The SPEAKER. Yes. Any Member can put anything in the Record, if he desires and has permission.

Mr. SEIBERLING. I thank the Chair and withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

TAX EXEMPT STATUS OF THE CENTRAL STATES TEAMSTERS PENSION FUND

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, I think most of us read with interest the reports in the New York Times and Los Angeles Times papers today that the IRS has moved to revoke, retroactively back to 1965, the tax exempt status of the Central States Teamsters pension fund.

This is the pension fund that has received so much publicity both in the press and on TV for questionable loans and associations.

The reports in the paper are not confirmed, as the IRS works under a policy of nondisclosure on tax investigations, and we understand that.

The reports do have an authentic ring to them, however, and I assume they are true. I am glad to know of this aggressive step taken by the IRS.

For the past few months, as a member of the Ways and Means Oversight Subcommittee, I have chaired hearings on our new pension law. In doing so, I have developed an interest in the allegations made about the Central States fund.

In Houston, Tex., last month, the subcommittee received testimony about this fund.

In my opinion, the reported IRS action may be a first salvo in a long legal battle involving this fund. Not only are there areas for the IRS to examine, but also Labor and Justice may have a piece of the action before the dust has settled.

In the upcoming days, I renew my position that there must be the utmost cooperation between the Government agencies involved in this delicate investigation.

I also say that the Congress must not be lulled into thinking all the issues are now settled. We in Congress, through the appropriate committees, and in an appropriate manner, must continue to oversee where the Government is going in this matter. We must be sure that our new pension law is being enforced completely as well as our tax laws.

In sum, now is the time to be pleased; for if the reports are true, questions about Central States are finally moving to adjudication. Now is also the time to continue asking the hard questions.

DEFENSE SPENDING FACTS

(Mr. ICHORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ICHORD. Mr. Speaker, in response to an inquiry from one of my constituents requesting information on the defense budget, I received the following reply from Assistant Secretary of Defense, Terrence E. McClary. Due to the enormous amount of misinformation that is circulated on defense spending and as I know many of my colleagues receive similar requests for such information, I ask that Secretary McClary's excellent letter be fully reprinted in the RECORD.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., June 18, 1976.

Hon. RICHARD H. ICHORD,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ICHORD: This is in response to your referral of a letter from Mr. William M. Rinehart, Centralia, Missouri, in which he requests information on the Defense budget.

Defense spending in real terms—adjusting for inflation—has been reduced very significantly in the past nine years. For example, few seem to appreciate the magnitude of the cutbacks in Defense programs from the war peak in fiscal year (FY) 1968 to the FY 1977 budget. They are as follows:

Military and civil service manpower has been cut 1,816 thousand, nearly 37%, to a level of 3.1 million. This is 723,000 below the prewar (1964) level and, indeed, the lowest manpower level since 1950.

Purchases of goods and services from industry, adjusting for general inflation, have been cut back over 42% from the FY 1968 level; they are 30% below the prewar (FY 1964) level.

Overall, the Defense budget—in dollars of constant buying power—has been cut 35% since FY 1968. About 3.2 million people have moved out of the Defense effort—1,816 thousand military and civil service personnel and 1,423 thousand Defense-related jobs in industry.

Because of these large cutbacks in the resources—manpower and purchasing power—applied to Defense, it has been possible since FY 1968 to cut taxes *and* to undertake large increases in other sectors of public spending. From FY 1968 to FY 1977:

Spending by other Federal agencies increases by $151.4 billion.

Spending by state and local governments increases by $212.5 billion.

Increases like these, and a tax cut in the bargain, would simply have been impossible without the sharp cutbacks in the resources devoted to National Defense. It's worth noting, by the way, that each of the *increases* I mentioned is greater than the *total* Defense budget.

The economy, the labor force, and the public spending sector have grown immensely over the past quarter-century, and—with the FY 1977 budget—every bit of that real growth is available for civilian pursuits. Defense takes none of this growth. For example, from FY 1961, when President Eisenhower uttered his famous warning about the military-industrial complex, to FY 1977:

The Gross National Product in CY 1972 prices (real GNP) will rise by $576.7 billion. Defense drops by $11.7 billion, so the amount available for civilan pursuits rises by $588.4 billion.

The U.S. labor force rises by over 25.6 million. Defense manpower drops by 1.6 million, so 27.2 million new workers are available for civilian pursuits.

In FY 1977, National Defense will account for 25.7% of the Federal budget, 16.2% of all public spending (Federal, state and local) and (including military) 17.2% of all public employment—the smallest share, in each instance, since before Pearl Harbor.

The realities, then, are these: all the resources added for the Southeast Asia conflict, manpower and purchasing power, have been removed from the Defense budget—all that and much more. The Defense burden upon the economy, as measured in terms of GNP, is the smallest since 1950. In terms of the labor force, it is the smallest since 1940. The Defense shares of public sector resources, manpower and dollars, are the lowest since before Pearl Harbor.

These trends show that we have cut the Defense program and reallocated national resources far more than is usually recognized.

Based on data furnished by the U.S. Bureau of the Census, it is estimated that total U.S. population will average 216.4 million in FY 1977. On a per-capita basis, total Federal National Defense budget outlays of $101,100 million in FY 1977 would thus amount to $467 per individual. This compares to Federal outlays for Social Economic functions of $242,125 million, or $1,119 per individual during the same period. A spending rate more than twice that for Defense.

At the Federal level, National Defense outlays of $101.1 billion in FY 1977 represent 25.7 percent of each Federal outlay dollar. Thus, about 26 cents of each Federal outlay dollar is devoted to Defense.

Federal budget receipts from all sources are expected to total $351.3 billion in FY 1977. Individual income taxes comprise $153.6 billion of this total. Other major elements are $49.5 billion in Corporation income taxes and $113.1 billion in social insurance taxes and contributions. A budget deficit of $43.0 billion is forecast. On this basis, Defense will require about 29 cents of each dollar of Federal budget receipts compared to social and economic requirements of nearly 69 cents of each dollar of Federal receipts. It should be noted that spending for National Defense is primarily concentrated at the Federal level whereas spending for social and economic purposes comprises not only a sizeable proportion of the Federal budget but also a very large portion of state and local budgets.

Since FY 1951, National Defense as a share of the Nation's Gross National Product has ranged from a high of 13.8 percent in FY 1953, at the peak of the Korean conflict, to a low of 5.5 percent in FY 1977. A table presenting the percentage share figures is enclosed.

I am also enclosing a copy of "The United States Budget in Brief, FY 1977." This document provides an excellent overall view of the Federal Budget process, together with information on the Federal program by function and subfunction. Table 4, pp. 59–63 would be of particular interest to Mr. Rinehart.

I trust this information will be helpful to you in replying to Mr. Rinehart.

Sincerely,

Enclosure.

TERENCE E. MCCLARY,
Assistant Secretary of Defense.

NATIONAL DEFENSE AS A PERCENTAGE SHARE OF GNP

Fiscal year:	*National Defense*
1951	7.0
1952	12.8
1953	13.8
1954	12.7
1955	10.5
1956	9.7
1957	9.8
1958	9.9
1959	9.7
1960	9.1
1961	9.2
1962	9.2
1963	8.9
1964	8.6
1965	7.4
1966	7.7
1967	8.9
1968	9.6
1969	8.9
1970	8.3
1971	7.5
1972	7.0
1973	6.1

National Defense As a Percentage Share of GNP—Continued

Fiscal year:	*National Defense*
1974	5.8
1975	6.0
1976	5.8
1977	5.5

SPECIAL REPORT: THE REGIONAL IMPACT OF FEDERAL SPENDING PATTERNS.

(Mr. HARRINGTON asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. HARRINGTON. Mr. Speaker. I would like to call my colleagues' attention to a special report which will appear in the June 26, 1976, edition of the National Journal concerning regional trends in Federal spending. The article provides a broadly based, regional evaluation of the Federal role in the creation of current economic conditions.

In May, the Congressional Record reprinted an article entitled, "The Second War Between the States," which appeared in the May 17, 1976, issue of Business Week. The Business Week article emphasized the need for a greater degree of regional economic balance. The National Journal article which, follows, supplies important supplementary material and analyses.

Both reports clearly indicate that the current trends toward regional economic imbalance spell disaster for not only the industrialized Midwest or the regions of the Northwest, but for the entire national economy whose health depends upon the ability of each region to grow economically. Because of the severity of this regional imbalance and the continuing problems it poses for the future of the Nation as a whole, I urge my colleagues to read attentively the text of the National Journal article which follows:

Federal Spending: The North's Loss Is the Sunbelt's Gain *

Federal tax and spending policies are causing a massive flow of wealth from the Northeast and Midwest to the fast-growing Southern and Western regions of the nation, according to a National Journal survey of financial relationships between the states and the federal government.

The five Great Lakes states are hurt the most. They paid $62.2 billion in federal taxes in fiscal 1975, according to National Journal computations, while they received only $43.6 billion in federal outlays. Ther "balance of payments" deficit was $18.6 billion.

The Mid-Atlantic states lost $10 billion through their money exchange with Washington.

The misfortune of the old industrial states is the blessing of the Sunbelt. The 16 states of the South showed a balance of payments surplus of $11.5 billion, while the Pacific and Mountain states came out a total of $10.6 billion ahead.

The inequities are almost entirely accidental. Florida gets more than its share of social security outlays because many elderly persons live there. Defense spending is heavy in California because it is the home of the aerospace industry. Mississippi and New York, which both have high proportions of poor residents, receive substantial federal welfare payments.

Even when the federal government dictates where its money goes, the reasons often have little to do with the needs of the states that benefit. More often than not, defense bases are located in the states of powerful Members of Congress, not necessarily in regions that need economic help. Formulas for distributing federal grants to states and localities can be manipulated according to the needs of the recipients, but the number of local residents usually is the most important factor.

Political leaders of the Northeast are only beginning to protest the role that the federal government is playing in the shift of wealth away from their part of the country. Hugh L. Carey, the Democratic governor of New York, for example, has called for a "modern federalist" policy to correct the economic malaise of "the vast and aging industrial belt that stretches from Massachusetts to Illinois and beyond."

Rich get richer: Although there were notable exceptions, the study indicated a heavy flow of federal dollars away from—rather than toward—the states and regions of the nation in the most severe economic straits.

In general, those states in the most favorable balance of payments position with Washington were the ones in the South and the West that have been experiencing the heaviest population gains, the least unemployment and the strongest gains in per capita income. The states at the receiving end of high federal outlays also tend to be those that tax their own citizens least for state and local government services.

On the other hand, the balance of payments situation generally is adverse in the Northeast and Midwest, where population is stagnant or declining, where unemployment is the most severe, where relative personal income is falling and where the heaviest state and local tax burdens are imposed.

Some regions are remarkably homogenous in their financial relations with Washington. Every Mid-Atlantic and Great Lakes state was a big loser, and all South Central and Mountain states except Nevada were winners.

Other parts of the country were not so uniform. The South Atlantic showed a balance of payments surplus largely due to the federal salaries paid by government agencies located in Maryland and Virginia; Delaware and North Carolina had deficits and Florida's surplus was tiny.

Previous studies have shown similar patterns of financial relationships between the states and the federal government. The Congressional Research Service, the Tax Foundation Inc. and the Dreyfus Corp., have found that federal dollars have been flowing for years from the Northeast and Midwest to the South and West.

While the flow of money has been consistent over the years, the economic characteristics of the winning and losing regions have not. With the recent economic development of the South, federal money now is moving away from economically stagnant regions—the Northeast and Midwest.

Spending and taxes: *National Journal* tallied total federal outlays—spending for salaries, defense contracts, public works, grants in aid and the like—for each state in fiscal 1975. It measured them against federal tax revenues sent to Washington that year by the states.

From spending, it substracted interest payments on the nation debt, for which state-by-state allocations are unreliable. To make total tax burden equal to total spending in a year in which there was a substantial deficit, a share of the deficit proportional to each state's population was added to the actual tax burden.

With these adjustments the states as a whole sent as much money to Washington in taxes a they received in spending. But individual states showed enormous surpluses or deficits in their balance of payments with Washington.

The 10 Midwestern and Mid-Atlantic states that were the worst off suffered a total deficit of $30.8 billion. Three Midwestern states—Illinois, Michigan and Ohio—were at the bottom of the list, followed by New Jersey, New York and Pennsylvania.

After the District of Columbia, the 10 big winners, with a combined surplus of $15.6 billion, were in the South, West and D.C. orbit. California led the list, followed by Virginia, Washington, Mississippi and Maryland.

Another way to measure the federal balance of payments for each state—one that is independent of state population—is to look at how much it receives in the form of federal spending for each dollar it sends to Washington in taxes.

By this measure, the District of Columbia, where the federal government spends $7.07 for every tax dollar it collects, and Alaska ($2.60) are the leaders. Among the contiguous 48 states, New Mexico leads with $1.93 in spending for every $1 in taxes.

At the other end of the list is Michigan, which received only 65 cents in spending for every $1 in tax payments. New Jersey and Delaware, at 66 cents, were only a penny out of last place.

Significance: Throughout much of U.S. history, economic investment, jobs and population have been shifting from the Northeast to the West and South. Virtually every indicator now shows, however, that the shift began to accelerate with unprecedented speed sometime around 1970. Spurred on by federal funds transfers—though other economic factors are equally if not more important—the movement has now reached such momentum in the eyes of a number of Northeastern spokesmen, that the economic underpinnings of the Northeast quadrant are threatened.

The shift has major intergovernmental implications, since the southerly and westerly flow of money and jobs has eroded the tax bases of many state and local governments in the East and Midwest and may force them to raise taxes to prohibitive levels or cut services so drastically that the quality of life would be severely diminished.

One major concern is that high unemployment is likely to persist in the Northeast quadrant, even as the rest of the nation returns to "full employment."

Another factor, according to Ralph R. Widner, former executive director of the Appalachian Regional Commission and now president of the Academy for Contemporary Problems, is that the large cities of the Northeast and Midwest have become "the nation's new cottonfields. . . . The rural poor of the South and elsewhere now reside in the cities of the Northeast."

New York's Gov. Carey said the national economy is intimately interrelated and national economic and spending policies have profound regional implications. "We can no longer allow economic illness to fester in any section of our nation, for, as it festers, it shall spread and in time consume every state and locality."

The Midwestern farm belt gets more federal dollars for agriculture than the industrialized states of the Northeast—that's no surprise. Neither is it startling that the government spends more for welfare in New

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* This special report was prepared by National Journal staff correspondents Joel Havemann and Rochelle L. Stanfield and Contributing Editor Neal R. Peirce, with statistical guidance from Lawrence P. Malone, project director for state/metropolitan relations of the American Institute of Planners and editorial assistance by free lance writer Jerry Hagstrom.

York than it does anywhere in the South. And why shouldn't the government spend more for construction of weapons systems in California than anywhere else, since California is the headquarters of the weapons industry?

In each category of spending, the disparities among the states are hardly surprising. But when they are added together and placed alongside the federal tax burden in each state, the results are astonishing indeed.

Kinds of spending: There are four basic ways in which the federal government spends money. Three of them do not lend themselves easily to manipulation aimed at changing the state-by-state distribution of federal dollars.

The government pays salaries to federal workers where the work takes place. The only way to change state-by-state spending for salaries is to move the workers around, not an efficient way to correct regional spending disparities.

Under such programs as social security and welfare, the government makes benefit payments to individuals. These payments occur where the beneficiaries are: the government hardly can move them around.

The government builds things—submarines and sewers, dams and highways through contracts with private industry, and the choice of a contractor can depend on several different factors.

The decision on where to build a dam or bridge, for example—can rest on geographic and physical considerations alone or be related as well to the political influence exerted by Members of Congress from the area.

For the construction of weapons systems, which absorb most federal contract dollars, a contractor may be selected not only on the basis of whether he can do the job but also on whether the contractor's state or region needs the economic stimulus and on whether the local Member of Congress has sufficient political clout.

But the easiest kind of spending to manipulate is the federal grant. In fiscal 1975, there were 1,030 programs of grants to state and local governments, and was distributed according to a variety of formulas, many of which rely heavily on population. Other factors can include poverty (general revenue sharing), jobless rates (job training) and the number of college students (higher education grants).

Federal grants reached a total of nearly $50 billion in fiscal 1975, or about 15 per cent of the federal budget. It is this 15 per cent that can be used most easily to influence spending among the states. "We are preparing to suggest changes in the formulas governing the 21 biggest grant programs," said James M. Howell, senior vice president of the First National Bank of Boston, which is pressing for more federal dollars for New England.

To the extent that they influence regional spending totals, grant outlays already are helping the Northeast, where they were $260 per capita in fiscal 1975. The West was second at $246, followed by the South at $220 and the Midwest at $197. Grant outlays for individual states ranged from $152 in Illinois to $354 in Wyoming.

Defense: Spending for defense accounts for nearly all the federal spending disparities among the Northeast, Mideast, South and West. The federal government spent $620 per capita for defense in the West, nearly triple the $210 rate of defense spending in the Midwest. Further, there are enormouse disparities among the states in both major categories of defense spending: contracts and salaries.

When it contracts with private industry for the weapons systems it needs, the Defense Department makes no effort to distribute its money equitably among the states. "We work with the contractors who will do the best job for the least money," a department spokesman said.

Although the Northeast as a whole is a distant second to the West in spending for defense contracts, the leading state in the nation is Connecticut, where the government spent $763 per capita in fiscal 1975. The General Dynamics Corp. constructs nuclear submarines in Connecticut, and the Pratt & Whitney Aircraft Division of United Technologies Corp. builds engines for fighter planes there.

Next among the 48 continental states is Washington, where the Boeing Co. is a prime supplier for the Air Force. Then comes Mississippi, home of the Ingalls Shipbuilding Division of Litton Industries Inc., which builds destroyers and amphibious assault ships.

The Defense Department spent more money on contracts in California—$8.4 billion—than it did in the entire 12 states of the Midwest. Among the giant defense contractors in California are Aerojet-General Corp., Hughes Aircraft Co., Lockheed Aircraft Corp., Northrop Corp., and Rockwell International Corp.

Spending for defense salaries is high in states with large military bases. As a whole, the South and the West receive more than triple the outlays for defense salaries that go to the Northeast and the Midwest.

Alaska and Hawaii, where there are large military outposts in states with small populations, lead in spending for defense salaries per capita. They are followed by Virginia, which has not only the Pentagon but also the nation's largest naval installation at Norfolk.

Public works: Contracts for various kinds of public works projects also vary widely from region to region, with the Mountain states holding a clear lead. But public works spending is on a much smaller scale than defense spending, and so these variations are less significant than those that result from military contracts and salaries.

National Journal examined spending for the two biggest public works programs—highway and sewer construction in each state. The Mountain states, where Interstate highway construction still is going on, consistently ranked ahead of the rest of the country in per capita spending for roads and sewers. The government spent $237 per capita in Wyoming, for example, and only $27 per capita in New York.

Many experts regard public works spending as more valuable for the regional economy than most other kinds of domestic spending. Thomas Muller, director of evaluation studies for the Urban Institute, said public works spending helps the development of local business, which may continue after federal spending runs out. He said spending for such income maintenance programs as welfare and social security, which are used largely for necessities, have a lesser impact.

Retirement programs: The federal government spends considerably more money for programs aiding persons who are no longer working because of age or disability. But spending for these kinds of programs is quite even from state to state.

National Journal looked at the money spent by the government in fiscal 1975 for eight retirement programs, including social security, the biggest of all. Spending in almost every state was between $350 and $450 per capita. The only major exception was Florida, the retirement capital of the nation—and even there, spending was only $570 per person.

Welfare: Spending for welfare was high both in states with urban poverty—New York leads the list at $181 per capita in fiscal 1975 and with rural poverty—Mississippi is second at $158 per person.

But a look at the component welfare programs shows a very different mix in the Northern industrialized states as opposed to the Southern states. There are two kinds of programs—those for which poor individuals qualify for federal benefits regardless of action by the states in which they live, and those in which the federal government matches state spending. The food stamp program is an example of the former, while medicaid requires state matching.

In the Northern states as a whole, spending was about equal for the two kinds of programs. In the Northeast, slightly more money was spent for the state matching programs than for those that benefit all poor residents regardless of state spending. But in the South, spending for the programs that require no state action was nearly double what was spent for programs in which federal payments matched state spending.

Other programs: There are many other programs that exhibit large state-by-state spending disparities, but they are considerably smaller than defense and income maintenance programs such as welfare and social security.

Agriculture and rural development programs, amounting to $5 billion in fiscal 1975, nationally, would figure to benefit the farm states of the Northern Plains, and they do, to the tune of $1.7 billion. Spending in the seven Northern Plains states amounted to $108 per persons, triple the rate in any other region. At the bottom of the scale were the New England and Mid-Atlantic states, at $7 per capita, and the Great Lakes states, at $14.

California was the recipient of nearly half the $3.2 billion spent in fiscal 1975 for space, science and technology. That meant $65 per person in California; outlays in this category in 19 other states were zero.

Taxes: If federal spending is distributed unequally among the states, federal taxes tend to make the inequalities even greater. New Mexico is the most startling example; federal spending there is 40 per cent greater than the national average, but New Mexico's share of the federal tax burden is 27 per cent below the national average.

By contrast, even though they get less than their share of federal spending, both the Northeast and the Midwest are under a federal tax burden that is greater than the national average. In the Northeast, federal taxes were 12 per cent greater than the national average in fiscal 1975, while spending was 4 per cent below; in the Midwest, taxes were 5 per cent greater and spending 20 per cent less.

The tax burden on the South, where spending was only 2 per cent below the national average, was 14 per cent less than the nation as a whole. In the West, where spending was 21 percent ahead of the national average, the tax burden was only 1 per cent higher.

Federal taxes reflect income, and despite the relative deterioration of per capita income in recent years in the Northeast, Midwest and Pacific states, these areas still register higher income levels than the South. The cost of living in most parts of the South is still so much lower than in most Northern states, however, that the income differential may be largely illusory.

Cost of living figures make no difference when federal spending and tax burden are compared for the same state or region. A dollar of spending in Mississippi equals a dollar of taxes in Mississippi, even if it does not equal a dollar of spending in New York.

Thus, for every dollar sent to Washington in the form of taxes. New Mexico, for example, received the benefit of $1.93 in federal spending—no matter how much a dollar was worth in New Mexico.

ECONOMIC SHIFTS

The flow of federal dollars out of the Northeast and Midwest, into the South and West, has potentially explosive political ramifications. Many Northeastern and Midwestern states already have seriously declining economies marked by high unemployment, loss of population and flight of tax-paying and job-providing industries. The resulting financial squeeze on state and local governments in the two regions is producing increases in tax burdens and major reductions in government services.

As the seriousness of the situation becomes apparent to the Northeast and Midwest, *Business Week* suggested in its May 17, 1976 edition, a "second war between the states" may emerge.

No one suggests that federal policy is solely responsible for the decline of the older, industrialized states and the attendant economic boom in the newly fabled American "Sunbelt" stretching from Virginia to Southern California. But a number of Northeastern spokesmen, alarmed by the economic hemorrhaging of their region, are beginning to suggest that federal spending patterns are one important reason—an area they might be able to affect by concerted political action.

The southerly and westerly movement of people and wealth caused little concern as long as the older, industrialized states themselves continued to grow economically, the traditional conditions of deep poverty in the South were being corrected, and both the South and West were being opened to investment opportunities welcomed by financial circles in the Northeast and Midwest and were purchasing the major portion of their industrial and consumer supplies from Northeast and Midwest industries.

But within the past five years, the shift appears to have achieved a critical mass, with grave implications for "older" America. The reasons are diverse, ranging from population shifts to the impact of recent recessions, from the cheaper labor available in the South and Southwest to the rise in the cost of energy.

Independence: The economic "coming of age" of the South and Southwest, resulting in growth that is self-sustaining rather than dependent on discretionary investment from outside the region, is a major factor in the national shift.

With increases in its population, the Sunbelt region has seen its markets grow and has attracted new industries and supporting services, thus reducing its dependency on the factories and the services of the Northeast and the Midwest.

Labor: Cheaper labor, weaker unions and less expensive land costs and factory and home construction costs in the Sunbelt states than in the older "frostbelt" region have helped to accelerate the shift.

Between 1969 and 1974, total nonfarm employment rose approximately 20 per cent in the South, 33 per cent in the Mountain states and 13 per cent in the Pacific states. But it increased only 7.1 per cent in New England, 1.8 per cent in the Mid-Atlantic states, 6.1 per cent in the Great Lakes region and 12.7 per cent in the Plains states. Without the Mid-Atlantic's 16 per cent increase in state and local government employment, that region actually would have suffered a total job loss in the 1969–74 period.

Among individual states, New York dropped 1.8 per cent in total nonfarm employment in 1969–74, Illinois gained only 1.4 per cent, Pennsylvania 3.5 per cent. But Arizona gained 44.2 per cent, Colorado 35.1 per cent, Florida 36.5 per cent.

Cumulative figures for manufacturing alone in the 15 years between 1960 and 1975 show a decline of 9.0 per cent in New England and 13.7 per cent in the Mid-Atlantic states, increases of 3.2 per cent in the Great Lakes states and 19.8 per cent in the Pacific states, compared with growth rates of 43.3 per cent and 67.3 per cent in the Southeast and Southwest respectively.

Recent recessions have tended to intensify the manufacturing losses of the Northeast and Midwest. As the Joint Economic Committee notes, these regions "contain the oldest, least efficient manufacturing facilities, which are the first to be closed as production is reduced."

According to Ralph L. Schlosstein of the committee staff, each recession since the late 1960s has shown that unemployment figures for the Northeast and Great Lakes regions have risen more precipitously "and come back slower than the other regions of the country or the economy as a whole."

Energy: The nation's 13 major energy-producing states (oil, gas or coal) are all, with the exception of Indiana and Ohio, located in the South or West—Oklahoma, Texas, Louisiana, West Virginia, Utah, New Mexico, Alabama, Arkansas, Montana, Wyoming and Tennessee.

Shlosstein obeserved: "For the foreseable future—at least 10 or 15 years—the energy states will have a great economic advantage." The reason, he suggested, rests not only on the boost to local economies provided by energy-producing minerals with far higher prices than in the past, but also on the fact that the energy-producing states, through severance taxes on mineral extraction, are able to "export" their tax burdens to less fortunate states and regions.

Population: The shift of people among the regions has occurred at an accelerated rate in recent years. Between 1960 and 1970, the population of the South and West grew by 14.2 and 24.1 per cent respectively. But the Northeast, with a 9.7 per cent growth figure, and the Midwest, at 9.6 per cent, felt no immediate cause for concern.

Between 1970 and 1975, however, the population growth differentials from region to region became far more dramatic: an 8.4 per cent increase in the South and 8.7 per cent in the West, but only 0.8 per cent in the Northeast and 1.9 per cent in the Midwest. Population growth in the Pacific states was a relatively moderate 6.4 per cent, but stood at 16.3 per cent in the Mountain states. By comparison, the population of the nation as a whole grew by 4.8 per cent over that period.

Total poplation in the five-year period rose 23.0 per cent in Florida, 9.3 per cent in Texas, 25.3 percent in Arizona and 14.7 per cent in Colorado—but it actually declined 0.7 per cent in New York and 2.4 per cent in Rhode Island, and grew by only 2.4 per cent in Massachusetts, 0.2 per cent in Pennsylvania, 0.3 per cent in Illinois, 3.1 per cent in Michigan, and 1.0 per cent in Ohio.

According to figures compiled by Muller of the Urban Institute, based on Census data and his own estimates, all states in the Northeast and Midwest, with the exception of Maine and New Hampshire, either had no net migration movement or experienced out-migration between 1973 and 1975. Net out-migration from these regions totaled more than 2.5 million persons in 1970–75—twice the rate of the previous five years. For example, New York, which had a net migration loss of 212,000 during the 1960s, lost 554,000 people in 1970–75 alone. New Jersey, which had a net in-migration of 454,000 in 1960–70, lost 44,000 in 1970–75.

By contrast, all states in the South and West except Delaware, Louisiana and Maryland gained population from immigration as well as from natural increases in 1970–75.

The dramatic falloff in black migration from the South to the North since 1970 has thrown into bold relief a long-term out-migration of the white population in the Northeast and Midwest. During the 1960s, for instance, the Census showed a net out-migration among whites of 1.3 per cent in the Northeast and 2.6 per cent in the Midwest. But those regions experienced a net black in-migration of 20.2 per cent and 11.1 per cent respectively—thus averting an overall population loss.

Since 1970, it appears that the white out-migration from the Northeast and Midwest has continued and accelerated, while black in-migration has fallen off to a trickle.

But the black northward migration that does continue, together with Puerto Rican and other Latin American immigration, burdens the older regions of the nation with a less-educated, frequently dependent population—even while the southerly and southwesterly flow of an educated, managerial-scientific-technical and taxpaying white middle class continues or gathers momentum.

Thus the Northeast and Midwest gain dependent, low tax-paying populations and lose significant numbers of middle-class taxpayers; the South and West gain taxpaying residents. Taxes, as a result, go up in the Northeast and Midwest, but can be held more stable, because of the broadening tax base, in the growing regions.

For the nation's older regions and particularly their large cities, Schlosstein notes, "you have a situation of an almost self-feeding decline. Jobs, income and retail sales *decline* somewhat. So taxes go up, and people and jobs flee. It's a very difficult cycle to interrupt. New York's situation is not the worst of the older cities at all. If you look at the socio-economic base of places like Newark or Cleveland. Hartford or Baltimore, they are economically in worse shape than New York."

REGIONAL RESPONSE

Northern and Midwestern policy makers—seeing the fortunes of their regions in decline—are beginning to seek a change in the federal policies that favor the South and Southwest at the expense of the Northeast and Midwest.

Change will require concerted regional action, they realize. But except in New England, regional cooperation generally remains an elusive goal for these strongly independent states. In fact, intra-regional job piracy is one of the first obstacles they must overcome.

Politicians and regional economists alike agree that the Northeast and Midwest will have to act soon because their relative population declines are ending their political power base.

Where they stand now: Joint efforts involve general coalitions in New England and Mid-Atlantic states, and the Midwest, and an attempt, so far unsuccessful, to combine the clout of all three regions and direct it at specific issues.

New England is the most organized of the regions, with a New England Congressional Caucus and a supplementary New England Economic Research Office in Washington, as well as a history of public and private regional efforts that goes back to the mid-1920s.

In the Mid-Atlantic states, a major staff effort is aimed at establishing a coalition of governors by summer.

The industrial Midwest, the area hardest hit by the "imbalance of payments," has yet to recognize the problem. Widner of the Academy for Contemporary Problems in Ohio, explained: "The five-state area has 57 metropolitan areas. They don't think in terms of a region. In Ohio, they don't even think in state terms. Lots of us are trying to wake them up. We spend an awful lot of time beating the drum—but they are still not fully awake."

The governors of six Midwestern states met in December 1973. "They put out a document," recalled Widner, "but not a damn thing has been done. The academy did a special study of the industrial Midwest. What we found horrified us. The region is bleeding to death and they don't know it."

Rep. Michael Harrington, D-Mass., is among those working for a united Northern front. Staff member John Moriarty said that Harrington "wants to form a loose coalition of states from Wisconsin-Illinois to Maine and the Mid-Atlantic."

Other broad based responses include an

economic development bank and a major campaign to amend the formulas for federal grants in aid to reflect the changing needs of the North.

New England Caucus: Three-and-a-half years ago, the 25 House Members from the six New England states formed the New England Congressional Caucus, with a research arm, the New England Economic Research Office. The three-member staff of the two operations has concentrated on energy and transportation problems primarily, but has dealt with a full range of issues.

Paul A. London, who runs the economic office, said: "We have lower wages and better workers and better working conditions than the Southeast. The big difference is the energy prices, and that's what we've been working on. The U.S. average cost per BTU (British Thermal Unit) is 50 cents; in New England, it is $1.80. We depend on oil, so we are trying to form an energy coalition to work to substantially lower the price of oil." The caucus hails a March 29 Federal Energy Administration decision to reduce oil prices for New England as one of its greatest victories.

Jill A. Schuker, the caucus's executive director, explained the group's success in general: "We have a hard-core group—25 Members from the six states of New England. That is a manageable number. We can work with 25 members. Also, we've had several years to put it together. More important, we have a community of interest because the area is so concentrated." The Mid-Atlantic states, she continued, "will have a harder time setting up a caucus because they don't have the same kind of community of interest." She suggested they work on specific problems rather than trying to set up a generalized group.

Mid-Atlantic states: Gov. Carey of New York has worked for a Mid-Atlantic coalition since he was a Member of Congress (1961–75). He is behind the current effort to forge the Northeast governors into a regional lobby.

Aides to the governors of New York, New Jersey, Pennsylvania, Connecticut, Rhode Island, Massachusetts and Vermont met in May to discuss setting up an organization.

Walter Kicinski of Carey's staff said. "What emerged was a fairly strong agreement. The staff is very positive about forming a coalition. However, we have not yet gotten a response from the governors."

The staff developed a three-point program for submission to the governors at a June 23 meeting. It includes joint representation in Washington, at first on specific economic issues; more regional economic planning; and the establishment of a Northeast economic development corporation.

Kicinski indicated that additional states would be invited to join later, especially Maine and New Hampshire, along with Delaware and Maryland for any regional planning venture.

Michael J. McManus, who is doing research for the Fund for the City of New York and the Fund for New Jersey on this enterprise, said, "The idea is catching on. The governors realize they need to work regionally. But it's only the beginning. At the moment, no one is working full-time on the Northeast as an entity."

Job piracy: A major obstacle in forming a Northeast coalition is the interstate competition for jobs and industry within the region.

"The interstate struggle for jobs is one of the biggest problems," said McManus. "New Jersey's new jobs are coming from New York City. They have not yet solved the internal problem, making it harder to impress upon them the need to work together on external threats."

Kicinski also noted the issue of intraregional competition. "We are trying to overcome this problem," he said. "That is one thing we talked about—we are sensitive to the subject of stealing from each other. Clearly, we have a problem in trying to get together in the face of this counterproductive competition. Ultimately, we are all in this situation together."

The Mid-Atlantic is not alone in the job piracy problem. Even united New England is experiencing industrial competition.

Harrington charged recently, "We think about trying to attract firms from New York and complain about firms going to New Hampshire when we should be thinking in broader terms."

Moriarty of Harrington's staff described a "hit list" of 24 New York companies that Massachusetts is trying to attract.

Competition for industry is also fierce in the Midwest. For years, Ohio has been known for its pursuit of industry at the expense of other Northern states. Gov. James A. Rhodes' economic development office has been nicknamed "Rhodes' Raiders."

In Congress: The need to mount a consciousness-raising campaign among Northern Members of Congress struck the regional lobbyists hard Dec. 15, 1975, when a bill (S. 1009) introduced by Sen. Richard (Dick) Stone, D-Fla., passed the Senate by voice vote.

The measure calls for annual updating of population figures for states, counties and cities of 50,000 population or more, and requires the use of the new figures in allocating federal grants dispensed on the basis of population, such as revenue sharing and education funds. The bill is needed, Stone said, to make "federal money go where the people are" and to prevent rapidly growing areas from lagging behind when funds are dispensed on the basis of population figures that are 10 years old.

"Now we're all for getting the most up-to-date statistics," Schuker said, but the real effect of the bill would be devastating on the North.

It is estimated that the 28 states that are growing faster than the nation would benefit substantially from the measure, which is still before a House committee.

"That one bill would shift $1 billion alone," McManus ,said. "And it passed by voice vote, without a dissent from a Northern congressman. We were asleep at the switch."

Harrington: The most outspoken congressional advocate of reversing the federal dollar flow is Harrington of Massachusetts, who has armed himself with figures supplied by the First National Bank of Boston, special studies conducted by the Library of Congress, and a massive amount of other public and private data.

Over the past several months, Harrington has fired a series of blasts at federal agencies for their spending policies in various crucial areas.

On May 18, he called on the Administration to "explain why the industrialized Northeast ranks lowest in public works, business loans, and over-all Economic Development Administration (EDA) funding, while experiencing the highest unemployment and business failure rate in the nation." Between 1965 and 1975, the Northeast and Great Lakes states received $541 million in EDA assistance, barely half the $945 million total received by the sunbelt.

Harrington's staff now is looking into the feasibility of bringing a suit against the Commerce Department, of which the Economic Development Administration is a part.

Harrington released two Library of Congress studies in early June. The first showed that the Northeast and the Great Lakes states had received less than one-fifth of National Aeronautics and Space Administration procurement funds during NASA's three most active years while the sunbelt received one-third of the money. A week later, Harrington reported that the 14 industrialized states of the Northeast received only 24 per cent of all federal wage and salary disbursements in 1974 while the growth regions of the South received 45 per cent of the total.

"Thus far, the studies conducted by my office in conjunction with the Library of Congress have revealed a consistent pattern of regional favoritism which is wholly inappropriate to today's economic needs," Harrington said. He called on the House Government Operations Committee to update its 1968 study of all federal revenues and expenditures for each state and region.

Referring to the 1968 document, he said, "The federal investment patterns uncovered by this report demonstrate that federal discrimination against the Northeast has been going on for some time." He said he hopes an updated version will provide a basis for congressional hearings "into why today's domestic federal spending policies are not adequately addressing the changing economic needs of states and regions."

In the meantime, Harrington has also asked the Congressional Budget Office to explore the regional impact of the federal budget.

Development banks: Harrington's office is readying for submission to Congress a proposal for the federal government to set up regional development banks. The first bank would be established in New England with a $2 billion investment. The bank would invest up to $5 million each in high-risk new companies or existing firms wanting to modernize. It would differ from traditional development banks in that it would invest in, rather than make loans to, high-risk enterprises.

The proposal says, "What is needed is a program that takes advantage of the strengths of both sectors of the economy—public and private—and eliminates the weaknesses. And we can have the best of both worlds by instituting publicy financed, privately managed enterprises."

Formulas: Changing federal grant formulas to meet the needs of "economically mature" regions is a pet project of Howell of the First National Bank of Boston. He is working through Harrington's office on a campaign he figures will take 10 years.

"Why did we choose grants in aid?" Howell asked. "The grant area has grown so rapidly, for one thing. It's manageable. There is a definite date when a grant program will come up for renewal. We can be there with suggestions for new formulas. It's something we can make an impact on."

Howell's staff is analyzing the funding formulas for the 21 programs that disperse about 80 per cent of grant allocations. They plan to devise new formulas that would take into consideration such factors as unemployment rates, incidence of poverty, urbanized population and differences from region to region in the cost of living.

Strategy: The Northern regionalists have a two-pronged strategy: first, to make the public aware that a problem exists; and then, to seek a regional solution.

"It's a strange phenomenon," said Widner. "We started talking about this issue 3½ years ago. But it was not until the *New York Times* ran its sunbelt series and *Business Week* came out with its special report that people began to see it as a problem. We're looking to the media to raise the level of public awareness."

Said Schuker of the New England caucus: "Awareness is the key. For 20 years, they've been discriminating against New England. Now we're trying to heighten sensitivity to this problem through the caucus."

Outlook: Howell sees the regional campaign as a 10-year enterprise. "We'll at least be able to make a dent in it by then," he said. He calculates that the 14 industrial states of the North will continue to have a majority in Congress for that amount of time. They now hold about 200 seats, he noted. Others see a radical reduction in congressional strength beginning in 1982, when Congress is reapportioned after the decennial census.

Many look to a change of Administration. Said Schuker: "The last two Administrations have had no particular sensitivity to the Northeast or to cities in general. With a Democratic President, this might change."

Harrington is trying to raise the discussion to the level of a national debate during the fall campaign season.

How do Harrington and the others plan to sell a major reallocation of the nation's resources to the areas that benefit from the current pattern?

"The same way they sold it in 1933. It's an emergency. And it is necessary for a balanced national economy," said Howell.

"Because if they don't do something soon, the federal government is going to have to start an Appalachian Regional Commission for the Northeast," said Moriarty. "They will have to realize that unless we redress the imbalance now, the government is going to have to bail out the entire Northeast, not just New York City."

WHAT CAN BE DONE ABOUT IT?

The congressional Joint Economic Committee (JEC) has recommended a series of federal initiatives to correct the regional tilt that is threatening the economies and governments of the Northeast and Midwest.

In its annual report for 1976, the committee recommended, in effect, a new federal departure in microeconomic—i.e., regional and small-area—analysis and policy, to supplement traditional federal macroeconomic policy designed to stimulate or restrain the national economy as a whole.

Explaining the rationale behind the JEC's approach, staff economist Ralph L. Schlosstein said in a *National Journal* interview: "As we return to full employment and get back to 5 or 6 per cent unemployment, Houston may well have a (jobless) rate of 4 per cent while Boston's is 8 per cent. When you cut taxes at the federal level and just have broad-based expenditure programs, you create a strong demand across the country and create inflation in Houston and do not do as much as you could to reduce unemployment in Boston. You've got these rigidities or structural problems in terms of the mismatch of jobs and people that are impossible to deal with in terms of macroeconomic policy."

Reasons: The JEC report, noting that the relative decline in the Northeast and Great Lakes regions is most acute in the central cities, suggests that "to a large extent, the (interregional) migration of population and employment opportunities is occurring in response to real economic forces affecting the cost and efficiency of production" and "has contributed to over-all efficiency and productivity in the private sector and should not be discouraged."

But the movement, the committee said, also causes increased costs in delivering public services "by allowing underutilization of public infrastructure in areas experiencing out-migration, while requiring large expenditures for new infrastructure in rapidly growing areas."

The federal government, it suggested, cannot completely offset the effects of economic decline, but should provide assistance to arrest the "downward spiral" of declining regions' economies and to prevent severe declines in public services and increases in taxes in those areas.

Proposals: Many federal contract and payroll expenditures, the JEC said, should be shifted to high unemployment areas. As an example, the federal government might accept bids up to 10 per cent above the lowest bid if the result were to channel work into chronically depressed regions. Other federal initiatives might include funding for public employees in depressed regions, increasing revenue sharing or a new program of stabilization grants.

The JEC also recommended federal initiatives to encourage more private sector investment in depressed regions, and most particularly into closely targeted jurisdictions where serious unemployment really exists. The apparent intent is to stimulate investment in the most depressed core cities, suburbs or rural areas, and not into the affluent suburbs that now are channelling off so much of the nation's wealth and growth. The targeted investment programs, the JEC said, "should encourage the development of labor-intensive as well as capital-intensive activities."

President Ford's fiscal 1977 budget included a proposal for offering rapid amortization of newly constructed buildings and capital equipment in areas with unemployment rates exceeding 7 per cent. The JEC rejected that proposal because, under the President's definition, 80 per cent of the national labor force would be eligible for rapid amortization.

As an alternative, the JEC suggested a development bank that would make low-interest loans available to businesses or governments in areas that are chronically—not temporarily—depressed.

Finally, the JEC noted the lack of solid statistical information on the impact of federal tax expenditure, credit and employment policies on decisions of businesses and individuals to relocate. As an example, the JEC said, federal policies have encouraged new housing construction at the expense of rehabilitation and the rapid turnover of real estate and investment holdings, and actually provided transportation facilities necessary for the decentralization of housing and jobs. Over-all, however, "not enough is known about the extent to which national economic policies affect the economies of regions and areas within regions," the JEC said. The JEC recommended creation of a commission to make recommendations "for improving the accuracy, timeliness and comparability of information available on regional and local economies."

WHERE THE FIGURES COME FROM

To develop its measures of federal dollars flowing into and out of each state, *National Journal* used a variety of sources of data, some of them very accurate, some of them much less so.

The state-by-state spending totals for fiscal 1975 come from the Community Services Administration, the federal antipoverty agency, which annually compiles a record of where the government is spending its money.

The Community Services Administration divides the federal budget into more than 1,000 programs for purposes of allocating money to the states where it is spent. L. G. Burgess, chief of its federal information systems, said the bulk of the figures in the annual summary are highly accurate.

Contracts and interest: But he said there are important exceptions. Federal payments for services for which it enters into contracts with private industry are allocated according to the location of the prime contractor. Many contractors in turn employ subcontractors from other states to perform much of the work, but this has no impact on the state-by-state data. The resulting inaccuracies may be most severe for the Defense Department, which made contract payments of $42.8 billion in fiscal 1975.

Other figures that are less than accurate are those for interest payments made by the Treasury Department on the national debt. Some $21.7 billion in interest payments were distributed among the states in fiscal 1975, according to Community Services Administration data. About half went to New York and nearly $4 billion to New Jersey and Connecticut.

But the Treasury Department said a large chunk of interest payments—some $6 billion in fiscal 1975—is made to the Federal Reserve Board. The Treasury Department paid the entire $6 billion to the Federal Reserve Bank in New York, and the Community Services Administration allocated the payment to New York, New Jersey and Connecticut, the three states served by the New York Fed. The New York Fed distributed the money to Fed branches throughout the country, but the Community Services Administration figures do not take this into account.

For this reason, *National Journal* subtracted all interest payments from federal spending totals for fiscal 1975. This had the effect of reducing total federal spending, which was $322.6 billion in the 50 states and the District of Columbia, to $300.9 billion.

Deficit: There was an enormous federal deficit in fiscal 1975. Even after interest payments were subtracted from spending, revenues collected from the 50 states and the District of Columbia were $19.9 billion short of expenditures.

This deficit distorted comparisons of each state's tax burden with its share of federal spending. Many states below the national average in spending per tax dollar still appeared to send less tax revenue to Washington than they received in federal spending.

National Journal therefore allocated the $19.9 billion deficit among the states according to each state's population. The deficit in effect became an additional tax burden shared equally by every individual. As a result of this allocation, federal revenues equaled federal expenditures, so that the states as a group sent as much money to Washington in taxes as they received in the form of federal spending.

Taxes: The basic state-by-state federal tax burden figures—those to which proportional shares of the federal deficit were added—come from a study by the Tax Foundation Inc., a nonprofit research organization in New York City. Like the spending data, the Tax Foundation's tax figures probably are not perfectly accurate either. The Dreyfus Corp., in a 1975 study, said the Tax Foundation assigned too much of the corporate tax burden to corporate headquarters, many of which are in New York City, and not enough to corporate operations that often are located far from headquarters.

The final pieces of data used by *National Journal*—state-by-state population figures—come from the U.S. Census Bureau's estimates for 1975.

The regions of the country used by *National Journal* generally correspond with those of the Census Bureau. The District of Columbia was excluded from the South because its huge share of federal spending distorts regional totals. Maryland and Delaware were placed in the South to group them with Virginia, another state that benefits in federal spending from its proximity to the District of Columbia.

PER CAPITA FEDERAL SPENDING BY PROGRAM

The accompanying table shows the distribution of federal spending by state and region for five kinds of federal programs. In all cases, spending is given as the number of dollars spent for each resident of the state or region.

The Defense Department contracts with private industry for a variety of services, from the construction of submarines to the supply of fuel. The costs of these contracts, which reached a total of $42.8 billion in fiscal 1975, appear in the first column.

In the next column are Defense Department salaries, which are distributed throughout the country according to the military installations where the employees work. The Defense Department spent $28.2 billion for salaries in fiscal 1975.

The third column shows spending for the two biggest federal public works programs, construction of highways and sewage treatment plants. Some $7.7 billion was spent for highways in fiscal 1975 and $3.5 billion for sewage treatment plants.

In the fourth column are grouped the costs of six welfare-related programs that cost the government $25 billion in the 1975 fiscal year. They are medicaid ($7.4 billion), aid to families with dependent children ($5.4 billion), food stamps ($4.5 billion). Supplemental Security Income for poor persons who are aged, blind or disabled ($4.2 billion), grants to states for social services programs for their poor residents ($2 billion) and unemployment compensation ($1.5 billion).

The last column includes eight programs that provide pensions for elderly and disabled persons who no longer work. Of the $85.2 billion cost of these programs in fiscal 1975, most was paid out through the social security trust fund—$40.9 billion to retired persons, $14.5 billion to dependents of wage-earners who have died and $7.8 billion to disabled persons. Retired civilian government employees collected $7.1 billion from the Civil Service Commission, retired military employees got $6.1 billion from the Defense Department, and the Railroad Retirement Board gave $3.1 billion to retired railroad workers. In addition, disabled veterans received $5.7 billion through two programs run by the Veterans Administration.

PLAYING THE MONEY GAME

The table shows winners and losers in the battle for federal spending. The columns record: (1) federal spending per person in fiscal 1975, excluding interest payments: (2) the federal tax burden per person, with the federal deficit distributed as an added tax: (3) the amount of money received for each tax dollar sent to Washington; and (4) the total amount of money that flowed into or out of each state and region.

	Spending per person	Taxes per person	Spending-taxes ratio	Dollar flow (in millions)	Defense contracts	Defense salaries	Highways and sewers	Welfare programs	Retirement programs
Northeast	$1, 361	$1, 579	$0. 86	−$10, 776	$226	$58	$39	$137	$403
New England	1, 470	1, 533	.96	−762	382	70	48	118	402
Maine	1, 206	1, 075	1. 12	139	54	87	59	149	440
New Hampshire	1, 399	1, 399	1. 00	1	244	195	91	79	435
Vermont	1, 360	1, 167	1. 17	91	262	35	60	142	395
Massachusetts	1, 456	1, 535	.95	−462	314	56	46	128	403
Rhode Island	1, 342	1, 457	.92	−107	90	158	40	143	464
Connecticut	1, 663	1, 800	.92	−425	763	36	32	86	361
Mid-Atlantic	1, 325	1, 594	.83	−10, 013	175	55	36	143	403
New York	1, 449	1, 636	.89	−3, 392	213	31	27	181	394
New Jersey	1, 154	1, 760	.66	−4, 436	146	77	39	105	387
Pennsylvania	1, 241	1, 426	.87	−2, 185	135	77	47	108	427
Midwest	1, 128	1, 477	.76	−20, 074	120	63	56	96	371
Great Lakes	1, 064	1, 518	.70	−18, 618	96	52	54	101	359
Ohio	1, 010	1, 441	.70	−4, 634	124	64	37	85	362
Indiana	1, 027	1, 411	.73	−2, 036	164	62	55	55	363
Illinois	1, 230	1, 704	.72	−5, 290	60	62	66	117	360
Michigan	996	1, 539	.65	−4, 971	89	34	66	123	343
Wisconsin	966	1, 331	.73	−1, 686	55	18	38	111	375
Great Plains	1, 287	1, 374	.94	−1, 456	177	91	60	83	403
Minnesota	1, 144	1, 382	.83	−934	114	26	66	100	366
Iowa	970	1, 405	.69	−1, 249	67	17	48	68	398
Missouri	1, 500	1, 362	1. 10	657	305	113	47	91	428
Kansas	1, 398	1, 432	.98	−78	244	168	56	66	437
Nebraska	1, 193	1, 420	.84	−351	52	127	82	69	403
South Dakota	1, 395	1, 081	1. 29	215	49	131	93	81	385
North Dakota	1, 734	1, 288	1. 35	283	315	258	111	76	354
South	1, 389	1, 219	1. 14	11, 522	164	194	51	113	396
South Atlantic	1, 454	1, 303	1. 12	4, 986	161	228	57	102	426
Delaware	1, 145	1, 743	.66	−347	90	158	94	77	358
Maryland	1, 933	1, 615	1. 20	1, 299	231	282	91	93	379
Virginia	1, 809	1, 355	1. 34	2, 257	297	473	49	80	449
West Virginia	1, 318	1, 091	1. 21	410	60	20	120	108	459
North Carolina	1, 124	1, 145	.98	−115	87	199	50	101	330
South Carolina	1, 240	1, 041	1. 19	561	98	266	34	119	337
Georgia	1, 402	1, 217	1. 16	912	167	197	55	139	351
Florida	1, 379	1, 378	1. 00	9	137	131	40	91	570
South-central	1, 327	1, 137	1. 17	6, 536	168	161	46	124	368
Kentucky	1, 327	1, 094	1. 21	790	76	190	45	150	378
Tennessee	1, 296	1, 147	1. 13	627	93	57	45	114	360
Alabama	1, 374	1, 026	1. 34	1, 255	167	161	46	132	383
Mississippi	1, 599	908	1. 76	1, 621	446	147	63	158	352
Louisiana	1, 236	1, 064	1. 16	652	171	118	58	144	316
Arkansas	1, 202	970	1. 37	492	63	84	50	144	434
Oklahoma	1, 443	1, 181	1. 22	711	128	244	39	123	441
Texas	1, 296	1, 264	1. 03	388	192	198	40	100	356
West	1, 712	1, 431	1. 20	10, 639	329	210	67	119	394
Mountain	1, 615	1, 238	1. 30	3, 631	174	214	95	82	385
Montana	1, 512	1, 183	1. 28	246	78	120	161	89	397
Idaho	1, 358	1, 087	1. 25	223	51	97	115	85	374
Wyoming	1, 569	1, 295	1. 21	102	109	155	237	43	361
Colorado	1, 646	1, 368	1. 20	704	161	262	74	96	367
Utah	1, 449	1, 072	1. 35	455	169	296	101	73	337
Nevada	1, 544	1, 612	.96	−40	105	203	116	71	373
Arizona	1, 639	1, 256	1. 41	853	325	181	71	53	440
New Mexico	1, 974	1, 024	1. 93	1, 090	124	254	69	130	379
Pacific	1, 745	1, 497	1. 17	7, 008	382	209	57	132	398
California	1, 700	1, 526	1. 11	3, 684	396	191	42	139	390
Oregon	1, 282	1, 371	.94	−202	45	32	77	106	445
Washington	1, 968	1, 402	1. 40	2, 008	494	221	55	115	451
Alaska	3, 736	1, 530	2. 60	776	531	855	476	101	188
Hawaii	2, 347	1, 490	1. 58	741	408	818	210	114	334
District of Columbia	13, 957	1, 820	7. 67	8, 690	1, 706	887	472	273	877
Total, United States	1, 412	1, 412	1. 00	0	201	132	54	115	392

POPULATION, TAXES, INCOME, UNEMPLOYMENT: A STATISTICAL LOOK AT THE STATES AND REGIONS

	Population shifts, 1970–75 (figures in thousands)			State-local taxes		Per capita income as percent of U.S. average				
	1970 census	1975 estimate	Percentage change	Per capita, 1975	Percentage of U.S. average	Per capita income, 1975	1964	1975	Percentage point change, 1964–75	Percentage unemployment 1975
Northeast	49,061	49,461	0.8	$805	120.6	$6,305	113	108	−5	9.5
New England	11,847	12,198	3.0	715	107.3	6,086	108	104	−4	10.3
Maine	994	1,059	6.6	641	96.4	4,785	83	82	−1	9.4
New Hampshire	738	818	10.9	503	75.6	5,210	92	89	−3	6.5
Vermont	445	471	5.9	689	103.5	4,925	82	84	+2	9.6
Massachusetts	5,689	5,828	2.4	786	118.1	6,159	109	106	−3	11.2
Rhode Island	950	927	2.4	648	97.3	5,917	102	101	−1	13.9
Connecticut	3,032	3,095	2.1	688	103.4	6,854	125	117	−8	9.1
Mid-Atlantic	37,213	37,263	.1	834	125.2	6,377	115	109	−6	9.3
New York	18,242	11,120	.7	1,009	151.6	6,603	122	113	−9	9.5
New Jersey	7,171	7,136	2.0	714	107.3	6,629	120	114	−6	10.2
Pennsylvania	11,801	11,827	.2	641	96.2	5,874	101	101	0	8.3
Midwest	56,593	57,669	1.9	648	97.1	6,011	103	103	0	8.1
Great Lakes	40,266	40,979	1.8	658	98.8	6,131	107	105	−2	9.0
Ohio	10,657	10,759	1.0	541	81.3	5,883	103	101	−2	9.1
Indiana	5,196	5,311	2.2	621	93.3	5,587	99	96	−3	8.6
Illinois	11,113	11,145	.3	755	113.4	6,750	117	116	−1	7.1
Michigan	8,882	9,157	3.1	657	98.6	6,240	109	107	−2	12.5
Wisconsin	4,418	4,607	4.3	737	110.7	5,627	97	96	−1	6.9
Great Plains	16,328	16,690	2.2	622	93.4	5,714	92	98	+6	5.8
Minnesota	3,306	3,926	3.1	768	115.3	5,754	92	99	+7	5.9
Iowa	2,825	2,870	1.6	633	95.0	5,899	93	101	+8	5.4
Missouri	4,678	4,763	1.8	515	77.4	5,387	96	92	−4	6.9
Kansas	2,249	2,267	.8	633	95.1	5,968	96	102	+6	4.5
Nebraska	1,485	1,546	4.1	575	86.4	6,175	90	106	+16	6.1
South Dakota	666	683	2.6	549	82.5	4,980	71	85	+14	4.7
North Dakota	618	635	2.7	627	94.2	5,855	78	100	+22	5.0
South	62,055	67,399	8.6	511	76.6	5,120	81	88	+7	7.4
South Atlantic	29,922	32,999	10.2	538	80.6	5,353	84	92	+8	7.9
Delaware	548	579	5.7	735	110.4	6,799	123	117	−6	8.6
Maryland	3,924	4,098	4.4	750	111.2	6,437	107	110	+3	6.9
Virginia	4,651	4,967	6.8	555	83.3	5,671	88	97	+9	6.4
West Virginia	1,744	1,803	3.4	536	80.5	4,815	75	83	+8	7.0
North Carolina	5,084	5,451	7.2	480	72.0	4,801	75	82	+7	8.6
South Carolina	2,591	2,818	8.8	443	66.6	4,521	67	77	+10	8.7
Georgia	4,588	4,926	7.4	488	73.4	4,969	78	85	+7	8.6
Florida	6,791	8,357	23.0	513	77.1	5,517	87	95	+8	10.7
South Central	32,133	34,399	6.6	485	72.8	4,896	78	84	+6	6.9
Kentucky	3,221	3,396	5.4	502	75.4	4,668	74	80	+6	7.3
Tennessee	3,926	4,188	6.7	441	66.3	4,766	74	82	+8	8.3
Alabama	3,444	3,614	4.9	414	62.2	4,557	71	78	+7	7.7
Mississippi	2,217	2,346	5.8	451	67.8	4,041	59	69	+10	7.1
Louisiana	3,642	3,791	4.1	566	83.1	4,729	76	81	+5	7.4
Arkansas	1,923	2,116	10.0	405	60.9	4,383	69	75	+6	8.3
Oklahoma	2,559	2,712	6.0	485	72.8	4,996	83	86	+3	7.2
Texas	11,199	12,237	9.3	510	76.7	5,387	87	92	+5	5.6
West	34,838	37,878	8.7	779	116.8	6,184	110	106	−4	9.2
Mountain	8,290	9,644	16.3	597	89.6	5,374	90	92	+2	7.5
Montana	694	748	7.7	619	93.1	5,434	87	93	+6	7.6
Idaho	713	820	14.9	540	81.1	4,980	83	85	+2	7.0
Wyoming	332	374	12.5	693	104.2	5,942	95	102	+7	4.1
Colorado	2,210	2,534	14.7	638	95.9	5,839	97	100	+3	6.1
Utah	1,059	1,206	13.8	508	75.6	4,819	88	83	−5	6.9
Nevada	489	592	21.1	771	115.8	6,524	120	112	−8	9.3
Arizona	1,775	2,224	25.3	693	104.1	5,329	87	91	+4	9.4
New Mexico	1,017	1,147	12.7	559	84.0	4,482	79	77	−2	7.2
Pacific	26,549	28,234	6.3	841	126.3	6,461	116	111	−5	9.8
California	19,971	21,185	6.1	890	133.7	6,555	120	112	−8	9.2
Oregon	2,092	2,288	9.4	643	96.6	5,610	99	96	−3	10.9
Washington	3,413	3,544	3.8	688	103.4	6,226	106	107	+1	9.6
Alaska	303	352	16.3	880	132.3	8,815	116	151	+35	8.5
Hawaii	854	865	12.3	866	130.2	6,426	108	110	+2	7.1
District of Columbia	687	716	5.4	752	112.9	7,751	131	133	+2	7.6
United States	203,304	213,121	4.8	667	100	5,834	100	100	0	8.5

Sources: Census Bureau, Advisory Commission on Intergovernmental Relations, Commerce Department, Bureau of Labor Statistics.

WHAT IS HAPPENING TO OUR ALASKAN OIL?

The SPEAKER pro tempore (Mr. DANIELSON). Under a previous order of the House, the gentleman from Connecticut (Mr. McKINNEY) is recognized for 5 minutes.

Mr. McKINNEY. Mr. Speaker, recently, we began work on the Outer Continental Shelf Lands Act Amendments and once again the center of controversy was the proper regulation of the energy industries versus the need to expedite development of our resources. On the one hand, we have the concerned public insisting on proper regulatory measures to protect our environment. On the other hand, we have the industrialists insisting that environmental regulations will only obstruct energy development and should be bypassed in favor of the quickest route to the growth of energy independence. This is the very same controversy which plagued this Congress when considering the deregulation of natural gas pricing. It is the same controversy which we face when considering the development of nuclear power. It is the same controversy we face every time we consider any major piece of energy legislation. Mr. Speaker, I would hope that both sides, those in favor of proper regulatory management and those who insist on immediate distribution of our resources, would take a moment to focus their attention on a situation which is in need of immediate attention, which may jeopardize our efforts toward energy independence and which is racked with regulatory mismanagement. I am referring to the anticipated "glut" of Alaskan oil on the west coast.

By now, every energywise person in the country should be aware of the anticipated oil surplus resulting from the lack of proper receipt, storage, and distribution capabilities of the west coast States. This very problem has been addressed in newspapers, in statements by officials of our regulatory agencies, and to me personally, in letters from the Assistant Secretary of the Interior, as well as from the Administrator of the FEA and of the FPC.

The energy industries are also well aware of the "glut," Mr. Speaker, and are currently considering various proposals for the construction of alternate distribution routes for the west coast surplus. Among the plans being considered, but about which very little is known, is the construction of a Northern Tier Pipeline which will traverse five North and Midwestern States. The planning for this $1 billion project is underway and the corporation which has been formed to build the pipeline has recently applied for the rights to sell public and private stock to finance the construction. Southern California Gas Co., Standard Oil of Ohio and El Paso Natural Gas Co., also appear to be anticipating the glut and have taken the initial steps in presenting their proposals for alternate routes.

The point, Mr. Speaker, is that the Alaskan oil distribution problem presents an uncertain, chaotic, and potentially dangerous situation for this country and our energy future. We are permitting the creation of a situation whereby the distribution, and more importantly the destination of the Alaskan oil will be dictated not according to the needs of the people in this country, not through the direction of the people's elected representatives, but by the dictates of the energy industries at the last possible moment of a crisis situation. This is a circumstance which we must clearly avoid.

I am certain that the majority of the people in this country would like to know which of the alternative distribution routes will be selected to transport the long-awaited Alaskan resources. More than likely, Mr. Speaker, they would also like to know who will decide which of these alternatives will be the most feasible and economic means of transporting this desperately needed oil. They might also be interested, as I am, in when any of these proposed alternatives would be completed with the litigation process, with environmental concerns, and with construction. I seriously doubt any pipeline could be ready to meet the flow of Alaska oil scheduled to begin in October of next year.

And if that is the case, Mr. Speaker, how, or more appropriately where, will our Alaskan resources be distributed? In the letter I received from the Assistant Secretary of the Interior, the exportation of that oil to Japan was presented as an unlikely and certainly undesirable proposal, but was clearly stated as an alternative which was under consideration. This alternative was further substantiated 2 weeks ago in a statement made by the Secretary of the Interior, Thomas Kleppe. In his statement, Kleppe cited the exportation of the Alaskan oil to Japan in exchange for Indonesian oil, as one means of dealing with the distribution problem.

Undoubtedly, Mr. Speaker, the issue of Alaskan oil coordination and distribution needs our immediate attention and becomes more urgent as October 1977 approaches.

As you may recall, Mr. Speaker, on May 4, 1976, I addressed this very issue on the House floor just prior to introducing legislation dealing with the problem. My bill, which very simply would call for the establishment of a regulatory consortium to develop a single, definitive plan for the distribution of Alaskan oil and which would temporarily suspend the export authority of the Trans-Alaskan Pipeline Authorization Act pending congressional approval of the regulator's proposal, is what I believe to be the proper approach to solving the unfinished business of Alaskan oil distribution.

I urge every Member of this body, whether they be a proponent of proper regulation of resource development or in favor of the most immediate domestic distribution of those resources, to attend to the problem at hand before it becomes a full-blown crisis. Our efforts to develop the Outer Continental Shelf and to create alternative energy sources will serve little purpose if we do not properly handle those resources already available to us now.

GILLIS LONG SPEAKS UP FOR RURAL AMERICANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. Rose) is recognized for 5 minutes.

Mr. ROSE. Mr. Speaker, my distinguished colleague from the Eighth District of Louisiana, the Honorable Gillis W. Long, a cofounder of the Congressional Rural Caucus, has recently spoken out in favor of rural Americans in his capacity as a delegate to the Democratic National Platform Committee.

As chairman of the House Agriculture's Subcommittee on Family Farms and Rural Development, I applaud Mr. Long's stand, and I hope the committee will take seriously his request.

A reporter for the Eunice, La., News wrote an article on May 27, 1976, about Mr. Long's efforts and I want to insert it into the Record today.

Congressional Gumbo—Gillis Long Speaks Up for Rural Americans

(By Kenneth R. Allen)

A House member of the Louisiana Congressional Delegation has taken a stand here in Washington before the Democratic National Platform Committee, urging that rural Americans be given a special plank in this year's national priority goals statement.

Eighth District Rep. Gillis W. Long, an activist in national Democratic Party circles, has called upon his party to pay more attention to the needs of rural Americans in drafting its 1976 platform.

He appeared before the platform body with the Democratic Platform Task Force of the House of Representatives. However, in a separate statement, the congressman addressed the needs of rural Americans.

It was noted that 42 per cent of the nation's population is found outside of the Standard Metropolitan Statistical Areas as designated by the U.S. Bureau of the Census.

Rep. Long urged his party to offer rural dwellers problem solutions which are pragmatic and adaptable to life as it is actually lived outside of urban America.

A two-month study of rural affairs was presented by Rep. Long in support of his argument that the Democratic Party must be responsive to rural Americans as well as to the urban resident.

Rep. Long. asserted that there must be a softening of the impact of the fossil fuel crisis on all aspects of rural America, and a means presented which would alleviate problems in rural poverty, housing, transportation, health, education and employment. He argued for greater farm credit benefits for small farmers; and, too, for greater flood control development, something which is critically important for rural and urban America.

Whether the Democrats or the Republicans can come up with easy solutions to such awesome problems is doubtful. But, as in the example of Rep. Long, there are men and women in Congress who are trying their best to find solutions through the political process.

Rep. Long deserves praise for taking a leadership position to speak for not only his constituents but a greater number of Louisianians, Americans all.

His Eighth Congressional District is probably the most terrestrially, sociologically and economically diverse geographic district in our state.

It runs northwest-southeast through Louisana's heartland, from Rapides Parish in its northwest corner to St. John Parish in the southeast. The extreme corner drops down deep across St. Martin Parish.

The congressman's constituents are urban and rural, Cajun Catholics and Anglo-Saxon Protestants. He represents bankers and oil men, but many more farmers and fishermen.

This broad-based economic and cultural district has been served by a man who is perhaps more intellectual, worldly and economically well-off than 95 per cent of his constituents.

It is apparent, though, that Rep. Long has not lost sight of his grassroots constituents, who could just as easily be from Caddo, Cameron, East Carroll, Plaquemine or Washington Parishes as from one of the 13 parishes in the Eighth District.

The man is a mental political machine who thinks in terms of Louisiana as a whole and the state as a member of a nation. His Democratic Party political activities have reflected that significantly during the past three years here on Capitol Hill.

Rep. Long isn't the only member of the state's delegation who has emerged as a national figure.

Second District Rep. Lindy Boggs has become more apparent in her party's top circles. She was elevated to the party spotlight this year when it was announced that she would be this year's chairwoman at the Democratic National Convention in New York.

Rep. Boggs' late husband, Rep. Hale Boggs, also was a national Democrat, and she has followed that line.

There is a noticeable difference in the styles of Reps. Long and Boggs, however. Rep. Long is more open, down to earth and loquacious, whereas Rep. Boggs is reserved, cautious and socially selective.

But, each is effective, and a tribute to Louisiana.

SOVIETS HARASS JEWISH CITIZEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. COTTER) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, when a Soviet Jew is harassed by his government because he wants to leave the country, reports in the Western press and protests from foreign leaders will make a difference. We therefore have a responsibility to call every violation of human rights to the attention of the world community.

Unfortunately, there is nothing unusual about the case that was reported June 23 in the New York Times. Solomon Alber was a mathematician and director of a computer research facility in Moscow. In March 1975 he applied to the Soviet emigration service for permission to relocate in Israel.

The application was ignored, of course, and Alber was demoted from his post at the research laboratory. His wife, Yeva, lost her job as a pathologist. Meanwhile, his 15-year-old son, Mark, was subjected at school to a campaign of humiliation and violence. He was once beaten into unconsciousness by his classmates. Alber complained to the police, but they failed to take any action.

Mr. Speaker, in spite of the bitter lesson they should have learned under Hitler, when both Jewish and non-Jewish Soviet citizens were marked out for destruction, anti-Semitism is not dead in the Soviet Union. The Soviet Government believes that Jews who want to leave the country are "traitors," but it is interesting that anti-Semitism plays an important role in the official harassment directed against those Jews who seek permission to emigrate. Alber complained to the Times that his son's schoolmates repeatedly taunted him as a Jew.

This story is not very different from the dozens of other cases that have been brought to our attention in recent months. Nonetheless, we can try to seek relief for the harassed and beleaguered Jews of the Soviet Union by following each case closely and protesting each outrage. Therefore, I hope my colleagues will want to join me in letters I am sending next month to Soviet party chief Brezhnev and V. S. Obidin, director of the Soviet emigration service.

The letters follow:

Secretary-General LEONID BREZHNEV
The Kremlin, Moscow, R.S.F.S.R., U.S.S.R.

DEAR MR. SECRETARY-GENERAL: An article in the *New York Times* of June 23, 1976, directed my attention to the case of Solomon Alber, a Soviet citizen who applied in March, 1975, for permission to emigrate to Israel

According to the article, which has since been confirmed by independent sources, Mr. Alber was demoted from his position as director of a computer research laboratory after he applied for the visa. His wife also lost her job as a pathologist. One of his children was beaten by schoolmates and taunted as a Jew.

I respectfully request that you investigate the matter and expedite permission for Mr. Alber and his family to emigrate to Israel. According to Article 13, Section 2 of the Universal Declaration of Human Rights, to which the Soviet Union is a signatory, "everyone has the right to leave any country, including his own. . . ."

Mr. Secretary-General, I strongly support the improvement of relations between our two countries, but I am afraid that incidents of this kind can only create obstacles to continued friendship between the United States and the Soviet Union.

Please be assured that I will continue to follow Mr. Alber's case with great interest. I would appreciate a response to this letter.

Sincerely,

WILLIAM R. COTTER,
Member of Congress.

V. S. OBIDIN,
Chief of the All-Union OVIR, Ogarev ul, Moscow, R.S.F.S.R., U.S.S.R.

DEAR MR. OBIDIN: I am deeply concerned about the case of Solomon Alber, a Soviet citizen who applied in March, 1975, for an emigration visa to Israel

According to trustworthy sources, Mr. Alber was demoted from his position as director of a computer research laboratory after he applied for the visa. Moreover, his wife lost her job as a pathologist. His son, Mark, has been beaten and taunted by his classmates.

I respectfully request that you investigate this matter and expedite permission for Mr. Alber and his family to emigrate to Israel. This is the only course of action that would be consistent with the Universal Declaration of Human Rights. According to Article 13, Section 2 of this Declaration, "everyone has the right to leave any country, including his own. . . ."

Please be assured that I will continue to follow Mr. Alber's case with great interest. I would appreciate a response to this inquiry.

Sincerely,

WILLIAM R. COTTER,
Member of Congress.

HAZARDS OF NUCLEAR WEAPONS PRESENCE ON OAHU

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Hawaii (Mrs. MINK) is recognized for 10 minutes.

Mrs. MINK. Mr. Speaker, many thoughtful persons in the State of Hawaii are deeply concerned about the inadequacy of governmental measures to protect our community against possible nuclear accidents. No one in Hawaii, except the military, really knows how many nuclear weapons are actually stored there. I recently went to a Defense Department briefing and am convinced that through satellite surveillance the Russians probably know more about our nuclear capability than does the average American. Whenever we inquire of the military whether there are any nuclear weapons stored in Hawaii, we are are told this information is secret. The Russians undoubtedly know. Only we in Hawaii are kept in the dark.

I would like to place in the RECORD an article written by the American Friends Service Committee, Hawaii area program, on this general subject of nuclear accidents, and Hawaii's cause for concern and evident helplessness in the face of the military's withholding information on the basis of national security.

HAZARDS OF NUCLEAR WEAPONS PRESENCE ON OAHU, WITH RECOMMENDATIONS FOR ACTION: A REPORT TO GOVERNOR GEORGE ARIYOSHI

(By Ian Y. Lind, Program Secretary, American Friends Service Committee, Hawaii Area Program Office)

Prepared under the authority and direction of:

Nuclear Concerns Committee, AFSC–Hawaii, 2426 Oahu Avenue, Honolulu, Hawaii 96822.

Catholic Action of Hawaii/Peace Education Project 1918 University Avenue, Honolulu, Hawaii 96822.

SUMMARY

The Department of Defense policy of official secrecy does not prevent an assessment of the possiblity of nuclear weapons accidents. From available evidence, it is clear that such accidents can occur, that they have occurred with the U.S. arsenal, and that Hawaii can expect a major accident if present policies continue.

On the basis of these considerations, and in light of actions taken by cities and states on the mainland, four specific recommendations for State action are presented: a) It is recommended that the State seek the immediate halt to the most hazardous of the nuclear weapon storage and transportation policies through legal action or administrative appeals; b) that the State immediately petition the federal government for release of "restricted" information using procedures detailed in the Atomic Energy Act of 1954; c) that the State seek to revoke the existing waiver of safety blast zone requirements surrounding the Naval ammunition facilities at West Loch and Waikele, and d) that a "watchdog" committee be formed to recommend and monitor implementation of necessary nuclear safety procedures.

I. INTRODUCTION

Over the past year, the American Friends Service Committee and Catholic Action of Hawaii/Peace Education Project have made public the results of an ongoing investigation into the dangers posed by the extensive storage and transportation of nuclear weapons on Oahu. This information has been disseminated through the mass media and through public presentations of "Nuclear Hawaii," a slide show already seen by thousands of island residents. In addition, discussions have been held with each City or State agency having formal responsibilities in the area of radiological safety, with state and federal legislators, and with members of the Governor's cabinet. The concerns have also been communicated directly to the Governor through personal correspondence.

This extensive public discussion has focused on two distinct aspects of nuclear weapons presence: the effects of the ultimate use of nuclear weapons in time of war, and the more immediate threat of either accident or "terrorist" attack. These areas both presents residents of Hawaii and our elected representatives with serious policy decisions. This report, however, will deal only with the second aspect, the potential impact of a nuclear weapons "accident" or "incident" upon the surrounding community.

This report is being released on May 21, 1976, the thirty-second anniversary of the "second Pearl Harbor" disaster. On that day in 1944, a series of explosions of conventional ammunition rocked the West Loch ammunition area at Pearl Harbor, resulting in fires that destroyed at least 7 naval landing craft and left more than 500 persons dead or injured.

Like the memory of that disaster, this report is a reminder that accidents, even nuclear accidents, do happen. It is written in the belief that through positive and aggressive action, this community can control its own future.

II. EVIDENCE RELATING TO THE POSSIBILITY OF NUCLEAR WEAPONS ACCIDENTS

Despite growing public questioning, the Department of Defense has refused to comment on the possible dangers of a nuclear weapons accident. All "official" comment has been limited to a standard reply: "It has been a long standing government policy to neither confirm nor deny the presence of nuclear weapons." Despite this calculated attempt to discourage public inquiry, sufficient evidence is already available to the public to reasonably support the conclusion that the dangers of nuclear accidents are quite real. This data summarized below is drawn from both government and private sources.

The government itself is the source of some of the most direct evidence concerning accidents. For example, the standard reference book, "The Effects of Nuclear Weapons," published jointly by the Atomic Energy Commission and the Department of Defense, is quite clear:

"Nuclear weapons are designed with great care to explode only when deliberately armed and fired. Nevertheless, there is always a possibility that, as a result of accidental circumstances, an explosion will take place inadvertently. Although all conceivable precautions are taken to prevent them, such accidents might occur in areas where the weapons are assembled or stored, during the course of loading and transportation on the ground, or when actually in the delivery vehicle—an airplane or missile."

While preparing this statement, the AEC carried out a series of simulated accidents, in which a nuclear weapon was placed in a fire, crash, explosion, or other stressful situation. In at least 19 cases, according to the AEC, these tests "resulted in a measureable nuclear yield." One accidental blast was nearly as large as the one which destroyed Hiroshima. Such evidence has led one author to conclude:

"The impressive American-Russian 'no yield' record is the result of a combination of fortuitous circumstances which may not be duplicated in the future." (Joel Larus, Nuclear Weapons Safety and the Common Defense, Ohio State University Press, Columbus, 1967)

There are other forms of accidents, however, than actual nuclear explosions. These occur when a weapon is broken open as a result of some force and radioactive material is spread over the surrounding area. While it is clear that there have been no actual nuclear weapons explosions in the course of routine military operations, the record regarding these other accidents is much less clear. Once again, the general policy of secrecy prevents any clear assessment of the dangers. Military guidelines for release of information in the case of an accident recommend the denial that a nuclear weapon might be involved. Even State guidelines contribute to the secrecy. For example, a State Civil Defense official has said that "peacetime nuclear accidents are considered classified information," (The Sunday Star-Bulletin & Advertiser, June 1, 1975). The State's 'Radiological Accident Incident Control Plan' authorizes the denials of information on an accident when "official public reporting would cause unfavorable public opinion. . . ."

Based on recent research into nuclear weapons accidents by Milton Leitenberg of Cornell University's Center for International Studies, some rough calculations can be made about Hawaii's potential for nuclear accidents. In a report just completed, Leitenberg states that "a total of 125 (publicly reported) U.S. nuclear weapon accidents between 1945 and 1970, or about one every two and a half months," would be a "substantially low" estimate of the actual total number of such accidents. For the sake of argument, however, let us accept the working figure of 125 accidents over the years in the vast U.S. arsenal.

It has been unofficially reported that there were approximately 3,100 nuclear weapons on Oahu in 1972. This figure has never been confirmed, but is roughly consistent with a count of the number of weapons needed to serve the "nuclear capable" weapons systems based in Hawaii and the stock of "war reserve" weapons allocated to the Commander in Chief Pacific (for further information, see the Hearings on "Military Applications of Nuclear Technology" held before the Joint Committee on Atomic Energy of the U.S. Congress in 1973). If even approximately correct, this would mean that 10% of the U.S. stockpile is present here in Hawaii. Given the operational deployment of nuclear weapons on ships and planes operating out of island bases, it is reasonable to conclude that Hawaii could expect a comparable share of the total nuclear weapon accidents, or approximately twelve over the years since World War II.

It may be that a number of minor accidents have already occurred, unknown to island residents, or perhaps even more serious accidents have been concealed by the official secrecy.

In any case, it is a clear statistical probability that in the course of time a major nuclear accident will happen in this community. This fact is recognized by the Civil Defense Agency of the City and County of Honolulu, which states:

"Due to the presence of nuclear warships in the area and fissionable materials being transported and used in the state of Hawaii, radiation accident is a significant possibility. The storage of any nuclear weapons is a real concern." ("Hazard Analysis," undated).

This assessment is also supported by the actual experience of accidents involving nuclear capable weapons systems in Hawaii. None of these were reported to involve nuclear weapons, although rumors to that effect were heard in the course of this investigation. They do, however, illustrate that accidents can and do occur. Among the mishaps reported in the local media have been crashes of Navy-Marine nuclear capable jet aircraft, incidents involving nuclear attack submarines, the unintentional launch of a nuclear capable missile from a Pearl Harbor ship, and major fires aboard nuclear armed ships. A recurrence of the 1944 West Loch explosions, with the 9 million pounds of explosives that could be on the docks today, could involve one or more of the nuclear weapons now kept in that area. Other examples can be found over the past few years.

III. SPECIAL HAZARDS IN THE LEEWARD OAHU AREA

The Office of the Chief of Naval Operations recently confirmed that the standard requirement for safety "blast zones" or "buffer zones" surrounding the Naval ammunition bases at West Loch and Waikele have been waived for a number of years in order to allow "for the prosecution of mission requirements." (letter from Rear Admiral John D. Chase, Assistant Deputy Chief of Naval Operations, 27 January 1976). Presumably this means that, as a result of the waivers, persons are living and working in what would "normally" be defined as the danger zones surrounding these facilities. These waivers have been granted without the involvement or consultation of City or State agencies, despite the fact that the area is the fastest growing residential area in the State of Hawaii. Further residential development is already planned or being considered. The military policy of storing nuclear weapons in close proximity to residential communities and transporting such weapons over and through the same areas is able to continue only because of the special waivers of safety regulations.

City and State planners have, in the past, recognized the basic incompatibility of these military and civilian land uses. For example, planners who commented on the Facilities Requirement Evaluation for the State of Hawaii, completed by the Department of Defense in 1972, favored complete closure of the Special Weapons Branch of the Naval Ammunition Depot at Waikele. Since that time, residential development has grown rapidly, resulting in an increasingly dangerous situation.

An additional consideration is the vulnerability to "terrorist" attack of the storage and transportation areas. With these facilities now surrounded by residential communities, it is virtually impossible to close them off sufficiently to prevent such attack. The helicopter pad in Kipapa Gulch, featured in recent newspaper and television announcements, is a primary example.

IV. RECOMMENDATIONS FOR STATE ACTION

Based on the above considerations, action to reduce the vulnerability of this community to nuclear weapons accidents would seem necessary. Although the regulation of nuclear safety has traditionally been a federal responsibility, there are a growing number of communities across the country which are moving to establish local controls over hazardous activities. The following suggestions, grounded in those precedents, appear to be well within the capabilities of our State government.

(A) It is recommended that the State seek an immediate halt to the most hazardous of the nuclear weapon storage and transportation policies. This could be attempted in a number of different ways. First, there could be legal action. In New York, the State Attorney General has filed suit against the Nuclear Regulatory Commission in an effort to halt the shipment of dangerous radioactive materials through the State (New York v. Nuclear Regulatory Commission, No. 75 Civ. 2121, S.D.N.Y.). Second, official requests for policy changes could be made through administrative channels. The New York Bureau of Radiation Control, and Connecticut Governor Grasso are presently requesting changes in the safety and routing procedures for transporting nuclear wastes. Another administrative avenue, suggested by Maui County actions regarding Kahoolawe, would be to petition the FAA to revoke military clearance to fly nuclear weapons over Oahu's populated areas. Still another approach would be to actively intervene in the current re-evaluation of military land requirements.

(B) It is recommended that the State immediately petition the Nuclear Regulatory Agency, the Energy Research and Development Administration, and the Department of Defense for release of "restricted" information concerning the presence of nuclear weapons on Oahu. The authority to release such information is granted to these agencies under the provisions of the Atomic Energy Act of 1954, as Amended. All information necessary to allow State and City agencies to prepare and carry out emergency preparations in case of nuclear accident should be included in this request, including details on areas considered "at risk."

(C) It is recommended that the State initiate appropriate action to revoke the present waiver of safety blast zone requirements surrounding the Naval ammunition facilities at West Loch and Waikele. A first step could be to immediately request a review of the waiver by military authorities. If the State fails to act, community associations, individual property owners, and other directly effected persons should consider taking this action.

(D) Finally, it is recommended that the State formally establish a representative community "watchdog" committee with the following functions: to evaluate information concerning nuclear safety, to recommend public policies designed to fully protect Hawaii's people from any nuclear hazards, and to monitor and enforce compliance with all established procedures.

A similar effort was initiated in Colorado by Governor Dick Lamm and U.S. Representative Tim Wirth in December, 1974, with the appointment of the "Lamm-Wirth Task Force" to study safety of the nuclear weapons production plant at Rocky Flats. In October 1975, that Task Force recommended a series of actions, including the shift of Rocky Flats to "less hazardous work" such as solar energy research. A "watchdog" committee is now firmly established with the cooperation of Rocky Flats and the Federal Government.

GOVERNMENT IN THE SUNSHINE: WHAT IS A "MEETING"?

Ms. ABZUG. Mr. Speaker, later this week, the House will consider H.R. 11656, the "Government in the Sunshine" bill. This measure will for the first time open meetings of Federal independent agencies to observation by the public. It constitutes a fitting extension of the move toward open government begun by the Freedom of Information Act in 1966 and the Federal Advisory Committee Act in 1972, and its enactment at this time of our Bicentennial reminds us that the Government is responsible to the people and not the other way around.

H.R. 11656, as reported from the Judiciary Committee, defines a "meeting" as:

> An assembly or simultaneous communication concerning the joint conduct or disposition of agency business by two or more, but at least the number of individual agency members required to take action on behalf of the agency.

Note that in no case—I repeat, no case—where less than a quorum of agency commissioners participate can there be a meeting within the meaning of the bill. Further, to be a meeting the discussion must be of some substance. A chance encounter where passing reference is made to agency business would not be a meeting. A luncheon attended by a majority of an agency's commissioners would not be a meeting subject to the bill just because one commissioner made a brief, casual remark about an agency matter which did not elicit substantial further comment.

The definition presently contained in the bill uses an objective, easy to apply standard, namely, "What occurred?" The Horton amendment which I understand will be proposed when the bill is considered on the floor would use the "purpose" of the meeting as a standard. This is a very subjective, nearly impossible standard to prove; indeed, the "purpose" of a meeting can be different in the mind of each participant.

A number of agencies covered by the bill occasionally conduct and dispose of business by means of a conference telephone call. Assuming that the discussion in such a call involves a quorum of agency commissioners and does not involve information falling within one of the bill's 10 exemptions, there is no reason why the public should not have the opportunity to listen to the meeting on a speaker set up in an auditorium or hearing room. The Horton amendment would exclude conference calls in which business is conducted or disposed of, even if they involve a quorum of commissioners and do not involve any exempt information. The obvious result, if the amendment is adopted, is that some agencies will employ the conference call as a device to evade this legislation. This they should not be permitted to do.

The bill's definition of "meeting" takes in occasions at which business is conducted without including chance encounters or casual remarks. The Horton amendment would punch several gaping holes in that entirely reasonable definition and would invite evasion of the open meeting requirements.

A letter regarding the Sunshine bill, mailed today to all Members of the House and specifically opposing the Horton amendment, follows:

House of Representatives,
Washington, D.C., June 28, 1976.

Dear Colleague: We are writing to ask for your support for H.R. 11656, the "Government in the Sunshine" bill, when it is considered by the House this Thursday, July 1. This bill, which passed the Senate by a 94–0 vote, will for the first time in our history require Federal independent agencies to open their meetings to public observation, with exceptions from the openness requirement for meetings dealing with national security, personal and trade secret or financial information.

The bill is the result of much careful consideration, hard work, and compromise by both the Government Operations and Judiciary Committees. Many important changes requested by Federal agencies have been accepted, and only those which would critically weaken the bill have been rejected.

Nevertheless, there may be amendments to "gut" the bill on the House floor. Of particular concern are proposals to (1) revise the definition of a "meeting" so that meetings may be closed because of their *purpose* rather than what actually transpires, and (2) delete the provisions requiring that agencies keep transcripts of closed meetings. *We ask that you oppose these amendments.*

The Government Operations/Judiciary bill is a sound measure that will help to restore public confidence in our government without burdening agencies with undue requirements. We hope that you will vote for this important legislation.

Sincerely,

Jack Brooks, Bella S. Abzug, Peter W. Rodino, Walter Flowers, Dante Fascell, Sam M. Gibbons, John Conyers, Michael Harrington, Spark Matsunaga, Edward I. Koch,

Richard L. Ottinger, Augustus F. Hawkins, Andy Maguire, Don Fuqua, Ronald V. Dellums, Benjamin S. Rosenthal, Matthew F. McHugh, Yvonne Burke, Elizabeth Holtzman, Edward Mezvinsky.

FPC BIENNIAL RATE REVIEW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Moss) is recognized for 10 minutes.

Mr. MOSS. Mr. Speaker, I rise to address the House on a matter of great importance to the American consumer. I am shocked—and I might add angry—to learn from reliable sources that the Federal Power Commission, in apparent union with the White House and the major oil companies, is considering tripling the price of natural gas. If this occurs, the price of new natural gas will soar from the current 52 cents per thousand cubic feet to a base price of $1.50.

It is even more shocking when we recall that only 2 years ago, in 1974, a thousand cubic feet of gas sold for 26 cents. If that were not enough, the FPC is also thinking of giving these same big gas producers a sweeping new tax benefit, in no way based on any credible evidence.

This is an abdication of the FPC's congressional mandate under the Natural Gas Act to set prices that are "just and reasonable." Worse, it honors a mandate the American people had nothing to do with—that of OPEC which, with this administration's tacit approval, seeks to dictate the price Americans pay for oil. This amounts to nothing so much as gratuitously strengthening OPEC by imposing OEPC prices on all U.S. energy sources.

The fact is, the FPC cannot lawfully surrender its rate-setting responsibilities to the OPEC cartel by pegging the price of gas to the price of oil. Nor can it disregard the express command of the Congress by basing natural gas prices on what the traffic will bear. What the FPC can do—indeed what it must do if it is to follow the spirit of the law in this biennial rate review—is not deviate from its traditional cost-based approach.

The unhappy fact is the price now contemplated by the FPC bears no reasonable relationship to the cost of producing natural gas. And the rate of return the Commission utilizes—15 percent on rate base—and almost 18 percent on equity—far exceeds the requisite incentive to producers to develop new natural gas.

Last fall the 5th Circuit Court of Appeals, in upholding the Commission's cost-based methodology, noted that the legal burden is squarely on those who would refute the "Commission's long and often judicially approved practice of basing rates on cost. . . ." (*Shell Oil Co.* v. *FPC*, 525 F.2d 1261.) It is a burden that the Commission's members will have to carry before the Congress and the courts.

I have been alerted to the fact that the Commission is currently planning to depart from cost-based ratemaking as the basis for tripling the price of new natural gas. I am told that this price hike will be based in part on the price of alternative fuels. Therefore, Chairman

Staggers, Chairman Dingell, and I are today releasing the text of a letter that we have sent to FPC Chairman Dunham and Commissioners Smith, Halloman, and Watt, advising them that we are concerned over this planned departure from the statutory mandate of the Natural Gas Act and that the Subcommittee on Oversight and Investigations will require each of them to appear in open session to justify any departure from cost-based regulation.

We expect the Commissioners to be able to justify their decision in terms of increased drilling costs, dry hole, or other actual cost increases. The subcommittee will also watch very closely a tax credit proposal before the Commission which if adopted would send the price of natural gas up even higher—to as much as $1.70 per Mcf.

The proposal is ostensibly to compensate the gas producers for loss of the depletion allowance this June 30. The "compensation" proposed is a blanket tax credit of 48 percent—the maximum Federal corporate income tax. At first blush, it makes sense that these corporations should not have to lose from their rate of return that which is paid in Federal income taxes. But practically no corporation in the natural gas business pays anywhere near 48 percent.

The current tax law remains generous to the oil and gas producers, including such benefits as intangible drilling cost expensing, cost depletion, and investment tax credits, which assure that the natural gas producers will not pay the statutory 48 percent tax.

The tax that will be paid is the subject of widely divergent "guess estimates" on the part of FPC staff members and tax authorities. A study by the Senate Government Operations Committee in 1974 found that the true Federal income tax rate was between 3 and 5 percent for seven major oil companies. Yet, the Commission contemplates acting on the basis of unchecked and unverified assumptions about tax liabilities. There is only one fair way, one accurate way for the Commission to determine a proper tax allowance—and that is to examine certified copies of corporate tax returns and supporting data. Anything short of that is to act on pure speculation at the public's expense.

Let me state that I am reluctant to view the Commission members as intent on ripping off the public. But they do appear to be docilely accepting administration policy without due regard for their lawful responsibilities. New gas sells in the unregulated intrastate market at an OPEC-determined price.

One cannot help but wonder if the administration's desire to curry favor with the always accommodating oil and gas industry is not reflected in the Commission's eagerness to provide producers with a rate of return in excess of that which can be justified by costs. The Commission, no doubt, hopes that a portion of the resulting windfall profits will be used to increase interstate gas supplies. The net result is a situation in which consumers are obliged to pay, and pay, and pay, and in which producers are not required to produce.

In 1971, the major producers signed a pledge, recognizing that 26 cents per Mcf was sufficient incentive to expand production, and they promised to do just that, expand production. They did not expand production, but apparently geared up for the next rate increase request and the next promise.

Finally, I would point out one glaring irony. This unjustified price rise—in an inherently uncompetitive market—is being pushed by an administration which boasts of its concern over inflation. The inflationary impact of a 300-percent increase in natural gas prices is obvious. The American people will not tolerate it.

Mr. Speaker, I ask that the previously cited correspondence be included in the Record at this point.

Washington, D.C.,
June 29, 1976.

Hon. Richard L. Dunham, *Chairman,*
Hon. Don S. Smith, *Commissioner,*
Hon. John H. Holloman, *Commissioner,*
Hon. James G. Watt, *Commissioner, Federal Power Commission, Washington, D.C.*

Dear Mr. Chairman and Commissioners: It has recently come to our attention through articles in the trade press and from other sources that the Federal Power Commission is considering raising the price of new natural gas from the current 52 cents per thousand cubic feet to a price of between $1.40 to $1.50 per Mcf under the first biennial review. This is particularly shocking when one considers that new natural gas sold for 26 cents per Mcf in 1974.

The FPC, under the Natural Gas Act, is required to set rates that are "just and reasonable." The FPC is not authorized to peg the price of gas to the price of oil. The FPC cannot lawfully surrender its rate-setting responsibilities to the OPEC cartel. Nor, can it lawfully disregard the express command of the United States Congress that natural gas prices not be set on the basis of what the traffic will bear.

The U.S. Court of Appeals for the Fifth Circuit spoke forcefully on this point in reviewing the FPC's current national rate in an October 1975 decision. As noted by the Court: "Fixing a 'just and reasonable' rate for a product sold in an inherently uncompetitive market requires more than mere subservience to national and international market forces." Use of the "commodity value" approach in natural gas rate-making, the Court pointed out, would "eschew the congressionally mandated responsibility of rate regulation which is devised to reach a "just and reasonable rate."

The more OPEC charges for its oil, the more we in the United States are being forced to pay for U.S. oil and competing fuels as coal and natural gas.

Should the Commission abandon its traditional cost-based methodology in setting the upcoming biennial rate, the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce will require the Chairman and each Commission member to justify his position in a public hearing.

We wish also to note our concern regarding the treatment of federal income taxes by the Commission. Historically, the FPC has not made allowance for federal income tax payments in setting producer rates on the grounds, quite sensibly, that the depletion allowance for natural gas was sufficiently generous as to make it unlikely that petroleum companies would pay any federal income tax on their production income. When confronted with occasional claims on the part of companies who alleged to have paid a federal income tax on their production, the Commission required that the producers furnish a certified copy of their tax returns and supporting data as conditions for obtaining special relief.

The depletion allowance for new natural gas will end this June 30 for all but the small, independent producers. The repeal of depletion allowance increases the likelihood of a producer's having to pay federal income taxes. Current tax laws remain generous to the oil and gas industry. Tax benefits such as the foreign tax credit, intangible drilling cost expenses, cost depletion, and investment tax credits assure that natural gas producers will not pay the statutory 48 percent tax. The amount of tax, if any, that will be generated from the sale of new natural gas in interstate commerce is the subject of widely divergent "guess estimates." Without access to actual tax data, there is no way for the Commission to determine actual or anticipated producer tax expenditures.

We recognize the need to permit natural gas producers to include federal income tax payments as a cost of doing business for rate-making purposes. We strongly object, however, to the adoption of a tax allowance based on speculation, as opposed to hard data furnished the Commision by individual producers by means of a certified copy of their tax returns and supporting data.

Absent such information, Commission rate-making would become a sham—replete with opportunities for unearned and undeserved profits. Accordingly, the Subcommittee on Oversight and Investigations, in the event that the Commission should adopt a tax allowance based on unverifiable data, will consider taking such steps as are necessary to determine the extent of the industry's actual tax payments.

As the Fifth Circuit clearly stated, producers "have not met their burden of demonstrating that the natural gas rate must reflect noncost, market conditions in order to be just and reasonable, *i.e.*, they have not shown that the FPC policy of basing the natural gas rate on cost rather than on market forces produces an end result which is harmful to the public interest."

Sincerely,

John D. Dingell,
Chairman, Energy and Power Subcommittee.
John E. Moss,
Chairman, Oversight and Investigations Subcommittee.
Harvey O. Staggers,
Chairman, Interstate and Foreign Commerce Committee.

MORALITY REQUIRES THAT WE PROHIBIT AMERICAN COMPANIES FROM PARTICIPATING IN THE ARAB BOYCOTT

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, when this House returns from the Fourth of July recess, it will be considering legislation to extend the Export Administration Act. Senator Adlai E. Stevenson in the Senate and I, with my colleague James H. Scheuer, in the House, have introduced amendments to this legislation. The amendments would strengthen U.S. laws against commercial boycotts instituted by an Arab or any other nation and directed against a nation friendly to the United States.

The amendments deal with the three-tiered boycott, instituted by the Arab League and their member Arab countries against—

First. Israeli goods and services;

Second. Blacklisted companies, defined as those doing business with or having investments in Israel, or as being a Zionist firm; and

Third. Companies supplied by blacklisted companies.

The Arab boycott is particularly pernicious and intolerable, because it requires that one American company not do business with another American company simply because the latter is engaged in commercial dealings with Israel or because some of its officers are Jewish. The Arabs claim that their boycott is not a religious matter, and instead an economic extension of their war against Israel. But, firms are blacklisted for their Jewish or Zionist identities as much as any other reason. In fact, a firm will be blacklisted without any reason being given, and one can only guess at the real reason.

We may not be able to force Arab countries to deal with Israeli firms, but the United States can surely respond strongly to any attempt to gain cooperation or participation by U.S. companies in any aspect of the boycott.

Last fall the President directed that new regulations be issued dealing with this subject. But they are not adequate. Those regulations prohibit an American firm from acceding to a boycott demand that would cause discrimination on the basis of race, religion, sex, or national origin by virtue of either the information they provide or the refusal to do business with a particular company. The Commerce Department also requires that a company report any request that it provide boycott related information or that it participate in the boycott. But, as I read the regulations, this still allows a company to discriminate against Israeli firms or against a fellow American company which the Arabs have labeled as being "Zionist" or a firm which is doing business with Israel. Furthermore, the Commerce Department's regulations do not require a company to report whether or not it intends to comply with a boycott demand, only whether it has been asked to provide boycott related information or to participate in a boycott of a company or country.

All reports received by the Commerce Department are held in confidence by the Commerce Department so that the public does not know whether the Department is enforcing the law. The Department has announced recently that it will make public any "charging letters"—letters charging illegal boycott practices—it issues against companies, but it has not issued any such "letters" to date. And the five companies that have been found in violation of the reporting requirements—AGIP–USA of New York; Inter-Equipment Co. of New York; Continental EMSCO of Houston; National Cash Register of New York; and Getty Oil of Los Angeles—have been fined only $1,000 each and not suffered the possible revocation of their export license.

The tertiary boycott is particularly hideous because it requires an American company such as General Motors wanting to sell buses to Saudi Arabia, not to buy any parts from another American company whose officers may be Jewish, or which may have been labeled as Zionist, or which has commercial ties with Israel. The President's Executive order simply prohibits an American company from furnishing information to any country or to participate in a boycott where such action would lead to discrimination against an American citizen on the basis of race, religion, sex, or national origin.

This, of course, is inadequate because the Arabs, being as smart as anyone else, do not blacklist a company on the grounds that the firm has a Jew in their operations. They will simply say the firm is "Zionist." In effect, the Arab boycott officials have picked up the Soviet Union's anti-Semitic line. There, too, the Russians never slander Jews as Jews; they cloak their slander by using the word "Zionist." The legislation offered by Congressman JAMES H. SCHEUER and I would effectively end this disguised discrimination and would give American companies the legal backbone to refuse to comply with Arab boycott demands.

The administration takes the position that it can end tertiary boycotts by the use of the antitrust laws, and it has brought one suit against the Bechtel Co. I suspect that, if we see the end of that antitrust lawsuit within the next two decades, we will have a unique situation. Such antitrust litigation generally drags on in the courts for years. The lawsuit also does not attempt to outlaw a secondary boycott—requiring a company to refuse to deal with Israel, if the company wants to do business with the Arabs. If the administration were sincere in its desire to end both the secondary and tertiary boycotts, it would support my legislation.

What the Stevenson-Koch-Scheuer bills, H.R. 11463 and H.R. 13151, will do is the following:

First. Prohibit by statute the furnishing of information regarding the race, religion, sex, or national origin of an American company's officers, directors, or employees, where such information is sought for the purpose of implementing or enforcing a boycott against a country friendly to the United States;

Second. Prohibit an American company from refusing to do business with another American company or with a country friendly to the United States in response to a requirement or request made for the purpose of enforcing a boycott against a country friendly to the United States or against any American company;

Third. Mandate by statute that American companies report all requests to participate in the boycott or to provide boycott-related information, and require reporting companies to indicate whether they intend to comply with those requests;

Fourth. Make all such boycott reports public; and

Fifth. Increase the fine to $10,000 for each violation of the act or any regulations promulgated under its authority.

These proposals are now before the House Committee on International Relations where I testified on June 10 in support of my legislation.

Mr. Speaker, there is a fundamental question of morality which transcends everything else in this matter. There are some who will say, "If we do what Koch wants, won't it affect business?" Perhaps it will in the short run. Even if it does, there are some instances in which principle and morality must prevail. This is one of them.

This situation is similar to the question of whether we should sell arms to bloodthirsty dictators. Some argue that they do not want to lose the business and if we do not supply the arms, others will. I respond that, indeed, there is something more important than money: our morality and conscience.

Who will dare defend the practice of one American businessman discriminating against another American businessman at the behest of a foreign power?

There is another reason that a comprehensive national policy is needed to deal with the boycott. A national policy is needed against the boycott, because those States like New York who attempt to take action against discriminatory practices have been losing business as a result. Since January of this year, when the New York State "Lisa law," which bans commercial discrimination based upon a person's race, color, creed, national origin, or sex, went into effect, the Port of New York has experienced a loss in traffic to other ports that may be as high as 10 percent this year. Even though this new law does nothing that is not done by existing Commerce Department regulations that already outlaw discrimination on the basis of race, religion, sex, or nationality by exporters, shippers, banks, and insurance companies, New York State has apparently been identified as taking a strong stand against the boycott, and it is being penalized for this courageous stand. We need national legislation that explicitly outlaws participation in the boycott by American companies and we need strong enforcement by the Commerce and Justice Departments so that courageous acts by our local governments will not be penalized.

Mr. Speaker, all of us interested in this subject had hoped that the administration would act to protect not only American businessmen from foreign extortion, but also to preserve America's conscience and morality. It has failed to do that, and so this Congress must do it by enacting this legislation.

DEMONSTRATED NEED FOR A COMMISSION ON THE HUMANE TREATMENT OF ANIMALS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, many of my constituents have brought to my attention the type of experimentation performed on cats and kittens at the American Museum of Natural History in New York City. According to a flyer published by the Society for Animal Rights, Inc., the museum has been conducting the following experiments on cats and kittens:

Blind them by destruction of the optic nerves.

Deafen them by destruction of the cochlea, the portion of the inner ear which permits hearing.

Deprive them of the sense of smell through destruction of the olfactory bulbs in the brain.

Nerves of the penis of male kittens are cut. Male cats are tested with females for mating behavior. The experimenters score the animals for sexual performance or inability to perform.

Surgical injury of sections of the brain, making the animals "difficult or impossible to handle in the ordinary manner," according to the experimenters. They are having special testing pens and transfer cages constructed for handling and manipulating the terrified animals.

Some of the male cats are subjected to a "terminal—final—electrophysiological experiment" in which they are put in a rack while each animal's penis is stimulated with hair loops and filaments.

When the experimenters finish with the cats, the animals are killed and their brains are preserved and studied. But some cats—Tommy and Sylvester, for example—died of urinary blockages, an exceedingly painful condition which in cats results from improper diet or stress or both.

These experiments are repugnant to me as a human being. I am not an antivivasectionist. I believe that whenever there is a nonanimal substitute available for testing it should be employed, but when there is none and the experiment in question will have an impact on human beings, then testing on animals, under the most humane conditions possible, should be available.

A $428,352 research grant from the Department of Health, Education and Welfare is funding the museum experimentation. Dr. D. T. Chalkley, Director of the Office for Protection from Research Risks of the Department of HEW has agreed to undertake an investigation into the experimentation to determine if it is in compliance with Federal laws regulating animal welfare in experimentation. In his letter to me of June 28, Thomas Nicholson, Director of the American Museum of Natural History, told me that the research conducted "conforms strictly to the humane standards" set by the National Institutes of Health, the American Physiological Society, and the American Psychological Association.

I am not qualified to determine if the benefits obtained from the experimentation are of significant value to humankind to permit their continuation, considering the disturbing nature of the research methods involved. Frankly, I am at a loss as to who to approach for an unbiased opinion on the question. It is exactly a case such as this that illustrates the need for a Commission on the Humane Treatment of Animals. I have legislatively proposed the formation of such a Commission in the form of H.R. 11112, and currently have 63 cosponsors on the bill, which was introduced jointly with Representative EDWARD PATTISON. Congressman PATTISON and I introduced the bill because we are concerned that each year millions of animals in this country suffer needless pain and death at the hands of humans who control their lives. The Commission members would be experts in the areas of animal welfare and would be representative of humane societies, medical schools, persons engaged in the professions of zoology and wildlife biology and in the practice of veterinary medicine and animal husbandry. If the Commission existed today I could seek its opinion on this matter. As things now stand, there is no authority to turn to.

My correspondence with the American Museum of Natural History concerning its experiments on cats and kittens follows:

JUNE 4, 1976.

THOMAS D. NICHOLSON,
Director, American Museum of Natural History New York, N.Y.

DEAR MR. NICHOLSON: I have received inquiries and allegations concerning alleged experiments being performed on domestic cats at your museum under a grant from HEW. A member of my staff has summarized in the enclosed memo the allegations of those who place in question the value of the experimentation. Before I take a position in this matter I would appreciate your comments on the subject, and in view of the interest expressed to me by my constituents I would be very appreciative of an expeditious response.

All the best.

Sincerely,

EDWARD I. KOCH.

MEMORANDUM

Memorandum on experiments being performed on domestic cats at the American Museum of Natural History during the past 15 years with funding from HEW totalling over $400,000.

Sources of information: Grant applications made by the Museum to HEW; Grant approval summaries from HEW; Interview with Arthur Dworken, Reporter for the National Inquirer.

The Experiments:

Conducted by Lester R. Aronson, Chairman & Curator, Dept. of Animal Behavior, and Madeline L. Cooper, Research Fellow.

Purpose of the experiments is to study the interaction of physiological and psychological factors in the development and maintenance of sexual behavior in domestic cats.

Methods include various surgical procedures on the cats such as: blinding, castration, producing lesions on the brain, the desensitization of genitals of the female cats. Although the actual pain to the animal is not mentioned in the grant application, a request for special cages to handle the aggressive behavior demonstrated by cats with brain lesions illustrates some of the effects.

The rationale for this particular study is that 80–90% of all studies of sexual behavior has been done on a few species of rodents and primates.

The conclusions they have drawn are difficult to judge for validity. See p. 21–22 of 1975 grant application.

Questions Raised:

Government waste: The project is funded through 1977 by HEW funds through the National Institute of Child Health and Human Development. As of 1975, $353,000 had been awarded since approximately 1961. $74,571 has been awarded since '75 to carry the project through August 1977.

The scientific validity of the experiments and the subsequent suffering of domestic cats has been seriously questioned. The allegations state that in essence the cats are being tested for their sexual performance under cruel and unusual circumstances, and that the application of such data to human beings has not been adequately shown.

AMERICAN MUSEUM OF NATURAL HISTORY,
New York, N.Y., June 10, 1976.

Hon. EDWARD I. KOCH,
Congress of the United States, House of Representatives, Washington, D.C.

DEAR MR. KOCH: The Director, Dr. Thomas D. Nicholson, is currently on a business trip in Europe. Rather than hold up your letter of June 4th until his return, I am taking the liberty of acknowledging it in his absence.

We regret that your office became concerned with respect to the recent criticisms that have been directed at our research in animal behavior. The study at which the criticism is directed has been going on for more than 20 years. It has always been, and still is, carried on under the most careful conditions, with concern and care for the animals involved. A measure of its significance to sciences, to our understanding of the evolution of behavior in the animal world, to the understanding of the physiology of behavior, and to its relevance for real human problems is the fact that it has been funded, for over 15 years, by the National Institute of Mental Health, after review and approval each year by a group of competent scientists.

It is absurd to describe our facilities, our techniques, and our objectives with words such as "sadistic, torturous, inhumane, brutal, evil, etc.," and with other such phrases found in the letters we (and perhaps you) have received, which imply that we are deliberately mistreating animals for the sake of realizing warped kind of pleasure, or out of a sense of utter disregard for them. The procedures we carry out are done under the most carefully controlled conditions, with real concern for the welfare of the animals we use. Our scientists are more concerned than anyone else for the welfare of their animals! To lose a carefully prepared, trained, and nurtured animal in the midst of a study can be a disaster for the investigation.

It is difficult, if not impossible, to explain any of this to the critics behind these letters. We have tried, in our responses to the phone calls we have received on the same subject. The critics scoff at terms such as "science, ethics, human benefit." We have chosen, therefore, in the responses that we are furnishing, to do nothing that might exacerbate the problem, that could be misconstrued or misused. For your information, I have enclosed a copy of the reply we are using. We regret that we cannot address each one personally, but the volume is too great for us to handle with our limited resources. We will, of course, reply to all the letters your office may refer to us. I have also enclosed a statement that was sent to our Trustees.

Again, we most sincerely regret that some of the burden of this problem has fallen on your office. We will try to contain it as much as we can.

Sincerely.

CHARLES A. WEAVER, Jr.,
Deputy Director for Administration.

THE AMERICAN MUSEUM OF NATURAL HISTORY,
New York, N.Y., May 28, 1976.

DEAR TRUSTEE: I reported briefly to the Management Board, at its May meeting, on the behavioral research that Dr. Lester Aronson has carried on with cats at the Museum for more than 20 years. The occasion for my doing so was prompted by some letters, from an organization calling itself the Society for Animal Rights, Inc., that had been received by Mr. Goelet and a few other Trustees.

Since then, we have received a substantial number of letters (perhaps 200) that appear to have been prompted by a mailing from this source, all critical of the work that Dr. Aronson has been doing. And we have been approached by one weekly newspaper (The National Enquirer) and by one local news service (Eyewitness News) on the subject. Others may become interested, and my point in writing is to alert you to the possibility that you may read or hear in the press (you may already have!) some elements of the story. There have even been suggestions of some picketing on a selected date in June to coincide with the proposed publication of a story in the Enquirer.

We have prepared a statement (copy enclosed) that we have already read to the two reporters who have called, and we shall use a similar statement in response to others who may. In a few instances (such as a letter from the office of the Borough President), we shall prepare a personalized letter and invite the writer in to inspect our work.

We regret that we have been singled out for an attack of this kind, but there is little we can do about it. We should avoid doing anything that might tend to create further reaction. One of the most serious problems we face is that almost anything we say to the writers may be misinterpreted and misused. We have ample evidence of this in the experiences we have had with some who have called rather than written. Another indication of that is found in the document being circulated by the "Society." Again, I have enclosed a copy. Every statement on the document has some element of truth in it. All were taken from our grant applications or reports. Yet all are carefully selected to produce an emphasis that arouses deep and misleading emotions in others.

For example, in the document of the "Society," you will not find one single word or statement accusing the investigators or the Museum of any criminal, unethical, or unreasonable act. The document doesn't accuse us of cruelty, brutality, sadism, horror, or anything else. But these are the inferences being drawn from it by others and reflected in the letters we have received.

I have discussed his work at length with Dr. Aronson. I have no doubts concerning its quality, relevance, or ethics. To the best of our knowledge, it is respected and admired by his peers in science. No medical or veterinary authority, no agency concerned with animal care (including the "Society!") has ever challenged the ethics, legality, morality, or relevance of his work.

I will be away on June 15, the date of the next Management Board meeting. But I have advised Mr. Goelet that, if he or any Board members should desire, Dr. Aronson stands ready to join the Board at that meeting (or accompany it to his laboratory) to describe his work and techniques personally. If you think this would be helpful, please let Mr. Goelet's office know.

Sincerely,

T. D. Nicholson,
Director.

June 16, 1976.

Mr. Charles A. Weaver, Jr.
Deputy Director for Administration, The American Museum of Natural History, New York, NY.

Dear Mr. Weaver: I have your letter of June 10 and the enclosures. I am particularly struck by the statement in the May 28 letter to Trustees which read "Every statement on the document has some element of truth in it." I do not believe I can let the matter rest unless and until I have a detailed statement providing your reasons for conducting the kinds of listed experiments which I have specially noted with a check. I would appreciate a prompt and detailed answer on what is accomplished through such experimentation that is of significant value to humankind so as to permit these experiments considering the pain involved to the test animals.

I am not an anti-vivisectionist, but experimentation on live animals must have a legitimate reason and I would like you to provide me with that legitimate reason, if any.

Sincerely,

Edward I. Koch.

The American Museum of Natural History,
New York, N.Y., June 28, 1976.

Hon. Edward I. Koch,
Federal Building, Federal Plaza,
New York, N.Y.

Dear Mr. Koch: Your letter of June 16 asked for a detailed statement of our reasons for conducting the kinds of research referred to in a flyer printed by the Society for Animal Rights. It might be helpful, in doing so, to provide you first with some background information.

For more than half a century, The American Museum of Natural History has been supporting a research program in animal behavior as part of our broad interest in identifying and explaining diversity in nature. While much of the research is observational and field-oriented, more penetrating analysis and understanding of behavior requires laboratory experimentation. During much of this period, the comparative study of reproductive behavior in a variety of animals—including sea horses, ants, fishes, frogs, birds and rodents—has been one of the major projects in the Museum's animal behavior program. This research was supported continuously from 1935 until 1961 by substantial grants from the National Research Council, a division of the National Academy of Sciences; from 1953 to 1956 by the National Institutes of Health; from 1961 to 1963 by the National Institute of Mental Health; and has been supported from 1963 to the present by the National Institute of Child Health and Human Development.

These grants have all required frequent reviews as to their worthiness by leading scientists of the country. The numerous and invariably favorable reports by review panels over all these years is our best assurance that this research is not only important to the Museum's scientific program, but that it also makes a major contribution to our nation's scientific endeavor. This research adds to the fund of basic knowledge available to the applied researcher in his quest for solutions to the ever-growing problems of mankind.

It is universally understood that a basic understanding of nature is the sine qua non of all applied research. Dr. Lester Aronson's past and present studies of the endocrinological, neurological and psychological factors controlling reproductive behavior provide a significant portion of the basic knowledge that will eventually contribute to solutions of such important and distressful human problems as the treatment of sexual offenders, impotence, frigidity, infertility and population control, as well as more general problems such as nervous disorders and endocrine dysfunction. The research also contributes to the solution of certain veterinary problems and to the effective breeding of farm animals.

A good deal of the research on sexual behavior has been conducted on rodents, especially laboratory rats. This research, by itself, would lead to a one-sided and inadequate understanding of the factors controlling this behavior if it were not complemented by studies on other animals such as cats (in the Museum's laboratory), dogs, monkeys and chimpanzees (in other laboratories), as well as studies on a number of lower vertebrates and invertebrates.

Now, I will be more specific in answering your questions. The research conducted at the Museum conforms strictly to the humane standards set by the National Institutes of Health, the American Physiological Society and the American Psychological Association. It also conforms in all respects to the position taken on animal experimentation by the American Humane Association as described in an article entitled "Research Animals: The AHA Viewpoint," by Robert L. Hummer, the Association's veterinary consultant.

It is important to note that the statements made in its brochure by the Society for Animal Rights were taken from grant applications over the past fifteen years, and not from final reports. Consequently, in at least two cases cited, the research projects were never actually carried out. Most of the remainder are projects that have long since been completed. In fact, the only research currently being conducted by the Museum on cats deals with problems that affect humans—those of hypo—and hypersexuality. In humans, small lesions in a specific part of the brain, called the amygdala, are believed to cause this abnormal behavior, and we are investigating the nature of those problems by replicating it in cats.

The results of the research by Dr. Aronson and his associates have been published in leading professional books and journals, where the manuscripts are selected for publication by scientific judges (referees) and editors. This, too, attests to the value of the research and to Dr. Aronson's standing in the scientific community.

It might also be of interest to you that Dr. Aronson is a Fellow of the New York Academy of Sciences, a Fellow of the Animal Behavior Society, a Fellow of the New York Zoological Society and a member in good standing of several other professional societies. He is also listed in the current "Who's Who in America" and "American Men of Science."

In our judgment, anything that would hinder Dr. Aronson's research and the similar research by his colleagues in other institutions, would be a distinct disservice to the thousands of people afflicted with sexual problems whose hopes have been raised by the research programs encouraged by the National Institutes of Health. To these people, and to their friends and relatives, the value of this basic research is ultimately beyond measure.

Sincerely,

Thomas D. Nicholson,
Director.

SCHEDULING FOR FLOOR DEBATE OF THE OUTER CONTINENTAL SHELF LANDS ACT AMENDMENTS OF 1976

(Mr. MURPHY of New York asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MURPHY of New York. Mr. Speaker, a number of Members have expressed concern about the failure of the House to finish consideration of H.R. 6218, the Outer Continental Shelf Lands Act Amendments of 1976. I believe it appropriate to explain why this important piece of energy legislation has been delayed.

As some of the Members might recall,

H.R. 6218 was pending before the Rules Committee for almost a month. Because of opposition by some minority members, we were not able to obtain a rule until May 26, 1976. At the time the Rules Committee considered the bill, I warned that any delay at that time would interfere with prompt legislative consideration of the issues involved in OCS exploration and development and the reforms included in H.R. 6218. I urged prompt consideration, noting that any delay would result in the scheduling of H.R. 6218 at the time appropriation bills and conference reports would be considered during the month of June. Under the rules of the House and the procedures adopted this year, appropriation bills and conference reports have precedence over any other legislation.

My predictions, and my fears, have unfortunately been confirmed. While we were able to schedule general debate and consider a few amendments and were able to dispose of the minority substitute, there has not been sufficient time for the necessary floor debate which would take at least a full day. I have repeatedly requested and urged both the Speaker and the majority leader for placement on the calendar this week. Because of these requests, we were scheduled, but because of extended consideration of appropriation bills and conference reports, we had to, again and again, be rescheduled.

Delay in consideration of this legislation had been requested by the minority. It opposed this request.

When I learned today that we might not be considered this week, I immediately contacted both the Speaker and the majority leader. Item by item, we went over the list of bills that had not yet been considered, or which had not yet completed consideration. I was told that there was no way to schedule H.R. 6218 prior to the July recess.

I have now received a commitment from the Speaker and we are now scheduled for Tuesday, July 20, 1976, for full and complete debate and final vote.

The OCS bill is an important part of the congressional energy package. I hope that we will receive Members' support for its passage on July 20 and for the defeat of any weakening amendments and acceptance of a small number of amendments on which a majority of the Committee is now in agreement.

After passage, we can quickly move to a conference and then place a bill on the President's desk.

I share some Members' concern that delay in the passage of H.R. 6218 will allow lease sales on some of our frontier areas to occur without the use of the new bidding systems and some other possible protections. I have today written a letter to the Secretary of the Interior requesting that he temporarily postpone further lease sales until the House and the Senate complete consideration of reforms to the Outer Continental Shelf Lands Act of 1953.

I would hope that the Secretary of the Interior will comply with this request, inasmuch as it will alleviate the fears of those people in the frontier areas, perhaps prevent interminable legal delays and, in the long run, accelerate the retrieval of petroleum resources from our Outer Continental Shelf.

PERSONAL EXPLANATION

Mr. MIKVA. Mr. Speaker, I had to leave the Friday, June 25, 1976, session of the House early because of the press of some important district matters. As a result, I missed the last three votes of the Friday session.

Had I been present, I would have voted "yes" on rollcall No. 461, an amendment to the Interior Department appropriation providing more funds for energy conservation. I would have voted "no" on rollcall No. 462 to recommit the Interior Department appropriation, and "yes" on rollcall No. 463, final passage of the 1977 appropriaiton for the Department of the Interior and related agencies.

LEGISLATION TO REMOVE ALLOCATION CONTROLS FROM MIDDLE DISTILLATES

(Mr. SHARP asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SHARP. Mr. Speaker, the House has before it a proposal from the Federal Energy Administration to remove price and allocation controls from middle distillates.

Today, I have filed legislation compelling the removal of allocation controls from middle distillates, but retaining, for the time being, price controls.

A number of House Members joined in a letter to Federal Energy Administration Administrator Frank Zarb expressing our concern about the FEA proposals before the Congress and explaining our decision to vote to disapprove those proposals and file alternative legislation.

In order to provide a fuller discussion of the issues involved, I thought that the Members of the House might benefit from reading the full text of the letter to Mr. Zarb.

I therefore include the text of the letter to be inserted into the Congressional Record immediately following the text of the legislation filed today by myself, and cosponsored by Mr. Dingell, Mr. Wirth, and Mr. Brodhead.

H.R. 14609

A bill to compel the removal of mandatory allocation controls from middle distillates and to convert the authority to require the allocation of this category of petroleum products to a standby status

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 1(a). The Congress hereby finds that—

(1) Provisions of the regulations promulgated by the Federal Energy Administration under section 4(a) of the Emergency Petroleum Allocation Act of 1973 as they relate to mandatory allocation of middle distillates are causing unnecessary market distortions and inequities;

(2) Mandatory allocation requirements which are currently in effect impact unequally on independent refiners and independent marketers to their competitive disadvantage and to the ultimate loss to the consumer;

(3) the withdrawal of allocation controls would produce many positive benefits and does not carry with it the same potential for severe consequences which may attend removal of price controls should shortages develop;

(4) an increase of distillate prices to world market levels in the absence of controls would result in adverse effects on employment and the gross national product significantly impairing further economic recovery and, therefore, the removal of any vestige of a restraint on the upward movement of distillate prices at this time constitutes a risk which should not be taken.

(5) Notwithstanding the circumstances set forth in paragraphs (1) through (4) the Federal Energy Administration seems disinclined to either modify the allocation requirements in a manner which more appropriately carries out the Congressionally defined objectives of the Emergency Petroleum Allocation Act or to submit to the Congress a proposal to remove mandatory allocation controls separate and apart from proposals which seek to simultaneously dismantle the price regulatory mechanisms.

(b) It is, therefore, the purpose of this Act to compel the removal of mandatory allocation controls from middle distillates and to convert the authortiy to require the allocation of this category of petroleum products to a standby status. The compelled removal of allocation requirements applicable to middle distillates provided for in this Act is intended to be without prejudice to the reimposition of controls as contemplated under, and in the manner described in, section 12(f) of the Emergency Petroleum Act of 1973.

Sec. 2. Not later than the first day of the second full month which begins after the date of enactment of this Act, the President shall promulgate and make effective an amendment to the regulation under section 4(a) of the Emergency Petroleum Allocation Act exempting middle distillates from those provisions of such regulation as they pertain to the allocation of amounts of any such petroleum products. Such amendment shall take effect under its terms without regard to the provisions of section 12 of the Emergency Petroleum Allocation Act of 1973, except that requirements pertaining to the allocation of amounts of middle distillates may be reimposed pursuant to the authorities and procedures provided in section 12(f) of that Act. For the purposes of this Act, the term "middle distillates" means number 2 heating oil and number 2–D diesel fuel, number 1 heating oil, number 1–D diesel fuel and kerosene, such as terms are further described in the regulation under section 4(a) of the Emergency Petroleum Allocation Act of 1973.

House of Representatives,
Washington, D.C., June 29, 1976.

Honorable Frank G. Zarb,
Administrator, Federal Energy Administration, New Post Office Building, Washington, D.C.

Dear Mr. Zarb: With mixed feelings of regret and frustration, we must inform you of our opposition to the Administration's proposals to remove middle distillates from price and allocation controls. In our opinion you have confronted the Congress with a Hobson's choice. We are asked to accept your belief in the benign consequences of decontrol or continue in effect without change a system of price and allocation restraints which are patently flawed and operating to the detriment of the consumer and those engaged in the marketing of petroleum products. Neither alternative is acceptable.

The pricing controls applicable to distillates find their antecedents in regulations originally cast by the Cost of Living Council over three years ago. Various modifications have been made to these regulations during the intervening three years, but the fundamental method and character of that regulatory scheme have persisted unchanged. Similarly, the supplier/purchaser relationships which form the basis of FEA's allocation controls were constructed in December of 1973 during the height of an embargo and a time of extreme shortage. They, too, have remained fundamentally unchanged in their basic design, despite minor adjustments which have been required.

We find it difficult to believe that the basic regulatory pricing and allocation schemes selected in 1973 are the only means of assuring attainment of the public policy objectives set forth in the Emergency Petroleum Allocation Act. Surely the Administration's creative abilities did not end following the publication of its initial regulations in 1973. Nothing in the Allocation Act requires the agency to steadfastly adhere to the regulatory mechanisms originally selected. Indeed, the Congress has equipped the agency with great latitude and a full measure of flexibilitiy to respond to the changing conditions of a dynamic marketplace. Yet FEA has obstinately refused to revise its regulations, which it admits to be flawed, so as to render them more appropriate to current needs and circumstances.

The existing regulatory scheme is a web of FEA's own making. It is not enough to say, therefore, that the Congress should acquiesce in the removal of controls because to do otherwise would saddle the economy and the American people with a system that operates inefficiently and inequitably. We believe that it is your duty to improve the regulatory system before proposing to remove the mantel of protection which it is designed to afford. In this regard, the Energy Policy and Conservation Act called upon the Administration to conduct a public hearing and invite written comments on the adequacy of, and continuing necessity for, FEA's present mandatory petroleum allocation and price regulations. The Act directed you to consider alternatives and amendments to these regulations which would permit them to more nearly achieve the objectives set forth in the Allocation Act. Approximately 460 oral and written comments were received. Both participants in this proceeding must seriously question whether FEA engaged in this examination in good faith. It appears FEA has turned a deaf ear to many thoughtful proposals for modification of the regulatory scheme, preferring instead to pursue with single-minded determination its commitment to removal of price and allocation controls at the earliest possible moment.

We are satisfied that the existing supplier/purchaser requirements of the regulation have been fully discredited by changed circumstances and the recalcitrance of the agency in refusing to evolve these regulations in a creative manner to address current needs and market conditions. To continue this regulatory scheme in effect stifles competition and works unnecessary hardship on those engaged in the marketing of petroleum products. Accordingly, we do not object to those portions of the Administration's proposals which call for the removal of allocation controls on middle distillates. Indeed, we think the case may be equally strong for removing allocation controls with respect to the marketing of gasoline. In that case, however, we believe a condition precedent to the removal of allocation controls is establishment of protections for franchised branded marketers against arbitrary cancellation or failure to renew established franchise relationships.

The pricing regulations, like the allocation requirements, have outstanding blemishes which require treatment. We believe, however, that the Congress simply cannot and should not acquiesce in their unqualified removal at this time. The pricing provisions of the Energy Policy and Conservation Act have played a central role in stabilizing petroleum prices, thereby slowing the rate of inflation and stimulating economic recovery. To remove these controls from the refinery level as we approach the coming winter seems to risk too much.

This is not to say that we believe the price controls should be continued in their present form. On the contrary, we would urge the FEA to consider removing controls downstream of non-integrated refineries and to consider alternatives to the present system as it applies at the refinery level. Nevertheless, we cannot agree to a removal of price controls altogether. If FEA would place a fraction of the effort it has devoted to decontrol to the task of revising existing controls to conform them to current market conditions we are confident that the aberrations in the existing price mechanisms can be exorcised from the regulatory scheme.

You contend in your submission to the Congress that refinery capacities and petroleum product supplies are adequate to meet anticipated demand. All other aspects of your analysis turn on the correctness of this fundamental premise. Should you prove incorrect, prices will inexorably rise to world market levels with the consequence that the entire industrial base which is dependent upon middle distillates and residual fuel oil (already decontrolled) will carry the burden of OPEC-determined world market prices. Also, the 17 million homeowners who heat their home with No. 2 fuel oil will be able to do little to avoid paying OPEC prices for this essential of life. As a result, the nation will have lost the consumer and economic protection which the Congress sought to secure through the pricing provisions of the Energy Policy and Conservation Act. The consequences of error are simply too great for us to rely upon your analysis.

For these reasons we intend to support a resolution of disapproval of Energy Actions Nos. 3 and 4. We felt compelled, however, to state in this manner our reasons for opposing the proposal and for urging the FEA to adopt a more enlightened and flexible approach to the task of phasing out controls. To carry out our views regarding removal of allocation controls, we have today introduced legislation which would convert the allocation controls to a standby basis while preserving the price regulatory requirements. We stand ready to work with you and other representatives of the Administration in an effort to make the price regulatory mechanisms more responsive to existing market circumstances. Toward that end we are enclosing a copy of our legislation and look forward to further communications with you respecting this most important matter.

Sincerely,

John D. Dingell,
Timothy E. Wirth,
Philip R. Sharp,
William M. Brodhead,
Members of Congress.

CONFERENCE REPORT ON H.R. 14235

Mr. SIKES submitted the following conference report and statement on the bill (H.R. 14235) making appropriations for the military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes:

Conference Report (H. Rept No. 94–1314)

The committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14235) "making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 5.

That the House recede from its disagreement to the amendments of the Senate numbered 7, 8, 9, 10, 11, and 12, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$580,868,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$549,935,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$788,079,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$41,396,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendment numbered 6.

Robert L. F. Sikes,
Edward J. Patten,
Gunn McKay,
John P. Murtha,
Tom Steed,
George Mahon,
Bill Chappell,
Robert C. McEwen,
Burt Talcott,
E. A. Cederberg,
Managers on the Part of the House.

Mike Mansfield,
John L. McClellan,
Daniel K. Inouye,
J. Bennett Johnston, Jr.,
Walter D. Huddleston,
Stuart Symington,
Howard W. Cannon,
Warren G. Magnuson,
Ted Stevens,
Milton R. Young,
Henry Bellmon,
Edward W. Brooke,
John Tower,
Clifford P. Case,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

Amendment No. 1, Military construction, Army: Appropriates $580,868,000 instead of $571,565,000 as proposed by the House and $611,537,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Fort Bragg, North Carolina: Barracks complex	+$4,694,000
Fort Carson, Colorado: Dental clinic	+1,922,000
Fort Greely, Alaska: Field house addition	+2,854,000
Fort Hood, Texas: Tactical equipment shops and facilities	+5,036,000
Fort Lewis, Washington: Dental clinic	+1,900,000
Fort Polk, Louisiana:	
Barracks complex	+1,333,000
Bachelor officer quarters	+257,000
Fort Stewart/Hunter Army Airfield, Georgia: Bachelor officer quarters	+144,000
Fort Wainwright, Alaska: Sprinkler system, aircraft hangars	+2,061,000
Fort Gordon, Georgia: Regional dental activity	+2,224,000
Fort Knox, Kentucky: Dining facilities modernization	+2,612,000
Fort Leonard Wood, Missouri: Dining facilities modernization	+1,686,000
Planning: Tripler Army Hospital, Hawaii	+2,000,000
Planning: Studies on alternate uses of closed military installations and the environmental impact of such uses	+2,000,000
Impact assistance: SAFEGUARD telephone cooperative	+3,500,000
Fort Drum, New York: Medical facility	−1,286,000
Fort McCoy, Wisconsin: Barracks with dining facility	−1,238,000
Fort Stewart/Hunter Army Airfield, Georgia: Barracks complex	−497,000
Fort Bliss, Texas: Hospital annex	−8,899,000
Overall funding reduction	−13,000,000

The House conferees feel that the Army should attempt to shorten the duration of the present Army initial entry training for infantry to see if adequate training can be achieved with a saving of time and cost.

The conferees are in agreement that the two projects at Fort Benning, Georgia, the reception station and training facilities (Phase II), will be deferred pending the completion of the Army study on the one-station training concept due in November, 1976. The conferees are further agreed that both houses of the Congress will consider these two projects in the fiscal year 1978 budget contingent upon the results of the Army study.

The conferees are agreed that the aeromedical research laboratory at Fort Rucker, Alabama, will be deferred pending a restudy to ensure that there is not a duplication of this research activity within the three services. The conferees further agree that full-scale hearings in both houses of the Congress should be held on this subject during the consideration of the fiscal year 1978 military construction bill.

The conferees are in agreement that up to $3,500,000 may be spent for impact assistance to nonprofit mutual aid telephone cooperatives for their capital expenditures at SAFEGUARD sites.

Amendment No. 2, Military construction, Navy: Appropriates $549,935,000 instead of $526,252,000 as proposed by the House and $578,301,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Trident:	
Trident community impact assistance	+$6,000,000
Trident facilities (phase IV)	+$309,000
Nuclear Weapons Security, Inside the United States	+5,455,000
Marine Corps Base, Camp Lejeune, North Carolina: Bachelor enlisted quarters	+595,000
Marine Corps Base, Camp Pendleton, California: Bachelor enlisted quarters	+427,000
Naval Support Activity, New Orleans, Louisiana: Bachelor enlisted quarters with mess addition	+1,400,000
Naval Submarine Base, Pearl Harbor, Hawaii: Torpedo retriever facility	+975,000
Naval Academy, Annapolis, Maryland: Air-conditioning midshipmen mess	+1,418,000
Naval Regional Medical Center, San Diego, California: Land acquisition (Murphy Canyon)	+3,843,000
Naval Construction Battalion Center, Gulfport, Mississippi: Maintenance and repair facility	+4,287,000
Naval Ordnance Station, Indian Head, Maryland: Replacement of comptroller office	+878,000
Naval Shipyard, Pearl Harbor, Hawaii: Electrical shop modernization	+7,400,000
Planning and design	+1,500,000
Naval Station, Norfolk, Virginia: Berthing pier	−2,700,000
Naval Air Station, Moffett Field, California: Consolidated communication center	−782,000
Naval Shipyard, Pearl Harbor, Hawaii: Machine shop modernization	−1,761,000
Naval Magazine, Guam, Mariana Islands: High explosive magazines	−1,861,000
Overall funding reduction	−3,700,000

The House agreed to restore $6,000,000 of the $9,000,000 it had deleted from the $11,000,000 request for community impact assistance at the Trident Support Site, Bangor, Washington. The conferees are in agreement that they have no objections to funding the Department of Defense's portion of appropriate community impact requirements as they are developed.

The House agreed to an increase of $309,000 to raise the statutory square foot cost limitation for bachelor enlisted and bachelor officer quarters at the Trident site as was provided in the authorizing legislation.

The conferees are in agreement that any restrictions by Committees on Appropriations which would prohibit the Navy from proceeding with design effort with regard to modernization of the Naval Hospital, San Diego, California, are hereby removed.

This project has been studied in considerable detail by the Navy, the Department of Defense, the General Accounting Office, and the Committees on Appropriations of the Senate and House of Representatives. As a result of all of these efforts, significant problems have been highlighted and a new approach toward defining requirements for military hospitals is evolving, particularly as a result of innovative work accomplished by the General Accounting Office.

The approach taken in defining hospital bed requirements at San Diego and other military hospitals should, to the maximum extent possible, reflect the lessons learned in this effort.

The conferees wish to state that with regard to the programming of hospital beds in new hospitals, the provisions of section 750 of Public Law 94–212 do not apply. There is total agreement between the Committees on Appropriations of the two houses that the impetus for section 750 resulted from underutilization of existing military hospital beds and the purpose of section 750 applies to the proper utilization of beds in existing military hospital facilities. Therefore, this provision is not to be used as a rationale for justifying a certain number of hospital beds in new hospital facilities or in hospital facilities which are being extensively modified.

The Committees do regard as legitimate programming factors considerations of mobilization requirements, where that need can be justifiably supported; unique medical capabilities which may require additional beds, such as a burn center; overall cost to the Government of in-house military versus CHAMPUS care if supported by careful economic analysis; and the extent of support available from other Federal or civilian hospitals in the locality. These can be used to adjust the results of the basic computations for defining hospital bed requirements for support of active duty individuals and their dependents based upon the methodology developed by the General Accounting Office and using hospital specific data as discussed in the House report on page 13.

With regard to the programming of beds for retirees and dependents of retired and deceased military personnel at military hospitals, the conferees feel that the current guidelines which allow a 5 percent increase in nonteaching hospitals and a 10 percent increase in beds in teaching hospitals should be carefully reviewed. The Committees note that these guidelines were established some years ago and that programs for training military medical personnel are changing. The conferees also note that the retired military population has been increasing and that this population tends to concentrate in some areas and not in others. Until this review is accomplished, these guidelines should be adhered to and any exceptions should be well documented and justified to the Congress.

The conferees are aware of the increasing retired population in some parts of the country and DOD's moral commitment to provide for their health care needs. However, to maximize the effect of the dollars spent for these beneficiaries and to ensure that construction programs do not overbuild health care facilities, the conferees feel that better coordination is necessary between the Federal and civilian medical sectors. Therefore, the conferees recommend that the Department of Defense develop policies which enable it to make maximum and cost effective use of existing adequate hospital assets, be they Defense, Veterans Administration, Public Health, or civilian hospitals. Furthermore, future bed capacity, particularly any additional capacity to care for retired personnel should be planned in conjunction with Federal and civilian health care representatives.

With regard to the scope of the San Diego hospital, the Committees will expect the Navy to define the scope of this hospital using hospital specific data and to refrain from making any allowances to accommodate within the military hospital workload currently being supported by CHAMPUS unless it can be proven that by so doing economic benefits will result to the government as a whole. Provided that the military can justify that they are required at this hospital, beds may be programmed to meet military mobilization requirements as specified by the Secretary of Defense. The Navy should keep the Committees informed of their progress.

With regard to programming of beds for retired military personnel and dependents of retired and deceased military personnel, the Committees feel that the Navy should follow the guidelines set forth by the Office of the Secretary of Defense which specify an allowance of an additional 10 percent of beds to serve these categories of personnel. However, if the Navy and the Office of the Secretary of Defense feel there is good reason to deviate from these guidelines, the issue should be faced squarely and the reasons should be set forth in detail and justified to the Congress.

The conferees are in agreement that the Navy must decide upon the best location of the San Diego hospital and justify their decision, while taking full consideration of a number of factors, including comparative economics of cost of construction and efficiency of operation, safety, environmental impact, and convenience to the population served.

The conferees have approved the purchase of land at Murphy Canyon in the amount of $3,843,000 to be used for family housing or for a hospital site if appropriate.

The conferees agreed to delete $1,000,000 from the request for a quality assurance facility at Naval Shipyard, Pearl Harbor, Hawaii. Funds provided are sufficient to provide the new facility and upgrade existing administrative spaces supporting this activity.

Amendment No. 3, Military construction, Air Force: Appropriates $788,079,000 instead of $777,900,000 as proposed by the House and $809,176,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Tinker Air Force Base, Oklahoma: Airmen dormitories	+$34,000
Northwest United States: Sea-launched ballistic missile radar technical support facilities	+6,065,000
Columbus Air Force Base, Mississippi: Flight simulator training facility	+5,717,000
Andrews Air Force Base, Maryland: Utilities	+3,005,000
Malmstrom Air Force Base, Montana: Addition to recreation center	+978,000
Moody Air Force Base, Georgia: Addition to base supply facility	+450,000
Tyndall Air Force Base, Florida: Airmen dormitories	−4,300,000
Arnold Engineering Development Center, Tennessee: Energy conservation	−578,000
Williams Air Force Base, Ariz.:	
Aircraft instrument landing and navigation facility	−122,000
Aircraft instrument landing and navigation facility	−210,000
Altus Air Force Base, Oklahoma: Aircraft instrument landing and navigation facility	−145,000
Travis Air Force Base, California: Aircraft instrument landing and navigation facility	−220,000
Thule Air Base, Greenland: Aircraft instrument landing and navigation facility	−495,000

The conferees are in agreement that the weapons systems engineering facility at Robins Air Force Base, Georgia, can be deferred without prejudice, to be considered as a future request.

The conferees approved a flight simulator training facility at Columbus Air Force Base, Mississippi, in the amount of $5,717,000. The conferees are in agreement that before a contract for this project is awarded the Secretary of the Air Force should certify to the Committees on Appropriations of the Senate and House of Representatives that the project is required for the purpose for which it is intended and at the scope authorized.

At Hickam Air Force Base, Hawaii, the conferees have approved the construction of an addition to an aircraft operational apron. The Air Force is directed to fund this project out of current savings.

The conferees are in agreement that $3 million of the monies appropriated for Air Force planning and design is to be used to conduct such studies as may be required in regard to alternative Federal or state use of certain military installations which have been identified for closure.

Amendment No. 4: Military construction, Defense Agencies: Appropriates $41,396,000 instead of $40,896,000 as proposed by the House and $49,396,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Defense Nuclear Agency:	
Enewetak Auxiliary Airfield, Marshall Islands / Trust Territory of the Pacific Islands: Cleanup of Enewetak Atoll	+$5,000,000
Armed Forces Radiobiology Research Institute, Bethesda, Maryland: Animal research facility	−4,500,000

Amendment No. 5, Military construction, Defense Agencies: Restores language concerning Enewetak proposed by the House and stricken by the Senate.

Amendment No. 6, Military construction, Defense Agencies: Reported in technical disagreement.

The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

"All feasible economies should be realized in the accomplishment of this project, through the use of military services' construction and support forces, their subsistence, equipment, material, supplies and transportation, which have been funded to support ongoing operations of the military services and would be required for normal operations of these forces. Further, such support should be furnished without reimbursement from military construction funds."

The managers on the part of the Senate will offer a motion to recede and concur in the amendment of the House to the amendment of the Senate.

The conferees agreed to provide the $20,000,000 requested for the cleanup of Enewetak Atoll. It is the intent of the conferees that each of the services provide construction and support troops together with essential organic equipment, material, supplies, and subsistence to enable these forces to complete this project. Such equipment, materials, supplies, and subsistence should not exceed that which would be required for support of these forces in normal operations. Support troops identified are harbor clearance, chaplains, finance, transportation boat, field radiological, medical, laundry, petroleum, oil and lubricants, and Military Airlift Command airfield teams.

Amendment No. 7, Military construction, Naval Reserve: Appropriates $23,600,000 as proposed by the Senate instead of $23,300,000 as proposed by the House.

Amendment No. 8, Family housing, Defense: Appropriates $1,304,523,000 as proposed by the Senate instead of $1,302,847,000 as proposed by the House.

Amendment No. 9, Family housing, Defense: Appropriates $34,410,000 as proposed by the Senate instead of $42,360,000 as proposed by the House.

Amendment No. 10, Family housing, Defense: Appropriates $35,175,000 as proposed by the Senate instead of $44,665,000 as proposed by the House.

Amendment No. 11, Family housing, Defense: Appropriates $10,966,000 as proposed by the Senate instead of $16,850,000 as proposed by the House.

The conferees are in agreement that the Secretary of the Air Force should provide assurances to the Committees on Appropriations of the Senate and House of Representatives that an adequate water supply is available before constructing the 40 family housing units at Gila Bend Auxiliary Airfield, Arizona.

Amendment No. 12, Family housing, Defense: Appropriates $1,065,200,000 as proposed by the Senate instead of $1,040,200,000 as proposed by the House.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1977 recommended by the Committee of Conference, with comparisons to the fiscal year 1976 amount, the 1977 budget estimates, and the House and Senate bills for 1977 follows:

New budget (obligational) authority, fiscal year 1976	$3,585,014,000
Budget estimates of new (obligational) authority, fiscal year 1977	3,467,000,000
House bill, fiscal year 1977	3,293,118,000
Senate bill, fiscal year 1977	3,426,891,000
Conference agreement	3,338,759,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1976	−246,255,000
Budget estimates of new (obligational) authority, fiscal year 1977	−128,241,000
House bill, fiscal year 1977	+45,641,000
Senate bill, fiscal year 1977	−88,132,000

Robert L. F. Sikes,
Edward J. Patten,
Gunn McKay,
John P. Murtha,
Tom Steed,
George Mahon,
Bill Chappell,
Robert C. McEwen,
Burt Talcott,
E. A. Cederberg,
Managers on the Part of the House.

Mike Mansfield,
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J. Bennett Johnston, Jr.,
Walter D. Huddleston,
Stuart Symington,
Howard W. Cannon,
Warren G. Magnuson,
Ted Stevens,
Milton R. Young,
Henry Bellmon,
Edward W. Brooke,
John Tower,
Clifford P. Case,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Regula) to revise and extend their remarks and include extraneous material:)

Mr. Erlenborn, for 60 minutes, on July 2, 1976.

Mr. McKinney, for 5 minutes, today.

Mr. Steiger of Wisconsin, for 30 minutes, today.

Mr. Michel, for 60 minutes, on July 1, 1976.

Mr. Michel, for 60 minutes, on July 2, 1976.

Mr. Brown of Ohio, for 15 minutes, on July 2, 1976.

(The following Members (at the request of Mr. Sharp) to revise and extend their remarks and include extraneous matter:)

Mr. Annunzio, for 5 minutes, today.
Mr. Gonzalez, for 5 minutes, today.
Mr. Rose, for 5 minutes, today.
Mr. Cotter, for 5 minutes, today.
Ms. Holtzman, for 15 minutes, today.
Mrs. Mink, for 10 minutes, today.
Ms. Abzug, for 15 minutes, today.
Mr. Mathis, for 15 minutes, today.
Mr. Moss, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Bolling, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $858.

Mr. Stephens, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $715.

Mr. Harrington, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $2,002.

Mr. Jenrette to revise and extend his remarks immediately preceding vote on Moore amendment on H.R. 14260.

Mr. Passman to revise and extend his remarks on H.R. 14260 and include extraneous matter including tables and charts.

(The following Members (at the request of Mr. Regula) and to include extraneous matter:)

Mr. Gilman in two instances.
Mr. Erlenborn.
Mr. Sarasin in two instances.
Mr. Mitchell of New York.
Mr. Steiger of Arizona in three instances.
Mr. O'Brien.
Mr. Esch.
Mr. Young of Alaska.
Mr. Vander Jagt.
Mr. Carter.
Mr. Wiggins.
Mr. Derwinski in four instances.
Mr. Collins of Texas in two instances.
Mr. Lott.
Mr. Grassley.
Mr. Emery.

(The following Members (at the request of Mr. Sharp) and to include extraneous matter:)

Mr. Gonzalez in three instances.
Mr. Anderson of California in three instances.
Mr. McDonald in three instances.
Mr. Simon.
Mr. Mathis.
Mr. Murtha.
Mr. Minish.
Mr. Hungate.
Mr. Charles Wilson of Texas.
Mr. de la Garza.
Mr. Slack.
Mrs. Burke of California.
Mr. Russo.
Mr. Adams.
Mr. Davis.
Mr. Maguire.
Mr. Mazzoli.
Mr. Meeds.
Mr. Hawkins.
Mr. McCormack.
Mrs. Spellman.
Mr. Brademas in three instances.
Mr. Thompson in three instances.
Mr. Mann.
Mr. Roe in two instances.
Mr. Addabbo.
Mr. Dingell in three instances.
Mr. Wolff.
Mrs. Collins of Illinois.
Mr. Carney in two instances.
Mr. Bingham.
Mr. Rangel.

ENROLLED BILL SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 12203. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on June 28, 1976, present to the President, for his approval, a bill of the House of the following title:

H.R. 8471. An act to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone.

ADJOURNMENT

Mr. SHARP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 53 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, June 30, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3568. A letter from the District of Columbia Auditor, transmitting a copy of his report entitled "Actual Funding of New Programs in Fiscal Year 1975," pursuant to section 455 of Public Law 93–198; to the Committee on the District of Columbia.

3569. A letter from the Administrator, Federal Energy Administration, transmitting a report on the economic impact of energy actions, pursuant to section 18(d) of Public Law 93–275; to the Committee on Interstate and Foreign Commerce.

3570. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to provide for acquisition of lands in connection with the International Tijuana River flood control project, and for other purposes, together with a final environmental statement for the project; jointly, to the Committees on International Relations, and Public Works and Transportation.

Received From the Comptroller General

3571. A letter from the Comptroller General of the United States, transmitting the first in a series of reports on his review of New York City's progress under its 3-year financial plan, pursuant to section 10 of Public Law 94–143; jointly, to the Committees on Banking, Currency and Housing, and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PEPPER: Committee on Rules. House Resolution 1383. Resolution waiving all points of order against the conference report on H.R. 12438. A bill to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes (Rept. No. 94–1311). Referred to the House Calendar.

Mrs. SULLIVAN: Committee on Merchant Marine and Fisheries. Report on allocation of budget totals to subcommittees. (Rept. No. 94–1312). Referred to the Committee of the Whole House on the State of the Union.

Mr. PEPPER: Committee on Rules. House Resolution 1387. Resolution providing for the consideration of S. 3625. A bill to extend the expiration date of the Federal Energy Administration Act of 1974 (Rept. No. 94–1313). Referred to the House Calendar.

Mr. SIKES: Committee of conference. Conference report on H.R. 14235. (Rept. No. 94–1314). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H.R. 14593. A bill to revise and reorganize the classification and the rates of duty on certain pipes and tubes and blanks therefor of iron or steel; to the Committee on Ways and Means.

By Mr. DIGGS (by request):

H.R. 14594. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act with respect to the borrowing authority of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. DOWNING of Virginia:

H.R. 14595. A bill to require the Secretary of the Army, acting through the Chief of Engineers, to determine if the requirement that the local government provide a spoil disposal area for the project for Deep Creek, Warwick County (now within the city of Newport News), Va., should be eliminated, if Craney Island disposal area is an appropriate spoil disposal area for such project, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. EVINS of Tennessee (for himself, Mr. Conte, Mr. Baldus, Mr. Carter, Mr. Fish, Mr. Gonzalez, Mr. Hanley, Mr. LaFalce, Mr. McCollister, Mr. St Germain, Mr. James V. Stanton, Mr. Steed, and Mr. Yatron (by request):

H.R. 14596. A bill to amend the Internal Revenue Code of 1954 to provide income tax simplification, reform, and relief for small business; to the Committee on Ways and Means.

By Mrs. FENWICK (for herself and Mr. Cleveland):

H.R. 14597. A bill to amend the Bankruptcy Act to provide a priority for certain debts to consumers; to the Committee on the Judiciary.

By Mr. GREEN:

H.R. 14598. A bill to amend the Tariff Schedules of the United States with respect to the tariff treatment accorded to sheets manufactured from acrylic resin materials; to the Committee on Ways and Means.

By Mr. GREEN (for himself, Mr. Schneebeli, and Mr. Archer):

H.R. 14599. A bill to provide for the temporary suspension of duty on the importation of fluorspar; to the Committee on Ways and Means.

By Mr. GREEN (for himself and Mr. Mills):

H.R. 14600. A bill to amend the Tariff Schedules of the United States with respect to the tariff treatment accorded to technologically advanced, high precision watches and watch movements; to the Committee on Ways and Means.

By Mr. PREYER (for himself, Mr. Hamilton, Mr. Symington, Mr. Udall, and Mr. Hanley):

H.R. 14601. A bill to provide for affording equal educational opportunities for students in the Nation's elementary and secondary schools; to the Committee on Education and Labor.

By Mr. ROBINSON:

H.R. 14602. A bill to provide for the striking of a medal to commemorate the 200th anniversary of the drafting of the Virginia Statute for Religious Freedom; to the Committee on Banking, Currency and Housing.

By Mr. TRAXLER:

H.R. 14603. A bill to amend the National Housing Act to authorize expenditures by the Secretary of Housing and Urban Development for repair of certain dwellings; to the Committee on Banking, Currency and Housing.

By Mr. ANDERSON of California (for himself and Mr. Snyder):

H.R. 14604. A bill to improve air service, remove bureaucratic obstacles, and provide air fare flexibility; to the Committee on Public Works and Transportation.

By Mr. EDGAR (for himself, Mr. Baldus, Mr. Blanchard, Mr. Emery, Mr. Green, Mr. Kemp, Mr. Long of Maryland, Mr. Lott, Mr. Miller of California, Mr. Moakley, Mr. Moorhead of California, Mr. Neal, Mr. Pepper, Mr. Sarasin, Ms. Schroeder, Ms. Spellman, and Mr. White):

H.R. 14605. A bill to amend title 38 of the United States Code in order to extend under certain circumstances the delimiting period for completing veterans' education programs and to provide a teach-down period for veterans who have committed themselves to furthering their education; to the Committee on Veterans' Affairs.

By Mr. FOUNTAIN:

H.R. 14606. A bill to direct the Secretary of the Interior to convey certain mineral interests of the United States to the Farm Bureau of Halifax County, N.C.; to the Committee on Interior and Insular Affairs.

By Mr. FUQUA:

H.R. 14607. A bill to direct the Administrator of General Services to provide for the construction of a public building in Tallahassee, Fla.; to the Committee on Public Works and Transportation.

By Mr. GREEN:

H.R. 14608. A bill to amend title XX of the Social Security Act to provide that no State shall be required to administer individual means tests for the provision of social services defined as group services under the State social service plan, and for other purposes; to the Committee on Ways and Means.

By Mr. SHARP (for himself, Mr. Wirth, Mr. Staggers, Mr. Moss, Mr. Dingell, Mr. Rogers, Mr. Ottinger, and Mr. Brodhead):

H.R. 14609. A bill to compel the removal of mandatory allocation controls from middle distillates and to convert the authority to require the allocation of this category of petroleum products to a standby status; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLFF (for himself, Mrs. Fenwick, Mr. Burke of Massachusetts, and Mr. Murphy of New York):

H. Con. Res. 667. Concurrent resolution expressing the sense of Congress that the President call a White House Conference on Marriage and the Family; to the Committee on Education and Labor.

By Mr. O'NEILL (for himself, and Mr. Rhodes):

H. Res. 1382. Resolution authorizing the intervention of the House Commission on Congressional Mailing Standards in the case of *Common Cause* v. *Bailar et al* (Civil Action No. 1887–73); to the Committee on Rules.

By Mr. RHODES:

H. Res. 1386. Resolution to require adjustments in allowances for Members, officers and committees to be approved by the House, to create a select committee to audit accounts, and for other purposes; jointly, to the Committees on House Administration, and Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CORMAN:

H.R. 14610. A bill for the relief of Martha Castro Maurice; to the Committee on the Judiciary.

By Mr. ESHLEMAN:

H.R. 14611. A bill for the relief of O'Brien Dieselectric Corp.; to the Committee on the Judiciary.

By Mr. McCOLLISTER:

H.R. 14612. A bill for the relief of Gaspar Louis Sayoc; to the Committee on the Judiciary.

By Mr. PIKE:

H.R. 14613. A bill for the relief of Kalman Nadosy, Jr.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

506. By the SPEAKER: Petition of the city council, Elizabeth, N.J., relative to the Financial Reform Act and the Financial Institutions Act; to the Committee on Banking, Currency and Housing.

507. Also, petition of the American Federation of Musicians, AFL–CIO, New York, N.Y., relative to the National Health Security Act; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 13636

By Mr. MYERS of Pennsylvania:

On page 20 after line 17 add the following:

Sec. 113. After Section 527 of the Omnibus Crime Control and Safe Streets Act of 1963 as redesignated by Section 10(c) of this Act, add the following new Section:

"SUNSHINE IN GOVERNMENT

"Sec. 520. (a) Each officer or employee of the Administrator who—

"(1) performs any function or duty under this act; and

"(2) has any known financial interest in any person who applies for or receives financial assistance under this Act or any Act amended by this Act;

"Shall, beginning on February 1, 1977, annually file with the Administrator a written statement concerning all such interests held by such officer or employee during the preceding calendar year. Such statement shall be available to the public.

"(b) The Administrator shall—

"(1) act within ninety days after the date of enactment of this Act—

"(A) to define the term 'known financial interest' for purposes of subsection (a) of this section; and

"(B) to establish the methods by which the requirement to file written statements specified in subsection (a) of this section will be monitored and enforced, including appropriate provision for the filing by such officers and employees of such statements and the review by the Administrator of such statements; and

"(2) report to the Congress on June 1 of each calendar year with respect to such disclosures and the actions taken in regard thereto during the preceding calendar year.

"(c) In the rules prescribed in subsection (b) of this section, the Administrator may identify specific positions within the Administration which are of a nonpolicymaking nature and provide that officers or employees occupying such positions shall be exempt from the requirements of this section.

"(d) Any officer or employee who is subject to, and knowingly violates, this section, shall be fined not more than $2,500 or imprisoned not more than one year, or both."

H.R. 13777

By Mr. GUDE:

Strike out lines 21 through 23 on page 51 and all of page 52 and page 53 and substitute the following:

Sec. 213. (a) Section 2 of the Act entitled "An Act to require the protection, management, and control of wild free-roaming horses and burros in public lands" (Public Law 92–195; 16 U.S.C. 1332) is amended by striking out "and" at the end of subsection (d), by striking out the period at the end of subsection (e) and substituting a semicolon, and by adding the following at the end thereof:

"(f) a 'habitat removal animal' shall be any wild free-roaming horse or burro which the Secretary determines must be removed from an area in order to preserve and maintain the habitat in a suitable condition for continued use by wild free-roaming horses and burros while also maintaining an ecological balance and multiple-use relationship in that area; and

"(g) the term 'multiple-use' has the meaning provided by section 103(c) of the Federal Land Policy and Management Act of 1976."

(b) Subsection 3(c) of such Act (Public Law 92–195; 16 U.S.C. 1333(c)) is amended to read as follows:

"(c) The Secretary, after consulting with the Advisory Board, may order wild free-roaming horses or burros to be captured and destroyed in the most humane manner possible when he deems such action to be an act of mercy or when he determines that such animal is a habitat removal animal, except that, before destroying any habitat removal animal, he shall first make a reasonable effort to provide private maintenance under humane conditions and care.".

(c) Sections 9 and 10 of such Act (Public Law 92–195; 16 U.S.C. 1339, 1340) are renumbered as sections 10 and 11 respectively and the following new section is inserted after section 8:

"SEC. 9. In administering this Act, the Secretary may use or contract for the use of aircraft or motor vehicles. Such use shall be undertaken only under the direct supervision of the Secretary or of a duly authorized official or employee of the Department. The provisions of subsection (a) of section 47 of title 18 of the United States Code shall not be applicable to such use. Such use shall be in accordance with humane procedures prescribed by the Secretary.".

By Mr. SEIBERLING:

On pages 78 and 79, strike Section 404(a) and (b), and insert the following:

"SEC. 404. (a) The Secretary shall, within ten years of the date of enactment of this Act, review withdrawals existing on the date of approval of this Act, in the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming of: (1) all Federal lands other than withdrawals of the public lands administered by the Bureau of Land Management and of lands which, on the date of approval of this Act, were part of Indian reservations and other Indian holdings, the National Forest System, the National Park System, the National Wildlife Refuge System, the National Wild and Scenic Rivers System, and the National Trails System; and (2) all public lands administered by the Bureau of Land Management and of lands in the National Forest System (except those in wilderness areas, and those areas formally identified as primitive natural areas) which closed the lands to appropriation under the Mining Law of 1872 or to leasing under the Mineral Leasing Act of 1920.

"(b) In the review required by subsection (a) of this section, the Secretary shall determine whether, and for how long, the continuation of the existing withdrawal of the lands would be, in his judgment, consistent with the statutory objectives of the programs for which the lands were dedicated and of other relevant programs. The Secretary shall report his recommendations to the President, together with statements of concurrence or nonconcurrence submitted by the heads of the departments or agencies which administer the lands. The President shall transmit this report to the President of the Senate and the Speaker of the House of Representatives, together with his recommendations for action by the Secretary, or for legislation. The Secretary may act to terminate withdrawals in accordance with the recommendations of the President unless before the end of ninety days (not continuing days on which the Senate and the House of Representatives has adjourned for more than three consecutive days) beginning on the day the report of the President has been submitted to the Senate and the House of Representatives either House has adopted a resolution indicating otherwise."

In section 204(c)(1) on page 26, lines 22 and 24, strike the word "five" and insert in lieu thereof "fifty".

In section 204(c)(1) on page 27, line 2, strike the word "five" and insert in lieu thereof "twenty".

On pages 56 and 57, strike all of Subsection (c) and insert a new Subsection as follows:

"(c)(1) When the Secretary determines that assistance is necessary in enforcing Federal laws and regulations relating to the public lands or their resources he shall offer a contract to appropriate local officials having law enforcement authority within their respective jurisdictions with the view of achieving maximum feasible reliance upon local law enforcement officials in enforcing such laws and regulations. The Secretary shall negotiate on reasonable terms with such officials who have authority to enter into such contracts to enforce such Federal laws and regulations. In the performance of their duties under such contracts, such officials and their agents are authorized to execute and serve any warrant or other process issued by a court or officer of competent jurisdiction; make arrests without warrant or process for a misdemeanor he has reasonable grounds to believe is being committed in his presence or view, or for a felony if he has reasonable grounds to believe that the person to be arrested has committed or is committing such felony; serach without warrant or process any person, place, or conveyance according to any Federal law or rule of law; and seize without warrant or process any evidentiary item as provided by Federal law. The Secretary shall provide such law enforcement training as he deems necessary in order to carry out the contracted for responsibilities. While exercising the powers and authorities provided by such contract pursuant to this section, such law enforcement officials and their agents shall have all of the immunities of Federal law enforcement officials.

(2) The Secretary may designate Federal personnel to carry out law enforcement responsibilities with respect to the public lands and their resources. Such designated personnel shall receive the training and have the responsibilities and authority provided for in paragraph (1) of this subsection."

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 28, 1976, page 21070:

HOUSE JOINT RESOLUTIONS

H.J. Res. 971. June 2, 1976. Post Office and Civil Service. Designates September 8 of each year as "National Cancer Day."

H.J. Res. 972. June 3, 1976. Judiciary. Proposes a constitutional amendment which limits the number of terms which Representatives and Senators may serve.

H.J. Res. 973. June 3, 1976. Public Works and Transportation. Redesignates the Birch Lake, Okla., as the John Dahl Lake.

H.J. Res. 974. June 4, 1976. Judiciary. Proposes a constitutional amendment which provides that the term of office for a Member of the House of Representatives shall be 4 years. Limits to three the number of consecutive terms a Member may serve in the House and Senate.

H.J. Res. 975. June 7, 1976. Post Office and Civil Service. Authorizes the President to designate October 8, 1976, as "National Chess Day."

H.J. Res. 976. June 8, 1976. Post Office and Civil Service. Designates September 8 of each year as "National Cancer Day."

H.J. Res. 977. June 8, 1976. Post Office and Civil Service. Designates the fourth Sunday in April of each year as "Hudson River Day."

H.J. Res. 978. June 8, 1976. Post Office and Civil Service. Authorizes the President to issue a proclamation recognizing the 250th anniversary of the founding of Christ Episcopal Church of Rockville, Md.

H.J. Res. 979. June 8, 1976. Public Works and Transportation. Authorizes and directs the Secretary of the Army, acting through the Chief of Engineers, to dredge New York Harbor in the vicinity of the South Street Seaport Museum, Manhattan, N.Y.

H.J. Res. 980. June 9, 1976. Rules. Directs the House Select Committee on Aging and the Senate Special Committee on Aging to jointly sponsor, plan, and conduct a Congressional Conference on Aging in 1977.

H.J. Res. 981. June 10, 1976. Post Office and Civil Service. Designates the week beginning October 3, 1976, as "World War I Overseas Flyers Week."

H.J. Res. 982. June 10, 1976. International Relations. Directs the President to convene an international conference of finance ministers to work toward the conclusion of an international treaty on foreign corporate entities engaged in foreign investment.

H.J. Res. 983. June 11, 1976. Post Office and Civil Service. Authorizes the President to issue a proclamation designating the week of September 12–18, 1976, as "National Lupus Week."

H.J. Res. 984. June 11, 1976. Education and Labor. Extends provisions of the Higher Education Act of 1965 and the Emergency Insured Student Loan Act of 1969.

H. Res. 1231. June 1, 1976. Interior and Insular Affairs. Recommends that the Board on Geographic Names approve a proposal to name two mountains in Alaska after the late Congressmen Hale Boggs and Nick Begich.

H. Res. 1232. June 1, 1976. Interior and Insular Affairs. Recommends that the Board on Geographic Names approve a proposal to name two monutains in Alaska after the late Congressmen Hale Boggs and Nick Begich.

H. Res. 1233. June 2, 1976. Sets forth, in response to a certain subpoena duces tecum, the Rules of the House of Representatives with respect to judicial process regarding personnel, Members, and documents of the House. Directs that an answer be made to such subpoena.

H. Res. 1234. June 2, 1976. Sets forth, in response to a certain subpoena duces tecum, the Rules of the House of Representatives with respect to judicial process regarding personnel, Members, and documents of the House.

H. Res. 1235. June 2, 1976. Rules. Amends Rule X of the Rules of the House of Representatives to permit a majority of the House to require the Committee on Standards of Official Conduct to investigate complaints of alleged misconduct.

H. Res. 1236. June 2, 1976. Post Office and Civil Service. Expresses the sense of the House of Representatives that the United States Postal Service shall not close or suspend the operation of any post office unless there is a clear and compelling need to do so.

H. Res. 1237. June 2, 1976. Post Office and Civil Service. Expresses the sense of the House of Representatives that the United States Postal Service shall not close or suspend the operation of any post office unless there is a clear and compelling need to do so.

H. Res. 1238. June 2, 1976. Post Office and Civil Service. Expresses the sense of the House of Representatives that the United States Postal Service shall not close or suspend the operation of any post office unless there is a clear and compelling need to do so.

H. Res. 1239. June 2, 1976. Post Office and Civil Service. Expresses the sense of the House of Representatives that the United States Postal Service shall not close or suspend the operation of any post office unless there is a clear and compelling need to do so.

H. Res. 1240. June 2, 1976. Post Office and Civil Service. Expresses the sense of the House of Representatives that the United States Postal Service shall not close or suspend the operation of any post office unless there is a clear and compelling need to do so.

H. Res. 1241. June 2, 1976. Rules. Establishes in the House of Representatives the Select Committe on Nuclear Proliferation and Nuclear Export Policy.

H. Res. 1242. June 2, 1976. Sets forth the rule for the consideration of H.R. 8401.

H. Res. 1243. June 2, 1976. Sets forth the rules for the consideration of H.R. 10133.

H. Res. 1244. June 2, 1976. Sets forth the rule for the consideration of H.R. 11743.

H. Res. 1245. June 2, 1976. Sets forth the rule for the consideration of H.R. 12944.

H. Res. 1246. June 2, 1976. Sets forth the rule for the consideration of H.R. 13636.

H. Res. 1247. June 3, 1976. House Administration. Provides that funds shall not be expended from the contingent fund of the House of Representatives for allowances to Members, officers, or standing committees of the House except through the adoption of a resolution by the House of Representatives.

H. Res. 1248. June 3, 1976. House Administration. Provides that funds shall not be expended from the contingent fund of the House of Representatives for allowances to Members, officers, or standing committees of the House except through the adoption of a resolution by the House of Representatives.

H. Res. 1249. June 3, 1976. House Administration. Provides that funds shall not be expended from the contingent fund of the House of Representatives for allowances to Members, officers, or standing committees of the House except through the adoption of a resolution by the House of Representatives.

H. Res. 1250. June 3, 1976. House Administration. Provides that funds shall not be expended from the contingent fund of the House of Representatives for allowances to Members, officers, or standing committees of the House except through the adoption of a resolution by the House of Representatives.

SENATE—*Tuesday, June 29, 1976*

(Legislative day of Friday, June 18, 1976)

The Senate met at 8 a.m., on the expiration of the recess, and was called to order by Hon. PATRICK J. LEAHY, a Senator from the State of Vermont.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

"New every morning is the love,
Our wakening and uprising prove;
Through sleep and darkness safely brought,
Restored to life and power and thought.

"If, on our daily course, our mind
Be set to hallow all we find,
New treasures still, of countless price,
God will provide for sacrifice."
—JOHN KEBLE, 1827.

Our Father God, help us to pray as we work and to live more nearly as we pray. Deliver us from envy and selfishness. Give us grace to help one another. Uphold us in the long wearisome days and nights until our work is done. "Take from our souls the strain and stress, and let our ordered lives confess, the beauty of Thy peace." Let Thy goodness and mercy be upon us, O Lord, and upon the people of this Nation whom we serve. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 29, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. PATRICK J. LEAHY, a Senator from the State of Vermont, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. LEAHY thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Monday, June 28, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Armed Services have permission to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Commerce have permission to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare have permission to meet during the session of the Senate today.

Mr. GRIFFIN. On behalf of and at the request of another Senator, I shall object. I just want to indicate that the notice the majority leader put out a week or so ago indicating the schedule ahead recited his intention that committees should not be meeting in the morning when the Senate is meeting. I think that was a very good principle. I really do not think any committees should be meeting.

I would like to indicate that I would hope that during the rest of the week, at least, particularly if we are going to be on a two-track system, taking up important appropriations bills in the morning, that Senators cannot be in two or three places at the same time. There may be objections to all committee meetings. For the moment, I will lodge the objection to this one request.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. MANSFIELD. Mr. President, in response, may I say that committees have been accorded the right to meet and consider nominations because of the closeness of time, and those nominations are sent from the White House. Certainly, committees are allowed to meet only because of extraordinary reasons. For example, the Armed Services Committee is meeting today on the situation relative to an issue developing at the Military Academy for which witnesses have been planned for over the past 10 days. So it is not a happenstance instance. There has to be a real justification for any isolated instances which make it almost mandatory that committees be allowed to meet.

Again I must reiterate it does not cover the meeting of committees on nominations.

ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a period for the conduct of morning business for a period not to exceed 30 minutes, with a time limitation of 3 minutes attached thereto.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(Routine morning business transacted today is printed later in today's record of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1977

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of H.R. 14232, which will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

AMENDMENT NO. 1967

The ACTING PRESIDENT pro tempore. The pending question is on the amendment by the Senator from North Carolina (Mr. HELMS), No. 1967, which the clerk will state.

The second assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an amendment numbered 1967:

At the appropriate place, insert the following new section:

SEC. . None of the funds appropriated under this Act shall be used to require any school, school system, or other educational institution, as a condition for receiving funds, grants, or other benefits from the Federal Government, to classify teachers or students by race, or national origin; assign teachers or students to schools, classes, or courses for reasons of race, or national origin; or prepare or maintain any records, files, reports, or statistics pertaining to the race, or national origin of teachers or students.

The ACTING PRESIDENT pro tempore. Debate on this amendment is limited to 1 hour, to be equally divided and controlled by the Senator from North Carolina (Mr. HELMS) and the Senator from Washington (Mr. MAGNUSON).

Mr. HELMS. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. HELMS. Have the yeas and nays been ordered on this amendment?

The ACTING PRESIDENT pro tempore. Yes, they have.

Mr. HELMS. Mr. President, I ask unanimous consent that the distinguished Senator from South Carolina (Mr. THURMOND) be added as a cosponsor to this amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HELMS. Mr. President, as I look around the Chamber I note that we do not exactly have a packed Senate. As I count them, there are only five Senators in the Chamber.

Mr. MANSFIELD. Will the Senator yield?

Mr. HELMS. Yes.

Mr. MANSFIELD. Mr. President, I would like to suggest the absence of a quorum, with the time to be taken from both sides equally.

Is that all right?

Mr. HELMS. For the time being, yes, that will be fine.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HELMS. Mr. President, at the outset I want to make it as clear as may be possible that this amendment should not be regarded or described as a busing amendment as such. Rather, it is directed toward unnecessary, highly costly, and even destructive interference with the operation of the public schools of this country by people who are not accountable to the citizens and taxpayers of America—that is to say, the bureaucrats of HEW and, to a great extent, the Justice Department and the Federal judges.

But be that as it may, Mr. President, much attention has been directed to the actions of our court system in requiring the assignment of pupils and teachers on the basis of race. Racial assignment and quotas set by the State are abhorrent to the American system. It has been argued that the courts can require such assignments out of equity to make up for past discrimination; and the courts have frequently accepted such arguments. But whatever the arguments in our courts, the American people simply do not accept such reasoning, because it is contrary to our innate concepts of justice.

So even if the courts may order such assignments in specific cases based upon judicial notions of equity, it is no reason for the Congress to legislate for general situations based upon what is essentially a judicial concept. Congress cannot anticipate the circumstances of each case; and it is even worse for Congress to hand over the decisions in such matters to the faceless bureaucrats in HEW, who use the power of the purse to force school systems to make quotas and keep records on the basis of race in order to qualify for Federal funds. If a court decides that a school system has not been keeping the law, that is one thing; but it is an entirely different thing for HEW bureaucrats to decide that pupil and teacher assignments must meet some arbitrary standards of bureaucratic imagination. If a school system has not been in court, we should not leave it to bureaucrats to be the judges. The solution is simple. Today we are appropriating funds for HEW. HEW will in turn use those funds to require school systems to set assignments based on race, as HEW has constantly done in the past. So today we can stop this practice by refusing to allow HEW to demand racial quotas as a condition of dispensing Federal funds.

Mr. President, the fundamental laws of this Nation clearly state that there shall be no discrimination on the basis of race or national origin. Quotas imposed by the Federal Government undermine this most basic foundation of our system of government: Equality before the law. We should teach our children that all people have equal opportunity to earn life's benefits, and that in our society there are no boundaries to limit their achievement other than their own ability and dedication. Instead, the quota system tells them every day as they enter their schoolhouse that it is not what they may do, but who they are that really counts. Ultimately, the quota system fosters among our children a contempt for the law and for their fellow students. My amendment would prohibit an isolated and arrogant Federal bureaucracy from engaging in economic blackmail to achieve its goals of social engineering—goals which have never had the support of the American people and which could never be achieved at the ballot box.

In the current issue of Psychology Today appears an article by two professors of psychology reporting the results of a 10-year study of the school busing program in Riverside, Calif. They begin their report by listing the assumptions of educators' supporting desegregation. They state that—

> A commonly accepted theory of education lay behind the activism of many social scientists, educators, and policymakers.

Basic to that theory were the following assumptions:

> (1) The achievement gap between white and minority students resulted from differences in motivation or orientation . . .; (2) that these differences in motivation were reversible, and that the younger the child was, the easier it would be for society to intervene. . .; (3) that contact between races would cause minority students to become more similar to the white majority in their personalties, values, beliefs, and behavior. . .; (4) that teachers would teach up to the higher-achieving white student and that minority students would soon bootstrap themselves up to this higher level.

Without repeating the specific findings contained in the report, the authors conclude that—

> The whole model we were using—the idea that academic achievement would change as personality changed—embodied an arrogant, white middleclass ideology that was and probably still is useless as a means of improving minority education . . . We cannot expect busing programs to lead straight to better minority education. It was quixotic, if not arrogant, to have thought at the outset that sitting next to white classmates would cause Mexican-American and black sudents to take on good, white middle-class values, and enter the mainstream of American society. It just did not happen. We found, instead, that the children in each ethnic group became more and more cliquish over the years and less accepting of those outside their own group.

It should be emphasized, Mr. President, that this was a voluntary program carried out by what the authors describe as "a liberal school board, a forward-looking administration, and sympathetic parents and teachers." It is not an overstatement to observe that if ideal conditions existed anywhere for a school desegregation plan, they existed in Riverside, Calif. If the program failed there, what can we possibly hope to achieve in cities which are not predisposed to liberal ideology, such as Boston, Louisville, or Charlotte?

The pending amendment, Mr. President, provides that no funds appropriated under this act shall be used to require any school system, or other educational institution as a condition for receiving funds, grants, or other benefits from the Federal Government, to classify teachers or students by race, or national origin.

It provides that these funds shall not be used to require the assignment of teachers or students to schools, classes, or courses for such reasons; and it provide that these funds shall not be used to require the preparation or maintenance of any records, files, reports, or statistics pertaining to the race or national origin of teachers or students.

This amendment, if enacted, will return the schools of this country to the local units of government and, thereby, to the people. That is what the American people want, Mr. President; and it is what Congress ought to do and do now even at this late date.

As this Senator from North Carolina has stated many times, it happens occasionally that programs and policies of government continue to survive long after the reason for their existence has ceased to be a real consideration. The Federal Government is riddled with such programs. They are wasteful; and often, they are counterproductive to the best interest of the American people.

The amendment is addressed to such an anachronism: the needless "strings" that allow the Department of Health, Education, and Welfare to require school systems to compile stacks and stacks of information, statistics, and reports in order to prove that no discrimination exists. Now, such a requirement may seem harmless enough on its face; but numerous school officials have repeatedly advised me that it is not. HEW requires them to devote many hours—time they could use helping students—to gathering and processing these statistics. It completely disrupts their offices and programs. Further, in many instances these schools do not have sufficient clerical assistance; and they must resort to requiring teachers to help compile this information. They are in effect forced by HEW to require teachers to take time away from helping children gain an education in order to provide data-hungry bureaucrats in the Federal Government with unnecessary information.

The purpose and intent of this provision is simple and clear. It states that the Senate does not want the Department of Health, Education, and Welfare to interfere further with the administration of our schools.

Congress has the power to correct this situation. It can do so by approving this amendment. The approval of this provision will finally remove this anachronistic Federal interference from the educational process. It will preclude HEW from continuing to make a negative contribution to the well-being of the children of America.

Lest anyone fear that the removal of these Federal controls will result in the reinstitution of historical discriminatory practices, let me point out that the court-ordered desegregation plans that were entered over the years still remain on the books. They survive as an assurance that dual school systems and the like will not be reestablished.

Constitutional interpretations require unitary school systems; but the Constitution does not require the existence of a power within the Department of Health, Education, and Welfare to continually harass our schools, our school officials, parents, and children. The Constitution does not require that the Congress appropriate money for the collection of data regarding teachers and students. It is the responsibility of the States and local units of government in the operation of their schools to maintain such records as they consider helpful. It is not a Federal matter, and Federal funds should not be used for that purpose.

Mr. President, Congress, as a coequal branch of the Federal Government, has the sole responsibility for the appropriation of funds; and in this appropriation process, Congress may proscribe the manner in which such funds are to be used. It may say that funds appropriated shall be used for some purposes and not for others. That is precisely what the amendment does. It proscribes the use of appropriated funds.

Furthermore, it is a well-known rule of construction that specific provisions of legislation take precedence over general provisions. Therefore, in the construction of this enactment, it is clear that this amendment is intended to take precedence over any nebulous language of a general nature that may appear at any place in the bill.

Mr. President, the American people demand an end to forced busing and racial quotas. Year after year, as the bureaucrats grasp control over more and more neighborhood schools, the resistance to this faceless dictatorship grows evermore violent. And the real losers are, of course, the children.

As one school system after another falls under the control of the Federal bureaucracy the public resistance to this faceless dictatorship grows more intense. A plan that was intended to heal and reconcile communities has instead poisoned them with a violence and bitterness that may outlast those of us here today.

Mr. President, I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. BROOKE. Mr. President, the Helms amendment to the Labor-HEW appropriations bill is, as the distinguished Senator from North Carolina has said, not a busing amendment. Indeed it goes far beyond busing. This amendment would prohibit the use of any funds appropriated under the act to compel any school system, as a condition to receiving funds under this act, to classify teachers or students by race, or national origin; to assign teachers or students to schools for reasons of race, or national origin; or to prepare or maintain any records, files, reports, or statistics pertaining to those classifications.

This amendment, if enacted into law, could in effect nullify title VI of the 1964 Civil Rights Act with regard to the provisions of this appropriations bill.

A brief review of the Federal Government's role in the desegregation of our public schools, pursuant to the 1964 Civil Rights Act, will amply demonstate the potentially pernicious effect of this amendment.

Title VI of the 1964 Civil Rights Act provides that—

> No persons in the United States shall, on the basis of race, color, or national origin, be excluded from participation in, be denied the benefit of, or subjected to discrimination under any program or activity receiving federal financial assistance.

Agencies granting federal assistance, such as HEW, are directed to issue rules and regulations in conformance with the objectives of title VI and to secure compliance therewith by voluntary means, negotiation and the like, if at all possible. However, as a final resort, where it is determined that voluntary compliance cannot be achieved, the agencies are authorized to initiate enforcement proceedings which can lead, after notice, hearing, and an express administrative finding of noncompliance, to termnation of program benefits.

Pursuant to the 1964 act, the Office of Education in HEW has issued guidelines which set forth standards for desegregating schools in compliance with title VI.

The standards set forth in these guidelines particularly as they relate to school districts' "affirmative duty," to desegregate, track closely controlling constitutional principles as enunciated by the Supreme Court in school desegregation cases. Moreover, a later amendment to the 1964 act suggests that standards for compliance with title VI are substantially coextensive with constitutional requirements under the 14th amendment.

In its most recent specific pronouncements on the subject, the Supreme Court has consistently recognized that "affirmative" desegregation will almost invariably require that race be taken into account in formulating effective remedies. Thus, in *McDaniel* v. *Barresi*, 402 U.S. 38 (1971) the Court sustained an HEW-inspired desegregation plan against allegations that it involved unconstitutional racial student assignments, saying:

> . . . School boards that operated dual school systems are "clearly charged with the affirmative duty to take whatever steps might be necessary to convert to a unitary system in which racial discrimination would be eliminated root and branch." In this remedial process, steps will almost invariably require that students will be assigned differently because of race. Any other approach would freeze the status quo that is the very target of all desegregation processes.

And in a companion to that case, the court in *Swann* v. *Board of Education*, 402 U.S. 1 (1971) specifically approved, subject to certain limitations, the use of various racially based desegregation measures involving the remedial assignment of students and teachers and busing. In short, under current departmental regulations and related judicial authority, HEW may, and commonly does, employ race related or "race conscious" desegregation techniques in carrying out its enforcement responsibilities under title VI of the 1964 act.

With this background in mind, we can more fully understand the ramifications of the Helms amendment. The operative language of the amendment would prohibit the use of funds appropriated by this bill to "compel" school districts "as a condition" to receiving these funds to "classify" or "assign" teachers or students by "race, or national origin" or to keep "records, files, reports, or statistics" on such bases. As noted above, HEW has more or less traditionally come to rely on its authority to enforce affirmative desegregation plans employing race related criteria as a primary feature of its title VI enforcement efforts. The continued validity of such policies under the Helms amendment, however, would appear a matter of some substantial doubt since they seem clearly premised on racial classifications or assignments as contemplated by the amendment. And while the language of the amendment is not mandatory on school districts in the sense of flatly prohibiting their voluntary adoption or affirmative desegregation measures, or otherwise complying with HEW requests, it would apparently deprive the agency of its principal coercive enforcement mechanism under title VI, that is, its authority to cut off Federal assistance. In other words, school districts would be free, as a voluntary matter to assign teachers or students to achieve affirmative desegregation, and would still be subject to Federal court order to do so on constitutional grounds, but they could not be required to do so by HEW as a condition to receipt of funds appropriated by this bill as would otherwise be the case under title VI.

Similarly, the Helms amendment would suspend departmental regulations requiring school districts to keep records and submit compliance reports "with respect to racial and ethnic data showing the extent to which members of minority groups are beneficiaries of and participants in federally assisted programs," thereby further hampering the monitoring and enforcement functions of HEW under title VI in the school desegregation area.

And there is no question that this amendment would critically hamper the monitoring and enforcement functions, for how does one prove the existence of discrimination if there is no requirement that records be kept.

The lack of records would mean that Government funding would be, at best haphazard. The Federal Government would be relinquishing its concern in the desegregation of school systems, giving life to the possibility that segregated schools would once again flourish. In short, if there are no records, there are no violations.

In addition to its deleterious effects on title VI, the Helms amendment, by impeding the compilation of statistics regarding national origin, could also jeopardize the smooth functioning of the bilingual education title of the Elementary and Secondary Education Act.

A strong argument can also be made that the Helms amendment is unconstitutional. It can be construed as an unlawful limitation on HEW's authority to insure that Federal assistance programs are administered in accord with constitutional standards.

Mr. President, Congress cannot go on record as supporting such an unconscionable amendment. We have come too far and worked too hard. Title VI of the 1964 Civil Rights Act is one of our proudest legislative accomplishments. If we pass this amendment we would be effectively nullifying programs which are designed to insure compliance with these acts, other statutes, and the equal protection requirements of the 5th and 14th amendments to the Constitution.

I urge the Senate to reject this amendment.

Mr. President, I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. HELMS. Mr. President, I have little more to say except to emphasize what the distinguished Senator from Massachusetts already knows, that I respect his good faith in this matter, as I know he respects mine. It is simply a matter, in the judgment of the Senator from North Carolina, of whether we are going to continue to waste the taxpayers' money on a proven failure. We have a situation in this country where the time of teachers, administrators, and school boards is being wasted in a highly unproductive and destructive manner. Let me point to just one reference in the committee report on this bill. This is on page 112:

> The Committee is particularly concerned about the present situation involving HEW and the Seattle Public Schools. The Department, citing Federal civil rights laws and regulations, has ordered the Seattle School District to transfer a large number of teachers and other educational staff by September, 1976. This includes the shifting of many minority teachers especially trained or recruited to work within schools having large numbers of minority children. The Committee expects the Department, as it applies the civil rights laws, to make every possible effort and to take whatever steps are necessary so as to avoid harming the education of school children in Seattle or elsewhere.

Then the committee observes, "This is not an impossible task. It is, in fact, a wholly reasonable expectation."

Maybe it is not impossible, Mr. President, but it certainly has that appearance, based on the record of what has been going on in the schools of this country for too many years now. That is the purpose of this amendment. This amendment, as I said earlier, is addressed to an anachronism, the needless strings that allow the Department of Health, Education, and Welfare to require school systems to compile stacks and stacks of information, statistics, and reports in order to prove that no discrimination exists.

Mr. BROOKE. Will the Senator yield at that point?

Mr. HELMS. Let me finish my line of thought; then I shall be glad to yield to the Senator.

My able friend from Massachusetts stated very eloquently that the courts would have nothing on which to base a case without this information. Indeed, the requirement for statistics on racial composition may seem harmless enough on its face. But many school officials all over this country have written to me—and not merely from North Carolina. I have had communications from the State of Washington, I say to the distinguished Senator from Washington; I have had them from California, and countless other States. School administrators have written to me, telling me how many hours HEW has required them to spend keeping useless records, time that could be used to help students. We need to upgrade the quality of education in this country and get rid of the obsession with how many blacks and how many Indians and how many Orientals and how many caucasians we have in the school.

The point I would make, Mr. President, is that this system, as it is now operated by the bureaucrats of HEW, completely disrupts the offices and programs of the public schools in this country. I think we are past the point of racial hostility, as such, in this country. Certainly that would be the case if there could now be evidence of a genuine desire by Congress to emphasize the things that matter, and to concentrate on teaching children properly and completely. Yet HEW requires teachers and administrators to take time away from helping children gain a good education just in order to provide information for clearly obsessive bureaucrats.

I say, again, that I am not here just to make another move against forced busing. I am opposed, unalterably opposed, to forced busing because I was certain it would never work; and it has not worked anywhere it has been tried. The purpose and intent of this amendment is simply to put the Senate on record, to call for an end to unnecessary interference with the school administrators and teachers of this country.

Now I yield to my distinguished friend from Massachusetts. I apologize to him for delaying his comment.

Mr. BROOKE. There is no need to apologize, as the Senator knows well how much I respect him.

Mr. President, the Senator said busing is not working. That just is not the fact. Busing is working in many places—

Mr. HELMS. Where?

Mr. BROOKE. Busing has been used as a successful tool for desegregation in Denver Colo.; Racine, Wis.; Springfield, in my own State of Massachusetts, and in numerous other cities across the country. And busing has been working in the Senator's own State of North Carolina.

Mr. HELMS. I beg to differ with the Senator. Where in North Carolina?

Mr. BROOKE. Charlotte. In fact, Charlotte is held up nationally as an example of where busing is working. I commend the Senator and his great State for compliance with the law, for making it work.

Mr. HELMS. If the Senator will yield on my time, I will say that North Carolinians believe in complying with the law, and we do comply with the law. But I invite the Senator to go beyond that one highly publicized spokesman in Charlotte to whom he is referring; I invite the Senator to ask the teachers and the administrators of the schools in Charlotte, N.C., and the parents and schoolchildren themselves. They will give him a different story. They will tell him about the deterioration of quality in education in Charlotte. We have sacrificed education on the altar of peaceful compliance with the law.

Mr. BROOKE. The Senator started off his statement this morning by saying that this is not a busing amendment. Is that correct?

Mr. HELMS. That is correct.

Mr. BROOKE. And it is not a busing amendment.

Mr. HELMS. As such.

Mr. BROOKE. As such. I do not think the Senator said "as such" at the time. He is qualifying it now. It is not a busing amendment. Indeed it goes far beyond busing, and threatens one of our most fundamental civil rights laws, title VI of the 1964 Civil Rights Act.

The Senator referred to a statement in the committee report which was put in the report at the request of the distinguished chairman of the subcommittee, the Senator from Washington (Mr. MAGNUSON). I went along with that language because, not only do I respect the distinguished chairman, but I think he had a point.

The language contained in the committee report is asking HEW to comply with the law. What the Senator is asking the Senate to do is repeal the law. Let me read the language that we have:

> The Committee is particularly concerned about the present situation involving HEW and the Seattle Public Schools. The Department, citing Federal civil rights laws and regulations, has ordered the Seattle School District to transfer a large number of teachers and other educational staff by September, 1976. This includes the shifting of many minority teachers especially trained or recruited to work within schools having large numbers of minority children. The Committee expects the Department, as it applies the civil rights laws, to make every possible effort and to take whatever steps are necessary so as to avoid harming the education of school children in Seattle or elsewhere. This is not an impossible task. It is, in fact, a wholly reasonable expectation.

That is what the Senator from Washington has asked. I think it is a reasonable request of HEW. And I go along with that request. But I do not want the record to show that the Senator from Washington is in favor of repealing title

VI of the Civil Rights Act. He was and is one of its strongest supporters. We should not consider this report language, which I agree is good language, as indicating any change in his basic position. He wants reasonableness on the part of the assignment of those teachers and so does the Senator from North Carolina. And so do I. It is the right thing to do and no more.

The amendment the Senator from North Carolina is suggesting today goes far beyond busing, far beyond any language Senator Magnuson has suggested. The language, I respectfully say to him, which he is introducing today would, in effect, repeal title VI of the Civil Rights Act with respect to the provisions of this appropriation bill. It would certainly hurt bilingual education in this country, it would hinder schools from keeping any records, any data at all, which would be helpful in carrying out the civil rights laws of the land.

Mr. HELMS. If the Senator will yield, I know he does not want to be too expansive in his analysis of my amendment.

Mr. BROOKE. I want adequately to describe it.

Mr. HELMS. The key word is "required."

Mr. BROOKE. The Senator is saying that none of these funds can be used to require schools to classify teachers or students by race or national origin or to prepare or maintain any records, files, reports or statistics pertaining to these classifications. HEW itself has sent in an effect statement which tells us exactly what the effect of the Helms amendment would be, and I intend to put that in the Record.

What the Senator is saying is that he would limit the Department's ability to obtain records and other information that HEW says are essential to identify discriminatory practices by school districts receiving Federal financial assistance, and to monitor the elimination of such practices. This amendment would include all schools, and all applicable funds under this appropriation bill. Thus HEW would be severely restricted in its ability to either identify constitutional violations, or do anything to eliminate them.

If that is true, HEW's hands are tied and you are, in effect, nullifying title VI of the Civil Rights Act. You are taking us way back before 1964. You are turning back the clock on our Nation's commitment to equal educational opportunities for all our schoolchildren.

Mr. HELMS. If the Senator will yield, if it is true that this amendment will in any way tie the discretionary hands of HEW in this matter, that is a consummation devoutly to be wished.

Mr. BROOKE. Well, that is certainly a difference of opinion.

Mr. HELMS. Mr. President, let me make two things clear: One is that I made no implication whatsoever about intentions of the Senator from Washington. I simply stated what is in the record of the committee. I know where the distinguished Senator from Washington stands, and I would never presume to speak for him, and I think he knows that.

However, the reference which the Senator from North Carolina has quoted, and which the Senator from Massachusetts has quoted again for the record, illustrates exactly what I am talking about. It just may not happen as often in the State of Washington as it has happened in other States, but it is happening. This is the way it is going to be when you concentrate and centralize too much power in Washington, which is precisely what we have done.

Now may I say to the Senator, this amendment will not prevent any school districts from keeping any statistics they choose, will it?

Mr. BROOKE. No.

Mr. HELMS. The answer to that is obviously "no."

Mr. BROOKE. HEW cannot prevent that.

Mr. HELMS. Nor will it prevent any court from ordering any recordkeeping required for its purposes, will it? The answer to that is "no." It would only prevent unelected bureaucrats in Washington, D.C. from requiring such statistics as a condition for receiving Federal funds, and that is all the amendment says. Any suggestion that it goes further than that is just not accurate, I say with all due respect to my friend.

Mr. BROOKE. The amendment says:

> or prepare or maintain any records, files, reports, or statistics pertaining to the race or national origin of teachers or students.

Mr. HELMS. It does not prevent any school district from keeping any records.

Mr. BROOKE. Well, if you do not prepare, you cannot maintain. What do you have?

Mr. HELMS. May I say to the Senator——

Mr. BROOKE. What do you have?

Mr. HELMS. What we need to have again in this country is good faith.

Mr. BROOKE. No, I am for good faith.

Mr. HELMS. If the Senator will permit me, the Senator himself stood on this floor the other day; I appreciate what he said at that time about the South—how the South had proceeded in good faith and had done better than the Senator's own region of the country.

Mr. BROOKE. I agree and I say it again today.

Mr. HELMS. I thank the Senator. I reiterate that in West Virginia, North Carolina, and South Carolina, and in other Southern States, we have complied with the law. But we are sick and tired of having requirements rammed down our throats by bureaucrats.

Mr. BROOKE. If I may, Mr. President, first of all, title VI mandates HEW to require it, if necessary, in order to comply with the 1964 Civil Rights Act. The Senator started out this debate, and I repeat it again, by saying that this amendment is not a busing amendment, and he now says it is not a busing amendment—what is the Senator's language?

Mr. HELMS. As such.

Mr. BROOKE. As such. But for those who oppose HEW-required busing, because that is obviously what the Senator is trying to get at, I presume——

Mr. HELMS. Forced busing is one of the things we are trying to get at.

Mr. BROOKE. But in attempting to get at that he goes so far that he in effect, repeals title VI with respect to the provisions of this bill. The Senator's amendment would also adversely affect most education programs, including bilingual education programs. Regarding HEW-required busing, the Senate has already acted on this matter.

Last fall we passed the Byrd amendment which prohibits HEW from requiring the transportation of any student to a school other than the school which is nearest the student's home, and that same language, I want to say to the Senator, is included in this appropriation bill; that same language is included in the House appropriation bill. And I will make no attempt, nor do I know of any other Senator who will make any attempt today, while we are considering this bill, to strike that language from the bill. So that language will not be in conference. It will continue to be the law.

In addition, the Senator from Missouri (Mr. Eagleton) has given us report language regarding the Byrd amendment which has been accepted by the committee and which is included in the bill. I want the Senator to know this, to show what has actually been accomplished.

I will read the language of the report:

> The Secretary of Health, Education, and Welfare has been requested on two occasions to have a formal opinion prepared by the HEW General Counsel on the effect of section 209 of Public Law 94–206, the so-called Byrd amendment. No such opinion has been rendered. In order to underscore the committee's view that the Byrd amendment (section 208 of this bill) prohibition is effective, we set forth a letter from the Secretary, dated October 23, 1975, concurring with our interpretation of the Byrd amendment.

I ask unanimous consent that a letter addressed to the Honorable Warren G. Magnuson, dated October 23, 1975, from Secretary David Mathews, be printed in the Record at this time.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of Health,
Education, and Welfare,
October 23, 1975.

Hon. Warren G. Magnuson,
Chairman, Subcommittee on Labor-Health, Education, and Welfare, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your letter of October 15, 1975, setting forth additional questions with regard to the effect of three amendments added by the Senate to H.R. 8069, the Labor-HEW Appropriations bill.

You have asked whether, if both of the Biden amendments were to be deleted from the bill, the Byrd amendment would then have the effect of prohibiting the Department from requiring that students be bused as part of a desegregation process. The Byrd amendment would provide as follows:

None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, and which offers the courses of study pursued by such student, in order to comply with title VI of the Civil Rights Act of 1964.

Although that amendment is not an absolute prohibition against requiring the transportation of students, it would effectively bar the Department from requiring such transportation in virtually every desegregation case. Since the Department could not require transportation of any student to a school other than the school which is nearest to the student's home, the only transportation that could be required would be in those cases where children are presently being bused to more distant schools for purposes of segregation but where (as in rural areas) transportation would still be required even to the school nearest their homes.

We should note that the Byrd amendment goes beyond a provision now in permanent law (section 215(a) of Public Law 93–380) which prohibits any court, department, or agency of the United States from ordering the transportation of a student to a school other than the school of the appropriate type and grade level closest or next closest to his place of residence. While section 215(a) also limits the authority of the courts to require transportation of students (except as may be necessary to enforce fully the Fifth and Fourteenth Amendments to the Constitution of the United States), the Byrd amendment would have no effect on the authority of the courts in this regard.

You have also asked whether the deletion of the Biden amendments would be read as legislative history indicating a "retreat" by the Congress from the Senate's intent to prohibit the Department from requiring any busing of students. Since, as we have noted, the proscription in the Byrd amendment would prohibit the Department from requiring busing in all but the most unusual cases described above, its adoption and the deletion of the Biden amendments could not fairly be considered a retreat from that intent. Furthermore, since the degree of transportation that would be permitted after the enactment of the Byrd amendment would be clearly stated, the deletion of the two Biden amendments would not be read as affecting the interpretation of the Byrd amendment.

Sincerely,

DAVID MATHEWS, *Secretary*.

Mr. BROOKE. Thus Mr. President, we have the Byrd amendment in the bill; we also have the language that has been included by the Senator from Missouri (Mr. EAGLETON). And now we are considering the Helms amendment which goes far beyond busing. It is the most far-reaching antidesegregation amendment to ever come before the Senate. Mr. President, it should be pointed out that the Senate has acted on this amendment on several occasions. In the fall of 1974 we defeated this language. The language came over as the Holt language. Subsequently the Senate defeated variations of the Holt-Helms language by large margins, even overwhelming margins in several instances. And last fall the Senate defeated this amendment once again. Thus it has come before the Senate time and time again, and every time, no matter in what form or fashion, this issue has been defeated by the U.S. Senate.

Like all the rest of the so-called antibusing amendments, this amendment does nothing more than raise false hopes and expectations. The Supreme Court has said time and time again that we cannot have schools segregated by official action. And if those schools are segregated by official action, they must be desegregated, and busing can be used as a constitutional tool in order to effectively desegregate those public school systems.

Furthermore the Helms amendment actually—and I say this with all deference to my distinguished colleague—could result in more busing because the Helms amendment would remove from HEW the authority to do other things which could avoid the necessity for busing, such as the assignment of pupils, majority-minority transfers, construction of new schools, closing of inferior schools, magnet schools, and other remedies contained in the Esch amendments of 1974.

So if the Senator says one of his purposes is to defeat busing, he actually could be encouraging more busing by denying HEW the right to keep records under these cases.

I reserve the remainder of my time.

Mr. JAVITS. Will the Senator yield?

Mr. MAGNUSON. Mr. President, may I have a minute?

Mr. BROOKE. Yes.

Mr. MAGNUSON. The Seattle school system was mentioned here by both Senators.

What happened out there was not the question of maintaining records. It was not a question of wanting to violate the civil rights law. It was a question of what the Senator aptly describes bureaucratic arrogance. HEW gave the good people back in Seattle very little credit for their good faith efforts. HEW also gave the school system very little time to comply with all their rules and regulations.

The way HEW abruptly went at it, it appears to defeat the whole purpose of providing the Seattle schoolchildren with a quality education. There are many who would argue that the abrupt transfer of teachers does just the reverse in terms of quality, uninterpreted education for all children.

In Seattle, the school board has specially trained teachers, particularly black teachers, to teach in schools which have a high percentage of black students. To move them abruptly, without some phasing in, makes very little sense. Basically, HEW said that if action was not taken immediately, Federal funds would be held back. They ignored the good faith efforts that Seattle has made and will continue to make.

We have had several meetings with HEW and I think we are making progress. They will give Seattle reasonable time to effect such changes that will not adversely affect quality education.

This is why my language is in the report. I hope and believe HEW will now use some good commonsense and not a bureaucratic sledgehammer on the people back home who are trying their best to comply. If I did not have that kind of faith in the process I would certainly attempt to straighten out the bureaucrats as fast I could. To me, the law is clear. The issue is how to best comply with it—how to see that all children get the fullest possible educational opportunities.

I hope we have turned the corner. HEW has come up with a proposal that makes more sense. From what I gather, it is often the administration of the laws that bothers people—not the laws themselves.

Mr. HELMS. That is right.

Mr. MAGNUSON. No one wants to repeal civil rights laws and I believe everybody wants to legally comply.

I have not seen the decision, but the Supreme Court ruled yesterday on how far the courts can go. I hope we do not have to go that far to clear up how far bureaucrats can go.

I hope the Department's overall liaison with Seattle will be close. We all need to work closely—these are serious issues, very sensitive issues. Everyone must be involved in the decisionmaking process. We want to comply with the law and we want to do it properly.

I do not know how many meetings I have had in my office over this issue. If it was not for the fact that I think they are going to work something out, I would consider other ways to remedy bureaucratic problems.

But what bothers me about the pending amendment is the prohibition against keeping records. I think we have got to keep records of some kind. This was not the problem in Seattle, the keeping of records. The school districts kept as many records as were necessary.

I am sure there will always be some problems with systems getting out of hand.

Mr. HELMS. That is the point. My amendment doesn't prohibit any school system from keeping records, but only prohibits HEW from being the judge and basing its arbitrary decisions on statistics.

Mr. MAGNUSON. Like a computer system.

Mr. HELMS. Yes.

Mr. MAGNUSON. Instead of finding out what is the human problem.

Mr. HELMS. Right.

Mr. MAGNUSON. And the way the bureaucrats were going at it defeats the very purpose of the law.

Mr. HELMS. The Senator is exactly correct.

Mr. MAGNUSON. In reverse.

Mr. HELMS. That is what I was talking about. I commend the Senator.

Mr. JAVITS. Will the Senator yield?

Mr. MAGNUSON. In just a minute.

We have a cross-section of people in Seattle, including blacks, Asian-Americans, and others.

Mr. HELMS. Yes.

Mr. MAGNUSON. I want to see that all these children receive an equal chance—in Seattle and throughout the country. For many years I have fought hard for education funding. For the disadvantaged, for bilingual education, and for the handicapped children. I could not, in good conscience, do any less to provide our children with the best possible education.

Mr. HELMS. The Senator is right.

Mr. MAGNUSON. I can understand the Senator's amendment because of my experience back home. I think it goes too far, as the Senator from Massachusetts says, but I hope we never have to go that far in the future.

The ACTING PRESIDENT pro tempore. The time of the Senator from Washington has expired.

Mr. MAGNUSON. Will the Senator yield me 1 minute?

Mr. HELMS. I yield as much time as the Senator needs.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina has 5 minutes remaining.

Mr. MAGNUSON. I just wanted to add that this situation may be arising in Los Angeles. I hope all works out well there—it will be a tough problem.

I hope that the effect of all of these discussions and debates we have, if nothing else, makes HEW appreciate more the fact that we are talking about people—not statistics. We are talking about a national goal of equal educational opportunity—not a phrase in a book of regulations.

Every community has their own particular problems. I am sure these problems are different out in Seattle than perhaps in North Carolina. Maybe the Senator and I will have to get together on a way to cut down on the bureaucratic arrogance that often comes with this whole situation.

Mr. HELMS. I am ready any time the Senator would like.

Mr. MAGNUSON. A Magnuson-Helms amendment, I might say.

Mr. HELMS. I can think of nothing that would please me more.

Mr. President, I yield the distinguished Senator whatever time he wishes.

Mr. JAVITS. Two minutes. I thank my colleague very much, Mr. President.

Mr. President, I rise to associate myself with the arguments of the Senator from Massachusetts. But more than that, I would like to affirm what I think is now settled social policy in this country, and that is the real reason for opposing this amendment.

That settled social policy is that, obviously, the Congress and the people do not like busing. But they may not like many things which it is necessary to do in order to afford individual rights to the individual who is in a minority.

Justice Frankfurter reminded us of that years ago, that the people we were benefiting might not necessarily be for a cause that appealed to us, but the cause of equal justice under law was the greatest cause of all which we had to affirm because there but for the grace of God were we in some other minority situation.

So the social policy seems to me to be settled by the Mansfield-Scott compromise that busing is the last resort. There is no question about that, but that we will not have a confrontation with the courts, to wit, the Supreme Court, where that ultimate remedy has occasionally to be applied in order to do justice.

It seems to me, the social stability which is involved in that social contract being observed is superior to any other consideration and that we can deal, as Senator Magnuson has agreed, with the proposal of this amendment on the administrative level, with administrative difficulties, but that we should not dismantle the Constitution.

As Senator Brooke has pointed out quite properly, taking my community where we have 1 million Puerto Rican families, as well as roughly almost 2 million families, we are going to knock off their opportunity for equal education, to wit, the Puerto Ricans, by the blunderbuss approach of this amendment. For those reasons, Mr. President, I hope the amendment is rejected.

Mr. THURMOND. Mr. President, I rise in support of the amendment of Senator Helms which would have the effect of stopping forced busing. Just last week we faced this issue on another appropriations bill. It is an election year and the tendency may be to back away from an issue such as this one. However, as I stated last week, the practice of forced busing is not in the best interest of our Nation. Recent polls have shown that our citizens, both black and white do not want it.

On June 3, 1976, I read an article in the Washington Post. This article appeared on page B–3 and it was captioned "Poll Finds Faith in Congress Slipping." It was based on a questionnaire in which Senator J. Glenn Beall, Maryland, asked for the views of his constituents on a number of issues. The article announced the result of the poll. Response to the questionnaire was good; 120,000 Maryland voters or 12½ percent of those polled responded.

Busing was one of the issues addressed by those responding. Their views are recorded in the article and I quote:

> Busing to overcome imbalances in public schools was unpopular with 95 percent opposing court ordered busing and 83 percent favoring a constitutional amendment to ban it.

Perhaps we are not listening to the voters. Perhaps that is why the poll revealed that 80 percent of those polled lack confidence in Congress.

Mr. BIDEN. Mr. President, the amendment before us goes beyond the issue that concerns many of us in the Senate, namely the question of busing. This amendment deals with the power of the Department of Health, Education, and Welfare to keep records for the purposes of enforcing the civil rights laws. It also concerns HEW's power to classify and assign students and teachers.

This amendment is very similar to an amendment which the Senator from North Carolina (Mr. Helms) offered to last year's HEW bill. I sought to modify his language and narrow it down to just busing, but was unable to do that and his amendment was defeated.

If you will recall, I then offered an amendment to limit HEW's power and to prevent it from using busing. My amendment was adopted along with a subsequent amendment offered by the Senator from West Virginia (Mr. Byrd) and myself. That amendment, which also prevents HEW from issuing busing orders, eventually became law.

Consequently, in dealing with this year's HEW appropriations bill, the sponsors wisely chose to accept the Byrd-Biden language, which effectively keeps HEW out of the busing business. HEW has admitted that it is no longer using busing as a remedy.

Mr. President, since the Byrd-Biden language is already in the current bill and since HEW is no longer issuing busing orders, I think it is both unnecessary and unwise to restrict HEW's power to enforce the civil rights laws.

During consideration of last year's bill, I fought to get HEW out of the busing business because I felt that if busing were to be an acceptable remedy, which I think it is not, a busing order should certainly come from a court rather than an administrative agency.

We have accomplished that goal. This amendment goes beyond that goal into other matters which do not raise nearly the same problems which busing does nor would they help lead to a resolution of this problem. Obviously, since HEW can no longer issue busing orders, it needs these other means by which it can deal with the problem of discrimination in our schools.

With those thoughts in mind, then, Mr. President, I will vote against this amendment.

COMMENDATION OF SENATOR MAGNUSON

Mr. HELMS. Mr. President, I commend my distinguished friend, the senior Senator from Washington, for the thoughts that he expressed this morning in our little colloquy about the arrogant actions of HEW in using Federal funds to require school systems to categorize students and teachers by race.

For years, many of us in the South have been sharply criticizing the faceless bureaucrats who use statistics as evidence of human action, and use the power of dispensing Federal funds as a method of social manipulation. This was why I submitted my amendment to prohibit such HEW practices.

Admittedly, for a long time it was very difficult to find a sympathetic ear in the North. And I can well understand the reluctance of many of our northern brethren to give credence to our complaints. The reports we were making just seemed, to the inexperienced, to depart so far from commonsense that they were hard to believe.

Indeed, no one could really believe that bureaucrats at HEW were taking upon themselves the functions of judge and jury, and imposing upon local schools impossible conditions—the compilation of useless statistics, the transfer of trained and experienced teachers to meet some arbitrary standard of racial quotas, the withholding or threat of withholding of Federal assistance until some imaginary standards of racial integration were achieved, even when there was no remaining evidence of segregation brought about by State intervention.

So, painful as it was, the South had to suffer alone—and the education of southern children suffered also, black and white together.

But now that the phenomenon of HEW arrogance is spreading nationwide, it is becoming apparent to men of good will everywhere that we have been speaking the truth. This was most apparent in the generous remarks of the subcommittee chairman, Mr. Magnuson, on the floor this morning. Seldom have I encountered such a deeply felt understanding of the basic issues involved, an understanding based upon deep personal involvement with the exasperating arbitrariness of the bureaucrats involved. As I recall, the distinguished Senator was very critical of what he called the use of withholding funds to make people comply with some arrogant literal rule by HEW. In fact, as I heard him tell this distinguished body:

> Out in Seattle, there has been no liaison. . . . They send a fellow out from HEW, or some lady, who knows nothing, has never consulted with the people involved, on either side, and they say, "Oh, this is the law."

Mr. President, that is exactly the kind of torment we have experienced for many years in the South. You could cross out the word "Seattle" and insert the name of numerous cities—and not only in the South. You could insert Denver, Detroit, or Boston, just as easily.

Yet, as the distinguished Senator from Washington remarked this morning, he has had countless meetings in his office about this problem, without visible success. It was only the fact that he still hopes for some success, he made clear, that he declined to support my amendment. Were it not for this, he told me, "I would be strongly in support of this amendment." Indeed, he pointed out that the Seattle school districts kept as many records as were necessary, "but there were too many." But HEW in Seattle apparently went even beyond that. The Senator indicated that HEW actually had agents standing in the school yard and counting people coming in.

As the distinguished Senator pointed out, the way the bureaucrats were going at it defeated the very purpose of the law. The Senator told this distinguished body that, in his own neighborhood, in Beacon Hill, there are some elementary schools that are primarily Japanese. And he asked me, "Are we going to take a good Japanese teacher and send that teacher out to teach Swedes, and put another back to teach the Japanese?" I agree with the Senator that that would not give good quality education at all. Indeed, the committee report on HEW appropriation bill itself pointed out that HEW was trying to force Seattle to take black teachers who had been especially trained to teach disadvantaged black children and send them to other schools without regard to their function and training, just to meet a statistical plan.

Indeed, this is exactly the kind of thing we have been pointing out in the South for a long time; we have had to do the same thing time and time again, to the detriment of our educational systems and of the children. I suppose that the South could take the callous position that northern children should suffer, just because southern children have been and are continuing to suffer; yet we cannot brook vengeance. We hope only that as the HEW infliction spreads, the resentment will be directed at curing the overall wrongs of the situation, and that we can all join together in unity to correct such injustices. That is why I was gratified to hear Senator MAGNUSON say that he was tempted to vote for my amendment—or even a tougher one—because of his experience back home. I hope that many of his colleagues will likewise be tempted to do so whenever this issue comes up again—and it will come up again and again, as long as HEW fails to mend its ways.

If nothing else, as the Senator said to me this morning, this kind of action "will wake up the HEW crowd down there that they are not all powerful, and so that they will quit being so arrogant, going around and forcing things on people." I quite agree that there is no better way to defeat the very idea of quality education, and to destroy the good faith of people who are trying the best way they know how.

Once again, I say that I am ready to work with any Senator who is disturbed by the growing trends in HEW, and the decline of quality education. This is an issue that will not go away; indeed, it is going to go to every major urban area in this Nation. The farther it goes, the more this distinguished body will be inclined to rectify this rank social injustice, and I assure my colleagues that they will have many opportunities in the future to record themselves on this important issue.

The PRESIDING OFFICER (Mr. CLARK). All time has expired. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CULVER), the Senator from Mississippi (Mr. EASTLAND), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. McGOVERN), the Senator from North Carolina (Mr. MORGAN), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Nebraska (Mr. HRUSKA), the Senator from Nevada (Mr. LAXALT), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 27, nays 59, as follows:

[Rollcall Vote No. 355 Leg.]

YEAS—27

Allen
Bartlett
Bentsen
Byrd,
  Harry F., Jr.
Cannon
Chiles
Curtis
Dole
Fannin
Ford
Garn
Hansen
Helms
Huddleston
McClellan
McClure
Nunn
Randolph
Roth
Scott,
  William L.
Sparkman
Stennis
Stone
Talmadge
Thurmond
Tower
Young

NAYS—59

Abourezk
Baker
Bayh
Beall
Bellmon
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Case
Church
Clark
Cranston
Domenici
Durkin
Eagleton
Fong
Glenn
Gravel
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Ribicoff
Schweiker
Scott, Hugh
Stevens
Stevenson
Taft
Tunney
Weicker
Williams

NOT VOTING—14

Brock
Buckley
Culver
Eastland
Goldwater
Griffin
Hart, Philip A.
Hruska
Laxalt
Long
McGovern
Morgan
Stafford
Symington

So Mr. HELMS' amendment (No. 1967) was rejected.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

(The following proceedings occurred during the consideration of Mr. HELMS' amendment No. 1967 to H.R. 14232, and are printed at this point in the RECORD by unanimous consent.)

ALPINE LAKES AREA MANAGEMENT ACT OF 1976

Mr. JACKSON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 947.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 7792) to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. JACKSON. Mr. President, H.R. 7792 was passed by the House on June 8, 1976. This measure, the Alpine Lakes Area Management Act of 1976, designates an Alpine Lakes wilderness of some 392,000 acres in the central Cascade Mountains of Washington State. Last week the Senate Interior Committee held hearings on H.R. 7792 and by unanimous vote favorably reported the bill. I urge my colleagues to join in supporting the House-passed measure so that it can be immediately sent to the President for his signature.

The Alpine Lakes, Mr. President, is an area of exceptional beauty, and a source of important recreational use and valuable natural resources. The area has been the subject of considerable study, discussion, and debate for several years. In 1946 the Forest Service set aside nearly 250,000 acres as a limited area to preserve its scenic value in a near-natural condition. And in the 1960's, because of controversy surrounding the establishment of a North Cascades National Park, a multiagency team made a detailed study of some 6 million acres of Federal land in the north Cascades. I devoted considerable time to legislation encompassing much of the north Cascades region in 1967 and 1968, which culminated in the establishment of a 505,000-acre North Cascades National Park. Another 700,000 acres of dramatic alpine scenery, active glaciers, and mountain lakes in northern Washington were placed in a special status, including the Ross Lake and Lake Chelan Recreation areas, the Pasayten Wilderness, and additions to the Glacier Peak Wilderness. The study team's recommendation for the creation of two wilderness areas in the Alpine Lakes, however, was not the subject of legislation at that time. Because of the sheer magnitude of undertaking long-range land use patterns for the entire north Cascades area, only those study team recommendations dealing with land north of the Stevens Pass highway were considered in 1967 and 1968.

The Alpine Lakes were the subject of further study by the Forest Service between 1971 and 1973. In addition, several interest groups formed during this period made independent studies and recommendations for the area. Legislation concerning the disposition of the Alpine Lakes was first introduced in the 93d Congress, although no action was then taken. Three bills were introduced in the House of Representatives early in the 94th Congress. One plan called for the establishment of a national recreation area of over 1 million acres, within which some 575,000 acres were to be designated as wilderness. A second proposal designated a wilderness of 216,000 acres. The third option would have established a wilderness of about 292,000 acres. The entire House delegation from the State of Washington sponsored all three of the proposals in order to put all relevant issues affecting the area before the Congress. After several days of hearings and markup during the last year, the House passed H.R. 7792 on June 8, 1976.

Mr. President, in several respects H.R. 7792 resembles the North Cascades legislation to which I earlier referred. Both involved long, hard work on the part of many dedicated individuals. The results in both cases, I believe, are fair compromises which best represent the needs of the majority of citizens. While perhaps no single measure could completely satisfy all the needs of all users of this scenic area, the compromise embodied in H.R. 7792 may be the closest we will ever come to a consensus.

The bill before the Senate is the product of long and careful consideration. It has the unanimous support of the entire Washington State delegation, whose members have worked diligently with concerned parties for a measure that accommodates divergent viewpoints and interests. I want to commend all Members of the State's delegation in the House for their respective contributions in moving this matter toward an equitable resolution. Congressman Lloyd Meeds deserves our special thanks for his tireless efforts in helping to hammer out a bill this year.

Mr. President, I have done my best to expedite consideration of H.R. 7792 on the Senate side. I believe that the consequences of inaction would be unfortunate. It would necessarily mean that this matter—already the subject of years of discussion and debate—would have to be studied anew by yet another Congress. I do not believe this would be in the best interests of any of the groups so concerned with the Alpine Lakes area.

I strongly urge passage of H.R. 7792, Mr. President, and I sincerely hope that it will receive the Presidential signature it deserves.

Mr. MAGNUSON. Mr. President, I would be derelict in my duties in the Senate if I did not pay tribute to my colleague, Senator Jackson, with respect to this bill. This has been a long, long struggle, a very controversial one, in our part of the country, between many factions.

To be able to hammer out a compromise which would establish this new wilderness area is almost a legislative miracle. Not everybody will be satisfied, but I think most people will be, in the long run.

Senator Jackson and the Members of the House from Washington State, particularly Representative Meeds, worked long and hard to bring about what I think is a sensible compromise in connection with the Alpine Lakes Wilderness area. It will be a place everybody in the United States will be able to enjoy.

I am glad that we were able to take up this matter today and, I am pleased that the matter has been settled.

Mr. JACKSON. Mr. President, my senior colleague, Senator Magnuson, has been most generous and kind. He is also very modest. This was, shall we say, an effort on the part of the entire Washington congressional delegation, and Senator Magnuson spent a great deal of time and effort in bringing us all together on this.

Representative Meeds, as he has mentioned, took the lead in the House, but the entire delegation participated.

I am very grateful for the support that my senior colleague gave throughout the long deliberations that went on before we were able to reach a compromise solution.

The ACTING PRESIDENT pro tempore. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 7792) was ordered to be read a third time, read a third time, and passed.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SENATE CONCURRENT RESOLUTION 127—AUTHORIZING THE CORRECTION OF THE ENROLLMENT OF H.R. 7792

Mr. JACKSON. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The concurrent resolution will be stated by title.

The second assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 127) authorizing the correction of the enrollment of H.R. 7792.

The concurrent resolution is as follows:

S. Con. Res. 127

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill H.R. 7792, to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington, the Clerk of the House of Representatives is authorized and directed, in the enrollment of said bill, to make the following corrections:

(1) In section 2(a)(1), strike out the word "compromise" and insert in lieu thereof "comprise".

(2) In section 2(b), strike out "(1)".

(3) In section 3(a), strike out the words "(hereinafter referred to as the "wilderness")" and insert in lieu thereof "(hereinafter referred to as 'the wilderness')."

(4) In section 3(a), strike out " "intended wilderness" " where it appears in such section and insert in lieu thereof " 'Intended Wilderness" ".

(5) In section 3(e), strike out the words " "Intended Wilderness Lands" " and insert in lieu thereof " "Intended Wilderness" ".

(6) In section 4(a), strike out the words " "Intended Wilderness Lands" " and insert in lieu thereof " "Intended Wilderness" ".

(7) In section 4(b), strike out the words "intended wilderness lands" and insert in lieu thereof " "Intended Wilderness" ".

(8) In section 4(c)(1), strike out " "intended wilderness" " wherever it appears in such section and insert in lieu thereof " "Intended Wilderness" ".

(9) In section 4(c)(1), strike out the words " "Intended Wilderness Lands" " and insert in lieu thereof " "Intended Wilderness" ".

(10) In section 4(c)(3), strike out the words " "intended wilderness" " and insert in lieu thereof " "Intended Wilderness" ".

(11) In section 6(a), strike out the word "prepared" and insert in lieu thereof "prepare".

(12) In section 6(a), strike out the words "multiple use plan" and insert in lieu thereof "multiple-use plan".

(13) In section 6(f), strike out the word "formation" and insert in lieu thereof "formulation".

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to the consideration of the concurrent resolution.

Mr. JACKSON. Mr. President, the sole purpose of this resolution is to correct typographical and technical errors made in the House-passed bill.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. JACKSON. Mr. President, there are three nominations that the minority especially wanted acted upon, in connection with appointments to the Federal Energy Administration and the Department of the Interior. They are Calendar Nos. 286, 269, and 270. They all have been cleared and reported unanimously.

Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations will be stated.

FEDERAL ENERGY ADMINISTRATION

The second assistant legislative clerk read the nomination of Samuel J. Tuthill, of Virginia, to be an Assistant Administrator.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, while we are at it, I ask unanimous consent that the remainder of the nominations on the calendar be disposed of. I understand this has been cleared.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The second assistant legislation clerk read the nomination of Clement B. Malin, of Virginia, to be an Assistant Administrator.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF INTERIOR

The second assistant legislative clerk read the nomination of Albert C. Zapanta, of California, to be an Assistant Secretary.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

U.S. AIR FORCE

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Air Force.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

U.S. ARMY

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Army.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

U.S. NAVY

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Navy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK—THE AIR FORCE, THE ARMY, THE NAVY, AND THE MARINE CORPS

The second assistant legislative clerk proceeded to read sundry nominations in the Air Force, the Army, the Navy, and the Marine Corps which had been placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

The MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(All nominations confirmed today are printed at the conclusion of Senate proceedings.)

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I yield to my distinguished colleague from Montana.

EQUITABLE ALLOCATION OF NORTH SLOPE OIL

Mr. METCALF. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 460) expressing the sense of the Senate with respect to the equitable allocation of North Slope and other crude oil resources and petroleum products to the North Tier region of the United States.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. METCALF. Mr. President, this resolution was agreed to by unanimous vote of the Committee on Interior and Insular Affairs. It is sponsored by a bipartisan group of northern tier States.

UP AMENDMENT NO. 130

Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The legislative clerk read as follows:

The Senator from Montana (Mr. METCALF) proposes unprinted amendment No. 130.

At the end of the resolution add a new section as follows:

SEC. 2. The Secretary of the Senate is directed to transmit a copy of this resolution to the President of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. METCALF. I yield.

Mr. MANSFIELD. Mr. President, at this point I yield to the distinguished Senator from Alaska (Mr. STEVENS).

Mr. STEVENS. Mr. President, Alaskans supported the Pastore amendment to the Alaska Pipeline Act. And we have no objection to the distinguished majority leader's resolution. Our concern arises out of the fact that some sources are interpreting the necessity to build additional pipelines in the "South 48" to distribute Alaskan oil as resulting from the congressional decision on the Alaska pipeline.

Mr. President, there have been a number of newspaper articles and statements for the record on the expected oil "glut" on the west coast in 1978. The majority of these statements are based on the following arguments. They start with an underlying but sometimes unstated assumption that California was expected to absorb all the crude oil from the trans-Alaska pipeline when the decision to build the pipeline was made. California consumption estimates attributed to experts are then used to show that California cannot absorb all of the Prudhoe crude in 1978. We are then expected to accept the conclusion that the decision to build the pipeline was wrong because California's demand did not live up to expectations.

I could easily attack this argument on the ground that it is faulty logic to condemn a decision solely on events that occurred after the decision was made. Drastic changes in oil consumption projections have occurred since the decision was made to build the trans-Alaska pipeline. We have increased importation of Indonesian oil, opened the Naval Petroleum Reserves and are proceeding rapidly to develop additional Alaskan oil reserves, particularly the Lower Cook Inlet. However, I think there is a more fundamental error in the above argument, and that is the assumption that all of the Prudhoe Bay oil was intended to be consumed in California.

I was one of the main participants in the Senate debate on the pipeline authorization act in 1973. Neither my colleagues nor I saw the bill as a means of delivering Alaskan oil only to California. The pipeline was seen by all concerned as a means of relieving a national energy problem by providing a system to deliver the oil from the North Slope to markets all over the Lower 48.

It was expected at that time the supportive transportation systems would be provided to transport the crude from California to other markets in the Midwest and East. It was even made explicit in the bill that the administration was expected to do all it could to see that such systems were available. The whole problem now is that these systems have not been built, even though there are companies available and willing to build such systems.

At present, there are three realistic systems proposed. One proposal made by SOHIO would build a gasline from California to Texas and from there distribute oil to the Midwest or East using existing systems. Another suggestion is to build a pipeline from Prince Rupert to Edmonton, Canada, to feed into existing pipelines to the Midwest. A third proposed system would go from Port Angeles, Wash., to Clearbrook, Minn., tying in with the existing systems there.

Now, Mr. President, if these articles only condemned the decision to build the trans-Alaska pipeline, then I would not be speaking. I know the choice we made on the oil line is correct. However, many of the articles and statements go from condemning the trans-Alaska oil pipeline to, in effect, condemning a trans-Alaska gas pipeline. This is not only an extension of an already faulty argument, but a demonstration of a complete lack of reasoning. First, it should be stated that the possibility is minimal that supportive systems will not be available to distribute the Alaska natural gas to other areas of the country after it gets to California. The present application before the FPC contains specific provisions for distributing the gas to all possible customers. However, the most disturbing aspect of these arguments is their attempt to condemn a system without any attempt to evaluate its merits.

I have felt it necessary to contact members of the administration to determine their reading of the controversy. I am very happy to say that after meeting with Secretary Richardson of Commerce, Secretary Kleppe of Interior, EPA Administrator Train and FEA Administrator Zarb, there were no disagreements on our basic understanding of the situation. I ask unanimous consent to print in the RECORD a letter I received from Administrator Zarb on the meeting.

There being no objection, the letter was ordered to be printed in the RECORD as follows:

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 9, 1976.

Hon. TED STEVENS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENS: This is in response to the meeting held in your office on May 12, 1976, regarding the disposition of Alaskan crude oil once the pipeline is completed and oil begins to flow.

Those of us at the meeting (Secretaries Richardson and Kleppe, Administrator Train, and myself) share your concern about statements or charges to the effect that there will be an oil glut on the West Coast once Alaskan oil comes to market. Part of our concern stems from the fact that many of those statements may be self-serving to a cause or causes unrelated to the Alaskan pipeline. Of greater importance, however, is the fact that such statements appear based on assumptions that are without foundation.

For example, the only situation in which one could legitimately conclude that there will be an oil glut or surplus once Alaskan oil begins to flow would be one based on the following conclusions:

(1) Alaskan oil belongs to California and the West Coast; it cannot or should not be consumed elsewhere; and

(2) the Nation has no shortages of domestically-produced crude oil.

Neither of these assumptions is valid. Like oil produced in other States (e.g., Texas, Louisiana, etc.) and on other Federal lands, Alaskan oil is a national asset, the benefits of which belong to all of our citizens. It does not belong to one state or one group of citizens, but rather must be used to sustain the economic strength of the entire Nation.

Similarly, the Nation clearly has shortages of domestically-produced crude oil that can only be described as dangerous. The level of oil imports now exceeds seven million barrels per day, and oil from the North Slope is one of the few near-term hopes we have of reversing the current trend of deepening levels of dependence on foreign oil. It is extremely difficult, if not impossible, to believe or argue that this oil will be "surplus" oil.

It is the case that we are presently addressing a number of questions related to the efficient distribution of Alaskan oil and other new domestic energy resources—questions that were not anticipated prior to the oil embargo of 1973. This need to examine alternative transportation and distribution systems has come about as a result of changing energy economics which have occurred since mid-1973, when the Congress addressed itself to Alaskan oil production. Higher import prices, successful conservation measures, and an economic slowdown all contributed to a pause in the demand for energy. Present estimates indicate that future growth of energy demand will be below historical rates. In addition, we have been able to add to our domestic supplies through production from Naval Petroleum Reserve 1 and hope that other areas, such as the West Coast and Alaskan Outer Continental Shelf (OCS), will add further to our near-term supplies.

Just as we see the need for a major transportation and distribution network to move the domestic coal resources of the Rocky Mountain States to the national markets, we feel that an effective transportation network is needed to ensure the broad national use of Alaskan energy resources. The Energy Resources Council (ERC) has requested a full assessment of current issues involving Alaskan oil from the North Slope. This is scheduled for completion in late July and will assist both Federal and State officials in making the decisions necessary to ensure that Alaskan oil is used efficiently to offset oil imports from foreign sources.

Finally, we are concerned that prompt action be taken regarding the pending proposals for transportation of Alaskan North Slope natural gas. We have introduced legislation which would provide for the timely completion of the Federal Power Commission proceedings and which would provide for final Presidential and congressional action.

We will of course, continue to consult with you and other Alaskan officials concerning the development and utilization of Alaskan energy resources.

Sincerely,
FRANK G. ZARB, *Administrator.*

Mr. MAGNUSON. Mr. President, I wish to ask a couple questions of the Senator from Montana.

Mr. METCALF. The Senator from Montana, I think, had the floor and yielded to me, but I am delighted if he will yield, to answer any questions.

Mr. MANSFIELD. I am glad to yield.

Mr. MAGNUSON. I did not want this measure to go through without a little explanation.

The Committee on Interior and Insular Affairs did report this resolution; is that correct?

Mr. METCALF. Unanimously.

Mr. MAGNUSON. The Committee on Commerce joined with the Committee on Interior and Insular Affairs; is that correct?

Mr. METCALF. Not on this resolution. This is only a sense-of-the-Senate resolution.

Mr. STEVENSON. It is a different resolution.

Mr. MAGNUSON. This is a different resolution.

I want this clear. When the Senator mentioned the northern tier of States, what States is he talking about? Is he talking about the State of Washington?

Mr. METCALF. I am talking about this resolution joined in by the Senators from the interior States of Montana, Idaho, Minnesota, North Dakota, and South Dakota, and those States that are not the coastal States for the Alaska pipeline to take care of some of our needs for gas and oil.

Mr. MAGNUSON. I understand that. But we are dependent on natural gas, also, and we are going to be dependent on what comes out of Alaska. As a matter of fact, we are so dependent now that 64 percent of our gas supplies come from British Columbia, and I do not want the State of Washington or the State of Oregon to be out of this resolution. Why did the Senator not include all of us northern States?

Mr. METCALF. We will be delighted to include the State of Washington and the State of Oregon.

Mr. MAGNUSON. And that is for oil, also?

Mr. METCALF. The distinguished chairman of the Committee on Interior and Insular Affairs, the Senator from Washington (Mr. JACKSON) concurred in this resolution.

Mr. MAGNUSON. All right.

Mr. JACKSON. He called it up and had it voted out.

Mr. MAGNUSON. I just wished to get this clear so we have the record clear, that this in no way discriminates against the coastal State of Washington.

Mr. METCALF. Absolutely, in no way.

Mr. MAGNUSON. I wished that to be clear because I know the desire of the people in the Middle West to get gas and oil. This relates to oil I understand only.

Mr. METCALF. It is natural gas, also.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. MAGNUSON. If the Senator will wait a minute, I wish to finish first.

Mr. METCALF. The Senator from Montana has the floor.

Mr. MAGNUSON. May I finish with what I have said?

Mr. METCALF. Surely.

I was responding to the Senator from Virginia.

Mr. MAGNUSON. I know of the desire and need, but I do not want that at the expense of those of us who relied upon this in my State for them to have a monopoly on the oil coming down from Alaska to the Middle West. There are so many of these resolutions and bills around, sponsored by Senators of the inland States, that I cannot even keep track of them.

Mr. METCALF. Mr. President, will the Senator from Montana yield to me a moment?

Mr. MAGNUSON. I have a feeling that we are going to be left out in the cold unless someone does keep track of it.

Mr. MANSFIELD. I yield.

Mr. METCALF. One of the propositions that we proposed is to bring the pipeline in through the State of Washington and cover the northern tier of States, and it is one of the alternatives that is suggested in our resolution and in the hearings for this resolution and in Senator MANSFIELD's statement that he is putting in the RECORD he is telling Senators that one of the propositions is to bring the pipeline down into Washington, but we should also serve the northern tier of States on the inland part of the United States.

Mr. MAGNUSON. I have been in this business too long not to know that when we get into a fight over oil and gas that everyone wants a fair advantage, and all we want is to be sure that the State of Washington is not going to be deprived of this great new source of oil and gas.

Mr. METCALF. All we want is that the State of Montana, the State of Idaho, the State of North Dakota, the State of South Dakota, and the State of Minnesota will be able to share in this new supply of oil and gas.

Mr. MAGNUSON. If the Senator uses the word "share," that might be all right. If he is going to take it all and deprive us, that is another story.

Mr. MANSFIELD. No.

Mr. METCALF. No one is going to take it all.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Virginia.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the Senator yielding. I was on my feet seeking recognition to preserve the right to object before the vote is taken, and I am just wondering why the Senate would pass a sense of the Senate resolution with regard to any particular group of States. In Virginia on the East Coast we have shortages of oil and gas, especially gas. Of course, I am interested in protecting my own State, as every Senator is, and I wonder if the reasoning back of this resolution could be explained to us.

Mr. MANSFIELD. Yes. We had alternatives. We thought the best would be to the middle western States and northwest States, and we also thought it would apply to the rest of the United States when we get the pipelines in, if we ever do, including Virginia.

Mr. WILLIAM L. SCOTT. Is this something the committee had hearings on?

Mr. MANSFIELD. Yes.

Mr. WILLIAM L. SCOTT. Was my State given an opportunity to be heard?

Mr. MANSFIELD. It was reported unanimously, and the witnesses were heard from the affeceted States along the Northern Tier where the lines will come in, if they do come in. As I say, these lines are supposed to apply to all of the United States, including Virginia, because once you get it down, it does not stop in our States.

Mr. WILLIAM L. SCOTT. When the pipeline comes into the Lower 48, it can be distributed all over the Continental United States. Is that correct?

Mr. MANSFIELD. Yes, indeed.

Mr. WILLIAM L. SCOTT. I appreciate the Senator's explanation.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 460) was agreed to.

The preamble was agreed to.

The resolution, as amended, with its preamble, reads as follows:

Whereas under section 410 of Public Law 93-153 the "Congress declares that the crude oil on the North Slope of Alaska is an important part of the Nation's oil resources, and that the benefits of such crude oil should be equitably shared, directly or indirectly, by all regions of the country"; and

Whereas section 410 of Public Law 93-153 also provides that the "President shall use any authority he may have to insure an equitable allocation of available North Slope and other crude oil resources and petroleum products among all regions and all of the several States"; and

Whereas it is essential to maintain a viable crude oil refining industry in the Northern Tier States of the United States; Now therefore, be it

Resolved, That it is the sense of the Senate that the President should immediately exercise the authority vested in him by law to carry out the intent and purpose of section 410 of Public Law 93-153 by allocating an equitable share of North Slope and other crude oil resources and petroleum products to the Northern Tier region of the United States.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1977

The Senate continued with the consideration of the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

Mr. BROOKE. Mr. President, I ask unanimous consent that Charles Warren, of Senator JAVITS' staff, and Caroline Silver, of Senator DOMENICI's staff, be granted the privilege of the floor during the consideration of and vote on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1975

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from New Hampshire (Mr. DURKIN) and others, No. 1975.

The assistant legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN) for himself, Mr. McINTYRE, and Mr. FORD, proposes an amendment numbered 1975:

On page 7, beginning with the word "that" in line 25, strike through line 8, on page 8, and insert in lieu thereof the following: "that none of the funds appropriated under this paragraph shall be obligated or expended for the assessment of civil penalties issued for first instance violations of any standard, rule, or regulation promulgated under the Occupational Safety and Health Act of 1970 (other than serious, willful or repeated violations under section 16 of the Act) resulting from the inspection of any establishment or workplace subject to the Act.".

Mr. DURKIN. Mr. President, my amendment, very simply—and I want to state it in the simplest terms possible, because while I think it is a vital and important amendment, the concept is very simple—prohibits fines for first instance, nonserious violations for employers of all sizes, all industries, all occupations, large or small. It exempts small businesses. It exempts farmers. It exempts General Motors.

I repeat: It prohibits fines for first instance violations that are nonserious violations for all employers, large or small, in all occupations.

A serious violation is defined in section 17(k) of the Occupational Safety and Health Act. The key words in that definition are "the substantial probability of death or serious injury." The definition "serious" is pretty well pinned down. The amendment is couched in terms which would prohibit fines for first incidents, nonserious violations for all employers—small business, farmers, General Motors, and what have you.

The present law covers all but family-owned and family-operated farms or businesses.

OSHA has provided demagogues on both sides of the aisle with quite a bit of material. I think everyone in the Chamber will admit that the act got off to a shaky start at best, and that is being charitable.

The standards were pulled together hastily. The administration was far from desirable. It was spotty at best, even though there have been improvements. I think Secretary Dunlop was trying to improve the administration of the act until he got caught up in situs picketing. Dr. Corn is endeavoring now to improve the administration of the act, to eliminate some of the misleading, and conflicting standards, and to add an element of common sense to OSHA, which has been lacking for altogether too long, especially in the early administration. Nonetheless, even though Dr. Corn and others are trying to improve it, we do have aberrations.

I think almost everyone is familiar with the beef cattle booklet. It is a rare individual who does not know, almost as a matter of instinct, that much of what is in the beef cattle bulletin. There is no need to waste substantial amounts of money on putting it together to tell us not to step in cow manure, that cow manure is slippery when stepped in, and that you are apt to fall on the barn floor.

I still think they have made a lot of progress down there. They have come a long way, but the beef cattle booklet indicates that they still have room to go.

Mr. ABOUREZK. Mr. President, will the Senator yield?

Mr. DURKIN. I will yield in a couple of minutes.

Mr. President, the very able chairman of the Committee on Labor and Public Welfare, Senator WILLIAMS, last year asked me to chair oversight hearings.

I will never forget my first two votes in the Chamber. On my first vote, I voted against the pay raise and made a lot of my friends mad. On my second vote, I voted against exempting small business employers from OSHA and made my wife mad.

So when I came to the task that the chairman asked me to undertake, I was very skeptical of some of the antics, if you will, in the administration of OSHA. With that predisposition, I commenced hearings in Washington. There were 2 days of hearings in Washington.

During those hearings no one was asking for exemptions because of size. Practically every witness indicated that they were not most concerned with being exempted because of size, nor being exempted because they were in a particular industry. The thing that really upset them and really got to them was that the OSHA inspector cited them for a nonserious violation and the citation called for a fine and the imposition of the fine. It was the imposition of the fine in that first instance, the imposition of the fine for a nonserious—in many cases, nitpicking—violation that infuriated most of the people.

We were not satisfied with listening to some of the witnesses in Washington, who I believe in many respects can be considered professional witnesses. As part of the undertaking, at the request of Chairman WILLIAMS, we commenced hearings under oath, so we could hear first hand from people who had experiences with OSHA.

We had a day-long hearing in the State of New Hampshire. We were supposed to be in South Dakota yesterday. We are scheduled to continue the hearings in South Dakota and to continue the hearings in Oregon, and then wind them up in Washington.

I think the New Hampshire hearings were indicative. I had hear rumors about OSHA. The rumors were like a yo-yo—they came by word of mouth. We did two things. We sent out a newsletter. In the newsletter, in bold print, with a big, dark border, so it could not be missed, we asked everyone who received the newsletter—and there were some 200,000 people in the State of New Hampshire—if they had first-hand knowledge, first-hand experience with OSHA, satisfactory or unsatisfactory. We explained what we were doing and the reason for this, and asked them to contact my office, either by calling our hotline or by mail. I was surprised to learn that we received only four or five communications from people in the State of New Hampshire. Two of them were complimentary to OSHA; they did not think OSHA went far enough. The other two or three were critical of OSHA, but they were critical of the imposition of the fine for the nonserious violation in the first instance.

Later, the National Federation of Independent Businesses ran a feature article on one of their newsletters to their members on our hearings and asked the NFIB membership to contact me if they had first-hand problems with OSHA. We did receive a considerable amount of mail. Again, that mail, sugared-off, revealed one main complaint. Some people had a philosophical hangup with OSHA. That is understandable. But the main, substantive complaint was the imposition in the first instance of a fine for nonserious violations.

One of the witnesses in the New Hampshire hearings—in fact, he led off the New Hampshire hearing—is the editor and publisher of a very well-respected weekly newspaper in my State. They do a little printing; he has a print shop that is a collateral business venture with the publication of this very well respected newspaper. I might add, he is a very well-respected editor.

He stated that he had done everything he could to prepare for an OSHA inspection. He had called in consultants. He had called in experts. He talked to friends. He made the analogy of going to the dentist. He said, in conclusion, that he felt it had been worthwhile.

He said, "I am afraid," quoting him, "I am afraid that I feel the act itself is necessary."

Going on, without reading the entire transcript, talking of the investigation, he said:

> I think it was beneficial and I suspect that the real benefit is that it makes people like me do things that they might otherwise not have done if they didn't have this threat of being OSHA'd, as we say. I am sure we do things we wouldn't otherwise do.

Going on, he said:

> I have had a feeling of apprehension about the penalty requirement. It seems to me that a person of goodwill perhaps would correct a fault in his business without being assessed a penalty at the start if it was called to his attention. This is something that I think makes all businessmen nervous.

So here is a man who thought the inspection was worthwhile—as I say, a very well respected publisher, a very capable, conscientious individual—still upset with the fact that, for all he did, he had a $25 fine imposed upon him. The fact that he had been fined in the first instance, to him, was a little difficult to take. I suspect it is difficult for everyone who is involved with OSHA across the country to take.

As I say, the oversight hearings will continue, we hope, next year, when it is not such a hectic year, to continue to look over Dr. Corn's shoulder, or his successor's, to monitor what is going on down there and to take a close look at the act and see if the act can be improved. I think my amendment is a distinct improvement.

But I think we should persevere, and see if other improvements can be made. Perhaps the fact that we are having oversight hearings can induce the Department of Labor to persevere in their own project of shaping up the administration of the act.

In conclusion, I say again that my amendment strikes, at the bottom of page 7, most of line 25 and line 26, and the first eight lines at the top of page 8. It eliminates the two House amendments. The two House amendments would have the effect of eliminating 83 percent of the workplaces in America and 20 percent of the workers, almost 13 million workers. The Skubitz amendment eliminates farms, those with 10 or fewer employees, from the standards enforcement. In effect, it eliminates these farms from most of the act.

The Findley amendment would prohibit issuance of citations for first-instance violations by employers with 10 or fewer employees. The amendment that Senator FORD and my colleague from New Hampshire (Mr. MCINTYRE) and I have offered goes beyond that. Once more, it prohibits the imposition of fines in the first instance for nonserious violations for all employers in all occupations. I urge that the Senate adopt it. I think it will go a long way toward eliminating, as best can be in this year, the problems we have with OSHA. I think we still have a task, in committee to complete.

Mr. BROOKE. Will the Senator yield?

Mr. DURKIN. I yield.

Mr. BROOKE. I commend the Senator from New Hampshire for introducing his amendment. I think it is a sound amendment. The distinguished chairman (Mr. MAGNUSON) and I were going to propose and amendment which would have struck the two exemption amendments that were put in the bill on the House side. I have a letter which I received from the Secretary of Labor, which I think sums up the problems with the unfortunate amendments which were accepted by the House. The letter reads as follows:

U.S. DEPARTMENT OF LABOR,
Washington, D.C., June 26, 1976.

Hon. EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: I am writing to you to express my deep concern over the adverse effects of two amendments to the Labor-HEW 1977 appropriations bill passed by the House on Thursday.

The first amendment would, in the case of employers with 10 or fewer employees, curtail the application of the provisions of the Act which require the issuance of citations when violations are first discovered by an OSHA inspector.

In enacting OSHA, the Congress, after lengthy deliberation, concluded that citations with reasonable abatement dates must be issued to employers when violations are first discovered at workplaces. By eliminating this requirement for the issuance of citations setting enforceable abatement requirements, the amendment would effectively deny the protection of the Act to employees of three quarters of the employers in the Nation.

The Occupational Safety and Health Act covers some five million workplaces. Congress clearly recognized that the Labor Department would not have the resources to inspect all those establishments. OSHA has been in effect for five years and while over 350,000 inspections have been conducted, that figure represents inspections of only seven percent of the five million workplaces covered by the Act. If citations were not mandated when an OSHA inspector first discovers a violation of the Act's requirements, the employer would, in my view, have far less incentive to make corrections of unsafe and unhealthful working conditions before the plant is ever inspected. These early corrections of hazards by the employer are fundamental to the successful achievement of the goals set by Congress in the Act.

Statistics of the Labor Department indicate that many employers with fewer than 10 employees are engaged in extremely hazardous work. For example, many of the employers in the logging industry, which is a particularly hazardous industry, have fewer than 10 employees. Another example is the large number of small employers in the construction industry which also involves very dangerous activities. The effect of this amendment would therefore jeopardize large numbers of employees with the greatest need for protection.

While I strongly believe in the necessity of retaining the requirement of the first instance citation and sanction, I am also a staunch advocate of providing additional means of achieving pre-inspection compliance by employers. OSHA has set up advisory centers in its field offices, and is constantly augmenting and improving its educational programs to acquaint specific sectors of the small business community with health and safety standards. The enactment of this amendment would remove much of the impetus for employers to become involved in those programs. In addition, employers affected by the amendment would have little or no incentive to avail themselves of the various on-site consultation programs set up under the Act.

The Department of Labor has devoted much special attention and resources to the particular problems of small business employers. It is vastly preferable to rely on the OSHA programs to help small employers to voluntarily comply with the Act's requirements than to simply exempt employers on the basis of number of employees. Work-related deaths and injuries can just as easily occur in workplaces with a few employees as they can in larger firms. It makes no sense to play a "numbers game" where occupational safety and health are concerned.

The second amendment about which I am concerned would forbid the use of funds for the development and enforcement of safety and health standards applicable to persons engaged in farming operations and who have 10 or fewer employees. Such an amendment would deny to the farmworkers on the majority of the Nation's farms the effective protection of safety and health. OSHA was designed to improve the safety and health of all workers in the Nation, not just those working for large employers.

Approximately one out of every ten farmworkers suffered an injury or illness on the job in 1974. While OSHA has in the past devoted much of its attention to the industrial workplace, it has recently devoted more attention to the farm workplace, both in terms of standards development and enforcement. To weaken this momentum would not be in the best interests of the Nation's farmworkers.

Enactment of such a provision would also bring about other undesirable consequences. OSHA would have to establish a complex administrative system to implement the cutoff requirement in scheduling workplace inspections. As a minimum, this would necessitate record-keeping on the part of farm units to enable OSHA to make a clear determination as to whether a given farm employs 10 or fewer employees. This would be further complicated by the seasonal and part-time characteristics of much farm employment. Further, some employers might seek to alter employment patterns, including a temporary or permanent reduction in labor, to take advantage of the exemption, a particularly undesirable consequence in light of this Department's longstanding commitment to improve economic conditions in the rural areas of the Nation.

In addition, such an exemption would provide an unfortunate precedent which could be used to undermine the authority of OSHA in other workplaces, authority granted through the careful work and established legislative processes of the Congress.

I feel confident that you share my concern about these amendments, and that the Senate will firmly oppose enactment of such provisions.

Sincerely,

W. J. USERY, Jr.,
Secretary of Labor.

Mr. President, that is a very strong, very powerful and a very persuasive statement from the Secretary of Labor.

I think it is important that we——

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. BROOKE. Yes.

Mr. MAGNUSON. I am glad the Senator read that letter of June 26. I want to join with the expressions suggested by the Department of Labor, and that is why I am opposed to the House amendment. I think the Secretary makes some pertinent points, and I want to join with my colleague, and I hope to put this in the RECORD in full—the Senator has read it all?

Mr. BROOKE. Yes.

Mr. MAGNUSON. I just want to say this: I want to support the amendment of the Senator from New Hampshire (Mr. DURKIN), but I do it very reluctantly, not because I am against the merits of the amendment, but again I want to remind the Senate that this is legislation on an appropriation bill. It continues and continues on all HEW bills. I know you can word these amendments so that you will get by the Parliamentarian. You get advice up there as to how to word them and get by. But it is tricky legislation, like the abortion amendment and the last amendment we just voted on.

I hope the time will come when people who feel so deeply about some of these matters will go to the legislative committees and not try to put them on appropriation bills.

But in view of the situation and the House language, which I want to get rid of, I am going to support the amendment of the Senator from New Hampshire.

Mr. DURKIN. I thank the chairman.

Several Senators addressed the Chair.

Mr. BROOKE. Mr. President, I think I still have the floor.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. BROOKE. I thank my distinguished colleague.

As I said previously, the distinguished chairman of the subcommittee and I were going to join in the amendment to strike these amendments from the House bill.

Mr. MAGNUSON. The whole thing.

Mr. BROOKE. But we feel now that the amendment by the Senator from New Hampshire is a good compromise amendment and one with which we certainly can live.

Now, Mr. President, one of these amendments is a prohibition against issuing citations against businesses with 10 or fewer employees the first time they are found to be in violation of the OSHA Act.

This sounds as though it is designed to go a little easier on the small businessman in enforcing the OSHA laws. In truth it appears to be aimed at providing a complete exemption for the firm with 10 or fewer employees.

The fact is that if OSHA is prohibited from issuing a citation the first time it inspects a firm, it may be years or never before such a firm is inspected again. For at present OSHA's small compliance staff is able to inspect only about 7 percent of the Nation's 5 million businesses.

However, it has a longer arm than this because all companies know that under the law they can be inspected at any time without warning and that a citation may be issued for any violation found. Thus, the OSHA inspection force, while small in numbers, has a large deterrent potential.

This amendment would reduce that deterrent potential by a large measure.

Also the Department points out that if adopted the amendment would effectively deny the protection of the OSHA Act to employees of three-fourths of the employers in the Nation.

And in a recent letter to a Member of the House, the Solicitor of the Labor Department states that since first instance citations are an essential ingredient of the statutory scheme of OSHA, "Enactment of this amendment will present a serious danger that all appropriations to the Department * * * for implementation of the OSHA Act would be barred." That is a very serious charge, and one which my Senate colleagues should take seriously.

The other amendment prohibits enforcement of the OSHA law against farms with 10 or fewer employees. Here again someone is trying to play a numbers game with the health and safety of American workers.

We are told that this amendment, if adopted, would take 90 percent of the Nation's farm workers out of the OSHA program. Yet we also are told that agriculture is the third most hazardous industry in the Nation, with more than 2,000 occupational deaths and 190,000 injuries last year alone.

I could go on and on. Many Senators want to speak. I see Mr. ABOUREZK, Mr. JAVITS, and others who want to speak, but I think it is clear that the two amendments that were put in by the House were designed to seriously undermine, if not destroy, the OSHA program. I think they have no place in this appropriations bill, and I would like to see them stricken from this measure, as would our distinguished chairman. But again I say that because I think the amendment offered by the distinguished Senator from New Hampshire (Mr. DURKIN) is a sound compromise we would be willing to go along with that amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. BURDICK). The Senator from New Hampshire.

Mr. DURKIN. I yield 2 minutes to the Senator from Kentucky.

Mr. FORD. Mr. President, I thank the Senator from New Hampshire for allowing me 2 minutes to support the amendment that is at the desk.

Mr. President, Kentucky was either the first or the second State to comply with OSHA. We were considered a model, at that time, of cooperation between State government and business. We had seminars, we worked very hard to see that OSHA worked.

About a year ago, the leadership in the Senate asked several of the Members of this body to visit with the President, along with those Members from the House, to discuss the problems that were being faced by the Federal Government and the reaction of business to the many regulations that were being imposed upon them.

After listening to all of the comments and realizing, I think the President agreed, that regulation was a problem, that it was a large maze of redtape and difficult to explain or justify. He asked me for a comment. I said:

> Mr. President, the first thing you could do is change the attitude of those people who are out harassing business people, particularly small business people. Just change the attitude.

Let me give one example. A fine gentleman who had worked hard, had a good business, had built a new building in which to locate his business. The day he was moving from the old building to his new building, the inspector came by and saw a ladder leaning against the building. He was given a citation and fined $50.

His attitude has not been very good since that time. This is an attitude that has not changed. Mr. President, OSHA inspectors, continue to give such citations to our businesses.

Since that the attitude has not changed, I think it is time that we in this Chamber legislate attitude—and I do not believe in such action normally. Apparently it is the only way we can get the problem corrected.

I am pleased to join with the two Senators from New Hampshire in their quest to change the attitude toward businesses in this country.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. GARY HART). The Senator from New Hampshire has the floor.

Several Senators addressed the Chair.

Mr. DURKIN. I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. DURKIN. No, I did not.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. CURTIS. A point of order, Mr. President,

Point of order, Mr. President.

Several Senators addressed the Chair.

Mr. CURTIS. Point of order, Mr. President.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. DURKIN. I did not yield for the purpose of a quorum call.

Mr. TAFT. Will the Senator yield for a question?

Mr. DURKIN. In just a second.

Yes, I shall yield to the Senator from Ohio for a question.

Mr. TAFT. I thank the Senator for yielding.

I do want to make a few remarks before asking the question because I think it does lead up to the question.

Mr. President——

Mr. DURKIN. Mr. President, I yielded only for a question.

Mr. TAFT. The question that I was going to ask the Senator relates to the other pending legislation and the hearings he has been having before his committee. In order to have the background for that question, I would like to review the course of the other legislation that is pending at the present time in the committee.

I wonder if the Senator would be willing to allow me to do that for a few minues before putting the question.

Mr. DURKIN addressed the Chair.

Mr. TAFT. I am referring to the onsite consultation bill, I will say to the Senator.

Mr. THURMOND. Mr. President, I rise in opposition to the amendment of the distinguished Senator from New Hampshire, Mr. Durkin, which would eliminate one of the best features of this Labor-HEW appropriations bill—the provision which would prohibit the Occupational Safety and Health Administration from promulgating or enforcing standards applicable to primarily small farmers with 10 or fewer employees.

This provision was added during House debate on the bill through an amendment offered by Congressman Skubitz of Kansas. By an overwhelming vote of 273 ayes to 124 nays—a more than 2-to-1 margin—the House decided that it is neither wise nor necessary to appropriate funds for OSHA salaries and expenses for the purpose of writing ridiculous health and safety standards aimed at small farmers. Neither is it necessary for OSHA inspectors to invade small farmsteads to inspect and interfere with farm operations, or to haul farm operators into court for alleged violations of standards that are nonsensical in the first place.

Mr. President, the heavy hand of the Federal Government, as extended through OSHA, is not now and never will be an acceptable substitute for commonsense and caution in the operation of farm machinery and the conduct of routine farm operations.

It is true that farm-related injuries are entirely too high and that too many deaths occur each year through farm accidents that could usually have been prevented. However, farmers themselves are more intimately acquainted with these facts than Congress or OSHA ever will be. They do not need big government in Washington to remind them that they need to make their farm equipment and farm environment safer for themselves, their families, and employees.

Yet, OSHA has apparently decided that farmers are too dumb to understand the basics of farm safety. They recently spent half a million dollars of the taxpayers' money to pay a group of so-called experts at Purdue University to prepare "plain language" safety pamphlets for farmers. These pamphlets contain many "brilliant" ideas, which I am sure never occurred to farmers. For instance, take this basic tenet of farm safety contained in the beef cattle booklet:

> Hazards are one of the main causes of accidents.

Or how about this great discovery?

> When floors are wet and slippery with manure, you can have a bad fall.

Now, Mr. President, how ludicrous and ridiculous can OSHA get? What is the farmer supposed to do—put diapers on his cows so that no manure gets on the barn floors making them slippery and hazardous? Or, is he supposed to take all his employees aside and explain to them that manure, wet floors, and carelessness can together create a bad fall? The plain truth is, Mr. President, there are a few facts of working on a farm that laborers have to learn for themselves, and reading an OSHA booklet is not going to necessarily protect them from the hazards of slippery floors. If this is the way in which OSHA is going to waste the taxpayers' dollars, then it is far better that Congress not appropriate them any money to spend.

In recent years OSHA has come forth with many unreasonable, absurd proposals. However, I do not believe any is more unreasonable, costly, and impractical than the recently proposed field sanitation standards. I am pleased that the Senate Agriculture and Forestry Committee has reported Senate Resolution 476, calling on the Secretary of Labor to withhold issuance of any final regulations respecting field sanitation facilities until the committee has had an opportunity to hold hearings on their necessity and economic impact.

For those not familiar with these recent OSHA proposals, let me point out that the crux of these standards is to require toilet, hand-washing, and drinking water facilities within a 5-minute walk of each employee's place of work in the field. These proposed regulations grew out of petitions presented to OSHA by several migrant worker organizations and are presumably aimed at the very large farm operations. However, the way the standards are written, they will apply to nearly every farm that employs outside labor and especially to those that use seasonal labor to harvest fruits and vegetables.

Mr. President, I could point out numerous ways in which these proposed standards are absolutely absurd and unworkable. However, I will simply summarize by saying that these standards, if implemented as proposed, will put many farmers and farmworkers out of business. Furthermore, instead of promoting health and safety, they may in fact be detrimental to these worthy objectives.

Mr. President, I ask unanimous consent to have printed in the Record a letter recently received from one of my farm constituents, who speaks in behalf of many of his counterparts in opposition to these proposed field sanitation standards.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Agricultural Survival Association,
Columbia, S.C., June 18, 1976.
Hon. Strom Thurmond,
U.S. Senator,
Dirksen Office Building,
Washington, D.C.

Dear Senator Thurmond: We have carefully reviewed the proposed standards on sanitation for field workers as published in THE FEDERAL REGISTER. We again feel that agriculture is being singled out or made the whipping boy for OSHA on this proposal. Certainly many other occupations have similar problems such as logging crews, highway construction crews, etc.

While there are some things in these proposed standards that we can live with others would be practically impossible. For example, in fruit and vegetable harvesting operations it is quite often necessary to move picking crews to different fields miles apart several times a day. What could be more unsanitary than that of moving port-of-johns that have already been in use from field to field? It is also impossible for running water to be in each field.

Again as in the past OSHA has made statements to justify these proposals which should be subject to challenge. We propose that we provide ample rest period and sanitation opportunities to meet the needs of our field workers. We are all quite busy at the present time and fall will be upon us before we can take time from our busy schedules to begin to defend ourselves. In the meantime, anything that you can do to persuade OSHA to conduct public hearings regarding these proposed standards, it would be greatly appreciated. We feel that the problems that would be caused if these standards went into effect are much too far reaching to be reduced to written form. Therefore, we feel that public hearings are necessary.

We appreciate your good past support and know that you can understand our problems in regards to this.

Very truly yours,

Frank Berry,
First Vice President.

Mr. THURMOND. Mr. President, I recognize that there is some virtue in the pending amendment. It would significantly limit the situations under which OSHA officials could issue first-instance citations to those involving "willful, serious or repeated violations." However, the amendment strikes a similar provision from the House bill, which was added on the House floor through the Findley amendment.

I am pleased that the Senator from New Hampshire has, to a degree, recognized the wisdom of the House action in this regard. It has been my contention ever since OSHA was first created in 1970, that it was unfair and unreasonable to fine small businessmen for violations of standards which they may not even know exist until the OSHA inspector comes visiting. An employer at least deserves a decent chance to find out exactly what he has to do in order to comply with the rigorous OSHA standards before being found in violation of the law.

However, despite the good in this amendment, I feel that it should be opposed. It makes no sense to give up two dollars to get back one in return, which is essentially what the Senator from New Hampshire is proposing.

Mr. President, the House acted wisely both in limiting the jurisdiction of OSHA to the larger, corporate farm enterprises and also in prohibiting first-instance citations against all small businesses. I believe that these provisions of the Labor-HEW appropriations bill should be retained in the bill as passed by the House, and I urge my colleagues to oppose the pending amendment.

Mr. MAGNUSON. Will the Senator yield for a parliamentary inquiry?

Mr. DURKIN. Yes.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. MAGNUSON. There is no time limitation on this amendment, is that correct?

The **PRESIDING OFFICER.** The Senator is correct.

Mr. MAGNUSON. So that everyone will have an opportunity to speak, so there is no use having all this wrangle on who is going to yield to whom. Everyone will have all the opportunity he wants to speak when the Senator from New Hampshire yields the floor.

It is as simple as that.

Mr. JAVITS. Will the Senator yield for a question?

Mr. DURKIN. I yield to the Senator.

Mr. JAVITS. I just want to find out from the Senator whether his particular amendment took account of the factual situation.

Does the Senator's amendment take account of the fact that nonserious violations, which are categories under the act, have involved only 30 percent of those charged in penalty, whereas 70 percent of those charged have not had any penalty at all, and that the average penalty imposed has been only $42?

Has the Senator taken that into account in his substitute?

Mr. DURKIN. Yes. The answer to the question is, "yes."

The problem we saw in the hearings here and in New Hampshire was, even though a violation was nonserious, a lot of people—I think rightfully so—resented the imposition of a fine.

I have some of the nonserious violations. I can just list a few of them that result in fines and that rightfully rankled a lot of people:

Not painting aisle markings where aisles are clearly discernible or constantly changing.

Not hanging fire extinguishers high enough.

There have been fines for that and they rightfully resent it.

Not having exit signs of the correct size or color.

Circuit breaker box installed by certified electrician not adequate.

Not having a three-prong for the coke machine (proper grounding).

Trash on the floor.

Having guard rails 2" too low.

And these were not cutter guards, either.

Not having an electrical ground on office equipment, such as typewriter.

Not having a covered receptacle in the ladies room.

Deficiencies in equipment not owned by employer, such as vending machines or employee's personal tools.

Improper placement of items such as waste cans and barrels.

Recently purchased equipment not meeting OSHA requirements, such as fans, drop lights, bench lights.

Exposed light socket in ceiling.

These are some of the nonserious violations that resulted in fines, and that is where the resentment comes from.

Mr. JAVITS. Will the Senator's substitute retain the citation technique so that the businessman will know what is involved there and be able to correct and abate it?

Mr. DURKIN. Yes. The citation will be issued, if warranted, there will be the appeal period, and then will be the abatement or compliance period.

It would be analogous to the New Hampshire State trooper giving a courtesy warning.

Mr. JAVITS. Right.

And if not abated, and all the procedures have been gone through, it will still leave it possible to impose a fine if he simply does not abate what he has been cited for. Is that correct?

Mr. DURKIN. Yes, depending on the evidence.

Mr. JAVITS. Right.

Mr. DURKIN. It tends toward willful, if it is not resolved in due course.

Mr. JAVITS. Then it becomes analogous to a serious violation?

Mr. DURKIN. Yes.

Mr. JAVITS. And the Senator is carefully omitting prejudicing the opportunity to redress the serious violations, which impose danger, for example, some grave bodily harm?

Mr. DURKIN. That remains intact. The Senator is correct.

Mr. JAVITS. My last question is this. I gather the Senator's substitute covers both farming and nonfarming; is that correct?

Mr. DURKIN. It exempts all employers, no matter what size, no matter what industry or occupation. It exempts all employers large and small, farm and urban.

Mr. JAVITS. And, in respect to farming—which always has a very sympathetic feeling around here—the Senator has, has he not, taken cognizance of the fact that is the third most hazardous business or industry or calling in this country.

Mr. DURKIN. The Senator is correct. Agriculture is the third most hazardous occupation in the country.

I might also point out in response to the Senator's question that there are, as I understand it, only five standards now that apply to agriculture.

A sixth that has been proposed and has run into some problems, I understand, is a roll-over bar, or some similar device, on tractors.

Mr. JAVITS. Mr. President, I just wish to say to the Senator that I congratulate him on this amendment. I intend to support him. I think it is the way to deal with the situation under these circumstances.

Several Senators addressed the Chair.

The **PRESIDING OFFICER.** The Senator from New Hampshire has the floor.

Mr. ABOUREZK. Will the Senator yield for a question?

Mr. DURKIN. I yield for a question, yes.

Mr. ABOUREZK. My question is, I do not understand why the Senator insists on holding the floor when he is done with his statement. I would like to offer an amendment.

Mr. DURKIN. I will be very frank. As the newest Member of this body, I am not sure of the procedure. I simply do not want to lose the floor. That is the most candid answer I can give.

Mr. ABOUREZK. If I can offer the amendment and make a statement on it, I would be prepared to yield back to the Senator, if he agreed to do that.

Mr. DURKIN. That is all right, but I think I have already indicated that I would yield to the Senator from Ohio for a statement with a question at the end of it—that form of question—and then to the Senator from New Jersey.

Mr. TAFT. Mr. President, at the outset I congratulate the Senator from New Hampshire for the work he has done on this amendment and for his oversight hearings on OSHA. I feel we have received a good deal of valuable information with regard to the operation of OSHA during those hearings, and I hope we will be able to get more.

Second, I would like to indicate that there is another way to go on this entire matter. I am not too happy, and I am sure the Senator from New Hampshire and many other Senators are not too happy, with having this issue arise on an appropriation bill. It really more properly ought to go through the Labor and Public Welfare Committee and be considered there. But since the House action has been taken, we have little alternative, I think, but to attempt to go in the direction the distinguished Senator from New Hampshire is attempting to go. For that reason, I exepct to support his amendment.

In doing so, however, I want to call the factual situation to the attention of the Senate.

On Thursday, June 24, the House passed two devastating amendments dealing with OSHA exemptions in its consideration of the Labor/HEW appropriations bill. As I understand the situation, the sponsors of these amendments intend that their amendment will exempt agricultural and other employers with 10 or fewer employees from the coverage of the act. I want to make my position clear that I have never supported, nor will I support, any OSHA exemptions based upon the numbers of workers an employer employs. I do not think this is a reasoned approach to OSHA reform.

And yet, I can see that the House is extremely frustrated by the fact that the onsite consultation bill which was overwhelmingly passed in November 1975, H.R. 8618, has not been acted upon by the Senate.

It is currently pending before the Labor Subcommittee and the hearings which we have been having do relate to it. However, no action appears to be imminent on it. As most of my colleagues are aware, I have done what I can to move S. 3182, an identical OSHA reform bill, through the Senate without much success thus far other than persuading almost one-third of this body to cosponsor the legislation. We now have 29 cosponsors.

We also have broad backing from business in this connection. In this respect, for instance, the position of the U.S. Chamber has been against any of the amendments that have been offered over the years to exempt many employers of small numbers of employees from OSHA, and correctly so, because they want to protect safety. But the problem has become so serious that they are now shifting their position to say they will support exemptions such as the House has enacted because there has been no action on the onsite consultation bill. This point was made very clearly by Congressman FINDLEY in his debate on the amendments that were put in for the 10 employees and the agricultural employees, stating that the amendment was only necessary because the Senate has not passed an onsite consultation bill.

Mr. President, I do believe that the Congressman's statement is part of the consideration relied upon by Members of the House when they overwhelmingly approved both the Skubitz and Findley amendments.

At that time, Mr. FINDLEY stated:

> There is no prospect that that bill is going to move unless the Congress, by this means of a limitation amendment on an appropriation bill, brings pressure to get the attention of Senators to make them recognize that consultation is an absolute essential for a small business firm which cannot employ a high-cost consultant and expert on compliance with Federal health and safety regulations.

Mr. President, it seems to me that the House is thus experiencing a sense of disappointment and irritation that the onsite consultation proposal has not become law and, therefore, cannot be used by businessmen, including small businessmen and farmers, to assist them in their efforts to comply with OSHA's voluminous regulations.

The distinguished Senator from Massachusetts has mentioned that only a small percentage of employers can be inspected in any one year anyway. The whole point of the OSHA bill is to try to promote safety in places of employment of all kinds and protect the health of the employees as well. We are not achieving that with a mere enforcement process.

The bill I am talking about would set up a consultation service available to any employer who wished to get it, who would allow the consulting inspectors to come in from OSHA and advise and consult with the employer so he could make corrections that would not be a binding determination for later enforcement. But it could be shown, if the employer desired to show it in mitigation of the penalties that might be imposed for a violation of the law.

Mr. President, this is a golden opportunity for the Senate to process my onsite consulation bill, S. 3182. I am proud to announce that I now have 29 cosponsors from both sides of the aisle indicating a broad-based, bipartisan support for this legislation. I believe it is a reasonable alternative to assisting employers rather than exempting anyone from the coverage of the act. The safety and health of 10 or fewer employees is as important as the safety and health of 10 or more employees—a limitation of numbers under these circumstances is only an artificial distinction.

For the information of my colleagues, Senators BEALL, LAXALT, and I, wrote to the chairman of the Labor Committee on June 22 requesting that he schedule a markup session on the legislation as soon as possible. I have not as of yet received a response from the chairman but I think that in light of the House's action on the pending measure the climate for consideration of the onsite consultation bill would be most favorable. It is the best possible approach to the problem of assisting employers and especially small employers to comply with OSHA.

It would avoid one of the problems I do see in the Durkin amendment, which is before us now. That is the very difficult matter of defining what is a serious offense and what is not a serious offense. That seems to me to be a rather tricky matter. Also, I am not entirely sure what the language of the Durkin amendment using the word "repeatedly" actually means.

I trust, then, that my colleagues in considering this matter will encourage the Labor Committee, and the chairman of that committee, to move the onsite consultation bill unamended through the committee and on to the Senate floor for final approval as rapidly as possible.

I think this would really do the job and do it a lot better than the amendment we are considering right now. But in the absence of that, I certainly intend to support this amendment because I have no assurance we will be able to get the other bill moving at this point. I thank the Senator for yielding.

I want to conclude with a question to the distinguished Senator who has been holding the subcommittee hearings. I want to ask him what he views as being the chances of getting some markup proceedings on the onsite consultation bill sometime in the near future.

I thank the Senator for yielding.

Several Senators addressed the Chair.

Mr. DURKIN. I did not hear the question of the Senator.

Mr. TAFT. I said in view of the background information I have provided I would ask the distinguished Senator, or chairman of the commitee, if he desires to reply to it, what the chances are of getting the markup session on the onsite consultation bill in the near future in view of the very broad support for it that has been evident in the Senate.

Mr. WILLIAMS. Will the Senator yield to me?

Mr. DURKIN. I will be glad to yield to the chairman.

Mr. WILLIAMS. We have informally discussed this. We could not meet today as a committee on an urgent matter which is before us. I do not know when we will be in a position to have regular committee meetings. Informally, I did discuss this with the Senator from Ohio. We are greatly encouraged that the benefits of consultation are now available in many parts of the country. Since we last met on amendments to OSHA through the appropriations process, significant things have happened. I think all Members will be grateful that the OSHA administration has gone to the country with opportunities onsite consultation. There have been over 19,000 onsite consultations under the procedures that have been developed.

The procedures used are, first and foremost, contracts with the States, and the States undertake the consultation. We know, in addition to that, OSHA is planning a program of private contracting to private groups to do consultation, knowledgeable groups.

Now, that, I suggest, is something that all Members should applaud and be grateful for. As far as the bill for Federal consultation under the legislation is concerned, and whether we can get to an early markup, I can only say to the Senator from Ohio that with the demands upon our committee to act on other legislation, we are having a very difficult time moving, for instance, even the coal mine legislation. We know this is important to the Senator from Ohio.

The Senator from New Hampshire has done a meaningful job, since last we met on this amendment a year ago, in taking our case to the country on hearings. Not only have we learned about the existing professional consultation program, we have learned also that it is beginning to be administered with some commonsense. Employers now know that they are not dealing with an enemy, but that they are dealing with an administration with a necessary purpose, which is being arrived at without a lot of nonsense and nuisance, which is what we have had. There have been some aberrations, as the Senator from New Hampshire suggested, other than the pamphlet dealing with safety on a beef cattle farm; but I suggest to the Senate that if they read that and put themselves in the position of a farmworkers who has low reading skills and who wants information on farm safety, it is not as illogical as it might have been to publish a pamphlet written for the graduate of an agricultural school. It is written for those who have not had the benefit of an education, and written directly to them.

Mr. President, I strongly support the motion made by the Senator from New Hampshire (Mr. DURKIN) to strike these two objectionable amendments from the bill. And, reluctantly, I will not oppose the substitute which has been offered.

It pains me that the Congress still formulates exemptions as the answer to OSHA's problems. It may signal your discontent with OSHA and Government regulation in general, but the consequences are extremely dire for the workers who are arbitrarily cut off from their rights under the law.

A combined effect of the two amendments now in the bill is to exempt from inspections all establishments of 10 or fewer employees, farm and nonfarm. This removes from the protections of the law almost 13 million workers employed in 83 percent of the establishments covered by the law.

One-fifth of our workforce would lose their rights to protection when we are learning every day of new hazardous substances in the workplace.

It is indeed unfortunate that each year we have to defend OSHA through the appropriations process because it is a convenient political football. The working men and women in our industrial society deserve better consideration.

Last year, when this issue was before the Senate on the appropriations bill, I promised a full inquiry by the Committee on Labor and Public Welfare. That investigation is underway, and, with the able assistance of the Senator from New Hampshire (Mr. Durkin), we have been hearing about the shortcomings as well as the strengths of the OSHA Administration.

The inquiry thus far shows a strong support for OSHA, and, most importantly, a new understanding by the employers and workers alike that there is a substantial improvement in the Department of Labor's administration of this law.

I understand the aggravation that many of the Members of this body felt with the Occupational Safety and Health Administration. The agency definitely had a very rough and rocky beginning. But I think many of the Members also know that a great deal has been done in the past year to turn that agency around.

Many of the problems that have concerned small businessmen are being redressed.

Nuisance standards are being eliminated. OSHA has already held six public hearings around the country to solicit information from the business community as well as the workers on what aspects of the standards need to be changed.

Inspectors are being retrained to reduce any brusqueness or insensitivity which might have created bad feelings toward OSHA on the part of small employers.

Onsite consultation is being promoted through contracts with the States. Over 19,000 onsite consultative visits were made during the first 9 months of fiscal year 1976.

The recent distress of the farm community with OSHA has been largely the result of issues taken out of context. The proposed field sanitation facilities standard was a proposal which only becomes final after all public comments and hearings records are taken into account.

The Department has signed a clarification of this issue to be printed in the Federal Register. The beef cattle booklet was purposely written in simple language for farmworkers with low reading skills.

Given that agriculture is the third most hazardous industry after mining and construction and that workers in establishments of 10 or fewer are suffering almost 500,000 injuries and 16,000 deaths from accidents a year, I can see no rational reason for stripping away these workers' protections.

It is with great reluctance that I have decided not to oppose the substitute amendment which would eliminate fines for all employers for first instance violations other than those which are serious or willful.

With the agency having already developed significant momentum to redirect and improve their program, I continue to feel that additional steps such as this are unnecessary and that acting through the appropriations bill is a distortion of proper legislative process.

However, I am aware that the charges of nitpicking and harassment by OSHA have convinced many members of this body that something must be done immediately to change the agency's practices and to allay the fear of harassment that employers, particularly small businessmen, have expressed.

Given the overwhelming concern which continues to exist in Congress even in the face of significant program improvements and a decline in constituent complaints, I agree with the solution offered by the Senator from New Hampshire (Mr. Durkin).

Workers will continue to receive full protection from serious violations which threaten death or serious physical harm, and the employers will be relieved from the perceived threat of Government harassment.

The Labor Subcommittee's concern with improving OSHA and its intensive oversight efforts are not concluded with this amendment. The pressing health problems which exist in the workplace, such as the Kepone exposures, require that the agency and the Congress continue to be watchful that the act is fully and effectively implemented.

The Labor Subcommittee will continue its series of hearings and field investigations to determine what legislative or administrative changes may be needed to improve the implementation of the act.

Our concern continues to be the elimination of the workplace hazards which are resulting in 6 million injuries and over 100,000 deaths in our work force each year.

Mr. HANSEN. Mr. President, will the Senator yield on that point?

Mr. WILLIAMS. I do not have the floor.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. WILLIAMS. All I can say to the Senator from Ohio is that, within the schedules that are available to us, we certainly have his consultation bill on our schedule for consideration, and hope again that our committee will have increasing opportunities to meet. Right now we are foreclosed insofar as meeting at any reasonable hours is concerned. We set a meeting for 8 o'clock this morning, and thought we would not be meeting during a Senate session, but the Senate session was moved up to 8 o'clock and, we of course, could not have the meeting.

Mr. TAFT. Mr. President, I thank the Senator for his comment. I do not feel very encouraged; therefore, I think we ought to go ahead with the Durkin amendment.

Several Senators addressed the Chair.

The PRESIING OFFICER. The Senator from New Hampshire has the floor.

Mr. CURTIS. A point of order, Mr. President.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield for that purpose?

Mr. DURKIN. Mr. President, I would like to give a two-sentence answer to the Senator from Ohio, and then yield to the Senator from Idaho for the purposes of a question.

Mr. CURTIS. A point of order, Mr. President. The Senator from New Hampshire has lost the floor.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. CURTIS. He has held the floor in violation of the rules for some minutes now.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. CURTIS. The Senator from New Hampshire has lost the floor, Mr. President. A number of Senators have engaged in debate.

The PRESIDING OFFICER. Under the precedents, the Senator may be warned if he yields for more than a question.

Mr. TAFT. Will the Senator yield for a question?

The PRESIDING OFFICER. And if he continues to yield for more than a question, he will lose the floor.

Mr. DURKIN. I thank the Chair.

In answer to the Senator from Ohio, I share his concern about his bill, Senator Chiles' bill, Senator Laxalt has a bill in, Senator Bellmon, and others who have testified before the committee. The oversight hearings that the chairman has asked me to chair will continue with those bills, and I hope that early next year, we will get to a resolution of those bills, and do it in a proper legislative manner. I share the concern of the Senator from Washington that this is legislation on an appropriation bill. It would have been preferable if the House had not added the sections we are trying to strike.

Mr. President, I would also call to the attention of the Senate that in my amendment, in line 8, there is a typographical error. It should read "section 17" instead of "section 16." I would like to make note of that.

The PRESIDING OFFICER. The amendment will be so modified.

Mr. Durkin's amendment (No. 1975), as modified, is as follows:

On page 7, beginning with the word "that" in line 25, strike through line 8, on page 8, and insert in lieu thereof the following: "that none of the funds appropriated under this paragraph shall be obligated or expended for the assessment of civil penalties issued for first instance violations of any standard, rule, or regulation promulgated under the Occupational Safety and Health Act of 1970 (other than serious, willful or repeated violations under section 17 of the Act) resulting from the inspection of any establishment or workplace subject to the Act.".

Mr. DURKIN. At this time, I yield to the Senator from Idaho (Mr. CHURCH) for purposes of a question.

Mr. CHURCH. Mr. President, is there not a correlation between the Senator's amendment and the special needs of farmers and small businessmen, who find they lack the resources to determine what OSHA requirements might be, and frequently have no way of knowing whether or not they are in compliance, so that when an inspector comes to inspect the mom-and-pop store or the family farm, he often catches the entrepreneur or the farmer, as the case may be, completely unaware that there were violations of the kind that are pointed out to him; and that is why I ask, is it not true that these small enterprises have been particularly hard hit, and the Senator is striving, through his amendment, to give these people, who want to comply with the law, an opportunity to do so by having the violations pointed out, and then having a reasonable time thereafter to comply before the imposition of a penalty? And is it not also true that the imposition of first-offense fines against people of this sort, particularly, has given rise to so many charges of capricious and arbitrary enforcement of the OSHA law?

Mr. DURKIN. I think the Senator has stated it as many people perceive the situation. There is a fear and an apprehension. I think people instinctively know where the serious safety violation is. Unfortunately, with some of the new chemicals and toxic substances in the marketplace, people do not always appreciate the health hazard. Indeed, the Secretary has indicated that he is going to put more emphasis on the health aspects.

This amendment, frankly, is designed to eliminate the possibility of harassment of businesses and employees, all sized businesses and organizations, from fines for the nonserious violations. That is what has upset most of the people with whom we have been in contact.

I thank the Senator.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. DURKIN. Mr. President, I would like to yield to the Senator from South Dakota for the purpose of offering an amendment and for a statement only, if that is possible.

The PRESIDING OFFICER. That would require a unanimous-consent agreement. Does the Senator make such a request?

Mr. DURKIN. Yes.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ABOUREZK. Mr. President, I ask for recognition.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield the floor?

Mr. DURKIN. Yes.

The PRESIDING OFFICER. The Senator from South Dakota.

UP AMENDMENT NO. 131

Mr. ABOUREZK. Mr. President, I call up an amendment which I have at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. ABOUREZK) proposes unprinted amendment numbered 131 to the amendment of Mr. DURKIN numbered 1975:

At the end of the language proposed to be inserted, add the following:

"Provided further, that none of the funds provided by this Act shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation and employs ten or fewer employees."

Mr. ABOUREZK. Mr. President, the Durkin amendment, while it does something that I agree with, in that it exempts from a fine first offense violations in businesses, does not go far enough. I believe we should also exempt a farmer who employs 10 or fewer people, and I have proposed that it be amended accordingly.

First, I want to make one thing clear. I am not opposed to safety in businesses or farms, or safety anywhere for that matter. But rather than bringing a concept of safety to the small business community and to farms the Occupational Safety and Health Administration has brought something like a concept of vengeance and retribution, and they have placed an element of fear in the minds of farmers and small businessmen of my State of South Dakota that I think is unwarranted.

I can recall a specific case in 1972 when they first started enforcing the OSHA regulations. A businessman who owned a machine shop and a grain elevator in two different towns in South Dakota got up at an OSHA meeting and criticized an OSHA district representative from Billings, Mont. One week after that an inspector came from OSHA, inspected both of his businesses, and fined him in both instances.

There was another instance where a businessman had asked for an OSHA inspector to come out and tell him where he might be in violation so that he could correct what was wrong. When the inspector came, instead of advising the businessman, he fined him. He wrote up a number of citations that cost him an awful lot of money. That story went all over the State. It was not very long before there was a climate of fear and paranoia in some cases demonstrated by the people out there to the point where no Government inspector was welcome walking in anywhere, no Government representative of any kind was welcome into a business, and now the same thing is extended to the farms.

I do not know why the Occupational Safety and Health Administration has not carried on a campaign of education and information to try to inform people what it is they are trying to do. But instead of informing people, they promulgate regulations that are in some cases outright ridiculous, unnecessary, and nonserious. Rather than promoting safety they promote fear and apprehension.

Senator DURKIN referred to the beef handling pamphlet. I shall read a few sentences out of the OSHA pamphlet that was supplied to farmers and farmworkers. Obviously it is intended for them. It is OSHA pamphlet No. 2286 entitled "Safety with Beef Cattle."

There are no page numbers here, but on one of the pages the headline is "Don't Fall," and it says:

> Be careful that you do not fall into manure pits. Put up signs and fences to keep people away. These pits are very dangerous.

Another section says:

> Handle cattle carefully. Be careful when you are handling animals. Tired or hungry or frightened cattle can bolt and trample you. Be patient, talk softly around the cows. Don't move fast or be loud with them. If they are upset, don't go into the pen with them. Cows are more dangerous when they have new calves. Be careful if you have to reach into their pen. Try not to go into the pen with them. Keep pets and children away, too.

It also warns that a bawling calf can cause all the cows to be upset. It says:

> If this happens, stay out of the feedlot, they could bolt and knock you down.

There are two more admonitions in this pamphlet to farmers and farmworkers that I think are worth mentioning.

One is that "bare feet or sneakers are not safe around cattle." And the second one is in dealing with slippery floors, the pamphlet says that:

> When floors are wet and slippery with manure you could have a bad fall.

Mr. President, I think this kind of prose ranks with that of Calvin Coolidge when he said, "When there are a lot of people out of work, unemployment results" or with President Eisenhower who said "The future lies ahead."

This is the kind of education program that OSHA is promulgating. Instead of trying to help people overcome what might be a fear of the inspection process OSHA officials insult their intelligence.

I might add that this pamphlet, as well as all the other pamphlets, was written at Purdue University, which is the home base of our Secretary of Agriculture. And all of the pamphlets say they are developed under contract with the U.S. Department of Labor in cooperation with the U.S. Department of Agriculture.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. ABOUREZK. My amendment accepts the Durkin language of exempting first offense fines for nonserious violations; it will also put back in the House-passed bill language that would exempt farmers with 10 or fewer employees.

I might add one more important point, Mr. President: The bill came over from the House of Representatives with the Skubitz language in it. It went through the Appropriations Committee and the Appropriations Committee retained the

Skubitz language. It was not removed in the committee. It was sent to the floor in the form that it is today which would exempt 10 or fewer employees.

Mr. BROOKE. Mr. President, will the Senator yield for a question?

Mr. ABOUREZK. I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there *a sufficient* second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BROOKE. Mr. President, will the Senator yield for a question?

Mr. ABOUREZK. I yield the floor.

Mr. BROOKE. I shall ask a question, if I may.

Mr. ABOUREZK. Yes, I yield for a question.

Mr. BROOKE. I understand the purpose of what the Senator is trying to do, but if we exempt establishments with 10 or fewer employees, 83 percent of the establishments in the Nation would not be covered.

Mr. ABOUREZK. Of the farms.

Mr. BROOKE. That is the farms that we are talking about.

Mr. ABOUREZK. According to the figures I have 87½ percent of the farms have 10 or fewer employees.

Mr. BROOKE. Eighty-seven and a half of the farms would not be covered.

Mr. ABOUREZK. Of the farms, that is correct.

Mr. BROOKE. That is even a worse figure than I have myself. I have 83.

Mr. ABOUREZK. I think it is a better figure.

Mr. BROOKE. The Senator has 87. Is it the intention of the Senator not to cover any of the farms? Is that the intention?

Mr. ABOUREZK. My intention is to exempt farms that employ 10 or fewer employees.

Mr. BROOKE. Would the Senator consider reducing that number?

Mr. ABOUREZK. Not unless I lose this amendment. I would not consider it. I would consider it then, if I do not get enough votes to win this.

Mr. BROOKE. On five or less, for example, that would cut it down. What is the Senator's figure on five or less? Does he have that?

Mr. ABOUREZK. I do not have those figures.

Mr. BROOKE. He does not have those?

Mr. ABOUREZK. No.

Mr. BROOKE. I see. And the Senator at this time would not consider reducing the number; is that correct? He would want a vote on the 10 or less?

Mr. ABOUREZK. Yes. I think 10 is an important number. I believe that 10 is appropriate because most of the farms that I am familiar with in my State of South Dakota employ fewer than 10 people. Now there are some seasonal variations to that. Sometimes what we call small family units have to hire people during harvest, roundup, sheepshearing time, or whatever. They hire a few more people. Most of them do not hire more than 10 people.

So we maintain the exemption for the small farmer which is exactly what I am seeking to do. I am also told that the Labor Department will interpret the exemption of 10 as applying to any farmer who employs 10 people on any 1 day of the year. He will fall under the OSHA regulations for the entire year. So I am trying to keep that 1 day from applying to the great majority of farms in my State of South Dakota.

Mr. BROOKE. I know the Senator is very much interested and very knowledgeable about farms; we do not have that many farms in my State of Massachusetts, though we have some and we are all concerned about the safety of farmworkers. Agriculture is the third most hazardous industry in the Nation, and they had more than 2,000 occupational deaths and 190,000 injuries last year alone. Of all the accidental fatalities, 15 percent were related to agriculture work last year. It just seems to me that the Senator's percentage of 10 or fewer of 87 percent of the farmworkers would not be covered, it seems to me is——

Mr. ABOUREZK. I think the Senator has misspoken on that.

Mr. BROOKE. I am sorry. Establishments. They would not be covered. That would be exposing farmworkers to a greater risk, when the farmworkers are subjected to probably more injuries, comparable to other industries, than not. I wonder if that is what the Senator wants to achieve. That is why I asked the question whether he would seriously consider reducing he number of employees, so that more farms would be included in the protection of OSHA and more farm employees would be protected.

Mr. ABOUREZK. No, I would not consider it, as I said earlier.

I point out to the Senator from Massachusetts that I am not seeking to make farms unsafe. The inspectors have harassed small businessmen and have created a bad feeling out in the other parts of America, outside of Washington, and I am trying to prevent that from happening on farms.

Ordinarily, small farmers are aware of the safety hazards. There are literally thousands of farmers whom I shake hands with when I am out in the State who do not have at least one finger missing because of an accident involving a cornpicker or the power takeoff of a tractor. They are all aware of the hazardous nature of their occupation. It is something about which they do not need to be told.

There is also something to be said about putting roll bars and safety belts on tractors. That can be done by virtue of regulating the factory and selling the tractor with roll bars and safety belts. I do not know why it cannot be done that way, to prevent sending inspectors out on farms and creating bad feelings. Why is that not done?

Mr. BROOKE. Mr. President, will the Senator yield for a question?

Mr. ABOUREZK. I will yield in a moment.

I think it is useful to make a comparison. Automobiles, obviously, create more deaths and more injuries than do tractors. I think that is true. There are more deaths and injuries created in the automobile industry, by virtue of those things, than there is on all the farms put together. The automobile industry, interestingly enough, has succeeded in getting exemptions or delays year after year so far as safety standards are concerned, as well as clean air standards, and on and on ad infinitum.

What I am seeking to do is to try to get an exemption for farmers, to give the Occupational Safety and Health Administration an opportunity to find some other way of making farms safe, other than going out there, as I said, not with the idea of safety in mind but with the idea of vengeance. Those inspectors have been unfair. I am not going to turn those people loose on my constituents.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. ABOUREZK. I yield.

Mr. BROOKE. Absolutely, I do not want to do it in Massachusetts, and I do not think any Senator wants to do it in any State in the Nation. I understand that that is generally the gripe we hear whenever OSHA legislation or an OSHA appropriation is before the Senate.

On the other hand—and I would like someone to answer this for me—with a small inspection staff, only 7 percent of the Nation's businesses are being inspected, anyway—7 percent of the Nation's businesses. How many of these farms actually are being inspected in a given year? The Senator makes it sound as though there are inspectors running all over those farms.

Mr. ABOUREZK. I did not say that.

Mr. BROOKE. It sounds, by implication, as though farmers are being taken advantage of, that we have all these inspectors. Where do these inspectors come from?

Some people cannot handle power. I have seen it in some of the security guards at the airports. They are given authority, and power is a heady thing; it goes to their heads, and they may overstep their bounds. But that does not mean that the legislation or the appropriation for inspectors who will protect the health and safety of the farmworker and other workers is bad legislation or is a bad appropriation. I think we should find some way of getting at the inspector whose power has gone to his head and who is overstepping his bounds and is harassing the farmer or any other small business.

Mr. ABOUREZK. As an example, I cited, during the presentation of the amendment, the case of the inspector who went out and fined a businessman in both his places because he argued with the inspector a week earlier. Nothing ever happened to that fellow. Why does not OSHA do something about those people? They will make excuses. They will smooth it over. They will hide the guy. They will do everything except the right thing. What are we expected to do?

Mr. BROOKE. Then, our complaint is with OSHA's administration of this law. Is that correct?

Mr. ABOUREZK. That is part of it.

Mr. BROOKE. They may be hiring the wrong inspectors or making them think they have more power than they have. It may have something to do with the type of individual hired to make the inspection. We do not want to change the law. We should change the administration of the law.

Mr. ABOUREZK. It is not the number of inspectors that is now important in this whole setup. It is the fear of the inspection that bothers people a great deal.

Mr. BROOKE. Is that bad when you are trying to get employers to comply with the law and protect their employees against accident or disease?

Mr. ABOUREZK. Is fear bad? Yes.

Mr. BROOKE. Is that not a deterrent for a businessman or for a farmer, to be sure that the equipment is safe, so that his workers will not be injured? That is the deterrent factor; that is what we want—at least the concern that they may be inspected and cited. If we do not have that, what do we have left? I do not mean fear in its extreme sense.

Mr. ABOUREZK. I do not like to instill that kind of fear on the constituents I represent in South Dakota.

Mr. BROOKE. I do not mean fear in its extreme sense. What I mean is that if they know they can be inspected and if they are found to be in violation of the law, they can be cited and might have to pay a penalty; that might be some deterrent to make them shape up and use equipment that is not faulty and is not dangerous to life or limb. That is all we are talking about. We do not want anything more than that.

Mr. ABOUREZK. The Senator from Massachusetts said he is a city man. He does not understand farmers.

Mr. BROOKE. I love the farm, really. I am a farmer at heart.

Mr. ABOUREZK. If the Senator is a farmer, he will understand what I am about to say.

Mr. BROOKE. That is why I want to protect the farmer, because I want him to be safe.

Mr. ABOUREZK. One of the proposed regulations is that a toilet has to be placed within 5 minutes walking distance from wherever a farmer might be working on any given day. If the Senator understands farms, let me explain something about farms in the western part of the country. Some farms there comprise 4,000 to 5,000 acres. They call them ranches out there. Farms get down to 640 acres or thereabouts.

If they had to put a toilet within 5 minutes walking distance of any field where a farmer might be working in South Dakota, I am going to buy some stock in the Jiffy John industry—the Jiffy Johns we see at the construction sites. [Laughter.]

Jiffy Johns will have to be planted all over the land. In fact, there will be so many Jiffy Johns, they will not have time to plant their crops or take care of their cattle, or whatever else they need to do.

[Laughter.]

That is one of the proposed OSHA regulations. I hope it does not go through. I hope they will knock it out by the time they finally get done writing all their regulations.

Mr. BROOKE. I know the Senator's concern. I think we all are concerned about the administration of OSHA. We hear it time and time again. But I suggest to the Senator that we have a new administration. We have a new director, Dr. Corn, who already is beginning to take remedial steps to correct some of the problems to which the constituents of the Senator from South Dakota, the constituents of the Senator from Alabama, and the constituents of the Senator from New Hampshire have been exposed.

Why can we not give this new director an opportunity to get those inspectors on the ball and tell them that they do not have all that power, that they have to be reasonable, that they should not rush in where angels fear to tread and should not harass the farmers and the businessmen? I do not think any of us advocate that. We want to see that our businessmen and our farmers are treated reasonably.

All I am saying is, why change the legislation? I do not want to use the same old statement of "throwing out the baby with the bath water" again, but that is exactly what some are trying to do here. Some are trying to change the legislation, exempt a certain number of farms that would be covered and their employees who would be protected because they are aggrieved by the unnecessary acts of a few—and I say a few because I do not see any statistics to indicate otherwise—inspectors who may have made mistakes.

I ask unanimous consent that I may request the yeas and nays on Senator DURKIN's amendment.

The PRESIDING OFFICER (Mr. HATHAWAY). Is there objection to ordering the yeas and nays at this time?

Without objection, it is so ordered.

Is there a sufficient second?

Mr. CURTIS. Mr. President, reserving the right to object.

Mr. ABOUREZK addressed the Chair.

Mr. CURTIS. Mr. President, is a unanimous-consent request necessary?

Mr. ABOUREZK. Mr. President, who has the floor?

The PRESIDING OFFICER. The yeas and nays were requested for an amendment which is not pending before the Senate and, therefore, it would take unanimous consent to order the yeas and nays at this time.

Mr. CURTIS. I object.

The PRESIDING OFFICER. Objection has been heard.

Mr. ABOUREZK. I have the floor, Mr. President.

The PRESIDING OFFICER. The Senator from South Dakota has the floor.

Mr. ABOUREZK. I yield for a question to the Senator from New Hampshire.

Mr. DURKIN. I thank the Senator.

I have listened very closely to the Senator's statement and I think that, as I said earlier, this pamphlet is an outrage. The fact that this costs taxpayers money is an outrage. I think, speaking of the barnyard, the only thing that this pamphlet does is to reaffirm an old truth that there are more horses' asses than there are horses. The person who put this pamphlet out should be fired and should be returned to the private sector, where shortly he would be unemployed.

Mr. ABOUREZK. The trouble is, it was printed in the private sector by Purdue University.

Mr. DURKIN. Then the person who contracted for having it printed ought to be fired.

Mr. ABOUREZK. I agree.

Mr. DURKIN. The question is, should we at this time exempt an entire industry because of some faceless, mindless, foolish bureaucrat downtown, when we are going to continue our hearings? We are going to go to South Dakota, to Oregon, and to other States, if the States want us. As Senator TAFT requested and Senator CHILES had requested time and time again, we are going to have hearings on those bills and we are going to continue the oversight. I question whether this is the time to exempt. Especially in light of the Senator's statement on the floor that OSHA would apply if any farm employs 10 employees at any time during the year—in New Hampshire, they would get 10 or 11 employees during the year to get the hay in. If for just 1 day a farm has 11 employees it is going to be caught under the interpretation of the Act.

I point out with respect to the Senator's roll bar, if they are put on in the factory, I do not think that would solve the problem. We had an unfortunate instance we heard of, not too long ago, that a roll bar on a piece of mechanical equipment was taken off and the operator was killed. The roll bar had been put on at the factory and was removed sometime prior to the time the man was crushed to death.

I point out that, according to our research, in fiscal 1975, there were three agriculture inspections in South Dakota. My understanding is that there was only one citation for a nonserious violation.

Mr. ABOUREZK. As I pointed out, it is not the number of inspections. Obviously, three is not very many. It is the fear that these people put in the hearts of everybody out there that bothers me. I think I am obligated to do something about it and I intend to try.

Mr. DURKIN. That is why we all drive 55 miles an hour. It is not because we want to drive at a 55-mile-an-hour speed limit, but we are doing it because we are worried about the radar trap.

Mr. ABOUREZK. I yield the floor.

Mr. CHILES, Mr. ALLEN, Mr. CURTIS, and Mr. CHURCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. I want to join with the Senator from South Dakota in his amendment. I think it is a valuable amendment. The reason I think so is this: When I first came to the Senate, after the Occupational Health and Safety Act had passed, the Senator from Nebraska was bringing up amendments that would exempt certain businesses under a certain size. I voted against those amendments because I thought we should not be exempting on size. I agree with the Senator from New Hampshire that we should not be doing that. I maintained that position for a couple of years.

Then I began to find out from my people right away about some of the harassments, some of the things that were happening. I came to realize that this was a cops and robbers game. This was not a matter of trying to give education to employers; this was a game of trying to catch them, trying to intimidate them, trying to strike fear, and the fear that the Senator from Massachusetts said he is not talking about, that kind of fear in their hearts. They were going to teach them something all right.

When I first heard from my businessmen, I thought, "What is the matter with *those* guys? They just don't want to follow the law. They don't know what they are talking about."

The letters kept coming and I decided finally, maybe I had better go see some of them and find out. I would go and see some of them and find out some of the nonsensical things, like being fined because your fire extinguisher was a foot below the space it was supposed to be on the floor or your stripes were not painted correctly, fined on the first visit. Finally, the Senator from Florida decided he would introduce a bill, to see if I could correct some of these things.

My bill was not trying to lessen workers' safety. I was trying to say there should be onsite consultation. I was trying to say they would not fine a person for a nonserious violation the first time they come on the premises, the same thing the Senator from New Hampshire is trying to do.

Interestingly, I tried that same amendment, I think 2 years ago, when the bill came on the floor. To hear some of the then proponents—it is interesting how the tone has changed, because at that time they said,

> Oh, my goodness, if you don't fine them for a nonserious violation, you just don't know what that would mean.

And that amendment did not fly. It would not fly on the floor.

But it is interesting. Do the Senators know what is changing the tone in here? Finally, we are beginning to see that the only way we are getting a crack at this is when we vote on an appropriations bill to exempt 5, 3, 10, whatever it is. Send the exemptions down, and the Senate is going to see me voting for them. I do not think we should be proceeding that way. But when the committee will not come out with a bill, when they will not allow us to get something that will show the folks back home that we are trying to reform this situation, that we are trying to see that it is going to be a matter of cooperation and not intimidation—for that is the only way we are going to provide for workers' safety.

We cannot put enough inspectors in this bill, we are not going to appropriate enough money, because we would almost have to have one on one if we are going to do it all with inspections. There has to be cooperation. We have to change the attitude.

I think the new director is trying to do that. But we have to give the farmers of South Dakota and the businessmen and farmers of Florida an indication of that change. The only way we are going to do that is to provide some reform in the bill We are going to come out with onsite consultation.

Why in the world should we not have that? Why have we been sitting in the committee for a couple of years on that?

We can go through all kinds of rigmarole in the world, but I think the message had better get out that the troops now are getting the word from home and we are going to start exempting. We are going to exempt until we get a chance to get at some reform legislation.

Mr. BROOKE. Will the Senator yield?

Mr. CHILES. I have had a bill in the committee for, I think it is 3 years now. Finally, I got a chance to go to the committee and say something on my bill before the Senator from New Hampshire. That bill has many cosponsors.

The Senator from Ohio is talking about his onsite consultation bill that has 29 cosponsors. None of those bills has been acted upon.

The only way we are ever going to get any kind of message across now, I have finally decided, is to start voting for the exemptions. It is not the best way to go, no. It would be much better to go on another basis, but that is the only way the Senator from Florida has found that we are going to be able to get anything. If I want to show my businessmen and my farmers that I am cognizant of what is going on I must try to go this route. I think many of us would rather find a better route to go. We have heard, "We are going to get around to this pretty soon, we are just coming up on this." We realize that we are just not getting a bill out of that committee. The only way we are going to get one out is to continue with this process.

Mr. BROOKE. Will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Florida yield?

Several Senators addressed the Chair.

Mr. DURKIN. May I say to the Senator from Florida, I am serious about continuing these oversight hearings and getting to the bottom of this. We would be happy not only to have hearings on the Senator's bill but to have them in Florida. Would that be acceptable?

Mr. CHILES. I would be delighted to have them. Come to Florida. I would be most happy to have hearings on my bill.

I cannot understand now why we have to wait until next year on this bill. I cannot understand why we have to wait until next year for onsite consultation legislation. The Senator from Ohio asked a question. I do not think he ever got an answer. The Senator answered him by saying "next year." That is the answer we got on a bill that passed overwhelmingly in the House, which has all kinds of sponsors in the Senate, and which will pass the minute it gets to the floor for providing for onsite consultation. What does that say? It simply says if I want to call up and see if I am doing something right or wrong.

I will be able to get somebody out there to tell me. What could be better for workers' safety than for a farmer, for a businessman, to be able to say: "I would like somebody to come out and consult with me. I am getting ready to put an improvement in my business. I want to find out if this new machinery or this new equipment I am putting in will pass the safety standards."

Most of our small businesses do not have safety engineers. They do not have safety inspectors on their payroll. They would like to have that benefit. That is the kind of cooperative thing we could give them, but we will not pass that. Yet we will fine them and we will put more inspectors in the bill for appropriations, but we will not give them onsite consultation.

Several Senators addressed the Chair.

Mr. CHILES. I yield to the Senator from Massachusetts.

Mr. BROOKE. I can understand how the Senator feels. He is very exercised. He has been out and talked to his farmers, and he is very upset about the type of inspection they are getting, and he wants to send a message. I understand that. But will the Senator consider that the message he wants to send under the Abourezk amendment might be too extreme? If there is a 10-person exemption that is 90 percent of all of the Nation's farmworkers.

Mr. CHILES. No, sir.

Mr. BROOKE. I suggested 5 persons; he might consider that, which would be 50 percent.

Mr. HANSEN. Mr. President, I thank the distinguished Senator from Florida for yielding. He is exactly right, 100 percent right.

As quickly as the OSHA bill was passed we started learning in the West on the farms and ranches of this country what the problems were. It is not a written law. The Senator from Nebraska and I went down to the Library of Congress in order that we could determine what the law was, and bring it to this floor. Do you know what happened? They said this law is not written. Many of the parts of the law are simply references to different codes, electrical codes, fire codes. As the Senator from South Dakota knows, any kind of a code you want to talk about is incorporated into the law. So there is nothing written.

I know that is amusing to the Senator from Massachusetts, but I can tell him one thing, it is not amusing to the farmers and ranchers of America. We have been trying to get the word, not to the farmers and ranches—they know what the problems are; we have been trying to get the word to the labor committee.

When we first introduced this bill, Senator CURTIS and I were told:

> Sure, we will be glad to give you hearings, and we will be glad to consider your bill.

And they still tell us they are going to be glad to do that. I am going to be dead and gone before it is ever done, but they are going to be glad to do it. If I am just patient enough, if we do not run out of farmers and ranchers in the meantime, they will be right there to give us consideration.

The farmers do not need the message; this committee needs the message. Maybe now, if we holler long and loud enough it will start to get that message.

There is no reason at all why this exclusion for agricultural operations employing 10 or less persons, that the Senator from Florida supports, should not be incorporated into the law. There is absolutely no reason.

The distinguished chairman of the

committee referred to the semi-illiterate employees who work on the farms and ranches of America, and I want to say——

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. HANSEN. I want to say they may be semi-illiterate, but they are not dumb. They know that manure is slick on a barn floor; they know you do not walk up to the tailend of a horse and grab him by the tail. Maybe the men of the Labor Committee do not know that, but I can assure you that the ranchers and farmers and their semi-illiterate employees know it.

The people who are out there on the farms and ranches, when there are 10 or fewer employees working, are working with the people. They are just as concerned about their welfare as anybody else. They are concerned about their own welfare. I hope very much that we do nothing in this amendment or in the amendments that are proposed here to take away the message that we are getting through to this committee now. I say that not because I am angry with them. I am frustrated, and I am annoyed that they have taken so long. But I think it is time that this Senate listened to someone other than the same powerful lobbyists in this town who do not want OSHA restricted. It is time to listen to the small farmers and ranchers who have done so much for this country; and I think it is about time we do something for them.

I think the Senator from Florida makes a very good point. I support him entirely, and I thank him.

Mr. CHURCH. Mr. President, I call for the regular order.

Mr. CHILES. I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. BROCK. Mr. President, I would just like to make a couple of points to the Senator from Florida and the Senator from South Dakota.

The Senator from Florida said rightly that the message has to get to the committee. Why? Well, the Senator from New Jersey has already told us why. He stood up a few minutes ago and said, "OSHA is beginning to apply their rules with some commonsense."

Well I see little evidence of that, but to the extent it is, it is happening because Congress and the farmers are beginning to beat them around the head with a two-by-four because that is what it takes to get their attention. Apparently that is what it takes to get the committee's attention, too, because we are forced to use this amendment to get the committee to sit. We say, "You cannot abuse Americans wherever they live and whatever their rights are."

Progress? Oh, sure, we are making some progress—over the dead body of this committee, which has fought every single reform, every single improvement, that we have offered in trying to get fair treatment and equity for the farmers and the small business people.

Mr. WILLIAMS. Mr. President, will the Senator yield at that point?

Mr. BROCK. Let me just complete my thought, if I may.

Mr. BROOKE. Would the Senator say the legislative committee, not the Appropriations Committee? This is the Appropriations Committee, and I think the Record might indicate the Senator is talking about the Appropriations Committee.

Mr. BROCK. No, the Senator knows I am talking about the Labor Committee.

Mr. BROOKE. Since we are appropriating on this.

Mr. BROCK. We cannot get hearings.

Mr. BROOKE. We are not having legislative hearings.

Mr. BROCK. I do not expect the Senator to hold hearings, but I expect the Senator to accept an amendment when it makes sense, and that is all we expect the Senator to do.

But the Senator pointed out the basic problem when he said "fear." Since when is it right for the people of this country to fear their Government? And they do. They do, believe me. They are scared to death over these inspectors coming out, and they do not know what to do about it. They do not know how to respond. It is not just this ridiculous garbage about putting toilets out in the field. That is the most childish, inane thing I have ever heard in my life. It is beyond that. It is the fact that they cannot be protected, small business people, farmers. When an OSHA inspector walks in there and kicks them in the teeth with a fine, they cannot go into court, they do not have all the money in the world to hire a battery of attorneys or safety inspectors, as the Senator from Florida said. What do they do? They just pay or get put out of business. They do not have any protection.

The Senator from New Hampshire said he was going to give us hearings. Well, preserve us from any more hearings. I have had hearings up to my ears, and we have not gotten a cottonpicking thing done. You can go to Florida, to Tennessee, or any other State you want to, but hearings do not do the job. We need to protect these people against abuse, against idiocy, against these kinds of pamphlets, and there is not any other way to do it, other than to amend this bill so that they get some protection from their own Government.

Is it not incredible that we are trying to defend citizens against their own Government?

I yield to the Senator from New Jersey.

Mr. WILLIAMS. I just wanted to——

Mr. CHURCH. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The Senator from Tennessee yielded to the Senator from New Jersey.

Mr. CHURCH. That is not the regular order.

The PRESIDING OFFICER. The Senator may yield for a question only.

Mr. WILLIAMS. The Senator from Tennessee referred to something I had said, and I ask that he yield so I can reply to that.

Mr. BROCK. Surely.

Mr. WILLIAMS. I did say we see a different, greatly improved, more sensitive, more intelligent administration of the Occupational Safety and Health Act right now under the present administration than we have ever seen.

I have never spent a lot of time here in the Senate reciting some of the great abuses in administration that we have had. I did not think it was necessary to continually point out to the Members of the Senate that there was an Administrator of OSHA by the name of Guenther who was found to be letting the business community know that he is not going to enforce the safety law. It was clear that he was trying to curry favor for political purposes and to raise money for the 1972 Presidential election.

Mr. BROCK. The Senator knows I did not like that any more than he did.

Mr. WILLIAMS. There it was. I have never taken a lot of time to point out that this was one of our problems. We had no administration, intelligent administration, of safety and health when we had a political appointee there abusing the office.

Following that, we had Mr. Stender, a fine man who had never administered anything but a labor union out in the State of Washington, which he did very well, but this was a very complex new effort bringing safety standards and health standards to all of American economic activity, industry, and farming.

Mr. BROCK. I accept all that.

Mr. WILLIAMS. Then we can start from there.

Now we are on a good foundation with, first, Secretary Dunlop, and then Secretary Usery, and with Dr. Corn.

Then out of the administration has come an under secretary who appreciates the need for adequate administration of OSHA, to have the people across the country know what they are doing, and also have a two-way input on what they should be doing.

The administration of OSHA itself has had hearings in communities all over the country, and they are learning a lot. We have had our hearings. Believe me, I will say if it were not for those hearings we never would be here offering this amendment that Senator Durkin has offered saying that there will be no penalty for first-instance violations other than serious, willful, or repeat violations.

So my colleagues in the Senate are absolutely correct. The whole process has been educational. Good for us, good for the committee, and we have responded. This amendment is one of the responses.

But it will surprise no one that I strongly oppose the amendment proposed by the Senator from South Dakota (Mr. Abourezk). This is a regrettable example of using the occupational safety and health program as a political football.

In the whole country there were only 11,000 agricultural inspections in 1975, and many of those were of migrant housing.

The farmers of South Dakota have received only three inspections in fiscal year 1975. If the farmers of South Dakota are upset, it is because of fear rather than actual experience. And that fear has been generated in no small part by the extreme statements of some of OSHA's antagonists who react before they understand the problem.

It says very little for our respect for the farmworker and the migrant laborers who are covered by these agricultural standards that we would consider exempting them totally from coverage because farm employers have been frightened by the rhetoric about a proposed standard and a safety leaflet.

Agriculture is the third most hazardous industry in the country. Only mining and construction work are more dangerous. In 1974, agricultural workers constituted approximately 15 percent of the total workplace accident fatalities.

In establishments of 10 and fewer employees alone there were in 1973 an estimated 1,600 fatalities and 475,000 injuries.

Farm accidents are not just scratches and bruises. Eighty percent of farm accidents require medical attention and 35 percent require hospitalization.

Yet only six OSHA standards apply to farms.

Much derision has been aimed at the "Safety With Beef Cattle" booklet. with instructions about not slipping in manure. However, 15 percent of the injuries in agriculture are the results of falls on a level surface and 22,000 accidents a year involve farm animals. The wording may have been unfortunate, but the idea has some basis.

The field sanitation standard, which has also been the focus of recent controversy, has been taken out of context. The proposal is still subject to an extensive comment and hearing process required by the law before a final standard is written. To alleviate any misunderstanding, the Assistant Secretary for OSHA is publishing a clarification in the Federal Register to reemphasize to the public the fact that the proposed field sanitation standard is only a proposal and is subject to substantial change based on information received during the public comment period.

In actuality, the bulk of constituent complaints about OSHA appear to focus on dislike of fines for violations which were not anticipated.

I believe that the substitute which Senator Durkin has offered, without amendment, represents a more reasonable way to deal with the concerns of constituents than arbitrarily exempting any segment of our work force from protection. This is particularly true when we are dealing with an occupation as hazardous as farmwork.

I urge the Senate not to act precipitously in this manner. Migrant laborers and farmworkers should be afforded the full protection of the law.

Mr. BROCK. Let me say to the Senator, I appreciate his concern.

Mr. CHURCH. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. Does the Senator yield for a parliamentary inquiry?

Mr. BROCK. Not at this point, I shall yield in a second.

I also appreciate the fact that the committee is expressing concern.

My problem is that last year when this issue came up, the committee fought us when the Senator from Kansas offered an amendment to allow just half of the funds to go for consultation.

I just want something more than an assurance that there will be hearings. That is what is frustrating me. We have been told there will be hearings and I really and truly think we need more than that. I want something tangible so we get some action.

Mr. WILLIAMS. Will the Senator yield?

Mr. BROCK. I am delighted to yield.

Mr. WILLIAMS. The record shows that on consultation, there has been appropriated, I believe about $13 million. The Senator in his State has consultation available.

I will say to the Senator from Florida, his State is one of the States that does not have a State plan and gets Federal money for consultation. The Senator from Tennessee's State does.

Thirty-five States have consultation services available now and we are spending millions of dollars now to make that possible.

It is not true in Florida. I do not know why they feel they should not have consultation at their level, but they do not have a State contract for consultation.

Mr. BROOKE. Will the Senator yield?

Mr. CHURCH. A parliamentary inquiry.

The PRESIDING OFFICER. Will the Senator yield for a parliamentary inquiry?

Mr. BROCK. The Senator just wants to put something in the Record.

Mr. BROOKE. I thank the Senator from Tennessee for yielding.

Just to support the statement that was made by the distinguished chairman of the Labor and Public Welfare Committee, I would like to have printed in the Record a letter which was really addressed to every Member of the Senate from Morton Corn, Assistant Secretary of Labor, where he outlines very succinctly, very clearly, what he is trying to do in order to alleviate some of the problems which the Senator from Tennessee, the Senator from Florida, the Senator from South Dakota, and others have been attempting to do by these amendments on the floor this morning.

So I ask unanimous consent to have the letter printed in the Record and I hope that Senators will read the letter because it is a new day.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Occupational Safety and Health Administration,
Washington, D.C., June 9, 1976.

U.S. Congress,
Washington, D.C.

Dear Member of Congress: The goal of a hazard-free work environment for the working men and women of this Nation is worthy of everyone's support. The Occupational Safety and Health Administration (OSHA) is committed to assuring safe and healthful employment conditions for those producing the goods we need and the services we value.

My staff and I have assembled some information about occupational safety and health in your State that I think you will find interesting. We have tried, where the data were available, to focus on the problems that exist in the small business area. In addition, I have included summaries of some program initiatives which OSHA is now working on so that you and your staffs can be aware of the steps the Agency is taking to meet its responsibilities.

Since I joined the Agency about six months ago, I have spent a lot of time talking with Members of Congress, business and labor leaders, State officials, and many others in an effort to determine the reasons why the administration of the Occupational Safety and Health Act was failing to live up to the expectations the Congress had five years ago when the statute was enacted. My findings can be summarized as follows:

1. The Occupational Safety and Health Administration failed to create an effective partnership with those primarily responsible for safety and health in the workplace—namely, the employer and the employee.

2. The wholesale adoption of advisory standards in the early days of the Agency resulted in the enforcement of standards which are not always relevant to safety and health, are sometimes overly complicated and are not easily understood. These were often seen as more of a nuisance than a critical step for the improvement of the working environment of the Nation.

3. Inadequate attention to the interpersonal aspects of the workplace inspection has resulted, at times, in unnecessary antagonism among OSHA, inspected employers and their employees.

4. The absence of technical support in OSHA field offices created delays in the inspection process, prevented timely resolution of contentious enforcement findings, and prevented provision of an effective level of information to the employer and employee.

In the past few months, we have taken a number of steps to remedy these deficiencies, and I would like to share some of these changes with you. Some are already underway; others are still in the planning stages.

1. I have been meeting with a wide variety of groups and individuals to open up the dialogue between the Agency and its many constituencies. The National Advisory Committee on Occupational Safety and Health (NACOSH) has been reconstituted and revitalized. I have begun a major personal effort to meet with Members and their staffs to ensure that Congressional concerns are reflected in our efforts. A major effort is underway to coordinate our work with other agencies of the Government with which we have common problems and interests. These new relationships exist not only at the policy level, but also are being set up at the working levels.

2. We have begun to revise approximately 15% of the current safety standards, and have developed a plan for opening that process to all those who might be interested or affected beginning with a series of public meetings at various locations throughout the Nation. We hope to get public participation early in the process so that OSHA's standards will be more relevant and comprehensible. We are making special efforts to involve both business and labor, as well as professionals in the safety and health field, in this effort.

3. OSHA compliance staff is being upgraded as quickly as new hiring practices and increased training can take effect. It is my intent that the entire compliance staff should receive additional training this year, especially in the area of occupational health. Following the instructions provided by Congress earlier this year, we are rapidly increasing the number and quality of industrial hygienists. More importantly, we are redirecting the efforts of the staff to the more significant problems in safety and health and de-emphasizing simply numbers of inspections as a basic criterion of success. The thrust of OSHA enforcement is shifting from quantity of inspections to the quality of the work environment regulated by the Agency.

4. We are creating a technical support center that will centralize and augment OSHA's present support capability. Field laboratories and the training center are being expanded. We will add a technical information function

that will serve both the field staff and the public, providing a level of occupational safety and health resources not currently available. In addition, we plan to have available a small cadre of experts who can provide a greater level of expertise to our own staff than was possible in the past. This group will enable the agency to respond more effectively to emergency situations threatening worker health, such as the recent incidents involving Kepone and lead.

5. In order to ensure that the system used by OSHA to classify violations produces an accurate evaluation of the potential harm which a hazard could present, OSHA is reexamining its method of labeling violations as serious and non-serious. Concurrently, we are considering changes in the penalty system. These involve, among other objectives, possible revision to reflect gravity gradations, thereby permitting greater flexibility in proposing penalties. Another potential change is the possibility of a greater penalty reduction in light of the small size of an employer's business. These possibilities are being considered by NACOSH.

I am encouraged by the changes already underway and those we have planned. They reflect the concerns expressed by the Congress, and will result in a more effective partnership between this Agency and those affected by and interested in OSHA's activities. Should you or your staff members desire additional information on the changes we are making, please call Karen L. Mann, Chief of OSHA's Legislative Staff, 523-8055. She and her staff will be glad to respond to your inquiries, or arrange for meetings to discuss these matters. I want to express my appreciation for your interest in this vital program and to pledge my commitment to making the Occupational Safety and Health Administration the positive, constructive force which the Congress intended it to be.

Sincerely,

MORTON CORN,
Assistant Secretary of Labor.

Mr. BROOKE. We do have a new administration of OSHA. They are attempting to correct some of the reasons which, admittedly, have been caused by irrational inspection in the fields.

I just think we ought to give Dr. Corn a chance, an opportunity.

Mr. CHURCH. A parliamentary inquiry.

Mr. BROCK. I agree with that. I do support him and I respect him greatly.

Mr. CHURCH. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Tennessee has the floor; does he yield to the Senator from Idaho for a parliamentary inquiry?

Mr. BROCK. I yield.

Several Senators addressed the Chair.

Mr. CHURCH. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Idaho will state it.

Mr. CHURCH. Is it not the regular order that a Senator who holds the floor may yield only for a question and is it not the responsibility of the Chair to enforce the regular order when he is requested to do so?

The PRESIDING OFFICER. The Senator is correct.

Mr. CHURCH. I ask for the regular order.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee has yielded the floor, yielded for a question only.

The Senator from Nebraska.

Several Senators addressed the Chair.

Mr. MAGNUSON. Mr. President, I was on my feet before the Senator from Nebraska.

I am wondering if the chairman of the committee and the person in charge of the bill does not have any rights on this floor at all any more? That is the question.

The PRESIDING OFFICER. The Chair will state the Senator from Nebraska sought recognition.

Mr. MAGNUSON. I was on my feet before he stood up.

The PRESIDING OFFICER. It is in the discretion of the Chair and the Chair recognized the Senator.

Mr. MAGNUSON. The Chair ought to recognize the chairman of the bill.

Mr. CURTIS. I will yield to the distinguished Senator.

Mr. MAGNUSON. This will take me only half a minute.

Mr. CURTIS. I yield.

Mr. MAGNUSON. Everybody is up here talking, including the Senator from Tennessee, about the record, which everybody is talking about when they say "this committee."

I again repeat, this is a money bill and we have put a great deal of emphasis on consultation pending some action, we hope, by the legislative committee.

I think consultation is a good thing. The Senator from Massachusetts does. But we have found some States that do not want to take advantage of it. I do not know why. But in this money bill we have got money in for consultation, a sufficient amount, and some people do not use it.

But I do not know why everybody stands up and talks about the committee.

I hope this will differentiate. This is not the business of the Appropriations Committee. In fact, we are arguing here legislative committee matters and people who could not get things done in their own legislative committee come around here and attach everything to an appropriations bill.

We can word it that way, sure. Some of them have not even been before the appropriate committee. They lie in wait for the appropriations bill to attach legislative matters and then go up to the Parliamentarian to change three words so it will not be subject to a point of order.

I do not want to be redundant about this, but it goes on, and on, and on. We only have until 2 o'clock on this bill. Why do we not have the chairman of the Health and Welfare Committee call a meeting—I will ask unanimous consent—and all can march up there with their grievances and testify and see if the committee will vote on this matter.

Mr. CURTIS. I object.

Mr. HANSEN. Reserving the right to object, Mr. President, let me say, for 4 years we have been trying to do that. I object.

Mr. MAGNUSON. Well, do not take this out on my appropriations bill because they cannot get anyplace with the regular committee, and that is what they are trying to do. We have got $57 billion in this bill and the whole country is waiting for us.

Mr. CURTIS addressed the Chair.

Mr. MAGNUSON. On everything that affects all the people.

Mr. CURTIS. I decline to yield further.

Mr. MAGNUSON. Listen to all the complaints of people who cannot get the job done.

I am getting a little fed up with this, Mr. President.

Mr. CURTIS. Mr. President, I ask unanimous consent that staff member Sylvia Castellanos may be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. Mr. President, I ask unanimous consent that Robert Hunter, of my staff, may have the privilege of the floor during the voting and consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I ask unanimous consent that Don Zimmerman and Don Rosenthal of the staff of the Labor and Public Welfare Committee be granted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I yield to the Senator from Virginia for a unanimous-consent request.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that John I. Brooks and George Shanks of my staff be granted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I would like to proceed.

Mr. President, I am very grateful for the remarks of those Senators who have pointed out the need for reform in this OSHA law. I am grateful to the Senators from Florida, from South Dakota, and the others who have taken part in this. I would like to have the attention of the Senators, if I may have order, Mr. President.

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. CURTIS. I wish to call the attention of the Senators to the parliamentary situation we face. The House of Representatives put in an amendment with two parts. One part takes OSHA out of farming operations where there are 10 or fewer employees. The other one in small, small firms of 10 or less does away with this first citation penalty.

Those amendments were approved by the committee now presenting the bill on the floor. All of the committee amendments were adopted. It is my belief, and I shall soon propound an inquiry concerning it, that if no further amendment is made by the Senate to this section, and the bill is passed, the Senate will have passed the House amendments.

They are not perfect but they are good.

If that happens, we are assured for the first time some relief from the tyranny that the country has been facing. If we change one "I" or cross one "T" nobody knows what will happen in conference.

We are dealing with committees which

totally disagree with the premise of those of us who are urging amendments.

We have reformed? It reminds me of someone who has escaped the law, committed all the crimes in the world, and finally they are back up against the wall. They hold up their hands and tell the arresting officer, "I have reformed. I have reformed."

The Appropriations Committee tells us to go to the Legislative Committee.

Mr. President, I went to the Legislative Committee. They granted me a hearing on July 25, 1972. Before this week is over, in which we will be discussing this bill, I am going to read all of this testimony. Mr. President, what happened? The man who held the hearing smiled and thanked people for their helpful testimony. He really did. And they went home. They thought they would get some action. They did not know that there is a strong lobby. The same lobby that enacted the common situs bill have said, "No, do not have any amendments."

Mr. President, if this bill is passed without change we get the House amendments. For the first time do we have a fair chance to get this law amended.

Many of the Senators will recall the experience that the senior Senator from Nebraska had many years ago. I asked these bright boys down at OSHA to send me a copy of all their regulations.

They did not have them. They said they could not send them.

So we received what they did have. By reference they would include regulations of some private organization or some association.

We kept on hunting. I brought the regulations into this Chamber and they constituted a stack 7 feet high.

We have had amendments which passed this Senate before granting relief for small operators. After all, with the big job OSHA has, why not concentrate where the most people are working? Why do they not do that? If these people at the Labor Department and at OSHA are so sincere that they want to stop accidents and make things more healthful, why not come in and ask for some changes in the law right now?

It is unlawful for an employer to set up certain committees for safety and work with them. It requires a change in the law.

Here is a very interesting thing. This debate has gone on for all the years and it has now gone on for additional days. There is a gallant fight in here to retain the jobs of the bureaucrats to write books for ranchers, all sorts of oratory like that. But there has never been a single claim that OSHA has prevented one accident on the farms in the United States. It cannot prevent them.

OSHA is a tool of tyranny which harasses people.

Now about the book about the treatment of beef cattle. We have had all sorts of stories. One said, "This was written for migrant labor." I said, "The migrant labor that comes to my State is not so much anymore. They do stoop labor in beets and the like. They do not work on the ranches."

The next story they had was that it was written for children. But still they have been circulating them to farmers. And, now, this morning, they say it is for illiterate farmhands.

There is not anybody that illiterate. There is not just anybody that illiterate. OSHA is throwing money away and they know it. OSHA is not engaged in preventing accidents. No one has ever claimed they prevented one accident.

How do accidents on the farm happen? A great many of them happen in the operation of machines. Sometimes it is not only the man on the machine but sometimes a very tragic thing happens—they run over a child, or a machine takes the arm or the leg of a child. It is the operation. How do we have accidents on the highway? Through the operation of machines.

Are we going to place our trust in a stupid, arrogant, tyrannical bureaucracy to go around and issue citations and abolish all of the decency of the common law? To prevent that, are we going to put an inspector in every automobile on the highway?

Are we going to have an extra seat put on every tractor so an inspector can be there? Are we going to have an inspector following behind every tractor to make sure that if the man backs up he does not run over a child?

All of this foolishness of going around and throwing the Bill of Rights out the window, throwing out the right of a trial, throwing the right to have independent forums, juries, and judges out the window; and they take the people's money for toilets in the fields that you can reach within a 5-minute walk and Dick and Jane books about cattle.

Now, Mr. President, I would remind my colleagues that if they pass the Durkin amendment, they have thrown out what the House of Representatives has done in reference to agriculture. But what else have they done? The Durkin amendment is as phony as a $3 bill. It pretends to do away with this right by which they walk in there and one little whippersnapper can be prosecutor, chief witness, judge, and jury, and pronounce a sentence and a fine. They pretend to stop all of that—but only if the inspector does not regard it as serious.

Dealing with a crowd like this, that is a weak reed to lean on—a mighty weak reed.

Oh, this is well-constructed amendment. It is ambiguous and confusing. It deals with the first instance violation, and then it refers to repeated violations. Well, if something is a first instance violation, how is it going to be repeated? Are they going to have someone come in and testify that it existed at a previous time?

Mr. President, I am not out of sympathy with any of the amendments that have been offered. As a matter of fact, I perhaps will vote for the Abourezk amendment, because it improves the Durkin amendment, and there may be others that have merit. I welcome the help of those people. I hope that in the days when we are considering this matter, our attention can be directed to the parliamentary situation, and that we will not lose the chance to restore a great segment of this Government to a government of law.

Do you know that within the last few weeks, they fined a citizen of my State because he used the 1975 book of standards, when the OSHA inspector was using the 1971 book of standards?

Again I challenge the proponents of this wasteful expenditure of money to cite one instance where the Occupational Safety and Health Act has prevented one single farm accident. It cannot be done.

There ought to come a day when we would turn our attention to promoting real safety in industry. People cause accidents. We all need to be reminded of that. There should be great meetings in our factories, with committees set up, suggestions coming in from employees, and management and labor should work together to cut down the number of accidents. But the Secretary of Labor will not even come in and ask for a change in the law that would make that lawful. He and the Director of OSHA would rather have this power to send somebody in to be the judge, the jury, the witness, the prosecutor, and the whole works. That is what the country is rebelling against.

Mr. President, I have a letter here from a man—I will not disclose his name, but he says:

> DEAR SENATOR CURTIS: It is, I believe, a sad state when a young man of forty-four who is just reaching his potential both civically as well as professionally is seriously considering closing down a successful business. I was fortunate in being born, raised and educated in Nebraska and after starting my business twelve years ago I felt I owed a debt to my state and have continually supported civic, charitable, and political projects.
>
> I no longer feel I can afford this support. The reason for this attitude is the harrassment, mentally and financially caused by the Occupational Safety Health Act. I would like to say I believe in safety and would like to give some facts on my firm substantiating this thinking.
>
> 1. Our compensation rating has averaged 84 compared to a National average of 100.
>
> 2. Since 1968 I have annually awarded $2,800.00 to my employees as safety incentive awards.
>
> 3. Monthly safety inspections conducted by an insurance safety engineer and my superintendent have been made for the last ten years.
>
> 4. A part-time safety engineer has been employed for the last ten years.
>
> With the passage of the act in an attempt to comply with the law I have done the following:
>
> 1. Employed a full-time safety engineer (annual cost $12,000.00).

This letter was written in 1972.

> 2. Sent this engineer to the OSHA Training School (cost $500.00)
>
> 3. I had all supervisory personnel train and complete the Red Cross Safety Program (cost $1,200.00)
>
> 4. Spent in excess of $37,000.00 for approved items, such as Back-up Alarms, Gas Cans, Roll-Over Bars, Safety Aids, Housekeeping and Handrails.
>
> My firm has had two inspections which resulted in two citations. I will not take the time to list the unfairness of the citation but I will say there is no way I can comply with this act or the interpretation given to it.
>
> This leaves me two choices, to dissolve my business or continue and hope I can pass the expense to my customers before the act dissolves the business for me.

Mr. President, we have had another case of where unionizing activities were going on in a Nebraska business. They were attempting to organize the place, and as a part of that organizing effort, OSHA would send down an inspector for a harassing inspection. Then there would be more pressure to unionize the place, and OSHA would furnish the artillery to shell the place again. That went on and went on.

Mr. President, I expect to present to this Senate a number of the individual cases that have taken place. If we were going to do the right thing here, we would deny OSHA any money and require those people to come in and write a law in conformity with American principles of fairness and jurisprudence, to write a law built upon education and cooperation so that real safety could be brought about. But what we have is tyranny, parading under the guise of a safety and health crusade, the most false and hypocritical action that this Government has ever engaged in. People cause dissent and any time that an employer is negligent, and so on, he should be faced with the necessity of meeting his obligation. Also all employees and everyone else can make a great contribution, and we need a law that makes that possible.

Mr. President, this is a most important subject. I, therefore, suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I think the Senator should heed the admonition of the distinguished Senator from Washington (Mr. Magnuson), the manager of the bill, and bring this issue to a close expeditiously. This is the first time today that I have spoken on this issue, and in a few moments I will call up an amendment at the desk on behalf of the distinguished Senators from Florida, Mr. Chiles and Mr. Stone, and myself.

The language of the House bill is good language. I approve of it. I approve of the language of the Durkin amendment. I just do not think it ought to knock out some of the House language in order to be agreed to. I like the language of the Abourezk amendment. What it does, of course, is restore the exemption of farms employing 10 workers or less. That is already in the House bill. The Abourezk language is already in the House bill. There is really no necessity for that.

The Durkin language should be in the bill because it should not replace the 10-employee agriculture exemption which the Abourezk amendment provides for and which the House language provides for.

So the perfecting amendment that I will call up on behalf of the distinguished Senators from Florida, Mr. Chiles and Mr. Stone, and myself, leaves all of the House language intact and that will meet the request of the distinguished Senator from Nebraska (Mr. Curtis) that this language not be changed.

So that would allow that provision to go to conference with the identical language of the House bill. So that much would be in the conference report because it is identical.

Mr. NELSON. Mr. President, will the Senator yield for a question?

Mr. ALLEN. I yield for a question.

Mr. NELSON. I am puzzled by something. If the Abourezk amendment to the Durkin amendment were adopted, then the Durkin amendment as amended were adopted, we would then be in conference, would we not, with the House language as well as the language that came from here?

Mr. ALLEN. No. It would be transposed there. The Durkin amendment knocks out certain House language. The Abourezk amendment seeks to add that back in. Of course, we do not know that the Abourezk amendment is going to be adopted. This will decide the question right now.

So, anyone who is for the Abourezk amendment should vote for this perfecting amendment because it freezes the Abourezk amendment into the bill. So there would be no necessity for the Abourezk amendment.

Mr. NELSON. But in any event, no matter what happens here, the language of the House bill will be in conference, will it not?

Mr. ALLEN. It will be in conference, but the Senator realizes that if the bills in the two Houses are identical there is nothing in conference. That it is just accepted. So that would be the beauty of the perfecting amendment that I will call up, that it does retain the House language which contains the Abourezk amendment. It will be protected in full and the Durkin language would be added as an addition to the Senate bill, which was the House bill, as the effort of the Senate bill.

Mr. NELSON. I do not have that language in front of me. But if the Durkin amendment is adopted that section of the House bill that deals with 10 employees or less nonfarm would not be replaced anyway, would it?

Mr. ALLEN. No. The Senator from Alabama is careful to say the language, that is the insertion of the Durkin amendment, would be here, but it would not strike out the House language. We would have the House language which includes the Abourezk amendment and we would have the language in the Durkin amendment but no strikeout of the Durkin amendment.

Mr. DURKIN. Mr. President, will the Senator yield for a question?

Mr. ALLEN. Yes, I yield for a question.

Mr. DURKIN. I am simply wondering if all factions cannot be accommodated here. I begin by saying my strong suit is not procedure. So if the second proviso on page 8 of the bill is stricken and the Abourezk amendment is added to my amendment, that would leave us in a situation where farms that have 10 or fewer employees would be exempt, and adopting the thrust of my amendment as to all employers, there would be a prohibition against fines for first instance nonserious violations. The net effect would be to drop the second provisio, accept the amendment of the Senator from South Dakota, and I am wondering if there is procedure by which that could be phrased in a unanimous-consent request.

Mr. ALLEN. That is exactly what this substitute does. This substitute is exactly what would result if the Abourezk amendment were added to the Durkin amendment. This amendment would be exactly the same. This just eliminates one step, one vote, because it already puts the two together. If the distinguished Senator from South Dakota is interested in getting his amendment adopted, a vote for this substitute would adopt his amendment, in effect.

Mr. ABOUREZK. Mr. President, I shall just ask a question.

Mr. ALLEN. Yes.

Mr. ABOUREZK. I understand he is trying to do the same thing that my amendment will do. I mean, it will not alter it substantively.

Mr. ALLEN. No, but we get a vote on the combined amendment whereas here, going the route that the Senator would go, his amendment may or may not be adopted.

Mr. ABOUREZK. First of all, the Senator says that whatever the substitute is does not change the substance of what I am seeking to do; is that right?

Mr. ALLEN. Does not the Senator's amendment put back the House language?

Mr. ABOUREZK. Yes.

Mr. ALLEN. I do not knock out the House language in this amendment. It just leaves the House language and adds the language of the Durkin amendment. So if this amendment is agreed to, in effect, we will have adopted the Durkin amendment as sought to be amended by the Abourezk amendment.

Mr. ABOUREZK. And what will the substitute of the Senator from Alabama do? It will be in the first degree to the bill?

Mr. ALLEN. It is a perfecting amendment to the House bill. If the Durkin amendment, as sought to be amended by the Abourezk amendment, is dropped, we will then have the Durkin amendment as amended by the Abourezk amendment already in the bill. There would be no necessity for either of them.

Mr. ABOUREZK. I do not know whether there is any real difference. It does not matter to me how we get it done, so long as we get it done.

Mr. ALLEN. I do not disturb the House language.

Mr. ABOUREZK. My amendment does not, either.

Mr. ALLEN. This would eliminate any vote.

Mr. ABOUREZK. Which vote would it eliminate?

Mr. ALLEN. It would eliminate but anticipate the adoption of the Abourezk amendment and would make unnecessary the adoption of the Durkin amendment.

Mr. ABOUREZK. What part of the bill would the Senator from Alabama amend with his perfecting amendment?

Mr. ALLEN. I just add the language of the Durkin amendment at the end of line 8, on page 8. It saves all the House language and adds the Durkin amendment as sought to be amended by the Abourezk amendment.

Mr. ABOUREZK. I understand what the Senator is trying to do.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. ALLEN. I yield for a question.

Mr. BROOKE. I hope the Senator understands, as I understand it, that this would do much more than just avoid a vote. I know that the Senator would like to avoid votes, as we would all like to do. However, as I understand the Senator's perfecting amendment, the effect of it would be, No. 1 and foremost, to keep the House language.

Mr. ALLEN. That is exactly right. The Senator from Alabama said nothing different from that.

Mr. BROOKE. I am not saying that the Senator is trying to fool us. I understand what he is saying. I want it made clear that the purpose of the Durkin amendment was to substitute the Durkin language for the House bill.

Mr. ALLEN. Yes.

Mr. BROOKE. The Senator from Alabama is trying to keep the House language plus the Durkin amendment, which of course removes the Abourezk amendment.

Mr. ALLEN. Yes. But if the Abourezk amendment is adopted and then if the Durkin amendment is adopted as amended, we would end up with the same result as the Senator from Alabama is seeking to do in one amendment.

Mr. BROOKE. The Senator is saying that we will end up with the House language, anyway, either way we go, if we adopt the Abourezk amendment.

Mr. ALLEN. Yes. If we adopt the Abourezk amendment to the Durkin amendment and then adopt the Durkin amendment, we would have the language of the House bill and the Durkin language, but without the Durkin strikeout; because what Durkin seeks to strike out is what Abourezk wants to add.

Mr. BROOKE. That is correct. But if we defeat the Abourezk amendment, we end up with the Durkin amendment; and if we adopt the Durkin amendment, we have stricken out the House language. Is that correct?

Mr. ALLEN. We have stricken out the House language as to the agricultural exemption.

Mr. BROOKE. Right.

Mr. ALLEN. But if we adopt the amendment of the Senators from Florida and myself, in effect, we have adopted the Durkin amendment as sought to be amended by the Abourezk amendment.

Mr. BROOKE. And what would the Senator's amendment do for the nonagricultural? What would be the status of that?

Mr. ALLEN. The status of the nonagricultural would be exactly what Senator Durkin is proposing—that there be no fine for a first violation.

Mr. BROOKE. Nothing more than that?

Mr. ALLEN. That is all.

UP AMENDMENT NO. 132

Mr. President, I call up the amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Alabama, for himself, Mr. Chiles, and Mr. Stone, proposes unprinted amendment No. 132:
>
> Line 8, page 8, strike the period and insert the following: ", *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended for the assessment of civil penalties issued for first instance violations of any standard, rule, or regulation promulgated under the Occupational Safety and Health Act of 1970 (other than serious, willful or repeated violations under section 16 of the Act) resulting from the inspection of any establishment or workplace subject to the Act.".

Mr. ALLEN. Mr. President, all this amendment does is to leave the House language untouched. That would assure that this much of the Senate bill would be agreed to in conference, because the provisions would be identical.

Also, the amendment lifts in its entirety the language sought to be inserted in the bill by the Durkin amendment.

The effect of that would be to put back into the bill the agricultural exemption of 10 employees or less, as proposed by Senator Abourezk. In other words, the Abourezk amendment already would be adopted by the adoption of this amendment, and the language of the Durkin amendment would be added to the House language. So we would do in one step what is sought to be done in two steps.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. ALLEN. I yield.

Mr. CLARK. It seems to me that insofar as the Senator from Alabama's explanation is given, it is quite accurate—in other words, that the Durkin language, as offered in his amendment, will be added to the House-passed bill; that, in effect, the Abourezk amendment, which exempts farms of under 10 employees, will remain in the bill as it was in the House.

Mr. ALLEN. That is correct.

Mr. CLARK. There is one important difference between adopting the Durkin amendment and adopting the Allen amendment, and that is the second provision that the House put in, which is in the bill on page 8, starting with line 4 through line 8, and I will read it. If the Allen amendment is agreed to, this will remain in the bill. Under the Durkin amendment, it clearly will not.

> *Provided further*, That none of the funds provided by this Act shall be used to formulate or carry out a program under which first instance citations for violations must be issued against firms employing 10 or fewer persons.

That line is stricken by the Durkin amendment.

Mr. ALLEN. The Senator does not seem to realize that the Durkin amendment embraces this language and adds a great deal more.

Mr. CLARK. It certainly does not.

Mr. ALLEN. It says that it shall not be applied as to any, irrespective of size.

Mr. CLARK. Quite the opposite. In fact, these lines in the Durkin amendment are specifically stricken from the House bill.

Mr. ALLEN. By my amendment?

Mr. CLARK. By the amendment of the Senator from New Hampshire.

Mr. ALLEN. Yes.

Mr. CLARK. These lines are stricken. The Senator would keep these lines in the bill if his amendment is agreed to.

Mr. ALLEN. Yes, because the Durkin amendment embraces the larger businesses as well.

Mr. CLARK. The Durkin amendment does not embrace that. The Durkin amendment says that, in effect, we are going to do away with nonserious violations. It certainly does not at any point say that "none of the funds provided in this act shall be used to formulate or carry out a program under which first instance violations must be issued against firms employing 10 or fewer persons." It does not say that at all.

Mr. ALLEN. The Durkin amendment says we cannot issue as against any employer for a first violation. That is much more far-reaching than the House language.

Mr. CLARK. There is a vital difference. The Durkin amendment says "nonserious violations." The amendment of the Senator from Alabama refers to all first-instance violations. There is a vast difference between serious violations and nonserious violations.

Mr. ALLEN. It keeps the House language and adds the Durkin language, yes.

Mr. CLARK. That is right. In other words, if we vote for the Allen amendment, it is not simply a question of adopting the Durkin amendment and the Abourezk amendment. It is a question of adopting the Durkin amendment and the Abourezk amendment and leaving in the House bill what is already there, which Mr. Durkin strikes.

Mr. ALLEN. That is exactly what the Senator from Alabama says. It is going to keep all the House language and add the Durkin language as well.

Mr. CLARK. That is accurate, but I think it should be clear what we are voting on.

Mr. ALLEN. Adding the Durkin language to the House language.

Mr. CLARK. That is right. I approve of the Durkin language. I happen to oppose the Abourezk language, but that is neither here nor there. The point is that, if we adopt the Allen amendment, we are not only adopting the Abourezk and Durkin language, it also says we are not going to allow any first-instance citations, regardless of their seriousness, if we adopt the Allen amendment. We ought to be clear on that.

Mr. ALLEN. On employers of 10 or less. I have stated all along that all of the House language is retained and the Abourezk and Durkin language would be added.

Mr. DURKIN. Will the Senator yield?

Mr. ALLEN. I yield for a question to the distinguished Senator from New Hampshire.

Mr. DURKIN. I thank the Senator.

Seeing that we are addressing the Durkin amendment and I am here, I thought I should ask a couple of questions.

The major difference, as I see it, between the Durkin amendment and the amendment of the Senator from Alabama is that on page 8, his would strike the second proviso, which is in lines 5 through 8. In doing that, am I correct, would it then eliminate the first-instance citation for serious conditions, those which pose a substantial threat to health and safety, those which present a substantial probability of death and serious injury, either from safety hazard or health hazard, if it were under 10 employees? Could not we have a situation similar to the slide we saw of the small business in Colorado where there were less than 10 employees, I believe, and they were using fumeric acid, which eats away the membranes of the noses of the workers. If the Allen amendment were adopted, then there could not be a citation on that serious health hazard, which was an imminent health hazard, really, for an employer who has 10 or less employees.

Mr. ALLEN. As I have stated to the distinguished Senator, all this perfecting amendment would do is this: It would not disturb the House language. That would be left intact. Then it would add the language of the Senator from New Hampshire as sought to be amended by the language of the distinguished Senator from South Dakota. That is all.

Mr. DURKIN. Would the second proviso, which would allow serious and imminent health hazards and safety hazards to exist in employers of 10 or fewer—that language would remain in the bill?

Mr. ALLEN. The language of the House would remain in the bill which would bar the formulating of programs under which first-instance citation for violation must be issued against firms employing 10 or fewer persons. But that would not prevent them from making inspections the very next day and coming in and fining them. It would just result in a delay of 1 day.

Mr. DURKIN. No; under the procedure, there would be the appeal procedure. I think there are 15 days that they have to appeal; then the appeal procedure. So there could be a minimum of 15 days exposed to a serious health hazard.

Mr. ALLEN. The Senator does not think that on the notifying of the condition, changes would be made? That is the very purpose of the first violation being exempt in a plant employing 10 or fewer.

Mr. DURKIN. I would like to support it, but my view is that the Senator's amendment goes too far. What we want to do, the thrust of my amendment, is to eliminate fines, to prohibit fines for nonserious, nitpicking violations that we have heard altogether too much about, in the first instance, for all employers—whether it is General Motors or the mom and pop store that Senator CHURCH was concerned about and that I am concerned about in New Hampshire.

Mr. ALLEN. Mr. President, I call for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BROOKE addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. ALLEN. I yield.

Mr. BROOKE. We have asked some questions of the distinguished Senator from Alabama. The answers to those questions indicate that what the Senator's perfecting amendment will do—and please correct me if I am wrong—is, if we agree to the Senator's perfecting amendment, we would get the Durkin amendment and the Abourezk amendment and the remainder of the House language.

Mr. ALLEN. That is exactly correct.

Mr. BROOKE. Mr. President, this is a broad, very broad exemption. I think that was brought out in a colloquy that I had with the Senator from Alabama and the colloquy that the distinguished Senator from Iowa (Mr. CLARK) had with the distinguished Senator from Alabama. This goes far beyond Durkin and Abourezk, and includes what was in the House language, which gives this broad exemption. Is that correct?

Mr. ALLEN. It includes the House language, yes.

Mr. BROOKE. Under those circumstances, Mr. President, I would be constrained to move to table the amendment of the distinguished Senator from Alabama.

Mr. DURKIN. Will the Senator withhold that for one further question?

Mr. BROOKE. Yes.

Mr. DURKIN. Does the Senator from Alabama realize——

Mr. ALLEN. I do not have the floor.

Mr. BROOKE. I yield for a question.

Mr. DURKIN. I just wanted to tie this down: Does the Senator from Alabama realize that if his amendment carries, it will be exempting 20 percent of the workers in America and 83 percent of the workplaces in America and subjecting them to serious and imminent—not only safety hazards, but something which I think is even a greater threat that has not been emphasized enough today—exempting 83 percent of the workplaces and 20 percent of the workers from that health hazard, from that toxic substance? I am sorry I do not have the figures, but there is a substantial percentage of those who are women and we have heard altogether too much lately about how toxic substances in workplaces have deleterious effects not only on the woman working, but the offspring she may be carrying.

Mr. BROOKE. Mr. President, the Senator from New Hampshire is exactly correct. This is a broad exemption. It goes beyond the farmworkers. We want everybody to understand that as the Senator from Alabama understands it, and that is the purpose of his amendment.

Mr. President, I move to table the Allen amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), and the Senator from Nebraska (Mr. HRUSKA) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 58, nays 36, as follows:

[Rollcall Vote No. 356 Leg.]

YEAS—58

Bayh
Beall
Biden
Brooke
Bumpers
Byrd, Robert C.
Case
Church
Clark
Culver
Durkin
Eagleton
Fong
Ford
Glenn
Gravel
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Symington
Taft
Tunney
Weicker
Williams

NAYS—36

Abourezk
Allen
Baker
Bartlett
Bellmon
Bentsen
Brock
Burdick
Byrd,
Harry F., Jr.
Cannon
Chiles
Curtis
Dole
Domenici
Fannin
Garn
Griffin
Hansen
Helms
Hollings
Johnston
Laxalt
Long
McClellan
McClure
Morgan
Nunn
Roth
Scott,
William L.
Sparkman
Stennis
Stone
Talmadge
Thurmond
Tower
Young

NOT VOTING—6

Buckley
Cranston
Eastland
Goldwater
Hruska
Huddleston

So the motion to lay on the table Mr. ALLEN's amendment was agreed to.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. FORD). The Senator from Idaho.

Mr. CHURCH. Mr. President, the question now——

The PRESIDING OFFICER. Will the Senator suspend? The Senate will come to order. Senators wishing to carry on conversations will go to the cloakroom or be seated.

Mr. MAGNUSON addressed the Chair.

The PRESIDING OFFICER. Will the Senator suspend?

The Senate will be in order, and the Senator from Idaho has been recognized.

Mr. MAGNUSON. I wish to make an inquiry.

Mr. CHURCH. I yield for that purpose.

Mr. MAGNUSON. The pending order

of business now is the Abourezk amendment, is that correct?

The PRESIDING OFFICER. The Senator is correct. That is the pending question.

The Senator from Idaho.

Mr. CHURCH. Mr. President, the Abourezk amendment would exempt from the coverage of the OSHA act, by prohibiting any appropriation money to be spent for the purpose, all enforcement directed against farms that employ 10 or fewer employees.

It is offered to the amendment of the distinguished Senator from New Hampshire (Mr. DURKIN), which would have the effect of exempting first instance nonserious violations from penalty, thus helping to cure one of the most serious defects in the enforcement of the OSHA law, one that has occasioned angry protests, particularly from small businessmen and family farmers.

Mr. President, I was one who originally supported the OSHA bill. I believe strongly in its objective of creating safe working conditions in the businesses and manufacturing plants of this country for purposes of protecting working people.

But we have had sufficient experience with this law to have discovered that it contains a fatal flaw. The law reaches too far. It attempts to cover every business and every farm in America. That is further than the Federal Government can reach and still enforce the law in an equitable way.

Again and again, I have heard corrective amendments resisted on the ground that only 7 percent of those business operations and farms covered by the law have actually been touched by inspectors, by penalties, by enforcement efforts.

I think that figure, in itself, proves the point. There is no way that the Federal Government can reach out across a land of continental dimensions, involving so many millions of farms and individual business enterprises, and possibly do more than a spotty job of inspection and enforcement.

This is a fact of life. We will not correct it in Congress. We will never appropriate sufficient money to hire the number of enforcement officials who would be necessary to adequately cover all of the businesses embraced within the OSHA law.

What if it were proposed that the Federal Government come into our individual homes? When I heard the discussion of the dangers of farming, the hazards of various other kinds of occupations, I thought it strange that there was no mention of the most hazardous place of all, the home. The home, I am told, is where most of the accidents occur in this country. Yet no one suggests that the Federal Government come into our individual homes with inspections, with enforcement officers, to penalize us for having failed to comply with a whole set of complete safety regulations applicable to the most hazardous place of all—the home. If this were proposed, we would throw up our hands and say, "Oh, no, that goes too far."

Mr. President, there is very little difference between our individual homes where we assume the responsibility for our own safety and that of our children without the imposition of Federal regulations, Federal inspectors, or Federal penalties, and the mom-and-pop stores or family farms that are essentially the same thing.

These very small businesses operate mainly in reliance upon members of the family, employ very few outside people, and ought not to come within the scope of this law. Until we correct this fatal flaw in the OSHA program, we will face mounting pressures and protests. This resistance will grow until at last the scope of the law is reduced to the point where there can be equitable enforcement on a reasonable scale within the reach of the Government.

I believe the Federal Government reaches too far when it attempts to regulate the conditions of work in every mom-and-pop store and every family farm. It ought to be corrected. It would be preferable to do so through appropriate changes in the underlying legislation. But, for reasons that I need not repeat on this floor, that has not yet proved possible. Apparently, the only way this question can be reached is with amendments to the Appropriation Act.

I would hope, however, that the distinguished Senator from South Dakota would consider modifying his amendment. I know, when it comes to the question of where do we draw the line, reasonable men can disagree. My voting position in the Senate has been to draw the line at five or fewer employees, which seems to me to come closest to a fair definition of a family-type business. I have voted against amendments to exclude businesses and farms that hire more than five. I have voted for those amendments that sought to exclude farms and business enterprises which hired five or fewer employees.

I believe, if one reviews the record as to how such amendments have faired in the Senate, it would be in the interest of the Senator from South Dakota to consider reducing the figure to five. He would accomplish his essential purpose. Most family farms that engage members of the family do not employ five additional workers in the course of a year. Thus, it would be possible for the Senator from Idaho, consistent with his past voting record, to support the amendment offered by the Senator from South Dakota. I ask if the Senator would consider modifying his amendment in this respect.

Mr. ABOUREZK. I have already considered that. I have discussed it at some length with the chairman of the committee (Mr. MAGNUSON), and the ranking member, Mr. BROOKE, and also with Senator DURKIN and some of my colleagues on the other side.

All of those people I have mentioned by name have said they would accept the Abourezk amendment to the Durkin amendment if I brought it down to five. But I hinged that on two further conditions. One is that we do it on a daily average basis, five employees averaged out throughout the year. That is No. 1. No. 2, that employees must be nonmembers of the direct family so they will not count sons and daughters who are working on the farm.

I think in fact this might even be a little bit better. Five employees averaged out on a daily basis is probably on some farms yes and on some farms no. It is much better than 10 employees straight out where there may be an interpretation that OSHA can put on it, as they indicated, that if you hire 10 employees for 1 day you are covered for the entire year.

Do I have the right to the floor?

The PRESIDING OFFICER. The Senator from Idaho has the floor.

Mr. DURKIN. Will the Senator yield for a question?

Mr. ABOUREZK. I would like to seek recognition on my own.

Mr. CHURCH. Let me say, Mr. President, I will not hold the floor much longer. If the Senator will modify his amendment so that five becomes the dividing line instead of 10, then I could support the amendment. I believe it would do much to improve the OSHA Act, because it would exclude those small family units that ought to be beyond the reach of the Government in any case, and thus would enable the Government to do a much better job in enforcing the OSHA law with respect to the larger businesses left within its coverage.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. ABOUREZK. Mr. President, I yield to the Senator from Tennessee for a question.

Mr. BROCK. Mr. President, I am tempted to support the Senator's amendment. I do support his present amendment and I would support his amendment as modified. I just want to clarify a computation. In effect, what he would do is have 5 times 365, in other words, the number of man-days worked in a given year. That would be the break point. Is that the way they would calculate the average employment?

Mr. ABOUREZK. I do not see a great deal of difference in having it on a 360-day basis or 365-day basis.

Mr. BROCK. 360 is fine. I just wanted to be sure of the method of calculation. I think the Senator makes a very valid point about average employment, because I think it is important. I believe he mentioned an equally precise point about the exclusion of the family, the wife, the elder son. That sort of thing should not be computed.

I wonder if I could ask this qeustion: Am I correct in my assumptions as to the calculations, that 5 times 360 would be the number of man-days that would have to be worked? Is that right?

Mr. ABOUREZK. I do not know what the Senator is saying, but what I am saying is that it would amount to the average of five employees averaged out on a 360-day year.

Mr. BROCK. The way I would do that, and I want it on the record, is that I would multiply 5 times 360 which is 1,800 man-days of work. If it was less than that, there would be an exclusion and if it was more there would not be.

Mr. ABOUREZK. No, that is not what I intend. If the Senator wants to have 1,860 man-days of work, it could be a pretty large employer and still come under the exemption. That is not what we are intending. We are intending that small farmers come under the exemption and not large farmers.

Mr. BROCK. How would we calculate 5 man years, then?

Mr. ABOUREZK. I would not calculate 5 man years. I would average it out on a daily basis. If a farmer hires, for example, during a harvest season, 15 employees and the rest of the time he has only 1 or 2, that would average out. I think we may have to do it on a monthly basis or something like that, if that is the case. We have thrown this together in a big hurry after talking with everybody.

One thing I do not want to do is provide for a big loophole for a large farm, a large corporate farm that might hire an awful lot of people.

Mr. BROCK. I am not suggesting that. The Senator started with 10 and now he is down to 5, and I want to be sure we do not get down to 1 before we are through, effectively. I just want to be sure how we might compute it, and I have suggested a couple of ways. We might do it some other way.

Several Senators addressed the Chair.

Mr. ABOUREZK. I yield first to the Senator from New Hampshire.

Mr. DURKIN. As I understand the Senator's amendment with the computation applied, several things concern me.

No. 1, the man that put out the cow manure bulletin may be the man computing what "five" means.

Second, with a quick calculation, during a South Dakota growing season could not the farm hire several hundred people? The Senator has exempted corporate farms, and he has exempted migrant workers, but I think the amendment may be going far beyond what the Senator intended.

Mr. ABOUREZK. If you compute it on a man-hour basis, as Senator BROCK has tried to do, I think that would be true. But if you compute it on the basis that a farmer who hires no more than an average of 5 people at any one time, and, as I started to say, he could hire 15 for the harvest season and 1 for the rest of the year, if you do it on a monthly basis, if you average it on a monthly basis through the harvest season, you could come up with an average of 5 people.

Mr. DURKIN. Could you do it by the quarter?

Mr. ABOUREZK. I am not so sure about that.

Mr. DURKIN. I am not a mathematician, but as I say, it seems to me you could have several thousand people in a migrant season.

Mr. ABOUREZK. I think the Senator's mathematics are not correct.

Several Senators addressed the Chair.

Mr. ABOUREZK. I yield to the Senator from Massachusetts.

Mr. BROOKE. The Senator will recall that I suggested to him I might consider seriously accepting 5 rather than 10, and the Senator now has 5 rather than 10, but he has added some additional conditions to it.

Would the Senator consider eliminating the computations and the averaging, and make it clean at five, so we will know where we are?

Mr. ABOUREZK. No, I could not do that. I think it is enough of a compromise to come down to five, using a mathematical average.

Mr. BROOKE. Of course, the Senator recognizes that he could have considerably more than five under the computation that Senators have suggested.

Mr. ABOUREZK. Well, he could have considerably more than five in any one day, yes; but he could not have 1,825 people working, as stated under one of the examples.

Mr. BROOKE. How would you protect yourself against it?

Mr. ABOUREZK. We are doing it right now by legislative history. If we say a farmer hires no more than an average of five people throughout a year, that could be based on a 360-day year or whatever you wanted.

Mr. BROOKE. So it is not the Senator's intention to have it fluctuate up to 10?

Mr. ABOUREZK. Have what fluctuate up to 10?

Mr. BROOKE. The number that would be exempt.

Mr. ABOUREZK. No, not on a permanent basis. We are trying to average out the number of employees so that the farmer who has to hire 15 during a haying or harvest season would still be excluded if he runs his farm with only one the rest of the year.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. ABOUREZK. I yield.

Mr. MANSFIELD. He could have 5 or 10 at certain times during the year, but the idea would be to have an average of no more than 5 throughout the year.

Mr. BROOKE. An average of no more than five.

Mr. MANSFIELD. Yes.

Mr. BROCK. Mr. President, I think the Senator makes a good point. May I ask one more question?

Mr. ABOUREZK. I yield.

Mr. BROCK. Does the Senator's amendment presently include a five-person retail establishment, or just farms?

Mr. ABOUREZK. No, just farms.

Mr. BROCK. I wonder if the Senator would consider including nonmanufacturing or nonhazardous employment, other that farms?

Mr. ABOUREZK. I would consider it. I have always supported that concept. But I think we might be biting off more than we could chew, at this point.

Mr. BROCK. I tend to agree with the Senator. At some point I would like to offer an amendment to do that. I am going to vote for the Senator's amendment, and I agree that we should not muddy up his amendment at this point, but at some point I think we should vote on exempting, for example, the small retail establishment.

I thank the Senator.

Mr. CLARK. Mr. President, will the Senator yield for one other question?

Mr. ABOUREZK. Yes.

Mr. CLARK. It seems important to me, before we change the amendment, that we ought to make it very clear what we mean by an average of five, because obviously you could hire, if you use an annual average, you could hire 100 people for 4½ months, and fall under the 1,825, by simple mathematics, if you multiply 365 by 5. That is an average of five a day for 365 days, which is 1,825. So you could hire, if you were only going to have an average of five over a year, you could hire 100 people for 16 weeks and still fall under the restriction of the law.

Mr. BROCK. Mr. President, the Senator's mathematics are not correct.

Mr. ABOUREZK. Mr. President, I am going to do a calculation. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. JAVITS. Mr. President, will the Senator withhold his request for a quorum call?

The PRESIDING OFFICER. Does the Senator withhold his request, to permit the recognition of the Senator from New York?

Mr. ABOUREZK. Yes.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senate will be in order. Will Senators withhold their conversations?

Mr. JAVITS. Mr. President, I have sat here most of the morning, and I have not heard it mentioned once what this law is all about. I have heard the practicality of having so many establishments exempted. We are dealing with farms which have less than so many employees, and I might say that 10 employees on a farm—employees, not members of the family—makes that a pretty big commercial business. This is not the small farm.

If we pass this amendment as proposed, it would take out 87.5 percent of all the farms of the country, and would take out a very large proportion of the farmworkers of the country. Indeed, we would have mighty little left.

Now, the farmworkers of the country, Mr. President, are 1,600,000 out of the 64 million covered by this act, and those 1,600,000 have an extraordinary record of hazard to their lives and limbs. Let us remember that this is red blood and bones we are talking about. I had not heard that mentioned. It is all very, very practical.

Mr. President, there were 2,000 deaths and 190,000 disabling injuries among farmworkers in 1974, and that is, Mr. President, out of 1,600,000 workers. Farming is classified among the top three industries as a hazardous occupation. It is preceded only by mining and construction.

So, Mr. President, before we blithely exempt most of the 1,600,000 farmworkers from the operation of this act, let us look at the record and why we did it in the first place.

We did it in the first place, because there was a horrible toll of death and injury, and for no other reason. I have heard it said on this floor 1,000 times that we value one life above any sum of money. Well, these are 2,000 lives every year which might be saved by these safety regulations. And, by the way, the same reference, Mr. President, is true as to the other aspects of this amendment, because we hear immediately if we do this for farms we are going to do it also for small business, and that sounds to me, Mr. President, like pretty callous business on the part of the Senate of the United States. I rise to emphasize that point to all who are listening.

One last point: Our colleague, Senator ABOUREZK, is now going to change his amendment to do exactly, if he does it this way, what Senator CLARK has referred to. It would remove the protection which is contained in OSHA from the migrant worker. He needs it the most, he is the most vulnerable and most likely to be permanently damaged by an injury.

Senator WILLIAMS and I are joining in an effort to reform the workmen's compensation acts. Study shows that provisions covering workers are, at best, unsatisfactory. So, we are leaving thousands of individuals absolutely vulnerable by withdrawing the protection of this law.

Mr. President, I heard Senator CHURCH, and no one could question a man of greater good will, honor, and personal probity than FRANK CHURCH, of Idaho, say, "we will not appropriate sufficient money to cover the inspections needed," et cetera. It seems to me that that is not a very credible way to legislate; it is a terrible way to legislate on our part.

So I beg Members, notwithstanding the feeling about OSHA, to remember, first, that it is blood, bone, and sinew that we are talking about and the blighting of lives of very poor and mostly very unfortunate people; second, farming is a very hazardous business, as is shown by the toll which farming takes; and, third, this was a long fought over and long sought reform which American labor finally realized, and we should not be careless or callous enough to throw it away because it is uncomfortable or inconvenient or particular farm proprietors are made unhappy by it without understanding the consequences and what is really at stake.

I hope we will not adopt any policy except that outlined by Senator DURKIN, which I think is perfectly fair and, in all honesty and without being doctrinaire about it, I think that is the way we ought to leave it.

Mr. CURTIS. Mr. President, I think we should come back to consider whether or not OSHA has done anything to lessen accidents on the farm. I have never heard anyone claim that they have. I have never received a letter or listened to any speech here of any regulation that they have performed and someone was saved from an accident. They take the taxpayers' money, and they write silly books about cattle getting nervous and a few things like that. They first tell us, after they distribute them to farmers and ranchers, that was not intended that way. One explanation came to me that it was intended for children.

Mr. President, if the Federal Government is to get into the act of promoting safety on the farms, the proper avenue is probably through some organization like the Extension Service and that they have a program devised by farmers and cut down some of the terrible accidents that happen in the use of machinery, cut down some of the accidents that happen in moving machinery around the farm premises where every once in awhile a child is injured and sometimes killed.

Accidents are caused by people and particularly on the farm. It will take a massive educational job, with a program that is devised by farmers where the good will of everyone is sought. The Occupational Safety and Health Act is not built on that basis at all. It is not an educational program; it is not a cooperative program to get everyone involved working and thinking about safety. It is a program where snoopers come around and look at the premises and find fault with this, find fault with that, and then perform the acts of prosecutor, witnesses, judge, and jury.

The PRESIDING OFFICER. Will the Senator suspend?

Mr. RANDOLPH. Mr. President, point of order.

The PRESIDING OFFICER. Let us have a little order. The Senator from West Virginia will state his point of order.

Mr. RANDOLPH. Mr. President, we are debating an amendment and possible adjustments within the amendment structure. The Senator from Nebraska has been attempting to address Members of the Senate who might be interested. I am interested in what he is saying. I think that rather than have 10 or 12 of our colleagues, and certainly they are well-meaning in their effort, discuss in the Chamber propositions of one type or another, it would be better to have a quorum call for such a purpose, or to discuss those matters in the cloakroom. I say this without any complaint whatsoever, except to say that I still think that the Senate is a body in which when a Member is speaking we should give our attention to him when we are in the Chamber. I make the point of order that the Senate was not in order.

The PRESIDING OFFICER. The Senator's point of order is well taken and order has been restored to the Chamber.

The Senator from Nebraska may continue.

Mr. CURTIS. Mr. President, we should not confuse the idea that the choice is between this law that we have with its ridiculous and shameful administration or being for accidents. That is not the situation. There are much better ways to prevent accidents. I believe that if this question were submitted to any group that is away from the politics involved, and that includes myself, that group would say that, whether it is an industrial plant or what it is, the way to reduce accidents is to get everyone involved in thinking about it, with educational programs, safe habits, and all these sort of things. None of these are reached in a unilateral punitive action of the type that the OSHA law provides for.

To come in and find fault with this or that, and slap a fine on does not save a single arm, a single finger, or a single life.

There was a case in Nebraska—the man testified about it—in which a disgruntled employee made a charge against him. A hearing was held. Other employees and previous employees came in and testified. It was found that the charge was unfounded, and the inspector found the employer not guilty.

However, the inspector then said, "While I am here, I had better look around a little bit." So he went out in back of the garage and found some tires. They had not been there months or years. They were not overgrown with weeds. This man is a good citizen, runs a good place, and he has those things hauled off quite frequently. But the inspector got around there when some tires were laying out there, so he slapped a fine on the man; and he picked out one or two other fly specks, and the fellow was fined, as I recall, in the neighborhood of $100. However, he had been to the expense of defending himself and had been found not guilty in other matters. How much safety did that promote?

Within the last month or two, an individual in Lincoln, Nebr., installed an electric wire conforming to the 1975 regulations, which were better and more advanced than the previous ones. The OSHA inspector slapped a fine on him because the OSHA inspectors were using a 1971 specification. How much safety did that promote?

If all this money and all this effort could be used to get everybody involved with safe habits, with thoughtfulness, and with thinking about safety, we would get someplace.

The people who are protesting about OSHA are not illiterates. They are not revolting against all Government restrictions. They are not people who have accidents and have ill health. Washington bureaus do not have a monopoly on good intentions. Not at all.

This law excludes from the scope of activities the very basic things that will lessen accidents. Instead, it puts a punitive weapon in the hands of inspectors, disregarding all the rights of trial, a day in court, and everything else that is held dear to us.

We have gone on and on, on and on, year after year. Our citizens have been fined for violating regulations when there was no possible way in which they could get a copy of the regulations.

Mr. President, the revolt in the country is justified. It points up a bad law with many, many deficiencies in it. It points up the error and evil of the bureaucratic mind, the bureaucratic mind that always resists change.

Nobody connected with OSHA or the Department of Labor has ever come in and advocated a single amendment in the law. They have tried to hush down anybody who wanted any change.

Mr. President, it is true that we are interested in the safety situation, regardless of how many people are employed. Not all the effective measures rest in the hands of the Federal Government. The people in the area, the individuals involved, are interested. We still have our local and State governments. If the Federal Government is going to be in the act—they have done a poor job up to date—they should direct their attention to places where a great many people are working and see what they can do then.

the Abourezk language, which we all seem to want, and we would have——

Mr. CURTIS. We would have the Abourezk——

Mr. ALLEN. Excuse me. Let me answer the question.

We would have the entire House language, with the addition of this phrase from the Durkin amendment saying that they could, without a doubt, issue citations in the case of serious, willful or repeated violations, even though it was a first instance violation. That is what we would have.

Mr. CURTIS. May I also inquire, because I respect the Senator's parliamentary ability, will the votes on the Senator's amendments occur prior to the votes on the Abourezk and Durkin amendments?

Mr. ALLEN. Yes; this is perfecting language, the theory being that these amendments are offered to the House language, and the Senate might not like the House language. But before the vote on the amendment of the Senator from New Hampshire (Mr. DURKIN) takes place, the Senate has a right to shape the language of the House bill or perfect it, and add its own language that the Senate might prefer to the Durkin amendment.

This amendment, as the Senator from Alabama understands it, would come first because it is a perfecting amendment.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ALLEN. Yes; let me finish answering the Senator's question.

Mr. CURTIS. Let me make this observation, and then I will yield.

Mr. ALLEN. I yield only for a question.

Mr. CURTIS. All right, I will state only a question.

Assuming we have no objection over here on my part, I wonder if the Senator would be willing to delay the vote for the reason that members of the minority party are having a conference luncheon right now that will not be over for a bit, and it will not be my purpose to suggest we wait until 2 o'clock, then have to go on the next bill, but at least until 5 minutes of 2, or something?

Mr. BROOKE. Will the Senator yield for a question?

Mr. ALLEN. Well, I have not answered that question.

It takes 15 minutes for a rollcall. I think that would give plenty of time for them to come in.

The Senator from West Virginia has a question and I will respond to it.

Mr. RANDOLPH. I have been interested in the Senator's response to the Senator from Nebraska as to what situation we would be in if both of the Senator's amendments are agreed to.

Mr. ALLEN. Yes.

Mr. RANDOLPH. I want to ask the Senator, and not in any jest whatsoever, but I was impressed by the statement made by the able Senator from Rhode Island. At that time, he discussed, I think rather movingly, the fact that today we do get the opportunity under the law for the dog to take the first bite, and there is no penalty involved.

Are we going to let the individual make the first mistake, but not impose the penalty?

Mr. ALLEN. Under the amendment of the Senator from Alabama, just as in the amendment of the Senator from New Hampshire, that would be the case except as to serious or willful violations. Then if they come in and find a serious or willful violation, even on the first time, they can issue a citation.

Mr. RANDOLPH. I agree.

Mr. ALLEN. On my language, and also the other language.

Mr. RANDOLPH. I agree with that logic.

Mr. BROOKE. Will the Senator yield?

Mr. CLARK. Will the Senator yield?

Mr. ALLEN. Yes; to the manager of the bill.

Mr. BROOKE. Earlier today the Senator had a perfecting amendment which I moved to table and which was tabled.

Will the Senator from Alabama tell me at this time what is different from the amendment he is offering now and the amendment which was tabled by the Senate?

Mr. ALLEN. A vast difference. The difference is that this amendment meets the objection argued here on the floor, even by the distinguished Senator from Massachusetts, that by retaining the House language here in the proviso starting on page 8, line 4, that no program could be formulated to carry out a program under which first instance citations for violations must be issued. It was argued on the floor here that that would prevent the issuing of citations where there was a willful or serious violation.

So the amendment of the Senator from Alabama is in two aspects. First, it corrects that alleged defect. In the proviso here, there is an addendum to the proviso saying that in the case of willful or repeated or serious violations, a citation could be issued the first time. It was argued on the floor that the amendment did not provide that. I am merely making provision to cure that alleged defect.

Then the second aspect of the amendment of the Senator from Alabama would take the language of the Durkin amendment as sought to be amended by the Abourezk amendment and add that, which would leave then the House bill as is except for clearing up the alleged defect about whether a citation could issue on first instance violation of a serious or willful nature, and answer that objection, then if we are allowed to vote on this perfecting language, we would seek to vote on the other language, which would adopt the Durkin language and the Abourezk language.

Mr. BROOKE. Will the Senator yield further?

Mr. ALLEN. I will conclude with the Senator.

Mr. BROOKE. It is my intention to move to table the Senator's amendment.

Mr. ALLEN. I just yielded for a question.

Mr. BROOKE. Yes, I said that I am going to do it, not now, but at the appropriate time. Of course, I would not violate the Senator's privileges or rights under any circumstances.

Do I understand that the Senator has two amendments or is there only one amendment?

Mr. ALLEN. The Senator from Alabama sought to make it one amendment. He asked that the two amendments on one sheet of paper be considered en bloc.

The distinguished Senator from Washington objected, and there would have been other objection if we had not objected. I offered it as one amendment, but the Senate, or Members of the Senate, saw fit to object to my request.

Mr. BROOKE. Will the Senator yield for a clarification from the Chair?

Mr. ALLEN. Yes.

Mr. BROOKE. Because I am in doubt as to the parliamentary situation.

Is there one amendment before us, or are there two amendments?

The PRESIDING OFFICER. There is one amendment before the Senate now. There was a second amendment that was proposed to be considered en bloc with the one amendment under consideration. Objection was heard to that, so there is one amendment pending, and another amendment here at the desk, that being the second half of the original proposal.

Mr. BROOKE. I thank the Chair.

Then my understanding is correct, we only have one amendment before the Senate at the present time.

Mr. ALLEN. At the present, that is adjusting the language in the proviso at the top of page 8, line 4.

Mr. BROOKE. And it is just the Senator's intention to bring up the second amendment after we dispose of——

Mr. ALLEN. Yes.

Mr. ABOUREZK. Will the Senator yield?

Mr. CLARK. Will the Senator yield?

Mr. ABOUREZK. Just for a remark?

Mr. ALLEN. The Senator from Iowa asked next.

Mr. CLARK. It seems to me that the package the Senator offered—in other words, he offered two amendments together, there was objection to that by a Senator, and then we are taking up the first amendment.

Mr. ALLEN. Yes.

Mr. CLARK. If we get past one, the other becomes rather pointless.

Mr. ALLEN. Yes.

Mr. CLARK. I agree with the Senator, if we do not pass both the second and the first, they make relatively little sense.

Mr. ALLEN. No, I think the first amendment is good by itself because it clears up this language.

Mr. CLARK. But the Senator would not have the Durkin amendment.

Mr. ALLEN. Yes.

Mr. CLARK. It is clear, the second amendment at the desk, which will be taken up next, is not in order. Therefore, if we were simply to vote for the Senator's first amendment and adopt it, we could not take up the second amendment in any case. So it seems to me a pointless effort to do one and not the other.

The second amendment is clearly——

Mr. BROOKE. Will the Senator yield?

That was the same amendment that was tabled.

Mr. CLARK. Yes.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. ALLEN and Mr. ABOUREZK addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. ABOUREZK. To state the parliamentary position, Mr. President, in order to modify the amendment as it was agreed upon by all of the people we discussed it with today, whom I have previously mentioned. We had to do it this way because an objection to the modification would have prevented a modification as agreed to as a compromise. So Senator Durkin withdrew his amendment. My amendment fell with it. Then he reoffered his as modified by mine. The position we are now in is that the Durkin amendment exists, which is now in place, which exempts first-offense nonserious violations for everybody.

It is further modified by the Abourezk amendment, which exempts farmers who employ 5 or fewer employees but no more than 12 on any single day.

Mr. JAVITS. Will the Senator yield?

Mr. MAGNUSON. The two of them are put together and we are voting on that.

Mr. ABOUREZK. They are together and that is what we will be voting on now.

Mr. JAVITS. Will the Senator yield?

Mr. ABOUREZK. Yes, I yield.

Mr. JAVITS. That presents a different situation, which Members should understand, for this reason: If we turn this amendment down now, we have the bill. The choice is no longer between the amendment of the Senator from South Dakota and Senator Durkin's amendment, where I certainly would have chosen Senator Durkin's amendment. It is now a situation where, if we turn this amendment down, we have the figure of 10 in the bill as it came over from the House.

Mr. ABOUREZK. That is correct. We also have the total exemption for all businesses.

Mr. MAGNUSON. Not necessarily. We can have other amendments if this fails.

Mr. ABOUREZK. I am ready to vote, Mr. President.

UP AMENDMENT NO. 134

Mr. ALLEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I have an amendment at the desk, a perfecting amendment. It is in two parts. I ask unanimous consent that the amendments may be considered en bloc.

Mr. DURKIN. Reserving the right to object——

Mr. JAVITS. Reserving the right to object, let us hear the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Alabama (Mr. Allen) proposes unprinted amendment No. 134.
>
> 1. On page 8 line 7 after the word "violations" add "(other than serious, willful or repeated violations under Section 16 of the Act)".

Several Senators addressed the Chair.

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. I object.

Mr. MAGNUSON. Is the Senator asking for unanimous consent?

Mr. ALLEN. I asked for unanimous consent.

Mr. MAGNUSON. I object.

Mr. ALLEN. Mr. President, I ask for division of the question.

The PRESIDING OFFICER. The amendments will be considered separately.

Mr. ALLEN. Mr. President, earlier today, I offered a perfecting amendment.

Mr. MAGNUSON. And it was defeated. This is the same amendment.

Mr. ALLEN. No sir, I say the Senator is wrong. If he would show me the courtesy of allowing me to explain my amendment, I would appreciate it.

The amendment which the Senator from Alabama offered earlier today would have taken the Durkin amendment as sought to be amended by the Abourezk amendment and added that to the end of line 8 on page 8. I might state to the distinguished Senator from Washington that this has absolutely, since it is divided, no connection whatsoever with the amendment that I offered earlier.

Mr. MAGNUSON. I have not had a chance, but the other amendment was tabled. I should not have said defeated.

Mr. ALLEN. Yes, but the Senator is wrong, because this is entirely different.

Mr. MAGNUSON. I stand corrected.

Mr. ALLEN. Sir?

Mr. MAGNUSON. I stand corrected.

Mr. ALLEN. The first part of the amendment corrects or meets the point of the argument that was made against the perfecting amendment which was tabled, and that was that it kept the proviso here on page 8. It says:

> None of the funds provided by this Act shall be used to formulate or carry out a program under which first instance citation for violations must be issued against firms employing 10 or fewer persons.

The argument was made that in case of serious or willful violations there would be no authority to issue a citation. Actually, that argument was fallacious because all this proviso says is that none of the funds provided by the act "shall be used to formulate or carry out a program under which first instance citation for violations must be issued."

It left the inspector the option or the right to issue citations for serious or unhealthful conditions. But, under the bill, no funds would be used to formulate a program under which a citation must issue for a violation.

So under this proviso, an inspector could issue a citation. All this guards against is that he must issue a citation. So he still has the prerogative of exercising discretion to issue a citation.

But to lay the matter completely at rest, Mr. President, so that there will be no doubt whatsoever about the meaning of this proviso, the first part of my amendment does add to this proviso the parenthetical part in the Durkin amendment which says:

> Other than serious, willful or repeated violations under section 16 of the act resulting from the inspection of any establishment or work place subject to the act.

So it puts in the language of the Durkin amendment and it does allow, makes it absolutely clear—it already allowed it—but it makes it absolutely clear, Mr. President—that for serious, willful, or repeated violations citation could issue in the first instance.

So, using the language of the Durkin amendment, it seems strange that there could be a repeated violation on the first occasion. But still I assume that following the language of the Durkin amendment that would be all right.

So, Mr. President, this would correct this deficiency or alleged deficiency in the proviso here on page 8, and would give OSHA the right, even on first violations, on serious, willful, or repeated violations, to issue a citation, and that would, I hope, make this language in the House bill more palatable and would pave the way for a further perfecting amendment which is in part two of my amendment.

Mr. President, I call for the yeas and nays.

Mr. CURTIS. Mr. President, will the distinguished Senator yield for a question?

Mr. ALLEN. I am delighted to yield.

Mr. CURTIS. The Senator has proposed an amendment to the text as it appears in H.R. 14232?

Mr. ALLEN. In the House bill, that is correct. It is perfecting language and would come in ahead of this last amendment that no one has had an opportunity to read.

Mr. CURTIS. Does the Senator's amendment, which he is now proposing, in any way change the House language with respect to the farming exemption?

Mr. ALLEN. No, it does not change the farming exemption. It merely changes the proviso at the top of page 8, starting at the end of line 4, "*Provided further*," and that is the proviso that was criticized at the time the Senator from Alabama offered his other perfecting amendment which sought to add the Durkin language as sought to be amended by the Abourezk amendment.

Mr. CURTIS. May I inquire further, does the Senator have a second amendment?

Mr. ALLEN. Yes; the second amendment would do what the first amendment that I submitted earlier today would do. That would take the language of the Durkin amendment, as originally proposed, and also the language of the Abourezk amendment which would have added the agricultural exemption back in, which the distinguished Senator from New Hampshire (Mr. Durkin) sought to knock out.

Mr. CURTIS. If both of the Senator's amendments were adopted, then what would we have?

Mr. MAGNUSON. We would have chaos.

Mr. ALLEN. We would have a fairly good provision [laughter] because we would have the Durkin language, which we all seem to want, and we would have the Abourezk language, which we all seem to want, and we would have——

Mr. CURTIS. We would have the Abourezk——

Mr. ALLEN. Excuse me. Let me answer the question.

We would have the entire House language, with the addition of this phrase from the Durkin amendment saying that they could, without a doubt, issue citations in the case of serious, willful or repeated violations, even though it was a first instance violation. That is what we would have.

Mr. CURTIS. May I also inquire, because I respect the Senator's parliamentary ability, will the votes on the Senator's amendments occur prior to the votes on the Abourezk and Durkin amendments?

Mr. ALLEN. Yes; this is perfecting language, the theory being that these amendments are offered to the House language, and the Senate might not like the House language. But before the vote on the amendment of the Senator from New Hampshire (Mr. DURKIN) takes place, the Senate has a right to shape the language of the House bill or perfect it, and add its own language that the Senate might prefer to the Durkin amendment.

This amendment, as the Senator from Alabama understands it, would come first because it is a perfecting amendment.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ALLEN. Yes; let me finish answering the Senator's question.

Mr. CURTIS. Let me make this observation, and then I will yield.

Mr. ALLEN. I yield only for a question.

Mr. CURTIS. All right, I will state only a question.

Assuming we have no objection over here on my part, I wonder if the Senator would be willing to delay the vote for the reason that members of the minority party are having a conference luncheon right now that will not be over for a bit, and it will not be my purpose to suggest we wait until 2 o'clock, then have to go on the next bill, but at least until 5 minutes of 2, or something?

Mr. BROOKE. Will the Senator yield for a question?

Mr. ALLEN. Well, I have not answered that question.

It takes 15 minutes for a rollcall. I think that would give plenty of time for them to come in.

The Senator from West Virginia has a question and I will respond to it.

Mr. RANDOLPH. I have been interested in the Senator's response to the Senator from Nebraska as to what situation we would be in if both of the Senator's amendments are agreed to.

Mr. ALLEN. Yes.

Mr. RANDOLPH. I want to ask the Senator, and not in any jest whatsoever, but I was impressed by the statement made by the able Senator from Rhode Island. At that time, he discussed, I think rather movingly, the fact that today we do get the opportunity under the law for the dog to take the first bite, and there is no penalty involved.

Are we going to let the individual make the first mistake, but not impose the penalty?

Mr. ALLEN. Under the amendment of the Senator from Alabama, just as in the amendment of the Senator from New Hampshire, that would be the case except as to serious or willful violations. Then if they come in and find a serious or willful violation, even on the first time, they can issue a citation.

Mr. RANDOLPH. I agree.

Mr. ALLEN. On my language, and also the other language.

Mr. RANDOLPH. I agree with that logic.

Mr. BROOKE. Will the Senator yield?

Mr. CLARK. Will the Senator yield?

Mr. ALLEN. Yes; to the manager of the bill.

Mr. BROOKE. Earlier today the Senator had a perfecting amendment which I moved to table and which was tabled.

Will the Senator from Alabama tell me at this time what is different from the amendment he is offering now and the amendment which was tabled by the Senate?

Mr. ALLEN. A vast difference. The difference is that this amendment meets the objection argued here on the floor, even by the distinguished Senator from Massachusetts, that by retaining the House language here in the proviso starting on page 8, line 4, that no program could be formulated to carry out a program under which first instance citations for violations must be issued. It was argued on the floor here that that would prevent the issuing of citations where there was a willful or serious violation.

So the amendment of the Senator from Alabama is in two aspects. First, it corrects that alleged defect. In the proviso here, there is an addendum to the proviso saying that in the case of willful or repeated or serious violations, a citation could be issued the first time. It was argued on the floor that the amendment did not provide that. I am merely making provision to cure that alleged defect.

Then the second aspect of the amendment of the Senator from Alabama would take the language of the Durkin amendment as sought to be amended by the Abourezk amendment and add that, which would leave then the House bill as is except for clearing up the alleged defect about whether a citation could issue on first instance violation of a serious or willful nature, and answer that objection, then if we are allowed to vote on this perfecting language, we would seek to vote on the other language, which would adopt the Durkin language and the Abourezk language.

Mr. BROOKE. Will the Senator yield further?

Mr. ALLEN. I will conclude with the Senator.

Mr. BROOKE. It is my intention to move to table the Senator's amendment.

Mr. ALLEN. I just yielded for a question.

Mr. BROOKE. Yes, I said that I am going to do it, not now, but at the appropriate time. Of course, I would not violate the Senator's privileges or rights under any circumstances.

Do I understand that the Senator has two amendments or is there only one amendment?

Mr. ALLEN. The Senator from Alabama sought to make it one amendment. He asked that the two amendments on one sheet of paper be considered en bloc.

The distinguished Senator from Washington objected, and there would have been other objection if we had not objected. I offered it as one amendment, but the Senate, or Members of the Senate, saw fit to object to my request.

Mr. BROOKE. Will the Senator yield for a clarification from the Chair?

Mr. ALLEN. Yes.

Mr. BROOKE. Because I am in doubt as to the parliamentary situation.

Is there one amendment before us, or are there two amendments?

The PRESIDING OFFICER. There is one amendment before the Senate now. There was a second amendment that was proposed to be considered en bloc with the one amendment under consideration. Objection was heard to that, so there is one amendment pending, and another amendment here at the desk, that being the second half of the original proposal.

Mr. BROOKE. I thank the Chair.

Then my understanding is correct, we only have one amendment before the Senate at the present time.

Mr. ALLEN. At the present, that is adjusting the language in the proviso at the top of page 8, line 4.

Mr. BROOKE. And it is just the Senator's intention to bring up the second amendment after we dispose of——

Mr. ALLEN. Yes.

Mr. ABOUREZK. Will the Senator yield?

Mr. CLARK. Will the Senator yield?

Mr. ABOUREZK. Just for a remark?

Mr. ALLEN. The Senator from Iowa asked next.

Mr. CLARK. It seems to me that the package the Senator offered—in other words, he offered two amendments together, there was objection to that by a Senator, and then we are taking up the first amendment.

Mr. ALLEN. Yes.

Mr. CLARK. If we get past one, the other becomes rather pointless.

Mr. ALLEN. Yes.

Mr. CLARK. I agree with the Senator, if we do not pass both the second and the first, they make relatively little sense.

Mr. ALLEN. No, I think the first amendment is good by itself because it clears up this language.

Mr. CLARK. But the Senator would not have the Durkin amendment.

Mr. ALLEN. Yes.

Mr. CLARK. It is clear, the second amendment at the desk, which will be taken up next, is not in order. Therefore, if we were simply to vote for the Senator's first amendment and adopt it, we could not take up the second amendment in any case. So it seems to me a pointless effort to do one and not the other.

The second amendment is clearly——

Mr. BROOKE. Will the Senator yield?

That was the same amendment that was tabled.

Mr. CLARK. Yes.

And obviously is not in order to be considered by this body.

Mr. ALLEN. We are considering part 1, not the amendment that the Senator says——

Mr. CLARK. I think the Senator will agree, if we adopt part 1 and not 2, and part 2 is not in order, part 1 becomes a very insignificant——

Mr. ALLEN. I disagree with the Senator because since some Members of the Senate want the action taken one step at a time, we will offer a further perfecting amendment that will carry out the same idea.

Mr. CLARK. How could it carry out the same idea if that same idea has already been rejected?

Mr. ALLEN. Well, the——

Mr. MAGNUSON. Will the participants yield for a moment?

Mr. ALLEN. I have the floor.

Mr. MAGNUSON. I ask if the Senator will yield.

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. ALLEN. Providing I do not lose my right to the floor.

Mr. MAGNUSON. On another matter.

Mr. ALLEN. Provided I do not lose my right to the floor.

Mr. MAGNUSON. Of course.

The PRESIDING OFFICER. Is there objection?

Mr. MAGNUSON. The Senator never loses his right to the floor. He gets it some way.

The PRESIDING OFFICER. The Senator from Washington.

Mr. MAGNUSON. Mr. President, we have to suspend this at 2 o'clock. One conference report which has some urgency to it cannot be presented after 2 o'clock. I would like the Senators involved here in this particular amendment to yield about 2 minutes to the Senator from South Carolina to present that report.

Mr. ABOUREZK. Mr. President——

Mr. ALLEN. Mr. President, I ask unanimous consent that I might yield 3 minutes to the distinguished Senator from South Carolina and then have the floor returned to me.

Mr. ABOUREZK. Reserving the right to object, Mr. President, I think we ought to vote on these amendments today rather than put them off until tomorrow. I would include in that unanimous consent request that we not go to the tax bill—I guess that was under agreement—until such time as we dispose of the amendments we are talking about, or, in any case, not later than 3 o'clock.

Mr. ALLEN. I object.

The PRESIDING OFFICER. Objection is heard.

ADDITIONAL STATEMENTS SUBMITTED

Mr. MOSS. I rise in support of the full 3-year appropriation for public broadcasting because of my familiarity with public radio and television stations in my State and because of my interest in the legislation which provides them with Federal support. The Senate can be proud of the leadership role it has provided in this important activity.

The House in its consideration of this appropriation saw fit to add language making clear that such funds should be unavailable to stations using them for activities from which people were excluded on the basis of race, color, national origin, religion, or sex. I heartily endorse the spirit of this provision.

I would like to add a point to this discussion on the nondiscrimination clause in this bill. I am in agreement that Federal funds should not be made available to be used for projects which discriminate among people on the basis of their race, color, national origin, religion, or sex, in public broadcasting or in any other area. In fact, it is my understanding that several Federal agencies are already bound to watchdog public broadcasting on just this matter, and I think that we should encourage these agencies to do a better job of this. One thing I do not want to do, however, is to compel the private corporation that distributes money to public broadcasting stations to cut off a station's funds before the station has been entitled to full due process under the law—that is, full Federal agency review and court appeal. If I am correct that it is contrary to the intention of this language for this to happen, then I can certainly support this provision.

Mr. CHURCH. Mr. President, as chairman of the Senate Committee on Aging, I wish to express my strong support for the recommended funding levels for older Americans programs in the fiscal 1977 Labor-HEW Appropriations Act, H.R. 14232.

The administration's budget request is simply inadequate. It would have caused sharp cutbacks in needed services for the elderly. It was totally unresponsive to the needs of older Americans. Over the long haul, it would have resulted in greater Federal expenditures because many aged persons would be denied services which they desperately need to continue to live independently in their homes. And a large proportion of these individuals would be forced into institutions at a much higher public cost.

The Senate Appropriations Committee, however, has rejected these insufficient budget requests for the Older Americans Act and other programs affecting the elderly. Instead, the committee has adopted an amendment which I sponsored with Senators EAGLETON and BROOKE. This amendment won strong bipartisan support from Members of the Senate. Last week the House approved funding for aging programs very similar to the Eagleton-Brooke-Church amendment—and also with solid bipartisan support.

Before I discuss the provisions in our amendment, I would like to pay special tribute to Senator MAGNUSON, the chairman of the Labor-HEW Appropriations Subcommittee, and Senator BROOKE, the subcommittee's ranking minority member. Both were instrumental in winning adequate funding levels for programs serving the Nation's olderly. Throughout their careers they have always showed a genuine concern for the problems and challenges facing older Americans.

Senator EAGLETON—who is also a member of the Labor-HEW Appropriations Subcommittee as well as a member of the Committee on Aging and chairman of the Labor and Public Welfare's Subcommittee on Aging—certainly deserves praise for his leadership in helping to obtain higher appropriation for the Older Americans Act and the Older American Community Service Employment Act.

OLDER AMERICANS ACT

The Senate committee bill would provide $408.1 million for the Older Americans Act, the largest appropriation in its history.

This funding would make it possible for:

Perhaps 5.5 million individuals to receive information and referral, transportation escort, and outreach services. Approximately 3.6 million elderly persons received these services in fiscal 1975.

An estimated 2.6 million older Americans to be assisted through gap-filling services, including counseling, homemaker-home health aides, chore services, and many others. These services enable elderly persons to live independently in their own homes where the vast majority would prefer to be.

Expansion of the four designated priority services under the title III State and community programs on aging: transportation, legal counseling, home health, and residential repairs.

An increase in the number of competently trained persons to deliver essential services for older Americans. During the past 4 years, nearly 462 area agencies on aging have been established. Title IV can be helpful in training individuals to staff local offices on aging. In addition, it is needed to provide a continuing resource of qualified personnel to enter or reenter the field of aging.

Continuation and expansion of the title IV research and multidisciplinary centers of gerontology programs.

Expansion of the title V multipurpose senior centers program. Hearings conducted by the Senate Committee on Aging have made it abundantly clear that senior centers can serve as a focal point for the delivery of vital services for the elderly and to alert them to Federal benefit programs. Moreover, it is generally more economical to deliver services at a senior center where large numbers of older Americans gather.

Nearly 450,000 meals to be served under the title VII nutrition program. With the $187.5 million spending level for fiscal 1976 and the transitional quarter, the number of daily participants is expected to reach about 380,000.

OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT ACT

The Eagleton-Brooke-Church amendment would also provide $90.6 million for the title IX senior service corps.

The administration requested no funds for this jobs program, despite a sharp increase unemployment among workers aged 55 or older during the past 2 years.

This funding level would increase enrollment in the title IX program from 15,000 to 22,000, nearly a 47-percent jump.

A significant increase in funding for the senior service corps is absolutely essential, it seems to me, because unemployment is likely to continue at a high level for older workers—despite the recent improvement in the overall employment picture. In fact, a working paper soon to be released by the Committee on Aging, of which I am chairman, will point out that older workers are still in a recession. Their unemployment is increasing, while the overall jobless level for younger workers is declining.

OTHER AGING PROGRAMS

On other fronts, the Senate bill provides realistic appropriations for aging programs.

The National Institute on Aging is funded at a $31.2 million level, almost $5 million above the administration's budget request. This institute is responsible for conducting and supporting biomedical, social, and behavioral research and training relating to the aging process.

In addition, H.R. 14232 would continue and expand ACTION'S older American volunteer programs: Foster Grandparents, Senior Companions, and RSVP—the retired senior volunteer program. These programs have clearly demonstrated their value and worth for elderly participants and individuals being served.

Finally, the fiscal 1977 Labor-HEW Appropriations Act would extend the Senior Opportunities and Services program.

For these reasons, I reaffirm my support for the funding levels for programs serving aged and aging Americans.

COASTAL ZONE MANAGEMENT ACT AMENDMENTS OF 1976—CONFERENCE REPORT

Mr. HOLLINGS. Mr. President, I submit a report of the committee of conference on S. 586, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. CANNON). The report will be stated by title.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 586) to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of June 24, 1976 beginning at page 20449.)

Mr. HOLLINGS. Mr. President, I ask unanimous consent that my statement, a factsheet, and more particularly a colloquy between myself and the distinguished Senator from Louisiana, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The above material is printed later in the RECORD at the point where the conference report is reconsidered.)

Mr. JOHNSTON. Mr. President——

Mr. MAGNUSON. Mr. President, I ask unanimous consent that my statement on the conference report be printed in the RECORD following the remarks of the Senator from South Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The above statement is printed later in the RECORD at the point where the conference report is reconsiderd.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

ORDER OF PROCEDURE

Mr. JOHNSTON. Mr. President——

The PRESIDING OFFICER. The Senator from Alabama has the floor under the unanimous-consent agreement.

Mr. JOHNSTON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSTON. Has the conference report been agreed to?

The PRESIDING OFFICER. The conference report was agreed to.

Mr. JOHNSTON. Mr. President, I was asking to be heard on the matter.

Mr. HOLLINGS. Mr. President, I ask that my friend be heard.

The PRESIDING OFFICER. Does the Senator wish to reconsider the vote by which the conference report was agreed to?

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

The motion was agreed to.

Mr. ALLEN. Mr. President, I yielded only 3 minutes but I would like to ask unanimous consent that I yield 2 minutes to the distinguished Senator from Louisiana.

Mr. BROOKE. Mr. President, I object.

Mr. ALLEN. Mr. President, how much time did the Senator use?

The PRESIDING OFFICER. I think there is about 1 minute.

Mr. BROOKE. We only have until 2 o'clock on this bill. It is my intention to move to table the Senator's amendment.

Mr. HOLLINGS. We can save that. We do not have but 3 minutes. Yield him 2 minutes.

Mr. ALLEN. I would be delighted to.

I ask unanimous consent that I may yield 3 minutes to the distinguished Senator from Louisiana without losing my right to the floor.

The PRESIDING OFFICER. Is there objection?

Mr. BROOKE. Reserving the right to object, providing I be recognized after the Senator from Louisiana.

Mr. ALLEN. No, the Senator from Alabama has not given up the floor.

Mr. HOLLINGS. He yielded to us.

Mr. ALLEN. I yielded 3 minutes provided I not lose my right to the floor.

The PRESIDING OFFICER. Is there objection?

Mr. BROOKE. Reserving the right to object, I want the time before 2 o'clock to make the motion to table the Senator's amendment. If the Senator does not agree that I have the floor, I will have to object to this conference report at this time.

Mr. ALLEN. I will not give up the floor.

Mr. BROOKE. Then I object.

The PRESIDING OFFICER. Objection is heard.

The Chair will state that there is no reason that the conference report cannot be brought up after 2 o'clock. The time allotted for the conference report has expired and the question recurs on the Allen amendment to H.R. 14232. The Senator from Alabama has the floor.

Mr. JOHNSTON. Has the conference report been agreed to, Mr. President?

The PRESIDING OFFICER. The conference report was agreed to and subsequently the vote by which it was agreed to was reconsidered.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1977

The Senate continued with the consideration of the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

Mr. ALLEN. Mr. President, if the distinguished Senator from Massachusetts wishes to make a motion to table, I would be glad to yield. I would like to have the matter decided myself.

Mr. BROOKE. Mr. President, I move to table the amendment of the Senator from Alabama.

Mr. ALLEN. Mr. President, I call for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER (Mr. HELMS). The Senate will be in order. The clerk will suspend until order is restored. The clerk is having difficulty hearing the responses of Senators. Senators will please take their seats.

The clerk may proceed.

The rollcall was resumed and concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Arkansas (Mr. MCCLELLAN), and the Senator from Mississippi (Mr. STENNIS), are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Nebraska (Mr. HRUSKA), are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY), is absent due to illness.

The result was announced—yeas 58, nays 33, as follows:

[Rollcall Vote No. 357 Leg.]

YEAS—58

Abourezk
Baker
Biden
Brooke
Byrd, Robert C.
Case
Church
Clark
Culver
Durkin
Eagleton
Fong
Ford
Glenn
Gravel
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Symington
Taft
Tunney
Weicker
Williams

NAYS—33

Allen
Bartlett
Beall
Bellmon
Bentsen
Brock
Bumpers
Burdick
Byrd,
Harry F., Jr.
Cannon
Chiles
Curtis
Dole
Domenici
Fannin
Garn
Griffin
Hansen
Helms
Laxalt
Long
McClure
Morgan
Nunn
Pearson
Roth
Scott,
William L.
Sparkman
Stone
Talmadge
Thurmond
Tower
Young

NOT VOTING—9

Bayh
Buckley
Cranston
Eastland
Goldwater
Hruska
Huddleston
McClellan
Stennis

So the motion to lay on the table was agreed to.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. ALLEN. Regular order.

Mr. CURTIS. Mr. President, regular order.

Mr. BROOKE. Mr. President, I move to reconsider.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

Mr. ALLEN. I call for the regular order.

Several Senators addressed the Chair.

Mr. ALLEN. Regular order, Mr. President.

Mr. CURTIS. Regular order.

Mr. ROBERT C. BYRD addressed the Chair.

Mr. ALLEN. Regular order.

DEPARTMENT OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS ACT, 1977

Mr. ROBERT C. BYRD. I send a cloture motion to the desk.

Mr. ALLEN. Regular order. Point of order.

I raise the point of order before it is read. It comes too late.

Mr. ROBERT C. BYRD. Mr. President, I sent a motion to the desk.

Mr. ALLEN. Point of order. Point of order as to the motion, Mr. President.

Mr. ROBERT C. BYRD. Mr. President, the motion is at the desk.

Mr. ALLEN. It is past 2 o'clock and the unfinished business is to come down at 2 o'clock. We are no longer properly on this bill. It is not the pending business. A cloture motion cannot be filed.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 14232, an act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

Edward W. Brooke, Claiborne Pell, Warren G. Magnuson, William D. Hathaway, Harrison A. Williams, Jr., Daniel K. Inouye, Clifford P. Case, Jacob K. Javits, Richard S. Schweiker, Dick Clark, Adlai E. Stevenson, Abraham Ribicoff, Mike Gravel, Bob Packwood, Walter F. Mondale, Edmund S. Muskie, Thomas J. McIntyre, John Durkin, Mike Mansfield, Lowell P. Weicker, Jr.

Mr. CURTIS. Mr. President, I make the point of order against the motion as not an appropriate or relative part of the tax bill. The tax bill is now the pending business.

The PRESIDING OFFICER. The Chair will observe the tax bill has not been laid down. The Chair was in the process of having the clerk report the tax bill when the cloture motion was filed, properly filed. Therefore, the point of order is not sustained.

Mr. ALLEN. Mr. President, on the point of order, the Chair will recall that when the cloture motion was filed with respect to the antitrust legislation, the bill had not been stated. The bill had not been stated and yet the Chair ruled that the bill was properly before the Senate.

So if that is true, the tax bill was before the Senate because the time of 2 o'clock had arrived. It was no longer proper to consider any matter with respect to the HEW bill.

The PRESIDING OFFICER. The Chair is advised that that bill had been before the Senate, a motion to proceed to its consideration having been agreed to.

Mr. ALLEN. The Chair advised what?

THE TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the hour of 2 o'clock having arrived 14 minutes ago, the Senate will now resume consideration of the unfinished business, H.R. 10612, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The Senate resumed the consideration of the bill.

COASTAL ZONE MANAGEMENT ACT AMENDMENTS OF 1976—CONFERENCE REPORT

Mr. HOLLINGS. Mr. President, I submit a report of the committee of conference on S. 586, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Cannon). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 586) to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the Record of June 24, 1976, beginning at page 20449.)

Mr. HOLLINGS. Mr. President, the conference report on S. 586 represents the culmination of a total of 3 years of careful, painstaking work. The chief participants and architects are many: the Senate National Ocean Policy Study; the Commerce Committee, ably led by its chairman, Warren G. Magnuson; and the House Merchant Marine and Fisheries Committee, especially its retiring chairman, Leonor K. Sullivan, and Congressman John M. Murphy of New York. Congress was aided in its efforts by the very constructive participation of Secretary of Commerce, Elliot Richardson, and his staff and by some of the brightest, more positive staff of the Office of Management and Budget. Congress also received many perceptive comments on the bill from the general public. The final bill has both administration and bipartisan congressional support, and its development illustrates the Federal legislative process at its best.

S. 586 represents a major new plank in the evolving national energy policy being constructed by the 94th Congress. It will take its place alongside the Energy Policy and Conservation Act and energy research and development legislation, and will soon be followed, I expect, by pending legislation on energy conservation, natural gas, synthetic fuels, electric utility rate reform. Outer Continental Shelf oil and gas leasing, and automotive R. & D. One by one the various planks will all fall into place.

S. 586 differs from most of the other energy legislation in that it is not so obviously related to reducing the gap between domestic energy demand and domestic energy supply. However, in improving the Nation's coastal zone management and buttressing it to deal with the impacts of the current national objective of expanded domestic energy production, the bill will reduce social frictions and make much of such expanded energy production occur on a more orderly and rational basis. It will accomplish these goals, through the Federal-State coastal zone management framework, by minimizing the inequities, the public fiscal impacts, and the environmental impacts caused by all the energy activity now going on, and projected to go on, in the Nation's fragile, but already heavily developed, coastal areas.

It is in the coastal areas that most of the U.S. oil and gas resources remain; it is in coastal areas that much of the energy resource transportation and refining take place; it is in these areas that electric power production is the most concentrated; and finally, it is in coastal areas that individual and industrial energy consumption is the heaviest.

The coastal energy impact program, established by the bill, is undoubtedly a landmark provision which will influence other impact legislation, energy-related or otherwise, in the years to come. The program is designed to be administered by the Department of Commerce's Office of Coastal Zone Management, in connection with the federally assisted State coastal zone management capability now being developed. The coastal energy impact program has been constructed to strike careful balances in several important respects.

First, the program provides financial assistance balanced between loans and bond guarantees to coastal State and local governments on the one hand, and outright grants on the other. Limited grants are provided for studying the consequences of new or expanded coastal energy facilities in order to prepare courses of action for dealing with the anticipated fiscal and environmental impacts. Grants are also provided when clear inequities arise to coastal State and local governments from energy activity in which the coastal zone plays a special national role—OCS oil and gas activity and the coastal transportation of fossil energy resources. Such an inequity occurs if coastal energy activity causes unavoidable loss of valuable coastal environmental or recreational resources, and the coastal State involved has no remedy against persons causing such a loss.

Such an inequity also arises if the energy activity leads to population increases requiring costly new public facilities and services; but because of jurisdictional or other reasons, the activity does not provide sufficient offsetting tax revenues to the fiscally impacted coastal State or local governments. The primary assistance offered by the program, however, for financing public facilities and services made necessary by any coastal energy activity, are Federal loans and bond guarantees, not grants. Initial assistance for such facilities and services is in the form of credit rather than grants, because in many cases the adverse fiscal impacts experienced by a coastal State or local government will only be temporary and will be offset later on by increased tax revenues from the coastal energy activity involved.

The fact that coastal energy activity can be, in some cases, a source of significant tax revenues, but that coastal States can still be confronted by severe front-end financing problems because of such activity is supported both by experience and by studies—an important one being the Office of Technology Assessment's "Fiscal Effects on State and Local Government from Offshore Oil/Gas and Port Development." Repaying the assistance for public facilities and services from later offsetting tax revenues will make the assistance again available for meeting new coastal State and local needs. "Recycling" the assistance through the program in this way means, therefore, that much more can be accomplished with the same amount of funds.

The approach taken by the program is essentially the same as the original approach of S. 586—loans for temporary adverse impacts and grants for net adverse impacts. I believe this approach to be the best way of solving the basic front-end financing and equity problems brought on by coastal energy activity, at the least cost to the Federal taxpayer.

Administratively, the program strikes a careful balance between being "automatic" and being "discretionary." Formulas will be used to allocate among the coastal States both the OCS formula grants, section 308(b), and the coastal energy activity loans and guarantees, section 308(d). In both cases, though, the proceeds or guarantees to which a State is entitled will not be disbursed or made until the State demonstrates to the Secretary that they will be used for the purposes described in the bill. Until such demonstration, the proceeds of the formula grants will stay in the State's "account" with the Secretary, and similarly for the coastal energy activity credit. Thus, while coastal States' entitlements to OCS grants and the credit will "automatically" be determined by formulas, the Secretary still will have the discretion he needs, before disbursement, to assure that the proceeds of such assistance will be expended for the proper purposes.

Third, the program strikes a balance between Federal financial assistance, on the one hand, and self-help on the other. The bulk of assistance is in the form of loans and guarantees and is limited to public facilities and public services, and the environmental grants are limited to unavoidable impacts—as defined in the bill—precisely so that coastal State and local governments will look first to the private energy industry to ameliorate fiscal impacts and to protect the environment. The incentives to do so will not only be maintained by the program, but enhanced because of the planning grants and improved State costal zone management planning capability. The program will provide assistance when needed, however, and will assume the risk concerning repayment of loans and guarantees from future tax revenues.

Last, for equity reasons, the program covers a limited range of coastal energy impacts caused in the past, as well as future impacts. Grant money can be used for restoring valuable environmental and recreational resources first damaged prior to the bill's enactment, but only if no remedy exists against the persons causing such damage. If the program looked only to the future, it would be unfair to such States as Louisiana, off whose shores OCS activity has been going on for years—much of it prior to the heightened environmental consciousness of today.

The bill contains several other amendments, besides the coastal energy impact program, which are designed to further the effectiveness of coastal zone management. These include—

First, the establishment of additional requirements for State coastal zone management programs concerning planning for energy facility impacts, public access to public coastal areas, and shoreline erosion;

Second, a new program of financial assistance for coastal States which have already developed management programs which are in compliance with the requirements of section 305(b) but which do not yet qualify for approval and administrative grants under section 306;

Third, a new incentive for expediting determination of whether particular offshore energy activity is consistent with a coastal State's approved management program, on an overall plan basis rather than on an individual license/permit by license/permit basis;

Fourth, a new provision under which the Congress grants its assent to the formation of interstate compacts and to interstate agreements for the development and administration of coordinated coastal zone planning, policies, and programs and for the establishment of implementing instrumentalities or agencies, pursuant to which Federal financial assistance will be provided;

Fifth, a new provision for research and training to support coastal zone management programs;

Sixth, an authorization for new matching grants to enable coastal states to acquire access to public beaches and other public coastal areas of value and to preserve islands, to help meet the growing need for more recreational outlets in coastal areas; and

Seventh, authorization of appropriations for the next 4 years of the Nation's coastal zone management effort.

The bill, in addition—

First, creates the new Office of Associate Administrator for Coastal Zone Management within the National Oceanic and Atmospheric Administration who shall administer the provisions of the 1972 act, including amendments of this conference substitute;

Second, authorizes four special positions to the extent necessary for administration of the amendments made by this legislation; and

Third, directs the Secretary of Commerce to review all aspects of the molluscan shellfish industry and to evaluate the impact on that industry of Federal law concerning water quality, and to report thereon to the Congress by April 30, 1977.

On Thursday, the conferees met for the final time and accepted an amendment to section 308(b)(4)(B)(i) which would insert the following after the word "necessary":

> ", because of the unavailability of adequate financing under any other subsection,"

This would mean that formula grants could indeed be used for so-called "bricks and mortar," for environmental problems, and for planning and bond repayment. But in the case of "bricks and mortar" projects for public facilities and public services required by new or expanded OCS activity, the States and local governments would have to turn first to the loan and guarantee provisions, and if funds were unavailable, then they could tap their allocations in their accounts under the formula grant provision.

It would be my interpretation, moreover, that in those cases where there are insurmountable problems which would prevent States or local governments from utilizing the aid offered by the fund, then the Secretary should permit these governments to utilize the formula grant program for such purposes.

Concerning the provision of financial assistance for public services, section 308(e)(4) calls upon the Secretary to establish requirements, terms and conditions on the loans and guarantees of subsection (d) "to assure that the proceeds thereof may not be used to provide public services for an unreasonable length of time." The intent here is that loans and guarantees are not to be used to continue financing public services or the operating costs of public facilities used by coastal energy activity, employees and related population once tax revenues start accruing to the impacted coastal State or local government from such employees, related population, and activity which are sufficient to pay for the services and the operating costs of the facilities.

The same restriction is intended to apply to the use of section 308(b) formula grants under section 308(b)(4)(B) for financing public services and the operation of public facilities. Proposed "projects and programs" for public services and the operation of facilities are obviously not "necessary" once the OCS activity, employees, and related population are providing adequate tax revenues to the impacted coastal State or local government for the services and operation of facilities which the employees and population use. Hence such projects and programs, when ordinary tax revenues will suffice, are not intended to be a proper purpose for the expenditure of the formula grants.

Mr. President, I ask unanimous consent that a factsheet with reference to major provisions of S. 586 be printed in the RECORD.

There being no objection, the factsheet was ordered to be printed in the RECORD, as follows:

MAJOR PROVISIONS OF S. 586

A. Coastal Energy Impact Program—New Section 308.

1. Annual formula grants to coastal states (Section 308(b)) (appropriations authorization—$50M annually FY 77–84) (100% Federal).

Grants would be allotted among states based upon following proportions calculated for each previous fiscal year:

One-third based upon amount of OCS acreage leased adjacent to a coastal state to total OCS acreage leased;

One-sixth based upon volume of oil and natural gas produced adjacent to a coastal state to total volume produced on OCS;

One-sixth based upon volume of OCS oil and natural gas produced first landed in a state to all OCS oil and natural gas landed in coastal states;

One-third based upon number of individuals in a coastal state who obtain new OCS related employment to total number of individuals who obtain new OCS related employment.

Formula grants may be used for the following purposes in order of priority:

a. Retirement of state and local bonds when insufficient tax revenues from coastal energy activity.

b. Study of, planning for, and development of projects and programs approved by Secretary (Commerce) designed to provide OCS related public facilities and services (available after states have utilized the provisions of Section 308(d)).

c. Prevent, reduce or ameliorate unavoidable loss of unique or valuable ecological or recreational resources resulting from OCS activity.

2. Planning grants to study and plan for economic, social, and environmental consequences resulting from activities associated with energy facilities. (Section 308(c)) (80% Federal.)

3. Loans and Federal bond guarantees to coastal states or local governments to assist in providing new or improved public facilities and services related to coastal energy activity (appropriations authorization—$800M in revolving Coastal Energy Impact Fund with $50M maximum authorized for planning grants and environmental grants (d)(4). (Section 308(d) (1) and (2)).

4. Grants from Fund to coastal states or local governments if they are unable to meet obligations under a loan or guarantee because net increases in employment and population are not adequate to generate necessary tax revenues (Section 308(d)(3)).

5. Grants from Fund to coastal states if states' coastal zone suffers loss of valuable environmental or recreational resources and if such loss cannot be attributed to identifiable persons, or cannot be paid for through other Federal laws. (Section 308(d)(4)).

6. Secretary must apportion funds for loans, loan guarantees, grants for loan repayment and grants for unattributable environmental losses (all Section 308(d) items) based upon—

a. new coastal energy activity employment and population in a state;

b. standardized unit costs for public facilities and services required by the new population and employment.

7. Secretary must develop guidelines and procedures for reviewing application information submitted by states on loans and guarantees and for evaluating repayment schedules to determine whether tax revenues are sufficient to repay such obligations or whether grants are required (Section 308(e)(3)).

8. In order to be eligible for assistance under Section 308, coastal states must be receiving Section 305 or 306 grants or in the Secretary's view be developing a management program consistent with policies of Section 303.

B. New Requirements for State Coastal Zone Management Programs.

1. Amends Section 305(b) to add three new work elements requiring planning processes related to beach and public coastal area access, energy facility siting, and shoreline erosion.

2. Adds one additional year to make states eligible for four programs development grants and extends Section 305 authority to September 30, 1979.

3. Increases from 66⅔% to 80% Federal funding level for grants made pursuant to Sections 305 and 306.

4. Adds a new subsection to Section 305 allowing the Secretary to make 80% grants to coastal states to allow completion of and initial implementation of state management programs. States must identify remaining deficiencies and establish a reasonable time schedule for their remedy.

5. Amends Section 306 to require coastal zone management agency to notify a local government of any decision in conflict with local zoning actions, allows a local government 30-day comment period, and requires that no action may be taken during this period to conflict or interfere with a management program decision.

6. Amends Section 307 to require that any OCS activity described in an exploration, development, or production plan be certified by the person submitting the plan to the Secretary of the Interior that it is consistent with the approved state management program. The state must concur with such certification prior to any approval action by the Department of the Interior.

7. Adds a new subsection to Section 307 requiring public hearings to be held in the affected state or locality when serious disagreement arises between a Federal agency and a state with respect to the administration of a state's program.

C. Interstate Coordination Grants

New Section 309 allows Secretary to make grants to states to coordinate, study, plan and implement unified CZM programs. Grants may also be made to states to create and maintain interstate entities of coordinate CZM programs. (appropriations authorization—$5M annually FY 77–80) (90% Federal)

D. Research and Technical Assistance

New Section 310 allows Secretary to conduct a program of research, study, and training to support state management programs. Secretary may make grants to states to carry out research, studies, and training required to support their programs. (appropriations authorization—$10M annually—FY 77–80) (80% Federal).

E. Acquisition of Access to Public Beaches and other Public Coastal Areas

Section 315(1) allows Secretary to make grants to coastal states to acquire, develop and operate estuarine sanctuaries (appropriations authorization $6M annually FY 77–80) (50% Federal)

New Section 315(2) allows Secretary to make grants to states to acquire lands for access to public coastal areas and for preservation of islands. (appropriations authorization—$25M annually FY 77–80) (50% Federal).

F. Shellfish Industry Review

Requires Secretary to undertake a comprehensive review of all aspects of the shellfish industry and related regulations and standards and submit a report to Congress by April 30, 1977. HEW may not promulgate final shellfish regulations before June 30, 1977. 60 days prior to this date HEW in consultation with the Secretary must issue an assessment of the economic impact of and a cost-benefit analysis of the regulations.

G. Other Appropriations Authorizations

Section 305—$20M annually FY 77–79
Section 306—$50M annually FY 77–80
Administrative Expenses—$5M annually FY 77–80

Mr. JOHNSTON. What is the meaning of the word "unavoidable" as used in section 308(b)(4)(C)?

Mr. HOLLINGS. The term "unavoidable" in the context of the loss of any valuable environmental or recreational resource resulting from coastal energy activity, refers to the losses generally attributable to or caused by "coastal energy activity." These losses would include cases where the loss could not be legally attributable to one or more persons—as defined in the act. It also covers the situation where the person or persons who cause the loss can be identified, but there cannot be any legal recovery from such persons, including, but not limited to, situations where there has been an historical waiver of liability or the offending person or persons are unable to remedy the loss. It also includes situations where there has been such a commingling of activities that the loss is not attributable legally to an identifiable person or persons.

Mr. JOHNSTON. Is "valuable environmental or recreational resource" to be given its broadest possible interpretation, with a view toward protecting or restoring such resources?

Mr. HOLLINGS. It would be the view of the conferees that the Secretary apply such a broad definition to the term "loss" of such resources.

Mr. JOHNSTON. For the purposes of the allotment to States under the formula grant provision of section 308, is the production of crude or natural gas and landed quantities of crude or natural gas, to be that crude and natural gas produced from all federally leased acreage on the Outer Continental Shelf adjacent to a particular coastal State, regardless of the year in which the acreage was leased?

Mr. HOLLINGS. It was the intention of the conferees that, in terms of production elements of the formula, we meant that the production would be from all acreage under Federal lease adjacent to such State.

Mr. JOHNSTON. What does the term "new or expanded Outer Continental Shelf energy activity" mean in section 308(b)(4)(B)(i)?

Mr. HOLLINGS. That term refers not only to activity on newly leased acreage, but also to any new activity related to exploration, development, or production on an existing lease, including, but not limited to, new production facilities on an existing lease.

Mr. JOHNSTON. For purposes of the act, what is meant by the term "new employment" when applied to section 308(b)(2)(D)?

Mr. HOLLINGS. As reflected in the statement of managers, on page 32, the concept of "new employment" refers to "new workers." Some examples, in addition to that in the statement of managers, would include the following: First, a new worker on a new facility on either an old lease or a new lease, even though the new facility is in the same geographical area as the old facility; second, a new job with the same company, so long as that new job is on a different facility, even though there is no net increase in employment by that company or in that geographical area. We do not intend that each promotion be automatically considered a "new worker."

Mr. JOHNSTON. For purposes of section 308(d)(1) loans, does "new or improved public facilities" refer to those facilities needed to support ongoing coastal energy activity?

Mr. HOLLINGS. It is the intention of this provision that loan funds be available to provide facilities required as a result of ongoing activities, including OCS activities. This would include, for example, schools, hospitals, and renovations of same as necessary due to ongoing coastal energy activity.

Mr. JOHNSTON. In section 308(b)(4)(B)(i), what is meant by the term "unavailability of adequate financing under any other subsection"?

Mr. HOLLINGS. I would refer my colleague to page 33 of the report of the managers on the part of the House and the Senate, paragraph 2. Moreover, if a State exhausts its line of credit under section 308(d), such that such State can then apply for its allotments under section 308(b) for construction of public facilities, can such State use the grant funds for the total cost of construction of a school, only 10 percent of the need for which is attributable to "new or expanded" OCS activities? It is the intent of the legislation that the State transfer to general purpose units of local government allocations from the section 308(b) funds. Once the local government has received such funds, the local government may spend the money on the entire cost of a project, even though only a small percentage of the need for the new facility is specifically attributed to new or expanded OCS activity.

Mr. JOHNSTON. What is the meaning of the term "expended or committed" with regard to section 308(b)(5)?

Mr. HOLLINGS. The concept of "expended or committed" gives the State 2 years from the date of receipt to make a binding administrative earmarking of the funds for a specific project.

Mr. President, I ask unanimous consent that an additional, brief description of the conference report on S. 586 be printed in the Record.

There being no objection the material was ordered to be printed in the Record, as follows:

S. 586: Conference Report

This bill provides assistance to coastal states and local communities to plan for energy impacts affecting the coastal zone. It also provides aid to build public facilities and to ameliorate adverse environmental impacts caused by certain energy facilities.

I. Energy facilities covered by planning: Planning grants ($50 million) are available so that states and local governments can plan for all types of energy impacts affecting the coastal zone, including:

(a) coal-fired, oil-fired, and nuclear power plants;

(b) liquified natural gas facilities and equipment;

(c) Outer Continental Shelf (OCS) oil and gas facilities such as platform construction yards, crew and supply bases, port facilities, drilling equipment, production platforms, pipelines, and tank farms;

(d) refineries;

(e) deepwater ports;

(f) uranium enrichment and nuclear fuel processing plants; and

(g) coal mining, transportation, and gasification facilities.

II. Energy facilities covered by loans, grants and bond guarantees ($1.2 billion).

(a) Funds are available for financing public facilities and services (schools, hospitals, etc.) required because of coastal energy activity, including:

(1) OCS oil and gas activity, including platform construction yards, crew and supply bases, port facilities, drilling equipment, production platforms, pipelines, and tank farms, etc.;

(2) coastal transportation of oil, natural gas, and coal, including deepwater ports, liquified natural gas facilities, and docks for loading and unloading coal.

(b) Grants are available for financing the prevention and or repair of unavoidable damage caused by such energy activity to valuable coastal environmental and recreational resources such as beaches, wetlands and fresh water supplies.

(c) OCS formula grants are available to coastal states adjacent to offshore oil operations to:

(1) retire state and local bonds which finance public facilities and services for new population when tax revenues are inadequate;

(2) plan for and provide new OCS-related public facilities and services when they are unavailable Federal loans and guarantees; and

(3) for preventing and repairing unavoidable damage to valuable coastal environmental recreational resources.

Mr. MAGNUSON. Mr. President, after several months of intense negotiations, House and Senate conferees have agreed on a conference report on S. 586, the Coastal Zone Management Act Amendments of 1976. I participated in that conference and concur in the report. I urge my colleagues to vote favorably on the report. Congratulations are in order for Senator Ernest Hollings, chairman of the National Ocean Policy, and Senator Ted Stevens, for their steady effort in obtaining agreement in conference with a veto threatened, flexibility was necessary. But the conference bill completely reflects the basics contained in both the Senate bill and the House amendments. We owe Senator Hollings and Senator Stevens our gratitude for bringing this legislation this far. I understand that the President's signature on S. 586 is very likely.

For those of us who have been deeply involved in the protection of our valuable ocean resources, the passage of S. 586 marks an important step. It demonstrates congressional awareness of, and rapid response to, the possible adverse effects of energy development on our most valuable resource—the coastal margin where land and water meet.

The history of Senate consideration of the problem of coastal impacts associated with offshore energy resource development goes back a number of years, to the early implementation of the Coastal Zone Management Act of 1972.

In the spring of 1974, the National Ocean Policy Study of the Senate Committee on Commerce conducted 6 days of public hearings on this issue, including OCS impacts. At the same time, NOPS, through the Office of Technology Assessment, was undertaking a major study of the question of national growth policy in the coastal zone as well as a study—which has only recently been turned over to Congress—of the onshore impacts of offshore energy production, including OCS, deepwater ports, and floating nuclear power facilities. In addition, the study has produced five major committee reports on the questions raised by this legislation, all of which point to the need to deal with onshore impacts in the method finally chosen by the conferees.

It will be recalled that in September 1974, the Committee on Interior and Insular Affairs reported to the floor for debate, S. 3221, amendments to the Outer

Continental Shelf Lands Act. On behalf of the Committee on Commerce, Senator HOLLINGS and I offered amendments to that bill because the so-called coastal State fund contained therein was inconsistent with the developing Coastal Zone Management Act program and could lead to establishment by the Secretary of the Interior of a competing and duplicative coastal zone program through the use of revenue-sharing grants authorized by that bill.

That bill was amended on September 18, 1974, to reflect in part the concern of the Committee on Commerce. We pointed out that much of the information being developed on coastal impacts was not yet available at the time of the debate, but that the basic amendments to the OCS act in that bill (S. 3221) were a step in the right direction.

I wish to point out at this time that Senator JACKSON, the chairman of the Interior Committee, stated at that time, page 31606, that:

> The Committee believes that the Federal Government should assist the States in ameliorating adverse environmental impacts and controlling secondary economic and social impacts associated with OCS oil and gas development.

An agreement was made with the Interior Committee that the Secretary of Commerce would have discretion to draft regulations and make determinations as to whether a State is eligible for a grant pursuant to the fund created in that bill (S. 3221).

Even under that bill, Mr. President, Senator JACKSON agreed that the grants were not "automatic," but that the Secretary of Commerce would have jurisdiction and responsibility to draw up regulations which will determine eligibility.

S. 3221 passed the Senate, but went no further in the 93d Congress. Subsequently, further research and studies by the national ocean policy study, the Office of Technology Assessment, the Library of Congress, the States, and others showed the need to approach the issue of impact assistance with far greater sophistication. That is why on February 5, 1975, Senator HOLLINGS and I introduced S. 586, providing a balanced approach to providing Federal financial aid to the States to deal with energy-related problems which need: First, studying, planning for, managing, controlling, and ameliorating economic, environmental, and social consequences likely to result from the development, production, or siting of energy resources; and second, constructing public facilities and providing public services made necessary by such development, production, or siting and activities related thereto.

This was not a revenue sharing approach, but an attempt to provide a system of assisting States and local governments to deal with real impacts caused by major energy facilities and to assist those States which require assistance.

On February 3, 1975, Senator JACKSON introduced S. 521 on behalf of himself, Mr. JOHNSTON, and others, a bill which was essentially the same as S. 3221, but with some changes. The modifications in the "coastal State fund" were consistent with the changes made in the floor debate September 18, 1975. However, the passage of time had produced new information and a different thrust to the impact aid proposal, and this change was included in S. 586.

On July 16, 1975, S. 586 was debated and passed on the floor of the Senate. And now, after a long and difficult conference, the differences between the House and the Senate versions of the bill have been worked out.

The most important aspect of this bill is that it will ease the perennial problem of "boom-towns" associated with natural resource development. As we tap ocean resources from greater energy supplies, rapid industrial build-ups along the shoreline are likely. When new populations descend on previously undeveloped areas, tremendous pressures for schools, sewer lines, fire protection, and the like result. Without adequate financial assistance, these basic public facilities and services cannot be built. Then, after the boom is over, much of the new population may pull out, long before bonds are paid off. This huge financial burden then may fall on the remaining population which simply cannot shoulder it. If we are to develop these resources and at the same time to protect our coastal areas from environmental damage, national assistance is needed. This is the purpose of S. 586.

Mr. STEVENS. Mr. President, I wish to concur with my colleague from Washington.

Last Thursday evening, the House/Senate conference committee for S. 586, the Coastal Zone Management Act Amendments of 1976, filed their report in the House and Senate respectively. This legislation provides a $1,200,000,000 impact assistance program to coastal States who will suffer impacts from coastal energy activities, including Outer Continental Shelf oil and gas development.

The filing of this legislation and the statement of managers by the conference committee represents the end product of 2 years worth of work. I wish to commend the staffs of both the House and the Senate for their fine performance in the drafting of this bill. They have been engaged in a 4-month marathon to finish the bill before this summer's conventions.

I particularly wish to thank John Hussey, Jerry Sauer, Bud Walsh, Lynn Sutcliffe, Bob Joost, and Gerry Kovach of the Commerce Committee staff, and Steve Perles of my own staff for the excellent job they have done in the drafting of this legislation.

The Coastal Zone Management Act amendments, as presently drafted, is an outstanding piece of legislation. The quality of this bill reflects the high degree of cooperation exercised by the House, the Senate, and the Executive Department. The fact that we have a $1,200,000,000 impact aid program which is supported by the administration is testimony to the high degree of cooperation between the legislative and executive branches in the preparation of this bill.

The impact assistance provisions consist of $800 million in loans and $400 million in formula grants. The purpose of the loan program is to provide front-end assistance to municipalities who will be facing impacts from coastal energy facilities. It is expected that in most cases the tax revenues from the energy facilities and surrounding activities will be sufficient to repay the loans and guarantees.

Should tax revenues be insufficient for that purpose, the indebtedness will be automatically forgiven. The formula grants must be applied first to retire local, then State bonds. Remaining formula grant funds may be used either to meet environmnetal needs or for capital construction programs where it is anticipated that the tax revenues will not be sufficient to pay off the cost of the facilities. Included in the $400 million formula grant package is $50 million for planning purposes.

I wish to point out that the indebtedness which States and municipalities can incur under this program is Federal indebtedness. We have gone to great lengths to insure that States and municipalities will not have to pledge their full faith and credit to receive these loans and guarantees. Nothing need be pledged by a State or municipality to receive this assistance except future tax revenues to be derived as a result of the energy activity.

The term "solely" in the conference substitute means solely in the sense of exclusively. No other provision of Federal law and no provision of any State or local law shall, to the extent of Federal constitutional authority, govern the making of any loan under this paragraph. It is the intent of the conferees to remove any impediments which may prohibit, inhibit, or impede a State or unit of general purpose local government which satisfies the prerequisite terms, conditions, and requirements of this act and regulations under this act from borrowing under subsection (d).

This legislation is of critical importance to my home State, Alaska. The first Outer Continental Shelf oil and gas lease sale recently took place in the northern Gulf of Alaska. By the time the authorizations in this legislation have concluded in 1986 Alaska will have more acreage under lease than any other State in the Union. Without the financial assistance provided for by this bill, the State of Alaska will not be able to amass the front-end capital needed to construct facilities for coping with the onshore impact of Outer Continental Shelf oil and gas development.

The State of Alaska will receive substantial amounts of loan or bond guarantee assistance to be repaid by the State and its municipalities with tax revenues earned by taxing oil companies' on-shore support facilities. I am pleased that the automatic forgiveness provisions of this legislation will provide the citizens of the State of Alaska with peace of mind, knowing that should the anticipated tax revenues fail to accrue, the Federal Government will automatically forgive the loan indebtedness which my State will soon incur.

The State of Alaska will also be eligible for formula grants. These funds will be used to retire bond indebtedness, meet the State's critical environmental needs, and construct public facilities when the anticipated tax revenues will not meet the cost of construction.

Mr. President, this legislation is a great step forward for the State of Alaska and for the Nation. It is the only means by which States and municipalities will be able to bear the burden of impacts created by Outer Continental Shelf oil and gas development and other coastal energy facilities activities. After this legislation is signed into law, States and municipalities will need no longer fear the financial strain resulting from Outer Continental Shelf oil and gas development impacts. The combination of loans and grants established by this legislation is a fair and equitable means by which the taxpayers of the United States can assist State and local governments impacted by Outer Continental Shelf oil and gas activity and other coastal energy activities which are necessary to achieve energy independence. I would urge each of my colleagues to approve this conference report.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, after discussing the matter with the distinguished Senator from Louisiana (Mr. Johnston) and the distinguished Senator from South Carolina (Mr. Hollings) and also with the chairman of the Committee on Interior and Insular Affairs, that the conference report be limited to 25 minutes, 20 minutes to be allocated to the Senator from Louisiana (Mr. Johnston) and 5 minutes to the Senator from South Carolina (Mr. Hollings).

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Louisiana is entitled to be heard. Senators who are conversing will please go to the cloakroom.

Mr. JOHNSTON. Mr. President, I would hope that the Senator from California would remain for this colloquy, since he was on the conference committee.

Mr. President, to say that I am disappointed, that I am upset, that I am chagrined by this conference report would be a great understatement. I am upset and concerned. First of all, I am upset with the administration for specifically, designedly, with malice aforethought, and intentionally requiring that provisions be taken out of this coastal zone management bill which would have specifically helped my State of Louisiana and any other State that has ongoing offshore production. Second, I am upset and concerned and disappointed with the conference committee and, specifically, with the Senate Committee on Commerce, which in my view failed to live up to what I regarded as a very clear and explicit understanding.

Mr. President, this legislation has a fairly long history. It involves some 3½ years of work by me. It involves the feeling of people in my State, rightly or wrongly, that they have been shortchanged, both by the Supreme Court and by Congress, in the treatment of Outer Continental Shelf revenues and production. We may be wrong about that. We may be parochial in that feeling, but we have felt it, and we have felt it intensely for a long time.

Accordingly, Mr. President, we began to work 3½ years ago to try to correct what we regard as a very unjust situation; to try to get some share of revenues from the Outer Continental Shelf to aid in the impact which the Outer Continental Shelf development has had on Louisiana.

The Federal Government has impact aid funds for virtually everything. If a military base is put in an area, the Government will give impact aid because of the lost taxes to that area. Areas get impact aid for timber cutting by the Federal Government on Federal lands. Areas get impact aid for extracting any kind of mineral from any federally owned lands. Louisiana thought it should get some modicum of that same treatment.

So the Interior Committee had hearings. Louisiana justified its cause, and we passed a bill affording favorable treatment three times on the floor of the Senate. The last time we passed it, we had what I thought was an agreement that the impact aid funds would be attached to the coastal zone management bill. We thought the agreement was that those funds would survive the conference. There is no need to go into all the provisions of that agreement between the Senate Commerce and Interior Committees. I could read the provisions or put them in the Record.

Suffice it to say that in my judgment, those provisions are explicit. They constitute more than a gentleman's agreement. They constitute a specific agreement, spread on the records of the Senate.

Relationships between Senators, I suppose, is a matter of concern not for the Senate as a whole or as an institution but, rather, for those Senators involved. But relationships between committees, when spread on the Congressional Record, are matters that the Senate should be concerned about. I am deeply concerned and I am deeply disappointed by the action of the conference committee, because I think the Interior Committee has been done in.

To be sure, Mr. President, the ultimate cause of this is the administration. The same administration which, after many conversations, led me to believe, through Secretary Morton, that they had lots of sympathy for the States which were upholding their part of the Nation's needs by allowing drilling for oil and gas off their shores and suffering the impacts that activity brings. The administration indicated that we, at least should get some kind of reasonable impact aid. I was led to believe that they suggested the automatic impact grant concept.

I do not charge that there was a specific breach of a specific promise, but at least this was my understanding of their intentions.

I can understand the spot that the conferees were in. They were told—and it was repeated to me today by the Deputy Under Secretary of Commerce—that if they allowed these provisions to survive in this bill, the President would veto it. I believe that veto would have been overridden easily. This bill was passed in the Senate by a vote of 75 to 15 and in the House by a vote of 370 to 13. I am confident that the automatic impact grant provisions would have survived a Presidential veto. In any event, the conferees felt the necessity of expunging from this bill those provisions which helped the State of Louisiana.

How does the conference report do that? It does it by adding two requirements: that the "new or improved public facilities and public services" to be funded by automatic grants are required as a direct result of "new or expanded" Outer Continental Shelf activities, which completely ignores anything that has gone on in the past or is presently ongoing. That is No. 1. Second, the conference report requires that there be no loan money available under other sections of the bill.

Mr. President, the State of Louisiana does not wish to borrow money from the Federal Government under the conditions herein imposed. In the first place, Louisiana does not get any better interest rate under this bill. We get the same interest rate if we borrow the money from the Federal Government as we do if we go out on the bond market and borrow the money. The only difference in the two sources of loans is that we get the benefit of all these Federal regulations and the benefit of the restrictions on the use of the money if we borrow from the Federal Government.

What they are telling us, in a great feeling of magnanimity in this bill, is that we cannot be given the grant money which is set aside for us until we have borrowed money that we can get anyway under the same bill. In my view, Louisiana is not going to borrow the money.

Why were the loan provisions put in the conference report? To benefit other States which are just getting involved in OCS activity. Indeed, Alaska will do very well under this bill, because in areas where there is no city, where there is not an existing infrastructure, the right to borrow money from the Government in order to create a new town is a very valuable right.

This move is not true in areas that already have existing cities, existing infrastructures, and existing drilling.

Mr. President, I realize that once a conference report comes to the floor of the Senate, it cannot be beaten; that one cannot make a motion to amend it. There is not much one can do, other than to do as I am, to express my severe disappointment; to put the Senate on notice that there will be another day; that we will come back and try again, at which time I am sure we will be met with the statement, "All that has been agreed to; all that has been settled," as indeed I though it was back in 1975. We will try again. I do not know what kind of luck we will have.

I know better than to try to make a motion now to do anything. The rules do not provide for amendment of a conference report. To try to beat this conference report on the floor of the Senate would be a nonproductive venture. But at least I have said what I think should be said.

I do not think the people of my State are going to forget this administration for what they have done to this bill, if indeed the administration gets the chance to put themselves up for consideration in my State. I say that with some degree of confidence. I say that as someone who is not going to let the administration's deeds be forgotten. I do not think they would be forgotten anyway, because the people of my State are well aware of the administration's activities.

Mr. President, I think I have said enough. I just want my disappointment in and my opposition to this measure to be recorded.

Mr. HANSEN. Mr. President, will the distinguished Senator from Louisiana yield to me for a couple of minutes?

Mr. JOHNSTON. I yield to the distinguished Senator from Wyoming.

Mr. HANSEN. Mr. President, I can empathize, as not everyone in this Chamber can, with the distinguished Senator from Louisiana. It was the language in the bills to which he has referred that encouraged me to adopt the same identical language which finally was passed by the action of the Senate in adopting the amendments to a bill that came back as S. 391.

I know what it means to have great developments taking place that are given encouragement by the Federal Government and to have people come in and suddenly descend upon a city or a town and bring with them immediate demands for all kinds of extra services.

We have gone through that experience in several instances in my State of Wyoming—in Rock Springs, in Green River, in Gillette. We are going through it now in the city of Douglas, Wyo., east of Casper. We know what it means in Hanna, Wyo.

It is not easy when you find the population of a town doubling or tripling in just a few years. It is always difficult, because invariably the people come before any of the increased valuation which eventually may appear on the tax rolls is able to make any contribution at all to minimize or mitigate the impact of these social and economic problems that invariably follow the presence of many new people in town.

I understand full well what the Senator from Louisiana is saying. I want to make just one point, though, that I did not know that the White House or an Under Secretary of Commerce carried as much clout with a Democratically controlled Congress as my good friend from South Carolina and others would have us believe was the case. I am surprised that they would not have gone ahead and said, let the President veto it if he wants to. He would have had the support, I think, of a number of Republicans in trying to do what we think is right for the country. So I am not going to come down on my analysis of who is to blame by saying that we are going to point the finger at the White House and say they are to blame. That is not where I put the blame.

I think that the conferees had a clear signal from the Senate of the United States. The need was there, a good case was made. There can be no controverting at all the substantiation of the facts that were presented under the skillful chairmanship of my good friend from Louisiana when hearings were held on this subject. As I say, I sympathize with him and I empathize with him because things turned out as they did.

We heard the same statement made about the mineral royalty bill on S. 391. I do not know yet what the President may do. All I can say is that I have great concern for the problems that will be visited upon coastal States following the installation of offshore installations which will bring many new people in town, with no better way of coping with those problems than we presently have.

I do regret, in this case, that the conferees did not stand firm, did not give the White House a chance to look at all of the facts when they were before them, and come down on that issue without being frightened, as apparently they were, by an Under Secretary of Commerce who spread the word that the President is going to veto the bill. That, to me, does not really quite all add up to putting the amount of blame on the administration that others may believe that it does.

Mr. JACKSON. Will the Senator yield 2 minutes?

Mr. JOHNSTON. Yes, I shall yield to my colleague.

Mr. JACKSON. Mr. President, I shall be brief and to the point. I support the conference report on S. 586, the Coastal Zone Management Act Amendments of 1976. It contains many good provisions which will greatly improve coastal zone management programs.

However, I am disappointed that the conference report weakens the provisions for automatic grants to coastal States that were contained in the Senate-passed version of S. 586.

Senators will recall that section 308(k) of the Senate bill provided for annual distribution of automatic grants based on a formula set out in the subsection. The language was the result of negotiations between the Committee on Interior and Insular Affairs and the Committee on Commerce in an attempt to meld the Outer Continental Shelf oil and gas leasing bill (S. 521) with the coastal zone management bill (S. 586). The Outer Continental Shelf development activity and disposition of the revenue therefrom falls under the Interior Committee's jurisdiction.

Our agreement, approved by the Senate in both S. 521 and S. 586, did not condition automatic grants on the availability of loans or loan guarantees. The Interior Committee felt strongly that all States impacted by OCS oil and gas production should be entitled to automatic grants. We did not want these grants to be subject to administrative discretion as long as the States spent the money to reduce or ameliorate the adverse impacts of OCS oil and gas production.

I understand that the Senate conferees believed it necessary to weaken this provision in order to reach an agreement with the administration. I appreciate their desire to have the bill enacted and strongly support it. However, I believe that the grant provisions should be improved in future legislation to assure that all States are treated fairly. I know that the Senator from Louisiana (Mr. JOHNSTON) is concerned about this provision. I will work with him and all other concerned Senators to improve the automatic grant provision.

I think this matter has been laid before the Senate very properly and very effectively. The facts are that the Senate bill was passed by an overwhelming majority and the House bill, which passed by an overwhelming majority, did cover the special problem outlined by the distinguished Senator from Louisiana. I may say that the distinguished junior Senator from Louisiana was most diligent in the committee. We started out with an impacted aid fund program which, obviously, did not cover all situations, and it was his amendments that broadened the base which the Senate later approved and which the House approved.

I have done some checking on this, and I think it is quite clear that the problem confronting the conferees was that the administration indicated that they were going to veto the bill. Both Houses had, in effect, adopted the Johnston proposal, both the House and the Senate. And the conferees, House and Senate, came to the conclusion that they had to modify it. I think that is unfortunate, but that was a judgment decision that they made.

I say to the Senate and to my colleague from Louisiana that the Senate Committee on Interior and Insular Affairs will pursue this matter with diligence, that it is a matter that we are greatly concerned about, because it does affect the Outer Continental Shelf, and the revenues from that shelf, as such, come within the jurisdiction of the Committee on Interior and Insular Affairs. I want to assure the Senator that I will do all I can to assist him in this regard and there is legislation pending at the present time. I want to work with the distinguished Senator from the Committee on Commerce (Mr. HOLLINGS) so that we can get back to where we were in the first place.

It is very clear what the understanding was. I just do not want a recurrence of the kind of action here from the executive branch which led to both sides, having agreed on a formula that was substantially the same, revising that in light of the representations made by the executive branch of the Government that there is going to be a veto.

I assure the Senator that I shall do all that I can. The Senator knows that we have done that before, but we will really follow up on this to see that we do equity, so to speak, to the situation that is involved here.

Mr. JOHNSTON. I thank the Senator from Washington. I appreciate his support, his knowledge and work, and his willingness to do equity in this matter.

The **PRESIDING OFFICER**. The Senator from South Carolina is once again recognized.

Mr. **HOLLINGS**. May I have, by unanimous consent, my 5 minutes now?

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **HOLLINGS**. Mr. President, the distinguished Senator from Louisiana and myself have been working over the years. The fact is that I commenced this some 6 years ago with the hearings, covering a 3-year period which led to enactment of the Coastal Zone Management Act of 1972, of course allowing for planning and development grants to set up the coastal zone area management program in the States. When we started on the offshore impact issue, I introduced S. 426 prior to the introduction of S. 521, which contained an impact fund, and also introduced the amendment to the Coastal Zone Act, S. 586, which is presently under consideration. There had been a give and take. We have been meeting with the Committee on Interior, and I do agree that the record of last July 16 upon the passage of this bill in the Senate is the best representation of our agreement. The distinguished Senator and I exchanged letters relative to that record. I have two letters, one dated June 26, 1976, from the Senator from Louisiana to me, and one dated June 28 from myself to the Senator from Louisiana. I ask unanimous consent to have those letters printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., June 26, 1976.

Hon. Ernest F. Hollings,
U.S. Senate,
Washington, D.C.

Dear Fritz: This memo is submitted in hopes of securing your reconsideration of the restrictions on the use of the formula impact fund grants of the Coastal Zone Management bill. I believe that fairness, together with our previous agreements, requires it.

I. BACKGROUND

In January 1973, I sought membership on the Interior Committee because it has jurisdiction over OCS legislation. My state has long perceived the actions of the Supreme Court and Congress with respect to OCS revenues to be an injustice to Louisiana. I made it a prime campaign issue in my race for the Senate.

I and others introduced legislation in the 93rd Congress dealing with offshore revenue sharing. Extensive hearings were held. In 1974, the Committee reported and the full Senate passed S. 3221, amending the OCS Lands Act. On September 18, 1974, by a vote of 64 to 23, the Senate approved this legislation. You will recall that, at the time this legislation was coming up for floor action, extensive negotiations were had between you, your staff and me. In S. 3221, as reported, the granting agency was the Department of Interior. However, by way of compromise, we agreed to allow the Department of Commerce to be the granting agency. With this and certain other compromises, you and your Committee supported the bill. (See Attachment A)

This legislation was generous to Louisiana, granting it approximately $100 million per year in the early years of the program and much more in the later years of the program. The grants were automatic and virtually unlimited in the uses to which they could be applied. Clearly, under this legislation, the grants could be used for impacts attributable to ongoing OCS production. Furthermore, funding was automatic as a dedication from OCS revenues and did not require annual appropriations for funding. The House took no action on this legislation, which passed late in the 93rd Congress.

When the Coastal Zone Management Act Amendments were in your Committee, we similarly had long and extensive negotiations on the impact fund provisions of your Committee's bill (S. 586) and of my Committee's bill (S. 521). You will recall that Interior Committee members met with you and other Commerce Committee members complaining about the raid on the jurisdiction of the Interior Committee. These concerns were later incorporated in a memo signed by each Interior Committee member.

The final result was, of course, S. 586, the Coastal Zone Management Act Amendments of 1975.

Under this Compromise Act, as finally adopted by the Senate, Louisiana had yielded considerably:

(1) Impact funding to Louisiana was reduced from approximately $100 million per year (more in later years) to approximately $45 million per year; and

(2) Funding of the impact grant fund was no longer automatic, but rather required annual appropriation.

However, in the spirit of compromise and harmony, we accepted the amendment. The extensive negotiations over a period of months, the extensive concessions on the part of the Interior Committee with respect to jurisdiction, and the extensive concessions on the part of Louisiana (the main OCS producing state) provided the background of the explicit compromise agreement which is reflected in the *Congressional Record* of July 15, 1975 at S 12815.

II. AGREEMENT

The verbal agreements involved in all of these negotiations ripened into the amendment submitted jointly by Senator Jackson and me on behalf of the Interior Committee and Senaor Magnuson and you on behalf of the Commerce Committee. (See attached exhibit B) The amendment, of course, provided for a $100 million automatic grant fund with a state's allocation to be strictly in accordance with the amount of oil and gas produced adjacent to the state or landed in that state. The Secretary of Commerce was mandated to make these grants:

"(k) The Secretary *shall,* in addition to any financial assistance provided to . . . coastal states pursuant to any other subsection of this section . . . distribute grants annually in accordance with the provisions of this subsection."

The purpose for which the monies could be used was very broad. It included the ability to spend money to reduce "adverse impacts" from ongoing OCS production:

"(k) . . . The moneys received under this subsection shall be expended by each State reeciving such grants solely for the purpose of reducing or ameliorating adverse impacts resulting from the exploration for, or the development or production of, energy resources or resulting from the location, construction, expansion, or operation of a related energy facility and/or for projects designed to provide new or additional public facilities and public services which are related to such exploration, development, production, location, construction, expansion, or operation, except that such grants shall initially be designated by each receiving State to retire State and local bonds, if any, which are guaranteed under section 316 of this Act. . . ."

Pursuant to Subsection (e), a state was required to refund to the Federal treasury any unexpended funds, but neither machinery for monitoring of state expenditures was provided nor was a time limit for state expenditures provided.

We believe the language as reflected in the *Congressional Record* involving our colloquy is clear and unmistakable. (See attached exhibit C)

III. CONFERENCE REPORT

Even prior to Thursday's meeting, the Conference Committee had very substantially eroded both the concept of and funding of the impact grant fund—at least insofar as Louisiana was concerned. A comparison of the 1975 text with the "pre-Thursday text" shows the extent to which Louisiana had lost.

Specifically:

(1) Under the 1975 legislation, a state's share was determined by oil produced adjacent to or landed in a coastal state. Under the "pre-Thursday text," that share was to be only ⅓ determined by production and landing. The other ⅔ was to be measured by acreage "newly leased" and the number of individuals who obtained "new employment" as a result of "new or expanded outer continental shelf energy activity."

(2) The uses to which this money could be applied had been greatly circumscribed in the "pre-Thursday text." But, a state could still use the money to provide "new or improved public facilities and public services which are required as a *direct result* of outer continental shelf activity." The amendment further stipulated that the Secretary could not disapprove plans relating to highways and secondary roads, docks, navigation aids, fire and police protection, water supply, waste collection and treatment (including drainage), schools and education, and hospitals and health care.

As you know, the latter "must approve" category was designed to salvage what use Louisiana had left of the formula impact grant funds.

The change in the formula, with its two-thirds emphasis on new and expanded production and new OCS jobs, would virtually write Louisiana out of much of the funds. There are already over 10,000 holes in the Gulf and billions of dollars of federal production in the OCS off the coast of Louisiana. This production has already peaked and is dropping. The impact of dropping economic activity and its accompanying decrease in employment is a much more severe impact than that from expansion—particularly in a state which is 41st in per capita income.

The final "Catch 22", of course, occurred in the Thursday meeting. The sole effect of this meeting was to write Louisiana the rest of the way out of the formula impact grants. It did so by requiring that the grants be:

"necessary, because of the unavailability of our adequate financing under any other subsection, to provide new or improved public facilities and public services which are required as a direct result of new or expanded outer continental shelf activity."

The "automatic formula grants" are no longer "automatic," as provided in our earlier compromise, and the funds can no longer be used for broad OCS related impacts, as in our earlier compromise, but apparently must only be used for impacts attributable to "new or expanded OCS activity."

Financing is, in fact, provided under other subsections of this bill for each use described in the grant section, except the retirement legerdemain gives a state a grant only if it cannot borrow the money, while at the same time providing that a state can borrow the money from the federal government. Apparently the formula grant funds can only be used, particularly for public facilities and public services, when a state has already exhausted the loans made available by the federal government.

The loan provisions of this Act are virtually useless to Louisiana. These provisions are designed for a state whose energy production in the OCS is just beginning—such as Alaska or some of the East Coast states. The judgment of whether an adverse impact is wholly or partially attributable to "new and expanded" OCS activity as opposed to ongoing OCS activity off the coast of Louisiana is so subjective that Louisiana is left to the whim and fancy of the Secretary of Commerce. No other state is faced with such a melding of ongoing and "new or expanded" OCS activity.

IV. CONCLUSION

The law is not, of course, without its ambiguity. Indeed, there are several provisions which a sympathetic Secretary could stretch to help Louisiana. (For example (Section 7) (Section 308) (b) (4) (c)).

In sum, however, we regard the Conference Report as an unmitigated disaster for Louisiana and a very sad end to almost four years of work crowned by victories and compromises on the Senate floor. Rather than provide a program which offers certain relief to Louisiana, this legislation, due to the fact that both extensive ongoing and "new and expanded" activity exist on the OCS off the coast of Louisiana, provides Louisiana relief based solely on the subjective decision of an appointed Secretary of Commerce. The state which has carried the burden of the only extensive OCS development deserves better than that.

I hope and trust you will reconsider and return the report to the Conference Committee where the offending language can be expunged.

Sincerely,

J. BENNETT JOHNSTON,
U.S. Senator.

U.S. SENATE,
Washington, D.C., June 28, 1976.

Hon. J. BENNETT JOHNSTON,
Russell Office Building,
Washington, D.C.

DEAR BENNETT: I am relieved to receive your letter of the record and "our previous agreements" on S. 586. S. 586 passed the Senate on July 16, 1975 by a vote of 73–15. It was passed after thorough debate on the floor which reflected the negotiations between the Interior and Commerce Committees and more specifically between yourself and other members relative to whether or not the impact fund and automatic grants provided under the bill could be used as revenue-sharing for past impacts or facilities not related to an adverse impact caused by OCS activity. Since the bill's passage, you have from time to time referred to "revenue-sharing" inferring as you now do in your letter that the formula grant fund was totally automatic and could be used as revenue-sharing. I knew we had faced this squarely in debate and so resting your case on the Senate record relieves us both of any misunderstanding. I agree—the record reflects "our previous agreements." Most importantly, the conference report is in lock-step with the Senate record, in lock-step with what you agreed to.

I. *For Adverse Impact, Not Revenue-Sharing.*

At page 23059:

"Mr. HOLLINGS. I know that the principal negotiations today have been carried on by the Senator from Alaska and the Senator from Louisiana. As I understand it, under the amendment of the Senator from Louisiana, we have joined under the costal impact fund rather than the revenue sharing fund originally proposed in S. 521. Is that correct?

Mr. JOHNSTON. It was not really a revenue sharing fund. It was an impact fund.

Mr. HOLLINGS. All right, an impact fund. This agreement would supplant the fund in S. 521 . . ."

Emphasizing that the automatic grants did not constitute revenue sharing, Senator Stevens on page 23055 stated:

"Let me emphasize that this is not a revenue sharing bill. We have no provisions in here pertaining to revenue sharing. . . . Again, I emphasize these are not revenue sharing proposals."

And on page 23056, Senator Stevens stated:

"It should be noted that since the automatic grants must be spent on impact-related projects and the surplus returned to the Federal Treasury, the automatic grants are not revenue sharing."

II. *Automatic Grant Fund for Future Adverse Impacts, Not Past.*

On page 23060, Senator Jackson stated:

"While I am opposed to any sharing of federal revenues from Outer Continental Shelf activity with the states, I have consistently supported the concept of federal impact aid to those states suffering adverse impacts from Federal decisions to develop OCS oil and gas. . . . The Interior Committee bill also contains an automatic impact aid provisions based on a formula which is specifically designed to provide funds to coastal states in so-called frontier areas—those areas where there has been no Outer Continental Shelf oil and gas development in the past. I supported this approach."

"And Senator Johnston on S12815 refers to:

". . . for projects designed to provide new and additional public facilities and public services."

Senator Johnston continuing further stated:

"It misses the mark by far in terms of alleviating the impact on the adjacent coastal States . . ."

Perhaps the Louisiana situation of 10,000 holes and production dropping was what you had in mind but nowhere in the entire record can you find any intent or reference to aid "dropping economic activity." On the contrary, the intent is manifest throughout the record that there was no idea of compensating for an already-established offshore development with the same drill, the same pipeline, the same storage tank, no additional people and no additional adverse impact. A bill to reward this would have had no chance of passage in the United States Senate.

III. *Formula Grant Fund for Real and Reasonable Impact—Not Absolute.*

At S12816 Senator Johnston stated:

"It is not a bribe at all . . . there is a real and reasonable impact."

Senator Humphrey at page 23057:

"S. 586, however, is not a give-away program. Coastal states must demonstrate adverse impacts to receive assistance."

Senator Hollings at page 23054:

'. . . these automatic grants must be used to ameliorate adverse impacts of energy resources development or related energy facilities . . . it is not simply a grant program"

Quoting from the bill itself presented by Senator Johnston on page 23058.

"1. Any funds provided to any state under this section not expended in accordance with the purposes authorized therein should be returned to the Treasury by such state."

IV. *Clear Understanding that Automatic Grants Must First be Applied to Paying Off Loans.*

Senator Stevens at page 23056:

"The automatic grants, . . ., are used by the state and local governments to retire the Federally guaranteed bonds."

Senator Johnston at page 23058:

"The bill also provides, Mr. President, that when a state is eligible for this money that the money should be paid first to retire the locally issued bonds previously approved by the Secretary of Commerce."

V. *Approval of the Secretary of Commerce Clearly Sought and Clearly Understood.*

Senator Stevens on page 23056 states:

"Let me emphasize that this is really a discretionary concept; because, under the provisions of this bill this money would revert to the Treasury if it is not used to meet impacts that have been approved under the plan or used to repay bonds guaranteed by the Secretary of Commerce. I think the Secretary of Commerce will have a great deal of discretion in administering this concept."

Senator Johnston provided for a fund approved by the Secretary of Commerce in S. 521 and many times in debate and prior to the vote on page 23072 stated:

"But the uses are also spelled out and must be related to these impacts subject to the Secretary of Commerce. The uses are in three categories in this priority:

"First, to pay off bonds previously approved by the Secretary of Commerce. . . .

"Second, to pay off similar bonds under Section 306 previously approved by the Secretary of Commerce."

You state in your letter, ". . . the retirement legerdemain gives a state a grant only if it cannot borrow money" and referring to the language inserted by the conferees, '. . . because of the unavailability of our adequate financing under any other subsection,' "the automatic formula grants are no longer automatic." It is obvious from the record that rather than legerdemain, the language of the bill is clear and the added language by the conferees only emphasizes what we stated last July time and again that the grants were not automatic to begin with, that they had to retire loans for adverse impacts and any left over had to go back to the Federal Treasury. There is one exception. One that you proposed in your original bill, S. 521, and one which was adhered to by the conferees and that is grants for environmental impact.

Now let me refer to your language, "The change in the formula, with its two-thirds emphasis on new and expanded production and new OCS jobs, would virtually write Louisiana out of much of the funds." Totally false. First, as is stated above, the almost total emphasis in the Senate last year other than environmental, was on new and expanded production. The criteria of new OCS jobs was added by the House in Committee prior to reporting the bill to the House on October 8, 1975. It was not added by the conferees but rather supported by the House when it passed the bill including the Louisiana delegation and supported by all of us on the conference. It was never in issue because it only emphasized the original Senate intent. Moreover, rather than writing Louisiana out of funds, it is interesting to note the survey made by the Department of Commerce and OMB for Louisiana's share under the conference report. They project that of the total $400 million over the eight year period, Louisiana will receive $188 million. One state receiving almost half of a Federal fund cannot be referred to as an "unmitigated disaster." I only wish such a "disaster" would be visited on South Carolina.

Finally, let me say that I am sorry for any misunderstanding. I try to avoid differences with colleagues and it is particularly regrettable when it involves good friends. I have made a sincere endeavor to reconcile what you now pay for in accordance with the record. When you refer in the background section of your letter to your race for the Senate, I am only constrained to remind that your race came on the tail end of a three year endeavor by me and others for a coastal zone management act. We were supported by the State Ports Authority, by the Council of State Governments, the Association of Counties, the Municipal Association and many officials and citizens of Louisiana. We finally succeeded in the summer of 1972 and prior to your election this bill was signed into law in October of 1972, giving Commerce original jurisdiction of coastal zone development. We have maintained this with our friends from Interior and, of course, I reject your idea of "raiding" for what the law already provides, for the jurisdiction already determined by the Congress. To ask me to go back now to conference would be totally unfair and would totally violate "our previous agreements," those made between you and me and those made by me with the Senate. The truth is that after a year's work with four months in conference, we have finally got an excellent bill which the Administration will accept. We have provided an orderly way for the state to receive front-end money to prepare for the net adverse impact of OCS activity. We can't at this late date and shouldn't turn this into a revenue-sharing measure. I quote Senator Jackson, Chairman of the Interior Committee, at S12817:

"Once actual production takes place, automatic aid will become available to repay loans or retire the bonds. I am pleased that the compromise requires that the automatic grants must be expended for the purpose of reducing or ameliorating adverse impacts. This requirement should eliminate any possibility that any state will receive a windfall."

Sincerely,

Ernest F. Hollings.

Mr. HOLLINGS. Mr. President, while I understand the concerns stated here, I hope the colloquy between myself and the Senator from Louisiana about certain interpretations of the conference report has cleared some of that up. I cannot yield to the idea that the conferees did not live up to the intent of the Senate in the agreements made between Interior and the Committee on Commerce. The fact of the matter is that when it comes to the Secretary of Commerce approving grants, I quote Senator Johnston at page 23058, July 16, 1975, as saying:

> The bill also provides that when a State is eligible for this money that the money should be paid, first, to retire locally issued bonds previously approved by the Secretary of Commerce . . .

I have no better, firmer language about funds being used first for the payment of bonds.

Our distinguished friend, the Senator from Washington, as chairman of the Subcommittee on Interior, at that time in the colloquy, stated:

> Once actual production takes place, automatic aid will become available to repay loans or retire the bonds. I am pleased that the compromise requires that the automatic grants must be expended for the purpose of reducing or ameliorating adverse impacts. This requirement should eliminate any possibility that any state will receive a windfall.

There is a section in the 1975 Record about the wide discretion of the Secretary of Commerce and the authority to promulgate rules and regulations. Necessarily, the Secretary of Commerce had discretion—under the bill of the Senator from Louisiana and the Interior bill, S. 521. The Secretary of Commerce has the same discretion under S. 586 with respect to grants for public facilities development.

But the discretion that had to be used was broad and it was referred to by my distinguished friend, the Senator from Alaska, at page 23056 of July of last year where he said:

> Let me emphasize that. This is really a discretionary concept; because, under the provisions of this bill, this money would revert to the Treasury, if it is not used to meet impacts that have been approved under the plan or used to repay bonds guaranteed by the Secretary of Commerce. I think the Secretary of Commerce will have a great deal of discretion in administering this concept.

With that concern in mind, yes, the Secretary, Secretary Richardson, and his staff worked closely with the conferees.

I ask unanimous consent, due to the lack of time, to print in the Record a staff estimate of the allocation of funds under the formula grant subsection.

There being no objection, the staff estimate was ordered to be printed in the Record, as follows:

Formula OCS Grants By Region

[Dollars in millions[1]]

	Atlantic	Pacific	Alaska	Gulf	Total
1977	$5.3	$3.9	$3.4	$37.4	$50
1978	8.4	9.6	10.4	21.6	50
1979	8.4	3.7	14.5	23.4	50
1980	6.8	7.4	14.3	21.5	50
1981	9.7	3.9	19.0	17.4	50
1982	7.2	5.7	16.3	20.8	50
1983	6.6	2.9	8.8	31.7	50
1984	3.8	5.9	25.6	14.7	50
	56.2	43.0	112.3	188.5	400

[1] Above figures are estimates only, based upon the best available data pertaining to lease schedules, projected production and employment. Sources: Department of the Interior, Federal Energy Administration, and Office of Management and Budget. Analysis by House and Senate conferees' staff.

Mr. HOLLINGS. Under our joint staff's estimate, and the OMB figures of the $400 million grant fund, $188 million, almost half of the grant fund that we now have in dispute and discussion, could be eligible to be granted under certain conditions to the State of Louisiana.

So I think that while we did not write the bill to look out for a particular State, if we look at the result, someone could accuse us of that. I hate to be in a position of being accused of not being aware or attentive or rather in disregard of the concerns of the people of Louisiana and their particular needs.

I understand that the Senator from Louisiana differs somewhat with that view. But I only point that out and submit it for the Record.

I yield now to the Senator from Alaska.

Mr. STEVENS. Mr. President, I join with the Senator from South Carolina, and believe that we have not deviated from the Senate instructions to the conferees. I differ with my friend from Louisiana in terms of our interpretation of the bill.

I share the feelings of the Senator from South Carolina that Louisiana will receive almost half of the formula grant funds. Furthermore, these grant funds could be used immediately for items such as environmental control, correction of salt water intrusion and other things which, I think, would be of great benefit to the State of Louisiana. Senator Hollings points out that my State will also have some assistance, and that is intended because we are a new Outer Continental Shelf oil and natural gas development area.

Seventy percent of the Outer Continental Shelf of the United States is located off Alaska. Within the time frame of this legislation Alaska will have almost the same proportion of Outer Continental Shelf oil and natural gas activity as Louisiana, yet we cannot look forward to the kind of funds from this bill that the State of Louisiana can because of the fact that Louisiana already has the production and landings. Furthermore almost 20 percent of the area that is to be leased between now and 1983 will be in the Gulf of Mexico, primarily in the Louisiana area.

In terms of employment, sizable employment is expected off of Louisiana the next 2 or 3 years because of the 5.2 million acres leased since 1972 which are only in the exploration stage, and which are just now reaching the development stage.

I think the financial assistance program we have in this bill is well-balanced geographically. Having been the one who started the concept of this kind of non-revenue-sharing loan and grant tie-in for Outer Continental Shelf funds. I believe the conference report should be agreed to.

Mr. KENNEDY. Mr. President, the conference report on the Coastal Zone Management Act Amendments which is before the Senate today establishes a $1.6 billion assistance program for coastal States to assist in the amelioration of the impacts which will result from the proposed acceleration of offshore leasing. It also recognizes the need of coastal States for assistance in planning to absorb those impact. It is the result of 3 years of study, hearings, and investigations. It takes into account the views of local and State officials, concerned public interest groups, and representatives of business and industry—all of whom presented testimony during the development of the legislation.

My own Subcommittee on Administrative Practice and Procedure participated actively in this process. It was just 2 years ago that my subcommittee, together with the National Ocean Policy Study, held field hearings in Boston to solicit the views of concerned New Englanders on what legislative and administrative actions were necessary to assure full protection of the public interest, both in the procedures leading up to a final decision on whether offshore leasing should go forward and in insuring adequate protection of the interests of New England if exploration and development is undertaken on Georges Bank.

Those hearings made clear the deep concern which exists in all sectors of the New England economy over the adequacy of petroleum supplies and the price we are paying for oil. New England has led the Nation in conservation. Our State officials have been in the forefront of efforts to bring about lower prices and to remove the burden which results from our dependence on high-priced foreign oil imports.

Nevertheless, those hearings also made clear just how pervasive the concern is—among business and industry, among fishing interests, among tourist and recreation interests and among citizens groups—that they have not been brought into the formulation of Federal energy policy. A suspicious and distrustful attitude had developed between our regional, State, and local groups and the Federal Government. It threatened to stand in the way of the necessary cooperative effort we must make to develop national energy policies which are fair and equitable to all regions.

One critical portion of the Federal energy policy is the decisionmaking process involving our offshore oil and gas reserves. If offshore oil and gas will help reduce energy costs, it can be developed without jeopardizing our environment, if it can be brought in without destroying our tourist and fishing industries, if it can be carried out without distorting our future coastal development, I believe we will be able to win the support of the people of New England for a well-planned offshore leasing program.

At present, however, there is little incentive for coastal States like New England to offer their support to such a program. The oil that becomes available will sell at premium prices, not subject to price controls. In Massachusetts, where many of our communities are operating on a marginal tax base, we cannot afford the schools, hospitals, and other facilities which will be required during an intensive effort to bring offshore areas into production. And with an unemployment rate now close to 8 percent in Massachusetts, we cannot afford a cycle of boom and bust economies, where communities may gain jobs for a short period, only to be plunged back into high unemployment once the rigs are in place and the demand for labor returns to predevelopment levels.

We know that large amounts of land will be needed if we are to construct refineries, petrochemical plants and other related facilities—but lacking information on the extent of deposits on Georges Bank we cannot make even the roughest estimate of the extent of our potential need for such facilities. The possibility exists of having 17 percent of the prime industrial land in Rhode Island and eastern Massachusetts utilized in the full development of offshore oil and gas. A commitment of this amount of land, with its consequent environmental impacts, will have significant ramifications for the area and should not be undertaken without sufficient study and policy consideration. We do not know whether any of the oil which may be found on Georges Bank will be transported into New England—a crucial factor in determining how onshore development should proceed. We do not know the net impact of the needed increase in services which will be required of municipalities, which may outweigh the benefits of any increase in employment and tax revenues. We do not know what shifts in population may occur and the increased services which may be required to meet changing populations. We do not know how cities will be able to respond to development activity which may occur.

Our fishing industry, although it has been on the narrow edge of survival for many years, is still a $50 million enterprise, and too valuable to be pushed aside without more accurate information on what the long-term effects of offshore development will be on commercial fishing stocks and the access of fishermen to those stocks. We have a recreation industry that supplies 75,000 primary jobs and over 100,000 for secondary employment. The keystone to this industry is the ocean—especially along Cape Cod, the closest landfall to the proposed area of petroleum development in New England.

All of these issues are particularly critical to Massachusetts and New England, following the issuance by the Interior Department last January of preliminary list of 206 tracts to be leased on Georges Bank—tracts covering 1 million acres. Included in this preliminary list are tracts within 50 miles of the Massachusetts coast, as well as tracts covering high intensity fishing areas. I have expressed my opposition to the inclusion of these particular tracts on the list of those proposed to be leased between State, local, and Federal officials to resolve these and other issues which are of paramount importance to our State.

The conference report the Coastal Zone Management Act amendments we have before us today will be a major step in assigning high priority to the resolution of problems surrounding the offshore leasing process and its impact on the coastal zone. It creates a Coastal Energy Impact Fund to provide $800 million and $400 million in formula grants to coastal States to help them plan for and provide public facilities such as roads, schools, and hospitals and a variety of other public services which will result if energy facilities are located within coastal regions. It is aimed directly at solving the environmental problems brought about by rapid increases in population which can result from development of such facilities.

The legislation provides aid to States in two forms. The larger portion, the Coastal Impact Fund, sets an $800 million authorization for Federal loans, which would be repaid by grants when necessary. The funds will be allocated to States and units of local government for assistance to cover a wide variety of needs related to coastal energy activity. A second form of assistance, totaling $400 million, would be grants authorized on a formula related to the exploration, development, and production of oil and gas in frontier areas of the Outer Continental Shelf, such as Georges Bank. Aid would be granted on the basis of acreage leased, the volume of oil and gas produced and landed, and the number of new jobholders in OCS employment.

Mr. President, I want to take this opportunity to extend my special thanks to Senator HOLLINGS, chairman of the Senate National Ocean Policy Study, for his dedicated efforts in developing this legislation and in leading the effort to obtain congressional approval of a final version of the bill. I have had the opportunity to work closely with Senator HOLLINGS over the last 3 years on issues relating to the management of our coastal and ocean resources. His leadership has been a key factor in enabling the Congress to complete action on this bill, and to present to the President a measure which represents a sound balance between our need to identify existing petroleum resources, to protect the environment and to plan for the onshore impact of offshore oil and gas exploration and development.

I urge my colleagues to give their full support to the conference report.

Mr. TUNNEY. Mr. President, I strongly urge my colleagues to approve the conference report on the Coastal Zone Management Act Amendments of 1976. This legislation embodies a comprehensive program of Federal aid to assist State and local governments to anticipate and minimize the onshore impact of offshore energy resource development. It is essential that these amendments be incorporated into the law so that the Nation can aggressively pursue energy self-sufficiency in a manner that will preserve the quality of the natural environment and promote efficient allocation of scarce resources.

As you know, the Senate passed the Coastal Zone Amendments (S. 586) on July 16, 1976, by a vote of 73 to 15. This tally represented the Senate's firm commitment to the provisions incorporated in S. 586. As a conferee, I am satisfied that this conference report is an acceptable compromise that preserves the important elements of S. 586. Furthermore, the conference report represents legislation that the administration should be willing to sign into law.

My own State of California advocates prompt positive action on the conference report. California will play a prominent role in the Nation's plans to recover, refine, and distribute offshore energy resources. Consequently, heavy demands will be placed upon the fragile environment of California's coastal region. These pressures for expeditious industrial development are likely to conflict with alternative uses of the State's coastal resources. The bill which has been reported from conference will help all coastal States, including California, to anticipate and adequately plan for the various onshore impacts of offshore oil and gas production.

I am pleased that my fellow conferees agreed to language that will assist States to enhance public access to beaches. This issue is particularly important in California where an innovative effort is being made to increase the accessability of coastal-related recreational activities to the public.

At the same time, I had hoped that Federal consistency requirements would be more explicitly extended to include lease sales on the Outer Continental Shelf. The conference report has compromised on this issue due to the threat of a Presidential veto of the entire bill.

All things considered, the conference report on the Coastal Zone Management Act Amendments of 1976 is timely and vital legislation. I urge my colleagues to vote to approve the conference report.

Mr. HOLLINGS. Mr. President, I move that we agree to the conference report.

The PRESIDING OFFICER (Mr. LAXALT). The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. HOLLINGS. Mr. President, I understand a motion to reconsider is out of order in that we had one such reconsideration.

The PRESIDING OFFICER. The motion has already been made. That is correct.

(The following proceedings occurred during the consideration of the coastal zone conference report and are printed at this point in the RECORD by unanimous consent.)

ORDER FOR VOTE ON MOTION TO TABLE HATHAWAY AMENDMENT NO LATER THAN 5 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote on the motion to table the Hathaway amendment on intangible drilling costs occur at no later than 4:30 p.m. today.

Mr. HANSEN. Reserving the right to object, would the Senator explain that to me?

I have no objection.

I just wanted to say that when the distinguished assistant majority leader made the unanimous-consent request and came over and assured me it had been cleared with Senator TOWER, I point out that that was 40 minutes ago.

Mr. ROBERT C. BYRD. Mr. President, I modify the request to change the hour of 4:30 p.m. to 5 p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE HORSE PROTECTION ACT AMENDMENTS OF 1976

Mr. TUNNEY. Mr. President, I send to the desk a concurrent resolution, (S. Con. Res. 128) and ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 128) directing the Secretary of the Senate to make corrections in the enrollment of S. 811.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. TUNNEY. Mr. President, the concurrent resolution is necessary to correct a minor error which was made in the engrossment of the amendments of the House S. 811, the Horse Protection Act Amendments of 1976.

Under the amended section 2, an extraneous "and" was included under the definition of "state".

In addition, under the amended findings section of the statute, the word "either" somehow became "neither", when describing the reach of the statute to cover both horses in interstate or foreign commerce or substantially effecting such commerce.

Mr. President, the concurrent resolution is merely to correct what are clearly errors and should present no one with any difficulty.

The concurrent resolution (S. Con. Res. 128) was considered and agreed to as follows:

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (S. 811), to revise and extend the Horse Protection Act of 1970, the Secretary of the Senate shall make the following corrections:

(1) In the section 2(4) of the Horse Protection Act of 1970, as added by section 3 of the bill, strike out "and Guam" and insert in lieu thereof "Guam".

(2) In the section 3(4) of the Horse Protection Act of 1970, as added by section 4 of the bill, strike out "neither" and insert in lieu thereof "either".

(This concludes the proceedings that occurred during the consideration of the coastal zone conference report.)

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The question recurs on committee amendment No. 12 to which the amendment of the Senator from Maine is now pending, being amendment No. 1923.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1976—CONFERENCE REPORT

Mr. INOUYE. Mr. President, I submit a report of the committee of conference on H.R. 12203 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12203) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of April 2, 1976, beginning at page 9276.)

Mr. INOUYE. Mr. President, I submit the Conference Report on H.R. 12203, an act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and ask for its immediate consideration.

Mr. President, I am pleased to report that, after protracted delay, the Senate can now take final action on the fiscal year 1976 and transition quarter appropriation bill for foreign assistance and related programs.

For the second year in a row the Appropriations Committee has been denied the opportunity to present a timely appropriations bill for foreign assistance. This year we were delayed by the failure of the administration to submit its full program for committee review at an early date. In point of fact, Mr. President, the administration did not submit a major element of this bill—the program for security supporting assistance—until we were more than one-third of the way into fiscal year 1976.

In addition to the delayed presentation of the administration's program, the tardy enactment of authorizing legislation has served to once again frustrate the Appropriations Committee's desire to act on this bill prior to the beginning of the fiscal year.

Because of these delays, Mr. President, the Appropriations Committee was unable to bring a bill to the floor of the Senate until March 23, 1976 even though we had completed our hearings on the 10th of July 1975.

On the 25th of March of this year conferees appointed by the Senate went into conference with the House. As is well known, the committee on conference could not reach agreement on the funding of certain programs relating to assistance to Israel and other countries.

I am now pleased to report that the House has modified its position and has agreed to provide additional transition quarter funding for the foreign military credit sales program and the security supporting assistance program. I believe that the amounts provided by the House represent a reasonable compromise and should be accepted by the Senate.

For security supporting assistance the House has provided transition quarter funding of $269,700,000 with the proviso that, of this amount, $75,000,00 shall be allocated to Israel, $100,000,000 shall be allocated to Egypt, $60,000,000 shall be allocated to Jordan, and $15,000,000 shall be allocated to Syria.

For foreign military credit sales—FMS—the House has provided transition quarter funding of $140,000,000. This amount will support a considerably larger sales program, because the program utilizes both direct and guaranteed credits. The House has included the proviso that of the amount set as the total aggregate credit sale ceiling during the transition quarter, "not less than $200,000,000 shall be allocated to Israel."

Mr. President, the Senate conferees would have liked to secure larger amounts of transition quarter funds for these programs. However, these figures are the result of a compromise hammered out on the anvil of necessity. I believe that this compromise is the best result the Senate conferees could have obtained.

Mr. President, the conference report (H. Rept. 94-1006) is before the Senate. It, together with the House amendments, is the culmination of a long process of legislative debate and tripartite negotiation between the Senate, the House, and the administration. While the Senate did not prevail in these negotiations, I believe that its position was justified and that the final compromise insures that our friends abroad will not be unduly restricted during the interim funding period. I hope that the Senate will accept this view and agree to the amendments of the House.

Mr. President, I believe we have made great strides this year in providing for legislative oversight of foreign assistance. In particular, this year we have established, for the first time, an appropriations account—AID operating expenses—which identifies the Agency for International Development's cost of doing business. I believe that the establishment of this account will bring these costs out into the open where they can be examined and justified.

In conclusion, Mr. President, let me say that I feel that we have a well ordered bill with proper safeguards to insure responsiveness to congressional concerns and one that can be justified to the American people.

Mr. President, I move that the conference report be agreed to.

Mr. BROOKE. Mr. President, at last we have the opportunity to give final congressional approval to the Foreign Assistance Appropriations Act for fiscal year 1976. It is frustrating to be doing so 2 days before the end of the fiscal year, especially when the conference on the bill was completed on April 2, 1976. The reasons for the delay are, by now, well known. Hopefully, they will not recur.

The recommendations of the conferees, in the main, provide adequate funding for our many foreign assistance activities in fiscal year 1976 and the transition quarter. More than $426 million is provided for efforts designed to increase food production and nutritional levels in the developing world; $146 million is provided for health and family planning activities; and $175 million is made available for the United Nations and other international organizations. The security supporting assistance program is funded for fiscal year 1976 at a level of $1.689 billion, a level sufficient to fund the Middle East programs as well as various other activities. We have also provided $15 million for assistance in resettling refugees from the Soviet Union and Eastern Europe. This continues our support of those Soviet Jews who have risked so much to gain control over their own destinies. Also, $25 million has been provided for assisting Cypriot refugees. Sufficient funding has also been provided for the Asian Development Bank and the Inter-American Development Bank.

I will vote for the conference report because it is a good bill when looked at in its totality. However, there are two areas where I disagree with the recommendations. First, I believe the Congress is mistaken in providing only $320 million for the International Development Association rather than the $375 million requested and provided by the Senate version of the bill. This reduction in our contribution to the international financial institution that concentrates its activities on helping the least developed of the world's countries contradicts our oft-repeated commitment to accelerating our efforts to help the poorest of the poor. Moreover, the recommended action may lead to a lessening of commitment by other donors to assume a greater portion of the aid burden than they have done heretofore. I hope that we will not repeat this mistake as we consider the fiscal year 1977 foreign assistance appropriations in the next few weeks.

The second area of disagreement, and the one most distressing to me, is the transition quarter funding for the Middle East. The Senate version of the bill recommended that our Middle East program in the transition quarter should be funded as follows:

Israel—$175.0 million in security supporting assistance and $206.25 million ($375 m prog.) in foreign military credit sales.

Egypt—$173.7 million in security supporting assistance.

Jordan—$18.1 million in security supporting assistance.

Syria—$20.0 million in security supporting assistance.

The conference report, as amended by House action this week, reduces the program for three of these countries. The greatest reduction falls upon our ally, Israel. In the conference report only $75 million is provided in security supporting assistance and only $110 million in new obligational authority for military credits is provided for Israel, allowing a total FMS program of $200 million.

Thus, from a Senate recommended total program level for security supporting assistance and military credits of $550 million for Israel, the conference report recommends a total program of $275 million for Israel in the transition quarter, a 50-percent reduction below the Senate recommendation. This compares to a 42-percent reduction for Egypt, a 232-percent increase for Jordan and a 25 percent decrease for Syria. While certain factors justify the altered amount for Jordan, I do not believe that a 50-percent reduction in the original Senate recommendation for Israel is justified.

Israel is currently operating under stringent economic constraints created, in great part, by the continued state of war with her Arab neighbors. Israel fervently desires to bring the state of war to an end. We all hope and pray that peace will come. But, until that happens, Israel has no choice but to maintain a high degree of military preparedness in order to maintain a credible deterrent/defense capability. This is an extremely costly operation that depends for its integrity, to a great degree, on continued U.S. willingness to provide indispensable assistance. And it is an operation that has created great pressures on the civilian sectors of the Israeli economy.

The gravity of the short-term economic outlook for Israel is reflected in various statistical indexes. Unemployment is estimated at 4.8 percent for 1976, up from the 3.2 percent of the previous year. The forecast for inflation in 1976 is 34 percent, up from the 23.5 percent of the previous year. There has been an estimated 2-percent decline in real salaries in each of the past 2 years. The current accounts deficit for 1976 may run in the area of $3.6 billion. And the national foreign debt has risen from $4.1 billion in 1972 to an estimated $9 billion for 1976.

While these various economic indicators are alarming, I believe that the Israeli economy, given peace, would be sufficiently resilient to overcome short-term difficulties and continue its long-term productivity. For this to occur, it is crucial that Israel receive adequate assistance in the short term to limit the possibility of military inadequacy or economic chaos. It has only one place to turn for such assistance, the United States. And I believe that the American people, by a great majority, are prepared to continue to shoulder this assistance burden as they are the ones placed upon them by our justified efforts to improve relations with the Arab world.

Given the economic problems faced by Israel, the amounts provided for that country in the transition quarter may be insufficient. Nevertheless, I will vote for this conference report in the hope that in fiscal year 1977 funding levels for Israel as well as other countries in the Middle East will be sufficient to reflect our interests in maintaining the military, economic, and political equilibrium in the area needed to encourage progress toward a just resolution of the conflict.

Mr. INOUYE addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Hawaii.

Mr. INOUYE. Mr. President, I yield 2 minutes to the Senator from New York.

The **PRESIDING OFFICER.** The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the so-called transitional quarter has been a matter of very extensive negotiation, most lately by Sentor INOUYE who has performed very heroically, by Senator HUMPHREY, who heads our Subcommittee on Foreign Aid, by Senator CASE, ranking member of that subcommittee and the ranking member of the Foreign Relations Committee, and by myself.

Mr. President, I am satisfied that this is the best that can be done in the present circumstances.

I believe that the sum for Israel is not adequate to the need. In the subcommittee we were convinced the full pro rata amount was justified for this transitional quarter, as Senator HUMPHREY originally laid it before us. But in my judgment the figure in the conference report is the best that can be done, therefore, it should be accepted.

Mr. President, I wish at the same time to pay a tribute to President Ford. Considering his own frame of reference, he has put himself out to try to come to an accommodation with us. It must be made to do, because there is no question about his good faith and his good will.

Finally, what has emerged here, because most of this $275 million is arms credits is the validity of Israel's value to our country in terms of our strategic arms and policies.

We all understand the deep moral commitment, the fact that we were the first to recognize the horrendous privations and persecutions of the Jewish people, to which Israel is at last some kind of a messianic deliverance. But we must understand, too, the hard coin of the national security of the United States.

Without Israel in that area of the world, it would be infinitely more vulnerable than it is now. In light of the complete anarchy which we see in Lebanon, is counterbalanced by the discipline and self-reliance of Israel which is a military power in the area of considerable significance, helping to hold things together.

Mr. President, I believe Israel represents to the Middle East, and to Asia and Africa, what West Berlin represents in terms of Europe.

In short, it is the flaming light in that area and a beacon of freedom and human dignity which refuses to be extinguished.

Mr. INOUYE. Mr. President, I yield 2 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

May we have order in the Chamber, please?

The Senator only has 1 minute remaining.

Mr. HUMPHREY. Mr. President, I shall be very brief about it.

I want to commend the able Senator from Massachusetts for his comments, particularly on the matter of the transition quarter, and my esteemed colleague from New York (Mr. JAVITS), and, of course, the ranking member of the Committee on Foreign Relations (Mr. CASE), for their work in trying to provide adequate funds.

But the lion's share of the credit here must go to our distinguished chairman, the Senator from Hawaii, who has worked hard to bring about a resolution of what seemed an almost impossible situation.

While I would have liked to see a much larger sum, and I know the Senator from Hawaii (Mr. INOUYE) would have liked the same, we were able to negotiate out what we have here. This is for fiscal 1976. That ends very promptly, we will soon have fiscal 1977 before us, and we will be on the regular budget year basis.

The State of Israel needs this money, needs it desperately, and our prompt action here is going to be helpful.

Mr. BROOKE. I yield another minute, if the Senator needs it.

Mr. HUMPHREY. I thank the Senator.

I just wanted to say, the State of Israel does need it now, and needs it quickly, and it needs these military credits, and needs it promptly. By our action today it will permit them to be able to utilize this sum of money within the fiscal year as we go now into the fiscal year of 1977.

So I thank the subcommittee and the subcommittee chairman for the work. I think it ought to be in the RECORD here, having consulted with the Senator from Hawaii, I know he wanted a substantially larger amount of money, but we had some problems with our neighbors in the other House.

Mr. JAVITS. Will the Senator yield 30 seconds?

The PRESIDING OFFICER. All time has expired. Is there a unanimous consent request?

Mr. BROOKE. Mr. President, I ask unanimous consent that the Senator may proceed for an additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I just want to join Senator HUMPHREY in paying tribute to the majority and the minority managers of this bill.

Senator BROOKE has fought indefatigably for the full transitional quarter. The realization we have today, very importantly indeed, is due his enlightened presentation of the case. There is no question about the same thing being true for Senator INOUYE. I think these two Senators are entitled to great credit.

Mr. CASE. I only want time enough to say, "Amen."

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The clerk will now state the amendments in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $426,600,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $112,500,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $146,400,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 4 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: That not less than $103,000,000 of such amount shall be available only for population planning: Provided further,

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 14 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: $175,250,000: *Provided,* That not more than $20,000,000 shall be available for the United Nations Children's Fund: Provided further, That not less than $1,000,000 shall be available until expended only for the International Atomic Energy Agency to be used for the purpose of strengthening safeguards and inspections relating to nuclear fissile facilities and materials: Provided further,

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 24 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: and 495A

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 32 to the aforesaid bill, and concur therein with an amedment as follows:

In lieu of the matter inserted by said amendment, insert:

None of the funds made available under this Act for "Food and nutrition, Development Assistance," "Population planning and health, Development Assistance," "Education and human resources development, Development Assistance," "Technical assistance, energy, research, reconstruction, and selected development problems, Development Assistance," "International organizations and programs," "United Nations Environment Fund," "American schools and hospitals abroad," "Indus Basin Development Fund," "International narcotics control," "African development program," "Security supporting assistance," "Operating Expenses of the Agency for International Development," "Middle East Special requirements fund," "Military assistance," "International military education and training," "Inter-American Foundation," "Peace Corps," "Migration and refugee assistance," or "Assistance to refugees from the Soviet Union or other Communist countries in Eastern Europe," shall be available for obligation for activities, programs, projects, type of material assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings for the current fiscal year without the approval of the appropriations Committees of both Houses of the Congress.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 36 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $269,700,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 37 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

Provided, That of the funds appropriated under this paragraph, $75,000,000 shall be allocated to Israel, $100,000,000 shall be allocated to Egypt, $60,000,000 shall be allocated to Jordan, and $15,000,000 shall be allocated to Syria.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 52 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $140,000,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 53 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

Provided, That of the amount provided for the total aggregate credit sale ceiling during the period July 1, 1976 through September 30, 1976, not less than $200,000,000 shall be allocated to Israel

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 55 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: : *Provided,* That of this amount $7,599,000 shall be for Peace Corps volunteer readjustment allowances, as authorized by Public Law 94–130

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 57 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: : *Provided,* That of this amount not less than $2,684,000 shall be used to fund Peace Corps volunteer readjustment allowances, as authorized by Public Law 94–130

Mr. INOUYE. Mr. President, I move that the Senate agree to the amendments of the House to the amendments of the Senate Nos. 1, 2, 3, 4, 14, 24, 32, 36, 37, 52, 53, 55, and 57, and concur therein.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Hawaii.

The motion was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. HATHAWAY. Mr. President, my understanding is the pending amendment is No. 1923 to H.R. 10612.

The PRESIDING OFFICER. The Senator is correct.

Mr. HATHAWAY. I also understand there is an agreement to vote no later than 5 o'clock on a motion to table the amendment. I would be glad to enter into an agreement to divide the time, 1 hour to each side, between now and 5 o'clock.

The PRESIDING OFFICER (Mr. BARTLETT). Will the Senate suspend to allow the clerk to report the unfinished business?

The assistant legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The clerk will state the pending amendment.

The assistant legislative clerk read as follows:

The Senator from Maine (Mr. HATHAWAY) proposes amendment No. 1923.

The amendment is as follows:

On page 117, after line 6, insert the following:

"SEC. 212. GAIN FROM DISPOSITION OF INTEREST IN OIL OR GAS PROPERTY.

(a) RECAPTURE RULES.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1254. GAIN FROM DISPOSITION OF INTEREST IN OIL OR GAS PROPERTY.

"(a) GENERAL RULE.—

"(1) ORDINARY INCOME.—If oil or gas property is disposed of after December 31, 1976, the lower of—

"(A) the aggregate amount of expenditures after December 31, 1976, which are allocable to such property and which have been deducted as intangible drilling and development costs under section 263(c) by the taxpayer or any other person and which (but for being so deducted) would be reflected in the adjusted basis of such property, or

"(B) the excess of—

"(i) the amount realized (in the case of a sale, exchange, or involuntary conversion), or the fair market value of the interest (in the case of any other disposition), over

"(ii) the adjusted basis of such interest, shall be treated as gain which is ordinary income. Such gain shall be recognized notwithstanding any other provisions of this subtitle.

"(2) DISPOSITION OF PORTION OF PROPERTY.—For purposes of paragraph (1)—

"(A) In the case of the disposition of a portion of an oil or gas property (other than an undivided interest), the entire amount of the aggregate expenditures described in paragraph (1)(A) with respect to such property shall be treated as allocable to such portion to the extent of the amount of the gain to which paragraph (1) applies.

"(B) In the case of the disposition of an undivided interest in an oil or gas property (or a portion thereof), a proportionate part of the expenditures described in paragraph (1)(A) with respect to such property shall be treated as allocable to such undivided interest to the extent of the amount of the gain to which paragraph (1) applies.

This paragraph shall not apply to any expenditures to the extent the taxpayer establishes to the satisfaction of the Secretary that such expenditures do not relate to the portion (or interest therein) disposed of.

"(3) OIL OR GAS PROPERTY.—The term 'oil or gas property' means any property (within the meaning of section 614) with respect to which any expenditures described in paragraph (1)(A) are properly chargeable.

"(4) SPECIAL RULE FOR PARAGRAPH (1)(A).—In applying paragraph (1)(A), the amount deducted for intangible drilling and development costs and allocable to the interest disposed of shall be reduced by the amount (if any) by which the deduction for depletion under section 611 with respect to such interest would have been increased if such costs incurred (after December 31, 1976) had been charged to capital account rather than deducted.

"(b) SPECIAL RULES UNDER REGULATIONS.—Under regulations prescribed by the Secretary—

"(1) rules similar to the rules of subsection (g) of section 617 and to the rules of subsections (b) and (c) of section 1245 shall be applied for purposes of this section; and

"(2) in the case of the sale or exchange of stock in an electing small business corporation (within the meaning of section 1371), rules similar to the rules of section 751 shall be applied to that portion of the excess of the amount realized over the adjusted basis of the stock which is attributable to expenditures referred to in subsection (a)(1)(A) of this section."

(b) PARTNERSHIPS.—Section 751(c) (relating to definition of unrealized receivables) is amended by striking out "and farm land (as defined in section 1252(a))" and inserting in lieu thereof "farm land (as defined in section 1252(a)), and an oil or gas property (described in section 1254)", and by striking out "or 1252(a)" and inserting in lieu thereof "1252(a), or 1254(a)".

(c) TECHNICAL AMENDMENTS.—

(1) The following provisions are each amended by striking out "or 1252(a)" and inserting in lieu thereof "1252(a), or 1254(a)"—

(A) the second sentence of section 170(e)(1);

(B) section 301(b)(1)(B)(ii);

(C) section 301(d)(2)(B);

(D) section 312(c)(3); and

(E) section 453(d)(4)(B).

(2) Section 341(e)(12) is amended by striking out "and 1252(a)" and inserting in lieu thereof "1252(a), and 1254(a)".

(d) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1254. Gain from disposition of interest in oil or gas property."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years ending after December 31, 1976.

COMPREHENSIVE ALCOHOL ABUSE, AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION ACT AMENDMENTS—CONFERENCE REPORT

Mr. HATHAWAY. Mr. President, I submit a report of the committee of conference on S. 3184, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BARTLETT). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the RECORD of June 22, 1976, beginning at page H6364.)

Mr. HATHAWAY. Mr. President, S. 3184, the conference report before us today extends for 3 years the authorizations for alcoholism treatment, research, rehabilitation and prevention under the Comprehensive Alcohol Abuse, and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970.

There are two main programs involved in this act: formula grants to States, and project grants directly to treatment, prevention and rehabilitation agencies, organizations and individuals. Both programs are administered through the National Institute on Alcohol Abuse and Alcoholism—the NIAAA.

Authorizations for these programs are set at $70,000,000 for the fiscal year 1977, $77,000,000 for the fiscal year 1978, and $85,000,000 for the fiscal year 1979 for formula grants; and $85,000,000, $91,000,000 and $102,500,000 for those same years for project grants.

While these levels are higher than the current appropriations for these programs, I think it is significant to note, from a budgetary standpoint, that they are below the authorized levels for fiscal year 1976. This represents, I believe, a sincere effort on the part of House and Senate program-writing committees to set realistic goals and estimates of the amounts needed to run these programs. In regard to appropriations for these programs, I expect the Senate to take more careful cognizance of these authorization figures in the future than they have in the past, when our legislative committees were not nearly so attuned to budgetary restraints.

In addition to setting new dollar levels, this conference report changes the nature and requirements of these programs in several significant ways, and adds two new programs to the law involving research.

One important element of the new authority contained in the conference report involves incentive grants to States for implementing the basic provisions of the Uniform Alcoholism and Intoxication Treatment Act.

Under current law, States enacting the basic decriminalization and treatment provisions of the Uniform Act are eligible to receive special grants for 3 successive years, equal to 10 percent of their State formula grant, plus $100,000 each year.

The conferees all agreed on the importance of this program, and its potential effectiveness in changing the way we perceive, diagnose, and treat alcoholics in this country. In particular, the conferees were concerned at reports that some States were failing to pass the Uniform Act, or were actually considering its repeal, because of the acknowledged high cost of effectively decriminalizing alcoholism.

For that reason, the conference report makes the Uniform Act incentive grant an integral part of the project grant authorization, so that its continued funding will be assured, and increases the size of the grant to 20 percent of a State's formula grant, plus $150,000, to a maximum of six such grants.

With regard to State formula grants, the congressionally mandated formula has always required an assessment of the need of a State for more effective prevention, treatment, and rehabilitation. However, those who have administered this program have never adequately determined what constitutes "need" in a State, with the consequence that this element of the formula has never effectively been used in the way Congress intended. The conference report would require the Secretary, within 180 days, to establish a methodology to determine the nature and extent of such need.

The conference report also amends the State plan requirements which must be met by a State prior to receiving its formula grant money. In particular, the act adds new requirements that a State—

Do an inventory of all public and private resources available for the treatment of alcoholism in the State, so that the State may better allocate its Federal dollars;

Coordinate its alcoholism planning with other State and local agencies;

Assure that State certification and credentialing requirements take into account the unique nature of alcoholism treatment, including the availability of nonmedical models of treatment, and the effectiveness of experienced, but not necessarily credentialed, individuals in treating persons who are suffering from this disease;

Assure that individual programs funded out of formula grant moneys establish their own goals and standards for assessing and determining the effectiveness of their efforts; and

Review admissions procedures of hospitals and outpatient facilities, to assist the Secretary in carrying out the antidiscrimination requirements of the act.

The conference report also requires States to add at least one representative of the Statewide Health Coordinating Council established under the new Health Planning Act to their State advisory councils.

And finally, States are required once every 3 years, commencing in 1977, to assess their own progress in implementing their State plans.

With regard to the project grant authority of the act, the conference report sharpens the focus of that authority and specifically authorizes the Institute to—

Conduct demonstration and evaluation projects designed to provide for the coordination of all alcoholism diagnosis, treatment, prevention, and research services in health planning areas, in order to develop techniques for making more efficient use of present and future resources;

Provide special emphasis on treating underserved populations, such as racial and ethnic minorities, native Americans, youth, women, and individuals with no other easy access to treatment programs, such as those in rural areas;

Provide education and training, with particular emphasis on training to meet accreditation and credentialing requirements; and

Provide programs and service in cooperation with other public and private institutions and organizations.

The conference report also requires special assistance for persons of limited English-speaking ability, special consideration to applications from programs to provide services to women and youth, and it requires grantees under this section to establish their own goals and standards for assessing the effectiveness of their efforts.

Another extremely important aspect of this conference report is the emphasis it places on research, including the addition to the act of a new title authorizing a comprehensive research program to be carried on by the Institute, and also including the authorization of up to six new national alcohol research centers in various parts of the country.

For fiscal year 1977, $20,000,000 is authorized for the new research program; $24,000,000 for 1978 and $28,000,000 for 1979 under the conference report. In addition, $6,000,000 is authorized for each year for the new research centers.

This new line item authorization is intended to supplant the current open-ended research authority found in section 301 of the Public Health Service Act. While the provisions of that section have been adequate in the past to fund research proposals, and provide the basis for a rudimentary intramural research program, the members of the conference committee agreed that a separate alcoholism research title is now necessary. It is our belief that only through such a title can we attempt to solve many of the particular problems associated with alcoholism research, while making a congressional demand for a stronger commitment within HEW to such research.

Alcoholism is now generally acknowledged to be among the three most serious health problems in America, along with cancer and heart disease. Yet it is a serious paradox that we spend hundreds of millions of dollars on research into both of the latter problems, while alcoholism is treated like medicine's bastard child, woefully underfunded and shunted aside to a sort of research Siberia.

It is time for Congress to signal, with the enactment of this bill, that we demand an end to Federal discrimination against alcoholism research, just as we insist on an end to discrimination against the alcoholic individual himself—or herself.

Other provisions of the conference report give the Administrator of the Alcohol, Drug Abuse, and Mental Health Administration the authority to evaluate and recommend the coordination of education and prevention activities carried on by the separate agencies concerned with alcoholism and drug abuse; broaden the antidiscrimination provisions of the current law to include outpatient facilities and to require the issuance of regulations by December 31 of this year; give the National Advisory Council specific authority to review policies and priorities with respect to grants and contracts; write into the Drug Abuse Office and Treatment Act of 1972 a specific requirement regarding emphasis for women and youth, and clarify congressional intentions regarding the small State minimum grant in the State formula grant section of that act; and require the specific approval of the National Advisory Council for each grant made by the institute.

With regard to the latter provision, I would like briefly to acknowledge the concerns expressed by my House colleagues on the Health and Environment Subcommittee in their committee report regarding several large grants made by the Institute for the apparent purpose of constituency building. I do understand and appreciate the fact that the personnel freeze has forced the Institute to try to use the grant and contract process to perform several functions which might better be done within NIAAA. There is no easy substitute for adequate quantity or quality of in-house personnel, and the NIAAA has suffered since its inception from an inadequate allotment of professional employees, and from the blatantly illegal impoundment of authorized positions.

Nevertheless, I believe the point made by the House Committee members should be seriously considered by the Institute, and the opportunity seized to carefully evaluate the nature and scope of its grant and contract authorities. I say this from a selfish point of view, because I want to be able with absolute confidence to present each year to my colleagues on the Appropriations Committee a request for full funding of the realistic authorizations in this conference report. We are in an era of budgetary restraint and fiscal control, in which waste of Federal dollars is not to be tolerated. And you can be sure that the penalties for such waste in the future will be grim and severe.

I sincerely believe we have molded a sensible and realistic program in this conference report, budgetarily wise and therapeutically necessary. I urge my colleagues in the Senate to join me in enacting it into law.

Mr. President, I move the adoption of the conference report.

Mr. President, I want to say that this conference report has just passed the House of Representatives by a vote of 386 to 6.

Mr. WILLIAMS. Mr. President, I am pleased to support the report of the committee of conference on S. 3184, to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970.

I feel that an excellent compromise has been reached. The conferees agreed to authorizations for formula grants to States of $70 million for fiscal year 1977, $77 million for fiscal year 1978, and $85 million for fiscal year 1979.

The conferees also agreed to authorizations for project grants and grants to States for the implementation of the uniform act which would provide for treatment of alcoholism and public intoxication through the health system of $85 million for fiscal year 1977, $91 million for fiscal year 1978, and $102.5 for fiscal year 1979.

Alcoholism is estimated to cost our economy in excess of $25 billion a year. But we know treatment works and we know that alcoholics can be returned to health. Apart from any consideration of compassion for the millions of citizens who suffer from this disease, it makes good economic sense to treat these victims. On May 20 of this year I placed in the CONGRESSIONAL RECORD the executive summary of a benefit/cost analysis of alcoholism treatment centers funded by the National Institute on Alcohol Abuse and Alcoholism. This study shows that, for every dollar of expenditures made for the ATC program during the last half of 1974, over $3 in benefits would be returned to the Nation during the next 10 years. After this material appeared in the CONGRESSIONAL RECORD, I received a letter from Norman S. Halliday, Assistant Postmaster General for Government Relations, indicating that audits of the Postal Service's program for Alcoholic Recovery have affirmed that "as a minimum the program returns $5 in tangible cost benefits to the Postal Service for every $1 invested." Mr. Halliday went on to state that:

> This is good business and the intangible benefits obtained are even more substantial.

In view of the proved effectiveness of these programs, it is my hope that the Appropriations Committees will see fit to appropriate the full amounts authorized.

I am particularly pleased that the conferees agreed to my proposal to increase the incentive grants to States which have adopted the uniform act. States which have adopted the uniform act will now receive $150,000 plus 20 percent of their formula grant allotment for each of 6 years. This compares with the current incentive grant of $100,000 plus 10 percent of the formula allotment for each of 3 years. The result is that such States would receive almost four times the amount that they would have received under current law.

In my view this is one of the most important improvements to the alcoholism legislation. This uniform law was approved by the National Conference of Commissioners on Uniform State Laws in 1971 and recommended for adoption by every State. More than half the States have now passed the act, but some States have delayed because of the cost. This substantial increase in financial assistance for the implementation of the uniform act will encourage the remaining States to adopt it.

The conferees also agreed to language which would place more emphasis on underserved populations, including minorities, Native Americans, women, youth, and those living in rural areas.

Since 1970 the National Institute on Alcohol Abuse and Alcoholism has recognized the great need for alcoholism services among native Americans. In fiscal year 1976 the Institute is supporting 151 projects providing services to native Americans at an annual operating level of $15.6 million. Moreover, while the Institute is to be commended for its native American initiative, its designation of native American alcoholism as a priority and its subsequent allocation of funds have been totally discretionary, and thus subject to reconsideration and change. The Institute will now be formally assigned a continuing role to initiate and support native American alcoholism programs. The administration has proposed transferring all native American alcoholism programs, together with funds for their support, to the Indian Health Service. I am happy to note that the National Indian Board on Alcoholism and Drug Abuse recently voted to support the retention of these programs in the National Institute on Alcohol Abuse and Alcoholism.

Permanent, long-term support of mature native American alcoholism programs, that is, those projects having received 6 years of Institute support, may be accomplished by the transfer of such projects to the legislative and appropriations authorities of the Indian Health Service. Any such transfer, however, must guarantee that no distinction for eligibility for continued support will be made between urban and reservation native American alcoholism programs. In addition, the transfer of mature projects should not interfere with the Institute's policy of funding both new native American alcoholism projects and new operations within mature projects.

The conferees have agreed to retain language requiring special emphasis on women and youth. State plans will be required to include a survey of the need for prevention and treatment programs for women and provide assurance that programs within the State will be designed to meet such need. The amendments further require that the Institute, through its project grants and contracts authorizations, give special emphasis to women and youth and give special consideration to applications for programs and projects for prevention and treatment of alcohol abuse and alcoholism by women and persons under 18 years of age.

Women are reputed to comprise the largest increase in the problem drinking population in recent years. It is now estimated that one-third of the Nation's 10 million alcoholics are women. It is my own belief that there are as many women as men alcoholics, but we have failed to identify them and get them into treatment. It is my hope that the Institute will devise methods for identifying the so-called hidden alcoholic so that these women can receive help.

And we must remember that in helping women to recover we will—at the same time—help prevent alcoholism and other emotional problems in their children. It has long been recognized that children of alcoholics are a high risk group for developing this disease. The increase in alcoholism among our children is a tragedy which we cannot afford to ignore. Recent surveys show that 81 percent of junior and senior high school youngsters drink alcoholic beverages, many becoming drunk at least once a week. And Alcoholics Anonymous reports that alcoholics are joining their ranks at earlier and earlier ages. There is one report of an 11-year-old member in California.

I am particularly pleased that the conferees agreed to the Senate language providing for increased emphasis on Federal research into the causes and consequences of alcohol abuse, including a new program to fund alcoholism research centers with commitment to and ability to perform interdisciplinary, long-range research. For fiscal year 1977 $20 million is authorized for research, $24 million for fiscal year 1978, and $28 million for fiscal year 1979. In addition, $6 million is authorized for each of the 3 fiscal years for the creation of up to six National Alcohol Research Centers.

Previously, alcoholism research has been funded under the generic health research authority of section 301 of the Public Health Service Act. The alcoholism intramural research program is by far the smallest research effort in the entire Public Health Service, with only 26 positions assigned to the entire program area. Both basic and clinical alcoholism intramural research programs, under the direction of the Institute, should be established, preferably on the campus of the National Institutes of Health in Bethesda, Md., or in similar high-quality facilities.

The second special report to the U.S. Congress on Alcohol and Health indicated that the risk of developing cancer of the mouth, throat, and other sites is increased by prolonged heavy drinking and that cardiomyopathy and a variety of other diseases are linked to alcoholism. Transfer of the Laboratory of Alcohol Research from its extremely inadequate quarters at St. Elizabeths Hospital to the campus of the National Institutes of Health would enable researchers to collaborate with researchers working on these other health areas, to the benefit not only of alcoholism research but to the benefit of the research being done by the other Institutes as well.

On Wednesday, June 16, Dr. Ewald W. Busse, associate provost and dean of the Medical School at Duke University, testified as a member of the President's Biomedical Research Panel before the Health Subcommittee. Dr. Busse testified to the need for a major increase in funding for alcoholism research. Dr. Busse indicated that very little progress has been made in identifying the multiple causes of alcoholism and stated that we can make little progress in developing more effective prevention or therapy without a major commitment to basic as well as applied research. Dr. Busse told a member of my staff that the $20 million authorized for alcoholism research for fiscal year 1977 would be an adequate first step in developing the research programs of the Institute.

The committee reports on both the Senate bill and the House amendment urged the Secretary to direct that the NIAAA intramural research program be moved to the NIH campus by the beginning of fiscal year 1977. A minimum of 5,000 square feet of contiguous space should be set aside for a distinct alcoholism clinical research unit of at least eight beds under the aegis of NIAAA. An additional 15,000 square feet in the proposed ambulatory care facility, at the National Institutes of Heath, should be reserved for NIAAA laboratory clinical research and support activities. Without such facilities, NIAAA would be unable to adequately carry out its mandate under this research authority.

The alcoholism research program is by far the smallest in the entire Public Health Service. This situation is totally unsatisfactory in view of the magnitude of the problem and the resources allocated to other health research efforts. Alcoholism receives far less than any other research area with the exception of research on aging, yet alcoholism is considered to be the third largest killer of our citizens. If you add the deaths from suicide and accidents, many of which are caused by alcoholism, alcoholism is far and away the largest killer in this Nation. In fiscal year 1976 alcoholism research received only $11.8 million, yet the annual cost of alcohol problems in the United States is in excess of $25 billion.

It is my sincere hope that the Appropriations Committees will appropriate the full amounts authorized for alcoholism research.

The conferees also agreed to my recommendation for the establishment of national alcohol research centers. The competitive grant system needs to be complemented by several concentrated efforts to integrate the various academic disciplines having a likely contribution to research on alcoholism. Effective research requires a sustained effort in a stable environment with stable funding. Only such an environment would be capable of attracting the best professional minds to this field. In such an environment the long-term, interdisciplinary investigations into the many unanswered questions concerning alcoholism could best be conducted. National alcohol research centers authorized in this act would provide such an environment.

Mr. President, I would like to commend the junior Senator from Maine (Mr. Hathaway), the senior Senator from New York (Mr. Javits), and the other members of the Committee on Labor and Public Welfare, as well as the Congressman from Florida (Mr. Rogers), the Congressman from West Virginia (Mr. Staggers), and the other members of the House Interstate and Foreign Commerce Committee, for their fine work on this legislation. This has been a truly bipartisan effort, as it has been since the comprehensive alcoholism legislation was first introduced in 1970.

Mr. President, I urge the approval of this conference report so that appropriations for the implementation of these provisions can move forward without delay.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

ORDER FOR RECESS UNTIL 8 A.M. TOMORROW MORNING

Mr. MANSFIELD. Mr. President, will the Senator yield to me briefly?

Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 8 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF S. 2150, THE SOLID WASTE DISPOSAL ACT AMENDMENTS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that immediately after the two leaders are recognized tomorrow the Senate then turn to the consideration of the Solid Waste Disposal Act amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR HATFIELD AMENDMENT TO BE LAID BEFORE SENATE

Mr. MANSFIELD. I ask unanimous consent that before we go out tonight the distinguished Senator from Oregon may lay down his amendment on which there is a time limitation, on which there will be a vote prior to 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. Reserving the right to object, does the Senator refer to the junior Senator from Oregon?

Mr. MANSFIELD. No, the senior Senator (Mr. Hatfield).

Mr. HANSEN. What is his amendment?

Mr. MANSFIELD. Solid Waste Disposal Act amendments.

Mr. HANSEN. The unanimous-consent request would provide that he has the right to lay it down when?

Mr. MANSFIELD. At the close of business tonight so it will be the pending business when we take up the Solid Waste Disposal Act amendments.

Mr. HANSEN. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The Senate will resume the consideration of the unfinished business, and the Senator from Maine is recognized.

Mr. HATHAWAY. Mr. President, I yield to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, this request has been cleared with Mr. Long and Mr. Bellmon, and I believe Mr. Curtis.

I ask unanimous consent that there be a 1-hour time limitation on the amendment by Mr. Bellmon to the tax bill, the time to be divided and controlled in accordance with the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, in regard to the amendment pending before the Senate at this time, we started on this a few days ago but I guess it bears repeating at this time.

Mr. LONG. Will the Senator yield?

Mr. HATHAWAY. I will be glad to yield.

Mr. LONG. I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATHAWAY. Is that on the motion to table?

Mr. LONG. On the amendment. If a motion to table is made, we will ask for the yeas and nays on that.

Mr. MANSFIELD. It will be on the Tower motion to table.

Mr. LONG. I have the yeas and nays on the amendment and I will ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. Is there a unanimous-consent request for the yeas and nays on the motion to table?

Mr. LONG. I would like to ask unanimous consent that at such time as a motion to table is made, the yeas and nays will also be ordered on the motion to table.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order now to order the yeas and nays on such motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Now I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. The yeas and nays have been ordered both on the amendment and also on the motion to table?

The PRESIDING OFFICER. At the time the motion to table is made, yes, the Senator is correct.

The Senator from Maine is recognized.

Mr. HATHAWAY. Mr. President, as I mentioned, we started on this amendment last week some time. As I recall, I made some opening remarks in regard to the matter and we deferred it until this time. I think in view of the fact that many of the Members were not here at that time I will just give a résumé of what I said then.

What this amendment would do is simply to recapture the excess deductions allowed for intangible drilling costs over what they would amount to if capitalized.

Let us first of all talk about what intangible drilling costs are. They are costs that are the costs for intangibles incurred in connection with the production of oil or gas wells. They include labor, fuel, repairs, hauling supplies, and such other intangible costs. They are the kinds of costs that should be capitalized, that is, spread out over the life of the well, but which are allowed to be deducted when incurred under the Internal Revenue Code.

The reason that the intangible drilling costs should be capitalized is that they represent an investment in an income producing asset that has a useful life that extends over a period of years. They should be depreciated over that useful life so that the deductions can be taken against the income that comes in from the well. This is the same rule that applies in just about every other industry.

If one was building an apartment house, for example, the labor costs in building the apartment house could be called intangibles and they would have to be capitalized and depreciated over the useful life of the building. If accelerated depreciation is used there are recapture rules that apply when the building is sold.

Allowing intangibles to be deducted immediately when incurred is, in effect, allowing accelerated depreciation, and the proponents of this amendment consider that it should be subject to recapture rules, as are other kinds of accelerated depreciation.

Mr. President, I think I should say at this time in talking about the proponents of this amendment that Senator HASKELL, Senator KENNEDY, and Senator NELSON join me in cosponsoring this amendment.

Recapture rules will simply require that the gain from the assets that received accelerated depreciation be treated as ordinary income when sold. This prevents a taxpayer from converting his ordinary income into a capital gain and thereby being able to be taxed at a lower rate.

What we are not proposing to do in this amendment is to eliminate intangibles altogether. The deduction for intangibles would be preserved just the way it is now. But, as I mentioned earlier, the intangible deductions really amount to accelerated depreciation and this allows a deferral of income by taking the deductions now instead of later on. But without a recapture rule one could take the deductions now and then convert that later income into a capital gain by selling the asset after its basis had been used up by accelerated depreciation. Recapture rules prevent this by providing that the gain from a sale in such a situation is to be treated as ordinary income. This amendment simply provides recapture rules for the oil and gas industry.

Recapture rules apply to virtually every other industry. For all personal property the recapture is for all of the depreciation that is used. For real estate it is for the excess of accelerated depreciation over straight-line depreciation.

We are not asking in this amendment that there be a recapture for all of the depreciation that has been taken. We are simply asking that there be a recapture for the excess of the accelerated depreciation taken, or the intangible drilling costs, over straight-line depreciation.

Actually, it is even a better break than that, because in computing the amount of money that would be subject to recapture, we are using the unit of production method of production rather than straight line depreciation.

In other words, if the amount that was used as intangible drilling costs were, say, $100,000, and the life of the well was 10 years, under straight line depreciation you would take $10,000 a year. Instead of that, we are proposing a slightly better break by using the unit of production method of depreciation, which gives a slightly better advantage than simply straight line depreciation; but for the purpose of our conversation here, in order to keep it relatively simple, I think it is easier to look at the picture as if we were computing how much would be recaptured on the basis of capitalizing the intangible drilling costs on a straight line depreciation basis.

So in recapturing only the excess over straight line depreciation, we are simply doing what we do in the real estate situation, by recapturing the excess of accelerated over straight line depreciation. We are not even doing what we do in all other tangible property, which is recapturing all of the depreciation.

Recapture rules are extremely important in controlling tax shelters. In the oil and gas industry, an investor can invest in an oil well, deduct all of his intangible drilling costs against his ordinary income, and resell the property the next year for a capital gain. Since we have rejected the LAL approach recapture, rules are even more important. This is the one area where a taxpayer can, in a very short, 1- or 2-year period, convert ordinary income into a capital gain.

We are not attacking the deferral aspect of allowing intangibles to be deducted. We are simply providing the recapture rules to prevent the conversion of ordinary income into a capital gain over a very short period of time.

The present absence of recapture rules benefits the oil driller and also benefits the investor who wants to get out of the industry, who is not interested in standing by his investment. The proposed amendment would curb speculators without having any impact on legitimate investors. If the person keeps the well for the life of the well, he has no problem whatsoever. It is only when he sells a well short of the life of the well that he realizes a distinct advantage with respect to the intangible drilling costs that he has taken. In that situation, where he can convert ordinary income to capital gains, we simply recapture that much of the intangible drilling costs which will exceed what they would be if they were stretched out on a straight line basis over the life of the well.

The language that is in the amendment that is before the Senate is exactly what the House has agreed to. I do not think there is anything unusual about it, or anything harsh about it.

You know, when you think about it, the individual or the partnership that is engaged in drilling wells and selling them to someone else is really much like the individual who is in the real estate business, who has to pay ordinary income on all of his sales. We are not going that far with this amendment, although perhaps we should go that far. We are simply saying that he can get the capital gains, but to the extent that he has benefited from the intangible drilling costs over what straight line capitalization would be, he has to pay an income tax.

This does not amount to an awful lot of money. I think it is about a $5 million revenue intake the first year, but I think in order to do tax justice, this one gaping loophole in the recapture provisions of the law should be closed.

Mr. President, I reserve the remainder of my time.

DISTRICT OF COLUMBIA APPROPRIATIONS, 1976—CONFERENCE REPORT

Mr. CHILES. Mr. President, I submit a report of the committee of conference on H.R. 13965 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BARTLETT). The report will be stated by title.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of June 23, 1976, beginning at page 20117.)

Mr. CHILES. Mr. President, I am pleased to have the opportunity to bring to the Senate the conference report on the District of Columbia Appropriations Act of 1976.

As the Senate will recall, the budget estimate for the District of Columbia for fiscal year 1976 amounted to $1,046,830,700 for operating expenses and $156,-

217,600 for capital outlay. The amounts recommended by the conferees are $1,042,142,700 for the fiscal year 1976 operating expenses and $117,706,500 for fiscal year 1976 capital outlay. The amount agreed to by the conference is $728,000 less than the Senate bill with regard to operating expenses and $5,112,800 more than the Senate bill with regard to capital outlay. The principal reason for these differences is that the House position on the 2 cents per kilowatt-hour limitation on the amount that the city can pay for electricity for street lighting prevailed which reduced operating expenses by $980,000 and the House position on replacing the Burrville Elementary School prevailed which increased the capital outlays by $5,612,800.

For the transition quarter, the city's request was $248,536,400. The amount recommended by the conferees is $248,130,200 which is $261,600 more than the Senate bill. The principal reason for the difference between the conference and the Senate bill is that the conference restored $500,000 of the $1,000,000 reduction recommended by the Senate for the Bicentennial account.

The House/Senate conference spent a great amount of time discussing the merits of providing Mr. Sterling Tucker, chairman of the city council with a car and chauffeur for his official transportation needs. The House allowance had provided a car and chauffeur for Mr. Tucker while the Senate allowance had not. The House receded to the Senate on this matter based on the joint understanding that it would be considered again along with the fiscal year 1977 budget.

During the conference it became clear that the House conferees were divided on the issue of a car and chauffeur for the chairman of the city council and several of the House conferees felt that additional information was needed before a decision could be made. Subsequent to the conference, both the House and Senate scheduled tentative hearings for Wednesday, June 30, to gather more information on the issue of the car and chauffeur. Subsequent to the scheduling of the hearings, Mr. Tucker withdrew the city's request for a car and chauffeur with the hope that the fiscal year 1977 report language could recognize the need for the provision of transportation for the chairman of the city council by use of existing personnel and resources.

Mr. President, I ask unanimous consent to have printed in the RECORD Chairman Tucker's letter of June 28 to the subcommittee withdrawing the request for this item.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COUNCIL OF THE DISTRICT OF COLUMBIA,
Washington, D.C., June 28, 1976.
Hon. LAWTON CHILES,
Chairman, Senate District Committee on Appropriations, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: During the course of the hearings before your Committee on the FY '76 amendments to the budget of the District of Columbia, you proposed alternative ways of handling the transportation needs of the Chairman of the Council.

In the spirit of your proposal, I would recommend language in the appropriations act as follows:

"Transportation requirements of the Chairman of the Council of the District of Columbia shall be met through the assignment of existing personnel and resources."

Such language would remove from further consideration the question of limousine and chauffeur while at the same time recognize normal transportation requirements of the office.

I believe all parties concerned, including the public, would regard this an acceptable resolution of this matter.

Sincerely,

STERLING TUCKER,
Chairman.

Mr. CHILES. The conference also discussed the 2-cent-per-KWH limitation on the amount that the city can pay Potomac Electric Power Co.—PEPCO—for electricity for street lighting in the city. Because of the dramatic increase in the cost of electricity over the past several years, this limitation makes it impossible for the city to pay its electricity bills. This limitation has been in existence in one form or another since 1912 and was placed there by the House Appropriations Subcommittee on the District of Columbia. The Senate allowance provided for the elimination of the limitation and also provided $980,000 to the city to permit it to pay its electricity bills. The House argued for the continuation of the 2-cent-per-KWH limitation, emphasizing that the limitation represents PEPCO's cost of doing business with the city. While the Senate subcommittee receded on this item, we intend to keep this issue under review and will attempt to insure that fairness prevails to all parties involved.

The city had requested $8.4 million to purchase the Metropolitan Hotel and transform it into a hospital providing extended care. Use of the Metropolitan facility as a long-term care facility would permit the city to close the Glenn Dale Hospital and move the patients now at that facility in Glenn Dale, Md., into the District of Columbia to the Metropolitan facility. The House approved the city's request to purchase the Metropolitan facility and close the Glenn Dale facility in Glenn Dale, Md.

The House receded to the Senate and the joint understanding was reached that the matter would be looked into further during the fiscal year 1977 budget process. In order to obtain the additional information necessary for the subcommittee to make a final decision on this matter, I have requested GAO to review the city's cost estimates for renovating the Glenn Dale facility in order that Glenn Dale can meet HEW life-safety codes. I have also asked GAO to review the city's estimates for transforming the Metropolitan Hotel into a long-term care facility. Numerous public witnesses that appeared before the subcommittee presented information questioning the city's estimates. I have also requested the Mayor to submit a report to the subcommittee on this matter to cover a number of items including the comparative quantity and quality of services that could be provided at the two facilities. Both the GAO report and the Mayor's report are due back to the subcommittee on July 16, 1976 in time for use during the fiscal year 1977 budget process.

The conference agreed to reduce the Bicentennial services request by $300,000 for fiscal year 1976 and $500,000 for the transition quarter. This represents a total reduction of $800,000 from the city's request of $4 million for additional funds requested for the Bicentennial celebrations. These reductions are appropriate because the large crowds expected for the Bicentennial celebrations have not materialized and are no longer anticipated. The conference report provides assurances, however, that adequate resources will be available to protect the public health, safety and welfare in the Nation's Capitol and additional funds will be made available if a demonstrated need arises.

The conference agreed to reduce funding requested for the Washington Convention and Visitors Bureau by $100,000. This represents the beginning of the phase-out of city funding of this activity which should be more appropriately funded by the private sector.

Additionally, the House receded to the Senate's position which disallowed $9.6 million for the resource recovery facility requested for Lorton. The technology for the resource recovery facility is still in the experimental stage and because of the intense pressures on city revenues this does not seem to be the time for a multimillion dollar high risk experiment.

Finally, I would like to highlight the $54,000 and the 20 positions which the Senate added to the bill above the city's transition quarter request for Forest Haven. In addition to adding these funds, the Senate created a new account for funds provided for Forest Haven improvements in order that the city will be required to account for these funds. The House receded to both of these changes. I will continue to review the special needs of Forest Haven to insure that the city is providing adequate care to the mentally retarded individuals at Forest Haven.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: $248,948,700

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 7 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: $30,111,700

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 13 to the aforesaid bill, and concur therein.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 17 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: $26,919,400

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 21 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: $6,915,600

Mr. CHILES. Mr. President, I move that the Senate concur in the amendments of the House of Representatives to the amendments of the Senate in disagreement.

The motion was agreed to.

Mr. CHILES. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table comparing the conference agreements with the amounts for fiscal year 1975, the budget estimates for fiscal year 1976 and the transition period, and the amounts recommended in the House and Senate versions of the bill.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	New budget authority					Conference compared with—			
	Fiscal year 1975 enacted	Estimates 1976/transition	House 1976/transition	Senate 1976/transition	Conference 1976/transition	Fiscal year 1975 enacted	New budget authority estimate	House bill	Senate bill
FEDERAL FUNDS									
Federal payment	$226,200,000	$254,000,000	$250,000,000	$249,676,700	$248,948,700	$22,748,700	−$5,051,300	−$1,051,300	−$728,000
Transition period		66,500,000	66,500,000	65,876,000	66,137,600		−362,400	−362,400	261,600
Payment in lieu of reimbursement for water and sewer services to Federal facilities	5,600,000	5,688,000	5,688,000	5,688,000	5,688,000	88,000			
Transition period		1,422,000	1,422,000	1,422,000	1,422,000				
Loans to the District of Columbia for capital outlay	152,600,000	248,153,000	210,000,000	209,000,000	210,000,000	57,400,000	−38,153,000		1,000,000
Transition period									
Total, Federal Funds	384,400,000	507,841,000	465,688,000	464,364,700	464,636,700	80,236,700	−43,204,300	−1,051,300	272,000
Transition period		67,922,000	67,922,000	67,298,000	67,559,600		−362,400	−362,400	261,600
DISTRICT OF COLUMBIA FUNDS									
Operating Expenses									
General operating expenses	82,087,900	118,081,200	116,861,000	116,314,400	116,366,400	34,278,500	−1,714,800	−494,600	52,000
Transition period		30,984,600	30,024,900	30,098,300	30,111,700		−872,900	86,800	13,400
Public safety	231,851,700	243,079,100	243,059,100	243,059,100	243,059,100	11,207,400	−20,000		
Transition period		66,784,000	65,436,100	64,499,500	64,999,500		−1,784,500	−436,600	500,000
Education	223,351,600	237,841,600	237,382,300	237,325,900	237,325,900	13,974,300	−515,700	−56,400	
Transition period		47,568,300	47,476,500	47,465,200	47,465,200		−103,100	−11,300	
Recreation	15,758,700	16,522,000	16,520,000	16,520,000	16,520,000	761,300	−2,000		
Transition period		4,956,600	4,956,000	4,956,000	4,956,000		−600		
Human resources	234,528 800	265,079,400	264,124,200	264,074,500	264,074,500	29,545,700	−1,004,900	−49,700	
Transition period		74,222,200	74,830,900	74,871,000	74,871,000		648,800	40,100	
Transportation	26,177,400	27,922,600	26,942,600	27,899,400	26,919,400	742,000	−1,003,200	−23,200	−980,000
Transition period		7,326,900	6,922,400	7,167,400	6,915,600		−411,300	−6,800	−251,800
Environmental services	56,910,000	63,619,700	63,619,700	63,492,300	63,492,300	6,582,300	−127,400	−127,400	
Transition period		16,693,800	16,345,800	16,311,200	16,311,200		−382,600	−34,600	
Personal services		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000			
Transition period			2,500,000	2,500,000	2,500,000		2,500,000		
Settlement of claims and suits	200,300	304,500	304,500	304,500	304,500	104,200			
Transition period									
Repayment of loans and interest	49,067,000	63,380,600	63,380,600	63,380,600	63,380,600	14,313,600			
Transition period									
Bicentennial services		1,000,000	1,000,000	500,000	700,000	700,000	−300,000	−300,000	200,000
Transition period									
Total, operating expenses	919,933,400	1,046,830,700	1,043,194,000	1,042,870,700	1,042,142,700	122,209,300	−4,688,000	−1,051,300	−728,000
Transition period		248,536,400	248,492,600	247,868,600	248,130,200		−406,200	−362,400	261,600
Capital Outlay									
Capital outlay	204,918,000	156,217,600	135,259,500	112,593,700	117,706,500	−87,211,500	−38,511,100	−17,553,000	5,112,800
Transition period									
Total, District of Columbia funds	1,124,851,400	1,203,048,300	1,178,453,500	1,155,464,400	1,159,849,200	34,997,800	−43,199,100	−18,604,300	4,384,800
Transition period		248,536,400	248,492,600	247,868,600	248,130,200		−406,200	−362,400	261,600

(The following proceedings occurred during the consideration of the tax reform bill and are printed at this point in the RECORD by unanimous consent.)

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1977—CONFERENCE REPORT

Mr. McGEE. Mr. President, I submit a report of the committee of conference on H.R. 14237, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BARTLETT). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14237) making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of June 25, 1976, beginning at page 20601.)

Mr. McGEE. Mr. President, I will not go into the details of the bill at this time. The action of the conference committee is well detailed in the conference report and the statement of the managers on the part of the House and the Senate. This report was printed on pages 20601–20603 in the RECORD of June 25, 1976. It is also available as House Report 94–1303. The specific differences between the House and Senate versions are set forth in the table I shall include at the end of my remarks.

The bill as reported by the conference committee is approximately $638 million below the Senate version. This reduction, while large, can be almost completely attributed to one item. That is the reimbursement to the Commodity Credit Corporation for losses not previously reimbursed.

The traditional Senate position has been to restore these losses in full, and not play bookkeeping games with this item. We restored the complete losses to this account for fiscal years 1974 and 1975. The House provided funds only for fiscal year 1974's losses.

In conference, against adamant opposition and insistence by the House Appropriations Committee, the Senate yielded. We gave up more than $700 million by that action.

The only other item I want to mention is the change that the conference committee made in the funding of various child nutrition programs in the Food and Nutrition Service.

This change did not alter the total funding available for these programs. However, in order to meet the House position that section 32 funds be maintained and ready for the protection of farmers in case of surplus conditions, we did some adjusting in the source of funds for these child nutrition programs. Specifically, the conference reduced the Senate's transfer from section 32 to these programs by $100 million and raised the direct appropriation figure by a similar amount. Again, this is a bookkeeping adjustment, in order to insure that section 32 funds are available in sufficient amounts to maintain an orderly marketing process.

Mr. President, the bill agreed to by the conference committee provides new budget—obligational—authority of $11,542,998,000 for fiscal year 1977. This is $638,234,000 below the bill as passed by the Senate.

It is the net figure that results when the following increases and decreases are taken into account:

Deductions from the Senate bill

Agricultural Research Service	$6,594,000
Scientific activities overseas (special foreign currency program)	2,500,000
Animal and Plant Health Inspection Service	9,150,000
Cooperative State Research Service	2,890,000
Extension Service	8,262,000
Economic Research Service	475,000
Reimbursement to the Commodity Credit Corporation	709,599,000
Rural Electrification Administration	26,000
Great Plains conservation program	1,000,000
Foreign Agricultural Service	500,000
Food and Drug Administration	10,428,000
Commodity Futures Trading Commission	885,000
Total reductions	752,309,000

Increases over Senate bill

Payments to States and possessions	$1,600,000
Agricultural conservation program	$15,000,000
Child nutrition programs	97,475,000
Total increases	114,075,000
Net reduction	**638,234,000**

Mr. President, the conference committee agreement is $160,440,000 less than the House bill. This net decrease from the House position is the result of the following increases and decreases:

Increases over the House bill

Agricultural Research Service	$3,006,000
Scientific activities overseas (special foreign currency program)	2,500,000
Animal and Plant Health Inspection Service	2,137,000
Cooperative State Research Service	1,950,000
Extension Service	3,261,000
Statistical Reporting Service	368,000
Domestic Farm Labor Housing grants	1,500,000
Salaries and expenses, FmHA	3,498,000
Rural Development Service	109,000
Great Plains conservation program	1,000,000
Special milk program	11,000,000
Foreign Agricultural Service	500,000
Food and Drug Administration	5,206,000
Commodity Futures Trading Commission	1,000,000
Total increase	37,035,000

Decrease from the House bill

Child nutrition program	$197,475,000
Net decrease	160,440,000

Mr. FONG. Mr. President, the distinguished Senator from Wyoming has given a full explanation of the bill as reported by the conference committee. I would like only to touch on a few points.

This measure provides $11,542,998,000 in new obligational authority. This is $78 million more than the budget estimate, $638 million less than the amount passed by the Senate and $160 million less than was provided by the House.

It should be noted that in large measure the $638 million reduction was caused by the deletion of $709 million provided for payment of Commodity Credit Corporation losses and the addition of $100 million for the child nutrition programs. If these amounts are discounted, the bill as agreed to in the conference is only $26 million less than was provided by the Senate.

Much of this reduction was made in the research and extension program of the U.S. Department of Agriculture along with cuts in the amount provided by the Senate for the Animal and Plant Health Inspection Service.

I am not pleased with a number of these cuts—especially in this area of activity which is so vital to the strength of our Nation's agricultural base.

I do believe, however, that the measure as agreed to in conference does represent a fair compromise between the priorities of both Houses within the fiscal constraints of the budget ceilings.

Mr. President, I would also like to note that this will be the last regular agriculture budget bill on which I will have the pleasure of working with the able and distinguished Senator from Wyoming.

Our association on the Senate Appropriations Committee has been a long, pleasant and productive one.

I would also like to thank the distinguished Senator from North Dakota for his support and guidance and the distinguished Senator from Arkansas, chairman of the Appropriations Committee, for his able leadership.

Mr. McGEE. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. McGEE. Mr. President, I ask unanimous consent that the printing of a table showing the figures arrived at in conference compared with the previous year's funding level, the current budget estimates, the House bill and the Senate bill be waived, since such a comparison table was included in the House consideration of this conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

(This concludes the proceedings that occurred during the consideration of the tax reform bill.)

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I yield the Senator from West Virginia such time as he may require.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of a motion to lay on the table the Hathaway amendment today, if the motion to lay on the table carries, the Senate then proceed to the consideration of the deferral amendments.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LONG. Mr. President, if we are serious about trying to provide energy for the people of this country, then we know a number of things. One of them is that most of the energy that we can find in short order is going to have to be oil and gas, because that is where we can get a lot of energy the quickest and fastest.

In time, we will be able to look at nuclear, solar, and other more exotic sources of energy, but that is far down the road. It will take years, even, to open up new coal mines.

About 70 percent of our energy comes from oil and gas, and that is where we are going to have to make our headway if we are to do anything in the immediate future about our woeful dependence on the OPEC countries for our oil and gas.

We should have, under good leadership, been passing laws that would increase the number of active drilling rigs by as much as 100 percent. At a minimum, we should have increased the number of drilling rigs operating in this country by 50 percent. And yet, Mr. President, what has Congress done?

Since the OPEC cartel exerted its power, exercised its muscle, had the people standing in line, and quadrupled the world price of oil, Congress has enormously increased the taxes of the oil and gas industry, has rolled back their prices, and has tried to force the automobile companies to manufacture small automobiles that they cannot sell. Obviously when the price of gasoline is artificially kept down to 52 or 53 cents a gallon, it is easy to see why people would not want to buy small automobiles, while we are holding the price of gasoline artificially low.

Against that set of circumstances of a drastic increase in the taxes on the industry as well as a rollback in their price, the number of drilling rigs have gone down under that kind of statesmanship, if one wants to call it that, from 1,800 drilling rigs active down at the present time to about 1,500 active drilling rigs. It amounts to a reduction of about 20 percent in the number of active drilling rigs at a time when we should have been increasing it by 100 percent or at least 50 percent. So Congress has been doing exactly the opposite of what should be done if we want to find an answer for our energy crisis.

Let us look at some of the things they have done to the very industry that we must rely upon most heavily in order to provide our energy sufficiency. In recent years, first depletion was reduced from 27 percent down to 22, then depletion was added to a 10-percent minimum tax, and then depletion was disallowed for all but the small independent producer—and for these producers depletion was made subject to these limits: 1,800 going down to 1,000 barrels per day, a rate going down to 15 percent and a maximum depletion allowance of 65 percent of taxable income. Then in this bill deductions for oil and gas drilling are made subject to an at-risk limitation. Any depletion allowance is subject to the new tougher 15-percent minimum tax. Furthermore, intangibles in excess of related income are also made subject to a new minimum tax.

All of these things have been done to the industry to discourage it from producing more energy rather than to encourage it. Now we have the record to show us what has been done already, a 20-percent reduction in the active drilling rigs in this country.

This amendment would be particularly harmful to the independents, because those are the people who go out and seek to find oil and gas. When they find it, because their capital is limited, they are forced to sell in order to find money to go out and look for more oil. For example, a fellow might have under lease 1,000 acres and he might have enough acreage under lease to drill 10 wells, or maybe 20, but as he finds oil he finds himself compelled to sell what he has, and it is usually a sale at a substantial sacrifice, in order to obtain cash to drill the other locations he has available to him, and usually those leases only allow him a certain period of time within which to drill.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. LONG. Yes, I yield to the Senator.

Mr. FANNIN. Is it not true, I ask the distinguished Senator from Louisiana, that when we gave the incentive to the oil companies, when they had the price available to them of new oil, the activity in rotary rigs increased? In fact, that is where he got his 1,800 figure. Then when we started cutting off those incentives we dropped down to 1,480 from that almost 1,800. That, I think, is an indication of what is happening and, of course, we will go farther down. In fact, I know the Senator is very good at giving illustrations. Is this not about right—they are not killing the oil industry and the independents that drill about 85 percent of all the wells; they are just dismembering them? Here they are not cutting off their head but just cutting off the right arm and the next move would be cutting off the left arm. This is the serious move, this is one cutting off that right arm that has helped them to keep going and to give them incentive to keep going so they have the risk capital and, of course, here is another move that will take away that risk capital.

Mr. LONG. That is right.

It should also be pointed out that this amendment really creates no problem for the major companies, Exxon, Texaco, Gulf, all the majors; this amendment would create no problem for them because those people do not have to sell their oil properties. They do not have to sell. They usually do not. Usually when they drill and find oil, they stay there and hold them. It is only when someone sells the well that this recapture provision would come in and impose a major tax increase on the person who is selling his well. So even though it is not limited to the independents, as a practical matter, what this does is to crucify the smaller independent producer, and the smaller they are the worse this hurts them because the smaller a producer is the more pressure he is under to sell his well in order to go out and find more oil. It would be difficult to design something which theoretically is applicable to the whole industry, and, as a practical matter, more specifically it singles out the little fellow to clobber him rather than the big one who might be better able to stand the burden of that additional tax impact.

Mr. FANNIN. I will ask the distinguished Senator: Is it not true that the cost of drilling has gone up so tremendously that this too, is hurting the independent driller? I have information that comes from the Bureau of Mines that from 1953 to 1965 drilling costs varied between $11 and $13 per foot, and then rose rapidly; spectacular increases have taken place in recent years from $22.50 in 1973 to about $38 in 1975; in other words, that in 1965 well drilling costs held steady from 1953 to 1956 and then it was $11 to $13. Now instead of $13 in 1975, 10 years later, it is $38.

Mr. LONG. The Senator is correct.

Mr. President, there is no way that the independent producers, particularly the smaller ones, can stand this major tax increase without drastically reducing their drilling activities. So that is exactly the opposite of what we ought to be doing in this country. We have been talking about tax cuts to try to stimulate a slack economy.

In many areas the tax cut is not going to do any good. We have all the food on hand that our people can eat. We are producing all the clothing and housing that people can buy the way it stands now.

The one area where we could and we should put millions of people to work is in the energy area, and yet this amendment will put people out of work in the energy area.

There is nothing new about letting somebody write off an expense as he incurs it. We have such provisions in at least several places in the code. For example, research and development expenses can be written off, and they are not required to be recaptured. Mining development expenses under section 616 can be written off, and there is no requirement that they be recaptured. Expenditures for farmland clearing under section 182 can be written off. There is no effective recapture after the first few years. Trademark and trade name expenditures can be written off. That is under section 177.

Mr. President, what do we need the most in this country? More energy, or more expenditures for trade name and trademark protection?

Circulation expenditures of magazines and newspapers under section 173 can be written off. There is no requirement of any recapture. Do we need to increase the circulation of newspapers and magazines, or do we need more energy? I am not criticizing the newspapers. All I am saying is that if that is an appropriate tax writeoff for them, with no need of recapture where they are concerned, then why should it not be done for the oil and gas producers, particularly independents, whose activities we definitely need?

Furthermore, farm soil and water conservation expenditures and soil enrichment expenditures under section 175 and section 180 can be written off. There is no effective requirement of recapture. Expenditures for organizing a corporation can be written off. There is no requirement of recapture.

If we are not going to require recapturing in all those situations, not a single one of which claim a priority for the need for little people to go out where they can and find us more energy, why do we require it for the independent producers? They are not the people we are trying to divest. These are not the companies we are trying to put out of business. These are little people we are trying to put in business and keep in business. Half of them have been liquidated under the unwise policies of Congress already.

If we want to go any further than that, a concern of the national interest and statesmanship would demonstrate that we do just the opposite. But at least, if we cannot do anything to help these people solve our energy problem now, can we not quit doing things to hurt them when they try to solve our energy problem in the one area where we are most likely to make some headway?

I can just see Congress, if those who support this amendment have their way, voting to put the oil people and gas producers out of business, cutting back on oil production, shutting down drilling rigs and, having done all that, standing there and saying, 'Oh, isn't that awful?" The next time the Arabs put the boycott on and next time OPEC refuses to ship us energy, they will say: "Oh, isn't that terrible?"

These great oil companies will not be against this proposal because it, in effect, helps the big oil companies to put their little competitors out of business, since the big oil companies do not have to sell their wells. They keep them. Why should they not keep the wells?

The little independents sell their wells based on estimates by the geologist, who would lose his reputation and be fired and never be hired again if he gave an estimate that there is as much oil found there as there really is. The bank and the buyer are given an estimate of oil in the ground that is such that they will recover about three times as much oil as he has estimated to be there.

For example, a bank will not lose any money, so long as more oil is found down there than the geologist estimated. But if less oil is found down there than the geologist estimated, he will never be hired again. He will have lost his credentials as a geologist because he at one time estimated on the short side. If the estimate should come out even, people would not trust him again, because they would feel, "You can't trust this guy." At some future point, he might come up with an estimate and one would find less oil down there than he estimated. The safe thing to do is to estimate on the conservative side, to allow about a third of what actually can be produced from the well. So when the new independent sells his well, he takes a brutal beating with respect to the estimate of the amount of oil down in the ground.

Furthermore, most of the new oil and gas is found in the same structure, right beneath the first pool of oil. If you drilled down to 5,000 feet in my part of the country, in a salt dome structure, and found oil or gas, your best be would be to dig deeper on the same structure. So the independent is paid for a third of what he has found, but he would lose his chance to drill deeper and find more. Usually, a structure of that type, which occurred sometime in the early formation of the Earth, is the best place to look to find more oil.

It is bad enough to have a set of economics by which the independent gets all the worst of it when he finds himself compelled to sell his well—and most of them do—but to go beyond that and recapture his intangible drilling costs, to double up on his taxes all over again, would be altogether too cruel to those on whom we are counting to try to provide us with a great deal more energy and to whom in many respects we must look to solve our energy problems by creating more competition and by finding the resources that many have overlooked in their quest for fuel in this country.

Mr. President, increasing the tax when an independent sells a successfully drilled property would reduce the amount of new drilling which the independent could do. This would further increase the decline in new drilling that is already taking place—as a result of price controls and tax measures already taken drilling rigs in use have declined in the first part of this year:

December 1975	1,793
January 1976	1,710
February 1976	1,594
March 1976	1,540

I insist, Mr. President, that if one is interested in energy independence and interested in seeing the independents stay in business and compete with the major companies, he would feel compelled to vote against this amendment.

Mr. HATHAWAY. Mr. President, I wish to make two points with respect to the remarks of the Senator from Louisiana.

We have heard the argument before as to how important energy is to this country, and there is no question that energy is extremely important to this country. But if we are going to have a realistic tax bill or a realistic appropriations bill, we would have to go through all the industries in this country and establish some kind of priorities and go about determining how much money the Federal Government should contribute to each of them, whether they need it or not, rather than go on an ad hoc basis and say, "If you're going to hit us with a recapture of our excess depreciation, that is going to really cripple the energy industry."

I cannot see that there is any real causal connection if there is going to be a $5 million saving in an industry that is worth billions and billions. I cannot see how it is going to have a tremendous effect on the oil industry.

When we were discussing the oil depletion allowance, the argument was made, "Why take the depletion allowance away from the small independents, because they just sell to the majors, anyway?" Those opposed to taking it away said, "No. They keep those wells and, therefore, they need the depletion allowance."

Now the argument is made the other way around, that they sell them all now, so they cannot be subjected to the recapture rule.

The Senator from Louisiana listed a lot of industries in which we have no recapture, such as R. & D., mining, land clearing, trademarks, and there may have been others.

In the first place, in most of those areas, the question of a sale does not arise, so we do not have any problem with respect to recapture. But even if we did have a problem with respect to recapture, the percentage of R. & D., for example, would not be anywhere near as great as the intangible drilling costs, which amount to a half or two-thirds of the cost of the oil well.

In the third place, if the Senator from Louisiana wants to add all those on this amendment, I will be only too happy to accept them and have those deductions recaptured, also.

I point out, finally—before yielding to the Senator from Massachusetts—that either through the committee bill or in existing law, with all the tax shelters we have considered, there is a recapture rule applied, except in this one tax shelter in the intangible drilling costs.

Mr. BENTSEN. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HATHAWAY. I yield.

Mr. BENTSEN. May we have a division of time from now on?

Mr. HATHAWAY. We have already established that.

Mr. BENTSEN. That was not established.

Mr. HATHAWAY. The time for voting is 5 o'clock.

Mr. BENTSEN. My understanding is that there is an hour on each side.

Mr. President, I ask unanimous consent for a division of time, because the time has not been logged.

The PRESIDING OFFICER. Without objection, the time between now and 5 o'clock will be divided between the two Senators.

Mr. HATHAWAY. Mr. President, I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I would like to hear the Senator from Maine's comments on a couple of points.

I agree with the Senator from Maine that any time we talk about altering the intangible drilling costs or the depletion allowance, we hear the warnings of woe from the oil industry. Nonetheless, we saw the depletion allowance altered dramatically, reduced by approximately $1 billion, although it was retained for the smaller independents, and still we see the profits of the industry continuing to soar. That is understandable when we see the extraordinary increases in the price of oil.

Under present law, oil and gas investors can deduct intangible drilling and development costs against ordinary income, then sell the well at capital gains rates.

Thus, ordinary income is, in effect, converted into capital gains and taxed at only one-half the normal rates.

The Hathaway amendment requires that if oil or gas well is sold at a gain, an amount equal to the previously deducted intangibles would be recaptured as ordinary income.

The revenue gain would be $300 million by fiscal year 1981.

Mr. President, the intangibles deduction is really a form of accelerated depreciation or amortization deduction.

In all other areas, we require recapture of such deductions, such as real estate, machinery and equipment movies, cattle, 5-year amortization of pollution control facilities, child care facilities, and railroad cars.

So, oil and gas is the only significant area excepted from the general recapture requirement.

The ability to convert ordinary income into capital gains is a major tax abuse that should be closed.

Only the amount of intangibles previously deducted against ordinary income is recaptured; the balance of the gain still qualifies for capital gains treatment. In addition, the failure to require recapture encourages oil and gas tax shelters.

Mr. President, we hear it argued that recapture will primarily affect independents who do most drilling, and that this change will, therefore, cut back on drilling activity.

There is no evidence that recapture has cut back on real estate developments, or cattle purchases, or machinery and equipment purchases, all of which are subject to recapture rules. This is just a scare argument by someone about to lose a part of his loophole.

The principal purpose of the amendment is to prevent the intangible drilling deduction from being used to convert ordinary income into capital gains.

As I have said, under present law, the deduction is taken against current income. Later when the oil or gas well is sold, the gain is taxed at highly favorable capital gains rates. In other areas under present law or the committee bill, such as equipment and machinery, farming, real estate, and sports franchises, gain from such sales is to be treated as ordinary income to the extent that prior depreciation has been taken on the property. The same rule should apply in the case of deductions taken for intangible drilling costs.

The House bill proposed a recapture rule in this area, but it was deleted by the Senate Finance Committee.

Under the Hathaway amendment, only amounts deducted against ordinary income will be recaptured. The increased value of the property above such deductions will still be eligible for capital gains treatment. By definition, such sales will involve valuable property that is actually producing oil or gas. Such value will still be taxed at capital gains rates. There will be no significant disincentive to exploratory drilling or the sale of developed oil or gas properties.

Finally, Mr. President, in the June 22 floor debate on application of the recapture principles to sports franchises, Senator LONG stated the correct rule as follows:

> Mr. President, in selling assets, we have found generally that there was a need for recapture because, otherwise, one takes advantage of quick depreciation in certain situations, and then when he has used up all his depreciation, or most of it, he sells the asset and in doing so he converts the depreciation deductions against ordinary income into a capital gain. . . .
>
> That is one of the gimmicks in the tax law. We say it ought not to apply to sport franchises and player contracts because it is just one of those many things that people have seized upon to find ways to manipulate the tax laws to convert ordinary income into capital gains income. . . .
>
> I do not see why these people who own these franchises for the football and baseball teams and the player contracts ought to have an advantage over the farmers or some of the business men who have taken a rapid tax writeoff for depreciation, and now are being asked to pay some of that back, when they are, in effect, converting a lot of ordinary income into capital gains.

One further point. Let me reemphasize that the amendment does not change the percentage depletion allowances. Congress repealed the depletion allowance for major producers last year, but left it alone for small producers.

It is my understanding that the amendment of the Senator from Maine does not affect the depletion allowance for small independents.

Mr. HATHAWAY. The Senator is correct.

Mr. KENNEDY. It still does not affect the opportunity of these small independents to deduct their intangible drilling costs.

Mr. HATHAWAY. The Senator is correct.

Mr. KENNEDY. We are not eliminating that for any of these small independents.

Furthermore, it is clear that the small independents are enjoying a field day at the present time. The reason is that they are selling new oil at the international price, which means extraordinary profits for the independents.

They will still have that incentive, irrespective of whether the amendment of the Senator from Maine is adopted.

Mr. HATHAWAY. The Senator from Massachusetts is absolutely correct.

Mr. KENNEDY. The point has been made during this discussion that by eliminating this, actually, we are going to be penalizing the smaller operations. I wonder whether the Senator, as a member of the committee, could tell us about the health of the oil industry. In equipment leasing, for example, and in the other areas where a recapture provision has actually been applied by the Committee on Finance. It seems to me that we cannot really make the case that anyone is penalized by recapture. It is a fair tax rule. It prevents ordinary income from being turned into capital gains.

It is my understanding that the smaller oil companies, themselves, have done very well. I think the record is quite clear on that point.

Finally, Mr. President, if we adopt the rationale of the Committee on Finance on this proposal, am I not correct in saying that a real estate developer should be able to deduct the cost of a whole building, if the committee's rule is applied to real estate.

Mr. HATHAWAY. The Senator is correct. I pointed out in my opening remarks that if we are going to do in real estate what the oil companies are doing, the Senator would be right. All the labor costs of building that building could be deducted right away. He would not have to amortize them over the life of the building, and he would get the same break the oil companies are getting.

Mr. KENNEDY. Does the Senator know of any small businessman or large businessman in the State of Maine who could do that?

Mr. HATHAWAY. I know of no small or large businessman in my State or in the entire country who could do that and get away with it.

Mr. KENNEDY. What about a businessman up in the State of Maine, who purchased machinery for a factory; would he not be able to follow the same procedure, deduct the whole amount in the first year?

Mr. HATHAWAY. That would be correct.

Mr. KENNEDY. But we do not allow that for any businessmen in our part of the country or any other part of the country.

Mr. HATHAWAY. I should point out that as far as tangible property is concerned, the entire amount of the depreciation is recaptured. All we are recapturing here is excess over straight line. Realistically, we probably should be recapturing the whole thing, but we are not. We are putting them on the same basis as real estate and recapturing only straight line depreciation and the amount above that, accelerated depreciation.

Mr. KENNEDY. I thank the Senator for that explanation. I do not know whether the Senator was on the floor the other evening when the Chairman of the Committee on Finance made an extremely eloquent statement about applying the concept of recapture to sports franchises. I found his argument very persuasive then.

Finally, as I understand it, the way this measure reaches the inequity that allows powerful individuals and corporations to convert ordinary income into capital gains. That is really what we are talking about, are we not, the ability to take dollars that would be at the 70-percent level, or the 48-percent level and transform them into capital gains to be taxed at a lower rate?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. That is what is being done today. It is being done in a number of different instances. Individuals who use this device are not so much interested in whether they strike oil or gas, because they are getting these kinds of deductions. What it really amounts to is drilling in the Internal Revenue Code. I think a strong case has been made by the Senator from Maine. I hope that our colleagues will support the amendment.

Mr. HATHAWAY. I thank the Senator from Massachusetts.

I yield now to the Senator from Colorado, who is also a cosponsor of this amendment.

Mr. HASKELL. I should like to pursue the line of questioning that the Senator from Massachusetts was pursuing. Suppose, Mr. President, we could assume that the lobster fishermen had the same political clout that the oil people do. Let us assume that they were able to get a special provision in the Internal Revenue Code in which, whenever they built a lobster boat or bought one, they could deduct it all in 1 year. I suggest to the Senator from Maine that if that were true and, therefore, they bought a lobster boat in March and deducted it all, deducted the whole thing, and then sold it in November and took a capital gain, even the Senator from Maine might not think that was equitable. Would I be correct in that?

Mr. HATHAWAY. I wish the Senator would give another example. I would agree with the Senator from Colorado. Even for a lobster boat, it would be inequitable. Every other piece of equipment is subject to recapture, except for some exceptions that the Senator from Louisiana has made. Virtually all equipment is subject to recapture in the cases that the Senators have just pointed out. There is no reason why intangible drilling costs should not be also.

Mr. HASKELL. It would be a ripoff to deduct the full cost of the lobster boat in March, but then it would be duplicating the ripoff to sell the lobster boat in November and take a capital gain. Let us assume—I know that lobster fishermen are not as wealthy as oil people. But let us assume that we have a very wealthy lobsterman and he was in the 70-percent bracket and he spent $10,000 for his boat. If he could deduct the whole thing, he would save $7,000 in taxes.

Then, let us say that he goes and sells that lobster boat in November for $10,000 and he pays a capital gain, which tax should be $2,500. He would put $7,500 in his pocket because he sold the lobster boat for what he bought it for, but, in addition to that, the Government would have given him $7,000 on a tax writeoff. So, on a $10,000 lobster boat, he would have been in the enviable position of ending up with $14,500.

That is not bad, is it?

Mr. HATHAWAY. No, that would be very good. I wish we could all do that.

Mr. HASKELL. That would be pretty good. I might even go into the lobster business if that were the case.

All I am pointing out to the Senator from Maine is that we are trying to prevent the second ripoff. The Senator is not trying to prevent the first. He is saying, let these folks deduct the lobster boat on the first go-around, but please do not let them get into the U.S. Treasury and take a capital gain, converting an ordinary depreciation into a capital gain the second time around.

Now, we have a very comparable situation where we build an apartment house and take this ordinary depreciation, which really gives twice the amount of depreciation it is really entitled to, and the Senate Finance Committee, in its wisdom, has not seen fit to let them get a double ripoff there, has it?

Mr. HATHAWAY. The Senator is correct.

Mr. HASKELL. If he sells it at a profit, why, then, he is going to have to pay ordinary income tax on the portion that the excess depreciation was over real depreciation.

So, all the Senator is trying to do, as I understand it, is put intangible drilling costs in the same category as a great many other things where we get accelerated depreciation.

Mr. HATHAWAY. The Senator is right.

Mr. HASKELL. He is not doing anything radical, he is not doing anything different, he is just trying to put intangible drilling in the same boat everybody else is in.

Mr. HATHAWAY. The Senator is absolutely correct. I should point out that they are still going to get the benefit of deferrals. They can still take all these tangible drilling costs as a deduction. If they deduct those costs, they would have to pay more taxes in the year when they took the entire costs as a deduction. It is still only the excess over straight line depreciation; it is not the entire depreciation, as is the case in tangible personal property.

In the third place, it leaves independents in the business of drilling and selling. Perhaps we should charge them ordinary income on the entire sales, because certainly the person in the real estate business would have to be charged the ordinary income tax rate and could not take a capital gain. Perhaps we are not going far enough.

Mr. HASKELL. Well, that is entirely possible. But it is going to be tough to go as far as we are trying to go, I suspect.

Mr. HATHAWAY. I think the Senator is correct.

Mr. HASKELL. I would say to the Senator from Maine I am sure some of the people who oppose this are going to say that this is going to grind to a halt all efforts to find oil and gas. I am sure that will be part of their argument. I suspect maybe that is what that charge is in aid of, although I am not sure.

But it is a little difficult for me to understand that because I had always thought the purpose of drilling a well was to find oil, and if that is the case, since they could get their full intangibles on drilling, you would think that would be the incentive. In other words, they would bring off what would ordinarily be a capital cost, and I did not think that people then turned around and sold their properties to try to get a capital gain. It is very hard for me to see how the oil industry would be adversely affected, except that people want to use the tax code to get, in effect, a double dip.

Would the Senator feel that was the case?

Mr. HATHAWAY. Yes, I agree with the Senator 100 percent.

Mr. HASKELL. For the record, I will amend my original example of the lobster boat and make the assumption that the lobster boat was sold for $20,000 in November, and then my arithmetic comes out correct.

I thank the Senator very much.

Mr. HATHAWAY. Mr. President, I reserve the remainder of my time.

Mr. BENTSEN. Mr. President, a comment was made about the tax treatment of sports franchises but I do not think that is applicable to tax issues pertaining to our serious energy problems.

We are facing an energy shortage in this Nation and recent legislation passed by Congress has only aggravated that problem.

In 1970, the United States was only 23 percent dependent on foreign sources of oil. Today our reliance has doubled. We are over 40 percent dependent on foreign sources of oil and it is estimated that our dependence may increase to close to 60 percent by 1980. Since the 1973 embargo our reliance on Middle East oil has increased more than 50 percent. Between 1970 and the present, domestic production of petroleum liquids declined by over one million barrels a day. The pending amendment will only aggravate the situation.

I often think that this country and the Congress have the attention span of a 5-year old when it comes to energy. Already we have forgotten those long lines at the gas pumps and we pretend that there is no longer an energy problem. However, if we continue to import more than 40 percent of our energy needs we would be forced to resort to gas rationing in the event of a future embargo.

What have we done in the way of energy and tax legislation over the last few years? We first cut the oil depletion allowance from 27 to 22 percent and then down to 15 percent and depletion was disallowed for all but the small independent producer. In this bill deductions for oil and gas drilling are made subject to the "at risk" limitations. Any remaining depletion is made subject to the new, tougher 15 percent minimum tax. Intangibles in excess of related income is also made subject to the new minimum tax. This has a substantial impact on independents, who must sell their successfully drilled properties since they may have little oil production income in many years.

So we have substantially penalized the exploration for oil and gas in this country, at the same time that we are seeing the costs of drilling increase dramatically. For example, a 4,800-foot well in West Texas that cost $85,000 in 1973 now costs over $165,000.

Pipe, drilling mud, rigs, labor, everything connected with oil production is increasing. Those oil and gas reserves that are easy to find and inexpensive to produce have already been located. New reserves which are needed to meet our future energy needs are far more costly to produce. New discoveries produce smaller fields and the same level of investment in exploration and development yields progressively fewer barrels of oil.

It is traditional for independent oil and gas producers to try to develop some reserves and then sell those reserves. That is the way the independent producer stays in the business; that is the way he obtains capital to buy new rigs; that is the way he increases his drilling operations.

For the first time in many years you have seen some young people coming back into the oil business. They are being encouraged by the increase in price. Let us not put them out of business at a time when we are trying to develop energy self-sufficiency.

I believe the amendment proposed by the Senator from Maine would be totally counterproductive. Our tax laws currently provide that other comparable expenses may be taken without subsequent recapture. That is true for mining development expenses because we think those minerals ought to be developed for our country.

That is true for research and development expenses, that is true for farm soil and water conservation expenditures, soil enrichment expenditures, expenditures for farmland clearing, circulation expenditures of magazines and newspapers, and expenditures for trademarks and trade names. No subsequent recapture is required in these instances.

These are traditional expenditures for the development of many products. Yet we have no product that is of more concern to us or should be of more concern to us than energy products. We must develop some energy self-sufficiency so that we do not allow our foreign policy be held hostage by a small group of Middle East countries.

Every time we take action that makes us more energy dependent, we are defeating our national goals. We ought to bring a halt to that kind of a practice and that means we ought to defeat amendments like this which discourage drilling for oil and gas in this country.

We are also going to have to develop alternative sources of energy. The day will come when we will see Texas, Oklahoma, and Louisiana become energy short, importing other forms of energy from other parts of the country.

But what we have to do in the meantime is bide time to develop those alternative sources of energy.

An amendment as proposed here works to the contrary, making us again more dependent on the Middle East, and certainly the Senate ought to reject that amendment.

I yield such time as the distinguished senior Senator from Texas may require.

Mr. TOWER. I thank my distinguished colleague from Texas, and I associate myhelf with his remarks.

This latest attempt to restrict the current favorable tax treatment of intangible drilling and development costs is yet another example of the short-sighted and counter-productive attitude that has gotten this country into the kind of energy mess in which we now find ourselves. Adoption of this amendment, while it would result in a small increase in tax revenues, would amount to one more deterrent to domestic exploration for and production of crude oil and natural gas. In other words, it is just a meaningless gesture in terms of the production of revenue, but a punitive effort against the industry that would have very undesirable effects on continued exploration and production of oil and gas in this country.

This country is in a dangerous position with respect to the availability of adequate supplies of oil and gas. Domestic supplies are becoming increasingly inadequate in relationship to current and prospective demands, and our dependence on imported oil is increasing at a frighening rate. Both proved reserves and production of crude oil and natural gas reached a peak several years ago and have since declined steadily ever since. On the other hand, it is estimated that we will have to import in excess of 40 percent of our oil requirements just to meet day-to-day needs in 1976.

Fortunately, there are alternatives to continued and increasing reliance on imported petroleum. We have the capacity to develop the substantial remaining petroleum resources in this country, and we can take advantage of the innovative technology available to greatly increase recovery from existing reservoirs. However, the only way we are going to do that is to adopt reasonable and realistic policies that will encourage domestic exploration and drilling. If the domestic energy industry is to meet the high-cost, high-risk challenge of halting and reversing our present decline in oil and natural gas output, and restoring an acceptable degree of energy independence, it is going to have to have the encouragement of sound and consistent Government policies. Tax policy, in general, and tax treatment of intangible drilling costs, in particular, are key elements in such policies. Mr. President, it is apparent to me that this is the wrong time to make tax law changes which will surely decrease the flow of funds into critically needed oil and gas exploration and production activities.

The Congress has already done a great deal to discourage increased domestic production of oil and gas. Through its policies on tax treatment of petroleum exploration and development and in controlling prices of petroleum fuels, the Federal Government controls the economic climate and incentives that will largely determine whether we reverse or further incerase our dependency on foreign supplies. In the past 2 years, the Congress through ill-conceived tax and price control legislation has taken a position in favor of more, not less, dependency. Although the Senate has taken some encouraging action recently to deregulate natural gas and to decontrol some domestic crude oil production, nevertheless, the Congress has not adopted a single legislative act designed to increase future domestic petroleum by a single barrel of oil or cubic foot of natural gas.

And here we are considering more punitive legislation against the industry when we have not passed one act, one measure, one amendment, nothing that will give incentive to increase domestic production of oil or gas in this country.

It has been estimated that the partial repeal of the percentage depletion allowance in March 1975 effectively removed more than $2 billion that otherwise would have been available for exploration and development. Then Congress, through enactment of the Energy Policy and Conservation Act, reduced by another $3 billion the 1976 revenues which would have been available to the domestic industry by rolling back the price of new and stripper well oil. This kind of legislative attitude has already taken its toll on drilling activity in this country, and if we were to adopt the pending amendment for recapture of intangibles deductions, we would be taking another step in the wrong direction.

They are stacking drilling rigs in the oil path. The amendment would provide for a recapture of certain intangible drilling costs upon disposition of the oil and gas property, so that the gain from the sale of the property would be treated as ordinary income rather than capital gain to the extent that accelerated intangible drilling costs deductions had been taken.

The House bill contained an almost identical provision which was deleted by the Finance Committee in its wisdom on grounds that it would significantly reduce the incentive for oil and gas drilling at a time when the Nation desperately needs increased production. I wholeheartedly agree with that reasoning and I believe that the Finance Committee has taken the wise course of action on this question.

For all practical purposes, the option to expense or capitalize intangible drilling and development costs has existed since the first income tax statute of 1913. The present tax treatment of these costs is necessary to partially overcome the inherent bias against such risky investment contained in the present tax structure. The present tax treatment of intangibles is logically and economically sound, and should not be modified—certainly not at this time.

The amendment does not attempt to eliminate the option of current expensing of intangible drilling costs. It would, however, significantly reduce the value of that option.

The transfer of oil and gas properties has been an important option utilized by independent producers to reduce debt obligations and to improve their capital position in order to continue to operate. Adoption of the recapture provision would discourage sales of properties by independent producers, and penalize producers forced by circumstances to sell their oil and gas properties. It is no exaggeration to say that most such sales by producers are to enable them to stay in business. To penalize producers for utilizing this option to improve their capital position, which this amendment most certainly will do, would no doubt result in less exploration and development by independent producers.

Adoption of the amendment would work a hardship on individual oil and gas operators by reducing the value of their properties and by making it harder to borrow capital. Most important, it would make such activities less attractive to prospective outside investors.

We should all be aware of the fact that it is the independent oil and gas producer, not the major oil companies, who will feel the impact of any changes we make in the tax treatment of intangible drilling costs. It is also a fact that independents historically have done the great bulk of the exploratory drilling and have found more than half of the oil and natural gas in the United States. A recent study by the American Association of Petroleum Geologists indicates that for the years 1969–73 the independent segment of the industry accounted for 89 percent of the domestic wildcat drilling, for 75 percent of discoveries, and for almost 54 percent of oil and gas reserves discovered. In the first 6 months of 1975, the thousands of independent producers in the United States accounted for 90 percent of the new field wildcat wells drilled in the search for increased supplies of oil and natural gas. My concern is that the adoption of this recapture amendment or, for that matter, any change in the treatment of intangibles, will have a significant adverse impact on independent drilling efforts.

In view of the demonstrated need to redouble the total efforts of the domestic petroleum industry to find and make available all domestic petroleum resources, it seems to me that Congress should be considering ways to encourage greater investment in these activities, rather than changes which would cause fewer dollars to be spent, less oil and gas to be found, and dependence on foreign oil to grow. The proposed amendment, providing for recapture of accelerated intangibles deductions, would adversely impact on domestic drilling activity, already in a downturn, in the area where drilling is dominated by independent producers.

I urge the Senate to reject this approach to tax reform.

Mr. FANNIN. Mr. President, the Senator from Texas heard the comments which have been made, especially by the Senator from Maine.

The PRESIDING OFFICER (Mr. HATFIELD). Will the Senator suspend? Who yields time?

Mr. BENTSEN. I yield 2 minutes.

Mr. FANNIN. With regard to the construction of ships. Will the Senator from Texas relate that? If 9 out of 10 of those ships would sink, compared with the oil wells, 9 out of 10 would be dry holes; is that right?

Mr. TOWER. Yes. I think it would be perfectly proper to have this treatment apply to boats if 8 out of 9 or 9 out of 10 sunk. I certainly think it would be. We cannot compare this with lobster fishing or sports franchises. To begin with, this is an industry essential to life in the United States. Those other industries are not. Beyond that, I might add that the price of lobster and the price of tickets to sporting events are not controlled and we do not have to import them.

Mr. FANNIN. The Senator knows that

this particular stipulation has been in our laws since 1913.

Mr. TOWER. That is correct.

Mr. FANNIN. And most of their work has been involved in what risk capital would go into this particular type of exploration.

Mr. TOWER. The Senator from Arizona has just hit the right word, risk capital. The fact of the matter is this is unique, it is not like every other industry, because there is enormous risk involved in sinking capital into the exploration for oil and gas. More dry holes are hit than productive holes. The fact of the matter is we cannot encourage capital investment in this industry if we do not give it special treatment.

Mr. FANNIN. Mr. President, I ask unanimous consent that some statements giving statistical information on this particular problem be printed in the RECORD at this point.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

U.S. CRUDE OIL PRODUCTION VERSUS U.S. CRUDE OIL IMPORTS

In 1960, the U.S. produced domestically 7.04 million barrels per day of crude oil. By 1970, U.S. crude oil production peaked at 9.64 million barrels per day. With many U.S. oil fields past their prime producing levels, U.S. crude oil production decreased to 8.36 million barrels per day in 1975. It is estimated that U.S. crude production for the first five months of 1976 averaged 8.19 million barrels per day.

Crude oil is the raw material for the U.S. refining industry. In 1960, the U.S. imported 1.02 million barrels per day to help meet its domestic demand. By 1970, these imports had increased to 1.32 million barrels per day. In 1973, these imports rose to 3.24 million barrels per day, and in 1974 they increased to 3.48 million barrels per day. By 1975, crude oil imports needed to offset the loss of domestic production rose to 4.10 million barrels per day. With domestic demand rising, it is estimated that U.S. crude oil imports for the first five months of 1976 rose to 5.00 million barrels per day.

U.S. EXPLORATION

The chart shows the trend of drilling and includes all wells—exploratory, development, and others. In 1947, 33,122 wells were drilled. In 1956, a peak was reached with 58,160 wells. A decline in drilling followed the imposition of natural gas price controls.

In the first quarter of 1976 (not shown on chart) API's quarterly report showed a total of 10,235 oil and gas wells and dry holes drilled. This was an increase of 1,667 drilling projects, or 19.5 per cent, over the comparable months of 1975. The fall in seismic crews operating suggests, however, that drilling will decline again in the second quarter.

DRILLING COST OF FINDING OIL AND GAS

From 1953 to 1963, drilling costs varied between $11 and $13 per foot, then rose rapidly. Spectacular increases have taken place in recent years, from $22.50 in 1973 to about $38 in 1975.

The chart shows costs in terms of BTU's It demonstrates the difficulties the petrolleum industry faces in meeting domestic oil and gas needs in the future. From 1953 to 1967, the drilling costs of finding oil and gas reserves averaged 10 cents per million BTU's. Between 1967 and 1974, drilling costs per million BTU's of oil and gas reserves additions almost tripled.

COST OF OIL IMPORTS

Measured in billions of dollars, the graph covers the period 1947 to 1976. In 1947, the U.S. spent about $250 million for imports. Import costs increased steadily, with slight decreases in 1959 and 1967. In 1972, oil imports cost $4.3 billion; in 1973, $7.6 billion; in 1974, $24.2 billion; in 1975, $24.7 billion. Imports will cost an estimated $35.2 billion in 1976.

TOTAL IMPORTS VERSES OPEC

In 1960, imports of crude oil and refined products averaged 1.8 million barrels per day; of that amount, 1.1 million barrels came from OPEC (Organization of Petroleum Exporting Countries). By 1970, total imports had increased to 3.4 million barrels per day, but OPEC's share increased to just under 1.3 million barrels per day.

In 1973, 1974 and 1975, OPEC's share of imports increased sharply, as did the share of Arab members of OPEC. These estimates include "indirect imports"—products entering the U.S. that were refined from OPEC oil. In 1975, total imports amounted to 6 million barrels per day. Of that amount, 4.6 million barrels came from OPEC. Arab members of OPEC provided more than 1.7 million barrels per day.

U.S. TOTAL PETROLEUM IMPORTS

In 1960, the U.S. imported 1.82 million barrels per day of crude oil and refined products to supplement domestic production in meeting domestic demand. By 1970, these imports had increased to 3.42 million barrels per day. In 1973, oil imports had increased to 6.26 million barrels per day as domestic production declined and domestic demand rose.

It is estimated that the U.S. imported 6.88 million barrels per day for the first five months of 1976 to meet increased domestic demand during that period.

ENERGY OUTLOOK UNDER DIFFERENT OIL PRICES

The outlook, expressed in quadrillions of BTU's, was prepared by the Federal Energy Administration. The equivalents, in millions of barrels a day, have been added.

The chart indicates that higher world oil prices and phasing out of oil price controls would lead to substantial increases in domestic oil production; at the same time, demand would be lower than it would be at $8 per barrel, and imports would also be significantly lower.

ECONOMIC GROWTH, JOBS AND ENERGY

There is close relationship among Gross National Product, employment and energy. After World War II, the rise of all three is constant until the recession, effects of which were intensified by the oil embargo. Energy fell along with GNP, and a million jobs were lost.

Today, jobs, GNP and energy use are headed upward again. According to U.S. Department of Labor figures, over 87 million persons were employed in May.

The PRESIDING OFFICER. Who yields time?

Mr. BARTLETT. Will the Senator yield me 4 minutes?

Mr. BENTSEN. I yield 4 minutes to the Senator from Oklahoma.

Mr. BARTLETT. Mr. President, this amendment of the Senator from Maine seeks to tax the gain from the sale of oil and gas properties as normal income, rather than as capital gains, to the extent that accelerated IDC deductions have been taken on those properties.

While the Senator may be making a sincere attempt at tax reform, it is imperative for the Senate to examine carefully the ramifications the amendment would have.

Basically the amendment, if enacted, would reduce further the value of oil and gas properties, reduce further the capital available for oil and gas exploration and development drilling, reduce further our domestic supplies of oil and gas, and hence increase our dependence on foreign oil.

I should not have to remind this body that the petroleum industry is a controlled industry, except in the case of intrastate natural gas—and attempts have been made to control that too. In such a situation, we should not be playing with our tax code in a way which would reduce even more the incentives for oil and gas exploration.

During the last 2 years the Congress passed legislation which removed $4.5 billion per year from the petroleum industry. First, the Tax Reduction Act of 1975, repealed the percentage depletion for all integrated producers and either limited it or eliminated it for independents. Because of this bill, investment capital of the oil industry was reduced $2.5 billion. Second, the Energy Policy and Conservation Act of 1975 placed all crude oil under control and rolled back the prices of the 40 percent of domestic production which had previously been uncontrolled. The EPCA reduced investment capital of the petroleum industry by about $2 billion.

Since these two bills became law, I can say unequivocally that our exploration and development effort has been much less than what it could have been and even further below what it should be to increase our oil and gas supplies.

If the Senator from Maine would look at a plot of domestic drilling rig activity, he would see that after 16 years of continual decline, drilling activity began to increase in 1971 when crude oil prices increased slightly. The rate of increase became more rapid in late 1973, again coinciding with higher oil and intrastate gas prices. In the late sixties and early seventies period of declining drilling activity there is a noticeable surge in activity at year-end followed by a drop at the first of the new year. However, in the 1973–74 and 1974–75 periods this did not occur, presumably because of the strong demand for rigs resulting from the higher uncontrolled price for "new" crude.

In fact, in early 1975 there were indications that drilling activity would not drop much after the first of the year. It was as high in March as it was the previous December. But with the passage of the Tax Reduction Act, drilling activity dropped and remained relatively constant for much of the year below what it would have been had the percentage depletion allowance not been eliminated.

Since the Energy Policy and Conservation Act became law last December, there has been a rapid and continual decrease in drilling activity. At about the time the EPCA was signed there were over 1,800 rigs actively drilling; the most recent figure last week was 1,558; but it had been as low as 1,457. Currently, fewer rigs are operating than at any time in 1975. Considering that there are now over 2,060 drilling rigs available, it is clear that our current efforts are falling far short of what they could be if all available equipment were employed.

The simple facts are obvious: Congress has shut down rigs that could be out searching for oil and gas; Congress has seriously shackled the oil industry, limiting its efforts to achieve energy independence; and Congress has prescribed an insidious energy plan of greater dependence on the OPEC nations.

A plot of seismic crew activity shows a similar alarming trend. The number of active crews has declined continuously since the peak in mid-1974. Because seismic activity is necessary to develop the exploratory prospects to be drilled several years hence, this means that our inventory of well-defined exploratory prospects which could be drilled in the future is becoming smaller and smaller. Seismic activity is a glass ball look at future exploratory successes.

All this portends a dismal future for our country's oil and gas supplies. Our Nation's natural gas producing rate has dropped 12 percent since the peak in 1973, and our oil producing rate has declined 15 percent since the peak in 1970. These production declines and an expanding economy have precipitated since 1971 an increase in imports of approximately 100 percent to a recent average of 45 percent of consumption. Several months ago petroleum imports exceeded domestic crude oil production for the first time in our history.

Our crude oil producing rate and our natural gas producing rate continue to decline and show no signs of even leveling off. The United States is more vulnerable to an oil embargo now than in 1973. Our imports from OPEC have increased 20 percent since 1973.

For the United States to be even 40-percent dependent on foreign petroleum is bad from a national security standpoint.

Not too many years ago, at a time when there was excess domestic productive capacity, we limited imports to 10 percent for national security reasons; now we blindly accept 40 percent and seem to be steering ourselves to even greater dependence. Most of our NATO allies are more vulnerable than we are. Previously we had the ability to help them out if petroleum supplies were cut off; now we could not even supply all our own needs let alone some of theirs. Consider, for instance, how a limited scale war in the Middle East or another protracted embargo could affect the supply of petroleum to meet the needs of the United States, European nations, and the NATO defenses. We find ourselves in a precarious situation; fortunately, with time and proper Federal energy policies, it does not have to be permanent.

When Congress passed the EPCA, an upward limit on the revenue generating capacity for the producing segment of the petroleum industry was established for at least 40 months, and probably longer than that. I refer to an upward limit because the EPCA places no controls on costs and because recent inflation in the petroleum industry has been much greater than for the economy as a whole—averaging about 30 percent per year. Producers are therefore unable to recover in the marketplace the higher costs of operation or the higher costs of taxes. The resultant level of capital generation is neither adequate to utilize fully all available drilling and seismic equipment nor to spawn an increase in the population of that equipment which would be necessary to support a drilling effort of the magnitude capable of solving our energy problems.

It is in this context that I believe the Senate should consider this amendment or any amendment which would inhibit oil and gas production. This is not the time to reduce further the availability of capital for the petroleum industry. Rather it is the time to develop new means of capital formation which will not only offset the effects of the two damaging recent laws, but also result in sufficient additional capital formation to provide for our future energy needs.

Mr. President, the intangible drilling cost deduction is a sensible way to attract capital into a vital industry. Although this amendment does not repeal IDC's entirely, it does limit their value to many producers, particularly independent producers. Because independents drill about 90 percent of the exploratory wells and have found about 50 percent of our reserves, the impact could be substantial. Many independents have historically sold or traded properties in order to generate the cash to continue their exploration efforts. This amendment would reduce the value of an oil or gas property. Because oil and gas prices are controlled, producers have no means to recover the revenues lost through higher taxes.

Further, the amendment would make it more difficult for producers to borrow capital or to attract it from outside investors.

This amendment to recapture intangibles would be just another step in the wrong direction. This Congress has been moving backwards on energy policy. I hope the Senate will discontinue this trend and reject this amendment.

Mr. President, this is a good conference to have printed in the RECORD a report that shows the net income of leading petroleum companies. Comparing the fourth quarter of 1975 to the fourth quarter of 1974, there was 8-percent decrease in net income and comparing the full year of 1975 to 1974 there was a reduction in net income of 23.6 percent.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

NET INCOME OF LEADING PETROLEUM COMPANIES 1975 4TH QUARTER AND YEAR [1]

[Dollar amounts in millions; parentheses indicate decrease]

Company	Quarter ending Dec. 31			Year		
	1975	1974	Percent change	1975	1974	Percent change
Amerada Hess	$38.3	$67.8	(43.5)	$128.4	$201.9	(36.4)
American Petrofina	9.2	22.4	(58.9)	40.2	86.7	(53.6)
Ashland	40.8	36.9	10.6	123.2	115.0	7.1
Atlantic Richfield	114.3	96.9	18.0	350.4	474.6	(26.2)
Cities Service	46.6	46.4	.4	137.7	203.8	(32.4)
Clark	3.7	(7.6)	148.7	5.2	(7.1)	173.2
Continental	78.0	45.8	70.3	330.9	307.2	7.7
Diamond Shamrock	32.2	26.7	20.6	114.3	87.4	30.8
Exxon	633.0	771.0	(17.9)	2,500.0	3,030.0	(17.5)
Getty	65.4	58.5	11.8	256.7	288.7	(11.1)
Gulf	170.0	185.0	(8.1)	700.0	1,065.0	(34.3)
Kerr-McGee	32.0	31.0	3.2	131.1	116.4	12.6
Marathon	41.8	40.9	2.2	128.1	170.5	(24.9)
Mobil	202.1	143.6	40.7	815.1	1,047.4	(22.2)
Murphy	$10.0	$12.3	(18.7)	$40.1	$60.3	(33.5)
Occidental	17.7	56.7	(68.8)	172.0	277.2	(38.0)
Pennzoil	25.9	28.9	(10.4)	106.8	127.5	(16.2)
Phillips	104.4	84.5	23.6	342.6	402.1	(14.8)
Shell	132.5	158.2	(16.2)	514.8	620.5	(17.0)
Standard Oil of California	207.1	273.5	(24.3)	772.5	970.1	(20.4)
Standard Oil (Indiana)	178.5	167.5	6.6	787.0	958.1	(17.9)
Standard Oil (Ohio)	33.6	34.2	(1.8)	126.6	147.5	(14.2)
Sun	59.7	53.9	10.8	220.0	378.0	(41.8)
Texaco	221.9	298.8	(25.7)	830.6	1,544.7	(46.2)
Union	68.5	55.5	23.4	232.8	288.0	(19.2)
Total	2,567.2	2,789.3	(8.0)	9,907.1	12,961.5	(23.6)

[1] Companies adopting new accounting standards issued by the Financial Accounting Standards Board have restated 1974 results to provide comparability between the 2 yrs. In addition, net income for Texaco, in 1974 and 1975, reflects adoption of the policy of charging exploratory costs to expense as they are incurred.

Mr. BARTLETT. I hope my colleagues will bring this to the attention of the distinguished Senator from Massachusetts, who made the statement that the major oil companies had increased profits.

But this is only part of the picture. The cost of drilling wells has increased, because of inflation, about 30 percent per year during the last several years. So the value of money in terms of drilling has decreased much more than in most businesses.

No one has accused the Government of being a businessman, and I am sure that no one will accuse the distinguished Senator from Maine of attempting to solve the energy crisis by the introduction of this amendment.

But I would like to bring to his attention that this amendment will bring havoc to the efforts of this Nation to deal with the shortage of energy. It is going to erode just a little bit further the opportunity and the incentives that exist for those in the drilling business.

The Senator's approach to this matter sort of reminded me, as I was sitting in the chair listening to him, of a professor at a medical school who was telling a medical student how to perform an operation. After the operation was actually finished, the instructor said, "Well, you did a very good job, but you just cut the patient's heart out."

The Senator introduced an amendment but I don't believe he has fully evaluated the effects it would have on one of our Nation's most vital industries.

This amendment just adds a little bit more to the inability of the oil and gas industry to deal with the energy problem. I bring to the attention of the Senator from Maine that just in the last year-and-a-half, with the reduction and elimination of depletion, with the rollback in prices, there has been $4.5 billion less capital available to the oil and gas industry. The result—in this country there are now over 500 rigs that are not operating. Twenty-five percent of the seismograph crews are not working. Seismie activity gives a glimpse of the future for drilling oil and gas prospects.

I believe we need to look at the facts to see what we have done. I know there are many in this body who voted for a reduction in depletion thinking it would not have any big effect on drilling and exploration, but it has. Or they would look at price controls, feeling that they would not affect the ability of this Nation to find more oil and gas; but they have.

As a matter of fact, in establishing the composite price in the EPCA it was set so low that the current actual composite price is higher than that which is legally permissible. So there is going to have to be a downward adjustment made by the FEA.

To comply, the FEA would either have to roll prices back further, which it does not choose to do, or rather, to have a period of no change so there will be time for the compensating adjustment.

Will the Senator yield 1 additional minute?

Mr. BENTSEN. I yield 1 additional minute.

Mr. BARTLETT. I have full confidence in the Senator from Maine, but I hope he will look at the recent history of the Congress in hamstringing those who are in the oil and gas industry from being able to really resolve the problem.

The Congress has forced those in the oil and gas industry to try to solve the energy shortage with a squirt can. It just cannot be done. I hope the Senator would be willing to withdraw his amendment, to look at what effect it will have. Even though he says that it will have little effect in the first year, it will in fact be very damaging, particularly in succeeding years.

The immediate reaction in the oil patch is that there is just that much less incentive to produce oil and gas. The Senator proposes to reduce further the profits of those engaged in this business.

The PRESIDING OFFICER. Who yields time?

Mr. HATHAWAY. Mr. President, I yield myself such time as I may consume.

Mr. President, will the Chair inform the proponents and opponents how much time remains to each?

The PRESIDING OFFICER. The Senator from Louisiana has 17 minutes and the Senator from Maine has 26 minutes.

Mr. HATHAWAY. I thank the Chair.

I would like to point out to the Senator from Oklahoma that he seems to be crying crocodile tears. We are talking about an industry whose assets total about $300 billion. This is an amendment which will bring $5 million more into the Federal Treasury. Last year we modified the oil depletion allowance. I understand that brought in about $2 billion to the Federal Treasury and yet the profits of those companies that were affected by the reduction in the oil depletion allowance still remained high.

In answer to the question of the Senator from Texas (Mr. Tower) about dry wells, we are really talking about making a gain on the sale. Presumably, the person is not going to make any gain on the sale of a dry well.

I would like to point out finally that this amendment does not hurt anyone who is drilling and pumping oil. This only affects those who drill for oil and then turn around and sell the well to someone else. This is only on the sale.

So if the independent or the major company, whichever it may be, wants to drill and pump, they are not going to be affected one iota by this amendment, because this recapture rule applies only upon the sale of the well.

Mr. President, I reserve the remainder of my time.

Mr. TOWER. Mr. President, will the Senator from Louisiana yield me 2 minutes?

Mr. LONG. I yield the Senator 2 minutes.

Mr. TOWER. Of course, you do not sell dry wells. No one will buy them. But it is the overall matter of attracting capital into the industry, to take the risk, to explore for oil that is the issue. The fact is that when the well is sold, it is very often so that the seller of the well can acquire additional capital to go out and explore for more oil.

I do not think we ought to discourage them in that pursuit. Let me state further, Mr. President, that when we talk about all the assets of the oil industry in this country, we have to subtract from that the assets of the major oil properties in all other aspects of those assets, which does not reflect what is dedicated to the business of exploration and production. In fact, drilling activity has gone down in this country, and here we would take away another incentive.

If in fact this is going to yield a very low amount to the Treasury of the United States, then I suggest we are engaging in the politics of the gesture. What we are doing is punching the oil industry, and saying, "Look what we have done to the oil barons," without realizing much in the way of revenues to the Federal Government. The revenues are insignificant, but the adverse impact on exploration and production in this country, I think, could be almost fatal.

The PRESIDING OFFICER. Who yields time?

Mr. FANNIN. Mr. President, will the Senator yield me 30 seconds?

Mr. LONG. I yield 30 seconds to the Senator from Arizona.

Mr. FANNIN. Mr. President, something very interesting came over the wires a while ago. Paul Harvey, on WMAC News today, recited the following item:

> In 1928 Cyrus Curtis of Camden, Maine, paid 28 cents for 1 gallon of gasoline.
>
> Again in Sept. 1973 the price of 1 gallon of gas in Camden, Maine, just before the oil embargo, was 28 cents.
>
> Maybe the price of gas should have gone up. For if the price of gas had increased at the same rate as the price of lobster over that same period it would cost $2.85 for 1 gallon of gas today.

Mr. President, while the oil industry is being hounded over and over about the prices which it charges and the excess profits it enjoys, I think this is a good illustration of what has actually happened.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I have discussed this matter with the Senator from Maine (Mr. Hathaway), and while I think both sides are capable of making eloquent speeches, I do not see anyone on the floor whose mind is going to change, and in order to get on with the business, I am willing to yield back the remainder of my time if the Senator is willing to yield back the remainder of his time, and simply vote on the amendment. It is my intention to move to lay the amendment on the table, but first I intend to suggest the absence of a quorum to alert Senators.

Mr. HATHAWAY. Mr. President, I would simply observe to the Senator from Arizona that if the lobster industry had received the billions upon billions in tax subsidies the oil industry has received since 1928, the price of lobsters would be different, too.

With that, I yield back the remainder of my time.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the disposition of the solid waste disposal bill, the Senate resume the consideration of the HEW appropriation bill, and that upon the disposition of the HEW appropriation bill tomorrow, the Senate proceed to the consideration of the military procurement conference report, that there be a time limitation thereon of 1 hour, to be equally divided between the Senator from Mississippi (Mr. Stennis) and his counterpart on the other side of the aisle, with the understanding that the Senator from Iowa (Mr. Culver) will have 15 minutes out of the hour, and that in addition thereto the Senator from Maine (Mr. Muskie) will have not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask unanimous consent that upon the disposition of the conference report on military procurement tomorrow, the Senate resume the consideration of the unfinished business, the tax bill; that the Bellmon amendment be the question before the Senate at that time; and that upon the disposition of the Bellmon amendment, the Senate take up the DISC amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that upon the disposition of the amendment by Mr. BELLMON tomorrow, the Senate proceed to take up the debt limit measure, and then take up the DISC amendment.

Mr. FANNIN. Mr. President, reserving the right to object, what is the time involved? Is the understanding that on the DISC amendment we will complete it the same day on which it is set down?

Mr. ROBERT C. BYRD. Yes; the understanding is that the DISC amendment will be completed on the same day on which it is taken up.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. HANSEN. Mr. President, with very few exceptions, capital for drilling oil and gas wells cannot be borrowed from commercial lenders. Funds are loaned on the basis of tangible assets, and bankers view undrilled well locations as having zero collateral value.

There is a common misconception that all producing oil and gas wells are economically successful, when actually there are all shades of gray between the dry holes and the occasional outstanding well. About 70 percent of the cost associated with drilling and equipping onshore wells—through the wellhead—is spent in drilling the hole. The hole itself, be it dry or producing, has no tangible value. Under present rules, the operator will spend the 30 percent additional capital on tangible equipment to complete the well if he thinks the well is good enough to make a profit only on the tangible equipment. Thus, many marginally economic wells are completed which never pay out the total well investment. Such wells do add to the Nation's oil reserve, and the operator averages them out with better wells to stay in business. Changes proposed in the tax treatment of intangible drilling costs will cause most wells of this type to be abandoned as dry holes before completion, and the oil reserve will be lost.

Another popular but incorrect belief is that development wells involve low risks. While the risk of development wells being dry is fairly low, the economic risk in development wells has become extremely large, particularly in areas now being developed by small producers. The reason for this is that present new oil prices and intrastate gas prices have created interest in developing large, well-known, but very poor quality oil and gas producing areas. Typically, well quality in these areas is so erratic that no prediction of economic outcome is possible until wells are drilled, completed, and produced for some 6 months or longer.

The independent, and particularly the individual oil operator, is usually short of capital because he generally lacks uncommitted assets against which he can borrow money, and smaller operators plow back so much of their gross revenue from producing oil and gas leases into drilling.

Larger companies are oblivious to smaller firms when they make their drilling budgets. The smaller independent usually spends every dollar he can generate internally or externally for drilling wells, and every dollar he can borrow on tangible equipment. Drilling curtailments by individuals because of capital unavailability will not be compensated for by increases in major company expenditures any more than reduction in major company budgets efforts will be replaced by funds from independents.

The proposed tax changes on recapture of intangible costs may well be an unreasonable and unbearable burden to the individual investor. The value of the property to the individual is less and its loan value is less; hence, he will have more trouble borrowing money for tangible equipment. Operators drill exploratory wells only to establish locations for development wells, and most are astute enough to realize that there is no point in drilling exploratory wells if subsequent development wells are not attractive.

The net effect of what the Senator from Maine proposes would be a reduction in the value of a producing property.

Most independents hope to retain their oil and gas production or a substantial part of it.

But others sometimes need to sell or borrow on part of it to expand and do more exploratory work.

Every reduction in incentive such as this reduces the value and consequently the loan value of a property and while the independent oil man may not go broke, it will be just that many fewer exploratory wells drilled when we need about twice as many now as we did 10 years ago at 3 and 4 times the cost.

What we have been doing was very eloquently stated by a Government economist recently in a New York Times article.

He said that when historians 100 years from now write the history of the United States they will record that the chief failure of the American Government during this century was not Vietnam, not Watergate, but the abject dereliction of duty with regard to the Nation's energy problems.

FEA Administrator Frank Zarb warned recently that an oil embargo at present would leave the United States in a considerably worse position than during the 1973–74 embargo.

He said: "Next time we won't have any lines because we won't have any gasoline."

And, I believe the Senator from Maine can understand what another embargo would do to jobs in his State where more than 80 percent of all oil and oil products are imported.

That includes the heavy oil to generate electricity and the fuel oil to heat homes.

My colleague from Maine may remember when imported oil was cheaper than domestic oil that the New England States sued the Secretary of Interior to do away with the oil import program so they could have all of the cheap imported oil they wanted.

Now, after the OPEC cartel quadrupled the price of oil they demand that the FEA through the crude oil entitlements program give them more of that "cheap" domestic oil.

But the supply of that cheap domestic oil is steadily declining because of the no win energy policy of Congress.

Domestic production peaked out in 1970 and has been steadily declining since.

In 1969 when the handwriting was on the wall and drilling was declining as we used more oil and gas than was discovered, the Congress in its infinite wisdom reduced incentives for exploration by reducing the depletion allowance.

Exploration continued to decline but the price increase when new oil was decontrolled caused a spurt in drilling activity in 1975.

But then came the price rollback last December with enactment of the Energy Policy and Conservation Act and drilling since the first of this year is again going down.

So here we are again going in the wrong direction rather than doing what we should be doing to encourage every independent in the country to put his rigs to work.

If this amendment is adopted, I hope my good friend from Maine will take some note when the lights go out up there if we do have another embargo.

As a parting note let me quote what the Chairman of the Texas Railroad Commission said last week.

Jim C. Langdon warned that 51 months of continuous full production from Texas oil fields is resulting in considerate attrition in the State's petroleum producing capacity.

He noted that statewide production in the first 6 months of 1976 declined an average of 88,000 barrels a day from production a year ago.

Production is declining in Wyoming and other States as well. Total domestic production is down about 400,000 barrels from this time last year while imports are up by 1,200,000 barrels per day.

The only way to reverse that trend is by more exploration and drilling rather than a further slowdown as the amendment of the Senator from Maine would inevitably do.

Mr. DOLE. Mr. President, I rise in opposition to the amendment of the Senator from Maine (Mr. HATHAWAY). This amendment already rejected by the Finance Committee, will greatly reduce the incentive for domestic oil and gas exploration at a time when our Nation is striving for energy independence.

I do recognize that the amendment has some conceptual merit. In fact, intangible drilling and development costs are the only accelerated deductions not subject to recapture upon the sale of the property. I recognize that this is favored

treatment for domestic petroleum producers, and I support it. With imports steadily approaching 50 percent of our domestic petroleum consumption, I believe that tax expenditures designed to encourage further domestic exploration and generate petroleum exploration capital are justified. I do not reach this conclusion out of a narrow concern for the financial well-being of the petroleum industry. Rather, I believe that the undisputed need for investment capital for domestic petroleum exploration is a matter of broad national interest. To the extent that the amendment of the Senator from Maine would reduce this supply of capital, I believe it is not in the best interests of the Nation.

My principal concern is with the independent producer, not the major oil companies, who can raise investment capital more easily via equity or debt financing. For the most part, this avenue of capital formation is not available to the independent. He relies on cash flow from drilling operations to finance future exploratory efforts. And it is the independent producer which has been hardest hit by recent congressional action with respect to the petroleum industry.

Already, we have repealed the depletion allowance for major oil companies, and scaled it back considerably for independents. We have extended price controls on domestic oil and gas. And, under the minimum tax provisions adopted by the Senate, we have limited the ability of oil producers to deduct intangible drilling and development expenses. Now, the Senator from Maine proposes to further restrict the ability of the independent oil producer—who drills the overwhelming majority of all domestic exploratory wells—to generate needed capital. His amendment would provide that gain from the sale of oil and gas wells would be treated as ordinary income rather than capital gains to the extent that intangible drilling deductions had been taken with respect to those wells.

This recapture provision would reduce significantly the internally generated capital available to independent oil producers who employ the option to deduct intangible drilling and development expenses. The impact of this proposed change on exploration and development activities of independent producers should be fully understood by the Senate. For it will have far-reaching implications in the current drive to expand our domestic energy supplies.

I believe that the attack on intangible drilling expenses through this recapture amendment is bad policy—not just for the oil producers, who obviously have a vested interest, but for the American public. Intangible drilling expenses have been allowed as a deduction, not subject to recapture, since 1917. They may not, as some assert, be properly equated to the costs of a building or other capital assets. First and foremost, they are normally cash expenditures—payments for fuel, labor, and similar items—as opposed to the cost of a building, which of course may include labor and related expenses, which can easily be financed through debt capital because a physical asset with a reasonably predictable value results from the expenditure. Oil and gas reserves may be located as the result of drilling an oil or gas well, but in the usual case the value of the asset thus located is not determinable for a considerable period of time. Moreover, in the case of natural gas, the reserves cannot be produced unless and until sufficient production is obtained to warrant the construction of a pipeline to the area. Usually this will require the drilling of several successful wells.

Intangible drilling expenses are, in short, a cash outlay which is not analogous to normal expenditures made in the acquisition of a capital asset. And for that reason, they have not been treated in the same manner for economic purposes or for Federal income tax purposes.

The amendment of the Senator from Maine will affect small independent producers much more than major oil companies. The activities of the independent wildcat explorer are totally cash-flow oriented. His exploratory program is sized according to his projected cash flow. To the extent that the recapture mandated by the Senator's amendment reduces this cash flow, his exploratory program will be similarly curtailed. In turn, domestic petroleum supplies will be decreased.

I cannot stress enough the very high risk of financial failure inherent in any petroleum drilling operation. Even development wells within the industry meaning of that term have a success rate of about 8 out of 10.

It should be understood that not all expenses incurred in drilling oil and gas wells are deductible under the intengible drilling expense allowance. Quite the contrary. A significant portion, usually estimated to be from 25 to 50 percent of the total costs of drilling onshore oil and gas wells—including lease hold costs and tangible completion costs—are not classified as intangible costs. Already, current law provides for the recapture of any deductions upon the sale of an oil or gas property to the extent that such deductions are taken for the depreciation of tangible personal property.

I submit that the Senate has already acted responsibly in tightening up on oil and gas tax shelters. We have imposed "at risk" limitations on oil and gas operations so that deductions for intangible drilling costs and other expenses will be limited to the amount which the taxpayer has actually risked in the drilling venture. We have also added as an item of tax preference for the expanded minimum tax accelerated intangible drilling expenses on oil and gas wells in excess of related income.

In short, Mr. President, we have already acted responsibly in closing "loopholes" in oil and gas taxation which unfairly advantage some petroleum investors. We have, up to this point, retained the tax expenditures for the independent oil sector which are useful in encouraging domestic petroleum exploration. In the Finance Committee, we have remedied some of the unintended effects of last year's oil depletion amendments, especially with respect to small retailers and trusts. These oil and gas taxation provisions are extremely complex, but I am convinced that we have reached an equitable result—one which treats all taxpayers fairly, by closing unfair loopholes, and remedying unfair excesses of our previous petroleum taxation actions.

We have insured that oil producers pay their fair share of Federal taxes. By expanding the minimum tax base and retaining the 65 percent of taxable income limit on percentage depletion deductions, we have assured that all independent oil producers pay a substantial tax. To further tinker with the rules of present law with respect to intangible drilling and development costs by imposing new recapture requirements would be ill-advised. I urge the Senate to reject the amendment proposed by the Senator from Maine.

Mr. LONG. Mr. President, first let me explain that I am going to move to table the amendment, as we have agreed, yield back the time and move to table it, and then I am going to suggest the absence of a quorum so as to alert Senators that we will vote immediately when a quorum is here.

I yield back the remainder of my time, with the understanding that the other side yields back the remainder of its time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. LONG. Mr. President, I move to lay on the table the amendment of the Senator from Maine, and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER VITIATING CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the cloture motion that was introduced today on H.R. 14232, Labor-HEW appropriations bill, be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment offered by the Senator from Maine.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. The vote is on the motion to lay on the table.

The PRESIDING OFFICER. The vote is on the motion to lay on the table. The Senator is correct.

The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. (when his name was called). On this vote I have a pair with the distinguished senior Senator from Arkansas (Mr. McClellan). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The PRESIDING OFFICER. Will Senators take their chairs? The clerk will suspend until Senators take their chairs.

Will Senators please clear the well and take their conversations into the cloakroom? Senators cannot hear their names being called.

The clerk will resume.

The second assistant legislative clerk resumed the call of the roll.

Mr. STAFFORD (when his name was called). On this vote I have a pair with the distinguished Senator from Arizona (Mr. Goldwater). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The PRESIDING OFFICER. The clerk will suspend.

The Senate is not in order. Senators will please be seated.

The clerk may proceed.

The second assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. Eastland), the Senator from Kentucky (Mr. Huddleston), the Senator from Arkansas (Mr. McClellan), the Senator from Rhode Island (Mr. Pell), and the Senator from Missouri (Mr. Symington) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. Pell) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater) and the Senator from Nebraska (Mr. Hruska) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Nebraska (Mr. Hruska) would vote "yea."

The result was announced—yeas 57, nays 33, as follows:

[Rollcall Vote No. 358 Leg.]

YEAS—57

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
Curtis
Dole
Domenici
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Helms
Inouye
Johnston
Laxalt
Long
Magnuson
Mansfield
McClure
McGee
Montoya
Morgan
Moss
Nunn
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NAYS—33

Abourezk
Bayh
Biden
Brooke
Case
Church
Clark
Culver
Durkin
Eagleton
Hart, Philip A.
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Javits
Kennedy
Leahy
Mathias
McGovern
McIntyre
Metcalf
Mondale
Muskie
Nelson
Pastore
Proxmire
Ribicoff
Schweiker
Stevenson
Williams

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Harry F. Byrd, Jr., against.
Stafford, against.

NOT VOTING—8

Buckley
Eastland
Goldwater
Hruska
Huddleston
McClellan
Pell
Symington

So the motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FANNIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATION ACT, 1977—CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I submit a report of the committee of conference on H.R. 14236 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Hatfield). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the Record of June 25, 1976, beginning at page 20461.)

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of not to exceed 6 minutes on this conference report, to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BAYH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAYH. Mr. President, I ask unanimous consent that Mr. Bill Wolverton of my staff be accorded privileges of the floor during consideration of H.R. 14236.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAYH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. STENNIS. Mr. President, the conference report on the public works appropriation bill for fiscal year 1977 provides for a grand total appropriation of $9,703,713,000 for the agencies and activities funded through this bill. The conference agreement is $304.8 million above the President's budget estimates, $58.1 million above the House-passed bill, and $15.2 million less than the total amount approved by the Senate. The conference agreement on the bill is approximately $100 million less than the allocation provided for this bill by the Committee on Appropriations in accordance with the procedures of the budget process and as allocated from the amounts contained in the first concurrent resolution on the budget.

Excluded from these amounts I have given, is an appropriation of $200 million relating to the payment of claims as a result of the Teton Dam failure and disaster. These funds will become available immediately upon enactment of the bill and that is why it is urgent to complete action in this conference report which has already passed the House today, and send it on down to the President as quickly as possible.

The conference report was printed in the Congressional Record of last Friday, June 25, and in addition to the conference report itself, House Report 94-1297, has been available to the Members. All of the items in conference are shown in the report and the disposition and agreement on each matter is reflected therein.

Briefly I will summarize the conference action by title. For title I, the Energy Research and Development Administration, a total of $5,749,973,000 has been agreed to by the conference. This appropriation is to carry out all the highly important energy research and development programs under ERDA as well as the other ERDA functions, such as national security programs. Members will be interested to know that the conference agreement for solar energy development is a bit over $290 million as compared to the President's budget request of $160 million This, too, is more than the Senate amount.

For title II, Department of the Army, U.S. Army Corps of Engineers, civil functions or civil works program, the total amount agreed to is $2,467,002,000 of which $1,436,745,000 is the construction, general appropriation for the upcoming fiscal year The important civil works program includes investigation, planning, construction, operation and maintenance, and other activities that are required and authorized by law under the Corps of Engineers. The report lists all of the projects and the conference agreement.

For title III, Department of the Interior, Bureau of Reclamation and power marketing agencies, the conference agreement provides funds in the amount of $756,668,000, of which $745,000,000 is for the Bureau of Reclamation and the important investigation, construction, maintenance and loan program functions; $348.8 million is the amount agreed on for the construction and rehabilitation appropriation for the various projects carried in that account.

For title IV, independent agencies and commissions, the conference amount provides a total of $730 million, of which $125.9 million is for the TVA, $303 million is for the Appalachian regional development programs and $244.4 million is for the Nuclear Regulatory Commission.

Mr. President, this is a good conference report and I believe it adequately represents the will of the Senate. These funds are for significant programs and projects which will benefit the country and our people for generations to come. While it is slightly above the President's budget request, I commend the conference agreement and report to the Senate and urge its swift approval.

Mr. President, I express my thanks and appreciation to the House and Senate members of the conference committee, and especially to the chairman of the conference, Chairman Joe Evins of Tennessee. If I may have the full attention of the Senate for a moment, Mr. President, I want to make some special comments in tribute to the able and widely respected gentleman from Tennessee (Mr. Evins) who has announced that he will not seek reelection to the House following completion of this term of office—his 15th term, which is 30 years, in the Congress. I have told him personally that I regret this decision. The Congress, and our country and her people will sorely miss his presence, his steadying hand, and influence. He is one of the real stalwarts in the Congress and the Nation, and I express my admiration and respect for this great American and friend. The achievements and accomplishments of Joe Evins through the years are numerous and he can be rightfully filled with pride for the contributions made to our people and in the building of the Nation—in the public interest.

Mr. President, I again express my personal warm regards and deep appreciation to Joe Evins and wish him the very best of health and happiness.

Mr. President, I move the adoption of the conference report on this bill.

The conference report was unanimously signed and agreed to by all those representing the Senate and the same is true of those representing the House membership. I do not know of any exception or any particular objection to any part of the conference report and no such claim or point has been made to me since we filed this report.

The Senator from Oregon (Mr. Hatfield), the present occupant of the chair, is the distinguished ranking minority member and conferee on this bill. I specially thank him. We have the Senator from Idaho (Mr. Church) who has a special interest and was given special help in connection with the bill, as was his colleague, the junior Senator from Idaho. I would like those gentlemen, if they seek recognition, to have a preference in part of this debate.

The PRESIDING OFFICER (Mr. Mansfield). The Senator from Idaho (Mr. Church) is recognized.

Mr. CHURCH. Mr. President, I simply want to express my very deep appreciation to the Senator from Mississippi (Mr. Stennis) and the Senator from Oregon (Mr. Hatfield) and the other Senate conferees, who have assisted the two Senators from Idaho in their common endeavor to see to it that the first Federal money is made available for the purpose of paying damages to the flood victims in Idaho, whose property and lives were so seriously affected by the breaking of the Teton Dam. This is extremely prompt action by Congress that would not have been possible but for the sympathetic understanding and support that have been given to us by members of the Committee on Appropriations. To them I extend our heartfelt thanks.

Mr. STENNIS. We thank the Senator for his extensive cooperation, too.

The PRESIDING OFFICER (Mr. Brock). The Chair recognizes the Senator from Oregon, who has the remaining time.

Mr. HATFIELD. Mr. President, I yield 1 minute of my time to the Senator from Idaho (Mr. McClure).

Mr. McCLURE. I thank the Senator from Oregon for yielding.

I, too, want to thank both of the managers of this conference on behalf of the Senate for the great assistance that they have given us in meeting this problem, and also to express the expectation that the President will sign this bill very quickly upon its being presented to him. The regulations to expedite the payment of claims under this have already been promulgated and are ready for publication, and they will be in effect immediately upon the signature on the bill. The claims offices are already open and the claims officers are being trained.

I think the administration, too, should be commended for the way in which they have expedited the procedures under this provision.

I thank the Senator from Oregon for yielding.

Mr. HATFIELD. Mr. President, I wish to associate myself with the chairman of the committee, the distinguished Senator from Mississippi, in stating that this is a good bill. It has been worked out between the two Houses.

Mr. President, I concur fully with the distinguished Senator from Mississippi in his support for this conference report.

The differences with the other body have been resolved amicably and, in most cases, in favor of the Senate position.

Title I of the bill, provides funding for the Energy Research and Development Administration, representing 59 percent of the total funds in the bill. The conferees have agreed to provide $5,749,973,000 for ERDA's activities. This is $22 million over the House allowance, $9 million less than the Senate allowance, and $17 million less than the administration budget request. In the particular area of solar research and development operating expenses, the conferees agreed to split the difference between the House and Senate allowances, arriving at a conference allowance of $258.5 million for operating expenses, which is 82 percent higher than the budget request and 140 percent higher than the amount provided in fiscal year 1976.

Title II provides funding for the civil works functions of the U.S. Army Corps of Engineers and represents 25 percent of the total amount included in the bill. The conferees agreed to provide a total of $2,467,002,000 for title II, which is $25 million more than the House allowance, virtually the same as the Senate allowance, and $283 million over the budget request. In conference, the House receded to the Senate in providing $6.6 million for the design and construction of hopper dredges. The conferees also agreed to the following conference report language in relation to hopper dredges:

> The Committee of Conference is agreed that provided the dredging industry is capable of performing the service within the procedures prescribed by the Corps of Engineers under the testing of the market program, which gives private industry up to a 25% cost differential, private dredging interests will be awarded the work.
>
> The Committee supports a public and private mixture of hopper dredging which should be maintained and the Committee urges the development of private hopper dredges.

Title III of the bill provides funding for water and power agencies within the Department of the Interior, the largest of which is the Bureau of Reclamation. The conference agreement provides $756,668,000 for title III, which is $3.5 million over the House allowance and the same as the Senate allowance.

Title IV of the bill includes funding for TVA, the Nuclear Regulatory Commission, the Water Resources Council, the Federal Power Commission, and several river basin commissions. The conference agreed to provide a total of $730,070 for this title, which is a $8 million increase over the House allowance and a decrease of $6 million from the Senate allowance.

In total, the conference agreement provides $9,703,713 for the four titles in the bill. This is an increase of $58 million above the House allowance, a decrease of $15 million below the Senate allowance, an increase of $305 million above the budget request and an increase of $2.19 billion above the fiscal year 1976 appropriations.

It has been a great pleasure to work with the distinguished Senator from Mississippi on this bill again. He has been responsive to the Members of the Senate in subcommittee, and he has been firm with the House in conference. I believe a fair compromise has been reached with the House. Therefore, I join with the distinguished subcommittee chairman in urging the passage of this conference report.

Mr. STENNIS. One other point, Mr. President, this money for the Teton Dam disaster will be available as soon as the bill is signed by the President. The conference report has been approved by the House.

I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT AMENDMENTS OF 1975

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1518.

The PRESIDING OFFICER (Mr. HATFIELD) laid before the Senate the amendments of the House of Representatives to the bill (S. 1518) to amend the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) to authorize additional appropriations to establish fuel efficiency demonstration projects, to provide additional enforcement authority for the odometer antitampering provisions, and for other purposes.

(The amendments of the House are printed in the RECORD of January 22, 1976, beginning at page 590.)

UP AMENDMENTS NO. 136

Mr. MANSFIELD. I move that the Senate concur in the House amendments with amendments that I send to the desk. I ask for their consideration en bloc.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. MANSFIELD) proposes unprinted amendments No. 136

In lieu of the matter proposed to be inserted by the House engrossed amendment to the text of the bill, insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Motor Vehicle Information and Cost Savings Act Amendments of 1976".

TITLE I—AMENDMENT TO TITLE I

SEC. 101. Section 111 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1921) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 111. There are authorized to be appropriated to carry out this title $125,000 for the fiscal year ending June 30, 1976; $75,000 for the period beginning July 1, 1976, and ending September 30, 1976; $130,000 for the fiscal year ending September 30, 1977; and $395,000 for the fiscal year ending September 30, 1978.".

TITLE II—AMENDMENTS TO TITLE II

SEC. 201. Section 201(d) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1941(d)) is amended by inserting at the end thereof the following: "The Secretary may by rule require automobile dealers to distribute to prospective purchasers any information compiled pursuant to this subsection.".

SEC. 202. Section 209 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1949) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 209. There are authorized to be appropriated to carry out this title $1,875,000 for the fiscal year ending June 30, 1976; $500,000 for the period beginning July 1, 1976, and ending September 30, 1976; $3,385,000 for the fiscal year ending September 30, 1977; and $3,375,000 for the fiscal year ending September 30, 1978.".

TITLE III—AMENDMENTS TO TITLE III

SEC. 301. Section 303 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1963) is amended—

(1) by striking out "June 30, 1976" in subsection (b) and inserting in lieu thereof "September 30, 1977"; and

(2) by adding at the end thereof the following new subsection:

"(c) The Secretary shall approve such applications and take such other action as may be necessary to provide that at least three motor vehicle diagnostic inspection demonstration projects receive financial assistance under grants under this part through September 30, 1977.".

SEC. 302. Section 311 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1963a) is amended to read as follows:

"FUEL EFFICIENCY

"SEC. 311. (a) The Secretary shall establish a special motor vehicle diagnostic inspection demonstration project to assist in the research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by any State in any high volume inspection facility designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles. Motor vehicles shall be inspected at such project for purposes of (1) evaluating the conditions of parts, components, and repairs which may be necessary to comply with State and Federal safety, noise, and emissions standards, and (2) assisting the motor vehicle owner in achieving optimum fuel and maintenance economy.

"(b) The Secretary shall evaluate, to the extent feasible, the existing diagnostic analysis and test equipment available for use in small automotive repair establishments and report to the Congress, within two years after the enactment of the Motor Vehicle Information and Cost Savings Act Amendments of 1976, as to the scope of research and development required to make such equipment compatible with State motor vehicle inspection and diagnostic equipment. The report shall assess the extent to which private industry can supply small automotive repair shops with low-cost test equipment which can be used to monitor compliance with Federal safety, noise, and emissions standards promulgated by the Secretary, the Administrator of the Environmental Protection Agency, and by State or local regulatory agencies.

"(c) In carrying out this section, the Secretary shall provide—

"(1) the Administrator of the Environmental Protection Agency with an opportunity to assist, to the extent such assistance relates to noise and emissions, in the establishment of the special motor vehicle diagnostic inspection demonstration project under subsection (a) and the evaluation of existing diagnostic and test equipment under subsection (b); and

"(2) the Administrator of the Federal Energy Administration with an opportunity to assist, to the extent such assistance relates to fuel efficiency, in the establishment of such project and the evaluation of such equipment.".

SEC. 303. Section 321 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1964) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 321. There are authorized to be appropriated to carry out this title $5,000,000 for the fiscal year ending June 30, 1976; $500,000 for the period beginning July 1, 1976, and ending September 30, 1976; $7,500,000 for the fiscal year ending September 30, 1977; and $4,400,000 for the fiscal year ending September 30, 1978. Sums appropriated under this section shall remain available until expended.".

TITLE IV—AMENDMENTS TO TITLE IV

SEC. 401. Section 402 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1982) is amended by—

(1) redesignating paragraphs (1), (2), and (3) as paragraphs (3), (4), and (5), respectively; and

(2) inserting before paragraph (3), as redesignated, the following new paragraphs:

"(1) The term 'dealer' means any person who has sold 5 or more motor vehicles in the past 12 months to purchasers who in good faith purchase such vehicles for purposes other than resale.

"(2) The term 'distributor' means any person who has sold 5 or more vehicles in the 12 months for resale.".

SEC. 402. The first sentence of section 403 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1983) is amended to read as follows: "No person shall advertise for sale, sell, use, or install or cause to be installed, any device which causes an odometer to register any mileage other than the true mileage driven.".

SEC. 403. Section 404 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1984) is amended to read as follows:

"UNLAWFUL CHANGE OF MILEAGE

"SEC. 404. No person shall disconnect, reset, or alter or cause to be disconnected, reset, or altered, the odometer of any motor vehicle with intent to change the number of miles indicated thereon.".

SEC. 404. Section 405 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1985) is amended to read as follows:

"OPERATION WITH INTENT TO DEFRAUD

"SEC. 405. No person shall, with intent to defraud, operate a motor vehicle on any street or highway knowing that the odometer of such vehicle is disconnected or nonfunctional.".

SEC. 405. Section 407 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1987) is amended by (1) inserting "(a)" immediately after "SEC. 407."; (2) striking out the last sentence thereof; and (3) adding at the end thereof the following new subsection:

"(b)(1) No person shall fail to adjust an odometer or affix a notice regarding such adjustment as required pursuant to subsection (a) of this section.

"(2) No person shall, with intent to defraud, remove or alter any notice affixed to a motor vehicle pursuant to subsection (a) of this section.".

SEC. 406. Section 408(b) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1988(b)) is amended to read as follows:

"(b) No transferor shall violate any rule prescribed under this section or give a false statement to a transferee in making any disclosure required by such rule.

"(c) No transferee who, for purposes of resale, acquires ownership of a motor vehicle shall accept any written disclosure required by any rule prescribed under this section if such disclosure is incomplete.".

SEC. 407. Section 410 of the Motor Vehicle

Information and Cost Savings Act (15 U.S.C. 1990) is amended to read as follows:

"INJUNCTIVE ENFORCEMENT

"SEC. 410. (a) The United States district courts shall have jursidiction, for cause shown and subject to the provisions of rule 65 (a) and (b) of the Federal Rules of Civil Procedure, to restrain violations of this title, or rules, regulations, or orders issued thereunder. Such actions may be brought by the Attorney General in any United States district court for a district wherein any act, omission, or transaction constituting the violation occurred, or in such court for the district wherein the defendant is found, is an inhabitant, or transacts business. In any action brought under this section, process may be served on a defendant in any other district in which the defendant resides or may be found.

"(b) In any action brought under this title, subpenas for witnesses who are required to attend a United States district court may run into any other district.".

SEC. 408. Title IV of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1981 et seq.) is amended by—

(1) redesignating sections 411, 412, and 413 as sections 418, 419, and 420, respectively; and

(2) inserting immediately after section 410 the following new sections:

"STATE ENFORCEMENT

"SEC. 411. (a) If any person violates any requirement imposed under this title, the chief law enforcement officer of the State in which such violation occurred may bring any action to—

"(1) restrain such violation; or

"(2) recover amounts for which such person is liable under section 409 to each person on whose behalf such action is brought.

"(b) Any action under subsection (a) of this section may be brought within two years from the date on which the liability arises—

"(1) without regard to the amount in controversy, in any appropriate district court of the United States, or

"(2) in any court of competent jurisdiction of any State.

"CIVIL PENALTY

"SEC. 412. (a) Any person who commits any act or causes to be done any act that violates any provision of this title or omits to do any act or causes to be omitted any act that is required by any such provision shall be subject to a civil penalty not to exceed $1,000 for each such violation. A violation of any such provision shall, for purposes of this section, constitute a separate violation with respect to each motor vehicle or device involved, except that the maximum civil penalty shall not exceed $100,000 for any related series of violations.

"(b) Any civil penalty under this section shall be assessed by the Secretary and collected in a civil action brought by the Attorney General on behalf of the United States. Before referral of civil penalty claims to the Attorney General, civil penalties may be compromised by the Secretary after affording the person charged with a violation of any section of this title an opportunity to present views and evidence in support thereof to establish that the alleged violation did not occur. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the violation committed and, with respect to the person found to have committed such violation, the degree of culpability, any history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

"CRIMINAL PENALTIES

"SEC. 413. (a) Any person who knowingly and willfully commits any act or causes to be done any act that violates any provision of this title or knowingly and willfully omits to do any act or causes to be omitted any act that is required by any such provision shall be fined not more than $50,000 or imprisoned not more than one year, or both.

"(b) Any individual director, officer, or agent of a corporation who knowingly and willfully authorizes, orders, or performs any of the acts or practices constituting in whole or in part a violation of any section of this title shall be subject to penalties under this section without regard to any penalties to which that corporation may be subject under subsection (a).

"INSPECTIONS AND INVESTIGATIONS

"SEC. 414. (a) (1) The Secretary is authorized to conduct any inspection or investigation necessary to enforce this title or any rules, regulations, or orders issued thereunder. Information obtained indicating noncompliance with this title or any rules, regulations, or orders issued thereunder, may be referred to the Attorney General for investigative consideration. In making investigations under this paragraph, the Secretary shall cooperate with appropriate State and local officials to the greatest extent possible consistent with the purposes of this subsection.

"(2) For purposes of carrying out paragraph (1) of this subsection, officers or employees duly designated by the Secretary, upon stating their purpose and presenting appropriate credentials and written notice (which notice may consist of an administrative inspection warrant) to the owner, operator, or agent in charge, are authorized at reasonable times and in a reasonable manner—

"(A) to enter (i) any factory, warehouse, establishment, or other commercial premises in or on which motor vehicles or items of motor vehicle equipment are manufactured, held for shipment or sale, maintained, or repaired, or (ii) any noncommercial premises in or on which the Secretary reasonably believes that there is a motor vehicle or item of motor vehicle equipment that has been the object of a violation of this title;

"(B) to impound, for a period not to exceed 72 hours, for purposes of inspection, any motor vehicle or item of motor vehicle equipment that the Secretary reasonably believes to have been the object of a violation of this title; and

"(C) to inspect any factory, warehouse, establishment, premises, vehicle, or equipment referred to in subparagraph (A) or (B) of this paragraph.

Each inspection or impoundment under this paragraph shall be commenced and completed with reasonable promptness.

"(3) Whenever, under the authority of paragraph (2) (B) of this subsection, the Secretary impounds for the purpose of inspection any motor vehicle (other than a vehicle subject to part II of the Interstate Commerce Act) or any item of motor vehicle equipment, he shall pay reasonable compensation to the owner of such vehicle or equipment to the extent that such inspection or impounding results in the denial of the use of the vehicle or equipment to its owner or in the reduction in value of the vehicle or equipment.

"(b) For the purpose of enabling the Secretary to determine whether any dealer or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder, each dealer and distributor shall—

"(1) maintain such records as the Secretary may reasonably require to make such determination;

"(2) permit an officer or employee duly designated by the Secretary, upon request of such officer or employee, to inspect appropriate books, papers, records, and documents relevant to making such determination; and

"(3) provide such officer or employee information from records required to be maintained under this subsection as the Secretary finds necessary for such determination if the Secretary (A) provides the reason or purpose for requiring such information, and (B) identifies to the fullest extent practicable such information.

Nothing in this subsection authorizes the Secretary to require a dealer or distributor to provide information on a regular periodic basis.

"(c) (1) For the purpose of carrying out the provisions of this title, the Secretary or, with the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

"(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

"(3) Except to the extent inconsistent with the last sentence of subsection (b) of this section, the Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secertary under this title. Such reports and answers shall be under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

"(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpena or order of the Secretary or such officer or employee issued under paragraph (1) or (3) of this subsection, issue an order requiring compliance therewith, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage which are paid witnesses in the courts of the United States.

"(d) All information reported to or otherwise obtained by the Secretary or his representative under this title, which information contains or relates to a trade secret or other matter referred to in section 1905 of *title 18 of the United States Code*, shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this section shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committees of the Congress.

"ADMINISTRATIVE WARRANTS

"SEC. 415. (a) A warrant under this section shall be required for any entry or administrative inspection (including impoundment of motor vehicles or motor vehicle equipment) authorized by section 414 of this Act, except if such entry or inspection is—

"(1) with the consent of the owner, operator, or agent in charge of the factory, warehouse, establishment, or premises;

"(2) in situations involving inspection of motor vehicles where there is reasonable cause to believe that the mobility of the motor vehicle makes it impracticable to obtain a warrant;

"(3) in any other exception or emergency circumstance where time or opportunity to apply for a warrant is lacking;

"(4) for access to and examination of books, records, and any other documentary evidence pursuant to section 414(c)(2); or

"(5) in any other situations where a warrant is not constitutionally required.

"(b) Issuance and execution of administrative inspection warrants shall be as follows:

"(1) Any judge of the United States or of a State court of record, or any United States magistrate, may, within his territorial jurisdiction, and upon proper oath or affirmation showing probable cause, issue warrants for the purpose of conducting administrative inspections authorized by section 414 and of impoundment of motor vehicles or motor vehicle equipment appropriate to such inspections. For the purposes of this section, the term 'probable cause' means a valid public interest in the effective enforcement of this title or regulations issued thereunder sufficient to justify administrative inspections of the area, factory, warehouse, establishment, premises, or motor vehicle, or contents thereof, in the circumstances specified in the application for the warrant.

"(2) A warrant shall be issued only upon an affidavit of an officer or employee having knowledge of the facts alleged, sworn to before the judge or magistrate and establishing the grounds for issuing the warrant. If the judge or magistrate is satisfied that grounds for the application exist or that there is a reasonable basis for believing they exist, he shall issue a warrant identifying the area, factory, warehouse, establishment, premises, or motor vehicle to be inspected, the purpose of such inspection, and, where appropriate, the type of property to be inspected, if any. The warrant shall—

"(A) identify the items or type of property to be impounded, if any;

"(B) be directed to a person authorized under section 414 to execute it;

"(C) state the grounds for its issuance and the name of the person or persons whose affidavit has been taken in support thereof;

"(D) command the person to whom it is directed to inspect the area, factory, warehouse, establishment, premises, or motor vehicle identified for the purpose specified, and, where appropriate, shall direct the impoundment of the property specified;

"(E) direct that it be served during the hours specified in it; and

"(F) designate the judge or magistrate to whom it shall be returned.

"(3) A warrant issued pursuant to this section must be executed and returned within 10 days of its date unless, upon a showing by the Secretary of a need therefor, the judge or magistrate allows additional time in the warrant. If property is impounded pursuant to a warrant, the person executing the warrant shall give the person from whom or from whose premises the property was taken a copy of the warrant and a receipt for the property taken or shall leave the copy and receipt at the place from which the property was taken. The return of the warrant shall be made promptly and shall be accompanied by a written inventory of any property taken. The inventory shall be made in the presence of the person executing the warrant and of the person from whose possession or premises the property was taken, if they are present, or in the presence of at least one credible person other than the person making such inventory, and shall be verified by the person executing the warrant. The judge or magistrate, upon request, shall deliver a copy of the inventory to the person from whom or from whose premises the property was taken and to the applicant for the warrant.

"(4) The judge or magistrate who has issued a warrant under this section shall attach to the warrant a copy of the return and all papers filed in connection therewith and shall file them with the clerk of the district court of the United States for the judicial district in which the inspection was made.

"PROHIBITED ACTS

"SEC. 416. No person shall fail to comply with the requirements of section 414 to maintain records, make reports, provide information, permit access to or copying of records, permit entry or inspection, or permit impounding.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 417. There are authorized to be appropriated to carry out this title $450,000 for the fiscal year ending June 30, 1976; $100,000 for the period beginning July 1, 1976, and ending September 30, 1976; $650,000 for the fiscal year ending September 30, 1977; and $562,000 for the fiscal year ending September 30, 1978.".

Amend the title so as to read: "An Act to amend the Motor Vehicle Information and Cost Savings Act to authorize appropriations, to require the establishment of a special motor vehicle diagnostic inspection demonstration project, to provide additional authority for enforcing prohibitions against motor vehicle odometer tampering, and for other purposes.".

Mr. MOSS. Mr. President, we are considering today amendments to the Motor Vehicle Information and Cost Savings Act. On June 5, 1975, the Senate passed S. 1518. On January 22, 1976, the House amended the Senate-passed bill with its own text and sent it back to the Senate for further consideration. I am introducing today a series of Senate amendments to the House amendments to S. 1518. The Senate Commerce Commitee has met and agreed to these amendments, and it is my belief that if we approve them, they will also be acceptable to the House.

As enacted, the Motor Vehicle Information and Cost Savings Act was designed to promote competition among motor vehicle manufacturers in the design and production of motor vehicles. By utilizing a combination of Federal regulation and traditional market forces, it was intended that this act would result in motor vehicles having greater resistance to damage and being easier to repair. In addition, the act was designed to protect consumers against the fraud of odometer tampering.

These amendments would authorize additional appropriations for implementation of titles I, II, III, and V of the Cost Savings Act through fiscal year 1978. Additionally, they would make several substantive amendments to title III of the act relating to the motor vehicle diagnostic inspection program and title IV of the act relating to odometer tampering.

Specifically, the legislation would authorize additional appropriations to carry out title I of the act relating to bumper standards in the amounts of $125,000 for the fiscal year ending June 30, 1976; $75,000 for the fiscal year transition period; $130,000 for the fiscal year ending September 30, 1977; and $395,000 for the fiscal year ending September 30, 1978.

With respect to additional authorizations for title II relating to the consumer information study, S. 1518 would provide for $1,875,000 for the fiscal year ending June 30, 1976; $500,000 for the fiscal transition period; $3,385,000 for the fiscal year ending September 30, 1977; and $3,375,000 for the fiscal year ending September 30, 1978. Additionally, the amendments would authorize the Secretary, by rule, to require automobile dealers to distribute to prospective purchasers any information that may be compiled under the consumer information study.

The title II study contained in the Motor Vehicle Information and Cost Savings Act is an extremely important component of this legislation. It requires the Secretary to study and investigate the methods for determining the damage susceptibility, the degree of crash worthiness, and the characteristics of motor vehicles with respect to the ease of diagnosis and repair of mechanical and electrical systems which fail during use or which are damaged during motor vehicle accidents. Additionally, the Secretary is mandated to prepare information which compares differences in insurance costs for different makes and models of motor vehicles based upon differences in damage susceptibility and crash worthiness. Once this information is developed, it is intended that it be distributed to consumers and serve as a basis upon which to make discriminating purchasing decisions. It is my hope that if confirmed, the new NHTSA Administrator will give this program his close personal attention.

Title III of the Motor Vehicle Information and Cost Savings Act requires the Secretary of Transportation to establish 5 to 10 motor vehicle diagnostic inspection demonstration projects. These demonstration projects were designed to establish, operate, and conduct periodic safety inspections of motor vehicles pursuant to criteria established by the Secretary of Transportation and periodic emission inspection pursuant to criteria established by the Secretary in consultation with the EPA. These projects have been in operation for less than a year and a half. Due to delays in selecting participating States, and thus in initiating inspections, the accumulated data is not as comprehensive as expected. Accordingly, these amendments would extend the life of these projects until September 30, 1977. Additionally, the Secretary would be required to extend at least three of the five existing diagnostic inspection demonstration projects. It is hoped that this extension of the projects will give us additional data on, among other things, life-cycle costs, fuel economy, new vehicle designs such as front wheel drive and transverse mounted engines, and new diagnostic equipment.

In addition, the amendments would modify and refine the purpose of an additional special motor vehicle diagnostic inspection demonstration project which was mandated under Public Law 93–492. Under this amendment, the special diagnostic demonstration project would assist in the research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by any State in high-volume inspection facilities designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles. The new focus of study as required by these amendments would be an evaluation of the fuel efficiency of motor vehicles. Additionally, the Secretary is required to evaluate, to the extent feasible, existing diagnostic analysis and test equipment available for use in small automotive repair establishments and report to the Congress within 2 years as to the scope of research and development required to make such equipment compatible with State motor vehicle inspection and diagnostic equipment. I believe this study is important to the preservation of the small automotive repair shop. Motor vehicles are becoming increasingly more sophisticated, and unless these shops have access to low-cost diagnostic equipment, they will be unable, through no fault of their own, to compete in the repair of these vehicles with the large franchise or chain-type repair facilities.

In order to fund these projects, the amendments would authorize to be appropriated $5 million for the fiscal year ending June 30, 1976; $500,000 for fiscal year transition period; $7,500,000 for the fiscal year ending September 30, 1977; and $4,400,000 for the fiscal year ending September 30, 1978.

Title IV of the Motor Vehicle Information and Cost Savings Act established a comprehensive law prohibiting odometer tampering. Unfortunately, it has had only a limited impact in preventing odometer tampering because the original law provided for enforcement only through private civil actions or injunctive actions. In over 2 years, only one injunctive enforcement action has been brought by the Attorney General, and few consumers have utilized the private civil action provisions.

S. 1518 would make several important modifications to title IV. First, it would authorize the levying of civil sanctions against those who commit any act that violates the odometer anti-tampering provisions. For each act, the offender would be subject to a civil penalty not to exceed $1,000 for each violation, with a maximum civil penalty of not to exceed $100,000 for any related series of violations. Additionally, criminal penalties would be authorized for any person who knowingly and willfully commits any act in violation of the odometer antitampering provisions. An offender could be fined not more than $50,000 or imprisoned not more than 1 year or both.

Additionally, these amendments incorporate procedures for obtaining administrative warrants and a more specific definition of procedures and limitations on the Department of Transportation for inspection and recordkeeping requirements necessary to enforce the odometer antitampering provision.

Mr. President, I believe that these amendments will make a major contribution in insuring effective implementation of the Motor Vehicle Information and Cost Savings Act. I urge their adoption.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

The question is on agreeing to the motion that the Senate concur in the House amendments with the amendments of the Senate.

The motion was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the deferral amendment. Who yields time?

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum and ask unanimous consent that it not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without obection, it is so ordered.

Mr. PACKWOOD. I ask unanimous consent that Dave Brockway of the Senate Joint Committee on Internal Revenue Taxation be allowed the privilege of the floor during the pendency of this debate. I ask unanimous consent that John Colvin of my staff be allowed the privilege of the floor during pendency of debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. I yield to the Senator from Washington.

COAST GUARD AUTHORIZATIONS

Mr. MAGNUSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 11670.

The PRESIDING OFFICER (Mr. Morgan) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 11670) to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MAGNUSON. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Magnuson, Mr. Long, Mr. Durkin, Mr. Stevens, and Mr Beall conferees on the part of the Senate.

OLYMPIC WINTER GAMES AUTHORIZATION ACT

Mr. MAGNUSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2184.

The PRESIDING OFFICER (Mr. Morgan) laid before the Senate the amendments of the House of Representatives to the bill (S. 2184) to authorization appropriations for the winter Olympic games, and for other purposes.

(The amendments of the House are printed in the Record of June 11, 1976, beginning at page 17751.)

Mr. MAGNUSON. I move that the Senate disagree with the amendments of the House and request a conference on the disagreeing votes, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Magnuson, Mr. Moss, Mr. Hollings, Mr. Stevens, and Mr. Buckley conferees on the part of the Senate.

TIME-LIMITATION AGREEMENT— H.R. 14232

Mr. MANSFIELD. Mr. President, will the Senator yield to me? I ask unanimous consent that when the HEW bill is again before the Senate there be a time limitation of 30 minutes on amendments by Senator Javits and Senator Kennedy which have to do with money amendments to the bill, and I would make that a general request, 30 minutes time to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

DELAYING THE EFFECTIVE DATE FOR CERTAIN AMENDMENTS TO RULES OF CRIMINAL PROCEDURE AND OTHER RULES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, which has been cleared with both Mr. Hruska and Mr. Burdick, that the Senate proceed to the consideration of H.R. 13899, Calendar Order 936.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 13899) to delay the effective date of certain proposed amendments to the Federal Rules of Criminal Procedure and certain other rules promulgated by the United States Supreme Court.

The Senate proceeded to consider the bill which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

> That, notwithstanding the provisions of section 3771 and 3772 of title 18 of the United States Code, the amendments to rules 6(e), 23, 24, 40.1 and 41(c)(2) of the Rules of Criminal Procedure for the United States district courts which are embraced by the order entered by the United States Supreme Court on April 26, 1976, and which were transmitted to the Congress on or about April 26, 1976, shall not take effect until August 1, 1977, or until and to the extent approved by Act of Congress, whichever is earlier. The remainder of the proposed amendments to the Federal Rules of Criminal Procedure shall become effective August 1, 1976, pursuant to law.
>
> Sec. 2. That, notwithstanding the provisions of section 2072 of title 28 of the United States Code, the rules and forms governing section 2254 cases in the United States district courts and the rules and forms governing section 2255 proceedings in the United States district courts which are embraced by the order entered by the United States Supreme Court on April 26, 1976, and which were transmitted to the Congress on or about April 26, 1976, shall not take effect until thirty days after the adjournment sine die of the 94th Congress, or until and to the extent approved by Act of Congress, whichever is earlier.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

AUTHORIZATION TO FILE AND PRINT COMMITTEE REPORTS

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the Committee on Government Operations, on its own behalf and on behalf of its subcommittees, be authorized to file reports with the Secretary of the Senate during the adjournment of the 94th Congress, 2d session, and that they be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Indiana.

Mr. RANDOLPH. Mr. President, will the Senator yield to me for a unanimous-consent request?

Mr. HARTKE. I yield.

PRIVILEGE OF THE FLOOR—S. 2150

Mr. RANDOLPH. Mr. President, I ask unanimous consent that during the consideration of and voting on S. 2150, the Solid Waste Utilization Act, the following staff members of the Committee on Public Works be granted the privilege of the floor: M. Barry Meyer, John W. Yago, Philip T. Cummings, Richard Harris, Bailey Guard, Richard Grundy, Katherine Cudlipp, Harold Brayman, Stevens Swain, Leon Billings, Karl Braithwaite.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. CHURCH. Mr. President, I ask unanimous consent that Mr. Jerry Levinson have the privileges of the floor during the debate on the tax deferral provisions of the Tax Reform Act of 1976.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I intend to offer an amendment which deals with the taxation of foreign income and deferral of that tax.

Mr. President, the debate in this Chamber on the Tax Reform Act of 1976 is a debate over national economic policy. We are here to decide certain fundamental issues that have immense ramifications for tomorrow as well as today. At stake is our commitment to the American people. The question is whether we shall continue to give special benefits to a few entrenched interests, or shall we begin the process of meaningful tax reform. Our tax laws have more loopholes than a fishnet; but unlike a fishnet, they allow the wealthy and powerful to escape while they capture the average American taxpayer, forcing him to bear a disproportionate share of the burdens of Government. In our tax laws we seem to be dedicated to the proposition that all men are not equal; that some men deserve advantages that others are not allowed. We have made a mockery of the concept of progressive taxation. Rather than continue the current subterfuge, we should either reform our tax laws or drop every pretense and declare that we espouse regressive taxation as national policy. The people of this Nation have become cynical toward their governmental institutions. They have a right to be. We promise reform, yet we offer protection of special privilege.

We stand, Mr. President, knee deep in the ebbing tide of recession and inflation with only hope that a new and stronger tide will not engulf our economy, transforming it into marshy stagnation. Seven million of our fellow citizens stand idle, many more millions underemployed. Yet, there are those who argue, at least by implication, that the proper way to correct this illness is to continue tax shelters for the rich and special benefits for our corporations. There are even those who would deny our citizens the benefit of a small tax credit. Somewhere along the road, we have lost our way. We have lost sight of those who we are supposed to represent. We have been confused and misled, like the children of Moses, by false idols. We must not let this opportunity to rededicate ourselves to our principles slip by us.

There are many different areas where real reform is essential. None is more important than foreign taxes. And within that realm, the most flagrant violation of tax equity and tax neutrality is the deferral of taxes on foreign source income. Embedded in our tax laws is the concept that an American firm operating abroad may defer any payment of U.S. taxes until and when it chooses to repatriate its earnings. We thus allow our multinational corporations the special privilege of choosing when they will subject their earnings to American taxation, if ever. That is a privilege I am sure every American would like to enjoy, but it is a privilege that we extend only to the wealthiest and most powerful organizations in American society.

I am well aware that since last year when 72 of my colleagues here in the Senate voted with me to eliminate tax deferral, the multinational corporations have launched a major effort to preserve the victory they later won in conference. I do not blame them. If any one of us enjoyed such special status, we too would wish to retain it. But the arguments that were convincing last year have not changed. It is my fervent hope that the resolve of the Senate will not change. It is my hope that the Senate will tell the American people that it disapproves of this extraordinary advantage, not only because it is unfair but because it hurts the Nation and adds to its economic woes.

The amendment to eliminate tax deferral is not punishment we are meting out to multinational corporations, as it is sometimes portrayed. It is nothing more than the elimination of a special advantage. It has been argued that tax deferral was a necessary incentive for American business to invest abroad to aid in the process of rebuilding a war-torn world. If that is true, the incentive is no longer needed. The economies of Western Europe and Japan are as healthy as our own—in some cases, more so. It is time to "mend our own fences"—to tend to our own economic ailment—to see to the needs of our own people.

The effect of tax deferral is to extend to a small group of American corporations an interest-free loan, paid for by the average taxpayer, so they may continue to build their assets abroad. The American taxpayer is being asked to underwrite the export of capital; to underwrite the export of technology and know-how; and to underwrite the exportation of jobs. The rationale for such a policy when domestic unemployment is a at record levels, when the United States is losing its competitive advantage in foreign trade, and when there is widespread concern over capital shortage is, at best, elusive. Even given all these factors, we are somehow expected to believe that ultimately tax deferral serves the national interest. International economics, like the Lord, apparently moves in mysterious ways.

Tax deferral of foreign source income systematically undermines new investment in America. Our largest and most powerful corporations are encouraged to reinvest their foreign earnings in foreign countries; they are discouraged from repatriating those earnings and investing them at home. To underscore the absurdity of the situation created by deferral, companies that are in dire need of capital at home find penalties associated with repatriation too great.

Almost invariably, corporate decisions to repatriate foreign earnings hinge on whether the company has compiled sufficient tax credits or domestic losses to offset any U.S. tax liability. The extent and timing of repatriation is a function of artficial circumstances created by deferral that bear scant relationship to real business needs. During the markup of H.R. 10612, members of the Finance Committee were asked by a major American firm to assist in devising a means to repatriate desperately needed capital without incurring a tax liability. Given the existence of deferral, the company was acting rationally and consistently. Since its problem was one of timing, it had no real incentive to repatriate foreign earnngs when those funds could be reinvested profitably abroad. The resolution of such anomalies could easily be effectuated by simply eliminating deferral and, thus, placing all companies on an equal footing.

Only recently have economists begun to realize that deferral is depriving the United States of much of its competitive advantage in world markets. Deferral creates an incentive for the most advanced American firms to locate production facilities abroad. When this occurs, they take with them their technology and their technical know-how. In a meeting last week of the President's Advisory Group on the Contributions of Technology to Economic Strength, a number of experts agreed that, indeed, the United States was transferring the cream of its technology abroad, and losing its competitive position in the world. One solution to this problem, according to Jack Baranson, an internationally renown expert in the field, is for American policy "to discourage the transfer of U.S. technology abroad, in part by removing fiscal incentives that now reinforce disadvantageous movements."

As new investment in plant and equipment is funneled abroad by tax deferral, the United States loses jobs. At a time when unemployment is extremely high, this effect of deferral is obviously dysfunctional. And an extra dimension to the problem is added when account is taken of the prediction by many economists that structural unemployment will grow over the coming decades. We must take into account today's jobs and tomorrow's jobs. Our present course mortgages America's future as an industrial state to the immediate benefits accruing to transnational business enterprises.

The argument made by advocates of tax deferral is that investment abroad really creates jobs for Americans. It is an interesting theory which bears little relation to fact. A few jobs are created as part of a spillover effect because more clerks and secretaries and middle management people are needed in the corporate headquarters as the worldwide operations of the company expand. But between 1970 and 1973 four times as many jobs were created overseas as in the United States by only 111 multinational firms. The rate of job creation abroad was nearly 10 times greater. While different economists disagree over the precise numbers, most estimates indicate a net loss of between 1 million and 2 million U.S. jobs since 1967.

A growing number of economists have independently reached the conclusion that tax deferral is not good for the United States. It is a special benefit to our largest corporations which carries no concomitant benefit for the American economy. Indeed the reverse is true. Tax deferral provides the wrong set of incentives, impoverishing, not enriching the Nation. Implicit in the movement of capital and technology abroad is the danger, according to Professor Samuelson, that the United States will become a rentier economy, living off its investments abroad rather than producing at home.

DOMESTIC CONSEQUENCES OF OVERINVESTMENT ABROAD

Fueled by tax incentives for going overseas, and reaping the profits of combining U.S. technology with lower wage production costs, U.S. multinationals are rapidly exporting this Nation's productive dynamism—the job generators of today and tomorrow. Capital investment by U.S. firms has been increasingly moved overseas. The application of our newest technology has taken place more and more in other economies and the consequent gains in productivity and international competitiveness has been lost to the United States.

U.S. multinationals have invested over $160 billion overseas for plants and equipment since 1958. In 1974 alone they spent $25.8 billion abroad, a sevenfold increase in 14 years from the $3.8 billion of 1960. Since the multinationals' overseas expansion is heavily slanted toward vital high-technology industries, the rate of their new foreign investments is now threatening to surpass domestic investment rates in our most advanced manufacturing industries. In the sophisticated nonelectrical machinery industry, for example, the level of plant and equipment spending abroad by U.S. multinationals had reached 76 percent of new domestic capital investment by all firms in the same American industry in 1973. In 1960 the figure had been only 15.4 percent.

A U.S. Department of Commerce statement on March 31, 1976, reported that U.S. multinational firms plan to spend $3.1 billion abroad in 1976 for capital investments in nonelectric machinery alone, primarily among computer manufacturing. Total foreign investments by U.S. multinationals has been easily outstripping American export production. In 1973, the last year for which data is available, aggregate sales of U.S. multinationals' foreign subsidiaries were more than four times the size of U.S. exports. The sales of the foreign affiliates of U.S. multinationals now considerably exceed $350 billion annually.

Economists have viewed the negative effects multinational tax incentives from several related, but distinct perspectives.

The detrimental impact of overexpansion abroad can be seen as affecting, first, efficient resource allocation, or second, national income levels and distribution. These two analytic approaches are forced to make the assumption of full employment, but even with that assumption they find overwhelmingly adverse consequences for the domestic economy stemming from subsidized overinvestment abroad. When the assumption of full employment is dropped—as it should be in light of this country's closing cycles of recession and near-depression—the employment impact of multinational tax preferences are revealed as still more negative: This approach indicates that we are essentially paying our largest corporations to get out of this country, and to take their investment, technology, and jobs with them.

Assuming full employment—of both human and capital resources—the deferral loophole can be seen to have some or all of the following adverse consequences:

First. The deferral provision distorts choices between domestic and favored foreign investment and creates inefficiencies in allocation of resources from the U.S. viewpoint resulting in lower wages for U.S. consumers, and a reduction in overall domestic income.

Second. The deferral provision further distorts efficient economic choice by encouraging the retention of funds abroad rather than repatriation to the United States.

Third. The deferral provision fails in terms of equity, because it imposes different tax rates on income earned in the United States and earned abroad.

Fourth. The advantages of the deferral provision gives many opportunities for tax avoidance gimmickery—through tax havens, manipulation of transfer prices, and so forth.

Still operating within the "full employment" assumptions, Prof. Peggy Musgrave of Northeastern University has performed a detailed analysis of the impact of subsidized multinational investment and its effects on the U.S. economy. Her lengthy report to the Senate Subcommittee on Multinational Corporations, "Direct Investment Abroad and the Multinationals: Effects on the United States Economy," finds that—

> In the long run, perhaps the major effect of foreign investment is through its impact on domestic capital formation in the U.S. To the extent that domestic capital formation is displaced, foreign investment will reduce the level of income originating within the U.S. as well as the labor share in national income. . . .

When the elegant—but unrealistic—assumption of full employment is dropped then the economy shows still more negative effects from overinvestment abroad. A recent study for the State Department by Prof. Robert Frank and Richard Freeman of Cornell University shows that increased taxation of the multinationals' foreign income would increase U.S. investment, production, exports, and employment. Their estimates show that if the multinationals had stayed in this country and exported to foreign markets—rather than setting up plants abroad—the United States would have gained between 110,000 and 160,000 jobs in each year between 1966 and 1973. Adding up the estimated annual job gains we could have had if the multinationals had stayed at home, yields a total of over 1 million jobs in those 8 years alone.[1]

In short, economic reasoning and research indicates that tax subsidies for expansion abroad—especially the deferral loophole—produce a web of interconnected barriers to full employment and economic growth in the United States. As a result of artificial incentives favoring foreign investment and foreign income:

Domestic investment is lower than it otherwise would be;

Investment is artificially diverted from our economy, sacrificing productivity growth—the new machinery goes elsewhere;

Our international competitiveness in trade suffers; this contributed to the decline of the dollar and gave us devaluation;

National income is lowered because of less investment and lower productivity, and workers' incomes are correspondingly reduced.

The major effect, though, is still the loss of jobs and job opportunities. Can U.S. tax policy continue to promote the export of jobs in the world of the 1970's and beyond? It hardly seems sensible to be pushing our companies overseas when the domestic economy languishes. American workers are badly in need of work and small businesses falter in the face of recession and subsidized multinational competition.

Today U.S. multinationals directly employ more than 5 million workers overseas. How many of these jobs have been exported because of preferential tax treatment for the multinationals' foreign source income?

Production jobs are obviously lost, but the effects of lost investment, production, technology, and jobs ripple outward:

Jobs are lost by construction workers

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[1] "The Impact of United States Foreign Direct Investment on Domestic Unemployment" 1975.

who would have built those plants that are now going up overseas;

Jobs are lost by supplying firms that used to make components for U.S. multinational companies;

Jobs are lost by the service industries that provide for the needs of a fully employed workforce;

Jobs are lost by public employees and governments at every level who suffer from the needless loss of tax revenues, and on and on to every sector of our economy and society.

EMERGING CONSENSUS OF ACADEMIC ECONOMISTS: DEFERRAL MUST BE ENDED

Understanding of the serious implications of subsidized overinvestment abroad has spread rapidly even within the last year, ever since 73 of us in the Senate voted to repeal deferral as part of the Tax Reduction Act of 1975. A consensus seems to be emerging among highly respected economists that our multinational subsidies must be ended.

Professor Musgrave's report to the Multinational Subcommittee last autumn was one of the first in a new series of academic studies showing the dramatically negative consequences stemming from overseas overinvestment.

One of Professor Musgrave's major contributions has been to approach the tax question from the perspective of the national tax optimum, rather than the private investors' optimum:

> (1) From the point of view of the individual investor, what matters is the *after*-tax rate of return from foreign and domestic investment. Taxes must be subtracted whether foreign or domestic. The net private return from foreign investment may then be defined as the difference between the two after-tax rates of return.
>
> (2) From the point of view of the U.S. economy as a whole, what matters is the rate of return from foreign investment *after* foreign taxes as compared with the U.S. rate of return *before* taxes . . . U.S. taxes, seen from the national point of view are only a transfer, whereas foreign taxes are a loss. The difference between the foreign return after tax and the domestic return before tax may be referred to as the net national rate of return on foreign investment." (p. 18)

Her examination of the evidence shows "a substantial negative net national rate of return on foreign investment" under present U.S. tax laws. She concludes:

> This result would be avoided and foreign investment would be carried only to the point at which the net national returns become zero if the tax treatment was changed to include foreign taxes as a deduction from U.S. taxable income rather than to permit them as a credit against U.S. taxes.

To fully achieve this national tax optimum, foreign-source income would have to be taxed when earned; that is, the foreign tax deferral would have to be eliminated as well as with the foreign tax credit.

Professor Musgrave has been supported in this conclusion by two other distinguished economists who warn that the multinational corporations are moving this Nation down the same road of a rentier economy that is at the root of Great Britain's woes today.

Princeton Prof. Robert Gilpin says that the United States is exporting its comparative advantages in exchange for future foreign earnings:

> Insofar as the U.S. continues to move in this direction, it is converting itself into the type of rentier economy—that is, one which lives off investment income—that Great Britain became in the latter part of the nineteenth century. Overall, the U.S. in the second half of the twentieth century may be said to be facing much the same problems.

Dr. Paul A. Samuelson sees a rentier future with similar worry: At a time of rising nationalism:

> Can one really believe that in the last three decades of the twentieth century the rest of the world can be confidently counted on to permit the continuing flow of dividends, repatriation of earnings and royalties to large corporations owned here?

After the United States has exported its manufacturing, Samuelson states, we will find ourselves poorer than we expected.

In addition to job export estimates produced last winter by Professors Frank and Freeman, an important analysis of multinational tax breaks was published last September by Prof. Wilson E. Schmidt, chairman of the Department of Economics at the Virginia Polytechnic Institute and State University. His article, "U.S. Capital Export Policy: Backdoor Mercantilism" was part of a symposium on multinational taxes convened by the American Enterprise Institute and the Hoover Institution.

Professor Schmidt finds, and I quote:

> Our tax system induces investment abroad at rates of return below the rate of return on alternative uses of funds in the United States. It cheapens the cost of our capital to foreign nations or foreign governments. The foreign tax credit causes corporations to accept a smaller return abroad than on their domestic investment. The deferral privilege is the equivalent of a no-interest loan. The cheap interest rates on public funds are explicit reductions in the cost of money.
>
> All these things lower our real income.[2]

Who wins as a result of these arrangements? The companies, to be sure, but in their foreign operations. The major recipients of the multinational advantages built into our tax law, Professor Schmidt shows, are:

> (1) foreign workers whose wages will rise because their productivity increases as a result of their having more capital to work with; (2) foreign governments that enjoy larger tax receipts, and (3) foreign consumers who obtain goods and services produced by cheap capital.
>
> The facts suggest that something like this scenario has happened.[2]

The "Compendium of Papers on Federal Tax Reform," published this month by Joseph Pechman, Stanley Surrey, and 22 eminent economists, leaves no doubt on the effects of deferral and the need for its repeal:

> While domestic income is taxed as it is earned, such foreign income escapes its U.S. tax liability until the American parent corporation votes itself a dividend from the foreign subsidiary. Because a significant fraction of the income of foreign subsidiaries is reinvested overseas and never repatriated, such income permanently escapes U.S. taxation. Since many foreign governments tax corporate income at lower rates than the United States does, deferral creates an implicit tax advantage to investing abroad. Whether one's concern is for the avoidance of U.S. taxes, the export of U.S. jobs, the growth of U.S. investment or the U.S. balance of payments, deferral is not in the national interest. It should be repealed.
>
> The most important effect of the elimination of tax deferral would be to remove the incentive for foreign investment over domestic investment, thereby leading to an increase in such domestic investment and consequent growth in the United States economy.[3]

Still more impressive evidence of the growing concern about tax deferral among academic economists is the joint statement of 17 outstanding economists calling for an end to deferral as part of the overall tax reform package. They underscore the apparent paradox that this reform—even though it seems to raise taxes—will have a stimulating effect on domestic growth:

> By eliminating inefficient tax expenditures (like DISC) and tax deferral for multinational corporations, such a reallocation of Federal resources could actually increase overall employment, production and purchasing power in the economy.

The 17 signatory economists included:

Gardner Ackley, University of Michigan.
Harvey Brazer, University of Michigan.
George F. Break, University of California, Berkeley.
Wilbur J. Cohen, University of Michigan.
Otto Eckstein, Harvard University.
Robert Eisner, Northwestern University.
R. A. Gordon, University of California, Berkeley.
Walter W. Heller, University of Minnesota.
Lawrence R. Klein, University of Pennsylvania.
Robert Lekachman, Lehman College, CUNY.
Richard A. Musgrave, Harvard University.
Arthur M. Okun, Brookings Institution.
Joseph A. Pechman, Brookings Institution.
George L. Perry, Brookings Institution.
Paul A. Samuelson, Massachusetts Institute of Technology.
Charles L. Schultze, Brookings Institution.
James Tobin, Yale University.

I think I do not need to repeat that this includes some of the most outstanding economists in the United States today.

ARGUMENTS FOR KEEPING DEFERRAL—WHY THEY DO NOT WORK

Against this growing array of evience and respected academic opinion, the arguments put forward by the multinationals who receive these large public subsidies appear dreadfully weak. In fact multinational corporations have sought to cloak their overseas activities within a maze of self-serving data which seeks to prove that abandonment of the United States is good for America and that more jobs are created for the United States than if they had produced here and exported to foreign markets.

Several studies from limited, self-serving corporate samplings have been used to create this illusion.

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[2] *Loc. cit.* pp. 34–35, 26.

[3] *Loc. cit.* pp. 126, 169.

For example, an internal survey of 111 U.S. multinational manufacturing corporations conducted by Business International Corporations—an organization sponsored by and composed of multinational businesses—has been used to show that these selected U.S. multinational firms expanded their employment in the United States by 3.3 percent, between 1970 and 1973 while the rest of U.S. manufacturing was expanding only half as fast.

The multinationals higher than average employment growth rate in the United States was to be expected, since the firms under study are the Nation's largest and technologically most sophisticated and hold the lion's share of U.S. Government contracts.

The fact that other manufacturing companies increased their employment by only half as much attests less to the multinationals dynamism than to the general weakening of our industrial economy—a state of affairs that has been brought upon us by ill-conceived Government policies and by the multinationals' exportation of American capital, technology, production, and their ultimate exporation of American jobs and job opportunities.

But most damaging to the multinational firms' case is data compiled by Business International itself, revealing that the firms expanded their employment in the United States by 90,283 jobs in this 4-year period, a 3.3-percent increase, while the foreign subsidiaries of these same 111 multinational firms increased their employment by 360,373 jobs during the same period, a growth of 31.5 percent abroad.

Ninety thousand jobs at home versus 360,000 jobs abroad—that means four times as many jobs created overseas as in the United States by only 111 U.S. firms. These numerical totals are frightening, as is the fact that the multinationals' trend toward job creation outside the United States is clearly accelerating. While the number of jobs created abroad was four times higher than the number created at home, the rate of job creation in the multinational foreign subsidiaries was nearly 10 times higher than the rate of job creation in the domestic parent corporation: In 4 years a growth rate of 31.5 percent abroad and only 3.3 percent inside the United States, or a foreign growth rate 9.5 times higher than the domestic growth rate.

The multinationals overwhelming preponderance toward foreign job creation is, in my view, the single most important fact in the Business International Corporation's survey. Unfortunately Business International itself chose not to mention these results anywhere in their accompanying text of the publication, but the numbers come directly from their statistical tabulations. I ask unanimous consent to have printed in the RECORD at this point the tabulation compiled by Business International.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

I. MULTINATIONAL JOB CREATION—AT HOME AND ABROAD

	Number of respondents	Dec. 31, 1969	Dec. 31, 1970	Dec. 31, 1971	Dec. 31, 1972	Dec. 31, 1973	Change: 1969-1973	
							Number of jobs	Percent
Foreign subsidiaries: Gross employment outside the United States 1969-73:								
All respondents	116	1,181,512	1,265,566	1,315,625	1,404,994	1,547,469	365,957	31.0
Manufacturing companies	111	1,144,993	1,226,282	1,274,859	1,361,515	1,505,366	360,373	31.5
Petroleum companies	5	36,519	39,284	40,766	43,479	42,103	5,584	15.3
U.S. parent corporations: Net employment in the United States 1970-73:								
All respondents	116	2,850,477	2,773,785	2,703,045	2,804,739	2,924,616	74,139	2.6
Manufacturing companies	111	2,701,036	2,625,018	2,558,249	2,667,531	2,791,319	90,283	3.3
Petroleum companies	5	149,441	148,767	144,796	137,208	133,297	−16,144	−10.8

II. MULTINATIONAL INVESTMENT—FOREIGN SUBSIDIARIES OVERTAKING U.S. PARENT COMPANIES

	1970-71	1971-72	1972-73
Manufacturing multinationals: Annual increases in gross investment:			
Foreign subsidiaries	2.171	2.658	4.038
U.S. parent corporations	5.142	4.371	5.472
Foreign investment increase as a percentage of domestic increase	42.2	60.8	73.8

Source: Business International, 1976, "The Effects of U.S. Corporate Foreign Investment, 1970-73."

DO NOT COMPARE U.S. TAX POLICY WITH OTHER COUNTRIES' MULTINATIONAL POLICY

Mr. HARTKE. Congress has also been told that to change our laws would unduly penalize U.S. firms, and that other nations give their mutinational firms total freedom. Such is not the case. Other major industrial nations regulate the operations of their multinational corporations through government policies and institutional pressures—thus restraining opportunities to move abroad.

The Japanese Government, for example, closely screens foreign investments to assure that foreign operations support maximum growth of the domestic economy.

In France, foreign exchange regulations in coordination with national planning, have the effect of regulating the outflow of investment capital.

In Sweden, companies must get approval from the central bank before they can invest overseas. Every project must be reviewed with particular attention paid to the project's effect on Swedish exports. Employees have a voice in all foreign investment projects. West Germany has this last-named requirement, too.

The United Kingdom closely supervises international capital flows. National economic planning limits the firms' decisions to invest contrary to the national interest.

In addition, most European countries have statutes on the books which can be used to restrict foreign investment where it is deemed to be in the national interest.

For nonmarket economies, every foreign direct investment decision is made directly by an agency of the Government, so the possibility of conflict between national goals and overseas investment does not arise.

In this country, by contrast, taxpayers are forced to subsidize any and all foreign investments by U.S. mutinationals—especially through deferral, without any restrictions whatsoever.

I daresay if such restrictions were even placed in this legislation or offered they would be resisted by the same multinationals with even a higher degree of absolute outrage.

Arguments made if incentives for overseas investment once made sense that they should be continued frankly no longer do make sense.

Today, tax incentives to locate abroad have a radically different impact from what they had in the years following World War II. Up through the 1950's U.S. policy was explicitly aimed toward reconstruction of the war-torn economies of our democratic allies in Western Europe and Japan. American resources were consciously funneled overseas in order to bolster the free-world trade economy. These goals have been realized. Yet even though these goals were achieved, and even though the economies of Japan and Western Europe have reached levels of sustained growth that exceed the performance of our own economy, U.S. tax, and other Government policies that effectively subsidize overseas investment continue without modification.

As Robert Gilpin of Princeton University summarized the situation:

> In the light of the profound shift in industrial power which this investment has helped to foster, in the mid-1970's one can now question whether a strategy of foreign investment—
>
> Subsidized foreign investment, we should add—
>
> . . . continues to be the appropriate one for a weakened American economy.[4]

Let me summarize the argument on deferral.

As our domestic economy limps out of its present deep recession, little help is received from our multinational corporations. Because of major incentives like the tax deferral on foreign earnings, these economic giants that form the backbone of American industry are busily locating operations outside the United States, dispersing capital, dispersing production, dispersing jobs, and dispersing technology throughout the world—all at the expense of America's own economic well-being. The rising costs of unemployment compensation, food stamps, welfare and adjustment assistance along with increased Government deficits are all a part of the price being paid by the American taxpayer for this massive shift by industry.

The reasons for the multinational exodus are many—and some are legitimate—but a major incentive is the U.S. tax code itself which allows these multinationals to defer all U.S. taxes on profits unless and until they are returned to the United States—which may be never.

In 1974, $53.6 billion of U.S. foreign-source income generated only $1.7 billion in U.S. income tax payments. That amounts to an effective U.S. rate of less than 3.2 percent—down from the 7.5 percent collected in 1968 and the 5 percent paid in 1972.

The artificial incentive to invest abroad will continue until we end the practice of subsidizing it out of the taxpayers pocket.

Mr. PACKWOOD. Mr. President, will the Senator yield for a moment?

Mr. HARTKE. It is incumbent upon us to insure that business investment decisions are made in a neutral tax framework. We can—during this Bicentennial Year—make a major move in that direction by voting to eliminate the tax deferral provisions which are the subject of the amendment I intend to offer.

Mr. PACKWOOD. Will the Senator yield? I missed a couple figures he was citing.

COMMITTEE AMENDMENT NO. 20

Mr. HARTKE. Mr. President, I ask unanimous consent that we proceed to the consideration of committee amendment No. 20.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

Committee Amendment No. 20

On page 338, line 1, strike all through page 441, line 24, and insert in lieu thereof:

The amendment is as follows:

TITLE X—CHANGES IN THE TREATMENT OF FOREIGN INCOME

Part I—Foreign Tax Provisions Affecting Individuals Abroad

Sec. 1011. Income Earned Abroad by United States Citizens Living or Residing Abroad.

(a) Amendments of Section 911.—

(1) Disallowance of foreign tax credit with respect to excluded amounts.—The last sentence of subsection (a) of section 911 (relating to earned income from sources without the United States) is amended to read as follows:

"An individual shall not be allowed as a deduction from his gross income any deductions (other than those allowed by section 151, relating to personal exemptions), or as a credit against the tax imposed by this chapter any credit for the amount of taxes paid or accrued to a foreign country or possession of the United States, to the extent that such deductions or credit is properly allocable to or chargeable against amounts excluded from gross income under this subsection."

(2) Disallowance of exclusion for income received other than in country where earned.—Section 911(c) (relating to special rules for earned income from sources without the United States) is amended by adding at the end thereof the following new paragraph:

"(8) Requirement as to place of receipt.—No amount received by an individual during the taxable year which constitutes earned income (entitled to the exclusion under subsection (a)) attributable to services performed in a foreign country or countries shall be excluded under subsection (a) if such amount is received by such individual outside of the foreign country or countries where such services were performed and if one of the purposes is the avoidance of any tax imposed by such foreign country or countries on such amount.".

(3) Inclusion of earned income in computation of rate of tax.—Section 911 (relating to earned income from sources without the United States) is amended by redesignating subsection (d) as subsection (f) and by adding a new subsection (d) to read as follows:

"(d) Amount Excluded Under Subsection (a) Included in Computation of Tax.—

"(1) Computation of Tax.—If for any taxable year an individual has earned income which is excluded from gross income under subsection (a), the tax imposed by section 1 or section 1201 shall be the excess of—

"(A) the tax imposed by section 1 or section 1201 (whichever is applicable) on the amount of net taxable income over.

"(B) the tax imposed by section 1 or section 1201 (whichever is applicable) on the amount of net excluded earned income.

"(2) Definitions.—For purposes of this subsection—

"(A) the term 'net taxable income' means an amount equal to the sum of the amount of taxable income plus the amount of net excluded earned income of such individual for such year; and

"(B) the term 'net excluded earned income' means the excess of the amount of earned income excluded under subsection (a) for the taxable year over the amount of the deductions disallowed with respect to such excluded earned income for such taxable year under subsection (a)."

(b) Allowance of Foreign Tax Credits to Individuals Taking Standard Deduction.—Subsection (a) of section 36 (relating to credits not allowed to individuals paying optional tax or taking standard deductions) is amended by striking out "sections 32 and 33, and" and inserting in lieu thereof "sections 32 and".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1975.

Sec. 1012. Income Tax Treatment of Nonresident Alien Individuals Who Are Married to Citizens or Residents of the United States.

(a) Election To Be Treated as Residents of the United States.—

(1) In general.—Section 6013 (relating to joint returns of income tax by husband and wife) is amended by adding at the end thereof the following new subsections:

"(g) Election To Treat Nonresident Alien Individual as Resident of the United States.—

"(1) In general.—A nonresident alien individual with respect to whom this subsection is in effect for the taxable year shall be treated as a resident of the United States for purposes of chapter 1 for all of such taxable year.

"(2) Individuals with respect to whom this subsection is in effect.—This subsection shall be in effect with respect to any individual who, at the time an election was made under this subsection, was a nonresident alien individual married to a citizen or resident of the United States, if both of them made such election to have the benefits of this subsection apply to them.

"(3) Duration of election.—An election under this subsection shall apply to the taxable year for which made and to all subsequent taxable years until terminated under paragraph (4) or (5); except that any such election shall not apply for any taxable year if neither spouse is a citizen or resident of the United States at any time during such year.

"(4) Termination of election.—An election under this subsection shall terminate at the earliest of the following times:

"(A) Revocation by taxpayers.—If either taxpayer revokes the election, as of the first taxable year for which the last day prescribed by law for filing the return of tax under chapter 1 has not yet occurred.

"(B) Death.—In the case of the death of either spouse, as of the beginning of the first taxable year of the spouse who survives following the taxable year in which such death occurred; except that if the spouse who survives is a citizen or resident of the United States who is a surviving spouse entitled to the benefits of section 2, the time provided by this subparagraph shall be as of the close of the last taxable year for which such individual is entitled to the benefits of section 2.

"(C) Legal separation.—In the case of the legal separation of the couple under a decree of divorce or of separate maintenance, as of the beginning of the taxable year in which such legal separation occurs.

"(D) Termination by secretary.—At the time provided in paragraph (5).

"(5) Termination by secretary.—The Secretary may terminate any election under this subsection for any taxable year if he determines that either spouse has failed—

"(A) to keep such books and records,

"(B) to grant such access to such books and records, or

"(C) to supply such other information, as may be reasonably necessary to ascertain the amount of liability for taxes under chapter 1 of either spouse for such taxable year.

"(6) Only one election.—If any election under this subsection for any two individuals is terminated under paragraph (4) or (5) for any taxable year, such two individuals shall be ineligible to make an election under this subsection for any subsequent taxable year.

"(h) Joint Return, Etc., for Year in

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[4] "An Alternative Strategy to Foreign Investment", *Challenge*, Nov.-Dec. 1975, p. 19; see also Gilpin's "U.S. Power and the Multinational Corporation", Basic Books, New York: 1975.

Which Nonresident Alien Becomes Resident of United States.—

"(1) In general.—If—

"(A) any individual is a nonresident alien individual at the beginning of any taxable year but is a resident of the United States at the close of such taxable year,

"(B) at the close of such taxable year, such individual is married to a citizen or resident of the United States, and

"(C) both individuals elect the benefits of this subsection at the time and in the manner prescribed by the Secretary by regulation, then the individual referred to in subparagraph (A) shall be treated as a resident of the United States for purposes of chapter 1 for all of such taxable year.

"(2) Only one election.—If any election under this subsection applies for any 2 individuals for any taxable year, such 2 individuals shall be ineligible to make an election under this subsection for any subsequent taxable year."

(2) Clerical amendment.—Section 871(g) (relating to cross references) is amended by adding at the end thereof the following new paragraph:

"(7) For election to treat married nonresident alien individual as resident of United States in certain cases, see subsections (g) and (h) of section 6013."

(b) Tax Treatment of Certain Community Income in the Case of a Resident or Citizen of the United States Who Is Married to a Nonresident Alien Individual.—

(1) In general.—Subpart A of part II of subchapter N of chapter 1 (relating to nonresident alien individuals) is amended by adding at the end thereof the following new section:

"Sec. 879. Tax Treatment of Certain Community Income in the Case of a Resident or Citizen of the United States Who Is Married to a Nonresident Alien Individual.

"(a) General Rule.—In the case of a citizen or resident of the United States who is married to a nonresident alien individual and who has community income for the taxable year, such community income shall be treated as follows:

"(1) Earned income (within the meaning of section 911(b)) other than trade or business income and a partner's distributive share of partnership income, shall be treated as the income of the spouse who rendered the personal services,

"(2) Trade or business income, and a partner's distributive share of partnership income, shall be treated as provided in section 1402(a)(5),

"(3) Community income not described in paragraph (1) or (2) which is derived from the separate property (as determined under the applicable community property law) of one spouse shall be treated as the income of such spouse, and

"(4) All other such community income shall be treated as provided in the applicable community property law.

"(b) Exception Where Election Under Section 6013(g) Is in Effect.—Subsection (a) shall not apply for any taxable year for which an election under subsection (g) or (h) of section 6013 (relating to election to treat nonresident alien individual as resident of the United States) is in effect.

"(c) Definitions and Special Rules.—For purposes of this section—

"(1) Community income.—The term 'community income' means income which, under applicable community property laws, is treated as community income.

"(2) Community property laws.—The term 'community property laws' means the community property laws of a State, a foreign country, or a possession of the United States.

"(3) Determination of marital status.—The determination of marital status shall be made under section 153."

(2) Repeal of section 981.—Subpart H of part III of subchapter N of chapter 1 (relating to election as to treatment of income subject to foreign community property laws) is hereby repealed.

(3) Clerical amendments.—

(A) The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 879. Tax treatment of certain community income in the case of a resident or citizen of the United States who is married to a nonresident alien individual."

(B) The table of subparts for part III of subchapter N of chapter 1 is amended by striking out the item relating to subpart G.

(c) Due Date for Filing Estimated Tax Returns in the Case of Certain Nonresident Aliens.—Subsection (a) of section 6073 (relating to time for filing declarations of estimated tax by individuals) is amended by adding at the end thereof the following sentence: "In the case of a nonresident alien described in section 6072(c), the requirements of section 6015 shall be deemed to be first met no earlier than after April 1 and before June 2 of the taxable year."

(d) Effective Dates.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1971. The amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 1976.

Sec. 1013. Foreign Trusts Having One or More United States Beneficiaries to be Taxed Currently to Grantor.

(a) Taxation of Income to Grantor of Trust.—Subpart E of part I of subchapter J of chapter 1 (relating to grantors and others treated as substantial owners) is amended by adding at the end thereof the following new section:

"Sec. 679. Foreign Trusts Having One or More United States Beneficiaries.

"(a) Transferor Treated as Owner.—

"(1) In general.—A United States person who directly or indirectly transfers property to a foreign trust other than a trust (described in section 404(a)(4)) shall be treated as the owner for his taxable year of the portion of such trust attributable to such property if for such year there is a United States beneficiary of any portion of such trust.

"(2) Exceptions.—Paragraph (1) shall not apply—

"(A) Transfers by reason of death.—To any transfer by reason of the death of the transferor.

"(B) Transfers where gain is recognized to transferor.—To any sale or exchange of the property at its fair market value in a transaction in which all of the gain to the transferor is realized at the time of the transfer and is recognized either at such time or is returned as provided in section 453.

"(b) Trusts Acquiring United States Beneficiaries.—If—

"(1) subsection (a) applies to a trust for the transferor's taxable year, and

"(2) subsection (a) would have applied to the trust for his immediately preceding taxable year but for the fact that for such preceding taxable year there was no United States beneficiary for any portion of the trust, then, for purposes of this subtitle, the transferor shall be treated as having income for the taxable year (in addition to his other income for such year) equal to the undistributed net income (at the close of such immediately preceding taxable year) attributable to the portion of the trust referred to in subsection (a).

"(c) Trusts Treated as Having a United States Beneficiary.—

"(1) In general.—For purposes of this section, a trust shall be treated as having a United States beneficiary for the taxable year unless—

"(A) under the terms of the trust, no part of the income or corpus of the trust may be paid or accumulated during the taxable year to or for the benefit of a United States person, and

"(B) if the trust were terminated at any time during the taxable year, no part of the income or corpus of such trust could be paid to or for the benefit of a United States person.

"(2) Attribution of ownership.—For purposes of paragraph (1), an amount shall be treated as paid or accumulated to or for the benefit of a United States person if such amount is paid to or accumulated for a foreign corporation, foreign partnership, or foreign trust or estate, and—

"(A) in the case of a foreign corporation, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of such corporation is owned (within the meaning of section 958(a)) or is considered to be owned (within the meaning of section 958(b)) by United States shareholders (as defined in section 951(b)),

"(B) in the case of a foreign partnership, a United States person is a partner of such partnership, or

"(C) in the case of a foreign trust or estate, such trust or estate has a United States beneficiary (within the meaning of paragraph (1))."

(b) Grantor To Be Treated as Owner.—Subsection (b) of section 678 (relating to persons other than grantors treated as substantial owners) is amended by striking out everything after "modified," and inserting in lieu thereof "if the grantor of the trust or a transferor (to whom section 679 applies) is otherwise treated as the owner under the provisions of this subpart other than this section."

(c) Treatment of Capital Gains and Losses of Certain Foreign Trusts.—

(1) Foreign trusts created by United States persons treated like other foreign trusts.—Subparagraph (C) of section 643(a)(6) (relating to distributable net income in case of foreign trusts) is amended by striking out "foreign trust created by a United States person" and inserting in lieu thereof "foreign trust".

(2) Transitional rule for foreign trusts.—Section 643(a)(6) is amended by adding at the end thereof the following new subparagraph:

"(D) Effective for distributions in taxable years ending after December 31, 1975, the undistributed net income of each foreign trust for each taxable year ending on or before December 31, 1975, remaining undistributed at the close of the last taxable year ending on or before December 31, 1975, shall be redetermined by taking into account the deduction allowed by section 1202."

(d) Returns for Foreign Trusts Having One or More United States Beneficiaries.—

(1) Section 6048 (relating to returns as to creation of or transfers to certain foreign trusts) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) Annual Returns for Foreign Trusts Having One or More United States Beneficiaries.—Each taxpayer subject to tax under section 679 (relating to foreign trusts having one or more United States beneficiaries) for his taxable year with respect to any trust shall make a return with a respect to such trust for such year at such time and in such manner, and setting forth such information, as the Secretary may by regulations prescribe."

(2) Section 6677(a) (relating to failure to file information returns with respect to certain foreign trusts) is amended by striking out "to a trust" and inserting in lieu thereof "to a trust (or, in the case of a failure with respect to section 6048(c), equal to 5 percent of the value of the corpus of the trust at the close of the taxable year)".

(e) Conforming Amendments.—

(1) The table of sections for subpart E of part I of subchapter J of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 679. Foreign trusts having one or more United States beneficiaries."

(2) Subsection (d) of section 643 is hereby repealed.

(3) Subsection (d) of section 6048 (as redesignated by subsection (c)) is amended to read as follows:

"(d) Cross Reference.—

"For provisions relating to penalties for violation of this section, see sections 6677 and 7203."

(4) The heading of section 6048 is amended to read as follows:

"Sec. 6048 Returns as to Certain Foreign Trusts."

(5) The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking out the item relating to section 6048 and inserting in lieu thereof the following:

"Sec. 6048. Returns as to certain foreign trusts."

(f) Effective Dates.—

(1) In general.—The amendments made by this section (other than subsection (c)) shall apply to taxable years ending after December 31, 1976, but only in the case of—

(A) foreign trusts created after May 29, 1974, and

(B) transfers of property to foreign trusts after May 29, 1974.

(2) Changes in capital gain rules for foreign trusts.—The amendments made by subsection (c) shall apply to taxable years ending after December 31, 1975.

Sec. 1014. Interest Charge on Accumulation Distributions From Foreign Trusts.

(a) Tax To Include Special Interest Charge.—Section 667(a) (as amended by section 408 of this Act) is amended by striking out "and" at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(3) in the case of a foreign trust, the interest charge determined as provided in section 668."

(b) Computation of Special Interest Charge.—Section 668 is amended to read as follows:

"Sec. 668. Interest Charge on Accumulation Distributions From Foreign Trusts.

"(a) General Rule.—For purposes of the tax determined under section 667(a), the interest charge is an amount equal to 6 percent of the partial tax computed under section 667(b) multiplied by a fraction—

"(1) the numerator of which is the sum of the number of taxable years between each taxable year to which the distribution is allocated under section 666(a) and the taxable year of the distribution (counting in each case the taxable year to which the distribution is allocated but not counting the taxable year of the distribution), and

"(2) the denominator of which is the number of taxable years to which the distribution is allocated under section 666(a).

"(b) Limitation.—The total amount of the interest charge shall not, when added to the total partial tax computed under section 667(b), exceed the amount of the accumulation distribution (other than the amount of tax deemed distribution by section 666 (b) or (c)) in respect of which such partial tax was determined.

"(c) Special Rules.—

"(1) Interest charge not deductible.—The interest charge determined under this section shall not be allowed as a deduction for purposes of any tax imposed by this title.

"(2) Transitional rule.—For purposes of this section, undistributed net income existing in a trust as of January 1, 1977, shall be treated as allocated under section 666(a) to the first taxable year beginning after December 31, 1976."

(c) Clerical Amendment.—The table of sections for subpart D of part I of subchapter J of chapter 1 is amended by striking out the item relating to section 668 and inserting in lieu thereof the following new item:

"Sec. 668. Interest charge on accumulation distributions from foreign trusts."

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1976.

Sec. 1015. Excise Tax on Transfers of Property to Foreign Persons to Avoid Federal Income Tax.

(a) Amendment of Section 1491.—Section 1491 (relating to imposition of tax) is amended to read as follows:

"SEC. 1491. IMPOSITION OF TAX.

"There is hereby imposed on the transfer of property by a citizen or resident of the United States, or by a domestic corporation or partnership, or by a trust which is not a foreign trust, to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust, or to a foreign partnership, an excise tax equal to 35 percent of the excess of—

"(1) the fair market value of the property so transferred, over

"(2) the sum of—

"(A) the adjusted basis (for determining gain) of such property in the hands of the transferor, plus

"(B) the amount of the gain recognized to the transferor at the time of the transfer."

(b) Amendment of Section 1492.—Section 1492 (relating to nontaxable transfers) is amended—

(1) by striking out in paragraph (3) "section 367 (d)" and inserting in lieu thereof "section 367", and

(2) by adding at the end thereof the following new paragraph:

"(4) To a transfer for which an election has been made under section 1056."

(c) Election to Treat as Taxable Exchange.—Part IV of subchapter O of chapter 1 (relating to special rules for determining amount of and recognition of gain or loss) is amended by redesignating section 1056 as section 1057 and inserting after section 1055 the following new section:

"Sec. 1056. Election to Treat Transfer to Foreign Trust, Etc., as Taxable Exchange.

"In lieu of payment of the tax imposed by section 1491, the taxpayer may elect (for purposes of this subtitle), at such time and in such manner as the Secretary may prescribe, to treat a transfer described in section 1491 as a sale or exchange of property for an amount equal in value to the fair market value of the property transferred and to recognize as gain the amount of excess of—

"(1) the fair market value of the property so transferred, over

"(2) the adjusted basis (for determining gain) of such property in the hands of the transferor.".

(c) Clerical Amendment.—The table of sections for part IV of subchapter O of chapter 1 is amended by striking out the last item thereof and inserting in lieu thereof:

"Sec. 1056. Election to treat transfer to foreign trust, etc., as taxable exchange.

"Sec. 1057. Cross references."

(d) Effective Date.—The amendments made by this section shall apply to transfers of property after October 2, 1975.

Part II—Amendments Affecting Tax Treatment of Controlled Foreign Corporations and Their Shareholders

Sec. 1021. Amendment of Provision Relating to Investment in United States Property by Controlled Foreign Corporations

(a) Exceptions to Definition of United States Property.—Section 956(b)(2) (relating to exceptions to definition of United States property) is amended by striking out "and" at the end of subparagraph (E) and by redesignating subparagraph (F) as subparagraph (H) and inserting after subparagraph (E) the following new paragraphs:

"(F) the stock or obligations of a domestic corporation which is neither a United States shareholder (as defined in section 951(b)) of the Controlled foreign corporation, nor a domestic corporation, 25 percent or more of the total combined voting power of which, immediately after the acquisition of any stock in such domestic corporation by the controlled foreign corporation, is owned, or considered as being owned, by such United States shareholders in the aggregate;

"(G) any movable property (other than a vessel or aircraft) which is used for the purpose of exploring for, developing, removing, or transporting resources from ocean waters or under such waters when used on the Continental Shelf of the United States; and".

(b) Constructive Ownership of Stock.—Section 958(b) (relating to rules for determining stock ownership) is amended—

(1) by striking out "954(d)(3)," the first place is appears and inserting in lieu thereof "954(d)(3), 956(b)(2),";

(2) by striking out "954(d)(3)," the second place it appears and inserting in lieu thereof "954(d)(3), to treat the stock of a domestic corporation as owned by a United States shareholder of the controlled foreign corporation for purposes of section 956(b)(2),"; and

(3) by adding at the end thereof the following new sentence: "Paragraphs (1) and (4) shall not apply for purposes of section 956(b)(2) to treat stock of a domestic corporation as not owned by a United States shareholder."

(d) Effective Dates.—

(1) The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1975, and to taxable years of United States shareholders (within the meaning of section 951(b) of the Internal Revenue Code of 1954) within which or with which such taxable years of such foreign corporations end. In determining for purposes of any taxable year referred to in the preceding sentence the amount referred to in section 956(a)(2)(A) of the Internal Revenue Code of 1954 for the last taxable year of a corporation beginning before January 1, 1976, the amendments made by this section shall be deemed also to apply to such last taxable year.

(2) At the election of the taxpayer (made within one year after the date of the enactment of this Act and in such manner as the Secretary of the Treasury or his delegate shall prescribe), in the case of taxable years of foreign corporations beginning before January 1, 1977, and to taxable years of the taxpayer within which or with which such taxable years of such foreign corporations end, the definition of "United States property" shall not include (A) investments made after May 21, 1974, of the type described in section 956(b)(2)(F) as amended by subsection (a) of this section, or (B) investments made after the effective date of section 638 of the Internal Revenue Code of

1954 (added by section 505(a) of the Tax Reform Act of 1969, relating to Continental Shelf areas) in property situated on, or used exclusively in connection with, the Outer Continental Shelf (as defined in the Outer Continental Shelf Lands Act) or in stock or obligations of a domestic corporation substantially all of the assets of which consist of such property. No such election by a taxpayer shall be effective with respect to a foreign corporation unless the election is made by every person who has at any time been a United States shareholder (within the meaning of section 951(b) of the Internal Revenue Code of 1954) of such foreign corporation.

(3) If the assessment of any deficiency in income tax resulting from the filing of an election under paragraph (2), for a taxable year ending before the date of such filing is prevented before the expiration of one year after the date of such filing by any law or rule of law, such deficiency (to the extent attributable to such election) may be assessed at any time before the expiration of such one-year period notwithstanding any law or rule of law which would otherwise prevent such assessment.

SEC. 1022. Repeal of Exclusion for Earnings of Less Developed Country Corporations for Purposes of Section 1248.

(a) Amendment of Section 1248(d).—Paragraph (3) of section 1248(d) (relating to exclusion from earnings and profits of gain from certain sales or exchanges of stock in certain foreign corporations) is amended to read as follows:

"(3) Less developed country corporations under prior law.—Earnings and profits of a foreign corporation which were accumulated during any taxable year beginning before January 1, 1976, while such corporation was a less developed country corporation under section 902(d) as in effect before the enactment of the Tax Reduction Act of 1975."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1975.

SEC. 1023. Exclusion From Subpart F of Certain Earnings of Insurance Companies.

(a) In General.—Paragraph (3) of section 954(c) (relating to foreign personal holding company income) is amended by striking out the word "or" at the end of subparagraph (A), the period at the end of subparagraph (B), and inserting in lieu thereof a comma, and by adding at the end thereof the following:

(C) dividends, interest, and gains from the sale or exchange of stock or securities received from a person other than a related person (within the meaning of subsection (d)(3)) derived from investments made by an insurance company of an amount of its assets equal to one-third of its premiums earned on insurance contracts (other than life insurance and annuity contracts) during the taxable year (as defined in Section 832(b)(4)) which are not directly or indirectly attributable to the insurance or reinsurance of risks of persons who are related persons (within the meaning of subsection (d)(3))."

(b) Effective Date.—The amendment made by this section should apply to taxable years of foreign corporations beginning after December 31, 1975, and to taxable years of United States shareholders (within the meaning of section 951(b) of the Internal Revenue Code of 1954) within which or with which such taxable years of such foreign corporations end.

SEC. 1024. Shipping Profits of Foreign Corporations.

(a) Certain Shipping Operations.—Subsection (h) of section 954 (relating to foreign base company income) is amended by adding the following new paragraph at the end thereof:

"(7) Special exclusion for foreign base company shipping income.—Income of a corporation which is foreign base company shipping income under paragraph (4) of subsection (a) (determined without regard to the exclusion under paragraph (2) of this subsection) shall be excluded from foreign base company income—

"(A) if derived by a controlled foreign corporation from, or in connection with, the use (or hiring or leasing for use) of an aircraft or vessel in foreign commerce between two points with in the foreign country in which such corporation is created or organized and such aircraft or vessel is registered;

"(B) if derived from the transportation of men and supplies from a point in a foreign country to a point on the continental shelf of such country or the continental shelf adjacent to the continental shelf of such country; or

"(C) if neither such corporation, nor any related person, (i) owns any aircraft, vessel. or shipping facility, (ii) leases any aircraft or vessel to another for use in foreign commerce under a long-term charter, or (iii) manufactures, produces, grows, or extracts any property shipped on an aircraft or vessel used (or hired or leased for use) by such corporation or by a related person."

(b) Unsecured Liabilities.—Paragraph (4) of section 955(b) (relating to amounts attributable to qualified investments in foreign base company shipping operations) is amended by adding at the end thereof the following new sentence: "To be taken into account under this paragraph, a liability need not constitute a specific charge against the property involved."

(c) Effective Date.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1975, and to taxable years of United States shareholders (within the meaning of section 951(b) of the Internal Revenue Code of 1954) within which or with which such taxable years of such foreign corporations end.

SEC. 1025. Limitation on Definition of Foreign Base Company Sales Income in the Case of Certain Agricultural Products.

(a) In General.—The last sentence of paragraph (1) of section 954(d) (relating to definition of foreign base company sales income) is amended to read as follows: "For purposes of this subsection, personal property does not include agricultural commodities grown or produced outside the United States if sold for use, consumption, or disposition outside the United States."

(b) Effective Date.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1975, and to taxable years of United States shareholders (within the meaning of section 951(b) of the Internal Revenue Code of 1954) within which or with which such taxable years of such foreign corporation end.

PART III—AMENDMENTS AFFECTING TREATMENT OF FOREIGN TAXES

SEC. 1031. Requirement That Foreign Tax Credit Be Determined on Overall Basis.

(a) Overall Limitation on Foreign Tax Credit.—Section 904 (relating to limitation on foreign tax credit) is amended to read as follows:

"SEC. 904. Limitation on Credit.

"(a) Limitation.—The total amount of the credit taken under section 901(a) shall not exceed the same proportion of the tax against which such credit is taken which the taxpayer's taxable income from sources without the United States (but not in excess of the taxpayer's entire taxable income) bears to his entire taxable income for the same taxable year.

"(b) Taxable Income for Purpose of Computing Limitation.—For purposes of subsection (a), the taxable income in the case of an individual, estate, or trust shall be computed without any deduction for personal exemptions under section 151 or 642(b).

"(c) Carryback and Carryover of Excess Tax Paid.—Any amount by which all such taxes paid or accrued to foreign countries or possessions of the United States for any taxable year for which the taxpayer chooses to have the benefits of this subpart exceed the limitation under subsection (a) shall be deemed taxes paid or accrued to foreign countries or possessions of the United States in the second preceding taxable year, in the first preceding taxable year, and in the first, second, third, fourth, or fifth succeeding taxable years, in that order and to the extent not deemed taxes paid or accrued in a prior taxable year, in the amount by which the limitation under subsection (a) for such preceding or succeeding taxable year exceeds the sum of the taxes paid or accrued to foreign countries or possessions of the United States for such preceding or succeeding taxable year and the amount of the taxes for any taxable year earlier than the current taxable year which shall be deemed to have been paid or accrued in such preceding or subsequent taxable year (whether or not the taxpayer chooses to have the benefits of this subpart with respect to such earlier taxable year). Such amount of the taxes for any taxable year earlier than the of only as a tax credit and not as a deduction and only if the taxpayer for such year chooses to have the benefits of this subpart as to taxes paid or accrued for that year to foreign countries or possessions of the United States.

"(d) Application of Section in Case of Certain Interest Income and Dividends From a DISC or Former DISC.—

"(1) In general.—The provisions of subsections (a), (b), and (c) shall be applied separately with respect to each of the following items of income:

"(A) the interest income described in paragraph (2),

"(B) dividends from a DISC or former DISC (as defined in section 992(a)) to the extent such dividends are treated as income from sources without the United States, and

"(C) income other than the interest income described in paragraph (2) and dividends described in subparagraph (B).

"(2) Interest income to which applicable.—For purposes of this subsection, the interest income described in this paragraph is interest other than interest—

"(A) derived from any transaction which is directly related to the active conduct by the taxpayer of a trade or business in a foreign country or a possession of the United States,

"(B) derived in the conduct by the taxpayer of a banking, financing, or similar business,

"(C) received from a corporation in which the taxpayer (or one or more includible corporations in an affiliated group, as defined in section 1504, of which the taxpayer is a member) owns, directly or indirectly, at least 10 *percent of the voting* stock, or

"(D) received on obligations acquired as a result of the disposition of a trade or business actively conducted by the taxpayer in a foreign country or possession of the United States or as a result of the disposition of stock or obligations of a corporation in which the taxpayer owned at least 10 percent of the voting stock.

For purposes of subparagraph (C), stock owned, directly or indirectly, by or for a foreign corporation, shall be considered as being proportionately owned by its shareholders.

"(e) Transitional Rules for Carrybacks and Carryovers for Taxpayers on the Per-Country Limitation.—

"(1) Application of subsection.—This subsection shall apply only to a taxpayer who is on the per-country limitation for his last taxable year beginning before January 1, 1976.

"(2) Carryovers to Years Beginning After December 31, 1975.—In the case of any taxpayer to whom this subsection applies, any carryover from a taxable year beginning before January 1, 1976, may be used in taxable years beginning after December 31, 1975, to the extent provided in subsection (c), but only to the extent such carryover could have been used in such succeeding taxable years if the per-country limitation continued to apply to all taxable years beginning after December 31, 1975.

"(3) Carrybacks to Years Beginning Before January 1, 1976.—In the case of any taxpayer to whom this subsection applies, any carryback from a taxable year beginning after December 31, 1975, may be used in taxable years beginning before January 1, 1976, to the extent provided in subsection (c), but only to the extent such carryback could have been used in such preceding taxable year if the per-country limitation continued to apply to all taxable years beginning after December 31, 1975.

"(4) Application of Limitations.—For purposes of this subsection—

"(A) the overall limitation shall be applied before the per-country limitation, and

"(B) where the amount of any carryback or carryover is reduced by the overall limitation, the reduction shall be allocated to the amounts carried from each country or possession in proportion to the taxes paid or accrued to such country or possession in the taxable year from which such amount is being carried.

"(f) Cross Reference—

"For increase of limitation under subsection (a) for taxes paid with respect to amounts received which were included in the gross income of the taxpayer for a prior taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(b)."

(b) Conforming Amendments.—

(1) Sections 901(a), 901(b), and 960(b) are amended by striking out "applicable limitation" each place it appears and inserting in lieu thereof "limitation".

(2) Subparagraph (B) of section 243(b)(3) is amended to read as follows:

"(B) the members of such affiliated group shall be treated as one taxpayer for purposes of making the election under section 901(a) (relating to allowance of foreign tax credit), and".

(3) Paragraph (3) of section 1351(d) is amended to read as follows:

"(3) Foreign Taxes.—For purposes of this subsection, any choice made under subpart A of part III of subchapter N (relating to foreign tax credit) for any taxable year may be changed."

(4) Section 1503(b)(1) is amended by striking out ", and if for the taxable year an election under section 904(b)(1) (relating to election of overall limitation on foreign tax credit) is in effect".

(5) Sections 383, 6038(b)(1)(A), and 6501(i) are amended by striking out "section 904(d)" each place it appears therein and inserting in lieu thereof "section 904(c)".

(c) Effective Dates.—

(1) In General.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to taxable years beginning after December 31, 1975.

(2) Exception for Certain Mining Operations.—In the case of a domestic corporation or includible corporation in an affiliated group (as defined in section 1504 of the Internal Revenue Code of 1954) which has as of October 1, 1975—

(A) been engaged in the active conduct of the trade or business of the extraction of minerals (of a character with respect to which a deduction for depletion is allowable under section 613 of such Code) outside the United States or its possessions for less than 5 years preceding the date of enactment of this Act,

(B) had deductions properly apportioned or allocated to its gross income from such trade or business in excess of such gross income in at least 2 taxable years,

(C) 80 percent of its gross receipts are from the sale of such minerals, and

(D) made commitments for substantial expansion of such mineral extraction activities,

the amendments made by this section apply to taxable years beginning after December 31, 1978. In the case of losses sustained in taxable years beginning before January 1, 1979, the provisions of section 904(f) of such Code shall be applied to any corporation to which this paragraph applies under the principles of section 904(a)(1) of such Code as in effect prior to the Tax Reform Act of 1976.

(3) Exception for Income From Possessions.—In the case of gross income from sources within a possession of the United States (and the deductions properly apportioned or allocated thereto), the amendments made by this section shall apply to taxable years beginning after December 31, 1978. In the case of losses sustained in a possession for any taxable year beginning before January 1, 1979, the provisions of section 904(f) of such Code shall be applied to such loss under the principles of section 904(a)(1) of such Code as in effect prior to the Tax Reform Act of 1976.

(4) Carrybacks and Carryovers in the Case of Mining Operations and Income From a Possession.—In the case of a taxpayer to whom paragraphs (2) or (3) of this section apply, section 904(e) of such Code shall apply except that "January 1, 1976" shall be read as "January 1, 1979" each place it appears therein. If such a taxpayer chooses the overall limitaion for a taxable year ending before December 31, 1978, such "January 1, 1976" shall be read as January 1, of the last year for which such taxpayer is on the per-country limitation.

Sec. 1032 Recapture of Foreign Losses.

(a) In General.—Section 904 (as amended by section 831 of this Act) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) Recapture of Overall Foreign Loss.—

"(1) General Rule.—For purposes of this subpart and section 936, in the case of any taxpayer who sustains an overall foreign loss for any taxable year that portion of the taxpayer's taxable income from sources without the United States for each succeeding taxable year which is equal to the lesser of—

"(A) the amount of such loss (to the extent not used under this paragraph in prior taxable years), or

"(B) 50 percent (or such larger percent as the taxpayer may choose) of the taxpayer's taxable income from sources without the United States for such succeeding taxable year,

shall be treated as income from sources within the United States (and not as income from sources without the United States).

"(2) Overall Foreign Loss Defined.—For purposes of this subsection, the term 'overall foreign loss' means the amount by which the gross income for the taxable year from sources without the United States (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) for such year is exceeded by the sum of the deductions properly apportioned or allocated thereto, except that there shall not be taken into account—

"(A) any net operating loss deduction allowable for such year under section 172(a) or any capital loss carrybacks and carryovers to such year under section 1212, and

"(B) any—

"(i) foreign expropriation loss for such year, as defined in section 172(k)(1), or

"(ii) loss for such year which arises from fire, storm, shipwreck, or other casualty, or from theft.

to the extent such loss is not compensated for by insurance or otherwise.

"(3) Dispositions.—

"(A) In General.—For purposes of this chapter, if property which has been used predominantly without the United States in a trade or business is disposed of during any taxable year—

"(i) the taxpayer, notwithstanding any other provision of this chapter (other than paragraph (1)), shall be deemed to have received and recognized taxable income from sources without the United States in the taxable year of the disposition, by reason of such disposition, in an amount equal to the lesser of the excess of the fair market value of such property over the taxpayer's adjusted basis in such property or the remaining amount of the overall foreign losses which were not used under paragraph (1) for such taxable year or any prior taxable year, and

"(ii) paragraph (1) shall be applied with respect to such income by substituting '100 percent' for '50 percent'.

In determining for purposes of this subparagraph whether the predominant use of any property has been without the United States, there shall be taken into account use during the 3-year period ending on the date of the disposition (or, if shorter, the period during which the property has been used in the trade or business).

"(B) Disposition Defined and Special Rules.—

"(i) For purposes of this subsection, the term 'disposition' includes a sale, exchange, distribution, or gift of property whether or not gain or loss is recognized on the transfer.

"(ii) Any taxable income recognized solely by reason of subparagraph (A) shall have the same characterization it would have had if the taxpayer had sold or exchanged the property.

"(iii) The Secretary shall prescribe such regulations as he may deem necessary to provide for adjustments to the basis of property to reflect taxable income recognized solely by reason of subparagraph (A).

"(C) Exceptions.—Notwithstanding subparagraph (B), the term 'disposition' does not include—

"(i) a disposition of property which is not a material factor in the realization of income by the taxpayer, or

"(ii) a disposition of property to a domestic corporation in a distribution or transfer described in section 381(a).

"(4) Determination of Foreign Oil Related Loss Where Section 907 Applies.—In any case to which section 907(b) applies, the foreign oil related loss shall be the amount by which the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the foreign oil related income for such year is exceeded by the sum of the deductions properly apportioned or allocated thereto, except that there shall not be taken into account—

"(A) any net operating loss deduction allowable for such year under section 172(a) or any capital loss carrybacks and carryovers to such year under section 1212, and

"(B) any—

"(i) foreign expropriation loss for such year, as defined in section 172(k)(1), or

"(ii) loss for such year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise."

(b) Coordination With Section 907.—Section 907 is amended—

(1) by striking out the last sentence of subsection (b), and

(2) by striking out subsection (f), and by redesignating subsection (g) as subsection (f).

(c) Effective Dates.—

(1). In general.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to losses sustained in taxable years beginning after December 31, 1975.

(2) Obligations of foreign governments.—The amendments made by subsection (a) shall not apply to losses on the sale, exchange, or other disposition of bonds, notes, or other evidences of indebtedness issued before May 14, 1976, by a foreign government or instrumentality thereof for the acquisition of property located in that country or stock of a corporation (created or organized in or under the laws of that foreign country) or indebtedness of such corporation.

(3) Substantial worthlessness prior to enactment.—The amendments made by subsection (a) shall not apply to losses incurred on the loss from stock or indebtedness of a corporation in which the taxpayer owned at least 10 percent of the voting stock and which has sustained losses in 3 out of the last 5 taxable years beginning before January 1, 1976, which has sustained an overall loss for those 5 years, and which has terminated or will terminate all operations by reason of sale, liquidation, or other disposition before January 1, 1977, of such corporation or its assets.

Sec. 1033. Dividends From Less Developed Country Corporations To Be Grossed up for Purposes of Determining United States Income and Foreign Tax Credit Against That Income.

(a) Foreign Taxes Deemed Paid by Domestic Corporations.—Section 902 (relating to credit for corporate stockholders in foreign corporations) is amended to read as follows:

"Sec. 902. Credit for Corporate Stockholder in Foreign Corporation.

"(a) Treatment of Taxes Paid by Foreign Corporation.—For purposes of this subpart, a domestic corporation which owns at least 10 percent of the voting stock of a foreign corporation from which it receives dividends in any taxable year shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by such foreign corporation to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such foreign corporation from which such dividends were paid, which the amount of such dividends (determined without regard to section 78) bears to the amount of such accumulated profits in excess of such income, war profits, and excess profits taxes (other than those deemed paid).

"(b) Foreign Subsidiary of First and Second Foreign Corporation.—

"(1) One tier.—If the foreign corporation described in subsection (a) (hereinafter in this subsection referred to as the 'first foreign corporation') owns 10 percent or more of the voting stock of a second foreign corporation from which it receives dividends in any taxable year, it shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by such second foreign corporation to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such second foreign corporation from which such dividends were paid, which the amount of such dividends bears to the amount of such accumulated profits in excess of such income, war profits, and excess profits taxes (other than those deemed paid).

"(2) Two tiers.—If such first foreign corporation owns 10 percent or more of the voting stock of a second foreign corporation which, in turn, owns 10 percent or more of the voting stock of a third foreign corporation from which the second foreign corporation receives dividends in any taxable year, the second foreign corporation shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such third foreign corporation to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such third foreign corporation from which such dividends were paid, which the amount of such dividends bears to the amount of such accumulated profits in excess of such income, war profits, and excess profits taxes.

"(3) Voting stock requirement.—For purposes of this subpart—

"(A) subsection (b)(1) shall not apply unless the percentage of voting stock owned by the domestic corporation in the first foreign corporation and the percentage of voting stock owned by the first foreign corporation in the second foreign corporation when multiplied together equal at least 5 percent, and

"(B) subsection (b)(2) shall not apply unless the percentage arrived at for purposes of applying subsection (b)(1) when multiplied by the percentage of voting stock owned by the second foreign corporation in the third foreign corporation is equal to at least 5 percent.

"(c) Applicable Rules.—

"(1) Accumulated profits defined.—For purposes of this section, the term 'accumulated profits' means, with respect to any foreign corporation, the amount of its gains, profits, or income computed without reduction by the amount of the income, war profits, and excess profits taxes imposed on or with respect to such profits or income by any foreign country or by any possession of the United States. The Secretary shall have full power to determine from the accumulated profits of what year or years such dividends were paid, treating dividends paid in the first 60 days of any year as having been paid from the accumulated profits of the preceding year or years (unless to his satisfaction shown otherwise), and in other respects treating dividends as having been paid from the most recent accumulated gains, profits, or earnings.

"(2) Accounting periods.—In the case of a foreign corporation the income, war profits, and excess profits taxes of which are determined on the basis of an accounting period of less than 1 year, the word 'year' as used in this subsection, shall be construed to mean such accounting period.

"(d) Cross References.—

"(1) For inclusion in gross income of an amount equal to taxes deemed paid under subsection (a), see section 78.

"(2) For application of subsections (a) and (b) with respect to taxes deemed paid in a prior taxable year by a United States shareholder with respect to a controlled foreign corporation, see section 960.

"(3) For reduction of credit with respect to dividends paid out of accumulated profits for years for which certain information is not furnishd, see section 6038."

(b) Conforming Amendments.—

(1) Section 78 (relating to dividends received from certain foreign corporations) is amended—

(A) by striking out "section 902(a)(1)" and inserting in lieu thereof "section 902(a)", and

(B) by striking out "section 960(a)(1)(C)" and inserting in lieu thereof "section 960(a)(1)".

(2) Paragraph (1) of section 960(a) (relating to special rules for foreign tax credit) is amended by striking out "bears to—" and all that follows down through the period at the end of such paragraph and inserting in lieu thereof "bears to the entire amount of the earnings and profits of such foreign corporation for such taxable year."

(3) Section 535(b)(1) (relating to accumulated taxable income) is amended by striking out "section 902(a)(1) or 960(a)(1)(C)" and inserting in lieu thereof "section 902(a) or 960(a)(1)".

(4) Section 545(b)(1) (relating to undistributed personal holding company income) is amended by striking out "section 902(a)(1) or 960(a)(1)(C)" and inserting in lieu thereof "section 902(a) or 960(a)(1)".

(c) Effective Dates.—The amendments made by this section shall apply—

(1) in respect of any distribution received by a domestic corporation after December 31, 1977, and

(2) in respect of any distribution received by a domestic corporation before January 1, 1978, in a taxable year of such corporation beginning after December 31, 1975, but only to the extent that such distribution is made out of the accumulated profits of a foreign corporation for a taxable year (of such foreign corporation) beginning after December 31, 1975.

For purposes of paragraph (2), a distribution made by a foreign corporation out of its profits which are attributable to a distribution received from a foreign corporation to which section 902(b) of the Internal Revenue Code of 1954 applies shall be treated as made out of the accumulated profits of a foreign corporation for a taxable year beginning before January 1, 1976, to the extent that such distribution was paid out of the accumulated profits of such foreign corporation for a taxable year beginning before January 1, 1976.

Sec. 1034. Treatment of Capital Gains for Purposes of Foreign Tax Credit.

(a) In General.—Subsection (a) of section 904 (relating to taxable income for purposes of computing the foreign tax credit limitation), as amended by section 831 of this Act, is amended to read as follows:

"(b) Taxable Income for Purpose of Computing Limitation.—

"(1) Personal exemptions.—For purposes of subsection (a), the taxable income in the case of an individual, estate, or trust shall be computed without any deduction for personal exemptions under section 151 or 642(b).

"(2) Capital gains.—For purposes of subsection (a)—

"(A) Corporations for which tax is imposed by section 1201(a).—If the tax of any corporation under this chapter for the taxable year is imposed by section 1201(a)—

"(i) the taxable income of such corporation from sources without the United States shall include gain from the sale or exchange of capital assets only in an amount equal to foreign source capital gain net income reduced by three-eighths of foreign source net capital gain, and

"(ii) the entire taxable income of such corporation shall include gain from the sale or exchange of capital assets only in an amount equal to capital gain net income reduced by three-eighths of net capital gain.

"(B) Other taxpayers.—In the case of a taxpayer other than a taxpayer described in subparagraph *(A), taxable* income from sources without the United States shall include gain from the sale or exchange of capital assets only to the extent of foreign source capital gain net income.

"(3) Definitions.—For purposes of this subsection—

"(A) Foreign source capital gain net income.—The term 'foreign source capital gain net income' means the lesser of—

"(i) capital gain net income from sources without the United States, or

"(ii) capital gain net income.

"(B) Foreign source net capital gain.—The term 'foreign source net capital gain' means the lesser of—

"(i) net capital gain from sources without the United States, or

"(ii) net capital gain.

"(C) Exception for gain from the sale of certain personal property.—For purposes of this paragraph, there shall be included as gain from sources within the United States any gain from sources without the United States from the sale or exchange of a capital asset which is personal property which—

"(i) in the case of an individual, is sold or exchanged outside of the country (or possession) of the individual's residence,

"(ii) in the case of a corporation, is stock in a second corporation sold or exchanged other than in a country (or possession) in which such second corporation derived more than 50 percent of its gross income for the 3-year period ending with the close of such second corporation's taxable year immediately preceding the year during which the sale or exchange occurred, or

"(iii) in the case of any taxpayer, is personal property (other than stock in a corporation) sold or exchanged other than in a country (or possession) in which such property is used in a trade or business of the taxpayer or in which such taxpayer derived more than 50 percent of its gross income for the 3-year period ending with the close of its taxable year immediately preceding the year during which the sale or exchange occurred, unless such gain is subject to an income, war profits, or excess profits tax of a foreign country or possession of the United States, and the rate of tax applicable to such gain is 10 percent or more of the gain from the sale or exchange (computed under this chapter).

"(D) Section 1231 gains.—The term 'gain from the sale or exchange of capital assets' includes any gain so treated under section 1231."

(b) Effective Dates.—The amendment made by this section shall apply to taxable years beginning after December 31, 1975, except that the provisions of section 904(b) (3) (C) shall only apply to sales or exchanges made after November 12, 1975.

Sec. 1035. Foreign Oil and Gas Extraction Income.

(a) Transitional Rule for Foreign Tax Credit Limit.—

(1) General rule.—For any taxable year ending in 1975, 1976, or 1977, there shall be allowed a carryback to such taxable year of disallowed extraction taxes to the extent by which the product of—

(A) the amount of foreign oil and gas extraction income for such year, multiplied by

(B) the sum of the normal tax rate and surtax rate for the taxable year specified in section 11 of the Internal Revenue Code of 1954,

exceeds the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) with respect to foreign oil and gas extraction income (as defined in section 907(c) (1) (A) of such Code). The amount so carried back shall be deemed to be a tax paid or accrued on the income from the extraction of foreign oil and gas in the year to which carried.

(2) Disallowed extraction taxes.—

(A) For purposes of paragraph (1), the term "disallowed extraction taxes" means the amount of any income, war profits, and excess profits taxes paid or accrued during a taxable year with respect to foreign oil and gas extraction income which would be taken into account for purposes of section 901 of such Code but for the provisions of section 907(a) of such Code.

(B) For purposes of subparagraph (A), the amount of disallowed extraction taxes shall include the amount specified in subsection (g) (1) in excess of the amount determined in subsection (g) (2) and treated as a tax for purposes of section 901 of such Code.

(3) Rules of application.—

(A) Disallowed extraction taxes shall be carried to a year specified in paragraph (1) under the principles of section 904(c) of such Code.

(B) Disallowed extraction taxes which are carried to a year specified in paragraph (1) shall be taken into account for purposes of section 901 of such Code along with all other taxes paid or accrued by applying the principles of section 904(a) (1) of such Code as in effect immediately before the date of the enactment of the Tax Reduction Act of 1975.

(b) Transitional Rule for Recapture of Foreign Oil-Related Losses.—

(1) Limitation on amount to be recaptured.—In the case of any foreign oil related loss (as defined in section 904(f) (4) of the Internal Revenue Code of 1954) sustained in a taxable year ending before January 1, 1979, which was incurred pursuant to a contract to explore or to develop an oil or gas property which contract was on July 1, 1974, and at all times thereafter binding on the taxpayer, the amount which shall be treated as income from sources within the United States by reason of section 904(f) (1) (A) of such Code with respect to such loss shall not exceed 15 percent of such loss per taxable year for the first four taxable years beginning with the first taxable year for which the taxpayer elects to claim foreign taxes on foreign oil and gas extraction income as a credit under section 901 of such Code.

(2) Rules of application.—

(A) Amounts not treated as income from sources within the United States in a taxable year by reason of paragraph (1) shall be treated for purposes of paragraph (1) (A) (i) of section 904(f) of such Code as amounts not used under that paragraph in prior years.

(B) The amount of the foreign oil related loss which is treated as being incurred pursuant to a contract described in paragraph (1) shall be determined by taking into account income and deductions only with respect to all oil or gas properties with respect to which such contracts apply (but not to exceed the total foreign oil related loss for the year).

(c) Definition of Oil-Related Income.—Section 907(c) (relating to definition of foreign oil or gas income) is amended—

(1) By amending subparagraph (B) of paragraph (3) to read as follows:

"(B) dividends and interest from a domestic corporation which are treated under section 861 (a) (2) (A) or (a) (1) (B) as income from sources without the United States,";

(2) by amending paragraph (3)—

(A) by deleting "dividends described in subparagraph (B)" and inserting "dividends and interest described in subparagraph (B)", and

(B) by adding at the end thereof the following: "Gain from the sale or exchange of stock of a foreign corporation which holds assets described in paragraph (1) (B) or (2) (E) and is a member of an affiliated group (within the meaning of section 1504(a)) solely by reason of section 1504(d) shall be treated as foreign oil and gas extraction income, or foreign oil related income, as the case may be, in an amount which bears the same ratio to such gain as the fair market value of such assets bears to the fair market value of all assets held by such corporation.", and

(3) by adding the following new paragraph at the end thereof:

"(5) Certain public utility income.—The term 'foreign oil related income' shall not include income from the transportation or distribution of natural gas by a regulated public utility for use within its own regulated public utility operations within the country in which it is incorporated and in which the regulated public utility is located.".

(d) Foreign Oil Related Income Earned by Individuals.—Subsection (b) of section 907 (relating to special rules in case of foreign oil and gas income) is amended to read as follows:

"(b) Application of Section 904 Limitation.—

"(1) Corporations.—In the case of a corporation, the provisions of section 904 shall be applied separately with respect to—

"(A) foreign oil related income, and

"(B) other taxable income.

"(2) Individuals.—In the case of an individual, the provisions of subsection (a) shall not apply and the provisions of section 904 shall be applied separately with respect to—

"(A) foreign oil and gas extraction income, and

"(B) other taxable income (including other foreign oil related income).

In the case of a corporation, with respect to foreign oil-related income, and in the case of an individual, with respect to foreign oil and gas extraction income, the overall limitation provided by section 904(a) (2) shall apply and the per-country limitation provided by section (a) (1) shall not apply."

(e) Certain Payments Not To Be Considered Taxes.—Section 901(f) (relating to certain payments for oil or gas not considered as taxes) is amended by adding the following sentence at the end thereof: "If a taxpayer has had an economic interest with respect to an oil or gas field, and if on March 29, 1975, the taxpayer has made an investment with respect to such oil or gas field, the provisions of this subsection shall not apply to a purchase and sale of oil or gas from such field until taxable years beginning in 1986 notwithstanding the fact that the taxpayer purchases the oil or gas from that field at a price different from the fair market value for such oil or gas at the time of such purchase."

(f) Tax Credit for Production-Sharing Contracts.—

(1) For purposes of section 901 of the Internal Revenue Code of 1954, there shall be treated as income, war profits, and excess profits taxes to be taken into account under section 907(a) of such Code amounts designated as income taxes of a foreign government by such government (which otherwise would not be treated as taxes for purposes of section 901 of such Code) with respect to production-sharing contracts for the extraction of foreign oil or gas.

(2) The amounts specified in paragraph (1) shall not exceed the lesser of—

(A) the product of the foreign oil and gas extraction income with respect to all such production-sharing contracts multiplied by the sum of the normal tax rate and the surtax rate for the taxable year specified in section 11 of such Code, or

(B) the excess of the total amount of foreign oil and gas extraction income (as defined in section 907(c) (1) of such Code) for the taxable year multiplied by the sum of the normal tax rate and the surtax rate for the taxable year specified in section 11 of such Code over the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) without regard to paragraph (1) during the taxable year with respect to foreign oil and gas extraction income.

(3) The production-sharing contracts taken into account for purposes of paragraph (1) shall be those contracts which were entered into before April 8, 1976, for the sharing of foreign oil and gas production with a foreign government (or an entity owned by such government) with respect to which amounts claimed as taxes paid or accrued to such foreign government for taxable years beginning before June 30, 1976, will not be disallowed as taxes. No such contract shall be taken into account for any taxable year beginning after December 31, 1981.

(g) Effective Dates.—

(1) Subsections (a), (c) (2) (B) and (c) (3), (d), (e), and (f) shall apply to taxable years ending after December 31, 1974.

(2) Subsection (b) shall apply to losses sustained in taxable years ending after December 31, 1975.

(3) Subsection (c) (1) and (2) (A) shall

apply to taxable years beginning after December 31, 1976.

(4) Subsection (f) shall apply to taxable years beginning on or after June 30, 1976.

Sec. 1036. Underwriting Income.

(a) Treatment as Income From Sources Within the United States.—Section 861 (a) (relating to gross income from sources within the United States is amended by adding the following new paragraph:

"(7) Amount received as underwriting income (as defined in section 832(b)(3)) derived from the insurance of United States risks (as defined in section 953(a))."

(b) Treatment as Foreign Source Income.—Section 862(a) (relating to gross income from sources without the United States) is amended by adding the following new paragraph:

"(7) Underwriting income other than that derived from sources within the United States as provided in section 861(a)(7)."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1976.

Sec. 1037. Third Tier Foreign Tax Credit When Section 951 Applies.

(a) Foreign Taxes Deemed Paid by Foreign Corporations.—Section 960(a)(1) (relating to special rules for foreign tax credits), as amended in section 833 (is further amended to read as follows:

"(1) General rule.—For purposes of subpart A of this part, if there is included, under section 951(a), in the gross income of a domestic corporation any amount attributable to earnings and profits—

"(A) of a foreign corporation (hereinafter in this subsection referred to as the 'first foreign corporation') at least 10 percent of the voting stock of which is owned by such domestic corporation, or

"(B) of a second foreign corporation (hereinafter in this section referred to as the 'second foreign corporation') at least 10 percent of the voting stock of which is owned by the first foreign corporation, or

"(C) of a third foreign corporation (hereinafter in this subsection referred to as the 'third foreign corporation') at least 10 percent of the voting stock of which is owned by the second foreign corporation,

then, under regulations prescribed by the Secretary, such domestic corporation shall be deemed to have paid the same proportion of the total income, war profits, and excess profits taxes paid (or deemed paid) by such foreign corporation to a foreign country or possession of the United States for the taxable year on or with respect to the earnings and profits of such foreign corporation which the amount of earnings and profits of such foreign corporation so included in gross income of the domestic corporation bears to the entire amount of the earnings and profits of such foreign corporation for such taxable year. This paragraph shall not apply with respect to any amount included in the gross income of such domestic corporation attributable to earnings and profits of the second foreign corporation or of the third foreign corporation unless, in the case of the second foreign corporation, the percentage-of-voting-stock requirement of section 902(b)(3)(A) is satisfied and in the case of the third foreign corporation, the percentage-of-voting-stock requirement of section 902(b)(3)(B) is satisfied."

(b) Effective Date.—The amendment made by this section shall apply with respect to earnings and profits of a foreign corporation included, under section 951(a) of the Internal Revenue Code of 1954, in the gross income of a domestic corporation in taxable years beginning after December 31, 1976.

PART IV—MONEY OR OTHER PROPERTY MOVING OUT OF OR INTO THE UNITED STATES

Sec. 1041. Portfolio Debt Investments in United States of Nonresident Aliens and Foreign Corporations.

(a) Amendment of Section 872.—

(1) Paragraph (4) of section 872(b) (relating to exclusions from gross income in the case of nonresident alien individuals) is amended to read as follows:

"(4) Income of nonresident alien individuals received from certain portfolio debt investments.—Interest (including original issue discount) received from any United States person (or from the United States or any agency or instrumentality thereof), or from any State or political subdivision thereof by a nonresident alien individual, if—

"(A) such interest is not effectively connected with the conduct of a trade or business within the United States,

"(B) in the case of interest received from a corporation either—

"(i) persons other than United States persons do not own, and are not considered as owning (within the meaning of subsection (c)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote of such corporation, or

"(ii) the nonresident alien individual does not own, and is not considered as owning (within the meaning of subsection (c)), 10 percent or more of the total combined voting power of all classes of stock entitled to vote of such corporation, and

"(C) in the case of interest received from a partnership either—

"(i) persons other than United States persons do not own, and are not considered as owning (within the meaning of subsection (c)), more than 50 percent of the capital interest, or the profits interest, in such partnership, or

"(ii) the nonresident alien individual does not own, and is not considered as owning (within the meaning of subsection (c)), 10 percent or more of the capital interest, or the profits interest, in such partnership."

(2) Section 872 is amended by adding at the end thereof the following new subsection:

"(c) Constructive Ownership.—For purposes of subsection (b)(4) and section 883(c)—

"(1) Ownership through other entities.—

"(A) In general.—An interest in an entity owned, directly or indirectly, by or for a corporation, partnership, trust, or estate shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries.

"(B) Attribution from trusts.—

"(i) In applying subparagraph (A), a trust shall be considered as owned by its beneficiaries in proportion to the actuarial interest of such beneficiaries in such trust.

"(i) An interest in an entity owned, directly or indirectly, by or for any portion of a trust of which a person is considered the owner under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners) shall be considered as owned by such person.

"(2) Attrition to partnerships, estates, trusts, and corporations.—

"(A) To partnerships and estates.—An interest in an entity owned, directly or indirectly, by or for a partner or a beneficiary of an estate shall be considered as owned by the partnership or estate.

"(B) To trusts.—An interest in an entity owned, directly or indirectly, by or for—

"(i) a beneficiary of a trust shall be considered as owned by the trust, unless such beneficiary's interest in the trust is a remote contingent interest. For purposes of this clause, a contingent interest of a beneficiary in a trust shall be considered remote if, under the maximum exercise of discretion by the trustee in favor of such beneficiary, the value of such interest, computed actuarially, is 5 percent or less of the value of the trust property, and

"(ii) a person who is considered the owner of any portion of a trust under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners) shall be considered as owned by the trust.

"(C) To corporations.—If 50 percent or more in value of the stock in a corporation is owned, directly or indirectly, by or for any person, such corporation shall be considered as owning the interest in an entity owned, directly or indirectly, by or for such person.

"(3) Operating rules.—

"(A) In general.—Except as provided in subparagraph (B), an interest in an entity constructively owned by a person by reason of the application of paragraph (1) or (2) shall, for purposes of applying paragraph (1) or (2), be considered as actually owned by such person.

"(B) Partnerships, estates, trusts, and corporations.—An interest in an entity constructively owned by a person by reason of the application of paragraph (2) shall not be considered as owned by it for purposes of applying paragraph (1) in order to make another the constructive owner thereof.

"(4) Interest in an entity.—The term 'interest in an entity' means—

"(A) stock in a corporation,

"(B) an interest in the capital or profits of a partnership, and

"(C) a beneficial interest in a trust or estate.

"(5) Options.—If any person has an option to acquire stock, such stock shall be considered as owned by such person. For purposes of this paragraph, an option to acquire such an option, and each one of a series of such options, shall be considered as an option to acquire such stock."

(b) Amendment of Section 883.—Section 883 (relating to exclusions from gross income in case of foreign corporations) is amended by adding at the end thereof the following new subsection:

"(c) Income of Foreign Corporations Received From Certain Portfolio Debt Investments.—Interest (including original issue discount) received from any United States person (or from the United States or any agency or instrumentality thereof, or from any State or political subdivision thereof) by a foreign corporation (other than a controlled foreign corporation within the meaning of section 957) shall not be included in gross income, and shall be exempt from taxation under this subtitle, if—

"(1) such interest is not effectively connected with the conduct of a trade or business within the United States, and

"(2) in the case of interest received from a corporation either—

"(A) persons other than United States persons do not own, and are not considered as owning (within the meaning of section 872 (c)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote of such corporation, or

"(B) the foreign corporation does not own, and is not considered as owning (within the meaning of section 872(c)), 10 percent or more of the total combined voting power of all classes of stock entitled to vote of such corporation, and

"(3) in the case of interest received from a partnership either—

"(A) persons other than United States persons do not own, and are not considered as owning (within the meaning of section 872 (c)), more than 50 percent of the capital interest, or the profits interest, in such partnership, or

"(B) the foreign corporation does not own, and is not considered as owning (within the meaning of section 872(c)), 10 percent or more of the capital interest, or the profits interest, in such partnership."

(c) Amendment of Section 861.—The last sentence of section 861(c) (relating to interest on deposits, etc.) is hereby repealed.

(d) Removal of Exclusion From Gross Income in Case of Inadequate Exchange of Information.—

(1) Subpart C of part II of subchapter N of chapter 1 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"Sec. 987. Removal of Exclusion From Gross Income in Case of Inadequate Exchange of Information.

"Whenever the Secretary determines that the exchange of information between the United States and a foreign country is inadequate to identify the beneficial recipients of interest payments from sources within the United States and that such information is necessary in order to prevent evasion of taxes, the exclusion from gross income contained in section 872(b)(4) and section 883(c) shall not apply to any payments, payments addressed to, or for the account of persons within such foreign country after the date specified in the Secretary's determination. Any such removal shall not apply to interest on obligations issued on or before the date of such determination. The removal of the exclusion from gross-income contained in section 872(b)(4) and section 883(c) shall continue until the Secretary determines that the exclusion from gross income contained United States and the foreign country is adequate to identify the beneficial recipients of interest payments from sources within the United States."

(2) The table of sections for such subpart C is amended by adding at the end thereof the following new item:

"Sec. 897. Removal of exclusion from gross income in case of inadequate exchange of information."

(e) Amendment of Section 2105.—Subsection (b) of section 2105 (relating to property without the United States) is amended to read as follows:

"(b) Bank Deposits and Certain Other Debt Obligations.—For purposes of this subchapter.—

"(1) amounts described in section 861(c), if any, interest thereon (were such interest received by the decedent at the time of his death) would be treated by reason of section 861(a)(1)(A) as income from sources without the United States,

"(2) deposits with a foreign branch of a domestic corporation or domestic partnership, if such branch is engaged in the commercial banking business, and

"(3) debt obligations, if any interest thereon (were such interest received by the decedent at the time of his death) would be eligible for the exclusion from gross income under section 872(b)(4),

shall not be deemed property within the United States."

(f) Effective Date.—

(1) The amendments made by this section (other than subsection (e)) shall apply to amounts paid after the date of the enactment of this Act.

(2) The amendment made by subsection (e) shall apply to the estates of decedents dying after the date of the enactment of this Act.

Sec. 1042. Changes in Ruling Requirements Under Section 367; Certain Changes in Section 1248.

(a) Amendment of Section 367.—Section 367 (relating to foreign corporations) is amended to read as follows:

"Sec. 367. Foreign Corporations.

"(a) Transfers of Property From the United States.—

"(1) General rule.—If, in connection with any exchange described in section 332, 351, 354, 355, 356, or 361, there is a transfer of property (other than stock or securities of a foreign corporation which is a party to the exchange or a party to the reorganization) by a United States person to a foreign corporation, for purposes of determining the extent to which gain shall be recognized, a foreign corporation shall not be considered to be a corporation unless, pursuant to a request filed not later than the close of the 183d day after the beginning of such exchange (and filed in such form and manner as may be prescribed by regulations by the Secretary), it is established to the satisfaction of the Secretary that such exchange is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes. If, pursuant to the preceding sentence it has been established that an exchange is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal incomes taxes, and if there are subsequent transfers which are treated by the Secretary as a part of such exchange although not described in the request with respect to such exchange, then it may be established to the satisfaction of the Secretary pursuant to a request filed not later than the close of the 183d day after the beginning of such subsequent transfer (filed in such form and manner as may be prescribed by regulations by the Secretary) that the entire exchange is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes.

"(2) Exception for transactions designated by the secretary.—Paragraph (1) shall not apply to any exchange (otherwise within paragraph (1)), or to any type of property, which the Secretary by regulations designates as not requiring the filing of a request.

"(b) Other Transfers.—

"(1) Effect of section to be determined under regulations.—In the case of any exchange described in section 332, 351, 354, 355, 356, or 361 in connection wtih which there is no transfer of property described in subsection (a)(1), a foreign corporation shall be considered to be a corporation except to the extent provided in regulations prescribed by the Secretary which are necessary or appropriate to prevent the avoidance of Federal income taxes.

"(2) Regulations relating to sale or exchange of stock in foreign corporations.—The regulations prescribed pursuant to paragraph (1) shall include (but shall not be limited to) regulations dealing with the sale or exchange of stock or securities in a foreign corporation by a United States person, including regulations providing—

"(A) the circumstances under which—

"(i) gain shall be recognized currently, or amounts included in gross income currently as a dividend, or both, or

(ii) gain or other amounts may be deferred for inclusion in the gross income of a shareholder (or his successor in interest) at a later date, and

"(B) the extent to which adjustments shall be made to earnings and profits, basis of stock or securities, and basis of assets.

"(c) Transactions To Be Treated as Exchanges.—

"(1) Section 355 distribution.—For purposes of this section, any distribution described in section 355 (or so much of section 356 as relates to section 355) shall be treated as an exchange whether or not it is an exchange.

"(2) Contribution of capital to controlled corporatins.—For purposes of this chapter, any transfer of property to a foreign corporation as a contribution to the capital of such corporation by one or more persons who, immediately after the transfer, own (within the meaning of section 318) stock possessing at least 80 percent of the total combined voting power of all classes of stock of such corporation entitled to vote shall be treated as an exchange of such property for stock of the foreign corporation equal in value to the fair market value of the property transferred.

"(d) Transitional Rule.—In the case of any exchange beginning before January 1, 1978—

"(1) subsection (a) shall be applied without regard to whether or not there is a transfer of property described in subsection (a)(1), and

"(2) subsection (b) shall not apply."

(b) Earnings and Profits of Subsidiaries of Foreign Corporations for Purposes of Section 1248.—Subparagraph (C) of section 1248(c)(2) is amended by striking out "; and" at the end thereof and inserting in lieu thereof the following: "(or on the date of any sale or exchange of the stock of such other foreign corporation occurring during the 5-year period ending on the date of the sale or exchange of the stock of such foreign corporation, to the extent not otherwise taken into account under this section but not in excess of the fair market value of the stock of such other foreign corporation sold or exchanged over the basis of such stock (for determining gain) in the hands of the transferor); and".

(c) Certain Section 311, 336, or 337 Transactions.—

(1) General rule.—Section 1248 (relating to gain from certain sales or exchanges of stock in certain foreign corporations) is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

"(f) Certain Section 311, 336, or 337 Transactions.—

"(1) In general.—If—

"(A) a domestic corporation satisfies the stock ownership requirements of subsection (a)(2) with respect to a foreign corporation, and

"(B) such domestic corporation distributes, sells, or exchanges stock of such foreign corporation in a transaction to which section 311, 336, or 337 applies,

then, notwithstanding any other provision of this subtitle, an amount equal to the excess of the fair market value of such stock over its adjusted basis in the hands of the domestic corporation shall be included in the gross income of the domestic corporation as a dividend to the extent of the earnings and profits of the foreign corporation attributable (under regulations prescribed by the Secretary) to such stock which were accumulated in taxable years of such foreign corporation beginning after December 31, 1962, and during the period or periods the stock was held by such domestic corporation while such foreign corporation was a controlled foreign corporation. For purposes of subsections (c)(2), (d), and (h), a distribution, sale, or exchange of stock to which this subsection applies shall be treated as a sale of stock to which subsection (a) applies.

"(2) Exception for certain distributions.—In the case of any distribution of stock of a foreign corporation, paragraph (1) shall not apply if such distribution is to a domestic corporation—

"(A) which is treated under this section as holding such stock for the period for which the stock was held by the distributor corporation, and

"(B) which, immediately after the distribution, satisfies the stock ownership requirements of subsection (a)(2) with respect to such foreign corporation.

"(3) Nonapplication of paragraph (1) in

CERTAIN CASES.—Paragraph (1) shall not apply to a sale or exchange to which section 337 applies if—

"(A) throughout the period or periods the stock of the foreign corporation was held by the domestic corporation (or a predecessor referred to in paragraph (2)) all the stock of such domestic corporation was owned by United States persons who satisfied the 10-percent stock ownership requirements of subsection (a) (2) with respect to such domestic corporation, and

"(B) subsection (a) applies to the proceeds of the sale or exchange and also applied to all transactions described in subsection (e) (1) which took place during the period or periods referred to in subparagraph (A).

"(4) APPLICATION TO CASES DESCRIBED IN SUBSECTION (E).—To the extent that earnings and profits are taken into account under this subsection, they shall be excluded and not taken into account for purposes of subsection (e)."

(2) INTEREST IN PARTNERSHIP HOLDING STOCK IN CERTAIN FOREIGN CORPORATIONS.—The last sentence of section 751(c) (relating to unrealized receivables) is amended—

(A) by striking out "(as defined in section 1245(a) (3))," and inserting in lieu thereof "(as defined in section 1245(a) (3)), stock in certain foreign corporations (as described in section 1248)," and

(B) by striking out "1250(a)," and inserting in lieu thereof "1248(a), 1250(a),".

(3) CONFORMING AMENDMENTS.—

(A) Subparagraph (A) of paragraph (2) of subsection (c) of section 1248 is amended by striking out "subsection (a) applies to a sale or exchange" and inserting in lieu thereof "subsection (a) or (f) applies to a sale, exchange, or distribution".

(B) Subparagraph (A) of paragraph (3) of subsection (g) (as redesignated by paragraph (1) of this subsection) of section 1248 is amended to read as follows:

"(A) a dividend (other than an amount treated as a dividend under subsection (f)),".

(C) Subsection (h) as redesignated by paragraph (1) of this subsection) of section 1248 is amended by striking out "subsection (a)" each place it appears and inserting in lieu thereof "subsection (a) or (f)".

(d) DECLARATORY JUDGMENT PROCEDURE FOR REVIEW BY THE TAX COURT OF SECTION 367 DETERMINATIONS.—

(1) IN GENERAL.—Part IV of subchapter C of chapter 76 (relating to declaratory judgments) is amended by adding at the end thereof the following new section:

"SEC. 7477. DECLARATORY JUDGMENTS RELATING TO TRANSFERS OF PROPERTY FROM THE UNITED STATES.

"(a) CREATION OF REMEDY.—

"(1) IN GENERAL.—In a case of an action controversy involving—

"(A) a determination by the Secretary—

"(i) that an exchange described in section 367(a) (1) is in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes, or

"(ii) of the terms and conditions pursuant to which an exchange described in section 367(a) (1) will be determined not to be in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes, or

"(B) a failure by the Secretary to make a determination as to whether an exchange described in section 367(a) (1) is in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes,

upon the filing of an appropriate pleading, the Tax Court may make the appropriate declaration referred to in paragraph (2). Such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(2) SCOPE OF DECLARATION.—The declaration referred to in paragraph (1) shall be—

"(A) in the case of a determination referred to in subparagraph (A) of paragraph (1), whether or not such determination is reasonable, and, if it is not reasonable, a determination of the issue set forth in subparagraph (A) (ii), and

"(B) in the case of a failure described in subparagraph (B) of paragraph (1), the determination of the issues set forth in subparagraph (A) of paragraph (1).

"(b) LIMITATIONS.—

"(1) PETITIONER.—A pleading may be filed under this section only by a petitioner who is a transferor or transferee of stock, securities, or property transferred in an exchange described in section 367(a) (1).

"(2) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—The Tax Court shall not issue a declaratory judgment or decree under this section in any proceeding unless it determines that the petitioner has exhausted administrative remedies available to him within the Internal Revenue Service. A petitioner shall not be deemed to have exhausted his administrative remedies with respect to a failure by the Secretary to make a determination with respect to whether or not an exchange described in section 367(a) (1) is in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes before the expiration of 270 days after the request for such determination was made.

"(3) EXCHANGE SHALL HAVE BEGUN.—No proceeding may be maintained under this section unless the exchange described in section 367(a) (1) with respect to which a decision of the Tax Court is sought has begun before the filing of the pleading.

"(4) TIME FOR BRINGING ACTION.—If the Secretary sends by certified or registered mail to the petitioners referred to in paragraph (1) notice of his determination with respect to whether or not an exchange described in section 367(a) (1) is in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes or with respect to the terms and conditions pursuant to which such an exchange will be determined not to be made in pursuance of such a plan, no proceeding may be initiated under this section by any petitioner unless the pleading is filed before the 91st day after the day after such notice is mailed to such petitioner.

"(c) COMMISSIONERS.—The chief judge of the Tax Court may assign proceedings under this section to be heard by the commissioners of the court, and the court may authorize a commissioner to make the decision of the court with respect to such proceeding, subject to such conditions and review as the court may by rule provide."

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) Section 7482(b) (1) (relating to venue for review of Tax Court decisions) is amended by striking out "or" at the end of subparagraph (B), by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", or", and by inserting after subparagbraph (C) the following new subparagraph:

"(D) in the case of a person seeking a declaratory judgment under section 7477, the legal residence of such person if such person is not a corporation, or the principal place of business or principal office or agency of such person if such person is a corporation."

(B) Section 7482(b) (1) is further amended—

(i) by striking out "subparagraph (A), (B), and (C) do not apply" in the second sentence and inserting in lieu thereof "no subparagraph of the preceding sentence applies"; and

(ii) by striking out "section 7476" in the last sentence and inserting in lieu thereof "section 7476 or 7477".

(C) The heading for section 7476 is amended to read as follows:

"SEC. 7476. DECLARATORY JUDGMENTS RELATING TO QUALIFICATION OF CERTAIN RETIREMENT PLANS."

(D) The table of sections for part IV of subchapter C of chapter 76 is amended to read as follows:

"Sec. 7476. Declaratory judgments relating to qualification of certain retirement plans.

"Sec. 7477. Declaratory judgments relating to transfers of property from the United States."

(E) The heading for part IV of subchapter C of chapter 76 is amended to read as follows:

"PART IV—DECLARATORY JUDGMENTS".

(F) The table of parts for subchapter C of chapter 76 is amended by striking out the item relating to part IV and inserting in lieu thereof the following:

"Part IV. Declaratory judgments."

(c) EFFECTIVE DATES.—

(1) The amendments made by this section (other than by subsection (d)) shall apply to exchanges beginning after October 9, 1975, and to sales, exchanges, and distributions taking place after such date. The amendments made by subsection (d) shall apply with respect to pleadings filed with the Tax Court after the date of the enactment of this Act but only with respect to exchanges beginning after October 9, 1975.

(2) In the case of any exchange described in section 367 of the Internal Revenue Code of 1954 (as in effect on December 31, 1974) in any taxable year beginning after December 31, 1962, and before the date of the enactment of this Act, which does not involve the transfer of property to or from a United States person, a taxpayer shall have for purposes of such section until 183 days after the date of the enactment of this Act to file a request with the Secretary of the Treasury or his delegate seeking to establish to the satisfaction of the Secretary of the Treasury or his delegate that such exchange was not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes and that for purposes of such section a foreign corporation is to be treated as a foreign corporation.

(3) (A) The provisions of section 367(b) of such Code shall apply in case of any exchange described in subparagraph (B) in the manner prescribed in subparagraph (C), and if the refund or credit of any overpayment attributable to the application of such section to such exchange is otherwise prevented by the operation of any law or rule of law (other than section 7122 of the Internal Revenue Code of 1954, relating to compromises) on the day which is one year after the date of the enactment of this Act, such credit or refund shall be nevertheless allowed or made if claim therefor is filed on or before such day. Any interest with respect to such refund or credit shall not be allowed for any period prior to the date of the enactment of this Act.

(B) Subparagraph (A) shall apply with respect to any exchange involving the liquidation of a foreign corporation (i) if the Secretary of the Treasury or his delegate had made a determination that the liquidation did not have as one of its principal purposes the avoidance of Federal income taxes, (ii) if such determination was conditioned upon the inclusion by the United States shareholders (as defined in section 951(b) of such Code, of such corporation of an amount in gross income as a dividend equal to the undistributed earnings of such corporation, and (iii) if in any taxable year beginning after December 31, 1962, but prior to the year of liquidation the corporation which was liquidated distributed to such United States shareholders stock of a foreign corporation whose earnings and profits are subject to the provisions of section 1248 of such Code in the hands of such United States shareholder.

(C) If the result of any such distribution and liquidation described in subparagraph (B) is to subject the United States shareholders of such corporation to taxation of earnings and profits in an amount in excess of the amount of earnings and profits of such liquidated corporation, the Secretary of the Treasury or his delegate shall apply section 367(b) by adjusting earnings and profits and basis of stock so that such excess amount is not subject to tax.

Sec. 1043. Contiguous Country Branches of Domestic Life Insurance Companies.

(a) Amendment of Subchapter L.—Subpart E of part I of subchapter L of chapter 1 (relating to life insurance companies) is amended by inserting after section 819 the following new section:

Sec. 819A. Contiguous Country Branches of Domestic Life Insurance Companies.

"(a) Exclusion of Items.—In the case of a domestic mutual insurance company which—

"(1) is a life insurance company.

"(2) has a contiguous country life insurance branch, and

"(3) makes the election provided by subsection (g) with respect to such branch,

there shall be excluded from each and every item involved in the determination of life insurance company taxable income the items separately accounted for in accordance with subsection (c).

"(b) Contiguous Country Life Insurance Branch.—For purposes of this section, the term 'contiguous country life insurance branch' means a branch which—

"(1) issues insurance contracts insuring risks in connection with the lives or health of residents of a country which is contiguous to the United States,

"(2) has its principal place of business in such contiguous country, and

"(3) would constitute a mutual life insurance company if such branch were a separate domestic insurance company.

For purposes of this section, the term 'insurance contract' means any life, health, accident, or annuity contract or reinsurance contract or any contract relating thereto.

"(c) Separate Accounting Required.—Any taxpayer which makes the election provided by subsection (g) shall establish and maintain a separate account for the various income, exclusion, deduction, asset, reserve, liability, and surplus items properly attributable to the contracts described in subsection (b). Such separate accounting shall be made—

"(1) in accordance with the method regularly employed by such company, if such method clearly reflects income derived from, and the other items attributable to, the contracts described in subsection (b), and

"(2) in all other cases, in accordance with regulations prescribed by the Secretary.

"(d) Recognition of Gain on Assets in Branch Account.—If the aggregate fair market value of all the invested assets and tangible property which are separately accounted for by the domestic life insurance company in the branch account established pursuant to subsection (c) exceeds the aggregate adjusted basis of such assets for purposes of determining gain, then the domestic life insurance company shall be treated as having sold all such assets on the first day of the first taxable year for which the election is in effect at their fair market value on such first day. Notwithstanding any other provision of this chapter, the net gain shall be recognized to the domestic life insurance company on the deemed sale described in the preceding sentence.

"(e) Transactions Between Contiguous Country Branch and Domestic Life Insurance Company.—

"(1) Reimbursements for home office services, etc.—Any payment, transfer, reimbursement, credit, or allowance which is made from a separate account established pursuant to submission (c) to one or more other accounts of a domestic life insurance company as reimbursement for costs incurred for or with respect to the insurance (or reinsurance) of risks accounted for in such separate account shall be taken into account by the domestic life insurance company in the same manner as if such payment, transfer, reimbursement, credit, or allowance had been received from a separate person.

"(2) Repatriation of income.—

"(A) In general.—Except as provided in subparagraph (B), any amount directly or indirectly transferred or credited from a branch account established pursuant to subsection (c) to one or more other accounts of such company shall, unless such transfer or credit is a reimbursement to which paragraph (1) applies, be added to the life insurance company taxable income of the domestic life insurance company (as computed without regard to this paragraph).

"(B) Limitation.—The addition provided by subparagraph (A) for the taxable year with respect to any contiguous country life insurance branch shall not exceed the amount by which—

"(i) the aggregate decrease in the life insurance company taxable income of the domestic life insurance company for the taxable year and for all prior taxable years resulting solely from the application of subsection (a) of this section with respect to such branch, exceeds

"(ii) the amount of additions to life insurance company taxable income pursuant to subparagraph (A) with respect to such contiguous country branch for all prior taxable years.

"(f) Other Rules.—

"(1) Treatment of foreign taxes.—

"(A) In general.—No income, war profits, or excess profits taxes paid or accrued to any foreign country or possession of the United States which is attributable to income excluded under subsection (a) shall be taken into account for purposes of subpart A of part III of subchapter N (relating to foreign tax credit) or allowable as a deduction.

"(B) Treatment of repatriated amounts.—For purposes of sections 78 and 902, where any amount is added to the life insurance company taxable income of the domestic life insurance company by reason of subsection (e)(2), the contiguous country life insurance branch shall be treated as a foreign corporation. Any amount so added shall be treated as a dividend paid by a foreign corporation, and the taxes paid to any foreign country or possession of the United States with respect to such amount shall be deemed to have been paid by such branch.

"(2) United States source income allocable to contiguous country branch.—For purposes of sections 881, 882, and 1442, each contiguous country life insurance branch shall be treated as a foreign corporation. Such sections shall be applied to each such branch in the same manner as if such sections contained the provisions of any treaty to which the United States and the contiguous country are parties, to the same extent such provisions would apply if such branch were incorporated in such contiguous country.

"(g) Election.—A taxpayer may make the election provided by this subsection with respect to any contiguous country for any taxable year beginning after December 31, 1975. An election made under this subsection for any taxable year shall remain in effect for all subsequent taxable years, except that it may be revoked with the consent of the Secretary. The election provided by this subsection shall be made not later than the time prescribed by law for filing the return for the taxable year (including extensions thereof) with respect to which such election is made, and such election and any approved revocation thereof shall be made in the manner provided by the Secretary.

"(h) Special Rule for Domestic Stock Life Insurance Companies.—At the election of a domestic stock life insurance company which has a contiguous country life insurance branch described in subsection (b) (without regard to the mutual requirement in subsection (b)(3)), the assets of such branch may be transferred to a foreign corporation organized under the laws of the contiguous country without the application of section 367 or 1491. Subsection (a) shall apply to the stock of such foreign corporation as if such domestic company were a mutual company and as if the stock were an item described in subsection (c). Subsection (e)(2) shall apply to amounts transferred or credited to such domestic company as if such domestic company and such foreign corporation constituted one domestic mutual life insurance company. The insurance contracts which may be transferred pursuant to this subsection shall include only those which are similar to the types of insurance contracts issued by a mutual life insurance company. Notwithstanding the first sentence of this subsection, if the aggregate fair market value of the invested assets and tangible property which are separately accounted for by the domestic life insurance company in the branch account exceeds the aggregate adjusted basis of such assets for purposes of determining gain, the domestic life insurance company shall be deemed to have sold all such assets on the first day of the taxable year for which the election under this subsection applies and the net gain shall be recognized to the domestic life insurance company on the deemed sale, but not in excess of the proportion of such net gain which equals the proportion which the aggregate fair market value of such assets which are transferred pursuant to this subsection is of the aggregate fair market value of all such assets."

(b) Clerical Amendment.—The table of sections for such subpart E is amended by inserting after the item relating to section 819 the following new item:

"Sec. 819A. Contiguous country branches of domestic life insurance companies."

(c) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1975.

Sec. 1044. Transitional rule for bond, etc., losses of foreign banks.

(a) General Rule.—Section 582(c) (relating to bond, etc., losses and gains of financial institutions) is amended by adding at the end thereof the following new paragraph:

"(4) Transitional rule for banks.—In the case of a corporation which would be a bank except for the fact that it is a foreign corporation, the net gain, if any, for the taxable year on sales and exchanges described in paragraph (1) shall be considered as gain from the sale or exchange of a capital asset to the extent such net gain does not exceed the portion of any capital loss carryover to such taxable year which is attributable to capital losses on sales or exchanges described in paragraph (1) for a taxable year beginning before July 12, 1969. For purposes of the preceding sentence, the portion of a net capital loss for a taxable year which is attributable to capital losses on sales or exchanges described in paragraph (1) is the amount of the net capital loss on such sales or exchanges for such taxable year (but not in excess of the net capital loss for such taxable year)."

(b) EFFECTIVE DATE.—

(1) The amendment made by subsection (a) shall apply with respect to taxable years beginning after July 11, 1969.

(2) If the refund or credit of any overpayment attributable to the application of the amendment made by the first section of this Act to any taxable year is otherwise prevented by the operation of any law or rule of law (other than section 7122 of the Internal Revenue Code of 1954, relating to compromises) on the day which is one year after the date of the enactment of this Act, such credit or refund shall be nevertheless allowed or made if claim therefor is filed on or before such day.

PART V—SPECIAL CATEGORIES OF FOREIGN TAX TREATMENT

SEC. 1051. TAX TREATMENT OF CORPORATIONS CONDUCTING TRADE OR BUSINESS IN PUERTO RICO AND POSSESSIONS OF THE UNITED STATES.

(a) ALLOWANCE OF PUERTO RICAN AND POSSESSION TAX CREDIT.—Section 33 (relating to taxes of foreign countries and possessions of the United States) is amended to read as follows:

"SEC. 33. TAXES OF FOREIGN COUNTRIES AND POSSESSIONS OF THE UNITED STATES; POSSESSION TAX CREDIT.

"(a) FOREIGN TAX CREDIT.—The amount of taxes imposed by foreign countries and possessions of the United States shall be allowed as a credit against the tax imposed by this chapter to the extent provided in section 901.

"(b) SECTION 936 CREDIT.—In the case of a domestic corporation, the amount provided by section 936 (relating to Puerto Rico and possession tax credit) shall be allowed as a credit against the tax imposed by this chapter."

(b) RULES ON POSSESSION TAX CREDIT.—Subpart D of part III of subchapter N of chapter 1 (relating to possessions of the United States) is amended by adding at the end thereof the following new section:

"SEC. 936. PUERTO RICO AND POSSESSION TAX CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), in the case of a domestic corporation which elects the application of this section, there shall be allowed as a credit against the tax imposed by this chapter an amount equal to the portion of the tax which is attributable to taxable income, from sources without the United States, from the active conduct of a trade or business within a possession of the United States and from qualified possession source investment income, if the conditions of both subparagraph (A) and subparagraph (B) are satisfied:

"(A) 3-YEAR PERIOD.—If 80 percent or more of the gross income of such domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession of the United States; and

"(B) TRADE OR BUSINESS.—If 50 percent or more of the gross income of such domestic corporation for such period or such part thereof was derived from the active conduct of a trade or business within a possession of the United States.

"(2) CREDIT NOT ALLOWED AGAINST CERTAIN TAXES.—The credit provided by paragraph (1) shall not be allowed against the tax imposed by—

"(A) section 56 (relating to minimum tax for corporations),

"(B) section 531 (relating to the tax on accumulated earnings),

"(C) section 541 (relating to personal holding company tax),

"(D) section 1333 (relating to war loss recoveries), or

"(E) section 1351 (relating to recoveries of foreign expropriation losses).

"(b) AMOUNTS RECEIVED IN UNITED STATES.—In determining taxable income for purposes of subsection (a) there shall not be taken into account as income from sources without the United States any gross income which was received by such domestic corporation within the United States, whether derived from sources within or without the United States.

"(c) TREATMENT OF CERTAIN FOREIGN TAXES.—For purposes of this title, any tax of a foreign country or a possession of the United States which is paid or accrued with respect to taxable income which is taken into account in computing the credit under subsection (a) shall not be treated as income, war profits, or excess profits taxes paid or accrued to a foreign country or possession of the United States, and no deduction shall be allowed under this title with respect to any amount so paid or accrued.

"(d) DEFINITIONS.—For purposes of this section—

"(1) POSSESSION.—The term 'possession of the United States' includes the Commonwealth of Puerto Rico, but does not include the Virgin Islands of the United States.

"(2) QUALIFIED POSSESSION SOURCE INVESTMENT INCOME.—The term 'qualified possession source investment income' means gross income which—

"(A) is from sources within a possession of the United States in which a trade or business is actively conducted, and

"(B) the taxpayer establishes to the satisfaction of the Secretary is attributable to the investment in such possession (for use therein) of funds derived from the active conduct of a trade or business in such possession, or from such investment,

less the deductions properly apportioned or allocated thereto.

"(e) ELECTION.—

"(1) PERIOD OF ELECTION.—The election provided in subsection (a) shall be made at such time and in such manner as the Secretary may by regulations prescribe. Except as provided in paragraph (2), such election shall remain in effect until the expiration of the 9th taxable year following the taxable year for which such election was first effective and for which such domestic corporation satisfied the conditions of subparagraphs (A) and (B) of subsection (a)(1). The election shall remain in effect after such 9th taxable year unless such domestic corporation revokes such election. After such revocation such domestic corporation may again make the election provided in subsection (a) in any taxable year for which it satisfies such conditions and such election shall remain in effect as provided in the previous sentence. Any subsequent revocation or election shall be treated in the same manner.

"(2) REVOCATION.—Any such election may be revoked before the expiration of any such 9th taxable year with the consent of the Secretary. After such revocation such domestic corporation may again make the election provided in subsection (a) in any taxable year it satisfies the conditions of subsection (a)."

"(f) DISC OR FORMER DISC CORPORATIONS INELIGIBLE FOR CREDIT.—No credit shall be allowed under this section to a corporation for a taxable year for which it is a DISC or former DISC (as defined in section 992(a)) or in which it owns at any time stock in a DISC or former DISC.

"(g) EXCEPTION TO ACCUMULATED EARNINGS TAX.—

"(1) For purposes of section 535, the term 'accumulated taxable income' shall not include taxable income entitled to the credit under subsection (a).

"(2) For purposes of section 537, the term 'reasonable needs of the business' includes assets which produce income eligible for the credit under subsection (a)."

(c) AMENDMENTS OF SECTION 931.—

(1) Subsection (a) of section 931 (relating to general rule in the case of income from sources within possessions of the United States) is amended to read as follows:

"(a) GENERAL RULE.—In the case of individual citizens of the United States, gross income means only gross income from sources within the United States if the conditions of both paragraph (1) and paragraph (2) are satisfied:

"(1) 3-YEAR PERIOD.—If 80 percent or more of the gross income of such citizen (computed without the benefit of this section) for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession of the United States; and

"(2) TRADE OR BUSINESS.—If 50 percent or more of his gross income (computed without the benefit of this section) for such period on such part thereof was derived from the active conduct of a trade or business within a possession of the United States either on his own account or as an employee or agent of another."

(2) Subsection (c) of section 931 (defining the term "possession") is amended to read as follows:

"(c) DEFINITION.—For purposes of this section, the term 'possession of the United States' does not include the Commonwealth of Puerto Rico, the Virgin Islands of the United States, or Guam."

(3) Subsections (d), (e), and (f) of section 931 are each amended by striking out "persons" each place it appears and inserting in lieu thereof "a citizen of the United States".

(d) AMENDMENTS OF SECTION 901.—(1) Section 901(d) (relating to certain corporations treated as foreign corporations) is amended to read as follows:

"(d) TREATMENT OF DIVIDENDS FROM A DISC OR FORMER DISC.—For purposes of this subpart, dividends from a DISC or former DISC (as defined in section 992(a)) shall be treated as dividends from a foreign corporation to the extent such dividends are treated under part I as income from sources without the United States."

(2) Section 901 (relating to taxes of foreign countries and possessions of the United States) is amended by redesignating subsection (g) as (h) and adding a new subsection (g) which reads as follows:

"(g) CERTAIN TAXES PAID WITH RESPECT TO POSSESSIONS EARNINGS.—For purposes of this chapter any tax of a foreign country or possession of the United States which is paid or accrued with respect to earnings which were excluded from gross income under the provisions of section 931 as in effect prior to the enactment of the Tax Reform Act of 1976 or were taken into account in computing the credit allowed by *section 936*(a) shall not be treated as income, war profits, or excess profits taxes paid or accrued to a foreign country or possession of the United States, and no deduction shall be allowed under this title with respect to any amount so paid or accrued."

(e) AMENDMENT OF SECTION 904(b).—Section 904(b) (as amended by sections 1031 and 1034(a) of this Act) is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SECTION 936.—For purposes of subsection (a), in the case of a corporation, the taxable income shall not include any portion thereof taken into account for purposes of the credit (if any) allowed by section 936."

(f) DIVIDENDS RECEIVED DEDUCTION ALLOWED.—

(1) Section 243(b)(1) (defining qualifying dividends), is amended by adding "either" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) (ii) and inserting in lieu thereof a comma and "or", and by adding at the end thereof the following new subparagraph:

"(C) such dividends are paid by a corporation with respect to which an election under section 936 is in effect for the taxable year in which such dividends are paid."

(2) Section 243(b)(5) (defining affiliated group) is amended by inserting ", 1504(b) (4)," immediately after "1504(b)(2)".

(3) Section 246(a) (relating to dividends from certain corporations) is amended to read as follows:

"(a) Deduction Not Allowed for Dividends From Certain Corporations.—The deductions allowed by sections 243, 244, and 245 shall not apply to any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organizations) or section 521 (relating to farmers' cooperative associations)."

(g) Consolidated Return Treatment.—Section 1504(b)(4) (defining includible corporation) is amended to read as follows:

"(4) Corporations with respect to which an election under section 936 (relating to possession tax credit) is in effect for the taxable year."

(h) Conforming Amendments.—

(1) Section 48(a)(2)(B)(vii) (relating to definition of section 38 property) is amended by striking out "(other than a corporation entitled to the benefits of section 931 or 934 (b))" and inserting in lieu thereof the following: "(other than a corporation which has an election in effect under section 936 or which is entitled to the benefits of section 934(b))".

(2) Paragraph (2) of subsection 116(b) (relating to certain dividends excluded from partial exclusion of dividends received by individuals) is amended to read as follows:

"(2) a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organizations) or section 521 (relating to farmers' cooperative associations); or".

(3) Section 861(a)(2)(A) (relating to income from sources within the United States) is amended by striking out "other than a corporation entitled to the benefits of section 931," and inserting in lieu thereof the following: "other than a corporation which has an election in effect under section 936,".

(4) Section 6091(b)(2)(B)(ii) (relating to place of filing for corporations) is amended by striking out "section 931 (relating to income from sources within possessions of the United States)," and inserting in lieu thereof the following: "section 936 (relating to possession tax credit),".

(i) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1975.

Sec. 1052. Western hemisphere trade corporations.

(a) Phaseout of Special Deduction for Western Hemsphire Trade Corporations.—Section 922 (special deduction for Western Hempishere trade corporations) is amended by adding at the end thereof the following new subsection:

"(b) Phaseout of Deduction.—In the case of a taxable year beginning after December 31, 1975, and before January 1, 1980, the percent specified in subsection (a)(2)(A) shall be (in lieu of 14 percent) the percent specified in the following table:

"For a taxable year beginning in—	The percentage shall be—
1976	11
1977	8
1978	5
1979	2".

(b) Section 1503(b) (relating to special rule for application of foreign tax credit when overall limitation applies) is amended by adding at the end thereof the following paragraph:

"(4) Contiguous country corporations.—So much of any reduction under paragraph (1) for a taxable year as is attributable to taxes paid or accrued to a contiguous foreign country by a corporation organized under the laws of such country and treated as a domestic corporation by reason of section 1504(d) shall be decreased by the excess of—

"(A) the amount of tax computed under subsection (a) with respect to the portion of the consolidated taxable income attributable to income derived from sources within such contiguous foreign country by the corporations in the affiliated group which are domestic corporations (determined without regard to section 1504(d)), over

"(B) the amount of taxes paid or accrued to such contiguous foreign country by the corporations referred to in subparagraph (A). This paragraph shall apply only if each of the corporations included in the affiliated group of which the corporations described in the preceding sentence are members derives 95 percent or more of its gross income for such taxable year from sources within the contiguous foreign country referred to in the preceding sentence and is primarily engaged in a mining (or related transportation) business within such contiguous foreign country."

(c) Repeal of Western Hemisphere Trade Corporation Deduction for Taxable Years Beginning After 1979.—Subpart C of part III of subchapter N of chapter 1 (relating to Western Hemisphere trade corporations) is hereby repealed.

(d) Conforming Amendments.—

(1) The first sentence of section 922 (relating to special deduction) is amended by striking out "In the case of" and inserting in lieu thereof the following:

"(a) General Rule.—In the case of".

(2) Section 170(b)(2) (relating to percentage limitations on charitable contributions in the case of corporations) is amended by adding "and" at the end of subparagraph (C), by striking out subparagraph (D), and by redesignating subparagraph (E) as subparagraph (D).

(3) Section 172(d) (relating to modifications for purposes of the net operating loss deduction) is amended by striking out paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(4) Subsection (g) of section 907 is hereby repealed.

(5) Section 1503 (relating to computation and payment of tax in the case of consolidated returns) is amended by striking out subsection (b) and by striking out "(a) General Rule.—".

(6) Section 6091(b)(2)(B)(ii) (relating to place for filing returns of corporations) is amended to read as follows:

"(ii) corporations which claim the benefits of section 936 (relating to possession tax credit), and".

(7) The table of subparts for part III of subchapter N of chapter 1 is amended by striking out the item relating to subpart C.

(e) Effective Dates.—The amendments made by subsections (a) and (b) and paragraph (1) of subsection (d) shall apply with respect to taxable years beginning after December 31, 1975. The amendments made by subsection (c) and by subsection (d) (other than paragraph (1)) shall apply with respect to taxable years beginning after December 31, 1979.

Sec. 1053. Repeal of Provisions Relating to China Trade Act Corporations.

(a) Phaseout of Section 941.—Section 941 (relating to special deductions for China Trade Act corporations) is amended by adding the following new subsection:

"(d) Phaseout of Deduction.—In the case of a taxable year beginning in 1976, the amount of the special deduction under subsection (a) (determined without regard to this subsection) shall be reduced by one-half."

(b) Phaseout of Section 943.—Section 943 (relating to the exclusion of certain dividends to residents of Formosa or Hong Kong) is amended by adding at the end thereof the following new sentence: "In the case of a taxable year beginning in 1976, the amount of the distributions which are excludable from gross income under this section (determined without regard to this sentence) shall be reduced by one-half."

(c) Repeal.—Subpart E of part III of subchapter N of chapter 1 (relating to China Trade Act corporations) is hereby repealed.

(d) Technical and Conforming Amendments.—

(1) Section 116(b) is amended by striking out paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(2) Section 1504(b) is amended by striking out paragraph (5).

(3) Section 6072 is amended by striking out subsection (e).

(4) Section 6091(b)(2)(B)(ii) is amended by striking out the comma after "trade corporations)" and inserting in lieu thereof "or" and by striking out "or section 941 (relating to the special deduction for China Trade Act corporations),".

(5) The table of subparts for part III of subchapter N of chapter 1 is amended by striking out the item relating to subpart E.

(e) Effective Dates.—The amendments made by subsections (a) and (b) shall apply with respect to taxable years beginning after December 31, 1975. The amendments made by subsections (c) and (d) shall apply with respect to taxable years beginning after December 31, 1976.

PART VI—DENIAL OF CERTAIN TAX BENEFITS ON INTERNATIONAL BOYCOTTS AND BRIBE-PRODUCED INCOME

Sec. 1061. Denial of Foreign Tax Credit.

(a) In General.—Subpart A of part III of subchapter N of the Internal Revenue Code of 1954 (relating to income from sources without the United States) is amended by adding at the end thereof the following new section:

"Sec. 908. Denial of Credit to Certain Taxpayers.

"(a) International Boycotts.—If a taxpayer, or a member of a controlled group (within the meaning of section 993(a)(3)) which includes the taxpayer, is determined under section 999 to have participated in or cooperated with an international boycott during the taxable year, the taxpayer may not choose to have the benefits of this subpart with respect to income, war profits, or excess profits taxes paid or accrued during the taxable year to any country which requires participation in or cooperation with such international boycott as a condition of doing business (directly or indirectly) within that country or with the government, a company or national of that country.

"(b) Bribe-Produced Income.—If a taxpayer, or member of a controlled group (within the meaning of section 993(a)(3)) which includes the taxpayer, is determined under section 999 to have made an illegal bribe, kickback, or other unlawful payment (within the meaning of section 162(c)) either directly or indirectly to an official, employee, or agent in fact of a foreign government, the taxpayer may not choose to have the benefits of this subpart with respect to income, war profits, or excess profits taxes paid or accrued during the taxable year to any country with respect to income taxes paid on income derived directly or indirectly, in whole or in part, as a result of making such unlawful payment.

"(c) Deductibility of Taxes.—For purpose of section 275(a), taxes denied the benefits of this subpart under subsection (a) shall not be treated as not deductible because of section 275(a) (4)."

(b) Clerical Amendment.—The table of sections for such subpart is amended by adding at the end thereof the following new item:

"Sec. 908. Denial of credit to certain taxpayers."

Sec. 1062. Denial of Deferral.

(a) Denial of Deferral.—Section 952(a) of the Internal Revenue Code of 1954 (relating to general definition of subpart F income) is amended—

(1) by striking out "and" at the end of paragraph (1),

(2) by striking "section 954)." at the end of paragraph (2) and inserting in lieu thereof "section 954, and", and

(3) by adding at the end thereof the following new paragraph:

"(3) the international boycott income and foreign bribe-produced income (as determined under section 955A)."

(b) International Boycott and Foreign Bribe-Produced Income Defined.—Subpart F of part III of subchapter N of chapter 1 of the International Revenue Code of 1954 (relating to controlled foreign corporations) is amended by inserting after section 955 the following new section:

"Sec. 955A. International Boycott and Foreign Bribe-Produced Income.

"(a) International Boycott Income.—For purposes of section 952(a) (3), the term 'international boycott income' means that income (other than income from insurance of United States risks, as determined under section 953, or foreign base company income, as determined under section 954) of a controlled foreign corporation which is derived from operations in or related to any country which requires participation in or cooperation with an intenational boycott (as defined in section 999) as a condition of doing business either directly or indirectly within that country or with the government, a company, or a national of that country if it is determined under section 999 that such controlled foreign corporation or a member of a controlled group (within the meaning of section 993(a) (3)) which includes such controlled foreign corporation has participated in or cooperated with such international boycott.

"(b) Foreign Bribe-Produced Income.—For purposes of section 952(a) (3), the term 'foreign bribe-produced income' means that income (other than income from insurance of United States risks, as determined under section 953, foreign base company income, as determined under section 954, or international boycott income as determined under subsection (a)) of a controlled foreign corporation which is derived directly or indirectly, in whole or in part, as a result of an illegal bribe, kickback, or other unlawful payment (within the meaning of section 162(c)) either directly or indirectly to an official, employee, or agent in fact of a foreign government by such controlled foreign corporation or a member of a controlled group (within the meaning of section 993(a) (3)) which includes such controlled foreign corporation.

"(c) Allocation of Deductions.—All items of income, expenses, losses, and deductions shall be properly allocated or apportioned under regulations prescribed by the Secretary."

(c) Clerical Amendment.—The table of sections for such subpart is amended by inserting after the item relating to section 955 the following new item:

"Sec. 955A. International boycott and foreign bribe-derived income."

Sec. 1063. Denial of DISC Benefits.

Section 995(b) of the Internal Revenue Code of 1954 (relating to deemed distributions by a DISC) is amended by adding at the end thereof the following new paragraph:

"(3) Distributions of international boycott income and foreign bribe-derived income.—

"(A) Deemed distribution.—If the Secretary determines under section 999, that a DISC or a member of a controlled group which includes the DISC has participated in or cooperated with an international boycott or has received foreign bribe-derived income for the taxable year of the DISC, then in the application of paragraph (1) to that DISC for that taxable year to taxable income from any country which requires such participation or cooperation as a condition of doing business with or within that country, or to the foreign bribe-produced income, the words 'one-half of' shall be disregarded where they appear in subparagraph (E) of paragraph (1)."

"(B) International boycott income.—For purposes of subparagraphs (A), the term 'international boycott income' means that income during any taxable year which is derived from operations in or related to any country which requires participation in or cooperation with an international boycott (as defined in section 999) as a condition of doing business either directly or indirectly with that country or with the government, a company, or a national of that country if it is determined under section 999 that the DISC or a member of a controlled group which includes such DISC has participated in or cooperated with such international boycott with respect to such taxable year.

"(C) Foreign bribe-produced income.—For purposes of subparagraph (A), the term 'foreign bribe-produced income' means that income (other than international boycott income, as determined under subparagraph (B)) which is derived directly or indirectly, in whole or in part, as a result of making in any taxable year an illegal bribe, kickback, or other unlawful payment (within the meaning of section 162(c)) either directly or indirectly to an official, employee, or agent in fact of a foreign government by such DISC or a member of a controlled group which includes such DISC.

Sec. 1604. Earned Income From Sources Without the United States.

Section 911 (relating to earned income from sources without the United States) is amended by redesignating subsection (e) as (f) and by inserting after subsection (d) the following new subsection:

"(e) Denial of Benefits to Employees of Companies Cooperating With an International Boycott.—This section shall not apply to any earned income derived from a person determined by the Secretary under section 999 to have participated in or cooperated with an international boycott as a condition of doing business (directly or indirectly) within a country or within the government, a company, or a national or that country, during the taxable year for personal services rendered in any country which requires participation or cooperation with such international boycott."

Sec. 1065. Determinations by the Secretary as to Participation in, or Cooperation With, an International Boycott, and as to Foreign Bribe-produced Income.

(a) In General.—Subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to tax based on income from sources within or without the United States) is amended by adding at the end thereof the following new part:

"PART V—INTERNATIONAL BOYCOTT AND FOREIGN BRIBE-PRODUCED INCOME DETERMINATIONS.

"Sec. 999. Reports by taxpayers; determinations by Secretary.

"Sec. 999. Reports by Taxpayers; Determinations by Secretary.

"(a) Reports by Taxpayers.—

"(1) International boycott reports.—If any taxpayer has income, or a member of a controlled group (within the meaning of section 993(a) (3)) which includes the taxpayer has income for the taxable year derived directly or indirectly from operations in or related to a country or from the government, a company, or a national of a country which requires participation in or cooperation with an international boycott as a condition of doing business within such country or with such government, company, or national taxpayer shall report to the Secretary, the fact that it or such member has such income and the amount of such income at such time and in such manner as the Secretary may prescribe.

"(2) Foreign bribe-produced income reports.—If any taxpayer has income, or a member of a controlled group (within the meaning of section 993(a) (3)) which includes the taxpayer has income, for the taxable year derived directly or indirectly, in whole or in part, as a result of making in any taxable year an illegal bribe, kickback or illegal payment to an official, employee, or agent in fact of a foreign government, or any taxpayer which controls (within the meaning of section 6038(d) (1)) a foreign corporation which has income for the taxable year derived directly or indirectly in whole or in part as a result of payment to an official, employee, or agent in fact of a foreign government, the taxpayer shall report to the Secretary, at such time and in such manner as the Secretary may prescribe, the amount of such payment by the taxpayer or such member or such foreign corporation and the amount of such income so derived by the taxpayer as a result of such payment or such foreign corporation from such payment.

"(b) Determinations by the Secretary.—

"(1) International boycott.—Whenever the Secretary receives a report from a taxpayer under subsection (a) (1) he shall determine whether the taxpayer (or such member) participated in or cooperated with an international boycott for the taxable year. The determination shall cover the taxable year with respect to which the report is made. For purposes of this subsection, a person participates in or cooperates with an international boycott—

"(A) if he agrees, as a condition of doing business directly or indirectly within a country or with the government, a company, or a national of a country—

"(i) to refrain from doing business in another country or with the government, companies, or nationals of another country.

"(ii) to refrain from doing business with any United States person engaged in trade in another country or with the government, companies, or nationals of another country; or

"(iii) to refrain from doing business with any company whose ownership or management is made up, all or in part, of individuals of a particular nationality or religion, or to remove (or refrain from selecting) corporate directors who are individuals of a particular nationality or religion; or

"(B) if he agrees, as a condition of the sale of a product to the government, a company, or a national of a country, to ship or insure such products only on a carrier which is not on an international boycott list (as determined by the Secretary or his delegate). This section shall not apply to any action taken by a taxpayer to meet requirements imposed by a foreign country with respect to an international boycott if United States law or regulations require participation in, or cooperation with, that international boycott.

"(2) Foreign bribe-produced income.—Whenever the Secretary receives a report from a taxpayer under subsection (a)(2) he shall determine whether and the extent to which the taxpayer (or such member) has foreign bribe-produced income.

"(c) Willful Failure To Report.—Any person (within the meaning of section 6671 (b)) required to report under this section who willfully fails to make such report shall, in addition to other penalties provided by law, be fined not more than $25,000, or imprisoned not more than 1 year, or both."

(b) The table of parts for such subchapter N is amended by adding at the end thereof the following new item:

"Part V. International boycott and foreign bribe-produced income determinations."

Sec. 1066. Effective Date.

The amendments made by this part apply to payments made more than 30 days after the date of enactment of this Act and to participation in or cooperation with boycott activity taking place more than 30 days after the date of enactment of this Act.

Mr. PACKWOOD. Mr. President, will the Senator yield to give me a couple figures he had which I missed when I was trying to write them down?

Mr. HARTKE. I will in a second.

AMENDMENT NO. 1976

I offer amendment No. 1976 which is a deferral amendment to which I have been addressing my remarks.

Mr. PACKWOOD. What was the last figure the Senator cited of $53.6 billion foreign source income and so much tax? I missed that.

Mr. HARTKE. In 1974——

The **PRESIDING OFFICER.** Will the Senator suspend a moment until the clerk states the amendment.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. Hartke), for himself, Mr. Nelson, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Philip A. Hart, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, Mr. Mondale, and Mr. Proxmire, proposes amendment No. 1976.

The amendment is as follows:

On page 471, at the end of section 1025, add the following new section:

Sec. 1026. Taxation of Earnings and Profits of Controlled Foreign Corporations.

(a) General.—Part III of subchapter N of chapter 1 (relating to income from sources without the United States) is amended by inserting after subpart II thereof the following:

"Subpart I—Controlled Foreign Corporations

"Sec. 983. Amounts included in gross income of United States shareholders.
"Sec. 984. Definitions.
"Sec. 985. Rules for determining stock ownership.
"Sec. 986. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 987. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 988. Records and accounts of United States shareholders.
"Sec. 989. Election by individuals to be subject to tax at corporate rates.
"Sec. 990. Records and accounts of United States shareholders.
"Sec. 990A. Transition rules for period before subpart I is completely phased in.

"Sec. 983. Amounts Included in Gross Income of United States Shareholders.

"(a) Amount Included.—

"(1) In general.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation which owns (within the meaning of section 985(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, a percentage (determined under paragraph (3)) of its pro rata share of the corporation's earnings and profits for such year.

"(2) Pro rata share of earnings and profits.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 985(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the earnings and profits of such corporation for the taxable year, as (ii) the part of such year described in subparagraph (A)(ii) during which such shareholder did not own (within the meaning of section 985 (a)) such stock bears to the entire year.

"(3) Determination of percentage.—The percentage referred to in paragraph (1) shall be determined in accordance with the following table:

"For taxable years of foreign corporations beginning in calendar year—	The percentage is—
1977	50
1978	60
1979	78
1980	80
1981	90
1982 or later	100

"(b) Earnings and Profits.—For purposes of this subpart, under regulations prescribed by the Secretary, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m) (3), shall be determined according to rules substantially similar to those applicable to domestic corporations,

"(2) shall be reduced by the amount, if any, by which the sum of the deficits in earnings and profits of such corporation for any prior taxable years beginning after December 31, 1976, exceed the sum of the earnings and profits of such corporation for such prior taxable years,

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country but any such amounts shall be included in earnings and profits for the first taxable year in which such restrictions or limitations are terminated or modified to permit distribution of such amounts.

"(c) Coordination With Election of a Foreign Investment Company To Distribute Income.—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) Coordination With Foreign Personal Holding Company Provisions.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(d) (relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"(e) Special Rule in Case of Indirect Ownership.—For purposes of subsection (b), if—

"(1) a United States shareholder owns (within the meaning of section 985(a)) stock of a foreign corporation, and by reason of such ownership owns (within the meaning of such section) stock of any other foreign corporation, and

"(2) any of such foreign corporations has a deficit in earnings and profits for the taxable year,

then the earnings and profits for the taxable year of each such foreign corporation which is a controlled foreign corporation shall, with respect to such United States shareholder, be properly reduced to take into account any deficit described in paragraph (2) in such manner as the Secretary shall prescribe by regulations.

"(f) Consolidation of Earnings and Profits from Multiple Foreign Corporations.—Under regulations prescribed by the Secretary setting forth rules substantially similar to the rules contained in section 963 (c) (relating to amounts to which section applies) as such section existed on the day before the date of enactment of the Tax Reduction Act of 1975, subsection (a) shall be applied to a United States shareholder who owns stock in more than one controlled foreign corporation, or who owns stock in other foreign corporations (whether controlled foreign corporations or not) through stock owned by a controlled foreign corporation, by taking into account the aggregate earnings and profits of all such foreign corporations.

"Sec. 984. Definitions.

"(a) United States Shareholder Defined.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d)) who owns (within the meaning of section 985(a)), or is considered as owning by applying the rules of ownership of section 985 (b), 1 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) Controlled Foreign Corporation Defined.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation—

"(1) of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 985(a)), or is considered as owned by applying the rules of ownership of section 985(b), by United States shareholders on any day during the taxable year of such foreign corporation, or

"(2) over which United States shareholders exercise actual control, as determined by the Secretary, from all facts and circumstances in the case.

"(c) Limitation on Actual Control Determination.—In the case of a foreign corporation of which not more than 25 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 985(a)), or is considered as owned by applying the rules of ownership of section 985(b), by one or more United States shareholders on any day during the taxable year of such foreign corporation, the burden of proof in respect of the issue, for purposes of subsection (b)(2), as to whether such United States shareholders exercise actual control shall be upon the Secretary.

"Sec. 985. Rules for Determining Stock Ownership.

"(a) Direct and Indirect Ownership.—

"(1) General rule.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) Stock ownership through foreign entities.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation of foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) Constructive Ownership.—For purposes of section 984, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any domestic corporation as a United States shareholder within the meaning of section 984(a), or to treat a foreign corporation as a controlled foreign corporation under section 984(b), except that—

"(1) In applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote.

"(2) In applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C).

"Sec. 986. Exclusion From Gross Income of Previously Taxed Earnings and Profits.

"(a) Exclusion From Gross Income.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 983(a) shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 985(a), to—

"(1) such shareholder (or any person which acquires from any other person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interests as the Secretary may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary,

be again included in the gross income of such United States shareholder (or of such domestic corporation or of such trust).

"(b) Exclusion From Earnings and Profits of Certain Foreign Subsidiaries.—For purposes of section 983(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 983(a), shall not, when distributed through a chain of ownership described under section 985(a), be also included in the earnings and profits of another controlled foreign corporation in such chain for purposes of the application of section 983(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary may prescribe by regulations).

"(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 983(a), and

"(2) then to other earnings and profits.

"(d) Distributions Excluded From Gross Income Not To Be Treated as Dividends.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"Sec. 987. Adjustments to Basis of Stock in Controlled Foreign Corporations and of Other Property.

"(a) Increase in Basis.—Under regulations prescribed by the Secretary, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 985(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in its gross income under section 983(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) Reduction in Basis.—

"(1) In general.—Under regulations prescribed by the Secretary, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 986(a) shall be reduced by the amount so excluded.

"(2) Amount in excess of basis.—To the extent that an amount excluded from gross income under section 986(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"Sec. 988. Special Rules for Foreign Tax Credit.

"(a) Taxes Paid by Foreign Corporation.—

"(1) First tier foreign subsidiary.—For purposes of subpart A of this part, if there is included, under section 983(a), in the gross income of a domestic corporation any amount attributable to earnings and profits of a foreign corporation at least 1 percent of the voting stock of which is owned by such domestic corporation then, under regulations prescribed by the Secretary, such domestic corporation shall be deemed to have paid the same proportion of the total income, war profits, and excess profits taxes paid (or deemed paid) by such foreign corporation to a foreign country or possession of the United States for the taxable year on or with respect to the earning and profits of such foreign corporation which the amount of earnings and profits of such foreign corporation so included in the gross income of the domestic corporation bears to the entire amount of the earnings and profits of such foreign corporation for such taxable year.

"(2) Second tier foreign subsidiary.—If the foreign corporation described in paragraph (1) (hereinafter in this subsection referred to as the 'first foreign corporation') in the gross income of which there would be included (under section 938(a) applied as if the first foreign corporation were a domestic corporation) any amount attributable to the earnings and profits of a second foreign corporation in which it owns 10 percent or more of the voting stock the first foreign corporation shall be deemed to have paid the same proportion of any income war profits, or excess profits taxes paid or deemed to be paid by the second foreign corporation to any foreign country or to any possession of the United States for the taxable year on or with respect to the earnings and profits of the second foreign corporation as the amount of earnings and profits of the second foreign corporation included (under rules similar to the rules prescribed under paragraph (1)) in the gross income of the first foreign corporation bears to the entire amount of the earnings and profits of the second foreign corporation for such taxable year.

"(3) Third tier foreign subsidiary.—If the first foreign corporation owns 10 percent or more of the voting stock of a second foreign corporation in the gross income of which there would be included (under section 983(a) applied as if the second foreign corporation were a domestic corporation) any amount attributable to the earnings and profits of a third foreign corporation in which it owns 10 percent or more of the voting stock, the second foreign corporation shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such third foreign corporation to any foreign country or to any possession of the United States for the taxable year on or with respect to the earnings and profits of the third foreign corporation as the amount of earnings and profits of the third foreign corporation included (under rules similar to the rules prescribed under paragraph (2)) in the gross income of the second foreign corporation bears to the entire amount of the earnings and profits of the third foreign corporation for the taxable year.

"(b) Taxes Deemed Paid.—

"(1) Taxes previously deemed paid by domestic corporation.—If a domestic corporation receives a distribution from a foreign corporation, any portion of which is excluded from gross income under section 986, the income, war profits, and excess profits taxes paid or deemed paid by such foreign corporation to any foreign country or to any possession of the United States in connection with the earnings and profits of such foreign corporation from which such a distribution is made shall not be taken into account for purposes of section 902, to the extent such taxes were deemed paid by a domestic corporation under subsection (a) for any prior taxable year.

"(2) Taxes paid by foreign corporation and not previously deemed paid by domestic corporation.—Any portion of a distribution from a foreign corporation received by a domestic corporation which is excluded from gross income under section 986(a) shall be treated by the domestic corporation as a dividend solely for the purpose of taking into account under section 902 any income, war profits, or excess profits taxes paid to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such foreign corporation from which such distribution is made, which were not deemed paid by the domestic corporation under subsection (a) for any prior taxable year.

"(c) Special Rules for Foreign Tax Credit in Year of Receipt of Previously Taxed Earnings and Profits.—

"(1) Increase in section 904 limitation.—In the case of any taxpayer who—

"(A) either (i) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 983 (a) to include in his gross income an amount in respect of a controlled foreign corporation, or (ii) did not pay or accrue for such taxable year any income, war profits, or excess profits to any foreign country or to any possession of the United States, and

"(B) chooses to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 986(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A), and

"(C) for the taxable year in which such distribution or amount is received, pays, or is deemed to have paid, or accrues income, war profits, or excess profits taxes to a foreign country or to any possession of the United States with respect to such distribution or amount,

the applicable limitation under section 904 for the taxable year in which such distribution or amount is received shall be increased as provided in paragraph (2), but such increase shall not exceed the amount of such taxes paid, or deemed paid, or accrued with respect to such distribution or amount.

"(2) Amount of increase.—The amount of increase of the applicable limitation under section 904(a) for the taxable year in which the distribution or amount referred to in paragraph (1)(B) is received shall be an amount equal to—

"(A) the amount by which the applicable limitation under section 904(a) for the taxable year referred to in paragraph (1)(A) was increased by reason of the inclusion in gross income section 983(a) of the amount in respect of the controlled foreign corporation, reduced by

"(B) the amount of income, war profits, and excess profits taxes paid, or deemed paid, or accrued to any foreign country or possession of the United States which were allowable as a credit under section 901 for the taxable year referred to in paragraph (1)(A) and which would not have been allowable but for the inclusion in gross income of the amount described in subparagraph (A).

"(3) Cases in which taxes not to be allowed as deduction.—In the case of any taxpayer who—

"(A) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 983(a) to include in his gross income an amount in respect of a controlled foreign corporation, and

"(B) does not choose to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 986(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A),

no deduction shall be allowed under section 164 for the taxable year in which such distribution or amount is received for any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States on or with respect to such distribution or amount.

"(4) Insufficient taxable income.—If an increase in the limitation under this subsection exceeds the tax imposed by this chapter for such year, the amount of such excess shall be deemed an overpayment of tax for such year.

"Sec. 989. Election by Individuals To Be Subject to Tax at Corporate Rates.

"(a) General Rule.—Under regulations prescribed by the Secretary or his delegate, in the case of a United States shareholder who is an individual and who elects to have the provisions of this section apply for the taxable year—

"(1) the tax imposed under this chapter on amounts which are included in his gross income under section 983(a) shall (in lieu of the tax determined under section 1) be an amount equal to the tax which would be imposed under section 11 if such amounts were received by a domestic corporation, and

"(2) for purposes of applying the provisions of section 988 (relating to foreign tax credit) such amounts shall be treated as if they were received by a domestic corporation.

"(b) Election.—An election to have the provisions of this section apply for any taxable year shall be made by a United States shareholder at such time and in such manner as the Secretary or his delegate shall prescribe by regulations. An election made for any taxable year may not be revoked except with the consent of the Secretary or his delegate.

"(c) Surtax Exemption.—For purposes of applying subsection (a)(1), the surtax exemption provided by section 11(c) shall not exceed, in the case of any United States shareholder, an amount which bears the same ratio to the surtax exemption as the amounts included in his gross income under section 983(a) for the taxable year bears to his pro rata share of the earnings and profits for the taxable year of all controlled foreign corporations with respect to which such United States shareholder includes any amount in gross income under section 983(a).

"(d) Special Rule for Actual Distributions.—The earnings and profits of a foreign corporation attributable to amounts which were included in the gross income of a United States shareholder under section 983 (a) and with respect to which an election under this section applied shall, when such earnings and profits are distributed, notwithstanding the provisions of section 986(a)(1), be included in gross income to the extent that such earnings and profits so distributed exceed the amount of tax paid under this chapter on the amounts to which such election applied.

"Sec. 990. Records and Accounts of United States Shareholders.

"(a) Records and Accounts To Be Maintained.—The Secretary may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) Two or More Persons Required To Maintain or Furnish the Same Records and Accounts With Respect to the Same Foreign Corporation.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons.

"Sec. 990A. Transition Rules for Period Before Subpart I Is Completely Phased In.

"In the case of a United States shareholder whose taxable year ends within or with the taxable year of a foreign corporation which begins after December 31, 1976, and before January 1, 1982, the amount which such shareholder shall include in his gross income under this part (to the extent such inclusion is determined under this subpart) shall, notwithstanding any other provision of this subpart or subpart F, be an amount equal to the greater of—

"(1) the amount such shareholder would be required to include in his gross income for the taxable year under subpart F (as such subpart was in effect on the day after the date of enactment of the Tax Reform Act of 1976), or

"(2) the amount such shareholder would be required to include in his gross income under this subpart (determined without regard to this section.".

(b) Technical and Conforming Amendments.—

(1) Section 864(c)(4)(D) is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayers owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958 (b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote."

(2) Section 951 is amended by adding at the end thereof the following:

"(c) Taxable Years Beginning on Enactment of This Act.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning aftr December 31, 1976, to the extent that such amount is required to be included in the gross income of a United States shareholder under section 983(a).".

(3) Section 1016(a)(20) is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 987".

(4) Section 1246(a)(2)(B) is amended by inserting "or 983" after "section 951" and by inserting "or 986" after "section 959".

(5) Section 1248 is amended—

(A) by amending subsection (d)(1) to read as follows:

"(1) Amounts included in gross income under section 951 or 953.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 983, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in a exclusion of an amount from gross income under section 959 or 986.";

(B) by striking out in subsection (d)(3) "section 902(d)" and inserting in lieu thereof "subsection (h)", and by adding at the end of such subsection "No amount shall be excluded from the earnings and profits of a foreign corporation under this paragraph with respect to any United States person which is a domestic corporation for any taxable year of such foreign corporation beginning after December 31, 1976."; and

(C) by adding at the end thereof the following:

"(h) Less Developed Country Corporation Defined.—For purposes of this section, the term 'less developed country corporation' means—

"(1) a foreign corporation which, for its taxable year, is a less developed country corporation within the meaning of section 955 (c)(1) or (2), and

"(2) a foreign corporation which owns 10 percent or more of the total combined voting power of all classes of stock entitled to vote of a foreign corporation which is a less developed country corporation within the meaning of section 955(c) (1), and—

"(A) 80 percent or more of the gross income of which for its taxable year meets the requirements of section 955(c) (1) (A); and

"(B) 80 percent or more in value of the assets of which on each day of such year consists of property described in section 955 (c) (1) (B)."

(6) Section 78 (relating to dividends received from certain foreign corporations by domestic corporations choosing foreign tax credit) is amended by striking out "or under section 960(a) (1) (C) (relating to taxes paid by foreign corporation)" and inserting in lieu thereof the following: ", under section 960(a) (1) (C) (relating to taxes paid by foreign corporation), or under section 988(b) (relating to taxes deemed paid by corporations)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after December 31, 1976, and to taxable years of United States shareholders which end within or with such taxable years of such foreign corporations.

Mr. HARTKE. In 1974 United States foreign source income was $53.6 billion.

Mr. PACKWOOD. Yes. That was foreign source income.

Mr. HARTKE. That generated only $1.7 billion in U.S. income tax payments.

Mr. PACKWOOD. In that $53.6 billion foreign source income is the Senator including sales overseas, profits overseas, or what does that figure represent?

Mr. HARTKE. Foreign source income generated overseas, not profits.

Mr. PACKWOOD. Total income?

Mr. HARTKE. Right.

Mr. PACKWOOD. I may have missed this. Did the Senator cite the revenues we generated?

Mr. HARTKE. That is net income.

Mr. PACKWOOD. What?

Mr. HARTKE. The $53.6 billion is net income.

Mr. PACKWOOD. When the Senator says net income, I wish to make sure we are using the same term. Is the Senator talking about net income after all business deductions or what? The reason I ask that is because that is a substantially higher figure than I have.

Mr. HARTKE. That is taxable income.

Mr. PACKWOOD. Is that $53.6 billion in taxable income overseas?

Mr. HARTKE. Right.

Mr. PACKWOOD. Second, did the Senator cite any place a revenue figure to be generated by this?

Mr. HARTKE. No. I shall be glad to discuss that. There is considerable disagreement as to what the revenue factor is and that depends upon whether or not it is in the neighborhood as between $350 million and $700 million. But the difficulty in coming forward with a figure—that the Treasury Department itself has difficulty coming forward with—is the fact that if there is a repatriation, of course, that is one thing. This will generate, generally speaking, repatriation, but those figures at this moment depend upon whether or not they are still retained overseas.

Mr. PACKWOOD. I am curious if we could not straighten this out because on the basis of the figures we have on the pamphlet on earnings of incorporated affiliates that is $14 billion. I wish to make sure we are talking about the same kind of figure.

Mr. HARTKE. I am sorry. Will the Senator repeat that?

Mr. PACKWOOD. The figure I am reading from in the committee print indicates:

> The earnings of incorporated affiliates $14,049 billion.

Mr. HARTKE. At the present time, 1974, the multinationals owned $24.4 billion in foreign profits on investments valued at $160 billion, and with a net income, as I said before, of $53.6 billion.

Mr. PACKWOOD. Let me pursue this.

Mr. HARTKE. I will be glad to have the staff provide for us their estimate of revenue, but I think it should be done in two fashions. One of them is upon the amendment which is offered and which is the phase in, and the other one is the question of total elimination of deferral immediately.

Those two figures are different for the very simple reason that there is a repatriation of approximately 46 percent, as I understand it, of profits at the present time, and if we start with 50 percent we are starting out practically from zero in the first year. In other words, it would have no effect in the first year on the phasein program.

Mr. PACKWOOD. Let me ask, because I have some problems with this revenue figure. The figure I have seen is $365 million, allegedly, given certain assumptions. What assumptions is the Senator assuming if he takes the $365 million figure on revenue?

Mr. HARTKE. These are the revenue figures given to us. We have no firm figure from the Treasury. They go from $350 million to $700 million.

Mr. PACKWOOD. Does the Senator have any idea as to how they get their figure?

Mr. HARTKE. No. They cannot supply it for us either.

Mr. PACKWOOD. So they, in essence, say, as far as we read the figures, a low of $365 million, if we have 100 percent deferral or 50 percent deferral phased in over 5 years.

Mr. HARTKE. The 50 percent deferral will not generate $365 million. According to the staff, they say that the $365 million is a fair estimate. That is the estimate the staff gives, and that is upon total elimination of the deferral.

On a fiscal year basis it is estimated, according to the staff, that it would be about $25 million.

Again, that would accelerate as you went over, because the phase in calls for 50 percent the first year and 10 percent each additional year. In 1978, it would produce $25 million. I am talking about fiscal years. In 1979, it would produce $82 million; in 1980, $202 million; in 1981, $264 million; in 1982, $329 million; and by 1983, $365 million.

Mr. PACKWOOD. That is with the elimination of 100 percent?

Mr. HARTKE. Let me explain it to the Senator.

The amendment at the desk, No. 1976, is the amendment which is submitted by the tax reform group—a group of us. This amendment provides for elimination of the 50 percent of the deferral immediately. Since there is at the present time a repatriation of 44 percent, which is nearly 50 percent, this means that the gain in the first year is substantially lower than in other years and is rather insignificant.

The total deferral, of course, which was the measure we passed last year, is $365 million; and if you go to the country-by-country limitation, you reach up to $700 million. But the country-by-country limitation is not involved.

Mr. PACKWOOD. I want to make sure that I understand the Senator's presumption. The Senator wants corporations in this country to be treated identically. They should not have an advantage by operating overseas.

Mr. HARTKE. Exactly. In other words, instead of treating the measure as a tax deduction, basically, the essence of the amendment is to treat it not as a tax deduction, and it would be taxable in the year in which it is earned, as a domestic corporation is taxed at present.

The situation in this country is that if you have a profit, so far as you are concerned, you are taxed in the year in which you earned the money. The situation is that with respect to any taxes that are paid on a local basis, they are treated as a tax deduction. The difference is that in a foreign country they are treated as a tax credit. That is an amendment which I intend to deal with at a later time.

Mr. PACKWOOD. The Senator lost me there. Will he repeat it?

Mr. HARTKE. I will start at the beginning.

With respect to the question of a tax credit, foreign tax credit, that is a measure which is going to come up at a subsequent time in the bill. We are dealing now with an item before the tax credit applies. Very simply, at this moment, if you are an American corporation and you earn a profit, you are then assessed the taxes in the year in which the profit is made.

Mr. PACKWOOD. The Senator means if the subsidiary makes a profit overseas?

Mr. HARTKE. No. I am talking about an American corporation doing business in the United States. If you earn a profit, you have to pay taxes on that profit in the year in which it is earned, whether it is distributed or not.

Mr. PACKWOOD. When they operate overseas, they also have to pay a tax over there.

Mr. HARTKE. Let me start all over, and I ask the Senator to wait and then ask the question.

Mr. PACKWOOD. All right. I will not interrupt the answer.

Mr. HARTKE. I am not trying to confuse the Senator. This is a rather simple proposition with which we are dealing. When we get to the tax credit, it is not so simple.

An American corporation has a profit, a taxable profit, that is taxed in the year in which it is earned. A foreign subsidiary of an American corporation doing business overseas has a profit which is a taxable profit, but under the law, that tax is deferred until or at such time when they repatriate the profit. The net result is that they may never repatriate. As long as it is deferred, it is the equivalent of a tax-free loan; and if they never bring it back, it becomes the equivalent of a gift.

Mr. PACKWOOD. Let us take a situation of a parent corporation and a 100-percent subsidiary in the United States. Both are American. The subsidiary makes money, pays taxes on the money it makes, just as a subsidiary overseas would pay the taxes of the foreign government. Is it not true that the parent company is not taxed on the profits, the additional profits, of that subsidiary?

Mr. HARTKE. There is no question that the tax is assessed against the company which absolutely has a taxable income. If that is a subsidiary—or even whether it is a subsidiary company or the parent company—it depends on how they do their accounting. Ordinarily, you would have a composite. In other words, you would have a joining of the taxes.

Mr. PACKWOOD. It depends. They do have a right to file a consolidated statement.

The Senator indicates that on deferred profits overseas that a corporation keeps in its subsidiary, those should be taxed even though they are not declared as a dividend. Yet, a domestic subsidiary pays its taxes and keeps its profits and those are not taxed to the parent until they are declared to the parent.

Mr. HARTKE. It is not a question of a dividend. We are talking about the profits made by the corporation under similar circumstances. If you have an American firm which is a parent firm operating in the State of Indiana and it has a subsidiary in Oregon, if they earn a profit in Oregon in the year 1976, they have a tax liability which they must pay in 1976. If the same Indiana corporation operating in France has a profit in France with their subsidiary, they do not have to pay the tax.

Mr. PACKWOOD. Let us use the example of Indiana and Oregon.

Let us just talk about U.S. taxes for the moment. The subsidiary operates in Oregon, and let us say the tax is 48 percent and it pays the tax and has a 52-percent after tax profit.

Let us say that corporation B is a subsidiary of corporation A of Indiana. The only way the corporation in Indiana gets B's profits is for B to declare a dividend and pay it to corporation A. They do not get it automatically. Yet, so long as B has these profits, A does not pay a tax on it. Only B is taxed.

Mr. HARTKE. What happens with the Oregon corporation is that if they have a profit, that tax then is paid to Uncle Sam.

Mr. PACKWOOD. Right.

Mr. HARTKE. If the Senator is talking about foreign taxes which are assessed against a subsidiary overseas, they pay that tax to a foreign country. Is that what the Senator is driving at? Then we give the corporation credit for the taxes paid, which, in my judgment, is even a further diminution of rights.

Mr. PACKWOOD. Among equal sovereigns, we always grant a tax credit.

Mr. HARTKE. We are not dealing with the question of unequal of equal sovereigns, because that question will come up on the question of tax credits. I think an argument can be made there. However, that argument cannot be made upon the fact that you permit me a complete elimination of a responsibility to incur a tax liability and pay it. In this case it is an American corporation which, so far as it is concerned, is using its capital, its technology, operating through a subsidiary overseas, from which it makes a profit, and that profit does not provide any tax benefit to Uncle Sam, to the Government.

Mr. PACKWOOD. Coming back to the Indiana-Oregon example, let us say the Senator and I are total shareholders, 50–50, in the Indiana corporation. We own all the stock in it; and the corporation we own owns all the stock in the Oregon corporation. The Oregon corporation makes a profit, pays its taxes to the Federal Government. The Senator and I, as shareholders of the corporation in Indiana, get nothing out of that until the corporation in Oregon pays the money in the form of a dividend to the Indiana corporation. There would not be any additional tax levied on the unrepatriated profit.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. CHURCH. I think the Senator's argument confuses intercorporate transfers and international transfers.

Senator Hartke has made the point very strongly that in the case of a American-owned foreign subsidiary, the U.S. Treasury does not receive the benefit of the tax payment in the year that the earnings are made, but must wait until such time as the corporation decides to repatriate the money.

The Senator from Oregon makes the argument that, as between the parent company and the subsidiary, there is no difference in treatment because the parent company does not receive money from the subsidiary until such time as a transfer is made.

But the two cases are quite different with respect to the impact on the U.S. Treasury.

Mr. PACKWOOD. I understand that, because one corporation is operating in Oregon and the other one in Holland, if we want to say that.

Mr. HARTKE. Let me go further: The difference in the impact is very simple. One of them is paying taxes and the other, very practically, is not.

Mr. PACKWOOD. Those operating in European countries are paying taxes almost as high as or higher than here. They are paying a whale of a tax.

Mr. HARTKE. Wait a minute. They may pay some. That comes back to the question of the tax credit again. That can all be dealt with. There is no question about dealing with that type of proposition. We will be discussing that when we get back to the tax credits.

But as the Senator from Idaho has indicated, we are talking about what happens between the parent and the subsidiary. What I am talking about is where you have two subsidiaries, one operating in Oregon, one operating in France. Both of them made a profit. Both of them owe taxes to the U.S. Government, but the one in France does not have to pay it. That is all there is to it.

Mr. PACKWOOD. But the one in France paid taxes to France. They operate there.

Mr. HARTKE. I understand that. So does the one in Oregon pay taxes to Oregon.

Mr. PACKWOOD. What the Senator is suggesting is, as opposed to the tax credit——

Mr. HARTKE. If the Senator wants to go on to the tax credit and make that argument, I will be glad to discuss that in detail. But you see, what happens here and what happens in France—there is not any question about it as far as they are concerned. Any payment of taxes to the French Government under our law at the present time is offset in the United States on that subsidiary as a tax credit. That is the law. They are given credit for any taxes that they pay to the Government of France.

Mr. PACKWOOD. Right.

Mr. HARTKE. But the fact of it is if that credit, as far as they are concerned, is not large enough for them, then they will withhold bringing back that profit, because as far as they are concerned, if the tax liability of bringing that money back to the United States will add an additional burden on them—it might not. But the fact is that it has, in many cases, encouraged people to keep their money overseas. Because unless they have a tax credit equivalent available to them, they are not going to do it.

I want to argue that matter at a later time, but that is the discussion of something else, and I am trying to withhold.

Mr. PACKWOOD. For the life of me, I do not understand. If they leave the money overseas——

Mr. HARTKE. Maybe I can explain it in this fashion and do the same thing. If we have the intercorporate discussion which the Senator from Idaho was talking about, we are saying in effect that the corporation from Oregon, if they pay their taxes, the parent corporation does not have to pay any taxes until a dividend is declared, right?

Mr. PACKWOOD. They are not paying any taxes at all, as a matter of fact, on the income that the Oregon corporation is making even if a dividend is declared. If they do not declare a dividend, they do not have to pay any tax at all. But the point I am getting at is if that money goes to the parent corporation, the shareholders of the corporation are not going to get a cent out of the corporation in Oregon. They are not going to get a dividend or anything.

Mr. HARTKE. But the shareholders have to pay a tax on their dividend and the subsidiary of the corporation doing business in France does not have to pay that tax unless a dividend is paid.

That is what happens in the Oregon situation, whether there is a dividend declared or not.

Mr. PACKWOOD. Put it in round figures. The Oregon corporation makes $1,000, and let us say there is a 50-percent tax. They make $1,000 profit, pay $500 to the United States on a 50-percent tax. They have $500 left. We have the parent corporation in Indiana. They make $1,000 and they pay $500 to Uncle Sam. They have $500 left. That parent corporation in Indiana does not get the $500, assuming they are not operating on a consolidated return, and many do not, out of Oregon until the Oregon subsidiary says, We declare a dividend, to the Indiana corporation. The shareholders of the Indiana company do not get a dime out of that $500 in profit in Oregon until a dividend is declared. They have no way to reach through and take the money out of Oregon until a dividend is declared.

Mr. HARTKE. What does that have to do with the tax?

Mr. PACKWOOD. Until the dividend is received, they pay no taxes. Now we have a situation where we have a parent corporation in Indiana and the subsidiary in Holland. The subsidiary has not declared a dividend. Yet the shareholder is going to be taxed for money he has not received yet. It has not been declared as a dividend, has not in any way, shape, or form left the subsidiary.

Mr. HARTKE. Let me take the shareholder out of the corporate structure and do it on a different basis, maybe a father and child.

Mr. PACKWOOD. Which am I?

Mr. HARTKE. I have seven children, so maybe I am into it.

The thing is, the father lives in the United States. The son lives in Oregon. There is a tax liability in Oregon—liability. I am not talking about payment; I am talking about a tax liability in Oregon. That child in Oregon has earned money which is taxable.

Mr. PACKWOOD. The child works in the State of Oregon.

Mr. HARTKE. He works in the State of Oregon.

Mr. PACKWOOD. OK.

Mr. HARTKE. Another child lives in France, earns money in France, has a tax liability in France.

Mr. PACKWOOD. All right.

Mr. HARTKE. The thing about it is that that tax liability in Oregon has to be paid in the year in which that child earns it.

That child living in France does not have to pay it unless he sends it back to daddy.

Mr. PACKWOOD. He has to pay it to France in the year he earns it.

Mr. HARTKE. He pays his French tax. That is all we are talking about. He has his tax liability in the United States.

Mr. PACKWOOD. Why should there be a tax liability in the United States?

Mr. HARTKE. As far as we are concerned, when he goes on to pay his taxes, he may be paying his taxes to France. In some cases, it is equivalent to U.S. taxes, in some cases even more, in some cases substantially less. Under the law the way it is at the present time, one is entitled to a credit, a tax credit on the bottom line, on any taxes which are paid to a foreign government. That is the law at the present time. There is some modification of it, but that is generally it.

To the extent that you have that tax credit at the present time, there is a limitation upon how you can do it—no, to the extent that there is that taxable income, that tax liability as far as the American corporation is concerned, he is entitled to go ahead and treat that on his tax liability in the United States and at that time as a direct credit if he repatriates.

Mr. PACKWOOD. I hear what the Senator is saying, but I do not follow it.

Mr. CHURCH. Mr. President, may I try?

Mr. PACKWOOD. Yes.

Mr. CHURCH. It seems to me that the amendment offered by the distinguished Senator from Indiana is a very moderate amendment and that the case for it is compelling.

I do not know what more could be fairly asked by corporations than what they get through the tax credit. Any taxes they pay to foreign governments are credited directly against the tax that they would otherwise owe to the United States. That is really all they are entitled to ask. But they get more than that.

In addition to full credit for the taxes they pay to the foreign government, they can defer the tax they still owe to the U.S. Government.

Anything, over and above what they pay to the foreign government, which is still owing to the U.S. Government, they then have the right to defer until such time as they bring the money back to the United States. There is no justification for that. If we want to give that privilege to subsidiaries of the largest corporations in America, then why not give it to everyone else. It is quite a logical proposition. If these corporations are entitled both to the credit they obtain for taxes paid to foreign governments and to the right to decide when they will pay the balance of taxes owed to the U.S. Government, then, in the interest of equal treatment, individual citizens of the United States ought to enjoy the same right.

Mr. President, I would like to decide when I should pay my income tax. I certainly would derive real advantages if I could time my tax in such a way as to take full advantage of certain losses when they occur. I am sure the Senator from Oregon would like to have that privilege, too, but he does not have it; neither do I; neither does any other individual taxpayer; and neither does any corporation that conducts its business solely in the United States.

So I suggest to the Senator that the amendment now pending, offered by the distinguished Senator from Indiana, is very moderate; its effect is simply to provide an equal basis for treatment of all businesses and taxpayers that are liable to pay a tax to the Government of the United States.

Mr. PACKWOOD. Is this the way the amendment operates? A company operates in France, and makes $1,000, and pays 52 percent, as I recall, but let us round it off at 50 percent. It has got $500 left, and it says, "We are having tough competition with Olivetti, we are having tough competition from a German firm, and we are going to plow all of this money back into service and into new personnel."

What this amendment does is it says, "Wait a minute, in addition to the full French tax we are going to levy a tax on the remaining $500."

Mr. HARTKE. That is not true. That is what I said a moment ago. The Senator is mixed up here in the tax credit and the deferral. All we are dealing with is when do you pay what you owe.

Mr. PACKWOOD. All right. When do you pay it? They have $500 over there.

Mr. HARTKE. Wait a minute, all I am saying is as far as we are concerned at the present time you have a tax liability, and under the tax deferral—that is what it is called, a tax deferral, it is a deferment of a tax that you owe.

Mr. PACKWOOD. I am curious, what other country levies a tax on this deferred income? Is there any other country?

Mr. HARTKE. A lot of them do.

Mr. PACKWOOD. What?

Mr. HARTKE. I guess most of them do. I do not know any that do not.

Mr. PACKWOOD. I do not know of any that do.

Mr. HARTKE. Name me one.

Mr. PACKWOOD. I will name the Senator one that what?

Mr. HARTKE. That does not.

Mr. PACKWOOD. I do not know. I cannot name the Senator one that does. I do not know of any country that taxes income left overseas of a corporate subsidiary.

Mr. HARTKE. Here, this is the same situation as a corporation in the United States saying, "Look"——

Mr. PACKWOOD. I am advised that none of the major countries of the world taxes income repatriated from a foreign subsidiary.

Mr. HARTKE. All right. Let me come back from this situation to the Oregon situation.

Mr. PACKWOOD. All right.

Mr. HARTKE. What I am saying here is, and what the Senator from Idaho said, in all fairness if you are going to say to a company operating in France that they can defer payment of their taxes until such time as they repatriate it to their parent company——

Mr. PACKWOOD. French companies operating in the United States pay no tax to France on the profits they make in this country.

Mr. HARTKE. The situation at this moment is—what the Senator from Idaho said—it would be just as fair to say to the Oregon corporation, which has a parent company in the United States, "You do not have to pay any taxes that you owe on the profits you earn until such time as you declare a dividend."

Mr. PACKWOOD. You have had to pay taxes on the profits that you made, on the profit.

Mr. HARTKE. No.

Mr. PACKWOOD. Wait a minute. The corporation operating in Oregon has to pay a tax on the profits they make not only to Oregon—forget that—but to the U.S. Government.

Mr. HARTKE. I understand that.

Mr. PACKWOOD. Yes.

Mr. HARTKE. What I am saying to the Senator though makes just as much sense, to follow the Senator from Oregon's argument, and that is to say to them, "Look, the Oregon corporation can defer its payment until such time as it declared a dividend." Does the Senator think it would ever declare a dividend to its parent company?

Mr. PACKWOOD. The Senator lost me there. It is avoiding what? It has already paid its tax.

Mr. HARTKE. That is what I am talking about. Deferral of taxation is nothing more than going ahead and not paying your taxes when they have been assessed.

Mr. PACKWOOD. Let me ask the Senator, let us go ahead and go back to France with their 52 percent tax, and round it off to 50 percent. The totally owned subsidiary of an American company makes $1,000 profit and pays $500 tax to France. They now have $500 left in profit. Would in full operation the Senator's amendment tax that $500?

Mr. HARTKE. No, because they have no tax liability.

Mr. PACKWOOD. No—and the Senator's amendment would not tax them?

Mr. HARTKE. No.

Mr. CHURCH. Not at all?

Mr. HARTKE. Not at all.

Mr. PACKWOOD. Then I do not understand. It is not deferred income.

Mr. HARTKE. It is a deferral of a tax liability. In other words, if that company would have no tax liability——

Mr. PACKWOOD. Because of the tax credit?

Mr. HARTKE. Because of the tax credit.

Mr. PACKWOOD. All right. Then, let us say they pay $45 to France and they have $55 profit. So with the tax credit they would still have $10 as a profit.

Mr. HARTKE. That is right.

Mr. PACKWOOD. What does the Senator's amendment do?

Mr. HARTKE. The amendment says to the extent that $10 is a profit they would be liable for tax on the whole amount.

Mr. PACKWOOD. What the Senator is saying is they are liable for the tax and they deduct the credit that they pay.

Mr. HARTKE. That is right.

Mr. PACKWOOD. All right. Now I grasp what the Senator is up to. So the company operating in France that has a $100 profit, and has paid $45 in taxes in France is going to pay a tax on the additional $10. But in competition with an Italian company or with a German company operating in France which does not have to pay that tax, it will be at a disadvantage.

Mr. HARTKE. As I said, there are a lot of arguments. I mentioned this in the preliminary discussion. Whatever liability any other country imposes is imposed. But the fact of the matter is that there are so many different restrictions on capital investment abroad by other countries that are not imposed by the United States, that all I am talking about here is sheer tax equality between the U.S. corporations doing business in this country and in foreign countries.

Mr. PACKWOOD. They ought to be taxed the same, they ought to be treated the same.

Mr. HARTKE. That is all I am saying.

Mr. PACKWOOD. In that case should the corporations operating overseas get the investment tax credit, their subsidiaries?

Mr. HARTKE. In my judgment, no.

Mr. PACKWOOD. Then it is not equal treatment.

Mr. HARTKE. Well, because I mean the purpose of the investment tax credit is a special incentive, and I am for the investment tax credit. I might say I am the only Member of this body who has consistently been for it since 1962. But this is a direct diminution of payment of taxes which are owed by an American business or corporation with the idea that it will increase its investment inside the United States.

Mr. BROCK. Would the Senator then suggest that we make ADR, the investment tax credit, available to foreign firms that invest in this country?

Mr. HARTKE. What was that?

Mr. BROCK. Should we make it available to foreign firms that invest in this country so that this country can profit from their investment in this country?

Mr. HARTKE. I have no objection to that. I am not speaking for the Senate, but I am saying I want jobs in the United States. If somebody wants to build a plant in the United States and give jobs to our people, I say, God bless them, come in. I am tired of shipping jobs overseas. If Volkswagen wants to come here and build a plant, it is much better than building a plant in a foreign country, giving jobs to the people of that country, and then shipping the product over to the United States.

Mr. PACKWOOD. I am confused about the Senator's equality of treatment. On the one hand, the Senator says he does not want the corporations overseas to have the investment tax credit——

Mr. HARTKE. It is equality to the U.S. corporations.

Mr. PACKWOOD. What the Senator is doing is giving equality to the U.S. corporations, those operating here.

Mr. HARTKE. That is so right, giving advantage to those in the United States.

Mr. PACKWOOD. The purpose is not equality of taxation.

Mr. HARTKE. Let me say this, then, it is equality or fairness to the United States first instead of fairness to somebody overseas.

Mr. PACKWOOD. But it is not equality.

Mr. HARTKE. The Senator can use his own terminology. Listen, I am in favor of jobs for Americans. I do not mind telling the Senator that.

Mr. CHURCH. Mr. President, if the Senator will yield——

Mr. PACKWOOD. Yes.

Mr. CHURCH. Mr. President, may I have the floor?

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. I think the argument for the amendment offered by the Senator from Indiana is compelling. The truth is that our present tax structure is tilted in favor of foreign investment and against domestic investment. The favoritism is so substantial that many U.S. corporate investment decisions are made in favor of foreign countries simply because of the tax benefits that are going to be derived.

The example in the discussion among several of us a few minutes ago, I think, illustrates that point. If General Motors had an investment decision to make of whether to build a plant in Oregon or in Mexico, the tax consequences of that decision might well be decisive. General Motors would have to pay an income tax to the Federal Government on the profits earned by its plant in Oregon and those taxes would have to be paid for the year in which they were earned. This is very different from the tax treatment that would be accorded the General Motors Co., were it to decide to locate that plant in Mexico.

(At this point Mr. STONE assumed the Chair.)

Two things happen if the decision is in favor of Mexico. One is that any taxes locally assessed against the new plant, whether they be property or income taxes, whether they be imposed by the county, local or State government in Oregon, are treated simply as deductions from gross income for purposes of determining the net income that is taxable and owing to the U.S. Government.

But if the plant is located in Mexico, General Motors may credit the Mexican taxes paid directly against the tax it would otherwise owe the U.S. Government. This is far more advantageous than the mere deduction General Motors would have been allowed for the taxes it would have paid to the State of Oregon.

So, obviously, there is a tax preference in cases of locating the plant in Mexico.

A case can possibly be made for the tax credit. We can say, "Because of traditional recognition of equal sovereign rights, credits should be given for taxes imposed by foreign governments, whereas only business deductions should be given for any taxes imposed by State or local governments within the United States."

Historically, that argument can be made. Whether or not it still makes sense for this country is quite a different question.

But I cannot see what justification there can be for adding to the tax credit provision the additional benefit which allows General Motors to defer the payment of any tax it might otherwise owe the Government of the United States after full credit has been given to the company and any tax that it has paid to the Mexican Government. The company has a double tax advantage. As the Senator from Indiana has pointed out, so long as we allow the company to make the decision to leave the money overseas, no tax is going to be paid at all; that is the equivalent of an interest-free loan from the U.S. Treasury.

Second, the corporation, under present law, is entitled to decide when to bring the money back. If we, Mr. President, had the same privilege, how we could reduce the taxes we pay to Uncle Sam.

If corporations which do business solely within the United States had the same privilege, they, too, could minimize their tax liability. So there is no question but what our tax structure favors foreign against domestic investment.

The Senator from Indiana has pointed to the adverse consequences for the U.S. economy of these tax preference provisions. But it is not only the Senator from Indiana. The President of the United States during the past few months, has been going from State to State saying that the reason our own economy is failing to provide enough jobs for our own people is because we lack adequate investment capital.

But, he does not tell us why this is so. He could go on to say that $200 billion of that investment capital has been put into foreign lands to build the most modern and efficient manufacturing plants that American technology can design, and that one of the reasons that our capital is flowing out of this country is because of the tax benefits that, in so many cases, make foreign earnings more attractive than domestic earnings.

Mr. President, my Subcommittee on Multinational Corporations has made a very thorough study of the role of the multinational corporation with respect to its impact upon American foreign policy, and its effect on the American economy.

The Senator from Indiana is quite right when he points out that the best economists we could engage—not those who represented labor, not those who represented the big companies, but those who were taken from academic life—were asked to make a new study of the effects of this migration of American capital into foreign lands, upon employment in our own land. Those economists were asked to make their studies separately so they might not collaborate with one another.

The end result of those studies was the conclusion that we were losing an average of 150,000 jobs a year.

This is a net loss of jobs, after all the relevant factors are weighed into the balance, coming as a direct result of the massive outflow of American capital into investments in foreign lands.

Mr. President, 150,000 jobs a year is 1,500,000 jobs in 10 years. It is 3 million jobs in the 20-year period during which this enormous exodus has taken place.

I am not one who proposes a radical solution to this problem. Indeed, the amendment offered by the distinguished Senator from Indiana is no radical proposal.

I recognize that capital, like water, flows around artificial barriers, and it would be impractical, even self-defeating, to attempt to impose direct restrictions upon the investment of American capital in foreign lands.

All this amendment seeks to do is to eliminate an incentive that we provide in our own tax laws which tends to make foreign investment more attractive than domestic investment.

This amendment merely seeks to return the Government to a more neutral tax policy so that companies can make their investment decisions on the basis of the economics of a project, not on the basis of outmoded tax provisions that tilt decisions in favor of foreign countries, at a time when investment to create jobs is so badly needed here at home.

Mr. President, it is no accident that the United States today has a level of unemployment that is three times as high as it might be and exceeds the level of unemployment in virtually every other industrial society.

This is becoming a chronic condition. One of the reasons for it is that outmoded tax policies continue to give incentive and encouragement to our biggest companies to invest elsewhere.

It is no longer possible for them to say that the effect of that foreign investment is not to undermine American jobs. The export of American capital, inevitably entails the export of American jobs. The ironic thing is that through our tax policies we are paying our own businesses to leave.

This policy cannot be justified. And this amendmnt seeks only to reach the question of deferral. Full tax credit is still given for taxes paid to foreign governments, and such taxes can be credited directly against the tax otherwise owing to the United States.

But we say, "No more deferral on taxes owed to the U.S. Treasury; you pay the tax when it is due; that is the way all other taxpayers in this country, corporate and individual, are treated and you are not entitled to any different consideration."

The case for this amendment is clear. It is only the enormous influence which these powerful companies wield that has led to the preservation of these tax benefits favoring the biggest corporations in this country.

I hope one day the Senate will say enough is enough; that the Government of the United States was not established for the purpose of maximizing the profits of General Motors abroad; that in the 200th year of this country's existence we might remind ourselves why the Federal Government was established in the first place. There is no better place to look than to the preamble to the Constitution of the United States. There you will find that the Federal Government was established to promote the welfare of the American people. We are not doing it with tax laws that tend to reduce employment at home. We are not doing it by creating artificial tax incentives that, in effect, pay our biggest companies to leave this country.

Mr. PACKWOOD. Will the Senator yield?

Mr. CHURCH. Yes, I yield.

Mr. PACKWOOD. Is it the assumption of the Senator from Idaho that if we stop the deferral, if we tax the deferral, the companies will come home, that jobs will be created here? Is it they will come home?

Mr. CHURCH. I think it follows that to the extent artificial tax benefits are eliminated, benefits which tend to make foreign earnings more attractive than domestic earnings, more capital will tend to be invested in this country than would otherwise occur. We have had many months of hearings, and looked into this rather thoroughly in the Subcommittee on Multinational Corporations. The best economists and tax experts we could gather may disagree on the extent to which such special incentives as the tax deferral provisions of the revenue code influenced corporate decisions to invest abroad as against investing at home, but none of them took the position that these provisions had no influence in decisions tending to favor foreign rather than domestic investment.

Mr. PACKWOOD. If they come home, is the assumption that we can serve those overseas markets by exports and we will indeed not have any loss of jobs?

Mr. CHURCH. I am not suggesting for a moment that there are not good and sufficient reasons for some companies to invest abroad. Some have been faced with the necessity, owing to the peculiarities of a local market, the cost of production, the nature of the competition, of investing abroad. I am not suggesting that we deprive them of that right.

What I do say, is why in the world do we not practice Adam Smith's economics? It still is the prevailing economic doctrine of this Chamber, whatever validity it may actually have. Certainly, executives of the big companies praise the economic doctrine of Adam Smith. They preach it to us but they do not practice it. If they were willing to practice it they would say, "Yes, we will make our decision as to whether we invest in Mexico or in Oregon on purely economic grounds." They would not come here and plead to retain in the tax law incentives that make it more attractive to go to Mexico than to Oregon.

Mr. PACKWOOD. I did not have the advantage of serving with the Senator on his Multinational Subcommittee, but maybe this evidence was given: Why is it, then, that every other country treats its overseas subsidiaries the same way?

Mr. HARTKE. Will the Senator yield?

Mr. CHURCH. I yield.

Mr. HARTKE. In most of the countries that deal with this matter, they are much more severe than the United States, much more severe than deferral. The fact of it is that in England what happens there, if the management is in England, is they tax directly. They do not wait and go ahead and wait for the tax credit even to be applied. If the management is in England and the subsidiary is overseas, the English Government taxes directly, right straight through, and so does Western Germany do that.

Mr. PACKWOOD. Let us take a Holland corporation or West German corporation operating here. They make $1,000 here and pay $480 or $500 in U.S. taxes. The German Government then reaches out there and taxes them right on the spot?

Mr. HARTKE. If their management is in Germany, they certainly do. That is much more severe than deferral or the tax credit.

Mr. CHURCH. May I suggest also that many foreign governments have direct capital and currency controls; through those means they control the amount of investment abroad by their national cooperations. We have nothing of that sort. That is why the foreign investment of American corporations keeps getting larger every year to the point where it is seriously jeopardizing our own economy.

Mr. KENNEDY. Will the Senator yield?

Mr. CHURCH. I am happy to yield.

Mr. KENNEDY. Mr. President, I wish to associate myself with the comments and the statements which have been made by the Senator from Idaho and the Senator from Indiana. I think we have two Members of this body who approach this particular issue from different points of view but who reach the same result. The Senator from Indiana has been tireless in the pursuit of this amendment for a number of years, I think since I have been in the Senate. The Senator from Idaho brings to this debate and discussion the very detailed and extensive studies of his multinational subcommittee.

Mr. President, under present law, U.S. multinational corporations are generally not taxed on a current basis on the earnings of their foreign subsidiaries, since U.S. tax is imposed only when dividends are in fact paid by the subsidiary to the U.S. parent.

The only exceptions to this rule are for subsidiaries located in "tax haven" countries, whose earnings are taxed to the U.S. parent on a current basis.

The current revene loss from deferral is estimated at $365 million for fiscal year 1977.

Under proposed amendment No. 1976, earnings of controlled foreign subsidiaries will eventually be taxed to the U.S. parent on a current basis. Deferral will be phased out over 5 years: 50 percent of earnings will be taxed in 1977; 60 percent in 1978; and so on until 100 percent of foreign earnings will be subject to U.S. tax in 1982.

A foreign tax credit will continue to be allowed for foreign taxes paid on foreign earnings.

The U.S. parent will be entitled to consolidate profits and losses of all foreign subsidiaries, and pay tax only on the net earnings.

The result will be to leave the U.S. tax laws neutral with respect to foreign investment, neither encouraging it—by deferral—nor discouraging it—by restricting the foreign tax credit.

Mr. President, deferral creates a number of serious problems. First and most important, it creates a "runaway plant, runaway jobs" loophole. It operates as an incentive for U.S. firms to build plants overseas and hire foreign workers, draining capital from the United States and costing U.S. jobs.

So long as earnings of foreign subsidiaries are retained abroad, the U.S. tax is deferred. In many cases, the deferral is for such long periods of time that it is tantamount to a total exemption from U.S. tax.

Deferral is a strong incentive for U.S. companies to locate plants abroad, and to invest and reinvest capital there. Deferral makes it more profitable for U.S. corporations to invest abroad than in the United States. To benefit from the tax advantage, a corporation cannot invest at home. It must invest abroad. As a result, deferral causes a loss of U.S. jobs, U.S. capital and U.S. tax revenues

At the present time, less than half the current foreign earnings of U.S. multinational corporations are repatriated to the United States. In 1974, these multinationals earned $24.4 billion in foreign profits on investment valued at $160 billion. But they paid U.S. taxes of only $1.2 billion, for an effective tax rate of 5 percent on earnings.

These problems are compounded by the low tax rates sometimes offered by foreign nations to attract investment. Often, corporations get a double tax break—a tax subsidy from the United States to export capital, and a tax subsidy from a foreign nation for investing the capital there.

Ford received a 5-year tax holiday to locate a Philco car-radio plant in Taiwan, costing 1,600 jobs in Philadelphia.

Motorola received a 3-year tax holiday for an investment in Korea.

RCA abandoned a 2-year-old TV plant in Memphis and moved to Taiwan.

Often, deferral subsidizes U.S. foreign operations in competition with U.S. facilities. Thus, U.S. auto manufacturers now import more cars into the United States from their foreign affiliates than they export from the United States.

Although foreign investment induces growth in some domestic U.S. industries, a recent independent study commissioned by the State, Labor, and Treasury Departments in 1975 found that the net employment effect was a loss of at least 150,000 jobs a year in the United States. The study also found that between 1966 and 1973, the United States could have had 1 million more jobs if U.S. multinationals had attempted to serve foreign markets from U.S. production sites instead of foreign subsidiaries.

The same study estimated the following job losses in U.S. manufacturing in 1970 because of foreign investment:

Direct foreign investment

	Billions of dollars	*U.S. jobs lost*
Food products	$0.26	6,800
Paper and allied products	0.32	7,200
Chemicals and allied products	0.88	14,900
Rubber and plastic	0.12	5,000
Metals	$0.33	8,800
Non-electrical machinery	1.24	46,900
Electrical machinery	0.36	17,600
Transportation	0.78	2,700
Other manufacturing	0.36	4,400
	4.68	114,600

A Business International survey of 111 U.S. multinational corporations shows that for the period 1970–73, the firms expanded their U.S. employment by only 90,000 jobs—3.3 percent—while expanding foreign jobs by 360,000—31.5 percent.

Frequently, the shift to investment abroad by U.S. firms has involved highly labor-intensive production, such as electronic products, electrical appliances, textiles, and footwear. In such industries, U.S. workers displaced by investment abroad cannot readily be absorbed elsewhere in the U.S. economy. Often, low cost foreign labor in "offshore" or "runaway" plants is used in assembly operations for products which are then shipped back to the U.S. market, thereby displacing competitive U.S. goods and jobs.

Continued export of investment raises serious long-run problems for U.S. capital formation, threatening a decline in the Nation's productive capacity and productivity, and contributing to a decline of U.S. domestic investment opportunities.

Mr. President, there are many reasons for the phaseout of deferral.

First, it will create U.S. jobs. With a 7.3 percent U.S. unemployment rate, a U.S. tax incentive to build plants and create jobs overseas makes no sense.

Second, it will encourage U.S. capital formation. Deferral causes a U.S. capital outflow, since the only way a company can get the benefit of deferral is by investing overseas. At a time when the United States needs additional capital at home, deferral is counterproductive, since it encourages new investment abroad and retention of earnings abroad, in spite of the obvious need for capital funds at home.

Third, it will promote tax equity. Deferral is inequitable in three ways: It discriminates among U.S. corporations, since earnings of U.S. subsidiaries are taxed currently. It discriminates among U.S. multinational corporations, since a firm that operates abroad through a branch—rather than a subsidiary—is taxed currently on the earnings of the branch. Also, U.S. multinationals are among the wealthiest and strongest U.S. taxpayers, and are not entitled on grounds of hardship or necessity to pay lower taxes than other U.S. taxpayers.

Fourth, it will promote efficiency. Deferral is a waste of $365 million in revenues. U.S. companies locate subsidiaries overseas because of competitive conditions, access to markets or sources of supply, and they will continue to do so to keep their markets. Repeal of deferral eliminates the tax windfall element from such decisions. If it makes business sense to create a foreign subsidiary, then a company will do so; but the tax system should be neutral in that decision.

Finally, the arguments against the amendment are a smokescreen. To a large extent, the multinational lobbying campaign against repeal of deferral is a smokescreen to prevent any change in the foreign tax credit rules. Amendment 1976 makes no change in the foreign tax credit rules.

We hear it asked, Don't other countries grant deferral for foreign operations?

No. The argument is factually incorrect; several industrialized countries tax the profits of all foreign operations that are managed or controlled from the home country. Regardless of what other countries do, the United States should adopt tax rules that are fair and consistent with its own economic objectives.

It is argued that ending deferral will actually cost U.S. jobs. Is this true?

No. A number of economists have examined the issue and found that deferral is costing a net loss of U.S. jobs—elimination of deferral will increase U.S. jobs, which is why the AFL–CIO favors complete repeal.

It is asked, Won't repeal of deferral invite retaliation by foreign governments, who will raise their tax rates and thereby deprive the United States of the tax revenues, because of the foreign tax credit?

The answer is no. In order to do this, a foreign country would have to raise rates on all corporations operating within its borders. It is highly unlikely that a country would be willing to raise taxes on all corporations, just because the United States has ended tax deferral. Tax treaties generally prevent foreign countries from raising tax rates only on U.S. corporations. Such action would constitute the kind of discriminatory treatment that is forbidden by the treaties.

It is asked, will not ending deferral impair the ability of U.S. corporations to compete with multinationals based in other countries?

No. Factors such as U.S. technological, managerial, and research superiority are much more critical to competitiveness than tax deferral. If deferral does help U.S. multinationals compete—and the data here are less than convincing—the net cost in loss of U.S. jobs, capital, and tax equity far outweighs the marginal benefit of the tax advantage.

It is asked, do not other industrial nations give similar advantages to their multinational corporations?

No. In many cases, other nations impose strict controls on foreign capital investment. Japan, France, Sweden, West Germany, and the United Kingdom all have procedures to regulate the flow of capital overseas.

It is asked, how are U.S. jobs lost from foreign investment?

Jobs are lost by U.S. workers who lose their jobs when U.S. plants go overseas; by U.S. workers who would have been hired if plants had been built at home; by U.S. construction workers who would have built the plants now going overseas; by U.S. workers in supply industries for domestic producers; by workers in service industries serving American workers.

And it is also asked, how are U.S. jobs gained by foreign investment?

Jobs are gained by domestic suppliers servicing overseas plants, by extra white-collar employment in multinational home offices, and by increased U.S. exports in response to increased foreign demand. But these factors offset to only a small extent the principal job losses caused by deferral and overseas investment.

Mr. President, I would also note that in action on the Tax Reduction Act on the Senate floor in March 1975, the Senate voted 73 to 24 to repeal deferral immediately for all firms, and voted 75 to 20 to convert the foreign tax credit to a deduction for oil companies.

The Hartke-Burke bill would have changed the foreign tax credit to a deduction for all firms, and authorized the President to impose controls on the export of U.S. capital.

The primary point that has been made by both the Senator from Indiana and the Senator from Idaho is the impact of deferral on U.S. jobs. The fact remains that the only way one can take advantage of this particular tax preference is by building a plant overseas. That is the bottom line in our consideration. There is a tax benefit. It is not available to any American company that builds a plant here at home. It is only available if the plant is built overseas. That case has been made very strongly by both Senators. I want to underline it.

I have in my hand the breakdown by one of the unions of what the impact of this has been on one union, a very important one, the IUE. It shows the impact on employment in my own State of Massachusetts.

Specifically, it mentions the loss of some 3,000 jobs in General Instrument, which was located in Chicopee, Mass., as part of the F. W. Sickles Division, 3,000 jobs laid off. The new site for this operation is in Taiwan.

In Ludlow, Mass., a plant was closed down which lost 900 jobs. Both of these companies built TV components and tuners, in this instance both producing the same products, and that plant was also removed to Taiwan.

Mr. President, I ask unanimous consent that the table to which I have referred may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SHUTDOWNS, LAYOFFS, AND TRANSFER OF PRODUCTION (I.U.E. SHOPS)

Company	Date	Former employment	Current employment	Number laid off	Products	New site
Warwick Electronics:						
Forrest City, Ark. (2 plants), Local 1106	October 1970	1969—2,300	1,547	753	Color T.V.'s	Mexico.
Zion, Ill. (may soon be shutdown), Local 1022.	December 1970	1967—2,300	350	1,950	Color, B.&W., T.V.'s, radios, phonos, stereos.	Do.
Sylvania: Entertainment products, Batavia, N.Y. (layoffs), Local 352.	November 1970	1966—1,800	600	1,200	12-in. B.&W. T.V. portables, D.C. portable sets.	Initially to Smithfield, N.C., then to Hong Kong and Mexico.
Sessions Clock: Forestville, Conn. shutdown), Local 261.	June 1970	50	0	50	T.V. tuners were made for RCA.	RCA probably buys from Oak E/N's overseas facilities.
Westinghouse: Edison, N.J. (layoffs), Local 401, Local 491.	November 1970	1965—2,300 P.&M., 400 sal.	400 P.&M.; 85 sal	1,900 P.&M.; 315 sal.	T.V.'s, radio and phono	Canadian Westinghouse and a Japanese firm.
General Electric: Syracuse, N.Y. (layoffs), Local 320.	do	Not available	Not available	700	Color T.V	
		do	do	400	B.&W. T.V	
		do	0	250	B.&W. T.V. picture tube	
		1968—600	250	350	T.V. cameras	
		1968—2,000	1,400	600	Semiconductors	
Emerson Radio & Phono:						
Division of National Union Electric	1966	Approximate 1,000 in radio line.	0	1,000	Radios	Japan.
Jersey City, N.J. (shutdown), Local 480	June 1970	1, 250	0	1, 250	T.V. sets	Transferred to Admiral, which transferred to Taiwan.
R.C.A. Corp.:						
Memphis, Tenn (shutdown), Local 730	December 1970	1, 600	0	1, 600	B. & W. T.V. sets, T.V. antennas.	Some equipment installed in Taiwan.
Cincinnati, Ohio (will be shutdown by June 1971), Local 771.	June 1971	May 1970—1,000	Shutdown planned by June 1971.	1,000	T.V. tubes, solid state components.	Orders for tuners were given to Oak Electro/Netics for manufacture overseas, probably Hong Kong.
Philco-Ford: Philadelphia, Pa. Local 101, (layoffs).	April 1970	Not available	Not available	1, 300	T.V.'s components	Probably Philco-Taiwan Corp. or Philco-Ford Micro-Electronics, Taiwan.
I.R.C., Division of T.R.W., Inc. Philadelphia, Pa., Local 105 (layoffs).	December 1970	1969-615	475	140	Electronic components	T.R.W. Electronics Components Co., Taipei, or Mexico, or Puerto Rico.
Standard Components, Division of Kollsman Industries, Oshkosh, Wis., Local 1003 (shutdown).	May 1970	January 1969—1,100	0	1, 100	T.V. tuners	Mexico.
General Instrument:						
F. W. Sickles Division, Chicopee, Mass. (shutdown).	September 1969	1967—3,000	0	3,000	T.V. components and tuners	Taiwan; Lisbon, Portugal; Sydney, Nova Scotia.
Ludlow, Mass. (shutdown)	do	900	0	900	do	Do.
Joliet, Ill	do	800	26	774	Components	Taiwan; etc., as above.
Warwick Electronics, Niles, Ill		1966—1,800	30	1,770	Phonos, stereos	Mexico.
General Electric, Utica, N.Y		Not available	Not available	2,000 in 2 years	Radios	Not available.
Advance Ross Electronics, El Paso, Tex		250-plus	Approximately 15	235-plus	T.V. yokes, components, and antennas.	Transferred to Advance Ross Electronics de Mexico, S.A. Juarez, Mexico.
Oak Manufacturing, Elkhorn, Wis	1967–68	Not available	0	Not available	Components	Hong Kong.
Wells Gardner Electronics Corp., Chicago area.	1969	do	Not available	do	T.V. sets, etc., under private label.	Buys sets it used to make from Japan and elsewhere.
Sprague Electric, Worcester, Mass	1970	900	500	400; total company reduction of 2,400 since Jan. 1, 1970.	Integrated circuits	Not available.
Sylvania:						
Woburn, Mass	December 1970	500	0	500	Semiconductors (integrated circuits, diodes, and rectifiers).	Do.
Bangor, Maine	do	100	0	100	do	Do.
Hillsboro, N.H	do	450	0	450	do	Do.

Company	Date	Former employment	Current employment	Number laid off	Products	New site
Sylvania Electronic System: Needham, Mass.	do	228	0	228	do	Do.
RCA Corp.:						
Rockville Rd. Plant, Indianapolis (probable shutdown).	do	Not available	Not available	Not available	Phonographs, T.V.,'s components such as tuners, amplifiers.	Some to main Indianapolis Plant; rest to Taiwan and possibly Oak E/N.
Bloomington, Ind	do	do	do	do	Large screen B&W T.V.'s	Transfer to Taiwan which already makes small sets; but Bloomington may pick up production from Memphis shutdown.
Motorola Semiconductor Prod., Inc.: Mesa and Phoenix, Ariz. (layoffs).	November 1970	do	do	17,00 to 2,000	Transistors, rectifiers, I.C.'s etc.	Not available.
Zenith: Chicago, Ill.	1969	do	do	4,000	Color T.V	Taiwan.
Admiral Corp.: Chicago, Ill	1969	do	do	Not available	do	Do.
Rauland Corp., Division of Zenith	1969	do	do	do	Picture tubes	Now buys tube parts from Puerto Rico and non-U.S. firms.

Mr. KENNEDY. We are also talking about how some countries attract U.S. firms. I know the Senator has made the point that many countries offer very sizable incentives for American companies to move abroad. Not only are they getting deferral from the United States, but they are getting extraordinary subsidies from foreign nations as well. That is an important point.

As I understand, what we are trying to do is to do what is right for American companies, the American way of doing business, and American jobs. We are trying to put our own house in order. If we are going to balance off what one country does versus another country in terms of trying to find the right American position, we are never going to find it.

Mr. President, it is not only the unions that make this case. I know the Senator from Idaho is familiar with the study that was done for the State Department by Mr. Frank and Mr. Freeman on the impact direct foreign investment on U.S. domestic unemployment. That study was done by two economists for the State Department. I ask unanimous consent that a relevant part be printed in the RECORD. That was on U.S. jobs and employment opportunities lost annually.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

EMPLOYMENT EFFECT OF U.S. MULTINATIONAL INVESTMENT ABROAD [1]—U.S. JOBS AND EMPLOYMENT OPPORTUNITIES LOST ANNUALLY

	1966	1967	1968	1969	1970	1971	1972	1973 [2]	Cumulative effect 1966–73
All manufacturing	90, 672	90, 068	81, 658	99, 881	116, 100	79, 306	76, 198	99, 400	733, 283
Food products	6, 963	7, 726	6, 995	7, 872	6, 835	6, 117	6, 687	8, 230	57, 425
Paper and allied products	6, 809	6, 387	7, 390	7, 855	7, 231	11, 440	7, 793	7, 339	62, 244
Chemicals and allied products	14, 331	16, 219	14, 305	14, 096	14, 944	15, 999	15, 633	15, 236	120, 763
Rubber and miscellaneous plastic products	6, 639	4, 239	4, 096	5, 428	5, 062	5, 345	7, 606	6, 793	44, 208
Primary and fabricated metals	6, 632	6, 114	5, 983	10, 256	8, 854	5, 797	5, 728	8, 700	58, 064
Nonelectrical machinery	28, 953	28, 343	24, 365	31, 247	43, 905	8, 969	7, 736	21, 203	194, 721
Electrical machinery	10, 740	10, 820	9, 808	13, 238	17, 620	15, 077	15, 372	20, 944	113, 619
Transportation equipment	7, 438	6, 859	5, 117	5, 488	7, 210	5, 599	5, 199	5, 872	48, 782
Other manufacturing	3, 167	3, 361	3, 599	4, 401	4, 439	4, 963	4, 444	5, 083	33, 457
Agriculture, forestry, and fisheries	3, 821	4, 467	4, 231	4, 730	4, 751	3, 846	3, 418	3, 925	33, 189
Mining and smelting [1]	201	243	236	369	189	−157	−96	−91	894
Petroleum [1]	637	704	630	676	702	709	654	662	5, 374
Transportation, communication, and public utilities [1]	3, 239	3, 518	3, 392	4, 033	4, 033	3, 785	3, 377	3, 905	29, 282
Retail and wholesale trade [1]	6, 328	6, 846	6, 626	7, 979	8, 374	7, 361	6, 787	8, 168	58, 469
Other miscellaneous service industries	17, 793	19, 518	18, 376	22, 354	25, 310	30, 958	28, 344	32, 686	195, 339
Federal, State, and local government	725	801	751	910	919	929	777	936	6, 748
Total, all industries	123, 415	126, 165	115, 900	140, 934	160, 377	126, 736	119, 459	149, 591	1, 062, 577

[1] These industries are excluded from any direct employment losses, following Frank and Freeman's methodology.

[2] Preliminary.

Note: Details may not add to totals because of rounding.

Source: Annual job losses by industry, Robert H. Frank and Richard T. Freeman, study for State Department by two economists at Cornell. "The Impact of United States Direct Foreign Investment on Domestic Unemployment."

Mr. CHURCH. I will be glad to tell the Senator the story behind that particular study.

Mr. KENNEDY. If the Senator will let me just get the impact of this in before he tells that story, the cumulative effect, from 1966 to 1973, was 1 million U.S. jobs lost.

That study was done for the State Department; it was not done for a labor union or any labor group. It was done for the State Department. 1,062,000 jobs. I think that is extremely compelling. It supports the union position, but it is an independent study. It directly identifies the unemployment, where it was lost, and where these plants are being built in other countries.

It is a clear and compelling study, and makes the point, I think, extremely well. I wonder if the Senator would respond to that; then I have one other point I will review with the Senator.

Mr. CHURCH. Mr. President, I would like to state to the Senator from Massachusetts that I am not only acquainted with this particular study, but also with some of the history connected with it.

The State Department originally asked for the study, confident that it would once again bolster the State Department position, which is a direct reflection of the position of the large companies, namely, that large foreign investments are helpful to our economy; that, on balance, they are good for this country.

So this study was commissioned by the Department of State with every expectation that the result of the study would be to substantiate old arguments.

These economists did a fresh study, based upon current data; they came to quite a different conclusion than the Department expected. This startled the State Department and instead of publishing the study and making it known to the public, the Department quietly put it on the shelf. They did not want the public to know that a study directly commissioned by the U.S. Department of State contradicted the position the Department had taken for many years, one that had faithfully reflected the position taken by the largest companies.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. CHURCH. I just want to say that we then invited these two economists to testify before the Subcommittee on Multinational Corporations so that we could have the benefit of their findings. They confirmed under very close questioning, the conclusions to which the Senator from Massachusetts has referred; they flatly stated that this tremendous foreign investment is undermining employment for our own people.

Mr. KENNEDY. The two areas of greatest loss, nonelectrical machinery and electrical machinery, of course, are particular industries which affect my area of the country, which has serious economic problems, New England.

I have two other brief points I would like to review with the Senator, if we may continue.

Mr. CHURCH. May I just say, before the Senator goes to those points, that he made a reference to the kinds of concessions that foreign governments make in order to attract American investment to their shores.

They play a very different game. While we provide tax incentives which tend to induce big companies to leave the United States, foreign governments try to persuade these same companies to locate in their countries. I want to read the Senator a portion of the hearings of the Subcommittee on Multinational Corporations which summarizes the kind of concessions offered by the Taiwan Government to attract the Philco Company to Taiwan:

> Mr. Blum. I would like to turn, if I may, to the Philco facility.
>
> First of all, when you went into that facility did you receive tax incentives from the Taiwanese Government?
>
> Mr. Sagan. Yes, we did on the Philco Taiwan.
>
> Mr. Blum. And the usual 5-year tax holiday?
>
> Mr. Sagan. That is right.
>
> Mr. Blum. And then after the 5-year tax holiday accelerated depreciation?
>
> Mr. Sagan. There was accelerated depreciation.
>
> Mr. Blum. And did they give you duty-free import of any machinery you need to put up the factory?
>
> Mr. Sagan. Right.

We see every kind of concession being granted by foreign governments to attract U.S. corporate investments, in this case to Taiwan. Why, then, must we come along and add tax incentives of our own to encourage U.S. companies to invest elsewhere?

Mr. KENNEDY. I understand similar incentives have been provided by Korea, for example, in attracting Motorola, and a number of other countries; and there are Senators on the floor who say, "We still have to provide the deferral incentive in order to be competitive overseas."

As I understand it, one of the major reasons why the Senator supports this amendment is because of the employment implications. He talked about this in his earlier statement, and I want to say, if I understand correctly the position that he takes, there really is no incentive for the companies to bring that money back into the United States from the capital markets overseas; to the contrary, it is in their financial and economic interest to leave those resources overseas and actually expand their companies abroad, expand their employment overseas, and perhaps even bring other smaller related companies overseas, in order to take advantage of deferral, which is underwritten by the American taxpayers. At a time of important capital needs in this country, incentives for the export of capital are contained in the Internal Revenue Code to promote capital investments overseas rather than in the United States. Do I understand that is also one of the important reasons why the Senator is supporting this amendment?

Mr. CHURCH. The Senator is quite right. As long as the profits are left overseas, the U.S. tax on those profits is deferred. This has the effect of being an interest-free loan to the corporation, it is, of course, to the advantage of the companies to keep their profits earned overseas in foreign lands as long as possible.

I have heard executives of these big companies say:

> Well, Senator, it really does not make any difference, because eventually we will bring the profits back to the owners, and when the profits are brought back, they will be taxed; and furthermore, this helps with our balance of payments and therefore it is to the economic benefit of the United States.

There are two things wrong with that argument. The first thing is that when the taxpayer can decide when to pay the tax, when to bring back the profits, he can obviously minimize the tax by choosing a time when losses may reduce the effect of the tax. This is a great advantage that none of us who have to earn our money in the United States and pay our taxes when they fall due, enjoy.

The second thing wrong with the argument is that, to the extent that the companies bring back the profits, they come back, it is true, to the United States, but they do not come back to the people who lost their jobs. They do not come back to the working people, but rather to the people in this country who own large blocks of stock.

This can be seen in what is happening to this country. We are becoming a society in which the concentration of wealth is held in the hands of fewer and fewer people. This is, of course, what was predicted by Lenin and others, who said that capitalism will destroy itself, and that the last stage of capitalism will show this particular tendency.

Mr. President, I would like to disprove that thesis. But because of the large amount of capital investment abroad, because of the way it has undermined work opportunities in our own country, and because profits returned to the United States go to the ownership class and not the working people, the result is that, since 1968, labor income, as a proportion of the total is down 4 percent, while capital's share is up 17 percent, over 1968.

The Senator can see what is going on.

Mr. KENNEDY. If I could ask the Senator a question on this point, I think the case has been clearly made about the impact on jobs. It has been presented in a very convincing way, not only by labor groups, but also by the State Department.

Also, I can testify to it from a personal point of view in representing a State that lost a great number of workers to foreign investment:

> 19,000 shoe workers in Massachusetts alone lost their jobs in the 1960s as American shoe manufacturers faced foreign competition and followed the policy of "If you can't lick them, join them." Large conglomerate multinationals like Interco and Genesco produce shoes in France, Canada, Belgium, England, Italy and South America. A Milwaukee shoe firm announced five years ago that it would make shoes abroad, exclusively for the U.S. market.

From a job's point of view, and second, from a capital point of view, it is a compelling amendment.

The next point which the Senator was talking about is really the tax equity point of view. I know the Senator has developed this point. I think it is worth underlining. By not accepting the Senator's amendment, we continue the imbalance which exists between an American company in Oregon and one in Mexico. We have this kind of an imbalance. We have the distinction between the branch and subsidiary which may both be operating in a foreign country, the branch taxed under the Internal Revenue law, but the subsidiary receiving deferral. We have that kind of discrimination operating inequitably against American interests.

We are talking about groups and financial institutions, for the most part, that can afford to pay some tax. When we are trying to fashion a tax policy in the Internal Revenue Code, it ought to be based upon the ability to pay.

In making this final argument, it is not true that we are talking about concentrations of economic wealth which in many instances represent the most extraordinary accumulation of wealth in any aspect of our economic system? Are we not talking about industries, companies, or corporations that can well afford to share in the tax burden which the American family is asked to bear to such an extraordinary degree?

Mr. CHURCH. Yes.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. KENNEDY. May I have a comment on that?

Mr. CHURCH. If I may reply, the big companies do not need extra tax incentives and subsidies. They are making enormous profits. The tax benefits simply add frosting on the cake. They make foreign investment all the more attractive to big American corporations.

Over the last 2 years, new plant and equipment expenses by overseas affiliates of U.S. firms have increased twice as fast as their domestic expenditures. These expenses are now equal to approximately one-fourth of all such expenditures by U.S. business.

This is becoming an enormous chunk of the total investment picture; it is getting bigger all the time.

Mr. PACKWOOD. Will the Senator read that last investment figure again?

Mr. CHURCH. Yes. I am glad to.

Over the last 2 years, new plant and equipment expenditures by overseas affiliates of U.S. firms have increased twice as fast as domestic expenditures and are now equal to approximately one-fourth of all such expenditures by U.S. business.

Mr. PACKWOOD. How much of that overseas investment was money coming from the United States and how much was it money already there, borrowed there, or raised there?

Mr. CHURCH. It is a combination of both. It starts as money from the United States and then, of course, added to the original investment are the profits retained abroad because of the very tax deferral provisions we are trying to repeal. Those profits are reinvested in further plant expansion abroad, since they remain tax free until such time as they are repatriated.

Mr. PACKWOOD. I am lost with the Senator's argument that the Senator from Massachusetts is making and the arguments of the Senators from Idaho and Indiana. Do I understand Senators are saying these companies are going overseas for whatever reason, low wage or tax preference, and then exporting back to the United States, which is what the Senator was talking about in his example of the shoe companies.

Mr. KENNEDY. Partly, that is true. In the instance of the shoe company that I mentioned that was true. That is part of the argument. Deferral creates unfair competition for U.S. firms at home.

Our other arguments relate to the effect on U.S. jobs. The State Department study found 1 million jobs exported overseas from 1966 to 1973. There are also the capital investment and the tax equity arguments. There was one final point I was interested in hearing the Senator from Idaho comment on, and that was the competitive impact. The point that is made here is if we abolish deferral we are going to destroy the competitiveness of these major multinationals abroad. It seems to me that these various groups that we are talking about have gobbled up the competition in any event. Many of them have no real competition at home or overseas.

I wonder whether the Senator thinks they are going to remain financially sound with this particular amendment?

Mr. HARTKE. Let me say in answer partly to the Senator from Oregon what the Senator from Massachusetts has said. I think it is important to take that Frank Freeman study to which the Senator from Massachusetts referred, and say that that very small portion of it deals with only the shipment of goods back into the United States.

I will say this. Xerox and IBM have no foreign competition at all and as to their plant investment overseas they frankly could have had that as well in the United States, but they sell overseas. I think that we ought not to get back into the position where we are opposed to overseas investments.

The argument we are trying to get is a man ought not invest overseas simply because he gets a tax preference which American corporations would not receive here at home; in other words, just to treat him with the degree in which he does not have an incentive which absolutely is, in effect, a disincentive to stay at home.

Mr. PACKWOOD. Let us be total in the answer. I believe the Senator from Indiana said earlier he is not really interested in tax equality; he wants tax preference for corporations in the United States.

Mr. HARTKE. No. Do not put words in my mouth. At that time I was talking about tax equality, and I think I am still talking about tax equality in regard to what you do as far as a domestic subsidiary concerned with a foreign subsidiary, and that is tax equality in——

Mr. PACKWOOD. But then——

Mr. HARTKE. Wait a minute.

Mr. PACKWOOD. All right.

Mr. HARTKE. In the absence of tax theory, is this tax equality? The Senator was trying to confuse us with a tax credit situation. That is an entirely different question. If, as a matter of tax policy, he wants to have a difference of opinion, that is a different situation. That is in the tax law in thousands of places in which there is a social purpose for which the taxes are treated in a different fashion.

Mr. PACKWOOD. Go ahead.

Mr. HARTKE. If there is no economic or social purpose, it is an entirely different argument. That is an argument which I mean I do not even think addresses itself to the facts.

Mr. CHURCH. Mr. President, do I still have the floor? I do not know if I lost it or not. I think I have it.

Mr. HARTKE. The Senator still has the floor.

The PRESIDING OFFICER. The Chair rules that the Senator from Idaho has the floor.

Mr. CHURCH. Very well. Under the present deferral provisions, the U.S. Treasury is in effect extending an annual $1 billion interest free loan to the American multinational corporations that have substantial investments abroad. Under present law, the United States imposes its income tax upon the worldwide income of its citizens, residents, and corporations organized under the laws of the United States. American multinational corporations, however, under the deferral provision, are allowed to postpone paying U.S. taxes on profits earned abroad until those earnings are returned to the United States even though such profits constitute an integral part of the corporation's overall earnings. This deferral is equivalent to interest-free loans from the government; continued over a sufficiently long period, deferral is tantamount to exemption from tax altogether. The Joint Committee on Taxation estimates that this one provision costs the U.S. Treasury over $329 million per year. Authoritative testimony by economists before the Ways and Means Committee put the figure at $1 billion.

DEFERRAL AS AN INCENTIVE FOR FOREIGN INVESTMENT

Beyond the loss of tax revenue, the principal problem with the continuation of deferral for foreign source income is that the tax law thereby encourages a significant outflow of capital from the United States, coupled with a disincentive for American multinational corporations to repatriate the earnings of their foreign operations. Foreign direct investments by American corporations are now valued at over $200 billion. Last year, less than half the current earnings from those investments were repatriated to the United States. And, despite the worldwide recession, American corporations continue to increase their expenditures for foreign plants and equipment at a substantially faster rate than their increase in expenditures for new domestic facilities.

Tax considerations are one of the single most important factors influencing a corporation's decision to invest abroad. And this becomes increasingly true as the differences in labor costs between the United States and other countries gradually disappear. Thanks to favorable tax provisions such as deferral, the giant corporations who are the main beneficiaries of these tax subsidies, can reduce their domestic taxes on all corporate earnings to extremely low levels. In 1972, the last year for which reliable Government statistics are available, American multinationals earned $24.4 billion in overseas profits but paid only $1.2 billion to the U.S. Treasury. This is an effective tax rate of 5 percent on earnings from abroad.

As many countries, and developing nations, in particular, give corporations extremely generous tax treatment to attract their investment capital, the corporations have the best of both worlds: a tax subsidy from the United States for exporting their investment capital, and a tax subsidy from the host country for placing that capital there.

While foreign investment may benefit the private corporations and their shareholders, the overall impact on the U.S. economy appears to be negative. For example, a recent independent study commissioned by the Department of State shows that despite the fact that some U.S. industries may experience a growth in export demand as a result of foreign investment, the net employment effect of this capital outflow is a loss of at least 150,000 jobs per year in this country. And a study done for the Multinational Subcommittee found that if all U.S. capital directly invested abroad up to 1968 had been invested at home instead, the national income would have been 1 percent higher and labor's share of that income would have been 4 percent larger.

Tax provisions such as deferral create incentives for the development of manufacturing facilities abroad, where the goods produced and sold, replace goods that would otherwise have to be exported from the United States. As of last year, sales by majority-owned foreign manufacturing affiliates of U.S. companies were more than twice the level of all U.S. exports. And U.S. auto manufacturers now import more cars to the United States from their own foreign affiliates than they export from the United States. Thus, the deferral provision subsidizes these foreign subsidiaries in their competition with domestic facilities.

As John Nolan, formerly Deputy Assistant Secretary of the Treasury for tax policy told the President's Commission on International Trade and Investment:

> There is a clear-cut bias in our existing tax structure favoring the manufacture of goods abroad through foreign subsidiaries as opposed to exporting, in order to benefit from the deferral of U.S. taxes.

Since corporations already may credit fully against their U.S. taxes, income taxes paid to foreign governments on their overseas earnings, there is no sound fiscal justification to also permit them to postpone payment of taxes properly due the U.S. Government.

I support the termination of deferral.

I also refer to a study commissioned by the Subcommittee on Multinational Corporations entitled "Direct Investment Abroad: the Multinationals Affects on the U.S. Economy." This study was done by Professor Musgrave who has been referred to earlier in the debate. It contains a very interesting fact that shows the extent to which these tax breaks really benefit the biggest, richest, most powerful, and most influential corporations in the world. That is why they are still in the law. That is whom they benefit, not the ordinary businessman, the entrepreneur with a small business, to whom we give so much lip service and so little attention.

Here are the facts quoted from the summary and conclusions of the Musgrave study:

> Direct foreign investment is very largely the province of a few giant corporations with concentration more pronounced than for domestic corporations. Thus, nearly 90 percent of foreign tax credits were claimed by corporations with assets above $250 million, a group of corporations comprising only 1 percent of the total but obtaining 50 percent of U.S. corporate income.

These giant corporations are the beneficiaries of the tax deferral and foreign tax credit provisions of the Internal Revenue Code.

Whatever argument might be made favoring the preservation of the foreign tax credit, I find no persuasive argument that would justify the retention of the deferral provision.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. LONG. I wonder whether the Senator would reconsider a statement that I do not believe he can document with the law as it is: because it involves big and powerful and influential people.

For example, this matter was not discussed the last time we had a major tax bill before us. The amendment, so far as I recall, was not offered in the committee. Mr. HARTKE offered his amendment on the floor, and I voted for the amendment. Admittedly, we had not had much evidence to support it prior to that time, but just based on what was said on the floor, I voted for it. So did many others, and it was adopted.

We went to conference. From the evidence presented to us and the information we could get at that point, it looked as though we acted with scant knowledge of the subject. But we agreed to as much of it as we thought we could agree to, and that was a major tax increase on these companies. That was the first time I had occasion to vote on it.

To hear the statements, one would think that the Senator from Louisiana had not done anything about this for, lo, these many years because it involves large, wealthy corporations. I voted for it the first chance we had, and I think we went too far at that time.

I wish the Senator would reconsider the sort of invidious comparison that suggests that those who do not agree with him are a bunch of bad people in black hats. We did the best we could, as the good Lord gave us the light to see it, and I think the Senator does likewise.

Mr. CHURCH. Mr. President, the basis of that statement had nothing to do with the Finance Committee or its distinguished chairman. I am pleased to know that the chairman voted in favor of this amendment the last time it was on the floor of the Senate. The basis for my remarks had to do with the experience in my own Multinational Subcommtitee.

When we began the investigation of the role of multinational corporations, we were nearly overwhelmed by witnesses who were proferred to us by the multinationals. Many of them came clothed with economic degrees and status in their own profession, but they spoke for the multinationals. Between the well-paid lawyers, and the well-paid economists, they made a persuasive case that everything the multinational corporations were doing was not only in the interest of the United States but, indeed, was the beginning of a whole new era in which the corporations were going to solve the problems of the underdeveloped countries, the divisions that separate one region of the world from another, and the militant nationalism that plagues our time. They painted a picture so beautiful that one felt ashamed to raise questions. That was the first 6 months of our investigation into the multinationals.

We got a snow job. When we began to realize what a snow job it was, we turned to labor representatives, and then we got another snow job; because the spokesmen for labor came in with a position that was equally prejudiced on the other side, and it was very hard for us to get at the objective facts.

It took a year or a year and a half before we began to cut loose from big capital, on the one hand, and big labor on the other, and found out what was going on.

It was that process I had reference to, exclusively. I am sorry if I said it in a manner that suggested to the chairman that I had reference to him or to the way he has voted on this issue.

Mr. LONG. Mr. President, if the Senator will yield further, we have had before the Committee on Finance, particularly on trade bills, people who spoke for the firms that did not go to Taiwan, that did not go to Korea, that did not go to Hong Kong, and that have to compete with others who did. Obviously, those people would like to do anything they could to help improve their position, even though it would be at the expense of those who move their plants overseas.

Those people in the electronics industry, in the electric industries, did not complain to the Finance Committee when I was there—and I am not familiar with the fact that they ever complained—about this tax matter, a so-called tax favoritism, favoring the other man. What they complained about was the tremendous wage differential in Taiwan, Korea, and Hong Kong.

For example, the tax item on the overall amount to $400 million for all American business overseas—as I understand it is involved in the amendment—and that is out of $200 billion of sales. That is only two-tenths of 1 percent measured on volume. It is really a relatively insignificant item when you look at such things as the fact that in some of these countries they are paying 10 or 20 percent of what the wage is in the United States. That type of thing, according to the complaints we heard, was what was killing the American firms in trying to compete with those that had gone to Taiwan and Korea.

Also, the shoe industry is competing with Italy. The Italian producers have been very active in adopting new styles, and in that respect the Americans have fallen behind and let the other fellow show more aggressive penetration of the market, by using some new techniques and new styling, which is not customary for Americans. Usually, we are the ones who are ahead in that type of thing. That has hurt. Even so, we are still plagued with the fact that they have a low labor cost in Italy, far lower than ours, and my impression is that that is the key item.

Mr. CHURCH. Mr. President, I have been called from the Chamber. I wonder whether the Senator from Indiana might respond to these inquiries. I will return in a moment.

Mr. HARTKE. I do not know whether the Senator from Indiana wants an answer to his statement or not.

Let me put it in a proper role: If this tax reform measure has no effect or little effect, then the argument that it should not be done falls. If it does have an effect and it is unfair, then the argument falls. So it does not make any difference, either way one looks at it.

If these companies are moving over for different reasons, for nonbusiness reasons, that is the reason we are concerned. Those other items should be dealt with in a different form.

What we are talking about here is that in order to give a business a chance to make its decision upon the merits, there should not be an incentive in the tax law to go overseas. Putting it in reverse, there should not be a disincentive to stay at home.

In other words, what we are saying here, very simply, is this: Let us treat them both on the same footing. If that is the case, then, so far as the tax provisions are concerned, there will not be a tax incentive or a disincentive. What we want to do is to say, "When you put all the items down and if the deciding factor is that you have a tax deferral, then that is wrong." It is wrong, so far as this country is concerned, to say we are going to encourage a business to do its business outside the United States simply because we are giving them a tax preference. That is the essence of the argument, and that is the essence of fairness.

Mr. BROCK. Will the Senator yield?

Mr. HARTKE. Let me say that as to a corporation, as far as they are concerned, I would guarantee that they will go where the benefits to them are the best. They should.

Mr. PACKWOOD. I hear what the Senator is saying, but I sense from the Senator's past actions, and especially the tax credit amendments that he has offered in the past, that what he is driving for is not tax equality. What he is driving for is a system of taxation that will make it well nigh impossible for American corporations to go overseas or compete overseas. This is just the opening wedge.

Mr. HARTKE. Let me say that the statement by the Senator from Oregon and his conclusion are as far apart as the cobra and the mongoose are. That is certainly not even close.

What we have here is a situation where the Senator from Oregon is asking this Government to persist in a policy which absolutely gives a preference to any corporation which sets up a subsidiary overseas. That is what he is arguing for.

Mr. PACKWOOD. A preference over whom?

Mr. HARTKE. Over the domestic corporation.

Mr. PACKWOOD. I fail to see the preference.

Mr. HARTKE. If the Senator does not see the preference, what difference does it make? If there is no preference, he ought to join in the amendment. If there is a preference, I can see how he opposes it. If the Senator wants to maintain the preference, that is one thing. I do not think it is in fairness to American business, to American taxpayers, to American workers, or to American investors to continue a business which absolutely is against their interests.

Mr. BROCK. The Senator is presuming that the business would be identical if conducted in the United States.

Mr. HARTKE. I am assuming that as far as the tax provisions are concerned.

Mr. BROCK. But what if the change in the law simply eliminated that business? Then where is the equity or the preference?

Mr. CHURCH. May I try?

Mr. HARTKE. I yield to the Senator from Idaho.

Mr. CHURCH. I wanted to respond to the argument that the distinguished chairman made. Is it the same argument that we are now pursuing? If so, I want to say that there are many reasons why businesses may be forced to invest abroad—good economic reasons. It may be that the nature of their competition forces them to invest abroad. It may be that the high price of labor in this country leads them to locate their plants elsewhere, in order to continue to manufacture for the American market, or to meet competition in other markets. There are lots of reasons why, on purely economic grounds, it may be necessary for large American companies to build plants in foreign countries.

But I cannot see why we should tax their foreign earnings in such a way as to increase the benefit of investing in a foreign country as against investing in our own country. I do not see why we should sweeten the pie for them in order to give them an additional inducement to invest abroad.

That is what this debate on deferral is about. It is obviously not in our interest to create incentives to invest overseas. Maybe the companies will find it necessary for economic reasons to locate plants outside this country. I am not proposing that we obstruct or interfere with such decisions as long as they are made on economic grounds. I just do not see why we give them a tax sweetener to influence their decision in favor of foreign sites.

The distinguished chairman of the committee argued that there is not enough money involved here to make all that difference. There is an argument about how much money is involved here. The joint committee, I believe, estimated that deferral involves a $365 million loss to the Treasury. There were economists who testified before the Committee on Ways and Means in the other body that the loss to the Treasury might approach a billion dollars a year. There are other reputable experts who say that the figure lies between, somewhere close to $700 million.

Compared to the total book value of foreign investments, these figures do not appear large. Yet it is curious that the very corporations which argue, on the one hand, that the tax factor is not all that significant to them, are the same companies that strongly oppose deleting the deferral provision from the law.

They cannot have it both ways. The intensity with which they oppose taking this tax sweetener out of the law suggests to me that it is more important to them in their decisionmaking than they let on.

Mr. LONG. Will the Senator yield at that point?

Mr. CHURCH. Yes.

Mr. LONG. Just to get this matter straight, my understanding is that those larger figures to which the Senator made reference assume other changes in the law than what the Senator is advocating.

Mr. CHURCH. It may be so, but there is argument about how much the elimination of the deferral provision would restore to the Treasury.

Mr. BROCK. May I ask the Senator to yield on that point?

Mr. CHURCH. Yes.

Mr. BROCK. I do not know whether he has seen the letter from George Dixon, who is Acting Secretary of the Treasury, but the Treasury suggests that, rather than raising revenues, this amendment might actually result in a net reduction in Federal revenues. If the Senator would like, I shall read the explanatory part.

Mr. CHURCH. I am familiar with the argument, but the Senator may read it.

Mr. BROCK:

> However, if in response to the termination of deferral, all profits of foreign subsidiaries were distributed to their U.S. parent firms, or if foreign governments chose to impose their existing withholding taxes on constructive distributions to U.S. parent firms, then the result would be a U.S. revenue loss of approximately $375 million.
>
> This swing from a possible revenue gain of $365 million to a possible revenue loss of $375 million reflects the fact that, in response to termination of deferral, additional foreign withholding taxes of more than $740 million might be imposed on the earnings of foreign subsidiaries. The additional foreign withholding taxes would partly reduce the U.S. tax otherwise due on earnings which are presently undistributed, partly reduce the U.S. tax currently collected on other foreign source income, and partly appear as excess foreign tax credits. Insofar as tax revenues are concerned, it is therefore more accurate to think of "deferral" not as deferral of U.S. corporate tax, but rather as deferral of foreign dividend withholding taxes.

I wonder if the Senator would like to comment on that, because I think it is an important point.

Mr. CHURCH. I might say I have seen the argument. I think it is highly speculative. It is the most ingenious argument yet advanced to defend the status quo, I will say that for it. The testimony we have had from a number of economists and tax experts is to the contrary. The weight of the testimony is that the elimination of deferral would, in fact, result in substantial revenue savings to the U.S. Treasury.

Mr. BROCK. Was not the testimony that was, in effect, negative to this concept premised on the assumption that the foreign countries would maintain their current withholding tax system rather than modify in response to our actions?

Mr. CHURCH. But the prediction that foreign governments will take certain actions which, if taken worldwide, would produce a loss instead of a gain to the Treasury is a highly speculative argument.

Mr. BROCK. But the Senator does understand why they would. Let us put ourselves in the position of a foreign government.

Mr. CHURCH. If this is the argument, then we must consider it in terms of what we are doing with the foreign tax credit. That is a far greater inducement to foreign governments to raise their income taxes on foreign companies doing business in their jurisdiction to the level of the income tax that we impose. This is plainly a question of whether the money is going to be paid into one government treasury or the other.

Many people believe in the foreign tax credit; yet clearly the effect of the tax credit is to confront a foreign government with the question, should the taxes go into the American Treasury or into its treasury. All they have to do is raise their tax rate to the equivalent of the American rate and they will get it all into their treasury. None of it will go into the American Treasury. But I have not heard any Senator stand up and say, "We really ought to take on the foreign tax credits." As for the deferral, it is a very speculative argument that Treasury makes. I do not think that, on the weight of the evidence, it is worthy of serious consideration.

Mr. LONG. Will the Senator yield on that point?

Mr. BROCK. If the Senator will allow me to create one thought. Volkswagen and Volvo are both talking about putting plants in this country. Those are jobs. That is why we do not raise the issue of tax credit. If we do, we destroy our opportunity to attract that kind of credit capital.

Mr. President, I ask unanimous consent that the letter from the Department of the Treasury dated June 24, 1976 be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Secretary of the Treasury,
Washington, D.C., June 24, 1976.

Hon. Bill Brock,
U.S. Senate,
Washington, D.C.

Dear Senator Brock: An amendment to the Tax Reform Bill which would phase out "deferral" of U.S. tax on undistributed foreign subsidiary earnings has been offered by Senator Kennedy. For a number of reasons the Treasury opposes this amendment. I would like to point out the tenuous nature of U.S. revenue gains resulting from the termination of deferral, and certain other problems raised by the Kennedy amendment.

On April 12, 1976, the Treasury Department issued an analysis titled "U.S. Taxation of Undistributed Income of Foreign Corporations." This analysis included an estimate that termination of deferral would increase U.S. revenue by $365 million. The estimate of a $365 million revenue gain assumes that undistributed profits would continue to be retained by foreign subsidiaries and free of foreign withholding taxes. However, if in response to the termination of deferral, all profits of foreign subsidiaries were distributed to their U.S. parent firms, or if foreign governments chose to impose their existing withholding taxes on constructive distributions to U.S. parent firms, then the result would be a U.S. revenue loss of approximately $375 million.

This swing from a possible revenue gain of $365 million to a possible revenue loss of $375 million reflects the fact that, in response to termination of deferral, additional foreign withholding taxes of more than $740 million might be imposed on the earnings of foreign subsidiaries. The additional foreign withholding taxes would partly reduce the U.S. tax otherwise due on earnings which are presently undistributed, partly reduce the U.S. tax currently collected on other foreign source income, and partly appear as excess foreign tax credits. Insofar as tax revenues are concerned, it is therefore more accurate to think of "deferral" not as deferral of U.S. corporate tax, but rather as deferral of foreign dividend withholding taxes.

The Treasury's analysis emphasizes that termination of deferral, taken as an isolated measure, would not improve the neutrality of U.S. taxation of foreign by comparison with domestic source investment income. In addition, termination of deferral would make it more difficult for the Treasury to negotiate tax treaties with developing countries. Finally, the administrative burdens placed on the Internal Revenue Service and taxpayers by the termination of deferral would be substantial.

For these reasons, may I urge that you oppose the termination of "deferral."

Sincerely yours,

GEORGE H. DIXON,
Acting Secretary.

Mr. CHURCH. I know that a different set of arguments applies to the whole question of tax credit. But as for deferral I am convinced that there is no justification for it.

Mr. BROCK. May I just ask the Senator to put himself in the position of the foreign government now. Here is the United States that says, "We will leave this $500 million"—let us take a big figure—"over there as long as it is reinvested in the creation of jobs." That foreign government wants to encourage that money to stay there to create jobs, production, just as we would want the investment made in this country.

The minute we say, "You have got to pull it out," then the argument applies, "Well, let us apply the withholding tax there before they get it out."

So is not the logic or the commonsense behind the Treasury position?

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. CHURCH. Yes; but, first of all, I think the impact of our proposal would be quite different from what the Senator describes.

We would tax the company on its foreign earnings whether or not they are pulled out of the foreign country. The present law taxes those earnings only when they are repatriated.

Mr. BROCK. That is right.

Mr. CHURCH. We simply say whether or not the earnings are repatriated, any tax owing to the Federal Treasury is to be paid in the year it is earned.

Mr. BROCK. But the fact is that they were earned there, not here.

Mr. CHURCH. That is correct. But we would tax them in the year they are earned just as we tax our own taxpayers in this country, rather than leave it to the companies to decide when and if they pay U.S. taxes on their foreign source earnings.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. CHURCH. Yes.

Mr. LONG. The Senator said it is speculative as to whether or not those foreign countries would raise their tax. Let us just analyze that for a moment. Let us just say that to attract an American plant, Ireland, we will say, says, "If you will put this plant here we will not tax you." So the American concern puts the plant there.

Now, let us assume the company was counting on the benefit of deferral to keep from paying the same tax for which Ireland is excusing them, and to get some benefit from that, and so they built their investment over there.

Now, then, the U.S. Government passes the Senator's amendment, and then Ireland says, quite logically, I would think, "Well, look, we gave you this tax break to help you to put this investment in our country. We did not give you this tax break to subsidize the U.S. Treasury. We did it for your benefit. Now, since the U.S. Treasury is going to claim that money, we are going to levy a tax of an equal amount and, therefore, we will get it for our Treasury rather than the U.S. Treasury, and it will not cost you a penny. You owe it anyway."

I have seen how wise tax experts can be at State level, and at any other level, and that is the kind of bait I have never seen a tax man miss yet, that you could put a tax on this fellow and it would not cost him a penny because he can pay it to you, and if he did not give it to you, he would give it to somebody else anyway.

As a matter of fact, I at one time worked in the taxation area in our State government, and every time we looked at a tax problem the first thing we did was to try to figure out how much of this we could work out so that Uncle Sam is shifting that from the Federal Treasury into our treasury, because if we can be smart enough about this, we might work it out so it would cost very little.

In this case, Ireland could work it out so that it would not cost the American concern one red copper cent because the U.S. Government would have collected a 48-percent tax anyway. Why should they not do it? Why should they not claim the money for their treasury instead of ours?

Mr. CHURCH. I just say to the Senator he cannot have it both ways. Within the last few minutes, the Senator has made two arguments. One argument is that the Treasury would gain only $365 million. When you consider the extent of foreign earnings, over $24 billion last year. The size of the Treasury gain is relatively inconsequential, so why worry about it?

If that argument is right, then I do not think that foreign governments would change all their tax laws because of the $365 million overall gain that this amendment would mean to the Treasury.

The Senator can have it one way or the other but he cannot have it both ways. He cannot argue, on the one hand, that the revenue consequences of deferral are relatively inconsequential and, on the other hand, that the effect of the amendment would have such impact on foreign countries that they will change their tax laws around in order to capture the potential revenue gain to the U.S. Treasury.

Mr. LONG. I will say to the Senator there is no conflict whatever between those two arguments. The Senator is talking about $400 million, and we are simply saying that all the foreign country has to do is simply change its law and it gets the $400 million you thought you were going to get. It takes it for their treasury instead of our taking it for our Treasury.

Mind you, may I say to the Senator, those foreign countries are not bound by the U.S. Constitution or the decisions of the U.S. Supreme Court.

They can write themselves a tax law over there or even sometimes, in many countries, put it in by just decree, where the top man just so decrees, and that is it, and they can just write themselves a tax law that says that an American company doing business producing a particular product in that country will pay *x* amount of money under certain circumstances. They do not have to limit themselves to the kind of thing that we have in the Constitution. They have not got to worry about a decision of the U.S. Supreme Court or anything of that sort.

It would seem to me that any up and coming head of government and parliament in any of those countries will say, "Well, look here is where we can pick up some money without the least bit of difficulty and it will not cost these people one red copper cent and we will not be in bad faith with the company we attracted here. All we are saying is instead of putting it in the U.S. Treasury, we will put in in our treasury."

There is no conflict between those two arguments. Admittedly, $400 million in the sum totality of this is a small percentage of sales, and I do not think that is what moves plants around one way or the other. But, on the other hand, if the item is insignificant, be it $1 million or $5 million or $6 million, why should they not grab it for their Treasury rather than put it into ours?

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. LONG. I would want to ask a question. I would be curious as to why they should not grab the money and put it into their Treasury.

Mr. HARTKE. In the first place, the tax treaty would probably prohibit that type of discrimination.

Mr. LONG. That does not stop them from raising their rates, and these——

Mr. HARTKE. They would have to raise the rates for their domestic corporations at the same time.

Mr. LONG. May I say to the Senator, if you have an exemption, an exemption given to somebody who comes into that country, all they have got to do is to repeal the exemption, and it would not adversely affect anybody else.

Furthermore, we do not have treaties with all countries. It is only certain countries with whom we do have these tax treaties.

Mr. HARTKE. I asked this question this morning, and the Treasury told me this morning, that the United States has tax treaties with virtually all trading nations in the world, and they said practically every one of those has a nondiscrimination clause that prohibits them from levying a corporate tax upon corporations different from the domestic ones.

But let me say, Mr. Chairman, if the Senator wants to get on, I am ready to get along with the Senator.

Mr. LONG. Let us just get this straight. As I understand it, we have between 25 and 30 tax treaties.

Mr. HARTKE. But practically with every trading nation.

Mr. LONG. And we do not have any with a single Latin American nation, and when the Senator says with practically every trading nation, well, by Indiana standards in Latin America, there may not be a single country in Latin America, that is a trading nation, but by Louisiana standards that is a very important trade area.

But there are 25 countries, and you have got more than 100 members of the United Nations. We do not have treaties with Spain and Portugal. There are a great number of countries with whom we do not have them. But in many cases they will find ways where they can do this type thing even in spite of a treaty between the two countries.

Mr. HARTKE. I yield to the Senator from Maryland.

Mr. MATHIAS. Mr. President, I ask unanimous consent that Mr. Michael Clipper of my staff have the privilege of the floor during the pendency of the current legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. May I say, in the first place, I think we ought to make American tax policy on the basis of what the policy should be, and if these other countries want to go ahead and pull some fancy shenanigans, let them go ahead and do it.

I do not think they will want to do it with the United States, which is an effective instrument, if everything is fair. The problem is one of the difficulties we have is that not everything is fair with the United States. We are a very competitive country here, but if we are going to go ahead and give an unfair treatment to our American corporations vis-a-vis the foreign subsidiaries, you get back to a situation where there is no chance of having any type of tax policy which is consistent.

Mr. PACKWOOD. Does the Senator agree that if you have a foreign tax rate, combined tax rate—I do not care if it is corporate plus this tax on repatriated profits, of 50 percent, and we allow a tax credit, then there is not going to be any tax on this deferred income anyway.

Mr. HARTKE. I said that at the beginning of the argument. I said, if there is no tax liability, then there is no question of deferral, it does not arise.

Mr. PACKWOOD. And if there is this 50-percent total tax, there is no tax liability.

Mr. HARTKE. Basically the same.

Mr. PACKWOOD. Does the Senator defer this tax credit position or does he subsequently plan to offer an amendment to change those rules, too?

Mr. HARTKE. As far as I am concerned, let me say that I am interested in also making that situation on the same basis, that is, to treat the tax there as a tax deduction rather than a credit.

That is not this argument. This argument does not stand or fall simply on the question of the tax credit proposition.

Mr. PACKWOOD. No, but part of it does on the Senator's argument, he is talking about equality on some cases and then other times about tax preference for the corporations.

Mr. HARTKE. I am talking about the tax preference with this deferral given to a subsidiary of an American corporation which does not exist for the subsidiary in the United States.

That is a pure and simple statement of fact and that cannot be denied and any reasonable person would have to come to that conclusion.

If one wants to continue to give a preference to these multinational corporations doing business overseas, and their subsidiaries, one should vote against this amendment because it absolutely does give a preference to somebody who is doing business, taking their capital, taking the technology, taking jobs, and taking, absolutely, advantage of the American taxpayer, paying a rate of taxation which absolutely no workingman in the United States of America is.

Mr. PACKWOOD. I think the Senator is trying to lead us down a primrose path because I think the ultimate intention of the Senator from Indiana is to change those tax credits and make them into a tax deduction, and that is not equality.

Mr. HARTKE. After all, all the Senator is saying——

Mr. PACKWOOD. Then that is not equality at all. That is absolute nonsense.

Mr. HARTKE. Does the Senator want to argue tax credit?

Mr. PACKWOOD. Well, I think it is intimately intertwined with this tax deferral.

Mr. HARTKE. I would like to argue tax credit when the time comes.

UP AMENDMENT NO. 137

Mr. HARTKE. Mr. President, I submit an amendment at this time and ask for its immediate consideration, so we do not have to stay here until midnight. I think we are becoming redundant in the argument.

I submit an amendment to the amendment previously submitted.

Mr. PACKWOOD. I may object. What is the amendment?

Mr. HARTKE. I will explain it. I mean, I do not think there will be any trouble.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. HARTKE) proposes an amendment to amendment 1976, unprinted amendment 137.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, lines 2 and 3 strike out "a percentage (determined under paragraph (3)) of".

On page 3, line 26, strike all down through line 2 on page 4.

On page 22, line 16, strike all through line 16 on page 26.

Mr. HARTKE. Let me explain.

Mr. PACKWOOD. A point of order. Is this an amendment in the third degree?

The PRESIDING OFFICER. The Chair is advised that the consent agreement allows amendments to this particular amendment.

Mr. HARTKE. Mr. President, what this amendment does, the first amendment, 1976, provided the program which was in the tax reform package of a phase in.

The amendment which I have submitted to the desk has immediate elements of deferral.

Mr. PACKWOOD. Does the Senator mean this is a 100-percent taxation immediately on all this deferred income?

Mr. HARTKE. Right.

Mr. PACKWOOD. Is that the effect of the amendment?

Mr. HARTKE. That is right.

Mr. PACKWOOD. How on earth is this——

Mr. HARTKE. Let me say, this is identical to the amendment which was adopted by the Senate last year, roughly 70-some-odd votes last year. The same amendment adopted by the Senate last year.

I am ready to vote on it.

Mr. PACKWOOD. I am not.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. MAGNUSON. Mr. President, I do not know too much about other corporations, but for many years as the chairman of the Commerce Committee dealing with maritime matters, I have thought we should be doing something about what we called "runaway flags" in the maritime.

Panama, Nicaragua, Honduras, Liberia—these countries have a bigger tonnage fleet than the whole United States. Why is that?

I found after some hearings years ago that the No. 1 reason that oil companies would register their tankers in these countries was due to the labor cost involved. I understand that.

No. 2, they did not have to comply with the safety regulations that the U.S. Coast Guard enforces.

However, aside from these factors, the main reason they registered in foreign countries was to avoid U.S. tax payments. I remember testimony of Standard Oil of New Jersey, in which they said that the reason they had a Panamanian oil company in charge of their fleets, was to enable them to shelter their profits in the Panamanian oil companies. The profits never got down to Panama; they were in a bank in New York.

I said, "Well, isn't that a little tax evasion?" They admitted it was. Pure and simple, tax evasion.

Now, here is how they operated. They would bring the money back into the United States, but they would wait until the proper year when they would be taxed the least in their overall balance sheets. They admitted frankly that this was plain and simple tax evasion. There are many other reasons why we have runaway flags, I understand that, but this is one facet. What would this amendment do to the runaway flags taxactionwise?

I am wondering, specifically, would this amendment help stop this tax evasion in runaway flags?

Mr. HARTKE. It certainly would.

Mr. MAGNUSON. I have had deep interest in that subject over the years, as the Senator from Indiana and the Senator from Louisiana know.

We have been trying to build our own American merchant marine, but if we allow this situation to continue, we are not helping the American merchant marine to build it up, is that correct?

Mr. HARTKE. That is right.

What this amendment would do, would be to require "runaway flags" to pay their taxes in the year in which they earn the profit and without regard to trying to take advantage of it and bring it back sometime when——

Mr. MAGNUSON. When the year is propitious for their balance sheet?

Mr. HARTKE. Right.

Mr. MAGNUSON. And they frankly admitted that.

Mr. HARTKE. That is right.

Mr. MAGNUSON. I do not want to get into this argument about other corporations, but I know this.

Mr. HARTKE. Mr. President, I ask for the yeas and nays on the amendment.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** This is on the Hartke amendment to the Hartke amendment.

Mr. PACKWOOD addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Oregon.

UP AMENDMENT NO. 138

Mr. PACKWOOD. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Oregon (Mr. Packwood) proposes an unprinted amendment numbered 138:
>
> On page 441 after line 24, insert the following new section:
>
> "Sec. 1054. Within one year after the date of enactment of this Act, the Secretary of Commerce shall report to the Congress on the effect on employment in the United States of the deferral of United States income tax on the unremitted earnings of foreign corporations controlled by United States shareholders."

Mr. PACKWOOD. Mr. President, this amendment is very clear and very obvious. It would apply whether or not the Hartke amendment is adopted. It is an amendment not to his amendment, or to strike his amendment, but to amend the House bill. We have had a lot of figures thrown around, State Department studies and commission studies. We have yet to present the argument on our side. I think regardless of how the vote on the Hartke amendment comes out, we should have this study. That is the reason we have offered the amendment. I am prepared to vote now. I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PACKWOOD. I am prepared to vote.

The **PRESIDING OFFICER.** Does the Senator yield back his time?

Mr. HARTKE. Will the Senator explain? I understand what the Senator is proposing to do here is to supplement the amendment which is at the desk, is that correct?

Mr. PACKWOOD. That is correct. It is not an amendment to the Senator's amendment. It is an amendment to the House bill. It is not an amendment in the third degree or subject to a point of order, to the best of my understanding. What it does is order the Secretary of Commerce to do a study on multinationals and jobs regardless of whether the Senator's amendment passes or not. If the Senator's amendment passes there is still the study.

Mr. HARTKE. Then this is an amendment in the nature of asking for a study and not an amendment to an amendment?

Mr. PACKWOOD. That is correct.

Mr. HARTKE. Is the Senator asking the Treasury Department to do this?

Mr. PACKWOOD. The Commerce Department.

Mr. HARTKE. Why not ask somebody from the Congress who has an unbiased approach, such as the Budget Committee?

Mr. PACKWOOD. Well, normally it is the Department of Commerce that should have an unbiased point of view to represent the business interests of this country.

Mr. LONG. Let us vote on it.

Mr. PACKWOOD. I am ready to vote on it.

Mr. HARTKE. I wish I could agree with the Senator on the Commerce Department studying this.

Let me stay the intention of this amendment, as I understand it, is to provide for the Senate a diversion from the main thrust of the amendment which I have——

Mr. PACKWOOD. I will——

Mr. HARTKE. Let me state my proposition. As I understand, the intention of this amendment is to divert the attention of the Senate from the thrust of the amendment that deals with deferral in the hope that by going ahead and voting for a study the argument to be made is, "After all, we will study this matter for a year and then come up with an answer to it." Is that correct?

Mr. PACKWOOD. That was not my intention. When we finish voting on this, I hope we debate the Senator's amendment on its merits. I have no intention of offering this and saying, "Now we do not need to study the Senator's amendment at all."

Mr. HARTKE. I will say to the Senator that on the substance of the amendment I find very little to disagree with, except I would like to make sure that it is being done in the fashion which is strictly in accordance with objective research. We have a lot of studies, one of them made by the State Department. I do feel that since the State Department has had a study on this we ought to have somebody maybe from the Treasury and from the State Department combining in the study.

Mr. PACKWOOD. That, as I recall the State Department study, is the one that talks about the million jobs being lost because of exports.

Mr. HARTKE. That is right.

Mr. PACKWOOD. Is it also the study that says there is a net increase in jobs in total because of trade and overseas operations? The part recited so far is, is there a loss of jobs just because of exports?

Mr. HARTKE. As I said before, I find no serious objection to the amendment. I would hope that the Senator from Oregon would honor the statement which he made on the floor that this is not a diversion tactic, which I think it is. I am certainly prepared to accept the word of the Senator from Oregon that this is not that type of operation, although I have to admit that the time or method of going ahead and trying to deal with the subject which appears headed for certain enactment is to say, "Let us take time to study it." Has the Senator asked for the yeas and nays?

Mr. PACKWOOD. I have asked for the yeas and nays. They have been ordered. We are ready to vote.

Mr. HARTKE. I would say the Senator from Indiana would be prepared to accept the amendment.

Mr. LONG. Let us vote.

Mr. HARTKE. I do not know why we should go through the process of this voting business.

Mr. PACKWOOD. Let us vote.

The **PRESIDING OFFICER.** Is all time yielded back? All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Oregon. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Arkansas (Mr. McClellan), the Senator from Rhode Island (Mr. Pell), the Senator from Mississippi (Mr. Stennis), the Senator from Missouri (Mr. Symington), and the Senator from Georgia (Mr. Talmadge) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Nebraska (Mr. Hruska), the Senator from Illinois (Mr. Percy), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 85, nays 3, as follows:

[Rollcall Vote No. 359 Leg.]

YEAS—85

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stevenson
Stone
Taft
Thurmond
Tower
Tunney
Williams
Young

NAYS—3

Church
Mansfield
McClure

NOT VOTING—12

Buckley
Eastland
Goldwater
Gravel
Hruska
McClellan
Pell
Percy
Stennis
Symington
Talmadge
Weicker

So Mr. PACKWOOD's amendment was agreed to.

Mr. JACKSON. Mr. President, at a time when economic problems beset many American families, and the burden of income taxes weighs heavily on so many Americans, it is essential that multinational corporations be required to bear a fair and equitable tax burden. Perhaps even more important, it is essential that our tax laws not encourage the flight of American capital and ultimately American jobs overseas.

The particular issue which the Senate now addresses—tax deferral on foreign profits—represents the most important single reform which the Congress could adopt in the area of taxing multinational corporations.

Under existing tax deferral provisions, the profits from overseas operations are not subject to taxation at all if they are reinvested abroad. In the domestic economy, all investment in new plant and equipment is normally financed from after tax corporate income. It is generally considered an emergency measure to provide a 7 or 10 percent investment tax credit for new domestic investment. The foreign operations of U.S. multinationals, however, enjoy a permanent 100 percent U.S. tax writeoff for any new investment they can finance directly from their overseas profits.

Deferral of taxation on overseas profits until they are returned to the United States has been accurately described as an interest free loan from the U.S. Government and taxpayers. For a very large volume of reinvested overseas profits the loan is permanent and thus amounts to nothing more than a free gift from the Treasury.

All the opponents of deferral want to do is make the U.S. tax laws neutral with respect to encouraging U.S. overseas investment. Under the present law there is an important marginal incentive for a multinational corporation to invest abroad. The amendment to end deferral would simply remove this incentive to invest abroad so that a multinational corporation will make its investment decision against a background of tax law that does not favor foreign investment over domestic investment.

The tax deferral provision of the existing tax law is nothing less than perverse in the encouragement it provides for multinational corporations to invest and create jobs abroad rather than at home. It is my strong hope that in the interest of American jobholders and taxpayers, we can repeal this provision this year.

Mr. LONG. Mr. President, some Senators are tired, some Senators want to go home, and some Senators have already gone home. I really think Senators, for the most part, know how they want to vote.

UNANIMOUS-CONSENT REQUEST

Here is what I am going to suggest. I am going to ask unanimous consent that I be permitted to make a motion to lay the amendment on the table and that if the motion fails, thereafter, there will be 1 hour to be equally divided between the opponents and proponents of the amendment, at the conclusion of which we will then proceed to vote on the amendment in the event that the motion to lay on the table fails.

The PRESIDING OFFICER. Is there objection?

Mr. HARTKE. Mr. President, as I understand the Senator from Louisiana his motion to lay on the table will be directed at the first amendment which means that as far as the question of deferral, if the motion to lay on the table were to succeed, that would mean that the law would stay as it is today with no change whatsoever; if the motion fails then there is an opportunity to vote on two separate propositions. One of them is complete elimination of deferral or phased-in elimination of the deferral. Is that correct?

Mr. LONG. Yes.

Mr. PASTORE. Mr. President, I reserve the right to object. Why do we need an hour on this?

Mr. LONG. If the motion carries we do not need anything. It is all over.

Mr. HARTKE. I do not need an hour.

Mr. PASTORE. In the event it does not carry why do we need an hour?

Mr. LONG. Because——

Mr. PASTORE. Wait a minute. I am reserving the right to object. We have labored here now for 3 hours. The mountain has labored, labored, and labored and brought forth a mouse. After 3 hours the best we could do is vote for a study commission.

Let us get on the ball and let us resolve this matter.

I say if that motion either carries or fails let us get right down to the merits of the case and go home.

Mr. LONG. We cannot do that because the side against deferral feels they have not done justice to their case and want one-half hour to tell their side, and we will give the other side one-half hour if the motion fails. If the motion carries they will not need the half hour.

Mr. HARTKE. Let me say as far as the Senator from Indiana is concerned, and I think I speak for the Senator from Idaho, we are not interested in prolonging the debate. We have made the case we think very effectively as far as we are concerned. We are prepared to vote almost immediately after the motion to lay on the table fails.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. LONG. I renew the request, Mr. President.

Mr. HUMPHREY. Mr. President, just a minute. I wish to understand the parliamentary situation. I am not for ending all of the first part of the motion of the Senator from Indiana. I am for the 50-percent deferral and then the phaseout over 5 years.

What is the parliamentary situation?

Mr. LONG. It is my understanding, my guess, that a majority of the Senate does not care to vote for either one of these amendments. So I would like to move to table and see if that is the case. If that is not the case, then we can debate this matter for one-half hour on each side and decide what we want to do then.

Mr. HARTKE. Mr. President, if the Senator will yield, as to the effect of voting, if one votes affirmatively for the motion to table, then the Senator from Minnesota would be precluded from voting as he indicated he would like to vote.

I am saying to the Senator from Minnesota that a vote in favor of tabling would preclude him from voting for a phasein of the elimination of deferral.

Everybody knows that at the end of the amendment, they can offer anything they wish.

Mr. HUMPHREY. How can it become so mixed up that we have to vote on two things at once which are contradictory?

Mr. LONG. If the motion to table is agreed to, that settles it. If it is not, then we should debate some more.

Mr. HUMPHREY. I want to vote with the Senator to table the first part of Senator HARTKE's amendment, but it looks to me like a hybrid situation, that the inmates are taking over the asylum. [Laughter.]

Mr. LONG. My guess is that the majority of the Senate does not want to vote for either amendment. If the motion fails to carry, we will debate this matter for a half hour on each side. I hope Senators will be here and then we will vote.

The PRESIDING OFFICER. Is there objection?

Mr. PASTORE. Mr. President, reserving the right to object, may I ask a question of the manager of the bill? Why do we not take each part separately and vote on the merits? Why do we not take part 1 and part 2?

Mr. HARTKE. I would like to do that.

Mr. PASTORE. Do not try to outfox us.

Mr. LONG. When Senators are through making their speeches, I can move to table, anyway; all I am asking is the privilege to move to table now. If I am given that consent, that will settle the whole thing.

Mr. PASTORE. If the Senator from Louisiana wins.

Mr. LONG. And if the motion fails to carry, then both sides will debate it. Mr. PACKWOOD is prepared to discuss this issue. He is willing to withhold his speech. But if the motion to table does not carry, he would like to have his say, and he certainly should.

I renew my request.

The PRESIDING OFFICER. Is there objection?

Mr. HARTKE. Mr. President, reserving the right to object, so far as I am concerned, I prefer to vote on each section on the merits. I think that is the fair way to do it. If the Senator from Louisiana wants to offer a motion to table, that is within his rights, and he correctly stated that he can do it at the end of the time limitation. I would have hoped he would have taken each amendment separately, so that the Members of the Senate could have a clear understanding of what they are voting on.

As it stands now, the motion to table—and I ask the Senator if this is not right—would absolutely eliminate any change in the law and would keep the law as it is today and would prevent those in favor of voting a phased-in deferral from following that procedure.

Mr. LONG. The motion to table, if it is agreed to, would table the two Hartke amendments at the desk. Somebody else can offer another amendment.

Mr. HUMPHREY. Mr. President, is the Hartke amendment subject to division?

The PRESIDING OFFICER. There are two Hartke amendments.

Mr. HUMPHREY. The one that has the end of the deferral entirely and the other that has a phase-out.

The PRESIDING OFFICER. The second Hartke amendment, which is the pending amendment, is subject to division.

Mr. HUMPHREY. Is that the one that has the two features in it?

The PRESIDING OFFICER. There are three parts to the second amendment.

Mr. LONG. The one I propose to move to table, does that have three divisions?

The PRESIDING OFFICER. The Senator proposes to table the first, original Hartke amendment. Is that correct?

Mr. LONG. Mr. President, I do not know why we cannot agree to something. I thought Mr. HUMPHREY told me he wanted to vote, and I thought Mr. HARTKE said he is willing to vote.

Mr. HUMPHREY. I want to vote on one item at a time. I do not want these catchall provisions. It is a smorgasbord.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I object.

Mr. LONG. Mr. President, I renew the request.

Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. HUMPHREY. Mr. President, I should like to ask the Senator from Indiana a question.

Does the Senator from Indiana have an amendment that is subject to division in which there are two features; namely, one that cuts out all deferral and one that has a phase-out?

Mr. HARTKE. The situation, as I understand it—and the Chair can correct me if I am wrong—is this: The original amendment is 1976. It provides for a phase-in of the end to deferral.

Mr. HUMPHREY. That is correct.

Mr. HARTKE. The second amendment to that original amendment provides for an immediate application of the end of deferral.

Mr. HUMPHREY. Is that not subject to division? There are two parts.

Mr. HARTKE. There are two amendments.

The PRESIDING OFFICER. Will the Senator repeat the question?

Mr. HUMPHREY. Is not the amendment that the Senator from Indiana has described, which has two features, subject to division?

The PRESIDING OFFICER. The Chair is considering the question.

Mr. FORD. Mr. President, while the Chair is considering the question, I should like to ask for a point of information. Is this an amendment to an amendment?

The PRESIDING OFFICER. That is correct. The second Hartke amendment is an amendment to the first Hartke amendment.

Mr. FORD. So when the motion is made to table, dose that not bring both down?

The PRESIDING OFFICER. If the motion to table is to the original Hartke amendment, yes.

Mr. PACKWOOD. Mr. President, is there a pending motion now?

The PRESIDING OFFICER. No; there is not.

Mr. PACKWOOD. Mr. President, I was not declining to speak, and I am not going to speak at length.

We lost this vote 1 year ago on a surprise offering of an amendment. It is critical to my State and to this country, and I am not going to take the risk of losing it again. We have had 2½ hours of debate so far, all of which has been occupied by the proponents. The opponents have not had a chance to say a word.

Mr. HARTKE. Mr. President, will the Senator yield? We have been in a discussion.

Mr. PACKWOOD. We have had questions. I take it all back.

However, the opponents of the Hartke amendment has had no particular chance to make their case. The proponents have had a chance, and I am reluctant to run the risk in the Senate of the same thing happening this time that happened a year ago. I think it happened a year ago because, frankly, we were surprised and did not know what we were voting on.

Let us take a look at what we are talking about with respect to deferral.

Mr. President, may I ask that the pages pass out the information while I am speaking?

The subject of deferral is absolutely critical to American jobs, to American exports, to American equity in terms of corporations operating overseas, and it should not be passed over lightly in this tax reform.

It is not an incentive to go overseas. It is not the reason why major corporations go overseas. Major corporations in this country did not used to go overseas much. There were a few.

The major impetus came—and the Senator from Indiana put his finger on it—in 1958, when the European Common Market was formed. They started eliminating their internal tariffs and putting up external tariffs, and it became hard to compete in the European Common Market unless you were manufacturing inside of it. So American corporations began to think to themselves, "What are we going to do?"

Until 1958, basically, you had Europe recovering; you had Japan recovering. We were exporting from this country all kinds of goods they were unable to manufacture. We had a balance of payments surplus coming out of our ears.

In 1958, American corporations began to say:

> Either we are going to open up subsidiaries overseas or branch out by joint operations, or something that will let us get inside that market, or we will have to give it up.

The Common Market was the impetus. Japan still was not a big market; Brazil still was not a big market. The bulk of our investments, if they went overseas, went to Europe.

The proponents, by and large, have stated most of their reasons today. The proponents of this amendment offer several reasons for it. They say American corporation go overseas for several reasons, but basically they are the following: Low wages, to get away from American high wages; or, get over there and export back to the United States because of low wages; or to escape taxation in this country by paying lower taxes overseas.

The PRESIDING OFFICER. If the Senator will withhold momentarily, the Chair wishes to answer the question of the Senator from Minnesota, as to whether the original Hartke amendment is divisible, by saying that the amendment is not divisible, because it contains only one proposition; each section standing alone could not achieve the purpose of the amendment.

Mr. PACKOOD. May I go on now?

The PRESIDING OFFICER. The Chair thanks the Senator from Oregon. The Senator has the floor again.

Mr. PACKWOOD. The argument is made that overseas investment is a drain on the capital in this country. The Department of State has done a study showing that we have lost millions of jobs to exports. That whole study was not cited by the proponents of this amendment. On net—we have lost jobs to exports, all right. Some jobs have been displaced. But on net, that State Department study shows that we have had a tremendous increase in jobs in this country because of trade and because of multinational corporations involved overseas.

If we go down this packet I have passed out, I think we can dispose of the questions.

The first page speaks in terms of wages overseas. Take a look at the wages in the major countries in which we operate. These wages are becoming very competitive with ours. If there ever were reasons for going overseas for low wages, it is no longer a valid reason and nobody in his right mind goes to Sweden, to Germany, to France, or to Holland for low wages. That is where the bulk of our investment goes.

The second page is a study of the reasons that American companies go overseas. These reasons were offered by the largest multinational corporations in this country as to why they have gone overseas. They go overseas to increase their market locally, or their market share. They cannot reach the market from the United States in exports because of tariff failures or lower content laws, which is a law which says so much of the product has to be made in this country. They go overseas to meet competition, they go for a variety of reasons. Wages were not mentioned as a significant reason. Tax havens were not mentioned as a significant reason.

In terms of the argument of exporting back to the United States, take a look at the chart labeled "C." Of all of the things that American subsidiaries manufacture—and I am talking about American corporations that are subsidiary corporations, in most cases partially owned, in some cases wholly owned. Take a look at the distribution of the products they make overseas. Seventy-seven percent of them are sold in the country where they are made. Another 16 percent are sold in other foreign countries. Barely 6 percent come back and half of that is because of something called the Canadian Auto Pact, which is something Congress agreed to. Allegedly, there were to be benefits flowing in both directions. Absent that Canadian Auto Pact, barely 3 percent of what we manufacture overseas ever comes back to this country. American business is not going overseas to manufacture in a low-wage country to get their products back in here. As a matter of fact, it works almost the other way around.

I thought to myself, if the argument is true that American companies go overseas to get into low-wage countries and get back in here, why do foreign companies come to this country? They certainly do not come for lower wages or to manufacture things to export back to another country. So I thought, "I will find some company, not in a giant sense," and I picked on Phillips of Holland, inventor of the tape cassette, a well-known electronic tape company in Holland, who now operate in the United States under the name of North American Phillips. They employ 31,000 people. They are the largest seller of electric shavers in this country under the brand name of Norelco. They are the largest sellers of electronic equipment in this country.

I called their public affairs vice president and asked a little bit about the history of their company and why it came here. They are owned about two-thirds by Dutch citizens, one-third publicly here. I said:

> Why didn't you go to Taiwan, or to the Philippines, or to Indonesia? Indonesia used to be a Dutch colony, they have low wages; why not go there?

He said:

> Senator, because we want to be in the market. You have 210 million people, one of the most prosperous consumer markets in the world, and we want to be where it is.

That is exactly the same reason American corporations go overseas. They are not going overseas to avoid anything. They are going overseas to get into a market that they can only get into if they go overseas.

The argument has been used that they are escaping taxation. Take a look at the chart labeled D, and there are three pages to it. There are all the tax rates of the countries in which we have 82 percent of our investment. Our corporations are taxed overseas principally in two regions—one a general corporate income tax; then if you try to take profits out of the country, you are taxed on the profits you want to take out. The United States allows a tax credit, and they should, for taxes that you have to pay overseas. With the exception of Italy, Spain, Switzerland, and Brazil, and really only Italy to any significant degree, every country overseas—every country overseas—levies a tax on the U.S. corporations operating there, if they try to bring their profits back, higher than the tax they would pay in this country. So we are not going overseas even to avoid taxes.

The argument is made, well, they do not bring their profits back to this country. They keep them overseas. That is fallacious. You are a stockholder in a company, in General Electric, say, and your corporation puts up a subsidiary in Holland and owns all of the stock in the subsidiary in Holland. There are only two ways you can make money by holding stock. One is capital gains, the other is dividends. There are no capital gains, because the stock is not sold. It is held as a controlled company. If the company does not bring the profits back to the United States and pay them out in dividends, the shareholders here get no money. How long do the Senators think shareholders are going to stand still for profits piling up overseas that cannot be used to pay dividends? For that very reason, foreign companies bring back about 45 percent of the profits that they make overseas and, amazingly enough, that is almost the exact percentage of the profits they make in this country that they declare as dividends—roughly 45 percent. We can see it on the chart. So they are not stocking up these dividends overseas and profits overseas and never bringing them home.

What is going to be the effect? I want the Senators to understand that no other country in this world—not a single one—taxes the income owned overseas of their subsidiary corporations. Not one. Holland and France do not even tax the money when they bring it home because every one of them realizes that the multinational corporations, from their standpoint, are good for export and good for jobs. And every study that can be cited—the Department of Commerce, the State Department study that has been cited, the National Association of Manufacturers, that used to be the pinnacle of protectionism, Professor Stovall, from Harvard University—every study cited says that exports and multinationals produce jobs, not lose jobs.

And every employee, on the average, of multinational companies make $4,000 a year more than employees of nonmultinational corporations.

What is going to happen, however—and in fairness to the Senator from Indiana, he admitted in our discussion that eventually it is hoped that we can change the tax structure—this is their opinion, not mine—in such a way that we bring corporations back into this country, make them operate in this country. They are not going to be able to fill those markets in Brazil, in Japan, in Indonesia, in India, with exports from this country. We are going to lose it to Phillips of Holland and to the BFA's and to the Volkswagens, who will be setting up plants in those countries, as they are setting up plants in this country, to be in the market.

Specifically, let us take the example of, let us say, Phillips and Schick. Both sell razors. Let us say they decide they want to compete in the Japanese market or the Indonesian market or the Chinese market if it opens up one day. Off they go together, competitors running to set up their headquarters in Japan, getting ready to compete in the electric shaver or other consumer products market.

They each make $1,000 profit the first year. Let us assume Japan has a 50-percent corporate tax. They have each paid a $500 Japanese tax. They each have a $500 profit left. Under the amendment of the Senator from Indiana, what he wants to do if he can, we tax that profit. It does not matter that they want to reinvest it. It does not matter that they, as a matter of intelligent corporate decision, say, "We want to leave that money overseas 4 or 5 years; we want to invest, we want to have a better service representative, we want to have more stations, we want to have more outlets." We are going to say, "Come back to this country."

Every other country in this world is saying to its corporations, "Get over there, get into the market. As long as you keep that money overseas, we won't tax it." Holland will not even tax it when you bring it back; France will not even tax it when you bring it back. They say, "Get into that market, be the first one there. Build up your enterprise sufficiently that you can withstand any competition that might come from America or elsewhere."

Believe me, the end of the deferral, as it is so-called—and what it is is not taxation on deferred income, it is taxation on anticipated income.

It is taxing a shareholder of a corporation in this country on dividends that have never been declared or received, and what do you think, because now many of our ventures with these emerging countries, when they start to have some capital, which are not 100 percent American subsidiaries, but in which we may have 50, 55, or 60 percent, and they are starting to have a local interest, what do you think these countries are going to do when the United States says, "All of that income from overseas we are going to tax."

I will tell you what they are going to

do. They will say, "This company is operating in our country, using our people and our resources, and if the United States is going to try to reach over here and take that money back against the will of the company that is located here and to the detriment of many of our national shareholders who have a participation share in the company, because what it does is taking, in essence, the money out of our country, if they can do it, and putting it back here instead of our Treasury," and they will think we are putting it in our Treasury, what that country is going to say is, "Buzz off, we are going to raise our taxes on this corporation."

TAXATION OF U.S.-OWNED OVERSEAS OPERATIONS

Mr. President, both within and without the Congress, one hears an alarmingly uniform view to the effect that U.S.-based multinational corporations are damaging the domestic economy by "exporting" jobs to foreign locations, where they establish manufacturing operations, and by "exporting" capital, which could have a better domestic impact if invested in the United States. I do not accept this scenario. Rather, I believe that the overseas operations of U.S. companies have significantly benefited the domestic economy by creating and maintaining U.S. jobs and by providing sources of capital which otherwise would not exist. The imposition of punitive taxation on such operations would be counterproductive to our own domestic economy and should be avoided.

WHY INVESTMENTS ARE MADE ABROAD

Direct investment overseas is made for a number of reasons, but Federal tax policy generally is not a significant factor. The location of business operations involved in international trade is not a decision which can be made simply on the basis of one's national preference. There are very real outside pressures which control the ability of a company to develop a share of a given foreign market. These may well dictate that a plant be located overseas rather than in the United States, if the company is to have the business. Among these pressures are:

EVOLUTION

High-technology products may continue to have their roots in U.S. manufacture and be exported to foreign countries. But such products often require local technical sales personnel, familiar with foreign language and customs, to prove the products' adaptability to a foreign business use. A service function for continuing operation is needed. A warehouse of spare parts—inventory—is also required. Hence, a U.S.-owned foreign industry, essential to protect and expand U.S. exports, is born.

ECONOMIC

Some new products become relatively easy to duplicate. Where foreign laws do not provide patent protection unless domestically manufactured, it is only a matter of time before a new U.S. product is copied. Also, where a product is bulky, heavy, or subject to spoilage, the economics of transporting such products from the United States can be an insurmountable barrier as compared to local manufacture. Because of such economic factors, foreign manufacture is the only alternative if access to the foreign market is to be maintained.

NATIONAL POLICY

In many countries, national policy imposes high barriers to imports. These include import quotas, high import tariffs, denial of monetary exchange to importers, or subsidization of local manufacturers in the form of economic concessions or purchasing preferences. Under such circumstances, local foreign manufacture by U.S. interests is the only defense to loss of all access to the foreign market.

Several examples of products that are not exportable in commercial amounts and, therefore, must be manufactured abroad are:

Automobiles—Most industrial countries have either high tariffs or domestic taxes—such as fiscal horsepower taxes that make it impossible to export in commercial amounts. Thus, the only way for U.S. firms to participate in foreign markets is through manufacturing subsidiaries overseas. This leads to significant U.S. exports of components for overseas auto assembly.

Chemicals—Many chemicals are nonexportable also since they have low value per unit of weight, making it impossible to sell abroad in light of heavy transport costs. The way around this is to export—as is the case—intermediate chemicals that are combined abroad with liquids or other materials necessary for final production.

Tobacco—Manufactured cigarettes are rarely exported since foreign governments require domestic manufacture. U.S. companies, therefore, export tobacco leaf that is then processed abroad through their subsidiaries for sale in foreign markets.

Processed food products—Again the problem is cost of transport.

Containers—Products such as paper cups and other container products cannot be shipped great distances. This is also true domestically so that production takes place close to the markets of consumption.

The key observation is that U.S. companies manufacture abroad because the foreign markets cannot be served from U.S. exports alone. What usually happens is that a U.S. firm develops an export market. Other foreign firms then enter into competition. Foreign governments often improve trade barriers, making continued export impossible. The only way to keep the market is to invest.

DOMESTIC EMPLOYMENT EFFECTS

I believe that in the significant majority of these situations, overseas operations are responsible for maintaining a U.S.-owned presence in the market. This does not substitute foreign jobs for U.S. jobs because domestic operations could not compete in these market situations. Instead, these operations actually create U.S. jobs which otherwise could not be maintained.

This is readily seen in the case of administrative and home office personnel who work with the overseas operations. What is certainly even more significant, in many cases, is the increased production employment associated with the exporting of materials and component parts to overseas subsidiaries or affiliates.

A number of studies have established the existence of this favorably domestic employment impact of multinational operations. A 1975 report, "The NAM/Business Roundtable Survey on Export-Related Community Employment," compiled the responses of 294 manufacturing export trade firms to questions about their volume of exports, their customers, and their export-related employment at each individual plant location throughout the United States. These firms exported almost $27 billion in 1974, approximately 42.5 percent of U.S. exports of manufactured goods. Over one-half of these goods went to the companies' own subsidiaries or affiliates overseas. These firms employed about 530,000 persons whose jobs are directly related to their export sales. Based on the volume of sales to related companies, about 270,000 jobs in these 294 companies alone depend on the export-drawing power of the firm's overseas operations. In addition, the respondents identified another 125,000 domestic jobs which are supported by dividends, license income, royalties, and technical service agreements from their overseas subsidiaries and affiliates.

A recently released third report in a series by the Business International Corporation on "The Effects of U.S. Corporate Foreign Investment, 1970–73," notes domestic job creation performance of firms with substantial foreign investments. Using responses from 116 companies, the report for the period 1970–73 shows that the most intensive foreign investors increased their domestic employment almost one-third faster than the least intensive investors—7.1 percent versus 5.4 percent. The sample's net U.S. employment—excluding the results of acquisitions—increased at twice the rate of increase by all U.S. manufacturers—2.6 percent versus 1.3 percent.

FINANCIAL EFFECTS

In addition to the employment impact, overseas investment by U.S. firms is generating very significant contributions to our balance of payments. With respect to U.S. direct investment abroad, Commerce Department figures show balance-of-payments income from interest, dividends, branch earnings, royalties, and fees in 1973 and 1974 exceeding net capital outflows by $8.3 billion and $13.2 billion in those respective years. These were significant contributions to overall sources of capital for use domestically. Historically, multinational firms have had positive contributions, even when the overall U.S. balance was negative.

CURRENT LAW AND PROPOSED CHANGES

A foreign subsidiary of a U.S. company is a legally distinct person subject to the laws of its host country, even though owned or controlled by U.S. interests. As such, U.S. tax jurisdiction does not extend to the subsidiary, nor does it reach the earnings until remitted to the U.S. parent company as dividends. Then, the U.S. taxpayer is liable for taxes on this foreign source income just as on income from domestic sources.

This principle is often inaccurately labeled "deferral," thus implying that tax liability is generated currently but is delayed by an aberration of tax law. Instead, a general principle of Federal tax law is that income is taxable only when received. The proposals to change this treatment; that is, to require U.S. parent firms of foreign subsidiaries to pay taxes on the subsidiaries' earnings in the current year, without regard to when remitted as dividends—would be aberrations of U.S. tax law and unique among the industrialized nations.

EFFECTS OF CHANGES IN THE LAW

A fundamental concept of corporate health, whether domestic or foreign, is the annual retention of approximately 50 to 60 percent of earnings. Inability to retain a portion of earnings can result in a failure to expand operations, resulting in loss of market share, shrinkage, and ultimate business failure. A U.S.-imposed law, only applicable to foreign subsidiaries of U.S. corporations, requiring the current U.S. taxation of total earnings while foreign-owned competitors are not similarly affected would create the additional burden which would cause many of these subsidiaries to wither and ultimately fail.

Proposals for taxing 50 percent of earnings currently are also undesirable. While many foreign subsidiaries do distribute about 50 percent of annual earnings, many others do not. Growing companies and companies in countries where currencies are blocked or where withholding rates are high cannot afford such payments.

If proposed changes were enacted, the primary beneficiaries of increased taxes probably would be foreign treasuries. If dividends are increased to pay the higher Federal tax burden, they will be subject to local withholding taxes as they leave the country. These taxes will be added to the amounts included in the foreign tax credit, thus reducing the anticipated U.S. revenues pickup and increasing the revenues of foreign countries.

CONCLUSION

The overseas operations of U.S. firms are a tempting target when one leads a tax reform hunt. It is so simple to argue that such operations obviously are replacing U.S. workers with foreigners and exporting capital from the United States. If we could just tax them out of existence, then all of that capital and job potential would find its way back to the United States.

Well, that is an appealing scenario, and it sounds good in theory. But the theory is sorely lacking when confronted by the facts. Our manufacturers would prefer to serve overseas markets by direct exports rather than run the risks of making large investments in foreign countries. But when market conditions, the local political situations, or the economics of transporting materials prevent such exports, the only choice to make is between overeas investment to gain access to the market and no access at all. By making such investments, U.S. firms create and maintain production and support jobs here which feed their overseas subsidiaries. Without those subsidiaries, the domestic jobs would vanish.

Creating aberrations in our tax law for the purpose of closing down overseas operations would serve no beneficial long-term purpose and only questionable short-term goals. As U.S. firms leave foreign markets, their foreign-based competitors would pick up the business. Domestic employment would suffer, and the flow of dividends, royalties, fees, and export sales dollars would slow. As funds leave foreign countries, their treasuries will certainly realize a large proportion, while the U.S. Treasury realizes lessening revenues on foreign earnings.

The results of proposed restrictions, phaseouts, and termination of so-called "deferral" can only be adverse to our economy. They should not be adopted.

Mr. HELMS. Mr. President, I urge that the Senate approve the action of the Senate Finance Committee in rejecting any change in present law which would subject to current U.S. taxation foreign earnings of foreign affiliates of U.S. companies.

A change of this nature in present law was rejected by the Senate Finance Committee after long study. A task force of the House Ways and Means Committee has the general problem of U.S. taxation of foreign income also currently under study. Thus far, no proposals to change present law have emerged from a responsibile legislative body charged with the consideration of this issue.

Why then, under the banner of so-called tax reform, is that effort being made to punish U.S. multinational enterprises?

What are the reasons given in support of a proposal which would subject U.S. multinational companies to a greater tax burden than other companies carrying on the same business in the same countries?

It has been stated that because some foreign countries have lower domestic tax rates than the United States, this differential has encouraged the shift of production overseas at the expense of U.S. labor. It is also argued that delay by the United States in currently taxing foreign earnings—where the host country taxes domestic production at a lesser rate than the United States—represents an unfair "interest free loan of open-ended duration" at the expense of the U.S. Government. The U.S. Government could derive—it is argued—an annual revenue increase of not less than $350 million if present law were changed.

Mr. President, I strongly believe that any change in present law concerning this so-called deferral of foreign income would constitute legislation of the most misguided variety. Under the guise of tax reform, the competitive position of our companies seeking to do business around the world would be seriously eroded. Not only would no new jobs be created, but support facilities in the United States—engaged in research and development, and in the production and export of components, to support foreign manufacturing—would be deprived of principal markets. The consequence will be less—not more—U.S. jobs, and less U.S. taxation in the long run because less profits will exist to remit to the United States in the form of taxable dividends to the U.S. parent corporations and in the form of taxable dividends by those corporations to their shareholders. A simple example will illustrate the absurdity of this proposal: Assume a U.S. affiliate and a Dutch company each manufacture products in Colombia for the local Colombian market. The tax rate in Colombia is 40 percent compared with the tax rate in the United States of 48 percent. Each company must maintain its profit margin at the local level in order to sustain continued production. If the United States "sops up" the differential between the Colombian and the foreign tax rate in current U.S. taxation, the profit margin of the U.S. affiliate necessarily must be drastically reduced. Less capital will be available for reinvestment; less profits will be available for repatriation as taxable dividends; and ultimately the U.S. company can be driven from the marketplace. No U.S. jobs would be created at all. If the U.S. affiliate is forced to withdraw from the market, its share will be recovered by foreign competitors.

Why is this so? Tariff barriers in foreign countries make it impractical for the United States to manufacture products here and export them overseas. Thus, by engaging in foreign production, U.S. multinational companies are in a position to grow worldwide, thereby earning more profits to return to the United States and to benefit our own capital needs. If, because of U.S. rules, an opportunity to compete on a fair basis is denied, only the foreign companies will be benefited. The U.S. worldwide market share will be diminished at the expense of support facilities in the United States. The jobs now created and needed to operate these facilities will evaporate.

Proponents of the cause of eliminating deferral contend that U.S. multinational companies "by virtue of their size, advanced technology and financial strength will generally not be severely affected" by the change in the law. They allege that multinational companies "are among the wealthiest and strongest institutions in America" and should pay their fair share of the cost of government. If these arguments are emotionally based, they reflect a mindless "soak the fatcats" approach which in fact will harm, not benefit, the American public.

In the first place consider the problem of bigness. Worldwide business is, in fact, a business of bigness. Unless U.S. companies can maintain their size and strength abroad, they will be no match for competitors—often directly subsidized rather than penalized by foreign governments—of comparable or greater size. Bigness, therefore, and temporary ability to absorb tax increases is a false and self-defeating issue.

Second, the so-called advantage which foreign affiliates have in paying taxes equal to those of their competitors in a host country, even if those rates happen to be less than the U.S. rate, is obviously not an advantage at all. When the host country taxes all local production on an equal basis, additional taxation imposed by the United States would clearly be a disadvantage. No other country in the world taxes unremitted earnings from manufacturing activities carried on outside its borders.

American companies, if they are to survive in an intensely competitive world marketplace, must be given a chance to carry on business on terms which are at least comparable to those producing similar products. The present tax regime permits this. In consequence, U.S. companies—along with their foreign competitors—can continue to grow and build a greater share of the world marketplace for the benefit of their U.S. businesses, their U.S. employees, and their U.S. shareholders.

Proposals such as this one, although advertised as being grounded in tax fairness, will, in fact, produce tax unfairness; will in the long run cause a reduction in U.S. capital and jobs; and will sap the American economy of its vital industrial might. I strongly urge that the present law be retained and that the action of the Senate Finance Committee be approved.

The **PRESIDING OFFICER.** The Senator from Indiana.

Mr. **HARTKE.** Mr. President, I think it is quite obvious that we do not want to stay here all night, and the Senator from Louisiana was trying to go ahead and end the debate, and I think that probably we can do that.

I have talked to the group of us who are in the so-called reform package. The original 1976 amendment was part of that package, and although I am firmly convinced that the needed deferral elimination, the elimination of the deferral, is in order, for the purpose of expediting this matter this evening and to have a vote upon it, I am prepared at this time to withdraw the second amendment to the amendment.

"If the United States allows a tax credit, we will bring it back, we will tax them here and it is going to be for the benefit of our country."

Either that is going to happen or our companies are not going to be operating at all if this particular amendment passes.

The **PRESIDING OFFICER.** Is there objection?

Mr. **HARTKE.** And I will withdraw that amendment, with the understanding that the Senator from Louisiana proposes to take some action accordingly.

The **PRESIDING OFFICER.** Without objection, the amendment is withdrawn.

Mr. **LONG.** Mr. President, may we yield back our time? I ask unanimous consent that all time be yielded back.

The **PRESIDING OFFICER.** Is all time yielded back?

Mr. **HARTKE.** I yield back my time.

Mr. **PACKWOOD.** I yield back my time.

The **PRESIDING OFFICER.** All time is yielded back.

Mr. **LONG.** Mr. President, I move to lay on the table the amendment of the Senator from Indiana. I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Louisiana to lay on the table the amendment of the Senator from Indiana. The yeas and nays were ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. **PASTORE.** Mr. President, may we have the well cleared so that we can see the flag?

[Laughter.]

The second assistant legislative clerk resumed and concluded the call of the roll.

Mr. **ROBERT C. BYRD.** I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Rhode Island (Mr. PELL), the Senator from Missouri (Mr. SYMINGTON), the Senator from Georgia (Mr. TALMADGE), the Senator from Alaska (Mr. GRAVEL), the Senator from Wyoming (Mr. MCGEE), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

Mr. **GRIFFIN.** I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Nebraska (Mr. HRUSKA), the Senator from Virginia (Mr. SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Nebraska (Mr. HRUSKA) would vote "yea."

The result was announced—yeas 41, nays 46, as follows:

[Rollcall Vote No. 360 Leg.]

YEAS—41

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Fannin
Fong
Ford
Garn
Griffin
Hansen
Hatfield
Helms
Inouye
Javits
Johnston
Laxalt
Long
Mathias
McClure
Morgan
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Williams
Young

NAYS—46

Abourezk
Bayh
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Kennedy
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Proxmire
Ribicoff
Schweiker
Stevenson
Tunney

NOT VOTING—13

Buckley
Eastland
Goldwater
Gravel
Hruska
McClellan
McGee
Pell
Scott, William L.
Stennis
Symington
Talmadge
Weicker

So the motion to lay on the table was rejected.

Mr. **PACKWOOD.** Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER** (Mr. STONE). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **HARTKE.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **HARTKE.** Mr. President, I am prepared to vote on this matter.

The **PRESIDING OFFICER.** The Senate will be in order.

The Senator from Indiana has the floor.

Mr. **HARTKE.** Mr. President, all time has been yielded back. As far as the issue is concerned, I am prepared to vote on this matter.

The **PRESIDING OFFICER.** The quorum was just called off. The question is on the——

Mr. **LONG.** Mr. President, was unanimous consent given to call off the quorum?

The **PRESIDING OFFICER.** Yes.

Mr. **LONG.** I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **HARTKE.** Mr. President, did I not have the floor?

The **PRESIDING OFFICER.** The Senator from Indiana had the floor.

Mr. **HARTKE.** Mr. President, I did not yield the floor.

The **PRESIDING OFFICER.** Debate is not in order.

Mr. **HARTKE.** I did not yield the floor.

The **PRESIDING OFFICER.** Debate is not in order.

Mr. **HARTKE.** Mr. President, I ask for the yeas and nays on the amendment.

The **PRESIDING OFFICER.** The quorum call is now proceeding.

Mr. **HARTKE.** Mr. President, a point of order.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. **HARTKE.** How did I lose the right to the floor?

Mr. **BROOKE.** A rollcall is in progress.

The **PRESIDING OFFICER.** Because debate is not in order.

The clerk will call the roll.

The second assistant legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[Quorum No. 27 Leg.]

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevens
Stevenson
Stone
Taft
Thurmond
Tower
Tunney
Williams
Young

The **PRESIDING OFFICER.** A quorum is present.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARTKE. As I understand, all time has been used up on the amendment?

The PRESIDING OFFICER. That is correct. It has been yielded back.

Mr. HARTKE. Then the proper procedure at this time is that a vote must occur?

The PRESIDING OFFICER. The pending question is on the amendment.

Mr. HARTKE. Mr. President, a further inquiry. Was the unanimous-consent agreement previously entered into which said a vote should occur at about 11 o'clock vitiated by yielding back the time?

The PRESIDING OFFICER. That was not the unanimous-consent agreement. The agreement put a 6-hour time limit on the amendment and all time was yielded back or used.

Mr. HARTKE. Therefore, there is no time remaining on the amendment, is that correct?

The PRESIDING OFFICER. That is right.

Mr. PACKWOOD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PACKWOOD. However, the Hartke amendment is still open to amendment and as I recall the unanimouse-consent agreement, there is 1 hour of debate on each amendment.

The PRESIDING OFFICER. Under the unanimous-consent agreement, even though the Hartke amendment is technically a second-degree amendment, it is open to amendment. Amendments would have 30 minutes, 15 minutes to a side.

UP AMENDMENT NO. 139

Mr. LONG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes unprinted amendment No. 139.

The amendment is as follows:

On p. 4, after line 2 change the table to read as follows:

1977	25
1978	30
1979	35
1980	40
1981	45
1982 or later	50

Mr. PACKWOOD. Mr. President, will the Chair again state the time limit? 15 minutes on the side?

The PRESIDING OFFICER. 15 minutes per side.

Mr. PACKWOOD. Mr. President, this is back on the issue of deferral again. Senators can tell that the phaseout period has been varied slightly by this amendment, but I think the issue has not yet been fully discussed, and I would like to make a few points I had the chance to make before, and some that I did not.

First let me indicate once more that deferral—Senators must understand what this is. It is not deferral in the normal sense, of something that is due. Any effort by the United States or any other country to tax the profits of a subsidiary overseas before they have ever been declared as a dividend of the parent corporation is an effort to tax anticipatory income. It is exactly the same as if this country tried to tax the stockholders of General Electric or General Motors on the profits of that corporation, before they had ever been declared as a dividend to those stockholders. It would be a policy decision on the part of this Government to say no matter what General Motors, General Electric, or Acme Paint Co. might think about whether they wanted to declare their profits as a dividend, or use them for further investment or further capital, we are going to declare a tax on the shareholders.

On the shareholders, not on the corporation. That is exactly what we are trying to do with this amendment. We are saying that if a company goes overseas and invests, puts its money overseas and pays a tax, whatever the corporation tax may be—and in almost all of the countries we invest in, the corporation tax, coupled with the tax that country will try to levy if we repatriate any profits out of the country, will exceed the tax liability in this country.

Mr. BUMPERS. Mr. President, will the Senator yield for a question?

Mr. PACKWOOD. I yield.

Mr. BUMPERS. A lot of Senators are really troubled by this. Perhaps most Senators have already made up their minds, but I ask the Senator, if there is a domestic subsidiary as opposed to a foreign subsidiary, the domestic subsidiary pays a corporate tax; I assume they would file a consolidated return?

Mr. PACKWOOD. Right.

Mr. BUMPERS. And the tax would be 48 percent?

Mr. PACKWOOD. Right.

Mr. BUMPERS. If that subsidiary elected to pay the balance of the profits, or the other 52 percent, is there not an 85 percent exclusion?

Mr. PACKWOOD. Yes, or you can elect 100 percent if you want. You pay no tax if you so elected, on the money you bring in to domestic subsidiaries from the parent of the subsidiary.

Mr. BUMPERS. This would mean of the $52 remaining, which is paid over to the parent company, 85 percent of it is paid over to the parent tax free; is that correct?

Mr. PACKWOOD. Correct; and you can elect to go to 100 percent if you want to.

Mr. BUMPERS. All right. Now let us walk through it from the subsidiary, to be sure I understand that.

If a parent in the United States has a subsidiary in France, and let us assume the tax rate in France is 48 percent, as it is here, and you make $100, you pay the French Government $48 on that subsidiary's profits; is that correct?

Mr. PACKWOOD. That is correct.

Mr. BUMPERS. Now, as long as the subsidiary retains the profits or uses them for expansion or any other purpose, other than repatriating or handing it over to the parent corporation in the United States, they do not pay any tax on it?

Mr. PACKWOOD. That is correct.

Mr. BUMPERS. But when they do repatriate it and send it to the parent corporation in this country, it is again taxed at 48 percent; is that correct?

Mr. PACKWOOD. It is taxed at the full corporate rate. You are entitled to an offset on the tax paid overseas, but you are taxed at the full rate.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. PACKWOOD. Well, no, we have only 15 minutes.

Mr. HARTKE. On my time?

Mr. PACKWOOD. I will yield on the Senator's time.

Mr. HARTKE. The fact is that is not the siutaion. The fact is that if the foreign subsidiary paid a 48-percent tax to France, there would be no tax due whatsoever.

Mr. BUMPERS. Would they get a credit for what they paid the French Government?

Mr. HARTKE. It works with a credit. And they would have a complete tax credit for the amount of taxes paid, and as soon as that is equivalent to the American rate, they would have no taxation. That is the essence of the argument. In other words, a foreign subsidiary is in a position in which it can defer taxes on the profits which it earns.

In the Senator's example, there is no domestic taxation on the foreign subsidiary.

Mr. BUMPERS. All right. They paid France $48 out of a $100 profit they made.

Mr. HARTKE. That is right.

Mr. BUMPERS. All right. They send the other $52 to the parent corporation in America.

Mr. HARTKE. And there is no tax.

Mr. PACKWOOD. That is wrong. There will be a tax on $4.

Mr. PASTORE. Just on $4.

Mr. BUMPERS. That answers my question. There would be a tax on $4, but if the subsidiary pays it to the parent, it would be subject to whatever the tax rate was.

My next question goes to the issue of jobs. Right now, while we are enjoying some recovery in this country, I understand plant capacity is still being utilized only at the rate of 75 to 80 percent. I do not quite understand the Senator's logic. If we are already capable of producing as much as the American people are capable of consuming, why would the foreign subsidiary want to come back home and set up a plant to produce something obviously not in demand?

Mr. HARTKE. All right. In the first place, the tax incentive encourages these corporations to do business overseas. There are several avenues upon which that decision can be made, but upon the incentive, it is a disincentive to invest in the United States.

There are two places where they could sell. One is to the domestic market; the other is to the foreign market. The fact of it is that part of what they produce overseas might even be coming back to the domestic market, and doing exactly what the Senator from Arkansas is complaining about, keeping the domestic producer from producing.

Take shoes, for example. Shoe manufacturers in the United States are not working to full capacity, because the tax advantage gives the companies a special advantage. The shoes are made in Brazil, Italy, Portugal, and Spain, and shipped back into the United States, and the United States does not have the jobs, and the foreign subsidiaries of the American corporations, with their American technology and cheaper foreign labor, can send the product back in and compete in our own markets.

Mr. BUMPERS. But one of the reasons they presumably went there originally is to enjoy a competitive advantage. If you took that away from them, could they still compete?

Mr. HARTKE. As far as the competitive advantage is concerned, we are talking about the fact that in this situation what we are doing is taking American tax money which is due the U.S. Treasury and either deferring the payment, which is an interest-free loan, or possibly keeping it over there forever, which means it is an outright gift of money which is due to the American Government, and subsidizing, in effect, the foreign subsidiary of an American corporation.

Mr. BUMPERS. I thank the Senator. Those are essentially the answers that I wanted.

Mr. FORD. Mr. President, will the Senator yield for one brief question?

Mr. HARTKE. Yes, I am glad to yield.

Mr. FORD. Is it true that some countries exclude foreign industry from coming in or selling a product, exporting a product of that company?

Mr. HARTKE. That is right.

Mr. FORD. Unless they manufacture it within that country?

Mr. HARTKE. That is right.

Mr. FORD. Would it, then, be feasible that if a U.S. industry constructed a plant in of foreign country, they would be able to bring products from this country to that plant, to sell within that country, which would increase job opportunities in this country?

Mr. HARTKE. That is right.

Mr. FORD. So, then, there would be some advantage to the American people to setting up an industry in another country?

Mr. HARTKE. Oh, there are some advantages.

Mr. FORD. By which job opportunities here would increase?

Mr. HARTKE. All we are saying is, we should put it on an equal level, and not give an advantage to investment overseas, and that is the effect of the law at this time; it gives an advantage to a subsidiary of an American corporation that does business overseas, that it does not provide for the domestic industry.

Mr. FORD. The example the Senator gave to the Senator from Arkansas was that they would be taxed on an additional $4; whatever the balance was, they would be taxed on here, and the shareholders could receive a dividend to be taxed on that also; so the profit they bring back to this country would increase the domestic tax.

Mr. HARTKE. If they do not bring the profits back, there is no tax whatever.

Mr. FORD. I understand that, but there are no dividends paid either.

Mr. HARTKE. I understand that, but that is not true if it is a domestic subsidiary. A domestic subsidiary has to pay taxes on their profits in the year in which they are earned, whether they distribute them or whether they do not.

Mr. FORD. I understood if they transferred the funds back after they paid the 48 percent they received an 85 percent credit or it would go to 100 percent credit domestic.

Mr. HARTKE. No.

Mr. BIDEN. Mr. President, will the Senator yield for a question?

Mr. HARTKE. Does the Senator from Idaho wish to respond?

Mr. CHURCH. How much time does the Senator have?

Mr. HARTKE. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 10 minutes remaining on his time.

Mr. CHURCH. Will the Senator yield 5 minutes?

Mr. BIDEN. Mr. President, will the Senator yield for a short question prior to yielding?

Mr. HARTKE. I yield.

Mr. BIDEN. The Senator from Arkansas asked about the employment situation. He pointed out that the American industrial capacity is only operating about 70 to 75 percent of capacity, or somewhere in that area, and he raised the question would it make any difference in terms of domestic employment to eliminate the present deferral situation when in fact we have unused capacity now. Need there not be a market for the product? I am not sure I understood the Senator's answer.

Mr. HARTKE. Let me give the Senator a concrete example. Take the shoe business, for example. A lot of shoe manufacturers in the United States are out of work. Or take the garment workers. We have 100,000 unemployed garment workers in New York City.

The reason for unemployment is because the manufacturing of shoes and garments are now being done overseas, and one of the reasons for that is the tax incentive being given to those corporations to invest overseas.

Mr. BIDEN. Does that comprise the bulk of today's corporations that have the advantage of this deferral?

Mr. HARTKE. If one takes the amount of money that is involved here, it comprises an advantage of about $375 million, maybe $1 billion tax advantage to the subsidiaries to go overseas.

Mr. BIDEN. How about the argument that is made that in order to compete in the foreign country, which was France in the example given by the Senator from Arkansas, as a practical matter the American corporation that is manufacturing a commodity domestically to be sold abroad to export in order to be able to have a market to export, the French companies that deal with that American company will not deal with a company that does not have a subsidiary there. Is there any rationale to that argument?

Mr. HARTKE. That argument might possibly be an argument, but it does not hold much water for the very simple reason that what we are saying to that corporation is that we are going to subsidize them to invest overseas in order to meet the competition. If we are going to do that, we ought to do it outright. We ought not to do it in this manner which is absolutely a disadvantage of the American domestic companies.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HARTKE. I yield to the Senator from Rhode Island.

Mr. PASTORE. I think we are missing the point completely. This is not a prohibition against American companies going overseas. All we are saying is this: that we should not have the tax preferences and benefits which will encourage American companies to go overseas and take American jobs along with them. There is no question at all about it, that many of the workers in the garment industry today would be employed if the companies had not gone overseas. After all, those labor people who are out there in that lobby are not stupid. They are not stupid. They know what the score is. If it were to their advantage to carry on in the future the way they have in the past, they would not be objecting to this.

But they know from experience, they know from the bread and butter on their own table, that because these companies went overseas and we encouraged them to go overseas because of tax preferences and benefits that we give them, American jobs went along with them. That is the reason why 70 percent of our production capacity is idle today because the other 30 percent is in Italy, Brussels, England, Canada, and all over the world. It is just as simple as all that.

If they had not gone our production capacity would not be minus 30 percent, but maybe only minus 5 or 10 percent.

This is what this is all about.

Mr. HARTKE. So well stated.

Mr. CHURCH. I do not know what could be added.

Mr. HARTKE. I do not either.

Mr. President, I reserve the remainder of my time.

Mr. PACKWOOD. Mr. President, what is the time situation? How much time do I have remaining and how much time does the Senator from Indiana have remaining?

The PRESIDING OFFICER. The Senator from Oregon has 9 minutes remaining and the Senator from Indiana has 5 minutes remaining.

Mr. BUMPERS. Mr. President, will the Senator yield for one additional question?

Mr. HARTKE. I yield.

Mr. BUMPERS. I did not pursue one matter a while ago. I wish to go into the example again about the French subsidiary.

Mr. HARTKE. Yes.

Mr. BUMPERS. If they paid France $48 or 48 percent of the $100 profit and they repatriate the other $52, now they are allowed a tax credit for French taxes paid?

Mr. HARTKE. $48.

Mr. BUMPERS. Here is my question. After the $52 repatriated, 48 percent of that is only about $25. They are entitled to a $48 credit. Do they get the balance of that against other income, maybe domestic earned income?

Mr. HARTKE. The Senator does not wish to answer that.

Does the Senator wish me to answer that?

Mr. PASTORE. They charge off $48.

Mr. DURKIN. They get $50 back.

Mr. BUMPERS. We could use a blackboard.

Mr. HANSEN. The fact is, if I could help the Senator from Arkansas, the way the formula works they pay a tax of $52 and add back the $48 taxes that were paid in France and applied on the full amount $100, the same amount of tax in this country.

Mr. BUMPERS. That answers my question, and I thank the Senator.

Mr. HANSEN. The Senator is welcome.

Mr. BUMPERS. Is that not a correct answer?

Mr. PACKWOOD. It is a correct answer.

Mr. BIDEN. Mr. President, will the Senator yield for a question?

Mr. PACKWOOD. No. I only have 8 minutes remaining.

Mr. BIDEN. I may vote with the Senator from Oregon.

Mr. PACKWOOD. If the Senator may vote with me, I will yield for a question.

Mr. BIDEN. I wish to ask a question.

The reason, I say that it was pointed out to me by the Senator from Kentucky, and I wish to have it verified one way or another. It seems to me as though the very eloquent argument by the Senator from Rhode Island sounded like a compelling argument that it takes away American jobs.

How about the example when foreign countries require, in order for an American company to do business in that country and compete, that they must have a subsidiary there?

Mr. PACKWOOD. I will answer it specifically because we have study upon study as to why companies go overseas.

The best one done recently was by the 76 largest multinational corporations.

The first reason was to maintain or increase market share locally, and they mean overseas.

The second reason was they were unable to reach markets from the United States because of tariffs, transportation costs, or national listed purchasing policies.

The third reason was to meet competition as other multinational corporations from third countries operating within the country.

Mr. BIDEN. If I may interrupt, that may be very self-serving. I do not know.

But to put it in the sort of plain talk and the example of the Senator from Arkansas let us take a cigarette manufacturer. In order to sell Lucky Strike—and I guess they still make Lucky Strike cigarettes.

Mr. FORD. They would use a different name in that foreign country.

Mr. BIDEN. Let me ask the question and then get the answer. In order to sell Lucky Strike cigarettes in Spain, Spain may require the company to have a subsidiary in their country. So if Lucky Strike goes and has a subsidiary in Spain and ends up garnering 50 percent of the cigarette market in Spain, does that not put a whole lot of people to work in the United States?

Mr. FORD. The Senator is correct.

Mr. BIDEN. I am asking if there has been any studies along those lines.

Mr. PACKWOOD. It does. We had three studies, which I will give to the Senator:

JOBS CREATED BY EXPORTS

> Using information from a variety of sources, we estimate that 700,000 American jobs and the balance of payments surplus of $7 billion are created by U.S. Corporations abroad.

That is from Professor Robert B. Stobaugh, of the Harvard Business School.

The second is a study of deferral and jobs by the Tariff Commission.

DEFERRAL AND JOBS

> The 1973 U.S. tariff commission study done for the finance committee estimated a net gain of 500,000 jobs to U.S. employment as a result of multinational corporation operations, on the assumption that U.S. exports could not have captured all of the markets that U.S. foreign affiliates abroad now serve. The commission indicated that this was the most reasonable of the three sets of estimates presented in their report.

The third study is entitled "Effect of Exports on Jobs" by the National Association of Manufacturers:

> A recent study by the national association of manufacturers estimates that, if foreign subsidiary earnings reinvested abroad were immediately subject to U.S. taxation, employment in the United States over a five-year period would decrease by 680,000 jobs.

Yes, we export. One-third of everything we export in this country goes to affiliates of our multinationals overseas that would otherwise not go. It goes mainly in the Common Market because that is the only way this can now function in the Common Market.

One fact that has been overlooked in this whole argument is that of all of the manufacturing operations that are done overseas, everything that American corporations do overseas, 77 percent of what they manufacture is sold in the country where it is manufactured; the other 15.9 percent is sold in other third party countries. Only 6.7 is exported back to this country and of that 3.5 is what is known as this Canadian Auto Pack whereby we have a reciprocal agreement that we are supposed to get from them.

Mr. BIDEN. The example of the shoes is a miniscule part.

Mr. PACKWOOD. It is a miniscule part. The company is overseas for the purpose of serving markets overseas.

Let me give one last figure. There is a chart on the desks, and if the Senator will look at number G, it is critical from our standpoint of capital. Take 1971, 1972, 1973, and 1974. This is the amount of money cash that goes out of the United States for investment overseas and the amount of cash that comes into the United States from our investments overseas.

In 1971 we had income, cash coming into this country of $8.5 billion, cash going out for a net of $3.6 billion difference. In 1972, we had $9.3 billion in and $3.6 billion out. Take it up to 1974; in 1974 we received $20.7 billion in cash from subsidiaries of American corporations operating overseas, and we sent out $7.5 billion.

Taking a look at the effect on the bottom two lines that we had on our balance of payments and where we were at in this country on balance of payments, we had that net inflow from corporations operating overseas. If we are capital short in this country, we are going to be more capital short if we quit doing business overseas. It is a net cash flow to this country, and it is creating jobs every year in this country. We are going to cut off our nose to spite our face, lose jobs, make our balance of payments have a deficit, force our corporations out of competing overseas in the markets they want to serve, and give them to foreign corporations for nothing.

Mr. CHURCH. Mr. President, how much time remains to the opposition?

The PRESIDING OFFICER. Five minutes.

Mr. CHURCH. May I be recognized?

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, the argument that has been made by the Senator from Oregon is a very impressive one, but it is not in accord with the facts as I know them.

I have conducted 3 years of investigation of multinationals. I heard all those beguiling arguments when the best-paid lawyers and economists came in for the big companies and told us that investment abroad was an unalloyed blessing for the United States.

Then I heard from the spokesman for the labor unions, who had an equally extreme view on the opposite side.

It took the subcommittee 2 years to finally get down to the facts. We were not able to get those facts until we employed disinterested economists from the academic community who worked on new data, then brought their reports together. We looked at the consensus, and this is what we found: the enormous investment overseas does have an impact upon American employment. It is not beneficial; it is adverse.

After all the positive factors to which the Senator from Oregon has referred are taken into account, there is still a net loss, according to the best economists we could secure, of 150,000 jobs a year in the United States. That is 1.5 million in 10 years. That is a net loss of 3 million jobs over the period during which more than $100 billion of American capital has been invested in foreign lands.

Let this point be clear: We are not suggesting that there may not be necessary reasons for American companies to go abroad. That is not the point. Where the ecnonmics justify it, these companies will continue to go abroad. What we are saying is this: Let us stop paying them to leave. Let us stop tilting our tax policy in such a way that it is more beneficial to have foreign rather than domestic earnings. Let us stop sweetening the pot with tax provisions that weigh the decision in favor of foreign investment and against domestic investment. That is what this debate is about.

When the distinguished chairman of the Finance Committee gets up, as he has just done, and says, "Let us eliminate 50 percent of the deferral over the next 5 years," he is conceding that it is not in the national interest to retain it; and if it is good to eliminate 50 percent of it, it is better to eliminate all of it.

All we say is, "You may continue to have your credit on any tax paid to any foreign government; you can subtract that foreign tax paid directly from the tax you otherwise would owe the United States." What more could the corporations ask?

Why should we, in addition, give them the right to defer whatever liability might be owing to the United States, over and above the credit they get for foreign taxes, to such time as they wish to return foreign service earnings to this country? That gives them an added advantage that no American corporation receives which does business solely within the United States, that no individual taxpayer gets who must file his return on April 15 every year. There is no justification to give that additional benefit to the biggest American corporations who invest overseas rather than at home.

I say we should bring the pendulum back, so that our own tax policy does not favor foreign investment as against domestic investment. Then perhaps we will get some of this investment back to our own economy, where it is needed to provide jobs for the American people.

Mr. BIDEN. Mr. President, will the Senator yield for a short question?

Mr. CHURCH. I yield.

Mr. BIDEN. How does the Senator respond to the chart that was referred to by the Senator from Oregon, attached to the Washington Post article, with regard to balance of payments? Did the Senator's studies find that there was a net surplus of $2.1 billion in 1974?

Mr. CHURCH. When the profits from abroad come back, they add to a favorable U.S. balance of payments. But the present law tends to induce companies to leave their profits abroad because they do not have to pay an American tax until they bring them home. It is only when they remit these earnings that it benefits our balance of payments. Consequently, I think that the amendment offered by the Senator from Indiana would tend to improve the balance-of-payments situation.

Mr. BIDEN. I am really confused on this. I thought that the argument of the Senator from Oregon was that without this, we would not have a plus balance of payments, a surplus.

Mr. PACKWOOD. If we start down that road—and this is where the Senator from Indiana wants to go—and bring all the factories back, we are gradually going to see a diminishing of profits overseas.

Mr. BIDEN. Not because of the deferral of a tax but because of a lack of a market.

Mr. PACKWOOD. That is the only reason they are over there.

Mr. BIDEN. I voted with the Senater from Indiana last time, against the best interest.

Mr. CHURCH. These big companies are going to continue to invest billions abroad. I ask only that their decision be made on economic grounds, not because we give them tax incentives.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PACKWOOD. Mr. President, the Treasury admits that, at the outset, we get a $365 million Treasury gain from this, but it accepts two presumptions: One, corporations will continue to operate as they have, and Treasury says it is unlikely; two, foreign nations, realizing that you have a tax credit, will not just raise their taxes on our corporations overseas and then those corporations pay the money to the foreign government instead of bringing it back here, and Treasury says that if that happens, we end up with a $370 million loss.

These companies are overseas to serve markets, and they repatriate 45 percent of the profits they make, which is identical to the amount that a domestic corporation pays to its shareholders, roughly.

Mr. BIDEN. The thrust of the Senator's argument is that the reason why multinationals invest abroad, the reason why they have subsidiaries abroad, is that they need one in order to be able to compete. If they did not have the advantage of being able to have an incentive to put that subsidiary there, they would not be there; and if they were not there, we would not, in fact, have the market for export which adds to our balance of payments surplus.

Mr. BROCK. Absolutely.

The PRESIDING OFFICER. All time has expired.

Mr. PACKWOOD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. Abourezk), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Arkansas (Mr. McClellan), the Senator from Rhode Island (Mr. Pell), the Senator from Mississippi (Mr. Stennis), the Senator from Missouri (Mr. Symington), and the Senator from Georgia (Mr. Talmadge) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Nebraska (Mr. Hruska), and the Senator from Virginia (Mr. William L. Scott) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 48, nays 40, as follows:

[Rollcall Vote No. 361 Leg.]

YEAS—48

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Byrd, Harry F., Jr.
Case
Curtis
Dole
Domenici
Fannin
Fong
Ford
Garn
Griffin
Hansen
Hatfield
Helms
Inouye
Javits
Johnston
Laxalt
Long
Mathias
McClure
McGee
Morgan
Moss
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Weicker
Williams
Young

NAYS—40

Bayh
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Kennedy
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Montoya
Muskie
Nelson
Nunn
Pastore
Proxmire
Ribicoff
Schweiker
Stevenson
Tunney

NOT VOTING—12

Abourezk
Buckley
Eastland
Goldwater
Gravel
Hruska
McClellan
Pell
Scott, William L.
Stennis
Symington
Talmadge

So Mr. Long's amendment was agreed to.

UP AMENDMENT NO. 140

Mr. LONG. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Louisiana (Mr. Long) proposes an unprinted amendment No. 140 to the Hartke amendment:
>
> On page 2, line 11, after the words "foreign corporation" insert the following: ", other than a less developed country corporation (as defined in section 955(c))."

Mr. LONG. Mr. President, I do not know why anybody would want to try to prevent American companies from making an investment that they think is a good investment in less-developed countries that are friendly to the United States.

We have been trying to get people to make investments there for years, and to put money in there with the belief that capitalism in those countries was the only hope that those countries had for defeating communism. I am talking about countries like Israel. Why do you want Americans to take their money out of Israel? The Israeli's sure need every nickel they can get to survive.

Why do you want to have them take their money out of Ireland? For that matter, Mexico is threatened by a Communist takeover. Why do you want to have Americans taking money out of Mexico? Goodness knows it is do or die.

Why do we want to tell the Philippines that we are going to tell our American corporations to take all our money home? That is the way the amendment was worked out. The same thing would be true for Africa and most of the countries in Asia there.

For the life of me I cannot understand why we would want to tell American companies not to help develop these friendly countries, less developed countries, when they can do so and make a profit at it. I do not know why you want to destroy and dash those people's hopes for freedom and success for their economic system. Why do you want to condemn Israel, why do you want to deny them their chance? Why would you want to do that to Ireland? Why would you want to destroy the people of Brazil, and destroy their right to freedom? Why do you want to not help Mexico to become a Mexico without communism; why do you want the Philippines to become Communist? That does not make sense. Surely those who want to end deferral and bring all America's money home really do not want to do that against friendly governments that need this American capital. I cannot believe they want to do that and, therefore, Mr. President, to me it is unthinkable that people would want to prevent American capital, from this, the greatest capitalist country in the world, the hope of all free people to survive against tyranny and slavery, why would they want to deny America's economic strength to these countries around the world, strong, fine, little friends of ours who would like to survive in freedom.

Why do they want to deny them a chance? I can understand why they want to cut out England or a big country like Germany or Japan, but these smaller countries I have mentioned, why would America want to take this money out of these countries?

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. LONG. Yes, I yield.

Mr. ALLEN. How would this affect investments in Mozambique, Zaire, and Zambia?

Mr. LONG. They would be exempt; they would get the same treatment as they get today.

Mr. ALLEN. Would they be protected by the Senator's amendment?

Mr. LONG. Pardon me?

Mr. ALLEN. They would be protected by the amendment? That is something we need to know, I believe.

Mr. LONG. It would treat these less-developed countries that are defined under the act the same.

We have discussed who should be classified as less-developed countries on these trade bills and on these aid bills, and we have worked out the pattern that we thought would be appropriate for taking care of those who tended to be on our side. I just do not see any reason why when one—I mean I can understand some logic in saying, "Do not put any more American money into France." I can see some logic in saying, "Do not put more American money into Japan." After all, they have enough capital for themselves.

I can understand the argument that says, "Do not put any American money into France." France can generate its own capital. I can see why they might want to do it with Switzerland or Italy, even though that is somewhat difficult to understand. I can see why they might want to do it to all these European countries although, Mr. President, I just cannot understand why they would want to bring American capital home and deny the flow of American capital in the future to friendly countries, less developed countries, some of which are depending on the United States of America for their survival, hopefully in peace. I do not understand why they would want, anyone would want, to deny these people the opportunity to be friendly and to tie themselves to us and to rest their fate with the United States, as some of these fine little countries have done.

So I hope, Mr. President, that the amendment would be agreed to and we would not condemn them to eternal Communist slavery, these little people who are trying to fight their way toward freedom.

Mr. KENNEDY. Mr. President, this amendment completely undermines the previously accepted amendment, which would have phased out at least a half of deferral.

May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order. Senators will kindly take their seats.

Mr. KENNEDY. We have listened to a number of arguments about that pecan tree farmer and the small family farmer over the past few days, talking about some of the other reform amendments. And now we are listening to the less-developed countries argument on this amendment of the Senator from Louisiana.

Make no mistake about it, the people that are going to benefit from this Long amendment are not the less-developed countries, but it is the companies and corporations that incorporate in the less-developed countries.

Who are they? The shipping companies. And who owns many of the shipping companies? The major oil companies.

It all comes together, right back once again. That is who is going to benefit from this program. The shipping companies, and the major oil companies that own the shipping companies. Over $100 million of the revenue loss is attributable to deferral on shipping income, according to a Senate Budget Committee study.

The reason for that is that shipping firms are often located in countries that have no income taxes, like Liberia and Panama. According to the Department of Commerce, 423 out of 678 foreign flag ships owned by U.S. corporations or their subsidiaries are registered in Panama or Liberia. And 485 of these ships are tankers.

I say, if we are going to provide foreign aid—and I am one that supports it for the less-developed countries—let us do it in the foreign aid bill and not in the Tax Code.

We have debated the issue of tax deferral. The case has been made persuasively by the Senator from Idaho and the Senator from Indiana about the importance of phasing out deferral because of the impact on jobs, the capital market, and tax equity. That continues to hold.

A majority of the Members of the Senate said, "All right, we are not prepared to phase out deferral completely and totally, but we will phase out half of it."

That represents the majority will and the determination of the Senate.

But now we have the chairman of the Finance Committee coming along here with a new amendment, trying to undercut what we have done, never even mentioning who the principal beneficiaries are. They are the major shipping companies, make no mistake about it. It will be the ITT's and other big corporations who will be making profits and policy in the Third World.

Foreign aid, put it in the foreign aid bill, not the Internal Revenue Code.

Mr. LONG. Will the Senator yield at that point?

Mr. KENNEDY. Yes, I yield.

Mr. LONG. If it will make the Senator happy, I will be delighted to take shipping out. I am concerned about these less developed countries I talked about which need further capital investment. I am not concerned with companies with ships registered in these countries and did not intend to include them in my amendment. I will be delighted to take them out.

Mr. KENNEDY. We do not know who else is affected. The Senator put shipping in there as a major beneficiary and now he offers to take it out. Who else is in there?

Mr. President, I move to table the Long amendment and I ask for the yeas and nays.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The motion to table is not in order until all time has been used on the amendment or yielded back.

The Senator from Oregon.

Mr. PACKWOOD. This is an amendment to the Hartke amendment, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. PACKWOOD. Would it be in order to table the Hartke amendment, which would take the Long amendment with it?

The PRESIDING OFFICER. That motion would be in order.

Mr. PACKWOOD. I move to table the Hartke amendment.

Mr. CURTIS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KENNEDY. As I understand it, that would be in order because all the time has been yielded back, is that correct?

The PRESIDING OFFICER. No, because action has been——

Mr. KENNEDY. Well, is it in order?

The PRESIDING OFFICER. It is in order.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The reason why the motion to table the underlying amendments is in order is the time on the amendment had been used or yielded back.

SEVERAL SENATORS. Regular order.

The PRESIDING OFFICER. The question is on agreeing to the motion to table. The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from

Rhode Island (Mr. Pell), the Senator from Mississippi (Mr. Stennis), the Senator from Missouri (Mr. Symington), and the Senator from Georgia (Mr. Talmadge) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater) and the Senator from Nebraska (Mr. Hruska) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 47, nays 43, as follows:

[Rollcall Vote No. 362 Leg.]

YEAS—47

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Biden
Brock
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Fannin
Fong
Ford
Garn
Griffin
Hansen
Hatfield
Helms
Inouye
Javits
Johnston
Kennedy
Laxalt
Long
Mathias
McClure
McGee
Morgan
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Weicker
Williams
Young

NAYS—43

Abourezk
Bayh
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Proxmire
Ribicoff
Schweiker
Stevenson
Tunney

NOT VOTING—10

Buckley
Eastland
Goldwater
Gravel
Hruska
McClellan
Pell
Stennis
Symington
Talmadge

So the motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I believe the Senate has voted on enough issues tonight, and I believe that we have now disposed of this particular issue that we have been fighting about all day. I welcome any Senator who is not happy with the outcome to get his amendment ready and, at the end of the bill, to come back and offer it all over again, and we will vote all over again if the Senator wants to. We have a number of absentees; there were 12 I would have expected to vote on the side I was voting with. I fully and cheerfully respect the right of anyone, if he wants, to raise the issue again at the end of the bill. I would think that for tonight, however, we ought to let this matter rest and come back tomorrow and, in due course, take up the various other things we want to go to, and if Senators want to go back to this matter later on they can go back to it.

I believe, Mr. President, that under the unanimous-consent agreement under which we are operating, we agreed we were going to dispose of this particular amendment, did we not? I ask the Chair that question.

The PRESIDING OFFICER. The unanimous-consent agreement had to do with the time limit, rather than an agreement to dispose of the amendment.

Mr. MANSFIELD. Mr. President, the Senator has said 12 of his troops are absent. That cannot be, because 90 voted on the last rollcall, and some troops were absent on the other side, too.

I think we ought to do what we can to bring this matter to a head, because we made a commitment to the Senator from Oregon that we would spend all of 1 day on this proposal. So I think we ought to move to conclusion.

Mr. PACKWOOD. Mr. President, my expectation is that if we vote to table a motion to reconsider, I expect there would be other amendments to this particular proposal this evening, and I would rather come back tomorrow, when we have a chance to alert all sides. I would agree with the chairman we ought to go home tonight, and rest until tomorrow morning.

Mr. MANSFIELD. Mr. President, I think all Members are aware of the situation which confronts us, and 90 is a pretty good tally when we consider we have at least two or three in the hospital. I think as far as absentees are concerned, it would be about even-steven either way, and I would suggest we stay in and try to bring this matter to a conclusion.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. ALLEN. I move to lay that motion on the table.

Mr. MANSFIELD. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider the vote.

Mr. PACKWOOD. Mr. President, what is the motion?

The PRESIDING OFFICER. The motion by the Senator from Alabama to lay on the table the motion to reconsider the vote by which the motion to lay on the table the Hartke amendment was agreed to.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, due to the fact that the great majority of Senators in town are present, that this be a 10-minute rollcall.

The PRESIDING OFFICER. Is there objection? Without objection it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. METCALF. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senate is not in order. The Senate will be in order. Senators will please clear the aisles, and Senators in the well and in the aisles who wish to converse will kindly carry on their conversations in the cloakrooms. The Senate is attempting to get a 10-minute rollcall, but without order the rollcall will be much more like 20 minutes.

The rollcall was resumed and concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Arkansas (Mr. McClellan), the Senator from Rhode Island (Mr. Pell), the Senator from Mississippi (Mr. Stennis), the Senator from Missouri (Mr. Symington), and the Senator from Georgia (Mr. Talmadge) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Nebraska (Mr. Hruska), and the Senator from Illinois (Mr. Percy) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

Several Senators. Regular order, Mr. President.

The result was announced—yeas 45, nays 44, as follows:

[Rollcall Vote No. 363 Leg.]

YEAS—45

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Biden
Brock
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Fannin
Fong
Ford
Garn
Griffin
Hansen
Hatfield
Helms
Inouye
Javits
Johnston
Laxalt
Long
Mathias
McClure
McGee
Morgan
Packwood
Pearson
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Weicker
Williams
Young

NAYS—44

Abourezk
Bayh
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Kennedy
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Proxmire
Ribicoff
Schweiker
Stevenson
Tunney

NOT VOTING—11

Buckley
Eastland
Goldwater
Gravel
Hruska
McClellan
Pell
Percy
Stennis
Symington
Talmadge

So the motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, as the chairman of the Finance Committee has indicated, I think the votes indicate that the Senate is fairly evenly split upon this issue, and I do think Senators probably want to go home this evening. I am hopeful that we could work out something which would be an accommodation and before this bill is through maybe we will be in a position to present something to the Senate upon which they will have much more of a consensus than a type of vote which we had, one vote separating each and every time.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. LONG. I hope very much we can work together in a spirit of compromise and perhaps get together on something. I am sincere about that.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HARTKE. Yes, I yield.

Mr. MANSFIELD. Under the agreement reached it was stated that the Senate would vote all in 1 day on the question of deferrals. If this thing is left to lie in limbo and hopefully to reach some sort of a compromise, and I use the word advisedly, then I think we better anticipate this is the end of deferral, that tomorrow we keep on with the schedule agreed to mutually on both sides.

Mr. HARTKE. That is right.

Mr. MANSFIELD. And be prepared to act accordingly.

May I say I am disappointed in view of the closeness of the vote that we have not been able to come to a decisive conclusion on this particular issue.

Mr. PACKWOOD. Mr. President, at the moment we have disposed of it, have we not?

The PRESIDING OFFICER. This amendment has been disposed of.

Mr. ROBERT C. BYRD. Mr. President, this disposes of the deferral matter.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

APPROVAL OF BILLS

A message from the President of the United States announced that on June 25, 1976, he approved and signed the following bills:

S. 18, An act to amend the act of August 31, 1922, to prevent the introduction and spread of diseases and parasites harmful to honeybees, and for other purposes.

S. 3161, An act to authorize certain flagpoles to be located on the Capitol Grounds, and to improve the flow of traffic to and from the United States Capitol Grounds and the National Visitor Center.

REPORT ON PROGRESS IN SPACE AND AERONAUTICS DURING 1975—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was referred to the Committee on Aeronautical and Space Sciences:

To the Congress of the United States:

I am pleased to transmit this report on the Nation's progress in space and aeronautics during 1975. This report is provided in accordance with Section 206 of the National Aeronautics and Space Act of 1958, as amended (42 U.S.C. 2476).

1975 was another year of continued progress in the Nation's space and aeronautics activities. It marked significant accomplishments in many areas.

Earth orbiting satellites continued to bring new and increased benefits in a variety of applications. Two additional international communications satellites were launched, expanding the already impressive international satellite communications capability. A second domestic commercial communications satellite was put into operation. Military satellite communications were enhanced. In addition, a new system of satellites for global weather reporting was initiated, providing reports every thirty minutes on weather across half the globe.

Landsat 2 was orbited to join Landsat 1 to provide additional earth sensing data to explore potential uses in a wide range of activities, including crop forecasting, pollution monitoring, forestry and land use studies, and in mineral exploration.

I had the pleasure and thrill of talking to our astronauts and the Soviet cosmonauts when they linked up in space at the culmination of the historic U.S.-USSR Apollo Soyuz Test Project.

Major milestones were met in the development of the Space Shuttle, the Nation's current major space project. Canada agreed to develop the remote manipulator system for the Shuttle, a major and welcome contribution.

Development of Spacelab, a key system to take advantage of the capability of the Space Shuttle and being built and funded by the European Space Agency, continued on schedule.

We continued to probe the unknown in space. Pioneer 10 will be the first man-made object to venture beyond our solar system. Pioneer 11 will make the first flyby of Saturn in 1979. In passing Jupiter these vehicles sent back pictures that added greatly to our knowledge of the largest planet. Last August and September we launched two Viking spacecraft toward Mars. They will arrive at the height of our Bicentennial celebration and may provide information on the existence of life in some form on our neighboring planet.

In aeronautics, research focused on the technologies needed to reduce fuel requirements, noise, and pollution. Also emphasized was improved reliability, performance, and safety. Military aircraft development featured the first supersonic flight of the B–1, the operational deployment of the F–14 and F–15, and the selection of the F–16 and F–18 as future fighter aircraft.

The fruits of our research continued to be enjoyed by the transfer of space and aeronautics technology to many beneficial uses in our society, including energy research, medical care, transportation, and new techniques and materials for manufacturing.

Our Nation's activities in aeronautics and space continue to be a major contribution to our quality of life and economic growth.

We can all take pride in our commitment to advancement in space and aeronautics as reflected in the accomplishments described in this report.

GERALD R. FORD.

THE WHITE HOUSE, *June 29, 1976.*

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 8:51 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 12545. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and for other purposes.

H.R. 13680. An act to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes.

H.R. 11804. An act to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations and for other purposes.

The enrolled bills were subsequently signed by the Vice President.

At 10:11 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; that the House recedes from its disagreement to the amendment of the Senate numbered 13 and concurs therein; and that the House recedes from its disagreement to the amendments of the Senate numbered 1, 7, 17, and 21 and concurs therein, each with an amendment, in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12203) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 25, 26, 27, 31, 38, 39, 40, 47, 48, 72, and 73 and concurs therein; and that the House recedes from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 14, 24, 32, 36, 37, 52, 53, 55, and 57 and concurs therein, each with an amendment, in which it requests the concurrence of the Senate.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 11481) to authorize appropriations for the fiscal year 1977 for certain maritime programs of the Department of Commerce, and for other purposes; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mrs. SULLIVAN, Mr. ASHLEY, Mr. DINGELL, Mr. DOWNING of Virginia, Mr. MURPHY of New York, Mr. RUPPE, and Mr. MCCLOSKEY were appointed managers of the conference on the part of the House.

The message also announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 14234. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

H.R. 14484. An act to make permanent the existing temporary authority of reimbursement of States for interim assistance payments under title XVI of the Social Security Act, to extend for one year the eligibility of supplemental security income recipients for food stamps, and to extend for one year the period during which payments may be made to States for child support collection services under part D of title IV of such act.

At 12:37 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House agrees to the amendment of the Senate to the bill (H.R. 9291) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14237) making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes; and that the House recedes from its disagreement to the amendments of the Senate numbered 1 and 7 and concurs therein.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes; and that the House recedes from its disagreement to the amendments of the Senate numbered 3, 5, 12, and 17 and concurs therein.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 14231) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1977, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Yates, Mr. McKay, Mr. Long of Maryland, Mr. Evans of Colorado, Mr. Murtha, Mr. Duncan of Oregon, Mr. Mahon, Mr. McDade, Mr. Regula, and Mr. Cederberg were appointed managers of the conference on the part of the House.

At 5:30 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 268) to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes.

The message further announced that the House agrees to the amendments of the Senate to the amendments of the House to the bill (S. 229) to amend the Endangered Species Act of 1973 to assure the perpetuation of the art of scrimshaw, and for other purposes.

The message also announced that the House agrees to the amendments of the Senate to the bill (H.R. 10051) to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 13069) to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 13035) to amend the National Sea Grant College and Program Act of 1966; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mrs. Sullivan, Mr. Downing of Virginia, Mr. Rogers, Mr. Murphy of New York, Mr. Breaux, Mr. Ruppe, and Mr. Mosher were appointed managers of the conference on the part of the House.

The message further announced that the House has passed the following bill in which it requests the concurrence of the Senate:

H.R. 14260. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes.

ENROLLED BILL SIGNED

At 6:33 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the Speaker has signed the following enrolled bill:

H.R. 12203. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. Metcalf).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

Proposed Legislation by the Department of Agriculture

A letter from the Acting Secretary of Agriculture transmitting a draft of proposed legislation to amend existing legislation requiring rural development reports (with accompanying papers); to the Committee on Agriculture and Forestry.

Proposed Legislation by the Department of State

A letter from the Assistant Secretary of State transmitting a draft of proposed legislation to provide for acquisition of certain lands with the International Tijuana River Flood Control project (with accompanying papers); to the Committee on Foreign Relations.

Report of the Comptroller General

A letter from the Comptroller General transmitting, pursuant to law, a report entitled "GAO Observations on Problems Needing To Be Addressed by New York City's Financial Plan" (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

A resolution adopted by the City Council of the City of Elizabeth, N.J., supporting the Financial Reform Act and Financial Institutions Act; to the Committee on Banking, Housing and Urban Affairs.

Senate Concurrent Resolution No. 5 adopted by the Legislature of the State of Hawaii; to the Committee on Finance:

"Senate Concurrent Resolution No. 5

"Whereas, it was estimated in 1972 that 32,000,000 Americans with incomes between $5,000 and $15,000 are unable to afford legal services because they are too expensive; and

"Whereas, one method of providing legal services to these persons and others who need them is through prepaid legal services; and

"Whereas, although prepaid legal service plans are still developing in the United States, it has been estimated that within the next 10 years 80 per cent of the population may receive legal services under these plans; and

"Whereas, Congress has amended the Taft-Hartley Act to allow the formation of trust funds to provide for such prepaid legal service plans; and

"Whereas, Congress has apparently preempted state action in the area of prepaid legal service plans which involve certain employers and employees covered by the Employee Retirement Income Security Act of 1974; and

"Whereas, both of these Congressional Acts will encourage the formation of prepaid legal service plans; however, the income tax impact on these plans is unclear, for example:

"(1) What is the tax status of the fund created to pay for the provision of legal services? Are the contributions to the fund taxable in the year of contribution? It appears that this may be true for prepaid legal services plans, but not true for medical plans;

"(2) Are the contributions of an employer to a plan under a collective bargaining contract taxable to the employee? This may be true in the case of prepaid legal service plans, but it is not true of medical plans; and

"(3) Is the value of the benefits received under a plan taxable to the member of the plan? Again they may be taxable if benefits are due to a prepaid legal service plan, but not if they are due to a medical plan; now therefore,

"Be it resolved by the Senate of the Eighth Legislature of the State of Hawaii, Regular Session of 1976, the House of Representatives concurring, that the Congress of the United States is requested to amend the Internal Revenue Code to provide for a clarification of the tax impact on prepaid legal service plans in particular to:

"(1) Enact H. 3025, H. 8579 or S. 2051 which would provide that the contributions of an employer to a prepaid legal service plan are not taxable to the employee beneficiary of the plan and would also provide that the value of the benefits received under a prepaid legal service plan are not taxable to the member receiving the benefits; and

"(2) Amend section 501(c) of the Internal Revenue Code to provide that Taft-Hartley funds and non-Taft-Hartley funds are not on the contributions received by them during the taxable year; and

"Be it further resolved that certified copies of this Concurrent Resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, the Chairperson of the Senate Committee on Finance of the United States Senate, the Chairperson of the House Committee on Ways and Means of the United States, Senator Henry M. Jackson, Representative Joseph E. Karth, Senators Hiram L. Fong and Daniel K. Inouye and Representatives Spark M. Matsunaga and Patsy T. Mink of the Hawaii Delegation to Congress."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. NUNN, from the Committee on Armed Services, without amendment:

H.R. 10451. An act to amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes (Rept. No. 94–1008).

By Mr. INOUYE, from the Committee on Appropriations, with amendments:

H.R. 14260. An act making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes (together with additional views) (Rept. No. 94–1009).

By Mr. TUNNEY, from the Committee on the Judiciary, without amendment:

H.R. 4829. An act for the relief of Leah Maureen Anderson (Rept. No. 94–1010).

S. 2278. A bill—the Civil Rights Attorney's Fees Awards Act of 1975 (Rept. No. 94–1011) (title amended).

S. Con. Res. 126. A concurrent resolution authorizing the printing of additional copies of the booklet entitled "The Senate Chamber, 1810–1859" (Rept. No. 94–1012).

By Mr. INOUYE (for Mr. Long), from the Committee on Commerce, with an amendment:

S. 3171. A bill to amend section 502(a) of the Merchant Marine Act, 1936 (Rept. No. 94–1013).

By Mr. MUSKIE, from the Committee on the Budget, with an amendment:

H.R. 14114. An act to increase the temporary debt limit, and for other purposes (Rept. No. 94–1014).

By Mr. EAGLETON, from the Committee on the District of Columbia, with an amendment:

H.R. 11009. An act to provide for an independent audit of the financial condition of the government of the District of Columbia (Rept. No. 94–1015).

By Mr. EAGLETON, from the Committee on the District of Columbia:

S. Res. 481. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 11009. Referred to the Committee on the Budget.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. HARTKE, from the Committee on Commerce:

Leonard S. Mathews, of Illinois, to be an Assistant Secretary of Commerce.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PEARSON, from the Committee on Commerce:

Edward O. Vetter, of Texas, to be Under Secretary of Commerce.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. SPARKMAN, from the Committee on Foreign Relations:

James J. Blake, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iceland.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Political Contributions

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: James J. Blake.

Contributions, amount, date and donee

(If none, write none)

1. Self, none.

2. Spouse: Dolores A. Blake, $10, April 27, 1972, Democratic National Committee.

3. Children and Spouses: Stephen, Kathleen, David and Robert, all unmarried, none.

4. Parents: William H. Blake (deceased 1953) and Helen E. Blake (deceased 1950).

5. Grandparents: James Blake and Bertha Blake; John Curran and Elizabeth Curran. (Deceased over 20 years)

7. Sisters and Spouses: Helen W. Schillaci and Salvatore Schillaci, $30 (total 1972, 1973, 1974) "COPE"—Political Committee of United Federation of Teachers.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

James J. Blake.

[Nomination Reference and Report]

In Executive Session,
Senate of the United States,
June 24, 1976.

Ordered, That the following nomination be referred to the Committee on Foreign Relations:

Anthony D. Marshall, of New York, now Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Kenya, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Seychelles.

Reported by Mr. Sparkman, June 29, 1976 with the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Anthony D. Marshall.

Political Contributions

1. Self:

$50, July 24, 1975, GOP Victory Fund.

$500, December 20, 1975, Republican National Committee.

$10,000, March 24, 1976, Republican National Committee.

2. Mrs. Vincent Astor (mother), $10,000 March 1976, Republican National Committee.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge the information contained in this report is complete and accurate.

June 16, 1976.

Anthony D. Marshall.

Mr. SPARKMAN. Mr. President, from the Committee on Foreign Relations, I also report favorably sundry nominations in the Diplomatic and Foreign Service which have previously been printed in the Congressional Record and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the Record of June 22, 1976, at the end of the Senate proceedings.)

By Mr. STENNIS, from the Committee on Armed Services:

David P. Taylor, of Virginia, to be an Assistant Secretary of Defense.

John J. Martin, of Maryland, to be an Assistant Secretary of the Air Force.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. STENNIS, from the Committee on Armed Services:

Gen. George S. Brown, U.S. Air Force, for reappointment as Chairman of the Joint Chiefs of Staff.

ENROLLED JOINT RESOLUTION SIGNED

The enrolled joint resolution (S.J. Res. 196) providing for the expression to Her

Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution, was signed today by the Vice President.

HOUSE BILLS REFERRED

The following bills were read twice by title and referred as indicated:

H.R. 14234. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1977, and for other purposes; to the Committee on Appropriations.

H.R. 14260. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes; to the Committee on Appropriations.

EXTENSION OF REFERRAL OF S. 1439

Mr. PASTORE. Mr. President, I ask unanimous consent that the referral of the bill, S. 1439, jointly to the Joint Committee on Atomic Energy and the Committee on Foreign Relations be continued until August 31, 1976.

I have discussed this matter with Senators RIBICOFF, GLENN, and PERCY, and I have the concurrence of Senator JOHN SPARKMAN who is the Chairman of the Committee on Foreign Relations.

Mr. JAVITS. Mr. President, this relates to the atomic energy shipment?

Mr. PASTORE. Export.

Mr. JAVITS. I emphasize, if the Senator will give me 30 seconds, that the Senator is doing exactly the right thing. It needs to be considered in the context of our foreign policy, et cetera. While I am anxious to see a bill passed, I think the Senator by giving both the Committee on Foreign Relations and the Joint Committee on Atomic Energy an opportunity to do this right is helping us all.

The PRESIDING OFFICER (Mr. MONTOYA). Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. CHURCH:

S. 3630. A bill to designate certain endangered public lands for preservation as wilderness to provide for the study of additional endangered public lands for such designation, to further the purposes of the Wilderness Act of 1964, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 3631. A bill to amend the Motor Vehicle Information and Cost Savings Act of 1972 to authorize appropriations for fiscal year 1978. Referred to the Committee on Commerce.

By Mr. TUNNEY:

S. 3632. A bill to provide for the acquisition and preservation of works of art in Federal buildings, and for other purposes. Referred to the Committee on Public Works.

By Mr. TUNNEY (for himself and Mr. CRANSTON):

S. 3633. A bill to provide reimbursement for disaster relief debris clearance to the Los Angeles County Flood Control District. Referred to the Committee on Public Works.

By Mr. CURTIS:

S. 3634. A bill to provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs. Referred to the Committee on Government Operations.

By Mr. CHILES (for himself, Mr. PERCY, and Mr. WEICKER):

S. 3635. A bill to authorize procurement of janitorial, protective, trash removal, and similar services for periods not exceeding four years. Referred to the Committee on Government Operations.

By Mr. HUMPHREY (for himself, Mr. MONDALE, and Mr. MCGOVERN):

S. 3636. A bill to provide emergency assistance to livestock producers. Referred to the Committee on Agriculture and Forestry.

By Mr. MOSS:

S. 3637. A bill to establish a materials policy for the United States, to create a materials research and development capability, and to provide an organizational structure for the effective application of such research capability, and for other purposes. Referred jointly, by unanimous consent, to the Committees on Banking, Housing and Urban Affairs; Aeronautics and Space Sciences; Agriculture and Forestry; Armed Services; Commerce; Foreign Relations; Government Operations; Interior and Insular Affairs; Judiciary; Labor and Public Welfare; and Public Works.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CHURCH:

S. 3630. A bill to designate certain endangered public lands for preservation as wilderness, to provide for the study of additional endangered public lands for such designation, to further the purposes of the Wilderness Act of 1964, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

AMERICA'S ENDANGERED WILDERNESS

Mr. CHURCH. Mr. President, it is with a particular pleasure that I introduce a major new conservation bill, the proposed "Endangered American Wilderness Act of 1976." In this Bicentennial Year, the preservation of remnants of the wilderness upon which we founded our society and culture is a supremely fitting objective. It is the purpose of this new bill to extend and strengthen our program for preservation of wilderness in our national forests.

This new step is particularly gratifying to me. It was my privilege to serve as the floor leader in 1961 when the Senate first passed the wilderness bill, and again when we passed the bill in 1963, leading to its enactment in 1964. I said then that I considered the Wilderness Act an historic landmark in American conservation policy, and so it is.

AMERICA'S WILDERNESS POLICY

The Congress enacted the Wilderness Act of 1964 after more than 8 years of careful consideration. That law created the National Wilderness Preservation System, to be comprised of Federal land areas preserved by decision of the Congress as wilderness. The lands involved are Federal lands, in several categories, but all are to be managed under a common policy: to perpetuate the natural character of the land and its ecological community of life, in order to secure for all Americans the significant values which wilderness gives to our lives and our culture. Portions of our national forests, national parks, and our national wildlife refuges and game ranges are being designated as wilderness. All authority to decide what areas are suitable and should be designated as wilderness is exercised by the Congress.

We are proceeding well in carrying out the mandate of the Wilderness Act. Additional areas are being studied and Congress is acting to bring new areas into the wilderness system. In my own State of Idaho, since 1964, we have designated wilderness areas in the Sawtooth Mountains and in Hells Canyon. And we are proceeding with a high priority proposal which will preserve one of the most magnificent primitive areas of all, the great central Idaho wilderness of approximately 2 million acres.

OUR DE FACTO WILDERNESS

Despite this progress, there remain other lands within our National Forests which have not yet received full consideration for wilderness protection. The National Forest lands we have focused on thus far, in the Wilderness Act and in the studies it mandated, were almost entirely set aside for protection prior to World War II under administrative orders. With the Wilderness Act, we have strengthened the statutory protection of these areas and moved to complete the studies of the old "primitive areas" which were created in the 1930's. But we have not given equal attention to the other remnants of undisturbed land, the so-called de facto wilderness.

The "de facto wilderness" is the public land which has remained roadless and undeveloped through no special protection or program, but merely because it has been too remote or low in commercial value to be developed. And because it has no special protection, it is this category of land which is most in danger of losing its wilderness character before thorough review and consideration can be given. Congress, having launched a wilderness preservation policy, must maintain its oversight responsibilities to see to it that this important policy is fulfilled, not only in the initial program mandated by the Wilderness Act, but for those areas of "de facto wilderness" which we find merit full protection.

"De facto" wilderness is indeed a fragile resource. It has been diminishing steadily as we have moved in to settle and develop more and more of our land. As Bob Marshall, a founder of the wilderness movement said in 1937, the wilderness is disappearing like a snowbank melting away on a south facing mountain slope in the hot June sun.

The history of our heritage of "de facto wilderness" is not encouraging. Of course, we must continue to develop this continent, using its manifold resources to build our country and improve our lives. But inadequate planning has resulted, in some places, in the needless sacrifice of wildlands without due consideration being given to the important wilderness values at stake. Surely, even those far-sighted leaders who established the primitive areas in the 1930's could not have possibly realized the importance the American people, in a more populous, more urbanized age, would place on such lands of wild solitude.

As recently as 1926, L. F. Kneipp, Assistant Chief of the Forest Service, prepared an inventory of wilderness in the national forests. His definition of wilderness was generous by today's standards on size: He limited his inventory to areas greater than 360 square miles without roads. He found, in 1926, 74 separate tracts with a total area of 55 million acres. Some of this land was subsequently classified as primitive areas, and a small portion found its way into the National Park System. But by far the largest portion of that wilderness has since been developed. In 1961, the Wildlands Research Center of the University of California, on contract to the Outdoor Recreational Resources Review Commission, found the number of areas satisfying Kneipp's definition were reduced from 74 to 19, the total acreage in such units reduced from 55 million acres to 17 million acres. And the size of the areas was being nibbled away, too. The largest unit in Mr. Kneipp's inventory was 7 million acres, but the largest unit of unprotected wilderness—outside the classified "primitive areas"—left in the 1961 survey contained 1.8 million acres.

Since 1961 the trend has continued. When the Forest Service conducted its most recent inventory of such lands in 1972, the "Roadless Area Review and Evaluation" program—RARE, they found a total of 56 million acres of unroaded land left on the national forests in the West, but the minimum size for the inventory was reduced to 5,000 acres.

Mr. President, not all of the roadless areas found in 1926 ought to have been preserved. Nor ought all of the roadless areas remaining today. Some will be developed for other uses, and appropriately so. But our last fragments of a once-huge wilderness heritage are fast disappearing. We must insist that the decisions about the fate of these last wild lands be made with full consideration given to their wilderness values. In fact, however, these last "de facto wilderness" areas are rapidly being committed for development, through decisionmaking processes that many feel do not properly evaluate the values of the wilderness as such. A crescendo of concern for these areas among citizens throughout the West is rapidly rising. Problems in the quality of Forest Service land use planning and decisionmaking are resulting in increasing controversy over the fate of these last roadless areas.

CITIZEN WILDERNESS PROPOSALS

The proposed wilderness areas embraced in the Endangered American Wilderness Act I am introducing today reflect the rising tide of concern among our citizens. It is charged that the Forest Service has inadequately considered the wilderness values of these areas and is, instead, making hasty decisions to open them up for development which will destroy their wilderness qualities. In some cases, a single large tract of wilderness-potential land has been arbitrarily subdivided by the Forest Service into a number of separate roadless areas, so that for purposes of evaluation in the land use planning process, the whole picture is never fairly considered, and the wilderness potential is destroyed piecemeal. In other cases, a land use plan has embraced several distinct roadless areas and the public has been faced with an artificially extreme choice: do we save all of the roadless land for wilderness, or none of it? In fact, few of our people adhere to either of these extremes, but the land use planning process has sometimes presented a false choice that polarizes the issue. And too often, the wilderness values of the roadless areas simply have not been seriously and objectively evaluated at all.

Concerned citizens are not about to settle for decisions resulting from this kind of flawed and inadequate consideration. As a result, public controversy erupts, administrative appeals are filed, and lawsuits are undertaken over the fate of these areas. In the final analysis, however, Congress must determine the fate of these areas, for Congress is the final arbiter of issues involving the size and extent of the National Wilderness Preservation System.

This is the logic behind the Endangered American Wilderness Areas Act. Each of the areas included has strong public support in the locality, and each is subject to considerable controversy as a result of Forest Service decisions that would lead to the destruction of the wilderness qualities. We have gathered these proposals into a single bill, to provide a vehicle for congressional review of these decisions which have been made, and to bring into clearer focus the great significance of the decisions which are being made right now that will determine the fate of America's last remnants of wilderness.

The bill proposes the designation of nine new wilderness areas comprising, in all, some 1,089,040 acres in seven Western States. It proposes, in addition, that six other areas, comprising 477,600 acres in three States, be mandated for a full wilderness study.

The areas included in the bill are—instant and study:

A. PROPOSED WILDERNESS AREAS

Wenaha-Tucannon, Washington and Oregon, 200,000 acres.

Golden Trout, Calif., 240,000 acres.

Pusch Ridge, Ariz., 56,510 acres.

West Chicagof-Yakobi, Alaska, 405,000 acres.

Lone Peak, Utah 33,500 acres.

Sandia Mountains, N. Mex., 30,700 acres.

Santa Lucia-Lopeze Canyon, Calif. 21,250 acres.

French Pete, Oreg., 42,000 acres.

Ventana Wilderness—Additions, 60,080 acres.

B. PROPOSED WILDERNESS STUDY AREAS

Holy Cross, Colo., 146,240 acres.

McGregor-Thompson, Mont., 89,000 acres.

Hunter-Frying Pan, Colo., 77,000 acres.

Mount Henry, Mont., 22,000 acres.

Rincon Mountain, Ariz., 62,930 acres.

Galiuro Wilderness Additions, Ariz., 80,430 acres.

These areas are diverse. Each has outstanding wilderness potential, and each has been subject to careful and detailed study by local citizen groups. Each, in one way or another, is under threat from developments that would destroy or degrade its wilderness potential.

THE VALUES OF WILDERNESS

What are the values of wilderness? Perhaps we think first of the values gained by those who use these areas for recreational enjoyment. And indeed, many millions of Americans do use these areas. The burgeoning use of our wilderness is obvious, as outfitters report unprecedented numbers of people from every State signing up for guided wilderness trips, rafting down our wilderness rivers, hiking the high wilderness plateaus, or horseback riding on pack trips into the heart of our great wilderness expanses. The boom in businesses selling wilderness camping equipment—backpacks, hiking boots, and all the provisions, is enormous. An important new industry has arisen to provide the equipment and provisions for wilderness users. Communities near our wilderness areas are finding substantial economic benefits from the expenditures of visitors en route to and from their wilderness trips.

When we first debated the wilderness bill here in the Senate in 1961, the Committee on Interior and Insular Affairs filed its report, explaining the values and uses of wilderness areas. Some excerpts are instructive:

> THE USES AND VALUES OF WILDERNESS
>
> Lands devoted to wilderness provide benefits beyond those identified as wilderness benefits and are truly multiple-use lands.
>
> They provide game which, if it could be produced at all, would cost tens of millions of dollars to maintain, propagate and produce in artificial facilities. Scientists testify that some species cannot exist except in wilderness.
>
> Under the provisions of S. 174 (the Wilderness Act), areas of the wilderness system will continue to supply forage for domestic livestock.
>
> And they supply the recreational, scenic, scientific, educational, conservation, and historical use values to which S. 174, (the Wilderness Act) directs emphasis in future management of the wilderness preservation system.
>
> Although these values are most often described as intangible, unmeasurable values, their worth to the Nation and to mankind is becoming increasingly easy to perceive and to estimate, even in dollar terms, as the Nation attempts to reacquire title to lands for necessary outdoor recreation area facilities, or for wetlands essential for fish and game, or to build museums in which relatively miniscule evidences of natural history may be preserved for scientific, educational and historical purposes.

And of the recreational use of wilderness areas, the committee report in 1961 said:

> The use is less casual than use of other types of recreational facilities. Trips into wilderness are frequently of many days or weeks duration. They are often a once-in-10 years event in life, or even a once-in-a-lifetime expedition to some remote scenic or historic mountain or area. As a consequence of the nature of wilderness use, annual visitor figures—even if more adequately and reliably gathered—would not be indicative of the proportion of citizens interested in wilderness recreation.

The value of wilderness areas for scientific research and educational use is growing in significance. Our 1961 committee report quoted the testimony of Dr. Walter Cottam, professor of botany at the University of Utah, and an eminent scientist:

> Besides the great spiritual and recreational blessings afforded to all the people living and unborn, this bill also provides laboratory sanctuaries for biological research that should prove to be of inestimable academic and economic worth. One of the most perplexing problems in land management today is the lack of available wilderness areas from which comparisons can be made and lessons learned on the life histories, on food chains, and other ecological interactions of myriads of living forms whose impact on the future of man himself may well prove to be far greater than any of us can possibly realize.

PEOPLE SUPPORT WILDERNESS

Preserving a decent sampling of America's wilderness heritage is an important goal, and a goal enjoying great public support. The people are getting involved as never before in the decisions being made on our public lands.

When the Senate debated the Wilderness bill in 1961, opponents tried to argue that wilderness is only for the benefit for a few and that wilderness areas are used by only a small, elite group. I responded then in this way:

> In the course of the debate on the bill there has been much reference to the fact that wilderness areas constitute some form of class legislation. It has been asserted and reasserted that it is the rich people who will get the major benefit to be derived from wilderness areas, apparently upon the theory that only the rich will be able to afford the horses, tents, and camping equipmnt that would be required for organized safaries into the primitive areas of the country.
>
> I submit that such argument is nonsense. In Idaho there are three million acres of primitive areas. Every year thousands of people go back into the high country of the Idaho Primitive Area, The Bitteroot Primitive Area and the Sawtooth Primitive Area. They are ordinary farmers, ordinary working people, ordinary hunters and fishermen from the farms and cities of Idaho. They constitute the great majority of people who are enjoying these primitive areas. It is not an exclusive group of rich people, capable of affording all the paraphernalia of horses, equipment, and professional guides that we have heard so much about.
>
> Of course, there are organized expeditions. As a Senator who represents a state to which people are attacted from afar, by the unique values to be found in the primitive areas of Idaho, I believe that tourists, wherever they come from, are welcome in my state. Their presence constitutes good business for Idaho. Nevertheless, the fact remains that the great majority of people who go into the Idaho primitive areas are Idahoans, and not wealthy ones either. One need not go to the center of a primitive area to enjoy it. Where does such an area begin? It begins where the road ends; and if the roads never end, there never will be any wilderness.

The Wilderness Act—I am proud to say—has paved the way for greater public participation in these far-reaching decisions. The Wilderness Act mandated public involvement, through hearings in the locality of each proposed wilderness. And it gave the ultimate decision on wilderness designation to the Congress, where the public will can best be registered. In my own State, as we have brought under consideration the question of reclassifying the Idaho Primitive Areas as wilderness, extensive public hearings have been held. The strength and diversity of public support for wilderness in Idaho, as elsewhere, is demonstrated by the fact that public hearings on the Idaho Primitive Area showed a substantial margin in favor of the largest wilderness—some 2.3 million acres, as proposed by the River of No Return Wilderness Council—not only at the hearing in our largest city, but even more overwhelmingly at the hearing in Pocatello.

The American people want their wilderness preserved, just as they want a reasonable supply of the other multiple values which can be obtained from our public lands. For each wilderness proposal embodied in the new bill I am introducing today, there is substantial public support in the local area.

In the conclusion of the report of the Committee on Interior and Insular Affairs on the original Wilderness Act of 1961, we noted this public support for our national wilderness preservation program.

> We know that there has long been a genuine demand for wilderness preservation. Theodore Roosevelt recognized it in his first annual message to Congress on December 3, 1901, when he said:
>
> "Some at least of the forest reserves should afford perpetual protection to the native fauna and flora. Safe havens of refuge to our rapidly diminishing wild animals of the larger kinds, and free camping grounds for the ever-increasing numbers of the men and women who have learned to find rest, health, and recreation in the splendid forests and flower-clad meadows of our mountains."
>
> It is not too late in our management of the public lands to meet the fast growing demand for wilderness without damaging other interests, requiring real sacrifices, entailing enormous expenses, or requiring the acceptance of second-rate remnants.

CONGRESS SHOULD DECIDE

Mr. President, the U.S. Forest Service has long been a steward for wilderness areas. Through its land use planning procedures, the agency is endeavoring to come to grips with difficult problems in the trade-off of competing uses for these mutiple-use lands. Wilderness is a part of the multiple-use system, too, as the Congress declared in the 1960 Multiple Use-Sustained Yield Act. Wilderness areas are truly multiple-use lands, for watershed protection, grazing, recreational and scenic enjoyment for many people, and for scientific and cultural values. Wilderness has a place in our national forests, and I commend the Forest Service for its efforts to identify key wilderness areas.

However, the final arbiter must be the Congress. It is altogether appropriate that citizens have petitioned Members of Congress to secure protection for wilderness areas through special legislation. As a result of these citizen petitions, we have passed a number of special bills for such areas. The Endangered American Wilderness Act is a step to further the resolution of these land use questions. There are problems with some of the Forest Service land use plans and development decisions, and citizens are contesting those. Through this legislation, we can address these problems, and aid in their constructive solution.

It is my hope that this bill will engage great and widespread public interest and support, and broad support here in the Congress. I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of my remarks.

WE CAN PRESERVE THE WILDERNESS

Mr. President, one of the notable pioneers in the saving of American wilderness was the naturalist, Aldo Leopold. As a forester with the U.S. Forest Service in the early 1920's, he was credited with the proposal that led to the establishment of our first dedicated wilderness, the Gila Wilderness in New Mexico. In 1953, a group of people gathered at the edge of that first great wilderness to dedicate a plaque commemorating Aldo Leopold's contributions. I would like to take note of things said by two of those who spoke on that occasion , 25 years ago.

One was Harvey Broome, the president of the Wilderness Society. Mr. Broome said:

> Ours is the first great nation in history to be possessed of both the knowledge and means to bring about within its borders a state of permanent and harmonious coexistence with the land.
>
> Wilderness must be the cornerstone of such a world. For there are the grizzlies, the coyotes, and the deer; there are the lions, and the chickadees; there are the forests and the waters, the fish and the insects; there are the humus and the soil, the prairie and marsh grasses, all living and existing in balance, in beauty and harmony. There, in the unspoiled remnants of the wild earth, spotted across our continent, man will find the basis of understanding. Then, wilderness will influence civilization and civilization will cease to alter and destroy wilderness. Then, indeed, will Thoreau's lord of creation walk as a member—and not as a fumbling outsider—in the community of living things.

The other speaker that day in 1953 was our late, beloved colleague, the Senator from New Mexico and former Secretary of Agriculture, Clinton Anderson. Senator Anderson was a leader in the fight to obtain the Wilderness Act, and he counted it among his proudest achievements. On that day in 1953, he spoke of his friend Aldo Leopold's work to save wilderness, and Senator Anderson said this:

> The work of Aldo Leopold has been done. We now become trustees of his inheritance. Those of use who may visit within the wilderness and who are able to rest and be restored in our peace of mind and body by the quiet that it will always possess have nonetheless an obligation to see that the work of one generation shall not be sacrificed by those that come after. We have an obligation to make sure this area (and others like it) may remain untouched for generations and perhaps centuries to come. We cannot take our burdens as trustees lightly if we are to keep faith with those who struggled so mightily to achieve these precious spots within the confines of a busy continent. The erection of this memorial reminds each of us that our lives as well can contribute to the things that mean beauty for the eye and rest for the spirit. We, too, can preserve the wilderness.

Mr. President, is the purpose of the Endangered American Wilderness Act to continue the work begun by Aldo Leopold and carried on by Clinton Anderson and so many others? Through this initiative, which will receive careful study and consideration in the Congress, we, too, can indeed do our part to preserve the wilderness.

We are trustees for our wilderness heritage—a responsibility those of us from the West can feel especially keenly. In closing debate as we passed the Wilderness bill in 1961, I said:

I supported the Wilderness Bill for the many reasons which I have stated during the course of the debate, but I must emphasize in closing that the ultimate reason, above all others is a philosophical reason. Though we tend to feel that we are presently the owners of this coutnry, we are not, in any true philosophical sense. We are the trustees of this country for a little time only. Our fathers and our grandfathers before us though they may be dead and gone, still have a claim upon this country. Our children and grandchildren, and generations yet unborn, who will come after us, have rights in this country. Our trusteeship will quickly pass, and we owe a responsibility to our forefathers before us and our children after us to see to it that the trust is properly discharged.

The great purpose of the Wilderness Bill is to set aside a reasonable part of the vanishing wilderness, to make certain that the generations unborn will know what it is to experience life on undeveloped, unoccupied land in the same form and character as the Creator fashioned it. This is an experience we in the West can still know. The enactment of the bill will mean that our children will know it too.

It is a great spiritual experience. I never knew a man who took a bedroll onto an Idaho mountainside and slept there under a star-studded summer sky who felt self-important the next morning. Unless we preserve some opportunity for future generations to have the same experience we shall have dishonored our trust to posterity.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 3631. A bill to amend the Motor Vehicle Information and Cost Savings Act of 1972 to authorize appropriations for fiscal year 1978. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill to amend the Motor Vehicle Information and Cost Savings Act of 1972 to authorize appropriations for fiscal year 1978, and I ask unanimous consent that the letter of transmittal be printed in the Record together with the text of the bill.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 3631

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 111 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1921) is amended by adding the following at the end thereof:

"There are authorized to be appropriated to carry out this title $394,000 for the fiscal year ending September 30, 1978, to remain available until expended."

Sec. 2. Section 209 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1949) is amended by adding the following at the end thereof:

"There are authorized to be appropriated to carry out this title $3,375,000 for the fiscal year ending September 30, 1978, to remain available until expended."

Sec. 3. Section 321 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1964) is amended by inserting the following immediately after the first sentence of the section:

"There are authorized to be appropriated to carry out this title $3,400,000 for the fiscal year ending September 30, 1978, to remain available until expended."

Sec. 4. Title IV of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1981 et seq.) is amended by adding the following new section at the end thereof:

"Sec. 414. There are authorized to be appropriated to carry out this title $562,000 for the fiscal year ending September 30, 1978, to remain available until expended."

The Secretary of Transportation,
Washington, D.C., April 12, 1976.

Hon. Nelson A. Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: The Department of Transportation is submitting for your consideration and appropriate reference a draft bill "To amend the Motor Vehicle Information and Cost Savings Act of 1972 to authorize appropriations for fiscal year 1978."

This bill is being submitted in accordance with the schedule in the Congressional Budget Act of 1974 for the submission of authorization requests. Our actual appropriation requests will depend upon future events and determinations.

To meet the expenses necessary for the continued effective implementation of the Act, this legislation would authorize the appropriation for fiscal year 1978 of $394,000 for Title I, $3,375,000 for Title II, $3,400,000 for Title III, and $562,000 for Title IV.

Pursuant to Title I, a comprehensive bumper standard was published March 4, 1976, which will increase the protection of passenger cars against damage to their bumpers and other vehicle surfaces in low-speed crashes. The new standard also incorporates the requirements of Federal Motor Vehicle Safety Standard No. 215 for protection of a vehicle's safety-related systems in such crashes. Together, the requirements of the new standard should significantly reduce the losses of time and money normally suffered by motorists who are involved in such accidents. The funds authorized for this Title would be used to conduct studies and analyze data concerning bumper performance in low-speed crashes to ensure that the bumper requirements continue to be cost-effective.

The Department is continuing its analysis of data under Title II concerning the feasibility of using historical data and crash data to develop a system for rating the differences within a single class of vehicles with respect to the vehicles' damage susceptibility, crashworthiness, and ease of diagnosis and repair of mechanical and electrical systems. At this time, it appears that rating vehicles within a single class, through the use of either type of data, may not be viable. While differences among such vehicles appear to be statistically significant, the limited consumer sampling which we have been able to conduct indicates that the differences may be insufficient to influence purchasing decisions by consumers.

We expect to complete the analysis by late spring of this year. Thereafter, an appropriations request will be forwarded to Congress.

The special motor vehicle diagnostic inspection demonstration project added to Title III by the 1974 Motor Vehicle and Schoolbus Safety Amendments (P.L. 93-492) is in the planning stage. The amount of funds that we will request to be appropriated for the development and implementation of the project will depend upon our careful review of the planning studies.

Congress is considering legislation that would increase the effectiveness of the Department's anti-odometer tampering program by expanding the investigatory and enforcement authority in Title IV. We fully expect that this legislation, which is similar to the Department's bill, H.R. 8091, will be enacted. With the funding authorized by this bill for Title IV, the new authority will be used to deal with the continued high volume of complaints received by the Department concerning odometer tampering.

It is the judgment of this Department, based on available information, that no significant environment impact would result from the implementation of this legislation.

The Office of Management and Budget advises that this proposed legislation is consistent with the Administration's objectives.

Sincerely,

William T. Coleman, Jr.

By Mr. TUNNEY:

S. 3632. A bill to provide for the acquisition and preservation of works of art in Federal buildings, and for other purposes. Referred to the Committee on Public Works.

FEDERAL BUILDING WORKS OF ART PROGRAM ACT

Mr. TUNNEY. Mr. President, I am pleased today to introduce a bill which asks that we embrace our cultural heritage, in this our Bicentennial Year, by continuing to develop the American arts.

The Federal Building Works of Art Program Act is an attempt, not only to create more esthetically pleasing buildings and urban environments, but also to celebrate local artisans and their major works of art.

By providing major Federal buildings, under the control of the General Services Administration, with up to 1 percent of the total cost of the building for major works of art from local artists, we can secure local arenas for artistic achievement. We can also insure our Federal dollars against the creation of nondescript edifices in our local communities.

There are three major provisions which are addressed in this bill.

First, the bill would authorize the acquisition of suitable works of art for all major Federal buildings under the jurisdiction of the GSA which are completed within the next 5 years.

Second, through the National Endowment of the Arts, local talent in the general vicinity of the Federal building will be encouraged to participate in the permanent art displays for such buildings. The National Endowment for the Arts will work in conjunction with any community's arts council, where such an organization exists.

Third, a continuing program of preservation and restoration of the artwork will be provided for.

In light of the artistic enrichment and the urban enhancement which can be derived from this bill, the cost will be low.

The GSA has provided me with the figures for those Federal buildings which were completed in 1974 and 1975. Twenty-nine projects were completed in 1974 at a cost of $240,774,100. In 1975, 26 projects were dedicated at a cost of $385,251,110. With the maximum amount of money provided in the bill for art, the money needed in 1974 would have only been approximately $2.4 million—and for 1975, approximately $3.8 million. The minimum amount required under this bill would have been half of these amounts. GSA is presently operating a similar program which reserves approximately one-half of 1 percent for the artwork of Federal buildings. The amount in my bill, one-half to 1 percent of the cost of the building, is not too much to ask because we are, in a sense, asking to preserve a part of our cultural soul.

The concept of a program which sets aside a percentage of the building cost for artwork is not new. The Federal Government has dabbled with the idea of providing art to Federal buildings since the mid-19th century when the Congress hired Constantino Brumidi to paint frescos for the Capitol Building.

In 1934, the Treasury Department commissioned artists to "embellish Federal buildings with murals, paintings, and architectural sculpture." Four years later such activity was intended to "become a permanent activity of the Government." Sculpture and murals for courthouses and many post offices were created throughout the country in the major public works programs which continued through 1941.

As a result of a Presidential Commission on Fine Arts in 1951, the General Services Administration was urged to make greater use of sculptures, murals, mosaics, ceramics, and stained glass in public buildings. In 1962, the Senate Committee on Public Works held hearings on a bill to provide suitable works of art in Federal buildings in the capital area and expressed support for a fine arts authorization, not to exceed one-half of 1 percent of the total sum appropriated, for the design and construction of public buildings.

The Administrator of General Services made an important direct policy order in 1963 which specifically established an allowance for fine arts in public buildings for the District of Columbia and around the country. Since 1972, GSA has worked with the National Endowment of the Arts through their art in Federal buildings program and have commissioned artists to create artworks as an integral part of each new architectural design.

I have to applaud the GSA for the fine program it has pioneered for more than a decade. I can personally point to new projects in Van Nuys, San Diego, and Richmond, Calif., where major works of art by local artisans have or will enhance the Federal buildings built in the area. I can honestly say that many cities are visually more pleasing because of the administrative policy of GSA. But I want to make this policy and program the law.

The merits of this bill can affect every State and every major metropolitan area where a Federal building is to be built. By offering a small percentage of the cost of a building we can further local creative artwork and help secure and enlarge local community identity. We cannot continue to ignore the great artistic talent that continues to grow at the grassroots level of America. This bill is one way we can open our otherwise drab Federal buildings to the creative fresh ideas of local artists.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3632

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Building Works of Art Program Act".

Sec. 2. It is the purposes of this Act—

(1) to authorize the acquisition of suitable works of art of the best quality for the buildings of the Federal government thereby reflect our cultural heritage and the continuing development of American arts;

(2) to encourage, through the National Endowment for the Arts, the participation of talented local artists in the program authorized by this Act; and

(3) to provide a continuing program of preservation and restoration of the works of art acquired pursuant to the program authorized by this Act.

Sec. 3. As used in this Act the term—

(1) "art" includes painting, sculpture, photography, graphic and craft arts, and other artistic work designed to enhance the environment of public buildings;

(2) "Administrator" means the Administrator of General Services; and

(3) "Federal agency" means any department, agency, or independent establishment of the Federal government.

Sec. 4. (a) (1) There is authorized to be appropriated for the fiscal year 1977 and for each of the four succeeding fiscal years, for the purpose of this Act, an amount equal to at least one-half of one percentum but not to exceed one percentum of the total sum appropriated for the design and construction of public buildings of Federal agencies for the fiscal year for which the determination is made.

(2) Appropriations authorized by this section are in addition to any sums authorized for the design and construction of public buildings or for the acquisition and preservation of works of art for such building provided to the General Services Administration or to any other Federal agency.

(3) Funds appropriated pursuant to this section shall remain available for expenditure without fiscal year limitations.

(b) The Administrator of General Services is authorized, with the advice of the Chairman of the National Endowment for the Arts, to acquire suitable works of art for public buildings constructed under the supervision of the General Services Administration and to provide for necessary services to keep such works of art in an adequate state of preservation.

(c) (1) In carrying out the provisions of this section, the Administrator of General Services together with the Chairman of the National Endowment for the Arts, shall establish such procedures as may be necessary, to provide for the award of commissions, with or without competition, in which artists are invited to submit designs for works of art.

(2) In carrying out the provisions of this Act, the Chairman of the National Endowment for the Arts is authorized and directed to establish procedures to encourage local artists to participate in the program of acquisition of works of art authorized by this Act.

By Mr. TUNNEY (for himself and Mr. Cranston):

S. 3633. A bill to provide reimbursement for disaster relief debris clearance to the Los Angeles County Flood Control District. Referred to the Committee on Public Works.

Mr. TUNNEY. Mr. President, on behalf of my colleague (Mr. Cranston) and myself, today I am introducing legislation which should solve a financial problem of long standing in southern California. As my colleagues know, the Los Angeles area has been plagued for years with the specter of forest fires and floods as the result of its complex geography. In 1969, the rains of January and February did sizable damage to roadways, watershed and a number of reservoirs which service the Los Angeles County area. The magnitude of this storm has not been repeated since then. However, had a second storm season followed, and disaster relief funds been provided, the county very well might not have been left with the $2.78 million debt with which it is currently saddled. My legislation is aimed at ameliorating this fiscal problem—one which the Federal Government should have borne under the disaster relief laws long ago.

Under the disaster relief act in effect at that time, Public Law 81–875, the Office of Emergency Preparedness was to have reimbursed the county for the costs of the cleanup and repair operations. However, as the result of extraordinary circumstances, two major operations were not completed within the statutory time limitation. As the result, the county was refused over $2.75 million in reimbursement funds by the successor organization to the OEP, the Federal Disaster Assistance Administration.

When the 1969 flooding occurred, the San Gabriel Reservoir was undergoing a facelift. Silt and other debris which had accumulated in the reservoir since its construction in 1938 were being removed. The storms left an additional 6.6 million cubic yards of debris for removal. The contract in effect at the time of the 1969 floods had no provision for extension to increase the amount of debris to be removed nor for accelerating the rate of debris removal. Because of the nature of the contract, coupled with the vast amount of additional debris, delay in complying with OEP time guidelines was unavoidable.

The Big Dalton Reservoir was the site of additional lost Federal funds for want of a site upon which to dispose of the debris. Under California law, an environmental impact assessment was necessary to evaluate the most appropriate site for debris disposal before one could be purchased. The selection of that site coupled with the downtime experienced during the 1970 winter storm season led to the delay in this case.

Los Angeles County's Flood Control District therefore is being penalized for delays resulting from seasonal changes not under their control and from California's strong environmental protection regulations.

Were the circumstances surrounding the county's delay less than extraordinary, I would not offer a measure of this nature. The bill will not open loopholes for similar expenditures in other cases, nor will it provide more than a one-time reimbursement to Los Angeles County. I urge its prompt consideration and passage.

By Mr. CURTIS:

S. 3634. A bill to provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs. Referred to the Committee on Government Operations.

Mr. CURTIS. Mr. President, I introduce a bill entitled the "Income Assistance Simplification Act," and I ask unanimous consent that a summary of the bill together with a letter of transmittal from the Office of Management and Budget be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

SUMMARY OF THE INCOME ASSISTANCE SIMPLIFICATION ACT

The Act would authorize the President to modify statutory provisions, revise program operations, and adjust agencies' organizational arrangements in order to provide greater efficiency and equity in major Federal income assistance programs. The authority proposed in the Act is intended to permit management and structural reform; it is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor of bringing about Federal assumption of total responsibility for the welfare system.

PROGRAMS COVERED BY THE ACT

The programs covered under the Act are those major national means-tested income assistance programs of broad application:

The program of Aid to Families with Dependent Children (AFDC),

The Work Incentive Program (WIN),

The Supplemental Security Income Program (SSI),

The food stamp program, and

Public housing, section 8 rental assistance, section 236 housing assistance, and the urban and rural rent supplement programs.

Programs such as social security, unemployment insurance, and other benefits earned by the recipient and not subject to means tests would not be covered by the Act.

PURPOSE

Section 2 of the Act sets forth the policies to be carried out with respect to Federal income assistance programs, including ensuring that the operation of those programs is effective and equitable, that the relationships among those programs are rational and equitable, that resources are focused on the most needy, that those programs do not deter individuals who are able to work from engaging in productive employment, and that those programs are readily understandable and are administered and organized efficiently and effectively.

The section states that it is the purpose of the Act to provide for carrying out these policies consistent with the fundamental purposes of the affected income assistance programs, and declares that this purpose can be achieved effectively by proceeding under the Act.

It is not intended to use the authority under the Act to transform the essential character of any of the programs covered under the Act; that is, the resources of the AFDC program would continue to provide cash assistance only to low-income needy families with dependent children; the WIN program would continue to finance programs to help AFDC applicants and recipients obtain employment; the SSI program would provide cash assistance only to low-income needy elderly, disabled, or blind persons; the food stamp program would provide assistance to enable low-income needy individuals and families to have an opportunity to purchase nutritionally adequate food; and the specified housing programs would provide assistance to low-income needy individuals and families only to obtain adequate housing.

INCOME ASSISTANCE PROGRAM MODIFICATIONS

Section 3(a) requires the President, from time to time, to examine the operations and statutory provisions for the programs covered under the Act, as well as the organizations of the agencies responsible for administering them, and to determine what changes in such operations, statutory provisions, and agency organizations are necessary to carry out any of the policies set forth in the Act.

Under section 3(b), whenever the President finds that changes are needed to carry out any of the policies of the Act, he would prepare an Income Assistance Program Modification which could make changes in the eligibility requirements and benefits under any of the enumerated programs, in the administration of those programs, and in the organization of agencies operating those programs. Only existing agencies would be affected; no new agency could be created pursuant to a Modification.

The Modification could be designed to correct such problems as: the use of inconsistent asset tests in determining eligibility of individuals and families for SSI, food stamps, and public housing; complexities in the treatment of resources of persons in a household who are not all eligible for benefits; a lessening of work incentives for a recipient of aid under two or more programs by an excessive reduction of benefits because of additional earned income; and differences among programs in definitions of "aged" and "households".

Section 3(c) provides that a Modification could not terminate any of the specified programs before their statutory termination dates, or extend such programs beyond their termination dates.

Section 3(d) provides that a Modification may, as the President considers necessary, provide for the transfer of records, property, personnel, unexpended balances of appropriations, and other funds that are affected by a Modification.

EFFECTIVE DATE AND PUBLICATION OF MODIFICATIONS

Section 4 of the Act provides that any Modification prepared pursuant to the authority under the Act must be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. It is intended that during this period there would be consultations with appropriate congressional committees and with officials of State and local governments on the changes being proposed.

After the close of the comment period, the Modification would be transmitted to the Congress by the President, while both Houses are in session, with appropriate changes based on the comments received. The Modification would have to be accompanied by a declaration that each change included in the Modification has been found by the President to be necessary to achieve a policy set forth in the Act.

A Modification prepared under the Act would become effective at the end of the first period of 60 calendar days of continuous session of the Congress after the date on which the Modification is transmitted to it, unless legislation to the contrary were enacted into law.

EFFECT ON OTHER LAWS AND PENDING LEGAL PROCEEDINGS

Section 5 provides that:

Affected statutes and regulations will continue in effect except to the extent changed by a Modification.

Any provision of a Modification which becomes effective will supersede any inconsistent provision of law, and any regulation or other action affected by a Modification will be deemed to be modified to eliminate any inconsistency.

No pending legal proceeding would abate by reason of a transfer of functions from one agency to another pursuant to a Modification.

TERMINATION OF AUTHORITY

Section 6 provides that the President may transmit Modifications to the Congress prior to October 1, 1981. It is intended that during this period, the authority provided would be carefully assessed and possible changes in it studied.

Office of Management and Budget,
Washington, D.C.

Hon. Carl Albert,
Speaker of the House of Representatives,
Washington, D.C.

Dear Mr. Speaker: Enclosed for the consideration of the Congress is a draft bill "To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs." This bill—the Income Assistance Simplification Act—would enable the President to make improvements in these programs as explained in his message to the Congress of this date.

The basic objective of the enclosed bill is to provide a mechanism for simplifying, rationalizing, and making more understandable our major income assistance programs (for example, aid to families with dependent children, the work incentive program, supplemental security income, the food stamp program, and various housing programs). Accordingly, the bill sets forth a means by which modifications could be developed from a single, broad perspective that would accommodate the objectives and requirements of individual programs while improving the relationship of each program to the income assistance system as a whole. The proposal is intended to permit management and structural reform; the authority in the bill is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor to serve as a means of bringing about Federal assumption of total responsibility for the welfare system.

The Federal Government currently operates or supports various programs intended to provide the necessities of life to individuals and families unable to provide for themselves. These programs, however, are difficult to coordinate for various reasons, including diverse statutory requirements, fragmented congressional committee jurisdictions, and multiple administering agencies, as well as the variety of ends they are supposed to serve.

The individual Federal income assistance programs were enacted and amended at different times over the course of the years to meet specific concerns and needs, often without sufficient regard to other programs with the same or similar general objectives. As a result, requirements and benefits of individual programs are often unrelated, or only superficially related, to those of the others. This has given rise to inequities in the treatment of people in similar circumstances, inconsistencies in eligibility requirements, and operating complexities. Moreover, Federal income assistance programs serve an overlapping population, often provide duplicative benefits, and sometimes have the effect of actually deterring people who are willing to work from seeking work.

Under the proposed legislation, the President would examine specified national means-tested income assistance programs and could make modifications in their operation, in their statutory provisions, and in the organization of the agencies administering those programs, to promote the following fundamental objectives:

Achievement of more equal treatment of recipients with identical needs.

Focusing of resources on those most in need.

Assurance that the programs do not deter those able to work from engaging in productive employment.

Simplification of administration and organization, and reduction in excessive reporting and procedural requirements, thereby reducing administrative costs.

Achievement of a system that is understandable to the public.

Any modification to be made by the President would first be published in the Federal Register, and interested parties would be given 30 days to submit comments. The modification would then be transmitted by the President to the Congress, and would take effect 60 days after transmittal, unless legislation to the contrary were enacted into law.

The enclosed "Income Assistance Simplification Act" embodies a new approach to reform of income assistance programs without fundamentally restructuring programs all at once or eliminating efforts to make specific improvements in individual programs. This approach provides a basis for new solutions to problems in this area by moving the current separate and conflicting income assistance programs toward a consistent system.

Each modification presented by the President would be considered within the context of overall income assistance policy and yet analyzed and dealt with on its individual merits. The result will be a sounder, more rational and effective structure of income assistance for needy Americans.

The draft bill is described in greater detail in the enclosed summary. We urge its prompt and favorable consideration by the Congress.

Sincerely,

James T. Lynn,
Director.

By Mr. CHILES (for himself, Mr. Percy, and Mr. Weicker):

S. 3635. A bill to authorize procurement of janitorial, protective, trash removal, and similar services for periods not exceeding 4 years. Referred to the Committee on Government Operations.

Mr. CHILES. Mr. President, today, by request, I am introducing for myself, Mr. Percy, and Mr. Weicker, S. 3635, a bill to authorize the procurement of janitorial, protective, trash removal and similar services for periods not exceeding 4 years and for other purposes.

I am introducing this legislation despite this late date to show our continuing interest in Federal spending reform and the growing initiatives of the Office of Federal Procurement Policy—OFPP—created by Public Law 93-400 in 1974.

There are larger issues to be addressed regarding across-the-board multiyear authority and the provisions of S. 3005, the Federal Acqusition Act, now pending. I feel it is appropriate, however, to place this more narrow piece of legislation before the Senate for comment and to demonstrate the vast potential for economizing on Federal spending—up to $14 million a year in this case of janitorial services alone.

Under present law, there is a 1-year limitation on contracts for such services. However, this proposed legislation would allow for greater economy and efficiency in the operation of federally owned and leased properties by authorizing contracts for these and similar services to extend for periods not to exceed 4 years.

By initiating a multiyear contract, many administrative expenses could be greatly reduced. The costs incurred in yearly bid invitations, advertising, bid evaluations, and annual contract awards would be substantially eliminated.

Productivity would also be enhanced as a result of this proposed legislation. At the beginning of a contract period, there is a need to recruit a labor force and establish an effective organization, therefore resulting in less productivity during that time. With a multiyear contract, however, this problem would not reoccur at the beginning of each year. Also, individual contractors could attract more responsible employees who would be better able to serve the Federal Government. Further, the longer contract period would allow for savings by allowing for amortization of costs, over a longer term which would result in lower bid prices to the Federal Government. The General Services Administration alone contracts for these services at an annual cost of $70 million. If the proposed legislation were enacted, the OFPP estimates a $12 to $14 million savings could be anticipated annually.

Mr. President, I ask unanimous consent that the bill be printed in the Record, together with the letter requesting the legislation from the Administrator of the OFPP.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 3635

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. That subsection 201(a) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 481), is amended by adding after the word "years" in paragraph (3) the words, "and that contracts for janitorial, protective, trash removal, and similar services in federally owned and leased properties may be made for periods not exceeding four years; *Provided,* That the wage rates and fringe benefits applicable to contracts for such janitorial, protective, trash removal and similar services shall be subject to revision annually in accordance with regulations and procedures of the Department of Labor; and".

Sec. 2. That section 2306 of title 10 of the United States Code, as amended, is further amended by adding the following subsection (h) at the end thereof:

"(h) the head of an agency may enter into contracts for janitorial, protective, trash removal, and similar services in federally owned and leased properties for periods not exceeding four years: *Provided,* That the wage rates and fringe benefits applicable to contracts for such janitorial, protective, trash removal and similar services shall be subject to revision annually in accordance with regulations and procedures of the Department of Labor."

Office of Management and Budget,
Washington, D.C., June 22, 1976.

Hon. Nelson A. Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: Transmitted herewith for consideration by the Congress is a draft bill "To authorize the procurement of janitorial, protective, trash removal, and similar services for periods not exceeding four years, and for other purposes."

This proposed legislation will permit greater economy and efficiency in the operation of federally-owned and leased properties by authorizing the head of an agency to enter into contracts for janitorial, protective, trash removal, and similar services for periods not to exceed four years. Under present law there exists a limitation of one year in contracting for such services. This not only precludes an agency from obtaining potential contract benefits and savings but also results in higher administrative costs.

Savings can be realized in two ways. Substantial administrative costs are incurred in the preparation of invitations for bids, advertising costs, evaluation of bids, and awarding of contracts on an annual basis. Four-year contracting authority would greatly reduce these expenses.

The need to recruit a labor force and establish an effective organization during the first few weeks of a contract period results in less productivity during that time. This problem is inherently more prevalent in one-year contracts where new operations and different contractors are frequently involved. With the flexibility of obtaining these services on a four-year basis, this difficulty will be minimized. Individual contractors, usually small businessmen, will be able to attract more responsible employees who can provide better services to the Federal Government. Further, the longer contract period will allow for amortization of costs over a longer period which will result in savings through lower bid prices to the Federal Government. The General Services Administration contracts for these services at an annual cost of $70 million. It is anticipated that a savings of $6-$7 million annually could be realized if this legislation were enacted. The Department of Defense estimates that a similar savings percentage could be achieved

Furthermore, we have evaluated the economic and inflationary impact of the proposal in accordance with Executive Order 11821 and relevant criteria and have determined it would not be significant.

For reasons stated above, prompt and favorable consideration of the enclosed draft is recommended.

Sincerely,

Hugh E. Witt,
Administrator.

A bill to authorize procurement of janitorial, protective, trash removal, and similar services for periods not exceeding four years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. That subsection 201(a) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 481), is amended by adding after the word "years" in paragraph (3) the words, "and that contracts for janitorial, protective, trash removal, and similar services in federally-owned and leased properties may be made for periods not exceeding four years; *Provided,* That the wage rates and fringe benefits applicable to contracts for such janitorial, protective, trash removal and similar services shall be subject to revision annually in accordance with regulations and procedures of the Department of Labor; and".

Sec. 2. That section 2306 of title 10 of the United States Code, as amended, is further amended by adding the following subsection (h) at the end thereof:

"(h) the head of an agency may enter into contracts for janitorial, protective, trash removal, and similar services in federally-owned and leased properties for periods not exceeding four years: *Provided,* That the wage rates and fringe benefits applicable to contracts for such janitorial, protective, trash removal and similar services shall be subject to revision annually in accordance with regulations and procedures of the Department of Labor."

By Mr. HUMPHREY (for himself, Mr. Mondale, and Mr. McGovern):

S. 3636. A bill to provide emergency assistance to livestock producers. Referred to the Committee on Agriculture and Forestry.

EMERGENCY LIVESTOCK ASSISTANCE ACT OF 1976

Mr. HUMPHREY. Mr. President, I am today introducing emergency legislation to provide much needed assistance to our livestock producers as a result of the drought confronting Minnesota and surrounding States.

That drought has been especially serious in Minnesota where initially 40 counties were included in the President's emergency declaration along with 74 other counties in Wisconsin and South Dakota. Since that June 16 declaration, an additional 20 Minnesota counties have been added to the list, bringing the grand total of counties declared eligible for emergency assistance to 134 in the three-State area.

The bill which I am introducing would deal specifically with a number of problems growing out of the regulations developed to implement the President's emergency declaration. Our livestock producers are ineligible to receive the hay transportation subsidy if they have on hand a 30-day supply of hay and forage.

Most of our livestock producers, as a sound management practice, maintain a greater hay and forage supply than is needed for 30 days. However, with this year's first hay crop, a fraction of the usual size, our fall and winter hay and forage supplies are likely to be extremely tight.

When this drought has broken, and I pray that it happens before long, the needs of these livestock producers will be forgotten by many people, and their debt burden will have increased again.

My bill would take into account the total hay, forage, and pasture situation, but it would do so over a 3-month period. This would enable our producers to plan in a more orderly way and examine their options without continually playing 30 day Russian roulette, not knowing whether or not the regulations will be extended.

I would anticipate that even extending the period to 90 days would mean that only a limited number of producers would qualify for the transportation subsidy. However, the 90-day period would enable our producers to see where they were going, and the recommendations of the ASCS, at the end of a 90-day period, would assure that the longer range fall and winter problems would not be ignored or forgotten.

My legislation also provides some additional long-term authorities for the Secretary of Agriculture under the emergency livestock program. Whereas he now can sell available oats to livestock producers at reduced rates. I am recommending that he be authorized to purchase and sell hay or other forages at reduced rates in emergency situations. Since this administration has been unwilling to maintain any significant emergency grain stocks onhand, this authority should be a welcome addition to meet emergency situations under the basic charter of the Commodity Credit Corporation.

Mr. President, this bill is an attempt to respond to this emergency with more flexibility than the Department and the Federal Disaster Assistance Administration have shown thus far. I believe that this approach will result in significant benefits in terms of helping our livestock producers remain in production and also to be able to plan with more certainty for the months ahead.

The alternative is to continue the month-to-month program which will discourage orderly planning and encourage farmers to continue to sell off their livestock. I can envision a situation by the fall and winter where, with the drought forgotten and our forage and hay supplies low, our farmers may be even more severely pressed than at present.

In conclusion, this bill would offer our livestock producers a better chance to remain in production and more adequately anticipate their fall and winter feeding requirements. In addition, section 7 would give more flexibility to the Secretary of Agriculture under the emergency. livestock feed program in terms of responding to emergency needs when the supply of oats or other grains is low.

Mr. President, I hope that this bill will receive prompt consideration. I ask unanimous consent that the text of the bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3636

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Livestock Assistance Act of 1976".

Sec. 2. The Secretary of Agriculture is authorized to declare any State or political subdivision thereof as an emergency area affected by a flood, drought, or other natural disaster for the purposes of this Act after the Governor has requested such a declaration, and the Secretary has concurred in the evidence provided by the Governor that the combined hay, forage or pasture losses are 40 percent below normal State or subdivision production based on applicable production averages over the preceding 3 years.

Sec. 3. The Secretary of Agriculture may provide three-fourths of the actual cost to transport a maximum of 90 days supply of hay or forages to livestock producers in emergency areas: *Provided,* That the Secretary may, where it finds such action necessary and appropriate, extend the period of time for making assistance available to livestock producers. In computing the assistance to which livestock producers are entitled, the Agricultural Stabilization and Conservation Service shall utilize the formula of 40 pounds of hay per brood cow per day and 20 pounds per replacement heifer per day. The Agricultural Stabilization and Conservation Service will develop appropriate feed ratios as required for other livestock. Before the end of the 90-day period, the Agricultural Stabilization and Conservation Service will evaluate both the immediate and long-term situation facing livestock producers and furnish the Secretary and the Governor recommendations for any additional steps, including an extension of the 90-day period.

Sec. 4. The Secretary of Agriculture is authorized to provide assistance under section 3 of this Act to any livestock producer whose assets do not exceed $100,000 beyond current liabilities or where not providing such assistance would cause a financial hardship to the producer in maintaining his livestock herd.

Sec. 5. The Secretary of Agriculture is authorized to issue such regulations as he determines necessary to carry out this Act.

Sec. 6. The Secretary of Agriculture is authorized to utilize the facilities, services, authorities and funds of the Commodity Credit Corporation in discharging his responsibilities under this Act.

Sec. 7. Notwithstanding any other provision of law, the Secretary of Agriculture is authorized, through the Commodity Credit Corporation, to purchase hay or other forages and make them available to maintain foundation livestock herds and avoid forced liquidation sales in accordance with the provisions of section 407 of the Agricultural Act of 1949, as amended.

Sec. 8. The authority to provide assistance under this Act shall expire on October 1, 1978.

By Mr. MOSS:

S. 3637. A bill to establish a materials policy for the United States, to create a materials research and development capability, and to provide an organizational structure for the effective application of such research capability, and for other purposes. Referred jointly, by unanimous consent, to the Committees on Banking, Housing and Urban Affairs; Aeronautics and Space Sciences; Agriculture and Forestry; Armed Services; Commerce; Foreign Relations; Government Operations; Interior and Insular Affairs; Judiciary; Labor and Public Welfare; and Public Works.

A MATERIALS POLICY FOR THE UNITED STATES

Mr. MOSS. Mr. President, on June 17, 1976, Representative James Symington, for himself and Representative Charles Mosher, introduced H.R. 14439 in the House of Representatives. The bill was referred to the Committees of Science and Technology, Judiciary, and Rules. The bill provides for the establishment of a materials policy for the United States, creates a materials research and development capability, and provides for an organizational structure for effective application of this research capability. The bill, if enacted, is to be known as "The National Materials Policy, Research, and Organization Act of 1976."

I applaud the efforts of Representatives Symington and Mosher in introducing a bill that has been so long needed. The bill offers an excellent starting point for what I would like to see become a national discussion. I hardly need remind my colleagues of the considerable energy which has been expended needlessly, the sidestepping and false starts which might have been avoided, and the cohesion and comprehensiveness which have been so seriously lacking in so many of our national debates because of this very failure to promote and administer a full scale materials/resource policy. The bill provides a vehicle which can go far in alleviating a host of problems which have beset this country ever since we realized that the world's goods and services are scarce indeed and finite to be sure.

I introduce the bill at this time so that the discussion of relevant and related issues might begin in earnest. Hopefully, hearings and discussion will follow. This bill can be the basis for economic growth and development by providing jobs, while at the same time it strengthens our position in materials essential to such growth and progress.

Inherent in this kind of legislation is the crosscurrents of jurisdiction for our committees. This bill could well go jointly to Agriculture, Interior, Aeronautical and Space Sciences, Commerce, Foreign Relations, and the Labor and Public Welfare Committees. It is time the Committee on Committees did its work.

In any event, I hope my colleagues will carefully read the bill and examine its far-reaching implications.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the bill introduced by the distinguished Senator from Utah (Mr. Moss) relating to a materials policy for the United States, be referred jointly to the following committees: Banking, Housing and Urban Affairs; Aeronautics and Space Sciences; Agriculture and Forestry; Armed Services; Commerce; Foreign Relations; Government Operations; Interior and Insular Affairs; Judiciary; Labor and Public Welfare; and Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 2028

At the request of Mr. Kennedy, the Senator from Pennsylvania (Mr. Hugh Scott) was added as a cosponsor of S. 2028, to amend the Clayton Act.

S. 2541

At the request of Mr. Tunney, the Senator from Tennessee (Mr. Brock) was added as a cosponsor of S. 2541, to provide for the establishment of model programs to foster equal opportunities for displaced homemakers.

S. 2910

At the request of Mr. Schweiker, the Senator from Massachusetts (Mr. Kennedy) was added as a cosponsor of S. 2910, to establish the National Diabetes Advisory Board.

S. 3082

At the request of Mr. Randolph, the Senator from New Mexico (Mr. Montoya) was added as a cosponsor of S. 3082, to amend title 39, United States Code.

S. 3584

At his own request, the Senator from Pennsylvania (Mr. Hugh Scott) was added as a cosponsor of S. 3584, relating to year-round navigation on the Great Lakes-St. Lawrence Seaway System.

S. 3585

At the request of Mr. McGovern, the Senator from Minnesota (Mr. Humphrey), the Senator from Rhode Island (Mr. Pell), the Senator from Idaho (Mr. Church), the Senator from Iowa (Mr. Clark), the Senator from Indiana (Mr. Hartke), and the Senator from California (Mr. Tunney) were added as cosponsors of S. 3585, the National Meals-on-Wheels Act.

S. 3595

At the request of Mr. Fannin, the Senator from Virginia (Mr. William L. Scott) was added as a consponsor of S. 3595, the Students' Freedom of Choice Act.

SENATE JOINT RESOLUTION 206

At the request of Mr. Stone, the Senator from Washington (Mr. Jackson) was added as a cosponsor of Senate Joint Resolution 206 providing for a National Leadership Conference on Energy Policy.

At the request of Mr. Stone, the Senator from West Virginia (Mr. Robert C. Byrd) was added as a cosponsor of Senate Joint Resolution 206, proposing a National Energy Conference on Energy Policy.

SENATE CONCURRENT RESOLUTION 116

At the request of Mr. Bartlett, the Senator from South Dakota (Mr. McGovern) was added as a cosponsor of Senate Concurrent Resolution 116, setting forth standards and rights of foster children.

AMENDMENT NO. 1879

At the request of Mr. Helms, the Senator from Alabama (Mr. Allen), the Senator from Oklahoma (Mr. Bartlett), the Senator from New Hampshire (Mr. Durkin), the Senator from North Carolina (Mr. Morgan), and the Senator from Ohio (Mr. Taft) were added as cosponsors of amendment No. 1879, intended to be proposed to the bill—H.R. 10612—to reform the tax laws of the United States.

AMENDMENT NO. 1886

At the rquest of Mr. Stone, the Senator from Tennessee (Mr. Brock) was added as a cosponsor of amendment No. 1886, intended to be proposed to the bill—H.R. 10612—to reform the tax laws of the United States.

SENATE RESOLUTION 481—ORIGINAL RESOLUTION REPORTED WITH RESPECT TO CONSIDERATION OF H.R. 11009

(Referred to the Committee on the Budget.)

Mr. EAGLETON, from the Committee on the District of Columbia, reported the following original resolution, which was referred to the Committee on the Budget:

S. Res. 481

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of H.R. 11009. Such waiver is necessary because information regarding the cost of updating the financial reporting systems of the District of Columbia did not become available until June 19, 1976, and therefore was not available at the time of the adoption of the Budget Resolution. The fiscal year 1977 cost of this legislation will be $5 million.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1977

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1979

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS. Mr. President, this amendment I am submitting would strike section 1035(f) of H.R. 10612, which provides a foreign tax credit for certain payments to foreign governments under production sharing contracts for a period of 5 years.

Section 1035(f) reverses a recent revenue ruling (Rev. Rul. 76-215) to the effect that certain payments made to the Indonesian Government under production-sharing contracts are not taxes and therefore do not qualify for a foreign tax credit under section 901 or 903 of the Internal Revenue Code.

This is a narrow special-interest relief provision for the principal benefit of one company. Moreover, it is not necessary. The revenue ruling applies only prospectively, with respect to payments made taxable years beginning on or after June 30, 1976. Since the affected taxpayers are on a calendar-year basis, the ruling is not effective until January 1, 1977, more than 6 months after the ruling was issued. Six months should be ample time for the taxpayers to revise their contracts to conform to the requirements of the law with respect to credits for foreign taxes. An additional 4½ years is not warranted.

AMENDMENTS NOS. 1986 AND 1987

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted two amendments intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1988

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, Mr. Mondale, and Mr. Proxmire) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10612), supra.

HEALTH PROFESSIONS EDUCATION ASSISTANCE ACT—S. 3239

AMENDMENT NO. 1980

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY (for himself and Mr. Montoya) submitted an amendment intended to be proposed by them jointly to the bill (S. 3239) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health professions, to revise the National Health Service Corps program, and for other purposes.

AMENDMENTS NOS. 1981 AND 1982

(Ordered to be printed and to lie on the table.)

Mr. CLARK (for himself, Mr. Leahy,

and Mr. STAFFORD) submitted two amendments intended to be proposed by them jointly to the bill (S. 3239), supra.

AMENDMENTS NOS. 1983, 1984, AND 1985

(Ordered to be printed and to lie on the table.)

Mr. BROCK. Mr. President, today I am submitting three short amendments to the "Health Profession Education Assistance Act of 1976" that the Senate is scheduled to take up tomorrow. I would like to quickly point out to those members of the Labor and Public Welfare Committee who worked hard on this bill that my amendments do not conflict with any section of their bill. These amendments are not "substitutes" or "replacements" to any section now in the bill. One amendment would, I hope, get at *the truth* of the doctor maldistribution question, while the other two amendments are new ideas to try to solve both the maldistribution problem and the problem of overspecialization.

The first amendment would provide for a Council on Medically Underserved Populations. This Council would establish basic criteria for designating underserved areas, something we sorely need, then it would conduct surveys to determine accurately the areas and need. The whole problem in health manpower is that we do not have the criteria or data to know if we need 25 percent, 40 percent, or more of our graduates to serve in these underserved areas. I do not normally like the idea of still another council, but in this case, I think that it is needed.

Then, I have two amendments using a "differential capitation" approach to try and solve two other very important problems. Regarding the specialization problem, I would give an extra $200 capitation grant to schools that enroll medical students in primary care schools. This would put the burden on the schools themselves to solve the problem. But, while solving the problem, they would have the incentive of extra capitation grants.

Then, I would give an extra $500 capitation to schools that recruit students from underserved areas. This is an experiment, but studies have shown that those most likely to return to an underserved area are those that originally lived in such areas. On the other hand, most of our medical students come from urban and suburban areas. No wonder we have a maldistribution problem.

I ask unanimous consent that these amendments be printed in the RECORD at this time.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

On page 235, line 11, insert "(a)" after "SEC. 330.".

On page 235, line 18, strike "331(a).”." and substitute "331(a)."

On page 235, insert between lines 18 and 19 the following:

AMENDMENT No. 1983

"(b) (1) The Secretary shall appoint a permanent Council on Medically Underserved Populations (hereinafter in this title referred to as the 'Council') consisting of ten individuals from outside of the Government who have demonstrated excellence in conducting analyses of factors related to determining adequate supplies of health services, facilities, and personnel.

"(2) The Council shall establish criteria for the designation of medically underserved populations under this title and under sections 1302(7) and 1633(16). In establishing such criteria, the Council shall take into consideration the number and types of personal health services needed under section 1302(7), the number and types of facilities needed under section 1633(16), and the number and types of primary health care personnel needed under this title.

"(3) The Council shall establish initial criteria within one year after the date of enactment of this title.

"(4) The Council is authorized to conduct such studies (either directly or indirectly) as it deems necessary to determine criteria for designating medically underserved populations with respect to personal health services, facilities, and primary health care personnel. The Council shall conduct such additional studies as may be necessary to determine reasons for shortages of personal health services, facilities, and primary health care personnel for medically underserved populations and ways of overcoming such shortages. The Council shall conduct the specific studies required under section 1712.

"(5) (A) Members of the Council shall be appointed for a term of two years except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of such term and shall not be removed except for cause. Members may be reappointed to the Council.

"(B) The Council shall be located within the office of Assistant Secretary for Health and shall meet not less often than quarterly.

"(C) The Council shall be appointed within one hundred and twenty days after the date of enactment of this title.

"(D) The Secretary shall furnish to the Council such staff and office space as the Council may reasonably require in the performance of its duties.

"(E) Appointed members of the Council shall receive, for each day they are engaged in the performance of the functions of the Council, compensation at rates not to exceed the daily equivalent of the annual rate in effect for grade GS–18 of the General Schedule including traveltime; and all members while so serving away from their home or regular places of business may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as such expenses are authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.".

AMENDMENT No. 1984

On page 296, line 14, strike "'(e)" and substitute "'(f)".

On page 296, insert between lines 13 and 14 the following:

"(e) CAPITATION DIFFERENTIAL INCENTIVE.—In addition to other sums available under this section a school of medicine, osteopathy, or dentistry shall each receive $500 for each full-time student enrolled in such school who resides in a designated underserved area.".

AMENDMENT No. 1985

On page 296, line 14, strike "'(e)" and substitute "'(f)".

On page 296, insert between lines 13 and 14 the following:

"(e) CAPITATION DIFFERENTIAL INCENTIVE.—In addition to other sums available under this section a school of medicine, osteopathy, or dentistry shall each receive $200 for each full-time student enrolled in such school who is in his third or fourth year of a program of primary care.".

OMNIBUS CRIME CONTROL AND SAFE STREETS ACT AMENDMENTS—H.R. 366

AMENDMENT NO. 1989

(Ordered to be printed and to lie on the table.)

Mr. MOSS submitted an amendment intended to be proposed by him to the bill (H.R. 366) to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to provide benefits to survivors of certain public safety officers who die in the performance of duty.

PARTICIPATION IN THE FINANCIAL SUPPORT FUND—S. 1907

AMENDMENT NO. 1990

(Ordered to be printed and referred to the Committee on Banking, Housing and Urban Affairs.)

Mr. STEVENSON. Mr. President, pending before the Banking Committee is S. 1907, a bill to authorize U.S. participation in the Financial Support Fund of the Organization for Economic Cooperation and Development—OECD. The professed purpose of the fund is to provide a supplementary source of credit for countries suffering severe balance-of-payments deficits due to oil price increases. To achieve that purpose the support fund could lend to, or guarantee borrowings by, member states to meet their oil-induced balance-of-payments deficits, while attaching energy and economic policy conditions to insure that the borrowing state restores balance-of-payments equilibrium. The fund would provide assistance up to a maximum of 20 billion "special drawing rights"—roughly equivalent to $25 billion—backed by member state guarantees based on quotas. The U.S. quota would be approximately $6.7 billion.

Negotiations to create a financial support fund were begun in the fall of 1974 when the dimensions of the payments problems arising from the rapid increase in oil prices were unclear. At that time, estimates of the size of the potential OPEC surplus raised doubts about the capacity of the private markets to recycle "petrodollars." But the international environment has changed considerably since then. The oil payments problem appears more manageable, and there are many who question whether the support fund is needed. Some authorities fear it could encourage OPEC to raise oil prices. Others suggest that any new facility be situated within the IMF. Bilateral arrangements are also possible.

If the fund is created, it is essential that U.S. participation be consistent with, and not undermine, other multilateral institutions such as the International Monetary Fund and the European Community. Indeed, the financial support fund should backstop existing institutions, not compete with them. Pending amendments to the IMF articles of agreement include increases in member quotas which, if ratified, will help to assure that members have access to ample credit. In that context, it may be worth considering an expansion of the Group of Ten's general arrangements to borrow to insure that the IMF has a sufficient readily available supply of strong currencies.

Since the end of the Marshall plan and the European Payments Union, the International Monetary Fund has been the primary multilateral institution for assisting countries to stabilize their ballance of payments. The financial support fund would involve the OECD for the first time in providing credits to member countries and attaching policy conditions to those credits. The European Community has established balance-of-payments facilities for its own member states. We need to make sure that creation of an OECD financial support fund will not interfere with the progress of European integration nor undermine the responsibility of the IMF for helping countries to meet balance-of-payments problems.

International cooperation through the IMF, the OECD, and other multilateral institutions should be encouraged, and that is why we should take special care to see that counterproductive overlap is not created. I am submitting today several amendments to S. 1907. These amendments will help to insure that U.S. participation in the fund is consistent with the fund's purpose and with the objectives of other multilateral institutions.

Mr. President, I ask unanimous consent that the amendments together with a brief explanatory statement of each be included in the RECORD.

There being no objection, the amendment and explanation were was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1990

1. Lender of Last Resort Role for Support Fund.

On page 6, line 7, insert "(a)" immediately after the word "if"; on line 18, strike the period and insert "; and" in lieu thereof; and insert a new paragraph (b) as follows:

"(b) the Executive Directors of the International Monetary Fund have determined that the member requesting the loan is unable to obtain all or a part thereof from the International Monetary Fund, and where the member requesting the loan is also a member of the European Community, the Council of Ministers thereof has determined that such member is unable to obtain all or a part of such loan from or through the facilities of the European Community. The Secretary may not vote in favor of any loan which includes amounts which the member requesting the loan is able to obtain from the International Monetary Fund or the facilities of the European Community."

2. Terms of Support Fund Loans.

At the end of the bill add a new section 13 as follows:

"Section 13. The Secretary of the Treasury may not vote in favor of a loan pursuant to the Agreement on terms more favorable than those then available for borrowings of comparable size and maturity in international financial markets by credit-worthy governments for balance of payments purposes."

3. Borrower's Economic and Energy Policies.

On page 6, line 14, strike the word "and"; strike the period on line 18 and insert a semicolon in lieu thereof; and between lines 18 and 19 insert the following:

"(v) has agreed to avoid unilateral measures which would restrict international trade or other current account transactions, or which would artificially stimulate visible and current invisible exports, and has agreed to follow appropriate domestic and international economic policies, including adequate balance-of-payments policies and co-operative policies to promote increased production and conservation of energy."

4. Notification to Congress of Certain Loans.

On page 7, at the end thereof, insert a new subsection (d) as follows:

"(d) The Secretary shall not vote in favor of any loan pursuant to the Agreement if such loan exceeds, or when added to other loans pursuant to the Agreement, would exceed, the borrower's quota under the Agreement unless he has first submitted to the Congress a statement describing the loan, its terms, and conditions at least 25 days of continuous session of the Congress prior to his vote thereon. Such notification shall contain a detailed description of the need for the loan and the economic and energy policies of the member requesting the loan."

5. Use of Loan Proceeds to Repay Defaulted Obligations to Foreign Lenders.

At the end of the bill add a new section 14 as follows:

"Section 14. The Secretary of the Treasury shall not vote in favor of a loan pursuant to the Agreement unless the member requesting the loan agrees not to use the proceeds to repay obligations which are in default or arrears and which are payable outside the member's boundaries or are payable in another country's currency."

6. U.S. Obligation Stated in Dollars Instead of Special Drawing Rights.

On page 2, strike line 14 and insert in lieu thereof the following: "equal to $6,700,000,000."

On page 2, strike everything following "time," on line 20; and strike line 21 and insert in lieu thereof the following: "of $6,700,000,000."

7. Annual and Other Reports to Congress on Support Fund Loans.

On page 6, line 24 add the following:

"Such report shall also contain a detailed description of the economic and energy policies of any country which has a loan outstanding from the Financial Support Fund, including: the measures taken by such country to restore balance of payments equilibrium and produce and conserve energy; the policies of such country toward national and multilateral development of nuclear energy; and any significant restrictions or controls by such country or international trade, payments, or capital transactions."

On page 7, line 12, strike the word "and"; on line 14 strike the period and insert "; and" in lieu thereof; and between lines 14 and 15 add the following:

"(4) a detailed description of the economic and energy policies of any country which has a loan outstanding with the Financial Support Fund, including: the measures taken by such country to restore balance of payments equilibrium and produce and conserve energy; the policies of such country toward national and multilateral development of nuclear energy; and any significant restrictions or controls by such country on international trade, payment, or capital transactions.

8. Reports to Senate Banking Committee.

On page 7, line 4, insert the following immediately after the word "Representatives": "to the Committee on Banking, Housing and Urban Affairs of the Senate,"

On page 7, line 19, insert the following: "the Committee on Banking, Housing, and Urban Affairs of the Senate".

9. Short-term credits Extended by the Exchange Stabilization Fund and the Federal Reserve.

At the end of the bill add new section 15 as follows:

"Section 15(a). Section 822a of Title 31 of the United States Code is amended to read as follows (new language underlined):

"For the purpose of stabilizing the exchange value of the dollar, contributing to the stability of the international monetary system, and meeting United States obligations to the International Monetary Fund and the Financial Support Fund of the Organization for Economic Cooperation and Development, the Secretary of the Treasury, with the approval of the President, directly or through such agencies as he may designate, is authorized, for the account of the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit and securities as he may deem necessary to carry out the purpose of this section; provided however, that no credit shall be extended under or through the fund established by this section to a foreign government or central bank for more than six months in any twelve month period, unless the President certifies to Congress that the resources of the International Monetary Fund and the Financial Support Fund are unavailable for such purpose."

(b) Section 14(e) of the Federal Reserve Act is amended by adding at the end thereof the following:

The Board of Governors of the Federal Reserve System, with the concurrence of the Secretary of the Treasury, may extend credit to central banks in exchange for convertible foreign currencies; provided however, that no credit shall be extended to a central bank under this section or any other section of the Federal Reserve Act for more than six months in any twelve month period unless the President certifies to Congress that the resources of the International Monetary Fund and the Financial Support Fund are unavailable for such purpose."

EXPLANATION OF STEVENSON AMENDMENTS TO S. 1907

1. Lender of Last Resort Role for Support Fund.

The Financial Support Fund is intended to be a supplement to the balance of payments support available through the IMF, the European Community's loan facilities and other multilateral sources. The purpose of this amendment is to insure that the Financial Support Fund is a lender of last resort by requiring that the IMF and the European Community first determine that the applicant is unable to obtain all or a part of any loan which it seeks from the IMF or the facilities of the European Community.

2. Terms of Support Fund Loans.

The *purpose* of this amendment is to prevent the Financial Support Fund from providing assistance on concessionary terms to foreign countries, that is, on terms which are better than they could get on the Eurocurrency market if they were credit-worthy borrowers.

3. Borrower's Economic and Energy Policies.

This would make it an express condition precedent to the Secretary of the Treasury's vote in favor of any loan that the applicant agree to take measures necessary to achieve the express purposes of the Fund. The language here is identical to language in the Support Fund Agreement which expresses the Fund's objectives. (Section 2(a))

4. Notification to Congress of Certain Loans.

This amendment would insure that the Congress is informed in advance of any loan in excess of the member's quota. This provision parallels existing law in a different context with respect to large Export-Import Bank loans.

5. Use of Loan Proceeds to Repay Defaulted Obligations to Foreign Lenders.

This amendment would prevent the Financial Support Fund from being used as a direct bail-out of multinational banks. Proceeds of loans from the Fund could not be transferred directly to foreign private lenders. They would be used instead to improve general balance of payments conditions, as is intended under the terms of the Support Fund Agreement.

6. U.S. Obligation Stated in Dollars Instead of Special Drawing Rights.

The bill as drafted states the authorization as well as the U.S. obligation in terms of "special drawing rights." Because the dollar equivalent of "SDRs" fluctuates daily, the maximum U.S. obligation should be set in dollars, not SDRs. Otherwise, the maximum would grow as the dollar depreciated and shrink as the dollar appreciates. The U.S. liability in dollars would have to be continuously recalculated. This amendment would limit the liability of the U.S. under the Fund to the dollar amount contemplated at the time the Agreement was negotiated.

7. Annual and Other Reports to Congress on Support Fund Loans.

This amendment would insure that the Secretary of the Treasury's annual report and reports on individual loans contain a complete description of all the factors which bear on a loan recipient's economic and energy policies and, hence, whether its policies are in conformity with the objectives of the Fund.

8. Reports to Senate Banking Committee.

The present bill requires certain reports to be made to the House Banking Committee and the Senate Foreign Relations Committee. This amendment would require that such reports also be made to the Senate Banking Committee.

9. Short-term Credits Extended by the Exchange Stabilization Fund and the Federal Reserve.

The recent 90 day credit to the United Kingdom (renewable for another 90 days) included $1 billion from the Exchange Stabilization Fund and $1 billion under a "swap" agreement (Reciprocal Currency Arrangement) between the Federal Reserve and the Bank of England. Money should continue to be available under the Exchange Stabilization Fund and Federal Reserve swap agreements to provide *short-term* credit to foreign countries for the purpose of stabilizing the international monetary system. But short-term credits should not be continually rolled over. Instead the borrower should go to the IMF after six months, or if necessary, to the OEGD Financial Support Fund, where appropriate conditions can be placed on the credit. This amendment would insure that that objective is met.

ADDITIONAL STATEMENTS

THE SOVIET CIVIL DEFENSE PROGRAM

Mr. THURMOND. Mr. President, there appeared in the June 24, 1976 issue of Defense Space Business Daily an article entitled "U.S. Strategic Deterrent 'Not Sufficient'." This article details the concern relative to the military power imbalance caused by the Soviet war survival program. The acceleration of the Soviet civil defense program and the diminished attention given to the U.S. program could lead to serious military problems.

While a nation's ability to deter and wage war are key elements in its survival, its ability to survive an attack must also be viewed as an important element in the overall defense equation.

Unfortunately, the U.S. civil defense effort has lagged, while the Soviets have, year after year, outspent us 10 to 1 in this area. We are today ill-prepared, based on any assessment of a program for our people. This is a matter which deserves the highest priority from the Congress.

That is one reason I offered a civil defense amendment to the recently approved procurement bill. This amendment gives the Armed Services Committee authorization jurisdiction over the civil defense program.

I ask unanimous consent that this article referred to above be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

U.S. STRATEGIC DETERRENT "NOT SUFFICIENT"

The Soviet Union's superior war survival program is critically altering the strategic balance in the Soviet Union's favor, a new study on "War Survival in Soviet Strategy: USSR Civil Defense," has concluded.

The resulting "dangerous erosion" of the U.S. deterrence posture is so great that "the U.S. must insist that this Soviet advantage be considered in future arms trade-off agreements aimed at maintaining 'equal security' between the two nations," the report warns.

Based on his twenty years of study of the Soviet war-survival program, the author Dr. Leon Goure, professor of International Studies, says the Soviet Union is estimated to spend at least the equivalent of $1 billion annually on its implementation.

The elements of the Soviet war-survival program as outlined by Goure:

Nationwide compulsory civil defense training for schoolchildren and the adult population.

Organization, training, exercising and equipping of a civil defense force estimated in excess of thirty million, which is prepared to carry out massive post-strike rescue, damage-limiting and repair operations.

Pre-attack evacuation and dispersal of urban residents from likely target cities.

Construction of shelters and fallout cover for the population.

A long-term program of industrial dispersal and measures to reduce the vulnerability of industrial plants to nuclear weapons effects

Development of an independent nationwide civil defense communications network.

Hard sheltered facilities for protecting the political leadership and its command and control structure, and for communication systems.

Stockpiling of fuel, food, spare parts and raw materials to enable industry to maintain essential production in war-time and to ensure rapid recovery of the country from a war.

Extensive use of mass media to indoctrinate the population and to prepare it psychologically to withstand the shock of a nuclear war and preserve its will to gain victory.

"These passive defense measures are combined with a massive anti-aircraft defense system and a strategic doctrine which calls for a Soviet first counterforce strike against the U.S., both aimed at significantly weakening the U.S. retaliatory attack," Gore says in his report.

He says further that the advent of detente in 1972 brought not a slackening but an expansion and acceleration of the Soviet civil defense program as the USSR sought to exploit every opening for strategic advantage over the U.S.

Foy D. Kohler, U.S Ambassador to the USSR from 1962–1966, undersecretary of State for political affairs in 1967, and now professor of International Studies, in a foreword to the report, warns that while U.S.-Soviet arms control negotiations have focused on setting limits on offensive weapons systems, the Soviet war survival capability is critically altering the strategic balance in Moscow's favor.

JIM THORPE AND THE 1912 OLYMPICS

Mr. EAGLETON. Mr. President, with the opening of the Olympic games in Montreal just a few weeks away, I would like to take a moment to call the attention of the Senate to a 64-year-old injustice against one of America's greatest athletes, and to efforts being made in my State to right this wrong.

In the 1912 Olympics in Stockholm, Jim Thorpe made Olympic history by winning eight gold medals, including both the pentathlon and decathlon events. Such a feat had never before been accomplished, and has never since been equalled. But almost before the ink in the Olympic record book was dry, Jim Thorpe's chapter of history was rewritten. The International Olympic Committee declared that Jim Thorpe was not an amateur athlete, because he had played two summers of minor league baseball while he was a student. For this, he had received a salary of $25 dollars per month, and because of it, he was required to return his eight gold medals and his trophies from the King of Sweden and the Czar of Russia, and all mention of his name was expunged from the Olympic records.

Mr. President, while there is no doubt that Jim Thorpe did in fact play those two summers of minor league ball, there always has been reason to believe he did so innocently, not realizing that he would be forfeiting his amateur status.

Summer jobs as minor league ballplayers were common among student athletes of Thorpe's day—although most played under assumed names, while Thorpe played under his own.

In 1973, the U.S. Amateur Athletic Union recognized the injustice done to Thorpe by restoring his standing as an amateur during the years 1909 through 1912. This would appear to clear the way for reinstatement of Jim Thorpe's Olympic records and medals. However, the Olympic committees have not acted on this matter and, as one member of the U.S. Olympic Committee recently stated, it is still "just as if Jim Thorpe missed the boat to Stockholm, his name is nowhere in our records."

A radio station in my home city of St. Louis, KSLQ–FM, has begun a campaign to inform the public regarding the Jim Thorpe story, and to enlist public support for reinstatement of Jim Thorpe's Olympic records. In the first week of the campaign, they reported receiving letters of support from several hundred concerned citizens, and they have been joined in the effort by radio stations in several other major cities.

I commend this effort, and urge the Olympic Committee to act to restore a deserved honor to America and one of America's greatest athletes.

THE UNIVERSITY OF ILLINOIS MEDICAL SCHOOL

Mr. PERCY. Mr. President, I would like to bring to the attention of my colleagues an outstanding training center for physicians and surgeons who specialize in basic and applied eye and ear care. The University of Illinois Eye and Ear Infirmary located in Chicago is unique in that it is only one of five such facilities in the country. Founded in 1858 as a private agency servicing 115 patients, the infirmary has grown to accommodate 125,000 clinical visits with more than 3,000 hospital admissions and an equal number of operations performed. Specialized medical services are provided to people of the State suffering from disease of the eye, ear, nose, or throat who are unable to pay for treatment. In addition, research discoveries come from its clinics and laboratories.

Recently, the infirmary is pioneering the use of two surgical discoveries made in the University of Illinois' Department of Ophthalmology which may allow many blind persons to see again. The two surgical procedures developed are concerned with correcting diabetic blindness. I am very proud to share these University of Illinois Medical School accomplishments with my colleagues. I ask unanimous consent that the following article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Chicago Tribune, May 16, 1976]

TWO PROCESSES OFFER BLIND A LIGHT AT END OF TUNNEL

(By Ronald Kotulak)

Mrs. Patricia Sanders is one of the few people to come back from the valley of the blind.

"For two years I saw nothing but black," she said. "I wanted to see my husband again, my children, the color pink."

Thanks to a new operation, Mrs. Sanders opened her eyes one day in 1974 in her doctor's office and looked at her husband sitting across the room.

"I saw him," she said. "My dream had come true. I saw my children again. It was so miraculous. Most of the things I buy now are pink because it's so pleasing to my eyes."

Only a person who has been totally blind can know the joy of being able to see again. But it is a joy that an increasing number of blind people are beginning to experience as a result of two major advancements in eye research.

The new hope is for people with diabetic retinopathy, a common complication of long-term diabetes. It is the leading cause of new cases of blindness in the country among persons between the age of 20 and 65. An estimated 48,000 Americans are legally blind as a result of retinopathy. The blindness was considered permanent just a few years ago.

One of the new treatments involves a blue-green laser beam that is fired into the back of the eye. The other uses a needle to suck out the jelly-like substance in the eyeball while replacing it with a clear salt water solution.

This is the operation Mrs. Sanders had at the University of Illinois' Eye and Ear Infirmary, which is among a number of major institutions pioneering the use of both procedures.

Mrs. Sanders has been a diabetic for 21 years. Her father, also a diabetic went blind as a result of diabetic retinopathy.

Of the estimated 10 million Americans who have diabetes, retinopathy affects half of those who have had the disease for 10 years, although most will never go blind. It affects almost every patient who has had diabetes for 25 years.

Retinopathy involves the abnormal growth of blood vessels of the retina at the back of the eyeball. Light focused through the eye lens hits the retina, which then transmits the images to the brain.

These abnormal vessels are fragile and can break. When they do, blood leaks into the eyeball, preventing light from reaching the retina, thereby causing blindness.

The laser beam instrument is used to prevent the abnormal vessels from bleeding. Looking through a miscroscope, an ophthalmologist aims the thin beam at abnormal vessels at the back of the eye. The intense heat from the beam destroys the vessels and seals them off so they can't bleed.

The laser surgery is quick and painless. The U. of I. and 14 other centers recently reported that results of nationwide test of laser surgery showed it significantly reduced the risk of diabetic blindness.

Among nearly 500 patients who had been followed for at least two years the scientists found that the laser treatment reduced the risk of blindness from retinopathy by 61 per cent, said Dr. Morton F. Goldberg, head of ophthalmology at the U. of I.

"For the first time we can prove beyond doubt that photocoagulation [laser-therapy] minimizes and retards the development of blindness in diabetic retinopathy," Goldberg said. Photocoagulation also can be accomplished with a Xenon arc, which is used like a laser beam.

Photocoagulation is available at many major medical centers. It is recommended for long-term diabetics with abnormal blood vessel growth who do not already have bleeding or a detached retina and who still have reasonably good vision.

The procedure to reverse blindness after bleeding already has occurred in the eyeball is being given one of its major tests at the U. of I.

More than 450 blind people have undergone the procedure, which is called a vitrectomy, at the university. The overall success rate in restoring vision to some degree is 68 per cent, Goldberg said.

In most cases patients recover enough vision to get around, watch television and read large letters. Some are even able to read newspaper type, Goldberg said.

"For the right patient this operation can offer him a chance to see again," he said. "Such an operation on the eye was thought to be impossible five years ago."

The U. of I. researchers use a vitrophage, an instrument designed by Dr. Gholam A. Peyman, an Illinois ophthalmologist.

The needle has a tiny blade at the tip which cuts the jelly-like vitreous material inside the eyeball into small bits as it is sucked up the tube. To prevent the eyeball from collapsing, a saline solution is injected into the eye through a small hole in the needle.

With the blood-clouded vitreous material removed, light can once again reach the retina.

The major complication from this procedure is that whatever vision a patient has left may become worse, Goldberg said.

"It certainly is not a panacea," he said. "But for a person who is legally blind, it may be their only chance to see. A patient who thinks he is eligible for this treatment should contact his own eye physician."

CHILD AND FAMILY SERVICES: THE TRUTH ABOUT A MISUNDERSTOOD BILL

Mr. MONDALE. Mr. President, I would like to bring to the attention of my colleagues a most informative article that appeared in the June 20, 1976, edition of Parade magazine, entitled "Child and Family Services: The Truth About a Misunderstood Bill."

For the past 5 years, I have been working with many Members of Congress to enact legislation that would make available—on a totally voluntary basis—health, education, and child care services for many American families and children. The legislation would offer a wide variety of services designed to strengthen and support families and children, including prenatal health care, early health screening, and treatment to identify handicapping conditions, part-day preschool programs like nursery school and Head Start, home care, or in some cases, day care for children of working parents.

This legislation was the No. 1 priority identified by the 1970 White House Conference on Children convened by former President Nixon. It passed the Congress by overwhelming bipartisan margins in 1971 only to be vetoed by the President. A revised version is now pending before the Subcommittee on Children and Youth, after holding 12 days of joint House-Senate hearings last year.

The underlying purpose of the legislation is to strengthen American families and to provide them with the resources that some families both want and need to bring up their children in a healthy environment.

This article does an excellent job of identifying some of the falsehoods which have been circulated about this bill, and of providing accurate information to those who wish to have the benefit of the facts.

I therefore ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CHILD AND FAMILY SERVICES: THE TRUTH ABOUT A MISUNDERSTOOD BILL

(By Martha McPhee)

WASHINGTON, D.C.—An anonymous one-page leaflet that attacks a child-care bill has touched off a nationwide mail campaign that in a single day brought 8,000 letters to one Congressional committee.

"It's been an avalanche," says a committee staff member working on the Mondale-Brademas Child and Family Services Bill. "With the exception of gun control, nothing in my experience compares to this."

The leaflet has been passed out at churches, schools, factories and supermarkets, but its origins remain a mystery. A reporter for the Houston Chronicle traced one version to a retired Bible camp director in Hutchinson, Kans., who had made a thousand copies of a leaflet his relatives brought home from a Missouri revival meeting.

STRAIGHTFORWARD PURPOSE

The leaflet's intent is clear—to defeat the Child and Family Service Bill introduced by more than 120 members of the House and Senate in February, 1975. And in this election year, the letters have exerted so much pressure on members of Congress that the bill's chief sponsors—Sen. Walter Mondale (D., Minn.) and Rep. John Brademas (D., Ind.)—admit its chances for either a House or Senate vote are slim.

Two things strike most Congressmen and staff members about the mail: it reveals a deep public concern for the American family; most letters are based on misinformation and distorted interpretations of the bill.

The leaflet plays on some of America's deepest fears, describing the bill as a Communist plot to take from parents the rights and responsibilities of raising children and turn them over to government-appointed specialists.

"The American family is one of the last strongholds this society has," one South Carolina voter warned his Congressman. "The proposed legislation is another step in destroying this cornerstone of democracy."

"Will we never learn?" asked another writer. "This legislation is almost a twin brother to what ultimately destroyed Germany."

AS THE FAMILY GOES . . .

One Oregonian prophesied that "when the family falls, the nation won't be far behind."

Not all the opposition to the bill has been prompted by the anonymous leaflet. But the anger, the fear, is directly stimulated by the leaflet's opening question "Raising Children; Government's or Parent's Rights?" and its charges that the bill "smacks of Communism."

According to the leaflet the bill contains a "Chapter of Children's Rights" under which parents would no longer be able to punish their children or pass onto them religious or political beliefs. Under the bill, the leaflet charges, children could also sue their parents for deficiencies in the home.

The leaflet erroneously names the Congressional Record as the source for several citations in which supporters of the bill are quoted as saying, "We recognize that not parental, but communal forms of upbringing have superiority over all other forms," and as questioning whether we can "trust the family to prepare young children in this country for this new kind of world that is emerging."

SOVIET METHODS

"This is what has been done and is being done in the Soviet Union," the leaflet concludes. "We elected this Congress, but do we know what it is doing to our freedoms and our rights?"

In truth, the Child and Family Services Bill contains no "Charter of Children's Rights," no hint of taking childrearing away from parents.

As Senator Mondale describes it, the bill "seeks to preserve the family by strengthening it." As now written, it would provide money for such services as prenatal care, medical treatment to detect and remedy handicaps in young children, nutritional programs, and day-care programs for working mothers.

Participation in all programs offered by the bill would be voluntary and would involve only children whose parents had requested such services. Much of the control over the programs would remain with parents. The bill contains nothing that would change the moral or legal relationship of a parent to his child.

THE BILL'S BACKERS

Already, a wide range of such civic and religious organizations as the Parent-Teachers Association (PTA), the AFL–CIO and the American Home Economics Association have announced support for child and family services.

The bill is addressed, in part, to the 6.5 million preschool and 21 million school-age children with working mothers. In describing the need for child and family services, the bill's supporters cite figures that show infant mortality in the United States to be higher than in 16 other nations, that 40 percent of young children are not immunized against childhood diseases and that 29 percent of urban children do not see a doctor in any given year.

According to Judith S. Helms, director of the National Council of Organizations for Children and Youth, families are facing "a time of economic instability" in which "they are finding it difficult to pay for basic necessities, much less the 'luxury' of things like preventive health care."

"If the family says help me, then we need to be there," Senator Mondale says. "It is the strong family with its values of love, affection and discipline that gives the child the best chance of making the most out of life."

REPUTABLE OPPOSITION

Like any other legislation, the bill has its faults. Many of the letter writers offer the same arguments against the bill that the National Coalition for Children presented last summer—that it represents government interference in the lives of private citizens.

Congress itself questions the bill's $1.7 billion price tag over three years, how its child and family services would fit in with existing programs and how those services would be administered.

But the flood of mail now coming into Congress differs from previous criticism in one important respect—it is based on information so inaccurate that Representative Brademas charged last December that his bill had been attacked by "the tactics of smear and deception, the tactics of Watergate . . . and some of the most scurrilous and misleading propaganda that I have ever seen."

The irony is that the Child and Family Services Bill aims at strengthening the American family, not destroying it.

FINANCIAL STATEMENT OF EDWARD W. BROOKE

Mr. BROOKE. Mr. President, for the last 2 years I have placed in the Record, a financial disclose statement and I intend to do so for the remainder of my service in the Senate. This third annual statement covers the calendar year of 1975 and will be largely repetitive.

First. I am not engaged in the practice of law, nor am I associated with a law firm.

Second. I do not have an interest in a private business firm.

Third. I received as earned income my Senate salary of $43,025 and honorariums for speaking engagements in the amount of $9,100.

Fourth. I received rental income before expenses from my Martha's Vineyard, Mass. property in the amount of $4,500.

Fifth. I received rental income before expenses from my St. Martin, French West Indies, property in the amount of $3,600.

Sixth. The only change in my stockholdings since my last report has been the sale of 200 shares of stock acquired in 1968, in which I profited $571. I realized a $6 dividend and interest income of $85 from those remaining securities.

Seventh. My real estate holdings are the same.

Eighth. I paid Federal income tax in the amount of $2,764, and Commonwealth of Massachusetts income tax in the amount of $1,841.

SUPPORT FOR CIGARETTE TAX REFORM

Mr. GARY HART. Mr. President, since the health protection tax amendment (No. 1945) to H.R. 10612 was introduced last week, it has been endorsed by a number of professional medical organizations. Today, my mail included letters of support from the American Heart Association, the American Nurses Association, the National Kidney Foundation, and the American Association of Neurological Surgeons. For the benefit of my colleagues, I ask unanimous consent that these letters be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

American Heart Association,
Dallas, Tex., June 29, 1976.

Hon. Gary W. Hart,
U.S. Senator,
Washington, D.C.

Dear Senator Hart: The American Heart Association, composed of 55 Affiliates and 1,196 Chapters and other units, strongly supports your amendment to tax through the Federal Excise Tax mechanism those cigarettes with high tar and nicotine content at higher levels than it taxes low tar and nicotine cigarettes.

Recent studies have indicated beyond doubt that cessation of limitation of cigarette smoking is of value in the effort to prevent diseases of the heart and blood vessels. In addition, it has been demonstrated that the association between smoking and risk of coronary heart disease is independent of other risk factors.

The Nicotine in cigarette smoke is a likely cause of the significant increase in fatal myocardial infarction and sudden death from cardiovascular diseases in cigarette smokers. The higher the nicotine level, the greater the increase in myocardial demand. Nicotine also increases the tendency for blood clotting (thrombosis) involved in most heart attacks. These harmful effects can be induced when the nicotine is given by itself. Furthermore, Turner's study in "LANCET" (September 28, 1974) indicated that when smokers were switched from cigarettes with a high tar and nicotine content to those with lower tar and nicotine content, the level of harmful carboxyhemoglobin in the blood fell considerably. Since the harm in cigarettes is from the inhaled tar, nicotine, and carbon monoxide, a logical and effective way to reduce this harm is to reduce the content of these ingredients.

Therefore, in the interest of the health of the American people, we urge you to continue your efforts to promote the use of low tar and nicotine cigarettes through your amendment to the tax reform bill (H.R. 10612) currently under consideration by the U.S. Senate.

Sincerely yours,
John T. Shepherd, M.D., D.Sc.,
President, American Heart Association.

American Nurses' Association, Inc.,
Kansas City, Mo., June 25, 1976.

Hon. Gary Hart,
4213 Dirksen Senate Office Building,
Washington, D.C.

Dear Senator Hart: As nurses we share your concern with the harmful impact on health of smoking high tar and nicotine cigarettes.

Your amendment Number 1945 to the pending tax bill would be a big step in increasing the public's awareness of the content of certain brands of cigarettes. From a preventive health approach it has great significance.

We support the effort of you and your Senate colleagues on this issue.

Sincerely,
Eileen M. Jacobi, Ed.D., R.N.,
Executive Director.

National Kidney Foundation,
New York, N.Y., June 28, 1976.

Hon. Gary W. Hart,
U.S. Senator,
Washington, D.C.

Dear Senator Hart: The National Kidney Foundation strongly supports your amendment to provide a new tax schedule for cigarettes based on the tar and nicotine content. We, in the National Kidney Foundation, have a particular concern about the relationship of smoking cigarettes to the severity of hypertension (High Blood Pressure) and increased complications resulted therefrom, including heart attack and stroke.

We concur, in the recent findings of the Department of Health, Education, and Welfare report, that indicates that the risk factors for renal, cardiovascular, and pulmonary disease would be decreased if "Smokers" were to be encouraged to use cigarettes with a lower tar and nicotine content.

We, therefore, encourage you to pursue your intention to amend H.R. 10612 to include the new progressive tax on the tar and nicotine content of cigarettes.

Sincerely yours,
JAMES C. HUNT, M.D.,
President, National Kidney Foundation.

THE AMERICAN ASSOCIATION OF NEUROLOGICAL SURGEONS,
June 29, 1976.

Hon. GARY W. HART,
U.S. Senator,
Washington, D.C.

DEAR SENATOR HART: The American Association of Neurological Surgeons and the Congress of Neurological Surgeons, composed of 2,600 neurosurgeons in the United States, endorse the efforts of yourself, Senator Kennedy, and Senator Moss to provide a new tax schedule based on the tar and nicotine content of cigarettes.

The evidence in recent studies indicate that every effort should be made to encourage the American people to stop smoking, or, at the very least, to be selective in their choice of cigarettes as to the tar and nicotine content.

Please make our concerns and support of your amendment known to your colleagues in the United States Senate.

Sincerely yours,
RUSSELL H. PATTERSON, Jr., M.D.,
Vice President, American Association of Neurological Surgeons.

THE ILLINOIS BEVERAGE CONTAINER ACT

Mr. HATFIELD. Mr. President, as my colleagues here in the Senate all know, Dr. Barry Commoner, the director of the Center for the Biology of Natural Systems at Washington University in St. Louis, Mo., is considered to be one of the foremost experts in the field of environmental science.

Recently Dr. Commoner testified before the Illinois General Assembly in support of H.B. 1838, the Illinois Beverage Container Act. His remarks last February provide some additional thoughts, which I would ask that my colleagues review.

Mr. President, I ask unanimous consent that Dr. Commoner's remarks be printed in the RECORD. I also ask that an editoral from the St. Louis Post-Dispatch be printed in the RECORD following Dr. Commoner's remarks.

There being no objection, the statement and editorial were ordered to be printed in the RECORD, as follows:

H.B. 1838, THE ILLINOIS BEVERAGE CONTAINER ACT

(Testimony of Dr. Barry Commoner)

I am pleased to be here today to share with this committee my feelings about the important legislation which is being considered this morning. I think that the Illinois Beverage Container Act is a significant piece of legislation which deals with positively redirecting some of the recent production trends.

I use the word redirecting intentionally because I feel that the beverage industry made many of the common mistakes that have brought us to these difficult times. These mistakes are the result of several post-World War II trends in production technology—increased energy consumption from mechanization and larger shipping distances plus larger, centralized production facilities. In fact, until about ten years ago most soft drinks and even about half of all the beer shipped in containers were in returnable bottles. So it was relatively simple to drink a beer or soda without consuming a bottle too. When the bottle was returned, it did not go a tremendous distance because there were more breweries and beverage manufacturers and they tended to be located near the consumer.

However, in recent years all this has changed. The small brewery has been closed, and beer is generally supplied by a remote regional producer. In 1972 there were 108 breweries, four of which accounted for 52 percent of the value of the shipments. In 1958 there were 211 breweries, the four largest accounting for only 28 percent of the values of shipment. Since the distance between the producer and the consumer has increased, the cost of returning the empty container to the brewer has also escalated. Faced with this burdensome, unprofitable responsibility, the beverage industry simply shifted the container problem to the public. Now it has become increasingly difficult to drink a beer without consuming a container, too. A recent estimate is that by 1980 the industry will ship 400 containers per capita. So the responsibility falls to the individual, or all too frequently to the state or local authorities to assure proper disposal of the container. Now let's turn from this historical prospective to a brief analysis of what a container is, and what your proposed legislation would do.

I don't want to dwell on the energy question, because I know that Bruce Hannon will cover it in all the necessary detail, but I do want to point out several significant numbers. The figures I am quoting are the total energy requirement to manufacture the raw materials, transportation of raw materials to the processing plant, plus the energy consumed in manufacturing and transporting the bottle to the bottling plant. A 12-ounce container made of aluminum requires 8308 BTU's one made of steel requires 4872, a nonrefillable glass bottle 4918, while a refillable glass bottle requires 1023. I should make it clear that the energy figure for the returnable bottle is the result of dividing its total energy requirement by the fifteen trips which it is generally assumed to make.

So, in its most detached sense, a beverage container is a combination of valuable natural resources. However, it does not come into being through some magical process, but through the efforts of an industry. So let's turn from the energy question to one which is even more familiar to you, jobs. This has always been a key issue in any legislative forum.

The Department of Commerce did a study, issued October 1, 1975, entitled "The Impacts of National Beverage Legislation," in which the estimate was made that on a national scale, a total of 82,000 jobs would be lost, mostly in the manufacturing and fabrication industries, if a national law similar to the one before you today were instituted. However, this report goes on to note that between 95,000 and 115,000 jobs would be gained in the areas of production.

They break down the anticipated gains as follows: 35,000–40,000 in retailing, 25,000–30,000 in malt beverage distribution, 20,000–25,000 in soft drink distribution and 15,000–20,000 in the area of beverage production and filling. Thus it would appear from this report that on a national scale, legislation such as you are considering today would result in a net job gain of 13,000 to 33,000 jobs. Let's compare this projection with the actual figures from a state that has adopted such a law, Oregon. A recent (January 24, 1976) editorial in the St. Louis Post-Dispatch noted that "there has been a net gain of 20,000 jobs . . ." attributed to the new legislation. I have attached the editorial, which calls for a similar law to be enacted in Missouri, to my testimony for inclusion in the record.

This finding supported the expectation that the jobs gained would be in a wide range of areas—generally more unskilled and clerical jobs than production worker jobs were created. So it would appear that implementation of the law you are considering would result in a sizeable increase in jobs available to your constituents. It seems reasonable to expect that these jobs could be filled by the numerous semi-skilled unemployed who are now finding it so difficult to work. I might note that Illinois is a much more populous state than Oregon and also given to warmer weather, so that it seems reasonable to assume that your beverage consumption is greater and thus your job gain would be proportionately higher.

Now let's look at the bottle as an expression of choice on the beverage manufacturer's part. Based on figures from the Census of Manufacturers, it appears that the container preference of the soft drink industry differs largely from that of the malt beverage industry. In 1965, 82.3 percent of all soft drinks shipped were in returnable bottles, while only 41 percent of the malt beverages were. By 1972, the most recent figures available, each sector had reduced its percentage of returnable bottles by half, soft drinks to 37.3 percent and malt beverages to 19 percent. The interesting aspect of these figures is that returnable bottle usage by the soft drink industry has decreased at a much slower rate since 1970, dropping only three percentage points in as many years. However, malt beverage producers have a steady rate of decline in their use of returnable bottles, at about 3 percent every year.

The explanation for this disparity between the two components of the beverage industry is provided in a report written by HEW, a "Draft Environmental Impact Statement on Plastic Bottles for Carbonated Beverages and Beer." It notes that "returnable containers have retained a relatively larger share of the soft drink industry compared to the brewing industry because of the franchised bottler system which encourages small bottlers with relatively low transportation costs. Breweries, conversely, have become larger and centralized, encouraging use of one-way containers."

So, there is a correlation between decentralization of the beverage industry and returnable bottles which could lead one to expect that passage of a law requiring returnable bottles would be a boon for local breweries and soft drink manufacturers and would be an incentive for national manufacturers to establish plants in your state. Such decentralization would shorten the average distance traveled by each container, and more importantly, should increase the activity of this manufacturing sector within your state. The resultant increase in state and local revenues as well as jobs should certainly be an incentive to pass this bill.

In Oregon an interesting, symbiotic relationship has developed between the local breweries and the more remotely located ones. Because the breweries have switched to a standard container known as a "certified container" in your bill, the competition for the used bottles is strong. Thus the local breweries buy the bottles which are shipped in, reusing them with their own product, and the more remote ones have yet to bear the expense of shipping the containers back to the point of origin.

Now that we have looked at this issue from the environmental and the economic point of view, let's take a long hard look at the container itself. Does it have any intrinsic value? Not as far as I can tell. I don't want to consume a container, what I want are its contents. The beverage industry, like so many other modern giants, seems misled in its attempt to complete for customers. One popular soft drink is available in 52 different sizes and container configurations, according to a recent first-hand market survey. Now you need a pocket calculator to figure out which is the best buy, not allowing for the hidden costs to taxpayers for the nonreturnable containers.

An expected increase in the price of the beverage is one of the objections frequently raised to mandatory returnable bottles. Such an increase would create a hardship for the consumer who is purchasing the beverage. Again I would like to report on the actual experience in Oregon. There have been slight increases in the prices of beer and soft drinks since the bill was enacted. However, the price of soft drinks in the state of Washington, where there is no mandatory deposit law in effect, rose 12 percent, as compared with only an 8 percent rise in the Oregon price. Thus it seems that other economic factors play a greater role in setting the price of the beverage.

I do not believe that our society has demanded this proliferation of container options. Their cost in terms of natural resources, particularly energy, jobs, and cost of disposal collection seems to far outweigh any convenience they might provide. I have great faith that the people of Illinois and its legislature is concerned enough about the imbalance in this cost/benefit ratio to support this legislation and to comply with it willingly when it is passed.

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1972 Census of Manufactures; Concentration Ratios in Manufacturing SR2–9; Table 5.

[From the St. Louis Post-Dispatch, Jan. 24, 1976]

EDITORIALS—BOTTLE LAW

Oregon's "bottle" law is three years old now, and while a good deal of controversy over it remains, no one disputes that there has been a dramatic improvement in the state's litter problem. As a result of a law that bans pulltab cans and requires a 5-cent deposit on most containers, Oregonians are returning at least 80 per cent of the beverage containers they purchase, reducing the volume of container litter by 35 per cent.

As for the economic impact, one study indicates that there has been a net gain of 20,000 jobs, though most have been in the lower-paying clerical level at the expense of the higher-paying production-worker jobs. The unmeasured gain of the bottle law is in the natural resources that have not been consumed as a result of fewer aluminum cans and other throwaway containers being manufactured.

The idea of stopping litter before it starts is certainly superior to the notion promoted by the brewing industry of "pitching in," that is, throwing the nonreturnable container into a trash barrel after using it. The latter approach does not conserve resources and does little to reduce the cost of collecting litter, not to mention the expense of disposing of such nonbiodegradable litter. Perhaps some day Missouri will enact a similar law.

PETROLEUM INDUSTRY COMPETITION ACT

Mr. BAYH. Mr. President, yesterday I filed for myself and Senator HART of Michigan the majority report, together with additional views, on S. 2387, which was ordered reported from the Committee on the Judiciary on June 15.

Since the minority views were not filed yesterday, I think it is important for the Senate to be aware of the longstanding agreements which resulted in the filing of the majority report yesterday. At a meeting of the Committee on the Judiciary on May 5 it was agreed that the vote on the Petroleum Industry Competition Act would take place in the committee on June 15 and that all reports would be filed no later than June 28.

At that time, on May 5, the draft majority report was given to the minority in mimeographed form. Subsequently, on June 16, galleys of the final version of the majority report were also given to the minority.

I provide this information to the Senate, Mr. President, lest there be any doubt that the majority has sought to cooperate with the minority in good faith and further that the filing of the majority report without the minority views was necessary to fulfill our obligations under the agreement reached by the committee approximately 8 weeks ago.

INDEPENDENCE FOR MARYLAND

Mr. MATHIAS. Mr. President, last week an unusual moment in our Bicentennial Year was passed in Annapolis beneath the Liberty Tree at St. John's College. The occasion was a simple ceremony commemorating the 200th anniversary of the departure of Sir Robert Eden, the last proprietary Governor of Maryland, and the actual attainment of independence by the State of Maryland 11 days before July 4.

Mrs. Mathias and I were fortunate to be able to join forces with the Maryland Hall of Records, St. John's College, the Maryland Historical Society, and the Maryland Bicentennial Commission to arrange the ceremony.

Dr. Richard D. Weigle, president of St. John's College, and Mrs. Weigle extended the hospitality of that institution which was already old in 1776. Our honored guests were His Excellency the British Ambassador, Sir Peter Ramsbotham, and Lady Ramsbotham; the Right Honorable Sir John Eden, M.P., 7th Baronet of Maryland, and the Honorable W. Averell Harriman and Mrs. Harriman. Present in spirit and in voice—courtesy of cassette tapes—but not in the flesh was Lord Avon, better known as Sir Anthony Eden, former Foreign Minister and Prime Minister of Great Britain and the great-great grandson of Sir Robert Eden.

To some the ceremony was an occasion for puzzlement, to others it was rich in significance and connotation. So that my colleagues may judge the level of civilized behavior attained in Maryland 200 years ago and sustained in Maryland today, I ask unanimous consent to have printed in the RECORD the program of this commemorative ceremony and the several speeches made on the ocassion.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A BICENTENNIAL COMMEMORATION OF THE DEPARTURE OF MARYLAND'S LAST PROPRIETARY GOVERNOR, SIR ROBERT EDEN, FROM ANNAPOLIS JUNE 23, 1776

Welcome to St. John's College, and Introduction of the Chairman by Dr. Richard D. Weigle, President of St. John's College, Annapolis.

The National Anthems—Annapolis Senior High School Band, Michael J. Svec, Director.

Presentation of Colors: 97th United States Army Reserve Command, Fort George G. Meade, Benjamin L. Hunton, Major General.

Invocation: The Reverend Richard V. Landis, Rector, St. Anne's Parish.

Introduction of Guests on the Platform by the Chairman, Charles Mathias, United States Senator.

Remarks and Introduction of The Lord Avon tape, by His Excellency, The Honourable Sir Peter Ramsbotham, K.C.M.G., Ambassador of Great Britain.

Taped Remarks by The Right Honourable Sir Anthony Eden, Earl of Avon, former Prime Minister of Great Britain.

Remarks by The Right Honourable Sir John Eden, M.P., 7th Baronet of Maryland.

Presentation of Annapolis Bowl to the Earl of Avon, to be received in his behalf by Mrs. W. Averell Harriman.

"Maryland, My Maryland," by the Annapolis Senior High School Band.

This program commemorating the departure of Sir Robert Eden, 1st Baronet of Maryland, and last Proprietary Governor, and the commencement of the Independence of the State, has been made possible through the kindness of the Society of the Ark and the Dove, George Davis Calvert, Jr., Governor.

The Annapolis Bowl is presented through the courtesy of The Stieff Company, Baltimore.

A DRAMA FOR THE AGES

(By CHARLES McC. MATHIAS, Jr.)

Today, as we stand together under the Liberty Tree to take part in this ceremony, we must ask ourselves the same question our patriotic societies are asking: What is the 23rd of June really all about.

Are we remembering Robert Eden, our last Proprietary Governor?

Are we marking the departure of the British?

Are we celebrating the end of British dominion?

Are we commemorating the anniversary of Maryland's real independence—eleven days before National Independence was proclaimed in Philadelphia?

It seems to me that we are doing all these things, and more. We are also setting the stage, creating the mood, for our July 4th Bicentennial.

So, let us look for a moment at what took place here on the 23rd of June in 1776. A contemporary account gives us this description of Governor Eden's departure:

"Till the moment of the Governor's embarkation on the 23rd there was every reason to apprehend a change of disposition to his prejudice. Some few were even clamorous for his detention. But the Council of Safety, who acted under a resolve of the convention, generously ratified the engagement of that body.: and after they had taken an affectionate leave of their late supreme magistrate, he was conducted to the barge with every mark of respect due to the elevated station he had so worthily filled."

What does this say about the mood of Marylanders that 23rd of June 1776?

Obviously, they were torn. Fiery debate about ending ties with Britain still raged. Argument about how to treat the Governor fueled it.

Should he be detained? Should he be expelled?

The ultimate decision was extraordinary! The Proprietary Governor was escorted affectionately and with all due ceremony aboard H.M.S. Fowey which had arrived in Annapolis Harbor the previous evening.

The manner of the Governor's departure reflects the confusion of the times. So does a letter written by that ardent royalist and unparalleled chronicler James Boswell.

On February 24, 1777 Boswell expressed an underestimated sympathy for America. In a letter to the Reverend Hugh Blair, he wrote:

"It is enough for me to say that although no man in his majesty's dominions is more attached to the crown than myself—for I am indeed a Tory in the true sense of the word, and whatever I am I am with warmth—yet after much study and thought, I am of the opinion that taxation of our fellow subjects in America . . . is inconsistent with the principles of our Constitution, of which the Americans are partakers . . . I therefore think that the war against them is not only injudicious but unjust, and that their resistance is no rebellion."

Earlier, on October 19, 1776, after receiving the news of Washington's retreat from Long Island, Boswell confided to his journal: "I was sorry that the ministerial army had prevailed."

What seems so clear cut and definitive to us today obviously was not so in 1776.

There were Britons in Britain sympathetic to America. There were Americans in America sympathetic to Britain. The sharp divisions and ambiguities of those times explain why Robert Eden could have been courteously escorted to his exile by a committee of gentlemen, nominally his enemies, and just as courteously welcomed back by these same gentlemen when he returned to America in 1784.

An incident I witnessed recently in Washington illustrates this paradox. During the solemn ceremony installing Magna Carta in the Rotunda of the Capitol, I noticed that the Lord Chancellor had been seated in front of a painting of Cornwallis' surrender at Yorktown. How incongrous, not to say tactless, it seemed.

But then I noticed that beside the Cornwallis picture, standing comfortably side by side, were statues of Abraham Lincoln and Robert E. Lee.

The English speaking peoples seem to have a special genius for reconciliation of differences. Robert Eden's very early return to America after the Revolution must have been grounded in his faith in reconciliation.

We healed the dreadful wounds of our Civil War and emerged stronger—indeed, strong enough to stand Lincoln and Lee side by side forever in our Capitol.

And Britons and Americans reconciled after 1783 with George III leading the way. In receiving John Adams as America's first envoy to his court, George III said:

"I wish you, sir, to believe, that it may be understood in America, that I have done nothing in the late contest but what I thought myself indespensably bound to do, by the duty which I owe to my people. I will be very frank with you. I was the last to contest the separation: But the separation having been made, and having become inevitable, I have always said, as I say now, that I would be the first to meet the friendship of the United States as an independent power."

The reconciliation between these two great English-speaking nations culminated in the world's most powerful coalition in two world wars.

Magna Carta itself bespeaks reconciliation—reconciliation of the conflict between bad King John and the barons, which allowed each side to survive.

What does it all mean this 23rd of June 1976?

In the particular, perhaps it does no more than call attention to a single instance of civilized behavior under circumstances not often conducive to civility.

But, in the whole, here beneath this tree which Robert Eden knew and probably considered a pestilential weed and within sight of the State House where he laid the foundation stone and the Governor's mansion begun before his time, but never inhabited by a Governor, we commemorate an act in a drama—an important and significant act—in the long drama of mankind's quest for dignity and security and significance. This is a drama spoken in English. The costumes change with the generations. The scenes are set on both sides of the Atlantic.

Even as we wonder how the play will end, we realize that it is not a period piece. It is going on in real time—today! And, we become aware that we are not just members of the audience. We are also the players.

I believe that this is the message of the 23rd of June 1976—that we, in our time, in our act and in our roles, are part of a civilized continuum and that we must infuse our everyday lives with a nobility that will inspire our posterity as we have been inspired by our forebears.

Address by the British Ambassador, Hon. Sir Peter Ramsbotham, KCMG

Nothing could give my wife and myself greater pleasure than to bring the warm greetings of the British people to Maryland on this day, above all others, that commemorates the strong links of your famous state with the parent country of the colony from which it sprang.

I had the opportunity, and privilege, to express some thoughts about the people on both sides of the difficult, and in many ways unnecessary, conflict of the 1770s, in an address I gave at the University of Maryland in May. Today we have gathered to honour a man whose duty remained on one side of the line and whose heart stood on the other.

In my profession, diplomacy, we are moved from one post to another with fair despatch—seldom more than five years sojourn in any one capital. The reason is, they say, that a successful diplomat, assimilating the atmosphere of his best country, can too easily take on its mantle, rather than that of the country he represents.

So it was with Governor Eden. One of the most human and beloved of the colonial Governors, he brought to Maryland the best of what England had to offer; and as I have often seen in my many visits to your state, he helped to implant it here. The Revolution distressed him deeply. He wrote once to Lord Dartmouth: "It has ever been my endeavor by the most soothing measures I could safely use, and yielding to the storm when I could not resist it, to preserve some hold of the helm of government"—(it will be seen from all these nautical metaphers that even then the Chesapeake Bay with its sailing traditions had a firm grip upon him)—"That I might steer as long as should be possible, clear of those shoals which all here must, sooner or later, I fear, get shipwrecked upon". He was, however, finally requested to leave the province and he accordingly left Annapolis on 23 June 1776, on a British warship. Nonetheless, he could not stay away; but returned, to die here in 1784.

We are fortunate today in having two descendants of the Governor to speak to us. One, Sir John Eden, himself a British Member of Parliament and a former Minister in Her Majesty's Government, is here in person on a Bicentennial visit. And his uncle, Lord Avon, is also here, in spirit and in voice: you will shortly be hearing a message which he recorded when he was in the United States earlier this year.

Lord Avon—Sir Anthony Eden as he then was, was British Prime Minister from 1955-57, and for a long time before that served as Foreign Secretary—one of the greatest British statesmen of this century. We all remember his courage and resolution when he resigned as Foreign Secretary in 1938, in disagreement over the government's attitude towards Mussolini. I shall never forget the leadership he gave to us in the Foreign Office in those days, a quarter of a century ago, when I was a First Secretary in charge of our international oil section. I remember I had to drive down to his country home over a weekend, to clear some important telegrams and despatches with him. It happened to be my birthday and my wife and I were going to the theatre that evening—so she came with me. The discussion dragged on—a lot of telephoning was needed. Somehow my wife conveyed our birthday arrangements. At once we were dismissed and I left him (rather guiltily) trying to communicate through the local post-mistress with the cypher section at the Foreign Office in London.

Lord Avon's affection for America, and for Maryland, has always been strong; and it was with the greatest of pleasure that he responded to Senator Mathias' imaginative suggestion that he should record the history of his family's connection with the colony and the state. The tape was made at the beautiful home of Governor and Mrs. Harriman in Hobe Sound, Florida, last March, where Lord and Lady Avon were spending some weeks. I know he would want me to express his thanks to Governor and Mrs. Harriman for their many kindnesses and to Senator Mathias, without whose imaginative response none of this would be possible.

I do not wish to keep you any longer from hearing Lord Avon's statement. I have spoken to a great many Bicentennial gatherings in the last eighteen months; and heard many eloquent addresses by your countrymen. Nothing I have heard states better than this address by Lord Avon the nature of the affection and the respect which the British have for the Americans, and have had for all of two hundred years. Listen especially carefully to his closing passage, and you will understand why it is that we in Britain will always be found at your side, standing for the future of democracy, the prospect of freedom and the triumph of compassionate and enlightened government.

Taped by The Right Honourable The Earl of Avon in March, 1976 at the Home of Gov. W. Averell Harriman, Hobe Sound, Fla.

I am very glad to have this opportunity to send to you in Maryland my warmest congratulations on this very happy Bicentennial anniversary. I do this with all the more sincerity because, as some of you know, my great-great-grandfather, Sir Robert Eden, was the last Colonial Governor of Maryland and felt much sympathy for the Marylanders and their point of view. This he expressed forcefully to government, family and friends in England, so much so that when he wrote to them he frequently used the pronoun "we", meaning himself and the people of Maryland, and this was accepted. For instance, his brother William, who was later sent from England as a Commissioner to negotiate for peace, wrote to him, "You have rather a predilection for America." This was true and Eden's preference was no doubt reinforced by his affection for Maryland as well as by some inept handling by the British Government. As one of the Governor's contemporaries in Maryland wrote of him, "His views appear solely directed to advance the interests of the community; and to preserve, by every possible method, the public's tranquility."

This he contrived to do through many troubled years during which Eden was striving to make his Government see that there was justice in the demands of the Colonies. He was still in Annapolis in the Spring of 1776, in spite of complaints from Virginia on the one side and Pennsylvania on the other. Maryland had resented any suggestion of interference and its Council had allowed Governor Eden to remain. It was indeed not until May 24th that a committee of five, appointed by the Maryland Convention, called upon Eden to tell him that he was at "full liberty to depart peaceably with all his effects." Eden replied that he should "still continue most sincerely to wish for the welfare and prosperity of Maryland, and consequently, for a reconciliation with and constitutional dependency on Great Britain." He sailed away on His Majesty's ship *Fowey*, on June 23, 1976, eleven days before the Declaration of Independence. I believe it is true to say that in no other state did the handover take place so smoothly and with such good humour on both sides.

But you had not seen the last of my ancestor. During his Governorship he and a Colonel of Militia from Virginia across the river, George Washington, became close friends. When, after the peace was signed, the former Colonial Governor, Robert Eden, returned to Maryland, Dr. Upton Scott gave a dinner at his home on Shipwright Street in Annapolis. His principal guests were the Commander-in-Chief, the victorious General George Washington, and Robert Eden. The ex-governor spent some months in Annapolis. Unfortunately, as one observant lady wrote, "Sir Robert Eden seems in bad health. He does not flirt now." He died of a fever that summer.

Several of your historians have written generously of my great-great-grandfather's governorship, but I like best this tribute: "This last colonial governor has become a symbol of the close ties between the English-speaking peoples. He stands as a strong link in the chain that makes for happy relationship between Maryland and Great Britain." These words could well serve as his epitaph and I would like to think that in my time I have been true to them also.

In the same context, I would now like to speak of more recent history. In March 1943 I was paying an official visit to the United States. I was then Foreign Secretary in Winston Churchill's wartime government and spent nearly three weeks in meetings with President Franklin Roosevelt and Secretary of State Cordell Hull discussing the many international problems which confronted our two countries then and which would arise when the victory was won. John Winant, your invaluable Ambassador in London in those war years, was with me. One evening the President said to me, "Anthony, you will have to make a speech to us before you go home. Where shall it be?" After some talk the President commented, "I know where you must speak, in Annapolis. The State Legislature of Maryland will meet to hear you and we will link you up with all the other State Legislatures across the country."

And so it came about. I shall never forget that evening. In Annapolis my ancestor had laid the foundation stone of the State House during his term of office. When I spoke in its beautiful hall with his portrait behind me—all this and the kindly welcome extended to me—made me feel that I was an Annapolis boy who had made good. I often wonder whether if my ancestor had not died so suddenly at a comparatively young age on his return to Annapolis in 1784, he might not later have brought his family out to join him and made his home among you. This is all conjecture, of course, but it gives me, I feel, a special right to congratulate you on the progress, remarkable by any standards, which you have achieved in this state and throughout your great country in the last 200 years.

The practise of self-government by a free people is the most exacting exercise of which the human mind is capable. Yet to succeed in it is an inescapable condition of happiness. Material gains for the massed millions across the world are not to be despised, but to you and we who have once tasted and enjoyed freedom and equality before the law, they can never take first place. It is because you have understood this and have set us an example in the practise of open and virile democracy, against all trials and hazards across this vast continent, that I say to you that your success in the art of government is vital to its success throughout the free world. There can be no future for any of us otherwise. Yours is a record which has nowhere been surpassed in the long and checkered history of this restless planet. I pray that the United States will continue to grow in strength and kindliness and lead us all into those conditions of freedom and peace upon which the true progress of the world depends.

Remarks by the Right Honourable Sir John Eden, M.P., 7th Baronet of Maryland

I count myself very fortunate to be here. I'm grateful for the invitation. I'm grateful for the services of the various airlines who contributed to my final transmission across the Atlantic, but above all, I'm grateful to my ancestor, whom you have so delightfully chosen to honor at this ceremony today.

We have heard, ladies and gentlemen, from the distinguished Senator, from Statesmen, and the moving concluding words from my uncle, Lord Avon, whom I saw on Sunday, and who asked me to endorse, personally, the good wishes he feels towards this gathering here today.

But, from me, you will hear no great national or international pronouncement. I'm here solely and simply as the head of the Eden Family to say "thank-you" to all of those who have been responsible for bringing about this ceremony and for keeping alive in our memories the service of his time as Governor.

The English, you will have noticed, have a remarkable aptitude for commemorating defeats and most of our great national holidays and ceremonies are to record reverses of one kind or another which we have sustained throughout our history. It's a strange fact that the friendships which have been established and which subsequently endure throughout the ages, do so frequently stem from moments of opposition or of conflict when temporarily there were divisions between us.

Well, I'm glad that in these 200 years that have passed since an Eden first was escorted by the good citizens of Annapolis to the waterside, that the friendship between our two peoples has grown together so strongly and so effectively.

I have been lucky too, to have a number of family papers still preserved, and going through them towards the end of last year I came across a letter written by George Washington to one Richard Smith. I think I'm right, and I shall have to check with Dr. Stiverson later on, that George Washington made it clear in that letter that he would do all that he could, and do it willingly, to convey any message which Smith had occasion to send to Robert Eden, who by that time was back in England, and that George Washington would see that the messages went to Lord Cornwallis then commanding at Brunswick.

Well, the original of that letter, which I'm afraid is sadly faded, I have had enclosed in a hard cover and I am presenting to the Maryland Historical Society for safe custody. With it, I have enclosed a printed copy of my Uncle's address which we have just heard.

I was in Baltimore ten days ago and I had the opportunity of meeting with members of the Historical Society. How grateful I am to them for the kindness they showed me then and how honored I am to learn that I have been made an honorary member of the Society. In fact, since I've been in asociation with the Soicety I've learned a little bit more about history not just of my own family but of our two countries.

Ladies and gentlemen, that's enough from me. I just want you to know that I do see this as an occasion which unites our two nations, but you will forgive me If I emphasize the fact that I regard this as a personal intimate family affair and I'm happy to be here.

Remarks by Mrs. W. Averell Harriman

We are here today to express our affection and gratitude for the ties of kinship and purpose that the people of the United States feel for the people of Great Britain, and to do so by honoring these distinguished members of the Eden Family. Sir Robert Eden, whose story Lord Avon has so eloquently recounted today and Lord Avon himself, whose long and brilliant career has become a symbol for us of the grace, the interepid spirit and the wisdom which Great Britain has offered to America and to the world. The supreme test of the decade of the American Revolution was where one stood on the great issues of justice and liberty in the American colonies. Sir Robert Eden had the intellectual perception and moral courage to express his views against the temper of opinion in his country and against the dictates of his office.

The supreme test of the decade before World War II was where one stood on the great issues of resistance to tyranny. Anthony Eden's courage and sure moral instincts led him to resign from the Chamberlain Government rather than remain an accomplice to appeasement. He later joined Winston Churchill's cabinet and was at his right hand throughout the War. In the postwar years Anthony Eden continued to perceive those deeper ties which bind our great democracies. In his book, *Freedom and Order*, he told us of the coming reality of the interdependence among great powers, and of the necessity of our cooperation to deal with that reality. It is, however, irresistible not to speculate upon the role Lord Avon might have played in our public life, if Sir Robert Eden had been able to accomplish his resolve to bring his family and settle in this country. It surely would have been important. But, on balance, we are thankful that things turned out the way they did—that he has done so much to help America to continue to draw strength, inspiration and such pleasure from our ties to the Mother Country. In a letter I received from him yesterday, he said, and I quote, "I am most grateful for the presentation which I have done nothing to deserve. On the other hand, I am confident that Eden Day and the assembly of friends gathered for that occasion, will mark one more contribution to the true and loyal understanding between our countries. For that, we shall be happy and grateful to the people of Maryland".

Thank-you very much.

JUNE 23, 1776

(By Dr. Gregory A. Stiverson, Assistant State Archivist, Hall of Records, Maryland)

Robert Eden, Governor of Maryland since 1769 when he was appointed to the post by his brother-in-law, Frederick, sixth Lord Baltimore, was just twenty-eight years old when he arrived in the colony on June 5 of that year. As governor of a proprietary colony, the private preserve of the Calvert family, Eden had great power through his ability to make patronage appointments. Unlike some of his predecessors, however, he did not abuse his power and he was generally well-liked by the citizens of Maryland during his six-year term as governor, even by many members of the "anti-proprietary" party.

Handsome and convivial, Governor Eden did remarkably well keeping himself out of serious trouble during the turbulent months of early 1776. On the basis of two intercepted letters to Eden written by Lord George Germain of the British Colonial Office, the Continental Congress ordered his arrest in April, but the Maryland Council of Safety refused to obey on the grounds that Congress had no right to interfere in the internal affairs of the colony. By late May, however, it had become clear that events were inexorably propelling the colonies toward declaring independence from Great Britain, and Eden recognized that his usefulness in the colony he loved was at an end. On May 26, Eden dispatched his secretary, Robert Smith, to the commander of the ship *Roebuck* stationed off Gwynn's Island near the mouth of the Rappahannock River in Virginia asking that a vessel be sent as soon as possible to take him aboard. Days passed, but the vessel failed to arrive. Tension mounted as those who opposed permitting Eden to leave unmolested became more vocal. On June 16, William Eddis, a close friend and supporter of the Governor, expressed the apprehension of the Governor and his friends: "Not any intelligence is yet received of the expected ship. The governor appears rather anxious for arrival, and his friends are solicitous for his immediate departure, as there are busy spirits at work who labor to excite commotions with a view to his detention." The Council of Safety kept its promise to permit Eden to leave peacefully, however, and on Saturday evening, June 22, the *Fowey* man-of-war arrived in the Bay outside the Annapolis harbor. The following morning, June 23, Governor Eden was visited for the final time by the members of the Council of Safety and he was then "conducted to the barge with every mark of respect." About an hour later, Eden reached the *Fowey* and "was received on board under a discharge of cannon." The *Fowey* weighed anchor three days later.

Shortly after his arrival in England, King George III created Robert Eden a Baronet in gratitude for his service to the crown in Maryland. Sir Robert returned to Maryland soon after peace was declared, dying in Annapolis on September 2, 1784 at the house of his friend, Dr. Upton Scott. He was interred at the old St. Margaret's Church a few miles outside town; in 1926 his remains were removed to St. Anne's Church in Annapolis.

A PARTIAL SOLUTION TO THE ENERGY EMBROGLIO

Mr. MOSS. Mr. President, if a critical analysis were done of congressional response to the continuing energy crisis, the report could go into the hundreds of pages in describing our sidestepping, backsliding, and mismanagement of many of the issues involved. Subcommittees have been formed, staff persons have been put to work, and an untold number of bills offered for our consideration. There has been considerable duplication of effort. Money has often been spent in haste and without budgetary justification. Agency administration and coordination of energy programs have been poor.

For these reasons I have been a strong supporter of the notion that one Federal agency should have overall planning and administrative control over energy matters. Additionally, I have supported a committee reorganization of Congress which would synthesize and amalgamate efforts which are now diverse and hopelessly balkanized. I believe that only a comprehensive, overall, national effort can yield the results necessary for a speedy termination of our present dangerous reliance on more and more unsecured foreign sources of energy.

However, all of this is not to say that various concerned agencies, departments, and committees should not have considerable input into the eventual decision-making process in energy matters. Obviously, a broad spectrum of opinion and information will insure the very balance and perspective necessary for a comprehensive national program. So, the problem comes down to a matter of coordination and diversification without wasteful duplication and misstepping. I believe the response to this problem which the Committee on Aeronautics and Space Sciences takes in the current NASA authorization provides a useful methodology for solving this dilemma. I would like to share it with you.

At the instigation of the Aeronautics and Space Sciences Committee, NASA over the past few years has developed an aggressive program of energy initiative identification and verification. This program has required substantial reimbursable work funded by ERDA. ERDA has the legislative mandate to function as the research and development manager for Federal energy initiatives. As such, the introduction of massive or sustained energy programs by other governmental institutions would be contrary to the will of Congress. However, ERDA also has a legislative directive to use the technical competence and facilities of other concerned agencies in carrying out its total overall responsibilities.

To facilitate this limited but important extra-ERDA contribution, ERDA and NASA signed an agreement on June 23, 1975, which recognizes and utilizes NASA's capabilities to contribute to the national energy program. During fiscal years 1975, 1976, and the transition quarter, NASA directed R. & D. funding to carry out several initial technology identification and refinement activities. Technology identification activities have included work relating to advanced ground propulsion, reduction of the drag in large road vehicles, multipurpose gas turbines, hydrogen energy systems, fuel cells for down-to-earth applications, energy storage systems, energy resource identification, and integrated utility systems. This NASA function of identification and verification of energy initiatives is an effective method of tapping NASA's technology and other capabilities as it carries out its main line responsibilities.

I am of the view that the Nation will best be able to tap the potential contributions of all agencies to the problem of energy self-sufficiency by permitting and encouraging the use of nominal amounts of their regular resources to identify, and verify possibilities which could be presented to ERDA for evaluation against competing alternatives and for subsequent funding as appropriate. Certainly agencies should account for funds so applied so that such activities are conducted within the framework of sound energy R. & D. management.

It would be difficult, on the other hand, for ERDA to attempt to anticipate appropriate funding levels for these very preliminary identification activities because of the difficulty of trying to schedule inventions or determine where they might occur. The risk here is that of not fully utilizing the total resources the Nation possesses. Following the identification and verification activity, the assessment of an initiative should be an ERDA responsibility. The point at which an initiative passes from one phase to another undoubtedly is not absolutely definable and probably would vary from case to case.

I am concerned from review of the NASA fiscal year 1977 budget experience that existing policies will not capitalize on the total capability for new energy initiatives that may exist within the Government, that adequate verification will not be accomplished to assess properly the potential of an initiative and perhaps more important, that all possibilities are not being evaluated.

Against this background my committee, while sensitive to the additions by the House in the energy area, believes there is little point in adding specific amounts for energy activities. Rather, it stresses the need for the executive branch to clarify promptly the policies and procedures for carrying out the intent of the Energy Reorganization Act of 1974 and assure that budgeting responsibilities are conducive to an aggressive and effective energy research and development program. We trust that the planning and budgeting for the fiscal year 1978 program will be conducted on a fully integrated basis. In the meantime, we urge NASA to continue its highly productive energy identification and verification program utilizing such resources as can be made available to the agency and to add that the contribution of a number of other committees and agencies with energy-related concerns, should consider following the identification and verification program that has worked so well for us.

GEOTHERMAL ENERGY

Mr. BARTLETT. Mr. President, Mr. C. H. Keplinger, of Keplinger and Associates, Inc., of Tulsa, presented a paper for a geothermal symposium in New York City.

I ask unanimous consent that "U.S. Energy Supply and Reserve Estimation of Geothermal Steam Projects," be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. ENERGY SUPPLY AND RESERVE ESTIMATION OF GEOTHERMAL STEAM PROJECTS

(By C. H. Keplinger)

NOTE.—Charts not printed in RECORD.

We are here today to consider U.S. geothermal energy and to appraise, in a general way, its future in our U.S. energy supply picture. We face an uncertain future with respect to our energy picture because our conventional supplies of U.S. oil and gas are diminishing, and more and more of our energy is being supplied by foreign imported crude and crude products.

Of the alternative energy sources in the United States to replace oil and gas, coal has the greatest potential because of its great domestic reserve and widespread distribution. The next alternative fuel of importance is uranium. Both coal and uranium will be the fuels available particularly for the new base-load electric power plants. Ultimately, in the long-range view of our national energy situation, these two fuels may be the most important factors in saving the United States from complete energy disaster and dependency on foreign imported oil. However, it is agreed by responsible authorities that neither coal nor uranium can adequately carry the load alone and that oil shale, harnessing of solar energy, and other potential energy supplies will be required to "fuel" our nation's needs.

Another promising alternative energy source is geothermal energy which is the subject of this conference. Limited geothermal exploration in the western part of the United States has been encouraging and has led to the commercial development of The Geysers steam-vapor dominated geothermal field approximately 80 miles north of San Francisco, California. Installed steam generating capacity at The Geysers is now 522,000 kilowatts (502,000 kilowatts net). This domestic geothermal supply is equivalent to importing 7,500,000 barrels of oil per year at a cost exceeding $100,000,000.

I wish to discuss five factors which make it attractive to consider geothermal development before reviewing the art of estimating reserves from steam-dominated geothermal reservoirs, as The Geysers in California, and the review of a typical economic evaluation of a geothermal steam project.

As to the U.S. energy supply, the first factor is declining oil production and reserves. A month ago, the American Petroleum Institute reported U.S. oil production in 1975 was the lowest since 1966, despite increased drilling—oil drilling was up 17.5 percent. Domestic oil production in 1975 was 2.9 billion barrels while new discoveries added only 1.3 billion barrels, a shortage of 1.6 billion barrels less than produced.

The history of U.S. production and discoveries indicates that yearly discoveries of oil have not equaled yearly oil production for many years. On Chart 1, the top line shows the amount of production since 1960 by years, and the bottom line shows the oil discoveries over the same 15-year period. Based on recently released oil reserve data, total U.S. production over a 16-year period was 48.9 billion barrels with discoveries being only 23.3 billion barrels. The U.S. is consuming almost twice as much oil as it produces. The U.S. oil reserves are declining every year. This is a cheerless oil supply picture with about 50 percent dependence expected on imported oil in the immediate future.

The second factor is the declining gas production and reserves. A month ago, the American Petroleum Institute reported that the remaining natural gas reserves declined by 8.9 trillion cubic feet during 1975 to a year-end level of 228.2 trillion cubic feet, the lowest in 21 years. The remaining gas reserve divided by 1975 gas production gives a future life slightly in excess of 11 years with over 10 percent of the remaining gas reserve at the Arctic Circle in Alaska and not connected. The trend of yearly gas production and yearly discoveries is shown on Chart 2. The past production gas history and discoveries indicate that yearly discoveries of gas have not equaled production since 1962 in the lower 48 states.

Gas production in 1975 amounted to 19.7 trillion cubic feet, but discoveries were only 10.8 trillion cubic feet. The U.S. is particularly sensitive to the declining natural gas supplies. The importance of one trillion cubic feet of gas is better understood when you consider that it is equivalent to 170,000,000 barrels of oil in heating value. The 1975 gas production was equivalent to 3.35 billion barrels of oil which, in energy value, exceeds the U.S. 1975 oil production of 2.9 billion barrels by 15.5 percent.

It should be pointed out that the estimated supply of natural gas is far below the demand and that there are serious curtailment problems now for the interstate gas pipelines because of gas shortages.

The third factor is the total energy outlook through at least 1990. The most probable energy supply by energy sources by years is shown on Chart 3. Domestic oil and gas will be supplying a smaller percentage of the energy to the U.S. economy in the years to come. Coal usage will increase dramatically from the estimated equivalent of 6.5 million barrels per day in 1976. In addition to increased use for direct firing, coal will be utilized for coal gasification and coal syncrude.

As seen from the chart, to meet the nation's energy requirements, foreign imports of oil are increasing rapidly. Today's cost for imported oil is over $14.00 per barrel. The imported oil outlook for 1976 is a record 7.3 million barrels of oil a day compared to 6.1 million barrels per day in 1975, or up 20 percent. The dependence on foreign oil will be increasing until Congress releases price controls on oil and gas because the finding and development costs exceed the regulated prices allowed.

To complete the supply picture, although the energy supply from nuclear sources at present is only 1.1 million barrels per day of equivalent oil, the future use of nuclear power is encouraging. Hydroelectric sources supply 1.5 million barrels per day. The nation's increasing energy demand requires that alternate energy supplies be developed. The modest beginning of geothermal production at The Geysers in California has a challenging future to offset the growing dependence on foreign oil.

The fourth factor that makes it attractive to consider geothermal exploration and development is that the price of the substitute for geothermal energy is over $14.00 per barrel for foreign imported oil or natural gasoline products. Although the adjustment to the quadrupling of oil prices by the OPEC cartel since 1973 has been bitter medicine and has caused economic and political disharmony, the economics of the use of geothermal energy have been greatly enhanced.

In order to get additional U.S. domestic supplies of energy, higher prices are required for all energy sources to encourage development of new domestic supplies of energy. The recent higher prices for geothermal steam to generate electricity is most encouraging for geothermal exploration and development. In California at The Geysers, the price paid by the utility company utilizing the steam is determined by a formula tied to the costs of alternative fuels. In 1975, the price increased to 7.39 mills per kilowatt hour, up from 3.73 mills per kilowatt hour in 1974. The 1976 rate is expected to exceed 10 mills per kilowatt hour (11.35 mills).

The higher prices for geothermal energy will help move the nation toward greater energy self-sufficiency and encourage investment to increase supply. To this, it must be added that the world OPEC price for oil is strong and that readily available alternate energy substitutes are slow in materializing so it is expected that future prices for geothermal steam will be equal to or greater than the present price.

The fifth factor in the geothermal picture is that the western part of the U.S. has many known geothermal areas. Areas of volcanism and drastic earth movements have permitted molten rock to move relatively close to the surface. The resulting heat has been transferred by conduction to nearby permeable or fractured water-bearing reservoirs. Many tectonic geologic trends are well-known and the surface manifestations of thermal springs, as shown on Chart 4, along these trends indicates geothermal possibilities. Limited exploration has led to promising discoveries outside The Geysers area of California. It is expected that geothermal electric plants will be constructed at discoveries in New Mexico, Utah, and Southern California in the near future.

A total of 3,049,873 acres of federal land with a potential for steam or hot water has been classified as "known geothermal resource area" (KGRA) as of April 1, 1976. Of the total, 1,390,096 acres are located in California. The Federal Geothermal Leasing Act of 1970, with implementation in 1974, provides that the KGRA's acreage be made available on a competitive bidding basis. A second category of federal land is available through noncompetitive leasing. In addition, there are state and private lands available for leasing.

The United States Geological Survey (USGS) recently completed its comprehensive report "Assessment of the Geothermal Resources of the United States—1975" (USGS Circular 726). In the summary, the geothermal resource of hydrothermal connection systems was estimated at 11,700 megawatts of potential generating capacity from identified U.S. hydrothermal reserves. The total geothermal resource of all classifications, identified and undiscovered resources, was 153,400 megawatts. To put this estimate in perspective, the total installed electrical generating capacity of the U.S. is approximately 450,000 megawatts.

Additional geothermal resource potential may be available along the Gulf Coast of Texas where deep geopressured high temperature formations contain large quantities of water. ERDA, a government agency, is proceeding to investigate this source of geothermal energy.

Geothermal developments are moving forward. Techniques used by petroleum engineers, geologists, and physicists are appropriate for application to geothermal reservoirs. Methods and data for reserve calculation of available steam from "Mother Earth's Boilers" have made great advancements both in the United States and in the foreign areas of Wairakel, New Zealand, and of Larderello, Italy. Pressure and temperature measurement instruments developed by the engineering sector of the petroleum industry have been used to obtain basic data concerning the performance of the Steam Field at The Geysers in California.

Pressure buildup data in shut-in steam wells has been used to study the nature of the fracture system of the steam reservoir. Engineers have used material and energy balances, pressure history data and steam production in computerized simulation studies to estimate future pressure behavior. Steam reservoir behavior studies at The Geysers indicate that it is a closed reservoir without significant water influx. Reservoir pressure decline can be used to calculate reserves but steam production history at The Geysers has not been sufficient to enable calculation of steam reserves in all the developed part; and, of course, there is no pressure history in the undeveloped portion of the field.

Steam reserves for newly developed areas of The Geysers must be based on analogy with older areas of the field. Geological conditions, well histories, completion reports, rock characteristics, formation thickness, and well production tests are the critical criteria used by the steam reserve estimators.

Our remarks on reserve estimates will apply to The Geysers area of California. Here, the produced steam is put to work directly in driving turbines of electrical generators. The Geysers is a "vapor-dominated" reservoir such as at Larderello in Italy, and at Matsukawa in Japan. The more common is "liquid-dominated" reservoirs such as found at Wairakei, New Zealand and at Cerro Prieto in Northwestern Mexico. In these reservoirs, the produced hot water "flashes" only partly into steam, resulting in a mixture of steam and hot water. The "flashed" steam is put to work driving the turbines of electrical generators and heat content of the remaining hot water is usually not utilized.

The Geysers field is approximately six miles long and two miles wide. It has an estimated 6,000 proven acres developed or in the process of development which has produced steam from depths of 200 feet to 10,000 feet. The deeper steam wells production average over 150,000 pounds of steam per hour. One well was tested at a flow rate of 380,000 pounds per hour. A schematic picture of The Geysers Geothermal Field is shown on Chart 5. The underground heat source is indicated together with a steam well that has a total depth of approximately 7,000 feet. This well is depicted as encountering open fractures which were steam filled.

Pacific Gas and Electric Company, who purchases the steam, has planned additional electrical generator installations by 1980 which will increase the field's capacity to approximately 900 megawatts compared to the present 522 megawatts capacity (502 megawatts net).

Based on past experience, it requires approximately 6,000 proven acres to supply steam for a 900-megawatt electric installation, or 6.66 acres are required per megawatt. This is equivalent to approximately 640 acres of productive steam acreage required for each 100-megawatt power plant. The steam reserves developed are anticipated to produce for a period of time exceeding 20 years at the initial producing rate and will require approximately 2,000,000 pounds of steam per hour to operate a 100-megawatt generating plant.

The following generalized economic analysis is based on the development of a 640-acre proven tract of land in The Geysers Geothermal Field using the following assumptions:

1. Producing Life—Minimum 20 years at constant rate production.

2. Initial Development Period Before Power Generation—5 years.

3. Power Output—100 megawatts.

4. Number of Wells—40, with approximately 50% being drilled in initial development period and the remainder over the life of the property.

5. Well Cost—Drilling and completion costs at $650,000 per well.

6. Pipeline Cost—$250,000 per well.

7. Royalty—12½ percent.

8. Ad Valorem Taxes—8 percent of gross income after royalty.

9. Operating and Overhead Cost During Operations—7 percent of gross income after royalty.

10. Price per Kilowatt-Hour for Steam—$0.01.

11. Escalations—None on well or pipeline costs, operating cost, or price for steam.

12. No lease bonuses or advanced royalty payments were considered.

GENERALIZED ECONOMIC ANALYSIS DEVELOPMENT OF 640-ACRE TRACT—THE GEYSERS THERMAL FIELD, CALIFORNIA

Power output — kilowatt-hours (20-year period)	17,520,000,000
Value of power output — $0.01/kilowatt-hour	$175,200,000
Value of power output after ⅛ royalty	$153,300,000
Operating and overhead—7% gross income	$10,731,000
Ad valorem taxes—8% gross income	$12,264,000
Capitol cost:	
wells	$26,000,000
Drilling & completing 40	
Pipeline cost—40 wells	$10,000,000
Total operating & overhead cost, ad valorem tax and capital drilling and pipeline cost	$58,995,000
Net cash return	$94,305,000
Ratio net cash return to capital cost	2.62
Net cash return at $0.02/kilowatt hour	$224,610,000
Ratio net cash return to capital cost	6.24

As seen in the economic analysis, the net cash return at 2 cents per kilowatt hour is estimated at $224,610,000 during the first 20 years of production which gives an attractive ratio of net cash return to capital cost, especially when you consider that only 50 percent of the capital costs will be made during the first five-year period. The actual price per kilowatt hour from steam will probably average between one cent and two cents during the first five years of the producing life.

In conclusion, the present U.S. energy demand favors the exploration and development of our geothermal resource potential to replace or reduce dependence on foreign oil imports. The industry is in its infancy and we can expect expanded exploration in the near future as new discoveries are made. Private industry and the Government must work together. Federal acreage and government assistance on solving environmental problems and fair tax treatment on parity with other types of energy fuel exploration must be made attainable if geothermal energy is to make its potential contribution to the nation's domestic energy supply. Geothermal exploration is a high-risk venture similar to oil and gas exploration and will require a reasonable return on capital commensurate with the risk involved.

Geothermal operators have to spend a great deal of money to prove reserves before an electrical generating plant becomes operational. Furthermore, an adequate market price for steam is a must to encourage development by the private investment sector. I am confident that capturing Btu's (energy) from "Mother Earth's Boilers" will be profitable in many areas in the western part of the United States.

ELECTIONS IN PORTUGAL

Mr. PELL. Mr. President, once again the Portuguese people have demonstrated their political maturity and made clear their dedication to democracy by choosing a political moderate as their president in elections held on June 27. Gen. Antonio Ramalho Eanes, who is credited with saving democracy in Portugal by crushing the Communist-inspired coup attempt last November 25, not only received a massive vote of confidence from the Portuguese people, but he also soundly trounced the Communist candidate who received substantially fewer votes than his party did in the parliamentary elections held on April 25.

In supporting the candidate backed by the leading democratic parties, the Portuguese people have borne out my early confidence expressed on the Senate floor on April 18, 1975 that because of their innate commonsense, conservatism and religious nature they would find a way back from the precipice of Communist dictatorship.

Portugal's confirmation of its commitment to democracy ought not, however, to obscure the fact that the new government will face difficult economic and political problems. Portugal continues to suffer from grave economic dislocations, and bold leadership will be required to solve them. Generous American aid will also be required. Politically, renewed threats from the extreme left and right cannot be ruled out; nor can the instability of the new government. President Eanes is expected to name the Socialist Party's leader, Mario Soares, as Prime Minister. I met Mr. Soares when I visited Portugal last February and was very impressed by his good sense, political acumen, and his realistic view of the problems faced by the Portuguese people. He will be presiding over a minority government, however, and his party's decision to reject a coalition with the other two moderate parties carries with it sizable risks.

Mr. President, Meg Greenfield wrote a very perceptive article for the Washington Post on June 27, and the New York Times published an equally pertinent editorial today commenting on the results of the Portuguese presidential election. I ask unanimous consent that they be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, June 27, 1976]

Portugal Goes to the Polls

(By Meg Greenfield)

There will be another election in Portugal today, this time for the newly created office of President, and although the election has not generated nearly as much international interest as last spring's parliamentary elections did, at least as much is riding on the outcome. Portugal's democratic parties, including its Socialists who won a plurality in the parliamentary elections and who will be called upon to form the next government, are supporting a candidate—Gen. Antonio Ramalho Eanes—who they hope will be able to play a role not unlike that being played in Spain by the young Bourbon king, Juan Carlos.

Eanes, a tough, recitudinous democrat who had a hand in ousting the old dictatorship, was instrumental in thwarting the Communists' power-grab last year and enjoys the respect of Portugal's large and politically restless army. His supporters, of course, do not see his assuming the royal perks or standing of a king. But they do see the stern 41-year-old soldier becoming a kind of balance-wheel and authority-figure like Juan Carlos, someone whose power and prestige can be invoked against threats to Portugal's fragile new democracy from the left or from the right. None of the remaining candidates—the Communist, the recently stricken Prime Minister whose appeal to the military is limited or the flamboyant soldier-revolutionary, Maj. Otelo Saraiva de Carvalho—would fill that role.

It is of course true that even though Spain and Portugal are each in the process of trying to create a democratic political order after decades of fascist dictatorship, their present circumstances are quite different. The Spanish democratic experiment is being administered from the top down in an orderly and even decorous way compared with the free-form, groundburst popular politics that have characterized Portugal's past two years. The Portuguese have voted, *coup*-ed, counter-*coup*-ed, nationalized too many things and drawn up a very advanced civil libertarian constitution since the Caetano government was kicked out. Their economic condition is much worse than Spain's and their political condition much more volatile: an estimated million refugees from Angola and Mozambique have flooded into the country with the end of empire, and Portugal, unlike Spain, also has a huge disaffected colonial army to worry about. But in some respects all this only heightens for the Portuguese a danger the two countries share, and one that is a widespread source of anxiety among their democratic politicians: the danger of left-wing violence followed by right-wing, or more precisely, right-wing military coup.

In fact, the left doesn't even have to be so violent, in the view of both Portuguese and Spanish political observers, to trigger the dread uprising from the right. In a recent three-week tour of Southern Europe, I believe I heard more about the Chilean misadventure, which was cited again and again as an example of what might happen in Southern Europe, than I have ever heard in conversation here. Chile wasn't regarded, either, as simply a case study in CIA overreaching. It was invoked by politician after politician by way of warning what might happen at the hands of their own military if their country moved too quickly or too substantially to the left.

Chile, in other words, seemed to be very much on the Southern European mind, and on no one's mind so much as that of Mario Soares—the Secretary General of Portugal's Socialist Party who is almost certain to be the country's next prime minister. It's not that Soares is tempted to make common cause with Portugal's Communists and create the kind of bloc that might set off the counter-reaction: Portugal's Communists, under the direction of Alvaro Cunhal who does not even *pretend* to be liberal, democratic instincts along so-called Eurocommunistic lines, are not a group Soares could begin to do business with.

Still, in a recent interview he was at pains to explain how precarious Portugal's present circumstances are, even without a popular front coalition—"we are not, like you, a stable democracy"—and how crucial it was, in his view, that a soldier democrat of Eanes' standing and character be in place in Portugal's presidency over the next few years. Eanes, he said, had prestige and was identified with the objectives of a social and economic transformation of the country. He was not a would-be dictator; he would respect the constitution; and, above all, he would "put the military in the service of civil power."

That is what the election is all about in Portugal today. Eanes may or may not be the man who can do it, if he wins. It is all but certain that none of the others can. Soares put the problem more dramatically and poignantly than anyone else I talked to in Europe. He had already shown the Communists that he did not want to be Kerensky, he said—and then: "Neither do I want to be Allende."

[From the New York Times, June 29th, 1976]

The Portuguese Election

Gen. Antonio Ramalho Eanes won a convincing victory in Portugal's presidential election last weekend. Having gained more than 60 percent of the total vote, Portugal's army chief of staff can legitimately claim to enjoy the confidence of the majority of the people.

The result was a resounding victory not only for General Eanes personally, but also for the most responsible forces in Portugal's political life: the Socialists, the Popular Democrats and the Social Democratic Center, the three major non-Communist parties that joined a coalition to back the victor.

It is disquieting that the demagogic and openly ambitious Maj. Otelo Saraiva de Carvalho received roughly one out of every six votes and came in second. He has been very much influenced by Premier Castro and espouses a style of populist leftism that permitted him to draw off much of the usual Communist strength. That fact was reflected in the less than 8 percent of the total votes received by the official Communist Party candidate, Octavio Pato.

Together, the two leftist candidates won roughly a quarter of the total vote, a fraction large enough to assure that their portion of the political spectrum will remain a major source of power and influence.

Beyond the merely numerical facts of the division in the presidential election is the reality that President-elect Eanes and his Government face extremely serious economic and political problems. The domestic economic disorganization since the revolution has been intensified by the arrival of hundreds of thousands of angry and impoverished refugees from the former Portuguese colonies in Africa. Inflation, reduced productivity in the factories, and political squabbles in the countryside over the future of Portuguese agriculture add to the difficulties.

Portugal's new President is expected to name Socialist Party leader Mario Soares as Prime Minister. Mr. Soares is able and deserves much of the credit for helping save Portuguese democracy this past year.

But what is of concern is Mr. Soares' declared willingness to lead a minority government based on his own party's strength alone. In light of the resounding victory registered by the coalition that backed General Eanes, it would seem to make more sense for Mr. Soares to form a coalition cabinet that could command similar majority support in the parliament and in the nation.

GENERAL REVENUE SHARING

Mr. STENNIS. Mr. President, on June 10, 1976, the House of Representatives passed and sent to the Senate H.R. 13367, which is officially called the Fiscal Assistance Amendments of 1976 but is more popularly known as general revenue sharing. In the Senate the bill has been referred to the Committee on Finance. No hearings have been held in the Senate.

This bill has been before the Congress since April 25, 1976, when the President sent to us his proposal to extend this program past its scheduled expiration date of December 1976.

I am very concerned, Mr. President, by the slow progress of this legislation. To me it is one of the most important bills we will consider this year. It is important to the people back home. Its fate may decide whether local and State taxes are raised or lowered.

On June 23 the majority leader placed in the Congressional Record a schedule or agenda of bills to be considered during the remainder of this session. The extension of the revenue sharing was a low priority, to my great regret.

The President proposed an extension through 1982 and his fiscal year 1977 budget contained $6.6 billion for the program. The bill, as passed by the House, provides for a 3¾ year entitlement of $24.9 billion to be distributed from January 1, 1977, to September 30, 1980. It freezes the amount to be distributed to the 1976 level of $6.65 billion annually whereas the President proposed annual incremental increases.

I do not think it is too important whether we pass the House bill or the President's bill but I do think it is important that we get the legislation moving just as soon as possible.

I have said before, Mr. President, and now repeat that this program has been a success to a far greater degree than many Federal programs. By the end of this year over $25 billion will have been distributed to 50 States and almost 40,000 local governments. These funds were used by these governments as they saw fit to meet their priority needs.

This program, I am convinced, should be extended. The funds which have been made available have become an integral and essential part of the budgets and economic structures of the States, counties, cities, and other political subdivisions. As I have pointed out before, they have been translated into such things as new crime fighting equipment, more police on the street, assistance for mass transportation, improved fire fighting protection, needed buildings and other capital investments, and many other useful and valuable governmental purposes.

I am very much concerned, Mr. President, that this bill has moved so slowly and with such a seeming lack of urgency. I know that the members of the Finance Committee are currently tied up with the Tax Reform Act but, nevertheless, something needs to be done to expedite the revenue sharing bill. I hope that something can be done because we are getting far, far along and, according to the schedule, not too much remains of this session.

There is an important factor involved in addition to the fact that the existing law will expire on December 31. There is the necessity that the States and other political subdivisions involved know whether general revenue sharing funds will be available after December 31, 1976, and, if so, in what amount. This is necessary if those who receive these funds are to be able to do effective budgeting and financial planning. This type of planning is difficult—if not impossible—when it is not known whether general revenue sharing funds will be available next year.

Therefore, Mr. President, I again urge that the matter of extending the general revenue sharing program be given a high priority, and that action on the bill be speeded up to the extent possible. We invite serious trouble, and cause problems for the political subdivisions who receive the funds, if we delay too long in moving forward with this essential legislation. In addition, there is always the danger that the legislation may fail to pass if it is held to the dying days of the session.

SOCIAL STUDY URGES STEPS TO RAISE DOMESTIC PRODUCTION

Mr. BARTLETT. Mr. President, an article from the Tulsa Daily World June 21 edition, entitled "Social Study Urges Steps To Raise Domestic Production," discusses the potential for the United States to increase its energy self-sufficiency.

The article indicates that positive steps can be taken to encourage domestic energy production, and points to counter-productive legislation which might curtail our energy efforts.

I ask unanimous consent that "Social Study Urges Steps To Raise Domestic Production" be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Tulsa Daily World, June 21, 1976]

Social Study Urges Steps To Raise Domestic Production

San Francisco.—The United States can increase its energy self-sufficiency—but it will take time, and huge amounts of capital will be needed to finance the tremendous exploration and development effort required according to an energy study by Standard Oil Co. of California.

"The U.S. has neglected its energy problems far too long to reverse its growing dependence on imported oil in the near future," Standard said. "Therefore, it seems almost certain that U.S. oil imports will continue to grow, at least until 1985.

"However, if constructive steps are taken now to increase domestic energy production, there is a very strong possibility that U.S. dependence on foreign oil imports can be sharply reduced in the decade between 1985–95, enabling the nation to make real progress toward energy independence."

These steps Standard said, include:

Opening needed lands for prudent energy development, including both Outer Continental Shelf oil and gas prospects, together with coal and shale oil resources;

Resolving the unnecessary conflict between environmental considerations and energy development;

Decontrolling oil and natural gas prices to provide the capital needed to expedite domestic petroleum exploration and development.

"Both the Administration and the Congress have agreed that the U.S. should reduce its dependence on foreign oil as rapidly as possible," Standard said. "However, most of the actions taken recently in Washington and in many state capitals are precisely counter-productive to this stated objective—and the U.S. is running out of time."

Recent legislation enacted into law has reduced crude oil prices and extended price controls on oil, Standard pointed out. At the same time, federal price controls have been maintained on natural gas.

"These steps, in addition to encouraging energy consumption, are draining billions of dollars from domestic oil and gas expansion programs. In combination with governmental policies which are adversely affecting other energy industries, these measures are making it increasingly difficult to minimize foreign oil imports."

Other counter-productive legislation currently being considered by Congress, Standard said, would break up the major oil companies—an extremely serious step which would greatly curtail oil and gas expansion efforts.

Standard pointed out that U.S. energy needs grew at the rate of 4.3 per cent a year between 1960 and 1973. However, because of slower economic expansion and energy conservation, Standard expects energy consumption to increase only about 3 per cent a year in the future.

Standard cited what it called "two popular energy misconceptions": first, that the nation can solve its energy problems principally by reducing its consumption; and second, that it can switch rapidly to new energy sources.

"Increasing the efficiency of our energy use can and will contribute importantly to a favorable energy balance in the U.S.," Standard stressed.

"However, conservation can do only part of the job. We cannot arbitrarily place severe limits on energy growth without seriously damaging our economy."

As for new energy sources, Standard said, these (solar, nuclear fusion, geothermal, and others) cannot help significantly in the next 10 years—and perhaps not very much before the turn of the century. This is because of the long lead times required to develop the technology, then to place these sources into significant use.

"Therefore, in the next 10 to 20 years oil, gas, coal and conventional nuclear power must continue to shoulder most of the energy supply burden."

Other highlights of the Standard energy report:

Nuclear: Expansion of nuclear energy has been plagued by construction, regulatory and siting delays, the report points out. However, despite these problems, nuclear has the potential to expand rapidly to provide 10 percent of total U.S. energy needs by 1985, compared to about 2 per cent currently. But if efforts are successful in greatly restricting the growth of nuclear power, then an additional two or three million barrels daily of oil imports—or more—would be needed to fill the supply gap.

Coal: Although the U.S. has enormous coal resources, new mining safety legislation, air quality regulations, and other environmental concerns have greatly restricted their use. Only 25 years ago coal provided more than a third of U.S. energy; today it supplies only 18 per cent. Because of serious obstacles limiting coal development and use, Standard expects coal consumption to increase by only 65 per cent between 1975–85 to supply about one fifth of U.S. energy needs.

Natural gas: Since 1954, Federal Power Commission regulation of natural gas prices has focused almost exclusively on keeping the consumers' current gas prices cheap, while ignoring the long-term consequences of such regulations, Standard said. As a result, demand for gas has been stimulated, while capital available to finance exploration and development of new gas reserves has been severely restricted.

Warm weather early last winter saved the U.S. from possibly severe gas shortages. However, Standard feels such shortages are likely to occur with increasing severity in the future as gas supplies continue to decline.

Even by 1980, the U.S. will be getting only about one-fifth of its energy from natural gas, compared to about one-third in the early 1970's. This will mean increased need for imported oil.

Only 40 per cent of total U.S. natural gas production will be coming from currently developed reserves by 1985, Standard said. Most of the remaining 60 per cent must come from new and high-cost discoveries in deep onshore wells, from Arctic regions and the Outer Continental Shelf.

Oil: In recent years, oil demand has outstripped the addition of new oil supplies in the U.S. During the early 1970's, U.S. spare oil-producing capacity disappeared, and the country was essentially producing all the oil it could. When the Arab oil embargo hit in late 1973, the U.S. was unable to increase its domestic production to replace the oil that was cut off.

Standard expects the decline in U.S. oil production to continue until 1977 or 1978 when Alaska North Slope oil will begin moving to domestic markets. Then, for a few years, U.S. production will increase slightly to reach a level just over that attained in the early 1970's.

It is significant, Standard pointed out, that by 1985 more than 40 pct. of U.S. oil production will have to come from expensive new "assisted recovery" projects (processes using water, steam, gas and other means to drive more oil out of producing fields) and from new discoveries—oil that has yet to be found.

New discoveries are most likely to occur in "frontier" areas such as those of Alaska and the Outer Continental Shelf, where operating conditions are difficult and costs are exceedingly high.

The feasibility of finding new oil, and making old oil fields produce more, depends largely on economics—the price of oil, the cost of producing it, taxes the oil industry must pay, Standard pointed out.

"If our Government—either through action or inaction—continues to discourage domestic energy development," Standard concluded, "it must bear the responsibility for the consequences. Another oil embargo, with the nation dependent on oil imports for a substantial part of its oil supply, could devastate the economy."

A TRIBUTE TO WES BARTHELMES

Mr. BIDEN. Mr. President, as I have previously reported to the Senate, a longtime friend of many of us in this Chamber, Wes Barthelmes, died on June 22d.

On Friday morning, June 25th, an old friend of his, radio commentator Joseph McCaffrey, broadcast a tribute to Wes.

If there was an award for the best all-around Congressional staff person, Wes Barthelmes would win the first one to be given out.

Mr. McCaffrey said in his commentary, which was broadcast here in Washington on WMAL radio.

I could not agree more, Mr. President.

I know that Wes' many friends will be interested in reading Mr. McCaffrey's commentary, and I ask unanimous consent that it be printed in the Record.

There being no objection, the commentary was ordered to be printed in the Record, as follows:

Joseph McCaffrey/WMAL–Radio—Friday Morning, June 25, 1976

Congress and everything and everyone connected with Congress are now under fire and because of that the good members and highly capable staff people are being over looked.

I was hit with that thought suddenly, shockingly yesterday when I learned of the death of Wes Barthelmes, one of the best Congressional staff members I have known in my 30 years on the Hill.

A former Washington Post reporter and

editor, Barthelmes had worked with Richard Bollings, Edith Green, Frank Church and at the time of his death was administrative assistant to Delaware's Joe Biden.

If there was an award for the best all around Congressional staff person Wes Barthelmes would win the first one to be given out.

He was a model for others in the business: he had a keen political insight, he was dedicated, his integrity unquestioned.

More than anything else, he knew Congress, not just how to get things done, but whether some things could be done at all, realizing that if they couldn't then the energy should be shifted to things that could be accomplished.

Wes Barthelmes personified the best on Capitol Hill, where there are so many hard working, dedicated people.

RESTORATION OF THE CONGRESSIONAL CEMETERY

Mr. HUGH SCOTT. Mr. President, in this Bicentennial Year it is important that we treat our heritage with reverence, for a country that forgets its past can have no future. Toward this end, Senator Mansfield and I have introduced legislation that would provide for the restoration of the historical sections of the Congressional Cemetery, the burial site of a long list of American statesmen. Located in Washington, D.C., the cemetery served as America's first national cemetery.

Among the notable Americans buried in the Congressional Cemetery is Dr. William Thornton, the first architect of the Capitol. Recently, members of the Thornton Society of Washington, D.C., named in honor of Dr. Thornton, wrote me regarding the pending legislation. I believe my colleagues will find their views useful.

In acknowledging the invaluable assistance and support that the members of the Thornton Society have provided to Senator Mansfield and me, I would be remiss if I failed to single out Mrs. Clifford Ransom as one of the moving forces behind this worthwhile endeavor. I have no doubt that her persistence and dedication will ultimately prevail.

I ask unanimous consent that the letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Thornton Society of
Washington,
May 21, 1976.

Hon. Hugh Scott,
Russell Office Building,
Washington, D.C.

Dear Senator Scott: We of the Thornton Society of Washington, D.C., Inc. highly commend you for your current efforts to pass Congressional legislation to provide for the restoration and care of the long neglected Congressional Cemetery. We hope the steps called for in S-3441 will result in its long overdue cleaning up and stabilization and that proper maintenance can be resumed.

For more than a decade, we have been distressed over the sad state of the gravesites at the Congressional Cemetery, including those of many important persons in this country's history. Our primary interest, of course was the gravesite of Dr. Wm. Thornton, architect of the original capitol building in Washington, and the first Commissioner of Patents. It is disgraceful that men of his prominence should be allowed to repose in a National Cemetery desecrated by vandals and obscured by weeds, erosion, and decay—ignored by those in the Federal Government which he served so well.

Dr. Thornton and the others who rest in Congressional Cemetery contributed greatly to our nation and deserve our care and respect in their last resting place so near to our current Capitol.

The 235 members of our Thornton Society, represented in part by those whose signatures are enclosed, thank you for giving of your valuable time to take steps toward restoring the Congressional Cemetery to its proper condition. If we can do more to help in the enactment of S-3441 or in restoring and preserving the Congressional Cemetery, please let us know.

Sincerely,
James D. McPherson,
President, Thornton Society of
Washington, D.C.

We, the undersigned members of the Thornton Society of Washington, D.C. Incorporated, strongly support and urge early enactment of legislation to restore and maintain the Congressional Cemetery in a manner befitting its status as a National Cemetery:

James D. McPherson, Helen McPherson, Lorina Wendt, Eunice G. Robinson, Ann M. Puente, Louise, R. Hughes, Maurice J. Conley, Helen D. Dawes, Dorothy E. Handy, Dorothy Dudley, Mrs. F. L. Enevoldsen, Ruth Overby, Amy Belle Hunter, Darline Bekkedal, Jeannette H. Parker, Richard H. Farguhar, Joseph A. Seifel, Catherine P. Heflin, Eleanor W. Manning, Mildred Bentsen, Gwen H. Hitzman, Marion S. Turley.

Elizabeth M. Bayliss, Florence B. Bridges, Lucy M. Pollio, Patricia M. Lee, Ann C. Woodville, Edith S. Phillips, Ruth E. Studley, Mrs. John S. Grillo, Mrs. Albion Taylor, Jr., Mrs. J. Robert Longley, Frank C. Whitmore, Jr., Virginia L. Thorne, Frances M. Lewis, Marian E. Goodelle, Mary Frances Merz, Dorothy V. Southerland, Esther Loelring, Mrs. Martin S. McCarthy, Dorothy Ringland, Susan Norton, Grace H. Sawyer.

Muriel N. Hoover, Marian Birch, Rose Rosenblum, Pauline C. Schwartz, Mrs. Clifford F. Ransom, Mrs. R. W. Rassbach, Mrs. John T. Kennedy, Mrs. Frances F. Duff, Mrs. Louis L. Ray, Marthajane Kennedy, Elizabeth Hambleton, Mrs. John Huddle, Mary Rose Yarnall, Matilda B. Woolfolk, Hannah K. Dowell, Faith F. J. Block, Ruth Bale, Martha K. Whitmore, Lillian M. Saxe, Sade Schwartz, Mrs. Harry L. Elmslie, Urcel Daniel, Dorothy B. Lalide, Isabel C. Hutson, Anna Moore Lark, Marie P. Hertzberg, Frederica S. Bowman, Virginia McKee.

DESEGREGATION AND THE CITIES, PART XIX: MAKING DESEGREGATION WORK

Mr. JAVITS. Mr. President, it is unfortunate but certainly true that Congress has not devoted a tenth of the time spent in recent years on futile antibusing legislation to the challenge of making desegregation work better. Millions of children already attend desegregated schools and many more will be facing the desegregation transition in the coming years. We need to find ways to facilitate this process, both through financial aid and through learning from the experience of other cities.

Congress only significant effort to help was the enactment of the emergency school aid legislation. This program was damaged by antibusing battles both in Congress and in HEW and has been limited to small, short-term transitional aid. It neither helps substantially with the immediate costs of busing nor underwrites the years of educational change necessary to build an outstanding quality school. Congressional Research Service calculations show that the appropriations for this modest program have shrunk 31 percent in recent years in constant value dollars. As the debate over busing has escalated, the commitment to support effective desegregation has fallen.

There are ways to help and we do know some things that could ease the process. We have some good research evidence, in fact, that even the small emergency school program has had definite and measurable positive effects. A more carefully designed and more adequately supported program could surely have stronger supportive impact.

Today, in the last of this series of insertions, I would like to call the attention of the Senate to suggestions of several experts about ways for local communities, the courts, and Federal policymakers to make the desegregation process work better.

Meyer Weinberg, editor of Integrated Education magazine, has summarized the nature and the opportunities of the desegregation transition in a recent study for the Southern Regional Council:

> Desegregation uncovers, it does not create, educational problems. Under desegregation, our educational problems can be examined in broad daylight. Nothing was done, or will ever be done, about them if they remain in the shadows of segregation.
>
> To tell the truth, nothing much may be done ever under desegregation. But research tells us that this does not have to be. Every desegregated school that succeeds is a further demonstration that high quality education is feasible for every child and not for a chosen few.

Desegregation plans break down the often rigid status quo in urban school systems. Whether something better replaces it depends largely on local school officials. Federal assistance, however, could help officials prepare better plans, could help with the drive for community involvement, and could provide resources and technical assistance to permit school officials to institute programs of educational improvement for all children at the time of the transition and in the next several years.

Today's inserts begin with a summary of the lessons from communities that have already desegregated by Rachel Tompkins of the Citizens Council for Ohio Schools. The next article, "Why Busing Plans Work," by Prof. John A. Finger, Jr., discusses the need to design plans suitable for a particular community, plans which tend to stabilize neighborhoods. In the third excerpt, Prof. Thomas Pettigrew of Harvard University outlines eight conditions that help a desegregated school become effectively desegregated. Gary Orfield's article, "How to Make Desegregation Work," describes the processes of long-term educational change set in motion by desegregation and offers some ideas for anticipating these needs in initial planning. Finally, the summary of Robert Crain's Southern Schools study shows that even the small emergency school aid program had positive impact on the process, even in the initial phase of desegregation in resistant districts in the Deep South.

I ask unanimous consent that this material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Citizen Guide to Desegregation (Cleveland: Citizen's Council for Ohio Schools, 1976).]

Community Education and Planning—The Lessons From Other Cities

(By Rachel B. Tompkins)

Desegregation of the public schools presents many communities with extremely difficult problems. Many school districts in the U.S. have coped with those difficulties with foresight, imagination, and considerable sensitivity to community concerns. Other communities, widely divided by the controversy, have faced the complex process of implementation with little organization and preparation. There are valuable lessons from both kinds of cities—lessons to guide those school districts which will be required to desegregate in the next decade.

The U.S. Commission on Civil Rights has studied the implementation of desegregation plans in 20 communities which are located throughout the country and cover a range of sizes and local situations. Some are cities like Boston and Pontiac, Michigan, in which there were major problems. Fifteen communities were studied only during the first year of implementation while five were visited again in the second year.

One of the major lessons from the 20 cities is that many strongly expressed fears were not realized in practice. The findings of the Commission are:

Desegregation does not result in poorer quality education. In fact, many communities have designed new educational programs and undertaken special training for faculty and staff that have decidedly improved the quality of programs.

The technical problems of implementing plans have not been as formidable, as imagined. Reassigning pupils, establishing transportation routes and schedules, and assuring safety have all been accomplished.

Bus trips were not very long and generally averaged less than 30 minutes.

Violent acts have occurred, but they have been isolated. Four schools in Boston had problems in 1974, but 76 integrated smoothly. Pontiac had disruptions in the first year but was remarkably calm in the second.

Some problems were identified that had not been anticipated:

In service training for teachers and principals was frequently inadequate.

Student discipline policies and fair application of these policies became serious issues in many schools.

Resegregation occurred within some schools through various types of ability grouping.

The general lessons from these case studies were stated clearly in the Commission's most recent report on Boston.

Successful desegregation requires that local school boards take affirmative steps to marshal and coordinate all available resources within and outside of the school system to deal with each of the following:

a. Systemwide review. Planning to meet the substantive and administrative needs of a desegregating school system requires a current assessment of those needs.

b. Involvement of all parties. Successful school desegregation can be achieved only with substantial efforts to make it work on the part of all the participants in the process—the school board, the superintendent, school personnel, the news media, civic leaders (including religious leaders), parents, and students.

c. Dissemination of information. The community should be kept fully informed at every step in the school desegregation process on such matters as: what the plan entails, how each party is affected, and how each party can participate in the process.

d. Affirmative leadership. A vital element in successful school desegregation is the support of leaders from all segments of the community; political, governmental, religious, civic, economic, educational among others.

e. Communication among all parties. All parties having any role in the process should keep one another regularly informed of what steps are being taken to implement the school desegregation program.

f. Coordination among all parties. All parties having any role in the desegregation process should coordinate their efforts to ensure the most efficient use of personnel and resources.

g. Training. Desegregation training of two types is required: one to provide the technical and professional skills needed to design, establish, and operate a desegregated school system; the other to provide human relations skills, such as conflict management or cultural understanding.

h. Student attendance. Steps should be taken to enforce mandatory school attendance laws and to ensure that students do not leave a school system voluntarily.

i. Student discipline. Where discipline needs to be exerted to preserve order so that learning can occur, it must be administered in a racially neutral manner; where students are removed from school for disciplinary reasons, the school system should provide alternative possibilities for their education.

j. Funding. Implementation of desegregation will often require additional expenditures by the school system.

These general principles do not provide a prescription for each city. No formulas are available. Each community is unique and must devise a process based on its demography, traditions, and patterns of leadership. In Boston, long standing divisions and a lack of leadership from the school board and other elected officals created a climate in which some citizens believed that unlawful actions were acceptable. Business and labor leaders generally avoided lending support to peaceful implementation in 1974 either because they opposed the order or because they thought it was not their problem. In 1975, political, business, and labor leaders joined religious and social agencies in supporting and assisting with peaceful implementation because they realized the damage wrought by violence and fear.

Boston and other cities show clearly the contributions that can be made by many different groups:

The Mayor and Police Commissioner can organize and communicate safety plans to the community. They can train and deploy personnel to sensitively cope with community concerns.

School officials can involve citizens, parents, and students in the development and implementation of the plan. They can focus before a court decision on such things as staff training and data collection.

The Chamber of Commerce and other business leaders can join with school officials to develop new educational programs necessary in a desegregated setting.

Labor organizations can explain clearly to their membership what the law is and can join school and business leaders on the councils that develop and implement a desegregation plan.

The media can report all events clearly and without sensation. Reporters can check and recheck stories with credible sources.

Churches can inform their membership about the law and its implementation. They can continually remind the community of the teachings of all religions about neighborliness, tolerance, and reconciliation.

Social agencies can inform their staff and their clients about the law, the plans, and ways to participate.

All groups can provide volunteers for centers that dispense information and control rumors.

Many constructive things can be done before a court order without prejudging the outcome. For example, the special training of teachers and principals in dealing with multi-ethnic situations seems called for in any event. The same principle applies to the training of policemen. Education of broad groups of citizens is useful because programs can explain the law and events in other cities to many people and help reduce the fears that come from ignorance. Neighborhoods that are likely to have problems can be identified and social and civic agencies can assess their abilities to inform citizens and deal with possible conflict. School boards can also alleviate some fears by being receptive to citizen concerns. If they make clear that the process of plan development (if necessary) will include participation of many people, they will help counter the idea that desegregation removes all parental choice.

Judges do not write desegregation plans. They order some people—school boards, state departments of education, or outside experts—to prepare plans. Furthermore, anyone can submit a plan for consideration. Judges then review the plans to see if they meet constitutional requirements to eliminate segregated schools. Communities have some choices about what is included in those plans and the process by which they are devised and implemented.

Civic leadership is required if those choices are to be exercised. In those cities where leadership was devoted to last ditch efforts to avoid desegregation, implementation was disorderly. In no case have last ditch efforts averted desegregation.

The law requires desegregation of schools in the North and the South; in big cities and small towns; in majority black school systems and majority white school systems. The mandate will not go away because desegregation is hard to accomplish or because some people do not like it. Affirmative community leadership provides a climate in which the law can be obeyed and peaceful desegregation can occur.

[From School Review, May 1976]

Why Busing Plans Work

(By John A. Finger, Jr., Rhode Island College)

The year 1975 has seen a rising opposition to busing for school integration. Advocates of busing are placed in the position of defending the initiation and continuation of busing. Those opposed to busing can have their opposition widely accepted despite the complete lack of analysis of the consequences. Historical injustices against Blacks and minorities are widely known, but much of the public seems unaware of or unconcerned about present injustices and the official acts of discrimination which are still perpetuated.

I have come to the conclusion that there is a categorical truth in the United States: Black children attending predominantly

Black schools are attending schools which are inferior in every dimension. If the injustices of racial isolation, segregation, and unequal opportunity are not to be perpetuated, desegregation is a necessity. The issue is not whether or not to bus, but whether or not to integrate, for there is no way to achieve integration except by busing. Busing need not be a calamitous event which tears cities apart and drives those who can leave to the suburbs, but to avoid calamity requires procedures which deal with the issues and problems involved.

In this paper I want to examine some of these problems and to look at the procedures used in carrying out desegregation and suggest why some desegregation plans have been successful and some have not.

PERSPECTIVE ON ADVOCACY

Many people who seem willing to accept integration as a goal are unwilling to accept busing as a means of achieving it. If busing is to be an acceptable procedure, the desirability of integrated schools must be made strong enough so that the hardship of busing will seem worthwhile.

Many laws and regulations impinge on individual freedom or beliefs. Taxation, compulsory school attendance, conscription, and 55-mile per hour speed limits have varying degrees of opposition, but citizens speak to the need for taxes, military service, and such, and the purpose becomes widely accepted. People seem willing to undergo hardships and adversities when the purpose is accepted. Some causes, such as abortion, have ardent opposition and support, but integration by busing does not seem to be a cause with much support.

In today's climate, advocacy for integration by busing is difficult to obtain from the political leadership. Much of Congress apparently sees that terminating busing will lead toward separatism, or consignment of children in blighted neighborhoods to stunted development, for antibusing legislation has encountered considerable opposition in Congress. Nonetheless, speaking openly in favor of integration by busing is not expedient, and thus the most advocacy that can be obtained is silence or lack of opposition.

There is probably a balance between how strongly people believe in the desirability of a particular outcome and the adversity which will be tolerated in order to achieve it. Increasing the commitment to integration is very much needed, but the balance could be partially rectified by attending to some of the hardships that accompany busing and desegregation. It is not trivial to begin by noting that there are both short-term and long-term hardships in desegregation. Some cities have suffered because attention was paid to the short-term effects rather than the long-term ones. It is the long-term effects for which there must be a balancing of goals and purposes with adverse effects.

Short-term effects include such items as reassignment to a different school; apprehensions of what the new school assignment will be like; moving graduating seniors to a different school; breaking up an athletic team. With effective planning and management the short-term adversities may have almost no residual effects after a few months.

Long-term effects are different. Long bus rides or long walks to school don't go away, but continue year after year. Even if a student believes in the desirability of integration, that goal may not be sufficiently strong to provide justification for a long bus ride. On the other hand, riding a bus to a better school provides its own justification.

Attention needs to be directed toward assuring that for every student on a school bus the inconvenience is justified by the result. Some of the adverse events which occur in busing for desegregration can be controlled. The transportation system can be well managed with on-time buses and fast, efficient routes; sufficient, but not excessive discipline on buses, comfortable seats, and a relaxed mood. Included should be efficient systems for busing for after-school activities and emergencies. To reduce adverse effects, students should not be required to walk excessive distances, especially if there is a school nearer to their residence than the one to which they are assigned. If reassigned students do not view the new school assignment favorably in comparison with the previous assignment, or if students are bused to an integrated school which has segregated classrooms, ineffective teachers and programs, which lacks discipline, or has excessive racial hostility, then the adverse effects are increased. Students in integrated schools continually evaluate as part of their daily experiences the outcomes being achieved with the inconveniences of achieving them.

DESEGREGATION PLANS THAT WORK

Perhaps some of the difficulties in developing desegregation plans result because Charlotte, North Carolina, has been used as a model. The Charlotte plan is fine for Charlotte, but other cities need plans which will meet their particular situations. North Carolina has a county organization of schools, thus the desegregation plan involved the entire country. Since Mecklenberg County is approximately 40 miles long and 20 miles wide and Charlotte is centrally located within the county, one could not easily work in Charlotte and live outside the school district. Integration in Charlotte has been successful not only because white flight was difficult, but because of teacher and citizen effort, because the court took immediate corrective action when one area changed in its population, and because there were built-in safeguards in the desegregation plan to assure residential stability.

The Charlotte plan was buttressed by walk-in schools in integrated neighborhoods, an important feature in any desegregation plan for it makes an integrated neighborhood the place to live to avoid busing.

I can recall a planning session where someone suggested that people might buy trailers and locate their trailers after the school assignments were made. A quick solution to that problem was jokingly offered. Make all the schools portable and have a rule: first put down the houses, then the schools. During the planning for Charlotte it became clear that the major problems in developing the desegregation plan, once the court gave its directive of what must be done, were how to prevent white flight and how to provide stability in housing. The grade assignment plan for elementary schools which located the fifth and sixth grades in Black neighborhoods and the first four grades in white neighborhoods provided residential stability, because, except for those residing in integrated neighborhoods, all white elementary level children were bused two years for the purposes of integration. There was no place to move, except to an integrated neighborhood or outside the county to avoid busing.

The Charlotte plan had some equity since equal numbers of Black and white elementary children were bused, although each Black child was bused four years while his white counterpart only two, and the primary school-age Black children were bused while the white children bused were older. The plan could not, however, easily evolve so that the artificiallity of the schools serving grades 5 and 6 would disappear. Subsequently, in three cities, Waco and Austin, Texas, and Boston, Massachusetts, I proposed a plan in which the school organization would be 4-4-4- or 5-3-4. In these plans there would be middle schools, all of which would be located in the Black or minority neighborhoods. Although recognizing that such a plan would have inequities, perhaps even too much inequity to be tolerated because young Black children but not young white children would be bused, such a plan might make bus riding purposeful if Black children felt that riding to an integrated elementary school was worthwhile and if white children felt that the middle-school programs and facilities were good. Complete equity may be less important than feelings of satisfaction and acceptability by children and parents, improved educational experiences, and stabilized city populations. No city has adopted such a plan, probably because too much school plant alteration and construction is required, although high costs would seem a small price to pay for a successful school desegregation plan.

Cities are different, and a plan which is suitable for one city may be quite inappropriate for another. In Denver, for example, anyone who has the financial means can avoid busing by moving to Denver's outskirts. This is possible because Denver is bordered by other cities, and the Supreme Court in the Detroit case ruled that except under certain circumstances the suburbs could not be included in a desegration plan. The Denver plan, however, has many features which provide residential stability within the city. Denver, like Charlotte, has walk-in schools in integrated neighborhoods and integrates as many schools as possible, when integration can be accomplished with a short bus ride. In the part of the city most distant from minority neighborhoods and possibly most prone to white flight, white students are bused either to junior or senior high school, but they are not bused at elementary level. Instead, they attend elementary schools which receive minority children who have long bus rides for six years. Those minority children are selected because they live within walking distance of both junior and senior high schools.

As originally designed, Denver had a unique pairing feature whereby some 10,000 of Denver's 40,000 elementary pupils attended schools which were part-time paired. A child went to his neighborhood school for half the day and thus was not in an integrated classroom. The child would spend the other half of the day in an integrated class, either in his own school or in one to which he was bused. Every child attended and was a member of two schools, had two teachers and two sets of classmates, one integrated, one not. Children in the paired schools were rotated so that for a semester a child would remain in the neighborhood school, and then for a semester would be bused. The parttime feature of the Denver plan was recently overturned by the higher courts. However, the plan was designed in anticipation of this possibility, so that, even though Denver intends to use a grade assignment plan for those schools for September 1976 no major realignment of paired schools will be required. The part-time feature probably lessened some of the apprehensions about desegregation, and this may well have been one of the features that resulted in Denver's success. Another major contributing factor was undoubtedly attributable to the diligent efforts of the school administration, principals, and teachers, and to the very effective work of the Community Education Council that the Court appointed to monitor the desegregation program.

The Denver plan has been at least somewhat successful in meeting a goal, which should be an important part of every desegregation plan. A prospective purchaser of a home or a prospective renter finds that the desegregation plan does not have much influence on the choice of home location within the city, except that the influence is to maintain integrated neighborhoods. Meeting this criterion does more than prevent within-city movement. It assures that the citizens will be aware that the procedure is as fair as it can be. Parents will not discover that some friend has been lucky and avoided busing, or that some political string has been pulled and a preferred assignment obtained.

Cities are different. What may be appropriate in Charlotte and Denver may be completely inapplicable in Boston with its discrete ethnic groups, or in Detroit with its school population now 73 percent Black with a trend showing a very regular 2 percent yearly increase in Black population for the past 15 years.

DESEGREGATION PLANS THAT DO NOT WORK

Some desegregation plans have followed practices that seemed destined to fail. In Dade County, Florida (Miami), elementary children have been reassigned, and large groups of children residing only a short distance from one school are required to walk as much as two miles to a different school. Requiring walking, rather than providing a bus, not only creates initial resentment by parents and children, but the resentment continues because the long walk continues. In any desegregation plan, children should be provided with as much convenience as possible in all aspects of any new school assignments, not just as a matter of equity since the children are not guilty of any transgressions, but also because hardships such as long walks create resentment which is frequently directed at desegregation and the court, rather than at the school department which has failed to provide the transportation.

Atlanta is one of the cities which has become resegregated. The procedures adopted there were such that resegregation was inevitable. Dallas in 1971 used similar procedures with similar results. In both cities the children in a neighborhood or area in which whites resided were assigned to a Black school simply because the area was the nearest area to the Black school, while other areas of the city remained untouched. The procedure avoided busing, or at least long busing, but the affected areas were quickly depopulated of school-age children. The procedure may not have produced much educational benefit anyway since areas close to Black neighborhoods frequently are of low socioeconomic status, but that is a moot issue because, by one means or another, the white population disappeared. People with children don't rent or buy in the area, and those who can do so, move elsewhere. Where movement out of the area does not occur, children are sometimes listed as living with relatives, or parents simply give false addresses.

Oklahoma City provides another example of a plan which may not work in the long run. Oklahoma City uses the Charlotte model, but, since the plan has been implemented, new housing tracts have been developed that are in areas annexed to Oklahoma City but incorporated as separate school districts before annexation. Oklahoma City could lose much of its white population to these areas, and if they are not made part of the Oklahoma City school district the city schools will become increasingly Black.

One of the reasons that desegregation plans fail is because some children are bused but others are not, for this creates residential instability.

In Raleigh, North Carolina, the school board submitted a preliminary plan using grade assignments similar to the Charlotte plan but in which children from some areas of the city were not bused because the plan had some defects in its design. Before the plan was considered by the court, real estate advertisements appeared which indicated where houses could be purchased so as to avoid busing.

The Boston plan is also residentially unstable. Boston faces many problems which probably result from the tediously slow process by which that city has finally been required to fully desegregate, a process which allowed the opposition to busing to become fully and completely organized and the animosities and ill will to become intensified and hardened. If Boston should survive these problems, it is doubtful that it can surmount the consequences of its present pupil assignment procedures, which create preferential home locations and, as a consequence, residential instability.

Assigning students to desegregated schools by computer has been attempted, but all the computer programs that I know of create residential instability and for this reason will not work effectively. A preliminary plan was prepared but rejected for Denver. I attempted unsuccessfully to use a computer program for Stamford, Connecticut, developed by the Desegregation Center at the University of Miami.

A computer program which assigns students to schools and provides transportation routes would seem to be very desirable because it could simultaneously minimize number of students to be bused, travel time, and number of buses required. Unfortunately, minimizing these parameters results in some extremely undesirable outcomes. If students are selected on the basis of race and proximity to school, students residing in integrated neighborhoods would sometimes be assigned to Black schools if they are white and white schools if they are Black. Sending Black and white students in an integrated neighborhood to different schools is not a desirable outcome of a desegregation plan. This problem could be avoided by an alternative procedure which assigns all the students in a city block or some other geographic aggregate to a school. However, both procedures create residential instability for several reasons. Some children of the same race will be bused all 12 years and others not bused at all. The residents of some areas of the city will be bused and other areas will not be bused. This in itself would result in residential instability, but could be exacerbated if influential people succeeded in having their residential area not selected for busing or if people believed that this occurred. The computer-program procedure results in a pattern throughout the city of bused and nonbused areas.

CONCLUDING COMMENTS

It is the courts that are carrying out desegregation procedures because the President of the United States and the Congress do not have the courage to rectify the constitutional offenses identified by the courts. Political leaders are perfectly aware of the problems of blighted cities, problems which include poverty, crime, and violence. It is deplorable that they often do not direct their support toward those remedies that would help to eradicate the sources of difficulty. The integration of schools is a primary example of such a remedy.

The courts may not be the most effective agency for carrying out such broad social remedies as desegregation, for courts do not have administrative capabilities in their structure. Lawyers are designated as officers of the court, because courts rely upon them through the advocacy system to bring the facts, the law, and the precedents before the court. A judge's task is to determine whether the facts in a case are of sufficient similarity to some previous cases to justify relying upon precedent. Characteristics of cities are so different that a judge providing remedial procedures consistent with what has been approved by higher courts may have difficulty selecting procedures that are both appropriate and equitable. . . .

Selection From: Thomas F. Pettigrew, "A Sociological View of the Post-Milliken Era," November 1974

Eight conditions that appear to maximize the probability that true integration will evolve in a school can be tentatively advanced on the basis of laboratory and classroom research, social psychological theory, and observation.*

(1) There must be equal racial access to the school's resources. This critical condition means far more than just equal group access to the library and other physical facilities. More important, it refers to equal access to the school's sources of social status as well. It is a compelling fact that the two most ferquently voiced complaints in desegregated schools revolve around membership in the cheerleading squad and the student government—both sources of social status.

(2) Classroom—not just school—desegregation is essential if integration is to develop. Many so-called "desegregated" schools today are essentially internally segregated. This internal segregation is achieved in many not-so-subtle ways, ability grouping and curriculum separation being prime examples. However it is managed, segregation by classroom does not and cannot provide the benefits that generally attend integration.

(3) Strict ability grouping should be avoided. The principal means of separating majority and minority pupils within schools is by rigid ability grouping across various subjects. Such grouping is often based on achievement and IQ tests standardized only on majority samples. And ability grouping is increasing in American schools, even penetrating down into the primary grades.

Some grouping by subject is, of course, necessary; Algebra 2 must follow Algebra 1. Rather it is the across-the-board classification of students into "dull," "average," and "bright" that not only tends to segregate by race and social class but through labeling sets the aspirations of both teachers and students in concrete and produces self-fulfilling prophecies of achievement. Told they are dumb and treated as if dumb, all but the most rebellious and self-confident pupils become, in fact, dumb.

Thus school systems, such as those of Sacramento, California, and Goldsboro, North Carolina, that maintained classrooms of heterogeneous ability through more open classrooms and team teaching have tended to demonstrate the most encouraging achievement effects of desegregation. By contrast, systems such as Riverside, California, which increased its use of ability grouping with the onset of desegregation, have tended to show the most disappointing results (Pettigrew et al., 1973).

(4) School services and remedial training must be maintained or increased with the onset of desegregation. Typically there is no reduction in local funds but an overall decrease due to narrowly conceived Federal guidelines for Title I monies under the 1965 Elementary and Secondary Education Act. Actually the act does not expressly forbid Title I funds for children from low-income families from following the children on the bus to the desegregated school, for so-called compensatory education and desegregation are most effective when they are combined

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*The following section is drawn in part from chapter 15 of the author's forthcoming volume, Racial Discrimination in the United States (Pettigrew, 1975).

rather than treated as opposite alternatives (U.S. Commission on Civil Rights, 1967).

(5) Desegregation should be initiated in the early grades. Racial isolation is a cumulative process. Its effects over time on children of both races make subsequent integration increasingly more difficult, Separation leads them to grow apart in interests and values.

Coleman (1966) showed that black children who had begun their interracial schooling in the first five grades evinced higher achievement test scores (Coleman et al., 1966; p. 332). And specific studies in Hartford, Connecticut, Ann Arbor, Michigan, Newark-Verona, New Jersey, Bridgeport-Westport, Connecticut, and Riverside all show the best achievement gains for those who begin desegregation in kindergarten and the first grade (Pettigrew et al., 1973). The Coleman data also indicate that the most positive attitudes toward having interracial classes and blacks as close friends are found among white children who begin their interracial education in the earliest grades (Coleman et al., 1966; p. 333).

Following the assassination of Dr. Martin Luther King, Jr., in April 1968, a series of interracial confrontations and conflicts erupted in many biracial high schools. Some observers immediately interpreted this strife as evidence that desegregation "cannot work," that it "only leads to trouble." Yet a diametrically opposite explanation is more plausible. This interracial conflict typically involved black and white students who in the earlier grades had attended largely uniracial schools. The hostile students, then, were unfortunately living what they had been taught; that is, their first 8 years of schooling taught them that segregation was the legitimate American norm and did not prepare them for harmonious interracial contact in high school. It was not desegregation that "failed." Rather it was racial segregation in the formative years that had "succeeded," as it has throughout our nation's history, to develop distrust and conflict between Americans of different skin colors.

(6) The need for interracial staffs is critical. Another correlate of the high school strife following Dr. King's murder underlines the importance of black teachers and administrators in the public schools. One study has shown that high school disruptions during 1968–1970 occurred far less often when the black staff percentage was equal to or greater than the black student percentage (Bailey, 1970). To be sure, there are more positive reasons for the development of throughly interracial staffs than the prevention of conflict. Genuine integration among students may be impossible to achieve unless the staff furnishes an affirmative model of the process. Black students report a greater sense of inclusion and involvement when blacks as well as whites are in authority. In addition, black and white teachers learn the subtleties of the process from each other under optimal intergroup contact conditions—interdependently working toward common goals, as equals under authority sanction (Allport, 1954; Chapter 16).

There is growing evidence, too, that the role of the principal is decisive in generating an integrated climate within a school. This fact suggests that it is important not just to have an interracial mix of teachers but a mix of administrators as well.

(7) Substantial, rather than token, minority percentages are necessary. Tokenism is psychologically difficult for black children. Without the numbers to constitute a critical mass, black students can come to think of themselves as an unwanted appendage, and white students can overlook the black presence and even perceive it as a temporary situation. But once the minority percentage reaches about 20 percent to 25 percent, blacks become a significant part of the school to stay. They are now numerous enough to be filtered throughout the entire school structure, on the newspaper staff and in the honor society as well as in the glee club and on athletic teams. Substantial minority representation, of course, does not guarantee intergroup harmony, but it is clearly a prerequisite for integration. Not surprisingly, Jencks and Brown (1972) find in a reanalysis of Coleman Report data that schools with 25 percent to 50 percent black enrollment seem to teach their black pupils more than those with 1 percent to 25 percent black enrollment. Tokenism, then, appears not only to exact a heavy psychological cost from black children but may hold fewer academic benefits for them in addition.

(8) Finally, race and social class must not be confounded in the interracial school. When the white children of a biracial school are overwhelmingly from affluent, middle-class families and the black children are overwhelmingly from poor, working-class families, the opportunities to develop integration are severely limited. Such confounding of race and class heightens the probability for conflict. Much of this conflict may be generated by value differences between the classes, but in race-conscious America such class conflict is typically viewed as race conflict. To meet this eighth condition for the development of integration, the inclusion of working-class white pupils and middle-class black pupils is essential. The crucial group in shortest supply are the middle-class blacks, though their absolute numbers have expanded about 14 times since 1940. The middle-class black child, then, should be seen as an invaluable resource for lowering the correlation within biracial schools between race and class.

[Reprinted from the Symposium on the Courts, Social Science, and School Desegregation: Part II]

HOW TO MAKE DESEGREGATION WORK: THE ADAPTATION OF SCHOOLS TO THEIR NEWLY INTEGRATED STUDENT BODIES

(By Gary Orfield)

INTRODUCTION

After a full generation of effort, most southern school systems are now desegregated, and in a number of northern and western cities the desegregation process is now beginning. The experience has shown very clearly, however, that reassignment of students is only the first step in a long process of building integrated schools. If we really believe that the schools are our most important public institution and that race is our central social problem, the difficulty in bringing about effective integration should not be surprising.

Desegregation, to be termed successful, must have eliminated widely-held racial stereotypes, broadened the cultural values transmitted by the schools, and increased the access of minority children to quality educational programs—the conduit to preferred colleges and jobs. A social revolution of this scale requires extensive adaptations within the internal processes of the school. Since schools are usually stable—often rigid—institutions, these changes are difficult to accomplish. Whenever possible, the initial desegregation plan—whether court-ordered or voluntarily drawn up by school officials—should be designed to facilitate successful adaptation within the schools.

Some of the "second generation" desegregation problems, widely publicized, have generated responses from lawyers, the courts, and civil rights officials in the Department of Health, Education, and Welfare. HEW began to impose requirements for faculty desegregation in its 1966 school desegregation guidelines.[1] Many contemporary desegregation orders include provisions modeled on the *Singleton* case,[2] which required ratios of black to white teachers in every school in a school district to reflect the ratio of black to white teachers in the school district as a whole. There has been litigation dealing with the firing of black teachers following court orders to establish a unitary school system,[3] the use of discriminatory teacher qualification examinations,[4] and other related issues.

There has been litigation on the downgrading of minority administrators in desegregated school systems[5] and on attempts to curb the practice of "push-outs" of minority students by the use of discriminatory suspension and expulsion practices.[6] The assignment of disproportionate numbers of minority children to classes for the mentally retarded has been challenged[7] as has the assignment of minority children to segregated lower tracks.[8] Both the courts[9] and HEW[10] have shown increasing concern over the rights of non-English speaking children in desegregation plans, taking steps to provide opportunities for bilingual classes.

All of these issues are important, sometimes extremely important in a given school district, but they reflect an incomplete view of the desegregation process. They deal largely with the problem of who should be in a particular classroom or particular school at a given time, not with what goes on in the classroom. It is assumed that by controlling access, somehow the educational process will work out all right. Indeed, education often seems to be treated as a residual.

This essay is based on the premise that what goes on in the classroom and the nature of the educational leadership of the school are centrally important both to the success of desegregation and to the quality of education offered to all children in the system. Desegregation plans should take into account the educational changes necessary to make desegregation work. Otherwise, seemingly sensible goals can lead to perverse results. Under a court-ordered desegregation plan which rigidly prohibits any sort of tracking or ability grouping, a Puerto Rican high school student from a segregated ghetto school which had provided him with an abysmal mathematical background suddenly could be transferred to a school where the standards had been set by children from a white middle-class and professional neighborhood. If the receiving school complied with the prohibition against tracking and did nothing else to change either teaching methods or grading systems, the minority child who had been transferred to such a school probably would be condemned to failure—in the name of equality. This simple example illustrates the need carefully to analyze the relationship between policies articulated in desegregation plans and the actual processes of education.

Strange as it may seem, social scientists have produced little systematic, carefully controlled research on educational processes within desegregated schools. Most of the existing desegregation research merely measures achievement scores at the beginning and end of the first year of desegregation.[11] And even this simple research effort is often done in a manner which, by aggregating all scores from a given school or a given grade level throughout a school system, obscures possible findings about ways the process facilitates or impedes effective integration.

Probably the best available data are contained in an evaluation of 555 southern schools that were among the last to desegregate and were studied in the early transitional phase of the process.[12] This study

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found dramatic differences among the schools in the ways in which the desegregation process was handled. There are also a number of interesting smaller studies, including those by participant/observers who spent substantial periods of time in a single school.[13] The analysis presented in this article draws both on these research findings and on interviews conducted by the author in twelve desegregated urban school districts in different parts of the country. Unfortunately, there is very little systematic research on a number of the issues discussed in this article; thus this analysis should be understood more as an effort to point out potentially significant relationships to those who must make decisions based on imperfect knowledge rather than as a presentation of well-established social science findings. At this time, social scientists can perhaps be most useful to litigators and courts by suggesting more accurate conceptualizations of desegregation as a complex long-term process of institutional change than by pretending to have firmly established optimal formulae for easy application.

On the basis of presently available evidence, the following general conclusions about the educational requirements for successful desegregation seem worthy of serious consideration in designing school desegregation plans:

(1) Successful desegregation requires basic adaptations in the teaching methods which prevail in most schools, but teachers find it very difficult to change well-established teaching approaches and expectations.

(2) Principals play a crucial role in the adjustment and adaptation of a school to its altered student body and community setting, both in providing educational leadership and in setting a social climate supporting desegregation.

(3) Desegregation often creates a readiness within schools to "integrate" the curriculum and these changes may well facilitate effective adaptation of the school. School systems, however, must provide for more than superficial training of staff in the development and use of new materials and teaching units. Furthermore, it is often incorrect to assume that minority teachers automatically are qualified to teach minority history or culture.

(4) Desegregation plans should be designed so that the educational programs needed by non-English speaking children are not disrupted; but there is no evidence at present to show that a bilingual program cannot be as effective or more effective in properly planned integrated bilingual schools.

(5) Successful desegregation is achieved most readily with children at the youngest age levels; childen who begin their schooling in an integrated setting experience very few of the educational and social complications found among older children coming from previously segregated schools.

(6) The process of change and adaptation of the desegregated school usually takes place over several years; thus the typical approach—embodied in the federal desegregation assistance program [14]—of concentrating special resources in the period immediately before and after the desegregation process begins is probably far less helpful than continuing long-term support for a period of several years.

I.—DESEGREGATION AS A CRISIS FOR TEACHERS

Public attention in any school desegregation crisis tends to focus on angry citizens or on the children who are bused to a new school. The public hysteria soon recedes, however, and the student usually adapt fairly rapidly to a new status quo. But the teacher often faces a deeper and more persistent crisis—the professional crisis of realizing, consciously or subconsciously, that he or she doesn't know how to teach effectively children whose background is very different from that of the dominant group, or what had been the dominant group, in the school. Older teachers, who have long taught in middle class neighborhoods in schools which ignored the small numbers of children with serious learning problems, have a particularly traumatic adjustment.

Teachers in "good schools" with strongly motivated, high achieving, generally well-behaved, middle class children often have built their professional identity as good teachers around the successes of their students. In fact, these schools are often rigid, unimaginative institutions that do violence to students who cannot conform to school norms. The majority of these middle class students succeed because there is little the school could do to stop their success, given the enormous advantages they bring from their homes, reinforced through the interaction of the students among themselves. When these "good" teachers are confronted with large numbers of students who do not respond in the school's "typical" way, they must either blame the newcomers or recognize and acknowledge a very serious professional inadequacy. If they blame the students, the desegregation process is severely impaired. If they admit a need to modify their basic educational approach, then the desegregation crisis has presented a rare opportunity for institutional change. Desegregation plans should attempt to facilitate positive adaptations.

The desegregation transition is extremely difficult for such teachers. Although the problem is usually described as one of helping teachers come to terms with their personal prejudices, it often involves the more fundamental problem of helping experienced teachers learn a new way to teach. Many teachers feel severely inadequate. Principals report teachers crying in their offices during the first months, and school district curriculum consultants describe incessant appeals for advice about handling the new situation. The awareness that something is wrong is often widespread. In San Francisco, for example, a survey of teachers during the first year of desegregation found more than 60 per cent of the district's teacherrs agreeing that "our curriculum needs major revisions if it is to meet the needs of minority children in the integrated classroom." [15] Of those favoring change the largest number mentioned development of techniques to respond to the range of individual needs in the classroom.[16]

An intensive year-long study of three desegregated schools in a California city school district during its fourth year of desegregation underlined some of the difficulties of the adjustment process.[17] The change was particularly hard on the older teachers in a formerly high status school, called Hamilton in the study, which had served a solidly middle class neighborhood with an exceptionally high average educational level. Neither the teachers nor the principal had had experience with minority children. A number of teachers had been in the school for years: [18]

"They stressed academic material above all else, and they expected punctuality, neatness, and deference to be displayed by the students as a matter of course. . . . These teachers were for the most part used to dealing with middle class children only. Many resented the influx of lower class children with fewer academic skills, less orderly behavior, and less acceptance of adults. The teachers, some of whom had come to Hamilton to get away from such children, often had few methods for coping with this kind of child and low motivation to set about acquiring such methods."

Some of the older teachers were hostile, feeling their "comfortable school invaded by strange children with no respect for their ideas of what a classroom should be like." [19] The major changes in this school came from a growing number of new faculty members who wished to teach in an integrated setting.

A survey of teachers conducted in two rural southern counties and one suburban county showed that the transition was particularly difficult for teachers who developed their teaching styles in white middle class schools. This is especially true of high school teachers, who were more likely to feel that their schools had not made a successful adaptation and that standards had been lowered.[20]

One white teacher in four reported that teaching had become less enjoyable.[21] Teachers worried about cultural and communications differences, about how to deal with their own prejudices, and about finding ways to deal with diverse student needs. Forty per cent of the white high school teachers said they had lowered their standards, half of them saying they had modified grading practices to the point where they were "compromising their professional ethics." [22] Forty-four per cent of the white teachers said they would prefer teaching in a less-integrated school, and only about half the whites thought their schools had made adequate adjustments to the new situation.[23]

The black teachers in these three school districts responded very differently. A fifth of them said that they had raised their standards, 93 per cent said teaching was as enjoyable or more enjoyable than it had been before, and three-fourths preferred to continue teaching in integrated schools.[24] These strong positive findings occurred even though the black faculty members were somewhat less optimistic about the success of their particular schools in adapting to the new situation.

II.—*THE CENTRAL ROLE OF THE PRINCIPAL*

Report after report on desegregated schools mentions the central role the principal plays in determining the school's response to the desegregation crisis. While in normal circumstances the principal's role may be ambiguous, his authority limited, and his job largely routine, when schools are suddenly reconstituted with substantial numbers of new students and faculty members from racial and ethnic groups not previously represented, the principal often becomes an extremely important figure. He must control and manage the early conflicts and tensions, build positive morale, strengthen school-community relationships, and help teachers work out better educational responses.

A 1972 study of principals in Virginia described the typical principal as "untrained for the almost overwhelming new task thrust upon him, lacking the power to do the job properly, seldom consulted by decision makers in the school district." [25] The desegregation process gave principals the role of "change agent." Eighty-six per cent of the Virginia principals included in the study recognized that they were "very important in setting the tone of acceptance of desegregation."[26]

Preliminary findings of research currently under way in New Haven and in the San Francisco Bay area highlight the importance of the principal's role.[27] In both areas, principals have been central to the achievement of major educational adaptations in the schools.

The importance of the principal's role was underlined in a 1973 case study of the desegregation process in four schools in a

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middle-sized northern city[28] with a population of approximately 250,000. The study concludes:[29]

"[I]t is clear that the most favorable school environment—that which contributed most to good education, racial integration, and pleasant working conditions for the teaching staff—was to be found at the Highland Elementary School. This environment was due . . . [primarily] to the principal's attitude of acceptance and his leadership skill."

Other studies of integrated schools reach the same general conclusions.[30]

Within the school organizational structure, there is probably no real substitute for leadership by the principal in adapting the school to its new educational responsibilities:[31]

"Highly specialized supervisors may tend to drive curriculum areas farther apart, not bring them more closely together—unless an overview of the total supervisory service in a school is an operating part of the principal's job. This point cannot be overemphasized; it is the principal whose vantage point enables him to see all of the various aspects of the school program in its totality.

". . . The point we make is that if the elementary school principal does not assume the responsibility for developing and improving curriculum and instruction in his building, no one else will."

Principals may also hamper the desegregation process. A recent survey of the attitudes of principals in three major Texas cities suggests considerable hostility toward the desegregation process.[32] While the low response rate to the survey (47 per cent) dictates that the results be read with a great degree of caution, principals reported considerable resistance to racial change. Two-thirds of the white, all the Chicano, and nearly half the black principals opposed busing.[33] Black principals, however, were two and one-half times more likely to approve of busing of their own children than principals in the other categories.[34] Two-thirds of the black principals, but virtually none of the others believed that the federal government should take a more active role in desegregation.[35] Two-thirds of the white and most Chicano principals were concerned about dating and inter-marriage, and a third of each non-black group thought that "stereotyping black children as lacking ambition causes no harm."[36]

A substantial minority of the white and Mexican-American administrators disputed the proposition that "most Negro families are stable and law abiding."[37] About a fourth of the white principals thought that integration would diminish educational quality for white students.[38] Solid majorities of each group agreed that administrators "have much effect on racial issues" and that they needed "more minority training."[39]

The *Southern Schools* report shows that schools with black principals, or white principals who strongly support integration, fare far better in making the process work.[40]

"If the principal is black, teachers are less prejudiced. (Since, in at least some cases, the principal is free to choose his staff, this may reflect recruitment strategy rather than influence.) Teachers are also perceived as less prejudiced both by other teachers and by students. In addition, when the principal is black, teachers are more positive in their evaluation of desegregation. . . . In general, the more racially liberal the principal, the more liberal are the teachers, and the more favorable the [white] student's perception of them.

". . . [An indication that the principal] has spoken to the faculty about racial issues . . . is an important predictor of black student perceptions of the staff. Principal's race, racial liberalism, and willingness to talk with the teachers in the school are the three largest predictors of black student perceptions of staff attitudes."

As the school's crisis manager, faculty leader, and chief disciplinarian, as well as the school's "contact point" with parents and community, the principal has many ways to express his attitudes and make his views felt. It is hard to conceive how a school could successfully undergo basic and difficult change without at least tacit support from the principal.

If further, more systematic, research sustains the early findings on the importance of the principal in the desegration process, it will have some obvious implications for desegregation planning. The fact that desegregation in the South has usually been accompanied by decisions shunting black principals aside to other jobs may well mean that southern districts have sacrificed one of their most valuable resources for making desegregation work.[41] The significant growth in the number of minority principals in the border and northern states, on the other hand, should provide real assistance in the desegregation process.

While it is obvious that principals with extraordinary talent and dedication are a great asset to any school system, it is hardly in the power of the courts to expand the supply. What is important, from the standpoint of desegregation planning, is that principals with certain attributes seem to handle the process of transition more effectively. Desegregation plans might include efforts to provide extensive in-service training for principals, and require affirmative recruitment and upward mobility programs. Searching scrutiny of the job-relatedness of certain certification requirements that have tended to screen out otherwise qualified minority administrators should also be undertaken. Understanding and support for the process of bi-racial or multi-ethnic integration should itself become a major job qualification, one that could perhaps be institutionalized through a screening process representing the various affected community groups.

III. IN-SERVICE TRAINING

One of the activities school administrators almost universally support and almost never evaluate adequately is in-service training for teachers and staff facing desegregation. Many school districts attempt rapidly to sensitize their staffs to the viewpoints of other groups through human relations training shortly before or after the desegregation process begins. This training is directed primarily to uprooting prejudices. Only after a long period, if ever, does the emphasis shift to curriculum changes.[42]

An evaluation of the impact of a human relations training program in Riverside, California provides some interesting results.[43] The researchers found that the most effective efforts caused attitude changes *"in both directions."*[44] According to the evaluation:[45]

"The graph reveals that the leader who created the most change in a *positive* direction also created the most change in a *negative* direction. In other words, within the group that had the greatest number of "gainers" there was also the greatest number of "losers." Conversely, in the one group that had the least number of "gainers," there were also the least number of "losers." As has been expressed elsewhere, *this is interpreted to mean that a vigorous and open exchange of feelings and emotions may indeed bare the individual's feelings, but that this causes the individual to more strongly adhere to whatever viewpoint he previously held*. If he happens to be, for example, in favor of a greater amount of racial integration and a greater understanding and acceptance of cultural variation, etc., then the individual will travel in *that* direction. Conversely, if an individual seems to be of a mind *not* to change toward that direction, he will, after having expressed his views, form even *more* rigid opinions or be less willing to adopt the feelings which are contrary to his own way of thinking."

While this evaluation in itself is a wholly inadequate base upon which to pass judgment on a great variety of programs in very different circumstances, it at least raises some questions about possible alternative approaches to inservice training. If one concedes that short-term emotional sessions are unlikely to restructure deeply rooted prejudices, the question arises about whether inservice training resources might not be more appropriately applied to conveying needed factual information (about teaching minority history, for example) or to assist in the development of new teaching styles. Such approaches would probably encounter far less resistance, since they fit teachers' notions of "professional" activities and they meet immediately day-to-day classroom needs, particularly if carried out after the desegregation process is under way.

Another approach might be to concentrate, at least initially, on training of principals. Since the principal's racial attitudes and ability to support curricular experiments appear to play such an important role in the successful adaptation of a desegregated school, this might be a logical focus for intensive use of scarce resources.

Social science research cannot determine what is the most appropriate inservice training for varying circumstances. What social scientists can do is to raise some questions about overly simplistic and possibly counterproductive approaches. If the desegregation process is understood to be one requiring a long-term educational adaptation of schools, then it may well be appropriate to divert some funds from short-term human relations sessions to long-range curriculum development and training in new methods of instruction.

IV.—TRACKING AND ABILITY GROUPING

A. The difficulties inherent in simultaneously desegregating and eliminating tracking

The need for institutional change becomes evident when one considers the educational implications of a movement away from a tracking system at the secondary school level. While it is easy to say that inter-classroom (and sometimes even intra-classroom) segregation can be eliminated by prohibiting the track system, it is important to consider the implications of taking this step without the necessary supporting educational changes.

For example, what would be the consequences of suddenly placing newly desegregated Chicano high school seniors in the traditional college-oriented English literature class a teacher has taught in the same way for the past fifteen years? If the teacher offered a full year of Chaucer, Shakespeare, and Milton to a class where there was now a ten-grade range of reading and composition achievement scores, with some children lacking English fluency, some students would be targeted for failure and humilitation. In this situation, many students would probably prefer tracking, and, indeed, tracking might well do less damage to them.

If the teacher is to come to terms with the increased diversity of the student body without resorting to ability grouping, watering down the existing curriculum to the least common denominator, or blaming the children, he or she often must develop a new teaching style employing some form of individualized instruction, helping each student to build on his strengths and overcome his weaknesses. Experience shows that individualized instruction is a feasible alternative

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for many elementary school teachers and probably for certain secondary level courses. Until we are confident that it will work in high schools generally, I believe we should avoid taking a rigid position in opposition to high school tracking, particularly if there is significant integration within each track. The Department of Health, Education, and Welfare, which has been actively following a policy of ending in-classroom segregation by ability grouping at the elementary level, has not at this time put strong pressure on the high schools to do the same.[46]

The extremely difficult problem of teaching students with a wide range of achievements levels is apparent in responses to a survey of seventh grade teachers in the Presidio Junior High School in San Francisco. One wrote: [47]

"A teacher in Jr. High School faced with a range of reading ability from 2nd grade to 9th or 10th grade—all within one 45 minute period—finds herself frustrated to the utmost. How can she save the below-grade student from suffering more pain—how can she keep him from feeling failure—how can she keep the above average student from boredom?"

Another teacher wrote that "ability in class is too widespread," [48] while a third said that "it takes about three times as much time to cover materials." [49] Teachers in that school responded to the challenge in very different ways. One said that he had to "water down the course to what they can do in class or else they get left behind and then become behavior problems." [50] Another wanted restoration of the track system. Some faculty members, however, sensed the need to respond to changing attitudes and ability spectrums with "a new approach to teaching." [51] One teacher commented that while the furor over busing would die down, "our lack of adequate positive learning programs will cause trouble year after year until we improve considerably." [52]

When the Berkeley school system decided to end tracking in 1968, its leadership recognized the simultaneous need to adopt a new teaching style. "Groupings will be flexible," said Superintendent Neil Sullivan, "and individualized instruction in small groups will be emphasized." [53]

In a detailed case study of an integrated school in White Plains, New York, a teacher and parent-volunteer are reported to have come to similar conclusions: [54]

"How can we teach children of widely varying abilities and skills in one classroom without discouraging the less able and holding back the fast learners? This is a problem that arises in any classroom. . . . In an integrated classroom, however, it is underlined by the racial issue. . . . Children who are made to feel frustration and failure at the academic level and who are forced to attend a class in which they cannot meaningfully participate become bored and begin to look upon themselves as worthless. They will then try to draw attention to themselves by any means they can devise. . . .

"The only approach to teaching that makes any sense in human terms, it seems to me, is individualized instruction. This means that we must recognize the fact that every child learns at his own pace and in his own way. In a classroom full of children of the same age group, every student will have mastered different skills to a different degree."

They favor a system diagnosing the particular skills of each student and prescribing carefully defined sequential materials to meet each student's particular needs. The system, when properly implemented, shows the tremendous variation among both minority and majority children and gives each child specific, highly structured tools which can help him meet his needs. This is a drastic departure from the normal system where the rule is: "All should know this, and those who don't are behind." [55]

There is some confirmation for the importance of a change in teaching methods, and the impact of tracking, in very fragmentary data in the *Southern Schools* report. The study included only two schools which relied on individualized approaches, in an effort to minimize the pressures students were feeling from direct competition. In both of these schools the investigator reported "extremely positive racial tension scores," scores "on the far end of the distribution of scores." [56] The authors offered a hypothesis: [57]

"Teaching machines and other individualized forms of instruction allow students to move at their own pace without tracking. There is a definite stigma attached to being in a class for slow readers. Working with an individualized programmed teaching machine lets every student move at his or her own pace with no stigma attached to it."

Tracking, on the other hand, had a "consistently strong negative effect" on the students' attitudes toward integration at the elementary school level.[58] The study also has some evidence that pro-integration attitudes are better developed in non-tracked elementary schools in rural areas than elsewhere.[59]

The study shows a very different picture, however, at the high school level. At this level, where white students possessed extreme stereotypes of black inferiority and had opposed integration, tracking—which lessens racial contact in integrated high schools—seems to have some positive impact in fostering more favorable racial attitudes.[60] While this finding on tracking is only an isolated finding, it does suggest that in certain situations abolition of tracks at the high school level may not be helpful. The practical problems of managing a high school class in certain courses where there is no ability grouping can be very formidable.

In cases where the students are entering high school classes from segregated schools which have built up both racial stereotypes and achievement gaps, the problems can be even more severe. While I observed substantial efforts to transform elementary schools and some intermediate schools in desegregated districts across the country, most school administrators expressed very little optimism about the possibility of basic change at the high school level.

B. Research on the Effects of Ability Grouping

A recent review of the results of some fifty years of educational reesearch on the effect of ability grouping on children concluded that the research was contradictory, often of low quality, and limited largely to simplistic studies which attempted to measure the impact of ability grouping on test scores without adequate statistical controls on other factors influencing the learning process.[61] The research on achievement levels has been said to be "at best, mixed, inconclusive and indefinite." [62] To the extent that one could say anything, the data suggest some possible gains from ability grouping for the most able students, but "almost uniformly unfavorable evidence" for average and below-average students.[63]

On the more complex issue of the impact of ability grouping on the self-esteem of children, the research was even less adequate and had produced "at least some data to support almost any stand one might take on this issue." [64] The evidence was certainly insufficient to document the widespread belief among educators that low ability children developed more desirable attitudes and self-esteem in classes with narrow ability ranges.[65] Some recent studies suggest that tracking may act to "inflate the self-esteem of children assigned to relatively high ability groups, and to reduce the self-esteem of children assigned to average and low ability groups," but this finding is not firmly established.[66]

The defects of the existing research literature are greatly magnified when one attempts to adapt curriculum and tracking programs designed for a stable, non-integrated school in a typical white, middle class neighborhood structure to accommodate minority students who often come to the new school years behind in achievement levels and find they must confront older faculty members who find it difficult to change the way they teach. This situation presents very special educational challenges and suggests the need to avoid overly simplistic legal principles which might possibly damage minority children.

The complexity of the tracking issue is further heightened, as Edgar Epps points out,[67] if one conceives of the high school not as an institution primarily for cognitive learning, social adaptation, and personal fulfillment, but as an institution for filtering and channeling students to higher education and other career opportunities. Some existing data suggest better college placement for black students who are enrolled in integrated schools.[68] By the same token, it seems extremely likely that enrollment in a college preparatory track is strongly associated with eventual college enrollment, everything else being equal. Lawyers and others involved in the negotiations on remedies should keep in mind the very difficult challenge the process poses, particularly to teachers from middle class white schools. Perhaps a strategy for litigating the tracking issue at the high school level might be built around a requirement of open enrollment for the upper tracks. To the extent possible, school desegregation plans should include in-service training of teachers and provision of teacher aides or trained volunteers to handle the additional burdens of individualized instruction, and retraining of the counseling staff to avoid racial channeling. At the same time, tracking and ability grouping in the elementary grades should be ended. Finally, recruitment and retention of minority teachers should be urged as they seem to be able to adapt to integrated situations more easily.

V.—INTEGRATING THE CURRICULUM

In striking contrast to the situation a few years ago, educators now have available a broad array of integrated and black-oriented teaching materials. A major study of American history texts, undertaken in 1972 by a leading critic of the neglect of minority contributions in such texts, concluded: [69]

"The time has come . . . to praise what the American-history textbooks have at this point of time achieved in their treatment of black Americans. . . . Whatever weaknesses and gaps still linger among a very few of the texts of the 1970s, the attention given to the black American experience is many times greater than that given to any other minority group. . . .

". . . Indeed, many of the texts are sold and promoted as *texts which tell* the story of America in terms of the *peoples* of the nation. . . . Beyond that, however, there are some texts which have achieved to near perfection a fully integrated American-history textbook."

The new texts can be found in urban and integrated school systems across the country—even in conservative areas of the South.

More interesting, perhaps, is the extensive revision of curricular materials now under way in desegregated areas and districts. In 1972, for example, the South Carolina State Department of Education released a guide on *Ethnic Contributions to U.S. History.* The guide, developed by a statewide committee, is based on the premise that all children in

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the state need a better understanding of black contributions, a need particularly clear now that the schools are desegregated. The committee concluded: [70]

"No history course should leave an individual with a sense of inferiority. . . . Every community and school district must rise above the conditions of mistrust which divide and destroy the fabric of any society. If one group insists on espousing superiority over another, we all lose."

The guide departs dramatically from the orthodox southern treatment of the Reconstruction period, reflecting the perspective of recent revisionist works by black and white scholars. "Negroes led the way," the guide says, "in democratizing state constitutions, guaranteeing equal rights, and developing programs of state-financed education, agricultural experimentation, et cetera." [71]

A program in Jacksonville, Florida reflects another approach. Working with local black college students, the project helped reconstruct the unrecorded history of the community through old scrapbooks, diaries, and oral history to describe the local roots of blacks who later played a national role. Thus to facilitate desegregation, the schools helped to create a black history of the community.

Recognizing that the curriculum materials built around the experiences of blacks in Harlem or Watts might have very little relevance to that of children growing up in an urban southern community with a different cultural tradition, the Duval County school system in Jacksonville, Florida initiated a project of preparing "learning activity packages" based on the history of the local black community.[72]

One of the serious problems for curriculum planners has been the continued lack of good materials for non-black minorities. While publishers have responded to the demands for a more accurate portrayal of the nation's largest minority, they have been much slower to develop materials on Chicano, Puerto Rican, Indian, and other minorities which have contributed to American society. School systems have been forced to improvise. The Minneapolis school system developed materials dealing with Indian tribes which account for a substantial fraction of the district's minority enrollment.[73] When fifth graders study the westward movement of settlers, for example, they devote considerable attention to the problem of Indian land rights and the ways in which the whites' takeover of the land and establishment of the reservation system destroyed tribal ways of life. In the sixth grade, the history curriculum portrays the historic role of the Chippewa and Sioux peoples. Because of the paucity of good materials on Minnesota Indians, the district commissioned an Indian educator to develop a series of filmstrips and tape cassettes dealing with tribal economies, commonly portrayed stereotypes held by whites, reservation life and schooling, tribal history, and the changes that Indian children face moving from the reservation to the city.

A basic purpose of American public education has been to convey to students a common understanding of our history, our political institutions, and our national purpose. The image conveyed, however, has usually been one of white Americans devising and operating extraordinarily successful political institutions in a society that had solved most of its problems. The rapid change to materials that emphasize diverse contributions to American society, that deal much more openly with the nation's historic failings, and that present a range of views about contemporary controversies represents a very important curricular shift. Unfortunately, there is extremely little research so far that evaluates its impact.

A recent study of 104 third grade students discloses an impact on racial attitudes of the students attributable to the discussion of books which deal with "black feelings, situations, ideas, and the contributions that black Americans have made to cultural, political, and scientific developments in the United States." [74] By testing the seven-year-old children before and after classroom use of six books on the black experience, the research concludes that "reading and discussion of multiethnic social studies materials can influence attitudes toward black Americans in white urban and rural children of early childhood age." [75] Such early exposure, the author suggests, influences the basic "response sets" of the children.[76]

One basic weakness in adopting a multiethnic curriculum is the fact that few teachers, including minority teachers, have any training in these areas. Far too frequently, the task of preparing new teaching units is assigned to teachers lacking adequate academic preparation in the fields.[77] The result is often trivial or misleading material which does not become an integral part of the general curriculum.

Even when good materials are obtained or developed, faculty members usually are not provided with the professional training they need to use these resources.

In many districts "black studies" or other minority group courses have been a central point of tension and conflict, particularly within high schools during the early part of the desegregation process. This often results from the failure of the formerly white schools to make any move toward curriculum change or even to recognize Black History Week or major ethnic holidays.

The initial stopgap response of many school districts is to set up special elective high school courses for interested minority students while leaving the basic, required courses largely untouched. For the 1970–71 school year, for example, 937 American high schools reported offering such courses, but they enrolled only seven-tenths of one per cent of the national enrollment.[78] The U.S. Civil Rights Commission reported that less than 2.5 per cent of Chicano elementary students and less than one per cent of secondary students in schools of the Southwest were enrolled in special courses in Mexican or Mexican-American history.[79] The courses enrolled few Anglo students, and some administrators reported that these courses are completely segregated.[80]

These separate courses have been widely criticized, and many curriculum planners believe they will eventually be displaced by integrated basic courses. In Miami, for example, Richard White, head of the program development office, recalls how the huge Dade County system "went through the whole sequence." [81] In the beginning, separate black history and literature courses were developed and installed at all high schools and there was strong initial student response. Three or four years later, however, the courses were rapidly being eliminated because not enough students were enrolling to justify the cost of an additional teacher. As a result, the system is now working on building new materials into the general curriculum.

Although there is little social science evidence on the merits of the alternative approaches, enrollment statistics strongly suggest that if the new perspectives are to reach most minority children and more than an insignificant fraction of Anglo children, they must be incorporated into the standard course curricula. Desegregation plans should require a review of the district's curriculum, and opportunities for substantial retraining of teachers in the fields most affected. From the perspective of managing the desegregation crisis, such an enterprise would have the additional advantage of alerting principals to some minimum gestures of recognition of the new groups of students in their schools, a problem that has created considerable tension during the first year of desegregation in many high schools.[82]

Properly managed, then, desegregation offers an opportunity not only to revise teaching styles but also to unearth unconscious cultural biases in the curriculum. Desegregation makes an invisible problem suddenly very visible and creates both interest among teachers and a constituency within the student body for change. While courts should not dictate curriculum, a requirement that the district itself set up a fully representative review process and set aside resources for staff development would aid successful desegregation.

VI. DESEGREGATION AND BILINGUALISM

As the school desegregation drive moves from the South into northern and western cities, desegregation plans are being drawn in school districts which have considerably more complex social groupings than are found in the South.

A body of law practice, devised to deal with desegregation of English-speaking blacks who share large elements of a common culture, cannot be transported without adaptation into systems where there are a variety of racial and ethnic groups, widely diverse cultures, and large numbers of students whose basic language is not English. When the Supreme Court declared, in the *Keyes* (Denver) case,[83] that "Southwest Hispanos and Negroes have a great many things in common" and that in Denver they "suffer identical discrimination in treatment when compared with the treatment afforded Anglo students," it was surely over-simplifying a complex issue. The resulting district court decision, however, permitted the retention of some segregated bilingual programs for children requiring language training assistance.[84]

The San Francisco school board has recently ordered revision of the city's desegregation plan to prevent the transfer of Chicano students who are now in schools providing bilingual education.[85] The Supreme Court's decision in *Lau v. Nichols* [86] has sustained HEW's power to require school districts to provide special programs for children without a working knowledge of English. But if programs for Spanish-speaking children and other linguistic minorities continue to be operated on a segregated basis, these programs will conflict with the goals of a desegregation plan.

No significant research has yet been undertaken on bilingual-bicultural programs or even on the question of whether such programs are the best remedy for children with English language problems. A recent review of the research reports that there are only four studies which were carefully controlled and truly experimental; only one of these was undertaken in the United States.[87] At present, substantial numbers of Spanish-speaking children are achieving at well below grade level. Most of the argument for bilingual and bicultural programs is based on the assumption that education in the child's own language would be more effective than education in English. However, it has been urged that other approaches should be examined.[88]

"Alternative hypotheses as to the failure of the educational process for Spanish-cultured children should also be considered. It may be that better prepared and more sensitive teachers who do not have low expectations and negative stereotyped views of the children they serve may produce results better than or equal to those produced by bilingual/bicultural education programs."

Many of the federally funded bilingual programs operate in segregated schools. If, however, the *Coleman Report's* general finding—that the background of the other children in the classroom affects learning far more than does the quality of the teaching

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staff [89]—applies to Spanish-speaking children learning English, one would expect more reinforcement for mastery of the new language in a classroom and school with many English-speaking children. The rapid loss of foreign language mastery for English-speaking children who have no regular opportunity to use the new language, except with their teacher, might be replicated for children learning English in a context where all the informal conversation is Spanish. These are questions in urgent need of research. As the federal government channels growing sums into bilingual collection,[90] state legislatures enact legislation requiring bilingual education,[91] and the courts begin to be confronted with these questions,[92] the need for reasonably clear information on what works best grows increasingly serious.

Social science findings about the desegregation process can lend support to some common sense principles in dealing with the large numbers of non-black minority students affected when a school system is forced to devise a desegregation plan. It is only rational, for example, not to distribute children needing intensive language training so thinly across a school system that it becomes administratively impossible to offer them the help they need. While distributing minority children on a fixed ratio across a school system may be a sound "starting point" to remedy segregation of blacks, as the Supreme Court held in *Swann*,[93] it is probably a poor remedy for linguistic minorities present in relatively small numbers in the school system and needing special programs which cannot feasibly be offered in all schools because of the cost and the shortage of qualified staff. Secondly, it is a serious mistake to develop desegregation plans which consider Chicano students as "Anglos" and use them to desegregate black schools.[94] One of the few consistent findings in desegregation research is that the educational value of desegregation comes basically from the placement of lower income children in educational settings with more "advantaged" students.[95] The Houston [96] and Miami [97] plans for desegregating black schools by mixing Spanish-speaking children with black children—thus dealing with the issue of the racial identifiability of a school by adding another victimized minority—make no sense educationally.

Desegregation litigation in devising workable remedies (as the Supreme Court recognized in the *Keyes* case), should consider large distinctive ethnic minority groups as separate categories. The major ethnic minorities are distinctive in history, culture, educational background, and aspirations, as well as language. Thus conscious planning built around the special situation of each major group victimized by past segregation is essential. The problem is exacerbated by the continuing shortage of adequate texts for non-black minorities.[98]

VII.—PRIORITY FOR DESEGREGATION AT THE EARLIEST GRADE LEVELS

One of the few points of consensus in desegregation studies and in interviews of school officials is that young children experience the least difficulty in adapting to desegregation. This fact is probably because elementary school children have fewer stereotypes, even in the Deep South.[99] In addition, the achievement gap between white and minority students at the elementary school level is much smaller than at the upper grade levels,[100] and some research has suggested that integration at the earliest level can substantially diminish the characteristic year-by-year widening of the achievement gap between white and black children.[101]

Pettigrew summarizes the sociological argument for early integration: [102]

"Racial isolation is a cumulative process. Its effects over time on children of both races make subsequent integration increasingly more difficult. Separation leads them to grow apart in interests and values. [The] Coleman [Report] showed that black children who had begun their interracial schooling in the first five grades evinced higher achievement test scores . . . . And specific studies in Hartford, Connecticut, Ann Arbor, Michigan, Newark-Verona, New Jersey, Bridgeport-Westport, Connecticut, and Riverside all show the best achievement gains for those who begin desegregation in kindergarten and the first grade . . . . The Coleman data also indicate that the most positive attitudes toward having interracial classes and blacks as close friends are found among white children who begin their interracial education in the earliest grades. . . ."

From the school's perspective, the nature of the subject matter at the elementary level may make elementary school curricula more adaptable to individualized procedures than curricula for upper levels. Primarily concerned with developing student mastery of certain basic skills, the elementary schools deal largely with cumulative bodies of knowledge graded by levels of difficulty. Subjects such as reading, arithmetic, spelling, punctuation, and writing, can be broken down into small segments, often logically related. With properly designed materials and procedures, teachers can handle students operating at very different levels within the same classroom without inordinate difficulty. Primary school teachers tend to be more flexible and less wedded to traditional ways of teaching traditional bodies of knowledge than the subject-matter-oriented teachers in the higher grades.

Desegregation plans that operate on the assumption that children should remain in their neighborhoods for the first grades and then transfer to desegregated schools can find no support in social science research. The information we do possess about the operation of the process strongly argues for making early desegregation a top priority in litigation and planning. This is one of the few clear and unambiguous recommendations that can be made on the basis of the existing research.

VIII.—INTEGRATION AS A LONG-TERM PROCESS

The usual focus of attention is on the desegregation "crisis"—the period just prior to desegregation, when plans are being developed, through the actual accomplishment of those plans and after the conflicts within the community or within the student body largely have ended. This is the period when community leaders actively discuss desegregation, when the press covers the process and when school authorities often receive some special federal [103] and/or local funds to ease the transition. This is also the period when the desegregation process is evaluated by researchers.

This "transitional" period is very important. Administrators must deal with frictions and tensions and confusion both within the schools and within the community. During this period, school officials primarily are concerned with the restoration of some semblance of normality. They must deal in an atmosphere where minor fights are seen as serious racial incidents. School officials, in an effort to reduce tensions, provide human relations training for staff members, and try to reassure worried parents. It is a vitally important job to diminish community hostility and maintain morale within the schools. In educational terms, however, this is usually a period of defense of the status quo.

Since the assumption is that when calm has been restored, integration has been accomplished, the attention of the public recedes, and resources provided to assist in the desegregation process are withdrawn. However, the really significant changes may be just beginning. In the schools that I have visited, adaptation to desegregation is almost invariably seen as a process requiring several years, including replacement of some of the personnel. Published case studies often reflect the same conclusion.[104] This suggests the importance of incorporating into desegregation plans a program of several years' duration, designed to help principals and teachers develop educational processes responsive to their new student bodies.

There is virtually no large scale research on this particular issue, so that this section of the article will examine changes in individual schools and present what some involved officials and academic observers think happens as desegregated schools try to move toward successful integration.

Thomas Phillian, a principal in Riverside, California, has been through the process of educational change following the desegregation of two schools.[105] Palm School, a white middle class school, had an older, closely-knit faculty, most of whom were unprepared for desegregation and who worried about a decline in the school's high test scores. Teachers had tended to ignore the small number of white children with serious learning problems. Although the Riverside administrators strongly supported desegregation, the transition at Palm School was difficult and traumatic. Teachers who had been doing the same thing for fifteen or twenty-five years suddenly found they really didn't know what to do. At first, he says, "They just cried a lot."

Phillian began to work for change by scheduling two meetings a week to talk over articles and see films on new educational approaches. Teachers began to visit other schools which were trying new procedures. Even with this intense effort, it took almost a year and a half before the faculty calmed down and the first changes were made. A much longer time was required to change the basic teaching style of the school.

After achieving some success at Palm School, Phillian took over the troubled Adams School in the middle of the 1970–71 school year. The student body there included two hostile groups of Chicano students from different parts of town. Guns, knives and chains were found in the school, and children called it "the prison." At Adams teachers had retained traditional tracks and had segregated classrooms. Phillian told the teachers that they would have to change or quit and closely monitored those he judged inadequate until some left. Openings were filled by enthusiastic newcomers, and the school began to embark on a variety of new approaches. Two years later the faculty was conducting a needs assessment of its community and crystalizing the results into a new set of curriculum goals. The changes had helped the school to move from twentieth to fourth place in the district in reading achievement test scores. One of the side effects of the changes in both schools was to produce far better opportunities for white students with learning problems.

David Tew, principal of the Longfellow School in Riverside, tells a similar story of a long process of transition.[106] Longfellow, with a 52 per cent minority enrollment, was plagued with discipline problems and poor morale. It had a pervasive sense of failure and the lowest test scores in the system. At first, Tew spent many hours dealing with complaints and handling "name-calling, fights, racial epithets, filthy language and vandalism." The teachers had struggled with the problems in a variety of ways; some tried "harsh discipline," others used tracking, and some were trying to find ways to use teacher aides effectively.

Tew, who had been working on a non-graded way to teach reading skills, brought with him a small nucleus of three teachers, including a reading specialist. He asked two of the seventeen existing teachers to leave and explained to the rest what he thought needed to be done in changing teaching methods, telling them they should "feel free

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to ask for a transfer" if they felt uncomfortable.

After some initial anxiety and some departures, things settled down and only a single teacher requested a transfer during the next six years. The teachers began by carefully analyzing the problems of fifth and sixth graders with reading difficulties. The analysis uncovered "many areas that just were not dealt with." For example, it was found that some of the students still lacked the eye-hand coordination necessary to begin reading. In response, new exercises were built into the physical education curriculum. When the Riverside school system implemented decentralized planning and budgeting, the staff of Longfellow became intensely involved in developing a plan for change. The school won a $10,000 grant from the district to carry out a special three-year program including systematic development of the new reading and math methods. The process of shared planning, Tew believes, pulled the members together behind the new program.

The results of the new philosophy and newly implemented programs were dramatic. In the first year after the new methods had been introduced, the school's achievement scores moved from last in the district to the middle level. The next year, the school was first in the district.[107]

At the South San Jose Elementary School in Jacksonville, Florida, Principal Marie Patterson recalls that before the desegregation process took place, there were teachers who had never seen below-average children in the affluent white school.[108] "We had been," she said, "a little private school in a private community, supported by public funds." Teachers were "fearful that they would not be able to handle the range of abilities." Rapid curriculum change came to this school when parents demanded that the school implement individualized approaches which had been tried out elsewhere in the district. When this was done, a substantial number of the children that had transferred to private schools returned, the number of parents serving as volunteers in the school increased, and the PTA began to raise funds for some necessary equipment.

A school which has successfully been through this long process of adaptation and change often ends up with a program that offers broadened opportunities for *all* children. In Roanoke, Virginia[109] a number of elementary and intermediate schools moved to individualized instruction following desegregation of the school system. Interesting changes took place in surprising areas of the curriculum. The staff found, for example, that their policies of concentrating on arts and crafts and choral music at black schools, and classical music and traditional art instruction at the white high schools, had overlooked strong interests which crossed racial lines in both directions.[110]

Principals in those schools which have responded to desegregation with educational reforms report cycles of early fear, then exploration and planning, and finally change. None think that they have a magic formula or one that is suitable to all teachers or all schools. Most strongly emphasize the importance of faculty involvement in planning, and no one disputes the fact that the transition takes years.

If real desegregation is a long-term process requiring an analysis of basic educational philosophies and a restructuring of the way clasrooms operate, this should be considered at the time that the desegregation plan is developed. It is at this point where there can be some leverage on a school system to support the needed long-term changes. Desegregation plans should provide expert assistance, and, if possible, small budgets to support experiments within individual schools to help work out the necesary adjustments. It is also important for teachers and principals who are deeply confused to have a chance to visit schools where desegregated education is working. School principals usually have very little money for new departures once their obligations for salaries, supplies, and fixed costs are met. Targeting even a few thousand dollars for planning, curriculum development, and needed materials can greatly facilitate change. Unfortunately, most existing federal desegregation aid funds are targeted on the immediate period of transition and withdrawn long before the process has run its course.[111] In too many cases, it has not even begun by the time funds are withdrawn.

CONCLUSION

Desegregation raises new educational problems for schools, but it also presents them with a very rare opportunity. Older school systems, especially the large urban systems, are notoriously resistant to reform. Some tend toward the kind of mindless unchanging bureaucracy described in David Rogers' *110 Livingston Street*[112] and other recent books about central city school systems.[113] Professor Willis Hawley, in his study of organizational rigidity in school systems, attributes much of the system's inability to adapt to changing educational requirements to a rigid centralized bureaucratic structure which strongly reinforces the tendency of schools to perpetuate traditional curricular offerings and teaching methods.[114]

School systems, he reports, tend to impose uniformity on everything from the age placement of students, to texts, to the type of person selected as a teacher. Their desire for stability and uniformity thus causes resistance to change that may well require several decades for the general adoption of major innovations. Naturally enough, this rigid structure strongly discourages creativity by teachers. Thus, "special opportunities" for change come with crisis situations: [115]

"At critical points in all crises the climate is right for a major innovation. If it is the right proposal for the right time and people, substantial progress can be made in the system. The reason may be that as strain continues, most parties to the strife are anxious for a plausible solution."

The advent of desegregation is such a crisis for many teachers and administrators. It can also be the opportunity for the initiation of very important educational reforms in circumstances where reforms are normally very difficult. To the extent possible, litigants, judges, and planners within school systems should attempt to devise plans which recognize that physical desegregation is only the first step toward social and educational adaptation of the schools. Court should draw on the broad equitable power they possess to remedy segregation by requiring local school officials to prepare a long-term educational plan to make desegregation work educationally and help turn physically desegregated schools into genuinely integrated schools. Even in cases where the local school officials adamantly oppose preparation of the plan for physical desegregation, they should be ordered to devise a supporting program of educational change. The plans should respect the individual school as an important institution faced with a major challenge and should attempt to aid principals and teachers in working out better ways to meet the diverse needs of students within a context of successful integration.

FOOTNOTES

[1] *See* U.S. Office of Education, Dep't of Health, Education, & Welfare, Revised Statement of Policies for School Desegregation Plans Under Title VI of the Civil Rights Act of 1964 (1966).

[2] *See* Singleton v. Jackson Municipal Separate School Dist., 419 F.2d 1211 (5th Cir.), *rev'd in part,* 396 U.S. 290 (1970).

[3] *See* Moore v. Board of Educ., 448 F.2d 709 (8th Cir. 1971); North Carolina Teachers Ass'n v. Asheboro City Bd. of Educ., 393 F.2d 736 (4th Cir. 1968); Wall v. Stanly County Bd. of Educ., 378 F.2d 275 (4th Cir. 1967), *rev'g* 259 F. Supp. 238 (C.D.N.C. 1966); Johnson v. Branch, 364 F.2d 177 (4th Cir. 1966).

[4] *See* Baker v. Columbus Municipal Separate School Dist., 329 F. Supp. 706 (N.D. Miss. 1971), *aff'd,* 462 F.2d 1112 (5th Cir. 1972); Armstead v. Starkville Municipal Separate School Dist., 325 F. Supp. 560 (N.D. Miss. 1971), *aff'd,* 461 F.2d 276 (5th Cir. 1972).

[5] *See* Singleton v. Jackson Separate School Dist., 419 F.2d 1211 (5th Cir.), *rev'd in part,* 396 U.S. 290 (1970).

[6] *See* Hawkins v. Coleman, 376 F. Supp. 1330 (N.D. Tex. 1974). *Cf.* Mills v. Board of Educ., 348 F. Supp. 866 (D.D.C. 1972).

[7] *See* Larry P. v. Riles, 343 F. Supp. 1306 (N.D. Cal. 1972); Arvizu v. Waco Independent School Dist., 373 F. Supp. 1264 (W.D. Tex. 1973), *rev'd in part on other grounds,* 495 F.2d 499 (5th Cir. 1974). Consent decrees have been entered in several other cases challenging educationally or linguistically biased testing procedures for placing students in mentally retarded classes. *See, e.g.,* Guadalupe Organization v. Tempe Elementary School Dist., CA 71-435 PHX (D. Ariz. Jan. 9, 1972); Diana v. California Bd. of Educ., C 7037 REP (N.D. Cal. June 18, 1971).

[8] *See* Hobson v. Hansen, 269 F. Supp. 401 (D.D.C. 1967) (Wright, J., sitting as District Court Judge), *aff'd sub nom.* Smuck v. Hobson, 408 F.2d 175 (D.C. Cir. 1969); Moses v. Washington Parish School Bd., 330 F. Supp. 1340 (E.D. La. 1971), *Aff'd,* 456 F.2d 1285 (5th Cir. 1972). *See also* Lemon v. Bossier Parish School Bd., 444 F.2d 1400 (5th Cir. 1971); United States v. Sunflower County School Dist., 430 F.2d 839 (1970).

[9] *See, e.g.,* Avizu v. Waco Independent School Dist., 373 F. Supp. 1264 (W.D. Tex. 1973), *rev'd in part,* 495 F2d 499 (5th Cir. 1974); United States v. Texas, 342 F. Supp. 24 (E.D. Tex. 1971), *aff'd,* 466 F.2d 518 (5th Cir. 1972); Johnson v. San Francisco Unified School Dist., 339 F. Supp. 1315, 1322 (N.D. Cal. 1971), *vacated,* 500 F.2d 349 (9th Cir. 1974).

[10] For example, note the HEW proposal in United States v. Texas Educ. Agency, 467 U.S. 848, 860-61 (5th Cir. 1972), and the HEW regulation requiring school systems to take remedial steps to rectify language deficiency problems. 35 Fed. Reg. 11595 (1970).

[11] *See* Orfield, *School Integration and Its Academic Critics,* 5 Civil Rights Digest 2 (Summer 1973); N. St. John, School Desegregation Outcomes for Children 16-43 (1975).

[12] 1-2 National Opinion Research Center, Southern Schools: An Evaluation of the Effects of the Emergency School Assistance Program and of School Desegregation (1973) [hereinafter cited as Southern Schools].

[13] See, e.g., studies referred to in notes 17, 28, 53, 54 *infra.*

[14] Emergency School Aid Act, 20 U.S.C.A. §§ 1601-19 (1974).

[15] San Francisco Unified School District, Evaluation of San Francisco Unified School District Desegregation/Integration, 1971-72, October 1972, at 164 (unpublished document available from school district offices).

[16] *Id.*

[17] M. Metz, Authority in the Junior High School: A Case Study, 1971 (unpublished doctoral dissertation, University of California at Berkeley).

[18] *Id.* at 112, x-10.

[19] *Id.* at viii-23.

[20] Buxton, Prichard, Bingham, Jackson, & Talps, *Black and White Teachers and Desegregation,* 12 INTEGRATED ED. 19, 20 (Jan.-Apr. 1974) [hereinafter cited as *Teachers and Desegregation*].

[21] *Teachers and Desegregation* 21.

[22] *Id.*

[23] *Teachers and Desegregation* 20.

[24] *Teachers and Desegregation* 20–21.

[25] M. Turnage, The Principal: Change Agent in Desegragation 1 (1972).

[26] M. Turnage, *supra note* 25, at 3, 5–6, 19.

[27] Comments by James P. Comer on work underway at the Yale Child Study Center and Elizabeth G. Cohen on work in progress at Stanford University, at The Courts, Social Science, and School Desegregation Conference, Hilton Head Island, S.C., Aug. 20, 1974, on file at *Law and Contemporary Problems* office.

[28] C. Willie, Race Mixing in the Public Schools 1 1–12 (1973).

[29] C. Willie, *supra* note 28, at 70.

[30] *See, e.g., Useem, White Students and Token Desegregation,* 10 Integrated Ed. 48 (Sept.–Oct. 1972). Pettigrew, *A Sociological View of the Post*-Bradley *Era,* 21 Wayne L. Rev. 813, 823 (1975). F. Wirt, Contemporary School Turbulence and Administrative Authority 24, October 30–November 1, 1974, (unpublished paper prepared for David W. Minar, Memorial Conference on Problems in the Politics and Governance of the Learning Community, Northwestern University).

[31] Currin & Gilbertson, *The Principal and the Instructional Program,* in The Elementary School Principal in Action 124–25 (L. Bradfield & L. Draft eds. 1970).

[32] The three cities are Dallas, Houston, and San Antonio. *See* Stones, *School Administrator Attitudes and Racism,* 11 Integrated Ed. 54 (Mar.–Apr. 1973).

[33] *Id.* at 57.

[34] *Id.*

[35] Stones, *supra* note 32, at 58.

[36] Stones, *supra* note 32, at 54, 56.

[37] Stones, *supra* note 32, at 56.

[38] Stones, *supra* note 32, at 57.

[39] Stones, *supra* note 32, at 58.

[40] Narot, *Teacher Prejudice and Teacher Behavior in Desegregated Schools,* in 2 Southern Schools 17, 31.

[41] The dramatic decline in the number of black principals in southern schools after desegregation has been repeatedly documented. *See Hearings on Displacement and Present Status of Black School Principals in Desegregated School Districts Before Senate Select Comm. on Equal Educ. Opportunity.* 92d Cong., 1st Sess. (1971); Freeman, Desegregation, Political Power, and the Employment of Black School Teachers 5, September 1974 (unpublished paper, Harvard Institute of Economic Research); Butler, *Black Educators in Louisiana—A Question of Survival,* 43 J. Negro Ed. 9, 22–24 (1974); Egerton, *When Desegregation Comes, the Negro Principals Go,* 3 Southern Ed. Rep. 8 (Dec. 1967).

[42] Interview with Richard Foster, Superintendent of Schools, in Berkeley, Calif., Oct. 27, 1972.

[43] T. Carter, E. Casavantes, & C. Fowler, Final Report and Evaluation of the Riverside In-Service Institute, Dec. 1, 1967 (unpublished document available from authors).

[44] *Id.* at 9.

[45] *Id.*

[46] Interview with Lloyd Henderson, Director, Education Division, HEW Office for Civil Rights, Washington, D.C., Sept. 30, 1974.

[47] San Francisco Unified School District, Zone I, Evaluation Report #5, July 1972, at 35 (unpublished document available from school district officers) [hereinafter cited as Evaluation Report #5].

[48] Evaluation Report #5, at 37.

[49] *Id.*

[50] Evaluation Report #5, at 41.

[51] Evaluation Report #5, at 42.

[52] Evaluation Report #5, at 43.

[53] N. Sullivan, Now is the Time: Integration in the Berkeley Schools 159 (1969).

[54] I. Schlesinger & M. D'Amore, Children in the Balance 99–100 (1971).

[55] *Id.* at 101.

[56] 1 Southern Schools 124.

[57] *Id.*

[58] 1 Southern Schools 74.

[59] 1 Southern Schools 81.

[60] 1 Southern Schools 83, 87.

[61] Eposito, *Homogeneous and Heterogeneous Ability Grouping: Principal Findings and Implications for Evaluating and Designing More Effective Educational Environments,* 43 Rev. Ed. Research 163, 167 (1973).

[62] *Id.*

[63] *Id.*

[64] Eposito, *supra* note 61, at 168.

[65] *Id.*

[66] *Id.*

[67] Statement made at The Courts, Social Science, and School Desegregation Conference, Hilton Head Island, S.C., Aug. 20, 1974, on file at *Law and Contemporary Problems* office.

[68] *See, e.g.,* Armor, *The Evidence on Busing,* 28 Pub. Interest 90, 114 (Summer 1972). Armor's critics claim that he actually understated this positive finding in his analysis of Boston area desegregation. A major retrospective study of blacks educated in integrated schools found a positive relationship for college attendance, particularly for those with elementary school integration. Crain, *School Integration and the Academic Achievement of Negroes,* 44 Sociology of Ed. 1, 5–7 (1971).

[69] I. Sloan, The Negro in Modern American History Textbooks 4 (4th ed. 1972).

[70] South Carolina State Department of Education, Ethnic Contributions to U.S. History, 1972 (mimeograph curriculum guide prepared by statewide committee in cooperation with the Charleston, S.C., School District).

[71] *Id.* at 22.

[72] Interview with Delphenia Carter and Benetta Sherard, Duval County Schools Multi-Ethnic Program, Jacksonville, Fla., Dec. 8, 1972.

[73] Interview with Christian Skjervold, II, Project Administrator, Task Force on Ethnic Studies, Minneapolis Public Schools, Minneapolis, Minn., Oct. 19, 1972.

[74] Yawkey, *Attitudes Toward Black Americans Held by Rural and Urban White Early Childhood Subjects Based Upon Multi-Ethnic Social Studies Materials,* 42 J. Negro Ed. 164, 166 (1973).

[75] Yawkey, *supra* note 74, at 167.

[76] Yawkey, *supra* note 74, at 167–68.

[77] The pattern in many school districts receiving federal aid funds has been to assemble a small team of teachers, without special training, who then spend a summer preparing teaching units. The quality varies enormously. Sometimes the units present outdated research findings or speculative judgments as facts.

[78] D. Gertler & L. Barker, Patterns of Course Offerings and Enrollments in Public Secondary Schools 1970–71, at 12 (1972).

[79] U.S. Commission on Civil Rights, Mexican American Education Study, Report VI: Toward Quality Education for Mexican Americans 9 (1974).

[80] *Id.*

[81] Interview with Richard White in Miami, Fla., Dec. 6, 1972.

[82] *See, e.g.,* Melton v. Young, 465 F.2d 1332 (6th Cir. 1972); Smith v. St. Tammany Parish School Bd., 448 F.2d 414 (5th Cir. 1971), *aff'g* 316 F. Supp. 1174 (E.D. La. 1970). *See also* Caldwell v. Craighead, 432 F.2d 213 (6th Cir. 1970), *cert. denied,* 402 U.S. 953 (1971).

[83] Keyes v. School Dist. No. 1, 413 U.S. 189, 197–98 (1973).

[84] Keyes v. School Dist. No. 1, 380 F. Supp. 673, 692 (D. Colo. 1974).

[85] San Francisco Chronicle, June 12, 1974, at 6, col. 1.

[86] 414 U.S. 563 (1974).

[87] *See* 1 R. Crain, Design for a National Longitudinal Study of School Desegregation 71 (1974).

[88] *Id.* at 74.

[89] J. Coleman, Equality of Educational Opportunity 302 (1966).

[90] *See* Bilingual Education Act, 20 U.S.C. § 880b (1970).

[91] *See, e.g.,* Mass. Ann. Laws ch. 71A, § 2 (Supp. 1974). Many other states have recently enacted statutes authorizing—rather than requiring—bilingual education programs. *See, e.g.,* Tex. Educ. Code § 21.109 (Supp. 1974); Cal. Educ. Code § 5761.4 (1975).

[92] *See, e.g.,* United States v. Texas Educ. Agency, 467 F.2d 848 (5th Cir. 1972).

[93] Swann v. Charlotte-Mecklenburg Bd. of Educ., 402 U.S. 1 (1971).

[94] *See, e.g.,* Ross v. Eckles, 434 F.2d 1140 (1970).

[95] This proposition is supported by the *Coleman Report* (*see* J. Coleman, *supra* note 89, at 320–25), by the extensive reanalysis of the Coleman data contained in On Equality of Educational Opportunity (F. Mosteller & D. Moynihan eds. 1972), and by the analysis of the *Southern Schools* studies, Narot, *The Effects of Integration on Achievement,* in 2 Southern Schools 61, 68.

[96] *See* Ross v. Eckles, 434 F.2d 1140 (1970).

[97] *See* Pate v. Dade County School Bd., 434 F.2d 1151 (1970).

[98] *See* U.S. Commission on Civil Rights, *supra* note 79, at 7–8.

[99] *See* 1 Southern Schools 45–47, 79.

[100] *See* J. Coleman, *supra* note 89, at 274–75.

[101] *See, e.g.,* M. Purl, The Achievement of Pupils in Desegregated Schools, March 1971, at 4 (unpublished document on file with the Riverside Unified School District, Riverside, Calif.).

[102] Pettigrew, *supra* note 30, at 822. *See also* 1 Southern Schools 53.

[103] *See, e.g.,* Emergency School Aid Act, 20 U.S.C.A. §§ 1601–19 (1974).

[104] *See* M. Metz, *supra* note 17.

[105] Interview with Thomas Phillian, Principal, Adams Elementary School in Riverside, Calif., Oct. 27, 1972.

[106] Interview with David Tew, Principal, Longfellow Elementary School in Riverside, Calif., Oct. 27, 1972.

[107] A similar story of traumatic initial adjustment, but eventual success—after more than five years—was related by Principal Etta Mae Mosely of the Meadow Park Elementary School in Palm Beach County, Fla., Dec. 4, 1972.

[108] Interview with Marie Patterson, Principal of South San Jose Elementary School in Duval County, Fla., Dec. 8, 1972.

[109] Interview with Roanoke school system members in Roanoke, Va., Oct. 13, 1972. The Virginia State Department of Education, operating in the state that had once led "massive resistance" to token desegregation, acted in the early 1970's to sponsor the development of an integrated curriculum for the Virginia! television series broadcast for statewide classroom use through the state's instructional television network. Interview with Mary Franklin in Richmond, Va., Sept. 19, 1972. Although this state, in the very recent past, has required the use of the *Cavalier Commonwealth* text, which had portrayed the happy lot of slaves, a prominent black historian is now playing a major role in constructing the course guide.

[110] A similar experience occurred in Greenville, S.C., where school officials found that there was considerable white student interest in auto mechanics and other skilled trade courses that had been offered only in the black schools before integration. Interview with Wayman Burton, Principal, Bryson Ninth Grade Center, in Greenville, S.C., Dec. 13, 1972. The comments of a principal in Little Rock, Ark., also indicate that by offering a stereotyped curriculum, many white students had been disadvantaged.

I've been a principal for 20 years in Little Rock, and my job is far more difficult—but far more interesting—than before integration. I think we neglected lower-level youngsters in our all-white schools before, and it took integration to show the need for an expanded curriculum. J. Peppler, Little Rock 17 Years After 10 (1974).

[111] *See, e.g.*, Emergency School Aid Act, 20 U.S.C.A. §§ 1601–19 (1974); Civil Rights Act of 1964, Titles IV & V, 42 U.S.C. §§ 2000d & 2000e (1970).

[112] D. Rogers, 110 Livingston Street (1968).

[113] *See, e.g.*, M. Gittell, Participants & Participation (1967).

[114] W. Hawley, Dealing with Organizational Rigidity in Public Schools: A Theoretical Perspective, Fall 1974 (unpublished paper delivered at the 1974 annual meeting of the American Political Science Association).

[115] Outside of the "special opportunities" provided by crisis situations, educational innovations have generally been adopted less frequently in the area where the need for them is most urgent—the ghettos and central city schools—than where they are least needed—the suburbs. One recent study of innovation, for example, concluded that communities with higher economic status, educational levels, and staff exposure to ideas from outside the system were more likely to be receptive to change. Hearn, *The Where, When and How of Trying Innovations*, 53 Phi Delta Kappan 358–61, 374 (1972). The Ford Foundation's evaluation of its educational reform experiments of the 1960's produced a similar finding about the tendency of suburban systems to be far more responsive to new methods, see P. Nachtigal, A Foundation Goes to School 18 (1972).

Robert Crain and Associates, Southern Schools: An Evaluation of the Effects of the Emergency School Assistance Program and of School Desegregation, Chicago: National Opinion Research Center, 1973

PURPOSE

One major objective of this study was to evaluate the effectiveness of the Emergency School Assistance Program in improving student racial attitudes and academic achievement. A second objective was to examine the effects of school desegregation and how the desegregation process succeeds or fails. ESAP supported a wide variety of activities "designed to achieve successful desegregation and the elimination of all forms of discrimination." Thus ESAP was specific only in its goal—improving desegregated schools—but not in its means; the program suggested that a wide variety of tactics might succeed.

METHODOLOGY

The findings of the study are based on a random sample of approximately 600 schools in 103 Southern school districts receiving ESAP grants in the 1971–72 school year (the second year of ESAP, called "ESAP–II"). In that year ESAP provided $64 million to school districts, almost entirely in the South. Under contract to the Office of Planning, Budgeting and Evaluation in the Office of Education, the National Opinion Research Center conducted interviews and administered questionnaires to school officials, and administered questionnaires and a shortened standardized achievement test to over 32,000 fifth and tenth grade students.

The use of a randomized evaluation design for the first time in a large-scale education study is an important technical advance and thus merits special attention. The design randomly selected matched pairs of schools, one selected at random to receive ESAP funds, and the other to be a control school not to receive ESAP funds. This experimental design is valuable because it provides a means of directly measuring the effects of ESAP funds (since the ESAP and control schools should differ only in one way—receiving or not receiving ESAP funds).

FINDINGS

Uses of ESAP Funds

ESAP funds in elementary schools were used for teacher aides, in-service education for teachers, remedial programs, teaching materials, and counseling. High schools used ESAP funds for human relations programs, instructional materials, teacher aides, curriculum modification, and extracurricular activities.

The important difference between elementary schools and high schools is that high schools spent ESAP funds to change the way in which the school dealt with racial issues, while elementary schools used ESAP funds to develop a traditional program oriented toward cognitive development.

Overall effectiveness of ESAP

Had there not been the randomized experiment discussed in the Methodology section above, it would have been necessary to compare schools deemed in need of ESAP funds with those that were not; no matter what statistical techniques were used to attempt to make the two groups comparable, the question of whether or not differences believed to be the result of ESAP were due to some other differences between the two schools would always have remained open. Fortunately, the randomized design avoids these difficult problems.

Black male high school students gained in achievement through ESAP. Their test scores were almost one-half grade level higher than black male students in matched control schools that received no ESAP funds.

There is no evidence that ESAP raised the achievement of whites at either grade level, elementary school blacks, or female high school blacks. Yet the gains for black high school males are important because they have the lowest levels of achievement.

There were no overall gains in student racial attitudes for either race or grade level as a result of ESAP. Favorable or unfavorable race relations effects may well exist, but it is clear that race relations in schools are complex—schools that have good student racial attitudes are not conveniently also uniformly low in racial tension and high in interracial contact, for example.

Although not analyzed in detail, it appears that ESAP may have changed high schools in such a way that the black students in ESAP high schools are somewhat more likely to view the staff as supporting desegregation than blacks in the non-ESAP high schools.

Effectiveness of specific educational programs

In addition to investigating the overall impact of ESAP, the evaluation examined the effectiveness of particular ESAP programs or activities and of other school activities not funded by ESAP. The search was very wide; over 40 activities were examined, ranging from remedial reading programs, to specialists of varying types in the school to educational materials. Again, activities were studied for possible effectiveness in two areas: improving student racial attitudes and achievement. The unique methodological advantages of the randomized experimental design do not apply to this analysis.

No activities were found to have consistently favorable effects on either racial attitudes or achievement for both race and grade levels.

The achievement gain for black male high school students through ESAP could not be attributed to specific ESAP activities but to the climate ESAP helped to create. As noted earlier, it appears that the big difference between high schools, where ESAP partially succeeded in raising achievement, and elementary schools, where it did not, is that only high schools tended to spend ESAP funds to change the way racial issues were handled. This seems to be due to: (1) the different uses of ESAP funds in elementary and secondary schools, (2) the fact that blacks in ESAP high schools were more likely than blacks in the matched control (non-ESAP) high schools to perceive the staff as pro-integration, and (3) the fact that blacks in ESAP high schools were more likely than blacks in the control schools to report that they like school.

There is evidence that human relations activities—student human relations programs, teacher human relations programs (not general teacher education programs), and human relations literature—were effective in improving the racial attitudes of urban white students at both grade levels, but especially in high schools. ESAP provided substantial support for such activities at the high school level.

Gains in white students' racial attitudes are especially encouraging because their racial attitudes were less equalitarian than those of black students. Here ESAP human relations activities seem to have partly succeeded; they apparently helped improve urban white racial attitudes but not those of rural whites.

Basic instructional services programs—such as remedial programs, remedial specialists, and teacher aides—were not effective either in improving racial attitudes or in raising achievement in this sample of Southern desegregated schools. There is some evidence, however, that the heavy utilization of instructional equipment for students to use (perhaps supplemented by an audio-visual specialist in the school), raises student achievement in high schools. The report suggests further research and experimentation in this area rather than extensive implementation of such programs; few schools in this study have audio-visual specialists and over the years other studies have documented examples of instructional equipment lying unused in schools.

Ability grouping or tracking programs had effects on student racial attitudes; although ESAP did not fund these programs, they were reviewed. Although 85 percent of elementary schools report using some ability grouping within classrooms, this practice is associated with less favorable racial attitudes for students of both races. Ability grouping between classrooms had negative effects in elementary schools, leading to less favorable attitudes for both races as well as less interracial contact.

At the high school level, there is no evidence that schools with high levels of tracking or high levels of classroom segregation had students with more unfavorable racial attitudes. The only high schools where classroom segregation and tracking had negative effects on white student attitudes were schools that were both rural and conservative in their approach to race relations; otherwise, there were no negative effects. The study hypothesizes that tracking is not harmful to racial attitudes for high school students in part because very few schools use tracking to segregate students in nonacademic activities. At the same time, the somewhat limited interracial contact in academic classes may be more conducive to interracial friendship because the students are of similar levels of performance or ability.

Effects of integration on achievement

The effects of school racial composition on achievement were generally small. Both races did less well in schools that were over 70 percent white, and most groups did best in racially mixed schools (41–70 percent white). Fears that white achievement has suffered because of Southern school desegregation appear to be unfounded.

What goes on within a desegregated school has important effects on the achievement of both races. The racial atmosphere is important. Liberal white racial attitudes seem to improve black performance at both grade levels. Racial tension is detrimental to white high school students' achievement. In short, the quality of race relations within desegregated schools is an important concern.

Other ways schools can affect race relations

The report presents important findings for three areas of school race relations: (1) student racial attitudes, (2) student feelings of "belonging" in their school, and (3) teacher prejudice and behavior.

Students of both races (with the exception of high school blacks) have more positive racial attitudes the longer their experience with school desegregation. Furthermore, both races tend to have more favorable racial attitudes when the staff is pro-integration. White urban students' racial attitudes are more favorable when the school clearly operates in a nondiscriminatory fashion (as indicated by such factors as desegregation of both PTA officers and the student leadership in the school as well as interracial contact among the teachers).

Students were asked if they felt they belonged in their school. Whites and blacks at both grade levels felt more at home on their own turf; that is, whites were more comfortable in predominantly white schools and blacks were more comfortable in predominantly black schools. While desegregation places a great deal of strain on students of both races, as evidenced in the above findings, the school is not the powerless victim of its racial composition. Black students are more comfortable when they feel that their teachers support desegregation. White students are more comfortable when desegregation is proceeding smoothly, with teachers reporting few desegregation problems and no cancellation of high school activities due to race problems.

Teachers' personal feelings about race are not easily changed, but the way they react to the desegregated school, and more importantly, the way their actions are perceived by their students, can be changed. The key appears to be having a racially liberal (or, possibly, a black) principal. This is especially significant for black high school students, who appear to be more sensitive to the actual behavior of teachers than to their racial attitudes. If the principal sets a tone of fairness and tolerance for the school, the teachers tend to conform to these standards; as a consequence, blacks react favorably and view the staff as supporting desegregation. ESAP may have made a contribution to this: black students in the ESAP high schools were somewhat more likely to view the staff as supporting desegregation than were black students in the control (non-ESAP) high schools. (However, there is no relationship between having liberal racial programs in the school and black students' perception of staff support for desegregation.)

Effects of busing and attending neighborhood schools

With the exception of the statements below, there were no effects of these variables (amount of busing and attendance in neighborhood schools) on educational outcomes.

Schools where more white students were bused had noticeably lower levels of tension than schools where fewer whites are bused. This is not inconsistent with another finding of the report—that schools that were predominantly black had generally good race relations.

There is a weak finding that achievement was lower for whites who attended schools in black neighborhoods, but further analysis, using more refined statistical techniques, finds no such negative effect on white achievement.

YEAR-ROUND NAVIGATION ON THE ST. LAWRENCE SEAWAY

Mr. HUGH SCOTT. Mr. President, I rise today to join with my distinguished colleagues from Michigan (Mr. Griffin), Ohio (Mr. Taft) and Wisconsin (Mr. Proxmire) in cosponsoring S. 3584. This bill will extend the current study of year-round navigation on the Great Lakes-St. Lawrence Seaway System until June 30, 1979. It will also increase the authorization for this program from $9.5 million to $15.6 million.

Supporters of a longer navigation season for the Great Lakes find this important demonstration study may become entangled by our new budget procedures. I understand the current studies are still in the process of being completed for a report to us here in Congress. Current authorization expires this December 13, 1976, before the program report can be submitted.

This legislation is therefore intended to extend the program past its present expiration date and to allow the Soo locks in the St. Mary's River, Michigan, to remain open and operational during next winter pending submission of the navigation study reports.

Our aim is to permit the work to be completed and to have a full, orderly consideration of the program by Congress.

LEGISLATIVE PROGRAM

Mr. ROBERT C. BYRD. The Senate will come in tomorrow morning at 8 a.m., and the matter before the Senate tomorrow morning will be the solid waste disposal measure on which there is a time agreement, and a rollcall vote can be expected to occur prior to 9 a.m.

Mr. LONG. Mr. President, may I just announce, if the Senator will yield to me long enough to remind Senators, there is a conference tomorrow morning at 9 o'clock on the day care bill.

Mr. ROBERT C. BYRD. Mr. President, following disposition of the solid waste disposal matter tomorrow, the Senate will resume consideration of the HEW appropriation bill. It is understood that a resolution of the matter on which the Senate stalled today in connection with that bill has been worked out. Upon the disposition of the HEW appropriation bill tomorrow, the Senate will take up the conference report on the military procurement bill. Upon the disposition of that measure, the Senate then will resume consideration of the tax bill, and the amendment by Mr. Bellmon on which there is a time agreement of 1 hour will be the pending question before the Senate at that time. Upon the disposition of the Bellmon amendment the Senate will go to the debt limit measure, and upon the disposition of that measure the Senate will resume consideration of the tax bill, at which time the Senate will proceed to debate and dispose of the amendment on DISC. So that there will be plenty of rollcall votes tomorrow, early and late, and the first rollcall vote, I repeat, can occur and probably will occur prior to 9 a.m.

SUPPLEMENTAL SECURITY INCOME, CHILD SUPPORT

Mr. LONG. Mr. President, I ask unanimous consent that the Senate temporarily set aside the pending measure and that the Senate proceed to the immediate consideration of H.R. 14484, which has been received from the House today and is being held at the desk.

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. Mr. President, I have to object, because several Senators who have amendments to offer want to be heard.

Mr. LONG. Mr. President, I believe I am in a position to accommodate the Senators. Senator Taft has an amendment he wants to offer, and I will offer it on his behalf. Also, the Senators from California are interested in the matter, and I have an amendment of theirs.

Is anybody else interested in it?

Mr. MANSFIELD. Senator Nunn.

Mr. President, in view of the fact that we cannot find a consensus, I suggest that this matter go over until tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that H.R. 14484 be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE YEAS AND NAYS ON SOLID WASTE UTILIZATION ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays on the amendment by Mr. Hatfield to the Solid Waste Disposal Act.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays on final passage of the solid waste disposal bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I repeat that the solid waste disposal matter will be taken up immediately after the recognition of the two leaders or their designees under the standing order. There is a time agreement on that bill, and in the time agreement there is a time limit on any amendment of 30 minutes.

The pending question before the Senate when the bill is laid before the Senate will be on the adoption of the amendment by Mr. Hatfield. As I say, there is a 30-minute time limitation on that amendment. The yeas and nays have been ordered thereon. Consequently, the yeas and nays could begin as early as 8:30.

SOLID WASTE UTILIZATION ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, under the order previously entered, I believe the Chair was to lay before the Senate the solid waste disposal bill at this time.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 2150) to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from wastes, to control the disposal of hazardous wastes, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Public Works, with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Solid Waste Utilization Act of 1976".

Sec. 2. Section 216 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended by adding a new paragraph (4) to subsection (a), as follows:

"(4) There are authorized to be appropriated to the Administrator of the Environmental Protection Agency to carry out the provisions of this Act not to exceed $35,000,000 for the fiscal year ending September 30, 1977.".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no time be charged against the bill or the amendment by Mr. Hatfield tonight.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1944

Mr. HATFIELD. Mr. President, I call up my amendment No. 1944.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. Hatfield), for himself, Mr. McGovern, Mr. Leahy, Mr. Abourezk, Mr. Packwood, and Mr. Metcalf, proposes an amendment numbered 1944.

The amendment is as follows:

At the end of the bill insert a new section as follows:

Sec. 3. (a) This section may be cited as the "Beverage Container Reuse and Recycling Act of 1976".

(b) The Congress finds and declares that:

(1) The failure to reuse and recycle empty beverage containers represents a significant and unnecessary waste of important national energy and material resources.

(2) The littering of empty beverage containers constitutes a public nuisance, safety hazard, and esthetic blight and imposes upon public and private agencies unnecessary costs for the removal and collection of such containers.

(3) Empty beverage containers constitute a significant and rapidly growing proportion of municipal solid waste, whose disposal imposes a severe financial burden on municipal governments.

(4) The reuse and recycling of empty beverage containers would eliminate these unnecessary burdens on individuals, local governments, and the environment.

(5) A uniform national system for requiring a refund value on the sale of all beverage containers would result in a high level of reuse and recycling of such containers when empty.

(c) For purposes of this section—

(1) The term "beverage" means beer or other malt beverage, mineral water, soda water, or a carbonated soft drink of any variety in liquid form and intended for human consumption.

(2) The term "beverage container" means a container designed to contain a beverage under pressure of carbonation.

(3) The term "consumer" means a person who purchases a beverage in a beverage container for any use other than resale.

(4) The term "distributor" means a person who sells or offers for sale in interstate commerce beverages in beverage containers for resale.

(5) The term "interstate commerce" means commerce among the several States or with any foreign country, or in the District of Columbia, or in any territory of the United States.

(6) The term "State" includes the District of Columbia and territories of the United States.

(7) The term "retailer" means a person who purchases from a distributor beverages in beverage containers for sale to a consumer or who sells or offers to sell in interstate commerce beverages in beverage containers to a consumer.

(d)(1) No distributor may sell or offer for sale a beverage in a beverage container unless there is clearly and prominently embossed, stamped, labeled, or otherwise securely affixed to such container a statement of a refund value of not less than five cents for such container.

(2) No retailer may sell or offer for sale a beverage in a beverage container unless there is clearly and prominently embossed, stamped, labeled, or otherwise securely affixed to such container a statement of a refund value of not less than five cents for such container.

(e)(1) A retailer shall pay to a person the amount of the refund value affixed, in accordance with subsection (d), to any empty and unbroken beverage container which is tendered by such person to such retailer, and which contained the brand of beverage being sold by such retailer.

(2) A distributor shall pay to a retailer the amount of the refund value affixed, in accordance with subsection (d), to any empty and unbroken beverage container which is tendered by such retailer to such distributor, and which contained the brand of beverage being sold by such distributor.

(f) No State may place a tax or other levy for the sale or transfer of property on the collection or return of the amount of any refund value established under this section.

(g) No distributor or retailer may sell or offer for sale a beverage in a metal beverage container a part of which is designed to be detached in order to open such container.

(h) Whoever violates any provision of subsection (d), (e), or (g) shall be fined not more than $1,000, or imprisoned for not more than sixty days, or both, for each violation.

(i)(1) The Administrator of the Environmental Protection Agency shall monitor, before and after the effective dates of subsections (d), (e), and (g), the rate of reuse and recycling of beverage containers, and shall evaluate and report to Congress periodically on the impact of the provisions and of this section on—

(A) conservation of energy and material resources;

(B) reduction of solid waste; and

(C) the economy.

(2) The Administrator of the Environmental Protection Agency shall establish such regulations as are necessary for the purpose of this section, and shall provide such technical assistance and information to distributors, retailers, and consumers, and to manufacturers of beverage containers as is necessary to carry out the provisions and purposes of this section.

(j)(1) Except as otherwise provided in paragraphs (2) and (3), this section shall take effect on the date of enactment of this Act.

(2) The provisions of subsections (d) and (e) shall apply only with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after five years after the date of enactment of this Act.

(3) The provisions of subsection (g) shall apply only with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after one year after the date of enactment of this Act.

Mr. ROBERT C. BYRD. Mr. President, I believe that it would be proper at this time to ask unanimous consent that the committee amendment be agreed and that it be considered as original text for purpose of amendment, so that Mr. Hatfield's amendment then would be in order.

The PRESIDING OFFICER. The amendment of the Senator from Oregon would be in order as a perfecting amendment, since the committee amendent is a strikeout and an insert.

Mr. ROBERT C. BYRD. I see. May I have a clear understanding?

The amendment by Mr. Hatfield is not in order by virtue only of a unanimous-consent order which allowed his amendment to be the pending question immediately.

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without, objection, it is so ordered.

TIME-LIMITATION AGREEMENT— H.R. 14114

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the debt ceiling measure there be a time limitation of 1 hour, with a time limit on any amendment thereto of 1 hour, with a time limit on any debatable motion or appeal or point of order, if such is submitted to the Senate, of 20 minutes, and that the agreement with respect to the division and control of time be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT— DISC

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a time limitation on the DISC amendment of 4 hours, to be equally divided in accordance with the usual form, and that there be a time limitation on any amendment by Mr. Haskell to the DISC amendment of not to exceed 1 hour, to be equally divided in accordance with the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—H.R. 14260

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that there be a time agreement on H.R. 14260, the foreign assistance appropriations bill of 30 minutes, a time limitation on any amendment thereto, debatable motion or appeal or point of order of 20 minutes; and that the agreement be in the usual form with respect to the division and control of time.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Did the Senator relate who is to control the time on the bill?

Mr. **ROBERT C. BYRD**. Mr. President, Mr. INOUYE and Mr. BROOKE.

The **PRESIDING OFFICER**. The Chair thanks the Senator.

AUTHORIZATION TO CALL UP FOREIGN ASSISTANCE APPROPRIATION BILL TOMORROW

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that the leadership be authorized to call up the foreign assistance appropriation bill at any time tomorrow that that appears to be advisable.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ADDITIONAL PRINTING—"THE SENATE CHAMBER, 1810–1859"

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Concurrent Resolution 126. This resolution is to authorize the Secretary of the Senate to print additional copies of "The Senate Chamber, 1810–1859."

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The resolution will be stated.

The second assistant legislative clerk read as follows:

> *Resolved by the Senate (the House of Repsentatives concurring)*, That there be printed for the use of the Commission on Art and Antiquities of the United States Senate thirty thousand additional copies of the booklet entitled "The Senate Chamber, 1810–1859".

The **PRESIDING OFFICER**. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

ORDER FOR RECESS FROM TOMORROW UNTIL 8 A.M. ON THURSDAY, JULY 1, 1976

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that when the Senate completes its business on tomorrow, it stand in recess until the hour of 8 a.m. on Thursday.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ORDER FOR RECESS FROM THURSDAY UNTIL 8 A.M., FRIDAY, JULY 2, 1976

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that when the Senate completes its business on Thursday, it stand in recess until 8 a.m. on Friday.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ORDER FOR RECESS FROM FRIDAY UNTIL 8 A.M. SATURDAY, JULY 3, 1976

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that when the Senate completes its business on Friday, it stand in recess until the hour of 8 a.m. on Saturday, if necessary.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

RESTATEMENT OF PROGRAM

Mr. **ROBERT C. BYRD**. Mr. President, I think I had better restate the program.

The Senate will convene at 8 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, the Senate will resume consideration of the solid waste disposal bill, which was laid down just a few minutes ago. The pending question at that time will be on the adoption of the amendment by Mr. HATFIELD. There is a time agreement on the bill. There is a time agreement on the Hatfield amendment and any other amendment of 30 minutes. The yeas and nays have already been ordered on the Hatfield amendment, the yeas and nays have already been ordered on the passage of the bill. This means that a rollcall vote could occur as early as 8:30 a.m.

Upon the disposition of the solid waste bill, the Senate will resume consideration of the HEW appropriation bill. It is anticipated—at least, it is hoped—that it will not take too long to dispose of that bill tomorrow. Upon the disposition of that bill, the military procurement conference report will be called up. There is a time agreement on that conference report and there will be a rollcall vote on final passage thereto.

Upon disposition of the conference report, the Senate will resume consideration of the tax reform bill, at which time an amendment by Mr. BELLMON will be called up, on which there is a time limit, I believe, of 1 hour. Upon the disposition of the Bellmon amendment, the Senate will take up the debt limit. There is a time limitation on that matter.

Upon the disposition of the debt limit, the Senate will resume consideration of the tax reform bill, at which time, the DISC amendment will be considered.

The leadership is authorized at any time during the day to call up the foreign assistance appropriation bill, on which there is a time agreement. Yeas and nays will occur throughout the day and it is to be expected that the Senate will be in late again tomorrow.

RECESS UNTIL 8 A.M. WEDNESDAY, JUNE 30, 1976

Mr. **ROBERT C. BYRD**. Mr. President, there being no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 8 a.m. tomorrow.

The motion was agreed to; and at 10:49 p.m. the Senate recessed until tomorrow, Wednesday, June 30, 1976, at 8 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 29, 1976:

FEDERAL ENERGY ADMINISTRATION

Samuel J. Tuthill, of Virginia, to be an Assistant Administrator of the Federal Energy Administration.

Clement B. Malin, of Virginia, to be an Assistant Administrator of the Federal Energy Administration.

DEPARTMENT OF THE INTERIOR

Albert C. Zapanta, of California, to be an Assistant Secretary of the Interior.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

The following officers for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be major general

Brig. Gen. Richard L. Frymire, Jr., [redacted]FG, Air National Guard of the United States.

To be brigadier general

Col. Harry A. Serra, [redacted]FG, Air National Guard of the United States.

The following officer for temporary appointment in the U.S. Air Force under the provisions of chapter 839, title 10, United States Code:

To be brigadier general

Col. Richard Carr, [redacted]FR, Regular Air Force, Chaplain.

IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3442 and 3447:

To be major general

Brig. Gen. Harold Frank Hardin, Jr., [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Robert Lee Kirwan, [redacted], Army of the United States (colonel, U.S. Army).

The following-named officer under the provisions of title 10, United States Code, sections 3036, and 3066, to be assigned as Chief of Engineers, a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. John Woodland Morris, [redacted] U.S. Army.

The following officers for appointment to the grade of major general, Adjutant General Corps, Army National Guard of the United States, under the provisions of title 10, United States Code, sections 593(a) and 3392:

Brig. Gen. (USAFR–Ret) Vito Joseph Castellano, [redacted].

Brig. Gen. (ARNGUS) John Coffey, Jr., [redacted].

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. C. J. Le Van, [redacted], U.S. Army.

IN THE NAVY

Rear Adm. Willard P. Arentzen, Medical Corps, U.S. Navy, for appointment as Chief of the Bureau of Medicine and Surgery in the Department of the Navy for a term of 4 years with the grade of vice admiral in accordance with title 10, United States Code, section 5137(a).

Vice Adm. Donald L. Custis, Medical Corps, U.S. Navy, for appointment to the grade of vice admiral on the retired list in accordance with title 10, United States Code, section 5133(b).

Vice Adm. Thomas B. Hayward, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5321, for appointment to the grade of admiral while so serving.

Rear Adm. Bobby R. Inman, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

IN THE AIR FORCE

Air Force nominations beginning William H. Adams, to be colonel, and ending Myrl E. Wilson, to be colonel which nominations were received by the Senate and appeared in the Congressional Record on May 21, 1976.

Air Force nominations beginning Norman C. Ault, Jr., to be lieutenant colonel, and ending Bobbie S. Fox, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on June 2, 1976.

Air Force nominations beginning Anthony W. Aldebol,to be captain, and ending Mark E. Zlotkowski, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on June 2, 1976.

IN THE ARMY

Army nominations beginning Harold R. Alley, to be colonel, and ending Theodore M. Stults II, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on May 17, 1976.

Army nominations beginning Theodore B. Gesulga, to be major, and ending Gregory Dechau, to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on June 2, 1976.

IN THE NAVY

Navy nominations beginning Donel S. Bianchi, to be ensign, and ending Fred W. Kamansky, to be lieutenant commander, which nominations were received by the Senate and appeared in the Congressional Record on May 20, 1976.

Navy nominations beginning Michael J. Dunne, Jr., to be commander, and ending Willis A. McGill, to be commander, which nominations were received by the Senate and appeared in the Congressional Record on June 2, 1976.

Navy nominations beginning Allan R. Latty, to be lieutenant commander, and ending James A. Wright, to be lieutenant (jg.), which nominations were received by the Senate and appeared in the Congressional Record on June 2, 1976.

IN THE MARINE CORPS

Marine Corps nominations beginning Paul D. Adams, to be second lieutenant, and ending David W. Wood to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on June 2, 1976.

Marine Corps nominations beginning George S. Ames, to be colonel, and ending William E. Yeager, to be colonel, which nominations were received by the Senate and appeared in the Congressional Record on June 15, 1976.

Marine Corps nominations beginning William A. Abele, Jr., to be lieutenant colonel, and ending Gale L. Stienon, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on June 16, 1976.

EXTENSIONS OF REMARKS

PRESIDENT SHOULD SIGN FEDERAL COAL LEASING BILL

HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Tuesday, June 29, 1976

Mr. METCALF. Mr. President, on June 21, the Senate passed S. 391, the Federal Coal Leasing Amendments Act, and sent it to President Ford for his approval.

This legislation is eagerly awaited by western States where strip mining of the vast reserves of Federal coal will be accelerated under the new Federal coal leasing policy recently enunciated by Interior Secretary Kleppe. The financial aid which it affords these States for preparing to meet the needs of the hundreds of thousands of new workers and their families who will be attracted by coal-related jobs will come not a moment too soon.

The Secretary of the Interior will also receive important help under the provisions of S. 391, in the form of broad authority to expand the coal evaluation program which the Geological Survey has already initiated, so that he may have available the information he requires to determine the fair market value of tracts being put up for lease sale.

I wish to make it very clear on the record, Mr. President, that at no time in the consideration of S. 391 has there been any intention by the Congress to prevent new lease sales by the Secretary until all Federal coal lands have been evaluated. The unmistakable purpose of this bill is to facilitate the production of coal from Federal lands in a manner that is fair to both the lessee or coal operator and to the public who owns the coal.

Since the Secretary has an obligation to see that bonus bids, royalties and rentals paid by the lessee truly reflect a reasonable return to the public treasuries, before he establishes a lease sale for a given tract he must have done a mineral evaluation for that particular tract.

That is what the bill sets forth in section 4. There is no requirement that all known Federal coal resources be evaluated before any can be leased.

I have joined Congresswoman PATSY T. MINK, chairman of the House Subcommittee on Mines and Mining and floor manager of the bill in the other body, in writing President Ford to urge his favorable consideration of this legislation.

I ask unanimous consent that our letter dated June 25, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, June 24, 1976.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We respectfully urge you to approve S. 391, the Federal Local Leasing Amendment Act. S. 391 is designed to eliminate the speculative holding of Federal coal leases and to insure development of Federal coal on a timely basis and in a manner beneficial to the public. It would not only increase coal production to fulfill national energy needs, but also guarantee a decent return to the United States Treasury and to States impacted by Federal coal mining.

While the Administration has supported the concept of amendments to the Mineral Leasing Act dealing with coal, in January, Secretary Kleppe expressed some concerns about the bill. We believe that the major provisions of the bill are compatible with the new policies and regulations of the Department of the Interior.

1. Minimum Royalty. During the past 54 years, the Federal Government has collected an average of only 12½ cents per ton of leased coal in royalty payments. This is a ridiculously low rate of return. Recognizing this fact, the Interior Department has now raised its royalty rate to 8%. S. 391 would go further in rectifying this inequity by establishing a minimum royalty of 12½%, a rate generally in line with coal taxes and royalties of western States and Indian tribes.

The Secretary would be given discretionary authority to set a lower rate for coal produced by underground mining, which is a relatively costly method of recovery. In addition, Section 39 of the Mineral Leasing Act would continue to allow the Secretary to reduce the minimum royalty below 12½% "for the purpose of encouraging the greatest possible recovery of coal". Thus, an operator could pay a lesser royalty on a portion of his coal lease which might otherwise be uneconomical to mine, while overall the return to the public treasuries will substantially increase.

2. Payment to States. S. 391 would increase from 37½% to 50% the portion of revenues going to the States from mineral leasing, and reducing from 52½% to 40% the portion deposited in the reclamation fund. The additional 12½% returned to the States would be available for use in planning, construction and maintenance of public facilities, with priority to be given to areas impacted by coal development. The U.S. Treasury would continue to receive the remaining 10%, as under existing law. The western coal-producing States must deal with the problems of population influx triggered by Federal coal development. For these States, new financial resources provided by S. 391 could spell the difference between a chaotic disintegration of traditional rural lifestyles, and the orderly

transition to urban and semi-urban living patterns.

3. Federal Coal Evaluation Program. The Department has been seriously handicapped in determining the actual value of coal tracts which are leased. However, through the Geological Survey it has begun to correct this deficiency. In Fiscal 1975, $1.9 million was spent for stratigraphic drilling and other evaluations of Federal coal lands. According to the amended budget request now pending before Congress, Interior's program would increase from a projected $2.5 million to $7.6 million for Fiscal 1977.

The Department has stated that "expansion of this (coal drilling) program is necessary to supply the Government with additional data to facilitate the coal leasing program". Section 7 of the bill essentially extends and codifies the on-going evaluation program carried out by the Geological Survey by directing the Secretary "to evaluate . . . the known recoverable coal" on Federal lands. This program does not prevent the Secretary from issuing coal leases where he believes he already has adequate information about the nature and extent of the coal, nor does it require that all known coal be evaluated before any is leased.

4. Logical Mining Unit. Considering that the multiplicity of land holdings and the failure to consolidate varying types of holdings under a single control can lead to wasted resources where coal tracts are too small for profitable mining separately, the Department has produced the so-called "logical mining unit", an administrative construct now incorporated into its regulations. The definition of a logical mining unit (LMU) in S. 391 and the Department's definition are essentially alike, with the exception of the term "contiguous". The bill would provide new discretionary authority to the Secretary to require the formation of LMU's and (as in the Department's regulations) require mandatorily the mining out of the coal reserves contained in the LMU within a 40-year period. A 25,000-acre limitation in the bill would provide ample coal reserves within an LMU to supply even the largest electric generating plants, calculated on the basis of tonnage yield averages in the major coal-producing counties of the western coal States.

5. Competitive Bidding. In suspending the future issuance of preference right leases, Secretary Kleppe has adopted a cardinal principle of S. 391, namely confining leasing to competitive bidding only. The Department's regulations now contain requirements for competitive bidding on coal leases and for determination of fair market value which—although not as detailed—are generally comparable to provisions in S. 391. S. 391 would require that half of all acreage leased in any one year be leased under a system of deferred bonus bidding. Deferred bonus bidding would prevent domination of the field by the largest coal companies and the multinational oil corporations.

6. Diligent Development. Both S. 391 and the Interior Department's regulations require actual production from coal leases within 10 years. The Department's regulations, while containing a possible 5 year extension of the ten year limit, also require production of 2½% of the 40 year coal reserves of the LMU by the end of year 10 of the lease—a requirement which is arguably more stringent than the provision of S. 391 calling only for production "in commercial quantities" at the end of the tenth year.

In both cases, leeway is provided for interruptions by strikes, the elements or casualties not attributable to the lessee. Both systems combine flexibility with a mechanism for ending the wasteful speculative holding of Federal coal leases which has frustrated the intent of Congress over the past few decades.

7. Other Provisions. In passing, we would mention several other provisions of S. 391 which are comparable in most respects to those contained in the Department's regulations. These are as follows: (1) In Section 3, requirements for a land use plan, public hearings, consultation with other Federal agencies, mineral assessment, review of likely community impacts, public notice, compliance with Federal environmental statutes; (2) In Section 4, the exploration license and data; and (3) In Section 16, exclusion of the National Park and similar Federal-protected areas from coal leasing.

In sum, Mr. President, we are convinced that S. 391 would strengthen the hand of the Secretary of the Interior in carrying out his mandate to bring about the orderly and equitable development of Federal coal resources upon which this Nation will more and more come to depend in the foreseeable future.

Respectfully,

LEE METCALF,
Chairman, Subcommittee on Minerals, Materials and Fuels, Senate Interior Committee.

PATSY T. MINK,
Chairwoman, Subcommittee on Mines and Mining, House Interior Committee.

FINE SERVICE THE COAST GUARD RENDERS THIS COUNTRY

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. EMERY. Mr. Speaker, those of us who are fortunate enough to serve on the House Committee on Merchant Marine and Fisheries' Subcommittee on the Coast Guard and Navigation, know first hand of the fine service the officers and men of the U.S. Coast Guard render this country. I would like to share with my colleagues who do not have as close a view of the Coast Guard or as fine a perception of their tradition and accomplishments the laudatory remarks of a "living witness" to the Coast Guard's value.

I have attached a copy of a letter from Mr. Peter L. Murray of Portland, Maine, to the Commandant of the U.S. Coast Guard regarding that service's action in rescuing Mr. Murray and his crew when his yacht *Windemere* was disabled earlier this month. The letter is testimony enough to the worth of this fine service.

The letter follows:

MURRAY, PLUMB & MURRAY,
Portland, Maine, June 21, 1976.

Re: Rescue of Yacht *Windemere* and Crew by United States Coast Guard Cutters *Eagle* and *Vigilant* June 14 through 17, 1976

Commandant,
United States Coast Guard, Department of Transportation, Washington, D.C.

DEAR SIR: The purpose of this letter is to express to you my heartfelt gratitude as a member of the crew of the yacht *Windemere* for my rescue on June 14 by the United States Coast Guard.

On June 12, the 28-foot samurai class sloop *Windemere* while on a voyage from Bermuda to Boston, Massachusetts under the command of its owner, Spencer A. Moore, with the undersigned as crew encountered a frontal storm approximately 280 miles northwest of Bermuda and was suddenly dismasted. At that time the yacht was also without auxiliary power and its storage batteries were discharged. We were unable to maintain control of the vessel or to transmit over our VHA radio transmitter although we did activate an emergency aircraft radio beacon. For some 30 hours we drifted as a derelict over 300 miles from the nearest point of land, unable to get way on the vessel or to communicate other than by signals from our emergency locator beacon.

At approximately 1:30 a.m. on June 14, we sighted the lights of a merchant vessel and attracted his attention with our last two aerial flares. At approximately 3:30 a.m. we were taken aboard the m/v *Concordia Love* and radioed the United States Coast Guard station at Atlantic City from that vessel. We were informed that the Coast Guard Cutter *Eagle* was not far away and would proceed to our position and take us and our disabled vessel in charge. Approximately 11:30 a.m. on June 14 the *Eagle* appeared and we were transferred to that vessel. Captain James Kelly of the *Eagle*, his officers and crew extended to us every courtesy and provided food, medical attention and badly needed rest aboard your beautiful training ship. He also interrupted his voyage to stand by our disabled yacht pending arrival of another Coast Guard Cutter to return us and the yacht to a safe port.

I cannot say too much about the kindness, humanity and professionalism of Captain Kelly and the officers of the *Eagle* as they took two shipwrecked mariners in their charge along with our vessel.

I would like to mention specifically courtesies extended by the ship's Executive Officer, Commander Applebaum, and by Chief Warrant Officer Shannon, both of whom were very helpful to us while aboard the *Eagle*.

On June 15, at approximately 1 p.m., we were transferred from the *Eagle* to the United States Coast Guard Cutter *Vigilant* out of New Bedford, Massachusetts which took our yacht in tow. Again aboard the *Vigilant* we were extended every courtesy by its commanding officer, Commander William Goetz, and his officers and crew. Commander Goetz handled our transfer and the tow of our vessel back to New Bedford with thoroughly professional seamanship and skill. He displayed extreme graciousness, patience and courtesy to us as guests aboard his vessel. The officers of the *Vigilant* Lt. Commander Durkey, Lts. Ray and Jackson, Ensigns Yarborough and Snyder and Chief Warrant Officer Meyer, all were most helpful and kind to us during our trip. We were delivered by the *Vigilant* into the charge of C.G. #44321, a 40-foot patrol boat, late in the afternoon on June 17 and arrived safely at So. Dartmouth, Massachusetts on that day.

At all points and at all times, the officers and personnel of the Coast Guard could not have treated us better. As Americans we are proud of the United States Coast Guard and are deeply grateful for its prompt, efficient and humane response to our predicament.

I should also like to mention that we later on found out that the Coast Guard had also responded to our electronic emergency locator beacon and had sent fixed-wing aircraft to look for us. This search was suspended when it was learned that we had been picked up by the *Concordia Love*.

I will be forever indebted to the United States Coast Guard and to the officers and men mentioned above for their role in our rescue. Once again, with my thanks and heartfelt gratitude, I am

Sincerely,

PETER L. MURRAY.

ISABELLE "BILLY" WILSON—NEARLY A CENTURY OF PATRIOTISM

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. SARASIN. Mr. Speaker, throughout our history, men and women have been honored for their brave deeds, for the spirit and love for country that have kept flames of liberty alive for people throughout the world.

One woman who deserves special recognition during our Bicentennial celebration is Isabelle "Billy" Wilson, a person whose courage and good deeds span nearly a century. Born in Brooklyn, N.Y., on August 25, 1880, she moved to Wolcott, Conn., while still a child. Her dedication to the freedom of mankind led her to pursue one of the most noble professions in the world—that of nursing—whereby she could devote herself to freeing humanity from the bondage of illness and suffering. Miss Wilson entered the Yale-New Haven College of Nursing, graduating as a registered nurse in 1906.

Upon matriculating Miss Wilson relocated in Waterbury, Conn., where she ministered to the needs of the ill until a more pressing duty called her—World War I. With men, women, and children dying on the battlefields of Europe, Miss Wilson knew that she must turn her attention to addressing the ravages of war. She joined the first medical unit to leave the United States for the battlefields of France and served honorably in her profession for 2 years.

The war ended, liberty triumphed, and Miss Wilson returned to the State and the people she loved. For several decades, she served as a public health nurse in Waterbury, applying her knowledge and compassion to her fellow citizens and to her profession.

But, once again, the dark clouds of oppression thundered across Europe, and Isabelle Wilson responded to her belief in freedom and returned to France as an Army medical nurse. The suffering and the dying, of a new generation, of a new war, once again received Miss Wilson's care.

The Allies' victory brought Miss Wilson home to us once more, a living symbol of the forces of goodness over evil, of liberty over tyranny. Until her retirement, Isabelle Wilson devoted herself to all who needed her and to the advancement of her profession.

Miss Wilson's courage and dedication to freedom for mankind will be recognized this Sunday, July 4, 1976, when the Connecticut American Legion will confer upon her the Distinguished Service Citation, its highest award. Joining the State Legion will be Billy Peterson of the American Legion Post No. 165 of Wolcott, of which Miss Wilson has been a lifelong member. Mr. Peterson will bestow upon Miss Wilson the Citation for God and Country, as the State's Bicentennial Honor Guard salutes the bravery of this fine woman.

Isabelle Wilson, now 96 and residing at Oakcliff Convalescent Home, is the oldest surviving member of the Harvard medical unit. She has had a career and life that represents the greatness of America and her citizens. I join in honoring this woman and her principles which has made this Nation the greatest in the world.

THE SAME OLD U.N. INTRIGUE . . .

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. DERWINSKI. Mr. Speaker, the use of the veto by the United States in the Security Council of the U.N. on the admission of Angola has drawn predictable barrages on criticism from many world capitals.

The Chicago Tribune, in an editorial published June 10, analyzed the subject in what I believe to be a most appropriate manner.

THE SAME OLD U.N. INTRIGUE . . .

The unexpected Soviet move to admit Angola to the United Nations, despite an understanding that it would not do so at this time, was an insidious trick to embarrass the United States. And to at least some extent, it is likely to succeed.

The United States had a perfectly good reason for vetoing the measure in the Security Council on Wednesday, namely that no country can be considered "truly independent" when it depends on the massive presence of Cuban troops. But the Soviet propaganda machine is already depicting our veto as a rejection of African nationalism and as proof of Secretary Kissinger's insincerity in saying we support black majority rule.

The Soviets are doing their best—as they have all along—to box us [along with Mainland China] into a corner where all of the blacks in Africa will regard us as their enemy. After the veto, Soviet Ambassador spoke with obvious relish of the South African "racists" and their "two well-known allies," the United States and China. The Cuban ambassador managed to say nothing about Cuban troops in Angola when he pointed with counterfeit self-righteousness at the "mermenaries acting on the orders of imperialism"—meaning, of course, the U.S.

The whole thing smacks of an orchestrated scheme to embarrass Secretary Kissinger; to undermine our ambassador to the UN, William Scranton, while he is in Africa; to capitalize on the trial of mercenaries [including two Americans] in Angola; and to throw a hammer and sickle into our election machinery. Spokesmen for the American delegation say that when Mr. Scranton left for Africa, he did so with the clear understanding that the Angolan matter would not be brought up.

Mainland China, the other leading target of Soviet strategy in Africa, abstained from the 13 to 1 vote. And it was left for our most unlikely bedfellow, Chinese Ambassador Yai Ya-li, to offer the most concise summation of the Soviet strategy. In the course of an elegantly insulting exchange of proverbs during which the Soviet and Cuban delegates accused China of falling for American wiles, he replied, "When the wolf is in power, why blame the fox?"

BEWARE THE NEW MANDARIN CLASS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. McDONALD. Mr. Speaker, it is amusing to note that the people who denounce American manufacturers for constantly supplying us with new or improved products are the same folks who are constantly selling our Government on new, but hardly improved, social and economic schemes which are incredibly more costly.

The noted columnist Allan Brownfeld, writing in the Anaheim Bulletin on June 16, reminds us of Kevin Phillips' analysis of "the new Mandarins" who make a living by peddling "change" and more "change." They have a vested interest in instability and constantly stir up dissension; needless to say, they are not out to solve problems, but to keep the pot boiling so that they can continue to sell new schemes. And all of this is supported either directly, through tax money, or indirectly, through the activities of the tax-free foundations.

FORD FOUNDATION COSTS YOU MILLIONS

There are many to tell us about the alleged "evils" of big business—and some to tell us of the evils of big labor and big government—but few to point out the existence of a new enterprise which is worthy of our careful scrutiny—that of the "social reformer."

We are, unfortunately, not suspicious enough of those who try to sell us things "for our own good." Congress is petitioned by a multitude of groups which are trying to sell their wares to the public—foundations, institutes, educational groups, etc. Instead of the skepticism with which we should greet anyone who wants to spend our money for us, we tend naively to accept at face value the claims of those who speak in the vague generality of "the public interest."

"Everyone understands that when a representative of a soup company tells us that his product makes the best lunch," writes economist Thomas Sowell, "a healthy skepticism is in order. But when a housing 'expert' unveils the latest plan to 'save the cities,' or a member of the education lobby asks for expanded 'opportunities' for youth to consume his product at taxpayer expense, there is a tendency to regard them as wise men promoting the public interest."

While real social reform is necessary, Sowell points out, "It is just too important to be left to social reformers. Whenever possible, social reform programs, especially those dispensing money, should be so structured as to increase the number of options available at the discretion of the individual beneficiary . . . The one difference between individual decision making and social reformers is that the former pays a price for being wrong . . . One need only mention Urban Renewal, public housing projects, welfare, or inner city schools to realize that the 'experts' have produced more than their share of disasters."

Whether the plan advocated by the "experts" succeeds or fails, however, the "expert" is paid—very handsomely—by government. Roughly 35 per cent of the U.S. gross national product is now accounted for by the production, consumption, and dissemination of information. By a policy of tax-exemption, private foundations are subsidized by the taxpayers to engage in social experimentation with which the majority of tax-payers clearly disagree.

Consider the Ford Foundation. With assets ranging between 2 and 4 billion dollars, until recently its annual grants ran in excess of $200 million. With this money, the Ford Foundation has, in the name of social reform, caused far more problems than it has solved.

The Ford Foundation, for example, financed the ill-fated Ocean Hill-Brownsville school decentralization project in New York City, which produced a city-wide teachers' strike and, in the words of one reporter, as "jarring, bitter and vicious, a confrontation as New York has experienced." Albert Shanker, the head of New York's teachers union, declared that, "They (the Ford people) feel we're on the verge of guerriila warfare and the only chance is to make a deal with the guerrillas. So Ford subsidizes the revolutionaries and puts them on the payroll which makes being a revolutionary a hell of a lot easier."

Among the more recent beneficiaries of the Ford Foundation's tax-exempt funds have been "public interest law firms," which, in the name of the environment, consumer protection, social justice, and the poor, have brought law-suits which have forced increases in government spending, blocked business expansion, and frustrated all change with which they disagreed. The causes pursued with these tax-free dollars go to foster what Daniel Patrick Moynihan has called "the political agenda of a fairly small group of intellectuals."

The original purpose of tax-exemption was to promote religious, educational and charitable enterprises. Now, however, tax-exemption is a manner in which to subsidize the most radical advocates of political and social change in the American society. Being a "social reformer" is now a well paid occupation—and that pay comes from the average American citizen, who is unaware of the fact that this is what his taxes are being used to support.

Those in this new category have a vested interest in change—for they profit materially from such change. Kevin Phillips, in his book, Mediacracy, noted that, "America's new Mandarins are not the people who sell manufactured items but the people who shape and market ideas and information . . . Instead of having a vested economic interest in stability, as did previous conservative business establishments, the knowledge sector has a vested interest in change—in the unmooring of convention, in socio-economic experiments, in the ongoing consumption of new ideas. The coming of age of the knowledge elite in the sixties was partially the result of—and then dangerous additional fuel for—a decade of social ferment."

We have heard a great deal about the "Military-Industrial Complex" even though defense spending is reaching an all-time low as a percentage of our GNP. It is time that we heard more about what former Rep. Edith Green (D-Ore.) called the "Education-Poverty-Industrial Complex." Today, more money is spent on education than ever before—yet reading and mathematics scores are at an all time low. Some people are getting rich, but few are getting a quality education. If being a "social reformer" is a good and big business—it is something other than "reform" we are getting.

MIDDLE DISTILLATE DECONTROL, ENERGY ACTIONS NO. 3 AND NO. 4, ENERGY AND POWER SUBCOMMITTEE HEARINGS

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. DINGELL. Mr. Speaker, today the Subcommittee on Energy and Power held a hearing on the subject of errors and omissions discovered in the Federal Energy Administration's analysis in support of middle distillate decontrol. Because the House will be called upon to consider and vote on this issue tomorrow, I would like to provide my colleagues with information regarding this hearing. I am, therefore, inserting into the CONGRESSIONAL RECORD my opening statement.

OPENING STATEMENT OF HON. JOHN D. DINGELL

The Subcommittee has been convened today in an extraordinary session necessitated by the recent discovery of serious errors and deficiencies in the FEA's analysis supporting removal of price controls and allocations from home heating oils, diesel fuels and kerosene. The purpose of this hearing is to facilitate consideration of this issue by the Congress and to assure that Members of the House of Representatives have the fullest possible analysis and documentation available to assist them in reaching a decision on this important question.

At the outset, it should be noted that central to the Federal Energy Administration's proposal to decontrol home heating oils and diesel fuels is the conclusion that supplies of these products will be adequate to satisfy forecasted demand for these fuels. I believe both proponents and opponents of decontrol will agree that if demand significantly exceeds supply, greater reliance upon imports will push the price of domestic middle distillates to the world market level. Because this question of supply-demand balance is so important, I was deeply concerned to learn that several serious errors and omissions existed in the FEA's analysis of this decontrol proposal.

I believe that it should be the first priority of this hearing to ascertain the facts regarding the existence of these inadequacies. Secondly, we should proceed to revise the FEA's original analysis to take into account those factors which should have been considered by the FEA but were not. Only then will it be possible for the Subcommittee to objectively assess FEA's contentions that the failure to consider these factors in the original analysis does not materially affect the validity of the analysis or its conclusions.

I am particularly troubled by the revelation that FEA assumed a recurrence of a milder than normal winter, such as last year's, in preparing its demand forecasts. It seems to me that any technically sound appraisal of demand dictates that one at least assume the existence of a normally cold winter; the desire to develop confidence through preparation of a conservation evaluation with a built-in measure of safety would dictate the assumption of a slightly colder than normal winter. My initial reaction, therefore, is to view as indefensible any analysis based upon an assumption of below normal demand when the adequacy of supply to meet demand is a fundamental conclusion of the analysis Moreover, I view with extreme skepticism after the fact arguments which, through tortured logic, strive to dismiss such a fundamental error as being of little consequence when plain common sense dictates otherwise.

A second troubling discovery relates to the fact that FEA's analysis assumes no growth in middle distillate demand resulting from use of distillates by industrial consumers of natural gas whose natural gas deliveries are curtailed. Increased natural gas curtailments will necessarily result in greater demand for distillates as a substitute fuel. The FEA analysis fails to take into consideration the fact that 1976 curtailments will exceed those for 1975. The analysis makes no allowance for the likelihood that 1977 and 1978 curtailments will exceed those of 1975. To equate 1976 and future curtailments with 1975 levels flies in the face of reality. Let us not forget that it was this same agency which last year prepared natural gas curtailment forecasts applicable to 1976 and 1977. These forecasts predicted curtailments for greater than those experienced in 1975. Does FEA ignore its own dire predictions when it is convenient to do so? What other explanation is there? How can one rationalize such an omission as not being of consequence to the final conclusion of the analysis?

How many other faulty assumptions underly this analysis? Apart from their individual significance, what is the cumulative effect of the errors, both those we know about, and those we may not have discovered? Arguments that rely upon the "margin of error" in the analysis to discount the effect of individual incorrect assumptions cannot dispel the cumulative effect of these assumptions.

A final point that I believe deserves to be made relates to FEAs analysis of potential price increases. The original FEA analysis provided the Congress with data through February 1976. That data made FEA's case that any price increases which might occur by reason of excess demand would be small, on the order of 2 cents per gallon, because foreign oil prices were only 2.3 cents per gallon higher than domestic prices. I view as most disturbing the fact that more recent data provided by FEA in response to my written requests show that as of May 1976 the gap between foreign and domestic heating oil prices had spread to 8 cents per gallon. This information was provided on June 21. Was it not available on June 15, the date of FEA's submission of this proposal to Congress? If it was available, and there is no evidence to indicate that it was not, why was it not provided to the Congress? Is the reason because this more complete data undercut FEA's conclusions and its case for decontrol?

It is clear that demand is likely to be far higher than originally projected by FEA. It is also clear that the risks of price increases are far greater than admitted to by FEA. In view of the numerous revision, explanations, qualifications and justifications of FEA's original analysis which have proven necessary, I must confess to lacking any confidence in the conclusion that supplies will be adequate to meet demand; I fear the consequences of an 8 cents per gallon increase in heating oil costs which could very well occur if middle distillates are decontrolled.

I suggest that we begin the hearing with a view toward taking the first two steps in the three-step process I have previously outlined. For that purpose, our first witness will be Mr. Walter Schroeder, Research Analyst, of the staff of the Subcommittee on Energy and Power. Mr. Schroeder will testify regarding the factual aspects of the assumptions contained in FEA's analysis and revise that analysis to account for omissions or errors in the original assumptions. Our second witness will be the Honorable Frank Zarb, FEA Administrator, who will address the question whether the errors or omissions in FEA's analysis are of material consequence. I also hope Mr. Zarb will address the questions I have raised in this statement regarding the reasons for these errors. I particularly hope Mr. Zarb will explain why the Congress should place confidence in the FEA analysis in view of the problems with the original assumptions used to prepare the analysis.

MALAGASY REPUBLIC CELEBRATES INDEPENDENCE

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mrs. COLLINS of Illinois. Mr. Speaker, on June 26, the Malagasy people celebrated the 16th anniversary of Madagascar's independence. The Malagasy Republic is located in the Indian Ocean, 250 miles from the southeast coast of Africa, *the fourth* largest island in the world with an estimated population of 9 million. Since the early 1800's some contact has been maintained with the United States. In 1867, a commercial convention was concluded and a treaty of peace, friendship, and commerce in 1881. More recently, we have sought to encourage economic development there and through information and cultural programs sought to facilitate an understanding of America.

For its part, the embassy here has actively initiated efforts to give Americans very simple and basic information about Madagascar. Many misconceptions about the history and culture of that society exist. Lectures on various subjects have been organized accompanied by either films, slides, or photographs. Efforts have been made to collect works on Malagasy literature, poetry, and history to familiarize Americans with the richness and diversity of that civilization and culture. It is for these reasons that I take this opportunity to congratulate the Malagasy people on the anniversary of their independence and to offer wishes for a bright future. For the information of my colleagues, I have included the following excerpt on the history of Madagascar from a special issue of Malagasy News, June 1975:

SELECTED WORKS ON THE HISTORY OF MADAGASCAR

It seems to be very difficult if not impossible for someone living in the United States to know and understand the history of Madagascar:

For example, it is popularly believed and sometimes even taught that the African peoples have no history in the proper sense of the word: they have no archives, no historical records in the form of memoirs or ancient works, nor do they have the historical traditions or heroic legends of the Europeans;

It is also believed that since Madagascar, like many other French-speaking African nations, was once a French colony, its history is therefore directly and closely linked to that of France and Europe: anyone wanting to learn about Madagascar's history should therefore read those works dealing with European colonial expansion from the 17th to the 19th centuries;

And finally, one might also think that English language historians and intellectuals are not interested in the history of Madagascar in as much as there is already an abundance of French works on the subject and the country was under French influence for more than half a century.

As regards the history of the Malagasy people, however, not only are these opinions totally erroneous, they also compound the difficulty of establishing a rapport between the Malagasy nation and other nations, particularly when these other nations are English-speaking.

First of all, the Malagasy people have a long history and an ancient civilization: they were independent well before the French conquest in 1896. Its internal history is marked by a series of long confrontations between its various populations, themselves linked by certain common linguistic and cultural traits. Its diplomatic history is well known and has been gradually reconstructed and chronicled in the works of European, American and Malagasy researchers, archivists and historians.

It should also be mentioned that since the establishment of a program of cultural renovation and fundamental reform of the study of Malagasy civilization in 1972, there has been a spectacular revival of interest in the history of Madagascar.

This increased interest is reflected in the creation of a Historical Society of Madagascar in 1973, led by Malagasy historians, sociologists and researchers. This Society funded a journal[1] and set itself the goal of stimulating and developing historical research on Madagascar and the Malagasy.

There can be no doubt that works by the likes of such authors as Edouard Ralaimihoatra, Mrs. Razoharinoro, Pierre Randrianarisoa and other researchers will enrich the historical legacy of Madagascar.

Secondly, English-speaking authors and historians are indeed interested in Malagasy history. Among them are missionaries of various European churches (particularly those in English and Gallic countries, and later the Lutheran churches in the United States) as well as historians specializing in the history of the Indian Ocean area.

More recently, several very good English-language works have been written and published in the United States.

As far as its limited means will permit, the Embassy of Madagascar will attempt to disseminate English translations of articles and books by Malagasy historians and sociologists in the near future.

For those who are interested in studying the history of Madagascar in the meantime, however, the Embassy would like to recommend the following works, although this list is not intended to be exhaustive.

A special place should be reserved for a work written in French by Simon Ayache entitled: "Raombana (1809–1855): l'historien. Introduction à l'édition critique de son oeuvre." ("Raombana (1809–1855): The Historian. An introduction to the Annotated Edition of His Work.")

The publication of Raombana's work is of considerable importance to an English speaking historian. Raombana, a dignitary of the Malagasy Kingdom and heir to one of Madagascar's leading families, was a skillful historian. He left an historical manuscript of almost 8000 pages, written entirely in *English* between 1853 and 1855.

The 19th century is particularly significant in the history of Madagascar's foreign relations because the events of that century went beyond simple political contacts. It was precisely during this opening-up period that Raombana did his writing, which has come to be considered the first authentic Malagasy history of that time period (c. 1800–1850).

Other works of merit include:

Kent R. K.—From Madagascar to the Malagasy Republic—New York 1962—How France acquired Madagascar (1642–1896, "Tarikh, II/4 1969–I–20).

"The Sakalava: origins of the First Malagasy Empire" RFHOM, LV 199 (1968), 145–189.

Early Kingdoms in Madagascar 1500–1700. New York, Holt Rinehart and Winston Inc. 1970.

Paginton—English-Malagasy Vocabulary, Tananarive, Trano Printy Loterana, 1970.

Richardson, J., A New Malagasy-English Dictionary, Westmead Farnborough, Hants, Gregg Press, 1967.

Ruud, Jorgen—Taboo—A Study of Malagasy Customs and Beliefs, London, George Allen & Unwin, 1960, or Oslo, Oslo University Press, 1960.

Stratton, Arthur—The Great Red Island, London, Macmillan & Co. 1965 or N.Y., Scribner 1964.

Thompson, Virginia & Adloff, Richard—The Malagasy Republic: Madagascar Today, Calif. Stanford University Press, 1965.

Glance at Madagascar, Edition "Tout pour l'Ecole" 6, rue de Nice, Tananarive, Madagascar, 1973.

Halverson, Alton C. O.—Madagascar: Footprint at the End of the World, Augsburg Publishing House, Minneapolis, 1973.

Hardyman, J. T.—Madagascar on the Move, London, Livingston Press, 1950.

Heseltine, Nigel—Madagascar, New York, Praeger Publishers, 1971.

Home, Sonia—The Drama of Madagascar, London, Methen & Co. 1938.

Malagasy Republic, Area Study Handbook, U.S. Government Printing Office or the American University—Foreign Area Studies (FAS) Washington, D.C.

Drury, R.—Madagascar or Robert Drury's Journal during fifteen Years capitivity on that Island—London 1890.

Ellis, Wm.—History of Madagascar—London 1838—in two volumes.

Sibree, J.—The Great African Island—London 1880—Madagascar and its people—London 1870—Madagascar before the Conquest—London 1896.

Kottak, Conrad Philipp—"Cultural adaptation, Kinship and Descent in Madagascar" Southwestern Journal of Anthropology XXVII, 1971, 194–247.

Rosemblum, Paul—Le séjour aux Etats-Unis de l'Ambassade malgache—1883.

Translation in English: "The Malagasy Embassy's Stay in the United States—1883" (The French version of this article, translated by Hélène B. Sullivan, was published in the *Bulletin de Madagascar*, April 1968, p. 362.

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[1] The editorial board of the journal is composed of Esoavelomandroso Faranirina, Esoavelomandroso Manassé, Manonjo Gabriel, Ralaivola Clovis, Ignace Rakoto, Rakotosaona, Randriamandimby Bar-Jaona, Randriamandimby Josette, Ratrimoharinosy Hélène. Its headquarters are located in Antananarivo, B.P. 3384

McCORMACK AMENDMENTS TO ADD $67.5 MILLION TO H.R. 14231

HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. McCORMACK. Mr. Speaker, on Friday, June 25, I offered amendments to the Interior appropriations bill, H.R. 14231, which increased the appropriations level for energy conservation research, development and demonstration programs by a total of $67.5 million dollars.

At that time I included two tables; one listing the program activities impacted by my amendments, and the other the amounts for each major category. Through some confusion, the second table was not printed in the RECORD.

I wish to insert the following table in the RECORD to identify the specific increases for the ERDA subprograms in end-use energy conservation and for two new programs—the energy extension service, and price supports for municipal solid waste reprocessing.

The table follows:

Appropriations increases in the ERDA end-use conservation programs

[In thousands]

	Operating expenses	Plant and capital equipment
Buildings	$14,000	$1,000
Industry	9,500	500
Transportation	9,500	500
Improved conversion efficiency	8,150	850
Energy extension service	10,000	8,500
		0
Price supports for urban waste	5,000	0
	56,150	11,350

Total of both columns: $67.5 million.

REMEMBERING ADAM CLAYTON POWELL, JR.

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. RANGEL. Mr. Speaker, I am pleased to insert in today's RECORD an essay written by one of my constituents about my precedessor in Congress, Rev. Adam Clayton Powell.

It is unfortunate that Reverend Powell is remembered by some only for some of his indiscretions off the House floor. We should recall that both on the floor and in the committee, Adam Powell was one of the most astute and effective legislators ever to walk into this Chamber.

It is gratifying to me that my young constituents have the opportunity to study and come to appreciate black men like Reverend Powell, a man responsible for bringing so much to the Harlem community and to men and women across the Nation. I would hope that my colleagues would review this tribute which follows:

ADAM CLAYTON POWELL, JR. (1908–1972)

(By Allan E. Stephenson)

Adam Clayton Powell Jr. was born in November of 1908 in New Haven, Conn. Soon after his birth his parents moved to N.Y.C. Powell graduated from the city schools. He was a brilliant scholar and attended Colgate University, receiving an AB degree in 1930. He was awarded his MA degree in 1931 from Columbia University. In 1938, Shaw University conferred upon him the Doctor of Divinity degree.

As a young man, he began a fight against the oppression which he witnessed everywhere. Powell became an organizer, a crusader and a militant. He was totally dedicated and for more than twenty years was the undisputed leader of Harlem. He was soon feared because of his absolute defiance, his dynamic personality and his unquestioned courage.

In his never ending crusade against job discrimination, he was responsible for Blacks operating buses in N.Y.C. He fought the racist policies of the merchants on 125th Street and marched in picket lines, protesting the unfair labor practices. As a result, black men and women were hired as sales people and discrimination in jobs ended.

Always active in many fields, he became the editor of "The People's Voice," a national Negro weekly. It promised to fight for Blacks, and other minorities and to aid every progressive force in the community.

Adam's father was the Pastor of the Abyssinian Baptist Church and when he passed away, Adam became the Pastor and Leader of the largest church in Harlem. Powell had great concern for the poor. During the Great Depression, thousands of hungry and poor people were fed at the church. Powell was not only loved by his congregation, but by the millions of Blacks throughout the country. He was their Champion and was a giant in stature and accomplishment. He paved the way for abundant job opportunities for many poverty stricken Blacks across the Nation.

* * * * *

Elected as New York City's first Black Congressman, he was a brilliant and dynamic orator who could hold an audience spellbound. Many considered him the greatest black spokesman of the 20th century. The legislation that he sponsored changed the entire social structure of this country, benefiting both Blacks and Whites. He became Chairman of the powerful Education and Labor Committee. Under his guidance and leadership, sixty major Bills were enacted into law within a five year period. These accomplishments established Powell as the greatest and most productive congressman in the nation's history.

Although Powell was a New York City congressman, his constituency covered the whole country. He represented and fought for black people everywhere and continuously battled against discrimination, poverty and racism. Adam lived a full life, and accomplished many things he set out to do. He spent his remaining years on the beautiful island of Bimini in the Bahamas. On April 4th, 1972 he passed away in a Miami Hospital.

In Harlem, Seventh Avenue, the street he loved and knew best, has been renamed Adam Clayton Powell Jr. Boulevard. Our new school, P.S. 153, is also proud to have his name. This fitting tribute and honor will be a lasting testimonial to one of the greatest black men in our history.

LEGISLATING AN END TO UNEMPLOYMENT

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. ESCH. Mr. Speaker, in mid-April, Dr. Herbert Stein of the University of Virginia, former Chairman of the Council of Economic Advisers, wrote an excellent article on the Humphrey-Hawkins bill. I believe that Professor Stein gives an excellent discussion of two very important points. He analyzes in detail what the bill would require the President to do, and the manifest impracticality of many of those tasks. He also analyzes the cost of the measure and the assumptions underlying the claims of the bill's sponsors that it would be a profitable approach to unemployment. He demonstrates clearly the fact that the methods by which some of the bill's sponsors wish to finance it, by budget cuts in some areas and new tax revenues both from the newly "employed" and from tax "reform," will in fact cause further unemployment in other areas and loss of tax revenue, in addition to being built upon the faulty premise of public service employment being productive.

I believe that the discussion is important for the consideration of all Members. His conclusion as to the bill's merit is correct: "The Humphrey-Hawkins bill is to unemployment what the WIN button was to inflation."

Dr. Stein's column is herewith reproduced in the RECORD for the benefit of all Members:

LEGISLATING AN END TO UNEMPLOYMENT

(Dr. Stein is the A. Willis Robertson Professor of Economics at the University of Virginia and former chairman of the Council of Economic Advisers under Presidents Nixon and Ford. He is also a member of the Journal's Board of Contributors, five distinguished professors who contribute periodic articles reflecting a broad range of views.)

(By Herbert Stein)

A number of Democratic presidential candidates, or near-candidates, have endorsed the new version of the Humphrey-Hawkins bill. That indicates that they are too busy running to think much about what they would do if they were President.

On its surface the bill is a measure for achieving all kinds of good things. Most specifically, it seems to be a measure not only for getting everyone employed but also for getting them employed producing the "right" things. But in fact it is a measure requiring the President to figure out how to achieve all these wonderful things at once, with not only the Congress but also the governors, mayors and assorted citizens lined up to take a crack at him as soon as he puts forward his program.

That is what makes the bill so attractive and gets it so many sponsors. The Humphrey-Hawkins bill is to unemployment what the WIN button was to inflation. It is a sign your heart is in the right place, but it doesn't require you to do anything. That is, unless you are the President.

THE PRESIDENT'S CHORE

Here are some of the things the President is supposed to submit to the Congress within 90 to 180 days after the passage of the Act.

1. A Full Employment and Balanced Growth Plan, setting forth goals for full employment, full production and full purchasing power, including an unemployment rate not in excess of 3% for adults, to be reached within four years.

2. Policies and programs to "reorder national priorities" including priorities with respect to energy, transportation, food, small business, the environment, health care, education, day care, housing, aid to state and local governments, national defense, international programs and such other matters as the President deems appropriate. (That is, everything is to be assigned priority except people's use of their own earnings.)

3. Proposals for improving the efficiency and economy of the federal government.

4. A comprehensive proposal which shall establish on a permanent basis policies to reduce high unemployment arising from cyclical movements in the economy.

5. A permanent countercyclical grant program that will serve to stabilize state and local budgets during periods of recession and high unemployment.

6. Legislation providing an institutional means designed to encourage public and private investment in economically depressed regions, inner cities and economic sectors and provide an alternative source of capital

funds for local and state governments to finance public facilities.

7. Legislation creating a comprehensive youth employment program.

8. Recommendations on how income maintenance and employment policies can be integrated to insure that employment is substituted for income maintenance to the maximum extent feasible. (Is there here perhaps the glimmering of the idea that people might work more if income maintenance programs were less generous or easily available to employable people? Probably not.)

In addition, the bill specifies a number of features which are to be added to the President's economic report, including the description of the monetary policy needed to achieve all the good things and an anti-inflationary policy of numerous facets.

This list reveals the underlying strategy of the bill. It is to indicate a number of respects in which all "good" people think the world is not quite as they would like it to be and call upon the President to submit programs for making it better. With one exception, public service employment which I shall discuss below, there is no specific proposal for solving any problem. This is truly amazing.

The combined period of service in the federal government of all the sponsors of the bill must amount to several centuries. Senator Humphrey alone has been in the federal government for about 30 years. But, with the aforementioned exception of public service employment, they have no solution to offer for any of the problems they recognize. In fact, it is probably wrong to say that the bill recognizes any * * *

On this subject, the new bill says, referring to the policies and programs the President is to submit as part of the plan: "Such policies and programs shall not be set forth in the programmatic detail developed by specialized federal agencies, and by others in the public and private sectors, but only sufficiently to furnish an integrated perspective of our needs and capabilities and as a long-run guide to optimum private, federal, state and local government actions."

This is not perfectly clear, but it seems to be an olive branch offered to those who feared that the planners intended to run literally everything. Moreover, while the bill specifies elaborate procedures for congressional review and approval of the Plan, once the Plan has been approved by Congress the President is not required, as he was in the earlier bill, to do anything about it. The Plan is only to be transmitted to the President for such actions as he deems appropriate.

However, the most important concession of the new bill is that no new planning agency is to be established in the Executive office. Now the Plan is to be submitted to the President and prepared with the assistance of the Council of Economic Advisers and in consultation with the Office of Management and Budget. The difference is crucial. If you establish a new economic planning office with nothing else to do but prepare a Plan, they will almost certainly prepare a Plan. But if you assign the function to busy people who have important operational responsibilities, they will probably find a way to avoid an academic exercise like preparing a Plan.

But the core of Humphrey-Hawkins is jobs, not the Plan. Presidential candidates flock to Humphrey-Hawkins because it seems to provide an answer to the insistent question, "What is your program for unemployment?"

The bill's approach to the unemployment problem starts from two propositions. One is that there is a great deal of work to be done in the country, there are people who want to work, and it is only logical to put them together. The second is that the nation (meaning not just the unemployed) suffers substantial costs from unemployment and that therefore the nation should be willing to pay to reduce unemployment.

The argument is that full employment will benefit not only the otherwise unemployed but will also benefit the rest of the nation, and not only in the spiritual sense of having done the right thing but in the more material sense of having more income, more production, more revenue, etc. Whether this argument is valid depends on how much the unemployed have to be paid to work and how much their product is worth to the rest of the nation.

This is not a fanciful consideration. The fact that people are unemployed at least raises the question whether their product would be worth their wage. The fact that there are lots of unmet needs in the country sheds no light on this question. Every individual, business, and government in the country has unmet needs that some of the unemployed might help to meet. Their failure to hire the unemployed suggests that potential employers think the cost of meeting those needs would be too great.

It will be said that the cost of hiring them is really less than it would seem to be for a private employer, because if they are employed the rest of the nation will save some welfare costs and collect some taxes. Thus, the net cost to the rest of the nation is smaller than the wage that would have to be paid. This may seem an ironic situation—government payments to the unemployed being so large that only the government can afford to hire them. It naturally suggests the possibility that the way to make some of the unemployed employable in the private sector is not to pay them so much when they are unemployed. However, we should accept the fact that there is some minimum income below which we don't want people to fall, whether they work or not. The cost to the rest of the nation of employing them is only the excess of their wage over this minimum income.

But still, this net cost is not zero. The rest of the nation benefits from hiring the unemployed only if their product is worth more than this net cost.

UDALL'S EXAMPLE

The arthimetic of this may be seen in the illustration Congressman Udall has given of the workings of the jobs program. He supposes that 4 million persons might be engaged in public service employment, at a cost of $40 billion, or $10,000 a head. Where would this $40 billion be found? In Udall's illustration $10 billion would be the amount saved in relief payments to the otherwise unemployed. Another $10 billion would be the taxes paid by the newly-employed. Another $10 billion would be obtained from tax reform (definition: higher taxes on people who have a high propensity to vote Republican). And $10 billion would be cut out of the defense program (a cut which Udall regards as a gain rather than a loss).

One can argue about these numbers. The tax rate on the newly-employed seems high. The people disemployed by the defense cut seem to have dropped out of the picture, as have the taxes they pay. But the basic proposition is clear enough. The formerly unemployed have $20 billion more income (the $40 billion they now earn less their former relief payments and their new taxes). The formerly employed have $20 billion less (the $10 billion they pay in tax reform and the $10 billion they formerly earned in defense) and in addition are $10 billion worth less well-defended.

Whether this is a good deal for the rest of the nation depends on whether what the newly-employed produce is worth $20 billion to them (plus whatever value is assigned to the foregone $10 billion of defense). What is striking about the Humphrey-Hawkins bill is that this consideration is entirely ignored. In fact, this consideration is totally at variance with the spirit of Humphrey-Hawkins. The goal of Humphrey-Hawkins is to get the unemployment rate for adult Americans down to 3%. But that may be inconsistent with employing only people whose product is worth more than the net cost of employing them.

SETTING WAGES

The way the bill proposes to assure that the unemployment rate is reduced to 3% is to require the President to provide job opportunities through reservoirs of federally operated public employment projects and private nonprofit employment projects. The bill also specifies the wage which is to be paid on such projects, which in general is the prevailing wage for each occupation. However, there is no requirement that the value of the worker's product should equal the net cost of hiring him. And there couldn't very well be such a requirement, because it might leave more than 3% of adults unemployed.

The nation may decide that it wants to hire unemployed people at a wage in excess of the value of their product. If it does there should be no illusion that those presently employed will become richer as a result. But no one should be surprised if the nation decides that it doesn't want to do that. It may decide that the laborer is worthy of his hire, or should be, and the Humphrey-Hawkins will defer, not advance, the date when that is true.

PRESIDENT OF ONE OF THE LARGEST TRUCKING ASSOCIATIONS

HON. MENDEL J. DAVIS

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. DAVIS. Mr. Speaker, I would like to take a moment today to congratulate one of my constituents, Mr. Bennett C. Whitlock, Jr., of Monks Corner, S.C.

Beginning this July, Mr. Whitlock takes over as president—the highest appointed officer—of the American Trucking Associations, Inc., one of the Nation's largest and most successful trade organizations. As successor to Mr. William A. Bresnahan, he will direct an association whose record of service and dedication to the industry it represents is consistently excellent.

Mr. Speaker, I have known Bennett Whitlock for a long time—for almost as long as he has been working with the Nation's trucking industry. I know him as a man of strength and candor with an unfailing commitment to improving our national system of transportation. I also know that under his leadership the ATA will continue to give us the benefit of its expertise and opinion on vital matters of public policy.

We are, it seems to me, entering a period of reexamination of many of the premises on which our country's transportation sector was founded and operates. We are examining the role of railroads and airlines, of water carriers and motor carriers. We are enlarging our commitment to mass transportation. In the Congress we have begun to reconsider the proper role of the Federal Government in regulating transportation, and in committing public funds to maintain certain kinds of transportation services.

In that context it is perhaps appropriate to remind ourselves of the enormous responsibility the trucking industry has for moving the raw materials and finished products of our vast and complex economy. Trucks haul more than half of all the freight moved in America. Employment in the trucking industry exceeds 9 million people with payrolls of more than $82 billion. In 1973, the most recent year for which there are complete figures, trucks represented 1 of every 6 registered vehicles, traveled one of every 5 vehicle miles, paid $1 of every $3 of State highway user taxes, and contributed $2 of every $5 of Federal Highway Trust Fund receipts.

As the chief spokesman for that strong and diverse industry, Bennett Whitlock bears a great responsibility. I am confident he is more than equal to the challenge, and am most pleased that a South Carolinian and one of my constituents has been chosen for this position of leadership in our Nation.

FREEDOM OF THE PRESS FOR FOREIGN JOURNALISTS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. WOLFF. Mr. Speaker, the newspaper El Espectador, of Bogota, Colombia, recently printed an article by its New York City Correspondent Myriam Luz entitled: "Democracy and the Press—Freedom of Action in the United States for Foreign Journalists."

The article describes the openness with which the American society, both Government and the private sectors, meets the needs of foreign correspondents reporting from the United States. The article describes in some detail the many and varied ways in which the U.S. Information Agency assists these journalists in their tasks.

Ms. Luz concludes her article by saying:

> The balance sheet is favorable to the foreign correspondent; he has extensive access to sources of information and he has his freedom of will.

I ask unanimous consent that a translation of the article, which reflects so well on our society and its institutions, be printed at this point in the CONGRESSIONAL RECORD:

FREEDOM OF ACTION IN THE UNITED STATES FOR FOREIGN JOURNALISTS

(By Myriam Luz)

NEW YORK.—The question was asked in New York by the correspondent for the German news service Springer. Richard Scammon replied in Washington.

Scammon, considered one of this country's leading experts in electoral matters, met with representatives of the foreign press in one of the conference rooms of the State Department in Washington. The purpose: to comment on the results obtained to date in the primary elections. Foreign correspondents based in New York gathered together in the offices of the United States Information Agency (USIA) and, by means of a closed circuit radio hook-up, took part in this same press conference. The session lasted more than an hour and Scammon, who works independently—he is under contract to NBC for the present election—replied without exception to all the questions asked him by journalists in the two cities.

This meeting with Scammon was the third or fourth background session held by the USIA for the foreign press in order to familiarize reporters with the complexities of the American electoral system, a system which not even Americans themselves fully understand. The reason is that there are 50 different systems, one for each state.

The trips organized by the USIA (known abroad as the USIS) to election sites in New Hampshire, New York, Florida and Puerto Rico are part of this same information process. The USIA provides the transportation and the correspondents, that is their agencies, pay all other expenses.

These trips are planned so that correspondents arrive at the selected place, usually a small city where it is easier to observe what they wish to see, some four to six days before the election. Thus they have ample opportunity, either on their own or through the program prepared for them, to witness the campaign, visit the campaign headquarters of the different candidates, and conduct as many interviews as they can obtain.

These facilities are not limited to the election period. About two years ago, when the racial disturbances in Boston began immediately following the introduction of a system of racial integration of the schools, the USIA organized a trip like the ones described above. Once the correspondents, among them many communists, arrived in Boston they were completely free to see all that was happening and to interview anyone they wished, without restrictions.

HIGH-LEVEL BRIEFINGS

Another avenue of information open to correspondents are briefings, meetings between national and/or foreign journalists and several government officials who are there to discuss a specific question. Following are two examples:

During the period when New York's fiscal bankruptcy seemed inevitable, the mayor of the city together with six of his principal advisors met with foreign correspondents to explain the situation to them.

At the briefing held in Washington to explain the economic and energy policies presented to Congress by President Ford, Treasury Secretary William Simon took part and, to discuss the energy question, the heads of various government agencies who had personally visited European and Arab leaders seeking solutions to the oil problem.

This type of meeting always includes a prolonged question and answer period.

PRESS OFFICES

This accessibility to sources of information is not limited to special events. Both in New York and Washington, the USIA has press offices which effectively and, one must add, cordially assist the correspondent in obtaining any information he might require. Information is not given directly, but suggestions are made and help is furnished in finding public or private sources where it may be obtained. The same occurs with interviews in the public and private sectors.

This service is provided not only to resident correspondents—in New York there are some 1000—but to any foreign journalist with valid credentials who is passing through and requests it. Their number fluctuates between 300 and 400 per year. It should be pointed out that the press office in New York is manned by only four persons.

The same assistance is provided reporters from communist countries as from democratic nations. There are no conditions and no questions asked on what was written.

The only restriction that—and this relative only to the correspondent's movements within the country—is applied to Russian journalists. They have complete freedom of movement within a 25-mile radius of Washington or New York. If they wish to go further afield, they are required to give prior notice. Also, 20% of American territory is off limits to them though there are occasions when they can visit sites within the restricted area by official invitation.

These limitations imposed upon Russian journalists are reciprocal but, according to the USIA, they are much less restrictive than those applied to American correspondents in the Soviet Union.

The United States government provides these services in the hope that as true an image of life in this country as possible may be presented abroad, although it knows this will not be achieved. Evidence of the failure of this intent daily fills the world press. Racial disturbances in Boston, for example, are repeatedly headlined. The voluntary integration of schools in Hartford, however, a city which besides was one of the first in the country to experiment with classes in Spanish for Latin children, is never given headlines. Despite this, correspondents continue to receive assistance: the possibility exists that if some of them report on positive aspects of American life, coverage on an average will be more or less balanced.

THE PRIVATE SECTOR

We cannot conclude without observing briefly that the foreign correspondent finds the same accessibility to information within the private sector. The oft-mentioned "right to know" that Americans demand with such insistence has created in this country an information structure, both official and private, which enables them to carry out any investigation proposed.

Practically every organization, whether it be an official agency, a large company, church, museum, theatrical company, parade, bazaar, or art gallery, has in the majority of cases a competent indivdual in charge of giving out information to the press.

Also, one can ask questions of companies in other cities without knowing the exact address by sending them care of the local Chamber of Commerce. Rarely in the experience of this reporter do these efforts go without reply.

People are so prompt to hand out information that frequently their largesse can be excessive. Any person whose name appears on a list of national or foreign correspondents is likely to receive daily tons of useless reports which he neither requested nor is interested in nor has time to read. The main culprits for this deluge of paper are private companies. In the last few months, however, certain countries interested in becoming leaders of the Third World, among them some Latin American countries, have adopted this inefficient and costly system of self-propaganda.

To sum up: the balance sheet is favorable to the foreign correspondent; he has extensive access to sources of information and he has his freedom of will.

CALIFORNIA DAY CELEBRATION

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mrs. BURKE of California. Mr. Speaker, Roberta Bowen and her husband Jim Bowen will be in Washington, D.C., June 29, 1976 for the celebration of California Day.

Jim Bowen wrote the lyrics; Roberta

Bowen composed the music for the songs "Happy Birthday, USA" and "The Golden West Waltz" which Mrs. Bowen will sing.

"Happy Birthday, USA" has been designated as the Bicentennial song for the second supervisorial district by Supervisor Kenneth Hahn. It has been adopted as the Bicentennial song for the city of Culver City and acclaimed by many elected officials and civic organizations.

Jim Bowen is a building contractor. Roberta is a retired professional entertainer.

Roberta has been on stage since she was 5 years old. She has sung in operas and musical comedies. Her early career was spent in motion pictures, as a singer on radio, and as a pianist at MGM studios where she served as an accompanist for the late Judy Garland.

Today she is music director for the Senior Citizens Center in Culver City. It is the most successful senior citizens program in the Los Angeles area.

This very talented lady is also a music therapist working at hospitals and sanitoriums.

These long-term Culver City residents are loved and appreciated by all who know them.

REACTOR SAFETY HEARINGS

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. BINGHAM. Mr. Speaker, despite the issuing last fall of the NRC's Reactor Safety Study—commonly known as the Rasmussen Report—questions about nuclear reactor safety continue to be bitterly debated. On June 11, I chaired hearings of the House Interior Committee's Subcommittee on Energy and Environment, which were called in order to explore the Rasmussen Report and its implications for problems of reactor safety. At these hearings, we heard testimony from a variety of expert witnesses. Although I would hesitate to draw from that testimony any definite conclusions about the specific scientific controversies surrounding the report, I can definitely say that serious controversy about the report's methods and conclusions does exist; and that continued peer criticism and review of the report should be encouraged by Congress and the administration. Unfortunately, too many officials, both in Congress and the administration, seem not only to treat the report as definitive, but also quote it as the gospel which establishes that "nuclear reactors are safe." Even Dr. Rasmussen agreed that his report has been frequently misinterpreted and misused in past months.

The following article in Science magazine fairly summarizes our June 11 hearings:

REACTOR SAFETY: CONGRESS HEARS CRITICS OF RASMUSSEN REPORT

(By Philip M. Boffey)

The federal government's *Reactor Safety Study*—headed by Norman C. Rasmussen, professor of nuclear engineering at the Massachusetts Institute of Technology—came under sharp criticism from experts testifying at a congressional hearing on 11 June. But there was no indication that the critics had landed a disabling blow against the study that provides the chief documentation to claims that nuclear reactors are extraordinarily safe.

The study—commonly called the Rasmussen report—was first published in draft form in 1974. It was then subjected to written comments from some 90 organizations and individuals, and was issued in final form, including a summary, a main report, and eleven appendices, on 30 October. The study estimates the probabilities of various nuclear accidents and the damage that those accidents would cause. Many of its charts and tables suggest that the risk of a reactor catastrophe is comparatively small. Thus the chance that an individual would be killed in a reactor accident if there were 100 plants in operation is described as 1 to 5 billion, compared to a 1 in 2 million chance of being killed by lightning.

Unfortunately, although the Rasmussen report has become a cornerstone of the nuclear debate, it has not been subjected to sustained and searching scrutiny by a significant number of competent outsiders. Although the first draft was subjected to such outside criticism, the final version has attracted only scattered written and oral commentary, party because many nuclear critics lack the manpower and resources to analyze a report that is now essentially a fait accompli. The 11 June hearing before the House subcommittee on energy and the environment—a unit of the Committee on Interior and Insular Affairs—provided the first major forum for critics of the report to air their complaints before members of Congress.

One of the most eminent of the critics was Wolfgang K. H. Panofsky, director of the Stanford Linear Accelerator Center, who had served as chairman of the review panel for an American Physical Society group that issued one of the most detailed critiques of the original draft of the Rasmussen report. Panofsky noted that the American Physical Society had had no chance to review the final Rasmussen report and that he was testifying as an individual. In the guarded language of an administrator whose laboratory depends on federal support, Panofsky characterized the Rasmussen report as "a useful but far from definitive input into the overall question of reactor safety." He complained that "it is almost impossible to make an overall thorough critical review of the report for a number of reasons: one is the sheer length of the report and the second is that the method of presentation in the report leaves much to be desired in terms of clarity and exact statement as to origin of data and procedures actually used."

Panofsky's central conclusion was that the Rasmussen report exaggerates the degree of confidence one can place in its estimates. "The probabilities of accidents of major degrees of severity calculated in the report are subject to considerably larger uncertainties than those stated," he said. Panofsky stressed that "my critical remarks do not imply that reactors are in fact less safe than the Rasmussen report asserts them to be. Rather my conclusion is that the Rasmussen report has very greatly overstated the certainty of its conclusions; for this reason and because of the intractability of much of the reasoning used in the report its findings should not be used as a definitive basis in the formulation of policy."

But Panofsky waffled a bit when it came to explaining what implications his comments might have for further development of nuclear power. His prepared testimony suggested that coal production might impose a larger health and environmental burden than does nuclear energy; the prepared text also said his criticisms in themselves "do not constitute a valid reason for retarding the rate of evolution of a light water reactor industry *below that controlled by economic forces* [emphasis added], provided an intensified safety research and actual safety improvement program is pursued." That left many listeners confused about where Panofsky stood, since economic constraints have lately proved a massive roadblock to nuclear development. When pressed by the congressmen, Panofsky said, "I would be mode concerned about this if the reactor industry was evolving extremely rapidly."

Another member of the American Physical Society's review group—Frank von Hippel, of Princeton University's Center for Environmental Studies—was equally critical. Von Hippel claimed the Rasmussen report is "highly misleading" and "deceptive" in its comparison of reactor accident hazards with other hazards to which we are exposed, such as meteors, earthquakes, fires, and explosions. The key graphs which compare fatalities from these various hazards, he noted, depict only the *early* deaths that would occur within a short time after the accident while ignoring delayed fatalities such as deaths caused by cancer in the area downwind of a reactor accident. Using data "almost buried" in the appendices, von Hippel calculated that a reactor accident that would cause only 10 early fatalities would also cause 7,000 cancer deaths, 4,000 genetic defects, 60,000 thyroid tumor cases, 3,000 square miles of land contamination, and enough strontium-90 released into local waters to contaminate the Ohio River above maximum permissible drinking standards for more than a year. Such long term consequenecs would far exceed the likely delayed effects of a meteor impact which caused 10 short-term fatalities, von Hippel said. Yet just last month, he noted, the chairman of the Nuclear Regulatory Commission, which sponsored the Rasmussen report, stated that "the risks from potential nuclear accidents would be comparable to those from meteorites."

Panofsky had also complained about the "highly misleading manner" in which the data on delayed effects had been handled; he found it hard to take a "benign view" of the matter. But Rasmussen, who also testified at the hearing, denied that the delayed effects were "buried" since they were mentioned in the executive summary and the main report as well as in the appendices. The delayed effects were not put into the graphs comparing various hazards, he explained, because there were no good data available for the delayed effects of nonnuclear hazards. Still, as Representative Jonathan B. Bingham (D-N.Y.), who chaired the hearing, noted, pictures have "power" and the printed description of long-term hazards "simply doesn't catch up to the impact of the graphs."

Von Hippel, who described himself as an agnostic on nuclear power, cited a number of alleged weaknesses in the Rasmussen report, all of which led him to suggest that a substantial peer review of the report be completed and that a new study be commissioned to put the Rasmussen report results "into a form appropriate for policymaking purposes."

A third critic of the report—Henry Kendall, a Massachusetts Institute of Technology physicist and head of the Union of Concerned Scientists—was the only witness to reach a conclusion that was clearly adverse to nuclear power. Whereas Panofsky had simply argued that the Rasmussen estimates are subject to great uncertainty which could encompass either under- or overestimation, Kendall concluded that "the risks in a large reactor program are almost certainly substantially understated" by the Rasmussen study. He also expressed greater concern over the uncertainties, calling them "very large—large enough to accommodate risks that are entirely unacceptable."

The most substantial review of the final Rasmussen report so far seems to have been conducted by the Environmental Protection Agency (EPA) and one of its contractors, Intermountain Technologies, Inc., of Idaho Falls, Idaho. William D. Rowe, EPA's deputy assistant administrator for radiation programs, told the hearing his agency has identified "several significant areas" in which the report is either "deficient" or contains "unjustified assumptions."

The most significant was that it failed "to address fully the health effects expected after an accident." The EPA contends that the Rasmussen group should have calculated the delayed somatic health effects from reactor accidents in accord with an approach used by the National Academy of Sciences Committee on the Biological Effects of Ionization Radiation in 1972. The Rasmussen group used a different approach that had the effect of reducing the estimated cancer fatalities by a factor of from 2 to 10, according to EPA. (The Rasmussen group says the factor is only 4, and it claims to have good support for the approach it uses.) The EPA also took issue with the Rasmussen report's assumptions concerning the protection that could be provided by evacuating people from the vicinity of an accident, and it disputed the estimates of the probabilities of radiation releases. But what it all added up to was unclear. Rowe told the congressmen that EPA believes Rasmussen has understated the overall risk by a factor ranging from 1 to "several hundred." If the figure lies at the upper end of that range, some nuclear critics believe the underestimate is significant. But Rowe seemed to back down a bit by adding that EPA, on the basis of information that was not in the Rasmussen report but has since been provided by the Nuclear Regulatory Commission, now believes "the most likely value lies in the lower part of this range."

Various critics also contended that the report ignored or downplayed such problems as sabotage, human error, aging of reactor components, hazards in densely populated areas, floating nuclear plants, and the possibility of a "real lemon" among reactors.

Supporters of the Rasmussen report tended to regard the criticisms as nitpicking and trivial. And even EPA's Rowe, after calling for corrections in the Rasmussen risk estimates, concluded that "it is not possible at this time" to assess what difference such corrections might make in judging the acceptability of nuclear power. At many points in the hearing, participants seemed to be haggling over numbers whose significance was not fully understood. Yet the haggling is important because, in the absence of substantial operating experience with reactors, risk assessment must be based on theory and judgment.

TETON DAM: AFTERMATH

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. DERWINSKI. Mr. Speaker, at this time when we are going through the annual battle of the budget and are continually frustrated in efforts to trim, control and reform the bureaucracy of the Federal Government, an editorial broadcast on June 18 by WGN in Chicago is extremely pertinent. There is no doubt that various Federal entities exist to perpetuate themselves and unlike old soldiers, never fade away.

The editorial follows:

TETON DAM: AFTERMATH

> The collapse of the Teton River Dam, bringing personal tragedy and destruction down on thousands of Idaho residents, provides a case study of how bureaucracy perpetuates itself. If allegations made concerning the Teton Dam are found to be correct, there will be proof that bureaucracy not only perpetuates itself, but manages to engage in projects which are of questionable value and which can be devastating.
>
> The bureaucratic agency in this case is the Bureau of Reclamation. It was founded in 1902 to help irrigate and thus develop western lands for agriculture. In 1972, Congressman Charles Vanik of Ohio introduced legislation to put the Reclamation agency out of business. It's too bad he didn't succeed.
>
> Also in 1972, work began on the Teton Dam. A series of warnings about the project were issued from another government agency, the U.S. Geological Survey. Both in 1972 and 1973, scientists warned that the dam was being constructed in an earthquake prone area, an area where the earth itself was so porous the danger of leaks was an important consideration. It was just such a leak that triggered the disaster.
>
> Perpetuation of the bureaucracy, its entrenchment at every level of government, is wasteful. In this case, perpetuation became dangerous and then tragic. The leading presidential candidates indicate the campaign will focus on reducing the size of the federal bureaucracy. We think the time is right. We look for more than rhetoric on this campaign issue.

A SPECIAL BICENTENNIAL STORY ABOUT OUR FLAG AND PAPPY'S BANJO BOYS, A SUPERB PATRIOTIC MUSICAL GROUP OF NEW JERSEY

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. ROE. Mr. Speaker, during our Bicentennial Year the spotlight has been on our American flag, the worldwide symbol of freedom, liberty, and justice for all. In every hamlet, village, town, and city throughout our country, the official recognition of our flag is the focal point and highlight of Bicentennial activities of citizens' organizations throughout our Nation.

Mr. Speaker, as we reflect on these patriotic commemorative activities, I know that you and all of our colleagues here in the Congress would be especially impressed by a story related to me by a most distinguished news correspondent in my district, Mrs. Dorothy Paterson Rude, who writes for one of New Jersey's most prestigious newspapers, the Paterson News. Her story pertains to the joy and refreshment that a superb patriotic musical group—Pappy's Banjo Boys—spreads throughout my district and the State of New Jersey with a spectacular artistic performance which spotlights our country's flag whenever and wherever they give audience to their talented artistry on the banjo strings.

Pappy's Banjo Band is comprised of musicians who represent every branch of our Nation's Armed Forces and the British Royal Navy. Its current membership is comprised of the following armed services veterans:

The Honorables John Van Hine, director, of Dover; Chauncey Hay of Dover; Mike Orichio, of Dover; Tony Wall, of Dover; Bob Gordon, of Dover; Bob Stowbridge of Morris Plains; Dave Johnston of Morris Plains; Bob Koster of Denville; Bert Wiswell of Denville; Jim D'Pete of Parsippany; Dan Filipow of East Hanover; and George Fagg of Mendham.

The band was named after one of its founding members and the architect of their attainment as a professional dance band, the late Burgess "Pappy" Terhune, whose fatal accident one rainy night when his car collided with a truck on May's Mountain while he was en route to rehearsal has infused a bond of desire among the members of the band to continue for his sake as a memorial to him.

Mr. Speaker, this musical group of distinguished veterans, which has Dover, N.J., as its home base, was organized approximately 8 years ago as a band of four or five banjo players who enjoyed getting together to make music at sessions among themselves and then branched into social functions, retirement dinners, and veterans affairs when they would informally bring out their banjos and strum dynamic patriotic music that encourages spontaneous participation in the festivities of the evening by all of those assembled.

Their first benefit concert to help Pappy's widow was only the beginning of their outstanding service to our people in their pursuit of spreading joy, happiness, and recreation to their audiences.

Mr. Speaker, with your permission, I would like to insert at this point in our historical journal of Congress the story as related to me, as follows:

> The respect and admiration they inspire in the hearts and minds of all in attendance for the American flag and our country is manifested in the awesome, deafening applause for more that follows the spectacular performance of their tribute to our flag. Wherever they go, no matter what the engagement or occasion, Pappy's Banjo Boys insist on a moment of serious thought and meditation on the flag and the country for which they fought. They have never heard a word of objection, or lost out on a repeat performance.
>
> Midway during their program for the evening, the house lights are dimmed while a bright spotlight is focused on the American flag, the center of attraction. The banjos softly strum the melody of "America the Beautiful." Concurrently, Chauncey Hay recites "a tribute to old glory" in a most eloquent and piercing tone.
>
> In a moving finale he picks up his banjo which erupts in a revolving circle of red, white and blue illumination. The boys turn up the volume and burst into "God Bless America" and, without exception, the audiences are involuntarily swept to their feet and join in the chorus.

Pappy's Banjo Boys give benefit performances with their spotlight on our American flag regularly in New Jersey for the East Orange VA Hospital, the Morris County Association for Retarded Children, the Hunterdon State School for the Retarded at Clinton, the New Jersey Association for the Blind Center at Denville, the Firemen's Home at Boonton, to name a few.

Mr. Speaker, as we move ahead with our Nation's Bicentennial activities toward our Nation's July 4th birthday celebration commemorating our Declaration of Independence, I appreciate the opportunity to call your attention to Pappy's Banjo Boys' tribute to our flag. It is indeed appropriate to seek this national recognition of the contribution they have made to the American way of life and the American dream in serving to renew and encourage our people's pledge of allegiance to the flag.

In the words of a wise man of the past, the learned Henry Ward Beecher:

> A thoughtful mind when it sees a nation's flag, sees not the flag, but the nation itself. And whatever may be its symbols, its insignia, he reads chiefly in the flag, the government, the principles, the truths, the history that belong to the nation that sets it forth. The American flag has been a symbol of Liberty and men rejoiced in it.

Our Nation's standard has stars to symbolize the heavens and the divine goal to which man has aspired from time immemorial. The stripe is symbolic of the rays of light emanating from the Sun. Stars are placed on a blue field to represent a new constellation, our representative democracy, comprised of a nation of all freedom-loving peoples throughout the world.

RAFAEL RAMIREZ

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. DE LA GARZA. Mr. Speaker, I respectfully ask the indulgence of my colleagues in the House of Representatives for a few moments to inform you of the death of a great American. His name was Rafael Ramirez and he lived in Mission, Tex.

Rafael was an accomplished pianist, but his fame came as a composer. He wrote music and lyrics for almost 50 songs in Spanish—several of which will remain as alltime hits. All will be immortal for he wrote with a feeling very few possess.

The most famous of his hits, and my favorite, is a song which all the Spanish speaking world will long remember. The title is "Lloraras—You Will Cry." It was the first big hit for the famous actor Javier Solis. Other hits were "Veti," "Nuestro Amor," and many others—the latest of which was "La Costumbre."

Rafael Ramirez was a kind and gentle man. He was what I think of as "the perfect gentleman," and yet in time of war he served his country and in the performance of his duty was wounded in action. But this did not change his spirit and he returned to his music after World War II. He received several awards for his works. I might add that he really deserved many more. Perhaps in another day and time his name would have been a household word in our country. Perhaps if he had written in English, many awards would have been given him by the American music world.

I guess I use this forum now, to do what we should have done some time ago. You see, he lived amongst us with such humility, he loved his family and friends so that we thought of him as a friend and not as the great man he really was. That is so easy to do at times. He might have wanted it that way. I am certain that he did—and so we never publicly recognized his genius.

Some say that those who compose beautiful music are touched by the hand of God, for it is the universal language the inspires body and soul. Here was a man—now that we look back—that proved it so.

For that reason, Mr. Speaker, I now ask you, my colleagues, to join me in paying tribute to Rafael Ramirez, a great American, a great composer and I am proud to say, my friend, and that we extend our sincere condolences to his brothers, the Honorable Arnaldo Ramirez, mayor of our hometown of Mission, Tex., and to the Honorable Oswaldo Ramirez and Jesus Maria Ramirez.

FAREWELL FROM THE CLASS OF '76

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. RUSSO. Mr. Speaker, there is a strength this Nation possesses that defies precise analysis—by either the poet or the politician. It is the truth that lies at the heart of this land and, to recall the poetic imagery, perhaps it is like the butterfly: if you chase after it, you cannot capture it, but if you stand quietly, it may come to you.

Recently I was able to stand quietly for a moment and sense one source of that strength, in a commencement address by an eighth grader. What a reassuring feeling to contemplate the future of the country when our young people have such wisdom.

Dr. Thomas E. Van Dam, superintendent of school district 151 in Cook County, brought the speech to my attention. It was delivered by Tracy Gurtatowski, student council president at Coolidge School in Phoenix, Ill. I commend Tracy for both her wit and her insight and today I want to share her words with my colleagues and bring them to the attention of anyone who, as Dr. Van Dam suggests, "has doubts about the strength and quality of our young Americans."

The article follows:

FAREWELL FROM THE CLASS OF '76

(By Tracy Gurtatowski)

Honored guests and fellow graduates, I'm sure all of us feel that tonight is a great turning point in our lives. We feel we've made a great accomplishment, and we have—the girls made it on the stage with their platforms and high heels, and the boys have managed to keep their ties on without choking, while all the speeches were being made.

As we sit here, anxiously awaiting the moment when we receive our diplomas, we can reminisce about being sixth graders, and how we were always told rumors about Coolidge. It was a relief to find out that when you walk down the halls, you don't have to worry about being attacked, and that it's a walkie-talkie which Mr. Newmiller carries, and not a gun.

We were also told that Mr. Newmiller talks a lot, Mr. Walker gets his thrills out of hitting kids with his paddle, and that Mrs. Buckner rides around on a broom. Well, we'd just like to say this—it's true.

With all honesty though, we have a great staff at Coolidge, but it's not often we have the opportunity to truly express our feelings. It's rather difficult to begin listing names of all the teachers who have helped us progress and mature physically, as well as mentally and emotionally. Every member of the staff was involved in something to make our years at Coolidge fun, along with educational. Their involvement and concern for our well being certainly doesn't go unnoticed and unappreciated. They're a rare bunch and I'm sure we hope to run across many people like them through the years.

Many of us are grateful to them for granting us the honor of hearing our names read off the diplomas, instead of the detention list.

Actually, I think we're very fortunate to be the class of '76, the year of our country's 200th birthday, because ever since we began being bussed when we were in first grade, we proved to ourselves and others that we can succeed in getting a good education no matter where we're taught.

We demonstrated what being an American really is. It's not someone who cares about being black or white, but someone who takes on the responsibilities of improving themselves as human beings, and who can learn to work well in any environment, with their fellow man.

We may be young and inexperienced Americans, but we have just as much right as anyone else to make decisions and live our lives to the fullest and that's just what we've been doing.

Many people pulled their children out of the district when we started bussing, but a lot of us didn't and although our parents made the decision of whether to keep us in District 151 or not, we had the most important decision which was whether or not we wanted to stick it out too, and strive to reach our highest goals.

Most of us did, and most of us will keep right on doing it through high school, college and whatever profession we choose in life. Whether some of us may be lawyers, housewives, or bricklayers, it doesn't matter. As long as we work at our highest potential, have ambition and take pride in our work, we will surely succeed. As the bulletin board in Miss Johnson's room says, "If I cannot do great things, I can do small things in a great way." So, on behalf of the Coolidge Class of '76, I'd like to say farewell, not only as eighth grade graduates, but as the adults of tomorrow.

A HUMANE ACCOMPLISHMENT

HON. JOHN M. SLACK

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. SLACK. Mr. Speaker, I would like to call to the attention of my colleagues a short heartwarming story conveyed to me by one of my constituents. The subject is one about which we seem to read far too little—kindness to animals.

In September of 1975, a young German shepherd pup was struck by a train in Cabin Creek, W. Va., which is located in my district. The dog's front legs were severely damaged in the accident. She was taken to a local veterinarian who chose to amputate both front legs rather than have her put to sleep.

Shortly after the dog's post-operative recovery, the veterinarian contacted the West Virginia Rehabilitation Center in Institute, W. Va., which specializes in rehabilitating certain individuals with physical disabilities. The veterinarian thought that someone at the center might be interested in trying to teach the dog to walk again or otherwise care for her.

The staff and students at the center accepted the challenge and after providing the dog with some therapeutic treatment, contacted Mr. David Hansford, a prosthetist at J. E. Hanger Prosthetics in Charleston, W. Va., about the possibility of fitting the dog with artificial front legs. Mr. Hansford discussed the matter with his colleagues and concluded that since the dog was a pup, she could probably adapt herself to artificial limbs.

After measuring the dog for the limbs, Mr. Hansford and his colleagues proceeded with the construction and fitting. The dog adapted to her new limbs, but since she was still growing gradually outgrew them. Mr. Hansford and his colleagues then fashioned a new pair and refit the young pup.

Today the dog resides in special quarters at the rehabilitation center, where the staff and students have adopted her as their mascot. She is walking totally without assistance.

At a time when so much of what we read and hear is less than pleasant, it is refreshing to take note of a humane accomplishment such as the one achieved by Mr. Hansford, the students, and staff at the West Virginia Rehabilitation Center.

ASSOCIATION FOR HOSPITAL MEDICAL EDUCATION

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. CARTER. Mr. Speaker, it is clear that the quality of our Nation's medical care depends upon the quality of our educational training programs for health professionals. It is my feeling that we must continually strive to improve the level of that educational process both within institutions and within the daily practice of medicine and the delivery of health care. Encouragement of continuing education for health professionals is one important aspect of this process. The Association for Hospital Medical Education is one group which is concerned with medical education in community hospitals in particular. Today, I am inserting in the RECORD a statement from this organization about its activities for consideration by my distinguished colleagues:

ASSOCIATION FOR HOSPITAL MEDICAL EDUCATION

The Association for Hospital Medical Education (AHME) is a national organization of individuals concerned with medical education in community hospitals. These concerns are for all phases of medical education: undergraduate, graduate, and continuing medical education; either singly or in a variety of combinations. But especially in the graduate and continuing education phase. Large-small, urban-rural, medical school affiliated-non affiliated, public-private, are just a few of the descriptions of community hospitals represented within the membership.

AHME was founded in 1956. Presently, 90% of its membership are physicians and over 70% of the physicians work directly with educational programs as directors of medical education, chiefs of service, or other titles on a full time basis. Forty-five states and Canada as well as 400 hospitals are represented in AHME. These 400 hospitals represent more than 93,000 beds and combined medical staffs of more than 37,000 physicians.

The 400 hospitals offer 4,445 internship positions (36 percent of total in U. S.) and 15,046 residencies (38 percent of total). Consolidating these figures, almost 30 percent of graduate medical education positions in the United States are located in these hospitals and are under the direction of AHME membership.

These residencies represent a considerable involvement in primary care training. Thirty-eight percent of all residency positions in primary care fields in the United States are AHME member hospitals (Family Practice 60%, Internal Medicine 35%, Pediatrics 29%, Obstetrics and Gynecology 40%). The national percentage of residency positions in primary care is 36% of the total available. Of the over 15,000 residencies in AHME hospitals, 51% are in primary care disciplines compared to 30% non AHME member hospitals.

The input of the community teaching hospital programs is vital to graduate education and the importance of solidifying relationships between these programs and academic centers is quite apparent.

Graduate medical education programs in community hospitals are an important resource for undergraduate education and they are influential in continuing medical education for practicing physicians.

Directors of Medical Education within community hospitals are keenly aware of current trends in medical education in the United States. They are in an advantageous position for liaison between the community's practicing physicians and academic medical centers, specialty societies and other medical groups. Because of their involvement in continuing medical education, they can coordinate these functions with undergraduate and graduate medical education programs.

AHME members have considerable expertise in the necessary content of educational programs for primary care physicians and the association serves as a forum for the exchange of ideas and positions on national policy as it relates to the problems of medical education in community hospitals. As a functional organization, AHME holds regular national and regional meetings, seminars, and workshops on all aspects of medical education, publishes a monthly NEWSLETTER and a quarterly educational Journal.

AHME supports the position that every physician has a professional obligation to continue the study of his profession throughout a lifetime of practice. This obligation extends to all aspects of professional service whether care is delivered in the office, the clinic, or in the hospital. In the hospital setting the physician should actively assist the medical staff to develop standards of patient care and those standards should be measurable and well defined. Clearly, then, the purpose of continuing medical education is to enhance performance and patient care.

Although the AHME membership is primarily concerned with physician education, the Association is active in the coordination of continuing medical education programs for itself as well as other health professionals in the hospital setting. This broad range of concern for CME is reflected in the committee structure which includes: the Committee on Continuing Education; Teaching and Institutes Committee; Liaison Committee on General Health Education; Ambulatory Health Appraisal and Audio/Visual; and the Committee for Graduate Medical Education.

ON SURVIVAL OF THE HUMAN SPECIES

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. VANDER JAGT. Mr. Speaker, all too few of us are aware of the very basic problems facing the human race in its efforts to survive, to continue to exist on the planet Earth. But some seem to have unusual insights and understandings in this regard and express them to those who will listen, those who are not so caught up in every day efforts that they can ponder the past and the future of human beings. Among those who seem ordained to bring us the realities of our existence is Jacques Cousteau. This man has become famous because of his explorations of the unknowns beneath the sea. Those explorations have stimulated disquieting, somber warnings to man.

Jacques Cousteau recently spoke to the members of the Sierra Club at their annual banquet. I believe Members of the House will find immense value in the words which he brought to that group on that occasion.

The text of his speech follows:

REASONABLE UTOPIAS

(By Jacques Cousteau)

(This article is the text of a speech given by Jacques Cousteau at the Sierra Club's 1976 Annual Banquet, which was held in San Francisco on May 8. On that occasion, the Club presented Captain Cousteau with the John Muir Award for his outstanding contributions to furthering an understanding and appreciation of marine ecosystems.)

January 1973—Having crossed the Antarctic circle, *Calypso* heads south along Adelaide Island, en route to Marguerite Bay. I am on the bridge, to make a decision about sending my son Philippe in our helicopter, as our vanguard, to the British Station at the southern tip of Adelaide. A wind, force five, blows; the sea is agitated. On our path, scattered blocks of ice oblige us to alter our course occasionally. It is three o'clock in the morning. A low sun showers the scenery with a pristine, unreal pink dye. A cavalcade of huge tabular icebergs files across the horizon. Along the coast, a thick mist rises from the sea, and above, low clouds of cold steam. The majestic glaciers and ice-capped mountains of Adelaide emerge and stretch up toward a half moon of silver engraved in a purple sky. At a cable's length, a few orcas loudly cough their blows of vapor. Everything, here, is water: water solid, water liquid, water in fog and cloud, water alive, water immense, overwhelming, but, also, water little, humble, fragile. Surrounded by a majestic beauty that still haunts me today, I know that here, the sea is only a couple of degrees from freezing solid, that life teems at the edge of death. In the Antarctic, the vulnerability of our magnificent world is exposed, a message that we refuse to read.

Cruising three months in the Antarctic waters, flying 120 hours by helicopter in search of cetaceans, we have observed only two humpback whales, two groups of sei whales, half a dozen packs of orcas. Not one single blue, not a single finback! But everywhere, heaps of bleached bones, tragic monuments to human folly. The seals were scarce, but seal hunting was about to resume. Penguins proliferated, fattening from the krill left over since the slaughter of whales. But dead penguins were found, poisoned by distant pesticides, brought here by oceanic currents.

Every two weeks, a liner poured two thousand tourists on the Antarctic peninsula. The scientific stations, whatever their nationality, however conscious of the damage done their guests may be, are surrounded by heaps of litter that many accumulate there and will remain for near eternity. I knew that 2,000 miles from us in another part of Antarctica, the sinister silhouette of the first off-shore drilling ship announced the approaching new fate of the last near-virgin continent: today, investigations have discovered coal, gas, oil, iron and about as many ore deposits as in any other land mass.

Oh! I know that the Antarctic deep-sea coring operation was only for science! The tragic irony of the social systems we live in is that such a monumental hypocrisy is forged by very sincere people. The drillers, the sailors, the geophysicists are all working for scientific institutes; the results will be published in learned magazines. It is none of the scientists' business, by definition, to deal with what may be done with their findings. The geologist and the nuclear physicist work for the advancement of knowledge and wash their hands of any responsibility. This "Pilatic syndrome" has been institutionalized, so that inventors and finders simply surrender all their substance to the elected adventurers who rule our so-called democratic world. And, if at the end of a career, a respectable scientist revolts and protests, he will be given half a column of the 23rd page of a local newspaper. If Ivan Schmovik, candidate to the Presidency of Transbosnya, sneezes, or declares that Albania interferes in the internal affairs of Transbosnya, every television network will invite him and give him prime time. But if Linus Pauling expresses his fears about the future of mankind, that is only matter for a brief note. The most formidable thinkers of our time have rarely access to the news, at most once or twice in their career, if they write a popular book. They have no access to electronic mass-media. (There are no decibels for Nobels.) It is high time the independent scientists realize that their duty is to help evaluate and control the applications of their findings. It is high time that all uses of science and technology be constitutionally submitted to the final rulings of a Scientific Supreme Court.

Our fears about the Antarctic have a special origin: a nostalgic feeling or premonition that the continent of ice may be our last wilderness. But everywhere else, abuses of technology and forgeries of information are even worse than in the Antarctic. Never before has the marine environment been misrepresented, and then raped, cut-up, poisoned, as it is today:

All urban and industrial effluents from 500 million Europeans and Africans flow freely, practically without treatment, into the Mediterranean, the near-closed sea that was the cradle of civilization;

Most large cities systematically dump their refuse offshore;

Millions of tons of toxic chemicals find their way into the ocean through direct dumping, or indirectly in rivers or rain.

When the *Cavtat* sank off Otranto with drums containing hundreds of tons of highly poisonous lead tetraethyl, nations and companies quarreled, but nothing was done to defuse such a time-bomb. When in France the Supertanker, *Olympic Bravery*, the unsinkable pride of the Onassis fleet, recently ran aground in Ouessant, nothing was done for one full month until a storm broke the ship in two and generated a near-catastrophic oil spill.

On April 28, 1976, the barge *Sparkling Water* was rammed by the Colombian freighter *Tarrambi*, twelve miles southeast of Ambrose Light. Over one million gallons of highly toxic chemicals used in the manufacture of pesticides were dumped into the sea. The spill has already damaged some shellbeds, but the Coast Guard reports that the spill is drifting away southeasterly. So that the danger, being now "out of sight," is promptly set "out of mind," and everyone can go back to business.

Dumping nuclear wastes in the sea, after the irresponsible operations of France, the European Organization Euratom and the United States, was suspended because deep sea photographs had demonstrated that some of the drums were crushed open. Nevertheless, major grants are given today to resume this horrible practice, hopefully with a higher degree of ephemeral security. And licenses are granted to extradite the dangerous nuclear power plants offshore, on floating barges. Madness could not go farther.

Meanwhile, swamps are filled, coastline development neutralizes the natural and only breeding grounds of thousands of species of marine creatures, huge industrial complexes are built on the seashores or along rivers, with no significant protection. Multinational corporations now build their plants in those developing countries that have no environmental-protection regulations. Overfishing is such that the whale population has decreased at least 92 percent. The catch of most commercial fish like herring, sardines, anchovies, tuna and swordfish has dropped by an average of 40 percent in the past ten years in spite of an increase in tonnage of the fishing fleet and in spite of the availability to industrial fishermen of scientific and technologic data. An estimate of two miles of coral reef is destroyed every day with crowbars to furnish souvenir shops, often those of scientific institutions, with shells and pieces of coral. Highly evolved creatures like dolphin and orca are exhibited as clowns in anti-educational marine zoos. Spearfishermen kill or scare away the last groupers and lobsters of the reefs.

This overview, far from being pessimistic or exaggerated, is, on the contrary, incomplete and carefully toned down. While I am talking to you, the most tragic masquerade of all times, the Law of the Sea Conference, is being staged. For two years, incompetent diplomats and government delegates work hard to turn around 180 degrees the recommendation of the Sea Bed Committee and of the very U.N. resolution that had given birth to the Conference. The debates reveal the exaggerated pretensions of national sovereignty of all coastal countries over a fluid, elusive element. International by essence, the sea is about to be sacrificed by virtue of a treaty that will butcher the ocean in pieces 200 miles wide, as if water was land; that delivers these moving, enormous areas to the good or bad will of each country; that fails to regulate the deep-sea resources; and that only reassures the conscience of the delegates with a parody of environmental recommendations.

Since the beginning, those who knew about the ocean were politely heard once and eliminated from discussions. The great absence of the conference was the Waters of the World. . . . At the Law of the Sea Conference, there was a lot of Law but very little Sea.

The Universe as we know it, whether the result of blind forces or created by God, originated 15 to 20 billion years ago. The initial explosion must have endowed the cosmic material with an unimaginable amount of energy. Our telescopes and radiotelescopes give us information about some aspects of the universe as they were as long ago as five billion years. We have data from a time span covering one-third or one-quarter of the age of the world. Such data have confirmed that ever since the beginning, an overal degradation of energy has taken place. The deterioration has been expressed in mathematical terms, and the quantity that has been imagined to measure it is called *entropy*. Entropy grows constantly, and as is grows, the energy of the universe decreases and the cosmos evolves toward a final pattern of cold, simplified, immobile, dead chaos.

A very important peculiarity of all elements is that they are generally found in gaseous or solid state. Molten iron, molten rocks, are much rarer than solid or gaseous iron or rocks because they remain liquid in only a relatively narrow range of temperature. But the rarest liquid of all is water: first because even ice or vapor is extremely scarce in the universe, but also because water only remains liquid between 0° and 100° centigrade, a very narrow margin indeed.

If we zero in on the solar system, the earth is the only planet where liquid water is to be found in any appreciable quantity. And even that quantity is small. The United Nations poster for Environment Day, June 5, illustrates a comparison that I had made in 1959: if the earth were reduced to the size of an egg, all the water in the oceans, the lakes, the rivers, the ice caps, would amount to one single drop, hardly capable of moisturizing the egg. When we contemplate the vastness of the ocean, it is only a measure of how minuscule our persons are. In fact, there is on our planet only a very small, very finite, very precious and very vulnerable water reserve.

In this large expanding and cooling universe, in at least one tiny corner, life was born. It may have been born in other places as well, but, needing water quantity and quality, life must be exceedingly rare. Life, as we know it, made its appearance in water about three billion years ago and still depends on water. The "life expectancy" of life on earth extends probably until the sun becomes a red giant, in another four billion years. The miracle of life, the adventure of life is not yet halfway through its possible existence, and as our species is about two million years old, the human race could continue to thrive 2000 times as long as it already has. In order to fully realize our responsibilities in the face of such a vast future, we must abandon our individual consciousness and develop a global consciousness. We must switch from the motivation of individual profit to that of profit for humankind.

Environmental consciousness must be founded on a critical analysis of the past 15,000 years. The conclusions of such an analysis are very surprising: 200 years ago, at the dawn of the industrial age, the situation was far less serious than today, but it was hopeless. The record of neolithic, protohistorical and historical man, engraved in fossils, deep sea cores and in buried or submerged vestiges, is a continuous record of irreversible man-made destructions:

Countless animals eliminated by Asians invading America through the Bering Strait;

The Sahara, a deep forest, destroyed and turned into desert by nomads and shepherds 8000 years ago;

Arabia Felix, a garden that became a waste of sand;

The idyllic Greek islands, deforested to build ships and provide homes with firewood, turned now into mere pieces of sterile rock;

The Cape Verde islands, completely bare today, but described as paradises by Bartolomeu Diaz;

Europe's wolves, bears, rain forests . . .

Africa's jungles cut for timber, and so on.

All these acts of destruction occurred in 12,000 to 15,000 years. They were done very slowly, but they were irreversible, and these wounds have not yet even turned into scars.

Today, in the fury of misguided progress, destructions have become exponential, hysterical, catastrophic! But, paradoxically, the same science and technology used for reckless pilfering of resources, have also developed, available on a shelf, all the means, all the solutions to reverse the trend. Yesterday, our ancestors did not know, and they could do nothing anyway. Today, we know, and we can, but we don't. We are living a nightmare, when our hands desperately reach for an easy, accessible cure, while incomprehensible forces paralyze us. Let us awaken from this nightmare, a world where any reasonable solution is declared utopian.

Meanwhile, the little pulse of life, thriving on water, still turns shining drops of water into living jewels. At least locally and apparently, life defies the universal law of degradation, creating highly complex organic molecules, organizing chaotic matter into unbelievably well-programmed structures of trillions of cells, like my grandchildren, for example. It is the contemplation of life that inspired Father Teilhard de Chardin to envision three infinities: in addition to the infinitely big and the infinitely small, Teilhard told us there also was the infinitely complex—life. This is what we should all be fighting for.

H.R. 3616

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. MAZZOLI. Mr. Speaker, I would like to express my strong support for H.R. 3616, the World War I Pension Act. This legislation is a positive step toward providing for those veterans who have not been adequately cared for.

Their sacrifices and labors for this country are certainly comparable to the efforts expended by veterans of later wars. Yet, World War I veterans, upon discharge, were not eligible for educational benefits, medical treatment in VA hospitals, employment assistance, and other benefits provided to veterans of these later wars. And, their pension rates do not come near "balancing the scales."

In fact, World War I veterans have been all but neglected in our actions to compensate military personnel for their selfless efforts in behalf of this Nation.

H.R. 3616 would do much to correct this problem—to bring our treatment of World War I veterans in line with our treatment of veterans of later wars.

I urge speedy action on this important legislation.

I understand my distinguished colleague, Congressman GLENN ANDERSON, has presented to the clerk of the House a motion to discharge the Veterans' Affairs Committee from further consideration of H.R. 3616.

I prefer to see this important legislation proceed to adoption through the normal legislative process.

However, unless the measure reaches the House soon, I would seriously consider adding my signature to the discharge petition.

AUSTRALIAN PRIME MINISTER'S REMARKS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. DERWINSKI. Mr. Speaker, an article by Ross H. Munro of the Toronto Globe & Mail was printed in the Washington Post on June 24 in which he discusses remarks made by Australian Prime Minister Malcolm Fraser. Since the Prime Minister, in my judgment, very properly pointed the finger at the manner in which this Congress has compounded rather helped solve international problems, I insert the article in the RECORD.

AUSSIE ADDRESSES CHINA—AND WORLD

(By Ross H. Munro)

PEKING, June 23.—Australian Prime Minister Malcolm Fraser has told China he has serious doubts about the ability of the United States to counter growing Soviet power, because of disagreement between President Gerald Ford and Congress.

Fraser believed he was speaking strictly privately when he told Chinese Premier Hua Kuo-feng on Sunday evening of his concern, but Australian functionaries mistakenly distributed trascripts of his remarks in the press room set up for the prime minister's visit.

Fraser linked his concern about the United States to Soviet intervention in Angola, where pro-Western liberation forces were denied aid by the U.S. Congress. The prime minister said he believed the conflict between Congress and the President on foreign policy "materially contributed to Soviet intervention in Angola and the belief that there would not be a reaction from the United States."

"Some years ago, there were six or eight significant leaders in Congress and if a President had their support, he would be assured of the support of the Congress in certain policies. There is now a risk of the effectiveness of U.S. foreign policy being reduced very severely because of the differences between Congress and the executive."

Fraser then turned to the strategic situation in the Indian Ocean, saying he wanted the United States to counter growing Soviet naval power there. If there is no U.S. Naval presence there, he said, "It would become a Russian sea and I do not believe it is in our interest or in the interests of Southeast Asia."

The Australian prime minister also expressed concern that Vietnam might play the same surrogate role for the Soviet Union in Asia as Cuba has in Africa. "Because of the attitude of the United States, Cuba has not found it very easy to be successful in an environment that is close to the United States, but with Soviet support found no difficulty in causing very grave problems in Angola. We wonder whether or not Vietnam might follow the same path that Cuba has. We raise that as a question."

Premier Hua was scheduled to respond to Fraser's points at a later session of their talks. The only substantive remarks of the premier carried in the transcript quote him as requesting that the press be told only the topics of conversation and the fact that the two leaders "had a candid and sincere exchange of views."

Fraser also said he wanted to talk at a later session about the role that Australia, Japan, the United States and China can play in the Pacific region.

MORE GRIM NEWS FROM MEXICO

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. McDONALD. Mr. Speaker, our newspapers are doing a very poor job of reporting on events in the neighboring Republic of Mexico. I am among those who believe that this is a deliberate "censorship" so that the American people will not be aware of how serious matters are becoming. Nevertheless, the flight of capital, falling production, increased links to the Communist countries, the continual parroting of Communist rhetoric by leading political figures in Mexico, and many other indications illustrate the situation.

In recent months, I have placed a great deal of material in the RECORD. Since I have just returned from a visit to Mexico, it seems a good time to demonstrate, from the Mexican press itself, some of the difficulties we are going to have to face, sooner or later.

One must really read the Mexican press to taste the steady drumroll of anti-American propaganda, so often parroting the tired, obvious phrases of straight Communist rhetoric. Evidently the Mexican Ambassador to the Soviet Union is also the Soviet Ambassador to Mexico:

EXCELSIOR, MAY 15

MAZATLIN, SIN.—Imperialism intervenes permanently in Latin America to create a "falange of dictatorships", and Mexico is the "daily object of open and covert actions which try to break [our] institutions . . ." said the Mexico Ambassador to the U.S.S.R. Victor Flores Olea, before Jose Lopez Portillo.

In the same vein as so much else, we encounter a recent Mexican-Cuban Hate-America fiesta, entirely Communist-run, but we note the participation of the official governing party—PRI—youth arm, the National Movement of Revolutionary Youth. The rhetoric says it all:

SOLIDARITY OF MEXICAN AND CUBAN YOUTH AGAINST IMPERIALISM

It is the common enemy of Latin America, they said last night on initiating the Week of Mexican-Cuban Youth Friendship. Macabre plans of American imperialism try to destroy, through the CIA, the revolutionary and progressive governments . . . The revolutionary youth of Latin America are alert to struggle against . . . the insidious and malevolent campaigns from the United States.

Next, we see the left united behind Echeverria, and the "party line" that the waves of terrorism suffered by Mexico are the fault of mysterious forces not of the left—and we see that this "party line" nonsense is publicly accepted by the President:

> OVACIONES, MAY 11
>
> On the announcement yesterday of the formation of a Liaison and Political Coordination Commission among the Socialist Action and Unity Movement (MAUS), the Socialist Workers Party (PST), and the Permanent National Assembly of the Communist Party of Mexico (PCM), leaders of these organizations indicated that they will give all their support to the present regime in its struggle against imperialism and reaction . . . They added that in the struggle against imperialism and the bourgeoisie of Mexico, they will support President Echeverria and the present government, when they follow the same line.
>
> EXCELSIOR, MAY 11
>
> Three leftist organizations calling themselves "progressive" announced yesterday their proposal to form a workers' Marxist-Leninist political party which would group the forces of the progressive vanguard of the workers, peasants, and youth and "make Yankee imperialism and the national oligarchy accountable for the destabilization of the country."
>
> EXCELSIOR, MAY 12
>
> President Echeverria yesterday told the *Excelsior* reporter: "Terrorism has tried to introduce a diversion to the sane Mexican left, to excite a witch-hunt that will not occur. Terrorism in Mexico is very suspect." . . . We asked President Echeverria his opinion on the announcement of the three leftist organizations to integrate in a party. "I wish they would," said Echeverria. "I wish they would struggle according to their ideas for the independent progress of Mexico."

The following material illustrates the continued campaign against privately-owned farm property of whatever size, the pressures employed to force the collectivization of the already communally-owned, but not collectively-worked land, the toleration of armed gangs even when they commit murder, and various statements that the intention of the PRI government is the complete collectivization of the countryside:

> APPEALS OF THE SMALL FARMERS OF SINALOA
>
> (Paid advertisements in Excelsior, June 16–21)
>
> In Sinaloa state, since last December, we have not had a week without land invasions. So that public opinion in the country begins to become accustomed to it. But would you be accustomed to having your home, your car, or your business, when you wake up one day, occupied by a group of persons who claim that these belong to them? And how would you feel if the authorities let months and months go by without solving the situation?
>
> Our problems . . . are the problems of all Mexico. The day before yesterday, the land survey authorities studied and certified that the land is yours. Yesterday, they again certified it, in writing. Today, the Secretary of Agrarian Reform has intervened, and the land survey is not sure about what it had certified earlier. What can we do?
>
> They (land invaders) also steal the harvest. First, a group of invaders occupy the land. Although the authorities recognize the illegality of the invasion, they do not expel them. The invaders work the land. In order to save the production and recover the land, the small owner . . . pays the invaders for their work . . . At the end of the agricultural cycle, the invaders stop the workers, lift the crop, and steal it. The authorities adopt a passive attitude and nobody stops them.
>
> What can we do? What can we do?
>
> INFORMADOR, APRIL 27
>
> Aguascalientes, Ags.—Governor Refugio Esparza Reyes stated that the forces used to collectivize the ejidos of the state did not produce the hoped-for result, despite the pressures exercised on the peasantry.
>
> He said that "no peasant will be pressured any more to organize collectively" and that "compulsory actions to pursue this objective will not happen again." He added that the integration of collective work groups will remain subordinate to the spontaneous decision of the peasants.
>
> Previously, the Rural Bank and the League of Agrarian Communities had recognized the failure of their labors, that the pressures to collectivize the ejidos would have no results, even though it was announced that only the collectivized would have access to official loans and other government assistance.

Several weeks ago, we placed in the RECORD the call, by Chilean Socialist Party leader Carlos Altomirano for armed leftist groups to break the monopoly of arms of the military. Now we can see some of the results:

> EXCELSIOR, JUNE 24
>
> San Pedro, Coah.—Two groups of "parachutists" [land invaders] from the settlement of Emiliano Zapata had a gunfight lasting more than two hours. Three persons were killed and another seven seriously injured. The local authorities said another hundred were injured, but not seriously.
>
> The gunfight was provoked when a group of "parachutists" were expelled from the settlement some days ago, and then returned to pick up some belongings, and they were received with bullets from other people living there, according to the agent of the Public Ministry, Fernando Aguilar Gonzalez.
>
> He said the settlement of Emiliano Zapata "is practically an independent state" which nobody can enter. The "parachutists", he added, have arms and ammunition, and they have a police corps formed by themselves who watch the boundaries of the nine-hectare settlement day and night. He added that they have their own jail, and a jury handing out sentences . . . He also said that the "parachutists" are directed by four priests, the Chilean exile Juan Mendrano Maderas, and two European youths.
>
> EL HERALDO, JUNE 23
>
> Ciudad Valles, SLP—Last Sunday, leaders of two groups of peasants disputing the tenancy of the ejido land confronted each other with machetes and bullets, resulting in the death of leaders of both sectors. The official version is that Eusebio Garcia was on his way home when he was intercepted by members of the Authentic Peasants, who were first to live on this ejido. When the group called Land and Liberty arrived, the first group did not want to participate in the collective system of exploitation of the ejido . . . Unofficial sources knew that the members of Land and Liberty sought the intervention of a group of students from Chapingo for an action of vengeance.
>
> OVACIONES, MAY 25
>
> The modifications of Article 130 of the Federal Law of Agrarian Reform are "unjust inhumane, uneconomic, and are intended to begin the process of Russification of the Mexican countryside." So said Jose Angel Conchello, in a message to the Senate asking disapproval of those modifications. The *panista* legislator (member of the National Action Party, PAN) said it would oblige millions of ejidatarios to be collectivized against their will. They will not have the right to decide when to sow and when to reap. After this, Conchello asked, where is our Revolution?
>
> EXCELSIOR, June 4
>
> Villa Insurgentes, BCA—Jose Lopez Portillo . . . said that the "destiny" of the Agrarian Reform is the collectivization of the countryside . . . "When the government organizes to organize, the organization is a success . . . Thus we ought to climb the steps of progress, with pauses, but without regression, always advancing toward human excellence." He praised the ejidatarios who could "prove the excellence" of the system of collective exploitation of the land.

To demonstrate that the future President of Mexico did not praise the collectivized farmers simply because, as a politician, he is telling his listeners what they want to hear, we may include an account of his remarks to a business audience:

> INFORMADOR, MAY 14
>
> Mazatlan, Sin.—Before the leaders of private business in Sinaloa, Jose Lopez Portillo stipulated today that if the enterprising sector had lost its prestige, it is because it is often associated with foreign interests, its solidarity is divided, and they show themselves loyal to their wealth, and not their country . . . "It is not because you are inefficient, but because you work only to create wealth, but neither in agriculture nor in industry have you been capable of generating employment or satisfaction for our great mass."

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on July 2, 1776, the Continental Congress adopted the independence resolution introduced on June 7 by Richard Henry Lee of Virginia. The resolution declared:

> That these United Colonies are, and, of right, ought to be, Free and Independent States; that they are absolved from all allegiance to the British crown, and that all political connexion (sic) between them, and the state of Great Britain, is and ought to be, totally dissolved.

Approval of the resolution was unanimous; 12 colonies voted for it, while New York, which had refrained from taking a position on the issue, abstained from voting.

John Adams, perhaps the ablest proponent of independence, wrote to his wife the following day:

> The second day of July, 1776, will be the most memorable epocha in the history of America. I am apt to believe that it will be celebrated by succeeding generations as the great anniversary Festival. It ought to be commemorated, as the day of deliverance, by solemn acts of devotion to God Almighty. It ought to be solemnized with pomp and

parade, with shows, games, sports, guns, bells, bonfires and illumination, from one end of this continent to the other, from this time forward, Forevermore.

LIMITING ENVIRONMENTAL CANCER

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. MAGUIRE. Mr. Speaker, I recently had the privilege of chairing a hearing on "Cancer and the Environment" held by the Oversight and Investigation Subcommittee of Interstate and Foreign Commerce. My colleagues, Representatives RICHARD OTTINGER and MATTHEW RINALDO, joined me at the hearing, which was held in Newark, N.J., on May 28 to focus attention on the fact that New Jersey has the highest incidence of cancer of any State in the Nation.

Several of our witnesses testified that this high cancer rate is not a coincidence, but rather is a product of the State's ecology. New Jersey is both heavily industrialized and is a major corridor for vehicular traffic. Increasingly, scientists and physicians believe that most cancers are caused by chemicals and other toxic substances in our increasingly manmade environment.

One of our witnesses was Louis Gross, a worker at the Du Pont plant in Belle, W. Va. At great discomfort Mr. Gross volunteed to come and testify about exposure to carcinogenic agents, which cost him an eye. It saddens me to learn that Mr. Gross has since then had to be readmitted to the hospital.

Another of our witnesses was Earl McCune, a union leader in the Belle plant. I would like to insert the following article from the Delaware State News June 10:

DUPONT CANCER RATE UP?

(By Don Glickstein)

BELLE, W. VA.—In and around this Charleston riverbanks suburb of 3,500 people, another tragic story in what some believe to be a history of DuPont Co. neglect is being exposed.

The man who helped to expose the tragedy—a self-styled "practicing Christian"—has worked for DuPont for 24 of his 44 years. His name is Earl G. McCune.

Two weeks ago, McCune testified before a Congressional investigating committee that the 1,550 workers at DuPont's Belle plant seem to be getting cancer more frequently than the rest of the population.

He gave the committee the names of three workers who had apparently contracted a rare form of cancer in their eyes, as well as the names of 54 other workers who had cancer.

McCune said he believes the men got the cancer because the drinking water supply is being containated by poisonous chemicals DuPont allegedly dumps into the nearby Kanawha River. Either that, McCune said, or there's some other chemical being emitted into the air at the plant.

Since his testimony and that of one of the eye cancer victims, 33-year-old Louis Gross, McCune's life has been "kind of like a whirlwind," he said.

At the plant, workers have come up and shaken his hand. "They're all very proud of this action," McCune said. "Even some members of supervision."

The plant manager, however, "is not very friendly to me at all," McCune said.

Despite the national publicity, the water in the plant is still discolored, he said.

Gross, whose cancer had been in remission for about a year, is back in the hospital, McCune said.

The federal National Institute for Occupational Safety and Health (NIOSH), which began its own investigation at the DuPont plant the day before the hearing at McCune's request, said its study will take at least a year-and-a-half.

DuPont Co. officials, while saying they will cooperate with the NIOSH investigation, said they believe the cancer rate at the plant is only slightly higher than the rate in the rest of the highly industrial Kanawha River Valley.

The Belle plant makes fertilizers, insecticides, formaldehyde, and chemicals used to make plastics and Qiana fibers, according to McCune.

The 44-person laboratory analysts union, of which McCune is vice-president, works with samples from all over the plant.

"We were handling some really bad stuff in there," he said.

Until the federal Occupational Safety and Health Act (OSHA) took effect in 1971, the fume levels at the plant were above the company's own maximum allowable standards, McCune said.

The union filed one OSHA complaint against DuPont when a worker was overcome by hydrogen cyanide. OSHA gave DuPont a citation, but no fine, McCune said. "They were just slapped on the wrist," he said.

McCune isn't a stranger to occupational health problems. One of his sons works at a nearby Union Carbide plant which makes polyvinyl chloride, one of the more notorious chemicals which has caused liver cancer in dozens of workers.

"A man just has so long to live," said McCune, "and I'm not going to be intimidated about speaking out about safety problems. We have a right to life, liberty, and the pursuit of happiness . . . I'm trying to convince people that DuPont hasn't been honest with them."

The Belle allegations are a growing list of complaints against DuPont for allegedly being negligent in protecting the health of its workers.

In April, eight people in Newark, N.J. filed suit against DuPont charging that workers were exposed to cancer-causing chemicals that were allegedly "negligently manufactured, processed, shipped, and produced."

In April, 1975, workers at the DuPont Edgemoor, Del. plant said they warned the company about conditions which led to a massive gas leak which sent 21 area residents to the hospital. One of the residents has sued the company for damages.

DuPont is also embroiled in a national controversy about the alleged dangers of its chemical Freon, which purportedly breaks down the earth's atmosphere, thereby increasing the danger of skin cancer.

Union officials in Delaware have criticized the company for its stand on noise levels. The company says lowering the noise standard to what the unions and environmental officials want wouldn't protect workers any better, and that ear protection, like muffs, is "clearly successful."

The company itself initiated broad controls to protect the environment and workers from a potential cancer-causing solvent made in its Richmond, Va. plant. Health officials praised the company's initiative.

The company also admits that 339 cases of bladder cancer among its workers have been discovered, 276 of them at the Chambers Works plant across the Delaware River from Wilmington. Although it has stopped making two of the chemicals believed to have caused the cancer, it is still making another that union officials unsuccessfully fought in court to have banned. The company says its workers are being adequately protected from this chemical.

If we are to cope successfully with the problem of cancer in my State and the rest of the Nation, it is extremely important that we pass tough legislation to clean up our environment. That is why I support the Toxic Substances Control Act, which provides for testing of possible carcinogens, and that's why I am joining my colleague, HENRY WAXMAN of California, in sponsoring an amendment to the Clean Air Act of 1970 which insists on adequate standards for automobile emissions. Both are important steps in limiting the disastrous effect on lives and on health, of carcinogens in our communities and in our workplaces.

NATION'S 200TH BIRTHDAY

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. LOTT Mr. Speaker, as we approach our Nation's 200th birthday, it is appropriate that we pause to think about what it means to be an American.

One young lady in Mississippi's Fifth Congressional District, Brenda Kay Tanner of Moss Point, did just that recently and what she has to say is both interesting and inspiring. She penned her thoughts for my Bicentennial Essay Contest, won first prize, and is now in Washington observing and participating in the festivities of this historic week.

I am proud to present to you her winning essay:

I was first imprisoned in England by the strict, dictatorship rule of the king. Not one person dared to speak my name. Then, I was born. An individual suppressed in life with deep burdens brought me into this world. I began as a dream and a vision full of faith and hope. Gradually, men began to utter my name to others, even though they still spoke in a very cautious, hushed tone. From the simple existence as an embryo of an image, I grew into the soul of the people; I dwelt in their hearts; and I began to breathe from their lungs.

By September 16, 1620, I had aroused and stimulated the interest of 102 courageous human beings. On that day, I set sail from Plymouth, England, in a wooden vessel, the Mayflower. Valiantly, I crossed the dark, mysterious Atlantic Ocean, and, on December 26, 1620, I dropped anchor at what is now Plymouth, Massachusetts.

Who am I, you ask? Why, I am liberty.

In 1620, I helped settlers as the groped through the darkness of an uncivilized and unknown new world in order to gain a way of life that possessed a meaning.

On July 4, 1776, I watched as the Declaration of Independence was adopted, and like the signers of this document, I too placed my seal with a promise to stand by these people. This I did. Because of me, liberty, men were able to revolt against the British in my defense. Many times a part of me died as a man dropped into eternal slumber so that I might be preserved. Yet, enough of me still lived that I might continue to fight on. When Patrick Henry declared, "Give me liberty or give me death," I stood beside him, strongly and proudly. And because I was there he had the choice of either liberty or death.

In 1783, a long-sought victory was at last won. I signed my name to the treaty ending a hard battle.

My life, though now established, still had to be protected for there were those who hated me and there were those who would gladly give up everything to see me perish.

My life began to thrive. I was there as the movement westward began, and I was among the first to see the great Mississippi River. When slaves reached out to me, I lent a helping hand, and I became born anew with the invention of machines. When the Gold Rush cried out in 1849, I moved to the land of wealth for all. When women's voting rights and the Eighteenth Amendment were proposed, I was there to voice an opinion. Soon I will attend one of the greatest celebrations in human history. That celebration will honor the bicentennial or 200 years of independence for the United States of America. After that I will still be present for whatever the future has in store.

You may wonder how I have managed to survive so many years. Unlike human beings who will all die at some time, I am a concept. I will live as long as there are *people* who *believe* in me, and, as long as there is an America, I will never be destroyed. For you see, the whole basic ideal on which the United States of America structures its government is me—liberty.

I have given the American people much. America is now a land full of opportunities waiting to be seized. Nothing other than liberty could have opened the door to these opportunities. I represent a challenge to all Americans that they capture *their special* opportunity so that it might help them and America to be greater yet. There are those who say, "We have gone far enough, and we are now good. Why go any farther?" To those, I reply, "We have so much farther we can go." As such, my philosophy can be expressed most effectively in the words of Robert Kennedy, who said, "Some men see things as they are and say why; I dream things that never were and say why not!"

I, too, am an American, and I can still do many more things. Is it just a coincidence that the word "American" ends in "I can"? I want all Americans to help spread the blessings of liberty to the world. I have the spirit of "I can", and by trusting in God and through His help "I will" help to make liberty a way of life for all people, not just Americans. That is precisely what the bicentennial is all about, and by so doing, America will become a closer, stronger, and even greater nation than it is today!

PERSONAL EXEMPTION

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mrs. SPELLMAN. Mr. Speaker, I truly regret that I was unable to cast my vote on Roll Call 467, June 28, which was Congressman Yates' amendment to the transportation appropriations bill for fiscal year 1977, H.R. 14234. The amendment would have prohibited any SST aircraft not meeting established noise standards from utilizing U.S. airport facilities.

Because of a long-standing commitment in my district, I was unable to be on the floor to record my vote. Had I been able to do so, I would have cast my "yea" in favor of the amendment.

SOME GIRL SCOUTS WHO CARE

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. MURTHA. Mr. Speaker, with the United States celebrating its official Bicentennial this weekend, I would like to take this opportunity to insert into the Congressional Record a news item that I believe has a direct relation to that anniversary.

The spirit of America has traditionally been the spirit of its citizens working together in small communities for the benefit of all the citizens. Few groups have expressed that spirit as well in recent years as the Girl Scouts.

I insert the following article which tells the story of how some Girl Scouts from my area expressed the spirit of America recently:

[From the Johnstown Tribune Democrat, June 18, 1976]

Girl Scouts Tackle Huge Task

(By Nancy Coleman)

Never mind the fact that some of them were not much bigger than their buckets. The Girl Scouts saw a big job that needed "doing," and they did it.

Laden with brooms, mops, detergents and public spirit, 150-plus scouts from the Talus Rock Girl Scout Council drew up to the railroad station on Walnut Street.

There must have been many among their number who took a look at the building and thought, "We're going to wash THAT?"

Thanks to careful planning, the project flowed smoothly. Each troop had its own section of the train station. Little Scouts were the bucket brigade. Big Scouts were scaffold scalers.

It was all for the bicentennial, and the spirit of '76 put oomph into big, heavy mops and small, soon-to-be-filthy rags.

Working with the scouts was the teen advisory board from Penn Traffic Co. and its adviser, Janet Meadowcroft.

The troops and their leaders taking part were Brownie Troop 922, Joanne Passalagua; Junior troops 2, Barbara Hunt; 12, Carolyn Walker; 928, Marge Walters; 34, Helen Casey; 44, Roe Harris; 4, Kay Matolyak; and 74, Darlene Heider; Cadette troops 912, Marie Dena; and 980, Kathleen Misner; and Senior Troop 927, Marie Dena.

The scouts accomplished most, but not all, of the gigantic task in one Saturday. More girls returned to finish the scrubbing, varnish benches and clean up the parking lot.

The beautification doesn't stop there, however. The Greater Johnstown Jaycees will paint the window trim outside and later, the Johnstown Garden Club will have new plants placed in the circular garden in the center of the parking lot.

Mayor Herb Pfuhl Jr. arranged for an unusual window-washing: City firemen hosed the high, exterior widows with a pumper.

The scouts, not having money in the budget for the project, received help with supplies and refreshments.

Contributing to the venture were the Acme Stores; Johnstown Plant, Bethlehem Steel Corp.; Cambria Hardware; Carstensen, Inc.; the city; Galliker Dairy Co.; Pepsi-Cola Bottling Co.; Pen Traffic Co.; and the Sherwin-Williams Paint Co.

A number of individuals also provided muscle: Al Thomas, Steve Luprek, Ed Richardson, Glenn Lehman and a "small black man who said his name was Tucker." Mr. Tucker saw what was going on and went to fetch his garden hose to help fill the buckets.

Gail Suppes, chairman, said the scouts hope that their work is just the beginning of a beautification project for the old building.

"We hope the people of the community will care about their train station and will want to restore all of its majestic beauty and keep it that way."

CITATION AWARDED TO ABE DOLGEN

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. ADDABBO. Mr. Speaker, our former colleague in the House, Governor of New York State, the Honorable Hugh L. Carey recently issued a citation to Abe Dolgen, vice president of the International Ladies Garment Workers Union for outstanding leadership in the public interest. It has been my privilege to know Abe, as a friend and adviser, and to work with him for many years and I am joining in commending him for his brilliant career. Abe is retiring and we wish him every success and the health to enjoy this period of retirement.

I place in the Record at this point the citation awarded to Abe Dolgen by Governor Carey and a resolution No. 126 authored by Assemblyman Alan Hevesi adopted by the New York State Assembly on May 17, 1976:

State of New York,
Executive Chamber.

During the turbulent years in which we live, there is a need for leadership that puts the well-being of others ahead of self. There is a need for leadership that exhibits compassion and concern for others.

During his years of leadership, Mr. Abe Dolgen has exhibited this kind of leadership, and has been active in numerous civic and public affairs. He has also served as a member of the Board of Directors of the John F. Kennedy Regular Democratic Club, as an elected member of the Queens County Committee, as a delegate to the Queens Judiciary Convention, as chairman of the Queens Histadrut Council, as vice-chairman of the National Trade Union Council Histadrut and as a member of other political and charitable organizations.

Mr. Dolgen, as vice president of the International Ladies Garment Workers Union, has spent his working life in an effort to improve working conditions for its members.

In appreciation of his dedication based on concern for others, I hereby award this citation for outstanding service to the community to Abe Dolgen, vice president, International Ladies Garment Workers Union.

State of New York,
In Assembly,
Albany.

Whereas, There exists in these turbulent times a great need for stable leadership and for individuals who manifest compassion and concern for their fellow man; and

Whereas, Mr. Abe Dolgen has for his many active years answered the call from numerous civic and public activities; and

Whereas, As a member of the board of directors of the John F. Kennedy Regular Democratic Club, as an elected member of the Queens County Committee, as a delegate to the Queens Judiciary Convention, as chairman of the Queens Histradut Council, as vice-chairman of the National Trade Union Council Histradut and as a member of other political and charitable organizations too numerous to mention. Mr. Dolgen has demonstrated outstanding ability and set an exemplary standard that all should emulate; and

Whereas, During his tenure with the International Ladies Garment Workers Union, Mr. Dolgen has admirably dedicated his efforts for the betterment of the working man; and

Whereas, It is the sense of this Assembly to collectively commend and honor citizens whose accomplishments extend beyond those ordinarily expected of them; now, therefore, be it

Resolved, That the Assembly publicly commend Mr. Abe Dolgen for his many years of active public involvement; and be it further

Resolved, That a copy of this resolution, suitably engrossed be, forwarded to Mr. Abe Dolgen at his home at 110-45 Queens Boulevard, Forest Hills, New York.

HELSINKI FINAL ACT

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. STEIGER of Arizona. Mr. Speaker, all of the nations who signed the Helsinki Final Act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Because the Soviet Union is not living up to that promise, Members of Congress are conducting a vigil on behalf of the families which remain separated.

A case history of these families entitled "Orphans of the Exodus" dramatically details this tragic problem. At this time, I would like to bring to the Members' attention the situation of the Simovich family:

SARA ABRAMOVNA SIMOVICH

Sara Simovich lives with her husband, Puvinas, and their twin daughters, Mira and Mina in Vilnius. It is a long way from Bnei-Brak, Israel where her long-suffering parents are worrying and waiting to welcome her home in Israel. By profession, a nurse in a pediatric clinic, neither she nor her husband were ever exposed to any state secrets in the Soviet Union. Nevertheless, all their requests for visas beginning in 1973 have been turned down.

In a recent letter from Israel, her mother Mrs. Ghita Korbas writes:

"I am addressing myself to you with the hope that you can help me and my husband to regain our daughter from whom we were separated nearly five years ago.

"My husband and I are people of poor health and it is very hard for us to suffer this separation. We are desperate as we know not when the hour will come when we, as parents, will be able to embrace our dear daughter and our granddaughters.

"They applied for exit visas to the State of Israel to reunite with us in March 1973. But until this day, they have not received a positive answer although there is no reason for this as neither my daughter nor her husband is working in anything secret.

"My daughter is very lonely in the USSR. Besides her husband and her children, she has no one else there. Once again, I ask you to help us. We have faith in your help and thank you, beforehand."

THE AIR SERVICE IMPROVEMENT ACT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. ANDERSON of California. Mr. Speaker, on behalf of Mr. SNYDER and myself, I am pleased to introduce the Air Service Improvement Act of 1976. This bill is designed to correct the inadequacies in the present regulatory system for aviation which have been brought out at our hearings on regulatory reform. The bill should increase the availability of low cost air service, thereby enabling more consumers to travel by air. At the same time, the bill is designed to avoid undue disruption of the excellent network of air service which has been developed over the past 35 years. The bill also takes cognizance of the recent financial difficulties of the industry and offers air carriers opportunities to improve their financial condition.

The provisions of the bill are discussed in detail in the summary at the end of these remarks. One important provision permits entry by any fit carrier into markets in which a CAB certificated carrier holds nonstop authority but is not using this authority. If a new carrier is authorized, the CAB must institute a proceeding to consider taking away unused nonstop authority in the market. Testimony at the hearings indicated that the CAB certificated carriers are presently serving only 16 percent of the markets in which they hold nonstop authority. There is unused nonstop authority in such major markets as New York-Washington, Chicago-Detroit, Los Angeles-Seattle, and Miami-Philadelphia.

Another important provision of the bill gives scheduled carriers, supplemental carriers and intrastate carriers discretionary authority to provide scheduled service in three new interstate markets a year. The authority is subject to restrictions which are designed to insure that there is not excessive new entry in any single market. This provision, along with the unused nonstop authority provision, should encourage new entry by carriers who will experiment with service at lower fares and higher load factors than are offered by the presently certificated carriers. For example, World Airways has proposed transcontinental service at a one-way fare of $89, compared to the existing coach fare on the scheduled airlines of $194. Another prospective new entrant is Southwest Airlines, which now serves the Dallas-Houston market at a peak fare of $25 and an off-peak fare of $15, compared to the CAB carriers' fare of $37. Southwest has testified that it would like to make its low fare service available between Dallas on the one hand and Tulsa, Kansas City, St. Louis, and New Orleans on the other hand.

Other provisions of the bill would give the carriers flexibility to set fares within a zone of reasonableness without CAB regulation; remove the prohibition against a supplemental carrier holding a scheduled certificate; require the CAB to establish procedural deadlines for deciding its cases; and allow commuter carriers to operate aircraft of up to 56-seat capacity.

The bill should not have an undue impact on the existing certificated carriers, and should not cause these carriers to cut back their services. Indeed, the bill gives the existing carriers opportunities to improve their financial condition by correcting weaknesses in their existing route system through entry into new markets. Under the bill, a carrier whose route system is hampered by short average stage lengths will be able to enter new long haul markets. Similarly carriers with unusually seasonal route systems will be able to achieve added balance by entering new markets. Under the bill, carriers would also have an opportunity to increase their revenues by adjusting fares within a zone of reasonableness.

SECTION-BY-SECTION ANALYSIS OF AIR SERVICE IMPROVEMENT ACT OF 1976

1. Policy Statement (section 3). Amends the decisional criteria under which the C.A.B. operates and requires the Board to place greater emphasis on competition in its decisions.

2. Supplemental Air Carriers (section 4). This section eliminates a provision in present law which the CAB has interpreted as prohibiting supplemental carriers from holding scheduled certificates. Elimination of this prohibition would permit, but not require, the CAB to grant such applications as World's application to provide transcontinental service of a one-way fare of $89.

3. Commuter Exemption (section 5). Under present CAB regulations commuter carriers are permitted to operate aircraft of 30 passenger or 7500 pounds property capacity, free of CAB regulation of service or fares. The bill would extend this exemption to aircraft with a capacity of up to 56 passengers and 16000 pounds of property. The legislation further provides that the Board can increase these capacities when the public interest requires.

4. Unused Authority (section 6). This section provides that the CAB must authorize any fit applicant who wishes to serve a market in which a CAB certificated carrier holds non-stop authority but has not used that authority for at least 180 days during the preceding 12 month period. The Board must act on an application under this section within 30 days if the applicant has previously been certificated and if there is no need to select between competing applicants. In these cases no hearing is required. In cases in which the applicant is a previously uncertificated carrier or there is a need to select between applicants, the Board must act within 120 days. The number of certificates the Board can issue under this section is limited to the number of carriers holding unused nonstop authority. If the Board issues a certificate to a new carrier under this section, the Board is required to institute a proceeding to determine whether to revoke unused nonstop authority for the market.

5. Discretionary Authority (section 7). This section provides that CAB certificated

supplemental or scheduled carriers, and intrastate carriers have a right to provide scheduled service in three new markets per year. The authority is subject to the following limitations:

a. The cumulative miles for markets chosen each year may not exceed 2200 miles in the first year or 3500 miles in succeeding years.

b. If more than one applicant wishes to serve the same market, the Board must select one of these applicants (carriers not selected may request to serve other markets).

c. Applicants under this section may not choose any pair of points in which a certificate has been granted under this section or the unused authority section within the preceding three years.

6. Rates (section 8). The CAB is prohibited from finding that proposed rates are unjust or unreasonable on the basis that they are too low or too high, if the rates fall within the following limits:

a. With respect to increases, the rate may be 10 percent higher than the rate in effect one year previously.

b. With respect to decreases, for the first 180 days, the rate may be 20 percent below the rate in effect upon the date of enactment; between 180 days and one year the rate may be 40 percent below the rate in effect on date of enactment; and after the first year the rate may be at any point above 110 percent of the direct costs of providing the service in issue by the carrier proposing the fare.

7. Route Application Procedures (section 9). This section requires the CAB to decide within three months after an application is filed whether to dismiss the application or set it for hearing. The Board's final decision must be issued within one year. In the event the Board does not meet this deadline, the Board must certify the record of the proceedings to the Secretary of Transportation who must issue a decision within six months.

ALL THE LATEST

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. HUNGATE. Mr. Speaker, once again, our British cousins come forth with some useful suggestions in our Bicentennial Year:

[From Punch, May 26, 1976]

ALL THE LATEST

After the setbacks to Reagan in Michigan and the defeat of Jimmy Carter by Mr. Brown, combined with the poor showing of President Ford, and the non-appearance of Hubert Humphrey, many American commentators are now convinced that nobody can win the American presidency in the fall. Ace observer Chester Slazenger Jr. comments—

"As it rapidly becomes obvious that everyone in the race is a born loser, thoughts are now turning to past statesmen to see if any of them might make a suitable compromise candidate. The obvious choice is Richard Nixon, but there is a slight problem with him, as he has already served two terms. More and more, people are thinking in terms of General Eisenhower. Admittedly, having a dead President would create a slightly difficult precedent, but Eisenhower would have a lot going for him—he wasn't involved in Vietnam, had no corruption troubles to speak of, has a great nostalgia value and, of course, can't be assassinated. If elected, Eisenhower would of necessity have no hand in the day-to-day running of government, which could be quite safely left to Henry Kissinger and Jack Anderson, but he would provide a terrific figurehead for the nation at times of national crisis. If there does prove to be some constitutional obstacle to electing someone who is no longer among us, then I'm afraid we would have to settle for a very safe compromise candidate with all-around appeal. As of this time, I would say the front runners were Alistair Cooke, Fred Astaire and Gene Kelly."

KANTOR-MOLLENHOFF PLAZA IN WEBSTER CITY, IOWA

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. GRASSLEY. Mr. Speaker, Webster City, Iowa is a relatively small town by East Coast standards, but it's production of literary geniuses is large. Webster City boasts two Pulitzer Prize winners, historical novelists MacKinlay Kantor and investigative reporter and author Clark Mollenhoff of the Des Moines Register.

These two men were honored by their hometown earlier this month with the dedication of a plaza and two parks named for them.

I would like to share with my colleagues the newspaper account of that event from the Webster City Daily Freeman Journal.

[From the Webster City (Iowa) Daily Freeman Journal, June 14, 1976]

KANTOR-MOLLENHOFF PLAZA

One of the major phases of Webster City's three-day Bicentennial observance—the dedication of the MacKinlay Kantor-Clark Mollenhoff Plaza in the West Train Park drew a huge crowd Saturday afternoon, with the crowd giving both Pulitzer prize winners standing ovations when they were introduced by Bill Groves, emcee for the program.

Prior to the plaza dedication, the Webster City band played a half-hour concert, followed by the annual Elks lodge flag ceremony with Roger Smith, exalted ruler, telling the history of the many flags which have flown over this nation. Other Elks presented the flags as Smith described them.

HONORED THEMSELVES AND CITY

Groves, opening the dedication ceremony, pointed out that the occasion was to honor two men whose outstanding achievements had brought fame to themselves and, concurrently, to their home community.

He introduced Jerry Wells of the Webster City Coin club who announced that the club had designed another commemorative coin honoring Kantor and Mollenhoff, and the coin would soon be available to the public. He then presented the two honorees with three previous commemoratives—the 1876 courthouse, the Kendall Young library and the new city hall.

Roger Balsley, who had headed up the Bicentennial efforts and designed the plaza honoring the two men, expressed appreciation to all who helped in the project. The concept of the plaza, he added, with its bench and lectern, and a drinking fountain to be installed soon, marks it as "a place to rest, to refresh and to recollect."

SOUNDED WELCOME

Mrs. Barb Carpenter, a member of the city park board, then spoke briefly, expressing a welcome to the crowd and adding that the park commission was happy to have a part to honor the two men in respect to their achievements. "I hope our youth will remember it (the plaza) and respect it always," she concluded.

Mayor Bob Naden explained tho background of the Pulitzer prize, a procedure launched in 1917 through the heritage of Joseph Pulitzer, famed editor of the St. Louis Post-Dispatch. This city, he added, is certainly honored by having two of it's former citizens ranked among the winner of this highly prized award.

GREAT SATISFACTION

MacKinlay Kantor, introduced as the first of the two honorees, declared that it was a time of great satisfaction to be back in Webster City again. Then he read the following words which are enscribed on the plaque surface at the lectern: "As of this date, 1976, I have written forty-odd books (or perhaps forty odd books) and I hope to make it fifty before I hang up my pencil or typewriter or dictaphone in finality."

"Call the towns what you will—or what I did call them—Clay City, Shelldrake, Mahaska Falls, North Bend, Eagle Falls—they're always Webster City. I see the community I usually loved, but sometimes hated, before me as I write. Elm City, Hartfield, Lexington, Ridgeport, Hickory: they are replete with their Willson Avenues and Second Streets. Rock River, Kewassee, Plattville, Minnehaha, Hartsdale—may providence smile upon them, and upon the folks who used to dwell there, and the new ones who have come.

"In my own time, I wish my ashes to prosper in my own good soil."

BOYHOOD HERO

Mollenhoff, saying that Kantor was his boyhood hero, good-naturedly said that it seemed he was always following MacKinlay Kantor. Kantor won his Pulitzer award in 1956 for Andersonville. Mollenhoff won his award in 1958 for investigative reporting. "We were fortunate to have been from Webster City," he added, "It is indeed a true land of opportunity for anyone who will give it a try."

Mollenhoff's plaque lists his birthdate, the dates he graduated from Webster City high school, Webster City junior college and Drake University, going on to Harvard University as a Nieman Fellow. Several of his most outstanding journalistic honors are also included along with his service to the nation on the U.S. Advisory Commission on information policy and being a special counsel to the President. The plaques mention his seven well-received books including his latest, "The Man Who Pardoned Nixon," which has just recently been published.

Concluding the words on his plaque are these: "Mack Kantor was my inspiration, and the Webster City school system provided the utimate in opportunity in the dedication of the teachers and the community to education. You have probably come as close to the ideal of true equality of opportunity in your schools as any city in any nation in the world in any time."

The crowd adjourned from the band shell to the site of the plaza where the lectern was covered with red, white and blue bunting. Balsley unveiled the lectern, saying it was being presented to the citizens of Webster City and Iowa. Both honored men spoke briefly and the crowd then filed by to inspect the installation and to meet and greet the two Pulitzer prize winners. The West Twin park will be officially called "MacKinlay Kantor Park" and the east park, "Clark Mollenhoff Park."

At 4 p.m., following the close of the ceremony, the Hamilton County Bar association, with Tom Stamets, president of the association serving as host, had a reception for Kantor and Mollenhoff in the basement community rooms of the Elks lodge. Both men enjoyed meeting longtime friends and spent much of their time autographing some of the books for the many visitors.

TRIBUTE TO DR. CHARLES WALTNER OF YOUNGSTOWN, OHIO

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. CARNEY. Mr. Speaker, I would like to say a few words about one of my constituents who has dedicated his life to serving the public in the field of mental health. The man I am referring to is Dr. Charles Waltner.

Tomorrow, Dr. Waltner will resign as superintendent of Woodside Receiving Hospital in Youngstown, after 18 years of dedicated service. His long and distinguished career encompasses 30 years with the Ohio Department of Mental Health and Mental Retardation. He began working at Woodside Receiving Hospital shortly after it opened in 1945.

As a member of the medical staff and as superintendent, Dr. Waltner has initiated many programs and innovations in the treatment and rehabilitation of patients suffering from mental illness. Some of the important changes he helped to bring about at Woodside include: Improving communication and cooperation between the hospital and the community. His efforts in this area have resulted in more effective treatment and rehabilitation of patients as well as increased public understanding about the nature of mental illness.

In addition, Dr. Waltner was the first hospital superintendent in the State of Ohio to institute a labor-management committee to assist former patients in finding a job following their release from the hospital. This program has helped countless men and women lead productive, useful lives.

There is a saying that—

> To whom much is given, much is expected in return.

Dr. Waltner has passed this test with very high marks. It is an indication of the character of the man that he does not view his resignation as superintendent of Woodside Receiving Hospital as "retirement," but rather as merely "changing directions." His plans include teaching as well as doing research and clinical work.

Mr. Speaker, the citizens of Youngstown are most fortunate to have this good and decent man as a member of our community, and I am proud to call him my friend. On behalf of my constituents, I wish Dr. Waltner and his wife, Elsa, many years of good health, happiness, and success. Mr. Speaker, I would like to insert a newspaper article about Dr. Waltner's life and work in the RECORD at this time. The article follows:

GUIDED HOSPITAL FOR 18 YEARS—DR. WALTNER TO LEAVE WOODSIDE

(By Jane Lamb)

Dr. Charles Waltner, superintendent of Woodside Receiving Hospital for the past 18 years, has resigned effective June 30.

"The time has come," the genial psychiatrist remarks. He has been at Woodside during a time of tremendous change and points out he has been with the state system 30 years.

However, he objects to the word, "retirement." He says he is just changing directions. He hopes to do some teaching, research and clinical work. He and his wife, the former Elsa Spiegal, plan to stay in Youngstown where they have made many friends.

Dr. Michael Szauter, assistant superintendent, will serve as acting director during the search for a new superintendent.

HONORED BY COLLEAGUES

Recognition was given Dr. Waltner Saturday night at a dinner attended by some 150 friends and colleagues at Mr. B's Restaurant. He received a certificate of service for loyal and meritorious service signed by Gov. Rhodes and Dr. Timothy Moritz, head of the Mental Health Department, a framed photograph to hang in the lobby at Woodside, a personal gift and an inscribed pewter plate from friends and employes at Woodside for loyalty and devotion. Rep. Thomas Gilmartin also presented a resolution of commendation from the state legislature for community service.

Dr. Waltner has been associated with Woodside almost from the beginning when it opened in 1945 as the state's first receiving hospital. The late Judge Clifford M. Woodside, for whom the hospital is named, laid the foundations for receiving hospitals (short-term facilities) throughout Ohio.

Dr. Waltner has been responsible for instituting many programs there as the hospital responded to changes, new treatments and concepts. His advocacy for Woodside patients opened up community resources for recovery and rehabilitation. It was a very exciting time and he believes more exciting developments lie ahead.

CAME HERE IN 1946

He came to Woodside in 1946 from Iowa State Institute, where he had been on the staff for four years specializing in psychiatric work, at the invitation of Dr. Eugene E. Elder, Woodside's first superintendent. A graduate of the University of Budapest Medical School, Dr. Waltner interned in Budapest before coming to this country in 1940. He took post graduate training in neuropsychiatry at Columbia Medical School, and served an internship at Aultman Hospital in Canton before going to Iowa State in 1942.

He met Dr. Elder while he was on the medical staff at Massillon State Hospital for a few months. Dr. Elder asked if he would like to join in the new experiment at Woodside. Dr. Waltner accepted the challenging offer and became staff physician in April 1946 shortly after the hospital began operating.

Between 1951 and 1958 he was in Cleveland with Cleveland State Hospital as clinical director and assistant medical superintendent. He also was on the faculty of Western Reserve Medical School in the department of clinical psychiatry and instructor in the university's department of psychology.

SUCCEEDED DR. ELDER

When Dr. Elder retired in 1958, Dr. Waltner was chosen as his successor.

At peak capacity, in the mid 1950s, Woodside had some 200 patients. The introduction of tranquillizers at that time brought a revolutions to the wards, reducing disturbance from erratic behavior and making patients more amenable to therapy, crafts and hospital activities. It was the beginning of biochemical treatment and recognition of the significant socio and environmental factors.

Dr. Waltner has played an important part in changes that followed, establishing close ties between hospital and community for more effective rehabilitaion of patients. He enlisted not only community resources, but developed community understanding about mental illness through continuing public education efforts.

CHANGED HOSPITAL'S IMAGE

Patients began using aesthetic, cultural and athletic resources outside the hospital as they prepared to return to the community. Volunteers became involved, social events and new activities developed, giving the hospital a changing image.

Dr. Waltner was well aware a job or return to the working world may be a critical factor in patient recovery, and he was the first superintendent in the state to establish a labor-management committee to lend help in this direction. Woodside unit of the Bureau of Vocational Rehabilitaion opened in 1970.

Along with new drugs and concepts, changes were taking place outside the hospital. Community mental health service began to develop. Treatment was established in general hospitals. Private psychiatrists and other professionals became available. The state closed Woodside's outpatient department in the fall of 1975. However, it remains an important crisis intervention center and still has a capacity of 150 patients, averaging about 135 daily.

Emphasis today is on community mental health programs, keeping people out of institutions through services developed under the Mental Health and Mental Retardation boards. Dr. Waltner has been part of this development, too. He was one of the original members of Mahoning County's Mental Health and Retardation Board and served on several important committees.

A capable administrator, he developed the resourcefulness of his hospital staff, allowing department heads to function individually and creatively. This has been tremendously important, says Mrs. Lucy Hess, District 11 manager for the Ohio Division of Mental Health, former staff member and emcee for his retirement party.

What is in the future for mental health care? Dr. Waltner foresees mental and physical health care combined in a total health care system. There has been double progress in recent years, he observes. Biochemical science has brought greater understanding of the inter-relationship between psychological and physical health. He predicts biochemical changes will be found to forecast major behavioral changes, as well as the reverse.

On the other, hand, there is now recognition that cultural economic and social factors are important in mental illness and its prevention, he notes. There is greater understanding of what goes wrong with people, of the individual's uniqueness, the interaction between mind and body, and human response and reaction to environment.

The family is the cornerstone of mental health, Dr. Waltner declares and the person whose childhood has been secure develops an inner security to help over difficult times. Friends, schools and educational systems all have their impact on the child, he adds. Despite the troubles of the younger generation, he remains an optimist about the future. There are so many talented, ambitious, capable, responsible and responsive youngsters, he remarks.

He gives his assurance there are rewards at every stage of life. Among his own rewarding attributes are a philosophical bent of mind, love of reading, joy in people and friendly personality which make for pleasant associations.

Dr. Waltner is a past president of the Association of Medical Superintendents of the Ohio Department of Mental Hygiene and

Correction, a mental hospital administrator certified by the American Psychiatric Association, a diplomate in pyschiatry of the American Psychiatric Association, and author and co-author of a number of psychiatric papers.

He is a member of the Council of Chiefs of Psychiatry for the new Northeastern Ohio Universities Medical and a member of several committees as well as the Mahoning County, Ohio and American Medical societies. He was a member of the special medical society committee which explored the possibility of medical school here, resulting in the consortium which includes YSU, making up the new medical school. He has served as chairman of a number of the Mahoning County Medical Society's committees, in particular those dealing with drug abuse, mental health and other relevant matters. He served as a medical advisor for the Child and Adult Mental Health Center, the Alcoholic Clinic of Youngstown and Youngstown's Committee on Alcoholism.

He has been a psychiatric consultant at the University of Virginia Medical School, where he has lectured, as well as at the University of Cincinnati and YSU, where he has taught several courses. He has been a lecturer for the President's Committee on Rehabilitation of the Handicapped, the union counselor's course and many similar groups. He also has had some private practice in Cleveland and Youngstown. He is a member of Rodef Sholom Temple.

The Waltners have a daughter, Joyce, who has followed her father's interests by becoming a psychiatric social worker.

DIRE PREDICTIONS

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. ERLENBORN. Mr. Speaker, as various proposals wend their way through the legislative process, Americans are treated to predictions about the consequences of action or inaction. Rarely, however, do we pause to reflect about these predictions.

Take the case of common situs picketing. This past winter we were warned that failure to legalize secondary boycotts in the construction industry would have calamitous consequences. As we all know, such strikes were not legalized.

Now, the Wall Street Journal has assessed predictions alongside actual events, and I believe we would do well to ponder that assessment.

Guess What?

Back last winter, when President Ford vetoed the common situs picketing bill, his Labor Secretary, John Dunlop, predicted a springtime of construction industry strife. Mr. Dunlop liked the veto so little that he resigned and went home to Harvard.

Well, spring will soon become summer and what about those dire predictions? They haven't happened.

According to the Associated Press, two thirds of the 2,800 construction union contracts up for negotiation this year have been settled and strike activity is at its lowest level in five years. First-year wage settlements are averaging about 7% less than the 8.1% of 1975.

Now it is interesting to speculate on how much strife there would be if Mr. Dunlop had gotten his bill. First, labor would have a new weapon, the secondary boycott, to use against contractors. Second, the contract negotiations that are going so smoothly in the 2,800 local situations would have been under the jurisdiction of a national labor-management-public committee, operating out of politically charged Washington. Would all that make for harmony?

But since common situs was vetoed, local unions and contractors have only each other to deal with amide the realities of construction demand in their communities, competition from non-union labor and the special needs of each party. What a sweet and simple system for reaching agreements that are equitable and economically sound. And how nice that President Ford has been confirmed in his belief that some things can function quite well without the guiding hand of Washington.

WORDS WITH A MEANING

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. GILMAN. Mr. Speaker, as we approach our Nation's Bicentennial the spirit of America is finding vigorous expression throughout our land—from residents of the largest cities to citizens of our smallest farming communities—from Americans of all ages, colors and creeds.

Recently the Ecology Club of Wing II of the New York State's Goshen Center for Boys in my 26th Congressional District sponsored an essay contest on "What America Means to Me."

On June 19 I participated in the essay awards ceremony with the boys who live at the center, operated by the New York Division of Youth. It was difficult for the judges to select the best essays, since the youths saw America through their own eyes, each offering different thoughts about our past, our present and our future.

At this point in the Record, Mr. Speaker, I would like to share the thoughts of these young men with my colleagues—in the order in which they were selected for excellence and writing ability:

What America Means to Me

(By Osbardo Arroyo)

What does America mean to me? Well I look upon America as a person. In my opinion America is a very wonderful person who cares about herself very much but lately seems to be having a hard time getting her people to understand her. America wants to be kept clean and conserve her natural resources and she gets sad when she sees how her people are wasting all the great things she has bestowed upon them.

Living in America is the greatest gift that I have. Here I can say what I want, do what I want and I can even read or publish anything I want to in the newspaper. Here a person can make a mistake and be given the opportunity to redeem yourself.

No matter what color you are or what income you have, you still have a chance in America to make it. In America, even if you only have a little money, you can take a vacation. We have the most beautiful parks and mountains in the whole world. Everybody has a chance to go to college, because where else but America will the Government loan you money for a education and not have to pay it back until you graduate.

Here in America we can make all the complaints that we want but we do not allow anyone else to make fun of us or try and take our freedom away. If we do not like who is in office we have a chance to vote for new people. If we do not like the President we have, we have ways to remove him from office.

America is a wonderful person, a person that has feelings of joy and sadness but keeps on giving us more. I am afraid that the average person takes America for granted and forgets all that our ancestors went through to make this great land what it is. All America ever asks is that we pay taxes and maybe once in a while go and fight in a war. But what people forget is that we don't start the wars, it is always someone else who wants to take our freedoms away.

I am proud to be a American and I wish everybody would step back and take a hard look at it and see where we are letting America down and the funny thing is that we are letting ourselves down because there is no other place in this whole world where so many people of different races and colors could live together and get so many benefits.

What America Means to Me

(By Marvin Harris)

America means many things to me. A ball game on a Sunday afternoon, a swim in a river that is not polluted by garbage, a chance to voice my opinion about how I think about things and what should be done with the country. It means that I can watch three or four television news programs and get many different slants on what is the current news. It means that I can pick my choice of what type of job I want when I finish school.

America means I have my choice whether I want to be a Democrat, a Republican or I can even start my own political party if I want to. When I get married and have children I can send them to any school I want to. It means that when I retire I can receive Social Security and grow old with dignity and in peace. America means that if there is a war, I even have the opportunity to state that was is against my religion and I will not have to go if my claim is true. A lot of people complain about America, that we feed the world, that our income taxes are too high but they do not realize that freedom has a very expensive price tag and no matter how bad it gets in this country it is still the best country in the world. Where else could a poor boy become the President of a large corporation, even become President of the United States? America means that I can practice any religion that I want, read any newspaper that I want, I can write a letter to an Editor and not be afraid to sign my name. Television stations will even give you free time if you don't agree with them. So you see America means many things to me, especially that I am free, do not have to live in fear and when I wake up in the morning the only limits on me will be set by me as a person.

What America Means to Me

(By Alphonso Guidone)

What I am about to say may not mean much to the average person but to me it states what America means to me as a young boy living in America.

America has save my life. If I committed the crime I did, any other place but America I would have probably been shot or excuted. At least I got a legitimate chance and the opportunity to make amends for what I done. So when I hear the words America I think of the all the innocent lives that have been saved because of the just legal system that we have.

I think America means awful lot to the Juveniles. America is like love, it has many different meanings and it means some different to each individual. I think that America is the safest country in the whole wide world. I think it is because of all the high standards that we have and all the people that live in America really care about each other. Of course we all fight among ourselves but when America is in danger and calls for help, everybody puts asides it personal dislikes and we fight together. Look at how America treats it Juveniles. When we commit a crime, they could just throw us in jail and forget about us. No they send us places and try and help us see our mistakes and to make ourselves a better person so that some day we will be able to help run this beautiful land.

Sure we have problems, we have alot but what country doesn't. At least we are organized, we know what we can do and not do. We are not afraid to speak our mind and if we want to change things, we can do it and not be afraid that we will be thrown into a concentration camp.

We don't start wars or just go out and try and take over another country. We take alot from other people, we let them insult us, take our money and make fools out of us but it takes awful lot to get us mad. Look even when we had the A Bomb we told people we would drop it so they could surrender. What other land would do things like that. When we win a war, we go in with our people and money and help them rebuild. Nobody else would do that.

So that is what America means to me, a wonderful country that only keeps giving and ask very little in return. I know for what they have done for me already, I will never forget and I will do anything that America ask of me.

WHAT AMERICA MEANS TO ME

(By Pete Nani)

America is a very situated nation. Everything about it, stands for our independence. We have come a long way, America's integrity has brought us very good fortune. America means to me, freedom to choose your own way, what ever direction you want to turn. We have many opportunities, college, trades, arts, business firms, etc. I could go on forever. You can be anything you want to be. The chances are here, all you have to do is want them and work for them. You can do more in the U.S. than any other place in the world. America to me, has alot of pride, understand and joy.

One more of the most interesting things, is the people, especially the women. I like to study people, but I really like to look at all the foxy ladies in the country. America gets me going, it's really too hard to express how I feel in words.

The recreational activities are unlimited. Anything your heart desires on having a good time, is right there. The fascination of the U.S., is completely stretched out. All the states have something different. The events are in all seasons, so what ever turns you on, you can have.

With the government in the U.S., I feel something peculiar is going on. They are always covering something up. Otherwise the way things are run, are all right. I feel the court systems are set up properly. Justice is considerably fair.

We do have our problems, slums, poor schooling, pollution, hungry people and the needy. I feel the U.S. is wrong in sending out our money and troops to aid other countries. We should fix up America first; then build up our name as friends. After all, what is a friendly nation that can't even support it's own problems! You tell me?

AMERICA

(By Darryl Kelly)

I feel that America is a good country but some people won't let it be a good country. I feel that a lot of our Presidents destroyed America. In my opinion John F. Kennedy was America's best President. President Kennedy tried to help a lot of people but the rich people didn't want him to help the poor people. These people had him assassinated.

If John F. Kennedy were living today I think America would be a much better country. He was a good President to me because he was honest and he told the truth. He did what he said he was going to do. I know a lot of people believed in him because lots of people on unemployment got jobs, summer jobs was given out, and whenever he made a speech lots of people were there to hear him. In my decision I think it won't ever be a good President like he was.

If they could get some of our dishonest leaders out, America might be a good country again. If we try, America WILL be a good country again. The unemployed will go back to work, summer jobs will be given out, we will clean up America, and the world will be happy. Once more we will have another chance to try.

LITHUANIAN INDEPENDENCE

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. STEIGER of Arizona. Mr. Speaker, as the United States observes its 200th anniversary of independence, we must remember that there are still places in the world where the struggle for freedom continues. One such example is the nation of Lithuania which, on June 15, 1940, was forcibly annexed into the Soviet Union. Today, I wish to join in paying tribute to this struggling nation and her people, who were denied the right of self-determination 36 years ago.

Under the aegis of communism, Lithuania has been denied the blessings of religious and political freedom. However, although the nation is tiny, the strength and determination of its people are great. Despite official harassment and repression by the Communist regime, traditional religious beliefs remain strong. Past guerrilla warfare and the self-immolation of some of its youth have shown the world that this nation will not succumb to Soviet suppression.

Lithuania continues to struggle not to be colonized. The United States, a country that fought to free itself of colonization, has never recognized the forcible annexation of Lithuania and the other Baltic States and deplores the fact that the people of those countries are denied the rights of assembly, free election, and worship.

However, political change is continuously taking place throughout the world, and it may well be that future changes will give the Lithuanian people the opportunity to reestablish their independence. Until that time arrives, we should continue our policy of nonrecognition of the Soviet incorporation of Lithuania and, at the same time, do everything we can to encourage the Lithuanian people to maintain their national spirit, national identity, and national will.

Mr. Speaker, I join millions of Americans in saluting the brave Lithuanian people who continue to struggle for their rightful place among the free nations of the world.

KANSAS CITY, HEARTLAND U.S.A.

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. BOLLING. Mr. Speaker, those of us who know the Heartland of America take for granted its values and its abiding cultural advantages. And those of us who live in Metropolitan Kansas City believe that we live in the capital of our national heartland.

Representing the hub of Metropolitan Kansas City, it is with a great deal of pride that I offer for the membership of the House and Senate the text of the article—"Kansas City, Heartland U.S.A."—published in the July 1976 National Geographic.

The article speaks knowledgeably about our values and advantages:

KANSAS CITY, HEARTLAND U.S.A.

(By Rowe Findley)

Maybe it's the setting. Here the last Ice Age gave the Missouri River a mighty bend, and the wide Kansas River curls in from the west. The broad valleys are alive with man's industry. Downtown skyscrapers cluster cathedral-like on the bluffs above, all gold and shadow-blue in the late sun's low rays, or float like an island in the sky when morning mist lies flat like a sea.

Maybe it's awareness of the history made here. This was the head of both the Santa Fe and Oregon Trails, a New Zion for migrating Mormons, last-fling town for forty-niners, and site of a pivotal Civil War battle.

Whatever the reason, I sense a special excitement in Kansas City—an excitement shared by most people who live here; an excitement as old as mid-America itself.

Contrary to widely held beliefs, Kansas City is neither flat nor somewhere west of Wichita. It's an up-and-down town with, as one visitor said, "more hills than Rome," and it sits astride the Missouri-Kansas line. Nor is it truly one town, but a contiguous mosaic of 50 municipalities in six counties, centering on Kansas City, Missouri.

There's hardworking Kansas City, Kansas, to the west, with its grain elevators and rail yards and oil refinery; then there's affluent, suburban Johnson County, Kansas, with its thousands of acres of quality homes. There's historic Independence to the east, Jackson County seat and hometown of Harry Truman; and historic Liberty to the northeast, Clay County seat and stomping ground of Jesse James. Toward other compass points the checkerboard of towns reaches into Cass, Platte, and Wyandotte Counties.

In all, the greater city's 724 square miles—home to 1.3 million people—encompasses a 40-mile sweep of landscape, an area so big that the weather service at times issues different forecasts for north and south.

PASSIONS INCLUDE JAZZ AND FOOTBALL

This cornucopia city still makes most of its living by funneling food to the world (and supplies to the farmer) over its dozen rail lines and by truck and barge. But its enterprise is also incredibly diverse: It makes frocks, researches cancer, assembles more automobiles than any city except Detroit.

It's a city that works hard and plays hard, suffering football fever with the Chiefs, supporting pro basketball and baseball and hockey; a city that likes its jazz swinging, its opera both light and grand, its steaks rare, and its summer theater in the park.

I went home to Kansas City recently to look up old friends, make new ones, and rediscover the town I'd known in the fifties, when I wrote for the Kansas City Star.

I found that the city's list of deeds and doers has grown fast in the last decade. Some 5.2 billion dollars in improvements—city, county, and privately funded—have been launched. From 1963 to 1971, a tall, soft-spoken lawyer named Ilus W. "Ike" Davis presided over much of this dynamic growth from the 29th-floor mayor's office atop the Kansas City, Missouri, City Hall. The momentum continues under his successor, Mayor Charles B. Wheeler, Jr., a doctor of medicine and law. The list includes a three-terminal jetport; expressways; expanded medical complexes, urban-renewal projects; a convention center; side-by-side county stadiums for pro football and baseball; a new arena to house pro basketball, hockey, the American Royal Livestock, Horse Show, and Rodeo, and—next month—the Republicans when they meet to name a Presidential candidate.

IF KANSAS CITY LIKES IT, SO WILL THE UNITED STATES

"These projects cut right across politics and boundaries and social groups to draw in a lot of people outside the government," Ike Davis told me. He pointed out, too, that the city's ethnic and economic patterns closely match the nation's. "We're a cross section of America, a good testing place for new ideas."

An ethnic cross section means minorities, and Kansas City's minorities, like the nation's, have problems. And that, in the opinion of Alvin Brooks, who is an assistant city manager and who is black, gets us to the flaw in the city's character.

"You can get a tremendous commitment here for a new stadium project," he said. "You have a much harder time getting commitment to tackle the city's social problems." He cited minority housing, education, job opportunities, and school busing. Racial imbalance exists in the school districts of both Kansas City, Missouri, and Kansas City, Kansas. The situation may lead to school or court plans for busing into adjoining districts.

The city has its problems, it's true, but I found optimism pervading the darkest discussions. "It's a spirit that presumes a problem can be solved," explained Dr. Charles Kimball, president of Midwest Research Institute from 1950 to 1975, and now its chairman. A native of Boston, he raised fledgling MRI to national renown—and became an early exponent of the city's effervescent outlook: "It's an attitude that regards a crisis as a challenge of grit and imagination."

These two qualities were in demand here 150 years ago, when this metropolis was only a couple of lonely trail-head towns on the road to Santa Fe. My guide to the trail, local historian Pauline (Polly) Fowler of Independence, lives on Santa Fe Road.

"It's no coincidence," she said. From a meadow beside the road, she pointed: "This was part of the original Santa Fe Trail." In the rays of an early sun I saw a shallow trench that angled down a grassy slope, crossed a pasture, and vanished into a thicket.

The trail became a highroad beginning in 1821, when traders found rich profits in packing goods to adobe Santa Fe, in newly free Mexico. Soon the Missouri's great bend became the jumping-off place for overland travel, and outfitters flourished at Independence and Westport. These raw frontier towns would coalesce into greater Kansas City.

We followed the first few miles of the historic trail, after visiting the old log courthouse and stone jail in Independence.

"They needed a good jail long before they had one," Polly said. We talked of the 1830's, when thousands thronged in, queued at outfitters and smithies by day, crowded into gambling halls by night, drank, fought, went west with high hopes, or died of cholera.

For a few years early Mormons tried to make Independence a more godly place, and failed. Amid mounting violence, they moved to Illinois. Subsequently, some returned as the Reorganized Church of Jesus Christ of Latter Day Saints, now headquartered in Independence on the temple lot chosen by Joseph Smith. Its present head is the prophet's grandson, W. Wallace Smith.

"HUB OF THE UNIVERSE" FOR H.S.T.

But no name is more widely associated with Independence, Missouri, than that of President Harry S Truman. In 1931, when he was Jackson County's presiding official, and was building the county's first good concrete roads, he declared that, for him, Independence was the "hub of the universe." When he left the White House in 1953, he hurried straight back to his frame Victorian home on North Delaware.

Randall Jessee, former NBC newsman and foreign service officer now turned farmer near Roosterville, remembers those days well.

"Mr. Truman's popularity was at a low ebb," Randall said over a farm noonday "dinner" of chicken and dumplings, hot biscuits, and homemade sorghum molasses served by his wife, Fern. "I figured the Trumans might be lonely, and I told Fern: 'I think I'll invite them to dinner,' She was stunned at he thought of cooking for a former President, and said, 'You can't do that!' But the next time I saw Mr. Truman, I asked him, and he said, 'When would like like us to come?' "

That was the start of a warm family friendship treasured by the Jessees. Randall told of a summer evening in the Truman's backyard, when they were watching movies of the Truman's post-Presidential tour of Europe.

"The pictures showed Mr. Truman getting a degree at Oxford, in the red gown and that sort of beefeater hat they wear," he said. "Afterward my daughter, Jana, then 5, skipped up to him and said, 'Mr. President, you sure looked funny in that king's hat.' He chuckled, and I admonished her that you don't say Presidents look *funny*. So a bit later she said, 'Mr. President, you sure looked *silly* in that king's hat.' Soon Mr. Truman vanished into the house and came back completely clad in the Oxford robes. He picked Jana up in his arms and said, 'Any little girl so interested in the robes of Oxford should be able to say she's seen the real thing.' "

Now 350,000 people a year come to the Harry S. Truman Library in Independence to see the archives and mementos of his career. I parked among cars from 20 states, and went in to talk with Dr. Ben Zobrist, director of the library, about the upsurge in the late President's popularity.

"He appeals strongly to today's young people, and there are more and more of them among our visitors," Dr. Zobrist said. "I think they like his decisiveness, his way of cutting through the double-talk."

We had lapsed into present tense, as if the President were still here, as indeed he was. I paused in his Oval Office, faithfully reproduced, saw the piano he'd played in the White House, and chatted briefly with Miss Rose A. Conway, his longtime secretary, who was still busy doing paperwork for the Chief.

GOOD ROADS HELPED BUILD A REPUTATION

One question had long puzzled me: How did Harry Truman manage to avoid the taint of the Pendergast machine that gave him his start in politics? Col. Rufus Burrus, Truman's longtime friend, fellow reserve officer, and family lawyer, answered it for me:

"He had the ability to let people know where he stood. When he was building roads for the county, he let Tom Pendergast know his concrete companies should stay out of the bidding, and they did."

Many others lacked such forthrightness with "Big Tom," so that when his machine flew apart during the late thirties after a convulsion of exposes and trials, city and country had a bad case of public remorse and civic hangover. But it had been quite a party.

The Pendergast years from a scarlet chapter in the city's past—casinos, bookies, brothels. A history by *Kansas City Star* editors Richard B. Fowler and Henry C. Haskell, now retired, records that Big Tom objected to roulette, so one casino on the state line offered roulette in Kanasas, booze in Missouri.

The Kansas City, Missouri, City Hall, the police department, and much of the Jackson County Courthouse served the machine first, the public second. When "Pretty Boy" Floyd and friends machine-gunned five men at Union Station in 1933, the killers lingered in town overnight with impunity. When election frauds resulted in four deaths at the polls in 1934, the *complainants* were arrested.

Pendergast seemed invulnerable to waves of outrage—until a federal tax-evasion conviction sent him to Leavenworth Penitentiary in 1939. His empire crumbled.

JAM SESSION STIRS NOSTALGIA

One legacy of the Pendergast years has not only survived, it has thrived and turned respectable, though it was born in the era's bars and nightclubs. Jazzmen know it as the Kansas City sound.

Orville "Piggy" Minor, who played trumpet with Count Basie, has mellow memories of those rollicking years.

"There was the Reno Club at 12th and Cherry, the Spinning Wheel and the Barley Duke, and dozens of others," he said.

We talked against the riffs of a jam session at the Mutual Musicians Foundation, a time-stained little building at 19th and Highland in the black district. It was 2 a.m. on a misty July Sunday, and Orville's friends had gathered from playing gigs all over the city to have fun playing for themselves.

"We formed our own union in the 1920's, after the white union wouldn't let us join," Orville explained. It was a mutual-aid group, helping "down" brothers get up again. One brother it helped was Bill Basie. On a recent visit the Count said simply, "I'm home."

The years of playing it high and whistling have callused Orville's lip, but the jazz trumpet remains his life: "A wife is great, but music frees my mind." With a lot of other brothers, Orville hopes to realize a dream of seeing the historic little building become a jazz hall of fame.

Kansas City can claim to have spawned one hall of fame already: the "Hallmark Hall of Fame," television's most honored dramatic program. It sprang from the sponsorship of Hallmark greeting cards, and hence from the mind of founder Joyce C. Hall, who first heard about that Kansas City spirit back in 1909.

"I had a successful little postcard business in Norfolk, Nebraska, and I was thinking of moving it to Omaha," he said. "But a traveling cigar salesman said, 'Omaha is all right, but you want to go to Kansas City.' " The salesman spoke glowingly of the city's vigor and growth, of its extensive new parks and boulevards, of how it had built a huge convention hall in just 90 days. "I knew that was the place for me," Joyce Hall said. At 18 the lanky six-footer came to town and founded the giant of the greeting-card industry. Today it employs 500 artists alone.

TRYING TO SAVE THE INNER CITY

Mr. Hall's varied public services, including support of "People to People," a kind of private Peace Corps, have brought him many honors. But he remains basically the small-town Nebraska boy he once was, easy to visit.

I visited him at Crown Center, the privately funded $350,000,000 project in urban redevelopment born in his mind. Downtown, around Hallmark's headquarters, grimy old buildings give way to bright new offices, shops, and apartments, clustered around courts and greenery (next page). There's a 20-story hotel, with a 60-foot waterfall in the lobby; it cascades down a limestone bluff, once part of an eyesore called Signboard Hill.

Since 1966 son Donald J. Hall has headed Hallmark and Crown Center, expanding the project: "We're trying to show what private funding can do to save the inner city."

Others have caught the vision. A few blocks north, 30-story City Center Square thrusts its six-sided tower skyward. Between it and the vast new H. Roe Bartle Exposition Hall, nearing completion, the historic old Hotel Muehlebach, many times host to Presidents Truman and Eisenhower, is modernizing to the tune of seven million dollars.

On the riverfront, around the old farmers' market, 19th-century brick storefronts brighten with paint and quaint watering places—The Boiler Room, Cindi's Bedspread, Yesterday's Girl—part of a rejuvenation called River Quay. Pedestrian malls with flowers and fountains try to lure people back downtown in Independence and Kansas City, Kansas. In old Westport, streets sprout gas lamps and shops refurbish in frontier decor.

South of Westport, on a steep hill now tiered with winding drives and gracious homes, men in bue and gray once fought and died in an often overlooked Civil War battle.

Henry Haskell can see that hill from his study window, and his mind replays the events of that fight in October 1864:

"If Gen. Sterling Price had taken Kansas City and Fort Leavenworth, the gate to the West would've fallen into Southern hands."

"MR. HICK'RY" HELPS WIN A BATTLE

Almost 30,000 troops maneuvered, skirmished, and met head-on, with the Southerners finally digging in atop the hill, and holding. On the third day it looked like a stalemate.

Then a bent old man—some accounts call him "Mr. Hick'ry" for the staff he leaned on—showed the Union commander a hidden ravine leading to the top of the hill.

"Gen. Samuel R. Curtis wasted no time getting cannon and cavalry to the top," Mr. Haskell said. "They flanked the defenders, and the battle was won."

I well knew that once-bloody hill, now a city park. My wife, Virginia, and I often brought our boys to the playground there, next to a rose garden, where our favorite bloom was a saucer-size beauty called Peace.

The real scourge of the region in Civil War days was the hit-and-run terror of guerrillas. That hate storm, fanned by abolitionist John Brown, nurtured outlaw Jesse James. I went to Liberty and asked Bill and Vera Eldridge about those times.

"Please say something about Liberty and Clay County besides Jesse James," Vera pleaded. Both she and Bill, who is county recorder of deeds, work tirelessly uncovering local history. "We're older than Independence, with elegant old houses, and William Jewell College, begun before the Civil War. We recently got a state preserve made of a wonderful old settlement called Watkins Mill."

But Jesse's father, a Baptist minister, helped found William Jewell College; legend has it that the James gang used to go to Watkins Woolen Mill for blankets, and that they launched their bank-robbing career in Liberty. So the talk always comes back to the James boys. But how did they get that way?

"This was an area of Southern sympathies," Bill said, "and some of these people had been kicked off their land by the infamous Order No. 11." Trying to stop bushwhackers, including the Jameses, Union Gen. Thomas Ewing in 1863 had ordered all settlers to evacuate an 85-mile-long band of Missouri on the Kansas border. Looting and burning by jawhawkers from Kansas ravaged the land.

Amazingly, for 16 years after the war Jesse and Frank and friends robbed trains and banks and eluded posses and Pinkertons. A bomb tossed into the James family home killed Jesse's younger brother and cost his mother a hand.

Finally Jesse died, not at the hands of a lawman, but shot in the back by traitorous gang member Robert Ford, "that dirty little coward," in the words of the song.

And Clay County has yielded to its fate, each April staging a Jesse James Festival, reenacting a bank robbery with a satisfying expenditure of blanks and flashbulbs.

ECONOMIC WARS BESET MINORITIES

Through the Civil War, Kansas City's ethnic face was Anglo-Saxon, with strong German elements. Then came increasing numbers of Jews, Irish, Italians, and Slavs. They shared the common problems of being poor and different, clustering in ghettos at first, gradually diffusing into the city's mainstream. Mexicans and blacks came too, and found bigger problems.

"My father fled Mexico in 1919, during a revolution," Lupe Gonzalez told me. "He got a job with the Santa Fe and came to Kansas City, Kansas, to work in the freight yards."

Lupe grew up in Argentine, above the yards and the packing plants along the Kansas River. I remember it for its modest frame houses, flowers, strings of drying peppers, the tantalizing smell of baking tortillas. "We had our saints' days and fiestas," Lupe said. "It was like a little piece of Mexico."

But he knew he wasn't in Mexico when he went to look for a job. There were barriers.

"If we made it through high school and went with the railroad or a packing plant, the Anglo community felt we should aspire to nothing more," he said.

Lupe tried college, varied jobs, and became local head of federally funded SER, Spanish for "to be." The program helps people find jobs by training them in English and specific skills. Lupe feels things are looking up.

Bernard Powell fights housing barriers in the black community of Kansas City, Missouri. More than 100,000 blacks live in a 2,240-block expanse that ranges from well-kept mansions to houses and apartments that look like artillery targets.

"Battles have been fought here, but they're economic battles," said Bernie Powell, who heads a coalition of civic groups called the Social Action Committee of Twenty. "People lack the money to make repairs."

He mentioned a practice called redlining, by which deteriorating areas are denied home loans. "We help people who have run out of options," he said. When I saw him, he was sending shingles to the Olive Street home of Mrs. Evelyn Hopkins, 79, and VISTA volunteers were nailing them to her leaking roof.

"We'll work with anybody who will help restore any part of this town," said Bernie, at 28 an eight-year veteran of such work. "We just ask people to do what they can. If you're a homeowner, put on some paint, one can at a time, if that's all you can do. Plant a tree, a bush. If you haven't at least planted a tree or a flower, I don't want to talk to you."

Apartments and condominiums notwithstanding, the city is largely one of individual homes, with low population density. In the 50's and 60's, Kansas City, Missouri, almost quadrupled its area to 316 square miles, annexing a big bite from Platte County, to include a new jetport there.

"I have one patrol car covering 60 square miles in rural Platte County," Police Chief Joseph D. McNamara told me. "That's 60 times bigger than the precinct in Harlem where I used to walk a beat." From a New York City Irish police family, with a doctorate in public administration from Harvard, the 41-year-old chief succeeded Clarence M. Kelley, who moved to Washington in 1973 to direct the FBI.

McNamara has continued to stress better community relations and closer rapport with blacks. And his department's emergency corps, whose specialty is rescuing hostages, has attracted national attention.

SHANGRI-LA AND A VISTA OF SPAIN

Rescuing people troubled in spirit draws attention to a unique Kansas City institution, a Christian movement called Unity, started in 1889. Amid a Shangri-la of cloister-like buildings, orchards, and woods, Unity maintains a retreat center, global printing operation, seminary, and a 23-hour prayer vigil that receives 2,370,000 requests a year. "We stress the unity of all creation, including other faiths," says President Charles R. Fillmore, namesake and grandson of the founder.

Another Kansas City landmark—the Country Club Plaza—has been much studied across the nation for more than half a century.

The plaza, begun in 1922, was the nation's first major suburban shopping center. No antiseptic monstrosity of cold glass and concrete, it is mellow buff brick and red tile, with courtyards and fountains and towers copied from Spain. The plaza, covering 15 city blocks, is the dream of the late J. C. Nichols.

"My father believed that beauty should be part of everyday life, even a shopping trip," said Miller Nichols, his like-minded son, who heads the real-estate firm that owns the plaza. "In a time when outdoor privies were still common, he felt a backyard should be as attactive as a front yard. He promoted boulevards, curving drives, and fountains."

Such ideas distinguish 8,000 acres of housing developed by the firm, making southwest Kansas City and adjacent Johnson County, Kansas, a showplace—one of the nation's greatest expanses of beautiful homes.

At Christmastime many twinkle with outdoor lights, as does the Spanish skyline of the plaza (pages 138-9). Last year some 70,000 came to watch the lighting ceremonies,

From our room atop the Raphael Hotel, Virginia and I looked down through the snowy evening to the festival of lights, the holiday crowd. From somewhere voices caroled ". . . tidings of comfort and joy . . ." and the fragment floated up into the snow-reflected brightness like a benediction on the night. Christmas had found us.

East of the plaza clusters the city's cultural heartland: the Nelson Gallery, the Art Institute, Rockhurst College, the Music Conservatory, the burgeoning University of Missouri at Kansas City.

Here, too, one finds the Linda Hall Library of Science, with its outstanding collection of scientific books and journals, and the Midwest Research Institute. The latter is now studying "biofeedback" as an aid to drug addicts and cancer patients (page 122). The greater city also has medical schools of the Universities of Missouri and Kansas, and half a dozen other institutions of higher learning.

The stone-pillared Nelson Gallery honors the granite-jawed founder of the *Kansas City Star*, whose alumni include William Allen White, Ernest Hemingway, and Ben Hibbs. Indianian William Rockhill Nelson founded the newspaper in 1880, crusaded for parks, boulevards, and municipal reform, backed Teddy Roosevelt for President, and left millions to acquire art for a gallery.

By the early 1930's, the gallery stood ready, but largely empty, on the commanding hill where the Nelson home had been. Trustees found the art of Europe and the classical world brought up and scarce, but the Orient was a different matter. In China they found young Laurence Sickman studying on a Harvard scholarship and asked him to buy art for them. Man and cause had met.

"In those days in China, you could stroll into a shop and buy a Han vase, a 3,000-year-old bronze horse, a collection of scrolls," Mr. Sickman told me. He sent the gallery sculpture, paintings, ceramics, furniture, a whole temple ceiling—the nucleus of what has become one of three or four collections of Chinese art in the Western World. Then he returned to become curator of the treasures he'd found, and finally the gallery director.

MAVERICK ARTIST PERCEIVED NATION'S SPIRIT

Until last year Kansas City had a living art treasure in Thomas Hart Benton, an unexcelled muralist and eloquent maverick, who for a few years taught at the Art Institute. As a child he muraled the stairway of the family home in Neosho, Missouri; he left at 17 to study art. He offended gallery curators by questioning their manhood, and preferred creek-bank and barroom companions to the "vanities of society." His brush feelingly captured the frontier trapper and Missouri cornfield, the heartland and folkways of America.

In January 1975 he finished a mural on country music, shared a quail dinner with friends, then sat contemplating his latest work—and his heart stopped after 85 vigorous years. "Kansas City misses him," said John W. Callison, a young stockbroker who had been his firend and companion on Arkansas float trips. "And I miss him, too."

Benton was essentially a workingman's painter, just as Kansas City has always been a workingman's town. During World War II it turned out munitions by trainloads, Pratt & Whitney engines, B–25 bombers, and thousands of landing craft that chugged down the Missouri to far-off bloody beachheads.

SUSPENSE MARKS A LAUNCHING

Harry Darby, former U.S. Senator and GOP National Committeeman, who helped persuade Eisenhower to run for President, remembers those landing craft well, because his Kansas City, Kansas, steel firm made them—and frankly, they looked so monstrous that he doubted the first one would float.

"When it did, I gave a cheer," he said, "and followed it by car for 25 miles downriver, where I gave it a salute and sent it on its way."

Today Kansas City sends out a stream of refurbished jetliners from its sprawling Trans World Airlines overhaul base at the new International Airport. On my way to see a huge Boeing 747 being rejuvenated, I was waylaid by a vamp of an earlier age, an innovative monoplane of the 1930's known as the Stearman-Northrop Alpha (page 127).

"Frankly, she's a mess now, but come back in a month," said Dan McGrogan, instructor in TWA's Kansas City flight-operations school. Dan's volunteer crew of TWA workers was restoring the Alpha for the Smithsonian's Air and Space Museum.

Only 20 Alphas were built, and TWA bought 13 of them. Air historians had supposed that all 20 Alphas had disintegrated, but this venerable specimen was found in Wisconsin, Dan's crew was rebuilding the landing gear and whole wing sections.

"I figure I saw this very plane go over my house near Pittsburgh when I was a boy," Dan said. The blue exhaust flames of the 10 p.m. mail plane inspired him to become a pilot and flight engineer. Now at TWA he teaches others the intricacies of giant jets.

Jet-age Kansas City remains faithful to its earlier history as a city of the harvests, especially of wheat and livestock. Two events in the 1870's started it on its way.

In the far-off Ukraine, pacifist Mennonite farmers feared conscription into the czar's armies, and when Santa Fe railroad agents from America offered homesteads, the plain people came by thousands, bringing with them precious bags of seed wheat called "Turkey red." In Kansas it ultimately bore prodigious yields, and Kansas City prospered as grain poured through it to the nation and to the world.

Today the Kansas City Board of Trade is the world's biggest marketplace for that red winter wheat, ironically the kind the Soviet Union buys when its harvests fall short.

Rod Turnbull of the Board of Trade makes the growing and selling and moving of grain sound like an adventure story: the plains farmer's double gamble with prices and the whims of nature; the golden harvest; the tall elevators showering their bounty into long trains; the tumultous marketplace.

Mounting a horseshoe dais called the trading pit, grain brokers wave their arms like evangelists and shout bids, as federal law requires. Ignoring the barrage of bidding, Rod talked of a flurry of stories that the Russians had leased many ships, that a big grain deal was near. Next day came the word that the Soviet Union would buy two million metric tons of hard winter wheat.

By train, truck, or barge, grain moves in and out of Kansas City every day: One snowy day I watched towboat pilot Bill Cartwright nudge nine barges under a conveyor to load 380,000 bushels of No. 1 milling wheat.

"We'll get it to St. Louis in 40 hours," Bill said. "Some will go to New Orleans and overseas—some up the Tennessee to Chattanooga." Yes, he conceded, the Missouri can be mean. "It's swift and shallow, and the channel can change in hours." Stopping his 1,100-foot-long tow takes two miles—or more.

RECALLING THE BIG CATTLE ERA

Wheat elevators and stockpiles—that's a Kansas City I remember. From 2,000 pens in the West Bottoms an aroma on certain winds advertised livestock clear across town. Briefly in the 1940's the city surpassed Chicago as the world's biggest cattle market.

Vivid in my mind is a July day in the '50's when the rampaging Kansas River flooded the pens. Bawling animals were herded to rooftops, only to die in the scorching sun. Jay B. Dillingham, for years president of the Kansas City Stock Yards Company, was there, trying to save them: "With water all around, we couldn't get enough of it up to them to wet them down—and we couldn't shade them."

For both Jay and Kansas City, the livestock industry has been a life's theme. We talked of the vast herds of Texas longhorns driven to Kansas railheads in the early 1870's, giving the Kansas City livestock industry its real impetus. The railroads pushed west, and soon cattle came from Colorado, Wyoming, Arizona, together with ranchers and cowboys bent on kicking up their heels in the city.

"But the truck and commercial feedlot dispersed the industry," Jay said. Today's volume is less than half of the 1940's business.

If the stockyards aren't as big as they once were, the American Royal Livestock and Horse Show they produced is bigger than ever.

For 77 years there has been an American Royal in Kansas City. Last November it moved into the new Kemper Arena, added a rodeo, and drew a record quarter of a million people. Attendant events filled hotel lobbies and streets with stockbreeders in stetsons, belles in ball gowns, and 20,000 Future Farmers of America in blue-and-gold jackets.

"This town really jumps during the Royal," said Bill Harsh, president of the 1975 event. "Make your reservation early, arrive early, and have fun." We did all of the above.

In the bunting-hung Kemper Arena, we cheered proud show horses with sequined hooves, roached-maned three-gaiteds; Appaloosas, Arabians, Morgans. When the jumpers dug into the tanbark to spring over six-foot jumps, my heart went up with them.

We shared the pride of 14-year-old Celia Harmon of Clinton, Missouri, when her Galloway heifer won the reserve championship. We knew she had been up since dawn, shampooing HA Boy's Gal 331, spraying on Patterson's Purple Oil for glow, a mist of peach balm for sheen. She'd aimed for the grand championsip, but "there's always next year."

We shared the concern of the Jack MacNairs, Kansas "Farm Family of the Year," at the Royal, for the 700 heifers they'd acquired just before coming to Kansas City. An early blizzard was sweeping their farm, near Jetmore. "But we've got good help, and good neighbors," Jack and wife Bobbie kept assuring me—and each other.

WEATHER'S TRICKS KEEP CITY WATCHFUL

Blizzards, floods, droughts, and twisters: They are all part of that special—sometimes disastrous—excitement that pervades Kansas City. I remember a 1957 twister that struck suburban Ruskin Heights, killing 44 people in its path, injuring 200, reducing blocks of homes to rubble. Until it veered, that storm had aimed straight at our house. Like other Kansas Citians, I learned to keep an eye on the sky, an ear on the weather forecast.

That's why, among 21,600 civil servants who staff the federal regional offices here, chief weather forecaster Allen Pearson is the most famous. I sought him out.

"Every time they run *The Wizard of Oz* on TV, and that twister carries Dorothy clear out of Kansas, we get tornado inquiries," he said. Pearson also heads the National Severe Storms Forecast Center, headquartered here.

In his office high in the new glass-and-concrete Federal Building, we hunched over a U.S. map and focused on the Great Plains. He explained that warm moist Gulf air and colder Canadian air sometimes collide in the lee of the Rockies with catastrophic results.

"The funnels that get photographed are usually not the meanest ones," he said, "The really dangerous ones are too often masked by rain. For them we hit the panic button, and we hope you will pay attention."

The skies that occasionally brew death more commonly bestow the sun and rain that produce bounty. "We're at the heart of the world's biggest larder—Missouri, Kansas, Iowa, and Nebraska," notes Fred Kiewit, agriculture editor of the *Star*. "This assures Kansas City a commanding role in the future."

Seeking a path through guessed-at country to the west in 1804, Lewis and Clark paused at the Missouri's great bend and noted its commanding bluffs. On one of those bluffs, I now gaze over the greater city and ponder its path through guessed-at country called the future.

No one can read in that roiling swift water what is yet to come, of course. But knowing this place as I do, I'm certain of one thing: In years ahead we'll see more, not less, of that special excitment—that special spirit—in this place called Kansas City.

CLARA MAASS

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. MINISH. Mr. Speaker, today marks the 100th birthday of Clara Maass. Many of my friends and colleagues may not be familiar with this personality. Quite unfortunately, Miss Maass is in that category of unsung American heroes.

In 1900 Clara Maass volunteered for civilian nursing duty in Cuba. She worked with the famous Maj. William Gorgas and Dr. Carlos Finlay.

History has paid tribute to Gorgas and Finlay as having conclusively proved that mosquitoes alone were the cause of yellow fever. What many people do not realize is that as a result of Miss Maass' death the Havana Commission's investigations were ended and theory became established fact.

Miss Maass served in Havana through August 1901. She nursed yellow fever's victims; then to test a theory that mosquitoes were the actual carriers of the disease, she offered to be bitten. Her first attack, in June 1901, was a mild one. She voluntarily allowed herself to be bitten again on August 14. This time the fever was fatal, and she died at Cuba's Las Animas Hospital.

General Gorgas wrote of this American heroine:

> Miss Maass was a most excellent nurse. She died as the direct result of the mosquito bite. Large sums of money and many lives have been saved, and will yearly be saved by this discovery of the manner of propagation of yellow fever.

Miss Maass was 1 of 20 volunteers and joined several Cubans in death. Clara Maass was the only American and the only woman to die in seeking the cause of yellow fever.

It could simply be said that Clara Maass was a girl from East Orange, N.J., who met death in Cuba at age 25. I believe her life and death should serve as a tribute to the courage and selfless dedication of American women as well as to our Nation's youthful zeal.

THE GREAT AMERICAN HORSERACE

HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. MITCHELL of New York. Mr. Speaker, people in communities across the country are celebrating our 200th birthday with a vitality and eagerness which is both refreshing and rewarding.

This description is particularly applicable to a unique and challenging event—now well in progress—the Great American Horse Race.

The 99-day cross-country race, which began on May 31 in Frankfort, N.Y., in my congressional district, is a journey to rediscover America—her achievements and her dreams.

It involves people from many walks of life. Riders include professionals, clerks, housewives, horse people, teenagers, and senior citizens.

The race is being run in a series of daily competitions with individual daily times totaled. There will be 76 racing days and 23 rest days. The race is scheduled to finish on Labor Day in Sacramento, Calif., the west coast gold rush city and last stop of the Pony Express.

The participants and organizers are to be congratulated for their willingness and spirit to embark upon such an adventure.

Our 200th birthday celebration is a very special occasion for all Americans—a time when we stop and take note of the many aspects of our history—the people, events, and accomplishments—which have made this country so great. Our Bicentennial is a time of hope. A time when our spirits can be rekindled. A time when we can rediscover this great country, reassert our interest in and rally to the great beliefs, traditions, and ideals of our American democracy.

The Great American Horse Race is a tribute to our celebration. It is exciting. It is fun. It is uniquely American.

A BILL TO END SCHOOL BUSING

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. McDONALD. Mr. Speaker, on March 9, 1976, I introduced H.R. 12365, a bill to eliminate Federal court jurisdiction over forced school attendance, the text of which is:

> That, pursuant to article III, sections 1 and 2, of the United States Constitution, no court of the United States shall have the jurisdiction to make any decision, or issue any order, which would have the effect of requiring any individual to attend any particular school.

On May 10, 1976, after the Judiciary Committee indicated it plans to take no action on this bill, I initiated a discharge petition which is now available for signature by Members at the Journal Clerk's desk on the House floor.

The purpose of the bill is to prohibit Federal court orders forcing children to attend a particular school, such as orders to bus children to specified schools because of their race. Its means is to employ the authority granted to Congress by article III of the Constitution to restrict the jurisdiction of the Federal courts to issue such orders.

Frankly, it is surprising there are still proponents of school busing for the purpose of achieving racial balance. It is costly, it is driving down the quality of education and it is apparently resulting in greater segregation, the very opposite of its alleged purpose.

Even sociology Prof. James Coleman, the author of the influential 1966 study used as a basis of many busing orders, now says court-ordered school integration is a failure. A new study by Coleman shows that court ordered integration results in a "general resegregation in all regions of the country." It is worth noting that in an interview published last year in the National Observer, Coleman called the courts "the worst of all possible instruments for carrying out a very sensitive activity like integrating schools."

BUSING FOSTERS RACISM

But by far its most pernicious aspect is the effect on the children who are caught up in it. Racism is a crude form of collectivism: .It consists of treating people as members of racial groups instead of as individuals based on their own qualities of character. And what is a young person taught when he is uprooted from his school and friends and forced to attend some distant school, and told that the reason is his race? Thus are the seeds of racism planted in young and impressionable minds.

And thus it is no wonder that busing always increases racial awareness and racial tensions, resulting in turmoil and fighting among students paired off on the basis of their race. If we wish to attack racism among our young people, we must eliminate race as a standard for determining anything. Which means we must eliminate Government-imposed quotas, affirmative actions, et cetera. And the first to go should be one of the most insidious: Assignment of children to various schools on the basis of their race.

FROM BROWN TO GREEN: THE SWITCH FROM NONRACIAL TO RACIAL SCHOOL ASSIGNMENT

But to eliminate this we must curb its chief source: the Federal courts. Some of these courts are now holding that busing is necessary to remedy violations of the constitutional right to the equal protection of the law under the 14th amendment.

Consider, however, the history of desegregation decisions dating back to *Brown* v. *Board of Education*, 347 U.S. 483 (1954). In that case the Court held that the State policies requiring the separation of students in the public schools on the basis of race violated the Equal Protection Clause of the 14th amendment, thus overturning the "separate but equal" doctrine established in *Plessy* v. *Ferguson*, 163 U.S. 537 (1895). The Court, in the words of Chief Justice Earl Warren, stated:

> The fundamental principle that *racial discrimination in public education* is unconstitutional (emphasis added), and held that all provisions of federal, state, or local law requiring or permitting such discrimination must yield to this principle.

In discussing appropriate remedies, Chief Justice Warren further stated:

> At stake is the personal interest of the plaintiffs in admission to public schools as soon as practicable on a *nondiscriminatory* basis and the courts may consider . . . revision of school districts and attendance areas into compact units to achieve a system of determining *admission to the public schools on a nonracial basis* . . . (emphasis added).

I am not sure how the Supreme Court could have been more explicit—racial discrimination in public education is ruled unconstitutional and admission to the public schools must be on a nonracial basis. And yet a series of Federal court decisions over a period of years have resulted in exactly the opposite—the ordering of children to attend certain schools because of their race.

At first the Court declined to interfere with the administration of its Brown mandate, allowing the enactment and administration of "pupil placement laws" assigning each student to a school on the basis of formally nondiscriminatory criteria. Eventually, however, the lower courts began voiding these laws on the grounds of discriminatory application and in the early 1960's various State practices such as school closings, minority transfer plans, and zoning were ruled inadmissible. What followed is well summarized on page 1498 of the Constitution of the United States of America, Senate Document 92–82:

> About this time, "freedom of choice" plans were promulgated under which each child in the school district could choose each year

> which school he wished to attend and subject to space limitations he could attend that school. These were first approved by the lower courts as acceptable means to implement desegregation, subject to the reservations that they be fairly administered.
>
> However, enactment of title VI of the Civil Rights Act of 1964 and HEW enforcement in a manner as to require effective implementation of affirmative actions to desegregate led to a change of attitude in the lower courts and to a three-case decision in the Supreme Court posited on the principle that the only desegregation plan permissible is one which actually results in the abolition of the dual school and charging school officials with an affirmative obligation to achieve it.

The crucial case was *Green* v. *County Board of Education,* 391 U.S. 430 (1968), in which the Court declared that State and local authorities have an "affirmative duty" to abolish the effects of former discriminatory practices.

Notice the switch, the change from eliminating discrimination on the basis of race to requiring it. Traditionally the test of violation of the equal protection clause has been whether segregation is de jure—that is, the result of intentional action of school officials, or de facto—resulting from factors other than the application of the law by State and local officials—neighborhood residential patterns, for example.

But as the courts began to rule on the various plans of school districts to eliminate racial discrimination, they increasingly expanded the scope of de jure segregation until it included virtually any schools not containing a "proper" ratio of black and white students. Thus it became virtually impossible for school officials to come up with any plan of student assignment that would not be ruled a case of de jure segregation.

Now the obvious solution is the "freedom of choice" plan that many school systems attempted to implement. If a student is given the freedom to choose which school to attend, clearly he is not being discriminated against because of his race; however, when the courts began disallowing such plans and requiring "affirmative action" instead, they made it impossible to implement the Brown mandate to eliminate racial discrimination from our public schools—there is simply no way to pursue an "affirmative duty" without making race the standard of school assignment.

This was made clear by the subsequent Court ruling in *Swann* v. *Board of Education,* 402 U.S. 1 (1971), in which the Court pointed out that the neighborhood school or any other student assignment plan "is not acceptable simply because it appears to be neutral."

Instead, because the present situation may be attributable to past discriminatory actions in site selection and location of school buildings, it is permissible, and may be required, to resort to altering of attendance boundaries and grouping or pairing schools in noncontiguous fashion in order to promote desegregation and undo past official action; in the remedial process. conscious assignment of students and drawing of boundaries on the basis of race is permissible for the moment.

The Swann decision explicitly approved busing of students in this remedial process.

BUSING IS DISCRIMINATORY AND ILLEGAL

Two things must be said about this policy of ordering race conscious school assignment to remedy past discrimination. First, discriminating against today's schoolchildren in no way corrects past discrimination. No one would advocate that a man's son pay for a crime committed by his father; yet in regard to racial discrimination, many people somehow believe that guilt is collective, is passed on from one generation to the next and that punishing today's children is an appropriate means of atoning for yesteryear's sin.

Second, such a policy is illegal. Equal protection of the law is surely not afforded to those children forced to attend a particular school because of their race. In fact this is precisely what the Supreme Court held in the Brown case when it outlawed racial discrimination and ordered admission to the public schools on a nonracial basis. Congress agreed when it passed the Civil Rights Act of 1964 defining "desegregation" as the assignment of students to public schools and within such schools without regard to their race, color, religion, or national origin, but "desegregation" shall not mean the assignment of students to public schools in order to overcome racial imbalance. (42 U.S.C. 2000c)

So what should be done? School busing is illegal and irrational, but the Federal courts continue to order it. One possibility is a constitutional amendment. However, I do not think this is necessary since under any logical interpretation of the law, school busing is already illegal. Besides, such an approach could take many years and thus prolong the injustice.

No, it is clearly the courts that are at fault; it is the illogical and inconsistent interpretation of the law that is the problem, not the actual law.

This is why I chose to introduce legislation to restrict court jurisdiction instead of amending the law. In fact, I believe the possibility of such obvious overstepping of bounds by the courts is precisely why the Founding Fathers gave Congress the power to control the courts. Just as the doctrine of judicial review gives the courts a means of checking the power of Congress, the authority to restrict jurisdiction gives Congress a means to check the power of the courts.

THE CONSTITUTIONALITY OF REGULATING COURT JURISDICTION

The question is raised, however, as to just how far this authority to restrict court jurisdiction extends. Two things are clear: The authority is very broad indeed, but it is not unlimited.

The Constitution, article III, sections 1 and 2, explicitly grants Congress the power to control the courts: With respect to the Supreme Court, by regulating its appellate jurisdiction; with respect to the inferior Federal courts, by establishing them in the first place and thus regulating both their original and appellate jurisdiction.

The Supreme Court has upheld the right of Congress to control its appellate jurisdiction in a number of cases. "By the Constitution of the United States," the Court held in *Barry* v. *Mercein* (5 How. (46 U.S.) 103, 119 (1847)), "the Supreme Court possesses no appellate power in any case, unless conferred upon it by act of Congress." And in *Daniels* v. *Railroad Co.* (3 Wall. (70 U.S.) 250, 254 (1865)), the Court said that in order for a case to come within its appellate jurisdiction two things must occur: the Constitution must give the capacity to take it, and an act of Congress must supply the requisite authority.

In the same case, the Court also stated:

> It is for Congress to determine how far, within the limits of the capacity of this court to take, appellate jurisdiction shall be given, and when conferred, it can be exercised only to the extent and in the manner prescribed by law. In these respects it is wholly the creature of legislation.

Perhaps the most explicit statement in support of Congress' authority to restrict appellate jurisdiction came in ex parte McCardle. In this case:

> The Court accepted review on certiorari of a denial of a petition for a writ of habeas corpus by the circuit court; the petition was by a civilian convicted by a military commission of acts obstructing Reconstruction. Anticipating that the Court might void, or at least undermine, congressional reconstruction of the Confederate States, Congress enacted over the President's veto a provision repealing the act which authorized the appeal McCardle had taken. Although the Court had already heard argument on the merits, it then dismissed for want of jurisdiction. "We are not at liberty to inquire into the motives of the legislature. We can only examine into its power under the Constitution; and the power to make exceptions to the appellate jurisdiction of this court is given by express words." (The Constitution, page 752)

Likewise there are a number of decisions in which the Court has upheld the power of Congress to regulate the jurisdiction of the inferior courts, on the basis that they owe their very existence to Congress in the Judiciary Act of 1789. For example, in Turner against Bank of North America, the issue involved the jurisdiction of the Federal courts when a suit was brought to a Federal court under its diversity jurisdiction, an action prohibited by the Judiciary Act of 1789. The defense counsel argued that the grant of judicial power by the Constitution was a direct grant of jurisdiction, but the court disagreed:

> The notion has frequently been entertained, that the Federal courts derive their judicial power immediately from the constitution; but the political truth is, that the disposal of the judicial power (except in a few specified instances) belongs to Congress. If Congress has given the power to this Court, we possess it, not otherwise: and if Congress has not given the power to us, or to any other Court, it still remains at the legislative disposal. Besides, Congress is not bound, and it would, perhaps, be inexpedient, to enlarge the jurisdiction of the Federal courts, to every subject, in every form, which the constitution might warrant. 4 Dall. (4 U.S.) 8 (1799)

Even the father of judicial review, Chief Justice Marshall, held the same view, observing in ex parte Bollman, 4 Cr. (8, 10 (1799)), that "courts which are created by written law, and whose jurisdiction is defined by written law, cannot transcend that jurisdiction."

More recent Court decisions have also supported this principle. For example, in 1932 Congress enacted the Norris-La Guardia Act, prohibiting the issuance of injunctions in labor disputes except by compliance with a lengthy hearing and fact-finding process, which was challenged in court on jurisdictional grounds. The law was upheld in *Lauf* v. *Skinner & Co.*, 303 U.S. 323, 330 (1938), however, wherein the Court declared:

> There can be no question of the power of Congress to thus define and limit the jurisdiction of the inferior courts of the United States.

The Emergency Price Control Act of 1942, in which Congress provided for a special court to handle challenges to the validity of price regulations, was another clear-cut example of congressional restriction of Federal inferior court jurisdiction. The basic constitutionality of this Act was upheld in *Lockerty* v. *Phillips*, 319 U.S. 182 (1943), while in *Yakus* v. *United States*, 321 U.S. 414 (1944), the Court held that the act's removal of the district court's jurisdiction to examine the constitutional validity of regulations was not a denial of due process.

THE LIMITS OF CONGRESSIONAL AUTHORITY TO CONTROL THE COURTS

Clearly the power of Congress to control the Federal courts through regulating their jurisdiction is very broad indeed. Nevertheless it is not without limits. For if it were, if Congress could withdraw Federal court jurisdiction over literally any matter it chooses, then obviously basic constitutional foundations such as express prohibitions, separation of powers, and the nature of the judicial function could be overturned by congressional whim.

What these limits are precisely is not so obvious; however, an examination of ex parte McCardle provides some guidance. This case is most significant because the court held that Congress has the authority to legislatively restrict court jurisdiction over writs of habeas corpus, even though habeas corpus is a right expressly granted by article I, section 9 of the Constitution, and thus it marks perhaps the furthest advance by Congress over court jurisdiction. However, even in that case there were limits, as the Court observed in concluding its opinion:

> Counsel seem to have supposed, if effect be given to the repealing act in question, that the whole appellate power of the court, in cases of habeas corpus, is denied. But this is an error. The act of 1868 does not except from that jurisdiction any cases but appeals from Circuit Courts under the act of 1867. It does not affect the jurisdiction which was previously exercised. (The Constitution, pages 757–758)

It is possible, therefore, that the Court would not have ruled as it did if the question had been to deny absolutely an appeal from a denial of a writ of habeas corpus.

So what may we deduce regarding the limits of congressional power to control the Federal courts by regulating their jurisdiction? I believe it can be summarized as follows:

First. The power of Congress to control the inferior Federal courts is virtually unlimited. This power is expressly granted by the Constitution when it authorizes Congress to establish inferior courts, which Congress did by the Judiciary Act of 1789, and has been upheld consistently by numerous Court decisions.

Second. The power of Congress to control the appellate jurisdiction of the Supreme Court with respect to statutory questions is likewise virtually unlimited. This power is expressly granted by the Constitution and has been upheld by numerous Court decisions.

Third. The power of Congress to control the appellate jurisdiction of the Supreme Court with respect to constitutional questions is not unlimited. Although the Constitution explicitly grants such power to Congress, it could not validly be used to undermine the very purpose and foundation of the Constitution itself. Thus the Congress does not have the power to regulate the appellate jurisdiction of the Supreme Court if its effect would be to infringe on the separation of power or to prohibit the Court from exercising its judicial function in protecting rights granted by the various express prohibitions on Government power enumerated in the Constitution.

THE CONSTITUTIONALITY OF H.R. 12365

So what about H.R. 12365? Well, if this bill restricted Federal court jurisdiction with respect to freedom of speech or with respect to the equal protection clause of the 14th amendment, it would be unconstitutional—at least in regards to the appellate jurisdiction of the Supreme Court. But it does not. It restricts Federal court jurisdiction with respect to school attendance; specifically, it prohibits the courts from requiring any individual to attend any particular school.

Now since education is not mentioned in the Constitution and public education has been created by statute, restricting court jurisdiction with respect to school attendance does not ostensibly raise a constitutional question. However, the question of constitutionality might be raised in desegregation cases under the equal protection clause of the 14th amendment. But it is important to keep in mind precisely what jurisdiction H.R. 12365 restricts. It does not prohibit the Federal courts from hearing cases dealing with school desegregation. What it does, in effect, is deny to the courts the ability to order what some courts have alleged to be remedies in such cases.

It still allows the Federal courts to hear such cases and to order any remedial action they consider appropriate, except for those remedies which involve forced school attendance—particularly forced school attendance on the basis of an individual's race. The courts would have jurisdiction, for instance, to require school attendance plans based on freedom of choice, which would be consistent with the Brown decision, the equal protection clause and the Civil Rights Act; they would not have jurisdiction, however, to order school attendance plans requiring school assignment on the basis of one's race—plans which are not consistent with Brown, the equal protection clause or the Civil Rights Act.

It may be argued that offering freedom of choice plans as remedies for segregated schools is inappropriate on legal grounds because of the doctrine of stare decisis—which holds that courts should follow the rules or principles laid down in previous judicial decisions unless they contravene the ordinary principles of justice—since such plans have already been struck down in some court decisions. But it is the principle established by such decisions—that "affirmative action" must be taken to desegregate schools and thus that children must be assigned to schools on the basis of their race—which is not consistent with the Brown decision. Thus while overturning earlier decisions disallowing freedom of choice plans may appear to be a violation of stare decisis, in fact such action would merely bring remedies in line with the principle of nonracial school assignment established by Brown.

It should also be noted that stare decisis, while serving a valid judicial function, is by no means an iron-clad rule, particularly in cases dealing with constitutional issues. Its limitations have been progressively weakened since Pollock versus Farmers' Loan and Trust Co. in 1895, since which some 143 decisions have overturned one or more earlier decisions of constitutional questions (op. cit., page 683). Brown, of course, is itself one of the most famous instances of an established doctrine being overturned.

Nevertheless, I am often told, even though H.R. 12365 is constitutional and forced busing is contrary to the equal protection clause and the Civil Rights Act, the courts might still declare the bill unconstitutional. After all, if they order something so obviously contrary to the law as forced busing, what is to stop them from ignoring the constitutional basis of H.R. 12365?

The answer is that irrationality on the part of Federal judges is no reason for Congress to abdicate its responsibility to uphold the Constitution. The emphasis placed on the issue by enactment of a bill like H.R. 12365 could go a long way toward influencing the courts; at the very least it would force them to review their arguments which, given their obvious shortcomings, could lead to a reversal of some of their more extreme decisions. In fact, I believe many judges are looking for a means to get out from under the havoc they have brought about, and legislation restricting their jurisdiction could well be a vehicle they would readily climb aboard.

Mr. Speaker, I hope my colleagues will join me in signing the discharge petition. In terms of fostering race consciousness, in disrupting the lives of our young people and interfering with their education, forced school busing is exacting an enormous price. I believe restricting the jurisdiction of the Federal courts is the fastest and surest way of eliminating this.

AMERICAN UNEMPLOYED SUPPORTS H.R. 50

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. HAWKINS. Mr. Speaker, it pleases me to call the attention of the Members to a statement on unemployment issued by the informal American Unemployed organization. Their statement considers both the economic and social aspects of unemployment. It discusses the trickle down theory, the trade-off theory, and presents responses to these arguments. American Unemployed concurs with many other concerned groups that the Full Employment and Balanced Growth Act is the best solution to the problem. The statement follows:

AMERICAN UNEMPLOYED,
Arlington, Va., June 15, 1976.

Hon. AUGUSTUS HAWKINS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HAWKINS: We are sending you our statement of support for the Humphrey-Hawkins bills (S. 50 and H.R. 50). The same statement has been sent to Rep. Joe Fisher, our Tenth District Representative, who has kindly provided us with copies of the bills and of the committee reports, and whose campaign we again hope to actively support.

We read your article "Disparaging and Flippant Comments on the Jobs Bill" in the Washington Post, May 29. Also Senator Humphrey's "A Strategy for Putting America Back to Work," May 14. Then we received the statement by Andrew J. Biemiller of AFL–CIO and the opposing statements from The National Chamber of Commerce and from Schultze of Brookings. Our popular and informal organization hastens to add to the controversy.

We would be most interested in any comments on our statement. They would be most graciously accepted.

Sincerely,

RISTO MARTTINEN,
Head,
J. S. LEE,
Vice President,
ROBT. PATTERSON,
Writer,
VAL MOLENDA,
Student,
ANNI LANDAUER,
Director Emeritus.

STATEMENT OF THE INFORMAL ORGANIZATION OF AMERICAN UNEMPLOYED ON S. 50

SCOPE OF THE UNEMPLOYMENT ISSUE

Unemployment, as an issue, has at least two important aspects—the economic and the social. Both are considered in this paper and both *should* be considered in proposing legislation to reduce unemployment.

The issue of unemployment (unfortunately for the unemployed) is a complex mixture of economics, politics, and social theory—a subject which makes poor reading because it is marked by muddled thinking, unproven assumptions, conflicting opinions, and antiquated beliefs. This confuses the unemployed so they are able to neither comprehend their dilemma nor suggest ways to end it by legislation. Simply to produce writing on the issue the unemployed have to overcome almost impossible twin obstacles posed by (1) the complexity of the issue, and (2) the paralyzing depression which accompanies prolonged joblessness. This paper, produced by an unemployed person, represents such an effort.

THEORIES TO DISMISS THE UNEMPLOYED

The trickle down theory

One way to dismiss the unemployed was to utilize the "trickle down" theory. The basic assumption of this theory was that if business was helped by the government then the rest of the economy, including the unemployed, would flourish. The theory had a long historical foundation and was used in the McKinley campaign of 1897. The theory implied that high unemployment rates resulted from poor business, and that society was so structured that government was at the top, business in the middle, and labor at the bottom. Hence, help at the top would eventually trickle down. The theory stifled thinking for it suggested the unemployed could have no complaint as long as government was helping business.

The inflation-unemployment tradeoff theory

The tradeoff theory was another way to consider unemployment. Professor Charles Killingsworth wrote: "The most common statement of the doctrine is that if you want less unemployment you must accept more price increases: and if you want less price increases you must accept more unemployment." The theory implied the necessity of unemployment. It indicated to the jobless that they clearly were part of an economic plan. The formula seemed to recognize them as somehow a counterbalance to inflationary forces. It took only a little imagination to realize that the unemployed, as a group, were being credited with the power to keep national inflation from accelerating. They were, in effect, accomplishing what no one else could! There was economic value to unemployment.

Response to the theories

The effect of these theories on the unemployed was to confound them and to paralyze their thinking. The unemployed were already subject to the uncertainty of a ruptured future and thus unable to become engaged in the Gordian knot these theories made of the unemployment issue. They could not write of their problem for roughly the same reason soldiers do not write during battle—they are too busy trying to survive. No one knows to what extent they felt betrayed.

Freud said work, more than any other human activity, keeps people in touch with reality. If this was true and high unemployment was being maintained, it seemed there would be a citizenry out of touch with reality—to whatever extent there was a lack of work. The issue had, for the unemployed, an important psychological side. But this, being beyond their realm, the economists did not explain.

LAW AND HIGH UNEMPLOYMENT RATES

1. While no legal means may be found to oppose high rates of unemployment, it may justly be said unemployment is taxation without representation: it takes from the defenseless citizen his or her money, savings, property, and dignity. It is a long way from due process.

2. Unemployment is fundamentally counter-American because it frustrates the pursuit of happiness and because it works against the phrase in the Preamble calling for the Constitutional promotion of the "general Welfare." Thus, it is a question of social contract.

3. The Full Employment and Balanced Growth Act of 1976, as reported with amendments May 14, recognizes the general welfare responsibility (page 32–33.) Past efforts to shore up the unemployment rate have been futile because the efforts have been small scale and because there is a national work shortage. Conventional economic stimulants—tax incentives, easy money, Federal job programs, have not proven effective and have not produced significant gains in employment because of basic changes in the land: the great tasks of the 50's and 60's have been completed just as the post-war population boom has set about looking for work. Industrial expansion has slowed and corporations have gone abroad for labor. The suburbs have been built—it remains only to connect them better with subways and highways. The massive Federal interstate project is completed and the Southeast Asia war is over. The space program has cooled.

Meanwhile, failure to carry out the basic long-term requisites of employment policy, (1) job maintenance, and (2) job creation has resulted in a worsening of the problem. According to reputable sources 12 million jobs would have to be created by 1980 if unemployment is to be reduced to 5 percent.[7]

Today the unemployed are disadvantaged, unorganized, and disoriented. They cannot speak up. Unemployment is a type of exile, relentlessly depriving the citizenry of normal participation in society. It must be the concern of government to end this exile.

The Full Employment and Balanced Growth Act of 1976 recognizes this. It should be supported by all the millions now unemployed, by all the millions underemployed, by all the millions misemployed, by all the millions with insecure positions, and by all responsible persons interested in strengthening the national economy. The proposed bill is a monument befitting the Bicentennial.

COST OF LIVING INCREASE FOR SOCIAL SECURITY RECIPIENTS

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. ASPIN. Mr. Speaker, I would like to add my support to a concurrent resolution which will finally insure that social security recipients receive the full cost-of-living benefits authorized by law.

On July 3, the 33 million social security recipients and 1,185,000 recipients of railroad retirement are due a 6.4-percent cost-of-living increase in their benefits. On an individual basis, the adjustment will raise average monthly benefits from $202 to $218 for a retired single worker, or from $194 to $208 for an elderly widow.

Yet, when the elderly receive this small increase, they can expect cutbacks in other Federal or federally assisted programs for which they qualify. These include medicaid, veterans' pensions, public housing, certain State-supplemented SSI and in some cases participation in the food stamp program.

The programs affected by cutbacks are those which are "means-tested"—only those persons with the greatest need can qualify. In the past we have said, "Yes, it costs more to live, we'll increase your social security." Then the same Government turns around and says, "Well, we see you have a little more money, now your veterans benefits must be decreased," or "You now must pay more rent." Surely, it was not the intent of Congress when establishing automatic cost-of-living increases in social security and railroad retirement to withdraw at the same time support for housing, nutrition, or medicine.

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[7] *The Christian Science Monitor.*

Many of my colleagues have already recognized this as a very real concern. A total of 112 separate bills have been introduced in the 94th Congress which would prevent reduction in other Federal benefits as a result of a social security cost-of-living increase.

Despite this congressional concern, the House has not yet acted on this problem. One obstacle to House action has apparently been the fact that several different committees have jurisdiction over the various Federal programs affected by social security increases. There also seems to be some disagreement among the various committees involved as to the best means of resolving the problem.

I am pleased today to join several of my colleagues in trying a new approach to break this impasse. This House concurrent resolution urges all Senate and House committees with jurisdiction over Federal programs affected by social security cost-of-living increases to draft legislation which would insure that, in the future, social security cost-of-livng increases would be disregarded when computing income under a means tested program, until such time as there is a general adjustment in said program.

For too many American senior citizens, the social security cost-of-living increase has been a cruel hoax. I hope that the committees will respond to this resolution so that the elderly can at least hope to keep up with today's rising costs.

The resolution follows:

CONCURRENT RESOLUTION

Expressing the sense of the Congress in favor of eliminating the reduction in other Federal benefits which results when cost-of-living increases in social security benefits occur.

Whereas 33,000,000 recipients of social security benefits, along with 1,185,000 recipients of railroad retirement benefits, are expected to receive a 6.4 percent cost-of-living increase on July 3, 1977; and

Whereas past cost-of-living increases in social security benefits have resulted in cutbacks in other Federal and federally-assisted programs and reductions in the benefits otherwise available thereunder; and

Whereas dealing with this problem on an overall basis is particularly difficult because the Federal and federally-assisted programs involved fall within the jurisdictions of a number of different congressional committees: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is declared to be the sense of the Congress that no individual whose social security benefits are increased (whether as the result of an automatic cost-of-living adjustment or by the enactment of a law) should suffer, by reason of such increase, a loss of or reduction in any benefits which he or she (or the family or household of which he or she is a member) is otherwise entitled to receive under any Federal or federally-assisted program.

SEC. 2. In order to implement the declaration contained in the first section of this resolution, each committee of the House of Representatives or the Senate which has jurisdiction over any Federal or federally-assisted program providing benefits subject to loss or reduction as described in such section should without delay consider and report legislation eliminating the possibility of any such loss or reduction to the extent that such benefits are concerned.

OIL DIVESTITURE BILL SHOULD NOT BE ON THE SENATE FLOOR

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. SARASIN. Mr. Speaker, it is an ancient but regrettable tradition among leaders to blame unfavorable situations beyond their control on some outside force or influence, thus diverting the public wrath away from the leaders and toward the entity singled out for the blame.

This principle of finding a scapegoat goes back to early man's blaming all misfortune on evil spirits or dissatisfied gods who must be propitiated through offerings and sacrifices and in recent times has seen whole classes or minorities within a population singled out and persecuted as the cause of all national ills.

In its most ordinary and prevalent form, however, it is seen when politicians try to divert attention from their own inability to deal with a problem by finding a convenient public scapegoat to attack in the guise of a solution to the original difficulty.

Thus it is with the issue of divestiture. Some Members of Congress, finding themselves unable to come to grips with the real problem of energy supply, economic realities, and public discontent, have found a convenient and vulnerable scapegoat. The big oil companies are not sympathetic figures. They have been implicated in political misdeeds, questionable business practices and deceptions. These infractions must be and are being prosecuted and Government oversight must continue.

But the fact is that the program of divestiture now being pressed in the Congress would not benefit anyone, least of all the consumer. Not even the strongest proponents of divestiture maintain it would result in lower prices, and no one can predict with any certainty how it would affect the ability of our domestic industry to deal with the power of OPEC. In short, it is the old political ploy of finding a scapegoat to divert attention from ineffectiveness.

At this point, I would like to offer for my colleagues' consideration, a thorough and thoughtful discussion of this issue from the Hartford, Conn., Times of June 26, 1976:

OIL DIVESTITURE BILL SHOULD NOT BE ON THE SENATE FLOOR

The decision of the United States Senate Judiciary Committee to report divestiture legislation to the full Senate is incomprehensible and irresponsible, particularly since a majority of the membership of the committee acknowledged opposition to the legislation.

The legislation, which would force the nation's largest petroleum companies to divest themselves of their vertically integrated operations, is indefensible and has been opposed not only by the major oil companies which, admittedly, could be accused of having a special interest, but also by the President, the Secretary of State, the Secretary of Commerce, the Secretary of the Interior, the Assistant Attorney General of the Justice Department's Antitrust Division, and a score of other knowledgeable Administration and private individuals and organizations.

The testimony they presented in opposition to the legislation is overwhelming, as well as convincing. There is no argument—or at least no argument advanced thus far—that would outweigh or even match their criticism of vertical divestiture proposals as either in the national interest or in the interest of the nation's consumers. Furthermore, there is no evidence at all to support divestiture proponents' claims that such action would reduce prices for this nation's consumers and there is considerable evidence indicating that divestiture would in fact increase prices.

Yet despite that burden of evidence, the Senate Judiciary Committee has sent divestiture legislation to the floor of the United States Senate, and while there is every reason to believe the legislation will be defeated, it is extraordinarily disappointing that the Congress simply is extending the period of uncertainty facing the nation's petroleum companies thereby lessening their effectiveness in seeking out and developing new energy sources.

Thomas R. Kauper, assistant attorney general with the Justice Department's Antitrust Division, in testimony before the Judiciary Committee on the legislation, commented earlier this month: "The antitrust laws are intended to limit the development and exploitation of monopoly or market power. . . . Market power is the ability of a firm or firms to control the marketplace, rather than respond to market developments; to control prices, production or competitive relationships, rather than address them as a competitor striving against other competitors. Since S. 2387 (the divestiture legislation) mandates a remedy—in the language of its findings and purpose—of 'extraordinary dimensions,' one would expect the petroleum industry to exhibit the structural characteristics of a monopolistic or at least very highly oligopolistic industry. Available economic data, however, is to the contrary."

Assistant Attorney General Kauper supports that contention: "While in the average manufacturing industry in this country the top four firms have 40 per cent of the market and the top eight have 60 per cent, the Energy Resources Council Divestiture Task Force reports that in the petroleum industry the figures are 26 per cent and 41 per cent for crude oil and natural gas liquids production, 32 per cent and 57 per cent for refining capacity, and 31 per cent and 54 per cent for gasoline marketing operations. Furthermore, no one company controls more than 11 per cent of any of these markets."

So much for the ludicrous contention that the petroleum industry is noncompetitive and monopolistic.

Julius L. Katz, deputy assistant Secretary of State, expressed even graver concerns: "I would like to express the concern of the Department of State over the adverse impact this bill could have on our domestic energy objectives. Growing dependence on imported oil has made us unacceptably vulnerable, politically as well as economically, to embargoes and arbitrary increases in oil prices. It is likely that the forced divestiture of our major oil companies would jeopardize our ability to achieve our reduced dependence goals. These companies are a crucial source of technology, capital and know-how for developing our domestic energy resources."

Secretary of the Interior Thomas S. Kleppe was equally blunt in testimony before the committee. He said, "My view is that the divestiture . . . would involve substantially greater costs than any benefits it might produce. . . . No convincing demonstrations have been made that there are significant failures of the competitive market system for any phase of the industry. Forced divestiture can have anticompetitive effects . . . Divestiture can seriously injure economic efficiency and our efforts to become energy self-sufficient . . . The demonstrated ability of integrated companies to ameliorate embargo efforts would be lost by divestiture."

Each of those compelling comments was made to the Judiciary Committee before it reported the divestiture proposal to the full Senate, yet the committee acted anyway. Does anyone truly believe that the President, the State Department, the Secretary of the Interior, the Secretary of Commerce, the antitrust division of the Justice Department and the Secretary of the Treasury, long an *opponent* of divestiture, as well as the nation's energy czar, Frank Zarb, also long an opponent of the measure, are all tools of the petroleum companies simply doing their bidding while the handful of congressmen in the House and Senate favoring the legislation are acting unselfishly and in the national interest?

That is far too much for any American to be asked to believe. Instead, it must be believed that the battle over divestiture is simply a congressional smokescreen to cover up the inability of the House and the Senate to come to grips with the reality of the nation's energy crisis by recognizing and enacting legislation to immediately decontrol petroleum and natural gas prices in order to stimulate exploration and development.

The Congress simply is playing dangerous games.

TRIBUTE TO BENNETT C. WHITLOCK, JR.

HON. JAMES R. MANN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. MANN. Mr. Speaker, I commend the members of the American Trucking Association, Inc., on their choice of Bennett C. Whitlock, Jr., for the office of president of their trade organization.

It occurred to me in reflecting upon Bennett's latest achievement that it was just about this time 30 years ago that we first met as students at the University of South Carolina Law School. I have followed his career in the trucking industry with great admiration and respect over these past three decades, and take great delight in this latest expression of peer confidence in his extraordinary talents and abilities.

I am certain that Bennett will make a great contribution to the search for responsible solutions to the emerging problems and changing patterns of our Nation's transportation system—a search in which the Federal Government, including the Congress, is also involved.

I congratulate Bennett as he undertakes his new duties and responsibilities as president of ATA, and wish him continued success in his career endeavors.

IN SPRING, NADER'S FANCY TURNS TO THOUGHTS OF TRUST-BUSTING

HON. CHARLES WILSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. CHARLES WILSON of Texas. Mr. Speaker, whatever Ralph Nader is, he is not a lovable person. He has been admired and hated, respected and scorned, but nowhere in the public record is there testimony of tenderness or the warm bond of affection. Until Monday, that is, when a fan of his wrote a very touching letter to him which appeared in the Washington Post.

Since Mr. Nader has demanded of all of us that we make public the smallest detail of our financial holdings but has refused to disclose anything of his, I think this insight into his personality will be of interest to you:

[From the Washington Post, June 28, 1976]

TIME FOR A VACATION, RALPH

(By Geri Joseph)

Ralph, baby . . .

It had to happen. I mean, after all, how much can a person take? Looking back, maybe our relationship was built on too flimsy a foundation. Togetherness against pollution and corruption and consumer fraud can wear a little thin as the years go by.

I still admire you, you understand. Along with 58 percent of the American people, I think you are the consumer's best friend. And heaven knows I am a consumer.

But the truth is, Ralph, you have become too much of a good thing. And let's face it, you are a relentless nag. You are always after me to do something about hard, complicated problems, and, frankly, you've worn me out.

So what I am suggesting is not a complete break, but a vacation from each other. Yes, I know you don't take vacations except, maybe, a day at Christmas—although there was that time in 1963 when you spent three months in South America. But I take vacations, Ralph, and I think I need one from you.

When you began your career as critic, you were a new face and a clear voice. The way you took on the mighty automakers way back in 1965 was the stuff of legends. Anybody who's had the door handle fall off a new car or, even worse, had it stall in the middle of a freeway in 5 p.m. traffic knows your name and calls you blessed.

You got into a lot of other things, too, Ralph. When you went after the federal regulator agencies for being comfy-cozy with industries they regulate, we knew you were on our side. When you assailed the federal housing program, you said, "A bureaucracy is like a fish. It rots from the head down." So true, and you were saying it before these Ronnie-and Jimmy-come-latelies.

Then, in 1970, there was the medical profession and its deficiencies. Too many unnecessary operations, you said, and too many unnecessary prescriptions. You crticized "unsatisfactory care" by doctors. A lot of people thought you were needling with too big a needle, but many of us understood you were doing it for us.

You have been busy, Ralph. Whether you work 15, 18 or 20 hours a day, as different aides report everybody can see you make diligent use of your time. Camp safety. Clean water. The dangers of nuclear power. Wherever there's a problem affecting consumers, there you are.

I'm not one of those who is bothered by the report that you make $250,000 a year. You say you live on only $5,000. The rest, you claim, goes to public-interest causes, and even though you decline to prove it by revealing your tax returns, I believe you. I admit to being a little troubled, however, when I read you have become a conglomerate—a network of at least 13 subsidiary groups at five different addresses with 75 professionals, mostly lawyers, who are into an ever-widening range of problems.

Bigness doesn't bother me, Ralph. I even have a certain perverse affection for the federal government. But your enlarged status has brought complaints of inaccuracies and sloppy work. One writer described your new report on "Constitutionalizing the Corporation" as "a dangerously defective product which should be recalled by its manufacturer before it inflicts injury upon unwary users." That can hurt you, Ralph, put a little tarnish on the shiny credibility.

But none of the criticisms really turned me off. What finally got to me was, of all things, a speech you gave recently in Marshall, Minn. You went on and on about how miserable everything is—from drinking water to mobile homes; from building codes to crime in the business suites; from the unnecessarily high cost of communications to the gluttony of the oil companies, which, you implied, are keeping us from cheap solar energy.

You did add that this is a rich country and our problems are solvable. But, Ralph, I suddenly felt so tired. We'll never do it, I thought dispiritedly. We'll never make the world safe for consumers. Even if we solve a problem, two more will spring up in its place.

And that's why we need a vacation from each other. I have had it with you and problems. I know a person should not become an ostrich. There *are* problems, and we must face them. But I need a breather, and you're not the kind of fellow who approves of breathers.

Which brings me to something else. I'm worried about you. You say you don't believe in relaxation. Just work. You probably lead the most Spartan existence of anyone in Washington, which may not be much of a standard these days. But, if reports are true, you live in a $80-a-month room, sans telephone and television. You don't drink, smoke or eat processed meat. And while you looked as if a limp breeze might blow you away, you claim to have great stamina that permits you to work hours on end without sleep.

Well, Ralph, you are still young. I think you should laugh more and go out on dates. Take time to smell the flowers. Right there in Washington you have the beautiful Dumbarton Oaks gardens. Go spend a little time contemplating that marvelously serene statue of Mrs. Henry Adams. You may not believe it, but there is more to the world than problems.

And I'll be seeing you, Ralph, I'm not sure when, but I'll be back. At least I think I'll be back.

GRADUATION SPEECHES

HON. DAWSON MATHIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. MATHIS. Mr. Speaker, recently I had the honor of addressing the graduating class of 1976 at Ravenwood Academy, Meigs, Ga., which is, of course, in the district I am privileged to represent. I was greatly impressed by the dedication of the graduates to this great Nation of ours, and was delighted to be reminded that these outstanding young people share my love and yours for this country and its institutions. The salutatorian of the class of '76 was Terry Reis and the valedictorian was Cheryl Ann Willis, both of Pelham, Ga. Each of these young people brought distinction to themselves, their classmates, families and school with their remarks on the occasion. I commend their remarks, which I am inserting in the RECORD, to you:

SPEECH BY TERRY REIS, SALUTATORIAN, RAVENWOOD ACADEMY, MEIGS, GA.

From its very inception, America has always seen God as our sustaining power.

The Founders of this great Nation, when called to the work of a new nation, began by expressing their hearts' desire to God for his divine guidance upon their lives as they looked to the welfare of this new endeavor.

George Washington concluded his second inaugural speech with these words, "I have obeyed the suffrage which commanded me to resume the executive power; and I humbly implore that being, on whose will the fate of the nation depends, to crown with success our mutual endeavors for the general happiness."

Everything is a gift from God. The least that we can do is thank God for what we have. Our country is a gift. If we share our gifts with others, they come back to us a hundred fold. We cannot make it along the road of life on our own.

As Americans, we can be justly proud of our country. Two hundred years ago, dedicated men and women began a noble experiment in personal freedom and individual liberty which has shaped the American dream ever since.

In a world where thousands—even millions—live daily with gnawing hunger, or wasting sickness, or stark poverty, or numbing ignorance or unrelenting despair, Americans have always tried to reach out a generous hand. But even after two centuries we have many in "the land of the free" who still are shackled by tremendous needs. Many more, with even more serious problems, live outside our favored land.

Although this is our day of graduation, I would like to note that it is also another memorial day—a day set aside to honor our nation's dead, who died in the nation's wars. Let me share part of a tribute from the dead soldier to those who survived and I quote:

"We are the young men who answered the call so many times in the past 200 years. We are mothers' sons who did not return. Perhaps you have forgotten us killed at Lexington and Concord by British bullets, or by disease and cold at Valley Forge. Our blood has stained the soil of so many of our 50 states and lands around the world. It was the price exacted to preserve our freedom.

Then World War I came along and young Americans were again going into battle: this time on foreign soil and these battles swelled the ranks of our legion of the dead, yet it was a war we believed would be the last great conflict among men.

Of course, we were mistaken. Soon, came World War II and our young were engaged in conflict around the world, on land, sea, and in the air. We gave our lives at Pearl Harbor, Anzio, the Coral Sea, Guadalcanal, and Iwo Jima. And women fell too from the jungles of New Guinea to the cold mud of Italy. Then, came Korea, and Vietnam and today our legion of the dead has grown to astronomical figures. We know that with greatness comes responsibility and men must be ready to defend that greatness against the predators of history."

One of the great moments in American history was Washington's decision to recross the Delaware River and risk everything in one desperate surprise attack. Imagine, if you will, the scene as Washington outlined it to his officers. During the meeting, he read Thomas Paine's pamphlet "The American Crisis" which had been written during the agonizing retreat across New Jersey. "These are the times that try men's souls," Paine wrote, "the summer soldier and the sunshine patriot will in this crisis shrink from the service of his country, but he that stands it now deserves the love and thanks of men and women."

Although Americans have always given more international aid per capita than any other nation, the mask of "Ugly American" is pressed upon them. Never in their 200 years of history have Americans been so unsure of themselves. They have lost their self-confidence, a process catalyzed and accelerated by loss of confidence in leaders.

However, America is strong and young enough to mobilize forces which can restore self-confidence, first to its own people and then to its friends in the world.

These forces have both the will to sustain freedom and the courage to oppose everywhere the enemies of this freedom, including the self-seeking, the complacent, and the cowards at home.

If America again takes morality as the guiding principle of her actions as she did 200 years ago, freedom will be reborn throughout the world. If America fails, the world is lost.

We must remember that for 200 years we have had a reputation of being good. We must remember that we are the greatest country in the free world. Other countries have been attempting to develop third force power too under the umbrella of our strength.

If we disappear or avoid our call to responsibility, there will be chaos indeed.

The most important task ahead of us is to be alive and free. Now, survival is the important thing.

We who are alive today did not make our free institutions. We received them from the men of the past and we hold them in trust for the future. Should we put ease and selfishness above them, that trust will foil and we shall lose all, not a portion or degree of liberty, but all that has been built for us and all that we hope to build. Real peace will not be won with one victory. It can be won only by long determination, firm resolve, and a will to share and work with other men.

SPEECH BY CHERYL ANN WILLIS, RAVENWOOD ACADEMY VALEDICTORIAN

The graduating class of 1976 has had the honor of being a part of the great celebration of our country's 200th birthday during this Bicentennial year. Just as our country has been preparing for the past several years to celebrate her 200 years of freedom, our senior class has also been preparing for the beginning of a new kind of freedom.

Our forefathers had to prove that they were capable of being victors before they proclaimed their independence. Several years ago we set our goals and many of these goals were achieved during our years of high school. We have members of our class who have had the honor of participating in a state championship football game and others who were part of the girls' basketball state championship team. Our boys' basketball team was able to defeat stronger teams and win a spot in the semifinals in the region tournaments for the first time. Our golf team began to receive recognition as they captured second place at region. We have classmates who have tasted victory at the state track meets. We have watched our band grow into a marching unit to participate at football games. We have beauty queens among us such as "Miss Ravenwood" and "Miss Pelham". The literary events have had their share of winners too. These are only a few of the accomplishments that we have strived for during the years. These titles are not as important to us as the glory of winning and proving that we are capable of winning. We have watched our school grow and expand and we have grown along with it. We now feel that we are capable of proclaiming our own independence because we have faced the competition and tasted victory. We have learned from our mistakes in defeat and believe that it is time for us to lead our own lives.

No longer will we be high school students being able to think only of the fun that each day brings, but we must now become adults, having to face the decisions that life brings to us. Just as our fellow countrymen made that important decision 200 years ago to announce their independence which affected our entire history, we will also be making important decisions that will influence our own lives. We will be taking more responsibilities that will affect us each day whether we are at college, at a job, or even at home. Our forefathers decided to take that first step into a new life. Now we, too, are faced with that same confrontation. But will our first steps be in the right direction?

The education that we have received here at Ravenwood Academy has opened the doors to opportunity, and it is up to us to walk through those doors. These doors lead to a better life, not only for ourselves but for our country as well because when we help ourselves, we help our country. America still needs her people to uphold her status among all nations and we are a part of that people. We should do the best in our power to help our country. The freedom that we are receiving is not free, but then, any freedom has a price to be paid. The price of freedom may involve personal sacrifice. Our forefathers were willing to sacrifice their own lives to obtain their freedom. We need only to sacrifice the time to devote ourselves to lives that should be lived to the best of our abilities. If we wish to keep our freedom to lead our own lives, then America must remain a free country also.

So now as we leave our high school days behind, let us not shut those open doors but walk through them into a new life—a life full of new experiences and the rewards that may come with the competition that life offers. To us the Bicentennial Year not only means remembering our country's freedom but the beginning of our own freedom as well as we leave Ravenwood Academy in the Spirit of '76.

ELDORADO HOSPITAL RECEIVES RECOGNITION

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. SIMON. Mr. Speaker, the Federation of American Hospitals Magazine Review in its June issue has a feature article about Ferrell Hospital in Eldorado, Ill., which is in my district.

Because the statistics are striking, I think some of my colleagues will be interested in this small hospital and what it is contributing to an area. We are proud of Ferrell Hospital and pleased to see this national attention coming to it.

The article follows:

T. L. C. IS DELIVERED IN RURAL AREA SHOWPLACE

The sign outside the imposing white brick building reads: Ferrel Hospital.

On the inside, however, it does not look like a hospital—and that is the whole idea.

With its ultra-fancy interior decorations—art gallery collection of paintings—period furniture in every rom—and wall-to-wall carpeting, investor-owned Ferrel Hospital could pass for a small, expensive hotel in a big city.

But, instead, the 47-bed hospital (which also includes a "built-in" clinic for doctors and other special units) is a showplace for Eldorado, Illinois (population, 7,000). It serves a rural area where coal mining and agriculture are the major industries.

The hospital was founded in 1928 on the second floor of a downtown store building by the late J. V. Ferrell, M.D. It was moved to its present location in the 1930s. There were two subsequent expansions which increased the bed size to the present, allocated capacity.

The new hospital was opened on February 1, 1974 as a replacement for the old, two-story structure, which has been converted into administrative offices, medical library, doctors' lounge, offices for medical records and purchasing, a large lecture and in-service classroom and storage facilities.

Despite the hospital's look of luxuriousness, its rates are compatible and competitive with a larger, voluntary hospital in Eldorado.

ALTERNATIVE TO TRADITIONAL

Donald G. Brown, president of Ferrell Hospital, challenges the use of the word "elaborate" to describe the facility.

"We do not consider it elaborate," he told The Review." We consider it an alternative to the traditional hospital environment. A person who is admitted to the hospital as a patient is ill or injured and must have the most pleasant surroundings possible to aid in recovery.

"Our facility is carpeted throughout with a commercial grade, low nap, tightly woven carpet, which has cut the noise level by 90 percent—and this, too, is most conducive to recovery. The carpet in each room is a different color.

"Also, we have all-electric beds in different motifs such as Pennsylvania Dutch, Early American, Traditional Spanish and others. The hospital is totally color coordinated so that by merely moving furniture and draperies we can completely redecorate every room for the next 12 years without purchasing anything new.

"We have color television and private baths in each room, and original art work throughout the hospital."

Brown said there was a total of 250 paintings, including a 20-piece collection in the central nursing station area.

"We have some original paintings and etchings that are part of a museum collection from a New York gallery. The hospital has made arrangements to have them on display indefinitely. I happen to like art. As to the interior decorations, I always have felt that it doesn't cost but just a little more to decorate properly than to go along with the traditional pea green walls and hard service terrazo flooring.

HELD TO CONSTRUCTION BIDS

"We completed this hospital 15 months ago at a time when the average per bed cost in the United States was more than $60,000. This hospital was built and equipped for less than $25,000 per bed and meets all National Safety Code requirements. We were able to accomplish this through design and by applying industrial business practices to the construction. We took bids and held to them at a time when costs were escalating quite rapidly. Nevertheless, we had locked-in bids."

Brown describes the new Ferrell Hospital as a building that "resembles a very nice home or hotel." He believes that a rural hospital can offer a "more homey environment" than larger hospitals.

He said that the hospital had averaged an 86 percent occupancy since February, 1974.

Brown believes that the "built-in" clinic facilities will be a major attraction in recruiting physicians. There are five on the medical staff now. He says that recruitment of doctors is one of the greatest challenges facing rural hospitals now "along with employing qualified, technical personnel."

Brown became administrator of the hospital in 1962, and in 1967, he and two other partners purchased the facility.

One of the very difficult problems for a rural hospital, he said, is the recruitment of personnel.

"Most hospital employees are female," he said. "If they are married, they must live and work in an area where they can find employment. Until recent economic changes in our area, such as revival of the coal mining industry, our employment picture was not too bright, and we had considerable difficulty finding qualified employees."

Brown said that the hospital offered special incentives to employees in addition to the traditional fringe benefits. For example, the hospitals holds memberships in the Eldorado Country Club and the Oak Meadows Country Club in Evansville, Indiana for its members. Also, there are family memberships for employees at local swimming pools. Meals at the hospital are furnished without charge because employees are required to stay on the premises.

LINCOLN MEMORIAL ELEVATOR

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. O'BRIEN. Mr. Speaker, not long ago elevator service was inaugurated at the Lincoln Memorial here in Washington. As a result, our physically disabled citizens at last can see the interior of that impressive structure up close, not only on a postcard or from the foot of those beautiful, but unconquerable, marble steps. In a very real way, that new elevator has opened the doors not only to a monument but to our national heritage and made it possible for every American to enjoy them more fully.

That pleasure and enjoyment was mirrored in the faces of the many physically disabled guests who attended the dedication. Their joy was infectious as they explored the monument for the first time but the most touching moment came when James S. Jeffers triumphantly emerged from the elevator in his wheelchair.

As executive director of the Architectural and Transportation Compliance Board, Jim had fought long and hard to see that elevator installed. Knowing Jim as I have the privilege of doing, I am sure he will continue to fight until every public monument and museum, and our private buildings as well, are accessible to all Americans.

As a sponsor of legislation to help achieve this goal, I was pleased and honored to have been asked to participate in the Lincoln dedication ceremony. Today I would like to share with my colleagues the President's dedication message, my own invocation, and a Washington Post editorial describing the event:

THE WHITE HOUSE,
Washington, May 11, 1976.

We now mark the beginning of our Third Century as an Independent Nation as well as the 200th Anniversary of the American Revolution. For two centuries our Nation has grown, changed and flourished. A diverse people, drawn from all corners of the earth, have joined together to fulfill the promise of democracy.

America's Bicentennial is rich in history and in the promise and potential of the years that lie ahead. It is about the events of our past, our achievements, our traditions, our diversity, our freedoms, our form of government and our continuing commitment to a better life for all Americans. The Bicentennial offers each of us the opportunity to join with our fellow citizens in honoring the past and preparing for the future in communities across the Nation. Thus, in joining together as races, nationalities, and individuals, we also retain and strengthen our traditions, background and personal freedom.

As we lay the cornerstone of America's Third Century, I am most happy to commend the Department of the Interior and the Architectural and Transportation Barriers Compliance Board on the inauguration of the special Bicentennial program to help make our national monuments more accessible to our handicapped fellow citizens. Efforts such as this are helping to make our great national celebration a memorable and meaningful one for all.

GERALD R. FORD.

INVOCATION

Eternal Father of all men, as we meet to dedicate this first national monument to the handicapped of thy children we invoke thy divine benedictions upon our efforts.

We know, oh God, that only as we take care of those who are less fortunate do we acknowledge thee, our Father. Grant us, then, the insight, we pray thee, that this monument may be a constant reminder of our responsibilities and our obligations to the handicapped and for them may this monument ever stand as a symbol of hope and courage, of love and brotherhood. Give us the largesse to look upon them not as inferiors but as thy children, no less than we, and grant us the patience to treat them with love and humanity. Humble us in the knowledge that but for thy grace there go we.

Today, upon a bus,
I saw a lovely girl with golden hair.
I envied her, she seemed so gay,
And wished I were as fair.
When suddenly she rose to leave,
I saw her hobble down the aisle.
She had one leg, and wore a crutch,
And as she passed—a smile.

Of God, forgive me when I whine . . .
I have two legs . . . the world is mine.

And then I stopped to buy something sweet,
The lad who sold them had such charm.
I talked to him—he seemed so glad—
If I were late, 'twould do no harm.
And as I left, he said to me:
"I thank you. You've been so kind.
It's nice to talk to folks like you.
"You see," he said, "I'm blind."

I have two eyes . . . the world is mine.
I have two eyes . . . the world is mine.

Later, walking down the street,
I saw a child with eyes of blue.
He stood and watched the others play;
It seemed he knew not what to do.
I stopped a moment, then I said:
"Why don't you join the others, dear?"
He looked ahead without a word,
And then I knew—he could not hear.

Oh God, forgive me when I whine
I have two ears . . . the world is mine.

With legs to take me where I'd go . . .
With eyes to see the sunset's glow . . .
With ears to hear what I would know . . .

Oh God, forgive me when I whine
I'm blessed indeed . . . the world is mine!

Bountiful father, bestow, we pray thee, thy blessings upon our beloved country, on the government of this republic, on the sturdy President of the United States, and all who exercise justice and rightful authority. Keep our country free from all totalitarian ideologies and pagan philosophies so that our country may ever be the beacon of freedom and hope for all men everywhere.

Bless thou, oh God, the work of our hand, the work of our hand, bless thou it.—Amen.

[From the Washington Post, May 5, 1976]

MR. LINCOLN'S NEW VISITORS

The Marine Band was playing. Official speeches were made. And then James S. Jeffers rolled his wheelchair into the newly installed elevator on the side of the Lincoln Memorial. Seconds later, a wheelchair-bound handicapped person was able for the first time to achieve the same easy access to the cherished national shrine that has been available all along to millions of non-handicapped Americans. Mr. Jeffers was visibly moved. He feels strongly about Abraham Lincoln. And as executive director of the Architectural and Transportation Barriers Compliance Board, he also feels strongly that, as required by law, all public buildings and transportation must be accessible to everyone regardless of physical disability and without undue dependence on others. The new elevator at the Lincoln Memorial, which was dedicated the other morning, was installed by the National Park Service in compliance with this law.

This compliance, we are sorry to report, is still somewhat of an exception. Estimates of the number of Americans with physical handicaps range from 35 to 50 million individuals. It is a measure of our national reluctance to face their problems and the indignity to which they are all too often subjected that we do not even have more precise figures. Even today some public, not to mention private, buildings are being built that, in effect, bar persons with physical handicaps from dignified access to jobs, education or the enjoyment of art. A number of recent court decisions, state laws, local government ordinances and acts of Congress have helped to remove some barriers. A White House Conference on Handicapped Individuals, scheduled for spring 1977, will surely mean further progress.

The Lincoln Memorial elevator is both convenient and inconspicuous. Another such elevator is now under construction at the Jefferson Memorial and should be completed in another month. In his dedication speech at the Lincoln Memorial the other day, Interior Secretary Thomas Kleppe pledged that future construction for the National Park Service and the Interior Department will be designed without architectural barriers so that all Americans, no matter what their physical condition, will be able to enjoy the natural and historical heritage of their country.

WHAT IS "OBSCENE" ABOUT 7 CENTS PROFIT?

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. STEIGER of Arizona. Mr. Speaker, in recent months there has been a great deal of discussion about the so-called divestiture legislation which would force the major U.S. oil companies to dispose of some of their operations.

At this time, I would like to call to the attention of my colleagues a letter that was written to the editor of the Arizona Republic by Walter R. Shoaff of Sun City, Ariz. Mr. Shoaff's letter appeared in that newspaper on June 5, 1976, and I think it presents a strong argument against divestiture and for the free enterprise system:

WHAT IS "OBSCENE" ABOUT 7 CENTS PROFIT?

After listening to a candidate for President of the United States denouncing me (and others) on TV the other night, I'm beginning to wonder if I really am Public Enemy No. 1. I am the owner (with many "partners") of an oil company!

For some time now I have heard myself attacked as a conspirator, rip-off artist, monopolist, corruptor and enemy of the people robbing the public by making obscene profits of as much as 45 cents of every income dollar.

If I am guilty as charged, I would admit that a miscreant such as I should be punished to the fullest extent of the law; but my personal reaction is one of wonderment and asking: Who, Me?

I'm the guy who, with other like-minded people, showed our faith in America by putting up hard earned savings to furnish services and products vital to raising standards of living of Americans and the other peoples of the world.

I "hired" organizers, administrators, geologists, specialists, managers, clerk engineers and laborers and sent many of them to all parts of the world to search for locations where petroleum might be found. I provided equipment necessary to definitely locate the oil and gas and to extract it from the ground. Many wells proved dry—some were productive.

The searches were conducted in all sorts of hostile environments—steaming jungles, deserts where temperatures ran to 130 degrees, arctic regions where temperatures dropped to 70 degrees below zero, North Sea and offshore platforms where raging storms are common.

I pumped the oil, transported it to tankers—ship, railroad, trucks and pipelines to refineries I constructed, where I converted the crude products into the finest fuels, lubricants, fertilizers and other valuable products. Then I transported those products to retail outlets—some independent, some I constructed and leased to individual operators and some I operated myself, bringing the products and services conveniently to the people.

Such are the services I render to people including my next door neighbor who owns an Opel with gas tank capacity of a little over 10 gallons. Periodically he goes to the gas station and says, "Fill 'er up." When he gets a full ten gallons he pays $5.79 for it and sometimes damns the oil companies for the "rip-off."

In due course I receive my share of the "obscene profits" made at his expense. The profit my company made last year on such a transaction was fourteen cents of which one half was retained in the business to insure that my neighbor can be assured of fulfillment of his future needs and hopefully continue to benefit from prices far below those charged in the other industrial nations of the world.

I suppose those "liberal" politicians attacking me would consider me bereft of morals when I say that when I receive my share of the seven cents profit on my neighbor's $5.79 purchase, I have no feeling of guilt.

The pseudo-liberals who are demanding divestiture are playing a dangerous game. With the well-being of every American at stake they are making vague, unproven and unprovable charges, emotionally presenting to the American people distorted images of one of the finest industries in the world, efficiently operated and furnishing vital, highest grade products and services at fair prices.

Some of the proponents of divestiture even admit prices of gas would rise due to loss of coordination, but all that matters to them is to wipe out those "obscene profits" of seven cents for ten gallons received by us "profiteers." Beats me!

No, I do not work and have never worked for an oil company. I do own 210 shares of Texaco and in spite of inflation, in more than two years I have not received even a five cent increase from those "obscene profits."

WALTER R. SHOAFF.

MIDDLE DISTILLATE DECONTROL—ENERGY ACTIONS NO. 3 AND NO. 4, ENERGY AND POWER SUBCOMMITTEE STAFF ANALYSIS

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. DINGELL. Mr. Speaker, today the Subcommittee on Energy and Power held a hearing on the subject of errors and ommissions discovered in the Federal Energy Administration's analysis in support of middle distillate decontrol. Because the House will be called upon to consider and vote on this issue tomorrow, I would like to provide my colleagues with information regarding this hearing. Elsewhere in the CONGRESSIONAL RECORD I have inserted my opening statement. At this point I insert the analysis prepared by the staff of the Subcommittee on Energy and Power. This analysis was presented in testimony form to the subcommittee.

STAFF ANALYSIS—MIDDLE DISTILLATE DECONTROL

(Prepared by the Staff of the Subcommittee on Energy and Power)

The FEA analysis in support of middle distillate decontrol is predicated upon the conclusion that supplies of middle distillates will be adequate to meet forecasted demand over the next three years. A second fundamental conclusion underlying FEA's analysis is that decontrol of middle distillates presents little potential for price increases and poses a minimum economic and social risk.

A. FEA DEMAND ANALYSIS

Any forecast of middle distillate demand must take into consideration the following factors:

1. The length and severity of the winter heating season which would affect demand for heating oil;

2. The level of natural gas curtailments which would affect demand for middle distillates used as an alternative fuel;

3. Demand projections for other fuels which may be produced by a refinery in preference to middle distillates or for which middle distillates may be consumed as a substitute fuel.

FEA winter heating oil demand assumptions

FEA's middle distilalte decontrol analysis did not assume a normally cold winter. On page 81 of FEA's middle distillate decontrol analysis entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Allocation and Price Regulations" (hereinafter "Findings and Views"), dated June 15, 1976, FEA explains its demand forecast for middle distillates. This forecast underlies the findings that middle distillate supplies will be adequate to meet projected demand. The FEA analysis states:

"Demand for middle distillates was forecast using FEA's short-term petroleum demand model. The forecast was designed to indicate the probable high end of the range of demand, and thereby insure that subsequent analysis of available supply adequacy would be conservative."

During hearings before the Subcommittee on Energy and Power on June 22, 1976, acting FEA Administrator John Hill was asked specifically whether FEA's analysis assumed a normally cold winter. Mr. Hill answered in the affirmative.

Subsequently by letter dated June 23, acting Administrator Hill responded to questions raised during the course of the Subcommittee's hearings. An attachment to this letter admitted "the use of 1975 actual data in the generation of the demand forecasts." The attachment concedes that 1975 was a warmer than normal year and acknowledges that FEA's demand forecasts must be adjusted to fully reflect normal heating requirements over the 6.7% fewer weighted average degree days experienced in the first half of 1975. The attachment to the June 23, 1976, letter from acting Administrator Hill set forth a comparison of alternate demand projections comparing the original demand projections included in FEA's middle distillate decontrol analysis and demand projections adjusted to reflect demand likely to be experienced from a normally cold winter. This comparison shows increases in middle distillate demand of 25,000 barrels per day during 1976, 29,000 barrels per day in 1977 and 28,000 barrels per day in 1978 over the levels originally forecast by FEA.

Consideration of FPC projections of natural gas curtailments

The FEA analysis did not take into account the liklihood of increased future natural gas curtailments. The description of the methodology used for the short-term forecasting model relied upon by FEA may be found in Appendix II of FEA's "Findings and Views". That Appendix explains the assumptions utilized for consideration of the effect of natural gas curtailments upon middle distillate demand levels. The Appendix states:

"Natural gas curtailments are assumed throughout the entire forecast interval. On a yearly average basis, it is assumed that incremental gas curtailments will boost residual demand by 80,000 barrels per day and will boost distillate demand by 113,000 barrels per day."

Simply stated, this assumption is equivalent to the component of middle distillate demand associated with natural gas curtailments experienced in calendar year 1975. FEA's analysis implicity assumes, therefore, that natural gas curtailments will continue at the 1975 level throughout the three year forecast period. However, the Federal Power Commission projects 1976 heating season curtailments will be 30% higher than those experienced during 1975 due to a continuing decline in interstate natural gas deliveries.

In an attachment to the June 23, 1976, letter from acting Administrator John Hill to Subcommittee Chairman John D. Dingell, FEA admits that a *"constant* level of demand due to natural gas curtailments" (emphasis supplied) is included in the demand estimates for each of the years 1976 through 1978. The attachment recognizes the likelihood of "annual increases in natural gas curtailments . . . of about 33%, and admits that "revision of the forecasting model" was necessary to incorporate annual increases of 25% in the amount of middle distillate demand caused by natural gas curtailments." "Revised" estimates provided in the attachment reveal a 30,000 barrel per day increase in projected middle distillate demand in 1976 attributable to increased natural gas curtailments. Increases of 66,000 barrels per day and 110,000 barrels per day in projected middle distillate demand are included in the revised projections for 1977 and 1978 respectively. On a percentage basis, these revisions represent middle distillate demand increases of approximately 1%, 2% and 3% for 1976, 1977, and 1978 respectively, over the level of demand originally projected by FEA.

Residual fuel oil demand projections

Any consideration of demand for middle distillates must take account of demand increases projected for related fuels, in particular, residual fuel oil. In the original residual decontrol proposal submitted to the Congress on March 29, 1976, the Federal Energy Administration short-term demand model projects a 15% per year increase in residual fuel oil demand in 1976 and a 9% increase in 1977. However, Table XVII entitled "Percentage Increase in Anticipated Product Demand Over Prior Year Demand", the FEA "Findings and Views" shows a 0.2% per year decrease in anticipated residual fuel oil demand in 1976, a 0.2% increase in 1977 and a 0.1% increase in 1978. Parenthetically these projections of little or no increase in residual fuel oil demand are particularly hard to accept in view of the fact that for planning purposes a major residual fuel oil supplier has estimated 15% annual increases in residual fuel oil demand during the next two years. FEA's revision in residual fuel oil demand is explained in a brief footnote: "These residual fuel oil demand estimates are revised downward from those reported in the 'Findings and Views Concerning the Exemption of Residual Fuel Oil From the Mandatory Petroleum Allocation and Price Regulations,' March 29, 1976. FEA's short-term demand model was revised March 12, 1976, to make improvements in the methodology and to take into account the latest available data."

Thus, a March 12, 1976, revision in its short-term demand model is apparently FEA's sole justification of a major difference in demand projects for residual fuel oil between those submitted to the Congress on March 29, 1976, and those submitted just two and one-half months later. Curiously, both exemption submissions, and therefore both residual fuel oil demand projections, were submitted *after* the March 12, 1976, revision of FEA's short-term demand model.

The significance of a revision in residual fuel oil demand projects is that for many purposes middle distillates can be used as a substitute for residual fuel oil. Therefore, if residual fuel oil demand increases significantly, middle distillate demand may be expected to increase as a result.

Cumulative impact of demand underestimates

The combined effect of these demand underestimates, according to FEA, is to raise forecast demand as follows:

1976—55,000 barrels per day (1.7%).
1977—95,000 barrels per day (2.8%).
1978—138,000 barrels per day (4.0%).

These underestimates may be even greater to the extent that natural gas curtailments on an annual basis exceed winter curtailments and to the extent that higher than forecast residual oil demand creates added requirements for distillates, but no quantification of these increases has been included here. These discovered underestimates of potential demand tend to erode FEA's contention that more than adequate supplies of distillate exist relative to demand.

138,000 barrels of added demand would raise distillate demand in 1978 to 3.524 million barrels per day. When compared with FEA's projected distillate production in 1978 of 3,200 million barrels per day, higher demand would increase our distillate import dependence from the present level of 170,000 barrels per day to 324,000 barrels per day. The more dependent on imports we become, the more likely it will be that the price of all domestic middle distillates will rise to the import price.

B. PRICE IMPACTS OF DECONTROL

Magnitude of potential price increases

The Federal Energy Administration's "Findings and Views" also analyzes foreign middle distillate prices. The FEA analysis states:

"The FEA expects that the availability of foreign sources of middle distillates could have an effect of limiting domestic prices during the period of 1976 to 1978 if pressures develop within the petroleum industry to increase prices. There are two sources of middle distillates imports which may be used separately or together to counteract any large increases in the domestic prices of middle distillates."

In minimizing the risk of significant price increases under distillate oil price decontrol, the FEA analysis specifically references February, 1976 prices:

"During the month of February, 1976, the Rotterdam prices (of middle distillates) were 2.3 cents per gallon above domestic prices . . . The FEA believes that the availability of middle distillates from these markets is a potential deterrent to significant domestic price increases. . . . If domestic prices exceed foreign prices, the expected increase in imports will act to soften domestic pricing."

Significantly missing from the FEA's "Findings and Views" are data respecting the price of middle distillates in March, April and May, 1976. The domestic price of middle distillates in February, 1976, was maintained at an artificially high level by the drawdown of previously accumulated banks. Thus, the February, 1976, price had not yet reflected the combined effect of removal of the import tariff on crude oil and the rollback of domestic crude oil prices, both achieved as a result of the compromise crude oil pricing established in the Energy Policy and Conservation Act. Coincidentally, unregulated world market prices in February, 1976, were depressed as a result of an abnormally warm winter and low heating oil requirements in Europe. Therefore, a more appropriate basis for comparison of domestic and foreign middle distillate prices may be the month of May, 1976.

In a response to a written request from Subcommittee Chairman John Dingell, the Federal Energy Administration, on June 21, provided price data for March, April and May, 1976 to supplement the material which appears in Table XXII of the FEA analysis. There is no indication that this data was unavailable at the time that the FEA communication regarding middle distillates was transmitted to the Congress on June 15. The May 1976 data reveals an 8c per gallon differential between domestic and foreign middle distillate prices. It is clear, therefore, that the initial FEA analysis admitted a risk of only a 2c per gallon price increase. In reality, the risks of price increases are far greater. In fact, one may safely assume that if domestic supply is inadequate to satisfy demand (as comparison of revised demand projections with FEA's original supply forecast indicates) and middle distillates are not price controlled, the price of domestic middle distillates will rise by approximately 20% to the world market level.

Potential macroeconomic impacts

Should FEA's forecast of adequate distillate supplies hold true, no significant impact on distillate prices is expected to occur. But, if U.S. demand significantly exceeds domestic supply, decontrolled middle distillate prices may be expected to rise to the import price. Upon careful examination of FEA's forecasts, a scenario of significant excess demand and import dependence lies within the range of plausability.

Middle distillate demand projected at between 3.1 and 3.4 million barrels per day (or 4.9 billion gallons per year) will lead to a cost of more than $490 million per year to consumers for each cent of distillate price increase. This demand-pull inflationary impact on distillate prices would not be expected to significantly increase domestic petroleum production, since added revenues would go to refiners and marketers rather than domestic producers.

Differentials between the U.S. and world price for distillates vary considerably from month to month. Over the long range, however, this differential appears to be in the neighborhood of 6c to 7c per gallon. The associated potential economic impact of exempting middle distillates from price controls, should a shortage drive U.S. prices to the world level, would be as much as $3.4 billion reduction in real GNP. The average increase in a family's heating oil bill would be $113. And because households would have less disposable income to spend on goods and services other than fuel oil, demand for all products will decline. Adverse employment consequences could raise the unemployment rate by .13%, reflecting a loss of nearly 130,000 jobs.

THREATS TO ORDERLY OBSERVANCES OF THE BICENTENNIAL, PART II, RICH OFF OUR BACKS—THE MAOIST CONTINGENT

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1976

Mr. McDONALD. Mr. Speaker, a second series of potentially violent demonstrations in Philadelphia on July 4 is being organized by the Maoist Communists of the Revolutionary Communist Party—RCP—through its Rich Off Our Backs—July 4th Coalition—ROOB.

The Rich Off Our Backs contingent's strong potential for street violence is indicated by the records of the RCP cadre in launching dozens of building takeovers, sitins, disruptions, attacks on rival political groups, and confrontations with police during the past 3 years.

The RCP/ROOB rhetoric is designed to create a climate for mob violence.

Rich Off Our Backs—July 4th Coalition

The captioned group, ROOB, was organized in mid-March this year by the Revolutionary Communist Party (RCP), a nationally active Maoist-communist party formerly known as the Revolutionary Union (RU), which operates from Chicago [P.O. Box 3486, Merchandise Mart, Chicago, IL 60654].

The ROOB consists of five organizations, each by their documents a totally dominated front group for the RCP. They are the Vietnam Veterans Against the War (VVAW), the Unemployed Workers Organizing Committee (UWOC), the Revolutionary Student Brigade (RSB)—formerly known as the Attica Brigade; the New York-New Jersey United Workers Organization, and the May 1st Workers Organization (CA.).

Following several weeks of negotiations and legal proceedings, U.S. District Judge Joseph L. McGlynn, Jr. ruled against the City of Philadelphia and that the ROOB could have a city parade permit at a point remote from the official Bicentennial activities and, but somewhat less, remote from the J4C parade.

ROOB, whose active leadership now in Philadelphia includes Barry Romo, June Cohen, Roger Taus and Glenn Kirby, and whose attorney is Robert Fishbein, is operating in Philadelphia from 2440 Kensington Avenue, Philadelphia, PA 19125 [215/426-1505].

ROOB told the court that it planned a peaceful march and rally; however Inspector George Fencl, head of the Philadelphia police civil disobedience unit, said in testimony, "The information I have is that a direct confrontation between the Rich Off Our Backs group and the regular Bicentennial is planned. My personal opinion is that this group wants a confrontation." [It is noted that a leader of the J4C group, Rev. Muhammad Kenyatta, was a witness against ROOB, saying that they "intend to cause a disturbance."]

An analysis of ROOB's publications [The Worker, 129 West 22nd St., 9th Floor, New York, NY 10011; The Veteran, P.O. Box 20184, Chicago, IL 60620; "Revolution" and the pamphlet "200 Years Is Long Enough," both official publications of the RCP from P.O. Box 3486, Merchandise Mart, Chicago, IL 60654; and numerous leaflets distributed by ROOB in some 25 urban areas including Seattle, San Francisco, Denver, Atlanta, Houston, Detroit, Cincinnati, Cleveland, Dayton, Baltimore, Trenton, Providence and Boston, indicate a pattern of rhetoric designated to incite violence:

"But the real history of the country is not a jumbled pot of confusion. It shows that two hundred years of capitalism and the class struggle in this country has been irreversibly heading to the situation of today—a system which has long ago ceased being anything but reactionary and putrid; with a force millions strong, the modern working class, standing in opposition to this system of robbery and oppression. The history of the country since the 1776 Revolution has prepared the ground for another revolution, this time of the working class which will lead to a completely new type of society, free of the exploitation of man by man.

* * * * *

"From the American Revolution, only the revolutionary spirit of the new replacing the old, or turning the world upside down, can be claimed as our heritage.

* * * * *

"* * * it is inevitable that oppression will breed resistance, that a system that blocks the advance of society will come to be opposed by the great majority of people, and that revolution, the mighty upheaval of the oppressed, will succeed in overthrowing the old order.

* * * * *

"Their system chokes the very forces of production the working class has created, it swaggers from crisis to crisis. They embroil the working people of the world in imperialist wars. They are no longer fit to rule.

"And today there is a class capable of waging revolution against the capitalists and their system—the working class. The whole history of its struggle * * * prepares it to seize power. * * * But the working class will wage revolution * * * and consciously and systematically use our labor and the machinery and tools our labor has produced as weapons for liberation and the final elimination of classes altogether—communist society.

"* * * Despite whatever obstacles lie in our way, the tide of history is with the working class toward revolution, socialism and communism.

"There is no question as to whether the working class of this country will fight back, will resist the capitalist exploiters, it happens every day. The real question is how long will we be forced to fight just to keep our heads above water, just to survive. And how soon will come the day when our struggle * * * will be applied to turning the world upside down * * *.

* * * * *

"The high and mighty will gather in Philadelphia July 4th this year to celebrate their rule and use the Bicentennial to throw sand in the eyes of the people, spreading their poisonous lies about 'national unity' and the permanence of capitalism. But thousands of workers and others will be in the streets under the banner, 'We've Carried the Rich for 200 Years—Lets Get Them Off Our Backs!' * * *

"We have carried the rich for two hundred years, and on July 4th the capitalists will proclaim their intention to maintain their rule over us forever. But 200 years is long enough! There will be no Tricentennial celebration. By then the people will celebrate a day far greater than July 4th, the day when the working class made its revolution!"—200 Years Is Long Enough! RCP Publications, June, 1976.

ROOB's announced plans for July 4th begin on June 30th and are outlined in their publication, The Worker. In part it reads:

"June 30—In Washington, D.C., a rally of the unemployed led by the Unemployed Workers Organizing Committee will raise the demand 'Jobs or Income Now' and kick off a car convoy to Philly. At the same time, Vietnam Veterans Against the War, * * * will rally at a site not yet chosen to denounce the ruling class' preparations for another war.

"July 1—Coming from across the country, hundreds of people, unemployed workers, veterans, students and youth, will set up a tent city in Philadelphia. * * *

"July 2—In the morning people will fan out, holding hundreds of mini-rallies across the city, soap-boxing and leafleting plant gates, unemployment offices, subway stops and crowded street corners * * *. In the afternoon, all these smaller rallies will merge together in one large demonstration at an unemployment office raising the demand 'Jobs or Income.'

"July 3—In the morning, more mini-rallies, more leafleting, more agitation. In the afternoon a three-pronged march from different part [sic] of the city will converge to greet the arrival of thousands more demonstrators, mostly unemployed workers, from all around the country. United, all will march to City Hall for a rally and then to Tent City where there will be a concert * * *.

"July 4—The eyes of the country and the world will be focused on Philadelphia. We will be there to tear away the tinsel, say how it really is and proclaim our determination not to stand for their abuses. * * * employed and unemployed workers, veterans, students and youth will assemble at 10 a.m. on the north side of City Hall. All of our battles, all of our organizing, coming together in a disciplined and powerful march, with contingents from auto, steel and garment, from the different industries and organizations, will move through the city behind a forklift carrying the UWOC petition with its hundreds of thousands of signatures. A rally will be held near Independence Hall, expressing our unity, outrage, and pointing to the day when we will get the rich off our backs.

"* * * The militance and discipline will insure that no one will be able either to provoke or interfere with the demonstrators to keep us from making our strong statement right in the teeth of the capitalists' massive celebration."

Other nationally distributed ROOB leaflets state:

"Now is the time to pull it together. All our forces. All our battles. As we have always fought them, we will fight them on the day they choose to celebrate their blood-soaked rule." * * *

"Join with us and let's make this the shot heard round the world!

SENATE—*Wednesday, June 30, 1976*

(Legislative day of Friday, June 18, 1976)

The Senate met at 8 a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O Lord, heavenly Father, almighty and everlasting God, Thine is the kingdom and the power and the glory. Make us to lift up our souls to Thee in thanksgiving, adoration, and praise. Accept the service we offer to Thee this day.

Establish Thy rule within us; enter our minds with Thy truth, and dwell in our hearts with Thy righteousness and compassion.

Establish Thy rule in this land; enter our homes, our schools, our churches, our cities, our countryside, our courts, and legislative halls and turn this Nation into a miniature of Thy kingdom of love and justice. Reign in our inmost being that we may have a share in the making of a new world. And grant us that peace which the world cannot give nor take away—the peace of a heart in tune with Thee.

We pray in the Redeemer's name. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Tuesday, June 29, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. That the Committee on Public Works be accorded the same consideration.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. That the Committee on Labor and Public Welfare be authorized likewise.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. GRIFFIN. Mr. President, with respect to the last request, at the request of another Senator, I must respectfully object.

The ACTING PRESIDENT pro tempore. Objection is heard on the last request.

ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a morning hour for the conduct of morning business of not to exceed 30 minutes, with a 3-minute time limitation therein.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

(Routine morning business transacted today is printed later in today's record of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Is there any further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If there is no further morning business, morning business is closed.

SOLID WASTE UTILIZATION ACT OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to the consideration of S. 2150, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 2150) to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from waste, to control the disposal of hazardous wastes, and for other purposes.

The Senate resumed consideration of the bill.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of amendment No. 1964, the committee substitute to S. 2150, the Solid Waste Utilization Act of 1976.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes a substitute amendment numbered 1964.

The amendment is as follows:

Strike the text of S. 2150 and insert in lieu thereof the following:

That this Act may be cited as the "Solid Waste Utilization Act of 1976".

SEC. 2. Section 207 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended to read as follows:

"PROGRAM AND IMPLEMENTATION GRANTS

"SEC. 207. (a) STATE PROGRAM GRANTS.—(1) The Administrator shall provide financial assistance to each State to (A) assist such State in developing a State solid waste management plan; (B) assist such State in administering a program for solid waste management, resource recovery; and resource conservation, and programs to provide technical assistance and management advice to municipalities and intermunicipal agencies; and (C) develop, implement, operate, and enforce a State program for the control of hazardous waste pursuant to subsection 212(c) of this Act. The Governor shall designate, in accordance with State law, the solid waste management agency for the State which shall be the recipient of assistance under this subsection.

"(2) (A) Financial assistance shall be provided to any State under this subsection on condition that such State submit within a reasonable time after the enactment of this section and before July 1 of each year thereafter a summary report of the current status of the State solid waste management, resource recovery, and resource conservation, and hazardous waste management plans and programs, and, for the review of the Administrator, the proposed program of such State for the use of such financial assistance.

"(B) Any solid waste management plan or program assisted under this subsection shall include or establish adequate authorities and programs (i) to carry out a continuous comprehensive and coordinated planning process carried out by State and local governments in cooperation with each other to assure the consistency of local and areawide plans with the State solid waste management plan developed pursuant to this subsection; (ii) to identify those activities which will be carried out by the designated State solid waste management agency; (iii) to implement section 211 of this Act; (iv) to enforce the prohibition on open dumping pursuant to section 211; and (v) to establish, for any municipality or State agency which demonstrates that it has considered other public or private alternatives for solid waste management to comply with the prohibition on open dumping and is unable to utilize such alternatives to so comply, a timetable or schedule for compliance for such municipality or State agency which specifies a schedule of remedial measures, including an enforceable sequence of actions or operations, leading to compliance with the prohibition on open dumping of solid waste within a reasonable time.

"(3) Financial assistance under this Act shall not be provided, to or in, any State (A) which does not comply with paragraph (2) (B) (iii), (iv), and (v) of this subsection; (B) which, beginning in the third full fiscal year after the enactment of this section, (i) does not have a State solid waste management plan consistent with the purpose of this Act, or (ii) has not been authorized to implement a program for the control of hazardous waste disposal pursuant to subsection 212(c) of this Act, or filed a letter of intent from the Governor to submit such a program within two additional years; or (C) has not complied with subsection (c) of this section.

"(4) The sums appropriated in any fiscal year shall be allotted by the Administrator among the States 80 per centum in the ratio that the population in each State bears to the population in all of the States, and 10 per centum in the ratio that the population of counties in each State having less than twenty persons per square mile bears to the total population of such counties in all the States: *Provided*, That no State shall receive less than one-half of 1 per centum of the sums appropriated in any fiscal year. From the balance of the sums appropriated in any fiscal year the Administrator shall make allotments among the States on the basis of the progress made and the effectiveness demonstrated by States in developing solid waste management, resource recovery, and resource conservation plans, administering programs for solid waste management and developing and implementing programs for the control of hazardous waste disposal, taking into account the extent of solid waste management problems in the various States.

"(5) No State shall receive any assistance under this subsection during any fiscal year when its expenditures of non-Federal funds for other than nonrecurrent expenditures for solid waste management programs will be less than its expenditures were for such programs during the preceding fiscal year, except that such funds may be reduced by an amount equal to their proportionate share of any general reduction in State spending ordered by the Governor or Legislature of such State; and no State shall receive any assistance under this subsection unless the Administrator is satisfied that such assistance will be so used as to supplement and, to the extent practicable, increase the level of State, local, or other non-Federal funds that would in the absence of such assistance be made available for such program, and will in no event supplant such State, local, or other non-Federal funds.

"(b) IMPLEMENTATION GRANTS.—(1) The Administrator is authorized to provide financial assistance to States, counties, municipalities, and intermunicipal agencies and State or local public solid waste management authorities for implementation of programs to provide solid waste management, resource recovery, and resource conservation services and hazardous waste management. Such assistance shall include assistance for facility planning and feasibility studies; expert consultation; surveys and analyses of market needs; marketing of recovered resources; technology assessments; legal expenses; construction feasibility studies; source separation projects; and fiscal or economic investigations or studies; but such assistance shall not include any other element of construction, or any acquisition of land or interest in land, or any subsidy for the price of recovered resources. Agencies assisted under this subsection shall consider existing solid waste management and hazardous waste management services and facilities as well as facilities proposed for construction.

"(2) An applicant for financial assistance under this subsection must agree to comply with respect to the project or program assisted with the applicable requirements of sections 211 and 212 of this Act and apply applicable solid waste management practices, methods, and levels of control consistent with any guidelines published pursuant to section 209(a) of this Act. Assistance under this subsection shall be available only for programs certified by the State to be consistent with any applicable State or areawide solid waste management plan or program.

"(c) (1) AREAWIDE PLANNING.—For the purpose of encouraging and facilitating the development and implementation of an areawide planning process for solid waste management, hazardous waste management, and systems for resource recovery and resource conservation:

"(A) The Administrator, within one hundred and eighty days after the date of enactment of the Solid Waste Utilization Act of 1976 and after consultation with appropriate Federal, State, and local authorities, shall by regulation publish guidelines for the identification of those areas which have common solid waste management problems and are appropriate units for planning areawide solid waste management services.

"(B) The Governor of each State, within one hundred and twenty days, after publication of the guidelines issued pursuant to subparagraph (A) of this paragraph, shall identify each area within the State which, as a result of urban concentrations, geographic conditions, markets or other factors, is appropriate for planning areawide solid waste management services. Not later than one hundred and eighty days following such identification a single representative organization, including elected officials from local governments or their designees, capable of developing effective areawide solid waste management plans for such area shall be designated by agreement of the local governments in an affected area. The Governor may in the same manner at any later time identify any additional area (or modification of an existing area) for which he determines areawide solid waste management planning to be appropriate.

"(C) With respect to any area which, pursuant to the guidelines published under subparagraph (A) of this paragraph, is located in two or more States, the Governors of the respective States shall consult and cooperate in carrying out the provisions of subparagraph (B), with a view toward designating the boundaries of the interstate area having common solid-waste management problems and for which areawide solid-waste management planning would be most effective.

"(D) If a designation under subparagraph (B) of this paragraph is not made by agreement within the time required by such paragraph, the Governor may designate (i) the boundaries for such an area, and (ii) a single representative organization including elected officials from such local governments, or their designees, capable of developing an areawide solid-waste management plan for such area.

"(E) Existing regional and municipal agencies may be designated under subparagraphs (B) and (D) of this paragraph. Where feasible, designation of the agency for the affected area designated under section 208 of the Federal Water Pollution Control Act (86 Stat. 839) be considered.

"(F) Designations under this paragraph shall be subject to the approval of the Administrator.

"(2) Not later than one year after the date of designation, any organization or agency designated under this section shall have in operation a continuing areawide planning process for solid waste management, hazardous waste management, and systems for resource recovery and resource conservation. The initial plan prepared in accordance with such process shall be certified by the Governor as consistent with the overall State solid waste management plan developed under subsection (a) of this section and shall be consistent with sections 211 and 212 of this Act. The planning process assisted under this subsection shall take into consideration all existing and planned public and private solid waste management services and facilities. Any plan prepared under such process shall include, but not be limited to—

"(A) the identification of current and future regional solid waste management needs;

"(B) a survey of the constituents and generation of waste within the area;

"(C) the identification of organizational, financial, and management problems associated with the implementation of solid waste management, resource recovery, and resource conservation systems;

"(D) a survey of existing and planned public and private solid waste management services and facilities;

"(E) a survey of present and potential marketability or use of recovered resources;

"(F) the establishment of programs for the management of all solid waste generated in the area;

"(G) the identification of those agencies or entities necessary to construct, operate, and maintain all facilities and implement all programs required by the plan and otherwise to carry out the plan; and

"(H) the identification of the measures necessary to carry out the plan (including financing), the period of time necessary to carry out the plan, the costs of carrying out the plan within such time, and the economic, social, and environmental impact of carrying out the plan within such time.

"(3) Implementation of areawide solid waste management, plans shall be conducted by units of local government for any portion of a solid waste management planning region within their jurisdiction, or by multijurisdictional agencies or authorities designated in accordance with State law, including those designated by agreement by such units of local government for such purpose.".

SEC. 3. Section 209 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended to read as follows:

"SOLID WASTE MANAGEMENT INFORMATION AND GUIDELINES

"SEC. 209. (a) Within one year of enactment of the Solid Waste Utilization Act of 1976, and from time to time thereafter, the Administrator shall, in cooperation with appropriate Federal, State, municipal, and intermunicipal agencies, and in consultation with other interested persons, and after public hearings, develop and publish suggested guidelines for solid waste management. Such suggested guidelines shall—

"(1) provide a technical and economic description of the level of performance that can be attained by various available solid waste management practices (including operating practices) which provide for the protection of public health and the environment;

"(2) not later than two years after the enactment of the Solid Waste Utilization Act of 1976, describe levels of performance, including appropriate methods and degrees of control, that provide at a minimum for (A) protection of public health and welfare; (B) protection of the quality of ground waters and surface waters from leachates; (C) protection of the quality of surface waters from runoff through compliance with effluent limitations under the Federal Water Pollution Control Act, as amended; (D) protection of ambient air quality through compliance with new source performance standards or requirements of air quality implementation plans under the Clean Air Act, as amended; (E) disease and vector control; (F) safety; and (G) esthetics; and

"(3) provide minimum criteria to be used by the States to define those solid waste management practices which constitute the open dumping of solid waste or hazardous waste and are to be prohibited under section 211 of this Act,

Where appropriate, such suggested guidelines also shall include minimum information for use in deciding the adequate location, design, and construction of facilities associated with solid waste management practices, including the consideration of regional, geographic, demographic, and climatic factors.

"(b) The Administrator shall develop and publish for comment information on (1) available solid waste management practices, including data on the cost of implementation of such practices; and (2) the amounts and percentages of resources that can be recovered or conserved by use of various solid waste management practices and technologies.

"(c) The Administrator is authorized, in cooperation with appropriate State and municipal agencies and other interested persons, to recommend model codes, ordinances, and statutes designed to implement this Act.

"(d) The Administrator shall notify the Committee on Public Works of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives a reasonable time before publishing any suggested guidelines, information, or model codes, ordinances, or statutes pursuant to this section of the content of such proposed suggested guidelines, information, or model codes, ordinances, or statutes.

"(e) No officer or employee of the Environmental Protection Agency shall, in an official capacity, lobby for or otherwise represent an agency position in favor of resource recovery or resource conservation, as a policy alternative for adoption by any State or political subdivision thereof. This subsection shall not prohibit the Administrator or any officer or employee of the Environmental Protection Agency from supplying to such bodies, upon request, any technical, economic or related information available to the Environmental Protection Agency.

"(f) The Administrator shall implement a program for the rapid dissemination of information on solid waste management, hazardous waste management, resource conservation, and methods of resource recovery from solid waste, including the results of any relevant research, investigations, experiments, surveys, studies, or other information which may be useful in the implementation of new or improved solid waste management practices and methods.

"(g) Public participation in the development, revision, implementation, and enforcement of any regulation, guideline, information, or program under this Act shall be provided for, encouraged, and assisted by the Administrator and the States. The Administrator, in cooperation with the States, shall develop and publish minimum guidelines for public participation in such processes.".

Sec. 4. Sections 211 through 216 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), are redesignated as sections 225 through 230, and the following new sections inserted after section 210:

"PROHIBITION ON OPEN DUMPING

"Sec. 211. Not later than one year after the publication of guidelines pursuant to section 209(a) (3) of this Act, any solid waste management practice or disposal of solid waste or hazardous waste which constitutes the open dumping of solid waste or hazardous waste, as defined in such guidelines, is prohibited, except in the case of any practice or disposal of solid waste conducted by a State or municipality under a timetable or schedule for compliance within a reasonable time with this section, established by a State pursuant to section 207(a) (2) (B) of this Act.

"HAZARDOUS WASTE DISPOSAL CONTROL

"Sec. 212. (a) Controls.—(1) Not later than April 1, 1978, and after consultation with the States, the Administrator shall develop and promulgate (and from time to time thereafter revise, as appropriate) criteria for identifying hazardous wastes and guidelines for defining those quantities of a hazardous waste the disposal of which, in consideration of particular locations, circumstances, and conditions, are likely to be harmful to the public health or the environment. The Administrator shall publish simultaneously with such criteria (and from time to time revise, as appropriate) a list designating certain materials which he determines in accordance with such criteria to be hazardous wastes. The Administrator shall, at a minimum, designate as a hazardous waste each mixture of solid waste which contains any material or substance included in any list of hazardous air pollutants under section 112 of the Clean Air Act, as amended, and any material or substance included in any list of toxic pollutants under section 307(a) or hazardous wastes under section 311(b) of the Federal Water Pollution Control Act, as amended, unless he determines any such material or substance not to be a hazardous waste in accordance with such criteria.

"(2) Not later than twelve months after the designation of any hazardous waste under this subsection, the disposal of any designated hazardous waste is prohibited, except under a permit issued in compliance with the provisions of subsection (b) of this section.

"(b) Permit Programs.—(1) Not later than April 1, 1978, and after consultation with the States, the Administrator shall promulgate regulations requiring that any person who disposes of, treats, or stores any designated hazardous waste, or who operates a facility for disposal, treatment, or storage of any designated hazardous waste, shall obtain a permit for such disposal, treatment, or storage. The Administrator may, after opportunity for public hearing, issue a permit for such disposal, treatment, or storage, upon condition that there shall be no disposal of any designated hazardous waste in harmful quantities and upon such other conditions as the Administrator deems necessary to assure compliance with subsection (a) (1) of this section and to minimize any risk to the public health and the environment.

"(2) Conditions for the receipt of a permit under this section shall include, but not be limited to, requirements that—

"(A) each application specify the composition, quantities, and concentrations of any hazardous waste, or mixture of any hazardous waste and any other solid waste, proposed to be disposed of, treated, or stored, and the time, frequency, or rate at which such hazardous waste is proposed to be disposed of, treated, or stored;

"(B) each permit specify the site at which such hazardous waste or the products of treatment of such hazardous waste will be disposed of, treated, or stored;

"(C) the applicant comply with appropriate practices for the management, treatment, storage, and disposal of hazardous wastes established by the Administrator pursuant to regulation as necessary to achieve the purposes of this section;

"(D) all containers used for storage on the site of generation or at a disposal site or for transport of any hazardous waste be appropriately labeled;

"(E) all hazardous wastes which are transported from the site where such wastes are produced to another location for treatment, storage, or disposal be reported and accounted for in accordance with paragraph (3) of this subsection;

"(F) each permit contain or refer to a contingency plan for effective action to minimize damage from any disposal of any hazardous waste;

"(G) in the case of hazardous waste treatment, disposal, or storage services, the facilities at which such services are provided shall be maintained and operated in a manner satisfactory to the Administrator, and that such services shall meet such additional qualifications as to ownership, continuity of operation, training and licensing for personnel, and financial responsibility as the Administrator may establish by regulation: *Provided*, That no private entity shall be precluded from the ownership or operation of facilities providing hazardous waste storage, treatment, or disposal services where such entity can provide as assurances of financial responsibility and continuity of operation consistent with the degree and duration of all risks associated with the storage, treatment, or disposal of specified hazardous wastes; and

"(H) the recipient comply with such recordkeeping, reporting, monitoring, and inspection requirements as the Administrator may establish by regulation.

"(3) The Administrator, after consultation with the Secretary of Transportation and the States, shall issue minimum criteria for the development of a hazardous waste manifest program. Such program shall, at a minimum, provide for a manifest which shall originate with the producer or generator of the hazardous waste and accompany each quantity, unit, or load of hazardous wastes from the point of generation through transportation, treatment, storage, or disposal of such hazardous waste. The Administrator, and any State with authority to conduct a program for the control of hazardous waste disposal under subsection (c) of this section, shall accept a manifest issued in another State for hazardous wastes generated in that State as valid for the purposes of this section: *Provided*, That such hazardous wastes are treated, stored, or disposed of in the State to which they are transported in a facility having a permit under this section and in accordance with the requirements of this subsection.

"(c) State Programs.—(1) (A) Any State may develop and submit to the Administrator evidence, in such form as he shall require, that the State has established a program for the control of hazardous waste disposal comparable to that established under this section. The Administrator shall authorize such State to issue and enforce permits for the disposal, treatment, or storage of hazardous wastes in accordance with subsection (b) of this section, unless he finds that such State program does not meet the requirements of this section and the purposes of this Act.

"(B) Prior to April 1, 1979, any program for the control of hazardous waste disposal adopted pursuant to State law shall be considered authorized for the purposes of this subsection.

"(2) Any authorized State program must include a permit program essentially equivalent to that required under subsection (b) of this section; and such State must demonstrate compliance therewith and have regulatory and enforcement authority necessary to implement effectively the purposes of this section.

"(3) Any permit issued by a State under a program authorized under this subsection (including paragraph (1) (B)) shall constitute the permit required under subsection (b) of this section. Each State shall transmit to the Administrator a copy of each permit proposed to be issued by such State under a program authorized under this subsection. Such proposed permit may be issued by such State unless within forty-five days of the receipt of such proposed permit, the Administrator objects in writing to the issuance of such permit as being inconsistent with the requirements of this section: *Provided*, That the Administrator shall not object to the permit if the State demonstrates that it has met the requirements of paragraph (2) of this subsection.

"(4) The Administrator may, as to any permit application, waive the last sentence of paragraph (3) of this subsection. The Administrator is authorized to waive the requirements of paragraph (3) of this subsection at the time he approves a program pursuant to this subsection for any category (including any class, type, or size within such category) of activities within the State submitting such program. In addition, the Administrator, after consultation with the States and opportunity for hearing, shall promulgate regulations establishing categories of activities which he determines shall not be subject to the requirements of paragraph (3) of this subsection in any State with a program approved pursuant to this subsection. The Administrator may distinguish among classes, types, and sizes within any such category of activities.

"(d) Inspection.—For the purpose of developing any regulation or enforcing any provision of this Act, officers or employees duly designated by the Administrator, upon presentation of appropriate credentials, shall have a right of entry to, upon, or through any establishment, disposal site, storage site, treatment facility, or other place or vehicle maintained by any person where any hazardous wastes are treated, stored, transported, or disposed of, and may at reasonable times have access to and copy any records, inspect any monitoring equipment or method required under subsection (b)(2)(H) of this section, and sample any wastes subject to this section.

"(e) Availability of Information.—Any records, reports, permit applications, documents, or information obtained under this Act shall be available to the public, except, in the case of other than information on hazardous wastes which may be disposed of, treated, or stored, that upon a showing satisfactory to the Administrator by any person that records, reports, documents, or information, or a particular part thereof, to which the Administrator has access under this Act, if made public would divulge methods or processes entitled to protection as trade secrets of such person, the Administrator shall consider such record, report, document, or information, or particular portion thereof confidential in accordance with the purposes of section 1905 of title 18 of the United States Code, except that such record, report, document, or information may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out this Act, or when relevant in any proceeding under this Act.

"(f) Interagency Cooperation.—(1) Within one year after the enactment of the Solid Waste Utilization Act of 1976, the Administrator shall provide the Secretary of Transportation with suggested specifications for rules which recognize hazardous wastes as a class of hazardous materials requiring special designation, packaging, labeling, and placarding. Within one year after receipt of such suggested specifications, the Secretary of Transportation shall report to the Congress on the progress of rulemaking to recognize these specifications.

"(2) In accordance with the requirements of this section, the Administrator in cooperation with the Secretary of Transportation and the Chairman of the Interstate Commerce Commission, shall develop a mutually consistent program for assuring that shipping documents contain adequate environmental information for the shipment of hazardous wastes. In addition, the Administrator, in cooperation with the Chairman of the Interstate Commerce Commission, shall report within twelve months after the enactment of the Solid Waste Utilization Act of 1976, on the adequacy and sufficiency of current requirements for interstate carriers of hazardous wastes, including, but not limited to, liability insurance requirements.

"(g) Administrative Procedures.—(1) When promulgating regulations under this section, the Administrator shall (A) publish a notice of proposed rulemaking stating with particularity the reason for the proposed regulations; (B) allow interested persons to submit written data, views, and arguments, and make all such submissions publicly available; (C) provide an opportunity for an informal hearing in accordance with paragraph (2) of this subsection; and (D) promulgate, as appropriate, final regulations based on the matter in the rulemaking record.

"(2) A record of the hearing shall be maintained. In any such public hearing the proceeding shall be structured to proceed as expeditiously as possible, while permitting all interested persons an opportunity to present their views. Participants shall be given an opportunity to question appropriate agency employees and others on the subject matter of the proposed regulations subject to such conditions and limitations on such questioning as are deemed necessary by the Administrator to assure fair and expeditious consideration of the issues. Where appropriate, persons with the same or similar interests may be required to appear together by a single representative.

"IMMINENT HAZARD

"Sec. 213. Notwithstanding any other provision of this Act, the Administrator upon receipt of evidence that the disposal of any solid waste or hazardous waste is presenting an imminent and substantial endangerment to the health of persons or the environment, may bring suit on behalf of the United States in the appropriate district court to immediately restrain any person causing or contributing to the alleged disposal to stop such disposal or to take such other action as may be necessary. The Administrator shall provide notice to the affected State of any such suit.

"ENFORCEMENT

"Sec. 214. (a)(1) Whenever the Administrator finds that any person is in violation of any permit, standard, regulation, condition, prohibition, or other requirement under section 211 or 212 of this Act, the Administrator shall notify such person and the State in which the violation has occurred of such finding. If such violation extends beyond the thirtieth day after the date of the Administrator's notification in the absence of State enforcement action, the Administrator shall issue an order requiring such person to comply with such permit, standard, regulation, condition, prohibition, or other requirement or he shall bring a civil action in the United States district court for the district in which the violation occurred for appropriate relief, including a temporary or permanent injunction.

"(2) Any order issued under this section shall be by personal service, shall state with reasonable specificity the nature of the violation, and shall specify a time for compliance which the Administrator determines is reasonable, taking into account the seriousness of the violation and any good faith efforts to comply with the applicable requirements.

"(3) Any person who knowingly violates any requirement of section 211 or 212 of this Act or any order issued pursuant to this section, shall be punished by a fine of not more than $25,000 per day of violation, or by imprisonment for not more than one year, or by both.

"(4) Any person who violates any permit, standard, regulation, condition, prohibition, or other requirement under section 211 or 212 of this Act shall be subject to a civil penalty not to exceed $10,000 per day of such violation.

"(5) Any person who knowingly makes any false statement, representation, or certification in any application, record, report, or other document filed or required to be maintained under this Act or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this Act, shall upon conviction be punished by a fine of not more than $10,000, or by imprisonment for not more than six months, or by both.

"(b) A copy of any order issued under this section and notice of any other action taken under this section shall be sent immediately by the Administrator to the State in which the alleged violation has occurred. Whenever the Administrator in his judgment finds a pattern of nonenforcement by any State which has been authorized to implement a program for the control of hazardous waste disposal, the Administrator shall, after notice and opportunity for public hearings, remove the State's authorization to carry out such enforcement activity and shall enforce against each violation in such State.

"CITIZEN SUITS

"Sec. 215. (a) Except as provided in subsection (b) or (c) of this section, any person may commence a civil action on his own behalf—

"(1) against any person (including (a) the United States, and (b) any other governmental instrumentality or agency, to the extent permitted by the eleventh amendment to the Constitution) who is alleged to be in violation of any permit, standard, regulation, condition, requirement, or order which has become effective pursuant to this Act; or

"(2) against the Administrator where there is alleged a failure of the Administrator to perform any act or duty under this Act which is not discretionary with the Administrator.

The district courts shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such permit, standard, regulation, condition, requirement, or order, or to order the Administrator to perform such act or duty, as the case may be.

"(b) No action may be commenced under paragraph (a)(1) of this section—

"(1) prior to sixty days after the plaintiff has given notice of the violation (A) to the Administrator; (B) to the State in which the alleged violation occurs; and (C) to any alleged violator of such permit, standard, regulation, condition, requirement, or order; or

"(2) if the Administrator or State has commenced and is diligently prosecuting a civil or criminal action in a court of the United States or a State to require compliance with such permit, standard, regulation, condition, requirement, or order: *Provided, however*, That in any such action in a court of the United States, any person may intervene as a matter of right.

"(c) No action may be commenced under paragraph (a)(2) of this section prior to sixty days after the plaintiff has given notice to the Administrator that he will commence such action, except that such action may be brought immediately after such notification in the case of an action under this section respecting a violation of section 212 of this Act. Notice under this subsection shall be given in such manner as the Administrator shall prescribe by regulation. Any action respecting a violation under this Act may be brought under this section only in the judicial district in which such alleged violation occurs.

"(d) In any action under this section, the Administrator, if not a party, may intervene as a matter of right.

"(e) The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such an award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

"(f) Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or common law to seek enforcement of any standard or requirement relating to the management of solid or hazardous wastes, or to seek any other relief (including relief against the Administrator or a State agency).

"JUDICIAL REVIEW

"Sec. 216. Any judicial review of final regulations promulgated pursuant to sections 207(c), 209(a)(3), 211, or 212 of this Act shall be in accordance with sections 701 through 706 of title 5 of the United States Code, except that—

"(a) a petition for review of action of the Administrator in promulgating any regulation, or requirement under this Act may be filed only in the United States Court of Appeals for the District of Columbia. Any such petition shall be filed within ninety days from the date of such promulgation, or after such date if such petition is based solely on grounds arising after such ninetieth day. Action of the Administrator with respect to which review could have been obtained under this subsection shall not be subject to judicial review in civil or criminal proceedings for enforcement; and "(b) in any judicial proceeding brought under this section in which review is sought of a determination under this Act required to be made on the record after notice and opportunity for hearing, if a party seeking review under this Act applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that the information is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Administrator, and to be adduced upon the hearing in such manner and upon such terms and conditions as the court may deem proper. The Administrator may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file with the court such modified or new findings and his recommendation, if any, for the modification or setting aside of his original order, with the return of such additional evidence.

"LOAN GUARANTEES

"Sec. 217. (a) General.—(1) The Administrator is authorized, in accordance with the provisions of this section and such rules and regulations as he shall prescribe, and after consultation with the Secretary of the Treasury, to guarantee and to make commitments to guarantee the bonds, debentures, notes, and other obligations issued by or on behalf of—

"(A) any State, municipality, or intermunicipal agency, or

"(B) in the case of facilities or equipment for the utilization of recovered resources, any other person, institution, organization, corporation, or partnership,

for the purpose of financing the construction and startup and related development costs of commercial demonstration facilities necessary to the creation of resource conservation or resource recovery systems for municipal solid wastes, including the construction or modification of commercial demonstration facilities or acquisition of equipment necessary for the utilization of recovered resources, including fuel, produced by such system: *Provided*, That the outstanding indebtedness guaranteed under this Act at no time exceeds $750,000,000: *Provided further*, That no guarantee or commitment to guarantee shall be undertaken under this Act after September 30, 1979.

"(2) An applicant for a loan guarantee under this section shall provide evidence in writing to the Administrator in such form and with such content and other submissions as the Administrator deems necessary to protect the interest of the United States. Each guarantee and commitment to guarantee shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Administrator, with the concurrence of the Secretary of the Treasury deems appropriate.

"(b) Conditions.—The Administrator shall guarantee or make a commitment to guarantee under subsection (a) of this section, with respect to a facility of a resource conservation or resource recovery system, or component thereof, only if—

"(1) the facility for which the guarantee is provided is a critical element of the proposed resource conservation or resource recovery system, which has not been commercially demonstrated in such an application;

"(2) such system is certified by the State to be consistent with any applicable State and areawide plans or programs;

"(3) the applicant agrees that such system will be consistent with any applicable guidelines published under section 209(a) of this Act and will meet the requirements of sections 211 and 212 of this Act;

"(4) the Administrator is satisfied that the proposed resource conservation or resource recovery system is appropriate for the area to be served, that the proposed system does not duplicate or displace existing resource conservation or resource recovery services in the area, and that a realistic plan for achieving operational and financial self-sufficiency within a reasonable time exists for the proposed system, including adequate new and stable markets, such as a long-term contractual commitment for a significant proportion of the recovered resources;

"(5) such system will comply with effluent limitations under the Federal Water Pollution Control Act and with new source emission limitations or requirements of air quality implementation plans under the Clean Air Act;

"(6) the Administrator is satisfied that competition among private entities for the construction or operation of the system or facility to be assisted under this section will be in no way limited or precluded;

"(7) the amount guaranteed does not exceed 75 per centum of the total project cost of the facility assisted, and the balance of project cost is provided as follows:

"(A) in the case of governmental applicants, from general tax revenues or assessments or the proceeds of bond sales; and

"(B) in the case of private applicants, from invested or borrowed capital not subject to any public loan, guarantee, or grant program;

"(8) the Secretary of the Treasury and the Administrator are satisfied that the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary and the Administrator will permit the creation of the resource conservation or resource recovery system, and such assistance is necessary to encourage financial participation in such facility by private lenders or investors; and

"(9) the Administrator has determined that there will be a continued reasonable assurance of full repayment.

"(c) Except in accordance with reasonable terms and conditions contained in the written contract of guarantee, no guarantee issued or commitment to guarantee made under this section shall be terminated, canceled, or otherwise revoked. Such a guarantee or commitment shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Subject to the conditions of the guarantee or commitment to guarantee, such a guarantee shall be incontestable in the hands of the holder of the guaranteed obligation, except as to fraud, or material misrepresentation on the part of the holder.

"(d)(1) If there is a default by the borrower as defined in regulations promulgated by the Administrator and in the guarantee contract, the holder of the obligation shall have the right to demand payment of the unpaid amount from the Administrator. Within such period as may be specified in the guarantee or related agreements, the Administrator shall pay to the holder of the obligation the unpaid interest on and unpaid principal of the guaranteed obligation as to which the borrower has defaulted, unless the Administrator finds that there was no default by the borrower in the payment of interest or principal or that such default has been remedied. Nothing in this section shall be construed to preclude any forbearance by the holder of the obligation for the benefit of the borrower which may be agreed upon by the parties to the guaranteed obligation and approved by the Administrator.

"(2) In the event of a default on any guarantee under this section, the Administrator shall notify the Attorney General, who shall take such action as may be appropriate to recover the amounts of any payments made under paragraph (1) (including any payment of interest under subsection (e) of this section) from such assets of the defaulting borrower as are associated with the commercial demonstration facility, or from any other security included in the terms of the guarantee.

"(4) For purposes of this section, patents, and technology resulting from the commercial demonstration facility shall be treated as project assets of such facility in accordance with the terms and conditions of the guarantee agreement. Furthermore, the guarantee agreement shall contain a provision specifying that patents, technology, and other proprietary rights which are necessary for the completion or operation of the commercial demonstration facility shall be available to the Government and its designees on equitable terms, including due consideration to the amount of the Government's default payments.

"(e) With respect to any obligation guaranteed under this section, the Administrator is authorized to enter into a contract to pay, and to pay, the holders of the obligation for and on behalf of the borrower from the fund established by this section the principal and interest payments which become due and payable on the unpaid balance of such loan if the Administration finds that—

"(1)(A) the borrower is unable to meet such payments and is not in default; (B) it is in the public interest to permit the borrower to continue to pursue the purposes of such demonstration facility; and (C) the probable net benefit to the Federal Government in paying such principal and interest will be greater than that which would result in the event of a default;

"(2) the amount of such payment which the Administrator is authorized to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay under the loan agreement; and

"(3) the borrower agrees to reimburse the Administrator for such payments on terms and conditions, including interest, which are satisfactory to the Administrator.

"(f) The Administrator shall charge and collect fees for guarantees of obligations authorized by this section in amounts sufficient in the judgment of the Administrator to cover the applicable administrative costs and probable losses on guaranteed obligations, but in any event not to exceed 1 per centum per annum of the outstanding indebtedness covered by the guarantee.

"(g) No part of the program authorized by this section shall be transferred to any other agency or authority, except pursuant to Act of Congress hereinafter enacted.

"(h) Notwithstanding any other provision of this section, authorities made available herein shall be effective only to the extent and in such amounts as provided in advance in appropriation Acts enacted after the date of enactment of the Solid Waste Utilization Act of 1976.

"RURAL COMMUNITIES ASSISTANCE

"Sec. 218. (a) The Administrator shall make grants to States to provide assistance to municipalities with a population of five thousand or less, or counties with a population of ten thousand or less or less than twenty persons per square mile, and not within a metropolitan area, for solid waste management facilities (including equipment) necessary to meet the requirements of section 211 of this Act or restrictions on open burning or other requirements arising under the Clean Air Act or the Federal Water Pollution Control Act. Such assistance shall only be available—

"(1) to any municipality or county which could not feasibly be included in a solid waste management system or facility serving an urbanized, multijurisdictional area because of its distance from such systems;

"(2) where existing or planned solid waste management services or facilities are unavailable or insufficient to comply with the requirements of section 211 of this Act; and

"(3) for systems which are certified by the State to be consistent with any plans or programs established under any State or areawide planning process.

"(b) The Administrator shall allot the sums appropriated to carry out this section in any fiscal year among the States in accordance with regulations promulgated by him on the basis of the average of the ratio which the population of rural areas of each State bears to the total population of rural areas of all the States, the ratio which the population of counties in each State having less than twenty persons per square mile bears to the total population of such counties in all the States, and the ratio which the population of such low-density counties in each State having 33 per centum or more of all families with incomes not in excess of 125 per centum of the poverty level bears to the total population of such counties in all the States.

"(c) The amount of any grant under this section shall not exceed 75 per centum of the costs of the project. No assistance under this section shall be available for the acquisition of land or interests in land.

"FEDERAL PROCUREMENT

"SEC. 219. (a) Each Federal agency (including legislative and judicial agencies) and each contractor operating facilities of, or on behalf of, any such agency shall, to the maximum extent feasible, give preference to the purchase of goods, material, and energy comprised of recovered resources, and in the case of competing items, shall give preference to those items with the highest percentage of recovered resources.

"(b) The Office of Procurement Policy in the Executive Office of the President, in cooperation with the Administrator, shall implement the policy expressed in subsection (a) of this section. It shall be the responsibility of the Office of Procurement Policy to coordinate this policy with other policies for Federal procurement, in such a way as to maximize the use of recovered resources, and to annually report to the Congress on actions taken by Federal agencies and the progress made in the implementation of such policy.

"(c) Within a reasonable time after enactment of the Solid Waste Utilization Act of 1976, the General Services Administration, Department of Defense, and all other Federal agencies shall after public hearing revise their procurement regulations to reflect the policy expressed in subsection (a) of this section.

"(d) Within eighteen months after enactment of the Solid Waste Utilization Act of 1976 and in consultation with the Environmental Protection Agency, each Federal agency which procures goods or materials for its own use or the use of other agencies shall review its specifications and other standards for such goods or materials to determine if there are any standards which require procurement of virgin goods or materials or require restricted procurement of goods or materials composed in whole or part of recycled materials. Such agencies shall remove all such requirements and restrictions which are not related directly to performance, health, or safety. A final determination shall be published at the conclusion of this review, with notice and opportunity for hearing on such determination.

"EMPLOYEE PROTECTION

"SEC. 220. (a) No person shall fire, or in any other way discriminate against, or cause to be fired or discriminated against, any employee or any authorized representative of employees by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this Act or under any applicable implementation plan, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions of this Act or of any applicable implementation plan.

"(b) Any employee or a representative of employees who believes that he has been fired or otherwise discriminated against by any person in violation of subsection (a) of this section may, within thirty days after such alleged violation occurs, apply to the Secretary of Labor for a review of such firing or alleged discrimination. A copy of the application shall be sent to such person who shall be the respondent. Upon receipt of such application, the Secretary of Labor shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to such review to enable the parties to present information relating to such alleged violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary of Labor shall make findings of fact. If he finds that such violation did occur, he shall issue a decision, incorporating an order therein and his findings, requiring the party committing such violation to take such affirmative action to abate the violation as the Secretary of Labor deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no such violation, he shall issue an order denying the application. Such order issued by the Secretary of Labor under this subparagraph shall be subject to judicial review in the same manner as orders and decisions of the Administrator or subject to judicial review under this Act.

"(c) Whenever an order is issued under this section to abate such violation, at the request of the applicant, a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees) as determined by the Secretary of Labor, to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the person committing such violation.

"(d) This section shall have no application to any employee who, acting without direction from his employer (or his agent) deliberately violates any requirement of this Act.

"(e) The Administrator shall conduct continuing evaluations of potential loss or shifts of employment which may result from the administration or enforcement of the provisions of this Act and applicable implementation plans, including, where appropriate, investigating threatened plant closures or reductions in employment allegedly resulting from such administration or enforcement. Any employee who is discharged, or laid off, threatened with discharge or layoff, or otherwise discriminated against by any person because of the alleged results of such administration or enforcement, or any representative of such employee, may request the Administrator to conduct a full investigation of the matter. The Administrator shall thereupon investigate the matter and, at the request of any party, shall hold public hearings on not less than five days' notice, and shall at such hearings require the parties, including the employer involved, to present information relating to the actual or potential effect of such administration or enforcement on employment and on any alleged discharge, layoff, or other discrimination and the detailed reasons or justification therefor. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Administrator shall make findings of fact as to the effect of such administration or enforcement on employment and on the alleged discharge, layoff, or discrimination and shall make such recommendations as he deems appropriate. Such report, findings, and recommendations shall be available to the public. Nothing in this subsection shall be construed to require or authorize the Administrator or any State to modify or withdraw any standard, limitation, or any other requirement of this Act or any applicable implementation plan.

"FEDERAL LANDS DISPOSAL SITES

"SEC. 221. (a) Upon application by any municipality, a Federal land manager is authorized to enter into a contract or other agreement with such municipality pursuant to which Federal lands, necessary to comply with the requirements of section 211 of this Act or otherwise provide for solid waste management consistent with the purposes of this Act, may be made available to such municipality for use by it in meeting such requirements and the purposes of this Act.

"(b) Any such contract or agreement entered into pursuant to this section shall require the applicant—

"(1) to pay to the United States an amount, as determined by the head of the agency with jurisdiction over the land, in consultation with the Administrator, equal to the fair market rental value of the land covered by such contract or agreement;

"(2) to agree to reclaim such land in a manner satisfactory to the head of the agency having jurisdiction or control over such land and to such extent to enable such lands to be utilized for their original or an equivalent use at the conclusion of its use for solid waste management activities;

"(3) to agree to use such lands in accordance with the terms and conditions of such contract or agreement and solely for solid waste management activities in accordance with the provisions of this Act; and

"(4) to carry out such other conditions and requirements as the Administrator or the head of the agency having jurisdiction or control over such lands may impose.

"(c) Any lands under the jurisdiction or control of the Secretary of the Interior (including National Park Service lands, Bureau of Reclamation lands, and lands under the jurisdiction of the Bureau of Land Management), the Secretary of Agriculture (including National Forest System lands), the Secretary of Defense, or any other Federal officer or agency, covered by any application submitted pursuant to subsection (a) of this section may be made available for use in accordance with the provisions of any such contract or agreement entered into pursuant to this section: *Provided*, That (1) the applicant has demonstrated to the satisfaction of the Administrator and the head of the agency with jurisdiction over the affected lands that such municipality lies adjacent to Federal lands and that suitable non-Federal lands are not available to enable such municipality to comply with the requirements of section 211 of this Act or otherwise provide for solid waste management consistent with the purposes of this Act; (2) the applicant has demonstrated to the satisfaction of the Administrator and the head of the agency with jurisdiction over the affected lands that such lands as the applicant proposes for such use are appropriate and will provide for protection of the environment, consistent with any applicable guidelines under section 209(a) of this Act; and (3) the head of the agency having jurisdiction or control of such lands concurs in the site selection and determines that such site is consistent with any applicable land use plan for such lands. Upon the termination or expiration of any such contract or agreement, the use of such lands so made available shall revert to the Federal agency having such jurisdiction or control over such lands immediately prior to such lands being made available to the municipality pursuant to this section.

"RETENTION OF STATE AUTHORITY

"SEC. 222. Except as otherwise expressly provided in this Act, nothing in this Act shall (1) preclude or deny the right of any State or political subdivision thereof or interstate agency to adopt or enforce any rule, regulation, standard, or requirement respecting disposal of hazardous waste or solid waste, solid waste management facilities, storage, treatment, or any other facet of hazardous waste or solid waste management; except that if any such rule, regulation, standard, or requirement is in effect under this Act, such State or political subdivision or interstate agency may not adopt or enforce any rule, regulation, standard, or requirement which is less stringent than the rule, regulation, standard, or requirement in effect under this Act; or (2) be construed as impairing or in any manner affecting any right or jurisdiction of a State with respect to the regulation of solid waste management within such State.

"FEDERAL FACILITIES

"SEC. 223. Each department, agency, and instrumentality of the executive, legislative, and judicial branches of the Federal Government (1) having jurisdiction over any solid waste management facility or disposal site, or (2) engaged in any activity resulting, or which may result, in the disposal of solid waste or hazardous waste shall be subject to, and comply with, all Federal, State, interstate, and local requirements, both substantive and procedural (including any requirement for permits or reporting or any provisions for injunctive relief and such sanctions as may be imposed by a court to enforce such relief), respecting control and abatement of solid waste or hazardous waste disposal in the same manner, and to the same extent, as any person is subject to such requirements, including the payment of reasonable service charges. Neither the United States, nor any agent, employee, or officer thereof, shall be immune or exempt from any process or sanction of any State or Federal court with respect to the enforcement of any such injunctive relief. The President may exempt any solid waste management facility of any department, agency, or instrumentality in the executive branch from compliance with such a requirement if he determines it to be in the paramount interest of the United States to do so. No such exemption shall be granted due to lack of appropriation unless the President shall have specifically requested such appropriation as a part of the budgetary process and the Congress shall have failed to make available such requested appropriation. Any exemption shall be for a period not in excess of one year, but additional exemptions may be granted for periods not to exceed one year upon the President's making a new determination. The President shall report each January to the Congress all exemptions from the requirements of this section granted during the preceding calendar year, together with his reason for granting each such exemption.

"RESOURCES CONSERVATION STUDY

"SEC. 224. (a) The Administrator shall serve as Chairman of a Committee composed of himself, the Secretary of Commerce, the Secretary of Labor, the Chairman of the Council on Environmental Quality, and the Secretary of Treasury, which shall conduct a full and complete investigation and study of all aspects of the economic, social, and environmental consequences of resource conservation with respect to—

"(1) the appropriateness of recommended incentives and disincentives to foster resource conservation;

"(2) the effect of existing public policies (including subsidies and economic incentives and disincentives, percentage depletion allowances, capital gains treatment and other tax incentives and disincentives) upon resource conservation, and the likely effect of the modification or elimination of such incentives and disincentives upon resource conservation;

"(3) the appropriateness and feasibility of restricting the manufacture or use of categories of consumer products as a resource conservation strategy; and

"(4) the appropriateness and feasibility of employing as a resource conservation strategy the imposition of solid waste management charges on consumer products, which charges would reflect the costs of solid waste management services, liter pickup, the value of recoverable components of such product, final disposal, and any social value associated with the nonrecycling or uncontrolled disposal of such product.

"(b) The study required in subsection (a) (4) of this section may include pilot scale projects, and shall consider and evaluate alternative strategies with respect to—

"(1) the product categories on which such charges would be imposed;

"(2) the appropriate state in the production of such consumer product at which to levy such charge;

"(3) appropriate criteria for establishing such charges for each consumer product category;

"(4) methods for the adjustment of such charges to reflect actions such as recycling which would reduce the overall quantities of solid waste requiring disposal; and

"(5) procedures for amending, modifying, or revising such charges to reflect changing conditions.

"(c) The results of such investigation and study, including recommendations, shall be reported to the President and the Congress not later than two years after enactment of the Solid Waste Utilization Act of 1976.

"(d) There are authorized to be appropriated not to exceed $5,000,000 to carry out this section.".

SEC. 5. Section 202(b) of the Solid Waste Disposal Act, as amended by the Reserve Recovery Act of 1970, is amended to read as follows:

"(b) The purposes of this Act therefore are—

"(1) to promote the demonstration, construction, and application of solid waste management, resource recovery, and resource conservation systems which preserve and enhance the quality of air, water, and land resources;

"(2) to provide technical and financial assistance to States and local governments and interstate agencies in the planning and implementation of resource recovery, resource conservation, and solid waste management programs;

"(3) to promote a national research and development program in improved solid waste management and resource conservation techniques, more effective organizational arrangements, and new and improved methods of collection, separation, and recovery, and recycling of solid wastes and environmentally safe disposal of non-recoverable residues;

"(4) to provide for the promulgation of guidelines for solid waste collection, transport, separation, recovery, and disposal practices and system;

"(5) to provide for training grants in occupations involving the design, operation, and maintenance of solid waste management systems;

"(6) to provide for regulation of hazardous waste management, including the treatment, storage, and disposal of hazardous wastes; and

"(7) to enhance markets for recovered resources through a preference in Federal procurement policies for goods or materials containing recovered resources.".

SEC. 6. Section 203 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended by—

(a) amending paragraphs (4) and (5) to read as follows:

"(4) The term 'solid waste' means any garbage, refuse, sludge from a waste treatment plant, water supply treatment plant, or air pollution control facility and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial, commercial, mining, and agricultural operations, and from community activities, but does not include solid or dissolved material in domestic sewage, or solid or dissolved materials in irrigation return flows or industrial discharges which are point sources subject to permits under section 402 of the Federal Water Pollution Control Act, as amended (86 Stat. 880), or source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954, as amended (68 Stat. 923).

"(5) The term 'solid waste management' means the systematic administration of activities which provide for the collection, source separation, storage, transportation, transfer, processing, treatment, and disposal of solid waste.".

(b) amending paragraph (7) to read as follows:

"(7) The term 'municipality' (A) means a city, town, borough, county, parish, district, or other public body created by or pursuant to State law, with responsibility for the planning or administration of solid waste management, or an Indian tribe or authorized tribal organization or Alaska Native village or organization, and (B) includes any rural community or unincorporated town or village or any other public entity for which an application for assistance is made by a State or political subdivision thereof.".

(c) adding the following new paragraphs:

"(11) The term 'disposal' means the discharge, deposit, injection, dumping, spilling, leaking, or placing of any solid waste or hazardous waste into or on any land or water so that such solid waste or hazardous waste or any constituent thereof may enter the environment or be emitted into the air or discharged into any waters, including ground waters.

"(12) The term 'storage' means the actual or intended containment of solid waste or hazardous wastes, either on a temporary basis or for a period of years, in such a manner as not to constitute disposal of such waste.

"(13) The term 'treatment' means any method, technique, or process, including neutralization, designed to change the physical, chemical, or biological character or composition of any solid waste, including any hazardous waste, so as to neutralize such waste or so as to render such wastes nonhazardous, safer for transport, amenable for resource recovery, amenable for storage, or reduced in volume.

"(14) The term 'solid waste management facility' includes (A) any resource recovery system or component thereof, (B) any system, program, or facility for resource conservation, and (C) any facility for the treatment of solid wastes, including hazardous wastes, whether such facility is associated with facilities generating such wastes or otherwise.

"(15) The term 'hazardous waste' means a waste or combination of wastes of a solid, liquid, contained gaseous, or semisolid form, including radioactive material (except, to the extent otherwise regulated, source, special nuclear, or byproduct material, as defined by the Atomic Energy Act of 1954, as amended), which in the judgment of the Administrator may cause, or contribute to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness, taking into account the toxicity of such waste, its persistence, and degradability in nature, and its potential for accumulation or concentration in tissue, and other factors that may otherwise cause or contribute to adverse acute or chronic effects on the health of persons or other organisms.

"(16) The term 'hazardous waste management' means the systematic control of the collection, source separation, storage, transportation, processing, treatment, recovery, and disposal of hazardous wastes.

"(17) The term 'person' means an individual, corporation, partnership, association, State, municipality, commission, or political subdivision of a State, or any interstate body.

"(18) The term 'resource conservation' means reduction of the amounts of solid waste that are generated, reduction of overall resource consumption, and utilization of recovered resources.".

Sec. 7. (a) Section 204(a) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by—

(1) inserting "alone or after consultation with the Administrator of the Federal Energy Administration, the Administrator of the Energy Research and Development Administration, or the Chairman of the Federal Power Commission" before "shall conduct";

(2) inserting "public education programs," after "surveys,";

(3) striking the semicolon in paragraph (2) and inserting in lieu thereof the following: ", including systems for the disposal of solid waste residues resulting from controls on air pollution and water pollution required by Federal, State, or local government;"; and

(4) inserting the following as paragraphs (3) and (4) and renumbering succeeding paragraphs accordingly:

"(3) the planning, implementation, and operation of resource recovery and resource conservation systems and hazardous waste management systems, including the marketing of recovered resources;

"(4) the production of usable forms of recovered resources, including fuel, from solid waste;".

(b) Section 204(b) of such Act is amended by inserting the following paragraphs:

"(4) develop and implement educational programs to promote citizen understanding of the need for environmentally sound solid waste management practices; and

"(5) detail personnel of the Environmental Protection Agency to agencies eligible for assistance under this section.".

(c) The last sentence of section 204(c) of such Act is amended to read as follows: "In carrying out this Act and the requirements of this subsection, the Administrator shall make use of and adhere to the provisions of the Non-Nuclear Energy Research and Development Act (88 Stat. 1879) that apply to information, uses, processes, patents, or other rights resulting from activity assisted under this Act.".

(d) Section 204 of such Act is amended by adding the following new subsection:

"(d) The Administrator shall provide teams of personnel, including Federal, State, and local employees or contractors, to provide States and local governments upon request with technical assistance on solid waste management, resource recovery, and resource conservation. Such teams shall include technical, marketing, financial, and institutional specialists, and the services of such teams shall be provided without charge to States or local governments. The Administrator shall make available for such technical assistance teams no less than 15 per centum of the funds appropriated to carry out this Act in any fiscal year, except that such minimum requirement shall not exceed $5,000,000 in any fiscal year.".

Sec. 8. (a) Section 205(a) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by—

(1) striking "carry out" and inserting in lieu thereof "conduct";

(2) striking "an investigation and study to determine" and inserting in lieu thereof "studies, together with recommendations for administrative or legislative action, on—";

(3) striking "and the impact of distribution of such resources on existing markets;" in paragraph (1) and inserting in lieu thereof "the impact of distribution of such resources on existing markets; and potentials for energy conservation through resource conservation and resource recovery;";

(4) striking paragraph (2) and inserting the following in lieu thereof:

"(2) actions to reduce waste generation which have been taken voluntarily or in response to governmental action, and those which practically could be taken in the future, and the economic, social, and environmental consequences of such actions;".

(5) adding the following new paragraphs:

"(8) the legal constraints and institutional barriers to the acquisition of land needed for solid waste management, including land for facilities and disposal sites;

"(9) in consultation with the Secretary of Agriculture, agricultural waste management problems and practices, the extent of reuse and recovery of resources in such wastes, the prospects for improvement, Federal, State, and local regulations governing such practices, and the economic, social, and environmental consequences of such practices; and

"(10) in consultation with the Secretary of the Interior, mining waste management problems, and practices, including an assessment of existing authorities, technologies, and economics, and the environmental and public health consequences of such practices.".

(b) Section 205 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by adding the following as subsection (b) and relettering succeeding subsections accordingly:

"(b) The Administrator shall, within one year of enactment of the Solid Waste Utilization Act of 1976 and annually thereafter, submit to the Congress a complete and detailed report on progress in achieving the objectives and implementing the provisions of this Act.".

(c) Redesignated subsection (c) of section 205 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by adding the following: "The Administrator shall (1) assist, on the basis of any research projects which are developed with assistance under this Act or without Federal assistance, the construction of pilot plant facilities for the purpose of investigating or testing the technological feasibility of any promising new fuel, energy, or resource recovery or resource conservation method or technology; and (2) demonstrate each such method and technology that appears justified by an evaluation at such pilot plant stage or at a pilot plant stage developed without Federal assistance. Each such demonstration shall incorporate new or innovative technical advances or shall apply such advances to different circumstances and conditions, for the purpose of evaluating design concepts or to test the performance, efficiency, and economic feasibility of a particular method or technology under actual operating conditions. Each such demonstration shall be so planned and designed that, if successful, it can be expanded or utilized directly as a full-scale operational fuel, energy, or resource recovery or resource conservation facility.".

Sec. 9. Section 230 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (845 Stat. 1230), as redesignated by this Act, is amended to read as follows:

"AUTHORIZATIONS

"Sec. 230. (a) There are authorized to be appropriated to carry out this Act not to exceed $35,000,000 for fiscal year 1977, and to carry out section 207(a) of this Act not to exceed $50,000,000 for fiscal year 1978, and not to exceed $65,000,000 for fiscal year 1979.

"(b) There are authorized to be appropriated to carry out section 207(b) of this Act not to exceed $25,000,000 for each of the fiscal years 1978 and 1979.

"(c) There are authorized to be appropriated to carry out section 207(c) of this Act not to exceed $35,000,000 for each of the fiscal years 1978 and 1979.

"(d) There are authorized to be appropriated to carry out section 208 of this Act not to exceed $50,000,000 for each of the fiscal years 1978 and 1979.

"(e) There are authorized to be appropriated $50,000,000 for each of the fiscal years 1978 and 1979 to carry out section 218 of this Act.

"(f) There are authorized to be appropriated to carry out this Act, other than sections 207, 208, 217, 218, and 224, not to exceed $40,000,000 for each of the fiscal years 1978 and 1979.".

Sec. 10. The Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended—

(1) by striking "Secretary of Health, Education, and Welfare" whenever it appears and inserting in lieu thereof "Administrator of the Environmental Protection Agency"; and

(2) by striking "Secretary" whenever it appears, except—

(A) in section 227 of such Act where "Secretary" is followed by "of Labor"; and

(B) in sections 203(1) and 228 of such Act where "Secretary" is followed by "of the Interior," and inserting in lieu thereof "Administrator".

Sec. 11. (a) Section 208 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended—

(1) by striking "section 207(b) (2)" in subsection (b) and inserting "section 207", and

(2) by striking "section 216(a) (3)" in subsection (f) and inserting "section 230(d)".

(b) Section 210(b) (2) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended by striking "section 207(b) (4) and (5)" and inserting "section 207".

SOLID WASTE CLEANUP ON FEDERAL LANDS IN ALASKA

Sec. 12. (a) The President shall direct such executive departments or agencies as he may deem appropriate to conduct a study, in consultation with representatives of the State of Alaska and the appropriate Native organizations, to determine the best overall procedures for removing existing solid waste on Federal lands in Alaska. Such study shall include, but shall not be limited to, a consideration of—

(1) alternative procedures for removing the solid waste in an environmentally safe manner, and

(2) the estimated costs of removing the solid waste.

(b) The President shall submit a report of the results together with appropriate supporting data and such recommendations as he deems desirable to the Committee on Public Works of the Senate and to the Committee on Interstate and Foreign Commerce of the House of Representatives not later than one year after the enactment of the Solid Waste Utilization Act of 1976. The President shall also submit, within six months after the study has been submitted to the committees, recommended administrative actions, procedures, and needed legislation to implement such procedures and the recommendations of the study.

Mr. RANDOLPH. Mr. President, I move that the committee substitute, amendment No. 1964, be agreed to, and that the bill as thus amended be considered original text and open to further amendment.

The motion was agreed to.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that Linda McCorkle be granted privilege of the floor for the purposes of debate on this bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, the United States is the most consumption-oriented country on Earth. Our national prosperity is reflected in the quantity and variety of items produced by our industrial complex. There have been predictions, however, that our society ultimately will be buried in its own discards. This assessment is an overstatement but it alerts us to a critical problem.

Solid waste is in many ways the stepchild of the environmental movement. For more than a dozen years, the Congress has worked diligently to develop increasingly broad and effective programs to bring air and water pollution under reasoned control. Despite some efforts, notably the Solid Waste Disposal Act of 1965 and the Resource Recovery Act of 1970, adequate attention has not been given to the increasing solid waste problems.

Mr. President, the Solid Waste Utilization Act of 1976 is, I emphasize, a major commitment of Federal assistance to State and local government efforts to meet these problems in a comprehensive and effective manner. This legislation as my colleagues know, is the culmination of a process that began 2 years ago this month with the establishment of the Panel on Materials Policy in the Committee on Public Works. Extensive oversight and legislative hearings were conducted in the summer of 1974. Development of legislation began that fall and has continued in the 94th Congress.

Mr. President, this bill addresses three major areas of concern. The first is research and demonstration on environmental problems associated with the disposal of wastes on land, particularly the management of disposal of hazardous wastes. The second area is the development of methods to reduce the volumes of waste and to recover and reuse materials. Third, the bill considers technical and financial assistance to States and local governments to demonstrate and stimulate more cost effective and environmentally sound solid waste management practices. These are broad areas and recognize the relationship of many issues involved in the use and reuse of materials and the ultimate disposal of materials for which there is no further use.

Land disposal, for instance, is the traditional means of dealing with municipal wastes and will continue to be so in the foreseeable future. Many communities, however, are finding that this practice is becoming increasingly restricted and may eventually not be available to them. Recovery and reuse of resources is widely recognized as an alternative and highly desirable approach. These are problems we will discuss today. There are many questions to be answered, however, before effective resource recovery operations can be instituted on a national basis. Even at that point, the nature of our society means that there will continue to be huge volumes of solid waste. Changes in product composition and design may inhibit the generation of solid wastes and is another approach to the general problem we are debating. This too, however, cannot by itself be seen as the solution and, in fact, cannot be considered as such until a number of related problems are resolved.

The act before us continues Federal support for the development of effective solid waste management. It authorizes activities in four areas: comprehensive solid waste management, regulation of hazardous waste disposal, assistance for resource recovery and utilization and assistance for resource conservation.

In developing this legislation, the members of the Committee on Public Works recognized that solid waste is a uniquely local problem and that programs in this area should be developed and managed at the local government level.

This is not an area which lends itself to extensive planning and operation from the Federal level. The role of the Federal Government in solid waste activities should be one primarily of providing financial and technical assistance. Guidelines authorized by this legislation are to be descriptive of the options available to local and regional bodies responsible for solid waste management. These guidelines should not be taken as directives from the Federal Government for a position by the local authorities.

Guidelines should provide the States and area planning agencies with maximum flexibility, while assuring that such agencies or organizations have adequate information to effectively implement the planning provisions.

To assure that the Federal Government adopts a proper place in this program, I emphasize the Administrator of the Environmental Protection Agency is required to notify the Congress before the publication of guidelines, information or model codes, ordinances or statutes. The agency is restricted under the provisions of the bill from advocating specific policy alternatives at the State or local level. These matters are best left—and I emphasize this—to local choice since they involve substantial regional variations. It is not appropriate for the Environmental Protection Agency to become involved other than in the provision of technical assistance on request.

There is no question that in the immediate future land disposal will continue to be the primary solid waste management tool. It is essential, therefore, that this practice be carried out in an efficient, effective, and environmentally sound manner. The bill before us promotes a comprehensive approach to solid waste problems by providing for research, demonstration, and dissemination of information on promising recovery, disposal, and resource use techniques. It authorizes grants to States to plan and administer the comprehensive programs, and financial assistance to States and localities seeking to establish operational systems. The Environmental Protection Agency is authorized to provide States and local governments with specialists when technical assistance on any aspect of solid waste management is required. States and communities can create regional planning agencies to deal with solid waste issues. The bill imposes a ban on open dumping and provides special assistance to rural communities in adjusting to this prohibition.

One of the most urgent solid waste needs to be faced is a uniform approach to the handling of potentially hazardous materials. This bill, therefore, establishes a Federal permit program for the management of hazardous waste disposal and provides specific direction for its implementation. There is increasing recognition that America's massive quantities of solid waste constitute a virtually untapped supply of materials. There are sound and compelling reasons why this source must be tapped to a greater extent than at present.

The able Senator from Vermont (Mr. STAFFORD) who manages this measure with us, has, of course, a knowledge, an intimate knowledge, of this challenge.

Domestic supplies of many of the materials required by our industrial complex are being rapidly depleted. Foreign sources have always been the major suppliers of many materials and as demand increases so must the quantity of imports.

Concern with energy supplies has led us to look at solid wastes as a potential fuel source of great importance. I underscore this matter. We do not realize the critical situation with regard to fuels and energy in this country. That is another matter, of course. But we are in a more difficult position than we were at the time of the embargo nearly 3 years ago. I hope that during this Presidential campaign, the candidates for the Presidency of the United States will recognize that this is not a subject far down on their list. I hope they will tell the American people of their programs in reference to energy supplies that can be created in the United States of America. We now, of course, are depending upon undependable sources from overseas. The Environmental Protection Agency has identified about 50 major metropolitan areas where the recovery of materials for energy production from solid wastes seems to be feasible.

Of the 190 million tons of major metals—and I hope Senators will listen to these—paper, glass, rubber, and textiles—consumed annually in this country, only about one-fourth is obtained from recovered resources. Virtually all of these come from industrial and manufacturing activities and less than 1 percent of the potential is being recovered from available municipal wastes.

Resource recovery for most local authorities is a long-range prospect. Large-scale waste processing plants are expected to be operating in approximately 25 metropolitan areas within the next decade. At that time however, it is unlikely that more than 10 percent of the expected 200 million tons of municipal refuse will be reclaimed.

A major impediment to accelerated resource recovery is the difficulty in finding commercial markets for recycled materials. Such materials are not viewed favorably as a resource supply by industry. A major challenge, therefore, is to promote the development of markets for resources recovered from municipal wastes.

Mr. President, this legislation authorizes incentives for local governments and industry to recover and reuse available resources. The bill provides authority and funding to improve the Environmental Protection Agency's technical assistance efforts. It also permits the expansion of resource recovery demonstration programs through loan guarantees to both public bodies and private industry. The principal focus in this area is the commercial demonstration of facilities for utilizing recovered resources and resource conservation.

In addition to recovering used resources, it is also important to give attention to their initial conservation. Activities which encourage reduction in the unnecessary use of materials, the reuse of products and the extension of product life can make significant contributions to resolving our country's solid waste problem. There are many unanswered questions about ways of reducing the volumes of solid waste.

This bill reflects the belief that the Federal Government should provide support for any useful approach by States or communities to identify programs and techniques we believe may alleviate solid waste problems. I have stated that before, but I reemphasize it. So that a full range of alternatives are available, grants are available to States and local governments for planning, administering, and implementing solid waste programs specifically for research conservation. Elements of the resource conservation program are eligible for assistance under the loan guarantee program.

As approaches to resource conservation are developed, it is important to know the consequences. The bill, therefore, directs the Environmental Protection Agency to conduct a study of the economic, social and environmental results of resource conservation.

In addressing the question of resource conservation, the members of the Committee on Public Works deliberately avoided the issues raised by proposals which would prohibit the use of certain types of containers or require deposits associated with their sale. No provision in this bill is drected specifically at this subject. We did not attempt to make judgments as to whether the various beverage container proposals should or should not be adopted. We believe that this type of product regulation is a matter to be resolved at the State and local level, rather than by the Federal Government.

It is my personal belief that bans or charges on certain types of beverage containers are unwise and an improper approach to resolving what is essentially a litter problem. I believe that results can be obtained in this area by other methods which do not carry with them the undesirable and disruptive side-effects of the ban and charge proposals.

The provision of grants under this legislation is consistent with the committee belief that the solid waste programs should be developed and managed at the local level. Federal funds are provided, therefore, to assist in the development and administration of solid waste activities.

This legislation authorizes $35 million for fiscal year 1977, $250 million for fiscal year 1978, and $265 million for fiscal year 1979. In addition, an authorization of $150 million is provided for the loan guarantee program.

State program grant authorizations of $50 million and $65 million for fiscal years 1978 and 1979 would be distributed to the States on the basis of a formula set out in the bill. The implementation grants are funded at a level of $25 million per year, and $35 million annually are provided for areawide planning. Demonstration grants are funded at a level of $50 million a year. An additional $50 million in each of the 2 fiscal years is authorized to aid rural communities in complying with the ban on open dumping.

We believe that these amounts are proper to carry forward the activities authorized by this bill. The full amount should be appropriated so that adequate solid waste programs can be implemented.

The committee, in developing this legislation, recognized that the existing solid waste programs of the Environmental Protection Agency have been inadequately funded. The shortage of money has resulted in some unfortunate decisions by the Agency on how to utilize the funds available. These choices were not always consistent with what we believe to be the wisest allocation of funds in terms of program goals.

If funding for solid waste programs is not increased substantially, the Environmental Protection Agency should concentrate its resources on research and technical assistance and the hazardous waste programs. When these programs are implemented, the funds remaining should be channelled to State and local governments to develop and implement their solid waste plans.

Committee members have expressed great concern about the apparent emphasis in the Agency on public relations activities at the expense of actual program work. We strongly believe that it is much more important to concentrate on research and the provision of technical assistance than it is to prepare and distribute films and other materials promoting the Environmental Protection Agency. Like any other arm of Government, the Environmental Protection Agency should have as its primary purpose the carrying out of the programmatic responsibilities assigned to it.

The Solid Waste Utilization Act of 1976 has been a matter of personal interest to me since we began its development 2 years ago. I have said on other occasions, and only partially in jest, that solid waste has received less attention than other environmental concerns, because no one is very interested in garbage. I submit that it is time we became interested in garbage, the residue of our highly prosperous industrial society. In both urban and rural areas, solid waste causes problems of increasing magnitude. These problems must be faced with determination and must be resolved.

The amendment which I offer on behalf of the committee contains the text of S. 3622 and is offered as a substitute for S. 2150. The report and the legislative history on S. 3622 (S. Rept. 94–988) are thereby incorporated by reference as the legislative history for this amendment.

This legislation brings to the solid waste problem the attention it deserves and I am appreciative of the concern shown by members of the Committee on Public Works as we considered this subject. I am gratified by the interest and involvement of the Senator from Colorado (Mr. HART), the chairman of our Panel on Materials Policy and cosponsor of the original bill. The Senator from Vermont (Mr. STAFFORD) is especially concerned with the field of resource conservation. His cooperative attitude has enabled us to produce a bill that is balanced in approach. The chairman of our Subcommittee on Environmental Pollution, the Senator from Maine (Mr. MUSKIE) has shown through his involvement in this legislation his concern for the full range of environmental matters. All members of the committee were faithful in their attendance at meetings while this subject was discussed. The able Senator from Tennessee (Mr. BAKER) helped us to understand fully the issues in this legislation. And our resolution of these questions was facilitated by the contributions of the Senator from New Mexico (Mr. DOMENICI). Their involvement aided in the production of what I believe is a major and vital piece of legislation. I am grateful for their participation to Senators Montoya, Gravel, Bentsen, Burdick, Culver, Morgan, Buckley, and McClure.

Mr. STAFFORD. Mr. President, I am pleased to support S. 2150, the Solid Waste Utilization Act of 1976. At the outset I want to draw attention to the untiring efforts of Senator Randolph, the chairman of the Public Works Committee. Without his interest and industry we would not have before us the responsible solid waste legislation we are considering today.

The chairman has described the background of S. 2150. As the ranking minority member on the Panel of Materials Policy, I was present for most of the 10 days of hearings in 1974. I have participated actively in all subsequent committee deliberations on solid waste legislation.

Out of these presentations and discussions I would suggest it is possible to make three generalizations:

First, there is a consensus that solid waste is a problem best dealt with by local and State governments;

Second, any solution to the problem demands a combination of approaches; and

Third, more research and experimentation—in economic as well as technological areas—is needed.

S. 2150 is responsive to each of the above propositions. First and most important, the bill does not establish a Federal preference for one or another approach to solid waste problems. States and communities are encouraged to experiment with any programs they believe hold promise of success.

These programs may include elements to recover usable materials from municipal wastes and to find markets for these recovered resources.

In addition, a State or community may undertake to encourage reuse rather than disposal of certain products. My own State of Vermont, for example, is effectively promoting return and reuse of beverage containers. Not only does such a program reduce amounts of materials which must be disposed of but also reduces consumption of virgin resources and significantly decreases litter.

Under S. 2150, States and communities may receive Federal assistance to plan and implement solid waste programs. Certain planning funds will be allocated by formula to all States. Other grants are available to carry out nonconstruction elements of specific programs.

In addition, the bill provides for loan guarantees of up to $150 million for commercial demonstration of promising resource recovery or resource conservation systems. These guarantees may be made to State, local, or regional agencies. For certain types of projects, private entities are also eligible. The purpose of this provision is to make possible demonstrations of promising techniques which would not otherwise be undertaken.

Federal air and water pollution legislation, as well as new requirements in this bill, increase solid waste burdens on small communities outside metropolitan areas. The bill authorizes annual grants of $50 million for 1978 and 1979 to assist these communities in coping with basic solid waste disposal problems.

S. 3622 thus contains several provisions for limited financial assistance to States and communities.

The bill does not rely solely on States or private industry to develop better ways to deal with solid waste, however. It authorizes additional funds for the Environmental Protection Agency to use for research and demonstrations and expands the purposes for which those funds may be spent.

The legislation requires the Administrator to issue suggested guidelines and other information which will help State and local officials design appropriate programs. Technical assistance teams will be available on request to advise local officials on specific problems.

I want to emphasize that the Federal role in all these activities is essentially an advisory one.

During the markup sessions on S. 2150, the committee agreed with my view that the bill should establish an absolutely even-handed Federal program. The Federal program is not to show a preference for one or another philosophical approach to resource use and disposal.

I am delighted that some industry and union representatives who originally strenuously opposed my amendment to include resource conservation as defined in the committee bill have come to understand that the definition poses no extraordinary threat to their interests.

From the time the Panel on Materials Policy began hearings on this subject, I made public my interest in a bill that would provide an evenhanded Federal interest. I am pleased that those who mistakenly perceived my position as one that would penalize certain products have come to understand that was never the case.

Our Nation needs a full arsenal of weapons for the fight against the mounting tide of solid waste. Resource conservation is just one of those weapons—but it is fully as important as any of the others, and its inclusion is essential to an evenhanded Federal approach.

Committee members were aware of complaints about past lobbying activities engaged in by some employees of the Environmental Protection Agency. EPA employees had appeared before State and local bodies to urge adoption of beverage container regulations or legislation.

I personally agree with many of the measures proposed by EPA. But I believe it is more useful at this point for the Federal program to assist a variety of efforts than to urge a particular point of view.

Thus, I had no difficulty in supporting provisions proposed in committee by Senator Baker. The committee agreed to statutory language to prohibit lobbying by EPA employees acting in their official capacity. No member of the committee intended that the ban on lobbying interfere with EPA's legitimate functions of disseminating information or of rendering technical assistance and advice at the request of State or local officials. Actively promoting a particular point of view before State or local political bodies, however, goes beyond the advisory role intended for the Agency.

The distinguished Senator from West Virginia has discussed the one area where danger to public health and welfare calls for direct Federal regulation. The section on hazardous waste control gives States maximum opportunity to plan and administer the program while insuring basic protection nationwide. I believe the provision is a good one.

S. 2150 makes clear that the Federal Government should take a lead in demonstrating the economic and technical feasibility of using recycled materials. The bill does not set specific procurement criteria for Government agencies to meet. It does require each agency which procures goods and materials to weigh solid waste considerations into its procurement decisions and wherever possible, to give preference to recycled materials. As the committee report states, if annual reports to Congress show little or no change in Federal practices, more prescriptive legislation will be considered.

Mr. President, the Solid Waste Utilization Act of 1976 is a modest but constructive bill. It provides needed assistance to States and cities without dictating a uniform national program. It creates a national program to control hazardous wastes. It encourages demonstration of a variety of promising solid waste management techniques. I urge the Senate to approve this bill.

Mr. President, I want to repeat my opening remarks: It has been a real pleasure working on this bill with the chairman of the Public Works Committee, the distinguished Senator from West Virginia (Mr. Randolph).

Mr. BAKER. Mr. President, I intend to support passage of the Solid Waste Utilization Act of 1976. I do so doubting that there is a compelling need for solid waste legislation at this time. Certainly we do not have available sufficient information to permit development of a comprehensive solid waste management program.

The chairman of the Public Works Committee has argued persuasively, however, that congressional action is needed in a few areas. The bill establishes a program to control transportation and disposal of hazardous wastes. It also modestly expands the types and amount of assistance available for solid waste management planning and facilities.

More important to me than these measures is the fact that S. 3622 lays a proper foundation for future resolution of major issues. Results from demonstrations and studies authorized by the bill will assist Congress in defining the appropriate Federal role in solid waste management activities.

The nature of the Federal program under S. 2150 is one of limited scope. It is not so pervasive that future changes in direction or emphasis are improbable.

Finally, the bill sets clear limits on the activities of the Environmental Protection Agency.

I am pleased that the other members of the committee and I share the view that solid waste management should be primarily a State and local concern; that the Federal bureaucracy should not be given authority to dictate policy or procedures to State and local officials.

The committee heard numerous complaints that the Environmental Protection Agency's Office of Solid Waste Management had exceeded its authority by lobbying before State and local agencies for particular policies. My concern was not whether specific charges were justified. What was important, if we reported a bill, was to make clear the scope of EPA's authority.

The language in subsections 209 (d) and (e) does just this. These provisions require EPA to give advance notice to the appropriate congressional committees before publishing any information or guidelines, and prohibit EPA officials or employees from acting in an official capacity before State or local bodies to promote one or another particular form of solid waste management. The restrictions on EPA's activities are not intended to hamper the agency's ability to conduct needed research and provide technical assistance and information.

Mr. President, I support S. 2150. It is not a comprehensive response to solid waste or materials policy issues. Rather, it is a modest measure which will not interfere with future congressional efforts to define an appropriate Federal role in this area.

Mr. TUNNEY. Mr. President, I would like to endorse the Committee on Public Works amendment No. 1964 to S. 2150, the Solid Waste Utilization Act of 1976. It is my hope that the Congress will enact this urgently needed legislation swiftly. It is estimated that the Nation generates over 135 million tons of solid waste annually. The solid waste problem is no longer just a local problem, but one worthy of a Federal response. Recycling is one aspect of the Nation's emerging solid waste policy which needs greater development in light of our increasing dependence on foreign sources for important materials and resources. Additionally, as the Nation's landfills continue to dwindle and materials consumption rates continue to increase, Federal support is needed to encourage more effective use and reuse of these vital materials through the disposal and recovery phases of the materials cycle.

Over the years, the Committee on Commerce has exercised its jurisdiction and oversight responsibility on various issues impacting on the management of the Nation's solid waste. For example, in this Congress the committee has considered S. 1744, the Resources Recycling and Conservation Act, S. 613, the Returnable Beverage Container Act of 1975, S. 3350, the Materials Research and Development Act of 1976, and S. 3149, the Toxic Substances Control Act, which already has been passed by the Senate. The toxic substances bill is designed to prevent unreasonable risks to health or the environment. In doing so, authority is given to the Administrator of the EPA to specify not only the manner in which materials and chemicals may be used and disposed, but also production composition in order to achieve this end. Thus, the Toxic Substances Control Act can prevent hazards associated with disposal, either by eliminating disposal or by requiring that they be composed of recycled materials.

In the 93d Congress, the committee received testimony from 62 witnesses during 11 days of hearings on legislation for resource conservation and recycling as well as holding 2 days of hearings on the bottle bill. These extensive hearings culminated in a comprehensive resource conservation bill (S. 3954) which was reported by the committee and rereferred to the Committee on Public Works for its consideration. Major parts of that measure have been enacted through other legislative vehicles: Federal policy with respect to freight rates for recyclable and recycled materials was addressed in the Railroad Revitalization and Regulatory Act (Public Law 94-595) and the Energy Policy and Conservation Act (Public Law 94-163) addresses Federal actions with respect to recycled oil, encouraging the recycling of used oil and changing the labeling policies of the Federal Government which discriminate against recycled oil. I am pleased to note that most of the remaining portions of S. 3954 have been included in the bill before us today.

ON RESOURCE CONSERVATION STUDY

Of particular interest to members of the Committee on Commerce is the resource conservation study which would be section 224 of the Solid Waste Disposal Act. In addition to studying the feasibility of product charges, I note that the feasibility of restricting the manufacture or use of consumer products also would be considered by the Interagency Committee.

Is it the intent of the authors of this section that the committee consider means, including possibly product mix standards, for encouraging the durability, recyclability, and reusability of such consumer products?

Mr. RANDOLPH. Yes, the Interagency Committee should consider such questions as part of its charge to examine the effect of various regulatory and tax or product charge schemes on decreasing amounts of materials discarded and reducing amounts of natural resources consumed.

The report is to consider the social, economic, and environmental consequences of the strategies studied and present to the Congress detailed information to provide a basis for determining the most effective Federal role in guiding resource use and disposal.

Mr. TUNNEY. Technically, the means for measuring materials and energy savings of alternate standards needs to be assessed. Would the Interagency Committee be encouraged to use the technical expertise of the National Bureau of Standards in its analysis of these issues?

Mr. RANDOLPH. Yes, that is one of the principal reasons the Secretary of Commerce was included on the Interagency Committee.

Mr. TUNNEY. I note that the amendment requires that the results of this study be submitted to the President and the Congress within 2 years. Is it your intent that the Committee on Commerce would receive this report and continue to exercise its jurisdiction over the possible regulation of products in interstate commerce?

Mr. RANDOLPH. Yes, most certainly, the Committee on Commerce along with the Committee on Public Works should receive this report.

AMENDMENT NO. 1944

The ACTING PRESIDENT pro tempore. The Senator from Oregon has 15 minutes on his amendment.

The amendment is as follows:

At the end of the bill insert a new section as follows:

SEC. 3. (a) This section may be cited as the "Beverage Container Reuse and Recycling Act of 1976".

(b) The Congress finds and declares that:

(1) The failure to reuse and recycle empty beverage containers represents a significant and unnecessary waste of important national energy and material resources.

(2) The littering of empty beverage containers constitutes a public nuisance, safety hazard, and esthetic blight and imposes upon public and private agencies unnecessary costs for the removal and collection of such containers.

(3) Empty beverage containers constitute a significant and rapidly growing proportion of municipal solid waste, whose disposal imposes a severe financial burden on municipal governments.

(4) The reuse and recycling of empty beverage containers would eliminate these unnecessary burdens on individuals, local governments, and the environment.

(5) A uniform national system for requiring a refund value on the sale of all beverage containers would result in a high level of reuse and recycling of such containers when empty.

(c) For purposes of this section—

(1) The term "beverage" means beer or other malt beverage, mineral water, soda water, or a carbonated soft drink of any variety in liquid form and intended for human consumption.

(2) The term "beverage container" means a container designed to contain a beverage under pressure of carbonation.

(3) The term "consumer" means a person who purchases a beverage in a beverage container for any use other than resale.

(4) The term "distributor" means a person who sells or offers for sale in interstate commerce beverages in beverage containers for resale.

(5) The term "interstate commerce" means commerce among the several States or with any foreign country, or in the District of Columbia, or in any territory of the United States.

(6) The term "State" includes the District of Columbia and territories of the United States.

(7) The term "retailer" means a person who purchases from a distributor beverages in beverage containers for sale to a consumer or who sells or offers to sell in interstate commerce beverages in beverage containers to a consumer.

(d) (1) No distributor may sell or offer for sale a beverage in a beverage container unless there is clearly and prominently embossed, stamped, labeled, or otherwise securely affixed to such container a statement of a refund value of not less than five cents for such container.

(2) No retailer may sell or offer for sale a beverage in a beverage container unless there is clearly and prominently embossed, stamped, labeled, or otherwise securely affixed to such container a statement of a refund value of not less than five cents for such container.

(e) (1) A retailer shall pay to a person the amount of the refund value affixed, in accordance with subsection (d), to any empty and unbroken beverage container which is tendered by such person to such retailer, and which contained the brand of beverage being sold by such retailer.

(2) A distributor shall pay to a retailer the amount of the refund value affixed, in accordance with subsection (d), to any empty and unbroken beverage container which is tendered by such retailer to such distributor, and which contained the brand of beverage being sold by such distributor.

(f) No State may place a tax or other levy for the sale or transfer of property on the collection or return of the amount of any refund value established under this section.

(g) No distributor or retailer may sell or offer for sale a beverage in a metal beverage container a part of which is designed to be detached in order to open such container.

(h) Whoever violates any provision of subsection (d), (e), or (g) shall be fined not more than $1,000, or imprisoned for not more than sixty days, or both, for each violation.

(i) (1) The Administrator of the Environmental Protection Agency shall monitor, before and after the effective dates of subsections (d), (e), and (g), the rate of reuse and recycling of beverage containers, and shall evaluate and report to Congress periodically on the impact of the provisions and of this section on—

(A) conservation of energy and material resources;

(B) reduction of solid waste; and

(C) the economy.

(2) The Administrator of the Environmental Protection Agency shall establish such regulations as are necessary for the purpose of this section, and shall provide such technical assistance and information to distributors, retailers, and consumers, and to manufacturers of beverage containers as is necessary to carry out the provisions and purposes of this section.

(j) (1) Except as otherwise provided in paragraphs (2) and (3), this section shall take effect on the date of enactment of this Act.

(2) The provisions of subsections (d) and (e) shall apply only with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after five years after the date of enactment of this Act.

(3) The provisions of subsection (g) shall apply only with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after one year after the date of enactment of this Act.

Mr. HATFIELD. Mr. President, I ask unanimous consent that Craig Honeyman, Walter Evans, and Rick Geiger of my staff have the privilege of the floor during the consideration of this amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PURPOSE

Mr. HATFIELD. Mr. President, the purpose of this amendment is to encourage the reuse and recycling of beverage containers, and to discontinue the wasteful "no deposit-no return" throwaway attitude toward this Nation's scarce energy and natural resources. The amendment, if enacted, requires a mandatory minimum refundable deposit of five cents on all beer and soft drink cans and bottles to be phased in over a 5-year period. It also bans the manufacture and sale of beverage cans with a detachable opening device, commonly called the flip top. one year after this bill becomes law.

SOURCE REDUCTION

Mr. President, with the exception of the flip top, this amendment does not, and I stress, does not ban any container type. What we are trying to accomplish here is a return to sensible production and consumption habits based on a clear cut need to conserve energy, reduce our consumption of virgin materials, and combat litter. Furthermore, this is not a new concept. As recently as 1960, 95 percent of our soft drinks and 50 percent of our beer was packaged in refillable containers on which a deposit was paid. Today 79 percent of the beer and two-thirds of the soft drinks sold in the United States are packaged in "one-way" or throwaway containers.

Our consumption of beverage containers has far outdistanced the consumption of the beverages themselves. For example, in 1959, 15.4 billion beverage containers were consumed. During the following 13 years when per capita consumption of these beverages increased 33 percent, the consumption of beverage containers increased a whopping 221 percent—to 55.2 billion by 1972. In 1973, the figure increased to 60 billion and could go to 80 billion by 1980.

It is predicted that we could save 5.2 million tons of glass, 1.5 million tons of steel, and 530,000 tons of aluminum annually by switching to a returnable system. The materials used for these containers are equal to 45 percent of all the glass, 6 percent of all the aluminum and 2 percent of all the steel purchased in this country. In testimony before the Idaho State Legislature, William Coors, president of Adolph Coors Brewing Co., pointed out that—

> We aren't going to have the materials in which to market our product if we don't start getting our containers back.

LITTER AND SOLID WASTE

Beverage container litter amounted to between 54 and 70 percent of the litter in Oregon prior to 1972, and on a national basis consists of between 60 and 80 percent by volume and 20 to 40 percent by piece count. While the attitude that the industry is trying to instill in the consumer through programs such as Keep America Beautiful is commendable and should be encouraged, that alone simply is not enough.

Solid waste is quickly becoming the premier environmental issue. It is a problem that we are just now beginning to understand and cope with. The Solid Waste Utilization Act which we are considering today is a step in the right direction, and my amendment would signal a willingness on the part of this body to make a direct commitment to reducing solid waste. The National League of Cities and the U.S. Conference of Mayors have endorsed the need for solid waste reduction resolving that—

> Unless we reduce the total volume of solid waste generated nationally, local governments will continue to be overburdened with the flow and financing of solid waste.

Beverage containers, by the way, are currently the fastest growing category of municipal solid waste—increasing at a rate of 8 percent per year.

ENERGY

Another problem created by the continued use of nonreturnables, one that has taken on added significance over the past few years, is the waste of energy resources caused by our willingness to discard perfectly good glass and metal containers after one use. By switching to returnables, we could reduce the container industry's energy consumption by 42 percent and save 125,000 barrels of oil per day. According to the testimony of the U.S. Environmental Protection Agency during hearings on my bottle bill before the Commerce Committee in May of 1974, we waste the equivalent of the energy needs of all the residents of New York and Chicago for 1 year in manufacturing one-way beverage containers. While reducing this wasteful energy consumption would by no means solve our energy problems, this amendment offers us opportunity to make significant progress on this national problem.

IMPACT ON THE CONSUMER

Now let us consider the impact of throwaways on the individual shopper. The use of nonreturnables adds to the expense of the beverage being purchased. The average price of a beverage in a returnable container is 2 cents less than one purchased in a one-way bottle and 5 cents less than in a can. When you buy a no-deposit no-return bottle or can and discard it after use, you are paying for the total cost of packaging that beverage. When you purchase your beer or soft drink in a returnable container, however, you are actually borrowing the package and sharing its cost with as many as 15, or as is so often the case in Oregon, even 20 other consumers.

Lest we be accused of trying to regulate the marketplace by mandating the use of returnables, let me point out to my colleagues that the industry, through advertising and production policy, has convinced the consumer of the "convenience" of nonreturnables. Hence, you are hard-pressed to find beer and soft drinks sold in reusable containers in most areas of the country. In most stores today you have no choice but to purchase your favorite beverage in a nonreturnable container.

According to Joseph Griesedieck, the vice chairman of Falstaff Brewing Corp., "returnable bottles are the most economical for the consumers and the brewer." J. Lucien Smith, the president of Coca-Cola, has told the Senate Judiciary Committee:

> Coke sold in food stores in nonreturnable packages is priced, on the average, 30 to 40% higher than Coca-Cola in returnable bottles. The difference lies essentially in the

different costs of packaging. The cost of returnables is spread over many uses; the cost of the nonreturnable package is absorbed in one use.

CONSUMER PREFERENCE

If, as the industry maintains, their continued production of nonreturnables reflects the preference of the consumer, why in a nationwide poll on the issue of returnables recently conducted by Opinion Research Corp. for the Federal Energy Administration did 73 percent of those polled favor a law requiring that all soft drinks and beer be sold in returnable containers? I submit to my colleagues that the consumer is aware of the advantages of the returnable bottle or can and, as in Oregon, where an astounding 91 percent of the citizens approve, would eagerly adapt to the new system.

THE OREGON EXPERIENCE

Now that we have considered the concept and the potential energy savings and solid waste benefits, we are fortunate enough to be able to put all of this into the context of actual experience. In October of 1972, legislation banning nonreturnables became effective in Oregon. Our experience has been one of outstanding success, as evidenced by opinion polls and the comments of consumers, retailers, and distributers alike.

Bottles are being returned at a 90-percent rate and cans at an 80-percent rate. No increase in beer or soft drink prices has been attributable to the Oregon bottle bill. In a study conducted by Don Waggoner of the Oregon Environmental Council, the Oregon law was shown to have reduced roadside litter 39 percent on a piece count basis and 42 percent on a volume basis after 2 years. Beverage container litter was reduced by 83 percent during those same 2 years with no change in litter cleanup expenditures. We are saving 1.4 trillion Btu's annually in Oregon, enough energy to satisfy the home heating requirements of 50,000 Oregonians or to generate 130 million kilowatt-hours of electricity worth $2.8 million annually. On top of all of this there was a net gain of 365 full-time jobs, hardly substantiating the gloomy forecasts offered by many, prior to adoption of the Oregon law. It is predicted that a net gain of 82,000 jobs by 1980, with a payroll increase expected of about $40 million would result if this amendment becomes law. This would be very helpful to an industry already plagued by employment problems due to the trend over the past several years toward larger centralized brewing and soft drink manufacturing plants at the expense of many thousands of jobs in smaller community breweries and bottling companies. With a 5-year phase-in, transitional problems should be minimal.

CONCLUSION

In conclusion, Mr. President, let me suggest to my colleagues that this amendment offers us a chance to return to a less wasteful production and consumption attitude in this country. Throwaway containers should be repugnant reminders of how little society cares about the wanton depletion of its energy resources or a measure of the disdain for helping to curtail the staggering litter and solid waste problems we face. While a laundry list exists of areas where blind obedience to technology has created a host of problems, the beverage container area provides the Congress and the Nation with a clear opportunity to reject the throwaway ethic spawned by the reckless idolatry of technology. Today we can reject this attitude in favor of one which reduces energy consumption and helps solve our litter and solid waste problems.

It is time to end the process where industry asks the consumer to pay the cost of cleaning up our litter. Let us adopt a policy where the price of bottles and cans reflects their true cost to society when disposed of. Let us make the litterer pay for his right to throw his can or bottle away.

We have seen this system work now in Oregon for over 3 years. Let us now give the rest of the American people the opportunity to share the benefits of an all-returnable beverage container system.

One of the criticisms leveled at beverage container legislation such as that which we are considering today is that it would cause undue hardship to the retailer—the grocery store, particularly the small independent grocer. Again looking at the Oregon experience that simply is not true. One would think that if any problems were to arise they would effect these small 7–11 type stores the hardest. Mr. President, I would like to have included in the Record at this point, a letter I received from Mr. John Piacentini, the owner of about 90 of these kinds of stores in Oregon. The horror stories we all have heard about the small grocer have not occurred in Oregon, and his letter is testimony to that fact.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Plaidpantry,
Portland, Oreg., June 24, 1976.

Senator Mark O. Hatfield,
Senate Office Building,
Washington, D.C.

Dear Senator Hatfield: I am writing this letter in support of your amendment to The Bottle Bill legislation.

I am an operator of a chain of convenience stores in Oregon and Southwest Washington. I have some 90 stores in my chain, they are similar to the 7–11 stores in the Washington area.

The Bottle Bill has not caused the havoc in Oregon as the opponents of the bill would have you believe. I am a retailer, the person who this type of legislation is supposed to hurt. Opponents of the Bottle Bill will tell you that retail sales will go down with a Bottle Bill. They will tell you that prices will go up and that there will be massive unemployment. None of these things have happened to me or any other retailer that I know of in Oregon.

Sales of beverages affected by the Bottle Bill in our stores are as high today as they were before the Bottle Bill became law. I do not know of one customer who has walked out of one of our stores because of the type of packaging we offer for sale and we have over 500,000 customers who shop our stores every week.

Prices have not gone up because of the Bottle Bill. The customer has always paid a higher price for the convenience of the one-way container. Prices in our Oregon stores are lower for the returnable container than for the same product in the one-way container in our Washington State stores. Opponents of the Bottle Bill are not telling the truth when they tell people that prices will go up.

Oregon has not seen a massive unemployment because of the Bottle Bill. There may have been a shift from one type of job to another, but even this is not as bad as opponents of the Bottle Bill will tell you.

The Bottle Bill is working in Oregon. A drive through our state will prove this at first glance. Every grocer I know claims that they are buying back as many if not more empty containers than they are selling. If this is true, which it is in our stores, how can people still be littering?

Opponents of the Bottle Bill are creating a scare in every retailer in this country by telling their untruths about the Bottle Bill. I have traveled all around the United States and I have heard the testimony given by opponents and I am shocked by the propoganda they are spreading.

I consider myself a good businessman. In the retail business you have got to be good to survive. I am also concerned about our environment. The Bottle Bill has not hurt our business. The Bottle Bill has helped our environment. It is good legislation. If people could just be told the truth about how well it works, I am sure that they would be for it.

Sincerely,

John Piacentini.

Mr. HATFIELD. Furthermore, Mr. President, we have factual evidence that Oregon's roadsides have been substantially cleaned up, due to the use of nonreturnables in my State. In support of this I ask that a letter I received from Mr. Alfred Hampson, one of the leaders in passing the Oregon bottle bill, be included in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Hampson & Bayless,
Portland, Oreg., June 25, 1976.

Dear Senator: I am writing this letter to request that you support Amendment Number 1944 (Beverage Container Reuse and Recycling Act), to Senate Bill 2150 (Solid Waste Utilization Act of 1976).

I was one of the authors of Oregon's Bottle Bill and one of the individuals who helped lobby it through the Oregon Legislature in 1971. It was with great pride that I can tell you that the law does work here in Oregon.

The success of the law has been so dramatic that it is seldom that one sees a can or bottle along the highways of Oregon, on our beaches or rivers. I recently drove from Portland to Boston, and was startled at the difference between the highways of Oregon and those of the rest of the country.

The bill has been a great success here, although there has been much publicity to the contrary. One has merely to come to Oregon to see this startling difference. Not only is the Bill successful in reducing the litter, but likewise it has changed the method by which beer and softdrinks were distributed in Oregon from a one trip throw-away container to reusable ones. This has worked great economies, especially in the waste of aluminum cans, raw material for which is imported into the United States. Oregon's Bottle Bill has been a success in every way and is almost uniformly supported by the citizens of Oregon.

I hope that you will see your way clear to support this extremely important Amendment.

Very truly yours,

Alfred A. Hampson.

Mr. HATFIELD. Mr. Don Waggoner,

of the Oregon Environmental Council, has also been a leader in Oregon in not only preparing the Oregon bill, but also in monitoring the impact it has had. I would like his thoughts as contained in a recent letter to me included in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Oregon Environmental Council,
Portland, Oreg., June 25, 1976.

Dear Senator: The Senate will soon be voting on an amendment to the Solid Waste Utilization Act (S2150) to include a section on beverage container reuse and recycling. It would require a minimum refund on all soft drink and beer containers and prohibit the pull tab.

The State of Oregon passed a similar law in 1971. It went into effect in October 1, 1972 and the results have been carefully studied. Since the law has now been in effect for three and one half years, we believe that a brief summary of what has occurred here in Oregon can provide good background for consideration of the amendment which will soon be before you.

In summary, Oregon's "bottle bill" is working very well in all respects and has been overwhelmingly endorsed and accepted by Oregonians. One year after the law went into effect, six hundred in depth interviews were held with Oregon consumers. Ninety-five percent of those interviewed had an opinion about the act and an amazing 95 percent of those with an opinion were favorable!

Oregonians are saving energy. Each year they save 1.4 trillion Btu's. This is equivalent to the annual natural gas home heating needs of 50,000 Oregonians—2.5 percent of our population. Return rates for bottles have increased to an average of 94 percent and approximately 80 percent of all cans sold are returned for recycling.

Oregonians are saving money. Prices in Oregon are comparable to those in Washington State. However, since they are buying more returnables, whose average unit cost is lower, their total beverage costs are less.

There has been a net job increase. The single use "throw-away" container uses more energy and raw materials but requires less labor. Before the "bottle bill" returnables accounted for only 43% of total soft drink and beer sales. They now amount to approximately 94% of total sales. This has resulted in reported increases of from 55 to 365 new jobs for the beverage industry.

Litter is down dramatically. Beverage can and bottle litter is down 83%. Total litter is down 47% by volume. There were three years of careful "before and after" litter pickup studies on 30 randomly selected one mile sections throughout western Oregon. These conclusions are based on comparable data for the year before the effective date and the second year after.

We have prepared a comprehensive booklet which gives greater detail on these and other aspects of the act. It is entitled "Oregon's Bottle Bill—Two Years Later". It is available to you or your staff on a complementary basis upon request. We will also attempt to answer any questions which you may have regarding Oregon's experience with container refund legislation.

Sincerely,

Don Waggoner,
Past President.

Mr. HATFIELD. In addition, Mr. President, I would encourage my colleagues to review beverage container information which I have included in the Record earlier this week. In the Record of Monday, June 28, 1976, beginning on page 20969, you will find a series of articles on this subjct. I included an interview conducted by the Washington Star with Oregon's Gov. Robert Straub, three articles which have appeared in the Reader's Digest this year, an article which appeared in Audobon magazine on litter, and finally an article which appeared in the June 14, 1976, issue of the Journal of the American Medical Association concerning the health impacts of flip-top cans.

In the Record of yesterday, Tuesday, June 29, 1976, my colleagues will find testimony presented by Dr. Barry Commoner to the Illinois General Assembly during consideration of that State's own bottle bill. This appears on page 21332.

I have also read two editorials this morning, one in the Washington Post and one in the Baltimore Sun, which I would also like included in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Washington Post, June 30, 1976]

A Sensible Approach to Trash

The Senate is about to have an opportunity to approve a measure that would have far-reaching effects not only on the public health and economy of the nation, but on energy consumption, the depletion of natural resources and the kinds of products people buy, use and throw away. This tall order is contained in S. 2150, the solid waste utilization bill, which is scheduled for floor action today. It is a comprehensive package of provisions dealing with the enormous problem of what to do about the gross national trashpile—household garbage, industrial wastes and hazardous substances that are being tossed out by the millions of tons each year.

The measure constitutes a strong response to the "no-deposit-no-return" approach that is costing this nation in so many ways. For example, supporters of the bill note that this year, Americans will throw out 150 million tons of garbage containing valuable resources, which, if recycled, could save the equivalent of 400,000 barrels of oil a day, 7 per cent of our iron, 8 per cent of our aluminum and 14 per cent of our paper. In addition, U.S. corporations will dispose of an estimated 380 million tons of hazardous industrial waste, much of it into landfills or lagoons.

The solid waste utilization bill would give the Environmental Protection Agency a handle on this hazardous waste in the various phases of its collection, treatment and disposal. The measure also contains guidelines for the phasing out of open dumping. In addition, EPA would be authorized to make grants for waste management and resource recovery programs, and to guarantee loans for construction of resource recovery systems.

There is also a most important amendment scheduled to be offered by Sen. Mark O. Hatfield (R-Ore.). It would place a five-cent deposit on all beer and soft-drink containers and ban the hazardous "flip-top" can. The proposal calls for a phased approach aimed at reducing any temporary, adverse effects that might result from changes in manufacturing and distribution processes; the deposit requirement would not go into effect until five years after the bill's enactment. Without reciting all of the strong arguments that have been made over the years on behalf of this sensible attack on the problem of wasted natural resources, we would simply assert that the national approach proposed by Sen. Hatfield would be far more effective than the local and regional plans that have been attempted in the absence of a comprehensive federal program.

Industry opponents of this amendment have spent millions of dollars on a heavy lobbying campaign attempting to focus attention on "resource recovery"—and away from "source reduction," which is the term for reducing what's in the trash first, before recovery and recycling other materials. Polls indicate that consumers understand this logic, for it is they who are footing the bills for litter control and solid waste management. Last year alone, an estimated $400 million was spent to collect and dispose of discarded bottles and cans. Now the Senate has an opportunity to take a vital step toward curbing national wastefulness by making the Hatfield amendment a part of the solid waste utilization bill.

[From the Baltimore Sun, June 30, 1976]

Bottle Ban

The environmental, economic and esthetic arguments in favor of a ban on throwaway beverage containers are overwhelming. The throwaways add immensely to litter along America's roads and highways, and they needlessly use energy and other irreplaceable resources. But movements in favor of banning the throwaways so far have made slow headway because of the immense resistance of the can and bottle lobby. This week Senator Hatfield of Oregon will introduce on the Senate floor an amendment which would phase out the non-returnables nationally over a five-year period, by requiring a minimum 5-cent deposit on all beverage containers. The Senate should accept the Hatfield amendment.

Mr. HATFIELD. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator from Oregon has 5 minutes remaining.

Mr. STAFFORD. Mr. President, will the Senator from Oregon yield me 2 minutes?

Mr. HATFIELD. I am happy to yield to the Senator from Vermont.

Mr. STAFFORD. Mr. President, I appreciate the Senator from Oregon yielding to me.

I was cosponsor of S. 613, a bill introduced last session by the Senator from Oregon (Mr. Hatfield). The pending amendment is very similar to that legislation.

I support a Federal program to require deposits on all beverage containers. I do so because of the success of a similar law enacted in 1973 by my own State of Vermont.

A Vermont State Highway Department survey that beverage container litter along highways decreased by 67 percent after the law was passed.

For a 3-month period before the deposit was required, beverage containers averaged 45 percent of total litter volume. During the same 3-month period after enactment these containers accounted for only 18 percent of all litter.

After an initial period of adjustment, the experience in Vermont has been one of stabilization of beverage sales and an increase in employment.

A mandatory deposit law does require changes in the operations of manufacturers, distributors, and retailers. For this reason I believe it is desirable to provide a period of transition before a deposit law takes effect.

The Hatfield amendment does this. It

delays imposition of deposits for 5 years after enactment of the law. Such a period should permit gradual changes in current practices, thus minimizing economic dislocations.

I think the amendment offered by the Senator from Oregon offers a good way to reduce litter, to conserve resources, and to reduce the burden on State and local disposal systems.

Mr. President, I urge the adoption of the amendment, and I yield back to the Senator from Oregon such time as I have not consumed.

Mr. HATFIELD. I thank the Senator from Vermont.

Mr. NELSON. Mr. President, will the Senator yield for a couple questions?

Mr. HATFIELD. Yes. I am very happy to yield.

Mr. NELSON. First, I want to commend the Senator for his vigor in thrusting this issue into the public dialog. I have been concerned about this problem of solid waste disposal along with many others, for many years.

I commend the committee and the chairman of the committee for bringing out a very good bill.

Just about 7 years ago, I introduced legislation that used approximately the same approach of tackling this solid waste disposal question, a tax device. Although the proposal I introduced allowed the Secretary of the Treasury to levy a tax based upon the cost of disposing of the solid waste. The tax, of course, would be lower on returnables.

However, I am disturbed by the lack of definitive information contained in the existing studies, including a study done by the State of Wisconsin on this issue. There is no doubt in my mind that the data base is inadequate. In looking at the arguments of those who have looked at the Oregon situation, it seems to me that the effectiveness and merits of the Oregon law is unresolved.

My query is this: The Federal Energy Administration, far too late, I will agree, has initiated and is in the midst of a comprehensive study. This study will be completed in September. It will address itself to and evaluate several items—first, the impact on employment; second, the availability and impacts on natural resources; third, a comparative analysis of energy efficiencies; fourth, the question of capital formation; and fifth, the impacts on consumer prices.

My query to the Senator from Oregon is this: Would it not be wiser to wait another 6 weeks, until we get the report from the Federal Energy Administration, and then have an opportunity for——

The ACTING PRESIDENT pro tempore. The time of the Senator from Oregon has expired.

Mr. STAFFORD. Mr. President, I yield 5 minutes from the bill to the Senator from Oregon.

Mr. HATFIELD. I thank the Senator from Vermont.

Mr. NELSON. Then, after receiving this report, giving the public and Congress a chance to evaluate that report; we could act 6 weeks later or next January—whatever amount of time it takes to address ourselves to this issue.

Mr. HATFIELD. I say to the Senator from Wisconsin that I think these studies are very important, and they could be very helpful. But I do believe that when one is conducting a study, it either has to deal with facts and data that have been accumulated through experience, or he has to make projections based upon the theoretical basis, computations, calculations.

I think that the experience of Oregon, which now has been over a period of 3 years, and the experience of other States which have had lesser time but still have tended to confirm our studies—and I say to the Senator that many studies have been made concerning the Oregon experience already—that as it relates to litter, as it relates to transitional employment or unemployment problems, as it relates to the economic to the consumer, all these factors that are incorporated in the study to which the Senator has referred have been pretty well established by the hard evidence of experience.

That does not mean that we have no need for further evaluation and judgment to be based upon that evaluation, but I feel very strongly that the Senate at this time can move on this rather limited basis that we have proposed and can do so with good evidence of experience based upon 3 years of Oregon law.

We can have concurrent action, so far as any Federal proposal such as I am making this morning is concerned. Once we adopt this, we can continue to study it. It does not negate any continuing subsidy requirements or benefits that can be developed out of such studies. But I do not think we have to have the studies to justify the launching and initiation of this proposal at the Federal level.

I also say to the Senator that EPA has had a number of reviews of the Oregon experience. The EPA, as the Senator knows, has a proposal under consideration to establish this on Federal facilities. They are not doing this on a haphazard, reckless, or unstudied basis. They are doing it, again, on the hard evidence that has been produced by the Oregon experience.

Mr. NELSON. As the Senator knows, I am sympathetic to the objective of his amendment. I consider that the issue of solid waste disposal ranks along with air and water as probably the top three environmental issues that we face. It is, regretfully, the one about which we have done the least. That is why I think this is an important bill. The Senator's amendment poses a very tough and difficult question.

I also regret that although legislation has been submitted—my own for 6 years, no comprehensive adequate studies have been done. But as I check with the people on both sides of this question who have worked on and evaluated these studies and I have looked at the studies myself, big questions remain unanswered. I have not seen anything convincing that evaluated all the energy factors involved in the returnable versus can dispute. If you have a returnable, then the bottling is one-half as fast. So you have to have the plant space for twice as many lines as you do for a can. Then, when the bottle comes back, you use a vast amount——

The ACTING PRESIDENT pro tempore. The time of the Senator from Oregon again has expired.

Mr. NELSON. Mr. President, is the time limited to a total of 30 minutes?

The ACTING PRESIDENT pro tempore. The Senator from West Virginia has 15 minutes remaining on the amendment.

Mr. RANDOLPH. Mr. President, I yield 4 minutes of my time on the amendment to the Senator from Wisconsin.

Mr. NELSON. I thank the Senator.

The ACTING PRESIDENT pro tempore. The Senator is recognized for an additional 4 minutes.

Mr. NELSON. I did not realize that the amendment had been laid before the Senate last night with a 30-minute limitation. There is no way that this issue could be discussed adequately on the floor of the Senate in less than 8 or 10 hours. I doubt if it could be done then.

I repeat: I could find no studies that evaluated the energy question, taking into account the fact that you are going to have twice as many lines to bottle the soft drink or beer, and, therefore, twice the caustics. The bottle has to come back and has to be washed and they have to use a caustic, and you have to take the caustic out. How much does that cost? Then, oil and gas is used in extruding the cans—the oil that is used. Those studies have not been made, or at least the experts I asked conceded to me that the existing work is not very good.

Inasmuch as this is an important issue and I have only another 2 or 3 minutes, I point out that I cannot believe the Congress would deal in 30 minutes with an issue that has implications involving hundreds of millions of dollars. We are under criticism enough for passing legislation around here without knowing what we are doing.

I am not critical of the Senator for pushing his proposal. But in heaven's name, can we answer to the countryside by saying that last night an amendment was laid before the Senate and 30 minutes was set aside to debate and that it involves hundreds of millions of dollars? That is totally irresponsible. I do not see how any responsible Member can vote on a measure such as this off the top of his head.

I know the answer. The answer is that it will go to conference and get thrown out. If it is agreed to, everybody agrees in conference, good heavens, it has not been considered. FEA is spending a hundred thousand dollars to resolve the very questions that have not yet been answered. I am an environmentalist. I will stack my credentials against anybody else's around here. In fact, I introduced a similar proposal before I organized Earth Day in 1970. I think it is regrettable that years have gone by without adequate studies being done.

I do not criticize the Senator from Oregon for pushing his point but I cannot, in good conscience, vote in favor of an amendment of this consequence without further study and without reviewing the conclusions of the FEA report.

Mr. HATFIELD. Mr. President, will the Senator yield me 2 minutes?

Mr. STAFFORD. Mr. President, I shall be happy to yield 2 minutes off the bill to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I appreciate the comments made by the Senator from Wisconsin. I should like to have the attention of the Senator from Wisconsin for a moment, because I have here in my hand one of the many studies he has asked for—the University of Illinois-Urbana two-page bibliography and research as it relates to this particular issue.

We are not asked to make an off-the-top-of-the-head decision here this morning, after half an hour of debate. We have had 3 years of experience on which we have the facts, the data, all the materials to answer any question the Senator wants to raise, not only in our State; we have an accumulation, probably, of about 3 years from other States as well.

This is not something new. This is not a new proposal. We have come from the returnable bottle; we have come from the returnable can. We have used that in the past. We are only asking to go back to that particular system, because this is the fastest growing category of solid waste today in America, the can and the bottle—8 percent a year increase in solid waste.

We can wait for studies and we can study a problem to death, as we do many others, or we could use that to divert our attention from the focus of making a decision today.

This is not a haphazard decision we are asking to have made this morning; this is a matter that has had careful documentation, academic, scholarly research that is not by industry nor is it by consumer nor any other particular interest group.

I only invite the Senators to make use of the material that is available, to at least understand it or study it or read it or ask questions about it.

Mr. PASTORE. Will the Senator yield for a question?

Mr. HATFIELD. I am very happy to yield.

Mr. PASTORE. When does the amendment take place?

Mr. HATFIELD. It would take effect over a 5-year phaseout.

Mr. PASTORE. In other words, it would not mean immediate stoppage of people using plastic containers?

Mr. HATFIELD. No.

Mr. NELSON. Mr. President, was there any time left?

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. RANDOLPH. Mr. President, I shall give to my colleague another minute if he would like to summarize. I believe he is making a very realistic statement.

Mr. NELSON. I regret being on the opposite side of the Senator from Oregon on this point. I have been following the issue, as I know others have, since I introduced legislation to accomplish the same purpose 6 years ago. I have been trying to keep up on literature. The unanswered questions are much greater than those we have answered. All I am saying, is that this body should not, after 30 minutes of debate, adopt an amendment of this consequence until we have had an opportunity to see what the Federal Energy Administration study will show.

I wish to have printed in the Record two letters. I wrote a letter to Mr. Zarb asking the status of the report and the answer came back saying that they expected their report to be ready sometime in September.

All I am saying is, let us wait. September is 8 weeks away. Let us not make a decision with these implications without having an adequate data base. I am not sure, having discussed the scope of some of the studies that are being done by the FEA, that when they are through, we would agree that they are adequate.

I ask unanimous consent that an exchange of letters with Mr. Zarb be printed at the appropriate place in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

June 25, 1976.

Hon. Frank G. Zarb,
Administrator, Federal Energy Administration, New Post Office Building, Washington, D.C.

Dear Mr. Administrator: As you know, the Federal Energy Administration (FEA) has contracted with the Triangle Research Institute for a $100,000 comprehensive evaluation of proposed mandatory beverage container deposit legislation.

This study is a major, important effort which will, in a thorough and comprehensive manner, evaluate all the significant issues involved in this controversy: (1) the impacts on employment, (2) the availability and impact on natural resources, (3) a comparative analysis of energy efficiencies, (4) the question of capital formation, and (5) the impacts of such legislation on consumer prices. In addition, the Institute is charged by the FEA to develop a model so individual states can determine the impacts of such legislation on a state by state basis. The importance and necessity of this latter phase cannot be underestimated.

Although a number of other more general studies exist, they are out of date and do not provide states and the Congress with the necessary information on which to base an informed and considered judgment. Therefore, it seems to me the Congress should wait to receive the FEA report before considering any mandatory beverage container deposit legislation.

Opponents of these legislative proposals have indicated severe, economic dislocations will occur should the Congress enact mandatory beverage container deposit legislation. Hopefully this study will place this allegation in its proper perspective. In my judgment, an adequate information base does not exist to permit a considered decision to be made at this time.

Please advise this office when your study is completed. After I have reviewed your report, I would welcome the opportunity to discuss its findings with you so that we can work together to solve this critically important problem.

Sincerely,

Gaylord Nelson,
U.S. Senator.

June 28, 1976.

Hon. Gaylord Nelson,
U.S. Senate,
Washington, D.C.

Dear Senator Nelson: Thank you for your letter of June 25, 1976, requesting that the Federal Energy Administration (FEA) inform your office when the study by Triangle Research Institute (TRI) concerning mandatory deposit legislation is complete. We hope to publish the study in September 1976 and will immediately send a copy to you. I look forward to discussing the findings with you at that time and agree that there is merit in waiting until the study is completed before considering legislation. We would be pleased to testify at hearings on this subject.

You also stressed the importance of TRI developing a model so individual States can determine the impact of deposit legislation at the State level. There will be a model in the study following the same methodology as the national model. However, the availability of adequate State data to use the model is a problem that each State will have to overcome. The contractor recommends various sources to be contacted and offers other suggestions; still some national data may have to be used to estimate State impacts.

I appreciate your interest in this subject.

Sincerely,

Frank G. Zarb,
Administrator.

The PRESIDING OFFICER (Mr. Cannon). The time has expired.

Mr. RANDOLPH. I yield myself such time as I may need.

Mr. President, I wish to have the attention of the able Senator from Wisconsin (Mr. Nelson), who is informed on this subject and whose environmental credentials are recognized and appreciated. I want the record to indicate that the members of the Committee on Public Works have not been derelict in attempting to cope with this subject. We brought to this body in 1965 and 1970 two very important matters, legislatively, that work toward developing a solid waste disposal and utilization program for the United States of America. In developing this legislation, the members of our committee did not concern themselves with questions relating to the control of beverage containers. I have no hesitation, Mr. President, in stating my personal belief on the subject of beverage container regulations. I do not believe that bans on the use of any type of beverage containers are the proper, the best, or the most effective way to resolve the problems that they seek to address. The value of bans is questionable. The studies on Oregon, of course, are on both sides of the question. I recognize that my friend from Oregon can speak of the success within his State, but there is a difference on that matter.

The American Federation of Labor and the Congress of Industrial Organizations in a letter, dated June 28, 1976, signed by Andrew J. Biemiller, Director of the Department of Legislation, endorses the bill without the Hatfield amendment as we bring it to the Senate.

The letter states:

> In particular, Mr. Chairman, we oppose the Hatfield amendment and trust that you and other members of the committee will oppose this weakening measure. The Hatfield amendment will have no effect on creating a climate for effective resource recovery in solid waste. It only seeks to disrupt the flow of beverage containers and would add increased cost to the consumer.

Mr. NELSON. Will the Senator yield on that point?

Mr. RANDOLPH. Yes, I yield.

Mr. NELSON. First, let me say I had the privilege of being a member of the Committee on Public Works 11 years ago, when all of this was starting, under the able leadership of the Senator from West Virginia. I want one point to be clear: I believe in regard to the Federal environmental enhancement program, especially in regard to air and water pollution, the serious national problems that we tackled first with the most money, the results have been absolutely dramatic. I would never have guessed, 7 years ago, that we would be where we are now. I commend the committee for proceeding with this bill and hope that we can catch up in the solid waste area.

I do not want to be misunderstood by anybody, including the Senator from Oregon, on his amendment. I repeat, the Senator from Wisconsin introduced a similar proposal 7 years ago and I have argued in behalf of the concept for many, many years.

My problem with this concept is evaluating the costs and benefits. For the past 6 years, as I look at the problem and the studies, it became more and more clear to me, that the cost-benefit ratio studies were inadequate. The harder I looked at them, the more inadequate they become. That is the problem.

If I could have before me a study that was convincing and irrefutable on the question of resource utilization, capital investment, energy conservation, solid waste disposal, cost, management, I would be happy to vote for whatever the measure is and I think everybody else would, too.

Mr. RANDOLPH. I thank my colleague.

Mr. PASTORE. Will the Senator yield to me for a question?

Mr. RANDOLPH. Yes, I yield to my colleague.

Mr. PASTORE. May I ask, is Mr. Zarb opposed to this amendment?

The Senator from Wisconsin said he has introduced a letter from Mr. Zarb. Did that letter indicate whether he is for it or against it?

Mr. NELSON. I asked him when his study would be ready. He agrees that there ought to be delay until after the study.

Mr. RANDOLPH. Mr. President, of course, there have been studies and studies, and we have recognized that there will be additional studies. The information adduced from the studies is conflicting on many points.

That is why I would think that the study that has been initiated by the General Accounting Office will be very helpful. The study will involve evaluation of all information relating to bottle and can control in an attempt to provide firm conclusions that can be used as guides in this area. The need for such an objective study is emphasized by the actions of the Environmental Protection Agency. While it has conducted its own research on beverage container control, the Agency has adopted the position of advocate—and I think that is absolutely wrong—in urging States and communities to adopt regulatory laws. Therefore, I say advisedly, the value of its studies is compromised.

Last week the Senator from Oregon circulated a letter to Senators asking them to support his amendment. To his communication he attached a publication entitled "Bottles and Sense." This booklet purports to make the case for a nationwide ban on disposable beverage containers. The economic analysis supporting such an action appears to be based on false assumptions. If banning the can would produce such great economic benefits, then certainly our free enterprise market would long ago have responded to this opportunity to cut cost and improve profits. Bottlers, in fact, would never have adopted disposable containers in the first place.

We must recognize that the packaging of consumer products has changed in the past and is changing today. These changes take place as the result of consumer demand and economic factors in any given industry. They have not been imposed by those who believe they alone know what is best for the country. The campaign to ban the can is much like that we saw a few years ago when phosphates and cyclamates were perceived as dangerous.

It is imperative that we examine the economic consequences of the action proposed by Senator HATFIELD. An argument is made that there is an actual increase in jobs as the result of bottle and can bans. If that is true, then we must examine the kind of jobs that are created. The need to handle returnable bottles may require more labor, but it is largely unskilled labor.

The Commerce Department estimates that a nationwide ban on nonreturnable beverage containers would result in 100,000 new jobs. But another 80,000 manufacturing workers would lose their jobs. The shift also would cost $2 to $3 billion for new equipment.

In our State, a single company estimates that a national ban on beverage cans would force it to reduce its work force by 4,000 persons. That figure can be expected to be multiplied many times throughout the country. I am not hesitant to express this concern for the jobs of the people I represent. Other Senators, I hope, will balance any value Senator HATFIELD's amendment has with its impact on an economy still struggling to recover from recession.

The economic concerns alone are responsible for an almost unprecedented coalition of labor and industry in opposition to this amendment. They know what would happen and they are not prepared to submit the millions of individuals they represent to the hardships that would result from the imposition of a ban on disposable beverage containers.

We also must consider the impact of bottle and can restrictions on such groups as the rural, elderly poor. Their ability to participate in bottle return programs is limited and mandatory deposits would impose an additional burden on their incomes.

The Senator from Oregon is well intentioned. He is sincere in wanting to remove litter from our roadsides. I share his concern, but I submit that even such a ban as he proposes would have little impact on the total litter problems. Bottles and cans constitute a minority part of the roadside litter in this country, and even if they all vanished we would still be faced with unsightly conditions.

I fear that there is a widespread feeling that a ban on nonreturnable beverage containers would virtually eliminate roadside litter. The truth is that such a ban would reduce litter only by 10 to 12 percent according to Commerce Department studies. These containers only account for less than 30 percent of all litter.

The Public Works Committee is concerned about roadside litter. In the Federal Aid Highway Act of 1973, the Department of Transportation was directed to conduct a study to determine the magnitude of the problem and how it might be resolved. The report of that study was recently received by the Congress and will be helpful in developing a comprehensive attack on roadside litter. All aspects of this problem must be approached simultaneously. Bottles and cans are only a small proportion of litter and their removal will not solve the total problem.

If the reduction of litter is the goal of the Senator from Oregon, then I suggest that the only way to achieve that goal is to convince people not to create litter. Returnable bottles can and are thrown from cars just as easily as the no-deposit type. Banning one-way containers will not eliminate any of the other trash from our roadsides. The only solution to this serious problem is to convince citizens that we should all take pride in our surroundings and that we should consider the impact of wasteful littering on others and on the economy.

I have suggested that the most effective way to rid our communities of litter is through citizen concern with the problem expressed through well-planned programs in which there is widespread involvement. One of the most effective such programs is that developed by Keep America Beautiful, Inc.

I am a member of that organization; I strongly endorse its approach. The KAB Clean Community System utilizes specially developed program materials with good results throughout the country.

The system is now being used to reduce litter to manageable proprotions in 19 cities in 15 States. An additional 28 communities are preparing to join the clean community system; and over 60 other communities, including 4 in West Virginia, have expressed serious interest in participating.

The system was developed through 3 years of action research. These program modules are, in effect, the distilled wisdom of the people in the test cities of Charlottee, N.C., Macon, Ga., and Tampa, Fla. Following the basic concepts now incorporated in the modules, the clean city committees in each of these communities were able to change negative attitudes and behavior encouraging littering and achieve sustained reductions of over 65 percent in litter accumulation at measurement sites.

KAB's Clean Community System is an extremely sophisticated, comprehensive program. It requires trained people to carry it out. To participate, communities must apply for certification by KAB, giving assurances that the local program will have the full support of elected and appointed officials, of the business community and of the voluntary sector. They must also send a three-person project team—representatives of each of the three sectors—to a 2-day training workshop, conducted for KAB by the National Training and Development Service. Only after the project team has been trained is the case of program modules—this package of guides, scripts and slide presentations—made available to the community.

Program modules are designed to be adapted to meet the needs of the individual communities participating in the system. Physical and social conditions in one community, for example, are not identical to those in another: the former may need to put extra emphasis on organizing the entire community; the latter, on eliminating roadside dumps. The material in this case helps the local clean city committee to ask the right questions, to define problems as they are seen by residents of the community and to suggest techniques for developing a truly systematic, comprehensive approach to solving them. The clean community system is fast becoming a national network of community-owned-and-operated programs, changing attitudes and behavior where people live, work, and play.

The value of the training and the program modules has been demonstrated by the rapid progress of cities certified to participate in the system so far this year. Situation analyses which took the test communities months to complete have been carried out in a matter of weeks, with the help of the program modules. The formation of local clean city committees to implement the program has been accomplished with equal dispatch; four of the first six newly-certified communities had their local committees established by resolution of the city council less than 6 weeks after their project teams completed training.

KAB is proud of these program modules. The clean community system is the result of the concern, dedication and support of the residents of the test communities, of our industry and citizen members who helped to finance the program, of the member organizations on KAB's National Advisory Council, and of KAB's hard-working professional staff. It is a tangible example of what can be accomplished when citizens, government, industry and labor unite to solve local problems.

The amendment of the Senator from Oregon, I realize, is not a proper part of the Solid Waste Utilization Act. Its effectiveness is questionable and the economic consequences would be highly disruptive. Mr. President, I urge the Senate to reject this proposal.

ADDITIONAL STATEMENTS SUBMITTED

Mr. MUSKIE. Mr. President, my support today for the Hatfield amendment to place a 5-cent return value on all beverage containers comes only after careful examination of the issues involved. The voters in Maine will be addressing this issue as an item on the ballot in the November election.

My support is the result of the belief that we must adopt policies to reverse habits that waste rather than preserve resources—whether those resources are air, water, land, energy, or minerals.

The Nation's use of nonreturnable beverage containers has skyrocketed and is the fastest growing component of municipal waste. One-way cans and bottles use three times the energy of refillable containers. If the Hatfield amendment became law, the Nation would save over half the amount of oil saved by adopting the 55-mile-per-hour speed limit on our highways.

Oregon's law provides the only extensive test of this policy to date. Well over half of their highway litter was beverage containers. The best studies indicate that a substantial reduction—from 50 to 80 percent—has occurred in roadside litter, due to less use of nonrefillable containers and the incentive to earn money by collecting deposits for such litter.

On of the most troublesome questions is the impact on jobs of such a policy. The most "neutral study" available, conducted by the Research Triangle Institute, estimates that this legislation would create 107,000 jobs while eliminating 39,000 jobs—a plus for total employment. The 5-year delay in implementing his policy contained in the amendment would ease this transition. In addition, it must be remembered that continuation of the growth in one-way containers will also eliminate jobs due to the centralization and mass marketing that occurs. As an example, Coca Cola plans to close 900 franchised bottling plants across the country and create 78 centralized sites by 1980—a trend that has been occurring for the past 10 years and eliminates jobs.

It is doubtful that this amendment would create all the benefits claimed by some of its supporters or create the harm alleged by its opponents. But it is a needed step to assist in developing a "conservation ethic" that rejects waste and embraces thrift, husbandry, and saving part of the Earth's abundance for our posterity.

Mr. ABOUREZK. Mr. President, I wish to join in supporting the Beverage Container Refuse and Recycling Act of 1976 offered as an amendment to S. 2150, the Solid Waste Utilization Act of 1976.

Since 1959, our country has become obsessed with convenience, and this obsession has carried over into the beverage industry. In the past few years, throwaway containers have been produced—and thrown away—in amazing numbers. With them, the taxpayer's burden increases in the form of litter and higher consumer prices. With approximately 8.2 million tons of beer and soft drink containers produced and discarded in 1972, this dramatic increase in throwaways not only means more litter to look at and clean up on our Nation's highways but the elimination of returnable bottles also means higher prices.

A first step in decreasing the consumer cost of a beverage is to lower the cost of the container, which accounts for a great share of the total cost of the product. It is obvious that a consumer will be able to buy a product at a more reasonable price if he shares the container with as many as 20 other individuals rather than using the containers once and paying for the entire manufacturing cost.

In this time of energy consciousness it is also important to consider the amount of energy used to produce the bottles and cans we so "conveniently" use. A study of the subject has revealed that three times the energy is required to produce a throwaway glass container than a returnable glass container. The prohibition of throwaways would clearly be a gigantic step forward in the practice of sound energy conservation.

South Dakota, along with Vermont and Oregon, has recently passed legislation limiting the sale of nonreturnable beverage cans and bottles. The States' action in establishing a policy to reduce litter on our Nation's highways has established them as forerunners in the fight against unnecessary waste. Their successful policy, however, presently achieves only part of their goals, for litter cannot be confined to State boundaries. What is necessary is a national policy toward beverage containers that follows the fine example of South Dakota, Oregon, and Vermont.

It is not often that we can accomplish several worthy goals with a single amendment. But a national bottle law will help to eliminate unsightly trash from our cities and countryside, conserve energy, and save the public money, both as taxpayers and consumers. Conservation means more than "pitch in" pitches by bottling advertisers. It is time to bring some sanity to the Nation's use of resources. I urge the adoption of the amendment.

Mr. HASKELL. Mr. President, I wish to commend the Senator from Oregon for the amendment he is offering today to the Solid Waste Disposal Act. Briefly, the amendment requires that all soft drink and beer containers be returnable with at least a 5-cent deposit.

The amendment attacks what is the most obvious and obnoxious symbol of our no-deposit, no-return, throwaway mentality. It is a mentality which is increasingly dangerous, thoroughly anachronistic and curiously impervious to the harshest lesson of the past few years: namely, that cheap and plenty are gone and gone for good, replaced by scarce and dear.

But this amendment goes considerably beyond the symbolism of our energy and resource problems and will, I believe, offer major savings of both energy and natural resources. We have only to look at the experience in Oregon to begin to see how significant the savings will be. Oregonians overwhelmingly approved a similar bill several years ago.

Senator HATFIELD has made us well aware of how well that bill has worked in his State. But I would like to mention just a few of the results:

First. Beer and soft drink litter decreased 83 percent in the first 2 years after the law took effect.

Second. Employment increased as a result of the law with the addition of from 55 to 365 new jobs.

Third. The Oregon Department of Energy estimates that energy savings as a result of moving from 43 per cent refillable beverage containers to 94 percent are worth $2.8 million annually, with enough energy saved to heat the homes of 50,000 Oregonians.

Fourth. There seemed to be little consumer resistance to the new law and after recovering from the effects of a shift to smaller containers, beer sales in Oregon continued on their historical growth trends.

Mr. President, we can see from what has happened in that State just how workable such a bill is. It saves money, it has created jobs and it has cut litter.

Around 12 percent of this Nation's trucks are engaged in activities related to waste disposal. And both our solid waste and resource problems continue to grow.

The American people are ready for this kind of legislation. Opinion Research Corp. conducted a survey for the FEA on attitudes toward the bottle bill in February 1975; 73 percent of those polled favored the proposal, 15 percent opposed it and 12 percent said they had no opinion. I believe the reasons for the favorable sentiment are obvious to any Senator who has ventured a mile or two off the beaten path and found the natural beauty of a spot marred by a pile of broken bottles and rusted cans.

Certainly this bill will not stop that kind of litter completely, but it will give people some incentive to think twice before they do it.

I would like to say one final word about the amendment's provision to ban flip-top cans. The evidence against this type of can is growing. The Journal of the American Medical Association reported in July 1975 and again in June 1976 several instances in which children and adults have inadvertently swallowed the tabs and/or the rings. These tabs and rings have been found within the intestinal tracts of both wild and domestic birds, fish, and animals.

They are discarded separately from the cans—and their presence on our beaches, trails, stream banks, and parks is a fair indication that many people do just that.

Mr. President, all the evidence favors the adoption of Senator HATFIELD'S amendment. I strongly support it and urge my colleagues to do likewise.

Mr. STEVENS. Mr. President, I am going to oppose the amendment that my good friend Senator HATFIELD has offered to prohibit the sale of nonreturnable bottles and flip-top cans. I have consistently opposed actions on the Washington level to require a deposit on beer and soft drink containers. This should, I feel, be an issue to be resolved in each State, as it is apparently being resolved in Oregon and Vermont.

While I share in the concern to reduce our roadside litter problems and am sympathetic to the need for better resource utilization, the amendment that is proposed today would be extremely burdensome on Alaska. In a State such as mine the burden of a 5-cent deposit would be on the purchaser in remote areas where the cost of transportation back to the place of purchase would exceed the deposit. In such circumstances a deposit would just increase the cost to those who can afford it least.

Presently, only a very small amount of the beer and soft drinks consumed by Alaskans are bottled within the State. All of these products must be shipped in, and the freight rates are substantial. Much of the distribution of beer and soft drinks to rural Alaska is by airfreight, the only method, which means that the communities which can least afford it are already paying what is probably the higheset price in the Nation for such a product. To add 5 cents per container would have the net effect of driving the cost even higher without any resulting benefit, since this amount is still insufficient to cover the backhaul rate.

I cannot conceive of anyone paying to fly empty bottles and cans back to Anchorage, and further paying a backhaul rate to return them by water to the bottling plants in Seattle or elsewhere. With Alaska's projected population of approximately 500,000 people, there would simply not be the volume to warrant returning these bottles and cans, even if we had local bottling plants to handle them, which we do not.

I have had some communication with Russell Train concerning EPA's proposed solid waste management guidelines for beverage containers. These guidelines would require all Federal agencies to sell or offer to sell carbonated beverages in returnable beverage containers. In this regard, I think it is significant to note, although EPA has strongly supported mandatory beverage container deposit legislation in their proposed guidelines, they took into account the possibility that local economic and transportation conditions could have a bearing on the feasibility of implementation. In subparagraph 244.100(e) of EPA's proposed guidelines an exemption is provided from the deposit requirement where compliance is not economical.

In Alaska's case, mandatory beverage container deposits would not be economical and consequently would, in a large measure, just increase the cost to those Alaskans who can afford it the least. I strongly feel this is a matter to be resolved at the State and local level, not in Washington.

Mr. BROOKE. Mr. President, there can be no greater symbol of the waste and neglect which characterizes our attitude toward our natural resources and our environment than the no-deposit, no-return soda pop bottle or the throw-away beer can. Anyone who has walked, bicycled or driven even the remotest back roads in Massachusetts or any other State in the Union can attest to the fact that somewhere on that road will be a discarded bottle or a crushed can. And along any major thoroughfare, casually discarded containers are as numerous as they are ugly.

So great is our desire to unburden ourselves of these containers in any place but a trash can that some 4.1 billion containers were littered in 1975 alone. These bottles and cans comprise an astounding 40–60 percent of all litter by volume. And if nothing is done, it is estimated that some 5.3 billion containers will litter our roads, rivers, lakes and beaches by 1980.

It was not always this way. All but our youngest children remember the days of returnable bottles. In fact, most of us in our youth no doubt supplemented our allowance by cleaning up streets and parks and bringing old bottles back to the store for a refund. But then the new nonreturnable bottles and cans were introduced as a convenience. And it was not long before that convenience would get out of hand. Since 1960 the production of containers has tripled while at the same time we consume only 33 percent more beverages. Annual production of beer and soft-drink containers now hovers at 56 billion. Laid end to end, these containers would stretch nearly 4½ million miles—enough to encircle the Earth nearly 180 times.

As production rose, so did waste. Bottles and cans constitute nearly a quarter of all municipal waste. Soon that figure will be one-third of all trash. Between 55 and 70 percent of all roadside litter is bottles, can and flip tops. Indeed, a consideration often overlooked by most people is the enormous cost of disposing of the millions of tons of garbage each day—a cost which comes right out of the pocket of the municipal taxpayer. And the cost in natural resources is high: the Environmental Protection Agency estimates that we recover through recycling only 2 percent of all steel used in cans, 7 percent of all aluminum used in cans, and about 3 percent of all glass used in bottles. Equally high is the cost in terms of energy: each day we waste the equivalent of 5 million gallons of gasoline in producing new containers. Simple recycling would save this energy loss.

Clearly action is needed, and needed now. The era of our no-deposit, no-return way of life must come to an end. It is placing too great a burden on our natural environment, on our natural resources, and on our pocketbooks.

The legislation before us today would ban nonreturnable containers after a 5-year period. I have studied this bill, and I believe that it will be good not only for the Nation's ecology, but also its economy.

Critics of the proposed ban on nonreturnable bottles and cans argue that such a bill will cost us the jobs of the men and women now working in the bottling plants and the breweries, and that new work will not be created for these workers. They also argue that the price of beverages would go up. As these claims have long been a cause of concern to me, I carefully reviewed them before deciding to support the bill. And my review convinced me that these arguments are unfounded.

A study by the Federal Reserve Board of Boston shows that in our State alone, there will actually be a net gain of between 187 and 1,380 jobs, and an increase in overall payrolls of between $1 million and $10 million. And because the container cost is such a large component of the price of a beer or a soft drink, the study finds that the price we pay for various beverages could actually decrease should the Senate legislation take effect. Mr. President, I ask unanimous consent that the text of this study be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BROOKE. Some have also argued that the returned bottles and cans will pose a public health hazard to the retail establishments handling them. I have looked into this question, and I am satisfied that, while some rearrangements may be necessary in small stores, the inconvenience can be dealt with, and that health hazards will not be a significant problem. I ask unanimous consent that two letters from public health officials which address this issue also be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. BROOKE. Similar legislation has actually been passed and implemented in two States: Oregon and Vermont. And the results are impressive. In just 2 years, Oregon found its beverage container litter decreased by 83 percent, while popular approval for the new law has reached an astonishing 91 percent in public opinion polls.

Most Americans agree with the consensus in Oregon. Indeed, a recent poll by the Federal Energy Administration revealed that 73 percent of those polled favored a law requiring that all soft drinks and beer be sold in returnable bottles and cans. I think these Americans are right. If you add up all the benefits—the economic gains, the energy savings, the reduction in solid waste disposal, and the eradication of the blight of bottle and can litter—I think there can be little doubt that passage of the Beverage Container Reuse and Recycling Act of 1976 should be an urgent priority for the Congress.

The exhibits follow:

[EXHIBIT 1]

[From New England Economic Indicators, Federal Reserve Bank of Boston, March 1976]

THE ECONOMIC EFFECTS OF REQUIRING DEPOSITS ON BEVERAGE CONTAINERS

(By Richard W. Kopcke)

Three New England states, Connecticut, Maine and Massachusetts, are now considering legislation to require minimum deposits on containers for soft drinks and beer. Although this type of legislation would clearly produce substantial energy and environmental benefits,[1] opponents claim that these proposals would lead to a loss of jobs and increases in beverage prices. They point out that these states have extremely high unemployment rates and can ill afford any overall loss of job opportunities. Before such legislation is considered, therefore, its potential advantages and disadvantages must be evaluated carefully.

Aside from the impact of beverage container legislation, it is important to note that this is a period of great turbulence in the brewing industry. Recently, for example, several breweries closed in Massachusetts and several moved out of New York City within a seven-month period. The causes may be in the recent recession or in the possibility of achieving savings by closing old plants. In any event, these factors have a much greater impact on employment than mandatory deposit legislation for containers.

Since economic analyses have been completed for Connecticut and Maine,[2] this article considers the effects of minimum deposit legislation on employment and retail beverage prices in Massachusetts. The two major conclusions are:

(1) the requirement of a minimum deposit on beverage containers would increase employment opportunities in Massachusetts, although payrolls would decline in certain industries; and

(2) there is very little likelihood that the proposal would produce a noticeable increase in retail beverage prices; in fact, some prices might fall. The legislation would hurt bottle manufacturers in the state as well as individual bottlers, beer distributors, retailers and can manufacturers. However, the adverse effects of the legislation would be moderated by providing an adequate period of transition for the industries involved, and the benefits would be enhanced if all New England states passed similar legislation.

EMPLOYMENT PROSPECTS UNDER THE MASSACHUSETTS BILL

The proposed Massachusetts legislation (House Bill #4200 of 1975) would require all soft drink and beer containers to carry a minimum refundable deposit (5¢ on small containers and 10¢ on all containers holding more than 32 ounces) after February 1, 1977. A ban would be placed on the sale of cans with detachable metal parts. All stores would be required to accept containers and refund deposits on any brands sold in the store. In turn, distributors would have to accept and pay the refund on their bottles and cans on making delivery to the retail outlet.

A minimum deposit law in Massachusetts would shift beverage packaging heavily in favor of returnable-recyclable containers, since only through reuse of the containers could the costs of the return process be recovered. Employment in the manufacture of beverage containers would decline, since fewer new bottles would be required. Employment would, however, increase in the bottling and distributing sectors; and skilled workers would be needed to operate and maintain bottle cleaning machines, additional employees to collect and recycle cans, truck drivers to transport the returned containers, and personnel for the additional warehousing and handling requirements.

TABLE I.—EMPLOYMENT EFFECTS IN MASSACHUSETTS OF THE PROPOSED LEGISLATION

Industry	Range of employment changes (in terms of full-time positions)	Corresponding payroll changes (thousands)
Metal can manufacturing	(300)- 0	($2,533)-0
Glass bottle manufacturing	(335)- (425)	(2,828)-($3,588)
Soft drink bottlers and canners	240 - 400	2,372 - 4,064
Malt liquor production	2 - 5	23 - 58
Wholesale beer distribution	180 - 400	1,707 - 3,793
Retail stores	400 -1,000	2,207 - 5,517
Net change	187-1,380	948 - 9,944

SOURCE: Data on current employment levels from Massachusetts Department of Commerce, *1974–5 Massachusetts Industrial Directory* and U.S. Bureau of the Census, *County Business Patterns, Massachusetts, 1973.*

Employment would also increase at retail stores handling the returns. Table I summarizes the range of possible employment effects of the proposed Massachusetts legislation. The following sections analyze the potential effects on each of these industries. The data were adjusted to reflect employment in each firm directly attributable to beverage-related production. In addition, the figures were amended to reflect the closing of the Needham branch of the American Can Company and the closing of the Piels and Carling Breweries. The Owens-Illinois Glass Manufacturing Company was also added.

The range of employment changes was calculated by extrapolating from the Oregon experience as reported in Applied Decision Systems, *Study of the Effectiveness and Impact of the Oregon Minimum Deposit Law*, State of Oregon, Department of Transportation, 1974, pp. II–43, 131–134; T. H. Bingham and P. F. Mulligan, *The Beverage Container Problem*, Research Triangle Institute, Government Printing Office, Washington, D.C., September, 1972, p. 173; C. M. Gudger and J. C. Bailes, *The Economic Impact of Oregon's Bottle Bill*, Oregon State University Press, March 1974, pp. 68–69 and *Statement to the Oregon Legislature Minimum Deposit Law Study Review Committee*, September 12, 1974, p. 16.

The figures do not include the positive secondary employment influences in the construction and machine tooling industries. Furthermore, possible employment increases resulting from the development of regional breweries and/or a recycling center have not been included.

Payroll changes were calculated by applying the relative ratio of wages in Massachusetts for a particular industry to that in Oregon (U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings: States and Areas 1939–1972*) to reported wage rates in the Oregon studies. These figures were calculated on a disaggregated basis, by individual job function for employees hired after the legislation was adopted. See Applied Decision Systems, p. iii and II–43.

Metal Can Manufacturing. Mandatory deposit legislation in Oregon resulted in a significant shift to refillable bottles instead of cans. Three firms in Massachusetts manufacture metal cans for beverage use, employing 300 people, and if a similar shift in market share were to take place (which we do not anticipate) these jobs would be threatened. The Oregon experience with cans is, however, unlikely to be repeated in Massachusetts for two reasons. First, Oregon provided an incentive for the shift to bottles by allowing a lower deposit for certified, refillable, standardized bottles than for cans. The Massachusetts legislation does not include such an incentive. Second, the Oregon market was only a small segment of the West Coast regional market, and all but 2 of the 11 major brewers supplying the area were located outside the state. These brewers diverted bottles previously distributed to other states into the Oregon market, rather than converting to cans with no detachable parts. Massachusetts plays a far greater role in its regional market, and therefore the same results cannot be expected to occur.

Furthermore, the natural advantages associated with cans ensure them a future role in beverage packaging. They are less expensive to fill, handle, ship, and store. Also, recent technological advances have enabled manufacturers to produce both cans without detachable parts and compacting machines suitable or smaller retail outlets. Cans have particular advantages for the consumer since they are unbreakable, light, and crushable, and refrigerate more quickly. Finally, on the environmental side, although a refillable bottle is the most energy efficient of all container types, reusable aluminum cans nearly

Footnotes at end of article.

equal the energy efficiency of returnable bottles if recycling rates of about 90 percent are obtained. The energy and raw material savings possible from recycling of cans are substantial. In summary, while Massachusetts could lose as many as 300 jobs in the can manufacturing industry, it seems much more likely that cans would retain their market share resulting in no loss of employment in that industry.

Moreover, the return system might create a demand for a recycling plant, leading to new industry and increased employment in the state. While the Massachusetts retail beverage container market is not sufficiently large to justify a metal recycling industry, adoption of similar legislation by all the New England states could warrant such a development. In any event, additional employment will be required to shred cans for shipment to recycling centers. However, Table I does not include any estimates of additional employment resulting from either shredding or from a possible recycling plant.

Glass Bottle Manufacturing. Massachusetts has two major beverage glass bottle manufacturers, together employing an estimated 500 workers. The use of refillable bottles implies a decline in employment in bottle manufacturing, the extent depending upon both the return rates experienced and the market share of refillable bottles. Assuming an 85 percent return rate (approximately seven trips per bottle on the average) and no decline in the use of cans, then employment in the industry would be reduced about 85 percent, a loss of 425 jobs. However, should bottles replace cans as happened in Oregon then more refillable bottles would be required, although total employment in the industry would still decline. Even assuming a complete shift to bottles, a net loss of 335 jobs could still result.

These predicted declines in employment may be overstated. First, to the extent that bottles manufactured out-of-state are used in Massachusetts, the switch to refillables would result primarily in declines in bottle imports, implying smaller reductions in employment within the state. Furthermore, can and bottle manufacturers do not limit their production solely to beverage containers. By increasing their production of containers for other uses, they might be able to avoid some employment loss.

The first column of Table I shows the estimated change in employment under the most pessimistic of assumptions. In the can and bottle manufacturing industries, the employment loss would be greatest if bottles completely replaced cans as beverage containers. Under these unlikely conditions, the state would suffer loses of as many as 635 jobs. If cans retained their market share, about 425 jobs would be lost in glass bottle manufacturing.

Soft Drink Bottlers and Canners. The bottling and canning of soft drinks merely require adding carbonated water to extracts and syrups which can be shipped inexpensively. As a result, bottlers and canners are widely dispersed and service relatively small geographic areas, thus limiting the transportation costs associated with the shipping of the bottled and canned beverages. In Massachusetts alone about 65 soft drink bottlers and canners employ approximately 2,870 people. This figure includes production as well as distribution employment, since the latter is handled by truck driver/salesman representatives of the local bottlers.

Employment opportunities in the industry would increase after passage of returnable container legislation. More drivers would be needed to carry the returns; additional personnel would be required for handling, warehousing, and bottle cleaning. A study of the Oregon experience estimated that at least 82 jobs were added in this industry following adoption of its legislation. Since the Massachusetts market is more than three times that of Oregon, a minimum gain of 240 workers might be expected but, in fact, as many as 400 jobs might be created.[3]

Malt Liquor Production. Massachusetts has suffered a decline in employment in the brewing industry in recent years. In 1965 seven breweries operated in the state, but only one, employing 60 workers, will remain following the closing of the Carling Brewery in mid-1976. The legislation will have an insignificant effect on the existing brewer in terms of the additional staff required for handling returns and bottlewashing (see Table I). However, because the legislation will give a competitive advantage to brewers located close to the consumers, it may have a significant effect in reversing the trend away from local brewers and may therefore increase employment in Massachusetts by encouraging the development of both local breweries and regional plants of national breweries. Since this possibility is speculative no employment increases for new breweries are shown even for the most optimistic estimates of Table I.

Wholesale Distribution of Beer. Massachusetts has 103 beer distributors employing 3,382 individuals. Preliminary evidence from the Oregon experience showed that one additional employee was needed for each 4.5 million returnables handled.[4] Based on the estimated volume of beer consumption in Massachusetts, 180 new employees would be required. However, cost data from the Oregon experience including transportation costs for the return trip demonstrate that an estimate of 400 new jobs for Massachusetts is reasonable.

TABLE II.—COST CHANGES DUE TO CONVERSION TO REFILLABLE-RECYCLABLE CONTAINERS

	Dollars per case			
	Soft drinks		Beer	
	Bottles	Cans	Bottles	Cans
Wholesale prices	−0.20	−0.25	−0.39	−0.32
Distribution costs			.10	.10
Retail handling costs	.30	.30	.30	.30
Net change	.10	.05	.01	.08

Source: Wholesale price changes are calculated in the technical appendix. Distribution and retail cost changes were estimated from data on the Oregon experience presented in Applied Decision Systems and Gudger and Bailes. (See notes to table I)

Retail Stores. Grocery stores, supermarkets and packaged liquor outlets would need to expand employment should a minimum deposit program be enacted, in order to handle customer returns. The Oregon data showed that approximately 3,000 hours of work are created for every million returnable containers handled. In Massachusetts this suggests that the equivalent of 2,000 employee years of work would be created at the retail level. Much of this work would be performed by parttime employees or by existing staff working overtime. With greater use of cans than occurred in Oregon and the installation of automated compactors, combined with utilization of overtime labor and part-time help, a range of 400 to 1,000 additional full-time workers seems probable.

Aggregate Employment Effect and Impact on Payrolls. Table I shows that in the aggregate the proposed Massachusetts legislation would create from 187 to 1,380 additional jobs. Similar employment increases have been predicted in analyses for other states. A U.S. Department of Commerce study of the impact of mandatory deposit leigslation on the nation predicted as many as 33,000 additional jobs.[5]

Despite these employment increases, there is concern that high-paying jobs would be lost while any new jobs would be predominantly unskilled and part-time positions. If this were the case, the legislation could still result in a decline in payrolls. However, job skills and pay scales in the soft drink bottling, brewing, beer distribution, and trucking industries are comparable to those in the glass container and can industries. Our analysis shows that employment changes for workers in these industries would offset each other, with net benefits from additional gains in the low-paying retail sector. Analysis of the changes in employment in terms of relative pay scales in Massachusetts, also presented in Table I, shows that the state's payrolls could increase from $1 to $10 million.

ESTIMATED RETAIL PRICE CHANGES

To assess the influence of mandatory minimum deposit legislation on retail beverage prices, surveys have compared recent prices in the states of Washington, which has no such legislation, and Oregon, which does. Two years after the enactment of the legislation in Oregon, beer prices were 2 to 3 percent higher there for regional brands than in Washington.[6] However, soft drinks sold in reusable containers were comparably priced in both states. Moreover, beverages in these containers sold for 20 to 25 percent less than throw-aways in Washington.

In Vermont, bottlers and brewers were initially reluctant to introduce reusable containers when minimum deposits were required for all beer and soft drink packages. Therefore, the potential benefits of a recyclable packaging system were frustrated since used containers were discarded and retail beverage prices rose. Now, however, many Vermont beverage wholesalers are discovering that they can gain competitive advantages and reduce prices by switching to refillable containers. Bottlers who have converted report that recovery rates are comfortably above break-even pionts.[7]

Other studies have also predicted lower retail prices as a result of mandatory minimum deposit legislation. A recent study in New York State predicted a drop in retail prices saving the state's consumers $40 million. National survey evidence published by the U.S. Environmental Protection Agency shows that beer in refillable bottles sells for 5 percent less than beer in one-way bottles, while the use of refillable bottles reduces soft drink prices by 17 percent on average. Furthermore, in recent testimony before the Federal Trade Commission, soft drink bottlers reported that returnable containers with reasonable rates of reuse are the most economical package for the consumer.[8] In Boston, a popular soft drink in a 16-ounce returnable bottle sells for two-thirds of its price in a one-way bottle. Similarly, a popular beer sells for 10 percent less in returnable bottles.

Opponents of this legislation, however, suggest that the costs of switching completely to a reusable container system would be extremely high. They believe that the evidence of retail price surveys is misleading since reusable containers are a relatively minor form of beverage packaging today. A major shift to these containers would require substantial amounts of investment and would alter the cost structure of beverage firms significantly. These opponents have claimed that the added expense would drive up retail prices.

Table II summarizes our estimates of changes in the costs of soda and beer to retailers resulting from a conversion to refillable-recyclable containers. In spite of generous estimates of potential net cost increases, the table clearly shows that overall costs would rise insignificantly at most.

As explained in the technical appendix, wholesale prices of soft drinks would probably drop at least 20 cents per case for 7–12 ounce bottles and 25 cents per case for 12 ounce cans. Similar analysis indicates that

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Footnotes at end of article.

the wholesale prices for beer would decrease at least 39 cents per case for bottles and 32 cents per case for cans. For bottlers and brewers the most important component of the beverage costs is the expenses of beverage containers which comprise almost half their cost, and consequently savings made possible by reusing containers overshadow increased expenses.

The predicted reduction in wholesale prices is substantiated by the experience of a western brewery which has converted its entire operation to refillable bottles and recycled aluminum cans. Paying a bounty for the return of its bottles and for aluminum cans, the brewery has experienced high return rates and has found the process to be economically advantageous.

Oregon data show that beer distribution handling costs and amortized investment expenses increase by 5–10 cents per case with the bulk of the charges due to labor costs. Although cans are less expensive to handle than bottles, a 10 cents per case increase is applied to both forms of packaging for beer distributors. No corresponding expenses are shown for soft drinks because distribution costs are included in the wholesale prices charged by bottling firms.

Retail expenses increase as a result of the added employment and capital investment required by recyclable-reusable packaging Each 350 bottles returned requires approximately one manhour of labor to process the returns, handle the deposits, and undertake the necessary bookkeeping. Although cans are more easily processed than bottles, once again the same estimate of labor requirements has been applied. In addition to the employment expense, the retailers may require capital investment either to provide additional storage space or to buy compactors. In any event, a very generous estimate of the increased costs experienced by soft drink and malt beverage retailers is 30 cents per case. The net effect of these cost changes to retailers shows little likelihood that retail prices of beer or soda would rise by more than 2 percent as a result of the Massachusetts bill.

In summary, the available evidence supports the hypothesis that returnable-recyclable beverage containers will not require significantly higher retail prices. In fact, the net effect of cost changes could permit retail prices to fall.

DESIRABILITY OF AN ADEQUATE PHASE-IN PERIOD

To avoid some of the potential adverse economic effects, any mandatory deposit legislation should be enacted with an effective date one or two years after the legislation is passed to allow for adjustments in the affected industries. Bottle manufacturers then would be able to plan for the decline in the demand for beverage bottles and shift production to bottles suitable for other purposes, thus minimizing employment losses. Manufacturers could develop cans without detachable parts, thus avoiding the sharp decline in the market share of beverages sold in cans that was experienced in Oregon. Soft drink bottlers and brewers would have time to adjust their production systems to handle refillable bottles, and the necessary capital investment could be spread out over several years, preventing cash-flow crises. Finally, retail stores would have time to adjust to the new handling requirements and evaluate the need to invest in compacting machines.

THE BENEFITS OF SIMILAR LEGISLATION THROUGHOUT THE REGION

A mandatory deposit system could yield further gains if similar legislation were adopted throughout the region. This could allow for the development of new industry, since together the New England states could generate a sufficient volume of returned cans to permit efficient recycling and thus allow for a centrally located regional recycling center.

Furthermore, the small size of the New England states exacerbates border problems associated with differential legislation. Bottlers and brewers would find it difficult to comply with a variety of incompatible state laws in their sales areas. The possibilities for industry resistance would also be lessened if each state's law were compatible with that of the other states. The Vermont experience, where bottlers and brewers were reluctant to switch to reusable containers, would not be repeated if similar legislation were adopted throughout the region. The incentives for manufacturers to use standardized bottles, increasing the benefits of the legislation, would also be greater. Finally, uniform legislation for all New England states would make compliance by brewers, bottlers, and distributors that much easier, since many of them service customers in more than one state.

ALTERNATIVE SOLUTIONS

While the environmental, employment, and price effects of the proposed mandatory deposit legislation are all expected to be positive in the aggregate in Massachusetts, the adverse impact of the legislation on certain industries highlights the need to examine alternative proposals.

One alternative proposal is an outright *ban* on the use of nonrefillable bottles and nonrecyclable cans, but nothing in such a ban would encourage the return of containers. In addition, unless provision were made for a gradual transition to reusable containers, such an action would probably have severe adverse economic effects, including immediate curtailment of employment in the glass and can manufacturing industries.

Another alternative is a program to tax cans and bottles as potential litter, combined with direct government sponsorship of recycling and resource recovery programs, public education and litter recovery. Vermont initially adopted a litter tax, and one is now levied in Washington state. However, energy savings from resource recovery and recycling are considerably less than those associated with direct reuse, and education and litter collection programs in the past have not been particularly successful.[9]

A review of the alternatives by a New York State Senate Task Force led them to conclude that only mandatory deposit legislation can provide substantial direct benefits:

"Requiring that a deposit be placed on all beer and soft drink containers (whether they be refillable bottles, nonrefillable bottles, or cans) without prescribing that specific types of container be used, provides a direct economic incentive to consumers to return bottles and cans to retailers. Such a mechanism forces beverage manufacturers to deal with emptied containers, thus encouraging the use of refillable or easily recyclable containers. The deposit approach takes advantage of an existing, proven mechanism; does not restrict consumers or producers from using the container they prefer so long as provision is made for its return; and does not restrict innovation while minimizing government intervention in the marketplace. Only those consumers who decide not to return containers are penalized (through forfeiture of deposit, a revenue to the beverage industries which would ultimately contribute to offsetting costs and possible price reductions)." [10]

CONCLUSION

The mandatory deposit legislation currently proposed in Massachusetts provides for considerable environmental benefits. Fortunately, the foregoing analysis has demonstrated that the proposed law is not intrinsically detrimental to employment opportunity in the state. Moreover, retail price levels may actually decline. However, some employment loss may result in the glass and can manufacturing industries. Establishment of an adequate transition period to enable affected industries to adjust their technologies will help ensure a minimum of job losses. Acceptance of the legislation by both industry and consumers in the period immediately following its adoption is vitally important to its success.

FOOTNOTES

[1] This article focuses only on the economic impact of mandatory deposit legislation. For a comprehensive analysis of the energy and environmental benefits possible from the reuse of beverage containers which will result from such legislation, see U.S. Environmental Protection Agency, *Resource and Environmental Profile Analysis of Nine Beverage Container Alternatives 1974.*

[2] Carlos Stern *et al., Impacts of Beverage Container Legislation on Connecticut and a Review of the Experience in Oregon, Vermont and Washington State,* University of Connecticut, Dept. of Ag. Econ., March 20, 1975 and Murrough H. O'Brien, *Returnable Containers for Maine: An Environmental and Beverage Container Alternatives, 1974.*

[3] The estimate of 400 jobs was obtained by applying a handling charge of $1.17 per case, derived from Oregon studies, to a calculation of the number of cases sold in Massachusetts. The resulting labor bill divided by the average wage rate provides this estimate of the number of jobs.

[4] This estimate was derived by averaging the productivity figures presented in Gudger and Bailes, *The Economic Impact of Oregon's Bottle Bill,* March 1974, pp. 46–48; Gudger and Bailes, *Statement to the Oregon Legislature Minimum Deposit Law Study Review Committee,* September 12, 1974, p. 16; and Applied Decision Systems, *Study of the Effectiveness and Impact of The Oregon Minimum Deposit Law,* pp. II-131-134.

[5] Gudger and Bailes, March 1974, pp. 68–69, provides data on the Oregon experience; Carlos Stern *et al., Impacts of Beverage Container Legislation on Connecticut and a Review of the Experience in Oregon, Vermont, and Washington State;* Murrough H. O'Brien, Maine Citizens for Returnable Containers, *Returnable Containers for Maine: An Environmental and Economic Assessment;* New York Senate Task Force on Critical Problems, *No Deposit, No Return . . . A Report on Beverage Containers,* February, 1975; estimates showing employment increases for the U.S. as a whole have been made by the U.S. Department of Commerce, *The Impacts of National Beverage Container Legislation,* Bureau of Domestic Commerce Staff Study #A–01–75, October, 1975.

[6] However, about 60 percent of Oregon beers are brewed out of state which would naturally increase transportation costs. Another factor is that Washington has a 5 percent sales tax on beer while Oregon has none. See Don Waggoner, *Oregon's Bottle Bill—Two Years Later*. Columbia Group Press, May 1974, p. 30.

[7] The Vermont Governor's Highway Letter Evaluation Committee, "Report to the Governor," mimeo, December 1973, pp. 21 ff.

[8] United States of America before the Federal Trade Commission in the matter of the Coca-Cola Company, Docket Number 8855, October 3, 1975.

[9] New York Senate Task Force on Critical Problems, p. 34–48.

[10] *Ibid.,* p. 3.

TECHNICAL APPENDIX

Comparative costs of beverage containers

Mandatory bottle legislation will alter the cost structure of the bottling and brewing industries. By stimulating a switch to reusable containers, the legislation will result in increased costs to the bottlers due to each of the following:

Sorting and handling required to process the refillable and recyclable containers;

The return trip transportation;

Required cleansing of refillable bottles;

Warehousing of refillables;

Investment for processing reusable containers;

Heavier cartons needed to carry returnables; and

New and heavier bottles.

On the other hand, costs will decrease through the reuse of bottles and cartons and the recycling of cans. Savings in these factors are especially significant since containers comprise nearly 50 percent of total costs.

This appendix analyzes the likely direction and comparative magnitude of soft drink bottlers' cost changes under mandatory deposit bottle legislation by weighing the impacts of each of the above changes. Similar analysis applies to brewers' costs. The data are drawn from the experience of Oregon in 1972. Although the level of prices has changed since then, the relative impact of the legislation should be the same.

Table I presents a comparison of costs of returnable and nonreturnable soft drink containers. The components requiring additional costs under the returnable system add 53¢ per case for bottles and 47¢ for cans. The comparable figures for beer are 41¢ per case for bottles and 28¢ for cans. The estimated cost increase for cans is overstated since lines 1, 2 and 4 of the table assume that recyclable cans require the same handling, shipping, and capital expenses as refillable bottles.

The level of increase reflected in Table I is heavily dependent upon labor costs since both the sorting/handling and delivery are labor intensive. Indices of average hourly earnings for production workers show that Oregon labor is more costly for the relevant occupations and therefore the cost increases associated with refillables are probably overstated for Massachusetts.

Table I shows that cost increases would be overshadowed by the savings associated with reuse of containers. Bottles reused seven times would result in savings of 64¢ per case. The cost saving would also be significant for recycled cans. Energy use in producing recycled can stock would be negligible compared to processing bauxite, and capital investment would be only 6 percent of the amount needed to start with virgin ore. Savings of 62¢ per case could be achieved.

As a result of these savings, wholesale costs would be expected to decline upon conversion to reusable containers. Several factors, however, would be needed to realize these savings. The trippage per container would have to exceed the breakeven point, and cans would have to be recycled. If beverages were sold in standard bottles, reusable by several firms, considerable additional savings would result. Compatible legislation among the states of the region would provide additional incentives for standardization of bottles and thus would increase savings. Finally, substantial savings could also be effected by careful transportation planning so that, for example, trucks combine deliveries with picking up empty containers.

APPENDIX TABLE I.—COMPARATIVE COSTS PER CASE OF RETURNABLE AND NONRETURNABLE SOFT DRINK PACKAGES, SUMMER 1972

	7-trip refillable bottle (12 oz.)	1-way bottle (12 oz.)	1-metal aluminum can (12 oz.) made from recycled metal[1]	Non-returnable can (12 oz.)
Higher costs with returnables:				
1. Sorting and handling[2]	$0.18		$0.18	
2. Delivery (including inbound freight)[2]	.50	$0.33	.50	0.29
3. Manufacturing, warehousing, and ingredients[3]	.60	.50	.45	.45
4. Amortized capital costs	.08		.08	
Lower costs with returnables:				
5. Container costs[4]	$0.26	$0.90	$0.46	$1.08
6. Carriers[5]	.12	.13	.13	.13
No cost change:				
7. Crowns	.04	.04		
Average cost per case: soft drink packages	1.78	1.90	1.80	1.95
After mark-up[6]	2.49	2.69	2.51	2.76

[1] Data in this column in categories 1 and 2 are based on expenses associated with refillable bottles. Since cans are lighter and require less care and space in handling, the cost for cans are therefore overstated.

[2] These categories include significant labor costs, which are higher in Oregon than Massachusetts (U.S. Department of Labor, Bureau of Labor Statistics). They are based on the 95 percent Oregon return rate. These data used for bottle expenses have been criticized by Gudger and Bailes, Sept. 2, 1974 (p. 6) as well as Bingham and Mulligan (pp. 172–3) for overstating the cost disadvantage of refillable bottles over 1-way bottles. A fortiori 1-metal can expenses could be overstated.

[3] The $0.10 differential between refillable and 1-way bottles has been criticized as being excessive. See the statement by C. M. Gudger and J. C. Bailes to the Oregon Legislature, Sept. 12, 1974 p. 6.

[4] The price per case of refillable bottles is $2.55, the price per case of recycled cans is $0.48. The return rate is 85 percent. The deposit is $0.3 per unit. Since soft drink bottlers maintain distinctive bottles, the price of returnable soft drink bottles is more than twice that of returnable beer bottles. We assumed that the $0.3 certified deposit applies, nonetheless. As a result we overstate costs, if anything.

[5] Refillable bottles require heavy duty but reusable cartons. The net cost of these is slightly less than the cost of nonreusable carriers require for 1-way bottles.

[6] A mark-up of 41.5 percent was used in these calculations, reflecting current industry patterns. The mark-up represents return to capital and therefore is not applied to item 4.

Exhibit 2

State of New York,
Department of Health,
Albany, N.Y., June 13, 1974.

Re S139 and A6884.

Jon S. Eisenburg,
Fayetteville, N.Y.

Dear Mr. Eisenburg: Commissioner Ingraham has referred your letter of June 7 for reply to me. Although I believe there is a possibility that returnable beverage containers could pose a health hazard I do not believe that this is a practical issue as I think the likelihood of transmission of disease from a container is really minute. From my point of view, the major problem posed by returned beverage containers would be the same as with any glass: breakage and cuts. I do not believe they pose a significant communicable disease hazard. I should point out, however, that I know of no scientific literature bearing on this particular problem on one side or the other. I hope this has answered your questions.

Sincerely yours,
Alan R. Hinman, M.D.,
Assistant Commissioner for Epidemiology & Preventive Health Service.

State Department of Agriculture,
Salem, Oreg., April 7, 1975.

Re S139 and A6884.

Mr. Forest Golden, P.E.
Auburn, N.Y.

Dear Mr. Golden: To my knowledge there have been no documented cases of litter inside reusable bottles being responsible for health problems since the effective date of the Oregon Bottle Bill legislation. Any bottle bill impact on the health of Oregon residents would be the improved appearance of the cleanliness of roadsides, streets, beaches, parks and other public and recreational areas resulting from the absence of empty beverage bottles and cans.

Since the department obtained staffing to include meat market inspection, we have been able to make more frequent inspections and have recorded a marked improvement in the sanitary conditions of these markets.

There were some initial food market sanitation problems on handling of returned bottles as there was an unusually large number of containers turned in for refund when the bottle bill became effective. Bottles were collected from roadsides and recreational areas where they had been exposed to the elements for some time and consequently, presented some sanitation problems. This condition has long since disappeared as the bottles are now returned directly from home or promptly after usage so they are not exposed to the elements and therefore are in good condition and free of litter.

Beverage distributors have alleviated the empty bottle storage problem in most cases by scheduling a more frequent pickup of the return bottles. We have not noted any increase in rodent or insect problems in the food markets since the bottle bill became effective. What bottle storage sanitation problems do exist are usually found in the small convenience-type food markets.

Sincerely,
Kenneth E. Carl,
Administrator,
Dairy and Consumer Services Division.

The PRESIDING OFFICER. All time on the amendment has expired. The yeas and nays have been ordered. The question is on agreeing to the amendment (No. 1944) of the Senator from Oregon. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. GLENN (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. Cranston), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Michigan (Mr. Hart), the Senator from Louisiana (Mr. Long), the Senator from Arkansas (Mr. McClellan), the Senator from Illinois (Mr. Stevenson), and the Senator from Missouri (Mr. Symington) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. Stevenson) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. Case), the Senator from Arizona (Mr. Goldwater), the Senator from Nevada (Mr. Laxalt), and the Senator from Virginia (Mr. Scott) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 26, nays 60, as follows:

[Rollcall Vote No. 364 Leg.]

YEAS—26

Abourezk
Bellmon
Brooke
Church
Clark
Culver
Curtis
Hart, Gary
Haskell
Hatfield
Hollings
Javits
Kennedy
Leahy
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Moss
Muskie
Packwood
Pearson
Pell
Stafford
Tunney

NAYS—60

Allen
Baker
Bartlett
Bayh
Beall
Bentsen
Biden
Brock
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Griffin
Hansen
Hartke
Hathaway
Helms
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Magnuson
McClure
McGee
Mondale
Montoya
Morgan
Nelson
Nunn
Pastore
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Weicker
Williams
Young

ANSWERED "PRESENT"—1

Glenn

NOT VOTING—13

Buckley
Case
Cranston
Eastland
Goldwater
Gravel
Hart, Philip A.
Laxalt
Long
McClellan
Scott,
  William L.
Stevenson
Symington

So Mr. HATFIELD's amendment was rejected.

ADDITIONAL STATEMENTS SUBMITTED

Mr. GLENN. Mr. President, Senator HATFIELD has offered an amendment to the Solid Waste Utilization Act. His amendment covers glass and metal drink containers, and represents a genuine concern for the problems of waste and litter caused by nonreturnable bottles and flip-top cans.

Before my election to the Senate I was a corporate officer for Royal Crown Cola, and served as a member of the board of directors. I still hold Royal Crown stock.

Although it has been 6 years since I was employed by Royal Crown, and although I resigned from the board before I became a Senator, I feel the prudent course for me is to vote "present" on the Hatfield amendment.

I am confident of my ability to analyze the Hatfield amendment on the merits, and vote accordingly. Nevertheless, I also deeply respect the Senate, and believe that Senator's activities should at all times be able to withstand the closest scrutiny. Such a belief dictates my vote on this issue.

Mr. STAFFORD. I think it would be a mistake to view the defeat of the Hatfield amendment as a mandate to the Administrator of the Environmental Protection Agency to halt efforts to initiate innovative programs requiring returnable containers on Federal installations and facilities. Rather, today's vote may more properly be interpreted as a decision by the Senate that it does not want to authorize a nationwide container deposit law at this time.

Just as the bill permits individual States to chart their own courses of action, the Senate this morning has reinforced that principle by rejecting a single Federal standard.

However, the bill permits individual States to enact their own container policies and legislation. In that manner, innovative programs can be tested and demonstrated for study by the entire Nation.

Similarly, the proposal for a returnable container policy at Federal facilities can provide our Nation with valuable information.

Nothing that has happened on the floor of the Senate can properly be interpreted as a mandate from this body to halt that valuable demonstration effort.

Mr. MUSKIE. Mr. President, the committee has worked for many months, in fact years, to produce this legislation. This bill represents a modest and useful expansion of the Federal program.

The Solid Waste Disposal Act of 1965 and the Resource Recovery Act of 1970 provided a legislative basis to begin tackling the Nation's solid waste management problems. These problems continue to grow.

Many rural communities have had difficulty finding economical ways of disposing of the wastes they generate. I am pleased that the committee adopted my proposal to give assistance to such communities. Many of the large recycling systems are not economical for such communities, and many of the past practices of open dumping and burning are now disallowed. This legislation authorizes grants of up to 75 percent of the cost of projects to eliminate such practices. The bill provides a $50 million authorization for grants to communities with population of 5,000 or less or counties with population of 10,000 or less or those who have less than 20 persons per square mile.

This is the kind of provision that can provide assistance to solve problems that are typical for many of the small towns in my State of Maine. Many communities have placed open dumps too close to water, and under State law, are now being required to move to other sites and establish sanitary landfills.

Other communities will have to close open burning dumps in order to comply with State clean air regulations, and with Federal clean air law. Some communities have dumped solid wastes over vertical slopes that have up to a 40-foot face. For appropriate environmental protection, these steep slopes will have to be covered and new sites will need to be developed. The State may choose to use the assistance provided under this new grant program to either buy or contract for equipment which can be used to cover these environmental sores.

Many small towns in Maine and elsewhere in the country will be hard pressed to find the money to purchase equipment necessary to create and operate landfills. The assistance provided in the rural community grant program under S. 2150 could aid this effort.

Some communities may be able to join together to run a common landfill by using transfer stations and collection equipment. The assistance available under this new section can be a useful stimulus to the development of such systems.

In Maine, regulations went into effect February 1 of this year which will cause many communities to stop open burning and to move dumps from areas that now pollute the water, create smoke, and breed rats. The funds in this program will need to be targeted on the hardship cases—decisions that the State will play the key role in determining.

In Maine over 100 towns have had hearings on the need to close the existing open dump operated by the community. A new landfill must be created at a site that will not create water pollution and using techniques that will not create smoke and odor problems. Some of these changes will need to occur in order to meet State regulations, and some are needed to meet the requirements of Federal environmental laws. The availability of Federal financing can be a useful assistance in gaining the support and cooperation of communities that are badly in need of resources.

The programs provided by S. 2150 are needed to assist in controlling the problems associated with solid waste disposal and with the ever-growing consumption of resources that is occurring.

Total municipal solid waste in the United States is growing at a rate of 8 percent. Hazardous wastes are being dumped at a rate of 650 million wet tons annually. An EPA task force has estimated that wet sludge and wastes from industrial processing and water treatment may increase from 6.6 billion wet tons per year to 9.8 billion wet tons per year by the year 1985. The high cost of municipal solid waste programs has caused these problems to gain high priority attention from municipal officials.

The country will have difficulty solving the problems of rapid resource depletion and disposal of solid wastes unless firm action is taken to reduce the amount of waste that is generated. We must also pursue policies which recycle resources once they have been placed in use. This bill represents a balanced approach between programs to manage disposal and re-use of wastes and proposals to reduce the consumption of resources.

This legislation contains an even-handed approach to the question of resource conservation versus recycling. Both programs are to be pursued with equal emphasis by the Environmental Protection Agency during implementation of the programs under this act.

In the area of solid waste disposal, the dumping of hazardous wastes creates the greatest environmental damage. S. 2150 establishes a regulatory program to eliminate the disposal of hazardous wastes and to allow wastes containing such materials to be disposed of only in quantities and at sites that are not harmful. This approach "closes the loop" for the disposal of such materials into air, water, or on the land. Congress has enacted strict controls on the disposal of hazardous wastes in air and water. This legislation brings land disposal under environmental control.

One particular item in this bill requires further explanation. Section 209(e) places restrictions on any EPA official, acting in official capacity, to disallow lobbying State or local governments on specific legislative proposals being considered by those governments for resource conservation or resource recovery. This restriction applies only to this kind of specific lobbying. It does not apply to any other activity, such as general speeches or advice expressed while giving assistance on technical matters.

If this bill becomes law this year, then a supplemental appropriations could be approved to fund the new program. The Public Works Committee report of March 15 to the Budget Committee recommended $15 million for new programs under this legislation in fiscal year 1977. If provided, this would be within the First Concurrent Resolution targets, since the Public Works Committee has already indicated that it would limit the waste treatment construction grant program for water pollution control to $5 billion, which is $1 billion below the assumption contained in the Budget Resolution. Since these programs come from the same functional category, the $1 billion reduction should provide room for increase in solid waste programs. These totals will need to be examined carefully when that supplemental is considered later this year.

Solid waste disposal problems continue to grow. Our legislative response to those problems must anticipate these conditions and act to reverse them. The legislation before us is a modest and needed effort in that direction, and I urge my colleagues to support the bill.

Mr. President, rejection of the Hatfield amendment should in no way prejudice EPA's ongoing programs to develop solid waste management programs which may include resource conservation—source reduction programs.

EPA currently has regulations which require deposits on beverage containers sold at Federal facilities. These regulations are new. We are still learning from them. They will continue in effect even without the Hatfield amendment so we can have a real test of the impact and implication of the kind of proposal without the amendment.

At the same time opportunities for States to choose the best kind of solid waste management program is preserved. EPA can provide information on alternatives including source reduction. While EPA cannot lobby in State and local legislatures for one program over another it certainly can and should provide balanced factual materials on the costs and benefits of various alternatives.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

(The following proceedings occurred during the consideration of Mr. Hatfield's amendment No. 1944, and are printed at this point in the Record by unanimous consent.)

TIME-LIMITATION AGREEMENT—DISC

Mr. ROBERT C. BYRD. Mr. President, on the agreement with respect to DISC last evening, I secured consent that there be 4 hours on DISC, but it was not specified as to whose amendment was involved. I understand that that is an amendment by Mr. Nelson.

Therefore, I ask that the 4 hours on the DISC amendment be on the Nelson amendment, and that there be 1 hour on an amendment by Mr. Haskell to the amendment by Mr. Nelson, which would mean that the Haskell amendment would be in the third degree, and that the division and control of time be in accordance with the usual form.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NELSON. Mr. President, I do not have an objection.

I understand that the additional hour for the amendment by Mr. Haskell is an hour in addition to the 4 hours assigned to the DISC amendment.

Mr. ROBERT C. BYRD. The Senator is correct.

ORDER FOR CONSIDERATION TOMORROW OF H.R. 5546, HEALTH MANPOWER ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders have been recognized under the standing order, the Senate proceed to the consideration of Calendar No. 842, H.R. 5546.

The PRESIDING OFFICER. Without objection, it is so ordered.

EAGLES NEST WILDERNESS, COLO., CONFERENCE REPORT

Mr. HASKELL. Mr. President, I submit a report of the committee of conference on S. 268, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Bumpers). The report will be stated by title.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 268) to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the Record of June 28, 1976, beginning at page 21047.)

Mr. HASKELL. Mr. President, this bill has been passed by this body by unanimous voice vote on three occasions over the last two Congresses. I am pleased that the Senate will have the opportunity to send it to the President for his signature.

The conference report was signed by all the conferees and I understand its consideration today has been cleared with my colleagues across the aisle.

Mr. President, I move that the Senate agree to the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

NINETY SIX AND STAR FORT NATIONAL HISTORIC SITE

Mr. JOHNSTON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2642.

The PRESIDING OFFICER (Mr. Bumpers) laid before the Senate the amendments of the House of Representatives to the bill (S. 2642) to authorize the Secretary of the Interior to establish the Ninety Six and Star Fort National Historic Site in the State of South Carolina, and for other purposes.

(The amendments of the House are printed in the Record of June 8, 1976, beginning at page 16887.)

Mr. JOHNSTON. Mr. President, S. 2642 was passed by the Senate on May 13, 1976, with several amendments designed primarily to clarify the purpose of the measure and to correct the name of the historic site. As introduced, the measure failed to provide sufficient recognition to the importance of the site for interpretation of the pre-Revolutionary War history of the southern colonies and gave too much emphasis to the siege of the Star Fort. The Interior Committee sponsored an amendment to correct this and also to change the name of the site from the Old Ninety Six National Historic Site to the Ninety Six National Historic Site. The word "Old" is a misnomer which has become engrafted on the site. The sponsors of the legislation pointed this out to the committee and we agreed that it should be corrected.

On June 8, 1976, the House considered a similar measure, H.R. 9549, and substituted the text of that measure for the text of S. 2642 as passed by the Senate. Unfortunately, the text of H.R. 9549 did not correct either the name of the site or the misemphasis on the history of the area.

In addition, the House has proposed an additional amendment which would limit the development authorization to $500,000 in lieu of the Senate figure of $2,463,000. The House further provided that within 2 years from the date of enactment, the Secretary of the Interior is to transmit his general management plan for the development of the site to the Congress. The purpose of this amendment is to insure a continuing congressional oversight on proposed development. The amendment further recognizes that the time to consider and formulate a development plan is after the boundaries are agreed upon.

The problem with the House amendment is not that the Congress should review the general management plan for the site, but rather that it could be an enormous mistake to arbitrarily limit the Park Service from providing necessary facilities for the health and safety of visitors.

The National Park Service currently has in excess of $3 billion in development backlog, but only a small portion of that figure is for new development. Over 60 percent of that backlog is for the repair and rehabilitation of existing facilities. The damage caused by a hurricane to the C&O Canal is a part of the development backlog. Repair of the water and sewage system at Crater Lake is a part of the backlog. I have great fears, Mr. President, that if we were to impose an arbitrary limit on the development authorization, a crisis might occur which neither the Park Service nor the Appropriations Committees could handle because of that limitation.

Mr. President, the respective Interior Committees have sufficient oversight authority to review the general management plans and require whatever changes are appropriate through our normal oversight procedures. I am firmly in support of the House purposes in proposing the limitation on development, but I must disagree with the procedure. Accordingly, I am proposing an amendment which I send to the desk, which reinstates the original Senate figure of $2,463,000 for development and which changes the words "final master plan" to "'general management plan" to conform with existing practices.

UP AMENDMENT NO. 142

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. Johnston) proposes an unprinted amendment numbered 142.

The amendment is as follows:

1. In Section 1, delete "in order to preserve for the benefit and enjoyment of present and future generations an area containing significant and unique historical values related to the southern campaign of the Revolutionary War with special emphasis on the siege of 1781" and insert in lieu thereof "in order to preserve and commemorate for the benefits and enjoyment of present and future generations an area of unique historical significance associated with the settlement and development of the English Colonies in America and with the southern campaign of the American Revolutionary War".

2. In Section 1, delete "for establishment as the Old Ninety Six National Historic Site" and insert in lieu thereof "for establishment as the Ninety Six National Historic Site".

3. In Section 3(b), delete "$500,000" and insert in lieu thereof "$2,463,000".

4. In Section 3(b), delete "final master" and insert in lieu thereof "general management".

5. In Section 3(b)(3), delete "Old".

Amend the title so as to read: "An act to provide for the establishment of the Ninety Six National Historic Site in the State of South Carolina, and for other purposes."

Mr. JOHNSTON. All this does, Mr. President, is to make technical amendments in S. 2642 establishing the Ninety Six park in South Carolina. We passed the bill on May 13. It changes the name from Old Ninety Six to Ninety Six and restores the funding back to where it was when it left the Senate.

Mr. President, I move that the Senate concur in the House amendments with the amendment I have sent to the desk.

The motion was agreed to.

PRIVILEGE OF THE FLOOR—H.R. 10612

Mr. NELSON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HATFIELD. I will be happy to yield without losing my right to the floor.

Mr. NELSON. Mr. President, I ask unanimous consent that Mr. Gary Bickel, of my staff, be granted the privileges of the floor during the course of the debate and voting on the tax legislation.

The PRESIDING OFFICER (Mr. Bumpers). Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I am willing to yield to the Senator from Virginia without losing my right to the floor.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Mr. George Shanks, of my staff, be granted the privileges of the floor during the consideration and voting on the tax legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I yield to the Senator from Maryland on the same basis.

Mr. BEALL. Mr. President, I ask unanimous consent that Mr. Neil Messick, of my staff, be granted the privileges of the floor during the consideration and votes on the tax legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

(This concludes the proceedings that occurred earlier and are printed at this point in the Record by unanimous consent.)

SOLID WASTE UTILIZATION ACT OF 1976

The Senate continued with the consideration of the bill (S. 2150) to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from waste, to control the disposal of hazardous wastes, and for other purposes.

UP AMENDMENT NO. 141

Mr. HATFIELD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. Hatfield) proposes an unprinted amendment numbered 141.

The amendment is as follows:

At the end of the bill insert a new section as follows:

Sec. 3. (a) The President of the United States through cooperation with appropriate Federal agencies shall make a complete study of the feasibility of a mandatory national program of deposits to encourage the return of beverage containers, and such other products as the President believes may be appropriate, and thereby to protect the environment, decrease litter, and save energy and materials. The study shall (1) consider all of the environmental, energy, economic, employment, and other relevant consequences of such a program, (2) evaluate the alternative methods of alleviating any possible adverse effects from the program, including any interim employment dislocations and (3) include plans for such a program, including draft regulations, which will achieve the environmental, energy and economic benefits while minimizing any possible adverse effects through a scheduled phase-in over a period of years or other means.

(b) The President shall transmit a complete and detailed report of such study, together with the program plan and draft regulations, to the Congress, not later than March 1, 1977.

Mr. PASTORE. Mr. President, I would like to hear this debate. There is a lot of conversation going on.

The PRESIDING OFFICER. Senators will please take their seats or retire to the cloakrooms.

Mr. PASTORE. Mr. President, will the Senator yield so I may ask for the yeas and nays on this amendment?

Mr. HATFIELD. I am not going to ask for the yeas and nays.

Mr. PASTORE. I am going to ask for the yeas and nays.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. Mr. President, I discussed this particular amendment with the chairman of the committee, Mr. Randolph, and I also discussed it with the Senator from Wisconsin when he raised the question during our previous debate concerning the need for further study and development of data information on this particular subject of nonreturnables.

Mr. President, in this amendment that I sent to the desk, rather than asking any one agency of the Federal Government to make such a study, it is felt that it would be best, as far as the activity is concerned, to ask the President to put together a coordinated group of agencies that would have some input and some concern with this subject to provide a national feasibility study on this question and report back to the Congress by March 1977.

As I say, this is a followup to the discussion and debate held on the amendment, and the chairman of the committee has indicated he is willing to accept the amendment that I propose at this time.

Mr. NELSON. Mr. President, will the Senator yield for a question?

Mr. HATFIELD. Yes.

Mr. NELSON. First I would like to say that I agree with the proposal of the Senator from Oregon. I think studies are needed.

Is this amendment drawn up in such a way, however, that the studies will be coordinated with the EPA and other agencies, to make sure that we are not going to get into a duplication of efforts that have already been made?

Mr. HATFIELD. Yes. the broader amendment, of course, relates not only to the energy question before EPA now, but would include litter, consumer matters, costs, materials, resources, transportation, the employment impact, the economic impact, environmental impacts—in other words, rather than letting one agency such as the Federal Energy Agency come up with a study only on the question of energy, this would be an all-inclusive, totally coordinated, and comprehensive study.

I at first thought it might be appropriate to have EPA do it, but then there are those who feel that EPA is already precommitted, and would come up with a report merely confirming what they have as premises. So I think this would be the best approach to get the kind of information the Senator from Wisconsin was suggesting is inadequate today.

Mr. PASTORE. Mr. President, will the Senator yield?

The **PRESIDING OFFICER.** The Senator from Oregon still has the floor.

Mr. NELSON. Mr. President, I wish to continue my inquiry for a moment.

Mr. HATFIELD. I yield to the Senator from Wisconsin.

Mr. NELSON. None of us will know how inadequate the EPA study is until it comes out in September and there is opportunity for evaluation. It is my understanding that they are covering a number of subjects in addition to energy, but how adequately I do not know.

I want to be sure the effort is to coordinate the activities and give us an evaluation that involves energy costs, disposal of solid waste costs, consumption of vital resources, capital investment, employment—this whole series of matters, so that we will have the total picture, so that when we get around again to addressing the issue that was proposed here this morning by the Senator from Oregon, at least we will have an adequate data base to make, we hope, an informed decision.

Mr. HATFIELD. The Senator is exactly on target. The FEA study data is primarily and almost exclusively concerned with the issue as it relates to energy. We have here provided the authority that, through coordination of all appropriate Federal agencies, the study shall consider all environmental, energy, economic, employment, and all other relevant matters, so that it is very clearly stated that we will have a comprehensive, total report.

Mr. NELSON. Let me say I commend the Senator for his proposal, and I am certainly happy to support him in it.

Mr. HATFIELD. I thank the Senator from Wisconsin for his support.

I would like to suggest, too, Mr. President, that when we have this case in hand, I know it will include the experiences that they are having in the various States today, as well as the theoretical aspects that such a study would be expected to include.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. RANDOLPH. Mr. President, I yield to our able colleague from Rhode Island (Mr. Pastore).

Mr. PASTORE. Mr. President, for the benefit of those who are somewhat surprised that I would ask for the yeas and nays on an amendment that the managers of the bill were willing to accept——

Mr. RANDOLPH. Mr. President, let us have order.

The **PRESIDING OFFICER.** The Senate will be in order. The Senator from Rhode Island will suspend until order is restored. The Senate is not in order.

The Senator may proceed.

Mr. PASTORE. I will repeat: For the benefit of those who may be somewhat surprised that I would ask for the yeas and nays on an amendment where the two managers of the bill were willing to accept it, my reason for it is very simple.

There were many of us who voted against the first Hatfield amendment, who believe in controlling pollution of the environment, but we did not like the way it was being done, and the penalty imposed upon the consumers or the buyers of these beverages.

For that reason, I felt the implications were rather broad, that they have not been fully explained, we do not know what they are, and they all should be studied.

We are all for the study, and I want my name on the record that I am for the study.

Mr. RANDOLPH. Mr. President, I appreciate the comment of our colleague from Rhode Island. We are asked by the amendment of the Senator from Oregon (Mr. Hatfield) to give our endorsement to a Presidential study. Certainly that is in order, and the Senator from West Virginia, who opposed the original Hatfield amendment and felt that it was not a proper amendment, simply wishes to say for the record that we are in agreement on this amendment.

Mr. HATFIELD. I thank the Senator. I yield back the remainder of my time.

The **PRESIDING OFFICER.** Is all remaining time yielded back?

Mr. RANDOLPH. I yield back the remainder of my time.

The **PRESIDING OFFICER.** All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Oregon. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. Cranston), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Michigan (Mr. Hart), the Senator from Arkansas (Mr. McClellan), the Senator from New Mexico (Mr. Montoya), and the Senator from Missouri (Mr. Symington) are necessarily absent.

I further announce that the Senator from Idaho (Mr. Church) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. Case), the Senator from Arizona (Mr. Goldwater), the Senator from Nevada (Mr. Laxalt), the Senator from Idaho (Mr. McClure), and the Senator from Virginia (Mr. Scott) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 85, nays 1, as follows:

[Rollcall Vote No. 365 Leg.]

YEAS—85

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—1

Talmadge

NOT VOTING—14

Buckley
Case
Church
Cranston
Eastland
Goldwater
Gravel
Hart, Philip A.
Laxalt
McClellan
McClure
Montoya
Scott, William L.
Symington

So Mr. Hatfield's amendment was agreed to.

UP AMENDMENT NO. 143

Mr. BIDEN. Mr. President, I send an amendment to the desk.

The **PRESIDING OFFICER** (Mr. Ford). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Delaware (Mr. Biden) proposes an unprinted amendment numbered 143.

Mr. BIDEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

"Sec. 13. (a) In order to demonstrate effective means of dealing with contamination of public water supplies by leachate from abandoned or other landfills, the Administrator of the Environmental Protection Agency is authorized to provide technical and financial assistance for a research program to control leachate from the Llangollen Landfill in New Castle County, Delaware.

"(b) The research program authorized by this section shall be designed by the New Castle County Areawide Waste Treatment Management Program, in cooperation with the Environmental Protection Agency, to develop methods for controlling leachate contamination from abandoned and other landfills that may be applied at the Llangollen Landfill and at other landfills throughout the nation. Such research program shall investigate all alternative solutions or corrective actions, including—

"(1) hydrogeologic isolation of the landfill combined with the collection and treatment of leachate;

"(2) excavation of the refuse, followed by some type of incineration;

"(3) excavation and transportation of the refuse to another landfill; and

"(4) collection and treatment of contaminated leachate or ground water.

Such research program shall consider the economic, social and environmental consequences of each such alternative.

"(c) The Administrator of the Environmental Protection Agency shall make available personnel of the Agency, including those of the Solid and Hazardous Waste Research Laboratory (Cincinnati, Ohio), and shall arrange for other Federal personnel to be made available, to provide technical assistance and aid in such research. The Administrator may provide up to $250,000, of the sums appropriated under section 230(a) of the Solid Waste Disposal Act, as amended, to the New Castle County Areawide Waste Treatment Management Program to conduct such research including obtaining consultant services.

"(d) In order to prevent further damage to public water supplies during the period of this study, the Administrator of the Environmental Protection Agency shall provide up to $200,000 in each of fiscal years 1977 and 1978, of the sums appropriated under section 230(a) and (f) of the Solid Waste Disposal Act, as amended, for the operating costs of a counter-pumping program to contain the leachate from the Llangollen landfill."

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. The time is now 10:08. We are ready to proceed with the HEW appropriation bill, on which, for 2 days, we have been discussing legislative matters and not the bill itself. I would like a little guidance as to how long this will go on. I have no objection to it going on.

Mr. MANSFIELD. It is my understanding that the amendments to be offered are acceptable, by and large, to the manager of the bill and the ranking minority member. I anticipate that, if the speeches are kept short, we should finish well before 10:30, and then we will take up the HEW bill.

Mr. MAGNUSON. I hope that is true, because we have only until 2 o'clock to finish the bill.

Mr. MANSFIELD. If we get to 2 o'clock and we are not finished with the Senator's bill, we will make the same allowance as we have made on this bill.

Mr. BIDEN. Mr. President, before discussing the purposes of my amendment, I would like to take the opportunity to commend the distinguished chairman of the Public Works Committee for the outstanding work that he and the committee have accomplished in bringing to us today this excellent legislative effort to deal with this Nation's solid waste problems.

From my 2 years on the Senate Public Works Committee, I know firsthand of the chairman's dedication to strengthening Federal law dealing with solid waste and also his desire to see the necessary research accomplished to develop new and improved techniques and establish a body of technical information to enable local jurisdictions to better contend with the complex problems that they encounter in the administration of their area's solid waste management programs.

The amendment that I propose relates to one of those very complex problems; the solution of which now, unfortunately, depends on a very scant body of technical information and expertise.

Serious pollution of a major aquifer supplying significant domestic and industrial water needs in New Castle County, Del., has occurred as a result of leachate contamination from the abandoned Llangollen landfill.

The leachate has contaminated several private wells and is endangering a nearby public water supply wellfield, which has produced up to 4.5 million gallons per day, and an industrial wellfield with a yield of almost 2 million gallons per day.

In fact, the industrial wells are already showing evidence of leachate contamination.

The Llangollen landfill is located approximately 2 miles southwest of the city of New Castle.

It was sited in a sand and gravel pit and was operated for the county as a receptacle for municipal and industrial wastes, including liquid chemical wastes.

More than 2 million cubic yards of wastes were deposited in this 56-acre landfill between 1960 and 1968.

Subsequent geologic investigations have confirmed that portions of the landfill lie on top of sands that are inclined southeastward and provide recharge to the aforementioned wellfields.

Pumpage from the large wells of Artesian Water Co. and the Amoco Chemical Corp. has created several steep cones of depression which provide a favorable gradient for migration of the leachate-polluted water from the landfill toward the wells.

Since the discovery of leachate in the aquifer in the spring of 1972, the pollutant concentrations have increased markedly and the extent of contamination within the aquifer has grown.

Realizing the imminent threat to the wells, the county installed recovery wells between the landfill and the Artesian Water Co. wellfield in hopes of restricting further leachate migration.

This action by the county, combined with the effects of pumping restrictions at the Artesian wellfield, have temporarily stabilized the leachate movement.

These measures can only be considered temporary, however.

Consultants for the county have investigated several alternative actions but, due to a variety of factors, little headway has been made toward implementing a final solution.

It is important to note that the alternative of abandoning the aquifer was not considered a viable option in light of the existing water supply problems in the county.

Three basic alternatives were explored as possible solutions to the aquifer contamination: First, hydrogeologic isolation of the landfill combined with the collection and treatment of leachate; second, excavation of the refuse, followed by some type of incineration; and third, excavation and transportation of the refuse to another landfill or the ocean.

The three alternatives have two outstanding similarities: One being that their feasibility is doubtful, and the other, the tremendous costs associated with each.

Uncertainty exists as to the effectiveness of hydrogeologic isolation of the landfill in providing a final solution to the aquifer degradation within a definite period of time.

This doubt stems from a lack of knowledge about the "life span" of the refuse in terms of leachate-generation capabilities.

The capital and operating costs are conservatively estimated at $15 million at present value.

Onsite incineration, the second alternative considered, involves capital costs ranging from $15 to $25 million.

Several incineration techniques were preliminarily evaluated by the county's consultant, including conventional and steam-generating incinerators, the Union Carbide Purox system, fluid-bed incineration, and the Black Clawson hydrodisposal system.

Serious questions remain about the technical feasibility of all of them.

While the third alternative noted is the least expensive, about $10 million, and offers a relatively rapid absolute solution, its use entails serious environmental and political problems.

Removal to an existing landfill would require extensive environmental controls and would result in an early retirement of that landfill.

Construction of a new landfill to receive the refuse would require extensive controls, and would certainly encounter intense political opposition.

In addition, the problems associated with transporting such highly offensive material through populated areas is obvious.

To date, New Castle County has spent almost $2 million in studying and monitoring the problem, and in providing temporary abatement measures.

These costs plus minimum corrective costs of at least $10 million are still much less than the overall long-term costs of abandoning the aquifer, in terms of damage and replacement costs.

Thus, while the need for correcting the situation is fully appreciated, the affected jurisdictions are hesitant to commit the additional large amounts of money required—$10 to $25 million—particularly for actions which may not provide a satisfactory solution.

In addition, there is a private industrial landfill in the vicinity which may be contributing to the aquifer pollution.

The effects of this landfill on the problem must be determined and any solution must be cognizant of these effects.

There is a definite need for further study of the possible solutions to this problem.

Measures to control the production and movement of leachate from completed landfills are highly experimental with very little study accomplished beyond the hypothetical stage.

The information and monitoring data already collected at Llangollen provide a significant base upon which alternatives can be developed that would be applicable for use in handling leachate problems in other areas of the country.

This research effort is crucial in that

the requirements of Public Law 92–500 and the Federal and State quality standards have resulted in a greater emphasis on land disposal of liquid and solid wastes.

Land disposal, however, can severely impact the quality of groundwater and surface water and is much more difficult to eliminate.

In order to meet the goals of Public Law 92–500 it is highly probable that corrective actions will be necessary at many landfills throughout the humid high rain fall portions of the country.

This amendment proposes to authorize a total of $650,000 of which $250,000 will be allocated to accomplishing a highly technical thorough study of the Llangollen landfill problem.

This study should be structured in such a way as to not only provide the safest, most practical solution to the problem, but that should also extend the experiences and information learned in this study to the national implications of the landfill leachate problem.

While the leachate problem in New Castle County has been identified by EPA solid waste staff as one of the worst in the country, EPA is certain that this problem is not unique.

Nationally we are just beginning to reap the whirlwind of the poor and uninformed landfill practices of the 1950's and 1960's.

Hopefully, what we learn from the New Castle County experience will enable these areas to better cope with the problem.

The other $400,000 authorized in the amendment will go to pay the operating costs to contain the leachate for 2 more years.

The county has already spent $2 million and cannot really justify additional expenditures for interim measures.

Faced with a $6 million law suit from the private water company in a water-poor county, without this kind of Federal assistance the county will have to proceed on a permanent solution without the benefit of the much needed high powered study proposed by my amendment.

The consequences of such a course of action could indeed be unfortunate.

The county could end up with a costly failure and little knowledge might be gained to the solution of the larger national problem.

Trial and error is hardly an acceptable methodology for dealing with complex problems of this nature.

I see this study conducted under the joint aegis of New Castle County and EPA.

In New Castle County we are indeed fortunate to have one of the very first areawide waste treatment management programs established under section 208 of Public Law 92–500, for the 1972 amendments to the Federal Water Pollution Control Act.

This Agency is considered in terms of constructive outputs one of, if not the most advanced, 208 agencies in the country.

This Agency has conducted two prior investigations of the impacts of landfills on water quality.

In addition the Agency has the diversity of professional personnel necessary to guide such a complex study.

I, therefore, suggest that the New Castle County areawide waste treatment program be designed and the "lead agency" in the design and accomplishment of this study.

I will reserve the remainder of my time to answer any questions the Members may have.

Thank you, Mr. President.

Mr. ROTH. Mr. President, I am pleased to join with my colleague in urging the adoption of this amendment. It will be a vital first step toward the solution of a problem which is of immediate concern to Delaware, but of long range importance to the Nation. Delaware and New Castle County are the first to be confronted with this leachate problem, but they are by no means the last.

Much of our Nation depends on underground aquifers as a source of drinking and other water. This is especially true in rural, undeveloped areas. It is only recently that we have come to realize the hazards which improperly managed landfills can pose to these aquifers on which we depend. Llangollen landfill is an excellent illustration.

When Llangollen was created, during the years it was in use, and even when it was abandoned and covered, we had no reason to believe it was a potential source of danger to our water supply. On the contrary, it appeared that we had managed to successfully convert a burden on the land into an asset. We had started with an ugly scar on the face of land and turned it into an attractive open and green area.

But in 1972, the first traces of leaching were detected. Pollutants had not entered major water supplies, but they were creeping closer as time passed. Homes and businesses in the area all depend on the water being threatened by the leachate.

Fortunately, State, local, and Federal officials were sufficiently alert to detect and recognize the danger. Working together, they have managed to stem the creep of the leachate toward New Castle's water supplies. But this has already cost the county $2 million, just to arrive at a temporary solution. Yet to be found is a permanent remedy, which is what our amendment will aid. Once found, this remedy, as well as the collateral information and techniques, will be available to other State and local governments.

Mr. President, I strongly urge other Senators to support this amendment. And, if it is adopted, I urge those of my colleagues who will take this amendment to conference to insist upon it, should there be any resistance from the other House.

Mr. RANDOLPH. Mr. President, the Environmental Protection Agency could well utilize its time and its considerable resources in working to resolve problems such as are brought to our attention—and very timely are they brought to our attention—by the able Senator from Delaware (Mr. Biden). This serious water pollution problem, which results from landfill operations, certainly has a very high priority.

I have reviewed the amendment proposed by Senator Biden, and I believe that it is consistent with the purposes of this legislation. This amendment is entirely appropriate in view of this bill's concern with the problems associated with landfills and I would urge the Environmental Protection Agency to aggressively pursue research and provide technical assistance to localities in this area. I am pleased to accept this amendment on behalf of the committee.

Mr. STAFFORD. Mr. President, on behalf of the minority, I am pleased to join with the chairman of the committee (Mr. Randolph) in accepting the amendment of the Senator from Delaware.

The PRESIDING OFFICER. Is all time yielded back?

Mr. RANDOLPH. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 144

Mr. TUNNEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from California (Mr. Tunney) proposes unprinted amendment No. 144.

On page 61, line 11, insert the following:

Between "sections" and "207" insert "205 (c),"; and

On page 61, line 13, strike the quotes and the second period, and between lines 13 and 14 add the following new subsection (g):

"(g) There are authorized to be appropriated to carry out section 205(c) of this Act not to exceed $10,000,000 for each of the fiscal years 1978 and 1979."

Mr. TUNNEY. Mr. President, the purpose of this amendment is to authorize $10,000,000 for each of the fiscal years 1978 and 1979 for what would become the new section 205(c) of the Solid Waste Disposal Act. Under section 205(c) in the bill reported by the Committee on Public Works are provisions for a very important aspect of our solid waste program. I am pleased to note that the committee incorporated many of the suggestions that Senator Philip Hart and I included in our bill, S. 946, which was referred to the Committee on Public Works.

Under the proposed section 205(c) the development of advanced and meaningful technologies for utilizing valuable energy and materials resources contained in our solid waste would be stimulated and supported. Solid waste offers a tremendous opportunity to help solve the energy problem, and at the same time contribute to the solution of environmental and materials problems. Our incredible generation of waste is symptomatic of our seemingly insatiable demand for energy and materials resources. Our garbage has become a neglected resource. With the energy and resource crisis upon us, we cannot wait decades to phase in our recovery technologies and continue to waste valuable resources, including garbage. Currently, most of the major cities in the country throw away garbage into rapidly depleting landfills or into our waterways. That garbage contains the potential equivalent of millions of barrels of oil and gas.

In extensive hearings I held in the previous Congress, it was pointed out that there are many potential technologies to recycle materials, including converting our solid waste to energy. For example, certain landfills can be drilled in order to capture the methane gas produced by decomposing garbage. Some of the other advanced technologies, such as pyrolysis, reduce the bulk of solid waste as well as produce energy. These hearings indicated that many of the promising technologies have yet to be fully researched and tested in terms of their feasibility and cost effectiveness. Risk related to technical, economic, and market uncertainties is a substantial constraint to the development of resource recovery projects. The rapid development of workable technology is essential if this Nation is to realize the energy conservation potential and husbanding of natural resources that could result from energy and other resource recovery programs.

In the past, the Federal Government's commitment to stimulate these promising new technologies and other resource conservation methods has been meager compared to the need. The proposed section 205(c) of the Solid Waste Disposal Act would highlight the importance of demonstration projects and would assure that promising new research is tested on a small scale prior to the application of such research to a major demonstration project. A pilot plant would test these new technologies or methods prior to a major financial investment for a federally funded demonstration project.

It is for these reasons that I want to be certain that this important section for special demonstration projects be earmarked an individual sum of money rather than be included in the general authorization for the bill of $40,000,000 for each of the fiscal years 1978 and 1979. Thus, the EPA will be able to implement this program without competing for funds with hazardous waste control, technical assistance, and other important aspects of the bill, as would be the case without this amendment.

Mr. President, I have shown this amendment to the managers of the bill on the majority and minority side.

Basically, it adds and earmarks funds for pilot plants and demonstration to convert solid wastes to energy and other natural resources that are contained in those solid wastes. It is estimated that mixed wastes from the Nation's urban areas could generate 230 million Btu's of energy—the equivalent of 400,000 barrels of oil per day. In addition to significant energy recovery, there would be a very positive impact upon the environment, by reducing the amount of solid waste that must be disposed. We would not have a sludge disaster on the south-shore Atlantic beaches just east of New York City, we would not have overflowing landfills, et cetera, if we put our garbage to work through new and promising resource recovery technologies.

Additionally, Mr. President, I compliment the chairman of the Committee on Public Works for the great leadership that he has shown in this regard. I think that the Solid Waste Disposal Act and the amendments that we now have before us are tremendously important public policy which should be enacted. I think the architect of this solid waste policy is the Senator from West Virginia, the Chairman of the full Committee on Public Works. He has been resolute in his interest in assuring that this solid waste program is implemented effectively and that we have a program which is not only going to benefit the environment of this country but is also going to enable us to recover valuable energy and materials from these solid wastes.

Mr. STAFFORD. Mr. President, I am prepared to accept the amendment offered by the Senator from California (Mr. TUNNEY) for the minority, so long as I understand that the language in the amendment simply increases funds available for investigation and demonstration of energy recovery, resource conservation, or materials recovery. So long as the funds are available for all of the purposes set out in section 205(c) of the act, I am in agreement with the amendment.

Mr. TUNNEY. That is correct.

Mr. STAFFORD. My understanding of your language is correct? That is as I understand it?

Mr. TUNNEY. That is correct.

Mr. STAFFORD. I thank the Senator. I am prepared to accept the amendment, Mr. President.

Mr. RANDOLPH. Mr. President, the Senator from California (Mr. TUNNEY) has discussed this with Senator STAFFORD and with me. His explanation clarifies the intent of the amendment and I commend the Senator from California for offering it.

I look on the expenditures authorized for this program as investments helping to develop, through a pilot project, technologies which will build a better country. I agree to the amendment offered by my friend.

Mr. TUNNEY. I thank my friend for his statement. I yield back my time.

Mr. RANDOLPH. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

UP AMENDMENT NO. 145

Mr. BEALL. Mr. President, I call up my unprinted amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read as follows:

> The Senator from Maryland (Mr. BEALL), for himself and Mr. MATHIAS, proposes unprinted amendment No. 145.

Mr. BEALL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 8, line 22, after the word "Existing" insert the following: "State,".

Mr. BEALL. Mr. President, the amendment which I offer on behalf of Senator MATHIAS and myself would permit existing State agencies, along with regional and municipal agencies, to be designated to perform areawide planning for solid waste management.

I want to emphasize that our amendment does not in any way affect the designation process outlined in section 207 (c)(1), which gives affected local governments priority in developing regional plans for solid waste management. Rather, our amendment merely permits States which have ongoing solid waste programs to become involved in the areawide planning process if either the local agencies choose not to agree to such a designation or if the local agencies request that the State be the designee.

I think we all recognize that solid waste is not just a disposal problem. It is a management problem. Many States have recognized this situation and have enacted legislation which provides for joint involvement of States and local governments in solid waste planning. It is important that we not place Federal barriers in the way of this necessary and desirable cooperation.

Both the National Governors Conference and the National Conference of State Legislatures have endorsed this amendment. I ask unanimous consent that a letter from Gov. Thomas P. Salmon of Vermont, chairman of the NGC Committee on Natural Resources and Environmental Management, and Ms. Nancie Fadeley, of Oregon, the chairman of the Task Force on Natural Resources of the National Conference of State Legislatures be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., June 28, 1976.

Hon. J. GLENN BEALL, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BEALL: Please be advised that the National Governors' Conference and the National Conference of State Legislatures strongly support the amendment to be cosponsored by you and Senator Mathias to Section 207(c) (E) of S 2150, the Solid Waste Utilization Act of 1976. Because of the States' unique responsibilities and powers and their proximity to the problems of solid waste management, state government must be recognized as the major focal point for planning and action in solid waste management. The Governor of each State should be responsible for the coordination of all planning efforts within a State, whether such planning is undertaken at the state level or delegated by a Governor to agencies he deems appropriate at regional or local levels of government. The flexibility which your amendment would provide would complement and strengthen existing state efforts in planning and implementing effective solid waste management strategies, rather than undermining existing institutional relationships which have been developed within the States.

The National Governors' Conference and the National Conference of State Legislatures urge the Senate to agree to your amendment and to take prompt action on S 2150.

Sincerely,

Thomas P. Salmon,
Governor of Vermont, Chairman, NGC Committee on Natural Resources and Environmental Management.

Nancie Fadeley,
Oregon State Representative, Chairman, Task Force on Natural Resources, National Conference of State Legislatures.

Mr. BEALL. I repeat that this amendment does not seek to place the States in a preeminent position in areas in which planning processes are needed. Localities continue to have "first crack" at the responsibility of areawide planning. However, our amendment gives added flexibility to the bill, and I hope that the distinguished managers of the bill will accept our amendment.

Mr. RANDOLPH. Mr. President, I cannot accept, on behalf of the majority, the amendment offered by the able Senator from Maryland (Mr. Beall). I will discuss it, however, because I think it is important for the Record to show what the role of the State is under section 207(c) of the areawide solid waste management planning provision.

First, the Governor identifies each urban area in a State where he or she believes that areawide planning is appropriate.

Second, the local governments have 180 days in which to designate an areawide agency composed of elected officials. If those officials fail to do so, either because they cannot reach an agreement on the proper agency or because the local governments do not want an areawide solid waste planning agency, then the Governor of the State may designate an areawide local official agency. The Governor also could simply allow the planning for that area to be done by the State under section 207(a). That will be the effect of the Governor's decision not to designate an agency.

It would not be appropriate to allow the Governor to designate a State agency to carry out the areawide solid waste management provisions that are required under section 207(c). The State planning role is defined under section 207(a) and I must oppose the amendment.

Mr. BEALL. Will the Senator yield for a question, just to clear this up?

Mr. RANDOLPH. Yes.

Mr. BEALL. I appreciate the remarks of the distinguished chairman of the committee. I think he does shed additional light on the problem.

Perhaps he can answer two questions for me that might further clarify the matter.

First of all, the concern is that there are no provisions for State initiative if local governments fail to designate a representative organization, and that local agencies are not provided the opportunity of requesting the State to be the designees. So, first of all, in a situation where local governments fail to designate an agency within the 180-day time frame, is it possible for the State to move in and make the area part of its statewide planning process?

Mr. RANDOLPH. Local governments do not need the permission of the Federal Government to do this job.

Mr. BEALL. Yes. But my question is if the local governments do not designate an agency within the 180-day time frame, what action can the State take to assure solid waste management planning?

Mr. RANDOLPH. The Governor, of course, can act.

Mr. BEALL. He can act by moving in and making the area part of its statewide solid waste management process?

Mr. RANDOLPH. That is correct.

Mr. BEALL. Secondly, if the local government decides to act within the 180-day time frame, can the local government or does the local government have the right to request, if it so desires, that the State be the area's designee for solid waste management under this section?

Mr. RANDOLPH. Yes, absolutely.

Mr. BEALL. Fine.

Well, I think then the committee's intent is clear and I do not think there is any conflict between what the States might have in mind. I appreciate the answers.

Mr. RANDOLPH. It is helpful to have this discussion.

I believe our able colleague, Senator Domenici, would want to add to the colloquy.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me for a unanimous-consent request?

Mr. DOMENICI. I yield.

ORDER FOR A 10-MINUTE ROLLCALL VOTE ON FINAL PASSAGE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the rollcall vote on final passage of this bill be limited to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I think my explanation of this might further clarify the Governor's role. This was put in at my request.

While the Governor is concerned, on the one hand, the mayors, county commissioners and others are very concerned; since this is a local problem principally, and a regional problem more times than that, they should be very much involved in the plan.

So I think it is important that the Governors understand that they do not have to make the local designation at all unless they initially choose to determine that there are local problems of a special type, and then this section comes into play, and the local unit of government, as described in the bill, must play the lead role.

So Governors can look at it very carefully. If they identify no special local problem, they can proceed with a State plan. But if they find a major city has it and only it needs the plan, or only two cities, then it brings this provision in of requiring that he initiate the process by and through them.

Mr. BEALL. I appreciate the remarks of the distinguished Senator from New Mexico. I think his remarks, coupled with those by the distinguished chairman of the committee, clear up the questions that I had with regard to the issue.

Our only concern was that jurisdictional disputes or jealousies between various levels of government not become the reason for inaction in taking care of a very serious problem.

I think the Senator has cleared up the fact that when one area, one level of government, fails to act, the other can step in and take action so the interest of the public can be taken care of.

So, Mr. President, with those assurances from the chairman and the Senator from New Mexico as to the points raised by the bill, I withdraw my amendment.

The PRESIDING OFFICER. The Senator's amendment is withdrawn.

The bill is open for further amendment.

Mr. STAFFORD. Mr. President, I yield 5 minutes on the bill to the Senator from New Mexico (Mr. Domenici).

Mr. DOMENICI. Mr. President, I do not think I need much time. I believe the distinguished chairman of the committee and I have discussed at length the provisions of this bill as they may or may not apply to mining operations in that there may be some inference in this bill that this Solid Waste Act might cover mining operations. I would ask the good chairman of the committee if he has responses to the five questions that I have proposed.

Mr. RANDOLPH. Yes, I have and will be pleased to discuss this subject with the able Senator from New Mexico.

Mr. DOMENICI. I would like to clear up one minor point, for the Record. As I understand it, the bill under consideration would establish a new definition of "solid waste." The new definition includes "discarded material . . . resulting from industrial, commercial, mining, and agricultural operations . . ." Is that correct?

Mr. RANDOLPH. Yes, that is the definition in the bill.

Mr. DOMENICI. In addition, section 209(a)(3) provides that the Environmental Protection Agency shall "develop and publish suggested guidelines * * * to provide minimum criteria to be used by the States to define those solid waste management practices which constitute the open dumping of solid waste." Then the open dumping of such wastes is prohibited by section 211.

My concern is that, taking these sections together, they could have a significant impact on mining operations, including the regulation of strip mining. Of course, as the bill stands, only "suggested guidelines" are provided for in this area, and it is true that in recent years the trend has been away from Federal involvement in solid waste management. But trends change, and "suggested guidelines" have a way of becoming "guidelines," and then "regulations," and I wonder if the chairman would confirm for me that this bill is aimed at the disposal of municipal and industrial wastes, and not at the regulation of mining.

Mr. RANDOLPH. The bill definitely is directed at the disposal of municipal and industrial wastes. That is especially true of section 211, the ban on open dumping. There is nothing in this bill to regulate mining.

Mr. DOMENICI. In Utah, for example, Kennecott Copper mines low-grade copper ore in Bingham Canyon. The process is simple. Millions of tons of overburden are simply dug up and dumped over the side of the mountain. I want to be sure that this bill would not reach that type of activity.

Mr. RANDOLPH. Mining activity of the kind you describe would never be regulated under this bill.

Mr. DOMENICI. It may be very desirable to regulate mining, especially strip mining, and the chairman has had a good deal of experience with strip mining in his State, I know, but I do not feel that it is good practice to regulate strip mining in a solid waste bill. Could the chairman explain how this bill would affect mining?

Mr. RANDOLPH. Under the existing Solid Waste Disposal Act, all mining wastes are under the jurisdiction of the Secretary of the Interior.

This measure does not affect the authority of the Secretary of Interior with respect to mining activities and solid wastes resulting from those activities. A study of mining waste problems is authorized as an amendment to section 204. This is to be undertaken by the Secretary of the Interior, in consultation with the Environmental Protection Agency.

The measure would not affect surface mining activities. Reclamation is not solid waste disposal.

Mr. DOMENICI. In the committee report, I notice some language which says that this section of the bill "is intended to deal primarily with municipal and industrial disposal practices. In drafting the criteria for defining open dumping under section 209(a) (3), the Administrator should address such disposal before addressing agricultural or mining waste management practices." Does this last sentence contemplate a time when EPA should address agricultural and mining practices? When does the chairman think EPA will get around to agriculture and mining?

Would it not be wise to hesitate before introducing EPA to such a broad area, with so many complications?

Mr. RANDOLPH. I do not believe that the agency will publish section 209(a) (3) guidelines until after this bill's authorizations expire, and the program is again before the Congress. Under section 209 (d) of the bill, any guidelines must be submitted to the committee before being published. We would therefore have an opportunity to review any guidelines which may be proposed on agricultural or mining wastes.

Mr. DOMENICI. Mr. President, S. 3622 has been through 2 years of labor pangs and it is with a mixture of pride and relief that I rise in support of this bill. Ironically, my pride in this bill derives from both what the bill seeks to do, and, also, from what it wisely refrains from attempting. On the positive side, S. 3622 provides assistance for resource recovery, helps States and localities in their planning efforts, and regulates the disposal of hazardous wastes. For my own part, I have emphasized the need for the Nation to begin to look seriously at the possibilities of recovering both materials and energy from our growing solid waste stream. Less than 1 percent of the energy and materials available from municipal solid wastes are being recovered today. Our present municipal waste stream, which will grow to 200 million tons by 1985, contains 7 percent of the Nation's iron, 8 percent of the aluminum, 19 percent of the tin, and 14 percent of the paper. Failure to avail ourselves of these resources represents a national tragedy. Moreover, we could save 400,000 barrels of oil per day by transforming the wastes of our larger urban areas to energy. There is also emerging technology to recover energy from crops, animal wastes, sludges, and forestry residues, all of which must be pursued.

However, we are not faced with a question strictly of technology. Available techniques often go unused. Hostile market forces work against resource recovery. To help alleviate these problems, I offered three concrete suggestions which have found their way into the final bill. First, EPA has been given authority and funding to provide technical assistance teams to municipalities who are eager, but lack the expertise, to engage in resource recovery programs. Second, to insure that such municipal resource recovery efforts are part of a systematic effort on the part of local officials to address their overall solid waste disposal problems, local officials are given the lead role in areawide planning. And third, to provide a more favorable economic climate for recycled materials, the present bill gives recycled and secondary materials a preference in Government procurement practices.

As I noted earlier, I am as proud of this bill's restraint as for its content.

The committee realized early in its deliberations that the answers to the Nation's mounting solid waste problems are simply not at hand. Accordingly, the committee was careful to insure that the Federal role in this bill did not hinder or constrain ongoing efforts by local governments or private industry. I see this bill as fostering a multipronged approach to our problems; one that encourages experimentation, and technical and cooperative solutions without an undue Federal regulatory presence.

In giving the Federal Government a low profile, this bill refuses to follow the pattern set by the Clean Air and Water Pollution Control Acts which emphasized a strong Federal regulatory role. Both acts have brought us major improvements in the quality of the environment. But I believe even their staunchest defenders would admit that they have generated intense industry, and in some cases, local opposition.

There is growing sentiment among many commentators that other options need to be explored. The most frequently suggested alternative is a marketplace strategy that imposes charges on industry for its use of free resources such as air, water, and land for disposing of its byproducts. Under such a taxing strategy, the marketplace, rather than Federal bureaucrats gives industry its signals.

I do not wish to claim such a charge strategy represents a panacea for our solid waste problems. I do, however, believe it merits careful scrutiny by the Public Works Committee in the near future. Against this background, I see S. 3622 as an interim step in solving the Nation's solid waste problems; a step which fosters experimentation and continued technical advances while we search for more permanent solutions. And among the possible permanent solutions, I see an economic charge system as being in the forefront.

Mr. President, just a couple of more minutes on the time of the Senator from Vermont.

I would just like to say this: The bill is a good bill both because of what it does and what it does not do. I think it has two kinds of fine qualities about it. I think a couple of years ago if this bill had been brought to the floor, it would have had a huge new categorical grant program directed at every city, every small county, every city under 5,000 population, and the States would have been involved in some major programs, all of which would have been directed at better planning for solid wastes and directed at trying to convert our solid waste to something usable.

Mr. President, it is obvious that we have learned from the lessons of the past. No matter how much we try in this area, we are just not going to solve the solid waste problems by huge new categorical grant programs. The marketplace is inherently involved in this problem, and this bill is small in the sense that it gets planning money; it has technical teams to kind of accelerate the technology of conversion of solid wastes, and it basically puts the problem of planning for solid waste disposal and demonstration programs for the conversion of the solid wastes at the local levels in the hands of local officials.

We still have the very basic, inherent problem that the marketplace and the tax system in this country worked against the use of solid waste and reuse of it and the lessening of the use of virgin resources, which merely makes the problem more and more difficult.

We could not address those in this bill, and I think we very prudently, as a result, made the bill a far lesser one than we would have a couple of years ago when we thought we could solve these kinds of problems with huge guidelines, categorical grant programs of all types.

So, as one who worked on it, I am proud of what it does and also proud of what we tried to leave out of it, understanding that we could not solve some of the problems out there in the field without the marketplace, the local community, and an understanding on the part of our constituents that conservation required that we convert solid waste and use less in the years to come.

I thank the Senator from Vermont for yielding me time.

The PRESIDING OFFICER. Is all time yielded back? The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. RANDOLPH. Mr. President, I express appreciation to all the members of the Senate Public Works Committee for the diligence, the objectivity and, I think, the fairness with which they have approached this problem for 2 years within the committee.

There were differences of opinion within the committee. Those differences, in degree, were expressed in the vote on the Hatfield amendment earlier today. The commitment of the members of your Public Works Committee has been very real. We will now vote, and we will give to the country, if we can have the endorsement of the House and the signature of the President, another piece of landmark legislation. It will take its place with the programs we have brought forward for control of air pollution and the programs for the control of water pollution. We have been very affirmative in this legislation as we approach a vote.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. MUSKIE. Mr. President, I would like to express my personal appreciation to the chairman of the committee and floor manager of the bill, Senator RANDOLPH, for his persistence, diligence, and the leadership for the past 2 years in bringing this bill to the floor of the Senate. It fell within the jurisdiction of the Environmental Subcommittee, but I was caught up in the clean air legislation and other responsibilities, and Senator RANDOLPH took over the load.

This legislation started out with some rather big ideas and objectives, as the Senator from New Mexico has pointed out, 2 years ago, and to bring the bill to the floor in the form it has taken and, given the differences of opinion, I think is a tribute to Senator Randolph's leadership, and I give him my support for this and my compliments.

Mr. RANDOLPH. I am appreciative of the Senator's remarks.

Mr. STEVENS. Mr. President, will the Senator yield for one question? Is this under controlled time?

The PRESIDING OFFICER. Yes; time is under control.

Mr. STAFFORD. Mr. President, I yield 2 minutes on the bill to the Senator from Alaska.

Mr. STEVENS. Mr. President, I have supported the concept of the Clean Water Act and of this type of act. But I am a little worried about the problem of arbitrary deadlines and timeframes as they apply to areas such as mine.

I see the city of Anchorage trying to struggle under the secondary treatment concept when the quality of receiving waters will not be improved, in any way by, such a treatment process. I wonder if one of the two managers of the bill will answer a question for me.

The question is: What will be the impact legislation on the current EPA program with regard to clean water and the effluent from mills such as our pulpmills? I am sure the Senator from Maine is familiar with our problems with regard to those pulpmills. I read one section where it is defining "hazardous waste" in terms of its impact upon other organisms, for instance, other than human beings.

I am referring to section 15 on page 54.

Is this going to increase the burden of those mills already struggling to stay alive as far as the EPA processes are concerned?

Mr. RANDOLPH. I say to the able Senator from Alaska that I think the legislation has the flexibility that is necessary in reference to the problems raised by our colleague. In addressing the hazardous waste disposal program, the bill is concerned with those hazardous substances the disposal of which are likely to be harmful to the public health or environment. The implications are widespread. The primary concern is with the impact of hazardous waste on people. But there also can be serious adverse effects on plant and animal life in general.

The term "other organisms" includes animal and plant life which is a key part of the food chain or otherwise of importance in ecological systems. It is not intended to provide protection for disease-causing organisms. Nor should the Agency use its authority over hazardous wastes to go after trivial problems, wastes which affect only a few organisms unimportant to man. The committee report on this bill states that—

> The administrator should concentrate on those hazardous wastes which pose the greatest threat to public health.

The hazardous waste provisions of this bill are not intended to protect "every single living organism." If the Agency properly follows the intent of the bill, there will be much to do in controlling hazardous wastes which are truly public health and environmental problems.

I believe there is flexibility. I do not believe there is a time problem that the Senator from Alaska should fear in connection with this bill.

Mr. STEVENS. I thank the Senator from West Virginia.

I think that clarifies the matter as far as I am concerned. I am happy to support the bill with the thought that it is going to improve the situation without becoming burdensome on those areas where there are difficult problems. For instance, the effluent from some of our mills has been considered to be an improvement for the food chain of the plant life, which in turn is the food chain for fisheries. Yet, currently, there seems to be myopia as far as the EPA is concerned in that regard.

I am glad to have the Senator's clarification. I thank the Senator.

Mr. RANDOLPH. The Senator adds to the information.

Mr. STAFFORD. Mr. President, I am about to yield back such time as I may still have.

But before that, I want to state again that I have enjoyed working with the distinguished chairman of the committee on this bill. His leadership has been outstanding during the last 2 years. The whole committee, in the spirit of getting things done and compromise, has worked hard to produce the bill which I am sure the Senate will give a resounding vote of confidence to today.

At this point, I am prepared to yield back the time of the minority.

Mr. RANDOLPH. Mr. President, it is not a pleasantry when I commend my colleague from Vermont (Mr. STAFFORD).

He and I disagreed on the Hatfield amendment.

There has been within the committee a working of the minds and hearts based on the information we had, in arriving at the decisions which we, as a committee, brought to the floor.

We gave the opportunity for amendments to be offered. We believed that if we could strengthen the bill, it would be done by the Senate itself.

I always want the Senator from Vermont to know that day by day as he works within the Committee on Public Works that his advice, his counsel, and always his fairness, and, of course, his integrity are valued.

I thank the Senator very much for his kind words in reference to the work that I have done in connection with these matters.

Mr. President, I yield back the remainder of my time.

Mr. DOLE. Mr. President, the legislation under consideration on the Senate floor today makes several substantive changes in the Solid Waste Disposal Act of 1965. I do believe that this is generally a good piece of legislation and am prepared to add my support to the committee's recommendations for controlling hazardous and other solid wastes.

In essence, the bill strengthens Federal incentives for State and local control of hazardous waste disposal and open dumping of solid waste materials. At the same time, it enhances the incentive for local resource conservation and recovery while encouraging regional and State solid waste management planning. Perhaps one of the most valuable facets of this proposal is its emphasis on State and local responsibility for both the planning and implementation of solid waste control. I believe that this Nation's experience to date with the operation of air and water pollution control programs has adequately demonstrated the benefits of local, as opposed to Federal, standards and procedures. Necessary provisions for Federal incentives and financial assistance are provided within the solid waste management bill, but operation of permit programs and distribution of grant assistance is to be handled through State governments. Furthermore, there is nothing in this proposal to prevent States and localities from enforcing requirements even more stringent than those contained within this bill.

As a matter of fact, the State of Kansas has had a similar solid waste management program of its own in effect for several years now. It is my understanding that today, June 30, 1976, is a target date of compliance for solid waste management in every county throughout the State of Kansas. It is to the credit of our State and its capable board of health and environment that Kansas is "one step ahead of the Federal Government" in mandating the effective control of solid and hazardous waste disposal.

In addition, the bill provides for the extension of valuable research and implementation grant authorizations, totaling $35 million. This assistance should prove adequate for development of a comprehensive solid waste control program for fiscal year 1977.

BEVERAGE CONTAINER ISSUE

A separate amendment is being offered on the floor today which would ultimately ban the sale and use of "nonreturnable" beverage containers. The amendment appears to be addressed more toward the problem of litter in America, than directly toward the matter of solid waste management. Yet, beverage containers represent only one small aspect of the total litter problem facing our country. Most surveys indicate that beverage containers comprise less than 20 percent of roadside litter. And, in terms of the total volume of muncipal solid waste, glass and metal beverage containers are estimated to represent only about 5 percent of the total volume.

There is some evidence that bottle-control legislation already in effect in some individual States has proven effective in controlling throwaway litter. While this may be true, that evidence seems to support just as strongly those arguments for allowing the individual States to exercise their own discretion in weighing relative costs and benefits for such local control.

In addition, serious questions have been raised about the potential impact of such Federal control on employment within those industries either directly or indirectly related to the manufacture of beverage containers. Certainly, the aluminum and steel industries, brewing industries, and even some milling industries would likely feel the immediate effects of legislation outlawing the use of nonreturnable beverage containers. Besides impacting directly on jobs, there would undoubtedly be ultimate forfeiture of capital investments already made by industry. During 1975, the U.S. Department of Commerce issued a report suggesting that a total ban on nonreturnables would require the expenditure of from $2 billion to $3 billion on new equipment for plant and equipment conversion to all-refillable containers. That same staff study, prepared by the Bureau of Domestic Commerce, concluded that litter control should be pursued by State and local agencies and that "National legislation specific to beverage containers should not be enacted."

For these reasons, I would prefer to leave the decision to the individual States and localities as to whether or not programs to control nonreturnable containers should be implemented, and how this should be done. This legislation as a whole, I believe, does provide the general incentive necessary to motivate to action those States where adequate litter and solid waste management programs are not already effective. It should do no more. States such as Kansas have already proven their willingness and their capability to effectively regulate solid waste disposal. Other States should be encouraged to follow suit with a minimum amount of Federal interference.

Mr. BAKER. Mr. President, the bill contains two provisions adopted by the committee on my motion.

Section 209(d) requires the Administrator of the Environmental Protection Agency to notify the appropriate House and Senate committees before publishing solid waste management guidelines or information. This should permit the committee to express its views on the consistency of such material with congressional intent. I am not sure that such a procedure would have avoided the most difficult problems of the recent past. I hope that it will encourage care and attention by the Agency and the committees which will result in better decisions.

Section 209(e) prohibits EPA officers and employees from lobbying before State or local bodies for particular solid waste management policies. The committee heard of instances in the past when EPA employees actively lobbied for State or local laws requiring beverage containers deposits.

The provision is limited in its application. It is directed to activities of employees acting in their official capacity. It in no way inhibits the Administrator or other EPA officials from initiating or presenting Agency positions to Congress or within the administration. It places no restraint on encouragement of private, voluntary conservation strategies. Finally, it is not intended in any way to hinder EPA in providing technical assistance and advice to States and municipalities on request.

We have been told by EPA officials that the prohibited activities are no longer taking place and that the Agency has no intention of lobbing for any particular approach to solid waste management. In this respect section 209(e) merely recognizes and approves present Agency policy. The section should also be viewed as discouraging any repetition of past practices.

It may be appropriate to use an EPA memorandum to illustrate the grounds for the committee's concern. A directive of March 1975 from the Administrator authorizes EPA employees to testify as Agency representatives before State and local bodies on the beverage container issue. It directs that the essence of the testimony should be the "EPA position" as described in the memorandum. That position is as follows:

> The Agency favors a nationwide mandatory deposit measure for beverage containers provided that the implementation of the measure is phased in over a number of years and is so designed as to minimize economic and employment impacts. Ideally, such legislation should be national. However, state-level legislation, based on the experience in Oregon and Vermont, also appears to be effective in achieving the benefits. State legislation, however, should be designed with time-phasing provisions and should provide for automatic modification in the event that national legislation is passed. Below the state-level ordinances requiring mandatory container deposits would probably be effective in large regions, countries or metropolitan areas. Not enough experience has been acquired to state whether local ordinances for smaller communities would be effective.

This is clear advocacy of a nationwide mandatory deposit measure for beverage containers, which the Agency is entitled to represent as its view before the Congress. I should think it difficult, however, for any Agency personnel to avoid giving the impression that the Agency advocates similar State legislation and local ordinances.

I do not know whether the March 1975 memorandum remains the current policy of EPA. It does, however, illustrate the care which needs to be exercised by the Agency in confining its role to one of adviser and technical assistant, not public advocate.

Mr. President, I ask unanimous consent that the memorandum entitled "Testimony/Official Correspondence on the Beverage Container Issue at the State and Local Level," be inserted at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

[From the U.S. Environmental Protection Agency, Washington, D.C., March 19, 1975]

MEMORANDUM

Subject: Testimony/Official Correspondence on the Beverage Container Issue at the State and Local Level.

From: Russell E. Train.

To: Assistant Administrators, Regional Administrators, Office Directors.

In light of increased activity at the State and local level to consider legislation or ordinances to control beverage container distribution, I would like to reiterate the Agency policy on this issue and to lay down some groundrules for giving testimony before State and local bodies on this subject. This memorandum will supersede the guidance you were given in a memorandum on this subject from the Office of Solid Waste Management Programs dated May 13, 1974 (attached).

Background. The Agency has examined the merits of controlling beverage container distribution through the imposition of a nationwide mandatory deposit system for beer and soft drink containers. We have found that substantial incremental resource savings, waste generation reduction, litter avoidance, energy savings, and incremental reductions in pollution are likely to result from a mandatory deposit system.

The expected shifts in beverage container distribution—from non-refillable to refillable containers—that should result from a mandatory deposit measure are extremely difficult to predict. Such shifts could well be different for beer as compared with soft drinks, region to region, and in highly urbanized as opposed to less densely populated areas within a region.

Packaging industry, beverage producer, and retail industry reactions and adaptations to such new requirements are expected to be varied. Most likely, there would be a downturn in beverage distribution in cans and increased distribution in refillable glass containers initially and, later, possibly in other types of refillable packaging. Cans would continue to be used, possibly more in the beer than the soft drink sector, but the can share of the market would drop. There is a good likelihood that centralized reclamation centers would spring up in urban areas to receive cans or other non-refillable containers returned as a consequence of the deposit requirement. From such centers, these containers would then be returned to recycling channels.

Because of the uncertainties associated with the precise impact of a deposit (the range of possibilities extends from no change on the one hand to the total elimination of cans and "throw-away" bottles on the other), most impact forecasting, by EPA and others, has assumed an "extreme" scenario in order to identify the maximum extent of both benefits and costs, i.e., a system in which 90% of all beverage units are delivered in refillable containers, each making 10 trips. This would amount to the virtual elimination of cans and throw-away bottles.

Under this extreme assumption, adverse economic and employment impacts can be foreseen. For example, the imposition of a deposit could lead to the elimination of 60,400 skilled jobs nationally, primarily in the container manufacturing industries. This would be offset by a gain of 60,800 jobs of lower skill classification and pay, primarily in the retail and distribution sectors of the economy.

Again, under the extreme assumption, facilities now dedicated to the production, storage, and distribution of one-way containers would become obsolete and would have to be replaced. Based on 1969 data in an industry-sponsored study, losses would be $1.3 billion, new investments $1.2 billion, assuming no down-turn in sales. More recently an unsubstantiated industry estimate has placed "conversion costs" at $5 billion over a ten year period. Tax revenues may drop at all levels of government on an interim basis as losses are written off.

Not surprisingly, considerable opposition to deposit legislation has been voiced by affected industrial and labor interests, who argue that product regulation is a more costly and less effective way to achieve the benefits of legislation than municipal waste recycling after consumer discard of a one-way container.

The "extreme" scenario is unlikely to take place if the deposit measure is phased in over some period of time to allow gradual transition from an existing to a future equilibrium. Employment impacts will be mitigated or avoided by allowing normal attrition and growth in other container sectors and industries to absorb the impact of a gradual decline in can production, for instance. Capital losses can be similarly minimized if time is allowed for amortization of current investments over a period of years.

While time phasing mitigates costs, it also lowers the benefits. Under the "extreme" assumption, significant (60 to 95%) reductions in container litter are likely. Total solid waste generation is likely to decline by 5 to 6 million tons. Energy savings of approximately 194 trillion BTU's annually (equivalent to 92,000 barrels of oil per day) would result. There would also be, still under this assumption, material savings. The costs of beverages for the consumer should decline in the long run. For instance, the 1969 industry study cited total beverage and retail industry cost savings (due primarily to lower container cost and lower employment costs) to be $37 million in the second and succeeding years (over against a $248 million loss in the first year). These data assume an 8% sales reduction (which is extremely unlikely) and a trippage rate of 8 in a 100% refillable market.

A time-phased approach to implementation would lower the benefits identified above. But a gradual transition appears to be the best way to achieve the most practical level of benefit at least cost.

John Quarles testified to this effect on May 7, 1974 before the Senate Commerce Committee's Subcommittee on the Environment. S. 2062, popularly known as the Hatfield bill (essentially the application of the Oregon mandatory deposit measure nationwide) was the occasion of John's comments. During the hearings, the Committee requested that EPA provide more detailed analysis of a phase-in approach. Such an analysis is presently underway and is expected to be finished by June 30, 1975.

EPA Position. The Agency favors a nationwide mandatory deposit measure for beverage containers provided that the implementation of the measure is phased in over a number of years and is so designed as to minimize economic and employment impacts. Ideally, such legislation should be national. However, state-level legislation, based on the experience in Oregon and Vermont, also appears to be effective in achieving the benefits. State legislation, however, should also be designed with time-phasing provisions and should provide for automatic modification in the event that national legislation is passed. Below the state level, ordinances requiring mandatory container deposits would probably be effective in large regions, counties or metropolitan areas. Not enough experience has been acquired to state whether local ordinances for smaller communities would be effective.

Testimony/Official Correspondence by EPA Employees. EPA employees may testify as EPA representatives, upon invitation, before appropriate state and local bodies on this issue. The essence of the testimony should be that reflected in the "EPA position" and "background" sections of this memorandum. Technical assistance in the preparation of testimony may be obtained from the Office of Solid Waste Management Programs. All testimony must be written. It must also be cleared in advance by the Assistant Administrator for Air and Waste Management.

Testimony related to specific state legislative proposals or local ordinances must contain the following statement:

"I am appearing here today to present and discuss the analysis done by and for EPA which has led the Agency to endorse the concept of national mandatory deposit legislation provided there is an appropriate phase-in to minimize employment and other economic dislocations. Our analysis should be useful to you in your consideration of possible State/local legislation.

"EPA does not oppose appropriate State or local deposit legislation which is phased in to minimize economic dislocations and which contains provisions anticipating possible national legislation. However, neither does EPA advocate State or local deposit legislation or endorse any specific piece or type of such legislation."

This guidance should also be applied in cases where EPA officials are answering correspondence, particularly from State or local agencies/officials, concerning such legislation, and when otherwise appropriate.

AN IMPORTANT FIRST STEP ON RESOURCE RECOVERY UNDER THE SOLID WASTE UTILIZATION ACT OF 1976

Mr. HUMPHREY. Mr. President, Senator RANDOLPH and the entire Public Works Committee are to be congratulated for drafting the Solid Waste Utilization Act of 1976, S. 3622. This legislation will provide a most significant upgrading in Federal efforts to both conserving energy and to deter degradation of our environment.

This legislation provides:

Federal funding for the development and administration of solid waste management and recovery programs by States and localities;

Federal funding for the development and enforcement of State programs to control hazardous wastes;

For the establishment of areawide planning processes for solid waste, hazardous waste, and resource recovery management;

For the establishment of flexible national and local guidelines for the management of solid and hazardous wastes;

For the phaseout of open dumping solid waste management practices;

For immediate judicial review of solid or hazardous waste disposal practices which constitute an imminent health hazard;

For fines of up to $25,000 per day for violating waste disposal regulations;

For a guarantee of a citizen's right to institute suits when violations of waste disposal regulations occur;

For up to $150 million in loans for the construction of demonstration facilities designed to utilize recycled solid wastes;

For the greater use of recycled or recovered resources by the Federal Government;

Guidelines covering the use of Federal lands as waste or hazardous material disposal sites; and

For the establishment of a resource conservation committee to evaluate the impact on resource conservation of a variety of Federal fiscal incentives or disincentives.

This bill is comprehensive. It will, for the first time, establish a sound national solid waste recovery policy with financial support to match. And, I am delighted to say, it reflects in part the intent of S. 2439, which I introduced last October as the Municipal Solid Waste Recovery Act of 1975. S. 2439 required the Environmental Protection Agency to assess the economic feasibility of solid waste recovery facilities for each large metropolitan area.

The legislation before us today achieves similar intent in requiring the EPA to establish areawide planning bodies to assess and coordinate solid waste management programs.

S. 2439, however, contained another provision providing construction grants for municipal waste recovery systems. The Public Works Committee went partway toward acceptance of this provision; they approved a loan guarantee program for users of material recovered from solid wastes—an indirect stimulus to waste recovery systems.

While the committee's concern for meeting the budget ceiling dictated a loan guarantee approach, I intend, next session, to press for a solid waste recovery construction grant program. That is the most effective and direct method, to my mind, to stimulate large scale utilization of solid wastes. Let me, Mr. President, remind my colleagues that the EPA estimates savings of 500,000 barrels of oil daily from the recovery of solid wastes in just the largest metropolitan areas. That is 1 of every 12 barrels we now import, and a conservation step we must take as soon as possible. S. 3622 is an important first step—but additional steps are necessary, including the provision of construction grants for municipalities.

The PRESIDING OFFICER. All time has been yielded back. The question is: Shall the bill pass? The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. LONG), the Senator from Montana (Mr. MANSFIELD), the Senator from

Arkansas (Mr. McCLELLAN), and the Senator from Missouri (Mr. SYMINGTON), are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The result was announced—yeas 88, nays 3, as follows:

[Rollcall Vote No. 366 Leg.]

YEAS—88

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Magnuson
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—3

Helms
McClure
Scott, William L.

NOT VOTING—9

Buckley
Cranston
Eastland
Goldwater
Gravel
Long
Mansfield
McClellan
Symington

So the bill (S. 2150), as amended, was passed, as follows:

S. 2150

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Solid Waste Utilization Act of 1976".

SEC. 2. Section 207 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended to read as follows:

"PROGRAM AND IMPLEMENTATION GRANTS

"SEC. 207. (a) STATE PROGRAM GRANTS.—(1) The Administrator shall provide financial assistance to each State to (A) assist such State in developing a State solid waste management plan; (B) assist such State in administering a program for solid waste management, resource recovery; and resource conservation, and programs to provide technical assistance and management advice to municipalities and intermunicipal agencies; and (C) develop, implement, operate, and enforce a State program for the control of hazardous waste pursuant to subsection 212 (c) of this Act. The Governor shall designate, in accordance with State law, the solid waste management agency for the State which shall be the recipient of assistance under this subsection.

"(2) (A) Financial assistance shall be provided to any State under this subsection on condition that such State submit within a reasonable time after the enactment of this section and before July 1 of each year thereafter a summary report of the current status of the State solid waste management, resource recovery, and resource conversation, and hazardous waste management plans and programs, and, for the review of the Administrator, the proposed program of such State for the use of such financial assistance.

"(B) Any solid waste management plan or program assisted under this subsection shall include or establish adequate authorities and programs (i) to carry out a continuous comprehensive and coordinated planning process carried out by State and local governments in cooperation with each other to assure the consistency of local and areawide plans with the State solid waste management plan developed pursuant to this subsection; (ii) to identify those activities which will be carried out by the designated State solid waste management agency; (iii) to implement section 211 of this Act; (iv) to enforce the prohibition on open dumping pursuant to section 211; and (v) to establish, for any municipality or State agency which demonstrates that it has considered other public or private alternatives for solid waste management to comply with the prohibition on open dumping and is unable to utilize such alternatives to so comply, a timetable or schedule for compliance for such municipality or State agency which specifies a schedule of remedial measures, including an enforceable sequence of actions or operations, leading to compliance with the prohibition on open dumping of solid waste within a reasonable time.

"(3) Financial assistance under this Act shall not be provided, to or in, any State (A) which does not comply with paragraph (2) (B) (iii), (iv), and (v) of this subsection; (B) which, beginning in the third full fiscal year after the enactment of this section, (i) does not have a State solid waste management plan consistent with the purpose of this Act, or (ii) has not been authorized to implement a program for the control of hazardous waste disposal pursuant to subsection 212(c) of this Act, or filed a letter of intent from the Governor to submit such a program within two additional years; or (C) has not complied with subsection (c) of this section.

"(4) The sums appropriated in any fiscal year shall be allotted by the Administrator among the States 80 per centum in the ratio that the population in each State bears to the population in all of the States, and 10 per centum in the ratio that the population of counties in each State having less than twenty persons per square mile bears to the total population of such counties in all the States: *Provided,* That no State shall receive less than one-half of 1 per centum of the sums appropriated in any fiscal year. From the balance of the sums appropriated in any fiscal year the Administrator shall make allotments among the States on the basis of the progress made and the effectiveness demonstrated by States in developing solid waste management, resource recovery, and resource conservation plans, administering programs for solid waste management and developing and implementing programs for the control of hazardous waste disposal, taking into account the extent of solid waste management problems in the various States.

"(5) No State shall receive any assistance under this subsection during any fiscal year when its expenditures of non-Federal funds for other than nonrecurrent expenditures for solid waste management programs will be less than its expenditures were for such programs during the preceding fiscal year, except that such funds may be reduced by an amount equal to their proportionate share of any general reduction in State spending ordered by the Governor or Legislature of such State; and no State shall receive any assistance under this subsection unless the Administrator is satisfied that such assistance will be so used as to supplement and, to the extent practicable, increase the level of State, local, or other non-Federal funds that would in the absence of such assistance be made available for such program, and will in no event supplant such State, local, or other non-Federal funds.

"(b) IMPLEMENTATION GRANTS.—(1) The Administrator is authorized to provide financial assistance to States, counties, municipalities, and intermunicipal agencies and State or local public solid waste management authorities for implementation of programs to provide solid waste management, resource recovery, and resource conservation services and hazardous waste management. Such assistance shall include assistance for facility planning and feasibility studies; expert consultation; surveys and analyses of market needs; marketing of recovered resources; technology assessments; legal expenses; construction feasibility studies; source separation projects; and fiscal or economic investigations or studies; but such assistance shall not include any other element of construction, or any acquisition of land or interest in land, or any subsidy for the price of recovered resources. Agencies assisted under this subsection shall consider existing solid waste management and hazardous waste management services and facilities as well as facilities proposed for construction.

"(2) An applicant for financial assistance under this subsection must agree to comply with respect to the project or program assisted with the applicable requirements of sections 211 and 212 of this Act and apply applicable solid waste management practices, methods, and levels of control consistent with any guidelines published pursuant to section 209(a) of this Act. Assistance under this subsection shall be available only for programs certified by the State to be consistent with any applicable State or areawide solid waste management plan or program.

"(c) (1) AREAWIDE PLANNING.—For the purpose of encouraging and facilitating the development and implementation of an areawide planning process for solid waste management, hazardous waste management, and systems for resource recovery and resource conservation:

"(A) The Administrator, within one hundred and eighty days after the date of enactment of the Solid Waste Utilization Act of 1976 and after consultation with appropriate Federal, State, and local authorities, shall by regulation publish guidelines for the identification of those areas which have common solid waste management problems and are appropriate units for planning areawide solid waste management services.

"(B) The Governor of each State, within one hundred and twenty days after publication of the guidelines issued pursuant to subparagraph (A) of this paragraph, shall identify each area within the State which as a result of urban concentrations, geographic conditions, markets or other factors, is appropriate for planning areawide solid waste management services. Not later than one hundred and eighty days following such identification a single representative organization, including elected officials from local governments or their designees, capable of developing effective areawide solid waste management plans for such area shall be designated by agreement of the local governments in an affected area. The Governor may in the same manner at any later time identify any additional area (or modification of an existing area) for which he determines areawide solid waste management planning to be appropriate.

"(C) With respect to any area which, pursuant to the guidelines published under subparagraph (A) of this paragraph, is located in two or more States, the Governors of the respective States shall consult and cooperate in carrying out the provisions of subparagraph (B), with a view toward designating the boundaries of the interstate area having common solid-waste management problems and for which areawide solid-waste management planning would be most effective.

"(D) If a designation under subparagraph (B) of this paragraph is not made by agreement within the time required by such paragraph, the Governor may designate (i) the boundaries for such an area, and (ii) a single representative organization including elected officials from such local governments, or their designees, capable of developing an areawide solid-waste management plan for such area.

"(E) Existing regional and municipal agencies may be designated under subparagraphs (B) and (D) of this paragraph. Where feasible, designation of the agency for the affected area designated under section 208 of the Federal Water Pollution Control Act (86 Stat. 839) be considered.

"(F) Designations under this paragragh shall be subject to the approval of the Administrator.

"(2) Not later than one year after the date of designation, any organization or agency designated under this section shall have in operation a continuing areawide planning process for solid waste management, hazardous waste management, and systems for resource recovery and resource conservation. The initial plan prepared in accordance with such process shall be certified by the Governor as consistent with the overall State solid waste management plan developed under subsection (a) of this section and shall be consistent with sections 211 and 212 of this Act. The planning process assisted under this subsection shall take into consideration all existing and planned public and private solid waste management services and facilities. Any plan prepared under such process shall include, but not be limited to—

"(A) the identification of current and future regional solid waste management needs;

"(B) a survey of the constituents and generation of waste within the area;

"(C) the identification of organizational, financial, and management problems associated with the implementation of solid waste management, resource recovery, and resource conservation systems;

"(D) a survey of existing and planned public and private solid waste management services and facilities;

"(E) a survey of present and potential marketability or use of recovered resources;

"(F) the establishment of programs for the management of all solid waste generated in the area;

"(G) the identification of those agencies or entities necessary to construct, operate, and maintain all facilities and implement all programs required by the plan and otherwise to carry out the plan; and

"(H) the identification of the measures necessary to carry out the plan (including financing), the period of time necessary to carry out the plan, the costs of carrying out the plan within such time, and the economic, social, and environmental impact of carrying out the plan within such time.

"(3) Implementation of areawide solid waste management plans shall be conducted by units of local government for any portion of a solid waste management planning region within their jurisdiction, or by multijurisdictional agencies or authorities designated in accordance with State law, including those designated by agreement by such units of local government for such purpose.".

Sec. 3. Section 209 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended to read as follows:

"SOLID WASTE MANAGEMENT INFORMATION AND GUIDELINES

"Sec. 209. (a) Within one year of enactment of the Solid Waste Utilization Act of 1976, and from time to time thereafter, the Administrator shall, in cooperation with appropriate Federal, State, municipal, and intermunicipal agencies, and in consultation with other interested persons, and after public hearings, develop and publish suggested guidelines for solid waste management. Such suggested guidelines shall—

"(1) provide a technical and economic description of the level of performance that can be attained by various available solid waste management practices (including operating practices) which provide for the protection of public health and the environment;

"(2) not later than two years after the enactment of the Solid Waste Utilization Act of 1976, describe levels of performance, including appropriate methods and degrees of control, that provide at a minimum for (A) protection of public health and welfare; (B) protection of the quality of ground waters and surface waters from leachates; (C) protection of the quality of surface waters from runoff through compliance with effluent limitations under the Federal Water Pollution Control Act, as amended; (D) protection of ambient air quality through compliance with new source performance standards or requirements of air quality implementation plans under the Clean Air Act, as amended; (E) disease and vector control; (F) safety; and (G) esthetics; and

"(3) provide minimum criteria to be used by the States to define those solid waste management practices which constitute the open dumping of solid waste or hazardous waste and are to be prohibited under section 211 of this Act,

Where appropriate, such suggested guidelines also shall include minimum information for use in deciding the adequate location, design, and construction of facilities associated with solid waste management practices, including the consideration of regional, geographic, demographic, and climatic factors.

"(b) The Administrator shall develop and publish for comment information on (1) available solid waste management practices, including data on the cost of implementation of such practices; and (2) the amounts and percentages of resources that can be recovered or conserved by use of various solid waste management practices and technologies.

"(c) The Administrator is authorized, in cooperation with appropriate State and municipal agencies and other interested persons, to recommend model codes, ordinances, and statutes designed to implement this Act.

"(d) The Administrator shall notify the Committee on Public Works of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives a reasonable time before publishing any suggested guidelines, information, or model codes, ordinances, or statutes pursuant to this section of the content of such proposed suggested guidelines, information, or model codes, ordinances, or statutes.

"(e) No officer or employee of the Environmental Protection Agency shall, in an official capacity, lobby for or otherwise represent an agency position in favor of resource recovery or resource conservation, as a policy alternative for adoption by any State or political subdivision thereof. This subsection shall not prohibit the Administrator or any officer or employee of the Environmental Protection Agency from supplying to such bodies, upon request, any technical, economic or related information available to the Environmental Protection Agency.

"(f) The Administrator shall implement a program for the rapid dissemination of information on solid waste management, hazardous waste management, resource conservation, and methods of resource recovery from solid waste, including the results of any relevant research, investigations, experiments, surveys, studies, or other information which may be useful in the implementation of new or improved solid waste management practices and methods.

"(g) Public participation in the development, revision, implementation, and enforcement of any regulation, guideline, information, or program under this Act shall be provided for, encouraged, and assisted by the Administrator and the States. The Administrator, in cooperation with the States, shall develop and publish minimum guidelines for public participation in such processes.".

Sec. 4. Sections 211 through 216 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), are redesignated as sections 225 through 230, and the following new sections inserted after section 210:

"PROHIBITION ON OPEN DUMPING

"Sec. 211. Not later than one year after the publication of guidelines pursuant to section 209(a)(3) of this Act, any solid waste management practice or disposal of solid waste or hazardous waste which constitutes the open dumping of solid waste or hazardous waste, as defined in such guidelines, is prohibited, except in the case of any practice or disposal of solid waste conducted by a State or municipality under a timetable or schedule for compliance within a reasonable time with this section, established by a State pursuant to section 207(a)(2)(B) of this Act.

"HAZARDOUS WASTE DISPOSAL CONTROL

"Sec. 212. (a) Controls.—(1) Not later than April 1, 1978, and after consultation with the States, the Administrator shall develop and promulgate (and from time to time thereafter revise, as appropriate) criteria for identifying hazardous wastes and guidelines for defining those quantities of a hazardous waste the disposal of which, in consideration of particular locations, circumstances, and conditions, are likely to be harmful to the public health or the environment. The Administrator shall publish simultaneously with such criteria (and from time to time revise, as appropriate) a list designating certain materials which he determines in accordance with such criteria to be hazardous wastes. The Administrator shall, at a minimum, designate as a hazardous waste each mixture of solid waste which contains any material or substance included in any list of hazardous air pollutants under section 112 of the Clean Air Act, as amended, and any material or substance included in any list of toxic pollutants under section 307(a) or hazardous wastes under section 311(b) of the Federal Water Pollution Control Act, as amended, unless he determines any such material or substance not to be a hazardous waste in accordance with such criteria.

"(2) Not later than twelve months after the designation of any hazardous waste under this subsection, the disposal of any designated hazardous waste is prohibited, except under a permit issued in compliance with the provisions of subsection (b) of this section.

"(b) Permit Programs.—(1) Not later than April 1, 1978, and after consultation with the States, the Administrator shall promulgate regulations requiring that any person who disposes of, treats, or stores any designated hazardous waste, or who operates a facility for disposal, treatment, or storage of any designated hazardous waste, shall obtain a permit for such disposal, treatment, or storage. The Administrator may, after opportunity for public hearing, issue a permit for such disposal, treatment, or storage, upon condition that there shall be no disposal of any designated hazardous waste in harmful quantities and upon such other conditions as the Administrator deems necessary to assure compliance with subsection (a)(1) of this section and to minimize any risk to the public health and the environment.

"(2) Conditions for the receipt of a permit under this section shall include, but not be limited to, requirements that—

"(A) each application specify the composition, quantities, and concentrations of any hazardous waste, or mixture of any hazardous waste and any other solid waste, proposed to be disposed of, treated, or stored, and the time, frequency, or rate at which such hazardous waste is proposed to be disposed of, treated, or stored;

"(B) each permit specify the site at which such hazardous waste or the products of treatment of such hazardous waste will be disposed of, treated, or stored;

"(C) the applicant comply with appropriate practices for the management, treatment, storage, and disposal of hazardous wastes established by the Administrator pursuant to regulation as necessary to achieve the purposes of this section;

"(D) all containers used for storage on the site of generation or at a disposal site or for transport of any hazardous waste be appropriately labeled;

"(E) all hazardous wastes which are transported from the site where such wastes are produced to another location for treatment, storage, or disposal be reported and accounted for in accordance with paragraph (3) of this subsection;

"(F) each permit contain or refer to a contingency plan for effective action to minimize damage from any disposal of any hazardous waste;

"(G) in the case of hazardous waste treatment, disposal, or storage services, the facilities at which such services are provided shall be maintained and operated in a manner satisfactory to the Administrator, and that such services shall meet such additional qualifications as to ownership, continuity of operation, training and licensing for personnel, and financial responsibility as the Administrator may establish by regulation: *Provided,* That no private entity shall be precluded from the ownership or operation of facilities providing hazardous waste storage, treatment, or disposal services where such entity can provide as assurances of financial responsibility and continuity of operation consistent with the degree and duration of all risks associated with the storage, treatment, or disposal of specified hazardous wastes; and

"(H) the recipient comply with such recordkeeping, reporting, monitoring, and inspection requirements as the Administrator may establish by regulation.

"(3) The Administrator, after consultation with the Secretary of Transportation and the States, shall issue minimum criteria for the development of a hazardous waste manifest program. Such program shall, at a minimum, provide for a manifest which shall originate with the producer or generator of the hazardous waste and accompany each quantity, unit, or load of hazardous wastes from the point of generation through transportation, treatment, storage, or disposal of such hazardous waste. The Administrator, and any State with authority to conduct a program for the control of hazardous waste disposal under subsection (c) of this section, shall accept a manifest issued in another State for hazardous wastes generated in that State as valid for the purposes of this section: *Provided,* That such hazardous wastes are treated, stored, or disposed of in the State to which they are transported in a facility having a permit under this section and in accordance with the requirements of this subsection.

"(c) STATE PROGRAMS.—(1)(A) Any State may develop and submit to the Administrator evidence, in such form as he shall require, that the State has established a program for the control of hazardous waste disposal comparable to that established under this section. The Administrator shall authorize such State to issue and enforce permits for the disposal, treatment, or storage of hazardous wastes in accordance with subsection (b) of this section, unless he finds that such State program does not meet the requirements of this section and the purposes of this Act.

"(B) Prior to April 1, 1979, any program for the control of hazardous waste disposal adopted pursuant to State law shall be considered authorized for the purposes of this subsection.

"(2) Any authorized State program must include a permit program essentially equivalent to that required under subsection (b) of this section; and such State must demonstrate compliance therewith and have regulatory and enforcement authority necessary to implement effectively the purposes of this section.

"(3) Any permit issued by a State under a program authorized under this subsection (including paragraph (1)(B)) shall constitute the permit required under subsection (b) of this section. Each State shall transmit to the Administrator a copy of each permit proposed to be issued by such State under a program authorized under this subsection. Such proposed permit may be issued by such State unless within forty-five days of the receipt of such proposed permit, the Administrator objects in writing to the issuance of such permit as being inconsistent with the requirements of this setcion: *Provided,* That the Administrator shall not object to the permit if the State demonstrates that it has met the requirements of paragraph (2) of this subsection.

"(4) The Administrator may, as to any permit application, waive the last sentence of paragraph (3) of this subsection. The Administrator is authorized to waive the requirements of paragraph (3) of this subsection at the time he approves a program pursuant to this subsection for any category (including any class, type, or size within such category) of activities within the State submitting such program. In addition, the Administrator, after consultation with the States and opportunity for hearing, shall promulgate regulations establishing categories of activities which he determines shall not be subject to the requirements of paragraph (3) of this subsection in any State with a program approved pursuant to this subsection. The Administrator may distinguish among classes, types, and sizes within any such category of activities.

"(d) INSPECTION.—For the purpose of developing any regulation or enforcing any provision of this Act, officers or employees duly designated by the Administrator, upon presentation of appropriate credentials, shall have a right of entry to, upon, or through any establishment, disposal site, storage site, treatment facility, or other place or vehicle maintained by any person where any hazardous wastes are treated, stored, transported, or disposed of, and may at reasonable times have access to and copy any records, inspect any monitoring equipment or method required under subsection (b)(2)(H) of this section, and sample any wastes subject to this section.

"(e) AVAILABILITY OF INFORMATION.—Any records, reports, permit applications, documents, or information obtained under this Act shall be available to the public, except, in the case of other than information on hazardous wastes which may be disposed of, treated, or stored, that upon a showing satisfactory to the Administrator by any person that records, reports, documents, or information, or a particular part thereof, to which the Administrator has access under this Act, if made public would divulge methods or processes entitled to protection as trade secrets of such person, the Administrator shall consider such record, report, document, or information, or particular portion thereof confidential in accordance with the purposes of section 1905 of title 18 of the United States Code, except that such record, report, document, or information may be disclosed to other officers, employees, or authorized representatives of the United States Concerned with carrying out this Act, or when relevant in any proceeding under this Act.

"(f) INTERAGENCY COOPERATION.—(1) Within one year after the enactment of the Solid Waste Utilization Act of 1976, the Administrator shall provide the Secretary of Transportation with suggested specifications for rules which recognize hazardous wastes as a class of hazardous materials requiring special designation, packaging, labeling, and placarding. Within one year after receipt of such suggested specifications, the Secretary of Transportation shall report to the Congress on the progress of rulemaking to recognize these specifications.

"(2) In accordance with the requirements of this section, the Administrator in cooperation with the Secretary of Transportation and the Chairman of the Interstate Commerce Commission, shall develop a mutually consistent program for assuring that shipping documents contain adequate environmental information for the shipment of hazardous wastes. In addition, the Administrator, in cooperation with the Chairman of the Interstate Commerce Commission, shall report within twelve months after the enactment of the Solid Waste Utilization Act of 1976, on the adequacy and sufficiency of current requirements for interstate carriers of hazardous wastes, including, but not limited to, liability insurance requirements.

"(g) ADMINISTRATIVE PROCEDURES.—(1) When promulgating regulations under this section, the Administrator shall (A) publish a notice of proposed rulemaking stating with particularity the reason for the proposed regulations; (B) allow interested persons to submit written data, views, and arguments, and make all such submissions publicly available; (C) provide an opportunity for an informal hearing in accordance with paragraph (2) of this subsection; and (D) promulgate, as appropriate, final regulations based on the matter in the rulemaking record.

"(2) A record of the hearing shall be maintained. In any such public hearing the proceeding shall be structured to proceed as expeditiously as possible, while permitting all interested persons an opportunity to present their views. Participants shall be given an opportunity to question appropriate agency employees and others on the subject matter of the proposed regulations subject to such conditions and limitations on such questioning as are deemed necessary by the Administrator to assure fair and expeditious consideration of the issues. Where appropriate, persons with the same or similar interests may be required to appear together by a single representative.

"IMMINENT HAZARD

"SEC. 213. Notwithstanding any other provision of this Act, the Administrator upon receipt of evidence that the disposal of any solid waste or hazardous waste is presenting an imminent and substantial endangerment to the health of persons or the environment, may bring suit on behalf of the United States in the appropriate district court to immediately restrain any person causing or contributing to the alleged disposal to stop such disposal or to take other action as may be necessary. The Administrator shall provide notice to the affected State of any such suit.

"ENFORCEMENT

"SEC. 214. (a)(1) Whenever the Administrator finds that any person is in violation of any permit, standard, regulation, condition, prohibition, or other requirement under section 211 or 212 of this Act, the Administrator shall notify such person and the State in which the violation has occurred of such finding. If such violation extends beyond the thirtieth day after the date of the Administrator's notification in the absence of State enforcement action, the Administrator shall issue an order requiring such person to comply with such permit, standard, regulation, condition, prohibition, or other requirement or he shall bring a civil action in the United States district court for the district in which the violation occurred for appropriate relief, including a temporary or permanent injunction.

"(2) Any order issued under this section shall be by personal service, shall state with reasonable specificity the nature of the violation, and shall specify a time for compliance which the Administrator determines is reasonable, taking into account the seriousness of the violation and any good faith efforts to comply with the applicable requirements.

"(3) Any person who knowingly violates any requirement of section 211 or 212 of this Act or any order issued pursuant to this section, shall be punished by a fine of not more than $25,000 per day of violation, or by imprisonment for not more than one year, or by both.

"(4) Any person who violates any permit, standard, regulation, condition, prohibition, or other requirement under section 211 or 212 of this Act shall be subject to a civil penalty not to exceed $10,000 per day of such violation.

"(5) Any person who knowingly makes any false statement, representation, or certification in any application, record, report, or other document filed or required to be maintained under this Act or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this Act, shall upon conviction be punished by a fine of not more than $10,000, or by imprisonment for not more than six months, or by both.

"(b) A copy of any order issued under this section and notice of any other action taken under this section shall be sent immediately by the Administrator to the State in which the alleged violation has occurred. Whenever the Administrator in his judgment finds a pattern of nonenforcement by any State which has been authorized to implement a program for the control of hazardous waste disposal, the Administrator shall, after notice and opportunity for public hearings, remove the State's authorization to carry out such enforcement activity and shall enforce against each violation in such State.

"CITIZEN SUITS

"Sec. 215. (a) Except as provided in subsection (b) or (c) of this section, any person may commence a civil action on his own behalf—

"(1) against any person (including (a) the United States, and (b) any other governmental instrumentality or agency, to the extent permitted by the eleventh amendment to he Consitution) who is alleged to be in violation of any permit, standard, regulation, condition, requirement, or order which has become effective pursuant to this Act; or

"(2) against the Administrator where there is alleged a failure of the Administrator to perform any act or duty under this Act which is not discretionary with the Administrator.

The district courts shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such permit, standard, regulation, condition, requirement, or order, or to order the Administrator to perform such act or duty, as the case may be.

"(b) No action may be commenced under paragraph (a)(1) of this section—

"(1) prior to sixty days after the plaintiff has given notice of the violation (A) to the Administrator; (B) to the State in which the alleged violation occurs; and (C) to any alleged violator of such permit, standard, regulation, condition, requirement, or order; or

"(2) if the Administrator or State has commenced and is diligently prosecuting a civil or criminal action in a court of the United States or a State to require compliance with such permit, standard, regulation, condition, requirement, or order: *Provided, however*, That in any such action in a court of the United States, any person may intervene as a matter of right.

"(c) No action may be commenced under paragraph (a)(2) of this section prior to sixty days after the plaintiff has given notice to the Administrator that he will commence such action, except that such action may be brought immediately after such notification in the case of an action under this section respecting a violation of section 212 of this Act. Notice under this subsection shall be given in such manner as the Administrator shall prescribe by regulation. Any action respecting a violation under this Act may be brought under this section only in the judicial district in which such alleged violation occurs.

"(d) In any action under this section, the Administrator, if not a party, may intervene as a matter of right.

"(e) The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such an award is appropriate. The court may, if a temporary restraining order or preliminary injuction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

"(f) Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or common law to seek enforcement of any standard or requirement relating to the management of solid or hazardous wastes, or to seek any other relief (including relief against the Administrator or a State agency).

"JUDICIAL REVIEW

"Sec. 216. Any judicial review of final regulations promulgated pursuant to sections 207(c), 209(a)(3), 211, or 212 of this Act shall be in accordance with sections 701 through 706 of title 5 of the United States Code, except that—

"(a) a petition for review of action of the Administrator in promulgating any regulation, or requirement under this Act may be filed only in the United States Court of Appeals for the District of Columbia. Any such petition shall be filed within ninety days from the date of such promulgation, or after such date if such petition is based solely on grounds arising after such ninetieth day. Action of the Administrator with respect to which review could have been obtained under this subsection shall not be subject to judicial review in civil or criminal proceedings for enforcement; and

"(b) in any judicial proceeding brought under this section in which review is sought of a determination under this Act required to be made on the record after notice and opportunity for hearing, if a party seeking review under this Act applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that the information is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Administrator, and to be adduced upon the hearing in such manner and upon such terms and conditions as the court may deem proper. The Administrator may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file with the court such modified or new findings and his recommendation, if any, for the modification or setting aside of his original order, with the return of such additional evidence.

"LOAN GUARANTEES

"Sec. 217. (a) General.—(1) The Administrator is authorized, in accordance with the provisions of this section and such rules and regulations as he shall prescribe, and after consultation with the Secretary of the Treasury, to guarantee and to make commitments to guarantee the bonds, debentures, notes, and other obligations issued by or on behalf of—

"(A) any State, municipality, or intermunicipal agency, or

"(B) in the case of facilities or equipment for the utilization of recovered resources, any other person, institution, organization, corporation, or partnership,

for the purpose of financing the construction and startup and related development costs of commercial demonstration facilities necessary to the creation of resource conservation or resource recovery systems for municipal solid wastes, including the construction or modification of commercial demonstration facilities or acquisition of equipment necessary for the utilization of recovered resources, including fuel, produced by such system: *Provided*, That the outstanding indebtedness guaranteed under this Act at no time exceeds $750,000,000: *Provided further*, That no guarantee or commitment to guarantee shall be undertaken under this Act after September 30, 1979.

"(2) An applicant for a loan guarantee under this section shall provide evidence in writing to the Administrator in such form and with such content and other submissions as the Administrator deems necessary to protect the interest of the United States. Each guarantee and commitment to guarantee shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Administrator, with the concurrence of the Secretary of the Treasury deems appropriate.

"(b) Conditions.—The Administrator shall guarantee or make a commitment to guarantee under subsection (a) of this section, with respect to a facility of a resource conservation or resource recovery system, or component thereof, only if—

"(1) the facility for which the guarantee is provided is a critical element of the proposed resource conservation or resource recovery system, which has not been commercially demonstrated in such an application;

"(2) such system is certified by the State to be consistent with any applicable State and areawide plans or programs;

"(3) the applicant agrees that such system will be consistent with any applicable guidelines published under section 209(a) of this Act and will meet the requirements of sections 211 and 212 of this Act;

"(4) the Administrator is satisfied that the proposed resource conservation or resource recovery system is appropriate for the area to be served, that the proposed system does not duplicate or displace existing resource conservation or resource recovery services in the area, and that a realistic plan for achieving operational and financial self-sufficiency within a reasonable time exists for the proposed system, including adequate new and stable markets, such as a long-term contractual commitment for a significant proportion of the recovered resources;

"(5) such system will comply with effluent limitations under the Federal Water Pollution Control Act and with new source emission limitations or requirements of air quality implementation plans under the Clean Air Act;

"(6) the Administrator is satisfied that competition among private entities for the construction or operation of the system or facility to be assisted under this section will be in no way limited or precluded;

"(7) the amount guaranteed does not exceed 75 per centum of the total project cost of the facility assisted, and the balance of project cost is provided as follows:

"(A) in the case of governmental applicants, from general tax revenues or assessments or the proceeds of bond sales; and

"(B) in the case of private applicants, from invested or borrowed capital not subject to any public loan, guarantee, or grant program;

"(8) the Secretary of the Treasury and the Administrator are satisfied that the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary and the Administrator will permit the creation of the resource conservation or resource recovery system, and such assistance is necessary to encourage financial participation in such facility by private lenders or investors; and

"(9) the Administrator has determined that there will be a continued reasonable assurance of full repayment.

"(c) Except in accordance with reasonable terms and conditions contained in the written contract of guarantee, no guarantee issued or commitment to guarantee made under this section shall be terminated, canceled, or otherwise revoked. Such a guarantee or commitment shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Subject to the conditions of the guarantee or commitment to guarantee, such a guarantee shall be incontestable in the hands of the holder of the guaranteed obligation, except as to fraud, or material misrepresentation on the part of the holder.

"(d) (1) If there is a default by the borrower as defined in regulations promulgated by the Administrator and in the guarantee contract, the holder of the obligation shall have the right to demand payment of the unpaid amount from the Administrator. Within such period as may be specified in the guarantee or related agreements, the Administrator shall pay to the holder of the obligation the unpaid interest on and unpaid principal of the guaranteed obligation as to which the borrower has defaulted, unless the Administrator finds that there was no default by the borrower in the payment of interest or principal or that such default has been remedied. Nothing in this section shall be construed to preclude any forbearance by the holder of the obligation for the benefit of the borrower which may be agreed upon by the parties to the guaranteed obligation and approved by the Administrator.

"(2) In the event of a default on any guarantee under this section, the Administrator shall notify the Attorney General, who shall take such action as may be appropriate to recover the amounts of any payments made under paragraph (1) (including any payment of interest under subsection (e) of this section) from such assets of the defaulting borrower as are associated with the commerical demonstration facility, or from any other security included in the terms of the guarantee.

"(4) For purposes of this section, patents, and technology resulting from the commercial demonstration facility shall be treated as project assets of such facility in accordance with the terms and conditions of the guarantee agreement. Furthermore, the guarantee agreement shall contain a provision specifying that patents, technology, and other proprietary rights which are necessary for the completion or operation of the commercial demonstration facility shall be available to the Government and its designees on equitable terms, including due considera- to the amount of the Government's default payments.

"(e) With respect to any obligation guaranteed under this section the Administrator is authorized to enter into a contract to pay, and to pay, the holders of the obligation for and on behalf of the borrower from the fund established by this section the principal and interest payments which become due and payable on the unpaid balance of such loan if the Administration finds that—

"(1) (A) the borrower is unable to meet such payments and is not in default; (B) it is in the public interest to permit the borrower to continue to pursue the purposes of such demonstration facility; and (C) the probable net benefit to the Federal Government in paying such principal and interest will be greater than that which would result in the event of a default;

"(2) the amount of such payment which the Administrator is authorized to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay under the loan agreement; and

"(3) the borrower agrees to reimburse the Administrator for such payments on terms and conditions, including interest, which are satisfactory to the Administrator.

"(f) The Administrator shall charge and collect fees for guarantees of obligations authorized by this section in amounts sufficient in the judgment of the Administrator to cover the applicable administrative costs and probable losses on guaranteed obligations, but in any event not to exceed 1 per centum per annum of the outstanding indebtedness covered by the guarantee.

"(g) No part of the program authorized by this section shall be transferred to any other agency or authority, except pursuant to Act of Congress hereinafter enacted.

"(h) Notwithstanding any other provision of this section, authorities made available herein shall be effective only to the extent and in such amounts as provided in advance in appropriation Acts enacted after the date of enactment of the Solid Waste Utilization Act of 1976.

"RURAL COMMUNITIES ASSISTANCE

"SEC. 218. (a) The Administrator shall make grants to States to provide assistance to municipalities with a population of five thousand or less, or counties with a population of ten thousand or less or less than twenty persons per square mile, and not within a metropolitan area, for solid waste management facilities (including equipment) necessary to meet the requirements of section 211 of this Act or restrictions on open burning or other requirements arising under the Clean Air Act or the Federal Water Pollution Control Act. Such assistance shall only be available—

"(1) to any municipality or county which could not feasibly be included in a solid waste management system or facility serving an urbanized, multijurisdictional area because of its distance from such systems;

"(2) where existing or planned solid waste management services or facilities are unavailable or insufficient to comply with the requirements of section 211 of this Act; and

"(3) for systems which are certified by the State to be consistent with any plans or programs established under any State or areawide planning process.

"(b) The Administrator shall allot the sums appropriated to carry out this section in any fiscal year among the States in accordance with regulations promulgated by him on the basis of the average of the ratio which the population of rural areas of each State bears to the total population of rural areas of all the States, the ratio which the population of counties in each State having less than twenty persons per square mile bears to the total population of such counties in all the States, and the ratio which the population of such low-density counties in each State having 33 per centum or more of all families with incomes not in excess of 125 per centum of the poverty level bears to the total population of such counties in all the States.

"(c) The amount of any grant under this section shall not exceed 75 per centum of the costs of the project. No assistance under this section shall be available for the acquisition of land or interests in land.

"FEDERAL PROCUREMENT

"SEC. 219. (a) Each Federal agency (including legislative and judicial agencies) and each contractor operating facilities of, or on behalf of, any such agency shall, to the maximum extent feasible, give preference to the purchase of goods, material, and energy comprised of recovered resources, and in the case of competing items, shall give preference to those items with the highest percentage of recovered resources.

"(b) The Office of Procurement Policy in the Executive Office of the President, in cooperation with the Administrator, shall implement the policy expressed in subsection (a) of this section. It shall be the responsibility of the Office of Procurement Policy to coordinate this policy with other policies for Federal procurement, in such a way as to maximize the use of recovered resources, and to annually report to the Congress on actions taken by Federal agencies and the progress made in the implementation of such policy.

"(c) Within a reasonable time after enactment of the Solid Waste Utilization Act of 1976, the General Services Administration, Department of Defense, and all other Federal agencies shall after public hearing revise their procurement regulations to reflect the policy expressed in subsection (a) of this section.

"(d) Within eighteen months after enactment of the Solid Waste Utilization Act of 1976 and in consultation with the Environmental Protection Agency, each Federal agency which procures goods or materials for its own use or the use of other agencies shall review its specifications and other standards for such goods or materials to determine if there are any standards which require procurement of virgin goods or materials or require restricted procurement of goods or materials composed in whole or part of recycled materials. Such agencies shall remove all such requirements and restrictions which are not related directly to performance, health, or safety. A final determination shall be published at the conclusion of this review, with notice and opportunity for hearing on such determination.

"EMPLOYEE PROTECTION

"SEC. 220. (a) No person shall fire, or in any other way discriminate against, or cause to be fired or discriminated against, any employee or any authorized representative of employees by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this Act or under any applicable implementation plan, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions of this Act or of any applicable implementation plan.

"(b) Any employee or a representative of employees who believes that he has been fired or otherwise discriminated against by any person in violation of subsection (a) of this section may, within thirty days after such alleged violation occurs, apply to the Secretary of Labor for a review of such firing or alleged discrimination. A copy of the application shall be sent to such person who shall be the respondent. Upon receipt of such application, the Secretary of Labor shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to such review to enable the parties to present information relating to such alleged violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary of Labor shall make findings of fact. If he finds that such violation did occur, he shall issue a decision, incorporating an order therein and his findings, requiring the party committing such violation to take such affirmative action to abate the violation as the Secretary of Labor deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no such violation, he shall issue an order denying the application. Such order issued by the Secretary of Labor under this subparagraph shall be subject to judicial review in the same manner as orders and decisions of the Administrator or subject to judicial review under this Act.

"(c) Whenever an order is issued under this section to abate such violation, at the request of the applicant, a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees) as determined by the Secretary of Labor, to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the person committing such violation.

"(d) This section shall have no application to any employee who, acting without direction from his employer (or his agent) deliberately violates any requirement of this Act.

"(e) The Administrator shall conduct continuing evaluations of potential loss or shifts of employment which may result from the administration or enforcement of the provisions of this Act and applicable implementation plans, including, where appropriate, investigating threatened plant closures or reductions in employment allegedly resulting from such administration or enforcement. Any employee who is discharged, or laid off, threatened with discharge or layoff, or otherwise discriminated against by any person because of the alleged results of such administration or enforcement, or any representative of such employee, may request the Administrator to conduct a full investigation of the matter. The Administrator shall thereupon investigate the matter and, at the request of any party, shall hold public hearings on not less than five days' notice, and shall at such hearings require the parties, including the employer involved, to present information relating to the actual or potential effect of such administration or enforcement on employment and on any alleged discharge, layoff; or other discrimination and the detailed reasons or justification therefor. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Administrator shall make findings of fact as to the effect of such administration or enforcement on employment and on the alleged discharge, layoff, or discrimination and shall make such recommendations as he deems appropriate. Such report, findings, and recommendations shall be available to the public. Nothing in this subsection shall be construed to require or authorize the Administrator or any State to modify or withdraw any standard, limitation, or any other requirement of this Act or any applicable implementation plan.

"FEDERAL LANDS DISPOSAL SITES

"SEC. 221. (a) Upon application by any municipality, a Federal land manager is authorized to enter into a contract or other agreement with such municipality pursuant to which Federal lands, necessary to comply with the requirements of section 211 of this Act or otherwise provide for solid waste management consistent with the purposes of this Act, may be made available to such municipality for use by it in meeting such requirements and the purposes of this Act.

"(b) Any such contract or agreement entered into pursuant to this section shall require the applicant—

"(1) to pay to the United States an amount, as determined by the head of the agency with jurisdiction over the land, in consultation with the Administrator, equal to the fair market rental value of the land covered by such contract or agreement;

"(2) to agree to reclaim such land in a manner satisfactory to the head of the agency having jurisdiction or control over such land and to such extent to enable such lands to be utilized for their original or an equivalent use at the conclusion of its use for solid waste management activities;

"(3) to agree to use such lands in accordance with the terms and conditions of such contract or agreement and solely for solid waste management activities in accordance with the provisions of this Act; and

"(4) to carry out such other conditions and requirements as the Administrator or the head of the agency having jurisdiction or control over such lands may impose.

"(c) Any lands under the jurisdiction or control of the Secretary of the Interior (including National Park Service lands, Bureau of Reclamation lands, and lands under the jurisdiction of the Bureau of Land Management), the Secretary of Agriculture (including National Forest System lands), the Secretary of Defense, or any other Federal officer or agency, covered by any application submitted pursuant to subsection (a) of this section may be made available for use in accordance with the provisions of any such contract or agreement entered into pursuant to this section: *Provided*, That (1) the applicant has demonstrated to the satisfaction of the Administrator and the head of the agency with jurisdiction over the affected lands that such municipality lies adjacent to Federal lands and that suitable non-Federal lands are not available to enable such municipality to comply with the requirements of section 211 of this Act or otherwise provide for solid waste management consistent with the purposes of this Act; (2) the applicant has demonstrated to the satisfaction of the Administrator and the head of the agency with jurisdiction over the affected lands that such lands as the applicant proposes for such use are appropriate and will provide for protection of the environment, consistent with any applicable guidelines under section 209(a) of this Act; and (3) the head of the agency having jurisdiction or control of such lands concurs in the site selection and determines that such site is consistent with any applicable land use plan for such lands. Upon the termination or expiration of any such contract or agreement, the use of such lands so made available shall revert to the Federal agency having such jurisdiction or control over such lands immediately prior to such lands being made available to the municipality pursuant to this section.

"RETENTION OF STATE AUTHORITY

"SEC. 222. Except as otherwise expressly provided in this Act, nothing in this Act shall (1) preclude or deny the right of any State or political subdivision thereof or interstate agency to adopt or enforce any rule, regulation, standard, or requirement respecting disposal of hazardous waste or solid waste, solid waste management facilities, storage, treatment, or any other facet of hazardous waste or solid waste management; except that if any such rule, regulation, standard, or requirement is in effect under this Act, such State or political subdivision or interstate agency may not adopt or enforce any rule, regulation, standard, or requirement which is less stringent than the rule, regulation, standard, or requirement in effect under this Act; or (2) be construed as impairing or in any manner affecting any right or jurisdiction of a State with respect to the regulation of solid waste management within such State.

"FEDERAL FACILITIES

"SEC. 223. Each department, agency, and instrumentality of the executive, legislative, and judicial branches of the Federal Government (1) having jurisdiction over any solid waste management facility or disposal site, or (2) engaged in any activity resulting, or which may result, in the disposal of solid waste or hazardous waste shall be subject to, and comply with, all Federal, State, interstate, and local requirements, both substantive and procedural (including any requirement for permits or reporting or any provisions for injunctive relief and such sanctions as may be imposed by a court to enforce such relief), respecting control and abatement of solid waste or hazardous waste disposal in the same manner, and to the same extent, as any person is subject to such requirements, including the payment of reasonable service charges. Neither the United States, nor any agent, employee, or officer thereof, shall be immune or exempt from any process or sanction of any State or Federal court with respect to the enforcement of any such injunctive relief. The President may exempt any solid waste management facility of any department, agency, or instrumentality in the executive branch from compliance with such a requirement if he determines it to be in the paramount interest of the United States to do so. No such exemption shall be granted due to lack of appropriation unless the President shall have specifically requested such appropriation as a part of the budgetary process and the Congress shall have failed to make available such requested appropriation. Any exemption shall be for a period not in excess of one year, but additional exemptions may be granted for periods not to exceed one year upon the President's making a new determination. The President shall report each January to the Congress all exemptions from the requirements of this section granted during the preceding calendar year, together with his reason for granting each such exemption.

"RESOURCE CONSERVATION STUDY

"SEC. 224. (a) The Administrator shall serve as Chairman of a Committee composed of himself, the Secretary of Commerce, the Secretary of Labor, the Chairman of the Council on Environmental Quality, and the Secretary of Treasury, which shall conduct a full and complete investigation and study of all aspects of the economic, social, and environmental consequences of resource conservation with respect to—

"(1) the appropriateness of recommended incentives and disincentives to foster resource conservation;

"(2) the effect of existing public policies (including subsidies and economic incentives and disincentives, percentage depletion allowances, capital gains treatment and other tax incentives and disincentives) upon resource conservation, and the likely effect of the modification or elimination of such incentives and disincentives upon resource conservation;

"(3) the appropriateness and feasibility of restricting the manufacture or use of categories of consumer products as a resource conservation strategy; and

"(4) the appropriateness and feasibility of employing as a resource conservation strategy the imposition of solid waste management charges on consumer products, which charges would reflect the costs of solid waste management services, litter pickup, the value of recoverable components of such product, final disposal, and any social value associated with the nonrecycling or uncontrolled disposal of such product.

"(b) The study required in subsection (a)(4) of this section may include pilot scale projects, and shall consider and evaluate alternative strategies with respect to—

"(1) the product categories on which such charges would be imposed;

"(2) the appropriate state in the production of such consumer product at which to levy such charge;

"(3) appropriate criteria for establishing such charges for each consumer product category;

"(4) methods for the adjustment of such charges to reflect actions such as recycling which would reduce the overall quantities of solid waste requiring disposal; and

"(5) procedures for amending, modifying, or revising such charges to reflect changing conditions.

"(c) The results of such investigation and study, including recommendations, shall be reported to the President and the Congress not later than two years after enactment of the Solid Waste Utilization Act of 1976.

"(d) There are authorized to be appropriated not to exceed $5,000,000 to carry out this section.".

SEC. 5. Section 202(b) of the Solid Waste Disposal Act, as amended by the Reserve Recovery Act of 1970, is amended to read as follows:

"(b) The purposes of this Act therefore are—

"(1) to promote the demonstration, construction, and application of solid waste management, resource recovery, and resource conservation systems which preserve and enhance the quality of air, water, and land resources;

"(2) to provide technical and financial assistance to States and local governments and interstate agencies in the planning and implementation of resource recovery, resource conservation, and solid waste management programs;

"(3) to promote a national research and development program for improved solid waste management and resource conservation techniques, more effective organizational arrangements, and new and improved methods of collection, separation, and recovery, and recycling of solid wastes and environmentally safe disposal of nonrecoverable residues;

"(4) to provide for the promulgation of guidelines for solid waste collection, transport, separation, recovery, and disposal practices and systems;

"(5) to provide for training grants in occupations involving the design, operation, and maintenance of solid waste management systems;

"(6) to provide for regulation of hazardous waste management, including the treatment, storage, and disposal of hazardous wastes; and

"(7) to enhance markets for recovered resources through a preference in Federal procurement policies for goods or materials containing recovered resources.".

SEC. 6. Section 203 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended by—

(a) amending paragraphs (4) and (5) to read as follows:

"(4) The term 'solid waste' means any garbage, refuse, sludge from a waste treatment plant, water supply treatment plant, or air pollution control facility and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial, commercial, mining, and agricultural operations, and from community activities, but does not include solid or dissolved material in domestic sewage, or solid or dissolved materials in irrigation return flows or industrial discharges which are point sources subject to permits under section 402 of the Federal Water Pollution Control Act, as amended (86 Stat. 880), or source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954, as amended (68 Stat. 923).

"(5) The term 'solid waste management' means the systematic administration of activities which provide for the collection, source separation, storage, transportation, transfer, processing, treatment, and disposal of solid waste.".

(b) amending paragraph (7) to read as follows:

"(7) The term 'municipality' (A) means a city, town, borough, county, parish, district, or other public body created by or pursuant to State law, with responsibility for the planning or administration of solid waste management, or an Indian tribe or authorized tribal organization or Alaska Native village or organization, and (B) includes any rural community or unincorporated town or village or any other public entity for which an application for assistance is made by a State or political subdivision thereof.".

(c) adding the following new paragraphs:

"(11) The term 'disposal' means the discharge, deposit, injection, dumping, spilling, leaking, or placing of any solid waste or hazardous waste into or on any land or water so that such solid waste or hazardous waste or any constituent thereof may enter the environment or be emitted into the air or discharged into any waters, including ground waters.

"(12) The term 'storage' means the actual or intended containment of solid waste or hazardous wastes, either on a temporary basis or for a period of years, in such a manner as not to constitute disposal of such waste.

"(13) The term 'treatment' means any method, technique, or process, including neutralization, designed to change the physical, chemical, or biological character or composition of any solid waste, including any hazardous waste, so as to neutralize such waste or so as to render such wastes nonhazardous, safer for transport, amenable for resource recovery, amenable for storage, or reduced in volume.

"(14) The term 'solid waste management facility' includes (A) any resource recovery system or component thereof, (B) any system, program, or facility for resources conservation, and (C) any facility for the treatment of solid wastes, including hazardous wastes, whether such facility is associated with facilities generating such wastes or otherwise.

"(15) The term 'hazardous waste' means a waste or combination of wastes of a solid, liquid, contained gaseous, or semisolid form, including radioactive material (except, to the extent otherwise regulated, source, special nuclear, or by-product material, as defined by the Atomic Energy Act of 1954, as amended), which in the judgment of the Administrator may cause, or contribute to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness, taking into account the toxicity of such waste, its persistence, and degradability in nature, and its potential for accumulation or concentration in tissue, and other factors that may otherwise cause or contribute to adverse acute or chronic effects on the health of persons or other organisms.

"(16) The term 'hazardous waste management' means the systematic control of the collection, source separation, storage, transportation, processing, treatment, recovery, and disposal of hazardous wastes.

"(17) The term 'person' means an individual, corporation, partnership, association, State, municipality, commission, or political subdivision of a State, or any interstate body.

"(18) The term 'resource conservation' means reduction of the amounts of solid waste that are generated, reduction of overall resource consumption, and utilization of recovered resources.".

SEC. 7. (a) Section 204(a) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by—

(1) inserting "alone or after consultation with the Aministrator of the Federal Energy Administration, the Administrator of the Energy Research and Development Administration, or the Chairman of the Federal Power Commission" before "shall conduct";

(2) inserting "public education programs," after "surveys,";

(3) striking the semicolon in paragraph (2) and inserting in lieu thereof the following: ", including systems for the disposed of solid waste residues resulting from controls on air pollution and water pollution required by Federal, State, or local government;"; and

(4) inserting the following as paragraphs (3) and (4) and renumbering succeeding paragraphs accordingly:

"(3) the planning, implementation, and operation of resource recovery and resource conservation systems and hazardous waste management systems, including the marketing of recovered resources;

"(4) the production of usable forms of recovered resources, including fuel, from solid waste;".

(b) Section 204(b) of such Act is amended by inserting the following paragraph:

"(4) develop and implement educational programs to promote citizen understanding of the need for environmentally sound solid waste management practices; and

"(5) detail personnel of the Environmental Protection Agency to agencies eligible for assistance under this section.".

(c) The last sentence of section 204(c) of such Act is amended to read as follows: "In carrying out this Act and the requirements of this subsection, the Administrator shall make use of and adhere to the provisions of the Non-Nuclear Energy Research and Development Act (88 Stat. 1879) that apply to information, uses, processes, patents, or other rights resulting from activity assisted under this Act.".

(d) Section 204 of such Act is amended by adding the following new subsection:

"(d) The Administrator shall provide teams of personnel, including Federal, State, and local employees or contractors, to provide States and local governments upon request with technical assistance on solid waste management, resource recovery, and resource conservation. Such teams shall include technical, marketing, financial, and institutional specialists, and the services of such teams shall be provided without charge to States or local governments. The Administrator shall make available for such technical assistance teams no less than 15 per centum of the funds appropriated to carry out this Act in any fiscal year, except that such minimum requirement shall not exceed $5,000,000 in any fiscal year.".

SEC. 8. (a) Section 205(a) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by—

(1) striking "carry out" and insert in lieu thereof "conduct";

(2) striking "an investigation and study to determine" and inserting in lieu thereof "studies, together with recommendations for administrative or legislative action, on—";

(3) striking "and the impact of distribution of such resources on existing markets;" in paragraph (1) and inserting in lieu thereof "the impact of distribution of such resources on existing markets; and potentials for energy conservation through resource conservation and resource recovery;";

(4) striking paragraph (2) and inserting the following in lieu thereof:

"(2) actions to reduce waste generation which have been taken voluntarily or in response to governmental action, and those which practically could be taken in the future, and the economic, social, and environmental consequences of such actions;".

(5) adding the following new paragraphs:

"(8) the legal constraints and institutional barriers to the acquisition of land needed for solid waste management, including land for facilities and disposal sites;

"(9) in consultation with the Secretary of Agriculture, agricultural waste management problems and practices, the extent of reuse and recovery of resources in such wastes, the prospects for improvement, Federal, State, and local regulations governing such practices, and the economic, social, and environmental consequences of such practices; and

"(10) in consultation with the Secretary of the Interior, mining waste management problems, and practices, including an assessment of existing authorities, technologies, and economics, and the environmental and public health consequences of such practices.".

(b) Section 205 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by adding the following as subsection (b) and relettering succeeding subsections accordingly:

"(b) The Administrator shall, within one year of enactment of the Solid Waste Utilization Act of 1976 and annually thereafter, submit to the Congress a complete and detailed report on progress in achieving the objectives and implementing the provisions of this Act.".

(c) Redesignated subsection (c) of section 205 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970, is amended by adding the following: "The Administrator shall (1) assist, on the basis of any research projects which are developed with assistance under this Act or without Federal assistance, the construction of pilot plant facilities for the purpose of investigating or testing the technological feasibility of any promising new fuel, energy, or resource recovery or resource conservation method or technology; and (2) demonstrate each such method and technology that appears justified by an evaluation at such pilot plant stage or at a pilot plant stage developed without Federal assistance. Each such demonstration shall incorporate new or innovative technical advances or shall apply such advances to different circumstances and conditions, for the purpose of evaluating design concepts or to test the performance, efficiency, and economic feasibility of a particular method or technology under actual operating conditions. Each such demonstration shall be so planned and designed that, if successful, it can be expanded or utilized directly as a full-scale operational fuel, energy, or resource recovery or resource conservation facility.".

Sec. 9. Section 230 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (845 Stat. 1230), as redesignated by this Act, is amended to read as follows:

"AUTHORIZATIONS

"Sec. 230. (a) There are authorized to be appropriated to carry out this Act not to exceed $35,000,000 for fiscal year 1977, and to carry out section 207(a) of this Act not to exceed $50,000,000 for fiscal year 1978, and not to exceed $65,000,000 for fiscal year 1979.

"(b) There are authorized to be appropriated to carry out section 207(b) of this Act not to exceed $25,000,000 for each of the fiscal years 1978 and 1979.

"(c) There are authorized to be appropriated to carry out section 207(c) of this Act not to exceed $35,000,000 for each of the fiscal years 1978 and 1979.

"(d) There are authorized to be appropriated to carry out section 208 of this Act not to exceed $50,000,000 for each of the fiscal years 1978 and 1979.

"(e) There are authorized to be appropriated $50,000,000 for each of the fiscal years 1978 and 1979 to carry out section 218 of this Act.

"(f) There are authorized to be appropriated to carry out this Act, other than sections 205(c), 207, 208, 217, 218, and 224, not to exceed $40,000,000 for each of the fiscal years 1978 and 1979

"(g) There are authorized to be appropriated to carry out section 205(c) of this Act not to exceed $10,000,000 for each of the fiscal years 1978 and 1979.".

Sec. 10. The Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended—

(1) by striking "Secretary of Health, Education, and Welfare" whenever it appears and inserting in lieu thereof "Administrator of the Environmental Protection Agency"; and

(2) by striking "Secretary" whenever it appears, except—

(A) in section 227 of such Act where "Secretary" is followed by "of Labor"; and

(B) in sections 203(1) and 228 of such Act where "Secretary" is followed by "of the Interior",

and inserting in lieu thereof "Administrator".

Sec. 11. (a) Section 208 of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended—

(1) by striking "section 207(b) (2)" in subsection (b) and inserting "section 207", and

(2) by striking "section 216(a) (3)" in subsection (f) and inserting "section 230(d)".

(b) Section 210(b) (2) of the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970 (84 Stat. 1230), is amended by striking "section 207(b) (4) and (5)" and inserting "section 207".

SOLID WASTE CLEANUP ON FEDERAL LANDS IN ALASKA

Sec. 12. (a) The President shall direct such executive departments or agencies as he may deem appropriate to conduct a study, in consultation with representatives of the State of Alaska and the appropriate Native organizations, to determine the best overall procedures for removing existing solid waste on Federal lands in Alaska. Such study shall include, but shall not be limited to, a consideration of—

(1) alternative procedures for removing the solid waste in an environmentally safe manner, and

(2) the estimated costs of removing the solid waste.

(b) The President shall submit a report of the results together with appropriate supporting data and such recommendations as he deems desirable to the Committee on Public Works of the Senate and to the Committee on Interstate and Foreign Commerce of the House of Representatives not later than one year after the enactment of the Solid Waste Utilization Act of 1976. The President shall also submit, within six months after the study has been submitted to the committees, recommended administrative actions, procedures, and needed legislation to implement such procedures and the recommendations of the study.

Sec. 13. (a) The President of the United States through coordination of the appropriate Federal agencies shall make a complete study of the feasibility of a mandatory national program of deposits to encourage the return of beverage containers, and such other products as the President believes may be appropriate, and thereby to protect the environment, decrease litter, and save energy and materials. The study shall (1) consider all of the environmental, energy, economic, employment, and other relevant consequences of such a program, (2) evaluate the alternative methods of alleviating any possible adverse effects from the program, including any interim employment dislocations and (3) include plans for such a program, including draft regulations, which will achieve the environmental, energy and economic benefits while minimizing any possible adverse effects through a scheduled phase-in over a period of years or other means.

(b) The President shall transmit a complete and detailed report of such study, together with the program plan and draft regulations, to the President and the Congress, not later than March 1, 1977.

Sec. 14. (a) In order to demonstrate effective means of dealing with contamination of public water supplies by leachate from abandoned or other landfills, the Administrator of the Environmental Protection Agency is authorized to provide technical and financial assistance for a research program to control leachate from the Llangollen Landfill in New Castle County, Delaware.

(b) The research program authorized by this section shall be designed by the New management program, in cooperation with the Environmental Protection Agency, to develop methods for controlling leachate contamination from abandoned and other landfills that may be applied at the Llangollen Landfill and at other landfills throughout the Nation. Such research program shall investigate al lalternative solutions or corrective actions, including—

(1) hydrogeologic isolation of the landfill combined with the collection and treatment of leachate;

(2) excavation of the refuse, followed by some type of incineration;

(3) excavation and transportation of the refuse to another landfill; and

(4) collection and treatment of contaminated leachate or ground water.

Such research program shall consider the economic, social, and environmental consequences of each such alternative.

(c) The Administrator of the Environmental Protection Agency shall make available personnel of the Agency, including those of the Solid and Hazardous Waste Research Laboratory (Cincinnati, Ohio), and shall arrange for other Federal personnel to be made available, to provide technical assistance and aid in such research. The Administrator may provide up to $250,000, of the sums appropriated under section 230(a) of the Solid Waste Disposal Act, as amended, to the New Castle County areawide waste treatment management program to conduct such research, including obtaining consultant services.

(d) In order to prevent further damage to public water supplies during the period of this study, the Administrator of the Environmental Protection Agency shall provide up to $200,000 in each of fiscal years 1977 and 1978, of the sums appropriated under section 230(a) and (f) of the Solid Waste Disposal Act, as amended, for the operating costs of a counter-pumping program to contain the leachate from the Llangollen landfill.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STAFFORD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of S. 2150.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that 500 copies of S. 2150, as passed, be printed for the use of the Committee on Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, I speak as Chairman of the Senate Public Works Committee for all the members of the committee, and, of course, for myself personally, expressing appreciation for the continued, very fine work which has been given not only to this measure but all matters before the Public Works Committee by its chief counsel and chief clerk, Barry Meyer.

Mr. STAFFORD. Mr. President, for the minority, I would like to join in what Senator RANDOLPH has just said about Chief Counsel Barry Meyer.

Mr. RANDOLPH. Once again the committe staff has contributed greatly to the legislative process in helping the members bring this bill to the Senate. For their knowledge, their energy and their dedication during the preparation of this measure I commend the following staff members: John Yago, Philip Cummings, Leon Billings, Richard Harris, Richard Grundy, Karl Braithwaite, Bailey Guard, Katherine Cudlipp, Harold Brayman, Richard Hellman, Stevens Swain, and Paul Chimes.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION ACT, 1977

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 14232, which will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. DURKIN. Mr. President, may we have order?

AMENDMENT NO. 1978

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire.

Mr. DURKIN. Mr. President, what is the parliamentary situation?

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Will the Senate come to order?

The Senator's amendment is the pending question, and the yeas and nays have been ordered.

Mr. DURKIN. Mr. President, I yield to the Senator from Washington.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry. Is the amendment of the Senator from New Hampshire coupled now with the amendment of the Senator from South Dakota?

Mr. DURKIN. The Senator is correct.

Mr. MAGNUSON. All right. So the Senate will be voting, under an hour's limitation, on that amendment, which is now the pending business before the Senate; is that correct?

The PRESIDING OFFICER. The Senator from Washington is correct.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. DURKIN. I yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, I think for the record it would be wise for the Senator from New Hampshire to state just what his amendment does and what the Abourezk amendment does, and what actually is before the Senate for its consideration at this time.

Mr. DURKIN. Mr. President, the pending amendment before the Senate is the amendment which I offered yesterday, baptized by the amendment of the Senator from South Dakota (Mr. ABOUREZK).

The first provision prohibits fines for first-instance nonserious violations by employers of all sizes in all industries, save small farms, which are exempted by virtue of the amendment of the Senator from South Dakota (Mr. ABOUREZK).

Again, it prohibits first-instance fines for nonserious violations for all employers. The amendment of the Senator from South Dakota (Mr. ABOUREZK) exempts from enforcement of the act itself—there is a difference and a distinction: the effect of it is to exempt from enforcement of the act itself small farms which have a daily average of 5 employees and on no day during the course of the year have more than 12 employees.

At this time, I think it would probably be most fitting to yield to the Senator from South Dakota, in the event that there is anything he wants to add to his section of what is now, I guess, the Durkin-Abourezk amendment.

Mr. ABOUREZK. Mr. President, the only thing that needs to be said about it after yesterday is that this agreement has been reached by members of the committee, the floor managers of this bill, members of the Committee on Labor and Public Welfare, Senator WILLIAMS, Senator DURKIN, and other interested Senators. We are going to have a rollcall.

Mr. BUMPERS. Mr. President, will the Senator yield for a question?

Mr. ABOUREZK. We are still going to have a rollcall, because it may get ticklish in the conference committee, and I think it may be wise to have a recorded vote.

I yield to the Senator from Arkansas.

Mr. BUMPERS. Yesterday, after I left, apparently the Senator from South Dakota agreed, by a modification, to reduce the number from 10 to 5 employees.

Mr. ABOUREZK. Yes; on an average basis, however.

Mr. BUMPERS. Is that a yearly average?

Mr. ABOUREZK. A yearly average, not including members of the family.

Mr. BUMPERS. Was there also a provision that if a farmer has more than 12 employees on any given day during the year, he will be covered?

Mr. ABOUREZK. That is right.

Mr. BUMPERS. Was there also a provision dealing with small businesses, or does it deal with farmers only?

Mr. ABOUREZK. No; my part of the amendment deals only with farmers. The Durkin part of the amendment deals with everyone: small business, big business, everyone.

Mr. BUMPERS. What is the effect of the amendment as it relates to the number of employees for nonfarmers?

Mr. ABOUREZK. It has no restriction on the number of employees. It applies to any business so far as first, nonserious offenses are concerned.

Mr. BUMPERS. Did we not pass a bill or an amendment last year to exempt all businesses with three employees or fewer?

Mr. ABOUREZK. I believe we did. I do not think it passed; I think it lost.

Mr. BROOKE. We did pass it, but it was dropped in conference.

Mr. BUMPERS. So there is no limitation for anyone except farmers, if this passes?

Mr. ABOUREZK. Yes.

Mr. President, I am ready to vote.

Mr. CLARK. Mr. President, I would like to speak on the amendment

The PRESIDING OFFICER. Who yields time?

Mr. BROOKE. I yield.

Mr. CLARK. Mr. President, I most reluctantly support the amendment offered by the Senator from South Dakota (Mr. ABOUREZK). The speakers yesterday and today made very plain the mood of the Senate on this matter. I, too, have heard from Iowans time after time on OSHA's arrogance, insensitivity, and, in some cases, even mean-mindedness. The plain fact is that OSHA has been so badly administered that I feel I must vote to relieve family farmers from its standards and regulations. But I must say I come to this position most reluctantly.

We have heard read here the OSHA pamphlets, and agree that they are not well done. The "Safety With Beef Cattle" pamphlet is a singularly annoying set of slogans, shot through with the assumption that farmworkers are not only unsophisticated, but that they lack commonsense. I think, along with others, that that piece of work very likely will do much more harm than good.

Still, we are not voting on the "Safety With Beef Cattle" pamphlet here, if the Abourezk amendment were merely to recall that pamphlet, and perhaps others, I would vote for it without reservation. Nor are we proposing here to recall the proposed field sanitary regulations, which should be recalled and reworked. We are not proposing those things alone. We go much further with this amendment.

We are voting to recall the proposed field sanitary regulations, which certainly should be recalled and reworked. But we are not proposing those things alone.

We are proposing here a broad prohibition that would, I believe, effectively take away from farmworkers, many of whom need such protections badly, a broad range of safety and health standards. We are taking these safety and health standards away from virtually all workers in agriculture. And, we are proposing to do this without knowing for sure what protections we are removing, or whom we are removing them from.

To my mind, there is great question about excluding farms with an average of 5, up to a total of 12 workers. One cannot help but wonder how many farmworkers are adversely affected by this proposal, but we can only speculate, because we have never had any hearings. We know nothing about how far-reaching the effect of the proposal might be, and we know nothing about even the statistics, as far as I know, of how many people can be hired for a long period of time and not fall under these regulations. We are proposing to do this without hearings and without study. Nonetheless, I suppose to do this is the lesser of two evils because OSHA has so badly failed in agriculture.

But let me say further, I have other reservations, Mr. President. I am convinced that a gross exclusion based on number of workers is the wrong approach, just as it is the wrong approach with business and manufacturing. While a farm with 12 migrant workers is much different from a farm with 1 full-time worker, a power takeoff is just as dangerous on a single-tractor farm as on a larger operation with many tractors. There are many safety hazards that occur on both small and large farms. I am concerned that we are precluding OSHA from giving the workers on small farms any safety advice, or from giving them any safety standards. These workers need the protections available to workers on larger farms or industrial operations. But I must say we are all so fed up with OSHA's manner and style: Their approach, and their unresponsiveness that we are willing to risk taking away protections from some workers who are in no position to provide protections for themselves—and that the dangers farmworkers face are real.

I think the letter all of us received from Assistant Secretary of Labor Morton Corn dated June 25 is a good example of this. He tells us that we really should not be concerned about this first draft of the regulations printed in the Federal Register, because it is only a first draft.

That is nonsense; but a part of the reason that OSHA is paying a price here today is that this kind of thing exists, that somehow the Assistant Secretary of Labor feels no responsibility for having these regulations printed in the Federal Register simply because they are not final regulations. OSHA should present the very best regulations possible to be commented on—not simply start with some irresponsible statements such as those we have heard described in the controversy on toilet facilities and drinking fountains.

Still we should not forget that farming is a dangerous occupation—one of the most dangerous. In my own home State, for example, a report issued by the Iowa State Extension Service last year shows that Iowa farmers suffer nearly 25 percent more fatal accidents per 100,000 workers than the Iowa population as a whole. Machines are involved in some two-thirds of the fatal farm accidents in Iowa, and one of the reasons farming is a dangerous occupation is that it is a highly mechanized occupation.

Furthermore, accidents involving machines—or chemicals—can usually be traced to either carelessness or ignorance of materials being used. Farm safety can and should be improved.

In this context, the Subcommittee on Rural Development organized and scheduled 2 days of hearings on OSHA, and these were planned for today and Friday. They have been postponed because of the continuation of this debate. They were designed to find out how some of the mistakes OSHA made came to be, and what should be done about the process that led to those mistakes.

It is too late for that process now. A course of hard inquiry about OSHA would have been much better than a blanket rule to keep OSHA away from virtually all farmers. The Abourezk amendment has been agreed to and I will not oppose that amendment. Still, I want to register a concern.

I believe that after the dust of this debate has had a chance to settle, we will see more and more that farmworkers will be the victims of accidents that could have been prevented—accidents that could have been prevented, had OSHA done well what they were created to do.

This has been a difficult decision, Mr. President. If I thought OSHA could quickly become responsive to small farmer needs, I would oppose the amendment. But I do not have that confidence, Mr. President, and for that reason, I support Mr. ABOUREZK.

In conclusion, then, Mr. President, I am going to support the Abourezk amendment simply because there seems to be no other reasonable way to express ourselves against these ridiculous regulations. But I do so with great reluctance. I think we may be making a great mistake in doing it, and we may be eliminating protection for a great number of farmworkers.

Mr. HANSEN. Mr. President, will the distinguished Senator from New Hampshire yield?

Mr. DURKIN. I yield.

Mr. HANSEN. Mr. President, I compliment the distinguished Senator and our colleague from South Dakota for the good work and good judgment that is reflected in the actions that the Senate will take shortly.

I look upon this amendment as a step forward and as a better way to enhance safety for all workers in America. I believe it makes good sense to afford the people who employ other folks to work for them the benefit of the advice that can be given by OSHA without running the risk of a citation. I think, also, that because I am engaged in agriculture, I can understand full well the frustrations that many farmers have felt in this country. I look upon this amendment as a step toward making this law more responsive to the universal concern of everyone in America; that of enhancing the safety and health of employees while not burdening employers and businessmen with needless paperwork.

I want to compliment my good friends who have taken such an active role in bringing about a very needed and constructive change by making this law bearable and more capable of better serving us all, while increasing the chances of a long and healthful life without injury.

Mr. TAFT. Mr. President, with regard to this amendment, I have several comments and reservations. First of all I associate myself with the remarks of the distinguished Senator from Iowa with regard to adopting the maximum or minimum number of employees approach toward who is covered and who is not covered insofar as the safety and health of American workers, whether they be farm workers, factory workers, or wherever they may be working is concerned.

It is true that perhaps the practicalities of enforcement and inspection, and so forth, with regard to farm workers are so diverse, and so broad that some limitation may be about the only way we can go in this case. But I hope that it does not set a precedent for expanding the same concept over into other areas of employment. I hope that if the amendment becomes law as we observe its operation we can examine further whether some of the benefits that may be obtained from the inspection and the enforcement in the case of farmers employing more than five employees can be extended over and made available at least to those who might not be covered if the portion of the amendment that has been added on by the Senator from South Dakota is included in the bill.

I have from the beginning said that I felt a better approach to the entire problem here than any of these approaches is to set up a separate consultation service of any kind. Those who have it are, because of budgetary strictures upon the States involved, very often not doing a very good job and matching only in fairly small degrees. I think we have gone the wrong way.

I do support the Durkin amendment in the absence of onsite consultation authority being given specifically to OSHA and the funds necessary to set up that type of service that I really think would really do more for safety and health of American workers than the approach we are taking here. But the Durkin amendment seems to be the best we are going to get in this particular measure at the time.

I am hopeful the Committee on Labor and Public Welfare will continue to work on the onsite consultation bill which has very broad support in this body. Almost a third of the Members have cosponsored it. But we have been unable to get any assurances that the bill is actually going to receive a markup hearing in this session of Congress. Thus I am willing to go along with the amendment of the distinguished Senator from New Hampshire.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. TAFT. Before I yield I wish to ask the distinguished Senator from New Hampshire one thing about his amendment that I think needs clarification.

I understand there may be some clarification in existing regulations of OSHA in this regard. But I am concerned about some clarification of the definition of the word "repeated" as to violations that are involved. In other words, I do not see how we have an initial repeated violation. It is only for initial violation, and yet in the definition of language used later in the amendment the word "repeated" is used. And this seemed to me to have an implication possibly if an employer had an offense say on a slippery floor situation, dangerous machine situation, and maybe an air hazard situation of some kind that if he had citations on all of those on the initial offense and then along came a separate violation, say, a failure to provide washroom facilities, he would be a repeated violator and would be subject to a penalty on that. I wish some clarification from the distinguished Senator from New Hampshire whether that would be true, or some definition of what the word "repeated" means in this amendment from the Senator.

Mr. DURKIN. I take this opportunity to clarify the Senator's concern and also the concern of Senator CLARK. With respect to the violations, the definition of repeat violation, which evolves with experience and case law, does not lend itself in any way to an inspector coming in and returning in a day or so to get around the first instance prohibition against fines of a nonserious violation of the law. It is really a violation of the same standard after the initial citation has become final. I can understand the Senator's concern, but the intent, and I think the colloquy will show and the record will show, that it is a repeated violation of the same standard.

Mr. TAFT. I appreciate the Senator's clarification.

Mr. DURKIN. I also point out at this time we are going to continue the oversight hearings. We are going to South Dakota. We are going to Oregon. We are going to hold hearings on the Senator from Ohio's bill, Senator CHILES' bill, and others, and we are going to do that. We know this is not perfect. But it was put together under battlefield conditions, and that does not lend itself to ideal legislation.

Mr. TAFT. I thank the Senator for yielding.

At this time I yield to the distinguished Senator from Massachusetts.

Mr. BROOKE. I thank the Senator from Ohio for yielding.

I wish to make these comments with respect to OSHA consultations: 22 of 23 States with their own OSHA plans have consultation as part of the plan. Of approximately $38.1 million available for State plans, about $4 million is for consultation.

Some 15 States do not have approved States plans but depend on the Federal Government for administration and enforcement of the OSHA program. For these States the Federal Government contracts with State personnel to do consultation work. The Government may pay for all of this work, but at present it pays for only about 50 percent of the costs.

Our committee would like to see the Federal "match" increased so that States would participate more fully.

For the 12 remaining States, the Department of Labor is requesting $4.5 million for direct contracts with consulting organizations and educational institutions to provide consultation. However, our committee denied this request on grounds that too much Government work is done by outside contractors and the States should be participating more fully in the on-site consultation effort.

Our bill provides $13 million for consultation—$9 million for contracts with States and $4 million within the State programs subactivity.

The money is in there for consultations.

Mr. TAFT. Mr. President, I appreciate the Senator's comments.

My comment is designed to say that I think in addition to the consultation, however, because the independent consultation and official consultation programs require State matching funds in many cases the States, because of budgetary problems, are not able, I think, to put as much into this as they wish and as much as I think they ought to put in.

Mr. BROOKE. I agree.

Mr. TAFT. I thank the Senator for his comments and yield the floor.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. TAFT. I am glad to yield to the distinguished Senator from Idaho.

Mr. McCLURE. I wish to ask the Senator this question, because he made some reference in his remarks to the question of whether or not there were assurances that we were going to get some markup or some changes in the basic law.

I think that is a sense of frustration that many of us have. I have testified before the Committee on Labor and Public Welfare in the past in regard to several changes that I think might have been made and still are indicated in the present law. We would not be doing what we are doing here today by way of a limitation on the appropriation if we were able to get the committee to rule affirmatively on some constructive changes in the basic law. Is that what the Senator from Ohio has in mind?

Mr. TAFT. It certainly is. I concur strongly with the Senator from Idaho on that point.

Mr. McCLURE. This is not really the way we should legislate in an ongoing program. We do it only when we cannot get anything else done.

There are some other matters equally important which affect smaller groups of people but in a much more stringent manner.

Limitations have been written under OSHA and by the Department of Labor, under other laws, with respect to the sheep herders' wagons which are not uncommon on the public lands of the West, and some of the regulations written are absolutely ridiculous. If they were not so serious for the people who are affected by them, one would laugh.

For example, there is the fact that you cannot use a sheepherder's wagon with a canvas top; you have to have a metal top on it. The reason why it has a canvas top is so it will not be topheavy and tip over on the mountainsides. They started out saying that since it is a migrant worker's abode, it has to have hot and cold running water—in a sheepherder's wagon. We have been trying to get some modification of the basic laws that have that kind of ridiculous regulation and interpretation.

So far, the committee has listened; they set up hearings; they assure us they will do something, and nothing happens. I hope that somehow we can get the assurance of the committee that they will do more than just listen, that they will take some affirmative action.

Mr. DURKIN. Mr. President, will the Senator yield?

Mr. McCLURE. The Senator from Ohio has the floor.

Mr. TAFT. I thank the Senator for his comments.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter—it was inadvertently omitted yesterday—from the Secretary of Labor to me, dated April 26.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 26, 1976.

Hon. ROBERT TAFT, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR TAFT: I take this opportunity to state my views on S. 3182 which would amend the Occupational Safety and Health Act of 1970 (the Act) to provide additional consultation and educational services to employers.

The necessity for reaching businessmen—especially small businessmen—to inform them about their health and safety responsibilities and requirements is unquestioned. To try to fulfill this objective, the Department of Labor has made available consultation services in a number of jurisdictions through State authorities. We believe that the States have an important role to play in this area; one which is encouraged by the Act itself. At the present time, 21 jurisdictions are providing on-site consultation service under their approved State plans; in addition, 13 jurisdictions are implementing such programs through jointly-funded section 7(c) (1) agreements with the Department of Labor. In addition, a contract on-site consultation program is now being developed for implementation in the remaining 22 jurisdictions beginning after October 1, 1976. This program will be operated by private contractor and will be fully funded by the Department of Labor. It is contemplated that our existing progress under section 7 (c) (1) and 18(b), together with our projected program to contract with private consultants, will provide comprehensive on-site consultative services in all jurisdictions.

S. 3182 would permit Federal OSHA personnel to conduct on-site consultation without taking enforcement action except as to serious hazards and imminent danger. We recognize on-site consultation is a tool to assist the private sector in complying with the provisions of the Act; it is used to encourage safety and health improvements in those worksites not visited by an OSHA compliance officer (approximately 98% of the covered work establishments). The authority added by S. 3182 would be most useful should it be necessary to augment our consultation efforts under existing and projected programs.

Of course, on-site consultation is only one of many educational methods for providing

> employers with information on the requirements for safe and healthful working conditions and why compliance with the OSHA standards is important to worker health and safety. There are many other Federal educational and training activities underway—including seminars and meetings away from the worksite, distribution of readily understandable explanations of standards, revision of national consensus safety standards, as that which will be conducted in the foundry industry.
>
> Sincerely,
>
> W. J. Usery,
> *Secretary of Labor.*

Mr. TAFT. Mr. President, I call attention to this portion of the letter:

> We recognize on-site consultation is a tool to assist the private sector in complying with the provisions of the Act; it is used to encourage safety and health improvements in those worksites not visited by an OSHA compliance officer (approximately 98 percent of the covered work establishments). The authority added by S. 3182 would be most useful should it be necessary to augment our consultation efforts under existing and projected programs.

Mr. President, I will be glad to yield the floor or yield for a question.

Mr. DURKIN. Mr. President, I wish to answer the question of the Senator from Idaho.

The chairman asked me to conduct oversight hearings. We have had 2 days of hearings here and 1 day in New Hampshire. We set up hearings in South Dakota. Those hearings are going to continue.

We are going to look at the law, at the administration, at the bills that are pending, and the Senator from Idaho has my assurance in this connection. We want to see if it is the law or the administration or the fellow who prints the booklets reminding us that cow manure is slippery. I assure the Senator that this is going forward.

Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of the amendment: Mr. Burdick, Mr. Church, Mr. Chiles, Mr. Bumpers, Mr. Mansfield, Mr. Stone, Mr. Brooke, Mr. Roth, and Mr. Brock.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I associate myself with the statement of the distinguished Senator from Iowa which was made previously.

I commend the Senator from New Hampshire, the Senator from South Dakota; the Senator from Nebraska, who is a leader of the opposition, and the Senator from Alabama (Mr. Allen), who worked out the compromise we are accepting.

I believe the yeas and nays have been ordered on this amendment.

Mr. McCLURE. Mr. President, I will not take much time. I do want to respond to the assurances given by the Senator from New Hampshire with regard to the hearings.

I hope it is not simply because the cosmetics that sometimes accompany these demands for change, where the hearings are held and the witnesses are heard and nothing is done. I have been going through that on this bill for all the time I have been in the Senate, and this is my fourth year in this body. I went through it for some time in the other body before I arrived in the Senate, and nothing has happened.

Mr. BROOKE. The distinguished chairman of the committee was here and heard everything said by the distinguished Senator from Nebraska (Mr. Curtis). The Senator from Idaho and I know that the chairman heard a mouthful. I think the message is very clear to him and to all members of his committee. It is also very clear to the Secretary of Labor and the Department of Labor. That is the assurance I give to my colleagues.

Mr. McCLURE. I thank the Senator for that assurance. I am sure that I am not the only one in this body who shares that sense of frustration. I will not burden the discussion any further.

Mr. MAGNUSON. Mr. President, I support this amendment, which combines Senator Durkin's original amendment with Senator Abourezk's proposed modification.

It would require, under the Occupational Safety and Health Act, that no penalties be issued for nonserious violations on an inspector's first visit to a business. This would apply to all businesses, not just those with 10 or less employees as stipulated by the amendments in the House-passed bill.

This amendment would also exempt farms with a daily average of five or fewer employees, but not to exceed 12 employees on a given day, from OSHA inspections.

I believe this amendment would accomplish much the same purpose behind the House-passed amendments, by giving employers time to correct workplace hazards before being fined; yet, it would protect most workers from imminent-danger situations involved in the less than 3 percent of citations that are truly serious.

Mr. President, I urge adoption of this amendment.

Mr. President, no one would be more happy than the Senator from Massachusetts and I if the legislative committee would start to work on these problems. [Laughter]

Mr. BROOKE. Amen, Mr. President, [Laughter]

Mr. DOLE. Mr. President, the Senators from New Hampshire and South Dakota have proposed a temporary solution to this issue, and I intend to support them.

I understand that the amendment would have the effect of granting a 1-year exemption from OSHA regulations to small and moderate sized farm operations employing an average work force of five or fewer people. But it also grants OSHA a 1-year period in which to rethink and reformulate safety standards applicable to farm operations.

Those of my colleagues who represent agricultural constituencies are well aware of the tremendous concern OSHA has caused as a result of their current and proposed farm regulations. When OSHA set about to defend these regulations in a public relations campaign involving a half million dollars worth of pamphlets, they only succeeded in making matters worse. Farmers and ranchers who, for the most part, are already aware of the many safety hazards involved in their operations, are reacting angrily to the simplistic and gratuitous tone of these pamphlets.

As a result of this situation, the Agriculture and Forestry Committee has already passed a resolution requesting a temporary "stay of execution" on OSHA farm regulations pending committee hearings on the issue.

At my request, the committee agreed to hold hearings on the OSHA farm safety program. Hopefully we will be able to hold these hearings in the rural development subcommittee following the July recess. Of course, the Agriculture Committee has no legislative jurisdiction over OSHA. But we are on the receiving end of a good many complaints from the farm community and we can at least make OSHA aware of the problems it has created and perhaps suggest a more reasonable and moderate course of action. It is my hope that the Agriculture Committee can identify and recommend both legislative and administrative steps that can be taken to insure an effective and reasonable farm safety program.

Mr. President, the pending amendment also prohibits OSHA fines and penalties for nonserious, first violations. As such, it should encourage more frequent onsite consultations and go far toward removing the legitimate grievances of businessmen who have complained about harassment and overzealous enforcement practices.

Let me conclude by acknowledging the Federal Government's role in promoting workplace safety. Farming is an especially hazardous business, and I do not object to reasonable OSHA standards aimed at promoting safety and protecting life and limb. I only hope that in the future, OSHA will carry out its mandate in a less objectionable manner.

Mr. WILLIAMS. Mr. President, it seems clear to me that OSHA has fallen victim to the general swing of anti-Government rhetoric in this country. The White House has made OSHA a whipping boy, and some Members of this Congress are following suit.

The administration of the Occupational Safety and Health Act has improved dramatically—and many of the Members of this body are aware of that—but the debate in the Senate is still reflecting the past practices.

I reluctantly came to the view that the amendment offered by the Senator from New Hampshire (Mr. Durkin) was a reasonable was to deal with the criticism of OSHA which we have heard both in our oversight hearings and investigations around the country and from members of this body. Elimination of first instance penalties for violations other than serious, willful or repeated maintains the employer responsibility to correct deficiencies and to provide a safe and healthful workplace while it takes away the irritation of first instance fines.

However, it is, in my judgment, unfortunate that the amendment has had to be modified with a farm employer exemption which will leave many workers in a very high hazard industry without the protections that they need and deserve.

I believe that it is essential that we go no further than we have with this amendment package, which I have agreed to support, and preserve the integrity of this important act which aims to relieve the workers of the burden of 6 million injuries and over 100,000 deaths a year from occupational causes.

Mr. DOMENICI. Mr. President, I would like to take a few minutes to express my support for the revised Durkin OSHA amendment.

I feel the amendment, as revised yesterday, addresses the present problems facing the small farmers in New Mexico and throughout the country. By exempting farms with fewer than 5 employees—not counting family members—and by allowing a maximum of 12 people on any one day during peak harvesting periods, the law would be reflective of the small farmer's specific circumstances. The small farmer should, of course, provide the safest environment possible for his employees no matter the number, but the present law and regulations mandate impossible, cumbersome restrictions. I also wholeheartedly support the proposed prohibition against the issuing of citations for first instance nonserious violations for all businesses.

I urge my colleagues to study these revisions and to support the changes proposed by the Durkin amendment.

Although I have never been a supporter of legislation which seeks to exclude certain groups under general laws, it is obvious to me that OSHA in its present form is unenforceable and needlessly imposing to our Nation's farmers and businessmen.

Sometimes original legislation is excessive and is interpreted beyond the intent of Congress. I believe OSHA can be described arbitrary and unworkable.

I would rather the appropriate legislation would be properly drafted and presented by the legislative committee, but I, too, have lost hope that the committee will seriously consider needed changes and take appropriate action.

The oversight committee has promised repeatedly to modify the law, but all that happens is that the abuses grow daily as do the frustrations of the people. No changes are in sight.

If we do not make the changes needed to make the law reasonable and fair, I believe it would be better to not have the law. If the law cannot be applied equitably to all, which is certainly the case now, we should repeal it until we can draft a better one. Today bureaucrats decide who they will visit, who they will go after because it is clear that they cannot go after everyone. The regulations are voluminous and vague. A businessman could not comply if he tried.

OSHA was passed to protect employee health and safety wherever possible, but we are finding that in reality the law is enforced in an arbitrary manner. As I have mentioned in prior statements, Mr. President, many, many New Mexicans have protested the apparent capriciousness and often irrelevant regulations which periodically spring forth from the Department of Labor. In response to these legitimate complaints, I have supported legislation which would allow adequate consulting services and hearing procedures. I am disappointed, as are many of my colleagues who wish to see appropriate changes in the law, as the issue is largely ignored by the legislative committee. Surely, laws should be periodically reviewed after their passage. Surely laws are not immutable after their enactment. However, in this case, corrective action has been postponed necessitating our support for the Durkin amendment today.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Arkansas (Mr. McClellan), the Senator from California (Mr. Cranston), the Senator from North Carolina (Mr. Morgan), the Senator from Missouri (Mr. Symington), and the Senator from California (Mr. Tunney) are necessarily absent.

I further announce that the Senator from North Carolina (Mr. Morgan) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater) is necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 90, nays 1, as follows:

[Rollcall Vote No. 367 Leg.]

YEAS—90

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Weicker
Williams
Young

NAYS—1

Hathaway

NOT VOTING—9

Buckley
Cranston
Eastland
Goldwater
Gravel
McClellan
Morgan
Symington
Tunney

So Mr. Durkin's amendment was agreed to.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DURKIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Washington.

Mr. THURMOND. Mr. President, will the Senator yield to me to get a staff member on the floor?

Mr. MAGNUSON. Yes.

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. John Steer of my staff be allowed on the floor today during the consideration of the various legislative matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, the Senator from Massachusetts and I do not know of any other so-called legislative amendments to the bill. I think we can now get down to what the bill is all about, $57 billion of appropriations for the Departments of Labor, Health, Education, and Welfare, and related agencies.

We do have budgetary matters involved in this, which is the second largest money bill in the whole Congress next to defense, so I am going to yield as much time as he wishes to the Senator from Maine, who wants to discuss the ceilings and the budgetary problems involved in the bill.

Mr. MUSKIE. I thank the Senator.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Maine.

Mr. MUSKIE. Mr. President, I thank the distinguished floor manager of the bill, Senator Magnuson, for yielding to me at this time.

Mr. JAVITS. We cannot hear.

Mr. MUSKIE. I thank the distinguished floor manager of the bill for yielding to me at this time so that Members, as we get into the money side of the bill, will have the budget perspective on what is involved.

Mr. President, the bill before us today, H.R. 14232, would appropriate funds for the Departments of Labor and Health, Education and Welfare and related agencies totaling $56.9 billion in budget authority and $63.6 billion in outlays for fiscal 1977. These amounts are below the Labor-HEW Subcommittee's allocations under section 302(b) of the budget act by $9 billion in budget authority and $5.7 billion in outlays.

I plan to support this appropriations bill, Mr. President, but I do want to point out that there are numerous claims on the funds remaining in the subcommittee's allocation, claims that could exceed available funds unless we as a body exercise great care in handling pending legislation and keep a watchful eye on the overall fiscal situation.

Mr. President, I ask unanimous consent that a table listing possible supplementals for Labor-HEW programs be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

EFFECT OF POSSIBLE SUPPLEMENTALS ON THE LABOR-HEW SUBCOMMITTEE'S SEC. 302(b) ALLOCATIONS OF BUDGET AUTHORITY AND OUTLAYS

[In billions of dollars]

Item	Budget authority	Outlay
Subcommittee's sec. 302(b) allocation	65.9	69.3
H.R. 14232	56.9	63.6
Remaining allocation	9.0	5.7
Possible supplementals and other changes:		
(1) Different estimates for entitlements under current law	1.1	1.1
Medicaid	(.3)	(.3)
AFDC and SSI	(.6)	(.6)
Federal unemployment benefits and allowances	(.1)	(.1)
Special workers compensation benefits	(.1)	(.1)
(2) Possible changes in entitlements due to legislative action	0.9–1.2	0.9–1.2
Legislation assumed in budget resolution[1]	(0 –.3)	(0 –.3)
Pending black lung legislation	(.6)	(.6)
Increase in SSI benefits resulting from Housing Act legislation	(.1)	(.1)
Senate-passed child care legislation	(.2)	(.2)
(3) Pending authorizations not in Labor-HEW bill	7.8	4.3
Health programs (alcoholism and drug abuse, health manpower, health services)	(.6)	(.3)
CETA title VI public service jobs:		
Continuation of current jobs	(2.2)	(1.7)
Program expansion authorized in H.R. 12987	(2.2)	(1.8)
Offset to welfare programs	(–.4)	(–.4)
Higher education	(2.9)	(.6)
Vocational education	(.1)	(.1)
National Institute of Education	(.1)	(.1)
Other education programs	(.1)	(.1)
Total, possible supplementals and other changes	9.8–10.1	6.3–6.6
Technical accounting adjustment in assumed 1977 spendout of advances to the unemployment trust fund		–.6
Excess of possible funding over subcommittee allocation	.8–1.1	0–.3

[1] Legislation assumed in the 1st budget resolution could have a nil effect on Labor-HEW funding. This bill would be increased by $400,000,000 if the temporary unemployment benefits were extended as assumed in the 1st budget resolution, but savings legislation assumed for AFDC (–$200,000,000) and medicaid (–$300,000,000) would offset that increase if all measures were enacted. A realistic range of outcomes is from no net change to a net increase of $300,000,000.

Mr. MUSKIE. I urge Members to look at this table. The table groups these possible supplementals——

Mr. MAGNUSON. Mr. President, may we have some order?

The PRESIDING OFFICER. Yes. Will the Senator suspend until the Chamber and the galleries are in order. Will Senators confer in the cloakroom or in the lobby.

The Senator from Maine.

Mr. MUSKIE. Mr. President, the table I have just inserted in the RECORD groups possible supplementals into three categories:

First, higher estimates were used in developing the congressional budget than the President used in his budget for several entitlement programs? The President's estimates were used in the pending bill. If the Congressional Budget Office estimates prove to be accurate, we will have to add $1.1 billion in supplementals for medicaid, AFDC, SSI, and other programs.

The second category of possible supplementals includes pending bills for entitlement programs that have passed either the House or Senate. These bills could add as much as $0.9 billion for black lung benefits, child care grants to States, and SSI benefits. In addition, legislation allowed for in the budget resolution to extend temporary unemployment benefits could raise this amount to $1.2 billion unless offset by legislative savings assumed for other programs.

The third, and by far the largest category of supplementals, Mr. President, covers programs not yet authorized for which no funding is included in this bill. These items could require supplementals totaling up to $7.8 billion in budget authority and $4.3 billion in outlays for such important programs as CETA emergency jobs and higher education grants.

Adding up all the possibilities, we could have claims summing to $10.1 billion in budget authority, or $1.1 billion more than the remaining allocation. Outlays could reach $6.6 billion or $0.9 billion more than the remaining allocation. However, there are several reasons why these potential overages need not occur, and I think the Senate ought to focus on those.

First, the black lung bill, which has passed the House and is now in Senate subcommittee markup, may cost as much as $600 million in budget authority and outlays, and was not allowed for in either the congressional budget or in the Labor and Public Welfare Committee's section 302(b) allocation of budget authority. Consequently, if the bill is reported in the Senate, it will be referred to the Appropriations Committee for consideration, and the Appropriations Committee will have the opportunity to recommend whether to fund the bill or not based on the status of the budget and appropriations at that time. This new procedure for referral of such new entitlements to the Appropriations Committee is an important aspect of the Budget Act, and it will extend the Appropriations Committee's ability to control overall Federal spending.

A second factor we should keep in mind is that some pending entitlements may not be enacted as the Senate passed them, such as the child care bill, for example. The President may once again veto the bill, or the House may modify it to significantly reduce its cost. Also, there is uncertainty over what the final funding level will be for emergency public service jobs, an important antirecession program that the congressional budget assumed would require $4.4 billion in budget authority in fiscal 1977. No funding has yet been provided pending action on authorizing legislation.

Finally, Mr. President, a technical accounting problem results in the Labor-HEW bill being overcharged by $0.6 billion in outlays for advances to the unemployment trust fund. It appears likely that savings in transition quarter spending from the fund can be applied to fiscal 1977 so that outlays from the new fiscal 1977 advance to the fund are apt to be $0.6 billion less than assumed by the congressional budget office when it priced out this bill.

Mr. President, if we simply deduct the possible supplementals for the two entitlement bills I mentioned and if we make the technical adjustment to outlays, the possibility for overspending in Labor-HEW programs is reduced. This adjusted total would be $0.3 billion over the allocation in budget authority, and $0.5 billion under the allocation in outlays. Given the considerable uncertainty over much of the remaining authorizing legislation, we seem to have a safe margin at this stage, but I want to stress that the budgetary situation remains very tight as we look down the road at these possible supplementals.

In summary, Mr. President, the fiscal 1977 funding for Labor-HEW programs may well stay within the subcommittee's allocation. That certainly appears possible at this point. But it will not happen automatically, and I will endeavor to keep the Senate fully informed on the status of the congressional budget as we move along.

I thank the distinguished floor manager of the bill (Mr. MAGNUSON). May I express my appreciation to him for his efforts to stay within the budget target.

Mr. MAGNUSON. Mr. President, I do hope we have enough leeway, as we look down the road, so that we can stay within the ceiling. But as the Senator points out, it is going to be very tight.

Mr. MUSKIE. We ought to avoid adding anything.

Mr. MAGNUSON. That is why we should not add anything more to this bill.

Mr. MUSKIE. I thank my good friend from Washington.

Mr. BELLMON. Mr. President, the bill before us, H.R. 14232, would appropriate $56.9 billion in budget authority and $63.6 billion in outlays for the Department of Labor, Department of Health, Education, and Welfare, and related agencies. This is a large and complicated bill; however, I am pleased that the dollar amounts in this bill are within the amounts allocated to the Labor-HEW Subcommittee of the Appropriations Committee and therefore the dollar amounts are within the budget resolution. In fact, after subtracting the amounts in this bill from the allocations there remains a balance of $9 billion in budget authority and $5.7 billion in outlays available for the subcommittee to consider future demands.

However, lest we become complacent, I would like for my colleagues to be aware of the numerous possible supplementals which may be generated by both economic and legislative events. Under one set of not unrealistic assumptions, these supplementals could total as much as $10 billion in budget authority and over $6 billion in outlays, amounts which obviously would exceed the balance available for future demands. Further, even if some items in the above package of future demands are discounted, we are barely able to reduce potential spending back to the level of the allocations there is little or no margin for slippage.

Mr. President, I plan to support this appropriations bill; however, I recognize that supplementals could well place great pressure on the Senate budget resolution totals. These supplementals fall into three general categories.

First. Entitlements which may be underfunded in this bill. This bill has used administration estimates for calculating the funding needs of such entitlements as medicaid, AFDC, and SSI among others. We should be aware that the Congressional Budget Office has estimated these same set of entitlements at a level totaling $1.1 billion in both budget authority and outlays more than administration level. We saw this same factor in the agriculture appropriatons bill passed last week where administration estimates for food stamps were a full $1.2 billion below the CBO estimates. In the case of food stamps last week, I felt confident that the administration estimate of savings was optimistic and the higher CBO estimate will ultimately prove more accurate. I am less certain as to which level is the correct one with regard to the entitlements in this bill but I believe we should be prepared for a higher level of funding than the administration estimates used in the Labor-HEW appropriations bill. In other words, it is likely that we will see an additional $1.1 billion needed in supplementals to accurately fund the entitlements in this bill.

Second. There may also be additional funds needed due to the possible changes in certain entitlements if legislation currently under consideration ultimately becomes law. In this category we have both the black lung legislation and the Senate-passed child care bill among others. If these items become law and are fully funded, then an additional need of $0.9 billion in both budget authority and outlays might be necessary. I do not believe that the full $0.9 billion will ultimately be needed, but it is quite likely that some amount between zero and $0.9 billion will be required.

Third. The third category of future need is based on pending authorizations which are not in this appropriation bill. In this category we have a variety of health programs, the public service job programs, and higher education among others. The total need here could be as high as an additional $7.8 billion in budget authority and $4.3 billion in outlays.

While I do not want to be an alarmist, there is no doubt future pressure will come to bear on our budget totals and in this regard, I note that the Senate bill we are discussing today is higher than its House counterpart by $0.9 billion in budget authority and $0.2 billion in outlays. I would hope that our Senate conferees might seek to lessen the pressure on our totals by reporting back from conference with dollar amounts lower than amounts in this bill.

UP AMENDMENT NO. 146

Mr. JAVITS. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. JAVITS) proposed an unprinted amendment numbered 146:

On page 37, line 25, strike "$108,200,000" and insert in lieu thereof "$109,200,000".

Mr. JAVITS. Mr. President, I yield myself 12 minutes.

Mr. President, the million dollar increase sought by this amendment relates to a program under the Special Volunteer Programs within Action. The purpose of it is to establish some demonstration projects for an Urban Service Corps.

In other words, the purpose is to introduce into the obsolescent large cities, which are suffering tremendous financial problems, the idea of volunteer services to supply services now being denied, and which will be increasingly denied. Financial stringency compels the layoff or firing of so many municipal employees as to bring services down even below the minimum level.

The authorization for this particular activity, Mr. President, is found in a law which we have just reauthorized in May called the Domestic Volunteer Service Act, under title I, part C, of that act Special Volunteer Programs.

The reauthorization is so recent that the House could not deal with it. The Senate, in the appropriation before us, has dealt with it to some extent, but it has not been able to include this particular item.

I presented the matter to Senator McCLELLAN, the chairman of the committee, by letter, a copy of which went to other Members, under date of June 21.

Mr. President, I ask unanimous consent that that letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON LABOR AND PUBLIC
WELFARE,
Washington, D.C., June 21, 1976.

Hon. JOHN McCLELLAN,
Chairman, Senate Committee on Appropriations, Washington, D.C.

DEAR JOHN: During your Committee's consideration of the FY 1977 Labor/HEW Appropriations Act, I respectfully request your favorable consideration for domestic volunteer programs included in the Domestic Volunteer Service Act, as amended, enacted on May 27, 1976 (P.L. 94–293).

I have been informed that the Senate Subcommittee on Appropriations for Labor/HEW, has not provided appropriations for title I, National Volunteer Anti-Poverty Programs, because of the late enactment of the authorizing legislation and because the House Subcommittee on Appropriations similarly did not act on this appropriation request. As ranking minority member of the Committee on Labor and Public Welfare, which has jurisdiction over the authorizing legislation for the ACTION agency, I can assure you of the Committee's efforts to expedite passage of the authorizing legislation in time for consideration of Fiscal Year 1977 appropriations. Final passage in the Senate occurred on May 13, 1976, and was signed into law by the President on May 27, 1976.

Previously, I had joined with other members of the Committee on Labor and Public Welfare in requesting $34,725,000 for title I programs, and I now reiterate my request. A breakdown of this figure includes: $23.6 million for VISTA; $7.251 million for Service Learning Programs; and $3,811 million for Special Volunteer Programs.

URBAN LOCAL INITIATIVE PROGRAM

As a part of the $3,811,000 for Special Volunteer Programs, I believe consideration should be given to problems in urban areas. At a time when local governments are experiencing cutbacks of services, necessitated by budgetary constraints, efforts should be made to initiate and develop volunteer programs to augment municipal services, at the local level. Therefore, I recommend that the following language be incorporated in the report which your Committee issues:

The Committee believes that the citizens of urban communities should be encouraged to develop comprehensive self-help volunteer programs to meet community needs. Therefore, the Committee will expect ACTION to develop an Urban Local Initiative Program which will provide citizens with volunteer opportunities for commmunity service.

That program should include at least four components: (1) technical assistance and advice to communities in overall planning of volunteer activities for the urban area; (2) organization support to community organizations that will plan or administer volunteer programs; (3) a service corps of full-time stipend volunteers including volunteers from the community itself who may want to serve the community and who will benefit from the experience; and (4) assistance to local governments to supplement services with the use of volunteers. In no instance should such volunteers perform work which would otherwise be done by employees.

In order to qualify for assistance under this program, an urban community should produce an overall plan for volunteer activity including the development of community resources, both material and volunteers, and including involvement of both existing voluntary associations and the business and labor community. Within the limits of its resources the community should offer some degree of matching to the federal contribution. The plan should emphasize the use of volunteers in their own neighborhoods in community services, particularly those related to poverty, such as block security and safety, environment, sanitation, parks and beautification, recreation, education, youth, housing and neighborhood development, senior citizens, and child care.

This program should be established as a three-year experiment in cities. Funding shall be not less than $1 million of Title I Part C funds. Volunteers from other Title I programs, including VISTA, and Title III Older American Programs should also participate. ACTION should coordinate planning with other Federal Agencies to achieve program ends. ACTION should evaluate the program and propose its extension or modification as appropriate.

Your attention to these requests is greatly appreciated.

With best wishes,
Sincerely,
JACOB K. JAVITS.

Mr. JAVITS. It was obvious the subcommittee would never have a chance to deal with it. So, Mr. President, I shall not press the amendment. I have so advised the managers of the bill, but I wished this opportunity to deal with the question and hope that they will give me some assurance of urgent consideration of the matter. I think it makes a very strong case when the first supplemental comes along.

By then, hopefully, they will be ready to take a look at it and see whether it is deserving of support.

Now, Mr. President, the reason for this is the following: A city like New York, about which I know the most, has the most widely advertised municipal troubles. The fact is that we cut municipal employment something in the area of 60,000 to 70,000 in the space of less than a year. Even the Treasury Department has now advised them, and I sat in on meetings with them very recently, that that is just about as far as they can cut, and that they better not look for any more financial help for cutting the size of the municipal force.

The answer is, Mr. President, that this has left many municipal services inadequately tended. They include everything from sweeping streets to staffing local libraries.

Hence, a committee was organized, called the Citizens Committee for New York City, which I inspired, headed by Osborne Elliott, the editor in chief of Newsweek magazine, and Dennis Allee, who used to be my New York administrative assistant, but now works as executive director of this committee, to supply thousands of volunteers for the various purposes where the people of New York are being underserved, in many cases dangerously underserved. Tens of thousands of people are volunteering in close cooperation with the Mayor. These are being infused into the kind of voluntary work I described—auxiliary police, auxiliary street cleaners, auxiliary personnel in libraries and day care centers and many, many other things.

All of this needs a certain amount of assistance. Not just New York City but even Chicago, Ill., which prided itself so on its financial capability, and many other cities in the country, need this kind of program in order to sustain themselves and their people.

So I suggest a modest sum for the purpose of stimulating this activity, which is entirely in keeping with the ACTION program which is legislated, as I say, in this Domestic Volunteer Service Act.

Mr. President, I wish to point out in that connection that there is no program which has any analogy to this one which I have described.

For example, other programs that I can describe, the special volunteer programs, including the Young Adult Conservation Corps, are totally rural, and other programs requiring very small grants are both rural and urban. But there is nothing that really is an urban program responding to the unusual problems of the great cities. As I say the most vivid and biggest being my own city of New York.

Mr. President, we will undertake to supply all kinds of material to the subcommittee. I will appear before them, if they will let me, in due course. I hope very much that, in accordance with the views of Senator Brooke and Senator Magnuson, we may give urgent consideration to what I consider to be a really splendid initiative and very money saving in terms of the thousands of people who are willing to act and who have already volunteered.

Now, Mr. President, if I may have an expression of view from the managers, I would greatly appreciate it.

Mr. MAGNUSON. Of course we will take a look at it. This is a new program and we did not have any information on it at all.

The new authorizing legislation was enacted last month. Naturally, it will be a subject of our consideration when we have a supplemental. I hope the Senator from New York will not just zero it into New York's problem.

Mr. JAVITS. It does not at all, Mr. President. There is a large number of cities.

Mr. MAGNUSON. Some of the other cities have the same problems.

Mr. JAVITS. New York City is just the most vivid example. That is all.

Mr. MAGNUSON. I can say that my own city of Seattle does it now without any Federal money. They are doing it with their own money.

Mr. JAVITS. We will carry the burden of demonstrating that a modest amount of Federal money is necessary.

Mr. MAGNUSON. I know we are not talking about a large amount.

Mr. JAVITS. May I hear from Senator Brooke?

Mr. BROOKE. I concur. I am sure the chairman and I will do everything possible to give serious consideration to the Senator's request. I believe the chairman has made it perfectly clear, and I think it is the Senator's intent, that this would include other cities as well as New York. All he was trying to put forward, as I understand it, is that New York is very active in this regard.

Mr. JAVITS. It is acting on it. I will demonstrate how just a very little amount of money would be helpful.

Mr. BROOKE. I think it would be helpful if the Senator will appear before the subcommittee and testify. As the Senator mentioned, he did not come before the subcommittee and we did not have the benefit of the Senator's thinking. So the subcommittee really never did give any consideration to this.

Mr. JAVITS. That is absolutely right.

Mr. President, before I withdraw the amendment, I would like to request a few minutes for other purposes in connection with this bill.

One, the subcommittee, which has long been very sympathetic to summer youth jobs, has really come through this time in the most magnificent way. This is the first time that the regular appropriation bill has carried the necessary money for summer youth employment. It is really extraordinary that this finally has happened. We were constantly chasing the bus for years. I have handled this matter in the Chamber with a kind of tacit agreement that this was my particular baby, though, it is not. Many, many other Members are deeply interested. I would like to thank Senator Magnuson, Senator Brooke, the members of the subcommittee and the committee for providing adequately in advance the $595 million for the 1 million summer jobs, a program which has paid off most notably. I also thank the Department of Labor which, this very day has provided an additional $35 million for the release of 60,000 additional summer job slots for disadvantaged youth for fiscal year 1976.

Mr. President, I have just one other thing. If the two managers of the bill will follow me, that I would like to call to their attention.

Mr. BROOKE. If the Senator will yield at that point, I would like to refer to the summer job matter. Last year we provided $528 million. This year the subcommittee provides $595 million. We are proud and very pleased that the Senator has noted this, has pointed it out. But I also want to point out that this covers only about half of those eligible for the summer jobs program in the country.

Mr. JAVITS. There is no doubt about that.

Mr. BROOKE. So we still have a long way to go. I think we are making great progress, however. I think it is wonderful, when we get so much criticism on these appropriations, that there has been recognition of what the subcommittee has done to get this money.

Mr. JAVITS. These 1 million kids will be very grateful every day.

Mr. BROOKE. The Secretary of Labor announced at 10 a.m. today that discretionary money which he administers will be released to 44 cities throughout the United States to alleviate some of the problems of disadvantaged youth for summer jobs and job training.

Mr. JAVITS. Forty-four cities whose rate of unemployment is 9 percent or more.

Mr. BROOKE. That is correct.

Mr. JAVITS. We have every reason to be very grateful and very gratified. As the Senator so very properly said, we are about halfway home. Nobody is spending too much money in this.

NATIONAL CANCER INSTITUTE

Mr. President, I should like to call the subcommittee's attention to the fact that in the House report, under the heading "National Cancer Institute" on pages 24 and 25, certain comments are made respecting needed positions for the Environmental Epidemiology Branch of the Institute.

The PRESIDING OFFICER (Mr. Abourezk). The Senator's 12 minutes have expired.

Mr. JAVITS. I yield myself 3 additional minutes.

As I stated, certain commitments are made in the House report respecting the staffing of various parts of the cancer program dealing with the connection between cancer and the environment and exposure to chemicals and also the occupational carcinogenesis program in concert with the National Institute for Occupational Safety and Health.

Mr. President, I would like to tell my colleagues that I believe that this money and staff allocation is eminently deserved and required, and is a field much neglected, especially in the Environmental Epidemiology Branch.

Though it is not specifically dealt with in the Senate report, I wonder whether the Senators would give me their views. The House report calls for 17 new positions for the Environmental Epidemiology Branch, and 60 for the carcinogenesis program, and also some $3 million for the occupational carcinogenesis program. The House also directed that the necessary space be provided for these activities.

The managers obviously do not have to endorse every job and every amount, but their support for the general idea and additional positions carried in the House report so that these programs can receive more attention than they have had would be extremely helpful, as it is not directly mentioned in the Senate report language.

Mr. MAGNUSON. Mr. President, I think we agreed with what the House says, and we provided additional funds. We are hopeful that the increase will be used for these needed positions.

Mr. BROOKE. Mr. President, I agree with the Senator. We obviously cannot put it in the report language, because the report has already been filed, but I certainly agree that we agree in concept with what the distinguished Senator from New York has said, and I do not think we will have any difficulty about it in conference.

Mr. JAVITS. I thank my colleagues.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

UP AMENDMENT NO. 147

Mr. KENNEDY. Mr. President, I send an amendment to the desk in behalf of myself, Mr. JAVITS, Mr. STAFFORD, and Mr. CRANSTON, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

> The Senator from Massachusetts (Mr. KENNEDY), for himself and others, proposes unprinted amendment 147:
>
> On page 38, line 4, strike out "$558,500,000" and insert in lieu thereof "$573,500,000."

Mr. KENNEDY. Mr. President, first of all I wish to join in sharing the expression of the Members of this body commending Senator MAGNUSON and my colleague, Senator BROOKE, for the appropriations bill that they have brought to the Senate. I think they really deserve a great deal of commendation by the Members of this body who are most concerned about human service programs, whether in the areas of health, education, or community programs, and I shall in a few moments indicate, in the health area, where I think they have done a really outstanding job, and some of the other areas which I have been most interested in and concerned with.

The amendment which I have offered is merely to add a small amount of money, some $15 million, to the community economic development programs. This is an area, I know, of great interest to myself, and I notice Senator JAVITS and the other cosponsors of the amendment. It has been broadly implemented not only in urban areas but in a variety of different rural communities. In many instances, I feel that it offers a most exciting and hopeful path for further expansion in meeting compelling problems in the cities, particularly in the most troubled areas of the cities, as well as in a number of poorer rural communities of this country.

It has a very important component in terms of local involvement and community participation that has been a hallmark of these programs in the past. The success of the programs, I think, has really been most notable. We have seen it in the course of the extensive hearings before our Committee on Labor and Public Welfare.

There are a number of these programs, including the Bedford-Stuyvesant program started by Robert Kennedy and Senator JAVITS, which I think has been the most hopeful program of any that have been fashioned in the last 10 years in helping a community to help itself. These are really minimal figures we are asking here, but I think under any fair evaluation they are justified.

Even with the acceptance of these figures, it will not permit a maintenance level for existing programs. That maintenance level would require some $76 million, and with this particular amendment we are bringing it up, if it is accepted, only to some $61 million; so even some of the existing programs will be curtailed, cut back, and diminished, at a time when these programs are effective.

There are two specific programs that I know my colleague (Mr. BROOKE) is extremely familiar with. One is the Circle program in Roxbury, and the other is the East Boston Community Development program.

This program works. It works in all of the city of Boston, in a variety of rural communities, and in the Bedford-Stuyvesant area, and we are hopeful that those programs, which local community officials or personnel are so supportive of, can be continued along in a way which can make some difference in these communities and in improving the quality of life in the areas in which they serve.

I hope this proposal can be taken to conference. I have a more detailed explanation and justification for the proposal.

I know it is a program with which the chairman is familiar, and I know that my colleague (Senator BROOKE) is familiar with it; and I hope the amendment can be taken to conference.

Mr. BROOKE. Mr. President, I commend my senior colleague for offering this amendment. It is a very good amendment. This money is needed.

I am personally familiar with the Greater Roxbury Development Corporation and the East Boston Neighborhood Council. They do exceptionally good work, for example East Boston is involved in such projects as housing rehabilitation, elderly housing construction, land acquisition, land planning and development, and technical assistance for small business. The Greater Roxbury organization does meaningful work in addressing the critical problems of dependency, chronic unemployment, and rising community tensions, and there are other similar organizations around the country.

I think that by adding this very modest sum of $15 million, we would enable this program to continue, certainly at its present level and perhaps even at a little higher level. I have discussed this matter with the distinguished chairman of the committee (Mr. MAGNUSON), and he is agreeable to taking this $15 million to conference. I certainly would wholeheartedly endorse it, and concur with him in that acceptance.

Mr. KENNEDY. I am sure the Senator is very much aware of the transitional problems we are facing during this period, and we are hopeful that this will not only be taken to conference, but will actually be implemented. I know that is the intention of my colleagues and the chairman of the committee. I appreciate very much his responsiveness on this issue. He is very familiar in a personal way with these programs and their value, as is the Senator from New York (Mr. JAVITS), and I appreciate his willingness to accept the amendment.

Mr. BROOKE. Let me assure my colleague that my use of the words "take it to conference" is not using those words as they are sometimes used.

Mr. KENNEDY. As we have heard them used around this floor the last couple of weeks.

Mr. BROOKE. No; it certainly is my intention to press and to try to hold this provision in conference. We will certainly do everything possible to hold it.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. BROOKE. I yield.

Mr. JAVITS. I, too, wish to express my appreciation to the chairman and the ranking minority member of the subcommittee, and to endorse the statements made by Senator KENNEDY. I have been very close to and watched the program in New York, at Bedford-Stuyvesant, very carefully.

I say there are a few things we have learned in the antipoverty effort since it began in the 1960's, and one of those, of course, was the remarkable acceptance of the legal services program which caused us to institutionalize it into a corporation, and the other is the extraordinary receptivity of minority communities to the community development program to which hopefully we will add this sum.

I might say that the danger to such programs is, one, a failure to be practical, and this I have noticed in Bedford-Stuyvesant particularly. They are under construction in various housing improvements. They cleaned up blocks by self-help of small private houses; so instead of being slums they are decent living quarters. They have helped to police the area. Their own headquarters is a reconstructed milk bottling plant. It is now a lovely office building which has every prospect of paying its own way. They have continued to enlist the best of the highest cut of business talent in New York, notwithstanding a conflict that developed within the community. A danger of all these organizations is internal conflict within the minority group itself. It has survived that and managed not to lose any of the topflight New Yorkers who have been members of the boards. I think this is an extraordinary record. They have a very gifted director in a man named Franklin Thomas, a very gifted chairman of the board, by the way, a man who has been so helpful to us in Benno C. Schmidt, and others, sterling New Yorkers, so much so, Mr. President, that I ask unanimous consent to include the list of the Directors of the Bedford-Stuyvesant Corporation.

There being no objection, the directory was ordered to be printed in the RECORD, as follows:

BEDFORD-STUYVESANT RESTORATION CORPORATION; BEDFORD-STUYVESANT D AND S CORPORATION

DIRECTORS—RESTORATION

Hon. Joseph B. Williams, Chairman.

Hon. Carl I. Butler, Robert Carson, Vernal G. Cave, M.D., Rudolph Clarence, Jr., Robert Clemmons, Mrs. Almira K. Coursey, Rev. William J. Hall, Rev. Henry B. Hucles, Pazel G. Jackson, Jr., Cyril J. Jones, M.D., Mrs. Robert V. King, Jr., Rev. Edward A. Lawrie, R.C., Charles Owens, Oliver Ramsay, Mrs. Daphne A. Sheppard, William Tate, Hon. William C. Thompson, Hon. Albert Vann.

Franklin A. Thomas, President.

DIRECTORS—D AND S

Benno C. Schmidt, Chairman.

John R. H. Blum, Roswell L. Gilpatric, Hon. Jacob Javits, Mrs. Robert F. Kennedy, Stephen Smith, William Spencer, Thomas Johnston.

Hon. Robert F. Kennedy, 1925–1968.

Mr. JAVITS. I really can, from that experience, commend the program very highly to the Senate, and I am so pleased that the managers see it the same way that Senator KENNEDY and I do.

Mr. KENNEDY. I move the adoption of the amendment, Mr. President.

The PRESIDING OFFICER. Do both sides yield back their time?

Mr. KENNEDY. I yield back the remainder of my time.

Mr. JAVITS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. KENNEDY. Mr. President, are we under a time limitation?

The PRESIDING OFFICER. There is no time limitation now.

Mr. KENNEDY. Mr. President, I wish to make some brief comments about this bill generally. I applaud the priority that has been given to the summer youth program in supporting 1 million jobs. I can speak, as I know my colleague can, about the importance of this program in a number of different areas of our own State of Massachusetts. I think it is generally needed in the country, and I think the priority that has been given to that program is encouraging.

The increase in title IX of the Older American Act will fund 22,000 jobs, an increase of some 40 percent over last year. It has been an extraordinarily successful program and one which has been very warmly embraced by many elderly people, augmenting and supplementing their own retirement income, and providing outlets for talented and skilled elderly people to participate in a number of valuable and worthwhile events and affairs that benefit the community. This has been a program which has been upgraded in this bill.

In the health area, Mr. President, there have been some areas which have received extremely strong support. In community health centers there has been an important increase over last year. This first program was developed as a concept of Tufts Medical School in our own State of Massachusetts, first fashioned in Columbia Point in Boston and then down in Mississippi, a rural program. It has been tested and tried. It has been strengthened by the appropriations in this bill.

The migrant health program, to try and help and assist many of the migrant families in this country, has additionally been strengthened.

The program in the whole area on mental health centers has been strengthened. This is important in terms of drug abuse and alcoholism, which are two of the most common public health problems we are facing in this country today, with the stresses and tensions we have in our complex society. It is crucial for the mental health and well-being of the people of this Nation.

Of areas of concern in which I offer no amendments today but I do mention and hope over the period of the future we could continue to review with the Appropriations Committee, one is in the health planning area. There have been some increases. $130 million has been provided. This is an increase from $102 million last year. This program can have an extremely important impact on cost control in this country. Hopefully working with States that are going to establish certification of need programs for facilities and services—our own State of Massachusetts is moving in this area in an important way—we can really get a handle, I believe, on extremely costly facilities and services within the community.

One of the clearest examples that is continuing today is the fact that one of the new technologies has been the E.M.I. scanner, the purpose of which is to try and look into the inner brain of individuals who may be having some kind of brain illness.

Great Britain, for example, has only purchased four of those E.M.I. scanners for 50 million people. We have 1,000 of those scanners in the 6,000 hospitals already in the United States, and there are several thousand more on order. Every time a picture is taken it costs approximately $400.

The planning program which we have fashioned and passed, trying to get a handle on some of these technologies and facilities, which are adding hundreds of millions of dollars to health care costs, is extremely important health legislation in trying to deal with this over a longer range period of time.

The appropriation bill has given some additional money in this, but it is a matter of great importance, and we are going to continue to try and work with the committee as this program has been implemented.

Quite frankly, within the administration, the administration has implemented this program effectively, so effectively, quite frankly, that the fellow who implemented it, unfortunately, has been fired because of the objections of many of the Governors and others. But this program is of importance.

We have the alternative way of delivering health care from the fee for service program in the Health Maintenance Organization legislation. That program has been slow getting off the mark. Basically, it has been the inertia within HEW. But hopefully, in the delivering of alternative ways of health care through HMO we can provide some degree of competition within the health care delivery system.

That is HMO's versus the fee for service program, and this program is only now $22 million. Basically, we in the Senate 4 years ago passed an authorization in excess of $2 billion for that program. Secretary Richardson actually testified, when he was Secretary of HEW under President Nixon, that they had hoped to be able to make HMO's available to 85 percent of the American people by 1980. We have seen that concept dramatically reduced, but it is an important way for getting some comparison in the delivery of health care, and it deserves support over the period of the future.

Another area which is terribly important again in cost controls is in the area of health statistics, and I wish to be able to come back to the Appropriations Committee on the supplemental bill and talk with them about getting full funding for that particular program. We are really talking only about $2 million more in the area of health statistics. By collecting health statistics all over this country it really will begin to spell out for us in Congress the cost of health care, the cost of different alternative ways and means of treating health care needs, comparisons in terms of lengths of stay in hospitals, and a variety of other different kinds of information which is extremely important and extremely valuable to Congress in attempting again to deal with the ever-increasing cost of health care in our society.

So this particular program—again, we are only talking about $1 or $2 million—will be extremely important, and we will work with the committee in the future as we have in the past.

One area I wish to mention and flag, which I know the chairman of the committee is sensitive to, as well as the ranking member, is the health manpower area. The manpower bill will be considered tomorrow morning at 8 o'clock on the floor of the Senate. It will be passed tomorrow morning. It will be in conference, and we will have legislation on the President's desk which hopefully will be signed between the conventions in midsummer.

There is not sufficient money under the budget resolution at this time to fund that program in the way which is necessary if we are going to meet our health manpower needs, if we are going to insure that the 114 medical schools in the Nation are going to continue to be able to survive and provide the kind of quality education they are capable of providing.

I know that the chairman of the committee is aware of the crunch we are facing. I know he is a stalwart in the Budget Committee as well as in the Appropriations Committee in insuring the adequacy of funding in these vital areas of health.

I would be interested in learning whether the chairman of the committee believes, as I do, that we will have to address this issue in the future. I should like to hear his comments with respect to this question at this time.

Mr. MAGNUSON. I say to the Senator from Massachusetts that I, too, am concerned about whether we are going to get in such a tight spot after the passage of the health manpower bill, which we could not handle this time because it was not authorized, that we might have to break the health ceiling. I do not consider the budget ceilings to be mandatory in all occasions. I think the budget legislation gives some escape clauses where something turns up that is of an emergency nature. I am sure we will take a look at the health ceiling before we get through.

I assure the Senator from Massachusetts that in the second concurrent resolution, I am going to address myself to this problem; because both Senators from Massachusetts and I have said on many occasions that in all the health problems we have in the United States—I think we have the best research in the world—our real problem is the delivery of health programs to the people. We have neglected that too often—that and more preventive medicine.

I was able to convince the Budget Committee early—in its first resolution—that we needed a great deal of leeway in the so-called health function, and they agreed with me. So we were able to keep this bill, as the Senator from Maine pointed out, within that ceiling. But I think we will have to do something on this whole business of health manpower after the bill is passed.

Mr. KENNEDY. That is very assuring.

Mr. MAGNUSON. We get mixed up, and rightly so, with a lot of noncontrollable items, such as medicaid and medicare. But people should realize that if we concentrate good health manpower, we are going to save a lot of the funds in the ceilings that must be put on those big items. This is money well spent.

Mr. KENNEDY. I did not expect any other response, because the Senator has been the champion in this body with respect to health, together with my colleague.

We are facing a situation in which in 1975 we provided $499 million for health manpower, and the committee manpower bill requires $520 million. I understand that the Appropriations Committee has reserved $385 million for health manpower. So we will have to work out that particular item. We will be faced with that in the future, but I am glad to see that my colleagues are aware of this crunch and are prepared to move on it.

One additional area with respect to cost control which the Senator has just identified is preventive health. We passed a good health education bill which was recently signed by the President, which can be extremely helpful and valuable in terms of the development of a real policy and a program of preventive health for this country. It is an area which has been neglected.

As the Senator from Washington understands, out of every dollar that is spent in health, only 2 cents or less is actually spent in preventive health care. We are probably spending, in terms of the percentage of our health dollar, less in preventive medicine than any other industrial society. Every review by economists and others indicates that this is an area of enormous potential savings and costs.

I understand that the full committee added $500 thousand in the health education area. I understand that when we come back on a supplemental, the committee will consider new programs in the area of health education. I look forward to working with the chairman of the committee and the members of the committee on that issue in the next supplemental.

Also, in the supplemental, I hope we can provide new and additional funding for title I of ESEA, the basic compensatory education program. Although the committee added $100 million to the House level—$2.35 billion—we stil need to do more.

Mr. President, this committee has continued the $50 million under the emergency school aid program, which can make a great deal of difference in many communities, in northern cities as well as other parts of the country, that are faced with court orders. I think this will be very helpful, not only to the city of Boston but also to many other communities in the North and the South which will be eligible for it. The committee has shown a sensitivity for this issue.

Another area has been that of handicapped children, particularly in the preschool program, for the physically and mentally handicapped children, again directed toward the preschool program. We are getting a program started. It is only $25 million. Nonetheless, I think that can make a great deal of difference in helping States such as my State of Massachusetts, which has developed an important program with respect to the physically and mentally handicapped, particularly in the preschool areas. This program begins the process of support for States and local communities that are moving in this area. I think this is valuable.

The final area is nutrition for the aged. Every Member of this body who has visited any of those centers and talked with any of the elderly people knows the value of this program. It will increase now to some 430,000 daily meals. This is a very valuable and worthwhile program.

As one Member of this body and as a member of the committee which in many instances authorized the legislation, I commend the Appropriations Committee for bringing this appropriations bill to us and showing sensitivity to the human needs which have been identified. We just identified some of these areas. I thank the chairman of the committee and my colleague, the ranking minority member of the committee, for their assurance of working closely together in some of these other areas in the future, which I think can continue the march of progress in the area of human need.

Mr. MAGNUSON. I thank the Senator. No one has been more helpful to the committee than the Senator from Massachusetts. He always comes down and gives us a lot of facts. He has made a good study of some of these matters, and we get a lot of guidance from the Senator on what ultimately, after markup, is a very sensitive bill.

Mr. President, at this point and in order to facilitate the study of the committee recommendations by Members of the Senate, their staffs, and others, I ask unanimous consent to have printed in the RECORD a table and narrative explanation that shows in detail the progress of this bill up to date.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Current status of the fiscal year 1977 Labor-HEW appropriations bill, H.R. 14232

Senate committee bill	$57, 142, 638, 575
House bill	56, 205, 212, 000
President's budget estimates	52, 618, 208, 000
1976 comparable appropriation	53, 424, 480, 000
Senate committee bill compared with:	
House bill	+937, 426 575
President's budget estimates	+4, 524, 430, 575
1976 comparable appropriation	+3, 718, 158, 575

In 1976, $5.3 billion was provided for presently unauthorized programs not included in this bill; this indicates a minimal need for a subsequent supplemental. Major changes over the budget:

Labor:	
State and land employment and training	+$300, 000, 000
Summer youth employment	+195, 000, 000
HEW:	
Maternal and child health	+149, 000, 000
NIH Research Institutes	+449, 000, 000
Title I grants for the disadvantaged	+450, 000, 000
Impact area aid	+473, 000, 000
Education for the handicapped	+271, 000, 000
Vocational education (advance funding)	+336, 000, 000
Programs for the aging	+215, 000, 000
Related agencies:	
Community services programs	+224, 000, 000
Corporation for Public Broadcasting	+124, 000, 000

DEPARTMENT OF LABOR, HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS BILL, 1977

TITLE I—DEPARTMENT OF LABOR

Agency and item	1976 comparable appropriation	1977 budget estimate	House committee recommendation	Senate committee recommendation	Increase (+) or decrease (—), Senate committee recommendation compared with—		
					1976 comparable appropriation	Budget estimate	House bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
EMPLOYMENT AND TRAINING ADMINISTRATION							
Program Administration							
Planning, evaluation and research	$5, 241, 000	$5, 034, 000	$5, 006, 000	$5, 006, 000	—$235, 000	—$28, 000	
Comprehensive employment development	33, 046, 000	33, 805, 000	34, 109, 000	34, 151, 000	+1, 105, 000	+346, 000	+$42, 000
Apprenticeship services	11, 874, 000	12, 335, 000	12, 335, 000	12, 461, 000	+587, 000	+126, 000	+126, 000
U.S. employment service	640, 000	667, 000	669, 000	961, 000	+321, 000	+294, 000	+292, 000
Unemployment insurance service	271, 000	1, 185, 000	1, 275, 000	1, 337, 000	+1, 006, 000	+152, 000	+62, 000
Investigation and compliance	647, 000	751, 000	708, 000	732, 000	+85, 000	—19, 000	+24, 000
Executive direction and management	15, 905, 000	15, 603, 000	15, 672, 000	15, 726, 000	—179, 000	+123, 000	+54, 000
Total	67, 624, 000	69, 380, 000	69, 774, 000	70, 374, 000	+2, 750, 000	+994, 000	+600, 000
Trust fund transfer	(30, 323, 000)	(31, 487, 000)	(30, 887, 000)	(30, 887, 000)	(+564, 000)	(+600, 000)	
Employment and Training Assistance							
State and local programs	1, 980, 000, 000	1, 980, 000, 000	2, 280, 000, 000	2, 280, 000, 000	+300, 000, 000	+300, 000, 000	
(Title I—Comprehensive employment service)	(1, 580, 000, 000)	(1, 580, 000, 000)	(1, 880, 000, 000)	(1, 880, 000, 000)	(+300, 000, 000)	(+300, 000, 000)	
(Title II—Public employment programs)	(400, 000, 000)	(400, 000, 000)	(400, 000, 000)	(400, 000, 000)			
National programs:							
National training programs	365, 890, 900	371, 960, 000	394, 460, 000	394, 460, 000	+28, 570, 000	+22, 500, 000	
(Job Corps)	(175, 000, 000)	(175, 000, 000)	(197, 500, 000)	(197, 500, 000)	(+22, 500, 000)	(+22, 500, 000)	
Program support	42, 440, 000	42, 370, 000	42, 370, 000	42, 370, 000	—70, 000		
Summer youth employment program	528, 420, 000	400, 000, 000	595, 001, 000	595, 000, 000	+66, 580, 000	+195, 000, 000	—1, 000
Total	2, 916, 750, 000	2, 794, 330, 000	3, 311, 831, 000	3, 311, 830, 000	+395, 080, 000	+517, 500, 000	—1, 000
Temporary employment assistance	2, 825, 000, 000				—2, 825, 000, 000		
Community service employment for older Americans	85, 900, 000		90, 600, 000	90, 600, 000	+4, 700, 000	+90, 600, 000	
Federal Unemployment Benefits and Allowances							
Payments to former Federal personnel	384, 000, 000	440, 000, 000	440, 000, 000	440, 000, 000	+56, 000, 000		
Trade adjustment assistance	26, 000, 000	120, 000, 000	120, 000, 000	120, 000, 000	+94, 000, 000		
Unemployment assistance and payments under other Federal unemployment programs		300, 000, 000	300, 000, 000	300, 000, 000	+300, 000, 000		
Total	410, 000, 000	860, 000, 000	860, 000, 000	860, 000, 000	+450, 000, 000		
Advances to unemployment trust fund and other funds	5, 000, 000, 000	5, 000, 000, 000	5, 000, 000, 000	5, 000, 000, 000			
Grants to States for unemployment insurance and employment services[1]	81, 300, 000	81, 500, 000	89, 100, 000	147, 500, 000	+66, 200, 000	+66, 000, 000	+58, 400, 000
Trust fund transfer	(1, 415, 400, 000)	(1, 354, 300, 000)	(1, 412, 700, 000)	(1, 354, 300, 000)	(—61, 100, 000)		(—58, 400, 000)
(Employment Service, total trust and Federal funds)	(889, 600, 000)	(499, 000, 000)	(565, 600, 000)	(565, 000, 000)			
(Unemployment Insurance Service, total trust funds and Federal funds)	(531, 100, 000)	(697, 000, 000)	(697, 000, 000)	(697, 000, 000)	(+165, 900, 000)		
(Contingency Fund; Total Trust and Federal Funds)	(76, 000, 000)	(239, 800, 000)	(239, 800, 000)	(239, 800, 000)	(+163, 800, 000)		
(Total, Trust and Federal Funds)	(1, 496, 700, 000)	(1, 435, 800, 000)	(1, 501, 800, 000)	(1, 501, 800, 000)	(+5, 100, 000)	(+66, 000, 000)	
LABOR-MANAGEMENT SERVICES ADMINISTRATION							
Salaries and expenses:							
Labor-management relations policy	$3, 057, 000	$3, 123, 000	$3, 123, 000	$3, 123, 000	+$66, 000		
Labor-management standards enforcement	14, 474, 000	13, 956, 000	13, 956, 000	13, 956, 000	—518, 000		
Veterans employment rights	2, 553, 000	2, 578, 000	2, 578, 000	2, 578, 000	+25, 000		
Federal labor-management relations	4, 418, 000	4, 567, 000	4, 567, 000	4, 567, 000	+149, 000		
Employee benefits security	16, 722, 000	20, 971, 000	20, 671, 000	20, 671, 000	+3, 949, 000	+$300, 000	
Executive direction and administrative services	3, 593, 000	3, 424, 000	3, 424, 000	3, 424, 000	—169, 000		
Total	44, 817, 000	48, 619, 000	48, 319, 000	48, 319, 000	+3, 502, 000	—300, 000	
PENSION BENEFIT GUARANTY CORPORATION							
Benefit payments	(2, 101, 000)	(25, 024, 000)	(25, 024, 000)	(25, 024, 000)	(+22, 923, 000)		
Program administration	(14, 772, 000)	(20, 551, 000)	(20, 551, 000)	(20, 551, 000)	(+5, 779, 000)		
Total	(16, 873, 000)	(45, 575, 000)	(45, 575, 000)	(45, 575, 000)	(+28, 702, 000)		
EMPLOYMENT STANDARDS ADMINISTRATION							
Salaries and expenses:							
Improving and protecting wages	38, 567, 000	41, 895, 000	41, 725, 000	41, 725, 000	+3, 158, 000	—170, 000	
Elimination of discrimination in employment	13, 888, 000	14, 870, 000	14, 790, 000	14, 790, 000	+902, 000	—80, 000	
Worker's compensation	21, 875, 000	23, 792, 000	24, 469, 000	24, 469, 000	+2, 594, 000	+677, 000	
Program development and administration	10, 461, 000	12, 718, 000	11, 968, 000	11, 968, 000	+1, 507, 000	—750, 000	
Total	84, 791, 000	93, 275, 000	92, 952, 000	92, 952, 000	+8, 161, 000	—323, 000	
Trust fund transfer	(255, 000)	(250, 000)	(250, 000)	(250, 000)			
Special benefits:							
Federal employees compensation act benefits	275, 959, 000	285, 276, 000	285, 276, 000	285, 276, 000	+9, 317, 000		
Disabled coal miners benefits	20, 000, 000	30, 100, 000	30, 100, 000	30, 100, 000	+10, 100, 000		
Longshore and harbor workers' benefits	2, 141, 000	2, 442, 000	2, 442, 000	2, 442, 000	+301, 000		
Total	298, 100, 000	317, 818, 000	317, 818, 000	317, 818, 000	+19, 718, 000		
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION							
Salaries and expenses:							
Safety and health standards	6, 747, 000	10, 856, 000	9, 194, 000	8, 194, 000	+1, 447, 000	—2, 662, 000	—1, 000, 000
Compliance:							
Federal inspections	43, 492, 000	52, 082, 000	52, 082, 000	62, 082, 000	+18, 590, 000	+10, 000, 000	+10, 000, 000
State programs	35, 600, 000	38, 100, 000	38, 100, 000	38, 100, 000	+2, 500, 000		

Agency and item	1976 comparable appropriation	1977 budget estimate	House committee recommendation	Senate committee recommendation	Increase (+) or decrease (−), Senate committee recommendation compared with—		
					1976 comparable appropriation	Budget estimate	House bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Education, consultation, and information	$13, 935, 000	$20, 061, 000	$20, 736, 000	$16, 236, 000	+$2, 301, 000	−$3, 825, 000	−$4, 500, 000
Safety and health statistics	5, 977, 000	6, 159, 000	6, 159, 000	6, 159, 000	+182, 000		
Executive direction and administration	3, 438, 000	3, 562, 000	3, 562, 000	3, 562, 000	+124, 000		
Total	109, 189, 000	130, 820, 000	129, 833, 000	134, 333, 000	+25, 144, 000	+3, 513, 000	+4, 500, 000
BUREAU OF LABOR STATISTICS							
Salaries and expenses:							
Manpower and employment	25, 459, 000	26, 630, 000	26, 598, 000	26, 598, 000	+1, 139, 000	−32, 000	
Prices and cost of living	10, 479, 000	16, 310, 000	15, 212, 000	16, 240, 000	+5, 761, 000	−70, 000	+1, 028, 000
Wages and industrial relations	9, 266, 000	11, 202, 000	10, 937, 000	11, 164, 000	+1, 898, 000	−38, 000	+227, 000
Productivity and technology	2, 269, 000	2, 587, 000	2, 576, 000	2, 576, 000	+307, 000	−11, 000	
Economic research	619, 000	710, 000	706, 000	706, 000	+87, 000	−4, 000	
Executive direction and staff services	10, 461, 000	10, 597, 000	10, 553, 000	10, 553, 000	+92, 000	−44, 000	
Revision of the consumer price index	7, 261, 000	5, 652, 000	5, 614, 000	5, 614, 000	−1, 647, 000	−38, 000	
Total	65, 814, 000	73, 688, 000	72, 196, 000	73, 451, 000	+7, 637, 000	−237, 000	+1, 255, 000
DEPARTMENTAL MANAGEMENT							
Salaries and expenses:							
Executive direction	10, 105, 000	10, 802, 000	10, 568, 000	10, 438, 000	+333, 000	−364, 000	−130, 000
Legal services	17, 218, 000	18, 752, 000	18, 730, 000	18, 730, 000	+1, 512, 000	−22, 000	
International labor affairs	4, 388, 000	4, 712, 000	4, 692, 000	4, 692, 000	+304, 000	−20, 000	
Administration and management	12, 326, 000	13, 665, 000	13, 657, 000	13, 657, 000	+1, 331, 000	+8, 000	
Appeals from determination of Federal employee claims	267, 000	272, 000	272, 000	272, 000	+5, 000		
Promoting employment of the handicapped	1, 351, 000	1, 393, 000	1, 393, 000	1, 393, 000	+42, 000		
Grants for education and employment	5, 000, 000				−5, 000, 000		
Total	50, 655, 000	49, 596, 000	49, 312, 000	49, 182, 000	−1, 473, 000	−414, 000	−130, 000
Trust fund transfer	(1, 290, 000)	(1, 305, 000)	(1, 305, 000)	(1, 305, 000)	(+15, 000)		
Special foreign currency program	70, 000	70, 000	70, 000	70, 000			
Total, Labor Department	12, 040, 010, 000	9, 519, 096, 000	10, 131, 805, 000	10, 196, 429, 000	−1, 843, 581, 000	+677, 333, 000	+64, 624, 000
Trust funds	(1, 477, 238, 000)	(1, 387, 342, 000)	(1, 445, 142, 000)	(1, 386, 742, 000)	(−60, 496, 000)	(−600, 000)	(−58, 400, 000)
TITLE II—DEPARTMENT OF HEALTH, EDUCATION AND WELFARE							
HEALTH SERVICES ADMINISTRATION							
Health Services							
Community health services:							
(a) Community health centers	$196, 648, 000	$155, 190, 000	$215, 148, 000	$220, 148, 000	+$23, 500, 000	$64, 958, 000	+$5, 000, 000
(b) Comprehensive health grants to States	90, 000, 000		90, 000, 000	90, 000, 000		+90, 000, 000	
(c) Maternal and child health:							
(1) Grants to States	295, 700, 000	193, 922, 000	310, 000, 000	327, 000, 000	+31, 300, 000	+133, 078, 000	+17, 000, 000
(2) Sudden infant death information dissemination	2, 500, 000			3, 000, 000	+500, 000	+3, 000, 000	+3, 000, 000
(3) Research and training	23, 708, 000	17, 550, 000	26, 708, 000	30, 708, 000	+7, 000, 000	+13, 208, 000	+4, 000, 000
Subtotal	321, 908, 000	211, 422, 000	336, 708, 000	360, 708, 000	+38, 800, 000	+149, 286, 000	+24, 000, 000
(d) Family planning	100, 615, 000	79, 435, 000	100, 615, 000	122, 615, 000	+22, 000, 000	+43, 180, 000	+22, 000, 000
(e) Migrant health	24, 000, 000	19, 200, 000	30, 000, 000	30, 000, 000	+5, 000, 000	+10, 800, 000	
(f) Health maintenance organizations	18, 612, 000	18, 612, 000	22, 612, 000	22, 612, 000	−4, 000, 000	+4, 000, 000	
(g) National Health Service Corps	(15, 000, 000)	(24, 529, 000)	(2)	(2)			
(h) Hemophilia treatment centers	3, 000, 000		3, 000, 000	3, 000, 000		+3, 000, 000	
(i) Hypertension	3, 750, 000		5, 000, 000	10, 000, 000	+6, 250, 000	+10, 000, 000	+5, 000, 000
(j) Home health services	(3, 000, 000)		(2)	(2)			
Quality assurance:							
(a) Medical care standards	5, 187, 000	4, 187, 000	5, 187, 000	4, 187, 000	−1, 000, 000		−1, 000, 000
(b) Professional standards review organizations	47, 582, 000	62, 000, 000	62, 000, 000	62, 000, 000	+14, 418, 000		
Patient care and special health services	117, 970, 000	106, 970, 000	120, 209, 000	129, 209, 000	+11, 239, 000	+22, 239, 000	+9, 000, 000
(PHS hospitals)	(92, 702, 000)	(79, 664, 000)	(92, 903, 000)	(101, 903, 000)	+(9, 201, 000)	+(22, 239, 000)	(+9, 000, 000)
Emergency medical services	(37, 025, 000)	(25, 100, 000)	(2)	(2)			
Buildings and facilities				11, 000, 000	11, 000, 000	+11, 000, 000	+11, 000, 000
Program management	30, 663, 000	29, 663, 000	30, 663, 000	30, 663, 000		+1, 000, 000	
Less: Trust fund transfer	−26, 321, 000	−39, 121, 000	−40, 121, 000	−40, 121, 000	−13, 800, 000	−1, 000, 000	
Total, authorized	934, 614, 000	647, 558, 000	981, 021, 000	1, 056, 021, 000	+121, 407, 000	+408, 463, 000	+75, 000, 000
Total, unauthorized	52, 625, 000	(49, 629, 000)					
CENTER FOR DISEASE CONTROL							
Preventive Health Services							
Disease control:							
(a) Project grants:							
(1) Venereal disease	19, 840, 000	19, 840, 000	(2)	16, 013, 000	−3, 827, 000	−3, 827, 000	+16, 013, 000
(2) Immunization	4, 960, 000	4, 960, 000	(2)	17, 500, 000	+12, 540, 000	+12, 540, 000	+17, 500, 000
(3) Rat control	13, 100, 000	5, 410, 000	(2)	14, 000, 000	+900, 000	+8, 590, 000	+14, 000, 000
(4) Lead-based paint poisoning prevention	3, 500, 000	3, 500, 000	(2)	12, 000, 000	+8, 500, 000	+8, 500, 000	+12, 000, 000
(b) Disease surveillance	43, 411, 000	43, 411, 000	44, 756, 000	46, 656, 000	+3, 245, 000	+3, 245, 000	+1, 900, 000
(c) Laboratory improvements	10, 601, 000	15, 063, 000	15, 063, 000	15, 063, 000	+4, 462, 000		
(d) Health education	3, 513, 000	3, 013, 000	3, 513, 000	7, 000, 000	+3, 487, 000	+3, 987, 000	+3, 487, 000
(e) Swine flu immunization	135, 064, 000				+135, 064, 000		
Occupational health	39, 533, 000	37, 107, 000	46, 707, 000	50, 007, 000	+8, 674, 000	+11, 100, 000	+3, 300, 000
Buildings and facilities	1, 456, 000				−1, 456, 000		
Program direction	10, 439, 000	10, 989, 000	11, 689, 000	11, 689, 000	+1, 250, 000	+700, 000	
Total	285, 417, 000	143, 293, 000	121, 728, 000	189, 928, 000	−95, 489, 000	+46, 635, 000	+68, 200, 000

Footnotes at end of table.

DEPARTMENT OF LABOR, HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS BILL, 1977—Continued

TITLE II—DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

					Increase (+) or decrease (−), Senate committee recommendation compared with—		
Agency and item (1)	1976 comparable appropriation (2)	1977 budget estimate (3)	House committee recommendation (4)	Senate committee recommendation (5)	1976 comparable appropriation (6)	Budget estimate (7)	House bill (8)
NATIONAL INSTITUTES OF HEALTH							
National Cancer Institute	$762,647,000	$687,670,000	$773,412,000	$850,000,000	+$87,353,000	+$162,330,000	+$76,588,000
National Heart and Lung Institute	370,347,000	342,855,000	380,661,000	420,661,000	+50,314,000	+77,806,000	+40,000,000
National Institute of Dental Research	51,427,000	52,207,000	54,573,000	59,573,000	+8,148,000	+7,366,000	+5,000,000
National Institute of Arthritis, Metabolism, and Digestive Diseases	179,801,000	180,837,000	202,837,000	230,837,000	+51,036,000	+50,000,000	+28,000,000
National Institute of Neurological and Communicative Disorders and Stroke	144,707,000	146,532,000	153,132,000	163,132,000	+18,425,000	+16,600,000	+10,000,000
National Institute of Allergy and Infectious Diseases	127,163,000	135,615,000	139,615,000	143,615,000	+16,452,000	+8,000,000	+4,000,000
National Institute of General Medical Sciences	187,388,000	193,435,000	198,435,000	218,435,000	+31,047,000	+25,000,000	+20,000,000
National Institute of Child Health and Human Development	136,573,000	129,883,000	140,343,000	150,343,000	+13,770,000	+20,460,000	+10,000,000
National Institute on Aging	19,388,000	26,220,000	29,200,000	31,200,000	+11,812,000	+4,980,000	+2,000,000
National Eye Institute	50,285,000	46,950,000	56,270,000	70,000,000	+19,715,000	+23,050,000	+13,730-000
National Institute of Environmental Health Sciences	37,780,000	46,141,000	49,141,000	49,141,000	+11,361,000	3,000,000	
Research resources	130,300,000	92,342,000	136,299,000	142,299,000	11,999,000	+49,957,000	+6,000,000
John E. Fogerty International Center	5,694,000	7,492,000	7,992,000	7,992,000	+2,298,000	+500,000	
Subtotal, Research Institutes	2,203,500,000	2,088,179,000	2,321,910,000	2,537,228,000	+333,728,000	+449,049,000	+215,318,000
National Library of Medicine	29,244,000	35,234,000	35,234,000	35,234,000	+5,990,000		
Office of the Director	15,325,000	16,234,000	16,234,000	16,234,000	909,000		
Total, Biomedical Research	2,248,069,000	2,139,647,000	2,373,378,000	2,588,696,000	+340,627,000	+449,049,000	+215,318,000
Buildings and facilities	54,000,000	25,400,000	67,400,000	67,400,000	13,400,000	+42,000,000	
Total, NIH	2,302,069,000	2,165,047,000	2,440,778,000	2,656,096,000	+354,027,000	+491,049,000	+215,318,000
ALCOHOL, DRUG ABUSE AND MENTAL HEALTH ADMINISTRATION							
Alcohol, Drug Abuse and Mental Health							
General mental health:							
(a) Research	92,908,000	83,000,000	102,908,000	101,908,000	+9,000,000	+18,908,000	−1,000,000
(b) Rape Prevention	3,000,000		3,000,000	6,000,000	+3,000,000	+6,000,000	+3,000,000
(c) Training	85,100,000	30,000,000	85,100,000	88,100,000	+3,000,000	+58,100,000	+3,000,000
(d) Community programs:							
(1) Planning	1,500,000		1,000,000	1,000,000	−500,000	+1,000,000	
(2) Operations							
(i) First year	24,000,000		29,000,000	24,000,000		+24,000,000	−5,000,000
(ii) Continuation:							
Grants initiated under new law			21,840,000	21,840,000	+21,840,000	+21,840,000	
Converted staffing grants			54,768,000	54,768,000	+54,768,000	+54,768,000	
(3) Conversion	20,000,000		20,000,000	20,000,000		+20,000,000	
(4) Consultation and education	4,000,000		8,000,000	8,000,000	+4,000,000	+8,000,000	
(5) Financial distress	4,000,000		7,000,000	7,000,000	+3,000,000	+7,000,000	
(6) Continuations under old law:							
(i) Staffing	135,363,000	110,526,000	78,891,000	78,891,000	−56,472,000	−31,635,000	
(ii) Child mental health	26,844,000	20,274,000	14,847,000	14,847,000	−11,997,000	−5,427,000	
(e) Management and information	22,229,000	20,414,000	22,714,000	22,714,000	+485,000	+2,300,000	
Subtotal	418,944,000	264,214,000	449,068,000	449,068,000	+30,124,000	+184,854,000	
Drug abuse:							
(a) Research	34,000,000	34,000,000	34,000,000	34,000,000			
(b) Training	10,000,000	4,000,000	10,000,000	10,000,000		+6,000,000	
(c) Community programs:							
(1) Project grants and contracts	139,051,000	160,000,000	160,000,000	160,000,000	+20,949,000		
(2) Grants to States	35,000,000	35,000,000	40,000,000	40,000,000	+5,000,000	+5,000,000	
(d) Management and information	14,121,000	14,827,000	15,472,000	15,472,000	+1,351,000	+645,000	
Subtotal	232,172,000	247,827,000	259,472,000	259,472,000	+27,300,000	+11,645,000	
Acoholism:							
(a) Research	11,808,000	10,000,000	11,808,000	14,008,000	+2,200,000	+4,008,000	+2,200,000
(b) Training	7,458,000	2,000,000	6,500,000	7,458,000		+4,458,000	+958,000
(c) Community programs:							
(1) Project grants and contracts	12,859,000	2,546,000	12,859,000	12,859,000		+10,313,000	
Items not authorized	(43,549,000)	(30,905,000)	(2)	(2)			
(2) Grants to States	(55,500,000)	(45,600,000)	(2)	(2)			
(d) Management and information	8,053,000	7,011,000	8,346,000	8,346,000	+293,000	+1,335,000	
Subtotal	40,178,000	21,557,000	39,513,000	42,671,000	+2,493,000	+21,114,000	+3,158,000
Items not authorized	(99,049,000)	(76,505,000)			(−99,049,000)	(−75,505,000)	
Program direction	11,059,000	13,228,000	13,388,000	13,388,000	+2,329,000	+160,000	
Total, authorized	702,353,000	546,826,000	761,441,000	764,599,000	−62,246,000	+217,713,000	+3,158,000
Total, unauthorized	(99,049,000)	(76,505,000)					
Saint Elizabeths Hospital (indefinite)	55,125,000	57,964,000	60,464,000	60,464,000	+5,339,000	+2,500,000	
Building and facilities	10,600,000			25,000,000	+14,400,000	+25,000,000	+25,000,000
Total, ADAMHA	768,078,000	604,790,000	821,905,000	850,063,000	+81,985,000	+245,273,000	+28,158,000
Total, items not authorized	(99,049,000)	(76,505,000)					
HEALTH RESOURCES ADMINISTRATION							
Health Resources							
National health statistics	25,636,000	24,000,000	27,636,000	27,636,000	+2,000,000	+3,636,000	
Health planning and resources development	112,500,000	90,000,000	120,000,000	130,000,000	+17,500,000	+40,000,000	+10,000,000
Health services research	26,000,000	24,000,000	26,000,000	24,000,000	−2,000,000		−2,000,000
Health manpower:							
(a) Health professions institutional assistance:							
(1) Capitation grants	(101,100,000)	(120,000,000)	(2)	(2)			
(2) Start-up and conversion	(3,000,000)	(1,000,000)	(2)	(2)			
(3) Financial distress	(5,000,000)	(3,000,000)	(2)	(2)			
Subtotal, unauthorized	(109,100,000)	(124,000,000)					

Agency and item	1976 comparable appropriation	1977 budget estimate	House committee recommendation	Senate committee recommendation	Increase (+) or decrease (−), Senate committee recommendation compared with—		
					1976 comparable appropriation	Budget estimate	House bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(b) Health professions student assistance:							
(1) Loans	($24,000,000)		[2]	[2]			
(2) Scholarships	(3,500,000)		[2]	[2]			
(3) Loan repayments	(6,000,000)		[2]	[2]			
(4) National health service scholarships	(22,500,000)	($35,000,000)	[2]	[2]			
Subtotal, unauthorized	(56,000,000)	(35,000,000)					
(c) Health professions special educational assistance:							
(1) Family medicine	(15,000,000)	(39,000,000)	[2]	[2]			
(2) Primary care		(18,000,000)	[2]	[2]			
(3) Area health education centers	(12,000,000)	(19,000,000)	[2]	[2]			
(4) Physician extenders	(8,000,000)	(8,500,000)	[2]	[2]			
(5) Dental health	(8,442,000)	(7,500,000)	[2]	[2]			
(6) Special project grants	(86,424,000)	(24,000,000)	[2]	[2]			
(7) Other	(27,525,000)	(8,000,000)	[2]	[2]			
Subtotal, unauthorized	(157,391,000)	(124,000,000)					
(d) Nursing institutional assistance:							
(1) Capitation grants	44,000,000		$44,000,000	$40,000,000	−$4,000,000	+$40,000,000	−$4,000,000
(2) Financial distress grants		1,000,000				−1,000,000	
(3) Advanced nurse training	2,000,000	3,000,000	9,000,000	9,000,000	+7,000,000	+6,000,000	
(4) Nurse practitioner training	3,000,000	7,000,000	9,000,000	9,000,000	+6,000,000	+2,000,000	
(5) Special projects	15,000,000	15,000,000	15,000,000	15,000,000			
Subtotal	64,000,000	26,000,000	77,000,000	73,000,000	+9,000,000	+47,000,000	−4,000,000
(e) Nursing student assistance:							
(1) Loans	21,000,000	5,000,000	22,500,000	22,500,000	+1,500,000	+17,500,000	
(2) Scholarships	6,000,000	2,000,000	6,500,000	6,500,000	+500,000	+4,500,000	
(3) Traineeships	13,000,000		13,000,000	13,000,000		+13,000,000	
(4) Loan repayment	2,500,000	3,000,000	3,000,000	3,000,000	+500,000		
Subtotal	42,500,000	10,000,000	45,000,000	45,000,000	+2,500,000	+35,000,000	
(f) Nursing research			2,000,000	5,000,000	+5,000,000	+5,000,000	+3,000,000
(g) Nursing fellowship				1,000,000	+1,000,000	+1,000,000	+1,000,000
Subtotal, health manpower	106,500,000	36,000,000	124,000,000	124,000,000	+17,500,000	+88,000,000	
Subtotal, unauthorized	(322,491,000)	(283,000,000)			(−322,491,000)	(−283,000,000)	
Health facilities construction:							
(a) Medical facilities:							
(1) Formula grants	40,373,000				40,373,000		
(2) Special projects	11,387,000				−11,387,000		
Subtotal	51,760,000				−51,760,000		
(b) Health teaching facilities interest subsidies	3,000,000				−3,000,000		
(c) Special medical facilities	11,575,000		4,000,000	9,000,000	−2,575,000	+9,000,000	+5,000,000
Subtotal	66,335,000		4,000,000	9,000,000	−57,335,000	+9,000,000	+5,000,000
Program management	48,484,000	49,300,000	50,260,000	48,484,000		−816,000	−1,776,000
Less trust fund transfer	−42,000				−42,000		
Total, health resources	385,413,000	223,300,000	351,896,000	363,120,000	−22,293,000	+139,820,000	+11,224,000
Total, unauthorized	(322,491,000)	(283,000,000)			(−322,491,000)	(−283,000,000)	
Medical Facilities Guarantee and Loan Fund	10,000,000	31,000,000	31,000,000	31,000,000	+21,000,000		
Payments of sales insufficiencies	4,000,000	4,000,000	4,000,000	4,000,000			
Total, authorized	399,413,000	258,300,000	386,896,000	398,120,000	−1,293,000	+139,820,000	+11,224,000
Total, unauthorized	(322,491,000)	(283,000,000)					
ASSISTANT SECRETARY FOR HEALTH							
Assistant Secretary for Health	21,618,800	22,216,000	22,416,000	22,216,000	+598,000		200,000
Retirement pay and medical benefits for commissioned officers (indefinite)	45,013,000	52,352,000	52,352,000	52,352,000	+7,339,000		
Scientific activities overseas		1,500,000	1,500,000	1,500,000	+1,500,000		
Total	66,631,000	76,068,000	76,268,000	76,068,000	+9,437,000		−200,000
Total, health agencies	4,756,222,000	3,895,056,000	4,828,596,000	5,226,296,000	+470,074,000	+1,331,240,000	+397,700,000
Total, health agencies, unauthorized	(476,565,000)	(409,134,000)					
EDUCATION DIVISION							
Office of Education							
Elementary and Secondary Education							
Grants for disadvantaged children	2,050,000,000	1,900,000,000	2,250,000,000	2,350,000,000	300,000,000	+450,000,000	+100,000,000
Support and innovation grants	184,521,852	172,888,000	194,000,000	194,000,000	+9,478,148	+21,112,000	
Bilingual education:							
(a) Grants to school districts	62,500,000	60,230,000	68,500,000	74,300,000	+11,800,000	+14,070,000	+5,800,000
(b) Training grants	25,370,000	22,670,000	28,800,000	29,700,000	+4,330,000	+7,030,000	+900,000
(c) Curriculum development	7,000,000	7,000,000	8,500,000	7,000,000			−1,500,000
(d) Bilingual vocational grants	2,800,000		2,800,000		−2,800,000		−2,800,000
(e) Technical assistance, dissemination, and advisory council	1,300,000	100,000	6,400,000	4,000,000	+2,700,000	+3,900,000	−2,400,000
Subtotal	98,870,000	90,000,000	115,000,000	115,000,000	+16,030,000	+25,000,000	
Right to Read	23,800,000	12,000,000	22,000,000	31,300,000	+7,500,000	+19,300,000	+9,300,000
Follow Through	59,600,000	30,000,000	59,000,000	59,000,000		+29,000,000	
Drug abuse education	2,000,000		2,000,000	3,000,000	+1,000,000	+3,000,000	+1,000,000
Environmental education	3,000,000		3,000,000	4,000,000	+1,000,000	+4,000,000	+1,000,000
Educational broadcasting facilities	12,500,000	7,000,000	[4]	18,000,000	+5,500,000	+11,000,000	+18,000,000
Ellender fellowships	500,000		500,000	750,000	+250,000	+750,000	+250,000
Ethnic heritage studies	1,800,000	1,800,000	2,500,000	1,800,000			−700,000
State equalization grants [3]			10,500,000	10,500,000	+10,500,000	+10,500,000	
Total	2,436,091,852	2,213,688,000	2,658,500,000	2,787,350,000	+351,258,148	+573,662,000	+128,850,000

Footnotes at end of table.

DEPARTMENT OF LABOR, HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS BILL, 1977

TITLE II—DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

					Increase (+) or decrease (—), Senate committee recommendation compared with—		
Agency and item (1)	1976 comparable appropriation (2)	1977 budget estimate (3)	House committee recommendation (4)	Senate committee recommendation (5)	1976 comparable appropriation (6)	Budget estimate (7)	House bill (8)
EDUCATION DIVISION—Continued							
School Assistance in Federally Affected Areas							
Maintenance and operations:							
(a) Payments for 'A' children	$248, 737, 758	$249, 400, 000	$251, 272, 000	$251, 272, 000	+$2, 534, 242	+$1, 872, 000	
(b) Payments for 'B' children	341, 597, 262		356, 800, 000	356, 800, 000	+15, 202, 738	+356, 800, 000	
(c) Special provisions	12, 664, 980	13, 100, 000	13, 100, 000	13, 100, 000	+435, 020		
(d) Payments to other Federal agencies	46, 000, 000	52, 500, 000	52, 500, 000	52, 500, 000	+6, 500, 000		
(e) Savings provisions	35, 000, 000		94, 328, 000	94, 328, 000	+59, 328, 000	+94, 328, 000	
Subtotal	684, 000, 000	315, 000, 000	768, 000, 000	768, 000, 000	+84, 000, 000	+453, 000, 000	
Construction	20, 000, 000	10, 000, 000	20, 000, 000	30, 000, 000	+10, 000, 000	+20, 000, 000	+$10, 000, 000
Total	704, 000, 000	325, 000, 000	788, 000, 000	798, 000, 000	+94, 000, 000	+473, 000, 000	+10, 000, 000
Emergency School Aid							
National competition projects:							
(a) Bilingual education projects	8, 600, 000	8, 600, 000	8, 600, 000	8, 600, 000			
(b) Educational television	6, 450, 000	6, 450, 000	6, 450, 000	6, 450, 000			
(c) Special programs and projects	40, 750, 000	21, 500, 000	21, 500, 000	50, 000, 000	+9, 250, 000	+28, 500, 000	+28, 500, 000
(d) Evaluation	2, 150, 000	2, 150, 000	2, 150, 000	2, 150, 000			
State apportioned projects:							
(a) Pilot programs	32, 250, 000	32, 250, 000	32, 250, 000	32, 250, 000			
(b) Grants to nonprofit organizations	17, 200, 000	17, 200, 000	17, 200, 000	17, 200, 000			
(c) General grants to school districts	137, 600, 000	126, 850, 000	126, 850, 000	137, 600, 000		+10, 750, 000	+10, 750, 000
Subtotal, emergency school aid	245, 000, 000	215, 000, 000	215, 000, 000	254, 250, 000	+9, 250, 000	+39, 250, 000	+39, 250, 000
Civil rights advisory services	26, 700, 000	34, 700, 000	34, 700, 000	40, 700, 000	+14, 000, 000	+6, 000, 000	+6, 000, 000
Total	271, 700, 000	249, 700, 000	249, 700, 000	294, 950, 000	+23, 250, 000	+45, 250, 000	+45, 250, 000
Education for the Handicapped							
State assistance:							
(a) State grant program	200, 000, 000	110, 000, 000	300, 000, 000	330, 000, 000	+130, 000, 000	+220, 000, 000	+30, 000, 000
(b) Deaf-blind centers	16, 000, 000	16, 000, 000	16, 000, 000	16, 000, 000			
(c) Incentive grant program				25, 000, 000	+25, 000, 000	+25, 000, 000	+25, 000, 000
Subtotal	216, 000, 000	126, 000, 000	316, 000, 000	371, 000, 000	+155, 000, 000	+245, 000, 000	+55, 000, 000
Special population programs:							
(a) Severely handicapped projects	3, 250, 000	3, 250, 000	3, 250, 000	5, 000, 000	+1, 750, 000	+1, 750, 000	+1, 750, 000
(b) Specific learning disabilities	5, 000, 000	5, 000, 000	5, 000, 000	10, 000, 000	+5, 000, 000	+5, 000, 000	+5, 000, 000
(c) Early childhood projects	22, 000, 000	22, 000, 000	22, 000, 000	25, 000, 000	+3, 000, 000	+3, 000, 000	+3, 000, 000
Subtotal	30, 250, 000	30, 250, 000	30, 250, 000	40, 000, 000	+9, 750, 000	+9, 750, 000	+9, 750, 000
Regional vocational adult and postsecondary programs	2, 000, 000	2, 000, 000	2, 000, 000	2, 000, 000			
Innovation and development	11, 000, 000	11, 000, 000	11, 000, 000	11, 000, 000			
Media and resource services:							
(a) Media services and captioned films	16, 250, 000	16, 000, 000	16, 000, 000	22, 000, 000	+5, 750, 000	+6, 000, 000	+6, 000, 000
(b) Regional resource centers	10, 000, 000	9, 750, 000	9, 750, 000	9, 750, 000	—250, 000		
(c) Recruitment and information	500, 000	1, 000, 000	1, 000, 000	1, 000, 000	+500, 000		
Subtotal	26, 750, 000	26, 750, 000	26, 750, 000	32, 750, 000	+6, 000, 000	+6, 000, 000	+6, 000, 000
Special education manpower development	40, 375, 000	40, 375, 000	40, 375, 000	50, 375, 000	+10, 000, 000	+10, 000, 000	+10, 000, 000
Total	326, 375, 000	236, 375, 000	426, 375, 000	507, 125, 000	+180, 750, 000	+270, 750, 000	+80, 750, 000
Occupational, Vocational, and Adult Education							
Vocational education:							
(a) Grants to States for vocational education:							
(1) Basic vocational education programs	415, 529, 100	474, 368, 655	812, 500, 000	812, 500, 000	+396, 970, 900	+338, 131, 345	
(2) Programs for students with special needs	(20, 000, 000)		(2)	(2)			
(3) Consumer and homemaking education	(40, 994, 000)		(2)	(2)			
(4) Work-study	(9, 849, 000)		(2)	(2)			
(5) Cooperative education	(19, 500, 000)		(2)	(2)			
(6) State advisory councils	4, 316, 000	4, 316, 000	7, 553, 000	7, 553, 000	+3, 237, 000	+3, 237, 000	
(b) Vocational research:							
(1) Innovation	(16, 000, 000)		(2)	(2)			
(2) Curriculum development	(1, 000, 000)		(2)	(2)			
(3) Research	18, 000, 000	53, 503, 345	31, 500, 000	31, 500, 000	+13, 500, 000	—22, 003, 345	
Subtotal, authorized	437, 845, 100	532, 188, 000	851, 553, 000	851, 553, 000	+413, 707, 900	+319, 365, 000	
Subtotal, unauthorized	(107, 343, 000)						
Adult education	71, 500, 000	67, 500, 000	77, 000, 000	85, 000, 000	+13, 500, 000	+17, 500, 000	+8, 000, 000
Total, authorized	509, 345, 100	599, 688, 000	928, 553, 000	936, 553, 000	+427, 207, 900	+336, 865, 000	+8, 000, 000
Total, unauthorized	(107, 343, 000)						
Higher Education							
Student assistance:							
(a) Basic educational opportunity grants	(1, 506, 000, 000)	(1, 100, 000, 000)	(2)	(2)			
(b) Supplemental educational opportunity grants	(240, 093, 000)		(1)	(2)			
(c) Work-study	(509, 800, 000)	(250, 000, 000)	(2)	(2)		—250, 000, 000	
(d) Subsidized insured loans—interest subsidies	337, 620, 000	325, 000, 000	325, 000, 000	325, 000, 000	—57, 620, 000		
Items not authorized	(74, 380, 000)	(475, 000, 000)	(2)	(1)			
(e) Direct loans:							
(1) Federal capital contributions	(31, 000, 000)		(2)	(2)			
(2) Loans to institutions	(2, 000, 000)		(2)	(2)			
(3) Teacher cancellations	8, 960, 000	11, 920, 000	11, 920, 000	11, 920, 000	+2, 960, 000		
(f) Incentive grants for State scholarships	(44, 000, 000)	(44, 000, 000)	(2)	(2)			
Subtota., authorized	386, 580, 000	336, 920, 000	336, 920, 000	336, 920, 000	—49, 660, 000		
Subtotal, unauthorized	(3, 074, 893, 000)	(1, 794, 000, 000)			—3, 074, 893, 000	—1, 794, 000, 000	
Special programs for the disadvantaged	(70, 331, 000)	(60, 331, 000)					

Agency and item (1)	1976 comparable appropriation (2)	1977 budget estimate (3)	House committee recommendation (4)	Senate committee recommendation (5)	Increase (+) or decrease (−), Senate committee recommendation compared with—		
					1976 comparable appropriation (6)	Budget estimate (7)	House bill (8)
Institutional assistance:							
(a) Strengthening developing institutions	($110,000,000)	($100,000,000)	(2)	(2)			
(b) Language training and area studies	2,700,000	1,360,000	$3,000,000	$3,000,000	+$300,000	+$1,640,000	
Items not authorized	(16,000,000)	(10,000,000)	(2)	(2)			
(c) University community services	(12,125,000)		(2)	(2)			
(d) Aid to land-grant colleges	9,500,000		9,500,000	12,000,000	+2,500,000	+12,000,000	+$2,500,000
(e) State postsecondary education commissions	(3,500,000)		(2)	(2)			
(f) Veterans cost of instruction	(23,750,000)		(2)	(2)			
(g) Cooperative education	(10,750,000)	(8,000,000)	(2)	(2)			
Subtotal, authorized	12,200,000	1,360,000	12,500,000	15,000,000	+2,800,000	+13,640,000	+2,500,000
Subtotal, unauthorized	(176,125,000)	(128,000,000)					
Personnel development:							
(a) College teacher fellowships	(1,000,000)		(2)	(2)	−1,000,000		
(b) Training for disadvantaged	750,000		750,000	750,000		+750,000	
(c) Public service fellowships	(4,000,000)		(2)	(2)	−4,000,000		
(d) Mining fellowships	(3,000,000)		(2)	(2)	−3,000,000		
Subtotal	750,000		750,000	750,000		+750,000	
Total, authorized	399,530,000	338,208,000	350,170,000	352,670,000	+46,860,000	+14,390,000	+2,500,000
Total, unauthorized	(3,329,349,000)	(1,982,331,000)					
Library Resources							
Public library services	51,749,000	51,749,000	56,749,000	66,749,000	+15,000,000	+15,000,000	+10,000,000
School libraries and instructional resources	147,330,000	137,330,000	147,330,000	162,330,000	+15,000,000	+25,000,000	+15,000,000
College library resources	(9,975,000)	(9,976,000)	(2)	(2)			
Training and demonstration	(1,500,000)		(2)	(2)			
Undergraduate instructional equipment	(7,500,000)		(2)	(2)			
Total, authorized	199,079,000	189,079,000	204,079,000	229,079,000	+30,000,000	+50,00,0000	+25,000,000
Total, unauthorized	(18,975,000)	(9,975,000)					
Special Projects and Training							
Special projects:							
(a) Metric education projects	2,090,000	1,045,000	2,090,000	2,090,000		+1,045,000	
(b) Gifted and talented children	2,560,000	1,280,000	2,560,000	2,560,000		+1,280,000	
(c) Community schools	3,553,000	1,777,000	3,553,000	3,553,000		+1,776,000	
(d) Career education	10,135,000	10,135,000	10,135,000	10,135,000			
(e) Consumer education	3,135,000	1,567,000	3,135,000	3,135,000		+1,568,000	
(f) Women's educational equity	6,270,000	5,896,000	6,270,000	9,970,000	+3,700,000	+4,074,000	+3,700,000
(g) Arts in education program	750,000	750,000	750,000	2,000,000	+1,250,000	+1,250,000	+1,250,000
(h) Packaging and field testing	1,400,000	3,900,000	10,000,000	10,000,000	+8,600,000	+6,100,000	
(i) Educational TV programming	7,000,000	3,500,000	7,000,000	7,000,000		+3,500,000	
Subtotal	36,893,000	29,850,000	45,493,000	50,443,000	+13,550,000	+20,593,000	+4,950,000
Educational personnel training:							
(a) Teacher Corps	(37,500,000)	(37,500,000)	(2)	(2)			
(b) Elementary and secondary training	(5,462,000)		(2)	(2)			
(c) Vocational training	(10,000,000)		(2)	(2)			
(d) Higher education			(2)	(2)			
Total, authorized	36,893,000	29,850,000	45,493,000	50,443,000	+13,550,000	+20,593,000	+4,950,000
Total, unauthorized	(52,962,000)	(37,500,000)					
Student Loan Insurance Fund	201,787,000				−201,787,000		
Higher Education Facilities Loan and Insurance Fund	2,192,000	2,119,000	2,119,000	2,119,000	−73,000		
Educational Activities Overseas							
Special Foreign Currency Program	2,000,000	2,000,000	2,000,000	2,000,000			
Salaries and Expenses							
(a) Planning and evaluation	6,383,000	7,000,000	7,000,000	6,500,000	+117,000	−500,000	−500,000
(b) General program dissemination	500,000	500,000	500,000	500,000			
(c) Advisory committees	2,454,000	2,041,000	2,041,000	2,041,000	−413,000		
(d) Information clearinghouse	300,000	600,000	600,000	600,000	+300,000		
(e) Program administration	98,830,000	107,093,000	105,293,000	107,008,000	+8,178,000	−85,000	+1,715,000
Total	108,467,000	117,234,000	115,434,000	116,649,000	+8,182,000	−585,000	+1,215,000
Total, Office of Education	5,197,459,952	4,303,013,000	5,770,423,000	6,061,938,000	+864,478,048	+1,758,925,000	+291,515,000
Total, unauthorized	(3,521,129,000)	(2,036,806,000)					
National Institute of Education							
Research and development	(58,800,000)	(78,300,000)	(2)	(2)			
Program administration	(11,200,000)	(11,700,000)	(2)	(2)			
Total, authorized							
Total, unauthorized	(70,000,000)	(90,000,000)					
Assistant Secretary for Education							
Improvement of Post-Secondary Education	(11,500,000)	(11,500,000)	(2)	(2)	−11,500,000	−11,600,000	
Salaries and Expenses	8,000,000	8,446,000	8,446,000	8,446,000	+446,000		
National Center for Educational Statistics	13,000,000	13,000,000	13,000,000	12,000,000	−1,000,000	−1,000,000	−1,000,000
Total, authorized	21,000,000	21,446,000	21,446,000	20,446,000	−554,000	−1,000,000	−1,000,000
Total, unauthorized	(11,500,000)	(11,500,000)					
Total, Education division	5,218,459,952	4,324,459,000	5,791,869,000	6,097,384,000	+878,924,048	+1,772,925,000	+225,515,000
Total, items not authorized	(3,602,629,000)	(2,138,306,000)					
SOCIAL AND REHABILITATION SERVICE							
Public assistance:							
(a) Maintenance assistance	5,897,904,000	6,215,000,000	6,215,000,000	6,215,000,000	+317,096,000		
(b) Medical assistance	8,510,026,000	9,292,000,000	9,292,000,000	9,292,000,000	+781,974,000		
(c) Social services	2,698,898,000	2,400,000,000	2,400,000,000	2,400,000,000	−298,898,000		
(d) State and local training	64,972,000	60,000,000	60,000,000	60,000,000	−4,972,000		
(e) Child welfare services	52,500,000	46,000,000	52,500,000	60,000,000	−7,500,000	14,000,000	7,500,000
(f) Research	9,200,000	9,200,000	9,200,000	9,200,000			
(g) Training projects	7,450,000		7,450,000	8,900,000	1,450,000	8,900,000	1,450,000
Total	17,240,950,000	18,022,200,000	18,036,150,000	18,045,100,000	804,150,000	22,900,000	8,950,000

Footnotes at end of table.

DEPARTMENT OF LABOR, HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS BILL, 1977

TITLE II—DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

					Increase (+) or decrease (−), Senate committee recommendation compared with—		
Agency and item (1)	1976 comparable appropriation (2)	1977 budget estimate (3)	House committee recommendation (4)	Senate committee recommendation (5)	1976 comparable appropriation (6)	Budget estimate (7)	House bill (8)
Work Incentives:							
(a) Training	$250,000,000	$206,500,000	$243,000,000	$243,000,000	−$7,000,000	$36,500,000	
(b) Child care	150,000,000	108,500,000	127,000,000	127,000,000	−23,000,000	18,500,000	
Total	400,000,000	315,000,000	370,000,000	370,0000,00	−30,000,000	55,000,000	
Salaries and expenses	60,378,000	63,095,000	63,095,000	62,895,000	2,517,000	−2,000,000	+−$200,000
Total	17,701,328,000	18,400,295,000	18,469,245,000	18,477,995,000	+776,667,000	+77,700,000	+8,750,000
SOCIAL SECURITY ADMINISTRATION							
Federal Funds							
Payments to Social Security trust funds	4,121,236,000	6,713,902,000	6,713,902,000	6,713,902,000	+2,592,666,000		
Transition period	880,940,000						
Special Benefits for Disabled Coal Miners:							
(a) Benefit payments	971,507,000	906,000,000	906,000,000	906,000,000	−65,507,000		
(b) Administration	28,271,000	7,897,000	7,897,000	7,897,000	−20,374,000		
Subtotal	999,778,000	913,897,000	913,897,000	913,897,000	85,881,000		
Transition period	234,600,000						
Supplemental Security Income Program:							
(a) Benefit payments	4,700,000,000	5,245,000,000	5,230,000,000	5,230,000,000	−530,000,000	−15,000,000	
(b) State supplementation payments	205,000,000	55,000,000	55,000,000	55,000,000	−150,000,000		
(c) Vocational rehabilitation services	57,672,000	52,770,000	52,770,000	52,7770,000	−4,902,000		
(d) Administration	497,978,000	500,352,000	500,352,000	500,352,000	2,374,000		
(e) Federal fiscal liability	60,000,000	57,000,000	57,000,000	57,000,000	−3,000,000		
Subtotal	5,520,650,000	5,910,122,000	5,895,122,000	5,895,122,000	374,472,000	−15,000,000	
Transition period	1,503,541,000						
Limitation on salaries and expenses	(2,397,717,500)	(2,561,773,000)	(2,561,773,000)	(2,561,773,000)	(164,053,888)	( )	( )
Limitation on construction [4]	(6,300,000)	(14,400,000)	(14,000,000)	(14,400,000)	(+8,100,000)	( )	( )
Total	10,641,664,000	13,537,921,000	13,522,921,000	13,522,921,000	2,881,257,000	−15,000,000	
SPECIAL INSTITUTIONS							
American Printing House of the Blind	2,408,000	2,762,000	2,762,000	3,102,000	+604,000	+250,000	+250,000
National Technical Institute for the Deaf:							
Academic Program	9,836,000	12,675,000	12,675,000	12,675,000	+2,839,000		
Construction							
Total	9,836,000	12,675,000	12,675,000	12,675,000	+2,839,000		
Gallaudet College:							
Academic Program	12,490,000	14,790,000	14,790,000	14,790,000	+2,300,000		
Model Secondary School for the Deaf	5,373,000	7,260,000	7,260,000	7,260,000	+1,887,000		
Kendall Demonstration Elementary School	2,713,000	3,215,000	3,215,000	3,215,000	+502,000		
Construction	2,255,000	15,575,000	15,575,000	15,575,000	+13,320,000		
Total	22,831,000	40,840,000	40,840,000	40,840,000	+18,009,000		
Howard University:							
Academic Program	55,995,000	60,026,000	60,026,000	60,026,000	+4,031,000		
Howard University Hospital	20,563,000	19,883,000	19,883,000	19,883,000	−680,000		
Construction	10,000,000	2,000,000	3,000,000	2,000,000	−8,000,000		−1,000,000
Total	86,558,000	81,909,000	82,909,000	81,909,000	−4,649,000		−1,000,000
Total, special institutions	121,633,000	138,186,000	139,186,000	138,436,000	+16,803,000	+250,000	−750,000
ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT							
Human Development							
Child development:							
(a) Headstart	454,500,000	434,300,000	475,000,000	475,000,000	+20,500,000	+40,700,000	
(b) Research, demonstration, and evaluation	14,700,000	10,700,000	14,700,000	14,700,000		+4,000,000	
(c) Child abuse	18,928,000	18,928,000	18,928,000	18,928,000			
Subtotal	488,128,000	463,928,000	508,628,000	508,628,000	+20,500,000	+44,700,000	
Youth development	8,000,000	6,000,000	8,000,000	10,000,000	+2,000,000	+4,000,000	+2,000,000
Aging programs:							
(a) Community services:							
(1) State agency activities	17,035,000	16,235,000	17,000,000	17,000,000	−35,000	+765,000	
(2) Area planning and social services	93,000,000	82,000,000	121,000,000	125,000,000	+32,000,000	+43,000,000	+4,000,000
(3) Model projects	13,800,000		12,000,000	12,000,000	−1,800,000	+12,000,000	
Subtotal, community services	123,835,000	98,235,000	140,000,000	154,000,000	+30,165,000	+55,765,000	+4,000,000
(b) Nutrition	125,000,000	88,000,000	203,525,000	203,525,000	+78,525,000	+115,525,000	
(Program level)	(187,500,000)	(150,000,000)	(225,000,000)	(225,000,000)	+37,500,000	+75,000,000	
(c) Research, demonstrations, and manpower:							
(1) Research	8,000,000	5,765,000	(5)	9,000,000	+1,000,000	+3,235,000	
(2) Training	10,000,000		(5)	17,000,000	+7,000,000	+17,000,000	
(3) Multidisciplinary centers on gerontology	1,000,000		(5)	4,000,000	+3,000,000	+4,000,000	
Subtotal	19,000,000	5,765,000	25,000,000	30,000,000	+11,000,000	+24,235,000	+5,000,000
(d) Federal Council on Aging	575,000	575,000	575,000	575,000			
(e) Multipurpose Senior Center [6]			20,000,000	20,000,000	+20,000,000	+20,000,000	
Subtotal, Aging programs	268,410,000	192,575,000	349,100,000	408,100,000	+139,690,000	+215,525,000	+9,000,000

Agency and item	1976 comparable appropriation	1977 budget estimate	House committee recommendation	Senate committee recommendation	Increase (+) or decrease (—), Senate committee recommendation compared with—		
					1976 comparable appropriation	Budget estimate	House bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rehabilitation Service and Facilities:							
(a) Basic State grants	$720, 309, 318	$720, 000, 000	$740, 000, 000	$740, 309, 000	+$19, 999, 682	+$20, 309, 000	+$309, 000
(b) Service projects:							
(1) Innovation and expansion	18, 000, 000		18, 000, 000	18, 000, 000		+18, 000, 000	
(2) Deaf-blind Centers	2, 100, 000	2, 100, 000	2, 100, 000	2, 100, 000			
(3) Special projects	9, 965, 000	8, 500, 000	12, 600, 000	16, 600, 000	+6, 635, 000	+8, 100, 000	+4, 000, 000
(4) Training and facilities grants	9, 365, 000	7, 400, 000	7, 400, 000	7, 400, 000	—1, 965, 000		
(A) Training services	(4, 500, 000)	(5, 000, 000)	(5, 000, 000)	(5, 000, 000)	+500, 000		
(B) Facility improvements	(4, 865, 000)	(2, 400, 000)	(2, 400, 000)	(2, 400, 000)	—2, 465, 000		
Subtotal	36, 965, 000	18, 000, 000	40, 100, 000	44, 100, 000	+7, 135, 000	+26, 100, 000	+4, 000, 000
(c) Research	24, 000, 000	18, 000, 000	24, 000, 000	30, 000, 000	+6, 000, 000	+12, 000, 000	+6, 000, 000
(d) Training	22, 200, 000	20, 000, 000	25, 000, 000	25, 000, 000	+2, 800, 000	+5, 000, 000	
Subtotal	803, 474, 318	776, 000, 000	829, 100, 000	839, 409, 000	+35, 934, 682	+63, 409, 000	+10, 309, 000
Grants for the developmentally disabled:							
(a), State grants	31, 558, 000	33, 058, 000	33, 058, 000	33, 058, 000	+1, 500, 000		
(b) Service grants	19, 817, 000	16, 317, 000	19, 817, 000	19, 817, 000		+3, 500, 000	
(c) University affiliated facilities	4, 250, 000	4, 250, 000	4, 250, 000	6, 250, 000	+2, 000, 000	+2, 000, 000	+2, 000, 000
Subtotal	55, 625, 000	53, 625, 000	57, 125, 000	59, 125, 000	+3, 500, 000	+5, 500, 000	+2, 000, 000
Special programs for Native Americans	33, 000, 000	32, 000, 000	33, 000, 000	33, 000, 000		+1, 000, 000	
White House Conference on Handicapped Individuals	1, 370, 000	1, 436, 000	1, 436, 000	1, 436, 000	+66, 000		
Salaries and expenses	44, 993, 000	47, 725, 000	47, 725, 000	47, 425, 000	+2, 432, 000	—300, 000	—300, 000
Architectural and Transportation Barriers Compliance Board	(300, 000)	(300, 000)	(300, 000)	(300, 000)			
Items not authorized	(500, 000)	(500, 000)					
Less Trust fund transfer	—600, 000	—600, 000	—600, 000	—600, 000			
Total, authorized	1, 702, 400, 318	1, 572, 689, 000	1, 883, 514, 000	1, 906, 523, 000	+204, 122, 682	+333, 834, 000	+23, 009, 000
Total, unauthorized	(500, 000)	(500, 000)					
DEPARTMENTAL MANAGEMENT							
Office for Civil Rights	26, 570, 000	30, 604, 000	30, 604, 000	30, 604, 000	+4, 034, 000		
Less trust fund transfer	—1, 351, 000	—919, 000	—919, 000	—919, 000	—432, 000		
Total	25, 219, 000	29, 685, 000	29, 685, 000	29, 685, 000	+4, 466, 000		
General Management:							
(a) Department direction	42, 502, 000	42, 232, 000	42, 232, 000	39, 082, 000	—3, 420, 000	—3, 150, 000	—3, 150, 000
(Office of Investigations)	(995, 000)	(1, 428, 000)	(1, 428, 000)	(1, 428, 000)	+433, 000		
(b) Department operations	59, 760, 000	64, 301, 000	63, 301, 000	63, 301, 000	+3, 541, 000	—1, 000, 000	
Subtotal	102, 262, 000	106, 533, 000	105, 533, 000	102, 383, 000	+121, 000	—4, 150, 000	—3, 150, 000
Less trust fund transfer	—12, 751, 000	—12, 872, 000	—12, 872, 000	—12, 872, 000	+121, 000		
Total	89, 511, 000	93, 661, 000	92, 661, 000	89, 511, 000		—4, 150, 000	—3, 150, 000
Policy research	24, 950, 000	24, 950, 000	24, 950, 000	12, 475, 000	—12, 475, 000	—12, 475, 000	—12, 475, 000
Total, Department of Management	139, 680, 000	148, 296, 000	147, 296, 000	131, 671, 000	—8, 009, 000	—16, 625, 000	—15, 625, 000
Total, Department of Health, Education and Welfare	40, 281, 387, 270	42, 016, 902, 000	44, 782, 627, 000	45, 501, 226, 000	+5, 219, 838, 730	+3, 484, 324, 000	+718, 599, 000
TITLE III—RELATED AGENCIES							
Action (Domestic Programs):							
(a) Volunteers in Service to America	22, 300, 000	13, 600, 000	(7)	23, 000, 000	+700, 000	+9, 400, 000	+23, 000, 000
(b) Service Learning Programs	7, 251, 000	4, 400, 000	(7)	7, 300, 000	+49, 000	+2, 900, 000	+7, 300, 000
(c) Older Americans Volunteer Programs:							
(1) Foster Grandparents Program	28, 287, 000	34, 000, 000	34, 000, 000	34, 000, 000	+5, 713, 000		
(2) Senior Companion Program	3, 640, 000	3, 800, 000	3, 800, 000	3, 800, 000	+160, 000		
(3) Retired Senior Volunteer Program	17, 500, 000	17, 500, 000	19, 000, 000	19, 000, 000	+1, 500, 000	+1, 500, 000	
Subtotal	49, 427, 000	55, 300, 000	56, 800, 000	56, 800, 000	+7, 373, 000	+1, 500, 000	
(d) Special Volunteer Programs	3, 731, 000	2, 000, 000	(7)	2, 500, 000	—1, 231, 000	+500, 000	+2, 500, 000
(e) Service Corps of Retired Executives and Action Corps of Executives	400, 000				—400, 000		
(f) Program Support	20, 486, 000	18, 602, 000	(7)	18, 600, 000	—1, 886, 000	—2, 000	+18, 600, 000
Total	103, 595, 000	93, 902, 000	56, 800, 000	108, 200, 000	+4, 605, 000	+14, 298, 000	+51, 400, 000
Community Services Administration:							
(a) Research and demonstration:							
(1) Rural housing development and rehabilitation	3, 000, 000		5, 000, 000	5, 000, 000	+2, 000, 000	+5, 000, 000	
(2) Veterans education and training services	2, 500, 000				—2, 500, 000		
(3) Other demonstrations	11, 300, 000				—11, 300, 000		
Subtotal	16, 800, 000		5, 000, 000	5, 000, 000	—11, 800, 000	+5, 000, 000	
(b) Community Action Operations:							
(1) Local initiative	330, 000, 000	260, 000, 000	330, 000, 000	330, 000, 000		+70, 000, 000	
(2) Senior opportunities and service	10, 000, 000	10, 000, 000	10, 000, 000	10, 000, 000			
(3) State economic opportunity officers	12, 000, 000		12, 000, 000	12, 000, 000		+12, 000, 000	
(4) Emergency food services	26, 200, 000		15, 000, 000	40, 000, 000	+13, 800, 000	+40, 000, 000	+25, 000, 000
(5) Emergency energy conservation services	27, 500, 000		27, 500, 000	55, 000, 000	+27, 500, 000	+55, 000, 000	+27, 500, 000
(6) National youth sports program	6, 000, 000		6, 000, 000	6, 000, 000		+6, 000, 000	
(7) Summer youth recreation and transportation	17, 000, 000		17, 000, 000	17, 000, 000		+17, 000, 000	
(8) Migrant programs				10, 000, 000	+10, 000, 000	+10, 000, 000	+10, 000, 000
Subtotal	428, 700, 000	270, 000, 000	417, 500, 000	480, 000, 000	+51, 300, 000	+210, 000, 000	+62, 500, 000
(c) Community Economic Development	46, 500, 000	39, 000, 000	46, 500, 000	46, 500, 000		+7, 500, 000	
(d) Program Administration	28, 152, 000	25, 000, 000	27, 000, 000	27, 000, 000	—1, 152, 000	+2, 000, 000	
Total	520, 152, 000	334, 000, 000	496, 000, 000	558, 500, 000	+38, 348, 000	+224, 500, 000	+62, 500, 000

Footnotes at end of table.

DEPARTMENT OF LABOR, HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS BILL, 1977

TITLE III—RELATED AGENCIES—Continued

Agency and item	1976 comparable appropriation	1977 budget estimate	House committee recommendation	Senate committee recommendation	Increase (+) or decrease (−), Senate committee recommendation compared with—		
					1976 comparable appropriation	Budget estimate	House bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Corporation for Public Broadcasting	$78,500,000	$70,000,000	$96,750,000	$103,000,000	+$24,500,000	+$33,000,000	+$6,250,000
Advance 1978		80,000,000	107,150,000	121,000,000	+121,000,000	+41,000,000	+13,850,000
Advance 1979		90,000,000	120,200,000	140,000,000	+140,000,000	+50,000,000	+19,800,000
Federal Mediation and Conciliation Service	18,332,000	20,328,000	20,328,000	20,328,000	+1,996,000		
National Commission Libraries and Information Science	468,000	517,000	517,000	492,575	+24,575	−24,425	−24,425
National Labor Relations Board	69,597,000	78,204,000	77,776,000	78,204,000	+8,607,000		+428,000
National Mediation Board	3,405,000	3,606,000	3,606,000	3,606,000	+201,000		
Occupational Safety and Health Review Commission	5,769,000	6,280,000	6,280,000	6,280,000	+511,000		
Railroad Retirement Board:							
Payments to Railroad Retirement Trust Funds	250,000,000	250,000,000	250,000,000	250,000,000			
Regional Rail Transportation Protective Account	37,600,000	40,000,000	40,000,000	40,000,000	+2,400,000		
Limitation on salaries and expenses	(29,492,000)	(33,723,000)	(33,723,000)	(33,723,000)	(+4,231,000)		
Soldier's and Airmen's Home (trust fund appropriation):							
Operation and maintenance	15,665,000	15,373,000	15,373,000	15,373,000	−292,000		
Total, Related Agencies	1,103,083,000	1,082,210,000	1,290,780,000	1,444,983,575	+341,900,575	+362,773,575	+154,203,575
Total, items not authorized	(54,168,000)	(38,602,000)					
Grand total, Labor-Health, Education and Welfare	53,424,480,270	52,618,208,000	56,205,212,000	57,142,638,575	+3,718,158,305	+4,524,230,575	+937,426,575

[1] Includes proposed deferral of $15,000,000; D76–109, submitted Mar. 18, 1976.

[2] Deferred due to lack of authorizing legislation.

[3] 2d supplemental appropriations bill includes $3,000,000 for this program, to be available during transition period.

[4] Includes proposed deferral of $15,098,131; D76–54A, submitted Mar. 18, 1976.

[5] House did not specify component amounts.

[6] 2d supplemental appropriations bill includes $5,000,000 for this program, to be available during transition period.

[7] Deferred due to late enactment of authorizing legislation.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make necessary technical and clerical corrections in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Will the Senator yield for one other comment?

Mr. MAGNUSON. Yes.

Mr. KENNEDY. An area which I know the chairman of the committee and my colleague are very concerned about is the title I disadvantaged children program. We have seen an increase by the Appropriations Committee. I offered it as an amendment before, but it was defeated. It is a program which any fair evaluation would show has been extremely successful and valuable as an educational program. It is a program which generally, even with the very modest increases over the history of the program, has seen a constant diminution of the total number of enrollees in that program. The Senator is familiar with it. It is a targeted program for the most deprived and needy children in our communities.

I know that the Senator has addressed this issue and has increased the appropriation. I understand that in the general area of education, we are below the budget ceiling. We are $100 million over where the House is on that program. I had given consideration to offering an amendment to try to continue the expansion of that program, at least to raise it so it would fall still within the budgetary ceiling of the general education program. I would be very interested in hearing from the chairman of the committee, because it is a program that has enormous implications, obviously, to every needy city in this country. I would like to hear the chairman on that.

Mr. MAGNUSON. We were not only aware, of course, of its importance but hoped that we might be able, within the budget, to put more money into this title I, which is a good program. The bill is now $450 million over the budget. I am talking about the downtown budget, the administration budget. It is the largest program increase we put in the bill.

Mr. BROOKE. Mr. President, will the Senator yield so I may ask for the yeas and nays on passage?

Mr. MAGNUSON. Yes. I yield.

The PRESIDING OFFICER (Mr. PHILIP A. HART). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MAGNUSON. We had one problem, and this we hope we can correct: There have been some delays in getting the money down to the classrooms. Some of it is sitting in the pipeline of the amounts we appropriated before, which should not happen. We should get at it and keep moving. I am very appreciative—I know the deep interest the Senator from Massachusetts has in this matter, but this is about as far as we think we could have gone in this bill.

Mr. KENNEDY. Given the fact that we are under budget in terms of the education program generally, I really hope that, in the conference, as I am sure the Senator will do, on that program, we will make every conceivably possible effort to not take the traditional split with the House, but, really, see a rise in that program.

As the chairman has pointed out, it is a program which has worked, is working. There are tens of thousands of young children in our own city of Boston, who are eligible for the program, who are not receiving it. The ones who are receiving it have been making progress in an important way in their own educational development. I know that story is repeated all over the Nation. I am hopeful that the Senator will make every conceivable effort to hold that higher figure in the conference.

Mr. BROOKE. If the Senator will yield, we did add $100 million to the House level and we will do everything we possibly can to hold that $100 million in the conference.

Mr. KENNEDY. I thank my colleague and the chairman.

Mr. TUNNEY. Mr. President, I was delighted to note that the report of the Labor/HEW Appropriations bill contains a specific recommendation concerning the use of funds by the Corporation for Public Broadcasting for broadcasting in the public interest which should bring new and beneficial information to an underserved group—older Americans. I have long hoped to see public broadcasting begin to take an interest in the welfare of our older population, and the committee's report language should go a long way to insuring that kind of broadcasting.

I know that the Corporation has been hesitant to make commitments to such new programing since it has to determine anew every year just what, if any support it receives from Congress. Now, though, we are attempting to provide long-term funding support to facilitate longer range planning. I am wondering, then, whether the chairman believes that the new appropriations method for CPB, coupled with the recommendation concerning older citizen programing, provides adequate guidance for CPB to produce quality, daily productions to provide additional outreach services to those over 55.

Mr. MAGNUSON. I assure my colleague that I share his concern for programing for older citizens by public broadcasting entities. The report language should provide the Corporation with notice concerning congressional interest in such programing.

Mr. TUNNEY. I draw the chairman's attention, then, to a program developed by a public broadcasting station in my home State of California, KQED-TV of San Francisco. A project titled "Our Time," is now producing the first two half-hour shows which will air nationally this September. These shows are the result of more than 2 years of intensive research and enjoy the endorsement and input from almost every major organization involved in the field of aging. Indeed, the board of directors reads like Who's Who in Aging. A major component of the shows, which will be essentially entertaining and informative, is to provide a means of linking service providers with the potential users of services in the aging field.

I have supported this program fully, helping KQED receive funds from the Administration on Aging to produce the test shows. The next stop, of course, is production of 13 weeks of 5-day-a-week national programing to bring the concept and the outreach services to full fruition. I hope that the Chairman views this kind of program as the sort of broadcasting recommended in the report language.

Mr. MAGNUSON. I assure my colleague that this is true. I look forward to the pilot shows being aired, since Seattle has been chosen as one of the test sites. I hope the Corporation considers this model carefully.

Mr. TUNNEY. I thank the chairman.

A HEALTH PROGRAM THAT WORKS—THE WASHINGTON/ALASKA REGIONAL MEDICAL PROGRAM

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have printed in the Record an article written by Dr. Donal Sparkman, who is the Director of the Washington/Alaska Regional Medical Program, which serves in my home State of Washington.

I want to place this article in the Record so everyone here will have a chance to see how a health program ought to be run.

Not by redtape, or computers, or lines and lines of people waiting, but by an organization which clearly recognized the need to set up a health system of, by, and solely for the purpose of serving people.

People also made this RMP operate very well because the organization never outgrew or lost sight of its purpose to operate and develop an effective and workable health care delivery system.

An effective health care delivery system is something which, unfortunately, this country does not have today—a sad circumstance for such a wealthy nation. But, we are trying to build one, and it is not easy. This RMP program has shown me and thousands in the Pacific Northwest just what can be done if people put their minds, backs, and hearts to work. Dr. Donal Sparkman has had a profound effect on making this a success story.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Curious Odyssey of the W/ARMP

Federal health programs often appear on the scene unexpectedly; some outlive their usefulness, but few die. Factors which cause programs to appear or disappear don't always seem rational and the federal government doesn't seem to learn from past experience. With this in mind, let us examine briefly the ill-fated course of the RMP.

Just what motivated President Johnson to appoint the DeBakey Commission in 1964, was never clear, but this group of health professionals, academicians and laymen, decided that there was a serious gap between knowledge about heart disease, cancer and stroke generated by research and application of this knowledge to patient care. The Commission recommended a national network of regional centers, designed to unite the worlds of scientific research, medical education and medical care. Their lofty plans were scaled down by the Congress, which omitted the recommended centers, but called for the development of regional cooperative arrangements to afford the medical profession the opportunity to make available to patients the latest advances in diagnosis and treatment of heart disease, cancer, stroke and related illnesses.

DEVELOPMENT

The Washington/Alaska Regional Medical Program (W/ARMP) came into existence in the fall of 1966, with the encouragement of Dr. John Hogness, then Dean of the University of Washington School of Medicine, and with approval of the Governors and medical associations of the two States. A Regional Advisory Board, which was to become the policy making body for W/ARMP, was appointed; it had broad representation of health professionals and other citizens from both states. The first projects to carry out the mission of RMP, were approved in the spring of 1968 and additional projects were approved at roughly annual intervals thereafter. Ideas for these projects arose from many different groups. All were subject to careful review by W/ARMP staff, by expert consultants and by the Advisory Board before forwarding to HEW for final decision.

The underlying theme was the development of regional cooperative arrangements and, in keeping with its mandates, many of these were in continuing education of physicians, nurses and other health professionals. Continuing education needs appeared to be greater outside the King County area, and as it turned out, Medical School faculty and practicing physicians in King County carried most of this burden. One early continuing education activity was the Continuing Education Coordinator Network, established jonitly with the UW School of Medicine and the Washington State Medical Association. This group met regularly to consider how best to identify and respond to continuing education needs in their respective communities. Early recommendations led to the production of television programs, which were shown throughout the state and received national recognition. Preceptorships were arranged, permitting practicing physicians to return to the Medical School or to the Hospital of their choice for short refresher courses. Consultants were sent out upon request. This two-way flow of people and information, in addition to providing continuing education, led to better understanding between remote physicians and medical centers. Eventually this contributed to the development of the University's WAMI Program, and to other continuing relationships between King County physicians and distant communities.

Discussions held by the Coordinator with leaders in continuing education from around the country, led to recognition of peer review as a better means of identifying continuing education needs. This, in turn, led to the development of the Health Care Review Center, supported jointly by W/ARMP and WSMA; all of this prior to passage of PSRO legislation.

Two other examples of early W/ARMP projects were Medic I and a radiation physicist consultant.

MEDIC I

Recognizing that the "Aid Cars" of the Seattle Fire Department were being called upon to deal with heart attacks, Gordon Vickery, then Seattle Fire Chief, was invited to a W/ARMP sponsored meeting of cardiologists to consider better methods of first-contact-care for acute heart attacks. Discussions between the Chief, Dr. Len Cobb, and others, led to W/ARMP support for the first two years of Medic I. Demonstrations that firemen with special training and equipment could successfully handle this difficult problem resulted in its continued funding by the City of Seattle.

In 1968, there was one radiation physicist on the UW faculty in the Northwest to provide consultation service to physicians operating cobalt and other super-voltage therapy equipment. Recognizing the limited time he could provide in consultation, a project was developed to hire another radiation physicist to serve this important function. With the approval of radiation therapists in the Northwest, the program was set up and from the beginning a fee was charged for the services provided. The program has progressively expanded, now uses a computer to aid radiation therapists in calculating dosages, is self-supporting, as an important component of radiation therapy in the Northwest, and has become a model for replication elsewhere in the United States.

By 1971 the federal view of health care priorities had changed and RMP was directed to modify its mission to include other than heart disease, cancer and stroke and to direct its efforts toward the broad problems of health care delivery, particularly for low income, minority and otherwise poorly served persons. W/ARMP staff adjusted objectives to the new mandate and in the last five years developed activities such as the Health Manpower Clearinghouse and a Nurse Practitioner Training Project.

The Clearinghouse was a modest project designed to help alleviate the maldistribution of physicians in Washington, particularly in rural areas. It coordinated the efforts of the WSMA, other health professional associations and state and federal agencies, each of whom had previously attempted to respond to urgent community requests for help without adequate staff and information. It identified communities in need, before crises occurred and worked with them to determine whether replacement of a physician was their best course. Aggressive recruitment built a sizable list of physicians looking for placement. The project was successful and since termination of W/ARMP support in 1975, has continued on funds from two foundations with reasonable hope that it will be supported by the state or other resources on a permanent basis.

Responding to the inability of some small remote communities to get and hold physicians, W/ARMP, in 1972, selected a small group of nurses, who, after special training, and with physician back-up, have served as nurse practitioners in Darrington, Forks and Vashon Island. There has not always been unanimous approval of this new health care arrangement, but careful monitoring has demonstrated that their performance is good and community acceptance excellent. In this state and elsewhere in the country, there is increasing acceptance of the nurse practitioner role and the passage of the Nurse Practice Act, by the Washington Legislature in 1973 gave a legitimacy to their function. The UW School of Nursing now provides two nurse practitioner courses and hopes to have support for a third.

CHANGE IN SIGNALS

After 1971 federal signals for RMPs changed almost yearly and in 1973, when President Nixon ordered termination of RMPs, it was true, as he charged, that the programs' mission had not been consistent. Concerned with rising health care costs and uncoordination of federal health programs, Congress, in late 1974, passed the Health Planning and Resource Development Act of

1974 (PL 93-641), which was designed to combine existing RMPs, Comprehensive Health Planning Agencies and Hill-Burton programs and to put new emphasis and teeth in health planning and regulation. As of this writing we are still between the old and new but RMPs terimnate June 30, and as it turns out, the "orderly transition" of RMPs into the new Health Systems Agencies (HSAs) doesn't happen. In the State of Washington, the pre-existing CHPs, with some change, will, in at least two instances, become the new HSAs.

There are enough uncertainties regarding the about-to-be-born HSAs that, at this point, one can only speculate how they will work. Two points of concern to physicians are, that there will be meager physician participation and that the new organizations will have significantly greater regulatory authority than has existed in the past. Governor Evans, like many other Governors, is unhappy with the new Health Planning and Resource Development Act, for a number of reasons, such as the way the authority of HEW by-passes the Governor in health care matters.

Looking back, it seems to me that some of the more important accomplishments of W/ARMP were:

1. The way in which it brought together different groups of health providers and consumers to work toward common goals.

2. That it gave the opportunity to many practicing physicians to look beyond their own practices at health care problems and to work toward alleviating these.

3. With innovation and a modest amount of start-up funds, needed health care activities were initiated, which then became self-supporting or supported by other sources.

ADVANTAGES OF RMP

1. Though it was under the direction of the federal government, it had considerable autonomy and flexibility to respond to local needs.

2. It was able to assemble a diversified staff, competent in technical and professional aspects of health care and in community organization. It also benefited from excellent consultant assistance from volunteers who served on its many committees.

3. It had statewide jurisdiction with good relations with professional health associations, educational institutions and public health that permitted development of regional or statewide programs.

4. It had the opportunity to serve as a neutral party or "honest broker" among disparate provider groups on local or statewide issues.

5. Creativeness and innovation were encouraged in resopnding to health care needs.

6. Though by definition it was a part of the bureaucracy, every effort was made to keep it as un-bureaucratic as possible, to respond promptly and directly to questions and issues.

7. It devised and carried out careful evaluation of its activties, a function given lip service by the federal government, but rarely more than that.

If RMP had these advantages and made some notable achievements in the improvement of health care, why was it terminated?

1. With alarming increases in the cost of the federal health care budget it was natural that Congress would consider cost the number one priority. RMP was designed to try out better methods of continuing education and delivery of health care and while such efforts should result in more rational health care arrangements, they had relatively little effect on cost containment. Congress and HEW hope that the regulatory powers of the new Health Planning and Resource Development Act will accomplish this.

2. Relationship with CHP: Theoretically CHPs should have been in existence before RMPs to determine health care needs and set priorities so that RMPs could respond. It didn't happen that way. While in Washington and Alaska relations between RMPs and CHPs were generally good, the relationship was not as clearly defined as it should have been and over the country there were evidences of unproductive competition between the two agencies.

3. RMPs did not fit neatly into the usual federal-state relations through regional HEW offices or State Health Departments. RMP had a degree of autonomy from HEW that was a continuing source of nervousness and dissatisfaction to the establishment.

4. As might be expected, there was much variation in the quality and performance amoung RMPs around the country.

In my opinion, there is a need for health service development capacity to respond to health care needs, to try out changes and in so doing to involve as broad a segment of health professionals as possible. Though the Health Planning and Resource Development Act includes language relative to health services development or RMP-type activities, its relative importance in the law is indicated by the fact that this section occupies less than a page of a 92-page document describing the Act. Further, the new HSAs are proscribed from entering into health service development activities for at least the first year of their existence and considering their preoccupation with regulatory matters and the austerity of the health budget, there is real question whether such health service development activities will ever become a significant part of their program. Considering the swings in the pendulum of federal health care directions in the past two or three decades it is likely that as the developmental type activities of RMP are missed, a new Phoenix may arise from the ashes.

ADDITIONAL STATEMENTS SUBMITTED

Mr. TUNNEY. Mr. President, I am pleased to note that the Senate Labor/HEW Appropriations Committee has had the good foresight not to accept President Ford's proposals for extensive budget cuts for programs benefiting older Americans. In proposing his budget for fiscal 1977, President Ford called upon Congress to develop a "new realism" in our consideration of this year's funding process. This so-called new realism results in overwhelming cuts in the area of social programing which directly benefits millions of citizens of this Nation.

In the area of senior citizens, the President's budget can best be characterized as a retrenchment, with few proposals reflecting much, if any initiative. We might have expected this since Mr. Ford has suggested that the Federal Council on Aging, the body charged with providing the Chief Executive with an agenda for older Americans, was little more than a special interest group with concerns too specific to be worthy of his attention.

Comparing the President's proposal with the Senate committee's appropriations will demonstrate clearly that the Senate's posture is to continue programs on behalf of older citizens with the infusion of additional moneys to make them that more vital and able to meet the needs of the Nation's elderly.

President Ford requested no funds for the title IX, community service employment for older Americans program. The Senate has recommended $90.6 million. These sums should provide part-time community service service jobs for 22,600 older citizens, despite the continued efforts by the administration to scuttle this worthy program. The sums gained in income spell the difference between poverty and the ability to live comfortably with decent housing and decent food for countless individuals over 55

Additionally, the title IX program this year will begin to broaden its base of operations, bringing minority contractors under the title of prime sponsor for the first time. In this way we can begin to insure equity within the program for the elderly within our black and Hispanic communities. I applaud the Senate committee's recommendations in this regard.

Mr. Ford did choose to appropriate some funds for the National Institute on Aging, but Congress again increased the funds to allow this new organization to effectively organize its campaign to raise the health status of our elderly community through research. I believe our funding recommendation of $31.2 million will begin to insure that this Nation is able to meet the health needs of our older citizens a population which will double to 40 million within the next 50 years.

As my colleagues know, Mr. Ford withdrew administration support from the most crucial of programs on behalf of older citizens—the Older Americans Act programs. He dropped funds for the title III State and community programs, cut back on the sums available for model projects. Mr. Ford recommended no funds for training in the area of gerontology or other issues of importance to the elderly, nor did he propose funding for the title V multipurpose senior centers. Were Mr. Ford to have his way, the title VII nutrition program, of key benefit in providing older citizens with both nutritious hot meals and companionship, would languish at around the same level of funding as it received several years ago.

In each of these cases, I consider the budget request to be indicative of flagrant disregard for the welfare of 23 million Americans. As a member of the Senate Special Committee on Aging, I fought long and hard to insure that the Older Americans Act was implemented to its fullest extent. Therefore, I worked with my colleagues on the Appropriations Committee and on the Aging Committee—joining with Senators Brooke and Eagleton to propose extensive revision of the President's budget for older Americans programs. I was delighted of course, that the distinguished chairman of the Labor/HEW Appropriations Subcommittee has concurred in the vast majority of these recommendations.

Thus, we can expect increased support for title III programing, set by the Senate at $154 million—$17 million for State agency activities; $125 million for area agencies on aging; and $12 million for model projects. We today approve $20 million for the title V multipurpose senior centers—the first time this title has been funded since its inclusion in the Older Americans Act. We will supply the States a total of $203,525,000 for the title VII nutrition program and have authorized a spending level of $225 million. This could allow the States to serve an estimated 460,000 meals per day, 5 days a week to some 500,000 older citizens.

Last, we will insure that the title IV training and research programs continue at a higher level of funding—$26 million. Because we have expanded the whole of the older Americans programing, it is necessary to provide a continuing resource of qualified personnel to enter or reenter the field of aging at all levels of the aging network, as well as other occupations and professions serving older persons.

I was particularly pleased that the Appropriations Committee has included language in their report which spells out more clearly the major role legal services programs must have under the Older Americans Act. After several years of hard work, my amendments to the Older Americans Act concerning legal services for the elderly were accepted, and the funding mandate of the Appropriations Committee should give the fledgling programs a true push toward self-sufficiency and increased ability to meet the legal needs of the older citizen.

Overall, then, the Senate and House have substantially amended the President's proposed budget for older Americans. We have honed sharp the intent of Congress to continue these programs at ever-increasing levels of competency and growth. I feel confident that we will not tolerate a veto of this legislation as inflationary. And I, for one, reaffirm my efforts to overcome the tunnel-vision of the administration when it comes to the social, economic, and physical well-being of our Nation's aging community.

Mr. MOSS. Mr. President, I want to take a moment to commend the Labor-HEW Appropriations Subcommittee on its recommendations with respect to OSHA's request for $6.3 million to hire contractors to conduct inflation impact studies. Members will recall that I addressed the Senate on this subject last March. I pointed out that the President anticipated no budget increases when he issued Executive Order 11821, requiring analyses of the economic effects of major rules and regulations. Yet last year OSHA received $2.3 million for that purpose and this year asked for nearly triple that amount.

So far as I have been able to determine, no other agency has gone to such great expense nor received such meager results for its money. EPA produced 40 inflation impact statements last year; OSHA issued its second statement last week. In addition, OSHA relied exclusively on private contractors and by use of "sole property" contract clauses deprived its officials of the data needed to evaluate the contractors' reports.

The subcommittee has cut $3 million nearly half, from the Agency's 1977 request and recommended that the remaining funds be used to develop an in-house capability to do the job. In addition, I understand that the Assistant Secretary of Labor is revising OSHA's contracting procedures. These are important steps in the right direction, of reducing waste and enforcing Government accountability.

WALOSH LABORATORY, SALT LAKE CITY

Mr. President, I want to commend the distinguished chairman and members of the Labor-HEW Subcommittee for including in their report on this bill a statement that no research facility of the National Institute of Occupational Safety and Health should be closed pending completion of the Institute's research laboratory in Cincinnati, for which the committee has approved construction funds. My concern and that of the committee in this matter relates to the Western Area Laboratory for Occupational Safety and Health in Salt Lake City.

In March of this year, officials of NIOSH announced plans to shut down the Western Area Laboratory and transfer its professional staff to other locations. This was contrary to NIOSH plans published in the Federal Register last December to expand the facility, to its recent elevation to division status, and to its history of top-notch research. Through the efforts of the Utah congressional delegation, Governor Rampton, and others, the Secretary agreed to review the decision of NIOSH personally; but very shortly thereafter he announced that the transfer would proceed.

The laboratory was established in 1949 at a time, to quote an HEW-Public Health Service document—

> When the expansion of industry made apparent the need for a laboratory conveniently located to serve the West.

It is the only NIOSH research facility located West of the Mississippi. Its most notable work has been in research on radioactive hazards to uranium miners and chemical hazards to workers in metal mining, smelters and foundries, pulp and paper production, agriculture, and other industries. WALOSH has begun work on potential health problems in the development of new energy resources in the West, such as oil shale. In addition, the lab provides invaluable consultative services to industries and to State and local public health agencies throughout the region.

HEW has not given an adequate or consistent justification for the closing nor offered any evidence that present programs and services will continue at the same level from their new locations. That is hardly likely in view of the fact that loss of staff members in the move would aggravate an already critical shortage of professionals in the Institute.

Although the Secretary's decision came after the House Appropriations Committee completed work on the Labor-HEW bill, subcommittee Chairman FLOOD has taken a position very similar to that of the Senate Appropriations Committee. In a letter to Secretary Mathews of June 11, 1976, Congressman FLOOD said that the WALOSH transfer should be deferred until completion of a year-long study of NIOSH research facilities or until a reasonable case for the closing could be developed.

Taken together, these statements are a clear expression of the intent of Congress with respect to the Salt Lake facility. If the Department proceeds to close the laboratory before this bill can be enacted, it will be acting contrary to that intent.

EDUCATION PROGRAMS

Mr. JAVITS. Mr. President, the Committee on Appropriations has recommended education funding levels in H.R. 14232 which reflect a recognition of the continuing Federal commitment in this vital area. In total, the recommendations provide for a modest increase of approximately $860 million over comparable fiscal year 1976 levels. This means that the education programs and activities administered in HEW will be increased by approximately 15 percent. As the House-passed measure contains only a 5-percent increase for these programs, the likely legislative outcome will provide for inflation and a slight increase in funds for a few highly meritorious education programs.

I commend the gentleman from Washington (Mr. MAGNUSON) and the gentleman from Massachusetts (Mr. BROOKE), together with other members of the committee, for their long and arduous efforts in developing this bill, which contains a number of worthwhile increases which I shall highlight. I intend to vote for this bill and urge my colleagues to support this measure.

SPECIFIC PROGRAMS

A fundamental aspect of this Federal commitment to education focuses on equal educational opportunities. Several committee recommendations in H.R. 14232 warrant specific attention. Title I of ESEA is increased over last year by $300 million to a new total of $2.35 billion. Such expansion of this keystone of Federal investment in raising the educational achievement of our neediest youngsters is clearly needed. Funding for education of handicapped children also has a major increase of $166 million. This helps fulfill the basic Federal commitment to equal treatment of all handicapped children, as established by the legislation passed earlier in this Congress. Similarly, committee recommendations provide funding increases over fiscal year 1976 of $16 million in bilingual education and $7 million in reading improvement programs for students with especial needs. An increase of $14 million is aslo provided for adult education programs to expand the availability of basic instruction to the over 50 million adult Americans whose educational achievement is below the high school level. Such lack of education limits their capabilities as individuals to lead fulfilling lives and be productive citizens.

The committee recommendations also include an additional $23 million to support activities under the Emergency School Aid Act. These funds provide critically needed Federal support to assist school districts in both their voluntary efforts or their court directed plans to achieve desegregation. Another area which warrants specific mention is an increase of $15 million for our hard-pressed public libraries—to assist these vital cultural institutions in at least maintaining their levels of service. Tragically, many States and local governments have decided to reduce library support at a time when operational costs are increasing and demand from the public is simultaneously increasing. These additional funds will be well used to allow our citizens access to professional advancement and personal enrichment through the public libraries. I am particularly gratified at the continued funding for the education of the gifted and talented children, which I authored in 1974. I would also praise the inclusion of drug abuse education programs and the provision within the impact aid program for payments for children living in public housing.

OTHER CONSIDERATIONS

I also note that this bill omits consideration of roughly half of the HEW education programs. These are programs in vocational and higher education, as well as the research carried out by the National Institute of Education. All these programs await reauthorization under the pending omnibus education bill, S. 2657. This measure has been on the Senate calendar since May 15, and is now scheduled by the leadership for Senate floor consideration in early August. Based on extensive oversight carried out by the Labor and Public Welfare Committee, S. 2657 includes several needed improvements in existing programs and also continues programs which have proven their merit. I hope my colleagues will give full consideration to the value of these programs with their proposed improvements, and on the basis of that assurance, to provide sufficient levels of funding in the necessary supplemental appropriation. Immediately following expected passage of this education measure, I am hopeful that the Appropriations Committee can prompty turn to consideration of funding for these education programs, so that educators may know funding levels in a timely manner.

Mr. President, this bill contains a single provision which continues to cause myself and other Senators significant concern. Known as the Byrd amendment, this bill repeats language accepted in last year's Labor-HEW Appropriation Act regarding restriction on requirements for transportation to a school which is not nearest the student's home. I am not sympathetic to this provision because I feel it is unnecessary. As I stated on January 28 of this year, during the consideration of the override vote on the Labor-HEW appropriations, the provisions of Public Law 93-380, the Education Amendments of 1974, are fully adequate to cover this situation. The so-called Esch amendments provide, in priority order, a series of remedies for desegregation. Specifically, the Esch amendment lists a number of preferred alternatives to busing to achieve desegregation, and mandates that each possible alternative be examined and wherever possible implemented as a preferred alternative to busing.

While I regret the inclusion of the Byrd amendment in this bill, I do not intend to delay the Senate by attempting to alter it. In order to assure clear understanding of the amendment, I ask unanimous consent that the portions of my January 28 statement which relate to this amendment be printed in the Record at the conclusion of my remarks.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **JAVITS**. Mr. President, H.R. 14232 has much to commend it. It represents a restrained level of increase for critical education programs. I hope this measure shall be promptly enacted so that educators may know in advance of the fall term the levels of Federal moneys available to them. This will assure the best use of these public funds to advancing the education of all our citizens.

EXHIBIT 1

REMARKS OF SENATOR JAVITS REGARDING SO-CALLED BYRD AMENDMENT—H.R. 8069

(CONGRESSIONAL RECORD, Jan. 28, 1976, page S731)

However, there is one Senate-added provision of H.R. 8069 which causes me great concern, the so-called antibusing amendment. I vigorously opposed this and similar amendments when they were proposed in the Senate. I believe that the existing legislation in the Education Amendments of 1974 (Public Law 93-330) provide the correct priority of remedies for dealing with school desegregation problems. Subpart 4, title II A of this law states seven potential remedies for eliminating school segregation in priority order and places restrictions on all Federal courts, agencies, and departments in implementing these remedies. I ask unanimous consent that this subpart 4 be printed in its entirety at the conclusion of my remarks.

The **Presiding Officer**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **Javits**. These include as priorities to transportation plans the following: Realinement of school districts, pairing school districts, restructuring grade level grouping at several schools, construction of new schools or closing inferior ones and establishing magnet schools. However, in a case that all these solutions have been examined and determined by the responsible agency or court with competent jurisdiction to be incapable of delivering a required remedy to illegal segregation, the court or agency is permitted to grant other remedies, including transportation of students.

Mr. President, in spite of this strong safeguard against so-called capricious and arbitrary busing orders, the Senate last September spent many days in debate over additional antibusing amendments to the Labor-HEW appropriation bill, H.R. 3069. Unfortunately, the Senate accepted two ill-advised restrictions on the legitimate and necessary civil rights activities of the Department of HEW. While the Senate-House conferees dropped the more restrictive Biden amendment, it retained the Byrd amendment which essentially prohibits HEW from requiring transportation to a school other than the nearest school in order to comply with the Civil Rights Act. I remain opposed to restricting Federal courts or agencies from carrying out their legitimate responsibilities in eliminating vestiges of unconstitutional school segregation.

Mr. President, I believe the restrictions included in H.R. 8069 will have a limited impact because the provision of Public Law 93-380 have already limited the imposition of transportation solutions in the manner I have described. In addition, the major school busing plans which have been ordered are the results of Federal Courts acting to protect the constitutional rights of children to an equal educational opportunity. Of course, the provisions of H.R. 8069 cannot alter these constitutional rights. Because the anti-busing provision may restrict civil rights enforcement, even in a limited way, I oppose the provisions.

In casting my vote, I must point out to my colleagues the added ill-advised anti-busing provisions which will restrict the proper and necessary activities of the Federal Government in insuring the civil rights of all Americans.

EXHIBIT 1

P.L. 93-380—TITLE II—EQUAL EDUCATIONAL OPPORTUNITIES AND THE TRANSPORTATION OF STUDENTS

ART. A—EQUAL EDUCATIONAL OPPORTUNITIES

Subpart 4—Remedies

Formulating remedies; applicability

Sec. 213. In formulating a remedy for a denial of equal educational opportunity for a denial of the equal protection of the laws, a court, department, or agency of the United States shall seek or impose only such remedies as are essential to correct particular denials of equal educational opportunity or equal protection of the laws.

(20 U.S.C. 1712) Enacted August 21, 1974, P.L. 93-380, sec. 213, 88 Stat. 516.

Priority of remedies

Sec. 214. In formulating a remedy for a denial of equal educational opportunity or a denial of the equal protection of the laws, which may involve directly or indirectly the transportation of students, a court, department, or agency of the United States shall consider and make specific findings on the efficacy in correcting such denial of the following remedies and shall require implementation of the first of the remedies set out below, or of the first combination thereof which would remedy such denial:

(a) assigning students to the schools closest to their places of residence which provide the appropriate grade level and type of education for such students, taking into account school capacities and natural physical barriers:

(b) assigning students to the schools closest to their places of residence which provide the appropriate grade level and type of education for such students, taking into account only school capacities;

(c) permitting students to transfer from a school in which a majority of the students are of their race, color, or national origin to a school in which a minority of the students are of their race, color, or national origin;

(d) the creation or revision of attendance zones or grade structures without requiring transportation beyond that described in section 215;

(e) the construction of new schools or the closing of inferior schools;

(f) the construction or establishment of magnet schools; or

(g) the development and implementation of any other plan which is educationally sound and administratively feasible, subject to the provisions of sections 215 and 216 of this part;

(20 U.S.C. 1713) Enacted August 21, 1974, P.L. 93-380, sec. 214, 88 Stat. 517.

Transportation of Students

Sec. 215. (a) No courts, department, or agency of the United States shall, pursuant to section 214, order the implementation of a plan that would require the transportation of any student to a school other than the school closest or next closest to his place of residence which provides the appropriate grade level and type of education for such student.

(b) No court, department, or agency of the United States shall require directly or indirectly the transportation of any student if such transportation poses a risk to the health of such student or constitutes a significant impingement on the educational process with respect to such student.

(c) When a court of competent jurisdiction determines that a school system is desegregated, or that it meets the constitutional requirements, or that it is a unitary system, or that it has no vestigates of a dual system, and thereafter residential shifts in population occur which result in school population changes in any school within such a desegregated school system, no educational agency because of such shifts shall be required by any court, department, or agency of the United States to formulate, or implement any new desegregation plan, or modify or implement any modification of the court approved desegregation plan, which would require transportation of students to compensate wholly or in part for such shifts in school population so occurring.

(20 U.S.C. 1714) Enacted August 21, 1974, P.L. 93–380, sec. 215, 88 Stat. 517.

District Lines

Sec. 216. In the formulation of remedies under section 213 or 214 of this part the lines drawn by a State, subdividing its territory into separate school districts, shall not be ignored or altered except where it is established that the lines were drawn for the purpose, and had the effect, of segregating children among public schools on the basis of race, color, sex, or national origin.

(20 U.S.C. 1715) Enacted August 21, 1974, P.L. 93–380, sec. 216, 88 Stat. 518.

Voluntary Adoption of Remedies

Sec. 217. Nothing in this part prohibits an educational agency from proposing, adopting, requiring, or implementing any plan of desegregation, otherwise lawful, that is at variance with the standards set out in this part nor shall any court, department, or agency of the United States be prohibited from approving implementation of a plan which goes beyond what can be required under this part, if such plan is voluntarily proposed by the appropriate educational agency.

(20 U.S.C. 1716) Enacted August 21, 1974, P.L. 93–380, sec. 217, 88 Stat. 518.

Reopening Proceedings

Sec. 218. A parent or guardian of a child, or parents or guardians of children similarly situated, transported to a public school in accordance with a court order, or an educational agency subject to a court order or a desegregation plan under title VI of the Civil Rights Act of 1964 in effect on the date of the enactment of this part and intended to end segregation of students on the basis of race, color, or national origin, may seek to reopen or intervene in the further implementation of such court order, currently in effect, if the time or distance of travel is so great as to risk the health of the student or significantly impinge on his or her educational process.

(20 U.S.C. 1717) Enacted August 21, 1974, P.L. 93–380, sec. 218, 88 Stat. 518.

Limitation on Orders

Sec. 219. Any court order requiring, directly or indirectly, the transportation of students for the purpose of remedying a denial of the equal protection of the laws may, to the extent of such transportation, be terminated if the court finds the defendant educational agency has satisfied the requirements of the fifth or fourteenth amendments to the Constitution, whichever is applicable, and will continue to be in compliance with the requirements thereof. The court of initial jurisdiction shall state in its order the basis for any decision to terminate an order pursuant to this section, and the termination of any order pursuant to this section shall be stayed pending a final appeal or, in the event no appeal is taken, until the time for any such appeal has expired. No additional order requiring such educational agency to transport students for such purposes shall be entered unless such agency is found not to have satisfied the requirements of the fifth or fourteenth amendments to the Constitution, whichever is applicable.

(20 U.S.C. 1718) Enacted August 21, 1974, P.L. 93–380, sec. 219, 88 Stat. 518.

Subpart 5—Definitions

Sec. 221. For the purposes of this part—

(a) The term "educational agency" means a local educational agency or a "State educational agency" as defined by section 801 (k) of the Elementary and Secondary Education Act of 1965.

(b) The term "local educational agency" means a local educational agency as defined by section 801(f) of the Elementary and Secondary Education Act of 1965.

(c) The term "segregation" means the operation of a school system in which students are wholly or substantially separated among the schools of an educational agency on the basis of race, color, sex, or national origin or within a school on the basis of race, color, or national origin.

(d) The term "desegregation" means desegregation as defined by section 401(b) of the Civil Rights Acts of 1964.

(e) An educational agency shall be deemed to transport a student if any part of the cost of such student's transportation is paid by such agency.

(20 U.S.C. 1720) Enacted August 21, 1974, P.L. 94–380, sec. 221, 88 Stat. 518, 519.

Subpart 6—Miscellaneous provisions

Repealer

Sec. 222. Section 709(a)(3) of the Emergency School Aid Act is hereby repealed.

Separability of Provisions

Sec. 223. If any provision of this part or of any amendment made by this part, or the application of any such provision to any person or circumstance, is held invalid, the remainder of the provisions of this part and the amendments made by this part and the application of such provision to other persons or circumstances shall not be affected thereby.

(20 U.S.C. 1721) Enacted August 21, 1974, P.L. 93–380, sec. 223, 88 Stat. 519.

PART B—OTHER PROVISIONS RELATING TO THE ASSIGNMENT AND TRANSPORTATION OF STUDENTS

Prohibition against assignment or transportation of students to overcome racial imbalance

Sec. 251. No provision of this Act shall be construed to require the assignment or transportation of students or teachers in order to overcome racial imbalance.

(20 U.S.C. 1751) Enacted August 21, 1974, P.L. 93–380, sec. 251, 88 Stat. 519.

(Sec. 252 is an amendment to sec. 420 of the General Education Provisions Act, 20 U.S.C. 1228).

INTRODUCTION

Mr. CRANSTON. Mr. President, I rise in general support of H.R. 14232, the Labor-HEW Appropriations Act for fiscal year 1977 as reported from the Appropriations Committee. Although I do not agree on every aspect of the committee's recommendation for each and every program, I think by and large that the committee has proceeded in a responsible manner, balancing competing interests and programs within the context of the constraints implicit in the target amounts in the first concurrent budget resolution. I congratulate the chairman of the Appropriations Subcommittee (Mr. MAGNUSON) and the ranking minority member (Mr. BROOKE) for their usual fair and thorough job.

HEALTH

Mr. President, I had written the distinguished chairman of the Subcommittee on Labor-HEW Appropriations (Mr. MAGNUSON) of my particular interest in five areas covered in the field of health.

These were family planning services and population research, research in the areas of arthritis and aging, support of emergency medical services, and immunization programs for children.

EMERGENCY MEDICAL SERVICES

Unfortunately, because extension legislation for the emergency medical services program has not yet been enacted into law, the Appropriations Committee has deferred action on appropriations for that program until a supplemental appropriations bill.

I am hopeful that the authorizing legislation for emergency medical services, S. 2548, which I introduced and which passed the Senate June 10, will be law shortly so that appropriations for the programs authorized in that legislation can be included in the expected fall Supplemental Appropriations Act.

With respect to family planning services and population research, research in arthritis and aging, and immunization programs, I am delighted that the committee has recommended appropriations levels in line with those I recommended to the committee.

FAMILY PLANNING SERVICES AND POPULATION RESEARCH

Mr. President, I would like particularly to express my full agreement with the action taken by the committee in recommending $122,615,000 for family planning services and related training and information and education programs. Support for family planning services programs has been held at the level of $94.6 million since fiscal year 1974.

The action taken by the Senate Appropriations Committee, if sustained in conference, will mean that these important programs can stay even with the pressures of inflation, and can take steps to expand their services toward reaching the estimated 3 million individuals wishing family planning services but unable to obtain them due to their inability to afford them, compounded sometimes by the inaccessibility of such services in a particular geographic area. The increase will allow many of these individuals to be served through the addition of family planning services programs at community health centers, migrant health centers, and other comparable programs supported by the Public Health Service which serve medically underserved areas.

The committee's inclusion in the committee report of language emphasizing the importance of increasing the level for population research and specifying that $5 million of the $10 million increase over the fiscal year 1976 funding level for the National Institute of Child Health and Human Development should be earmarked for population research is a position I urged and believe is worthy of emphasis.

With the addition of this $5 million, the total amount available for population research will be approximately equal to the $60 million authorized in title X of the Public Health Service Act.

I would like to point out, Mr. President, that population research was specifically mentioned as an area of special emphasis by the President's Biomedical Research Panel in its report submitted on April 30 of this year. The Appropriations Committee's recommendations are timely and fully consistent with the Panel's findings. I would hope that this earmark will be in conference in order to make clear to the administration the high priority Congress places on research in this area.

As a member of the Subcommittee on Health of the Labor and Public Welfare Committee, which is conducting in-depth hearings on the report of the Biomedical Research Panel, I intend to explore ways in which the Panel's recommendations in the area of population research can be implemented. The action of the Appropriations Committee in likewise emphasizing the importance of research in this area is a hopeful sign that, working together, we will be able to assure that the appropriate resources are made available in the critical field of population and related biomedical research in the coming years.

ARTHRITIS RESEARCH

Mr. President, I am also gratified that the committee has earmarked an additional amount up to $8 million for the arthritis research and centers programs, and has increased the overall amount for the National Institute on Arthritis, Metabolism, and Digestive Diseases over the House figure by $28 million. As the author of the National Arthritis Act, I am very interested in these programs.

This increase—in line with my recommendations—will enable the Institute to expand its research efforts in the important areas for which it is responsible including arthritis and diabetes which affect so many Americans.

AGING RESEARCH

Mr. President, I am also pleased that the committee has recommended an increase for research programs supported by the National Institute on Aging. This has long been an area of keen interest to me and one in which I believe great hope for a better life for all of us can be found.

BASIC BIOMEDICAL RESEARCH

Mr. President, I would be less than candid if I did not mention my continuing concern that the allocations for the various Institutes at the National Institutes of Health are heavily skewed toward the National Cancer Institute and the National Heart, Lung, and Blood Institute. The Senate bill allocates to these two Institutes approximately one-half of the funds made available to the National Institutes of Health for research purposes.

I recognize these are vital programs which must receive very substantial support, and I support very substantial appropriations for them. However, I believe that the appropriation of such substantial additional funds for cancer research and, to a lesser degree, for heart and lung research, is, and has been, at the expense of more adequate support for research in other areas, especially basic biomedical research.

In addition, I think there is strong evidence that expanded basic research programs at the other NIH Institutes would add to our understanding and ability to conquer cancer and heart disease.

I am, however, relieved that the committee has increased the appropriations for the other Institutes at NIH in varying degrees. This will enable those Institutes to expand their programs in areas of special opportunities and maintain the present levels in those areas of research which continue to hold promise.

IMMUNIZATION PROGRAMS

I am delighted, Mr. President, that the committee has recommended an appropriation of $17,500,000 for childhood and other immunization programs. The investment of Federal funds in immunization programs is a particularly effective form of spending. Early preventive health measures such as immunizations of children can prevent the tragic results due to measles, rubella, and polio, all of which can be avoided through appropriate preventive steps.

OFFICE OF HUMAN DEVELOPMENT

HEAD START

Mr. President, I strongly support the increase recommended by the committee for the Head Start program. The committee has concurred with the House figure of $475 million for this critically important program—an increase of $21 million over this year's level and over $40 million more than the budget request.

Head Start is a comprehensive preschool program serving 349,000 children and their families, primarily those who are poor. The increase contained in the committee's bill will help Head Start programs across the country meet this past year's rise of 6.3 percent in the Consumer Price Index. It will also help provide a wide range of costly services necessary to adequately serve handicapped children—who must, under the authorizing law, constitute 10 percent of the total enrollment.

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

I strongly support the increase in the Senate committee bill for the Architectural and Transportation Barriers Compliance Board. The $1 million recommended for the Board is $700,000 over the fiscal year 1976 level and the same amount as the House figure. The administration did not request any funds for the Board.

Mr. President, the Board was designed to be a strong and effective mechanism for facilitating the mobility of handicapped citizens—through increased access to transportation, public buildings, monuments, parks, and housing. The increased support contained in the Senate bill will allow the Board to begin the task before it—the elimination of manmade obstructions encountered daily by our Nation's 25 million handicapped persons.

OFFICE OF EDUCATION

EDUCATION FOR HANDICAPPED CHILDREN

I am very pleased that the committee bill includes $330 million for the basic State grant program under title VI of the Education for All Handicapped Children Act—an increase of $30 million over the House amount and $220 million over the administration's budget request. I had recommended a total of $387 million for this purpose.

Mr. President, this increase over the House-passed figure is essential if States are to fulfill adequately the congressionally mandated responsibilities under the new law. The act requires that States identify, locate, and evaluate all handicapped children, develop a timetable for providing equal educational opportunities for all handicapped children, and develop individualized planning for each of the children identified. The amount contained in the committee bill will assist the States in doing so.

Mr. President, I note with interest that the committee report states that the committee will consider providing supplemental appropriations for the State grant program if, later in the fiscal year, it becomes evident that funds in this bill are insufficient to meet the need.

BILINGUAL EDUCATION

Mr. President, once again the committee has solidly reaffirmed its commitment to bilingual education activities, with an appropriation of $115,000,000 to carry out activities authorized under title VII of the Elementary and Secondary Education Act. The amount is $16,030,000 more than was appropriated in fiscal year 1976 and $25,000,000 more than the budget request. The increased moneys will support approximately 479 classroom demonstration projects serving more than 228,000 children.

The committee is to be congratulated both for the overall increase and for its specific recommendation of $29,700,000 toward education personnel training in bilingual activities, which includes inserving training for over 29,700 classroom personnel and an additional 12,275 teachers of children with limited or non-English-speaking abilities.

I am especially pleased to note that the committee has recognized the need for additional professional staff for the Office of Bilingual Education. The Office was mandated under the Education Amendments of 1974, in a provision I authored with myself, Senator Kennedy, and Senator Montoya, and our continuing oversight of the bilingual program has clearly indicated a need for more staff to assume the increased workload.

DEPARTMENT OF LABOR

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

Mr. President, I urge support for the Senate Committee on Appropriations' recommendations for the Comprehensive Employment and Training Act of 1973—CETA. The Senate figure of $1.880 billion for title I—comprehensive manpower services—represents an increase of $300 million over this year's level and the level requested by the administration, and is the same amount approved by the House. This increase is necessary to reflect the increase in the minimum wage rate made expressly applicable by CETA. I strongly support the Senate figure of $400 million for title II—public employment programs—the level provided this year, requested by the administration for fiscal year 1977, and approved by the House. These are the same levels for titles I and II that I recommended in my testimony submitted to the Appropriations Subcommittee.

Mr. President, I also strongly support

the committee action in including in this appropriation bill an appropriation of $595 million for the summer youth jobs program conducted under title III of CETA. The committee notes that this amount will provide 1 million summer jobs for economically disadvantaged youth aged 14 to 21, next year. This is a significant—and much needed—increase over the 888,100 jobs provided by the $520 million appropriated in fiscal year 1976. The administration had requested an appropriation of $420 million and the House had supported, by a vote of 183 to 181, the appropriation of $595 million. In addition, the inclusion of this appropriation item at this time, rather than waiting for a supplemental, means that planning for next summer's jobs, and consequently the conduct of a successful and meaningful program, will not be held in suspense during the supplemental appropriations process, as has occurred in the past. I applaud both the House and Senate committees for their actions in this regard.

Mr. President, my testimony to the Appropriations Subcommittee did not include any request for funds for additional public service jobs. However, authorizing legislation for extension of CETA title VI (H.R. 12987) has been reported from the Committee on Labor and Public Welfare and is scheduled for Senate action on July 26. As soon as this legislation is enacted, I believe we must move ahead rapidly with the necessary appropriations to insure continuation of the present 316,000 title VI jobs and to provide a substantial expansion over this level.

COMMUNITY SERVICES ADMINISTRATION

COMMUNITY ACTION

Mr. President, the Community Services Administration, as the Federal agency primarily responsible for carrying out antipoverty efforts, assists more than 860 community action agencies, and provides a source of funding for local-initiative and a variety of special emphasis programs. I fully support the recommendations of the Appropriations Committee in this regard, especially the $330 million for local-initiative programs—the level of the last 7 years.

The budget request submitted by the President proposed only $260 million for this purpose, reflecting the declining Federal share for community action agencies contained in section 225(c) of the Economic Opportunity Act, as amended, which was enacted as part of the 1974 amendments. Legislation to restore the 80–20 match—the original Senate position—has passed the House of Representatives. An identical bill, of which I am a cosponsor, is pending in the Senate. The recommendation to sustain the House-passed level of $330 million is the same amount I supported in my statement.

EMERGENCY FOOD AND NUTRITION

Mr. President, the Appropriations Committee's recommendation of $40 million for this item will substantially increase the funding to support this most valuable program which provides food and nutrition assistance in areas with serious hunger problems.

COMMUNITY ECONOMIC DEVELOPMENT

Mr. President, I would also like to express my qualified support for the Appropriations Committee recommendation of $46.5 million for the community economic development program. This program provides assistance to community development corporations and cooperatives in urban and rural areas with high concentrations of poor people. The House-passed level of $46.5 million is identical to this year's level, which was the first increase for this program in 4 years and was the level requested by the administration for fiscal year 1977.

Although this figure is considerably less than I recommended to the committee, at least this year's increase will be maintained. I am very pleased, however, that the distinguished floor managers agreed to accept the floor amendment offered by the Senator from Massachusetts (Mr. KENNEDY), with my cosponsorship, to add $15 million for this program.

MIGRANT PROGRAMS

Mr. President, I am especially pleased that the Senate committee included a $10 million appropriation for title III(B) migrant programs under the CSA item for fiscal year 1977. When migrant programs were transferred from the Office of Economic Opportunity to the Department of Labor 3 years ago, it was thought that the Labor Department would take the lead in coordinating farmworker programs at the Federal level and would provide aggressive leadership for needed farmworker advocacy in order to secure the necessary diversity of programs—so vital in this area—not provided through traditional manpower efforts under CETA. Yet, after 3 years, this has not happened. Although the Senate Appropriations Committee's recommendation is less than I recommended, it represents an important first step in providing more comprehensive manpower programs for migrant and seasonal farmworkers. Since the administration did not request, and the House did not approve, any appropriation for this item, I hope the Senate position can be maintained in conference with the House.

YOUTH SPORTS PROGRAMS

Mr. President, I applaud the Senate committee for including in its recommendations funds for the national youth sports program, carried out under a statutory provision which I authored, and the summer youth recreation program at $6 and $17 million, respectively. These are the levels I had supported in my testimony. In the past, neither of these efforts has received funds in time to plan adequately for programs which are principally conducted during the summer months. In addition, inclusion of funds in this regular appropriation bill for the NYSP will enable sponsors to conduct a year-round, rather than a summer program, as emphasized in the amendments I authored in 1974. The House has approved identical amounts for these two programs. The administration's budget request did not include amounts for either program.

SENIOR OPPORTUNITIES AND SERVICES

Mr. President, the Senate committee figure for the senior opportunities and Services program—$10 million—continues the fiscal year 1976 level, and is the amount approved by the House, requested by the administration, and which I recommended.

WEATHERIZATION

I strongly support the committee's action in including $55 million—$27.5 million over the House-passed figure—for the Emergency Energy Conservation Services program authorized by section 222(a)(12) of the Economic Opportunity Act of 1964. This is the same amount requested by the President for fiscal year 1977 but included in the budget request of the Federal Energy Administration, and is requested in my recommendations to the committee.

Mr. President, this program provides a broad range of energy-related services, including insulation services, to the poor and near poor. At a time when the costs of heating fuels and utilities continue to rise faster than the available income of the poor and near poor, the insulation and other energy related services authorized by this section are of especially critical importance.

ACTION AGENCY

As chairman of the Labor and Public Welfare Committee's Special Subcommittee on Human Resources which has oversight responsibility for the domestic volunteer service programs of the ACTION Agency, and as author of the Domestic Volunteer Service Act of 1973, I proposed funding levels for these programs in a letter to Chairman MAGNUSON for each of the programs authorized by the act. My colleagues on the authorizing committee, Chairman WILLIAMS, and the ranking minority member (Mr. JAVITS), as well as Senators NELSON and STAFFORD, and Senator BEALL, the ranking minority member of the subcommittee, joined me in support of the funding levels I suggested.

Mr. President, I was most pleased that the committee decided to include appropriations for titles I and IV of the Domestic Volunteer Service Act as authorized by the extension legislation (Public Law 94–293) enacted on May 27 of this year. These titles contain authority, respectively, for the VISTA program, the university year for ACTION program, the Agency's discretionary programs, and for administration of the Agency.

The bill, as passed by the House, included appropriations only for title II—the older American volunteer programs in the Domestic Volunteer Service Act—RSVP, foster grandparents, and senior companions—since these programs were extended under legislation—Public Law 94–135, the Older Americans Act Amendments of 1975 which was enacted prior to House committee consideration of H.R. 14232. Had these moneys not been included by the Senate committee, the popular programs authorized by title I might have been forced to operate on a continuing resolution at the administration's budget request level, a level which could have resulted in a severe cut in both VISTA and the university year for ACTION program.

PART A: VISTA

I am particularly pleased that the committee agreed to restore the funding level for VISTA and the service-learning programs, including UYA, and to provide for an increase in the retired senior volunteer program.

The administration had requested only $13.6 million for programs under part A of title I for the next fiscal year. The committee rejected this move to cut the regular VISTA program almost in half, and provided, in addition to the restored budget level of $22.3 million, the $700,000 increase I had recommended to provide for the much needed cost-of-living increase in the food and lodging allowance for VISTA volunteers. I had also recommended the inclusion of an earmarked funding level of $671,000 to provide for a 12.5-percent increase in the VISTA volunteer end-of-service readjustment allowance—from $50 to $62.50 per month—and regret that the committee did not provide for such an increase this time around. I will continue to urge such an increase which I believe has much merit.

A legislative provision I authored to provide for a 25-percent increase in the VISTA readjustment allowance was included in Public Law 94–130, the Peace Corps Act Amendments of 1975. VISTA volunteers are now receiving the same amount for readjustment that they received 10 years ago when the program was first mounted. Certainly, the cost-of-living increases since that time should be taken into consideration, and this matter should be reevaluated at the next appropriate time.

UYA

With respect to the university year for ACTION program and the Agency's other service-learning efforts, the administration had requested a budget cut to $4.4 million from this year's $7.251 million level. I am pleased that the committee included in the bill before us a funding level of $7.3 million, as I recommended, for these proven programs since the administration's requested level was premised on a phaseout of existing grants and initiation of only a token few more.

SPECIAL VOLUNTEER PROGRAMS

For the title I, part C, discretionary programs of the Agency, the committee provided $2.5 million—one-half million dollars above the administration's requested level. This year the Agency received an appropriation of $3.731 million for part C, but since its two part C full-time volunteer efforts—program for local service, PLS, and ACTION cooperative volunteer program, ACV—as a result of the newly enacted extension legislation, will be operated under part A, the committee's action provides the Agency with some flexibility in carrying out part C since $1.2 million were expended on these programs with part C fiscal year 1976 funds.

OLDER AMERICAN VOLUNTEER PROGRAMS

For the title II programs—the older American volunteer programs—the committee provided a total funding level of $56.8 million. Of this amount, $34 million is designated for the foster grandparent program. This is the amount I recommended for FGP, and which was requested by the administration.

It represents a nearly $5 million increase over this year's expenditures for this very popular program. I believe the FGP program has tremendous value for both the low-income older American participants and the underprivileged or disabled children they care for.

As for the retired senior volunteer program, the administration had requested a static funding level for this program for the past 3 years—$17.5 million. I recommended a funding level of $19.438 million for RSVP for fiscal year 1977, and I am delighted that the committee provided this amount in order to accomplish a modest increase in the enrollment and in the number of sponsors of this part-time volunteer program for older Americans.

The committee allowed $3.362 million for the senior companion program—as part of a $37.362 million total for both FGP and senior companions—an effort similar to foster grandparents except that those served by the older American volunteers are adults rather than children. I had recommended a funding level of $6 million for senior companions—the authorized level is $8 million—and I will continue to press for a higher level of funding for this program which I feel has enormous untapped potential.

It is my understanding that the agency would continue to have discretion, as in fiscal year 1976, to spend more than the allocated amount on senior companions and an equivalently lesser amount on FGP.

ADMINISTRATION

For title IV administration, the committee provided the level of funding requested by the administration, $18.6 million. I had recommended a slightly higher figure—$20.157 million—which I felt was necessary if the program moneys were restored. The committee stated in its report that the Agency should tighten its belt in this area and operate on the budget request level of funding.

In conclusion, Mr. President, I believe the committee's actions with respect to the Domestic Volunteer Service Act programs underscores the congressional commitment to promote the efforts of the participants in these programs to make life better for those less fortunate in our country. I strongly support the committee's actions and urge my colleagues to do likewise.

CONCLUSION

Mr. President, I urge my colleagues to give their full support to the bill before us.

Mr. President, I ask unanimous consent that the text of a letter I sent, along with other members of the Special Subcommitee on Human Resources and the full Committee on Labor and Public Welfare, to Senator Magnuson making recommendations for appropriations for the ACTION Agency and for family planning services and population research, the text of testimony I presented to the Subcommittee on Labor-HEW Appropriations, and the text of letters I sent with other of my colleagues recommending adequate appropriations for education for handicapped children and for immunization programs be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

Committee on Labor and
Public Welfare,
Washington, D.C., June 4, 1976.

Hon. Warren G. Magnuson,
Chairman, Subcommittee on Labor/HEW, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: During your Subcommittee's consideration of the FY 1977 Labor/HEW Appropriation Act, we request your favorable consideration of the budget recommendations for programs under the jurisdiction of the Special Subcommittee on Human Resources of the Committee on Labor and Public Welfare, as recommended in the Committee on Labor and Public Welfare's Report to the Committee on the Budget (pusuant to the Congressional Budget Act of 1974, Public Law 93–344). These are domestic volunteer programs included in the Domestic Volunteer Service Act of 1973 (Public Law 93–113) and family planning services and population research programs in sections 1001, 1003, 1004, and 1005 in title X of the Public Health Service Act.

We believe, as did the Labor and Public Welfare Committee, that the Administration's requests for the majority of the programs under these authorities are insufficient. Two charts are attached showing in summary form the recommendations we are making.

DOMESTIC VOLUNTEER SERVICE ACT

The authorizations of appropriations for titles I, III, and IV of the Domestic Volunteer Service Act of 1973 were just extended for fiscal years 1977 and 1978 by Public Law 94–293, the Domestic Volunteer Service Act Amendments of 1976.

Title I programs

The funding level we recommend for title I programs—$34,725,000 as requested by the Committee—is not substantially higher than those sums appropriated in fiscal year 1976, although it is substantially above the budget request of $20,000,000.

VISTA

The appropriation we request for the Part A Volunteers in Service to America (VISTA) program, $23,663,000, includes a seven-percent cost-of-living increase for the food and lodging allowance, amounting to $692,000. In addition, we recommend particular attention be paid to a needed earmarking of $671,000 to provide for a 12.5-percent increase in the VISTA volunteer end-of-service readjustment allowance stipend—from $50 to $62.50 per month. This represents half of the increase authorized in Public Law 93–130, the Peace Corps Act Amendments of 1975. This earmarking is required by the authorizing legislation in order for such an increase to become effective ("Such amendments are to be effective for each fiscal year only to such extent and for such amounts as are specifically provided for such purpose in such appropriation Acts.")

We stress that the Administration request for VISTA would result in a totally unwarranted almost 50-percent cut in regular VISTA program strength. We urge that you adopt the figure we have requested. We feel that this modest increase—less than 6 percent—is necessary to maintain title I, part A, program strength at the present level and provide equitable volunteer support allowance increases.

U.Y.A. and special volunteer programs

For the part B and part C programs, we request continuation of the FY 1976 level—

$10,982,000—plus approval of the Administration request for the transfer of an additional $80,000 to part C, special volunteer programs, for fixed-income counselling, from title III, since title III programs were reassigned to the sole sponsorship of the Small Business Administration by Executive Order 11871.

We would like to call your attention to a request made by the ACTION Agency in its budget for $500,000 for "Technical Assistance for Private Voluntarism" under part C. Although we believe that the development of in-house capabilities along with contract assistance to the private sector may be valuable, we feel it important to ensure that no duplication of efforts take place between the public and private sectors. Your Subcommittee received testimony to this effect on behalf of the National Center for Voluntary Action. We request that language be included in your Subcommittee's report to guard against the possibility of such a duplication of efforts.

Older American programs

The title II programs, National Older American Volunteer Programs, have been authorized through fiscal year 1978 by the Older Americans Act Amendments of 1975 (P.L. 94–135), enacted on November 19, 1975. Part A, Retired Senior Volunteer Program (RSVP), has not been expanded for the last two years. Our original assumption of a need for additional funding for the new minimum 70%–30% Federal-local match formula has now proven unfounded, according to the Agency, which has assured the Labor Committee that this cost can be absorbed within the present appropriation level. We thus propose that the $1.938 million increase to $19,438,000 be used to increase projects and expand enrollments in existing RSVP projects.

Part B includes the Foster Grandparent and Senior Companion programs. We recommend the same figure as did the Administration—$34 million—for Foster Grandparents, which is $1 million below the full authorization level. We request $6 million for Senior Companions, which would be three-fourths of the authorized level. This increase over last year's level will facilitate maintaining relationships established under a Foster Grandparent program after an assisted child reaches age 21. The intent of Congress, as stated in the Conference Report on the Older Americans Act Amendments of 1975, is "that the ACTION Agency should establish, to the maximum extent possible, at appropriate Foster Grandparent sites, Senior Companion program components under the administration of a single director, so that these two programs can complement each other". Therefore, we also request that funds appropriated for these two programs be combined, as they were in the FY 1976 Appropriation Act, in order for the intent of Congress to be most effectively achieved.

Administration and support

For funding of administration and program support authorized by title IV, we also propose maintenance at last year's level—$20,157,000—which will permit the same program strength to be achieved. The lower amount requested by the Administration is based upon the cutbacks in title I requested in the President's budget. We oppose these cutbacks.

FAMILY PLANNING SERVICES AND POPULATION RESEARCH

Services

Section 1001 of title X of the Public Health Service Act authorizes project grants and contracts for family planning services. The programs under this section have been funded at the same level since fiscal year 1974, failing to take into account the large cost-of-living increases. We recommend, as did the Labor Committee, the appropriation of the full amount authorized—$115 million for family planning services project grants and contracts.

It is estimated there are over three million individuals wishing family planning services but unable to obtain them due to economic reasons sometimes compounded by inaccessibility of services. The appropriation of $115 million, an increase of almost $20 million over the fiscal year 1976 appropriation, would permit the expansion of family planning services programs to reach an additional 330,000 individuals over the 2,200,000 currently reached. This would constitute a major step towards reaching the goal of the enabling legislation—providing family planning services to all those individuals who want them but cannot afford them.

Training

The Labor Committee recommended, and we urge, the appropriation of the full amount authorized—$5 million—for training grants and contracts. Programs receiving training grants and contracts, under the authority in title X, train individuals representing all elements of the family planning clinic staff, with special attention being given to regional and local staff priorities in the establishment of training programs.

Among the key personnel trained under this authority are family planning nurse practitioners, who have proven to be an invaluable asset in the provision of family planning services, as well as outreach workers who have been instrumental in making individuals in remote areas aware of the availability of these services. These individuals are essential if established family planning programs are to succeed in their efforts to expand their services to surrounding areas with limited health care resources.

The modest increase of $2,000,000, over the FY 1976 appropriation of $3 million, for training programs will help increase efforts to train these important family planning workers.

Research

Section 1004 research programs incorporate both biomedical research, administered by the Center for Population Research in the National Institute of Child Health and Human Development, and research in program implementation fields related to family planning services, administered by the Health Services Administration. The Committee recommendation of $60 million, the full amount authorized, reflecting an increase of $5 million over the FY 1976 amount, would provide funds only to continue programs at existing levels, given inflationary considerations. Latitude for increased funding for these programs can be found in the Budget Committee's $0.1 billion increase in health research.

The President's FY 1977 budget request for population research is $49 million. Few medical research efforts promise the social and economic returns which can be obtained through investments in population research. To begin with, the less effective our contraceptive technology, the higher the costs of family planning services. Because of side effects frequently produced by the most effective methods of birth control available today—oral contraceptives and intrauterine devices—a substantial proportion of the women choosing these methods abandon them after several years and must be instructed in other methods. Those who are able to use the pill or loop require continuous medical monitoring and checking. This increases substantially the costs of providing family planning services. Thus, dollars invested in population research now can generate real savings in the future cost of medical services associated with the provision of family planning services.

Information and education

The Labor Committee recommended, and we support, the appropriation of $2.5 million, the full amount authorized, for information and education programs. In fiscal year 1976, only $600,000 was appropriated for this purpose. Planned Parenthood reports that at least one million young women below age 20 become pregnant each year, and the vast majority of these pregnancies are not planned. In addition, that organization reports that less than 40 percent of single teenage girls know the period of time during which they are likely to become pregnant, and 30 percent of young women in their teens are unaware of where they can obtain family planning services.

These figures make compelling arguments for an expanded information and education program that can reach these young people without offending the sensibilities surrounding the subject of teenage sexual activity.

Your attention to these requests on behalf of the Special Subcommittee on Human Resources is greatly appreciated.

With best wishes,

Sincerely,

HARRISON A. WILLIAMS, Jr.,
Chairman.

ALAN CRANSTON,
Chairman, Special Subcommittee on Human Resources.

DOMESTIC VOLUNTEER SERVICE ACT OF 1973

[In thousands of dollars; fiscal years]

	1977 administration request	1976 appropriation	1977 Labor Committee recommendation
Title I—National volunteer antipoverty programs:			
Pt. A:			
VISTA	$13,600	$22,300	$22,300
VISTA stipend and food and lodging allowance increases			[6] 1,363
Pt. B: Service-learning programs	4,400	7,251	7,251
Pt. C: Special volunteer programs	2,000	[5] 3,731	[7] 3,811
Total	20,000	33,282	34,725

	1977 administration request	1976 appropriation	1977 Labor Committee recommendation
Title II—National older American volunteer programs:			
Pt. A: RSVP	17,500	17,500	19,438
Pt. B:			
(a) Foster Grandparent program	34,000	[1] 28,287	34,000
(b) Senior Companion program	3,800	[1] 3,640	6,000
Total	55,300	49,427	59,438
Title III: Business programs	NA	[2] [3] 400	NA
Title IV: Administration (program support)	18,602	[3] 20,157	20,157
Total	93,902	[4] 103,266	114,320

Footnotes on following page.

[1] Obligations in FY 1976 will total $28,347,000 for the Foster Grandparent Program and $4,545,000 for the Senior Companion Program, as a result of carry-over balances available for obligation.

[2] $320,000 transferred to SBA.

[3] Obligations in FY 1976 will total $19,993,000 as a result of the following adjustments: $165,000 was transferred to the SBA in July, 1975; $368,000 was transferred to the Peace Corps as a result of reorganization of the Office of Recruitment and Communications; $329,000 was added by a pay raise supplemental appropriation; and $40,000 was available as a result of a carry-over balance for program support.

[4] Total obligations will equal $103,747,000 as a result of the adjustments described in footnotes 1 and 3.

[5] $80,000 for fixed-income counseling transferred from title III to title I.C.

[6] The amount recommended provides for an increase in the VISTA stipend of from $50 to $62.50 per month (P.L. 94-130 authorizes appropriations specifically for this purpose (up to $75 per month)) and a 7-percent cost-of-living increase in the average in-service VISTA food and lodging allowance for 4230 volunteer years of service.

[7] Report language recommended stressing that expenditures for in-house or contract technical assistance for private volunteerism shall not duplicate existing efforts in the public or private sectors.

FAMILY PLANNING SERVICES AND POPULATION RESEARCH (TITLE X OF THE PUBLIC HEALTH SERVICE ACT)

[In thousands of dollars]

	Fiscal year—			
	1977 administration request	1976 appropriation	1977 authorization level	1977 Labor Committee recommendation
Sec. 1001—Project grants and contracts for family planning services	75,135	94,600	115,000	115,000
Sec. 1003—Training grants and contracts	2,000	3,000	5,000	5,000
Sec. 1004—Research	48,067	50,828	60,000	60,000
Sec. 1005—Informational and educational materials	300	600	2,500	2,500
Total	125,502	149,028	182,500	182,500

RECOMMENDATIONS OF SENATOR ALAN CRANSTON TO APPROPRIATION COMMITTEE'S SUBCOMMITTEE ON LABOR/HEW REGARDING FISCAL YEAR 1977 APPROPRIATIONS

[In millions of dollars]

Program	Fiscal year 1976 appropriation	Budget request	House committee recommendation	Cranston recommendation
DEPARTMENT OF LABOR				
Comprehensive Employment and Training Act (CETA)	1,580	1,580	1,880.0	1,880
Title I	1,580	1,580	1,880.0	1,880
Title II	400	400	400.0	400
Title III	528	420	528.0	528
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE				
Office of Human Development: Head Start	454.5	434	475.0	490
HEALTH				
Emergency medical services:				
Systems development	[1] 29.7	25.1	Deferred	50
Research	3.925	0	Deferred	5
Training	(2)	0	Deferred	10
National Institutes of Health:				
National Institute on Arthritis, Metabolism, and Digestive Diseases (NIAMDD) Arthritis:				
Research and training	18.095	17.75	(3)	23.095
Arthritis centers and arthritis programs			[4] 2.5	[5] 10
Data bank				1
National Institute on Aging: Aging research	19.388	26.22	29.2	29.2
Office of Education: Education for handicapped children, title VI.B, basic State grant program	200	110	300.0	387
Architectural and Transportation Barriers Compliance Board	0.3	0	1.0	[6] 1.5
COMMUNITY SERVICES ADMINISTRATION				
Local-initiative funds	330	260	330.0	330
Community food and nutrition	26.2	0	15.0	26.2
Community economic development	46.5	39	46.5	80
Migrant programs	0	0	0	32
National youth sports program	6	0	6.0	6
Summer youth recreation	17	0	17.0	17
Senior opportunities and services	10	10	10.0	10
Emergency energy conservation services	27.5	0	27.5	55

[1] Authority for appropriations for planning grants expired in fiscal year 1975. Thus, $4,875,000 appropriated in fiscal year 1975 for planning was not included in fisca year 1976 regular Labor/HEW appropriations Act.

[2] Authority for training expired in fiscal year 1974.

[3] The House increased total appropriations for NIAMDD by $23,000,000, with no specific breakdown for disease category.

[4] Earmark.

[5] See pp. 5 and 6 for suggested report language.

[6] See p. 9 for suggested report language.

STATEMENT OF SENATOR ALAN CRANSTON TO APPROPRIATION COMMITTEE'S SUBCOMMITTEE ON LABOR/H.E.W. REGARDING FISCAL YEAR 1977 APPROPRIATIONS

DEPARTMENT OF LABOR

Comprehensive Employment and Training Act

Mr. Chairman, I support the House Committee's recommendations for the Comprehensive Employment and Training Act of 1973 (SETA). The House figure of $1.880 billion for title I—Comprehensive Manpower Services—represents an increase of $300 million over last year's level and the level requested by the Administration. This increase is necessary to reflect the change in the minimum wage rate. I strongly support the House figure of $400 million for title II—Public Employment Programs—the level provided last year and requested by the Administration.

Mr. Chairman, I also strongly support the House Committee's action in including in this appropriation bill, rather than waiting for a supplemental, the appropriation for the Summer Youth Jobs Program conducted under title III of CETA. The House figure of $528 million would mean that planning for next summer's jobs, and consequently the conduct of a successful and meaningful program, will not be held in suspense during the supplemental appropriations process as has occurred in the past.

Mr. Chairman, although I am not requesting any funds for additional public service jobs at this time, authorizing legislation for extension of title VI has been reported from the Committee on Labor and Public Welfare and is expected to be acted on by the Senate momentarily. As soon as this legislation is enacted, I plan to recommend funding pursuant to its final provisions.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Human Development

Head Start

Mr. Chairman, 349 thousand children participate in the Head Start program across the country.

If the services provided by the Head Start program are to be maintained at their present level, the fiscal year 1977 appropriation must reflect this year year's rise of 6.3% in the Consumer Price Index.

This increase, when added to the FY '76 appropriation—$454 million—would bring the fiscal year 1977 appropriation level to $483 million. I believe this 6.3% increase in appropriations is necessary if unacceptable cuts in the program are to be avoided.

In addition to this cost-of-living increase, Mr. Chairman, I urge the Subcommittee to add a minimum of $7 million more to provide Head Start experience for handicapped children. Under the authorizing law, handicapped children must constitute ten percent of total Head Start enrollment; and handicapped children require a wide-range of costly services (such as screening, assessment, diagnosis, special education, adequate transportation, special equipment, modification of physical facilities, and pre-service and in-service staff training).

For these reasons, Mr. Chairman, I recommend a fiscal year 1977 appropriation level of $490 million for the Head Start program.

Health

In view of your Subcommittee's history of dedication to the principle that health services, health training, and biomedical research deserve high priorities in the Federal budget, I will restrict my comments to only a few areas in which I have a special interest. These are emergency medical services, arthritis, and aging.

Emergency Medical Services

EMS systems

Mr. Chairman, your Committee has been consistently cooperative and supportive in providing funding for programs authorized by the Emergency Medical Services Systems Act of 1973, which you joined me in cosponsoring when I first introduced it in the 93rd Congress and to which you gave such strong support during its consideration.

Your support of appropriation levels consistently higher than those recommended by the Administration for FY 1974 and FY 1975 has resulted in 235 of the 300 designated EMS regions receiving funding under the EMS Act. These regions are being assisted in developing comprehensive systems for providing emergency medical services to their residents and to visitors to their community. Well over 20 percent—the statutory earmark—of the grant support has been made available to rural areas.

Mr. Chairman. of the 300 potential EMS regions 65 still require support to establish an EMS system, and 208 to complete development or expansion of a system. It is expected that approximately 25 systems will be firmly in place as a result of fiscal year 1976 awards and will no longer need federal support.

The Committee on Labor and Public Welfare has just reported the Emergency Medical Services Amendments of 1976 (S. 2548), to extend the authorizations of appropriations for the support of EMS systems and related activities. This legislation authorizes the appropriation of $50 million for the support of planning, establishing, and expanding EMS systems in fiscal year 1977.

Mr. Chairman, I believe there are now a sufficient number of regional systems ready to begin, or already in the process of, development to warrant the appropriation of the full amount authorized—$50 million—for grants for the development of EMS systems.

In fiscal year 1976, to date, $29.7 million has been appropriated for support of EMS systems. When this appropriation was considered, authorizations for planning grants and for first-year establishment grants had expired. For that reason, the Congress reduced the amount appropriated by $4,875,000 from the fiscal year 1975 level. When S. 2548 is enacted, which I believe it will be in the very near future, I intend to seek the appropriation of that amount, plus a slight cost-of-living increase, to bring the Transition Quarter to the effective level of the fiscal year 1975 appropriation. The $50 million I am recommending for fiscal year 1977 thus would represent only a modest increase in the appropriation level, and is consistent with the amount recommended for the health function in the first concurrent budget resolution.

I urge the Committee to include $50 million for the development of EMS systems.

EMS Research

Mr. Chairman, in addition, I recommend that $5,000,000 be appropriated for research in emergency medical techniques. This amount is an increase of $1,075,000 over the amount appropriated in fiscal year 1976 and is also authorized by S. 2548 as reported.

EMS Training

Mr. Chairman, we have worked closely together for two years to convince the Secretary of HEW of the importance of continuing to provide support for EMS training activities under the continuing resolution in view of inaction in extending the title VII Public Health Service Act—including section 776—authorizations of appropriations.

S. 2548 as reported would extend the section 776 authorizations at a $10 million level for each of the next three fiscal years, as well as for fiscal year 1976. If possible I would hope an appropriate amount could be appropriated for the Transition Quarter, and for fiscal year 1977 I recommend inclusion of $10 million for EMS training.

Burn Injury Program

Mr. Chairman, S. 2548 as reported also authorizes the appropriation of $3 million for the support of projects to demonstrate the effectiveness of programs for the treatment and rehabilitation of burn victims as well as to support training and research related to such treatment and rehabilitation. The bill reported by the House Committee on Interstate and Foreign Commerce (H.R. 12664) authorizes $5 million for a comparable program.

Mr. Chairman, since this is a new program, when the EMS Act extension legislation is finally enacted, I will submit a further request for a modest supplemental appropriation to get this program underway.

NATIONAL INSTITUTE OF ARTHRITIS, METABOLISM, AND DIGESTIVE DISEASES (NIAMDD)

Arthritis

Mr. Chairman, on May 6 the National Commission on Arthritis—established by the National Arthritis Act of 1974 (P.L. 93–640)—submitted its report to Congress on our present ability to conquer arthritis, and the steps necessary to meet that goal. These recommendations were based on a year-long study, reports by working groups of experts, a series of twelve public hearings throughout the country, and a survey of existing arthritis-related activities.

Mr. Chairman, as the author of the Act, I am pleased to note that the recommendations provide a broad-based, long-range plan for responding to the complex challenge posed by arthritis. The Commission made three major findings which delineated the steps necessary to meet this challenge. The Commission found that current arthritis programs are inadequate and must be expanded and supplemented. In order to do so, the Commission recommended that $14,049,000 be appropriated for research in arthritis, to be administered by NIAMDD. This would double the amount currently appropriated for arthritis to that Institute. Mr. Chairman, although we must vastly expand our research capacity in this area, I doubt that that Institute can, in a cost-effective manner, double the size of its program in one year. Therefore, I urge the Committee to include approximately one-third of the additional amount requested by the Commission—approximately $5 million over the amount appropriated last year—for a total FY 77 arthritis research appropriation of $23,095,000.

In addition, the Commission recommended an increase of approximately $20 million in arthritis-related research by the other Institutes. Similarly, I believe an increase in appropriations to this extent would be impractical at this time, but I hope those conducting research supported by these other Institutes will remain cognizant of the need to apply their findings to arthritis.

Arthritis Centers

One of the major recommendations of the Commission was to proceed with the establishment of arthritis centers as authorized by provisions in the National Arthritis Act of 1974. These centers would not require the construction of new physical facilities. Rather, they are consortiums of health personnel representing a broad range of services impacting on the treatment and rehabilitation of the arthritis patient. These consortiums would coordinate and stimulate the development of a comprehensive range of services for the arthritis patient. The Commission's report emphasizes research and education at arthritis centers, with a major emphasis on the training of rheumatologists and other specialists. Given the serious concerns about the quality of health care in the United States caused by the specialty maldistribution of physicians, I hope your Committee report would express clearly that, in awarding grants for these centers, HEW should support the inclusion of training programs only to the extent that training is consistent with priorities and policies articulated in health manpower legislation currently under consideration in the Senate.

The community programs recommended by the Commission as pilot project spin-offs from center programs are intended to provide a structure for coordination of all health and social services needed by the arthritis patient. These programs are intended to be community developed and supported efforts closely identified with consumer interests and needs.

I recommend that an appropriation for the centers and community programs be accompanied by Committee report language reinforcing that any grants made would be subject to health systems agency approval, and that their administration would be coordinated with appropriate HEW offices in the National Institutes of Health, the Health Resources Administration, the Health Services Administration, and the Social and Rehabilitation Service.

Mr. Chairman, I doubt the ability of HEW to mount a program of the size envisioned by the Commission in the first year—$18.7 million—but believe that the appropriation of half that amount would enable a strong start to be made. In addition, reduction in emphasis on specialty training would commensurately reduce the cost per center. Thus, I recommend that $10 million be appropriated for support of centers and community programs for fiscal year 1977.

Data System

The Commission also recommended that an additional $1 million be appropriated for the support of a data system.

The data system authorized by the National Arthritis Act was envisioned as a program in cooperation with arthritis screening and prevention programs, which would collect and disseminate information useful in developing improved screening, prevention, and control programs. The Commission recommends that information gathered by a data bank could also serve a useful purpose in evaluating and improving patient care and measuring therapeutic effectiveness, among other uses.

It is my understanding that support is currently being provided for the development of an arthritis data bank geared to research needs. To utilize this information as a base for providing information useful to screening, prevention and control programs, the data system must be modified to allow for greater access to the system and at the same time retain patient confidentiality. The complexity of developing this management system and keeping it consistent with policies developed by HEW's Health Data Policy Committee, calls for utilization of the contract mechanism to support a data system geared to both research purposes and the needs of screening and control programs. Thus, I recommend that the Committee include $1 million for expansion of the present data bank system through a shift from the grant to the contract mechanism.

National Institute on Aging

Mr. Chairman, the Research on Aging Act, enacted as Public Law 93–296 over two years ago, mandates the establishment of a new Institute on Aging to carry out a comprehensive program of research and training related to the aging process and the diseases and other special problems and needs of the aged.

Testimony when the Congress was considering the legislation points to a marvelous potential for enriching and lengthening the human lifespan in order to make it possible for each of us to live more creative, productive, and healthful lives. It is long past time for us to begin to realize that potential.

Senior citizens are the fastest growing

segment of our population—the total population of the United States has tripled in size since 1900, while the older population has increased more than twice as fast, multiplying sevenfold. We must do much more to enable older Americans to make the most of their later years.

Mr. Chairman, I am pleased that the Secretary has finally appointed a director of the Institute, Dr. Robert Butler. I believe that he will bring outstanding leadership and direction to the Institute's program.

In addition, the long-awaited plan for a research program on aging, designed to coordinate and promote research into relevant aspects of aging, will apparently be submitted to Congress shortly. These two steps encourage me to believe that the Institute is now ready to carry out the mission given it by the Act.

Thus, I believe that the House Committee recommendation of an increase of approximately $10 million over the fiscal year 1976 level for this Institute is fully justified. I recommend that this amount—$29.2 million—be retained by your Subcommittee.

OFFICE OF EDUCATION

Education of handicapped children

Mr. Chairman, as to funding under S. 6, The Education for All Handicapped Children's Act of 1976. I believe the full $387 million recommended for title VI—the basic State grant program—by the Labor and Public Welfare Committee in its March 15 report to the Senate Budget Committee is fully justified. This is $87 million above the House Committee recommendation amount. I am recommending this higher figure for title VI because I believe it is essential in order to States to fulfill adequately the Congressionally-mandated responsibilities under the new law. The Act requires that States identify, locate, and evaluate all handicapped children, develop a timetable for providing equal educational opportunities for all handicapped children, and develop individualized planning for each of the children identified.

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

Mr. Chairman, with regard to the Architectural and Transportation Barriers Compliance Board, established pursuant to section 502 of the Rehabilitation Act of 1973, as amended, I recommend the appropriation of the full amount authorized, $1.5 million. This represents an increase of $1.2 million over the fiscal year 1976 level, and an increase of $500,000 over the amount contained in the House bill.

Mr. Chairman, the Board was designed to be a strong and effective mechanism for facilitating the mobility of Handicapped citizens—through increased access to transportation, public buildings, monuments, parks, and housing. Yet, nearly three years after the enactment of the Rehabilitation Act of 1973, the Board has only ten staff members, including clerical personnel.

In short, the Board has not received the support necessary to begin eliminating the manmade obstructions encountered daily by our nation's 25 million handicapped persons.

I also recommend that the appropriation be designated as follows: $500,000 for salaries and expenses, including funds for investigators, attorneys, and administrative law judges to insure compliance with standards prescribed pursuant to the Architectural Barriers Act of 1968; and $1 million for operations, including grants and contracts, of which $100,000 should be for the newly activated Consumer Advisory Panel, to carry out the Board's functions under section 502.

COMMUNITY SERVICES ADMINISTRATION

Mr. Chairman, the Community Services Administration, as the Federal agency primarily responsible for carrying out antipoverty efforts, assists more than 900 community action agencies, and provides a source of funding for local-initiative and a variety of special emphasis programs. With a few exceptions, I generally support the recommendations of the House Committee on Appropriations in this regard, especially the $330 million for local-initiative programs—the level of the last seven years. The budget request submitted by the President proposed only $260 million for this purpose reflecting the declining Federal share for community action agencies contained in section 225(c) of the Economic Opportunity Act, as amended, which was enacted as part of the 1974 amendments. Legislation to restore the 80–20 match—the original Senate position—has passed the House of Representatives. An identical bill is pending in the Senate, and I am pleased to be a cosponsor of this measure introduced by Senators Weicker and Javits.

Mr. Chairman, regarding the Community Food and Nutrition program, the Committee on Labor and Public Welfare supported a continuation of the FY 1976 level of funding for this program, and I urge this Committee to increase the House recommendation to a level of $26.2 million—a $11.2 million increase—to provide adequate and continuing support for this valuable program which provides food and assistance in areas with serious hunger problems.

Mr. Chairman, I would also like to add my support to Senator Kennedy's request for $80.0 million for the community economic development program. This program provides support for economic and community development activities in urban and rural areas with high concentrations of poor people through community development corporations and cooperatives. The level recommended by the House Committee is $46.5 million—identical to last year's level. Prior to last year's increase this program had been held at a $39.0 million level for the past three fiscal years—the same level requested by the Administration for fiscal year 1977.

Mr. Chairman, the House did not include an appropriation for migrant programs under the CSA item for FY 1977. When migrant programs were transferred from the Office of Economic Opportunity to the Department of Labor three years ago, it was thought that the Labor Department would take the lead in coordinating farmworker programs at the Federal level and would provide aggressive leadership for needed farmworker advocacy in order to secure the necessary diversity of programs—so necessary in this area—not provided through traditional manpower efforts under CETA. However, this has not happened. This is why the Senate Committee on Labor and Public Welfare recommended—and I urge the Subcommittee to include—an appropriation of $32.0 million for the title III–B Migrant programs.

Mr. Chairman, I applaud the House Committee for including in their funds for the National Youth Sports Program, which I authored, and the Summer Youth Recreation Program at $6.0 million and $17.0 million, respectively. In the past, neither of these efforts has received funds in time to plan adequately for programs which are principally conducted during the summer months. Inclusion of funds in this regular appropriation bill for the NYSP will enable sponsors to conduct a year-round, rather than a summer program, as emphasized in 1974 amendments.

Mr. Chairman, the House figure for the Senior Opportunities and Services program—$10 million—continues the FY 1976 level and is consistent with the recommendations of the Committee on Labor and Public Welfare.

Lastly, I strongly urge the Subcommittee to include $55 million, $27.5 million over the House-passed figure, for the "Emergency Energy Conservation Services" program authorized by section 222(a)(12) of the Economic Opportunity Act of 1964, as amended. As you know, this program provides a broad-range of energy-related services, including insulation services, to the poor and near poor. This appropriation is especially important since the Conference Committee on the "Energy Conservation and Weatherization in Buildings Act of 1976" (H.R. 8650) appears to be stalemated.

COMMITTEE ON
LABOR AND PUBLIC WELFARE,
Washington, D.C., June 7, 1976.

HON. WARREN G. MAGNUSON,
Chairman, Appropriations Subcommittee on Labor Health, Education, and Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing to urge your support and the support of members of the Subcommittee on Labor-HEW Appropriations for three amendments intended to be offered by Senator Clifford Case during Subcommittee consideration of the Fiscal Year 1977 Appropriations bill for the Departments of Labor and Health, Education and Welfare.

The Case amendments are critical to the implementation of the recently enacted Public Law 94–142, the Education for All Handicapped Children Act. They would provide:

$387 million for Part E, the State entitlement program for use during the first full year of operation of the law (FY 1978) in order to assure all handicapped children a free appropriate public education in accordance with the timetable of P.L. 94–142;

$25 million for the new program of incentive grants to States to encourage the development and expansion of programs for preschool handicapped youngsters; and

$15 million over the House-appropriated level for Part D, Personnel Development, to be designated for inservice training of both special and general education personnel through grants to State education agencies.

As noted in the May 26th letter, the provisions of Public Law 94–142 envision the expansion of State and local effort in order to assure that each handicapped child aged three to eighteen would receive a free appropriate public education by September 1, 1978. The Case amendments will provide the necessary assistance to State and local areas so that they may accomplish these tasks with well-trained teachers and counselors, so that they may develop and expand programs for those handicapped children they are not currently serving, and so that they may expand or initiate pre-school programs so critical to the full development of a handicapped child.

Again, we urge your full support of the Case amendments.

Sincerely,

Jennings Randolph, Harrison A. Williams, Jr., Alan Cranston, Claiborne Pell, Edward M. Kennedy, Walter F. Mondale, William D. Hathaway, Robert T. Stafford, Jacob K. Javits, Robert Taft, Jr., J. Glenn Beall, Jr.

COMMITTEE ON APPROPRIATIONS,
Washington, D.C., June 8, 1976.

HON. WARREN G. MAGNUSON,
Chairman, Labor-HEW Appropriations Subcommittee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing to recommend that the Labor-HEW Appropriations Bill for fiscal 1977 provide $17.5 million for "Preventive Health Services" within the Center for Disease Control. This appropriation will permit implementation of an immunization program against childhood diseases—

polio, measles, rubella, mumps, diphtheria, pertussis, and tetanus.

Medical science has given us the means to conquer these diseases. Yet a significant proportion of Americans—particularly children—remain susceptible to serious diseases. The U.S. Immunization Survey of 1975 estimates that 15.5 million children are not fully protected against polio; 9.3 million children are not protected against DPT; 13.8 million are not protected against measles; 13.9 remain susceptible to rubella, and 26.4 million to mumps.

As you know, Senate Report 94–742, accompanying the Urgent Supplemental Appropriations Bill for fiscal 1976, included a strong statement on the need to implement childhood disease immunization programs. Subsequently, the Senate version of H.R. 13172, the Second Supplemental Appropriations Bill for fiscal 1976, provided $16.9 million for such programs. This appropriation was removed from the bill in conference because of the lack of authorization, but the conference report, H. Rept. 94–1133, contained a statement by the conferees on their agreement on the vital importance of carrying out immunization programs.

Authorizing legislation for control of communicable diseases, the National Health Promotion and Disease Prevention Act of 1976, S. 1466, originally passed the Senate on July 30, 1975. A comparable bill passed the House on April 7, 1976. On May 26, 1976, the Senate concurred with the amendments of the House by accepting an amendment in the nature of a substitute. At that time, Senator Kennedy, Chairman of the Health Subcommittee of the Labor and Public Welfare Committee, told the Senate that, "Until last week the Administration was opposed to the bill. But after considerable good faith negotiations with representatives of the Administration and my staff, a clean bill has been developed in the form of this amendment which we fully expect the President to sign."

We are confident that the National Health Promotion and Disease Prevention Act, which authorizes appropriations for immunizations against childhood diseases at the level of $17.5 million for fiscal 1977, will become law before the Labor-HEW Appropriations Bill is sent to Conference. We believe it is appropriate for the Labor-HEW Appropriations Subcommittee, as the Subcommittee with jurisdiction and expertise in this area, to consider funding for the immunization program. We hope that you will agree on the need to provide full funding to this vital effort to protect our country's children.

Thank you for your consideration of this matter.

Sincerely,
Dale Bumpers, Gary Hart, Harrison A. Williams, Dick Clark, Robert T. Stafford, Richard Stone, George McGovern, Birch Bayh, Philip A. Hart, Alan Cranston Floyd K. Haskell, Hubert H. Humphrey, Jennings Randolph.

Mr. SCHWEIKER. Mr. President, debate on this bill traditionally does not reflect fully the work of the Appropriations Committee on the many programs funded by this legislation. I think this is unfortunate, because the chairman and the other members of the committee have done a fine job of dealing with the many complex areas covered in the fields of health, education, labor, community services, and other subjects included.

I was very pleased to see the amount of funding that this bill includes for new programs in diabetes research. Diabetes is a serious disease affecting over 10 million Americans. It is a slow killer in many cases, and it is an insidious disease. Some diabetics die from this disease, but many more die from its complications, or they go blind, or they have disabling strokes, or they die in childbirth.

Last December the National Commission on Diabetes issued its final report to the Congress. I outlined the results of this study when I introduced S. 2910, the National Diabetes Advisory Board legislation, which I am pleased to report now has 23 cosponsors.

A major portion of the Diabetes Commission's report concerned funding recommendations for diabetes research programs. These recommendations were made after careful study of the areas where the need was greatest and where the research community has the capacity to do more.

The recommendations of the Commission were very much taken to heart by the subcommittee responsible for this bill. The report on this bill discusses diabetes in its comments on six of the National Institutes of Health. In addition, for the first time the report sets aside specific sums of money to be made available for diabetes research. Out of the money added by the Senate to this bill, up to $14.4 million should go for new research in diabetes. When this is added to the $28.5 million provided by the House, we see that there is enough money in this bill to fully fund the recommendations of the National Commission on Diabetes.

The next step, after these numbers are worked out in the conference committee, is assuring that the National Institutes of Health implement this congressional initiative. I urge the administrators there to seek out competent diabetes researchers and allocate the full amount of these diabetes funds in the coming year. In the past, some have felt that the sharing of diabetes research among so many of the Institutes has led to the unfortunate situation that no one feels truly responsible for leadership in the area, with the result that research has suffered. I hope that these problems can be resolved and that diabetes will become a priority of NIH as well as of the Congress.

PROTEST VOTE AGAINST LABOR-HEW APPROPRIATIONS BILL

Mr. ROTH. Mr. President, I am very concerned that this Congress is refusing to face the serious issue of racial quotas being forced upon schools by the courts and by HEW. Twice in the past several days we have had the opportunity to do something about this problem, and we have twice refused to do so—despite the fact that the vast majority of people of this country are opposed to forced busing of their children for the purpose of racial quotas.

I am referring to the Dole-Biden amendment to the State, Justice, Commerce, and the judiciary appropriation bill and the Helms amendment to the Labor-HEW appropriations bill. By approving either or both of these amendments, the Congress could have demonstrated its clear intent to come to grips with the issue.

The Helms amendment would have forbidden HEW from establishing racial quotas for pupils and teachers as a condition of receiving Federal funds. This makes a good deal of sense to me as the basic laws of this Nation provide that there be no discrimination on the basis of race, color, or national origin. The quota system is inimicable to this concept of a colorblind society. By not acting favorably on either, but especially the Helms amendment, the Senate once again let down the people of this country.

To show my extreme concern about this issue and the Congress unwillingness to face it squarely, I am voting in protest against the Labor-HEW appropriations bill. I question some aspects of this bill but more importantly I question and am deeply concerned about the Congress lack of action on one of the most serious social issues of our times. I am making my vote on the Labor-HEW appropriations bill my special symbol of protest.

APPROPRIATIONS FOR OLDER AMERICANS ACT

Mr. EAGLETON. Mr. President, I am pleased that the bill appropriating funds for fiscal year 1977 for the Departments of Labor and Health, Education, and Welfare adhered to, and in some cases exceeded, the level of funding for Older Americans Act programs that was adopted by the House. Some time ago, before the House acted on this bill, I joined with my colleague on the Appropriations Committee, Senator BROOKE, and with the chairman of the Senate Special Committee on Aging, Senator CHURCH, in sponsoring a proposed appropriations bill amendment that would provide substantial increases in various programs authorized by the Older Americans Act. As chairman of the Subcommittee on Aging of the Committee on Labor and Public Welfare, I was concerned that the administration's proposed recommendations would not meet the demonstrated needs of older persons for services authorized by this act. Accordingly, Senators BROOKE, CHURCH, and I proposed the Eagleton-Brooke-Church amendment with detailed recommendations of the levels of funding we thought appropriate.

Mr. President, along with the other sponsors of the amendment, I was delighted when the House voted appropriations very closely in line with our amendment. Now the Senate has approved figures which are even somewhat higher than the House and I am hopeful that the Senate amounts will be approved by the conference committee. I ask unanimous consent that a chart be printed in the RECORD at this point showing the comparative proposed funding levels for these programs along with a list of the sponsors of the Eagleton-Brooke-Church amendment.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

FUNDING IN MILLIONS OF DOLLARS FOR FISCAL 1977

Older Americans Act	Administration request	House	Eagleton-Brooke-Church amendment	Senate Appropriations Committee
Title III:				
Social services	82	121	125	125
Model projects	0	12	16	12
Administration	16.235	17	17	17
Title IV:				
Training	0	13.4	16	[1] 17
Research	5.765	8	8	[1] 9
Gerontology centers	0	3.6	4	4
Title V: Senior centers	0	20	20	20
Title VII: Nutrition	88	203.525	203.525	203.525
Federal Council on the Aging	.575	.575	.575	.575
Total HEW	192.575	399.1	410.1	408.1
Title IX: Senior community service employment (Labor Department)	0	[3] 90.6	[3] 90.6	[2] 90.6
Total	192.575	489.7	500.7	598.7

[1] Senator Chiles won an amendment to provide an additional $1,000,000 for training and an additional $1,000,000 for research.

[2] The funding would be available from July 1, 1977, to Sept. 30, 1978.

[3] The funding would be available from July 1, 1977, to June 30, 1978.

SPONSORS OF THE EAGLETON-CHURCH-BROOKE AMENDMENT TO THE FISCAL 1977 LABOR-HEW APPROPRIATIONS ACT, H.R. 14232

Eagleton, Brooke, Church, Williams, Tunney, Case, Kennedy, Abourezk, Hart (Mich.), Pell, Weicker, Hatfield, Burdick, McGovern, Scott (Pa).

Mr. EAGLETON. Finally, Mr. President, I want to mention action taken recently by the Department of Labor to implement an earlier amendment which Senators BROOKE, CHURCH, and I joined in to provide funds for fiscal year 1976 for the title IX, Older Americans Community Service Employment program.

This amendment was added as a rider to the Emergency Swine Flu Appropriations Act nearly 3 months ago. It provides a $55.9 million funding level for the senior community services jobs program.

This appropriation will permit a 21-percent increase in the number of jobs for low-income persons 55 or older, from 12,400 to 15,000.

The value of the title IX community service employment program has been amply demonstrated time and time again.

For many older Americans, it provides a dignified means to earn additional income, while helping others in their communities at the same time.

Many localities have also benefited because they are now able to provide additional services for their citizens—services which would not be provided without the title IX program.

As the program is currently operated, most of the funds are dispensed through several national organizations which have contracts with the Department of Labor to administer the older workers program. In three States and in the territories, funds are provided directly by the Department of Labor and it is anticipated that other States will be included in similar arrangements in the future.

In recent weeks my office has received a number of inquiries concerning the impact of the Eagleton-Brooke-Church amendment for the senior community services jobs program and the national contractors.

For this reason, Mr. President, I ask unanimous consent that a table providing this information be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TITLE IX—OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT ACT

	Prior		Eagleton-Brooke- Church amendment (July 1, 1976–June 30, 1977)	
	Funding	Positions	Funding	Positions
National Farmers Union	$18,956,000	5,075	$22,676,000	6,070
National Council on the Aging	5,035,000	1,348	6,029,000	1,618
National Council of Senior Citizens	10,473,000	2,804	12,540,000	3,354
National Retired Teachers Association-American Association of Retired Persons	7,646,000	2,047	9,156,000	2,457
U.S. Forest Service	3,874,000	1,038	4,662,000	1,249
Alaska, Delaware, Hawaii	201,000	54	501,000	135
Virgin Islands, Samoa, Guam, Trust Territories of the Pacific Islands	136,000	36	336,000	88
	46,321,000	12,402	55,900,000	1,971

Mr. PACKWOOD. Mr. President, this Labor-HEW bill appropriates $57 billion, an enormous sum. I will support it only because we have the assurance of Senator MUSKIE and the Budget Committee that the bill is within the congressional budget resolution.

But I want to caution my distinguished colleagues that without substantial belt-tightening in several upcoming authorization bills, we could be facing serious budgetary problems. Although this present bill is within the budget resolution levels we have yet to fund programs in higher education, teacher training, CETA VI work projects, National Institute for Education, and black lung. If all of these are funded at a high level, we will be substantially over the first concurrent resolution in the areas of labor, health, education, and welfare. Thus, should these bills eventually appear at levels which put us over the budget resolution, I will vote against them.

Mr. President, I cannot stress enough the importance of fiscal responsibility. So far, we have remained within the levels set by the majority of the Congress. The real test is the upcoming legislation where we have to decide how to allocate the limited amount of remaining funds available to us under the budget resolution. That task cannot be taken lightly.

Mr. DOMENICI. Mr. President, my support for Community Services Administration is expressed in letters I sent to Chairman MAGNUSON and Ranking Minority Member BROOKE of the Labor-HEW Appropriations Subcommittee. I request unanimous consent that my letlet to Chairman MAGNUSON and his response be printed in this RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON THE BUDGET,
Washington, D.C., June 10, 1976.

WARREN G. MAGNUSON,
Chairman,
EDWARD W. BROOKE,
Ranking Minority Member, Appropriations Subcommittee on Labor; Health, Education, and Welfare.

GENTLEMEN: After reviewing the present functions of CSA's, including the one in my State, I am convinced that an appropriation level for FY 77 of $534 million is needed if CSA is to continue to function. I hope you will see your way clear to appropriate an amount which will permit CSA to continue with their efforts because they are performing a unique and valuable function.

It is my firm belief that this level of funding will fit within the overall function limitations found in the budget targets. As we all know, distribution of the moneys within the functional targets is strictly your prerogative and I trust you will cover the reasonable needs of CSA.

Sincerely,

PETE V. DOMENICI,
U.S. Senator.

COMMITTEE ON APPROPRIATIONS,
Washington, D.C., June 16, 1976.

Hon. PETE V. DOMENICI,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOMENICI: Thank you for your letter indicating that a $534 million appropriation is needed for the Community Services Administration in fiscal year 1977, if this agency is to continue to function.

The Senate Labor-HEW Appropriations Subcommittee has recommended an appropriation of $558.5 million for the Community Services Administration for fiscal 1977. This is an increase of $62.5 million over the $496 million House Appropriations Committee allowance. After passage by the full Senate and House, a conference will be necessary to settle the differences between the two versions of this bill. The final conference agreement will probably be much closer to the $534 million appropriation you recommend.

I appreciate receiving your views on the proper funding levels for Federal anti-poverty programs, particularly in view of your active participation in determining the budget ceiling in this area.

Best regards.

Sincerely,

WARREN G. MAGNUSON,
Chairman, Subcommittee on Labor-Health, Education, and Welfare.

Mr. MAGNUSON. Mr. President, I do not see any further amendments on the horizon.

The PRESIDING OFFICER. Are there any further amendments pending? The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. All time has been yielded back.

The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from California (Mr. CRANSTON), the Senator from Colorado (Mr. HASKELL), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from California (Mr. TUNNEY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The result was announced—yeas 75, nays 17, as follows:

[Rollcall Vote No. 368 Leg.]

YEAS—75

Abourezk
Bayh
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Culver
Dole
Domenici
Durkin
Eagleton
Fong
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Weicker
Williams
Young

NAYS—17

Allen
Baker
Bartlett
Brock
Byrd,
Harry F., Jr.
Curtis
Fannin
Garn
Griffin
Hansen
Helms
Laxalt
Proxmire
Roth
Scott,
William L.
Thurmond
Tower

NOT VOTING—8

Buckley
Cranston
Eastland
Goldwater
Gravel
Haskell
McClellan
Tunney

So the bill (H.R. 14232), as amended, was passed.

Mr. MAGNUSON. Mr. President, I move that the Senate insist on its amendments and request a conference with the House on the disagreeing votes thereon and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the presiding officer (Mr. PHILIP A. HART) appointed Mr. MAGNUSON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. PROXMIRE, Mr. MONTOYA, Mr. HOLLINGS, Mr. EAGLETON, Mr. BAYH, Mr. CHILES, Mr. MCCLELLAN, Mr. BROOKE, Mr. CASE, Mr. FONG, Mr. STEVENS, Mr. SCHWEIKER, and Mr. YOUNG, conferees on the part of the Senate.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. WILLIAMS). The Chair, on behalf of the Vice President, appoints the Senator from Rhode Island (Mr. PASTORE) and the Senator from Tennessee (Mr. BAKER) to attend the 20th session of the General Conference of the International Atomic Energy Agency, to be held in Rio de Janeiro, Brazil, September 21–28, 1976.

PRIVILEGE OF THE FLOOR—H.R. 14114 AND H.R. 10612

Mr. BELLMON. Mr. President, I ask unanimous consent that Mr. Jim Verdier of the Congressional Budget Office be granted privilege of the floor during Senate consideration of H.R. 14114, the debt ceiling bill, and H.R. 10612, the Tax Reform Act of 1976.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF CERTAIN MEASURES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that instead of the military procurement bill coming up this afternoon, because the House is still considering it, that it will follow the medical manpower bill tomorrow morning and, in turn, that we can work with a reasonable time limitation, that will be followed by nominations on the Calendar.

The PRESIDING OFFICER. Without, objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that in place of the military procurement bill, the Senate this afternoon turn to the consideration of the foreign aid bill, which had been scheduled for tomorrow, to be followed by the debt ceiling bill, to be followed then by the tax bill.

Mr. STENNIS. Mr. President, reserving the right to object——

Mr. ALLEN. Reserving the right to object——

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO POSTPONE INDEFINITELY S. 3622

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 934, S. 3622, a bill to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from solid wastes to control the disposal of hazardous wastes, and for other purposes, be indefinitely postponed.

The PRESIDING OFFICER. Without objection it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Nos. 939, 948, and 951.

The PRESIDING OFFICER. Without objection, it is so ordered.

MEDICARE EXTENSION AMENDMENTS

The Senate proceeded to consider the bill (H.R. 13501) to extend or remove certain time limitations and make other administrative improvements in the medicare program under title XVIII of the Social Security Act, which had been reported from the Committee on Finance with an amendment on page 3, beginning with line 6, insert the following new section:

SEC. 5. At the end of section 1861(v)(1) add the following:

"(F)(a) The Secretary of Health, Education, and Welfare, in the administration of the health insurance program established by title XVIII of the Social Security Act, may establish special criteria for purposes of determining the reasonable cost incurred by a skilled nursing facility for services for which payment is authorized under either such title, if—

"(1) such skilled nursing facility is located in an area characterized by unusually higher cost levels (as compared to other areas in the United States),

"(2) such facility is experiencing financial adversity due in substantial part to such unusually higher cost levels,

"(3) an increase in reimbursement to such facility, for services performed by it for patients covered under the program established by such title XVIII would enable such facility to continue in operation, and

"(4) such facility was a provider of services on or before July 1, 1976, which special criteria shall be designed to increase the amounts otherwise payable to such facility, under such title XVIII to the extent necessary more fully to take into account the unusually higher costs incurred by such facility and the impact of such higher costs on the cost which such facility would incur in necessary replacement of items and facilities utilized by it in carrying out its functions.

"(b) The special criteria referred to in subsection (a) shall be applicable to a skilled nursing facility only during a period with respect to which such facility meets the conditions specified in paragraphs (1), (2), (3), and (4) of such subsection."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

EUGENE VICTOR DEBS

The joint resolution (S.J. Res. 127) to restore posthumously full rights of citizenship to Eugene Victor Debs, was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

Whereas Eugene V. Debs, a native son of the State of Indiana, brought lasting recognition to the goals and aspirations of the working man throughout the United States by being a founder of industrial unionism as it is known in America today; and

Whereas, among the goals and aspirations tenaciously advocated by Eugene V. Debs were the eradication of poverty and inequality through such programs as the eight-hour day, the forty-hour week, workmen's compensation, pension plans, and social security; and

Whereas, his tenacity in advocation of such programs led him to the honor of membership in the Indiana General Assembly in 1885 and of candidacy for President of the United States in five Presidential elections; and

Whereas, many of the programs he strove to attain are now accepted and have been adopted by the majority of the American people as weapons in the struggle to eliminate poverty and inequity; and

Whereas, his ultimate goal in the true American tradition was the fullest and most meaningful human freedom and liberty for all citizens, as evidenced by these words: "While there is a lower class, I am in it; while there is a criminal element, I am of it; while there is a soul in prison, I am not free." and

Whereas, Debs was convicted and sentenced to serve ten years in prison at hard labor, and disenfranchised for life, for violating the wartime espionage law after making his now-famous antiwar speech in Canton, Ohio, on June 16, 1918, protesting World War I, which was then raging in Europe; and

Whereas, no citizen of these United States has since been sentenced to prison for speaking out against war; and

Whereas, although Debs was released from prison by President Warren G. Harding on Christmas Day, 1921, after serving two years and two hundred and fifty-eight days, his rights as a citizen of the United States were never fully restored to him: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That full rights as a citizen of the United States of America be restored posthumously to Eugene Victor Debs, retroactive to April 12, 1919, the date Debs began serving his sentence in Federal prison.

WON, HYO-YUN

The bill (H.R. 5666) for the relief of Won, Hyo-Yun, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I am about to make three unanimous-consent requests.

TIME LIMITATION AGREEMENT—H.R. 366

Mr. MANSFIELD. Mr. President, the first unanimous-consent request concerns Calendar No. 774, H.R. 366, an act to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to provide benefits to survivors of certain public safety officers who die in the performance of duty.

I ask when the bill is considered there be 1 hour on the bill, equally divided between Senator MCCLELLAN and Senator HRUSKA, 1 hour on the Kennedy amendment, to be divided between Mr. KENNEDY and the managers of the bill, 30 minutes on any other amendments, and 20 minutes on debatable motions, appeals, and so forth, and to be in the usual form.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The text of the agreement is as follows:

Ordered, That during the consideration of H.R. 366 (Order No. 774), An act to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to provide benefits to survivors of certain public safety officers who die in the performance of duty, debate on any amendment (except an amendment to be offered by the Senator from Massachusetts (Mr. KENNEDY), on which there shall be 1 hour) shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from Arkansas (Mr. MCCLELLAN) and the Senator from Nebraska (Mr. HRUSKA): *Provided,* That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal or point of order.

TIME LIMITATION AGREEMENT—S. 800

Mr. MANSFIELD. The next request pertains to Calendar Order No. 941, S. 800, a bill to amend chapter 7, title 5, United States Code, with respect to procedure for judicial review of certain administrative agency action, and for other purposes.

When this bill is called up, I ask unanimous consent that there be 1 hour on the bill, equally divided between Senator KENNEDY and Senator HRUSKA, 1 hour on an amendment by Senator BUMPERS, 30 minutes on any other amendment, and 20 minutes on debatable motions, appeals, and so forth, and in the usual form.

Mr. ALLEN. Mr. President, reserving the right to object, is this the health manpower?

Mr. MANSFIELD. No. This is to amend the United States Code with respect to procedure for judicial review of certain administrative actions.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The text of the agreement is as follows:

Ordered, That during the consideration of S. 800 (Order No. 941), a bill to amend chapter 7, title 5, United States Code, with respect to procedure for judicial review of certain administrative agency action, and for other purposes, debate on any amendment (except an amendment to be offered by the Senator from Arkansas (Mr. BUMPERS), on which there shall be 1 hour) shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled by the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Nebraska (Mr. HRUSKA): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

TIME LIMITATION AGREEMENT—S. 2212

Mr. MANSFIELD. Mr. President, the third request has to do with Calendar Order 804, S. 2212, a bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and for other purposes.

I ask unanimous consent that when this bill is called up there be a period of 2 hours, to be equally divided between Senator MCCLELLAN and Senator HRUSKA, 2 hours on a Bayh amendment, 30 minutes on other amendments, 20 minutes on debatable motions, appeals, and so forth, and in the usual form.

Mr. STENNIS. Mr. President, reserving the right to object, and I shall not object, I did not understand the identification for tomorrow, the sequence.

Mr. MANSFIELD. No. I meant when the bill is called up. It is not for tomorrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The text of the agreement is as follows:

Ordered, That during the consideration of S. 2212 (Order No. 804), a bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and for other purposes, debate or any amendment (except an amendment to be offered by the Senator from Indiana (Mr. BAYH), on which there shall be 2 hours) shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: Provided, That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: Provided further, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the Senator from Arkansas (Mr. MCCLELLAN) and the Senator from Nebraska (Mr. HRUSKA): Provided, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INOUYE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MORGAN). Without objection, it is so ordered.

FOREIGN ASSISTANCE APPROPRIATIONS, 1977

Mr. INOUYE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 14260.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 14260) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

The PRESIDING OFFICER. The time on this bill is limited to 30 minutes, to be equally divided and controlled, with 20 minutes on each amendment.

Who yields time?

Mr. INOUYE. Mr. President, I am pleased to report H.R. 14260, the foreign assistance and related programs appropriations bill for fiscal year 1977. It appears that, at long last, a foreign assistance appropriations bill may again be enacted before the start of the fiscal year.

In each of the past 2 years the Appropriations Committee was denied the opportunity of presenting a timely appropriations bill for foreign assistance. In each of the past 2 years, the Appropriations Committee completed its hearings on foreign assistance at an early date; and, in each of the past 2 years, the Appropriations Committee had to wait months for the enactment of necessary authorizing legislation.

Although the process has worked more smoothly this year, it has still been difficult for this committee to report a timely appropriations bill. We have had to contend with "floating authorizations" for "floating budget estimates." Authorizations and budget estimates for programs in this bill have been in a state of flux. In point of fact, Mr. President, we received almost 20 budget amendments in the past 2 weeks.

It should also be noted that the committee did not move to strike section 505 committee was marking up the bill, the outcome of proposed authorizing legislation was uncertain. In view of the past history of delay, the committee did not delete language originally proposed by the House committee which would make funds in the bill available for obligation in the absence of normal authorizations. Now that the Congress has provided the authorizations required, the committee is in a position to accept an amendment to delete section 505 from the bill.

Mr. President, the new budget process is at hand. If that process is to work, we must seize the opportunity for responsible congressional action—and that means the timely enactment of legislation. If we are to have timely and well considered appropriations for foreign assistance, thoughtful authorizing legislation must not only be reported by the May 15 deadline set forth in the Budget Act, but also passed well in advance of the fiscal season for appropriations.

I believe that the bill we report today may introduce a new era in foreign assistance appropriations—one which is no longer marked by the costly postponement of management decisions, the loss of momentum in the timing and execution of projects and programs, and the deferral of necessary personnel actions. These are all costs which have resulted from the repeated failure to meet overall congressional responsibility for well-timed action on appropriations bills. I truly hope that in the future we can prevent their recurrence.

Mr. President, before turning to the specifics of this bill, I would like to relate to you, if I may, some of the considerations which have guided the committee in its deliberations. We have asked two basic questions:

What is the recipient country doing to help itself?

How does the specific proposed assistance further our national interest?

I believe that recipient nations should make every effort to meet their own needs and that our assistance should supplement and not replace those efforts. Second, I believe that we should justify each item of assistance as being not only in the interest of the recipient country but also, and more specifically, in the interest of the United States.

This does not mean that we should judge our assistance efforts solely by the economic and foreign policy benefits to be gained by the United States. Surely we can remain true to the humanitarian impulse which has guided our assistance efforts of the past while, at the same time, attending to the constraints placed on our continued assistance by the need to pursue responsible fiscal policies.

There can be no doubt about the generosity of the American people. Since the end of the Second World War the United States has supported a vast program of foreign assistance which has directly benefited most of the nations of the world. It is estimated that through fiscal year 1976, the United States will have provided well over $219 billion in assistance to foreign nations.

The record is there, Mr. President. The United States has been generous. Nonetheless, there are many nations which remain in need of our assistance.

This country has given much, and, in doing so, we have given truth to the ideals we, as a nation, live by. We must continue to uphold this humanitarian tradition. We must also take care to insure that our assistance programs meet the stringent economic requirements of our time. Without a just proportion between humanitarian concern and prudent economic management our assistance efforts will be doomed to failure.

I believe that the bill recommended by the committee effects such a balance. The report which accompanies this bill, report No. 94-1009, provides a detailed commentary on the programs in the bill and a framework of understanding for the recommendations of the committee. I hope that it will be widely read, both by those within this Chamber and by those who are charged with the responsibility of carrying out our foreign assistance policies.

Mr. President, the bill recommended by the committee for fiscal year 1977 totals $5,353,265,000. This amount is $67,088,909 less than the 1976 appropriation. It is $519,767,000 more than the amount provided in the bill which passed the House. This comparison may be somewhat misleading in that the Senate considered some $320 million in Presidential budget amendments which were not considered by the House. Finally, the amount recommended in the committee bill is $464,505,000 below the President's budget request.

I believe that the amounts provided in the bill recommended by the committee are justified. I will not discuss each item in the bill in detail. Nonetheless, there are several specific committee recommendations which should, perhaps, be mentioned at this time.

The level of assistance recommended by the committee for the functional development assistance programs—those which comprise the largest and most direct form of U.S. bilateral development assistance—is $209,600,000 higher than the amount provided in fiscal year 1976. The largest single increase is in the food and nutrition category of assistance, where an increase of $109,900,000 over the fiscal year 1976 account is recommended.

Within the functional assistance accounts, an increase of $8,600,000 over 1976 is also recommended for section 106 activities. This is the account under which a major portion of Government assistance is provided to U.S. private and voluntary organizations and, through them, to developing countries. PVO's, as they are called, will receive some $38 million through this account alone, approximately $10 million of which will be reimbursement for ocean freight charges for shipment of goods to poorer countries.

The committee has recommended a specific reduction in this account, namely a $4,000,000 general support grant which was proposed for the Asia Foundation. We found that the Asia Foundation's qualification as a private organization is questionable. During fiscal years 1969–75 the United States provided $32.4 million or 79 percent of the Foundation's total $40.9 million. By this reading the Asia Foundation is more government than private.

The amount recommended by the committee for U.S. voluntary contributions to international organizations and programs is $197 million. Within this amount is an earmarking of $110 million to respond to the fiscal crisis being experienced by the United Nations development program. The committee believes that the U.N. program has undertaken serious steps to improve its fiscal position and we believe that the United States should continue to actively support this, the largest of development programs.

The committee has, nonetheless, recommended a reduction from the President's budget request for funding of voluntary contributions to international organizations. We have done so because we believe that far too often the United States is called upon to bear a disproportionate burden. Nowhere is this more pointedly expressed than in U.S. contributions to the Organization of American States.

The committee was informed by administration officials that the U.S. share of OAS contributions, were it not for an "artificial limitation," could be set at 87 percent of the total. As it now stands, the U.S. contributes 66 percent while relatively wealthy countries, such as Venezuela, pass as little as 3.08 percent. Because of this wide disparity in contributions, the committee has recommended a reduction of $2.5 million in U.S. contributions to the OAS.

This reduction reaffirms action taken by the Congress in the fiscal year 1976 appropriations bill. In the fiscal year 1976 bill the Congress reduced OAS funding by $2.9 million. Now, the administration has attempted to overcome that reduction by amending its request for fiscal year 1977. It is an increase which the committee must oppose.

If proof were needed to demonstrate that the committee is not opposed to all U.S. contributions to international programs, it would only be necessary to look at the committee's recommendation for the United Nations Environment Fund. The committee, responding to the danger to the global environment, has recommended the appropriation of $10 million, an amount which is double the budget estimate. International funding of the UNEP has been responsive to U.S. initiatives and the committee is hopeful that the amount it recommends will spur further contributions.

The largest single item in U.S. bilateral assistance is, once again, the security supporting assistance program. The lion's share of this program will be allocated to four countries in the Middle East. The committee, in recognition of the compelling need to provide an economic foundation for peace in the Middle East recommends that the Senate concur with the House in earmarking funds for Israel, $735 million; Egypt, $700 million; Jordan, $70 million; and Syria, $80 million. The Senate has also recommended the earmarking of funds for Portugal, $55 million; and for Cyprus, $25 million. The committee is hopeful that these earmarkings will encourage the search for peaceful solutions to problems plaguing these countries.

The committee has recommended a modest reduction in the amount to be appropriated for the operating expenses of the Agency for International Development—$1.8 million from a $193.1 million budget request.

The committee believes that the Agency has made progress in its personnel management practices, but has continued room for improvement. In this regard, the committee report urges the Agency to hold to its present work force of 3,710 fulltime U.S. personnel. The report also notifies the Agency that the committee expects that when increases in overseas personnel are justified, these increases should be met by a corresponding reduction in the Washington-based staff.

The largest increase above the House which the committee proposes is an increase of $345 million for the international development banks, although $200 million of this amount is for the callable capital of the Inter-American Development Bank and will hopefully result in no near term budgetary outlays.

In general, the committee approved the original budget requests for the banks but did not restore cuts made in the fiscal year 1976 bill. One exception, however, is the case of the IDB Fund for Special Operations where nothing is recommended. This action fulfills my commitment to recommend no further soft loans to the IDB until the Bank fully and completely satisfies, with new and additional resources, an earmarking for Latin American credit unions, savings and loans and cooperatives. This earmarking was later withdrawn with the understanding that the Bank would move to fufill its objectives. The fact is that, as of this date, it has not done so.

With regard to U.S. bilateral development loans, Mr. President, the committee has recommended a limitation on loan terms. I ask unanimous consent that that portion of the report pertaining to this matter be printed in the Record at this point.

There being no objection, the excerpt from the committee report was ordered to be printed in the Record, as follows:

LIMITATION ON LOAN TERMS

The potential for income from mineral and petroleum resources and the otherwise improving economies of many countries receiving United States bilateral assistance leads the Committee to believe that not all development loans should be made on traditional forty year, three percent interest terms (with a ten year grace period during which only two percent interest is payable). At the present time several countries which are no longer in need of concessional assistance have large outstanding balances on loans carrying low interest rates.

Two noteworthy examples of this may be found in the Agency for International Development publication Status of Loan Agreements. The Committee found that Brazil has an outstanding balance of $63,508,196.70 (as of December 31, 1975) on a loan bearing interest charges of three-quarters of one percent. Certainly, Brazil is not one of the countries in need of concessional assistance, yet the loan agreement will extend this rate of interest until the year 2001.

Iran is another example of a country which has grown wealthy while retaining the privilege of concessional assistance. In 1955 Iran received a a $32 million commodity import loan at a three percent rate of interest. Iran has multiplied its wealth manyfold since 1955. Nonetheless, the interest rate on this loan remains unchanged.

The Committee believes that these examples are representative of the incongruities which arise when all development loans are awarded on the most concessional terms. We believe that loan terms should be subject to renegotiation as the recipient country's economic standing improves.

Therefore, in order to urge the Agency for International Development to move toward a more flexible loan authorization policy, the Committee proposes that, of the $300,000,000 in new obligational loan authority contained in the bill, $210,000,000 shall be repayable within forty years, $60,000,000 within thirty years, and $30,000,000 within twenty years.

Mr. BROOKE. Mr. President, it appears that Senate consideration of foreign assistance appropriations is either famine or feast. It took the Congress all but 2 days of fiscal year 1976 to pass a foreign assistance appropriations for that year. Yesterday, we were finally able to send that bill to the President. Today, on the other hand, we are considering the fiscal year 1977 appropriations bill for foreign assistance 3 months before fiscal year 1977 commences. I must say that I greatly prefer our timely consideration of the fiscal year 1977 bill to the extremely desultory manner in which the Congress as a whole has approached passage of foreign assistance legislation in the past several years.

I have appreciated the opportunity to work with Chairman INOUYE of the Foreign Operations Subcommittee in preparing the recommendations we are making to the Senate today. On occasion we have had differences of opinion on various matters. But in the process of working out those differences I have learned to respect his judgment and appreciate his counsel. I want him to know that I hold him in high esteem.

I also want to once again acknowledge the excellent work of the Foreign Operations Subcommittee staff in helping us present our recommendations to the Senate. William Jordan, David Rossiter, Richard Collins, and Helen Dackis have once again carried out their professional responsibilities in an exemplary fashion. To them must go a great deal of the credit for the increased oversight over foreign assistance activities that the committee has exercised this year. I greatly appreciate the effort they have made.

It is also important to call attention to the committee report. It represents an effort to provide both an overview of our foreign assistance activities and some insight into the mechanics of foreign assistance. It is a good report although there are various sections of it to which I cannot fully subscribe. It merits a thorough review by those who desire to understand and improve our foreign assistance activities.

The bill that is before you is the strongest foreign assistance appropriations measure that I have had the privilege to recommend to the Senate. Its funding levels for the various activities are, in the main, commensurate with our obligations in the foreign assistance area and are in line with our current economic situation. Our recommendations are adequate but not excessive. They merit the support of the Senate.

In my mind, the highlights of our recommendations are as follows:

First, $536.5 million is recommended for efforts to increase food production and nutritional levels in the developing world. This is the amount of the budget request. It represents a strong commitment to do what is necessary to lessen the chances of an irreversible world food crisis. It will complement the Public Law 480 program that provides immediate food aid to the world's poor by helping other countries evolve total food production systems that will make them more self-sufficient.

Second, the entire request of $228.3 million for population planning and health is also recommended for appropriation. This program, combined with U.S. efforts in the food and nutrition field, represent the major thrust of our attempt to help head off a "Malthusian" disaster of unbelievable proportions. The specter of widespread famine and its attendant furies of disease and pestilence loom on the horizon. They will only be overcome if we are successful in the related efforts of increasing the world's food producing capacity while at the same time slowing the rate of population growth on our small planet.

Third, $10 million is recommended for the U.N. Environment Fund. I am convinced that this is the minimum contribution we should make this year to an undertaking initiated by the United States at the Stockholm Conference. The U.N. Environment Program has gone through its infancy stage and is now ready to expand its operations in a meaningful effective way. A strong expression of U.S. support, in the form of the $10 million appropriation, will serve as a catalyst in attracting and sustaining the commitment of others to this important effort.

Fourth, we recommend full funding of the President's request of $34 million for the International Narcotics Control program. This is an area where the well-being of literally millions of Americans depends on a continued crusade against those in the world who would subject others to the slavery of drug addiction.

Fifth, the committee's recommendation of $1.736 billion for security supporting assistance makes ample provision for funding of the Middle East program: $735 million is provided to Israel; $700 million is allocated to Egypt; $70 million is provided to Jordan; and $80 million is made available to Egypt.

The assistance provided for Middle East countries is crucial to efforts to maintain the economic and political equilibrium needed to encourage progress toward a just resolution of the long-standing conflict in that area.

I want to call particular attention to the funds made available for Israel. That country is currently operating under stringent economic constraints. Until peace comes to that area of the world, a condition that all individuals of good will fervently desire for Israeli and Arab alike, Israel will need firm and continuous support from the United States.

Israel has no choice but to maintain a high degree of military preparedness as a means of insuring a credible deterrent/defense capability. Such military preparedness is an extremely costly undertaking that depends for its success, to a great degree, on continued U.S. assistance. And it is an undertaking that has created great pressures on the civilian sector of the Israeli economy. The moneys we have recommended for Israel under security supporting assistance will help to keep those pressures within acceptable limits.

I believe there can be little question regarding the gravity of the short-term economic troubles besetting Israel. Unemployment has risen to an estimated 4.2 percent in 1976, compared to 3.2 percent in the previous year. Inflation for the current year is running at an annual rate of 34 percent, an increase of approximately 10 percent over 1975 levels. The current accounts deficit for 1976 will be an estimated $3.6 billion. And the national foreign debt has risen from $4.1 billion in 1972 to an estimated $9 billion in 1976. Given these factors, the committee recommendation of $735 million for Israel is fully justified.

Other countries in the Middle East are also suffering from economic ill. The committee has recommended generous levels of assistance for such countries as Egypt and Jordan. But there is one reality to keep in mind. The Arab countries have elsewhere to turn for assistance in meeting their economic shortfalls. The oil-rich Arab States have exhibited an increasing willingness to help their less fortunate Arab neighbors. Israel, on the other hand, has only one place to turn for assistance, the United States. I, for one, believe that the American people, by a great majority, have no intention of lessening their interest and concern for Israel. The amount we have recommended for Israel, both under security supporting assistance and the foreign military sales program, is a strong expression of that continued concern.

Sixth, for the Peace Corps we recommend $81 million, an increase over the budget request of approximately $13.8 million. It should be noted that the $81 million level is slightly less than the fiscal year 1976 appropriation.

I was happy to join with Senator HATFIELD in recommending an additional $10 million for the Peace Corps over the House level of $71 million to the Committee on Appropriations. This additional $10 million will permit significant increases in the number of volunteers in the field as well as in the field support provided for all volunteers.

Seventh, the committee also recommends $15 million for assistance to refugees from the Soviet Union and other Communist countries in Eastern Europe. This money will contribute to the material resettlement of individuals who have risked everything for the right to exercise a greater degree of control over their own destiny. Perhaps more important, however, is the fact that the appropriation of these funds will serve notice to Moscow that the United States has no intention of reducing its support of the principle of free emigration for those who find the shackles of Communist society unbearable.

Eighth, the committee also recommends $25 million to aid individuals who still suffer as a result of the Cyprus crisis. This continues a program entered into several years ago by the United States to try to alleviate some of the hardships caused by the tearing asunder of the peace of that island country. Even as we hope and pray that a resolution of that continuing crisis will soon occur, we must soberly recognize that the needs of the displaced peoples continue to be great. For both humanitarian and political reasons, I am convinced we should not reduce our efforts to help the Cypriots at this time.

Ninth, the committee also recommends the appropriation of $375 million for the International Development Association.

The budget request was for $430 million. The $375 million level is the minimum we should provide. To reduce our contribution further to the international financial institution that concentrates its activities on helping the least developed of the world's countries would contradict our oft-repeated commitment to accelerating our efforts to help the poorest of the poor. Moreover, acceptance of the House level of $320 million could lead to a lessening of commitment by other donors to assume a greater portion of the aid burden than they have done heretofore. We should not repeat our mistake of fiscal year 1976 of agreeing to a level of $320 million for IDA.

Tenth, finally, the committee has agreed to my amendment providing for a $10 million contribution to the African Development Fund. This $10 million, coupled with the $5 million appropriated in the most recent supplemental is a major expression of U.S. desire to assist the African nations in making their regional development bank a success.

There are many other important funding initiatives in this bill but time is not available to mention all of them. Therefore, in closing let me reiterate my belief that this bill can justifiably be termed the best appropriations measure on foreign assistance that has been brought before the Senate in many years. It strikes the proper balance between fiscal restraint and judicious allocation of our resources to meet foreign assistance priorities. It is supportive of our national interests and ideals. I am confident that it will elicit the support of the vast majority of my colleagues.

Mr. INOUYE. Mr. President, I suggest the absence of a quorum, the time not to be charged.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INOUYE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INOUYE. Mr. President, I believe that the bill recommended by the committee is a solid bill, one which preserves the balance between humanitarian concern and prudent management of our resources. It is a bill which can be justified to the American people. I hope that the Senate will support the committee and give us a strong foreign assistance bill.

Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, and that the bill, as thus amended, be regarded, for purposes of amendment, as an original text; provided, that no point of order shall be considered to have been waived by reason of agreement to this order.

Mr. ALLEN. Mr. President, reserving the right to object, there are a number of amendments that the committee put in the bill that I believe should be considered here in the Chamber, and I think it would be well for the committee to justify the amendments rather than to adopt the committee amendments en bloc and then put the laboring oar on any Senator who wished to question the action of the committee, forcing him to offer an amendment, and I feel it would be well for the committee to justify its amendments.

So I object.

The PRESIDING OFFICER. The objection is heard.

Mr. INOUYE. Mr. President, does the Senator from Alabama wish to point out the amendments on which he would request explanation?

Mr. ALLEN. I thought we would just take the committee amendments up in order and if there is no objection, they could be agreed to. If, however, it would accommodate the Senator, I would be glad, if we could have a short quorum call, to sit down with the Senator and point out the amendments that I think ought to be brought to the attention of the Senate, probably some seven or eight in number.

Mr. INOUYE. All right.

Mr. ALLEN. But that might shorten the process somewhat.

Mr. INOUYE. Mr. President, I suggest the absence of a quorum, the time not to be charged against the bill or amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar under "New Reports."

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

DEPARTMENT OF COMMERCE

The assistant legislative clerk proceeded to read sundry nominations in the Department of Commerce.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

DEPARTMENT OF STATE

The assistant legislative clerk proceeded to read sundry nominations in the Department of State.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

DEPARTMENT OF DEFENSE

The assistant legislative clerk proceeded to read sundry nominations in the Department of Defense.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, with the exception of the nomination of Gen. George S. Brown, U.S. Air Force, the nominations are considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK—DIPLOMATIC AND FOREIGN SERVICE

The assistant legislative clerk proceeded to read sundry nominations in the Diplomatic and Foreign Service.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

(All nominations confirmed today are printed at the conclusion of the Senate proceedings.)

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

DEPARTMENT OF DEFENSE

Mr. MANSFIELD. Mr. President, I ask unanimous consent when the nomination of Gen. George S. Brown is taken up tomorrow, there be a time allocation of 10 minutes to the distinguished Senator from Ohio (Mr. Taft), 10 minutes to the distinguished Senator from New York (Mr. Javits), 10 minutes to the distinguished Senator from Washington (Mr. Jackson), 15 minutes to the distinguished Senator from New Hampshire (Mr. McIntyre), and 20 minutes to the distinguished chairman of the committee, the Senator from Mississippi (Mr. Stennis).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INOUYE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE APPROPRIATIONS, 1977

The Senate continued with the consideration of the bill (H.R. 14260) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes.

Mr. **INOUYE**. Mr. President, once again, I ask unanimous consent that the committee amendments be considered and agreed to en bloc.

The **PRESIDING OFFICER**. Is there objection?

Mr. **ALLEN**. Mr. President, I reserve the right to object.

Mr. **INOUYE**. Mr. President, I suggest the absence of a quorum, without the time to be charged against either side.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **INOUYE**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **HUMPHREY**. Mr. President, I should like to ask the distinguished Senator from Hawaii a question in reference to section 505 of H.R. 14260, the pending bill.

The language there reads:

> The funds appropriated or made available pursuant to this Act shall be available, notwithstanding the provisions of section 10 of Public Law 91–672, section 15(a) of the Act entitled "An Act to provide certain basic authority for the Department of State, approved August 1, 1956."

What that section means, in substance, is that no authorizations are needed. I am disturbed; because, if that is the case, then we might just as well disband the Committee on Foreign Relations and its work in the field of authorizing foreign assistance.

The chairman of the committee, Senator Sparkman, is presently engaged in a luncheon and is unable to be in the Chamber, and on behalf of the committee, I raise this question.

I directed a letter to the chairman of the committee—I do not know whether it has been able to get to his desk as yet—and in that letter I said:

> This section would exempt FY 1977 foreign assistance funds from the requirements of existing law that the funds be authorized as well as appropriated. It would make the authorizing proceess, on which we have worked so hard this year, a useless and futile undertaking and effectively eliminate any meaningful role for authorizing committees in connection with our foreign assistance programs.

There is also a letter signed by Senator Sparkman and Senator Case. It was mailed on June 24 to the chairman of the Committee on Appropriations (Mr. McClellan). I ask unanimous consent to have these two letters printed in the Record so we may discuss this subject matter.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Committee on Foreign Relations,
Washington, D.C., June 28, 1976.
Hon. Daniel K. Inouye,
Chairman, Subcommittee on Foreign Operations, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: I was distressed to learn of your Committee's approval of Section 505 of H.R. 14260, the Foreign Assistance Appropriation Bill. This section would exempt FY 1977 foreign assistance funds from the requirements of existing law that the funds be authorized as well as appropriated. It would make the authorizing process, on which we have worked so hard this year, a useless and futile undertaking and effectively eliminate any meaningful role for authorizing committees in connection with our foreign assistance programs.

I hope you will reconsider this matter before formally reporting H.R. 14260 to the Senate or if this is not possible, that you will support an amendment to strike Section 505. Thanks.

Sincerely,
Hubert H. Humphrey,
Chairman, Subcommittee on Foreign Assistance.

Committee on Foreign Relations,
Washington, D.C., June 24, 1976.
Hon. John L. McClellan,
Chairman, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: We are concerned to note Section 505 of H.R. 14260, the foreign assistance appropriation bill, as reported by the House Appropriations Committee. We understand this section has been retained by the Senate Appropriations Committee in its mark up of the bill.

The section would have the effect of vitiating the requirements of law that funds, even though appropriated, must be authorized before they can be spent. If enacted, it would render meaningless the authorizing process and would establish a principle which would pull the rug from every authorizing committee in the Senate.

We are particularly distressed to see the Appropriations Committee abandon the sound practice it has followed in recent years of including in every appropriations bill language requiring that the funds be authorized before expended.

We hope very much that the Appropriations Committee will reconsider this matter before formally reporting H.R. 14260, or that if this should not be practicable, the Committee will support an amendment which we intend to offer to strike Section 505.

Sincerely,
John Sparkman,
Chairman.
Clifford P. Case,
Ranking Member.

Mr. **INOUYE**. Mr. President, I am sorry the Senator was not here when I made my opening remarks.

Mr. **HUMPHREY**. I regret that. I know there was comment on it.

Mr. **INOUYE**. This committee has no intention of denying the authorizing committee its appropriate responsibilities but, as the Senator is well aware, at the time the Committee on Appropriations began its markup of the bill, the outcome of the authorizing bill was still uncertain.

Mr. **HUMPHREY**. I understand that.

Mr. **INOUYE**. Now that the authorizing bill has passed, I am prepared to accept an amendment to delete this amendment.

Mr. **HUMPHREY**. Mr. President, I appreciate the courtesy and consideration extended by the chairman. I would have expected that he would do that because of his great respect for the practices and traditions of the Senate.

Mr. President, I offer an amendment to strike section 505 of the pending bill on page 20, starting at line 19 through line 21.

Mr. **INOUYE**. Mr. President, we have not accepted the amendments en bloc, but in order to expedite this, may I ask unanimous consent to have this amendment deleted or withdrawn.

Mr. **HUMPHREY**. If the Senator will do that.

Mr. **INOUYE**. I shall do that, Mr. President.

The **PRESIDING OFFICER**. Does the Senator withdraw his amendment?

Mr. **HUMPHREY**. I withdraw my amendment, then the Senator from Hawaii is going to delete the amendment to expedite this process.

Mr. **INOUYE**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **INOUYE**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **INOUYE**. Mr. President, once again I ask unanimous consent that the committee amendments be considered and agreed to en bloc, with the exception of the following: the amendment appearing on page 3, lines 10 to 18; page 3, line 21; page 12, lines 11 to 13; page 12, line 23 and continuing to page 13, line 2; page 16, line 14; page 16, lines 19 to 23; page 17, line 8.

I further ask unanimous consent that the amendment appearing on page 20, lines 19 and 24, be withdrawn.

The **PRESIDING OFFICER**. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, in line 7, strike out "$475,000,000" and insert "$536,500,000".

On page 2, in line 12, strike out "$200,000,000" and insert "$228,300,000".

On page 2, beginning at the end of line 14, insert: "*Provided further*, That of the funds made available for population planning and health, not less than $15,000,000 shall be only available for programs providing training to auxiliary or paramedical personnel who will be engaged in the delivery of health and family planning services to rural areas.".

On page 3, in line 3, strike out "$70,000,000" and insert "$66,000,000".

On page 4, beginning in line 1, after "program:" insert: "*Provided further*, That not less than $110,000,000 shall be made available only for the United Nations Development Program:".

On page 4, in line 11, strike out "$5,000,000" and insert "$10,000,000".

On page 4, in line 14, strike out "$49,800,000" and insert "$7,300,000".

On page 4, beginning in line 21, insert:

"Indus Basin Development Fund, grants: For necessary expenses to carry out the provisions of section 302(b) (2) with respect to Indus Basin Development Fund, grants, $15,750,000."

On page 5, strike out lines 1 and 2.

On page 5, in line 17, strike out "Except for the Contingency Fund, unobligated" and insert "Unobligated".

On page 5, in line 22, strike out "general".

On page 6, in line 3, strike out "general".

On page 6, in line 11, strike out "general".

On page 6, beginning with line 16, insert:

None of the funds made available under this Act for "Food and nutrition, Development Assistance," "Population planning and health, Development Assistance," "Education and human resources development, Development Assistance," "Technical assistance, energy, research, reconstruction, and selected development problems, Development Assistance," "International organizations and programs," "United Nations Environment Fund," "American schools and hospitals abroad," "Indus Basin Development Fund, grants," "International narcotics control" "Middle East special requirements fund," "Security supporting assistance," "Operating Expenses of the Agency for International Development," "Military assistance," "International military education and training," "Inter-American Foundation," "Peace Corps," "Cuban refugee assistance," "Special assistance to refugees from Cambodia, Vietnam, and Laos in the United States," "Migration and refuge assistance," or "Assistance to refugees from the Soviet Union or other Communist countries in Eastern Europe," shall be available for obligation for activities, programs, projects, type of materiel assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings for fiscal year 1977 without the approval of the Appropriations Committees of both Houses of the Congress.

On page 7, in line 21, strike out "$35,000,000" and insert "$23,000,000".

On page 8, in line 4, strike out "$1,674,400,000" and insert "$1,736,500,000".

On page 8, in line 8, after "Jordan," insert "$25,000,000 shall be allocated for Cyprus, $55,000,000 shall be allocated for Portugal, and".

On page 8, in line 10, after "Syria" strike out "and not less than $10,000,000 shall be allocated for Cyprus relief assistance".

On page 8, at the end of line 12, insert a colon and the following: "*Provided further*, That $7,000,000 of this appropriation shall be available only upon ratification of the Treaty of Friendship and Cooperation Between Spain and the United States of America.".

On page 8, in line 19, strike out "$109,000,000" and insert: "$191,300,000: *Provided*, That not to exceed $84,300,000 of this amount shall be for AID-Washington Operating Expenses.".

On page 9, in line 5, after "States" insert a colon and the following: "*Provided further*, That $15,000,000 of this appropriation shall be available only upon ratification of the Treaty of Friendship and Cooperation Between Spain and the United States of America.".

On page 9, in line 12, after "$25,000,000" insert a colon and the following: "*Provided*, That $2,000,000 of this appropriation shall be available only upon ratification of the Treaty of Friendship and Cooperation Between Spain and the United States of America.".

On page 10, in line 23, strike out: "appropriations entitled "Contingency fund"" and insert: "appropriation entitled".

On page 13, beginning with line 3, insert:

SEC. 111. Of the funds appropriated or made available pursuant to this Act, not to exceed $20,000 shall be for entertainment expenses of the Agency for International Development during the fiscal year ending September 30, 1977.

SEC. 112. Of the funds appropriated or made available pursuant to this Act, not to exceed $96,000 shall be for representation allowances of the Agency for International Development during the fiscal year ending September 30, 1977.

SEC. 113. Of the funds appropriated or made available pursuant to this Act, not to exceed $75,000 shall be for entertainment expenses relating to the Military Assistance Program, International Military Education and Training, and foreign Military Credit Sales during the fiscal year ending September 30, 1977.

On page 14, in line 7, after "seq.," strike out "$71,000,000: *Provided* That of this amount $10,058,000 shall be for Peace Corps volunteer readjustment allowances, as authorized by Public Law 94–130" and insert: "$81,000,000: *Provided*, That of this amount $52,123,000 shall be available only for the direct support of volunteers.".

On page 16, beginning in line 1, strike out "contained in H.R. 13179 or other similar legislation relating to assistance to refugees from Communist countries in Eastern Europe, $15,000,000." and insert: "of section 501(c) of the Foreign Relations Authorization Act, Fiscal Year 1976, $15,000,000.".

On page 16, line 23, strike out "$220,000,000" and insert "$440,000,000".

On page 17, beginning with line 10, insert:

INVESTMENT IN AFRICAN DEVELOPMENT FUND

For payment by the Secretary of the Treasury of a United States contribution to the African Development Fund as authorized by the Act of May 31, 1976 (Public Law 94–302), $10,000,000, to remain available until expended.

On page 20, beginning with line 19, insert:

SEC. 505. The funds appropriated or made available pursuant to this Act shall be available notwithstanding the provisions of section 10 of Public Law 91–672, and section 15 (a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended.

On page 20, strike out line 25 and lines 1 through 4 on page 21.

On page 21, beginning with line 5, insert:

SEC. 506. Not to exceed $1,626,000 of the funds appropriated or made available pursuant to this Act for fiscal year 1977 shall be made available to the Office of the Inspector General of Foreign Assistance.

On page 21, in line 9, strike out "506" and insert "507".

On page 21, beginning with line 15, insert "or the compensation and related benefits of employees of the Related Programs Appropriations Act, 1977.".

Mr. INOUYE. And that the bill as thus amended be regarded for purposes of amendment as original text, providing that no point of order shall be considered to have been waived by reason of agreement to this unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the first committee amendment.

Mr. INOUYE. Mr. President, the first amendment appears on page 3, lines 10 to 18.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

On page 3, beginning at the end of line 9, insert a colon and the following:

Provided, That of the amount made available for loans, not to exceed $210,000,000 of such amount shall be available for loans repayable within forty years following the date on which the funds were initially made available under the loan: *Provided further*, That not to exceed $60,000,000 of such amount shall be available for loans repayable within thirty years following such date: *Provided further*, That not to exceed $30,000,000 of such amount shall be available for loans repayable within twenty years following such date.

The PRESIDING OFFICER. There are 20 minutes on the amendment, 10 minutes to each side. Who yields time?

Mr. INOUYE. Mr. President, I yield myself 3 minutes.

This committee amendment was inserted because we are very much concerned with the development lending practices followed by the administration. I should point out that these practices have continued through several administrations.

For many years, loans have been made on terms of 40 years, low interest loans for 40 years, with very little deviation from these terms.

As a result, at the present time there is an active loan to Iran, a very wealthy country, bearing an interest rate of three-quarters of 1 percent. Repayment of this loan will continue until the year 2001.

It should be noted that when that loan was made, Iran was in the underdeveloped category.

What I am trying to suggest is that there are many countries having the potential to become very wealthy in the very near future. For example, at this time, under the standards set by the United Nations and the Agency for International Development, Indonesia would be considered an underdeveloped country.

But all of us know that Indonesia has great potential for growth, it has a vast supply of mineral resources, and the time may come, possibly in 10 or 20 years, when Indonesia will be one of the wealthiest countries in the Pacific basin.

If that should happen, and if we should provide Indonesia at this time with a 40-year loan, we could find ourselves, 20 years from now, locked into a 3 percent loan, when they could very well carry a loan on conventional terms.

Because of the potential for wealth in the developing world, when the House provided a $300 million allocation for loans for this fiscal year, we said that $210 million of that would be for 40 years, $60 million for 30 years, and $80 million for 20 years.

This is the first time this Congress has made an attempt to place a limitation on loan terms. I hope the Congress and the Senate will approve the initiative taken by the committee.

Mr. ALLEN. Will the Senator yield?

Mr. INOUYE. I am very pleased to yield to the Senator.

Mr. ALLEN. The Senator, in the committee amendment, did place a limitation on the term of the loans as to various amounts and stated that not more than 70 percent should run beyond 40 years, or as far as 40 years. Is that correct? The $210 million would be the limit in 40-year loans?

Mr. INOUYE. That is right.

Mr. ALLEN. The committee, apparently, did not place any restriction on the amount of the interest.

Is it not true that the Association for

International Development has made, literally, billion of dollars of loans where no interest is paid, as far as 10 years, and possibly as little as 1 percent thereafter. Is that not correct?

Mr. INOUYE. That is in the International Development Association. It is not under this program.

Mr. ALLEN. It is the same terms. This is development assistance, loan allocation.

Mr. INOUYE. But this item does not come under heading.

Mr. ALLEN. What pocket of the taxpayer's money, what difference where it comes from?

Mr. INOUYE. The committee amendment applies only to bilateral lending, and under bilateral programs, the authorizing committee will set the limitation on interest. The Appropriations Committee has nothing to do with that.

Mr. ALLEN. Is it not true, though, the International Development Association has made loans as low as seven-eighths percent interest?

Mr. INOUYE. In fact, at the present time, as I indicated, Iran, a very wealthy country, is paying on a loan, which will expire in the year 2001, at an interest rate of three-quarters of 1 percent.

Mr. ALLEN. The Senator does not put any limitation on the minimum interest rate on these loans, $300 million worth, whereas the American citizen is lucky to get a loan at 10 percent.

We are lending millions of dollars overseas with no interest, in many cases for 10 years, and as little as seven-eighths of 1 percent thereafter, and I do not think anybody expects many of these loans to be repaid.

Along the line of the military assistance bill, where Congress was required to give its approval to military sales of as much as $25 million, I wonder if the Senator would think well of providing that Congress should give its approval, before the loan is made, of loans of as much as $10 million, or that the committee should have a right to veto a loan of as much as $10 million?

Mr. INOUYE. If the Senator will yield, I have no objection to that. But, putting that stipulation in this measure at this time would be subject to a point of order it is the authorizing committee which sets the limitation on interest.

At the present time, the interest rate on most concessional loans is 3 percent, as requested by AID. What we have tried to do was begin something new, so that some of the loans would be for 20 years, another group for 30 years, and the remainder for 40 years.

Mr. ALLEN. Does the Senator think, as hard a job as we are having to come within the Budget Committee's direction with respect to the tax bill, that we ought to be appropriating $300 million for these giveaway loans?

I am wondering if the Senator would look with favor on cutting this $300 million down to $200 million and thereby save the taxpayers $100 million?

Mr. INOUYE. We have listened to the State Department and AID very assiduously on this section.

I should point out that AID was quite unhappy with this amendment. They were hoping we could delete that amendment so that all loans can be made at the discretion of AID, some for 20, some for 30.

I am convinced that concessional lending is better than providing outright grants. At the least, the recipient country is able to maintain some pride in the fact that the funds provided by the United States were not doled out in the form of grants, but was provided for them in the form of loans, even if the rates were concessional.

Mr. BROOKE. Will the Senator yield?

Mr. INOUYE. Yes.

Mr. BROOKE. I think it is well to point out that most of aid recipients are very poor developing countries which cannot afford to repay loans on par terms, and by imposing hard loan terms on them, we really are going to increase their debt servicing requirements and jeopardize our opportunities for getting repaid.

So it might be self-defeating if it would turn out to be grants rather than loans, if we give hard terms rather than these relatively soft terms, as contained in the committee's bill.

Mr. ALLEN. In other words, the Senator is saying that it is better to wait 40 years to find out they are not going to pay it back rather than wait 20?

Mr. BROOKE. No, I am saying it is better to wait 40 years and get it paid back than ask to wait 20 and lose it all. That is exactly what I am saying.

Mr. ALLEN. I see.

Would the Senator object to an amendment cutting this overall figure down to $200 million?

Mr. INOUYE. Mr. President, I would have to object to that. However, if the Senate, in its wisdom, should decide to vote to cut it down to $2 million, I would do my best to carry that to the conference.

Mr. BROOKE. I would be compelled to object as well.

Mr. ALLEN. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER (Mr. BROCK). The Senator will state it.

Mr. ALLEN. Do I have to wait until the time has expired on this amendment before offering an amendment to the amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. ALLEN. Very well. I reserve the remainder of my time. I will prepare an amendment.

The PRESIDING OFFICER. Who yields time?

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. INOUYE. I would be very happy to yield.

Mr. HARRY F. BYRD, JR. I think the Senator from Hawaii is moving in the right direction in regard of trying to get away, to some extent, from the 40-year loans. It does appear that the amount involved, $300 million, is quite high.

I want to join with the Senator from Alabama in presenting the amendment to reduce the figure to $200 million.

It just seems to me that with the situation in our country as it is today, we had best start tighening up a bit. Certainly, we ought to start tightening up on these foreign give-away programs. There is no one in the United States who can borrow funds at 3-percent interest. Yet what is being proposed is to have the Federal Government borrow this money and pay some 6- or 7-percent interest on it and then turn it over to another country at a 3-percent interest to be repaid over a period of 20 to 40 years at a 3-percent interest rate.

The reason I think it would be well if the Senate would approve the amendment to be offered by the Senator from Alabama and the Senator from Virginia is that somewhere along the line we need to tighten up our financial affairs. This is certainly one place we might start.

I do commend the Senator from Hawaii for writing into this current foreign aid bill a limitation on 40-year loans and trying to get away, to some extent at least, from that long time period.

Mr. INOUYE. Mr. President, I wish to point out to my colleagues that, in the sense that these are long-term loans, at concessional rates, 3-percent interest, one might well categorize these loans as part of a giveaway program. At the same time, I wish to have my colleague know that the record maintained by this Government as far as loan relationships are concerned is a very good one. In fact, it is much better than most of the banks in the United States. Nearly 95 percent of the loans outstanding have been paid up in a timely fashion. About 5 percent have been delinquent.

Mr. HARRY F. BYRD, JR. If the Senator will yield, most of them do not come due for years and years in advance. They are 40-year loans.

Mr. INOUYE. That is true.

Mr. HARRY F. BYRD, JR. We do not know how good that record will be.

Mr. INOUYE. We receive, at the present time, something in excess of $400 million a year in repayments.

As I tried to point out, I would prefer to provide loans as assistance to recipient countries rather than outright grants.

Mr. HARRY F. BYRD, JR. I am afraid the loans will turn into outright grants when we put them on a 40-year basis. That is one reason I assume the Senator from Hawaii is trying to get away from that.

Mr. INOUYE. That is why the committee is recommending that the $300 million be divided into three categories. It is the first time we are doing this. Up until now it has all been for 40 years.

Mr. ALLEN. Mr. President, I yield back the remainder of my time.

Mr. INOUYE. Mr. President, I yield back the remainder of my time.

AMENDMENT NO. 1996

Mr. ALLEN. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) proposes an amendment:

On page 3, lines 8 and 9, strike $300,000,000 and insert $200,000,000.

On page 3, line 11, strike $210,000,000 and insert $140,000,000.

On page 3, line 14, strike $60,000,000 and insert $40,000,000.

On page 3, line 17, strike $30,000,000 and insert $20,000,000.

The PRESIDING OFFICER. The Senator's amendment is not in order, because it not only attempts to amend the committee amendment but also is directed at House language.

Mr. ALLEN. Mr. President, I can offer four separate amendments? I ask unanimous consent that the separate amendments embodying one thought be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Who yields time?

The Senator from Alabama.

Mr. ALLEN. Mr. President, it would be hard to find out how many billions we are appropriating to this bank, that bank, and the other bank. A little bit later on we will consider hundreds of millions appropriated to the Asian Development Bank and another $120 million to another bank. This is not even the Agency for International Development. It is some agency called Development Assistance, $300 million for making 20-, 30-, and 40-year loans, in many cases for as long as 10 years with no interest at all, and then as little as seven-eighths of 1 percent interest.

I noticed in the paper just the other day the Federal Treasury borrowed $2 billion at 7.6 percent interest. Here we are turning around and lending it to foreign countries at 1 percent and less.

We have also been considering a tax bill where we are trying to get the revenue adjusted so that we can give the American taxpayer a $35 credit on his income tax and we strain to try to pick up $10 million for the Treasury. We close this loophole and gain $25 or $30 million. What do we do with it? We turn right around and in this bill set aside an additional $300 million for these low-interest, long-term loans and no one knows whether they will ever be paid back or not.

Mr. President, here is an opportunity of easing the load of the Senate and the load of the American taxpayer as we work later on this week on the tax bill.

This would set aside an additional $300 million. The distinguished Senator from Hawaii just a moment ago said they had taken in around $400 million a year on these loans. I guess that goes into a revolving fund and they are able to continue to make loans with the moneys that come in. If that is not correct, I would like to be advised on it.

Mr. INOUYE. If the Senator will yield, the $400-plus million that we have been receiving during the past few years goes into the general funds of the Treasury of the United States.

Mr. ALLEN. And it has to be reappropriated, is that correct?

Mr. INOUYE. It has to be reappropriated.

Mr. ALLEN. I thank the Senator.

Mr. INOUYE. In fact, this is a result of an amendment which the Senator's committee recommended and which was passed by the Senate. Up until that time it went back into AID.

Mr. ALLEN. Here we have a $300 million item. What the amendment of the distinguished Senator from Virginia (Mr. Byrd) and myself does is to cut this $300 million down to $200 million. It carries out the same improvement that the committee made on the bill. That is, limiting the 40-year loans to 7 percent, the 30-year loans to 20 percent of this amount, and the 20-year loans to 10 percent.

It carries the same good provision that the committee had. It does cut down on the amount of these long-term, low-interest-rate loans to foreign countries by $100 million. It saves the Treasury that much, and puts us, as we consider the tax bill, $100 million closer to balancing the bill in accordance with the Budget Committee mandate, paving the way for a continuation of the tax reductions provided for in the tax reform bill.

The question is whether we are going to use this money for the benefit of the American taxpayer or whether we are going to use it for the benefit of foreign nations and foreign nationals.

I do not see that there is any magic in $300 million. Why would they not say $700 million, or $200 million, or $100 million? Let us cut this $300 million down to $200 million. I would like to wipe the whole thing out, myself, but I think the Senate might come nearer going along with a $100 million reduction than to wipe it out altogether.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. INOUYE. Mr. President, I would like to clarify a few things.

In the first place, these moneys belong in our bilateral program, not the international program. The Inter-American Development Bank section comes along later, under International Financial Institutions.

In the second place, the loan receipts go back into the general fund of the U.S. Treasury; they are not a part of a revolving fund.

Third, I would think it is in the national interest to provide loans rather than grants, unless we completely change our plans on bilateral programs and say that, from this day forward, the United States will not take part in any international agreement calling for assistance to other countries.

Mr. HARRY F. BYRD, JR. Mr. President, this amendment does not say that, if the Senator will yield. All this amendment says is that instead of appropriating $300 million. Congress will appropriate $200 million, which is still a vast amount of money.

Mr. INOUYE. If the Senator will read the section appearing on page 3, beginning at line 6, it says:

> Of the new obligational authority appropriated under this Act to carry out the provisions of sections 103–106, not less than $300,000,000 shall be available for loans for fiscal year 1977:

The amendment would limit that amount to $200 million.

Mr. President, I have been advised that the time has come for the Senate to resume the consideration of the unfinished business, the tax reform bill. If I may, I ask unanimous consent that this amendment be the pending business when the foreign operations appropriation bill is taken up tomorrow.

The PRESIDING OFFICER. The Senator is advised that there is no unanimous-consent order required for that. It will automatically be the pending business.

Mr. SPARKMAN. Mr. President, will the Senator yield to take up a conference report?

Mr. INOUYE. I yield.

FOREIGN RELATIONS AUTHORIZATION ACT, 1977—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on S. 3168, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Brock). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the Record of June 25, 1976, beginning at page 20590.)

Mr. SPARKMAN. Mr. President, may I say that this matter has been cleared with the Senator from New Jersey (Mr. Case) and the Senator from New York (Mr. Javits).

Mr. JAVITS. Mr. President, I am sure that it is appropriate for the Senator to bring it up at any time.

Mr. SPARKMAN. Mr. President, I believe that the House-Senate conference on S. 3168, the Foreign Relations Authorization Act, fiscal year 1977, reached a very satisfactory result. This omnibus bill contains two general legislative categories. The first is budget authorizations for three foreign affairs agencies: the State Department, the U.S. Information Agency, and the Board for International Broadcasting. The second category involves policy guidelines and program requirements for the same three agencies.

In the area of budget authorizations, Mr. President, the conferees had few differences to resolve. The principal difference was a $12 million authorization in the House bill for the promotion, planning and construction budget of the 8th Pan American games, to be held in Puerto Rico. Although the Senate bill contained no comparable provision, the Senate conferees recognized that the host responsibilities of the United States inevitably involve such an expenditure; and we were persuaded that this bill represents an appropriate legislative vehicle for providing the necessary authorization.

In the nonbudgetary area of the bill, Mr. President, the principal provision was a comprehensive Foreign Service retirement amendment, intended to bring Foreign Service benefits into line with those available to the Civil Service. For several years now, the Senate has acted favorably on such a provision, but heretofore the House has not been inclined to agree. This year, however, although the House bill contained no such provision, I am pleased to report that the House conferees agreed to the Senate's comprehensive provision with only minor modification. Thus, an important step has been taken toward the achievement of equity between the Foreign Service and Civil Service systems.

That in brief, Mr. President, is the story of the conference on S. 3168. While there were quite a number of other differences, they were relatively minor and were resloved, I believe, quite satisfactorily. I therefore move the adoption of the conference report.

Mr. PELL. Mr. President, the conference report on S. 3168 authorizing fiscal year 1977 appropriations for the Department of State, USIA, and the Board for International Broadcasting contains a statement to the effect that the action of the conferees in section 519 of S. 3168 lowering from 65 to 60 the mandatory retirement age of career ministers not serving in positions requiring State confirmation "is without prejudice to any judicial deliberations or proceedings on the broader question of mandatory retirement at age 60 for Foreign Service employees."

Since I originally sponsored the overall retirement sections of S. 3168, I would like to clarify that section 519 of S. 3168 has a very narrow and specific purpose. For the most part, career ministers occupy positions which require confirmation by the Senate; for example, positions of Ambassador or Assistant Secretary. Career ministers assigned to such positions are not affected by section 519 and thus are not forced to retire at age 60. In the event, however, that career ministers are assigned to positions normally occupied by Foreign Service officers of a lower rank, for example FSO–1, then it is reasonable that they should be subject to the same mandatory retirement requirements as officers of class FSO–1 and below.

The intent, therefore, of section 519 is simply and strictly to require that the small group of career ministers who, for whatever reason, are occupying positions normally intended to be occupied by lower ranking officers be treated for the purpose of mandatory retirement the same as such lower ranking officers. No broader intent or purpose should be read into the conferees' action on this point.

There is a court case in progress in which the legality of a mandatory retirement age of 60 for Foreign Service employees is being challenged as inconsistent with the 1974 amendments to the Age Discrimination in Employment Act. The conferees did not address the issues involved in that case; nor was their action on section 519 of S. 3168 intended as an expression of opinion as to whether the retirement provisions of the Foreign Service Act of 1946 are or are not exempt from the provisions of the 1974 amendments to the Age Discrimination in Employment Act.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

FOREIGN ASSISTANCE APPROPRIATIONS, 1977

The Senate continued with the consideration of the bill (H.R. 14260) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes.

Mr. INOUYE. I ask unanimous consent that when the consideration of the foreign assistance appropriation bill is resumed, the vote on this amendment be the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I ask unanimous consent that I may have the right to modify my amendment to make a technical change at that time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. INOUYE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 10612, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The pending question is on agreeing to committee amendment No. 22.

The Senator from Oklahoma is to be recognized.

Mr. RIBICOFF. Mr. President, we have sent for him. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Brock). Without objection, it is so ordered.

Mr. CURTIS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. What limitation on debate has been entered into, if any, in reference to the amendment referred to as DISC?

The PRESIDING OFFICER. The DISC amendment, to be offered by the Senator from Wisconsin (Mr. Nelson) has a time limit of 4 hours, to be equally divided. There is an additional agreement for a limit of 1 hour on the amendment of the Senator from Colorado (Mr. Haskell), to be equally divided, to the amendment by the Senator from Wisconsin.

Mr. CURTIS. Mr. President, the junior Senator from Nebraska was not present when the unanimous consent was propounded. I was present when the informal discussion took place. At that time, the statement was made that the distinguished Senator from Arizona (Mr. Fannin) had an amendment to DISC; as a matter of fact, that there would be the committee proposal, Mr. Nelson's proposal, Senator Fannin's proposal to continue the present law on DISC. The understanding that we had at the time of the informal discussion that was not on the record was that Senator Fannin would have the same amount of time reserved for his amendment as Senator Haskell.

Since then, there has also been discussion that part of this debate may go over until another day. In that case, it will be my hope that Senator Fannin could have equal time on that second day.

I shall not propound a unanimous-consent request. I call this to the attention of the record, and I hope that either the chairman of the committee or the distinguished majority leader (Mr. Mansfield) will take these facts into account and request a new unanimous-consent agreement to replace the old one.

The PRESIDING OFFICER. The Chair would point out to the Senator from Nebraska that this agreement also incorporates a provision that the matter will be disposed of today.

Mr. CURTIS. I understand.

At any rate, I will express the hope this can be corrected.

Mr. PASTORE. addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Oklahoma (Mr. Bellmon) must be recognized at this point on his amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BELLMON. I yield to the Senator from Louisiana.

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT

Mr. LONG. Mr. President, I believe we can dispose of this debt limit legislation in just a few minutes because we have had some discussions, and we propose a way to resolve our differences. I believe we can dispose of it almost immediately, and I ask unanimous consent that we might temporarily lay the tax bill aside and consider the debt limit bill, H.R. 14114.

The PRESIDING OFFICER. Is there objection?

Mr. CRANSTON. Mr. President, reserving the right to object, we have a terrible time limit situation.

The PRESIDING OFFICER. The time limit has been set for 1 hour.

Mr. LONG. We will not need that much time. We can do it in half that time.

Mr. CRANSTON. Can we do it in 5 minutes?

Mr. LONG. Mr. President, I ask unanimous consent that we reduce it to 20 minutes, 10 minutes on each side.

Mr. PASTORE. I object.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Louisiana for consideration of the debt limit bill?

Mr. PASTORE. I object.

The PRESIDING OFFICER. Objection is heard.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The Senator from Oklahoma.

AMENDMENT NO. 1910

Mr. BELLMON. I call up my amendment No. 1910, as modified.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes Amendment No. 1910, as modified.

The amendment, as modified, is as follows:

On page 779, line 23, insert the following:

(g) WITHHOLDING OF INCOME TAX AT SOURCE ON INTEREST AND DIVIDENDS.

(1) IN GENERAL.—Subtitle C (relating to employment taxes and collection of income tax at source) is amended by redesignating chapter 25 as chapter 26 and by inserting after chapter 24 the following new chapter:

"CHAPTER 25—COLLECTION OF INCOME TAX AT SOURCE ON INTEREST AND DIVIDENDS

"SUBCHAPTER A. Interest.
"SUBCHAPTER B. Dividends.
"SUBCHAPTER C. General provisions.

"SUBCHAPTER A—INTEREST

"Sec. 3451. Income tax collected at source on interest.
"Sec. 3452. Interest defined.

"SEC. 3451. INCOME TAX COLLECTED AT SOURCE ON INTEREST.

"(A) REQUIREMENT OF WITHHOLDING.—Except as otherwise provided in this chapter, every person who pays interest shall deduct and withhold on such interest a tax equal to 15 percent of the amount thereof.

"(B) PAYEE UNKNOWN.—If the withholding agent is unable to determine the person to whom the interest is payable, the tax under this section shall be deducted and withheld at the time payment of the interest would be made if such person were known.

"(C) EXEMPT ORGANIZATIONS.—This section shall not apply to payments made to any governmental unit or other organization exempt from tax under this chapter.

"SEC. 3542. INTEREST DEFINED.

"(1) GENERAL RULE.—For purposes of section 3451 (A) the term 'interest' means—

"(A) interest on evidences of indebtedness (including bonds, debentures, notes, and certificates) issued by a corporation of a type offered by corporations to the public;

"(B) interest on deposits with persons carrying on the banking business;

"(C) amounts (whether or not designated as interest) paid by a mutual savings bank, savings and loan association, building and loan association, cooperative bank, homestead association, credit union, or similar organization, in respect of deposits, investment certificates, or withdrawable or repurchasable shares;

"(D) interest on amounts held by an insurance company under an agreement to pay interest thereon;

"(E) interest on deposits with stockbrokers and dealers in securities;

"(F) interest on obligations of the United States and any instrumentality thereof; and

"(G) in the case of a non-interest-bearing obligation of the United States and any instrumentality thereof issued on a discount basis, the amount by which the amount paid on surrender or redemption exceeds the issue price.

"(2) EXCEPTIONS.—For purposes of this chapter, the term 'interest' does not include—

"(A) interest on obligations described in section 103(a) (1) or (3) (relating to interest on certain governmental obligations);

"(B) any amount paid by—

"(1) a foreign government or international organization,

"(2) a foreign corporation not engaged in trade or business within the United States,

"(3) a nonresident alien individual not engaged in trade or business within the United States, or

"(4) a partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens;

"(C) interest on deposits with persons carrying on the banking business paid to a person described in paragraph (B) (2), (3), or (4);

"(D) any amount paid by one corporation to another corporation, if both corporations are members of the same affiliated group which filed a consolidated return for the preceding taxable year of the affiliated group;

"(E) interest subject to withholding under subchapter A of chapter 3 (section 1441 and following, relating to withholding of tax on nonresident aliens and foreign corporations) by the person paying such interest, or which would be so subject to withholding by such person, but for the fact that it is not treated as income from sources within the United States;

"(G) any amount described in subsection (1) (B), (C), or (G) paid to a State or a foreign government or international organization (other than any amount described in subsection (1) (C) paid in respect of a transferable certificate or share).

"(3) EXEMPTION FOR UNITED STATES.—The Secretary may authorize exemption from the tax imposed by section 3451 for any amount paid by the United States or any wholly owned agency or instrumentality thereof to the United States or any wholly owned agency or instrumentality thereof if the Secretary determines that the imposition of the tax with respect to such amount will cause a burden or expense which can be avoided by granting the tax exemption.

"(4) OTHER EXEMPTIONS.—The Secretary may authorize other exemptions for payments which are essentially similar to the exemptions listed above and on which no tax liability will be due.

"SUBCHAPTER B—DIVIDENDS

"Sec. 3461. Income tax collected at source on dividends.
"Sec. 3462. Dividend defined.

"SEC. 3461. INCOME TAX COLLECTED AT SOURCE ON DIVIDENDS.

"(A) REQUIREMENTS OF WITHHOLDING.—Except as otherwise provided in this chapter, every person who pays a dividend shall deduct and withhold on such dividend a tax equal to 15 percent of the amount thereof.

"(B) PAYEE UNKNOWN.—If the withholding agent is unable to determine the person to whom the dividend is payable, the tax under this section shall be deducted and withheld at the time payment of the dividend would be made if such person were known.

"(C) AMOUNT OF DIVIDEND UNKNOWN.—If the withholding agent is unable to determine the portion of a distribution which is a dividend, the tax under this section shall be computed on the entire amount of the distribution.

"(D) EXEMPT ORGANIZATIONS.—This section shall not apply to payments made to any governmental unit or other organization exempt from tax under this chapter.

"SEC. 3462. DIVIDEND DEFINED.

"(a) GENERAL RULE.—For purposes of this chapter, the term 'dividend' means—

"(1) any distribution by a corporation which is a dividend (as defined in section 316); and

"(2) any payment made by a stockholder to any person as a substitute for a dividend (as so defined).

"(b) EXCEPTIONS.—For purposes of this chapter, the term 'dividend' does not include—

"(1) any amount paid in the stock, or rights to acquire the stock, of the distributing corporation, if the distribution is not includible in gross income of the recipient under the provisions of section 305 (relating to distributions of stock and stock rights);

"(2) any distribution to the extent that, under chapter 1—

"(A) the amount thereof is treated by the recipient as an amount received on the sale or exchange or property, or

"(B) gain or loss to the recipient is not recognized;

"(3) any amount which is includible in gross income as a taxable dividend by reason of the provisions of section 302 (relating to redemptions of stock), 306 (relating to dispositions of certain stock), 356 (relating to receipt of additional consideration in connection with certain reorganizations), or 1081 (e) (2) (relating to certain distributions pursuant to order of the Securities and Exchange Commission);

"(4) any amount paid by one corporation to another corporation, if both corporations are members of the same affiliated group which filed a consolidated return for the preceding taxable year of the affiliated group;

"(5) an amount which—

"(A) is subject to withholding under subchapter A of chapter 3 (sec. 1441 and following, relating to withholding of tax on nonresident aliens and foreign corporations) by the person paying such amount, or

"(B) would be subject to withholding under such subchapter A by the person paying such amount but for—

"(i) the fact that it is attributable to income from sources outside the United States, or

"(ii) the fact that the payor thereof is excepted from the application of section 1441 (a) by the provisions of section 1441 (c);

"(6) any amount paid by a foreign corporation not engaged in trade or business within the United States;

"(7) any amount described in section 1373 (relating to undistributed taxable income of electing small business corporations).

"(C) Exemption for United States.—The Secretary may authorize exemption from the tax imposed by section 3461 for any amount paid by the United States or any wholly owned agency or instrumentality thereof to the United States or any wholly owned agency or instrumentality thereof if the Secretary determines that the imposition of the tax with respect to such amount will cause a burden or expense which can be avoided by granting the tax exemption.

"(D) Other Exemptions.—The Secretary may authorize other exemptions for payments which are essentially similar to the exemptions listed above and on which no tax liability will be due.

"Subchapter C—General Provisions

"Sec. 3481. Liability for return and payment of withheld tax.

"Sec. 3482. Return and payment by United States.

"Sec. 3483. Definitions.

"Sec. 3481. Liability for Return and Payment of Withheld Tax.

"(a) General Rule.—Every person required to deduct and withhold any tax under this chapter shall make an annual return of the tax required to be deducted and withheld during such year and pay the tax to the officer designated in section 6151 according to the deposit requirements prescribed by the Secretary pursuant to the requirements of section 6302 as applicable to the deposit of other withheld taxes. The withholding agent shall be liable for the payment of the taxes required to be deducted and withheld under this chapter, and shall not otherwise be liable to any person for the amount of any such payment.

"(b) Tax Paid by Recipient.—If the withholding agent, in violation of the provisions of this chapter, fails to deduct and withhold any tax under this chapter, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the withholding agent; but this subsection shall in no case relieve the withholding agent from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

"Sec. 3482. Return and Payment by United States.

"If the withholding agent is the United States the return of the tax deducted and withheld under this chapter may be made by an officer or employee of the United States having control of the payment of the amount subject to withholding, or appropriately designated for that purpose.

"Sec. 3483. Definitions.

"For purposes of this chapter—

"(A) Person.—The term 'person' includes the United States, a State, a foreign government, and an international organization.

"(B) State.—The term 'State' includes a State, the District of Columbia, a possession of the United States, any political subdivision of any of the foregoing and any wholly owned agency or instrumentality of any one or more of the foregoing.

"(C) Foreign Government.—The term 'foreign government' includes a foreign government, a political subdivision of a foreign government, and any wholly owned agency or instrumentality of any one of more of the foregoing.

"(D) Nonresident Alien.—The term 'nonresident alien individual' includes an alien resident of Puerto Rico."

(h) Other Consistency Changes.—

(A) Credits against income tax for tax withheld.—

(1) Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding to title of section 31: "Interest and Dividends".

(2) Section 31(c) is added which reads:

"(c) Interest and Dividend Withholding for Income Tax Purposes.—

"(1) In general.—The amount withheld under sections 3451 and 3461 as tax on the interest and dividends of any individual shall be allowed to the recipient of the income as a credit against the tax imposed by this subtitle.

"(2) Year of credit.—The amount so withheld during any calendar year shall be allowed as a credit for the taxable year beginning in such calendar year. If more than one taxable year begins in a calendar year, such amount shall be allowed as a credit for the last taxable year so beginning."

(3) Section 31(d) is added, which reads:

"(d) Apportionment of Credit.—For purposes of subsection (A) of section 3451, if an obligation is sold or exchanged between interest-payment dates—

"(1) so much of the amount required to be deducted and withheld on the interest at the end of the interest-payment period as is properly allocable to that part of such period which ends on the date of the sale or exchange shall be treated as an amount deducted and withheld from the transferor on the date of the sale or exchange, and

"(2) so much of such amount as is properly allocable to that part of such period which begins on the day after the date of the sale or exchange shall be treated as an amount deducted and withheld from the transferee."

(B) Persons incurring no income tax liability.—Include as section 3402(q) the following:

"(q) Persons Incurring No Income Tax Liability.—Notwithstanding any other provision of this section, a withholder shall not be required not to deduct and withhold any tax under this chapter upon a payment of interest and dividends to a person or organization if the amount to be withheld is less than $10 or if there is in effect with respect to such payment a withholding exemption certificate (in such form and containing such other information as the Secretary or his delegate may prescribe) furnished to the withholder by the person or organization certifying that the person or organization:

"(1) incurred no liability for income tax imposed under subtitle A for his preceding taxable year, and

"(2) anticipates that he will incur no liability for income tax imposed under subtitle A for his current taxable year.

"The provisions of section 7205 shall apply to these withholding exemption certificates."

The Secretary or his delegate shall promulgate regulations that will prevent withholders from deducting and withholding any tax under this chapter upon a payment of interest or dividends to any person who anticipates that he will incur no liability for income tax imposed under subtitle A for his current taxable year.

(C) Section 3502 (relating to nondeductibility of taxes in computing taxable income) is amended by adding at the end thereof the following new subsection:

"(c) The tax deducted and withheld under chapter 25 shall not be allowed as a deduction in computing taxable income under subtitle A either to the person deducting and withholding the tax or to the recipient of the amounts subject to withholding."

On page 13, line 6, insert: "Section 6042 (a)(1) is amended to read as follows:

"(a) Requirement of Reporting.—

"(1) In general.—Every person—

"(A) who makes payments of dividends aggregating $10 or more to any other person during any calendar year,

"(B) who receives payments of dividends as a nominee and who makes payments aggregating $10 or more during any calendar year to any other person with respect to the dividends so received, or

"(C) who withholds tax on any payment of dividends shall make a return according to the forms or regulations prescribed by the Secretary, setting forth the aggregate amount of such payments, the amount of tax withheld, and the name and address of the person to whom paid. A copy of such return shall be provided to the person to whom the payments were made." On page 14, section 6049 (a)(1) is amended to read as follows:

"(a) Requirement of Reporting.—

"(1) In general.—Every person—

"(A) who makes payments of interest (as defined in subsection (b)] aggregating $10 or more to any other person during any calendar year,

"(B) who receives payments of interest as a nominee and who makes payments aggregating $10 or more during any calendar year to any other person with respect to the interest so received,

"(C) which is a corporation that has outstanding any bond, debenture, note, or certificate or other evidence of indebtedness in registered form as to which there is during any calendar year an amount of original issue discount aggregating $10 or more includable in the gross income of any holder under section 1232(a)(3) without regard to subparagraph (B) thereof, or

"(D) who withholds tax on any payment of deduction shall make a return according to the forms or regulations prescribed by the Secretary, setting forth the aggregate amount of such payments and such aggregate amount includable in the gross income of any holder, the amount of tax withheld, and the name and address of the person to whom paid or such holder. A copy of such return shall be provided to the person to whom the payments were made."

(F) Effective Date.—The amendments made by this section shall apply in the case of interest and dividends paid on or after January 1, 1977.

Mr. BELLMON. Mr. President, the modifications are primarily technical, but there are substantive changes I would like to call to the attention of the membership. The first is the amount of withholding provided by this amendment is increased from 10 percent to 15 percent. Also an amendment suggested by the distinguished Senator from Tennessee (Mr. Brock) would exempt all withholdings of less than $10. Other than that the amendments are technical and do not change the thrust of the amendment, as printed.

Mr. President, joining me in this amendment are the distinguished Senator from Connecticut (Mr. Ribicoff), the distinguished Senator from Louisiana (Mr. Long) and the distinguished Senator from California (Mr. Cranston), and I would like at this time, if he would care to do so, to recognize the distinguished Senator from California (Mr. Cranston) who has some comments he would like to make about this amendment.

Mr. CRANSTON. I thank the Senator very much. I will be very, very brief.

The PRESIDING OFFICER (Mr. Griffin). The Senate will be in order. The Senator from California deserves to be heard.

Mr. CRANSTON. I thank the Chair.

Mr. President, the Internal Revenue Service has estimated that some $8 billion in interest and dividend income is not being reported by taxpayers. Because of this violation of the tax law, the Treasury is losing some $1.5 billion, and possibly more, in taxes which are legally owed the Government but are not being paid.

Some estimates of the taxes not being paid amount to $2.4 billion annually.

The Treasury estimates that in 1976 $81 billion in interest and dividend income will be reported by taxpayers, on which a tax of $18.5 billion will be paid. But an additional $8 billion will not be reported—or some 9 percent of the total actually paid by banks and corporations—and about 7.5 percent of the taxes owed will not be paid.

This outrage penalizes the honest taxpayer.

The situation may deteriorate unless Congress acts.

IRS simply has not been able to match the millions of individual interest and dividend payment reports filed by banks and corporations with the appropriate individual tax returns. In effect, the Service has not been able to enforce the tax law which requires that interest and dividend income be reported by the individual taxpayer. It is a tribute to the honesty of millions of American taxpayers that such income has been voluntarily reported and the taxes due paid.

But, unfortunately, once it becomes generally known that IRS cannot police interest and dividend income payments, it is inevitable that the amount of unreported interest and dividend income will increase, with greater losses to the Treasury resulting.

The amendment which I am cosponsoring with Senator BELLMON, Senator LONG, and Senator RIBICOFF, sets a rate of withholding on interest and dividend income of 15 percent. The 1099 form which is used for reporting interest and dividends of $10 or more is amended to report withholding. Consequently, there is no withholding on interest and dividends of less than $10 except as the Treasury may require.

The amendment recognizes that there will be problems with overwithholding and in setting up the administrative machinery to carry out its intent.

I appreciate the difficulties banks and major corporations will have at first.

Nevertheless, I feel that the benefits in terms of increasing tax revenues, protecting the integrity of our system of taxation, and preventing further erosion of the tax base, outweigh the initial costs and difficulties. Everyone will benefit under the new arrangement. No one has an interest in condoning or encouraging nonpayment of taxes lawfully owed by any individual or business.

Furthermore, rather plainly the adoption of this amendment will assist in the difficulty presently facing the budget process in connection with the pending legislation.

Mr. President, the Sacramento Bee in an editorial on June 12 calls for withholding of interest and dividend taxes. I agree with the Bee's clear analysis of the problem and ask unanimous consent that the editorial be printed at the end of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WITHHOLD DIVIDEND TAXES

If Internal Revenue Service estimates are anywhere near the mark—and there seems little reason to doubt them—many Americans are failing to report income from dividends or interest totalling some $8 billion a year.

The IRS says this means the government is cheated out of as much as $2.4 billion in taxes on such income.

Unlike the more complicated and stubborn problem of plugging tax loopholes, this intolerable situation can and should be corrected by withholding the tax due on interest and dividend income at the source—the major banks and corporations who pay them.

The IRS has asked Congress to authorize such a withholding system, and we're all for it. Sen. Russell B. Long, chairman of the Senate Finance Committee, plans to offer the withholding proposal as an amendment to his committee's tax cut bill. Congress should approve it in fairness to the majority of taxpayers whose taxes are withheld from wage earnings.

Banks and major corporations oppose the measure, contending it would result in additional paperwork, which no doubt is true. But the same argument was raised years ago against withholding income taxes from wages, and business found ways to computerize the process efficiently. The same would be worked out for withholding on dividends and interest.

As it stands, organizations that pay dividends or interest to individuals must report the payments to the IRS. Individuals who receive this kind of income are supposed to report it on their income tax returns, but the IRS lacks the resources to double-check whether they all do. By comparing the total of interest and dividends reported by corporations and banks to the total of such income reported by individuals, the IRS concludes that $8 billion of it is not reported on tax returns.

The way to make sure that this income is properly taxed is to withhold the taxes at the source.

Mr. FANNIN. Mr. President, will the Senator yield for a question?

Mr. BELLMON. First, I thank the distinguished Senator from California for his support and for the excellent statement he has just made.

Mr. FANNIN. The Senator from Arizona is interested in just what the costs involved will be and what the estimates are as to what revenues would be raised. I have heard reports from the Treasury Department that the cost of handling this matter could be as high as $300 million. Does the Senator have any information in that regard?

Mr. BELLMON. The Senator from Arizona raises a good question. We have estimates from the Treasury Department that the net increase in revenues to the Treasury will be somewhat in the range of $1.5 billion for the first fiscal year, and then it will range from $0.7 to $1.1 billion over the next 4 years.

Mr. FANNIN. The understanding of the Senator from Arizona is that this will not be available, because the Treasury does not now have sufficient manpower nor, perhaps, the amount of equipment that is needed to carry through with the proper collection of this money.

Is that the understanding of the Senator from Oklahoma?

Mr. BELLMON. That is a part of the problem. In his testimony before the Finance Committee, the Commissioner of Internal Revenue, Mr. Alexander, stated that a full-scale matching document, that is to say, to match form 1099 against the income tax reports, would cost $140 million, and the Internal Revenue Service has asked for that money for the last 14 years, since 1962, and it has not been provided by Congress.

He also goes on to say——

Mr. FANNIN. Is that our fault then that this money has not been collected, because Congress has not furnished the money?

Mr. BELLMON. He goes on to say that even if that money was furnished this system of withholding is a much better way to go. On page 11 of his statement he says that—

> Looking at it from the standpoint of the person in charge of trying to make this tax system work effectively and fairly, we think that withholding is the way to go.

So he is in favor of withholding rather than having the money provided for him so that he could process these 400 million reports that come in now and would have to be matched with the IRS form.

Mr. FANNIN. The Senator from Arizona also wonders about the cost to the private sector. The savings and loan companies I know complained bitterly about this particular amendment. I understand banks oppose it, and other lending institutions are very much in opposition. Does the Senator have any information in that regard?

Mr. BELLMON. The amendment we have offered gives the Secretary of the Treasury flexibility to allow the funds withheld by savings and loans, banks and other interest-paying institutions, including, of course, corporations that pay dividends to repay these funds in their own accounts for a period of time so that the interest on those funds can compensate the withholding agency for whatever costs they have incurred. This is done now with postal accounts which are left in the banks for a period of time and they are digested by the banks handling the postal accounts that are on deposit there.

Mr. FANNIN. I would just ask the Senator from Oklahoma how that would be done by small institutions. There are so many of them around the Nation that would not have adequate facilities to handle this new Federal requirement.

Mr. BELLMON. This, as I say, is up to the Secretary of the Treasury. There is flexibility here so he can adjust that to meet the needs.

If the Senator does not mind I would like to read my statement and, perhaps, he could ask his questions when I am finished.

Mr. President, I do not intend by this amendment in any way to be critical of what the Finance Committee has done. I would like to congratulate the Finance Committee and the distinguished chairman of that committee for what I consider to be an excellent tax reform bill.

The only purpose I have here is to do what I think will make it better.

The purpose of amendment 1910 to the Tax Reform Act of 1976 is to deal with the problem of withholding taxes due on interest and dividends. The rate of withholding is set at 15 percent.

The principal reason for offering this amendment is to further the cause of equity in the tax system. As Senator CRANSTON said:

> The Treasury estimates there currently

may be as much as $1 billion of dividends and $7 billion of interest that is not being reported. Mr. William M. Goldstein, Deputy Assistant Secretary of the Treasury for Tax Policy, stated in his testimony before the Finance Committee that as much as $1.5 billion of taxes legally owed on interest and dividends is not being paid.

I quote from his testimony to get his exact words in the RECORD:

> More important, it is an outrage that numbers of taxpayers are in this manner failing to pay their fair share of tax. Such conduct diminishes public respect for the operation of the tax system and could indeed jeopardize our voluntary system of compliance.

So this amendment, Mr. President, in addition to picking up substantial amounts of revenue, does have the effect of making our present tax system more equitable because it will end the practice of any taxpayers of not reporting their income from interest and dividends and evading those taxes that they owe under present law.

It is basic to our system of voluntary compliance and to our concepts of equity and justice that those with tax liabilities honor those liabilities by paying their taxes.

Estimates by both the Joint Committee on Internal Revenue Taxation and the Treasury indicate that by fiscal year 1978—when the withholding system is fully in place—the additional revenue will be more than one-half billion dollars, and could be as high as $1.1 billion within 5 years. This revenue gain refers only to the additional revenue resulting from collection of taxes due on interest and dividends that currently go unreported.

When the withholding system is first instituted, there is an additional revenue gain to the Treasury. This is due to the acceleration of revenues resulting from withholding. This, of course, is a one-time revenue surge, but one which is sizable, amounting to about $1.0 billion.

In fiscal year 1977, the additional revenue that will be collected is $1.65 billion; this figure is based on the most conservative estimate of taxes due and unpaid. If the amount of evasion is in excess of this conservative estimate, the additional revenue will, of course, be still greater.

Mr. President, there have been many amendments offered to raise one tax or another. This amendment is not a tax increase. There have been many efforts to close the so-called "loopholes." The fact is that many of the so-called "loopholes" are basically incentives which the Congress has deliberately put in place to generate desirable activity in the national interest. If those activities are no longer needed or if the incentives are not producing results, then clearly changes are in order.

My amendment is different, Mr. President. This amendment will close a genuine loophole—a loophole through which about $1 billion of taxes legitimately owed to the Treasury are being evaded. The closing of this loophole will not raise taxes on a single taxpayer. Rather, it will improve the equity of our tax system by assuring that those who owe taxes on income from interest and dividends pay their fair share the same as those who gain their income by working and who pay through payroll deductions.

This amendment is badly needed even though payers of interest and dividends are now required to file form 1099 showing the amount of interest and dividends paid.

As has been said, the IRS has a difficult problem matching the 400 million 1099's against the appropriate income tax returns filed by the taxpayer.

The problem is that no feasible means has been found of matching. Most of these returns are not accomplishing the objective that Congress had in mind when they were established.

Since matching of form 1099 with appropriate income tax returns has not succeeded and is not likely to succeed, this amendment is the only feasible way to make certain that taxes owed on interest and dividends are paid.

Commissioner of Internal Revenue David Alexander is strongly in favor of withholding on interest and dividends. The IRS has simply not had the resources for matching tax returns with the interest and dividend information provided on the 1099 form. As a result, even though it is theoretically possible to check on tax avoidance, it has proved to be impossible as a practical matter.

In testimony before the Finance Committee earlier this year, Commissioner Alexander gave eloquent reasons why the document matching program, even though it has been in effect since 1962, is not a substitute for withholding of taxes due on interest and dividends. According to the Commissioner, more than 400 million total reports require such matching. The anticipated costs of this effort would be in excess of $140 million. Even though these funds have been requested, Congress has not seen fit to make them available during any one of the last 14 years since 1962 when the information has been available. Mr. Alexander states that the document matching program is not an alternative to the withholding of taxes due on interest and dividends.

Mr. President, we in the United States have reason to be proud of our income tax laws and their administration. The fact that we are allowing massive evasions of these laws is a threat to the entire system. It is particularly ironic that much tax on interest income which is being evaded comes from interest paid on securities of the U.S. Treasury. Mr. Alexander stated, and I quote:

> We don't think that bearer instruments of the U.S. Treasury or anybody else should be issued for the benefit of tax evaders or should be tax exempt by failure to report.

Mr. President, this idea is not unique. Withholding on interest and dividends passed the House of Representatives in 1942, 1950–51, and 1962. Also it was seriously considered in the Senate in the 1962 Tax Act. At that time, many of the difficulties involved in withholding on interest and dividends were examined, discussed, and debated. Some of the more important concerns then, especially in the recordkeeping area, are of much less concern today, because of the technological advances of computers and the wide general use of this technology.

Nonetheless, there still remain important questions which have to be faced. One of the most serious of these is the problem of overwithholding; that is, withholding from persons and organizations more than their end-of-year tax liability would require. In the case of individuals, this overwithholding problem is dealt with by having such individuals file an exemption certificate—as executed by section 3402(Q)—that the amendment adds to the Internal Revenue Code.

Mr. PASTORE. Will the Senator yield for a question?

Mr. BELLMON. May I say one thing further, and then I shall answer the Senator.

Mr. PASTORE. Yes.

Mr. BELLMON. On every Senator's desk is a copy of W-4-E, which is an exemption form withholding of Federal income tax. This is the form distributed by the IRS to cover the tax year 1976.

This is not precisely the form to be used under this bill, but a form very similar to this will be circulated so taxpayers who have no liability will be able to sign the form, and withholding will not be undertaken against their account.

Mr. PASTORE. I understand the amendment is all-encompassing, it applies to interest as well as dividends.

Mr. BELLMON. Correct.

Mr. PASTORE. Do we have any figure, the Senator says the Government loses about $1.5 billion a year, is that correct?

Mr. BELLMON. The first year it will be about that and then each year after that, we gain.

Mr. PASTORE. Of that $1.5 billion, do we know how much of it applies to dividends as against interest?

Mr. BELLMON. The Senator from Rhode Island raises a good question. The best evidence we have is the testimony by Mr. Alexander and the Assistant Secretary of the Treasury, Mr. Goldstein.

In the Goldstein testimony, he says:

> While our program estimates the magnitude of such underreporting is subject to considerable error, there may be as much as $1 billion on dividends and $7 billion on interest on which taxes are potentially due.

Mr. PASTORE. The Senator says most is in interest?

Mr. BELLMON. Seven billion dollars in interest and $1 billion in dividends, according to his estimate.

Mr. BEALL. Will the Senator yield?

Mr. BELLMON. Yes.

Mr. BEALL. On that point, does the Senator have any breakdown as to whether the $1.5 billion revenue gain is a gross or net figure; in other words, does the Treasury expect to gain $1.5 billion net or is it a gross figure in which there is a considerable amount of overpayment that will be returned to retired people and others who might be forced to pay a tax they do not owe?

Mr. BELLMON. The figure we had is from the IRS, and I must say that I do not know if it is net or gross—it is net.

Mr. BEALL. I do not understand how it is net since the Senator is talking about $8 billion in taxes and a 15-percent withholding rate which yields $1.2 billion.

Mr. BELLMON. But the first year there

is a doubling up because of acceleration of collections.

Mr. BEALL. But there must be some overcollection in there, otherwise, we would not need this form.

There are people who are not now paying taxes, but they owe them, and if we can raise $1.5 billion worth of revenue, that is something we would all like to see happen.

On the other hand, I am wondering who is being burdened by this. It seems to me that most of the big taxpayers in the country are people who get large amounts of interest and dividends and probably are paying their taxes on them. The people who may not be paying taxes on interest and dividends are a lot of retired people, senior citizens, who have small savings tucked away somewhere and who may have taxes withheld under this amendment, only to have the Government refund them later. Does the Senator have any information as to how many of these people are involved?

Mr. BELLMON. Under the terms of the amendment, those who did not owe would not have to pay. But the figures I am giving are the figures that have been used by Mr. Alexander.

Mr. BEALL. But inevitably they do collect taxes from people who do not owe, because otherwise we would not have to provide for people who opt out of the system. I am wondering how much sophistication a taxpayer needs to know that he has to fill out this form to opt out. With whom does he file, the IRS or the institution paying the interest?

Mr. BELLMON. He would file with the institution authorized to withhold and then the form, as I understand, would be sent by the institution to the IRS. This is the most simple form than can be managed. It simply has the name and address and then a signature saying that they certify that no liability for Federal income tax is justified. So there is nothing to the form. No sophistication is required.

Mr. BEALL. But they would have to know in advance of the tax year that they will not owe tax for that year before they can fill out the form, is that correct?

Mr. BELLMON. The form that I have here is not precisely the one that will be promulgated by Treasury. This is the one that is being used now. But the Commissioner of the Internal Revenue Service has assured me that the form they will send out will be similar to this. It simply says that they had no liability for Federal income tax for 1975 and anticipate that they will incur no liability for fiscal 1976.

Mr. BEALL. Back briefly to the original part of my question. Although the IRS identifies $8 billion of income on which no taxes are collected, they have not been able or have not been asked to identify the type of taxpayer that owes this tax. Is that what the Senator says?

Mr. BELLMON. If the Senator will yield, I do not believe there is any way to figure that out.

Mr. BEALL. Could they sample the 1099 forms to determine the kind of taxpayer from the 1099?

Mr. BELLMON. It might be possible, but so far as I know, it has not been done.

Mr. President, I have only 7 minutes remaining.

Mr. RIBICOFF. Will the Senator yield?

Mr. BELLMON. I yield.

Mr. RIBICOFF. Mr. Alexander pointed out that this problem is so vast that it is almost impossible to cross reference the 1099 form with every 1040 form filed by taxpayers. As a consequence, there is substantial tax avoidance amounting to an estimated $1.5 billion in lost tax receipts annually.

Given these facts we must impose a withholding tax on dividends and interest in order to preserve the integrity of our tax system. Tax evasion of this magnitude cannot be tolerated.

As to the question of how would people who have no tax liability know about it, believe me, people who do not have to pay a tax will know very fast. All they have to do is sign a simple statement to avoid having any withholding of dividends and interest.

And when it comes to our senior citizens, I find there is no group better informed. They have their senior citizen centers and clubs where information is given to them. They subscribe to various periodicals which point out where they can get benefits for themselves, whether it is in the health field or the tax field.

In short, this amendment will not adversely affect the poor and the elderly.

I commend the distinguished Senator from Oklahoma and I associate myself with him. It is a most important amendment. It gives us an opportunity of not levying a new tax but making sure that taxes which are due and owing and for which there has been widespread avoidance are collected by the Internal Revenue Service. I would hope that this provision would have widespread acceptance in this body.

Mr. LONG. Will the Senator yield?

Mr. BELLMON. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Oklahoma has 5 minutes remaining.

Mr. BELLMON. It is in the interest of both the withholder and the taxpayer that such an exemption certificate be filed. In the case of organizations and securities which are tax-exempt, the amendment specifically excludes any withholding relative to such organizations and securities.

Form 1099, which is used for reporting interest and dividends of $10 or more, is amended to report withholding. Consequently, there is no withholding on interest and dividends of less than $10, except as the Secretary requires.

The amendment also directs the Secretary to establish the mode and timing of the withholding. The variety, complexity, and constantly evolving forms of financial assets necessitate flexibility in collecting and withholding.

As has been said, the matter has been considered by the Congress many times. In addition, at least seven other countries presently withhold taxes due on interest or dividends or both. These countries include France, Germany, the United Kingdom, Japan, Italy, the Netherlands, and Mexico. Citizens of those countries have accepted these procedures and there is reason to expect that such acceptance will quickly develop here.

As was mentioned earlier in this statement, Assistant Secretary of the Treasury Goldstein, testifying on the same day as Commissioner Alexander, stated that—

> While our present estimate of the magnitude of such non-reporting (taxes due on interest and dividend income) is subject to considerable error, there may be as much as $1 billion of dividends and $7 billion of interest on which tax is potentially due. The amount due would be in the order of $1.5 billion.

He further testified that—

> . . . it is an outrage that numbers of taxpayers are in this manner failing to pay their fair share of tax. Such conduct diminishes public respect for the operation of the tax system and could indeed jeopardize our voluntary system of compliance.

Mr. President, Secretary Goldstein tells it like it is. The Congress would be wise to follow his counsel and adopt amendment 1910.

Mr. President, I ask unanimous consent to have printed in the Record a letter dated June 26, 1976, to Dr. Laurence N. Woodworth from Donald C. Alexander, and a summary of amendment 1910.

There being no objection, the material was ordered to be printed in the Record, as follows:

INTERNAL REVENUE SERVICE,
Washington, D.C., June 29, 1976.

DR. LAURENCE N. WOODWORTH,
Chief of Staff, Joint Committee on Internal Revenue Taxation, Longworth House Office Building, Washington, D.C.

DEAR DR. WOODWORTH: At your request I have been asked to comment, from an administrative point of view, on two facets of the proposal to withhold tax on dividend and interest income.

First, I am confident that any administrative problems involved in avoiding serious overwithholding of tax on dividends and interest can be dealt with in a reasonably satisfactory manner. We would hope that the legislation would authorize us to adopt reasonable measures to meet these problems.

Secondly, if the authorizing withholding legislation is enacted by no later than September 1, 1976, I believe that the Service can undertake the necessary implementation measures that would be required to withhold tax on amounts paid after December 31, 1976. If the legislation were to provide appropriate regulation authority, the Service could provide short term (e.g., six months) transition rules for organizations making interest payments which are not now subject to information reporting.

With kind regards,

Sincerely,

DONALD C. ALEXANDER,
Commissioner.

SUMMARY OF AMENDMENT 1910

1. Amendment provides for withholding on interest and dividends in the amount of 15 percent of such payments.

2. Exemption from withholding by use of exemption certificates is provided for persons who certify they have no liability for income tax in the preceding year and expect no income tax liability in the current year.

3. Interest subject to withholding includes*

a. Interest paid by corporations on all evidences of indebtedness,

b. Interest on deposits at banks, savings and loans, and credit unions,

c. Interest on obligations of the U.S. and

d. Interest on deposits held by insurance companies and stockbrokers.

4. Organizations and securities not subject to federal tax are exempt from the withholding requirement.

5. Dividends subject to withholding include all dividends paid by corporations except as such payments are between members of an affiliated group or involve a foreign corporation.

6. The Secretary of the Treasury establishes the mode and timing of the withholding payments. This provision recognizes the need for flexibility in withholding due to the variety, complexity and constantly evolving types of financial assets to which their amendment applies.

7. The effective date of the amendment is January 1, 1977.

Revenue increases from amendment 1910

Fiscal year:	*Billions*
1977	$1.65
1978	.77
1979	.86
1980	.93
1981	1.07

Source: Joint Committee on Internal Revenue Taxation.

Mr. BELLMON. I yield to the Senator from Louisiana.

Mr. LONG. In 1962 the House passed a proposal very similar to what the Senator is proposing here. President Kennedy worked very hard to try to get us to agree to that. I was one who held out against it and would not support it at that time because it seemed to place a very heavy burden on the banks to do all the bookkeeping and handle this. I have had friends who are in the banking business tell me that with these new computers, and they say it confidentially—they are part of a fraternity and want to work together—it is really not much of an administrative problem at all. It would be very easy for the banks to comply with this withholding.

Furthermore, they have perfected the techniques to be used. Here is a situation where literally millions, perhaps 5 million and maybe even more, of taxpayers are successfully avoiding paying their taxes on interest and dividend income to the Government. As the Senator said, it is not a matter of closing a loophole, but this is just a matter of catching tax cheaters. When we let as many as 5 million taxpayers chisel and cheat on the Government it is bad for taxpayers' morale. People feel they can cheat on their taxes and get away with it. So I would hope the amendment would be agreed to.

We have been under pressure to pick up some revenue to pay for the tax cut in the bill. We have had some pretty bitter fights about this. At least for the time being, if the amendment were agreed to, that would make the controversy over the budget item moot because we would have enough revenue where we would not have to argue any further about that for the time being.

All of us agree that we do not want any more chiseling or cheating on taxes than we can prevent. The Commissioner of Internal Revenue thinks that this could be administered very well. I have a letter from him saying so. He said if we have this passed by September 1, he is satisfied that this could be very well administered starting at the beginning of 1977.

President Kennedy's administration was satisfied that this could be administered very well, even when we did not have the sophisticated computers that we have now.

So I shall support the Senator's amendment.

As a matter of fact, I would have probably offered an amendment in the committee to achieve the same results except that as a member of the Finance Committee I knew that although I had had a change of heart with regard to this item, and in view of recent developments in the computer areas, that is not true of a majority of the members of the committee. It probably would not have prevailed in the committee. In fact, I am confident it would not have. I am happy the Senator offered the amendment and I hope the Senate will agree to it.

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. BELLMON. I would like to reserve some of my time in case someone on this side has some questions.

Mr. HARRY F. BYRD, JR. I would like to ask a few questions with regard to the amendment so we will know what the amendment does or does not do.

Mr. CURTIS. Mr. President, how much time do I have in opposition?

The **PRESIDING OFFICER.** The Senator from Nebraska has 30 minutes.

Mr. CURTIS. Mr. President, I yield myself 5 minutes.

Just how much revenue will come in if this becomes law is a little bit unclear to me. I am sure that many times when we make these changes there is quite a pickup of revenue at the start.

I shall vote against this amendment. My one basic reason is that while this was mentioned in the hearings, it was largely a presentation of the Government. I feel that before we place such a broad burden upon savings and loans, country banks, corporations of all kinds, to collect taxes, they ought to have their day in court.

Others may disagree on that, but that happens to be a policy that I have tried to follow as a member of the committee that must recommend taxes to this body.

I would like to ask, on my time, the chief author of the amendment a question, in order that we might have his answer for the RECORD.

Does this proposal call for withholding against colleges and other nonprofit institutions that are exempt from taxes?

Mr. BELLMON. The answer is no, and I would like to cite the section of the amendment that sets out that provision. It is on page 2, paragraph (c), exempt organizations, line 13:

> This section shall not apply to any governmental unit or other organization exempt from tax under this chapter.

Mr. CURTIS. I thank the Senator. I would like to have the attention also of the sponsors of this measure, because it will be my purpose to ask unanimous consent to offer an amendment—I have copies of it which I shall distribute a little bit later—relating to intercorporate payments. Here is one corporation affiliated with another; are they to withhold? The purpose of the withholding, I take it, is to prevent an escape of taxation, and that would hardly serve any purpose here.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. BELLMON. I call the Senator's attention to page 7, line 18, subparagraph (4), which says:

> . . . any amount paid by one corporation to another corporation, if both corporations are members of the same affiliated group which filed a consolidated return for the preceding taxable year of the affiliated group;

Mr. CURTIS. I am familiar with that section. The amendment I am offering will be just a little bit different; it will relate to transfers from one corporation to another. But I will make that statement later. I now yield 5 minutes to the Senator from Idaho (Mr. McCLURE) and then I will try to accommodate other Senators who have questions.

Mr. McCLURE. I thank the Senator from Nebraska.

Mr. President, I reluctantly rise in opposition to this amendment, because I believe that while on the face of it it seems to have a great deal of merit in trying to catch tax evaders, on closer examination it may well not do what it should have done, and may impose a burden on a great many taxpayers who do not evade taxes, in trying to catch those who do not pay taxes.

Mr. BELLMON. Mr. President, will the Senator yield? In what respect will it impose such a burden?

Mr. McCLURE. Mr. President, I am sorry, I do not have time to yield. If the Senator will ask the question later on his own time, I will try to accommodate the Senator.

What we are doing is burdening one very large class of taxpayers in order to get at another class of taxpayers, a very small group who seek to evade the payment of taxes, to correct an inequity on the part of the latter group.

As to the revenue to be gained, this amendment would simply provide for the prepayment of taxes that would otherwise be paid at the end of the year. It might help us in the revenue year, but it merely overstates our revenue, so that the budgetary impact next year will be greater.

In the second place, there will be no withholding of the accrued interest, so that the anticipated revenue is overstated by the amount of interest which is accured but not paid within the period contemplated by the amendment.

The third point is as to whether it will get as much money in as anticipated. The amendment says the taxes will be withheld at the rate of 15 percent. What about those whose taxes are at a rate greater than 15 percent, rather than less than 15 percent? Will they not be encouraged to allow the withholding to stand, and never report it? In that case, they will actually pay less taxes than they should, rather than more taxes, and we may be involving ourselves in a larger rather than a smaller problem.

I would also like to mention this. You

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*Interest on loan transactions between private parties is excluded from withholding.

know, we are supposed to be simplifying our tax forms, to make them more understandable for the common person. If we come out with another exemption for them to trot all around town and fill out forms on, I am sure we can hire good Federal officials to go around and help people fill out the various new forms they are supposed to be filling out; we already have officials for that, but are we going to add to that the burden of assisting the layman with the problem of struggling with another new form? In that case, I think we will add not only to the cost, but to the burden insofar as the tax form itself is concerned.

Mr. President, I think the administrative cost of all this will be much more than the proponents are willing to admit. Why is it that the IRS has been trying to get funds to do this for 14 years? They have been trying for 14 years to get the money to carry out a program something like this. And what of the 1099 form? This amendment does not require that the 1099 be abolished. We are only going to add to the 4 million form 1099's filed each year the burden of a whole bunch more forms.

The proponents say there is no real burden; the computers can handle all this. But, on the other hand, they say the Government computers cannot handle it. They have all the material, all the information from the 4 million 1099 forms, and the Government computers cannot handle that, but someone on the other side will have no trouble at all handling it. The logic of that somehow escapes me.

If we do have a problem of uncollected taxes, let us plug that loophole. Let us get in and match up those who have dividend or interest income upon which they ought to be paying taxes, and provide the IRS with the ability to match up those numbers that they say they cannot match up, that the only witness who testified on this matter said they were having trouble doing. Let us give them the opportunity to match up the numbers, and not burden all the rest of the taxpayers of this country with a reporting and exemption requirement that is not theirs.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. McCLURE. I am sorry; I am out of time. If the Senator has some time and will yield it, I will be glad to respond.

It seems to me, in an effort to get at this problem, we are doing what we find it expedient to do; instead of finding a way for the Government to do the Government's job, we put the burden upon the taxpayers, upon the industry that pays the interest and creates the interest, and upon the industry that creates the base out of which the dividends are paid. The Government is creating the problem, and it represents a failure on the Government's part, rather than the part of the taxpayers.

Mr. CURTIS. Mr. President, I yield 4 minutes to the Senator from Tennessee (Mr. BROCK).

Mr. BROCK. Mr. President, I would like to ask the sponsor of the amendment a couple of questions about a modification which I proposed and he accepted. First I wish to explain my gratitude for his accepting the modification, because I think it is essential that we keep this from becoming what the Senator from Idaho suggested, a burden to the small income group, the small banks, and the small savings and loan institutions. I do not think that is the intention of the amendment; I know it is not my intention.

Mr. BELLMON. It is not.

Mr. BROCK. That modification provides a $10 exemption from the amount to be withheld, as I understand, on an annual basis; so if you had approximately $70, or $68, thereabouts, in annual interest receipts, if you had less than that, at the 15-percent rate, you would be exempted from the accounting; is that right?

Mr. BELLMON. Will the Senator state his question again? I lost the thread.

Mr. BROCK. What I am trying to do is exempt the small recipient and the small account from this enormous paperwork burden, and in fact a financial burden to the widow and the small stockholder.

We now have an exemption for dividends of $200 for a family.

Mr. BELLMON. Right.

Mr. BROCK. This is less than that, and frankly I had hoped we could do more; but the $10 exemption would affect this sort of situation: If you had a savings and loan account of about $1,000, and you were drawing interest at 5 percent, that is $50 a year.

The amount of tax to be withheld at 15 percent would be $7.50. That obviously means that it cost us more to pay the withholding than we would be getting in the Government, and that is ridiculous. Society has to pay these costs somehow.

What I tried to do is suggest the minimum withholding be $10, and this person would be exempt and the savings and loan would be exempt in that illustration; is that correct?

Mr. BELLMON. That is right.

Mr. BROCK. I very much appreciate that. I think it is tremendously important that we apply this law to those cases where the abuses potentially would occur and not penalize those people who have these small amounts of income or burden the smaller institutions with this kind of paperwork which would be, in my opinion, counterproductive.

Mr. BELLMON. I appreciate the Senator making the point.

Mr. CURTIS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 18 minutes remaining.

Mr. CURTIS. I yield 5 minutes to the distinguished Senator from Hawaii (Mr. FONG).

Mr. FONG. Mr. President, the IRS now is receiving year-end reports from savings and loan associations, from banks, from building and loan associations, from homestead associations, from insurance companies and stockbrokers on interest on deposits they hold and from other organizations and people who pay interest. The IRS now is also receiving reports of dividends that are paid to individuals. The IRS has tremendous computer capability.

To require that the computation of the tax deduction, the making of the deduction and the reporting of the deduction be done by small savings and loan associations, small banks, and small finance companies is really putting a tremendous burden on them. This is going to be very costly to them.

Many of the depositors in these banks, savings and loan associations, and finance companies are very small depositors. Take, for example, a man who has $500 deposited there, which is considered average, and he gets interest of 5 percent, it is $25. If we take 15 percent of that it is $3.75.

Now, certainly, it will cost the bank, the savings and loan association, or the finance company more than $3.75 just to do the mechanical work on these accounts. It will cost certainly that amount of money at the IRS to really administer this account. So from that standpoint, I think that this is a very bad amendment in that it is putting a tremendous burden upon the small building and loan associations, small banks, and small finance companies.

We always look at things from the standpoint of the Government. Why can we not sometimes look at it from the standpoint of the businessman, the man who has already been burdened with so very many Federal regulations? Now we are trying to make him a collector for the IRS. As I understand, the Treasury Department does not want this. The Treasury Department is at odds with the IRS as to whether this should go through.

Besides, no Senate committee has held hearings on this subject of withholding of taxes on interest and dividends. I believe that all of these banks, the small banks, the building and loan associations, the finance companies and the business community should be given an opportunity to be heard on this innovative way of collecting taxes on interest and dividends. This is a big thing to them. It may be a small thing to us. It is so easy for us to say, "Take 10 percent or 15 percent and send it to the Federal Treasury." But to these small companies that are really not making too much profit, this is a tremendous burden on them, and I think they should be given "a day in court" as to what this is going to mean to them.

Then too, we should consider what effect this additional work will have on the amount of dividends and interest companies will be able to pay. The cost of computing each person's interest or dividends will have to come from someplace. I suggest to you it will come out of the profits. So, it will reduce the amount of interest or dividends the recipient will receive.

Furthermore, where a bank compounds interest, it is compounded upon the deposit and the interest that is allowed to accumulate by the depositor. If the amount of interest credited to each depositor's account is reduced by the amount of the taxes to be withheld, the amount of the compound interest will be that much less. Surely, it is obvious that would affect the little man with less economic know-how who is interested in keeping his few funds safely on deposit in various banks, savings and loan associations, building and loan associations, mutual savings banks, et cetera. The aged, the widow whose security is at stake, the young person saving to go into business—these are the last persons we wish to hurt.

This amendment is bad. It would affect most the part of our population least able to afford to earn less compound interest or defer receipt of all their income, which will only be returned to them when they get a tax refund for the amounts in excess of their actual tax liability.

This is going to require many changes in our tax forms to provide for credits for the taxes withheld on interest, on dividends and for refunds due the taxpayer. That will further complicate our tax forms.

As I mentioned, there will be refunds. Many of our people will not be subject to tax or too much will be withheld. Therefore, refunds will be made. That will be costly to the administration.

What about dividends? There is a $100 dividend exclusion. How does a company know that a person has more than $100 in dividends? If the company withholds a certain amount from every dividend check, there will be countless people who will be entitled to a return of taxes withheld on dividends at the end of the year. This will cause a lot of work for the IRS people.

Besides, the forms will have to be changed to show there has been a withholding of so much for interest, a withholding of so much for dividends, a withholding of so much for salaries. I think this is going to be something which the IRS is going to rue. More work for IRS, and no clear showing of their ability to do it or what the net result will be insofar as how much added revenue will actually result from all this work.

Our taxpayers are honest people. There are a few who probably have neglected to pay their taxes on interest or dividends, but it is not the duty, province, or obligation of the man who pays interest or dividends to be collecting money for the IRS. IRS should be there to do its job. If it has not enough people, we should see that it has enough people to do the job. Of the tax returns filed with IRS, there only are a very small portion being audited. The reason we are given is that IRS has not the personnel to do this work. Now, we are going to pile this extra amount of work on the IRS and add to the forms to be filed and the refunds to be made. IRS will be in more trouble. IRS will not have the capacity to make the refunds or to process these forms.

So, for all these reasons, Mr. President, I think that this amendment is a very bad amendment and should be defeated.

Mr. CURTIS. Mr. President, I yield 3 minutes to the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, first, I wish to say that the Senator from Oklahoma has an appealing amendment. Certainly, everyone in Congress wants to take whatever reasonable steps can be taken to see that taxpayers pay their just taxes.

Second, I think it is unfortunate that an amendment of this magnitude is being considered under a 1-hour time limitation, with each Senator limited to only several minutes.

It raises many questions in my mind. I cannot decide how I shall vote on the pending amendment.

For example, who will police the exemption certificates? Will the exemption certificates be policed by the IRS? They cannot even police now, they say, the forms that they are receiving. If, on the other hand, they must be policed by the financial institutions, how is that going to be a practical thing to do?

Another thought that comes to mind is that if we take the State of Virginia, it would mean that the savings and loan institutions would need to withhold on more than 1 million individual savings accounts, whereas as of today, they are withholding only on a very relatively few number of employees.

So certainly that is going to increase the cost of doing business.

Who is going to pay for that? Will that be added to the cost of the homeowner? Is the homeowner going to be charged with that? It is already very difficult for a young couple now, or for anyone, to build or buy a new home.

Another thought that comes to mind is, if this proposal goes into effect, will that drive persons out of the savings and loan institutions and into Government bonds, municipal or State bonds or Federal Government bonds?

Another thought that comes to mind is what about the loss of compound interest which the financial institutions give to the individual saver, the men and women who are saving their funds? Certainly they would lose a certain part of that, I would think.

Now these are only a few questions that come to mind while listening to the debate. The ramifications are many. I do not now know how I am going to vote on the amendment but it seems to me there are a lot of unanswered questions. To handle this matter in an hour makes it very difficult for many of us to make a decision and in the absence of good answers, my general policy is to vote "No."

Mr. BELLMON. Mr. President, if the Senator will yield, I wish to respond to part of it.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. CURTIS. Mr. President, I wish to ask the sponsors of the bill if they have had an opportunity to examine the proposed amendment that I gave in reference to intercorporate dividends.

Mr. BELLMON. In response to the distinguished Senator from Nebraska, I have examined the amendment, and I believe it has merit.

Mr. CURTIS. Due to the parliamentary situation it would be most helpful if the Senator would ask to modify his amendment, incorporating that, and I would yield to him for that purpose.

UNPRINTED AMENDMENT NO. 149

Mr. BELLMON. Mr. President, I ask unanimous consent that the amendment suggested by the Senator from Nebraska be accepted as a modification to amendment 1910.

Mr. BEALL. Mr. President, reserving the right to object, are we going to get some enlightenment as to the nature of the amendment before the unanimous-consent request is granted?

Mr. CURTIS. I do not believe unanimous consent is necessary.

The PRESIDING OFFICER. The Chair is of the opinion that unanimous consent is required, in view of the time limitation imposed by unanimous consent on the amendment.

Mr. BEALL. I reserve the right to object, pending an explanation of the amendment.

Mr. CURTIS. The amendment provides that intercorporate dividends from one corporation to the other are not subject to this.

The PRESIDING OFFICER. Is there objection to the modification of the amendment? The Chair hears none, and it is so amended.

The modification amendment is as follows:

On page 7 of Amendment No. 1910, as modified, starting on line 18 strike all through 22, and insert in lieu thereof the following:

"(4) any amount paid by one corporation to another corporation;"

Mr. CURTIS. Mr. President, I yield 2 minutes to distinguished Senator from Kansas (Mr. DOLE).

Mr. DOLE. Mr. President, I should like to ask the chief sponsor of the amendment, the distinguished Senator from Oklahoma, one or two questions with respect to the exemption certificates.

With respect to the exemption certificates, will these certificates last over the course of several taxable years; or will it be necessary for individuals, mutual funds, and others to reapply for the exemption each year?

Mr. BELLMON. Mr. President, I am not sure I can give an authoritative answer to the question. I have discussed the matter with the present Commissioner of Internal Revenue, Mr. Alexander. He has told me that it is his intention to make the exemption process as simple as possible and to make it as light a burden as possible on the taxpayer. That would be every year. I am not sure that would be with respect to taxes due on dividends.

Mr. DOLE. Do we have any idea of the number of individuals, or mutual funds, or whoever, might be seeking an exemption on a year's basis?

Mr. BELLMON. I say to the Senator that I have no statistics on that question.

Mr. DOLE. I am sympathetic with the amendment and intend to vote for it for a number of reasons, but there have been a great many phone calls coming in from around the country indicating that it is going to require a great deal of work and extra cost for those who will be engaged in withholding it. I assume that the question has been answered before, but I wish the Senator could respond to the question briefly.

Mr. BELLMON. The amendment gives considerable flexibility to the Secretary of the Treasury and the Internal Revenue Service as to how these taxes are collected and as to when the amounts withheld will be paid to the Federal Treasury. It is my anticipation that a bank or savings and loan or any other holder would be allowed to keep funds that it withheld on deposit and earned income from that source to compensate them for the additional expense of withholding it. I do not think this will be a burden on the institutions that will be withholding the taxes due from recipients on interest and dividends.

Mr. DOLE. I thank the distinguished Senator from Oklahoma.

Mr. CURTIS. Mr. President, I yield myself 2 minutes.

In addition to the fact that the banks, savings and loan institutions, and corporations do not have their day in court, I also point out that what this will amount to in some instances is a free use of citizens' money by the Government.

Take the case of a widow over 65 whose sole income is her nontaxable social security and an insurance check of $3,000. She is not liable for any tax. Particularly the first year when this goes into effect, it may very likely be that a number of such people will not be informed so that they can file a request for no withholding. It will mean that money will be taken out of her interest check and used by the Government. At the end of the year, she will have to file a tax return, which she is not required to do otherwise, and ask for a refund. I admit that she has a right to file an application for exemption, but that information will not get around the country to everybody in the manner it should.

Mr. President, I yield 3 minutes to the distinguished Senator from Ohio (Mr. TAFT).

Mr. TAFT. Mr. President, I appreciate the distinguished Senator yielding to me.

I oppose this amendment, which I think would impose a great paperwork burden upon the people of the United States in a way that is not necessary at all to achieve the purpose. I believe that by a slight additional appropriation to the Internal Revenue Service, we could give the Internal Revenue Service the wherewithal to use its current reporting processes with a form 1099, with computers that are available to get the information they need, without imposing this undue paperwork burden.

We are now considering an amendment which would require that Federal taxes be withheld from dividend checks and interest payments. I am reminded by this of nothing so much as, "oh what a tangled web we weave when first we practice to deceive."

For a number of years, we have been requiring corporations and banks to report annually to the Internal Revenue Service the dividend and interest payments they have been making to their shareholders and depositors. The rationale behind this is that by requiring this reporting, the IRS will have a way of checking up on the shareholders and depositors to see if they are declaring their dividends and interest on their income tax returns. Thus, depositors and shareholders will report these sums, and pay taxes on them.

It has not worked out.

The IRS was deluged with some 435 millions of pieces of paper which it is totally unequipped to handle. The information is certainly there. We have the amounts, the social security number of the taxpayer, and the computers. But we do not have the technicians to man the computers, to feed in the information, to cross check them with the tax returns, and to report discrepancies. Furthermore, this has recently become public knowledge.

I have here some articles from some of the Nation's leading newspapers. Let me just read a few of the headlines: From the Washington Post of April 13, "IRS's Laxity Held Costly to All." From the Los Angeles Times of April 13, "IRS Admits It Ignores Most Dividend, Interest Reports." And on the same day, the CBS Morning News reported that the IRS loses about half a billion dollars a year in unreported interest and dividends, and cannot do a thing about it.

These news reports were based on the testimony of Commissioner Alexander of the IRS before the House Government Operations Subcommittee on Commerce, Consumer, and Monetary Affairs. I ask unanimous consent that this April 12 testimony be printed in the RECORD, along with the newspaper articles to which I have referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF DONALD C. ALEXANDER

Mr. Chairman and members of the Subcommittee: I would like to start off this morning by reviewing briefly for you the efforts the Service has made over the past several years to match information documents (such as Forms W-2, 1099, etc.) with corresponding tax return data. Then I will try to give you some idea of the cost and benefits of the options available to us today as well as some of the problems we have before us in trying to establish a comprehensive program of matching all of the documents we receive.

Before the existence of our automated data processing systems, information documents such as reports of payments of interest and dividends were sorted and matched manually on a sample basis. Then, as now, the purpose was to increase the taxpayers' confidence in the Service's ability to enforce the tax laws equitably, and thereby foster a high degree of voluntary compliance.

LEGISLATIVE HISTORY

In 1962, the Treasury Department in the Kennedy Administration unsuccessfully sought legislation to require withholding on interest, dividends, and patronage dividends. It was believed that withholding would substantially narrow the gap in the reporting of such income, which according to a Treasury Department study had amounted to $1.1 billion for dividends and $3 billion for interest received in 1961. The House-passed version of what eventually emerged as the Revenue Act of 1962 included a provision to require withholding at the rate of 20 per cent on interest, dividends, and patronage dividends; subject, however, to certain exemptions, special credits, and quarterly refunds to alleviate hardships. The tax withheld was to have been allowed as a credit against income tax. The various relief provisions added during Congressional consideration of the proposal would have made its administration extremely difficult.

The Senate eliminated the withholding features from the bill and the Revenue Act of 1962, as ultimately enacted, expanded the information reporting requirements covering these payments on the rationale that the Service should rely on its newly acquired computer capability and attempt to close the reporting gap through information document matching programs rather than through a system of withholding at the source. Accordingly, reporting was required for payments of interest and dividends as small as $10, payers were required to furnish copies of the information documents (or similar statements) to payees, and the range of penalties for failure to comply with these reporting requirements was significantly increased.

EARLY IMPLEMENTING ACTIONS

Upon enactment of the strengthened reporting provisions, the Service promptly began actions on several fronts designed to make possible eventual large scale computer based utilization of the restructured information documents for enforcement purposes. We effected several changes in the design and content of the tax return and information return forms to facilitate the matching process. We prescribed changes in the physical appearance of Forms W-2, 1099, and 1087 to render them amenable to eventual optical scanning, which to date has not proved an economically viable alternative to key entry and vertification. We encouraged magnetic tape reporting by payers, and persuaded the Department of Agriculture to begin furnishing to us annual payment data on 2.4 million farmers in compatible tape form. We also undertook negotiations with other Government agencies to secure similar reports on other types of payments.

The new requirements, with their far reaching impact on the operations and equipment resources of the business and financial community presented a variety of problems that could not be anticipated prior to the enactment of the law and promulgation of the regulations. In fact, it took several years and considerable technical activity (three changes in the regulations, 54 revenue rulings, and 37 technical information releases between 1962 and 1966) to work out solutions to the major problems facing the payer community.

Recognizing the need for an effective enforcement mechanism to make use of the information documents filed under the new rules, the Service began immediately upon enactment of the Revenue Act of 1962 to develop a comprehensive program involving the large scale processing of information returns and concerted enforcement followup on delinquent taxpayers. The "drawing board" phase of this effort was completed by the spring of 1963, and a modest field test utilizing Tax Year 1962 documents was undertaken during the latter part of 1963 in the Southeast Region, which was our pilot and at that time our only ADP installation. This test was followed by gradually enlarged programs covering Tax Years 1963 and 1964. Of course, full-scale nationwide processing of information returns could not have been implemented prior to 1967, which was the first year our computerized master file of individual income returns became operational for the whole country.

SYSTEMIC PROBLEMS IMPEDING EFFECTIVE MATCHING

Our ambitious plans for a comprehensive nationwide matching program to be instituted by the end of the decade were interrupted by several developments. First, we found that in spite of extensive publicity campaigns and public relation efforts, more than 20 per cent of the information documents filed during the mid 1960's were filed without payee identifying numbers (TIN) and that a large portion of these filed with such numbers were incorrect or inconsistent with the TIN appearing in our master files for that taxpayer. The absence of a TIN or an incorrect TIN on an information document selected for matching requires costly and time consuming searches or correspondence with the taxpayer to perfect the document. Other systemic problems causing difficulties included: (1) immunity from information reporting of certain categories of interest and dividend payments; (2) income allocations and uncertainties involving joint and multiple ownership situations; (3) name changes and other surname uncertainties.

Translating these problems into operational results, we found in processing Tax Year 1964 documents that only 1 out of every 17 cases identified as apparent non-filers and 1 out of every 7 cases identified as apparent underreporters by the computer matching process resulted in determinations of additional tax due. In short, we were forced to conclude that the costs of perfecting and processing the documents for input into the computer were exhorbitant, that the technical and systemic problems impeding accurate and reliable matching were formidable, and that such cases as were identified for audit examination were much less productive than other types of cases assigned for examination. In view of these considerations and the tight budgetary constraints facing us in the late 1960's, the Service decided that large scale processing of information returns under the given circumstances could not be justified. Accordingly, it was deceided to shift emphasis to research and developmental efforts designed to solve or ameliorate the various problems identified.

COMPLIANCE MEASUREMENT PROGRAMS

In the meantime, we were carefully monitoring taxpayer compliance in the reporting of interest and dividend income. According to IRS studies conducted during the early 1960's voluntary compliance improved markedly after the enactment of the strengthened information reporting provisions. Thus, reportable dividends correctly reported on timely filed individual income tax returns increased from 95 per cent in 1960 to 98 per cent in 1963, while during the same period interest correctly reported increased from 91 per cent to 95 percent.

The sudden improvement experienced for 1963 appears to have retained its momentum and the high compliance levels continued through at least 1969. Our taxpayer Compliance Measurement Program (TCMP) covering calendar year 1969 individual income tax returns filed indicates (to the degree that a high quality audit can determine) that 97.5 per cent of all reportable dividends and 96.3 per cent of all reportable interest were reported correctly. A similar study covering 1973 individual income tax returns is under way and will yield more current figures respecting compliance in the interest and dividend area.

RECENT OPERATIONAL PROGRAMS

The biggest single investment of resources needed to accomplish a full-scale information returns matching program is the staff needed to translate paper documents into machine sensible form and to perfect these records. Over two years ago, realizing the inadequacy of resources for the matching program, the Service sought and received in FY 1975 an additional 790 ADP average positions to begin a three year phase-in period for a special Information Returns Program (IRP). We hoped at that time to have a fully operational program in FY 1977. It is useful, I believe, to review some of the testimony of that time.

TESTIMONY OF MARCH 26, 1974

Mr. ALEXANDER. A heading of my statement is called "Information Returns Processing," and I think this is relevant to an earlier question by the committee. For more than 10 years we have recognized the need for and the potential of an information returns matching program. This goes to your point, Mr. Chairman, of making sure that people file returns.

Let's take a situation in which an individual receives a number of information documents because that individual received a substantial amount of income reported on those information doucuments, but the individual refuses to comply with his legal responsibility to file a tax return and pay tax.

Those information returns are submitted to the Service by employers and by payers of interest and dividends and other amounts, and they have been submitted for years. When the Service first went into the computer age back over 10 years ago, my predecessor, Mr. Caplin, announced that 1961–62 was the time to come clean because the information supplied by employers and payers of income amounts was going to be matched with the information on taxpayers' returns. If the match didn't come out right, the Service was going to do something about it. We have not been able to do that on any comprehensive basis.

Now, since those predictions were first made, we have done some work on a sampling basis, this work has been effective, and we are continuing this work at this time. But we would like to move into a full-scale effective program of matching information documents and information submitted on magnetic tape, with what is reported to us by the recipients of the income. We think that this is necessary. We think it is overdue.

Our plans call for a 3-year phase-in of a full-scale information returns program. For fiscal year 1975, Mr. Chairman, we are asking for only 790 additional automatic data processing positions to develop this program so that it can be put into effect later. We think think this is an essential complement to what we are doing now in both audit and collection to meet the problem that you mentioned.

Mr. ROBISON. If you would permit an observation here, this area concerns the chairman, and me, and other members of the subcommittee, and has for some time. Of course, really until our Appropriations Committee hearings become, generally speaking, "open," it was an area of concern that we rather soft pedaled, because our general thought and that of some of your predecessors, was that most taxpayers felt that the information returns which were coming into the Internal Revenue Service from their banks and corporate entities in which they owned stock, were being matched to their returns somewhere. I think there was the thought, once there came this flood of information returns, that the IRS knew what their income was so they ought to include all that income on their returns or they were in deep trobule. Now it is out in the open, really, that you have not had the capability, nor the capacity, to use those information returns as yet in the manner in which they were intended to be used.

I think you should try to reach this capability, or capacity, as soon as you can.

Mr. ALEXANDER. We are matching some, but only some.

Mr. ROBISON. That is the deterrent. The average taxpayer does not know which ones you are picking out but know they are all there somewhere. When you get to the point where you can match all of them, or an optimum number, then you have got the missing link in this system filled in.

Mr. ALEXANDER. We would like to fill in that missing link. We think it is an important link to fill.

Mr. STEED. When it comes to the dollars and cents of it, isn't it true that the companies, institutions, or corporations that pay out the most money of this sort, like dividends of the big corporations, are the best and most reliable at making these informational reports to you? When you start this matching, even though it won't be complete and perfect because all the information won't be sent to you, it still will be covering that spectrum of the taxpaying picture where the most money is involved and where there is the most likelihood of fraud, error, or oversight being detected; is that true?

Mr. ALEXANDER. Mr. Chairman, we intend to concentrate on those areas and we are going to start a plan to start with matching W–2's and moving into a full-scale program with 1099's in the following year. We have been using, and rather effectively, a sampling procedure here. We intend to continue with that.

In some areas with some companies like the ones you described, the compliance is very good, as it should be, and we trust it will stay that way. We will do our best to make this an effective program. From the cost-benefit standpoint, Mr. Chairman, we expect that this program, when implemented, will result in a number of additional refunds to people who deserve them but who have not applied for them. That is good because we don't want to collect $1 or retain $1 that a taxpayer does not owe. It will also result in additional revenues, however. On the basis of our estimates, we think that the Government will gain revenue by this. The taxpaying public will gain because of the point that was mentioned by the committee earlier: The many who do comply will be assured those who don't—those who are not filing returns when they should—will be called upon to do so.

END OF 1974 TESTIMONY

Developing a systematic approach toward the use of information documents has been a recurring theme in our budget testimony before our Appropriations Subcommittee. Mr. Steed, in discussion with former Commissioner Walters during our FY 1972 and FY 1973 budget hearings, emphasized that the Service should be doing more to use these documents to identify non-filers. During our FY 1974 hearings, Commissioner Walters stated it was the Service's hope to have 100 per cent document matching by 1976. In my own testimony before the Appropriations Subcommittee on March 26, 1974 in behalf of our FY 1975 budget, I described steps which were being taken to expand our efforts in this area. Unfortunately, FY 1976 restrictions on Federal expenditures, as I reported to the Subcommittee during our budget hearings for that year, did not allow us to continue the phased improvements in document matching we had planned.

For some time now, the IRS has been asking for the resources necessary for a compresensive system for processing information documents. In FY 1972 the Service had approximately 440 staff-years devoted to wage and information documents matching. For every fiscal year since that time the Service has recommended significant staff increases for Information Returns Processing—100 staff-years in FY 1973, 800 in FY 1974, 825 in FY 1975, and 2,900 in FY 1976. If you review our congressional budget submissions and our appropriations bills for these years, you will see that only in FY 1975 did we receive any of these increases. In that year, we received 790 additional staff-years. Notwithstanding problems in obtaining resources the Service is proposing to devote 1,760 staff-years to the program in FY 1977. I think the numbers presented above will show that over 500 of these staff-years have come from within our own resources rather than from increases, demonstrating our commitment to the program.

The additional 790 staff years were used in FY 1975, as planned, to perfect Social Security Numbers on the individual master file and to record Social Security Numbers of Joint Filers on the individual master file, while system design and other program improvements continued. Our program for tax returns for calendar year 1974 that were filed in 1975 will include the matching of approximately 175 million information documents against the Individual Master File. The total number of information documents filed with respect to individual taxpayers is approximately 435 million. Thus we match approximately 40 per cent of the information documents that we receive.

This matching program is conducted in two segments. One part of the program which we have been carrying out for several years, involves matching all the information documents that we receive on magnetic tape (except those where the data submitted is incomplete) against the Individual Master File. The second part of the program, which we started for the first time for 1974 tax returns, involves the selection of a 10% sample of individual tax returns and the perfection (i.e. verifying social security numbers, etc.) and matching of all paper documents on IRS forms and all magnetic tape information documents filed with respect to these taxpayers. Through the matching and selection process, we anticipate a follow up on approximately 970,000 noncompliance cases, either underreporting or nonfiling.

Because of limited resources, the programs for Tax Years 1975 and 1976 information documents will continue at about the same level as 1974. Our long range plans call for significant expansion in the number of documents that will be used in our matching processes. These plans, of course, must still be approved and funded through the appropriations process. We are hopeful that the program will have a definite and positive impact toward achieving equitable tax collection.

We continue to aim, of course, for a program of matching 100 per cent of all documents. Our most recent estimates are that a full program would cost about $140 million, but with resulting direct gross benefits of about $600 million. I would like to emphasize that our gross benefits figure includes refunds to taxpayers because our goal is the collection of the correct tax, not just more revenue. The net additional revenue would be over $260 million, coming from approximately 4.8 million taxpayer cases of erroneous reporting and non-filing.

A smaller program of one-third coverage would cost about $49 million with a net benefit of about $90 million in additional taxes.

There are other factors which could affect the costs of these programs. One of these is the recent law—P.L. 94-202—which provides for annual wage reporting. This new law contemplates a cooperative effort between the Service and the Social Security Administration in processing W-2 forms beginning in FY 1979. We will be studying the alternative methods of joint document processing with SSA, looking for whatever cost advantages may be found in that regard.

One of our problem areas is that of matching documents received from foreign entities. Of course, the majority of information documents reflecting payments from foreign sources are filed on the standard Form 1099 or its magnetic tape equivalent. This is because under our Regulations a foreign corporation having an office, place of business, or a fiscal paying agent in the United States is treated as a U.S. payer and is subject to the same filing and reporting requirements as any U.S. corporation. Our records indicate that of the 160 million Forms 1099 and 1087 filed on magnetic tape, an estimated one quarter of a million represent payments from foreign sources. While we do not have comparable statistical details regarding the source of payments for the Forms 1099 filed on paper, we believe that it is reasonable to assume that at least 150,000-200,000 of the 109 million paper documents (other than wages) denote foreign source payments. These approximately 400,000 documents are processed in exactly the same manner as the documets filed by domestic payers.

In addition, we receive about 50,000 items of information from 17 of the 35 countries with which we have reciprocal tax treaty arrangements. These documents are not very suitable for inclusion in our regular matching programs because they are received in nonstandard form, some are written in a foreign language, and the amounts are almost always expressed in the currency of the reporting country. Accordingly, to make these documents useable, you would have to translate them into English and convert the foreign currency values to U.S. dollars.

Since foreign exchange rates fluctuate from day to day and since the documents generally do not indicate the date of payment, conversion into dollars would be difficult, if not impossible, to achieve.

Another problem is that the documents do not usually carry taxpayer identifying numbers (TIN's). Since identifying the correct taxpayer number is expensive, we would need to develop a procedure for getting the foreign payers to report to us with numbers we furnish to them.

In 1971 the Service undertook a study to test the effectiveness of these foreign information documents. The initial phase of our test consisted of an evaluation of the characteristics of the information document to determine whether they could be utilized in a compliance system geared to automatic data processing. Our evaluation revealed serious deficiencies in terms of their usefulness as a compliance tool.

Accordingly, the Service initiated a study to recommend alternative methods to exchange routine information documents which would provide maximum benefits to the recipient countries. Our initial recommendation was the development of a UNIFORM INFORMATION DOCUMENT suitable to the needs of not only the U.S. but also our various treaty partners.

We approached several countries (France, Germany and United Kingdom) with the hope that each country could integrate a similar uniform information document into their system to deal with items of income identified in our respective treaties. We also suggested that, as an alternative to the foregoing, we could greatly reduce our difficulties in extraction and utilization if the essential compilance data needed by the Service could be placed on one specific part of the foreign information document.

Although the idea of a uniform document was pursued vigorously at several meetings with representatives of these foreign countries, it has not yet been implemented.

The Service will continue to work closely with its treaty partners to develop a uniform information document which will be mutually beneficial to all treaty countries and, looking ahead, to eventually develop a computer program which could be successfully utilized by various computer systems.

I'm certain members of the Committee have several questions to ask the other IRS representatives and me, so I will conclude my prepared statement at this point.

[From the Los Angeles Times, Apr. 13, 1976]

IRS ADMITS IT IGNORES MOST DIVIDEND, INTEREST REPORTS

(By Robert L. Jackson)

WASHINGTON.—The Internal Revenue Service acknowledged Monday that it routinely throws away without examination most of the dividend and interest income reports that banks, savings and loan associations, and companies file to vertify taxpayers' earnings.

IRS Commissioner Donald C. Alexander told a House government operations subcommittee that his agency lacked the manpower and money to check such documents but was seeking to improve its performance.

Rep. Benjamin S. Rosenthal (D-N.Y.), subcommittee chairman, said the government might be overlooking as much as $10 billion annually in taxable income through failure to police the dividend and interest earnings of citizens.

Alexander said about $1 billion in such income annually may have gone unchecked by IRS, but that a 1969 spot survey showed 98% of interest and dividend earnings were reported accurately by taxpayers.

Alexander's statement followed testimony by congressional auditors that the IRS ignored all dividend and interest reports filed on paper.

They said the only information returns that were checked involved data encoded on magnetic tape by banks and corporations. The auditors said this amounted to about 27% of all reports, but Alexander said it was 40%.

Under a law enacted by Congress in 1962, corporations and financial institutions are required to report all dividend and interest payments over $10. The IRS may use this data to vertify information on the tax returns of individual taxpayers.

Congressional auditors Jacob Kaufman and Dean Scott testified that besides increasing revenues, a full IRS vertification program "would reveal overpayment of taxes by millions of taxpayers who are unaware that they are entitled to refunds from the government."

But, arguing that such a program would be highly effective for the government, Kaufman and Scott said that of 31,649 tax returns examined for verification in 1965, additional taxes of $3.8 million were found due. This was a higher yield than on more time-consuming field audits, they said.

The auditors said the IRS had also failed to use documents submitted by 17 foreign countries showing the foreign earnings of U.S. citizens.

Although such documents are supposed to be matched against the U.S. taxpayers' returns, most are dumped into boxes with no indexing system, they testified.

IRS officials said foreign language problems and a lack of uniformity have prevented the proper use of these returns. However, Kaufman and Scott said of 50,740 documents IRS received in 1975, at least 50,304 were totally in English or were bilingual with English as one language.

[From the Washington Post, Apr. 13, 1976]

IRS' LAXITY HELD COSTLY TO ALL

(By Charles R. Babcock)

The U.S. government is losing half a billion dollars a year in uncollected taxes, and individuals are losing millions more in unpaid refunds because the Internal Revenue Service destroys or fails to check fully numerous tax documents, a House subcommittee report charged yesterday.

The IRS is supposed to match individual tax returns against the flood of "income documents"—W-2 forms for wages and 1099 forms for interest and dividends—which employers, banks and foreign governments send to IRS each year. The goal is to catch taxpayers who underreport income or file no return and to reimburse taxpayers who overreport.

At a hearing of the House Government Operations Subcommittee on Monetary Affairs yesterday, two General Accounting Office auditors testified that their three-month review of the matching program found serious inadequacies.

For years, IRS has matched only a small portion of the forms it receives and fails to pursue the mismatches it discovers. This has continued, even though the program yields more collectable tax dollars per staff hour than the normal audit program.

For instance, the program was matching only 27 per cent of the documents received for the 1973 tax year, and though this sample picked out 2.5 million taxpayers who underreported and 1.9 million more who did not file at all, IRS planned to follow up on less than 10 per cent of these cases.

IRS enforcement measures have been severely hampered because the agency has routinely destroyed hundreds of millions of paper forms that come in each year. Until very recently, the service processed for future matching only those forms sent in on magnetic tape.

The IRS matching program has not checked at all returns from corporations or individuals with foreign income. This practice discriminates against the small taxpayer, who is more likely to be checked, the report said.

IRS Commissioner Donald C. Alexander said he disputed many of the findings of the subcommittee investigators, but he could not supply its chairman, Rep. Benjamin S. Rosenthal (D-N.Y.), with his agency's figures for revenue loss or unreported income.

Alexander said he recognized the need to increase the effectiveness of the matching program, and had done so in recent years, but his efforts had been hindered by "budgetary limitations," he said.

He added that from a tax administration view, it would be better to withhold taxes from interest and dividend payments, as is done now only for wages. Alexander also said he would like to see more use of magnetic tapes by the firms that send in hundreds of millions of "income documents" a year.

For example, for the 1974 tax years, IRS has received 435 million of these information documents. Only about 180 million were on tape, the remainder on individual pieces of paper.

It would take $140 million to implement a full matching program, Alexander said in a prepared statement. Robert H. Terry, assistant commissioner for compliance, said later that he did not have complete figures on how much currently is being spent on the program.

Alexander's statement said a 100 per cent match would yield about $600 million in "gross benefits." A spokesman said later this included $435 million in added tax assessments and $172 million in refunds. Thus the net gain for the U.S. Treasury would be $263 million.

IRS officials did not have figures, either at the hearing or later in the day, on how much unreported income could be discovered with a full matching program. Alexander took issue with an estimate of $10 billion in unreported interest and dividends published in Sunday's Washington Post. When pressed by Rosenthal and reporters, he said he did not know the correct figure but said it would be close to $1 billion.

Yesterday, Floyd Reeves, an economist in Treasury's revenue estimating office said the most recent estimates, made in 1966 showed that $4 billion in interest and dividends still was not being reported despite the new "income documents" reporting requirement.

At one point during yesterday's hearing Alexander warned that it would be "an unwise decision" for taxpayers to "misconstrue" the small sze of the matching program and assume "this is a good year to play games with the system." He noted that IRS' latest budget asked for funds to process and match 42 per cent of the more than 435 million information documents that come in each year.

The GAO auditors said other IRS officials told them the program was being stepped up because taxpayers were becoming increasingly "aware" IRS did not verify what they reported on their returns, and because banks and savings and loans were becoming "annoyed" at having to furnish documents that are not used.

Mr. TAFT. Mr. President, the implication in these news stories that the IRS is sweeping these interest and dividend reporting forms into the wastebasket out of sheer orneriness or laziness is pretty frustrating for the people who work over at the IRS, and who are doing their best to keep up with the blizzard of paperwork. The heart of the problem lies in the inadequate funding of the IRS. Congress provided that this information be dumped on their doorstep, and then failed to give them enough money to allow them to process the information.

To quote Commissioner Alexander:

> For some time now, the IRS has been asking for the resources necessary for a comprehensive system for processing information documents. In FY 1972 the Service had approximately 440 staff-years devoted to wage and information document matching. For every fiscal year since that time the Service has recommended significant staff increases for Information Returns Processing—100 staff-years in FY 1973, 800 in FY 1974, 825 in FY 1975, and 2,900 in FY 1976. If you review our congressional budget submissions and our appropriations bills for these years, you will see that only in FY 1975 did we receive any of these increases. In that year, we received 790 additional staff-years. Notwithstanding problems in obtaining resources the Service is proposing to devote 1,760 staff-years to the program in FY 1977.
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> The additional 790 staff years were used in FY 1975, as planned, to perfect Social Security Numbers on the individual master file and to record Social Security Numbers of Joint Filers on the individual master file, while system design and other program improvements continued. Our program for tax returns for calendar year 1974 that were filed in 1975 will include the matching of approximately 175 million information documents against the Individual Master File. The total number of information documents filed with respect to individual taxpayers is approximately 435 million. Thus we match approximately 40 percent of the information documents that we receive.
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> Because of limited resources, the programs for Tax Years 1975 and 1976 information documents will continue at about the same level as 1974. Our long range plans call for significant expansion in the number of documents that will be used in our matching processes. These plans, of course must still be approved and funded through the appropriations process. We are hopeful that the program will have a definite and positive impact toward achieving equitable tax collection.
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> We continue to aim, of course, for a program of matching 100 per cent of all documents. Our most recent estimates are that a full program would cost about $140 million, but with resulting direct gross benefits of about $600 million.

A solution to this problem is for us to enable the IRS to process the material at hand.

It is not a solution to this problem for us to triple the amount of paperwork, and leave the Bureau's funding at its current levels. We are going about this exactly backward, as usual.

It is claimed that by withholding on interest and dividends we will force taxpayers to file returns, and the Government will pick up a great deal of uncollected tax revenue. This is very unlikely to occur. A person who is willing to take the chance that the IRS will not catch him if he does not report his interest and dividends, is certainly not going to start reporting his interest and dividends merely because there is a 15-percent withholding rate. If the dishonest tax cheater is in the 30- to 50-percent bracket, or possibly higher, it would continue to be in his interest to avoid reporting these receipts so long as the withholding rate is below his tax rate. We have little or no reason to believe that this provision will bring in any more than the withholding itself.

In addition, this provision is an attempt to force the costs of collection of taxes onto the public, rather than onto the Government. At the present time, a savings bank or savings and loan must keep files on each depositor. The files must contain data on interest due, interest paid, and slips must be sent to the depositor and to the Government. Under this new provision, and for each account, the savings and loan would have to continue its file on the interest due to the depositor, and send in its reports to the depositor and to the Government. In addition, it would have to calculate deductions from the interest due the depositor, credit this to an account due to the Government, and provide the depositor with the added information of the amount deducted.

This will add greatly to the amount of computer space which the financial institution must devote to each account. Storage space, called "memory," is one of the most expensive items in computer utilization. I think we had better do some investigation into the cost this will impose upon financial institutions before we charge ahead and enact this proposal.

I know we have heard the argument that there will be much less opposition to this proposal this time around than previously because of the expansion of the use of computers by the financial industry. That may well be. We have transformed a burden which, a few years ago, would have been physically and technically impossible for the institutions to assume, into a burden which it is now, probably, merely very expensive for them to assume. For years we have been cursing computers, blaming them for every imaginable foul up. Now, when we want something done, we declare them to be omnipotent and infallible, and casually toss off the remarks, "Oh the computers can handle it with no problem."

Let me summarize:

First. We are going to have a real and increasing problem with avoidance of payments of taxes on interest and dividends, thanks in part to the publicity given to Commissioner Alexander's testimony, in which he admitted that the IRS could not handle the matching of 100 percent of the reporting forms with the tax returns, unless he had more staff.

Second. Unless we correct the IRS' basic inability to match these forms with these returns, we are going to be faced with the same problem of nonreporting as we have now. Most taxpayers find themselves in tax brackets far above 15 percent, and they would continue to save the difference between their bracket and 15 percent by simply not reporting the dividends and interest.

Third. Much of the money to be saved by this proposal is merely a speedup in the collection of taxes to be paid, rather than a collection of taxes now avoided. This speedup will accomplish little in the case of taxpayers already filing quarterly estimated tax forms—if they are honest and report their interest and dividend income—and will do absolutely nothing in the case of those who will continue to fail to report them at all.

Fourth. The program we have now, if fully implemented—and if reporting to IRS is extended to Government bonds—will do the job. Funding for more staff is the problem.

Fifth. Dividend and interest withholding without solving the funding problem will not work. Such withholding after solving the funding problem will not be needed.

Mr. CURTIS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 2 minutes remaining.

Mr. CURTIS. I yield 1 minute to the distinguished Senator from North Dakota (Mr. BURDICK) to propound a question.

Mr. BURDICK. Mr. President, I ask the manager of the bill if this law would apply to credit unions.

Mr. LONG. Yes; it does include credit unions.

The PRESIDING OFFICER. Who yields time?

Mr. CURTIS. Mr. President, I yield myself the remainder of my time.

The Joint Committee on Internal Revenue used to have a chief of staff whom many of us will remember for a long time, Mr. Colin Stan. Sometimes, after working for weeks and months on a bill, a Member or somebody else would come to him and say, "We ought to take care of this."

His reply was, "Sir, the Congress will meet again."

I do not think that here, in 30 minutes' debate, we should impose a burden on every institution across the land without their day in court. Let us have a hearing. Then, if it is the will of the majority to put in this withholding, Congress will meet again. I am not convinced that there is widespread tax cheating in this field. Interest and dividends are paid by check and informational returns are sent in. I do not know whom the rest of the Senators associate with, but the people I know are very conscientious about their taxes. If they get a reminder with the usual form that they have received a few dollars in dividends or in interest, they will hang onto it and incorporate it into their tax return.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Oklahoma has 1 minute remaining.

Mr. BELLMON. Mr. President, I yield 1 minute to the Senator from Massachusetts (Mr. KENNEDY).

WITHHOLDING ON INTEREST AND DIVIDENDS

Mr. KENNEDY. Mr. President, I am pleased to support the amendment offered by Senators BELLMON, LONG, and CRANSTON to institute a system of withholding of Federal income taxes on interest and dividends. Throughout the 1960's this action was urged in Congress and in the Treasury to achieve a fairer and more efficient administration of our tax system. The proposal makes sense both from a fiscal and from an equity standpoint.

But it is equally important that the Senate and the American people understand that this action is purely one to improve the administration of the tax system.

It does not constitute the "tax reform" for which we have been striving for the past few weeks:

It does not reform basic inequities in our tax laws.

It does not reduce tax expenditures.

Those who have resisted tax reform in this session will try to point to the $1.6 billion raised by this amendment as proof of the ability of Congress to pass meaningful tax reform.

But the opposite is true. This amendment—desirable as it is to improve our system of tax administration—is a symbol of the Senate's ability to pass the kind of tax reform that the American people seek.

For where does the $1.6 billion come from? Not from the multinational corporations, not from the oil barons, not from tax shelter syndicators and investors, not from the timber industry, not from the financial institutions—all of whom have handsome tax loopholes and all of whom have demonstrated their political clout in the Senate over the past 2 weeks.

No, the $1.6 billion is going to come from sources such as the savings accounts of workers and the dividends of elderly retired people—in fact it will come from all those who will continue to pay higher taxes than they should, because the Senate has voted to retain tax preferences for the wealthy and powerful for yet another year. In short, the Senate in this amendment is going to demonstrate its capacity to wring the last tax dollar out of low- and middle-income people at the earliest possible moment. The bill itself, however, remains as clear evidence of the Senate's continuing willingness to leave open wide the gates for massive tax avoidance by the rich.

The amendment also presents a danger of a different sort. As the tax bill reached the floor, it fell $1.8 billion short of extending the full tax cut for individuals. And it fell $1 billion short of raising the $2 billion from tax reform required by the 1977 budget resolution.

The net result was that the bill came in $800 million above the overall revenue-raising target of the budget resolution—$800 million which could be allocated on the Senate floor to deserving causes.

Now, if the withholding amendment is adopted, the bill will raise an additional $1.6 billion, for a total of $2.4 billion to be dispensed on the Senate floor:

Enough to pay for the full $1.8 billion tax cut;

And enough besides to pay for $600 million more in new tax reductions—the question is, for whom?

Obviously, the $1.8 billion tax cut will be extended. But we will also have to allocate the remaining $600 million. We know that the interest groups will be lining up, waiting for their handouts. And, as always, the danger is that the ordinary citizen—the 200 million Americans who have no lobbyist or lawyer or accountant to demand new loopholes—will be left out.

The average taxpayer deserves relief. Since that is where the revenues from the withholding amendment are coming from, it is only fair that they should be the ones to whom any available revenues are returned. The last thing the Senate wants to face is Christmas in July for the lobbyists and special interest groups, who have won so much already in this legislation.

So, while I urge my colleagues to vote for this measure, let us do so with the clear understanding that the withholding amendment in no way fulfills the commitment we made in April in our budget resolution to achieve at least $2 billion in tax reform.

Passage of this amendment cannot be the occasion for anyone in the Senate to rest on false tax reform laurels. And it should not be used to justify still bigger tax loopholes. It must instead cause us to redouble our efforts to win for all Americans the tax equity they are entitled to.

The PRESIDING OFFICER. All time has expired.

Mr. BELLMON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT NO. 150

Mr. BROCK. Mr. President, I ask unanimous consent that I may be permitted to offer one modifying amendment to the Bellmon amendment, which I think is acceptable to the Senators concerned. The amendment is at the desk. It allows the Department of the Treasury 6 additional months to promulgate regulations which they say they need.

The PRESIDING OFFICER. Is there objection to the amendment being offered?

Mr. BELLMON. I have no objection to offering the amendment. I have discussed this matter with Commissioner Alexander. He has assured me they can get the necessary work done and have the regulations in place by the first of January. I see no objection to giving them the additional 6 months if they need it. I do not think they need it.

Mr. BROCK. This does not require that they use it, just that they have it if they need it.

The PRESIDING OFFICER. All time has expired. Is there objection to the offering of the amendment?

Mr. PASTORE. Reserving the right to object. Do we not have a unanimous-consent order to vote on the Bellmon amendment, or is that subject to amendment?

The PRESIDING OFFICER. The Chair is advised that there is not a time certain to vote on the Bellmon amendment and since there was a unanimous-consent order limiting time for debate on the amendment, it would require unanimous consent to modify, which was requested. It will now require unanimous consent for the amendment of the Senator from Tennessee to be in order.

Mr. PASTORE. I understand now that there will not be any debate on this.

Mr. BROCK. That is correct.

Mr. PASTORE. I do not object.

The PRESIDING OFFICER. Is there objection to the amendment of the Senator from Tennessee being offered? Without objection, the amendment of the Senator from Tennessee will be in order.

The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. Brock) proposes unprinted amendment numbered 150.

Mr. BROCK. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 14, strike out lines 9 through 11 and insert the following:

(F) Effective Dates.—

(1) Except as provided in paragraph (2), the amendments made by this section shall apply to dividends and interest paid after December 31, 1976.

(2) The Secretary is authorized to prescribe transitional rules to apply to dividends or interest paid after December 31, 1976, which are not subject to requirements for information returns under section 6041(b), 6042, or 6049 (prior to their repeal by this Act). Such rules may make section 3451 inapplicable, or limit such section's applicability, for a period not to extend beyond June 30, 1977.

Mr. BROCK. Mr. President, I move the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. TAFT. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. Is there a time limitation on the unprinted amendment?

The PRESIDING OFFICER. There is no time limitation on the unprinted amendment of the Senator from Tennessee.

Mr. TAFT. There is a time limitation on the debate on the amendment of the Senator from Tennessee?

The PRESIDING OFFICER. No; there is no time limitation on debate on the amendment of the Senate from Tennessee.

The question is on agreeing to the amendment.

Mr. PASTORE. Mr. President, I ask for a division.

The PRESIDING OFFICER. Division is requested. Senators in favor of the amendment of the Senator from Tennessee will rise and stand until counted. (After a pause.) Those opposed to the amendment will rise and stand until counted.

On division, the amendment of the Senator from Tennessee was agreed to.

Mr. BUCKLEY. Mr. President, I rise to strongly oppose the selective tax increase which is embodied in the Bellmon amendment. We should entertain no misconceptions concerning the nature of this amendment: A forced interest-free loan to the Federal Government which will be levied primarily on middle-income investors is the functional equivalent of a tax increase for that group.

The sponsors of the Bellmon amendment contend that the purpose of the withholding of dividends and interest is to stem the loss of revenues due to nonpayment of tax on these items. Yet, information on payments of dividends and interest is already provided to the Internal Revenue Service. In the case of banks, 1099 forms notify the Government of the interest payments and index the taxpayers by social security number. The fact that the IRS has not shown a willingness to use the information which it already has in order to stop tax evasion does not seem to me to be a sufficient justification to raise taxes and saddle banks and corporations with yet another paperwork requirement.

It is not the "fat cats" who will be the primary losers under the Bellmon amendment. Most individuals with substantial dividend income currently file estimated tax returns. It is, rather, the small investors, and people with modest savings accounts, who are already hard pressed to earn a sufficient return to compensate for the inflationary decrease in the value of their savings.

Mr. President, it is obvious to me that the ultimate outcome of this new "redtape" proposal will be no different from other bureaucratic impositions within recent years. Postage and administrative costs to banks, businesses, individuals, and the Government, which will all finally be passed on to the consumer, will more than offset any additional tax dollars received.

And finally, the Bellmon amendment will add just another disincentive to investment and savings at a time in which the U.S. economy is in critical need of added capital in order to sustain its recovery. What this country really needs is proposals which encourage, rather than discourage investment.

For all of these reasons, I wish to register my strong opposition to this amendment.

The PRESIDING OFFICER. The question now recurs on the passage of the Bellmon amendment, as amended. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. PASTORE (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Indiana (Mr. Hartke), the Senator from Arkansas (Mr. McClellan), the Senator from Missouri (Mr. Symington), the Senator from California (Mr. Tunney), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater) is necessarily absent.

The result was announced—yeas 35, nays 55, as follows:

[Rollcall Vote No. 369 Leg.]

YEAS—35

Abourezk
Bellmon
Brock
Brooke
Case
Church
Clark
Cranston
Culver
Dole
Domenici
Griffin
Hart, Gary
Hathaway
Hollings
Javits
Kennedy
Long
Mansfield
McIntyre
Metcalf
Moss
Muskie
Packwood
Pearson
Pell
Proxmire
Ribicoff
Roth
Scott,
William L.
Stafford
Stevens
Stevenson
Stone
Weicker

NAYS—55

Allen
Baker
Bartlett
Beall
Bentsen
Biden
Buckley
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Hansen
Hart, Philip A.
Haskell
Hatfield
Helms
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Laxalt
Leahy
Magnuson
Mathias
McClure
McGee
McGovern
Mondale
Montoya
Morgan
Nelson
Nunn
Percy
Randolph
Schweiker
Scott, Hugh
Sparkman
Stennis
Taft
Talmadge
Thurmond
Tower
Young

ANSWERED "PRESENT"—1

Pastore

NOT VOTING—9

Bayh
Eastland
Goldwater
Gravel
Hartke
McClellan
Symington
Tunney
Williams

So Mr. Bellmon's amendment, as amended, was rejected.

Mr. MANSFIELD addressed the Chair.

Several Senators addressed the Chair.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FANNIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be in order following the disposition of the debt limit bill, for the Senator from Colorado (Mr. Haskell) to call up an amendment to the DISC committee amendment; that there be a time limit of 1 hour equally divided between the mover of the amendment and the manager of the bill; provided further, that after disposition of the amendment by the Senator from Colorado, the Senator from Arizona (Mr. Fannin) be recognized to call up an amendment to the DISC committee amendment, and that there be a 1-hour time limit equally divided between the mover of the amendment and the manager of the bill.

Provided further, that after the disposition of the Fannin amendment, the Senator from Wisconsin (Mr. Nelson) be recognized to offer an amendment to the so-called DISC committee amendment, that on this amendment there be a 4-hour time limit, equally divided between the mover of the amendment and the manager of the bill.

Mr. President, I make this request at this time because in laying out the schedule for today, we inadvertently overlooked the request, which had been agreed to, by the Senator from Arizona for 1 hour.

Mr. PACKWOOD. Reserving the right to object, what is the Nelson amendment?

Mr. MANSFIELD. The DISC amendment.

Mr. PACKWOOD. Specifically, what is it?

I may have an amendment I want to

offer to it and I want to know what degree it is.

Mr. LONG. As I understand it, this is Mr. FANNIN's amendment?

Mr. PACKWOOD. No, the Nelson amendment.

What is the amendment of the Senator from Wisconsin?

Mr. LONG. It tightens up on the DISC provision to make it less generous for the people that get the benefit of it.

Mr. PACKWOOD. I would be willing to agree to the time limit if I can have a unanimous-consent agreement that I might be permitted to offer an amendment if the amendment might be otherwise out of order to the Nelson amendment.

Mr. NELSON. I have no objection.

Mr. MANSFIELD. I make that request.

Mr. TAFT. Reserving the right to object, would this pose further amendments on title XII?

Mr. CURTIS. Reserving the right to object, and I shall not object, how far along in this program does the Senator anticipate we will go today?

Mr. MANSFIELD. I would imagine, 8 or 9 o'clock.

Mr. TAFT. Reserving the right to object, did the Chair rule on my inquiry?

The PRESIDING OFFICER. The Chair has not.

This is section 11, and the Senator from Ohio's amendment is title XII.

Mr. TAFT. The amendment of the Senator just considered—my question relates to whether further amendments to title XII would be in order, even though this unanimous-consent request were granted.

The PRESIDING OFFICER. They would not be in order.

Mr. TAFT. They would not be in order?

Mr. MANSFIELD. Not?

The PRESIDING OFFICER. Title XII is no longer before us, this is title XI.

Mr. MANSFIELD. Title XII was before us.

Mr. TAFT. Title XII, or amendments to it, were still in order before this request.

The PRESIDING OFFICER. The Chair understands that this request would permit the——

Mr. TAFT. I object to this request at this time, that title XII be in order at a later time.

The PRESIDING OFFICER. Will the Senator repeat that?

Mr. TAFT. If this unanimous-consent request is granted, would further amendment to title XII be in order at a future time?

The PRESIDING OFFICER. Whether or not this request is agreed to, amendments of title XII will be in order in the future, but not at this time.

Mr. TAFT. I thank the Chair.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. HATHAWAY. Reserving the right to object, I have an amendment at the desk and I would like to include it in this agreement, that I could bring it up after this is over.

Mr. NELSON. We have no objection.

Mr. MANSFIELD. I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, if the leader will yield——

Mr. MONTOYA addressed the Chair.

Mr. NELSON. The pending amendment will be Senator HASKELL's which would abolish DISC except for small business exemptions. The amendment by the Senator from Arizona (Mr. FANNIN) would restore the full DISC as it is in the current law.

The amendment that will be laid down after those two would be the amendment sponsored by 14 of us which is a modification of the DISC which raises somewhat more money than the House version and a substantial amount more than the Senate Finance Committee version.

I have discussed this with the Senator from Louisiana, the chairman of the Finance Committee. As far as we are concerned, we would be very reluctant to hold anyone here until the conclusion of the two votes, which would be 2 hours from now. We would put our arguments into the RECORD and engage in any dialog with anybody who had any questions to raise, if it could be agreed then that when the tax bill is the pending business tomorrow at 2 o'clock we could have maybe 20 minutes to a side to summarize our arguments and everybody would not have to stay here until 9:30 or 10.

Mr. MANSFIELD. Will the Senator yield there?

Mr. NELSON. Yes.

Mr. MANSFIELD. Mr. President, I think that is a most reasonable suggestion. There will be at least two votes tonight and maybe more. If I understand the Senator from Wisconsin correctly, he will dispose of his arguments tonight in large part and then coming at 2 o'clock tomorrow there will be an hour set aside equally divided between the manager of the bill and the sponsor of the amendment, (Mr. NELSON), the vote to occur on the amendment at 2 o'clock.

Mr. PACKWOOD. I object.

Mr. NELSON. Would we have time for a quorum call?

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. Anyway, that is what we will try to do.

Mr. President, I ask that the Chair rule on the request which the sponsor of the DISC amendment has agreed to in relation to the Senator from Maine, that he will be recognized to offer an amendment. It is that the Senator from Maine (Mr. HATHAWAY) will be recognized to offer an amendment to DISC.

Mr. HATHAWAY. If the majority leader will yield, my amendment does not touch either of their amendments. If the Haskell amendment is successful and there is no DISC at all, my amendment would not be in order. Whatever version of DISC is accepted my amendment is an add-on to that. I presume it would be better coming at the end. It is simply an amendment to prorate the cost.

The PRESIDING OFFICER. The Chair has already ruled that the Hathaway amendment will follow the Nelson amendment.

Mr. HATHAWAY. Is there a time limitation?

The PRESIDING OFFICER. No time.

TREASURY-POSTAL SERVICE-EXECUTIVE OFFICE OF THE PRESIDENT, AND CERTAIN INDEPENDENT AGENCIES APPROPRIATIONS, 1977—CONFERENCE REPORT

Mr. MONTOYA. Mr. President, I submit a report of the committee of conference on H.R. 14261, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. SCHWEIKER). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1977, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of June 25, 1976, beginning at page 20588.)

Mr. MONTOYA. Mr. President, the conference report has been printed as House Report No. 94–1299.

New budget authority recommended in the conference report is $8,313,119,000. This is an increase of $308,227,000 above the fiscal year 1977 budget estimates, an increase of $45,483,000 above the House bill, and an increase of $11,649,000 above the Senate bill.

TITLE I

For title I of the bill, which provides appropriations for the Treasury Department, the conference agreement is $2,579,110,000. This is an increase of $3,650,000 above the House bill and $4,500,000 above the Senate bill.

The agreement provides $340,000,000 for the U.S. Customs Service. These funds will support additional personnel for staffing new ports of entry and for antidrug smuggling efforts. In spite of technological advancements and improved procedures, backlogs have increased in all workload areas.

For the Internal Revenue Service, the conferees allowed $1,677,000,000. This is an increase of $5,500,000 above the fiscal year 1977 budget estimate. The conferees expressed concern with the proposed reduction in the taxpayer service activity and directed that the level of effort for this activity be maintained during fiscal year 1977 at the fiscal year 1976 level. The committee of conference included funding to support 4,218 permanent personnel positions for the taxpayer service activity.

TITLE II

The conference agreement for title II, for the U.S. Postal Service, is $1,766,170,000. This is an increase of $307,366,000 over the budget estimate to provide funding for the extended phasing-in period of full postal rates for certain classes of mailers authorized by Public Law 93-328. This will allow our daily newspapers, magazines, and nonprofit organizations sufficient time to adjust to the increasing postal rates. Failure to include the funding would have required the Postal Service to impose a substantial increase in postage on the affected classes of mailers.

TITLE III

The conference agreement for title III, the Executive Office of the President, is $66,000,000. This is a reduction of $516,000 below the budget estimate and an increase of $22,432,000 above the House bill.

The House had sustained points of order that the requested appropriations for the White House Office, Special Assistance to the President, official residence of the Vice President, Executive residence, Domestic Council, and unanticipated needs were lacking authorization. The House approved authorization for these appropriations in H.R. 6706 on July 9, 1975, and the legislation is currently pending consideration in the Senate Post Office and Civil Service Committee. The conferees agreed to include $22,432,000 for these appropriations in fiscal year 1977.

TITLE IV

For title IV, independent agencies, the conference agreement is $3,901,839,000. This is an increase of $2,464,000 above the budget estimate, $19,401,000 above the House bill and $7,149,000 above the Senate bill.

For the Federal buildings fund, the conferees allowed limitations on the availability of revenue collected from Federal agencies by the standard level user charges of $1,130,755,000. This is an increase of $5,800,000 above the House bill and a reduction of $11,000,000 below the Senate bill. The increase above the House bill will provide funding for ongoing construction requirements in Honolulu, Detroit, and New York.

The conferees agreed to appropriations of $20,000,000 for the Harry S. Truman Scholarship Fund, $1,300,000 for the National Commission on Electronic Fund Transfers, and $350,000 for the National Study Commission on Records and Documents of Federal Officials. Budget amendments for these appropriations had been received subsequent to House action.

For the Defense Civil Preparedness Agency, the conferees agreed to an appropriation of $82,500,000. This includes $65,000,000 for operation and maintenance and $17,500,000 for research, shelter survey, and marking activities.

Mr. President, this has been a summary of the conference report, and I will answer any questions at this time.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table comparing the conference agreements with the amounts for fiscal year 1976, the budget estimates for fiscal year 1977, and the amounts recommended in the House and Senate versions of the bill.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TREASURY, U.S. POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL FOR FISCAL YEAR 1977 (H.R. 14261)

COMPARATIVE STATEMENT OF CONFERENCE TOTAL WITH NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976, BUDGET ESTIMATES FOR FISCAL YEAR 1977, AND HOUSE AND SENATE ALLOWANCE

	New BA enacted fiscal year 1976	New BA estimates, fiscal year 1977	New BA House, fiscal year 1977	New BA Senate, fiscal year 1977	New BA conference, fiscal year 1977	Conference compared with—			
						Fisca. year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
TITLE I—TREASURY DEPARTMENT									
Office of the Secretary	$28,183,000	$26,972,000	$26,000,000	$26,000,000	$26,000,000	−$2,183,000	−$972,000		
Office of Revenue Sharing	2,569,000	3,810,000	3,810,000	3,810,000	3,810,000	1,241,000			
Federal Law Enforcement Training Center	12,000,000	8,450,000	9,000,000	8,650,000	8,650,000	−3,350,000	200,000	−$350,000	
Bureau of Government Financial Operations	131,725,000	147,229,000	144,000,000	144,000,000	144,000,000	12,275,000	−3,229,000		
Government losses in shipment	700,000	500,000	500,000	500,000	500,000	−200,000			
Eisenhower College Grants	1,000,000					−1,000,000			
Hoover Institution on War, Revolution and Peace, grants to	7,000,000					−7,000,000			
Bureau of Alcohol, Tobacco, and Firearms	109,697,000	125,315,000	112,000,000	114,500,000	114,500,000	4,803,000	−10,815,000	2,500,000	
U.S. Customs Service	328,677,000	326,059,000	334,000,000	340,000,000	340,000,000	11,323,000	13,941,000	6,000,000	
Bureau of the Mint:									
Salaries and expenses	41,230,000	43,215,000	40,000,000	40,000,000	40,000,000	−1,230,000	−3,215,000		
Construction of Mint facilities	3,350,000					−3,350,000			
Total	44,580,000	43,215,000	40,000,000	40,000,000	40,000,000	−4,580,000	−3,215,000		
Bureau of the Public Debt	103,000,000	114,497,000	112,000,000	112,000,000	112,000,000	9,000,000	−2,497,000		
Internal Revenue Service:									
Salaries and expenses	$45,825,000	$46,700,000	$46,700,000	$46,700,000	$46,700,000	$875,000			
Accounts, collection and taxpayer service	791,740,000	789,900,000	795,900,000	790,900,000	793,400,000	1,660,000	$3,500,000	−$2,500,000	$2,500,000
Compliance	853,955,000	834,900,000	838,900,000	834,900,000	836,900,000	−17,055,000	2,000,000	−2,000,000	2,000,000
Total	1,691,520,000	1,671,500,000	1,681,500,000	1,672,500,000	1,677,000,000	−14,520,000	5,500,000	−4,500,000	4,500,000
U.S. Secret Service	114,950,000	112,650,000	112,650,000	112,650,000	112,650,000	−2,300,000			
Total, title I	2,575,601,000	2,580,197,000	2,575,460,000	2,574,610,000	2,579,110,000	3,509,000	−1,087,000	3,650,000	4,500,000
TITLE II—UNITED STATES POSTAL SERVICE									
Payment to the Postal Service Fund	1,703,416,000	1,458,804,000	1,766,170,000	1,766,170,000	1,766,170,000	62,754,000	307,366,000		
Budget submitted by U.S. Postal Service	()	(1,766,170,000)	(1,766,170,000)	(1,766,170,000)	(1,766,170,000)	(1,766,170,000)	()	()	()
Revolving Fund for Advance Payments to U.S. International Air Carriers	5,000,000					−5,000,000			
Total, title II	1,708,416,000	1,458,804,000	1,766,170,000	1,766,170,000	1,766,170,000	57,754,000	307,366,000		
TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT									
Compensation of the President	250,000	250,000	250,000	250,000	250,000				
Council of Economic Advisers	1,621,000	1,718,000	1,718,000	1,718,000	1,718,000	97,000			
Council on International Economic Policy	1,650,000	1,466,000	1,450,000	1,450,000	1,450,000	−200,000	−16,000		
Council on Wage and Price Stability	1,589,000	1,607,000	1,607,000	1,607,000	1,607,000	18,000			
Domestic Council	1,646,000	1,700,000		1,700,000	1,700,000	54,000		1,700,000	
Unanticipated needs	1,000,000	1,000,000		1,000,000	1,000,000			1,000,000	
Executive residence	1,902,000	2,095,000		2,095,000	2,095,000	193,000		2,095,000	
Official Residence of the Vice President	274,000	61,000		61,000	61,000	−213,000		61,000	
National Security Council	3,052,000	3,210,000	3,210,000	3,210,000	3,210,000	158,000			
Office of Management and Budget	24,250,000	25,800,000	25,500,000	25,300,000	25,300,000	1,050,000	−500,000	−200,000	
Office of Federal Procurement Policy	754,000	1,627,000	1,627,000	1,627,000	1,627,000	873,000			
Office of Telecommunications Policy	8,500,000	8,206,000	8,206,000	8,206,000	8,206,000	−294,000			

Footnotes at end of table.

TREASURY, U.S. POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL FOR FISCAL YEAR 1977 (H.R. 14261)—**Continued**

COMPARATIVE STATEMENT OF CONFERENCE TOTAL WITH NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976, BUDGET ESTIMATES FOR FISCAL YEAR 1977, AND HOUSE AND SENATE ALLOWANCE—Continued

	New BA enacted, fiscal year 1976	New BA estimates, fiscal year 1977	New BA House, fiscal year 1977	New BA Senate, fiscal year 1977	New BA conference, fiscal year 1977	Conference compared with—			
						Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT—Continued									
Special Assistance to the President	$1,001,000	$1,246,000		$1,246,000	$1,246,000	$245,000		$1,246,000	
The White House Office	16,763,000	16,530,000		16,530,000	16,530,000	−233,000		16,530,000	
Office of Drug Abuse Policy	250,000					−250,000			
Total, title III	64,502,000	66,516,000	$43,568,000	66,000,000	66,000,000	1,498,000	−$516,000	22,432,000	
TITLE IV—INDEPENDENT AGENCIES									
Administrative Conference of the United States	785,000	880,000	880,000	880,000	880,000	95,000			
Advisory Commission on Intergovernmental Relations	1,200,000	1,402,000	1,200,000	1,402,000	1,301,000	101,000	−101,000	101,000	$−101,000
Advisory Committee on Federal Pay	135,000	215,000	215,000	215,000	215,000	80,000			
Civil Service Commission:									
Salaries and expenses:									
Appropriation	97,533,000	102,328,000	102,328,000	102,328,000	102,328,000	4,795,000			
By transfer	(21,388,000)	(24,365,000)	(24,365,000)	(24,365,000)	(24,365,000)	(2,977,000)			
Government payment for annuitants, employees health benefits	347,969,000	451,844,000	451,844,000	451,844,000	451,844,000	103,875,000			
Payment to civil service retirement and disability fund	1,517,865,000	2,874,955,000	2,874,955,000	2,874,955,000	2,874,955,000	1,357,090,000			
Federal Labor Relations Council	1,298,000	1,565,000	1,565,000	1,565,000	1,565,000	267,000			
Intergovernmental personnel assistance	15,000,000	10,000,000	15,000,000	10,000,000	15,000,000		5,000,000		5,000,000
Total	1,979,665,000	3,440,692,000	3,445,692,000	3,440,692,000	3,445,692,000	1,466,027,000	5,000,000		5,000,000
Commission on Executive, Legislative, and Judicial Salaries: Salaries and expenses		100,000	100,000	100,000	100,000	100,000			
Commission on Federal Paperwork	4,100,000					−4,100,000			
Commission to Review National Policy Toward Gambling	745,000	265,000	265,000	265,000	265,000	−480,000			
Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped	261,000	316,000	316,000	316,000	316,000	55,000			
Federal Election Commission	5,000,000	6,950,000	6,000,000	6,000,000	6,000,000	1,000,000	−950,000		
General Services Administration:									
Refunds under Renegotiations Act	1,000,000					−1,000,000			
Disposal of Surplus Real and Related Property, operating expenses	6,180,000	6,205,000	6,205,000	6,205,000	6,205,000	25,000			
Federal Buildings Fund: Limitation on availability of revenue:									
Construction on buildings	(63,786,000)	(39,400,000)	(22,600,000)	(39,400,000)	(28,400,000)	(−35,386,000)	(−11,000,000)	(5,800,000)	(−11,000,000)
Purchase contract payments	(60,000,000)	(92,000,000)	(92,000,000)	(92,000,000)	(92,000,000)	(32,000,000)			
Rental of space	(443,500,000)	(473,200,000)	(473,200,000)	(473,200,000)	(473,200,000)	(29,700,000)			
Alterations and major repairs	(110,768,000)	(60,700,000)	(60,700,000)	(60,700,000)	(60,700,000)	(−50,068,000)			
Real property operations	(397,500,000)	(414,905,000)	(414,905,000)	(414,905,000)	(414,905,000)	(17,405,000)			
Program direction and centralized service	(65,600,000)	(61,550,000)	(61,550,000)	(61,550,000)	(61,550,000)	(−4,050,000)			
Subtotal	(1,141,154,000)	(1,141,755,000)	(1,124,955,000)	(1,141,755,000)	(1,130,755,000)	(−10,399,000)	(−11,000,000)	(5,800,000)	(−11,000,000)
Federal Supply Service	159,167,000	154,815,000	154,266,000	154,266,000	154,266,000	−4,901,000	−549,000		
Payment to the General Supply Fund	40,000,000					−40,000,000			
National Archives and Records Service:									
Operating expenses	60,200,000	64,439,000	64,219,000	64,219,000	64,219,000	4,019,000	−220,000		
Records declassification	1,394,000	1,410,000	1,410,000	1,410,000	1,410,000	16,000			
Subtotal	61,594,000	65,849,000	65,629,000	65,629,000	65,629,000	4,035,000	−220,000		
Automated Data and Telecommunications Service	7,460,000	7,651,000	7,475,000	7,475,000	7,475,000	15,000	−176,000		
Preparedness activities:									
Office of Preparedness, salaries and expenses	16,010,000	16,380,000	16,296,000	16,296,000	16,296,000	286,000	−84,000		
Expenses, Defense Production Act		10,540,000					−10,540,000		
General activities:									
General Management and Agency Operations, salaries and expenses	12,183,000	12,636,000	6,616,000	6,616,000	6,616,000	−5,567,000	−6,020,000		
Federal Management Policy, salaries and expenses	1,100,000					−1,100,000			
Indian Trust Accounting	2,675,000	2,702,000	2,702,000	2,702,000	2,702,000	27,000			
Allowances and Office Staff for Former Presidents	$275,000	$280,000	$280,000	$280,000	$280,000	$5,000			
Expenses Presidential Transition		900,000	900,000	900,000	900,000	900,000			
Administrative and Staff Support Services	51,697,000	65,170,000	72,219,000	72,219,000	72,219,000	20,522,000	7,049,000		
Subtotal	67,930,000	81,688,000	82,717,000	82,717,000	82,717,000	14,787,000	1,029,000		
Total	359,341,000	343,128,000	332,588,000	332,588,000	332,588,000	−26,753,000	−10,540,000		
Harry S. Truman Scholarship Fund	10,000,000	20,000,000		20,000,000	20,000,000	10,000,000		20,000,000	
National Commission on Electronic Fund Transfers		1,300,000		1,300,000	1,300,000	1,300,000		1,300,000	
National Commission on the Observance of International Woman's Year, 1975	5,000,000					−5,000,000			
National Center for Productivity and Quality of Working Life	2,000,000	5,000,000	2,500,000	3,000,000	2,750,000	750,000	−2,250,000	250,000	− 250,000
National Commission on Supplies and Shortages	747,500	360,000	360,000	360,000	360,000	-387,500			
National Study Commission on Records and Documents of Federal Officials	350,000	445,000		350,000	350,000		−95,000	350,000	
United States Tax Court: Salaries and expenses	6,715,000	7,322,000	7,322,000	7,222,000	7,222,000	507,000	−100,000	−100,000	
Department of Defense:									
Defense Civil Preparedness Agency:									
Operation and maintenance	65,578,000	71,000,000	65,000,000	65,000,000	65,000,000	−578,000	−6,000,000		
Research, shelter survey and marking	20,000,000		20,000,000	15,000,000	17,500,000	−2,500,000	17,500,000	−2,500,000	2,500,000
Total	85,578,000	71,000,000	85,000,000	80,000,000	82,500,000	−3,078,000	11,500,000	−2,500,000	2,500,000
Total, title IV	2,461,622,500	3,899,375,000	3,882,438,000	3,894,690,000	3,901,839,000	1,440,216,500	2,464,000	19,401,000	7,149,000
Total, NB(O)A	6,810,141,500	8,004,892,000	8,267,636,000	8,301,470,000	8,313,119,000	1,502,977,500	308,227,000	45,483,000	11,649,000

Mr. MONTOYA. Mr. President, I move the adoption of the conference report.

Mr. BELLMON. Will the Senator yield?

Mr. MONTOYA. I yield to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, as the ranking minorty member of the Appropriations Subcommittee on the Treasury, Post Office, and General Government bill, I recommend that we adopt this report. It was approved by the conferees in the House and the conferees in the Senate as the best possible solution over the items which are in this agreement.

The activities funded by this appropriation must be maintained, and I believe this bill takes care of that in the best possible way.

Mr. President, I commend the distinguished chairman of our subcommittee, the Honorable Joe Montoya, for the firm, fair, and methodical way in which he has tried to develop this appropriations legislation. I appreciate the courtesies extended.

This bill is a real tribute to him as well as the members of his staff. I urge the conference report be adopted.

Mr. MONTOYA. Mr. President, I also commend my good friend from Oklahoma, the ranking member, wth whom I have worked many hours in trying to put this bill together. Certainly, his cooperation has been very commendable and most helpful to the subcommittee and to the Committee on Appropriations.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

EXTENSION OF THE NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES ACT

Mr. PELL. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 12838.

The PRESIDING OFFICER (Mr. Schweiker) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 12838) to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant programs, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. PELL. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Pell, Mr. Nelson, Mr. Eagleton, Mr. Mondale, Mr. Hathaway, Mr. Williams, Mr. Javits, Mr. Taft, and Mr. Stafford conferees on the part of the Senate.

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of the debt limit bill, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 14114) to increase the temporary debt limit, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 14114) which had been reported from the Committee on Finance and the Committee on the Budget, each with an amendment:

The amendment of the Committee on Finance is on page 2, beginning with line 11, insert:

Sec. 3. If—

(1) the enactment of the bill H.R. 10612 provides for a reduction in Federal revenues in fiscal year 1977 in excess of the $15,300,000,000 amount provided for in paragraph (1) of the first section of S. Con. Res. 109 of the Ninety Fourth Congress, and

(2) economic conditions warrant, then the Congress shall provide, in the second concurrent resolution on the budget for fiscal year 1977 required to be reported under section 310(a) of the Congressional Budget Act of 1974, for reductions in the level of spending for fiscal year 1977 (in addition to any reduction in such levels which otherwise would have occurred) in an amount equal to the amount by which the reduction in Federal revenues provided for that fiscal year as a result of the enactment of the bill H.R. 10612 exceeds $15,300,000,000.

The amendment of the Committee on the Budget is to strike out the amendment of the Committee on Finance and to insert:

Sec. 3. The increases in temporary public debt limit provided in this bill are consistent with the expenditure, revenue, and debt figures recommended in the First Concurrent Resolution on the Budget for Fiscal Year 1977. Congress will review the limitations provided in this legislation as well as completed expenditure and revenue legislation, economic conditions and any unforeseen cirmumstances in developing its Second Concurrent Resolution on the Budget.

TAX REFORM ACT OF 1976—UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I wish to renew my unanimous-consent request, which was objected to, because the participants have now come to a meeting of the minds. There will be votes tonight at least on the Haskell amendment and the Fannin amendment. There may be others.

The Senator from Wisconsin, the sponsor of the DISC amendment, has been granted 4 hours, I believe, under the dispensation of the Senate. He will use up most of that time this evening.

The Senator from Oregon (Mr. Packwood) will offer an amendment and he has agreed to a time limitation of 30 minutes tomorrow.

Mr. PACKWOOD. Thirty minutes on a side.

Mr. MANSFIELD. That beginning at the hour of 2 p.m. tomorrow, or approximately that time, there be a period of 40 minutes set aside, half of the time to be controlled by the Senator from Wisconsin and half by the manager of the bill and, following that, following the disposition of that amendment, there will be 40 minutes to be distributed between the Senator from Oregon (Mr. Packwood) and the manager of the bill.

At that time, we ought to come to a conclusion of the debate, discussion, and voting on DISC.

Mr. NELSON. May I ask the leader, Did the leader ask for the 1 hour, which was previously objected to, to start after the quorum call?

Mr. MANSFIELD. I asked for 1 hour in each instance, with 30 minutes to a side.

Mr. NELSON. Now it is understood, I assume, that that hour comes out of the 4 hours we have already been allotted, and if we do not finish using the balance of the 3 hours tonight we would then yield back that time tomorrow or this evening.

Mr. MANSFIELD. The Senator is correct.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The request is agreed to.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. So there will be no misunderstanding, it is the understanding of the Chair that the Packwood amendment will be voted on before the Nelson amendment.

Mr. PACKWOOD. That is correct. I will offer it as an amendment to the Nelson amendment after the Nelson amendment is called up.

The PRESIDING OFFICER. Without objection, it is so ordered.

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT

The Senate continued with the consideration of the bill (H.R. 14114) to increase the temporary debt limit, and for other purposes.

UP AMENDMENT NO. 151

Mr. LONG. Mr. President, I send to the desk an amendment to the pending debt limit bill, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. Long) proposes unprinted amendment No. 151:

On page 2 strike out all after line 10 through line 11 on page 3.

Mr. LONG. Mr. President, as to the debt limit bill to which this amendment was offered in the Senate Finance Committee, as well as the amendment offered by the Budget Committee, to which committee we requested the amended bill be referred, the time limit on the expiring limit runs out tonight. Rather than debate the difference of opinion between the two committees here today, and in the event the version of the amendment added to the bill would become subject to further controversy in the House of Representatives, we think the better part of wisdom would be to strike both the amendments and send the bill tonight to the President as it came to us from the House of Representatives.

I have discussed this with the Senator from Maine (Mr. MUSKIE) and the ranking minority members of the Budget Committee and the Finance Committee, and I think we are all in agreement.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CURTIS. This would make it just the debt limit bill, with no amendments on it?

Mr. LONG. It would simply send forward the debt limit bill as it came to us from the House of Representatives.

Mr. CURTIS. Mr. President, I think that is a very good practice, rather than making it a captive of other matters.

Mr. MUSKIE. Mr. President, I think the time for an additional effort on this subject is past, and we should drop the chapter for the time being. I do not blame the Senator from Louisiana for his suggestion; in fact, I concur wholeheartedly.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. DOLE. Mr. President, the Senator from Kansas shares the desire of his colleagues to hold down on Government spending and on the budget deficit. I believe that we must constantly view our spending decisions in light of our revenue expectations and decisions. For these reasons, I have a good deal of sympathy for the Finance Committee amendment.

At the same time, however, I am reluctant to make a binding judgment as to the aggregate spending decisions of Congress at this time. Lying ahead of us are decisions on many pieces of authorizing and appropriating legislation which deserve careful consideration on their merits. We have, through the first budget resolution established targets to guide us in these decisions. While this guidance must be taken seriously, it must not be inflexible, either with regard to spending or revenues. Mr. President, by attempting to lock in the deficit target contained in that resolution—essentially make it a ceiling at this early stage—I am afraid that the Finance Committee amendment would take away a good deal of that necessary and intended flexibility.

Mr. President, if the Senator from Kansas thought that Congress was going to act irresponsibly on subsequent spending legislation and in formulating the second budget resolution, and if I thought that the amendment before us would be truly effective in preventing such action, then I would support it.

I think that neither is the case. Mr. President, the Congress is for the first time working within the context of an orderly process designed to promote budgetary responsibility. I am reasonably encouraged with the results from the trial run for the fiscal year which ends today, and with the actions taken so far with regard to the fiscal year 1977 budget. We have in the last week passed several major appropriation measures, which were well within the guidelines of the first concurrent budget resolution.

Mr. President, I see no reason to amend our procedures at this point by adopting this or any other restrictive amendment. The most effective expression of the budgetary concern contained in this amendment is at the second concurrent resolution and the possible reconciliation process. If my colleagues are at that time convinced that in spite of their efforts to restrain individual spending bills, the Congress has spent unwisely beyond its revenue sources, then they are at liberty to so advise the Budget Committee through personal testimony and to offer amendments to the second budget resolution.

In addition, Mr. President, I doubt whether this amendment would be effective. This amendment nonwithstanding, Congress will pass such legislation as it sees fit. It is unlikely that the provisions of this amendment could be successfully invoked with regard to any single appropriation bill or in conjunction with the second budget resolution. Indeed, the language of the amendment—the allowance for what "economic conditions warrant" and provisions for spending reductions "in addition to any reduction in such levels which otherwise would have occurred"—would probably render the amendment operationally ineffective.

Mr. President, in the final analysis, this Finance Committee amendment is a gesture, as is the Budget Committee's proposed substitute. The Senator from Kansas agrees with the sentiment expressed in both.

But I also think that both are entirely unnecessary. For this reason, I think that neither should be adopted and applaud the agreement reached to strike both amendments.

Mr. LONG. H.R. 14114 makes two changes in present law. The first change in present law involves a three-stage increase in the present temporary debt limit. The second change increases the exception from the 4¼-percent ceiling on long-term bonds.

DEBT LIMIT

Under present law, the permanent debt limitation is $400 billion. A temporary addition of $227 billion to the permanent limit currently is in effect, which makes the total debt limit $627 billion through June 30, 1976. After June 30, the limit on outstanding public debt will fall to the $400 billion permanent limit if no action is taken by Congress.

The bill now before the Senate provides a three-stage increase in the temporary limit which raises the combined temporary and permanent debt limits to $636 billion through September 30, 1976, $682 billion from October 1, 1976, through March 31, 1977, and $700 billion from April 1 through September 30, 1977. In effect, the bill sets three debt limits. The first one applies to the transition quarter. The second and third limits apply to fiscal year 1977 with the second limit covering the first half of the fiscal year to assure that outlays are properly apportioned through the fiscal year.

The debt limits set in this bill are consistent with the budget and public debt targets in the first budget concurrent resolution for the transition quarter and fiscal year 1977. Table 5 of the committee report shows the monthly breakdown of public debt needs through the 15-month period covered by the bill. The second column contains the monthly projections prepared by Budget Committee staff.

The projections conform with the targets set in the resolution, although the total at the end of the fiscal year is lower than the amount set in the resolution. This happens because the starting point for the debt limitation—the outstanding public debt on June 30, 1976—is now expected to be about $616 billion, rather than the $627 billion limit that expires then. In effect, the computation of the prospective needs starts at a lower level than previously anticipated.

The committee believes that with the new budget process in effect, it is now appropriate to make the public debt limit extensions on the same time schedule as the congressional budget resolution. On this basis, the debt limitation would be carried through the transition quarter or through the entire fiscal year 1977.

If the limit were extended only through September 30, 1976, it would then be necessary to provide another new limit in August or September of this year. Setting another limitation this soon would be a useless gesture on Congress part. In addition, with the times out for conventions and the desire that Congress adjourn by the end of this September, to consider the debt limit again at that time would needlessly crowd the agenda of the House and Senate.

The debt limit provision sets a limit for the transition quarter and also for the fiscal year 1977, through September 30, 1977. The limits set by the bill are based on the targets established in the first budget resolution. Because the provision covers so long a period into the future, the committee has followed a three-stage approach. This approach, in the case of an extension of the limitation for a long period of time, is desirable in order to control the rate of spending throughout the period and prevent overspending in the early part of the period. The first stage covers the transition quarter, through September 30, 1976. The two stages in fiscal year 1977 divide the year evenly and provide control over the budget by allowing only enough margin to meet the debt needs as they have been projected for each half year.

I believe the committee has provided conservative increases in the limit over short time periods, and I believe that the approach we have followed is a responsible one which the Senate can adopt.

INTEREST RATE CEILING

Section 2 of this bill increases the exception to the 4¼-percent interest rate ceiling on long-term bonds by $5 billion, from $12 billion to $17 billion.

Interest rates on long-term bonds for most of the past decade have been considerably higher than 4¼ percent, and there is little likelihood that the rates will fall below the ceiling for a long time to come. Under these conditions, the Treasury would not be able to issue long-term bonds, if the exception were not provided. The small amount of long-term issues has been a modest help in slowing the pace of shortening the average maturity of the outstanding Federal debt.

With the 4¼-percent interest rate limitation on bond issues, Congress has been able to limit the sale of bonds with long maturities at high interest rates. Although the Congress believes it would be unwise economic policy now to sell many of these long-term bonds at high interest rates, exceptions to this policy are needed in the interest of good debt management, so that most of the debt will not need to be rolled over at short intervals.

The increase of $5 billion which this bill provides will allow the Treasury to plan its program for the next 15 months and set tentative plans for the months after that. This incremental approach is the appropriate way for Congress to proceed in this area.

I recommend that the Senate approve this small addition to the exception to the interest rate ceiling.

Mr. CURTIS. Mr. President, it is with considerable disappointment and pain that I rise to support this extension, continuation, and raising of the debt ceiling. In fact, it is not a ceiling. A ceiling would restrain spending. That has not happened in the past. The spending has already taken place. Congress has voted for programs for authorizations and for expenditures, and the bills are coming in. If there is not enough revenue coming in to pay the bills, we still owe the bills.

What this bill is, in reality, is not a ceiling on expenditures, and not a ceiling on debt. It is an authorization to the Secretary of the Treasury to borrow enough money to pay the bills we have already accumulated.

Mr. President, I do not approve this excessive spending. The answer lies, however, in reducing the size of the Federal Government and curtailing spending programs, and merely voting against a resolution like this would not accomplish that.

As in the past, I continue to have serious misgivings over the continued growth in Federal spending and deficits. Nevertheless, we must distinguish between excessive spending on the one hand and insuring appropriate legislative authority to finance whatever obligations that are incurred on the other. H.R. 14114 clearly falls within the latter category.

Mr. President, in 1970, just 6 years ago, the public debt subject to limitation was $373 billion. The debt in 1970 took 194 years to accumulate. By June 30, 1976 it is estimated that the public debt will be $616 billion or a gain of $243 billion in just 6 years. The danger in continuing on this course should be obvious even to the advocates of deficit spending.

If any clear message has been received from the American public this year, it is that the growth of the Federal Government must be curtailed and spending be brought into line with income. We have an obligation to restore fiscal integrity to the Federal budget and, therefore, we must strongly support this legislation.

Mr. President, the bill provides that the public debt limitation is to be $63 billion from the date of enactment through September 30, 1976; $682 billion from October 1, 1976, through March 30, 1977, and $700 billion from April 1, 1977, through September 30, 1977. These increases are $9 billion, $55 billion, and $73 billion, respectively, above the present debt limitation of $627 billion which is applicable through June 30, 1976. The bill also adds one provision concerning debt management.

The present debt limitation consists of a permanent limitation of $400 billion and a temporary limitation effective through June 30, 1976, of $227 billion. This bill makes no change in the permanent debt limitation. It provides increases in the temporary debt limit for the transition quarter and the first and second halves of fiscal year 1977, which ends on September 30, 1977. The temporary increases are $236 billion for the period from July 1, 1976, through September 30, 1976, $282 billion for the period from October 1, 1976, through March 31, 1977, and $300 billion from April 1, 1977, through September 30, 1977.

Section 2 of the bill increases the limitation from $12 billion to $17 billion on the amount of long-term bonds that may be issued bearing interest above 4¼ percent statutory ceiling. The committee believes that the $5 billion increase is sufficient to enable the administration to plan now for at least the next two or three long-term bond issues during the course of the next 15 months.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 14114) was read the third time, and passed.

SOCIAL SECURITY AMENDMENTS

Mr. LONG. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 14484, which is being held at the desk.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 14484) to make permanent the existing temporary authority for reimbursement of States for interim assistance payments under title XVI of the Social Security Act, to extend for one year the eligibility of supplemental security income recipients for food stamps, and to extend for one year the period during which payments may be made to States for child support collection services under part D of title IV of such Act.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read twice, and the Senate will proceed to its consideration.

Mr. LONG. Mr. President, there are amendments by two Senators to which I see no objection, and also there are two amendments approved by the committee. I send to the desk two amendments approved by the Committee on Finance, and ask unanimous consent for their immediate consideration en bloc.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc, and the amendments will be stated.

UP AMENDMENT NO. 152

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes unprinted amendments, en bloc, numbered 152.

Mr. LONG's amendments (UP No. 152, en bloc) are as follows:

Strike out section 2 of the bill and insert in lieu thereof the following:

"FOOD STAMP ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

"SEC. 2. (a) Section 8 of Public Law 93–233 is amended by striking out 'the 30-month period beginning January 1, 1974' where it appears—

"(1) in the matter preceding the colon in subsection (a)(1), and in the new sentence added by such subsection, and

"(2) in subsections (a)(2), (b)(1), (b)(2), (b)(3), and (e),

and by inserting in lieu thereof in each instance 'the period ending June 30, 1977'.

"(b)(1) Section 8 of Public Law 93–233 is further amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"'(d) In any case in which—

"'(1) the level of State supplementary payments, of the type described in section 1616(a) of the Socal Security Act, in a State has been found by the Secretary of Health, Education, and Welfare (hereinafter in this subsection referred to as the "Secretary") to have been specifically increased so as to include the bonus value of food stamps in accordance with the provisions of subsection (c) of this section with respect to the month of June 1976, and

"'(2) with respect to a month after June 1976 the finding of the Secretary (referred to in paragraph (1)) is no longer in effect because of a failure of the State to meet the condition respecting the limitation on State fiscal liability specified in clause (1) of subsection (c) of this subsection,

the Secretary shall, nevertheless, upon the request of the State, find, for purposes of the provisions specified in subsection (c) of this section, that the level of such State's supplementary payments, of the type so described, has been specifically increased for such month so as to include the bonus value of food stamps, if—

"'(3) the State law, as in effect for such month specifically provides for increases in such payments on account of general increases in the level of benefits payable under title XVI of the Social Security Act in a manner designed to assure that, whenever a general increase in the level of benefits payable under such title XVI becomes effective for any month after June 1976, the amount of the State supplementary payment payable, for each month with respect to which such general increase is effective, to any individual and to any individual with an eligible spouse, will be increased by such amount as is necessary to assure that the aggregate of—

"'(A) the amount payable for such month to such individual, or to such individual with an eligible spouse, under such title XVI, and

"'(B) the amount payable for such month to such individual, or to such individual with an eligible spouse, under the State's supplementary payments program,

will exceed, by an amount which is not less than the monthly amount of such general increase, the aggregate of the amounts which would otherwise have been payable, to such individual (or to such individual with an eligible spouse), under such title XVI and under the State's supplementary payments program for such month under the State law as in effect on June 1, 1976, and

"'(4) such month is (A) the month of July 1976, or (B) a month thereafter which is in a period of consecutive months the first of which is July 1976 and each of which is a month with respect to which the conditions of paragraph (3) are met.

As used in this subsection, the term "general increase in the level of benefits payable under title XVI of the Social Security Act" means an increase in benefits payable under such title XVI by reason of the operation of section 1617 of such Act. For purposes of this subsection, the general increase in the level of benefits payable under such title XVI which became effective for the month of July 1976 shall be deemed to have provided an increase of $3.00 per month in the case of an individual without an eligible spouse, and $4.50 per month in the case of an individual with an eligible spouse.'.

"(2) The provision of section 8 of Public Law 93-233 which, under paragraph (1) of this subsection is redesignated as subsection (f), is amended by striking out 'subsection (d)' and inserting in lieu thereof 'subsection (e)'."

At the end of the bill, add the following:

"CLARIFICATION OF GARNISHMENT PROVISIONS

"SEC. 4. (a) Section 459 of the Social Security Act is amended (1) by striking out '(including any agency or instrumentality thereof and any wholly owned Federal corporation)' and inserting in lieu thereof 'or the District of Columbia (including any agency, subdivision, or instrumentality thereof)', and (2) inserting 'or the District of Columbia' immediately after 'United States' where it appears the second time.

"(b) Section 459 of such Act is further amended—

"(1) by inserting '(a)' immediately after 'SEC. 459.', and

"(2) by adding at the end thereof the following new subsections:

"'(b) Service of legal process brought for the enforcement of an individual's obligation to provide child support or make alimony payments shall be accomplished by certified or registered mail, return receipt requested, or by personal service, upon the appropriate agent designated for receipt of such service of process pursuant to regulations promulgated pursuant to section 461 (or, if no agent has been designated for the governmental entity having payment responsibility for the moneys involved, then upon the head of such governmental entity). Such process shall be accompanied by sufficient data to permit prompt identification of the individual and the moneys involved.

"'(c) No Federal employee whose duties include responding to interrogatories pursuant to requirements imposed by section 461(b)(3) shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by him in connection with the carrying out of any of his duties which pertain (directly or indirectly) to the answering of any such interrogatory.

"'(d) Whenever any person, who is designated by law or regulation to accept service of process to which the United States is subject under this section, is effectively served with any such process or with interrogatories relating to an individual's child support or alimony payment obligations, such person shall respond thereto within thirty days (or within such longer period as may be prescribed by applicable State law) after the date effective service thereof is made, and shall, as soon as possible but not later than fifteen days after the date effective service is so made of any such process, send written notice that such process has been so served (together with a copy thereof) to the individual whose moneys are affected thereby at his duty station or last-known home address.

"'(e) Government entities affected by legal processes served for the enforcement of an individual's child support or alimony payment obligations shall not vary their normal pay and disbursement cycles in order to comply with any such legal process.

"'(f) Neither the United States, any disbursing officer, nor governmental entity shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if such payment is made in accordance with this section and the regulations issued to carry out this section.'.

"(c) Part D of title IV of such Act is further amended by adding at the end thereof the following new section:

"'REGULATIONS PERTAINING TO GARNISHMENTS

"'SEC. 461. (a) Authority to promulgate regulations for the implementation of the provisions of section 459 shall, insofar as the provisions of such section are applicable to moneys due from (or payable by)—

"'(1) the executive branch of the Government (including in such branch, for the purposes of this subsection, the territories and possessions of the United States, the United States Postal Service, the Postal Rate Commission, any corporation the majority of the stock of which is owned or controlled by the Federal Government or any agency or instrumentality thereof, and the government of the District of Columbia), be vested in the President (or his designee),

"'(2) the legislative branch of the Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"'(3) the judicial branch of the Government, be vested in the Chief Justice of the United States (or his designee).

"'(b) Regulations promulgated pursuant to this section shall—

"'(1) in the case of those promulgated by the executive branch of the Government, include a requirement that the head of each agency thereof shall cause to be published, in the appendix of the regulations so promulgated (A) his designation of an agent or agents to accept service of process, identified by title of position, mailing address, and telephone number, and (B) an indication of the data reasonably required in order for the agency promptly to identify the individual with respect to whose moneys the legal process is brought,

"'(2) in the case of regulations promulgated for the legislative and judicial branches of the Governments, set forth, in the appendix to the regulations so promulgated, (A) the name, position, address, and telephone number of the agent or agents who have been designated for service of process, and (B) an indication of the data reasonably required in order for such entity promptly to identify the individual with respect to whose moneys the legal process is brought,

"'(3) provide that (A) in the case of regulations promulgated by the executive branch of the Government, that each head of a governmental entity (or his designee) shall respond to relevant interrogatories, if authorized by the law of the State in which legal process will issue, prior to formal issuance of such process, upon a showing of the applicant's entitlement to child support or alimony payments, and (B) in the case of regulations promulgated for the legislative and judicial branches of the Government, or the person or persons designated as agents for service of process in accordance with paragraph (2) shall respond to relevant interrogatories if authorized by the law of the State in which legal process will issue, prior to formal issuance of legal process, upon a showing of the applicant's entitlement to child support or alimony payments.

"'(c) In the event that a governmental entity, which is authorized under this section or regulations issued to carry out this section to accept service of process, pursuant to the provisions of subsection (a), is served with more than one legal process with respect to the same moneys due or payable to any individual, then such moneys shall be available to satisfy such processes on a first-come first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.'.

"(d) Part D of title IV of such Act is further amended by adding after section 461 (as added by subsection (c) of this section) the following new section:

"'DEFINITIONS

"'SEC. 462. For purposes of section 459—

"'(a) The term "United States" means the Federal Government of the United States, consisting of the legislative branch, the judicial branch, and the executive branch thereof, and each and every department, agency, or instrumentality of any such branch, including the United States Postal Service, the Postal Rate Commission, any wholly owned Federal corporation, any office, commission, bureau, or other administrative subdivision or creature thereof, and the governments of the territories and possessions of the United States.

"'(b) The term "child support", when used in reference to the legal obligations of an individual to provide such support, means periodic payments of funds for the support and maintenance of a child or children with respect to which such individual has such an obligation, and (subject to and in accordance with State law) includes but is not limited to, payments to provide for health care, education, recreation, clothing, or to meet other specific needs of such a child or children; such term also includes attorney's fees, interest, and court costs, when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"'(c) The term "alimony", when used in reference to the legal obligation of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of such individual, and (subject to and in accordance with State law) includes but is not limited to, separate maintenance, alimony pendente lite, maintenance, and spousal support; such term also includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction. Such term does not include any payment or transfer of property or its value by an individual to his spouse or former spouse in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses and former spouses.

"'(d) The term "private person" means a person who does not have sovereign or other special immunity or privilege which causes such person not to be subject to legal process.

"'(e) The term "legal process", when used in the context of section 459, means any writ, order, summons, or other similar process in the nature of garnishment, which—

"'(1) is issued by (A) a court of competent jurisdiction within any State, territory, or possession of the United States, or (B) an authorized official pursuant to an order of such a court of competent jurisdiction or pursuant to State or local law, and

"'(2) is directed to, and the purpose of which is to compel, a governmental entity, which holds moneys which are otherwise payable to an individual, to make a payment from such moneys to another party in order to satisfy a legal obligation of such individual to provide child support or make alimony payments.

"'(f) Entitlement of an individual to any money shall be deemed to be "based upon remuneration for employment", if such money consists of—

"'(1) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, or otherwise, and includes but is not limited to, severance pay, sick pay, and incentive pay (but does not include awards for making suggestions) or

"'(2) periodic benefits (as defined in section 228(h)(3) of this Act) or other payments to such individual under the insurance system established by title II of this Act or any other system or fund established by the United States (as defined in subsection (a)) which provides for the payment of pensions, retirement or retired pay, annuities, dependents or survivors' benefits, or similar amounts payable on account of personal services performed by any individual (not including any payment under any Federal program established to provide "black lung" benefits or compensation for deaths suffered by Federal employees, or any payment by the Veterans' Administration as compensation for service-connected disability or death),

and does not consist of amounts paid, by way of reimbursement or otherwise, to such individual by his employer to defray expenses incurred by such individual in carrying out duties associated with his employment.

"'(g) In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"'(1) are owed by such individual to the United States,

"'(2) are required by law to be, and are, deducted from the remuneration or other payment involved, including but not limited to, Federal employment taxes, and fines and forfeitures ordered by court-martial,

"'(3) are properly withheld for Federal, State, or local, income tax purposes, if the withholding of such amounts are authorized or required by law and if amounts withheld are not greater than would be the case if such individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402 (i) of the Internal Revenue Code of 1954 may be permitted only when such individual presents evidence of a tax obligation which supports the additional withholding),

"'(4) are deducted as health insurance premiums,

"'(5) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage), and

"'(6) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).'.

"(e)(1) Subsection (b) of section 303 of the Consumer Credit Protection Act (15 U.S.C. 1673(b)) is amended—

"(A) by inserting '(1)' immediately after '(b)'.

"(B) by redesignating clauses (1), (2), and (3) thereof as clauses (A), (B), and (C), respectively, and

"(C) by adding at the end thereof the following new paragraph:

"'(2) The maximum part of the aggregate disposable earnings of an individual for any workweek which is subject to garnishment to enforce any order for the support of any person shall not exceed—

"'(A) where such individual is supporting his spouse or dependent child (other than a spouse or child with respect to whose support such order is issued), 50 per centum of such individual's disposable earnings for that week, and

"'(B) where such individual is not supporting such a spouse or dependent child described in clause (A), 60 per centum of such individual's disposable earnings for that week;

except that, with respect to the disposable earnings of any individual for any workweek, the 50 per centum specified in clause (A) shall be deemed to be 55 per centum and the 60 per centum specified in clause (B) shall be deemed to be 65 per centum, if and to the extent that such earnings are subject to garnishment to enforce a support order with respect to a period which is prior to the twelve-week period which ends with the beginning of such workweek.'.

"(2) The provision of section 303(b) of the Consumer Credit Protection Act which is redesignated under paragraph (1) as clause (A) is amended by striking out all that follows 'any order' and inserting in lieu thereof the following: 'for the support of any person issued by a court of competent jurisdiction or in accordance with an administrative procedure, which is established by State law, which affords substantial due process, and is subject to judicial review.'.

"(3) Section 305 of such Act is amended by inserting 'and (b)(2)' immediately after 'section 303(a)' each place it appears therein.

"(4) The amendments made by this subsection shall take effect on the first day of the first calendar month which begins after the date of enactment of this Act.

"BONDING OF CERTAIN STATE OR LOCAL EMPLOYEES; HANDLING OF CASH RECEIPTS

"SEC. 5. (a) Section 454 of the Social Security Act is amended—

"(1) by striking out 'and' at the end of paragraph (12),

"(2) by striking out the period at the end of paragraph (13) and inserting a semicolon in lieu thereof, and

"(3) by adding at the end thereof the following new paragraphs:

"'(14) comply with such bonding requirements, for employees who receive, disburse, handle, or have access to, cash, as the Secretary shall by regulations prescribe; and

"'(15) maintain methods of administration which are designed to assure that persons responsible for handling cash receipts shall not participate in accounting or operating functions which would permit them to conceal in the accounting records the misuse of cash receipts.'.

"(b) The amendments made by subsection (a) shall take effect on October 1, 1976.

"INCENTIVE PAYMENTS TO STATES AND LOCALITIES

"SEC. 6. (a)(1) Section 458(a) of the Social Security Act is amended by striking out 'parent—' and all that follows and inserting in lieu thereof 'parent an amount equal to 15 per centum of any amount collected and required to be distributed as provided in section 457 to reduce or repay assistance payments.'.

"(2) Section 458(b) of such Act is amended by striking out 'paragraphs (1) and (2) of'.

"(b) The amendments made by subsection (a) shall be applicable with respect to amounts collected on and after October 1, 1977.

"EXTENSION OF DEMONSTRATION PROJECTS TO CHILD SUPPORT

"SEC. 7. (a) Section 1115 of the Social Security Act is amended—

"(1) in the matter preceding clause (a), by striking out 'part A' and inserting in lieu thereof 'part A or D',

"(2) in clause (a) thereof, by inserting '454,' immediately after '402,',

"(3) in clause (b) thereof, by inserting '455,' immediately after '403,', and

"(4) in the second sentence thereof, (A) by striking out '$4,000,000' and inserting in lieu thereof '$8,000,000', and (B) by adding at the end thereof 'no demonstration project authorized under this section for part D of title IV shall establish additional requirements for eligibility for aid under part A of title IV.'

"(b) The amendments made by subsection (a) (other than the amendment made by clause (4) thereof) shall be effective on and after the date of enactment of this section, and the amendment made by such clause (4) shall be effective in the case of fiscal years which begin after the date of enactment of this Act.

"ANNUAL REPORT OF THE SECRETARY

"SEC. 8. (a) Section 452(a)(10) of the Social Security Act is amended to read as follows:

"'(10) not later than three months after the end of such fiscal year, beginning with the year 1976, submit to the Congress a full and complete report on all activities undertaken pursuant to the provisions of this part, which report shall include but not be limited to, the following:

"'(A) total program costs and collections set forth in sufficient detail to show the cost to the States and the Federal Government, the distribution of collections to families, State and local governmental units, and the Federal Government; and an identification of the financial impact of the provisions of this part;

"'(B) costs and staff associated with the Office of Child Support Enforcement;

"'(C) the number of child support cases in each State immediately prior to the effective date of this part and the number of such cases added each quarter thereafter, and the disposition of such cases;

"'(D) the status of all State plans under this part as of the end of the fiscal year last ending before the report is submitted, together with an explanation of any problems which are delaying or preventing approval of State plans under this part;

"'(E) data, by State, on the use of the Federal Parent Locator Service, and the number of locate requests submitted without the absent parent's social security account number;

"'(F) the number of cases, by State, in which an applicant for or recipient of aid under a State plan approved under part A has refused to cooperate in identifying and locating the absent parent and the number of cases in which refusal so to cooperate is based on good cause (as determined in accordance with the standards referred to in section 402(a)(26)(B)(ii); and

"'(G) data, by State, on the use of Federal courts and on use of the Internal Revenue Service for collections, the number of court orders on which collections were made, the number of paternity determinations made the number of parents located, in sufficient detail to show the cost and benefits to the States and to the Federal Government; and

"'(H) the major problems encountered which have delayed or prevented implementation of the provisions of this part during the fiscal year last ending prior to the submission of such report.'.

"(b) The amendment made by subsection (a) shall be effective in the case of reports, submitted by the Secretary of Health, Education, and Welfare, after 1975.".

Mr. LONG. Mr. President, these amendments differ slightly from printed amendment No. 1974 which I introduced Monday on behalf of the Senate Finance Committee, to correct technical errors and omissions. The pending House bill relates to certain supplementary income and child support provisions which expire at midnight tonight. The Finance Committee amendments take care of a particular problem in California, and make some clarifications in the child support law.

I urge the adoption of the amendments.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments proposed by the Senator from Louisiana.

The amendments were agreed to.

UP AMENDMENT NO. 153

Mr. LONG. Mr. President, I send to the desk an amendment on behalf of the Senator from Georgia (Mr. NUNN), and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG), in behalf of Mr. NUNN, proposes unprinted amendment No. 153.

Mr. NUNN's amendment is as follows:

At the end of the bill, insert the following new section:

SEC. 9. For purposes of determining the amount payable to the State of Georgia under section 403(a) of the Social Security Act on account of expenditures made by such State as aid to families with dependent children under its State plan approved under part A of title IV of such Act during calendar quarters, beginning after June 30, 1975 and prior to January 1, 1977, there shall be included as an offset against such expenditures amounts which—

(1) were collected as child support by the State pursuant to a plan approved under part D of such title IV, and

(2) were retained by the State pursuant to, and in accordance with the provisions of, section 457(a)(2) or section 457(b)(1).

Mr. LONG. Mr. President, this amendment, offered by the Senator from Georgia (Mr. NUNN), would allow the State of Georgia until the end of the calendar year to straighten out a problem of interpretation that State has concerning the treatment of child support collections for purposes of reimbursement.

I see no problem with the amendment, and I understand the Department of Health, Education, and Welfare has also been willing to grant the State an additional period of time to conform with Federal law.

Mr. NUNN. Mr. President, I thank the Senator from Louisiana. I am offering this amendment in an effort to alleviate a serious problem that is affecting the State of Georgia because of certain provisions of the Child Support Recovery Act. The problem is peculiar to Georgia because:

First. Georgia is one of the few States with a child support recovery program that predated the passage of the Federal Act; and

Second. Georgia is one of the remaining States using the original formula for public assistance payments.

Georgia uses the original public assistance formula in which the Federal Government pays a portion of the AFDC award as long as the total payment does not exceed $32. Any payment over $32 per individual must be paid solely by State funds. By State law, Georgia is restricted to $32 per individual for AFDC payments.

For several months, Georgia AFDC payments have averaged a little less than $32, and the Georgia General Assembly, with its requirement that the State budget must be balanced, is reluctant to increase State expenditures in this area.

Under the Federal statute, child support recovery must be maintained separately by the State from AFDC expenditures. With Georgia's current system, this separate accounting will cause the average AFDC award to exceed $32, reduce the percent of Federal funds, and increase the percent of the State funds required for AFDC payments.

In a memorandum to John A. Svahn, the former Acting Administrator of the Social Rehabilitation Service, Mrs. Virginia Smyth, the Region IV, Social and Rehabilitation Service Commissioner, succinctly outlined the problem facing Georgia under this act as follows:

> The Georgia Agency is restricted by state law to a maximum payment of $32 per recipient. A reduction was made in January, 1976 payments to comply with this requirement. If child support collection cannot be deducted from total AFDC expenditures in calculating the average payment, such average will continually increase and compel the state agency to reduce benefits perhaps on a monthly basis until such time as all support payments have been removed from individual grants and converted to IV–D payments. We do not believe that it was intended that IV–D would reduce the amount of assistance to all needy persons in Georgia.
>
> As child support payments are transferred from AFDC budgets to the Office of Child Support enforcement agency, each individual grant will be increased resulting in increased total AFDC expenditures in direct proportion to the amounts of collection. Thus, as IV–D collections increase, the AFDC expenditures will correspondingly increase.

The officials of the Georgia Department of Human Resources are understandably distressed by this problem and have worked closely with HEW officials to formulate a solution. HEW recognized the sincere efforts of Georgia to comply with the Federal statute and granted Georgia a "letter of exception" to the Federal IV–D requirement which allowed the State to offset AFDC expenditures, both Federal and State, by the total amount of current monthly funds recovered and retained by the Georgia child support recovery unit. This, in effect, reduced State cost for AFDC, helped Georgia keep the average payment close to $32—the point at which Federal financial participation ends under the formula used—temporarily prevented a reduction in ADFC payments, and allowed the Department to remain within its approved fiscal year 1976 budget for AFDC.

The officials of the HEW office of child support enforcement will probably withdraw the "Letter of exception" which has been assisting the State of Georgia over the last few months. Georgia is currently making every effort to comply with the mandates of Public Law 93–647 and is working expeditiously to convert to a computer system that will gage the public assistance award per individual. Such a conversion will take several months to complete under optimum conditions; however, State officials have assured me that every effort will be made to complete this conversion as soon as possible.

My amendment will simply allow Georgia to continue to operate under the child support recovery system it used prior to the passage of the Federal law until January 1, 1977. It also grants Georgia retroactive authority to utilize this system from June 30, 1975. In effect, this amendment will allow Georgia the remainder of the year to convert to the individualized computer system so that the State will not be forced to pay more for AFDC awards due to the child support recovery law. Georgia has been a pioneer in the field of child support recovery and has been very dedicated and successful in its efforts. Certainly, Georgia should not be penalized because of its advancement in this much-needed reform in our public assistance system. I hope that the Senate will accept this amendment that will allow Georgia a smooth transition to the new public assistance system.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

AMENDMENT NO. 1973 (AS MODIFIED)

Mr. LONG. Mr. President, the Senator from Ohio (Mr. TAFT) is not in the Chamber at this moment. However, he has proposed an amendment to H.R. 14484 that merits consideration. I send to the desk the Taft printed amendment No. 1973, as modified, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG), for Mr. TAFT, proposes amendment No. 1973, as modified.

Mr. TAFT's amendment (No. 1973, as modified) is as follows:

On page 1 of the bill, line 4, after "Section 1" insert "(a)".

On page 1 of the bill, insert after line 5 the following:

(b) Section 1631(g)(4)(A) of the Social Security Act is amended by striking out "ten" and inserting in lieu thereof "fifteen".

Mr. LONG. Mr. President, the House bill would make permanent the so-called interim assistance provisions of the supplemental security income program. These provisions allow for reimbursements to States when they have advanced funds for assistance to the needy aged, blind, and disabled persons not yet on the SSI rolls. This amendment would allow the States 15 days rather than 10 working days to complete the reimbursement process.

I urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

Mr. JAVITS. Mr. President, as I understand, there is an amendment in this bill which relates to the cashing of food stamp entitlement to SSI beneficiaries.

But I am informed this is very deleterious and harmful to them. I said "informed" because I am not making the allegation myself, but I wish to hear the chairman on the subject.

Mr. LONG. This has to do with the State of California. The two Senators from that State, who I think have the best of liberal credentials, feel that this is a good thing for California. The Governor of California feels it is a good thing for that great State. We support it because it means that everyone familiar with the problem in California is very happy about what they are doing there.

Mr. JAVITS. May I say I am informed, again I say that because I have just been advised about this, that though it may suit the California Senators it does not suit a large group of Congressmen, especially some from New York who believe that it is harmful; therefore, there is likely to develop serious opposition to this. I say "likely to develop." I am not promising anything. I do not know. There is likely to develop serious opposition to this over in the House of Representatives which may interfere with the extension.

I simply submit that to our colleague by way of information I have received.

Mr. LONG. That is not unusual. That is why we have two Houses of Congress. If there were not a difference of opinion from time to time, one of us would not be necessary.

Mr. JAVITS. May we have from the chairman, because he has undoubtedly looked into it, the rationale which is involved quite apart from the fact that it may suit California Senators?

Mr. LONG. Let me just read from some information provided me by those who support the amendment:

> The State of California has indicated that it prefers not to continue the eligibility of SSI recipients for food stamps and provide them instead with an increased cash payment under a State-funded program under supplementary benefits.
>
> The committee amendment to the bill would permit the State to continue to exclude SSI recipients from food stamps provided it enacts legislation which will provide them with an additional $3 in monthly income starting July 1976 and in future years with an amount of additional income equal to the full amount of any increases in the Federal SSI benefit level.
>
> This amendment would result in estimated savings in Federal food stamps administrative costs of about 50 to 60 million dollars.

This is the decision of the State that they would rather spend their money in cash benefits rather than spend it in food stamps.

Mr. JAVITS. Mr. President, I make this suggestion. It is a twofold suggestion. First, we might amend this to allow any State to do it that wishes to do it. That is one.

Mr. LONG. It is optional in the committee amendment.

Mr. JAVITS. Second, the other thing we might do if this is going to allow controversy and result in it being blocked in the other body, because I understand this is now June 30, is whether or not we simply ought to pass the extension alone here and put this amendment on some other bill. There are plenty of bills available.

Mr. LONG. But if we did that that would not even give California a chance to see if they can work it out with the congressional delegation.

Mr. JAVITS. Mr. President, when the Senator is ready I am going to call for a quorum so we will have a minute to look at this. I do not wish to interrupt Senator DOLE or Senator LONG.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. DOLE. It is the wish of the Senator of Kansas to make the same point made by the Senator from New York.

I shall ask unanimous consent to have printed in the RECORD minority views expressed by a number of Members of Congress.

It is my understanding that there is considerable opposition to this amendment, particularly from the New York House delegation. It is apparent, according to the minority views, that California seeks to divert funds from food stamp administration in order to provide a 6-percent increase in benefits to AFDC recipients.

And it is suggested in the minority views:

> In California legislators wish to achieve a greater balance between assistance to the aged and to the AFDC population, the State certainly may do so within the parameters of its own resources. But we cannot participate in a Federal action which would deny the needy aged in that State of access to food stamps, which are generally available elsewhere, for the narrowly designated purpose of responding to other interests within the State.

Those are the views expressed by every member of the House Ways and Means Committee.

Mr. President, I ask unanimous consent that these minority views be printed in the RECORD.

There being no objection, the minority views were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS ON H.R. 14514

We are opposed to H.R. 14514 because we believe that it is a wolf in sheep's clothing. It is not, as the majority describes it, simply a means of enabling the State of California to continue to "cash out" food stamps for SSI recipients, upon the condition that the State pass $3 of the Federal benefit increase of this year and the full amount of future increases through to SSI beneficiaries.

This legislation was conceived by majority members of the California delegation as an expedient means of advancing the interests of that State's administration. We can find no compelling national justification for it's enactment; to the contrary, we believe that its approval only would undermine the sound principle of consistent Federal policy toward all States.

As a result of increases in Federal SSI benefits, California will cease to be in the "hold harmless" category on July 1 of this year. In the absence of special legislation, California will lose the option of cashing out food stamps for SSI recipients. Unlike other States facing similar circumstances, California is seeking to avoid implementation of food stamps. Behind this objective lurks a more parochial motive than the stated concern over administrative expense.

It is apparent that California seeks to divert funds from food stamp administration in order to provide a six percent increase in benefits to AFDC recipients. Such an increase presently is being considered by the legislature, as an addition to the cost-of-living increase which annually is awarded to welfare recipients.

On July 1, the basic Federal SSI benefit will increase from $158 to $168. If this bill is not enacted, the California grant for a single aged person, including State supplementation, will increase from $259 to $273. SSI recipients would become eligible to purchase food stamps.

If California legislators wish to achieve a greater balance between assistance to the aged and to the AFDC population, the State certainly may do so within the parameters of its own resources. But we cannot participate in a Federal action which would deny the needy aged in that State of access to food stamps, which are generally available elsewhere, for the narrowly designed purpose of responding to other interests within the State.

The fact that many welfare recipients are able to work, while the elderly usually cannot, only magnifies the inappropriateness of this proposed Federal policy. We urge the defeat of this legislation.

JOHN J. DUNCAN.
BILL ARCHER.
BARBER B. CONABLE, Jr.
WILLIAM A. STEIGER.
GUY VANDER JAGT.
PHILIP M. CRANE.
WILLIAM M. KETCHUM.
HERMAN T. SCHNEEBELI,
DONALD D. CLANCY.
BILL FRENZEL.
JAMES G. MARTIN.
L. A. BAFALIS.

NUCLEAR CAREER INCENTIVE ACT OF 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 952, H.R. 10451.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 10451) to amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

SOCIAL SECURITY AMENDMENT

The Senate continued with the consideration of the bill (H.R. 14484) to make permanent the existing temporary authority for reimbursement of States for interim assistance payments under title XVI of the Social Security Act, to extend for 1 year the eligibility of supplemental security income recipients for food stamps, and to extend for 1 year the period during which payments may be made to States for child support collection services under part D of title IV of such act.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that H.R. 14484 be temporarily laid aside and that the Senate proceed to the consideration of the tax bill.

The PRESIDING OFFICER (Mr. McGee). Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1869

Mr. LONG. Mr. President, I ask unanimous consent that it be in order for the Senator from Alabama to submit an amendment at the end of the bill, involving babysitters.

Mr. HASKELL. Mr. President, reserving the right to object, could we have a little more explanation about what the Senator from Alabama is doing?

Mr. ALLEN. I am asking unanimous consent to bring up an amendment at this time. It will not take more than 5 minutes, I assure the Senator. I have discussed it with the manager of the bill. I do not think there is any objection to it.

Mr. HASKELL. If it takes more than 5 minutes, we will return to the matter we were discussing?

Mr. ALLEN. Approximately 5 minutes.

Mr. HASKELL. Fine.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. ALLEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

At the end of the bill add the following new section.

Sec. . That (a) chapter 25 of the Internal Revenue Code of 1954 (relating to the general provisions for employment taxes) is amended by adding at the end thereof the following new section:

"Sec. 3506. Individuals Providing Companion Sitting Placement Services.

"(a) In General.—A person engaged in the trade or business of putting sitters in touch with individuals who wish to employ them shall not be treated, for purposes of this chapter, as the employer of such sitters (and such sitters shall not be treated as employees of such person) if such person does not pay or receive the salary or wages of the sitters and is compensated by the sitters or the persons who employ them on a fee basis.

"(b) Definitions.—For purposes of this section, the term 'sitters' means individuals who furnish personal attendance, companionship, or household care services to children or to individuals who are elderly or disabled.

"(c) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(d) The table of sections for such chapter is amended by adding at the end thereof the following new item:

"Sec. 3506. Individuals providing companion sitting placement services."

(e) This section shall apply to tax years commencing subsequent to December 31, 1975.

Mr. ALLEN. Mr. President, the need for this amendment was called to my attention by a lady in my hometown who has a modest sideline of arranging babysitter services for parents and for children of parents and for the elderly.

The Internal Revenue Service has contended that because she is arranging for the services of these sitters, she is liable for withholding, though she never receives the money and does not pay out the money to the babysitters.

All this amendment would do would be to make clear that if the person who arranges for the services of the babysitter neither receives the money nor pays the money to the babysitter, she or he is not liable for the withholding of money that is never received by such person.

It is a very modest amendment, and I think there will be no objection to it. I have discussed it with the manager of the bill.

Mr. LONG. This is an amendment to help people provide the services of a babysitter.

Mr. ALLEN. Or for the elderly

Mr. LONG. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama, as modified.

The modified amendment was agreed to.

Mr. ALLEN. I thank the manager of the bill and the distinguished Senator from Colorado.

The PRESIDING OFFICER. The question is on agreeing to committee amendment No. 21.

The Senator from Colorado is recognized.

UP AMENDMENT NO. 154

Mr. HASKELL. Mr. President, I call up an amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. Haskell), for himself, Mr. Kennedy, and Mr. Nelson, proposes unprinted amendment numbered 154.

Mr. HASKELL. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of page 595 of the committee amendment insert the following new section:

Sec. . Repeal of the Tax Exemption for a DISC.

(a) In General.—Section 991 (relating to tax exemption of a DISC) is amended by adding at the end thereof the following: "This section shall not apply to any taxable year beginning after December 31, 1976 to any nonqualifying corporation.".

For purposes of the preceding sentence, a "nonqualifying corporation" is DISC (as defined in section 992(a)) other than a DISC which had adjusted taxable income of $100,000 or less.

(b) Conforming Change.—Section 992(a) (relating to definition of DISC) is amended by adding at the end thereof the following new paragraph:

"(4) Termination.—No nonqualifying corporation shall be treated as a DISC for any taxable year beginning after December 31, 1976.".

(c) Termination of Tax Exempt Status Treated as Change in Method of Accounting.—For purposes of section 446 and section 481 of the Internal Revenue Code of 1954 the termination of a corporation's status as a DISC because of the amendments made by subsections (a) and (b) of this section shall be treated as a change in such corporation's method of accounting, and the procedures set forth in revenue procedure 70–27 shall be available to such corporation upon request, except that a 20 years period shall be substituted for the 10 year period set forth in such procedure.

Mr. HASKELL. Mr. President, this is an amendment to repeal the DISC provisions now in the Internal Revenue Code, but it contains an exemption for small business. A series of amendments will be offered to the Senate today, ranging from mine, which would repeal DISC, with this one exception, to the amendment of the Senator from Arizona, who would retain DISC, as I understand it, in its present condition.

DISC loses revenue to the U.S. Treasury in the amount of $1.5 billion. In other words, $1.5 billion is not paid in taxes by those companies which are selling overseas.

Mr. President, it seems to me that the tests should be two as to whether to continue in effect this subsidy for exports. That is: A, is the subsidy necessary; and B, does it do what it is meant to do—that is, increase exports? I think it is important, Mr. President, to observe that knowledgeable people in this area have come out against DISC. It is the opinion of those who have worked in the field that DISC does not accomplish any useful purpose, is not necessary, and is a waste of funds of the U.S. Treasury and, basically, a subsidy to some of our major exporters.

Some of the gentleman who are against DISC are Mr. Brownlee, who is now in the University of Minnesota; Mr. Tolley, who is now at the University of Chicago; and Mr. Brannon of Georgetown University. All three of these men have headed the Department of the Treasury's Office of Tax Analysis in the very recent past. Furthermore, put in the same category Mr. Nathan M. Gordon, who retired this year from his post as the Department of the Treasury Deputy for International Tax Policy and Mr. George Kovitz, now with the IMF, who did much of the Treasury's original economic research on DISC.

What does DISC do? DISC basically says that on sales overseas under certain circumstances, you pay half the normal rate. The question is whether DISC at one time served a useful purpose and does it now? At a time when the dollar had a fixed relationship to other countries, it is arguable that the dollar was overvalued and therefore, to sell in the world markets, it was necessary to subsidize exports. Approximately 3 years ago, the dollar went to what is now called the floating basis. That is, it seeks its market level with other currencies. That being the case, the reason for DISC is now no longer present. One thing to bear in mind: obviously, we desire to export. But as we export, when we have a floating dollar, the more we export and increase our balance of exports vis-a-vis imports, the dollar strengthens.

For example, last year, the dollar went up against other currencies somewhere between 10 and 15 percent. This, in turn, stimulates imports, because when the dollar is worth more, it becomes cheaper to buy overseas. So, at this time, what we are basically doing is subsidizing exports. That increases the value of the dollar; we then buy more imports. Of course, when we buy imports, by and large, the fluctuating purchases are in the manufactured area, which is labor-intensive.

The argument undoubtedly will be made on the other side that DISC creates jobs. In view of that argument, I think we should observe that the AFL-CIO, certainly an organization interested in jobs, supports the repeal of DISC. I do not even know whether they would support the keeping of DISC for small businesses, as my amendment does. But they oppose it as not job creating. As a matter of fact, Mr. President, as far as jobs are concerned, when you think that the fluctuating imports are the manufactured goods—the automobiles, the electronic equipment from the Orient and the like—we are importing labor-intensive equipment and, therefore, DISC has a job disincentive as opposed to an incentive.

Even using the most generous estimate that it is possible to use on job creation, we would use the Treasury's estimate that, possibly, DISC may increase exports by $400 million. This is their best case. They compute that this increases jobs in the export field—I emphasize in the export field—without looking on the other side of the equation, where we lose jobs. This increases jobs in the export field by 5,160,000. But this is costing the U.S. taxpayer $1,500,000,000 in lost revenue. Therefore, under the Treasury's best estimate, this is costing $100,000 per job.

So, Mr. President, I would say that if ever DISC was desirable—and it might have been when we had fixed currencies—it is now undesirable. It is a drain on the U.S. Treasury. It is a subsidy to people who sell overseas anyway; and, actually, it is a job disincentive because the return product of the import is labor intensive.

Mr. President, to show that it is not necessary, really, even from the point of view of the individual company, I think it is important to observe that the Library of Congress, in making its analysis, reports to us that the return an exporter gets on DISC is something in the neighborhood of 17 percent; whereas, his return on domestic sales of the same commodity is in the neighborhood of 8.5 percent, or roughly, one-half. Therefore, our companies do not need this. Our taxpayers certainly do not need it because, under the best estimate, it is costing $100,000 per job. It is nothing more than a direct subsidy to our major corporations who would be selling overseas, in any event. So, Mr. President, I hope that we repeal DISC.

It would be a valid question to ask: Why have a small business exemption if this is not necessary? The only reason for having a small business exemption is, by and large, that small business gets kicked around in this country. It gets kicked around in the tax laws, which are slanted to help General Motors, DuPont, the 3-M Co., and other companies. It is against small business. Small business suffers under a tremendous disadvantage merely because of the semi-monopolies in the large industrial areas, and small business is the only truly competitive factor, at least in the opinion of this Senator, left in the economy. For that reason, I think it is desirable, and this is a benefit—this is, in effect, if you want to call it that, a giveaway to small business. But in view of the fact that the deck is stacked so heavily against small business, I think it is entirely justified. For that reason, I hope that the Senate will go along with this amendment and repeal the DISC.

Mr. President, I reserve the remainder of my time.

Mr. RIBICOFF. Mr. President, I wonder if the manager of the bill will yield me 15 minutes?

Mr. LONG. I yield 15 minutes to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, at this stage of the arguments on DISC, I would like to address myself to the overall problem, taking into account not only the proposal of the Senator from Colorado (Mr. HASKELL), but also the proposal later on to be submitted by the Senator from Arizona (Mr. FANNIN), and the Senator from Wisconsin (Mr. NELSON) and the Senator from Massachusetts (Mr. KENNEDY). In this way we will get the thoughts that I personally have of why the committee position is a sound position and should be retained by this body.

Mr. President, in recent weeks, I have become increasingly concerned by the growing debate over the merits of DISC as a tax program. Study after study has attemtped to measure the exact effects of DISC on jobs and revenues. Those who support DISC have pointed to the findings of the Treasury and Commerce Department reports on DISC. Critics of DISC have backed up their arguments with the study by Congressional Research Service. There have been so many numbers and estimates, so many different studies, and still, no one can say that he knows exactly what DISC means to jobs or revenues. The problem is a simple one: A lot of things have changed since DISC was created, including the devaluation of the dollar and the world recession. It just is not possible to know exactly what would have been the situation if DISC had not existed.

Despite all the studies on DISC, I think we must realize that there are some important questions about DISC that no one can answer.

What disturbs me though about the debate on DISC that has taken place is that the real issues involved with DISC have still not been adequately discussed. All the rhetoric and all the numbers have sidetracked the debate on issues that cannot be resolved, and that in the end, are not the issues on which we should make decisions about DISC.

The impact of DISC on employment and revenue is a subject that I, and I am sure all of us, would like to know as much about as we can. But the estimates are all based on assumptions about hypothetical situations. Personally, I doubt very much that any of the estimates are very accurate.

What I think has been lost in the debate is that DISC was created to solve an international problem, a trade problem. What we are dealing with here, has a direct effect on U.S. trade policy. To me, DISC is much more an issue of U.S. trade policy than it is one of tax reform.

By this I mean that we would focus our attention on the international aspects of the DISC issue and keep the trade considerations clearly in mind as we try to perfect the program, eliminate past abuses, and reduce the overall cost of DISC to the Treasury.

The underlying purpose of DISC is to remove an existing distortion in international trade and investment. In addition to establishing a workable system of intercompany pricing on the export of goods, DISC was created to put American exporters on an equal tax-footing with foreign competitors in the world market. Let me explain the problem.

Unlike many of our trading partners, the United States taxes the worldwide income of its corporations. Sooner or later, an American company is taxed on both its production and marketing of export goods. Without DISC, if a company exports directly, the full profit would be taxed currently, though a credit against the U.S. taxes would be given for any foreign taxes paid. If the company makes the sale through a foreign subsidiary, then the income would be taxed under subpart F to the U.S. shareholders. Even if subpart F is avoided, the earnings would be taxed when the profits are repatriated.

Many other countries, including France, Belgium, and the Netherlands to name a few, do not tax the foreign sales income earned on their exports. I think you can see the advantage many foreign exporters had over U.S. exporters before we created DISC in 1971. U.S. exporters were being taxed on their earnings while many of their competitors overseas were not.

One of the problems is that many foreign countries give their exporters tax exemptions through rebates of indirect taxes like the value-added-tax. When a French exporter's goods leave the country, the French Government rebates any taxes paid by the company on the export products. But when an American exporter tries to bring products into France, a tax is imposed at the border. The amount of the border tax adjustments vary from country to country and from product to product, but on the average, the tax is about 15 percent. So, if the competitor gets a 15 percent rebate on exports while the American company is taxed an additional 15 percent on his exports, then the competitive disadvantage of the American exporter is almost one-third of the value of the exports. There is no way a company can successfully do business under these circumstances, all other things being equal.

Most Western European nations rely heavily on indirect taxes for their revenues, and I understand that Japan will soon adopt this kind of tax system. But the United States has a system of direct taxes, and the result has been that many foreign exporters do not have to pay any taxes when they export, while American exporters have had an additional tax imposed on them when they try to export to those foreign countries that have a system of indirect taxes.

Border tax adjustments are only one kind of benefit offered by other countries to their exporters. In truth, there is a wide range of tax and nontax benefits offered to foreign exporters.

In France, for example, foreign branch and subsidiary income is not taxed, foreign source dividends are not taxed, intercompany-pricing rules are not enforced, and there are the border tax adjustments in addition to other export tax incentives. None of these tax incentives for exports are offered to American exporters.

But the export incentives offered to exporters by many of our trade partners are not limited to tax incentives. Again, using France as an example, there is a long list of nontax incentives that indirectly benefit exporters. A French exporter gets financing assistance at a 7.5 percent rate of interest. In the United States, the comparable interest rate is 8.15 to 9.5 percent. For the French company, the entire contract can be financed on these terms, but for a U.S. company, no more than one-half of the contract would be financed. And, in insurance, the French exporter could have production risks, currency fluctuations, market developments, and exhibition expenses all insured. But a U.S. company cannot insure against any of these things.

Mr. President, I have chosen one country, France, to illustrate my point that there are a great many more tax and nontax incentives that benefit foreign exporters. I could just as easily have chosen the United Kingdom, or Australia, or Japan, or any of a number of other countries. I ask unanimous consent that a partial list of benefits offered exporters by our trade partners appear in the Record at the conclusion of my remarks. I think the tables speak for themselves in pointing out very clearly the disadvantage American companies have when they try to compete for their fair share of the worldwide export market.

The effect of the inequities that have resulted from differences between our own system of direct taxes and the system of indirect taxes used by other countries together with the many nontax benefits offered foreign exporters have had a clear and demonstrable effect on U.S. export performance during the last 15 years. The U.S. share of free-world exports has declined from a 15.9 percent share in 1960 to 14.6 percent in 1965, to 12.4 percent in 1973. To me, this is an extremely disturbing trend, because during the same period of time, total free-world exports more than quadrupled. So, despite the fact that U.S. exports have been increasing in absolute terms, our proportional share of all free-world exports has been declining. While our share of the export trade has dropped, the share of our trading partners, our competitors, has been increasing.

Our trade balance is still negative. Despite the currency revaluations, we still have not regained a sustainable, positive balance of trade. During the last 6 years, our trade balance was in the red for 6 of those years on a CIF basis.

Mr. President, I ask unanimous consent that a table I have prepared comparing the respective trade balances of the United States, West Germany, and Japan appear in the Record at this point in my statement.

There being no objection, the table was ordered to be printed in the Record, as follows:

Comparative trade balances: United States, West Germany, Japan: 1970–75

[In billions of dollars-cif basis]

	United States	West Germany	Japan
1970	−1.7	5.8	4.0
1971	−6.6	6.7	7.8
1972	−11.4	7.6	9.0
1973	−3.8	15.9	3.5
1974	−11.4	23.0	1.4
1975	1.9	19.2	5.1
Total	−33.0	78.2	30.8

Mr. RIBICOFF. During the 1970–75 period covered by this chart, our total trade deficit was $33 billion, while West Germany and Japan recorded trade surpluses of $78 billion and $30 billion respectively, again on a CIF basis.

The underlying issue here is subsidies and the distortion in trade that has resulted from the different systems of tax. Subsidies distort the world economy, and represent a major impediment to U.S. exports. It is imperative that some international agreement be reached defining which subsidy practices are acceptable and which are not.

The subsidy issue, however, is a very important one, and a very difficult one to resolve. The existing international trading rules on subsidies are vague, and the crucial question of what constitutes a subsidy has never been answered. Article XVI of the GATT deals with subsidies, but it has continued the discriminatory distortion to trade that has resulted from the unequal tax treatment of direct and indirect tax systems.

Article XVI of the GATT states:

> Further, as of 1 January 1958 or the earliest practicable date thereafter, contracting parties shall cease to grant either directly or indirectly any form of subsidy on the export of any product other than a primary product which subsidy results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market.

So the subsidy issue is not a new one, and I think it is clear how inadequate the present trade rules are.

As chairman of the Subcommittee on International Trade, I know that when we wrote the Trade Act of 1974, the problem of subsidies was a major concern and one of the highest priorities for our trade negotiators in Geneva. The Trade Act clearly reflects the commitment of the Congress to resolving the difficult and complex issues of subsidies. Section 121 of that act states:

> The President shall take such action as may be necessary to bring trade agreements into conformity with principles promoting the development of an open, nondiscriminatory, and fair world economic system. The action and principles referred to include the revision of GATT articles with respect to the treatment of border adjustment for internal taxes to redress the disadvantage to countries relying primarily on direct rather than indirect taxes for revenue needs.

The European Community has challenged the legality of DISC under article XVI of the GATT, and the United

States has filed counterclaims against the legality of the European Community's border tax adjustments. Our complaint is based on article XVI, and we have requested that the cases be heard together, and also, that one decision apply to both the practices of other nations that use direct taxes and to our DISC program. I think this is fair, and it also shows that the real purpose of DISC is to equalize the trading conditions facing foreign and American exporters.

I want to make it clear. Subsidies are one of the major trading problems faced by the United States, and DISC is the key to reducing the trade barriers created by the tax practices of many of our trading partners.

The hearing on DISC and foreign border tax adjustments in Geneva is being held before a special GATT tribunal. It is a legal hearing, and it is now underway. The United States presented its opening statement before the GATT tribunal on March 16, 1976. Last Saturday I inserted that statement in the Record.

Mr. President, I ask unanimous consent that the full text of those remarks outlining the U.S. position on DISC, border tax adjustments, and the whole question on subsidies appear in full in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. These GATT hearings are continuing, in fact, the formal presentation of the U.S. brief detailing our position on DISC and subsidies is scheduled to be filed this coming week.

If the United States is going to be successful in resolving the subsidies issue, it must have leverage in the Geneva hearing and in the separate GATT negotiations on a new international subsidies code. Our case before the GATT tribunal rests entirely on the premise that DISC is comparable to the tax practices of other nations. In the GATT negotiations, our bargaining position is dependent on DISC, for it enables us to get concessions on border tax adjustments from other nations in return for compromises on DISC. So DISC is important as a bargaining chip, and Ambassador Dent, the President's special representative for trade negotiations has argued strongly for retention of DISC on just these grounds.

Mr. President, I ask unanimous consent that a letter from Ambassador Dent to me as chairman of the Subcommittee on International Trade be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Special Representative for
Trade Negotiations,
Washington, D.C., June 28, 1976.

Hon. Abraham Ribicoff,
Chairman, Subcommittee on International Trade of the Committee on Finance, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: I am writing to express to you my deep concern over the Domestic International Sales Corporation (DISC) amendments that are currently being considered in connection with the tax bill.

As you know, I attached a great deal of importance to this program when I was Secretary of Commerce. America is so large a market, and exporting is often so complicated, that American firms often lose sight of their potential for exporting. The DISC has re-vitalized the interest of American business in seeking markets abroad for products manufactured in the United States.

As Special Trade Representative, I am even more directly concerned with working to reduce the complexity and multiplicity of trade restrictions and distortions which hamper international commerce. The multilateral trade negotiations in Geneva are the most concerted international effort that has ever been attempted designed to reduce and eliminate these barriers. One of the more important areas of nontariff distortions, which unfortunately has been the least susceptible to finding solutions, is the question of national tax practices. We know of many tax incentive schemes abroad that directly impact upon trade, but which are subject to little if any international regulation. What is unknown is exactly how foreign exporting industries are treated by their national governments, as this is generally a business confidential matter.

The United States took the lead in restricting the use of tax haven sales subsidiaries 14 years ago. Only a few countries have followed that lead. In 1971 the Congress enacted the DISC legislation in order to redress some of the disadvantages American exporters suffered as a result of the tightening of our tax laws in the '60's. Although this was only a partial step, I believe that it was an important one.

The European Community has attacked the DISC as a prohibited subsidy under the General Agreement on Tariffs and Trade (GATT). In a related action, the United States has complained of European tax practices that resulted in reduced taxation on the exports of French, Belgian, and Dutch manufacturers. In 1972, when these complaints were brought, the United States urged that the Europeans join with us in an international negotiation on tax practices affecting trade. Instead, the EC chose a confrontational route. I do not see how this will lead to effective solutions. We need to develop international rules of exactly what is permissible in the area of taxation of export income, and other tax practices affecting trade. The question of DISC, therefore, is as much a trade policy issue as it is a tax matter.

Therefore I would urge in the strongest possible terms that the Congress not legislate unilateral changes with respect to the DISC in view of the continuing United States effort to obtain international agreement in this area. The task is of considerable dimension and I cannot promise early results but I do not believe that we can afford to legislate our trade policies in isolation, without consideration for the competitive situation faced by American business in a world in which governmental intervention is increasingly becoming the rule rather than the exception.

Sincerely yours,

Frederick B. Dent.

Mr. RIBICOFF. I believe it would be extremely unwise for the Congress to cut off DISC, which has proved so crucial to any satisfactory resolution of the whole issue of subsidies, at this time. If we act unilaterally on DISC, we will be undercutting our negotiators in Geneva, and we will be conceding the important hearings on direct and indirect tax practices now underway in Geneva.

I think the clear concern demonstrated by the European Community over DISC is the best indication of its important role in increasing U.S. exports from $44 billion in 1971 to over $107 billion in 1975. Let us remember, it was the Europeans who initiated the legal battle over DISC in Geneva. As Congressman Karth has testified before the Finance Committee, the strong feelings of the Europeans regarding DISC are clear. In his testimony on March 29, 1976, Congressman Karth stated:

> What the EC members and what members of other countries are worried about is the future of DISC holds such promises that U.S. businesses will greatly increase their efforts to export more and more of their production to our trading partners rather than exporting more of our jobs to these countries.

I think our trading partners are the best judge of the effectiveness of DISC, and I think their actions are the best indication of whether we have an effective program in DISC or not.

I strongly support continuation of DISC. If we are to solve the problems of subsidies once and for all, we must continue DISC.

Mr. President, I ask unanimous consent that the full text of Congressman Karth's testimony before the Senate Finance Committee appear in the Record following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. RIBICOFF. Mr. President, in my view there has been one serious flaw in the present DISC program. The problem is that many companies, particularly the larger ones, would probably be exporting today even if the Congress had not created DISC. The level of those exports would have been lower than they are with the incentive of DISC, but I think everyone realizes that there would have been exports without DISC. Under the present system though, DISC benefits apply to all of a company's export earnings. The law does not take into account the fact that companies would have export earnings without the benefits of DISC.

This aspect of the present system is a major defect that should be corrected. I do not believe the portion of DISC benefits covering exports that would have existed without DISC accomplishes any of the important purposes served by DISC as a whole. To me, this part of the DISC program is a windfall for companies and a drain on the Treasury.

The essence of any incremental approach to DISC is to determine the level of a company's export earnings had we not created DISC. Like the impact of DISC on revenues and jobs, it is impossible to determine what the exact level of export earnings would have been. All we can do is guess what the situation would have been without DISC.

I believe the Finance Committee amendment is the most reasonable attempt to define a level of exports which should continue to receive DISC benefits.

The Senate Finance Committee proposal on DISC solves the problem by allowing DISC benefits only on export earnings in excess of 60 percent of a 3- or 4-year base period average level. This proposal will reduce the cost of DISC by one-third once it is fully phased in.

I believe this approach retains the part of DISC that has proved so crucial to our trade policies and positions. At the same time, it will substantially reduce the cost of DISC. In 1979, 2 years before the plan would be fully phased in, the savings to the treasury over the present DISC system would be $431 million.

The Nelson-Kennedy proposal, on the other hand, goes too far. It basically destroys DISC. In the name of tax reform and additional tax revenues, it sacrifices the important consideration of U.S. trade policy that I have discussed. The Haskell amendment practically destroys DISC and is most harmful to the United States in the field of trade.

I urge all of my colleagues to join with me in supporting the committee proposal. I can see no justification for continuing the loopholes in present law that serve no constructive purpose while giving big corporations a windfall tax benefit. Let me say, however, I feel very strongly that it would be both inappropriate at this time and extremely unwise for Congress to cut DISC back beyond the committee proposal.

By voting for the Finance Committee proposal we can support our trade negotiators and at the same time substantially reduce the excessive cost of the present DISC system.

EXHIBIT 1

STATEMENT OF RICHARD R. ALBRECHT, GENERAL COUNSEL, DEPARTMENT OF THE TREASURY

Mr. Chairman and Members of the Panels: It is a pleasure to be with you today to represent the United States in these proceedings. As you know since the GATT Council first decided to convene the panels on July 30, 1973, more than two and a half years of effort have been expended in reaching agreement on the membership of the panels and we are pleased that it is now possible to move forward with the proceedings.

We note the EC's expression of impatience with the practical difficulties we have encountered. The United States has shared that impatience. We expressed it when we met with Mr. Phan-Van-Phi over a year ago. We have only just now received the substantive views of the EC against the DISC. We too are confident that the GATT machinery for settling disputes will lead to an expeditious and reasonable conclusion.

At the request of the European Community, the GATT Council has convened these panels, although the U.S. thought the problem was a broad one, deserving of Working Party attention. The United States, however, did agree to the convening of the panels. The panels are technically separate but possess identical membership, and were directed by the GATT Council to consider the complaint of the European Community against the provisions of the United States tax code known as the Domestic International Sales Corporation or "DISC," and to consider complaints by the United States against related tax practices of Belgium, France and the Netherlands. Both parties contend that the respective challenged tax provisions are inconsistent with the GATT subsidies provisions embodied in Article XVI.

Although the panels are technically separate, all four cases are to be considered simultaneously. The United States' position is that the income tax practices of Belgium, France and the Netherlands and the DISC leglislation raise the same principles concerning the application of the GATT subsidies rules to direct taxation of export income, and that, therefore, all four complaints should be considered together.

It may be useful to the panels for me to briefly review the history that led to the four cases being brought before you.

Unlike Belgium, France and the Netherlands, the U.S., in fact, subjects to tax the entire worldwide income of its resident corporations. Foreign taxes paid on foreign income can be credited against U.S. tax on that income. Thus, the income of a foreign branch of a U.S. corporation will be taxed either by a foreign country, or by the U.S.

As a general rule, the U.S. does not tax the foreign income of foreign corporations, including foreign corporations controlled by U.S. persons. There is, however, one very relevant and very important exception to this general rule. Pursuant to Subpart F of the Internal Revenue Code, a U.S. shareholder of a foreign corporation controlled by U.S. persons is subject to tax on certain income of that corporation. Included in the income taxed is the income from export sales of companies in countries where there is no manufacturing activity.

The U.S. taxes dividends paid to U.S. corporations or individuals subject, in the case of certain corporate distributees, to a foreign tax credit for taxes paid by the distributing corporation.

The results of this system on a U.S. corporation manufacturing in the U.S. for export are quite obvious. Sooner or later it is taxed in full on both the manufacturing and the sales element of the export transaction. If it exports directly, the full profit will be immediately taxed (subject to a credit for foreign taxes paid). If the sale is through a foreign sales subsidiary located in a low tax country, the subsidiary's income is likely to be taxed currently because of Subpart F. Even if Subpart F is avoided, the earnings will be taxed when the profits are repatriated. In addition, the U.S. has inter-company pricing rules which are vigorously enforced and which make unlikely any unrealistic allocations of income to foreign subsidiaries.

This system differs dramatically from the systems of many other countries, including Belgium, France and the Netherlands, which do not in fact tax the foreign sales income earned on their exports. Thus, prior to DISC, U.S. exporters were disadvantaged as compared to those countries.

The U.S. could, of course, have repealed Subpart F and eliminated or curtailed its arm's-length pricing rules, thus falling in line with other countries such as Belgium, France and the Netherlands. However, this would only have encouraged the use of tax havens, which is undesirable.

The United States Revenue Act of 1971 brought about a significant structural improvement and simplification in the tax treatment of United States exporters. Congress provided that U.S. exporters—through the use of Domestic International Sales Corporations (or DISCs)—would be entitled to defer a portion of their export sales income for taxable years beginning on or after January 1, 1972.

The purpose of the DISC legislation was to remove preexisting distortions in international trade, to establish a workable system of inter-company pricing on the export of goods, and to permit United States exporters to receive tax treatment for their export income more comparable to that afforded by many foreign countries to their exporters both by way of income tax exemptions and by way of adjustments of indirect taxes, such as the VAT. As in the case of a typical foreign subsidiary, the DISC itself is not directly subject to United States Federal income tax. However, the DISC's shareholders are treated as receiving one-half of the DISC's earnings currently, whether or not these are actually distributed as a dividend. The remaining one-half of the DISC's earnings may be retained by the DISC and reinvested in its export business, or invested in certain Export-Import Bank obligations or in "producer's loans" to related or unrelated U.S. producers for export without, in general, liability for Federal income tax.

Where a United States parent corporation conducts export sales through a DISC, the DISC legislation allocates the export-related income between the parent and the DISC on a 50–50 basis. Since half of the DISC's income is deemed distributed and taxed currently to shareholders, and only 50%, the half that is retained, is eligible for deferral, in effect only 25% of the export sales income earned through a DISC is eligible for tax deferral. For example, if a corporation exporting through a DISC has $200,000 for export earnings, $100,000 would be allocated to the DISC. Of this amount, $50,000 is taxed currently to the shareholders of the DISC as a dividend and $50,000 is eligible for tax deferral while retained by the DISC.

Deferral of tax on DISC earnings terminates and tax is imposed on the shareholders of the DISC if those earnings are distributed as a dividend, if the corporation no longer qualifies as a DISC, and in certain other cases. In no case is any of the income of a DISC exempted from tax.

At this point, I would like to summarize briefly the GATT law of subsidies against which these provisions are to be examined by the panels. Article XVI:4 provides:

"Further, as of 1 January 1958 or the earliest practicable date thereafter, contracting parties shall cease to grant either directly or indirectly any form of subsidy on the export of any product other than a primary product which subsidy results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market . . ."

Neither the GATT Articles nor the Notes and Supplementary Provisions to GATT define specific practices as Article XVI subsidies. The only official action taken by the Contracting Parties to move towards a definition of subsidies was the adoption by the Contracting Parties on November 19, 1960, of the Report of the Working Party on Subsidies. The Report sets forth a list of measures generally considered as subsidies. With respect to direct taxes, the list includes:

1. "The remission, calculated in relation to exports, of direct tax . . . on industrial or commercial enterprises."

2. "The exemption, in respect of exported goods, for charges or taxes . . ."

Remission of taxes means a forgiveness of taxes. Exemption also entails a permanent forgiveness of taxes. The DISC legislation does not fall within either of these specific categories, since it is not forgiveness of taxes but only a deferral of taxes.

Moreover, it is the United States position that the Working Party Report contemplated a distinction between the taxation of production income and the taxation of sales income on exports. The remission or exemption of direct taxes on export production income is considered a subsidy, but the language of the Report does not encompass export sales income. Indeed, the tax systems of France, Belgium, the Netherlands and

many other countries have historically exempted export sales income from domestic taxation, and those systems had long been in place at the time Article XVI:4 entered into force in 1962.

In regard to the parties obligations under the General Agreement, the United States expects to adhere strictly to the obligations that we have agreed to undertake. We do not, however, expect to be bound by obligations to which we have not acceded. To find that the DISC, a qualified tax deferral which does not result in bilevel pricing, would lend new breadth to Article XVI:4 to which the United States and, indeed, the other Contracting Parties, have never committed themselves. To make such a decision would be to make new law and this is not a proper function of an Article XXIII:2 procedure of panel.

Notwithstanding the United States position that the DISC affords only deferral of taxes and is thus permissible under Article XVI, and that in any event Article XVI does not deal with export sales income, shortly after the DISC legislation was enacted, the European Community requested consultations with the United States under GATT Article XXIII:1. The Community alleged that the DISC entailed exemption from direct taxes on exports and thus would be incompatible with the subsidies provisions of the General Agreement. It is our view that the Community's objections are based on a misunderstanding of the purpose and effect of DISC and what the DISC accomplishes in comparison with the practices of other countries, including practices being challenged here by the United States, which grant tax exemption rather than tax deferral.

The United States also requested Belgium, France and the Netherlands to enter into consultations concerning their tax laws and practices which result in exemption from or deferral of income taxes with respect to income from export transactions. Bilateral consultations between the European Community and the United States and between the United States and Belgium, France and the Netherlands were held in 1972. However, the consultations yielded no satisfactory adjustment. In that recourse to the procedures provided under Article XXIII:1 had been exhausted with no result, both the Community and the United States brought their complaints before the Contracting Parties for consideration pursuant to the procedures under Article XXIII:2.

On July 30, 1973, the GATT Council directed that four panels be established to consider the European Community's complaint against the DISC and the United States' complaint against the tax practices of Belgium, France and the Netherlands in light of the views of the parties as expressed during the Council meetings of May 29 and July 30, 1973. The representative of the United States stated our willingness to have the Community complaint against the United States and the United States complaint against Belgium, France and the Netherlands considered by four panels, provided they had identical membership and provided other pertinent matters were agreed upon.

The United States delegation was willing to have the Community complaint considered first provided the United States would have the right to a consideration of its complaints against the three countries before any findings or recommendations relating to the DISC were reported by the Panel. The United States also stated that it expected that it could discuss the tax practices of other countries, including, but not limited to, those of Belgium, France and the Netherlands, during the consideration of the DISC as an aid in the interpretation of obligations under Article XVI:4 of the GATT. The representative of the European Community agreed to the structure of the panels and stated that in the discussions the parties could bring up any arguments they deemed appropriate. As has been pointed out, the interval since the Council meeting has been devoted to constituting the panel membership.

The United States would like to emphasize that the European Community, not the United States, has invoked this GATT dispute resolution machinery. Accordingly, we feel strongly that the EC should bear not only the burden of proof but the burden of going forward with its case. We think much more must be required of a complaining party in these proceedings than merely to raise the threshold question of a challenged tax practice under Article XVI. Rather, we feel that the United States must be afforded an opportunity to review a comprehensive presentation of the EC's case, including factual data on such issues as bilateral pricing, before we fairly can be expected to offer the panels a defense of the DISC that will be on point.

We believe DISC is consistent with the GATT subsidies rules since its effect is essentially identical to the tax practices of these and most other industrial countries. When the EC challenged DISC, the United States countered with complaints against the tax practices of France, Belgium and the Netherlands. Since the tax practices of these countries confer even greater benefits on exporters than the DISC, we contend that, if DISC violates Article XVI, *a fortiori* the European practices are even more clearly in violation.

While the United States feels that the EC has the burden of going forward with its case against the DISC, the United States is prepared to present its affirmative case against the tax practices of France, Belgium and the Netherlands at the same time. Further, we would emphasize that all four cases involve common issues.

With respect to the United States cases, while the practices of the three countries differ in some particulars, there are many parallels and all three can be understood and examined in terms of the same legal principles. The United States will present its case in a manner that will assist the panels in comparing each of the threee with the others and with the DISC. Finally, we feel the DISC can only be fairly tested under Article XVI following the panels enunciation of an interpretation of that provision developed after hearing all four cases and which it is prepared to apply to all four.

I would like to summarize the issues that will be involved as we foresee them, the main arguments that the United States would expect to offer in defense of DISC, and the United States arguments against the tax practices of France, Belgium, and the Netherlands.

SUMMARY OF ARGUMENT IN DEFENSE OF THE DISC

1. DISC is compatible with GATT. The DISC does not constitute a subsidy under Article XVI of the General Agreement on Tariffs and Trade (GATT) as interpreted by a 1960 working party on subsidies. The deferral of income taxes on export sales income is not a subsidy within the meaning of Article XVI. The DISC provisions do not provide an "exemption" from income taxes, as that term was used in the 1960 working party report, but only a limited deferral of tax on a portion of the export income. Thus, the DISC does not constitute a subsidy for the purposes of Article XVI:4.

2. Other Contracting Parties follow similar practices. Many other contracting parties bound by Article XVI:4 have followed the practice of exempting from taxation a portion of export sales income. These practices have not heretofore been regarded as constituting subsidies on exports in violation of Article XVI:4. Since the DISC provisions achieve essentially the same result as these preexisting tax practices by other nations, it follows that they cannot be considered to violate Article XVI:4.

3. The DISC does not result in bilevel pricing in violation of Article XVI:4. Even if the DISC provisions were determined to constitute a subsidy, they could not be prohibited under Article XVI:4 unless it could be established that they result in the sale of products for export at lower prices than those of like products sold domestically. The DISC provisions were not designed to enable U.S. exporters to reduce export prices below comparable domestic prices and we know of no evidence to demonstrate that they have in fact resulted in lower export prices. We believe that the EC must bear the burden of producing actual data substantiating bilevel pricing effects stemming from DISC in order to state a *prima facie* case under Article XVI.

4. The DISC legislation has not created a distortion in the conditions of international competition. The underlying purpose of the DISC legislation is to remove an existing distortion in the pattern of international trade and investment which resulted from the income tax structures of the United States and other countries. This distortion disadvantaged U.S. exporting firms. This distortion occurred because the U.S. taxes the entire worldwide taxable income of its corporations while other countries do not. Export sales income of U.S. based manufacturers, exporting through a foreign sales subsidiary, is subject to U.S. tax by reason of the anti-tax haven provisions of U.S. law (subpart F of the Internal Revenue Code). This contrasts with the law of most other countries which provides for an exemption from tax for the income of foreign subsidiaries of local parents. In some cases all foreign source income is exempt from tax. If the sales element of the profit on exports can be allocated abroad to a tax haven or low tax country (and in most cases it can) then the sales element is effectively exempt from tax. A primary purpose of the DISC legislation was to remove this distortion by providing tax deferral for a portion of the export sales income of U.S. based manufacturing firms. Thus the effect of the DISC is to neutralize taxation as a consideration for U.S. firms in deciding whether to locate manufacturing facilities at home or abroad and to remove the competitive disadvantage previously experienced by U.S. exporters by bringing U.S. tax practices more in line with those of other countries. The DISC provisions permit a U.S. exporter to operate through a U.S. corporation rather than through a foreign tax haven.

5. The DISC establishes a reasonable rule-of-thumb on the portion of export sales income eligible for tax deferral. The essence of the DISC legislation is its establishment of a rule-of-thumb for determining what portion of the total income of a U.S. firm manufacturing for export is to be treated as manufacturing profits, currently taxable in the United States, and what portion is to be treated as profit on export sale, subject to tax deferral. The DISC legislation in effect establishes a 75–25 allocation of profits between the manufacturing function and the export sales function. We believe this is a reasonable allocation in view of the practices of most other countries . . .

EXHIBIT 2

CHART I

TAX INCENTIVES FOR EXPORTS

	Austria	Portugal	Australia	New Zealand	Japan	Canada
Taxation of foreign branch income.	Fully taxed at usual rate (progressive rates from 30 to 55 percent). Deduction for foreign taxes paid. Foreign tax credit upon application.	Exemption of 2/3 of income (effective tax rate of 17.4 percent).	Exempt except if has not been taxed abroad (tax rates from 47.5 to 50 percent).	Fully taxed at usual rate (tax rates are from 20 to 45 percent). Foreign tax credit.	Taxable at usual rate (effective tax rate of 52 percent). Favorable foreign tax credit system.	Fully taxable at usual rate (46 percent). Foreign tax credit.
Taxation of foreign subsidiaries.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	Yes, but under conditions less stringent than under subpt. F income.
Deductibility of foreign branch losses.	Fully deductible	Fully deductible	Fully deductible	Fully deductible	Fully deductible	Fully deductible.
Taxation of foreign source dividends.	Exempt if at least 25 percent control.	Exempt if at least 25 percent control. 1/3 taxable in other cases.	Exempt in practice	Exempt	Fully taxed at usual rate. Direct and deemed paid foreign tax credit.	Exempt when foreign subsidiary is controlled (50 percent). Partial exemption from 1986. Foreign tax credit.
Special deferrals of taxable domestic income.	Investment reserves	None		None	Income may be deferred for: Overseas market development; overseas investment losses; foreign exchange losses.	None.
Specific export tax incentives.	10 percent writeoff with respect to acquisition of shares in certain foreign entities. Custom free zones.	do	Deductions and rebates for export market development expenses.	Deduction of 150 percent of the cost of export related expenditures. Deduction of an amount related to increased export sales.	Reserves for overseas market development—Deduction of overseas investments. Reserves for foreign exchange losses. Special deductions for certain overseas transactions.	Do.
Intercompany pricing rules					Favorable treatment for exporting companies.	
Border tax adjustments (VAT).	VAT (rate 16 percent) zero rate on exports.	None	None	None	None	Do.
Tax incentives indirectly benefiting exports.	Accelerated depreciation or tax-exempt investment reserve.[1]	Reduced tax rate or exemption from taxation products or processes. Accelerated depreciation.	do		do	Tax reduction for manufacturing income. Accelerated depreciation. Investment tax credit.[1]

	Belgium	France	Germany	Italy	Luxembourg	Netherlands
Taxation of foreign branch income.	¼ the usual rate (48 percent).	Exempt (corporate tax rate is 50 percent).[2]	Normal tax rate (51 percent) plus foreign tax credit or, in certain cases, imposition of a flat 25 percent tax rate.	Taxed at usual rate (35 percent). Foreign tax credit.	Exemption on 50 percent of income (progressive tax rate from 20 to 40 percent). Foreign taxes deductible.	Taxed at usual rate. Favorable foreign tax credit system.
Taxation of foreign subsidiaries.	None. No subpt. F income equivalent.	None except if election is made. No subpt. F income equivalent.	Yes, but under conditions less stringent than the U.S. subpt. F provision.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.
Deductibility of foreign branch losses.	Fully deductible even though foreign income is exempt under tax treaty.	Not deductible[3]	Fully deductible even though foreign income is exempt under tax treaty.[4]	Fully deductible		Fully deductible.
Taxation of foreign source dividends.	Permanent participation (held for more than 1 yr): 95 percent exclusion plus 5 percent tax credit. Nonpermanent participation: 15 percent tax credit.	95 percent exclusion if French company owns 10 percent or more of the stock.	Fully taxed at usual rate. Foreign tax credit and deemed paid foreign tax credit under certain circumstances.	Fully taxed at usual rate. Foreign tax credit.	50 percent exclusion if at least 25 percent control. Total exemption for holding companies. Foreign taxes deductible.	Exempt in majority of cases.
Special deferrals of taxable domestic income.	None	Income may be deferred for: Losses of certain foreign business; cost of investment in certain business in LDC's; export credit extended to foreign buyer.	Income may be deferred for: Losses of foreign branches whose income is tax exempt: losses of foreign subsidiaries; profits realized upon an exchange of property for stock of a foreign corporation.		None	None.
Specific export tax incentives.	do	Joint export programs—Election to compute income on a worldwide basis—A special deferral—Exclusion from the "inflation levy."	None		do	Tax credit for withholding tax on interest and royalties paid by residents in certain nontreaty LDC's.
Intercompany pricing rules	Will provide assurances on allocation in certain cases. Historically generous to exporters.	As a general rule, not enforced against exporters.	Usually enforced although relaxation may be granted in special circumstances.			Usually enforced but special agreement used. May be negotiated with the tax authorities.
Border Tax adjustments (VAT).	VAT (18 percent rate) up to 25 percent for luxury items. Zero rate on exports.	VAT (20 percent rate) up to 33 percent for luxury items. Zero rate on exports.	VAT (11 percent rate). Zero rate on exports.	VAT (12 percent up to 30 percent for luxury items). Zero rate on exports.	VAT (rate 10 percent). Zero rate on exports.	VAT (16 percent rate). Zero rate on exports.
Tax incentives indirectly benefiting exports.	Accelerated depreciation; exemption from real estate tax; reduced income tax rate on certain reinvested profits.[5]	Accelerated depreciation; exemption from local business tax; reduction of registration taxes.[5]	Accelerated depreciation; reduction of corporate tax rate and VAT rates.[5]	Tax exemption or reduction for financial government owned companies.[5]	Investment credit from 3 to 9 percent of cost of certain capital assets.	Accelerated depreciation;[5] investment tax credit from 8 to 16 percent of cost of certain capital assets.

	United Kingdom	Ireland	Denmark	Norway	Sweden	United States
Taxation of foreign branch income.	Taxable at usual rate (52 percent). Foreign tax credit.	Taxable at usual rate. (Average rate 50 percent). Deduction for foreign taxes paid.	Taxed at half the usual rate (½ of 37 percent). Foreign tax credit.	Exemption on 50 percent of income (rate is 26.5 percent).	Taxed at usual rate (effective income tax rate is 54 percent). Foreign tax credit.	Fully taxable at usual rate (48 percent). Foreign tax credit.
Taxation of foreign subsidiaries.	None. No subpt F income equivalent.	None. No subpt F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	None. No subpt. F income equivalent.	Yes, under subpt. F provisions.
Deductibility of foreign branch losses.	Fully deductible. Deductible against foreign source business income only when carried over to following years.	Fully deductible	Fully deductible		Fully deductible	Fully deductible.

Footnotes at end of table

	United Kingdom	Ireland	Denmark	Norway	Sweden	United States
Taxation of foreign source dividends.	Fully taxed at usual rate. Direct and deemed paid foreign tax credit.	Fully taxed at usual rate	Fully taxed at usual rate. Deemed paid foreign tax credit.	Half exempt if at least 95 percent control.	Fully taxed at usual rate. Foreign tax credit.	Fully taxed at usual rate. Direct and deemed paid foreign tax credit.
Special deferrals of taxable domestic income.	None		None	Tax free reserves deductible.		About 25 percent of taxable income may be deferred under the DISC provisions.
Specific export tax incentives.	Deduction of business entertainment expenses connected with export activities.	Exemption from corporate taxes on profits attributable to exports of goods produced in Ireland.		do	Additional deduction for interest charged on export credit.	None, aside from DISC.
Intercompany pricing rules	Not actively used				Not actively used	Strictly enforced, including against export industry. Important cases against exporters pending.
Border tax adjustments (VAT).	VAT (8 percent rate up to 25 percent for luxury items). Zero rate on exports.	VAT (19.5 percent up to 36.5 percent for luxury items). Zero rate on exports.	VAT (15 percent rate). Zero rate on exports.	VAT (20 percent rate). Zero rate on exports.	None	None at Federal level.
Tax incentives indirectly benefiting exports.	Favorable rates of depreciation.[1]	Accelerated depreciation.[1]	Tax-free investment reserves constituted by 20 percent of annual profits. Dissolved after 10 yrs.[1]	Accelerated depreciation. Tax-free reserves deductible.[1]	Accelerated depreciation.[1]	Accelerated depreciation. investment tax credit (10 percent).

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[1] Most of the tax incentives are granted in connection with industrial and regional development.

[2] Foreign branch income is taxable at usual rate if the French company elects to be taxed on a worldwide or consolidated basis.

[3] Losses of foreign branches are deductible when the domestic company elects to be taxed on a worldwide or consolidated basis.

[4] When the income has not been taxed abroad, the amount deducted for foreign losses must be put back into income after a number of years.

[5] Most of the tax incentives are granted in connection with industrial and regional development.

CHART II

NONTAX INCENTIVES FOR EXPORTS

	Austria	Portugal	Australia	New Zealand	Japan	Canada
Nontax incentives indirectly benefiting exports.	Investment allowances[1]		None			Cash grants.[1]
Financing assistance	Guarantees for medium-term credits. Rate of interest is 7 percent.				Direct loans for medium-term sales. Long-term credits at preferential rates (from 7.5 percent to 8.75 percent). Financing of contract value from 48 to 64 percent. Mixed credits.	
Insurance assistance					Are insured: Production risks; commercial risks; political risks; currency fluctuations; loss of foreign investment. Risks are covered from 60 to 80 percent.	

	Belgium	France	Germany	Italy	Luxembourg	Netherlands
Nontax incentives indirectly benefiting exports.	Interest subsidies: Investment subsidies.[2]	Grants: Investment subsidies.[2]	Grants[2]	Capital grants: Long and medium term loans by specialized government institutions.	Grants: Loans; guarantees.[2]	Investment subsidies: Interest subsidies.[2]
Financing assistance	Discount at low rates. Interest rebates on export credit. Subsidized medium term export financing. Average rate borne by exporters is 9 percent. Financing of up to 90 percent of contract value.	Discount at low rates. Long-term loans at 7.5 percent rate to both suppliers or buyers. Financing of up to 100 percent of contract value. Mixed credits.	Discount at low rates. Guarantees. Long-term credits to both suppliers or buyers. Preferential rates of 10 percent. Financing of up to 80 percent of contract value. Mixed credit.	Discount at low rates. Interest subsidies Long-term loans at 8.95 percent rate to both suppliers and buyers. Financing of up to 100 percent of contract value.		Discount at low rates. Guarantees. Subsidized medium and long-term export credits. Average interest rate borne by exporters is 9.5 percent. Financing of up to 90 percent of contract value.
Insurance assistance	Are insured: Commercial risks; political risks; currency fluctuations; risks covered from 80 to 100 percent.	Are insured: Production risks; commercial risks; political risks; currency fluctuations; market development; exhibition expenses; inflation risks; risks are covered from 80 to 100 percent.	Are insured: Production risks; commercial risks; political risks; currency fluctuations; inflation risks; risks are covered from 80 to 100 percent.	Are insured: Commercial risks; political risks; currency fluctuations; inflation risks; risks are 90 percent covered.		Are insured: Commercial risks; political risks; currency fluctuations; insurance usually covers from 75 to 100 percent of the risks.

	United Kingdom	Ireland	Denmark	Norway	Sweden	United States
Nontax incentives indirectly benefiting exports.	Grants; investment subsidies; interest subsidies;[1] employment subsidies.[3]	Investment allowances; training grants; loan guarantees.[1]	Loans: Cash grants[1]		Investment allowances: loan guarantees.[1]	None except limited agricultural subsidies.
Financing assistance	Guarantees. Interest rate subsidies. Portfolio refinancing. Support granted on a supplier and buyer basis. Interest rate borne by borrowers: 7.8 percent. Financing of up to 100 percent of contract value. Mixed credits.	Guarantees. Medium-term loans at preferential rates (8 percent). Financing of up to 80 percent of contract value.	Guarantee. Financing of up to 90 percent of contract value. Interest rate is 8.5 percent after 1st year.		Medium and long-term financing at 2 or 3 percent above discount rate. Financing of up to 100 percent of contract value.	Discount at medium rates. Guarantees. Long-term export credit financing at interest rates from 8.25 to 9.5 percent. No mixed credits. Financing of 30 to 55 percent of contract value.
Insurance assistance	Are insured: Commercial risks: political risks; production risks; inflation risks; currency fluctuations; performance bonds; risks are covered up to 100 percent.	Are insured: production risks; commercial risks; political risks; currency fluctuations. Risks are covered up to 100 percent.	Are insured: Commercial risks; political risks; currency fluctuations; risks are covered from 65 to 90 percent.		Are insured: Commercial risks; political risks; currency fluctuations; inflation risks; risks are covered up to 90 percent.	Are insured: Commercial risks; exhibition expenses; political risks; risks are covered up to 95 percent.

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[1] Most of the nontax incentives are granted in connection with industrial and regional development.

[2] Most of the nontax incentives are granted in connection with industrial and regional development. In Belgium, interest subsidies are granted for the purpose of investment throughout the country and not only in depressed areas.

[3] Granted in order to encourage employers to retain employees.

CHART III

TAX INCENTIVES FOR EXPORTS[1]

	Belgium	France	Germany	Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	Norway	Sweden	Switzerland	Austria	Portugal	Australia	New Zealand	Japan	Canada	United States
Partial or total exemption on foreign branch income.	×	×	×		×				×	×		×		×	×				
Foreign subsidiaries not subject to tax.	×	×		×	×	×	×	×	×	×	×	×	×	×	×	×	×		
Foreign branch losses deductible.	×		×	×	NA	×	×	×	×	NA	×		NA	NA	×	NA	×	×	×.
Partial or total exemption on foreign source dividends.	×	×			×	×			×			×	×	×	×	×		×	
Special deferrals of domestic income.		×	×	NA				NA		×	NA				NA		×		×.
Export tax incentives		×				×	×	×	NA	×	×		×		×	×	×		DISC only.
Nonenforcement of intercompany pricing rules.	×	×		NA	NA	×	×	NA	NA	NA	×	NA	NA	NA	NA	NA	×		
Border tax adjustments	×	×	×	×	×	×	×	×	×	×			×						

[1] × indicates country has incentives. NA indicates that information not available.

CHART IV

NONTAX INCENTIVES FOR EXPORTS[1]

[In percent]

	Belgium	France	Germany	Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	Norway	Sweden	Switzerland	Austria	Portugal	Australia	New Zealand	Japan	Canada	United States
Nontax incentives indirectly benefiting exports	×	×	×	×	×	×	×	×	×	NA	×		×	NA		NA	NA	×	
Financing Assistance														NA	NA	NA		NA	
Rate of interest	9	7.5	10	8.95	NA	9.5	7.8	8	8.5	NA	(2)	NA	7				7.5 to 8.7 per. cent.		8.25 to 9.5 percent.
Portion of contract value financed	90	100	80	85	NA	90	100	80	90	NA	100	NA	NA				48 to 64 percent.		30 to 55 percent (to buyers).
Mixed credits		×	×														×		
Insurance assistance					NA					NA		NA	NA	NA	NA	NA		NA	
Commercial risks	×	×	×	×		×	×	×	×		×						×		×.
Political risks	×	×	×	×		×	×	×	×		×						×		×.
Production risks		×	×				×	×									×		
Currency fluctuations	×	×	×	×		×	×	×			×						×		
Performance bonds							×												
Market developments		×																	
Exhibition expenses		×																	
Inflation risks		×	×	×			×				×								×.

[1] × indicates country has incentives. NA indicates that information not available.

[2] 2 or 3 percent above discount rate.

EXHIBIT 2

STATEMENT OF HONORABLE JOSEPH K. KARTH

Mr. KARTH. Thank you very much, Mr. Chairman. I did not expect to be recognized so soon. I appreciate it very much.

Mr. Chairman, I want to be very brief.

Senator TALMADGE. If you see fit, you may insert your full statement in the record and summarize it in your testimony.

Mr. KARTH. I appreciate that very much, Mr. Chairman, and I intend to do that.

Briefly, I want to talk to the committee about the experience I recently had as I attended a recent meeting which was held in Geneva, Switzerland where the EC countries complained against the DISC and the laws that they considered to be the sale of foreign-made products in their own countries under the DISC program.

Let me, Mr. Chairman, say to you that if I had not already been convinced that DISC was worth retaining as at least the House has retained it in the recently passed House bill, I would certainly have been convinced that DISC is worth retaining after having listened to the presentation of the EC countries in their complaint against DISC at the GATT hearing that I briefly referred to.

As you are aware, the GATT Council at the request of the European Committee convened a panel for the purpose of studying GATT and consideration of whether or not there had been violation of the anti-export subsidy provisions of GATT Article 16. That is, the DISC is an export subsidy and such subsidy results in American products being sold abroad more cheaply than they are sold here at home. That is the EC complaint against the DISC.

The United States has counterclaimed against France, Belgium and The Netherlands, as you know, as also being in violation of those kind of provisions of the GATT and in more ways and to even greater degrees.

During these deliberations which began two weeks ago today, there were many formal and legal arguments concerning which country had the burden of proof and whether the DISC law provides a subsidy. That is, the United States has argued there is no subsidy since the DISC provisions provide for a tax deferral rather than a tax exemption, but it is the EC complaint and claim that it does in fact provide a subsidy, and it does in fact provide an opportunity for U.S. manufacturers to sell abroad cheaper than they sell similar products at home.

But it is my very strong personal judgment, Mr. Chairman, that what the EC members and what members of other countries are worried about is the future of DISC holds such promises that U.S. businesses will greatly increase their efforts to export more and more of their production to our trading partners rather than exporting more of our jobs to these countries. They are worried that a continuation of DISC as well as continuation of expansion of DISC corporations will lead to a lack of expansion of U.S. multinational companies abroad in their own countries which will result in a failure to create new production facilities in those countries. This would, of course, result in the U.S. multinational corporations providing fewer jobs there than they either desired or expected.

During my brief visit to observe these panel hearings, I was impressed by the fact that the effect of our DISC law on foreign employment seemed to be the dominant motive behind the GATT complaint and the aggressive actions of our trading partners. These proceedings, as I said, were started in 1973, but they were delayed, according to the official explanations, due to procedural difficulties. I believe the delay was due in part to the belief of our partners, reinforced by statements and actions in and out of Congress during 1973 and 1974, that DISC would be repealed. When it became clear at the end of last year that the Ways and Means Committee was going to adopt my proposal for modification rather than repeal, I believe that EC and other interested countries decided to proceed vigorously with their complaint. I assure you these countries intend to pursue the DISC complaint with every available legal means at their disposal, and are obviously already doing so with great determination.

That is why I think they delayed bringing their complaint as far as they now apparently intend to bring it and that is to fruition.

In fact, it may be the incremental approach that scares them more than the present law. I really do not know, but it does offer an incentive to continue to improve their export market. As I said, I can assure you that these countries intend to pursue the complaint with every means at their disposal.

If it is determined finally that DISC is indeed a violation of the GATT agreements with our trading partners, then we will obviously have to consider alternatives and other legal means to stimulate continued and increased levels of exports of U.S.-made products and not U.S. jobs. In the meantime, however, I urge this committee to consider as a very minimum, Mr. Chairman—as a very minimum—adopting the House-passed modification to the DISC law.

I really honestly, thoroughly believe after long and arduous study and after my trip to Geneva and listening for nearly one week to the presentations made by the EC countries, and I am firmly convinced, Mr. Chairman, that the DISC does in fact benefit greatly U.S. corporations and does encourage them greatly to make the product here, to invest their money here, to build plant and equipment here, to employ U.S. workers in the United States and to export the product rather than exporting the job. I honestly and fervently believe that, and I would hope the Senate Committee would at the very minimum, as I have already said, and I don't want to appear to be repetitious or redundant, but I think it very important that you not go beyond what the House has passed.

Senator TALMADGE. You know virtually all the EC countries have a value-added tax, do they not?

Mr. KARTH. Yes, they do.

Senator TALMADGE. Then they rebate the tax to all of their exporters, do they not?

Mr. KARTH. Yes, they do.

Senator TALMADGE. That is a greater aid to exports as opposed to DISC deferrals.

Mr. KARTH. According to the best calculations we are able to make, the DISC is three to five percent what DISC gives the EC countries in terms of export benefits.

Senator TALMADGE. Three to five percent out of a total of 100 percent of the value-added tax?

Mr. KARTH. That is the way we have calculated it. We have made a mistake in our arithmetic, if we did, but it is minor.

As you know, we made a very long and exhaustive study of the other benefits that our trading partners—and I don't want to refer just to the EC countries but EC countries and other trading partners—give to trading companies and their exporters. We find there is almost an inexhaustible number of benefits of all kinds given. For example, all taxes are forgiven for those companies that export products. But, at any rate, there is a list that I would like to submit for your record, if I may.

Senator TALMADGE. Without objection, it will be inserted in the record.

Mr. KARTH. I will have to prepare it and put it in comprehensive language, but I would like to do that.

Submitted Appendix D.

Senator TALMADGE. Thank you for your appearance and contribution.

Senator TALMADGE. Senator Curtis.

Senator CURTIS. Are you saying DISC does help business in the United States and therefore creates jobs and part of the reason you know that is true is because our competitors were complaining about it. Is that what it amounts to?

Mr. KARTH. Yes.

Senator CURTIS. Prior to this study that you made abroad in reference to DISC, did you have the same opinion of it or is this somewhat of a change in your opinion?

Mr. KARTH. This is a change in my opinion, Senator Curtis. I was not on the Ways and Means Committee when the original DISC law was passed in 1971. But since that time and after becoming a member, I was somewhat critical of DISC. I felt it was not returning the benefit that it was costing the taxpayers of this country. As a result of that, I took some interest in it. Chairman Ullman knowing my interest in it asked me to make a thorough study.

Senator CURTIS. You authored the incremental provision?

Mr. KARTH. Yes. I talked to persons pro and con, those who had something to offer or those who thought they didn't and in my judgment didn't, but my professional staff and I listened to hundreds of people. I came away at that point in time concluding yes, there was a benefit in DISC that I had overlooked originally.

Then, of course, having studied it at greater length and having gone witness and having witnessed the explaining parties, I am more convinced than ever that it does promote and stimulate expansion of production facilities in the United States for export of products made here.

Senator CURTIS. And that means jobs here?

Mr. KARTH. Yes.

Senator CURTIS. Have you changed your mind on the incremental provision?

Mr. KARTH. I don't know that I changed my mind about it, Senator. Let me just say there is some good and some bad about everything. The incremental approach with the 5-year grace period provides an incentive for countries to continually increase their export markets whereas the existing laws do not provide that incentive and could not continue to export and get the DISC subsidies.

Senator CURTIS. There are some administrative problems applying such a rule, company by company.

Mr. KARTH. I don't think there is any question about that.

Senator CURTIS. Also it creates a problem with reference to a company that has not exported before.

Mr. KARTH. Yes, that is true except they also can build a base period. For small exporters, Senator Curtis, I think you are probably familiar with the fact the House said for those who export $100,000 a year or less they are not subjected to the incremental approach.

Senator CURTIS. As I understand what the House did, they took the DISC provision away from the Agriculture.

Mr. KARTH. That is true in some respects. The raw, grown foodstuffs and things that do not go through a manufacturing process, for those the DISC benefits would be removed.

Senator CURTIS. I certainly commend you for your testimony here. You are very helpful to the Committee. This Committee will not be the final authority on this matter. We are anticipating quite a Floor fight on all these provisions. The distinguished Senator from Massachusetts, Mr. Kennedy, appeared before this Committee and appears to be leading the fight.

Among the other things he recommends repeal of the International Sales Corporation DISC provisions. Then he goes on to say the House Bill does restrict the DISC provision somewhat. However, it appears the House failed to repeal DISC entirely largely because of the barrage of business lobbies.

Do you agree with that contention?

Mr. KARTH. Let me say in answer——

Senator CURTIS. I take it your whole testimony is in disagreement?

Mr. KARTH. Let me say the only reason there has been a great deal of repealing it is because of the barrage of lobbying that has been going on by the so-called public interest organizations and the AFL-CIO. I guess it is because the DISC does not provide benefits for their members. If it does not apply to me, it is a loophole and if it applies to me, then it is something in the Code well worthwhile and has great benefit.

Senator CURTIS. It gives an out for our friends who are the spenders. They can tell the public that the Internal Revenue Code is wicked and filled with devices for rich men to avoid their taxes and if they could just cure that there would be much money for every spending scheme they can dream of, and of course, that is not true. Those of us who have examined the situation know that.

Senator TALMADGE. Senator Hansen.

Senator HANSEN. Mr. Karth, I understand the charge has been made that if DISC were repealed, there would be an increase in Federal revenues in excess of one and one-half billion dollars.

Mr. KARTH. I disagree with that, Senator.

Senator HANSEN. You have anticipated my question.

I think I have no further questions.

I have some figures. Norman Ture estimates an initial impact loss of revenues, the Treasury would get an increased $7.9 billion. The Manufacturing Chemists Association estimates repeal of DISC would result in a loss of $46,000 and Data Resources, headed by Professor Otto Eckstein, estimates repeal of DISC would lose 20,000 jobs the first year and 90,000 jobs after the fifth year of repeal, if that may suggest something, it is all yours.

Mr. KARTH. Senator, we looked at all kinds of econometric models and various guesses and estimates by professors and professional people. Obviously, of course, they all come up with different conclusions. But we, my professional staff and I, concluded that there is no doubt whatsoever but that if DISC were repealed, in the longrun, the Treasury would probably lose money rather than what it costs the Treasury today in terms of deferral of taxes for those corporations that have formed the DISC. I don't think there is any question at that, Senator. I am thoroughly convinced that is true and that would be the ultimate result if DISC were repealed.

Senator HANSEN. Thank you very much.

Senator TALMADGE. Senator Byrd.

Senator BYRD of Virginia. Congressman, you favor the continuation of DISC but you favor a modification in the present law.

Why do you favor a change?

Mr. KARTH. I favor a change for several reasons, Senator. First of all, there were some DISC payments that I thought were not earned. They were really a windfall gift for all practical purposes. I don't think there is any real serious argument about that. Whether there was a DISC law or not, they would have exported x amount of their products.

I favored the change because under the incremental approach, it appears to me that there is an incentive to continue to not only export but to increase your exports. If over a long period of time you did not increase your exports, then you do not benefit to the extent that you do under the present law. That is the reason, sir, that I adopted the incremental approach in my own mind as the best of the two.

You, Senator, may disagree with that.

Senator BYRD of Virginia. I don't disagree. I was just trying to get your thinking.

Mr. KARTH. The 5-year grace period we give along with this incremental approach does in fact, as you know, give these companies 5 years in which to increase, over which period

> of time they can increase their exports before that incremental approach formula really applies to them. So, they are also 5 years behind. That seems to me quite a considerable length of time for them to make the extra effort to increase their exports and, as a result of that, benefit from the DISC law.
>
> I think it is good. I think it is healthy. You, sir, and the Senate body over here may disagree with me.
>
> Senator Byrd of Virginia. I take it that you feel the modifications would improve a law that you think is desirable?
>
> Mr. KARTH. I think it would improve it, yes, I do, but if, on the other hand, you think that it will not, the only thing I would encourage this Committee is that you don't throw the baby out with the bath water; that at the very least they adopt the House proposal and if that is unsatisfactory, that they not change the existing law. That is what I would suggest to you, sir, if it is in order that I make that suggestion.
>
> Senator Talmadge. Thank you very much, Congressman. We appreciate your contribution and are delighted to have you before us as a witness.

I hope when the Senate considers all these proposals, they take into account that we are not just talking about taxes and tax reform. We are talking about American trade policy and assuring that the United States remain preeminant in this field and that we do not get ourselves into a position where our exports continue to decline, where our competitors' exports continue on the upclimb.

Mr. LONG. Will the Senator yield?

Mr. HASKELL. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. Stone). Is here a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, permit me to congratulate the Senator from Connecticut for a truly magnificent statement, befitting a man who serves as chairman of the Trade Subcommittee of the Committee on Finance.

The Senator from Connecticut has studied this problem in depth. He has studied it with the same sympathetic understanding of the point of view of labor, business, and the trade relations with other countries around the world.

I really believe we would be well advised to follow the Senator's advice.

But is it not correct that other countries help their exporters a great deal more than we help ours?

For example, I notice that Mr. Karth, one of our outstanding Members of the House, studied this matter. He testified before our hearings that his study indicated DISC was only three to five times as much an advantage to our exporters as what the value-added tax rebate is to the EEC countries in terms of export benefits.

Mr. RIBICOFF. The Senator is absolutely correct.

There are many proposals, and I put them in the Record, to indicate the fantastic breaks that are given by foreign governments to their exporters, whether it is lower interest rates, whether it is failure to charge any tax on business done abroad in their subsidiaries, and whether it is a rebate of the value tax.

In France, for example, foreign branch and subsidiary income is not taxed, foreign source dividends are not taxed, intercompany-pricing rules are not enforced and there is the border tax adjustment, in addition to other tax incentives. None of these tax incentives for exports are offered to American exporters.

Let me give an example: Let us say we manufacture and export shirts from France and the price is $100 a dozen. We export those shirts to the United States. The French Government rebates $15, which is a value-added tax.

Now we are an American manufacturer who exports a dozen shirts to France for $100. We have to pay $15 to get those shirts into France. So on the dozen shirts, there is a differential of $30.

How can an American company compete with a French company when we have a swing of $30 on a dozen shirts?

What the opponents of DISC fail to realize, that unlike the foreign income deferral, here we are definitely talking about American exports and American jobs.

What we are talking about, a DISC has to have 95 percent of its income export-oriented. So we know what we have involved here in actual exports.

What this means, that to the extent we give an American company a break, the American company will have more than manufacturing done in the United States, they will have more than employees in the United States, instead of having that done abroad in their foreign subsidiary. Here is an opportunity to do this job.

What was interesting, Congressman Karth was labor-oriented, became a member of the Ways and Means Committee, studied the problem of international trade, and he went to Geneva and spent considerable time discussing all the problems and all the distortions.

He returned to the United States a confirmed convert to DISC and what DISC meant for American prosperity, American jobs, American exports, and American trade in its entirety.

Let me read from Mr. Karth's testimony:

> But it is my very strong personal judgment, Mr. Chairman, that what the EC members and what members of other countries are worried about is the future of DISC holds such promises that U.S. busineses will greatly increase their efforts to export more and more of their production to our trading partners rather than exporting more of our jobs to these countries. They are worried that a continuation of DISC as well as continuation of expansion of DISC corporations will lead to a lack of expansion of U.S. multinational companies abroad in their own countries which will result in a failure to create new production facilities in those countries.

When we talk about, "Let's keep jobs in the United States and not export them abroad," DISC is one of the few assurances we give an American employer to do business and manufacture at home instead of having a subsidiary and manufacturing abroad.

Mr. LONG. We have heard a great deal about the desirability of persuading people to make investments here rather than abroad.

This is the one thing that has been done in many years to help keep the jobs here, is that not correct?

Mr. RIBICOFF. Yes. I would say the United States did this in self-defense. The United States had no alternative. It is tragic, that even though our trade has increased, the American proportion of world trade continues to decline, when with our world trade partners like Japan and West Germany, their trade keeps going up.

It would be very foolhardy.

Just to give the difference of comparative trade balances between 1970 and 1975, the United States had a negative trade balance of $33 billion, West Germany had a positive trade balance of $78.2 billion, and Japan had a positive trade balance of $30.8 billion.

All I can say, this country cannot continue year after year, and over these decades have an unfavorable trade balance like that, and still think we are going to be a prosperous country.

Let me give some more figures. The U.S. share of free world exports has declined from a 15.9 share in 1960 to a 14.6 share in 1965 to 12.2 in 1973. So we keep going down when everybody else keeps going up. It behooves us that we continue to be strong in the export field for the benefit of the American economy and American jobs. It would really be a tragedy if we do not remain strong, but even more so at this time when we have hearings going on before the GATT Commission concerning whether DISC is a trade distortion.

We have counterclaimed against the European Community on what we consider to be trade distortion. What we are doing in the United States by eliminating DISC is we would be throwing the American case to the Europeans. We would have no chance for a hearing.

Since 1971 the Europeans have figured that we would eliminate DISC and play into their hands. In doing this, we would play into the hands of the Europeans without getting anything in return. We would find our exporters at a decided disadvantage to the European exporters. Some day maybe we can straighten the situation out.

When we wrote the trade bill in 1974 the Finance Committee was very careful to write provisions requiring the President to undertake negotiations to straighten out these distortions between the United States and the world trading partners, to try to have trade on an equitable basis without subsidy.

As far as I am concerned, if the Europeans and Japanese eliminated their subsidies, I would be the first one to stand up in the Senate and say we should eliminate and repeal DISC. But if the Europeans and the Japanese have their subsidies and their trade distortions, I think it would be foolhardy for the United States to go naked into the world trade picture.

There is a jungle out there. There is tough competition. We are dealing with very smart countries and smart businessmen. We should be very careful to make sure that they do not take all of our clothes away from us.

Mr. LONG. There is a chart which shows the eight ways in which some countries, and most of them use one method or the other, help their exporters to obtain markets. This chart appears on page 1127 of the hearings.

According to this chart, there are only two of those eight ways by which we were helping ours. In this bill, we repeal one of them. That is the deduction of foreign branch losses. We repeal that. So that just leaves two ways that we help our people. There are eight ways that foreign countries help their people. Not all but most of them use most of these eight methods. We only use two.

For example, there are special deferrals of domestic income in some countries. And we have the tax on exports. In the areas of export tax incentives, all we have is the DISC. These trading partners we are doing business with use as many as six or seven of these various devices to help their exporters.

Let us look at that simple area of DISC only compared to the export subsidies elsewhere.

The DISC subsidy for our exporters on sales volume amounts to somewhere between 1 and 3 percent, depending upon what it is they are selling.

On the other hand, these European countries are rebating their value-added taxes. That amounts to a subsidy of somewhere between 15 and 20 percent of the exports they are shipping our way. Look at that difference.

Our 1 to 3 percent subsidy would not be enough to get over even a low tariff hurdle.

Mr. RIBICOFF. Then it is even worse because when we try to send our goods in there they sock us with an extra 15 percent. So we have a spread of 30 percent against the American manufacturer.

Mr. LONG. They rebate it and have the border tax waiting for us of an equal amount when we try to ship something in that direction. That is point No. 1.

In some cases, they go as high as 20 percent with these value-added taxes to finance their government, that their government is rebating.

Many years ago, when we thought we could afford it, our negotiators made an agreement that we would not rebate our income taxes, which is our way of financing our Government, and they would be able to rebate their value-added taxes, which is the way they finance their governments. That is a heads we win and tails you lose proposition that we cannot afford. But we are still proceeding under those ground rules.

What it amounts to is they may have a 15-percent value-added tax rebated. That is the tax they are using to finance their government. When they give all those taxes back, that amounts to a 15-percent advantage for something headed in this direction.

Ten percent is ordinarily enough to pay the freight to ship their goods here and 5 percent is more than enough to pay the tariff. In many cases the tariff is zero. So they are able to offer a subsidy to their exporters adequate to pay the tariff bringing it inside the U.S. market as well as the freight to get it here. That is not to mention the fact that in most cases, they have lower labor costs than we have.

Look at all those advantages while we do hardly anything to subsidize and help our people to compete.

Does it not stand to reason that the only way we are going to get those people to quit subsidizing their exports into our market, or to at least negotiate seriously about it, is to do some of the same things to them?

Mr. RIBICOFF. That is right.

I think this country owes a debt of appreciation to the chairman of the Finance Committee and the entire Finance Committee for their continuing concern to make sure that American business gets a fair deal around the world.

Sure, DISC is a tax break insofar as it encourages U.S. companies to export.

Mr. LONG. It was intended to be such.

Mr. RIBICOFF. It was intended to be so. But it was not designed to give anybody a tax break. It was designed as an offset of what American trade faces with the rest of the world whose parent nations are giving them every possible advantage. It was an intent to try to put some sort of an equalizer into this to allow us to be competitive and, at the same time, to assure that the United States would do as much of its manufacturing at home, have as many of its jobs at home, without the necessity of building subsidiaries abroad to do the manufacturing to sell abroad.

This is part of our overall trade picture.

The Finance Committee went into this with its eyes wide open. The Finance Committee did not say, "Hey, how are we going to design a loophole for American business?"

We saw what was happening in world trade, the decline of the United States in world trade. It was because of our concern that we were trying to find an equalizer. Whenever the communities in Japan and Europe get ready to get rid of their subsidiaries and their distortions, then it is time to come to this chamber and time for the Finance Committee to start talking about the repeal of DISC, but not now when we are at such a disadvantage with all the world trading partners.

Mr. LONG. I have some figures computed on what I think is the proper basis. They take into account the freight and the insurance. We take not just the FOB into account but take into account also the freight and the insurance, which is part of the cost of trading. When we look at it on that basis, from 1970 to 1975 the United States had an unfavorable balance of $33 billion. West Germany had a favorable trade balance of $78 billion, and Japan had a favorable trade balance of $30 billion.

I would ask, is that enough advantage to give them?

Mr. RIBICOFF. It is not only enough advantage but I would fear for our country and its future if that was allowed to keep on piling up year after year.

Mr. LONG. I ask unanimous consent that this table be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparative trade balances: United States, West Germany, Japan: 1970–75

[In billions of dollars-cif basis]

	United States	West Germany	Japan
1970	−1.7	5.8	4.0
1971	−6.6	6.7	7.8
1972	−11.4	7.6	9.0
1973	−3.8	15.9	3.5
1974	−11.4	23.0	1.4
1975	1.9	19.2	5.1
Total	−33.0	78.2	30.8

Mr. KENNEDY. Mr. President, how much time remains?

The PRESIDING OFFICER. All the time of the opponents of the amendment has expired. The Senator from Colorado has 19 minutes remaining.

Mr. KENNEDY. Will the Senator yield me 8 or 9 minutes?

Mr. HASKELL. Yes, I think the Senator from Ohio (Mr. TAFT) would like to talk after the Senator from Massachusetts.

Mr. KENNEDY. Fine.

Mr. President, I have listened with considerable interest to the arguments that have been made here on the floor during the recent exchange. I would like to emphasize several points in support of the amendment of the Senator from Colorado.

Mr. President, one way to look at the choice before us is to compare the various revenue figures, which I have compiled in the following table:

	1977	1978	1979	1980	1981
Revenue loss from current law, picked up by the Haskell amendment	1,420	1,460	1,495	1,580	1,735
Revenue gain over current law:					
House	454	531	512	503	550
Finance Committee	84	306	431	422	495
Compromise reform amendment	476	664	791	877	959

Mr. President, under current law, a parent corporation is permitted to form a DISC subsidiary for export sales.

The tax on half of the DISC export income is deferred, so long as the income is used in export activities. Continued for long periods, the deferral becomes the equivalent of a total exemption from tax.

The effect of DISC is to reduce the tax rate on export income from 48 percent to 36 percent—and to 24 percent in special cases.

The Haskell amendment would repeal DISC completely. The so-called compromise return amendment would put DISC on an incremental basis—export sales in excess of 75 percent of the average of a

3-year base moving period—3 out of the 4 immediately preceding years—would be eligible for DISC, but other sales would not.

The House and Finance Committee bills also adopt an incremental DISC, but with different base periods and/or percentages.

All the amendments preserve DISC in its present form for small business.

Mr. President, DISC was designed to promote U.S. exports in a world of fixed exchange rates; that world no longer exists. DISC now involves a significant waste of money—$1.4 billion in fiscal year 1977. Inflated Treasury estimates of the effect of DISC on jobs and exports assume fixed exchange rates, and ignore the fact of floating exchange rates. So far as international trade in concerned, to assume fixed exchange rates is to assume that the world is flat.

Even under the Treasury figures, claiming a $4.6 billion export increase in 1973, DISC is a minor factor. Total exports in 1973 were $71 billion, up by $43 billion over 1971, when exports were only $28 billion.

U.S. export growth since 1971 has been generated by the two devaluations of the dollar, in December 1971 and February 1973, the shift to the international system of floating exchange rates in March 1973, and poor harvests in the Soviet Union, not DISC.

Full repeal of DISC would have about the same impact on exports and jobs as a 2-percent appreciation of the dollar. Last year, the dollar appreciated 12 to 15 percent. At the same time, U.S. exports increased over the previous year. There was no loss of jobs in the export sector.

Since the export industry is capital intensive, DISC is an inefficient subsidy if jobs are the goal. Dollars for DISC are one of the least efficient job-creating incentives, ranking well behind almost all other incentives. For example, Labor Department data show that, per dollar of expenditure, 50 percent more jobs are created by a general tax cut, compared to spending on exports. According to a 1975 study of the House Budget Committee, the $1.4 billion DISC tax expenditure might create at most, 16,000 jobs. As a direct Federal expenditure, the same $1.4 billion would create 112,000 jobs in defense, 120,000 jobs in health, 150,000 jobs in education, and 240,000 public service jobs.

Even full repeal of DISC would cause no loss of jobs in export industries. Even if, as the Treasury argues, there is a job effect, it would be reflected only in a slower rate of increase in employment in export industries, not by any actual job loss.

Under floating exchange rates, DISC may actually cause a net U.S. job loss. Increased exports strengthen the dollar, leading to increased imports. Since U.S. imports are historically labor-intensive—shoes, textiles, automobiles, et cetera—a net job loss may result. Thus, increases in exports are not the same as increases in net exports or improvements in the overall U.S. trade balance.

DISC is a windfall for large multinational U.S. exporters who would be exporting anyway; 39 percent of DISC income went to only 23 large croporations; 52 percent went to 249 corporations with assets over $250 million.

Export profits are extremely high. The Treasury report shows DISC companies earned 17.3 percent on export sales, double the 8.4-percent profit margin on domestic sales. A tax subsidy like DISC is hardly needed when export sales are already so profitable.

DISC's are just paper corporations that exist only in file drawers and on accountants' balance sheets. They have no real economic substance.

DISC is a subsidy for foreign consumers. Because of DISC, goods produced for American consumption are taxed more heavily than goods produced for foreign consumption. Some large U.S. corporations use DISC simply to offer more favorable long-term payment conditions for foreign purchasers.

DISC was enacted in 1971 as an antidote to deferral. Yet the deferral subsidy costs only $365 million, whereas DISC costs $1.4 billion.

In July 1975, President Lee Morgan of Caterpillar Tractor testified before the House Ways and Means Committee that, although Caterpillar had received $9 million in DISC tax benefits—

> I am not really sure that we did anything extra in order to generate additional exports. Not much has happened, at least at our company, in order to earn the tax deferral that has come from DISC.

DISC has been one of the most notorious tax overruns in the history of the Internal Revenue Code. When originally enacted in 1971, the estimated Treasury cost was $100 million for 1972 and $170 million for 1973. Actual costs were $350 million and $720 million, respectively, or four times the original estimate, and the cost has continued to climb.

More than 100 bipartisan independent economists and tax experts have called for repeal of DISC as a wasteful and inefficient tax subsidy that distorts the free market system.

Mr. President, returning to the point about the countervailing import effect of floating exchange rates on DISC and export increases, I ask unanimous consent to have printed in the RECORD a table showing where domestic jobs will be lost because of the effect of DISC on imports.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Estimated decline in job opportunities from DISC, 1973, by industry**

Food manufactures	10,000
Tobacco manufactures	10
Total food and tobacco manufactures	10,000
Forestry and fisheries	30
Mining and quarrying	600
Total crude materials	600
Lumber and wood, unfinished	4,800
Cement, stone, clay, concrete	2,700
Basis iron and steel	11,000
Nonferrous metals	6,300
Total semimanufactures	24,800
Chemicals, excluding medicines	11,800
Finished metal shapes and manufactures	10,000
Lumber, wood, pulp, paper products	24,900
Industrial textile fibers, yarn, fabric	21,500
Electrical machinery	19,000
Construction and contracting machinery	1,300
Machine tools and metal-working machinery	3,500
Other industrial machinery	15,100
Agricultural machinery	3,700
Business machinery	5,100
Scientific, medical, photographic instruments	6,000
Civilian aircraft, engines, and ports	3,800
Automotive vehicles, parts, and engines	18,400
Electrical household appliances	16,100
Nonelectrical cooking and heating equipment	200
Toys and sporting goods	13,000
Other consumer durables, manufactured	4,300
Textiles	4,600
Footwear, luggage, apparel of leather, fur, rubber, plastic	8,600
Medicinal and pharmaceutical preparation	1,700
Total finished manufactures	193,500
Total	229,000

*SOURCE: Senate Budget Committee. The most recent Treasury Report on DISC estimates that DISC increased jobs in export industries by 230,000 in 1973. Under a system of floating exchange rates, an equivalent long run job loss will occur in non-export industries because of increased imports. The table reflects the distribution of those 230,000 job losses if they had occurred in 1973. Some experts estimate that the job losses could be even greater, because of the fact that U.S. imports are more labor-intensive than exports.

Mr. KENNEDY. Also, as the Senator from Colorado has carefully pointed out, we have retained DISC for the smaller businesses and smaller industry that are beginning to get into the export business. Industries with sales up to $2 to $3 million would be exempted from these various proposals.

But let us realize that it is a small group of powerful, rich corporations that are getting the vast benefit of up to $1.4 billion every year from DISC.

We hear it asked, "Unless we provide this, what will happen to that little shirt manufacturer in Connecticut or Rhode Island?"

What will be the effect on exports over the last year? Let us look at the profits on exports and the profits on sales within this country.

According to the Treasury report, Mr. President, last year the profit rate on exports was 17.3 percent; only 8.4 percent for domestic sales, but 17.3 percent for export sales.

How much are we going to provide, how much are we going to give these large corporate powers in our society, with their extraordinary profits at the present time in terms of the export market?

It is claimed that with that $1.4 billion, we are creating some jobs. Perhaps, although that is a very disputed argument. But the fact remains that when you underwrite exports with a fluctuating rate of exchange, you are basically going to export more and import more. And the things you import will be labor-intensive. The most respected economists have indicated that DISC may well cost more jobs in the United States because of increased imports than we will obtain in increased exports.

That is why the labor organizations, which have reviewed this matter is very careful detail, support the proposal which we are advancing.

They have looked at this. Senators may hear many officers of multinational corporations say that DISC is going to produce jobs. I think the people on the other side of the bargaining table better understand whether jobs will be lost or gained. The fact of the matter is that if we took that $1.4 billion and provided a reduction in tax rates for lower income groups, we would be providing far more jobs than DISC. So from a tax equity point of view and from an economic point of view, I do not think the case can be made for DISC.

The point has been made during the debate that we have seen a sizable growth of the export industry over recent years. We have seen that. And, again, most independent analyses, the Library of Congress figures and others, point out that the principal reason is that we have left the system of fixed exchange rates and moved to floating rates. That has been a very significant factor in improving our exports. A second factor has been the devaluations of the American dollar, which has had a profound impact on our whole export industry. Thirdly, I think any fair evaluation would also include the serious grain difficulties of the Soviet Union, which increased our farm exports in the recent years.

These are factors which have had a much greater and more profound influence on exports than DISC.

The point has also been made that if you eliminate DISC, it would have the effect of about a 2 percent change in the value of the dollar, and that this kind of impact in terms of export sales would be absolutely devastating for the export market.

The interesting fact is that in recent years, we have seen far greater fluctuations in the value of the dollar, anywhere from 12 percent and 15 percent, and still we see increases in the export sales of American companies and corporations, with no loss of jobs and no disruption of our export markets.

These statistics, facts, allegations, and charges really do not add up. What we are really talking about is that extraordinary tax subsidy of the wealthiest and most powerful corporations in the country. They can thrive without this benefit, and it ought to be repealed.

This proposal retains the incentives for smaller industries and smaller corporations attempting to break into the export market. It gives them some opportunity and some advantage in this highly competitive situation. Therefore, those who are interested in small industry, the small company, the small corporation, should realize that the Haskell amendment deals effectively with that interest. Those who are concerned about the continued hemorrhaging of the Internal Revenue Service can stop the flood by supporting the Haskell amendment.

Mr. President, I would like to withhold the remainder of the time.

Mr. CANNON. Mr. President, will the Senator from Colorado yield to me for some questions?

Mr. HASKELL. I certainly will.

Mr. CANNON. I would like to ask the Senator from Colorado if he can tell me the original purpose of DISC, and if, under the flexible international exchange rates set up in 1973, the original purpose is still valid.

Mr. HASKELL. I will be happy to respond. The original purpose, of course, was that we felt the dollar was overvalued, and therefore it was hard to export, and that a significant subsidy was necessary; but I would now quote from the gentleman who was really the architect of DISC, but who says that under present circumstances DISC is no longer necessary. Mr. Tobbin, now with the International Monetary Fund, says:

> DISC is obsolete and anachronistic in a world of flexible exchange rates, especially after approval of the IMF measures. Repeal of DISC would be a consistent measure with Congress's ratification of those measures.

Mr. CANNON. Advocates of DISC maintain it creates jobs and yet I understand labor groups such as the AFL–CIO, who are very actively seeking more jobs, oppose DISC as a giveaway. Could the Senator set the record straight for us on this point.

Mr. HASKELL. The Senator is correct; the AFL–CIO, which is obviously concerned with jobs, opposes it. The Treasury Department, in its best estimate, says it costs $100,000 per job created, but that does not take into consideration the jobs which are lost by virtue of the increased imports resulting from DISC.

Mr. CANNON. The Senator from Massachusetts (Mr. KENNEDY) passed out a sheet a few minutes ago that shows 229,000 jobs purportedly created. Is the Senator saying the price tag for those 229,000 jobs is $100,000 a job?

The Treasury is paying that out in the nature of a subsidy.

Mr. HASKELL. I believe that the table of the Senator from Massachusetts talks about job losses, but if the Senator will look, there are two sides of the ledger.

Mr. CANNON. I see. So it is about a balance. It is about 229,000 loss and 230,000 gained.

Mr. HASKELL. And actually less created according to the Treasury at a cost of $100,000 a job, a pretty expensive job.

Mr. CANNON. I see. What type of export company benefits from this tax break? Is it spread evenly among all sizes of companies and types?

Mr. HASKELL. No. I ask the Senator from Massachusetts. He had a very quick synopsis of the very large companies that benefited. Will he restate that?

Mr. KENNEDY. Yes. Thirty-nine percent of the benefit goes to the 23 largest corporations, 52 percent to the top 249 corporations, with total assets are $250 million. So quite clearly this benefit, the $1.4 billion, is going to the wealthiest corporations in the country.

Mr. HASKELL. I thank the Senator.

Mr. CANNON. So it really benefits the big corporations. Do I correctly understand the Senator's amendment has a small business protective provision in it?

Mr. HASKELL. The Senator is correct. I think that is a desirable inducement to small business.

Mr. CANNON. What size business does he include in small business?

Mr. HASKELL. It would be approximately $100,000 of DISC income.

Mr. KENNEDY. Our estimate is a business of approximately $2 million in sales. They would be able to take advantage of the small business exemption. They would be able to take full advantage of DISC under the provisions of the Haskell amendment.

Mr. CANNON. So if a business was doing $2 million or less, in foreign sales——

Mr. KENNEDY. It would be less in foreign sales as I understand it.

Mr. CANNON. I see.

Mr. KENNEDY. They would be still able to take advantage of DISC.

Mr. CANNON. $200,000 in foreign sales.

Mr. HASKELL. Of foreign sales, the Senator is correct.

Mr. CANNON. If the Senator's amendment is adopted how much additional revenue does he estimate this could create?

Mr. HASKELL. I would estimate it would be at least $1.3 billion to $1.4 billion for additional revenue, if we repealed everything it would be a $1.5 billion, and let us say that point one or point two billion goes to the small companies. So it would be at least a $1.3 billion to $1.4 billion in revenues.

Mr. CANNON. Does the formula in the committee bill really provide stimulation for new exporting activity?

Mr. HASKELL. In my view absolutely not. The committee formula provides a continuation of what I consider the giveaway but to be sure it cuts it down in a modest form.

Mr. CANNON. I thank the Senator for yielding.

Mr. HASKELL. I thank the Senator.

Mr. KENNEDY. On this point that the Senator from Nevada made on taxable income, there are 54 percent of the total corporations under the $100,000. So that under the Haskell amendment 54 percent of all the corporations would be eligible to take full advantage without paying any additional tax.

Mr. CANNON. It would have no change in existing law.

Mr. KENNEDY. The Senator is correct. And the great majority are the smaller companies and corporations.

Mr. CANNON. I thank the Senator.

Mr. FANNIN. Mr. President, in 1971, when the Domestic International Sales Corporation—DISC—provisions were enacted, the purpose of the legislation was to—

Create more jobs for American workers and stimulate the U.S. economy, and

Make U.S. exporters more competitive in the world market by providing a tax treatment of export income that was more comparable to that afforded by many foreign countries to their exporters.

Implementation of DISC reflected our legitimate concern over the deterioration of U.S. trade, constant balance-of-payments deficits, and their effect on the U.S. economy and domestic employment.

Today we are asked to vote for the repeal of the DISC provisions. Opponents to DISC argue that DISC has not accomplished the goals for which it was enacted, and, that even if it did, DISC was no longer relevant in a world of flexible exchange rates.

On the point of the effects of DISC, I believe that the record before the Senate clearly demonstrates that DISC has had a large and beneficial impact on U.S. economic activity and employment. On the point of the exchange rates, I believe that the world trade situation has not changed as much as some would have us believe, and that much of these changes have not helped our trade situation but have further contributed to the continued need for DISC. DISC incentives must not be changed.

THE ECONOMIC EFFECTS OF DISC

U.S. exports have risen dramatically since the enactment of DISC. The raw numbers are impressive. U.S. merchandise exports have increased from $44 billion in 1971 to $109 billion in 1975. Last year we had a positive balance of merchandise trade of over $9 billion.

While other factors have played a large part in the increase, DISC has produced a substantial increase by itself and assisted U.S. exporters to take advantage of some of their new found competitiveness after the devaluation of 1971. The Treasury Department estimates that the cumulative effect of DISC over its first 3 years of operation, 1972–74, was $4.6 billion in additional U.S. exports. Projections for 1975–76 hold the increase to be $6 to $9 billion.

The employment effects of DISC have also been dramatic. According to Treasury statistics, in 1974 there were 230,000 export related jobs directly attributable to DISC. Even greater has been DISC's secondary effect on jobs. One estimate points to a GNP gain of $10 to $15 billion and total increased employment of 600,000 to 900,000 jobs. Studies also show that DISC has raised the level of real wages of American workers by $4 billion in 1974.

DISC has had this large employment and other effects because it is of strategic importance in inducing U.S. manufacturers to locate and expand their production facilities in the United States rather than abroad. DISC partially neutralizes the many incentives foreign governments offer U.S. firms if they would locate abroad. DISC provides a capital pool from which U.S. exporters can draw the necessary capital to expand production investment and a more positive cash flow to provide more competitive credit terms.

DISC has been particularly helpful to small and medium sized companies. These firms have been moving in large numbers over the past 2 years to utilize DISC. DISC benefits these firms both directly and indirectly, bringing them into the export business and indirectly, in the increased orders to small supplying firms. Indeed, it is interesting to note that the small firms are the most enthusiastic and vocal supporters of DISC.

The net result has been more exports, greater employment, and increased economic activity. While DISC is claimed to be a large tax expenditure, the secondary and direct impact of DISC clearly generate more and higher tax revenues than are supposedly "lost." If DISC were repealed, the Treasury will lose more revenues than it will gain from a short-lived tax windfall.

In sum, DISC has passed the first test, economic stimulation, than we set for it in 1971.

DISC, FREE TRADE, AND THE TRADE NEGOTIATIONS

DISC was one of the devices the United States has adopted to regain its slipping world market share, produce a more favorable balance of payments, and make U.S. companies more competitive. Generally, these many devices acting in concert have reduced some of the restrictions to the competitiveness of U.S. firms. But the world has not changed so dramatically or in the manner opponents to DISC suggest that a case for the repeal of DISC can be made.

DISC acts to mitigate the many trade barriers and incentives which foreign governments have constructed to help their own exports at the expense of U.S. exports. The achievement of free trade is one of the highest goals we hope to achieve and U.S. companies welcome the opportunity to freely compete with foreign firms in the world trade. But neither of these are obtainable so long as the myriad system of trade restrictions remain in force.

The European Economic Community has complained about the DISC provisions to a special tribunal of international economists at the GATT in Geneva. They have charged that DISC is an illegal export subsidy under the GATT agreement. But Congressman Joseph Karth has testified that the EEC is most worried over DISC's impact on increasing U.S. production for export but retaining employment in the United States. The United States will be exporting more of its goods rather than its jobs. I find Congressman Karth's testimony to be most persuasive.

These GATT proceedings, now being tried before the Geneva tribunal, have also produced a U.S. counterclaim against the export incentives of some of the European countries. Both the EEC claim against DISC and the U.S. counterclaim against the foreign incentives will be decided by fall of this year. Congress should take no action on DISC which would prejudice the U.S. defense of DISC or its prosecution of the counterclaim.

DISC has also assumed a role as a major bargaining point in the trade negotiations. The GATT complaint has forced to the surface many of the subsidies which foreign countries give their exporters. After the complaint has been resolved, the vigor with which the EEC has pursued the DISC complaint could well become a new-found source of willingness on their part to negotiate more straightforwardly about the many restrictions they impose. DISC is our major weapon in the upcoming trade negotiations and the United States should not unilaterally give DISC up.

We have also found that the flexible or floating exchange rate system has not worked as well as some would have us believe. The abandonment of the gold window produced a sudden but temporary boom to exports as the discrimination against the dollar in the form of overvaluation was cured. But foreign governments have made it their practice to intervene in the exchange markets to force their currencies to a level, not dictated by market forces, but dictated by their own domestic and economic goals. The United States faces a new challenge of overvaluation and its concomitant threat to our economy and employment.

In short, at a time when the United States is defending DISC at Geneva, is trying to achieve free trade through negotiation, and attempts to reform the international monetary system, DISC has not lost its relevance. Indeed, it has gained further strength as we in the United States fight for a more free and open system of trade and finance. This Congress cannot deprive this country of one of the few tools it has to maintain some sort of economic equality and achieve freely competitive trade. The motion to repeal DISC ignores the realities of international trade and must be rejected.

Mr. DOLE. Mr. President, the Senator from Kansas opposes complete elimination of DISC as proposed by the amendment of the Senator from Colorado. The Finance Committee has heard testimony from scores of witnesses. The opinion and recommendations expressed ranged from continuation of DISC in its present form to outright repeal. The committee considered extensive testimony on evidence as to the effectiveness and importance, as well as costs of DISC. In response to these diverse opinions, and in light of the lack of certainty about the precise effects of this program, the committee has forged what I believe to be a very reasonable compromise in adjusting the DISC program.

Mr. President, the Finance Committee bill would recover an estimated $306 million in its first fully effective year—1978. This represents a better than 20 percent reduction in the cost—$460 million—of this program. Compared to the ability of Congress to control other Government programs, this is a very substantial program cut.

Mr. President, let me stress some of the considerations which led to the committee's recommendation with regard to DISC. There appears to be little doubt that the DISC program does result in increased U.S. exports. It should be pointed out that part of the case made by advocates of terminating DISC—that the program results in a higher international value of the dollar and increased U.S. imports—concedes the effectiveness of DISC in increasing export receipts. How much of the better than $60 billion increase in yearly U.S. exports since 1971 is attributable to this program is extremely difficult to estimate.

Regardless of how large that increase might be, the committee was also convinced that the associated tax expenditure is larger than necessary to achieve the desired export results. There can be no denying that the majority of U.S. exports—which were over $106 billion in 1975—would have occurred without the DISC incentive.

In an effort to reduce the tax expenditure—to make this program more efficient, more cost effective—the Finance Committee bill would shift to the incremental approach of calculating DISC tax benefits. Exporting firms would receive favorable tax treatment on only the excess of their export earnings above and beyond a fixed percentage of their earnings in an earlier base period. The designated percentage is 60 percent.

To give an idea of how significantly this alters the program, an exporter who increases and maintains a steady level of export earnings will receive favorable tax treatment on only 40 percent of those earnings. In particular, he will be able to defer taxation on half of that 40 percent, or only 20 percent of export earnings. This is in contrast to the present arrangement which allows favorable tax treatment on 100 percent of export earnings, which amounts to deferral of taxes on 50 percent of those earnings.

Mr. President, the Finance Committee goes more than half way in eliminating DISC benefits for many importers. And yet, it retains the important and intended incentive to increase and maintain high levels of exports. Mr. President, if the marginal percentage rule is increased further—for example, to 100 percent as some have advocated—then exporters would be allowed only a temporary benefit for their efforts to raise exports. The incentive would be lost, and with it the benefits of this program.

The Finance Committee bill leaves unchanged the DISC benefits that would be allowed for small export firms. It is for these businesses that the encouragement provided by the DISC program has been most vital and, according to testimony received by the committee, most effective. Small businesses are particularly responsive in their efforts to increase their foreign markets to the resources provided by the DISC program. They face aggressive competition by exporters from other countries, many of which provide sizable tax preferences to their exporters. To survive and to expand in this environment, and to continue to provide employment opportunities for our citizens, the small businesses of this country need and deserve the full support and incentive provided by the present DISC program.

Mr. President, the Finance Committee has molded this revised DISC program and resisted the temptation to pick up a quick billion dollars by repealing it—for other important reasons. I would direct my colleagues to the very persuasive observation of the Senator from Connecticut presented this Monday regarding the foreign trade restrictions and incentives of other countries, and the continuing negotiations being pursued by the United States to reduce these restrictions. Representatives of the State and Treasury departments have repeatedly testified that the DISC program is an important bargaining chip in those negotiations. The United States cannot unilaterally make the world into a model of classical free trade, any more than we can unilaterally make the world safe from war by disarming or by refusing to sell defense materials to other countries. If we really want the benefits of unrestricted and undistorted free trade, then we must be willing to work for it and to push and pull other countries in the same direction. To do this, it is necessary to retain DISC in the revised and more efficient form proposed in the Finance Committee bill.

Mr. President, I would remind my colleagues that at stake in many cases is not just a slight or marginal increase in export production and related employment. The DISC program has a significant effect on the location of entire businesses. Without the DISC program, many firms or branches of firms would locate and produce and employ outside of the United States. The reasoned modification of the DISC program, rather than its radical elimination, can reduce the loss of tax revenues without suffering the wholesale loss of producers and employers.

Mr. President, the critics of the DISC programs point out that its full effects are very complex and far reaching. They argue that because it does not solely and singly promote exports, that because it additionally produces an indirect effect of increasing U.S. imports, it is imperfect and should be abandoned. I reject this reasoning. In the complex economic world of free enterprise, economic phenomenon are interrelated and government policies cannot produce isolated effects.

Indeed, if the partial effect of the DISC program is, by virtue of increasing exports, to raise the value of the dollars as an international currency, and if this leads to more U.S. imports at a lower price in dollars to American consumers, I see no cause for alarm. Should we object to lower prices—in dollar terms—for imported oil, cars, televisions, et cetera? While these imported products do compete with American-made products, I suspect that our domestic producers are better able to compete in our own domestic marketplace than are our exporters trying to sell in foreign markets.

In the final analysis, Mr. President, the Finance Committee bill contains an initiative to reduce by better than 20 percent the cost of a Government program serving a viable national objective, without materially affecting the program's effectiveness. This initiative by the Finance Committee deserves our full support.

Mr. HASKELL. Mr. President, if no Senator has any further comments, I am glad to yield back the remainder of my time. I believe the time of the opponent has expired and the yeas and nays have been ordered.

The PRESIDING OFFICER. The Senator is correct.

The question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. GARY HART), the Senator from Indiana (Mr. HARTKE), the Senator from Washington (Mr. MAGNUSON), the Senator from Arkansas (Mr. McCLELLAN), the Senator from South Dakota (Mr. McGOVERN), the Senator from Rhode Island (Mr. PASTORE), the Senator from Missouri (Mr. SYMINGTON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE), and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 16, nays 72, as follows:

[Rollcall Vote No. 370 Leg.]

YEAS—16

Abourezk
Biden
Cannon
Church
Clark
Hart, Philip A.
Haskell
Hathaway
Hollings
Kennedy
Mansfield
Metcalf
Montoya
Muskie
Nelson
Proxmire

NAYS—72

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Laxalt
Leahy
Long
Mathias
McClure
McGee
McIntyre
Mondale
Morgan
Moss
Nunn
Packwood
Pearson
Pell
Percy
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Weicker
Williams
Young

NOT VOTING—12

Bayh
Buckley
Eastland
Goldwater
Hart, Gary
Hartke
Magnuson
McClellan
McGovern
Pastore
Symington
Tunney

So Mr. HASKELL's amendment was rejected.

UP AMENDMENT NO. 155

Mr. FANNIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. FANNIN) proposes unprinted amendment No. 155.

The amendment is as follows:

In lieu of the language to be proposed by the Committee's amendment insert the following:

SEC. 1101. TAXATION OF DOMESTIC INTERNATIONAL SALES CORPORATIONS.

(a) In General.—Part IV of subchapter N (relating to domestic international sales corporations) is amended to read as follows:

"PART IV—DOMESTIC INTERNATIONAL SALES CORPORATIONS

"Subpart A. Treatment of qualifying corporations.

"Subpart B. Treatment of distributions to shareholders.

"SUBPART A—TREATMENT OF QUALIFYING CORPORATIONS

"Sec. 991. Taxation of a domestic international sales corporation.

"Sec 992. Requirements of a domestic international sales corporation.

"Sec. 993. Definitions and special rules.

"Sec. 994. Inter-company pricing rules.

"SEC. 991. TAXATION OF A DOMESTIC INTERNATIONAL SALES CORPORATION.

"For purposes of the taxes imposed by this subtitle upon a DISC (as defined in section 992(a)), a DISC shall not be subject to the taxes imposed by this subtitle except for the tax imposed by chapter 5.

"SEC. 992. REQUIREMENTS OF A DOMESTIC INTERNATIONAL SALES CORPORATION.

"(a) Definition of 'DISC' and 'Former DISC'.—

"(1) DISC.—For purposes of this title, the term 'DISC' means, with respect to any taxable year, a corporation which is incorporated under the laws of any State and satisfies the following conditions for the taxable year:

"(A) 95 percent or more of the gross receipts (as defined in section 993(f)) of such corporation consist of qualified export receipts (as defined in section 993(a)),

"(B) the adjusted basis of the qualified export assets (as defined in section 993(b)) of the corporation at the close of the taxable year equals or exceeds 95 percent of the sum of the adjusted basis of all assets of the corporation at the close of the taxable year,

"(C) such corporation does not have more than one class of stock and the par or stated value of its outstanding stock is at least $2,500 on each day of the taxable year, and

"(D) the corporation has made an election pursuant to subsection (b) to be treated as a DISC and such election is in effect for the taxable year.

"(2) STATUS AS DISC AFTER HAVING FILED A RETURN AS A DISC.—The Secretary or his delegate shall prescribe regulations setting forth the conditions under and the extent to which a corporation which has filed a return as a DISC for a taxable year shall be treated as a DISC for such taxable year for all purposes of this title, notwithstanding the fact that the corporation has failed to satisfy the conditions of paragraph (1).

"(3) 'FORMER DISC'.—For purposes of this title, the term 'former DISC' means, with respect to any taxable year, a corporation which is not a DISC for such year but was a DISC in a preceding taxable year and at the beginning of the taxable year has undistributed previously taxed income or accumulated DISC income.

"(b) ELECTION.—

"(1) ELECTION.—

"(A) An election by a corporation to be treated as a DISC shall be made by such corporation for a taxable year at any time during the 90-day period immediately preceding the beginning of the taxable year, except that the Secretary or his delegate may give his consent to the making of an election at such other times as he may designate.

"(B) Such election shall be made in such manner as the Secretary or his delegate shall prescribe and shall be valid only if all persons who are shareholders in such corporation on the first day of the first taxable year for which such election is effective consent to such election.

"(2) EFFECT OF ELECTION.—If a corporation makes an election under paragraph (1), then the provisions of this part shall apply to such corporation for the taxable year of the corporation for which made and for all succeeding taxable years and shall apply to each person who at any time is a shareholder of such corporation for all periods on or after the first day of the first taxable year of the corporation for which the election is effective.

"(3) TERMINATION OF ELECTION.—

"(A) REVOCATION.—An election under this subsection made by any corporation may be terminated by revocation of such election for any taxable year of the corporation after the first taxable year of the corporation for which the election is effective. A termination under this paragraph shall be effective with respect to such election—

"(i) for the taxable year in which made, if made at any time during the first 90 days of such taxable year, or

"(ii) for the taxable year following the taxable year in which made, if made after the close of such 90 days,

and for all succeeding taxable years of the corporation. Such termination shall be made in such manner as the Secretary or his delegate shall prescribe by regulations.

"(B) CONTINUED FAILURE TO BE DISC.—If a corporation is not a DISC for each of any 5 consecutive taxable years of the corporation for which an election under this subsection is effective, the election shall be terminated and not be in effect for any taxable year of the corporation after such 5th year.

"(c) DISTRIBUTIONS TO MEET QUALIFICATION REQUIREMENTS.—

"(1) IN GENERAL.—Subject to the conditions provided by paragraph (2), a corporation which for a taxable year does not satisfy a condition specified in paragraph (1)(A) (relating to gross receipts) or (1)(B) (relating to assets) of subsection (a) shall nevertheless be deemed to satisfy such condition for such year if it makes a pro rata distribution of property after the close of the taxable year to its shareholders (designated at the time of such distribution as a distribution to meet qualification requirements) with respect to their stock in an amount which is equal to—

"(A) if the condition of subsection (a)(1) (A) is not satisfied, the portion of such corporation's taxable income attributable to its gross receipts which are not qualified export receipts for such year,

"(B) if the condition of subsection (a)(1) (B) is not satisfied, the fair market value of those assets which are not qualified export assets on the last day of such taxable year, or

"(C) if neither of such conditions is satisfied, the sum of the amounts required by subparagraphs (A) and (B).

"(2) REASONABLE CAUSE FOR FAILURE.—The conditions under paragraph (1) shall be deemed satisfied in the case of a distribution made under such paragraph—

"(A) if the failure to meet the requirements of subsection (a)(1) (A) or (B), and the failure to make such distribution prior to the date on which made, are due to reasonable cause; and

"(B) the corporation pays, within the 30-day period beginning with the day on which such distribution is made, to the Secretary or his delegate, if such corporation makes such distribution after the 15th day of the 9th month after the close of the taxable year, an amount determined by multiplying (i) the amount equal to 4½ percent of such distribution, by (ii) the number of its taxable years which begin after the taxable year with respect to which such distribution is made and before such distribution is made. For purposes of this title, any payment made pursuant to this paragraph shall be treated as interest.

"(3) Certain distributions made with 8½ months after close of taxable year deemed for reasonable cause.—A distribution made on or before the 15th day of the 9th month after the close of the taxable year shall be deemed for reasonable cause for purposes of paragraph (2)(A) if—

"(A) at least 70 percent of the gross receipts of such corporation for such taxable year consist of qualified export receipts, and

"(B) the adjusted basis of the qualified export assets held by the corporation on the last day of each month of the taxable year equals or exceeds 70 percent of the sum of the adjusted basis of all assets held by the corporation on such day.

"(d) INELIGIBLE CORPORATIONS.—The following corporations shall not be eligible to be treated as a DISC—

"(1) a corporation exempt from tax by reason of section 501,

"(2) a personal holding company (as defined in section 542),

"(3) a financial institution to which section 581 or 593 applies,

"(4) an insurance company subject to the tax imposed by subchapter L,

"(5) a regulated investment company (as defined in section 851(a)).

"(6) a China Trade Act corporation receiving the special deduction provided in section 941(a), or

"(7) an electing small business corporation (as defined in section 1371(b)).

"(e) COORDINATION WITH PERSONAL HOLDING COMPANY PROVISIONS IN CASE OF CERTAIN PRODUCED FILM RENTS.—If—

"(1) a corporation (hereinafter in this subsection referred to as 'subsidiary') was established to take advantage of the provisions of this part, and

"(2) a second corporation (hereinafter in this subsection referred to as 'parent') throughout the taxable year owns directly at least 80 percent of the stock of the subsidiary. then, for purposes of applying subsection (d)(2) and section 541 (relating to personal holding company tax) to the subsidiary for the taxable year, there shall be taken into account under section 543(a)(5) (relating to produced film rents) any interest in a film acquired by the parent and transferred to the subsidiary as if such interest were acquired by the subsidiary at the time it was acquired by the parent.

"SEC. 993. DEFINITIONS.

"(a) QUALIFIED EXPORT RECEIPTS.—

"(1) GENERAL RULE.—For purposes of this part, except as provided by regulations under paragraph (2), the qualified export receipts of a corporation are—

"(A) gross receipts from the sale, exchange, or other disposition of export property,

"(B) gross receipts from the lease or rental of export property, which is used by the lessee of such property outside the United States,

"(C) gross receipts for services which are related and subsidiary to any qualified sale, exchange, lease, rental, or other disposition of export property by such corporation,

"(D) gross receipts from the sale, exchange, or other disposition of qualified export assets (other than export property),

"(E) dividends (or amounts includible in gross income under section 951) with respect to stock of a related foreign export corporation as defined in subsection (e)),

"(F) interest on any obligation which is a qualified export asset,

"(G) gross receipts for engineering or architectural services for construction projects located (or proposed for location) outside the United States, and

"(H) gross receipts for the performance of managerial services in furtherance of the production of other qualified export receipts of a DISC.

"(2) EXCLUDED RECEIPTS.—The Secretary or his delegate may under regulations designate receipts from the sale, exchange, lease, rental, or other disposition of export property, and from services, as not being receipts described in paragraph (1) if he determines that such sale, exchange, lease, rental, or other disposition, or furnishing of services—

"(A) is for ultimate use in the United States;

"(B) is accomplished by a subsidy granted by the United States or any instrumentality thereof;

"(C) is for use by the United States or any instrumentality thereof where the use of such export property or services is required by law or regulation.

For purposes of this part, the term 'qualified export receipts' does not include receipts from a corporation which is a DISC for its taxable year in which the receipts arise and which is a member of a controlled group (as defined in paragraph (3)) which includes the recipient corporation.

"(3) DEFINITION OF CONTROLLED GROUP.—For purposes of this part, the term 'controlled group' has the meaning assigned to such term by section 1563(a), except that the phrase 'more than 50 percent' shall be substituted for the phrase 'at least 80 percent' each place it appears therein, and section 1563(b) shall not apply.

"(b) QUALIFIED EXPORT ASSETS.—For purposes of this part, the qualified export assets of a corporation are—

"(1) export property (as defined in subsection (c));

"(2) assets used primarily in connection with the sale, lease, rental, storage, handling, transportation, packaging, assembly, or servicing of export property, or the performance of engineering or architectural services described in subparagraph (G) of subsection (a)(1) or managerial services in furtherance of the production of qualified export receipts described in subparagraphs (A), (B), (C), and (G) of subsection (a)(1);

"(3) accounts receivable and evidences of indebtedness which arise by reason of transactions of such corporation or of another corporation which is a DISC and which is a member of a controlled group which includes such corporation described in subparagraphs (A), (B), (C), (D), (G), or (H), of subsection (a)(1);

"(4) money, bank deposits, and other similar temporary investments, which are reasonably necessary to meet the working capital requirements of such corporation;

"(5) obligations arising in connection with a producer's loan (as defined in subsection (d));

"(6) stock or securities of a related foreign export corporation (as defined in subsection (e));

"(7) obligations issued, guaranteed, or insured, in whole or in part, by the Export-Import Bank of the United States or the Foreign Credit Insurance Association in those cases where such obligations are acquired from such Bank or Association or from the seller or purchaser of the goods or services with respect to which such obligations arose;

"(8) obligations issued by a domestic corporation organized solely for the purpose of financing sales of export property pursuant to an agreement with the Export-Import Bank of the United States under which such corporation makes export loans guaranteed by such bank; and

"(9) amounts (other than reasonable working capital) on deposit in the United States that are utilized during the period provided for in, and otherwise in accordance with, regulations prescribed by the Secretary or his delegate to acquire other qualified export assets.

"(c) EXPORT PROPERTY.—

"(1) IN GENERAL.—For purposes of this part, the term export property means property—

"(A) manufactured, produced, grown, or extracted in the United States by a person other than a DISC,

"(B) held primarily for sale, lease, or rental, in the ordinary course of trade or business, by, or to, a DISC, for direct use, consumption, or disposition outside the United States, and

"(C) not more than 50 percent of the fair market value of which is attributable to articles imported into the United States.

In applying subparagraph (C), the fair market value of any article imported into the United States shall be its appraised value, as determined by the Secretary or his delegate under section 402 or 402a of the Tariff Act of 1930 (19 U.S.C., sec. 1401a or 1402) in connection with its importation.

"(2) EXCLUDED PROPERTY.—For purposes of this part, the term 'export property' does not include—

"(A) property leased or rented by a DISC for use by any member of a controlled group (as defined in subsection (a)(3)) which includes the DISC,

"(B) patents, inventions, models, designs, formulas, or processes, whether or not patented, copyrights (other than films, tapes, records, or similar reproductions, for commercial or home use), good will, trademarks, trade brands, franchises, or other like property, or

"(C) products of a character with respect to which a deduction for depletion is allowable (including oil, gas, coal, or uranium products) under section 611, or

"(D) products the export of which is prohibited or curtailed under section 4(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2403(b)) to effectuate the policy set forth in paragraph (2)(A) of section 3 of such Act (relating to the protection of the domestic economy)

Subparagraph (C) shall not apply to any commodity or product at least 50 percent of the fair market value of which is attributable to manufacturing or processing, except that subparagraph (C) shall apply to any primary product from oil, gas, coal, or uranium. For purposes of the preceding sentence, the term 'processing' does not include extracting or handling, packing, packaging, grading, storing, or transporting.

"(3) PROPERTY IN SHORT SUPPLY.—If the President determines that the supply of any property described in paragraph (1) is insufficient to meet the requirements of the domestic economy, he may by Executive order designate the property as in short supply. Any property so designated shall be treated as property not described in paragraph (1) during the period beginning with the date specified in the Executive order and ending with the date specified in an Executive order setting forth the President's determination that the property is no longer in short supply.

"(d) PRODUCER'S LOANS—

"(1) IN GENERAL.—An obligation, subject to the rules provided in paragraphs (2) and (3), shall be treated as arising out of a producer's loan if—

"(A) the loan, when added to the unpaid balance of all other producer's loans made by the DISC, does not exceed the accumulated DISC income at the beginning of the month in which the loan is made;

"(B) the obligation is evidenced by a note (or other evidence of indebtedness) with a stated maturity date not more than 5 years from the date of the loan;

"(C) the loan is made to a person engaged in the United States in the manufacturing, production, growing, or extraction of export property (referred to hereinafter as the 'borrower'); and

"(D) at the time of such loan it is designated as a producer's loan.

"(2) LIMITATION.—An obligation shall be treated as arising out of a producer's loan only to the extent that such loan, when added to the unpaid balance of all other producer's loans to the borrower outstanding at the time such loan is made, does not exceed an amount determined by multiplying the sum of—

"(A) the amount of the borrower's adjusted basis determined at the beginning of the borrower's taxable year in which the loan is made, in plant, machinery, and equipment, and supporting production facilities in the United States;

"(B) the amount of the borrower's property held primarily for sale, lease, or rental, to customers in the ordinary course of trade or business, at the beginning of such taxable year; and

"(C) the aggregate amount of the borrower's research and experimental expenditures (within the meaning of section 174) in the United States during all preceding taxable years beginning after December 31, 1971,

by the percentage which the borrower's receipts, during the 3 taxable years immediately preceding the taxable year (but not including any taxable year commencing prior to 1972) in which the loan is made, from the sale, lease, or rental outside the United States of property which would be export property if held by a DISC is of the gross receipts during such 3 taxable years from the sale, lease, or rental of property held by such borrower primarily for sale, lease, or rental to customers in the ordinary course of the trade or business of such borrower.

"(3) INCREASED INVESTMENT REQUIREMENT.—An obligation shall be treated as arising out of a producer's loan in a taxable year only to the extent that such loan, when added to the unpaid balance of all other producer's loans to the borrower made during such taxable year, does not exceed an amount equal to—

"(A) the amount by which the sum of the adjusted basis of assets described in paragraph (2)(A) and (B) on the last day of the taxable year in which the loan is made exceeds the sum of the adjusted basis of such assets on the first day of such taxable year; plus

"(B) the aggregate amount of the borrower's research and experimental expenditures (within the meaning of section 174) in the United States during such taxable year.

"(4) SPECIAL LIMITATION IN THE CASE OF DOMESTIC FILM MAKER.—

"(A) IN GENERAL.—In the case of a borrower who is a domestic film maker and who incurs an obligation to a DISC for the making of a film, and such DISC is engaged in the trade or business of selling, leasing, or renting films which are export property, the limitation described in paragraph (2) may be determined (to the extent provided under regulations prescribed by the Secretary or his delegate) on the basis of—

"(i) the sum of the amounts described in subparagraphs (A), (B), and (C) thereof plus reasonable estimates of all such amounts to be incurred at any time by the borrower with respect to films which are commenced within the taxable year in which the loan is made, and

"(ii) the percentage which, based on the experience of producers of similar films, the annual receipts of such producers from the sale, lease, or rental of such films outside the United States is of the annual gross receipts of such producers from the sale, lease, or rental of such films.

"(B) DOMESTIC FILM MAKER.—For purposes of this paragraph, a borrower is a domestic film maker with respect to a film if—

"(i) such borrower is a United States person within the meaning of section 7701(a)(30), except that with respect to a partnership, all of the partners must be United States persons, and with respect to a corporation, all of its officers and at least a majority of its directors must be United States persons;

"(ii) such borrower is engaged in the trade or business of making the film with respect to which the loan is made;

"(iii) the studio, if any, used or to be used for the taking of photographs and the recording of sound incorporated into such film is located in the United States;

"(iv) the aggregate playing time of portions of such film photographed outside the United States does not or will not exceed 20 percent of the playing time of such film; and

"(v) not less than 80 percent of the total amount paid or to be paid for services performed in the making of such film is paid or to be paid to persons who are United States persons at the time such services are performed or consists of amounts which are fully taxable by the United States.

"(C) Special rules for application of subparagraph (B)(v).—For purposes of clause (v) of subparagraph (B)—

"(i) there shall not be taken into account any amount which is contingent upon receipts or profits of the film and which is fully taxable by the United States (within the meaning of clause (ii)); and

"(ii) any amount paid or to be paid to a United States person, to a non-resident alien individual, or to a corporation which furnishes the services of an officer or employee to the borrower with respect to the making of a film, shall be treated as fully taxable by the United States only if the total amount received by such person, individual, officer, or employee for services performed in the making of such film is fully included in gross income for purposes of this chapter.

"(e) Related Foreign Export Corporation.—In determining whether a corporation (hereinafter in this subsection referred to as 'the domestic corporation') is a DISC—

"(1) Foreign international sales corporation.—A foreign corporation is a related foreign export corporation if—

"(A) stock possessing more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned directly by the domestic corporation,

"(B) 95 percent or more of such foreign corporation's gross receipts for its taxable year ending with or within the taxable year of the domestic corporation consists of qualified export receipts described in subparagraphs (A), (B), (C), and (D) of subsection (a)(1) and interest on any obligation described in paragraphs (3) and (4) of subsection (b), and

"(C) the adjusted basis of the qualified export assets (described in paragraphs (1), (2), (3), and (4) of subsection (b)) held by such foreign corporation at the close of such taxable year equals or exceeds 95 percent of the sum of the adjusted basis of all assets held by it at the close of such taxable year.

"(2) Real property holding company.—A foreign corporation is a related foreign export corporation if—

"(A) stock possessing more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned directly by the domestic corporation, and

"(B) its exclusive function is to hold real property for the exclusive use (under a lease or otherwise) of the domestic corporation.

"(3) Associated foreign corporation.—A foreign corporation is a related foreign export corporation if—

"(A) less than 10 percent of the total combined voting power of all classes of stock entitled to vote of such foreign corporation is owned (within the meaning of section 1563 (d) and (e)) by the domestic corporation or by a controlled group of corporations (within the meaning of section 1563) of which the domestic corporation is a member, and

"(B) the ownership of stock or securities in such foreign corporation by the domestic corporation is determined (under regulations prescribed by the Secretary or his delegate) to be reasonably in furtherance of a transaction or transactions giving rise to qualified export receipts of the domestic corporation.

"(f) Gross Receipts.—For purposes of this part, the term "gross receipts" means the total receipts from the sale, lease, or rental of property held primarily for sale, lease, or rental in the ordinary course of trade or business, and gross income from all other sources. In the case of commissions on the sale, lease, or rental of property, the amount taken into account for purposes of this part as gross receipts shall be the gross receipts on the sale, lease, or rental of the property on which such commissions arose.

"(g) United States Defined.—For purposes of this part, the term 'United States' includes the Commonwealth of Puerto Rico and the possessions of the United States.

"Sec. 994. Inter-Company Pricing Rules.

"(a) In General.—In the case of a sale of export property to a DISC by a person described in section 482, the taxable income of such DISC and such person shall be based upon a transfer price which would allow such DISC to derive taxable income attributable to such sale (regardless of the sales price actually charged) in an amount which does not exceed the greatest of—

"(1) 4 percent of the qualified export receipts on the sale of such property by the DISC plus 10 percent of the export promotion expenses of such DISC attributable to such receipts,

"(2) 50 percent of the combined taxable income of such DISC and such person which is attributable to the qualified export receipts on such property derived as the result of a sale by the DISC plus 10 percent of the export promotion expenses of such DISC attributable to such receipts, or

"(3) taxable income based upon the sale price actually charged (but subject to the rules provided in section 482).

"(b) Rules for Commissions, Rentals, and Marginal Costing.—The Secretary or his delegate shall prescribe regulations setting forth—

"(1) rules which are consistent with the rules set forth in subsection (a) for the application of this section in the case of commissions, rentals, and other income, and

"(2) rules for the allocation of expenditures in computing combined taxable income under subsection (a)(2) in those cases where a DISC is seeking to establish or maintain a market for export property.

"(c) Export Promotion Expenses.—For purposes of this section, the term 'export promotion expenses' means those expenses incurred to advance the distribution or sale of export property for use, consumption, or distribution outside of the United States, but does not include income taxes. Such expenses shall also include freight expenses to the extent of 50 percent of the cost of shipping export property aboard airplanes owned and operated by United States persons or ships documented under the laws of the United States in those cases where law or regulations does not require that such property be shipped aboard such airplanes or ships.

"SUBPART B—TREATMENT OF DISTRIBUTIONS TO SHAREHOLDERS

"Sec. 995. Taxation of DISC income to shareholders.

"Sec. 996. Rules for allocation in the case of distributions and losses.

"Sec. 997. Special subchapter C rules.

"Sec. 995. Taxation of DISC Income to Shareholders.

"(a) General Rule.—A shareholder of a DISC or former DISC shall be subject to taxation on the earnings and profits of a DISC as provided in this chapter, but subject to the modifications of this subpart.

"(b) Deemed Distributions.—

"(1) Distributions in qualified years.—A shareholder of a DISC shall be treated as having received a distribution taxable as a dividend with respect to his stock in an amount which is equal to his pro rata share of the sum (or, if smaller, the earnings and profits for the taxable year) of—

"(A) the gross interest derived during the taxable year from producer's loans,

"(B) the gain recognized by the DISC during the taxable year on the sale or exchange of property, other than property which in the hands of the DISC is a qualified export asset, previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized,

"(C) the gain (other than the gain described in subparagraph (B)) recognized by the DISC during the taxable year on the sale or exchange of property (other than property which in the hands of the DISC is stock in trade or other property described in section 1221(1)) previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized and would have been treated as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231 if the property had been sold or exchanged rather than transferred to the DISC,

"(D) one-half of the excess of the taxable income of the DISC for the taxable year, before reduction for any distributions during the year, over the sum of the amounts deemed distributed for the taxable year under subparagraphs (A), (B), and (C), and

"(E) the amount of foreign investment attributable to producer's loans (as defined in subsection (d)) of a DISC for the taxable year.

Distributions described in this paragraph shall be deemed to be received on the last day of the taxable year of the DISC in which the gross income (taxable income in the case of subparagraph (D)) was derived. In the case of a distribution described in subparagraph (E), earnings and profits for the taxable year shall include accumulated earnings and profits.

"(2) Distributions upon disqualification.—

"(A) A shareholder of a corporation which revoked its election to be treated as a DISC or failed to satisfy the conditions of section 992(a)(1) for a taxable year shall be deemed to have received (at the time specified in subparagraph (B)) a distribution taxable as a dividend equal to his pro rata share of the DISC income of such corporation accumulated during the immediately preceding consecutive taxable years for which the corporation was a DISC.

"(B) Distributions described in subparagraph (A) shall be deemed to be received in equal installments on the last day of each of the 10 taxable years of the corporation following the year of the termination or disqualification described in subparagraph (A) (but in no case over more than the number of immediately preceding consecutive taxable years during which the corporation was a DISC).

"(c) Gain on Disposition of Stock in a DISC.—If a shareholder disposes of stock in a DISC or former DISC, any gain recognized on such disposition shall be included in gross income as a dividend to the extent of the accumulated DISC income of such DISC or former DISC which is attributable to such stock and which was accumulated in taxable years of such corporation during the period or periods the stock disposed of was held by such shareholder. If stock of the DISC or former DISC is disposed of in a transaction in which the separate corporate existence of the DISC or former DISC is terminated other than by a mere change in the place of organization, however effected, any gain realized on the disposition of such stock in the transaction shall be recognized notwithstanding any other provision of this title to the extent of the accumulated DISC income of such DISC or former DISC which is attributable to such stock and which was accumulated in taxable years of such corporation during the period or periods the stock disposed of was held by the stockholder which disposed of such stock, and such gain shall be included in gross income as a dividend.

"(d) Foreign Investment Attributable to DISC Earnings.—For the purposes of this part—

"(1) In general.—The amount of foreign investment attributable to producer's loans of a DISC for a taxable year shall be the smallest of—

"(A) the net increase in foreign assets by members of the controlled group (as defined in section 993(a)(3)) which includes the DISC,

"(B) the actual foreign investment by domestic members of such group, or

"(C) the amount of outstanding producer's loans by such DISC to members of such controlled group.

"(2) Net increase in foreign assets.—The term 'net increase in foreign assets' of a controlled group means the excess of—

"(A) the amount incurred by such group to acquire assets (described in section 1231(b)) located outside the United States over,

"(B) the sum of—

"(i) the depreciation with respect to assets of such group located outside the United States;

"(ii) the outstanding amount of stock or debt obligations of such group issued after December 31, 1971, to persons other than the United States persons or any member of such group;

"(iii) one-half the earnings and profits of foreign members such group and foreign branches of domestic members of such group;

"(iv) one-half the royalties and fees paid by foreign members of such group to domestic members of such group; and

"(v) the uncommitted transitional funds of the group as determined under paragraph (4).

For purposes of this paragraph, assets which are qualified export assets of a DISC (or would be qualified export assets if owned by a DISC) shall not be taken into account. Amounts described in this paragraph (other than in subparagraphs (B)(ii) and (v)) shall be taken into account only to the extent they are attributable to taxable years beginning after December 31, 1971.

"(3) Actual foreign investment.—The term 'actual foreign investment' by domestic members of a controlled group means the sum of—

"(A) contributions to capital of foreign members of the group by domestic members of the group after December 31, 1971,

"(B) the outstanding amount of stock or debt obligations of foreign members of such group (other than normal trade indebtedness) issued after December 31, 1971, to domestic members of such group,

"(C) amounts transferred by domestic members of the group after December 31, 1971, to foreign branches of such members, and

"(D) one-half the earnings and profits of foreign members of such group and foreign branches of domestic members of such group for taxable years beginning after December 31, 1971.

As used in this subsection, the term 'domestic member' means a domestic corporation which is a member of a controlled group (as defined in section 993(a)(3)), and the term "foreign member" means a foreign corporation which is a member of such a controlled group.

"(4) Uncommitted transitional funds.—The uncommitted transitional funds of the group shall be an amount equal to the sum of—

"(A) the excess of—

"(i) the amount of stock or debt obligations of domestic members of such group outstanding on December 31, 1971, and issued on or after January 1, 1968, to persons other than United States persons or any members of such group, but only to the extent the taxpayer establishes that such amount constitutes a long-term borrowing for purposes of the foreign direct investment program, over

"(ii) the net amount of actual foreign investment by domestic members of such group during the period that such stock or debt obligations have been outstanding; and

"(B) the amount of liquid assets to the extent not included in subparagraph (A) held by foreign members of such group and foreign branches of domestic members of such group on October 31, 1971, in excess of their reasonable working capital needs on such date.

For purposes of this paragraph, the term 'liquid assets' means money, bank deposits (not including time, deposits), and indebtedness of 2 years or less to maturity on the date of acquisition; and the actual foreign investment shall be determined under paragraph (3) without regard to the date in subparagraph (A) of such paragraph and without regard to subparagraph (D) of such paragraph.

"(5) Special rule.—Under regulations prescribed by the Secretary or his delegate the determinations under this subsection shall be made on a cumulative basis with proper adjustments for amounts previously taken into account.

"Sec. 996. Rules for Allocation in the Case of Distributions and Losses.

"(a) Rules for Actual Distributions and Certain Demand Distributions—

"(1) In general.—Any actual distribution (other than a distribution described in paragraph (2) or to which section 995(c) applies) to a shareholder by a DISC (or former DISC) which is made out of earnings and profits shall be treated as made—

"(A) first, out of previously taxed income, to the extent thereof.

"(B) second, out of accumulated DISC income, to the extent thereof, and

"(C) finally, out of other earnings and profits.

"(2) Qualifying distributions.—Any actual distribution made pursuant to section 992(c) (relating to distributions to meet qualification requirements), and any deemed distribution pursuant to section 995(b)(1)(E) (relating to foreign investment attributable to producer's loans), shall be treated as made—

"(A) first, out of accumulated DISC income, to the extent thereof,

"(B) second, out of the earnings and profits described in paragraph (1)(C), to the extent thereof, and

"(C) finally, out of previously taxed income.

"(3) Exclusion from gross income.—Amounts distributed out of previously taxed income shall be excluded by the distributee from gross income except for gains described in subsection (e)(2), and shall reduce the amount of the previously taxed income.

"(b) Ordering Rules for Losses.—If for any taxable year a DISC, or a former DISC, incurs a deficit in earnings and profits, such deficit shall be chargeable—

(1) first, to earnings and profits described in subsection (a)(1)(C), to the extent thereof,

"(2) second, to accumulated DISC income, to the extent thereof, and

"(3) finally, to previously taxed income, except that a deficit in earnings and profits shall not be applied against accumulated DISC income which has been determined is to be deemed distributed to the shareholders (pursuant to section 995(b)(2)(A)) as a result of a revocation of election or other disqualification.

"(c) Priority of Distributions.—Any actual distribution made during a taxable year shall be treated as being made subsequent to any deemed distribution made during such year. Any actual distribution made pursuant to section 992(c) (relating to distributions to meet qualification requirements) shall be treated as being made before any other actual distributions during the taxable year.

"(d) Subsequent Effect of Previous Disposition of DISC Stock.—

"(1) Shareholder Previously Taxed Income Adjustment.—If—

"(A) gain with respect to a share of stock of a DISC or former DISC is treated under section 995(c) as a dividend or as gain from the sale or exchange of property which is not a capital asset, and

"(B) any person subsequently receives an actual distribution made out of accumulated DISC income, or a deemed distribution made pursuant to section 995(b)(2), with respect to such share,

such person shall treat such distribution in the same manner as a distribution from previously taxed income to the extent that (i) the gain referred to in subparagraph (A), exceeds (ii) any other amounts with respect to such share which were treated under this paragraph as made from previously taxed income. In applying this paragraph with respect to a share of stock in a DISC or former DISC, gain on the acquisition of such share by the DISC of former DISC or gain on a transaction prior to such acquisition shall not be considered gain referred to in subparagraph (A).

"(2) Corporate adjustment upon redemption.—If section 995(c) applies to a redemption of stock in a DISC or former DISC, the accumulated DISC income shall be reduced by an amount equal to the gain described in section 995(c) with respect to such stock which is (or has been) treated as gain from the sale or exchange of property which is not a capital asset, except to the extent distributions with respect to such stock have been treated under paragraph (1).

"(e) Adjustment to Basis.—

"(1) Additions to basis.—Amounts representing deemed distributions as provided in section 995(b) shall increase the basis of the stock with respect to which the distribution is made.

"(2) Reductions of basis.—The portion of an actual distribution made out of previously taxed income shall reduce the basis of the stock with respect to which it is made, and to the extent that it exceeds the adjusted basis of such stock, shall be treated as gain from the sale or exchange of property. In the case of stock includible in the gross estate of a decedent for which an election is made under section 2032 (relating to alternate valuation), this paragraph shall not apply to any distribution made after the date of the decedent's death and before the alternate valuation date provided by section 2032.

"(f) Definitions of Divisions of Earnings and Profits.—For purposes of this part:

"(1) DISC Income.—The earnings and profits derived by a corporation during a taxable year in which such corporation is a DISC, before reduction for any distributions during the year, but reduced by amounts deemed distributed under section 995(b)(1), shall constitute the DISC income for such year. The earnings and profits of a DISC for a taxable year include any amounts includible in such DISC's gross income pursuant to section 951(a) for such year. Accumulated DISC income shall be reduced by deemed distributions under section 995(b)(2).

"(2) Previously taxed income.—Earnings and profits deemed distributed under section 995(b) for a taxable year shall constitute previously taxed income for such year.

"(3) Other earnings and profits.—The earnings and profits for a taxable year which are described in neither paragraph (1) nor

(2) shall constitute the other earnings and profits for such year.

"(g) EFFECTIVELY CONNECTED INCOME.—In the case of a shareholder who is a nonresident alien individual or a foreign corporation, trust, or estate, gains referred to in section 995(c) and all distributions out of accumulated DISC income including deemed distributions shall be treated as gains and distributions which are effectively connected with the conduct of a trade or business conducted through a permanent establishment of such shareholder within the United States.

"SEC. 997. SPECIAL SUBCHAPTER C RULES.

"For purposes of applying the provisions of subchapter C of chapter 1, any distribution in property to a corporation by a DISC or former DISC which is made out of previously taxed income or accumulated DISC income shall—

"(1) be treated as a distribution in the same amount as if such distribution of property were made to an individual, and

"(2) have a basis, in the hands of the recipient corporation, equal to the amount determined under paragraph (1).

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

Mr. MOSS. Mr. President, will the Senator yield to me?

Mr. FANNIN. Mr. President. I yield for a unanimous-consent request only.

Mr. MOSS. Mr. President, I ask unanimous consent that Mark Walsh, of my staff, may have the privilege of the floor during remaining debate and votes on the pending measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Will the Senators and staff in the aisle kindly withdraw or take their seats? The Senate will be in order. The Chair recognizes the crowded conditions, particularly in the staff areas. With this many staff in the Chamber, we are going to have to have order.

Mr. FANNIN. Mr. President, I can very quickly explain my amendment. It is to retain DISC as it presently operates.

In the past half decade, this country has realized that our export business is too important for the continued good functioning of the economy to be left to the hazards of international trade and politics. Over a decade-of-balance of payments deficits, declines in the U.S. world market share, slippages in our lead in technology, declining productivity in U.S. production, the dumping of cheap imports on the domestic market, and the oil embargo all caused serious disruptions in our economy and its ability to provide jobs for American workers. The U.S. Government attempted to address the problems created by these situations with the abandoning of the gold window in 1971, the creation of export incentives in DISC, and the Trade Reform Act of 1974.

It is inconceivable to me that this Congress, once having made the commitment to the expansion of our export trade, would take any action to remove or so seriously limit the effects of one of the very few tools we have to help American businesses to enter and compete in the international market.

The Domestic International Sales Corporation—DISC—provisions, was first considered by Congress in 1970 as part of the proposed Trade Act of 1970 and was enacted in 1971 as part of the Revenue Act of 1971. It provides a partial tax deferral to U.S. exporters who meet certain qualifications and reinvest their deferred taxes back into their export assets or related activities. Our purpose for adopting this partial tax deferral in 1971 was to increase U.S. exports and stimulate U.S. industry, to create more jobs for American workers, and provide a tax treatment of U.S. export income that was more comparable to that afforded to foreign exporters by their governments and make U.S. exporters more competitive in world markets. We are asked today whether DISC provisions have accomplished its goals and reversed the decline in U.S. trade and employment. After listening to the many witnesses who testified before the Committee on Finance on both sides of the DISC question, I am convinced that DISC has fulfilled its intended task.

Secretary William Simon testified at the outset of the Finance Committee hearings that the Treasury Department found that DISC had increased exports by $1.9 billion in 1973 and by $4.6 billion in 1974. Secretary Simon later testified that:

> * * * [p]rojections indicate that the effect of DISC on exports in 1976 could be as large as $9 billion.

The Treasury estimated that 230,000 jobs were directly attributable to DISC, without taking into account the secondary or "multiplier" effects on employment.

Secretary Simon's testimony and the Treasury Department estimates have been subsequently reinforced by correspondence from the Secretary to the chairman of the Finance Committee. After reading this testimony, the annual report on DISC filed April 13, and the two subsequent letters, I believe that the Treasury estimates fairly represent the beneficial impact which DISC has had on U.S. exports, and therefore on U.S. employment and economic growth.

DISC's impact on U.S. exports and export-related jobs, the so-called first order effects, have also been demonstrated in independent studies of the capital effects of DISC. Dr. Norman Ture, in a study which I submitted to the RECORD on May 17, estimated that the value of U.S. exports had risen by over $6 billion in 1974 due to the capital and volume adjustments allowed by DISC.

Some persons quarrel with these estimates because they believe that much of the increase in U.S. exports since 1971 has been caused by devaluation, not DISC. They also argue that DISC has become an anachronism in a world of "flexible" exchange rates. I do not argue with them that devaluation has had a dramatic impact on the increase in U.S. exports. But I feel their confidence in devaluation and "flexible" exchange rates are misplaced.

Over the years, efforts to stimulate U.S. exports have been frustrated because of the inability of U.S. exporters to meet world prices and to finance the liberal selling terms prevailing in export markets. The devaluation of the dollar has partially corrected the first problem, while DISC and DISC alone has gone some way to solve the second.

DISC has increased U.S. exports because it has had a capital effect on U.S. export sales and production. DISC deferral of taxes provides U.S. exporters with needed capital to: First, improve cash flow so that they may provide better credit terms to buyers and better incur the costs and risks of exporting; and second, invest in the expansion and modernization of their export production facilities in the United States.

The crucial flaw in the devaluation argument or studies which attempt to measure DISC impact through an alleged price effect is their misapprehension of the capital effects of DISC. This cash flow has been the instrument through which DISC has contributed to the export explosion which occurred since its enactment in 1971. A more realistic value of the dollar may have been essential to make U.S. exporters competitive. But it was the capital provided by DISC that made it possible for U.S. business to take advantage of its newly found competitiveness. That other factors, such as devaluation, have helped in the effort to increase our exports does not negate the impact which DISC has had. They merely provided a situation where the use of DISC was made more successful and provided tools which DISC taught us to use.

It is important to remember that DISC not only permits new investment in exports. DISC requires investment through present rules which require reinvestment of the deferred taxes into the export base. DISC's which fail to qualify for the continuation of tax deferral or fail to reinvest in their export base are required to begin repayment of all the taxes which were deferred. While they are permitted to spread repayment over 2 years for each year the DISC was in existence, there is no doubt that each DISC which loses its status as a DISC must repay its deferred taxes. The threat of large tax assessments hang over the DISC and provide the incentive we intended the DISC provisions to have in inducing U.S. companies to maintain and increase their investment in the export business. In this way, DISC provisions are among the few tax laws which are directly tied to the result they were desired to achieve.

DISC provisions have particularly helped small and medium sized U.S. companies to enter the export business or to dramatically expand their current export operations. The marginal benefits of the new sources of capital and the potential for growth which DISC has offered are most beneficial to those smaller companies who often find themselves locked out of the capital markets, faced with stiff and unfair foreign competition, and stand to lose the most should the hazards of international trade strike at them.

More and more of these smaller firms are moving to using DISC. In the past 18 months, the vast majority of DISC elections has been small business related. In the past 2 years, a significant amount of DISC benefits have fallen to these companies. It has been argued on the floor of the Senate and elsewhere the DISC benefits go almost entirely to the big corporations. But a comparative study of DISC benefits over the past 3 years shows that a dramatic redistribution of DISC benefits has occurred and small business have been the ones to gain. I have been most impressed with the testimony of these smaller companies, who have been the most vocal and enthusiastic supporters of DISC.

With the introduction of these small companies into the export business and the expansion of exports for all companies, U.S. employment has similarly increased. The Treasury estimated this effect as 230,000 jobs in 1974.

DISC has had this effect because it has been of strategic importance in inducing U.S. manufacturers to locate and expand their production facilities in the United States rather than abroad. The small tax savings which DISC has provided has tipped the balance in favor of domestic investment, and thus domestic employment and U.S. economic growth. Opponents to DISC have attempted to argue that DISC is needed to induce U.S. manufacturers to locate and expand in the United States only because other provisions of the tax code induce them to locate abroad. Neither their argument relative to DISC nor the other provisions is correct. DISC acts as a counterbalance to the myriad subsidies, tax exemptions, and other benefits which foreign governments offer companies to locate in their countries. One witness before the Finance Committee spoke of a most lucrative offer made by another country if they were to locate abroad. DISC made the difference and the company, rather than moving, stayed in the United States, saving over 2,500 jobs, and has expanded dramatically, providing another 2,500 jobs. Recent magazine articles detail the incentives which European countries are now offering to companies which will locate in their countries so that those countries can regain their employment and recover the economic losses suffered during the oil crisis of the past few years.

The economic growth and secondary effects of DISC have also been great. The Department of Commerce estimated that the increased exports generated by DISC have produced a GNP gain of $10 to $15 billion in 1974. This, in turn, has generated an increase in total employment of 600,000 to 900,000 jobs, raised the real wages of American workers by over $4 billion, and produced $2 to $3 billion in additional tax revenues.

It is interesting to note that even the study most often quoted by opponents to DISC notes that the volume of DISC attributable exports rose by $3.3 billion in 1974. An analysis of this figure would yield an increase in GNP of nearly $10 billion, an increase in employment of over 540,000 jobs throughout the economy, and extra Federal tax revenues of nearly $2.3 billion.

The revenue effects of DISC are often overlooked in the debate over DISC. We are more often told that DISC has cost us more than we would have expected in 1971 and that these costs have risen from $350 million in 1972 to $1.5 billion in 1976.

These arguments are simplistic and somewhat misleading. The "Revenue Loss Estimates" upon which these figures are based only take into account the "initial impact" of DISC, that is, the amount of taxes deferred under its provisions. These estimates, however, only measure the reduction in tax liabilities on the assumption that there is no change in economic behavior or activity in response to the DISC incentives. This assumption is obviously wrong. The Treasury could not collect taxes on the increased export sales due to DISC unless DISC existed. As a result, the "costs of DISC" are overstated. The Treasury could not collect taxes on the increased portion of GNP attributable to DISC increased exports and jobs unless DISC existed. Again, the "costs of DISC" are overstated.

Moreover, since DISC induces U.S. companies to invest and locate their production facilities at home, DISC also induces them to pay taxes to the U.S. Government rather than to foreign governments. A recent article by a leading international tax lawyer notes that the real revenue effect of DISC is to provide U.S. exporters a greater return in profits and the U.S. Treasury a similar increase in returns in taxes than would otherwise accrue to either. The greater profits and the greater taxes both derive from the lower taxes which foreign governments would receive.

The bottom line on the DISC account shows that the effect of DISC is a revenue gain rather than a revenue loss. If DISC is a windfall to anyone, it is a windfall to the Treasury.

In sum, economic studies, government and private testimony, and my own talks with companies in my home State, including many small ones, have convinced me that DISC has passed the test we set for it 5 years ago. U.S. exports have increased through DISC, U.S. companies more fairly compete with foreign exporters, and we are regaining some of our lost share of the world market. U.S. employment has been similarly increased and many smaller companies have grown because of DISC provisions.

On the basis of its successes, DISC has emerged as one of the most potent tools this Nation has to remain competitive in the world market. For many years, other countries have subsidized their own exports and restricted the movement of U.S. exports. On May 17, I submitted for the record numerous charts which compare the various and vast array of incentives and barriers which our trading partners have constructed to protect their exports. The inescapable conclusion one has when reading these charts is that these countries, but not the United States, have found innumerable measures by which U.S. exports are restricted from free and open competition in the world market. Their purpose is to make their own exports more competitive; the result has been to make U.S. exports less competitive. U.S. companies simply cannot compete with foreign government treasuries.

DISC has made the contest somewhat more equitable. Yet even today, U.S. exporters are faced with an array of seemingly ingenious tax and nontax devices whereby foreign governments support their nations' exporters far in excess of assistance given to U.S. exporters by our Government.

Congress sought to correct that situation in its work with the General Agreement on Trade and Tariffs—GATT. The trade negotiations under GATT have produced some success in lowering the barriers to U.S. exports. But the going has been slow and we have barely chipped away at the barriers to freer trade. In our approval of the Trade Reform Act of 1974, we instructed our special trade negotiators to stand fast in our determination to remove these barriers. We also recognized that our domestic markets lay open to foreign imports and provided a system of economic assistance to those domestic industries which are hurt by the influx of subsidized foreign goods.

In DISC, however, we have found a tool to counteract the system of foreign export incentives and restrictions. In DISC, we have found the means to increase our exports and our employment. While the European Economic Community—EEC—has charged that DISC is an illegal export incentive, Congressman JOSEPH KARTH testified that he found that the EEC is most worried that DISC will increase the export of U.S. production rather than U.S. jobs. Originally, the EEC waited a year in pressing the complaint in hopes of what they believed would be the unilateral repeal of DISC. When reform, not repeal became evident, they pressed the claim and, as Congressman KARTH notes, "intend to pursue the DISC complaint with every available legal means at their disposal."

At the same time, the United States has counterclaimed against many of the indirect and tax subsidies which these countries provide. DISC has forced open consideration of foreign tax incentives for exports in a manner that negotiations have been unable to do. Harold Malmgren, a former deputy special trade representative, testified before the task force on tax policy and expenditures that:

> The European Community has complained about our DISC. That does not surprise me. On the one hand, it probably bothers them somewhat because in their eyes it does seem to be an incentive. Second, it makes visible the problems of tax incentives which they had hoped over the years to keep invisible. I think that the United States should not be embarrassed about the discussion on DISC. Rather, we should be forcing the issue to a head, expediting the discussion and seeing if we can't get a look at the tax incentives of other countries in the open.

DISC holds great promise as a bargaining tool to achieve free trade. As a result we should not be attempting to unilaterally repeal or severely reduce it until and unless our trading partners are willing to more forthrightly discuss the incentives which our countries face. On June 15, I received a letter from Ambassador Frederick Dent, the U.S. special trade representative, who asks that we leave him with DISC as a wedge and chip in the GATT negotiations.

Mr. President, I have the letter from Frederick Dent, special representative for trade negotiations. Ambassador Dent emphasized to us that we are now in negotiation in GATT with the other countries of the world and they are contesting our utilization of DISC.

The letter states:

The Special Representative
for Trade Negotiations,
Washington, D.C., June 15, 1976.

Hon. Paul J. Fannin,
U.S. Senate,
Washington, D.C.

Dear Paul: As the Senate begins consideration of the Tax Revision Act, I would like to restate my strong support for the retention of the present legislative coverage and benefits of the Domestic International Sales Corporation (DISC).

Full retention of the DISC will be advantageous to our efforts in the multilateral trade negotiations to reduce foreign nontariff measures that adversely affect United States exports.

Retention also is relevant to our current defense of the DISC before an international panel formed under the GATT to consider the complaint by the European Communities that the DISC is a prohibited subsidy under the GATT. This panel is expected to reach its decision this fall and any weakening of the DISC legislation at this time could be misconstrued.

I hope that, in considering tax revision, you and your colleagues will consider seriously the importance of the DISC in current United States international trade policy. It has proved invaluable in maintaining the U.S. position as an effective base for export. With our trade account having moved into a deficit of approximately $3.8 billion during the first four months of 1976, it seems untimely to consider weakening such an effective encouragement to exports from the U.S.

Sincerely,

Frederick B. Dent.

Mr. FANNIN. Ambassador Dent's letter raises two important points. First, any action to eliminate or seriously reduce DISC benefits during the pendancy of the GATT proceedings could prejudice our defense of DISC and our counterclaim against European export subsidies. Formal presentations at the GATT tribunal are scheduled to begin within the next 2 weeks. A final decision on both DISC and the European subsidies should be rendered by the fall of this year. Congressional action at this time would be inappropriate.

Second, we know by the vigor of the EEC complaint that they are clearly worried about the impact which DISC will have on increasing U.S. exports and domestic employment. We also know from the most recent reports on the status of the Trade Reform Act of 1974 that these same EEC members have been generally unwilling to make concessions over their trade incentives. Given the strength of DISC as a bargaining chip to remove artificial restrictions to the competitiveness of U.S. business, we should not remove DISC provisions as a tool to achieve freer trade in upcoming trade negotiations. No concessions or unilateral actions should be undertaken by the United States unless and until our trading partners are willing to take action upon their many incentives.

I believe that the overwhelming weight of testimony demonstrates that the present coverage of DISC provisions should be maintained. DISC has accomplished the many and varied goals we set for it for the recovery of our domestic economy. In the world market, DISC has emerged as one of our greatest assets in our efforts to make U.S. business more competitive in the face of often unfair restrictions. No change in DISC laws should be made.

Mr. President, I have a letter from the Secretary of the Treasury. We have heard a great deal this evening about what DISC is doing or not doing. I want the Senators to know that the committee made a thorough study, and that the study went on for months. Secretary Simon appeared before the committee, not once but more than once. He checked into the DISC programs earlier and gave one report, which was very encouraging as far as the increase in exports and U.S. support jobs is concerned. He emphasized that earlier position further in a letter to the Senator from Arizona on June 15, 1976, when he said:

> My position on DISC may be briefly summarized. DISC increased U.S. exports by about $4.6 billion in 1973, and may raise exports by $9 billion in 1976. Approximately 300,000 jobs are associated with these additional exports. If these exports are lost through repeal of DISC, there will be substantial transitional costs as the 300,000 persons seek new jobs elsewhere in the economy.
>
> Perhaps more important, DISC works to offset two kinds of distortions present in our trading relations with foreign countries. Our tariff system reduces U.S. imports of many products and protects domestic industries which compete with these imports. Indirectly, tariff protection also depresses the level of U.S. exports, and penalizes domestic industries which produce export goods. DISC works to offset this distortion by increasing U.S. exports.
>
> Secondly, DISC reduces the artificial pressure which the U.S. corporate tax system places on firms to export capital and produce abroad. Without DISC, the high U.S. corporate rate would provide an even stronger incentive for U.S. firms to manufacture abroad for the purpose of supplying foreign markets. With DISC, U.S. corporations are relieved of a part of the tax disability which would otherwise limit their export potential.

Now, a great deal has been said tonight about what actually happens under DISC and why it should be changed. Well, Mr. President, I have an example of the taxes currently payable and deferred on a qualified DISC sale which I ask unanimous consent to put into the Record.

There being no objection, the example was ordered to be printed in the Record, as follows:

An example of taxes currently payable and deferred on a qualified DISC sale

Export sales of a manufacturing company	$100
Pretax profit on export sales	16
Portion of profit retained by manufacturing company on which tax is paid	8
Tax paid by manufacturing company	4
Portion paid to DISC as a commission	8
Portion which DISC is deemed to pay back to the manufacturing company as a taxable dividend	4
Tax paid by the manufacturing company on that dividend	2
Portion deferred in the DISC company, 95 percent of which may be reinvested in export related programs	4
Tax deferred	2

Therefore, for each $16 of pretax profit on export sales $12 is taxable currently and $4 is tax deferred.

On the currently taxable profits, $6 is paid in tax by the manufacturing company. $2 of tax is deferred on the $4 of deferred income.

In the event the DISC is abandoned, tax will be paid on the $4 deferred of $2.

Mr. FANNIN. As the example shows the portion deferred in the DISC company is only $4 out of that $100 sale and profit of $16, pretax profit. For each $16 of pretax profit on export sales, $12 is taxable currently, and $4 is tax deferred. On the currently taxable profits $6 is paid in tax by the manufacturing company, and $2 of tax is deferred on $4 of deferred income. In the event that DISC is abandoned, the tax will be paid on the $4 deferred of $2.

So, Mr. President, let us just compare that with what is happening, for instance, in France. Here is a comparison of DISC with the comparable French income tax measures. I ask unanimous consent to put this comparison into the Record.

There being no objection, the comparison was ordered to be printed in the Record, as follows:

Comparison of DISC and Comparable French Income Tax Measures Applicable to Exports

DISC

Legal authority

Sections 991 to 996 of Internal Revenue Code.

Taxed at home

75% of income from manufacturing in U.S. and export sales if DISC requirements met.

Deferral or exemption

25% of income from manufacturing in U.S. and export sales *deferred* if DISC requirements met.

Tax abroad

0% as DISC does not depend on foreign affiliates.

FRENCH MEASURES

Legal authority

Limitation of tax to: "profits received by enterprises exploited in France," excluding profits of establishments and affiliates abroad (Article 209 C.G.I.) Intercompany allocation provisions (Article 57 C.G.I.) not enforced "in order to permit the maximum development of exports." Sales at prices approaching cost acceptable. Note No. 893 of Aug. 31, 1959, reaffirmed, B.O.G.D.I. 4A-2-73, May 4, 1973.

Taxed at home

0% of income from manufacturing in France and export sales if sales to foreign affiliates and commercial considerations rather than the transfer or profits can be proved to be the motivating factor.

Deferral or exemption

100% of income from manufacturing in France and export sales exempt if commercial considerations rather than the transfer of profits can be proved to be the motivating factor.

Tax abroad

10% is typical as French benefits depend on use of foreign affiliates which would normally be established in a low tax country where income tax of 10% can be expected.

NOTE

The above direct comparison does not take into account the further French tax measures to encourage exports, such as the creation of a reserve for extending credit to foreign customers and deductions of losses of foreign sales companies.

Mr. FANNIN. Mr. President, as can be seen from this example under a DISC we tax 75 percent of income from manufacturing in the United States and export sales if DISC requirements are met and defer 25 percent of income from manufacturing in the United States and export sales deferred. The French percent of income from manufacturing in France and export sales if sales to foreign affiliates and commercial considerations rather than the transfer of profits can be proved to be the motivating factor is zero, nothing.

Also as to the tax abroad on DISC, there is no tax. DISC does not depend on foreign affiliates.

Now, 10 percent is typical in France as French benefit depends on the use of foreign affiliates which would normally be established in a low-tax country where an income tax of 10 percent can be expected. Furthermore, the direct comparison does not take into account further tax measures that they have in France, such as the VAT, value added tax, and many other taxes that are added against the import of goods so as to place our U.S. companies doing business abroad at an extreme disadvantage. It is extremely essential that we realize just exactly what is involved. It is well to reflect on the important fact that the European countries strongly oppose our use of DISC as it gives our U.S. companies abroad at least some means to be competitive.

When we are talking about the overall measure as far as DISC is concerned, we must take into consideration why DISC was formed.

Now, tonight it has been said it was formed because of the dollar devaluation and because of what was happening with the dollar. Lest we not be mistaken we should remember that DISC's were created by the Revenue Act of 1971 to offset a growing tendency of U.S. firms to locate production facilities abroad. We were concerned about increasing our exports abroad and about trying to keep the jobs at home which would support the sales that were being made abroad.

What do you have to do to qualify as a DISC corporation? It must be organized under our State laws, and they must have capital of at least $2,500. They must meet the gross receipts and gross assets tests. They must meet both these tests. The gross receipts test requires that at least 95 percent of the corporation's assets be qualified export assets.

Mr. CURTIS. Mr. President, may we have order in the Chamber. The distinguished Senator from Arizona is entitled to be heard.

The PRESIDING OFFICER. The Senator from Nebraska's point is well taken.

Mr. FANNIN. I thank the Senator from Nebraska and I thank the Chair.

But, Mr. President, I just want to reemphasize that at least 95 percent of the corporation's gross receipts must consist of qualified export receipts. Now, they are defined as property produced, grown, or manufactured in the United States. This is an American program.

A DISC may act as a principal or as a commission agent. It may not engage in the producing, growing, or manufacturing of export property. The gross assets test requires at least 95 percent must be qualified export assets.

If a corporation qualifies as a DISC, the parent company—shareholder—receives an annual dividend equal to one-half of the DISC's taxable income on which it pays tax at its corporate rate. If the DISC retains the remaining one-half of its taxable income, Federal income taxation of that one-half is deferred until such time as it is distributed to the DISC's parent company—shareholder—the parent company—shareholder—sells the stock, the corporation is liquidated, or the corporation's DISC election is terminated or revoked. At that point taxes must be paid on the deferred income remaining.

I know it is something which has been talked about tonight, but if you will consider what is happening in many European countries, they refund value-added taxes, as you know, for their exporters; and they impose border taxes on imports as well as having other taxes and sales barriers to foreign merchandise.

The DISC, on the average, only offsets—now, understand, only offsets—about one-third of the tax advantages enjoyed by European exporters.

To drop or seriously weaken DISC now, without getting some concessions in exchange in the GATT trade negotiations, would be like unilateral disarmament in the battle for the world's export business.

In actuality DISC tax deferrals are not costing the U.S. Government revenue. The DISC losses in revenue are trivial compared to the taxes on profits arising from U.S. exports, which have doubled since the enactment of DISC.

To drop DISC would be pennywise and pound foolish. To change DISC would be unwise at this time.

A complaint against DISC by foreign countries is now pending before the General Agreement on Tariffs and Trade, under GATT, and the first hearings were held in March. They are going on now, and DISC is important to this country in our trade negotiations.

Congressman JOSEPH E. KARTH, of Minnesota, was a former union official. He is a Congressman now, and certainly highly qualified. He was appointed to a one-man task force to study DISC as a member of the House Ways and Means Committee. He was assigned to investigate thoroughly just what is happening so far as DISC is concerned from the time it became effective in 1971.

He went to Geneva and testified there and he also testified before the Finance Committee. He maintains that the European Economic Community is concerned, and so are Japan and others, because DISC is working. We are retaining the jobs here in the United States, and we are not letting them be exported. Mr. President, I think this is tremendously important.

You know statements have been made that just the large companies were benefiting from DISC. Well, I have in my State—and I know in this room we have Members of the Senate who have—many DISC operations in their States. Just to give an idea as to the number of DISC companies that we have in the different parts of the country as we have some in most every State in the country. These are just the ones that happen to be members of the group that have been contacted and on which we have information about as of 1974 reports. In Alabama we have 30; in California there are 601.

There are many more. In Illinois 283, Maryland 56, Massachusetts 190, Michigan 113, right on down the list; New York 685, Ohio 188, Pennsylvania 169.

So, Mr. President, this is very widespread.

I wish to emphasize that included in those lists are small companies as well as large companies.

We can talk about percentages, but we also want to realize what is happening as far as the growth of DISC is concerned, and that is where the small companies have been involved. As DISC begins to grow it is with the small companies that we are increasing the DISC's.

During the last couple years, these small concerns have been coming forward very rapidly. In my own State of Arizona I have a company named Burr-Brown Research Corp., a small company, which started with a DISC operation in 1971. They were in the first group. Now their international exports had been very low. But, as time went along they increased. Here they were in the first year 23 percent when they went into DISC, and now they are up to 39 percent. Their business is in international affairs.

Mr. President, some say "Well, this has been very costly." Let us look at what it costs this company and what it benefits the U.S. Government so far as taxes that were paid.

The taxes that were paid were such a small percentage of the amount of revenues that came to them. Mr. President, it is very encouraging to see that operations for the past 2 years have resulted in the Government collecting $1,400,000 in income taxes with this small company, while deferring only $121,000 under the DISC provisions.

Here is a company that has been made highly successful because of the DISC provision. This represents a return on the Government's investment of more than 1,100 percent, and I think it is a splendid illustration of why we must retain DISC in order to support our small businesses in this country.

There are many other examples that can be given all around the country. I just feel, Mr. President, that this is something that in many respects is typical of what is happening with the different benefits that are accruing to us today. So it is just difficult to understand why we want to change.

Mr. President, I yield to the distinguished Senator from Nebraska.

Mr. CURTIS. Mr. President, I rise to support the amendment of the distinguished Senator from Arizona. He would extend the DISC law as we have it now. That is what we should do.

The DISC program is successful. It is increasing our exports. It is providing jobs in this country. Why change it?

Is not one of the things that is necessary to encourage business and jobs a stability of our tax program? Is it not important, if we want a strong economy and full employment, to have Government policies that our citizens can depend upon in the months and years that lie ahead?

The committee amendment, while it is far better than the proposal that was rejected, offered by Senator HASKELL, and far better than the proposal to be offered by Senator NELSON, still falls short of extending the existing program that we have. DISC has worked.

Mr. President, it might be good for us to think about why DISC was created. Foreign trade is very competitive. There are many industrial nations that go after this business. They subsidize exports. They are located where the markets are.

Our country should approach it on very possible angle. Sometimes it is necessary to locate a plant outside the United States, but DISC was created as a means of making our export program competitive and still have the jobs in this country.

In other words, the Domestic International Sales Corporation program amounts to this, it enables an exporter to set up a separate corporation to handle their export business. They can keep the factory and the jobs in this conutry, but they get certain tax concessions on their export business alone which enables then to be competitive in the world markets.

Actually, their tax returns are not reduced. What happens, they can defer one-half under certain conditions, and the principal condition is that they use that to promote more exports.

Mr. President, I went back to Nebraska and met with about 50 businessmen that were doing exporting. One factory was established. They intended to employ 700 people. They had gone into the export business. Their employment is 1,000, and 400 of them are engaged in exports. DISC has been very vital to it.

As a matter of fact, they are building the second factory when they thought at one time they would never employ more than 700 people.

At that meeting, when it was about to close, a young man in his late twenties got up and said:

> I want to tell you how DISC helped a small company. We had a company, three of us. We didn't have a stenographer.

He, himself, sat down and thumped out the letters.

He said:

> We heard about DISC. We had a product we knew we could export. At that time, we had three employees, that was about a year ago.

The provisions of DISC have enabled them to advertise and develop trade abroad, and now they have 14.

Mr. President, I know there are people who would laugh at 14 employees. But that is 14 families having a job out of exports they did not have before.

One instance in one town, and that can be repeated. The record of the DISC program is good.

Why create uncertainty in the minds of our citizens and in the business community to change it at all?

We have been carried away by the wrong answer to some very serious budget problems.

We are going to have a deficit for this 15-month year of about $90 billion.

Yes, we take away every tax incentive that is producing jobs and think we will pick up a few hundred million dollars. We will not. We will actually lose revenue.

But, assuming that was true, when it got all done, maybe we would have $1 billion. We would still have a deficit of $89 billion.

Why do we have that deficit? Too much Government, too much socialism. Some day the Budget Committee will have to face the job of recommending a cutback in Government. That is the only way we can deal with a $60 billion deficit, or a $90 billion deficit.

This idea of getting excited here, one group against another, over whether or not we should do away with some incentive that is providing jobs, if they succeeded, if all their estimates were correct, they would not make a dent in the deficit. They would not do anything to prevent the disaster that is ahead. Not of bankruptcy. We will never go through bankruptcy because we can print money, but it will be ruinous inflation.

The Budget Committee was created to get control of our budget and the only way they can do it is to attack the program and start now and reduce that.

But I urge Senators to support the Fannin amendment. It works. Our businessmen know about it. It is good for our economy.

The committee amendment is near that, but it will just be a harassing proposition for our business community.

The Senate amendment lost on a tie vote in the committee—18 members, 9 to 9. Otherwise, it would be the committee report.

I hope the Senate will adopt it. I thank my distinguished colleague.

Mr. FANNIN. The Senator from Arizona appreciates greatly the remarks of the distinguished Senator from Nebraska. He has had actual experience. He has talked to people in his own State that he has discussed these matters with small companies that provided jobs. Yes, whether 10 or 12 jobs at a time, or 50 or 60. It means so much to this Nation.

The Senator from Arizona is very thankful to the Senator from Nebraska for bringing out those excellent points.

I retain the remainder of my time.

Mr. RIBICOFF. Mr. President, I yield myself 5 minutes.

Mr. President, I rise in opposition to the Fannin amendment. Though I believe that it is essential that we not cut DISC back to the point where it is no longer a significant incentive to export, I believe that there is a serious problem with the present law.

That is why the Finance Committee tried to strike a fair balance between those, like the supporters of the Fannin amendment, who would like to keep the law as it is, and those who, we believe, would like to undercut DISC to make it ineffective.

Companies were able to export before DISC was created. The problem was that the levels of exports were not high enough to counter the exports of other nations. The indirect system of taxation and the nontax benefits offered foreign exporters by many of our trade partners threatened the future growth of American exports.

But I have never heard it argued, even by the strongest supporters of DISC, that if Congress had not created DISC, American exports would drop off to zero. I think it is a fair and reasonable assumption that American exporters would have been able to retain at least a limited share of foreign export markets.

But under the present system, DISC benefits apply to all of a company's export earnings, even if that company would have been able to maintain a limited level of exports in the absence of DISC.

Extending DISC benefits to the portion of export earnings that would have existed without DISC seems to me to be a loophole in the present law. DISC was meant to increase the total U.S. share of world exports and to counter the tax practices of other countries by putting our exporters on the same tax footing with foreign exporters.

I cannot see any justification for continuing the part of DISC that accomplishes none of the goals of DISC and results only in a windfall tax benefit for some.

To accomplish the original goals of DISC does not mean that we have to throw money away. I believe that we can leave the important aspects of DISC intact and save several hundred million dollars at the same time by closing the loophole in the present law that permits companies to receive DISC benefits for exports they would have had whether DISC existed or not.

The incremental approach taken in the Finance Committee proposal eliminates the loophole by extending DISC benefits only to the portion of export income in excess of 60 percent of the base period level.

Mr. President, I believe the Finance Committee has arrived at the best median approach. It will have the basic purpose of DISC and, at the same time, recapture several hundreds of millions of dollars. I would hope that the Fannin amendment would be rejected, that the Nelson-Kennedy amendment would subsequently be rejected, and that the Senate will adopt the committee amendment.

Mr. NELSON. Will the Senator yield 5 minutes?

Mr. RIBICOFF. I yield 5 minutes to the Senator from Wisconsin.

Mr. NELSON. Mr. President, by the end of 1977 the accumulated cost of DISC will be $6,600,000,000.

If the proposal by the Senator from Arizona is adopted, the annual cost of DISC, which is now $1,400,000,000, will go over $2,300,000,000 in annual cost by the year 1981 and each succeeding year it will go up further.

Thus far, in order to sustain this huge, unjustified, unconscionable subsidy to the largest corporations in this country, we will, by the end of 1977, have levied a tax of $35 on every man, woman, and child in America. In each succeeding year we will levy an additional tax, in order to finance this tax giveaway in DISC.

Who gets the money? Forty-three companies end up with over half of all the benefits. These were all companies with $20 million of total profits or above on their exports in 1974.

What about the half of all the DISC's, the little ones, some 2,100, or 50 percent of all the DISC's who showed a profit in 1974? They ended up with 2.3 percent of the total tax benefit.

So we have 2,100 DISC's getting 2.3 percent of the benefits and 43 DISC corporations getting over 50 percent of all the benefits.

How did we get into this? As has been mentioned previously, we got into it because we had a fixed exchange rate. The dollar was at a fixed rate. All the monetary experts in the world knew that for several years the dollar was overvalued. That made our products more expensive in all the rest of the markets in the world, and each year less and less competitive.

In order to respond to this situation in which we had an overvalued dollar exchange rate, we designed, or those who proposed it designed, a little support program which would have been helpful if we had stayed on the fixed dollar exchange rate.

That support proposal, DISC, was passed in 1971 and went into effect in January of 1972.

Prior to that we devalued the dollar. Then again in 1973 we devalued the dollar again. By 1975 the devaluation of the dollar had reduced the cost of the dollar by 17.4 percent on average across-the-board against the rest of the world's currencies. Against the German mark the price of the dollar was reduced by 28 percent. What that means is that American goods, on account of the devaluation of the dollar, dropped in cost in Germany by 28 percent. So they were much cheaper than German goods. They were good bargains and there was a tremendous demand for them.

This average of 17 percent devaluation of the dollar for foreign buyers of American goods is what caused the great expansion of our trade in recent years.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. NELSON. Will the Senator yield 5 additional minutes?

Mr. RIBICOFF. I yield.

Mr. NELSON. What about DISC? We hear all of this talk from these rich, bleeding businessmen about the importance of DISC and how it makes us competitive around the world. The dollar devaluation has accounted for a 17-percent average reduction in the cost of goods exported from the United States. Let us assume, which is absolutely incorrect, but let us assume, that for every single taxpayer's dollar that we are giving these exporters through DISC benefits, all $1.4 billion, let us assume that these huge, generous, multinationals decided that they were going to transfer all those nickels and dimes they are getting from the American taxpayers and use them to reduce the price of their goods in the European market.

What would that amount to? If these corporations passed on the whole shebang to the European customers, in order to expand their export sales to the maximum possible, and if they did not retain any for themselves, which in fact, they are doing, it would reduce the price of U.S. export goods by 1.2 percent.

Now we are looking at a situation in which they are telling us that DISC accounts for the big expansion of our sales in Europe and other foreign markets. But the whole subsidy would only amount to 1.2 percent, whereas the devaluation of the dollar on the average for more than 17 percent. It is all sheer hogwash, and they know it.

Of course they are not passing the DISC benefit on and using it to expand their exports. As has been pointed out by Senator KENNEDY, Senator HASKELL, and others, for the same goods manufactured here and sold through DISC in Europe, they are taking a 17-percent profit margin. Selling the same items in this country gives them a profit margin of 8.5 percent. That shows where the taxpayers' dollar is going, not to the European consumer at all, to expand U.S. exports, but just going into these high profits of these big corporations on the same export sales they would be making anyway.

Their whole argument falls totally flat when we compare the 17-percent reduction in the cost of U.S.-exported goods attributable to the devaluation of the dollar against the 1.2 percent maximum possible attributable to DISC.

Now, we passed the DISC program at the end of 1971, and to show you how unconscionable and inexcusable it is: If a company, all through the year 1971, was making profits at $20 million on its overseas sales, or let us say they had $20 million of taxable income on their exports, then along comes DISC, in January 1972, and all through 1972 they again have returns of $20 million. So now we say that 25 percent of that is not taxable; $5 million of these export profits are now tax free, and they did not expand their exports one bit.

What did they do? They did not do anything. They had returns of $20 million in 1971; they did not have any dips; they had returns of $20 million in 1972. Congress said, "Fine job; we will see now you do not have to pay taxes on 25 percent of it."

That is what DISC did. And what did one good, honest, distinguished American industrialist say to the Ways and Means Committee?

The president of the Caterpillar Tractor Co., appeared before the Ways and Means Committee some time back. President Lee Morgan of the Caterpillar Tractor Co., testified last year before the Ways and Means Committee. And what did he say? Listen to these words:

> I would like to say, in all candor, that although 52.2 percent of Caterpillar's sales were outside the U.S. last year, and we did benefit from DISC to the extent of about $9 million on our tax bill, I am not really sure that we did anything extra in order to generate additional exports, so that I suspect that I agree . . . that not much has happened, at least at our company, to earn the tax deferral that has come from DISC.

And what are we doing down here in Congress? With taxpayers all over this country screaming they are getting squeezed, saying, "For heavens sake, take some of that load off our backs," and then we get the distinguished president of a famous corporation standing before the Ways and Means Committee saying, "I can't tell you anything we did to increase our export sales. We just got the $9 million."

He was honest. He even sounds embarrassed about it.

As the distinguished chairman of the Finance Committee said, quoting his Uncle Earl Long some years ago, Uncle Earl said:

> There are more ways to kill a duck than stuffing him full of butter.

Mr. President, why do we not quit stuffing these guys full of butter?

I do not know why. What better witness can you find against a proposal than this?

Mr. FANNIN. Mr. President, will the Senator yield on that point about the Caterpillar Tractor Co.?

Mr. NELSON. Yes.

Mr. FANNON. Well, fine.

Mr. NELSON. Just a moment. I will yield on the Senator's time.

Mr. FANNIN. I will take just a moment. I have here the testimony of Lee Morgan, president of Caterpillar Tractor Co., before the Senate Finance Committee where he goes on and talks about just what the Senator has referred to. Mr. Morgan stated:

> However, I have the impression that a number of other companies have made additional investments here as a result of DISC. They have emphasized this in their own strategy. Corporate managements in my experience have a great variety of things that they give attention to and emphasize. They have to create a structure of priorities and drawing attention to export opportunities by means of tax incentive plans, it seems to me, helps arrange those priorities for the management in a way that is truly beneficial to the export effort of American industry.

Why was he not concerned about DISC for his company? Because he wanted something else—full deferral. He stated further in his statement:

> As a last resort, however, I would certainly strongly urge that if we propose to dismantle DISC that we in some way arrive at a formula which would allow a full deferral on the earnings of export sales which are increased from some particular base or some particular level of exports.

Surely, he was willing to trade DISC off. Here is his statement. He was more interested in full deferral.

Mr. NELSON. The Senator is saying the $9 million they were getting from DISC was not justified, but he would like to replace it with some other unjustified $9 million?

Mr. FANNIN. Caterpillar, as the Senator knows, is one of the companies that does not use DISC extensively, but they do want deferrals, and they would gladly have DISC over the wayside if they could just have full deferral.

Mr. NELSON. I hope I can agree with the Senator that every one of them would ble glad to have some other benefit if we would give it to them. But here we are talking about DISC, and the president of Caterpillar said they did not do anything to get it.

If that is the case, under the amendment of the Senator from Arizona, he is making them take the money, whether they did anything for it or not. They have the sales; they have $50 million in sales, and the Senator would turn around and give them DISC and pay them a big tax benefit on the sales they have already made. I do not see how any of that is justifiable.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. NELSON. How much time is there left?

The PRESIDING OFFICER. The Senator from Connecticut has 12 minutes remaining.

Mr. NELSON. The Senator from Illinois wants 5 minutes of time.

Mr. KENNEDY. I would like to get 3 or 4 minutes.

Mr. NELSON. All right; I have taken enough time. I will have adequate time on this.

Mr. RIBICOFF. All right. Is the Senator from Illinois here?

Mr. KENNEDY. I wish to share my time with the Senator from Wisconsin, and ask whether he would not agree with me that the Senate seems to be answering a question which no one is asking, and that is, "How are we going to increase your exports?"

We do not hear the President of the United States asking, "What is Congress going to do?" telling us he wants us to increase exports. Or the Council of Economic Advisers, or the Chairman of the Federal Reserve Board, because of economic advisers, or the Chairman of the Treasury—no one is coming to Congress, appearing before the committees, and saying, "We want a program to expand exports."

Yet it seems to me that is what we are trying to provide the answer for with this particular program. We are giving them an answer for a question we are not being asked to answer.

All we have to do, as the Senator from Wisconsin has pointed out, is look at what has happened over the past few years in terms of expansion of exports, going from $43 billion to $71 billion in a 2-year period. Every profit line is going right up through the ceiling. No one is saying we need DISC because of balance of trade; no one is saying it is essential in terms of stability of the dollar. No one says we need it or our economic situation will be threatened. Yet the Senator from Arizona is asking us to cut back on whatever the Finance Committee has done.

Let me make a second point: In listening to the Senator from Arizona, he was almost saying, at least as I gathered from his comments, that because this is an issue in the GATT negotiations, although DISC may be illegal, we ought to continue it anyway, so he offered this amendment.

Mr. FANNIN. Mr. President, will the Senator yield? I never said anything like that at all. The Senator is misinterpreting the statement of the Senator from Arizona.

Mr. KENNEDY. Well, I will let the Senator's statement in the RECORD stand, but I would place my interpretation on that. It is a comment that is made in broader terms than this proposal. We hear how Representative KARTH has gone over to listen to the debate overseas, and how Representative KARTH changed his position on this issue, and how U.S. policy is being attacked there as a violation of the GATT agreement.

It has been suggested, and I think quite frankly the Senator from Arizona at least implied by his comments, that we ought to use DISC as a bargaining chip in the negotiations, even though it may be illegal.

If the Senator from Arizona believes that this is not a violation of the GATT, then so be it and let us hear about it. And if he does believe it is a violation of the GATT agreements, then I want to hear the justification of why we ought to continue an illegal action.

I must say, I find it peculiar that the Treasury is arguing intensively here at home that DISC is an effective export subsidy, and is arguing equally intensively in Geneva that DISC is not an illegal export subsidy under GATT. The Treasury must have a split personality over this position.

So, Mr. President, I support the views that have been expressed by the Senator from Colorado and the Senator from Wisconsin in the earlier argument. I am very hopeful the amendment will be defeated.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. FANNIN. Mr. President, there has been a great deal of discussion tonight as to what is happening with DISC, and the Senator from Arizona never remembers using the word "illegal." I do not know exactly what interpretation the Senator from Massachusetts placed upon the statement of the Senator from Arizona. Certainly the Senator from Arizona did say that this is a bargaining tool which this country can use in its negotiations in Geneva. If there is anything that I think should be challenged in GATT, it would be the value added tax and similar programs that they have in the other countries of the world. The United States went ahead and agreed to some of these programs at different times throughout the last few years. But it was under different circumstances and different considerations.

I feel that this is something that must be fought out, and the feeling of the Senator from Arizona is that this is more legal if one wants to put it in that category than many of the programs that have been approved by GATT. Under no circumstances do I feel that DISC is an illegal export subsidy under GATT.

Mr. President, the Senator from Arizona is vitally interested in small business—coming from a small State, with a limited amount of industry, but at the same time a growing State industrywise, the Senator from Arizona is very concerned that we continue DISC. It is important that we be able to do what some of the companies from Arizona have illustrated can be done to increase exports abroad and increase support jobs here in this country.

Mr. President, over 8,300 DISC's have been created up to February of 1976, according to the Department of Treasury. It is interesting to note, by comparison, the number 1,000th firm on the Fortune list of industrial companies has a sales volume of less than $100 million. The 8,300 by definition include a lot of small companies and a lot more are coming into the picture now.

Small firms have been hesitant to come in. They have not come forward. One problem has been misunderstanding of exactly what they could do. But we have so many illustrations as to what has happened around this Nation, and it is not only in the particular States that we have mentioned here tonight, but also throughout this country that we have DISC operations starting each month, and those will continue. I strongly feel that if we make these changes that are contemplated by the committee amendment, it is going to lessen the ability of many of these companies to get underway and will decrease U.S. jobs.

We have in so many places, small towns and, of course, large cities, substantial DISC operations.

So, Mr. President, the Senator from Arizona is pushing for something he believes in, feeling that this is going to hurt these small companies from getting underway.

Mr. President, the Senator from Arizona reserves the remainder of his time.

The PRESIDING OFFICER. Who yields time?

If no one yields time, time will be charged against both sides.

Mr. RIBICOFF. Do I understand the Senator from Illinois would like some time in opposition to the Fannin amendment?

Mr. PERCY. I principally would like to support the committee position. I could either do it now or at the time we take up the Nelson amendment, as long as time is available.

Mr. RIBICOFF. How much time is available?

Mr. PERCY. If time is available right now, I shall do it now.

The PRESIDING OFFICER. The Senator has 6 minutes remaining.

Mr. FANNIN. How much time does the Senator from Arizona have?

The PRESIDING OFFICER. He has 4 minutes.

Mr. RIBICOFF. If no one else wants time, I am pleased to yield the remainder of the 6 minutes.

Mr. PERCY. I thank the Senator very much.

I have been a supporter of DISC from the outset. In principle, I think we need an incentive to bring more companies into the export field.

When we first acted on DISC in 1971, I was deeply impressed with the very high proportion of export business being done by a relatively small number of companies. Inasmuch as our tax system has been used for so many years to provide an incentive for us to move in a given direction or discourage us from moving in a given direction, DISC seemed like a perfectly appropriate way to provide added incentive for management of companies to move in the direction of gaining exports.

It was absolutely essential to our national interests, it appeared at that time, that we expand our export base.

As a great industrial Nation we were far too content to only do business here at home selling to each other. We had the great market. But this is not the market of the future. The market of the future is the 3 to 4 billion people out there who have the same rising expectations that we have here at home, but a far greater unmet need. We need not a handful of companies but tens of thousands selling their services and products in other nations, and we need an adequate incentive for them.

So at that time I took the position that DISC should be created, and I supported it, but I took the strong position that it should be designed in such a way that we would not just provide an incentive for a company to do what it was doing anyway, but that it ought to operate on the principle of additionality. There ought to be an added increment of exports that justifies this additional tax incentive.

That is why, Mr. President, I support the committee proposition on DISC.

DISC was enacted in 1971 to encourage U.S. export companies to export more and to encourage companies not in the export business to get into it. U.S. exports have risen significantly in the intervening years. They rose from $43 billion in 1971 to $107 billion in 1975. This is due in part to other international economic *conditions* but can be attributed, I believe, in large part to the extra incentive and competitive edge provided by DISC.

Exactly what the designers of DISC intended to have happen has happened, the figures prove it, and the testimony is absolutely convincing that this has happened. We can rejoice because none of us realized the grave danger we would face if we did not have vast export sales to cover our increased cost of petroleum.

Another factor behind the enactment of DISC was to provide the competitive edge to keep U.S. exporting companies from moving overseas. The DISC deferral helps to overcome the shipping, tariff, and other costs that a foreign-based subsidiary is not subject to.

I am somewhat surprised that many of those who voted for current taxation of the unremitted earnings of foreign subsidiaries of U.S. corporations are now arguing for the repeal of DISC. If foreign based subsidiaries are shipping jobs abroad—an argument with which I disagree—is it not in the interest of American workers to provide an incentive for exporting companies to remain in the United States?

It has been estimated that we will need at least 19 million new jobs to achieve full employment during the next 10 years. A significant portion of these jobs will have to come from the expansion of markets for U.S. goods in foreign nations.

I simply defy anyone to see us finding employment opportunities for 19 million jobseekers by concentrating on the domestic market. How much more can we consume? We are the highest consumption nation on Earth today. How many more automobiles can we buy and use? How many more television sets can we buy and install in our homes? We simply cannot do it. I think that we need to have access to, and an incentive for, those export markets.

Several estimates have been made of the number of existing U.S. jobs that depend on our export trade and on how many of those jobs would be lost if the DISC incentive were terminated. The Department of Commerce estimates that DISC has created 360,000 jobs; the Treasury Department estimates 230,000; and the Library of Congress estimates a top level of 104,000. These estimates vary greatly, and it may be useful to look at some of the figures calculated at the grassroots level by export companies doing business in Illinois.

Eaton Corp. reports that its export-related jobs increased from 1,100 in 1971 to 3,400 in 1975.

Caterpillar Tractor Co., which has major operations in Illinois, estimates that 25,000 of its U.S. jobs depend on its export trade.

Emerson Electric Co. of St. Louis reports 2,800 export-related jobs.

FMC Corp. of Wyoming, Chicago, and Hugerston has added 4,509 export related jobs since DISC was enacted.

Proto Tool Co., which has a plant in Schiller Park, reports 350 jobs dependent on its exports.

Keystone Consolidated of Peoria estimates 170 jobs dependent on DISC. Deere and Co. has estimated that it has 1,185 workers in Illinois dependent on its exports and that 1,008 of its Illinois suppliers' jobs are also dependent on this export business.

That DISC is responsible for a significant number of U.S. jobs is attested to by the fact that members of the Illinois United Auto Workers, including their regional director, Bob Johnston, have personally visited to tell me of their support of the DISC deferral provisions.

I want to comment for a moment on the argument made by some economists in recent weeks that the net effect of DISC on jobs is a wash. The argument made is that DISC, by increasing exports, raises the international value of the dollar which, in turn, reduces the U.S. price of imports, costing U.S. workers their jobs. The proponents of this view seem to be arguing that we should do all we can to put our balance of payments in the red and lower the value of the dollar to keep out foreign imports. I find this argument totally witout merit. First, the value of the dollar is dependent on many factors other than the level of exports and second, a strong international trade is vital to our continued economic recovery now and sustained economic health in the years ahead.

In my judgment, the proposal made by the Finance Committee meets the only sustainable objections that have been raised against DISC. The committee provision improves the incentive value of DISC by gearing its benefits to incremental increases in exports and, due to this, reduces its long-term revenue cost.

Neither I nor anyone else can make a definitive estimate of the number of jobs that would be lost if we terminated DISC. But we are not in a position to gamble away any jobs in the hope that the effect would not be too severe. I urge my colleagues to support the Finance Committee recommendation.

Mr. FANNIN. Mr. President, I want to get one matter clear, to be sure there is not a misunderstanding.

DISC is not illegal under GATT as was stated by the Senator from Massachusetts. That is something that must be understood. What I have proposed is that DISC might possibly be bargained away in exchange for other subsidies being used by our trading partners. In other words, is GATT worthless to us? It certainly is not. It is a trading tool, and that is what was stated by the Senator from Arizona. If we could trade DISC for VAT, it might be something worthwhile, but I would not be in favor of approaching it that way.

The negotiation is not a GATT negotiation but is merely being conducted under the auspices of GATT. The Senator from Massachusetts is confusing the action brought by the EEC under GATT and our efforts to negotiate adequate compensation with multilateral trade negotiation. The two problems are not the same.

I yield to the Senator from Nebraska.

Mr. KENNEDY. Mr. President, will the Senator yield on that point?

Mr. FANNIN. I do not have time. I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, if I may have the attention of the distinguished Senator from Illinois, I was impressed by the Senator's recitation of the impetus that DISC has given to our exports. We know that is true. It has been a tremendous success. It has only gone along for a few years, very few years.

The Finance Committee, on a tie vote, declined to extend the existing law. It seems to this Senator that it is too early to withdraw part of the benefits of DISC. The revenue pickup, I do not think, will be in because DISC produces both jobs and revenue. It does create an uncertainty. It is contrary to the requests of our trade office, Ambassador Dent. I wonder why the distinguished Senator felt that now is the time—rather than to give it a little more trial—to withdraw part of the benefits of DISC.

Mr. PERCY. As I noted earlier in my remarks, I supported the incremental approach when we first enacted DISC in 1971. The purpose of DISC, in my opinion, should be to encourage companies to get into the export market that have not been there before and to encourage existing exporters to increase their export trade. I do not believe we should pay an additional incentive to companies to do what they were already doing. The Finance Committee proposal, by allowing DISC benefits for export sales income in excess of 60 percent of the average of a 3-year moving base period, will reward these companies that successfully work to increase their exports.

Mr. FANNIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second. There is a sufficient second.

The yeas and nays were ordered.

Mr. FANNIN. Mr. President, a great deal has been said tonight about the devaluation of the dollar and about what the economists have said.

One of the signatories to the recent taxation with representation statement, Fred Bergsten of the Brookings Institute, told the House Subcommittee on International Trade, Investment and Monetary Policy less than 3 weeks ago:

> [I]t is abundantly clear that countries will not permit free floating, and that there are major problems in getting many of them even to avoid disruptive intervention.

The results have been twofold. First other countries, most notably Japan and Germany, have been successful in the maintenance of their export sales and domestic employment through the combined efforts of their export subsidies, import restrictions, and the manipulation of exchange rates. If the argument of the experts was based in fact, such a result would obviously be unattainable. That such situations occur points to a serious flaw in the experts' argument.

Second, manipulation of the exchange rates has undermined not only the system on which opponents to DISC base their arguments, they have also severely hurt and will continue to hurt the U.S. economy. Again, Mr. Bergsten noted before the House Subcommittee

> Since the dollar remains the medium through which most other countries intervene in the exchange markets, the United States has little control over the exchange rate of its own currency. Indeed, the situation may be worse than under fixed rates; as John Williamson, a former IMF official and a leading scholar of the international financial system has recently put it, 'the inability of the United States to defend herself against manipulation . . . formerly consisted of U.S. inability to influence the exchange rate of the dollar within the margins, and the margins have now been extended from 2¼ percent to infinity. . . . Since the United States has no effective way to defend itself against such steps, short of intervening massively itself in the exchange markets in the opposite direction . . . the result could well be a new overvaluation of the dollar. This would bring the same adverse effects on U.S. employment and the ability of the United States to maintain a liberal trade policy which became so clear in the early 1970's, when the dollar's overvaluation was costing us 500,000–750,000 jobs.

Opponents to DISC cannot have it both ways. They can call for reform of the international monetary system to end the disruption which it works in the United States because countries do not allow the rates to float. Or they maintain that the system does float and will correct the trade imbalances that DISC was intended to help offset. But they cannot argue both.

Even if one accepts the notion of the flexible exchange rates, there are still persuasive arguments for the retention of DISC incentives.

The flexible exchange rate system does nothing to offset the trade dysfunctions caused by foreign trade restrictions and incentives. Many of the U.S. trade representatives, both former and current members of the Special Trade Representative's staff involved in the trade negotiations, have repeatedly stated that the myriad system of direct and indirect, tariff and nontariff, tax and non-tax incentives and restrictions of foreign countries negate much of the intended effects of monetary reform. Simply stated, monetary reform without trade reform is little more than meaningless.

The PRESIDING OFFICER. The time on the amendment has expired.

The question is on agreeing to the amendment of the Senator from Arizona. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. GARY HART), the Senator from Indiana (Mr. HARTKE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Rhode Island (Mr. PASTORE), the Senator from Missouri (Mr. SYMINGTON), the Senator from California (Mr. TUNNEY), the Senator from Colorado (Mr. HASKELL), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Georgia (Mr. TALMADGE), and the Senator from Washington (Mr. MAGNUSON) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON) would vote "nay."

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 27, nays 59, as follows:

[Rollcall Vote No. 371 Leg.]

YEAS—27

Baker
Bartlett
Brock
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Curtis
Domenici
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hruska
Laxalt
McClure
Scott, Hugh
Scott,
  William L.
Stafford
Stennis
Stevens
Taft
Thurmond
Tower
Weicker
Young

NAYS—59

Abourezk
Allen
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Burdick
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Durkin
Eagleton
Ford
Glenn
Hart, Philip A.
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Mansfield
Mathias
McGee
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Sparkman
Stevenson
Stone
Williams

NOT VOTING—14

Bayh
Buckley
Eastland
Goldwater
Hart, Gary
Hartke
Haskell
Magnuson
McClellan
McGovern
Pastore
Symington
Talmadge
Tunney

So Mr. FANNIN's amendment was rejected.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON addressed the Chair.

Mr. TOWER. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order. Will the Senators kindly clear the aisles and take their seats?

Mr. TOWER. Mr. President, this is an important proposal the Senator from Washington has and I think we ought to hear him.

The PRESIDING OFFICER. The Senate will be in order. If the Senator will withhold momentarily. Will Senators kindly take their seats?

RESOLUTION TO EXPRESS DISAPPROVAL OF ENERGY ACTION NO. 3

Mr. JACKSON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 469, a resolution to express the disapproval of the Senate to energy action No. 3, a proposed Executive action to remove price and allocation controls from No. 2 heating oil and No. 2–D diesel fuel.

Mr. TOWER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. JACKSON. I move that, pursuant to existing law, the Senate proceed to the consideration of Senate Resolution 469, a resolution to express the disapproval of the Senate to energy action No. 3, a proposed Executive action to remove price and allocation controls from No. 2 heating oil and No. 2–D diesel fuel.

Mr. TOWER. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TOWER. It is my understanding, if the Chair will confirm this, that such a motion is not debatable.

The PRESIDING OFFICER. That is correct.

Mr. TOWER. It is also my understanding that a motion to table such a motion is in order.

The PRESIDING OFFICER. That is also correct.

The question is on agreeing to the motion to proceed.

Mr. JOHNSTON. Mr. President, I move to lay that motion on the table.

Mr. MANSFIELD. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to proceed to the consideration of Senate Resolution 469. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. GARY HART), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Rhode Island (Mr. PASTORE), the Senator from Missouri (Mr. SYMINGTON), the Senator from Georgia (Mr. TALMADGE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON) would vote "nay."

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. BEALL), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Virginia (Mr. WILLIAM L. SCOTT) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 52, nays 32, as follows:

[Rollcall Vote No. 372 Leg.]

YEAS—52

Allen
Baker
Bartlett
Bellmon
Bentsen
Brock
Brooke
Byrd, Harry F., Jr.
Chiles
Curtis
Dole
Domenici
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Huddleston
Javits
Johnston
Kennedy
Laxalt
Long
Mathias
McClure
McGee
McIntyre
Montoya
Morgan
Moss
Nunn
Packwood
Pearson
Pell
Percy
Randolph
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Stevenson
Stone
Taft
Thurmond
Tower
Weicker
Young

NAYS—32

Abourezk
Biden
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Philip A.
Hathaway
Hollings
Humphrey
Inouye
Jackson
Leahy
Mansfield
Metcalf
Mondale
Muskie
Nelson
Proxmire
Ribicoff
Schweiker
Stafford
Williams

NOT VOTING—16

Bayh
Beall
Buckley
Eastland
Goldwater
Hart, Gary
Hartke
Haskell
Magnuson
McClellan
McGovern
Pastore
Scott, William L.
Symington
Talmadge
Tunney

So the motion to lay on the table the motion to proceed was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President, for the benefit of the Members of the Senate, I want to say that in light of the vote on Senate Resolution 469 I will not take up the second resolution, Senate Resolution 470.

By the action we have taken, we are now talking about raising heating oil to the world price under decontrol, up 8 cents a gallon. I hope those who are concerned about what will happen this winter will understand that the Senate, and apparently the House did the same thing, acquiesced to the world price set by the oil cartel as it affects the heating of our homes in America. I think that is regrettable.

Mr. HUMPHREY. If the Senator will yield, I want to go on record as saying it is a lot hotter in Saudi Arabia than Minnesota in the wintertime; 8 cents a gallon on oil in my State is like armed robbery.

Mr. JACKSON. I can only say to my friend this is only a prelude to what FEA is going to do. I do not think there is any question, and I predict that they will come in for the decontrol of gasoline. That is next on the agenda. I think our friends in this body should understand it because we are going to set in motion a whole series of events leading to decontrol. The overall impact on the economy in terms of price will mean more of an inflationary push which is something this economy does not need just as prices are beginning to stabilize.

Mr. NELSON. Mr. President, a point of order.

Mr. HANSEN. Mr. President——

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. NELSON. May I raise a point of order, Mr. President?

The PRESIDING OFFICER. Will the Senator yield for that purpose?

Mr. HANSEN. I do not yield. I will be through in about 1 minute, if the Senator will hear me out.

I am reminded of what a former great President said a number of years ago, that you can fool some of the people all of the time, and you can fool all of the people some of the time, but you cannot fool all of the people all of the time. It seems to me that what has happened tonight is that Americans are beginning to realize that the economic laws still work in this country. I think what the Senate has done confirms the opinions of most Americans that if we want more energy in this country there is one sure way to get it, and that is to let those laws apply.

I thank the Senator.

DECONTROL OF PRICES AND ALLOCATION FOR HOME HEATING OIL AND DIESEL FUEL

Mr. JACKSON. Mr. President, I strongly support the adoption by the Senate of Senate Resolution 469 disapproving the administration's decontrol proposal for home heating oil and diesel fuel. I am taking this position for a number of reasons which I will describe briefly here. But there is one reason which overrides all of the others. That is protection of consumers, homeowners, and small businesses who have no choice for heat and power other than the fuel oil covered by these proposals.

Mr. President, this administration has time and time again shown where its sympathies lie. Every action taken by the administration has been an action intended to reduce the defenses of the consuming public against arbitrary price increases by OPEC and by the oil companies. We are talking today about the decontrol of the price of home heating oil and diesel truck fuel. We are talking about literally million of dollars in price increases.

Who is going to pay? The homeowner, the small businessmen, the truck driver, the industrial consumer.

Who is going to benefit? The major oil companies, who have been consistently seeking to tie their domestic petroleum prices to the prices set by the OPEC cartel.

The removal of controls on refined product prices to U.S. consumers could permit those domestic prices to reflect world market crude oil costs. If this happens, an increase of 7 cents to 8 cents per gallon over present product price levels could occur.

Such a price increase would: subvert the clear intent of the EPCA; burden consumers with a new round of inflationary price increases; provide no new incentive for domestic crude oil production; and remove an economic disincentive which currently inhibits imports of higher priced refined petroleum products produced in foreign refineries operated by the major oil companies and located principally in the Caribbean.

Any shortfall in the supply of middle distillate fuels from domestic refineries and from domestic inventories because of cold weather or natural gas curtailments would have to be met by purchases on the world market, at world market prices. The arrival of significant levels of imports of middle distillate fuels in a tight domestic supply/demand situation will, in the absence of controls, permit home heating oil and diesel fuel prices to rise to reflect the price of imports. Windfall gains of up to 8 cents per gallon for domestic refiners and/or marketers of these products will be the result.

The comments of the Exxon Corp. on the FEA proposal underline the key leverage which results from the difference between domestic and world market costs:

> Exxon concurs with FEA's analysis that foreign distillate prices will impose a ceiling on domestic distillate prices. It should be recognized, however, that the raw material cost difference between domestic and imported product is approximately 8¢ per gallon because of controlled domestic crude prices and import fees.

Moreover under the total decontrol proposed by FEA, in a tight supply situation, the absence of the allocation mechanism will lead to significant economic dislocation. Independent marketers will have no guarantee whatever of supply at a competitive price from large refiners or terminal operators. Regions of the country, particularly rural areas, will be at the mercy of institutional decisions to which no mandatory standards of equity apply.

Mr. President, the price increases for fuel which are planned by the major oil companies are already underway. According to reports in the trade press, Exxon has raised the price of middle distillate fuels 0.5 cent per gallon effective June 29, and is raising jet fuel by 1.5 cents per gallon. The Oil Daily of June 30, 1976, reports the Sun Oil Co.'s announcement of our 0.8 cent per gallon increase in No. 2 heating oil and diesel fuel also effective June 29.

The FEA has virtually admitted that it expects heating oil prices to rise by at least 2 cents per gallon in addition to both normal seasonal variation and the crude oil cost increases allowed under the Energy Policy and Conservation Act.

It is obvious what could happen. It is also obvious that the FEA and the oil industry believes it likely that these price increases will happen. I see no reason for the Congress to acquiesce in these plans.

Mr. President, the Congress should vote now to disapprove the total decontrol of home heating and diesel fuel to preserve the protection consumers will need this winter. I am advocating disapproval of the FEA decontrol proposal because:

Removal of controls could lead to a 7 to 8 cents per gallon increase in the cost of home heating oil and diesel fuel.

While middle distillate use projected at approximately 40 billion gallons in 1976, each 1 cent gallon increase directly taxes consumers $400 million. On a household basis, FEA estimates that each 1 cent per gallon increase costs the national average household $16.16 per year in heating costs. Thus, were domestic middle distillate prices to rise by the full 7 cents to 8 cents per gallon differential between domestic and international crude costs after exemption from decontrol, the average household heating bill would increase by over $113 to $129 per year. The total annual cost to consumers of a 7- to 8-cent-per-gallon price increase would be $2.8 billion to $3.2 billion.

Controls should not be removed until FEA has adopted regulations which clearly set forth the terms and conditions under which controls will be reimposed and the procedures which will be followed to deal with hardship cases and regional shortages and price disparities.

FEA recognizes and has conceded that Congress will not permit all distillate controls to be lifted until adequate provision has been made to deal with hardship cases and until the criteria for reimposition of controls have been spelled out. On June 25—10 days after submission of the home heating oil and diesel fuel decontrol proposal—FEA Administrator Frank Zarb sent me a letter describing the FEA contingency plan and setting forth the actions FEA proposes to take to deal with hardship cases, shortages, and price increases. The FEA contingency plan letter is inadequate. It raises more questions than it answers. It concedes that the administration will take no action until after prices increase 2 cents a gallon over what FEA projects they would be under controls.

I am informed that FEA is now preparing a second letter on this same subject to further modify their so-called contingency plan and to try to answer some of the many serious questions which have been raised.

Mr. President, Congress should not accept the ambiguous statements of intent contained in these letters. Congress should insist that before all price restraints are removed that a specific and detailed contingency plan be promulgated and adopted as a standby regulation.

The FEA has consistently attempted to cast the middle distillate decontrol issue as a choice between total decontrol and full retention of existing controls.

The FEA has not presented, analyzed, nor discussed publically any substantial alternatives to the total decontrol of home heating oil and diesel fuel. In fact a full range of options exists between these extremes including options which reduce administrative inefficiencies while providing protection for consumers from unwarranted price increasese. There is no evidence that FEA spent any time on alternate concepts. For example:

Why not remove or modify burdensome supplier/purchaser regulations through a change in the existing regulations? Such a change could be implemented without congressional review.

Why not update and streamline allocation regulations to reflect the current situation in the market without jettisoning the protection afforded by the price control mechanism?

These alternate concepts have not been studied. Until they are we have no choice but to disapprove.

The FEA may be faced with the need to reimpose price controls almost at once, yet may not be able to reimpose them in time.

The FEA seems to assume that middle distillate fuel prices will rise by at least 2 cents per gallon in addition to and above FEA projected increases in domestic feedstock and nonproduct costs. No specific FEA figures are available which project fuel oil prices to consumers in the absence of controls. These projections would be of particular interest for the Northeast where import dependence is especialy high. It is therefore exceedingly difficult to judge the adequacy of FEA's claims that controls could be reimposed if prices rise more than 2 cents per gallon above an unknown price curve.

What is the price for heating oil in Boston, in Hartford, in Minneapolis, or in Chicago which will move the FEA to convene hearings? What is the price which will bring regulatory action? How long will it take for this action to be translated into relief for the homeowner? The FEA has answered none of these questions.

The FEA's technical analysis of the impact of decontrol has been seriously challenged.

At hearings in the House yesterday before the Subcommittee on Energy and Power, a staff analysis was presented which questioned a number of assumptions with respect to FEA's projections of the demand for fuels, including—

The use of actual 1975 data as representative of normal usage. Actually 1975 was much, much warmer than normal year during which reduced economic activity kept energy consumption down.

Failure to incorporate recent FPC projections of a 30-percent increase over 1975 in natural gas curtailments. Distillates are the first choice as an alternate fuel for most of the natural gas users likely to be curtailed; and

Reliance on data comparing the differential between United States and world market distillate prices which does not reflect the lowered domestic costs mandated by the Energy Policy and Conservation Act.

I ask unanimous consent that a copy of that analysis be inserted at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JACKSON. The EPCA represented a compromise between those who believed that high energy prices, essentially controlled by OPEC, would stimulate domestic production and conservation and those who pointed out that American consumers and the domestic economy would be unduly injured by the immediate acceptance of OPEC prices. Under EPCA, the price of domestic crude oil is controlled at a reasonable level substantially below OPEC levels.

From the perspective of consumers and the domestic economy, EPCA has been remarkably successful. Energy prices have been stabilized and, in some cases, marginally reduced without shortage. Relaxation of the inflationary and recessionary pressures generated by the post-embargo energy spiral has permitted improvement of Consumer Price Index trends and facilitated economic recovery.

Domestic oil interests have, at the same time, not been unduly compromised by EPCA. Oil company profits for the first quarter of 1976 were extremely healthy, in large measure because domestic economy recovery expanded the volume of sales. FEA price regulations have permitted recovery of legitimate costs.

A proposal to dismantle these controls must be considered with the utmost care. The difficulties in reimposing such controls, should this be warranted, are formidable. There is substantial doubt that such a reimposition could be accomplished in a timely manner should this become necessary. I therefore, strongly recommend that Senate Resolution 469 and Senate Resolution 470 disapproving energy actions Nos. 3 an 4 be adopted by the Senate.

Statement of Walter W. Schroeder III, Research Analyst

The FEA analysis in support of middle distillate decontrol is predicated upon the conclusion that supplies of middle distillates will be adequate to meet forecasted demand over the next three years. A second fundamental conclusion underlying FEA's analysis is that decontrol of middle distillates presents little potential for price increases and poses a minimum economic and social risk.

A. FEA DEMAND ANALYSIS

Any forecast of middle distillate demand must take into consideration the following factors:

1. The length and severity of the winter heating season which would affect demand for heating oil;
2. The level of natural gas curtailments which would affect demand for middle distillates used as an alternative fuel;
3. Demand projections for other fuels which may be produced by a refinery in preference to middle distillates or for which middle distillates may be consumed as a substitute fuel.

1. FEA winter heating oil demand assumptions

FEA's middle distillate decontrol analysis did not assume a normally cold winter. On page 81 of FEA's middle distillate decontrol analysis entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Allocation and Price Regulations" (hereinafter "Findings and Views"), dated June 15, 1976, FEA explains its demand forecast for middle distillates. This forecast underlies the findings that middle distillate supplies will be adequate to meet projected demand. The FEA analysis states:

"Demand for middle distillates was forecast using FEA's short-term petroleum demand model. The forecast was designed to indicate the probable high end of the range of demand, and thereby insure that subsequent analysis of available supply adequacy would be conservative."

During hearings before the Subcommittee on Energy and Power on June 22, 1976, acting FEA Administrator John Hill was asked specifically whether FEA's analysis assumed a normally cold winter. Mr. Hill answered in the affirmative.

Subsequently by letter dated June 23, 1976, acting Administrator Hill responded to questions raised during the course of the Subcommittee's hearings. An attachment to this letter admitted "the use of 1975 actual data in the generation of the demand forecasts." The attachments concedes that 1975 was a warmer than normal year and acknowledges that FEA's demand forecasts must be adjusted to fully reflect normal heating requirements over the 6.7% fewer weighted average degree days experienced in the first half of 1975. The attachment to the June 23, 1976, letter from acting Administrator Hill set forth a comparison of alternate demand projections comparing the original demand projections included in FEA's middle distillate decontrol analysis and demand projections adjusted to reflect demand likely to be experienced from a normally cold winter. This comparison shows increases in middle distillate demand of 25,000 barrels per day during 1976, 29,000 barrels per day in 1977 and 28,000 barrels per day in 1978 over the levels originally forecast by FEA.

2. Consideration of FPC projections of natural gas curtailments

The FEA analysis did not take into account the likelihood of increased future natural gas curtailments. The description of the methodology used for the short-term forecasting model relied upon by FEA may be found in Appendix II of FEA's "Findings and Views". That Appendix explains the assumptions utilized for consideration of the effect of natural gas curtailments upon middle distillate demand levels. The Appendix states:

"Natural gas curtailments are assumed throughout the entire forecast interval. On a yearly average basis, it is assumed that incremental gas curtailments will boost residual demand by 80,000 barrels per day and will boost distillate demand by 113,000 barrels per day."

Simply stated, this assumption is equivalent to the component of middle distillate demand associated with natural gas curtailments experienced in calendar year 1975. FEA's analysis implicitly assumes, therefore, that natural gas curtailments will continue at the 1975 level throughout the three year forecast period. However, the Federal Power Commission projects 1976 heating season curtailments will be 30% higher than those experienced during 1975 due to a continuing decline in interstate natural gas deliveries.

In an attachment to the June 23, 1976, letter from acting Administrator John Hill to Subcommittee Chairman John D. Dingell, FEA admits that a "constant level of demand due to natural gas curtailments" (emphasis supplied) is included in the demand estimates for each of the years 1976 through 1978. The attachment recognizes the likelihood of "annual increases in natural gas curtailments . . . of about 33%, and admits that 'revision of the forecasting model' was necessary to incorporate annual increases of 25% in the amount of middle distillate demand caused by natural gas curtailments." "Revised" estimates provided in the attachment reveal a 30,000 barrel per day increase in projected middle distillate demand in 1976 attributable to increased natural gas curtailments. Increases of 66,000 barrels per day and 110,000 barrels per day in projected middle distillate demand are included in the revised projections for 1977 and 1978 respectively. On a percentage basis, these revisions represent middle distillate demand increases of approximately 1%, 2% and 3% for 1976, 1977, and 1978 respectively, over the level of demand originally projected by FEA.

3. Residual fuel oil demand projections

Any consideration of demand for middle distillates must take account of demand increases projected for related fuels, in particular, residual fuel oil. In the original residual decontrol proposal submitted to the Congress on March 29, 1976, the Federal Energy Administration short-term demand model projected a 15% per year increase in residual fuel oil demand in 1976 and a 9% increase in 1977.

However, Table XVII entitled "Percentage Increase in Anticipated Product Demand Over Prior Year Demand", the FEA "Findings and Views" shows a 0.2% per year decrease in anticipated residual fuel oil demand in 1976, a 0.2% increase in 1977 and a 0.1% increase in 1978. Parenthetically, these projections of little or no increase in residual fuel oil demand are particularly hard to accept in view of the fact that for planning purposes a major residual fuel oil supplier has estimated 15% annual increases in residual fuel oil demand during the next two years. FEA's revision in residual fuel oil demand is explained in a brief footnote: "These residual fuel oil demand estimates are revised downward from those reported in the "Findings and Views Concerning the Exemption of Residual Fuel Oil From the Mandatory Petroleum Allocation and Price Regulations," March 29, 1976. FEA's short-term demand model was revised March 12, 1976, to make improvements in the methodology and to take into account the latest available data."

Thus, a March 12, 1976, revision in its short-term demand model is apparently FEA's sole justification of a major difference in demand projections for residual fuel oil between those submitted to the Congress on March 29, 1976, and those submitted just two and one-half months later. Curiously, both exemption submissions, and therefore both residual fuel oil demand projections, were submitted after the March 12, 1976, revision of FEA's short-term demand model.

The significance of a revision in residual fuel oil demand projections is that for many purposes middle distillates can be used as a substitute for residual fuel oil. Therefore, if residual fuel oil demand increases significantly, middle distillate demand may be expected to increase as a result.

4. Cumulative impact of demand underestimates

The combined effect of these demand underestimates, according to FEA, is to raise forecast demand as follows:

1976—55,000 barrels per day (1.7%).
1977—95,000 barrels per day (2.8%).
1978—138,000 barrels per day (4.0%).

These underestimates may be even greater to the extent that natural gas curtailments on an annual basis exceed winter curtailments and to the extent that higher than forecast residual oil demand creates added requirements for distillates, but no quantification of these increases has been included here. These discovered underestimates of potential demand tend to erode FEA's contention that more than adequate supplies of distillate exist relative to demand.

138,000 barrels of added demand would raise distillate demand in 1978 to 3.524 million barrels per day. When compared with FEA's projected distillate production in 1978 of 3,200 million barrels per day, higher demand would increase our distillate import dependence from the present level of 170,000 barrels per day to 324,000 barrels per day. The more dependent on imports we become, the more likely it will be that the price of all domestic middle distillates will rise to the import price.

B. PRICE IMPACTS OF DECONTROL

1. Magnitude of potential price increases

The Federal Energy Administration's "Findings and Views" also analyzes foreign middle distillate prices. The FEA analysis states:

"The FEA expects that the availability of foreign sources of middle distillates could have an effect of limiting domestic prices during the period of 1976 to 1978 if pressures develop within the petroleum industry to increase prices. There are two sources of middle distillates imports which may be used separately or together to counteract any large increases in the domestic prices of middle distillates."

In minimizing the risk of significant price increases under distillate oil price decontrol, the FEA analysis specifically references February, 1976 prices:

"During the month of February, 1976, the Rotterdam prices (of middle distillates) were 2.3 cents per gallon above domestic prices. . . . The FEA believes that the availability of middle distillates from these markets is a potential deterrent to significant domestic price increases . . . If domestic prices exceed foreign prices, the expected increase in imports will act to soften domestic pricing."

Significantly missing from the FEA's "Findings and Views" are data respecting the price of middle distillates in March, April and May, 1976. The domestic price of middle distillates in February, 1976, was maintained at an artificially high level by the drawdown of previously accumulated banks. Thus, the February, 1976, price had not yet reflected the combined effect of removal of the import tariff on crude oil and the rollback of domestic crude oil prices, both achieved as a result of the compromise crude oil pricing policy established in the Energy Policy and Conservation Act. Coincidentally, unregulated world market prices in February, 1976, were depressed as a result of an abnormally warm winter and low heating oil requirements in Europe. Therefore, a more appropriate basis for comparison of domestic and foreign middle distillate prices may be the month of May, 1976.

In a response to a written request from Subcommittee Chairman John Dingell, the Federal Energy Administration, on June 21, provided price data for March, April and May, 1976 to supplement the material which appears in Table XXII of the FEA analysis. There is no indication that this data was unavailable at the time that the FEA communication regarding middle distillates was transmitted to the Congress on June 15. The May 1976 data reveals an 8¢ per gallon differential between domestic and foreign middle distillate prices. It is clear, therefore, that the initial FEA analysis admitted a risk of only a 2¢ per gallon price increase. In reality the risks of price increases are far greater. In fact, one may safely assume that if domestic supply is inadequate to satisfy demand (as comparison of revised demand projections with FEA's original supply forecast indicates) and middle distillates are not price controlled, the price of domestic middle distillates will rise by approximately 20% to the world market level.

2. Potential macroeconomic impacts

Should FEA's forecast of adequate distillate supplies hold true, no significant impact on distillate price is expected to occur. But, if U.S. demand significantly exceeds domestic supply, decontrolled middle distillate prices may be expected to rise to the import price. Upon careful examination of FEA's forecasts, a scenario of significant excess demand and import dependence lies within the range of plausibility.

Middle distillate demand projected at between 3.1 and 3.4 million barrels per day for 4.9 billion gallons per year) will lead to a cost of more than $490 million per year to consumers for each cent of distillate price increase. This demand-pull inflationary impact on distillate prices would not be expected to signficantly increase domestic petroleum production, since added revenues would go to refiners and marketers rather than domestic producers.

Differentials between the U.S. and world price for distillates vary considerably from month to month. Over the long range, however, this differential appears to be in the neighborhood of 6 cents to 7 cents per gallon. The associated potential economic impact of exempting middle distillates from price controls, should a shortage drive U.S. prices to the world level would be as much as $3.4 billion reduction in real GNP. The average increase in a family's heating oil bill would be $113. And because households would have less disposable income to spend on goods and services other than fuel oil, demand for all products will decline. Adverse employment consequences could raise the unemployment rate by .13%, reflecting a loss of nearly 130,000 jobs.

Mr. KENNEDY. Mr. President, I want to state very clearly that my vote in opposition to the resolution of disapproval now before us is based on a belief that the current system of controls is not providing the lowest possible price to New England consumers nor is it protecting the independent segment of the market.

With these controls, we have seen substantial profits for the major oil companies as the price regulations and allocation requirements have come to provide them with special benefits. In addition, under current rules, many of them have been able to store away "banked costs" which they will be passing on to consumers in the future. The removal of controls insures that competition among retailers will prevent those passthroughs to home heating oil.

In addition, the independent home heating oil dealers, whose existence insures some protection for consumers from the manipulations of the major oil companies, have spoken out clearly that they are now faced with the composite of regulations and inequitable enforcement placing them at a disadvantage in being able to acquire the lowest priced fuel available.

Their view is that being freed from allocation controls will permit them to shop around for the lowest priced supply, and then to passthrough these lower prices to consumers.

The statistics that FEA provided following its hearings on this decontrol proposal and the statistics of the Petroleum Research Institute confirm the existence of an adequate supply of distillate oil for this winter.

But even with these assurances and the likelihood of adequate supplies, I urged FEA to provide as part of its proposal a safety net for both consumers and independent home heating oil dealers.

Unfortunately, they did not. However, FEA Administrator Frank Zarb has now agreed to issue regulations establishing such a safety net, both to assure a trigger that will prompt action to reduce prices if they begin to rise beyond the normal seasonal level and to provide a supply in the event of any area or independent dealer running short.

What is most important is that this trigger will not be a national trigger alone. It also will be a regional trigger that will produce action to reduce prices within a given area, such as New England or the upper Midwest, if prices in that region hit the trigger. Also the regulations will establish a set-aside, similar to the State set-aside now in the allocation program, for any cases where individual independent companies or consumers are unable to obtain their normal supply.

With these assurances, and I ask unanimous consent to print both letters in the Record, I intend to vote against the resolution of disapproval.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Federal Energy Administration,
Washington, D.C., June 30, 1976.
Hon. Edward M. Kennedy,
U.S. Senate,
Washington, D.C.

Dear Senator Kennedy: In my letter of June 25, 1976, a copy of which is attached, I described the standby price and allocation measures that the Federal Energy Administration (FEA) will have in place by the end of July if Congress allows middle distillates to be exempted from regulatory controls. Since that letter was written, these standby measures have been discussed in greater detail with a number of Senators and Congressmen and in congressional hearings. In order to keep you fully appraised of our intentions in this regard and to assist in your consideration of Energy Actions Numbers 3 and 4, I wish to inform you of these discussions.

Of primary concern in this connection is the fact that FEA's contingency system will be structured in a manner which assures that no particular region of the country is disadvantaged relative to others. For example, apart from normal regional and seasonal variations, price reductions in one section or area of the country would not be permitted to offset price increases in other sections of the country in calculating comparisons with the index (i.e., the projected price under controls plus 2 cents per gallon) outlined in my letter of June 25. Thus, prices will be monitored at regional as well as national levels and the actions outlined in the June 25 letter taken not only if the national prices exceed the index, but also if regional prices exceed the index. Tne base from which these comparisons will be made will be actual June 1976 selling prices in order to fully protect the interests of consumers.

I have also made it clear in these discussions that the allocation contingency plan designed to protect independent marketers as they return to the unregulated market will operate in a highly expedited fashion, and that the regulations necessary to implement this standby program will be in place by the end of July. FEA regional and national offices will take timely action to make supply assignments from the "set aside" and assure deliveries through vigorous and rapid enforcement actions where required.

Although most of these points were covered in my June 25 letter and testimony given before committees of both Houses of the Congress, I hope these further elaborations will adequately clarify questions that have arisen and reassure all concerned that consumers' interests and those of independent marketers will be protected upon implementation of Energy Actions Numbers 3 and 4. By its commitment to these measures, FEA has provided adequate assurance that restoration of effective competition to middle distillate markets will in no way expose consumers to the possibility of unjustified price increases.

Sincerely,

Frank G. Zarb,
Administrator.

Federal Energy Administration,
Washington, D.C., June 25, 1976.
Hon. Edward Kennedy,
U.S. Senate,
Washington, D.C.

Dear Senator Kennedy: The Federal Energy Administration (FEA) has recently been asked for additional information regarding its contingency plan for middle distillate prices in the event Energy Actions 3 and 4 are not disapproved by the Congress. The key element of the contingency plan are:

A quick response monitoring system that will compare actual prices on a weekly basis with estimates of what they would have been if regulatory controls were still in effect;

A series of automatic steps that will immediately unfold if prices in the decontrolled market exceed by 2 cents the estimate of what they would have been with continued controls; and

An emergency allocation system to insure that no marketer loses his supplies without adequate time to arrange a new supplier.

Each of these aspects of the overall plan is explained in greater detail in the following.

The price monitoring system will include not only the comprehensive statistical reporting systems that FEA has in place, but also a telephone survey of scientifically selected samples of jobbers and dealers and of those refiners accounting for a majority of middle distillate production. With these mechanisms FEA will track price trends at the refinery, wholesale, and retail levels on a monthly basis during April through September and on a weekly basis during October through March. From this up-to-date data on price and sales volumes, FEA will monitor price trends, both regional and national, and will make a weekly computation during the heating season of the weighted average price of middle distillates.

This estimate will be compared to a projection of what price trends would have been under continued regulation. This projection will be generated by taking into account three principal factors:

(1) The current level and projected in-

crease in the cost of crude oil under the provisions of the Energy Policy and Conservation Act and incorporating projections of the increased dependence on imports and imported crude prices.

(2) An index that best reflects the increased cost of doing business for refiners and marketers. The specific index to be used will be selected after an evaluation of comments as to the appropriateness of alternative indices to be considered at the public hearings.

(3) A seasonal pattern of price variations derived from an analysis of the years 1968 to 1972 inclusive. This will provide a long enough period of reasonable market conditions to establish an appropriate pattern of seasonal variations to be expected without controls.

We will have these two systems in place and operational by the end of July this year as a result of an expedited rulemaking. We will, of course, begin immediately to collect data from available sources and do our preliminary computations during the public hearings and rulemaking process so that we would have at least preliminary bench-mark values even before the end of July.

Any time the estimate of actual prices exceeds the projections of regulated prices by more than 2 cents per gallon, we will hold public hearings within 10 days to determine the causes of such an increase and to solicit comments on various actions necessary to restore average prices to levels at or below those reflected in the index within no more than one month.

Among the options available to FEA for accomplishing this result are: reimposition of complete allocation and price controls over the entire industry, imposition of partial sets of allocation or price controls over the entire industry, imposition of full or partial controls over certain segments of the industry, and modification of FEA's entitlements program to reduce the cost of imported middle distillates. In any event, FEA will take within ten days of completion of the hearings such action as may be required to restore prices within a month to levels at or below those reflected in the index.

We cannot, of course, specify in advance exactly what action we will take since we have no way of knowing what type of contingency may develop that will require corrective action. As you know, we see no problems in the market with supply or prices at the current time, but if some unforeseen problem does develop we can and will fashion an appropriate remedy immediately.

Since no single action can appropriately respond to all contingencies, it is far better to base the action on the facts and circumstances at the time so as to be sure that it will remedy the problem with the least interference with other objectives. It would be both unnecessary and unwise, for example, to reimpose controls over the entire industry if we found that the price increase problem was limited to the refining sector. Even then, depending on why refinery prices were rising, it might be more effective to grant entitlements to distillate imports than to reimpose price controls on refiners and run the risk of reducing production.

To assure that no marketer is placed in a position of not having a reasonable time to arrange for supplies, FEA will promulgate a proposed rulemaking immediately after the exemption is effective to establish a "set-aside" reserve of supply that would be used throughout the coming heating season for assignment to those few marketers who are temporarily unable to find a supplier after demonstrated good faith efforts to do so. Such marketers would be assigned as much as their currently authorized base period volumes from the FEA set-aside for up to 90 days if required to permit them to make their own supply arrangements or for longer if required to preclude hardship to consumers. This provision, expected to be used only infrequently, provides a "safety net" to preclude the process of decontrol itself from imposing unduly sudden transitions on any individual marketer. By giving him a reasonable time to locate a willing supplier, it assures him a fair chance to make his own way in a free market.

FEA will continue to monitor and report to Congress on market share trends in the industry. In the event of sharp swings in market shares or widespread problems of supply cutoffs that appear to be contrary to the Emergency Petroleum Allocation Act (EPAA) objective of preserving the competitive viability of the independent sector of the industry, FEA will immediately convene public hearings to determine the necessity for reimposing controls or if required will take whatever emergency action is deemed appropriate before convening hearings.

In any case, you may be assured that FEA is fully cognizant of its responsibilities under the Emergency Petroleum Allocation Act and that it will take whatever action is required to see that the objectives set out in that Act are in fact realized to the maximum practicable extent.

I hope you find this information helpful. If I can be of further assistance, please let me know.

Sincerely,

Frank G. Zarb,
Administrator.

Mr. LEAHY. Mr. President, with this vote Energy Actions 3 and 4, removing all price and allocation controls from home heating oil, diesel fuel, and other middle distillate refined petroleum products will become effective at midnight tonight.

The last time price controls were removed from heating oil in January 1973, domestic prices in New England alone quickly increased as import prices spiraled upward. Now, the FEA has developed an elaborate set of "findings and views" to persuade the public that the 1973 experience will not be repeated.

The fact of the matter is that decontrol could have a devastating effect on Vermont consumers. The average New England household uses between 1,800 and 2,200 gallons of heating oil annually. The FEA has assured us that a so-called "trigger" mechanism will be set up to protect consumers from sudden price increases.

However, even with that precaution Vermonters at the very minimum could incur increased costs of at least $36 per household before FEA would be required to begin to take action that might result in relief, and a maximum of $146 per household if prices were allowed to rise to the world market level. Statewide, the cost could be at least $4 million and as much as $16 million.

Vermont has a different energy consumption pattern than the other States in the New England region. Our per capita distillate consumption is considerably higher than that of the other five New England States and much of the rest of the United States. It is similar to that in other rural, more sparsely populated States throughout the Nation.

We in Vermont have always been at the end of the energy supply line. While some assert that FEA's price and allocation control regulations have restricted competition, we must also remember that the controls have also assured Vermonters of a reliable supply of home heating oil.

Because of the recession and unusually mild weather this past winter, we had ample supplies of crude oil and as a result, middle distillates. But the recession is subsiding, and as the economy improves, the consumption of crude oil will rise proportionately. FEA wants to end price and allocation controls on the grounds that a sufficient supply of middle distillates is available and that demand for them will not increase significantly. However, should either or both of these assumptions prove incorrect, Vermont consumers may suffer.

Mr. President, when Congress passed the Energy Policy and Conservation Act last year, they placed the burden of proof for taking actions of the kind proposed by the FEA on that Agency. I have yet to be convinced that decontrol will not adversely affect Vermont consumers and those in other States with similar energy consumption patterns.

Mr. President, an excellent editorial in the June 29 edition of the Barre Montpelier Times Argus cogently and concisely assesses the effects that decontrol is likely to have on my State. I ask unanimous consent that the editorial be inserted in the Record.

I strongly regret this action of the Senate.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Keeping Controls

Vermonters would be well advised to soak up all the sunshine they can find this summer, because it's likely to be a cold fall and winter with home thermostats turned down to survival level. Barring a dramatic last-minute reprieve, federal price controls on home heating fuel are scheduled to be lifted, and consumers' monthly bills will depend on "the market place."

Anyone with a few Vermont winters under his belt knows that counting on the marketplace to keep fuel prices down is a shaky bet.

Vermont's two U.S. senators have begun a campaign to put congressional pressure on President Ford to head off the price decontrol action, but it now appears that betting on success of that effort would be even more risky than counting on the marketplace.

If there's any hope at all, though, of heading off the decontrol action, this state and the rest of New England must put on a united front.

For that reason it was surprising that Vermont's own energy chief, Forrest Orr, said he wasn't sure decontrol of oil prices would be a bad move. He didn't actually endorse the notion of decontrol, but Orr said he is "ambivalent" on the issue.

He may be the only Vermonter who doesn't have a firm stand. The Vermont senators figure decontrol could cost the average consumer in this state $130 a year. Most people very likely will feel only one way about that—bitter.

Orr suggested he would be willing "to gamble" that without controls, "the marketplace" would keep oil prices down. In light of past experience, not many other homeowners in Vermont will be willing to make that $130-a-year gamble. Most of us carry clear memories of the winter of 1973, which Sens. Stafford and Leahy recalled Monday was the last time price controls were removed. At that time, they said in urging Congress to oppose decontrol of oil prices, "domestic prices in New England alone quickly increased as import prices spiraled upward."

The situation is different now, Orr argued, because there's no apparent shortage of supplies. Without controls, he suggested, local distributors could shop around and find bargains rather than being locked into taking a specified amount of oil from specified suppliers.

It could happen that way, but the energy chief shouldn't be surprised if the suggestion is greeted with some skepticism in Vermont. Experience here has been that when oil is involved, "the free marketplace" somehow never seems very free.

The movers and shakers in the oil industry never have paid much attention to pressure from the oil-barren Northeast, generally taking a take-it-or-leave-it attitude about the oil they send us. If the federal government stops controlling home heating oil prices, it seems probable that the oil industry will step into that vacuum and take control itself. If so, a pricehike seems as certain as campaign speeches on Labor Day.

Orr argued that if oil prices do rise, the federal control mechanism would still be in place and could be revived if necessary. It could only be revived, though, if the White House and the Federal Energy Administration wanted, and there's certainly no guarantee that cries from the Northeast would be heard at that level.

By November a new President will have been chosen, and he won't be from the Northeast. New England congressmen and consumers probably would find that a new Administration with four years before reelection time would have even less sympathy for their economic problems than the candidates now stumping for votes.

Therefore, now seems to be the time to stop the decontrol plan if it's possible to stop at all, and a solid front attack from New England seems the only reasonable tactic.

Mr. BROOKE. Mr. President, the issue of decontrolling home heating oil and other middle distillates has raised new questions about the market for oil industry products. In 1973, the Congress created a price control system to meet the oil embargo emergency. That system, which is still in effect today, set up an allocation process which assigned home heating oil dealers to the suppliers they had in 1973. It also established a price ceiling which rose gradually with inflation.

Today, however, this system seems to be obsolete. There has been a surplus of home heating oil and some excess capacity in our refineries. But, because independent dealers who serve our households are tied to suppliers, there is no competition, which could lower prices. The dealers cannot "shop around." Furthermore, prices are substantially below the permitted price ceiling. Indeed, in the summer months, prices might drop even lower, as they did before price controls, except that this system seems to have locked them in place. As a result, this year dealers are not stocking up in the summer with winter supplies, as they usually do. And without any question, allocation and price controls have hurt the independent dealer but have caused little damage to the profits of the major oil companies.

The proposal for decontrol is difficult for all of us who are concerned about consumer prices for energy. While there are many competent studies that give us assurances that we will see lower prices resulting from free market competition and from the reduction in the terrible burden of paperwork that FEA regulations have imposed on the dealers, we are still determined that we must absolutely assure that there be no sudden price increases.

The fact is that, even under the price control system, prices will rise with inflation. There will not be any long term downward trend in home heating oil prices, no matter what. But while we must insure that prices do not rise more under any new system than they would have under the existing price control system, it would be inappropriate to insist that the traditional price control solution is the only way.

Therefore, to assure that the consumer is protected, I and others of my colleagues have persuaded the FEA not to propose decontrol, but rather a suspension of price controls. We have received the preliminary plan for establishment of a backup system for reimposing price controls if home heating oil prices rise significantly above what they would under price controls. Let me emphasize, Mr. President, that there is no reason to believe this will happen. But the consumers must be protected.

Under the procedures which I believe will protect the consumer, the FEA will monitor prices, and if they rise more than 2 cents per gallon above the level they would attain under price controls, the FEA will take any of several steps which we have specified to bring those prices back down within 1 month.

Mr. President, I ask unanimous consent that two letters from Mr. Frank Zarb, the Administrator of the FEA, to me which detail the safeguards we have set up during this suspension of price controls be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BROOKE. Mr. President, these steps, I am convinced, guarantee that, if some entirely unexpected economic event occurs which might affect heating oil prices, our consumers will be fully protected. In the meantime, I am confident that the reestablishment of a free and competitive market for our most vital energy supplies is the best protection for New England users of heating oil.

EXHIBIT 1

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 25, 1976.

Hon. EDWARD BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: The Federal Energy Administration (FEA) has recently been asked for additional information regarding its contingency plan for middle distillate prices in the event Energy Actions 3 and 4 are not disapproved by the Congress. The key elements of the contingency plan are:

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Each of these aspects of the overall plan is explained in greater detail in the following.

The price monitoring system will include not only the comprehensive statistical reporting systems that FEA has in place, but also a telephone survey of scientifically selected samples of jobbers and dealers and of those refiners accounting for a majority of middle distillate production. With these mechanisms FEA will track price trends at the refinery, wholesale, and retail levels on a monthly basis during April through September and on a weeky basis during October through March. From this up-to-date data on price and sales volumes, FEA will monitor price trends, both regional and national, and will make a weekly computation during the heating season of the weighted average price of middle distillates.

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(1) The current level and projected increase in the cost of crude oil under the provisions of the Energy Policy and Conservation Act and incorporating projections of the increased dependence on imports and imported crude prices.

(2) An index that best reflects the increased cost of doing business for refiners and marketers. The specific index to be used will be selected after an evaluation of comments as to the appropriateness of alternative indices to be considered at the public hearings.

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Among the options avaliable to FEA for accomplishing this result are: reimposition of complete allocation and price controls over the entire industry, imposition of partial sets of allocation or price controls over the entire industry, imposition of full or partial controls over *certain segments* of the industry, and modification of FEA's entitlements program to reduce the cost of imported middle distillates. In any event, FEA will take within ten days of completion of the hearings such action as may be required to restore prices within a month to levels at or below those reflected in the index.

We cannot, of course, specify in advance exactly what action we will take since we have no way of knowing what type of contingency may develop that will require corrective action. As you know, we see no problems in the market with supply or prices at the current time, but if some unforeseen problem does develop we can and will fashion an appropriate remedy immediately. Since no single action can appropriately respond to all contingencies, it is far better to base the action on the facts and circumstances at the time so as to be sure that it will remedy the problem with the least interference with other objectives. It would be both unnecessary and unwise, for example, to reimpose controls over the entire industry if we found that the price increase problem was limited to the refining sector. Even then, depending on why refinery prices were rising, it might be more effective to grant entitlements to distillate imports than to reimpose price controls on refiners and and run the risk of reducing production.

To assure that no marketer is placed in a position of not having a reasonable time to arrange for supplies, FEA will promulgate a proposed rulemaking immediately after the exemption is effective to establish a "set-aside" reserve of supply that would be used throughout the coming heating season for assignment to those few marketers who are temporarily unable to find a supplier after demonstrated good faith efforts to do so. Such marketers would be assigned as much as their currently authorized base period volumes from the FEA set-aside for up to 90 days if required to permit them to make their own supply arrangements or for longer if required to preclude hardship to consumers. This provision, expected to be used only infrequently, provides a "safety net" to preclude the process of decontrol itself from imposing unduly sudden transitions on any individual marketer. By giving him a reasonable time tc locate a willing supplier, it assures him a fair chance to make his own way in a free market.

FEA will continue to monitor and report to Congress on market share trends in the industry. In the event of sharp swings in market shares or widespread problems or supply cutoffs that appear to be contrary to the Emergency Petroleum Allocation Act (EPAA) objective of preserving the competitive viability of the independent sector of the industry, FEA will immediately convene public hearings to determine the necessity for reimposing controls or if required will take whatever emergency action is deemed appropriate before convening hearings.

In any case, you may be assured that FEA is fully cognizant of its responsibilities under the Emergency Petroleum Allocation Act and that it will take whatever action is required to see that the objectives set out in that Act are in fact realized to the maximum practicable extent.

I hope you find this information helpful. If I can be of further assistance, please let me know.

Sincerely,

FRANK G. ZARB,
Administrator.

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 30, 1976.

Hon. EDWARD BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: In my letter of June 25, 1976, a copy of which is attached, I described the standby price and allocation measures that the Federal Energy Administration (FEA) will have in place by the end of July if Congress allows middle distillates to be exempted from regulatory controls. Since that letter was written, these standby measures have been discussed in greater detail with a number of Senators and Congressmen and in congressional hearings. In order to keep you fully appraised of our intentions in this regard and to assist in your consideration of Energy Actions Numbers 3 and 4, I wish to inform you to these discussions.

Of primary concern in this connection is the fact that FEA's contingency system will be structured in a manner which assures that no particular region of the country is disadvantaged relative to others. For example, apart from normal regional and seasonal variations, price reductions in one section or area of the country would not be permitted to offset price increases in other sections of the country in calculating comparisons with the index (i.e., the projected price under controls plus 2 cents per gallon) outlined in my letter of June 25. Thus, prices will be monitored at regional as well as national levels and the actions outlined in the June 25 letter taken not only if the national prices exceed the index, but also if regional prices exceed the index. The base from which these comparisons will be made will be actual June 1976 selling prices in order to fully protect the interests of consumers.

I have also made it clear in these discussions that the allocation contingency plan designed to protect independent marketers as they return to the unregulated market will operate in a highly expedited fashion, and that the regulations necessary to implement this standby program will be in place by the end of July. FEA regional and national offices will take timely action to make supply assignments from the "set aside" and assure deliveries through vigorous and rapid enforcement actions where required.

Although most of these points were covered in my June 25 letter and testimony given before committees of both Houses of the Congress, I hope these further elaborations will adequately clarify questions that have arisen and reassure all concerned that consumers' interests and those of independent marketers will be protected upon implementation of Energy Actions Numbers 3 and 4. By its commitment to these measures, FEA has provided adequate assurance that restoration of effective competition to middle distillate markets will in no way expose consumers to the possibility of unjustified price increases.

Sincerely,

FRANK G. ZARB,
Administrator.

TAX REFORM ACT OF 1976

The **PRESIDING OFFICER.** The Senate will now resume consideration of H.R. 10612, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

Mr. INOUYE. Mr. President, I wish to call to the attention of my colleagues section 806 of the Tax Reform Act. I commend Chairman LONG and the Finance Committee for including this provision in H.R. 10612.

The section would clarify that fishing and merchant vessels acquired with capital construction funds under the Merchant Marine Act of 1970 are eligible for the investment tax credit. It would eliminate a longstanding ambiguity in existing law that is an unintended obstacle to investment in such vessels. Moreover, it would provide a measure of tax equity to the citizens of Hawaii and other areas dependent on vessel transportation by directly addressing an issue of great concern: the rapidly escalating capital cost of ships and resulting freight rate increases.

This is not the first time that the Senate has acted on this matter. In the last session, the Senate passed legislation (S. 1542) amending the Merchant Marine Act to accomplish the same result as would now be accomplished by the Tax Reform Act. I supported that measure in the Committee on Commerce and it was adopted by the Senate without objection. The House conferees unanimously stated that they favored the provision on the merits. However, they were unable to agree to the provision in conference because of a technical jurisdictional question in the House (H. Rept. 94–175). At that time, it was determined that the matter should be resolved as an amendment to the Internal Revenue Code, and that is the action now taken by H.R. 10612.

Some explanation of the background of this provision and of its importance to Hawaii may be helpful.

CAPITAL CONSTRUCTION FUNDS

In 1970, the Congress, with only two dissenting votes, enacted a program to encourage private investment in the revitalization of our fisheries and merchant fleets. One of the primary incentives in that program was the capital construction fund—CCF. The CCF is a form of cost recovery, much like accelerated depreciation, pursuant to which a vessel owner or operator enters an agreement with the Secretary of Commerce to establish reserve funds out of vessel income to build or purchase agreed-upon vessels. Earnings deposited in the fund are not immediately taxed. However, when the funds are withdrawn from the CCF to purchase a vessel, the amount of depreciation deductions for tax purposes permitted the vessel is reduced by exactly the same amount as the amount of CCF funds used. The CCF does not provide a double cost recovery since it is used in lieu of, and as a substitute, for depreciation. Ultimately, the same amount of deductions are taken and the same amount of taxes are paid as if there were no CCF and some other form of depreciation were used.

Mr. President, the CCF is an incentive to vessel construction because it can provide a faster cost-recovery than some of the depreciation methods set forth in the Internal Revenue Code; for example, in a typical case, 9½ years instead of 14½ years. However, this slightly faster rate of recovery is offset by several restrictions: First, the funds must actually be deposited pursuant to an agreement with the Secretary and can only be used for the specified purposes; second, unlike depreciation, the CCF only applies to vessel earnings and cannot be utilized to shelter nonrelated income; and third, if the funds are withdrawn for any nonqualified purpose, the full tax plus interest is due.

Enactment of the CCF was an attempt to attract capital investment to a sector that has historically received very low return on investment, but where the national security and national interest mandate continued American presence. It has been repeatedly recognized that the CCF is very modest in comparison with the tax incentives provided by foreign nations to their own merchant fleets which compete with the U.S. fleet (for example, S. Rept. 94–96).

The CCF incentive was provided to the "noncontiguous trades"—Hawaii, Alaska, and Puerto Rico—because it was recognized that these areas are almost totally dependent on vessels for the movement of interstate commerce (S. Rept. 91–1080, p. 32). Unlike many of the contiguous mainland States which derive great economic benefits from Federal assistance for railroads, inland waterways, and highway systems, the citizens of Hawaii receive no significant Federal financial assistance for the long-haul segment of their interstate transportation system. This is an important factor in making the cost of living in Hawaii extraordinarily high. The CCF was a modest effort to assist in dealing with this problem.

INVESTMENT TAX CREDIT

Unfortunately, at the time the CCF was enacted in 1970, the investment tax credit was not in effect. It had been repealed in 1969 and was not reenacted until 1971. Consequently, the two statutes do not specifically interface. For the past 5 years, there has been a disagreement between the Internal Revenue Service and the maritime and fisheries agencies charged with administering capital construction funds as to whether the investment tax credit is available for CCF-built vessels. As a result, regulations on the issue have not been promulgated. I am advised that taxpayers are taking the investment tax credit on CCF-built vessels and that the IRS has not assessed additional tax. However, there is no question that the uncertainty impedes investment.

There is likewise no question in my mind that the position taken by the Senate Finance Committee and earlier by the Maritime Administration, National Marine Fisheries Service, Senate Commerce Committee and full Senate on S. 1542, and House conferees on S. 1542, is correct. The CCF was not intended as a substitute for the investment tax credit, which is an incentive to investment and capital formation applicable throughout the economy. In general, the 10-percent reduction in capital costs that results from the investment credit applies to the full cost of property, even though that cost is recovered through depreciation.

The credit should be equally applicable to vessels since the CCF is a method of cost recovery like accelerated depreciation.

To deny the investment tax credit to CCF-built vessels is to reverse the intent of Congress when the CCF was enacted in 1970. It creates a disincentive to investment in such vessels. This is because the 10-percent reduction in capital costs provided by the credit is a substantial benefit and applies to virtually all long-term capital assets. Any investment which is singled out as not eligible to receive the credit is penalized since its after-tax cost is higher than that of alternative investments.

The revenue effect of section 806 is not large. If treated as a clarification of existing law, there is no revenue effect at all. Even if one assumes that the existing law does not provide the investment tax credit for vessels built with CCF funds, the loss of revenue on a current basis has been estimated by the Treasury and the Finance Committee as only $21 million.

The effect, however, on Hawaii is significant. Unquestionably, the greatest upward pressure on ocean freight rates in recent years has been the escalating capital cost of vessels. A modern container ship delivered in 1970 for the Hawaii service cost $21 million. A vessel now on order for delivery in 1978 will cost $58 million. If the 10-percent investment tax credit is applied, as it is to nearly all other capital investments in the economy, the cost of that vessel will be reduced by $5.8 million. The effect on Hawaiian consumers who must pay for that vessel through freight rates is clear.

The freight rate burden borne by Hawaiian consumers is already too great. There is no reason to compound that burden and increase the capital cost of the vessels serving our State by denying a tax incentive that is available throughout the economy generally. To do so would be discriminatory.

Moreover, stability of freight rates and service to Hawaii is completely dependent on private investment in replacement vessels. Newly constructed vessels, which are larger and faster than those which they replace, offer substantial improvements in productivity and are a means of offsetting other inflationary factors that affect freight rates. The existing uncertainty of the availability of the investment tax credit for CCF-built vessels positively discourages such needed investment.

Again, I commend Chairman Long and the Finance Committee for acting on this matter in section 806 of H.R. 10612. I urge my colleagues to support the measure.

AMENDMENT NO. 1988

The PRESIDING OFFICER. Pursuant to the order, the Senate will proceed to the consideration of the amendment of the Senator from Wisconsin, which the clerk will state.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. Nelson) proposes an amendment No. 1988, for himself, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, Mr. Mondale, and Mr. Proxmire.

The amendment is as follows:

In lieu of the language proposed to be inserted by the committee amendment for title XI, insert the following:

"Sec. 1101. Amendments Affecting DISC.

(a) In general.—Section 995 (relating to taxation of DISC income to shareholders) is amended—

(1) in paragraph (1) of subsection (b) thereof, by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, by striking out "and (C)" in subparagraph (E) (as so redesignated) and inserting in lieu thereof "(C), and (D)", and by inserting after subparagraph (C) the following new subparagraph:

"(D) the taxable income for the taxable year attributable to base period export gross receipts (as defined in subsection (e)),";

(2) in paragraph (2)(B) of subsection (b) thereof, by striking out "more than the number" and inserting in lieu thereof "more than twice the number"; and

(3) by adding at the end thereof the following new subsections:

"(e) Definitions and Special Rules Relating to Computation of Taxable Income Attributable to Base Period Export Gross Receipts.—

"(1) Taxable income attributable to base period export gross receipts.—For purposes of this section, the taxable income attributable to base period export gross receipts shall be an amount equal to that portion of the taxable income of a DISC which—

"(A) the amount of the adjusted base period export gross receipts, bears to

"(B) the amount of the export gross receipts of the DISC for the taxable year.

"(2) Adjusted base period export gross receipts.—For purposes of this section, the term 'adjusted base perod export gross receipts' means 75 percent of the average of the export gross receipts of the DISC for taxable years during the base period (as defined in paragraph (4)). For purposes of the preceding sentence, if any property would not qualify during the taxable year as export property by reason of section 993(c)(2), gross receipts from such property shall be excluded from the export gross receipts during the taxable years in the base period.

"(3) Export gross receipts.—For purposes of this section, the term 'export gross receipts' means qualified export receipts described in subparagraphs (A), (B), (C), (G), and (H) of section 993(a)(1).

"(4) Base period.—For purposes of paragraph (2), the base period for any taxable year in any 3 of the taxable years designated by the DISC from among the taxable years beginning in the fourth, third, second, and first calendar years preceding the calendar year in which the taxable year begins.

"(5) No base period year.—If a DISC did not have a taxable year beginning in a calender year specified in paragraph (4), then for purposes of computing the adjusted base period export gross receipts such DISC is deemed to have such a taxable year and export gross receipts of zero for that year.

"(6) Short taxable year.—The Secretary shall prescribe such regulations as he deems necessary with respect to a short taxable year for purposes of computing base period export gross receipts of a DISC, or a short taxable year in which deemed distributions (as described in subsection (b)) are made, including the circumstances under which the short taxable year shall be annualized, and the proper method of annualization.

"(7) Controlled group.—If more than one member of a controlled group (as defined in section 993(a)(3)) for the taxable year qualifies as a DISC, then subsection (b)(1)(D), this subsection, and subsection (f) shall each be applied in a manner provided by regulations prescribed by the Secretary by aggregating the export gross receipts and taxable income of such DISCs for the taxable year and by aggregating the export gross receipts of such DISCs for each taxable year in the base period.

"(8) Special rule where the ownership of DISC stock and the trade or business giving rise to export gross receipts of the DISC are separated.—

"(A) In general.—If, at any time after the beginning of the base period, there has been a separation of the ownership of the stock in the DISC from the ownership of the trade or business which (during the base period) produced the export gross receipts of the DISC, then the persons who own the trade or business during the taxable year shall be treated as having had additional export gross receipts during the base period attributable to such trade or business.

"(B) Exceptions.—Subparagraph (A) shall not apply—

"(1) where the stock in the DISC and the trade or business are owned throughout the taxable year by members of the same controlled group, and

"(ii) to the extent that the taxpayer's ownership of the stock in the DISC for the taxable year is proportionate to his ownership during the taxable year of the trade or business.

"(9) DISC base period attributed through shareholders in certain cases.—

"(A) In general.—If—

"(i) any person owns 5 percent or more of the stock of a DISC (hereinafter in this paragraph referred to as 'first DISC'), and

"(ii) such person at any time during the base period of the first DISC owned 5 percent or more of the stock of a second DISC,

then, to the extent provided in such regulations as the Secretary may prescribe to prevent circumvention of the application of subsection (b)(1)(D), an amount equal to such shareholder's share of the base period export gross receipts of the second DISC shall be added to the base period export gross receipts of the first DISC.

"(B) Ownership of stock.—For purposes of subparagraph (A), the ownership of stock shall be determined under section 318.

"(f) Small DISC's.—

"(1) Adjusted taxable income of $100,000 or less.—If a DISC has adjusted taxable income of $100,000 or less for a taxable year, subsection (b)(1)(D) shall not apply with respect to such year.

"(2) Special rule.—If a DISC has adjusted taxable income of more than $100,000 for a taxable year, then the amount taken into account under subsection (b)(1)(D) shall be deemed to be an amount equal to the excess (if any) of—

"(A) the amount which would (but for this paragraph) be taken into account under subsection (b)(1)(D), over

"(B) twice the excess (if any) of $150,000 over the adjusted taxable income.

"(3) Adjusted taxable income.—For purposes of this subsection, the term 'adjusted taxable income' means the income of a DISC for the taxable year, reduced by the amounts described in subparagraphs (A), (B), and (C) of paragraph (1) of section 995(b).

"(g) Certain Transfers of DISC Assets.—If a corporation owns, directly or indirectly, all of the stock of a subsidiary and a DISC, the subsidiary has been engaged in the active conduct of a trade or business (within the meaning of section 355(b)) throughout the 5-year period ending on the date of the transfer and continues to be so engaged thereafter, and, during the taxable year of the subsidiary in which its stock is transferred and its preceding taxable year, such trade or business gives rise to qualified export receipts of the subsidiary and the DISC, then, under such terms and conditions as the Secretary by regulations shall prescribe, transfers of assets, stock, or both will be deemed to be a reorganization within the meaning of section 368, a transaction to which section 355 applies, an exchange of stock to which section 351 applies, or a combination thereof. The preceding sentence shall apply only to the extent that the transfer or transfers involved are for the purpose of preventing the separation of the ownership of the stock in the DISC from the ownership of the trade or business which (during the base period) produced the export gross receipts of the DISC."

(b) Amendment of Section 993(c)(2).—Section 993(c)(2) (relating to property excluded from export property) is amended—

(1) by striking out "or" at the end of subparagraph (B),

(2) by striking out "under section 611, or" at the end of subparagraph (C) and inserting in lieu thereof "under section 613 or 613A,",

(3) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof ", or", and

(4) by inserting after subparagraph (D) the following new subparagraph:

"(E) property which, at the time of sale, is an arms, ammunition, or implements of war designated in the munitions list published pursuant to the Mutual Security Act of 1954 (22 U.S.C. 1934)."

(c) Amendment to Section 993(d).—Paragraph (2) of section 993(d) (relating to definition of producer's loan) is amended by inserting immediately after "of property which would be export property" the following: "(determined without regard to subparagraph (C), (D), or (E) of subsection (c)(2))".

(d) Recapture of Accumulated DISC Income on Disposition of Stock in a DISC or Former DISC.—

(1) Section 995(c) is amended to read as follows:

"(c) Gain on Disposition of Stock in a DISC.—

"(1) In general.—If—

"(A) a shareholder disposes of stock in a DISC or former DISC any gain recognized on such disposition shall be included in gross income as a dividend to the extent provided in paragraph (2),

"(B) stock of a DISC or former DISC is disposed of in a transaction in which the separate corporate existence of the DISC or former DISC is terminated other than by a mere change in place of organization, however effected, any gain realized on the disposition of such stock in the transaction shall be recognized notwithstanding any other provision of this title to the extent provided in paragraph (2),

"(C) a shareholder distributes, sells, or exchanges stock in a DISC or former DISC in a transaction to which section 311, 336, or 337 applies, then an amount equal to the excess of the fair market value of such stock over its adjusted basis in the hands of the shareholder shall, notwithstanding any provision of this title, be included in gross income of the shareholder to the extent provided in paragraph (2).

"(2) Amount included.—The amounts described in paragraph (1) shall be included in gross income as a dividend to the extent of the accumulated DISC income of the DISC or former DISC which is attributable to the stock disposed of and which was accumulated in taxable years of such corporation during the period or periods the stock disposed of was held by the shareholder which disposed of such stock."

(2) Interest in a partnership holding stock in a DISC.—That last sentence of section 751(c) (relating to unrealized receivables) is amended—

(A) by striking out "(as defined in section 617(f)(2))," and inserting in lieu thereof "(as defined in section 617(f)(2)), stock in a DISC (as described in section 992(a))," and

(B) by striking out "617(d)(1), 1245(a)," and inserting in lieu thereof "617(d)(1), 995(c), 1245(a)."

(e) Rules for Allocating Distributions Made To Meet Qualification Requirements.—Paragraph (2) of section 996(a) (relating to rules for actual distributions and certain deemed distributions) is amended by adding at the end thereof the following new sentence: "In the case of any amount of any actual distribution made pursuant to section 992(c) which is required to satisfy the condition of section 992(a)(1)(A), the preceding sentence shall apply to one-half of such amount, and paragraph (1) shall apply to the remaining one-half of such amount."

(f) Amendment of Section 603(b) of Tax Reduction Act of 1975.—Section 603(b) of the Tax Reduction Act of 1975 (relating to effective date) is amended to read as follows:

"(b) Effective Dates.—

"(1) In general.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

"(2) Binding contract.—The amendments made by subsection (a) shall not apply to sales, exchanges, and other dispositions made after March 18, 1975, but before March 19, 1980, if such sales, exchanges, and other dispositions are made pursuant to a fixed contract. The term 'fixed contract' means a contract which was, on March 18, 1975, and is at all times thereafter binding on the DISC or a taxpayer which was a member of the same controlled group (within the meaning of section 993(a)(2) of the Internal Revenue Code of 1954) as the DISC, which was entered into after the date on which the DISC qualified as a DISC and the DISC and the taxpayer became members of the same group, and under which the price and quantity of the products sold, exchanged, or otherwise disposed of cannot be increased."

(g) Effective Dates.—

(1) For subsection (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1975.

(2) For subsection (b).—

(A) In general.—Except as provided in subparagraph (B), the amendments made by subsection (b) (other than paragraph (2)) shall apply to sales, exchanges, and other dispositions made after October 2, 1975, in taxable years ending after such date.

(B) Certain fixed contract sales.—The amendments made by subsection (b) (other than paragraph (2)) shall not apply to sales, exchanges and other dispositions made after October 2, 1975, but before October 3, 1978, if such sales, exchanges and other dispositions are made pursuant to a fixed contract. The term "fixed contract" means a contract which was, on October 2, 1975, and, is at all times thereafter binding on the DISC or a taxpayer which was a member of the same controlled group (within the meaning of section 993(a)(2) of the Internal Revenue Code of 1954) as the DISC, which was entered into after the date on which the DISC qualified as a DISC and the DISC and the taxpayer became members of the same group, and under which the price and quantity of the products sold, exchanged, or otherwise disposed of cannot be increased.

(C) For subsection (b)(2).—The amendments made by paragraph (2) of subsection (b) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

(3) For subsection (c).—The amendment made by subsection (c) shall apply to taxable years ending after March 18, 1975.

(4) Proration of base period in case of fixed contracts.—For purposes of determining adjusted base period gross receipts (under section 995(e)(2) of the Internal Revenue Code of 1954, as amended by this section), if any DISC has export gross receipts from export property by reason of paragraph (2)(B) of this subsection or paragraph (2) of section 603(b) of the Tax Reduction Act of 1975, then the export gross receipts of such DISC for the taxable years of the base period shall be increased by an amount equal to the amount of gross receipts which were excluded from export gross receipts during each taxable year of the base period by reason of the last sentence of section 993(e)(2) multiplied by a fraction, the numerator of which is the amount of the gross receipts in the taxable year which are export gross receipts by reason of paragraph (2)(B) of this subsection or paragraph (2) of section

603(b) of the Tax Reduction Act of 1975 and the denominator of which is the amount of total gross receipts which are excluded from export gross receipts in the taxable year by reason of subparagraph (C), (D), (E), or (F) of paragraph (2) of section 993(c) (determined without regard to paragraph (2)(B) of this subsection and paragraph (2) of section 603(b) of the Tax Reduction Act of 1975.

Mr. NELSON. Mr. President, I yield to the Senator from Louisiana.

The PRESIDING OFFICER. Will the Senator withhold? The Senate will be in order. Will Senators who are conversing kindly withdraw to the cloakrooms? The Senate will be in order.

SOCIAL SECURITY AMENDMENTS

Mr. LONG. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily and that the Senate return to the consideration of H.R. 14484.

The eligibility of a rather large number of aged people to receive SSI benefit payments will expire tonight unless we pass the bill which I now ask that we consider.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 14484) to make permanent the existing temporary authority for reimbursement of States for interim assistance payments under title XVI of the Social Security Act, to extend for one year the eligibility of supplemental security income recipients for food stamps, and to extend for one year the period during which payments may be made to States for child support collection services under part D of title IV of such Act.

The PRESIDING OFFICER. Without objection, the Senate will proceed to consideration of the bill.

UP AMENDMENT NO. 156

Mr. LONG. Mr. President, the bill has already been amended by the Senate. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. Long) proposes an unprinted amendment No. 156.

The amendment is as follows:

Strike out beginning with page 2, line 12, through page 4, line 14, and insert in lieu thereof the following:

"'(d) Upon the request of the State of California, the Secretary shall find, for purposes of the provisions specified in subsection (c) of this section, that the level of such State's supplementary payments, of the type described in section 1616(a) of the Social Security Act, has been specifically increased for any month so as to include the bonus value of food stamps, if—

"'(1) the State law, as in effect for such month specifically provides for increases in such payments on account of general increases in the level of benefits payable under title XVI of the Social Security Act in a manner designed to assure that, whatever a general increase in the level of benefits payable under such title XVI becomes effective for any month after June 1976, the amount of the State supplementary payment payable, for each month with respect to which such general increase is effective, to any individual and to any individual with an eligible spouse, will be increased by such amount as is necessary to assure that the aggregate of—

"'(A) the amount payable for such month to such individual, or to such individual with an eligible spouse, under such title XVI, and

"'(B) the amount payable for such months to such individual, or to such individual with an eligible spouse, under the State's supplementary payments program,

will exceed, by an amount which is not less than the monthly amount of such general increase, the aggregate of the amounts which would otherwise have been payable, to such individual (or to such individual with an eligible spouse), under such title XVI and under the State's supplementary payments program for such month under the State law as in effect on June 1, 1976, and

"'(2) such month is (A) the month of July 1976, or (B) a month thereafter which is in a period of consecutive months the first of which is July 1976 and each of which is a month with respect to which the conditions of paragraph (1) are met.

Mr. LONG. Mr. President, this amendment would answer the problem raised by the Senator from New York (Mr. Javits) by limiting the committee provision to the State of California. I know of no objection anywhere to that. That can resolve the problem that arose in discussion of this matter.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I want to thank Senator Long and his staff for being so helpful.

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. At the very last moment, working this out with us——

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Will Senators conversing kindly withdraw? Will staff members conversing kindly take their seats?

The Senator from New York may proceed.

Mr. JAVITS. Mr. President, I wish to thank the Senator from Louisiana and his staff, who were very helpful to us in working out this problem, which arose at the very last minute on a bill that simply had to be passed tonight. I think it was very constructive, and the solution is entirely adequate to our situation.

Mr. LONG. I thank the Senator.

Mr. President, I move that the title of the bill be amended.

RETAINING FOOD STAMP "CASH OUT" OPTION FOR CALIFORNIA

Mr. CRANSTON. Mr. President, I rise in support of the committee amendment regarding food stamp "cash out" which the distinguished floor manager (Mr. Long), the chairman of the Committee on Finance, was kind enough to present to his committee at my request on behalf of myself and my colleague (Mr. Tunney).

Mr. President, under current law, on July 1 three States, including my own State of California, will no longer be authorized to provide cash in lieu of food stamps to SSI recipients. This is because these States will no longer be in a hold harmless position, as defined in the SSI law—one of the prerequisites before a State may exercise the food-stamp "cash out" option.

While in this hold harmless status, these States have been able to "cash out" food stamps for SSI recipients by increasing the State supplementary payment—(SSP)—to include the average bonus value of food stamps. Our amendment would give these States the option to retain their "cash out" programs if they meet the following three conditions even though they lose their hold harmless status:

First, in fiscal year 1977, State law would have to provide for a $3 increase in the SSP paid to individual SSI recipients and a corresponding increase to couples.

Second, in years after fiscal year 1977, State law would have to provide for a full passthrough into the SSP level of the amount of the Federal SSI increases.

Third, if current State law provides for an SSP cost-of-living increase, the amount of such increase may not be counted in determining whether the State has met the $3 increase requirement.

Mr. President, Governor Brown of California and key representatives of the State Assembly and Senate, as well as representatives of SSI recipient organizations, have worked together to pass a bill, now awaiting the Governor's signature, that conforms to those requirements. In addition, the provisions of the committee amendments are substantially identical to those contained in H.R. 14514, which the House Committee on Ways and Means reported favorably on Monday. Thus, by taking action at this time, the Senate will be expediting congressional action in time to meet the July 1 deadline.

Mr. President, I would like to outline more fully the situation that has necessitated the legislation before us today. The Social Security Act now provides that in the case where a State supplements the Federal SSI grant, such State will be "held harmless"; that is, the Federal Government will pick up the costs of all State expenditures in excess of the State's calendar year 1972 expenditures for its aged, blind, and disabled program costs that do not result from per recipient expenditures in excess of the calendar year 1972 level of payments per recipient.

For a time, increased caseload—due to the liberalizing of SSI eligibility requirements after federalization—resulted in hold-harmless status for California. Now, with the caseload stablizing, the State faces the prospect on July 1 of losing its hold harmless protection altogether; that is, the State will be spending less in SSP than its calender year 1972 expenditures. The loss of hold harmless status on July 1 is precipitated by the

July 1 SSI cost-of-living increase brought about by the statutory indexing of the Consumer Price Index. Since federalization of SSI the Federal SSI payment has increased from $140 to $157.70 and is shortly scheduled to go up to $168.80. Each increase in the Federal SSI payment which is not fully passed-on in the State SSP reduces the amount of the SSP payment that is reimbursable to the State by HEW:

Under Public Law 93–233, food stamp eligibility is mandated for all SSI recipients except in States in a hold harmless status which provide SSP payments the level of which has been increased to include the bonus value of food stamps. If California were to lose hold harmless status, as it will on July 1 under the existing law, its 600,000 SSI recipients will automatically be eligible for food stamps. The California State Department of Benefit Payments has estimated that a switch from the system of "cashing-out" food stamps to the provision of stamps would cost the State approximately $31 million in administrative costs—with no increased benefit to recipients. In addition, representatives of SSI recipients in California tell us that their clients generally prefer to continue the present system of including the average bonus value of food stamps in the SSI/SSP check. Thus, adoption of the committee amendment to H.R. 14484 will, if accepted by the other body, allow California to continue its present "cash-out" system.

It is my understanding that this amendment would, in practical effect, benefit only California, since the other two "cash-out" States, I am advised—New York and Nevada—have opted to return to food stamps for SSI recipients.

Mr. President, I would like to thank the Chairman of the Senate Finance Committee, my good friend from Louisiana (Mr. LONG), for the tremendous service he has performed for my State in this matter. I would like also to thank especially Michael Stern and Joe Humphreys of the Finance Committee staff for their invaluable assistance on this amendment.

Mr. TUNNEY. I support an amendment approved by the Finance Committee correcting a very difficult problem in California.

On July 1, three States which have been in a "hold harmless" status under the SSI program will, because of the SSI cost-of-living increase, lose such a status and thus under current law will be required to permit SSI recipients to participate in the food stamp program. Those States affected are California, New York, and Nevada.

Under a "hold harmless" status, those States have been able to "cash out" the food stamps for SSI recipients by increasing the SSI benefit level to include the bonus value of food stamps. The provisions in the amendment would give these States the option to retain "cash out" status in certain conditions.

New York and Nevada have indicated that they want to provide food stamps to SSI recipients, and thus have begun to implement a program of food stamps for these people on July 1.

However, in California, the Governor, the State Legislature, and most of those concerned with the issue feel it would be better to continue to "cash out" food stamps for SSI recipients. The bonus value of food stamps to SSI recipients is so low, combined with the fact that only an estimated one-third of SSI recipients would be expected to utilize the food stamp program, that the Federal-State cost of administering the food stamp program for SSI recipients has been estimated to be $62 million, and the total bonus value of the food stamps would be only $24 million.

The question, then, is still what should be the conditions for a State to cash out food stamps. A compromise position which has been reached would require that:

First. In fiscal year 1977, a State would have to provide for a $3 increase in the amounts paid to individual SSI recipients and a corresponding increase to couples.

Second. In years after fiscal year 1977, a State would have to provide for a full passthrough of SSI cost-of-living increases or general increases in SSI.

Third. If current State law provides for a cost-of-living increase in the State supplementary payments, such an increase may not be counted in determining whether the State has provided for the $3 increase to individuals and the corresponding increase to couples.

The same language of this amendment was approved by the House Committee on Ways and Means as H.R. 14514. However, there are problems involved in scheduling such an amendment before July 1, the date when a food stamp program must be established in California for SSI recipients, unless there is a change in Federal law. It is imperative that action be taken on this provision.

We have assurances that the leadership of the House Ways and Means Committee will urge acceptance of this provision by the House without having to go to conference, thus expediting its enactment before July 1.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 14484) was read the third time, and passed.

Mr. LONG. Mr. President, I move that the title of the bill be amended as indicated in unprinted amendment No. 157.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The title amendment was agreed to as follows:

Amend the title so as to read: "An Act to make permanent the existing temporary authority for reimbursement of States for interim assistance payments under title XVI of Social Security Act, to extend for one year the eligibility of supplemental security income recipients for food stamps, and to extend for one year the period during which payments may be made to States for child support collection services under part D of title IV of such Act, and for other purposes.".

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to H.R. 14484.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The Senator from Wisconsin (Mr. NELSON) is recognized.

Mr. STEVENS. Mr. President, will the Senator yield 1 minute?

Mr. NELSON. I yield 1 minute to the Senator from Alaska.

SENATE CONCURRENT RESOLUTION 130—DIRECTING THE SECRETARY OF THE SENATE TO MAKE CORRECTIONS IN THE ENROLLMENT OF S. 586

Mr. STEVENS. Mr. President, I call up a concurrent resolution which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated.

The assistant legislative clerk read as follows:

Resolved by the Senate (the House of Representatives concurring)

That the Secretary of the Senate be authorized to make the following corrections in the enrollment of S. 586:

In section 7 in the inserted matter section "308(d)(3)" change the reference "(c)(3)" to "(e)(3)".

In section 7 change the word "or" at the end of the inserted section "308(1)(2)(A)" to the word "and".

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of this concurrent resolution, to clear up two errors that occurred in the passage of the coastal zone amendments measure yesterday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. For the record I want to make something absolutely clear concerning the second technical change regarding this concurrent resolution on the enrollment of S. 586. In the new section 308(1)(2)(B) added to the Coastal Zone Management Act by S. 586, the phrase "any provision of Federal law other than this section" excludes the Federal loan and guarantee provisions of the new section 308(d).

The **PRESIDING OFFICER**. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

(Later the following proceedings occurred:)

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that the action previously taken by the Senate on Senate Concurrent Resolution 130 be vitiated.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. **NELSON**. Mr. President, I yield the Senator from West Virginia such time as he may require.

ORDER OF BUSINESS TOMORROW

Mr. **ROBERT C. BYRD**. Mr. President, I rise merely to remind the Senate that the Senate will meet tomorrow at 8 a.m., and after the two leaders are recognized, the manpower training bill will be called up under the order previously entered. There is a time limitation agreement on that bill and amendments thereto, and rollcall votes could come early.

Mr. President, as far as the leadership knows, there will be no more rollcall votes today.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. **NELSON**. Mr. President, under a unanimous-consent agreement, it was agreed that the DISC amendment, sponsored by 14 Members, would become the pending business at 2 p.m. tomorrow, and that after a live quorum, there would be 1 hour, 30 minutes to a side, and a vote, and that then the pending business would be the amendment of the Senator from Oregon.

Mr. President, one of the largest tax expenditures we will consider in this tax reform debate, and certainly the fastest growing, is the substantial export subsidy provided to American exporters through the Domestic International Sales Corporation, or so-called "DISC" program.

Since 1971 we have allowed any exporter to set up what is in most cases a purely paper corporation, the DISC, as a bookkeeping conduit through which to funnel his export sales and earnings. A special accounting rule is provided to the effect that the parent producing and exporting firm which utilizes the paper DISC subsidiary may attribute one-half of its total profit from the manufacture and sale of goods to its DISC. These DISC earnings are then in turn deemed to be divided 50–50, 50 percent deemed to be passed through to the parent firm, where they are taxable, and 50 percent retained in the DISC with the benefit of indefinite tax deferral. In this way, the exporting corporation enjoys an effectively tax-free use of funds amounting to 25 percent of its total profits from production and sale of export goods.

The tax-free profits retained by the DISC are in fact entirely at the disposal of the parent corporation for use in its export activity. The principal use of DISC funds is in acquiring and holding the merchandise inventory of the parent producer corporation, as well as its overseas accounts receivable and other trade-related debts. Thus, the DISC subsidy provides essentially interest-free financing for the foreign trade component of the parent firm's business.

The tax-free DISC profits may also be loaned to the parent corporation—a so-called "producer loan"—in which case the interest paid on such a loan—parent to DISC—is deemed to be flowed through as income from DISC to parent. In these producer loans, the parent firm borrows the tax-free profits attributed to its paper subsidiary DISC, and in effect pays interest to itself on the transaction.

Without question, the DISC system of benefits provides a substantial subsidy to U.S. exporters. And, as might be expected, it has grown far beyond expectations. When it was adopted in late 1971, DISC was projected to cost $170 million by 1973. In fact, it cost $720 million in 1973 and will cost $1,580 million in fiscal 1977 according to the latest Treasury estimate. By the end of 1977, DISC will have provided over $6.6 billion in tax savings to exporting corporations. The number of DISC's has grown rapidly, from about 3,500 at the end of 1972 to about 8,500 today. Approximately 70 percent of U.S. export sales are now being channeled through DISC's.

It is occasionally argued that since the DISC program provides indefinite tax deferral rather than outright tax forgiveness, it is less of a subsidy than would appear. This is true, but only slightly so, for as every successful businessman knows, "time is money." What the DISC benefit amounts to, precisely, is an interest-free loan up to an amount equal to 25 percent of the firm's total export profits—50 percent of the firm's total export profits are attributed to the DISC, and 50 percent of these DISC profits receive indefinite tax deferral. If the cost of money is 8 percent, and $1 billion of tax-deferred funds are utilized for 8 years, the actual subsidy will amount to $460 million. And, of course, the higher the interest cost of money and the longer the period of deferral, the larger the subsidy. So there is no question that DISC has conferred a very large and rapidly growing subsidy to American exporters. The important questions are:

First, who gets this massive subsidization in the first instance?

Second, what happens to the subsidy next, that is, who benefits from it indirectly?

Third, what other indirect effects are created by this massive infusion of funds into one part of the national economy?

Fourth, and most basic of all—with an international system of flexible exchange rates, why should we subsidize exports at all?

HIGH CONCENTRATION OF DISC TAX BENEFITS

The answer to the first question is clear: extremely large multinational corporations receive the lion's share of the direct DISC export subsidy. Out of 4,162 DISC's filing tax returns in 1974, over 50 percent of total sales and total profits were accounted for by 43 companies—1 percent of the total number of DISC's.

A number of other figures from the latest Treasury Department Report on DISC also indicate the extreme concentration of direct DISC benefits to a relative handful of large corporations.

Of the 4,162 DISC's in 1974, 52 percent of the total tax benefits went to 59 corporations, each having total export sales of $100 million or more.

Over 50 percent of the total tax benefit went to just 43 firms, each reporting total export profits in 1974 of $20 million—$10 million of which is considered "DISC earnings." These 43 firms reported total "DISC earnings" among them of $1,326 million. Fifty percent of the "DISC earnings" enjoy indefinite tax deferral, and thus is currently tax-free. The 43 firms thus shared $663 million of effectively tax-free profits among them, or an average of $15,419,000 tax-free profits apiece.

Corporations with total assets of $100 million or greater accounted for 77 percent of total DISC profits and benefits.

Just 476 firms—each with total export sales of $10 million or more—received 84 percent of the total DISC benefits in 1974.

At the other end of the scale, some 2,124 small DISC firms, amounting to 54 percent of all DISC's reporting taxable income, accounted for a mere 2.3 percent of all DISC's profits; 2,911 of the DISC's reporting in 1974—69.9 percent of all active DISC's in that year—accounted for less than 5 percent of the total DISC earnings and total DISC benefits received. The DISC tax benefits of course correspond closely to DISC earnings, so it is clear that a tiny fraction of total DISC benefits are shared out among a large number of small exporters, while the great bulk of DISC benefits are highly concentrated in a few firms.

Some specific examples of the DISC benefits that have been received by some of the largest corporations in America are given on the following pages. The data are from 1975 corporation reports filed with the SEC. All of these firms are included in the "Fortune 500" list of largest industrial corporations.

DISC BENEFITS RECEIVED BY FIRMS LISTED AMONG "FORTUNE 500" LARGEST INDUSTRIAL CORPORATIONS

Parent company	1975 assets (billions)	1975 profits (millions)	1975 DISC benefit	Cumulative DISC benefits, 1972–75
General Electric	$9.8	$581.0	$63,392,000	$148,570,200
Westinghouse Electric	4.9	165.0	31,011,000	80,680,000
Eastman-Kodak	5.0	614.0	25,600,000	73,000,000
McDonnell-Douglas	2.2	86.0	14,214,632	48,943,310
E. I. DuPont	6.4	272.0	14,043,000	31,769,800
Lockheed Aircraft	1.6	45.0	13,300,000	6,410,000
Monsanto Co	3.4	306.0	13,208,900	22,825,000
Merck & Co	1.6	229.0	9,425,000	17,717,000
Union Carbide	5.7	382.0	9,200,000	23,500,000
FMC Corp	1.8	108.0	9,096,000	23,669,000
Occidental Petroleum	3.5	172.0	8,607,000	17,419,000
Boeing	1.8	76.0	8,500,000	28,200,000
Textron, Inc	1.4	96.0	7,516,000	12,390,000
Pillsbury Co	.6	31.0	7,514,000	18,991,000
Signal Cos., Inc	1.9	41.0	7,227,000	12,254,000
Northrop Corp	.5	25.0	6,780,000	9,725,000
Dresser Industries, Inc	1.4	124.0	6,741,000	10,473,000
Ingersoll-Rand Co	1.7	119.0	6,007,000	10,388,000
Caterpillar Tractor	3.4	399.0	6,000,000	15,300,000
Cook Industries, Inc	.6	22.0	5,801,000	16,173,000
Teledyne, Inc	1.1	102.0	5,700,000	9,300,000
Olin Corp	1.0	59.0	4,701,844	9,887,000
Tektronix, Inc	.3	26.0	4,385,000	10,386,895
International Harvester	3.5	79.0	4,199,000	6,805,060
United Technologies	2.7	117.0	4,000,000	16,500,000
TRW, Inc	1.7	104.0	3,870,405	6,515,400
Rockwell International Corp	2.9	102.0	3,506,000	10,199,300
Borg-Warner Corp	1.2	45.0	2,882,000	11,169,800
Raytheon	1.0	71.0	2,600,000	6,291,000
Hughes Tool Co	.4	43.0	2,475,693	4,014,755
Lykes Youngstown	1.6	57.0	4,380,000	7,403,850
Colt Industries	8.7	52.0	3,681,000	8,809,000
Warner Communications	8.0	9.0	3,400,000	6,400,000
Pullman, Inc	8.9	39.0	3,298,000	4,749,000
White Consolidated	8.5	47.0	3,167,034	6,237,677
Emerson Electric	8.5	96.0	3,092,079	5,384,239
Rohm & Haas	1.1	23.0	2,790,000	6,583,000
Cameron Iron Works	4.0	37.0	2,723,000	5,445,000
Bucyrus-Erie Co	4.5	30.0	2,626,000	4,490,000
Sundstrand Corp	5.2	22.0	2,567,000	7,221,000
Clark Equipment Co	$3.1	$5.0	$2,500,000	$5,200,000
Polaroid Corp	8.3	63.0	2,465,480	5,034,315
Union Camp	8.2	89.0	2,356,215	4,951,677
McLouth Steel Corp	3.3	6.0	2,213,000	8,513,000
SCM Industries, Inc	7.0	28.0	1,978,700	1,982,500
Carrier Corp	7.6	13.0	1,898,600	15,300,000
Cone Mills	2.7	24.0	1,589,991	2,480,993
Grt. No. Nakoosa Corp	3.3	53.0	1,551,312	4,779,823
Corning Glass Works	9.2	31.0	1,432,000	5,347,000
Harris Corp	3.7	.9	1,421,904	3,917,657
Am. Hoist & Derrick	2.7	11.0	1,413,433	2,820,926
Cessna Aircraft Co	3.2	19.0	1,383,378	4,523,110
Burlington Industries	1.6	40.0	1,345,932	2,795,932
Allis-Chalmers Corp	1.0	30.0	1,296,240	3,531,140
McGraw-Edison	.5	33.0	1,228,000	2,633,000
Stauffer Chemical	1.0	99.0	1,100,000	8,700,000
I-T-E Imperial	.4	17.0	1,077,000	1,975,000
Gould, Inc	.6	37.0	1,019,694	1,745,757
Lear-Siegler, Inc	.4	19.0	937,919	1,073,290
Willamette Industries	.4	34.0	801,000	1,301,000
Outboard Marine Corp	.4	20.0	781,000	3,774,000
Purex Corp	.3	19.0	749,840	1,632,938
Sheller Globe Corp	.2	15.0	736,587	841,832
U.S. Industries, Inc	1.0	11.0	711,626	1,903,171
Air Products & Chems	.8	54.0	707,301	1,220,898
Rexnord, Inc	.4	25.0	677,600	1,484,900
Envirotech Corp	.2	7.0	677,000	1,265,000
Cincinnati Milacron	.4	10.0	625,000	1,730,000
American Petrofina	.6	40.0	597,000	6,747,000
MacMillan, Inc	.5	3.0	596,000	1,791,000
Reichhold Chems	.2	16.0	570,000	1,651,000
Federal-Mogul Corp	.3	4.0	553,000	2,016,000
Foxboro Co	.3	20.0	545,000	1,790,000
Dan River, Inc	.3	−(3.0)	511,000	862,000
Bausch & Lomb, Inc	.3	16.0	418,000	1,039,000
Hercules, Inc	1.3	32.0	406,500	1,602,418
A.O. Smith Corp	.3	−(9.0)	397,000	1,365,000
Saxton Industries Inc	.3	6.0	394,227	637,238
Levi, Strauss & Co	.5	65.0	376,000	2,163,000
Tecumsah Products Co	.2	20.0	361,887	1,145,583
Hobart Corp	.3	19.0	52,274	497,473

RELATIVELY SLIGHT EFFECT OF DISC ON TOTAL U.S. EXPORTS

The second question posed above—what happens to the DISC tax subsidy after it has been directly received by American exporting firms—is a more interesting and more important question, and one on which a good deal of confusion has occurred.

On the one hand, the exporters themselves, backed by the administration, contend that the DISC subsidy has made a significant contribution to expanding U.S. export sales.

The argument has been made repeatedly by many of the firms receiving the DISC tax break that this has enabled them to expand their production and employment.

I have looked over the available literature, and am convinced that this argument of DISC's effectiveness in expanding export sales is vastly overdrawn. The program of DISC subsidies, beginning in 1972, coincided with the period of the greatest changes in the world trading system that have occurred in the postwar period:

Two successive devaluations of the dollar;

The elimination of the old postwar system of rigidly fixed international currency exchange rates, and its replacement by a new system of free-market adjustment through flexible currency exchange rates;

Worldwide agricultural shortages and the appearance of the Soviet Union as a major buyer on the world market; and

Worldwide economic boom conditions and soaring demand for U.S. goods.

Ironically, we began subsidizing U.S. exports at the very time the need for this sort of special stimulus was rapidly disappearing. The problem of the late 1960's—the overvalued dollar, rigid exchange rates, insufficient demand for U.S. exports, and a U.S. trade deficit—was solved radically and powerfully by the overdue devaluation of the dollar and the move to flexible exchange rates. These fundamental alterations in the world trading system lowered the price of the dollar—and the price of all U.S. exports across the board—to foreign buyers of U.S. goods, by over 17 percent on average. In terms of the German mark, dollar prices fell by 28 percent.

By contrast, even if the DISC subsidy had exerted its maximum possible effect on U.S. export expansion—through being fully passed on in price reductions to foreign purchasers of U.S. goods—its effect would have been relatively insignificant. This maximum possible price reduction in U.S. exports due to the DISC subsidy—assuming the tax savings were fully passed through to the foreign buyers—would have been no more than 1 percent by 1973, and a cumulative total price reduction on U.S. exports of only about 1.2 percent by 1975. The following table shows these comparative figures in more detail.

EFFECT OF DOLLAR DEVALUATION ON U.S. EXPORT PRICES, MAXIMUM POTENTIAL EXPORT PRICE REDUCTION ATTRIBUTABLE TO DISC, AND U.S. EXPORT GROWTH OVER SAME PERIOD

	1971	1972	1973	1974	1975
Average foreign currency exchange rate for U.S. dollars (price of dollar in terms of SDR's)	1.00	0.92	0.84	0.83	0.82
Cumulative reduction in price of U.S. dollars (and export goods generally) to foreigners since 1971 due to dollar devaluation (percent)		7.6	15.8	16.5	17.4
Cumulative reduction in U.S. export prices due to DISC, assuming maximum price effect of DISC subsidy (i.e. 100 percent pass-through of subsidy to foreigners in export price cuts) (percent)		0.7	1.0	1.1	1.2
Total U.S. exports (billions)	$44.1	$49.8	$71.3	$98.5	$107.7
Real volume of U.S. exports, (adjusted for inflation, billions of 1972 dollars)		(49.8)	(58.2)	(74.3)	(83.7)
Total U.S. imports (billions)	$45.6	55.6	69.5	100.3	96.1
Net trade balance (excess of exports over imports)	−1.4	−5.8	−1.9	−1.7	11.5

And of course, it is unlikely that the DISC subsidy was fully passed on in sales-expanding price cuts. For one thing, there was no need—demand for U.S. goods was growing fast enough anyway.

Moreover, the Treasury report for 1974 shows that our DISC-subsidized exports had a profit margin on sales that was over twice as great as the domestic profit margin on comparable goods—17.3 percent profit on DISC exports compared with 8.4 percent on domestic sales. And these are the before tax profit margins.

This also indicates the strong foreign demand for U.S. goods and the unlikelihood that the DISC subsidy was being passed on in price cuts as a means of stimulating even greater expansion in export sales.

And note what this also tells us about the DISC export subsidy itself: At the very time it was soaring in size, far outstripping original expectations, the earlier need for special subsidization of U.S. exports was rapidly disappearing. Rather than stimulating increased sales, the subsidy was simply fattening the profits of U.S. exporters—85 percent of it going to less than 500 of the largest corporate giants of American industry.

A number of candid and honest business leaders have told us exactly the same thing. For example, Lee Morgan, president of Caterpillar Tractor Co., testified before the House Ways and Means Committee:

> I would like to say in all candor that although 50.2% of Caterpillar's sales were outside the U.S. last year, and we did benefit from DISC to the extent of about $9 million on our tax bill, I am not really sure that we did anything extra in order to generate additional exports, so that . . . I agree . . . that not much has happened, at least at our company, to earn the tax deferral that has come from DISC.

A number of different estimates have been made as to the direct export stimulating effect of the DISC subsidy. The recent Treasury Report on DISC for 1974 reached the figure of $4.6 billion in increased export sales due to DISC. The Congressional Research Service, using the Treasury data but different estimating methods, concluded that the maximum possible expansion, under the most favorable assumptions, was about $1.4 billion, and easily could have been less.

The Treasury figure has been criticised by independent experts, as well as by the Congressional Research Service, for faulty methodology, and indeed it is a clearly exaggerated figure. For example, the Treasury study assumed that in those industries where DISC-subsidized exports grew faster than non-DISC exports, the favorable growth experience was entirely due to DISC. But for the equally numerous industries where non-DISC exports grew faster, the study assumed that other causes must be responsible, and so simply left these industries out of the total.

In other words, the Treasury figure of $4.6 billion export growth due to DISC is not based on all DISC's, but only on the DISC's within those industry categories that fit the hypothesis Treasury set out to demonstrate. In fact, for products comprising some 40 percent of our total exports in 1973, non-DISC exports increased faster than DISC-subsidized exports did.

The following figures, from Treasury's 1975 report on DISC—for DISC-year 1973—shows that the industries that Treasury excluded from its final figure are not insignificant:

[In percent]

	DISC exports	*All U.S. exports*
Food and kindred products	+6.0	+12.1
Tobacco products	−7.5	+8.3
Leather and leather products	+14.2	+41.6
Febricated metal products	+25.8	+31.2
Electrical equipment	+20.5	+21.7
Motor vehicles and equipment	6+.6	+16.1
Scientific instruments	+24.5	+31.7

The most careful and scholarly nonpartisan estimate of the direct effect of the DISC subsidy on U.S. export growth is the one calculated by professors Thomas Horst and Thomas Pugel. They reach a figure of $2.1 billion export expansion due to DISC in the 1974 DISC year.

This $2.1 billion estimate is endorsed by Joseph Pechman and Stanley Surrey as the most reasonable one—in terms of estimating method and crucial assumptions. It is probably the most valid and unbiased figure we have on the direct effect of the DISC subsidy in stimulating export growth.

Now compare this with the tremendous actual growth of U.S. exports in recent years, reaching $98.5 billion in 1974 and $107.7 billion by 1975.

Just the 2-year growth during the first full impact of dollar devaluation, 1972–74, amounted to $49 billion. It is obvious that DISC provided, at best, an insignificant and unnecessary addition to U.S. export growth over this period.

Given the cost of the DISC subsidy to the general taxpayer—$1 billion in calendar 1974, and growing to $1.5 billion this year—the direct benefit in export expansion due to DISC was certainly purchased at an excessively high price.

A tremendous proportion of the total DISC benefits simply go to reward major exporting corporations for doing exactly what they would be doing anyway. It is this monumental inefficiency of the DISC export subsidy that makes it probably the least justifiable of all our various tax expenditures.

INDIRECT EFFECTS OF THE DISC SUBSIDY

So far we have considered only the direct expansionary effect of the DISC subsidy for those exporting firms and industries that actually receive DISC benefits. The Treasury report on DISC notes repeatedly that it made no attempt to estimate the indirect effects of DISC for the other American industries affected by foreign trade—our numerous import-competing industries. And all the other estimates so far considered also refer to the direct effects of DISC on the export sector only.

Once the indirect effects of the DISC subsidy are also allowed for, it soon becomes clear that its beneficial direct effects are almost totally nullified under the new system of free-market adjustments in trade working through the international currency exchange rates.

The overall outcome is very close to being a wash for the economy as a whole:

The overall net balance of trade of the country cannot be much affected by DISC, since any expansion of exports it does bring about will be quickly countered by an offsetting expansion of imports as well.

The overall condition of our industry cannot be much improved, and on balance may even be hurt, since the large majority of our domestic producers are in "import competing" industries. These producers will suffer increased competition from imports to approximately the same extent that DISC succeeds in expanding exports, and as a direct result of it.

Finally, and by the same token, our overall national employment level cannot be improved by the expansion of our exports, and in fact is very likely to be adversely affected, since the import-competing industries that are hurt—consumer durables and nondurables generally—tend to be much more labor-intensive than the high-technology exports and specialized agricultural products that are helped by DISC.

How does this apparently dismal overall outcome of the DISC subsidy come about? The important point is that under a system of free-market adjustment through flexible exchange rates, any effective stimulation provided to exports will start raising the price of the dollar in terms of foreign currencies. Foreign buyers of our subsidized and presumably expanded exports will have to bid for more dollars to buy these exports, and the dollar rate of exchange will automatically rise. In point of fact, the dollar has appreciated in the foreign currency markets in recent months.

But this increased valuation of the dollar compared to other currencies, also means that all imports to the United States are now cheaper than before, and consequently, more foreign goods will be imported into the country than before. American consumers may gain some benefit from the now cheaper foreign imports, but our import-competing industries—and the employment they support—will clearly suffer.

Thus, our imports will expand fairly rapidly, through the demand and supply adjustments in international trade and currency markets under the system of flexible exchange rates—as a consequence of the artificial subsidization of our export trade. This is an indirect consequence of the DISC export subsidy, but it is an automatic and relatively rapid free-market adjustment process. The whole virtue of flexible exchange rates is precisely that they allow this kind of free-market adjustment process to work.

So any special stimulus that the DISC subsidy does provide to U.S. exports will, almost simultaneously, be stimulating more imports into the country as well. The benefit of the subsidy to our exporters and their workers will be matched by the injury it causes at the same time to our import-competing industries and their workers.

Lawrence Krause, now at Brookings and one of the country's leading international trade economists, has described the indirect effect this way:

> To the degree that DISC favors American exporters, it disadvantages American import-competing industries.
>
> The penalty to American import-competing industries comes about because the exchange rate of the dollar is higher due to exports being artificially stimulated, which

> makes foreign produced goods sold in the United States cheaper in relation to domestic products. Thus, one class of American producers is favored at the expense of another group of Americans.

So the overall net effect of DISC, for American industry and employment as a whole, turns out to be very close to a wash.

But there is an additional quite broad detrimental aspect that we should not disregard: The DISC subsidy lowers the overall efficiency of resource allocation among firms and industries, as direct subsidies always do.

The overall effect of DISC is to raise the profitability of some industries—chemicals, high-technology machinery and equipment, grain and soybeans—and to lower the profitability of others—steel, automobiles, shoes, food products—consumer durables and nondurables generally—and meat, milk and egg production, utilizing grains and soybeans as one of their main cost factors.

This introduces a serious general distortion into the allocation of capital and other resources among industries, and thus lowers the overall efficiency of the economy.

This is one of the main reasons that independent economists are virtually unanimous in opposition to the DISC subsidy.

The DISC subsidy is particularly anomalous in that the small number of firms most heavily benefited by it are generally among the strongest, most competitive, successful, and highly profitable corporations in the Nation.

Even without the tax subsidy, DISC exports have been exceptionally profitable. The Treasury Report on DISC estimates an average before tax profit margin of 17.3 percent for DISC exports and 8.4 percent for domestic manufacture and wholesaling in the same product categories:

	Percent
Average margin for export profits allocated as "DISC earnings"	8.9
Average margin for export profits allocated to Parent corporation	8.4
Total profit margin on DISC exports	17.3
Average profit margin, domestic manufacturing in same industry categories as DISC exports	8.0
Average profit margin, domestic wholesaling generally	0.4
Combined profit margin	8.4

By subsidizing one group of industries, already highly profitable, and setting in motion indirect effects that injure another group of industries, DISC causes a misallocation of capital and other resources among industries.

By the same token, in a quite general way, the DISC subsidy tends to benefit large corporations at the expense of small businesses, and it causes a misallocation of capital and other resources in this regard as well.

There are of course exceptions, but as we have seen, DISC benefits have been highly concentrated in a relatively small number of our largest multinational corporations, all of whom would continue to be strong competitors and major exporters with or without the subsidy.

By contrast, smaller businesses of all kinds are much more heavily represented among our numerous import-competing industries, all of which suffer a relative setback and loss of sales as a result of the DISC export subsidy, and its indirect expansion of foreign imports into the United States.

THE EMPLOYMENT EFFECT OF DISC

A heavy, sustained and well-organized lobbying effort has been brought to bear in order to persuade the Congress to retain the DISC subsidy, and the number one argument advanced has been that DISC stimulates exports, therefore it stimulates production, and therefore it creates jobs. The employment effects of DISC have been the lobbyists' key selling point.

As we have seen, the export stimulating effects of DISC have themselves been highly exaggerated in some of the estimates presented. As a consequence, the direct employment effects have likewise been overstated.

But the exact number of jobs directly created by DISC in the exporting firms, and among their suppliers through a multiplier effect, is not really what counts. The argument as to the direct expansionary effect of DISC is valid as far as it goes, but it is an absolutely fallacious argument when presented as applying to the economy as a whole.

In fact, the overall net employment effect of the DISC subsidy, including its widespread indirect impact on our import-competing industries, is very likely to be negative. Overall, DISC is very likely wiping out more jobs than it is creating.

This is because our many import competing industries, where advanced technology is not so prominent, are in general much more labor intensive than our major export industries aided by DISC.

Prof. Thomas Horst put the matter this way in Senate testimony last year:

> American automotive workers, textile and shoe workers and many others may find their jobs displaced by the growing imports. The multiplier process works in reverse. If you want to estimate the real contribution DISC makes to U.S. employment, you must first add the jobs created by exports and then subtract the jobs destroyed by imports. Because the industries which must compete with imports are often labor-intensive, DISC may well be destroying more jobs than it creates.

Finally, one further aspect of the DISC program that has not been much noticed may indeed turn out to be its most important long-run consequence for American jobs.

I believe there is considerable indication that the DISC subsidy to the large multinationals is indirectly helping finance their rapid expansion overseas—the main area of their new investment in recent years.

The study last year by Dr. Peggy Musgrave for the Senate Subcommittee on Multinational Corporations noted that "it is the same large corporations which account for the bulk of manufacturing exports as for foreign investment," and cited recent research studies that have "shown foreign investment to be affected positively by domestic cash flow" of multinational corporations.

There has been a tendency, I believe, to think of U.S. exporters as one type of business operation, and the large multinationals—rapidly expanding into foreign production facilities—as another. In fact, these are very largely the same corporations.

As noted before, over three-fourths of the total DISC profits and benefits in 1974 went to corporations with assets in excess of $100 million. Most of these giant firms have worldwide operations. The increased cash flow resulting from their DISC subsidies is easily translated into increased financing for their overseas expansion.

The following table shows a few examples of firms receiving huge DISC benefits, and simultaneously conducting extensive foreign manufacturing operations.

General Electric, for example, received over $148 million in DISC tax savings through 1975, and by then was operating 109 plants in 23 foreign countries. Moody's Manual for 1971 lists only 82 foreign plants for G.E. in that year, indicating an apparent expansion by the company into 27 additional foreign plants during the same period it was receiving $148 million in direct DISC benefits.

Ingersoll-Rand is another good example of this pattern. Moody's listed 24 foreign plants operated by the company in 1971, while Standard and Poor's listed 35 foreign plants by 1975. Ingersoll-Rand received $10,388,000 in DISC tax savings over this period.

U.S. multinational corporations are the major recipients of DISC benefits—and simultaneously account for the bulk of U.S. direct investment in foreign manufacturing operations:

Corporations With DISC Benefits Reporting to SEC	Cumulative DISC Benefits Received 1972–75 ($ mill.)	Growth of Foreign Manufacturing Operations to 1975 (Standard & Poor's Reports)
General Electric	$148,570,200	Operates 109 plants in 23 countries.
Eastman-Kodak	73,000,000	Operates foreign plants in Canada, Mexico, Argentina, Brazil, England, France, West Germany, and Australia.
E. I. DuPont	31,769,800	Subsidiaries, affiliate companies and branches occupy 102 facilities in 34 foreign countries.

Corporations With DISC Benefits Reporting to SEC	Cumulative DISC Benefits Received 1972–75 ($ mill.)	Growth of Foreign Manufacturing Operations to 1975 (Standard & Poor's Reports)
Monsanto Co.	$22,825,500	On 12/31/75, the company operated 63 plants in the U.S., & had investments in 87 plants in 21 foreign countries.
Merck & Co.	17,717,000	Operates 24 plants in 13 states and 36 plants in 26 foreign countries. As of 12/31/74, it had 2 plants under construction in the U.S. and 4 in foreign countries.
Union Carbide	23,500,000	International subsidiaries and affiliates operate about 250 plants, factories, mines, mills, & smelters in over 30 countries.
FMC Corp.	23,669,000	Operates plants in 13 foreign countries.
Textron, Inc.	12,390,000	As of 12/28/74, company & subsidiaries operated 50 plants in W. Europe, Canada, Japan, Mexico and Austrialia.
Pillsbury Co.	13,991,000	Owns and operates food making plants in 6 states and in Guatemala, Mexico, England, Switzerland, W. Germany, Canada, Venezuela and France.
Signal Cos., Inc.	12,254,000	Owns and operates principal aerospace and industrial plants in Canada and England.
Northrop Corp.	9,725,000	Facilities leased in Peru, Sudan, Australia and other locations.
Ingersoll-Rand Co.	10,388,000	Owns and operates 35 foreign manufacturing plants.
Caterpillar Tractor Co.	15,300,000	Owns and operates plants in United Kingdom (3), France (2), Australia, Belgium, Brazil (2), Canada and Mexico.
Olin Corp.	9,887,000	Operates 10 plants in 7 foreign countries.
Tektronix, Inc.	10,386,895	Owns and operates principal plants in Heerenveen, Netherlands, Near London (2), Isle of Guernsey, Channel Islands.
United Technologies	16,500,000	Operates plants in Canada, England, No. Ireland, Mexico, and Scotland.
TRW, Inc.	6,515,400	As of 2/28/75, company operated 80 plants in W. Europe, Argentina, Australia, Brazil, Canada, Mexico, and No. Ireland.
Rockwell Intl.	10,199,300	As of 9/30/75, company had plants in Canada, Mexico, Australia, So. Africa, So. America, Europe and the Far East.
Borg-Warner Corp.	11,169,800	As of 12/31/74, company and subsidiaries owned or leased 38 plants in 16 foreign countries.

DISC UNNECESSARY TO ACHIEVE "EQUAL FOOTING" WITH FOREIGN COMPETITORS

Two final arguments have been made in favor of retaining the DISC subsidy to U.S. exports. The first is that it is a necessary "bargaining chip" in international negotiations to reduce the level of export subsidization generally among trading nations.

The second is that we must subsidize our exporters in order to put them on an "equal footing" with foreign competitors.

The first argument certainly has merit. The whole world would benefit if all the various distortions of free trade introduced by various export subsidization schemes were eliminated.

It is a worthy objective for American policy to strive to accomplish this. If maintaining some form of DISC subsidy, solely for its strategic utility in helping to accomplish such an end will actually help to do so, then we should keep some form of DISC intact.

However, the argument is faulty in not recognizing that even if foreign countries do not eliminate their subsidization of exports, the U.S. economy would still be better off if we unilaterally eliminated ours. If foreign countries want to continue to sell us their goods cheaper than their true costs of production, we should welcome such a subsidy to the American consumer.

Moreover, even if we decide that we want our negotiators to have something to trade off in the GATT bargaining process presently underway, a trimmed-down DISC will serve that purpose just as well as our presently excessively wasteful and costly one. A much more economical bargaining chip will still do adequately for this kind of strategic counter.

The second argument, that subsidizing our exporters is necessary in order to put them on an "equal footing" with foreign competitors, betrays a fundamental misconception as to the nature of international trade.

At any given time, American producers will have a relative advantage in international markets in some lines of production, and a relative disadvantage in others. The exact dividing line between these two categories of industries—our export sector and import-competing sector—will shift back and forth as currency exchange rates fluctuate, and underlying conditions change.

But at all times, a substantial portion on U.S. industry will find a comparative price advantage to one degree or another, compared to our foreign competitors. And the balance between our advantageously situated export industries and our relatively less favored import-competing industries, is maintained—automatically—by the same free market currency exchange rate adjustments that automatically maintain the overall balance in the volume of trade.

In fact the two things are intimately connected—the balance of comparative advantage in international competition between our export and import-competing sectors, and the balance of trade volumes between our exports and imports. Balance in the one respect is directly related to balance in the other, and with free market exchange rate adjustments, both types of balance are maintained automatically and simultaneously by the same market adjustment process.

There simply is no way that any substantial part of our strong exporting industries can be undercut by subsidization of their foreign competitors—only those relatively few industries falling right on the margin at any given time.

And similarly, there simply is no way we could achieve "equal footing" with all foreign producers even if we made that a goal, but there is no reason to try to do so in the first place. Under a regime of fixed exchange rates, such a policy could at least make sense, but under the existing system of continuous market adjustment between national currencies, it is a completely unnecessary—if not indeed nonsensical—goal.

The appeal of the idea, that offsetting subsidies are necessary to achieve "equal footing" for our exporters, is based on the fallacious notion that some substantial part of our export trade can be undercut by subsidized foreign price reductions all at once. Single lines of export goods may be undercut in this way, but our exports as a whole cannot.

While this simple fallacy is well known to every international trade economist, it still exerts popular influence, despite its utter lack of substance, and to our detriment.

ALTERNATIVE PROPOSALS FOR REFORM OF DISC PROGRAM

There is widespread agreement in the Congress that the DISC subsidy should be trimmed back, at least to some extent. The size of the subsidy is growing by leaps and bounds, as U.S. export trade has soared in recent years and the volume of DISC benefits to exporters has soared along with the volume of trade.

The Treasury projects a 1977 revenue cost estimate for DISC of $1,580 million, and a future growth trend of 10 percent per year. This means a projected cost of DISC in 1981 of $2.3 billion, and a total 5-year cost, 1977–81, of $9.6 billion.

Faced with this prospect, the House Ways and Means Committee, the Senate Finance Committee, and our bipartisan coalition of 15 Senators, all agree that the DISC subsidy should be cut back. The only disagreement is over the amount of cutting that should be done.

The House approach to cutting back on DISC was to establish a so-called incremental DISC formula that would provide the DISC tax benefits primarily to that part of export earning representing an expansion of sales over a given base period level.

The House version is not a strict incremental formula. Rather, it would provide DISC benefits both to the growth portion of export profits over the base period average, and also to 25 percent of the base period level of earnings as well.

In practice, the qualifying earnings for DISC benefits are defined as the excess of current earnings above 75 percent of the base period average level of earnings. An exporter with average DISC profits of $10 million in the base period, and $12 million of current profits would now qualify for DISC benefits on $4.5 million of profits—the excess of $12 million over $7,500,000.

An exporter with no growth in export earnings would still receive DISC tax benefits on current profits equal to 25 percent of his base period earnings.

The House bill weakens the incremental DISC approach still further by defining the original base period as the 3 years 1972, 1973, and 1974, and not moving this base forward until 1980. In other words, the moving 3-year base period does not begin moving for 5 years—it grows increasingly out of date as a base from which to measure current export growth.

This 5-year lag, or grace period, causes a gradual gutting of the incremental principle—the pure subsidy element within the DISC benefit would steadily grow over the next 5 years, while the proportion attributable to current export growth would steadily decline.

The House provision would gain $454 in revenue next year, with a very slight growth thereafter.

The Senate Finance Committee version of the "incremental DISC" increases the amount of pure subsidy in its DISC benefit by providing it on export earnings above 60 percent of the base period level. On the other hand, it provides a smaller lag or grace period—3 years—before starting to update the base. Its base period thus gets somewhat less out of date than the House version does.

The Finance Committee DISC proposal would pick up only $84 million in fiscal 1977. The amount would grow thereafter, but would remain below the House versions revenue gain in every year.

The Finance Committee provision would result in a DISC that was growing increasingly costly over time. The revenue cost would grow from $1.4 billion in fiscal 1976 to $1.5 billion next year, and to an estimated $1.8 billion by 1981, based on Treasury data and assumptions.

The DISC amendment which I am presenting today is sponsored by a bipartisan coalition of 15 Senators, five of which are members of the Committee on Finance: Senators HOLLINGS, BROOKE, MATHIAS, HARTKE, MONDALE, HATHAWAY, HASKELL, CLARK, PHILIP A. HART, GARY HART, HUDDLESTON, HUMPHREY, KENNEDY, PROXMIRE, and myself.

Our coalition proposal calls for:

DISC benefits on incremental or expanded export profits above a 3-year base period level;

The base level to be 75 percent of the average profits in the 3 base years;

The base period to be any 3 of the preceding 4 years;

Agricultural exports to be treated on the same basis as manufactured goods; and

Continuation of full DISC benefits for new exporters and small business exporters, with under $100,000 of qualified DISC earnings—approximately $200,000 of total export profits—$2 for $1 phaseout between $100,000 and $150,000.

We have tried to fashion a DISC proposal that would utilize the best elements of both the House and the Finance Committee's DISC provisions, but that would be slightly stronger than either of these alternatives.

This proposal would pick up an estimated $476 million out of the $1.6 billion that the DISC subsidy will otherwise cost next year—less than one-third.

In fiscal 1977, our proposal would be nearly identical to the House version in amount of revenue gained. In future years, the revenue gain would be greater under this proposal than with either the House or Finance Committee versions. But even if our slightly stronger proposal is accepted, the total cost of the DISC program will still continue to grow, from $1.1 billion in 1977, to an estimated $1.3 billion by 1981.

This proposal is therefore not a tough DISC reform. It is a very moderate step, that will not even fully offset the expected future growth of the DISC subsidy. A strict incremental DISC, allowing benefits solely on the growth element in current DISC earnings, would show a substantially greater revenue gain than our proposal, some $863 million in 1977.

Our proposal, along with the House version, is thus a "middle of the road" approach. It does not represent substantial reform of the DISC subsidy system, but only a very modest step in that direction.

The following tables show the estimated revenue gains from the several DISC proposals before us, and the resulting cost projections for the DISC program as modified by each of these proposals.

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

REVENUE ESTIMATES FOR ALTERNATIVE DISC PROPOSALS

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
Projected revenue cost of present DISC program (from Treasury estimate)	1, 580	1, 740	1, 910	2, 100	2, 310
Projected revenue gain from alternative DISC reforms:					
Senate Finance Committee	84	306	431	422	495
House bill	454	531	512	503	550
Coalition amendment (Nelson, et al.)	476	664	791	877	959
Strict "incremental DISC" (above 100 percent of base, moving base period kept strictly current)	717	1, 007	1, 182	1, 246	1, 341
Cost of DISC as reformed—					
By Finance Committee	1, 496	1, 434	1, 479	1, 678	1, 815
By House bill	1, 126	1, 209	1, 398	1, 597	1, 760
By Coalition amendment	1, 104	1, 076	1, 119	1, 223	1, 351
By strict "incremental DISC"	863	733	728	918	969

ESTIMATED 5-YR COST OF THE DISC PROGRAM, 1977–81, AS MODIFIED BY THE VARIOUS REFORM PROPOSALS

[In billions of dollars]

	Revenue gain under reform proposals	5-yr cost of DISC, as modified
Present DISC program		9. 6
Finance Committee DISC provisions	1. 7	7. 9
House bill DISC provisions	2. 6	7. 0
Nelson et al. Coalition DISC provisions	3. 8	5. 8
Strict incremental DISC	5. 5	4. 1

The most important respect in which our coalition proposal is a somewhat stronger incremental DISC than either the House or Finance Committee version, is in its current moving base period, defined as any 3 out of the preceding 4 years.

Most producers, those with steadily growing exports, will normally choose the earliest 3 of the preceding 4 years. This proposal in effect will give them a 1-year grace period, which is reasonable simply for convenience and the completion of accounting records. By allowing any 3 of the 4 years, however, it also adds an element of flexibility, which will be valuable to those exporters with some fluctuations in export sales.

Here, our provision is stronger than the other versions, which would allow a 3 to 5 year lag to develop before the base period is updated for the first time. A lag or so-called "grace period" of this length is not defensible. It is a way of gradually gutting the incremental DISC principle automatically over future years.

That is, as long as the export growth eligible for DISC benefits is measured from a static, non-moving base, the proportion of pure subsidy element in the DISC benefits will steadily increase over time. The longer the time-lag before the base period starts moving forward year by year, the greater the proportion of this pure subsidy element, not related to current export growth, that will be retained in the overall DISC benefit.

The 5-year time lag provided in the House bill, before the incremental DISC base period is updated, is the weakest feature in that bill's DISC provisions. It is the main reason the House bill would recoup only $2.6 billion over the next five years out of the projected DISC cost of $9.6 billion.

The House provision on DISC starts out nearly as strong as our reform proposal in the first year, fiscal 1977. But over time it grows steadily weaker.

We believe that in any incremental DISC system the moving-average 3-year base should be kept up to date. Our proposal, allowing this base to be selected by the exporting firm each year, as its 3 preferred years out of the preceding 4, provides all the flexibility that is needed. Any longer time lag, or so-called grace period, before the base period is updated means that the base will not be current. The DISC benefits will go not only to the growth component in current export earnings, but also to a part of those earnings that corresponds to export levels established in earlier years as well.

This undermines and dilutes the whole purpose of an incremental DISC, which is to provide its tax benefits to expand exports only. This is what makes the incremental DISC a more efficient means of rewarding export expansion as such. Any weakening of this incremental principle means that the DISC benefits will continue to contain a large element of reward to exporters for carrying out the same level of exports that they already have established.

To the extent this is so, the DISC benefits will continue to be a pure subsidy, serving no good purpose, and simply rewarding one sector of industry at the expense of other sectors, and to the cost of the general taxpaying public.

The House bill, the Finance Committee provision and our proposed amendment would all retain the full DISC benefit for small business exporters and new exporters on DISC earnings up to $100,000, with a $2 for 1 phaseout between $100,000 and $150,0000 of DISC earnings.

There were 2,124 such small DISC's in 1974, out of 3,920 reporting taxable income. Thus, the majority of all DISC's with taxable income—54.2 percent—will still receive full DISC benefits. These small exporter DISC's, although in the majority, accounted altogether for 2.3 percent of the total DISC profits reported and DISC tax benefits received in 1974.

Small exporters of this sort will also have a strong incentive to expand their export earnings, just as larger firms will, owing to the incremental DISC described below. The special full DISC privilege for small exporters, however, will phase down on a 2-for-1 basis on earnings above $100,000. Thus, the special small exporter privilege will phase out altogether on export earnings above $150,000.

However, as the small or new exporter expands his export business and moves above $100,000 of DISC earnings, his benefits from the incremental DISC will more than outweigh the phasedown in his previous small-business DISC benefit. Just how much his DISC benefits increase will depend on just how fast his export sales are growing, but in every case the DISC benefits will expand for the growing small exporter.

Finally, under the coalition proposal, agricultural commodity exporters would be treated on the same footing as other exporters. That is, they would be eligible for incremental DISC benefits on the same terms as other exporters.

Here our proposal falls midway between the House and Finance Committee proposals. Under the House bill, agricultural commodity exporters would be excluded from DISC benefits, except for those commodities subject to marketing orders, and presumably in surplus supply. Presently, this is limited to rice, peanuts and long-staple cotton.

Under the House bill, exporters of only these three crops would receive DISC benefits. We see no important rationale for limiting the benefits in this way, and consequently our proposal would make the incremental DISC benefits available to agricultural exports generally, on the same basis as manufactured goods and industrial exports generally.

Of course, as under present law, if a serious domestic shortage develops for any agricultural product it can be excluded from DISC benefits by administrative action. Our amendment would not change this aspect of existing law.

In contrast to the House bill, the Finance Committee proposal goes too far in the other direction. It would apply its incremental DISC provisions to agricultural commodity exporters only in 1980 and beyond. In the meantime, these would be singled out for specially favored treatment, in continuing to receive full DISC benefits.

Again, we see no important rationale for this special treatment and discrimination in favor of commodity exporters over industrial exporters.

It should be noted that our major agricultural commodity exports are almost entirely in the hands of a very small number of firms. Grain and soybeans have received more DISC benefits than any other category of U.S. exports, and are the one category of exports in which virtually all the exporting done receives DISC benefits—94.4 percent in 1974.

The 1975 Treasury Report on DISC shows that out of $16 billion in gross receipts among 321 large DISCs, over $3 billion was in grain and soybean sales alone. This compares to $299 million in DISC exports for all other agricultural products in this group of firms, and just over $12 billion for all manufactured products combined.

This tremendous export trade in grain and soybeans, virtually all of it receiving the DISC subsidy and accounting for a major share of DISC benefits, is almost entirely handled by four or five multinational trading corporations.

We believe there is no justification whatsoever for the Finance Committee provision that would continue to give full DISC benefits until 1980 to these few large commodity traders.

It is worth noting that a number of our national farm organizations are not supporting this full retention of DISC for agricultural exports. I believe the reasons for this are obvious.

To the extent the DISC benefits to commodity traders are passed along in relative price cuts to the foreign purchasers of American grains and soybeans, then more of our total supply will move into foreign markets than would otherwise occur in the absence of the subsidy.

This means a reduced supply of American grains and soybeans for the home market, and upward pressure on domestic prices as a result. For every American livestock producer and dairy farmer, the price of grains and soybeans is crucial to his entire operation.

The indirect effect of the DISC subsidy for U.S. grain and soybean exports is to raise the costs of U.S. meat and milk production. This hurts the American consumer, and it also hurts a large part of the farm community that is caught by this price squeeze.

Of course, the higher domestic prices for grains and soybeans resulting from the DISC subsidization of these commodity exports helps some farmers at the same time it is hurting others. This is just one more example of the way the DISC subsidy system arbitrarily and irrationally interferes with free-market pricing and resource allocation. It subsidizes exports at the expense of those producers whose products go entirely to the domestic market. There is no rational justification for this kind of selective subsidy system, benefiting some producers and hurting others.

SUMMARY

The DISC export subsidy is a costly, wasteful, inefficient tax expenditure that serves almost no national interest of the United States. It discriminates irrationally among American industries, rewarding some and hurting others, and thus interfering with the efficient free-market allocation of capital and other resources among our industries.

The DISC subsidy largely goes to benefit a few hundred of our largest, strongest, and most successful, and highly profitable multinational corporations. In the long run, the DISC benefits are very likely facilitating the continuing overseas expansion of these same firms, with the resulting relative longrun loss of investment and employment at home.

The DISC subsidy was designed and intended for a different age, when rigid exchange rates and an overvalued dollar locked American producers into a competitive disadvantage vis-a-vis foreign competitors, leading to a growing U.S. trade deficit and serious balance of payments problem.

By contrast, under the actual international trading and currency exchange system of today, the DISC subsidy is a perfect anomaly—a costly and wasteful anachronism.

Under the existing trade and currency system, the DISC subsidy cannot serve to create any significant net expansion of U.S. exports over and above the level of our imports—this balance of trade now *depends instead* on the continuous free-market adjustment of international trade flows in response to flexible currency exchange rates.

By the same token, the DISC subsidy cannot stimulate a net expansion of U.S. production overall—it only can serve to subsidize and expand our export lines of production at the cost of direct injury to our more numerous import-competing industries.

And by the same token again, DISC cannot stimulate a net expansion of domestic American employment levels overall—it can only raise employment in the export sectors, while its corresponding indirect stimulus to increased imports simultaneously causes reduced sales and employment in our domestic import-competing industries. And the latter industries that are hurt all tend to be more highly labor intensive than the export sectors that are helped.

On balance then it is highly probable that more jobs are lost, for every $1 million of the induced import expansion due to DISC, than the number of jobs that are gained for every $1 million of artificially stimulated export expansion that may result from the DISC subsidy.

The one single argument for retaining DISC that has any validity at all, is that it might serve as a useful bargaining counter in our negotiations under the General Agreement on Trade and Tariffs.

And this argument is greatly overdrawn. First, it simply ignores the substantial general economic costs of DISC to the overall U.S. economy.

Second and more important, the total potential effect of the DISC subsidy in lowering U.S. export prices is simply to small to count for much. Its role as a strategic bargaining counter is largely symbolic, and this could be served just as well by a much trimmed down, less expensive DISC.

Personally, I am convinced that there is no valid case that can be made for retention of the DISC subsidy for the large, major U.S. multinational corporations that have always received the lion's share of it. They already are among the strongest, most competitive, and highly profitable of all American businesses even without this export subsidy. They will all hold their own in world markets perfectly well without special assistance.

The demand for U.S. goods and expertise is widespread and solid. And any imbalances that do appear as a result of foreign export subsidies are corrected automatically by free-market exchange rate adjustments that leave our exporters in virtually the same relative position vis-a-vis foreign producers as they would have been in the absence of the foreign subsidies.

This absolutely fundamental principle of "comparative advantage" in international trade under the adjustment mechanism of free-market currency exchange rates is widely misunderstood and misrepresented. As a consequence, we very likely will retain DISC this year, squarely basing our national policy on a crude and simply economic fallacy—the absolutely faulty belief that we can or need to put all our producers on an "equal footing" with foreign producers.

I intend personally to support Senator HASKELL's call for complete elimination of the DISC subsidy, except for small business exporters. This is the one sole economically valid purpose for this kind of selective special producers' subsidy. It can help new firms, and small firms that are trying to break into foreign markets for the first time, to make it. Such firms are the only ones that without this special additional assistance might well be precluded from succeeding as exporters. For them, and them alone, the subsidy has some justification.

The figures are very striking on what a DISC subsidy would cost if it were limited to small exporters only. Based on the 1974 data, if we provided DISC benefits to all firms with total export profits below $400,000—and so-called DISC earnings of $200,000 or less—and only to these smaller exporters, some 70 percent of all active DISC would still be fully covered, but the cost of the subsidy would be reduced by over 95 percent.

If the subsidy went solely to firms with total export profits of $1 million or less—corresponding to "DISC earnings" of $500,000—then 82 percent of all active DISCs would still receive full benefits, while the cost of the subsidy would be reduced by 85 to 90 percent.

If we were serious about using the DISC subsidy to attract and assist new small business firms into export trade, this is the way we would do it.

Mr. President, since I have already spoken on this issue this evening, I shall not go into any detail in addition to what I have said. I will summarize the arguments in behalf of the amendment during the 30 minutes allotted to us tomorrow after the quorum call.

Mr. President, I ask unanimous consent that a supplementary statement entitled "Repealing DISC for Arms Sales," be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. NELSON. I ask unanimous consent that immediately following that statement, a statement prepared on DISC under the editorship of Mr. Joseph A. Pechman and Mr. Stanley Surrey be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. NELSON. Mr. President, I reserve the remainder of my time.

EXHIBIT 1

REPEALING DISC FOR ARMS SALES

This amendment to the Tax Reform Bill would terminate DISC (Domestic International Sales Corporation) tax benefits for military sales abroad. The House Ways and Means Committee took this action, but the Finance Committee undid the work of the House by adding an exception clause so broad as to nullify the termination. This amendment would remove the exception clause.

THE FINANCE COMMITTEE'S COMPETITIVE RULE

This amendment calls into question the Finance Committee's decision to add a competitive rule to the prohibition on DISC for arms sales. Both the House of Representatives and the Finance Committee adopted a prohibition on DISC for arms sales. The language found in both bills states that "property, which, at the time of sale, is an arms, ammunition, or implement of war designated in the munitions list published pursuant to the Mutual Security Act of 1954 (22 U.S.C. 1934)" shall not enjoy DISC benefits. The Finance Committee, however, added an exemption to the prohibition which will undoubtedly be exploited as a mammoth loophole. It reads, "unless a determination is made by the Secretary (after consultation with the Secretary of Defense) that the property to be exported is competitive with foreign manufactured property."

This addition creates great difficulty and should be removed. The most obvious problem is definitional. What is meant by "competitive." The report language found in the Finance Committee Report dated June 10, 1976, does not provide a definite answer to this basic problem. On page 298, it adds the following remarks:

"Generally, a U.S. manufactured military good is competitive with a foreign manufactured product if any equipment is the same or similar to the military good is available even though the specifications are not identical and even though the foreign purchaser generally purchases military equipment from the United States."

It would seem from this remark, that any U.S. manufactured military good is considered to have competition and therefore will receive DISC treatment. At first blush, this is what Treasury officials construe this Finance Committee language to mean. In other words, the prohibition accepted by both the House of Representatives and included in the Finance Committee bill is nullified by this broad exception.

But the definitional issue is complicated by the fact that the Department of Treasury is not qualified to determine when a U.S. military product has foreign competition. Treasury officials have informed my office that they are concerned about the administrability of the non-competitive rule. It will need to coordinate with two other departments of the government. The Finance Committee language recognizes the obvious need for the Treasury Department to consult with the Department of State. But it overlooked the fact that $600 million worth of arms are sold through commercial chanles and must be licensed by the Munitions Control Board of the Department of State. So State, as well as Defense officials, would have to be consulted in the search for potential foreign competition for each arms sale which tries to qualify under DISC. Consulting with other departments is always a problem since they are charged with missions which may contradict IRS' mission. The objective of the IRS is to make sure the U.S. Treasury collects as much revenue due it; obviously this objective is not shared by DOD or State.

Let me just illustrate some of the difficulties which will confront the Department of Treasury, Defense, and State in administering this so-called "competitive" rule.

For example, whose word will these three agencies take in deciding whether competition exists or not? The manufacturers in the U.S. will find it in their interest to say competition existed for a sale, since they will thereby qualify for DISC. The foreign purchaser will also find it possibly in his interest to claim that there is competition with the American product in order to encourage the American producer to make his deal more attractive to the foreign purchaser. Will we have to assign a team of American investigators to search for potential competition and then consider how serious the claims of competition are by comparing every sale with goods produced by any number of other nations which may be similar but which will obviously have different design, specifications, price, and quality?

Clearly administering this competitive rule will either be a nightmare for bureaucrats, or it will be a charade. If it is a charade, then all goods will be considered to have competition and the rule will totally nullify the will of Congress as expressed in the House of Representatives' bill and in Finance Committee's adoption of similar prohibitions on extending DISC to arms sales. Congress should not throw the burden of deciding how to interpret its will on to the Executive Branch. We should make it clear that the prohibition was a sincere one, by taking out this potentially broad loophole, the "competitive" rule.

Priorities

According to Internal Revenue Service estimates, if this amendment succeeds and DISC deferral of payment of taxes on profits from the sale of arms, ammunition, and instruments of war overseas is eliminated, the U.S. Treasury will be richer by $80 million. Saving eighty million dollars in revenue at a time when we find ourselves tightening governmental budgets across the board and ferreting out revenue savings wherever feasible is not an inconsiderable advantage of this amendment. But there are also very important non-fiscal reasons why arms sales abroad should not enjoy a DISC tax bonus. By maintaining the Finance Committee version, which perpetuates DISC benefits for arms sales, Congress would be saying that as a matter of policy, the United States government sets a high priority on stimulating the export of weapons of death to other nations of the world. Rewarding arms manufacturers with special tax incentives if they sell weapons overseas may be appealing to the arms manufacturers in question. However, it seems to me that governmental incentives could be applied to more worthy projects which are competing for scarce tax revenues.

COMMERCIAL VS. POLITICAL-SECURITY CONSIDERATIONS

But assuming Congress does want to pursue a policy of encouraging arms exports, the proper agency to carry out that policy is the Department of State—not private arms merchants of the Internal Revenue Service. The primary purpose for making arms sales is to advance American security and political objectives. The economic advantages gained by arms manufacturers should be a minor consideration compared to these vital national goals.

The fact of the matter is that the arms industry has reaped an economic bonanza as a result of shifting political considerations in this country in the past few years. Arms sales have skyrocketed as a result of the Nixon Doctrine enunciated in late 1969 which said that our allies would have to do their own job of advancing their national security interests; we would sell them the arms to perform that mission instead of sending American personnel to help or give away American arms. Arms sales have also exploded onto the political scene as a result of the increased wealth and appetite for arms of the newly rich OPEC nations. In just three years, 1973–1975, the USA secured firm orders for military equipment and services valued at $13.7 billion from the OPEC nations alone, according to data just published in the 1976 SIPRI Yearbook on *World Armaments and Disarmaments.*

The political and security incentives fueling this arms trade are more than sufficient to keep America's arms manufacturers active in the export business. Giving a tax incentive is unnecessary. The DISC tax bonus added to the economic advantages these manufacturers are reaping from a policy that should be followed on strictly political and security grounds is therefore all the more superfluous.

Because of the overriding political and security implications of arms sales, the government and the people have a vital stake in this activity. Exporting arms is simply not comparable to exporting other kinds of American-made goods. The defense industry does not wish to make such a distinction. They are marketing missile launchers as they would television sets. In contrast, the Departments of Defense and State, which with Congress have a major say so in arms exports, understand that arms sales carry highly volatile political implications and thus must be handled differently from exports of non-lethal equipment. The purpose of this amendment is to bring the IRS code into line with American arms sales policy in general.

To illustrate that the U.S. government (except for the IRS) handles arms exports differently from the export of other goods, one need only take a look at how the over ten billion dollars worth of arms orders were prepared in the last fiscal year. Most of these arms exports were not made through normal commercial channels. Nine and one half billion dollars of these arms sales were conducted by the United States Government acting as a middleman between the American arms manufacturers and the foreign purchaser. (Arms sales which were not made through governmental channels—roughly $600 million worth—were closely scrutinized and licensed by the Munitions Control Board of the Department of State.) The Defense Security Assistance Agency (DSAA) of the Department of Defense which administers the Foreign Military Sales Program (FMS), is intimately involved in the costing and pricing, transporting, servicing and training for the great majority of arms sales abroad. According to a May 5, 1976 Congressional Budget Office survey, which was based on Department of Defense figures, "4,800 man-years, both military and civilian, were devoted to the FMS program in fiscal year 1975." In addition, 1,800 personnel in the Military Assistance Advisory Groups (MAAGs) are stationed in 45 countries: "the majority of MAAG effort worldwide has come to be expended on FMS . . ."

The government also assists arms exporters by guaranteeing private credit sales or by extending direct credit through the Export Import Bank and by other means. There are three basic types of credit assistance supporting arms sales. The U.S. government may guarantee repayment of loans arranged between non-government U.S. lenders and foreign purchasers. The Export Import Bank is used to finance defense articles and services sold to developed countries. And special funds are appropriated annually permitting the government to finance directly the sale of defense articles. According to a GAO study published June 1, 1976—

"Interest is charged at a rate equivalent to the current average interest rate on the last day of the month preceding financing that the government pays on outstanding marketable obligations of comparable maturity, unless the President certifies to the Congress that the national interest requires a lesser rate of interest."

COMPETITION

The direct involvement of the government in these sales also indicates that arms companies receive a windfall tax incentive simply not due them. Thousands of man-years are spent by one arm of the government to arrange for these sales, while at the same time another arm of the government awards DISC private manufacturers who theoretically are finding new markets and filling new orders abroad.

Those representing the economic interest of the arms industry argue that the United States government should subsidize arms exports so American manufacturers can compete with arms salesmen from other nations. I have consulted with independent economic analysts, Pentagon, Treasury and Congressional officials and experts dealing in this business, and with private arms salesmen, and they all scoff at the notion that DISC gives American manufacturers a competitive edge in the arms market. The sad truth is that the United States is the giant in the world-wide arms sales field. The United States outsells every other country in the world. It did before DISC was put in the Internal Revenue Service code in 1971, and it will continue to dominate the field regardless of the future of the provision we are considering today. Last fiscal year, $9.5 billion dollars worth of goods were sold via the FMS program, a program which began to skyrocket from $900 million six years ago—before DISC was even on the law books. Crying the need to subsidize exports of arms makes a mockery of these facts.

In general, sales are made more on the basis of political considerations than on the basis of quality of equipment or price of equipment. But even assuming sales were made based on economic calculations, the United States would still have a comparative advantage over its potential competitors. Since America's defense expenditures are nearly twice those of all the European NATO countries combined, U.S. military unit production costs are lower because of the operation of economies of scale. DISC adds virtually nothing to America's competitiveness in arms sales.

The Internal Revenue Service estimated that $80 million in taxes was diverted from the U.S. Treasury when arms sales use DISC. That figure was based on calendar year 1974 tax returns which estimated that $4.2 billion in arms exports were effected by DISC benefits. That would mean that DISC benefit might have permitted a discount on the listed price of those arms of less than two percent. A two percent price discount is practically irrelevant to a potential foreign purchaser faced with the decision to buy American arms or arms manufactured in another country. Generally, such decisions are made on political and security grounds—for example, whether America is a country which the foreign purchaser wants to have an arms supply relationship with. Those decisions are further based on the vastly more important consideration that America has a well-deserved reputation for backing up sales with excellent service, training, and spare parts.

Indeed, United States' contracts go beyond mere transfer of weapons and include training, technical support, the establishment of maintenance and repair facilities in the purchasing country, and construction projects. The decision of a foreign purchaser also is based on the particular needs of the purchaser—whether the United States can provide the kinds of items which fit those needs. America's ability to provide vast supplies and America's technological lead in many aspects of the weapons field are the critical factors here. In light of these factors, the idea that a less than two percent break on the price of a weapons system will make any difference in the sale of particular weapons is simply ludicrous. The kind of sale we are discussing is the Iranian purchase of eighty F-14 Tomcats, advanced aircraft with thousands of Americans servicing the planes and training the pilots. We are not talking about making a quick killing on cheap transistor radios at cut rate prices.

In fact, most companies generally do not pass on their DISC bonus to their customers in the form of a price discount. DISC has never been a certain element in their pricing since they view the DISC benefit as a temporary deferral, not a permanent tax reduction. The fact that profit margins on DISC sales is about twice that on domestic sales indicates that the tax reduction is being used more to increase the after-tax profit on an unchanged sales volume rather than to increase export sales.

POTENTIAL VIOLATION OF THE GATT

Moreover, the United States government would never admit that DISC results in reduction in listed prices of American exports thereby making American goods cheaper than foreign competition. As it stands now, the European Community has already complained against DISC and a panel of experts under the framework of the GATT is currently examining that complaint. According to a Senate Finance Committee memorandum dated April 2, 1976, a GATT panel met on March 16 to begin hearing arguments on the European Community's complaint. This memorandum states:

"If the GATT panel finds that DISC is a violation of Article XVI:4, then it will report this finding to the governing council of the GATT which is composed of all contracting parties to the GATT, including the U.S. The Council would probably recommend to the U.S. that it repeal the DISC. If the U.S. did not then repeal the DISC, the EC would probably appeal to the Council for authority to retaliate against the U.S. under XXIII:2 by withdrawing EC trade concessions favorable to the U.S. . . . It should be noted that a finding that the DISC violates GATT would create difficulties for the U.S. in the negotiations on subsidies currently underway in Geneva. Our trading partners would probably refuse to compensate us for the modification or elimination of an illegal subsidy."

There will likely be a GATT decision on this issue in September.

CONCLUSION

This amendment does not take a position regarding the wisdom of our arms sales policy in general. It should also be added that this amendment does not take a position regarding how DISC benefits should be computed; this question will undoubtedly be debated on other amendments to the Tax Revision Bill. This amendment relates merely to the advisability of forgoing vital tax revenue to promote a policy of arms exports abroad.

Mr. President, the case for this amendment is compelling. Providing tax incentives to promote export of arms should be low priority in the scheme of demands put on limited treasury revenues. (1) The commercial arguments advanced for DISC for arms sales improperly assumes that arms are exported from this country for commercial gain rather for the purpose of advancing America's political and security objectives. (2) DISC has a minute impact on America's commercial competitiveness in the arms sales field. (3) Providing commercial incentives to boost arms sales contradicts and potentially distorts the policy-making process of selling arms, which is a major foreign policy instrument of this nation.

Mr. President, for all these reasons, I urge the support of the Senate in eliminating this tax incentive for the purpose of exporting arms, ammunition, and implements of war. To do this, I urge the elimination of the "competitive rule" loophole to the otherwise commendable prohibition against extending DISC treatment to arms sales—which has been adopted by the House of Representatives and by the Finance Committee.

Exhibit 2

Tax Reform Act of 1976

(By Joseph A. Pechman and Stanley S. Surrey)

INTRODUCTION

At the request of a group of Senators, we undertook to organize a compendium of papers on the principal issues to be considered in the debate on tax reform in the U.S. Senate. The purpose of the papers is to formulate in an orderly and usable fashion arguments and data concerning the major tax reform proposals now pending before Congress.

Accordingly, we asked a group of distinguished economists and tax lawyers—both practicing and academic—to present the issues in the tax reform debate in readable, yet informative, short papers. We were gratified at the enthusiastic response of these very busy individuals. We believe the results of their efforts can have a beneficial effect in insuring a meaningful debate on the issues presented by various tax reform proposals.

The contents of the compendium were dictated by the tax proposals presently at the forefront of Congressional interest and by the decision of Congress in the first concurrent budget resolution to achieve a $2 billion reduction in tax expenditures. The compendium does not, therefore, purport to be either a systematic or an all-inclusive discussion of an "ideal" tax reform package. Intsead, the papers discuss particular proposals for tax change and evaluate them in terms of their contribution to—or detraction from—tax fairness and budget efficiency.

Primarily, the proposals discussed are those that were considered in the House-passed Tax Reform Act of 1975 (H.R. 10612), and the suggested changes that have been proposed by various Senators. It was not possible to consider actions of the Senate Finance Committee on the bill, because of the limited time available. However, the reader should be able to evaluate the Finance Committee amendments by comparing them to the recommendations in the compendium papers.

We have grouped the papers into three broad categories. The first group contains papers analyzing the general economic effects of tax reform. The second group contains papers analyzing proposals that should be approved by the Senate to achieve greater tax equity. The third group contains papers discussing those proposals that should be rejected by the Senate because they move in the opposite direction from tax reform.

We are pleased to present this compendium of papers on tax reform, not only to the Senators who requested its compilation, but also to the entire Congress and the American public. We hope it will contribute to achieving the goal of a fairer tax system for the United States.

ACKNOWLEDGEMENTS

We wish to express our appreciation to the following persons for participating in the compilation of this Compendium. Their contributions of time, energy and expertise were invaluable.

Professor Hugh J. Ault, Boston College Law School.

Fred R. Becker, Ropes & Gray, Boston, Mass.

Professor Gerald M. Brannon, Economics Department, Georgetown University.

Professor Hoy F. Carman, Department of Agricultural Economics, University of California, Davis.

Professor Robert H. Frank, Department of Economics, Cornell University.

Professor Richard T. Freeman, Department of Economics, Cornell University.

Martin D. Ginsburg, Weil, Gottshao & Manges, New York, New York.

Kenneth A. Goldman, Los Angeles, California.

Professor Daniel I. Halperin, University of Pennsylvania Law School.

Professor Thomas Horst, Department of Economics, Tufts University.

Gerald R. Jantscher, Brookings Institution, Washington, D.C.

Jerome Kurtz, Wolf, Block, Schorr and Solis-Cohen, Philadelphia, Pa.

Peter Lockwood, Caplin & Drysdale, Washington, D.C.

Donald Lubick, Hodgson, Russ, Andrews, Woods and Goodyear, Bufffalo, New York.

Professor Paul R. McDaniel, Boston College Law School.

Thomas Reese, Taxation With Representation, Washington, D.C.

Stanford G. Ross, Caplin & Drysdale, Washington, D.C.

Stuart E. Seigel, Cohen & Uretz, Washington, D.C.

Emil M. Sunley, Jr., Brookings Institution, Washington, D.C.

Professor Paul Taubman, Department of Economics, University of Pennsylvania.

Professor David Westfall, Harvard Law School.

Henry G. Zapruder, Cohen & Uretz, Washington, D.C.

REPEAL OF DISC—PART ONE: PROPOSAL FOR REFORM

DISC should be repealed for tax years beginning after June 30, 1976. One-tenth (or one-twentieth) of the income previously deferred by DISCs should be subject to tax for each of the next 10 years (or 20 years).

Revenue gain

[In billions]

Fiscal year 1977:	
Repeal of DISC	$1.4
Taxation of DISC income previously deferred (10 year recapture)	0.5
Total	1.9
Fiscal year 1978:	
Repeal of DISC	1.5
Taxation of DISC income previously deferred (10 years recapture)	0.5
Total	2.0
Fiscal year 1979:	
Repeal of DISC	1.5
Taxation of DISC income previously deferred (10 year recapture)	0.5
Total	2.0

Revenue gains—Continued

[In billions]

Fiscal year 1980:	
Repeal of DISC	1.6
Taxation of DISC income previously deferred (10 year recapture)	0.5
Total	2.1
Fiscal year 1981:	
Repeal of DISC	1.7
Taxation of DISC income previously deferred (10 year recapture)	0.5
Total	2.2

Arguments advanced for DISC are incorrect

Is there a need for an export subsidy?

No. DISC was designed for a world with fixed exchange rates where the U.S. had a chronic balance of payments problem. Such a world no longer exists. If we didn't have DISC, no rational government policy would support its adoption because:

A tax incentive for exports is inherently less beneficial to the American economy than a general tax incentive because a major portion of the benefits must go to foreign consumers.

Export subsidies reduce the price of exports relative to the price of goods produced for the domestic market. What national policy is served by taxing more heavily production for domestic markets than production for foreign markets?

Does DISC increase exports?

There is considerable uncertainty as to just what impact DISC has had on exports. Treasury has estimated that DISC increased exports in 1973 by $4.6 billion. But:

Treasury admits that this export estimate "must be viewed with extreme caution. Other statistical methods might produce different estimates."[1]

Treasury also admits that "no allowance has been made for the effect of flexible exchange rates. Any increase in exports induced by DISC would tend to reduce the supply of dollars abroad and thus tend to raise the price of the dollar. In turn this appreciation of the dollar on world money markets induced by DISC would increase imports and reduce the growth of exports. The impact of DISC on net exports (exports less imports) is clearly less than the impact on exports alone.

The Treasury estimate of the export effect is biased upward. By ignoring product categories where the export growth rate of non DISCs was greater than that of DISCs, the Treasury could only conclude that DISC has had a positive effect on exports.

Professors Horst and Pugel estimated that DISC increased exports by $2.1 billion in 1974, and the Congressional Research Service estimated that the increase in 1973 was between zero and $1.4 billion:

In terms of estimating method and crucial assumptions, the Horst and Pugel estimate is the most reasonable one.

Again, it must be remembered that increases in exports are not increases in net exports or an improvement in the overall balance of trade.

The U.S. business community is not unanimous in its view that DISC has increased exports:

President Lee Morgan of Caterpillar Tractor in testimony before Congress indicated that although DISC reduced the taxes of his company by $9 million in 1974, "I am not really sure that we did anything extra in order to generate additional exports . . . not much has happened, at least at our company, to earn the tax deferral that has come from DISC."[2]

Even assuming the Treasury estimate—$4.6 billion—of the export increase attributable to DISC is correct, the increase is so minor compared to export totals that it is ridiculous to continue the $1.5 revenue loss incurred in DISC:

Total exports in 1973 were $71 billion. The increase attributable to DISC—somewhere in the range of $2 billion if an average of estimates is taken or even $4.6 billion under the Treasury estimate—is obviously very, very minor in the total picture.

The total increase in exports from 1971 to 1973 was $28 billion, from $43 billion to $71 billion. Again, it is clear that DISC does not play an important role in our export trade increase.

Does DISC increase jobs?

Yes and no. If DISC increases exports, it then increases jobs in the export sector. But:

Additional jobs in the export sector are not necessarily additional jobs in the economy as a whole.

Organized labor is firmly opposed to the DISC subsidy. Labor does not view the repeal of DISC as a threat to American jobs.

To the extent that DISC stimulated additional imports, additional jobs in the export sector would only have offset the loss of jobs in the import competing sectors:

Jobs in the auto, steel, and shoe industries may have been lost due to DISC stimulated imports.

DISC could lose more jobs than it creates if imports are more labor intensive than exports.

Repeal of DISC would have about the same impact on exports and jobs as a 2 percent appreciation of the dollar on world money markets:

Last year alone the dollar appreciated 12 to 15 percent, and at the same time U.S. exports increased over the previous year. There was no loss of jobs in the export sector.

At most repeal of DISC would reduce the rate of increase in jobs in the export sector. Even this should be offset by more rapid growth of jobs in import competing sectors—autos, steel, and shoes.

Almost any tax reduction will create additional jobs assuming there is unemployment:

If jobs creation is the goal, alternative tax policies would have a greater impact than DISC per dollar of revenue loss.

Narrow tax subsidies, such as DISC, which inefficiently direct resources cannot be justified by their employment creating effects.

The Treasury DISC report itself is dubious about attributing an employment effect to the DISC legislation. The report states:

First, the employment impact of Federal tax policies is best examined in terms of the overall budget rather than in terms of specific tax measures. The employment effect of individual tax reductions may be offset and even reversed by other tax changes, by expenditures decisions, and by the inflationary repercussions of a larger Federal deficit.

Secondly, there are many possible tax measures that, when analyzed in isolation, would appear to increase the number of jobs . . . A complete evaluation of the employment effect of DISC would need to take into account the revenue costs and job impact of possible alternative tax changes.[3]

Are export profits too low?

No. DISCs and their parent companies earned 17.3 percent on their export sales. This is more than double the 8.4 percent profit margin for manufacturing and distributing similar goods in the domestic economy.[4]

If exports are so profitable, no tax subsidy is needed.

Because of artificial rules for allocating profit, DISC is a greater tax benefit than Congress originally intended.

DISC companies apparently are not allocating sufficient indirect costs, such as overhead expenses, research and development expenses, and interest, to the production of goods for the export market.

The marginal cost rules permitted when a DISC is establishing or maintaining a market also contribute to inflated DISC profits.

Does DISC help capital formation?

No. The Administration has defended DISC on the grounds that repeal would increase the tax burden on capital. But:

There are considerably better ways of reducing the tax burden on capital.

DISC by favoring investment in export industries reduces the efficiency with which the existing stock of capital is used.

Is DISC justifiable as offset to U.S. tax incentives to invest abroad?

No. DISC legislation was justified in part in 1971 as necessary to offset U.S. tax incentives to invest abroad. But:

The Tax Reduction Act of 1975 by tightening the tax haven rules reduced the incentive for U.S. firms to go abroad.

Tax deferral of earnings of foreign subsidiaries, the major U.S. tax incentive to go abroad, could be ended if Congress wants to insure that U.S. companies are treated the same whether they invest here or abroad.

DISC which costs $1.4 billion is an expensive offset to tax deferral of foreign earnings which costs $400 million.

Is DISC needed as an offset to U.S. tariffs?

The latest Administration argument for DISC—the arguments keep changing as each prior argument is demolished—is that our tariff system indirectly depresses the level of U.S. exports and penalizes domestic industries which produce export goods, so that an export subsidy is needed to offset this distortion. But:

While the Administration recognizes that import tariffs have an impact on export industries, the Administration never seems to recognize that export subsidies have an impact on imports.

If import tariffs have an undesirable impact on exports, repeal or reduction of the tariffs is the simple way to correct the distortion.

Is DISC needed to counter foreign border tax adjustments?

No. Another new Administration argument for DISC is that it serves in a limited way as a border tax adjustment for our corporate income tax. But:

The traditional view in international tax affairs is that border tax adjustments are inappropriate for direct taxes. The Administration has not made the case that this traditional view is wrong.

In a world in which flexibility in exchange rates is mainly relied upon to correct external disequilibrium, border tax adjustments are considerably less important than they are in a world with fixed exchange rates.

Is DISC needed as an offset to foreign export subsidies?

No. DISC was also justified in 1971 as necessary to offset foreign export subsidies. But:

If foreigners are willing to subsidize goods which they produce to sell to us, we should be thankful that they want to transfer a portion of their national income to us.

Increasing exports at the cost of distorting the allocation of our economic resources defeats the purpose of foreign trade and reduces our productivity.

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[1] 1974 DISC Report, p. 31.

[2] Committee on Ways and Means, *Tax Reform*, part 3, 94:1, p. 1950.

[3] 1974 DISC Report, p. 33.

[4] 1974 DISC Report, p. 7.

Is it too soon to change?

No. The final argument used by defenders of DISC is that it is too early to change the law. DISC was intended as a long term benefit and to change the law now would be to go back on its commitment to business. But:

It has been almost five years since Congress passed DISC. The international monetary system has been overhauled. The U.S. no longer has a chronic balance of payments problem.

DISC has been subject to extensive analysis. The Senate Finance Committee, the Senate Budget Committee, and the House Ways and Means Committee have held extensive hearings. The House Budget Committee has issued a report.

There is a strong case for repeal of DISC and the time to do it is now.

What is wrong with DISC?

DISC is a windfall.

DISC tax benefits have been largely a windfall to companies which have established DISCs.

Devaluation of the dollar in December 1971 and February 1973 and the floating of exchange rates since March 1973 and poor harvests in the Soviet Union account for most of the increase in exports.

Cost overrun of DISC is substantial.

When originally enacted in 1971, it was estimated that DISC would cost $100 million in 1972 and $170 million in 1973. Actual costs were $350 million in 1972 and $720 million in 1973.

DISC has cost almost four times as much as originally estimated.

It is now estimated that DISC will cost $1.4 billion in 1977, and the cost will increase to $1.7 billion in 1981.

Large companies get most of DISC tax benefits.

Of the 4,162 DISCSs, the 23 with gross receipts of $250 million or more accounted for 39 percent of the DISC net income.[5] 59 DISCs accounted for 52 percent of DISC net income. These DISCs are owned by the largest corporations, with assets of $250 million or more:

DISC has primarily benefited large companies. Yet the Administration would have us believe that DISC is needed to encourage small companies to export.

DISC is harmful to the U.S. position under GATT.

Our foreign competitors contend that DISC is an export subsidy which violates GATT.

The U.S. defense of DISC may unnecessarily delay progress at the current round of GATT negotiations.

The opposition of foreign countries to DISC may spring from the fear foreign tax officials have that unless DISC is repealed they will have to offer similar tax subsidies.

It has been argued that DISC should be bargained away in the current international trade negotiations in exchange for other countries agreeing to reduce their tax subsidies for exports. But:

Given the high cost of DISC in terms of tax revenues and inefficiencies and the slow progress in the GATT negotiations, we cannot afford to delay the repeal of DISC.

As a "bargaining chip" DISC may be worth very little.

One wonders whether the U.S. tax law can be bargained away by the Special Trade Representative or whether it is the province of Congress to change the tax law.

Incremental DISC not a desirable alternative to repeal.

DISC could be converted into an incremental tax subsidy. For example, under the House-passed version of the Tax Reform Act, DISC benefits would only be available to the extent that a company increases its exports over 75 percent of average exports during a three-year base period. But:

Compared with repeal, any base period would necessarily lead to inequities. Companies which in the absence of DISC would have declining or slowly growing exports would be penalized relative to companies which would have rapidly growing exports.

The complex DISC statute would be made even more complex. Special rules for mergers and other acquisitions would be required.

An incremental DISC would further limit DISC benefits to the very largest companies which can afford high-priced tax counsel.

The incremental approach should be rejected. DISC should be repealed.

Conclusion

DISC stands out as the most wasteful, inefficient, and inequitable tax subsidy. It is a costly giveaway whose number one position in waste of revenue in terms of national priorities is matched only by the preserve of the most concentrated and carefully orchestrated lobbying campaign mounted in recent years in support of a tax subsidy. The reason for this lobbying campaign is obvious—DISC dollars are a splendid bonanza which companies with DISCs can obtain without any effort and therefore do not want to give up. But the overall national interest in reducing wasteful spending and useless tax subsidies should prevail over this massive lobbying campaign. DISC should be repealed.

REPEAL OF DISC—PART II: ECONOMIC EFFECTS

Present law

The Domestic International Sales Corporation (DISC) provisions generally provide that certain domestic corporations which sell United States produced products abroad shall be treated essentially as if they were foreign corporations. The effect of this treatment is to afford DISCs deferral on their current income. Deferral of tax is like an interest-free loan of cash from the government is to accord DISCs deferral on their ciently long period, it is tantamount to exemption from tax.

The amount of the deferral is generally limited to one-half of the profits attributed to the DISC. However, in order to make the DISC as attractive as possible, special artificial pricing and costing rules are provided which permit allocation of profits attributable to the manufacture of products to be treated as if they were profits attributable to the export sale of such products. The consequence is that deferral is generally achievable on far more than one-half of the export profits of a company. For example, if, as is often the case, the artificial pricing allows the true export profit to be doubled, the 50% deferral in reality represents deferral for 100% of true export profits.

The DISC provisions also contain a number of other special provisions which in general allow the creation of paper companies without economic substance. In general, a DISC is no more than a requirement that books be kept which permit the computation of a cash subsidy paid through the tax system on certain profits labelled export profits.

The DISC provisions were enacted in 1971 for the purpose of providing an incentive to exports. Because of the difficulties of determining which exports deserved to be subsidized, the DISC benefits were extended to all exports and were thus a general subsidy to one form of business activity by multinational corporations. While from time to time efforts have been made to devise more refined concepts for the DISC, such as to limit it to incremental exports or to cases where it clearly provides a stimulus, there is no practical way to achieve this. Thus, the simple question raised by DISC is whether export activity should be subsidized through the tax system.

In proposing the DISC legislation, the Nixon Administration strongly emphasized the need for a United States tax subsidy of exports to counteract the subsidies of other countries and to compensate for international economic and financial conditions which discriminated against United States exports. The other principal argument for the DISC related to the tax incentives provided by deferral for direct foreign investment by United States companies. The argument was that only by providing a comparable incentive for exports could American multinational companies be induced to export abroad as opposed to investing abroad.

The original economic calculations offered by the Nixon Administration were that the DISC would cost $350 million in 1972 and $720 million in 1973. It is now estimated that the DISC costs about $1.5 billion a year and that the revenue loss will increase to closer to $2 billion in the near future.

The vast bulk of the subsidy goes to the largest American multinational corporations. Thus, 23 corporations—.7 percent of the total—account for 39 percent of the total net income of all DISCs; 59 corporations—1.7 percent of the total—account for 52 percent of the total net income of all DISCs. These are among the largest U.S. corporations, with asset size over $250 million.

The economic effects of DISC

The economic effects of DISC have been the subject of much study and sharp dispute among economists. We should be clear, however, that there is no controversy about the costs of DISC. Everyone agrees it presently costs about $1.5 billion a year in lost revenues and this cost will increase over the next several years to approximately $2 billion. The controversy concerns only the alleged benefits from DISC which would compensate for these significant revenue costs. The Treasury has recently estimated that the DISC has increased exports by about $4.6 billion for the year 1974. Other economists estimate that any increment in exports attributable to DISC is very small and perhaps is non-existent.

In fact, any fair-minded reading of the economic evidence makes it highly conjectural that the benefits of DISC can be determined with any reasonable accuracy. The DISC subsidy is only one of a number of factors that influence the level of United States exports. The demand for American goods abroad is a function of overall international economic and financial conditions which in recent years have become much more favorable to American exports than at the time the DISC was enacted in 1971.

The DISC would be a doubtful incentive even if the estimates of its proponents as to its benefits were to be taken at face value. It is not clear that an additional $4.6 billion of exports is worth a cost of $1.5 billion in lost revenues plus the other deleterious aspects of DISC. Moreover, it is clearly not a justifiable incentive when the benefits of DISC are so difficult to demonstrate and so controversial. Tax incentives of this magnitude must be clearly justified by their proponents. After some five years in the Internal Revenue Code, this cannot be done and the DISC should be repealed outright.

In fact, the whole discussion of the effect of DISC on our exports would be ridiculous if it were not taken so seriously by its defenders. Even assuming the generous Treasury estimate of $4.6 billion increase in exports attributable to DISC is correct, this figure is almost insignificant when placed along side our total exports of $71 billion. Thus the claim for an important role for DISC is without any basis—which underscores the enormous waste involved in the DISC revenue loss.

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[5] 1974 DISC Report, p. 25.

Inequitable aspects of DISC provision

The DISC represents the most inequitable set of provisions enacted into the Internal Revenue Code since its codification in 1954. Some of the most basic principles of federal income taxation are violated by the DISC. For example, nowhere else in the Internal Revenue Code is a paper organization permitted to be treated as if it were a real one with economic substance. Nowhere else in the Internal Revenue Code is the requirement ignored that inter-company pricing and other dealings between related entities be done on an arms-length basis. The DISC is no more than a utilization of the tax system to make a direct expenditure to the businesses that export, mainly our largest and strongest companies.

The DISC has seriously undermined fair enforcement of the Internal Revenue Code. The Internal Revenue Service has correctly understood that the DISC is an artificial mechanism and has failed to adequately police the activities of DISCs. Thus, in addition to the legally prescribed benefits, the DISC has been a vehicle for undermining the integrity of the system and has provided the kind of preference which has been exploited beyond even its proponents' expectations.

The artificiality of the DISC has caused a general feeling that tax reform cannot be achieved and has provided support for resisting reform efforts in the foreign area generally. The correct way to balance the incentives provided for foreign investment would have been to eliminate deferral for foreign corporations owned by Americans. This is still the correct approach today and the repeal of DISC should be coupled with the repeal of deferral, thereby increasing United States revenues by $2 billion or more annually. With these two basic aspects of the foreign tax area revised, the foreign tax area will require only moderate improvement in the foreign tax credit mechanism and other changes of a minor nature to bring this area into a posture consistent with modern international economic and business conditions.

Principal issues

The propriety of the DISC provisions has been under constant debate since its initial proposal by President Nixon. The principal issues involved in this debate are briefly described below, with a summary of the major arguments on both sides.

A. Necessity For An Export Subsidy.—The proponents of DISC generally claim that the United States must provide an export subsidy because other countries do that for their exporters. But in the first place, it is not generally true that other major countries provide export subsidies. Secondly, DISC has been considered to be a violation of GATT by many other governments and its legality is currently the subject of controversy. Further, with the changes in the international financial world since 1971 DISC is no longer needed. Thus, there are now flexible exchange rates which have greatly helped the competitive position of American companies seeking to export. Thus, whatever the case might have been in 1971 for an export subsidy, it has largely disappeared in the past five years and there is no longer a justification for the DISC.

B. Economic Effects.—The proponents of DISC generally argue that the DISC, by focusing the attention of American businessmen on exports through the provision of a tax incentive, stimulates additional exports. Despite this claim by proponents, there has hardly been a company that has been willing to make this statement in a public hearing much less provide real evidentiary backing for the argument that DISC itself really increased the company's exports! In fact, at least one major company executive representing a number of major companies admitted in public hearings that his company while obtaining substantial DISC tax benefits was doing nothing additional in the export field. It is not enough for a company to say that its exports have increased since 1971. Total U.S. exports increased from $43 billion to $71 billion from 1971 to 1973. Yet the Treasury at best claims only $4.6 billion is due to DISC. But the companies supporting DISC all cite their total increases in exports as evidence of the need for DISC. It is clear, however, that they are simply providing data on the increase in their export activities—but not on DISC.

It is admittedly difficult to determine the economic effects of DISC. It may well be that there has been some incremental increase in exports, although the evidence for such increase could be expected to be more apparent if it really were the case. An important point, however, is that the cost of DISC is tremendous—$1.5 billion annually—and a much greater expansion in exports and a much clearer demonstration for the need to expand exports would be required to justify a subsidy of this magnitude. For in truth, even if the proponents of DISC are correct, most exports will take place whether or not there is DISC and DISC represents no more than a windfall profit to most exporters.

C. Ability of United States Firms To Compete With Foreign Exporters.—At the time DISC was enacted in 1971, the Nixon Administration strongly relied on the point that under current international economic conditions American companies were discriminated against and could not effectively compete with foreign exporters. The basic reason was that the United States dollar was overvalued and other governments were not willing to assist the United States in bringing the international financial system into better balance. Since 1971, there have been several devaluations of the dollar and flexible exchange rates are now invoked. Thus there is no longer this kind of need for a compensatory subsidy.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no time be charged against the pending amendment on either side for the remainder of this calendar day.

The PRESIDING OFFICER. Without objection, it is so ordered.

NEGOTIATED SHIPBUILDING CONTRACTING ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of a measure which has been cleared on both sides of the aisle, Calendar No. 957, S. 3171.

The PRESIDING OFFICER (Mr. SPARKMAN). The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3171) to amend section 502(a) of the Merchant Marine Act, 1936.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Negotiated Shipbuilding Contracting Act of 1976".

SEC. 2. Section 502(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1152(a)) is amended in the third sentence thereof—

(1) by striking out "June 30, 1976" and inserting in lieu thereof "June 30, 1979";

(2) by striking out "(i) the negotiated" and all that follows through "per centum in fiscal 1976;"; and

(3) by redesignating "(ii)", "(iii)", and "(iv)" as "(1)", "(2)", and "(3)".

SEC. 3. Section 502(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1152(b)) is amended by amending the fifth, sixth, seventh, and eighth sentences thereof to read as follows: "The construction differential approved and paid by the Secretary shall not exceed 50 per centum of the cost of constructing, reconstructing, or reconditioning the vessel (excluding the cost of national defense features). If the Secretary finds that the construction differential exceeds, in any case, the foregoing percentage of such cost, the Secretary may negotiate with any bidder (whether or not such person is the lowest bidder) and may contract with such bidder (notwithstanding the first sentence of section 505) for the construction, reconstruction, or reconditioning of the vessel involved in a domestic shipyard at a cost which will reduce the construction differential to such percentage or less.".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CENTRAL STATES, SOUTHEAST AND SOUTHWEST PENSION FUND TAX MATTERS—S. RES. 483

Mr. WILLIAMS. Mr. President, I send to the desk a resolution for myself and the Senator from New York (Mr. JAVITS) and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 483) authorizing the Committee on Labor and Public Welfare to inspect and receive tax returns, and tax related matters, of the Central States, Southeast and Southwest Areas Pension Fund under section 6103 and 6104 of the Internal Revenue Code of 1954.

Mr. WILLIAMS. Mr. President, I ask unanimous consent for the present immediate consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ALLEN. Mr. President, reserving the right to object, will the Senator mind explaining exactly what the resolution does?

Mr. WILLIAMS. This resolution, in response to the Internal Revenue Code, would create a select committee of the Committee on Labor and Public Welfare for the purpose of receiving tax information in connection with the Central States Pension Fund of the Teamsters Union. We are charged with the responsibility of oversight of pension funds, administration, and also the enforcement of the pension law. As the Senator knows this fund has come under many questions. We are in the middle of our investigations, and it is necessary that we see the underlying material, and part of that is the tax reports and returns filed by the pension fund with the Internal Revenue Service.

Mr. ALLEN. If the Senator will further yield, has there not been a select committee that is charged with the duty of checking into the operation of the Teamsters fund?

Mr. WILLIAMS. The Committee on Government Operations and one of its subcommittees has part of the inquiry.

I yield to the Senator from New York.

Mr. ALLEN. Excuse me a minute before the Senator yields. I thought there was a special committee—I recall it coming before the Committee on Rules and Administration for funding—that had to do with checking into it. I thought it was a select committee not attached to any committee.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. WILLIAMS. Yes, I yield.

Mr. JAVITS. This is not a select committee. I think what the Senator recalls is that the Committee on Government Operations through its Investigations Subcommittee sought assistance from the Committee on Rules and Administration to undertake a very broad-scale investigation of racketeering kickbacks, et cetera, more or less the criminal phases of what might or might not be going on with respect to the Teamsters.

The instant proceeding relates to the fiduciary standards of ERISA; that is, the Employment Retirement Security Act. That is the act under which the Department of Labor is conducting its investigation of the Teamsters Central States Fund. While this investigation has been going on in coordination with the Department of Justice, the IRS, according to the press is supposed to have revoked the tax exempt status of the Teamsters' Central States Pension Fund. That would be a tremendous blockbuster of an action, because it could involve not only taxes from the pension fund, it could involve taxes from the employers who paid into the pension fund. It could also involve taxes from the employees for whom contributions have been made.

We in the course of our legislative oversight over the ERISA, that is the statute which essentially came out of our committee, have been supervising, in a sense, the actions of a joint task force of the Department of Labor and the Department of Justice which has been looking into this matter. We are conducting a hearing tomorrow in order to receive a status report from this particular task force, so that the public would be apprised of the general scope of work of the task force.

Yesterday, the news of the purported IRS action was widely reported in the press. Some reports stated that the Chicago office of the IRS has confirmed the action. Senator Williams and I immediately felt that we had to inquire as to what this was all about, and how it affects the work of the task force.

We called in the IRS authorities. They pointed to a section of the law which prevented them from giving us any information, and also from telling us whether the letter reported in the press had or had not been sent. The law in question is section 6103 of title 26 of the United States Code, subdivision D, entitled "Inspection by Committees."

Upon review of the law we felt that the best way to handle the situation, was to utilize that provision of the statute which makes an exception for those committees specifically designated by the Senate to receive the information in question. We are now asking the Senate to give us only enough authority to deal with this particular case; namely, the IRS action with respect to the Central States Pension Fund.

Mr. ALLEN. If the Senator will yield further then, is it the purpose of the resolution not to investigate the Teamsters' fund but to restore to them their tax exemption status if in fact it has been withdrawn?

Mr. JAVITS. Mr. President, we do not know that. We do not even know who the IRS is charging in this whole matter. It is the purpose of this resolution to provide our committee with leave to allow the IRS to disclose their records on this case to the Labor Committee. The only way this can be done is by saying that for the purpose solely of this narrowly restricted proposition, the Committee on Labor and Public Welfare shall be considered a select committee of the Senate.

May I point something out to the Senator which is very interesting? The Committee on Finance which is a tax-writing committee, itself can get the information which our committee can only receive by authorizing Senate resolution or Presidential Executive order. I have consulted with the ranking member on this side of the Committee on Finance, Senator CURTIS, and with the ranking member of the Committee on Government Operations, Senator PERCY, and neither sees any objection to this resolution, and I believe Senator WILLIAMS has done the same on the other side.

Mr. ALLEN. Is it the purpose of the resolution to see that the Teamsters do not lose their tax exempt status? Is that the thrust of the resolution?

Mr. WILLIAMS. That was not the thrust at all. What we started out here to do was to see whether on examination the enforcement agencies of the ERISA, the Pension Reform Act, were pursuing an effective investigation enforcement policy.

Mr. JAVITS. Exactly.

Mr. WILLIAMS. And part of that is to look at and to have possession of these tax returns so that we can evaluate the vigor with which Labor and Justice are going into the operations of the pension fund to see whether our law has been in any degree violated.

Mr. JAVITS. I also say to the Senator that we do not want to do what the Senator suggests as a purpose of this, and we could not. Our interest now is to see whether the investigation of charges of widespread derelictions on the part of this fund is or is not affected, so that we can do a better job in supervising the investigation.

Mr. ALLEN. Would it greatly inconvenience the distinguished Senators to let the matter go over until tomorrow?

Mr. JAVITS. We are having a hearing tomorrow morning, and we cannot get a line from the IRS unless we get this resolution agreed to. That is our problem. That is why we have to do it tonight, and that is why we cleared it with the Senators.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. I withdraw my objection.

Mr. GRIFFIN. Mr. President, I do not object, but I do want to indicate some concern about the adoption of resolutions which affect the jurisdiction of other committees without being placed on the calendar and the membership of the Senate being aware of them.

So far as I am concerned, in my individual capacity, I welcome the activity of the Committee on Labor and Public Welfare in this area. I have been one of those who have strongly advocated the establishment of a select committee which would focus all its energy and attention on the problems of alleged corruption and abuses in the labor-management field, particularly with respect to the Teamsters Union. I feel that the standing committees, with such broad legislative jurisdiction, probably do not have the time to devote to this very important subject.

Nevertheless, the Committee on Labor and Public Welfare, under the rules of the Senate, does have jurisdiction and oversight responsibility, and they certainly are within their rights.

I think it helps the record for the distinguished Senator from New York to recite, as he has, that he has consulted with the ranking member of the Committee on Finance, which would have an interest, and with the ranking member of the Committee on Government Operations, which would have an interest. This is not a resolution with no significance at all. We are opening up Internal Revenue files to a committee which heretofore has not had access to such files.

In the past, the Senate has very carefully and selectively limited the committees which have had that access. But I, for one, believe that this is appropriate, and I have no objection.

Mr. JAVITS. Mr. President, will the Senator yield for one point, which I think is very important?

Mr. GRIFFIN. I yield.

Mr. JAVITS. Let us remember that ERISA, a bill which has fiduciary standards, has criminal and civil penalties. Second, there is jurisdiction not only by the Committee on Labor and Public Welfare respecting ERISA but also by the Committee on Finance respecting ERISA; and, if it any way involves actions of the Attorney General, jurisdiction is by the Committee on the Judiciary.

It will be my purpose tomorrow morning, when these hearings are opened, to spell out very carefully the separate and continuing jurisdiction of each of these committees.

As to the Committee on Government Operations, we are already asserting jurisdiction. We have gotten the necessary resources through the Committee on Rules and Administration, and there is a very active inquiry going on, on the part of the staff.

The only point is that none of these committees is in the particular situation which faces us at the moment, except the Labor Committee and, therefore, the Labor Committee has to proceed with some intelligence. Hence, the resolution which is before us is very sharply confined to this particular situation and no other.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the resolution.

The question is on agreeing to the resolution.

The resolution (S. Res. 483) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 483

Whereas, in order to conduct a study of and to discharge its oversight responsibility over the investigation of allegations relating to the Central States Southeast and Southwest Areas Pension Fund, it is necessary for the Committee on Labor and Public Welfare of the Senate to inspect and receive tax returns, and tax related matters, held by the Secretary of the Treasury, and

Whereas, under sections 6103(d) and 6104(a)(2) of the Internal Revenue Code of 1954, a select committee of the Senate has the right to inspect tax returns if such select committee is specifically authorized to investigate tax returns by resolution of the Senate: Now, therefore, be it

Resolved, That—

(1) for purposes of this Resolution, section 6103(d) of the Internal Revenue Code of 1954, and section 6104(a)(2) of such Code, the Senate deems the Committee on Labor and Public Welfare of the Senate to be a select committee of the Senate, and

(2) the Committee on Labor and Public Welfare of the Senate is specifically authorized, in conducting its study and in exercising its oversight jurisdiction over the investigation of the Central States Southeast and Southwest Areas Pension Fund, to inspect and receive any tax return, or tax related matter held by the Secretary of the Treasury, with respect to the Central States Southeast and Southwest Areas Pension Fund, and any other tax return or tax related matter held by the Secretary of the Treasury which the committee demonstrates, to the satisfaction of the Secretary of the Treasury, contains or may contain information directly relating to its study and oversight proceedings.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 1:21 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed without amendment the bill (S. 3625) to extend the expiration date of the Federal Energy Administration Act of 1974.

The message also announced that the House has agreed to without amendment the concurrent resolution (S. Con. Res. 127) authorizing the correction of the enrollment of the bill H.R. 7792.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled bill:

S. 3184. An act to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. METCALF).

At 3:33 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House agrees to the amendment of the Senate to the bill (H.R. 13899) to delay the effective date of certain proposed amendments to the Federal Rules of Criminal Procedure and certain other rules promulgated by the U.S. Supreme Court.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes; and that the House recedes from its disagreement to the amendments of the Senate numbered 9, 10, 11, 12, 13, 15, 35, and 36.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3295) to extend the authorization for annual contributions under the U.S. Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes.

At 5:28 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 9771) to amend the Airport and Airway Development Act of 1970.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12438) to authorize appropriations during the fiscal year 1977, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker has signed the following enrolled bills:

S. 229. An act to amend the Endangered Species Act of 1973 in order to permit the disposal of certain endangered species products and parts lawfully held within the United States on the effective date of such Act.

S. 268. An act to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado.

S. 3168. An act to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes.

S. 3625. An act to extend the expiration date of the Federal Energy Administration Act of 1974.

H.R. 7792. An act to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington.

H.R. 9291. An act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations.

H.R. 9771. An act to amend the Airport and Airway Development Act of 1970.

H.R. 10051. An act to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year, and for other purposes.

H.R. 13965. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

H.R. 14236. An act making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes.

H.R. 14237. An act making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. METCALF).

At 6:30 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 586) to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 3, 5, and 26 and concurs therein; and that the House recedes from its disagreement to the amendments of the Senate numbered 20, 24, and 29 and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled bill:

H.R. 14114. An act to increase the temporary debt limit, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. METCALF).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

PROPOSED AMENDMENTS TO BUDGET REQUEST FOR THE LEGISLATIVE BRANCH—(S. DOC. NO. 94–225)

A communication from the President of the United States transmitting proposed amendments to the request for appropriatons in the amount of $12 million for the legislative branch for the fiscal year 1977 (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, without amendment:

S. Res. 413. A resolution expressing the sense of the Senate regarding freedom of the press at the Olympics (Rept. No. 94–1016).

S. Res. 319. A resolution expressing the sense of the Senate that the signing in Helsinki of the Final Act of the Conference on Security and Cooperation in Europe did not change in any way the longstanding policy of the United States on nonrecognition of the Soviet Union's illegal seizure and annexation of the three Baltic nations of Estonia, Latvia, and Lithuania (Rept. No. 94–1018).

By Mr. HASKELL, from the Committee on Interior and Insular Affairs, with an amendment, and an amendment to the title:

S. 2125. A bill to provide for the issuance of permits on public domain national forest lands for commercial recreation facilities and activities, and for other purposes (Rept. No. 94–1019).

By Mr. STEVENSON, from the Committees on Commerce and Interior and Insular Affairs, with an amendment:

S. 3521. A bill to expedite decision on the delivery of Alaskan natural gas to U.S. markets, and for other purposes (together with additional and minority views) (Rept. No. 94–1020).

By Mr. JOHNSTON, from the Committee on Interior and Insular Affairs, with amendments, and an amendment to the title:

H.R. 13359. An act to authorize loan funds for the Government of the Virgin Islands, and for other purposes (Rept. No. 94–1021).

By Mr. HUDDLESTON, from the Committee on Agriculture and Forestry, with amendments:

H.R. 10339. An act to encourage the direct marketing of agricultural commodities from farmers to consumers (Rept. No. 94–1022).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. HRUSKA, from the Committee on the Judiciary:

J. Blaine Anderson, of Idaho, to be U.S. circuit judge for the ninth circuit.

J. Waldo Ackerman, of Illinois, to be U.S. district judge for the southern district of Illinois.

By Mr. STENNIS, from the Committee on Armed Services:

Maj. Gen. Andrew B. Anderson, Jr. (major general, Regular Air Force), to be lieutenant general.

By Mr. BEALL, from the Committee on Commerce:

John W. Snow, of the District of Columbia, to be Administrator of the National Highway Traffic Safety Administration.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that today, June 30, 1976, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 268. An act to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado.

S. 3625. An act to extend the expiration date of the Federal Energy Administration Act of 1974.

S.J. Res. 196. A joint resolution providing for the expression to Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution.

JOINT REFERRAL OF A BILL—S.3521

Mr. STEVENSON. Mr. President, I ask unanimous consent that S. 3521, previously referred to the Committee on Commerce, be referred jointly to the Committee on Commerce and the Committee on the Interior. This request has been cleared on all sides.

Mr. DURKIN. Mr. President, I object for the time being, until I can talk to the Senator.

The PRESIDING OFFICER. Objection is heard.

Mr. STEVENSON subsequently said: Mr. President, I ask unanimous consent that S. 3521, previously referred to the Committee on Commerce, be jointly referred to the Committee on Commerce and the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. TUNNEY:

S. 3638. A bill to amend the Urban Mass Transportation Act of 1964, to prohibit recipients of assistance under that Act from requiring reduced fare elderly passengers to execute waivers, and to require that elderly reduced fare ridership be afforded on a reciprocal basis. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. TUNNEY (for himself and Mr. CRANSTON):

S. 3639. A bill to amend the authorization for the Los Angeles and Long Beach Harbors project. Referred to the Committee on Public Works.

By Mr. HRUSKA (for himself and Mr. CURTIS):

S. 3640. A bill to authorize construction of the modified project for Papillion Creek and Tributaries Lakes, Nebraska. Referred to the Committee on Public Works.

By Mr. McGOVERN:

S. 3641. A bill to amend the Civil Rights Act of 1964 to provide that, except in certain limited circumstances, it shall be an unlawful employment practice for an employer to request that an employee or an applicant for employment provide military discharge papers or other service-connected records. Referred to the Committee on Labor and Public Welfare.

By Mr. STAFFORD:

S. 3642. A bill to amend title XVIII and title XIX of the Social Security Act to include community mental health centers among the entities which may be qualified providers of services for medicare purposes, to require each State having an approved medicaid plan to provide community mental health center services under such plan, and for other purposes. Referred to the Committee on Finance.

By Mr. MONDALE (for himself, Mr. Humphrey, Mr. McGovern, Mr. Culver, and Mr. Abourezk):

S. 3643. A bill to amend the Consolidated Farm and Rural Development Act and the Emergency Livestock Credit Act of 1974 to authorize the Secretary of Agriculture to postpone for 3 years the principal and interest payments on emergency loans made, insured, or guaranteed under such acts, and for other purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. PEARSON (for himself and Mr. Huddleston):

S. 3644. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for services furnished by physician extenders. Referred to the Committee on Finance.

By Mr. HRUSKA (by request):

S. 3645. A bill to amend section 511(d) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 881(d)) to raise the monetary limit applicable to drug-related judicial forfeitures from $2,500 to $10,000. Referred to the Committee on the Judiciary.

By Mr. HRUSKA (by request):

S. 3646. A bill to amend title 18, United States Code, to implement the "Convention To Prevent and Punish the Acts of Terrorism Taking the Form of Crimes Against Persons and Related Extortion that are of International Significance" and the "Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents," and for other purposes. Referred to the Committee on the Judiciary.

By Mr. METCALF:

S. 3647. A bill for the relief of Dan Wolters. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TUNNEY:

S. 3638. A bill to amend the Urban Mass Transportation Act of 1964, to prohibit recipients of assistance under that Act from requiring reduced fare elderly passengers to execute waivers, and to require that elderly reduced fare ridership be afforded on a reciprocal basis. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. TUNNEY. Mr. President, as you know, elderly citizens are currently granted reduced-fare rates on UMTA funded mass transportation systems during nonpeak hours. Municipalities have issued senior citizen ridership cards or have accepted certain proofs of age to facilitate the conduct of this program mandated under the National Mass Transportation Act. Some 23 million citizens within our borders can benefit by the adeqate implementation of the program since it helps them to become more independent and able to "get around" as the result of lower cost transportation.

Assessment of mobility problems faced by older Americans usually points to several major root causes, a key one of which is that retirement income often is inadequate for purchase of transportation services needed. Older citizens just cannot afford cars and their upkeep nor can they afford the high cost of taxi cabs. The Department of Transportation itself has suggested that—

> The reduced fare program's implementation . . . should aid in alleviating the economic constraints which impede the use of transit by many elderly citizens. In addition, it should effectively supplement UMTA's and other activities devoted to reducing physical barriers to the use of transit by these individuals.

It has come to my attention, however, that there are two major flaws within this program which must be ameliorated if full use of the program is to be made and the intent of Congress honored. First, we must insure that there is no waiver or limit of liability which is incurred as the result of reduced-fare rider status. Indeed, certain muncipalities already have mandated that the older citizen must sign a waiver of liability before he or she can ride at reduced rates. Second, ridership cards or age verification cards vary to such an extent from area to area as the result of local regulations that an older person from Los Angeles may find it impossible to make use of reduced-fare arrangements in other areas of the country, or even within his own State.

The first difficulty enumerated above places older persons in what has become an all-to-familiar position: that of second-class citizenship. They are being forced to assume all risks of accidents while riding at a reduced fare. This prevents an individual who is seriously injured due to negligence on the part of a bus line from being compensated fully, a right that all other citizens currently have. This unconscionable requirement can only serve to discourage senior citizens, many of whom desperately need less expensive means of transportation, from applying for the reduced fare in the first place.

Second, the need for reciprocity of reduced-fare ridership identification cards is clear. A constituent of mine recently visited Washington for the Bicentennial. As a senior citizen, he carried cards which enabled him to make use of reduced-fare rates in Los Angeles. However, because the card was not the same as that used here in the Nation's Capital, he could not avail himself of the reduced fare.

My legislation would allow a better system to be developed which would promote the reciprocity of such ridership cards. By no means am I suggesting that the Secretary of Transportation should order a national identification card for this purpose. Rather, I suggest that medicare cards could become the identifier for older citizens to receive reduced fare rates nationally.

This measure, then, would mandate reciprocity among those transit districts receiving UMTA funds in the handling of reduced fare ridership cards. What is acceptable in Los Angeles should, by rights, be acceptable throughout the Nation. The costs of mass transit are getting higher, and on a fixed budget, older citizens find it harder and harder to stay mobile.

In this Bicentennial Year with millions of visitors traveling around the Nation, it seems only right that we insure that older citizens are not reduced to second-class citizenship by waiving their liability on mass transit and that they are afforded the same ridership benefits around the country.

The legislation may seem trivial to some, but to the 23 million older Americans, the 10 cents, 20 cents, or 30 cents saved daily on each trip can mount up substantially. The savings is only a part of the need for this legislation; the key reason is to insure the continued mobility of older citizens—a mobility which for many spells the difference between dependence and independence.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(m) of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following: "Rules and regulations under this subsection shall provide, as a condition of assistance under this section, that—

"(1) applicants may not require elderly passengers to waive, limit, or qualify any right, benefit, or privilege as a condition to reduced fare ridership; and

"(2) each applicant shall comply with rules and regulations which shall be prescribed by the Secretary to afford all elderly persons reduced fare ridership on all projects assisted under this section, without regard to place of residence or domicile. In prescribing such regulations, the Secretary shall consider the use of currently available means of identification such as the Medicare card."

By Mr. TUNNEY (for himself and Mr. Cranston):

S. 3639. A bill to amend the authorization for the Los Angeles and Long Beach Harbors project. Referred to the Committee on Public Works.

Mr. TUNNEY. Mr. President, today, Senator Cranston and I are introducing legislation to authorize $14,937,000 for navigational improvements to the Port of Los Angeles. The Army Corps of Engineers is presently conducting a study of port facilities at Los Angeles and Long Beach and has recommended deepening the Los Angeles Harbor from 35 feet to 45 feet.

There are many reasons why this project is critical to the economic development of the shipping industry in southern California. The use of large containers is rapidly becoming the standard mode of transporting goods. Without deeper waterways it is certain that the Los Angeles Harbor will not be able to accommodate containerized cargo. Statistics show that within 10 years containerized cargo will predominate in the world's shipping fleet.

The adverse impact of leaving the port at its present depth will not be limited to southern California but will be felt nationwide. Measured in volume of business, the Los Angeles and Long Beach Harbor complex is the third largest port facility in the United States. If dredging is not completed, goods, which ordinarily would be unloaded in Los Angeles, would have to be transported overland. Because this method of transportation is more expensive we would experience a significant increase in the cost of many essential goods, such as scrap metal. Furthermore, southern California would suffer a substantial loss in industry, revenue, and jobs. This is of critical import since southern California already has an unemployment rate of 10 percent.

Not only is Federal funding necessary from an economic viewpoint, but it is also consistent with a longstanding national policy of assisting local governments improve navigational channels. There has not been any major dredging activity in the Los Angeles Harbor for some 45 years. The city of Los Angeles will contribute $20 million of the total project cost of $35 million. The Federal share is small compared to the $450 million in revenue which the Los Angeles customs district generates each year.

I urge prompt authorization of funds for this vitally needed project. Dredging is absolutely essential if the Port of Los Angeles is to continue existing operations and maintain its role as a viable center of commercial activity.

By Mr. HRUSKA (for himself and Mr. Curtis):

S. 3640. A bill to authorize construction of the modified project for Papillion Creek and Tributaries Lakes, Nebr. Referred to the Committee on Public Works.

Mr. HRUSKA. Mr. President, this bill, S. 3640, would authorize construction of the modified project for Papillion Creek and Tributaries Lakes, Nebr.

Significant changes have occurred since authorization in 1968 by the Congress of the Papillion Creek and Tributaries Lakes, Nebr. project. These changes include rapidly rising construction costs, new legislation dealing with regulation of future flood plain development which significantly affects previously prepared projections of future flood plain development, and the availability of a new damsite on Big Papillion Creek due to a railroad abandonment.

Because of these changes, a complete plan evaluation was made by the Army Corps of Engineers to determine the advisability and feasibility of modifying the authorized project.

This evaluation included the physical, economic, environmental, and social effectiveness of the three subsystem components of authorized reservoir plan, Little Papillion Creek, West Branch and Lower Papillion Creek, and Big Papillion Creek and such alternatives that may be considered reasonable. Alternatives included not only modifications of the authorized structural plan, but also such nonstructural alternatives as flood plain regulation including evacuation, zoning, proofing, and insurance, and other structural alternatives such as diversion of flood flows, channel enlargement and levees, and various combinations of these alternatives.

The evaluation demonstrated that Dam 10 as authorized is a feasible and necessary project element for solving the flood problems in the Little Papillion Creek flood plain. In addition, it would provide the opportunity for meeting recreation and fish and wildlife needs. The evaluation also demonstrated that plan elements adopted in either the Big Papillion or the West Branch Papillion Creek drainages would not be significantly affected by proceeding with construction of Dam 10. Conversely, the decision to proceed with construction of Dam 10 would not be affected by decisions in the other two drainages.

Mr. President, in the West Branch Papillion Creeek, the evaluation demonstrated that the changes since authorization have had significant impact on the feasibility of the authorized reservoir system in this drainage. As the evaluation progressed it became obvious to the Corps that a complete reformulation would be required to develop a feasible and cost effective plan for this area. Since what may be done, or not done, in the West Branch area is not affected by the Big and Little Papillion Creek plan elements, and vice versa, the Corps considered it prudent to defer, or postpone, further implementation of the authorized plan elements in the West Branch Papillion Creek until detailed reformulation studies are completed.

It was found by the Corps that construction of one relatively large dam and reservoir on Big Papillion Creek north of the city of Omaha would be the most cost effective and economically, socially, and environmentally acceptable solution. Accordingly the authorized plan in the Big Papillion Creek drainage should be modified by the construction of this one dam in lieu of the nine dams that are authorized but not yet constructed.

Mr. President, detailed information pertinent to these alternatives was presented by the Corps at a public meeting in Omaha on June 25, 1975. After considering all the views and comments presented during and subsequent to the public meeting together with the technical information, conclusions and recommendations were formulated and the public informed of these through a press conference held by the Corps on August 29, 1975. These recommendations include: proceeding with construction of Dam 10 in the Little Papillion Creek drainage at an estimated cost of $3,600,000, of which $155,000 would be the responsibility of local interests for recreational development as required by Public Law 89–72; modification of the authorized plan elements in the Big Papillion Creek drainage by construction of one dam and reservoir at an estimated cost of $32,500,000, of which $3,450,000 would be the responsibility of local interests for recreation development as required by Public Law 89–72; and the postponement, or deferral, of construction of the authorized plan elements in the West Branch drainage pending complete reformulation of a feasible plan for this area.

Mr. President, my home city of Omaha has been hit by several devestating floods caused by the Papio Creeks. They have caused lives to be lost and millions of dollars of property to be destroyed. It is my hope that the new configuration of dams for the Papio project can be authorized by the Congress so this project may move ahead. Delay only represents more danger to Omaha and the surrounding area.

The Omaha District Engineer's report on the modification of the Papio project has been approved by the Board of Engineers for Rivers and Harbors and by the Chief of Engineers. It is now up to the Congress to authorize the modifications contained in the report.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3640

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, The project for flood control, recreation, fish and wildlife enhancement, and water quality for the Papillion Creek and Tributaries Lakes, Nebraska, recommended in House Document 349, 90th Congress, 2d Session, and authorized by the Flood Control Act of 1968, is hereby modified substantially in accordance with the recommendations contained in the Omaha District Engineer's Plan Evaluation Report dated September, 1975.

By Mr. McGOVERN:

S. 3641. A bill to amend the Civil Rights Act of 1964 to provide that, except in certain limited circumstances, it shall be an unlawful employment practice for an employer to request that an employee or an applicant for employment provide military discharge papers or other service-connected records. Referred to the Committee on Labor and Public Welfare.

CORRECTING INEQUITIES FOR VIETNAM VETERANS

Mr. McGOVERN. Mr. President, I introduce today a bill to amend the Civil Rights Act of 1964, making it an unlawful employment practice for an employer to request that an employee or an applicant for employment provide military discharge papers or other service-connected records, except in certain limited circumstances.

Representative Edward Koch is introducing this same measure in the House today, and I am pleased to join him once again in attempting to end what has been a string of inequities for the veterans of Vietnam. We have both spoken often about the structure and procedure of the military discharge system and how it has the capacity to unfairly handicap veterans, especially those in the market for jobs. And we have sponsored legislation to change and improve the review guidelines, offering veterans with less-than-honorable discharges an effective method of redress and a better opportunity to have their discharges upgraded.

But the need for the legislative approach we are proposing today has actually only presented itself in the past few years, as the number of these less-than-honorable discharges ballooned during and immediately after the Vietnam war. During the 9 years of the Vietnam era over 175,000 undesirable discharges were issued, and they have provoked a good deal of discrimination by potential employers against the holders of these discharges who have applied for employment.

Even veterans with honorable discharges have faced difficulties in the job market because of what were known as SPN's, the separation code numbers which appeared on discharge papers of former service personnel. But 2 years ago, at the urging of a number of Congressmen and Senators, including Representative Koch and myself, the Department of Defense discontinued its practice of placing SPN's on the discharge papers. By doing so, DOD wisely ended an exercise which had stigmatized and hampered so many young veterans in their efforts to find meaningful employment.

SPN's are the numerical codes designating the reason for separation from the service and quite often they have contained unfair characterizations of a veteran's service. For example, some of the damaging definitions of various SPN's are "marginal producer," "unsuitability—apathy," "homosexual tendencies." Although the specific SPN code meanings were supposed to remain confidential, in actuality employers seemed to have easy access to the list of designations and the most pejorative SPN's soon became common knowledge. As a result, veterans with those detrimental SPN's, in many cases, were turned down almost as quickly as they turned in their discharge papers for review by job interviewers, even though the so-called offenses they had committed were not unlawful under military or civilian law.

Finally recognizing that the use of SPN codes had this potential of unfairly branding veterans by reflecting adversely on their service records, DOD properly decided to remove the codes from separation reports and orders. This reform offered veterans the hope that employers would no longer be able to form prejudicial judgments about their ability on the basis of a simpe number.

But, unfortunately, that has not exactly come to pass. The employment problems of veterans with discharge problems have not been completely solved. The difficulties they are experiencing today grow from the use of the DD Form 214, the Report of Separation from Active Duty, and from the very nature of the discharge itself.

The copy of the DD 214 that the discharged veteran receives, as well as those sent over to the Veterans Administration and the Selective Service, no longer contain any code identifying the reason for discharge. But that information is entered on additional copies of the DD 214 which are kept on file. Moreover, the services keep a narrative description of the reason for the veteran's discharge. This narrative summary is not furnished to dischargees at the time of discharge, but copies may be provided to that individual, in accordance with the law, upon request. A potential employer, on the other hand, may not receive the same narrative without the authorization of the dischargee.

DOD contends that these safeguards are sufficient to insure that the privacy of the former service member is properly protected. But what measure is there to prevent an employer from insisting that a veteran furnish a copy of the narrative statement? And what measure is there to convince an employer that a veteran who refuses to disclose the information from the summary has nothing diabolical to hide? It is easy to see that an employer's simple ability to make that request undermines a veteran's right either to to maintain privacy or to disclose the documents at will.

Additional problems crop up for veterans who were discharged prior to the DOD non-SPN code policy but were never made aware that they are entitled to expurgated copies of the DD 214. And even if a SPN code has been properly deleted, it is not unheard of for an employer to confuse another perhaps meaningless number for a detrimental SPN code. So it therefore appears that this entire situation calls for a measure which would disallow employers from seeking copies of the narrative statement as an element of their consideration and screening of an applicant.

Beyond the problem involved with the narrative summary lies the question concerning the nature of the discharge characterizing the general service of an individual during his or her enlistment. The armed service personnel separating from the military one of five types of discharges: honorable, general, undesirable, bad conduct, and dishonorable. While the general discharge is issued by an administrative board under honorable conditions, it still lacks the title of honorable and therefore the several hundred thousand people who receive it can face employment discrimination. The last three types of discharges are issued under conditions considered other than honorable. Bad conduct and dishonorable discharges are punitive and are conferred only after court martial. Since the court procedure involves more time and red tape, these discharges do not account for a great percentage of the less-than-honorable discharges issued. The majority of "bad papers," the term used by veterans in referring to discharges granted under less than honorable conditions, fall into the class of Undesirable. As mentioned earlier, over 175,000 of these were granted administratively during the Vietnam era, without the safeguards required at a court martial, such as the right to counsel and adherence to rules of evidence.

Less-than-honorable discharges are issued for a variety of reasons. Most of them are due to absence from duty, but many are also issued as punishment for minor infractions and misdemeanors, drug or alcohol use, financial irresponsibility, and even for homosexual behavior and bedwetting. It is not unusual for a veteran to receive a bad discharge just because his superior officer had it in for him. The veterans who receive these discharges have no real or effective system of redress. One mistake or misguided action, resulting from immaturity, or even from another person's personal prejudice, could mean disturbingly severe consequences for the rest of an ex-soldier's life.

Less-than-honorable discharges have proven to be one of the major problems faced by veterans seeking employment. Bad papers immediately mark their holders unemployable. So often, if an employer checking into a job applicant's record finds that he or she was discharged under less than honorable conditions, the employer automatically disqualifies that person as a candidate for the job.

And in certain situations even an honorable discharge will not offer a veteran insurance against job discrimination. For instance, if an employer notices that an individual was discharged from the military before the normal period of enlistment had passed, that employer may question the reason for an early discharge, despite a certificate of honorable service, and demand a copy of the narrative summary.

As I see the problem, the discharge system, as it is currently implemented, constitutes an unnecessary and unfair obstruction to veterans in the job market. But by preventing employers from demanding that employees or job applicants furnish information concerning their military service or discharge, the proposal Congressman Koch and I are offering would protect the privacy of veterans seeking meaningful employment, without interfering in their ability to disclose that information voluntarily. A veteran would certainly not be prohibited from presenting his or her military records and discharge papers when applying for a job. The aim of our measure is to prevent veterans from being subject to any closer scrutiny by employers than are nonveterans.

Our bill provides protective measures for the employer, as well. For instance, questions regarding court martial convictions and criminal history while in the military are not prohibited under this legislation, and neither are requests for information relating to work experience and training if appropriately connected to the prospective job.

The situation as it now stands is unfair and many thousands of veterans have suffered because of it. But we can remove the injustice and repair the damage by finally providing veterans in the job market the guarantees of equal treatment, protection and consideration to which they are rightfully entitled. I strongly urge that we do so now.

Mr. President, I ask unanimous consent that the bill I am now introducing be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3641

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 704 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–3) is amended by adding at the end thereof the following new subsection:

"(c)(1) It shall be an unlawful employment practice for an employer—

"(A) to request any employee or applicant for employment to provide copies of military discharge papers or other records of service in the armed forces; or

"(B) to make any inquiries with respect to the nature of, or reason for, any discharge from the armed forces of an employee or applicant for employment.

"(2) Notwithstanding any other provision of this title, it shall not be an unlawful employment practice for an employer to make specific requests or inquiries (including requests or inquiries described in paragraph (1)) about any service in the armed forces of an employee or applicant for employment if—

"(A) such requests or inquiries are for the purpose of ascertaining (and are restricted to)—

"(i) the education, training, or work experience in the armed forces of such employee or applicant for employment; or

"(ii) any convictions by a court-martial of such employee or applicant for employment;

and do not call for or require disclosure of information not needed for that purpose; and

"(B) such requests or inquiries are reasonably related to the position held by such employee or for which such employee or applicant for employment has applied or is being considered.

"(3) For the purposes of this subsection, the term 'armed forces' means the Army, Navy, Air Force, Marine Corps, and Coast Guard.".

SEC. 2. The amendment made by the first section of this Act shall take effect 90 days after the date of enactment of this Act.

By Mr. STAFFORD:

S. 3642. A bill to amend title XVIII and title XIX of the Social Security Act to include community mental health centers among the entities which may be qualified providers of services for medicare purposes, to require each State having an approved medicaid plan to provide community mental health center services under such plan, and for other purposes. Referred to the Committee on Finance.

Mr. STAFFORD. Mr. President, I am introducing a bill to amend titles XVIII and XIX of the Social Security Act to provide for coverage of community mental health services under medicare and medicaid.

I think the time has come for Congress to consider the coverage of the services provided by community mental health centers under medicare and medicaid, especially if we desire to provide better health care for those individuals covered under titles XVIII and XIX of the Social Security Act.

Mr. President, the magnitude of the problem of mental health needs of our fellow Americans is keenly illustrated by these few facts developed by Morris Associates, Inc., for the National Council of Community Mental Health Centers:

It is estimated that 1 in 10 Americans is in need of mental health care.

There are approximately 9 million alcoholics in this country.

There are estimated to be 250,000 persons addicted to hard drugs and in need of care.

Fifteen percent of all Americans between the ages of 18 and 74 are estimated to suffer from depression during any one year.

About 10 million children in America are handicapped by mental or emotional problems.

The rate of mental illness and other major health and social problems rises and falls in relation to the economic cycle. During and after a period of depression or recession, the rate of mental illness, alcoholism, suicide, family disruption, and child abuse rises.

The cost of direct care for the mentally ill in 1971 was estimated at $10.1 billion.

The indirect cost of mental health care in terms of lost productivity alone is estimated to be $13.8 billion.

One-third of all suicides, one-half of all homicides are alcohol related and 35,000 highway deaths a year are related to alcohol abuse.

Approximately half of the calls to police departments for assistance are related to marital disputes or other disturbances resulting from mental or emotional problems or distress.

Other hidden costs of a failure to treat the mentally ill and emotionally disturbed are: increases in welfare rolls; disruption of classes and violence in schools, as well as various other crimes and violence in society.

When compiled in short, precise statements, these facts have a dramatic impact. It was to meet this need for mental health services that the Congress first enacted the Community Mental Health Centers Act in 1963 and subsequently reenacted it over the years.

It is quite clear to one who has participated in the writing of the latest reauthorization of the Community Mental Health Centers Act that Federal funds are intended as short-term seed money to help meet the high costs of starting a new program, and to maintain that program during its early years when reimbursement for service is not readily available. Under this seed money concept, community mental health centers are expected to raise funds from all available sources to replace the declining Federal support, while local, State, and Federal funds are envisioned to contribute to the program only to the extent that other payments are not available.

The legislation, Public Law 94–63, the Community Mental Health Centers Amendment of 1975, requires mental health centers to participate to the maximum feasible extent in the medicare program. However, medicare emphasizes hospital-based inpatient care, and does not allow repayment of most community mental health centers' outpatient services to the elderly and disabled.

Public Law 94–63 also mandates the centers to make maximum efforts to obtain reimbursement through their State medicaid plan. Title XIX, however, has been written in a way which virtually excludes most centers from participation in the program.

The result of the language of titles XVIII and XIX has been that the community mental health centers have relied primarily upon State and Federal Government funding to operate their programs.

The amendments that I am introducing today are designed to rectify this situation in which Congress is encouraging third party reimbursement for community mental health services, but the existing law does not permit it.

The bill is an attempt to eliminate the barriers to third party reimbursement for the services provided our elderly and disabled citizens through the community mental health center system.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

Mr. President, I offer this bill to my colleagues for review and ask their support for it.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3642

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a)(1) subsection 1861(c) of the Social Security Act is amended by inserting "or community mental health center" before the period at the end thereof.

(2) Section 1861(e) of such act is amended—

(A) by inserting "Qualified provider of inpatient services," before "Hospital" in the heading; and

(B) by inserting after "(e)" the following new sentence; "Except as provided in subsection (F)(1), the term 'qualified provider of inpatient service' means a hospital."

(3) Section 1861(f) of such act is amended to read as follows:

"MENTAL HEALTH SERVICE PROVIDERS

"(f)(1) the term 'qualified providers of inpatient services' as it relates to mental health care means a psychiatric hospital or a community mental health center.

"(2) The term 'psychiatric hospital' means an institution which—

"(A) is primarily engaged in providing, by or under the supervision of physician, psychiatric services for the diagnosis and treatment of mentally ill persons;

"(B) satisfies the requirements of paragraphs (3) through (9) of subsection (e);

"(C) maintains clinical records on all patients and maintains such records as the Secretary finds to be necessary to determine the degree and intensity of the treatment provided to individuals entitled to inpatient insurance benefits under part A;

"(D) meets such staffing requirements as the Secretary finds necessary for the institution to carry out an active program of treatment for individuals who are furnished services in the institution; and

"(E) is accredited by the Joint Commission on Accreditation of Hospitals.

In the case of an institution which satisfies subparagraphs (A) and (B) of the preceding sentence and which contains a distinct part which also satisfies subparagraphs (C) and (D) of such sentence, such distinct part shall be considered to be a 'psychiatric hospital' if the institution is accredited by the Joint Commission on Accreditation of Hospitals or if such distinct part meets requirements equivalent to such accreditation requirements as determined by the Secretary.

"(3) The term 'community mental health center' means an entity which meets the definition of such term in the Community Mental Health Centers Act and the standards set for community mental health centers in regulations of the Secretary prescribed pursuant to that Act."

(4) Section 1861(s)(2) of such Act is amended—

(a) by striking out "and" at the end of subparagraph (S);

(B) by adding "and" after the semicolon at the end of subparagraph (D); and

(C) by adding at the end thereof the following new subparagraph;

"(E) 'community mental health center services', which means active diagnostic therapeutic, or rehabilitative services which are furnished on an outpatient, partial hospitalization, or similar basis (as described by the Secretary) by a community mental health center which meets the definition of such centers in the Community Mental Health Centers Act, whether such services are provided in the center facility or in dispersed service elements affiliated with the center, provided that such services are furnished by or under the direct supervision of a professional member of the center staff;"

(5) Section 1861(u) of such Act is amended by inserting "community mental health center" after "hospital,".

(6) Section 1861(z) of such Act is amended by inserting "community mental health center," after "hospital," in the matter preceding paragraph (1).

(b) (1) Section 1812(c) of such Act is amended—

(A) by inserting "or community mental health centers" after "inpatient of a psychiatric hospital", and

(B) by inserting "or center" after "such a hospital".

(2) Section 1816(a) of such Act is amended by inserting "community mental health centers after "hospitals," in clause (1).

(3) Section 1835(a)(2)(u) of such Act is amended by striking out "(C), and (D)" and inserting in lieu thereof "(C), (D), and (E)".

(4) Section 1863 of such Act is amended by striking out "(f)(4)," and inserting in lieu thereof "(f)(2)(D),".

(5) Section 1864(a) of such Act is amended—

(A) by inserting, "community mental health center," after "hospital" in the first sentence, and

(B) by inserting "community mental health center," after "hospital," in the second sentence.

(6) Section 1877(c) of such Act is amended by inserting "community mental health center," after "hospital,".

Sec. 2. (a) Section 1812 of the Social Security Act is amended by striking out "inpatient hospital services" where it first appears in subsection (a)(1), and inserting in lieu thereof "inpatient service furnished by a qualified provider of inpatient services".

(b) The following provisions of Title XVIII of such Act are amended by striking out "inpatient hospital services" wherever it appears and inserting in lieu thereof "inpatient services":

(1) subsections (a)(1) (the second place it appears), (b)(1) (the second place it appears), (c), and (e) of section 1812;

(2) subsections (a)(1) and (b)(2) of section 1818;

(3) subsections (a)(2)(A), (C), (D), and (E), (a)(3), (a)(6), (a)(7), (d)(1), (e), (f)(1), (f)(2), (f)(3), and (f)(4) of section 1814;

(4) subsection (e) of section 1835;

(5) subsections (a)(1), (b), (c), (e), (k)(3), (v)(1)(D), (v)(2)(A), and (v)(3) of section 1861;

(6) subsections (a)(4) and (d)(2) of subtion 1862; and

(7) subsection (b)(3) of section 1866.

(c) The following provisions of Title XVIII of such Act are amended by striking out "inpatient psychiatric hospital services" wherever it appears and inserting in lieu thereof "inpatient psychiatric services":

(1) subsections (c) and (e) of section 1812;

(2) subsections (a)(2)(A), (a)(3), and (a)(4) of section 1814;

(3) subsections (c), (v)(2)(A), and (v)(3) of section 1861; and

(4) subsection (b)(3) of section 1866.

(d)(1) The following provisions of Title XVIII of such Act are amended by striking out "hospital" (when used as a noun referring to an institutional provider of services) wherever it appears and inserting in lieu thereof "qualified provider of inpatient services.":

(A) subsections (a)(4), (a)(6), (a)(7), (d)(1), (d)(2), (d)(3), (e), and (g) of section 1814:

(B) subsection (b) of section 1815;

(C) subsections (b)(1), (b)(2), (c) and (e) of section 1835;

(D) subsection (b)(5) of section 1842; and

(E) subsections (a)(2), (b)(2) and (b)(3) of section 1861.

(2) The last sentence of section 1813(b)(2) of such Act is amended by striking out "hospitals" and inserting in lieu thereof "qualified providers of inpatient services".

(3) Section 1814(d)(3) of such Act is amended by striking out "hospitals" each place it appears and inserting in lieu thereof "inpatient deductible";

(1) subsections (a)(1), (a)(3), (b)(1), and (b)(2) of section 1813; and

(2) subsection (d)(2) of section 1818.

(f) The following provisions of Title XVIII of such Act are amended by striking out "hospital insurance benefits" wherever it appears and inserting in lieu thereof "inpatient insurance benefits":

(1) subsection (b)(2) of section 1813;

(2) subsections (d)(1), (d)(2), (f)(1), (f)(2), and (f)(4) of section 1814;

(3) subsection (b) of section 1816;

(4) subsections (c)(5) and (c)(6) of section 1818;

(5) paragraph (1) of section 1836;

(6) subsection (c), (f)(1) and (f)(3) of section 1837;

(7) subsection (c) of section 1838; and

(8) subsections (a)(1)(A), (c)(1), (c)(2), and (i)(1) of section 1876.

(g)(1) The heading for part A of Title XVIII of such Act is amended by striking out "Hospital" and inserting in lieu thereof "Inpatient".

(2) Section 1811 of such Act is amended by striking out "Hospital and related post-hospital services" and inserting in lieu thereof "inpatient and related post-inpatient services".

(3) The heading of subsection (d) of section 1814 of such Act is amended by striking out "Hospital" and inserting in lieu thereof "Inpatient".

(4) The headings of subsections (e) and (f) of section 1814 of such Act are amended by striking out "Hospital".

(5) The heading of section 1818 of such Act is amended by striking out "Hospital" and inserting in lieu thereof "Inpatient".

(6) Section 1818(c)(4) of such Act is amended by striking out "hospital insurance program" and inserting in lieu thereof "inpatient insurance program".

(7) Section 1818(c)(5) of such Act is amended by striking out "hospital insurance entitlement" and inserting in lieu thereof "inpatient insurance entitlement".

(8) Section 1861(b) of such Act is amended—

(A) by striking out "Hospital" in the heading;

(B) by inserting "or other qualified provider of inpatient services" after "inpatient of a hospital";

(C) by striking out "by the hospital" in the matter preceding paragraph (1) and inserting in lieu thereof "by the provider";

(D) by striking out "hospital facilities" in paragraph (2) and inserting in lieu thereof "facilities"; and

(E) by striking out "for use in the hospital" in paragraph (2) and inserting in lieu thereof "for use in the facility".

(9) The heading of section 1861(c) of such Act is amended by striking out "Hospital".

Sec. 3. (a) (1) Section 1812(b) of the Social Security Act is amended—

(A) by adding "or" after the semicolon at the end of paragraph (1);

(B) by striking out "; or" at the end of paragraph (2) and inserting in lieu thereof a period; and

(C) by striking out paragraph (3).

(2) Section 1812(c) of such Act is amended by striking out "or in determining the 190-day limit of subsection (b)(3)".

(b) Section 1833(c) of such Act is repealed.

(c) Section 1866(a)(2)(A) of such Act is amended by striking out the last sentence.

Sec. 4. (a) Section 1905(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (16);

(2) by redesignating paragraph (17) as paragraph (18); and

(3) by inserting after paragraph (16) the following new paragraph: "(17) community mental health services, as defined in subsection (1); and".

(b) Section 1905 of such Act is further amended by adding at the end thereof the following new subsection:

"(1)(1) For purposes of paragraph (17) of subsection (a), the term 'community mental health center services' means active diagnostic, therapeutic, or rehabilitative services which are furnished (A) on an outpatient, partial hospitalization, or similar basis (as specified by the Secretary) by a community mental health center within the meaning of paragraph (2), whether such services are provided in the center facility or in dispersed service elements affiliated with the center, and (B) by or under the direct supervision of a professional member of the center staff.

"(2) The term 'community mental health center' means an entity which meets the definition of such term in the Community Mental Health Centers Act and the standards set for community mental health centers in regulations of the Secretary prescribed pursuant to that Act.".

Sec. 5. (a) Section 1902(a)(13) of the Social Security Act is amended—

(1) by inserting ", and clause (17)," after "clauses (1) through (5)" in subparagraph (B);

(2) by inserting ", and clause (17)," after "clauses (1) through (5)" in subparagraph (C)(i); and

(3) by striking out "(16)" in subparagraph (C)(ii) and inserting in lieu thereof "(17)".

(b) Section 1902(a)(14)(A)(i) of such Act is amended by striking out "and (7)" and inserting in lieu thereof "and clauses (7) and (17),".

Sec. 6. The amendments made by this Act shall apply with respect to items and services furnished on and after the first day of the month following the month in which this Act is enacted.

By Mr. MONDALE (for himself,
Mr. Humphrey, Mr. McGovern,
Mr. Culver, and Mr. Abourezk):

S. 3643. A bill to amend the Consolidated Farm and Rural Development Act and the Emergency Livestock Credit Act of 1974 to authorize the Secretary of Agriculture to postpone for 3 years the principal and interest payments on emergency loans.

Mr. MONDALE. Mr. President, today with Senators Humphrey, Abourezk, Culver, and McGovern I am introducing legislation to amend the Consolidated Farm and Rural Development Act and the Emergency Livestock Credit Act of 1974.

These amendments will provide the Secretary of Agriculture the discretionary authority to postpone repayment of the section 3 disaster loans and the emergency livestock loans for up to 3 years when immediate repayment would cause serious financial hardship.

Farmers Home Administration is surprisingly a relatively small agriculture lender and supplies only about 7 percent of the total farm real estate credit loans and 4 percent of the nonreal estate credit loans for American farmers. However, FmHA's importance is far greater than the numbers suggested because these loans are made to new farmers or farmers who are experiencing particular financial hardships and who have exhausted other means of credit.

The emergency and disaster loan program, which are just part of the total FmHA loan program, are even less substantial in size but serve at least as important a function as the other FmHA loan programs. Those programs are limited to the extent that they are because they are available only to those who have suffered major crop losses as a result of natural disasters such as floods, tornadoes, frost, or drought. Since the enactment of Public Law 94–68, these loans are further limited to only those who can not get credit elsewhere.

Thus, both the regular and disaster type of loans available through FmHA have the special purpose of providing needed financial assistance to those who have the greatest need and least ability to pay.

The disaster aid loans have another unusual feature that should be mentioned here. Since they become available only after a natural disaster has occurred, the number and dollar volume of loans fluctuate dramatically from year to year. For example, 33,935 such loans were made in 1975 for a total of $59,966,000; however, just a year earlier there were only 7,315 such loans for a total of $30,952,740.

While disaster loans could be viewed as "severe hardship loans," their repayment history is most impressive. Since the inception of the disaster loan programs in the late forties, the Government has written off only $31,178,000 or just 3.7 percent of the total loans made under this program. But while default has not been a serious problem with these programs, many young farmers or farmers who have experienced successive natural disasters have hardship heaped upon hardship because the loans have to be repayed in a relatively short period of time.

It may not be appropriate to extend the total repayment period for a production loan beyond the present 3 and 7 years; however, I find that a very good case can be made to provide some flexibility in the repayment schedule. Under current law, the Secretary of Agriculture does not have the authority to defer interest and principal payments even if immediate repayment causes severe financial hardship.

I would not recommend that this authority, as recommended in my legislation, be used indiscriminately or as a general waiver. In fact, the recent experience with these loan programs would indicate that most are able to repay in a timely manner. For example, after 2 years, FmHA is normally carrying only 19 percent of an emergency loan and after 5 years the outstanding principle has decreased to only about 12 percent of the original loan.

The legislation I submit today would not jeopardize this excellent repayment record. It is not designed to stretch the loans out beyond the current maximum terms. It is simply intended to provide additional authority to the Secretary of Agriculture so that he can more appropriately and more compassionately respond to hardship cases.

Since this will affect only a relatively small percent of the total disaster loans and since there is no forgiveness feature in the deferment provision, and since all of the emergency livestock loans carry commercial interest rates and are just guaranteed by the Government, this humanizing instrument will have virtually no budgetary impact.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3643

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 324 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964) is amended to read as follows:

"SEC. 324. Loans made or insured under this Act shall be (1) at a rate of interest not in excess of 5 per centum per annum on loans up to the amount of the actual loss caused by the disaster, and (2) for any loans or portions of loans in excess of that amount, the interest rate will be that prevailing in the private market for similar loans, as determined by the Secretary. All such loans shall be repayable at such time as the Secretary may determine, taking into account the purposes of the loan and the nature and effect of the disaster, but not later than provided for loans for similar purposes under subtitles A and B of this title. However, the Secretary may modify the repayment schedule to be commensurate with borrower circumstances by postponing all principal and interest payments for up to three years, except for an annual payment equal to 1 per centum of the principal. During this grace period, interest shall accrue on the deferred principal but shall not accrue on the deferred interest. Furthermore, loans made or insured under this Act shall be approved with the full personal liability of the borrower and upon the best security available, as the Secretary may prescribe: *Provided,* That the security is adequate to insure repayment of the loan: *Provided further,* That for any disaster occurring between January 1, 1975, and July 1, 1976, the Secretary, if the loan is for a purpose described in subtitle B of this title, may make the loan repayable at the end of a period of more than seven years but not more than twenty years if the Secretary determines that the need of the loan applicant justifies such a longer repayment period.".

SEC. 2. Subsection (f) of section 2 of the Emergency Livestock Credit Act of 1974 (88 Stat. 391) is amended by adding at the end thereof the following: "However, the Secretary may modify the repayment schedule to be commensurate with borrower circumstances by postponing all principal and interest payments for up to three years, except for an annual payment equal to 1 per centum of the principal. During this grace period, interest shall accrue on the deferred principal and interest payments.".

By Mr. PEARSON (for himself and Mr. HUDDLESTON):

S. 3644. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for services furnished by physician extenders. Referred to the Committee on Finance.

Mr. PEARSON. Mr. President, I introduce today legislation to amend title XVIII of the Social Security Act, to permit reimbursement under medicare for primary health care services provided by physician extenders, such as nurse practitioners, physician assistants, and other trained health professionals.

Although there have been significant increases in the total supply of U.S. health professionals in the past 10 years, the shortage of medical manpower in our rural areas and inner cities has become critical. Adequate, essential medical care is unavailable to millions of Americans in these areas.

However, we do have trained practitioners capable of providing basic medical care. More than 2,800 physician extenders—nurse practitioners, physician assistants, nurse clinicians, community health associates, and other trained practitioners—are available today to provide physician-directed primary and emergency medical care in communities without their own resident doctors. For Americans in rural areas, these physician extenders are not only a matter of convenience, but in emergencies can mean the difference between life and death.

Despite the tremendous potential advantage of physician extenders, use of their services has been hindered because their services are not reimbursable under medicare. Many people who could most benefit from the services of physician extenders cannot now pay for them. For example, 95 percent of medicare beneficiaries subscribe to part B voluntary medicare coverage of physician and outpatient services. HEW has adopted regulations to the effect that if the beneficiary receives care from a physician extender in a physician's office or a setting in which the physician is in the building, medicare will reimburse the physician for the services. But if similar care is provided in a setting in which the physician extender is physically removed from the physician even though the physician provides supervision through tightly controlled written standing orders, the claim will be denied.

More extensive and effective use of physician extenders is one of the more promising approaches for improving health care in sparsely populated rural areas. Denying medicare coverage to physician extenders simply because they are not in the same building serves to discourage rather than to encourage the use of these allied health personnel.

Mr. President, we are all concerned about the growing public cost of medicare. However, I believe this legislation could result in a net savings to the medicare program. Where physician extender services are available, hospital days have decreased 10 to 15 percent. The savings in reduced costs of hospitalization greatly exceed the potential payments for use of physician extenders.

Mr. President, I believe this legislation will help make quality health care available to millions of Americans in rural areas and inner cities. It will have a most positive and immediate impact in Appalachia, where the Appalachian Regional Commission has assisted more than 150 communities throughout the 13-State region in establishing rural satellite health clinics. Eighty-seven of the clinics rely heavily upon physician extender services to meet primary health care needs, and the record of health care has been very good as I understand the situation. But continuing to deny medicare reimbursement to these clinics threatens their future survival.

Moreover, I firmly believe that the adoption of this legislation would have the effect of encouraging the use of physician extenders in other parts of rural America, and this would be beneficial for the people in our rural communities.

By Mr. **HRUSKA** (by request):

S. 3645. A bill to amend section 511(d) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 881(d)) to raise the monetary limit applicable to drug-related judicial forfeitures from $2,500 to $10,000. Referred to the Committee on the Judiciary.

Mr. **HRUSKA**. Mr. President, I am introducing today at the request of the administration a bill to amend section 511(d) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 881(d)) to raise the monetary limit of drug-related judicial forfeitures from $2,500 to $10,000.

PRESIDENT'S MESSAGE ON DRUG ABUSE

On April 27, 1976, President Ford submitted to the Congress a number of proposals for fighting drug abuse in the United States. The major proposals of his message were introduced by this Senator, along with others, as S. 3411, which has been referred to the Senate Committee on the Judiciary.

In addition to these proposals, the President's mesage drew attention to a technical deficiency in present law having to do with the forfeiture provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970. In his April 27 message, the President stated:

> I shall ask Congress to pass legislation requiring the forfeiture of cash or other personal property found in the possession of a narcotics violator—where it is determined that it was used or was intended for use in connection with an illegal drug transaction.
>
> I shall ask Congress to change provisions of the law which allow the seizure of vehicles, boats and aircraft used to smuggle drugs. At present, these may be seized by administrative action only if the value of the property is less than $2,500; otherwise action by a Federal judge is necessary.
>
> This $2,500 limitation is out of date and must be changed. Therefore, I shall ask Congress to raise to $10,000 the ceiling for administrative forfeitures. This will not only make law enforcement against traffickers more swift and more effective but it will also help to relieve court congestion.

HISTORY OF PRIOR LEGISLATION

When originally enacted in 1939, the dividing line between the administrative and judicial forfeiture of property seized during drug arrests was set at $1,000, and in 1954 this figure was raised to its present level of $2,500. Thus, for 20 years the level has remained at $2,500, which means that property valued at more than $2,500 is forfeited judicially, while property valued at $2,500 or less forfeited administratively. The proposed bill would raise this level to $10,000.

Mr. President, it comes as no surprise to anyone that the appraised value of vehicles, as well as other property, has risen sharply during the past two decades. Thus, the large part of the vehicles and other property that was heretofore subject to administrative forfeiture where it was less than $2,500 in value, is now required to be disposed of by a judicial proceeding. Since forfeitures are generally held until general civil dockets of the U.S. District Courts are cleared, lengthy delays often occur, during which storage costs are incurred and deterioration of the vehicles diminishes their suitability for official use or disposition.

RECENT COURT DECISIONS

Mr. President, further complicating this situation is a recent decision in the 10th circuit, *Sarkisian* v. *United States*, 472 F.2d 468 (1973), which requires that forfeiture proceedings be commenced within 14 days of seizure and completed within 60 days. Clearly, these kinds of time limitations cause practical difficulties for prosecutors and judges alike. The bill I am introducing today would serve to reduce these burdens on the Federal judicial system.

CONCLUSION

Mr. President, this is a simple bill, technical in nature, which is much needed to facilitate the forfeiture proceedings connected with this Nation's efforts to fight drug abuse. It is a measure which I hope will receive early hearings and due legislative processing in the Judiciary Committee.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record, together with a letter of transmittal from the Attorney General of the United States.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 3645

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that section 511(d) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 881(d)) is amended by deleting the semicolon after the words "custom laws" in the first sentence and inserting in lieu thereof the following:

", except that whenever property is forfeited under this Act, the sum of $2,500 in sections 607, 610 and 612 of the Tariff Act of 1930 (19 U.S.C. 1607, 1610 and 1612) shall be $10,000."

Office of the Attorney General,
Washington, D.C., April 24, 1975.

The Vice President,
U.S. Senate,
Washington, D.C.

Dear Mr. Vice President: There is transmitted herewith a legislative proposal which amends Section 511(d) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 811(d)) to raise the monetary limit of drug-related judicial forfeitures from $2,500 (dollars) to $10,000 (dollars).

During 1974, the Department of Justice seized approximately 1,450 vehicles, vessels and aircraft for drug-related violations. The value of the conveyances seized in 1974 was about $3,390,593.00. The number of conveyances seized in 1975 tripled the number seized in 1973. The conveyances are forfeited under the provisions of Section 511 (d) of the Act and the procedures under the customs laws which are made applicable under Section 511(d). Currently, approximately one-third of the property seized by the Department is subject to judicial forfeiture under the customs laws (Sections 607, 610 and 612 Tariff Act of 1930) which provide that property valued at more than $2,500 will be forfeited judicially, while property valued at $2,500 or less will be forfeited administratively.

When originally enacted in 1939, the dividing line between such administrative and judicial forfeitures was set at $1,000, and in 1954 this figure was amended to the present figure of $2,500. During the last twenty years, since the figure of $2,500 was established, the appraised value of vehicles has increased so substantially that there is currently no automobile manufactured in the United States with normally ordered equipment that retails for less than $2,500. Therefore, as the appraised value of vehicles has continued to rise through recent years, light and medium class vehicles which had in years past been subject to administrative forfeiture were required to be forfeited judicially. Since judicial forfeitures are generally required to await the processing of the general civil docket of the United States District Courts, a delay of two or three years in completing such forfeitures in certain of our larger cities has been encountered. During such lengthy delays, not only are storage costs being incurred, but the vehicle is depreciating to the detriment of all parties concerned. In some cases, vehicles which were suitable for official use when seized have deteriorated to the point where their use was not possible.

The procedures applicable to judicial forfeitures has been further complicated by a decision in the Tenth Circuit, *Sarkisian* v. *United States*, 472 F. 2d 468 (1973), which requires that forfeiture proceedings must be commenced within 14 days of seizure and completed within 60 days. The practical difficulties involved in completing a forfeiture within these time limits raise problems for both the prosecutors and courts involved. This is particularly true when a related criminal case is not proceeding with similar speed, and the matter of discovery arises in the civil action involving the vehicle.

The current Justice Department policy related to holders of security interests in seized property is contained in Part 9 of Title 28 of the Code of Federal Regulations. Basically, the policy protects lienholders to the extent of their recognized equity in the seized property without any burden on the lender to have made any inquiry as to the borrower.

The proposed legislation would raise the dividing line between administrative and judicial forfeitures in drug-related offenses from $2,500 to $10,000, and thereby substantially reduce the volume of property processed by the Federal court system. The proposal is designed to only apply to forfeitures of property under Section 511 of the Act and not to amend the general customs provisions which apply to all merchandise and baggage.

Under the proposal, petitions for remission or mitigation of forfeiture filed by the holders of security interests would be handled directly by the Drug Enforcement Administration without the necessity of referral to the United States Attorney, or the subsequent filing of a condemnation action in District Court. Such a procedure not only saves court costs, but also reduces storage costs, since the vehicles involved would not be stored for lengthy periods awaiting court action. However, should a claimant desire to contest the probable cause for seizure (the only issue before the court in the civil action), the claimant may file a claim and bond pursuant to Section 608 of the Tariff

Act of 1930 and place the matter in the District Court.

The proposed legislation will provide a needed update of a jurisdictional standard set twenty years ago and thereby substantially reduce the volume of judicial forfeiture matters related to drug violations.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration program.

Sincerely,

——— ———,
Attorney General.

By Mr. HRUSKA (by request):

S. 3646. A bill to amend title 18, United States Code, to implement the "Convention To Prevent and Punish the Acts of Terrorism Taking the Form of Crimes Against Persons and Related Extortion that are of International Significance" and the "Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents," and for other purposes. Referred to the Committee on the Judiciary.

Mr. HRUSKA. Mr. President, I introduce by request of the administration a legislative proposal to amend title 18, United States Code, to implement the "Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes Against Persons and Related Extortion that are of International Significance" and the "Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents." The Senate advised and consented to ratification of the first-named convention (Senate Executive D, 92d Congress, 1st Session) on June 12, 1972. The second of the two conventions was transmitted to the Senate on November 13, 1974 (Senate Executive L. 93d Congress, 2d Session).

The purpose of the bill which I am introducing is to enact U.S. statutory provisions consistent with the terms of these conventions. Under the terms of these conventions, this country is obligated to provide legal sanctions against attacks in the United States on diplomatic personnel and provide for exercise of U.S. jurisdiction over those who may attack such persons abroad and later come to the United States. This requires extension of present law to reach extortion and threats and provision for certain extraterritorial jurisdiction. Regarding extraterritorial jurisdiction, this bill is analogous to legislation previously enacted on aircraft piracy, Public Law 93-366. In addition, several primary technical changes in existing provisions for protection of diplomats reflect lessons learned in the administration of the relatively new Federal law on that subject.

The tragic events in Beirut earlier this month dramatically underscore the need for Congress to explore legislative proposals to discharge this country's international obligations under the mentioned conventions and to assist the United States in securing the cooperation of all nations in combating terrorism.

Mr. President, the bill at hand should serve as an appropriate vehicle for congressional consideration of legislation in this area. I hope that earlier attention is given to this proposal and that through the legislative process a worthy measure can be enacted.

Mr. President, I ask unanimous consent that the bill, a section-by-section analysis thereof, and the letter of transmittal from the Attorney General and Secretary of State be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3646

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Act for the Prevention and Punishment of Crimes Against Internationally Protected Persons".

SEC. 2. Section 1116 of title 18, United States Code, is amended to read as follows:

"§ 1116. Murder or manslaughter of foreign officials, official guests, or internationally protected persons

"(a) Whoever kills or attempts to kill a foreign official, official guest, or internationally protected person shall be punished as provided under sections 1111, 1112, and 1113 of this title, except that any such person who is found guilty of murder in the first degree shall be sentenced to imprisonment for life, and any person who is found guilty of attempted murder shall be imprisoned for not more than twenty years.

"(b) For the purposes of this section:

"(1) 'Family' includes (a) a spouse, parent, brother or sister, child, or person to whom the foreign official or internationally protected person stands in loco parentis, or (b) any other person living in his household and related to the foreign official or internationally protected person by blood or marriage.

"(2) 'Foreign government' means the government of a foreign country, irrespective of recognition by the United States.

"(3) 'Foreign official' means:

"(A) a Chief of State or the political equivalent, President, Vice President, Prime Minister, Ambassador, Foreign Minister, or other officer of cabinet rank or above of a foreign government or the chief executive officer of an international organization, or any person who has previously served in such capacity, and any member of his family, while in the United States; and

"(B) any person of a foreign nationality who is duly notified to the United States as an officer or employee of a foreign government or international organization, and who is in the United States on official business, and any member of his family whose presence in the United States is in connection with the presence of such officer or employee.

"(4) 'Internationally protected person' means: "(A) a Chief of State or the political equivalent, Head of Government, or Foreign Minister whenever such person is in a country other than his own and any member of his family accompanying him; or

"(B) any other representative, officer, employee, or agent of the United States Government, a foreign government, or international organization who at the time and place concerned is entitled pursuant to international law to special protection against attack upon his person, freedom, or dignity, and any member of his family then forming part of his household.

"(5) 'International organization' means a public international organization designated as such pursuant to section 1 of the International Organizations Immunities Act (22 U.S.C. 288).

"(6) 'Official guest' means a citizen or national of a foreign country present in the United States as an official guest of the government of the United States pursuant to designation as such by the Secretary of State.

"(c) If the victim of an offense under subsection (a) is an internationally protected person, the United States may exercise jurisdiction over the offense if the alleged offender is present within the United States, irrespective of the place where the offense was committed or the nationality of the victim or the alleged offender. As used in this subsection, the United States includes all areas under the jurisdiction of the United States including any of the places within the provisions of sections 5 and 7 of this title and sections 101 (34) of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 (34)).

"(d) In the course of enforcement of this section and any other sections prohibiting a conspiracy or attempt to violate this section, the Attorney General may request assistance from any Federal, State, or local agency, including the Army, Navy, and Air Force, any statute, rule, or regulation to the contrary, notwithstanding."

SEC. 3. The analysis at the beginning of chapter 51 of title 18, United States Code, relating to section 1116 is amended to read as follows:

"§ 1116. Murder or manslaughter of foreign officials, official guests, or internationally protected persons."

SEC. 4. Section 1201 of title 18, United States Code, is amended as follows:

(a) by deleting subsection (a)(4) and inserting in lieu thereof the following:

"(a)(4) the person is a foreign official, an internationally protected person, or an official guest as those terms are defined in section 1116(b) of this title,"

(b) by adding at the end thereof new subsections (d), (e), and (f) as follows:

"(d) Whoever attempts to violate this section shall be punished by imprisonment for not more than twenty years.

"(e) If the victim of an offense under subsection (a) is an internationally protected person, the United States may exercise jurisdiction over the offense if the alleged offender is present within the United States, irrespective of the place where the offense was committed or the nationality of the victim or the alleged offender. As used in this subsection, the United States includes all areas under the jurisdiction of the United States including any of the places within the provisions of sections 5 and 7 of this title and section 101(34) of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301(34)).

"(f) In the course of enforcement of subsection (a)(4) and any other sections prohibiting a conspiracy or attempt to violate subsection (a)(4), the Attorney General may request assistance from any Federal, State, or local agency, including the Army, Navy, and Air Force, any statute, rule, or regulation to the contrary, notwithstanding."

SEC. 5. Section 112 of title 18, United States Code, is amended to read as follows:

"§ 112. Protection of foreign officials, official guests, and internationally protected persons

"(a) Whoever assaults, strikes, wounds, imprisons, or offers violence to a foreign official, official guest, or internationally protected person, or makes any other violent attack upon the person or liberty of such a person or, if likely to endanger his person or liberty, makes a violent attack upon his official premises, private accommodation or means of transport, or attempts to commit any of the foregoing shall be fined not more than $5,000 or imprisoned not more than three years, or both. Whoever in the commission of any such act uses a deadly or dangerous weapon shall be fined not more than $10,000 or imprisoned not more than ten years, or both.

"(b) Whoever willfully intimidates, coerces, threatens, or harasses a foreign official or an official guest, or willfully obstructs a foreign official in the performance of his duties, shall be fined not more than $500 or imprisoned not more than six months, or both.

"(c) Whoever within the United States but outside the District of Columbia and within one hundred feet of any building or premises belonging to or used or occupied by a foreign government or by a foreign official or diplomatic or consular purposes, or as a mission to an international organization, or as a residence of a foreign official, or belonging to or used or occupied by an international organization for official business or residential purposes—

"(1) parades, pickets, displays any flag, banner, sign, placard, or device, or utters any word, phrase, sound, or noise, for the purpose of intimidating, coercing, threatening, or harassing any foreign official or obstructing him in the performance of his duties, or

"(2) congregates with two or more other persons with the intent to perform any of the aforesaid acts or to violate subsection (a) or (b) of this section,

shall be fined not more than $500 or imprisoned not more than six monhts, or both.

"(d) For the purpose of this section 'foreign government,' 'foreign official,' 'internationally protected person,' 'international organization,' and 'official guest' shall have the same meanings as those provided in section 1116(b) of this title.

"(e) Nothing contained in this section shall be construed or applied so as to abridge the exercise of rights guaranteed under the first amendment to the Constitution of the United States.

"(f) If the victim of an offense under subsection (a) is an internationally protected person, the United States may exercise jurisdiction over the offense if the alleged offender is present within the United States, irrespective of the place where the offense was commited or the nationality of the victim or the alleged offender. As used in this subsection, the United States includes all areas under the jurisdiction of the United States including any of the places within the provisions of sections 5 and 7 of this title and section 101 (34) of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 (34)).

"(g) In the course of enforcement of subsection (a) and any other sections prohibiting a conspiracy or attempt to violate subsection (a), the Attorney General may request assistance from any Federal, State, or local agency, including the Army, Navy, and Air Force, any statute, rule, or regulation to the contrary, notwithstanding."

SEC. 6. The analysis at the beginning of chapter 51 of title 18, United States Code, relating to section 112 is amended to read as follows:

"§ 112. Protection of foreign officials, official guests, and internationally protected persons."

SEC. 7. Section 970 of title 18, United States Code, is amended:

(a) by relettering subsection "(b)" as subsection "(c)"; and amending the subsection to read as follows:

"(c) For the purpose of this section 'foreign government,' 'foreign official,' 'international organization,' and 'official guest,' shall have the same meanings as those provided in Section 1116(b) of this title."

(b) by inserting a new subsection "(b)" as follows:

"(b) Whoever:

"(1) forcibly thrusts any part of himself or any object within or upon any building or premises located within the United States in whole or in part owned, used, or occupied for official business, or for diplomatic, consular, or residential purposes by:

"(A) a foreign government, including such use as a mission to an international organization;

"(B) an international organization;

"(C) a foreign official; or

"(D) an official guest; or

"(2) refuses to depart from any such building or premises after a request by an employee of the foreign government, the international organization, or by the foreign official or a member of his staff, or by any person present having law enforcement powers shall be fined not more than $500 or imprisoned not more than six months, or both."

SEC. 8. Chapter 41 of title 18, United States Code, is amended by adding a new section 878 as follows:

"878. Threats and extortion against foreign officials, official guests, or internationally protected persons

"(a) Whoever knowingly and willfully threatens to violate section 112, 1116, or 1201 by killing, kidnapping, or assaulting a foreign official, official guest, or internationally protected person shall be fined not more than $5,000 or imprisoned not more than five years, or both, except that imprisonment for a threatened assault shall not exceed three years.

"(b) Whoever in connection with any violation of subsection (a) or actual violation of section 112, 1116, or 1201 makes any extortionate demand shall be fined not more than $20,000 or imprisoned not more than twenty years, or both.

"(c) For the purpose of this section 'foreign official,' 'internationally protected person,' and 'official guest' shall have the same meanings as those provided in section 1116 (b) of this title.

"(d) If the victim of an offense under subsection (a) is an internationally protected person, the United States may exercise jurisdiction over the offense if the alleged offender is present within the United States, irrespective of the place where the offense was committed or the nationality of the victim or the alleged offender. As used in this subsection, the United States includes all areas under the jurisdiction of the United States including any of the places within the provisions of sections 5 and 7 of this title and section 101(34) of the Federal Aviation of 1958, as amended (49 U.S.C. 1301(34))."

SEC. 9. The analysis of chapter 41 of title 18, United States Code, is amended by inserting at the end thereof the following new item:

"§ 878. Threats and extortion against foreign officials, official guests, and internationally protected persons."

SEC. 10. Nothing contained in this Act shall be construed to indicate an intent on the part of Congress to occupy the field in which its provisions operate to the exclusion of the laws of any State, Commonwealth, territory, possession, or the District of Columbia, on the same subject matter, nor to relieve any person of any obligation imposed by any law of any State, Commonwealth, territory, possession, the District of Columbia, including the obligation of all persons having official law enforcement powers to take appropriate action, such as effecting arrests, for Federal as well as non-Federal violations.

SEC. 11. Section 11 of title 18, United States Code, is amended by inserting after the word "title" the words "except in sections 112, 878, 970, 1116, and 1201".

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C.

THE VICE PRESIDENT,
U.S. Senate,
Washington, D.C.

DEAR MR. VICE PRESIDENT: Enclosed for your consideration and appropriate reference is a legislative proposal "To amend Title 18, United States Code, to implement the 'Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes Against Persons and Related Extortion that are of International Significance' and the 'Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents', and for other purposes", which is being submitted by the Department of Justice and the Department of State. The Senate advised and consented to ratification of the first-named convention (Senate Executive D, 92d Congress, 1st Session) on June 12, 1972. The second of the two conventions was transmitted to the Senate on November 13, 1974 (Senate Executive L, 93d Congress, 2d Session).

The proposal is a response to the United States' obligation to enact internal laws consistent with the provisions of the aforementioned conventions. Essentially, under the conventions, our internal law must provide sanctions against attacks in the United States on diplomatic personnel and provide for exercise of United States jurisdiction over those who may attack such persons abroad and later come to the United States. This requires extension of present law to reach extortion and threats and provision for extra-territorial jurisdiction in certain instances. In this latter aspect, the proposal is analogous to legislation previously submitted on aircraft piracy. Pub. L. 93–366. In addition, several primarily technical changes in existing provisions for protection of diplomats reflect lessons learned in the administration of the relatively new Federal law on that subject.

Prompt introduction and early enactment of this legislation wil enable us to discharge our international obligations under the conventions and should assist the United States in securing the cooperation of all nations in combatting terrorism.

The Office of Management and Budget has advised this Department that enactment of this proposal would be in accord with the program of the President.

Sincerely,

——— ———,
Secretary of State.

——— ———,
Attorney General.

SECTION-BY-SECTION ANALYSIS

MURDER OR MANSLAUGHTER OF FOREIGN OFFICIALS, OFFICIAL GUESTS, OR INTERNATIONALLY PROTECTED PERSONS

Section 2 revises section 1116 of title 18, United States Code, to conform with the United Nations Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents and the Organization of American States Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes Against Persons and Related Extortion that are of International Significance.

Subsection (a) of section 1116 prohibits the killing or attempted killing of foreign officials, official guests, or internationally protected persons. The penalty provisions of sections 1111, 1112 and 1113 are made applicable except that the penalty for first degree murder is imprisonment for life, thus conforming with *Furman* v. *Georgia*, 408 U.S. 238 (1973). The penalty for attempted murder, not more than twenty years, parallels that for assault with intent to commit murder (18 U.S.C. 113) as being more appropriate than the three years otherwise applicable under 18 U.S.C. 1113.

Subsection (b) of section 1116 defines terms used in the section.

Paragraph (1) of subsection (b) defines "family" in the same manner as the existing 18 U.S.C. 1116(c) (3) except that the term internationally protected person is added.

The conventions do not define this term, but the understanding of the United States of its convention obligations for family members must be taken as reflective of the term in existing law.

Paragraph (2) of subsection (b) defines "foreign government" precisely as the existing 18 U.S.C. 1116(c)(1) defines the term.

Paragraph (3) of subsection (b) defines the term "foreign official" the same way as 18 U.S.C. 1116(b) now defines the term. Note that the definition includes chief executive officers of an international organization as well as persons who have previously served in such capacity and any member of their families. Since United States citizens can serve in such capacities, both they and their families can fall within the technical definition of "foreign official."

The issue has been raised in the appeal of *United States* v. *Spirn*, No. 74–2490 (2d Cir.), whether the foreign official must be personally present within the United States at the time of damage to his personal property, 18 U.S.C. 970 (incorporating the definition of "foreign official" by reference), or attack on members of his family, 18 U.S.C. §§ 1116, 1201 and 112. We believe that the intent of Congress is clear in this respect; that once the person has been duly notified to the United States as an officer or employee of a foreign government or international organization, short sojourns in other countries for vacations, conferences, etc., do not vitiate the protection afforded his family or property remaining in the United States. Consequently, an amendment is unnecessary.

Paragraph (4) of subsection (b) defines "internationally protected person" as a Chief of State or the political equivalent, a Head of Government, or a Foreign Minister outside of his own country, as well as any member of his family accompanying him. The definition also encompasses any other representative, officer, employee, or agent of the United States Government, a foreign government, or international organization who is entitled pursuant to international law to special protection as well as members of his family then formnig part of his household. The difference in protection of family members is a result of the difference in protection under the United Nations Convention.

The definition is meant to parallel that found in the United Nations Convention definition of "internationally protected person." There the term was defined as:

(a) a Head of State, including any member of a collegial body performing the functions of a Head of State under the Constitution of the State concerned, a Head of Government or a Minister for Foreign Affairs, whenever any such person is in a foreign State, as well as members of his family who accompany him;

(b) any representative or official of a State or any official or other agent of an international organization of an intergovernmental character who, at the time when and in the place where a crime against him, his official premises, his private accommodation or his means of transport is committed, is entitled pursuant to international law to special protection from any attack on his person, freedom or dignity, as well as members of his family forming part of his household. . . .

The term "internationally protected person" overlaps significantly with the term "foreign official." In essence, the former term is needed only to define that class of persons in whose favor operate the extra-territorial jurisdiction provisions of this statute.

The offender's knowledge of the status of the victim is not required. *Cf. United States* v. *Marcello*, 423 F.2d 993 (5th Cir.), cert. denied, 398 U.S. 959 (1970). Any uncertainty whether a particular victim is afforded special protective status under international law relates to jurisdiction only; it does not raise due process questions of notice or vagueness. *Cf. United States* v. *Irick*, 497 F.2d 1369 (5th Cir. 1974). The substantive crimes are defined in traditional terms which afford the requisite fair warning of the conduct prohibited. *Cf. Bouie* v. *City of Columbia*, 378 U.S. 347, 350–51 (1964).

Paragraph (5) of subsection (b) defines "International Organization" the same way as the extant 18 U.S.C. 1116(c)(2).

Paragraph (6) of subsection (b) defines "Official Guest" the same as the existing 18 U.S.C. 1116(c)(4).

Subsection (c) of section 1116 provides that if the murder or attempted murder was against an internationally protected person, then the United States may exercise jurisdiction if the alleged offender is present within the United States regardless of the place where the offense was committed or the nationality of the victim or the alleged offender. The subsection is intended to establish jurisdiction in the cases enumerated in Article III of the United Nations Convention:

"1. Each State Party shall take such measures as may be necessary to establish its jurisdiction . . . in the following cases:

(a) when the crime is committed in the territory of that State or on board a ship or aircraft registered in that State;

(b) when the alleged offender is a national of that State;

(c) when the crime is committed against an internationally protected person as defined in article I who enjoys his status as such by virtue of functions which he exercises on behalf of that State.

2. Each State Party shall likewise take such measures as may be necessary to establish its jurisdiction over these crimes in cases where the alleged offender is present in its territory and it does not extradite him . . . to any of the States mentioned in paragraph I of this article.

The United States for the purposes of subsection (c) includes all areas under the jurisdiction of the United States including the places within 18 U.S.C. 5 and 7 as well as 49 U.S.C. 1301(34). Thus a person is present within the United States if he is, for example, on board a ship belonging to the United States, or present elsewhere in territory under the jurisdiction of the United States. The word "present" is used to capture those cases in which an offender is discovered in a foreign jurisdiction and then compelled to enter the jurisdiction of the United States.

As to jurisdiction wherever the offense is committed when the offender or victim is a United States national, the question of its application is, of course, one of construction, not of legislative power. See *Blackmer* v. *United States*, 284 U.S. 421, 437 (1932); *United States* v. *Bowman*, 260 U.S. 94, 96–102 (1922). Also see *United States* v. *Erdos*, 474 F. 2d 157 (4th Cir.), cert. denied, 414 U.S. 876 (1973). Moreover, the assertion of jurisdiction in this instance as well as when the offender is present in the United States, wherever he may have committed his offense, is in proper discharge of duly adopted international obligations of the United States under the conventions and is further supportable as an exercise of the power "[t]o define and punish . . . offenses against the law of nations." U.S. Const. Art. I, sec. 8, cl. 10. Precedent for exercise of such jurisdiction is 18 U.S.C. 1651 (piracy) and Pub. L. 93–366 (aircraft piracy).

Nothing in the subsection is meant to prevent the orderly extradition of offenders.

Subsection (d) of section 1116 is a response to the recognition that exigent circumstances involved in a terrorist takeover of an embassy, for example, may require the Federal Bureau of Investigation, through the Attorney General or his designated Assistant, to request assistance from other Federal, State, or local agencies, as well as the Departments of the Army, Navy or Air Force. The potential consequences of an attack in the United States upon a foreign official or official guest are sufficiently grave to warrant inclusion of this provision which parallels similar provisions (18 U.S.C. 351(g) and 1751(i)) relating to attacks upon Members of Congress, the President, or Vice President. See also Pub. L. 90–331, June 6, 1968, 82 Stat. 170, § 2.

Section 3 makes the necessary amendment to the chapter analysis of Chapter 51 of Title 18 to reflect the inclusion of the term "internationally protected person" in the section.

KIDNAPPING

Section 4 includes the class of internationally protected persons within the purview of section 1201 of title 18 and provides the convention-required extension of jurisdiction over extra-territorial kidnappings and attempted kidnappings.

Subsection (a)(4) of section 1201 is amended by adding the term internationally protected person. Neither the UN nor the OAS Convention explicitly excludes the abduction of a minor child by his parent. The United States, however, understands the generic term "kidnapping" to exclude such an abduction. Consequently the usual exception is applicable when the victim is an internationally protected person, foreign official, or official guest.

Subsection (d) of section 1201 is new. It makes attempted kidnapping a crime. This is necessary because, first, the United Nations Convention requires that attempted kidnappings of internationally protected persons be made criminal. Second, and perhaps more importantly, attempted kidnappings of any person should be made criminal if the attempted act falls within the purview of subsection (a). The penalty of not more than twenty years for attempts is consistent with the like provision for attempted murder.

Subsection (e) of section 1201 provides for jurisdiction over extra-territorial kidnappings or attempts. The subsection is the equivalent of section 1116(c) and required by the United Nations Convention.

Subsection (f) of section 1201 provides that in the course of enforcement of subsection (a)(4) and any other sections prohibiting a conspiracy or attempt to violate that subsection, the Attorney General may request assistance from any Federal, State or local agency. The subsection is the equivalent of section 1116(d).

PROTECTION OF FOREIGN OFFICIALS, OFFICIAL GUESTS, AND INTERNATIONALLY PROTECTED PERSONS

Section 5 amends section 112 of title 18, United States Code, to include internationally protected persons within the purview of that section.

Subsection (a) of section 112 adds internationally protected persons to the persons covered by the subsection. Although probably already included in the concept of assault, section 5 adds to existing provisions the UN Convention language relating to attempts and violent attacks upon the premises, private accommodation, or means of transport of an internationally protected person, foreign official, or official guest likely to endanger his person or liberty. The inclusion of the word "imprisons" in this subsection and the word "confines" in section 1201(a) produces a degree of overlap between sections 112 and 1201. This assures coverage of all forms of unlawful interference with liberty while at the same time affording the prosecutor a reasonable amount of discretion to charge a particular interference under the section which best reflects the gravity of the interference.

Subsection (b) of section 112 remains unchanged. Neither the UN nor the OAS Convention requires criminal sanctions for intimidation, coercion, or harassment of internationally protected persons at least until such activity rises to the level of an assault (18 U.S.C. § 112(a)) or threat (18 U.S.C. § 878 (a)).

Subsection (c) of section 112 is unchanged except for omission of the requirement that the prohibited act be done publicly. On a number of occasions demonstrators have occupied the office of a foreign official and engaged in various forms of obnoxious conduct. In terms of 18 U.S.C. 112(c), this raised the problem whether such actions had the requisite quality of being done "publicly."

The hundred foot zone is measured from the outside perimeter of the building. Thus, if prohibited activities take place on the grounds within one hundred feet of the building, the proscriptions become active even though the foreign official or his office is more than one hundred feet from the ground in the upper stories of the building. Similarly, the proscriptions of the section are meant to become active if the demonstration occurs within the building.

Subsection (d) of section 112 adopts the appropriate definitions from section 1116(b).

Subsection (e) of section 112 is an express disclaimer of first amendment infringement. There is no change from the present law.

Subsection (f) of section 112 provides for jurisdiction of crimes committed extra-territorially if the offender commits a crime under subsection (a) and if he is later present within the United States. The provision is the same as that found in sections 1116 (c) and 1201(e).

Subsection (g) provides that in the enforcement of subsection (a) and any other sections prohibiting a conspiracy or attempt to violate that subsection, the Attorney General may seek assistance from any Federal, State, or local agency. The provision is the same as that found in sections 1116(d) and 1201(f).

Section 6 amends the analysis at the beginning of chapter 51 of title 18, United States Code, relating to section 112 to include internationally protected persons.

PROTECTION OF PROPERTY OF FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

Section 7 amends section 970 of title 18, United States Code, by inserting a new subsection protecting the integrity of buildings used by foreign governments or international organizations.

Subsection (c) of section 970 incorporates the appropriate definitions found in section 1116(b).

Subsection (b) of section 970 is new. It prohibits forcibly thrusting an object or oneself within or upon any building or premises occupied by a foreign government, an international organization, a foreign official, or an official guest. The subsection is a logical extension of protection afforded property of foreign persons, organizations, and governments.

Subsection (b)(2) of section 970 penalizes the refusal to depart from any building or premises described in subsection (b)(1) when requested by an employee of the foreign government, the international organization, or by the foreign official or a member of his staff, or by any person present having law enforcement powers.

THREATS AND EXTORTION AGAINST FOREIGN OFFICIALS, OFFICIAL GUESTS, OR INTERNATIONALLY PROTECTED PERSONS

Section 8 amends chapter 41 of title 18, United States Code, by adding a new section 878 prohibiting threats and extortion against foreign officials, official guests, or internationally protected persons.

Subsection (a) of section 878 prohibits the knowing and willful threat to kill, kidnap, or assault a foreign official, official guest, or internationally protected person on pain of not more than $5,000 fine or imprisonment for not more than five years, or both, except that imprisonment for threatened assault shall not exceed three years. The three year limitation is consistent with the punishment for actual assault.

Subsection (b) of section 878 prohibits extortionate demands in connection with the killing, kidnapping, or assaulting as well as threats to kill, kidnap, assault a foreign official, official guest, or internationally protected person.

Subsection (c) of section 878 incorporates the appropriate definitions of section 1116 (b).

Subsection (d) of section 878 provides for the exercise of United States jurisdiction over a violation of subsection (a) committed extra-territorily against an internationally protected person if the offender is present within the United States. The subsection is the equivalent of sections 1116(c), 1201(e), and 112(f).

Section 9 amends the analysis of chapter 41 of title 18 to include the new section on threats and extortion against foreign officials, official guests, and internationally protected persons.

Section 10 indicates that nothing in this Act is intended to preempt the laws of any State, Commonwealth, territory, possession, or the District of Columbia on the same subject matter.

Section 11 amends section 11 of title 18, United States Code, to ensure that the limited definition of "foreign government" in 18 U.S.C. § 1116(2) is applied to sections 112, 878, 970, 1116 and 1201.

ADDITIONAL COSPONSORS

S. 2440

At the request of Mr. CHILES, the Senator from Florida (Mr. STONE) was added as a cosponsor of S. 2440, to amend the Agricultural Amendment Act of 1933.

S. 3563

At the request of Mr. HELMS, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 3563, to remove legal obstacles to the use of gold clause contracts.

SENATE RESOLUTION 67

At the request of Mr. TAFT, the Senator from Tennessee (Mr. BROCK) was added as a cosponsor of Senate Resolution 67, a resolution concerning the safety and freedom of Valentyn Moroz.

SENATE RESOLUTION 438

At the request of Mr. BUCKLEY, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. Res. 438, to establish a Select Committee to investigate welfare fraud and abuse.

AMENDMENT NO. 1879

At the request of Mr. HELMS, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of Amendment No. 1879 intended to be proposed to the bill (H.R. 10612), supra.

AMENDMENT NO. 1910

At the request of Mr. BELLMON, the Senator from Connecticut (Mr. RIBICOFF) was added as a cosponsor to Amendment No. 1910 to H.R. 10612, the Tax Reform Act of 1976.

SENATE RESOLUTION 482—SUBMISSION OF A RESOLUTION AUTHORIZING ADDITIONAL PRINTING

(Referred to the Committee on Rules and Administration.)

Mr. CHILES (for Mr. CHURCH) submitted the following resolution:

S. RES. 482

Resolved, That there be printed for the use of the Special Committee on Aging one thousand one hundred additional copies of its report to the Senate entitled "Developments in Aging: 1975 and January–May 1976" Part Two.

SENATE CONCURRENT RESOLUTION 129—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE DECLARATION OF INDEPENDENCE

(Referred to the Committee on the Judiciary.)

Mr. BROOKE (for himself, Mr. HRUSKA, Mr. HUMPHREY, Mr. MANSFIELD, Mr. MONTOYA, and Mr. HUGH SCOTT) submitted the following concurrent resolution:

S. CON. RES. 129

Resolved by the Senate (the House of Representatives concurring),

Whereas on July 2, 1776, the Continental Congress in Philadelphia approved a resolution submitted by Richard Henry Lee declaring that "these colonies are, and of right ought to be, Free and Independent States;" and,

Whereas on July 2, 1776 there existed among those Members of Congress meeting in Philadelphia a spirit of Liberty and Justice; and,

Whereas the efforts of these founding fathers led to a Declaration of Independence and the creation of the United States of America; and

Whereas 1976 is the two-hundredth anniversary of the democratic form of government initiated by these leaders assembled in Philadelphia in 1776; now, therefore be it

Resolved by the Senate (the House of Representatives concurring),

That the Congress of the United States of America does hereby reaffirm its commitment to the Ideals and Principles expressed in the Declaration of Independence by Members of Congress assembled in Philadelphia on July 2, 1776, resulting in the formation of the enduring Democracy that is the United States of America.

AMENDMENTS SUBMITTED FOR PRINTING

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS—S. 2228

AMENDMENTS NOS. 1991 AND 1992

(Ordered to be printed and to lie on the table.)

Mr. MONTOYA submitted two amendments intended to be proposed by him to the bill (S. 2228) to amend the Public Works and Economic Development Act of 1965, as amended, to extend the authorizations for a 3-year period.

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1993

(Ordered to be printed and to lie on the table.)

Mr. BUCKLEY (for himself, Mr. TAFT, and Mr. DURKIN) submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1994

(Ordered to be printed and to lie on the table.)

Mr. FONG submitted an amendment

intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1995

(Ordered to be printed and to lie on the table.)

Mr. ALLEN submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1997

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1998

(Ordered to be printed and to lie on the table.)

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1999

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

ANNOUNCEMENT OF HEARINGS

Mr. JOHNSTON. Mr. President, the Senate Committee on Interior and Insular Affairs will hold a hearing on Monday, July 19, 1976, on impact of Federal Energy Administration regulations on the price and allocation of crude oil owned by or accruing to State and local governments. In particular the effect of gravity differentials on the price of California crude oil will be examined.

This hearing will commence at 10 a.m. in room 3110 of the Dirksen Senate Office Building. The committee and members of national fuels and energy policy study will receive study from the appropriate Federal agencies and selected private witnesses.

Inquiries with regard to this hearing should be directed to Ben Cooper of the Senate Interior staff at 224–0611 or Bob Szabo of Senator Johnston's staff at 224–5824.

ADDITIONAL STATEMENTS

LEGAL OBSTACLES TO USE OF GOLD CLAUSE CONTRACTS SHOULD BE REMOVED

Mr. HELMS. Mr. President, I am pleased that my colleague, the distinguished Senator from Idaho (Mr. McClure) is added as a cosponsor of S. 3563, a bill to remove legal obstacles to the use of gold clause contracts.

Recently, I received a memorandum concerning a letter I received from Secretary of the Treasury William Simon on the subject of gold clauses. The memorandum came from Dr. Carl A. Weigand, professor emeritus at Southern Illinois University, and author of a number of articles on inflation, international business, and finance. A member of the Mont Pelerin Society and vice president of the Committee for Monetary Research and Education, Dr. Weigand is exceptionally qualified to comment on the subject.

Dr. Weigand discusses vitally important issues concerning the stability of the dollar, international economics, and inflation in the context of an analysis of Secretary Simon's letter.

I believe Dr. Weigand and I share the view that Secretary Simon has been one of the leading lights in the administration in trying to keep Federal spending down and trying to keep inflation under control. He had done yeoman's work in this regard. However, I believe Dr. Weigand would agree that by rejecting gold-backed currency the Secretary is bypassing a vital tool to help him in his efforts to control inflation.

Mr. President, I ask unanimous consent that Secretary Simon's letter and Professor Weigand's analysis be printed in the Record.

There being no objection, the letter and analysis were ordered to be printed in the Record, as follows:

May 6, 1976.

Hon. Jesse Helms,
U.S. Senate,
Washington, D.C.

Dear Jesse: Thank you for your letter of March 30 in which you enclosed a paper by Professor Gerald Dunne on the Joint Resolution of June 5, 1933. I have given considerable thought to the matters raised in your letter and in Professor Dunne's article. My own feeling is that the Joint Resolution is not inconsistent with the legalization of the private ownership of gold.

In recent years, we have taken a series of steps to eliminate gold from the U.S. monetary system and to reduce the role of gold in the international monetary system. Consistent with that policy, U.S. citizens can now purchase, sell, and deal in gold as a commodity. The Joint Resolution, by making unenforceable contract provisions for the payment of the obligation in gold or in an amount of dollars measured in gold, helps to assure that gold will not again assume a monetary role through widespread use in private transactions. I am also concerned that the emergence of gold clauses, which might result from repeal of the Joint Resolution, could call into question the strength of the dollar and undermine our efforts to control inflation and maintain confidence in our currency. In my view, the Joint Resolution therefore continues to have a substantial and important rationale, and its repeal at this time would be unwise.

In addition to gold clauses, you mentioned in your letter the removal of legal strictures against multiple currency clauses which would result from repeal of the Joint Resolution. As you pointed out, I have in the past expressed the view that consideration of a change in the law in this regard would be desirable. Multiple currency clauses do not raise the same concerns as gold clauses, and removal of the legal strictures against multiple currency clauses could be accomplished without repealing in full the Joint Resolution.

Although we might approach the subject from different perspectives I'm hopeful that we both can agree that the policy of reducing the monetary role of gold is sound. There are so many areas in which our views are the same because we share a common philosophy. Let's work to maintain our joint views on the subject of gold. Ed Yeo, Under Secretary for Monetary Affairs and his staff are meeting with your staff. I look forward to the results of this conference.

Sincerely yours,

William E. Simon.

Dr. Carl A. Weigand's Analysis of Secretary Simon's Letter to Senator Helms

"In recent years, we have taken a series of steps to eliminate gold from the U.S. monetary system and to reduce the role of gold in the international monetary system."

". . . making unenforceable contract provisions for the payment of the obligation in gold or in an amount of dollars measured in gold, helps to assure that gold will not again assume a monetary role through widespread use in private transactions."

We know that this is—and has been for 40 years—the view of the soft money advocates. And it is the official view of the administration. I don't know whether Secretary Simon expresses his personal view or that of the administration.

The answer to the arguments of the government is fairly simple:

(1) Especially in a democracy like ours where the politicians try to buy the votes of the people by promising them something for nothing, there is a very great danger that the government will fool the people by ever larger hand-outs of paper money. Governments can create paper money, but they cannot create purchasing power. As more paper money is issued the value of the individual dollar declines, so that there is little or no increase in the actual purchasing power. And since, at the same time, the value of savings declines (at a 5% rate of inflation some $150 billion in savings are destroyed annually), the issuance of paper money actually reduces the over-all purchasing power. Inflation creates pauperism. Hence the urgent need of preventing Congress from printing more money.

(2) The experience of the past few years confirms the expectations. Between August 1971, when the U.S. severed the last link with gold, and March 1976 the Federal Reserve bank credit has increased from $70 to $101 billion; the money supply (M2) has increased from $454 billion in August 1971 to $676 billion in Feb. 1976 or by almost 50%, while at the same time the real GNP has grown only slightly more than 7%. No wonder we have "inflation"! In August 1971 the consumer price index stood at 122, in February 1976 at 167.

In 1933 the then Secretary of the Treasury Morgenthau noted in his famous "Diary" that by abandoning gold, the U.S. government had "unshackled" itself, and the manipulation of the currency was made an integral part of the government's policies.

The "unshackling" process took about 40 years, and in the meantime the dollar lost more than 75% of its purchasing power.

Somewhat later Churchill remarked "Are we shackled to the gold standard, or are we merely shackling ourselves to reality."

The present attitude of the Administration toward gold (as a restraint upon government spending) would have seemed "radical" only a decade ago.

On Jan. 29, 1965 *The Wall Street Journal* commented editorially: "Retaining the 25% requirement (against Federal Reserve notes) would at least be a sign that the U.S. hasn't thrown overboard all restraints, all monetary discipline."

At that time, the then Senator Paul Douglas argued for a "clean sweep" i.e. to remove the 25% gold reserve not only behind the Member Bank Reserves held by the Fed, but also behind the Federal Reserve notes, but the White House objected because of a "possible psychological" effect on the general public.

Secretary Simon further states: A repeal of the Joint Resolution making the gold clause unenforceable "could call into question the strength of the dollar and undermine our efforts to control inflation and maintain confidence in our currency."

(1) Secretary Simon in effect objects to the creation of a standard by which the people can measure the value of the dollar. Gold is no perfect measure, but some people—many people—regard it as such, and it is not up to a democratic government to deprive the people of a basic standard. Of course, the declining value of the dollar can be measured in terms of the Cost of Living Index, but somehow gold may be a more

dramatic standard. I don't think you can maintain confidence in a currency by prohibiting the people to measure its real value, just as you can't maintain the value of a currency through price controls and laws forcing people to accept paper money.

(2) You do not control inflation by removing controls—actual or psychological.

I suspect Congress would not worry very much if the dollar depreciated by 50% in terms of gold, i.e. if the gold price rose from $125 to $250. Congress would still vote for deficit spending to "create jobs" and "maintain income." Yet, the "psychological" effect of a steadily declining dollar (in terms of gold) may eventually induce people to make contracts in gold rather than paper dollars, especially if a bond with a gold clause could be sold at 5% while a bond payable in paper would call for a 10% rate of interest.

(3) Is it really fair and honest for a government to deprive its people of ways to protect their savings. At a 5% rate of inflation, the federal government alone "repudiates" every year some $25 billion of its obligations, and the American people who have been frugal and have saved are robbed of about $150 billion. Should there be—in a democracy—no way for the people defending themselves against their government which for decades has robbed them of their substance.

Ed Yeo like his predecessor Volker is 100% sold on the idea that even though the U.S. made a terrible mess in manipulating the value of the dollar it declined by 75% in 40 years), somehow the IMF will be able to manipulate the international monetary and financial markets, if they just have a free hand to create more money and credit.

FORREST J. GERARD

Mr. METCALF. Mr. President, on June 22, when the Interior and Insular Affairs Committee met to consider a number of bills on our agenda, we adopted a resolution recognizing and commending the outstanding work of one of the staff, Forrest Gerard. In the same resolution, my colleagues and I were further pleased to note the award given Mr. Gerrard by the National Congress of American Indians.

This recognition is particularly gratifying to me because Forrest Gerard is a neighbor, from Montana, a Blackfoot Indian born in Browning, some distance north of the Bitterroot Valley where I was born. I have followed his distinguished career with admiration and have taken special pride in his achievements for the committee and in the high regard he has earned while serving us.

Forrest began his career in the office of the superintendent of public instruction in 1949, following graduation from Montana State University at Bozeman. In 1953, he took a position with the Montana Tuberculosis Association and established the first mobile units in the State for the detection and prevention of tuberculosis, and in 1955 became the director of the Wyoming State Tuberculosis and Health Association. In September of 1957, Forrest joined the Indian Health Service and, as a congressional fellow during the second session of the 89th Congress, served with the distinguished chairman of the Ways and Means Committee, the Honorable Al Ullman and with my distinguished colleague from South Dakota, the Honorable George McGovern. After 2 years' service in the Bureau of Indian Affairs and 4 years in the Department of Health, Education, and Welfare, Forrest came to the Senate to the Interior and Insular Affairs Committee where he has so ably served as a professional staff member. As Chairman Jackson noted in a letter to Mel Tonasket, president of NCAI:

> Forrest played a major role in the development and enactment of landmark legislation advancing the interests of Indian people. His contribution is reflected in such measures as the Indian Financing Act, the Self-Determination Act and the Submarginal Lands Transfer Act, which are now law, and the Indian Health Care Improvements Act, which we hope becomes law in the next few months.

Mr. President, I am very proud of this exceptional man, my friend and neighbor from the north and of the recognition he has so richly earned for his work in behalf of important and significant legislation. I ask unanimous consent that the committee's resolution and Chairman Jackson's letter be printed in full in the Record.

There being no objection, the letter and resolution were ordered to be printed in the Record, as follows:

Resolution

Whereas, Mr. Forrest Gerard has since 1971 served as a diligent and able professional staff member of the subcommittee on Indian Affairs of the Committee on Interior and Insular Affairs; and

Whereas, the Executive Committee of the National Congress of American Indians recently selected Mr. Forrest Gerard to receive the 1976 NCAI Congressional Award in grateful recognition of his outstanding work in legislation for Indian people: Now, therefore, be it

Resolved, By the Members of the Committee on Interior and Insular Affairs that the Committee extends its deep appreciation to Mr. Forrest Gerard for his dedication and services while a member of the professional staff of the Committee on Interior and Insular Affairs: And be it further

Resolved, That the Committee on behalf of the staff and the Senate extends its congratulations to Mr. Forrest Gerard for the selection by the National Congress of American Indians as recipient of the 1976 NCAI Congressional Award.

June 22, 1976.

Mr. Mel Tonasket,
President, National Congress of American Indians, Washington, D.C.

Dear Mr. Tonasket: I was delighted to learn that Forrest Gerard has been elected to receive the 1976 NCAI Congressional Award for his outstanding work on legislation affecting Indian people. This honor is richly deserved.

As you well know, Forrest has played a major role in the development and enactment of landmark legislation advancing the interests of Indian people. His contribution is reflected in such measures as the Indian Financing Act, the Self-Determination Act and the Submarginal Lands Transfer Act, which are now law, and the Indian Health Care Improvements Act, which we hope becomes law in the next few months.

Members of the Committee have come to rely on Forrest's deep knowledge of Indian affairs and his practical approach to resolving Indian problems. We value his advice and counsel highly.

The National Congress of American Indians has wisely recognized Forrest Gerard's exceptional performance as the professional staff member of the Indian Affairs Subcommittee. I wanted you to know that I and the other members of the Committee also appreciate his outstanding work and the important contributions he has made over the past six years.

Sincerely,

Henry M. Jackson,
Chairman.

THE 90TH ANNIVERSARY OF JIUJI GEORGE KASAI

Mr. FONG. Mr. President, a distinguished Japanese scholar and statesman, Jiuji George Kasai, will observe his 90th birthday on July 14, 1976. Because Mr. Kasai has devoted most of his life to the advancement of United States-Japan friendship, I believe this is a timely occasion to note the forthcoming anniversary of his birth and to pay tribute to the achievements of this individual. Born in Japan, educated in both Japan and the United States—University of Chicago and Harvard; a student of U.S. history and American statesmen, notably Abraham Lincoln; a former member of the Japanese Diet—parliament; and a leader in Japan-American cultural affairs, Mr. Kasai has lived a full and eventful life.

The highlights of his life and philosophy have been recently reviewed in a tribute written by Mrs. Nancy Fellers Finch, of San Diego, Calif., whose father, the late Brig. Gen. Bonner Fellers, U.S. Army, was a close friend and admirer of Mr. Kasai and served in the Far East as military secretary and director of psychological warfare for Gen. Douglas MacArthur during World War II. I ask unanimous consent to have Mrs. Finch's tribute to Mr. Kasai printed in the Record.

There being no objection, the tribute was ordered to be printed in the Record. as follows:

Jiuji George Kasai

(By Nancy Fellers Finch)

On July 14, 1976, Jiuji George Kasai will achieve the age of ninety. We of these United States of America should not let the opportunity go by to honor Jiuji Kasai, a loyal Japanese who is also a great American patriot. For 78 years his love for our country and our Constitution has grown. His contribution to Japanese-American friendship is inestimable.

How could such a thing come about?

Jiuji Kasai was twelve when he read Patrick Henry's Liberty or Death speech. He asked his father to send him to America. He tells the story best:

"While I was studying in Broadway High School in Seattle, Washington, in 1907, the anti-Japanese movement in San Francisco was spreading over the Pacific coast. With my fervent desire to appeal to the American sense of justice and equality I prayed to God to give me the power of mastering the Enlish language.

"I learned by heart Patrick Henry's oration with coaching by the late Reverend Dr. John Foster, the great orator and chaplain in the Northern army during the Civil War. For over four months I went up to Queen Ann Hill in midnight and knelt upon the stump of an old pine tree and prayed God to give me the power of English to defend my countrymen in this land of the free and home of the brave.

"I was preparing for the Patriotic Oratorical contest in the Broadway High School. Two nights before the contest, I was coming to a climax saying: 'Three millions of people, armed in the holy cause of liberty . . . Our chains are forged, their clanking may be heard on the planes of Boston! The war is inevitable and let it come! I repeat it, sir, let it come!'

"There was a shouting in the woods, and a flash of light from the darkness, 'Come down here! You are under arrest!' I was arrested by a patrolman on Queen Ann Hill at midnight.

"The next morning my secret training for the past months was divulged in bold type on the front page of the Seattle Post Intelligencer. Two days afterward, thirty contestants stood on the platform including one Japanese. When my turn came, I imbibed Patrick Henry's spirit and repeated:

" 'What would they have? Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? Forbid it Almighty God! I know not what course others may take; but as for me, give me liberty or give me death.'

"Thus, Pat Henry won the day and I was given first prize. The crowd gathered around me and lifted me in the air, and in shouting applauded me with great enthusiasm."

First prize included a trip to Washington to meet President Theodore Roosevelt who took to the young Japanese immediately. Jiuji Kasai has known every president since. President Roosevelt gave him *The Life and Times of Abraham Lincoln*. He also sent him to Richmond, Virginia where Jiuji Kasai delivered Patrick Henry's speech in flawless English in the place where those immortal words were first spoken. In 1913 Jiuji Kasai obtained a degree from the University of Chicago and won the Julius Rosenwald Prize for excellence in oratory. His topic was *The Mastery of the Pacific*, calling for joint American-Japanese cooperation for peace in the Pacific. He appealed to the American people to—

". . . treat the Japanese in California with the fairness and equality to which Abraham Lincoln devoted and sacrificed his life . . .

"Can you turn deaf ears to Japan's earnest appeal? You whose brave forefathers fought at Bunker Hill and Gettysburg for the sake of liberty and equality; you who have always stood for the sacred cause of human rights; you who have sent us missionaries to teach the gospel of peace and humanity; surely you will not now deny us fair play and justice!"

Here is a man who took our Bill of Rights and Constitution seriously!

Prior to World War II he was a member of the Diet, the Japanese House of Representatives. His wife, a doctor of medicine, also served in the Diet. He fought against the military clique that was clamoring for war. So vigorous was his championing of Japanese-American friendship he was branded a pro-American traitor and imprisoned. Under sentence of death came the miracle of escape and time in hiding.

For forty years after Teddy Roosevelt gave him his first Lincoln book, he amassed a Lincoln library considered the best outside the United States. The library was destroyed by American bombs in 1945. But he has not given up his dream of building a Japanese-American study center in Tokyo in honor of Lincoln and to further Japanese-American understanding.

After the war he became again a member of the Diet. He worked assiduously to heal the wounds of the war, speaking directly to the Japanese people, assuring them that General Douglas MacArthur would be just in his administration of Japan:

"It was a foolish and disastrous war. It destroyed a nation of eighty million people, and their civilization and culture.

"To avoid this catastrophe, I devoted my best efforts to the cause of peace and understanding between the United States and Japan for the thirty years before the war. But, Japanese militarists fed with their ambitions for power and acting as Hitler's catspaws, carried on a war of destruction against our ancient friend, and brought our country into destruction and downfall.

"Thanks, however, to the generous assistance of the American Government and people. Japan is today recovering from the aftermath of the war. It was fortunate for her and her people that General Douglas MacArthur was appointed as the Supreme Commander for the Allied Powers. His noble ideals, his Christian principles of humanity, his farsighted statesmanship, coupled with the intimate knowledge of Japan and the Japanese people with fifty years of historic relations with Japan from his father's days, have enabled him to give a good administration to the Japanese people."

In recognition of his services for friendship between the United States and Japan he was awarded the Decoration of the Order of Sacred Treasure II by the Japanese government, a prize rarely and not lightly given. This award has its roots in the ancient and venerable traditions of Japan. It is an award given for benevolence, obedience, gentleness and wisdom. Thru a terrible war and beyond, Jiuji Kasai remained true to the ideals of Lincoln: "With malice toward none with charity for all; with firmness in the right as God gives us to see the right."

To an American leaving occupied Japan, Jiuji Kasai said:

"You have given us your encouragement and we regained our new hope in the hour of our need. The stupid militarists ruined our country, and I hope thru your kindness and assistance, Japan may once more rise as an independent nation.

You have thru your noble character and lofty ideals captivated our hearts. What we Japanese need is the realization of Christian ideals, love and compassion."

On a pilgrimage to Gettysburg Juiji Kasai paid tribute to Abraham Lincoln:

"Under the canopy of clear autumn skies, overlooking the rolling hills decorated with golden colors, I stood on the very spot where Lincoln delivered the immortal eulogy of November 10, 1863, and recited the famous speech to my heart's content."

How he appreciates our great leaders:

"As a student of American history I have always paid my respects to Thomas Jefferson as the author of the Declaration of Independence and the signer of that great document. I went to Monticello to pay my tribute to America's great statesmen. I was deeply impressed by his scholarship, his high culture, artistic taste and his love of nature. He left a great heritage to the American people."

In 1947 on Lincoln's birthday he originated and still heads the Japanese American Cultural Society which continues to be active. He advised Diet members on understanding America:

"A visitor on arriving in the Golden Gate for the first time is astonished to see America's skyscrapers, vast territory and enormous wealth. But, the secret of America's true greatness lies in the hearts and souls of the American people who are inspired by Christian principles of brotherhood, humanity and equality which are the foundations of American democracy."

Indefatigable, his latest work is a book:

The New U.S. Japan Era.
President Ford Visits Japan.
The Emperor Visits America.

As did those students long ago, let us lift up Jiuji Kasai again to congratulate him for winning first prize in a life of integrity dedicated to the service of eternal liberty.

JIUJI GEORGE KASAI

University of Chicago, Ph. B.
Harvard University, A.M.
Member, Tokyo Metropolitan Assembly.
Member, The House of Representative.
Councillor, Department of Overseas.
President, Kokusai Sangyo Co. Ltd.
Chairman, Kasai Publishing and Printing Co. Ltd.
President, Japan American Cultural Society.
Vice President, Asia Economic Cultural Foundation.
Director, The Philippine Society of Japan.
Member, the America Japan Society.
Member, The Japan-British Society.
Member, Scotish Rite of Freemasonry 32.
Member, The Kojunsha Club, Tokyo.

BOOKS AND LECTURES

The United States and Japan.
The Pacific Common Market.
Japan and Southeast Asia.
The Pacific Nations against Communists.
Abraham Lincoln, the Great Emanicipator.
Theodore Roosevelt and Japan.
Takeda Shingen and Uyesugi Kenshin.
Yoshida Shoin, the Patriot.

RALPH NADER RESPONDS

Mr. DOLE. Mr. President, recently I inserted into the RECORD a book excerpt setting forth criticisms of Ralph Nader by a one-time admirer of Nader, Mr. David Sanford.

In Sunday's Washington Star, Mr. Nader responded to several of these criticisms and leveled some charges of his own concerning the accuracy of the first article.

I ask unanimous consent that the full text of Mr. Nader's response be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

[From the Washington Star, June 20, 1976]

NADER: SANFORD'S FULMINATIONS HAD EVERYTHING BUT FACTS AND LOGIC

(By Ralph Nader)

In a book excerpt printed in *The Washington Star* last week, David Sanford must have set some sort of record for misrepresentation, error, distortion and non-sequitur. Let's review this journalistic malpractice:

Sanford, to bolster his credentials as a Nader critic, misled *The Star* into describing him as the reporter who in 1966 caught the detective tailing Ralph Nader for General Motors. This is demonstrably false. The detective was "caught" by a New Hampshire lawyer and others whom the detective interrogated. They relayed this information to me. A few weeks later, Jim Ridgeway, for whom Sanford was working as an assistant carrying out instructions, published a piece in the *New Republic* called "The Dick." The article described the detective's meanderings but did not connect him with General Motors.

Although several newspapers were pursuing leads, that connection can be attributed primarily to the work of Walter Rugaber of the Detroit Bureau of the *New York Times*, who in articles during the days immediately following Ridgeway's article received denials from all auto companies but General Motors. General Motors then issued a statement admitting their hiring of the detective. Why such over-reaching by Sanford at the expense of other reporters?

At the end of his article Sanford, as if to exonerate himself from later disclosures of error, asserts that I would not speak to him. Perhaps he should have added that he never called. In the four years that Sanford has been producing his sometimes comic effort titled *Me and Ralph*, I have been wondering when he would muster the diligence to interview me directly.

In December 1975 just before his manuscript went to the *New Republic's* vanity press, word must have reached him about my observations regarding this astonishing gap. A research assistant called my office to say he had a few questions. Sorry, no substitute is acceptable. Here is Sanford calling his book *Me and Ralph* and "me" doesn't want to interview "Ralph"! What's the matter Sanford, afraid I'd ask you some questions? Since I have spoken to Sanford less than three hours in the past nine years and have neither seen nor spoken to him since 1972, one can only speculate what he would call a book about his friends.

Let's go through the excerpt's "shortcomings," to put it charitably:

Confusion: Sanford sees a legal requirement for a campaign finance committee to disclose its donors in order to enforce political contributions limits as negating the right of non-partisan citizen groups to maintain the privacy of their contributors. In the famous NAACP case the U.S. Supreme Court explicitly recognized this right to avoid intimidation, harassment, commercial exploitation or other pressures impeding the right of free association for such groups.

Actually, Sanford finds the distinction between government's legal duty to disclose information and citizens' rights to privacy a little too intellectually demanding. Might it help for Sanford to remember, as contained in his book, that the *New Republic*, a tax-shelter publication of advocates headed by men with public causes in their own right, refuses to disclose its donors, subscribers, auditor's report and income tax return? That is its right. Public Citizen, along with similar groups, does file publicly its tax returns and audits as the law prescribes. But it has legal discretion to exercise its rights under the NAACP decision to protect its contributors.

Fallacy: Because I urged that companies regulated by a state utility commission have their ex parte contacts with the commission logged publicly, it does not follow, contrary to Sanford's leap of logic, that I should also support requirements that petitioners to Congress, whether they be business, civic or labor, log the names of persons they contact there and the subjects of conversations. This comes perilously close to licensing citizens' rights to petition Congress and would have an illegitimate chilling effect. If Congress wants such contacts public, it can have the senators' and representatives' offices keep a public log on incoming calls and visits. The American Civil Liberties Union, the League of Women Voters, the Sierra Club and others have also opposed requiring citizens or any other group to log their contacts with members of Congress.

Absurdity: Sanford faults me for wanting to keep adversaries guessing about my financial resources and plans. Would he have me share with the Business Roundtable? Since Sanford has huddled with the aforementioned GM detective and other industry interests in recent years during his transformation toward the National Review's view of the consumer movement, his ridiculous assertion has a purpose beyond its unintended humor.

Sloth or Malice?: Sanford wonders aloud what I do with the funds raised personally. Well, for starters, he can go across the street from his office and renew his acquaintance with the dozen people working with me on consumer rights and corporate abuses. He even used to publish some articles from these groups. Or even easier, he can call up any clutch of trade associations who will have details he does not seem to want to obtain or acknowledge.

Discovering the Disclosed: Sanford goes to great length to show that Public Citizen has a reserve—something which he—Voila!—found from reading the published annual reports and public tax returns. What investigative reporting! It would be imprudent, by the way, to undertake lengthy litigation, long-term projects, strive for a professional staff and anticipate contingencies without a modest reserve. Some of our supporters have suggested the need for more extensive reserves to support longer tenured programs. But Sanford is not about to engage common sense, much less fair commentary about our activities. He is, as Hays Gorey of Time Magazine described, "blinded by his passionate hatred."

For years I have responded to all kinds of criticism—some I considered stimulating and others I considered off the point or wrongheaded. But when writers such as Sanford put pen before principle and malice before mission, it is time for their journalistic peers to be concerned.

Error: Sanford says that Public Citizen "acquired" shares in two companies in 1974, according to its public reports. Actually, as occasionally happens, contributors make their contributions in the form of shares which are sold shortly thereafter and this was done with the mentioned shares. Public Citizen does not acquire shares.

Pathos: To camouflage his pathetic and redundant venture, Sanford offers the preposterous declaration that our work is not subject to the kind of scrutiny we would like to impose on others. For over a decade our work has been under the continuous investigation of corporations, trade associations, some labor unions, government agencies, private detectives and antagonistic as well as detached columnists and writers. Many reporters have listened to Sanford's numerous telephone fulminations about our work over the years with puzzlement about their empty and churlish content.

Hidden Bias: The excerpt in The Star did not disclose what Sanford partially admits in his book—that he became infuriated when in 1972 he had to retract the thrust of an article which he solicited regarding my alleged position on auto insurance. Prior to that he wanted to co-author my New Republic syndicated column and became embittered when his request was declined. His ego was also bruised when I did not welcome his other editorial practices.

Undeterred, he announced, on the flap of his book, that he was a co-author with me and others of Hot War on the Consumer when in fact he merely edited a collection of previously published articles which I and many other writers had authored for the New Republic.

All of which is to say that Sanford is engaging in deceptive practices and producing abuses of journalistic standards. Bring on the Press Ombudsman!

HEALTH PROGRAMS

Mr. JAVITS. Mr. President, I am pleased to support the 1977 appropriations for health programs contained in the Labor-HEW appropriations bill (H.R. 14232) reported from the Committee on Appropriations. I congratulate my colleagues, Senator MAGNUSON and Senator BROOKE, chairman and ranking minority member, respectively, of the Subcommittee on Labor-HEW for their diligent and intelligent support of our many worthwhile health programs.

Mr. President, as ranking minority member of the Committee on Labor and Public Welfare, I have shared my views with respect to funding levels for health programs authorized by the Committee on Labor and Public Welfare with the Subcommittee on Labor-HEW of the Committee on Appropriations.

This bill presents appropriations which in most instances are very similar to my own recommendations to the subcommittee.

The total appropriations for the National Institutes of Health continue the vital support of this center for excellence which will assure our continued preeminence in biomedical research, the cornerstone of our search for solutions to the health problems of our citizens.

I am also pleased that the committee in its wisdom has supported other very important health programs. The $60 million for the newly authorized National Disease Control and Health Education and Promotion Act of 1976 will allow us to begin to address the critical national issues of health education and disease prevention. As cosponsor of this legislation in the Senate, I remain convinced that adequate funding for these programs, designed to prevent communicable and venereal diseases, are essential to our national health policy.

Mr. President, I believe the appropriations which support programs for health care research and development located within the National Center for Health Statistics and the National Center for Health Services Research need to be increased in the future. The Federal Government spends $40 billion annually for health, yet this bill appropriates only $5.6 million for the systematic collection of health information and for the operations research required for the rational allocation of such a vast sum. If we truly intend in the future to develop a national health insurance program, surely we should have the foresight to build the research and development apparatus we will need to implement such an ambitious endeavor. No successful American business organization would devote so small a percentage of its total expenditures to these important activities.

Mr. President, I am pleased that the committee has recognized that as health authorizing legislation is enacted into law additional appropriations will be necessary—page 5 of Report No. 94–997. With the passage of the pending health manpower legislation, additional appropriations for this vital sector of our health care system will be necessary and I, with other members of the Labor and Public Welfare Committee, will be delighted to continue our fruitful collaboration with the Appropriations Committee on this important matter.

Mr. President, I ask unanimous consent that a comparison of my appropriation recommendation and the committee's be printed in the RECORD, together with my statement to the Appropriations Committee.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Program, committee recommendation, and JKJ recommendation

NIH, $2,656,096,000, $2,525,700,000.

National Cancer Institute, $850,000,000, $793,900,000.

National Heart and Lung Institute, $420,661,000, $403,000,000.

National Institute for Arthritis, etc., $230,837,000, $212,600,000.

National Institute for Allergy, etc., $143,615,000, $147,700,000.

National Institute for General Medicine, $218,435,000, $210,000,000.

National Institute for Aging, $31,200,000, $27,400,000.

National Eye Institute, $70,000,000, $54,000,000.

National Institute for Child Health, etc., $150,343,000, $147,500,000.

National Institute of Environmental, etc., $49,141,000, $52,700,000.

National Institute for Mental Health, $101,908,000, $105,000,000.

Family Planning Services, $122,615,000, $115,000,000.

Maternal and child health, $350,000,000, $360,708,000.

Alcoholism research, $14,008,000, $20,000,000.

Alcoholism training, $7,458,000, $11,000,000.

Health maintenance organizations, $22,612,000, $25,000,000.

Community health centers, $220,148,000, $240,000,000.

Community mental health centers, $220,148,000, $240,000,000.

Center for Health Statistics, $27,636,000, $30,000,000.

Center for Health Care Research, $24,000,000, $35,000,000.

Health planning, $130,000,000, $166,000,000.

Hypertension, $10,000,000, $15,000,000.

Venereal disease control. $16,013,000, $48,100,000.

Rodent control, $14,000,000, $13,100,000.

Lead poisoning prevention, $12,000,000, $10,000,000.

Immunization program, $17,500,000, $16,500,000.

Clinical laboratories, $15,063,000, $15,000,000.

COMMITTEE ON LABOR
AND PUBLIC WELFARE,
Washington, D.C., June 10, 1976.
Senators MAGNUSON AND BROOKE,
Chairman and Ranking Minority Member, Labor-HEW Appropriations Subcommittee, Dirksen Senate Office Building.

DEAR SENATORS MAGNUSON AND BROOKE: I value most highly the fruitful cooperation that exists between our Committees, and I welcome the opportunity to share with you my views and recommendations as you consider the Labor-HEW Appropriations Bill (H.R. 14232). The Senate Committee on Labor and Public Welfare, of which I am the ranking minority member, is the authorizing committee for the programs contained in this measure and from time to time I have written to you about several of these important programs. I would appreciate it if this correspondence (copies of which are attached) as well as my full attached statement to be included in the hearing record.

As the Committee knows, there are many health measures under the Committee on Labor and Public Welfare jurisdiction, for which authorizing legislation has not yet passed the Congress. While it would be inappropriate to suggest appropriations for these programs, in the interest of planning ahead and establishing thoughtful priorities, I refer to the Committee's attention such programs that I believe merit the continuing support of the Congress.

My first recommendation is that $550 million be reserved for the "Health Professions Educational Assistance Act" (S. 3239). I believe that this bill will be enacted into law in the near future and the amount of $550 million will provide for the health manpower programs to be funded at a figure approximately equal to the FY '75 level plus a cost-of-living increase for the two-year period. This amount will provide for adequate support of our health manpower schools, for a sizeable increase in the number of National Health Service Corps scholarships, and for continued support for a variety of project grant programs including family practice, recruitment of disadvantaged students, humanism in health care, and training of physicians assistants and dental auxiliaries.

The second recommendation is with respect to $48,100,000 for venereal disease control programs authorized pursuant to the House and Senate passed S. 1466.

Epidemic venereal disease is still very much a problem. The magnitude of the problem of venereal disease, with its particular inability to recognize state boundaries, and the unique social implications of venereal disease necessitates such a separate categorical program to attack the problem at appropriation levels equal to those authorized for such programs.

The measure also authorizes funding for other critically needed control programs and funds should also be reserved for the immunization, rat control and lead-based paint programs. I recommend $16.5 million for the immunization programs; $13.1 million for rat control and $10 million for the lead-based paint poison prevention program.

My final recommendation with respect to major programs which are still unauthorized for fiscal year 1977 appropriations is in regard to the Senate passed "Clinical Laboratories Improvement Act" (S. 1737), at the authorized level of $15,000,000. This would permit the Department of HEW to provide technical and financial assistance to states to establish or administer laboratory quality assurance programs.

With respect to other important health programs—discussed in detail in my attached statement—I would highlight my following health program recommendations:

NATIONAL INSTITUTES OF HEALTH

The Report of the President's Biomedical Research Panel—charged by law to assess NIH's research activities—has concluded that continued, stable funding is essential to maintain the good health of biomedical research in this country, the vast majority of which emanates from NIH though carried out throughout the nation in research centers of excellence.

To maintain the stability of support for biomedical research provided through the excellence of NIH, I would recommend that all the NIH Institutes' budgets be continued at their 1976 appropriations levels plus an increase of 10% to provide for rising costs and to permit the support of a number of new endeavors.

GENETIC DISEASES

An important title (which I authored) in the new Heart and Lung Institute authorizing legislation enables us to launch a generic education counselling and diagnosis approach to genetic diseases, such as Sickle-Cell Anemia, Tay-Sachs Disease, and Cooley's Anemia.

In view of the expanded mandate for assisting all people in dealing with genetic diseases, I would recommend that appropriations for these purposes be increased accordingly to $25,000,000 of the $30,000,000 authorized. This would enable us to continue ongoing Sickle-Cell programs and develop the appropriate number of new centers to reach the millions of other Americans tragically afflicted with genetic diseases.

HYPERTENSION

As the Committee knows, section 314(d) of the Public Health Service Act (which I authored) authorizes $15,000,000 as special project grants to States for the screening, detection diagnosis, prevention and referral for treatment of hypertension. I urge the FY '76 appropriation; $3,750,000, which appropriation is due to your own personal commitment, Mr. Chairman, be increased to $15,000,000 the amount authorized.

NATIONAL INSTITUTE OF MENTAL HEALTH

The Report of the President's Biomedical Research Panel stated: "The precipitous decline in constant dollars in NIMH over the past decade must be fully reversed to permit a comprehensive research effort. The research budget must again reach levels consistent with needs and opportunities." I agree with this statement fully. I recommend an NIMH research appropriation of at least $105 million for FY '77.

With best wishes,
Sincerely,
JACOB K. JAVITS.

LABOR/HEW APPROPRIATIONS STATEMENT

(By Senator JACOB K. JAVITS)

HEALTH PROGRAMS: NATIONAL INSTITUTES OF HEALTH

We should not make vitally needed health research programs the primary target for the mounting pressure to hold down Federal spending as such an effort, particularly the biomedical research activities of the National Institutes of Health are so vital.

I believe the NIH is one of this country's great national resources. The knowledge developed and disseminated by NIH has had far-reaching effects on the health of this nation. The list of medical research advances in the past three decades is lengthy and familiar to your Committee.

It is appropriate that we recognize the scientific, medical, and most important, human progress that has resulted from the activities of this superb institution and in order to maintain the stability of support for biomedical research provided through the excellence of NIH, I would recommend that all the NIH institutes' budgets be continued at their 1976 appropriations levels plus an increase of 10%, to provide for rising costs and to permit the support of a number of new endeavors.

As you know the Report of the President's Biomedical Research Panel, charged by law, to assess NIH's research activities, has concluded that continued, stable funding is essential to maintain the good health of biomedical research in this country, the vast majority of which emanates from NIH though carried out throughout the nation in research centers of excellence.

NATIONAL RESEARCH SERVICE AWARDS

The success and continued viability of the Federal biomedical and behavioral research effort depends on the availability of excellent scientists and a network of institutions of excellence capable of producing superior research personnel, and that direct support of the training of scientists for careers in biomedical and behavioral research is an appropriate and necessary role for the Federal government. I therefore recommend that the National Research Service Awards be funded at the authorization level of $176,000,000.

The achievements and opportunities within various of the Institutes warrant more specific comment and support for adequate funding of each—without specific dollar levels—much of which draws upon observations of the Panel and other knowledgeable critics and analysts of the research effort.

NATIONAL CANCER INSTITUTE

The National Cancer Amendments of 1974 which provided the additional impetus to permit the National Cancer Program (NCP) to advance the national effort against cancer with the highest national priority. Utilizing over 400 of the leading cancer experts in the United States, the NCP has identified program objectives and established an array of priorities in the quest of these objectives.

Many new accomplishments of direct and definitive benefit to cancer victims have been defined since the Initiation of the Cancer Act. These advances are remarkable and have already saved many lives. To curtail this impetus would be self defeating.

Of major importance is the impact of environmental factors to cancer. With the ever increasing number of chemicals that enter the environment each year it is imperative that as many resources, as practicable, be applied in this area. Resources should be focused on the development of rapid, and economic systems.

The Cancer Centers Program, continues to be a mainstay of the total cancer effort. Research and control activities conducted at the various cancer centers must be maintained and expanded in order to permit the most effective participation of the entire scientific community.

The results of cancer research activities are and must continue to be promulgated to not only the scientific community but also the practitioners of medicine and the general public. The prime method for this dissemination is through the Cancer Control Program authorized under the law. I would recommend an appropriation of $793,900,000.

NATIONAL HEART AND LUNG INSTITUTE

Heart, blood vessel, lung, and blood diseases have a devastating effect on the health of our citizens and on the nation's economy. More than 30 million Americans suffer from these diseases. They lead to an estimated national economic loss of more than $58 billion annually. These diseases constitute the most important public health problem facing the American people. In 1937 heart and vascular diseases were responsible for nearly 54% of all deaths.

An important title in the new authorizing legislation enables us to launch a generic education, counselling and diagnosis approach to genetic diseases, such as Sickle-Cell Anemia, Tay-Sachs Disease, and Cooley's Anemia. In 1976, $9,200,000 of the Heart and Lung Institute's appropriations for Sickle-Cell Anemia was devoted to such programs. In view of the expanded mandate for assisting all people in dealing with genetic diseases, I would recommend that appropriations for these purposes be increased accordingly to $25,000,000 of the $30,000,000 authorized. This would enable us to continue ongoing Sickle-Cell programs and develop the appropriate number of new centers to reach the millions of other Americans tragically afflicted with genetic diseases.

There are other activities within the Heart and Lung Institute that I believe are of critical importance. One is the research into diabetes conducted under its auspices. The Diabetes Commission, whose report the Committee recently received, does not recommend a new institute to address this highly prevalent, highly serious disease, which in fact is the third leading killer of Americans; nor does the President's Biomedical Research Panel. However, I support both groups in their conviction that research with respect to this complex disease must continue and be intensely pursued and integrated among the various institutes in which it is studied.

Another extremely important problem area of the institute is hypertension, one of the Nation's most prevalent and serious health problems. We need to know more about its etiology and epidemiology, and about how to motivate people to adhere to the treatment that has been shown to prevent serious consequences of the disease. There is increasing evidence that hypertenson is also a problem in young people. We need an effort comparable to that addressed to adults in the area of national education and prevention programs as well as basic research into the causes and treatment of juvenile hypertension.

As the Committee knows, section 314(d) of the Public Health Service Act (which I authored) authorizes $15,000,000 as special project grants to States for the screening, detection diagnosis, prevention and referral for treatment of hypertension. I urge the FY '76 appropriation; $3,750,000, which appropriation is due to your own personal commitment, Mr. Chairman, be increased to the amount authorized.

NATIONAL INSTITUTES OF ARTHRITIS, METABOLISM AND DIGESTIVE DISEASES

The NIAMDD conducts and supports a broad array of diseases: various arthritic diseases and related rheumatic, connective tissue and musculoskeltal disorders, diabetes and other inherited errors of metabolism, diseases of the digestive tract including diseases of the liver and gall bladder, endocrine disorders, diseases of the blood and bone, urological and kidney diseases, and such other fields as orthopedic surgery, dermatology, nutrition and others. Moreover, the passage of the National Diabetes Mellitus Research and Education Act and the National Arthritis Act, with their provisions calling for increased and broadened efforts in these two disease fields, provides the impetus for the burgeoning of new ideas and opportunities.

The Institute is charged with the mission of coordinating and focusing a nation-wide attack on diseases of the brain, the nervous system and human communication. Its work benefits the more than 40,000,000 Americans burdened by disabling neurological disorders and difficulties of hearing, speech, and language. More specifically the Institute is concerned with research on stroke, epilepsy, multiple sclerosis, muscular dystrophy, slow virus and other degenerative neurological disorders, injury to the brain and spinal cord, heredity diseases of the nervous system, developmental neurological disorders, tumors of the brain and spinal cord, Parkinson's disease, otosclerosis, and the many other communicative disorders affecting hearing and speech.

Basic research on why and how the brain works, how its components are organized and related, and how the central nervous system controls the other organ systems of the body, is important to the attack on such problems as alcohol and drug abuse, emotional disorders and muscle disease, as well as the more traditional neurological and sensory disorders. The neurosciences are on the most challenging frontier of medical knowledge. If additional federal support and encouragement for continued basic research on this frontier is not forthcoming, advances in the diagnosis and treatment of epilepsy, multiple sclerosis, stroke, deafness, paraplegia, head injury, learning disorders, cerebral palsy, autism, mental retardation, muscular dystrophy, and other human afflictions will continue to be delayed.

I would recommend the Committee adopt the recommendations of the National Advisory Commission on Multiple Sclerosis and appropriate $10.1 million for research specifically relevant to this disease as part of the overall full funding of this Institute.

NATIONAL INSTITUTES OF ALLERGY AND INFECTIOUS DISEASES

In addition to the Institute's research to diagnose, treat and prevent a wide variety of diseases attributed to infectious agents or abnormal immunologic or allergic responses, I am particularly gratified by the Institute's expansion in venereal disease research which included the establishment this past year of two interdisciplinary VD research centers, and, in addition to gonorrhea and syphilis, the effort now covers other sexually-transmitted infections.

Such vital research is a necessary complement to the VD education and control programs in the provisions I authored in the Senate passed S. 1466.

NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES

The Institute's activities are basic to medicine and central to progress in the whole spectrum of biomedical problems.

Particularly appropriate to the mission of this Institute is the support of high-quality predoctoral research training. We do not know which scientific problems will be important in years to come.

It is therefore critically important that a cadre of highly selected individuals are offered the best possible research training now, so that they will be prepared for the new opportunities in biomedical research that undoubtedly will arise. I recommend an appropriation of $210,000,000.

NATIONAL INSTITUTE ON AGING

The Institute's mandate is to give greater emphasis to reserach on the biomedical, behavioral and social aspects of aging, in order to slow or ameliorate the degenerative processes and ensure a healthier and more productive later life. It is expected that the number of persons over age 65 will reach 30 million by the end of the century. Obviously, research on these disabilities, in order to develop more effective treatment and prevention where possible, is a matter of national importance. I recommend an appropriation of $27,400,000.

NATIONAL EYE INSTITUTE

The great toll taken each year in the United States by eye diseases is not measured in terms of mortality but rather in degrees of physical limitation and financial burden and the hardship of at least 10 million Americans functioning without normal vision in a complex environment. I recommend an appropriation of $54,400,000.

NATIONAL INSTITUTE OF DENTAL RESEARCH

The National Institute of Dental Research continues to make significant contributions both to a better understanding of the causes of various oral-facial afflictions, which bring so much pain and distress to our citizens, and to the development of preventive measures. I recommend an appropriation of $55,500,000.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

The goal of prevention is particularly manifest in the programs of NICHD.

I see opportunities, through the research of the NICHD, for improvements in maternal and child health that will have important preventive influence over the health of future adult populations. The recognition that some and the increasing suspicion that many other important disease states appearing during later childhood, adolescence, or adulthood may have their origin in early life provides a new focus for research on some of the major health problems of our time. For example, there is now evidence that overnutrition during early infancy may be responsible for the widespread disability of obesity which persists throughout the lifetime of the individual. The well-grounded suspicion that the antecedents of such important diseases of adults as hypertension and atherosclerosis may begin very early in life demands that research be focused on an understanding of the biological mechanisms involved in these diseases. The acquisition of this knowledge, which may provide a basis for primary prevention, has a high priority in the program of the NICHD.

I shall seek the successful passage of national health insurance for mothers and children based on the same motivation, namely that investment in our future generations, both in research and in health services, is long overdue and will pay enormous social dividends for the entire Nation. I recommend an appropriation of $147,500,000.

I specifically recommend the authorization of $60,000,000 for population research, which is of critical importance in and of itself, as well as in conjunction with family planning service activities.

NATIONAL INSTITUTE OF ENVIRONMENT HEALTH SCIENCES

Worldwide evidence points to the importance of environmental factors in causing or aggravating such serious and complex diseases, as cancers and respiratory disorders. I do not believe that death and disease are the price we must pay for our high-technology, industrialized society. Therefore, I believe that this Institute, whose mission is to determine the environmental factors that adversely affect health and to provide an early warning system and clearinghouse of international information, is crucially important to the health of the Nation. It provides the research underpinning for our activities in the occupational health and safety areas, and it is a safeguard for the nation's health at a time when we are increasingly recognizing the importance of a broadened concept of health to include the environment. I recommend an appropriation of $52,700,000.

NATIONAL INSTITUTE OF MENTAL HEALTH

The National Institute of Mental Health is the major source of support for the nation's research on mental health and mental illness. Despite the cost of mental illness and the enormous gap between what is known about mental disorders and what we need to know, the "buying-power" NIMH research funds has declined 56% between 1967 and 1977. The President's budget for FY 77 would further reduce the NIMH research appropriation from a level of $95.5 million in FY 76 to $83 million.

The Report of the President's Biomedical Research Panel stated: "The precipitous decline in constant dollars in NIMH over the past decade must be fully reversed to permit a comprehensive research effort. The research budget must again reach levels consistent with needs and opportunities." I agree with this statement fully.

I urge you and your colleagues to support an NIMH research appropriation of at least $105 million for FY 77.

I would now like to highlight some of the delivery-system programs under the jurisdiction of the Committee on Labor and Public Welfare.

FAMILY PLANNING SERVICES

Section 1001 of title X of the Public Health Service Act authorizes project grants and contracts for family planning services. The programs under this section have been funded at the same level since fiscal year 1974, failing to take into account the cost-of-living increases. I recommend the appropriation of the full amount authorized—$115 million for family planning services project grants and contracts.

It is estimated there are over three million individuals wishing family planning services but unable to obtain them due to economic reasons sometimes compounded by inaccessibility of such services. The appropriation of $115 million, an increase of almost $20 million over the fiscal year 1976 appropriation, would permit the expansion of family planning services programs to reach an additional 330,000 individuals over the 2,200,000 currently reached. This would constitute a major step towards reaching the goal of the enabling legislation—providing family planning services to all those individuals who want them but cannot afford them.

TRAINING GRANTS AND CONTRACTS

I urge, the appropriation of the full amount authorized—$5 million—for training grants and contracts. Programs receiving grants and contracts, under the authority in title X, train individuals representing all elements of the family planning clinic staff, with special attention being given to regional and local staff priorities, in the establishment of training programs. Among the key personnel trained under this authority are family planning nurse practitioners, who have proven to be an invaluable asset in the provision of family planning services, as well as outreach workers who have been instrumental in making individuals in remote areas aware of the availability of these services. These individuals are essential if established family planning programs are to succeed in their efforts to expand their services to surrounding areas with limited health care resources.

The modest increase of $2,000,000, over the FY 1976 appropriation of $3 million, for training programs will help increase efforts to train these important family planning workers.

HEALTH FACILITIES CONSTRUCTION PROGRAM

I think it is crucial that funding the Public Health Service Act, authorizing the Secretary of HEW to pay part of the cost of construction or modernization projects in public general hospitals.

Section 1625(d), a provision sponsored by Senator Eagleton and myself, requires that at least 22 percent of funds appropriated for grants under title XVI must be used for such public hospital projects.

It is my understanding that HEW takes the position that Title XVI projects cannot be funded because of requirements in the law that such projects be part of a statewide medical facilities plan developed as a coordinated part of the new health planning system. Unfortunately, as you know, no state has the planning process progressed to the point where such a state plan has been approved. Thus, grants for medical facilities construction or modernization must await health planning developments, according to HEW.

However, it must be stressed that Section 1625 grants are specifically exempted from the state plan requirements (see Section 1603(a)). There sohuld be no delay taking the necessary administrative steps to make funds available, many public general hospitals across the nation are in deplorable condition even as they are being called upon to serve more and more poor sick individuals.

There are about $54 million in carryover funds available for medical facilities construction so I am not suggesting that additional funds be appropriated for FY 1977.

However, I would urge that the committee report for the FY 1977 Labor-HEW appropriations bill contain a directive to the Secretary of HEW to use these previously appropriated funds for public hospital projects pursuant to Section 1625 of the Act. Moreover, the Secretary should be required immediately to issue the necessary regulations for the Section 1625 program, even though he may not yet be prepared to issue regulations for other aspects of the medical facilities construction program.

MATERNAL AND CHILD HEALTH

Until the Nation is prepared to provide what I believe to be the best approach to health care for this population—namely, National Health Insurance for Mothers and Children—it behooves us at the very least not to cut down on crucially-needed services. The Administration's budget calls for $211,422,000, which represents a sharp decline from the 1976 fiscal-year appropriation of $319,408,000. What would become of the programs and personnel targeted at meeting the needs of good maternity care, preventing infant mortality by means of high-quality prenatal care, and rehabilitative services for crippled children?

I therefore fully support appropriations at the authorization level of $350,000,000.

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION

On March 26, President Ford signed into law (PL 94-237) a bill which he said: "addressed one of the most serious problems our nation faces—drug abuse." I agree with the President's assessment, and recommend that the full amount authorized by the act for drug treatment prevention and research function be appropriated for fiscal year 1977.

In order to appreciate the magnitude of the continued drug scourge on America's young people the following is a summary of the extent of addiction in New York City.

The Drug Enforcement Administration and ASA have estimated that there are currently between 100,000 and 125,000 addicts in New York City, out of a national addict population of 250,000 (DEA/ASA estimate).

Drug-estimated deaths in New York City rose 14% from 1973 to 1974. It is estimated that heroin everdose deaths have exceeded 1,000 in 1975 (more than an 18% increase over 1974).

Drug related deaths

1973	745
1974	848
1975 (estimate)	1,000+

Source: Office of Chief Medical Examiner.

Narcotic arrests

	Felony	*Misdemeanors*
1973	7,562	8,841
1975	7,500	9,000

The total narcotic arrest increased slightly despite an overall decline in total arrests.

The DEA and NYPD report that heroin was more available in the last quarter of 1975 than it was in 1974; and that there is no shortage of heroin in any part of New York City. In 18 of the City's 73 police precincts, heroin is the major cause of arrests.

According to health district information on the availability of treatment slots per 100 addicts, only the Lower West Side health district approaches meeting the needs of the number of addicts within its boundaries. Even at present funding levels, the availability of treatment services is woefully inadequate. Contracting an already overburdened treatment network will exacerbate the problem of addiction far beyond the value of "dollars saved."

Availability of drug-free treatment in health districts with highest addict populations

Health district:	Slots/100 Addicts
Central Harlem	8.7
Morrisania	4.6
Lower West Side	10.6
Lower East Side	7.2
Mott Haven	1.2
Riverside	2.0

ALCOHOLISM

I cannot stress strongly enough my conviction that we have not begun to appropriate the resources that are necessary—in services programs, training, and badly-needed research—to address the Nation's number-one drug problem. I have grave reservations about the reductions in research and training that the Administration's budegt request proposes, since we have much to learn about the causes of alcoholism, and so many questions remain unanswered. The pending legislation that will authorize both the continuation of service programs and research and training seeks to strengthen and carefully define these latter functions. I expect passage of this legislation this month and I recommend appropriations of $20,000,000 for research and $11,000,000 for training. This is a small sum indeed, considering the misery and enormous cost—both social and economic—of this serious health problem.

I also recommend that we appropriate the project and formula grant authorizations levels provided in the Conference substitute.

NURSE TRAINING

I believe that nursing education is of crucial importance to the entire health care system, and I trust that this concern will be translated into appropriations over and above the $108,500,000 for fiscal-year 1976, which was $15 million less than in 1975.

Reviewing the President's proposed budget for fiscal 1977, it appears the administration has chosen to ignore that Congressional action. Once again the request for funds for nursing education reflects the original administration legislative proposal rather than the law that was in fact enacted.

I therefore believe that a reasonable and necessary appropriation level for 1977 is $167,000,000.

HEALTH MAINTENANCE ORGANIZATIONS

The value of prepaid health systems in assuming health care responsibilities for defined populations groups and their potential for containing costs continues to be obvious to those who have long supported this direction in health care. Apart from the clear investment aspects of the appropriated dollars, the expansion of prepaid systems throughout the country can perform an important yardstick function as we move into whatever form of national health insurance emerges.

The Subcommittee on Health heard distressing testimony with respect to Executive-branch foot dragging in implementing the program. Improvements will strengthen this new program, which is the purpose of the pending HMO amendments legislation that I have co-sponsored. Meanwhile, there is simply no reason not to fund the program over and above the 1976 appropriations. I therefore recommend a realistic $25,000,000 for 1977. This is much below the $85,000,000 authorized for grants and contracts in 1977, but it is a reasonable response to what HEW ought to be able to implement immediately and effectively.

COMMUNITY HEALTH CENTERS

Community health centers are, essentially, neighborhood clinics, usually found in medically underserved urban and rural locales. These centers provide the necessary incentive to promote quick attention to medical problems, accidents and general health maintenance.

Currently, more than 1.8 million previously underserved and unserved Americans receive family-oriented health care at 177 community health centers. The Centers have been in the forefront of developing innovative ambulatory service models in the provision of high quality care to the medically indigent.

I recommend appropriations at the authorized level of $240,000,000.

COMMUNITY MENTAL HEALTH CENTERS

I believe that we should continue the Congressional commitment to the establishment of a nationwide system of community care for the mentally ill.

The basic principle behind the CMHC program is community-based treatment of mental and emotional illness, and a de-emphasis on confinement in large state institutions. As a result of the CMHC program, and the availability of new drugs, the number of patients in state institutions has been declining. Admissions to state mental institutions have been cut for the first time, and there is statistical evidence showing fully operational centers reduce state institutions admissions by as much as a third.

Since we must be concerned with both costs and quality of care, these centers are an excellent investment in both dimensions. I therefore recommend appropriations of $241,500,000 for 1977.

PROGRAMS OF HEALTH CARE RESEARCH AND DEVELOPMENT

There are three vitally important programs that provide the backbone for developing our health care system.

The National Center for Health Statistics, the National Center for Health Services Research and Evaluation, and the programs for Health Planning and Resource Development produce results for health care delivery that are analogous to biomedical research results for clinical medicine. Just as in biomedical research, a small dollar investment has the potential of an enormous return—in quality of care and in the efficient and effective use of scarce health care resources.

I therefore recommend $30,000,000 for health statistics, $35,000,000 for health services research, and $166,000,00 for health planning activities.

HEALTH PROGRAMS PENDING AUTHORIZING LEGISLATION

I have previously alluded to programs, such as alcoholism, health manpower and venereal disease for which I am confident that authorizing legislation now before the Congress will be soon forthcoming. I would now like to highlight several that warrant particular attention.

CLINICAL LABORATORIES IMPROVEMENT ACT

The Clinical Laboratories Improvement Act of 1976, which I authored, has been passed by the Senate, and I anticipate favorable House action in this Congress. The bill contains authorizations of $15,000,000 to permit the Department of HEW to provide technical and financial assistance to states to establish or administer laboratory quality assurance programs. We must be prepared to appropriate such funds if we are to ensure quality performance in the 1980 estimated 8.8 billion clinical laboratory tests to be conducted annually at a cost of about $15 billion.

Moreover, a recently published staff report concludes that clinical laboratory services under Medicare and Medicaid are frequently subject to fraud and abuse. It is essential that we develop State capability to combat fraud and abuse and also insure quality performance in clinical laboratory testing.

HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE

Without calling attention to each provision of this complicated, detailed, and carefully thought-out bill that I am pleased to co-sponsor with Senator Kennedy, I would like to stress my support for the $550,000,000 total authorization provided in the bill for a wide range of programs flexibly tailored to meet the training requirements of the gamut of health care professionals on whom we depend.

EMERGENCY MEDICAL SERVICES

Both the Senate and House have now acted favorably on this measure to extend, expand, and improve this important program that has provided local communities throughout the nation with the technical assistance and impetus to organize their resources to meet emergency care needs. The new bill will add an important new careful demonstration of burn treatment programs.

We must be prepared to fund adequately these vital programs.

VENEREAL DISEASE CONTROL

(Senate passed S. 1466)

Epidemic venereal disease is still very much a problem. The magnitude of the problem of venereal disease, with its particular inability to recognize state boundaries, and the unique social implications of venereal disease necessitates a separate categorical program to attack the problem at appropriation levels equal to those authorized for such programs when the measure is enacted into law.

The combined reported incidence of infectious syphilis and gonorrhea has risen to an unprecedented level of nearly 900,000 cases annually. Evidence suggests that the actual incidence level, which includes those cases of veneral disease that are not reported to public health authorities, is much greater. While this level of disease poses a most serious threat to the health and welfare of the public, it is encouraging that efforts to control this epidemic have not been in vain. Specifically, gonorrhea, while still increasing is doing so at a smaller rate. In addition, infectious syphilis incidence has declined for the first time in six years. These positive indications are largely due to the various control and prevention activities—screening, contact tracing, information and education diligently pursued by public health authorities with the support and assistance of the Center for Disease Control and the American Social Health Association, a voluntary agency—and achieved through a separate categorical program authorized in law.

In addition, both the Senate and House passed bills would redefine the term "venereal disease" to include all sexually transmitted diseases that are of public health significance.

WIC COURT ORDER

Mr. JAVITS. Mr. President, I call to the attention of my colleagues the decision last week of U.S. District Court Judge Oliver Gasch, to order the Department of Agriculture to spend $687.5 million over the next 27 months for the supplemental food program for women, infants and children, better known as WIC.

When Public Law 94–105 became law on an override vote on October 7, 1975, I stated that the bill meant the WIC program would receive $250 million in fiscal years 1976, 1977, and 1978, and $62.5 million in the transition quarter from July 1 to September 30. 1976. Furthermore, any unspent fiscal year 1976 appropriations were to be carried over into the transition quarter to supplement the transition quarter appropriation.

For this reason, I was dismayed to learn that the Department of Agriculture, in testimony before the Senate Appropriations Committee had sought to apply to the transition quarter some $125 million of unspent fiscal year 1975 and 1976 appropriations, in lieu of a supplemental appropriation for the transition quarter. Senator Kennedy, Senator McGovern and I offered an amendment to that bill to provide $62.5 million for the fifth quarter, and it was accepted unanimously. Unfortunately, the provision was dropped in conference with the House.

Last month, I had the privilege of appearing on a panel in New York City following the national television documentary "The Unfinished Child." The documentary has done much to focus the attention of the public on the problem of malnourishment in our affluent society and on our ability to alleviate it. In response to a question, I promised that I would do everything in my power to secure the $62.5 million for the transition quarter and to insure that $250 million would be appropriated in each of the next two fiscal years for the WIC program.

Mr. President, I believe that the problem of infant malnutrition can be ameliorated through a program of diet supplementation for pregnant women, infants and children deemed to be "at nutritional risk." At the present time, almost 800,000 persons are being cared for under WIC.

Judge Gasch's decision means that a grand total of $687.5 million will be spent by the Department of Agriculture between now and September 30, 1978. This is eminently right and will give Congress and the people an opportunity to observe whether this program has the potential to eliminate the shocking incidence of malnutrition among underprivileged Americans.

I ask unanimous consent that articles on this matter from the New York Times and the Washington Post be printed in the Record. There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, June 23, 1976]

JUDGE ORDERS A BROADER NUTRITION PLAN

Washington, June 22.—A Federal judge ordered the Agriculture Department today to nearly double its spending on a special nutrition program for mothers and infant children.

District Judge Oliver Gasch said that the department had acted "contrary to Congressional mandate" in delaying expansion of the program.

He said that critics had charged the delays were blocking food assistance to more than 500,000 needy mothers and children.

The decision—the department's second setback in major food relief cases in two weeks—was acclaimed by antipoverty lawyers as "a huge victory" in expanding Federal food aid to the needy.

Judge Gasch's order directed the department to release $125 million voted earlier by Congress for spending through June 30 in the nutrition program for women, infants and children and to provide it with $62.5 million more in the July-September quarter.

The order said that those funds must be combined with $500 million approved by Congress for such aid in the two years beginning Oct. 1. The overall total of $687.5 million is to be spent at an even pace over the 27 months beginning July 1, Judge Gasch said.

Attorneys for the Food Research and Action Center of New York, which filed the suit leading to the order, said that the result would be to increase program aid to an annual rate of $306 million. This compares with $160 million that the Agriculture Department expected to spend in the year ending June 30, they said.

A Government attorney said that no decision on whether to appeal the case would be made until Agriculture and Justice Department officials had reviewed the text of Judge Gasch's ruling.

[From the Washington Post, June 23, 1976]

Food Aid Spending Ordered

(By Timothy S. Robinson)

U.S. District Court Judge Oliver Gasch yesterday ordered the Department of Agriculture to spend $687.5 million over the next 27 months to feed mothers and children who are deemed "nutritional risks."

The money involved in Gasch's ruling includes $125 million in funds appropriated for the Women, Infants and Children (WIC) program but unspent over the last two years, $62.5 million in appropriated funds for three months beginning on July 1, and $500 million for the next two fiscal years beginning on Oct. 1.

Gasch also ordered the USDA to report to him quarterly on its expenditures of the funds, tracing in his opinion their past history of failure in spending the money once it was cleared by Congress.

He made it clear in his ruling that he felt the USDA had been lax in administering the program, and told the agency to act immediately on pending applications that would clear the way for more than 500,000 persons to become eligible for the program.

". . . The court is of the opinion that the actions of the defendants are contrary to the congressional mandate enunciated in the statutes implementing and amending the WIC program," Gasch said in a written opinion.

The ruling was made in a suit brought by the New York-based Food Research and Action Center, which has long been critical of the USDA's handling of the WIC program.

Ronald Pollack, director of the center and the attorney in the case before Gasch, said the Agriculture Department's "recalcitrance" in implementing the program has directly resulted in the court's orders increasing the program's size.

He said after the ruling that he expected additional applications for the WIC program, and that the 500,000 pending possible recipients represented "the absolute bottom line" of the number of additional persons eligible for the program.

"This has been an ongoing pattern where the USDA has tried to make sure the program didn't get off the ground," Pollack said. "Each time poor people have suffered. Our hope is that the Department of Agriculture has learned it can't get away with this."

Government attorneys declined to comment on the ruling.

The WIC program is funded by the federal government, but administered by local and state health departments. Under the program, local health clinics apply for funds from their state health departments to feed women and children whom they identify as "nutritional risks" who need high-nutrient foods.

Once approved by the state health departments, the local health clinics can issue vouchers to identified "nutritional risks" for the supplemental food. The vouchers can be redeemed at certified stores for specific foods such as high-nutrient baby formula, cheese, cereal, and juices.

The Food Research and Action Center first filed suit over the USDA's handling of the program in June, 1973, and won a court order at that time requiring the department to spend $20 million in appropriated funds for the program. It has since gone to court successfully three other times to require that the department spend WIC funds.

Agriculture Department officials have testified before Congress that the department is not spending all of the appropriated money for the program because "our major intent is to see that the program is well administered, that it builds smoothly." There are about 800,000 persons already participating in the program, according to department officials.

DETROIT RIVER CLEANUP

Mr. GRIFFIN. Mr. President, the Environmental Protection Agency recently published an article about the substantial improvements which have been made in the water quality of Michigan's Detroit River.

The successful abatement of pollution in the Detroit River, which has resulted from the cooperative efforts of Federal, State, and local officials and private enterprise, deserves our recognition and support. I commend EPA for taking note of this significant accomplishment.

I ask unanimous consent that the EPA article entitled, "A Water Quality Success Story: The Cleanup of the Detroit River," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A Water Quality Success Story

THE CLEANUP OF THE DETROIT RIVER

Shortly after Sieur Antoine de la Mote Cadillac founded Detroit in 1701 he had this to say about the Detroit River.

"We have fishing in great abundance. For this country is so temperate, so fertile and beautiful that it may justly be called the earthly paradise of North America."

This fast, southward-flowing river which links Lake St. Clair with Lake Erie was still in excellent condition in the late 19th century. "Those who never saw the Detroit River in the 1880's cannot realize how beautiful it was," wrote historian Walter Griffith. "No large mills or factories poured out wastewater. Since Detroit had only a small amount of sewage the water of the upper Great Lakes came down through the Straits of Detroit almost pure."

This Arcadian purity would not last much longer. For during the first thirty-five years after the Civil War the American industrial revolution with its tremendous capital investment in heavy industry and railroads developed at such a phenomenal rate that by the turn of the 20th century the United States was an industrial power of the first rank.

By then, Detroit had become one of America's prime manufacturing centers and was getting bigger. When Henry Ford announced in 1914 that he would pay $8 per day for an eight-hour shift at his Highland Park plant, a crowd of 10,000 applicants had to be dispersed with fire hoses. Due to the rapid growth of Ford, General Motors, Chrysler, the dozens of other automobile companies now long gone, the hundreds of industrial concerns which sub-contracted to the automobile industry, and the paper, chemical, and steel plants which sprang up along the river and its tributaries, Detroit was now a huge industrial powerhouse.

The river becomes a dumping ground

For the next half century a mounting tide of sewage, chemicals, waste oils, acids, garbage, paper sludge, and trash poured into the Detroit River. A quarter-inch thick coating of oil covered the shoreline. Grease balls 8 and 10 inches across washed up on the shore. Later, unseen by the naked eye, tons of phosphorus washed into the river and then into Lake Erie, there to nourish the proliferating algae that many observers in the 1960's feared would choke the lake to death. Jobs and growth were part and parcel of Detroit's thrust into the industrial future. People were too busy. No one seemed to care about Cadillac's once-"earthly paradise."

But in the mid-1920's a few public health workers were greatly concerned about the river's water quality. In 1929 this concern resulted in the passing of Public Act 245, the State of Michigan's basic water quality law. The Act created the Stream Control Commission (SCC), and the task of the SCC's two-man field crew was to prevent raw sewage from being dumped into state waters.

The crew spent most of 1930 traveling around Michigan trying to get sewage treatment plants built, and by 1940 Detroit had its first primary treatment plant. But wide-open pollution took over again during World War II when Detroit became the Free World's arsenal. The SCC field crew joined the army, industrial production set new records, efforts to control industrial pollution came to a halt, and nobody worried about the river for the next few years.

Things came to a head in January 1948 during the coldest month of a tough winter, when a flock of wintering ducks changed everything. The river froze over, leaving a few openings in the ice. The ducks headed for the openings which were full of oil. A day or so later the Michigan Department of Conservation counted 20,000 dead birds. Shortly after that, groups of fed up, angry sportsmen collected thousands of oil-soaked corpses and dumped them on the capital lawn in Lansing.

The following year the Michigan legislature amended Public Act 245 by establishing the Water Resources Commission (WRC), expanding the definition of pollution, and setting up a system of controls by requiring that the state approve all new uses of state waters.

At this time Detroit River's water quality was at its worst. The Rouge River, its most industrialized tributary, flowed a rich orange color from the discharge of thousands of gallons of "pickle liquor," an acid used to process steel. But the oil on the surface was so deep that the orange showed only momentarily in the wake of passing boats.

Two WRC staff members decided to measure the amount of oil discharged into the river and what they found was a cause for concern. One steel plant discharged 10,000 gallons of oil a day without recovery. An automobile plant discharged another 10,000 gallons, and 15,000 gallons were coming from smaller industries and the Detroit city sewers.

One company lost $500 worth of ammonia daily. It quickly checked for leaks. Another company was losing three million pounds of fish oil a year when that commodity cost 23 cents a pound. The company lost no time constructing waste recovery facilities.

Still, there was the duck problem. With the river so oily the ducks headed for waste holding ponds where other industries were trying to control pollutants. One chemical plant tried to scare the birds away from a phosphorus pond by tethering an empty motorboat to a post in the middle and running the boat round and round. After a while the ducks roosted on the gunwhales and took free rides.

Citizen actions and State and Federal legislation

As massive duck kills continued into the late 1950's and early 1960's, citizen's groups such as the Michigan United Conservation Clubs and the Pointe Mouillee Water Fowlers pressured the state legislature to take direct action. It was zero hour, for the river was so severely degraded that its condition by now was a cause for concern for both the United States and Canada. In fact, Lake Erie, which receives all the Detroit River waters was known as the American Dead Sea, and the river was a perennial embarrassment to both the state of Michigan and the Canadian province of Ontario.

In the early 1960's another active and vocal citizen's group called the Lake Erie Cleanup Committee again pressured the legislature for water cleanup to the point that in 1962, the State of Michigan and the U.S. Public Health Service held the Detroit River—Michigan Portion of Lake Erie Enforcement Conference. Using citizen and scientific input collected over the years the conferees determined there was indeed a serious water quality problem in both the Detroit River and Lake Erie.

In 1963, state and federal conferees working as a research team performed point source surveys and water quality studies. Their report, which reflected these joint efforts, appeared in 1965. In that year the WRC was charged to implement the recommendations of the conference, which included restrictions to be placed on industries and municipalities to meet water quality goals for the Detroit River. In 1966, effluent standards for the 25 industries and 11 municipalities studied in the 1965 report were established by enforceable contract between the WRC and these organizations.

By 1968, water quality standards in Michigan conformed to federal standards and pollution abatement orders were being set up for every industry in the state—with high priority given to heavy polluters along the Detroit River.

In 1970, Michigan passed a unique "Truth in Pollution" law which requires that all industrial and commercial users of state waters report the amounts and types of "critical materials" used in their work. The list includes a wide variety of substances that can degrade a stream's waters. In addition, each industry must pay an annual surveillance fee which the state uses to watch over the use of its waters.

On October 18, 1972, Congress passed the 1972 Amendment to the Federal Water Pollution Control Act. Section 402 of the Act establishes the National Pollutant Discharge Elimination System (NPDES). This system defines the requirements for permits to discharge into the nation's waters, and establishes acceptable discharge limits with substantial civil and criminal penalties against violators.

Michigan was one of the first states to apply for and receive permission to operate an NPDES wastewater permit program. By the end of 1974, Michigan had issued permits to all dischargers on the Detroit River. These permits established waste treatment requirements and schedules for installing additional waste treatment facilities.

Results

Today, all oil formerly dumped into the Detroit River is virtually gone. Only occasional accidental losses occur. The more than 60 industries lining the shore of the river have installed millions of dollars worth of in-plant control, treatment, and pre-treatment facilities. Treatment plants must be manned by trained operators certified by the state. Monthly operating reports are submitted to the state. Chlorides (salts) in the river have been cut in half since 1966, and phosphorus has been cut even more, and will soon be only about a third of what it was ten years ago. State crews monitor the river by boat and helicopter on a secret weekly schedule, and are quick to report any accidental losses of pollution fluids.

Pollution from municipal sewage

In 1969 the City of Detroit began construction of major improvements to add secondary treatment capability to the enormous Detroit Metropolitan Water Department Sewage Treatment Plant (DMSTP). The first module was fully operational in October 1975 and consisted of secondary treatment for 450 million gallons per day of municipal discharges, providing 65 percent phosphorus removal, and serving 3.1 million people. The second module will be completed in the summer of 1979, and will provide secondary treatment for an additional 600 million gallons per day of municipal discharges. The entire plant will serve over 4 million people. The estimated total cost of these additions to this plant when completed in 1979 is about $714 million, of which the U.S. Environmental Protection Agency's (EPA) construction grants program will pay about $452 million.

In March, 1976 there were 78 municipal communities in addition to Detroit with waste water treatment systems served by the DMSTP, and three additional systems are proposed for future construction. The combined problem of industrial-municipal waste, combined sewers, urban runoff, non-point sources, and groundwater degradation in this area requires a complex planning and management system.

In view of this situation the Southeast Michigan Council of Governments received a $5 million EPA Areawide Water Quality Management ("208") grant award in 1975 to study this combined problem. The objective of this federally financed program is to develop management systems to control pollution from these many sources, and therefore improve water quality.

Epilogue

Not too long ago the Detroit was a dead river. Back then the few people still fishing in its waters were hauling in carp.

But in 1975 the Detroit River was hailed as "the world's biggest stream containing trout."

Quite a change for a waterway that was once too dirty to support game fish, let alone any kind of aquatic life. For today, fishermen are catching walleyed pike, an occasional muskellunge, smallmouth bass, coho salmon, perch, sturgeon, channel catfish, and brown trout—and catching most of them in the river where it flows past Cobo Hall in downtown Detroit.

Before cleanup, the Detroit's near-shore water had long changed from clear blue-green to an oily opaque gray. Anything submerged more than three or four inches below the surface was invisible. Certain species of fish—the emerald shiner to cite one example—had disappeared. Today the emerald shiner—a bait fish which is highly susceptible to pollution—is back, and a fisherman looking down in the water can easily see the propeller of his boat three or four feet below.

There has not been a major duck kill since 1968, and the shoreline rocks, once befouled by industrial oil are mostly clean.

The Michigan Department of Natural Resources has planted coho and chinook salmon and steelhead trout off the beaches of Belle Isle, the 987-acre recreational island in the river opposite downtown Detroit. These fish are beginning to make their spawning runs, giving anglers their first encounter with big game fish and earning the river a reputation as a trout stream.

Since, however, there is a lingering threat of mercury poisoning, anglers are warned against eating more than one big game fish a week. This warning is a holdover from earlier times when mercury wastes were poured into Lake St. Clair and the Detroit River by two large chemical companies. That pollution has stopped and the mercury content of Detroit area fish has dropped generally by 60 percent. Large fish, however, still have mercury concentrations in their flesh above federal food limits.

The most dramatic improvement has occurred on the Rouge River, the Detroit River's major tributary where much of Detroit's heavy industry is located. The Rouge's waters were once bright orange from pickle liquor discharges but today the river flows greenish, and brown and white egrets are returning. One major automobile company on the Rouge has cut its iron discharges by 91 percent and its oil and grease discharges by 73 percent. Two big steel companies and a major chemical manufacturer located on the Rouge are also working hard to finish the job.

State water engineer Wayne E. Denniston, who "never dreamed" there would be salmon and trout in the Detroit River, offers a comparison of major waste discharges to the river between 1963 and 1975. His figures show, for example, that wastes, oil, and grease in the river are down 82 percent from 3,676 gallons a day to 651 gallons a day.

"Most of the big companies along the river are really cooperative today," says Denniston. "They're concerned about their public image, and they know that any pollution accidents will cost them both money and bad publicity. Besides, they've installed expensive wastewater and recovery systems, and they want them to work. One company, for example, installed a recycling program that saves about $5,000 per month in plant operating costs. You can bet they keep a close watch on how that system works."

These major water quality improvements do not mean that all of the Detroit River's problems are over, of course, but they clearly show that combined efforts to restore a great natural resource can produce beneficial results. These improvements should encourage a steadfast determination by local citizens, municipalities, private industry, and state and federal governments to continue joint efforts.

HOPE McCORMICK: A CIVIC-MINDED AMERICAN

Mr. PERCY. Mr. President, recently a number of her friends gathered in Chicago to pay tribute to Mrs. Brooks McCormick, one of the most outstanding political, civic, social and cultural leaders in Chicago and the State of Illinois.

The occasion was Hope McCormick's retirement as the Republican National Committeewoman from Illinois. But the occasion provided an opportunity to salute her for her many other contributions as well.

Hope McCormick's contributions to her community, State and Nation are measured by the many responsibilities she has assumed over the years, responsibilities aimed at improving the quality of political, civic, and cultural life for her fellow citizens.

In addition to serving two terms as the Republican National Committeewoman from Illinois, she has been a leader in the effort to increase political participation by women in Illinois. She pursued this goal as chairman of "Republican Women Power, Illinois Style," chairman of the Women's Division of the United Republican Fund of Illinois and president of the Republican Citizens Committee, 9th Congressional District.

Hope's contributions to the civic and cultural life of Illinois include service as trustee of the Chicago Symphony Orchestra, trustee of the Museum of Science and Industry, member of the Women's Board of Rush-Presbyterian-St. Luke's Medical Center, trustee of the Illinois Institute of Technology and trustee of MacMurray College.

Hope also served one term as a member of the Illinois House of Representatives in the 74th General Assembly.

Hope McCormick's distinguished record of service stands as an example for all civic-minded citizens. She has earned the respect and admiration of every Illinoisan and every American who values public service.

I ask unanimous consent that commendations to Hope McCormick from President Ford, Vice President ROCKEFELLER, the Illinois Senate and the Illinois House of Representatives be printed in the RECORD.

There being no objection, the commendations were ordered to be printed in the RECORD, as follows:

I want to add my personal tribute to the many being paid to you on this occasion.

Your retirement from the Republican National Committee will be a great loss to our party and I know your dedicated service will be missed.

The reputation of Hope McCormick as a devoted Republican and a loyal American is well known by Republicans. I am confident that your efforts will continue to serve as an example to others equally as committed to the philosophy and the principles on which our party was founded.

You leave the National Committee with our gratitude and our high esteem. I hope that the years ahead are as rewarding and fulfilling for you as I know the past years have been.

I want to extend my very best wishes to you and all of those honoring you on this occasion.

GERALD R. FORD.

DEAR HOPE: Congratulations on an outstanding career in our party. As your many friends who are gathered tonight know, you have written a great record of success for Republican ideals and Republican candidates. But even more important are the dedication and vision you have contributed to our Nation's democratic process—which benefits every citizen, regardless of party.

You have earned the admiration and affection of all who know of your work. Therefore, it is a special pleasure to join in sending you my warmest regards for the years ahead.

NELSON A. ROCKEFELLER,
Vice President.

STATE OF ILLINOIS—SENATE RESOLUTION NO. 355

Whereas, Mrs. Brooks McCormick, Chicago, is retiring after serving 2 terms as Republican National Committee woman from Illinois; and

Whereas, Her retirement is but one significant event in a lifetime filled with meaningful contributions to the Republican Party and to numerous civic, social and cultural organizations; and

Whereas, Her active devotion and participation in the political processes of this country is reflected in countless positions of responsibility held by her through the years, including the position of Vice Chairman of the Republican National Committee, Chairman of "Republican Women Power, Illinois Style", Vice Chairman of the Subcommittee on News Media Operations for the 1972 Republican National Convention, Chairman of the Women's Division of the United Republican Fund of Illinois, and President of the Republican Citizens Committee, 9th Congressional District; and

Whereas, Hope McCormick served a term as a respected member of the House of Representatives in the 74th General Assembly; and

Whereas, Her commitment to the advancement of culture, the well-being of her fellow citizens and the betterment of society is demonstrated by her involvement in numerous worthy civic and cultural organizations, including her position of leadership as a Trustee of the Chicago Symphony Orchestra, Member of the Board of Trustees of MacMurray College, Member of the Board of Trustees of the Illinois Institute of Technology, Member of the Board of Trustees of the Museum of Science and Industry and Member of the Women's Board of Rush-Presbyterian-St. Luke's Medical Center in Chicago; therefore, be it

Resolved, by the Senate of the Seventy-Ninth General Assembly of the State of Illinois, that we commend Mrs. Brooks McCormick on her uncommon record of contribution to society, including her 2 terms as Republican National Committeewoman from Illinois; that we wish her the very best of success in her future activities; and be it further

Resolved, That a suitable copy of this preamble and resolution be presented to Mrs. McCormick as a token of our affection and respect.

STATE OF ILLINOIS—HOUSE RESOLUTION NO. 847

Whereas, Mrs. Brooks McCormick, Chicago, is retiring after serving two terms as Republican National Committeewoman from Illinois; and

Whereas, Her retirement is but one significant event in a lifetime filled with meaningful contributions to the Republican party and to numerous civic, social and cultural organizations; and

Whereas, Her active devotion and participation in the political processes of this country is reflected in countless positions of responsibility held by her through the years, including the position of Vice Chairman of the Republican National Committee, Chairman of "Republican Women Power, Illinois Style", Vice Chairman of the Subcommittee on News Media Operations for the 1972 Republican National Convention, Chairman of the Women's Division of the United Republican Fund of Illinois, and President of the Republican Citizens Committee, 9th Congressional District; and

Whereas, Hope McCormick served a term as a respected member of the House of Representatives in the 74th General Assembly; and

Whereas, Her commitment to the advancement of culture, the well-being of her fellow citizens and the betterment of society is demonstrated by her involvement in numerous worthy civic and cultural organizations, including her position of leadership as a Trustee of the Chicago Symphony Orchestra, Member of the Board of Trustees of MacMurray College, Member of the Board of Trustees of the Illinois Institute of Technology, Member of the Board of Trustees of the Museum of Science and Industry and Member of the Women's Board of Rush-Presbyterian-St. Luke's Medical Center in Chicago; therefore, be it

Resolved, By the House of Representatives of the Seventy-ninth General Assembly of the State of Illinois, That we commend Mrs. Brooks McCormick on her uncommon record of contribution to society, including her two terms as Republican National Committeewoman from Illinois; that we wish her the very best of success in her future activities; and, be it further

Resolved, That a suitable copy of this preamble and resolution be presented to Mrs. McCormick as a token of our affection and respect.

CONTINUATION OF CHILEAN REFUGEE PAROLE PROGRAM

Mr. KENNEDY. Mr. President, as chairman of the Subcommittee on Refugees, I have closely followed developments in Latin America regarding the plight of Chilean refugees, and the implementation of our parole program for those eligible to come to the United States.

I believe recent events make it imperative for our Government to continue the special parole program in behalf of refugees from Chile, and I wanted to share with my colleagues a letter I have sent to the Attorney General recommending urgent action to provide asylum and protection to Chilean refugees whose lives are in danger—especially in Argentina.

Mr. President, action in this area is needed, not only because the "emergent reasons" for establishing the parole program last year continue today, but also because the United Nations High Commissioner for Refugees has issued an urgent appeal for resettlement opportunities for some 1,000 refugees in Argentina, most of whom are Chileans.

The humanitarian needs among political detainees and other distressed persons in Chile, as well as among Chilean refugees in other countries, are as urgent today as they have been for nearly 3 years. As I wrote to the Attorney General:

> Given these generally recognized facts, the declared policy of the Executive Branch (in support of the Chilean parole program), and the widespread concern over Chile's humanitarian problems among members of Congress and the American people, I am extremely hopeful, therefore, that in consultation with the Secretary of State you will see your way clear to continue the use of your parole authority for Chilean nationals who have been covered by the parole program established last year.

I have sent a similar letter to the Secretary of State.

Mr. President, I ask unanimous consent that the text of my letter to the Attorney General, and a press release on the U.N. High Commissioner for Refugees' appeal, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 25, 1976.

Hon. EDWARD H. LEVI,
Department of Justice,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: I am writing with regard to the status of the Chile

Refugee Parole Program established just a year ago, and especially to express the deep concern I share with many of my colleagues in Congress, the leaders of various private voluntary agencies and other Americans, over the difficult plight of political refugees in Argentina and their urgent need of resettlement opportunities in other countries.

In this connection, I would like to recommend that immediate steps be taken (under Section 212(d)(5) of the Immigration and Nationality Act, as amended) to continue the Chile Refugee Parole Program established last year, and that immediate steps also be taken to extend the benefits of this parole program to a reasonable number of the thousands of political refugees in Argentina, most of whom are of Chilean origin.

As you know, the current Chile Refugee Parole Program authorizes the parole of up to 400 Chilean nationals into the United States, plus their dependents. Although the program covers both Chilean refugees in Peru and political detainees in Chile who are granted exile decrees by Chilean authorities, the program has emphasized the movement and resettlement of cases in the latter category. As of today, I understand that the number of arrivals in the United States is little more than 150 persons, plus dependents. I also understand that the number of cases approved for parole, but waiting for movement to the United States, is close to the ceiling of 400, and that, unless steps are taken to continue the current program, new applications for parole will not be considered when the ceiling is reached.

The record is very clear, however, that the "emergent reasons" for establishing the parole program last year continue. There has been little change in the Chilean junta's violation of human rights. Moreover, the humanitarian needs among political detainees and other distressed persons in Chile, as well as among Chilean refugees in other countries, are at least as urgent today as they have been for nearly three years. Given these generally recognized facts, the declared policy of the Executive Branch, and the widespread concern over Chile's humanitarian problems among members of Congress and the American people, I am extremely hopeful, therefore, that in consultation with the Secretary of State you will see your way clear to continue the use of your parole authority for Chilean nationals who have been covered by the parole program established last year.

I am also hopeful that you will extend this authority to cover the thousands of political refugees, of various nationalities, who are now in Argentina. Again, the record is very clear on the need for such action by the United States, and it has been for several months. Recent events, including the senseless abduction and severe torture of refugees earlier this month, have only served to underscore the problems in Argentina and what the United Nations High Commissioner for Refugees (UNHCR), Sadruddin Aga Khan, has called the "marked deterioration" of the refugee situation in that country.

Although the UNHCR and others have stressed to the Government of Argentina the need for measures to protect the refugees, there is little doubt that for many of these homeless people resettlement in other countries is the only viable alternative to their present situation. And because of this, just 3 days ago, on June 22, the UNHCR communicated a new and urgent appeal to the governments of some 34 countries, including the United States, for resettlement opportunities for political refugees in Argentina.

Several days ago in Geneva, the Staff Director of the Subcommittee on Refugees reviewed human rights problems in Chile and the plight of political refugees in Argentina and other countries of Latin America with the UNHCR. the Director of the Intergovernmental Committee for European Migration, representatives of the International Committee of the Red Cross, and others. His report to me, which has been shared with officials in the Executive Branch, and the subsequent appeal of the UNHCR, reinforce the general views I have repeatedly expressed on human rights and political refugee problems involving Chile and other countries in the area. I strongly feel that, in concert with other countries and international humanitarian organizations, we have a heavy obligation to help ameliorate and resolve these problems. And of immediate importance is the need for Executive action, under the appropriate provisions of the Immigration and Nationality Act, as amended, to continue the parole program established last year and to extend its coverage to political refugees in Argentina.

I am hopeful that these objectives can be accomplished within the next few days, and, in contrast to the experience of the past year, that the processing and movement of any new parolees will be carried out in the most flexible and expeditious fashion possible.

Many thanks for your consideration, and I look forward to hearing from you soon.

Best wishes.

Sincerely,

Edward M. Kennedy,
Chairman, Subcommittee on Refugees.

High Commissioner Makes Urgent Appeal for Resettlement Opportunities for 1,000 Refugees in Argentina

(Note.—The following is reproduced as received from UNHCR.)

The United Nations High Commissioner for Refugees (UNHCR) today launched an urgent appeal to Governments to provide resettlement opportunities for at least 1,000 refugees in Argentina.

In cables addressed to 34 countries, Sadruddin Aga Khan, the High Commissioner, drew attention to the "marked deterioration" of the situation of refugees under this mandate in the past few weeks. He mentioned specifically the stealing of files concerning 2,000 refugees from the offices of a voluntary agency in Buenos Aires on 9 June and the abduction and severe torture suffered by 24 refugees two days later.

"Prior to these events", the High Commissioner stated in his cable, "there had been a number of widely-publicized abductions and subsequent murders."

He said he had maintained close contact with the Argentine Government and had stressed the "imperative necessity" of measures to protect refugee centres.

Nonetheless he viewed resettlement elsewhere as a solution of "the most pressing urgency" for a minimum of 1,000 refugees. Resettlement was also considered the only feasible solution for larger numbers in the foreseeable longer term.

The refugees were mainly of Chilean origin but also of other nationalities, especially Bolivian and Uruguayan.

In all, some 14,000 refugees have been registered in Argentina since late 1973. About 4,000 have been resettled thus far in other countries through the efforts of UNHCR and voluntary agencies, while some 2,000 have received permanent residence and work permits in Argentina. Some 6,000 persons subsist only through aid financed essentially by UNHCR as well as by international voluntary agencies under a programme administered by the UNHCR regional office for Latin America in Buenos Aires. Another few thousand subsist without systematic international assistance.

GREAT MIGRATION TO THE "SUNBELT"

Mr. JAVITS. Mr. President, recently the Governors of the Northeastern States of the country met to pledge their mutual support for a program of regional economic growth. The need for such a program is clear. During the past decade, population shifts financial trends in this country have favored the Nation's "Sunbelt," at the expense of the older North and Northeast sections of the country.

This is a trend that we have welcomed and fostered. Indeed New Yorkers and New York money, for example, can be found in every State of the South. However, it has not been without its cost to us in the Northeast and mid-Atlantic region, a cost which has only recently begun to be studied and quantified.

In this regard, I commend to my colleagues a recent article in the Washington Post by a leading economist on this subject. Neal Peirce, who is with the Woodrow Wilson Center here in Washington, points out some of the *dramatic* and disquieting facts which make up this modern phenomenon. Between 1969 and 1973, for example, total employment rose 17 percent in the Southern States, but only 1.7 percent in the Mid-Atlantic States. During the same period, New York actually lost jobs, and in fact, lost population as well.

As we continue to grapple with the problems of New York City, we should realize that there is this substantial Federal responsibility here. New York City is part of the problem; it has lost jobs to almost every section of the country while assuming, as Mr. Peirce points out:

> The heavy social costs of the often dependent Puerto Rican and black populations that have moved into the center cities * * *

I am not making excuses for New York City nor am I *suggesting that* we should restrict population moves. But I am saying, as this article emphasizes, that there is a substantial Federal responsibility at stake which is only just now surfacing in the public eye through the writings of serious-minded people such as Mr. Peirce. I commend this article to my colleague's attention and ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Great Migration to the "Sunbelt"

(By Neal R. Peirce)

The rarely spoken issue of this Presidential election year—the issue the next Chief Executive, whoever he may be, will be forced to cope with—is the floodtide of people, jobs and wealth away from the older, industrialized states of the Northeast and Midwest to the newly fabled American "sunbelt" of the South and Southwest.

While presidential contenders have ignored the problem, some Senate and House candidates including Daniel Patrick Moynihan in New York—have begun to highlight it. And properly so. Economic indicators show that sometime around 1970, the shift of people and industry out of "older" America into the South and Southwest began to accelerate with unprecedented velocity. The movement is now so rapid that the economic underpinnings of the nation's Northeast quadrant are threatened.

Unless present trends are reversed, countless state and local governments in the East and Midwest will be forced to raise taxes to prohibitive levels or to cut services so drastically that the quality of life will be severely diminished.

Federal policies that foster the interregional shift—or even treat it with benign neglect—will become increasingly untenable. High unemployment is likely to persist in the Northeast, even as the rest of the nation returns to "full employment." Washington may find itself besieged with so many demands for fiscal bailouts of strapped state and local governments that the New York City financial crisis—itself far from resolved now—may well look like a mild prelude.

A "modern Federalist" policy is needed, according to Gov. Hugh Carey (D-N.Y.) to correct the economic malaise of "the vast and aging industrial belt that stretches from Massachusetts to Illinois and beyond." If economic illness is allowed to fester in any region, he warns, "it shall spread and in time consume every state and locality."

The losers in the emerging, fierce battle between the regions are all but one or two states of New England and the Mid-Atlantic region and the Great Lakes states—now home for 41 per cent of the nation's people.

The winners—with an economy so "hyped up" that it may be unhealthy for their long-term welfare—are the sunbelt states, stretching from Maryland and Virginia (in the Washington, D.C. orbit, with its heavy federal spending), down the Atlantic coasts to Florida, around the Gulf Coast through Texas to New Mexico and Arizona, and including the Rocky Mountain states as a group.

Economists suggest that the sunbelt states, presently accounting for 36 per cent of the U.S. population, have now "come of age" economically, generating a heady, self-sustaining growth in new factories, service industries, finance and housing. Among their irresistible attractions are: inexpensive labor, land and construction costs; easily available and relatively inexpensive energy; and lower state and local taxes.

These are the basic disquieting facts:

—Migration among regions is having an immense impact. Between 1970 and 1975, population of the sunbelt and Mountain states grew by more than 9 per cent—eight times the combined Northeast-Great Lakes growth rate of 1 per cent. Population grew 23 per cent in Florida, 9 per cent in Texas, 25.5 per cent in Arizona, 15 per cent in Colorado—but only 0.2 per cent in Pennsylvania, 0.3 per cent in Illinois, 1.0 per cent in Ohio, 2.4 per cent in Massachusetts. New York and Rhode Island experienced an actual population decline.

—Most migrants to the sunbelt are educated, managerial-scientific and taxpaying middle class people. Their departure leaves the Northeast and Midwest with a weakened tax base to finance the heavy social costs of the often-dependent black and Puerto Rican populations that have moved into the center cities—the nation's "new cottonfields."

—State and local taxes, on a per capita basis, are far higher in most Northeastern and Pacific states than they are in most sunbelt states.

—Total employment rose 17 per cent in the Southern states and 25 per cent in the Mountain states between 1969 and 1973, but grew only 1.7 per cent in the Mid-Atlantic states. Illinois experienced zero employment growth in the period; New York actually lost jobs.

—In each recession of recent years, unemployment has been more serious in the Northeast and Great Lakes regions—and recovery has never quite lowered jobless rates to their pre-recession levels.

The sunbelt's growth is based on deep economic trends that no federal policy could—or should—choke off entirely. National economic policy up to now has ignored regional questions and concentrated almost exclusively on "macroeconomic" questions of nationwide fiscal stimulus and restraints. It could be revamped to cope more effectively with the "microeconomic" problems of the nation's seriously declining regions.

Congress, traditionally deeply split along party and regional lines, will have great difficulties finding a solution—or even acknowledging the depth of the problem. But a far-sighted President might provide the leadership needed. New York's Franklin Roosevelt began the flow of federal aid to the poverty-ridden South that eventually enabled that region to challenge the once mighty and impregnable Northeast. It's not beyond imagining that Georgia's Jimmy Carter, if elected, might choose—or be forced—to start the reversal of the process.

ADDITIONAL STATEMENTS

THE BUSING TANGLE

Mr. BIDEN. Mr. President, as an outspoken critic of forced busing, I was interested in reading an excellent editorial in Tuesday's editions of the Wall Street Journal.

This editorial states a point of view which is not often spoken to: That in seeking to end the last vestages of segregation, the courts have turned 'round on themselves, and we have been left with a remedy—busing—which is both ill advised and which is not working.

Let me quote the Journal's editorial:

> As the law evolved, as the courts struck down subterfuges intended to violate this comment [that the state shall be neutral with respect to race], as they dealt with recalcitrant racism, it arrived at a different point. Schools must take affirmative action to desegregate, even if this means assigning school children on the basis of race.
>
> This latter conclusion the public will not support, and the public is right.

For an excellent analysis of the entire legal tangle over busing in which we now find ourselves, I thoroughly recommend this editorial to my colleagues, and I ask unanimous consent that it be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Busing Tangle

President Ford's proposal for legislation limiting the use of busing in school desegregation cases probably would not succeed in solving the busing turmoil even if, improbably, it were enacted by Congress. But that is by no means to say the proposal is not directed at a real problem.

The courts have worked themselves into a huge tangle on the busing issue. They have done so for historical reasons with which one must sympathize, but that does not reduce the present problem. The busing orders recently in the news command almost no public support. When the public sees children bearing the brunt of public policy, it naturally asks precisely what public purpose is being served. In public debate the typical response is to throw the accusation of racism at anyone who dares raise the questions, and even the courts don't do a much better job in supplying a persuasive answer.

The original *Brown* decision striking down segregated schools stood on a firm moral foundation: The state shall be neutral with respect to race. It is unconstitutional for a state to pass laws assigning school children on the basis of race.

But as the law evolved, as the courts struck down subterfuges intended to violate this command, as they dealt with recalcitrant racism, it arrived at a different point. Schools must take affirmative action to desegregate, even if this means assigning school children on the basis of race.

This latter conclusion the public will not support, and the public is right. But it is difficult to write laws telling the courts how to interpret the Constitution. President Ford's proposals, for example, would limit the duration of busing orders to five years if the court's orders are followed "in good faith"; but good faith is often already the precise issue. The courts can of course be directed by constitutional amendment, and we can conceive an amendment based on the principle of a colorblind law. But it would be far better if the courts worked their own way out of the tangle, and perhaps that is not too much to hope.

The best analysis that we have seen of where the courts' desegregation decisions went astray appears in a court opinion, Justice Powell's consenting opinion in *Keyes v. School District No. 1*, the Denver busing case. Justice Powell notes the moral force of *Brown*, and approves of *Green v. County School Board*, in which a subterfuge "freedom of choice" plan was struck down and an "affirmative duty" to desegregate promulgated. This was an appropriate remedy for the facts of Green, a rural county clearly maintaining a dual school system.

The court went wrong, Justice Powell clearly feels, in *Swann v. Charlotte-Mecklenburg*, when it applied the Green remedy to the far different facts of an urban setting. He notes that the busing order required Charlotte "to alleviate conditions which in large part did not result from historic, state-imposed de jure segregation." Rather, it required redress of the effects on school racial composition of "segregated residential and migratory patterns" Charlotte shares with any metropolitan area, Southern or Northern.

Now, Charlotte had maintained a legally mandated dual school system—de jure segregation by any definition. But Justice Powell remarked that in nearly any school district the authorities have contributed in one way or another to whatever segregation exists, and since *Swann* the courts have in fact been stretching the de jure doctrine accordingly. In this, Justice Powell suggests, they are merely following the logic of *Swann:* If the law requires Charlotte to remedy the effects of residential patterns, to follow racial ratios in correcting de facto segregation, it requires all cities to do likewise.

Justice Powell concurred in the 5–3 decision upholding the Denver busing order, in part because *Swann* is now settled law. But clearly he was asking the other Justices to join him in dealing with *Swann's* "ambiguities" in a way that would get away from racial ratios and back to a colorblind rule.

The court in general is moving in that direction, as a number of cases in the last week suggest. It held that tests for police applicants are not discriminatory simply because a disproportionate number of blacks fail; discriminatory intent must be proved. It held that it is illegal for private schools to refuse admission to blacks, but that a white cannot be subjected to employment discrimination to favor a black. Yesterday it held that school districts need not change desegregation plans to keep abreast of population patterns.

These are healthy decisions, and to us they seem to point to an ultimate resolution of the busing tangle along the lines suggested by Justice Powell. Busing orders were an appropriate remedy in breaking down subterfuges erected by recalcitrant segregationists, but they are disproportionate to the more subtle offenses the courts now typically encounter. And there is a danger in the courts trying to undo the effect of residential patterns, for they can never know how much the patterns result from discrimination and how much from truly free choice.

If President Ford's actions in supporting legislation and Justice Department briefs speed the court's progress toward this solution, it will be all to the good. The courts will be on sound moral footing, and accordingly will again command public support, when they find their way back to the original logic of *Brown:* with respect to race the state shall be neutral; this Constitution is colorblind.

VERTICAL DIVESTITURE: A THREAT TO AMERICA'S ENERGY SUFFICIENCY

Mr. FANNIN. Mr. President, during the Senate Judiciary Committee's consideration of S. 2387 which would provide for vertical divestiture of the petroleum industry, a number of important administration witnesses testified against this legislation from different points of view.

Among the committee's witnesses were Mr. Richard G. Darman, Assistant Secretary for Policy of the Department of Commerce; Mr. Roger E. Shields, Deputy Assistant Secretary of the Department of Defense; and Mr. Julius L. Katz, Deputy Assistant Secretary of State.

In his statement, Mr. Darman discussed the impact of vertical divestiture upon the economy. The views of the Department of Commerce were and are that the proposed legislation would not best serve the objectives of preserving and promoting a healthy free enterprise economy, achieving energy independence for the Nation, and assuring that adequate energy supplies could be efficiently produced and delivered to consumers at reasonable prices. Darman also stated that proposed vertical divestiture would be such an extreme remedy that it would discourage essential capital investment in the development of energy resources. In addition to finding no excessive concentration of power in the petroleum industry, he indicated that there is no clear case that industry practices are anticompetitive or that industry profits are excessive. In his opinion, divestiture could be harmful to our country's bargaining power vis-a-vis the OPEC cartel. Darman concluded that focusing upon divestiture of big oil "would seem a regrettable distraction" from efforts to solve more fundamental problems meriting serious attention, especially regulatory reform and selected decentralization.

In his statement, Mr. Roger Shields argued that divestiture would adversely impact on our remaining supply of secure energy fuels and is inimicable to the national security of the United States. In light of the fact that America's dependence on foreign oil will come close to 42 percent this year, Mr. Shields pointed out that this legislation would retard our energy self-sufficiency to the detriment of the Nation's security and defense in coming years.

In his statement, Julius Katz agreed with other administration witnesses that breaking up the oil industry would jeopardize our ability to achieve our reduced dependence goals. Discussing the international implications of divestiture, he pointed out that the proponents' contention that breaking up the oil industry would result in lower prices for consumers and limit the power of the oil cartel to prorate production among its members is based on a mistaken analysis of the world oil market and its operation. In his view, divestiture of the intergrated oil companies might result in OPEC's control over the world market becoming even more complete than at present. Moreover, divestiture would affect only domestic companies, thereby expanding the position of foreign company operations and, hence, foreign influence in the world. This shift in balance of energy and economic power in the world could be damaging to American and free world interests. As a result, in the State Department's view:

> There would almost certainly be problems and friction which would inevitably draw the U.S. Government into disputes between U.S.-based companies and foreign governments.

Divestiture would impair our ability to cope with an oil embargo and could threaten essential investments into new oil and gas exploration and development in the non-oil-producing developing countries. Mr. Katz' conclusion was that—

> We do not find that U.S. national interests would be served by passage of this legislation.

Mr. President, I ask unanimous consent that the statements made on June 3 before the Senate Judiciary Committee by Mr. Darman, Mr. Shields, and Mr. Katz be printed in the Record.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Vertical Divestiture in the Petroleum Industry

(By Richard G. Darman)

It is a pleasure to have this opportunity to appear before the Senate Judiciary Committee with the Administrator of the Federal Energy Administration, Frank Zarb, and other representatives of the Executive Branch—to present the Department of Commerce's views on proposed legislation to effect vertical divestiture in the petroleum industry. Our conclusions reflect a review of the relevant evidence at hand—including the record compiled by the Senate Judiciary Committee, as well as the analysis by the Energy Resources Council Divestiture Task Force which accompanies this testimony as a submission for the record.

Our views are essentially consistent with those of Frank Zarb and, in the interest of efficiency, I will, with your permission Mr. Chairman, simply summarize what seem to me to be key points:

(1) *Objectives*. There are certain general objectives, to which vertical divestiture proposals might arguably be related, which are widely shared. These include: (a) the preservation and promotion of a healthy free enterprise economy, and the opportunities for individual freedom and development associated therewith; (b) the achievement of "energy independence", as reasonably defined; and (c) the assurance that adequate energy is to be efficiently produced and delivered to consumers at fair prices. The issue is not whether these are appropriate objectives; but rather, whether legislatively mandated vertical divestiture would best serve these objectives. In our judgment, it would not.

(2) *Severity of proposed remedy*. The proposed vertical divestiture for the petroleum industry—legislatively mandated—must be viewed as an extreme remedy. It goes far beyond current anti-trust law. It would involve the reorganization of well over $100 billion of assets. It would demand thousands of man-years of top management and professional attention. It would dramatically increase investor uncertainty. And it would do so at a particularly critical time for a particularly critical sector of the economy—a sector whose management and capital resources must be focussed on the achievement of reduced energy dependence, a sector on which the entire society is vitally dependent.

(3) *Requisite burden of evidence*. Given the severity of the proposed remedy, it should be viewed as appropriate only to the extent that a powerfully convincing factual and analytic case is developed in its support. The burden of developing such a case should lie, at least in the first instance, with those who advocate such a remedy. And it is our considered opinion—with the seriousness of the general objectives and the seriousness of the proposed remedy in view—that an appropriate case for vertical divestiture simply has not yet been made.

(4) *Concentration*. The classical symptom of potentially excessive market power—over-concentration—is not present in the case of the petroleum industry; or, if this point be debated (which it generally is not), it is at least to be granted that concentration in the petroleum industry is less than that of a significant number of other sectors of the American economy.

(5) *Industry practices*. Insofar as the case in support of alleged market abuse cannot rest on conventional arguments as to market concentration, it must rest on allegedly anti-competitive industry practices—"farm-outs," joint production agreements, alleged control of crude gathering lines and trunklines, crude exchanges, etc. It is important to note that a case can be made that these industry practices are not anti-competitive and contribute to improved efficiency and productivity. But even if it were shown that some of these practices had adverse effects, it is not at all clear that the appropriate remedy would be a drastic structural one; rather, one would reasonably expect that the appropriate remedies would be specifically and narrowly focused upon the problematic practices.

(6) *Profits*. Whatever the interpretation as to concentration or allegedly problematic practices, the fact remains that the classic symptom of abuse of market power—excessive profits—is not present.

(In the period 1965–1972, the average return on net worth for the 18 U.S.-based petroleum companies affected by the proposed vertical divestiture was 11.9%. It was 11.8% for all petroleum companies—and 12.4% for all industries excluding petroleum. For the period 1965–1974, the comparable figures are: 13.7%; 13.4% and 12.8%.)

(7) *Relationship to OPEC cartel*. Insofar as the argument for vertical divestiture rests on an hypothetically associated improvement in bargaining power vis-a-vis the OPEC cartel, it is difficult to comprehend. It does not seem to rest on any accepted competitive theory, game theory, psychological theory or other behavioral theory. And indeed, in simply common sense terms, it is difficult to appreciate why a proposal to weaken the set of parties on one side of transaction should increase their leverage in relation to the untouched set of priorities on the other. (Note: In the view of the Administration, the logical approach to the problem of cartel power is one which involves increasing the range and quantity of energy supplies and reducing the rate of growth in demand for oil.)

(8) *Contextual explantors*. Although the analytic argument is, in our judgment, insufficient to support the divestiture conclusion, that conclusion may perhaps be understood in relation to a set of contextual explantors. The argument for divestiture of "big oil" is in some respects to be viewed as a natural outgrowth of the current climate of public opinion represented by growing resentment of "bigness" in general. That resentment is, in major part, a function of the centripetal tendencies associated with twentieth-century governmental and industrial development; and it is a function, more immediately, of the recent exposure of abuses of governmental and corporate power. In its simplified and somewhat romanticized—but nonetheless legitimate—form, it asserts: "small is beautiful." But the appropriate policies for the treatment of the fundamental problems properly associated with the general resentment of the growing "bigness" and "uncontrollability" of institutions in-

clude the following: the vigorous enforcement of anti-trust statutes; the development of a responsible code of conduct for multi-national corporations; the improvement of means to assure responsible Congressional counter-balance to the Executive Branch; and the serious and systematic examination of issues relating to reform of "big government"—issues, for example, or regulatory reform and selective decentralization.

(9) *Conclusion*. To focus upon divestiture of "big oil" in this context—while understandable given the petroleum industry's special visibility and the special resentment of recent actions associated with OPEC cartel pricing—would appear, on the basis of evidence at hand, to be unwarranted and, to that extent, unfair. And further, in my personal opinion, it would seem a regrettable distraction from more concentrated focus on what I take to be the fundamental problems requiring attention.

I should be happy to elaborate upon these summary points in response to the Committee's questions.

VERTICAL DIVESTITURE IN THE PETROLEUM INDUSTRY

(By Roger E. Shields)

The Department of Defense does not claim the kind of expertise that would make its views on the economic aspects of S. 2387 of prime importance. Others, with better qualifications, have addressed the economic implications of the proposed so-called divestiture legislation. Our concerns focus on national security and national defense. If the statements that have already been made accurately reflect the impact of S. 2387 on the petroleum industry—and we believe they do—we must conclude that the bill would be highly detrimental to the nation's security and its defense in the coming years.

If one had to identify the most important factor in the 20th Century development of the world economy, I believe the factor would be the availability of inexpensive energy from oil. Oil has made the world's economy what it is today. Without it, or a suitable replacement for it, it would not be long before we returned to the economic conditions of 50 years ago. Yet, there can be no blinking the fact that oil is a depleting resource. The time when it will no longer be able to sustain the world economy, much less contribute to continued growth, is increasingly near at hand. Oil must soon be augmented and ultimately be replaced by other energy resources if the world is to avoid economic disaster.

The development of new energy resources is going to require a great deal of time. In 1972 a senior Defense official told the House Interior and Insular Affairs Committee that the restoration of an adequate secure energy resource base in the United States would be a long and costly endeavor. He added that during the intervening years this country would "live in the shadow of a threat to the economy, the national well-being and the security of North America and Europe." Despite the passage of more than four years, and because little progress has yet been made towards energy independence, we still face a period of peril extending at least ten years into the future. That peril will center on the insecurity of much of the oil supplies which we must have in these years of continued oil dependence.

Under these conditions, the first criteria for any legislative initiative in the energy field should be: "Will it in any way adversely impact on our remaining supply of secure energy fuels?" I submit that if the answer to that question is "Yes" then the proposed legislation is bad legislation, inimicable to the national security of the United States.

This year our dependence on foreign oil will be close to 42%. Increasingly the sources of that foreign oil lie in the Eastern Hemisphere and in particular, the Persian Gulf. Foreign oil supply is subject to interruption on political grounds, as we have already seen to our dismay. It can be subject to interruption on economic grounds as was threatened by OPEC in 1971. Most importantly from a Defense viewpoint, foreign oil supply is subject to military interdiction, whether due to local wars in major producing areas or a general confrontation between NATO and the Warsaw Pact powers. As I have said, our oil supplies increasingly depend on the most remote and insecure areas. The major oil loading ports of the Persian Gulf lie within 900 miles of the Soviet Union. The sea lanes from that area reach half-way around the world, posing enormous problems in safeguarding tankers in time of war. It need not be emphasized how important oil would be to us in a wartime environment, particularly when one considers that on a comparative basis the Soviet Union is far better off than is NATO and the United States in terms of oil and energy.

We in Defense have long supported the view that the United States can and will regain energy self-sufficiency. Our vast resources in coal, oil shale and uranium should begin to replace oil in 10 to 15 years, while our scientific community can be looked to for development of the more esoteric and essentially unlimited energy resources of the longer range future. However, we also are convinced that our nearer term dependence on oil makes it essential that we do everything within our power to maximize the availability of oil from secure domestic sources. To that end the Government should work with the oil industry, correcting it where it needs to be corrected, helping it where it needs to be helped, motivating it where it needs to be motivated, and, in general, providing the kind of climate conducive to the resolution of our national energy problems within the historic concepts of the free enterprise system. I submit that divestiture will do none of those things. At best, it will inhibit maximum development of secure energy sources. At worst, it could unnecessarily increase the risks which we already must face. Even its proponents concede it would create a degree of turmoil and uncertainty in the petroleum industry during the next decade or two. That is precisely the period during which our energy inseurity will be at its worst.

The energy problem with which this nation is now confronted is the unfortunate product of decades of indifferent, inadequate or nonexistent energy policies. Now that we are aware of the problem and have set ourselves on a course towards it correction, it would be tragic if our objectives are hazarded and the nation's security endangered by ill-advised actions, however popular they may be perceived to be in the short term.

VERTICAL DIVESTITURE IN THE PETROLEUM INDUSTRY

(By Julius L. Katz)

Mr. Chairman, I appreciate this opportunity to testify on behalf of the Department of State on the international aspects of S. 2387 which would require the vertical divestiture of a number of major U.S. oil companies.

Before examining in some detail certain of the possible international ramifications of the proposed legislation, I would like to express the concern of the Department of State over the adverse impact which this bill would have on our domestic energy objectives. Growing dependence on imported oil has made us unacceptably vulnerable, politically as well as economically, to embargoes and arbitrary increases in oil prices. We are vulnerable both directly, through our own large dependence on imported oil, and indirectly, through the import dependence of the other major industrialized countries with whom we have a tightly woven political, economic, and security relationship.

Since the October 1973 crisis, our international energy policy has concentrated on the need to eliminate this vulnerability.

We have successfully established the International Energy Agency (IEA), providing a vehicle for close cooperation in energy by the 19 industrialized country members;

We have negotiated and placed in operational readiness an integrated emergency program in the IEA to enhance our ability to withstand the economic impact of an embargo should one occur;

We have adopted in the IEA a comprehensive program of long-term energy cooperation to reduce our dependence on imported oil through joint efforts in conservation, the accelerated production of alternative energy sources, energy research and development;

We have agreed in the OECD to establish a financial support fund (subject to Congressional approval) as a safety net for countries who experience acute balance of payments problems resulting from the massive increase in oil prices; and

Finally, we have established a new cooperative dialogue between oil producers and consumers in the Energy Commission of the Conference on International Economic Cooperation.

These efforts at consumer country cooperation have provided some protection against another embargo.

Over time, consumer cooperation, particularly the long-term cooperative program, together with strong national efforts can eliminate our vulnerability by reducing substantially our dependence on OPEC oil. But here, the efforts of the United States are absolutely essential. We are the largest consumer and the largest importer of oil. Because of our endowment of natural resources, we also have the greatest potential for the development of new sources of energy to displace imported oil. Unless we make the commitment of manpower, capital, and technology necessary to develop these new energy supplies, we cannot expect that the other industrialized countries, for most of whom reduced dependence on imports will be ultimately more difficult and expensive, will themselves make serious efforts.

As Mr. Zarb has pointed out, it is likely that the forced divestiture of our major oil companies would jeopardize our ability to achieve our reduced dependence goals. These companies are a crucial source of technology, capital, and know-how for developing our domestic energy resources.

INTERNATIONAL IMPLICATIONS

One of the major arguments advanced in favor of divestiture is that it would support consumer interests for lower oil prices by restricting the ability of the international companies to perform an essential role of prorationing production among OPEC members. This argument is based on a mistaken analysis of the world oil market and its operation.

Over the past three years, there has been a major shift in power within the world oil market. The producing governments, working together within the Organization of Petroleum Exporting Countries, (OPEC), have acquired virtually complete control over both the volume of oil available in the world market and the price at which that oil is available for purchase. Control over price results from the ability of the members of OPEC to limit production to match demand at the price set by the producers.

The international oil companies are able to shift purchases of oil among various producers. But as long as the producers all observe the basic OPEC price, the companies have little if any ability to influence the price by consumers.

With some exceptions, OPEC members with unused production capacity for the most part have been disinclined to sell oil at less than the market price in order to increase their market shares. In contrast, when world demand for crude was falling during the first half of 1975, producers such as Saudi Arabia and Kuwait, whose earnings far exceed their revenue needs, showed a willingness to accept a disproportionate share of the global reduction in production in order to preserve the OPEC price. This situation resulted simply from these countries adhering rigidly to the established price while changes in quality and transportation differentials made the oil of other OPEC prdoucers relatively more competitive. The companies responded to these marginal, but economically significant price differences in their purchases of crude.

At present, the crude price differential system reflecting quality and transportation differences has not been adjusted completely to reflect changes in demand for various crudes. In particular, the recession-induced drop in demand for heavy fuel oil caused a drop in demand for heavy crudes which were over-priced relative to the lighter crudes. The international companies have demonstrated an ability and willingness to respond to this market situation, cutting back or their purchases of heavy crude and increasing purchases of the lighter varieties.

Thus, prorationing now takes place informally within OPEC on the basis of small savings in differentials around the basic OPEC market price. The need to establish a formal prorationing of production among OPEC members could be a source of strain within the cartel.

Prorationing would become a critical problem for OPEC only if total demand for OPEC oil is declining. The prospect of a long-term declining market would limit the expansion possibilities of those producers who need high volumes of revenues and weaken the incentive of other producers to withhold production for sale in future years. However, with economic recovery now underway, world demand for OPEC oil is rising, including demand for heavy crudes, and is likely to continue at present levels or even increase further over the next five years.

We must clearly understand that OPEC's power arises not from its exploitation of the integrated structure of the oil industry but from the dependence of the consuming nations on OPEC oil. The integrated structure of the industry has existed for decades. OPEC was only able to quadruple the price when dependence and demand—especially U.S. dependence and demand—gave the producers the power to do so. Before 1973, the price of oil was moderate and, incidentally, provided the companies with a higher per barrel profit than they are earning at the present price. Under the producers' current tax structures and sales policies, price increases increase producer government take but not oil company profits.

Until the demand outlook for OPEC oil begins to change as a result of reduced import dependence by the U.S. and others, our vulnerability to OPEC price fixing will remain. It will certainly not be reduced by the divestiture of the integrated oil companies. While divestiture might cause certain temporary problems of disruption for OPEC during the transition period, OPEC's control over the world market might in the end be even more complete than at present.

OTHER INTERNATIONAL IMPLICATIONS

As we understand the Bill now before the Committee, Mr. Chairman, it would not expressly require divestiture of foreign operations. However, it would not permit a company retaining a domestic operation covered by the statute to be affiliated with foreign integrated operations. If this is so, the practical effect would be to require a company to choose between divesting itself vertically on a worldwide basis or to give up its covered operations in the U.S. It is impossible to know what any individual company would elect. It is further impossible to foresee the outcome of an attempt by a company to divest in foreign countries where its operations are subject to the jurisdiction of foreign governments and courts. It is difficult, therefore, to envision the likely share and structure of the world oil industry after divestiture.

However, we can identify a number of potential international problems which seem to have received little attention thus far.

First, it seems clear to us that in no event would non-US-based integrated firms divest their operations outside the United States. These companies, of course, include two of the largest international majors (Royal Dutch Shell and British Petroleum), other Western private and government companies and the communist and OPEC state oil companies. The divestiture by the US companies of their foreign assets would create new opportunities for these non-US-based companies to acquire divested assets of the US firms and to take business away from US-based firms. This expanded position of foreign companies would diminish US control over essential energy delivery systems and place our imported energy requirements under even greater foreign influence than at present. In particular, it would provide members of OPEC, some of whom have the cash reserves needed to purchase the foreign assets of US-based firms, with the opportunity to expand their downstream operations and thus increase the leverage they may exercise upon consuming countries.

Second, foreign governments could well twist the divestiture process to their own advantage. The US-based international oil companies play an important role in virtually all Free World countries under arrangements subject to local jurisdiction. These countries regard the energy sector as of great national importance, just as we do. Foreign governments, whether in producer or consuming nations, would not remain unconcerned or passive if US-based firms moved to implement structural or contractual changes arising from divestiture.

A foreign government's alternative options would seem to be broad. A government concerned about access to crude or markets might prohibit implementation of divestiture within its country. A government aiming to strengthen its national oil industry might seize the occasion to impose its own restructuring of the divested assets of the US-based firms within its country. Or it might decide to nationalize the assets of the US firms. The point is that we cannot foresee how individual foreign governments would react to the new situation which the United States could initiate but not control. But there would almost certainly be problems and friction which would inevitably draw the US government into disputes between US-based companies and foreign governments.

We must also consider the extent to which divestiture would reduce the disposition of US-based international oil companies to factor questions of US national interest into their business decisions and whether this carries risks at this juncture for our import dependence. I must be tentative because we cannot know the post-divestiture domestic and international profiles of the companies that might be affected. Yet it seems possible that some companies would decide that the restrictions on US operations do not justify a high concentration of their worldwide investment, research, planning and management within the US. Similarly, faced with a choice between worldwide divestiture or divestiture of substantial US assets, some US companies with large foreign operations may elect to keep these integrated foreign operations intact and even remove themselves from the US. Divestiture might, therefore, have the effect of reducing the US identification and association of the international oil companies while still leaving us dependent on them to deliver oil imports essential ao us.

A more specific area of concern to the Department of State is the effect of divestiture on our ability to cope with an embargo. As has been widely acknowledged, the US-based international oil companies played an important role in frustrating the attempt of the Arab producers to target the effects of the 1973–74 embargo. Using the flexibility afforded by their vertical structures, the companies allocated available oil among all of their marketing areas, substantially attentuating the impact of the embargo on any one country.

The IEA's emergency oil sharing program—one of our main lines of defense in the case of another embargo—is heavily dependent on the cooperation of the U.S. and other international companies. The allocation of available oil in an emergency would be subject to formal guidelines established by the member governments. However, the companies would be responsible for moving the oil within these guidelines, redirecting imports from one country to another, providing essential data on the movement of oil, etc. In the event of divestiture, the implementation of this complex program would be much more difficult. The already intricate problem of allocation would be compounded by fractionalizing the companies involved into a much larger number of independent entities.

Finally, divestiture could threaten essential investment flows into new oil and gas exploration and development in the non-oil-producing developing countries. The rapid development of these potential new suppliers is important to our goal of achieving a more equitable balance of global supply and demand. Two factors could discourage these flows. One is the general uncertainty about cost and availability of capital to firms facing divestiture, as Mr. Zarb discussed in his testimony. The further question is whether companies will make such investments in the face of inevitable political risks and uncertain rates of return if they no longer are motivated by a desire to diversify sources of crude for their vertical operations.

In summary, Mr. Chairman, we do not find that U.S. national interest would be served by passage of this legislation. It would not reduce our vulnerability to continued OPEC price fixing—a vulnerability which can only be eliminated by reducing our dependence on OPEC oil. In addition, it would be likely to impact seriously on U.S. control over the delivery of our essential energy imports, creating the opportunity for foreign firms, including those controlled by OPEC governments, to acquire refining, distribution and other foreign assets now held by U.S.-based companies. It would also seriously complicate our efforts to minimize the economic and political impact of any future oil embargo through the IEA's emergency program.

SENATOR RANDOLPH URGES ADDITIONAL CONVERSION ORDERS TO UTILIZE COAL

Mr. RANDOLPH. Mr. President, it is important that additional conversion orders from oil and gas to coal be made by the Federal Energy Administration.

I include a telegram sent today to Administrator Frank Zarb urging affirmative action. It reads as follows:

JUNE 30, 1976.

Hon. FRANK ZARB,
Administrator, Federal Energy Administration, Washington, D.C.

I commend your efforts to expedite implementation of the Energy Supply and Environmental Coordination Act of 1974. The coal conversion orders you have issued to existing and planned electric powerplants can significantly reduce consumer electric costs and promote greater energy independence. Electric fuel costs can be reduced in 1980 by approximately $1.7 billion as a result of the coal conversion orders you issued last year to 74 existing or planned electric powerplants located at 32 generating stations owned by 25 electric utility companies.

I urge that you finalize these orders as soon as possible so that American consumers can benefit from these energy cost savings. This program will assure greater energy self-sufficiency.

I also urge that you expedite the issuance of additional coal conversion orders with an emphasis on new electric power plants in the early planning process. This will direct growth in electric generating capacity toward our nation's most abundant energy resource, coal, and away from natural gas and oil. It also will conserve natural gas for higher priority uses than as a boiler fuel and will reduce our dependence on imported oil supplies.

JENNINGS RANDOLPH.

Mr. President, it is imperative that we conserve oil and natural gas and that our dependence on imported petroleum supplies be reduced. Coal can be used in our electric powerplants. American consumers will also benefit from energy cost savings.

JUNE 1940: THE SOVIET OCCUPATION OF LITHUANIA

Mr. SCHWEIKER. Mr. President, 36 years ago this month Russian troops occupied Lithuania and subjected her people to forced incorporation into the Soviet Union. Lithuanian Americans painfully remember the forced deportation of hundreds of thousands of their number to Siberian concentration camps and know all too well of the political persecution in the years that followed.

As we commemorate this sad event, I ask that we rededicate ourselves to the courageous Lithuanian people still suffering under Soviet oppression and to the international recognition and protection of human rights.

CONSUMERS RIPPED OFF BY UNSCRUPULOUS AUTO REPAIRMEN

Mr. PERCY. Mr. President, a special task force sponsored by the Chicago Tribune recently conducted an investigation of the auto repair industry in the Chicago area. Using four cars on which an expert mechanic had purposely created minor mechanical problems, two reporters went to various local repair shops to have their cars fixed.

In a series of articles in the Tribune, the task force published the results of its investigation. Of the 52 garages, dealerships, and repair shops tested: First, according to an independent master mechanic, 21 performed repairs which appeared to be unnecessary, did sloppy work, or quoted estimates in the hundreds of dollars for a minor repair; second, 9 charged more than was necessary, or were unable to diagnose the trouble at all; and third, 22 did the proper work at or below the estimated fair price. Thus, the Tribune investigation found that the average motorist "has less than a 50–50 chance of getting a good repair job at a fair price."

This is a problem of considerable magnitude. There are currently over 160 million cars in use in the United States, and the auto repair industry is a $30 billion a year business. According to estimates of the Senate Antitrust and Monopoly Subcommittee, which in 1974 conducted an investigation of this industry under the leadership of our distinguished colleague PHILIP A. HART, some $10 billion of this yearly total is spent on unnecessary repairs. The Chicago Tribune articles provide further evidence that consumers are paying large sums of money for automobile repairs which they simply do not need.

This blatant ripping off of the consumer must stop. However, problems with auto repairmen have consistently ranked near the top of the list of consumer complaints, and solutions have proven extremely difficult to come by. The attempted remedy of Government licensing and regulation has generally been less effective than its proponents had hoped.

I agree with the conclusion of the June 25 Chicago Tribune editorial that "our best defense against cheating mechanics as against other social pests, lies partly in the hands of the courts, partly in the alertness of the public, and partly in the constant diligence of the press." In this respect, I would like to commend the Chicago Tribune for the valuable public service it performed in conducting this investigation of the auto repair industry.

Mr. President, I ask unanimous consent that the five-part series from the June 20–June 24, 1976, Chicago Tribune, and the editorial from the June 25, 1976, edition of that paper, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Chicago Tribune, June 20, 1976]

AUTO REPAIRS: PROCEED WITH CAUTION

The garage mechanic dipped his fingers into the oil dripping from the underside of the car, rubbed them together, and said ominously, "Metal filings. Your transmission is shot!"

You know the feeling. It's the same one you would have when the doctor says, "I have some bad news . . ."

You had feared the worst as you stood beside your disabled car, your stomach in a knot as you strained to read the diagnosis in the mechanic's eyes.

Then he said it. And you knew it was going to cost!

Almost everyone drives a car, but few are in the driver's seat when it comes to diagnosing a problem. A Tribune Task Force investigation found the average motorist has less than a 50–50 chance of getting a good repair job at a fair price.

Auto repair is a $30-billion-a-year business in the United States and a third of it is unnecessary, according to Sen. Philip Hart [D., Mich.], who presided over a 1974 Senate investigation of monopoly in the auto industry.

And Virginia Knauer, consumer adviser to President Ford, has said problems with auto repair shops top the list of U.S. consumer complaints.

Some states allow prosecution of a mechanic who cheats a customer. Illinois, however, has no laws whatsoever for the car owner's protection. In fact, if you are unsatisfied and refuse to pay a mechanic's bill, he can take you to court and even have your car towed away.

To determine how the average motorist fares with a car problem in Chicago, the Task Force conducted a three-month experiment to evaluate area auto mechanics and find whether there is a system for diagnosis and repair.

The verdict:

A simple transmission difficulty—cost of diagnosing and repairing it estimated at under $10—can cost anywhere from nothing to $394.

The same pattern emerged with brake and ignition repairs.

Of 52 garages, dealerships. and repair shops tested:

Twenty-one performed repairs an independent master mechanic said were unnecessary, did sloppy work, or quoted estimates in the hundreds of dollars for a minor repair.

Nine charged more than necessary or were unable to diagnose the trouble at all.

Twenty-one did the proper work at, or below, the estimated fair price.

For the experiment the Task Force used four American-built cars representing the major auto makers—American Motors, Chrysler, Ford, and General Motors—each car with a predetermined malfunction.

Each of the cars—a 1974 Chevrolet Nova, a 1973 Ford Maverick, a 1973 Plymouth Suburban, and a 1974 AMC Gremlin—was thoroughly checked by William Cecil Armstrong, instructor of automotive service technology at Waubonsee Community College in Sugar Grove, near Aurora.

After pronouncing each car in good mechanical condition, he deliberately caused a minor malfunction a good mechanic should be able to spot immediately.

A typical test went like this:

March 3, 9 a.m. Nova arrives at Waubonsee College. Armstrong and associates spend two hours checking car. Mileage logged at 23,477.

11 a.m. Armstrong punctures vacuum hose to transmission so car will not shift gears smoothly. Estimate cost of diagnosis and repair at "under $10."

12:45 p.m. Car arrives at Aamco Transmissions, 2902 N. Clark St. Mileage logged at 28,535. Car left overnight for examination.

March 4, 11:30 a.m. Aamco advises car will need rebuilt transmission. Aamco told to "go ahead with the cheapest repairs. Only what it needs."

March 5, 4 p.m. Car picked up at Aamco. Reporter billed $340. Car returned to Waubonsee College for examination. Armstrong reports repair job totally unnecessary.

Reporters found other garages that would remedy the same transmission problem for $5, $287, $8.43, $394, $16, $91.97, $33.34, $100, $6, $61.91, and free.

The initial test with the Nova caused optimism when a Chevrolet dealer, City Auto Sales, 2301 S. Michigan Av., quickly spotted the punctured hose and replaced it for $8.43.

The next stop, after Armstrong had reexamined the car and again punctured the hose, was the Aamco shop on Clark Street that charged $340.

"This transmission is going to have to come out of here. It's an internal problem," explained Tom Kartholl, the service writer.

Dipping his fingertips into some oil in the transmission pan, which had been lowered by a mechanic, he added, "Look at this! Those are metal filings. This transmission is being eaten away inside."

"Is that serious?" the reporter asked.

"It could be very serious," Kartholl said. "It cut a hole in your vacuum line. We can fix that, but this transmission is being eaten away. Something in there is rubbing, and causing these metal filings."

Cost of the diagnosis was $45, to be refunded if repairs were made—$340 for an "absolutely necessary" job, or $486 for a rebuilt transmission "guaranteed for life."

"You know, General Motors wants you to buy a new car every two years," Kartholl said. "The transmissions on these are notorious."

The reporter reluctantly agreed to Aamco's minimum repair job, picked up the car two days later, paid $385 less $45 for "inspection service" and returned the vehicle to Waubonsee College.

Armstrong, on learning Aamco's diagnosis said, "That's one of the oldest tricks in the business. There are always going to be metal filings in the fluid, but when they show them to people, they get hysterical. There was nothing wrong with the transmission."

With the reconditioned transmission, and the hose once again punctured by Armstrong. the Nova was driven straight to another Aamco transmission shop, at 7800 S. Stony Island Av.

"It keeps losing power . . . and it goes whusssh," the reporter explained.

"Your transmission is going to have to be rebuilt," Percy Jackson, the Aamco manager, reported after his mechanic checked it.

"It'll cost you $394, plus tax, with a six-month guarantee. Or, if you want it custom rebuilt, it's $489, guaranteed for as long as you own the car."

"Oh, wow!" gasped the reporter. "What caused it to give out?"

"It's just from wear and tear," the Aamco man said. "That's all."

That's all. Except the very same transmission, with a bright, shiny blue paint job to prove it, had just come from another Aamco shop, checked by an expert mechanic, and found to be in top condition.

Jackson listed the parts he said the car would need on a piece of paper, and charged $31.50 for his diagnosis.

With the same car, and the same hose punctured, reporters got the car repaired for $18 at AA Auto & Truck Service, 610 W. 35th St.; $5 at Gem Motor Service, 520 Madison St., Maywood, and $19.75 at Transmission Exchange, 2007 S. Marshall Blvd.

The Task Force investigation showed chances of getting a fair deal were about the same, whether at certified auto dealers, specialty repair shops, or nameless back-alley garages.

Waubonsee was selected as the control center for the experiment because its modern automotive department and instructors were recommended by the National Institute for Automotive Service Excellence, a nonprofit organization in Washington, funded by the auto industry.

Armstrong, 56, designated by Waubonsee officials to oversee and coordinate the project, is certified by the National Institute, and has taken courses at Ford, Chrysler, and General Motors factories and dealerships.

The transmission experiment was basically the same with each car. Allowances were made only for differences in manufacture. While the Nova's hose was punctured, a vacuum hose on the Maverick was disconnected, so the car would not shift smoothly.

Detecting the trouble should have been as simple, for a mechanic, as finding a loose wire for an electrical applicance repairman, Armstrong said.

A cotter pin, which held a linkage rod to the Plymouth's transmission, was removed.

On the Gremlin, with its standard transmission, a rod on the underside of the clutch was turned, so that gears could not be shifted without depressing the clutch pedal all the way to the floor.

Garages and repair shops were carefully selected to be representative of the North, South, and West sides, and all suburban areas.

After each garage visit, the cars were returned to the college, for an assessment of whether the work was done properly, and at a fair price.

Results of the transmission tests ranged as follows:

Nova: $5 hose to $394 for rebuilt transmission.

Maverick: Free adjustment to $391 for rebuilt transmission.

Plymouth: $19.22 for linkage repair to $100 for reconditioned valve body.

Gremlin: $6 adjustment to $147.87 for new clutch.

A third Aamco shop was selected during the Maverick test, to see whether another make of auto made a difference.

After Armstrong certified the car to be in top condition, he pulled loose a vacuum hose, and the Maverick, air hissing from opening, was driven to Aamco at 2164 N. California Av.

A mechanic drove the car, after which Jim McGrath, manager, reported, "It's an internal problem. You can't drive it any more, or it'll get worse. We'll have to tear it down to find the problem."

He charged $46 for the examination, which he said disclosed "the clutch plates are no good, the pump is bad—it doesn't circulate the fluid."

"We can rebuild the old transmission for $391, and give you a six month guarantee," he said. "Or we can custom rebuild it for $489 . . ."

When the reporter balked at Aamco's rock-bottom $391 to fix a problem the reporter knew was caused by a disconnected hose, a man who said he was Bill Mutz moved in to negotiate.

"He quoted you the retail price. I do a lot of work for companies on their fleets. The price for companies is $235," Mutz said.

Chicago Police Department vehicles were being serviced in the shop, which is near the Shakespeare District station.

A day later, after an inspection by Armstrong, a reporter took the same car, with the same malfunction, to Great Western Auto, 3550 N. Southport Av., where a mechanic determined, "It's nothing but a loose hose." He fixed it for $5.

The Shell Service Station, 24 E. 18th St., found the trouble for $6. Jerry Lee, the mechanic, said $2 of that was for a new hose.

United Transmission Center, 7460 N. Milwaukee Av., Niles, diagnosed the same problem as a $287.75 repair job. Santo "Sonny" Cerami, general manager, said it was "definitely" necessary.

"There's metal particles dropping into the pan," he said. "It might be the pump, clutches, the plates, anything."

While Armstrong had said $10 would have been a reasonable fee to repair the Nova or Maverick, he suggested it would be worth up to $20 to locate and replace the missing cotter pin and disconnected rod on the Plymouth.

Pestka-Atra Transmission Center, 2735 W. Lawrence Av., charged an even $100, saying it was necessary to "overhaul the valve body."

"But the car has only 16,000 miles on it," the reporter protested.

"Mileage don't mean a damn thing," explained Valentine "Bud" Fallucca, owner of the shop. "The shift pattern was way out of adjustment. Sometimes it's no good for a car to sit too much. The fluid doesn't flow and it causes trouble."

Hillside Standard Service, 4804 Butterfield Rd., Hillside, had the next look at the Plymouth, and completely misdiagnosed the problem, charging $61.91 for a rebuilt distributor, part of the car's electrical system.

Lee and Frank's Transmission, 5347 S. Kedzie Av., found the problem but charged $35 to replace fluid and filters—the third time it was done on the Plymouth.

The Gremlin, with its stickshift, was used to test mechanics' proficiency in repairing manual transmissions. Armstrong estimated a reasonable charge to adjust the trouble at "no more than $10."

South Commons Amoco [Standard] Service Station, 2800 S. Michigan Av., did the job for $9.25. Maday Brothers, 1019 Davis St., Evanston, found the loose rod for $6.

"My policy is to try to explain to the customer what he needs and not sell him what he doesn't need," Maday owner Rudy Stein said. "People who don't know anything about a clutch, you can sell them anything."

Action Automatic Transmission Co., 4300 W. 63d St., not knowing a new throwout bearing [part of the clutch] had just been installed, said the bearing had "burned itself out" and charged $64.75 to replace it.

Whenever possible, reporters asked for the old parts that were taken off a car, which had been marked for identification at the college. Some garages refused to surrender them. Others pleaded they were lost in the trash or "ground up."

United Transmissions, which charged $287.75 to repair the Maverick's transmission, did return the "old" parts as requested.

However, the Waubonsee staff determined the parts could not have been those from the test car because the car would not have been driveable with them.

The test cars fared little better at auto dealers that sell and service Fords, Plymouths, Chevrolets, and AMC cars.

One new car dealer, Bennett [AMC] Motor Sales, 6440 W. Roosevelt Rd., Oak Park, confronted with evidence he had charged $147 to replace a perfectly good clutch, called the reporters "underhanded."

Abe Zelmar, 59, owner of Transmission Exchange, where the Nova was correctly repaired for a $19.75 "minimum fee," said, "Everybody I know has been ripped off by a transmission shop at one time or another.

"That's what's wrong. It's a blind business—same as going to a doctor."

Garage	Car used	What we did	Our expert's costs estimate	Garage cost or estimate	Garage response
Aamco Transmissions, 2902 North Clark St.	1974 Chevrolet Nova	Hose to transmission punctured	$10	$340.00	Rebuilt transmission; examination showed that "the work was needed."
Aamco Transmissions, 7800 South Stony Island Ave.	do	do	10	394.00	Diagnosed rebuilt transmission. "I don't remember. When we tear the trans down we automatically put in a new set of clutches."
A A Auto & Truck Service, Inc., 610 West 35th St.	do	do	10	18.00	Minimum charge.
Gem Motor Service, 520 Madison, Maywood	do	do	10	5.00	"A good honest mechanic can make enough money."
Transmission Exchange of Chicago, 2007 South Marshall Blvd.	do	do	10	19.75	Minimum charge.
Aamco Transmissions, 2164 North California Ave.	1973 Ford Maverick	Hose to transmission disconnected	10	391.00	Diagnosed rebuilt transmission: "I have to go by whatever the mechanic said. He said it needed the work."
18th-Wabash Shell Super Service, 24 East 18th St.	do	do	10	6.00	"I know a lot of people who are charged for transmission work when it isn't needed. It just isn't my policy."
Great Western Auto, 3350 North Southport Ave.	do	do	10	5.00	"I don't believe in taking money I'm not entitled to."
United Automatic Transmission of Niles, 7460 Milwaukee Ave., Niles.	do	do	10	287.75	Installed rebuilt transmission. Transmission "could have gone out suddenly on the way to the shop."
Pestka-Atra Transmission Center, 2735 West Lawrence.	1973 Plymouth Station Wagon	[illegible] removed.	20	100.00	Reconditioned valve body. "It must have needed the work or we wouldn't have done it."

Garage	Car used	What we did	Our expert's costs estimate	Garage cost or estimate	Garage response
Hillside Standard, 4804 Butterfield Rd., Hillside	do	do	$20	$61.91	Installed rebuilt distributor. Made wrong diagnosis, offered to return money.
Lee & Franks Transmission Service, 5347 South Kedzie.	do	do	20	35.00	Serviced transmission. Unable to tell it did not need servicing.
Action Automatic Transmission Co., 4300 West 63d St.	1974 AMC Gremlin	Clutch out of adjustment	10	64.75	Replaced throw-out bearing. "We may have made wrong diagnosis."
Maday Bros. Davis St. Garage, 1019 Davis St., Evanston.	do	do	10	6.00	"In the long run, you want to win the confidence of the customer."
South Commons Amoco, 2800 South Michigan Ave	do	do	10	9.25	"If a businessman goes into business to rip people off, he's not going to be in business long."

[From the Chicago Tribune, June 21, 1976]

TRANSMISSION REPAIRS CAN BE AN OVERPRICED RIDE

"We are a society on wheels. People consider their cars their legs . . ." A North Side Auto dealer.

Your car is probably the most expensive piece of equipment you'll ever own, but caring for it in Chicago can be a high-risk operation.

When anything goes wrong with your car, you take it to an auto doctor and hope his bill will be reasonable and his diagnosis correct . . . but sometimes it isn't.

Example:

The service department of Mancuso Chevrolet, Inc., in Skokie, advised the driver of a 1975 Chevy Nova—a Task Force reporter—that his transmission would have to be rebuilt at a cost of $450 to $500.

The bill actually came to $111.25.

But the driver was not elated by the "saving" of more than $300. The repair job should have cost "no more than $10," according to a nationally certified master mechanic.

Furthermore, the service department would not return the parts that were replaced.

American motorists spend $30 billion a year to repair their cars—one third of it needlessly, according to experts. Few consumers have any idea what they are getting for their money.

The Task Force investigation found that the average motorist has less than a 50-50 chance of getting the correct repair at a fair price.

In a controlled, three-month experiment to evaluate the skills of area mechanics, Task Force reporters found that repairs for a minor malfunction in the transmission ran from a free adjustment to $394 for a rebuilt transmission.

The same pattern emerged in an investigation of brake and ignition repairs.

There are no laws in Illinois to protect the consumer from unscrupulous auto repairmen. If you refuse to pay a bill, the mechanic can haul you into court.

"We get more complaints about auto repairs than anything else, and they are the hardest to resolve because the garage owners know they have the law on their side," said Eva Schwab, a consumer advocate for Gov. Walker.

The Task Force experiment used four cars made by American Motors, Chrysler, Ford, and General Motors. Three had automatic transmission and one had a stick shift.

Each car was thoroughly checked over by William Cecil Armstrong, a certified mechanic and automotive service technology instructor at Waubonsee Community College, near Aurora.

After finding each in good condition he devised a simple mechanical malfunction, that without trickery, would test the efficiency and skills of a mechanic. The tests were basically the same, making allowances for manufacturing differences in each car.

On the Nova, for example, he gouged a gaping hole in a vacuum hose running to a modulator on the transmission. The hose then made a hissing sound, and the transmission would not shift automatically out of low gear.

Reporters were charged all the way from $5 to nearly $400 in private specialty shops for what should have been a simple repair.

Results of those tests were published in Sunday's paper. The article deals with taking the same cars to authorized auto dealerships.

A typical test that tied up one car for four days began Friday, March 19:

9 a.m.—The Nova arrives at Waubonsee. Armstrong and associates check it for good mechanical condition, and log mileage at 28,220. The vacuum hose is punctured deliberately, and the car is driven to Skokie.

11:15 a.m.—The car, with the odometer reading 29,281, arrives at Mancuso Chevrolet, 4700 Golf Rd. The reporter explains, "It won't shift." The service manager advises, "That's serious. You'll have to leave it here."

Saturday, March 20—Mancuso says the car needs a transmission overhaul and tells the reporter to check back Monday morning.

Monday, March 22, 7:30 a.m.—Mancuso reports a pump is going out, "which is not uncommon with that transmission," and says the transmission will have to be rebuilt at a cost of $450 to $500.

Tuesday, March 23, 11:30 a.m.—The car is ready. The bill is $111.25. The car is driven back to Waubonsee at Sugar Grove to be checked by Armstrong.

Before leaving the repair shop, the reporter asked why the repair charge was less than the estimate. Jerry Heinz, a service writer, explained, "You're lucky. It wasn't as serious as we thought, but it needed a new modulator."

Knowing that a modulator had been installed by another garage only days before, the reporter asked for the one Mancuso had taken off the car.

"They dumped it," the mechanic said. "They empty all the parts at the end of the day and put them in a crusher."

When later questioned by reporters about the need for a modulator, Joe Stude, Mancuso service manager, said it must have had a hole in it and that the hole could have occurred on the road from Waubonsee College.

Armstrong said that with the vacuum hose punctured as it had been for the test, the modulator had no function and merely "went along for the ride."

Mancuso was not the first car dealership to have worked on the Nova.

The same car, with the same problem, had been repaired for just $8.25 at Ferrill-Hicks Chevrolet, 5727 S. Ashland Av., four days before it was brought to Mancuso.

Using the 1974 Nova, a 1973 Ford Maverick, a 1973 Plymouth Suburban, and a 1974 A.M.C. Gremlin, Task Force reporters visited 52 garages, dealerships, and specialty repair shops.

Twenty-one performed repairs that the Task Force mechanic said were unnecessary, did sloppy work, or quoted estimates far in excess of cost for the type of repair needed. Another nine overcharged or were unable to diagnose the problem. Only 22 did the proper work at or below the suggested fair price.

Among new-car dealers visited:

Bert Weinman Ford, 3535 N. Ashland Av., diagnosed the transmission problem as need for a tuneup. Once the engine was tuned up, the dealership corrected the hose problem without informing the customer. Cost: $91.97.

Bennett A.M.C. Motor Sales, 6440 W. Roosevelt Rd., Oak Park, replaced a clutch on the 1974 Gremlin with only 13,648 miles on the odometer, although the Task Force mechanic had determined that the clutch needed only a minor adjustment. Cost $147.87.

Royal Chrysler-Plymouth, Inc., 14550 S. Cicero Av., Midlothian, replaced filters and fluids in a Plymouth transmission, although they had been replaced just 500 miles before. Cost: $49.45.

Whether repairs and prices were fair was determined by Armstrong at Waubonsee.

Waubonsee, which acted as control center of the experiment, came highly recommended by the National Institute for Automotive Service Excellence [NIASE], a nonprofit organization in Washington funded by the auto industry.

Armstrong, designated by Waubonsee to oversee and coordinate the three-month project, is certified by the NIASE and has undergone training courses at Ford, Chrysler, and General Motors factories and dealerships.

For the test, he created a basic problem for each car, which he said should have been obvious to any qualified auto mechanic.

In addition to the punctured hose on the Nova he disconnected a similar hose on the Maverick, so the cars would not run smoothly. On the Plymouth, he pulled out a cotter pin that held a linkage rod to the transmission.

On the Gremlin, with standard transmission, he turned a rod on the belly of the clutch so gears could not be shifted without pushing the clutch pedal all the way to the floor.

The cars were taken to garages on the North, South, and West sides of Chicago, and to representative suburban areas, with the following range of results:

Gremlin—From a $6 adjustment to $147.87 for a new clutch.

Plymouth—From a $19.22 repair to $100 for a reconditioned valve body.

Maverick—From a free adjustment to $391 for a rebuilt transmission.

Nova—From a $5 hose to $394 for a rebuilt transmission.

Armstrong had suggested $20 would have been a fair price for the mechanic's time and energy in detecting the problem on the Plymouth, while the Gremlin, Maverick, and Nova should have been fixed for "under $10."

The Nova's punctured hose was detected immediately at City Auto Sales, an authorized Chevrolet dealer, 2301 S. Michigan Av. It was the first new-car garage visited, and the bill came to $8.43.

"The first thing we would look for is a loose modulator hose," mechanic Nobe Isono, explained. "They come in like that all the time."

"Just a minor problem," said Sam Russo, the Ferrell-Hicks mechanic who fixed the car for $8.25. "The first thing you do is check your lines."

When the Maverick was brought in to Bert Weinman, assistant service manager Len Kosi asked, "When's the last time you had a tuneup?"

"I just bought the car not too long ago," the reporter said.

"Well, the first thing we'll do is change the oil and filter and give you a tuneup," Kosi said. "It'll cost about $100."

"But how do I know I need a tuneup?" the reporter asked.

"It's always safe to begin with a tuneup. Then you'd know that wasn't your problem."

When the reporter called back to pick up his car, Kosi was all smiles.

"I told you it was going to be $100. The bill came out to be only $91.97," he said. "It's better this way. Now, if you have any problems, you'll know it's not because you need a tuneup."

When the car was returned to Armstrong, he noted that the vacuum hose to the transmission also had been replaced.

The same car, with the same hose problem, subsequently was taken to Power Ford, Inc., 4400 S. Archer Av., where the repair was made for $16. At Van Drunen Ford, 2333 W. 183d St., Homewood, the job was done free.

"Here's your problem," said Van Drunen mechanic Douglas Jarmuth, 26, as he leaned out the car door on a test ride. " I hear the hissing noise, It's just a loose hose."

At Bennett A.M.C., Oak Park, the original diagnosis on the Gremlin was that it needed only a clutch adjustment—the same solution presented by the Task Force mechanic. The clutch was adjusted, and the bill was $8.50.

But service manager Paul McCown then road-tested the Gremlin and said the clutch "was definitely slipping."

"What?" the reporter asked.

"The clutch is gone."

"I've only got 13,000 miles on that car. Are you sure it doesn't simply need to be adjusted?"

"I tried that at first, It didn't work," McCown said. "You're going to have to have new plates put in there."

He estimated the repair at $165. When the car was ready, however, the bill was $147.87.

After the same car was checked out again at Waubonsee College, and the minor maladjustment recreated by Armstrong, it was taken to Marquette A.M.C., 6201 S. Western Av. The clutch was adjusted for $8.75.

"It didn't need a clutch," said Edward Fickett, mechanic at Marquette. "If a clutch is going bad you'd feel it vibrating and chattering."

Gene Patrick Motors, 1500 Rand Rd., Des Plaines, replaced bushings on the clutch shaft, lubricated, and adjusted it for $23.03.

Gage Chrysler-Plymouth, 5700 S. Western Av., quickly found the problem on the Plymouth, and charged $19.22 for a repair Armstrong had estimated could be done for under $20.

Maywood Chrysler-Plymouth, 8401 W. Roosevelt Rd., Forest Park, correctly diagnosed the problem, but charged $33.34. The mechanic took two hours instead of one to do the job.

The mechanic at Royal Chrysler-Plymouth in Midlothian, found the loose linkage, but determined that the transmission, which had already been tuned up, would need a tuneup to solve the problem. "We can do it for under $50," he said. The bill was $49.45.

After the transmission investigation was completed, the reporters returned to every garage and repair shop.

Mike Digiovanni, service director at Bert Weinman Ford, was almost philosophical when asked why his garage charged $91.97 to tune up the engine of a car that only needed a hose adjusted.

"Even if the car did not need a tuneup at that time, it could need a tuneup in two or three thousand miles," he said. "We don't want the customer coming back and saying we did not do a good job.

"Do you know what that tuneup means to a customer? It means he got his legs again. He got his mobility."

Lee Weinman, son of Bert Weinman and sales manager, said the test was "unfair," because the Task Force reporter knew the vacuum hose had a hole in it, while the average customer would not have had that knowledge.

"Take a car," Weinman said. "Give it to 3,000 mechanics and you are going to get 3,000 different diagnoses, depending on his ability and experience."

WHAT EACH GARAGE CHARGED TO FIX TRANSMISSION (AUTOMOTIVE DEALERS)

Garage	Car used	What we did	Our expert's cost estimate	Garage cost or estimate	Garage response
City Auto Sales, 2301 South Michigan Ave	1974 Chevrolet Nova	Punctured vacuum line to the modulator	$10	$8.43	"You can make an honest living. You don't have to cheat and steal."
Ferrell-Hicks Chevrolet, 5727 South Ashland Ave	do	do	10	8.25	"When I work on a car there's no reason to hurt a guy. I never kill a customer."
Mancuso Chevrolet, 4700 Golf Rd., Skokie	do	do	10	111.25	New transmission modular and retorque the valve *body. Must have needed* repair and could have happened on the way there.
Bert Weinman Ford, 3535 North Ashland Ave	1973 Ford Maverick	Disconnect vacuum line to the modulator	10	91.97	Car tuneup given. Customer benefitted from extra work that was done.
Power Ford, 4400 South Archer Ave	do	do	10	16.00	1 hr labor to check transmission and engine.
Van Drunen Ford, 2233 West 183d St., Homewood	do	do	10	Free	"I would never do more than is necessary."
Gage Chrysler-Plymouth, 5711 South Western Ave.	1973 Plymouth station wagon	Remove clip on throttle linkage	20	19.22	"My code of ethics says it's not right to sell something that's not needed."
Maywood Chrysler-Plymouth, 8401 West Roosevelt Rd., Forest Park.	do	do	20	33.34	Nonrated job, therefore dependent on speed of the mechanic.
Royal Chrysler-Plymouth, 14550 South Cicero Ave., Midlothian.	do	do	20	49.95	Transmission tuneup. There was no way for them to tell the car had just been tuned up and mileage on car would call for one.
Bennett Motor Sales, 6440 West Roosevelt Rd., Oak Park.	1974 AMC Gremlin	Clutch out of adjustment	10	147.87	New clutch installed. Repairs were needed. Clutch could have gone out on the way to shop.
Gene Patrick Motors, 1500 Rand Rd., Des Plaines	do	do	10	23.03	Preventive maintenance work done.
Marquette AMC, 6201 South Western Ave	do	do	10	8.75	"I'd rather be fair with the people."

[From the Chicago Tribune, June 22, 1976]

A $78.35 CAR REPAIR BILL—HOW'S THAT FOR STARTERS?

Envision yourself in the shoes of this unfortunate driver.

His disabled 1971 Dodge was being pushed in to Milex Precision Auto Tuneup Center ["Coast to Coast Tune-Up Specialists"], 3055 W. Devon Av.

The engine was dead.

"Give me your phone number and we'll give you a call back as soon as we can get to it," said Larry Sievert; who identified himself as the shop owner. Milex advertises use of sophisticated machines to diagnose such problems.

But Sievert was talking to a Tribune Task Force reporter investigating the auto repair industry. Unlike the average motorist, the Tribune reporter knew what was wrong with his car—an ignition wire was loose. The question was—would the mechanic know it?

The phone rang several hours later: "This is Larry at Milex. The engine is basically sound. But . . ."

"What's it going to cost me?"

"$95."

"I just want to get the car running. How much will it cost me to get the car running?"

"You got a lot of open wires. The spark plugs are worn down."

"How much will it cost to just get it running?"

"$75."

"You can't get it running for any less than that?"

"No. The timing is off, and the plugs are fouled. It needs adjusting."

"Well, if that's what it takes to make it start. I need the car for my job."

"This will make it run good!"

The Tribune Task Force stopped at 51 other repair shops, and found that motorists stand less than a 50-50 chance of getting a good repair at a fair price in the Chicago area. Before the Dodge was pushed to the Milex garage, a nationally certified mechanic, participating in this controlled investigation, had pulled loose a wire attached to a relay box under the hood.

The day before, the car, with the same loose wire, had been fixed for free at South Western Dodge, 7340 S. Western Av.

When the reporter picked up the car at Milex he was given a bill for $78.35, itemized as follows:

Custom [tuneup], $19.95; spark plugs, $14.85; points and condenser, $6.50; rotor and distributor cap, $8.45; ignition wires, $18.80; pollution control valve, $3; emission hose, $2.80; oil, $1.25; plus $2.75 sales tax.

The '71 Dodge, which earlier had been certified in good running condition, was one of five cars used in a three-month investigation, under the supervision of William Cecil Armstrong, an instructor of automotive service technology at Waubonsee Community College in west-suburban Sugar Grove.

The ultra-modern facilities at Waubonsee were selected as a control center for the experiment after the school was recommended highly by the National Institute for Automotive Service Excellence, a Washington-based, nonprofit organization funded by the auto industry.

The American public spends $30 billion every year on automotive repairs—$10 billion of it unnecessarily, according to a Senate investigation. The Task Force wanted to see how a motorist would fare in Chicago.

The cars used to test mechanics' skills in diagnosing and repairing minor malfunctions of brakes and transmissions were a 1974 Chevrolet Nova, a 1973 Ford Maverick, a 1973 Plymouth Suburban station wagon, and a 1974 American Motors Gremlin. The Dodge was added to the original four in the electrical system experiment to test more garages.

The autos, chosen to represent the major car manufacturers, were taken to 52 garages and repair shops throughout Chicago and the suburbs, with these results:

Only 22 of the 52 performed the proper repair job, at or below the suggested fair price.

Nine overcharged or were unable to diagnose the trouble.

Twenty-one made repairs Armstrong found unnecessary, did inadequate work, or quoted estimates far in excess of what the job should have cost.

Every car used in the experiment was thoroughly checked over by Armstrong and his associates at Waubonsee before the test.

Armstrong caused a minor malfunction on each car. After every garage visit, the cars were again checked at Waubonsee.

Armstrong estimated that a fair price for detecting and repairing the ignition malfunction on the Maverick, Gremlin, Dodge, and Plymouth would be $5. He said $15 would have been a fair price for finding the trouble on the Nova.

April 9 was a typical test day:

9 a.m.—The Maverick was driven to Waubonsee, checked out, and the ignition system certified in top condition. After the car is started, a wire to the solenoid, a switch that activates the car's starter when the ignition key is turned on, is loosened so it will not make contact. The car will run but it won't start again once turned off.

10:50 a.m.—The Maverick leaves the test center.

11:55 a.m.—The Maverick arrives at 127th Street and Ashland Avenue, Calumet Park. The ignition key is turned off. The car will not start again.

12:05 p.m.—The Maverick is pushed by another auto one-half block to Rakowski Bros., Inc., Auto Service Center, 1549 W. 127th St. The mechanic is told the car won't start. The car is left for examination.

1:20—The reporter phones Rakowski and is told the car needs a new starter.

4 p.m.—Rakowski advises the reporter the car is ready. A new starter had been installed. Cost: $62.75.

8 p.m.—The car is picked up and returned to Waubonsee.

Before leaving, however, the reporter asked for the old starter that Rakowski took off the car.

"That will cost $15," the Rakowski representative said. "We return those to have them rebuilt."

The reporter said he did not have the additional $15 but would return with the money the following day. When he did, he was met by another man, who only identified himself as "Tom." He raised the price of the old starter by $10.

"It will cost you $25,", he said.

The reporter asked why the old starter had to be replaced.

"A starter is like a light bulb," the Rakowski man said. "It just burns out."

Three days later the reporter, driving the Maverick with the same wire disconnected, drove to the Brandywine Union 76 service station at Ardmore and Roosevelt roads, Villa Park.

"I had a breakdown on the tollway," he said. "A service truck got me started, but the driver said not to turn off the engine."

The station attendant looked under the hood, found the loose wire, and squeezed it with a pair of pliers.

"The guy who put this on didn't tighten the wire," he said.

"What do I owe you?" asked the reporter.

The mechanic waved his hand, turned, and walked away.

On a return visit to Brandywine, the mechanic, who identified himself as Elmer Jakubeg, station owner, was asked why he fixed the car free of charge.

"We're like doctors. We can do what we want. We can make a big job out of a little one," he said. "You can hook people once, but if you get caught, you're dead."

The 52 garages' fees for repairing the loose wire on the test cars were in the following ranges:

Dodge and Plymouth—From free to $78.85 for a tuneup.

Gremlin—From $2 to $10.80.

Nova—From $18 to $67.75 for a new starter.

Maverick—From free to $62.70 for a new starter.

The Nova was fixed by Keystone Chevrolet Co., 4501 W. Irving Park Rd., for $18, including a battery charge, which Armstrong said was unnecessary.

Sun Auto Electric, 4810 W. 87th St., Burbank, charged $37.14 to fix the Nova. The bill included $8.40 to disconnect the seat belt buzzer ["That may be your problem"], and another $8.40 for a solenoid, the switch that activates the starter.

Several days later, Peterson-Western Shell, Inc., 6000 N. Western Av., replaced the solenoid with another. A new starter also was installed for a total cost of $67.75.

When the reporter said he wanted the old parts back, he was charged $10 for them.

Peterson-Western Shell is operated by Steve Pearlman, 33, who received widespread publicity earlier this year for a free course in auto mechanics he teaches to the public in his station every Monday night, "so they won't get ripped off."

Pearlman said he was in Hawaii on April 29, the day the Nova was brought in for repairs, but said he would "stand by the judgment" of his mechanic.

"When we run a car through a test on our equipment—the latest in design, incidentally—the test would show a drain on the starter," he explained.

"The mechanic put on a new starter, and the car was working."

A spokesman for the Chicago-based Sun Electric Co., manufacturer of the electric diagnostic machine used by Pearlman, said this is impossible.

Rather than showing a drain on the starter, he said, the auto diagnostic machine would have shown a "zero reading" if the car had a disconnected wire indicating no electrical drain.

Pearlman said the solenoid was put on the car though it already had a new one because the solenoid and starter "come as a unit."

The previous garage, however, put a solenoid on without disturbing the starter.

Pearlman also said it would have been impossible to test the old starter once it had been removed from the car, because "we have no way of bench-testing a starter."

Armstrong disproved this by taking the starter Pearlman had removed, setting it on the radiator of the car, and operating it with a battery charger.

In ignition tests involving other cars:

Joe Falore Ford, Inc., 9205 S. Western Av., charged $13.16 to remedy the same problem on the Maverick that Rakowski did for $62.70. Brandywine had done it free of charge.

Northwest AMC, Inc., 6333 Northwest Hwy., charged $10.80 to repair the Gremlin and clean electric wires. The Montgomery Ward Auto Service Center in the Dixie Square Shopping Center, Harvey, charged $8. Charley & Eddie Service Station, 26 E. Burlington Av., La Grange, did it for $2.

Hydro-Motive, 1851 E. 95th St., got the Plymouth back on the road for $2. Sears, Roebuck and Co. auto center at Harlem and North Avenue did it for $3.

After the ignition portion of the Task Force investigation was completed, reporters returned to the Milex Precision Auto Tune-Up Center on Devon Avenue and asked Larry Sievert why his shop charged $78.35 for the problem that another garage fixed free.

"You must take into account that you have all new parts in the car now," Sievert said.

WHAT EACH GARAGE CHARGED TO FIX IGNITION

Garage	Car used	What we did	Our expert's cost estimate	Garage cost or estimate	Garage response
Keystone Chevrolet, 4501 Irving Park Rd	1974 Chevrolet Nova	Disconnected starter circuit at solenoid	$15	$18.00	1 hour labor to check ignition system.
Sun Auto Electric 4810 West 87th St., Burbank	do	do	15	37.14	Replaced solenoid. Bypassed seat belt system; "was needed."
Peterson-Western Shell, Inc., 6000 North Western Ave.	do	do	15	67.75	Installed rebuilt starter; "diagnostic machine showed starter needed."
Joe Falore Ford, Inc., 9205 S. Western Ave	1973 Ford Maverick	Disconnected starter circuit at relay box	5	13.16	Replaced relay and checked ignition system. "The starter was okay; we wouldn't replace it."
Rakowski Bros. Inc., 1549 West 127th St., Calumet Park, Ill.	do	do	5	62.70	Installed rebuilt starter; "must have been defective."
Brandywine. Union 76, Ardmore and Roosevelt Rds., Villa Park.	1974 Chevrolet Nova	do	5	Free	"It's awful tempting. I'm afraid to be dishonest. You can hook people once but if you get caught, you're dead."
South Western Dodge, 7340 S. Western Ave	1971 Dodge Dart	do	5	Free	"We get all the work we can handle. We don't have to do more than needs to be done."
Milex Precision Auto, Tune-up Center, 3055 W. Devon Ave.	do	do	5	78.35	Tuned engine; denied they said it was the cause of the problem.
Montgomery Ward Auto Service Center, Dixie Square Shopping Center, Harvey.	1974 AMC Gremlin	do	5	8.00	Checked system, replaced wire. "If they need it we put it on; if they don't, we don't."
Northwest AMC, Inc., 6333 Northwest Hwy	do	do	5	10.80	Checked and cleaned ignition. Circuit.
Charlie & Eddie Service, 26 East Burlington Ave. La Grange.	do	do	5	2.00	"I never make a practice of selling people things they don't need."
Sears Auto Center, Harlem and North Ave	1973 Plymouth Station wagon	do	5	3.00	"There's no sense in selling a starter when it's not needed."
Hydro-Motive, 1851 East 95th St. Chicago	do	do	5	2.00	"I have to put stuff on a car when it doesn't need it. I hate to work dirty."

[From the Chicago Tribune, June 23, 1976]

Brake Repairs—Good Breaks and Bad for Drivers

You slam on the brakes just when you need them most. But your car keeps moving.

This is, perhaps, your greatest fear as a driver. Every motorist knows that brakes are supposed to stop an automobile and most don't hesitate to tell the mechanic, "Get them fixed," when they act up.

But Tribune Task Force reporters, using cars they knew had only a minor brake problem, learned that "fix the brakes" in Chicago can mean anywhere from $4.50 to $131.12 out of the average motorist's pocket.

The brake problem was simple—estimated to cost no more than $30 to fix—but many garages tested by the Task Force unnecessarily installed expensive parts.

The $131.12 bill was presented by Clark-Maple Chevrolet, Inc., 1038 N. Clark St., for two new brake master cylinders. The car has only one.

"With brakes, you don't fool around," a Clark-Maple service writer said.

What the Clark-Maple serviceman did not know was that the brakes on the 1974 Chevrolet Nova were newly installed, had been thoroughly checked by a nationally certified auto mechanic at Waubonsee College, near Aurora, and everything—including the master cylinder—had been found to be in good condition.

Then, before the car was taken to Clark-Maple, the fluid was drained from one compartment of the master cylinder so the brakes would be defective.

The problem could have been corrected by replacing the fluid and bleeding the brake lines to remove air bubbles.

While none of the garages visited tried to sell the reporters complete brake jobs several ordered the replacement of perfectly good parts without testing them.

One garage, asked to remedy the same minor problem on another car, repaired the brakes but also disconnected a wire leading to the brake warning light on the instrument panel. If the brakes were to fail again, the driver would have no indication of trouble without the warning light.

The tests were part of a rigidly controlled, three-month investigation in which automobiles were taken to 52 garages, dealerships, and repair shops to evaluate the skills of mechanics in detecting minor malfunctions of the brakes, transmissions, or ignition systems.

Waubonsee College, in west-suburban Sugar Grove, was selected as the control center for the experiment after being highly recommended by the National Institute for Automotive Service Excellence, a nonprofit, Washington-based organization funded by the auto industry.

The school designated William Cecil Armstrong, 56, an instructor in the college's automotive service technology department, to oversee the tests. Armstrong is certified by the National Institute and has taken courses offered by Ford, Chrysler, and General Motors.

The tests Armstrong engineered were designed to see how the average motorist with a mechanical problem would fare in Chicago.

The verdict: Anyone driving a car stands less than a 50-50 chance of getting the correct repair job at a fair price.

The cars used for the experiment and the price range for brake repairs on each were:

1974 American Motors Gremlin—$12 adjustment to $71.21 for new master cylinder.

1973 Ford Maverick—$17.25 adjustment to $65.55 for new master cylinder.

1973 Plymouth Suburban—$4.50 to $19.95 to refill old cylinder.

1974 Chevrolet Nova—Two garages suggested returning to the mechanic who had installed the master cylinder; the third charged $131.12 for 2 new ones.

A typical test went like this:

April 26, 9 a.m.—Nova, with new set of brakes, thoroughly checked over at Waubonsee and found to be in perfect mechanical condition.

10:30 a.m.—Armstrong siphons brake fluid from one of the dual compartments on the master cylinder and bleeds the brake wheel cylinder so a warning light on the dash will indicate brakes need attention.

The proper repair would be to add fluid and bleed air from the brake line. He estimated a fair repair costs at $30.

1:30 p.m.—Nova delivered to Clark-Maple Chevrolet with explanation that "the brakes are soft and the light comes on when I hit them." Reporter told to leave car and check by phone next day.

April 27, 11:30 a.m.—Clark-Maple reports car not ready. Waiting for small part.

4 p.m.—Car still not ready. Waiting for master cylinder, garage reports.

April 28, 2:30 p.m.—Clark-Maple reports car ready but bill not prepared.

5 p.m.—Reporter picks up car, Charge is $131.12. Reporter told to come back next day if he wants itemized bill.

April 29, 9 a.m.—Reporter returns to Clark-Maple and is given itemized bill, including cost of two master cylinders. Reporter requests old master cylinder. Takes old cylinder back to Waubonsee, where Armstrong pronounces it "in perfect shape."

After being charged $131.12 at Clark-Maple Chevrolet for what should have been a simple brake adjustment, reporters confronted Herbert Schrecke, service writer, with the bill.

"You assume that when the master cylinder is down, there's got to be a leak," he said. "When the master cylinder's down, it's a matter of safety. You just don't fiddle around and take a chance."

When the invoice charge for two master cylinders was questioned, Schrecke said: "There's something wrong there. There should be only one master cylinder there."

Schrecke blamed "the [office] girls—they don't know what they're doing." He referred the reporters to Thomas Ceglarek, a Clark-Maple vice president.

Ceglarek said the billing for two cylinders must have been a clerical error. "It's rare," he said. "It's really rare that should happen. It's a mistake."

He called in George Peltier, parts manager, who said: "It's an oversight. My men get in a hurry. We're shorthanded."

Both the Goodyear Service Store, 11442 S. Michigan Av., and Milex Auto Center, 1000 E. 162d St., South Holland, checked the same malfunction on the Nova but made no attempt to rectify it.

Both said it was a problem with the master cylinder and urged the driver to take the car back to whoever had installed the cylinder.

On the Maverick, Armstrong—after draining some brake fluid—loosened a nut on the master cylinder to make it appear the cylinder was leaking, thus making it easier for a mechanic to spot the source of the problem.

At the Midas Muffler Shop, 510 W. Roosevelt Rd., the reporter was told, "You need a master cylinder on your car."

"I do? What's a master cylinder?"

"It's a part that goes to the brakes."

"How much is it going to cost me?"

"The bill would be somewhere around $60."

"There's no way you can repair that thing, is there?"

"There's no other way."

The bill was $65.55—$38.95 for a new master cylinder, $26 for labor, plus tax. When the reporter asked for the old part, he was told that would be another $15.

"The master cylinder will be rebuilt," the Midas mechanic said. "We get a price in exchange for the original part. If you want to pay the $15 . . . then you can have the part."

When reporters returned to question Melvin Shapiro, owner of the Midas shop, he said there should have been no charge on an old part if it was replaced by a new part; charges were only made on parts replaced by rebuilt parts.

The same car with the same minor problem was repaired for $17.25 at Al's Standard Service, Butterfield and Midwest roads, Oakbrook Terrace, and for $30.70 at Al Piemonte Ford, Inc., 2500 North Av. Melrose Park. Piemonte included the cost of a new gasket to make sure the replaced oil would not leak out of the cylinder.

The Montgomery Ward service center, in the Evergreen Shopping Center, Evergreen Park, charged $71.24 for the Gremlin—$43.16 for a new master cylinder, $27 for labor, plus tax. The shop promised to return the old cylider after the reporter said, "I drive my car on the job, and I think I can get reimbursed . . . but I'll need the part."

When he called for his car, however, the old part was nowhere to be found. The mechanic said he had thrown it away.

Ed-N-Sam Motors, Inc., 8484 South Chicago Av., correctly diagnosed and corrected the Gremlin's problem for $27.58.

After the same car was repaired for $12 at the Sears shop in the Woodfield Shopping Center, Schaumburg, it was returned, according to schedule, to Waubonsee for examination.

"Whoever repaired this car unplugged the wire to your brake warning light," Armstrong said, pointing to the disconnected wire. "This could be fairly dangerous because the light is designed to warn you before the brakes go out."

The Sears mechanic who worked on the car subsequently denied disconnecting the wire to the light, which was working properly when the car was brought in.

Kenneth O'Toole, service manager at Sears' Woodfield shop, acknowledged that the disconnected brake light could be dangerous and added, "It's making a unit not function as designed.

"I certainly hope it is not a common occurrence here," he added.

"It sounds as though we corrected the problem to a safe degree, but we didn't do the final thing," O'Toole said.

"Apparently he [the mechanic] didn't know how to do it," added Henry Lorch, auto center manager .

In all, the Tribune visited 52 Chicago-area garages to test mechanics' skills at fixing minor problems with transmissions, ignition systems, and brakes.

Twenty-two of the 52 garages did the proper work at or below a suggested fair price; another nine were unable to diagnose the trouble or charged more than necessary to remedy it; and 21 garages performed unnecessary repairs, did sloppy work, or quoted prices in the hundreds of dollars for a minor repair.

Those prices ranged from free to $394 for correcting a transmission problem caused by a disconnected vacuum hose, and free to $78.35 for an ignition problem caused by a disconnected starter wire.

The lowest price for fixing the brakes on any of the cars was $4.50, charged by the Venture Car center at River Oaks West, in Calumet City, for the Plymouth.

"It's a common problem," explained Steve Schmiedl, service manager. "I wouldn't put on any parts that weren't absolutely necessary."

Jeffrey Czach, 25, who repaired the Plymouth for $18.44 at Czach Automotive, 6935 W. Irving Park Rd., said "When people trust you, it makes your job a lot easier."

At Elmhurst Chrysler-Plymouth, 200 W. Grand Av., Elmhurst, where the Plymouth was put back on the road for $19.75, Michael Helmer, service writer, explained. "It was not an especially difficult problem. A customer leaves himself wide open if he does not exactly specify what he wants done to a car."

WHAT EACH GARAGE CHARGED TO FIX BRAKES

Garage	Car used	What we did	Our expert's cost estimate	Garage cost	Garage response
Clark-Maple Chevorlet, 1038 North Clark St	1974 Chevrolet Nova	Fluid drained from 1 compartment of master cylinder.	$30	$131.12	Replaced master cyclinder, "safety precaution"; charged for 2 master cylinders: "mistake."
Goodyear Service Store, 11442 South Michigan Ave	do	do	30	Free	No work done, told to return to dealer who put on master cylinder.
Milex Auto Center, 1000 East 162d St., South Holland.	do	do	30	Free	Do.
Al Piemonte Ford, 2500 North Avenue, Melrose Park.	1973 Ford Maverick	do	30	30.70	Thorough inspection of brake system, replace fluid and gaskets.
Midas, 510 West Roosevelt Rd	do	do	30	65.55	New master cylinder. "When you see a master cylinder is wet underneath you don't get careless, you assume it leaks."
Al's Standard Service, Butterfield and Midwest Rds., Oakbrook Terrace.	do	do	30	17.25	"I emphasize sales a lot but I only sell what a guy needs."
Wards Auto Service Center, Evergreen Shopping Plaza, Evergreen Park.	1974 AMC Gremlin	do	30	71.24	New master cylinder; replaced as safety precaution.
Ed-N-Sam Motors, 8484 South Chicago Ave	do	do	30	27.58	"I come here at six in the morning and I don't want anyone to blow my head off for cheating."
Sears Auto Center, Woodfield Shopping Mall, Schaumburg.	do	do	30	12.00	Brakes repaired but wire to dashboard brake light disconnected. "Somebody dropped the ball."
Elmhurst Chrysler-Plymouth, 200 West Grand Ave., Elmhurst.	1973 Plymouth station wagon	do	30	19.75	"It was not an especially difficult problem."
Czach Automotive, 6935 West Irving Park Rd	do	do	30	18.44	"When people trust you it makes your job a lot easier."
Venture Car Center, River Oaks West, Calumet City	do	do	30	4.50	"A master cylinder costs a lot. I wouldn't put on any parts that weren't absolutely necessary."

[From the Chicago Tribune, June 24, 1976]

Auto Repairs: You Are "On Your Own" In Illinois

When the "hot" light flashed on the instrument panel of his car, Dr. Bruce L. Douglas, like any other motorist, wheeled quickly into the first service station he saw.

The stop cost him $60—a price he now is convinced included unnecessary repairs. When he reached his destination, he learned that all his car had needed was an inexpensive thermostat.

As a state representative on his way to Springfield, Douglas reacted in the most effective way he knew: He asked the Legislative Investigating Commission to look into auto repair abuses.

That was in 1974. The commission found widespread complaints involving auto repair shops, garages, and mechanics in Illinois, and took its findings to the legislature.

Douglas' next step was to propose legislation to regulate the repair industry—but it never got out of committee.

"I got only one vote," he said. "The lobbyists play an obstructive role."

Legislatures in Michigan, California, Florida, New York, and Wisconsin have enacted laws to protect the consumer or provide recourse if he is unfairly treated by auto repairmen.

In Illinois, the motorist with a problem is left mainly to his own devices.

A three-month Tribune Task Force evaluation of Chicago-area auto mechanics found the average motorist here has less than a 50–50 chance of getting repair work done at a fair price.

In visiting 52 garages, with four different makes of automobiles, Task Force reporters found 21 of the 52 performed unnecessary repairs, did sloppy work, or quoted sky-high estimates for minor adjustments.

Nine of the 52 charged more than a certified mechanic determined was necessary or were unable to diagnose the trouble at all.

Twenty-two did the proper work at, or below, a suggested fair price.

There are 160 million cars on the road today, and Chicago is the largest single auto market, according to industry officials. A smaller percentage of the New York population drives, and cars last longer in Los Angeles, the other major population center.

"Auto repair is a field that is absolutely loaded with fraud and incompetency," Kenneth Carpenter, a Los Angeles-based adviser to consumer protection bureaus, told The Tribune.

"But they will stick together and protect one another. They have a tremendous lobby. Most police departments are scared to death of them because they know when they go to court they won't just be faced with a lawyer—it'll be a barrage of lawyers."

For five years before he assumed his advisory position Carpenter was head of the Auto Fraud Section of the Los Angeles police.

"We took them all on and got a 98 per cent conviction rate," he said. "We did here [in California] what the industry should have done for themselves."

Consumer spokesmen and industry officials agree there should be controls through:

Better laws or enforcement of existing laws.

Better education and testing of mechanics.

Adjusting the present inequitable pay system.

What you can do, Carpenter advises, is familiarize yourself with your car and before a repair job is done, know exactly what the work you have authorized will cost.

A consumer should understand what kind of guarantee he is getting, if any, before a job is done.

And, finally, the customer should know before work is done whether the repair shop will keep old parts, and whether they will be replaced with new or reconditioned parts.

"Your best evidence is in writing," Carpenter said. "If you've got a legitimate garage owner, he's going to be delighted to put things in writing so he won't end up in court.

"And, never sign a blank repair order!

"It's just as much a crime for a mechanic to sell you something you don't need as it is to sell you something you didn't get."

Getting in writing why parts are needed will protect you from this, he said.

Carpenter also urged a motorist in need of repairs to shop around.

"Get a couple of prices, and a couple of diagnoses," he said. "If two different diagnoses are given, go to a third garage."

Another tip is to be cautious of advertising, and "read all the fine print" on any guarantee, to make sure it covers the type of car you drive. For example, some do not cover foreign-built cars.

And while asking for parts that are replaced is not an assurance a mechanic won't replace parts unnecessarily, it does help, Carpenter said. But be sure to ask for the parts at the time you are authorizing the work. That way a mechanic can't say he threw them away because he did not know you would ask for them.

"In Los Angeles," Carpenter said, "we had 125 to 150 auto repair complaints a month, and we took 12 per cent to court. The auto industry is well organized, and sat back and watched us like leopards, waiting for us to make a mistake.

"We got mechanics on conspiracy to defraud, insurance fraud, and grand larceny.

"We got guys on double frauds. They said we needed the part when it was already new, and we found out—by marking the new part—that they charged us but didn't replace it."

Carpenter said one "foolproof" test used in Los Angeles was to bring in a car with new ball joints [a knee-like connection that enables the wheels to turn] in the front wheels, having certified the parts were good.

"The mechanic would put the car up on a lift so the wheels were off the ground to show how loose the ball joints were. That's the way they are supposed to be." Carpenter said. But the mechanic would say:

"Have you got a family?"

"Yes."

"Well, you wouldn't want your wife and kids riding around in this!"

Consumer fraud investigators in Wisconsin currently are prosecuting a mechanic who they said unnecessarily installed an alternator in a state test car.

Thomas Crist, director of the bureau of consumer protection for Wisconsin, said the state has a rule requiring a written estimate for an work over $25. It is part of consumer fraud legislation that took effect last September.

The customer must be shown any replaced parts and must be given an itemized bill stating whether any replaced parts are new, used, or rebuilt.

"It always made sense but was never written down," Crist told The Tribune. "They [garage operators] had this mechanics lien, and if you didn't pay, they would take your car. Now both garages and customers agree that they are on equal legal ground."

California has a state licensing board that can revoke the license of a repair shop if customer complaints are not properly adjusted.

Michigan is testing and certifying mechanics so all licensed garages will have at least one certified mechanic by 1978.

A New York law requires repair shops to be registered with the state and that a record be made of all work done and parts supplied. A shop must make an estimate of parts and labor necessary and not charge more than the estimate can be made without customer authorization.

While Illinois has no specific legislation protecting consumers from auto repair fraud, Howard Kaufman, chief of the Consumer

Fraud and Protection Division of Atty. Gen. William J. Scott's office, said:

"A crook is a crook. A fraud is a fraud. We don't need special legislation in the auto repair field to prosecute. When there is anything wrong with auto repairs, we want to hear about it.

"We get 2,500 complaints a month, and one half of them involve autos."

While Kaufman could recall no recent instances of prosecution, he said "hundreds of cases" were taken care of through hearings held in his office.

Kaufman urged legislators not to "walk away from" a bill now pending in Springfield that would require authorization by the customer before repairs are made.

The bill, sponsored by Representatives Arthur Telcser [R., Chicago] and Lee Daniels [R., Elmhurst], would require that replaced parts be returned, prohibit unnecessary work, and require posting a sign in repair shops informing the public to call the attorney general's office with complaints.

The automotive industry, meanwhile, is supporting better education for mechanics by helping to fund schools and test programs.

The U.S. Department of Labor reports that Chicago not only has highest new car sales, it also has the highest paid auto mechanics in the nation.

Forty-three per cent of Chicago's 6,000 auto mechanics are paid at a flat hourly rate. Many others are paid on an incentive basis, according to the department.

"The work incentive plan causes a mechanic to race through a job and sacrifice quality," said Susan Kinsella, research coordinator for the Center for Auto Safety in Washington.

The incentive plan pays a mechanic for the number of hours for which a job is rated, no matter how fast he finishes it. Both incentive and straight hourly pay are used in area repair shops, which accounts for different garages charging different prices for identical repair jobs.

"It depends a lot on the guy who's doing the job," said William T. Anders, service manager at a south suburban new car dealership.

"It depends on how fast he is, how bright he is, and—really—how conscientious he is."

The National Institute of Automotive Service Excellence, in Washington, a nonprofit organization funded by the auto industry, strongly advocates—and already has begun—nationwide testing of auto mechanics.

Herbert Fuhrman, institute director, estimates there are 500,000 mechanics nationwide who deal with the public, and another 300,000 doing fleet repair work for government or industry.

Of those doing business with the public, only 83,000 have been certified by the institute, and most work for dealers, according to Fuhrman.

He estimated that half of the 362,000 auto mechanics not certified could not pass the institute test.

Ross Kelsey, executive vice president of the Chicago Automobile Trade Association, which each year sponsors the world's largest auto show at McCormick Place, backs the National Institute's certification program, but feels it should be voluntary.

"We don't believe that licensing mechanics or repair shops will cure the problem," he said. "The biggest problem here is a shortage of good mechanics."

He said strong local ordinances do not prevent bad mechanics from going elsewhere to get jobs. Licensing of mechanics in the city, for example, would drive bad ones to the suburbs, he said.

The Independent Garage Owners Association of Chicago opposes any legislation.

[Three of six shops belonging to the association that were tested in the Task Force investigation were determined by an expert mechanic to have done work that was unnecessary.]

"To be totally honest, we favor no legislation," IGOA President Terry Parker told the Tribune. "We think the repair garages can police themselves."

[From the Chicago Tribune, June 25, 1976]

Licenses for Auto Repair Shops?

We're gratified by the speed with which Jane Byrne, the city's commissioner of consumer affairs, Mayor Daley, and the state legislature in Springfield have responded to The Tribune Task Force's startling disclosures of overpricing and unnecessary work by auto mechanics. In one of the carefully planned tests—involving a minor transmission maladjustment—the cost of repairs ranged all the way from nothing to $394.

The legislature's reaction is the standard one, namely an investigation which may or may not accomplish anything.

The solution Mrs. Byrne and the mayor propose is to license repair shops and to impose certain rules governing their dealings with motorists. They would have to provide in advance a written cost estimate and a date of completion. They would have to get the customer's permission before exceeding the cost estimate by more than 10 per cent. They would have to turn the replaced parts, if any, back to the motorist as evidence that replacement was necessary.

We have no particular quarrel with these proposals. They probably would help. Mrs. Byrne would undoubtedly try to make them work. But like most official responses to this sort of disclosure, and like a great deal of consumerist legislation, they are tailored to fit the specific offenses which happen to be on the public's mind at the moment. Tomorrow it may be something entirely different. And the day after tomorrow there may be a new and perhaps less zealous commissioner of consumer affairs.

Besides, city licenses mean city inspectors. And city inspectors all too often mean incompetence and graft. Licenses also mean license fees, which in their own small way add to the costs of doing business that are passed along to customers. Not so incidentally, how many customers will know whether the beat up old part returned to them is actually the one that came out of their car?

Finally, it is worth noting that The Tribune has won many prizes for its disclosures of corruption and incompetence in such areas as ambulance services and nursing homes; and both of these have been subject to licensing for years.

In short, there are many ways to skin a customer, and if an auto shop is looking for ways to cheat, it will generally be able to find one, license or no license. The fear of losing a license may be a deterrent, but will not be a preventative. And to license everybody who can possibly cheat us would be absurd.

There is also the danger that city intervention, however well motivated, can be overdone and can add to a problem instead of alleviating it. Mrs. Byrne herself, for example, has placed obstacles in the way of automated checkout counters in supermarkets—obstacles which are designed to help the consumer but which in the long run will make him pay more for his food rather than less.

So we're not going to count on city licenses and city inspectors to put an end to the sort of problem The Tribune has disclosed. If enacted, they will probably help, at least for a while. But official and even public indignation rarely lasts very long, and our best defense against cheating mechanics, as against other social pests, lies partly in the hands of the courts, partly in the alertness of the public, and partly in the constant diligence of the press.

REPORT ON NATIONAL GROWTH AND DEVELOPMENT: 1976

Mr. HUMPHREY. Mr. President, I would like to draw the attention of my colleagues in the Senate to the President's 1976 report on national growth and development, which was submitted to the Congress pursuant to the requirements of title VII of the Housing and Urban Development Act of 1970—Public Law 91–609. I would like to comment on the report because of what it represents with regard to the process of governmental decisionmaking for growth and development in the United States.

As many of my colleagues in the Senate know, I have had a longstanding interest in improving the way the Federal Government makes the policy and program decisions that affect the Nation's growth and development. I supported the enactment of title VII of the Housing and Urban Development of Act of 1970, which took a first step toward national growth and development policy by requiring the President to "utilize the capacity of his office * * * to collect, analyze, and evaluate such statistics, data, and other information * * * as will enable him to transmit to the Congress" a biennial report on national growth.

I have also offered major legislative proposals that were aimed at improving the processes through which our Government formulates and carries out national growth and development policy. These legislative proposals—S. 3050, the Balanced National Growth and Development Act of 1974, which was introduced in the 93d Congress; S. 1795, the Balanced Growth and Economic Planning Act of 1975, which was introduced in the 94th Congress; and my amendment to the bill that became Public Law 93–426 and created the Advisory Committee on National Growth Policy Processes—were aimed at stimulating public debate on ways to solve a long standing and fundamental problem in the structure of the Federal Government's policymaking processes: The Federal Government, in both its legislative and executive branches, is not structured in such a way that it can systematically assess long-range policy and program questions or estimate long-range impacts of current decisions.

Moreover, the Federal Government is not structured to facilitate analysis of the crossimpacts of individual policy decisions. Indeed, systematically assessing and carrying out policies that cut across congressional committee and executive agency lines present us with major difficulties. The policymaking process is complicated even further by the intergovernmental structure of our Federal system. Decisions made by the Federal Government affect decisions and activities at the State and local levels, and decisions at the State and local level often have implications for national policy. But we have not so far learned how to handle such complex policy matters in a cohesive way.

The national growth report required by the 1970 Housing and Urban Development Act was a first step toward pulling together the myriad of decisions and policies that affect national growth and development. Three reports have been submitted to the Congress since the statute was enacted. The 1972 report was a nullity. The 1974 report was near nullity, and it was almost a year late. Neither of them made a creditable analytical contribution toward our understanding of the processes of national growth and development; neither of them made any meaningful recommendations of either a legislative or administrative nature toward improving the structure of decisionmaking in the Federal Government; neither of them offered any real alternatives for creating intergovernmental mechanisms for involving all levels of the American Federal system in the development of national growth policy.

Seen against this disheartening background, the 1976 growth report is a clear and commendable improvement. Although it has flaws and although it does not, in my judgment, meet the congressional expectations expressed in title VII, it is more substantial than earlier reports, and it does make some initial, hesitant recommendations for improving the process through which the growth report is prepared. A degree of progress has been made, and I believe that we must recognize it.

Despite the improvement the report has two great flaws. First, even though it contains considerably more information than the earlier reports, it does not really help us to understand the meaning of the information it presents. After going through its many pages—the report is 1¼ inches thick—I am left with a fragmented picture. Many of the parts are there, but I do not perceive an image of the whole after reading the 1976 growth report. Second, as in the past the growth report does not confront the high priority problem presented by the structure of decisionmaking processes that impedes the formulation of growth and development policy for the United States.

Mr. President, the lack of national growth and development policy is having severe impacts on the Nation. According to a report prepared by the Council of State Governments for the HUD Department during the preparation of the 1976 growth report, State and local governments are being torn asunder, not because of their own failure to plan and to come to grips with growth and development problems, but because of such a failure at the Federal level of Government—failure to plan, failure to properly analyze problems, failure to look ahead, failure to carefully consider all major impacts of proposed or enacted Federal policies. This may sound like carping to some, but not so to Business Week, which recently published a special report entitled "The Second War Between the States."[1] The report clearly depicts the national and regional pattern of growth and development since 1970 and shows that through its direct outlays and through its payrolls, the Federal Government is reinforcing growth patterns that are having seriously divisive effects upon the Nation. The Business Week report says:

> Areas with different growth rates obviously have different policy interests. Sharp differences in regional economic interests played a major role, for example, in the origins of the U.S. Civil War. At present, the nation's disparate economic growth is pushing regions toward a sharp conflict with each other even though the country is more firmly knit together constitutionally, culturally, and ideologically than at any time since the pioneers first pushed beyond the Appalachians. The second war between the states will take the form of political and economic maneuver. But the conflict can nonetheless be bitter and divisive because it will be a struggle for income, jobs, people, and capital.[2]

The report makes it perfectly clear that, in the view of many expert observers of what is happening in this country, as growth rate differentials become more pronounced, Federal policy must be developed to achieve a better balance of growth and development, that policy at all levels in the federal system should be directed along the following lines:

> Federal government policy's uneven impact on the various regions must be revised and redirected toward slow-growth areas.
>
> The North and Far West must cut back selected services and slim their fiscal profile.
>
> The entire fabric of State-local relationships may have to be altered.
>
> Renewed emphasis will have to be placed on equalization of economic opportunity.
>
> Federalization and greater standardization of welfare should be pressed.
>
> The tax code should be changed to provide a better balance of incentives between home ownership and renting and between new and existing structures.
>
> Environmental constraints in the Northeast must be selectively eased and the pressures to do this should not be resisted.
>
> A high-level body of experts to formulate explicit regional policies.

Whether or not one agrees with these specific policy recommendations, Mr. President, the basic thrust of the Business Week article is not to be denied. We have increasingly visible imbalances in growth—imbalances that are creating and will continue to create significant societal problems to which public policy must respond. Unfortunately, the public policy responses that are and will continue to be required will not come out of the kind of institutional arrangements we have at this time; and that, Mr. President, is our basic, underlying problem with regard to national growth and development.

With this point of view clearly in mind, I would like to commend first upon the way the 1976 growth report was prepared. The acknowledgements section of the report says that the report "was formulated under the direction of a Federal interagency task force created by the Domestic Council Committee on Community Development." [3] HUD Secretary Carla Hills chaired the committee and HUD Assistant Secretary David O. Meeker directed the task force, which was comprised of representatives of 24 executive agencies. There were opportunities for inputs from outside the Federal Government by way of five seminars on regional growth and development and by way of the White House domestic affairs conferences held in several cities around the country. Moreover, drafts of the 1976 report were distributed for review and comment. I was pleased to receive the report in draft form and to be invited to comment upon it. My remarks, which were sent to Assistant Secretary David Meeker, appear as an appendix to recent hearings held by the Joint Economic Committee.[4] I commend the administration for taking these steps to obtain a wide variety of views.

On the other hand, I am left with an uncomfortable feeling that the preparation of the report was not as much an interagency undertaking as the list of members of the task force suggests. The Domestic Council Committee on Community Development was chaired by the HUD Secretary; the task force was directed by an official of the HUD Department; the project director was provided by the HUD Department; staff support for the project came largely if not entirely from the HUD Department; and the report was writted by a private consulting firm under a contract with the HUD Department. It seems perfectly clear that despite the trappings of interagency cooperation the 1976 growth report is a HUD report. I would even go so far as to guess that the Domestic Council and its staff would be ill-prepared to respond to much questioning on the growth report.

The President's report on national growth and development should not be the work of an individual line agency. Such a report cannot be expected to express adequately the issues that cut across agency lines—which is the case with many important growth issues—unless the work that goes into the report is done outside the confines of an individual line agency's mission, mandate, and jurisdiction. It is even more unreasonable to expect a growth report to be an integral part of a policy and decisionmaking process that must necessarily transcend the jurisdictions of individual agencies if the lead responsibility and most of the work is performed with an individual agency. I mention this because assigning the preparation of the report to an individual line agency—and to a private contractor as well—is an indication of a basically erroneous view of what lies at the heart of the national growth and development issue. The 1976 growth report suffers because of having been shunted away from the Executive Office of the President to an individual line agency. There is a noticeable unevenness in treatment among the policy areas discussed; and as my comments on the preliminary draft indicate, there are significant policy areas that receive only superficial treatment because of apparently minimized inputs from the agencies that were in the best position to understand the issues involved.[5]

There are a number of issues about which the 1976 report is largely silent or to which insufficient attention is given. One example of these issues is Federal taxation policy. There is a brief enumeration of some of the State and local taxation issues, which are treated as "pressures on State and local governments;" but our elaborate Federal taxation system with its array of benefits and incentives created by tax shelters and credits that affect growth and development is excluded entirely from the 1976 growth report. The impacts and cross-impacts of tax policies on growth

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and development are worthy of sophisticated examination, but unfortunately they receive no analytical attention at all in the 1976 report. This is regretable, given the tax analysis talent available in the Federal Government.

Another example that is increasingly evident to anyone who reads the newspapers is that the American economic system is becoming increasingly integrated into the world economic system. This internationalization of our economy is important in understanding what affects national growth and development in the United States, since almost all domestic policy matters are becoming increasingly internationalized. Although the 1976 growth report mentions that "the national growth of the United States is an integral part of the development of the world family of nations,[6] and although it includes a discussion of our dependence on foreign supplies of oil, it does not adequately analyze the many ways in which our national economy is linked to the international economy and how foreign policy considerations are major policy variables in our domestic affairs.

For example, our foreign policy regarding Rhodesia is closely linked to our access to chromium, an important factor of American industrial production. In another sector, U.S. agriculture is an important source of food not only for the American people, but for people in many nations of the world. Agricultural products are also significant in our balance of payments. The world demand for food and our national policies regarding food exports are directly linked to farm prosperity, to rural development, to the viability of national food production technologies, and to consumer food prices in America. Related to this is the Peruvian anchovy catch, which is of major importance in the world supply of fish meal.

Fewer Peruvian anchovies means less fish meal, which in turn reduces the amount of high-protein food available worldwide and means a heavier demand on the U.S. food production capacity.

Still another example of internationalization can be seen in the international money market, the behavior of which affects our balance of payments, foreign investment in the U.S. economy, the availability of capital, and makes itself felt in a wide range of domestic affairs. Moreover, foreign bank accounts in the United States strengthen the linkages between this country and others. I would hope that future growth reports will give more attention to the degree to which national growth and development is sensitive to such international considerations.

Mr. President, there is a policy area of major importance which, although not mentioned in the draft of the 1976 growth report does receive some attention in the final report—telecommunications policy. I am happy to see that this policy area was included. The final report identifies three principal ways in which telecommunications contribute to national growth and development: First, as a major growth industry in itself and in combination with computers, another major growth industry; second, as a purveyor of needed social, health, educational, emergency, and law enforcement services; and third, as a partial substitute for transportation services, with significant potential for energy conservation in this regard.

Telecommunications, as the report says, is a dynamic U.S. industry that, unlike other basic infrastructural industries such as energy and transportation, has largely developed and will probably continue to develop without major governmental subsidies and tax preferences. Telecommunications is an example of a high technology, high productivity industry. An example cited in the report is the application of optical fiber transmission to telephone systems in the late 1970's or in the early 1980's. Among the potential applications of such a technology are two-way television and other telecommunications services in urban areas.

Referring to such examples, the report makes a fairly comprehensive and strong statement about the importance of telecommunications to national growth, both as a requisite infrastructural element supporting other aspects of national growth and as an innovative and stimulating factor in the area of new and expanded societal services.

While it may be useful to reiterate the importance of telecommunications in future national growth, the importance of telecommunications to such growth is by now fairly well established, with phrases like "postindustrial society" and "information age" having fairly wide currency. While telecommunications has a great potential for continuing to contribute to national growth and development, many problems exist in channeling that potential toward solving the problems identified in the 1976 report and in identifying the appropriate Federal role. The report does not thoroughly explain and analyze what the Federal Government is doing or needs to do in regard to:

> Federal regulatory review of the many aspects of telecommunications;
>
> Federal support of telecommunications research and development;
>
> Evaluating existing programs in telecommunications development, such as telecommunications aspects of the HUD-DOT New Rural Society Program, and various telecommunications-health programs, in terms of technology, capital requirements, and social impact;
>
> Undertaking new programs in telecommunications development;
>
> Coordinating such programs in telecommunications development at the Federal, State, and regional levels; and
>
> Formulating telecommunications policy at the national level.

The need now in the application of telecommunications to national growth would seem to have moved beyond the stage of discussion of potentials to the state of a "hard-nosed" look at telecommunications policy formulation and program evaluation and development. Without strong policy direction and careful program formulation and evaluation, the great contribution telecommunications has to make to national growth and development may be dissipated in the sometimes conflicting and confusing interactions of society and industry.

The final report makes a series of recommendations that did not appear in the draft that was circulated for comment. Most of the recommendations are procedural; they deal with how to improve the report preparation process so as to strengthen the growth report due in 1978. The report also includes recommendations that deal to some extent with ways to improve our methods for planning for growth. However, they are not addressed to the substance of Federal policy. The report says that substantive recommendations can be found in the President's budget and state of the Union messages as well as the administration's legislative proposals.

It is of course entirely appropriate that the administration's policy recommendations be treated in the budget and the state of the Union messages and in legislative proposals. But this misses the point of the growth report, which, I believe, is an appropriate vehicle for the administration to set forth a clear statement of how its various policy recommendations and proposals interact and how they can be expected to affect national growth and development.

Nevertheless, procedural recommendations are included and I welcome them. The first of these procedural recommendations calls for wider agency participation in the planning and design of a research program to support the preparation of the 1978 report. I support the spirit of this recommendation, but it forces me to ask whether the interagency task force formed for the preparation of the 1976 growth report played any part in the planning and design of the research that went into it. If the task force did not play a part, I wonder why not. If it did play a part, then why was this recommendation necessary?

There is a more important issue here. There is a great deal of background information and analysis that must be arranged to go into the preparation of the growth report. Indeed, the 1976 report shows a marked improvement over its predecessors in this regard. If this is the sort of research that is meant by this recommendation, then I support it: it seems to be a rather obvious thing to do. If, however, the administration is saying that we do not have sufficient information and analysis to make growth policy decisions and that we must wait until new research projects are designed and new findings come in, then I must disagree most strongly. There is always research going on. There is a rich body of research that has *already* been done.

Our problem, Mr. President, is not that we need more of a good thing; our problem is that we are institutionally and structurally unable to respond to research findings and to make growth policy decisions that cut horizontally across the vertical bureaucratic boundaries that separate individual Federal agencies and across congressional committee jurisdictions, and to take a sufficiently long-term view of the impacts of our current decisions. Our problem will not be ameliorated by additional research. I must stress this point because I fear that we often hide from the need to

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make structural changes and from the need to make choices, decisions, and judgments by asserting that more research is needed. We need more tangible proposals to evaluate, not more research.

The 1976 growth reports' recommendations also include a call for more and earlier public participation in the preparation of a research agenda as input to the 1978 growth report and for research to improve our assessment of the impact on States and localities of alternative Federal policies and actions.

I certainly am not inclined to quarrel with this recommendation. My previous comments apply again, however. Worrying about a research agenda is to dodge the real issue. Few policy decisions in or out of government are made on the basis of perfect information. We must accept this fact and work with the best information we have; although we must not stop trying to improve our understanding of societal processes and of technical and scientific matters, we cannot afford to shrink from the responsibility of improving the processes of policy analysis, planning, and decisionmaking that affect national growth and development.

The 1976 growth report suggests a "uniform public participation act" to standardize the various legislative requirements for citizen involvement under Federal programs. Unfortunately, this proposal does not seem to be treated in any detail in the report. It appears to have been tossed in almost as an afterthought. Nevertheless, it is a suggestion that is worth considering. I would hope that the administration will amplify this recommendation with its suggestions about how to achieve such a standardization, with a full analysis of the pros and cons of the issue, an indication of what programs would be affected, and what the administrative impact of such a standardization would be. I do not recall seeing any specific legislative proposals to this effect, nor do I recall such a policy initiative in either the budget or state of the Union message, the vehicles which the 1976 growth report says are the ones the administration prefers to use for making policy recommendations.

The report also recommends encouraging State and local governments to contribute to the evaluation of growth alternatives. This sounds good, but the report does not go on to suggest how to do it. Title VII authorizes the President to create an advisory board which could conceivably be a mechanism for such intergovernmental participation, but I see no sign that the administration intends to take advantage of the opportunity. The regional seminars and the Domestic Council public policy forums are to be commended, but I believe that a more structured approach to achieving an intergovernmental participation in the formulation of growth policy and evaluation of growth alternatives is needed.

The final recommendation is remarkable in that it has been made in one form or another for years. The report recommends that "a designated element of the executive branch under the auspices of the Domestic Council should accomplish the rationalization of Federal planning assistance programs and requirements across department and agency lines."[7] The 1974 growth report said:

> It is recommended that the executive branch and Congress both work toward administrative and legislative revision of Federal planning assistance programs and requirements to accomplish the following objectives:
>
> Simplify and harmonize the basic requirements among as many programs as possible;
>
> Provide flexible and adequate planning assistance to State and local governments to allow them greater discretion in planning to meet locally determined needs and objectives;
>
> Modify or terminate programs whose original purposes have been satisfied;
>
> Achieve better coordination in the delivery and use of Federal planning assistance.[8]

It would seem to me that rationalization of and simplification of planning requirements in Federal programs and of Federal planning assistance programs are worthy purposes, and that after having recommended such action as recently as December 1974, when the 1974 growth report finally appeared, the administration would be able to do more than simply repeat the recommendation and would be able to say what steps have been taken toward achieving rationalization and simplification that it had previously recommended.

Mr. President, I would like to turn from criticizing the 1976 growth report. It is an improvement over the previous reports, and it would be censorious of me not to say so plainly. I would also be likely to repeat much of what is included in my comments on the draft, which, as noted earlier, are published elsewhere. I would like to turn to some suggestions for improving the growth report and, more importantly, for beginning to improve the processes for formulating national growth and development policy.

First, February of election years is not the most auspicious time for the growth report to appear. One alternative is to have it appear after the November elections, but it should be ready to be transmitted to the new Congress when it convenes. A due date of December 1 or perhaps November 15 of even-numbered years would seem to be appropriate. It would then be brought to congressional attention at roughly the same time as the state of the Union address and the budget message—at the beginning of the new Congress. This would allow for linkages among the state of the Union message, the budget message, and the growth report.

Second, I would recommend that action be taken to insure that policy recommendations or important research findings that are contained in the many reports made by the executive branch to the Congress be analyzed to determine their relationship to national growth and development and that applicable and relevant findings and recommendations from other reports be included in the growth report. This would be a first step toward the coordination of policies that have both direct and indirect effects on national growth and development.

Third, I would recommend the distribution of the growth report to all committees of Congress, since national growth and development are affected by a wide range of Federal policies. All congressional committees should have the opportunity to consider and respond to the contents of the growth report in the light of its own legislative jurisdiction. The need to do this can be seen in the recommendations made by witnesses testifying during oversight hearings on the 1974 growth report held by the House Banking, Currency and Housing Committee, Subcommittee on Housing and Community Development.[9] Witnesses' recommendations did not always fall within the jurisdiction of the committee holding the hearings.

To the extent that the growth report can be transformed into an important planning document, it may be worth considering a more structured approach to congressional review. The mechanisms for congressional review of the Economic Report of the President is one model that might be considered. S. 3050 and S. 1795 suggest alternative approaches that might also be appropriate for review of a significantly more substantial growth report.

Fourth, I would recommend distribution of the growth report to the heads and the regional administrators of executive agencies whose activities affect national growth and development. The report should provide them with guidelines and a common basis of information upon which to make agency policy decisions.

Likewise I would recommend distribution of the growth report to all State Governors, to the chief executive officers of multistate regional bodies, to the chief executive officers of all substate regional bodies—or at least to chief executive officers of those which are regional clearinghouses under OMB Circular A-95—and to the chief executive officers of all general purpose local governments with populations of 20,000 or more.

Such a wide distribution of the President's report on national growth to Executive agencies, to Congress, to State and local governments, and to areawide organizations of governments would give the growth report the potential for being a vehicle for the promulgation of basic data and analyses on growth and for the communication of the Federal Government's understanding of national growth and development issues, problems, and options. In support of these recommendations, I would like to quote the staff report that was prepared subsequent to the House Banking, Housing, and Urban Affairs' oversight hearings on the 1974 growth report:

> Nearly all witnesses urged that action be taken to put national growth and development into the mainstream of high-level policy deliberations and to produce a report that reflects such a priority. Witnesses urged that the analysis and information which could potentially be contained in the growth report be used as a base for functional policy determinations in the line agencies of the Executive Branch and as an information base underlying such policy statements as the State of the Union message.[10]

The staff report also noted that the information and data could be "used by States, local governments and the private sector in related planning growth and development."[11]

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Fifth, it is increasingly apparent that there must be an improved structure for public access to the growth policy planning process. The 1976 growth report's recommendations begin to move in that direction, but there must be a vigorous effort to design a mechanism for effective public participation. I would hope that between now and the submittal of the 1978 growth report specific proposals will be made for action to improve public participation in the process.

In the final analysis, Mr. President, the biennial growth report will be improved only if the administration charged with its preparation has the will to improve it, given the current institutional structure of decisionmaking. I would hope that the administration that will take office in January of 1977 will have that will.

The more fundamental problem is that of determining how to improve our planning and policymaking processes in Government so as to allow for the formulation of more rational national policies that affect growth and development of our Nation and its States and regions. The kinds of growth-generated societal stresses so vividly portrayed in the Business Week special report and so successfully blurred by the entire series of growth reports which we have so far received must receive public policy attention—public policy attention that is more than the scattered attention of uncoordinated activities by individual line agencies. We have no choice but to find ways to engage in policy planning that will have the institutionalized foresight to recognize growth and development problems and that will bind up the individual fragments of policy and program into some coherent, socially efficacious whole.

This is certainly not a new problem; our awareness of it goes back at least to the early decades of this century. The problem has become more acute in recent years because of the rapidly increasing complexity that characterizes our Nation, other nations, and the whole world.

The 1976 growth report views the problem of government in a somewhat different light. The report says that there is growing public concern about the performance of government because of government promising more than it could deliver. I believe that growing public concern is the result of an awareness on the part of the public that the Federal Government in failing to develop the capacity to make public policy decisions in a rational, informed, future-oriented, and coherent way. Mr. President, we must no longer refuse to recognize this weakness in our policy planning and decisionmaking structure. We must confront it squarely and decide on action to make the necessary improvements that are essential if we are to have a pattern of national growth and development that will continue to provide us with the quality of life that we all seek.

FOOTNOTES

[1] The Second War Between the States. Business Week. May 17, 1976, p. 92, ff.

[2] *Ibid.*, p. 92.

[3] *Ibid.*, pp. 112, 113.

[4] U.S. Congress. Joint Economic Committee. Long-Range Economic Growth. Washington, U.S. Govt. Print. Off., 1976. Appendix. pp. 71–223.

[5] *Ibid.* See for example my comments on the treatment of forest resources at p. 149 and my comments on the treatment of agricultural issues at p. 87.

[6] U.S. President 1976.—(Ford). 1976 Report on National Growth and Development. Washington, December, 1976. p. 89.

[7] *Ibid.*, p. v.

[8] U.S. President 1974—(Ford). 1974 Report on National Growth and Development. Washington, December, 1974. p. 89.

[9] U.S. Congress. House. Committee on Banking, Currency and Housing. Subcommittee on Housing and Community Development. National Growth and Development. Hearings. Washington, D.C., U.S. Govt. Print. Off., 1975. (94th Cong. 1st Session).

[10] U.S. Congress. House. Committee on Banking, Currency and Housing. Subcommittee on Housing and Community Development. Staff Summary Report on the Oversight Hearings on the President's 1974 Report on National Growth and Development. Committee Print. Washington, D.C., U.S. Govt. Print. Off., February 1976. (94th Cong. 2d Sess.) p. 18.

[11] *Ibid.*, p. 18, note.

ESTO '76

Mr. BEALL. Mr. President, on February 24, during my remarks regarding Estonian Independence Day, I drew attention to ESTO '76—"The Estonian Salute to our Bicentennial." At that time I extended an invitation to all my colleagues in both the House and the Senate, their families, and their staffs to participate in the ESTO '76 activities. This worldwide Estonian festival will be held in Baltimore, Md., from July 5 to July 11, 1976.

This Bicentennial festival will include concerts, exhibits, folk music, folk dances, and so forth. I would note that ESTO '76 has the endorsement of the Maryland Bicentennial Commission and the Baltimore City Council.

Mr. President, I renew my invitation for all to attend and participate in this festival and I ask unanimous consent that additional information on ESTO '76 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE ESTONIAN SALUTE TO THE BICENTENNIAL

During the week of July 5–11, 1976, Baltimore will be witness to the greatest international event of its Bicentennial celebration—the Estonian Salute to the Bicentennial. This week-long festival sponsored by the Baltimore City Council and endorsed by the Maryland Bicentennial Commission, is expected to bring to Baltimore, among others, over 10,000 Estonians from all over the free world.

The First Estonian World-Wide Festival took place in 1972 in Toronto, Canada. Its enormous success led to the decision to hold such an event every four years, each time in a different country. To salute the American Bicentennial, the international Estonian organizations expressed the wish to hold the 1976 Festival in the United States. Thus in 1973, the City Council adopted Resolution #966 inviting the festival to Baltimore. To encourage greater participation from other countries, Mayor Schaefer sent invitations to thirteen Estonian centers on five continents.

The opening ceremonies will be at Fort McHenry (Monday, July 5th), followed by a week of one hundred events, such as conferences, concerts, theater performances, exhibits, a parade, sports events, church services, etc.

The Baltimore Symphony Orchestra will present an American-premiere performance of Estonian symphonic music under the direction of guest conductor Dr. Taavo Virkhaus, currently director of music at the University of Rochester. Käbi Laretei, internationally renowned Estonian pianist, will be the guest artist. (Thursday, July 8th, Merriweather Post Pavilion, Columbia, Md.)

A traditional Estonian Song Festival of choral music, featuring over 1,000 singers from all over the world, will climax the week's musical activities. (Friday, July 9th, Civic Center).

The most spectacular event of the week will be the Festival of Lights, Saturday, July 10th, at Memorial Stadium, featuring 1,000 modern gymnasts and folk dancers: a gigantic kaleidoscope of harmony of movement, music and colored lights.

It is interesting to note that among the gymnastic performers will be the one hundred girls of Kalev-Estinenne, the Estonian school of modern gymnastics in Toronto, Canada. These girls have represented Canada at the Gymnaestradas in Switzerland and Germany, at the Olympics in Mexico and the Expo in Japan. Immediately after their performance at Memorial Stadium, they will depart for the Olympics in Montreal where they will take part in the opening ceremony.

The Estonian Salute to the Bicentennial will be a unique representation of Estonian cultural heritage, sure to capture the imagination of young and old alike.

ESTO '76

Highlighting the Bicentennial summer in Baltimore is a very special week-long program which celebrates the City's vibrant ethnic diversity and its delightful contribution to the arts, music and dance.

Listed among "the best bets of the Bicentennial", the program marshals about two thousand performers in THE ESTONIAN SALUTE TO THE BICENTENNIAL, ESTO '76 for short. It offers over one hundred events, appealing to a wide variety of interests. In addition to unique experiences for followers of folk dance and folk music, modern dance and gymnastics, it offers an opportunity to deive deeply into all aspects of a fascinating ethnic culture.

On top of your "must" list be sure to put The Festival of Lights, a lavish production of movement, music and light in which large groups of girl gymnasts and folk dancers, 1000 in all, will provide an unforgettable experience for the spectator. This event will be further enhanced by special illumination conveying the atmospheric phenomenon known as the Northern Lights. (Saturday, July 10 at Memorial Stadium)

The Song Festival will bring a world famous Estonian tradition to the American public—a massed choir of 1000, made up of singers from around the world, who will present selections from the rich repertory of Estonian choral music. A colorful pageantry is a part of the tradition. (Friday, July 9, 6:30 pm at the Civic Center)

The Symphony Concert—The Baltimore Symphony Orchestra, which ranks among the best in the United States, will present a special program of Estonian symphonic music under the direction of guest conductor Dr. Taavo Virkhaus. Featured will be the internationally renowned Estonian pianist Käbi Laretei from Sweden, who has performed in the United States at the Kennedy Center, The White House and the Philharmonic Hall. (Thursday, July 8, Merriweather Post Pavilion, Columbia, Md.)

Estonian Performing Artists in Recital presents Estonian music by vocalists and instrumentalists, who have won professional recognition in their respective fields. (Wednesday, July 7, 8 pm at Kraushaar Auditorium, Goucher College)

"ILO" is a unique demonstration of the evolution of folk music and folk dance through the ages and how their influence is readily discernible in today's rhythms and movements. Featured will be Estonian folk instruments in both traditional and modern musical expression. (Tuesday, July 6, 8 pm; Wednesday, July 7, 2 pm at Dunbar High School Theater)

Exhibits, catering to a wide array of interests, cover Estonian history, art, handicrafts, stamps and coins, literature and much more. Each day artisans will demonstrate ancient crafts, and their products and other Estonian souvenirs will be on sale at the ESTO Store at the Civil Center.

ESTO '76 Post Office will feature commemorative cachets and an official cancellation in Estonian, a first in the history of the U.S. Postal Service. A first day cover will also be available.

There is much more to ESTO '76! Complete programs are available at: ESTO '76 Information Center, The Lord Baltimore Hotel, Baltimore, Maryland 21201, 301-539-4500.

WILDWOOD, N.J., COMBINES CONCERN FOR THE UNEMPLOYED WITH FEDERAL ASSISTANCE TO ACHIEVE EXCEPTIONAL SUCCESS

Mr. WILLIAMS. Mr. President, it is with genuine pride that I bring to the attention of the Senate a report of an exceptional success that has been achieved by the cooperative efforts of a city in my home State of New Jersey and a new Federal program enacted by Congress to alleviate joblessness in the current recession.

The city is Wildwood, N.J., a beautiful resort community on the Atlantic Ocean near the southern tip of New Jersey.

The Federal program is the job opportunities program, enacted in December of 1974 as title X of the Economic Development Act and administered by the Economic Development Administration of the Department of Commerce.

The purpose of the program, as my colleagues know, is to provide work for the unemployed in public projects that are vital to a community's economic strength. The purpose of the city of Wildwood, in addition to providing jobs for those who could find no work, was to restore a large segment of the city's boardwalk—the "wooden backbone" of the community's economy.

Mr. President, rarely have the common needs of the Nation and a community been met so effectively and handsomely as they were in this project of the city of Wildwood. Workers who were losing hope of finding work found instead a path to permanent employment. A summer resort community, whose economy—always lax in the offseason and especially hard pressed in the national recession—was threatened with decline, found new strength for the future through a combination of local determination and Federal assistance.

Community leaders and the citizens of Wildwood deserve high commendation for their sensitivity to the human consequences of joblessness and their vision of the future for themselves and their children.

Mr. President, it is particularly gratifying that the city of Wildwood, through the members of its city commission, have expressed their thanks to the Congress in a special report on the project and its success. So that my colleagues may share in Wildwood's expressions of gratitude for our efforts in their behalf, I ask unanimous consent that pertinent excerpts from this report be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

THE CITY OF WILDWOOD,
Wildwood, N.J., June 23, 1976.

MEMBERS OF CONGRESS: As a member of the Congress of the United States, you constantly strive for the good of our nation. Yet, because of the vastness of our land and the demands of your time, you are seldom afforded an opportunity to observe, first hand, the benefits of your, and your colleagues', efforts.

Tantamount to witnessing the results of your efforts in the field, it is our opinion that you are very much interested in the successfulness of Congressional legislation and enjoy reading optimistic reports of their accomplishments. This report was conceived to that purpose.

Our experience with the Title X program has been marked with little difficulty and much success. Much of the success is directly related to the Economic Development Administration's personnel. Throughout the project effort they have been cooperative, understanding, and extremely helpful. We are pleased and very proud of the results this project grant has afforded our city. Representative examples are: (1) Economic benefits to the unemployed of our area, (2) Continued winter employment for otherwise unemployed Contractor personnel, (3) On job training for unemployable persons because of the lack of a trade, (4) The assured safety of the City's tens of thousands of summer visitors, and (5) The ensured continued stability of the City's economic independence. We are grateful to the Congress for the existence of this legislation. In our opinion it is successful, well administered, and one of which the Congress should be proud.

We sincerely hope you will find our report interesting and informative. Cognizant of your limited time, we have restricted the text to a narrative of general information that intends to aquaint you with the project events and accomplishments. Where appropriate, footnotes expand the text information allowing you to satisfy a partcular interest with in-dept discussion on a subject.

THE WILDWOOD CITY COMMISSIONERS,
GUY F. MUZIANI, *Mayor.*
WILBUR J. OSTRANDER,
Commissioner, Public Works.
RICHARD A. NORDABY,
Commissioner, Revenue and Finance.

A U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION TITLE X PROJECT SUMMARY REPORT

(Prepared for the Congress of the United States by the city of Wildwood, County of Cape May, N.J.)

INTRODUCTION

The Economic Development Administrations decision to grant Title X assistance to the reconstruction program of our City's broadwalk was of invaluable economic importance. To understand exactly why we make such a statement requires an appreciation of our geographic location and the economic base of our area. Once the area parameters are understood, the boardwalk project statistics assume greater importance and become more meaningful to you.

Significant to placing our location in your mind is to first "see" our County. Imagine New Jersey's unusual shape, then picture its southernmost tip. The peninsula you see, bordered by the Delaware Bay on the west and the Atlantic Ocean on the east, is our County of Cape May.[1] Created in 1692 from lands held by the West Jersey Society and named for Captain Cornelius Jacobson Mey,[2] the County is 172 square miles of hard upland and 270 square miles of water, waterways, meadowlands, tide marshes and beach—442 square miles in all. Stretching along thirty miles of Atlantic coastline is a chain of barrier islands separated from the mainland by the Inland Waterway and a vast expanse of open meadowland.[3]

Cape May County is almost totally dependent on the recreation/tourist industry, with a strong relationship between land use and the economy. Sixty percent of its land value is directly invested in resort type enterprise, and an additional thirty percent is indirectly involved in the tourist economy. Tourist spending on retail sales and rentals account for more than 242 million dollars annually. Adding miscellaneous spending, it is safely estimated that tourists directly produce between 250 and 300 million dollars each year for the County's economy. Equated to the estimated four and one-half million annual visitors to the County, each man, woman and child spends an average of $62 during their stay.[4]

The City of Wildwood is situated along the Atlantic Ocean's coastline on 1.2 square miles of a 3.74 square mile barrier island five miles long. We share this island with the City of North Wildwood (1.8 square miles), the Borough of Wildwood Crest (0.7 square miles), and the Borough of West Wildwood (0.4 square miles). The four island municipalities are known by its visitors as the "Wildwoods-by-the-sea." In the 1970 U.S. Census count our city was the largest in population of the four island municipalities and ranked fifth among the sixteen county municipalities. Since the 1970 census our population has declined.[5]

Our city is totally dependent on the resort and recreation trade. During the normal 100 day summer season we maintain an average population flow of over 200,000. The attraction? In a tourist survey taken August 29, 1973 the beach, rest and relaxation, and the boardwalk were rated first, second and third by those interviewed.[6] This survey only confirmed what we already knew: Our advertisements proclaim "The World's Safest and Finest Bathing Beach." The truth of the City's statement has yet to be questioned. Our beach is wide,[7] affording everyone a generous "piece of white sand" in which to sun, play or relax, and it slopes gently into the ocean, making it as safe as could be expected for water lovers of all ages.[8] Adding to the natural advantages of the beach we provide a corp of trained, well-equipped safety personnel and strategically located first aid stations to ensure the well-being of the beach's population.[9] What is missed by the reader of our beach supremacy promulgation is safe waterfront recreation just begins on the beach. Paralleling the beach is an entertaining diversion for all ages known simply as the "Boardwalk."[10]

Conceived at the turn of the century as a promotional scheme by Wildwood's early developers, the promenade has continually grown physically and in economic stature. Used by tens of thousands of vacationers each year, it is estimated that one-half of all business transactions generated in Wildwood are either directly consummated or indirectly begun on the boardwalk.[11] Illustrative of this estimation, consider that there are 48 to 67 million vacation dollars spent "on the board" each season. Equated to the season's total boardwalk population, it is discovered that every person directly spends an average of $8.50 to $12.00 each time they step onto its planks. Considering the indirect spending

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Footnotes at end of article.

effect on the businesses "off the boards" there is no doubt in our minds that the loss of the boardwalk, for any reason, would cause seventy-five percent of them to close their doors, and would seriously jeopardize the existence of an additional fifteen percent of them. Candidly, the boardwalk is directly responsible for ninety percent of all Wildwood's businesses. In essence it is the wooden backbone of the City's economy.[12]

The reason for this phenomenal interest in the boardwalk is easily explained—absolutely no age group or personal idiosyncrasy interest has been ignored. In a one and one-half mile maze of colorful fluorescent hues, amidst an orderly carnival atmosphere, there are: three amusement piers, reaching out towards the Atlantic Ocean as much as six hundred feet, with rides for tots and teens of any age; four air conditioned movie theaters seating an average of 970 persons; [13] a municipal band shell featuring free concerts and ample seating; nearly three hundred walk-up, walk-in businesses catering to every vacationer's need or desire; and Wildwood's 4,200 seat Convention Hall offering diverse entertainment throughout the year. Further, clean city operated comfort stations are strategically located along the way, and benches on which to rest and "people watch" line the promenade's ocean side. The boardwalk is truly an identity unto itself.

FOOTNOTES

[1] Cape May County is 130 miles due east of Washington, D.C.; 150 miles south of New York City; 80 miles south and east of Philadelphia, Pennsylvania; and an easy day's drive (via expressway all the way) from major Canadian cities. In fact, in a 400-mile radius, we are within one-half of the Nation's population.

[2] Captain Mey, a Hollander, visited our shores in 1620. However, Captain Henry Hudson discovered the "Jersey Cape" in 1609 when he sailed up the Delaware Bay claiming the adjacent lands for the Dutch. The English also laid claim to our lands. In 1664 all of New Jersey belonged to Lord John Berkeley and Sir George Carteret.

[3] Opposed to Webster's definition of a meadow being "land in or predominately in grass," where you may imagine livestock quietly grazing, our meadows are wetlands consisting of salt marsh, cord grass, marsh elder and reed grass (known by many people here as "Phragmites"). Located on the eastern Flyway, the wetlands provide the migratory birds, fowl and many other wildlife species with a valuable food source. Also, it has been estimated that on the East Coast approximately 70% of the commercial fish catch is either directly or indirectly dependent upon wetlands.

[4] This figure is derived by using data from tax records on various types of tourist accommodations and estimating average lengths of stay, and the average number of persons per accommodation. In contrast to its visitor population, the U.S. Bureau of the Census, in its 1970 population count showed 59,554 permanent residents. On July 23, 1971, the New Jersey Department of Labor and Industry's Division of Planning and Research released figures of estimated population growth within the State. It was estimated that the County would have 63,438 permanent residents by 1975.

[5] The U.S. Bureau of the Census, in its 1970 population count, showed the City of Wildwood as having 4,110 permanent residents. The population of the three other municipalities, in highest order, were: the City of North Wildwood, 3,914; Borough of Wildwood Crest, 3,483; and the Borough of West Wildwood, 235. The total population of the five-mile island, at that time, was 11,742. Further, within the County, only Ocean City (10,575), Lower Township (10,154), Middle Township (8,725); and Cape May City (4,392) had populations larger than our City of Wildwood. Since 1970 we have undergone an extensive urban renewal program. This, of course, created a population shift among the island municipalities (we estimate a decline in our population to be 13%). It is estimated that we now rank third in population among the island municipalities and eighth among the sixteen County municipalities.

[6] Three hundred sixty-five persons were asked to "Please tell us whether the following were unimportant, important, or very important in your decision to come to Cape May County." The choices, and the answer percentages were:

	Unimportant	Important	Very important	No answer
Beach	9.3	63.3	27.1	0.3
Boardwalk	39.7	53.4	6.3	.5
Restaurants	40.8	53.2	5.5	.4
Bars and clubs	59.5	35.3	4.7	.5
Friends in area	67.4	25.2	6.8	.5
Place to meet people	67.1	29.0	3.3	.5
County parks	91.0	7.7	1.1	.3
Rest and relaxation	5.8	62.7	31.0	.5
Fishing	70.1	25.5	3.8	.5
Boating	82.7	12.6	3.0	1.6

Only 23 percent of the sample had considered other areas as vacation spots.

Of these, about a third gave friends or relatives as reasons for choosing Cape May County.

Serenity was mentioned by 1 in 7, climate and pleasant experience each by 1 in 9.

Other reasons given include value, proximity and novelty.

[7] Wildwood's beach extends one thousand (1,000) feet from the adjacent boardwalk to the mean high tide mark at the City's north end and five hundred (500) feet at the south end. The average width of the beach for its entire length is eight hundred (800) feet to mean high tide shoreline. Due to the gradual slope of the beach (there are no shelfs or dangerous gullies), the average useable beach, for the entire length of the City, increases to one thousand two hundred (1,200) feet at mean low tide. That's nearly three Washington, D.C. city blocks long!

[8] The gradual slope continues a great distance out to sea; there are no dangerous undercurrents, shelfs or gullies. During the summer season the average ocean water temperature is 72 degrees F., and our air temperature is an average 10 degrees F. cooler than the surrounding inland areas.

[9] During the one hundred day season there are an average of 16,621 persons on the beach each day. On holiday weekends (Independence and Labor Days) and at peak season, twenty-six thousand (26,000) persons have been observed on Wildwood's beach, As a tribute to the natural and provided safety of our beach, consider that there has only been one life lost to the sea, during protected hours, and a total of three lives lost, during all hours, since 1920. For an ocean beach, that is a remarkable safety record.

[10] The elevated boardwalk begins at the south Wildwood City line (Cresse Avenue) and continues parallel and adjacent to the Ocean's shoreline into the City of North Wildwood for a total length of two and one-half miles. It is divided into sections known as "wards." The 1st, 2nd and 3rd wards are within the City of Wildwood. Most heavily used, the 1st ward is 60 feet wide. The 2nd and 3rd wards are 40 feet wide.

[11] In a city-conducted survey concerned with the use of the beach and the boardwalk, it was learned that an average of fifty-six thousand (56,000) persons used the boardwalk every day during the 100 day season. Never closed, the promenade is used by hundreds of early morning bicyclists joined later by sunrise strollers and breakfast crowds. As the day progresses, literally thousands cross its boards in search of food, fun and relaxation. The ebb is reached shortly after the dinner hour, holds for approximately three hours, thinning until the last "midnight" stroller has left. It was concluded that the boardwalk is used at least five times as much as the beach.

[12] Thumbnail representative examples to substantiate this claim are: (1) There are two hundred restaurants in the City proper. By October all but three have closed. Over the years others have tried to remain open but a weak market has forced them to close; (2) Of fifty-two alcoholic beverage "bars" in the City, just ten survive during the "off-season." Some remain open as a convenience to local residents just making overhead expenses; (3) During the summer months there are three full service laundries operating day and night in order to service the island's needs. By October only one facility, operating at reduced hours with a reduced staff, survives; (4) There are two City based banks, Union Trust Company of Wildwood and Marine National Bank. During an average business day "in-season" their combined dollars in business transactions is $7,984,500. During an average business day in the "off-season" their combined dollars in business transactions drops to $3,124,500. The only substantial year round industry in our area is commercial fishing. The true focal point of our City's economic life rests on the business generated by our beach and to a greater extent our boardwalk.

[13] Hunt's theaters provide award winning and other good first-run feature films selected to appeal to every visitor's taste, with emphasis on family entertainment. The four theaters' seating capacities are: The Strand—1,450, The Regent—1,350, The Ocean—580, and The Blaker—500.

Project Report

In our acknowledgements we expressed our sincere appreciation to the individuals and organizations whose efforts and interests in our City made the reconstruction of the 1st ward boardwalk possible. There were many. However, a project of this nature is not without its principals. We would like to introduce four of them to you.

Heading our list is the City's Commissioner of Public Works, Wilbur J. Ostrander, who is directly responsible for the boardwalk's structural fitness. For many years Commissioner Ostrander has been one of our champions for the boardwalk cause, constantly working to illustrate to responsible Federal and State officials the economic importance of the promenade. As Public Works Commissioner, he laid the groundwork for the work, and was the initial force that led to this Title X project. His dedicated work exemplifies the importance all of us at City Hall place on the continued existence of our boardwalk.

In a final analysis of any construction project effective field management is the measure used to determine its real success. "The men in the field" shoulder the responsibility of understanding administrative and technical mandates and converting them into orderly responses from the crew. Our management men were: (1) Mr. Harold "Dutch" Brunell, E.D.A.-appointed On-Site Construction Superintendent. As a City employee, and our Superintendent of Boardwalk Maintenance, Mr. Brunell has been concerned with the structural soundness and safety of our promenade for over fifteen years. His responsibility was the crew, and we can proudly state that there were no personnel incidents for the entire course of the work; (2) Mr. Lewis "Lew" Conley, field administrator and representative for E.D.A. appointed Project Coordinator, Mr. Richard W. Gauck. Mr. Conley, an employee of the consulting engineering firm of Van note-harvey associates, handled the monumental field administrative duties and temporarily assumed full field responsibility for the project when Mr. Brunell became ill and was hospitalized. Because of his prodigious efforts the work continued without difficulty; (3) Mr. Ralph Petrella, Civil Engineer and the City's assigned Project Engineer. An engineer with Van note-harvey associates, Mr. Petrella worked closely with the Project Coordinator, Mr. Gauck, and with messrs. Brunell and Conley in a technical advisory capacity. These three men worked as a team with Commissioner Ostrander and other City Officials to assure a smooth progression of the project, on-time submittals of mandated and supplemental reports, and strict compliance with all of the requirements of the Economic Development Administration. The success of the project can, to a great extent, be attributed to their efforts.

Boardwalk projects are not new to us. As you have learned our boardwalk dates back to the turn of the century. Since that early beginning the promenade has steadily grown to meet the economic demands of our City's growth. Through the years fire and storm have damaged its structure, but each time disaster struck, its economic importance was recognized, funds to repair it were found and a new structure built. As an example of this, four years ago it was discovered that the concrete foundation of the 3rd ward was failing. In a vote of confidence our city responded by approving a $300,000 bond issue to rebuild.

A source of pride to us is the boardwalk's 2nd ward. This ward's foundation is as structurally sound today as it was when built forty years ago! The project's sponsor was the Federal Government's W.P.A. program. Our boardwalk was recognized as a worthwhile project for the W.P.A. to help the people of our area help themselves. The resulting nine and one-half city blocks of boardwalk still stands in testimony to our government, who believed in our people and helped them, and to the W.P.A. workforce who gratefully took pride in everything they did.

This *Title* X project causes us to reminisce that W.P.A. era. Its goal to return our Country's people to meaningful constructive work has a similar ring, and like before, our boardwalk has been recognized as a worthwhile project with which to help the people of our area. The workforce concerned with this project took a special pride in their work. This is evidenced by the trouble-free flow of the work, the on-time schedules, the meeting of the completion date, and the finished boardwalk itself.

Our project began September 12, 1975, when the E.D.A. appointed Project Manager, Mr. Robert E. Frizell, conducted a planning conference for city officials and field management personnel. In less than two weeks after that conference, Mr. Brunell, with referral assistance from Mr. Carl Griner (New Jersey Employment Service office) and Mr. John Witts (representative for the Comprehensive Employment Training Act, "C.E.T.A."), had hired his force account crew and had begun the first phase of the work. One hundred and forty-one working days later, on April 5, 1976, the finished boardwalk was dedicated.

During that period the project had to put to work twenty-eight force account personnel and thirty-eight labor contractor crew personnel (Reference Table II). Sixty-six people in all had worked 17,236 man-hours for $152,885.73 in wages. The workers did not let a little thing like bad weather conditions dismay or stop them, either. There were only 7.5 working days lost because of it, and zero days were lost for any other reason. Our good record is easy to understand—the workers were grateful for the chance to earn a wage. It is estimated that 74% of them would have been on the unemployment rolls during the period of our work.[1] Our material contractors benefited, too. As Table III illustrates, eighteen material contractors were able to provide some productive work for an estimated one hundred persons due to our project's supply demands.

We have stated that our force account put to work twenty-eight previously unemployed persons. That figure represents the total number of workers placed on the payroll during the course of the work. The force account never had that number on the payroll at one time. The original crew consisted of twelve workers; as the work progressed, the size of the crew was increased or diminished as the work phase dictated.[2] By the end of the project, six of the original twelve crew members remained. Their "stick-to-it" attitude and on-the-job-training paid dividends. All six qualified for, and were appointed to, full-time positions with the City. Five remained where they had been trained and were assigned to our boardwalk maintenance crew, and the remaining one was placed in our general maintenance department. Equated into a percentage, we can unequivocally state that 21% of all force account workers were permanently removed from the unemployment rolls. Interestingly, the six workers also represent 50% of our original work crew. Considering that throughout the course of the project our workforce averaged twelve workers, it can be stated that one-half of our crew learned a trade and was able to find full-time employment because of our project. We are not aware of the persons or numbers involved, but we have been told that some of the previously unemployed workers hired by our labor force contractors were retained (or will be recalled to work) by their respective employers (Reference Table II). There were eight workers in this category. If we take the license to assure that one-half of them were retained or will be employed in the near future by their respective contractors, then it can be stated that 15% of all workers involved in the project were able to find meaningful employment. Considering that, as a construction project, this project is relatively small, we consider the percentage to be a good record.

We have been optimistically looking at the employment benefits of the project. For just a moment let us look at the other side of the coin. Were it not for the work provided us by the Economic Development Administration's Title X program, we can unequivocally state that 41% of the total workforce used in the course of the work would have been unemployed during the period of the work, and an additional 33% of the total workforce used would have, in some way, been denied the benefits our project provided them.[3]

Actually the total employment worth of the rebuilding of our 1st ward boardwalk cannot be calculated. Unlike the normal situation where use of a facility can be converted into employment requirements, our boardwalk generates employment just by its existence. There are hundreds of motel, hotel, restaurant, night club, theater, amusement and retail sales employees working in our city who never get the chance to walk "the boards." However, without its existence they would not have jobs. Also consider the many merchants involved on our boardwalk, the supporting suppliers and of course all of our City's employees, all of whose employment and livelihood directly depends on the boardwalk's existence. The list is complex, extremely long and points back to our statement that "Candidly, the boardwalk is directly responsible for ninety percent of all Wildwood's business. In essence, it is the wooden backbone of the City's economy.

FOOTNOTES

[1] A frequently used method of equating an unemployment average of an area is to consider a twelve month period. If we were to apply this method to our area, and use Table I figures as our base, our:

A. Twelve months average civilian work force would be 33,267.

B. Twelve months average unemployed would be 4,625 or 14% of the work force. The resulting figures do not accurately dramatize the economic climate of our area due to the extreme differences in "seasonal" and "non-seasonal" employment. To be realistic any figure used to show our unemployment situation must be broken into two segments, "season months" employment/unemployment and "off-season" employment, in order to truly realize our unemployment impact season for season. Using Table I as our base our:

1. "Season months" civilian work force average is 42,235.

2. "Off-season months" civilian work force average is 28,737. This indicates to us that 67% of the summer employed are people outside of our area.

3. "Season months" unemployment average is 3,250 or 8% of the work force. These persons are not without jobs due to a lack of employment opportunities. Other limiting factors such as the lack of any skill play a part.

4. "Off-season months" unemployment average is 5,312 or 18% of the work force. This indicates to us that 61% of the summer employed lose their jobs immediately after the close of the season.

In summary, our area has an unemployment rate of only 8% four months of the year, and an unemployment rate of 18% eight months of the year.

[2] There were fourteen workers lost for other reasons other than work phase crew size:

A. Failure to report to work after working a short time—No explanation, 7.

B. Resignations, 3.

C. Released by Superintendent:

1. Unfit for work over three days, 2.

2. Unable to do the work (physically), 1.

3. Unreliable work habits, 1.

Total lost, 14.

[3] Without this project it is unlikely that any of the workers hired under the force account would have been employed elsewhere. Many of the employed contractor workers would have been laid off if it were not for our work. Consider:

A. McCollum, Inc., 7 workers.

B. Structa Bond, Inc., 5 workers.

C. Toro Construction, 9 workers.

Possibly unemployed, 21 workers.

Overlooking the total number of force account workers hired, and considering only the six that remained with us for the length of the project, and adding them to the twenty-one contractor workers enumerated above, we arrive at a total of twenty-seven workers that would have been employed. That number represents 41% of all workers used on the project (27÷66). If you wish to consider everyone used on the project realized something meaningful (experience or wages) from their work then it can be stated that approximately 74% of the total work force used would not have realized that gain without our work (28 force account workers plus 8 unemployed contractor workers, plus 13 employed contractor workers that would have been laid off equals 49 involved workers ÷ 66 total workers equals 74% of the work force used).

Project Statistics

Project manhours worked:

A. Performed by previously unemployed, 11,200.5.

B. Performed by contractor employed, 6,035.5.

C. Total project manhours, 17,236.0.

Note: 18% of the total project manhours were logged by minority group personnel.

Total dollars earned by the laborforce:

A. Earned by previously unemployed, $45,067.74.

B. Earned by contractor employed, $107-817.99.

C. Total earned, $152,885.73.

Note: 85% of the $180,000 given us by the

Economic Development Administration was used specifically to pay our labor force. A separate accounting procedure was initiated and documentation made to assure that the grant was spent directly to assist the unemployed and the potential unemployed. This percentage exceeds Federal guidelines by 25%.

Number of people directly helped by the project:

A. Previously unemployed, 36.

B. Contractor employed, 13.

Note: The 36 previously unemployed includes the twenty-eight force account workers hired and the eight contractor workers hired. The thirteen contractor employed represents the number of contractor workers known to have been laid-off if it were not for our project work.

Full-time employment achieved by the project:

A. Force account personnel (actual), 6.

B. Contractor personnel (estimated), 4.

C. Total full-time employment achieved, 10.

1976–77 LEGISLATIVE RESOLUTIONS OF THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. THURMOND. Mr. President, recently the director of legislative affairs, C. A. "Mack" McKinney, of the Non Commissioned Officers Association of the United States of America, wrote to me concerning the 15th Annual International Convention of the Non Commissioned Officers Association at San Antonio, Tex. Also, he pledged the support of that organization for S. 3079, my bill, which would prohibit unionization of the Armed Forces.

The Non Commissioned Officers Association is a fine and patriotic organization, which should be commended for their goals, dedication, critical review and efforts on behalf of national security and the United States of America. During the convention in San Antonio, the Non Commissioned Officers Association of the United States of America adopted the organization's 1976–77 legislative resolutions. I ask unanimous consent that at the conclusion of my remarks the letter of C. A. "Mack" McKinney and the 1976–77 legislative resolutions previously mentioned be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA,
Washington, D.C., June 17, 1976.

Hon. STROM THURMOND,
U.S. Senator, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR THURMOND: At their 15th Annual International Convention, San Antonio, Texas, the delegates representing more than 150,000 members of the Non Commissioned Officers Association of the USA (NCOA), voted unanimously to oppose unionization of the U.S. Armed Forces.

Although a separate resolution was adopted opposing unionization (to be forwarded under separate cover at a later date), the delegates approved the legislative resolutions contained in the accompanying paper. The first paragraph on page 7 mandates the Association "to actively oppose unionization of military personnel by offering its full resources in effectively countering any such move by persons or organizations advocating unionism in the armed forces of the United States."

In this respect, the Association offers its active support for enactment of your bill, S. 3079, "to prohibit union organization in the armed forces."

With our very best wishes, and grateful appreciation for your service to the Association, the military community and the Nation, we remain,

Respectfully,

C. A. "MACK" MCKINNEY,
Director of Legislative Affairs.

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE USA (NCOA) 1976–77 LEGISLATIVE RESOLUTIONS

PREAMBLE

It is with full understanding that our beloved Nation must maintain a strong defense posture in today's world, and must depend upon its military personnel to man the ramparts with dedication, devotion and loyalty second to none, that the delegates in assembly at the 15th Annual International Convention of the Non Commissioned Officers Association of the United States of America (NCOA), in San Antonio, Texas, on this 3rd day of June, in the year 1976, adopt the following legislative resolutions for the 1976–1977 year.

L.R. No. 1–76 (national defense)

"The United States is no longer the strongest military force in the world, and while we may talk about substantial parity or substantial equivalency with the Soviet Union, the bare, stark facts remain, in spite of the rhetoric, that in military force alone, the Soviet Union is the strongest nation on the face of the earth, and the United States, in spite of its capacity to be strongest, is second to the Soviet Union in military strength." (The Honorable James A. McClure, U.S. Senator from Idaho)

As the result of extended conflict in Southeast Asia, increased military arms aid to foreign nations allied with the United States, and decreased defense appropriations, our Nation in the past years has become inadequately prepared to defend itself against a highly-mobilized conventional attack of prolonged duration by a probable aggressive force whose conventional strength is greater than that of the U.S. Armed Forces. That aggressive force cannot be identified other than that of the Soviet Union.

Additionally, the United States cannot counter the ever-expanding Soviet pressure upon the countries of Europe, Africa, and Asia. As the Honorable John P. Murtha, Member of Congress, so aptly stated: "Americans must face the fact that whether we like it or not, we are still the only military counterbalance to the Soviet Union and the communist world. The years ahead will test our will to check Soviet aggression and insure peace through equal strength."

Still, many critics of conventional-parity continue to advocate a short-war ideology, basing their belief on the use of nuclear weapons to defend this Nation against enemy attack and to save manpower and conventional weapons' costs. But it is beyond belief that any responsible governmental official, in particular the President of the United States, would rely on a nuclear first strike to counter a strictly-conventional offensive launched against U.S. Armed Forces.

And it is doubtful that the United States would permit a conventional attack on its forces to be of short duration despite the apparent overpowering strength of its most probable aggressor—the Soviet Union. Based on Soviet offensive strategy, an attack by U.S.S.R. forces would be massive in size; highly mechanized and mobile; timed to meet and overcome obstacles encountered with minimum effort, and designed strategically to maintain conventional momentum. Nuclear weapons would be in reserve and used only as a last resort.

Both the United States and the Soviet Union having some parity in nuclear weapons, are acutely aware of the potentially high risks involved in the use of these weapons. This then being an indisputable fact, neither country would employ nuclear weapons as long as conventional means were usable and time available to negotiate for an agreeable settlement.

Because of its nuclear strength in offensive and defensive strategic weapons, the Soviet Union has concentrated on increasing its military manpower strength and building its inventory of conventional weapons. Its industrial capabilities have produced great quantities of highly-mechanized hardware. In the past years they have outproduced the United States and now lead this Nation in numbers of main battle tanks, armored carriers, tube artillery, certain significant naval ships and attack/fighter aircraft. Additionally, a recent Library of Congress report noted that the Soviets possess quantitative superiority in military personnel over the United States—and that this correlation is militarily important to the U.S. defense posture.

So it is in this respect that conventional parity at least must be met by the United States to deter the Soviet Union from even contemplating an attack upon U.S. forces or expanding its influence over a greater portion of the world's population. By equalizing our military strength with that of the U.S.S.R., the United States would be able to protect its world-wide dependence upon strategic and domestic imports and negotiate strategic arms limitations and mutual balanced force reductions with the Soviet Union which could eventually control the frightening aspect of another world war.

The 94th Congress is to be commended for its newest concern for our Nation's defense posture, however, the momentum must continue until the United States is no longer second in military strength to that of the Soviet Union.

Therefore, the Non-Commissioned Officers Association of the United States of America resolves to increase its legislative efforts in the area of national defense, and petitions the incumbent Administration, the Congress, the Department of Defense and the Military Departments to unite in rebuilding U.S. Armed Forces to a position of superiority over the military strength now possessed by the Soviet Union.

L.R. No. 2–76 (military personnel)

Weapons without people to man and operate them might be compared to a body without a heart.

"Manpower is the lifeblood of our national defense; it has been and it will be. The individual soldier has carried the burdens of battle from Bunker Hill to Khe Sanh. He has been a giant, heroic figure in our history. Even so, it has been primarily in troubled times that the individual soldier has evoked honor; in less trying times, often he has been forgotten and sometimes maligned. . . . Today, however, manpower concerns receive greater consideration than ever before, primarily owing to the All Volunteer Force." (Defense Manpower—The Keystone of National Security; Report to the President and the Congress; April 1976.)

It is this consideration for manpower that concerns the Non-Commissioned Officers Association of the USA (NCOA). Composed primarily of active duty, retired, reserve and national guard members, the NCOA has dedicated itself to enhancing the professionalism of the Noncommissioned and Petty Officers Corps of the U.S. Armed Forces. It has called upon that corps to continue to epitomize its inherent right to the title of "Backbone of the Military Services;" to carry itself with pride and honor; to offer itself in dedicated professionalism to provide the best Soldiers, Sailors, Marines, Airmen and Coast Guardsmen for the defense of our beloved Nation; to devote itself to the success of the All Volunteer Force; to man the ramparts with loyalty and to protect this Nation from all enemies whomsoever.

Further, the NCOA has made every attempt to uphold the basic principles of the command structure within our military departments. It has worked to find a better ground of mutual understanding between those who are a part of the military community and civilian governmental officials, elected and appointed, who control the destiny of the U.S. Armed Forces and its military community. However, it has been a most difficult task.

Since 1973, the incumbent Administration, the Department of Defense and the Congress have either developed or furthered unjust attacks upon the military community. Using the banner of "comparable" or "competitive" remunerations for services rendered, and publicly declaring that "military manpower is eating up the defense budget," more than forty (40) separate items in pay, allowances and benefits have been either curtailed, reduced or terminated, and more than twenty (20) are being threatened at this time.

Although the NCOA is quite aware that economic factors must be considered in determining federal expenditures, it strongly objects to the military person being the main target of the fiscal axe. While other governmental and federally-subsidized employees have been recipients of congressional legislative benefits, the majority of the military (mostly enlisted) have suffered erosion in pay, allowances and benefits.

The Defense Manpower Commission, in its final report to the President of the United States and to the Congress, significantly addressed these actions as not rational or justified for the act itself. It stated: "Removal of real or perceived benefits, regardless of the reason, can and frequently does produce Service reactions out of proportion to the savings involved. Such presumed savings then become illusory for two reasons: trained personnel who might have been motivated toward a career leave the Service at the first opportunity; and those who have chosen a military career feel that the Government has broken faith with them. The investment in recruiting, training and experience of all those lost may well exceed any savings originally contemplated. The adverse impact on the morale of those remaining should be obvious and a cause for deep concern.

The adverse impact has already taken hold in the Services. Many military members are advocating memberships in unions in order to retain existing emoluments. This in itself should be sufficient to warn our Nation that enough is enough, but most importantly, that it should honor its commitments made to those men and women who, in turn, must honor "one-way contracts" with the federal government.

"National leadership is critical in this instance . . . In view of the unique obligations of the members of the armed forces, their civilian leadership should not give them reasonable grounds for believing that there should be divided authority over them; or that they perhaps need representation in order to be fairly and equitably treated; or that there has been any erosion of expressed or implied commitments previously made to them. The attitudes of the members of the armed forces in this regard are shaped primarily by their perceptions of the attitude toward them of the President, the Congress and the Secretary of Defense." (Defense Manpower—The Keystone of National Security; Report to the President and the Congress, April 1976.

Nevertheless, the state of military professionalism in the Services is **generally** sound, reports the Defense Manpower Commission, but warns the Services to maintain that state in a healthy condition: "The attitude of the military professional towards service to the Nation is especially important today. The motivation to serve must not be diminished by a feeling that our Government and our people are indifferent towards the serviceman or woman. There is something to military service beyond pay and benefits; one serves regardless of recognition or appreciation. If this were not so, the professional armed forces of Western democracies would not have survived the periods between wars. . . . In short, true professionals will serve and fight when necessary, even if they believe that they are being neglected. They depend on the Government for their present and future welfare, and, in a sense, are at the mercy of that Government. On the other hand, to be true professionals they must earn the respect of their countrymen through example, integrity, loyalty and uncomplaining service."

Therefore, the Non Commissioned Officers Association of the United States of America (NCOA) resolves to further encourage its members and all members of the Noncommissioned and Petty Officers' Corps to carry on the tradition of their predecessors by remaining loyal, devoted and dedicated professionals in the service of our Nation's armed forces; to actively oppose unionization of military personnel by offering its full resources in effectively countering any such move by persons or organizations advocating unionism in the armed forces of the United States; and petitions the incumbent Administration, the Congress, the Department of Defense and the Military Departments to propose, support and enact legislation providing a "Bill of Rights" for military personnel specifying benefits that accrue from military service and eliminating changes that do not contain provisions protecting those already in the Service.

Meanwhile, the Non Commissioned Officers Association of the United States of America (NCOA) will strongly and actively oppose any and all legislation or regulations that would erode existing benefits for military personnel, and, at the same time, continue its efforts to bring about equity in law for enlisted members of the military services, in particular those of the Noncommissioned and Petty Officer grades, and support improvements in the military community that are significant to the well-being of that group either collectively or as members of the regular establishment, the retired component, or the guard and reserve.

In that respect, the following individual legislative programs will be given priority by the Association's International Committee on Legislative Affairs, the Director of Legislative Affairs, and the legislative staff of the Association's National Capital Office in Washington, D.C.:

A. To support—

Severance Pay for Certain Regular Enlisted Military Personnel.

Recomputation of Retired Pay.

Establishment of Individual Retirement Accounts for Regular Enlisted Personnel and for Guard and Reserve Personnel.

Improvements in Medical and/or Dental Care for Dependents of Active Duty Personnel, Retired Members of the Uniformed Services and their Dependents, and for Surviving Dependents of Deceased Military Personnel.

Continuing Subsidies for Military Commissaries.

Necessary and Equitable Changes in the Survivors Benefit Plan.

Equitable Benefits for Military Widows and Dependent Children.

Incentives for recruitment and retention of National Guardsmen and Reserves.

B. To oppose—

The proposed new Retirement Modernization Act.

Changes in Present Methods of Payment of Increases to Basic Pay and Allowances for Quarters and Subsistence, and to Retired Pay.

Changes to the Soldiers and Sailors Relief and "Buck" Acts.

Further Reductions-in-Force or Qualitative Management Removals from Service under Honorable Conditions Without Severance or Readjustment Pay Benefits for Certain Regular Enlisted Personnel.

Reductions in Reserve and Guard Personnel and in Paid Drills for Certain Volunteers.

Changes Other than Normal Price Increases to Individuals for Costs of Housing, Utilities, Trailer Spaces, Messing, Commissary and Exchange Goods and Recreational and Health Services Furnished by the Federal Government.

Changes in Present Method of Tax Treatment of Military Personnel in Certain Cases Involving Moving Expenses, Sick Pay Exclusions, Disability Pay, et al.

L.R. No. 3–76: (veterans affairs)

Since the birth of our Nation, American veterans for the most have been justly proud of their services in the Armed Forces of the United States. In the latter 100 years of our history, many have banded together in organized groups to foster social, benevolent, fraternal and patriotic activities among themselves, their families and their friends. Most significantly, they have joined forces to seek and obtain necessary care and support for their disabled and less-fortunate comrades-in-arms, for their widows and for their children.

Today our Nation stands tall as a model for rewarding its veterans for their services and for their sacrifices. It can proudly boast of having the finest programs of veterans' services of all the nations in the world. No doubt it remembers the words of former President Theodore Roosevelt who noted that the Nation owes no greater debt than that to its veterans.

Yet, as perfect as these services may be programmed and made available to our veterans, there are those that are not equitable to all. There exists certain discriminating provisions or public rhetoric that separates or attempts to separate one veteran from another. There should be no inequities in our laws governing veterans' benefits, nor should any be advocated and considered by veterans' organizations, the Congress of the United States, or the Veterans Administration.

President Theodore Roosevelt did not sort the veterans into classification dependent upon the length of their services, or by the grade in which they served, nor did he proclaim a difference between those who served the Nation in war and those who served in peacetime, or those who volunteered and those who were drafted.

Each veteran originally entered the armed forces accepting an oath that was the same for all. Very few, if any, entered with thoughts of being killed or maimed. Each took the chance of being ordered into combat. Each took the chance that the supreme sacrifice might have to be made, and each took the chance that something could happen to send them home a cripple for life. Some served in combat. Some were maimed and crippled. Yet others never experienced the heat of combat nor suffered the miseries of a hostile environment.

Certainly there can be a division between combat disabled veterans, service-connected disabled veterans, nonservice-connected disabled veterans and nondisabled veterans. But can they further be divided into subdivisions? Can each be separated into peacetime and wartime veterans?

Can there be a difference between two veterans; one totally disabled in the Vietnam conflict, the other in the battle of the Mayaguez? Is there a difference between a wartime veteran disabled by an accidental explosion and a peacetime veteran equally disabled in an identical accident? Can one group of nonservice-connected disabled veterans be set aside from another group simply because they served at different times in the armed forces? And can a nondisabled veteran who served stateside in wartime be treated separately from one who served on foreign shores in peacetime? Or does a widow of a lieutenant suffer more anguish than that of a sergeant?

We believe not, but these separations do exist without justification in some veterans' benefits. A veteran is a veteran, and except for degrees of disablement and circumstances surrounding the occurrence, there should be no separation of veterans.

Therefore, the Non Commissioned Officers Association of the United States of America (NCOA) petitions the incumbent Administration, the Congress of the United States, and the Veterans Administration to rectify these inequities at the earliest, and will itself actively pursue legislation that provides:

A. Equity in Dependents and Indemnity Compensation Rates for all Eligible Spouses regardless of Veteran's Grade in Service.

B. Cost of Living Increases for Veterans' Compensation Rates, Surviving Dependents' and GI Bill Education Benefits.

C. Equal Job Preferences for all Honorably Discharged Veterans.

D. Receipt of Veterans' Compensation for Certain Eligible Veterans Concurrently with Retired Military Pay.

E. A separate Assistant or Deputy Secretary of Labor for Veterans' Employment.

F. An adequate National Cemetery System for the Veterans' Community.

G. Jobs on a Priority Basis for Unemployed Veterans.

Additionally, the Non Commissioned Officers Association of the United States of America (NCOA) will continue to oppose any and all attempts to:

A. Grant Unconditional or General Amnesty or Clemency to Vietnam-era Draft Evaders and/or Military Deserters.

B. Change present regulations governing Interments in Arlington National Cemetery.

C. Terminate the GI Bill Education Benefits for Peacetime Veterans.

It is further resolved that the Non Commissioned Officers Association of the United States of America (NCOA) will go on record as commending the major veterans' organizations for initiating much of the existing veterans' benefit programs; the Congress of the United States for passing the necessary legislation providing the programs; the Presidents of the United States who believed that our Nation's existence rested solely with those who were its Service veterans; and the Veterans Administration which has administered the programs over the past decades.

To each of them, the Non Commissioned Officers Association of the United States of America (NCOA) extends grateful appreciation for their dedicated and determined efforts in behalf of the Nation's 29 million veterans. In addition to a salute to the House and Senate Committees on Veterans' Affairs, to the Veterans Administration, and to their staff members and employees, the Non Commissioned Officers Association of the United States of America (NCOA) pays particular homage to the Honorable Vance Hartke, U.S. Senator, Chairman, Senate Committee on Veterans' Affairs; the Honorable Ray Roberts, Member of Congress, Chairman, House Committee on Veterans' Affairs; and the Honorable Richard L. Roudebush, Administrator, Veterans Administration, for a job well done.

L.R. No. 4–76 (general)

Although the Non Commissioned Officers Association of the United States of America (NCOA) is primarily concerned with legislation directly affecting the military and veterans' communities, its existence and its membership can be and is subject to the laws that regulate the conduct of business and the lives of the average American citizen. Changes and amendments in statutes and provisions of law can and do bring about alterations in the daily existence of every American family and business. Whether they be domestic or foreign issues, the results are reflected upon the economy, the environment, education, health, welfare, the sciences, consumer relations, public services, housing, transportation, finances, safety, utilities, energy, food, commerce, civil liberties, individual rights, social security and employment.

So as to provide for its continuance as a non-profit organization and for the well-being of its members and their families, the Non Commissioned Officers Association of the United States of America (NCOA) resolves to actively support or oppose any legislation, when convenient and necessary, but not in competition with priority commitments determined in earlier legislative resolutions, that is or is not in the best interests of the Association, the membership, and/or the military and veterans' communities.

It is further resolved that the National Capital Office may take immediate action when necessary to initiate legislative pursuits, under the purview of existing By-laws of the Association, to protect the interests of the Association, its members, and/or the military and veterans' communities.

PROVISIONS OF GENOCIDE TREATY DO NOT RISE ABOVE CONSTITUTION

Mr. PROXMIRE. Mr. President, we have waited over a quarter of a century since the Genocide Convention has been in force among signatory nations. Still the United States has failed to ratify the treaty. In that time various concerns have been raised by those in opposition to the provisions of the treaty. While some of the concerns seem legitimate, it has been my hope to dispel these fears and point out the necessity for ratification of this important document.

It has often been suggested that ratification would threaten the supremacy of the Constitution in the United States. Treatymaking power in our country is, of of course, delegated to the President and Senate by article II, section 2, of our Constitution. These powers are limited, however, and may not usurp the authority of the Constitution as is evident in the Supreme Court decision of *Geofroy* v. *Riggs* 133 U.S. 258, 267 (1890).

> It would not be contended that it extends so far as to authorize what the Constitution forbids.

Furthermore, in 1937 the Court once again provided that no treaty would be binding if it conflicted with provisions of the Constitution. This opinion was presented in *Reid* v. *Covert* 354 U.S. 1, 17. Similarly, the statements of the New York State Bar Association Committee on International Law are further testimony of the compatibility of the Genocide Conventions and the Constitution.

> No provision of any of these Conventions conflicts with express limitations in the Constitution of the United States. In fact, the conventions express limitations on the United States and the States which are already contained in our Constitution, and particularly in the Bill of Rights.

Mr. President, the legality of the conventions and the safety of constitutional authority are apparent. We should no longer hesitate to ratify the Genocide Conventions and follow through on the commitment to basic human rights that our Founding Fathers made 200 years ago.

THE ENERGY CHALLENGE

Mr. FANNIN. Mr. President, our distinguished colleague from Idaho, Senator McCLURE, has been an active and effective member of the Senate Interior and Insular Affairs Committee work on energy and fuels policy. His knowledge and understanding of this critical area, recognized in the House of Representatives when he was appointed chairman of the House Republican Conference Task Force on Energy and Resources, continues to serve well the Congress and the people in our search for a national energy policy.

In his address, "The Energy Challenge," presented here in Washington, D.C., on June 28, 1975, before the joint meeting of the Atomic Industrial Forum and the American Nuclear Energy Council, he has made a positive contribution. He has analyzed the need for a rational energy policy, and has shown how this could be accomplished.

Mr. President, I ask unanimous consent that the address by Senator McCLURE be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE ENERGY CHALLENGE

(Address by Senator JAMES A. McCLURE)

Whenever the subject of "energy" arises these days, one of the first questions I hear is: "isn't the energy crisis over?" The second question is usually: "Wasn't it just a phony crisis?"

The answer to both questions is a definite "No". The energy situation facing this nation today is more serious than it was three years ago, and it is unfortunately real. If there is anyone who seriously doubts that, the evidence is abundantly available.

To summarize, we can look at oil imports. In 1970, we imported less than 1½ million barrels a day of crude oil.

Today, we import over 5 million. In 1970, our domestic production exceeded 9½ million barrels per day. Today, our production is nearing the 8 million mark. Total oil imports—crude and refined—average about 7 million barrels a day. And, for one week in March of this year, our total import figure exceeded domestic production. We were over 50% dependent on imported oil for our basic fuel needs.

But, even these disturbing figures do not reveal the total seriousness of our situation. For that, we need to look at the source of these imports. The latest reports on oil imports show that the major source for foreign crude in January, 1976, was Saudi Arabia, which provided 23% of the total. In addition, Libya supplied another 9%.

So, these two Arab countries together provided us with over 30% of the 5 million barrels per day of crude oil imports during that month. And, what about the future?

The latest projections are for oil imports to reach 8 million barrels a day by early 1977. Looking at a comparison between 1975 and 1974, we can see where the increases will come from. For example, our imports from the United Arab Emirates, increased 96% and from Kuwait, 270%. During the same time, imports from Canada, Venezuela, and Iran dropped. There can be little doubt that future increased demand for foreign oil will have to be met by the Arab nations, including several who presently consider themselves to be technically at war with Israel.

In other words, almost three years after the Arab oil embargo resulting from the 1973 Middle East War, the United States is even more dependent on imported oil, particularly Arab oil.

This, then, represents what I consider to be our energy challenge: to find that combination of energy conservation and increased domestic production which will enable us to reduce our foreign oil dependency while, simultaneously, establishing policies designed to increase the reliability of foreign oil supplies during the unavoidable lead times required. The degree of success of this three-sided approach to energy supply and demand will determine the quality of life in the United States during at least the remainder of this century.

Energy conservation has to be a basic cornerstone of energy policy. To be an effective cornerstone, however, requires that one basic reality be considered: energy conservation cannot reduce our overall demand for energy. It can reduce the rate of growth of energy demand, which is essential, but far too much public comment leaves the impression that we can use less energy next year than we used this year through conserving.

This leads many, I believe, to the conclusion that, "If conservation can do that, then why build more power plants or mine more coal?"

I believe that it is essential to get the facts about conservation before the people. We are already demanding quite a lot from conservation—we should not demand the impossible. The potential benefits from conservation are constrained by the pressures of increased employment and demands for a higher standard of living.

There is no question that there are direct tradeoffs between these different national goals. But, I believe that this balancing can be achieved—if—we establish reasonable requirements for energy conservation. Such requirements would most likely result in an energy growth rate between 2.5% and 3.5% per year.

I am confident that we can achieve the 3.5% limit, with minimal economic disruption. The 2.5% figure causes me more concern, but I believe that it is a reasonable target. To attempt a growth rate less than 2.5% would, in my opinion, be asking too much from energy conservation and would be risking unemployment rates of 10% or higher.

In addition, I believe that we should distinguish between "conservation" and "rationing". If the general public buys smaller automobiles and drives less, then that is certainly "conservation". But, if the Federal government establishes limitations on private travel, then that is "rationing". I can support the former wholeheartedly. The latter, though, concerns me and would, in my opinion, produce a negative reaction which would actually hinder our efforts to promote conservation.

The electric vehicle is one example of an energy conservation measure which illustrates this point. EV's are available today and can perform certain roles quite well. I foresee an increased usage of this 60-year-old concept, and I can see a definite Federal role.

For example, the Postal Service is already testing electric vehicles for delivering the mail and, when I look around Washington, I see many government officials being transported from the White House—and other Executive buildings—to Capitol Hill in 4,000 pound automobiles. Possibly, a few electric vehicles would make a good demonstration project for this purpose.

An initial target of 100,000 EV's in major urban areas would not be unreasonable, particularly when we consider that this mode of propulsion allows us to use uranium and coal for transportation, an essential requirement for future generations.

To promote energy conservation will require that the public understands the seriousness of our energy situation. As long as they believe that either the energy crisis is over or that it is a phony crisis, the goal of reduced energy consumption through conservation will remain just theoretical. Energy conservation offers us the opportunity to expand our economy and provide more jobs and services, without resuming the historical energy growth rates of 4 to 5%. But, public understanding and acceptance of the facts concerning energy supply and demand is essential. This same public realization is necessary for the second cornerstone of a national energy policy—increased domestic production.

The need for increased domestic production of fuels and energy sources should be examined in relation to the goals for energy conservation. If we can achieve an annual energy demand growth rate of between 2.5 and 3.5%, then this would translate to increases in actual energy output of between 85% and 135%, over a 25 year period. In dealing with energy, 25 years is not an unusually long-range or futuristic time span, particularly when we recall that it required about this long between the first successful controlled nuclear fission reaction, in Chicago in 1942, and the commercialization of light water reactor power plants. Our experience to date with breeder reactors and fusion reactors also makes 25 years look relatively short.

Over that 25 year period, if we can achieve a growth rate of 2.5%, we will have to increase energy output 85%. At 3.5%, the increase would have to be 135%. Either way there is considerable incentive to go to work, especially when you add the necessity to replace a portion of the present oil imports with domestic sources.

This leads me to the inevitable conclusion that we cannot afford to debate which energy source should be expanded. I believe that we are going to need them all.

In deference to our hosts this evening, I will mention first their favorite domestic source of energy—nuclear.

Nuclear power plants are unquestionably one of our major hopes for meeting future energy needs. I have heard some who say that they are the best population control devices since the bubonic plague, but I believe that the factual evidence supports just the opposite conclusion. Nuclear energy offers mankind—throughout the world—the means of coping with an ever-increasing need for electricity combined with an ever-decreasing supply of fossil fuels.

Until such time that fusion and solar energy can assume a major share of the electrical load, nuclear fission will provide the increased need. In fact, the success of fusion and solar development will be determined by the economic strength and resources dependent on nuclear fission. The basic energy required for their R & D will come from an electrical grid dependent on commercial light water reactors.

This does not mean, of course, that nuclear reactors will provide the total load. But, the capacity required will not exist without nuclear energy. If the public understood the necessity of these reactors, then I believe that they would be more inclined to look beyond the front-page scare stories and baseless charges, and examine the evidence.

Many organizations are now conducting such examinations. One such group, the Atlantic Council of the United States, came to the conclusion that "the utilization of nuclear power is desirable and mandatory in the context of a balanced energy policy leading to increased energy independence by the United States." The Council went on to say that "nuclear power has been demonstrated to be safe, environmentally acceptable, and economic."

The Industrial Union Department of the AFL–CIO recently brought together scientists, scholars, and trade unionists to discuss energy and the nuclear role. At the conclusion of this conference, a statement was issued stating that nuclear energy is "a safe method of energy creation". The statement concluded with one of the more direct and realistic statements that has been made on this issue: "We are convinced that we dare not limit the existing use of nuclear energy nor frustrate its future expansion."

One way that future expansion could definitely be halted would be to fail to build facilities for providing enriched uranium. I hope that new technology for separating U-235—whether it be centrifuge or laser or some other—will move ahead quickly. But, I do not believe that we should rely completely on these new approaches. We should be moving ahead with new gaseous diffusion capacity, both for ourselves and our allies. And, six new gaseous diffusion plants would require six new power plants, each about 2500 megawatts. The most logical fuel for these power plants would be coal, assuming that the long-term costs per ton can be kept reasonable.

Direct combustion remains as the most logical process for coal utilization. Environmental impact, however, remains as the major obstacle to direct combustion. Progress has been made—and continues to be made—in designing and building coal-fired boiler systems which reduce the environmental impact.

Fly ash, for example, can be 99.5% controlled with even more reduction possible during the next five years. Sulphur dioxide control is presently limited to a predicted 90% for new plants, but here again progress is being made. Nitrogen oxides remain a serious question mark, and greater progress will be necessary in order to improve the present 32.5% control capability from new boilers, even though this figure meets the New Source Performance Standards established by EPA.

In addition to direct combustion, meeting our energy challenge will require using coal for producing liquid and gaseous fuels. The recent GAO report on commercialization of coal liquifaction and gasification was, unfortunately, not optimistic, but I believe that it did indicate the degree and seriousness of effort underway.

In addition, to the six high-BTU projects presently being funded by ERDA, there are eight proposals either before the FPC or under consideration.

In reviewing this report, it is interesting to note that during the 1920's there were thousands of commercially-available coal gasifiers operating in the United States, producing medium and low-BTU gas. One such process began operation in 1896, and there are still six of the units operating today.

Another "new" technology receiving active interest is oil shale. Almost everyone, I imagine, is familiar with the story of Mike Callahan, who in 1882 accidentally discovered oil shale in Rio Blanco County, Colorado, when he built his fireplace out of it. His housewarming turned into a real house-warming.

But, the extent of these deposits—ranging from estimates of 72 billion recoverable barrels up to 1.8 trillion barrels known deposits—should merit our serious attention. This source of oil definitely will not be cheap, with an estimated $500 million capital investment required in order to produce 100,000 barrels per day. But, I believe that such an approach would be preferable to the Soviet Union direct method, whereby they crush the oil shale and just throw it into the boiler. It works, but I've heard that you need a new boiler every few years.

In discussing new technology, there are two fields that I am particularly interested in: geothermal and solar. My home State of Idaho has been using geothermal energy for decades, for space heating and hot water, and the possibility of electrical generation is now being explored. The low temperature of our hot water—about 170° F.—is a problem, but I believe that new turbine and generator designs are going to help us overcome this. The industrial and agricultural space heating applications will remain primary for some time, but I look forward to someday seeing 10 megawatt generators dotted here and there in Idaho.

Solar probably more than any other energy source excites the public interest. It is the idea of getting all that energy free. Of course, major advances in storage systems will have to be made, plus better designs for collectors and solar cells. Conversion efficiencies of 15% for direct electricity generation are still too low, particularly when you are starting with about 350 BTU per square foot.

I was impressed, though, with the extensive use of solar hot water heaters in Israel and with the research underway on steam generation. Solar is unquestionably one area where increased R & D can pay worthwhile dividends, both in the short-term and the far future.

I could talk about alternative energy sources for some time, but instead I think that a brief summary is applicable: we should not rule out any potential source, whether it be windmills, ocean thermal gradients, or methane from garbage. Who could have foreseen ten years ago that we would today be drilling gas wells in landfills, and pumping the recoverable methane into natural gas pipelines? It is happening and it is working. Frankly, I am not too sure just how far we should be willing to go in our search for new sources of energy, but I do know that we had better keep at it, regardless of the "respectability" impact.

The final area which I want to touch on, with regard to our second cornerstone of increased domestic production, is conventional oil and natural gas. This is one area which I am afraid that many of us in politics would rather forget about. But, a few simple facts illustrate just how important conventional petroleum production is.

Let's consider an offshore production platform, probably operating in the Gulf of Mexico. If this platform is servicing 24 wells, and producing 12,000 barrels per day, then its energy output is equivalent to the following:

1. About 80% of the output of Hoover Dam, or
2. 6,000 to 10,000 windmills, each about 100 feet in diameter; or
3. 36 square miles of solar panels—about two-thirds of the area of Washington, D.C.; or
4. one 1,000 megawatt nuclear power plant.

Increasing domestic production will have to include increasing oil production. But, the latest reports on domestic drilling point the other way. At the end of December, 1975, there were about 1800 rotary drill rigs operating in the United States. There has been a steady decline since that time, with fewer than 1500 operating by the beginning of May. And, a similarly disturbing trend can be seen in the number of seismic exploration teams operating in this country.

Domestic petroleum production will continue to decline unless government policies recognize the need to act in three specific areas. The first is encouragement of continued stripper well operation. These wells, pumping under 10 barrels a day, are an essential ingredient in our drive to reduce imports. There are over 300,000 of these wells, producing over 1 million barrels per day. If any or all these were to shut-down, their output would have to be replaced barrel-for-barrel with foreign oil.

The second area, presently being overlooked by the Federal government, is enhanced recovery from existing oil fields. Using secondary and tertiary recovery technology, there is possibly as much as 60 billion barrels of crude oil that could be recovered. This is almost double our presently known reserves.

But, unfortunately, this oil lies in what are classified as "old oil" fields, thereby subject to Federal price controls which limit the price that a barrel can be sold for to less than what it costs to produce it. This is definitely not an incentive to produce more domestic oil.

On the positive side, however, advances are being made in technology that will enable a greater portion of this trapped oil to be recovered. It will probably be 1980 before significant new tertiary reserve additions are made, but by 1990 we may well see 1½ million barrels per day additional production. Government policies, however, will have to keep pace with technological advances and increased need for this source of oil.

The third major area of activity should be exploration and development of major new fields. Some of this could be accomplished in Alaska, but a major share will have to be directed offshore, particularly the Pacific Coast and the Gulf of Mexico. The Atlantic Coast shows promise, but does not offer the short-term potential of the other two already—explored regions.

In addition, we will have to be looking more at the expensive, deeper water depths. Exceeding 1,000 foot depths will have to become more and more standard procedure. But, here again, the government will have to keep up. Obsolete, overdrawn leasing programs, with persistent threats of Federal exploration and development programs, will only hinder our drive towards decreased dependence. The investment and resources required for this search will be enormous, but there is no doubt that they will be made and used. The question is "will they be made and used offshore U.S. or offshore OPEC?"

It is sometimes difficult to believe that maintaining an annual energy growth rate of 3% could require so much effort. But, the facts show that it is so, no matter how much we may wish it otherwise.

In examining these first two cornerstones of a rational energy policy—conservation and increased domestic production—we can see that they have one major point in common: lead time. Whether we are talking of improved building insulation, new automobile engines, or gas from coal, we are definitely facing a period of years during which we will have to import excessive quantities of foreign oil. The duration of this period can be debated, but I feel that it is at least ten years. And, that is ten years from the point where we begin.

Some actions will show results faster than others—possibly in 2 or 3 years—while others, such as the breeder reactor, are much longer than ten years. I think it fair to say that we will have a serious imported oil problem for at least five years, and possibly as long as fifteen. But, the actual figure is not as important as the realization that, first, we cannot significantly reduce oil imports during the next few years and, second, increasingly our imports will flow from Arab oil wells. This, then, brings me to the third cornerstone: increasing the reliability of these oil supplies during those years when we cannot avoid them.

Reliability is not just limited to ensuring physical delivery. There is of course, the financial question. A source of oil certainly cannot be considered reliable if you are not sure that you can pay for it.

The past year, though, has shown that the financial situation is not as critical as originally assumed. The high price of oil is still a serious matter, particularly for the developing nations, but the United States is proving that it can be managed. Some brief figures from the U.S./Arab's balance of trade for 1975 will illustrate this more clearly.

For example, during 1975 we imported $126 million worth of goods from Kuwait—primarily oil. During that same year, we sold Kuwait $366 million worth of goods and services: Definitely in our favor.

Iraq is a more dramatic example. We spent $23 million there, and they spent $310 million here. Even in Saudi Arabia, where we paid almost $3 billion for oil, the Saudis in return paid us $1.5 billion back. In looking at U.S.-Arab trade for 1975, we find that they imported $5.5 billion, total, from us, while we in turn imported $6.8 billion from them. And, while our purchases are destined to rise, the potential for matching increases definitely exist. Algeria and Iraq are two countries which could usefully absorb a great deal more U.S. goods and services.

So, it is possible to manage the financial problem.. It won't be painless, but we can't blame anyone but ourselves.

The warnings have been flying for years that imported oil would increase dramatically in price, if we allowed ourselves to become addicted to it. I can still remember our former Ambassador to Saudi *Arabia, Jim* Akins, warning about $5 a barrel oil. I can also remember the polite—and sometimes not so polite—ridicule with which his prediction was greeted. Even as late as August, 1973, I can recall a group of Senators—concerned about stripper well production—asking the Administration to approve a 25¢ increase per barrel for this overlooked domestic source. The answer was, "No—that would be inflationary." Sometimes 1973 seems awfully far away, but at other times, it seems that our government is still there.

Assuming, then, that we can guarantee the necessary trade balance to provide for oil imports, how do we ensure against physical disruption—embargo? This leads us directly into the field of foreign affairs and begins an even more controversial discussion. I will simply say that ensuring the reliability of foreign oil supplies has to be a vital part of our foreign policy considerations. We all know what impact the 1973 embargo had on our economy.

An embargo today or next year would have a far more serious impact. It would so weaken our domestic economy and industrial capacity so as to bring into question our capability to act effectively overseas. Our ability to prevent any aggressive behavior—by the Soviet Union in the Middle East or elsewhere—would be jeopardized. Our allies in the Middle East, particularly Israel, should seriously consider the effect that any future embargo would have on our ability to assist them. It disturbs me that we have allowed ourselves to reach this stage of dependency, but I believe that our best course is to face the reality and work from here.

We can, I believe, decrease the possibility of another embargo. Furthermore, we can do this while keeping our commitments to our allies. A true peace in the Middle East would provide that third vital cornerstone to a rational energy policy. Such a peace is possible, with security for Israel and recognition by her Arab neighbors, combined with a return of Arab lands captured in 1967 and a homeland for the Palestinian Arabs.

This then, is the energy challenge which faces America today: To make energy conservation a reality, to rebuild and strengthen our domestic energy capability, and to ensure a free international flow of oil and trade. This would be a rational energy policy—and we have none now.

FORTY-ONE ACADEMIC LEADERS AND WRITERS SAY: ADOPT THE FULL EMPLOYMENT AND BALANCED GROWTH ACT

Mr. HUMPHREY. Mr. President, a group of 41 prominent economists, social, and political scientists and writers have jointly announced their support of the Full Employment and Balanced Growth Act of 1976, calling it "an important and vital piece of legislation which should be passed by this Congress."

As a spokesman for the group, Prof. Charles Killingsworth, chairman of the National Council on Employment, said the bill, S. 50 and H.R. 50:

> Builds upon and strengthens the Employment Act of 1946 and, more importantly, provides the foundation for sound, full employment planning in the years ahead.

In discussing the legislation, which was introduced by me in the Senate and by Representative Augustus Hawkins in the House, Professor Killingsworth appropriately observed that—

> No single piece of legislation can ever pretend to deal exhaustively with a problem as complex as that of balanced growth and full employment.

But he added:

> It is a promising framework for salutary economic change and, of course, will require additional enabling legislation in the future.

Professor Killingsworth added:

> Recognizing the need for further refinements and the inevitable and necessary changes as it is implemented, we feel that the essential foundation laid down by the proposed Act is a crucial step forward for this country's employment and economic policies. We urge the Congress to pass, and the President to sign, this legislation into law as soon as possible.

Mr. President, Professor Killingsworth has touched on an important and frequently misunderstood point concerning the legislation. This bill does not, by itself, propose the authorization of a specific series of programs or even a single program to reduce our continuing balanced growth for the Nation's economy. Rather, the bill establishes the framework and procedures by which the Administration and the Congress would, on a continuing, comprehensive and first priority basis, assess the condition of the economy and determine what long- and short-range policies and programs should be developed and implemented to reduce adult unemployment to 3 percent of the work force within 4 years following enactment while maintaining adequate anti-inflationary safeguards.

In effect, the bill directs the administration and Congress to establish numerical employment, production, and purchasing power goals and to select and implement those fiscal policies and Federal programs best suited to achieve them. Under the legislation, the Federal Reserve would be expected to tailor monetary policy to conform to these objectives. The long- and short-range policies and programs proposed by the administration and approved by Congress would be utilized on a flexible basis to assure maximum effectiveness in responding to changing conditions.

Mr. President, the primary thrust of the Full Employment and Balanced Growth Act is toward the private sector of the economy. Fiscal and monetary policies and programs would be designed to establish and sustain optimum economic conditions to promote maximum utilization of commercial and industrial capacity to promote employment. Any gap between the level of employment achieved by the private sector and the employment goal of the legislation would, for the most part, be filled with federally funded grants, public works and facilities projects and public service employment programs in State and local governments. In many instances, public works and facilities projects would add to private sector employment through contracts awarded to construction companies and increased work orders to firms supplying materials and services for such projects.

Stress is placed on job training programs for youth and minorities and improving the mobility and employment information of those seeking work.

To the greatest extent possible, Federal assistance programs would be selected and targeted at those regions and communities where the need is greatest in order to achieve maximum benefits while minimizing the inflationary impact of these investments.

This is what Professor Killingsworth meant when he said of the bill that—

> It is a promising framework for salutary economic change, and of course will require additional enabling legislation in the future.

In announcing the list of 41 economists, political and social scientists and writers who support the legislation, Professor Killingsworth indicated that some members of this group have reservations about certain aspects of the Full Employment and Balanced Growth Act, but that they are nevertheless endorsing the overall legislation with the expectation that many, if not all of these differences can be resolved as the bill moves through the legislative process. Concern about provisions requiring public service employment wage levels to be equal to those of prevailing wages for similar work, and the need to strengthen the section dealing with anti-inflation safeguards are two cases in point. I agree that improvement should and can be made in these and other areas of the bill and I know that a consensus on such changes can be reached.

The group of economists, political and social scientists, and writers announced by Professor Killingsworth contain some names that have long been associated with the effort to win approval of the Full Employment and Balanced Growth Act. Others have only recently joined the lists of the legislation's supporters.

I ask unanimous consent that the full list released by Professor Killingsworth be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

Partial List of Endorsers of Hawkins-Humphrey Full Employment and Balanced Growth Act

Dr. Clark Kerr, Former President, University of California; Carnegie Commission on Higher Education; Labor Economist.

Prof. Charles Killingsworth, Chairman, National Council on Employment; Labor Economist, Michigan State University.

Prof. Ray Marshall, Economist, University of Texas at Austin.

Prof. Gerald Somers, Former Chairman, Economics Department, University of Wisconsin at Madison.

Prof. Robert Eisner, Economist, Northwestern University.

Prof. Howard Wachtel, Chairman, Economics Dept., American University.

Dr. Norman D. Aitken, Chairman, Economics Dept., Univ. of Massachusetts.

Dr. Thomas A. Barocci, Economist, Sloan School of Management, MIT.

Dr. Helen Ginsberg, Economist, Sidney Hillman Foundation, New York.

Dr. Solomon Barkin, Economist, Univ. of Mass. at Amherst.

Dr. David Warner. Economist, LBJ School of Public Affairs, Austin, Tex.

Dr. R. L. Oaxaca, Economist, Univ. of Mass. at Amherst.

Robert Nathan, Consulting Economist, Pres., Robert Nathan Assoc.

Dr. Vaclav Holesovsky, Economist, University of Massachusetts.

Dr. Leon Keyserling, Consulting Economist, Washington, D.C.

Dr. Steven D. Soderlind, Economist, University of Massachusetts.

Dr. Curtis Aller, Economist, San Francisco State College.

Dr. Bertram Gross, Political Scientist, Hunter College, New York.

David T. Bazelon, University Professor, State University of New York at Buffalo; author, The Paper Economy.

Dr. Gar Alperovitz, Director, Exploratory Projects for Economic Alternatives.

Dr. Emile Benoit, Emeritus Professor, Columbia University.

Dr. Seymour Melman, Chairman, Dept. of Management and Industrial Engineering, Columbia University.

Prof. Charles Hamilton, Political Scientist, Columbia University.

Prof. L. Eudora Pettigrew, Political Economist, Michigan State University.

Prof. S. M. Miller, Chairman, Sociology Department, Boston University.

Dr. Arthur Pearl, Educator, Univ. of California at Santa Cruz.

Prof. Sam Popkin, Political Scientist, Univ. of Calif. at San Diego.

Prof. Mark Solomon, Historian, Simmons College, Boston, Mass.

Dr. Elliott Liebow, Social Scientist, National Institutes of Mental Health; author, *Tally's Corner*.

Michael Harrington, Author, *The Other America, Socialism, The Twilight of Capitalism;* Chairman, Democratic Socialist Organizing Committee.

Prof. George Wald, Nobel Laureate; Biologist, Harvard University.

Dr. William Spring, Economist; Director, Regional Institute on Employment Policy, Boston University.

The Hon. Wilbur J. Cohen, Former Secretary, Health, Education, and Welfare.

Dr. Harold Sheppard, Director, American Institute for Research, Wash, D.C.

Frank Riessman, Editor, *Social Policy*.

Frederick E. Jaffee, Planned Parenthood, New York.

Eleanor Holmes Norton, Commissioner, New York City Commission on Human Rights.

Peter B. Edelman, Director, New York State Division for Youth.

Prof. Phyllis Wallace, Economist, Sloan School of Management, MIT.

Prof. Glen Cain, Economist, University of Wisconsin.

Prof. Bruno Stein, Economist, New York University.

AN AMERICAN BICENTENNIAL STATEMENT

Mr. CURTIS. Mr. President, yesterday the Republican Senators in conference approved a Bicentennial statement which states our feeling for this country and its heritage on the occasion of the 200th anniversary of its creation. It would be well for all of us during the next few days to pause to consider the heritage, resolve, and determination which inspired the men who wrote the Declaration of 1776 and the Constitution of 1787—much the same men, in fact. We have governed ourselves under the principles there enunciated virtually ever since.

These men were not geniuses or paragons of perfection. They were only human beings, even as you and I all the other Members of this Chamber. There was something bigger than they were which drove them at that most critical period of our history. The result has been an extraordinary experiment in self-government, human rights, and human living, the likes of which the world had never before seen.

It is true there have been efforts at a republican form of government before us, notably those of ancient Greece and Rome. But none of them enjoyed the all-pervading sense of democracy, wherein freedom of individual choice has been the hallmark, which has been our innovation. This is the legacy our country, through its leaders of so long ago, gives to the world.

Mr. President, I ask unanimous consent that the resolution to which I have reference, titled "An American Bicentennial Statement," be printed in full in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

AN AMERICAN BICENTENNIAL STATEMENT

Whereas Alexander Hamilton wrote that it is reserved to the people of this country, by their conduct and example, to decide the important question whether societies of men are really capable of establishing good government from reflection and choice—or whether they are forever destined to depend for their political constitutions on accident and force; and

Whereas John Jay was moved to note that to all general purposes we have uniformly been one people, each individual citizen everywhere enjoying the same national rights, privileges, and protection. As a nation we have made peace and war; as a nation we have vanquished our common enemies; as a nation we have formed alliances, made treaties and entered into various compacts and conventions with foreign states; and

Whereas James Madison saw the necessity of the Union as our bulwark against foreign danger, as the conservator of peace among ourselves, as the guardian of our commerce and other common interest, as the only substitute for those military establishments which have subverted the liberties of the Old World, and as the proper antidote for the diseases of faction which proved fatal to other popular governments; and

Whereas Thomas Jefferson said we call brethren of the same principle by different names. We are all republicans—we are all federalists. If there be any among us who would wish to dissolve this Union or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it; and

Whereas Abraham Lincoln reasoned that, as the patriots of Seventy-Six did to the support of the Declaration of Independence, so to the support of the Constitution and the Laws let every American pledge his life, his property, and his sacred honor; let every man remember that to violate the law is to trample on the blood of his father, and to tear the charter of his own and his children's liberty. . . . We will make converts day by day; we will grow strong by the violence and injustice of our adversaries. And, unless truth be a mockery and justice a hollow lie, we will be in the majority after a while, and then the revolution which we will accomplish will be none the less radical from being the result of pacific measures. The battle of freedom is to be fought out of principle. Now Therefore Be It

Resolved that Hamilton's test of Destiny; Jay's one people; Madison's Union as bulwark, conservator and guardian; Jefferson's tolerance of error where reason is left free to combat it; Lincoln's prophecy of converts to freedom day by day; are truths not of yesterday, but of today, and of tomorrow and for all our tomorrows, till each man, each woman, each child on this troubled earth shall know dignity of freedom, protection from tyranny, and bounty of harvest yet to be seeded.

In Grateful Anticipation of the Bicentennial of the Birth of our Nation For the Republican Senators in Conference Assembled.

Done this twenty-ninth Day of June 1976.

CARL T. CURTIS,
HUGH SCOTT,
JOHN TOWER,
ROBERT P. GRIFFIN,
ROBERT T. STAFFORD.

MEALS ON WHEELS FOR SENIOR CITIZENS—S. 3585

Mr. TUNNEY. Mr. President, today I have joined eight of my colleagues in sponsoring S. 3585, the National Meals on Wheels Act of 1976, authored by Senator MCGOVERN, chairman of the Committee on Nutrition and Human Needs.

From the very outset, I have been strongly supportive of programs which provide hot, nutritious meals to our elderly citizens and have worked closely with the California State Department on Aging to insure that the State program was working well. We have seen the title VII nutrition program under the Older Americans Act grow annually, providing meals in fiscal 1976 to some 300,000 mobile older citizens. By philosophy and structure, the program is geared toward providing an environment in which the lonely and withdrawn senior citizen can meet with friends in a comfortable setting as well as partake of a hot, balanced meal as many as 5 days each week.

This year's Labor/HEW appropriations bill for fiscal year 1977 will permit the States to serve an estimated 460,000 meals, 5 days per week, to about 500,000 older persons. Unquestionably, the title VII program has had overwhelming success. However, it has only begun to meet the demand for congregate meals: However, the title VII program virtually excludes the homebound elderly. These 3 to 4 million Americans, by the nature of their condition, cannot realistically attend the congregate meal sites. Last year, only 13 percent of title VII meals were delivered to homes, a figure roughly equal to 30,000 meals. Senator MCGOVERN informs us that under the current congregate approach, feeding the estimated needy homebound would require an expansion of the title VII program by around 1,700 percent. Attempting to meet the need of the homebound elderly under the present design and funding of title VII without a separate authorization is impractical. Instead, we need a bill such as S. 3585 which would establish a separate funding pool to meet the meals on wheels need of the homebound elderly.

The California State Department on Aging has informed me that—

> The news of possible Title VII based Meals on Wheels funding of $80 million nationally for FY 1977 is wonderful, and you may be sure that California will be watching the legislation anxiously.

The benefit to my home State is tremendous. Assuming that California receives its projected State share of 8.7 percent or $6,964,800, passage of this legislation could mean an additional 10,715 meals per day, 5 days a week. This will begin to meet the tremendous need for home-delivered meals in the State—a need estimated conservatively at 31,900 elderly citizens of limited mobility and isolated living arrangements. Were it to serve all of these individuals, the State alone would need one-fifth of the proposed authorization, a figure reflective of the inattention given this group of citizens.

Evidence clearly indicates that for these persons, a home-delivered meal often makes the difference between additional years in their own homes or institutionalization in costly nursing homes. When a senior can no longer shop or prepare meals, when hunger becomes a daily experience, there is currently no reasonable alternative save a long-term care facility.

This legislation, therefore, could reduce spending in the health care sector. Nursing home costs under medicare—upward of $9 billion in 1975—could be kept down. The cost of a nursing home is generally over $20 per day, while a home delivered meal in my home State costs around $2.50. Senator MCGOVERN has indicated that this legislation could save between $200 to $400 million in nursing home costs alone in its first year.

In this time of ever-increasing health care costs, legislation which will reduce the Federal cost as well as safeguard the continued health of older citizens is crucial. I believe this legislation fills that need, at least in part, and urge my colleagues to share in my support of this vital legislation.

LT. MARTIN J. CAHILL RETIRES

Mr. HOLLINGS. Mr. President, today an able and dedicated public servant is retiring. He is Lt. Martin J. Cahill of the U.S. Capitol Detail of the Metropolitan Police Department. Since July of 1975, Lieutenant Cahill has been serving as supervisor in charge of the Senate Gallery, plainclothes detail.

In his 30-plus years with the Metropolitan Police Department, Marty Cahill has won the respect and affection of all of those with whom he has worked. He won it by hard work—by his determination to do the best possible job—and by his engaging and personable manner.

During his three decades of service, Marty Cahill has received a multitude of official and citizen commendations for his outstanding contributions. As he turns in his badge today, he can take great pride in a job well done.

Mr. President, it is a real pleasure for me to bring this to the attention of the Senate, and to join Marty's family and many friends in saluting him on this his final day with the force. We look forward to seeing him many times in the future, and we wish him all the happiness and contentment that he has earned by his diligence and exemplary service.

FULL EMPLOYMENT AND THE PHILLIPS CURVE

Mr. HUMPHREY. Mr. President, critics of the Full Employment and Balanced Growth Act of 1976 often entertain themselves by asserting to one another that full employment must be purchased at the cost of rampant inflation.

For years their minds have been locked on the rusty conviction that the two are inseparable. Given a proper setting, such as the op-ed pages of newspapers or a congressional hearing, they will chant that reducing unemployment means increasing prices and vice versa.

It is a neat and erroneous bit of economic jargon that allows them to avoid being confused by the facts.

As evidence to support their position, they cite the so-called Phillips curve, first drawn by Prof. A. W. Phillips in a 1958 article expounding his theory on the relationship between unemployment and wage rates in the United Kingdom during the 96-year period ending in 1957.

Mr. President, the Phillips curve theory, at least in terms of anything approaching universal application, has been repeatedly dented if not totally wrecked by the reality of our Nation's economic history in recent years.

Among those who most recently pointed this out are members of the prestigious National Council on Employment Policy in a statement entitled, "How Much Unemployment Do We Need?" With Prof. Charles C. Killingsworth of Michigan State University as its chairman, the council is a private, nonprofit organization of academic manpower experts engaged in the promotion of manpower policy research.

Regarding the conclusions of Professor Phillips and the tradeoff theory, the council declared:

> His findings were not entirely free from ambiguity and, at least by contemporary standards, his methodology was not impeccable. But almost immediately the so-called "Phillips curve" became a major factor in employment policy. Many economists, with varying degrees of success tried to determine whether the Phillips curve relationship was applicable to American experience. Some analysts found little need for data. The relationship was so logical and so consistent with economic theory that, if the data did not plainly show it, there must be something wrong with the data. With the passage of time, the relationship tended to become one between the level of unemployment and rate of inflation (rather than the rate of change of money wage rates), although some analysts still recognize that a change in money wage rates is far from synonymous with a change in the general level of prices. The most common statement of the doctrine is that if you want less unemployment, you must accept more price increase; and if you want less price increase, you must accept more unemployment.
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> The data invoked to provide empirical support for this concept have turned out to be fractious. At least for the United States, the alleged relationship cannot be convincingly demonstrated in any straightforward manner. On the simplest level, for example, the data show that the United States had quite low unemployment rates—at times less than 3 percent—through most of the years 1951, 1952, and 1953; yet coincident with their low unemployment rates, we also had very low rates of price increase. There were wage and price controls during part of this period, but their abrupt removal early in 1953 made no difference. On the other hand, in the last three years, we have had unemployment rates that were extremely high by post-war standards—and we have had very rapid price inflation as well.
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> Various strategies have been followed to overcome such fractiousness of the data. Leads and lags of varying duration have been tried. Additional variables have been thrown into the equations, often with little effort to justify their use except for the fact that more satisfactory results were hereby produced. Some analysts say that the Phillips curve describes a short-run relationship; others say that it describes a long-run relationship. If all else fails, or seems inadequate, there is the useful notion of a shifting Phillips curve—that is, a relationship that changes over time.
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> Despite these difficulties, the Phillips curve has gained increasing influence in policy-making. When men in high office tell us that we must accept high unemployment rates for years into the future in order to bring inflation under control, they are echoing the Phillips curve doctrine. But, as often happens, as the acceptance of the Phillips curve among economic policy makers has spread, skeptics have arisen among the prominent members of the economics profession. For example, Chairman Arthur F. Burns of the Federal Reserve System in a recent speech remarked as follows: "Whatever may have been true in the past, there is no longer a meaningful trade-off between unemployment and inflation." Burns proposed a program of direct attack on what he presented as the real causes of inflation, and he prefaced a program for the reduction of unemployment with the following observations:
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> "I believe that the ultimate objective of labor market policies should be to eliminate all involuntary unemployment. This is not a radical or impractical goal."
>
> Others, like Dr. Burns, have pointed out that to a large degree, recent increases in the price level have obviously been caused by factors that are wholly unrelated to the state of the labor market—the outstanding examples being world-wide crop failures, the unilateral decisions of the Arab oil cartel, and the tightness, in the recent past, in world markets for raw materials.
>
> Forty-five years ago, there was general agreement among the world's leading economists that the only way to reduce unemployment was to reduce wages. One of the great achievements of J. M. Keynes was to demonstrate the fallacy of this doctrine. Cutting wages might induce some employers to hire more workers, he said, but he pointed out that that was certainly not the only way or the most effective way to reduce unemployment. Like the insistence on wage-cutting, the Phillips curve concept surely has a kernel of truth in it. Some approaches to the reduction of unemployment would be quite likely to generate upward pressure on the price level. But there is really no convincing proof of the widely-accepted belief that any reduction in unemployment, no matter how much and no matter what means are employed, will cause more inflation. It is true that few, if any, professional economists would state the doctrine quite so crudely. But many, perhaps a majority, would still accept the generalization that there is some kind of "trade-off" between inflation and unemployment. The belief that there is such a trade-off has become an important barrier standing in the way of a substantial reduction in unemployment. We conclude that this widely-held belief lacks a substantial basis in either experience or analysis.

In addition to Professor Killingsworth, the other members of the National Council on Employment Policy are: Curtis C. Aller, San Francisco State University; Rashi Fein, Harvard University; Ernest Green, Recruitment and Training Center; Frederick Harbison, Princeton University; Myron L. Joseph, Carnegie-Mellon University; Sar A. Levitan, the George Washington University; Garth L. Mangum, the University of Utah; Ray Marshall, University of Texas; S. M. Miller, Boston University; Charles A. Myers, Massachusetts Institute of Technology; R. Thayne Robson, the University of Utah; Philip Rutledge, Howard University; Gerald G. Somers, University of Wisconsin; Lloyd Ulman, University of California at Berkeley; and Phyllis Wallace, Massachusetts Institute of Technology.

Their policy statement makes it clear that the "Phillips curve" constitutes nothing more than dead ammunition when it is used against the full employment and balanced growth of 1976, introduced by me in the Senate and by Representative AUGUSTUS HAWKINS in the House.

By the same token, I would agree with the council's conclusion that—

> Some approaches to the reduction of unemployment would be quite likely to generate upward pressure on the price level.

In this regard, the provisions of the bill emphatically state that while its goal of reducing adult unemployment to 3 percent within 4 years is pursued, adequate safeguards against inflation must be put in place and vigorously utilized.

The legislation directs the administration and Congress, with the cooperation of the Federal Reserve, to develop and implement the long- and short-range fiscal and monetary policies and programs that will achieve the goals of the bill. The primary thrust is toward creating and sustaining the economic conditions allowing commerce and industry to provide increased employment opportunities. Any shortfall between private sector employment and the 3 percent adult unemployment goal of the bill would be filled with temporary federally funded programs consisting of incentives for private employment, and a wide range of public works and facilities projects and public service employment programs for State and local governments. Thus all adults, willing, able, and seeking work could be usefully and productively employed.

To achieve maximum employment opportunities while minimizing inflationary tendencies, Federal programs could be targeted on a selective basis to those areas of the Nation in greatest need.

Mr. President, the advocates of the Phillips curve have put themselves on a circular road that leads to continuously high unemployment and inflation.

They are saying that we must sacrifice employment for millions of workers for the sake of fighting inflation. Well, millions of workers are unemployed and we still have an unacceptable level of inflation. Absent any change in present administration policies we have no alternative but to anticipate another recession in the near future.

In response to this situation, the Full Employment and Balanced Growth Act, S. 50 and H.R. 50, requires the administration and the Congress to conduct an ongoing, first prioritiy, comprehensive and coordinated effort to put our economy in high gear and keep it there while maintaining reasonable price stability.

I know that our capitalist economic system can reach its full potential to benefit everyone in this way.

THE INTERGOVERNMENTAL PERSONNEL ACT IN MAINE—A FOURTH YEAR REPORT

Mr. MUSKIE. Mr. President, for the fourth successive year, the State of Maine has demonstrated how to make the most of a relatively small Federal program. I refer to the Intergovernmental Personnel Act.

Under the formula grant provisions of the IPA, Maine received the minimum Federal contribution of $70,000 between October 1, 1974 and November 15, 1975. State matching funds amounted to $33,190. During this same period the law governing State and local matching requirements to receive IPA formula grant funds changed. Beginning July 1, 1975, State and local governments were required to match Federal funds on a 50–50 basis.

Maine's IPA program supported an impressive roster of activities, including programs in State labor-management relations, affirmative action assistance for State administrators, community development assistance, and public management assistance. The programs were conducted by the office of State employee relations, the Maine Human Rights Commission, the Maine Municipal Association, and the bureau of public administration at the University of Maine at Orono. In the words of Maine Governor James B. Longley, the IPA represents "a substantial contribution to strengthening personnel resources of Maine government."

BENNETT C. WHITLOCK, JR., NEW PRESIDENT OF AMERICAN TRUCKING ASSOCIATIONS, INC.

Mr. HOLLINGS. Mr. President, as a South Carolinian, I am delighted to learn that this month Bennett C. Whitlock, Jr., will take over as president of the American Trucking Association, Inc., the large and highly respected organization which represents this Nation's trucking industry. Bennett is a native of South Carolina whose family roots go deep into my State's history. In fact, his grandfather George Beckman was among those who early on encouraged me to pursue a career in public service.

Bennett has served the trucking industry in one capacity or another for a quarter of a century, and has played no small part in encouraging the dynamic growth of motor carriage. Trucks have become such an integral part of our transportation system—they carry more than half of all freight shipped—that it is impossible to conceive how we could carry on our trade and commerce without a modern and sophisticated trucking industry.

Trucks are especially important to South Carolina whose economy is closely linked to the milling, manufacturing and retailing of clothing, fabrics, and carpeting. Often a truckload of fabric is delivered to a garment manufacturer in the morning and leaves the same evening, in the form of finished suits and dresses—ready for delivery to the Nation's department stores. Trucks haul 79 percent of fabric mill products and 67 percent of knitting mill products.

So I want to take this moment to congratulate Bennett on becoming the highest appointed officer of the ATA, and to wish him well in meeting his new responsibilities. I know he will do a good job, and that not only the industry he serves but the entire Nation will benefit from his leadership.

JEC MEMBERS CHALLENGE ADMINISTRATION'S "GO-SLOW" ECONOMIC STRATEGY

Mr. HUMPHREY. Mr. President, I have been reading accounts of the recently concluded "summit" meeting in Puerto Rico with great interest. They have about them a kind of Alice-in-Wonderland quality, a strange feeling of unreality. The objective facts of our economic situation seem to go largely unnoticed.

In the United States the facts are these:

We have experienced a year of solid recovery from the worst recession in 40 years, but that recovery has not been spectacular. Only about average when compared with past recessions.

The unemployment rate is 7.3 percent—still equal to or above the peak of any previous postwar recession.

Certain areas and certain groups in our country are experiencing staggeringly high unemployment. Puerto Rico, where the summit conference was held, has an unemployment rate of over 20 percent.

The economy's real growth rate is now slowing down. Council of Economic Adviser's Chairman Alan Greenspan says that he now thinks the growth rate may have dropped below 5 percent in the current quarter.

Other countries face a similar situation of unprecedently high unemployment.

In sum, the true challenge before us is to sustain enough growth to achieve further steady reductions in unemployment.

Yet what do I see when I pick up the papers? These are the headlines:

> Ford Urges Lower Goals for Growth; Go-Slow Policies Urged by Leaders; and Inflation Restraint Stressed.

These headlines would make sense if we were in fact experiencing an uncontrolled world boom. We are not. It is an incredible misreading of the facts to suggest that we are.

Given the slowing of the growth rate which is already in prospect, these headlines translate into just one thing: continued high unemployment. The administration is urging a policy of sustained high unemployment year after year. Not only in the United States. They are urging other nations to pursue the same strategy.

If it were clear that years of high unemployment would eliminate inflation such a policy might have some redeeming virtue. However, sustained high unemployment will do little to control inflation. The economy will adjust to the new situation. Productive capacity will be brought into balance with what we can consume in a high unemployment economy. Five years from now we will be hearing assertions that the labor markets grow dangerously tight if unemployment is brought below 7 percent.

Let us hope that policy does not really move in that direction. There are less painful and more effective ways to guard against inflation. Incomes policies, job training, food reserves, investment policies all have a role to play in an effective and imaginative anti-inflation strategy. Were they discussed in Puerto Rico? I hope so, but I have not seen it mentioned.

Last Friday the other Democratic members of the Joint Economic Committee joined me in sending a letter to President Ford. In our letter we pointed out that Congress has an important independent role in making economic policy in this country. No agreement has been reached with the Congress regarding any "go-slow" economic strategy. We believe most Members of Congress and the great majority of the American public would regard the sustained continuation of high unemployment as totally unacceptable.

We share the President's desire to further reduce inflation. We commend him for promoting international discussion of this worldwide problem. However, as I mentioned before, we urged him to study and discuss means of reducing inflation which do not involve continued high unemployment and loss of output. We have in mind such things as incomes policies, policies to overcome frictions and inefficiencies in labor markets, and policies designed to insure steady and adequate supplies of food stuffs and other essential materials and products. Surely such policies offer better hope for the future than does a passive acceptance of continued high unemployment.

Mr. President, I ask unanimous consent that the letter to President Ford signed by the 12 Democratic members of the Joint Economic Committee be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JOINT ECONOMIC COMMITTEE,
Washington, D.C., June 25, 1976.

President GERALD R. FORD,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On the eve of your forthcoming conference with other heads of government in Puerto Rico this weekend, we would like you to have the following thoughts on our present economic situation and our objectives for the future.

Coordination of economic policy among the major industrial countries is of the utmost importance in sustaining a healthy recovery of the world economy, and we commend you for initiating the upcoming consultations. However, we are disturbed by the tone of some statements by Administration officials regarding the problems to be discussed at this meeting. We are also disturbed by some parts of the communique issued on June 22 at the conclusion of the OECD ministerial meeting.

These statements leave the impression that the world economy is on the brink of an excessively rapid expansion which would bring with it serious inflationary consequences and that policy must be directed toward slowing the progress of recovery. The OECD communique suggests 5 percent "or somewhat more" as an appropriate target for the average annual growth of real output in the OECD area from 1976 through 1980, explicitly recognizing that this implies a continuation of high levels of unemployment throughout this period.

We recognize that this target is not necessarily intended to apply to the performance of individual countries within the OECD. Nonetheless, the impression may have arisen that this is regarded by Administration officials as an appropriate growth target for the United States.

Hence, we would like to call your attention to projections by the Congressional Budget Office indicating that a 5 percent growth path in the United States from 1976 through 1980 would imply an unemployment rate of about 6.3 percent in 1980. Certainly there is no political consensus in this country that such a performance would be satisfactory. Indeed, we believe the overwhelming majority of people in this country would agree with us that such a prospect is highly unsatisfactory. We remind you that your own budget, submitted to the Congress last January, assumed for planning purposes an average real GNP growth rate of 6.2 percent through 1980.

In contrast to most other countries, economic policy-making in the United States is the joint responsibility of the Congress and the Executive Branch. To date there has been no agreement between these separate branches of our government as to appropriate growth targets through 1980. It would be most unfortunate if leaders of other countries were to obtain the impression that a consensus exists in this country to the effect that high unemployment through 1980 is a necessary price for controlling inflation. Any such contention is highly controversial, and we trust you will do your best to make this clear to those with whom you will be meeting next week.

We do not question the importance of further reducing inflation. Nor do we question that this urgent problem must be attacked in coordination with other major countries. We do dispute the apparent conviction that prolonged acceptance of high levels of unemployment is the only available method of dealing with inflation. In fact, we question whether it is even likely to be an effective method. We respectfully suggest that one of the most useful topics that could be discussed at your upcoming meeting would be alternative approaches to dealing with inflation—approaches which do not involve loss of jobs and output. We have in mind such things as incomes policies, policies to overcome frictions and inefficiencies in labor markets, and policies designed to insure steady and adequate supplies of food stuffs, raw materials, and finished goods. Surely such policies offer better hope for the future than does a passive acceptance of continued high unemployment.

Again, we commend you for the efforts you are undertaking to achieve meaningful international discussion of these crucial economic issues. You have our hopes and best wishes for a highly successful meeting.

Sincerely,

Hubert H. Humphrey, Chairman; Richard Bolling, Vice Chairman; John Sparkman; Henry S. Reuss; William Proxmire; William S. Moorhead; Abraham Ribicoff; Lee H. Hamilton; Edward M. Kennedy; Gillis W. Long; Lloyd M. Bentsen, Jr.; and Otis G. Pike.

TOXIC SUBSTANCES CONTROL ACT

Mr. TUNNEY. Mr. President, I ask unanimous consent to have printed in the Record an outstanding series of articles done by the Los Angeles Times on occupational health hazards. The articles are the result of an intensive 3-month examination by the Los Angeles Times Washington staff of the Nation's occupational health crisis.

I commend the Los Angeles Times for devoting such a significant amount of space to such an important but little discussed subject.

As the author of the Toxic Substances Control Act which passed the Senate in March of this year, I am pleased to see the attention given to the daily dangers faced by workers on the job. These articles all too clearly illustrate the need for rapid passage of the Toxic Substances Control Act by the House so we can begin to protect workers and the public from a major health hazard—toxic substances.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Los Angeles Times, June 27, 1976]

Occupational Health Hazards—A National Crisis

(By Richard T. Cooper and Paul E. Steiger)

Washington.—In bygone days, coal miners took caged canaries underground with them because the tiny birds were far more sensitive than men to the deadly, invisible "white damp," carbon monoxide gas. By collapsing—and sometimes dying—the canaries warned of a danger that would otherwise have crept up undetected.

Today, in factories and mills, and even in beauty parlors, dentists' offices and auto repair shops, hundreds of thousands of American workers have themselves become canaries—for their fellow-workers and for society as a whole. By falling sick and often dying, they are signaling the fact that a major crisis has struck the nation as stealthily as poison gas in a coal mine.

The source of the danger is a little understood but rapidly growing array of occupational health hazards, many of them toxic chemicals routinely used by industry, that kill an estimated 100,000 workers every year, cause at least 390,000 new cases of job-related disease annually and pose an increasing threat to the entire spectrum of U.S. society and the environment.

As documented in a three-month investigation by a team of Times reporters, the occupational health crisis and its implications for the larger society are only dimly perceived by the public, yet specialists regard them as perhaps the most serious medical challenge facing the United States in the remainder of this century. And the battle to deal with the problem is in jeopardy because of bureaucratic red tape, public apathy, political sniping and claims that reform would be too costly.

At the Occupational Safety and Health Administration and the National Institute of Occupational Safety and Health, the two federal agencies most directly responsible for dealing with the problem, officials are struggling with inadequate budgets, scattered and ill-equipped staffs and lack of expertise. Labor leaders have lobbied for a larger commitment, and there has been significant response among some business executives. But overall the problem is growing faster than are the efforts to contain it.

Occupational health hazards have existed from earliest times, of course. One of the cruel ironies of the present situation is that toxic substances identified more than 100 years ago still inflict widespread disability and death. What has caused the problem to mushroom in the last three decades, however, is the technological explosion of new chemicals, new industrial processes and new products.

This flowering of technology, responsible for much that is good and desirable in modern life, unfortunately has sent a deluge of carcinogens, systemic poisons, lung-destroying dusts, brain-damaging metals and other hazardous substances cascading down upon the nation's workers in unprecedented volume and variety.

Clearly, one reason for the apparent public indifference to job-related health problems is that many of the worst ones, lung cancer and heart disease, for example, normally take 15 to 20 years to develop and often have not been associated with the work place. More immediate problems tend to be perceived as isolated incidents—50 or so workers afflicted by Kepone pesticide poisoning in Hopewell, Va., a dozen or so poisoned by lead at a Visalia auto battery plant.

The problem is pervasive, not scattered, however. And, if workers, like the miners' canaries, are the first to exhibit its symptoms because they are exposed to the hazards first and most intensively, the toxic substances originating in the nation's mills and factories are showing insidious capacity to seep out into the community at large.

Says Joseph K. Wagoner, director of field studies and clinical investigations for the institute, "The tendency to separate health hazards found in the work place from general environmental problems is a deadly division. This is a continuum, not isolated events." And, Wagoner says of the government's effort to cope, "The problem is so vast that we have been reacting in a crisis environment for the past two or three years."

For a glimpse of the problem's scope, consider the following:

As many as 90% of all cancer cases are believed to be environmentally induced, according to an analysis by the National Cancer Institute. Of these, scientists estimate, at least 10% resulted in about 30,000 deaths a year, stemming chiefly from occupational carcinogens. In fully half of all cancer deaths, occupational factors are believed to have contributed to the disease.

Heart disease is the greatest single killer of Americans. It is conservatively estimated that 5% of such deaths, or 37,000 a year, result from occupational causes.

In a general health study of 908 persons performed by the University of Washington, 31% of all the diseases and other "medical conditions" found were judged to be occupational in origin. In an additional 10% of the problems, job-related factors appeared to have played some role.

Significantly, however, only 2% or 3% of all the medical conditions had been reported by employers, a fact suggesting that available data vastly understate the extent of job-related health problems.

Evidence from a number of fields indicates that white-collar, professional and service workers are often in as much danger as employes in steel mills, chemical plants and other forms of heavy industry.

Dentists' chronic exposure to X rays, mercury and anesthetics contributes to their abnormally high rates of leukemia, Hodgkin's disease and suicide. Female operating room personnel, with similar exposures, have unusually large numbers of miscarriages and babies with congenital birth defects. Beauticians are extraordinarily susceptible to cardiac problems, lung cancer and respiratory diseases generally.

Chemicals and other substances and equipment used in the work place are not the only dangers. The unique stresses, life-styles and patterns associated with particular occupations also can be factors. For instance, statistics reveal that office administrators are more likely to suffer coronary heart disease than many other types of white-collar workers, such as scientists and engineers. As with other hazards, the causes and cures for these occupational health problems are imperfectly understood.

—An estimated 500,000 living workers have been significantly exposed to asbestos. Of these, 100,000 are expected to die from lung cancer, 35,000 more from a rare cancer of the lining of the lungs and stomach called mesothelioma, and another 35,000 will die from asbestosis, also an affliction of the lungs.

Recently, evidence has been found in a study for the Environmental Protection Agency that employes in office buildings constructed before the 1973 ban on use of asbestos as a structural fire retardant are being exposed to the mineral. Apparently the asbestos coating on steel girders in such buildings has begun to flake away, and microscopic fibers are being carried to unsuspecting workers through the ventilation systems. It is not yet known how serious this threat may be.

Health hazards are particularly acute in some industries and job classifications. Rubber workers are 1.7 times as likely to die of stomach cancer as members of the general population, 1.6 times as likely to succumb to lymphatic malignancies, according to a joint study by the rubber workers' union and industry. Workers in steel mill coke ovens are 7.5 times as likely to die of kidney cancer as workers assigned elsewhere in the same mills and 10 times as likely to die of lung cancer.

In three Ohio towns where the carcinogen vinyl chloride was manufactured, the Ohio Department of Health has reported abnormally high incidences of birth defects, particularly affecting the central nervous system, among newborn babies, and an unexpectedly high level of tumors of the central nervous system in adult men.

Studies of two Montana towns, Butte and Anaconda, where copper is mined and smelted, found unusually high rates of lung cancer in both men and women.

Experts agree that no accurate measurements of the overall problem exist. The U.S. Public Health Service uses indirect statistical techniques to form its estimates of the annual toll of job-related deaths and diseases. Owing to insufficient knowledge of the biochemistry involved, inadequate monitoring of workers, and the often years-long delay between exposure to a carcinogen and the onset of the disease, these numbers may be just the tip of the iceberg.

The catalogue of hazardous substances, with their sometimes equally dangerous permutations, combinations and interactions, seems endless: benzenes, phenols, cadmium, nickel, gold, lead, asbestos, vinyl chloride, coke oven gases, creosote, textile lint, X-rays, silica, carbon tetrachloride, tar, beryllium, bischloromethyl ether, chloromethyl methyl ether, polychlorinated biphenols, pesticides, paraffin, beta napthylamine. . . .

The government has thus far established links between about 12,000 substances and particularly serious health problems—a huge number but probably just a small fraction of the hazards still undetected among the scores of natural elements and the 500,000 chemical compounds now in use by American industry, which synthesizes about 3,000 new chemicals each year. With virtually no outside control and scant knowledge of what the full consequences may ultimately be, this cornucopia of materials is mixed, modified, boiled, baked, burned, sprayed and vaporized in a rush of technical ingenuity that never stands still.

On an April morning this year, at an hour when the sun was bright but the air retained a sharp edge, half a dozen employes of a small plastics plant near Slatersville, R.I., crowded into an aging Pontiac and drove to the seacoast town of Groton, Conn. A team of occupational health specialists from New York was to examine almost 1,000 workers there, and the Rhode Islanders were to be tested as well.

Somehow, they arrived several hours before the special clinic, set up in the gymnasium of Groton's trim new civic center, was to open. As they waited, the six grumbled about the delay, joked sardonically about the general malevolence of things and discussed their jobs. It seemed clear there had been ample reason to invite them.

Service Color, Inc., where they worked, is a small plant that takes raw plastics compounds, cooks them up with pigments, flame retardants, and fillers, then converts the resulting material to pigmented pellets that are sold to fabricators of colored plastic products. Turning out about 1 million pounds a month, Service Color's 18 employes handled compounds of lead oxide, lead chromate, mercury-cadmium, lead-cadmium, and toxic, organic dyes.

Medical problems had cropped up, and several had been hospitalized. There was apprehension mixed with the bravado and dark humor in the six who had come to Groton. "Everything . . . we handle kills you," one of them laughed. "It says so right on the cartons."

As they were unloaded and mixed, the powdery chemicals would fill the air, silting over everything and sometimes turning their skin bright colors, the men said. A photograph taken about that time by a safety administration inspector showed a worker who had just crawled out of an enormous vat he had cleaned with an air hose. An Occupational Safety and Health Administration inspector pointed out that a face mask issued by the company was so oversized that its bottom hung several inches below the worker's chin, nullifying its effectiveness even if it had not been the wrong type. The man's hair showed white, but his face and arms were a violent orange.

"Ventilation?" one of the workers at Groton said. "One place we got ventilation—four windows. And if you breathe real hard, you can blow the dust out."

During their examinations, the workers were checked for lead poisoning by a machine called a hematofluorometer, which subjects a tiny sample of blood to a powerful quartz light and instantly flashes a lead exposure value on a display screen. Readings up to 50 are considered acceptable, but at 60 and 70 there is concern. The Service Color workers registered such values as 101, 107 and 370, according to technicians.

Depending on extent of exposure, lead poisoning can produce brain damage, respiratory failure, anemia, tremors, paralysis, kidney problems, loss of teeth, depression, feelings of hostility and chronic unhappiness. The dangers and conditions in the plant led workers and their union the United Rubber Workers, to protest. A team of safety administration inspectors swooped down.

Today, according to plant manager John Busco, some new duct work, dust collectors, and other ventilating equipment are being installed at Service Color. Also, workers are being instructed to wash themselves before eating or smoking and to take other precautions of that sort. "Not much is involved," Busco said.

What has the safety administration done? Busco has heard nothing, he says. Some citations are said to be wandering somewhere in the clogged arteries of this administration bureaucracy, but two months after the inspection nothing has been done.

"The joke is," one Service Color employe had said in Groton, "They give you a good pension but you don't live to collect it."

There is a quandary workers often face, and Morton Corn, the industrial hygienist who now heads the occupational safety agency, sees it clearly: where health is concerned, what seems a gross hazard may be harmless, and what looks lovely may be lethal.

He recalls a clean, air-conditioned factory in the South; "people thought it was like working in a hotel," yet a chemical undetectable by human senses poisoned 73 of the 300 employes At the same time, in certain kinds of dehydrating plants, Corn says, "I've walked through dust that I left footprints in, but it won't harm anyone.

"When the worker takes a job he thinks, 'Gee, somebody must have thought about this thing. It must be safe. I'm being asked to work here.' He's seen a lot of dust in his life. How is he to know whether this is the dust that will kill him?"

When people are sick, most turn without question to their family doctors, yet the typical family physician knows little about a worker—as employes of Life Science Products Co. in Hopewell, Va., discovered last year.

After only a few weeks of working in the plant, set up two years ago in a converted gas station, many began to suffer dizzy spells. poor vision, tremors. One man later recalled that when he stopped off for a beer after work, friends had to help him hold the glass. Inevitably, workers went to their doctors.

Could it be something at the plant, some asked? Probably not, the physicians said. More likely it was overwork or nervousness. Or perhaps too many of those beers on the way home. So, worrying about mortgage payments and child support payments and just getting by, they returned to work.

One man who could not stop trembling eventually went to see a young specialist in cardiology and internal medicine, a recent emigre from Tawian named Yi-nan Chou. Chou asked what it was they made in that converted gas station. "Kepone," the man said. Kepone. Chou looked it up in a handbook of poisons.

A chlorinated hydrocarbon related to DDT, combining hexachlorocyclopentadiene and sulfur trioxide, potent in controlling ants; roaches and banana pests. Chou took samples of the man's blood and urine and sent them to the federal Center for Disease Control in Atlanta for analysis. Some days later Virginia health authorities arrived in Hopewell and began unraveling a major industrial scandal.

The result: Life Science Co. was shut down, 13 workers were hospitalized and about 40 others were found to have high levels of the pesticide in their blood. Federal indictments were returned against the company, its owners and Allied Chemical Co., which had been involved in the creation of Life Science, but no way was found to cleanse workers' blood of the Kepone, which has been linked to blood cancer in laboratory animals.

"The guys who have no voices," Sheldon Samuels of the AFL-CIO calls them, and there is a special horror to their anonymous plight. In isolated shops and businesses too small for company doctors and union hygienists, seldom visited even by safety administration inspectors, they are sometimes victims only of ignorance, but sometimes they are also undone by the tricks of their assorted trades.

Commercial fishermen mending their tar-soaked nets sometimes hold the darning needle momentarily in their mouths to free both hands; they contract lip cancer in extraordinary numbers. Auto mechanics often clean off brake drums with a deft blast from an air hose, thereby sending asbestos fibers winging toward their own lungs. House painters and shoe repairmen work with benzene solvents, unaware of the bladder and bone marrow malignancies those chemicals inflict on their trades.

"Who is telling them?" Samuels asks. "Who is doing something for them?"

Even safely behind his desk in his office, there is something gingerly about the way Robert L. Harris sits in a chair, an apprehensive stiffness as if the last egg of a rare and dying bird has been entrusted to his lap.

Harris' unease is understandable. An industrial hygienist at the University of North Carolina in Chapel Hill, he is the director of an unusual occupational health research program sponsored jointly by the United Rubber Workers and the seven giants of the U.S. rubber industry. Established during negotiations on the industry's 1970 master labor contract, Harris' group and a similar unit at Harvard together receive more than $1 million a year in corporate funds to probe the industry's operations and study the health of its workers.

The North Carolina group is a promising model of what could be done in other basic industries. Like similar units in government and other private institutions, it is working to protect workers now and also to overcome the critical shortage of basic research data. The problem is that almost all these units are extremely fragile, lacking permanent foundations.

In Harris' case, the unit is precariously balanced between two sponsors whose interests often conflict.

The researchers cannot function without cooperation from the companies, yet their findings often support the union's contention that more needs to be done to protect workers. The situation is especially touchy now: health hazards have become an issue in the rubber industry's long and bitter strike.

Thus far, Harris and his associates say, there has been no lack of cooperation, no restricting of their plans, no attempts to alter or suppress research findings. Still, an administrator is understandably nervous.

As a long-range goal with enormous potential, the unit is trying to devise a comprehensive, computer-based system for continual recording and analysis of the materials and processes used in each rubber plant, as well as the work and health histories of all employes. Since chemicals, processes, and employe work assignments change constantly, a system such as this would vastly simplify the needle-in-a-haystack task of pinpointing occupational health problems and their specific causes.

The system might even detect incipient problems, raising warning flags long before workers begin to sicken and die.

Such a capability and its fruits are years away. Meanwhile, the team has proved its worth in more immediate ways: it has done pioneering work in identifying job classifications where death and serious disease are high. And in one case, it quietly headed off what might years later have become a well-publicized disaster.

A major rubber company had begun using a manufacturing process previously abandoned by another company because of pulmonary damage to workers involved; the company believed it had eliminated the problem. Tests by the North Carolina group showed "reversible" pulmonary changes in workers after initial exposure to the new process, with the likelihood that the damage would prove permanent with continued exposure. The process was abandoned for the second time.

What is to be done?

Experts argue over details, but there is widespread agreement that progress must involve these elements:

More money for scientific and technical research to pinpoint problems and devise solutions.

Development of government health and safety regulations that place the burden of protecting workers squarely, and equally, on all employers.

Designing an enforcement strategy that increases voluntary compliance and gives the safety agency's limited inspection force a deterrent impact comparable to that of the Internal Revenue Service.

The budding alliance between labor and environmentalists should be nurtured to assure integrated government policies; unions must maintain, or in some cases increase, their insistence that workers' health is not to be traded off for additional pennies an hour, corporations that are trying to improve should be encouraged while those that now profit by avoiding health-related expenditures must be brought to heel.

"If you can't afford to provide a safe, healthy working place, then you shouldn't be in business. You don't have that right," a veteran safety administration health specialist declared recently. "A businessman rents a worker's time, not his safety and health."

It is important to remember, however, that requiring companies to meet unnecessarily stringent health standards will raise costs and prices, possibly eliminating some jobs. Also, forcing employers to buy needlessly elaborate control systems for one hazard will mean less money available to deal with other dangerous substances.

Can government, labor, and management ever have enough solid information to make all the necessary decisions with perfect wisdom? No. Decisions cannot be avoided—ignoring them amounts to a decision to let disease and premature death continue—but they will have to be made with imperfect knowledge, experts agree.

The safety administration, for example, established worker exposure limits for 14 major carcinogens even though it does not know precisely where the dangerous exposure level begins; to get that information would have required the rounding up of 3 million laboratory animals for testing—an impossibly costly and protracted experiment that might have been useless anyway because of the difficulties in assembling "megamouse" population that are genetically comparable enough to yield valid results.

The struggle against occupational disease, those involved agree, will be controversial, messy and long.

It was afternoon now, and the sun had warmed the air. Irving J. Selikoff, founder of the pioneering occupational health research center at New York's Mt. Sinai Hospital, watched outside the entrance to Groton's town hall as scores of shipyard workers filed in to be tested by his mobile team of physicians and technicians for asbestos cancer and other damage.

Seilikoff knew in advance that some of these men, exposed for years to lead and asbestos dust in the holds of submarines they were working on, would exhibit the telltale signs of disease—abnormal blood, diminished lung capacity traced out by a stylus as they huffed and puffed into an automated spirometer, grainy patches like wisps of cloud on the chest X rays developed in a trailer behind the building.

"We can help these people," he said quietly. "If they have asbestosis, we can't change that, but if we know they have it we can do things to allow them to live a normally full life span. If they have lung cancers and we find them early enough, some can be saved. Of course, if they have mesothelioma . . . There is no treatment for mesothelioma now."

A large, cheerful man with white hair, Selikoff turned to watch the men again. "Look at them," he said. "They are the solid citizens of our country. Electricians, carpenters—trained, capable people of the sort who built our country. We have to help them, and others like them."

HOW ONE BIG FIRM FOUGHT HEALTH PERILS

(By Richard T. Cooper and Paul E. Steiger)

MIDLAND, MICH.—For the 35,000 citizens of this flat, faceless, miles-from-anywhere town lost in a sea of scrub trees and plowed fields, life begins and ends with one master, a giant corporation with an alchemist's passion for turning base materials to gold. Earth, air, water, the daily bread on the table, all lie under the corporate hand.

Winter and summer, clouds of steam rise from five square miles of pipes, tanks and kettles in which Dow Chemical Co. produces chlorine, caustic soda, carbolic acid, bug and weed killers, industrial solvents—a witch's brew of toxic substances that makes the radioactive fuel in most nuclear plants seem tame as lemonade.

Almost every paycheck comes directly or indirectly from Dow. Even the lawns have corporate roots: when herbicidal vapors got loose a few years ago and killed much of the grass in Midland, Dow paid for reseeding.

Voiceless and vulnerable as other company towns, Midland enjoys a critical difference: while many companies seemed oblivious to the dangers inherent in their operations, Dow pioneered in occupational health research and reform here and elsewhere long before labor unions, government leaders or the public seemed to care much about such things.

As a result, federal officials and even some competitors agree, Dow today points the way that all corporations must follow if workers and the larger society are to live safely with the golden goose of technology.

In its efforts to protect its workers and its environmental neighbors against both instant health hazards and the carcinogenic time bombs that explode with increasing regularity across the nation, Dow has developed a large assortment of weapons:

Proposed new products and manufacturing processes must undergo progressively more rigorous testing in Dow's sophisticated toxicological labs; workers are offered regular medical examinations; individual exposures to chemicals are monitored and recorded; detailed files are kept to enable researchers to correlate health data and workers' exposure histories, and Dow trains hard-to-get industrial hygienists in its plants.

At the same time, Dow researchers conduct epidemiological and mortality studies of workers to monitor the effectiveness of health programs and to search for unsuspected problems. Manufacturing operations are modified to meet health standards. And Dow, a major supplier of industrial chemicals, has even begun intervening actively in the way customers use its products. What all this has meant, simply enough, is lives saved and crippling illnesses avoided.

In the early 1950s, for example, Dow scientists spotted potential health hazards in a compound called chloromethyl methyl ether, an important ingredient in the dawning age of plastics; they insisted that production facilities be designed to limit workers' exposure to one part per million.

Some other producers, first unaware of and then apparently indifferent to the danger, let exposures to chloromethyl methyl ether and related chemicals soar. Dozens of workers in those plants now are known to have died from exposure-related lung cancer.

Similarly, Dow toxicologists vetoed plans to produce an unusually effective anti-barnacle coating for ships because the arsenic-based compound, highly poisonous, could contaminate harbors. And Dow recently withheld caustic soda from a New England customer until huge shields and other safety equipment had been installed to protect the customer's workers.

To be sure, other companies have made important occupational health efforts. And no one, including Dow, suggests that the company has always done everything necessary or desirable as soon as possible. Workers at Dow plants have died and been injured in fires, accidents and explosions. Recently a group of workers was exposed to the carcinogen vinyl chloride when 2,000 gallons of the substance were accidentally spilled. Further, some of Dow's operating executives are more resistant than others to recommendations for steps that would increase employe protection.

Also, Dow has been among the most outspoken opponents of the proposed Toxic Substances Act, which would require premarket testing of chemicals. The company denounces the bill as costly, wasteful and unnecessary interference with business.

Nonetheless, there is widespread agreement—even among some who still cannot forgive Dow for its role in napalm production during the Vietnam war—that the company has done more than others to promote its workers' occupational health and done it sooner than other major industrial corporations, and thus has avoided many of the problems afflicting U.S. workers generally.

Equally important to the growing debate over the economic feasibility of occupational health reform, Dow's record indicates that large firms, at least, should be able to make substantial improvements without reducing profits or lessening their competitive position, as long as top management insists that concern be built into operations from the ground up.

Consider vinyl chloride, perhaps the best known of recent occupational health nightmares. For many producers, it is a costly and appalling monument to heedlessness. For Dow, it illustrates the economic and social benefits of what the company has tried to do.

Discovered in Germany in the 1930s and developed by U.S. firms in the 1950s, vinyl chloride today is the world's second most common plastic compound, produced in the United States alone at the rate of 5 billion pounds a year. The ubiquitous substance is found in phonograph records, meat-wrapping film, auto interiors, water pipe, floor tile, electrical insulation and hundreds of other products.

Vinyl chloride, a gas until it is converted to a solid through a process known as polymerization, has also been used as an aerosol propellant for cosmetics, paints and pesticides.

In producing this bonanza, thousands of workers were exposed to vinyl chloride gas, often in concentrations of hundreds or thousands of parts per million and often for periods of several years. Some employes were regularly sent down into processing kettles for maintenance work and occasionally inhaled so much vinyl chloride that they experienced euphoric highs or were anesthetized.

Scattered hints and warnings of medical trouble cropped up, including evidence that vinyl chloride caused workers' bones to dissolve inside their fingers, but most producers pushed ahead with little regard for all that might be happening to their employes. Until 1974.

In January of that year, B. F. Goodrich Co. made the jolting announcement that vinyl chloride had been linked to a rare and fatal form of cancer, angiosarcoma of the liver, among exposed workers. Almost overnight a classic battle developed among manufacturers, labor unions, health professionals and the federal government.

Unions demanded total protection for workers. Producers argued that such reforms would be runiously expensive, force plant closings and cost thousands of jobs. Occupational health specialists saw vinyl chloride as the tip of an iceberg. Finally, the Occupational Safety and Health Administration imposed a one part-per-million exposure limit for workers.

That standard, if strictly enforced, will probably protect future workers, but as Dr. Irving J. Selikoff, a prominent environmental health specialist at New York's Mt. Sinai Medical School, said a few months after the Goodrich announcement: "For vinyl chloride, in a large sense, we are already too late."

Thus far, 49 workers around the world are known to have died from angiosarcoma. Given the average 20-year time lag between first exposure and death in this type of cancer, the toll among workers already exposed is expected to keep rising for years to come, no matter what is done now.

As had others, Dow steadily increased its involvement with vinyl chloride in the 1940s and 1950s, becoming a manufacturer of polymers and also a leading supplier of vinyl chloride gas to other processors.

But in keeping with general company policy of minimizing employe exposure to all chemicals, Dow's operations seem to have been tighter than most. More important, Dow's toxicological lab began a series of inhalation studies with rats, rabbits and guinea pigs in the late 1950s.

By today's standards, the tests were relatively unsophisticated, but they were soon to make a critical difference.

Groups of animals were exposed to various concentrations of vinyl chloride gas seven hours a day, five days a week for periods of six months—a rough approximation of a worker's potential exposure. Then the animals were killed, along with unexposed control animals, so that pathologists could make tissue comparisons.

What researchers found was evidence of liver cell changes in the vinyl chloride-exposed tissue that were so subtle they would have gone unnoticed except in direct comparison with cells from unexposed animals.

Dow toxicologist Theodore R. Torkelson, who was in charge of the studies, said there were "reversible fatty changes, evidence of stress, about the lowest level of injury you can have."

What Torkelson and his colleagues did not know then was that they were at the threshold of discovering the angiosarcoma link to vinyl chloride almost 15 years before the B. F. Goodrich announcement.

If Dow scientists had kept some of the exposed animals alive a little longer—now standard practice in such studies—instead of sacrificing them immediately after exposure stopped, Torkelson is convinced the tumors would have been found.

"I've kicked myself many times that I did not take 20 of those rats and let them sit for six months," Torkelson said recently.

Be that as it may, Dow published its results in 1960, including data indicating liver cell damage was detectable at 100 parts per milion exposure levels but not at 50 ppm. The company urged the entire plastics industry to adopt a 50-ppm exposure limit voluntarily.

Other scientists dismissed the cell changes Dow had found as insignificant. Other companies rejected the proposal for cutting exposures, some even criticizing Dow as alarmist. Dow, however, set in motion an internal program that cut exposures below 50 ppm for most of its own workers within a few months, then worked on the handful of difficult and more costly situations over a period of years.

The result: Dow's cleanup cost it less than $3 million, company officials say, spread comfortably over an extended period. And when the Occupational Safety and Health Administration imposed its 1-ppm limit last year Dow met it without the expensive upheaval that its competitors had to endure. Most important, thus far no cases of angiosarcoma have been reported among Dow's vinyl chloride workers.

Just why Dow in particular developed the system that so far has kept it out of the worst of the occupational health minefields is not fully clear. Part of the answer may be that Dow began as a family firm concentrated in Midland so that top executives had a strong sense of personal identification with Dow's activities and were not isolated from lower-level subordinates or production workers.

Regardless of precisely why it developed, one thing seems clear about Dow's system: instead of being spawned in crisis and imposed on reluctant production managers by remote corporate officials, it has been woven gradually into the fabric of the company's operations over many years—and the evolutionary process has contributed *substantially* to the system's present effectiveness.

By including the occupational and environmental health experts in decisions on design, marketing and production at early stages, Dow officials say they minimize friction, avoid errors, reduce the need for costly retrofitting of equipment and raise efficiency—all concrete business benefits that increase the enthusiasm of operating executives for cooperating with the occupational health specialists.

Most company officials trace the beginnings of this system, and of Dow's exceptional concern for workers' health, to a set of puzzling accidents in the early 1930s.

Within a period of a few weeks, two men were found dead at the Midland plant. The first death was initially attributed to heart failure, but, when the second worker died, officials began looking for another explanation.

They found one. The second worker—and, it is now believed, the first man as well—had cleaned his skin in a company locker room with a colorless liquid he mistook for alcohol. The liquid was phenol, a chemical used in making hospital antiseptics, explosives, plastics and some dyes.

"If you spill enough phenol on you to make a patch about like so," said top Dow scientist V. K. Rowe, describing a 12-inch circle on his thigh, "you can wash it right off, and all you'll have is a little skin burn. Or you can leave it on there for 20 minutes and you'll be dead."

Dow officials had known all along that phenol was dangerous, but they had not known how dangerous. Nor had they trained workers to recognize the compound and deal with it effectively if they had contact with it.

The phenol incident struck a worrisome chord in the mind of Willard Dow, then the company's president.

His scientists were conjuring up new compounds every day. How many more might turn out to be sudden killers? Dow, son of the company's founder, did not much like the idea of finding out only after his workers had died or been disabled. He put a young, freshly hired biochemist to work testing for potential hazards.

From that impromptu beginning the company has developed a program that aspires to protect not only Dow workers and Dow customers but also the customers' workers and the customers' customers from the risks inherent in the more than 8,000 separate chemical combinations the company sells or uses. What started with one man at one lab bench now involves hundreds of people and as much as $20 million a year.

With all its attention to toxic substances and the health of its workers, Dow Chemical Co. has scarcely suffered financially. Over the last 20 years its annual sales have increased more than tenfold, to $4.9 billion, while profits have increased by nearly 16 times, to $616 million.

WOMAN'S WORK: BIOLOGY VS. CIVIL RIGHTS

(By Marlene Cimons)

WASHINGTON.—Thirty-seven women in an Idaho lead smelter recently were told they could no longer work in lead operations because of the potential adverse effects of lead on their future offspring. The women, all of childbearing age, were transferred by the company to other, safer jobs—at less pay.

A mother of four, employed in a lead storage battery plant, was told she would have to prove she was no longer fertile to continue working. She had herself sterilized to keep her job.

A woman at a California fiberboard plant, two months pregnant, stopped working after her physician warned her that association with formaldehyde might harm the fetus. She applied for a transfer or for disability benefits. The company resisted. All she received was unemployment pay, $85 a week less than her working salary.

A female research technician in a thyroid laboratory of a health care facility learned she was two months pregnant. Her work exposed her to limits of radiation considered safe by the then-Atomic Energy Commission and the Occupational Safety and Health Administration. But her employer could not guarantee the exposure would not harm her unborn child. The employer told her to take maternity leave—without pay—or quit. She chose to resign, in order to collect unemployment benefits, and on returning was treated as a "new hire."

These stories, taken from the handbook, "Working for Your Life: A Woman's Guide to Job Health Hazards" by Andrea Hricko, health coordinator of the Labor Occupational Health Program at UC Berkeley, illustrate a particular dilemma faced by women as they gain equity in the job market: how can they be protected without suffering economic loss?

This problem, along with the occupational health and safety questions faced by all workers, became the focus of a three-day conference here recently on "Women in the Workplace," sponsored by the Society for Occupational and Environmental Health.

Labor unions, health specialists and others have long argued that no worker, male or female, should be forced to choose between health and safety on one hand, good wages or a job on the other. Such choices amount to economic blackmail, union leaders say, charging that the Occupational Health and Safety Administration should make a safe workplace a matter of legal right—not something to be bartered for with lower pay or other sacrifices by the employe.

Where women are concerned, however, a troubling new aspect of this issue has emerged: some chemicals and other workplace hazards appear to pose dangers unique to women or their unborn children. Federal regulations are designed to dictate what an employer must do to protect workers generally, but so far there is little provision for the special risks faced by women. Thus, business firms may be free to establish their own rules, sometimes forcing women to choose between greater safety and better pay. This, many women's leaders believe, is a form of sex discrimination.

The Occupational Safety and Health Act mandates that employers provide safe and healthful workplaces for employes, while the Equal Employment Opportunity Act and Title VII of the Civil Rights Act prohibit discrimination against women in the workplace. Sometimes, the two legislative areas appear to clash. How can they be reconciled? No one yet has a definitive answer.

"These anti-sex discrimination laws require that women are to be treated the same as men," said Portia Hamlar, an attorney with the Chrysler Corp. in Detroit. "These conflicting requirements exist notwithstanding the primary biological difference between men and women, that difference known as the female's reproductive capacity. But also not to be ignored are the possible hazards presented by industry to the genetic systems of both men and women, How can industry effectively deal with this dilemma, while simultaneously complying with the mandates of both OSHA and the EEOC?"

Andrea Hricko thinks the answer is quite simple, although industry might not readily comply.

"Until occupational health standards are stringent enough to protect the developing fetus, the woman worker—at the very least—should be informed by her employer about the potential effects of hazardous chemicals on the fetus," she said. "And she should be given the opportunity to transfer to another job during the pregnancy without loss of pay, seniority or other benefits. If the worker must temporarily leave work, she should be able to return to her former job after childbirth with seniority and all her other benefits."

Anne Trebilcock, assistant general counsel with the United Auto Workers, agrees. "We have come to a sad state in this country when a woman must choose between her child-bearing capacity and her job," she said.

How does one company respond?

"If there is valid and conclusive scientific evidence that a hazard to pregnant women existed and that the employe barred from a job in the hazardous area was, in fact, pregnant or had child-bearing capacity, the alleged discrimination would appear to be defensible," said Portia Hamlar, the Chrysler Corp. lawyer. "If such was established, two ancillary issues would surface. First, was the employe temporarily transferred to a non-hazardous job location rather than temporarily suspended? Secondly, if a transfer was affected, did it involve loss of pay or seniority?"

As for transfer versus suspension, she said, many court decisions have supported a pregnant employe's right continue to work as long as her physician considers it safe. "Therefore, a transfer to a non-hazardous job seems to be the more proper alternative," she said. "Of course . . . (this) depends upon whether . . . the employer has vacancies in any jobs in non-hazardous areas. It is conceivable that in certain types of businesses, jobs nonhazardous to pregnant women or women of childbearing capacity simply do not exist."

As to seniority and equal pay?

"While retention of seniority is subject to union bargaining, equal pay pursuant to a temporary transfer presents a totally different problem," she said. "Such an adjustment would raise the issue of wage discrimination against permanent employes in the location to which the temporary transfer was made, as well as nullify the employer's pre-established job-wage classifications. Such a result does not appear to be reasonable or legal."

She compared it to employment of the handicapped. "Although the employer is expected to make job modifications in order to employ the handicapped, those modifications do not include pay for a job the employee is unable to perform due to a physical limitation," she said. "For the same reason, a pregnant employe should not receive pay which is higher than that allocated to the assigned job."

Just what are some of these hazards that women face, either by virtue of their child-bearing capacity, or simply by their large concentrations in certain job classifications? Also, do some of these toxic substances pose a threat to male workers as well? In some cases, the answer appears to be yes.

The toxicity of lead has been known for approximately 2,000 years; a Roman senator warned against it in the first century A.D. It is capable of damaging the central nervous system, the kidneys and blood-forming elements, with a high probability of permanence. If exposure is great, it can result in coma, convulsions and death. A common manifestation of lead poisoning in workers is severe abdominal pain, a condition known as "lead colic."

"Persons who are exposed to lead on the job are in double jeopardy since the lead exposure while working most be added to the lead entering their bodies from general environmental exposure, which in certain instances may already be excessive," said Dr. Kenneth Bridbord, a medical officer with the National Institute for Occupational Safety and Health.

"'In this regard, women workers of child-bearing age must be considered to be of triple risk," he said.

EFFECTS OF LEAD

Peter F. Infante, an epidemiologist with NIOSH and Joseph K. Wagoner, NIOH's chief of the bureau of industry-wide studies, in a paper on the effects of lead on reproduction presented to conference participants, wrote:

"Observations among human populations indicate that lead is associated with sterility, spontaneous abortions, stillbirths, birth defects, increased infant mortality, increased prematurity and an increase in chromosomal anomalies."

The two also cited studies linking lead exposure to reproductive problems in men, the most recent being a 1975 report examining 150 male workers exposed to lead in a storage battery facility. The study showed a significant decrease in fertility, including a toxic effect on gonads and changes in sperm production, sperm strength and the likelihood of transmitting potential birth defects.

In addition, they wrote, animal tests have shown respiratory and kidney cancers following exposure to lead. "Cancer mortality experience in Shoshone County, Idaho, where primary lead and zinc smelters are located is also of interest," they wrote. "During the period 1968–72, the respiratory cancer mortality rate for Shoshone County was the highest recorded in the state."

The dangers of mercury can affect an estimated 125,000 employes, the majority of them women, who work as chairside dental assistants. Mercury, a heavy silver metal used to fill teeth, is liquid at room temperature, but quickly vaporizes into the air—where it can easily be inhaled.

Signs of chronic mercury vapor poisoning include inflammation of the gums and mouth, excessive salivation, metallic taste, emotional instability and tremor. It can produce kidney damage and acute respiratory problems.

A study sponsored by the California Department of Health's occupational health section and the department of health science at California State University, Northridge, examined 19 dental offices employing 303 dental workers, 177 of them women. It found mercury contamination in every office.

Operating room personnel who are continually exposed to anesthetic gases face a potentially increased risk of cancer, miscarriages and birth defects. A study undertaken by the American Society of Anesthesiologists and NIOSH examined 50,000 operating room professionals, with 24,000 unexposed medical and nursing professionals serving as controls. The figures were presented by Dr. Thomas H. Corbett, associate professor of anesthesiology at the University of Michigan Medical Center.

HIGHEST RISK CASES

The study found 1.3 to 2 times the incidence of spontaneous abortion in exposed women, compared with unexposed female personnel. Women physician-anesthetists were at the highest risk, followed by nurse anesthetists. The incidence of congenital abnormalities among live-born offspring of exposed female physician-anesthetists was double that of the offspring of unexposed female physicians. Among exposed nurse anesthetists, the risk of fetal abnormalities was 1.6 times that of their unexposed counterparts. There was also a 25 per cent increase in the risk of congenital abnormalities in children of unexposed wives of male anesthesiologists.

The incidence of cancer was 1.3 to 2 times greater among exposed women, and liver disease was found 1.3 to 2.2 times more frequently among exposed women than among unexposed counterparts, the highest incidence being among the anesthesia personnel. A similar increase in liver disease was seen among male physician anesthetists, compared with male pediatricians.

A NIOSH study of beauticians in Utah indicates that members of that profession—again, a large percentage of them female—may suffer increased symptoms of chronic respiratory disease thought to be caused by inhalation of hair spray.

VENTILATION CRUCIAL FACTOR

"Analysis of the data demonstrated that cosmetologists have more early chronic obstructive lung disease than the control group," said Alan Palmer of NIOSH's support services branch, adding that those working in small salons with marginal ventilation were at an even greater risk.

Severe lung disease has also been linked to jobs in the textile industry, many of them jobs held by women. Inhalation of cotton dust and synthetic fibers are thought to be the probable cause.

In the 1920s, women who drew numbers on watch dials with paint containing radium (so the numbers would glow in the dark) often would twist their paint brushes in their mouths to make a fine point, ingesting some of the paint. Radioactive particles, given off into bones and tissue, led to degeneration of bone tissue, severe anemia and increased incidence of cancer later in life.

Those working with radiation include doctors, nurses, x-ray technicians, dentists, laboratory workers, foundry inspectors, atomic workers and even possibly those who now inspect airline baggage.

According to Andrea Hricko's handbook, children whose mothers received radiation while pregnant have shown an increase in leukemia as well as other cancers, birth defects and genetic mutations that can be passed on for generations.

What can be done? Sylvia Krekel, an occupational health and safety specialist with the Oil, Chemical and Atomic Workers Union, pulls no punches.

"We have to recognize that pregnancy is a special condition and may demand special protections," she said. "In such a case, and in any case involving the transfer of a worker, the employer has the obligation to keep the worker whole—not only must the worker's health be protected, but he or she must also be kept economically whole."

Ultimately, however, her solution is far more sweeping: complete protection for everyone.

"It is based on the law as well as on some basic moral principles," she said. "Clearly, the workplace should be made safe for all workers, regardless of sex, age or reproductive capacity. Nowhere in the Occupational Safety and Health Act is there any distinction made between the sexes in terms of working conditions. Health standards should be set at levels low enough to protect everyone in the workplace—including the fetus."

[From the Los Angeles Times, June 28, 1976]

Team Stalks Baffling Quarry: Federal Sleuths Hunt Health Hazards

(By Paul E. Steiger and Richard T. Cooper)

Washington.—Joseph Wagoner never wears a deer-stalker cap and he lives in Cincinnati, not on Baker Street. Ronald Young seldom whips out a magnifying glass at crucial moments. And neither, regrettably, finds much occasion to murmur, "Elementary, my dear Watson."

Yet Wagoner and Young are medical and scientific descendants of Sherlock Holmes, federal sleuths who hunt for quarry as baffling and deadly as any sought by the fictional English detective. Investigators for the National Institute of Occupational Safety and Health, they are part of a key element in the nation's embryonic fight against death and disease in the work place.

Wagoner, a Harvard-trained epidemiologist with more than 10 years' experience in cancer research, heads NIOSH's industrywide studies branch; Young is a member of his staff. An assortment of physicians, industrial hygienists, biochemists, chemical engineers and other professionals, the unit is responsible for investigating occupational health emergencies and ferreting out the particular chemical or other substance responsible.

Often, NIOSH investigators, whose findings are used by the Occupational Safety and Health Administration as a basis for establishing and enforcing limits on workers' exposure to dangerous substances, begin their quests with little more than a handful of death certificates and a list of suspects as long as their arms.

In the world of Holmes and Watson, mysteries dissolved before the brilliant gaze of the detective and, by the last page of the good doctor's narrative, everything was tidily wrapped up. Occasionally, things work that way in the world of occupational health. When it was discovered two years ago, for example, that certain plastics workers were dying of a rare liver cancer, scientists had a limited list of suspects and it did not take long to establish vinyl chloride as the killer.

More often, the search takes months or years: mountains of data are gathered and examined, leads blossom and wilt, mysteries remain unsolved, even though thousands of workers may remain in jeopardy.

The nature of the investigations, and the maddening difficulty of the puzzles, is illustrated by a pending case that Dr. Watson might have called "The Frustrating Affair of the Poison Tires."

It began with a series of telephone calls. Maurice Johnson, director of environmental health for the B. F. Goodrich Co., notified NIOSH on March 23 that four workers in the company's synthetic rubber plant at Port Neches, Tex., had died of leukemia. Washington immediately passed the news to Wagoner.

Wagoner did not have to be told what was already obvious to Johnson: the number of deaths, seemingly small, was too large to have occurred by chance, given the relatively small size of the plant population and what is known about the statistical frequency of the disease.

Within hours, Wagoner had tracked down the plant manager at a Beaumont airport and told him to get ready for a visit by a strike force of federal investigators.

As Wagoner's team began to sift the mass of undigested data that exists on occupational cancer, concern grew. The Goodrich plant was one of several synthetic rubber facilities built in that east Texas area by the federal government during World War II and later sold to private industry. A check with a second plant in this group, now operated by Uniroyal, also disclosed a suspiciously high incidence of leukemia.

Consulting the National Cancer Institute's map of leukemia incidence among white males in the United States, investigators noted that the Port Neches area was depicted in livid red, the color designating peak death rates.

Then the NIOSH team found a newly published study by scientists at the University of North Carolina showing that in one synthetic rubber plant they had examined, workers were three to six times as likely to die of leukemia and related cancers as other classifications of workers elsewhere in the rubber industry.

With that ominous background material in hand, the NIOSH team descended on the Port Neches plant.

The team sought a history of the plant's operations, with a list of every chemical ever used in its production processes. Photographs of the operation were taken and all personnel records were microfilmed so that NIOSH could assemble a list of all past and present workers.

A long, ardous task then began: searching death certificate files, motor vehicle license records and other public files in Texas and Louisiana to find out who was living where and who had died of what. By comparing these data on workers with information on the company's operational history, the team hoped to expose a pattern showing an association between leukemia cases and specific job assignments.

The search for the offending chemical might then be narrowed to substances to which workers in the particular job category had been exposed.

Given the way chemicals are sometimes benign under one set of circumstances but toxic under different circumstances, or in combination with different substances, the task was enormous. But early in the chase NIOSH seemed to get a break.

From the beginning the team had wondered about benzene, a petroleum-based solvent closely associated with leukemia. It was nowhere to be seen on the list of chemicals that plant managers said had been used, but as they probed deeper the investigators made a discovery: the plant's supply of styrene, a major ingredient in synthetic rubber, contained impurities of as much as 1,000 parts per million of benzene and 7,000 parts per million of ethyl benzene.

The elation of the government sleuths was short-lived. Tests of the air at the Port Neches plant indicated that almost none of the styrene, or the benzene compounds it contained in microscopic amounts, was escaping into the air. If it was not in the air for workers to breathe, benzene was not a likely suspect.

Young, a member of the team, sighed with frustration. "There does not seem to be any rhyme or reason to these leukemia deaths," he said.

The search was resumed, and it continues. Records are examined more closely, chemicals are studied, scientific literature is searched for new evidence that a non-unsuspected chemical—or a chemical hidden as a contaminant inside one of the listed compounds—could be the culprit.

Perhaps tomorrow, perhaps next month the mystery will be solved.

Wins Acceptance Grudgingly: Health Agency Fights an Uphill Battle

(By Paul S. Steiger and Richard T. Cooper)

Washington.—At Rotary Club luncheons and country club bars, in trade group speeches and letters to Congress, businessmen like to describe the latest adventure with those time-wasting, rulebook-waving, profit-killing bureaucrats from the Occupational Safety and Health Administration.

There's the case, for example, of the West Texas sheet metal shop forced to post OSHA notices in both Spanish and English even though its lone Mexican-American worker could read only English. And the Denver tire maker who obediently added waist-high guard rails to a rolling press, then found they caused his workers severe back pains.

In the five years since Congress created it to guard the safety and health of American workers, OSHA has been denounced not just by businessmen but by conservative economists and such political figures as President Ford, former California Gov. Ronald Reagan and Sen. Edmund S. Muskie (D-Me.).

As James D. McKevitt of the National Federation of Independent Business puts it, corporate executives tend to "come out of their offices like biting sows" whenever OSHA is mentioned.

But is this picture fair? Is the agency in fact an intolerable and unnecessary intrusion into private enterprise?

A three-month Times investigation has found that, far from subjecting U.S. business to a blitzkrieg of interference. OSHA has moved slowly, falteringly, often inadequately to meet the growing threat posed by modern industrial technology to workers and the larger society. What is significant about OSHA is not what it has done wrong but what it has not done at all.

Underfunded, ill-staffed, poorly led for most of its history, a neglected stepchild with more enemies than friends, it has made only the barest beginning on its task, As even some of the agency's fiercest critics now agree, the pressing question is not how to curb OSHA but how to make it effective.

Today, occupational accidents take the lives of at least 13,000 workers a year, inflict injuries that, measured merely in economic terms, cost more than 25 million workdays lost annually, and sow the seeds of such long-term health problems as heart disease, brain damage and cancer. And research increasingly suggests that the health hazards, at least, do not stop at the plant gate but seep out to touch families, neighborhoods, the towns and country around.

Moreover, the carnage has been taking an ominous turn for the worse. The occupational injury rate climbed from 12 time-loss injuries per million man-hours worked in 1960 to 15.2 such injuries in 1970, a rise of 27%. Since 1971, when the government installed a new statistical reporting system, injury rates have not improved and may even have gotten worse.

Comparable data do not exist for occupational health problems, but most analysts believe these rates also have been rising as a result of the proliferation of new industrial and agricultural chemicals.

Against dangers of this magnitude, the shield erected by OSHA thus far offers all the protection of a thatched roof against a hydrogen bomb.

The agency's total budget, at $116 million, is smaller than the $135 million proposed for the President's swine flu vaccination program alone. OSHA's inspection force is a relatively small 1,265 compared with its responsibility to monitor most of the nation's 5 million employers.

Where inspections have occurred, penalties often have been nonexistent or so small they have little deterrent effect.

Badgered from all sides and unsure of its support inside the government, OSHA also has often lacked the strength to overcome business resistance to the expensive abatement programs needed where some major hazards exist.

Significantly, officials of the U.S. Chamber of Commerce, the National Assn. of Manufacturers, and even the National Federation of Independent Business, which represents the small businessmen who remain OSHA's most implacable foes, now acknowledge that much of the past criticism of the agency is no longer relevant. Also, there is general agreement among these groups that OSHA should be improved, not eliminated.

"Many corporations have faced up to their occupational health and safety obligations for the first time" as a result of the act (creating OSHA), G. John Tysse of NAM said.

Surveys show 80% of all businesses have changed their operations in some way as a result of OSHA—at an aggregate cost of $4 billion to $9 billion per year in a $1.5-trillion-a-year economy.

Most telling of all, perhaps, has been the evolution of views at the White House. Early this year, as part of a general attack on the concept of government regulation as an answer to social problems President Ford publicly sympathized with those he said "would like to throw OSHA into the ocean." A special task force was created to seek ways of abolishing or replacing the agency. Recently, after an exhaustive search, the task force gave up.

"We have discarded the idea that OSHA is expendable," said Paul MacAvoy, a top Ford economic adviser who headed the task force.

It is cumbersome and inefficient for government to draft and enforce detailed health and safety procedures across the whole spectrum of U.S. business, he said in a recent interview, but there is no visible alternative.

It is not feasible to rely entirely on the voluntary good intentions of business or the variable attitudes of state and local governments, MacAvoy has concluded "There are activities in society that have to be regulated," he said, convinced OSHA can be streamlined but not eliminated.

Some of that streamlining has already begun. After a dismal childhood, OSHA seems finally to have an administrator who knows what needs to be done and, within the budgetary and other limits imposed on him, has set about doing it.

Morton Corn, a 42-year-old industrial hygiene specialist from the University of Pittsburgh, has begun weeding out unnecessary rules, giving OSHA inspectors some badly needed training, focusing manpower on the most serious problems and increasing emphasis on long-neglected health hazards. He also is beefing up OSHA's ability to handle emergencies and has pledged to accelerate the once-paralyzed system for setting industrial health and safety standards.

The Occupational Safety and Health Act of 1970 is one of the most sweeping pieces of social legislation in U.S. history.

Each employer is charged with a general duty to provide "employment and a place of employment which are free from recognized hazards that are causing or are likely to cause serious physical harm to his employees." Also, employers must obey a variety of specific regulations on chemical exposures, safety equipment and operating procedures that affect workers' well-being.

A part of the Labor Department, OSHA operates much like other government regulatory agencies.

Rules and standards are adopted after public hearings have been held and scientific advice received from the National Institute of Occupational Safety and Health. Enforcement is handled by compliance officers who inspect work places unannounced, sometimes on their own initiative and sometimes in response to workers' complaints.

Violations of OSHA rules may result in fines or citations, subject to appeal to an independent national Safety and Health Review Commission, or to the courts.

In 23 states and territories, including California, the 1970 act is implemented by state agencies operating under federal supervision. Such state plans must be at least as rigorous as the federal program and Washington shares the costs 50–50. While California's plan is considered strong, the number of state plans is dwindling, since they add to a state's financial burden. Organized labor has been campaigning for an all-federal OSHA.

Five years ago, as he signed the Occupational Safety and Health Act into law, President Richard M. Nixon praised it as "one of the most important pieces of legislation ... ever passed by the Congress."

The bill, Nixon said, represented "the American system at its best: Democrats, Republicans, the House, the Senate, the White House, business, labor, all cooperating in a common goal—the saving of lives, the avoiding of injuries, making the places of work for 55 million Americans safer and more pleasant."

Unfortunately, the words were not matched by deeds. A meager ration of money and manpower were assigned to accomplish the new act's sweeping objectives.

Nixon named as OSHA administrator, George C. Guenther, a former hosiery executive who had served in the Pennsylvania government for two years before joining Nixon's Labor Department as a political appointee in 1969.

Head of a bureaucratic backwater then known as the Bureau of Labor Standards, Guenther had been responsible for administering several old, largely toothless federal safety laws. Now a potent new law was being put into his hands, but he showed little inclination to use it vigorously. In fact, there is evidence he was willing to hold back on OSHA enforcement to help Nixon win friends and political contributions in the business community.

In a confidential memo on June 14, 1972, Guenther promised to supply Nixon's campaign committee with details of OSHA's hiring plans so political operatives could suggest candidates for available slots. In addition, declaring "the great potential of OSHA as a sales point for fundraising and general support by employers" had not been fully realized. Guenther asked for suggestions "on how to promote the advantages of four more years of properly managed OSHA for use in the campaign."

Guenther's memo, which surfaced during Watergate, convinced organized labor and others that the Nixon administration despite the President's original words, actually wanted to sabotage OSHA. The result was a combative suspicion that still lingers.

Beyond Guenther's political dabbling, insiders and outsiders agree that overall management of the agency was less than ideal in the early years. Letters from businessmen, union officials, even congressmen went unanswered for weeks, sometimes months—hardly a way to win friends or promote understanding.

In the crucial office responsible for drafting the rules that business must follow, almost half the 80 staffers were supervisors of one sort or another, according to James Waldo, a recently departed OSHA official.

With so many chiefs and so few followers, work that should have been done was not done, Waldo contended. "There was no system for how a standard was supposed to move through the office. It passed all belief," he said recently.

Aside from presenting this frustration, an alert standards office might have saved OSHA from its greatest single blunder thus far, the wholesale adoption of so-called consensus standards.

The consensus standards were a collection of voluntary health and safety guidelines formulated over the years by business groups.

During the congressional debate on OSHA, industry lobbyists cited these standards as models of what the private sector was already doing, and as evidence that no tough federal law was needed.

Congress passed the law and, hoping to please both labor and business by getting the agency off to a fast start without controversy, it authorized OSHA to adopt any of the consensus standards without the normal hearing and review procedure. Assuming, as Congress had, that business would not object to rules its own lobbyists had been praising, OSHA dutifully incorporated the consensus standards into its rulebook.

Standards easy to ignore when voluntary now had the force of law, and to make an embarrassing problem worse, OSHA officials found they could not expunge these nuisance rules without spending a year or more on hearings and related procedures. Meanwhile, the unnecessary, or ill-explained, standards remained in force, seldom cited by inspectors but still useful as propaganda for people interested in discrediting the entire OSHA system.

The performance of OSHA Administrator Corn in the last seven months has stirred enthusiasm inside the agency, as well as among business and labor leaders.

"He's like a breath of fresh air," an OSHA official in Pennsylvania volunteered recently. Labor leaders are similarly encouraged, and the National Federation of Independent Business, McKevitt said, "They're opening doors, inviting us in now. These guys have got their heads screwed on right."

Corn's efforts, thus far so cramped for money and manpower that they are significant chiefly as symbols, have been concentrated in two areas: increasing the agency's professional capability and dispelling the resentment and suspicion that has hampered OSHA from the beginning.

In the first area, Corn has doubled the manpower of OSHA's laboratory and plans to double it again, to 100 scientists and technicians by the end of 1977. An engineering group also is being planned as further backup for inspectors in the field.

Corn is trying to redress the balance between health and safety specialists in the compliance force, hiring hygienists where possible and launching a program to train 250 more from scratch. The goal: 1,000 health specialists making inspections by late 1977 to match the 1,000 safety experts now in the field.

At the same time, efforts are being made to give the safety inspectors at least a smattering of knowledge about health hazards so they can, in effect, increase the agency's peripheral vision.

A course in "comportment" will seek to teach all OSHA inspectors how to conduct themselves professionally under stressful circumstances, such as encounters with suspicious or hostile plant managers. Interestingly enough, however, a survey in his areas by Rep. Edward W. Pattison (D-N.Y.), a sometime OSHA critic, found that as a group, employers who had been inspected have a more favorable opinion of the agency than do employers who have not, and that in more than 95% of the cases, inspectors conducted themselves in accordance with proper OSHA procedures.

To reassure organized labor, which has criticized OSHA as severely for its inadequacies as business has for its aggravations. Corn has promised to act before the November election on certain long-pending and controversial health and safety standards. He also has revived the agency's National Advisory Council, where labor has a strong voice, and has acknowledged labor's charge that OSHA has focused on trivia while neglecting serious hazards.

At the same time, Corn has expressed sympathy with the business community's fears about possibly exorbitant costs of rapid compliance with some strict health or safety standards; he has suggested he wants the rules written for maximum worker protection but will be patient while industries phase themselves into compliance.

Equally important, Corn has supported efforts to have the government offer consultative services for businessmen, especially those in firms too small to afford their own safety and health specialists. Corn has insisted, however, that he would not permit consultation to become a substitute for tough enforcement, as union leaders have feared it might.

Desirable, even obvious as these steps may seem, they are no more than a beginning. OSHA today is very close to where it was five years, 65,000 deaths, 350 million injuries and countless illnesses ago.

[From the Los Angeles Times, June 29, 1976]

Chemical Suicide—No Way

The seen and unseen hazards of the American workplace are increasing, and they demand heightened vigilance and commitment to corrective action. That is clear from the examination of occupational health and safety problems that Paul Steiger and Richard Cooper of The Times' Washington bureau presented Sunday and Monday.

The reporters' three-month study established strong evidence that much too little is known about the risks posed to workers by different chemicals, processes and practices. People are dying or becoming invalids as a result.

Cooper's and Steiger's work also demonstrates that poisons are not confined to chemical factories and foundries. No, the roster of threatened workers includes dentists, surgical nurses, beauticians, commercial fishermen, office workers, auto mechanics and house painters.

Part of this pervasive health problem stems from a lack of power. The Occupational Safety and Health Administration is small, and so is its budget.

Part of the problem derives from the five-year-old OSHA's early image as a nit-picker, a swarm of incompetent inspectors with clipboards and brusque manner who left a trail of pointless orders behind them: Separate restrooms for a small plant with exactly two employes—the owner and his wife. Bilingual safety warnings to be posted at a factory where even the Spanish-surnamed workers could read only English. The stories may be untrue or exaggerated, but their currency has subjected OSHA to ridicule and kept many people from taking its mission seriously.

Now, under a new administrator, the small agency is moving more effectively to cut the foolish fault-finding and start solving problems.

Even with massive funding and perfect cooperation the task can be nothing but difficult. Cancers induced by deadly substances often don't show up for years after workers are exposed. Even when symptoms are clear, the chemical culprits that caused them can elude epidemiologists' efforts to identify them. More knowledge is needed. Perfect knowledge, however, is just not in the cards.

We think it's time to leave behind the debate over OSHA's continued existence, and to provide this agency with the money and people it needs to address these threats to life more quickly. We think it's time for more corporations to take the approach of Dow Chemical Co., which has led the way with meticulous caution in attempting to shield workers against industrial poisoning. We think Congress should pass the Toxic Substances Control Act, which would require new chemicals to be screened and studied for safety before they go to market.

All these actions, if they were undertaken and carried through without regard to their economic impact, could cost billions and push up prices of countless items in every sector. That would be counterproductive. But to use cost as an excuse for no action at all would be suicide.

PRELIMINARY NOTIFICATION OF PROPOSED ARMS SALES

Mr. HUMPHREY. Mr. President, section 36(b) of the Foreign Military Sales Act requires that Congress receive notification of proposed arms sales under that act in excess of $25 million. Upon receipt of such notification, the Congress has 20 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the Record in accordance with previous practice.

I wish to inform Members of the Senate that such a notification was received on June 29, 1976, concerning a Middle Eastern country.

Interested Senators may inquire as to the details of this preliminary notification at the offices of the Committee on Foreign Relations, room S–116 in the Capitol.

NEW YORK TIMES CALLS PROPOSED SALE OF SIDEWINDER MISSILES TO SAUDI ARABIA "OUTRAGEOUS"

Mr. STONE. Mr. President, last Friday, June 25, 1976, I called upon the Department of Defense to withdraw its informal advanced notification of intent to sell approximately 2,000 Sidewinder missiles to Saudi Arabia. My statement appeared on pages 20749 and 20750 of the Record on that date. On June 28, I wrote to Lt. Gen. H. M. Fish, USAF, Director of the Defense Security Assistance Agency, and Secretary Kissinger, formally requesting the withdrawal of this proposed sale. I also proposed that, should the sale not be withdrawn, the actual advanced notification sent to the Senate Foreign Relations Committee under section 36b of the Foreign Military Sales Act should be delayed until after the July congressional recess. This delay would allow the possibility of full hearings and debate during 20 calendar days in which the Congress is in session.

This morning, the New York Times published an editorial entitled "Missiles to Arabia," addressing itself to this proposed Sidewinder sale. The editorial notes that the Arms Control and Disarmament Agency has reviewed this proposed sale as requested by law and has held that the sale is excessive for Saudi Arabia's defense needs. I highly recommend this editorial to my colleagues for their consideration and I ask unanimous consent that it be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Missiles to Arabia

American military sales abroad, fueling arms sales in the third world, have soared from about $1 billion in 1970 to more than $10 billion in each of the past three years. This shameful development has seen the United States become a major supplier to both sides in both Mideast military rivalries—between Arabs and Israelis and between Iran and the Arab states bordering the Persian Gulf.

The plan to sell civilian versions of the C–130 military transport plane to Syria and

Iraq is the latest such deal to come to light. But, far more outrageous is the current Pentagon proposal to approve the sale of 1,900 more Sidewinder air-to-air missiles to Saudi Arabia, a five-fold increase.

Ostensibly, Saudi Arabia "needs" the missiles to equip the American F–5 fighter aircraft that defend the country against neighboring Iraq, which has been armed by the Soviet Union. But it is an open secret that Riyadh's chief concern is the growing military power of Iran—which has been sold many billions of dollars of American arms, including advanced equipment just entering United States forces.

Saudi Arabia has 50 F–5's now and will only have 110 by the end of 1978 when Sidewinder delivery is to begin. An F–5 can only carry two Sidewinders. Even counting many reloads, it is difficult to conceive of a legitimate Saudi need for 2,400 Sidewinders. Riyadh already has purchased through commercial channels—bypassing Congressional review—16 Hawk ground-to-air missile batteries, ten of which now are in place manned by United States civilians employed by the American manufacturer.

That is one reason why a review by the Arms Control and Disarmament Agency, which now is required by law, has held that the Sidewinder sale is excessive for Saudi defense. There is concern in Congress that a missile stockpile of that size could only be designed for transfer to the Arab states in the event of another war with Israel. The Pentagon rejects that thesis on the basis of Saudi performance during past Mideast wars. But it is not necessary to adjudicate that issue to challenge the size of the proposed Sidewinder sale.

The Sidewinder deal, as a government-to-government transaction, can be disapproved by a majority vote in both Houses of Congress. This has proved to be a difficult procedure, rarely attempted, but it should be invoked in this case unless the number of missiles is sharply reduced. And Congressional oversight clearly must be strengthened.

President Ford recently vetoed legislation that would have improved the procedures for Congressional review in cases of this kind, extending them to commercial sales, which have been rising rapidly as a result of a Pentagon-supported effort to avoid existing Congressional oversight. But the compromise legislation now voted by both Houses retains this and other improvements. Prompt signature by the President should bring into being the kind of Executive-Legislative sharing of responsibility for arms sales policy that long has been needed.

Mr. STONE. Mr. President, by the end of 1978 Saudi Arabia will have 110 F–5 fighter aircraft, each of which can carry only two Sidewinders. They presently have 400 to 500 Sidewinders in their stockpile. As the Times stated:

> Even counting many reloads, it is difficult to conceive a legitimate Saudi need for 2,400 Sidewinders.

The only use which these excess Sidewinders can have would be as a massive stockpile designed for transfer to other Arab States in the event of another war in the Middle East. I do not believe that this is the intent of Congress in supplying military assistance for defense purposes to nations which have true security needs.

Should the Department of Defense decide to proceed with this sale and submit its formal notification of this sale, I intend to propose a resolution of disapproval in the Senate. I urge all of my colleagues to give this matter their most serious consideration.

MULTIPURPOSE USE OF FEDERAL LANDS

Mr. STEVENS. Mr. President, the Congress has before it several proposals to legislate uses for previously unclassified Federal lands in Alaska. We are to decide which areas will be set off for a specific purpose, and which areas will remain open for a variety of uses.

Particularly strong support for the multiple-use concept has been given by G. Frank Joklik, a vice-president of Kennecott Copper Corp. In a speech delivered May 13 to the White House Conference of the American Institute of Mining, Metallurgical, and Petroleum Engineers, Mr. Joklik warned against locking away mineral resources on Federal lands. He accurately described the necessity for mineral development, and showed how development is compatible with other land uses.

Mr. President, I ask unanimous consent that the text of Mr. Joklik's remarks be printed in the Record.

There being no objection, the text was ordered to be printed in the Record, as follows:

Multipurpose Use of Federal Lands

(By G. F. Joklik)

At an environmental gathering recently, a friend of mine was subjected to a tirade about the need to preserve nature and ban mining. His attacker recognized that metals and fuels are essential to our way of life, but found his way around that problem with the remark, "We can get them from overseas." What's more, he was clearly enthusiastic about exporting the land devastation and pollution which, in his opinion, inevitably went with mining.

Apart from the amoral implications of this position, there's a practical matter to consider. As Professor Forrester of MIT wrote recently, "If a country believes that solutions for its stresses should exist outside, then it follows that failures to achieve solutions are attributed to those on the outside. Both the source of the problem and the potential solution are believed to lie across the border. Such is the basis for war."

All of us can agree, I think, that there is an apparent conflict between the development of the U.S. mineral potential and the protection of the environment. The conflict is reflected, among other places, in legislation presently before Congress. Bills to withdraw more areas of federal lands from mineral entry appear on the same summaries as bills to establish mineral stockpiles and to provide a stockpile disposal moratorium. The purpose of my remarks is to show that this conflict can be resolved.

Consider the issue of withdrawal.

The arguments that are used to support the piecemeal, permanent withdrawal of the federally owned one-third of this country from the provisions of the mining laws run counter to a basic fact; namely, that mineral resources run out with time. Their production has to be replaced by bringing in new mines, which, in turn, requires exploration and access to prospective land. If you reduce the land base, you eventually reduce production. It's that direct and simple.

Exploration also takes time. Take, for example, the copper-rich region of Arizona and New Mexico. High-grade mineralization was discovered by the Spanish explorers, but American engineers led the world in demonstrating that the lower-grade mineralization surrounding the lodes could be mined with large equipment and the copper extracted from the lean ore with newly developed flotation techniques. Exploration for these low-grade "porphyry copper" deposits has been under way for better than 50 years. Yet, while the impact of land withdrawals is beginning to be apparent, discoveries of "porphyry copper" deposits are still being made. Meantime, the production of copper from the Southwest has more than doubled.

Necessarily rapid and inexpensive surveys of mineral potential, such as those now being conducted by the United States Geological Survey and the Bureau of Mines in proposed wilderness areas, simply cannot be relied upon to determine the mineral potential of such land. Time changes our concepts of resources and the effectiveness of our exploration, as witness copper. Land considered barren today may have mineral value tomorrow.

One also has to remember that the development of mineral discoveries is a prolonged process. An optimistic timetable for, say, a copper mine in the Southwest would include four years for exploration and the definition of an ore reserves; at least three years for preliminary engineering, feasibility studies, financing, and acquisition of permits; and another three years for detailed engineering and construction. That's a total of ten years from the commencement of the venture until the beginning of commercial production. Yet we are asked to take seriously suggestions—and some have been made in congressional debate—that national forests areas and other land reserves be opened to mineral access only in times of national emergency.

Now let's look at what's been happening to the amount of public land open to mineral exploration and development.

Roughly one-half of the public lands is no longer accessible under the mining laws because of withdrawals for such things as national parks, military reserves, wilderness areas, and fish and wildlife refuges. There is also the threat that another 10 percent of the public lands, defined as roadless areas by the Forest Service and the Bureau of Land Management, will be converted into wilderness in which mining, or any other use, will be prohibited. And who knows how much land will be affected by the non-deterioration provisions of the proposed Clean Air Act Amendments?

Some people say, of course, that roadless areas and other wilderness study areas are not withdrawn, since they are still subject to entry under the mining laws. Technically, that's true. But what good is the right of entry if permission to bring in equipment is denied and the right to develop a possible discovery is uncertain?

I can point right now to several mineral deposits whose development is being delayed or inhibited by the policy of land withdrawal. A large nickel deposit in Alaska will have to be left untouched under a bill, the purpose of which is to curb mining in national parks. Regulations pertaining to land use and never-ending requirements for environmental impact statements have delayed the development of a copper deposit in Wisconsin for 8 years since its discovery. Regulations concerning the Sawtooth National Recreation Area in Idaho have inhibited the development of an important molybdenum deposit. And recently, plans for bringing into production a major copper/nickel mine in Minnesota's Superior National Forest have had to be shelved.

But this doesn't have to be our course in the future. There is an alternative—the practice of multiple land use which calls for the management of the various surface and subsurface reserves so that they are utilized in the combination that best meets the needs of the people. Constructively carried out, multiple land use can resolve the conflict between necessary development and desirable preservation. The problem is to widen acceptance of the concept, and this, as I see it, requires three related efforts.

First, we need to improve communications among mining people, government agencies, and the public. Few people stop to think, for example, that fertilizers must be mined to make the agricultural industry in this country the best in the world. Few know that the land surface of the U.S. that has been disturbed by mining amounts to less than three-tenths of 1 percent of the total, or that one-third of the disturbed area has already been reclaimed. Nor do many realize the value to the community of copper and other metals produced since the turn of the century from just one remarkable mine—Bingham Canyon—is $18 billion, which is equivalent to the value of production, over the same period, from about 1.5 million acres of prime wheat or cattle raising land. But just as there is only one Bingham Canyon, land use decisions must take into account the uniqueness and fixed locations of mineral deposits.

A second requirement for broadening the acceptance of mining as a legitimate and necessary land use is a recognition that mining is a temporary activity and that reclamation of the disturbed area is practical and effective. The very concept of reclaiming land for other uses after minerals have been extracted runs counter to the reasoning behind permanently barring access to mineralized land.

The reclamation of federally leased land is generally feasible and is generally being practiced for such minerals as coal and phosphate rock. However, it is a fact that reclamation was neglected during the early days of mining these minerals, and that this dereliction not only rubbed off on the rest of the mining industry, but still clouds what is actually happening. For example, I suspect that few people are aware that in 1971, the last year for which such statistics are available, the coal industry utilized 73,200 acres throughout the country and reclaimed 94,000. Much of this reclaimed land has been intensively cultivated and is now more valuable for other uses than it was before mining commenced.

Open pit copper mines, of course, are not so easy to reclaim. But just as individual pits have limited lives, so it is inevitable that open pit mining will decline as more effective exploration techniques discover deeper-lying deposits that have to be extracted by underground methods. For the even farther future, the industry is working on a method of extracting copper from very low-grade orebodies by solution mining. It involves pumping solvents down boreholes under pressure and recovering copper-bearing solutions from which copper is precipitated—another illustration that technology and resources are not finite or fixed in time.

My third suggestion for fitting mining—or for that matter, any land use—into the multiple use concept is reasonable legislation and regulation. The legislative land withdrawal process should be subjected to a moratorium, while the merits of proposals for new withdrawals are examined with the aim of multiple use. Withdrawals that have already been put in hand should be re-examined to see if it is possible to permit the temporary use of the land for mining under regulations that will assure other uses later on.

To sum up, we need reliable domestic supplies of fuels and minerals for our daily needs of energy and materials. I have tried to show that mining, under regulations that take into account costs and benefits, is not incompatible with, and therefore does not conflict with, the preservation of other values of our land. Withdrawals of lands for dominant, single use—whether wilderness, recreation, or forests—are unnecessary and contrary to the principle of multiple use which, we believe, reflects the public interest.

SENATE RESOLUTION 469 AND SENATE RESOLUTION 470 INDEFINITELY POSTPONED

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Calendar No. 945, Senate Resolution 469, and Calendar No. 946, Senate Resolution 470, two resolutions of disapproval, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION TOMORROW OF MILITARY PROCUREMENT CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, has an order been entered for the conference report on military procurement to be taken up immediately upon the disposition of the manpower training bill?

The PRESIDING OFFICER. It has not been.

Mr. ROBERT C. BYRD. I ask unanimous consent, Mr. President, that upon the disposition of the manpower training bill tomorrow, the military procurement conference report be taken up.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR EXECUTIVE SESSION TOMORROW

Mr. ROBERT C. BYRD. Mr. President, has an order been entered for the consideration of the nomination of Gen. George Brown to follow immediately upon the disposition of the military procurement conference report tomorrow?

The PRESIDING OFFICER. It has not been.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the military procurement conference report tomorrow, the Senate go into executive session for the consideration of the nomination of Gen. George Brown, and that upon disposition of the nomination, the Senate resume legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 8 o'clock tomorrow morning.

The first order of business after the two leaders or their designees have been recognized under the standing order will be H.R. 5446, the manpower training bill, on which there is a time agreement of 2 hours, with a limitation of time on any amendment of 30 minutes, with the exception of an amendment by Mr. BEALL, on which there is a time limitation of 1 hour. Rollcall votes will occur on that bill and on amendments thereto. Conceivably, there could be an early rollcall vote.

Upon the disposition of H.R. 5446, the Senate will take up the military procurement conference report under a time limitation, and there will be a vote thereon, in all likelihood.

Upon the disposition of the military procurement conference report, the Senate will go into executive session to consider the nomination of Gen. George Brown to be Chairman of the Joint Chiefs of Staff. There is a time agreement on that nomination, and there will be a vote on the nomination.

Upon the disposition of the nomination, the Senate will resume legislative session and if the hour of 2 o'clock has arrived, the Senate will resume consideration of the unfinished business. If the hour of 2 o'clock has not arrived, the leadership may wish to resume consideration of the foreign assistance appropriations bill, on which some debate was heard today. In any event, rollcall votes will occur throughout the day tomorrow. There will be rollcall votes on amendments to the tax bill. The Senate is expected to stay in late tomorrow evening.

Mr. ALLEN. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLEN. The distinguished majority whip stated that the leadership might wish to bring up the foreign assistance bill sometime between the action on the nomination of Gen. George Brown to be Chairman of the Joint Chiefs of Staff and the hour of 2 o'clock. Is there an order giving the leadership the right to call this bill up for consideration on tomorrow?

The PRESIDING OFFICER. No, there is not.

Mr. ALLEN. I thank the Chair.

RECESS UNTIL 8 A.M. THURSDAY, JULY 1, 1976

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 8 o'clock tomorrow morning.

The motion was agreed to; and at 8:41 p.m., the Senate recessed until tomorrow, Thursday, July 1, 1976, at 8 a.m.

NOMINATIONS

Executive nominations received by the Senate, June 30, 1976:

EXPORT-IMPORT BANK OF THE UNITED STATES

Delio E. Gianturco, of Virginia, to be First Vice President of the Export-Import Bank of the United States, vice Walter C. Sauer, resigned.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for permanent appointment to the grade of major general:

Edward A. Wilcox
William J. White
Noah C. New
Philip D. Shutler
Richard E. Carey
George W. Smith
John H. Miller
Harold A. Hatch
Edward J. Bronars
Paul X. Kelley

The following-named officers of the Marine Corps for permanent appointment to the grade of brigadier general:

David M. Twomey
Kenneth L. Robinson, Jr.
Joseph V. McClernan
Hal W. Vincent
Robert J. Chadwick
Stephen G. Olmstead
Bernard E. Trainor
Marc A. Moore
Robert E. Haebel
Lawrence F. Sullivan
Francis X. Quinn
William H. Fitch
Alfred M. Gray, Jr.,
Leo J. Leblanc Jr.
James L. Day

The following-named officer of the Marine Corps Reserve for permanent appointment to the guard of major general:

Allan A. Wood

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade of brigadier general:

Robert S. Raisch
Keith A. Smith

CONFIRMATIONS

Executive nominations confirmed by the Senate, June 30, 1976:

DEPARTMENT OF COMMERCE

Edward O. Vetter, of Texas, to be Under Secretary of Commerce, vice James A. Baker III, resigned.

Leonard S. Matthews, of Illinois, to be an Assistant Secretary of Commerce, vice Travis Edwin Reed, resigned.

DEPARTMENT OF STATE

James J. Blake, of the District of Columbia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iceland.

Anthony D. Marshall, of New York, now Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Kenya, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Seychelles.

DEPARTMENT OF DEFENSE

John J. Martin, of Maryland, to be an Assistant Secretary of the Air Force, vice Walter B. LaBerge, resigned.

David P. Taylor, of Virginia, to be an Assistant Secretary of Defense, vice William Keith Brehm.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE DIPLOMATIC AND FOREIGN SERVICE

Diplomatic and Foreign Service officers beginning James G. Lowenstein, to be a Foreign Service officer in class 1, a consular officer, and a secretary in the Diplomatic Service of the United States of America, and ending Willard J. Wynne, to be a consular officer of the United States of America, which nominations were received by the Senate and appeared in the Congressional Record on June 22, 1976.

HOUSE OF REPRESENTATIVES—*Wednesday, June 30, 1976*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Trust in the Lord and do good.—Psalms 37: 3.

Eternal God, who art the source of light and life and whose glory is in all the world, keep us close to You that we may feel Your lifegiving spirit flowing through us strengthening our faith, our hope, and our love. As we face the tasks of this day do Thou clarify our vision, quicken our conscience, and lead us along ways that are right and good.

During these times when people are disturbed and dismayed by the shortcomings of a few, keep us ever mindful of the many men and women of sound character and good life upon whose integrity, understanding, and good will our Government and our Nation cannot secure. Strengthen us and all persons who seek to maintain a high order of clear thinking, clean living, and creative believing.

In the mood of the Master we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 586) entitled "An act to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3184) entitled "An act to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14236) entitled "An act making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13965) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14237) entitled "An act making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes."

The message also announced that the Senate had passed with amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 13899. An act to delay the effective date of certain proposed amendments to the Federal Rules of Criminal Procedure and certain other rules promulgated by the U.S. Supreme Court.

The message also announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title:

S. 1518. An act to amend the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) to authorize additional appropriations to establish fuel efficiency demonstration projects, to provide additional enforcement authority for the odometer antitampering provisions, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11670) entitled "An act to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. LONG, Mr. DURKIN, Mr. STEVENS, and Mr. BEALL to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2184) entitled "An act to authorize appropriations for the winter Olympic games, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. MOSS, Mr. HOLLINGS, Mr. STEVENS, and Mr. BUCKLEY to be the conferees on the part of the Senate.

The message also announced that the Senate had passed concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. Con. Res. 126. Concurrent resolution authorizing the printing of additional copies of the booklet entitled "The Senate Chamber, 1810–1859"; and

S. Con. Res. 128. Concurrent resolution directing the Secretary of the Senate to make corrections in the enrollment of S. 811.

HOUSE ADMINISTRATION COMMITTEE REFORMS

(Mr. DAVIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DAVIS. Mr. Speaker, I take this time to advise the House on today we received a "Dear Colleague" letter from the chairman of the Committee on House Administration setting forth the rules that were passed by the House Administration Committee, as to the reform measures recommended by the Democratic caucus, on this past Monday.

Since the chairman of the Committee on House Administration yesterday was denied unanimous consent to place these in the RECORD, I take this time to place the letter from the chairman of the Committee on House Administration with the regulations in the RECORD in an effort to be open to the country and to the people of the United States so that they may have a knowledge of the action that was taken.

The letter and enclosures follow:

COMMITTEE ON HOUSE ADMINISTRATION,
Washington, D.C., June 30, 1976.

MEMBERS, RESIDENT COMMISSIONER OF PUERTO RICO, AND DELEGATES FROM THE DISTRICT OF COLUMBIA, VIRGIN ISLANDS, AND GUAM,
U.S. House of Representatives,
Washington, D.C.

DEAR COLLEAGUE: Enclosed are copies of the Committee Orders adopted by the House Administration Committee on Monday, June 28th.

I am using this procedure to live up to the spirit of the commitment made by the Committee on House Administration to publish in the RECORD within 24 hours of their adoption any Committee Orders adopted by the Committee. I would have followed the normal procedure and inserted them in the RECORD had there not been an objection from the minority.

Pursuant to the authority contained in H. Res. 457 of the 92d Congress which was enacted into Public Law on December 15, 1971, the Committee on House Administration has issued the attached orders, which have the full force of law upon adoption by the Committee.

With kind regards,
Cordially,

FRANK THOMPSON, Jr.,
Chairman, House Administration Committee.

COMMITTEE ORDER NO. 25

(Postage Stamp Allowance)

Resolved, That effective immediately prior to noon on January 3, 1977, until otherwise provided by order of the Committee on House Administration, the allowance for airmail and special delivery stamps authorized by 2 U.S.C. 42c and 42d shall be reduced from its existing level to one dollar per session.

COMMITTEE ORDER NO. 26

(Clerk-Hire Allowance)

Resolved, That effective immediately prior to noon, January 3, 1977, until otherwise provided by Order of the Committee on House Administration, each Member of the House of Representatives shall be entitled to annual clerk-hire allowance of $238,584.00 for not to exceed 18 clerks. The amount of this allowance may be adjusted by the Committee on House Administration subsequent to the adoption of this order to reflect any adjustment to federal salary levels that occur under the Federal Pay Comparability Act of 1971.

The Committee on House Administration of the House of Representatives shall promulgate such regulations as may be necessary to carry out the provisions of this resolution.

"Member" means each Representative in, or Delegate or Resident Commissioner to, the House of Representatives.

COMMITTEE ORDER NO. 27 (DOCUMENTATION/CERTIFICATION OF VOUCHERS)

Resolved, That effective September 1, 1976, until otherwise provided by order of the Committee on House Administration, reimbursements to Members for authorized expenditures shall be made only as prescribed by regulations of, and on forms issued by the Committee on House Administration.

"Member" means each Representative in, or Delegate or Resident Commissioner to, the House of Representatives.

COMMITTEE ORDER NO. 28 (TELECOMMUNICATIONS)

Resolved, That effective immediately prior to noon on January 3, 1977, until otherwise provided by Order of the Committee on House Administration, if a Member elects to utilize WATS or similar service in his or her office in the District of Columbia, the Telecommunications Allowance shall be reduced by one-half. The Committee on House Administration shall promulgate regulations to implement this order and ensure adequate telecommunications service for Members representing districts where WATS or similar service is not available.

"Member" means each Representative in, or Delegate or Resident Commissioner to, the House of Representatives.

COMMITTEE ORDER NO. 29 (CASH-OUT OF ALLOWANCES)

Resolved, That effective immediately prior to noon on January 3, 1977, until otherwise provided by Order of the Committee on House Administration, a Member may at any time during a session of Congress:

1—Receive in lieu of transportation authorized under 2 U.S.C. 43b a lump sum payment not to exceed $1.00 per session;

2—Withdraw a sum not to exceed $1.00 per session from his or her stationery account;

3—Receive under the provisions of 2 U.S.C. 122a an amount not to exceed $1.00 per session for official expenses outside the District of Columbia unless such Member submits an itemization of the expenses for which such Member seeks reimbursement.

The Committee on House Administration of the House of Representatives shall promulgate such regulations as may be necessary to carry out the provisions of this resolution.

"Member" means each Representative in, or Delegate or Resident Commissioner to, the House of Representatives.

COMMITTEE ORDER NO. 30 (TRANSFER AMONG ALLOWANCE)

Resolved, That effective immediately prior to noon on January 3, 1977, until otherwise provided by Order of the Committee on House Administration, Members may elect to transfer the authorization to expend funds among the following allowances.

1. Constituent Communication Allowance.
2. Official Expenses Outside the District of Columbia Allowance.
3. Stationery Allowance.
4. Equipment Lease Allowance.
5. Travel Allowance for Members and Designated Employees. The maximum amount transferable will be limited to an amount computed as follows:

64 times the rate per mile between the District of Columbia and the furthest point in the Member's District, according to the Rand McNally Standard Highway Mileage Guide. In no case shall this amount be less than $2,250. The following rates per mile apply:

Under 500 miles	$0.15/mile
at least 500 but under 750 miles	.14/mile
At least 750 but under 1000 miles	.13/mile
At least 1000 but under 1750 miles	.12/mile
At least 1750 but under 2250 miles	.11/mile
At least 2250 but under 2500 miles	.10/mile
At least 2500 but under 3000 miles	.09/mile
3000 miles or over	.08/mile

6. Telephone and Telegraph Allowance. The maximum amount transferable will be limited to an amount computed as follows:

15,000 minutes times the highest long-distance telephone rate from the District of Columbia to the Member's District.

If the Member has elected to utilize WATS or similar service in his or her office in the District of Columbia, the amount will be reduced by one-half.

7. District Office Rental Allowance. The maximum amount transferable will be computed as follows:

1500 times the highest allowable GSA rental cost per square foot for office space in the Member's District.

Additionally, a Member may transfer a maximum of $12,000 per regular session of Congress for computer and related services and a maximum of $3,000 per regular session of Congress for office equipment leasing for his or her clerk-hire allowance.

All transfers made under this order shall be among the several above-stated categories and for the necessary and official expenses incurred by the Member in the conduct of his or her duties as a Member of the House of Representatives.

In the event the House precludes the use of the contingent fund of the House for implementation of this committee order, the status quo anti shall be restored as respects the individual accounts and allowances heretofore established by committee order or regulation prior to the adoption of this committee order.

The Committee on House Administration of the House of Representatives shall promulgate such regulations as may be necessary to carry out the provisions of this resolution.

"Member" means each Representative in, or Delegate or Resident Commissioner to, the House of Representatives.

REQUEST FOR EXTENSION OF REMARKS

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, in view of his remarks I would just like to call to the attention of the gentleman from South Carolina the RECORD of yesterday, page 21168, which shows that the gentleman from New Jersey (Mr. THOMPSON) was indeed granted permission to insert in the RECORD anything that he wished. At the time the request was made the gentleman from Maryland made a reservation and explained his position, the Chair responded to his parliamentary inquiry, and he withdrew that reservation, so I am sorry that the gentleman from South Carolina is laboring under a misapprehension.

Mr. DAVIS. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from South Carolina.

Mr. DAVIS. I can only operate under the activities that took place yesterday, while I was present. As the gentleman knows, we were in committee a long time on these matters, and then I returned to my office, and I am glad the gentleman from Maryland finally realized what the law was and that he was not prohibiting anything from being placed in the RECORD or taking effect.

Mr. BAUMAN. Once again the gentleman from Maryland is glad to be found in communion with the gentleman, but he would say that once the Chair informed the gentleman from Maryland what the parliamentary situation was, and once it was explained fully to the House, no objection was raised by me and the gentleman from New Jersey had permission to insert anything he wished into the RECORD.

PARLIAMENTARY INQUIRY

Mr. RHODES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. RHODES. Mr. Speaker, I make this inquiry because I do not know what the gentleman from South Carolina (Mr. DAVIS) was attempting to accomplish.

Did the gentleman ask unanimous consent to extend his remarks and to include a letter from the chairman of the House Committee on House Administration?

The SPEAKER. That was the understanding of the Chair.

Mr. RHODES. Mr. Speaker, that is not my understanding. I did not hear the gentleman ask permission for anything.

I see the gentleman is back on the floor. I would like to yield to the gentleman from South Carolina to clarify his intention.

Mr. DAVIS. Mr. Speaker, the gentleman from South Carolina asked permission to address the House for 1 minute, to revise and extend his remarks and to include extraneous matter.

Mr. RHODES. And the letter was the extraneous matter?

Mr. DAVIS. Yes.

Mr. RHODES. Mr. Speaker, with that explanation, I am perfectly satisfied with the legislative situation.

Mr. DAVIS. Mr. Speaker, I thank the gentleman from Arizona.

CHART OF ACCOUNTS SUBMITTED BY MR. DICKINSON IS GROSSLY IN ERROR

(Mr. MEEDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MEEDS. Mr. Speaker, our colleague, the gentleman from Alabama (Mr. DICKINSON) is circulating a chart which purports to explain the effect of the House Administration orders and to indicate that under the proposed system the gentleman would have much more available to his accounts than under the present system.

I want to say very forthrightly that the chart is grossly in error. The gentleman from Alabama has made three very substantial errors.

First of all, the gentleman failed to include in his presently available accounts some $9,555 which is available to the gentleman for district office rental.

Second, the gentleman neglected to take into account the prohibition of the committee order regarding unused clerical hire, for equipment and computer rental, which consisted of $15,000 overage in the proposed account system and the gentleman took into account some $9,195 more than the gentleman would be entitled to under the proposed changes for district office rental.

Now, what the gentleman should have shown, rather than the $44,046, which the gentleman contends is presently available to him, is that approximately $55,705 is presently available in the gentleman's present account system and that under the proposed system approximately $54,319.56 would be available, a difference of some $1,400, which would be approximately correct.

Under the proposed system, there would be approximately $1,400 less available.

Mr. Speaker, I will insert the proper chart in the RECORD.

ALLOWANCES FOR MR. DICKINSON

Available now (Dickinson calculation)

Travel at 26 roundtrips	$5,824.00
Taxi	520.00
Postage	1,140.00
District office	2,000.00
Telephone	14,062.00
Stationery	6,500.00
Equipment rental	9,000.00
Newsletter	5,000.00
Total	44,046.00

Available now (actual)

Travel at 32 roundtrips	$7,168.00
Taxi	1,280.00
Postage	1,140.00
District office	$2,000.00
Telephone	14,062.00
Stationery	6,500.00
Equipment rental	9,000.00
Newsletter	5,000.00
District office rental	9,555.00
Total	55,705.00

Available under new plan (Dickinson calculation)

Travel at 64 times $0.13/mile	$6,514.56
Telephone: plus two WATS lines	15,750.00
Office rental	18,750.00
Annual allowance	37,500.00
Total	78,514.56

Available under new plan (actual)

Travel	$6,514.56
District office expenses:	
Stationery, equipment rental, and newsletter	22,500.00
District office rental	9,555.00
Telephone* (without WATS service)	15,750.00
Total	54,319.56

* Amount to be reduced by ½ if WATS service is elected.

PERMISSION FOR SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT THIS MORNING DURING THE 5-MINUTE RULE

Mr. HUGHES. Mr. Speaker, I ask unanimous consent that the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary may have permission to meet this morning during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 14231, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1977

Mr. YATES. Mr. Speaker, I ask unanimous consent that the managers may have until midnight to file a conference report on the bill (H.R. 14231) making appropriations for the Department of the Interior and related agencies for fiscal year 1977, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CALL OF THE HOUSE

Mr. LONG of Maryland. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BRADEMAS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 483]

Anderson, Ill.
Andrews, N.C.
Archer
Armstrong
Ashley
AuCoin
Boggs
Brown, Calif.
Burke, Fla.
Chisholm
Conyers
Dent
Dickinson
Diggs
Downing, Va.
Esch
Eshleman
Evins, Tenn.
Ford, Mich.
Forsythe
Giaimo
Gibbons
Harris
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Jarman
Jones, Tenn.
Karth
Kemp
Landrum
Litton
McDade
McKinney
Meyner
Mineta
Moorhead, Pa.
O'Hara
Peyser
Pressler
Reuss
Riegle
Roncalio
Ryan
St Germain
Scheuer
Shuster
Solarz
Stanton, James V.
Stuckey
Symington
Teague
Udall
Waxman
Wilson, Tex.

The SPEAKER. On this rollcall 373 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

[Mr. ROUSSELOT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

PERMISSION FOR SUBCOMMITTEE ON FORESTS OF COMMITTEE ON AGRICULTURE TO SIT TODAY BETWEEN 2 AND 3:30 P.M. DURING THE 5-MINUTE RULE

Mr. WEAVER. Mr. Speaker, I ask unanimous consent that the Subcommittee on Forests of the Committee on Agriculture be permitted to sit this afternoon from 2 p.m. to 3:30 p.m., during the 5-minute rule, for the purposes of marking up legislation.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

PROVIDING FOR CONSIDERATION OF S. 3625

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1387 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1387

> *Resolved,* That upon the adoption of this resolution it shall be in order to take from the Speaker's table the bill (S. 3625) to extend the expiration date of the Federal Energy Administration Act of 1974 and to consider said Senate bill in the House.

The SPEAKER. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Tennessee (Mr. QUILLEN) for the minority, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1387 provides for the taking from the Speaker's desk S. 3625, Federal Energy Administration extension, which would strike out in the Federal Energy Administration Act the date June 30, 1976, and substitute July 31, 1976.

This extension is needed because the conferees are working very diligently on bringing out the conference report on H.R. 12169, the Federal Energy Administration extension authorization for 1977, which was passed in the House on June 1 and in the Senate with amendments on June 16. The conferees have not yet been able to reach agreement because there are several important differences between the House and Senate bills, and the Federal Energy Administration Act will expire on June 30.

I urge the adoption of this resolution in order that the Senate bill S. 3625 may be considered.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the rule and urge its adoption. The rule provides that it shall be in order to take from the Speaker's table the bill S. 3625, to extend the expiration date of the Federal Energy Administration Act of 1974 and to consider S. 3625 in the House in order to expedite our deliberations.

S. 3625 simply extends the charter of the Federal Energy Administration, which is set to expire at midnight tonight, to July 30, 1976—a straightforward 30-day extension. The House has already voted to extend the Federal Energy Administration for an additional 18-month period, and the other body has passed a bill which would extend the FEA for an additional 15 months. We are presently in conference and tentative agreement has been reached on the extension of the FEA. There are some other matters of difference, however, which will require more time to resolve in conference—and this is why we must promptly adopt this rule and S. 3625.

Mr. Speaker, I support the FEA and its essential role in our efforts toward achieving energy self-sufficiency for the American people, and urge the adoption of the rule.

Mr. SYMMS. Mr. Speaker, I will be very brief. This year we have witnessed all across this country the three people who have been winning the Presidential primaries who are Mr. Ford, Ronald Reagan, and Jimmy Carter and all three of them, as the Members well know, are running against Government. What we find is that this Congress does not seem to realize yet that the American people are not in accord with the Congress views so the Congress ought to stand up for what is right and get the FEA out of the way and get those bureaucrats off of the backs of the taxpayers and allow the free market system to work in the petroleum business.

I urge defeat of the rule and ask my colleagues to vote down the rule and stop these bureaucrats who do not drill wells or dig for coal and who do not solve the energy problem in this country except to make a mess out of it.

Mr. QUILLEN. Mr. Speaker, I have no further requests for time and I urge the adoption of the rule.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SYMMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 351, nays 51, not voting 30, as follows:

[Roll No. 484]

YEAS—351

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Fary
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hanley
Harkin
Harrington
Harris
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hicks
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kelly
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Madden
Madigan
Maguire
Mann
Martin
Mathis
Matsunaga
Mazzoli
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Mikva
Miller, Ohio
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moore
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pike
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
Santini
Sarasin
Sarbanes
Satterfield
Schneebeli
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
St Germain
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—51

Archer
Armstrong
Ashbrook
Bauman
Burleson, Tex.
Burton, John
Clawson, Del
Collins, Tex.
Conlan
Crane
English
Fascell
Gibbons
Goldwater
Hammerschmidt
Hannaford
Hansen
Hightower
Holt
Jenrette
Jones, Okla.
Kazen
Kemp
Ketchum
Kindness
Landrum
Lujan
McDonald
Mahon
Milford
Miller, Calif.
Montgomery
Moorhead, Calif.
Patterson, Calif.
Paul
Pickle
Poage
Risenhoover
Roberts
Rousselot
Runnels
Schroeder
Shuster
Spence
Steed
Steelman
Symms
Teague
White
Wilson, C. H.
Young, Alaska

NOT VOTING—30

Anderson, Ill.
Andrews, N.C.
Burke, Fla.
Conyers
Dent
Esch
Evins, Tenn.
Hayes, Ind.
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Jarman
Jones, Tenn.
Karth
Leggett
Litton
Lundine
McDade
Meyner

Mineta
Moorhead, Pa.
Passman
Peyser
Riegle
Scheuer
Solarz
Stuckey
Symington

The Clerk announced the following pairs:

Mr. Dent with Mr. Andrews of North Carolina.

Mr. Passman with Mr. Evins of Tennessee.

Mr. Moorhead of Pennsylvania with Mr. Conyers.

Mr. Mineta with Mr. Esch.

Mrs. Meyner with Mr. Anderson of Illinois.

Mr. Helstoski with Mr. Heinz.

Mr. Jones of Tennessee with Mr. McDade.

Mr. Leggett with Mr. Peyser.

Mr. Hébert with Mr. Burke of Florida.

Mr. Symington with Mr. Scheuer.

Mr. Stuckey with Mr. Riegle.

Mr. Litton with Mr. Karth.

Mr. Lundine with Mr. Hays of Ohio.

Mr. Solarz with Mr. Hayes of Indiana.

Mr. HALL of Texas changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF CONFERENCE REPORT ON H.R. 12438, DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1977

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1383 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1383

Resolved, That immediately upon the adoption of this resolution it shall be in order to consider the conference report on the bill (H.R. 12438) to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes, and all points of order against said conference report are hereby waived.

The SPEAKER. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, this is a simple rule waiving all points of order against the conference report on H.R. 12438, the Department of Defense Authorization Act of 1976.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the rule making in order the consideration of the conference report to accompany H.R. 12438, authorizing appropriations for the Department of Defense for the fiscal year 1977.

The rule waives points of order which might lie against the conference report because of several provisions which were approved in conference. Adoption of this rule is absolutely necessary in order to promptly conclude consideration of this vital legislation without delaying the appropriation process.

Let us get on with our responsibilities to provide adequate funding for America's military defense. Mr. Speaker, I urge adoption of the rule.

Mr. PEPPER. Mr. Speaker, I have no further requests for time.

Mr. QUILLEN. Mr. Speaker, I have no further requests for time.

Mr. PEPPER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SYMMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 363, nays 41, answered "present" 1, not voting 27, as follows:

[Roll No. 485]

YEAS—363

Abdnor
Adams
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Horton
Howard
Howe
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McClory
McCloskey
McCollister
McCormack
McDonald
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Michel
Mikva
Milford
Miller, Ohio
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Schneebeli
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—41

Abzug
Addabbo
Badillo
Bauman
Bedell
Bingham
Blouin
Burton, John
Burton, Phillip
Carr
Chisholm
Dellums
Dodd
Drinan
Early
Edgar
Edwards, Calif.
Gibbons
Gude
Harkin
Harrington
Holt
Holtzman
Hungate
Jacobs
Kastenmeier
Lujan
Maguire
Mezvinsky
Miller, Calif.
Moffett
Nolan
Ottinger
Pattison, N.Y.
Richmond
Scheuer
Schroeder
Spellman
Stark
Studds
Weaver

ANSWERED "PRESENT"—1

Buchanan

NOT VOTING—27

Anderson, Ill.
Andrews, N.C.
AuCoin
Brown, Calif.
Burke, Fla.
Conyers
Dent
Esch
Evins, Tenn.
Fraser
Hays, Ohio
Heinz
Helstoski
Hinshaw
Jones, Tenn.
Karth
Kindness
Litton
McDade
McKinney
Meyner
Mineta
Moorhead, Pa.
Peyser
Riegle
Stuckey
Symington

The Clerk announced the following pairs:

Mr. Dent with Mr. Symington.

Mr. Moorhead of Pennsylvania with Mr. Andrews of North Carolina.

Mrs. Meyner with Mr. Esch.

Mr. Helstoski with Mr. Riegle.

Mr. AuCoin with Mr. Fraser.

Mr. Jones of Tennessee with Mr. Anderson of Illinois.

Mr. Mineta with Mr. Burke of Florida.

Mr. Stuckey with Mr. Hays of Ohio.

Mr. Litton with Mr. Evins of Tennessee.
Mr. Brown of California with Mr. Conyers.
Mr. Kindness with Mr. Heinz.
Mr. McDade with Mr. Karth.
Mr. McKinney with Mr. Peyser.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

EXTENDING EXPIRATION DATE OF FEDERAL ENERGY ADMINISTRATION ACT OF 1974

Mr. STAGGERS. Mr. Speaker, pursuant to the rule, I call up from the Speaker's table the Senate bill (S. 3625) to extend the expiration date of the Federal Energy Administration Act of 1974, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The Clerk read the Senate bill, as follows:

S. 3625

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 30 of the Federal Energy Administration Act of 1974 is amended by striking out "June 30, 1976." and inserting in lieu thereof "July 30, 1976."

(b) The amendment to the Federal Energy Administration Act of 1974 made by subsection (a) shall take effect on June 30, 1976.

The SPEAKER pro tempore (Mr. McFall). The gentleman from West Virgina (Mr. Staggers) is recognized for 1 hour.

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 3625, a bill which would extend the Federal Energy Administration for an additional 30 days. We are now engaged in a conference with the Senate on a previously passed House bill, H.R. 12169, which would provide an 18-month extension of the Federal Energy Administration. The Senate counterpart to that legislation is multipurposed and extensive. Its terms include major energy conservation programs as well as proposed amendments to the oil pricing policy articulated in the Energy Policy and Conservation Act which was signed into law last December. The Senate conferees derive from four separate committees. On the part of the House two committees are represented—the Commerce Committee and the Banking Committee. It is abundantly clear that the conference will not conclude prior to June 30, the date on which the Federal Energy Administration would terminate unless extended.

Given these circumstances, the Senate by voice vote, with no noted dissent, passed S. 3625 to provide for a 30-day extension of this agency in order to permit the conference to conclude its deliberations. I would ask my colleagues to give their support to this bill so that we may avoid an unnecessary hiatus which could damage the continuity of the regulatory programs administered by FEA and create significant administrative difficulties.

This House has previously voted to extend this agency for an 18-month period on a vote of 270 yeas to 94 nays. The Senate in its counterpart legislation to H.R. 12169 agreed to a 15-month extension. It is thus clear that a substantial majority of Members in both bodies believe that the agency should be extended for an additional period of at least 15 months. It would be an unfortunate, indeed absurd, result to permit this agency to terminate while proceedings in the conference went forward, necessitating a reconstitution of the agency once the longer term legislation is finally passed.

I believe that the President now recognizes the difficulties which would attend a hiatus of the agency and I am informed that the administration fully supports a 30-day extension so as to permit the conference to proceed in an orderly fashion on more broadly purposed legislation.

Mr. Speaker, I might say I am one of those who wishes to terminate the FEA. Let us, however, do it in an orderly way and in the best interests of America.

Mr. Speaker, at this time I yield 3 minutes to the gentlewoman from Colorado (Mrs. Schroeder) for the purpose of debate only.

Mrs. SCHROEDER. Mr. Speaker, I want to thank the gentleman from West Virginia for yielding me this time and for being so fair throughout this whole FEA debate.

I disagree with the gentleman from West Virginia (Mr. Staggers). I hope the House will turn down this 30 day extension and let me give the Members several reasons why this is my position.

The 30-day extension is not just a 30-day extension but it likely will probably mean a 15-month or even an 18-month extension depending on whether the House or Senate wins in the conference committee.

Further let me say to my colleagues that the Federal Energy Administration is one agency that has been constantly looking for a reason to survive. The lastest reason is all the people who are running around saying that Robert Redford wants to keep the FEA going so we can have a new conservation program in the FEA. I'm for conservation but based on the FEA's prior attempts to deal with this area I think it would be disasterous to continue the agency for that reason. I have never seen an agency struggle so hard to survive. I only wish the FEA had struggled as hard to deal with the energy problems of this Nation. When we passed this legislation we said that the FEA would self-destruct on June 30, which is tomorrow. At that time we said this was a temporary agency. The FEA was set up due to the incredible problems we had during the oil embargo.

OK, the oil embargo is over and we are now importing more oil than we ever did before. The sun is about to set on the agency and at the eleventh hour we are being asked to extend its life.

Query: What has the FEA been doing to assist in the energy problem, except to write cute stories about the means for energy conservation, and court favors with the energy giants? Why extend it?

Mr. BROWN of Ohio. Mr. Speaker, will the gentlewoman yield? It has certainly done far more than that.

Mrs. SCHROEDER. No, I do not yield to the gentleman from Ohio, our time is so very tight, I cannot yield to the gentleman.

Mr. BROWN of Ohio. I will wait.

Mrs. SCHROEDER. Mr. Speaker, let me say that I have read through the entire debate on this subject each time that it has come to the floor of the House, and I have yet to find the first Member of this body who has said that we should vote to carry on the FEA because it is such a terrific agency.

I have found many who say that they do not like the FEA but we need to extend it because otherwise there will be chaos. Does that mean there is now method and order in our energy policy?

Let me ask a couple of questions.

We have been told that we should not destroy the FEA because its administration will then go directly to the executive branch and there will be an energy office under the President. I ask the Members how much input this Congress has really had in FEA? Should we take the blame for Mr. Zarb? He is in there as the choice of the President. He is not working for the Congress. Why do we want the blame for the other people in the agency, they are the highest paid group of supergrade bureaucrats in any government agency. They are not something to be proud of. If the President wants to preserve the cabal, let him.

Let us let the President make the FEA his own thing. The President is really controlling it entirely, anyway. Zarb is his appointment, and those people who have come from other agencies are under his control, not ours. I cannot think of anything the FEA has done that really has contributed toward solving our energy problems. They have had people telling us to turn off our lights, and all sorts of other dog and pony shows that only state the obvious, and yet we still have no Federal energy policy. All the agency has done is to serve this administration. They have lobbied against things Congress tried to do. I have yet to find a member who says that they are a terrific agency, but yet they say that we should continue to be saddled by this agency that we have created, and no one is pleased with.

Therefore, Mr. Speaker, I must say vote against an extension. Mr. Speaker, I have a letter I would like to share with the Members from an FEA employee.

WASHINGTON, D.C.,
June 27, 1976.

Representative Pat Schroeder,
House of Representatives,
Washington, D.C.

Dear Representative Schroeder: I am writing this letter to you and to a few of your colleagues in the Congress, in the hope that you may elect to take a more penetrating look into the actions and inactions and directions and misdirections of the Federal Energy Administration.

First, I would like to preface my remarks by stating absolutely that my honest intent in wirting is one of constructive criticism. I am not setting out to "get" anybody or to cause any individuals to have additional problems. This is my country and I am proud of it. The FEA is my employing agency, and I would like very much to be proud of it.

When the FEA was established a couple of years ago, I thought there was great need for such an agency. The total package of energy problems facing this country was then, and is even more so now, far too complex and wide-ranging for either the private sector or the states to undertake with any realistic hopes for solutions. So, the only route to take was then (and is now) the Federal executive-legislative-bureaucratic one. I was happy to come on with and be a part of any agency such as FEA, which had an important mission to perform.

Since then, some expensive months have elapsed. Confusion at FEA during the embargo and its aftermath was unavoidable, but I fail to see any justifiable reason why that confusion is even deeper now. In honesty, when I look back on the past two years and try to list what FEA has accomplished, I come up with two items that stand out: (1) The very speedy building up of a top-heavy National Office Bureaucracy in D.C. and (2) The setting of a world's record for unique wheel-spinning in all directions at the same time.

In truth, the fault does not, by any means, lie only with FEA itself. The nation has continued to plod into an ever-deepening and worsening energy mire, largely because, I believe, of the absence of decisive direction from the executive and legislative branches. This absence has helped to keep FEA in the dark as to where it is supposed to proceed. I believe that we need to work toward energy independence, if we expect to survive as an independent nation. But we can never stand a chance of reaching energy independence until after we can, from the highest positions of leadership in the country: (1) convince the American people that we do have an energy crisis, (2) convince them that we must urgently act to alleviate that crisis, (3) persuade or force them to act to cut out wasting energy and to cut down on even their "necessary" usage of energy, (4) encourage further development of new and existing energy sources on a much greater scale than ERDA is now able to do, and (5) act decisively to coordinate our national efforts legislatively and bureaucratically.

But back to FEA: Admittedly, FEA operates under a lack of direction from above, and this is one big part of its total problem. However, this fact does not excuse FEA for failing to coherently enforce, in reasonable fashion, the basic laws and regulations governing the pricing and allocation of petroleum products—and I charge it with this failure. Since its inception, FEA has:

(A) Made its initial public splash, back in '74, by investigating thousands of ordinary gasoline retailers. This was probably the most popular item, with the public, that FEA ever managed to carry off. But the sad truth is that while FEA was concentrating on the small fry, violations at higher levels of the petroleum industry were going along relatively unchecked.

(B) Gotten into the business of "auditing" the pricing activities of wholesale gasoline and oil jobbers in a big way, by late '74—and stayed right with it, even after competitive forces (active by mid-75) had acted to largely allay the need for such auditing. What's more, FEA's auditing methods and requirements have been so inconsistent and variable across the country that they have been extremely confusing, and have often effectively constituted harassment of many smaller jobbers. Just talk to some jobbers who have been audited, and look at a truly random sample of FEA's old closed jobber case files, and you'll get the picture.

(C) Finally (but only after Congressional pressure in late '74) gotten around to "auditing" the prices charged by producers (at well-head) of crude petroleum. FEA has gone at this one in jerky fits and starts and reverses and counter-moves during '75 and '76. It has never made up its mind just what it should really do in this area, in regard to interpreting and enforcing its regulations. Consequently, FEA has generated much heat, burned up considerable money, and reaped negligible results. But no matter, really, since Congress always seems willing to appropriate more money in support of this particular pursuit.

(D) Managed, largely, to ignore the activities of petroleum importers. But FEA never has decided just how it should apply its regulations to importers anyway: After all, what does constitute "first sale into U.S. Commerce", for example?

(E) Been consistently inconsistent in its actions on requests from the industry for changes in allocations of petroleum products. FEA has never been able to adhere to any uniform set of standards across the U.S., for judging requests for increased allocations of product, for opening up new gas stations, etc. Just take a look at the records of such actions taken in FEA's ten Regions, and note the variations.

(F) Been ineffective (insofar as carrying through to a reasonable conclusion is concerned) even in the handling of its publicized special high-priority projects, FEA's effort to audit firms handling propane is destined to flop—because FEA can't decide how to implement its regulations on propane pricing. In early '75, FEA publicly ballyhooed that it was going to do a thorough check on the pricing of all petroleum products sold to electric utilities, to rectify situations in which overcharging on same would be gouging the public via the "fuel adjustment" clauses in electric rates. Well, FEA went to great lengths and expense, all right—but primarily to check the sales of products made to utilities by the relatively smaller wholesalers, while it often neglected to check pricing on the large-volume sales made to utilities by major refiners. Presently, this project has been all but abandoned—but not completed

(G) Managed to burden the industry, even at the lowest levels, with an amazing conglomeration of forms and survey requirements, made mandatory administratively under the law: Just *read* some sample forms from FEA's stack of them. Some of these were necessary; other were not. At any rate, their proliferation record is bound to *be* a record for such an infant organization.

(H) Managed to carry out an absolutely silent and unofficial policy toward the major oil companies which might best be described by the slogan, "Don't do *anything* that might rub a Major the wrong way." There have always been prima-facie indications that a careful look at the pricing structures on sales of refined products by the Majors might show large violations, but FEA's National Office has not seen fit to make any "push" toward auditing this area, except for superficial checks by FEA's refiner-based personnel (RARP pepole). However, "meaty" price-violation cases against the Majors do ocasionally develop. When these audit-substantiated cases arrive in National, they are studied and restudied, hashed and rehashed—and usually get delayed to death. Right now, there is a group of such cases accumulated at National level that represent allegations of millions of dollars in overcharges by Majors—but these are stalled . . . (I have been reliably informed that FEA Indexes and are two files in this group: I could not get Indexes on the other cases that are in the same category.)

(I) Accomplished publication and distribution of its "Energy Ant" coloring book. This is really, I think, a well-done booklet. It was designed to exhort young children to work to avoid wasting electricity, etc. Although FEA has received some "lumps" over this one, it may well turn out to have been one of its better accomplishments to date.

Well, past history is—just that, but it should be learned from. And past mistakes, while they may or may not be forgivable, should not be allowed to be extended into the future, especially in so important an area as energy.

If the Administration and Congress can chart a new and coherent course for FEA to follow, and then monitor it, FEA may yet prove valuable. (I hope that it can.) But FEA does *need* such leadership from above. If you can't provide that leadership, the country would be better off if FEA were abolished, with the necessary energy functions being transferred to a different guiding hand.

Yours, with regret.

An FEA Employee.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the minority leader, the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. I thank the gentleman for yielding.

Mr. Speaker, I do not intend to take 3 minutes. I just wanted to take the time to express my opinion on this legislation. I think it is important that this agency be extended at least for the 30 days. The main bill extending the life of FEA is still in conference. I do not think the conferees have had time enough yet to see whether or not they can get together on a conference report. And, of course, the authority for the agency expires tonight if we do not pass this short-term extension.

Many of the issues are still very much in doubt, and it just seems wise to maintain the status quo until the conferees have had a chance to work this situation out. It would be my hope that this bill would be adopted to extend FEA for the 30 days.

Mr. O'NEILL. Mr. Speaker, will the minority leader yield?

Mr. RHODES. I yield to the majority leader.

Mr. O'NEILL. I thank the gentleman for yielding.

I want to concur in the gentleman's statement and in that of the chairman of the committee. The FEA extension is in conference. This is a 30-day extension. It is absolutely needed at this time, and while it was defeated in the House the other day, I, too, now hope we will agree to a 30-day extension.

Mr. RHODES. I thank the majority leader and concur in his statement.

Mr. STAGGERS. I thank the majority leader and the minority leader for their comments.

Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. Fithian) for the purpose of debate only.

Mr. FITHIAN. Mr. Speaker, I realize the situation the House now finds itself in. We find ourselves in a most unusual position. Nobody here has ever stood up to defend the Federal Energy Administration. Nobody has suggested that it has a right to exist. Almost all of the Members of the House have joined with the Presidential candidates speaking repeatedly that it is time to reduce bureaucracy; it is time to hold government accountable; it is time to cut back on regulatory agencies. I do not see a face here who has not subscribed to that concept, and now we are asked to continue one of the worst agencies in existence in Government today.

Let me tell the Members what will happen if we vote down this 30-day extension. As I understand it in discussion with the Administration over the last two days, first of all, 53 supergrades at the Federal Energy Administration will be removed from supergrade status. I find nothing wrong with that. The supergrades of the Federal Energy Administration and everywhere else in the Government are supposed to set policy. They are supposed to help us embark upon an energy policy in this case which will bring energy self-sufficiency, which will direct us down some reasonable road to energy self-sufficiency. None of that has come from the Federal Energy Administration, so I say it is time to retire the 53 supergrades.

Second, in discussion with the Federal Energy Administration yesterday afternoon I was told—and this is the critical point for a good many Members in this House—and I was assured that the price control sections on oil will remain in place. H.R. 7014 will not in any way be impaired if the Federal Energy Administration stops as far as price controls are concerned. I am told by the White House that there is in fact a contingency plan on the President's desk this morning to handle the matter in the event the House does not extend the life of the Federal Energy Administration. In consultation with the minority leader earlier I was told, although he has not the particulars of the plan, that it would be his judgment—and I trust that judgment—that the White House would be foolish indeed not to have such a contingency plan. Hence, that section that concerns all of us is in place.

The question finally is this: Do we or do we not wish to go on record as a majority party extending one of the most useless regulatory bodies created by this Congress? It was not intended that way; that is the way it worked out. I think this is a clear vote and it is a clear referendum to all those people who have spoken with great glibness about bureaucracy, who have spoken with great glibness about the need for a national energy policy, to stand up and be counted today.

I thank the chairman of the committee for extending me the courtesy of giving me time to enter this debate, and I would plead with the Members of the House to seriously consider the significance of this vote. It seems so simple to extend this agency for 30 days. If I were to come through the door from a committee meeting this morning and hear that all the committee wanted was merely a 30-day extension of an agency, I, too, would be tempted to vote yes because it sounds so reasonable.

Behind that request lies a whole long series of battles which we have all had with the FEA.

Mr. SYMMS. Mr. Speaker, will the gentleman yield?

Mr. FITHIAN. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Speaker, I thank the gentleman for yielding.

I applaud the gentleman in the well for his remarks because to me I find it rather amazing the politicians always say: "I am against bureaucracy but" or "however," and then we always have to listen to the second part of the sentence. Today we have the opportunity to do something for the taxpayers, for the middle Americans who carry the burden of the bureaucracy.

I hope we vote this bill down.

Mr. FITHIAN. I thank the gentleman. I hope for a "no" vote on the bill.

Mr. STAGGERS. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I would like to say to the two speakers on our side they certainly are representing their districts and what they think is the best interest of America. The young gentleman from Indiana who just spoke in the well is very sincere and doing a great job for his constituents and his land, as well as the young gentlewoman from Colorado who has been here a previous term. We always find her talking for her people and what she believes is right. But I have to say this time both of them are misinformed and do not have the full information on this subject. We will try to get into it just a little bit later as to why they are wrong in their views on this subject today.

Mr. Speaker, I yield 5 minutes to the ranking minority member on the subcommittee, the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I do have great respect for the gentlewoman from Colorado and the gentleman from Idaho but they are attacking the wrong enemy. The enemy they ought to attack is the Emergency Petroleum Allocation Act and the Energy Policy and Conservation Act. The EPCA Act I think my two colleagues on that side of the aisle both voted for, and maybe I am wrong but I hope they will vote against it if we get another crack at it.

But the bill which they are attacking today, which the gentlewoman from Colorado (Mrs. SCHROEDER) suggested was a problem, is not our problem. The problem is that we have the FEA and we have the increases in imports. The reason for the increases in imports is because we have held the price on domestic oil down through the EPCA legislation, and the result is we are not producing the oil in this country, and so we have to import it from abroad at higher prices. Controls neither get us the supply nor the low price that the proponents of controls thought would flow from holding domestic prices down because that foreign oil is coming in at higher prices.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Indiana.

Mr. FITHIAN. It is absolutely correct I voted for price controls on oil. I think that is the only way we can go.

Mr. BROWN of Ohio. Then who would the gentleman have administer it?

Mr. FITHIAN. If the extension dies the President changes to a Federal Energy Office, they can administer it. If we go to the Federal Power Commission, it can be handled there. It can be handled in a number of ways.

Mr. BROWN of Ohio. Is it the controls or the organization to administer the controls to which the gentleman objects? Somebody has to administer the controls. The gentleman voted to give that authority to the administration, not just this administration but any administration, and somebody has to administer them.

Mr. FITHIAN. That is correct. I would say this administration is fully capable of administering price controls if they want to. I doubt the gentleman in the well would question that this administration is capable of administering price controls.

Mr. BROWN of Ohio. I doubt that any administration is capable of administering price controls. I voted against price controls.

Mr. FITHIAN. We have been assured by EPCA that price controls are going to be continued whether or not we vote to continue FEA. The FEA assured me of this within the last 48 hours.

Mr. BROWN of Ohio. That is correct because the law the gentleman voted for calls for it. It seems an illogical argument that the gentleman would vote for the controls and then want to disband the agency that administers those controls.

Mrs. SCHROEDER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Speaker, I thank the gentleman for yielding.

I think if, as the gentleman says, he agrees with my position, then I do not know why the gentleman wants to continue this agency. Let me back off and ask another question. I do not understand the parliamentary procedure we have with this conference report.

Mr. BROWN of Ohio. Let me tell the gentlewoman what the situation is.

Currently we are in conference with the Senate. All of the members of the Subcommittee on Energy and Power, all 16 of us, are on that conference. I think that is a few too many to speed up a conference, but, nevertheless, we are all involved. Also, members from the Committee on Banking and Currency are on that conference, because the Senate in its wisdom added three additional titles. They added a $5 billion program in building and industrial conservation to the Federal Energy Administration legislation.

The gentleman from Indiana (Mr. FITHIAN) said that nobody in this body or the other body was in favor of the FEA. The Senate voted on the 16th of June, 81 to 12 to continue the FEA.

The House voted on June 1, 270 to 94, to continue the FEA in our version, in spite of the efforts of the gentleman from Indiana and the gentlewoman from Colorado. Those two versions are different. I think the House version is much preferable; however, the conference began after the 16th of June vote by the Senate and we are now in a protracted conference over this.

I think we need the additional 30 days to the end of July to finish that conference. That will give us 2 weeks at the end of July after the show in New York.

Mr. FITHIAN. Mr. Speaker, will the gentleman yield for a question?

Mr. BROWN of Ohio. I yield to the gentleman from Indiana.

Mr. FITHIAN. Mr. Speaker, I would like to inquire if it is not real that the nearest thing we have before us on the floor today was the 90-day extension that came to the House?

I would like to ask the gentleman the outcome of that vote?

Mr. BROWN of Ohio. No. I think that is clear, because the 90-day extension would have expired in a few days before we are due to adjourn sine die at the end of the year.

Mr. FITHIAN. And the vote on that was what? This House voted against a 90-day extension, and the gentleman from Ohio knows it.

Mr. BROWN of Ohio. The vote on that was supposed to extend it for 90 days. This is an extension of 30 days.

The SPEAKER pro tempore (Mr. McFall). The time of the gentleman from Ohio has expired.

Mr. STAGGERS. Mr. Speaker, I yield the gentleman from Ohio 2 additional minutes.

Mr. BROWN of Ohio. Mr. Speaker, this is an extension of 30 days to let the conference work its will.

Frankly, if the conference is not diligent and does not extend the FEA on some basis, then I would suggest we can have a simple 15- or 18-month extension.

Ms. SCHROEDER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentlewoman from Colorado.

Ms. SCHROEDER. Mr. Speaker, my question on the conference is that if this 30-day extension vote passed, does that not mean that the conference is dead?

Mr. BROWN of Ohio. No; it does not mean that the conference is dead.

Ms. SCHROEDER. Would not there have to be the creation of a new agency if this committee does not self-destruct? Would not this have to go to the Committee on Government Operations?

Mr. BROWN of Ohio. No. The conference would continue to function and what we would wind up with is a conference on two pieces of legislation passed before the deadline that would retroactively reconstitute the Federal Energy Administration.

Now, the idea of having to force the administration to set up by Executive order the FEO, to administer the laws that the Congress in its wisdom passed last year, the wisdom of doing that escapes me.

I do not see how that is good administration or congressional law or good administration from the standpoint of the executive branch. It does not seem to make much sense; so I, for one, am willing to give the conference, which may come out with a piece of legislation that I cannot support, another 2 weeks to function, to try to do its business. We have literally had only 1 week.

The SPEAKER pro tempore. The time of the gentleman from Ohio has again expired.

Mr. STAGGERS. Mr Speaker, I yield the gentleman from Ohio 1 additional minute.

Mr. WIRTH. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Colorado.

Mr. WIRTH. Mr. Speaker, is it true that the Federal Energy Administration puts into one agency a lot of agencies that have been dispersed throughout the Government?

Mr. BROWN of Ohio. Not necessarily; before the existence of the Federal Energy Administration, the Federal Energy Office, which was a creation by Executive order, was the agency administering the Emergency Petroleum Allocation Act. Then this Congress, once again in its wisdom, created the Federal Energy Administration to administer the Emergency Petroleum Allocation Act. We then passed last year the Energy Policy and Conservation Act.

Mr. WIRTH. As it is now, any Member of Congress or any member of the public or any individual who is regulated by the Federal Government in the area of energy can generally go to one administration.

The SPEAKER pro tempore. The time of the gentleman from Ohio has again expired.

Mr. STAGGERS. Mr. Speaker, I yield 1 additional minute to the gentleman from Ohio.

Mr. BROWN of Ohio. At least, they would know who to go to, the Federal Energy Administration. That is why it would continue as the Federal Energy Office.

Mr. WIRTH. That is the point at which I think, in terms of orderly administration, we are all disappointed with the regulations coming out of the FEA, but there is one place we can go.

Mr. BROWN of Ohio. Correct. If I may take my remaining half minute to correct the gentlewoman from Colorado about her vote on price controls, my staff has passed me a note which says that she voted against the Krueger amendment, which is the effort to get gradual deregulation, and for the Eckhardt-Staggers price rollback in H.R. 7014, a bill to continue and make more stringent price controls.

Ms. SCHROEDER. I think the gentleman will find that that is incorrect.

Mr. BROWN of Ohio. We will check it again.

Mr. FITHIAN. Mr. Speaker, will the gentleman yield further?

Mr. BROWN of Ohio. I yield to the gentleman from Indiana.

Mr. FITHIAN. Did I understand the gentleman from Ohio to say that in the conference they are now seriously talking about adding $6 billion to this agency?

Mr. BROWN of Ohio. We are not seriously talking about it on our side. That was a Senate amendment, and I trust that it will be struck from the final conference report. It is an issue for the Committee on Banking and Currency to confer on with members of a similar committee on the other side.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Ketchum) for debate purposes only.

Mr. KETCHUM. Mr. Speaker, I thank the distinguished gentleman from West Virginia, the chairman of the committee, for yielding to me at this time. I shall not use the whole 2 minutes.

I think this body well knows my position on the FEA. I oppose it and I oppose price controls. I think if we extend this agency, we are doing our country a disservice. When it was formed, the FEA was to implement and push forward Operation Independence, a very noble goal which we have done nothing toward achieving. The FEA has, instead, issued a multiplicity of rules and regulations, none of which anyone can understand, let alone the FEA.

The FEA, in its limitless wisdom, has not produced one single additional barrel of oil for this country, not one megawatt of electricity, not one cubic foot of gas. If there was ever an agency which is proliferating at an enormous rate, that is this agency.

If Members are in favor of reducing the size of Government, this is a marvelous place to start, and today is the day we can stand up and be counted and admit that we made a mistake a couple of years ago.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Krueger) for the purpose of debate only.

Mr. KRUEGER. Mr. Speaker, I sense that the House is ready to vote, and I shall not take a great deal of time. We are in conference at this time on the FEA extension, and the gentleman from Indiana has asked whether it is correct that there is a $6 billion provision in the bill. Yes, there is a $6 billion provison in the bill. Yes, there is a $6 billion provision in the bill that has been offered by the other body. That provision would not be an additional $6 billion appropriation to the FEA, but rather a set of conservation and other social programs that would offer loan guarantees for figures that could, however, run up to the figure of $6 billion.

Mr. Speaker, to defend the FEA is rather to be in the position of defending an illegitimate child that nobody loves and everybody would like to get rid of, but we have this child and we are the parents of this child. I think at this time it only makes sense that we continue—at least for another 30 days—with this while we try to work out the long future of the child that we have created. We have given this unwanted child a set of impossible tasks. It is instructed to allocate, request, and control the prices and supplies of an extraordinarily variegated industry, and if it has not succeeded well, that is not because the agency is incompetent, but because the task is impossible to perform rationally and fairly. It is not that we have created a monstrous child, but that we have given this child, conceived in haste and without love, a monstrous task to perform.

We of the Energy and Power Subcommittee are working very hard in the conference. We would like to have 30 additional days, which would give us time, we think, to complete the conference report. It would also allow administrative efficiency, because many of the responsibilities that the FEA now has, it will be expected to continue with. Surely, there can be a more efficient use of staff by keeping FEA than by trying to reinstruct other agencies on FEA duties and passing on duties to people like the Federal Power Commission. The FPC already has its staff fully employed for at this time.

So for that reason I think it only makes good sense that we continue this agency for another 30 days.

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to say this: I respect the opinions of every one of the Members who spoke here. I know they have spoken from their own conscience, and they have spoken for what they think is best for the land. I would never impugn the motives of any Member of Congress, because I am sure they are all here to represent their constituents and, as I said, to represent the best interests of our Nation.

Mr. Speaker, I would like to close by saying this: If we do not pass this legislation, then the powers that come under FEA would go to a newly constituted Federal Energy Office, which would be under the President. This would result in great cost of money, disrupt regulatory programs, and cause administrative difficulties of serious dimension.

All we are asking is to give 30 days in order to complete the House and Senate conference. We are confident that we can complete it in those 30 days. It is going to be rather difficult because we are recessing until July 19, I believe. When we return, there will be 8 days remaining, and they will have to be 8 days of hard, intensive work at the conference table in order to get this completed.

Let us do it in the orderly way.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. SCHROEDER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 283, nays 122, not voting 27, as follows:

[Roll No. 486]

YEAS—283

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chisholm
Clay
Cleveland
Cochran
Cohen
Conable
Conte
Corman
Cornell
Cotter
Coughlin
Daniels, N.J.
Danielson
Delaney
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Eshleman
Evans, Colo.
Fary
Fenwick
Findley
Fish
Fisher
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Fountain
Fraser
Frenzel
Frey
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Goodling
Green
Gude
Guyer
Hagedorn
Hall, Ill.
Hamilton
Hanley
Harrington
Harris
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hicks
Hillis
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jordan
Kastenmeier
Koch
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lent
Levitas
Lloyd, Tenn.
Long, La.
Lott
Lundine
McClory
McCloskey
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mann
Martin
Matsunaga
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Miller, Ohio
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Morgan
Mosher
Moss
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pike
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Rogers
Rooney
Rosenthal
Rostenkowski
Roush
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Seiberling
Sharp
Sikes
Simon
Sisk
Skubitz
Smith, Iowa
Solarz
Staggers
Stanton, J. William
Stanton, James V.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Taylor, N.C.
Thompson
Thone
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Wampler
Waxman
Weaver
Whalen
Whitehurst
Wiggins
Wilson, Bob
Wilson, Tex.
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—122

Anderson, Calif.
Archer
Armstrong
Ashbrook
Bauman
Bell
Breaux
Brinkley
Brooks
Broyhill
Burleson, Tex.
Burton, John
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Collins, Ill.
Collins, Tex.
Conlan
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Devine
Downing, Va.
Edgar
English
Evans, Ind.
Fascell
Fithian
Ford, Tenn.
Forsythe
Fuqua
Gibbons
Goldwater
Gradison
Grassley
Haley
Hall, Tex.
Hammerschmidt
Hannaford
Hansen
Harkin
Harsha
Hefner
Henderson
Hightower
Holland
Holt
Jacobs
Jarman
Jenrette
Jones, Okla.
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Lehman
Lloyd, Calif.
Long, Md.
Lujan
McCollister
McDonald
Mahon
Mathis
Mazzoli
Mikva
Milford
Miller, Calif.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Myers, Ind.
Myers, Pa.
Patterson, Calif.
Paul
Pickle
Poage
Rees
Risenhoover
Roberts
Robinson
Rose
Rousselot
Roybal
Runnels
Ryan
Schroeder
Schulze
Sebelius
Shipley
Shriver
Shuster
Slack
Smith, Nebr.
Snyder
Spellman
Spence
Stark
Steed
Steelman
Steiger, Ariz.
Symms
Taylor, Mo.
Teague
Thornton
Waggonner
Walsh
White
Wilson, C. H.
Winn
Young, Alaska
Young, Fla.

NOT VOTING—27

Bevill
Burke, Calif.
Conyers
Dent
Esch
Evins, Tenn.
Hays, Ohio
Heinz
Helstoski
Hinshaw
Jones, Ala.
Jones, Tenn.
Karth
Litton
McDade
Meyner
Mills
Mineta
Moorhead, Pa.
Nolan
O'Brien
Peyser
Riegle
Roncalio
Stuckey
Symington
Whitten

The Clerk announced the following pairs:

Mr. Jones of Tennessee with Mr. Stuckey.

Mr. Dent with Mr. Karth.

Mr. Moorhead of Pennsylvania with Mr. Evins of Tennessee.

Mr. Helstoski with Mr. Hays of Ohio.

Mrs. Meyner with Mr. Whitten.

Mr. Mineta with Mr. O'Brien.

Mr. Nolan with Mr. Peyser.

Mr. Riegle with Mr. Conyers.

Mrs. Burke of California with Mr. Esch.

Mr. Roncalio with Mr. Heinz

Mr. Symington with Mr. McDade.

Mr. Litton with Mr. Jones of Alabama.

Mr. Bevill with Mr. Mills.

Mr. MAGUIRE and Mr. THONE changed their vote from "nay" to "yea."

Messrs. BELL, MURPHY of Illinois, and RYAN changed their vote from "yea" to "nay."

So the Senate bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 3295, HOUSING ACT AMENDMENTS OF 1976

Mr. REUSS. Mr. Speaker, I call up the conference report on the Senate bill (S. 3295) to extend the authorization for annual contributions under the U.S. Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

POINT OF ORDER

Mr. BROWN of Michigan. Reserving the right to object, Mr. Speaker, I raise a point of order against the conference report.

The SPEAKER. The gentleman will state his point of order.

Mr. BROWN of Michigan. Mr. Speaker, I make a point of order against the conference report on S. 3295 on the basis that the House managers exceeded their authority by agreeing to two matters not in the original House amendment to the Senate bill and which violates clause 2, rule XX, of the House Rules and Precedents of the House. Clause 2, rule XX, reads in part as follows:

> Nor any amendment of the Senate providing for an appropriation upon any bill other than a general appropriation bill shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall first be given by the House by a separate vote on every such amendment.

The Senate-passed bill contains section 9(a)(2) and 9(b) which in effect provide for expenditures to be made from the various FHA insurance funds to honor claims made eligible for payment by the provisions of section 9 generally. These amendments are to section 518(b) of the National Housing Act and relate to sections 203 and 221 housing programs for which the authority of the Secretary of HUD to pay claims related to certain structural defects has expired if the claims were not filed by March 1976.

Both sections 9(a)(2) and 9(b) include identical language which states as follows:

> Expenditures pursuant to this subsection shall be made from the insurance fund chargeable for insurance benefits on the mortgage covering the structure to which the expenditures relate.

The words "Expenditures pursuant to this subsection shall be made from the insurance fund" constitute an appropriation within the meaning of clause 2, rule XX. Based on precedents under clause 5, rule XXI, it is clear that payments out of funds such as the FHA insurance fund are within the meaning of the term "appropriation" and that the action taken by the House managers is violative of clause 2, rule XX.

In support of this point of order, I cite the ruling of the Chair on a point of order raised by H. R. Gross on October 1, 1962, to the conference report on H.R. 7927. A Senate provision agreed to in that report provided that—

> The benefits made payable . . . by reason of enactment of this part shall be paid from the civil service retirement and disability fund.

Inasmuch as when the House agreed to go to conference, it did not give specific authority to agree to such an amendment. I therefore submit that it is not in order for such language to be included in the conference report.

The FHA insurance funds are designed to provide the reserves for payments on defaulted mortgages and for the operation of HUD related to the various insurance programs and any diversion of the use of such funds such as for payment for defects in the structure would violate clause 5 of rule XXI. In further support of this point of order, and specifically on the point that the provisions constitute a diversion of funds for a separate purpose not within the intention of the legislation establishing the fund, I cite the ruling of the Chair on October 5, 1972, which holds that an amendment allowing for the use of highway trust fund moneys to purchase buses,

> would seem to violate clause 4 of rule XXI in that it would divert or actually reappropriate for a new purpose funds which have been appropriated and allocated and are in the pipeline for purposes specified by the law under the original 1956 act.

I say, Mr. Speaker, I make a point of order against the conference report on this basis.

I would note, Mr. Speaker, that the gentleman from Oklahoma is the one who sustained the point of order raised by Mr. Gross in the case which I have referred to.

Mr. Speaker, I am inclined to anticipate a ruling against my point of order, but if that should be the case, Mr. Speaker, I suggest we are making a mockery of the rules of the House.

Since some of my comrades may not be aware of it, the rules of the House in clause 5, rule XXI, provide:

> No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations, nor shall an amendment proposing an appropriation be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction. A question of order on an appropriation in any such bill, joint resolution, or amendments thereto may be raised at any time.

Mr. Speaker, that is a rule of the House. Now, since the House in its rules cannot have extraterritorial effect or extra body effect, in order to protect the House from having its rules violated by the Senate, we adopted clause 2 of rule XX which related to action that the Senate might take that would be violative of the House rules. But the very fact that this is not a Senate amendment on a House bill is insignificant if the rules of the House are going to have any real meaning because what we are saying is any time we want to violate the House rules, we can have the rule provide that after consideration of the bill it shall be in order for the such-and-such Senate bill to be taken from the Speaker's desk and everything after the enacting clause stricken and apply the House language, or we can, when the bill is under consideration before the House get consent to strike everything after the enacting clause of the Senate bill and substitute the House language. In either of those cases that for all intents and purposes precludes a Member of this House from saying that the rules of this House are violated with respect to action by the Senate.

I respectfully suggest, Mr. Speaker, at this point in time when we are having some questions raised about the integrity of the House rules and House administration, this is not the time to render a decision on a point of order that gives in effect further credence to the fact that we do not intend to maintain integrity in this House with respect to the rules of the House if the procedure is carried out in a circuitous way.

The SPEAKER. Does the gentleman from Ohio care to be heard on the point of order?

Mr. ASHLEY. Very briefly, Mr. Speaker.

Mr. Speaker, clause 2 of rule XX of the rules of the House makes out of order any provision in a Senate amendment which provides for an appropriation. However, the rule does not address itself to provisions in Senate bills. The conferees accepted the provision in question, without change, from a Senate bill and not from a Senate amendment. Therefore, no violation of the House rules is involved even if the provision is considered to be an appropriation.

The SPEAKER. The Chair is ready to rule.

The gentleman from Michigan has made a point of order against the conference report, referring to the language of rule XX, clause 2, which places certain restrictions on the managers on the part of the House in a conference with the Senate.

The Chair has ruled on this matter before.

On January 25, 1972, the Chair ruled in connection with a point of order made by the gentleman from Iowa (Mr. Gross) against the conference report on a foreign military assistance authorization bill (S. 2819) on the ground that the House conferees had exceeded their authority by including in the conference report an appropriation entirely in conflict with clause 2, rule XX. That rule provides, in relevant part, that "no amendment of the Senate"—that is the important language—no amendment of the Senate providing for an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House.

The Chair would point out that it was a Senate bill which was sent to conference with a House amendment thereto. The rule is restricted in its application to Senate amendments and, thus, is not applicable in the present situation.

The Chair, therefore, overrules the point of order.

Mr. BROWN of Michigan. Mr. Speaker, in view of the ruling of the Chair, I just would like to point out that in the conference report the paragraph appears:

> That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment.

In other words, with a Senate amendment.

Now, I respectfully suggest that for all intents and purposes, by using the circuitous route of taking up the Senate bill and including the House language, we nullify totally the basic directive of the House rules that this House shall not concur in any appropriation in a legislation bill not a general appropriations act, and for the Chair to rule that we will accept a circuitous violation of the House rules, that we will not accept a direct violation, I think is not in the best interests of the House.

The **SPEAKER.** The Chair just thinks there are other rules that govern and that can protect the House in situations of this type. The gentleman has referred to the language of the conference agreement; and the Chair would point out that the managers have proposed that the Senate recede and concur in the House amendment with an amendment. There is no Senate amendment before the House at this time.

Is there objection to the request of the gentleman from Wisconsin that the statement be read in lieu of the report?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 25, 1976.)

Mr. **REUSS** (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The **SPEAKER.** Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The **SPEAKER.** The gentleman from Wisconsin (Mr. REUSS) is recognized for 30 minutes.

Mr. **REUSS.** Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I urge support for this conference report. It substantially reflects the will of the House as expressed when we voted out this legislation on May 26.

The major provisions of the bill, as embodied in the conference report, include an additional $850 million in contract authority for public housing and section 8 for fiscal year 1977. Of the amount actually appropriated, $140 million is set aside for acquisition or development of public housing. Of this $140 million, $100 million must be for new construction or substantially rehabilitated units. The remaining amounts appropriated may be used either for section 8 or public housing, at HUD's discretion.

The conferees dropped the provision for new construction or rehabilitation. Instead, they inserted a requirement that HUD follow, to the maximum extent practicable, the proposals contained in local housing assistance plans.

Other features of the bill provide an additional $2.5 billion for elderly and handicapped housing.

Also, by a modification of the formula by which the interest rate on section 202 loans is computed, that rate is effectively lowered from its present rate of more than 8 percent. Since the present tandem plan for housing people of very substandard income bears an interest rate of 7.5 percent, doing something comparable for needy senior citizens seems only fair.

An additional $100 million is authorized for the section 132 rehabilitation loan program, and an equal amount is authorized for the section 701 comprehensive planning program.

Mr. Speaker, this is a solid and constructive conference report. It provides the program extensions needed if we are to have a successful housing and community development program during the next fiscal year. I strongly urge its adoption, and I urge the President to sign it.

Mr. Speaker, I yield such time as he may require to the very industrious and hardworking chairman of the housing subcommittee, the gentleman from Ohio (Mr. ASHLEY).

Mr. **ASHLEY.** Mr. Speaker, I rise in support of the conference report to accompany the bill, S. 3295. When this House acted on the Housing Authorization Act of 1976, it was well aware that there would be great difficulties in resolving the differences in its version and that enacted by the other body. Indeed, some of our actions were predicated on the establishment of a better bargaining position for House viewpoints in relationship to the Senate version. Probably the key floor action changing the committee bill was the amendment introduced by my good friend and colleague Mr. BROWN of Michigan. In introducing that amendment he said:

> Mr. Chairman, the main purpose of the amendment is not that we may not agree to some set-asides in connection with the conference with the Senate. The basic problem is, as I have indicated toward the end of my remarks, that the Senate has already imposed so many restrictions, constraints and earmarking set-asides, that it will be impossible to come out of conference with any kind of an acceptable bill. If we went into the conference with the earmarks, the set-asides and the constraints that are in the House bill, I would, therefore, tacitly admit in conference that I would agree to some set-asides; but just to go to conference, in effect, with our hands tied, as they will be if section 2 is adopted in its present stage, is very unwise and it is ridiculous for the House to put itself in that position in attempting to work out the differences between the House and the Senate.

I think I can safely report that the managers on the part of the House successfully defended the House position in our meetings with the Senate and the bill reported by the conference committee substantially reflects the views of this body. This is good and constructive housing legislation and I strongly urge its adoption.

Rather than attempt to cover in details the dozens of issues in contention between the House and Senate versions of this bill, I will limit my discussion to only the most salient points at issue.

Both the House and Senate bills contained substantially similar amounts for housing assistance authorizations, but the Senate bill provided for a substantial number of special set-asides including a special new program to deal with the use of payments for foreclosed FHA projects or those threatened by foreclosure. The House position was that there should be a minimum number of set-asides as long as it was clear that HUD would follow congressional intent that local housing assistance plans should be the principal determinant in how these funds are used. Very substantially the managers on the part of the House maintained this position.

One of the principal issues in contention during the conference was the question of the extent to which the housing assistance authorization would legislatively allocate section 8 funds for newly constructed or substantially rehabilitated housing. The Senate bill required the Secretary of HUD to make at least $465,000,000 of the new contract authority available for such purposes. The House amendment did not specify any minimum level of funding and, in effect, maintained the existing requirement that the proportion of new and substantially rehabilitated housing would be determined in accordance with local plans. It was the House viewpoint which prevailed.

There is a long and clear legislative history that local determinations on the mix of housing assistance should be controlling. Unfortunately there is also a parallel history of HUD ignoring this congressional intent and imposing its own predictions to make maximum use of existing housing almost totally without regard to congressional intent or local plans.

The conferees felt that the Senate bill, in mandating a minimum level of new construction, was an inappropriate response to HUD's failure to carry out the 1974 act provisions since it merely substituted a congressional determination of housing mix for an executive determination. In either case the framework of the 1974 act's reliance on local determination on local determination would be violated. The conference report accordingly reiterates—in statutory language rather than report language—the existing requirement that housing funds be allocated for new, rehabilitated, and existing units in communities with housing assistance plans in accordance with the goals specified in their housing assistance plans, to the maximum extent practicable and consistent with section 213(d) of the 1974 act. This provision could be applied by HUD within areas as large as housing market areas.

In some areas the conferees felt that some specific set-asides would be required—particularly in relationship to conventional public housing. The record of HUD in ignoring congressional mandates for this program is too clear to permit any other treatment.

The Senate bill required that at least $200,000,000 of the new contract authority provided on October 1, 1976, be used under the traditional public housing program for newly constructed and substantially rehabilitated low-income projects. The House amendment left to the discretion of HUD the relative allocation of the new authority as between section 8 projects and traditional public housing projects, and also left open the relative use of funds to finance the development of new public housing projects and the acquisition of existing units.

The conference report directs HUD to allocate at least $140 million in contract authority for traditional public housing, at least $100 million of which must be used for the provision of additional new or rehabilitated low-income projects. Thus, the conference report both reduces the size of the public housing set-aside contained in the Senate bill and moves closer to the House provision which provided greater discretion in the use of the additional contract authority.

The set-aside for new construction of public housing is an important issue because it raises the specter of a Presidential veto. During the course of the conference, we were informally advised that the Secretary of HUD was prepared to recommend that the President sign this bill if the set-aside for public housing new construction were reduced from $100 million to $75 million. The conferees considered this advice and rejected it. Within a total authorization of $1 billion — counting new authority and carry-over of prior authority—the difference of $25 million for new public housing construction represents haggling worthy of an oriental bazaar rather than a genuine policy question. The President may well veto this bill and may well cite this as a reason for his veto, but I, for one, cannot believe that this difference in authorization level enters into any real calculus for such a decision. If there is a veto, the roots of such action will relate more to the election year politics of a President who is in a tight race for his party's nomination than to any substantive issues in this bill.

There is one other provision of the conference report which should be discussed—that related to the section 202 program of housing loans for the elderly and handicapped.

The Senate bill contained a provision which would increase the borrowing authority for section 202 loans by $2.5 billion on July 1, 1976. The House amendment would increase the authority from $800 million to $1.475 billion upon enactment, to $2,387,500,000 on October 1, 1977, and to $3.3 billion on October 1, 1978. The conference report contains the House provision.

The House amendment contained a provision not in the Senate bill which would require approval in appropriations acts of all borrowing authority under section 202 in excess of $800 million. Again the conference report contains the House provision.

All in all, Mr. Speaker, I think that the House well maintained the basic provisions of the legislation approved by the House in the authorization bill, and I am pleased to endorse this conference report.

Mr. BROWN of Michigan. Mr. Speaker, at the outset, I would say that I propose to move to recommit this bill to the conferees. In doing so, I am supporting what was the position of the House at the time this legislation passed the House. It is not in derogation or in opposition to the House position, but rather it is in support of the House position.

Mr. Speaker, after 5 months of work on the House version of S. 3295, I was proud to take that bill to conference with the Senate.

I regret that today, I am compelled by conscience to urge—most strongly—that this body reject that bill as it has now been reported out of conference.

I will be candid. The majority party House conferees have yielded to the Senate and to the party leadership in sufficient strength to render injury to past and future legislative objectives.

There are four major areas of serious concern in the conference bill:

First, the housing assistance program—designed in careful recognition of past pitfalls and dedication to future flexibility and equity—will be warped into serving parochial interests through set-asides for new construction of public housing;

Second, the wasteful extension of FHA energies in service as a warrantor for certain properties with mortgages insured under the National Housing Act and the accompanying exposure to unforeseen loss to the mutual mortgage insurance fund offers to lay FHA under long before we will ever find time to examine the injuries of the past;

Third, the provision to lower the mortgage interest rate on section 202 direct loans—by providing a hidden subsidy through the public debt—threatens to set back or, at least, limit the constructive congressional effort to build-in budgetary control and accountability in our financial process; and

Fourth, the conferees of the majority party—with some exceptions—have disagreed with the majority of the Members of the House and too willingly receded to the Senate by dropping the counter-cyclical jobs bill which would primarily benefit the construction trades, the sector having one of the, if not the, highest unemployment, the Supplemental Community Development Block Grant provisions.

This was done even though there is every reason to believe that the provision would have been endorsed by the administration, while the alternative public works jobs bill is clearly less cost-efficient and is administratively unacceptable.

I will explain these points in detail and I will urge your support in recommiting the bill to conference.

HOUSING ASSISTANCE

Just look at the provisions having to do with housing assistance.

The bill directs HUD to utilize at least $140 million of the new contract authority for public housing.

One hundred million dollars of that must go to new construction.

Traditional public housing is that which is owned by the public housing authority.

It is typically a program which commits the Federal taxpayer to 40 years of annual subsidy to cover the debt service on the project.

For fiscal 1977, it is a program which will require $576 million in operating subsidy to be paid by the Federal taxpayer.

Finally, it is the same program which we sought to terminate through the enactment of a new housing assistance concept in the 1974 act—the section 8 program.

The conference bill takes us back to the "good old days" in which we made a practice of warehousing poor people in traditional public housing.

Why should we have section 8 rather than public housing?

That is simple.

Section 8 directs its assistance to the people not to the project as does public housing.

Sure, you can get production with public housing albeit not for 3 years or so.

That is because the program ties the Federal Government to the project come hell or high water—and judging from experience both will arrive.

Just look around in any major city and you can see why the 1974 act said, in effect, we need a new approach.

Section 8 is that new approach and it is beginning to take off.

HUD is well along in meeting its goal of 400,000 units of section 8 housing through the transition quarter.

Granted, not all of this is new housing—but then should it be when existing units cost the Federal taxpayer half as much as a new unit?

But, there is another reason.

According to a preliminary HUD survey of tenants in section 8 units, they strongly prefer renting units privately to occupancy in traditional public housing projects.

These are the tenants who are talking—not the developers or the housing officials who want to hold on to their access to Federal programs.

I say that we do a disservice to the needy of this country when we setaside large sums of money that can only be used for public housing.

We tell them that Federal projects are where you will live and then later when they become ramshackle we will provide operating subsidies.

All this because we will not stand up to those vested interests in an archaic housing program which warehouses our poor and denies them true housing opportunities.

My second point of concern is section 9 of the bill.

Section 9 of the conference bill is the proverbial case in point to the old saying—"old programs never die."

In this case, in the 1970 act we enacted a very special provision to compensate those low-income home buyers who had encountered serious defects in homes purchased under the FHA programs specifically, section 235 units.

This was justifiable in the presence of actual experience.

Many ripoffs by speculators and laxity in the practice of FHA appraisers were evident.

It was retrospective action to ease a wrong.

Then, in 1974, we expanded eligibility and extended the time frame to 1973.

The one-shot remedial action for a single purpose need has now given birth to a new Federal commitment.

It is now popular to believe that eventually we will bring FHA into a role of warrantor for any property involved in FHA mortgage insurance.

In point of fact, section 9 will bring such a Federal warranty to bear on any property insured by FHA section 203 or 221 prior to date of enactment; provided that the property is located in an "older declining area" and that the defect be one which creates a serious danger to the inhabitants.

Given the 5 million FHA mortgage insurance contracts now in force, it is difficult to determine the impact of the amendment in terms of HUD staffing and administrative costs but it obviously will be substantial.

If claims were submitted for only 5 percent of the 5 million contracts, 250,000 claims would have to be processed, which would require 975 staff years.

Apart from the staff increase that would be required, personnel expenses would rise by some $19,000,000 over and above the amounts needed to pay claims.

Although these staff requirements could be spread over several years, most applications for relief under the expanded program would come in very soon after the program became publicized and, thus, would have to be handled by existing staff.

The result would be to reduce HUD's capacity to accomplish other business assigned to its field offices, especially in the housing area, with consequent delays in other program demands.

Section 9 also provides that the payment for defects in property insured under section 203 of the National Housing Act will be paid out of the Mutual Mortgage Insurance Fund.

This is the fund that forms the backbone of the FHA operation by assuring all lenders of actuarial soundness.

I find this provision of the conference bill to be reminiscent of the old story of locking the barn after the horse is already out.

For years now, we have been constantly bombarded with complaints about FHA operations in service to the national need.

How long is it now—2 or 3 years at least—that we have been commiting and recommiting the Housing Subcommittee to an indepth oversight study of FHA?

I recall one such event as recently as May 26, 1976, when the bill first passed the House.

Here we are today with section 9—which commits FHA to a backbreaking task—useless though it seems to be.

It opens the coffers of the Mutual Mortgage Insurance Fund to a new—previously unconsidered risk, and offers to scare away the remaining FHA customers. With amendments like this one, I cannot figure out if our intent is to improve FHA or destroy it.

In any case, I must deplore the actions of the House conferees in accepting this provision.

My third concern is the amendment to our section 202 program.

In the midst of our initiatives to provide for responsible budgetary controls by the Congress, I find it alarming that the conferees on S. 3295 have chosen to disregard the practice of accountability through appropriations and now propose to hide a housing subsidy within the cost of management of the national debt.

I refer specifically to the fact that the House conferees accepted the provision in the Senate bill—now section 11—which changes the formula computation of the mortgage interest rate on the section 202 direct loan program from an accepted "no-cost-to-the-government" formula to a highly questionable one involving a subsidy which will be paid by Treasury in the course of management of the public debt.

The conferees were made aware of the implications of the Senate provision in a letter from the Secretary of the Treasury dated June 9, 1976.

Although his arguments made no impression on the House or the Senate conferees, I want you to know what section 11 of the conference bill will mean.

I quote now from Bill Simons' letter of June 9, 1976:

> The Treasury Department recommends that the interest rate formula proposed in section (11) of (the conference bill) S. 3295 be rejected as a wholly unacceptable measure of the Government's borrowing-cost. *Enactment of this formula would create a very dangerous precedent for other Federal programs and would be a serious setback* to the progress made over the past decade toward a more rational measure of the cost of borrowing to the Government. *Unless the Congress knows the true cost of Government borrowing, the Congress cannot know the true cost of Government loan programs, and the Congress cannot make informed decisions as to the allocation of credit resources.*

If accepted by the House, I fully expect that this provision will cause serious consideration of a Presidential veto.

I believe we could justify such action on several bases.

This legislation is contradictory to the good order to financial accounting which we have labored hard to establish.

It is a giant step back to pre-1962.

There is also a great measure of uncertainty as to the need to lower the mortgage interest rate on section 202.

In the course of the conference, there was no showing of a specific 202 project being infeasible under existing mortgage interest rates.

In fact, to my knowledge, not a single 202 project has reached the point of determining feasibility.

How can we possibly know whether the alleged problem is actually a problem?

As a matter of fact, the establishment of feasibility for a 202 project is essentially determined by the section 8, fair market rent which is set by the Secretary of HUD.

The 1974 act gave great latitude in the case of projects for the elderly or the handicapped. The Secretary has by regulation set such limits at 105 percent of family projects and holds the authority to increase those rents by another 20 percent.

Remember now, you can get the same benefits as a lower interest rate by adjusting fair market rent.

In this manner, you keep costs and accountability in the open.

I see no justification for trying to solve a hypothetical problem with hasty, obviously poor legislation—especially where the problem appears to be within the administrative control of the Secretary of HUD.

Secretary Hills asked that the conferees leave the program unchanged so that she might have a chance to take appropriate action.

I urged that the Senate recede from section 11 and offered that I will personally support legislative relief at such time that the problem can be clearly shown and the form and degree of added subsidy can be effectively addressed. I repeat that statement now. None of us who had anything to do with the new 202 program want to see it falter.

202 ON-BUDGET

The House conferees also receded to the Senate and dropped a House provision which would have required that effective October 1, 1977, the receipts and expenditures of the section 202, direct loan fund would be placed "on-budget."

The opponents to the provision based their objections on the fact that the Budget Committees have a charge to study "off-budget" activities. This should not have been unknown to the House conferees for it was discussed on this floor when the amendment was offered by our colleague (Mr. **ROUSSELOT**) and accepted by this body.

The distinguished chairman of the Budget Committee, Mr. ADAMS, suggested that it is primarily a matter of timing—not whether 202 should be "on-budget" but when.

A further point was also made that placing section 202 "on-budget" in this bill will not jeopardize or foreclose future actions by the Budget Committee. With that fact in mind, the conferees were reminded that the House amendment provided for the change to take place in fiscal year 1978 and that the deletion of the amendment in this bill could serve to delay the matter for at least another year.

Despite this background, the House conferees receded on this matter.

That action was much too hasty and with clear disregard for the will of the majority of Members in the House.

SUPPLEMENTAL COMMUNITY DEVELOPMENT GRANTS

Perhaps the most objectionable feature of this conference bill—at least to me personally—is the fact that the majority members of the House conferees agreed to drop the House provision for a supplemental community development grant program.

My colleagues will recall that this is the counter-cyclical jobs bill for the construction trades.

It was dropped—according to one conferee, a member of the majority party—because the leaders of the Democrats had chosen to support the Senate counter-cyclical jobs provision which was vetoed once already and sustained in February as a part of H.R. 5247—and it is now once again following the same course as a part of the bill S. 3201.

I must be completely candid and observe that two members of the majority party—who are conferees—voted with their conviction rather than party and the provision was dropped by a close 8 to 7 vote among the House conferees. As indicated in the conference by the more forthright conferees, the provision was not dropped on the basis of merit.

It was pure politics, vis-a-vis the other Senate/Democratic proposal.

It was only because of the will of the few who represent leadership of the

Democratic party that the proposal with the least merit is being pushed. It made no difference that this proposal offers many distinct advantages for quickly meeting the most serious needs among those who are unemployed.

It made no difference that endorsements of the proposal were received from individual mayors rather than their Washington associations—or the fact that they provided numerous examples to show how such grants could be immediately directed to jobs—jobs needed in the achievement of pending community development projects which are already incorporated in local planning.

The choice is not a choice to anyone outside of the leadership of the majority party.

To all others it is a simple fact that if you want a jobs bill, you will take what the Democratic leadership says you will get and that is the public works bill, S. 3201.

I fully expect the President to veto S. 3201.

I made an effort in conference to get an agreement to support the House supplemental community development grant program in a new bill if the public works bill should be lost to a veto.

That effort was unsuccessful and it leaves me with only one possible conclusion—the majority party is not really concerned with providing new jobs.

When they tell their members to take the public works bill and no other—they are sending a similar message to the unemployed people of this Nation.

Mr. Speaker, our colleagues do not need to look for agreement with my principles or the substance of my complaints in order to be able to support my motion to recommit.

The least degree of pride in fulfillment of the responsibility of office, and pride in good legislation, will give insistence that the conferees reconsider the bill.

Mr. Speaker, in concluding my remarks and urging a vote for recommittal of this conference report, I will conclude as I began: Recommitting this conference report will really be sustaining the position of the House, a position I think that was concurred in bipartisanly and certainly was a position that had much more merit than the position of the other body.

I think it is fascinating, at least to me, to see Members of the other body when they come to a conference as conferees on a housing bill, take almost diametrically opposed positions to the positions they take when they serve as a member of the appropriations body in that other House.

That situation could not have been more poignantly reflected than in this most recent conference. The gentleman from the other body, the gentleman from Massachusetts, in a colloquy with his own members, his own conferees, pointed out that what we were doing in this HUD authorization was a fraud and a sham, because already the Committee on Appropriations had taken action that made a nullity out of what we were doing in the authorization bill.

Mr. Speaker, I respectfully suggest and recommend that this bill be recommitted, that we indicate to the other body that we will not be shoved around, that we want to have the position of the House sustained, and that when we meet again a more legitimate compromise, a compromise more properly on the merits, can be developed and submitted to each House.

Mr. REUSS. Mr. Speaker, I yield such time as she may consume to the distinguished gentlewoman from Missouri (Mrs. Sullivan).

Mrs. SULLIVAN. Mr. Speaker, having served on the Subcommittee on Housing since that subcommittee was formed in the Committee on Banking and Currency 21 years ago, and having worked on every housing bill to come before the House in all of those years, and having been a conferee on every housing bill except one in the last 13 years, I wish the conference report on this one, S. 3295, which is probably the last omnibus housing bill with which I will be associated as a Member of Congress, were more effective in getting at the roots of our Nation's housing problems.

It is not going to solve the housing shortage; it is not going to help the average-income family in obtaining mortgage loans at reasonable rates of interest; it does nothing about the speculative abuses in inner-city real estate price gouging; it continues to put heavy reliance on programs which have not worked.

This is not said in criticism of anyone, and I hope no one takes offense from what I am saying. It is just that to me, after 21 years of what I think has been hard work on housing legislation, during which time we have often dared to try new and imaginative approaches to our housing problems—some of which have been dismal failures and some of which have been tremendous successes—I hate to see the last major housing legislation in my congressional career represent a rather pedestrian approach to a terribly serious national problem.

A MISSED OPPORTUNITY TO AID AVERAGE INCOME HOME BUYERS WITHOUT SUBSIDIES

The House, in its wisdom, chose last month to knock out of this bill the one new thing in it which could have brought good housing once again within the reach of the average-income American family without any subsidy from the Federal Government. That was the provision of the bill as it came from the Committee on Banking, Currency and Housing which would have established the Home Owners Mortgage Loan Corporation, to make direct Federal loans up to $30,000 to credit worthy average income families, over 30 years, at an interest rate of no higher than 6½ percent when mortgage money is not available to such families from private lenders at reasonable rates of interest. The vote in the House against that proposal was overwhelming, 243 noes to 116 ayes.

For the first time in the 7 years this proposal has been put forward, it received some bipartisan support on a rollcall vote. Some day, when a Democratic President signs such a program into law, as I am convinced will be done eventually, I hope the three Republican Members of the House who voted for that provision on May 26 will be invited to the White House and given signature pens—Congressman Conte, Congressman Rinaldo, and Congressman Snyder. I am grateful to them for their vote on this issue.

In the late 1960's, whenever there was a bill-signing ceremony at the Johnson White House on a food stamp bill, many Members wondered why the late Representative John Saylor of Pennsylvania was always present to receive one of the pens. John Saylor was the first and only Republican to vote for food stamp legislation at one critical stage of that legislation's critical development, and I, for one, never forgot his courage at a time when the Eisenhower administration was fighting the proposal tooth and nail and every Republican on the Committee on Agriculture voted to block its enactment. So if we ever do get a direct Federal mortgage loan program for average-income families to operate during periods of tight money and high interest rates when the average family is priced out of the housing market

I certainly hope Mr. Conte, Mr. Rinaldo, and Mr. Snyder are invited to the White House and that I and 13 other Democrats on the Banking and Currency Committee who stood behind this proposal on May 26 are also extended invitations—Congressmen Allen of Tennessee, Blanchard of Michigan, D'Amours of New Hampshire, Gonzalez of Texas, Hanley of New York, Hannaford of California, Hayes of Indiana, Minish of New Jersey, Mitchell of Maryland, Patterson of California, Reuss of Wisconsin, St Germain of Rhode Island, and Young of Georgia. Congresswoman Boggs of Louisiana would, I am sure have voted with us, if she had not been in London for the Magna Carta ceremonies. To the 99 other Democrats who voted aye on May 26, I also want to express my deep appreciation. It was a good vote that day and I am sure none of you will have occasion to regret it.

In the meantime, Mr. Speaker, what about S. 3295 as reported from the committee on conference? As far as it goes, it is a good bill and I urge its support. Although none of the Republican conferees signed the conference report, I hope it will receive bipartisan support here on the floor and that it can be enacted into law.

TOO MUCH EMPHASIS ON SUBSIDIES TO LOW-INCOME AND WELL-TO-DO FAMILIES

As has been the case for the last 8 years, it puts too much emphasis on Federal subsidies as a device for coping with the high interest rates which have devastated the housing market repeatedly since 1968. The 94th Congress convened in January of 1975 on a commitment to bring down the unconscionable interest rates which have stifled housing in the United States. That pledge has not been kept. There has been a reluctance to deal with it forthrightly so we have gone along with the Ford administration's inherited policy from the Nixon administration to have the taxpayers subsidize the lenders in issuing mortgages to the low-income families and also, believe it or not, to the well-to-do families.

Under the so-called tandem plan, well-to-do and even wealthy families have received subsidies equivalent to $3,000 or $4,000 each on mortgages up to $42,000 on new housing for which there was no sales price ceiling. In other words, if a family were able to put down $30,000 on a $72,000 home, it could receive a subsidized 7½ percent mortgage for $42,000. This bill finally deals with that problem by setting a sales price ceiling of $48,000 on the homes eligible for 7½ percent subsidized mortgages under the Government National Mortgage Association tandem program. An exception to that ceiling was made in the case of Alaska, Hawaii, and Guam where the sales price can be as high as $65,000, and in the case of high cost areas in the Continental United States, $52,000.

On the other hand, the conference report raises the income limitations for lower-income families eligible for subsidized mortgages under the section 235 program. Instead of limiting such subsidized loans, a 5-percent interest, to families earning no more than 80 percent of the median income in their geographic areas, the conference report includes the provision of the House bill which raises that income limitation to 95 percent of median income in that locality. So nearly half of the families in this country will become eligible for subsidized mortgages under the section 235 program which costs the Federal Government about $25,000 in subsidies on almost every $25,000 mortgage issued at the subsidized rate of 5 percent. The lender gets 9¼ percent or more interest and the taxpayers make up that difference of about $25,000 interest per house. I think that is a great mistake when one considers the fact that by making a direct loan at 6½ percent, the Federal Government could provide mortgages to average income families which would not entail subsidies.

LOWERED INTEREST RATE ON NONPROFIT HOUSING FOR ELDERLY

In the very successful 202 program for housing for the elderly through nonprofit organizations, the interest rate formula has been changed so that nonprofit organizations will be able to borrow from the Federal Government at approximately the Federal Government's own cost of borrowing money. I strongly supported that proposal in conference and I am glad it was accepted by the House conferees. Experience has shown that the elderly families for whom the section 202 program was enacted cannot, in most instances, afford the rents which would have to be charged in order to pay the mortgage on the loan under existing law. Consequently, many of the families have to be subsidized under the rent supplement program.

It makes more sense, and costs the Federal Government far less money, to lend funds to the nonprofit sponsors at approximately the Government's cost of borrowing money, so that the residents of the elderly housing projects can afford rents commensurate with the interest rate, than to maintain an artificially high interest rate on these loans and then subsidize the tenants in their occupancy of the dwellings. The administration opposes the cutback in interest rates under the section 202 direct loan program to nonprofit sponsors for elderly housing, but it is inconceivable to me that in case of a veto based on this provision, the Congress would not proceed to override.

VICTIMIZATION OF BUYERS OF HOMES WITH FHA MORTGAGE INSURANCE

Now I want to speak briefly about one of the provisions of this bill which I think can be extremely significant in helping to solve the housing problems of moderate income families who are largely dependent upon financing with FHA-insured mortgages.

Ever since an investigation I conducted in behalf of the Banking and Currency Committee in 1969 into speculative abuses in inner-city housing, we have been aware of the pattern of victimization of unsophisticated home buyers who are enticed into buying older homes in poor condition on the assurance that the property has been "inspected and approved by the Federal Government." What those real estate ads and come-ons mean to the average buyer of a home financed with FHA-insured mortgages is that the Federal Housing Administration has carefully inspected that property to make sure that everything is in tip-top shape and that the FHA has in fact "insured" the condition of the house.

That is not what FHA insurance means at all, and we all know it. What it means is that the FHA has appraised the house as being worth the sales price and that the home is habitable with no obvious structural or other defects. But the FHA inspection program, while significantly improved from the scandalous operation the Committee on Banking and Currency exposed between 1969 and 1972, is not the kind of thorough inspection that a home buyer needs and is entitled to have in purchasing an older home.

The FHA charges $50 as an application fee to a family applying for FHA mortgage insurance. That is supposed to cover all the costs of the paperwork, the appraisal, the evaluation of the credit report, and any inspection work which is performed to make sure the house is habitable. But thousands of families which purchased older homes with FHA-insured mortgages discovered to their dismay that the plumbing system, or the heating system, or the roof, or the structural walls, or other major components of the house were in such seriously bad condition that extensive and very expensive repairs were necessary which they could not afford to make. Many of those families just walked away from their FHA-insured white elephants and let the homes go to foreclosure, costing the Federal Government hundreds of millions of dollars in payments to lenders to cover the defaults, and leaving the Federal Government with a vast inventory of boarded-up derelicts destroying the character and instability of good neighborhoods in all of our major cities. This has been a national disgrace and a fiscal tragedy.

STUDY OF FEASIBILITY OF EFFECTIVE HOME INSPECTION PROGRAM

Section 9 of the conference report seeks to deal with this problem at its source—by calling upon the Secretary of Housing and Urban Development to conduct a thorough study into the feasibility and structure and costs of a national home inspection and warranty program covering all one-to-four family homes purchased with FHA-insured shortages. As the sponsor of this proposal, I foresee a report coming back to Congress next March which will convince the 95th Congress to make FHA inspection a real program of home buyer protection.

The proposal in section 9(b) for this study recognizes that a thorough inspection of an older home cannot be done for the $50 application fee now charged by the FHA. A thorough inspection—an absolute essential for anyone buying an older home—may cost in the vicinity of $300 or more. The average income family buying a home cannot afford that kind of additional closing costs on top of all of the other fees and assessments and charges and other things which go into the settlement costs on a home. But if the cost of a thorough inspection of the property and the uncovering of all of the major defects which may cause heavy expense to the home buyer within 2 years were to be amortized over the first 2 years over the life of the mortgage, the home buyer would be able to afford the additional few dollars a month it would add to his or her monthly mortgage payment.

I should point out that the thorough inspection envisioned under this proposal will uncover many things which the seller of the home would not be required to replace or repair. The heating system may be good for another year or two. The roof may be good for another couple of years. The major appliances may have a life expectancy of 3 or 4 years or more. But the home buyer would be on notice about all of these things at the time of entering into the transaction that this house was going to entail substantial maintenance and replacement expenses. The home buyer should know those things at the time of purchase and not be hit with these big repair bills unexpectedly.

The conferees point out in the Statement of Managers that we would urge the Secretary of HUD to expand the study to include older homes financed by other than FHA-insured mortgages. I sincerely hope that will be done. But the conference report itself is directed only to the scope of the issues which were before the conference committee and in this instance, only homes sold with FHA-insured mortgages are specifically referred to in the legislation calling for a study.

OLDER HOMES CONSTITUTE GREATEST HOUSING RESOURCE

Our stock of older homes, not only in our cities and other urban areas but also in the rural areas, constitutes our greatest housing resource. The homes are there. They are built. Most of them habitable or can be made habitable and comfortable with proper repairs and improvements. But we must stop the unconscionable practice of unloading these homes on unsuspecting, unsophisticated low-income families who cannot afford the expenses of repairing and replacing major components of those homes. Since nearly all new housing is priced beyond the reach of the moderate income family, the older homes are the only homes such families can afford to buy. But when they buy a home, it should be one in which a family can live decently. FHA has been derelict in allowing bad housing to be sold to thousands upon thousands of moderate-income families who are led to believe that "FHA inspected and insured" means something completely different from what it has actually meant up until now, and that is that the lender is insured against default of the mortgage but the buyer is not insured for anything even though the buyer pays the mortgage insurance each month to protect the lender.

We can solve this problem. We can solve all of our housing problems in this country if there is a determination on the part of the Congress and the executive department that they be solved.

95TH CONGRESS MUST TACKLE INTEREST RATE ISSUE

While I am sorry that the final omnibus housing bill on which I will have an opportunity to work as a Member of Congress is not as comprehensive a measure as the one we tried to pass in 1972 and which died in the Rules Committee, I think some of the things in this bill—particularly the reduction of the interest rate on 202 nonprofit housing for the elderly, and also the proposal for the comprehensive study into the feasibility of making FHA inspection of older homes full and complete and meaningful and effective—will make important contributions to the solutions of our long-standing housing difficulties.

But I call upon my colleagues who will be back in the 95th Congress to please, please, join in the next Congress in an effort to bring down all mortgage interest rates to a level which will make it possible once again for your constituents who work hard for a living and who pay their own way and who pay the taxes which make possible the subsidies to the poor and the well-to-do in purchasing housing, can also be back in the market themselves for a decent home at a price they can afford to pay and an interest rate which makes the purchase of a home possible. These people are being left out of the housing programs of the United States. They are the forgotten consumers of housing. Since they are the backbone of this country, we dare not much longer ignore their needs and expect them to continue to subsidize home purchases by other families which are either less well off or wealthier than they are.

Mr. REUSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida (Mr. SIKES).

Mr. SIKES. Mr. Speaker, I appreciate the courtesy of the distinguished chairman, the gentleman from Wisconsin (Mr. REUSS) in yielding this time to me. I asked for recognition in order to state my appreciation to the committee and in particular to the distinguished chairman of the Subcommittee on Housing, the gentleman from Ohio (Mr. ASHLEY) for supporting, during consideration by the House, a long-needed and important amendment which was accepted. It would provide for housing for both military and civilian families in militarily impacted areas adjacent to permanent military establishments, but which are not now, because of the small size of the nearby towns, considered eligible to participate in Federal mortgage assistance programs on housing construction.

There are a number of bases where needed housing for both military and civilian personnel cannot now be provided by the local economy. It costs the Government more to provide military housing on base. The advantages of having military personnel live in the local communities and participate in community activities are well known. An attempt has been in progress for a number of years to alleviate this problem by legislation. It was felt it had been accomplished by the adoption of language 2 years ago through good offices of this committee. However, the Department of Housing and Urban Development did not consider the language satisfactory for their requirements and refused to implement it. This disappointing development required new legislation which HUD helped to develop and which they feel is fully adequate to insure the needed housing near permanent bases.

Unfortunately, it was not accepted in the Senate and the conferees were unable to reach an agreement on including language in the conference report which is now before us.

I would like to ask the gentleman from Ohio about the future for this legislation, whether we will have opportunity at a later time, or in another bill, to bring this matter before the House again? I know that he shares my concern about the unfortunate turn of developments which will continue to deny deserving families an opportunity for satisfactory homes.

Mr. ASHLEY. Mr. Speaker, if the gentleman will yield, I appreciate the gentleman from Florida (Mr. SIKES) raising this issue. The leadership of the gentleman from Florida, of course, was responsible for the development of the amendment and the agreement that was reached by HUD and the Department of Defense, which is the basis for the provision.

It was unfortunate that the Senate insisted on first having hearings, and rather thorough hearings, before agreeing to adopt the legislation in question. They were adamant on the point. We did seek to persuade them on the basis that there was ample justification for the policy as reached by the administration but, as I indicated, the other side was absolutely adamant on the point, and it was necessary for the House to accede.

The SPEAKER. The time of the gentleman has expired.

Mr. REUSS. Mr. Speaker, I yield 4 additional minutes to the gentleman from Florida.

Mr. ASHLEY. If the gentleman will yield further, I would say additionally, Mr. Speaker, that both the majority and minority of the Banking Committee of the Senate have made it clear that they are not opposed to this approach on a substitute basis at all. It was simply the procedural problem which raised difficulty. In other words, they have assured us that they would promptly call for hearings to explore this matter so as to provide the foundation for legislative action in the immediate future.

Mr. WAGGONNER. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield to my distinguished colleague, the gentleman from Louisiana.

Mr. WAGGONNER. I thank the gentleman for yielding.

Mr. Speaker, I want to express my personal appreciation to the gentleman for his effort in this respect. This is a problem of long standing which we have not provided a resolution for, and it is of the greatest urgency. It is one that we are going to have to get on with, and it was, in my opinion, a serious mistake to drop this from this current proposal.

I understand to a point the Senate's wanting to hold hearings. It is good that they do on occasion hold hearings in the other body, but this is a clear-cut matter that must be resolved and, in my opinion, could have been resolved without additional legislation because HUD—this is a program which has been under scrutiny for several years—could have accepted existing legislation. It is unfortunate that they did not do so. I trust that an effort will be continued to utilize legislation already in effect pending any additional clarification which is desired by that agency. The Department of Defense has strongly urged this course of action. I have firsthand knowledge of the serious need for the housing which we are seeking to provide.

Mr. TALCOTT. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield to the distinguished gentleman from California, an able member of the Subcommittee on Military Construction and one who has had a strong interest in housing for military families.

Mr. TALCOTT. I thank the gentleman for yielding. I want to concur with him and with the gentleman from Louisiana also except for the fact that we could get this done with the Senate and the Senate is going to hold hearings, because they are not. We have been considering this for many years. It is an urgent problem not only to people in the military service who are being treated as second-class citizens because they cannot participate in HUD and FHA programs, but also civilian people who live near military bases. What we are doing is forcing the Federal Government to spend a lot more money to build military housing on the base which "ghettoizes" the military people. It is socially wrong, and it is economically wrong.

The Department of Defense and the Department of Housing and Urban Development have agreed to this. Our Subcommittee on Military Construction has been trying to emphasize this for many years. The HUD people and the Defense Department people have agreed on it. It is a good idea. This is sufficient reason for not passing this bill for the exclusion of this provision.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield to the distinguished gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding and for his comments. I did not allude to this provision in the course of my remarks in opposition to this conference report because I knew the gentleman was going to raise the issue himself, but I certainly concur in what he has said.

After the difficulties that have existed for some time in this area, to have these two departments finally reach an agreement and an accommodation, and then have it thrown out in this conference report I think is just another reason for recommitting this conference report so that we can put that provision back in.

Mr. SIKES. As a matter of fact, the able and distinguished Secretary of HUD, Mrs. Hills, appeared before the Senate Committee in support of this language, seeking Senate acceptance for it.

Mr. BROWN of Michigan. I quite concur with the gentleman.

Mr. SIKES. I thank the gentleman for his comments.

The SPEAKER. The time of the gentleman has expired.

Mr. BROWN of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. J. WILLIAM STANTON).

Mr. J. WILLIAM STANTON. Mr. Speaker, anyone who reads our conference report will clearly see that none of the members of the minority in either this body or in the other body signed this conference report.

I say this is most regrettable because I think we can all concur in the fact that there is no such thing as a Republican House or a Democratic House and that we all try to represent the best interest of our citizens, and that is what is at stake.

One of the results of the position we find ourselves in is the fact that while we have a bill before us that in my opinion is far better than the Senate housing bill, we have a bill that is not as good as the bill that was passed by the House.

My main objection is only one. The Office of Management and Budget has informed us that they are strongly opposed to the conference report for different reasons, and I would ask support for the motion to recommit which will be offered by the gentleman from Michigan (Mr. BROWN). But primarily it was my concern and that of the junior Senator from Massachusetts, Mr. BROOKE, with respect to what was done in the set aside programs in public housing. In reality we went to conference with the fact that the Senate had mandated some $200 million for public housing. It is a fact that the conferees reduced this to $140 million, but with the stipulation that $100 million of this amount shall be designated for new construction.

As the gentleman from Michigan said, this was in the face of the fact that there is great pessimism about the success of our section 8 housing program. In regard to that, I would say to the Members just last night at 6 o'clock in talking to the Director of Housing in Ohio, he said that his office had allocated over 16,000 units and the Secretary of HUD says she is confident she will reach her goal of over 165,000 units.

I would urge the House Members to look at this. We have the mandating of money contrary to what HUD says they can economically and usefully utilize and I hope that will cause the Members to join the gentleman from Michigan (Mr. BROWN) in his motion to recommit.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. J. WILLIAM STANTON. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Speaker, consistent with what the gentleman has said, I would point out that the Secretary Mrs. Hills stated before the Banking and Currency Committee on June 23, 1976, just a week ago, the following:

NEW CONSTRUCTION

We will reach our September 30, 1976 goal of 125,000 units—. As of May 31, we already had reserved funds for 78,000 units of new construction or substantial rehabilitation, or 62% of that goal.

EXISTING

We are confident that we will reach our goal of 165,000 units of "existing" by September 30, 1976 . . . funds have been reserved for 85,000 units . . . 50% of the goal.

LOAN MANAGEMENT/PROPERTY DISPOSITION

The use of 110,000 units of Section 8 authority for loan management and property disposition activities is moving ahead. As of June 11, more than 26,000 units have been approved.

TOTAL

The Department has already reserved funds for more than 190,000 units under all phases of Section 8 this fiscal year.

Mr. J. WILLIAM STANTON. I thank the gentleman for his comments.

Mr. BROWN of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut (Mr. MCKINNEY).

Mr. McKINNEY. Mr. Speaker, I rise in support of my colleague on the Housing Subcommittee, Garry Brown's motion to reinstitute the Brown-LaFalce supplemental community block grant program. On May 26, the House overwhelmingly approved the inclusion of this most important measure in the Housing Authorization Act of 1976. It is my feeling that the approval by the Housing Subcommittee, the full Banking Committee, and the House for the inclusion of this countercyclical provision was a mandate to the House conferees to include the provision in any final version of the Housing Authorization Act of 1976. Therefore, you can understand my disappointment when the House conferees, by a vote of 8 to 7, decided to recede from this most important section.

As ranking minority member of the Economic Stabilization Subcommittee of the House Banking Committee I was most pleased that this countercyclical measure was originally included in the Housing Act. It enabled cities and counties which are experiencing high rates of unemployment and serious fiscal problems as a result of adverse economic conditions to use extra funds which could very possibly divert a fiscal collapse of our urban areas.

There is no doubt that this supplemental block grant program would have enabled metropolitan cities, urban counties, and States to develop activities which would stimulate and/or create employment. Funds would have been authorized on a quarterly basis at the rate of $15 million for each tenth of a percent that the seasonally adjusted national unemployment rate exceeds 6 per cent as experienced in the prior quarter. Using Congressional Budget Office projections of unemployment, $1,230,000,000 would have been made available for job creating programs through March 31, 1978. The Secretary of Housing and Urban Development would have been directed to allocate 75 percent of the funds available to metropolitan cities and urban counties with unemployment rates higher than 8 percent.

I would advise all Members of Congress, particularly those who represent urban areas, to review the printout sheets indicating the amount of additional funds which would be allocated to their respective districts under this program. It is not uncommon for our metropolitan areas to have rates of unemployment far exceeding the 8-percent trigger under this program.

It is time that we all took a realistic look at the plight of our urban areas. Unemployment, economic dislocation, and declining tax bases are all playing havoc with the economic security of our cities. This countercyclical provision would be the first step of a Federal policy to prevent further economic deterioration which will inevitably have adverse effects on the quality of life and on the quality and price of housing throughout the Nation. It is the responsibility of the Federal Government to retard and eventually eliminate the process of urban deterioration. I believe that the sophisticated use of the community development block grant program, and national programs of income maintenance can and will help local governments to help themselves in improving their environments and quality of life.

Therefore, Mr. Speaker, I urge my colleagues to direct the reinstitution of the supplemental block grant program to the Housing Authorization Act of 1976.

I include the following:

ALLOCATIONS UNDER H.R. 12945 AT FULL FUNDING FOR 1 QUARTER AT 7.6 PERCENT UNEMPLOYMENT AND 6 PERCENT NATIONAL TRIGGER ($240,000,000)

	Percent unemployment	Allocation (thousands)
ALABAMA		
Anniston	12.6	$125
Birmingham	7.6	0
Florence	11.1	95
Gadsden	15.1	345
Huntsville	9.8	234
Mobile	7.3	0
Montgomery	7.3	0
Tuscaloosa	7.8	0
Jefferson County	6.6	0
Balance of State	8.9	793
State total	8.6	1,592
ALASKA		
Anchorage	8.5	27
Balance of State	12.5	521
State total	11.8	584

	Percent unemployment	Alloration (thousands)
ARIZONA		
Mesa	7.8	0
Phoenix	10.3	$1,296
Scottsdale	8.3	20
Tempe	9.0	63
Tucson	7.4	0
Balance of State	9.6	441
State total	9.4	1,819
ARKANSAS		
Fayetteville	10.1	60
Fort Smith	10.1	130
Little Rock	7.1	0
North Little Rock	6.6	0
Pine Bluff	6.8	0
Springdale	10.1	36
Texarkana	7.2	0
Balance of State	10.7	1,607
State total	10.1	1,832
CALIFORNIA		
Alameda	8.2	16
Alhambra	6.1	0
Anaheim	8.5	87
Bakersfield	6.8	0
Bellflower	8.5	27
Berkeley	13.4	697
Buena Park	9.0	61
Burbank	9.0	102
Carson	8.4	25
Chula Vista	10.3	144
Compton	14.6	412
Concord	8.2	16
Costa Mesa	8.4	29
Daly City	7.6	0
Downey	6.8	0
El Cajon	9.7	83
El Monte	8.8	52
Fairfield	8.5	22
Fremont	8.1	9
Fresno	9.7	254
Fullerton	8.3	27
Garden Grove	8.5	59
Glendale	7.0	0
Hawthorne	9.4	84
Hayward	10.7	250
Huntington Beach	7.8	0
Inglewood	8.7	74
Lakewood	8.6	50
Lompoc	7.5	0
Long Beach	9.6	609
Los Angeles	10.7	7,886
Modesto	12.4	251
Monterey	11.1	162
Mountain View	6.9	0
Napa	5.4	0
Norwalk	10.0	165
Oakland	12.7	1,722
Ontario	12.8	283
Orange	7.0	0
Oxnard	10.0	130
Palo Alto	6.5	0
Pasadena	7.6	0
Pico Rivera	8.8	39
Pomona	9.6	126
Redondo Beach	9.8	105
Redwood City	6.9	0
Richmond	12.0	303
Riverside	9.7	222
Sacremento	9.7	412
Salinas	12.2	245
Santa Ana	9.1	163
Santa Barbara	7.0	0
Santa Clara	9.7	152
Santa Cruz	13.2	148
Santa Maria	7.5	0
Santa Monica	9.4	143
Santa Rosa	11.3	151
San Bernardino	11.9	349
San Diego	10.4	1,742
San Francisco	10.5	2,049
San Jose	10.1	855
San Leandro	8.1	7
San Mateo	6.8	0
Seaside	11.1	129
Simi Valley	11.0	141
South Gate	8.3	18
Stockton	12.2	407
Sunnyvale	8.3	30
Torrance	7.2	0
Vallejo	7.1	0
Ventura	8.6	33
Westminster	8.2	11
West Covina	6.8	0
Whittier	6.1	0
Alameda County	10.7	683
Contra Costa County	9.1	385
Fresno County	10.5	530
Kern County	8.4	90
Los Angeles County	9.5	2,771
Marin County	7.7	0
Orange County	8.0	0
Riverside County	10.6	562
Sacremento County	9.0	360
Santa Clara County	9.0	293
San Bernardino County	11.3	1,307
San Diego County	10.0	919
San Mateo County	6.8	0
Balance of State	14.2	$7,922
State total	10.3	37,591
COLORADO		
Arvada	3.4	0
Aurora	4.8	0
Boulder	7.1	0
Colorado Springs	7.5	0
Denver	6.2	0
Lakewood	4.4	0
Pueblo	6.2	0
Balance of State	5.4	0
State total	5.7	0
CONNECTICUT		
Bridgeport	12.3	689
Bristol	14.3	361
Danbury	12.5	232
East Hartford	5.1	0
Fairfield	8.5	23
Greenwich	7.1	0
Hartford	11.9	650
Meriden	11.9	221
Milford	11.7	193
New Britain	13.3	479
New Haven	11.4	470
New London	8.4	14
Norwalk	8.4	34
Norwich	8.4	16
Stamford	7.0	0
Waterbury	13.8	636
West Hartford	5.7	0
West Haven	9.1	62
Balance of State	8.4	337
State total	9.4	4,415
DELAWARE		
Wilmington	14.5	501
New Castle County	10.3	655
Balance of State	7.1	0
State total	9.9	1,155
DISTRICT OF COLUMBIA		
Washington	7.4	0
Balance of State	0	0
State total	7.4	0
FLORIDA		
Boca Raton	10.9	65
Clearwater	7.8	0
Cocoa	13.4	85
Daytona Beach	10.8	108
Fort Lauderdale	11.8	512
Fort Myers	12.3	112
Gainesville	7.7	0
Hialeah	8.3	34
Hollywood	13.5	511
Jacksonville	7.0	0
Lakeland	8.0	0
Melbourne	13.4	200
Miami Beach	12.1	252
Miami	10.3	840
Orlando	11.0	309
Pensacola	8.9	48
St. Petersburg	9.5	254
Sarasota	11.5	117
Tallahassee	6.7	0
Tampa	10.0	535
Titusville	13.4	152
West Palm Beach	12.1	247
Winter Haven	8.0	0
Broward County	12.5	496
Dade County	9.0	742
Hillsborough County	9.8	358
Orange County	11.2	663
Palm Beach County	10.9	598
Pinellas County	9.4	242
Balance of State	10.0	1,938
State Total	9.8	9,418
GEORGIA		
Albany	10.1	147
Atlanta	12.7	2,407
Augusta	9.7	90
Columbus	8.6	88
Macon	9.0	117
Savannah	8.9	100
De Kalb County	7.3	0
Balance of State	10.0	2,832
State Total	10.0	5,780
HAWAII		
Honolulu City/County	6.6	0
Balance of State	10.8	174
State total	7.3	174
IDAHO		
Boise City	7.8	0
Balance of State	9.5	397
State total	9.3	397
ILLINOIS		
Arlington Heights	4.6	0
Aurora	6.9	0
Berwyn	5.5	0
Bloomington	6.6	0
Champaign	4.0	0
Chicago	9.1	$3,733
Cicero	6.9	0
Decatur	11.3	294
Des Plaines	5.4	0
East St. Louis	18.0	506
Elgin	8.0	0
Evanston	7.6	0
Joliet	9.1	84
Kankakee	10.8	89
Moline	6.1	0
Normal	6.6	0
Oak Lawn	6.3	0
Oak Park	5.7	0
Peoria	6.6	0
Rantoul	4.7	0
Rockford	11.6	537
Rock Island	6.8	0
Skokie	5.6	0
Springfield	6.3	0
Urbana	4.7	0
Waukegan	8.1	7
Cook County	7.8	0
Du Page County	5.2	0
Lake County	7.2	0
Madison County	10.3	534
St. Clair County	10.9	551
Balance of State	5.4	0
State total	7.4	6,335
INDIANA		
Anderson	14.7	465
East Chicago	7.1	0
Evansville	9.5	202
Fort Wayne	11.3	589
Gary	9.2	186
Hammond	6.5	0
Indianapolis	8.5	369
Lafayette	6.6	0
Muncie	12.9	319
South Bend	9.1	135
Terre Haute	6.7	0
West Lafayette	6.6	0
Balance of State	9.9	2,783
State total	9.6	5,048
IOWA		
Cedar Falls	5.2	0
Cedar Rapids	5.2	0
Council Bluffs	9.2	69
Davenport	5.1	0
Des Moines	5.8	0
Dubuque	6.9	0
Sioux City	6.7	0
Waterloo	5.6	0
Balance of State	5.6	0
State total	5.7	69
KANSAS		
Kansas City	9.3	212
Overland Park	7.2	0
Topeka	7.0	0
Wichita	5.0	0
Balance of State	4.3	0
State total	5.0	212
KENTUCKY		
Ashland	6.7	0
Covington	10.8	133
Hopkinsville	8.3	6
Lexington/Fayette County	4.0	0
Louisville	7.2	0
Owensboro	7.7	0
Jefferson County	6.3	0
Balance of State	8.2	203
State Total	7.7	342
LOUISIANA		
Alexandria	10.5	88
Baton Rouge/East Baton Rouge Parish	6.4	0
Lafayette	5.6	0
Lake Charles	9.2	79
Monroe	8.9	43
New Orleans	9.5	781
Shreveport	8.9	151
Jefferson Parish	6.2	0
Balance of State	8.0	0
State total	8.0	1,143
MAINE		
Auburn	12.9	120
Lewiston	12.9	210
Portland	9.5	94
Balance of State	11.5	1,289
State total	11.5	1,714

ALLOCATIONS UNDER H.R. 12945 AT FULL FUNDING FOR 1 QUARTER AT 7.6 PERCENT UNEMPLOYMENT AND 6 PERCENT NATIONAL TRIGGER ($240,000,000)—Continued

	Percent unemployment	Allocation (thousands)
MARYLAND		
Baltimore City	10.7	$2,352
Anne Arundel County	6.6	0
Montgomery County	4.4	0
Prince Georges County	5.0	0
Balance of State	4.7	0
State total	6.2	2,352
MASSACHUSETTS		
Arlington	8.3	13
Boston	12.8	3,137
Brockton	12.1	353
Brookline	7.7	0
Cambridge	11.9	447
Chicopee	12.7	328
Fall River	14.7	674
Fitchburg	11.3	143
Framingham	8.3	14
Haverhill	11.3	150
Holyoke	14.8	325
Lawrence	12.6	325
Leominster	11.3	110
Lowell	13.1	484
Lynn	12.5	398
Malden	10.6	150
Medford	9.5	97
Newton	8.5	47
New Bedford	16.0	819
Pittsfield	11.1	170
Quincy	11.0	273
Somerville	12.9	448
Springfield	13.4	860
Waltham	9.2	78
Weymouth	8.5	20
Worcester	10.9	509
Balance of State	11.3	4,623
State total	11.6	14,993
MICHIGAN		
Ann Arbor	10.3	240
Battle Creek	12.2	157
Bay City	15.2	317
Dearborn Heights	11.0	222
Dearborn	10.4	252
Detroit	21.6	19,223
East Lansing	12.7	236
Flint	19.1	1,929
Grand Rapids	13.1	971
Jackson	10.4	100
Kalamazoo	11.7	307
Lansing	12.5	587
Lincoln Park	12.7	249
Livonia	8.9	87
Muskegon Heights	12.7	69
Muskegon	12.7	193
Pontiac	29.9	1,646
Portage	9.7	53
Redford Township	12.8	321
Roseville	15.1	396
Royal Oak	10.0	174
Saginaw	14.8	543
St. Clair Shores	11.7	302
Southfield	9.5	100
Sterling Heights	13.2	278
Taylor	15.6	459
Warren	12.3	700
Waterford Township	19.5	636
Westland	10.7	208
Wyoming	11.1	172
Genesee County	17.1	1,633
Oakland County	14.6	2,351
Wayne County	17.1	1,925
Balance of State	12.9	8,386
State total	14.8	45,423
MINNESOTA		
Bloomington	5.3	0
Duluth	9.0	95
Minneapolis	8.2	95
Moorhead	6.7	0
Rochester	2.9	0
St. Cloud	6.3	0
St. Paul	7.8	0
Hennepin County	6.8	0
Balance of State	7.2	0
State total	7.3	190
MISSISSIPPI		
Biloxi	8.2	11
Gulfport	6.1	0
Jackson	5.3	0
Balance of State	7.8	0
State total	7.6	11
MISSOURI		
Columbia	4.1	0
Florissant	6.5	0
Independence	6.6	0
Kansas City	9.5	$782
St. Joseph	7.5	0
St. Louis City	12.9	2,839
Springfield	7.9	0
St. Louis County	6.3	0
Balance of State	6.5	0
State total	7.7	3,620
MONTANA		
Billings	8.5	30
Great Falls	8.8	45
Balance of State	9.7	398
State total	9.5	473
NEBRASKA		
Lincoln	6.3	0
Omaha	8.5	172
Balance of State	5.5	0
State total	6.3	172
NEVADA		
Las Vegas	12.3	558
Reno	9.5	123
Balance of State	10.8	392
State total	11.0	1,074
NEW HAMPSHIRE		
Manchester	10.7	242
Nashua	6.4	0
Balance of State	6.6	0
State total	7.1	242
NEW JERSEY		
Asbury Park	8.4	6
Atlantic City	12.1	179
Bayonne	8.3	23
Bloomfield	8.8	46
Bridgeton	14.0	122
Camden	16.6	802
Cherry Hill Township	8.0	0
Clifton	7.9	0
East Orange	10.2	188
Edison Township	7.6	0
Elizabeth	10.2	267
Hamilton Township	5.7	0
Irvington	9.4	95
Jersey City	10.5	642
Long Branch	8.4	13
Middletown Township	7.0	0
Millville	14.0	132
Newark	16.2	2,812
New Brunswick	8.3	13
Parsippany-Troy Hills	6.3	0
Passaic	14.6	391
Paterson	14.5	927
Perth Amboy	8.3	12
Sayreville	8.3	10
Trenton	10.1	213
Union City	14.8	437
Union Township	7.5	0
Vineland	14.0	262
Woodbridge Township	8.2	20
Bergen County	7.2	0
Burlington County	10.9	586
Hudson County	11.5	425
Middlesex County	8.3	74
Monmouth County	8.4	118
Morris County	7.1	0
Union County	8.2	58
Balance of State	10.8	3,342
State total	10.1	12,214
NEW MEXICO		
Albuquerque	7.8	0
Balance of State	8.3	98
State total	8.2	98
NEW YORK		
Albany	8.2	24
Binghamton	10.3	143
Buffalo	16.5	3,634
Elmira	9.5	53
Greece Town	4.4	0
Irondequoit Town	4.9	0
Mount Vernon	10.7	212
New Rochelle	9.5	115
New York	10.5	19,517
Niagara Falls	17.9	788
Poughkeepsie	5.7	0
Rochester	8.7	208
Rome	11.9	174
Schenectady	8.8	61
Syracuse	9.0	194
Troy	8.6	35
Utica	12.2	370
White Plains	7.4	0
Yonkers	9.7	$364
Erie County	13.2	2,970
Nassau County	6.7	0
Onondaga County	7.9	0
Rockland County	8.1	17
Suffolk County	8.1	28
Balance of State	8.3	904
State total	9.7	29,811
NORTH CAROLINA		
Asheville	13.8	332
Burlington	11.4	143
Charlotte	11.6	919
Durham	7.5	0
Fayetteville	5.7	0
Gastonia	9.9	97
Greensboro	8.3	45
High Point	8.2	14
Raleigh	6.1	0
Wilmington	9.9	83
Winston-Salem	14.4	830
Balance of State	11.3	6,055
State total	11.0	8,518
NORTH DAKOTA		
Fargo	5.6	0
Balance of State	6.6	0
State total	6.5	0
OHIO		
Akron	9.7	438
Canton	9.3	133
Cincinnati	10.5	1,073
Cleveland Heights	6.3	0
Cleveland	9.5	1,061
Columbus	7.5	0
Dayton	10.4	576
Elyria	9.5	76
Euclid	6.5	0
Hamilton	13.7	353
Kettering	4.8	0
Lakewood	7.1	0
Lima	16.5	426
Lorain	9.9	131
Mansfield	8.3	16
Marietta	11.1	47
Middletown	13.0	224
Parma	5.7	0
Springfield	8.6	45
Steubenville	5.4	0
Toledo	11.6	1,330
Warren	10.7	164
Youngstown	13.3	664
Cuyahoga County	7.7	0
Franklin County	6.8	0
Hamilton County	8.5	142
Montgomery County	8.1	29
Stark County	5.6	0
Summit County	8.0	0
Balance of State	8.8	1,826
State total	8.9	8,754
OKLAHOMA		
Lawton	6.5	0
Norman	7.3	0
Oklahoma City	5.5	0
Tulsa	4.7	0
Balance of State	5.9	0
State total	5.7	0
OREGON		
Eugene	10.7	199
Portland	10.0	783
Salem	11.5	220
Springfield	12.5	116
Balance of state	11.4	2,212
State total	11.1	3,530
PENNSYLVANIA		
Abington Township	7.9	0
Allentown	9.3	149
Altoona	9.6	89
Bethlehem	7.8	0
Bristol Township	11.8	35
Chester	14.2	325
Easton	7.9	0
Erie	7.9	0
Harrisburg	8.7	48
Haverford Township	6.2	0
Hazleton	10.2	65
Johnstown	6.9	0
Lancaster	12.4	260
Lower Merion Township	5.9	0
Penn Hills Township	5.1	0
Philadelphia	11.0	5,645
Pittsburgh	10.0	951
Reading	8.7	64
Scranton	13.0	505
Upper Darby Township	6.6	0
Wilkes-Barre	10.8	164

ALLOCATIONS UNDER H.R. 12945 AT FULL FUNDING FOR 1 QUARTER AT 7.6 PERCENT UNEMPLOYMENT AND 6 PERCENT NATIONAL TRIGGER ($240,000,000)—Continued

	Percent unemployment	Allocation (thousands)
Williamsport	10.1	$72
York	11.4	176
Allegheny County	7.8	0
Beaver County	7.0	0
Berks County	6.4	0
Bucks County	8.5	107
Chester County	6.0	0
Delaware County	7.9	0
Lancaster County	7.0	0
Luzerne County	10.2	330
Montgomery County	6.8	0
Washington County	7.9	0
Westmoreland County	10.0	493
Balance of State	8.5	1,117
State total	8.9	10,596
RHODE ISLAND		
Cranston	12.5	327
Pawtucket	16.3	672
Providence	17.1	1,663
Warwick	14.3	532
Balance of State	15.1	1,827
State total	15.3	5,021
SOUTH CAROLINA		
Charleston	7.0	0
Columbia	8.8	104
Greenville	10.1	132
North Charleston Township	11.9	75
Spartanburg	12.0	175
Balance of State	11.7	3,707
State total	11.4	4,192
SOUTH DAKOTA		
Sioux Falls	5.3	0
Balance of State	5.2	0
State total	5.2	0
TENNESSEE		
Bristol	5.4	0
Chattanooga	7.8	0
Clarksville	7.8	0
Kingsport	5.4	0
Knoxville	6.3	0
Memphis	6.4	0
Nashville/Davidson	7.2	0
Balance of State	9.8	1,361
State total	8.2	1,361
TEXAS		
Abilene	4.1	0
Amarillo	3.8	0
Arlington	5.4	0
Austin	4.3	0
Beaumont	6.8	0
Brownsville	11.9	143
Bryan	4.5	0
College Station	4.5	0
Corpus Christi	7.0	0
Dallas	5.6	0
Denison	12.4	102
Edinburg	10.4	32
El Paso	10.1	559
Fort Worth	5.9	0
Galveston	7.1	0
Garland	6.5	0
Grand Prairie	6.6	0
Harlingen	11.0	78
Houston	5.5	0
Irving	4.6	0
Killeen	5.0	0
Laredo	19.5	575
Lubbock	4.7	0
McAllen	10.4	72
Mesquite	5.0	0
Midland	3.5	0
Odessa	4.3	0
Orange	7.5	0
Pasadena	4.0	0
Pharr	10.4	26
Port Arthur	9.9	92
San Angelo	5.6	0
San Antonio	8.4	226
San Benito	11.0	33
Sherman	12.4	130
Temple	5.0	0
Texarkana	9.8	54
Texas City	6.0	0
Tyler	6.3	0
Waco	8.3	27
Wichita Falls	4.9	0
Harris County	5.1	0
Tarrant County	6.5	0
Balance of State	5.4	0
State total	5.9	$2,150
UTAH		
Ogden	10.2	148
Orem	8.2	4
Provo	8.3	14
Salt Lake City	8.0	0
Salt Lake County	7.0	0
Balance of State	7.0	0
State total	7.5	166
VERMONT		
Balance of State	10.2	417
State total	10.2	417
VIRGINIA		
Alexandria	4.2	0
Chesapeake	5.2	0
Colonial Heights	7.6	0
Hampton	7.0	0
Hopewell	7.6	0
Lynchburg	8.1	5
Newport News	7.7	0
Norfolk	7.4	0
Petersburg	7.6	0
Portsmouth	8.0	0
Richmond	6.0	0
Roanoke	8.5	46
Virginia Beach	6.0	0
Fairfax County	4.5	0
Balance of State	6.9	0
State total	6.6	52
WASHINGTON		
Bellevue	5.7	0
Everett	9.0	52
Kennewick	6.9	0
Richland	6.9	0
Seattle	8.6	350
Spokane	10.2	348
Tacoma	9.5	213
Yakima	12.0	162
King County	8.4	232
Pierce County	8.8	184
Snohomish County	9.0	174
Balance of State	11.3	1,862
State total	9.7	3,577
WEST VIRGINIA		
Charleston	6.4	0
Huntington	7.3	0
Parkersburg	10.3	92
Weirton	8.4	9
Wheeling	6.9	0
Balance of State	8.5	237
State total	8.3	339
WISCONSIN		
Appleton	5.2	0
Green Bay	7.2	0
Kenosha	5.6	0
La Crosse	7.5	0
Madison	4.8	0
Milwaukee	9.4	1,026
Oshkosh	8.7	36
Racine	6.6	0
Superior	7.8	0
Wauwatosa	4.4	0
West Allis	8.1	7
Balance of State	7.8	0
State total	7.8	1,069
WYOMING		
Balance of State	5.8	0
State total	5.8	0
U.S. totals:		
Metro cities and urban counties		180,000
Balance of States		60,000
Total		240,000

Mr. BROWN of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I will support the motion to recommit which will be offered by the gentleman from Michigan (Mr. BROWN), for two reasons. One, I do not like the massive shift of funds by the set-aside arrangement for public housing and away from the section 8 program.

I think the section 8 program is just now beginning to take hold and is just now beginning to prove its worth. It seems to me this is a poor time to shift from the section 8 program to provide money for the set-aside program for new public housing in an amount contemplated by this bill.

I mention that and am reminded that in my own district in Columbus, Ohio, we have just had approved the so-called Mount Vernon Avenue Plaza project, which will provide some $13.5 million under the section 8 program for new community development. It seems to me from personal experience that the section 8 is working well.

The other reason I will vote for the motion to recommit is because of the interest rate subsidy on elderly housing. I feel the provision in this regard is counterproductive, as far as the section 202 elderly housing program is concerned. I say that because under the arrangement in this conference report Congress will, in effect, be subsidizing interest rates above 6.35 percent through the Treasury borrowing until at least October 1. That comes about by virtue of the fact that the Treasury Department will have to pay on a false measure of what the interest rate will be, determined by the average of the interest rates on all obligations which the Treasury Department has outstanding. That average rate comes out to about 6.35 percent. The interest rate for private sector money for multifamily units at the present time is about 9.5 to 10 percent. If we consider the interest rate which is provided for by current obligational authority, it is around 8.25 percent; so a considerable amount of money will go for interest rate subsidies under the new formula and not for bricks and mortar.

In my judgment, the interest subsidy arrangement in this new bill is too expensive. I think we are creating an expensive interest subsidy program and we are not providing the best use of funds for the program. We are also hiding the extra subsidy within the national debt.

For these two reasons, I plan to vote for the motion to recommit which will be offered by my colleague, the gentleman from Michigan (Mr. BROWN) and urge other Members to do likewise.

Mr. BROWN of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Speaker and Members of the House, I take this opportunity to ask the question: What is the largest sum paid by HUD for a housing subsidy to any one family for 1 month? I was not able to receive an answer from HUD while the HUD appropriation bill was before the House. However, the following day HUD did contact me, and I was informed at the time that HUD would pay up to $873 per month, per family.

My additional inquiry is, has that $873-per-month figure been discussed in the authorizing committee, and has any thought been given to putting a ceiling on housing subsidies? I respectfully ask the chairman of the committee.

Mr. REUSS. Mr. Speaker, the problem of the amount of expenditures is constantly before us, and of course we do, in effect, put a ceiling on the authorization amount when we finally work on it in our conference report.

It is significant—and I think owing to diligent bargaining on the part of those who believe in lower expenditures—that the amount in this conference report brought back here today is less than was contained in the bill as it left the House.

Mr. MILLER of Ohio. It is less in total, but there would be no limitation as to the amount that would be paid any one individual family per month. It could go again to $873 per month per family. Am I correct?

Mr. REUSS. That is true only with respect to the section 8 program, which is a particular darling of the administration. I would say the gentleman has some conduits and channels whereby he can repress profligacy by the administration in that program.

Mr. MILLER of Ohio. Congress controls the purse strings. We must repress profligacy.

We control the authorization to make the appropriation before the payment could be made. I am very much concerned about egregious housing subsidies which tend to affront the sensibility of reasonable men.

Let me make it quite clear that I do not object to housing subsidies for the truly needy, the elderly, and the disadvantaged. The aforementioned must be helped. However as we must not forget the truly needy, neither must we forget the working poor and middle income families from whom the great bulk of taxes are extracted. In the name of economic justice and equity can we heavily tax those who are too "rich" to receive housing subsidies but too "poor" to afford housing they truly desire so that individuals producing nothing for their fellow citizens and living totally on public assistance can live in an $873 per month dwelling? This monthly figure is more than the total monthly personal income of many in this Nation. I cannot justify this and I will not ask the American people to justify this.

Mr. REUSS. The gentleman will also observe that in the so-called tandem plan program, we have finally put in market value limitations, and I think this is a step in the right direction.

Mr. MILLER of Ohio. I am glad something is being done to correct this situation. I thank the chairman.

Mr. REUSS. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. WAGGONNER).

Mr. WAGGONNER. Mr. Speaker, I take this 1 minute for the purpose of asking a specific question about the conference agreement which has to do with 235 housing.

Do I understand correctly from the conference report that there are $200 million added for 235 housing?

Mr. ASHLEY. If the gentleman will yield, no, the gentleman is not accurate in that regard. We did not authorize $200 million additional for the section 235 program. There remains authorized and unused $265 million for the section 235 homeownership program.

Mr. WAGGONNER. Is there an agreement in the conference, as I understand it, that one will now be eligible for 235 housing if his income is 95 percent of the median income of his area?

Mr. ASHLEY. If the income of the potential homeowner does not exceed 95 percent of the median income.

Mr. WAGGONNER. If it does not exceed 95 percent?

Mr. ASHLEY. Yes; that is correct. In other words, the program is aimed to lower than middle-income homeowners.

Mr. WAGGONNER. It would be proper to say then, since the median is the average, that 45 percent of the people then would be eligible for 235 housing, is that not correct, because the median means that 50 percent are eligible for participation because they do not make enough, and 50 percent are ineligible because they make too much, and since we make it 95 percent of the median, all of those would be eligible, which means that 45 percent of the people would be eligible for 235 housing?

Mr. ASHLEY. The gentleman is essentially correct, I am sure.

Mr. WAGGONNER. I thank the gentleman.

Mr. BROWN of Michigan. Mr. Speaker, I yield 30 seconds to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I rise in support of the motion to recommit the conference report on S. 3295, the Housing Authorization Act of 1976. It is my belief that this conference report reflects an unwillingness or inability on the part of the Congress to strike a reasonable balance between the interest in increasing housing production, on the one hand, and the actual needs for housing and the interest of taxpayers in controlling the cost of Government, on the other hand. There are three provisions of the conference report where this failure on the part of Congress is especially evident:

First. The set-aside of $140 million for traditional public housing, in addition to $17 million for Indian housing, at least $117 million of which is to be spent for new construction or substantial rehabilitation. The requirement that funds be spent for a particular type of housing, traditional public housing, and that a large proportion of it be new or substantially rehabilitated contravenes the philosophy of the recently enacted Housing Act of 1974, which was to permit local governmental authorities to have the abiltiy to determine how the needs of their communities can be met at the least relative cost to the taxpayer. There is no justification for locking communities into new construction of public housing by enacting rigid set-asides at the Federal level.

Second. The provision of Federal financing for section 202 elderly housing at rates which do not reflect current Treasury borrowing costs. Although the formula adopted is supposed to reflect actual borrowing costs, inclusion of short-term financing, as well as old financing done at rates which prevailed before the onset of double-digit inflation results in a figure which is wholly inappropriate for measuring the cost of financing long-term construction costs. The figures used should be the current cost of long-term Treasury borrowing, not the former cost of short-term borrowing which is included in the present formula.

This serious shortcoming is compounded by the fact that the conference dropped my amendment, which the House had adopted, to require that section 202 loan guarantees be included in the Federal budget, beginning in fiscal year 1978. This amendment was designed to provide plenty of leadtime for the budget committees to complete their study and make recommendations as to which off-budget items should be brought into the budget. However, it would have been a clear expression on the part of the House of its intention to live up to the true spirit of the Budget and Impoundment Control Act by including in the Federal budget the exposure of the Federal Government to losses resulting from loan guarantees, in the same manner as the House recently agreed to do with respect to the Export-Import Bank.

Third. The retroactive reestablishment of the section 518(b) program for insuring defects in homes purchased since 1968, for which no provision was made in the House bill, exposes the Federal Treasury to a tremendous liability as insurer against construction defects and substantially reduces the incentive on the part of contractors to limit or prevent such defects.

Unfortunately, I must say to my colleagues that the observation which minority members made when this bill was reported by the House committee remains true today:

> Such actions by Congress could not fail to aggravate the anti-Washington sentiments which have been increasing around the country. Further, as one allocation is laid on top of another, the overall system necessarily becomes more and more complex and cumbersome and HUD staff becomes more and more involved in meaningless paper shuffling.

Mrs. SPELLMAN. Mr. Speaker, I rise in support of the conference report to the Housing Authorization Act of 1976.

As a member of the Housing Subcommittee of the full Banking, Currency and Housing Committee, I am pleased that the conferees have followed so closely the legislative initiatives that were developed by the House of Representatives. I commend them for their leadership and expediency in completing work on this vital piece of legislation.

Both Houses of Congress have deliberated long hours in consideration of legislation to provide authorizations for the major housing and community development programs for fiscal year 1977. In tribute to the efficiency of the work completed, as exhibited in H.R. 12945, the House of Representatives passed the bill by an overwhelming vote of 332 ayes to 27 nays. With a similar majority, the Senate also passed their legislation, S. 3295, by a vote of 55 ayes to 24 nays. We now have before us the principle vehicle for housing legislation in this session of Congress, a combined product of both the House and Senate.

Also of importance in considering this legislation is the increasing public concern for the operations of the Department of Housing and Urban Development which has recently surfaced. Setting out to regain legislative initiative and oversight, the Housing Subcommittee carefully reviewed the administration's requests, HUD's operations, and the major housing needs of this Nation. This legislation, by extending and amending existing housing programs, fulfills these goals by setting new housing priorities and promoting careful, comprehensive oversight and national fiscal management.

One area of major importance which this legislation addresses is the need for adequate housing for the elderly and handicapped. At present an estimated one-third of the Nation's elderly are living in substandard housing units or paying sums beyond their means for housing. This legislation not only recognizes this problem but also provides the resources and direction which are needed to solve it. I am pleased that the conferees retained much of the House language in drafting this legislation. Section 11 increases the borrowing authority for section 202 loans from $800 million to $3.3 billion to be used over the next 3 fiscal years. This increase in authorization for the section 202 direct loan program will provide financing for the construction of approximately 35,000 units per year which will be occupied by the elderly and the handicapped. The section 202 program has proven to be a successful program because it addresses the special housing needs of the elderly, has strong community support and offers quality construction and professional management.

The need for additional loan authority is demonstrated by the overwhelming number of nonprofit sponsors who recently applied to HUD for section 202 loans—1,500 organizations applied when HUD had predicted only 300 applicants. HUD has estimated that at least 50 percent of the applications are of top quality and deserve funding. However, only 136 of the projects could be funded under present borrowing authority. Two of those ruled qualified, but ineligible, are in my district.

Another area of major importance is the section 701 comprehensive planning grants. These community development grant funds can be used not only for planning programs but also for a much broader range of activities, such as A-95 review land use, transportation needs, et cetera.

In section 16 of this bill the Senate language authorizing $100 million for fiscal year 1977 was adopted by the conferees. A much needed increase of $25 million over the House figure.

Further areas in which this bill shows the new initiatives taken by Congress is the reinstatement of the 312 rehabilitation loan program, upgrading of public housing, expansion of the section 8 housing assistance program, and many other areas of equal housing concern.

I urge all of my colleagues to continue the efforts of the Housing Subcommittee, which were originated by our late colleague Bill Barrett, by voting for the adoption of this conference report.

Mr. GRASSLEY. Mr. Speaker, when the House version of the housing authorization bill comes up for a vote, I am compelled to vote against it because of the removal of a committee-adopted ceiling on HUD administrative expenses. This seems the only practical way to make sure Federal agencies do not waste the taxpayer's money.

Unfortunately, the Senate conferees did not see fit to include such a ceiling in their bill, and so this important aspect is missing from the conference report we are considering today. The conference report has other serious drawbacks. For example, missing is a House-adopted provision disallowing the inclusion of social security cost-of-living increases in the calculation of the rent of a public housing resident. In addition, funding for supplemental community development block grants in areas of high unemployment has been cut out. I supported such funding in subcommittee and full committee, and feel that it is one of the best ways to boost jobs in our larger urban areas and a way decidedly better than the public service jobs approach pushed by the majority party.

Mr. KOCH. Mr. Speaker, I rise in support of the conference report on the Housing Authorization Act of 1976. This is sound legislation; I am pleased to note that the bill retains comprehensive measures to extend existing housing and community development programs. By providing vitally needed additional authorizations for rehabilitation loans, planning, and elderly housing, among other things, this legislation continues to meet the critical needs of the 15 million low- and middle-income households now without adequate housing in America.

Specifically, the bill authorizes $850 million in new contract authority for fiscal year 1977 for section 8 programs. Of that amount, $140 million must be set aside for the development or acquisition of traditional public housing projects, and $100 million of this amount must be used for the provision of additional new or rehabilitated low-income projects. Further, the bill increases the authorization for section 202 loans for housing for the eldery and handicapped.

I was especially pleased to see, Mr. Speaker, that the conference bill includes two amendments concerning section 8 for which I have urged support in the House. These are provisions that I believe will help to alleviate some existing inequities in current housing law. The amendments were successfully offered in the Senate by Senator Jacob Javits. In conference, the distinguished chairman of the housing subcommittee, my friend and colleague, Representative Thomas L. Ashley and the members of his committee acceded to these two vital provisions, for which I thank them.

The first of the adopted amendments makes single nonelderly persons eligible for occupancy of pubic housing and section 8 units in up to 10 percent of a public housing agency's units, provided that single persons who are elderly, handicapped, or displaced get preference for admission.

As the law now stands, low-income, subsidized housing is available to single persons only if they are aged, disabled, or displaced. Yet census figures show that over 17 percent of the entire U.S. population is composed of single person households, whose median income in 1969 was less than $4,000.

Under the section 8 housing program, a single person may qualify if his or her income is less than $7,150 per year, yet because of the restrictions now in the law, many hard-working, stable single people who are under age 62 cannot qualify. Because the welfare laws disfavor single people, who are considered able to support themselves, few single people constitute part of the welfare poor. They are a working, stable tenant group that would help make public and subsidized housing a success.

Because of their present ineligibility for subsidized, low-rent housing, low-income singles are forced to continue living in substandard housing. And, if they must relocate because of private redevelopment or deteriorating living conditions, they are excluded from federally subsidized housing programs unless they are displaced by Government action.

Another aspect of this problem is that a number of housing projects already in existence have efficiency and one bedroom apartments that are no longer marketable without section 8 help, because of high building costs. Often, too, they are unavailable to elderly and handicapped single people due to design or location. In an increasing number of instances, these units have become unavailable because of rent increases which place already inhabited units out of the price range of the lower- and lower-middle-income people who need them. They are obviously suitable for single people working as nurses, office worker, et cetera, but it is precisely this group that is ineligible for section 8 subsidies.

The amendment sponsored by Senator Javits is a fair and necessary way to eliminate these inequities and include this substantial and increasing segment of the Nation's population in housing legislation.

The second of the amendments adopted by the conference committee increases FHA multifamily mortgage limits on efficiency—zero bedroom—and single bedroom units.

These units are expensive to build and to maintain because a greater proportion of the space is devoted to costly bathrooms and kitchens. Yet the mortgage limits for these units has remained at artificially low levels, while there have been greater increases in mortgage limits for larger apartments. With the increasing number of single occupancy units needed by both older and younger individuals, a corresponding increase is needed in the mortgage limits on zero and one bedroom housing units.

Again, Mr. Speaker, I am very pleased that these critical amendments have been included in the Housing Authorization Act, and I wish to thank Senator Javits and Representative Ashley for their successful efforts in this matter.

Ms. ABZUG. Mr. Speaker, I rise in support of the Housing Authorization Act conference report. I support this legislation because it provides essential increases in authorization for Federal aid to housing for the elderly and handicapped, for public housing contributions contracts, for housing assistance payments, and for housing rehabilitation loans. Several specific provisions of this act are worthy of note.

The bill continues the authority for the section 312 rehabilitation loan program. Through this program owners of inhabitable housing units are able to upgrade their units through long term, low interest loans. In addition to increasing the amount of livable housing available to low income people, section 312 loans, carefully administered, can stimulate private lending activity in the inner city housing markets which appear to be undergoing chronic financial distress. Our Nation's older cities, such as New York, have a large stock of blighted housing units which can benefit from rehabilitation. I urge our continuing efforts to rehabilitate and to revitalize existing neighborhoods. For the above reasons, the extended authorization for urban homesteading has my support. However, the urban homesteading concept has yet to be applied to multifamily dwellings—this would be a worthwhile extension of rehabilitation efforts for the future.

Mr. Speaker, I believe that rehabilitation and reclamation of our urban neighborhoods may well be the way to solve national housing needs. It is time to stop wasting what we have. I urge my colleagues to review a recent article from the June 28, 1976, edition of the New York Times which briefly examines "stirring new interest in the neglected older homes in the heart of many American cities." It is an interest we in the Congress should encourage.

One very welcome provision in the conference report is the provision which extends eligibility for public housing and section 8 units to single persons who are neither elderly nor handicapped. I see this as acknowledgment that many people who are economically disadvantaged have been denied the benefits of these programs simply because of their marital status.

The increased authorization for section 202 loan funds for elderly and handicapped citizens is of particular importance to me. I know how many worthy projects were denied funds this past year because of the stricture on funds for this program. I also commend the provision which makes "centers for the handicapped" eligible for community development funds.

Mr. Speaker, this act also calls for increased income eligibility limits for section 235 homeownership as well as authorizing increased mortgage limits. These provisions address the situation which so many of us see all over the Nation—that costs of homeownership and maintenance have risen so high that people of higher incomes now need housing assistance. Although these sections will address this situation the entire concept of section 235 has only limited impact on the housing situation in densely populated urban centers where most residents are not homeowners. They are tenants. There are few housing units available for purchase in the price ranges specified in the Housing Act. We need to do more if we are to address the needs of our urban population.

These amendments are an important step in counteracting a persistent high rate of inflation in housing prices and rents. Yet they must be viewed as only a step. We have a great deal of work ahead of us if we are to insure decent housing for every American.

I urge my colleagues to support this vital legislation.

Mr. BROWN of Michigan. Mr. Speaker, I yield myself the remainder of my time.

Mr. Speaker, I would once again urge my colleagues to recommit this conference report. We would then have the opportunity to have what I think is a meritorious position, the House position, prevail in those areas, or at least a portion of those areas, where we have indicated there is much fault that needs to be corrected. If we support the House position then this conference report needs to be recommitted.

Mr. REUSS. Mr. Speaker, to conclude debate, I yield myself 2 minutes.

Mr. Speaker, in evaluating the upcoming motion to recommit, I hope the Members will keep in mind these facts:

First, the total amount in this conference report is less than what was voted in the bill that left the House some weeks ago.

Second, the gentlemen of the minority seem to be centered on two things: First, that we have $100 million in here for public housing, including elderly public housing. That is one-half the amount of $200 million that the Senate had in its bill.

The reason that $100 million is in there is that the vaunted section 8 program of the administration, which was supposed to have built 125,000 houses by this time, has in fact produced less than 1 percent of that amount, fewer than 1,200 new units. There is a tremendous backlog of need for public housing and housing for the elderly.

Finally, there is criticism of the fact that we lowered the interest rate on section 202 housing for the elderly, which is one of the finest programs that we have. The present interest rate is 8.4 percent on housing for the elderly. We should bear in mind there is a near-poverty income limitation in that program.

Again, the administration's darling of a program is the so-called tandem plan, which has no income limitations whatever. Anyone on the level of John D. Rockefeller might aspire to that kind of housing. That has an interest rate of 7.5 percent.

So, believing that the elderly poor and the handicapped and the crippled should not be treated substantially worse than people of abundant means, we have taken the step of asking for a lowered interest rate on section 202 housing.

Mr. Speaker, I hope that the motion to recommit will be voted down, and I ask that this conference report be enacted.

The SPEAKER pro tempore. The time of the gentlmean from Wisconsin (Mr. Reuss) has expired.

Mr. REUSS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. BROWN OF MICHIGAN

Mr. BROWN of Michigan. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. BROWN of Michigan. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. Brown of Michigan moves to recommit the conference report on the bill S. 3295 to the committee of conference.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. BROWN of Michigan. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 157, nays 250, not voting 25, as follows:

[Roll No. 487]

YEAS—157

Abdnor
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biester
Breaux
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Davis
Delaney
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
Emery
Erlenborn
Eshleman
Evans, Ind.
Fenwick
Fish
Fithian
Flynt

Forsythe
Frenzel
Frey
Fuqua
Gibbons
Ginn
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Heckler, Mass.
Hillis
Holt
Horton
Hutchinson
Hyde
Jarman
Johnson, Colo.
Johnson, Pa.
Kasten
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Lent
Lujan
McClory
McCollister
McDonald
McEwen
McKinney
Madigan
Mann
Martin
Mathis
Michel
Milford
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mosher
Mottl
Myers, Ind.
Nichols
O'Brien
Paul
Pettis
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Robinson
Rousselot
Runnels
Ruppe
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Sikes
Skubitz
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Symms
Talcott
Taylor, Mo.
Teague
Thone
Vander Jagt
Waggonner
Walsh
Wampler
Whalen
Whitehurst
Wiggins
Wilson, Bob
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.

NAYS—250

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Chisholm
Clay
Collins, Ill.
Conte
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Danielson
de la Garza
Dellums
Derrick
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Colo.
Fary
Fascell
Fisher
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Gaydos
Giaimo
Gilman
Gonzalez
Green
Hall, Ill.
Hall, Tex.
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Hefner
Henderson
Hicks
Hightower
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McCloskey
McCormack
McFall
McHugh
McKay
Maguire
Mahon
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Mills
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Randall
Rangel
Reuss
Richmond
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
White
Whitten
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—25

Anderson, Ill.
Conyers
Dent
Diggs
Esch
Evins, Tenn.
Findley
Hays, Ohio
Heinz
Helstoski
Hinshaw
Ichord
Jones, Ala.
Karth
Landrum
McDade
Madden
Meyner
Mineta
Peyser
Rees
Riegle
Stuckey
Symington
Treen

The Clerk announced the following pairs:

Mrs. Meyner with Mr. Karth.
Mr. Dent with Mr. Symington.
Mr. Stuckey with Mr. Anderson of Illinois.
Mr. Diggs with Mr. Hays of Ohio.
Mr. Conyers with Mr. Madden.
Mr. Evins of Tennessee with Mr. Esch.
Mr. Findley with Mr. Heinz.
Mr. Helstoski with Mr. Ichord.
Mr. Jones of Alabama with Mr. Landrum.
Mr. McDade with Mr. Peyser.
Mr. Mineta with Mr. Rees.
Mr. Riegle with Mr. Treen.

Messrs. ROUSH, BOLAND, and RINALDO changed their vote from "yea" to "nay."

Mr. SHUSTER changed his vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALSH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 341, nays 68, not voting 23, as follows:

[Roll No. 488]

YEAS—341

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, R. W.
Daniels, N.J.
Danielson
de la Garza
Delaney
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Fary
Fascell
Fenwick
Fish
Fisher
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Green
Gude
Guyer
Hagedorn
Hall, Ill.
Hall, Tex.
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Melcher
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quillen
Railsback
Randall
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—68

Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Brown, Mich.
Brown, Ohio
Broyhill
Burke, Fla.
Burleson, Tex.
Butler
Cederberg
Clancy
Clawson, Del
Collins, Tex.
Conable
Conlan
Crane
Daniel, Dan
Davis
Devine
Eshleman
Evans, Ind.
Fithian
Forsythe
Frenzel
Grassley
Haley
Hammerschmidt
Hansen
Hébert
Hicks
Hutchinson
Kelly
Kemp
Ketchum
Latta
Lujan
McDonald
Martin
Michel
Milford
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Mottl
Paul

Poage
Quie
Roberts
Robinson
Rousselot
Runnels
Satterfield
Schneebeli
Sebelius
Shuster
Snyder
Spence
Steiger, Ariz.
Symms
Talcott
Taylor, Mo.
Vander Jagt
Waggonner
Wiggins

NOT VOTING—23

Anderson, Ill.
Conyers
Dent
Esch
Evins, Tenn.
Findley
Hays, Ohio
Heinz
Helstoski
Hinshaw
Ichord
Jones, Ala.
Karth
McDade
Meeds
Meyner
Mineta
Peyser
Rees
Riegle
Stuckey
Symington
Treen

The Clerk announced the following pairs:

Mrs. Meyner with Mr. Evins of Tennessee.
Mr. Dent with Mr. Hays of Ohio.
Mr. Stuckey with Mr. Jones of Alabama.
Mr. Mineta with Mr. Heinz.
Mr. Helstoski with Mr. Conyers.
Mr. Meeds with Mr. Anderson of Illinois.
Mr. Riegle with Mr. Esch.
Mr. Symington with Mr. Findley.
Mr. Ichord with Mr. Karth.
Mr. McDade with Mr. Pepper.
Mr. Rees with Mr. Treen.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 268) entitled "An act to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado."

The message also announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title:

S. 2642. An act to authorize the Secretary of the Interior to establish the Ninety Six and Star Fort National Historic Site in the State of South Carolina, and for other purposes.

CONFERENCE REPORT ON H.R. 14261, TREASURY DEPARTMENT, POSTAL SERVICE, EXECUTIVE OFFICE OF THE PRESIDENT, AND INDEPENDENT AGENCIES APPROPRIATIONS, 1977

Mr. STEED. Mr. Speaker, I call up the conference report on the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 25, 1976.)

Mr. STEED (during the reading). Mr. Speaker, the statement has been printed in the RECORD. I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The SPEAKER pro tempore. The gentleman from Oklahoma (Mr. STEED) is recognized for 30 minutes.

Mr. STEED. Mr. Speaker, the conference report we bring here today is $45.5 million above the House bill because of the impact of four items.

The sum of $22.2 million of the increase is for the Executive Office of the President, items that were knocked out on points of order when the bill was before the House and which has been restored in conference. There are $21.7 million for matters which were not considered by the House, matters which came up after we had considered the bill and then which we worked with the other body to have included. There are $3.7 million for extra funds for the Treasury Department, offset by $2.5 million for civil defense.

The $11.6 million above the Senate bill consists of $4.5 million for Internal Revenue Service, $5 million for the intergovernmental personnel assistance program, and $2.5 million for civil defense.

The $1,503,000,000 that this bill is above the 1976 bill consists of three items: $63 million for the Postal Service, $1,357,000,000 for payment to the civil service disability and retirement fund; and $104,000,000 for the annuitants, employee and health benefits under Civil Service.

All three of those items are the result of direct acts of the Congress.

All of this indicates, of course, that the bill is very tight, and the amounts have been held very close to the prior year's program. I believe that the bill is in the best shape we can hope to make it. We are here on schedule under this new program of moving these appropriation bills through the Congress and getting ready for the new fiscal year.

Mr. Speaker, I want to say as chairman of the subcommittee that I am very happy and proud that I could do this job. I would not have been able to accomplish it without the cooperation and help I have had from the fine subcommittee and the wonderful subcommittee staff. I would like to publicly thank them for the help they gave me. It took about 120 hours since January to put this bill together and bring it here in this form today.

Mr. Speaker, I urge the approval of the House of the conference report.

I include the following:

TREASURY, U.S. POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL FOR FISCAL YEAR 1977 (H.R. 14261)

COMPARATIVE STATEMENT OF CONFERENCE TOTAL WITH NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976, BUDGET ESTIMATES FOR FISCAL YEAR 1977, AND HOUSE AND SENATE ALLOWANCE

	New BA enacted, fiscal year 1976	New BA estimates, fiscal year 1977	New BA House, fiscal year 1977	New BA Seante, fiscal year 1977	New BA conference, fiscal year 1977	Conference compared with—			
						Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
TITLE I—TREASURY DEPARTMENT									
Office of the Secretary	$28,183,000	$26,972,000	$26,000,000	$26,000,000	$26,000,000	−$2,183,000	−$972,000		
Office of Revenue Sharing	2,569,000	3,810,000	3,810,000	3,810,000	3,810,000	1,241,000			
Federal Law Enforcement Training Center	12,000,000	8,450,000	9,000,000	8,650,000	8,650,000	−3,350,000	200,000	−$350,000	
Bureau of Government Financial Operations	131,725,000	147,229,000	144,000,000	144,000,000	144,000,000	12,275,000	−3,229,000		
Government losses in shipment	700,000	500,000	500,000	500,000	500,000	−200,000			
Eisenhower College Grants	1,000,000					−1,000,000			
Hoover Institution on War, Revolution and Peace, grants to	7,000,000					−7,000,000			
Bureau of Alcohol, Tobacco, and Firearms	109,697,000	125,315,000	112,000,000	114,500,000	114,500,000	4,803,000	−10,815,000	2,500,000	
U.S. Customs Service	328,677,000	326,059,000	334,000,000	340,000,000	340,000,000	11,323,000	13,941,000	6,000,000	
Bureau of the Mint:									
Salaries and expenses	41,230,000	43,215,000	40,000,000	40,000,000	40,000,000	−1,230,000	−3,215,000		
Construction of Mint facilities	3,350,000					−3,350,000			
Total	44,580,000	43,215,000	40,000,000	40,000,000	40,000,000	−4,580,000	−3,215,000		
Bureau of the Public Debt	103,000,000	114,497,000	112,000,000	112,000,000	112,000,000	9,000,000	−2,497,000		

	New BA enacted, fiscal year 1976	New BA estimates, fiscal year 1977	New BA House, fiscal year 1977	New BA Senate, fiscal year 1977	New BA conference, fiscal year 1977	Conference compared with—			
						Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
Internal Revenue Service:									
Salaries and expenses	$745,825,000	$46,700,000	$46,700,000	$46,700,000	$47,700,000	$875,000			
Accounts, collection and taxpayer service	91,740,000	789,900,000	795,900,000	790,090,000	793,400,000	1,660,000	$3,500,000	−$2,500,000	$2,500,000
Compliance	835,955,000	834,900,000	838,900,000	834,900,000	835,900,000	−17,055,000	2,000,000	−2,000,000	2,000,000
Total	1,691,520,000	1,671,500,000	1,681,500,000	1,672,500,000	1,677,000,000	−14,520,000	5,500,000	−4,500,000	4,500,000
U.S. Secret Service	114,950,000	112,650,000	112,650,000	112,650,000	112,650,000	−2,300,000			
Total, title I	2,575,601,000	2,580,197,000	2,575,460,000	2,574,610,000	2,579,110,000	3,509,000	−1,087,000	3,650,000	4,500,000
TITLE II—UNITED STATES POSTAL SERVICE									
Payment to the Postal Service Fund	1,703,416,000	1,458,804,000	1,766,170,000	1,766,170,000	1,766,170,000	62,754,000	307,366,000		
Budget submitted by U.S. Postal Service	( )	(1,766,170,000)	(1,766,170,000)	(1,766,170,000)	(1,766,170,000)	(1,766,170,000)	( )	( )	( )
Revolving Fund for Advance Payments to U.S. International Air Carriers	5,000,000					−5,000,000			
Total, title II	1,708,416,000	1,458,804,000	1,766,170,000	1,766,170,000	1,766,170,000	57,754,000	307,366,000		
TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT									
Compensation of the President	250,000	250,000	250,000	250,000	250,000				
Council of Economic Advisers	1,621,000	1,718,000	1,718,000	1,718,000	1,718,000	97,000			
Council on International Economic Policy	1,650,000	1,466,000	1,450,000	1,450,000	1,450,000	−200,000	−16,000		
Council on Wage and Price Stability	1,589,000	1,607,000	1,607,000	1,607,000	1,607,000	18,000			
Domestic Council	1,646,000	1,700,000		1,700,000	1,700,000	54,000		1,700,000	
Unanticipated needs	1,000,000	1,000,000		1,000,000	1,000,000			1,000,000	
Executive residence	1,902,000	2,095,000		2,095,000	2,095,000	193,000		2,095,000	
Official Residence of the Vice President	274,000	61,000		61,000	61,000	−213,000		61,000	
National Security Council	3,052,000	3,210,000	3,210,000	3,210,000	3,210,000	158,000			
Office of Management and Budget	24,250,000	25,800,000	25,500,000	25,300,000	25,300,000	1,050,000	−500,000	−200,000	
Office of Federal Procurement Policy	754,000	1,627,000	1,627,000	1,627,000	1,627,000	873,000			
Office of Telecommunications Policy	8,500,000	8,206,000	8,206,000	8,206,000	8,206,000	−294,000			
Special Assistance to the President	1,001,000	1,246,000		1,246,000	1,246,000	245,000		1,246,000	
Thd White House Office	16,763,000	16,530,000		16,530,000	16,530,000	−233,000		16,530,000	
Office of Drug Abuse Policy	250,000					−250,000			
Total, title III	64,502,000	66,516,000	43,568,000	66,000,000	66,000,000	1,498,000	−516,000	22,432,000	
TITLE IV—INDEPENDENT AGENCIES									
Administrative Conference of the United States	785,000	880,000	880,000	880,000	880,000	95,000			
Advisory Commission on Intergovernmental Relations	1,200,000	1,402,000	1,200,000	1,402,000	1,301,000	101,000	−101,000	101,000	−101,000
Advisory Committee on Federal Pay	135,000	215,000	215,000	215,000	215,000	80,000			
Civil Service Commission:									
Salaries and expenses:									
Appropriation	97,533,000	102,328,000	102,328,000	102,328,000	102,328,000	4,795,000			
By transfer	(21,388,000)	(24,365,000)	(24,365,000)	(24,365,000)	(24,365,000)	(2,977,000)	( )	( )	( )
Government payment for annuitants, employees health benefits	347,969,000	451,844,000	451,844,000	451,844,000	451,844,000	103,875,000			
Payment to civil service retirement and disability fund	1,517,865,000	2,874,955,000	2,874,955,000	2,874,955,000	2,874,955,000	1,357,090,000			
Federal Labor Relations Council	1,298,000	1,565,000	1,565,000	1,565,000	1,565,000	267,000			
Intergovernmental personnel assistance	15,000,000	10,000,000	15,000,000	10,000,000	15,000,000		5,000,000		5,000,000
Total	1,979,655,000	3,440,692,000	3,445,692,000	3,440,692,000	3,445,692,000	1,466,027,000	5,000,000		5,000,000
Commission on Executive, Legislative, and Judicial Salaries and expenses		100,000	100,000	100,000	100,000	100,000			
Commission on Federal Paperwork	4,100,000					−4,100,000			
Commission to Review National Policy Toward Gambling	745,000	265,000	265,000	265,000	265,000	−480,000			
Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped	261,000	316,000	316,000	316,000	316,000	55,000			
Federal Election Commission	5,000,000	6,950,000	6,000,000	6,000,000	6,000,000	1,000,000	−950,000		
General Services Administration:									
Refunds under Renegotiations Act	1,000,000					−1,000,000			
Disposal of Surplus Real and Related Property, operating expenses	6,180,000	6,205,000	6,205,000	6,205,000	6,205,000	25,000			
Federal Buildings Fund: Limitation on availability of revenue:									
Construction on buildings	(63,786,000)	(39,400,000)	(22,600,000)	(39,400,000)	(28,400,000)	(−35,386,000)	(−11,000,000)	(5,800,000)	(−11,000,000)
Purchase contract payments	(60,000,000)	(92,000,000)	(92,000,000)	(92,000,000)	(92,000,000)	(32,000,000)	( )	( )	( )
Rental of space	(443,500,000)	(473,200,000)	(473,200,000)	(473,200,000)	(473,200,000)	(29,700,000)	( )	( )	( )
Alterations and major repairs	(110,768,000)	(60,700,000)	(60,700,000)	(60,700,000)	(60,700,000)	(−50,068,000)	( )	( )	( )
Real property operations	(397,500,000)	(414,905,000)	(414,905,000)	(414,905,000)	(414,905,000)	(17,405,000)	( )	( )	( )
Program direction and centralized service	(65,600,000)	(61,550,000)	(61,550,000)	(61,550,000)	(61,550,000)	(−4,050,000)	( )	( )	( )
Subtotal	(1,411,154,000)	(1,141,755,000)	(1,124,955,000)	(1,141,755,000)	(1,130,755,000)	(−10,399,000)	(−11,000,000)	(5,800,000)	(−11,000,000)
Federal Supply Service	159,167,000	154,815,000	154,266,000	154,266,000	154,266,000	−4,901,000	−549,000		
Payment to the General Supply Fund	40,000,000					−40,000,000			
National Archives and Records Service:									
Operating expenses	60,200,000	64,439,000	64,219,000	64,219,000	64,219,000	4,019,000	−220,000		
Records declassification	1,394,000	1,410,000	1,410,000	1,410,000	1,410,000	16,000			
Subtotal	61,594,000	65,849,000	65,629,000	65,269,000	65,629,000	4,035,000	−220,000		
Automated Data and Telecommunications Service	7,460,000	7,651,000	7,475,000	7,475,000	7,475,000	15,000	−176,000		
Preparedness activities:									
Office of Preparedness, salaries and expenses	16,010,000	16,380,000	16,296,000	16,296,000	16,292,000	286,000	−84,000		
Expenses, Defense Production Act		10,540,000					−10,540,000		
General activities:									
General Management and Agency Operations, salaries and expenses	12,183,000	12,636,000	6,616,000	6,616,000	6,616,000	−5,567,000	−6,020,000		
Federal Management Policy, salaries and expenses	1,100,000					−1,100,000			
Indian Trust Accounting	2,675,000	2,702,000	2,702,000	2,702,000	2,702,000	27,000			

TREASURY, U.S. POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL FOR FISCAL YEAR 1977 (H.R. 14261)—Continued

COMPARATIVE STATEMENT OF CONFERENCE TOTAL WITH NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976, BUDGET ESTIMATES FOR FISCAL YEAR 1977, AND HOUSE AND SENATE ALLOWANCE—Continued

	New BA enacted, fiscal year 1976	New BA estimates, fiscal year 1977	New BA House, fiscal year 1977	New BA Senate, fiscal year 1977	New BA conference, fiscal year 1977	Conference compared with—			
						Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
Allowances and Office Staff for Former Presidents	275,000	280,000	280,000	280,000	280,000	5,000			
Expenses Presidential Transition		900,000	900,000	900,000	900,000	900,000			
Administrative and Staff Support Services	51,697,000	65,170,000	72,219,000	72,219,000	72,219,000	20,522,000	7,049,000		
Subtotal	67,930,000	81,688,000	82,717,000	82,717,000	82,717,000	14,787,000	1,029,000		
Total	359,341,000	343,128,000	332,588,000	332,588,000	332,588,000	−26,753,000	−10,540,000		
Harry S. Truman Scholarship Fund	10,000,000	20,000,000		20,000,000	20,000,000	10,000,000		20,000,000	
National Commission on Electronic Fund Transfers		1,300,000		1,300,000	1,300,000	1,300,000		1,300,000	
National Commission on the Observance of International Woman's Year, 1975	5,000,000					−5,000,000			
National Center for Productivity and Quality of Working Life	2,000,000	5,000,000	2,500,000	3,000,000	2,750,000	750,000	−2,250,000	250,000	−250,000
National Commission on Supplies and Shortages	747,500	360,000	360,000	360,000	360,000	−387,500			
National Study Commission on Records and Documents of Federal Officials	350,000	445,000		350,000	350,000		−95,000	350,000	
United States Tax Court: Salaries and expenses	6,715,000	7,322,000	7,322,000	7,222,000	7,222,000	507,000	−100,000	−100,000	
Department of Defense:									
Defense Civil Preparedness Agency:									
Operation and maintenance	65,578,000	71,000,000	65,000,000	65,000,000	65,000,000	−578,000	−6,000,000		
Research, shelter survey and marking	20,000,000		20,000,000	15,000,000	17,500,000	−2,500,000	17,500,000	−2,500,000	2,500,000
Total	85,578,000	71,000,000	85,000,000	80,000,000	82,500,000	−3,078,000	11,500,000	−2,500,000	2,500,000
Total, title IV	2,461,622,500	3,899,375,000	3,882,438,000	3,894,690,000	3,901,839,000	1,440,216,500	2,464,000	19,401,000	7,149,000
Total, NB(O)A	6,810,141,500	8,004,892,000	8,267,636,000	8,301,470,000	8,313,119,000	1,502,977,500	308,227,000	45,483,000	11,649,000

The SPEAKER pro tempore (Mr. BRADEMAS). The gentleman from Ohio (Mr. MILLER) is recognized for 30 minutes.

Mr. MILLER of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Speaker, I thank the gentleman for yielding to me.

At the appropriate time I will call attention of the body to Senate amendment No. 36 which is reported back by the conferees in technical disagreement. This relates to a provision which was in the House bill originally and was stricken from the bill on a point of order. It is a nongermane amendment that seeks to afford to the flatware manufacturers of the country some protection from foreign competition.

This may or may not be a good idea. I am skeptical of it. It certainly is not wise to insert it in an appropriation bill without hearings in either body.

In so doing, we are setting a precedent which is most unfortunate, not only because it is invading the jurisdiction of the Committee on Ways and Means but also because it raises the possibility that similar amendments might be hooked onto any kind of appropriation legislation that comes before us. I stress the fact that no hearings were held in either the House or the Senate. So at the right moment I hope we will defeat the motion offered on this amendment in disagreement.

Mr. Speaker, again I thank the gentleman from Ohio (Mr. MILLER) for yielding me this time.

Mr. HARRIS. Mr. Speaker, I am concerned that the conference report on H.R. 14261, the Treasury, Postal Service, and general Government appropriations bill for 1977, restores funds for the operations of the White House. As my colleagues will recall, when this bill was considered by the House on June 14, I made a successful point of order against the section providing $16.5 million for personnel and other operations of the White House Office. My effort knocked out funding for 1977 because there is no authorization for these activities. The Senate has now restored these funds and the conferees have gone along.

Last July, the House passed H.R. 6706, the White House authorization bill, but the bill has lain dormant in the Senate ever since. I am distressed that today we are going back to our same old rut of handing over a blanket $16.5 million for purposes we have never set into law. We have never put reasonable limits on the White House as we do for other agencies and we should not be funding what is in essence an unknown authorization.

The issues here are not an attack on the current resident of the White House. The issues here are two. First, we the Congress should face up to our responsibility to place into law reasonable parameters for White House personnel and White House operations. Second, this type of legislation is needed to safeguard our basic constitutional form of government. Major policy decisions of Government rest with the President and his other Cabinet advisers. Recent years taught us too painfully the inherent dangers of an unelected "palace guard" cloistered behind the walls of the White House. There is a fundamental policy question here that this Congress must confront sooner or later. Do we let the central power of our Government rest with a faceless few advisers around the oval office or do we nourish and restore Cabinet government? The authorization bill passed by the House last year moves in this direction; we need action on it now.

The New York Times, in its June 25 editorial, has made the point quite well:

> Congressional policy judgments about White House expenditures, especially for personnel, are a matter of considerable importance. Under former President Nixon, the White House staff swelled to more than 500 people. The current appropriation bill contains money for 60 people at salaries of more than $40,000 a year, for a $1 million discretionary fund and for the hiring of almost 100 people without regard to Federal pay standards.
>
> To insist that there be some limits to Presidential discretion is by no means to argue that there should be no discretion at all or that the President should not have the staff to help him do his job. It is merely to recognize that a major lesson of the seventies was the strong tendency of the Presidency—in the hands of either party—to accumulate more power and people beyond rational need, and to the detriment of balanced government.

Mr. ADAMS. Mr. Speaker, the conference report on H.R. 14261—making appropriations for the Treasury, Postal Service, and general Government agencies for fiscal year 1977—provides $8,313 million in budget authority. This is $45 million above the budget authority passed by the House, and $11 million above the level passed by the Senate.

The subcommittee allocation target under the budget resolution is $8,575 million in budget authority. When this conference report is adopted, $262 million in budget authority will remain available in the subcommittee allocation. Most of this amount will be needed at a later date in connection with the usual supplemental appropriations for claims and judgments.

This conference report is therefore consistent with the first budget resolution and I support its adoption and urge all Members to do the same.

Mr. MILLER of Ohio. Mr. Speaker, I yield back the balance of my time.

Mr. STEED. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SYMMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 318, nays 82, not voting 32, as follows:

[Roll No. 489]

YEAS—318

Abdnor
Abzug
Adams
Addabbo
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Fary
Fascell
Fish
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frey
Fuqua
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Green
Gude
Guyer
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hanley
Hannaford
Harrington
Harris
Hawkins
Hayes, Ind.
Hébert
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hungate
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Landrum
Leggett
Lehman
Lent
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
Lundine
McClory
McCollister
McCormack
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Mikva
Milford
Miller, Calif.
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quillen
Railsback
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schulze
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Teague
Thone
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—82

Alexander
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bell
Brown, Ohio
Broyhill
Burleson, Tex.
Clancy
Clawson, Del
Collins, Tex.
Conable
Conlan
Cornell
Crane
Daniel, Dan
Daniel, R. W.
Devine
Erlenborn
Eshleman
Evans, Ind.
Fenwick
Fisher
Frenzel
Goldwater
Gradison
Grassley
Hammerschmidt
Hansen
Harkin
Harsha
Hechler, W. Va.
Holt
Hughes
Hutchinson
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Levitas
Lott
McDonald
McEwen
Maguire
Martin
Melcher
Michel
Miller, Ohio
Moffett
Montgomery
Moore
Mottl
Myers, Ind.
Myers, Pa.
Paul
Pettis
Quie
Randall
Roberts
Robinson
Rousselot
Russo
Satterfield
Schneebeli
Schroeder
Sebelius
Shuster
Skubitz
Snyder
Steiger, Ariz.
Steiger, Wis.
Symms
Talcott
Taylor, Mo.
Thornton
Wiggins
Young, Fla.

NOT VOTING—32

Anderson, Ill.
Ashley
Burton, John
Conyers
Dent
Dingell
Esch
Evins, Tenn.
Findley
Gaydos
Giaimo
Hagedorn
Hays, Ohio
Heinz
Helstoski
Hinshaw
Jones, Ala.
Karth
Kasten
McCloskey
McDade
McKinney
Meyner
Mineta
Moorhead, Calif.
Peyser
Rees
Riegle
Stuckey
Symington
Thompson
Treen

The Clerk announced the following pairs:

Mr. John L. Burton with Mr. Anderson of Illinois.

Mr. Dent with Mr. Esch.

Mr. Giaimo with Mr. Treen.

Mr. Helstoski with Mr. Moorhead of California.

Mr. Dingell with Mr. Peyser.

Mr. Mineta with Mr. Findley.

Mrs. Meyner with Mr. Karth.

Mr. Conyers with Mr. Kasten.

Mr. Ashley with Mr. McCloskey.

Mr. Gaydos with Mr. Heinz.

Mr. Thompson with Mr. Hays of Ohio.

Mr. Symington with Mr. Hagedorn.

Mr. Riegle with Mr. McDade.

Mr. Stuckey with Mr. Evins of Tennessee.

Mr. Rees with Mr. Jones of Alabama.

Messrs. SKUBITZ, GOLDWATER, HARKIN, TALCOTT, and KEMP changed their vote from "yea" to "nay."

Mrs. SMITH of Nebraska changed her vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 9: Page 7, line 19 insert:

THE WHITE HOUSE OFFICE

SALARIES AND EXPENSES

For expenses necessary for the White House Office as authorized by law, including not to exceed $3,850,000 for services as authorized by 5 U.S.C. 3109, at such per diem rates for individuals as the President may specify and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed $100,000 to be accounted for solely on the certificate of the President); and not to exceed $10,000 for official entertainment expenses to be available for allocation within the Executive Office of the President; $16,530,000.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 9 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 10: Page 8, line 8 insert:

EXECUTIVE RESIDENCE

OPERATING EXPENSES

For the care, maintenance, repair and alteration, refurnishing, improvement, heating and lighting, including electric power and fixtures, of the Executive Residence, to be expended as the President may determine, notwithstanding the provisions of this or any other Act, and official entertainment expenses of the President to be accounted for solely on his certificate, $2,095,000.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 10 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 11: Page 8, line 17, insert:

OFFICIAL RESIDENCE OF THE VICE PRESIDENT

OPERATING EXPENSES

For the care, maintenance, repair and alteration, furnishing, improvement, heating and lighting, including electric power and fixtures, of the official residence of the Vice President, $61,000: *Provided,* That advance or repayments or transfers from this appropriation may be made to any department or agency for expenses of carrying out such activities.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 11 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 12: Page 9, line 1, insert:

SPECIAL ASSISTANCE TO THE PRESIDENT

SALARIES AND EXPENSES

For expenses necessary to enable the Vice President to provide assistance to the President in connection with specially assigned functions, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS-18, compensation for one position at a rate not to exceed the rate of level II of the Executive schedule, and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service, including hire of passenger motor vehicles, $1,246,000.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 12 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 10, line 9, insert:

DOMESTIC COUNCIL

SALARIES AND EXPENSES

For necessary expenses of the Domestic Council, including services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS-18; and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; $1,700,000.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 13 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 15: Page 11, line 19, insert:

UNANTICIPATED NEED

For expenses necessary to enable the President to meet unanticipated needs, in furtherance of the national interest, security, or defense which may arise at home or abroad during the current fiscal year, and to pay administrative expenses (including personnel, in his discretion and without regard to any provision of law regulating employment and pay of persons in the government service or regulating expenditures of government funds) incurred with respect thereto, $1,000,000.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 15 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 35: Page 32, line 5, insert: "Acceptance by the United States of any exchange proposal is contingent upon review by the appropriate committees of the Congress."

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 35 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 36: Page 32, line 8, insert:

Sec. 507. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of stainless steel flatware not produced in the United States or its possessions, except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of stainless steel flatware produced in the United States or its possessions, cannot be procured as and when needed from sources in the United States and its possessions, or except in accordance with procedures provided by section 6-104.4(b) of Armed Services Procurement Regulation, dated January 1, 1969. This section shall be applicable to all solicitations for bids issued after its enactment.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 36 and concur therein.

The SPEAKER pro tempore. The gentleman from Oklahoma (Mr. Steed) is recognized for 30 minutes.

Mr. STEED. Mr. Speaker, this is an amendment that has had some controversy in the subcommittee. It was brought about by the complaints of some of the small business manufacturers in the country. It is an amendment similar to the one that is contained in the military appropriation bill. It was found that after the restriction on procurement of imported flatware was adopted in the military appropriation bill, the military began to evade that by having imported flatware obtained through the GSA. So in order to close the loophole the majority of the subcommittee saw fit to include it in the bill. It was deleted on a point of order in the House as legislation on an appropriation bill but was placed back in by the other body. The conferees agreed to bring the amendment back in technical disagreement so the House could work its will on the matter.

Mr. ARMSTRONG. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman from Colorado.

Mr. ARMSTRONG. Mr. Speaker, I am grateful to the gentleman for yielding.

Mr. Speaker, as the chairman of the committee, the gentleman from Oklahoma (Mr. Steed) has explained, the effect of this nongermane amendment of the Senate is to afford protection to domestic manufacturers of stainless steel flatware by restricting the purchase of such flatware from foreign manufacturers.

This amendment restricts the authority of the GSA to purchase stainless steel flatware—that is, table knives and forks—from any source other than a domestic supplier.

There were no hearings in either the House or the Senate on this provision. But, it was suggested that we must maintain a viable specialty metals industry and to do so we should afford a degree of protection to the domestic manufacturer of this metal.

This argument really does not hold water, for two reasons: First of all, the total consumption of stainless steel by these manufacturers is something less than 1 precent of the total amount used in this country. It is just not a very big segment of the market.

Second, much of the stainless steel flatware which is manufactured by domestic makers is actually made out of steel which itself is imported from foreign suppliers; so it seems to me that argument is inconsistent. Moreover, the effect of this amendment is to invade the jurisdiction of the Committee on Ways and Means and, worst of all, to set a precedent of protectionist trade legislation hooked on to an appropriations bill.

Mr. Speaker, for these reasons I hope the amendment in disagreement will be rejected.

Mr. STEED. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. Gibbons).

Mr. GIBBONS. Mr. Speaker, I commend the gentleman from Colorado (Mr. Armstrong) for the very logical and sensible argument that the gentleman has made.

Now, the Committee on Ways and Means is very interested in this matter. We, perhaps, have neglected it in the past. For that reason, the distinguished gentleman from Oklahoma (Mr. Steed) has sort of taken over and has been doing the job in this area.

I want to say to all the Members of the House that if I am lucky enough to be re-elected and lucky enough to be the chairman of this committee next year, that we will look into this matter fully.

In the meantime, I would ask the Members to reject this amendment which is in technical disagreement because, there are many other remedies available to the people who claim to be adversely affected here.

First of all, they can go through all the escape clauses in the trade act which every other person is entitled to. These people could do the same thing if they wanted to, if they realy had a good case. Second, they have a tariff on this kind of product anyway. Third, they have quotas made by the tariff act. Fourth, as the gentleman from Colorado (Mr. Armstrong) pointed out, it is not a big item, but it does have an affect upon us in that it makes our trading partners very skittish. They are afraid of this kind of legislation. They buy a lot of material from us such as computers, air planes, agricultural products, all kinds of things; and whenever they see this kind of legislation coming along, it just ruffles them.

So, I would say in summary that these people have adequate remedies which they have not used. Second, the Ways and Means Committee has not done as vigorous a job as it perhaps could have done, but I promise that we will be reviewing it. Third, the gentleman from Oklahoma is most generous in yielding this time to discuss this matter, and certainly a vote against his motion would be no reflection upon him at all, but a reaffirmation of the House position that we could do a better job, and no one is being adversely affected.

Mr. ADDABBO. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Speaker, I thank my chairman for yielding. I rise in support of the committee position. As the gentleman from Florida (Mr. GIBBONS) has pointed out, his committee is going to act on this matter. They will have a whole year to act, because the appropriation bill and this provision will expire at the end of fiscal year 1977–78. This is purely and simply a buy America amendment we have accepted.

As the gentleman from Colorado (Mr. ARMSTRONG) pointed out, it is a small segment of our economy, a small difference of between 6 percent and possibly 7 percent unemployment in this country. We are looking to protect employment. As my colleagues say, we will buy American flatware if they are competitive, so we are not completely barring competition. For the last several years the Ways and Means Committee has failed to act on this, even though similar provisions have been carried in the Defense bill. The GSA has bought foreign in competition with our own manufacturers and thus helping to put them out of business.

I ask support for the committee position on this amendment.

Mr. FLYNT. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman from Georgia.

Mr. FLYNT. Mr. Speaker, I urge an affirmative vote on the motion offered by the gentleman from Oklahoma, the chairman of the subcommittee. This is a matter which is tied in very closely with the very dramatic need for specialty metals, of which stainless steel is only one. These items are necessary in the production and procurement of things like miniature ball bearings and certain types of chromium alloys that are necessary for strategic weaponry purposes.

Mr. Speaker, I would hope that the House will vote for the motion which is offered by the gentleman from Oklahoma that the House concur in the amendment of the Senate.

Mr. Speaker, I ask for an affirmative vote.

Mr. GIBBONS. Mr. Speaker, will the gentleman yield further?

Mr. STEED. I yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Speaker, I am sure the gentleman from Georgia realizes that all we are talking about here are knives and forks and spoons, not ball bearings or anything of a critical nature; just knives and forks and spoons. That is all we are talking about.

Mr. FLYNT. Except as I said, if the gentleman from Florida will recall my opening remarks, this is all a part of the very necessary and needed specialty metals materials for particular purposes, including the production and procurement of certain types of materials, which require stainless steel components.

Mr. STEED. Mr. Speaker, I do not think any subcommittee on appropriations has tried harder than this one to keep the good faith with the various legislative committees. There was no intent on our part to invade the jurisdiction of the Legislative Committee. The problem is that a similar provision has been in the Defense appropriation bill for many years. We find that the General Services Administration is being used by the military to get around the restrictions in the military appropriations bill. The military has gone to the GSA to obtain the flatware to avoid the restrictions in their Appropriation Act.

I do not think any harm will be done to leave this Senate amendment in the bill because legislative remedies can be made in the legislative process next year. In the meantime, the effort that this subcommittee has been making to limit the purchase of foreign manufactured stainless steel flatware will continue to be in effect.

Mr. Speaker, I urge the House to support my motion to recede and concur in the Senate amendment.

The SPEAKER pro tempore. If there are no further requests for time, without objection, the previous question is ordered on the motion.

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oklahoma (Mr. STEED).

The question was taken; and the Speaker pro tempore being in doubt, the House divided, and there were—ayes 48, noes 31.

Mr. ARMSTRONG. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 206, nays 201, not voting 25, as follows:

[Roll No. 490]

YEAS—206

Abzug
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashbrook
Aspin
Badillo
Bafalis
Bauman
Beard, R.I.
Bennett
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Bonker
Bowen
Breaux
Brinkley
Brooks
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Fla.
Burlison, Mo.
Byron
Carney
Carter
Chappell
Chisholm
Clancy
Clawson, Del
Clay
Cleveland
Cohen
Collins, Ill.
Conlan
Conte
Cotter
D'Amours
Daniel, Dan
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Eckhardt
Eilberg
Emery
English
Eshleman
Evans, Ind.
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Fountain
Frey
Fuqua
Gaydos
Gilman
Ginn
Green
Guyer
Haley
Hall, Tex.
Hammerschmidt
Hanley
Harsha
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
LaFalce
Landrum
Latta
Leggett
Litton
Lloyd, Tenn.
Long, La.
Lott
Lundine
McFall
McKay
Madden
Mahon
Mathis
Melcher
Metcalfe
Milford
Miller, Ohio
Mills
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Morgan
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Nichols
Nix
Nowak
Oberstar
O'Hara
O'Neill
Passman
Patten, N.J.
Pepper
Pickle
Price
Quillen
Randall
Rangel
Regula
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Roush
Roybal
Russo
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Shipley
Sikes
Sisk
Slack
Snyder
Staggers
Stanton, James V.
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, Mo.
Teague
Thompson
Thornton
Traxler
Vigorito
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wright
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—201

Abdnor
Adams
Andrews, N. Dak.
Archer
Armstrong
Ashley
AuCoin
Baldus
Baucus
Beard, Tenn.
Bedell
Bell
Bergland
Biester
Blouin
Boggs
Brademas
Breckinridge
Brodhead
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Butler
Carr
Cederberg
Clausen, Don H.
Cochran
Collins, Tex.
Conable
Corman
Cornell
Coughlin
Crane
Daniel, R. W.
Dellums
Derrick
Derwinski
Devine
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Foley
Forsythe
Fraser
Frenzel
Gibbons
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Hagedorn
Hall, Ill.
Hamilton
Hannaford
Hansen
Harkin
Harrington
Harris
Hayes, Ind.
Holt
Holtzman
Hyde
Jacobs
Jeffords
Johnson, Colo.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
Lagomarsino
Lehman
Lent
Levitas
Lloyd, Calif.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDonald
McEwen
McHugh
Madigan
Maguire
Mann
Martin
Matsunaga
Mazzoli
Meeds
Mezvinsky
Michel
Mikva
Miller, Calif.
Mink
Moorhead, Calif.
Moorhead, Pa.
Mosher
Moss
Mottl
Myers, Pa.
Neal
Nedzi
Nolan
Obey
O'Brien
Ottinger
Patterson, Calif.
Pattison, N.Y.
Paul
Perkins
Pettis
Pike
Poage
Pressler
Preyer
Pritchard
Quie
Railsback
Reuss
Rhodes
Richmond
Robinson
Rose
Rosenthal
Rostenkowski
Rousselot
Runnels
Ruppe
Ryan
Santini
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Shuster

Simon
Skubitz
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Stanton,
  J. William
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Symms
Talcott
Taylor, N.C.
Thone
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Waxman
Weaver
Whalen
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wydler
Wylie
Yates
Young, Ga.

NOT VOTING—25

Anderson, Ill.
Conyers
Dent
Dickinson
Esch
Evins, Tenn.
Giaimo
Hays, Ohio
Heinz
Helstoski
Hinshaw
Karth
McDade
McKinney
Meyner
Mineta
Peyser
Rees
Riegle
Stuckey
Symington
Treen
Wiggins
Wirth
Wolff

The Clerk announced the following pairs:

Mr. Giaimo with Mr. Evins of Tennessee.
Mr. Mineta with Mr. Anderson of Illinois.
Mr. Dent with Mr. Dickinson.
Mr. Wolff with Mr. Hays of Ohio.
Mrs. Meyner with Mr. Esch.
Mr. Helstoski with Mr. Treen.
Mr. Conyers with Mr. Karth.
Mr. Symington with Mr. McKinney.
Mr. Stuckey with Mr. Heinz.
Mr. Wirth with Mr. Peyser.
Mr. Rees with Mr. McDade.

Mr. MELCHER and Mr. NOWAK changed their vote from "nay" to "yea."

Mr. HANSEN changed his vote from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. STEED. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DELAYING EFFECTIVE DATE OF CERTAIN PROPOSED AMENDMENTS TO FEDERAL RULES OF CRIMINAL PROCEDURE AND CERTAIN OTHER RULES

Mr. HUNGATE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 13899) to delay the effective date of certain proposed amendments to the Federal Rules of Criminal Procedure and certain other rules promulgated by the U.S. Supreme Court, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That, notwithstanding the provisions of sections 3771 and 3772 of title 18 of the United States Code, the amendments to rules 6(e), 23, 24, 40.1, and 41(c)(2) of the Rules of Criminal Procedure for the United States district courts which are embraced by the order entered by the United States Supreme Court on April 26, 1976, and which were transmitted to the Congress on or about April 26, 1976, shall not take effect until August 1, 1977, or until and to the extent approved by Act of Congress, whichever is earlier. The remainder of the proposed amendments to the Federal Rules of Criminal Procedure shall become effective August 1, 1976, pursuant to law.

SEC. 2. That, notwithstanding the provisions of section 2072 of title 28 of the United States Code, the rules and forms governing section 2254 cases in the United States district courts and the rules and forms governing section 2255 proceedings in the United States district courts which are embraced by the order entered by the United States Supreme Court on April 26, 1976, and which were transmitted to the Congress on or about April 26, 1976, shall not take effect until thirty days after the adjournment sine die of the 94th Congress, or until and to the extent approved by Act of Congress, whichever is earlier.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. HUTCHINSON. Mr. Speaker, reserving the right to object—and I do not intend to object—I have discussed this matter with the gentleman from Missouri. I do not intend to object, but I think that the House is entitled to a short statement as to what this is.

Mr. HUNGATE. Mr. Speaker, will the gentleman yield?

Mr. HUTCHINSON. I yield to the gentleman from Missouri.

Mr. HUNGATE. I thank the gentleman for yielding.

The Supreme Court sent certain rules to the House on amending the Rules of Criminal Procedure on April 26 of this year. Unless action is taken by the House prior to August 1 of this year, those changes would automatically become effective. We previously in the House passed a bill to stay the effective date of those amendments for 1 year until August 1, 1977, to afford the House and Senate a chance to give due consideration to the measure. The Senate has now accepted our bill with certain amendments as to four of these rules, postponing the most controversial for 1 year, postponing the provisions on habeas corpus until adjournment. This is to afford us time to give it adequate legislative consideration, and those rules as to which there are no objections heard would become effective August 1.

Mr. HUTCHINSON. I thank the gentleman.

I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 9771, AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS OF 1976

Mr. ANDERSON of California. Mr. Speaker, I call up the conference report on the bill (H.R. 9771) to amend the Airport and Airway Development Act of 1970, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 23, 1976.)

Mr. ANDERSON of California (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. ANDERSON) is recognized for 30 minutes.

Mr. ANDERSON of California. Mr. Speaker, I am pleased to bring before the House the conference report on the Airport and Airway Development Act Amendments of 1976. A great deal of work went into this bill, and the final product is something in which we can all take pride. To be sure, the bill reflects a spirit of compromise because we had a long, hard-fought conference with the Senate, but even a cursory look at the actual construction program in the bill reveals that the House-passed bill remains virtually intact.

This legislation extends the Federal airport development assistance program for 5 years, increasing its funding authorization levels and expanding the types of projects which are eligible. It cuts redtape and gives needed assurance to sponsors of funding for long-term projects in future years.

Principal provisions include increases in funding authorization levels for the airport development assistance program—ADAP: $2.36 billion for air carrier airports and $375 million for general aviation airports over 5 years. On this point I want to make it clear that no funds apportioned to any sponsor or State under section 15(a) of the 1970 act prior to June 30, 1975, which have not been obligated prior to enactment of this bill, shall be available for obligation to any sponsor or State after such date. In other words, any entitlements under section 15(a) of the 1970 act lapsed after June 30, 1975.

Also provided is an expansion of the types of airport development projects which are eligible for Federal assistance, including terminal facility development and acquisition of land adjoining airports for noise abatement purposes.

Another provision would authorize appropriations from the Airport and Airway Trust Fund for maintenance of airway facilities owned and operated by the Federal Government, in annual increments totaling approximately $1 billion over 5 years. Heretofore, such maintenance was paid from the general fund. This in effect represents in excess of $1 billion in relief to the taxpayer.

Another change involves the Federal share of airport development project costs. The Federal share will go from 75 to 90 percent for the first 3 years of the 5-year bill, except for airports serving the 67 large and medium hubs, for which the Federal share will be increased to 75 percent. Effective in fiscal year 1979, the Federal share will become 80 percent except for the large and medium hub airports, for which the Federal share will remain at 75 percent.

Within the ADAP air carrier classification, a new category of commuter service airports has been created in recognition of the substantial growth of this sector of commercial aviation during recent years. The commuter service category includes airports receiving replacement service, whereby service provided by a certificated carrier is replaced by service provided by a commuter carrier. The approximately 150 airports in this new category will be eligible to share in the $15 million per year set aside for their use, provided they enplane at least 2,500 passengers a year each. In addition these airports are eligible for funds from the air carrier airport discretionary fund.

Another category, some 156 reliever airports which divert general aviation traffic from air carrier airports, will be eligible to share in $15 million per year set aside for their use in the general aviation airport classification, as well as funds from the general aviation airport discretionary fund.

Other highlights of this legislation include:

First. A new, more equitable distribution for air carrier airports whereby more funds will go to smaller air carrier airports than previously.

Second. Eligibility for terminal area development projects at air carrier airports with a Federal share of 50 percent, for nonrevenue, public-use areas and facilities for movement of passengers and baggage.

Third. A four-State demonstration program to assess States ability to administer the general aviation airport program. Grants also are authorized to permit States to develop airport construction standards other than safety items.

Fourth. Revision and updating of national airport system plan to serve as the basis for future refinements of airport development legislation. As stated in the joint explanatory statement of the committee of conference, it is intended that the Secretary make the NASP a more workable document. At present there are in excess of 4,000 airports in the NASP. Entry criteria must be changed in order to narrow the NASP to those airports at which federally assisted airport development can be anticipated over the next decade. I hope the Secretary will use this new criteria to cut down substantially on the number of airports in the NASP.

Fifth. Transfer of a portion of required Federal inspection services for overtime expenses resulting from international flights on Sundays and holidays from the airlines to the Federal Government.

Sixth. Amendment to section 612 of the Federal Aviation Act to specifically authorize the Administrator of FAA to exempt airports enplaning less than 500,000 passengers annually from any of the firefighting and rescue equipment requirements established by FAA. Under section 612 the Administrator has broad discretion to establish minimum safety standards for the operation of air carrier airports. This amendment does not authorize the Administrator to ignore his duty to regulate airports in such a way as is "reasonably necessary to assure safety in air transportation." Exemptions under the amendment will undoubtedly be infrequent, and should, in my view only be made after personal review by the Administrator.

Seventh. This bill for the first time guarantees each public airport regularly served by an air carrier, other than a supplemental air carrier, certificated by the Civil Aeronautics Board under section 401 of the Federal Aviation Act of 1958, at least a minimum amount of funding each year—assuming, of course, that the airport sponsor has an eligible project, has the matching fund, and so forth. This is a major step in getting money to our smaller air carrier airports.

The amount of these "guaranteed" funds depends upon the size of aircraft serving the airport. An air carrier airport eligible for enplanement funds which was served by air carrier aircraft heavier than 12,500 pounds maximum certificated gross takeoff weight on or after September 30, 1968, would be entitled to $187,500 for 1976, including the transition quarter. For fiscal years 1977–80 the "guaranteed" amount would be $150,000. For air carrier airports eligible for enplanement funds which have: A. never been served by aircraft of 12,500 pounds or more maximum certificated gross takeoff weight; or B. were served by aircraft over 12,500 pounds maximum certificated gross takeoff weight prior to September 30, 1968, but are now served by aircraft less than that weight limit would be entitled to receive $62,500 for fiscal year 1976, including the transition quarter, and $50,000 for fiscal years 1977–80.

A note of caution on these minimum amounts. As long as the Appropriations Committee places ceilings on obligational authority below those authorized in the conference report, these "minimum amounts" are subject to being lowered in proportion to the difference between the amount authorized in the conference report and the ceiling placed on obligational authority in appropriation bills. Such a situation exists, for example, with fiscal year 1976, including the transition quarter. The Transportation Appropriation Act for fiscal year 1976 and the transition quarter placed a ceiling on the amount which could be obligated during that period of $437.5 million. However, the conference report, upon which the minimum amounts are pegged, authorizes $500 to be obligated for that same 15-month period. Thus, for fiscal year 1976 and the transition quarter, the $187,500 and $62,500 minimum amount figures will be subject to a proportional reduction based on the ratio between $437.5 million and $500 million.

Eighth. Under section 14 of the conference report, public airports are made air carrier airports—other than commuter service airports—when: First, an air carrier was or is certified by the CAB to serve a city served through such airport; second, either, (a) service to such city has been suspended as authorized by the CAB, or (b) authority to serve such city has been deleted; and third, such airport is served by an intrastate air carrier operating in intrastate air transportation. The effect of this provision is to make Long Beach Airport an air carrier airport entitled to enplanement funds and, thus, funds for terminal development.

Ninth. The conference report provides that enplanement funds made available for terminal area development may be used to retire the principal of bonds or other evidences of indebtedness the proceeds of which were used for terminal development between July 1, 1970 and the date of enactment of this bill.

All conditions prescribed for future terminal development apply to those facilities qualifying under this retroactive provision and, in addition, the Secretary of Transportation must determine that no airfield development project will be deferred because of the use of these funds for debt retirement. Further, if the debt retirement authority is utilized, no funds allocated to the sponsor may be utilized for terminal development for 3 years.

Funds may be used to retire that part of the debt used for so much of the terminal development as has been carried out before the date of enactment even though the total terminal development has not yet been completed.

In this regard, a question has arisen with respect to the term "carried out." For example, if a sponsor has floated bonds for a terminal development project and has signed a construction contract obligating payment of the bond proceeds upon completion of stated phases of the project by the contractor, then our intent is that such a project has been "carried out" even though portions of the bond proceeds remain to be paid to the contractor upon completion of work in the future. Under these circumstances, the entire bond principal is therefore eligible for a retirement—the project having been fully "carried out" for the purposes of this legislation.

In other words, in any case where the entire proceeds of a bond sale were committed by the execution of a construction contract prior to the date of enactment of this legislation, we intend that the project should be considered as having been "carried out" for the purpose of qualifying the bonds in question for retirement under the retroactive terminal development provision—even though the entire proceeds of the bond sale may not have been disbursed by the date of enactment of this bill.

Mr. Speaker, section 18 of the Airport and Airways Development Act of 1976 is designed to maintain the existing practice, which has been in existence for over 15 years, to restrict Department of Defense civil air transportation contracts in excess of 30 days to carriers certificated by the Civil Aeronautics Board pursuant to section 401.

In the statement of managers, we elaborate on and add certain criteria to guide and govern the actions of the Department of Defense with respect to section 18.

One of the criterion added is that this section would apply to aircraft under contract to Defense whose maximum gross takeoff weight is 75,000 pounds or greater. The purpose of this limitation is to (a) enable the Department of Defense to continue to use air taxis and commuter airlines as they have in the past and (b) to insure that the logair/quicktrans program remains unaffected. The logair/quicktrans program uses L-188 aircraft, L-100 aircraft, and DC-9 aircraft, all of whose gross takeoff weights are in excess of the 75,000 pounds. Consequently, it is our intent that those two programs continue to be restricted to carriers certificated by the Civil Aeronautics Board pursuant to section 401 of the Federal Aviation Act of 1958 as amended.

We have in the statement of managers also provided that in the event no certificated carrier is available to perform transportation requirements for the Department of Defense, then the Department may use a noncertificated carrier. While we have no reason to believe, based upon past practice and performance, that the certificated industry will not be available, we felt that the Department should have the flexibility to satisfy its requirements through the noncertificated industry in the event that a certificated carrier is not available to perform the service.

Mr. Speaker, we trust the Department of Defense will fully support the intent and objectives outlined in this act and proceed forthwith to contract for its fiscal year 1977 program in order to eliminate the confusion that has developed as a result of its tentative announcement that it was considering changing its policy. This section makes it clear that the policy that has been in effect for 15 years will remain.

Before closing, Mr. Speaker, I wish to thank the chairman of the Public Works and Transportation Committee, Mr. JONES, for his support and guidance during the long process of developing this major legislation. I also wish to express my sincere gratitude to my colleagues and friends, Mr. HARSHA and Mr. SNYDER, and the other members of the conference committee, for their substantial input and assistance on this bill throughout. This was truly a bipartisan effort, and it has been a pleasure for me to be associated with these gentlemen on this bill. In addition, I would be remiss if I failed to mention the thoughts and wisdom brought to this proposal by such Members as NORM MINETA—who, as a former mayor, knew firsthand the causes of redtape in the program, and has made essential changes, found in this conference report, to improve the project approval process—ALLAN HOWE, who brought his experience as a State and regional official to improve this program by increasing the role of our State governments; his was a most valuable contribution. DALE MILFORD, an expert in the field of aviation, certainly has left his imprint on this legislation and has made susbtantial contributions to improve the Airport Development program. His advice and council were essential and extremely valuable. TENO RONCALIO brought his experience as a pilot, and his knowledge of the needs of areas, such as Wyoming, to bear in this legislation and can be credited with many of the improvements in this bill. BOB ROE made an outstanding contribution, especially in recognizing the needs of those airports which no longer receive large aircraft. ELLIOT LEVITAS, an outstanding Member of the freshman class, made innumerable contributions to this legislation, especially in the provisions which dealt with terminal area development, and land for environmental purposes. MARILYN LLOYD, another outstanding freshman, brought her experience in general aviation and the final product reflects her great knowledge in this valuable segment of aviation.

Mr. Speaker, I am certain that I have omitted others who also made great contributions to this legislation, and I apologize to them. Such individuals as BARRY GOLDWATER, JR., JOHN PAUL HAMMERSCHMIDT, DON CLAUSEN, GENE TAYLOR—all helped frame this legislation, and I appreciate their great assistance in producing this outstanding proposal.

Mr. Speaker, I urge that the House pass this conference report.

Mr. EILBERG. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Pennsylvania.

Mr. EILBERG. Mr. Speaker, as chairman of the Subcommittee on Immigration, Citizenship, and International Law, I have some questions which I feel I must ask in order that our subcommittee can be responsive to our oversight responsibility. I would like to create a little legislative history at this point.

Mr. Speaker, I particularly refer to section 15 of the bill which relieves an aircraft owner of reimbursement for immigration and customs inspection when the aircraft arrives on a Sunday or holiday during regularly established hours of service.

First, does the term "regularly established hours of service" refer to airline schedules or to Government agency schedules?

Mr. ANDERSON of California. It refers to Government agency schedules, and then only 8 a.m. to 5 p.m., or 9 a.m. to 6 p.m. All other times, the airlines pay.

Mr. EILBERG. Mr. Speaker, if the gentleman will yield further, in relieving air carriers of reimbursement for "administrative overhead costs" in connection with such inspections, does the bill apply to detention and deportation costs or liquidated damages for which the carrier would presently be liable under the immigration laws or a written agreement for bringing an inadmissible alien to the United States or to the alien's country of origin? Is it the responsibility of the airline or the responsibility of the Government under this provision?

Mr. ANDERSON of California. Well, the answer is no, only administrative costs directly related to inspectional services are intended. Penalties for violation of laws are not affected by this legislation.

Thus, the airlines will continue to pay, first, the cost of living to house inspectors for the purpose of precleaning; the cost of interpreters in inspection areas; the costs of transporting and housing aliens held for hearings or inspections, including costs of returning inadmissible aliens to their place of embarkation; the costs of facilities rental, and finally, the printing and handling of customs and immigration forms.

Mr. EILBERG. Mr. Speaker, if the gentleman will yield further, does the relief from reimbursement apply to preinspection at airports in Bermuda and Canada as well as to airports of entry? Does it also apply to the cost-of-living subsidy at ports of entry in Bermuda and Canada?

Mr. ANDERSON of California. The answer to the first question is yes; but no, it does not apply to the cost of living to house inspectors.

Mr. EILBERG. How much will this relief from reimbursement add to the costs which must be paid out of appropriations?

Mr. ANDERSON of California. Annually about $5.22 million for customs; $1.23 million for immigration. These figurs were provided for us by these two agencies.

Mr. EILBERG. Does this provision have the effect of reducing the amount of premium pay which an inspector will earn on a Sunday or holiday?

Mr. ANDERSON of California. No.

Mr. EILBERG. And finally, does this bill exempt foreign airlines from paying inspectional overtime on Sundays and holidays, as well as the U.S. airlines?

Mr. ANDERSON of California. Yes; but again, only from 8 a.m. to 5 p.m. We are virtually alone in the world in charging for this service.

Mr. EILBERG. Mr. Speaker, I thank the gentleman from California.

Mr. SNYDER. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I rise in full support of the conference report on H.R. 9771. The chairman of our Aviation Subcommittee, my esteemed friend and colleague from California (Mr. ANDERSON) has discussed the provisions in the bill in detail, and I will try to go through my prepared remarks and not be repetitious of those things he has discussed.

I do want to emphasize that we commenced our hearings in March of last year. We heard from every conceivable aviation organization, from administration witnesses, from everybody who wanted to be heard. We have some 1,000 pages of testimony. In substance, I think we have improved the legislation of the past. This bill warrants the support of the House.

I do not want to miss this opportunity, Mr. Speaker, to express my thanks and the appreciation of the minority for the tremendous cooperation that we have received from the majority side. The chairman of our full committee, the distinguished gentleman from Alabama (Mr. JONES) and the chairman of our Aviation Subcommittee, my friend and colleague from California (Mr. ANDERSON) who has just addressed the Members, have been extremely cooperative and fair with us and truly this has been a team effort. I believe the bill reflects this fact.

The ADAP funding levels for the 5 years will total $2.36 billion for air carrier airports and $375 million for general aviation airports. This compares to $1.3 billion and $160 million, respectively, over the past 5 years for these same two categories, but I want to point out to my colleagues that while the funding is increased, that these are airport and airway trust fund moneys we are talking about; they are moneys generated from the 8-percent ticket tax on airline tickets, including Members' airplane tickets when we fly back and forth to Washington from our districts, and 7 cents per gallon on general aviation fuel. They are not general tax funds

There is currently in excess of $1 billion in the trust fund, and present projections are that, with the spending we have called for in this bill, at the end of the 5-year period, there will still be at least $1 billion in surplus if the taxes stay as they are now. A key provision of this bill provides for the trust fund moneys to be used for a portion of the maintenance of our national airway system. Over the next 5 years, $1.15 billion which heretofore has come from general revenues will be coming from the trust fund and will be helping the fiscal situation of this Government.

Now, admittedly, in line with the questioning a while ago, there is about $6.5 million a year, or about $30 million over the next 5 years, which we will have to subtract from that.

Another important revision in this over past legislation is the way the funds are distributed. Two-thirds of the air carrier airport money will be set aside based on the number of enplanements that occur at a particular airport. There is a formula for that. We have the tables and charts at our table, and I am sure the gentleman from California (Mr. Anderson) has them. Members can look at them and see what the enplanements are and the amount of funds to be set aside for each airport.

In addition to that, of course, the remaining third of that money is the air carrier airport discretionary fund.

In regard to the problem we had during and since the fuel crisis when certain airports were no longer served by large aircraft, and the carrier switched to small aircraft to provide the service, we guarantee them a minimum of $150,000—which I might say was not in our House-passed bill.

We did this, I might say to the gentleman from Massachusetts, at the instance of the New England Caucus, and primarily to take care of the problem of the New England airports in getting them the minimum funding of $150,000.

Mr. Speaker, this is a good bill. We believe we have met every reasonable need. It is an equitable bill.

I was a little bit distressed at the "Dear Colleague" letter which I received just this morning indicating that there might be some problem because of the fact that we have taken from the air carriers the burden of paying for the Sunday and holiday inspections by Federal inspection agencies.

Let me say this to the Members: I notice the figure of $24 million which it is said this provision will cost the taxpayers. I have to assume that perhaps that is over a 5-year period, because the figures, as just indicated in the colloquy with the chairman of the subcommittee, are about $6.4 million a year.

These services are for the benefit of the general taxpayer, all Americans. They are to keep out drugs, they are to keep out illegal weapons, they are to keep out diseased products and illegal aliens. They are not performed simply for the benefit of the air carriers.

I think, quite frankly, it is an injustice to require the carriers to pay for these inspections.

Another thing this "Dear Colleague" letter says is that the provision does not provide one penny of the money to pick up the tab. But bear in mind that in this bill we are picking up $1.15 billion that which heretofore has been paid out of the general fund for the purpose of maintaining our national airway and air navigation system which is owned and operated by the Federal Government.

So, quite frankly, we are relieving the general fund of many times over the additional cost which might accrue to the general fund as a result of this provision—which, by the way, does not become effective until January 1, 1977. If, in fact, the committee having jurisdiction over the overtime rates paid to Federal inspection personnel desires to direct its attention to it, there is ample time to do so. This provision does not affect those overtime rates; it simply provides that the Federal Government will pay them from 8 to 5 or 9 to 6 on Sundays and holidays.

Mr. Speaker, we have been on this bill for a year or more. We have hassled in conference, we have really knocked heads, we have tried to come forward with a good bill. I think that we have succeeded.

Mr. Speaker, I urge the Members to support it.

Mr. ANDERSON of California. Mr. Speaker, I yield 1 minute to the gentleman from the Virgin Islands (Mr. de Lugo).

Mr. de LUGO. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise to commend the gentlemen from Alabama and California for their extraordinary efforts over the last year and a half in developing this important legislation. In particular, I would like to commend the personal efforts of Chairman Glenn Anderson for making sure that this bill meets the needs of airports across the country, including the St. Thomas and St. Croix airports in the Virgin Islands.

I would especially like to thank the chairman for responding to my request and the request of the leadership of the Virgin Islands Legislature to hold hearings in the Virgin Islands on our critical airport needs. In February of this year, the Subcommittee on Aviation held hearings in St. Thomas on the needs of the Harry S. Truman Aiport; the subcommittee also inspected and were extensively briefed by our engineers on the needs of the St. Croix airport. As a result of this commendable congressional interest, much-needed and long-delayed improvements for both the Truman Airport on St. Thomas and the Alexander Hamilton Airport on St. Croix are a major step closer to reality.

This legislation is very important to us in the Virgin Islands, because without it, there could be no improvements to either of our airports. Again, I would like to thank Chairman Anderson and the members of the Subcommittee on Aviation for demonstrating their important interest in the Virgin Islands airport situation and working to put together a bill that meets our territorial airport needs, as well as those across the Nation.

Mr. ANDERSON of California. Mr. Speaker, in answer to the gentleman's questions, I would like to assure my good friend and colleague, the gentleman from the Virgin Islands (Mr. de Lugo), that there is money in this bill to meet the airport needs of both the St. Thomas and the St. Croix airports.

Mr. Speaker, at this time I yield 5 minutes to the gentleman from Massachusetts (Mr. Moakley).

Mr. MOAKLEY. Mr. Speaker, to follow up with the questions of the gentleman from Pennsylvania (Mr. Eilberg), I would like to address a question to the gentleman from California (Mr. Anderson).

It is my understanding that it is not the intent of the conferees, nor of section 15 of the conference report, to change the basic work week or rate of compensation for Federal employees performing inspectional services on Sundays or holidays.

Am I correct in stating that customs employees, for example, would continue to be paid the overtime rates set forth in the Tariff Act of 1911, as amended?

Mr. ANDERSON of California. If the gentleman will yield, the answer is yes.

I know many Members have been contacted by customs officials regarding this provision. This provision in no way changes what they will earn, it in no way changes their hours of work, it in no way affects their working conditions. This provision is not antilabor, not antigovernment union at all.

I probably have more customs and immigration officials in my district than anywhere else in the country.

Mr. Speaker, I personally believe they should be paid a decent wage without having to rely on overtime to make ends meet. I personally believe they should not be forced to work long hours and work overtime. But this provision does not, in fact, affect their wages or hours one iota. This provision does not change their pay structure. It will remain the same, and their hours will remain the same.

The only change is that the Government, rather than a private business, will pay the inspection charge if the airlines do arrive during the daytime hours.

Mr. MOAKLEY. Mr. Speaker, I appreciate the gentleman's comments but I must rise in opposition to section 15 of the conference report.

It is an amendment inserted into the bill, in the other body, designed to shift a $24 million cost from the airlines to the taxpayers.

Since 1911 incoming ships have reimbursed the overtime for certain inspectional services performed after normal port hours or on Sundays and holidays.

Since the early days of the airline industry, owners and operators of aircraft have been included in this arrangement. The Senate amendment would now free them from reimbursing the Government for services by Customs, Immigration, the Public Health Service, and the three Agriculture Department Quarantine

Services during normal working hours on Sundays and holidays.

While I believe that there is substantial opposition in the House to this section, I realize that there is some reluctance to defeat a conference report.

I would therefore, like to explain the parliamentary situation that has forced me into this position.

A motion to recommit is not in order if, as in this case, the other body has already acted.

The only way the House can delete section 15 is to vote down the conference report.

If the report is defeated a motion can be offered in effect, to agree to the conference report without section 15.

This is the only point of controversy, and I am confident that the House managers would make such a motion.

If this is agreed to, the proposition is placed before the Senate, where notwithstanding the previous vote the matter can be cleared for the President's signature before the recess.

Now, clearly I have no desire to delay this bill. With the exception of section 15 I am in the fullest possible support of the bill, and commend the managers for their long months of work.

But my objections to section 15 are serious and fully warrant the action I propose.

This proposition will cost the taxpayers $24 million annually, yet no hearing has ever been held.

Had hearings been held, it would have been in the Committee on Ways and Means. The distinguished chairman of that Committee (Mr. ULLMAN) wrote to the conferees to call their attention to the jurisdictional problem, and to urge that the Senate amendment be rejected in conference.

The House has never voted on this provision and never will unless the report is voted down, as I propose, to make the necessary motion in order.

It would free airlines from paying these fees but not provide one cent of the money the Federal Government will need to pick up the tab. The money will have to come out of budget categories controlled by the Committees on Ways and Means, Judiciary, Interstate and Foreign Commerce, and Agriculture.

The provisions will trigger an unfavorable $13 million shift in our balance-of-payments problem since the majority of the money will go to foreign airlines.

Foreign-flag carriers accounted for 54.2 percent of all incoming flights during the most recent quarter. Yet many of these airlines are owned by governments which will continue, at their end, to collect the costs of similar services from our airlines.

A sentence in the section states that airlines will not be assessed for administrative overhead costs associated with any inspection or quarantine service notwithstanding any other provision of law.

It is hard to know, at this point, exactly what that sweeping language means, but I believe this will yet prove a bigger boondoggle than the overtime provisions.

It probably means that the Government will now have to pay rent for space occupied in airline-owned facilities.

It probably means that airlines will no longer be responsible for the cost of housing or returning persons found ineligible to enter the United States.

This removes any incentive to prescreen persons flying to the United States, and could even result in a return to the arrangement that existed before this responsibility was shifted to carriers to make facilities like Ellis Island a thing of the past.

In any event, the language is dangerously broad and an open invitation to define the law through extended litigation.

It is also an invitation to the shipping industry to seek similar treatment for their freight and passenger operations.

I hope my colleagues will join me in voting down the report. It is the only way we will ever be able to vote on section 15 and need not delay enactment of the bill by a single day.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding. I wish to associate myself with the remarks of my distinguished colleague, the gentleman from Massachusetts (Mr. MOAKLEY) and I rise in opposition to section 15 of the conference report accompanying H.R. 9771, the Airport and Airway Development Act Amendments of 1976. Section 15 would require the Federal Government to assume overtime costs for performing inspection and quarantine services for airline carriers at international airports, thereby shifting the estimated cost of $24 million from the airline industry to the taxpayer.

Mr. Speaker, since 1911, airline carriers have benefited from these overtime services and they have paid for these services. I see no reason to suddenly, without discussion or debate by the House, to alter this policy, to shift this responsibility from the airline industry and add it to this Nation's overburdened taxpayers. If airline carriers wish to land at international airports at nonregularly established hours, then the carriers should accept the responsibility and pay for these overtime services, rather than shift the burden to the public.

Mr. Speaker, the House never discussed section 15, either in committee or on the floor. There has been no discussion by the House, and there has been no opportunity to vote on this important issue. I support the conference report, but this is no way to proceed. In my view—and I join my colleague from Massachusetts—the proper approach would be to reject the conference report with the understanding that a motion would be offered to accept the report without section 15.

Mr. Speaker, in the interest of arresting any attempt to add an unwarranted and unreasonable tax burden on the public, I urge my colleagues to adopt this approach, to delete the ill-conceived section 15 from the conference report, and to place the responsibility where it belongs, with the benefactors of these overtime custom services, with the airline industry.

The SPEAKER pro tempore (Mr. McFALL). The time of the gentleman from Massachusetts (Mr. MOAKLEY) has expired.

Mr. ANDERSON of California. Mr. Speaker, I yield 3 additional minutes to the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. ADDABBO. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Speaker, I rise in support of the motion that will be made by the gentleman from Massachusetts (Mr. MOAKLEY) against the conference report.

One of the points the chairman of the subcommittee has not brought out, as far as money for this provision is concerned, is that there has been no authorization for the additional cost to the Government. That means that if this section 15 stays in the bill, the Treasury Department would probably have to reduce its customs force in order to pay this additional money. What this amounts to is actually an additional subsidy to the airlines. This additional subsidy and cost to the American taxpayers could amount to $24 million. The reason the airlines have been required to pay this overtime is that the extra duty is to accommodate the schedules of the airlines and steam ship companies. The cost to the airlines has been computed into the airline fares. Our airlines must pay these cost overseas but the other foreign carriers will not have to pay these costs here. They will also receive the benefit of the U.S. taxpayers assuming this additional burden.

I ask my colleagues to support the recommital of this conference report.

Ms. HOLTZMAN. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Speaker, does the gentleman from California (Mr. ANDERSON) have an estimate of the cost to the taxpayer that is going to result from repealing the requirement that the airlines must pay for the overtime expenses of customs and immigration inspections of the persons and baggage they fly into the United States? What does this mean to the taxpayers?

What revenues are expected to be lost?

Mr. ANDERSON of California. The total cost we are talking about, as I mentioned earlier, is approximately $6.4 million, based on information supplied by the two agencies involved.

Ms. HOLTZMAN. How many customs inspectors would that mean?

Mr. ANDERSON of California. It would have nothing to do with the number of customs inspectors. We set the effective date of the bill, after consulting with the gentleman from Oklahoma (Mr. STEED), at January 1 of next year, so there is ample time for the agencies to adjust that.

As far as the bill itself is concerned, we put into the general fund, out of the trust fund, over $1 billion to pay for items which were previously paid by the general public. Therefore, there is ample money to take care of the $6 million we are talking about.

In addition, my friend from Minnesota (Mr. OBERSTAR) asked me if this provision also applied to general aviation aircraft entering this country, and, in answer to his question, the answer is "Yes," they are also exempt from charges on Sundays and holidays during the normal business hours of the port of entry.

Ms. HOLTZMAN. Mr. Speaker, I just want to say that I agree with the gentleman from Massachusetts (Mr. MOAKLEY).

The airlines have always borne the cost of the processing of their passengers and cargo by immigration and customs inspectors on Sundays, evenings, and holidays. Now a provision added by the Senate, with no debate or hearings in the House, would relieve the airlines of the duty to pay these costs, thereby shifting them to the Federal Government. Estimates regarding this additional cost vary from $6 to $24 million.

This provision would result in a substantial windfall to the airlines and a substantial new expenditure for the Federal Government. There is no justification for this provision, and for that reason, I intend to oppose the conference report.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. Mr. Speaker, I wish to associate myself with the remarks of my colleague, the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. SNYDER. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. HARSHA), the distinguished ranking minority member of the full committee.

Mr. HARSHA. Mr. Speaker, this bill has been under consideration for a year and a half under the able leadership of the distinguished chairman of the subcommittee, the gentleman from California (Mr. ANDERSON), and the equally able assistance of the gentleman from Kentucky (Mr. SNYDER), the ranking minority member.

They worked long and diligently, as have the subcommittee and the committee of conference, in developing a bill that provides the needed flexibility to the airport and airway development program.

We have met the request of the administration in this bill, although we have increased the funding over this 5-year period to almost double what it was under the previous 5-year period. We have added many new provisions.

Mr. Speaker, we think we have accommodated the requirements and the interests of the industry as well as the requirements of the traveling public. We have a good bill.

The only bone of contention is a small item dealing with whether or not the air carriers should pay overtime charges for certain Federal inspection services—such as customs and immigration—during the day on Sundays and holidays. These inspections are not conducted for the benefit of the air carriers; they are for the service of the American public, the protection and the welfare of the American public. Therefore, rightfully, they should be paid out of the general fund.

Mr. Speaker, I do not want to delay this matter any further. I think we have a very good bill. Surely, a year and a half of work is not going down the drain because of one small item in this bill. We have already lost a year of construction, for all practical purposes, in the ADAP program. If we do not get a bill out now, we will lose the construction season this year, as well.

Mr. Speaker, I urge my colleagues to adopt the conference report.

I do have a prepared statement which I include in the RECORD at this point in my remarks:

Mr. Speaker, I rise in strong support of the conference report on H.R. 9771, the Airport and Airway Development Act Amendments of 1974, a reasonable and responsible measure to meet the priority needs of civil aviation in this country.

The traveling public, the Nation's cities and smaller communities, and the aviation industry which serves them need the improvements provided by this legislation: increased funding and flexibility in the use of those funds. It is our responsibility to see them provided without further delay.

This is a 5-year bill whose principal provision is the airport development assistance program, providing just over $2.7 billion for air carrier and general aviation airports. This is a considerable increase over the $1.36 billion for ADAP in the first 5 years of the program enacted in 1970, an increase fully justified by need.

First, there has been a great increase in the volume of travel by commercial carriers and general aviation, far outpacing development of facilities under the 1970 act, to say nothing of further growth projections for the years ahead. Second is the impact of inflation on airport development, which like other programs under the jurisdiction of the Committee on Public Works and Transportation has included rising costs of construction and land acquisition. Third is the fact that an entire year has already been lost to the program with expiration of authorizations at the end of fiscal year 1975.

Fortunately, the increases in demand have not outpaced the funds flowing into the airport and airway trust fund, which will remain in substantial surplus over the life of this legislation. Parenthetically, I would point out that this is a singular advantage of the trust fund mechanism, whereby user revenues increase with the rising demand for the financing of facilities created by that increased use.

The need for this level of funding also stems from the broadened eligibility for Federal assistance which this bill provides in an attempt to meet changes in need and emerging priorities. As examples, I would cite the following:

Creation of the commuter service airports within the air carrier classification. This is a recognition of the substantial growth of this sector of commercial aviation in recent years, its potential for future accommodation of travel needs, and the resulting need for assured funding.

Expanded eligibility of projects to include noise suppression measures, including acquisition of land or easements adjoining airfields, and noise suppression equipment and the like. This recognizes the legitimate and growing concern for noise abatement for those areas subject to aircraft noise.

Authorization of terminal areas development at air carrier airports, within reasonable limits. This recognizes that the convenience of the traveling public and the full utilization of "airside" facilities demands significant improvement in the capability to move people and baggage, and thus reduce "landslide" congestion.

As I said, the guts of this conference report is the ADAP program. But I do want to point out that over the 5-year life of the bill, roughly a billion dollars in navigational facilities servicing will be picked up by the trust fund, relieving the burden on the general taxpayer and easing pressure on annual deficits.

Mr. Speaker, this is a bill that has been under development for almost a year and a half, benefiting from the most diligent efforts of the gentleman from California (Mr. ANDERSON), chairman of the Aviation Subcommittee, and the gentleman from Kentucky (Mr. SNYDER), ranking minority member.

They, the subcommittee and the full committee are to be commended for the constructive manner in which they have met their responsibilities in this new area of committee jurisdiction.

I was privileged to serve on the committee of conference on this legislation and can attest to their dedication to bringing before this House a measure deserving passage by an overwhelming vote. There is no question but that they have done so.

In conclusion, Mr. Speaker, I would like to remind my colleagues that as recently as Monday, June 28, with the full concurrence of the Committee on Appropriations and the Committee on the Budget, this body approved obligation authority to $510 million for this program in fiscal year 1977.

This was done in full knowledge of the provisions of the Conference Report, which was filed last week. In fact, the gentleman from California (Mr. MCFALL), chairman of the Transportation Appropriations Subcommittee, supported that fiscal year 1977 level of $510 million provided in the conference report, as against the obligation level of $390 million in his own bill. He described it as fully justified to "[i]ncrease the availability of funds critically needed for airway safety and improvements."

I concur, Mr. Speaker, and urge adoption of the conference report.

Mr. SNYDER. Mr. Speaker, I yield such time as he may consume to the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Speaker, I rise in strong support of this conference report.

It has been a year and a half, and from the standpoint of the reliability of air traffic, I believe this bill has the best interests of my State in it.

Mr. Speaker, I compliment the gentleman from California (Mr. ANDERSON), and the gentleman from Kentucky (Mr. SNYDER), the ranking member of the subcommittee on the minority side. I compliment them for their understanding of my State's problems.

I compliment the chairman. I understand the problems involved. I relinquish the rest of my time.

Mr. SNYDER. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I have no further requests for time on this side and, so far as I am concerned, we are about to wind up the matter over here.

I just want to say this about the controversy which we have been discussing, and that is this: The buses do not have to pay these overtime charges and the trains do not have to pay. This inspection service is for the protection of all of the American people so that we can keep out unwanted immigrants, so we can keep out dope, arms, and all other things which would damage our national well-being.

Let me just say that we are putting back into the general fund many times more than will be taken out for this little piddling expense of \$6½ million per year; which will be about \$30 million in a 5-year period. We are putting in \$1.15 billion over the next 5 years which heretofore has been paid out of the general fund for the maintenance of airway facilities; this will now be paid out of the trust fund.

Let me say to the Members that in fairness and in equity, the Senate has already agreed to the conference report. If we vote it down today, there is no chance to send it back to conference since the conference has been disbanded. We will have to start all over again. We have not had a bill for a year. We should start some construction and get things moving again in the airport and airway system.

Mr. ANDERSON of California. Mr. Speaker, a vote against this conference report would mean the appointment of conferees on the House side; the appointment of conferees on the Senate side; and further meetings between the House and Senate conferees.

In other words, if this conference report is defeated, we would be forced to return to conference and to start all over again on the conference.

Let me say something about the conference—it began in early May and was filed on June 23. It took us a month and a half to work this out.

We rejected much of what the Senate had placed in the bill. They wanted every dime in this bill to be available for terminal development, something the House was very reluctant to do—especially considering the Ways and Means objections. We won that fight, over strenuous Senate objections.

They wanted to severely limit the money going to the New England airports. The House insisted that they receive \$150,000 each and we won that fight.

They wanted to take \$9.75 million out of general revenue to pay for airline security costs. We rejected that provision.

They wanted the Federal inspection agencies to pay rent for the space they required in airports. They wanted this very badly and it would have cost the general taxpayer tens of millions of dollars—they wanted this badly, but we rejected it.

The guts of this bill is the House version, the key points in this bill are the House provisions. We fought long and hard to retain the House position, and we won. But, we had to give and take; we had to compromise. But, in the main, this is the House bill.

Look at the conference report: Definitions, same as the House bill; revised national system plan, same as the House bill; planning grants, same as the House bill; distribution of funds, same as the House bill; project approval, same as the House bill; project sponsorship, same as the House bill. The guts of this bill is the House bill.

Reject it and the whole thing, every provision, is open. The Senate will not yield on this provision—they passed the bill back in March and not one Senator objected to this provision on overtime. Not one person.

They passed the conference report last Wednesday and not one mention was made in opposition to this provision.

So, if you reject this conference report, there is no question in my mind that you can forget any airport construction until next spring and summer. You can forget about the next 10 months for any airport development—especially in the northern areas.

This money is desperately needed right now. This is \$5.6 billion, we are talking about—for urgently needed construction, for planning, for safety, and for research and development.

My friend and colleague from Massachusetts says it will cost the general taxpayer \$24 million—that is over a 5-year period. But, he fails to mention that in the total bill—the total package—we lift \$1.1 billion from the general taxpayer and shift it to the users of the system.

This conference report relieves the general taxpayer of \$1.1 billion—\$1.1 billion that heretofore was paid by the general taxpayer.

Reject this conference report and that \$1.1 billion burden on the general taxpayer is not lifted.

I urge you to vote for this conference report in order to save the general taxpayer \$1.1 billion; in order to get this construction money out to the cities and counties immediately; in order to increase air safety; in order to get this program rolling.

This conference report has been worked out with the administration; and will be signed tomorrow, I understand; it has been worked out with the Budget Committee. It is supported by the League of Cities/Conference of Mayors;

It is supported by the Association of County Officials;

It is supported by the airport officials; and the Governors' Conference;

It is supported by the Transport Workers Union, AFL-CIO;

It was agreed to unanimously by the House and Senate conferees;

It has passed the Senate and the President is waiting on us.

I urge you to vote "aye" on this conference report.

Mr. OBERSTAR. Mr. Speaker, I want to thank the gentleman from California for yielding and take this opportunity to congratulate him on a truly outstanding job of handling the airport and airways legislation in committee, in conference, and on the House floor.

We have, as a result of his efforts and those of our colleagues on the Aviation Subcommittee, an exceptionally fine legislative package that will get our airports program moving again nationwide.

Considerable attention has been given during floor debate on this conference report to section 15 which exempts aircraft from customs and immigration overtime charges. First of all, let me say that I strongly support this provision. The practice of charging these overtime fees is outmoded, unnecessary, and in many instances unfair.

Debate today centered on the effect of this provision on large airports and major carriers. Lest we forget, I want to emphasize for my colleagues that the principal beneficiaries of this provision will be small aircraft, not the scheduled airlines or charters, but the little people like those in my northern Minnesota district who either fly themselves or small hunting and fishing parties, averaging four or 5 persons, into Canada. On their return flight which, in the nature of such recreational outings, is at odd hours they find themselves harassed by burdensome regulations and on top of it heavy fees just to get back into their own country. Nothing can spoil a fishing weekend so quickly and badly as a long wait for arrival of the customs or immigration officer and on top of it as much as a \$60 overtime charge for a service the citizen did not ask for, does not need, but which his Government requires.

Adoption of this provision will remove a good deal of the resentment and criticism of Government by citizens who have innocently felt its bite. I urge my colleagues to reject the motion, keep section 15 in the bill and pass the ADAP conference report.

I also want to confirm with the chairman the application of section 15 to small aircraft.

Mr. JONES of Alabama. Mr. Speaker,

I rise in support of the conference report on H.R. 9771, the Airport and Airway Development Amendments of 1976.

This proposal authorizes the Secretary of Transportation to incur obligations totaling $2.6 billion over the next 5 years for necessary airport construction throughout this country. These funds can be used for important runway improvements, land for environmental compatibility, snow removal equipment, and terminal development.

This will increase aviation safety and will improve the efficiency of our transportation network. In addition, it will allow the Nation's airports to purchase land adjacent to the airport to create noise buffer zones.

The particular formula contained in this conference report benefits both large and small airports by permitting them to plan—to be assured of receiving a certain level of funding over the 5-year period.

The conference report also takes a $1.1 billion burden off the backs of the general taxpayer and shift's this burden to the users of the system.

This is a balanced bill—supported by the cities, counties, and Governors; supported by the administration; consistent with the budget resolution; endorsed by the Airline Pilots Association and the Transport Workers Union, AFL–CIO; and agreed to, unanimously, by all the conferees.

This is an excellent proposal, and it deserves your support.

May I commend all the conferees, the chairman of the Aviation Subcommittee, Mr. Anderson of California, the ranking minority member, Mr. Snyder of Kentucky, all for a job well done.

Mr. JOHNSON of California. Mr. Speaker, I rise in support of this conference report which, in the main, reflects the House-passed legislation.

This is a 5-year program and authorizes obligations totalling $2.7 billion for necessary airport construction in every part of this Nation. These funds can be used to increase the safety and the efficiency of our aviation system and is urgently needed to meet the transportation needs of our country.

In addition, this measure would permit the use of some $1.1 billion of money from the trust fund—user taxes—to pay for the maintenance of the airway system. These costs were previously borne by the general public.

Section 23(a) authorizes demonstration projects related to ground transportation services to airports. The Secretary is directed to give priority to those projects which: First, affect airports in areas with operating regional rapid transit systems with existing facilities within reasonable proximity to such airports; second, include connection of the airport terminal facilities to such systems; third, are consistent with and supportive of a regional airport system plan adopted by the planning agency for the region and submitted to the Secretary; and fourth, will improve access for all persons residing or working within the region to air transport through the encouragement of an optimum balance of use of airports in the region.

Such a needed project exists with respect to the Oakland International Airport which has a strong need for improved ground access. The number of annual air passengers is expected to reach a range of 7 to 8 million by 1985 and 19 to 24 million by 1995. Highway congestion in the vicinity of the airport is severe, and major additions to the regional highway system serving the airport are not planned. The Bay Area Rapid Transit—BART—system passes within 3.5 miles of the Oakland Airport.

When the bill H.R. 9771 was reported out of the Public Works and Transportation Committee, it was intended that the Secretary support a demonstration ground transportation project to connect the existing BART system to the Oakland International Airport. I urge the Secretary to work toward accomplishing this needed project.

I note that the demonstration project for multimodal terminal development for South Bend, Ind., in section 23(b) contains a $3 million authorization. The $3 million amount is in effect a limitation. Those projects authorized in section 23(a), however, such as for Oakland contain no such limitation.

I urge an "aye" vote on this conference report.

Mr. PRICE. Mr. Speaker, I want to take this opportunity to make a few brief remarks about the 1976 amendments to the 1970 act, as adopted by the conference committee. First, I want to give my full support to the amendments which will, in my opinion, insure that necessary development of our Nation's airports will continue. Second, I think we should all thank the members of the conference committee for their hard work and labor in successfully ironing out the differences between the Senate and House amendments.

I also want to take this opportunity to clarify the record on one point not involved in the 1976 amendments. It has previously been suggested that section 16(f) of the 1970 act requires that the Secretary have the agreement of all jurisdictions affected before he can select a site for a new airport. While this is true with respect to nonmetropolitan areas under section 16(f)(2), the act wisely includes no such requirement for an airport which will serve a metropolitan area, for the very plain reason that it would never be possible to obtain the consent of all the governmental units involved, many of which would have varying or possibly conflicting interests. A significant protection is offered to metropolitan communities by section 16(f)(1), which insures that the Secretary cannot force the development of an airport within the jurisdiction of an unwilling metropolitan community or agency. However, if there is a willing community or agency located in a metropolitan area which submits an application for development of an airport within its jurisdiction, after consideration of the interests of local communities, the Secretary can properly approve the application even though there may be those who oppose it. Otherwise, development of new airports would, as a practical matter, be impossible in any metropolitan area, in contravention of the purposes of the act.

Mr. Speaker, I include the following memorandum, which explains in greater detail the legislative history and meaning of section 16(f), in the Record at this point:

MEMORANDUM SUBMITTED BY CONGRESSMAN PRICE

The purpose of this memorandum is to analyze the purpose and meaning of § 16(f)(1) of the Airport and Airways Development Act of 1970. It has been suggested by some that § 16(f)(1) prevents the Secretary of Transportation from approving an application submitted by a local sponsor for development of an airport within its jurisdiction if other communities and governmental agencies in the metropolitan area do not concur. Obviously, such a requirement would create havoc, for virtually any effort to build a new airport in a metropolitan area is certain to result in the objection of at least one or more local jurisdictions. However, such an interpretation of § 16(f)(1) is inconsistent with both the language of the statute and its legislative history.

Section 16(f) provides,

"(f) AIRPORT SITE SELECTION.—

(1) Whenever the Secretary determines (A) that a metropolitan area comprised of more than one unit of State or local government is in need of an additional airport to adequately meet the air transportation needs of such area, and (B) that an additional airport for such area is consistent with the national airport system plan prepared by the Secretary, he shall notify, in writing, the governing authorities of the area concerned of the need for such additional airport and request such authorities to confer, agree upon a site for the location of such additional airport, and notify the Secretary of their selection. In order to facilitate the selection of a site for an additional airport under the preceding sentence, the Secretary shall exercise such of his authority under this part as he may deem appropriate to carry out the provisions of this paragraph. For the purposes of this subsection, the term "metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifictions and extensions as the Secretary may determine to be appropriate for the purposes of this subsection.

(2) In the case of a proposed new airport serving any area, which does not include a metropolitan area, the Secretary shall not approve any airport development project with respect to any proposed airport site not approved by the community or communities in which the airport is proposed to be located."

THE CONGRESSIONAL DEBATES

The House debates.

Section 16(f)(1) was enacted to deal with a specific problem, and that problem only—the needed airport in a metropolitan area which no community desired within its jurisdiction. The section arose from a conflict between New York and New Jersey interests over the location of a fourth jetport to serve the New York metropolitan area. See, e.g., 115 Cong. Rec. 33303 (1969) (statement of Cong. Hechler of West Virginia that "this is obviously a little fight between New York and New Jersey"). The debate was triggered by H.R. 13227, 91st Cong., 1st Sess., introduced by Cong. Murphy of New York which provided that if, within five years after notifying local and State officials of the need for an additional airport, the Secretary had not received notification of the selection of the site, he would be empowered to select a site for the additional airport and then accept project applications for its construction. H.R. 13227, § 9 (1969), 115 Cong. Rec. 33295–96 (1969).

In defending his bill at the Committee hearings and on the House floor, Cong. Murphy explicitly referred to the New York-New Jersey situation, in which no community was willing to accept an airport. 116 Cong. Rec. 4847 (1970); 115 Cong. Rec. 33303 (1969). As the text of his bill demonstrates, the concern was not a potential dispute between two or more localities which offered themselves as airport sites, but between localities which refused to have airports built within them. Accordingly, it was provided that the Secretary would select a site, and then solicit project applications. Obviously, there would need be no need for such solicitation if the applications had already been submitted by one or more of the competing localities.

This conclusion is further buttressed by the comments of the New Jersey delegation, which led the fight against the Murphy bill and an even stronger version introduced by Cong. Rosenthal of New York. 115 Cong. Rec. 33298 (1968).[*] Congressman Sandman and Thompson explicitly opposed the New York bills on the grounds that they would lead to the foisting of an airport on an unwilling New Jersey community. 115 Cong. Rec. 33301 (1969).

In introducing the bill that was eventually passed by the House, Cong. Frelinghuysen also referred to the New York-New Jersey problem, and stated the New Jersey view that the Secretary should not be empowered to force the fourth airport on New Jersey. 115 Cong. Rec. 33302 (1969). The response of Cong. Ottinger of New York was typical of the opposition's viewpoint—that some sort of compulsion was required to insure that the airport would be built. 115 Cong. Rec. 33305 (1969). Thus, at the time the vote was taken on the Frelinghuysen substitute to the Murphy bill, the debate had narrowly defined the issue before the House as whether New Jersey was going to be forced to accept the fourth airport in the New Jersey vicinity. The Murphy amendment was defeated and the Frelinghuysen substitute approved. 115 Con. Rec. 33305 (1969). But at no time was there any indication that § 16(f) (1) was applicable when a project application had already been submitted for the Secretary's approval by a locality desiring the airport.

The Senate debates

The legislative history in the Senate is even more clear that § 16(f) (1) was enacted only to deal with the needed metropolitan airport which no locality desired in its midst. The Senate Committee proposed a bill incorporating the text of the Murphy amendment, principally as a result of the efforts of Senator Tydings of Maryland, who felt that the Secretary's authority was required to compel "local political leaders to accept a desirable site" despite "the political pressures from their constituents in that area." 116 Cong. Rec. 5041 (1970). Senator Javits and Goodell of New York, anticipating the introduction of the language of the Frelinghuysen amendment, introduced a compromise bill that would have empowered the Secretary to withhold funds from the metropolitan area involved until the governing authorities select a site. 116 Cong. Rec. 4846–47, 5034–35 (1970). Debate on this provision explicitly recognized that the issue before the Senate was the need for a fourth jetport to serve the New York area. 116 Cong. Rec. 4847 (1970) (remarks of Sen. Javits); id. at 5044 (1970) (remarks of Sen. Case). Senators Case and Williams of New Jersey, in turn, introduced the text of the Frelinghuysen bill as an amendment, explicitly stating that their objective was to prevent an airport being "rammed down [the] throat" on an unwilling locality. 116 Cong. Rec. 5038, 5039 (1970). See also, id. at 5036, 5045. Indeed, in urging adoption of this bill, Senator Case plainly indicated his desire to protect "the public which must live with the profound environmental changes wrought by construction of jet airports." 116 Cong. Rec. at 4869 (1970).

But again, there is absolutely no indication that the sponsoring Senators or Congress intended § 16(f) (1) to apply to a project application submitted by a locality willing to have an airport located in its midst. The letter by Secretary of Transportation Volpe introduced into the record by Senator Case plainly so demonstrates. Secretary Volpe criticized the version of the bill supported by Senator Tydings (the Murphy bill) as unrealistic in that if local communities could not agree on a site, there was danger that no local public agency would sponsor the airport development project. 116 Cong. Rec. at 4070 (1970). Obviously, this situation could never occur if some locality already supported the airport and submitted a project application for the Secretary's approval.

A similar conclusion is evident from the comments of Senator Williams, one of the co-sponsors of § 16(f) (1). After noting his concern that the Secretary should not be permitted to "ram a site location down the throats of unwilling communities," 116 Cong. Rec. 4869 (1970), he noted that under the Tydings-Murphy version approved by the Senate Committee: if any State belatedly decided on a site that was not the same as that picked by the Secretary, the Secretary could refuse to provide Federal funds to support the site chosen by the State.

Id. It is apparent that Senator Williams, and the rest of the Senate, conceived only the possibility of a belated site selection by a State; it never crossed anyone's mind that the first sentence in § 16(f) (1), which was the same in both versions, would be imagined to apply with respect to a pending site application.

In sum, the legislative history clearly indicates that in enacting § 16(f) (1), Congress was concerned exclusively with a situation like that involving the fourth New York jetport—a needed airport which no community wished to have within it. This is clear not only from the specific passages cited above, but from the entire course of the Congressional debates. Congress plainly assumed that the typical problem presented by site selection would be the unwillingness of any community to sponsor a needed airport and enacted § 16(f) (1) to deal with that situation. But there is no indication that Congress even remotely contemplated the application of § 16(f) (1) to situations where a project application was submitted to the Secretary for his approval.

Indeed, the absence of legislative history supporting the contrary view is particularly striking given the strong sentiment of some members of Congress that some sort of compulsion was required to break deadlocks. Repeatedly, Cong. Murphy, Rosenthal and Ottinger and Senators Tydings, Javits and Goodell argued that conflicts between localities would prevent airport development unless the Secretary had some coercive power. See 116 Cong. Rec. 4847 (1970); 115 Cong. Rec. 33303 (1969) (Cong. Murphy); *id.* at 33298, 33299 (Cong. Rosenthal); *id.* at 33302 (Cong. Ottinger); 116 Cong. Rec. 5041 (1969) (Sen. Tydings); *id.* at 4847, 5044 (1970) (Sen. Javits); *id.* at 5039, 5043 (Sen. Goodell). Yet significantly, in opposing what is now § 16(f) (1), no one argued that a deadlock would exist with respect to every metropolitan area project application, because the Secretary could not approve it without the unanimous consent of the governing authorities in the region! Were § 16(f) (1) intended to be so applied even when there was a willing applicant, the opponents of the measure would have surely pointed out the dire effects that would have afflicted every project application. The fact that no such argument was made is clear evidence that § 16(f) was intended to cover only the specific situation of the needed airport which no community desired to sponsor.

THE STATUTE ITSELF

The legislative history is compelling evidence that § 16(f) (1) cannot be interpreted to require the agreement of local jurisdictions before the Secretary can approve a proposed airport project. This point is even more forcefully demonstrated by the primary guide to statutory construction, the statute itself.

1. Even on its face, § 16(f) (1) indicates that the provision was not speaking of a project application already submitted for the Secretary's approval. The section directs the Secretary to notify governing authorities of a metropolitan area for the need for an additional airport; yet, no such notification is necessary—or required—where a project application is already pending. In such a situation notification would be a useless and empty formality. Plainly, Congress never intended that such a pointless act would be required, because it never contemplated that § 16(f) (1) was to be applied to a situation involving a pending application.

2. Moreover, the underlying premise of the argument—that Congress gave local communities a veto power over airports proposed by other communities or agencies in the area—is belied by the remainder of the Act. The Act repeatedly directs that local interests be taken into account before the Secretary of Transportation approves a project application. § 16(c) (1) (A) requires the Secretary to be satisfied that the project is reasonably consistent with plans of local planning agencies for the development of the area in which the airport is located. Section 16(c) (3), moreover, specifically requires the Secretary to be satisfied "that fair consideration has been given to the interests of communities in or near which the project may be located." And the Secretary must receive assurances of compliance with all applicable zoning laws. § 18(4). Finally, in order to receive input from local interests, extensive hearings are required by § 16(d).

Thus, the Act explicitly requires the Secretary to afford full and complete consideration to local interests. If, as has been contended, localities in the area are to be given a veto power over site selection there would be no need for the Secretary to take local interests into account. After all, local interest would be adequately protected by the localities themselves. And if § 16(f) (1) were interpreted as requiring the approval of local entities when there is a willing airport sponsor, there is no statutory basis at all for saying that the approval of anything less than every single one of those entities is required. It is clear, therefore, that § 16(f) (1) was designed for the specific situation of the needed airport which no community desired to have. It was not intended as a general prerequisite to every selection of a new site.

3. Even if it is suggested that § 16(f) (1) is applicable to all new airports, that provision does not prevent the Secretary from approving a pending project application even though certain local authorities may oppose it. § 16(f) (1) explicitly provides:

"In order to facilitate the selection of a site for an additional airport under the preceding sentence, the Secretary shall exercise such of his authority under this part as he may deem appropriate to carry out the provisions of this paragraph."

Needless to say, the Secretary's authority includes the power to approve project applications and grant funds under §§ 16–21. The approval of a project application is surely a means of facilitating a site selection. There is no indication in § 16(f) (1) or in the legislative history that Congress intended to curtail the Secretary's power to approve project applications; the sole issue before Congress was whether the Secretary should be given the additional power to sua sponte select a site or compel a locality to submit an application.

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[*] Cong. Rosenthal's bill would have authorized the federal government to select a site, build and operate the fourth jetport in the New York area.

This is made plain by a statement by Senator Case:

"Senator (Javits) can argue that there is no absolute grant of power; that *the Secretary has the right now to establish priorities because he has the right of granting or refusing applications for the use of funds. So be it.* To that extent my colleague from New Jersey and I are quite content to leave the matter as it stands under the law . . . in the absence of any such provision here." 116 Cong. Rec. 5036 (1970) (emphasis added).

Obviously, even its sponsors interpreted § 16(f) (1) as not imposing any bar to the Secretary's grant of funds to pending project applications.

4. Indeed, when Congress wanted to limit the Secretary's power to approve project applications, it did so explicitly. § 16(f) (2) provides that with respect to a proposed new airport in non-metropolitan areas, the Secretary may not approve a project application which was not approved by the community or communities in which the airport is proposed to be located. But § 16(f) (1), dealing with metropolitan areas, includes no such limitation; in fact, it contains an explicit direction to the Secretary to exercise his authority to facilitate site selection. Accordingly, to interpret § 16(f) (1), as has been suggested by some, to bar the Secretary from approving pending project applications without the agreement of the local communities other than the applicant, is completely inconsistent with the language of the rest of the Airport and Airways Development Act of 1970.

In sum, to interpret § 16(f) (1) as giving a veto power to local communities when an airport project is proposed by a willing sponsor is without any support in the legislative history and is inconsistent with the language of the ADAP statute. Moreover, such an interpretation would undermine the salutatory purposes of the ADAP Act.

Mr. DOMINICK V. DANIELS. Mr. Speaker, I am very troubled by the conference report on H.R. 9771, the Airport and Airway Development Act Amendments of 1976. The Senate has added to this bill a section on which it held no hearings and which has not been considered in any form by the House.

This provision, section 15, would transfer to the Federal Government all the overtime costs incurred during otherwise normal working hours on Sundays and holidays for the inspections and quarantine services for incoming international flights. Traditionally, the airlines have borne these overtime costs.

It may well be appropriate for the Federal Government to pick up these overtime costs. There has, however, been no consideration by a committee of either body of the effects of this provision on employees or service or protection against unlawful entry. In addition there is no provision for funding these new costs and the provision thus runs counter to the philosophy of the Congressional Budget and Accounting Act.

It strikes me, Mr. Speaker, that the ill-considered addition of section 15 is one of the reasons we passed the Budget and Accounting Act in the first place. By accepting the conference report today, we regress to the same old way of doing things. Without any hearings, we require a $24 million expenditure without considering where the money is coming from or, for that matter, even specifically authorizing the agency to spend it.

Since 1911, the customs inspectors, who would be most affected by section 15, have been employed with the understanding that they can count on, and in fact are expected to perform, overtime work often amounting to 20 hours a week. As a result, they have relied on this overtime for 65 years and most of the employees have built their standard of living around it.

The airlines presently pay double time for overtime. However, there has been no consideration of whether these employees will be permitted to continue to receive double time pay or if they will receive a pay cut to time and a half.

The overtime performed by these employees amounts to significant savings since the Federal Government does not have to contribute to the civil service retirement system nor the health benefits for the additional time. The Government would, of course, be required to do so if that same time were to be filled by additional employees. Further, the availability of this overtime means that additional employees are not standing by idle for a large portion of an 8-hour shift. Rather, customs inspectors now add a few hours to their workday only when required and the Federal Government avoids waste and administrative costs of hiring additional employees.

We have in the 200-year history of the Congress developed certain procedures for the consideration of legislation. It has been my experience that when those procedures are not followed, when we shortcut the hearing of testimony, the consideration of the effects of legislation and providing for sufficient funds, we create grave problems later on.

The only parties who gain from this legislation are the airlines. While I have no objection to the principle that it may well be appropriate for the Federal Government to pay for the overtime in question, the manner in which this proposal has been brought to the floor leads me to believe that there is something to hide and what we have here is a boondoggle in favor of the airlines at the expense of the taxpayers.

Mr. Speaker, I concur with my colleague from Massachusetts (Mr. MOAKLEY) and urge that the conference report be sent back to the managers with instructions to delete section 15.

Mr. ANDERSON of California. Mr. Speaker, I have no further requests for time and I ask for the adoption of the conference report.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 309, nays 103, not voting 20, as follows:

[Roll No. 491]

YEAS—309

Abdnor
Adams
Alexander
Allen
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
AuCoin
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bergland
Bevill
Blouin
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Ill.
Collins, Tex.
Conlan
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
de la Garza
Derrick
Derwinski
Devine
Diggs
Dodd
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Giaimo
Ginn
Goldwater
Goodling
Gradison
Grassley
Green
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hannaford
Hansen
Harkin
Harsha
Hawkins
Hébert
Heckler, Mass.
Hefner
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McFall
McKay
McKinney
Madden
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Milford
Miller, Calif.
Miller, Ohio
Mills
Mitchell, N.Y.
Moffett
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Nowak
Oberstar
O'Brien
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
St Germain
Santini
Sarasin
Satterfield
Sebelius
Seiberling
Sharp
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steelman
Steiger, Ariz.
Stephens
Stratton
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vigorito

Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—103

Abzug
Addabbo
Ambro
Armstrong
Aspin
Badillo
Bauman
Bennett
Biaggi
Biester
Bingham
Blanchard
Boland
Brodhead
Burke, Calif.
Burke, Mass.
Carr
Chisholm
Clay
Cohen
Conable
Conte
Corman
Cornell
Daniels, N.J.
Davis
Delaney
Dellums
Dingell
Downey, N.Y.
Drinan
Early
Edgar
Edwards, Calif.
Fisher
Ford, Mich.
Gaydos
Gibbons
Gilman
Gonzalez
Gude
Hanley
Harrington
Harris
Hayes, Ind.
Hechler, W. Va.
Holtzman
Hughes
Kastenmeier
Koch
Krueger
Lent
Long, Md.
McDonald
McEwen
McHugh
Maguire
Matsunaga
Metcalfe
Mikva
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Obey
O'Hara
O'Neill
Ottinger
Pike
Rangel
Reuss
Richmond
Rosenthal
Russo
Ryan
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Simon
Solarz
Spellman
Stark
Steed
Steiger, Wis.
Stokes
Tsongas
Vander Veen
Waxman
Whitehurst
Wirth
Wolff
Wydler
Yates
Zeferetti

NOT VOTING—20

Brooks
Conyers
Dent
Dickinson
Esch
Evins, Tenn.
Hays, Ohio
Heinz
Helstoski
Henderson
Hinshaw
Karth
McDade
Madigan
Mineta
Peyser
Riegle
Shipley
Stuckey
Symington

The Clerk announced the following pairs:

On this vote:

Mr. Brooks for, with Mr. Dent against.

Mr. Henderson for, with Mr. Helstoski against.

Mr. Evins of Tennesse for, with Mr. Conyers against.

Until further notice:

Mr. Mineta with Mr. Dickinson.
Mr. Riegle with Mr. Hays of Ohio.
Mr. Shipley with Mr. Karth.
Mr. Stuckey with Mr. Madigan.
Mr. Symington with Mr. Esch.
Mr. McDade with Mr. Heinz.

Messrs. **MOSS, DOWNEY** of New York, **NEDZI, DRINAN, MATSUNAGA, CONTE, KASTENMEIER,** and **WAXMAN** changed their vote from "yea" to "nay."

Mr. **EMERY** changed his vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **ANDERSON** of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The **SPEAKER** pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON H.R. 12455, CHILD DAY CARE SOCIAL SERVICES UNDER TITLE XX OF THE SOCIAL SECURITY ACT

Mr. **ULLMAN** submitted the following conference report and statement on the bill (H.R. 12455) to extend from April 1 to October 1, 1976, the maximum period during which recipients of services on September 30, 1975, under titles IV–A and VI of the Social Security Act, may continue to receive services under title XX of that act without individual determinations:

CONFERENCE REPORT (H. REPT. No. 94–1317)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12455) to extend from April 1 to October 1, 1976, the maximum period during which recipients of services on September 30, 1975, under titles IV–A and VI of the Social Security Act, may continue to receive services under title XX of that Act without individual determinations, having met, after full and free conference, have been unable to agree.

AL ULLMAN,
JAMES C. CORMAN,
CHARLES B. RANGEL,
PETE STARK,
JOE D. WAGGONNER, Jr.,
WILLIAM M. KETCHUM,
Managers on the Part of the House.
RUSSELL B. LONG,
HERMAN TALMADGE,
WALTER F. MONDALE,
WILLIAM HATHAWAY,
BOB PACKWOOD,
WILLIAM V. ROTH, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12455) to extend from April 1 to October 1, 1976, the maximum period during which recipients of services on September 30, 1975, under titles IV–A and VI of the Social Security Act, may continue to receive services under title XX of that Act without individual determinations, report that the conferees are in technical disagreement.

It is the intention of the conferees that the managers on the part of the House will offer a motion in the House to recede and concur in the Senate amendment to the text of the House-passed bill with an amendment (in the nature of a substitute) consisting of language agreed to in conference, and that upon the adoption of such amendment in the House the managers on the part of the Senate will offer a motion in the Senate to concur therein.

The managers on the part of the House and the Senate submit the following joint statement in explanation of the action agreed upon by the managers:

The substitute language which is to be offered as described above—hereinafter in this statement referred to as the "conference substitute"—is as follows:

That (a) section 2002(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(14) (A) For purposes of paragraphs (5) and (6), an individual shall, at the option of the State, be deemed to be an individual described in paragraph (5) (B) if, because of the geographic area in which any particular service is provided to him, the characteristics of the community to which it is provided, the nature of the service, the conditions (other than income) of eligibility to receive it, or other factors surrounding its provision, the State may reasonably conclude, without individual determinations of eligibility, that substantially all of the persons who receive the service are members of families with a monthly gross income which is not more than 90 per centum of the median income of a family of four in the State, adjusted (in accordance with regulations prescribed by the Secretary) to take into account the size of the family.

"(B) The provisions of subparagraph (A) shall not be applicable to child day care services furnished to any child other than a child of a migratory agricultural worker.".

(b) Section 2000(a) (4) of such Act is amended by adding at the end thereof (after and below subparagraph (E)) the following new sentence:

"In any case in which services are provided to individuals to whom the provisions of paragraph (14) are applied, the proportion of the expenditures for such services which are attributable to individuals described in the preceding sentence may be determined on the basis of generally accepted statistical sampling procedures.".

(c) Section 2002(a) (6) of such Act is amended, in the matter preceding subparagraph (A), by inserting ", family planning services," immediately after "referral service".

(d) The amendments made by this section shall be effective on and after October 1, 1975.

SEC. 2. Effective February 1, 1976, section 7(a) (3) of Public Law 93–647 is amended by striking out "February 1, 1976" and inserting in lieu thereof "October 1, 1977".

SEC. 3. (a) For purposes of title XX of the Social Security Act, the amount of the limitation (imposed by section 2002(a) (2) of such Act) which is applicable to any State for the fiscal period beginning July 1, 1976, and ending September 30, 1976, or which is applicable to any State for the fiscal year ending September 30, 1977, shall be deemed to be equal to whichever of the following is the lesser:

(1) an amount equal to—

(A) 106.4 per centum of the amount of the limitation so imposed (as determined without regard to this section) in the case of such fiscal period, or

(B) 108 per centum of the amount of the limitation so imposed (as determined without regard to this section) in the case of such fiscal year ending September 30, 1977, or

(2) an amount equal to (A) 100 per centum of such limitation for such fiscal period or fiscal year (as determined without regard to this section), plus (B) an amount equal to the sum of (i) 75 per centum (in the case of such fiscal period) or 100 per centum (in the case of such fiscal year) of the total amount of expenditures (I) which are made during such fiscal period of year in connection with the provision of any child day care service, and (II) with respect to which payment is authorized to be made to the State under such title for such fiscal period or year, and (ii) the aggregate of the amounts of the grants, made by the State during such fiscal period or year, to which the provisions of subsection (c) (1) are applicable.

(b) The additional Federal funds which become payable to any State for the fiscal period or fiscal year specified in subsection (a) by reason of the provisions of such subsection shall, to the maximum extent that the State determines to be feasible, be employed in such a way as to increase the employment of welfare recipients and other low-income persons in jobs related to the provision of child day care services.

(c) (1) Subject to paragraph (2), sums granted by a State to a qualified provider of child day care services (as defined in paragraph (3) (A)) during the fiscal period or fiscal year specified in subsection (a), to assist such provider in meeting its Federal welfare recipient employment incentive expenses (as defined in paragraph (3) (B)) with respect to individuals employed in jobs related to the provision of child day care services in one or more child day care facilities of such provider, shall be deemed, for purposes of title XX of the Social Security Act, to constitute expenditures made by the State, in accordance with the requirements and conditions imposed by such Act, for the provision of services directed at one or more of the goals set forth in clauses (A) through (E) of the first sentence of section 2002(a)(1) of such Act. With respect to sums to which the preceding sentence is applicable (after application of the provisions of paragraph (2)), the figure "75", as contained in the first sentence of section 2002(a)(1) of such Act, shall be deemed to read "100".

(2) The provisions of paragraph (1) shall not be applicable—

(A) to the amount, if any, by which the aggregate of the sums (as described in such paragraph) granted by any State during the fiscal period or fiscal year specified in subsection (a) exceeds the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such fiscal period or year, or

(B) with respect to any grant made to a particular qualified provider of child day care services to the extent that (as determined by the Secretary) such grant is or will be used—

(i) to pay wages to any employee at an annual rate in excess of $5,000, in the case of a public or nonprofit private provider, or

(ii) to pay wages to any employee at an annual rate in excess of $4,000, or to pay more than 80 per centum of the wages of any employee, in the case of any other provider.

(3) For purposes of this subsection—

(A) the term "qualified provider of child day care services", when used in reference to a recipient of a grant by a State, includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 20 per centum thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under the State's services program conducted pursuant to title XX of the Social Security Act; and

(B) the term "Federal welfare recipient employment expenses" means expenses of a qualified provider of child day care services which constitute Federal welfare recipient employment incentive expenses as defined in section 50B(a)(2) of the Internal Revenue Code of 1954, or which would constitute Federal welfare recipient employment incentive expenses as so defined if the provider were a taxpayer entitled to a credit (with respect to the wages involved) under section 40 of such Code.

(d)(1) In the administration of title XX of the Social Security Act, the figure "75", as contained in the first sentence of section 2002(a)(1) of such Act, shall, subject to paragraph (2), be deemed to read "100" for purposes of applying such sentence to expenditures made by a State for the provision of child day care services during the fiscal year ending September 30, 1977.

(2) The total amount of Federal payments which may be paid to any State for such fiscal year under title XX of the Social Security Act at the rate specified in paragraph (1) shall not exceed an amount equal to the excess (if any) of—

(A) the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such year, over

(B) the aggregate of the amounts of the grants, made by the State during such year, to which the provisions of subsection (c)(1) are applicable.

Sec. 4. (a) Section 50A(a) of the Internal Revenue Code of 1954 (relating to amount of credit for work incentive program expenses) is amended—

(1) by adding at the end of paragraph (2) the following new sentence: "The preceding sentence shall not apply to so much of the credit allowed by section 40 as is attributed to Federal welfare recipient employment incentive expenses described in subsection (a)(6)(B).", and

(2) by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) Limitation with respect to certain eligible employees.—

"(A) Nonbusiness eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are not performed in connection with a trade or business of the taxpayer shall not exceed $1,000.

"(B) Child day care services eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are performed in connection with a child day care services program, conducted by the taxpayer, shall not exceed $1,000.".

(b) Section 50B(a)(2) of such Code (relating to definitions; special rules) is amended to read as follows:

"(2) Definitions.—For purposes of this section, the term 'Federal welfare recipient employment incentive expenses' means the amount of wages paid or incurred by the taxpayer for services rendered to the taxpayer by an eligible employee—

"(A) before July 1, 1976, or

"(B) in the case of an eligible employee whose services are performed in connection with a child day care services program of the taxpayer, before October 1, 1977.".

(c) The amendments made by this section with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer to an eligible employee whose services are performed in connection with a child day care services program of the taxpayer shall apply to such expenses paid or incurred by a taxpayer to an eligible employee whom such taxpayer hires after the date of the enactment of this Act.

Sec. 5. (a) Section 2002(a)(9)(A)(ii) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (II), and

(2) by adding after the comma at the end of clause (III) the following: "(IV) the State agency may waive the staffing standards otherwise applicable in the case of a day care center or group day care home in which not more than 20 per centum of the children in the facility (or, in the case of a day care center, not more than 5 children in the center) are children whose care is being paid for (wholly or in part) from funds made available to the State under this title, if such agency finds that it is not feasible to furnish day care for the children, whose care is so paid for, in a day care facility which complies with such staffing standards, and if the day care facility providing care for such children complies with applicable State standards, and (V) in determining whether applicable staffing standards are met in the case of day care provided in a family day care home, the number of children being cared for in such home shall include a child of the mother who is operating the home only if such child is under age 6,".

(b) The amendments made by subsection (a) shall, insofar as such amendments add a new clause (V) to section 2002(a)(9)(A)(ii) of the Social Security Act, be effective for the period beginning October 1, 1975, and ending September 30, 1977; and on and after October 1, 1977, section 2002(a)(9)(A)(ii) of the Social Security Act shall read as it would if such amendments had not been made.

Sec. 6. Effective February 1, 1976, section 4(c) of Public Law 94–120 is amended by striking out "January 31, 1976" and "February 1, 1976" and inserting in lieu thereof "September 30, 1977" and "October 1, 1977", respectively.

DESCRIPTION OF CONFERENCE ACTION

Eligibility for social services.—The House bill would have permitted States now determining eligibility on a group rather than individual basis to continue this procedure until October 1, 1976. The Senate bill would have repealed all Federal eligibility requirements. The amendment agreed to by the conferees would, on a permanent basis, permit States to determine eligibility for social services on a group basis. The group would have to be such that the State can reasonably conclude that substantially all members of the group have incomes below 90 percent of State median income. Except for children of migrant workers, however, eligibility for child day care services would have to continue to be determined on an individual basis. Under the amendment, there would be no Federal eligibility requirements for family planning services.

Deferral of child care standards.—Federal staffing standards for child day care serving children aged 6 weeks to 6 years were suspended from October 1, 1975, to February 1, 1976, under prior legislation. The amendment approved by the conferees would extend this suspension retroactive to February 1, 1976, and forward to October 1, 1977. (State law requirements would have to be met, and standards could not be lowered from September 1975 levels.)

Increased social services funding for child care.—Through September 30, 1977, the conference amendment increases the existing $2.5 billion limit on social services by $40 million for the July–September 1976 quarter and by $200 million for fiscal year 1977. The additional funding cannot exceed the Federal funding due a State for child care expenditures. The additional funds would be allocated among the States on a population basis (as is the $2.5 billion available under current law).

Emphasis on employing welfare recipients.—Requires States, to the extent they determine feasible, to use the added Federal funding in a way which increases employment of welfare recipients and other low-income persons in child care jobs.

State grants to aid employment of welfare recipients.—Permits States, without regard to usual title XX requirements, to use the added Federal funding under the bill to make grants to child care providers to cover the cost of employing welfare recipients. These grants would be limited to $4,000 per year per employee in the case of proprietary providers thus providing (in conjunction with the tax credit under section (4)) full Federal funding of employment costs up to $5,000. (For public and nonprofit providers, which are ineligible for tax credits, the limit on grants under this section would be $5,000.) Grants could be made under this authority only if at least 20 percent of the children served by the child care provider have their care paid for through the title XX program.

Increased matching for child care.—Increases the Federal matching rate for child care expenditures from 75 percent to 100 percent. The increased rate would apply only to the additional amount of Federal funding provided under the amendment for fiscal year 1977.

Expiration of welfare recipient tax credit.—The present law provision granting a tax credit equal to 20 percent of wages to employers who hire persons who receive Aid to Families with Dependent Children is scheduled to expire June 30, 1976. The conferees agreed to continue this provision in effect, in the case of child care employers only, through September 30, 1977. This section would also limit the tax credit, in the case of child care jobs, to a maximum of $1,000 per employee per year.

Waiver provisions and modification of family day care requirements.—The amendment agreed to by the conferees permits State welfare agencies to waive the Federal staffing requirements in the case of child care centers and group day care homes which meet State standards if the children receiving federally funded care represent no more than 20 percent of the total number of children served (or, in the case of a center, there are no more than 5 such children), provided that it is infeasible to place the children in a facility which does meet the Federal requirements. The section would also modify the limitations on the number of children who may be cared for in a family day care home by providing that the family day care mother's own children not be counted unless they are under age 6. This change would apply retroactive to October 1, 1975. This entire section would be inapplicable after September 30, 1977.

Addicts and alcoholics.—The conferees agreed to extend through September 30, 1977, certain modifications provided under P.L. 94-120 governing funding of services for addicts and alcoholics. The provisions, which expired January 31, 1976, require that special confidentiality requirements of the comprehensive Alcohol Abuse Act be observed with regard to addicts and alcoholics, clarify that the entire rehabilitative process must be considered in determining whether medical services provided to addicts and alcoholics can be funded as an integral part of a State social services program, and provide for funding of a 7-day detoxification period even though social services funding is generally not available to persons in institutions.

The conferees note that there is nothing in the statute to preclude a State from using its title XX social services funds to provide child care services to otherwise eligible individuals who are participants in the Work Incentive (WIN) program where there are insufficient funds to provide such services under that program.

AL ULLMAN,
JAMES C. CORMAN,
CHARLES B. RANGEL,
PETE STARK,
JOE D. WAGGONNER, Jr.,
WILLIAM M. KETCHUM,
Managers on the Part of the House.
RUSSELL B. LONG,
HERMAN TALMADGE,
WALTER F. MONDALE,
WILLIAM HATHAWAY,
BOB PACKWOOD,
WILLIAM V. ROTH, Jr.,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 12438, DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1977

Mr. PRICE. Mr. Speaker, I call up the conference report on the bill (H.R. 12438) to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 25, 1976.)

Mr. PRICE (during the reading). Mr. Speaker, in view of the fact that the conference report, Report No. 94-1305, has been printed and made available to the Members of the House since Monday, June 28, I ask unanimous consent that further reading of the joint explanatory statement be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. PRICE) is recognized for 30 minutes.

Mr. PRICE. Mr. Speaker, I yield myself such time as I may consume.

The House-Senate conference on the Defense authorization bill reached agreement on June 25, after 14 normal conference sessions and numerous meetings by designated subcommittees of the conference.

The authorization bill as initially approved by the House provided $33.3 billion in new authorizations. The Senate amendment authorized $31.8 billion. The conference report contains authorizations totaling $32.5 billion.

The dollar totals do not tell the story, however. There were many important weapons decisions, independent of dollar totals, and pay and personnel decisions which will eventually mean substantial budgetary savings.

Mr. Speaker, the great Parliamentarian Edmund Burke said:

> All government—indeed, every human benefit and enjoyment, every virtue and every prudent act—is founded on compromise and barter.

The result of our conference was a compromise.

Not everybody will be completely happy with it. I am not completely happy with it. But I think we defended the House position as well as we could and retained as much as we possibly could of the House bill.

It was necessary for your conferees to consider the bill as a whole—to make priority judgments as to items that should be retained and assess those items on which we could most likely convince the other body to yield. I can understand if some Member is not pleased with the action we took on a particular item in which that Member has a particular interest. But remember, that Member has the luxury of considering the item as having first priority. We did not have that luxury. We had to consider the entire Defense program. Each item in the bill is somebody's first priority.

The conference could only be described as arduous. The conference sessions were long and intense. We had to return again and again to some fundamental issues before reaching final agreement.

I would like to express to each of the House conferees, Democrats and Republicans, my appreciation for their hard work and for the vigor with which they defended the House position.

The conference report was printed in the CONGRESSIONAL RECORD for Friday, June 25, beginning on page 20611, and has thus been available to all Members. I will not, therefore, take extensive time going into detail. However, I do want to touch on some of the major decisions of the conference:

B-1

The dollars authorized for the B-1 bomber were not an issue in conference, but the Senate bill had contained language providing that none of the funds authorized could be used prior to February 1, 1977, and then only if the President certified that the B-1 bomber was in the national interest. The Senate conferees fought tenaciously. But we were able to maintain the House position that the B-1 program should not be further delayed.

SHIPBUILDING

The ship construction program was one of the most difficult items in conference and at times threatened to prevent an agreement. The conferees finally agreed to a program authorizing 17 new ships and 2 conversions and long-lead procurement for another nuclear aircraft carrier. The conference report provides a total of $6.6 billion for ship construction. This compares with $7.3 billion in the House bill and $5.9 billion in the Senate amendment.

The ship program includes one Trident submarine, four attack submarines, eight FFG-7 guided-missile frigates, a destroyer tender, a submarine tender, two oilers, and conversion of the U.S.S. *Long Beach* to provide a platform for the Aegis air-defense system on a nuclear strike cruiser.

The Senate was adamantly opposed to the new nuclear-powered cruiser contained in the House bill, and the House conferees opposed the DDG-47 conventional destroyer in the Senate amendment; and both were deleted by the conference. Funds are included in the Navy research and development for continued design effort on both ships. In addition, the conferees agreed that the appropriate committees would fully consider supplemental or other authorization requests from the President in connection with these ships.

MANPOWER STRENGTHS

The conferees agreed on an active-duty strength of 192,000 for the Marine Corps. The House had provided 196,000 and the Senate, 190,000. The conferees agreed on a strength of 540,600 for the Navy, a reduction of 4,300 from the House bill and an increase of 6,000 over the Senate amendment.

The conferees agreed to a Naval Reserve strength of 96,500. You will recall that the President had originally asked a 50,000 reduction in the Naval Reserve. The House had authorized 102,000 and the Senate, 92,000.

The conferees agreed on a civilian personnel strength for the Department of Defense of 1,031,000, which was 9,900 below the House bill, 4,800 below the administration's request and 3,200 above the Senate amendment.

COMMISSARIES

The Senate amendment had contained a provision requested by the President to provide for a 3-year phaseout of appropriation subsidies for military commissaries. The House bill had contained language expressing continued support for the commissaries. The House conferees fought hard to prevent diminution of the commissary benefits. Conferees agreed to delete all language provisions from the final bill and in the statement of managers direct the Secretary of Defense to institute management improvements and operational efficiencies to reduce the need for subsidies. The Secretary is to report to the appropriate committees by February 1 of next year on the management improvements and projected savings. The conferees agreed that economies could be effected which would permit the commissary subsidy to be gradually reduced while retaining substantially the level of savings experienced by commissary patrons.

The conferees made clear that they did not intend the commissary stores as such to be eliminated and that they believe this important fringe benefit for military families should be continued.

SPARROW

The House had reduced the funds for the Sparrow missile and directed the Department of Defense to develop a replacement because of the long and unsatisfactory history of Sparrow. The Senate conferees wanted to retain funding for the Sparrow because the services had no alternatives presently available for their inventories. The conferees agreed to restore $12.7 million of the $17 million House reduction for procurement of Sparrow for the Navy. However, the conferees agreed to language in the bill which requires that none of the funds may be expended on Sparrow (AIM-7F) until the Secretary of Defense certifies to the Armed Services Committees that he has determined the missile fulfills mission requirements and is combat-effective. In addition, in title II of the bill, the conferees have provided that additional development of the Sparrow missile may proceed only after the missile demonstrates that it can satisfy performance requirements and specifications and only after the Air Force and Navy have begun development on an all-weather follow-on to the Sparrow series.

MINUTEMAN

Subsequent to the House action on the authorization bill, the President submitted a supplemental request for $317 million to be used only for the procurement of Minuteman III missiles. The Senate amendment included all of the funds requested and the conferees accepted the Senate position. This authorization can be used only for the Minuteman program. I believe Members of the House are aware that this request is related to the progress in the SALT negotiations and that the President would not have to spend any or all of the money if the negotiations again move forward.

A-6E AND COD AIRCRAFT

The House bill provided $125 million for procurement of the A-6E aircraft and the House had rejected the Navy's request for $169.9 million for the US-3A Carrier Onboard Delivery—COD—aircraft. The House conferees fought very hard to maintain the House position. In this we were very much aware that the COD had been deleted by House floor action and that the House had again opposed the COD in acting on the appropriations bill. The Senate conferees, however, were adamant in their support of this aircraft.

In a compromise we agreed to authorize $104.1 million for the procurement of six COD aircraft and $80.1 million—including $14.3 million of available fiscal year 1976 funds—for the procurement of six A-6E aircraft. This compromise was the best solution we could get to a problem which took as much time as any item in conference.

RESEARCH AND DEVELOPMENT

The conferees agreed on an authorization of $10.4 billion for research, development, test, and evaluation, a reduction of $582 million from the administration's request.

There were a total of 167 research-and-development items in dispute in the conference. The table beginning on page 26 of the joint explanatory statement of the committee of conference details the resolution of these differences.

AWACS

The conferees agreed to delete House language which would have prohibited obligation of funds authorized for the airborne warning and control system—AWACS—until NATO allies had decided to procure the system. Senate conferees indicated they would not accept a provision which made the buying of a weapons system for our own forces completely contingent upon a decision by other nations. The House conferees, therefore, were forced to recede.

COMPENSATION ITEMS

The conferees agreed to a number of compensation items included in the Senate bill which, over an extended period of time, will result in substantial savings. These include the elimination of the 1-percent kicker on military retired-pay increases, subject to similar action being taken for civil service retirees, which will save $112 million in fiscal year 1977 and higher amounts annually thereafter. Also included is a provision allowing reallocation of military pay raises to put a greater percentage into quarters allowance which will save at least $52 million in fiscal year 1977 and allow for more adequate quarters allowances for military personnel. This provision was requested by the President. The House conferees were able to get Senate agreement to amend the provision to provide for a rebate for single personnel living in barracks; without such rebate the provision would have been unfair to unmarried personnel in the Armed Forces. The conferees also agreed to a Senate provision, similar to a House bill passed earlier, to limit to 60 days the payment for unused accrued leave.

I urge the House to approve the conference report.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

Mr. Speaker, the circumstances since the House voted have changed with respect to the B-1, to this extent: The prospective nominee of the Democratic Party for President and the party's platform have both expressed a position which is in harmony with the position that the Senate took and not that of the House.

Mr. PRICE. If the gentleman will permit me, I think he is aware of the fact that we as the conferees represented the House and we represented the position of the House. That is the position we took at conference, and we prevailed over the other side.

Mr. SEIBERLING. If the gentleman will yield further, I recognize the gentleman is bound to try to advance the position taken by the House. But I do think that this raises the additional question of whether the money will be wasted, and maybe the next President will decide not to go ahead with the production phase of the B-1.

Mr. PRICE. I think the gentleman has been around here long enough to recognize that that is the risk we always take every 4 years.

Mr. SEIBERLING. I recognize that unfortunate fact.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, I want to publicly state at this time that we appreciate the fact that the gentleman from Illinois (Mr. PRICE) and the other conferees maintained the elimination of the 1-percent kicker, and I am very hopeful that this matter will come on the floor for all other employees very soon so that the entire matter can be disposed of.

Mr. PRICE. I thank the gentleman.

Mr. Speaker, at the outset, in attempting to address the relationship of this bill to the budget target ceilings, let me emphasize the fact that this bill does not provide budget authority or result in outlays. It is merely an authorization bill. Therefore, since this military authorization bill does not provide budget authority, the chairman of the Budget Committee has advised that no target allocation is made to the Armed Services Committee.

Nonetheless, I will attempt to identify the relationship of this authorization bill to our budget target ceilings.

The distinguished chairman of our Budget Committee has advised that the Defense appropriation bill, as passed by the House, translates into budget authority of $32,368,000,000 for items requiring authorizations. He further stated that if this level of budget authority is maintained without increases during the appropriations conference, the subdivision target will be upheld.

Thus, relating the appropriation action which provides budget authority to this authorization bill, the target for this bill is approximately $32,368,000,000.

Now what have we done?

The authorization bill, as initially approved by the House, approved $33.3 billion in new dollar authorizations. The Senate amendment authorized $31.8 billion. The conference report contains authorizations totaling $32.5 billion.

The $32.5 billion compromise on authorization items agreed upon will translate into an effective appropriations "ceiling" of $32.202 billion because the House Appropriations Committee has identified $320 million in financing adjustments not at issue in our conference. The compromise authorization bill will thus result in a maximum appropriation at least $166 million below the House Appropriations Committee recommendation, and $1,697 million below the President's amended request.

In summary, your House conferees have, in my opinion, done a very creditable job of remaining within the budget target ceilings previously established in the House.

Mr. Speaker, we appreciate the guidance and the cooperation we have received from the gentleman from Washington (Mr. ADAMS), who is doing such marvelous work as chairman of the Committee on the Budget for the Congress.

Mr. ADAMS. Mr. Speaker, as chairman of the Budget Committee I do not usually take a position on legislation authorizing appropriations. Appropriations and other spending bills generally are more directly related to budget control. However, on June 21, 1976, the distinguished chairman of the House Armed Services Committee requested the chairman of the Budget Committee to provide guidance on this bill on the premise that the authorization conferees would agree on a bill not to exceed $32.5 billion. The question was:

> Can the conferees assume that such a total would be fully compatible both with the intent and the dollar limits of the first target resolution insofar as the House Budget Committee is concerned?

In my response to Chairman PRICE, I noted that the defense appropriations bill translates into budget authority of $32.4 billion for items requiring authorizations. If this level of budget authority is maintained without increases in nonauthorized portions of the bill during the appropriations conference, the subdivision target will be upheld. Should the recommendation of the authorization conferees be $32.5 billion and this amount is translated into appropriations with the final passage of the appropriations bill the subdivision target would be exceeded.

There are two specific items in the conference report which I wish to address. First, the conferees indicate that full consideration would be given to a supplemental request in connection with authorization for certain additional ships. I wish to emphasize that approval of additional supplemental requests not now targeted could exceed the national defense target in the first budget resolution.

Second, I want to compliment the chairman, Mr. PRICE, and the other conferees for including in this bill the elimination of the so-called 1-percent kicker for retired military personnel. The Armed Services Committee had indicated in the March 15 report a disposition to consider this important long-term cost saving legislation, and the budget resolution carried elimination of the 1-percent kicker as a major cost saving assumption. The committee has taken the first opportunity subsequent to approval of the budget resolution to recommend this legislation to the House. I wish to commend the chairman for his support and his actions in this important area involving long-term savings of billions of dollars.

I support this conference report, Mr. Speaker, and urge the House to pass it.

The SPEAKER pro tempore. The gentleman from California (Mr. BOB WILSON) is recognized for 30 minutes.

Mr. BOB WILSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to urge the adoption of the conference report on H.R. 12438 as submitted. Given the extreme differences between the two Houses on the eve of the conference, it is a tribute to the power of reason that the conferees were able to find a middle ground combining the best features of both bills.

It is important to remember that a conference to reconcile differences is a two-way street and compromise, by its very nature, involves some give as well as some take. I suspect that he who concluded that all things are possible through faith never had an occasion to be locked up in a room with 13 Senators for a couple of weeks. Certainly, our conferees had great faith in the wisdom of the House position going into the conference. But there comes a time when you are confronted with an equally strong-minded group of Senators and you must produce legislation, not just rhetoric.

I am happy to report that in the main, we were able to hold most of the more important positions of the House. We got the B-1 without any strings attached. We got a good R. & D. program. We prevented a slash in the support of military commissaries. I would like to address some specific remarks to the nature of the compromise on shipbuilding. Both in terms of dollars and theoretical approach, the shipbuilding program was by far the most crucial issue in the conference and the most difficult to reconcile.

The money difference between the House bill and the Senate amendment was $1.425 million, but the difference over the basic composition of our naval strike forces was even greater. At the heart of the debate was title VIII—the statement of national policy that our strike forces should be nuclear powered. No one has ever disputed the fact that nuclear ships possess far superior offensive capabilities to conventionally powered counterparts. But for several years now, the cry has been raised that the cost differential was such that there was a point of diminishing returns in opting for quality over quantity.

This year, the issue was joined when the Senate proposed to repeal title VIII—an action which would have effectively negated the superior capabilities of our nuclear strike forces by limiting their range and staying power to that of their non-nuclear escorts. Not only would this be a drastic and ill-considered change of direction, it would have had the effect of undoing all of our past efforts aimed at giving our surface combatants a decisive edge in a combat engagement.

An issue with equally important implications was the choice of platforms for the Aegis defense system of the fleet. The Senate favored the conventionally powered DDG-47 destroyer, a relatively cheap, but vulnerable ship. The Senate was coming down on the side of a larger number of inferior ships. The House was equally adamant in its support of the nuclear strike cruiser, a ship with infinitely greater offensive capability and survivability.

The conferees agreed that a final decision on either class of ship would be premature. The ships were deleted "without prejudice" and R. & D. funds were authorized for continued design efforts on both the new strike cruiser and the DDG-47. The conferees agreed that the conversion of the nuclear cruiser, *Long Beach*, would provide a platform for the Aegis system at the earliest date.

Essentially, therefore, the *Long Beach* will be a nuclear strike cruiser equipped with Aegis.

The conferees took note of the relatively favorable position of the defense budget in relationship to the target resolution, and encouraged the Navy to return with a supplemental request for the strike cruiser and the DDG-47 when appropriate.

Consistent with this decision, the conferees agreed that title VIII should be retained as a basic statement of national policy concerning the use of nuclear power for major surface combatants.

Turning to another area, Mr. Speaker, I would also like to point out actions—not included in the authorization totals in the bill—which will result in substantial savings in defense spending.

The Senate had included many nongermane items in their amendment—items on which we had not held hearings. Some of the most important related to personnel and compensation programs.

We were able to resist most of the more undesirable changes proposed by the Senate—such as the reduction in commissary support. And we were able to improve some that we accepted. Frankly, I personally was very much opposed to most of the Senate proposals and believe strongly that we should not attempt to save dollars at the expense of military personnel. But we simply had to take some of these changes in order to get a bill. We had to compromise.

Let me just point out that the net savings from these provisions is $389 million annually.

I urge support of the bill.

Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. WHITEHURST).

Mr. WHITEHURST. Mr. Speaker, as a member of the conference committee on H.R. 12438, the Defense Authorization Act for fiscal year 1977, I wish to explain my reasons for not agreeing to sign the conference report on this measure. Although I support most of the decisions reached by the conferees, I strongly disagree with the actions taken by the conference committee on the extremely important matter of continued funding for military commissaries.

The House-passed defense authorization bill contained specific language expressing opposition to any change in the present method of providing financial support for commissaries. For the past several decades, this method of providing financial support has been to appropriate funds to cover the commissary stores' labor-related costs. The House Armed Services Committee report accompanying the bill states that the purpose of the language in the bill is to reaffirm the committee's belief that the longstanding policy of providing full funding for commissaries' payroll costs should be continued by appropriated funds.

The House action on commissaries was not taken lightly. Since the administration first proposed a phaseout of appropriated fund support for commissary stores in 1975, extensive hearings have been held on this issue by both the House Armed Services Committee and the House Appropriations Defense Subcommittee. Both committees have soundly rejected the proposal to terminate commissary funding. In addition, House Concurrent Resolution 198, opposing the plan to phase out support for commissaries, was approved by the House on July 31, 1975, by an overwhelming vote of 364 to 53.

The Senate Armed Services Committee essentially agreed to accept the administration proposal and adopted a provision which would phase out the appropriated subsidy for commissary operations over a 3-year period. The conference committee agreed to a compromise position whereby the Secretary of Defense is directed to report to the Congress on actions taken to institute management improvements and operational efficiencies for the purpose of reducing the present operating subsidies of the commissaries. The assumption is that these improvements would permit the commissary subsidy to be gradually reduced while retaining substantially the level of savings experienced by commissary patrons.

In my view, the language adopted by the conferees is unacceptable. It calls for reduced appropriated fund subsidies without making a strong commitment to maintaining the existing level of savings received by commissary patrons. I believe that the House position making an absolute commitment to continued full funding for commissaries' payroll costs should have been sustained for two essential reasons. First, the House position was developed after extensive consideration over a number of years. Since 1970, the House Armed Services Committee has conducted several intensive reviews of commissaries and the military resale system generally. The House Appropriations Defense Subcommittee also held extensive hearings in 1975 specifically on the issue of commissary funding. In addition, as I mentioned above, the whole House approved by a wide margin a resolution strongly supporting continued commissary subsidies. By contrast, the Senate has never held a hearing specifically devoted to the commissary issue. Consequently, in view of the much deeper body of knowledge about this issue developed by Members of the House over a period of years, I believe that the House position clearly has been more fully justified and should have prevailed.

Perhaps most importantly, I believe the House position should have been adopted because any indication by the Congress that its commitment to full support for the commissaries is waning will have a serious adverse impact on the morale of our military personnel. These members of the armed services justifiably believe that any move to increase food costs would constitute a breach of faith, since they were promised the commissary benefit at the time they entered the service. In fact, service recruiters have traditionally emphasized the cost savings realized at commissary stores as a major inducement to enlist. Thus, in my judgment, substantial resentment will be engendered by any indication that food prices might be increased, and this resentment will seriously hamper future reenlistment efforts. It also seems likely that recent recruiting successes will be reversed when the public becomes aware that the traditional commissary benefit can no longer be counted on. Despite increases in military pay, the base salary of the enlisted man is well below the average civilian salary. Fringe benefits, such as commissaries, are important if we are to attract the capable men and women necessary to make the All-Volunteer Force a success.

Additionally, there has been increasing attention focused recently on the possibility of unionization of the armed services. Members of the armed services have told me that the impetus for unionization has been the feeling of many active duty personnel that their benefits are being cut back substantially. I believe that most Members of Congress recognize that unionization of military personnel would be detrimental to the readiness of the armed services to perform their mission. Yet, if we in the Congress start down the road of reducing the commissary benefits, we most certainly will be contributing to the move to unionize the service personnel and we will be hastening the day when the Congress will have to deal seriously with the prospect of a unionized combat force.

I also want to point out that a reduction or elimination of appropriated funds for commissaries, leading to higher prices in the commissaries, make it extremely impractical for active duty and retired military personnel to continue to use commissaries. If the price differential between supermarkets and commissaries becomes minimal, there will be little incentive to make the longer trip to the commissary and withstand the limited item selection, long lines and other inconveniences of commissaries as commercial supermarkets. And make no mistake about it, reduced store volumes would mean store closings, thereby totally eliminating the commissary benefit for thousands of military personnel.

I would like to make particular mention of the impact of increased commissary prices on military retirees. They served their country for many years at low pay. A cutback in commissary benefits, at a time when the economy continues to suffer serious inflation, would amount to a significant reduction in retirees' purchasing power. Any increase in food prices would clearly cause great hardship to this group, which consists in large measure of people who even now receive income sufficient for little more than the basic necessities.

Let me make clear that I am certainly not opposed to efforts to improve the efficiency of the commissary system. Suggestions have been made, for example, that centralized management of commissaries could generate significant savings in the cost of operations. This proposal and others should be studied and perhaps implemented by the Department of Defense. They might ultimately result in reduced requirements for appropriated funds support. However, while pursuing efforts to administer the commissary system in the most cost-effective manner possible, the Congress also should continue to clearly express its firm commitment to the present method of providing financial support for military commissaries. I am convinced that a deviation from this policy, which has been followed by the Congress since 1866, would have a severely adverse impact on the recruitment, retention, and readiness of our Nation's Armed Forces.

Mr. BOB WILSON. Mr. Speaker, I yield 5 minutes to the gentleman from Maine (Mr. Cohen).

Mr. COHEN. Mr. Speaker, I would like to address a couple of questions to the gentleman from New York (Mr. Stratton), since he was the principal proponent of certain language which was included in the conference report. Further, my understanding is that the gentleman from Illinois (Mr. Price), the chairman of the committee, is agreeable to this since the gentleman from New York (Mr. Stratton) did take such an active part in this issue.

Mr. Speaker, we heard earlier today about the Buy America Act, and I would just like to address that matter briefly.

My understanding is that the Buy America Act requires that all Government departments purchase for public use U.S.-manufactured articles, materials, and supplies in preference to items of foreign manufacture as long as the U.S.-manufactured items are of satisfactory quality and available in sufficient quantity; and the only exceptions they make to this is that where the head of the department determined that the purchase of the U.S.-manufactured items would be inconsistent with public interest or where the cost would be unreasonable. Obviously, cost is a very important factor; and we would not insist upon the purchase of American-made goods or products if the price were unreasonable as compared with foreign-manufactured products.

Therefore, comparability of cost is an important factor in the Buy America Act.

Would the gentleman from New York (Mr. Stratton) agree with that?

Mr. STRATTON. Mr. Speaker, if the gentleman will yield, I certainly would agree with it.

In fact, if the gentleman would look at the Buy America Act very closely, he would see that the only time in which heads of departments are allowed to buy abroad rather than buying American equipment is when the purchase of American equipment would be "inimical to the national interest," as he has already indicated, or when the cost of buying American equipment would be "unreasonable."

So, Mr. Speaker, the Buy America Act is actually addressed to the assumption that everything we get from abroad is going to cost less than the stuff we buy at home and, of course, that used to be the case a few years ago.

You could buy a Volkswagen for less than a Ford; you could buy a Toyota for less than a Chevrolet. The purpose of the Buy American Act was to prevent the purchase of cheaper foreign equipment unless the American equipment was unreasonably more costly.

The situation the gentleman from Maine has in mind, however, and to which this colloquy is addressed, of course, refers to a situation where the cost of buying foreign equipment is much greater than American equipment.

Mr. COHEN. That is what I would like to follow up on with the gentleman from New York. The conferees amended section 802(a)(1) of H.R. 12438, which requires the Secretary of Defense to take into consideration in defense procurement procedures, the cost, function, quality, and availability of equipment to be procured while carrying out this new policy of standardization.

Does the Secretary of Defense, pursuant to this amendment, have to take into consideration the cost of comparable equipment when he exercises his authority to waive the Buy American Act pursuant to section 802(a)(2) of H.R. 12438?

Mr. STRATTON. I will say to the gentleman from Maine, first of all, that my own personal position was that we should have amended the Senate amendment which was involved in this particular case more strongly than we did. In fact, this was the position of all the House conferees. We did not like the Senate amendment. We were in favor of the idea of standardization but we were afraid that the requirement of the section, especially in subsection (2) of section 802, would have been damaging to American jobs without some kind of restraint. Unfortunately, the Senate was extremely persistent and we finally had to yield to put the restraining language into subsection (a)(1) of section 802 rather than in subsection (a)(2). That language that is included there appears on page 9 of the conference report as prepared with the House and says that in undertaking the policy of standardizing weapons in NATO certain procedures shall be carried out, and that those "procedures shall also take into consideration the cost, functions, quality, and availability of the equipment to be procured."

Therefore, to answer the gentleman directly, there is no question but that the intention of the conferees was to insure that in carrying out any purchases from abroad in the interests of standardization the Government could not ignore the matter of cost compared to comparable U.S. equipment.

The SPEAKER. The time of the gentleman has expired.

Mr. BOB WILSON. Mr. Speaker, I yield 2 additional minutes to the gentleman from Maine.

Mr. COHEN. Mr. Speaker, I thank the gentleman for yielding me the additional time.

Mr. Speaker, with reference to the Secretary of Defense taking into account the cost, is it fair to say that he must take into account the comparable cost of American manufactured products in comparing them with foreign manufactured products?

Mr. STRATTON. That is right, he not only has to take into account the cost—and it must be reasonable cost—but it has to be the cost of comparable American equipment, comparable in function, in quality, and in availability. It does not do our armed services any good to buy equipment that is not as good as American-made equipment. We certainly cannot have all our troops equipped with inferior equipment.

Mr. COHEN. Or if the cost is unreasonable, or that it is really quite excessive compared with the American manufactured product, assuming the American product meets the specifications and acceptable standards.

Mr. STRATTON. That is right. If the foreign products are as readily available, serve the same function, are safe and of adequate construction, then it becomes a question of whether the cost is reasonable compared to the cost of U.S.-made equipment comparable to it. If that cost is unreasonable, then the Secretary cannot waive the Buy American Act.

Mr. COHEN. In sum, then, section 802, subsection (a)(2) is subject to section 802, subsection (a)(1) with reference to comparable cost of American-made goods?

Mr. STRATTON. The gentleman from Maine is exactly clear and the conferees wanted to get that wording into subsection (2). We had to yield and put it in subsection (1) instead. But the Secretary must still be guided when acting under subsection (2) by the statement of overall policy set out in section 802, subsection (1).

Mr. COHEN. In its entirety.

I thank the gentleman from New York.

Mr. BOB WILSON. Mr. Speaker, I have no other requests for time.

I do want to congratulate the chairman of our committee for his tenacity and his courtesy during the long conference that we had on this bill.

Mr. Speaker, I yield back the remainder of my time.

Mr. PRICE. Mr. Speaker, I yield 4 minutes to the gentlewoman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. Mr. Speaker, I voted for this bill before, but this time I will not be voting for the conference report. I would just like to state several reasons as to why.

I attended most of the conferences except for the first one, and I felt that there were two House positions that I was particularly interested in, that we did have the strong advocacy for the House position that I think we needed. I am very sorry the conferees yielded on the House positions and they are not in the conference report.

The first one was in the frigates. I set on the Seapower Subcommittee, and I honestly believe that the chairman of that committee, the gentleman from Florida (Mr. BENNETT) has put more time into seapower than anyone in this entire Congress. He has worked and worked and worked and worked. There were some very difficult decisions made by that committee this year. One was to go for quality ships rather than a large quantity of ships so then we opted to cut back the number of frigates in the bill. The frigates are the cheapest, low-cost ships that Admiral Zumwalt put in during the days of the "high-low" mix. Frigates could easily be made by our allies or we could pick up such low-cost ships from some other area or maybe transfer some from our mothball fleet. But they were not really as needed when we as a nation are in a crunch. We should be talking about what we need for a major power's navy. Our shortage is not in cheap ships, but the real shortage was in top quality ships that take a long time to build.

I was very disappointed that we backed off the House position to concentrate on big ships, not little ships and are back up to eight little frigates at the expense of major ships. There was a vote on the floor when an attempt was made to move the number of frigates from four back up to eight. That was defeated. I wish the conferees had been a little more vigorous in the debate to prevail on the House position because I think shipbuilding for our Navy and our seapower position is a major concern to the people of our country.

Another amendment that I felt very strong about was the AWACS amendment, the Airborn warning and command system. A years ago I offered an amendment to cut back that program. It was adopted by the committee. Then it went to conference and "poof" the amendment disappeared. This year again I offered the amendment. It was adopted by the committee, and once again in conference "poof" it disappeared. The testimony the committee had is that we have more than enough AWACS for our own purpose.

For the first time I heard testimony in the conference that we now are going to buy 10 additional AWACS, no matter whether or not NATO determines that it will be going to buy them, and that these AWACS planes will be for us even if NATO determines that it will not purchase the AWACS aircraft. The problem with testimony that comes in for the first time at the conference, is members are unable to cross-examine and to ask questions such as, "What if NATO determines not to purchase AWACS? Will we still buy AWACS? And how will we put those two systems into synchronization, the one that NATO buys with our warning system?"

Again, I was disappointed the conferees did not pursue vigorously the House position.

Mr. DOWNEY of New York. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from New York.

Mr. DOWNEY of New York. I thank the gentlewoman for yielding.

One of the problems, it would seem to me, with the air warning control system is the lack of identifying the mission. The Air Force said that we have x number for the continental United States, and then said the Europeans need x number, some 30, for their mission in Europe. Did the Air Force present any testimony in their conference report on for what the additional nine AWACS would be used?

Mrs. SCHROEDER. They say we are going to go ahead and purchase AWACS for our use in NATO whether or not

NATO purchases its own. We will be using our own AWACS to protect our people in NATO. I find that incredible. I never heard that before. The problem is how are we going to synchronize our AWACS into whatever system NATO buys? The rush to procure these planes is not evident for the current line will not even be done for the ones we purchase until fiscal year 1979.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Mr. PRICE. Mr. Speaker, I yield 1 additional minute to the gentlewoman from Colorado. However, I must say that the time has been fully allocated.

Mr. DOWNEY of New York. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from New York.

Mr. DOWNEY of New York. I think it is important to emphasize the fact that if we decide to buy nine additional AWACS and our NATO allies decide that they cannot afford our own version of this airplane, for which the program acquisition cost is approximately $170 million—if we accept the figure of 19, it might be less—if they decide to buy more—but if they do not and they decide to go their own system and we decide to operate our own system along with their own system, that would cost even more in terms of the planes they build and the planes we have, because there has to be some restructuring of the electrical equipment on the aircraft.

Mrs. SCHROEDER. I agree with the gentleman. What is so important about the House position is we voted almost a half a billion dollars to go ahead and authorize it, and then we put the money in escrow until NATO has made up its mind so there would not be any hold up the minute NATO made up its mind to procure the planes. The conference removed the House restriction, so that AWACS is fully funded. This is wasteful of taxpayers dollars for the planes may never be needed. I think the gentleman made an excellent point that the House position would be more costly.

Mr. PRICE. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. Carr).

Mr. CARR. Mr. Speaker, I am reluctantly going to vote against the conference report and in doing so I want to advise the membership why and advise the membership of the House what happened to the amendment we added with respect to the COD. The COD, as Members will recall, is a carry-on-board delivery aircraft. It is a very small plane, but the Navy wants it to fly materiel and personnel between shore stations and aircraft carriers. They need a capability.

The present C–1's are getting old. But the piece of equipment they were asking for from the Lockheed Corp. was entirely too expensive. When the authorization was debated on the House floor it was pointed out this Navy small, slow COD aircraft would cost, according to the Department of Defense publications, $13.9 million per copy excluding research and development for the 1977 proposed buy of 12 aircraft. This cost compares with $12 million for a similar but far more complex US–3A antisubmarine aircraft at $12.8 million for this similar size but very high performance F–15 fighter and $15 million for the much larger Boeing 747. That is for comparison purposes.

The House felt this was too much to pay. We had a vote excluding $169.9 million of procurement money for this Lockheed US–3A.

The Senate did not consider the COD on the floor. The Senate did not consider this COD position in the committee. Our conferees went into the amendments on disagreement and fought very hard for the COD, and I want to commend my colleague, the gentleman from New York (Mr. Stratton), who, as Members will recall, argued eloquently against my position on the floor but defended it quite admirably in the conference committee. But nonetheless after many tries the conferees on the House side gave up in a Solomon's compromise and split the baby in half, so now we have six COD's.

If we cost that out we will find we have done what the gentleman from Alabama (Mr. Dickinson) has so eloquently argued against on the House floor: We have pulled and stretched this buy out so long that now according to Navy figures the cost of this small, slow Navy cargo plane is going to be $17.5 million per plane or, as I inquired of the Lockheed Aircraft Corp., a figure by Lockheed of $27.8 million per plane. This shows how a compromise that gets people off the hook and solves that tough situation in the conference committee results in no compromise at all and a bad deal for the American taxpayer.

On that basis, Mr. Speaker, I am going to have to vote against the conference report.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. CARR. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I wonder if I might ask the distinguished chairman of the Armed Services Committee, who said he felt constrained to maintain the House position with respect to the B–1, why in the end he yielded on the House position with respect to the COD and the AWACS. I wonder if the gentleman could explain those seeming inconsistencies.

Mr. PRICE. Mr. Speaker, if the gentleman will yield, the gentleman has been around long enough to know in the conference there is always a compromise.

Mr. SEIBERLING. But the compromises always seem to end up costing the taxpayers more money.

Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. Downey).

Mr. DOWNEY of New York. Mr. Speaker, we have debated at some length the merits and demerits of the various major weapon systems. We have gone into some detail about the B–1 bomber, the AWACS, and the various tactical fighter aircraft we are producing in this bill; but one thing that we have not spent a great deal of time on and, it is actually the largest section of this or any other major authorization bill of the last few years, I am speaking of manpower costs.

Mr. Speaker, while this bill does not deal directly with manpower costs it does deal with it indirectly, over 53 percent of our defense expenditures are for manpower cost. Our biggest concern, should be the cost of military retirement.

In fiscal year 1976, we will spend approximately $7.4 billion for retirement.

In fiscal year 1977, we will be spending $8.4 billion on retirement.

If the problems of New York City have taught us anything, it is the city's profligacy with its retirement system that, in part, has caused a great deal of its trouble.

I submit to the membership that if we do not take a very hard look at the noncontributory portion of the military retirement and the 20-year retirement system, we will have by 1990 a $15 billion retirement cost and by the year 2000 a $22 billion retirement cost, which is something this country cannot afford.

Mr. Speaker, I think it is time the committee addressed itself to this very important question, and the whole question of the escalating cost of military manpower.

Mr. PRICE. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. Stratton).

Mr. STRATTON. Mr. Speaker, I just want to respond to some of the comments that have been made with respect to this conference. It is easy, of course, for those who were not in the conference to talk about how the House gave up so easily to the Senate. The fact of the matter is that we cannot have a conference unless we have some give and take. Actually, before going very far in this conference we had to set a number of priorities. We had to decide what were those items where we felt we would be able to maintain our position and what were those areas where we felt we would find it difficult to persuade the Senate to back down. And then we had to match those considerations against the major priorities that we felt were most important in this particular bill.

Nobody, as has already been said, is completely satisfied with any conference report. That certainly is true in my own case. I fought very strongly to retain the House language on the commissaries, for example, which the gentleman from Virginia (Mr. Whitehurst) has referred to. While we avoided language that could have been very damaging, we did not come out with as strong a position as I would have liked; but the other body was absolutely adamant on this matter and we knew that the House Committee on Appropriations had already put the money in for commissaries; so we felt that even if our language was not as strong as we would have liked, the commissaries would still be protected.

Second, as I have already indicated to the gentleman from Maine (Mr. Cohen), I fought very strongly to include in the bill an indication of the fact that although we are all interested in standardizing our weapons in NATO and helping our NATO allies pick up some of the procurement. Of these weapons, we cannot, obviously, opt for giving our troops inferior material and we cannot go on record in favor of creating unemployment in the United States. We made some progress, but not as much as the House conferees would have liked.

One of the amendments where I spent most of my own time attempting to defend the position of the House, as the gentleman from Michigan (Mr. CARR) has already indicated, was the elimination of the COD, US-3A aircraft for the Navy.

I had originally opposed that position on the House floor, but the House spoke very overwhelmingly, and so when we went to conference all the conferees fought valiantly to preserve the House position. I would like to advise the Members of the House that on this particular item the Navy undertook a massive campaign—both the Navy and the White House. They must have been on the telephone, sending up representatives; they were out in the hall twisting arms, all to insist that they wanted the COD aircraft. They had to have the COD aircraft, they said, and they did not care what happened to the A-6.

To me—and I have been a Navy partisan for a long time—it was a little incredible to hear that the Navy said that they did not care what happened to a fighter aircraft, the only all-weather fighter aircraft being built today in the free world, but had to get a slick plane to fly the admirals out to sea so that they can land comfortably on the carriers, and occasionally take out some cargo too, although the US-3A is not big enough to carry an aircraft engine.

The only reason the House conferees gave up our position was that this campaign was so effective that the conferees on the Senate side had become completely adamant, and I might say that even some of those on the House side were beginning to waiver a bit.

We even received, Mr. Speaker, a letter from the Deputy Secretary of Defense—which I thought was highly improper—saying that if the conference put in any money for the A-6 aircraft and none for the COD, he would refuse to build the A-6. He just would not spend that money, he said. Apparently, the Deputy Secretary of Defense has not read the Congressional Budget and Impoundment Act because he does not have that authority, and neither does the President of the United States.

But, rather than see the House position lost entirely, Mr. Speaker—and we recognized that we were in danger of losing our position entirely—we finally decided to split the difference and authorized half of the A-6's authorized by the House and half the COD's authorized by the Senate. Since once again the House Appropriations Committee had not put in any money for the COD's, even though our conference report authorized them we did not believe the chances were very good that they would ever get funded anyway. So, that is the picture.

Now the gentlewoman from Colorado (Mrs. SCHROEDER) wanted to know a moment ago whether there was any justification from the Air Force for the purchase of any of the AWACS aircraft.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. PRICE. Mr. Speaker, I yield 1 additional minute to the gentleman from New York.

Mr. STRATTON. The Air Force advised us in the course of this conference that when we talk about NATO, we are talking about American air power. NATO's air force, after all, is based largely on American air power. So if NATO goes to war, American air power is going to go to war. The Air Force tells us that they need 10 AWACS aircraft to provide the coverage for American air operations in the European theater in the event of war. They need a total of 25 AWACS aircraft to provide combat protection and control throughout the world areas as a whole where the Air Force may become engaged. So we did set an answer to that question. There was just no doubt about this need in having the needed American AWACS aircraft available for our own forces in the sector of their own operations, regardless of whether any NATO allies also decide to purchase the AWACS for use in their own air forces.

So, Mr. Speaker, I believe all the points mentioned by our colleagues were in fact fully considered in the conference, and your conferees believe we got the best possible result for the country as well as for the original House position.

Mr. PRICE. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Speaker, I wish to congratulate the gentleman from New York (Mr. DOWNEY) on his very timely warning to all of us about the magnitude, the financial burden, represented by Federal retirement—not only military, but civilian as well. I rejoice that something is being done about the 1-percent add-on, but that is only a partial answer.

If there is time, I would appreciate a response from any member of the committee as to what is being done in order to review retirement policy in order to reduce this burden in the future.

Mr. STRATTON. Mr. Speaker, if the gentleman will yield, first of all, the money for retirement is not in this particular bill, although the elimination of the 1-percent kicker was included. The Military Compensation Subcommittee of the House Armed Services Committee, of which I have the honor to be chairman, has been considering this matter very seriously.

Once the procurement legislation is passed, we intend to look into the Retirement Modernization Act, which will be addressed to exactly the point the gentleman refers to.

Mr. FINDLEY. I thank the gentleman.

Mr. BENNETT. Mr. Speaker, I rise in support of the conference report on H.R. 12438.

Concerned as we all should be about the status of our Navy's ships, we were able to come out of this conference with the following additions to the Navy over the Senate's position:

Two extra SSN 688's—nuclear powered attack submarines;

Long lead for one aircraft carrier; and

Long lead for the conversion of the *Long Beach* as the prototype nuclear powered strike cruiser.

The total Navy shipbuilding program for fiscal year 1977 as approved by the conference amounts to $6.655 billion. It provides for 17 ships, 1 long lead time for another ship, and 2 conversions. This is $723.3 million below the House position and $678.0 million above the Senate.

In order to arrive at a mutually satisfactory program, the House very reluctantly had to drop the nuclear powered strike cruiser and the Senate had to drop the AEGIS destroyer—the DDG 47.

This year the Seapower Subcommittee held hearings on 10 days and thoroughly went into the Naval shipbuilding program. We recommended, and the Armed Services Committee and the House approved, a program which included the nuclear powered strike cruiser but not the AEGIS destroyer. The Senate, on the other hand, included the AEGIS destroyer and not the nuclear powered strike cruiser.

In the statement on the part of the managers, we state that the Armed Services Committee of the House and Senate would consider any supplemental request made by the President in connection with these two ships.

In the case of the nuclear powered strike cruiser, I am already convinced that we need this kind of a ship. The United States now has fewer combatant ships than the Soviets. We do not expect to gain numerical superiority at any time. Therefore, we must have some ships in which we incorporate the latest technology in both weapons and propulsion. This technology is what gives us our present superiority over the Soviets. Only this kind of technological superiority will let us retain our overall superiority.

The nuclear powered strike cruiser, equipped with the AEGIS antiair warfare system, will be needed as part of the all nuclear task group consisting of a nuclear powered aircraft carrier, nuclear powered strike cruisers and nuclear powered attack submarines. Admiral Holloway has summed up the ability of this kind of task group:

> These all nuclear powered task forces have a unique capability in that they can be immediately dispatched in time of tension, to proceed at high speed regardless of distance to the scene of a crisis without pausing to replenish or refuel, and arrive in the objective area ready for combat. The all nuclear task force can remain in the objective area until the crisis has been resolved or the slower conventionally powered force with its logistic train can join up.
>
> Nuclear powered task forces are expected to face the most severe threats, both in terms of numbers of hostile platforms—aircraft, submarines, or surface ships—and in terms of the most advanced naval weapons technology—the cruise missile.

In addition, there *is an independent* role for the nuclear-powered strike cruiser to play. Again, I quote from Admiral Holloway:

> Beyond our requirement for the strike cruiser as a component of an all-nuclear carrier task force, there is also a need for highly capable major surface combatants in our Navy to fulfill the requirements of maintaining maritime superiority against the Soviet Navy, which is growing in capability in all areas of naval warfare—surface, air, and submarine. Therefore, strike cruisers will operate in areas of the world's oceans where U.S. Naval presence is required elsewhere. The strike cruiser is designed to do this.

He sums up the need for the cruiser in this manner:

> As the most modern and capable surface

ship afloat, the strike cruiser is capable of engaging and destroying hostile threats to our continued free use of the seas—either as a major component of the most powerful naval tactical unit ever assembled, the all-nuclear powered task force, or operating independently in the remote areas of the world's oceans.

With respect to the AEGIS destroyer, the DDG 47, the doubts about this ship which were first generated by seeing how much equipment had been awkwardly "shoe horned" into the existing DD 963 hull, have been recently confirmed by a Navy report showing just how vulnerable this ship is. I can recognize the need for a conventionally powered platform with the AEGIS system on it, as a conventionally powered ship to run with other conventionally powered carriers and ships.

However, I believe that it should be designed on the basis of military needs—not have its design primarily governed by political considerations. I strongly recommend that the Navy start on a redesign of this ship and then come in for approval of its construction· In any event, the construction of the conventionally powered AEGIS ship should follow the construction of the nuclear powered ship—or at least parallel it. This is so because it furnishes us the particular nuclear strike force capability lacking in the DDG scenario.

In summary, Mr. Speaker, I believe that we have achieved the best shipbuilding program possible at the moment. I regret very much that the great thrust forward that the House hoped to provide for an outstanding Navy was not achieved to this time. I urge the President to come forward with a positive program for improving the Navy. If he does, I hope the House, the Senate, and the conferees will be able to approve a good program. The Navy needs a strong positive program now.

Mr. Speaker, I include the entire letter from Admiral Holloway at this point in the RECORD:

JUNE 15, 1976.

Hon. CHARLES E. BENNETT,
Chairman, Seapower Subcommittee of the House Armed Services Committee, Washington, D.C.

DEAR MR. BENNETT: You have asked me for the Navy's rationale in support of the strike cruiser. In this letter I would like to explain the basis for our requirement for the strike cruiser in terms of its capabilities, which include the AEGIS anti-air warfare system with associated SM-2 surface to air missiles, the HARPOON and TOMAHAWK anti-ship missiles, the lightweight eight inch caliber gun with extended range guided projectiles, the passive towed array sonar (TACTASS), the SQS-53 active sonar, helicopter/VSTOL aviation facilities, ballistic protection and nuclear propulsion.

As background, let me point out that the Navy plans to operate its nuclear powered ships in integrated task groups, each consisting of a carrier, cruisers, and submarines. These task groups will represent the most powerful naval tactical units afloat. With three of these task forces in the Atlantic Fleet for example, one combat ready all-nuclear task force can be kept forward deployed overseas at all times, a second ready force would operate from U.S. east coast bases and available for rapid deployment or reinforcement, while the third task force is undergoing routine material preventive maintenance.

These all nuclear powered task forces have a unique capability in that they can be immediately dispatched in time of tension, to proceed at high speed regardless of distance to the scene of a crisis without pausing to replenish or refuel, and arrive in the objective area ready for combat. The all-nuclear task force can remain in the objective area until the crisis has been resolved or the slower conventionally powered force with its logistic train can join up.

Nuclear powered task forces are expected to face the most severe threats, both in terms of numbers of hostile platforms—aircraft, submarines, or surface ships—and in terms of the most advanced naval weapons technology—the cruise missile.

The all-nuclear powered task forces must be equipped with the AEGIS system because of their exposure to the highest level of threat. The introduction of the AEGIS system into the fleet is imminent. It will permit naval forces to defeat large numbers of sophisticated air weapons systems including cruise missiles. To maintain the advantage of an all-nuclear task force the cruisers in which AEGIS is installed must also be nuclear powered. The additional weapons suite in the strike cruiser further adds flexibility to the carrier and its task force by complementing the carrier's weapons systems both offensively and defensively. Thus, there is a firm requirement for a nuclear powered AEGIS ship which has become known as the strike cruiser.

Beyond our requirement for the strike cruiser as a component of an all-nuclear carrier task force, there is also a need for highly capable major surface combatants in our Navy to fulfill the requirements of maintaining maritime superiority against the Soviet Navy, which is growing in capability in all areas of naval warfare—surface, air, and submarine.

The major surface combatants, along with the carrier, are the only ships which can pose a credible and visible threat to Soviet forces, with their strong capability in each of the warfare areas of anti-air, anti-surface and anti-submarine. With carrier force levels diminishing to twelve deployable carriers, the major surface combatants must take over some of the sea control responsibilities previously handled by a larger force of carriers against a smaller and less capable Soviet Naval threat. Therefore, strike cruisers will operate in areas of the world's oceans where U.S. Naval presence is required to protect our interests and conduct naval warfare when carrier forces are required elsewhere. The strike cruiser is designed to do this.

In simplest terms the strike cruiser is the most advanced iteration of the class of warships designed as surface combatants, incorporating the most advanced elements of modern naval weapons technology: phased array radars, automatic detection, tracking and engagement systems, anti-air missiles, anti-ship missiles, anti-submarine detection arrays, lightweight major caliber guns and nuclear propulsion.

As the most modern and capable surface ship afloat, the strike cruiser is capable of engaging and destroying hostile threats to our continued free use of the seas—either as a major component of the most powerful naval tactical unit ever assembled, the all-nuclear powered task force, or operating independently in the remote areas of the world's oceans.

The nation needs the strike cruiser to fulfill its plans to maintain maritime superiority over the growing Soviet threat. It will be a multi-purpose, offensively oriented, survivable, and essential component of our fleet of the future.

Sincerely,

J. L. HOLLOWAY III,
Admiral, U.S. Navy.

Mr. MONTGOMERY. Mr. Speaker, I take this opportunity to commend the House conferees on a job well done. Of course, there are some things in the bill I would have preferred to be more and some less. But I know of the tough negotiating that took place and I realize you have to compromise.

There was language in our bill that directed the Defense Department to come to the Congress and tell us of any major training changes in the services or combining of training. This wording has been put in the final report but I would have preferred it to stay in the bill.

I am pleased with the section pertaining to the National Guard and Reserve. The strength levels of the Guard and Reserve should be increased instead of being reduced. Incentives should be given instead of the Defense Department proposing cutbacks such as cutting back on the number of drills a guardsman can make each year.

The best buy for the taxpayer is a strong Guard and Reserve. We should encourage the Guard and Reserve to grow.

Ms. ABZUG. Mr. Speaker, for all the recent talk of scandals in the Congress, this $32.5 billion contained in the conference report strikes me as one of the most scandalous authorizations this House has ever made.

It involves an enormous waste of taxpayers dollars because many of the weapons systems authorized, including the B-1 bomber, are exotic items which add nothing to our Nation's defense.

It involves deals made without adequate public debate. A perfect example is the $317 million set aside for production of the Minuteman III missile and the MK12A warhead. This House never had the chance to discuss this absolutely redundant production order because President Ford asked for it in a supplemental request after we had concluded deliberations on the authorization bill. In prior bills, there has never been any production authorization for this counterforce or first-strike warhead; yet now we find it included in the conference report solely because the other body included it. Nothing could be more undemocratic. Perhaps we should pass a reform requiring the Defense authorization bill to be considered only after the Presidential primaries have finished, and in that way we might avoid another useless request like the Minuteman III.

It involves Pentagon cash-outs, because billions of dollars remain unexpended in the Pentagon accounts and this bill will only add to the problem of unexpended funds. This report provides over $1 billion for cost overruns in the Navy shipbuilding program.

It involves seduction—not of one sex by the other, but of the public and Congress by the Pentagon public relations campaign which has created a fifties-type scare of the Soviet threat far out of proportion to the facts.

So I hope we can focus attention on the biggest and most expensive items of scandal today—the Pentagon boondoggle which is wasting billions of the taxpayers dollars when we need these funds to improve the social conditions of our society.

Mr. PRICE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. WHITEHURST

Mr. WHITEHURST. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. WHITEHURST. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WHITEHURST moves to recommit the conference report on the bill H.R. 12438 to the committee of conference.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. ADDABBO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The gentleman from New York (Mr. ADDABBO) objects to the vote on the ground that a quorum is not present and makes the point of order that a quorum is not present.

Evidently a quorum is not present.

PARLIAMENTARY INQUIRY

Mr. RHODES. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RHODES. Mr. Speaker, I did not see the gentleman on his feet when the Chair announced the vote. If the gentleman was on his feet, then of course the ruling of the Chair is very proper.

The SPEAKER pro tempore. The gentleman was on his feet, walking down the aisle, seeking recognition, and the Chair did not understand the gentleman's point of order.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 112, nays 298, not voting 22, as follows:

[Roll No. 492]

YEAS—112

Abzug
Addabbo
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Bingham
Blouin
Boland
Bonker
Brown, Calif.
Burke, Calif.
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Collins, Ill.
Conte
Corman
Cornell
Cotter
D'Amours
Dellums
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Evans, Colo.
Fithian
Ford, Tenn.
Forsythe
Fraser
Giaimo
Gibbons
Green
Gude
Harkin
Harrington
Hayes, Ind.
Hechler, W. Va.
Holt
Holtzman
Hughes
Jacobs
Johnson, Colo.
Kastenmeier
Keys
Koch
Krebs
Lundine
McHugh
McKinney
Maguire
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mitchell, Md.
Moakley
Moffett
Mosher
Nolan
Oberstar
Obey
Ottinger
Patterson, Calif.
Pattison, N.Y.
Rangel
Rees
Reuss
Richmond
Rodino
Roncalio
Rosenthal
Roybal
Russo
Ryan
St Germain
Sarasin
Scheuer
Schroeder
Seiberling
Sharp
Solarz
Spellman
Stanton, James V.
Stark
Stokes
Studds
Thompson
Tsongas
Udall
Vander Veen
Vanik
Waxman
Weaver
Whalen
Whitehurst
Wirth
Wolff
Yates
Young, Ga.

NAYS—298

Abdnor
Adams
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biaggi
Biester
Blanchard
Boggs
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Derrick
Derwinski
Devine
Diggs
Dingell
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Fountain
Frenzel
Frey
Fuqua
Gaydos
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hawkins
Hébert
Heckler, Mass.
Hefner
Hicks
Hightower
Hillis
Holland
Horton
Howard
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDonald
McEwen
McFall
McKay
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Melcher
Michel
Milford
Miller, Ohio
Mills
Minish
Mink
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
O'Brien
O'Hara
O'Neill
Patten, N.J.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Roe
Rogers
Rooney
Rose
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Santini
Sarbanes
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Treen
Ullman
Van Deerlin
Vander Jagt
Vigorito
Waggonner
Walsh
Wampler
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—22

Brooks
Conyers
Dent
Dickinson
Esch
Evins, Tenn.
Hays, Ohio
Heinz
Helstoski
Henderson
Hinshaw
Jones, Ala.
Karth
McDade
Mineta
Passman
Peyser
Riegle
Stuckey
Symington
Teague
Wright

The Clerk announced the following pairs:

On this vote:

Mr. Helstoski for, with Mr. Dent against.
Mr. Conyers for, with Mr. Brooks against.

Until further notice:

Mr. Evins of Tennessee with Mr. Hays of Ohio.
Mr. Henderson with Mr. Jones of Alabama.
Mr. Mineta with Mr. Karth.
Mr. Stuckey with Mr. Riegle.
Mr. Passman with Mr. Teague.
Mr. Symington with Mr. Wright.
Mr. Peyser with Mr. Dickinson.
Mr. Heinz with Mr. McDade.

Mrs. COLLINS of Illinois and Messrs. BEARD of Rhode Island, RUSSO, OBEY, MOAKLEY, WAXMAN, YOUNG of Georgia, and GUDE changed their vote from "nay" to "yea."

Mrs. FENWICK, Mr. HANNAFORD and Mr. SKUBITZ changed their vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WHITEHURST. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 339, nays 66, not voting 27, as follows:

[Roll No. 493]

YEAS—339

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Corman
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Derrick
Derwinski
Devine
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Fary
Fascell
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain

Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Heckler, Mass.
Hefner
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDonald
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Michel
Milford
Miller, Ohio
Mills
Minish
Mink
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
O'Brien
O'Hara
Patten, N.J.
Patterson, Calif.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Russo
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Waxman
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—66

Abzug
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bingham
Blouin
Brown, Calif.
Burke, Calif.
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Collins, Ill.
Cornell
Dellums
Dodd
Drinan
Early
Edwards, Calif.
Forsythe
Fraser
Harkin
Harrington
Hechler, W. Va.
Holtzman
Kastenmeier
Koch
Lundine
McHugh
Maguire
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mitchell, Md.
Moffett
Mosher
Nolan
Oberstar
Obey
Ottinger
Pattison, N.Y.
Rangel
Reuss
Richmond
Rosenthal
Roybal
Ryan
St Germain
Schroeder
Seiberling
Solarz
Stanton, James V.
Stark
Stokes
Studds
Thompson
Tsongas
Udall
Vanik
Weaver
Whitehurst
Young, Ga.

NOT VOTING—27

Brooks
Cederberg
Conyers
Dent
Dickinson
Esch
Evins, Tenn.
Fenwick
Hall, Tex.
Hays, Ohio
Heinz
Helstoski
Henderson
Hinshaw
Jenrette
Jones, Ala.
Karth
McDade
Mineta
O'Neill
Passman
Peyser
Riegle
Santini
Stuckey
Sullivan
Symington

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. Helstoski against.
Mr. Brooks for, with Mr. Conyers against.

Until further notice:

Mr. O'Neill with Mr. Peyser.
Mr. Mineta with Mr. McDade.
Mr. Jenrette with Mr. Jones of Alabama.
Mr. Santini with Mrs. Fenwick.
Mr. Riegle with Mr. Hall of Texas.
Mr. Symington with Mr. Dickinson.
Mr. Henderson with Mr. Karth.
Mr. Evins of Tennessee with Mr. Esch.
Mr. Stuckey with Mr. Hays of Ohio.
Mrs. Sullivan with Mr. Cederberg.
Mr. Passman with Mr. Heinz.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PRICE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CONFERENCE REPORT ON S. 586, COASTAL ZONE MANAGEMENT ACT AMENDMENTS OF 1976

Mr. MURPHY of New York. Mr. Speaker, I call up the conference report on the Senate bill (S. 586) to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 24, 1976.)

Mr. MURPHY of New York (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. The gentleman from New York (Mr. MURPHY) will be recognized for 30 minutes, and the gentleman from Delaware (Mr. DU PONT) will be recognized for 30 minutes.

Mr. MURPHY of New York. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Speaker, it is with pleasure that I bring before the House today the report of the committee of conference on S. 586, the Coastal Zone Management Act Amendments of 1976.

What we bring to you today is a carefully worked-out measure that, by and large, holds to the position of the House adopted by a 370 to 14 vote on March 11. Since that vote, the members of the conference committee and staff have worked continuously to perfect a measure which not only balances the bills adopted by both the House and Senate, but also incorporates some of the suggestions made by Representatives of the administration.

This three-way discussion made the process of perfecting this measure more time consuming than usual. We all felt it worthwhile, however, to bring to you a measure today which we can say is a true product of Congressional initiative and, at the same time, one which will be acted on favorably by the White House. We have had assurances on this latter point, Mr. Speaker, based on the accommodations which the conferees were willing to make towards the viewpoint of the representatives from the Department of Commerce and the Office of Management and Budget.

We took time because of the critical importance of this legislation. We must expand our domestic supply of oil and gas, which effectively means we must tap new offshore fields around the continental United States. At the same time—and this is something we should not lose sight of—we must see to it that the coastal zone management program succeeds.

At stake in this program is whether or not we as a nation are going to protect our coasts for future generations or whether we are going to let future development in the coasts take place in a haphazard and damaging fashion.

The coastal zone program is a pioneering effort to bring about a system of rational management of a resource of incalculable value—the coastal lands and waters of this Nation. A successful coastal zone program will be good for business. It will allow companies to know where they can locate plants and businesses in the coast. A successful coastal zone program will protect the public interest. It will mean especially valuable coastal areas will be set aside for limited or no development, as appropriate. Local communities will remain in basic control over the use of property within their jurisdiction, but consideration will be given to broader regional and State interests as well. If this program succeeds it will be of immense value to present and future generations.

I want us to keep in mind what we are doing with this legislation. We are, as the conference report states:

> To improve coastal zone management in the United States, and for other purposes.

We provide numerous improvements to the coastal zone program. My colleagues will detail some of these for you. Basically, we are extending the life of this vital program, adding a new interim phase between the time a State prepares its coastal program and the time it is ready to put it into operation, coastal planning and increasing the Federal matching share and funding levels, among other things.

The major new element, of course, is the coastal energy impact program. The total authorized for this new feature of coastal management is $1.2 billion over 10 years, in the form of loans, grants and bond guarantees. You will also hear in detail from others about the various components of this impact program.

Let me state two essential principles guiding us in the development of the energy impact program. One, we see it as responsive to the legitimate complaints and suggestions from coastal States and communities faced with the responsibility for producing needed new energy. Some coastal areas will be able to absorb a major new industry such as that associated with offshore oil and gas production; others, particularly rural areas, will not. It is to aid these latter areas particularly that we have designed a balanced package of assistance. In doing so we will take a long step toward enabling this country to improve its posture with regard to self-sufficiency in energy.

The second major point is this. We are united in our belief that a coastal energy impact program must be administered by and in the context of the coastal zone management program. To have administration of the impact program separate from that of the coastal zone office in the National Oceanic and Atmospheric Administration would endanger the coastal zone program and violate the aim of Congress in this regard. What we anticipate is a separate administrative apparatus within the coastal zone offices here in Washington and in the various States. It would be folly for Congress to make it a requirement that a State participate in coastal zone management in order to be eligible for energy impact assistance and to then turn around and see the programs administered in different offices.

The clear intent of Congress in S. 586 is to improve the ability of the State coastal zone management efforts to meet today's challenges represented by the need to use additional areas of the coasts for our energy needs. We in no way intend to see our real and great energy needs displace or supplant coastal zone management. Quite the contrary. We intend to fit our short-term energy needs into the context of long-range coastal zone management programs, thereby assuring preservation and sound development of this Nation's coastal areas. I urge the support of my colleagues on this important legislation.

Mr. MURPHY of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, before us today is one of the most significant pieces of legislation which the House has—or will consider—in the 94th Congress. The Coastal Zone Management Act Amendments of 1976 was overwhelmingly supported by this body when it was considered after coming from the Merchant Marine and Fisheries Committee. On March 11, we approved the bill by a 370 to 14 margin.

After nearly 4 months of work in conference with the Senate, I am pleased to be able to report to the House that we have fashioned a bill which maintains the integrity of the House position on practically all of the issues.

S. 586 was unanimously approved by the Senate yesterday. Today, I urge your support for this bill so that we may get a Presidential signature as soon as possible and thus allow the Department of Commerce's National Oceanic and Atmospheric Administration to begin the important work of implementation. The Office of Management and Budget and the Department of Commerce have indicated their intentions to recommend to the President that he sign this legislation.

The bill which is before you now will greatly assist in expediting the exploration and development of our Nation's offshore oil and gas resources. It will do this by providing coastal States with a strengthened coastal zone management program and the necessary financial assistance to plan for and ameliorate any adverse impacts which occur as a result of energy activity in or affecting their coastal areas.

The basic premise on which this legislation was developed is that energy development and environmental protection are not mutually exclusive categories.

Rather, through strong planning efforts and sound principles of management, this Nation can, and will, achieve greater production of domestic sources of energy while, at the same time, protect the valuable environmental resources which are also vital to our well-being.

This takes a delicate balance between the pursuit of energy independence and the protection of ecological resources. It is such a balance which the Congress sought in 1972 when it passed the basic Coastal Zone Management Act. Although not funded until well into 1973, this voluntary, federally assisted, State-administered program enjoys full participation among all eligible States. Right now, 29 of the 30 coastal States are engaged in developing the structure of their coastal management programs. One State—Washington—has just recently obtained approval from the Secretary of Commerce for its program and will be receiving Federal funds to administer its coastal management effort.

Built upon the excellent work being carried out by the States, we have fashioned a bill to update the basic act and further strengthen the balance which we are all seeking.

It should be noted that the 1972 program was enacted before the full thrust of our energy crisis became evident. Clearly, obtaining a greater degree of energy self-sufficiency is a recognized national objective of the highest importance and priority.

Yet recent statistics indicate that we continue to move away from that self-sufficiency. For example, for the week ending June 11, 1976, we imported 6.23 million barrels of crude oil per day. This is the highest level of such imports ever.

This trend must be reversed. Continued susceptibility to political blackmail from foreign oil-producing nations, rising levels of inflation caused by the high cost of energy, and a serious distortion of our balance of payments are just some of the consequences of our heavy dependence on the foreign energy market.

As chairman of the House Ad Hoc Select Committee on the Outer Continental Shelf—OCS—I have become acutely aware of the potential importance of this Nation's offshore oil and gas reserves. Of all domestic oil and gas produced, some 17 percent now comes from the Continental Shelf. However, the prospects are that the U.S. Continental Shelf can be the largest domestic source of oil and gas between now and the 1990's.

At the same time, I have also become aware of the concerns of the coastal States about the onshore impact of this offshore development. Our OCS committee heard testimony from approximately one-third of the Governors of the coastal States of this country.

Not one wanted to stop our offshore efforts to develop these important resources. Yet they all noted their apprehension about the population explosion caused by this energy activity, the necessity for planning, and for new public facilities and services, and the need for Federal aid to assist in balancing our environmental values and energy needs.

The bill which has come out of our conference committee goes a long way in meeting these requests of the coastal States. Built upon their coastal management work already underway, the States will be eligible to receive financial assistance, through loans, bond guarantees, and grants, to address themselves to the impacts on their fragile coastal areas.

The coastal energy impact program, which is the heart of this legislation, contains a total authorization of $1.2 billion over a 10-year period; $800 million of this is in the form of loans and Federal guarantees of State and local bonds. Except for those cases in which the State or local government, through no fault of its own, cannot pay for the public facilities or public services required or the environmental costs incurred, the Federal Government will be paid back for its investment. What we have structured is a program in which needed front-end capital is made available to States affected by energy activity—but a program which is also fiscally responsible.

This impact program involves more than providing for OCS exploration and development pressures on the coastal zone. Any energy activity, which by its very nature and technical requirements, must be carried out along the coast, is also included. In other words, activities involving the transportation, storage, or conversion of liquefied natural gas, and the transportation of oil, natural gas and coal, are within the program. For example, the impacts from the operation of a deepwater port would be eligible for impact assistance, as well as the increased demands on the Great Lakes States for the transportation of coal.

Although the coastal energy impact program in this legislation has received the most attention, I would like to note that the bill also makes a number of significant and strengthening changes in the basic coastal zone management act.

Existing authorizations are increased and extended, matching funds for assuring access to public beaches are provided, interstate coordination and coastal management research and training are funded, local governments are provided further protections, the Federal share of development and administrative grants is increased from 66⅔ percent to 80 percent, and a new interim period allowing the States to move more smoothly from planning to administration is established.

Consequently, this legislation does not only address the energy problem. It also reinforces and strengthens the basic program, while, at the same time, provides protection for the enormous energy-related pressures which are occurring, and will continue to occur, along our Nation's coasts.

Finally, I would like to note that this Congress has been criticized for not doing enough in the field of energy. S. 586 is, in part, an answer to those criticisms. When this bill is signed into law, our OCS activity will be expedited by a new spirit of cooperation between the Federal Government and the States. Congress has shown, through the development of this legislation, that it can be responsive to both the energy and environmental needs of this Nation. And, I can assure you, that we will continue to be responsible in other energy-related areas also.

I would like to take this opportunity to thank my colleagues on the Merchant Marine and Fisheries Committee—and those who participated in our conference committee—for their diligence and interest in this significant legislation. In particular, I would like to thank our chairman, Lee Sullivan, who will be leaving the Congress at the end of this session. All of us on the Merchant Marine and Fisheries Committee will miss her legislative leadership and experience, and Congress will not be the same without her.

I want to take a moment to pay special tribute to the efforts of a number of persons who have over the months labored to make this legislation possible. Mr. du Pont has very ably represented the minority side during the subcommittee deliberations and later before the full Merchant Marine and Fisheries Committee and during our conference discussions with the Senate. Our colleagues from Louisiana who have worked on this bill, Messrs. Breaux and Treen, deserve a word of thanks for their willingness to cooperate on this bill even though its final provisions do not contain everything they would like for their State.

We have been ably assisted in our work by competent staff. I want to thank the members of the staff of the full Merchant Marine and Fisheries Committee and the staff of the Oceanography Subcommittee. In particular, I would congratulate Dr. Thomas Kitsos and Wayne Smith for their hard work during the last year and a half.

A word of thanks also to our colleagues in the Senate for their perseverance. Senators Fritz Hollings and Ted Stevens have given outstanding support to the coastal zone program. I would also call attention to the contributions of Commerce Committee staff member John Hussey on this legislation as he is about to leave Capitol Hill for the private sector.

And finally, I would like to publicly thank Secretary of Commerce Richardson, his assistant Frank Hodsall, and Ms. Joellen Murphy—no relation—of the Office of Management and Budget for their cooperation in putting together a bill which Congress can be proud of and which the President will sign. Secretary Richardson has taken a strong personal interest in this bill which has helped bring us to this point today.

I urge my colleagues to support the Coastal Zone Management Act Amendments of 1976.

Mr. du PONT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Chairman, the conference report before us today on the Coastal Zone Management Act Amendments of 1976 represents the culmination of many months of effort by many Members of this House, and the final product is one for which we can all be justly proud and supportive.

The heart of this bill is in section 308, the costal energy impact program. This program would authorize $1.2 billion over a period of 10 years to financially assist those coastal States which are or will be bearing the burdens of energy activity. If our Nation is to achieve the goal of energy self sufficiency, we must obtain the full cooperation of all of the coastal States. Fortunately, despite the fact that the States must bear one-third of the cost, the existing Coastal Zone Management Act of 1972 has been well accepted—all 30 coastal States have chosen to participate in the program. Therefore, we have a perfect vehicle—if amended—to ameliorate the added burdens placed upon coastal States as project independence is achieving fruition.

S. 586, the Coastal Zone Management Act Amendments of 1976, constitutes an amalgamation of principles adhered to by both Houses of Congress and the administration. Adopting the fully accepted CZMA of 1972 to provide for energy development, demonstrates to our coastal States a responsible Government commitment to protect the coastal zone—a Federal-State partnership made possible by matching grants which will seal the mutual understanding required to expedite energy production and development.

There are two major elements in the impact program adopted by the conference committee—a formula grant section and a loan and bond guarantee section. The formula grants would be allocated to the coastal States based on a carefully constructed set of criteria which are closely related to Outer Continental Shelf energy activity. This means that the affected coastal States would, in fact, receive funds on an annual basis and the only Secretarial discretion would occur after the funds were committed or expended. At that point, the respective State must show that it had expended or committed the funds received for one of the purposes as set forth in the bill. This particular section of the legislation is consistent with the basic principles advocated by myself and the other House conferees.

Unfortunately, just hours before the conference report was to be filed, a change was made in the formula grants section by a 4 to 3 vote of the House conferees. This change, had the effect of inserting a major discretionary element into an otherwise straightforward and uncomplicated grant provision.

I feel that we have, in effect, robbed the coastal States of the one previously attractive feature which they overwhelmingly supported. Prior to the change, the States could have expended the funds received if they had a demonstrated need for public facilities and services which were required as a result of OCS development. Now they can only spend these funds if the Secretary first determines that other loan or guarantee options are not available to them. The loan and guarantee provisions in this bill are full of all sorts of terms and conditions to be established by the Secretary of Commerce in order to establish eligibility standards for State applicants. By tying the formula grants to the loan section, we have effectively turned the automatic grants into a discretionary pot—to be administered by the Secretary at his pleasure. This is a much different approach from that which the Committee on Merchant Marine and Fisheries adopted, and I am sorely disappointed with those House conferees who decided to withdraw their support for our originally agreed-upon concept. If this bill becomes law, I will be closely watching the administration of this energy impact program within the Commerce Department. The promulgation of the rules and regulations which are now necessary to properly complement this program could make or break the impact assistance scheme which has been devised. I have been assured by Secretary Richardson that this program will be administered in a manner which will adequately assist the affected coastal States. This impact program can work if the Secretary does not promulgate overly restrictive rules and regulations—and I am hopeful that this will be the case.

Even though I have reservations concerning the total impact program, I feel that the conference substitute is worthy of support. We have amended the original Coastal Zone Management Act to assist States in the development and implementation of their respective coastal management programs, and we have done so in a comprehensive and responsible manner.

Most of the coastal States are well on their way in the initial development process and the additional elements included in this bill will provide the necessary boost to encourage and assist these States in their efforts.

I believe that this bill represents a very significant and important action by this Congress. There has been much rhetoric during this past session concerning the best ways to deal with our Nation's ongoing energy crisis, but nothing much has been done to tackle the problems head on. With the passage of this bill, this Congress will make a major commitment toward our national goal of energy self-sufficiency. I urge the passage of the conference report.

Before closing, Mr. Speaker, I would like to make one comment about some debates that occurred on the Senate floor yesterday concerning the provisions of this act because I think it is important to correct a misstatement that was made by the Senator from South Carolina (Mr. Hollings) about his interpretation of the bill.

I have written a letter to Secretary Richardson hoping to call to his attention this misunderstanding.

Mr. Speaker, I ask unanimous consent to insert the letter in the Record at this point.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Delaware?

There was no objection.

The letter is as follows:

House of Representatives,
Washington, D.C., June 30, 1976.

Hon. Elliot Richardson,
Secretary of Commerce, The Commerce Department, Commerce Building, Washington, D.C.

Dear Mr. Secretary: The Coastal Zone Management Act (S. 586) Conference Report will be before the House this afternoon. I am, of course, in support of the legislation but want to clarify, for the purpose of legislative history, a serious misstatement of the bill's intent which appeared in the Senate discussion yesterday.

On page S10931 of the June 29, 1976 Congressional Record, Senator Hollings, referring to the automatic formula grants of section 308(B) stated:

"Proceeds or guarantees to which a state is entitled will not be disbursed or made until the state demonstrates to the Secretary that they will be used for the purpose described in the bill. Until such demonstration, the proceeds of the formula grants will stay in the state's account with the Secretary. . . ." "Thus, the Secretary still will have the discretion he needs before disbursement to assure that the proceeds of such assistance will be expended for the proper purposes."

Neither the legislation nor the conference report says any such thing. The Secretary only has discretion to require, under section 308(B)(5):

"Before disbursing the proceeds of any grant under this sub-section to any Coastal state, the Secretary shall require such state to provide adequate assurances of being able to return to the United States any amounts/not expended for purposes listed in section 308(B)(4)."

This should make it very clear that the states are entitled to their grants upon such assurances and that the Secretary has no discretion beyond requiring certification by the state. Indeed, in section 308(B)(5) the language of the act is written in the past tense:

"(5) the Secretary, in a timely manner, shall determine that each Coastal state has expended or committed . . . grants which such state has received. . . ."

At an appropriate time in this afternoon's debate, I will insert this letter into the Record so that there can be no doubt that the Secretary does not have the discretion to make determinations on grant eligibility beyond those set forth in section 308(B)(4).

Sincerely,

Pierre S. du Pont,
Member of Congress.

Mr. **du PONT**. Mr. Speaker, what the gentleman from South Carolina said on the floor of the other body yesterday, referring to the automatic grants, and this appears at page S10931 of the Congressional Record of June 29, 1976, was as follows:

> Proceeds or guarantees to which a state is entitled will not be dispersed or made until the state demonstrates to the Secretary that they will be used for the purpose described in the bill. Until such demonstration, the proceeds of the formula grants will stay in the state's account with the Secretary.

Mr. Speaker, that is not what the bill says at all. There is no discretion in the Secretary to withhold approval or retain any proceeds in the State's account. The only discretion of the Secretary occurs in section 308(b)(5) of the bill. In that section of the bill the language reads as follows:

> The Secretary, in a timely manner, shall determine that each coastal state has expended or committed, and may determine that such state will expand or commit, grants which such state has received.

Mr. Speaker, I think it is important, as a matter of legislative history to establish very clearly that the Secretary does not have the right to impose additional conditions prior to the approval of automatically granted funds, except for the condition that the States must certify that they are going to be used for proper purposes. As soon as that certification is made, that is the end of it as far as the Secretary is concerned.

Mr. Speaker, I wanted to take this time to make it very clear that I thought that there might be some question as to the interpretation of this section and wanted the foregoing to appear in the legislative history so that everyone would understand exactly what the bill says.

Mr. Speaker, in conclusion, I strongly support the passage of the conference report. I believe we have a good bill and a bill that will help the coastal States in their efforts to protect their coastal zones.

Mr. **MURPHY** of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana (Mr. Breaux).

Mr. **BREAUX**. Mr. Speaker and my colleagues, I take this time to try and elaborate on some of the happenings in the conference committee that we held on the coastal zone management bill.

Many Members might not realize exactly how important this legislation is. It is extremely important. It is landmark legislation as far as this Congress is concerned. For the first time this Congress is recognizing the fact that coastal States who are involved with offshore oil and gas developments are entitled to consideration from the Federal Government in aiding them in trying to satisfy some of the troubles that are occurring in their areas.

I was in very strong support of this bill when it left the House and I also agreed with the general concept and philosophy that was contained in the Senate bill.

I know that everyone sitting here this afternoon is absolutely spellbound to know why I was the only member of the conference committee that did not sign the conference report, and just because everyone is really wondering why, I am going to tell the Members why.

Basically the program provided for $400 million in grants that were going to be allocated to the various coastal States for projects that we listed in this committee bill. The money was going to be based on a formula which the committee came up with which basically states that it depends on how much offshore activity is occurring off the coast of a State.

Based on that activity the $400 million was to be allocated out to the various States.

That was fine, and that was what I understand our conference with the Senate had agreed upon. I guess we learn something new in this body every day because after I had signed the conference report originally with the understanding that we were going to have a grant program in the bill, which was going to be voted on by this House, I find that, lo and behold, we have an extra conference session which was after we had already signed the original conference report. Of course, I dutifully walked over to the second conference after the first conference and was told by one of the Members of the other body:

> Well, we needed one more phrase in the conference report, which really is not going to mess up anything.

But we had assurance that if the little phrase was added, the bill would be signed—at least, they would recommend that it be signed—by the President. Of course, the little phrase that was added in at the eleventh hour, in my opinion, effectively guts the whole grant program that we have worked on for about a year in the House and in the Senate.

The House conferees by a close 4 to 3 vote agreed to accept the language that the Senate said was so necessary, and the Senate said that they had unanimously agreed that this was going to be added after the conference was over, so I thought that the only way that I could register my objection to what had happened was by not signing the conference report.

I do say that the bill is better than anything we have had before. I say that, I guess, because we never have had anything before, so it is better than nothing. But I am deeply disappointed that the conferees decided the way to do it was to have a conference after the conference and add all of this additional language, which we voted through so quickly in about a 15-minute conference over here on the House side. I really think we have done severe damage to the concept of grants and the way it should be handled.

One of the other points I want to make, and I will ask this question of the chairman of the committee and the chairman of the conference, the gentleman from New York (Mr. Murphy) is that it was my understanding that the concept of the bill that left the House and the Senate was that under the formula, States would be allocated a certain amount of money based on a set formula and that if the States did not use it after the fiscal year was over, then that money would revert back to the general treasury. In reading the Congressional Record, as we all did last night, I know everyone noticed the fact that the chairman of the Senate conferees said that it really would not work like that. His language and statement on the conference reported on the Senate side yesterday basically said that the money would not be disbursed to the States until the State had demonstrated to the Secretary that it would be used for the purposes described in the bill. In my opinion that is yet another addition to what our understanding was originally, that being that the money would be allocated and then if not used, would be returned back to the general treasury. I would like to ask the chairman, what is his interpretation?

Mr. MURPHY of New York. Mr. Speaker, will the gentleman yield?

Mr. BREAUX. I yield to the gentleman from New York.

Mr. MURPHY of New York. I thank the gentleman for yielding.

The gentleman states the case very accurately. As the committee proceeded through its deliberations, and we had wanted to have grant money not only for environmental impacts but also grant money for planning, we did retain those grants.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MURPHY of New York. Mr. Speaker, I yield 2 additional minutes to the gentleman from Louisiana.

If the gentleman will yield, however, where the very expensive mortar and brick requirement came, we felt that we would have to go to the area of guaranteed loans, and that is what the conference committee finally did agree to reluctantly, of course. I think this conflict is similar to the conflict that we have taken on with our education and health programs, and that is to guarantee loans. But, as far as the States are concerned, after the calculations are made, based on the four OCS criteria, the grants are to be disbursed to the States which are affected by OCS activity, of course, Louisiana being the major State at the present time. These grants are to be used for the purposes set forth in the statute. If the Secretary determines that the grants are not used for these purposes, such grants will revert to the treasury.

I would also like to add that this issue has been subject to some confusion both within the administration as well as in the Congress. In this regard, I would like to insert in the Record, the following letter which I sent to Secretary of Commerce Richardson today.

WASHINGTON, D.C.,
June 30, 1976.

Hon. ELLIOT L. RICHARDSON,
The Secretary of Commerce, Department of Commerce, Washington, D.C.

DEAR MR. SECRETARY: Thank you for your kind letter this morning, and your offer to consult with the House when the regulations are drafted for the Coastal Zone Management Act Amendments.

I understand your concern about the intent of Congress with respect to authority for the Secretary of Commerce to determine that the proceeds of formula grants provided under section 308(b) will be used for specific purposes described in the statute prior to their disbursal to the states.

As Chairman of the Subcommittee which produced H.R. 3981 and House Floor Manager for the S. 586 conference report, I would like to note my agreement with Senator Hollings that you will have the discretion you need before disbursement to assure that the proceeds of the formula grants will be expended for the proper purposes. This was my understanding of the intent of the majority of the House Conferees as well as of the Senate Conferees.

The conference substitute provides for grants to be made annually to coastal states in accordance with the formula set out in subsection 308(b)(2). Such grants are to be credited to the accounts of each state by the Department of Commerce. Pursuant to subsection 308(b)(5), the Secretary is authorized to determine, prior to the disbursement of the proceeds of the grants, that the state will expend or commit the proceeds of grants in accordance with the purposes described in subsection (b)(4) and that the state provides adequate assurances of being able to return any amounts either not expended or committed within two years of the time when the proceeds were disbursed or if they are expended or committed for an ineligible purpose.

It should be noted that the *grants* which are credited to the accounts of each of the eligible coastal states run for the entire length of the program and that the two year requirement noted above only begins upon the disbursement of the *proceeds* from those accounts. This mechanism has the virtue of assuring each state that its grant money will remain available throughout the program and, at the same time, assuring the Secretary that the proceeds will be used in accordance with the purposes of the subsection.

This was explained by Senator Hollings to the House Conferees on June 24, 1976, who then voted on the issue which carried by a 4 to 3 margin.

I hope this clarification removes any doubt as to my intentions, and I will see that this letter is appropriately incorporated in the Congressional Record today so that the legislative intent of both Houses might be clarified.

With kind regards,
Sincerely,

JOHN N. MURPHY,
Member of Congress.

Mr. BREAUX. I thank the gentleman for his interpretation which, in my opinion, clearly indicates that the money, as the gentleman from Delaware brought up, is allocated and actually given to the States, and then if not used by the States, and only then, it does revert back to the general treasury.

The last question I need to ask is that the automatic grants can now be used for amelioration of environmental and ecological losses under subsection (c) of section 308.

My interpretation, and I would like to ask the chairman if it is also his interpretation, is that the section is to be given broad interpretation as far as what it can be used for and that we also can take into consideration damages to the environment that have occurred in the past as well as damages that can be occurring in the future. Is that the chairman's interpretation?

Mr. MURPHY of New York. Yes. The answer is basically yes, but if we could broaden it a little bit for the gentleman, the bill is designed to provide assistance with respect to unavoidable environmental losses caused by prior coastal energy activities.

We know there has been environmental damage to the States such as Louisiana, as we know from our hearings, and so on, but the term "unavoidable loss" is defined in the bill as a loss, the costs of prevention, reduction or amelioration of which cannot be directly or indirectly attributed to, or assessed against, an identifiable person and cannot be paid for with other Federal funds. This is in accord with the generally accepted principle that the polluter pays. Funds are provided in the bill for cases which cannot be dealt with under existing Federal programs.

Examples of the above might include: Erosion of coastal canals; salt water intrusions into fresh water bodies; loss of wetlands; loss of recreational lands; erosion of shorelines, and sedimentation or "runoff" losses.

Mr. BREAUX. I thank the chairman.

I would just conclude by saying I do intend to vote for the conference report with the assurances of the full committee chairman and myself as subcommittee chairman that our committee is going to be extremely watchful and diligent in our efforts at seeing that the Coastal Zone Management Act is going to be carried out with the intention of the Congress being of paramount interest and we are going to follow up on it.

Mr. DU PONT. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. RUPPE).

Mr. RUPPE. Mr. Speaker, congressional passage of the Coastal Zone Management Act of 1972, represented the first positive step to preserve and protect our national coastline. The conference report we have before us today is intended to improve and strengthen the provisions of the original act, while permitting that area to be fully and properly utilized. The 1972 act has been well accepted by our coastal States—without exception, every one of those states has opted to participate in the voluntary programs made possible through this act.

When Congress passed the original act, we had not yet experienced an energy crisis. The 1973 oil embargo forced a recognition that an alteration in our national energy policy was mandatory. In an effort to implement a more valid energy policy, we could not but realize there would be an increased demand for the oil and gas resources which are available beneath our offshore areas. Individual coastal states are ill-equipped to cope with inherent impacts as we pursue offshore leasing programs, deepwater ports, and additional energy facilities. We cannot hope to secure a policy of energy self-sufficiency without these offshore deposits, and we surely cannot expect to retain them without smooth cooperation between the Federal Government, and State and local governments.

The coastal energy impact program, which may consist of loans, guarantees, and grants to State and local governments for new or improved facilities, contained in section 308 of the conference report assures that such cooperation will be achieved in a flexible and responsible manner.

The conference report also addresses a problem of serious concern to my State, namely that of shoreline erosion. This erosion problem is not limited to the Great Lakes States, or even the remaining coastal States, but has become national in nature. Close to one-quarter of our Nation's shoreline is eroding, some of it extremely seriously. A large portion of that critical erosion occurs along the Great Lakes coastline. As there is more development per mile of shore along the Great Lakes than exists in remaining coastal areas, the amount of potential and actual damage to life, public safety, property, and wildlife habitats is proportionately greater. Estimates of annual shoreline erosion damage vary, but $300 million would be an acceptable figure.

To remedy this problem, the conference report requires coastal States to institute a planning process to assess the effects of shoreline erosion, and to evaluate methods of control, and restoration of areas stricken by such erosion, whether the damage is natural, or induced by man. Knowing full well the grave implications if this erosion is permitted to continue unchecked, and having heard much additional testimony on the subject, I was pleased to introduce this provision into the House-passed bill, H.R. 3981, and am greatly satisfied that the necessity for such a measure was recognized by the conferees.

However, there is a provision in the legislation that I do not support. I am speaking about that provision which calls for the development of a State planning process for the protection of and access to public beaches and other public areas of identified value. Also, I must reiterate my opposition to the provisions that provide for grants to assist States in acquiring access to public beaches and other public coastal areas. I am of the opinion that the Federal Government should not as a matter of policy impose what would be tantamount to a Federal mandate to acquire public accessways across private lands.

Except for the reservation expressed above, I support the conference report, commend my colleagues for their work, and urge adoption by the House.

Mr. du PONT. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana (Mr. Treen).

Mr. TREEN. Mr. Speaker, I understand many would like me to accomplish this in less than 5 minutes and I will endeavor to do so.

First of all, I do want to compliment the chairman of the committee and the ranking member for the diligence and patience that they have exhibited throughout this long effort on a piece of legislation which is landmark legislation.

I particularly want to thank the gentleman from Delaware (Mr. du Pont), and Wayne Smith of our staff for his almost daily assistance to me and others on this bill.

Mr. Speaker, I share the disappointment of my colleague, the gentleman from Louisiana (Mr. Breaux) at the last minute change in the bill by the conference. I was opposed to that and voted against it; however, I did sign the conference report and I do support the bill, because I do think that on balance it is a major step forward in solving problems in an area that has been crying out for assistance for a long time.

I would like, Mr. Speaker, to ask the chairman of the subcommittee, the gentleman from New York (Mr. Murphy), if he would respond to one inquiry that I have with respect to the language we inserted in the final decision of our conference. We decided to condition use of 308(b) funds for public services and public facilities on the unavailability of funds under any other subsection of this act. Could we describe it as our intention that the Secretary make grant funds available for provision of public facilities and public services for those States which cannot demonstrate, to the satisfaction of the Secretary, that expanded energy activity will create additional revenue at present rates of taxation to make repayment of section 308(d) loans possible from the increased revenues generated by taxes now imposed?

Mr. MURPHY of New York. Mr. Speaker, if the gentleman will yield, grant funds which have been received can be expended by the States for public facilities and services when the Secretary determines that ordinary tax revenues generated by the new or expanded OCS energy activity would not permit full amortization of loans or guaranteed loans.

Mr. TREEN. Mr. Speaker, I thank the gentleman from New York for responding.

Mr. du PONT. Mr. Speaker, I yield 2 minutes to the gentleman from Alaska (Mr. Young).

Mr. YOUNG of Alaska. Mr. Speaker, I rise in strong support of this conference report and I compliment the two gentlemen that worked very hard on it. It is the first time that Congress has recognized the importance of the coastal States in providing energy for this Nation.

There is some reservation on my part about the amounts of the grants and the rates with reference to the private sector. It is in the bill, but regardless of that, I support the strong work of the House conferees on this bill.

Mr. MURPHY of New York. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. Hughes).

Mr. HUGHES. Mr. Speaker, I rise in strong support of the conference report on S. 586, the Coastal Zone Management Act Amendments of 1976. I would like to commend the chairman, my colleague from New York, for his work, both in the House and also in the conference.

I am somewhat disappointed that the grant funds were not more than came out of the conference; but I look upon the overall conference report as a step in the right direction.

As my colleagues know, the administration's accelerated leasing program will soon bring OCS energy operations to many areas of the Nation which have never before had to cope with the problems of offshore oil and gas development. An offshore lease sale has been scheduled for August off the coast of my congressional district, in southern New Jersey, which includes approximately 90 miles of Atlantic coastline.

In my home area of south Jersey, we have a well developed tourist economy, based primarily upon our ocean and coastal resources. Many millions of visitors come to south Jersey each year to enjoy our sandy beaches, clean waters, and beautiful surroundings.

Needless to say, our recreational and environmental resources are very valuable to us. Tourism in New Jersey is a multibillion-dollar industry, much of which is generated in the southern part of the State. Many thousands of our residents depend upon the tourist trade for their employment and livelihood.

The programs included in S. 586 will help preserve and protect our coastal areas from the pressures brought on by new industrial development and the influx of new population if oil and gas are discovered off our shores. It will help assure the proper planning so that we can avoid haphazard and destructive development. It will also help coastal communities cope with the increased financial pressures which will accompany oil and gas operations.

The program contemplated by S. 586 would authorize a total of $400 million between fiscal 1977 and 1984 for grants to coastal States. These funds would be allocated automatically to States on the basis of OCS acreage leased, the volume of oil and gas produced or landed, and the number of new energy related employees entering the State.

These automatic grant payments could be used by the States to retire bonds issued in connection with energy facilities related to offshore operations, the planning and development of public facilities, and the prevention or amelioration of unavoidable losses brought about by offshore energy activities.

A second part of the program would authorize $800 million for loans and Federal bond guarantees to coastal States or local governments to assist in providing new or improved public facilities and services related to coastal energy activities. If the net increases in employment and population in a State are not sufficient to generate necessary tax revenues to cover the costs of such projects, the loans or guarantees could be converted into grants.

The conferees on S. 586 have done a good job considering the circumstances. They have been under considerable pressure from the administration to abandon the grant provisions of this important legislation entirely. The legislation recommended by the conferees represents a compromise in that it contains $400 million for grants as contained in the original House-passed version of this legislation, but the $800 million for discretionary grants has now been converted into a program of loans and guarantees.

It is my earnest hope that, in implementing this new program, the Secretary will proceed expeditiously to develop the necessary guidelines and allocate funds so that our coastal States can be in a position to take advantage of the program.

It is very disturbing to me that the press has reported recently that the President is considering vetoing this legislation. All things considered, this administration in its leasing policies has followed a course of complete disregard for the needs of our coastal areas. Their needs are rarely considered and their voices are rarely heard at the Department of the Interior where important OCS decisions are made.

Under the doctrine of Maine against United States, it is now clear that the Federal Government owns our Nation's lands beyond the 3-mile limit. Accordingly, it has been the Federal treasury which has been the prime beneficiary of revenues received from offshore leasing bids and royalties.

But it is the coastal areas, such as New Jersey, Delaware, Maryland, New England, Alaska and the West and Gulf Coast States which are going to be bearing the burdens of OCS development. These are the States and communities which will have to cope with new industrial development and withstand the pressures which might lead to the despoilation of our valuable coastal lands and resources. It is the coastal states which will have to expend public funds for new facilities to meet the needs of new industry and population.

It seems only fair and equitable under the circumstances that the coastal areas should share, in some measure, the revenues which will be derived as a result of offshore leasing and development.

The coastal zone management amendments represent a way to channel a very small portion of those Federal funds to the coastal states so that they can protect their coastal areas from harmful development. I might point out that the total funds provided, approximately $1.2 billion over a period of 8 years, are only a small fraction of the funds which will be received in this year alone from OCS bonus bids. The budget indicates that approximately $6 billion is expected in offshore revenues in fiscal 1977 alone.

I urge my colleagues to give their strong support to this important legislation.

Mr. BAUMAN. Mr. Speaker, the coming weekend of national celebration promises to signify a great reaffirmation of the liberty and security of one group of Americans in particular. I am speaking of the many citizens working in our country's shellfish industry, citizens who hope as I do that the House will quickly give final passage to the conference report to accompany S. 586, the Coastal Zone Management Act amendments.

Section 16 of this bill includes the substance of my original bill, H.R. 7153, now called the Bauman amendment. Adopted by the full Merchant Marine Committee and voted upon affirmatively by the full House, the amendment requires that a full evaluation and report be submitted to Congress not later than April 30, 1977, evaluating the impact of Federal water quality laws and proposed regulations upon the shellfish industry. Proposed Federal regulations which were to be promulgated by the FDA would have driven the many shellfish processors and watermen into bankruptcy. It has been estimated by the President's Council on Wage and Price Stability that had these FDA regulations gone into effect, they would have cost the shellfish industry almost one fourth of their annual product value. This not only portended increased prices for consumers of oysters and clams, but it would have meant that the many families dependent on the shellfish industry as a way of life and a means of support would henceforth be included in our national unemployment figures.

Section 16 of the bill before us, however, places a de facto moratorium on such severe Federal regulatory procedure. It specifically prevents the Secretary of HEW and his agents from promulgating any Federal regulations with respect to the national shellfish safety program and related areas prior to June 30, 1977. At such time as any future regulations would be promulgated, a 60-day public notice would be given, and HEW would be required to publish these regulations including an estimate of the probable cost of such regulations relative to any benefits to be anticipated for the general public.

I want to particularly commend my colleagues responsible for my amendment's inclusion in this bill, especially the House conferees for supporting a provision which makes liberty and security concrete realities for the shellfish producers and their families who are directly benefited by the moratorium provision. Naturally, I am enthusiastic in support of the final passage of this important measure. There are many important parts of this bill but for the people of Maryland dependent upon shellfish for their livelihood, section 16 is most important.

Mr. MURPHY of New York. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. McFALL). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. du PONT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 391, nays 14, not voting 27, as follows:

[Roll No. 494]

YEAS—391

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Wis.
Stokes
Stratton
Studds
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—14

Ambro
Burlison, Mo.
Collins, Tex.
Crane
Evans, Ind.
Hansen
Ketchum
McDonald
Myers, Pa.
Paul
Roberts
Rousselot
Steiger, Ariz.
Symms

NOT VOTING—27

Brooks
Conyers
Dent
Dickinson
Esch
Evins, Tenn.
Green
Harris
Hays, Ohio
Hébert
Heinz
Helstoski
Henderson
Hinshaw
Jones, Ala.
Karth
Litton
McDade
Mineta
Passman
Peyser
Riegle
Stephens
Stuckey
Sullivan
Symington
Teague

The Clerk announced the following pairs:

Mr. Brooks with Mr. Hays of Ohio.

Mr. Dent with Mr. Karth.

Mr. Helstoski with Mr. Peyser.

Mr. Conyers with Mr. Green.

Mr. Mineta with Mr. Esch.

Mr. Riegle with Mr. Heinz.

Mr. Henderson with Mr. McDade.
Mr. Evins of Tennessee with Mr. Dickinson.
Mr. Stuckey with Mr. Teague.
Mr. Symington with Mrs. Sullivan.
Mr. Harris with Mr. Stephens.
Mr. Passman with Mr. Litton.
Mr. Hébert with Mr. Jones of Alabama.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 14114. An act to increase the temporary debt limit, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3168) entitled "An act to authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes."

The message also announced that the Senate had passed with amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 13501. An act to extend or remove certain time limitations and make other administrative improvements in the medicare program under title XVIII of the Social Security Act.

DIRECTING THE SECRETARY OF THE SENATE TO MAKE CORRECTIONS IN ENROLLMENT OF S. 586

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (H. Con. Res. 668) directing the Secretary of the Senate to make corrections in the enrollment of the Senate bill (S. 586) to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 668

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (S. 586), to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, the Secretary of the Senate shall make the following corrections:

In proposed section 308 of the Coastal Zone Management Act of 1972 (as contained in section 7 of the bill)—

(1) strike out "subsection (c) (3)," in subsection (d) (3) thereof and insert "subsection (e) (3),"; and

(2) strike out "; or" at the end of subsection (1) (2) (A) thereof and insert "; and".

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on S. 586, just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CONFERENCE REPORT ON H.R. 14239, DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1977

Mr. SLACK. Mr. Speaker, I call up the conference report on the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 28, 1976.)

Mr. SLACK (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The SPEAKER. The gentleman from West Virginia (Mr. SLACK) is recognized for 30 minutes.

Mr. SLACK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, as agreed to by the conferees, contains a total of $6,680,314,453 in new budget authority for fiscal year 1977. It also contains $388,000,000 for liquidation of contract authority, which is a reduction of $15,721,000 from the budget request.

Mr. Speaker, the total amount included in the bill is $139,186,453 more than the total amount originally passed by the House. I would like to mention the major elements of this increase. For the Law Enforcement Assistance Administration, the conferees agreed on $753,000,000, an increase of $15,000,000 over the House amount. The amount included in the conference agreement for the Economic Development Assistance Administration is $360,000,000 which is $60,000,000 over the House amount. For the Regional Action Planning Commissions the conferees recommend $63,500,000, an increase of $21,300,000 over the amount originally approved by the House. The amount included for the Legal Services Administration is $125,000,000, an increase of $15,000,000 over the House amount.

I would like to point out, Mr. Speaker, that the total amount in the bill, as agreed to by the conferees, is $199,833,000 less than the total amount provided in the Senate version of the bill.

Mr. Speaker, I feel it appropriate at this time, during consideration of the conference report on the bill providing appropriations for the Department of State, to join those who have expressed sorrow over the tragic and senseless slayings of Ambassador Francis E. Meloy, Jr., Economic Counselor Robert W. Waring, and the Ambassador's driver, Zohair Moghrebi, in Beirut, Lebanon, on June 16.

While faced with living in constant danger, these men served the United States in the finest tradition. Their cause was peace and they died for it.

I was not privileged to know these gentlemen personally, Mr. Speaker. However, as chairman and as a member of the subcommittee for a number of years, I have come to know many members of the Foreign Service and I extend to them our deepest sympathy on the deaths of their colleagues, who served with the distinction, dedication, and courage which we expect and know of the men and women of the Foreign Service.

Mr. Speaker, the bill as agreed to by the conferees includes an appropriation of $53,385,000 for the Board for International Broadcasting, which supervises Radio Liberty and Radio Free Europe. Both the House and the Senate recognize that the Board has made substantial efforts during the past 2 years to effect cost savings and achieve budgetary stability.

However, future stability may largely depend on negotiations beginning very soon in Madrid concerning the renewal of the Radio Liberty lease on transmitter facilities in Spain. These transmitters have, since 1959, furnished four-fifths of the power for these important broadcasts to the Soviet Union. The Board estimates that replacement of these facilities at an alternate site would cost more than $20 million. I am pleased to learn that the administration firmly supports the Board's efforts to obtain a long-term renewal of the Spanish lease, which is clearly in the national interest of the United States.

Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD a table showing the conference action, by agency and item, compared with fiscal year 1976, the budget estimates for fiscal year 1977, the House bill, and the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The table referred to follows:

						Conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1976	Budget estimates of new (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	New budget (obligational) authority recommended by conference action	New budget (obligational) authority, fiscal year 1976	New budget (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authoriy recommended in Senate bill
TITLE I—DEPARTMENT OF STATE									
Administration of Foreign Affairs									
Salaries and expenses	$432,400,000	$541,800,000	$537,800,000	$539,800,000	$530,800,000	$107,400,000	−$2,000,000	$2,000,000	
Representation allowance	1,700,000	2,000,000	2,000,000	2,000,000	2,000,000	300,000			
Acqusition, operation, and maintenance of buildings abroad	29,942,000	67,200,000	67,200,000	67,200,000	67,200,000	37,258,000			
Acqusition, operation, and maintenance of buildings abroad (special foreign currency program)	9,785,000	5,535,000	5,535,000	5,535,000	5,535,000	−4,250,000			
Emergencies in the diplomatic and consular service	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000				
Payment to Foreign Service retirement and disability fund	8,055,000	8,055,000	8,055,000	8,055,000	8,055,000				
Payment to conditional gift fund, general	125,000					−125,000			
Total	484,107,000	626,690,000	622,690,000	624,690,000	624,600,000	140,583,000	−2,000,000	2,000,000	
International Organizations and Conferences									
Contributions to international organizations	217,853,000	277,545,453	274,000,000	277,545,453	277,545,453	59,692,453		3,545,453	
Contributions for international peacekeeping activities	35,000,000	45,000,000	40,000,000	40,000,000	40,000,000	5,000,000	−5,000,000		
Missions to international organizations	9,139,000	9,300,000	9,350,000	9,350,000	9,350,000	211,000	50,000		
International conferences and contingencies	7,140,000	7,035,000	7,035,000	7,035,000	7,035,000	−105,000			
International trade negotiations	2,856,000	3,540,000	3,500,000	3,500,000	3,500,000	644,000	−40,000		
Total	271,988,000	342,420,453	333,885,000	337,430,453	337,430,453	65,442,453	−4,990,000	3,545,453	
International Commissions									
International Boundary and Water Commission, United States and Mexico:									
Salaries and expenses	5,525,000	5,810,000	5,800,000	5,800,000	5,800,000	275,000	−10,000		
Construction	8,365,000	3,919,000	3,919,000	3,919,900	3,919,000	−4,446,000			
American sections, international commissions	1,609,000	1,840,000	1,840,000	1,840,000	1,840,000	231,000			
Internat onal fisheries commissions	4,760,000	5,500,000	5,500,000	5,500,000	5,500,000	730,000			
Total	20,259,000	17,069,000	17,059,000	17,059,000	17,059,000	−3,200,000	−10,000		
Education Exchange									
Mutual educational and cultural exchange activities	5,325,000	58,500,000	58,500,000	58,500,000	58,500,000	3,175,000			
Center for cultural and technical interchange between East and West	9,000,000	10,000,000	10,000,000	10,000,000	10,000,000	1,000,000			
Total	64,325,000	68,500,000	68,500,000	68,500,000	68,500,000	4,175,000			
Total, title I	840,679,000	1,054,679,453	1,042,134,000	1,047,679,453	1,047,679,453	207,000,453	−7,000,000	5,545,453	
TITLE II—DEPARTMENT OF JUSTICE									
General Administration									
Salaries and expenses	21,612,000	20,668,000	20,100,000	20,481,000	20,400,000	−1,212,000	−268,000	300,000	−81,000
Salaries and expenses, general legal activities	62,259,000	64,090,000	63,565,000	64,090,000	64,090,000	1,831,000		525,000	
Salaries and expenses, Antitrust Division	22,239,000	23,426,000	24,000,000	24,000,000	24,000,000	1,761,000	574,000		
Salaries and expenses, U.S. attorneys and marshals	146,532,000	161,101,000	158,850,000	161,905,000	160,890,000	14,358,000	−21,000	2,040,000	−1,015,000
Fees and expenses of witnesses	16,830,000	19,177,000	19,177,000	19,177,000	19,177,000	2,347,000			
Salaries and expenses, Community Relations									
Total	251,894,000	271,925,000	270,092,000	273,672,000	272,657,000	20,763,000	732,000	2,565,000	−1,015,000
Federal Bureau of Investigation									
Salaries and expenses	485,950,000	466,777,000	493,977,000	493,977,000	493,977,000	8,027,000	27,200,000		
Immigration and Naturalization Service									
Salaries and expenses	214,609,000	221,581,000	234,000,000	234,000,000	234,000,000	19,391,000	12,419,000		
Federal Prison System									
Salaries and expenses, Bureau of Prisons	195,938,000	208,150,000	208,160,000	208,160,000	208,160,000	12,222,000			
National Institute of Corrections		4,997,000	4,997,000	4,997,000	4,997,000	4,999,000			
Buildings and facilities	12,560,000	59,095,000	56,980,000	56,980,000	56,980,000	44,420,000	−2,115,000		
Support of U.S. prisoners	31,875,000	31,875,000	31,875,000	31,875,000	31,875,000				
Federal Prison Industries, Incorporated:									
Limitation on administrative and vocational training expenses	(7,185,000)	(6,447,000)	(6,447,000)	(6,447,000)	(6,447,000)	(−738,000)	( )	( )	( )
Total	240,373,000	304,127,000	302,012,000	302,012,000	302,102,000	61,639,000	−2,115,000		
Law Enforcement Assistance Administration									
Salaries and expenses	809,638,000	707,944,000	738,000,000	809,638,000	753,000,000	−56,638,000	45,056,000	15,000,000	−56,738,000
Drug Enforcement Administration									
Salaries and expenses	155,001,000	159,287,000	161,175,000	161,175,000	161,175,000	6,174,000	1,888,000		
Total, title II	2,179,077,000	2,152,309,000	2,219,356,000	2,294,955,000	2,237,221,000	54,144,000	84,912,000	17,865,000	−57,734,000

						Conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1976	Budget estimates of new (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	New budget (obligational) authority recommended by conference action	New budget (obligational) authority, fiscal year 1976	New budget (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill
TITILE III—DEPARTMENT OF COMMERCE									
General Administration									
Salaries and expenses	$13, 198, 000	$14, 412, 000	$13, 595, 000	$14, 410, 000	$13, 595, 000	$397, 000	−$817, 000		−$815, 000
Participation in United States expositions	530, 000					−530, 000			
Total	13, 728, 000	14, 412, 000	13, 595, 000	14, 410, 000	13, 595, 000	−133, 000	−817, 000		−815, 000
Office of Energy Programs									
Salaries and expenses	2, 090, 000	2, 162, 000	2, 162, 000	2, 162, 000	2, 162, 000	72, 000			
Bureau of the Census									
Salaries and expenses	41, 474, 000	44, 278, 000	43, 245, 000	43, 924, 000	43, 245, 000	1, 771, 000	−1, 033, 000		−679, 000
Periodic censuses and programs	33, 853, 000	47, 429, 000	47, 400, 000	47, 400, 000	47, 400, 000	13, 547, 000	−29, 000		
Total	75, 327, 000	91, 707, 000	90, 645, 000	91, 324, 000	90, 645, 000	15, 318, 000	−1, 062, 000		−679, 000
Bureau of Economic Analysis									
Salaries and expenses	11, 759, 000	12, 491, 000	12, 300, 000	12, 300, 000	12, 300, 000	541, 000	−191, 000		
Economic Development Administration									
Economic development assistance programs	360, 000, 000	223, 438, 000	300, 000, 000	453, 500, 000	360, 000, 000		136, 562, 000	60, 000, 000	−93, 500, 000
Administration of economic development assistance programs	25, 378, 000	25, 426, 000	25, 426, 000	28, 750, 000	26, 725, 000	1, 347, 000	1, 299, 000	1, 299, 000	−2, 025, 000
Job opportunities program	374, 000, 000					−374, 000, 000			
Total	759, 378, 000	248, 864, 000	325, 426, 000	482, 250, 000	386, 725, 000	−372, 653, 000	137, 861, 000	61, 299, 000	−95, 525, 000
Regional Action Planning Commissions									
Regional development programs	64, 068, 000	42, 200, 000	42, 200, 000	85, 068, 000	63, 500, 000	−568, 000	21, 300, 000	21, 300, 000	−21, 568, 000
Domestic and International Business Administration									
Operations and administration	60, 527, 000	62, 902, 000	62, 280, 000	63, 530, 000	62, 912, 000	2, 385, 000	10, 000	632, 000	−618, 000
Minority Business Enterprise									
Minority business development	49, 850, 000	50, 013, 000	50, 000, 000	50, 000, 000	50, 000, 000	150, 000	−13, 000		
United States Travel Service									
Salaries and expenses	12, 799, 000	12, 220, 000	12, 220, 000	16, 720, 000	14, 470, 000	1, 671, 000	2, 250, 000	2, 250, 000	−2, 250, 000
National Oceanic and Atmospheric Administration									
Operations, research, and facilities	505, 562, 000	549, 708, 000	558, 200, 000	574, 490, 000	566, 270, 000	60, 708, 000	16, 562, 000	8, 070, 000	−8, 220, 000
Coastal zone management	18, 032, 000	23, 408, 000	18, 050, 000	18, 050, 000	18, 050, 000	18, 000	−5, 358, 000		
Fishermen's Guaranty Fund	61, 000	61, 000	61, 000	61, 000	61, 000				
Construction	1, 000, 000			2, 860, 000	970, 000	−30, 000	970, 000	970, 000	−1, 890, 000
Offshore shrimp fisheries fund	270, 000					−270, 000			
Total	524, 925, 000	573, 177, 000	576, 311, 000	595, 461, 000	585, 351, 000	60, 426, 000	12, 174, 000	9, 040, 000	−10, 110, 000
National Fire Prevention and Control Administration									
Operations, research, and administration	8, 718, 000	10, 178, 000	10, 178, 000	14, 300, 000	12, 239, 000	3, 521, 000	2, 061, 000	2, 061, 000	−2, 061, 000
Patent and Trademark Office									
Salaries and expenses	85, 350, 000	86, 406, 000	86, 400, 000	86, 400, 000	86, 400, 000	1, 050, 000	−6, 000		
Science and Technical Research									
Scientific and technical research and services	64, 704, 000	68, 785, 000	68, 785, 000	68, 785, 000	68, 785, 000	4, 081, 000			
Maritime Administration									
Ship construction	195, 000, 000					−195, 000, 000			
Operating-differential subsidies (appropriation to liquidate contract authority)	(315, 936, 000)	(403, 721, 000)	(388, 000, 000)	(388, 000, 000)	(388, 000, 000)	(72, 064, 000)	(−15, 721, 000)	( )	( )
Research and development	12, 000, 000	19, 500, 000	18, 500, 000	18, 500, 000	18, 500, 000	6, 500, 000	−1, 000, 000		
Operations and training	45, 900, 000	48, 525, 000	48, 200, 000	48, 200, 000	48, 200, 000	2, 300, 000	−325, 000		
Total	252, 900, 000	68, 025, 000	66, 700, 000	66, 700, 000	66, 700, 000	−186, 200, 000	−1, 325, 000		
Total, title III	1, 986, 123, 000	1, 343, 542, 000	1, 419, 202, 000	1, 649, 410, 000	1, 515, 784, 000	−470, 339, 000	172, 242, 000	96, 582, 000	−133, 626, 000
TITLE IV—THE JUDICIARY									
Supreme Court of the United States									
Salaries and expenses	6, 581, 500	7, 571, 000	7, 482, 000	7, 482, 000	7, 482, 000	900, 500	−89, 000		
Care of the building and grounds	1, 454, 000	800, 000	800, 000	800, 000	800, 000	−654, 000			
Total	8, 035, 500	8, 371, 000	8, 282, 000	8, 282, 000	8, 282, 000	246, 500	−89, 000		
Court of Customs and Patent Appeals									
Salaries and expenses	853, 000	898, 000	898, 000	898, 000	898, 000	45, 000			

Agency and item	New budget (obligational) authority, fiscal year 1976	Budget estimates of new (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	New budget (obligational) authority recommended by conference action	Conference action compared with— New budget (obligational) authority, fiscal year 1976	New budget (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill
TITLE IV—THE JUDICIARY—Continued									
Customs Court									
Salaries and expenses	$2, 629, 500	$2, 705, 000	$2, 705, 000	$2, 705, 000	$2, 705, 000	$75, 500			
Court of Claims									
Salaries and expenses	2, 454, 000	2, 536, 000	2, 536, 000	2, 536, 000	2, 536, 000	82, 000			
Courts of Appeals, District Courts, and Other Judicial Services									
Salaries of judges	28, 750, 000	30, 182, 000	29, 782, 000	29, 782, 000	29, 782, 000	1, 032, 000	−400, 000		
Salaries of supporting personnel	119, 475, 000	138, 145, 000	132, 250, 000	132, 250, 000	132, 250, 000	12, 775, 000	−5, 895, 000		
Representation by court-appointed counsel and operation of defender organizations	20, 846, 000	20, 686, 000	20, 686, 000	20, 686, 000	20, 686, 000	−160, 000			
Fees of jurors	20, 000, 000	19, 350, 000	19, 350, 000	19, 350, 000	19, 350, 000	−650, 000			
Travel and miscellaneous expenses	20, 040, 000	26, 550, 000	24, 380, 000	24, 380, 000	24, 380, 000	4, 340, 000	−2, 170, 000		
Salaries and expenses of U.S. magistrates	10, 914, 000	12, 341, 000	11, 862, 000	12, 341, 000	12, 341, 000	1, 427, 000		479, 000	
Salaries and expenses of referees	26, 671, 000	33, 446, 000	29, 824, 000	30, 201, 000	30, 201, 000	3, 530, 000	−3, 245, 000	377, 000	
Total	246, 696, 000	280, 700, 000	268, 134, 000	268, 990, 000	268, 990, 000	22, 294, 000	−11, 710, 000	856, 000	
Administrative Office of the United States Courts									
Salaries and expenses	7, 431, 000	8, 957, 000	8, 320, 000	8, 320, 000	8, 320, 000	889, 000	−637, 000		
Federal Judicial Center									
Salaries and expenses	6, 565, 000	7, 720, 000	7, 650, 000	7, 650, 000	7, 650, 000	1, 085, 000	−70, 000		
Space and Facilities, the Judiciary									
Space and facilities	64, 000, 000	75, 969, 000	71, 980, 000	71, 980, 000	71, 980, 000	7, 980, 000	−3, 989, 000		
Expenses, United States Court Facilities									
Furniture and furnishings	4, 570, 000	5, 675, 000	4, 940, 000	4, 940, 000	4, 940, 000	370, 000	−735, 000		
Bicentennial Expenses, the Judiciary									
Bicentennial activities	2, 000, 000					−2, 000, 000			
Total, title IV	345, 234, 000	393, 531, 000	375, 445, 000	376, 301, 000	376, 301, 000	31, 067, 000	−17, 230, 000	856, 000	
TITLE V—RELATED AGENCIES									
Arms Control and Disarmament Agency									
Arms control and disarmament activities	11, 680, 000	12, 200, 000	12, 000, 000	2, 000, 000	12, 000, 000	320, 000	−800, 000		
Board for International Broadcasting									
Grants and expenses	64, 500, 000	53, 385, 000	53, 385, 000	53, 385, 000	53, 385, 000	−11, 115, 000			
Commission on Civil Rights									
Salaries and expenses	8, 047, 000	9, 540, 000	9, 450, 000	9, 450, 000	9, 450, 000	1, 403, 000	−90, 000		
Commission on Security and Cooperation in Europe									
Salaries and expenses			300, 000	375, 000	340, 000	340, 000	340, 000	40, 000	−35, 000
Equal Employment Opportunity Commission									
Salaries and expenses	63, 659, 000	70, 100, 000	67, 850, 000	67, 850, 000	67, 850, 000	4, 191, 000	−2, 250, 000		
Federal Communications Commission									
Salaries and expenses	50, 938, 000	51, 448, 000	51, 448, 000	57, 945, 000	54, 696, 000	3, 758, 000	3, 248, 000	3, 248, 000	−3, 249, 000
Federal Maritime Commission									
Salaries and expenses	8, 040, 000	8, 309, 000	8, 300, 000	8, 300, 000	8, 300, 000	260, 000	−9, 000		
Federal Trade Commission									
Salaries and expenses	47, 199, 000	53, 073, 000	52, 700, 000	52, 700, 000	52, 700, 000	5, 501, 000	−373, 000		
Foreign Claims Settlement Commission									
Salaries and expenses	1, 400, 000	800, 000	650, 000	650, 000	650, 000	−750, 000	−150, 000		
International Trade Commission									
Salaries and expenses	10, 400, 000	11, 539, 000	11, 300, 000	11, 539, 000	11, 350, 000	950, 000	−189, 000	50, 000	−189, 000
Japan-United States Friendship Commission									
Japan-United States Friendship Commission Trust Fund	30, 000, 000					−30, 000, 000			
Legal Services Corporation									
Payment to the Legal Services Corporation	92, 330, 000	140, 300, 000	110, 000, 000	130, 000, 000	125, 000, 000	32, 670, 000	−15, 300, 000	15, 000, 000	−5, 000, 000

Agency and item	New budget (obligational) authority, fiscal year 1976	Budget estimates of new (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	New budget (obligational) authority recommended by conference action	Conference action compared with—			
						New budget (obligational) authority, fiscal year 1976	New budget (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill
TITLE V—RELATED AGENCIES—Continued									
Marine Mammal Commission									
Salaries and expenses	$900,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000			
National Commission for the Review of Federal and State Laws Relating to Wiretapping and Electronic Surveillance									
Salaries and expenses	400,000					−400,000			
Office of the Special Representative for Trade Negotiations									
Salaries and expenses	2,020,000	2,370,000	2,250,000	2,250,000	2,250,000	230,000	−120,000		
Privacy Protection Study Commission									
Salaries and expenses	800,000	750,000	750,000	750,000	750,000	−50,000			
Renegotiation Board									
Salaries and expenses	5,566,000	6,370,000	5,700,000	5,700,000	5,700,000	134,000	−670,000		
Securities and Exchange Commission									
Salaries and expenses	49,291,000	53,098,000	53,000,000	53,000,000	53,000,000	3,709,000	−98,000		
Small Business Administration									
Salaries and expenses:									
Direct Appropriation	29,000,000	35,400,000	35,400,000	35,400,000	35,400,000	6,400,000			
Transfer from revolving funds	(91,850,000)	(99,600,000)	(99,600,000)	(99,600,000)	(99,600,000)	(99,600,000)	( )	( )	( )
Business loan and investment fund	278,750,000	466,600,000	601,600,000	601,600,000	601,000,000	222,850,000	135,000,000		
Disaster loan fund	100,000,000	90,000,000	90,000,000	90,000,000	90,000,000	−10,000,000			
Lease guarantees revolving fund		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000			
Pollution control equipment contract guarantees revolving fund			15,000,000	15,000,000	15,000,000	15,000,000	15,000,000		
Surety bond guarantees revolving fund	10,000,000	36,000,000	36,000,000	36,000,000	36,000,000	26,000,000			
Total	471,750,000	631,000,000	781,000,000	781,000,000	781,000,000	363,250,000	150,000,000		
United States Information Agency									
Salaries and expenses	247,300,000	248,325,000	248,325,000	248,325,000	248,325,000	1,025,000			
Salaries and expenses (special foreign currency program)	9,995,000	8,600,000	8,600,000	8,600,000	8,600,000	−1,395,000			
Special international exhibitions	6,187,000	4,841,000	4,841,000	4,841,000	4,841,000	−1,346,000			
Acquisition and construction of radio facilities	10,135,000	2,142,000	2,142,000	2,142,000	2,142,000	−7,993,000			
Total	273,617,000	263,908,000	263,980,000	263,908,000	263,908,000	−9,709,000			
Total, Title V	1,138,537,000	1,369,190,000	1,484,991,000	1,511,802,000	1,503,329,000	364,792,000	134,139,000	18,338,000	−8,473,000
Total, titles I, II, III, IV, and V: New budget (obligational) authority	6,489,650,000	6,313,251,453	6,541,128,000	6,880,147,453	6,680,314,453	190,664,453	367,063,000	139,186,453	−199,833,000
Memoranda: Appropriations to liquidate contract authorizations	315,936,000	403,721,000	388,000,000	388,000,000	388,000,000	72,064,000	−15,721,000		
Total appropriations, including appropriations to liquidate contract authorizations	6,805,586,000	6,716,972,453	6,929,128,00-	7,268,147,453	7,068,314,453	262,728,453	351,342,000	139,186,453	−199,833,000

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, included in the appropriations for the National Oceanic and Atmospheric Administration is $1,500,000 to fund a project designed to equip the United States with a national underwater ocean laboratory.

This laboratory is needed to improve the Nation's capacity to carry out essential underwater ocean research in living and nonliving resources. Such research is vital to our national efforts to achieve energy independence, to conserve, protect, and develop ocean food resources, to locate and recover our ocean mineral resources, and to understand and protect our ocean ecological systems.

It is intended and expected that the underwater ocean laboratory project will be under the supervision of NOAA's Manned Undersea Science and Technology Office.

For this laboratory to operate in an efficient and effective manner there will need to be a sufficient supply of trained divers who can work safely and effectively at the underwater depths reachable by the laboratory. This makes it vitally important that NOAA undertake or continue diver physiological analyses, and continue support of diver training and other programs necessary to have the personnel ready when the underwater laboratory is operable.

The SPEAKER. The gentleman from Michigan (Mr. CEDERBERG) is recognized for 30 minutes.

Mr. CEDERBERG. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I will take very little time on this conference report.

I do want to say that this conference report is above the budget.

In the past, our subcommittee has always prided itself for trying to stay within the budget limitations, but we were not able to do that this year.

Mr. Speaker, I signed the conference report, although it is a little higher in some places than I would like to have had it.

Therefore, Mr. Speaker, I personally will support the conference report.

Mr. Speaker, before relinquishing my time, I would just like to make this brief statement:

The chairman of the Senate conferees is the gentleman from Rhode Island, Senator PASTORE, and the ranking member is Senator HRUSKA of Nebraska. Both of these distinguished gentlemen will be leaving the Congress after this session.

I want to say, and I am sure that all members of our subcommittee will also agree, that we have appreciated their efforts over the years that we have worked with them. They both have been very agreeable to work with and we have been able to work out what we think have been quite good compromises.

The gentleman from Nebraska, Senator HRUSKA, as the Members know, before leaving this body served on the Committee on Appropriations, and then went over into the other body where he has served there with distinction.

So to both Senator PASTORE from Rhode Island and Senator HRUSKA from Nebraska, we wish them well and hope they have many good and happy years in their retirement.

Mr. HUNGATE. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Missouri.

Mr. HUNGATE. Mr. Speaker, I too would like to join in this tribute to the Senator from Nebraska, Senator HRUSKA, who was a very patient, conscientious, and hardworking member on behalf of the American people in the Committee on the Judiciary and he continued, right up to the last days, to exert every influence he could on behalf of improvement in the administration of justice.

Mr. CEDERBERG. Mr. Speaker, these two gentlemen have made significant contributions to the country in the years that they have served in the Congress.

Mr. SLACK. I would like to join the distinguished gentleman from Michigan in paying tribute to the distinguished senior Senator from Rhode Island and the distinguished senior Senator from Nebraska, the chairman and ranking minority member, respectively, of the Subcommittee on State, Justice, Commerce, and Judiciary Appropriations.

It has been a distinct honor and pleasure to serve with these two fine gentlemen in the committees of conference over the years. We have always been able to work out differences in the House and Senate versions of the bills and arrive at suitable compromises, which I believe have been in the best interest of the American people. I wish these gentlemen nothing but the best in their next endeavors. We shall certainly miss them.

Mr. Speaker, I yield 1 minute to the gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. Mr. Speaker, I simply want to commend the chairman of the subcommittee, Mr. SLACK, and the managers on the part of the House for their work with respect to conference report's appropriation for the Law Enforcement Assistance Administration.

When the House first considered the LEAA appropriation on June 18, I was very pleased that it passed my amendment to restore $138 million to this program. I offered my amendment in the belief that the additional funds were necessary if the Federal Government was to provide adequate assistance for State and local law enforcement. The $209 million cut in LEAA funding initially recommended by the Appropriations Committee would have had a devastating impact on States and localities trying to find new answers to the problems of crime. The passage of my amendment by a substantial majority demonstrated that the House shared my concern and did not wish to see Federal anticrime efforts crippled.

The conference report's compromise figure for LEAA funding, $753 million, demonstrates the wisdom of the House action. Because this figure is substantially below the Senate's recommendation, but only $15 million above the House figure, it is clear that without House approval of my amendment, the final appropriation would have been much lower.

In addition, the $138 million contained in my amendment provided leeway for the conference committee to increase the amount allocated to fighting juvenile crime. Thus, the $40 million initially recommended by the Appropriations Committee for this purpose has been increased by the conference committee to $75 million. In view of the fact that juveniles commit nearly half the serious crime in America, and that the criminal justice system has yet to find an effective answer to the problem of violent juvenile offenders, this additional funding is certainly necessary.

I would note, finally, Mr. Speaker, that the decision of both the House and the Senate to allocate a substantial amount of funds to a specific problem—juvenile crime—demonstrates that Congress appreciates the importance of concentrating LEAA funds where they are most needed. I have repeatedly pointed out that for LEAA to be most effective in fighting crime, its efforts should be focused on the most serious problems in law enforcement. I hope, therefore, that when it considers LEAA's authorizing legislation next month, the Congress will adopt the provisions I have recommended to concentrate Federal efforts on eliminating "revolving door justice," speeding criminal trials, and fighting violent crime in cities.

Mr. ADAMS. Mr. Speaker, the conference report on H.R. 14239, making appropriations for the Departments of State, Justice, Commerce, and the judiciary for fiscal year 1977 provides $6,680 million in budget authority: $139 million more than passed by the House and $200 million less than passed by the Senate.

The subcommittee allocation target under the budget resolution is $7,292 million; acordingly, there remains $612 million if this conference report is adopted. However, two significant programs which were anticipated for later funding within the first budget resolution have not yet been authorized and will have to be accommodated at a later date within this subdivision: $300 million is assumed in the budget resolution for legislation on coastal zone management/Outer Continental Shelf, and the authorization for this program is now in conference; and $375 million was assumed in the first budget resolution for the job opportunities program. An authorization for this program was eliminated in conference from the public works bill adopted last week, but we may anticipate subsequent action to fund a newly authorized program.

Mr. Speaker, I support this conference report.

Mr. GILMAN. Mr. Speaker, I rise in support of the conference report on State-Justice appropriations for fiscal year 1977.

Contained in this appropriation are funds for the construction of two vitally needed facilities in Otisville, N.Y., and Talladega, Ala. The clear-cut need for these facilities has been demonstrated.

On any given day there are nearly a half million people confined in our Nation's prisons and jails. Nearly 1 million more are awaiting trial or on probation or parole.

Because of the continuing increase in crime, Federal, State, and local prison facilities have been forced to accommodate increasing inmate populations in overcrowded, outdated facilities. An all-time high of 249,500 people were in State and Federal prisons at the start of 1976, a rise of nearly 24,000 or 11 percent more than a year earlier, the largest 1-year increase on record.

With prison populations continuing to rise and Bureau prisons currently 5,200 prisoners over capacity, many prison officials are concerned with prisoner safety in their facilities. If new facilities are not provided soon we could be faced with serious consequences such as the uprising at Attica, N.Y.

There are currently three badly outdated Federal prison facilities, Atlanta, Leavenworth, and McNeil that the Bureau of Prisons has been trying to close for some time. They will never be able to remove the inmates from these "iron cells" unless we act now to provide new facilities.

Because there is a clearly demonstrated need by the Federal Government for new prison facilities and a local economic need with wholehearted acceptance for the Otisville institution, I urge your favorable consideration of this proposal which is included in the construction budget of the Federal Bureau of Prisons in the conference report presently before the House.

I further urge the President to expeditiously enact this appropriations bill which is so urgently needed to provide safe humane modern facilities for the Bureau of Prisons.

Mr. BINGHAM. Mr. Speaker, I rise in support of the conference report on H.R. 14239, Departments of State, Justice, and Commerce, the Judiciary and Related Agencies Appropriations, 1977. Included in this report is a provision for payment of $3.5 million to the UNESCO general fund, which completes the U.S. assessed contribution for 1974.

The Senate Foreign Relations Committee report explained its support of this provision on the grounds that the payment of this amount would avoid the loss of U.S. voting rights in the organization through 1976. At present the United States, which is 2 years in arrears in its payments, would under the rules lose its vote in the General Conference meeting this fall.

The House conferees decided to go along with the Senate in this respect, and I am prepared to support the conference report, but I do not wish my vote to be misunderstood.

In 1974 the Congress, and I believe, most of the American people, were shocked and saddened by the baldly political actions of the UNESCO General Conference in imposing sanctions on Israel. Certain states, anxious to use their bloc voting power to damage Israel, found and used flimsy pretexts to condemn Israel for its valuable archeological excavations in Jerusalem and for its educational policy regarding Arabs in the occupied territories. Further, they combined to deny permission for Israel to join the European regional group. These were wrongful and foolish actions, politicizing an organization whose goals are stated to be, and should be, universalist and above the battle of conflicting ideologies and nations.

Faced with this situation, the U.S. Congress adopted an amendment to the State Department appropriation bill, offered by Senator CASE in the Senate and myself in the House, cutting off all further funding for UNESCO, until these political actions were reversed.

During the past year, it has been apparent that the Secretary General, and to some extent the UNESCO Executive Committee, have been looking for ways to restore the organization to its proper role vis-a-vis Israel. In particular, the groundwork was laid for Israel to be invited to join a regional grouping—which every other member is free to do—that of Europe.

In my view, these limited moves in the right direction deserve a limited response by the United States. The payment of $3,500,000 is indeed a limited response, since the total amount due UNESCO by the United States is now $40 million.

This payment of $3.5 million must not be thought of as an abandonment of the principle represented by the Case-Bingham amendment, but as an indication of continued U.S. interest in, and good will toward, UNESCO, and of a hope that the UNESCO membership and Secretariat will react in a similar spirit. The continued politicization of UNESCO can only damage the organization and its lofty and important mission in the world. The United States desires to participate fully, but it cannot and will not do so until UNESCO resumes its proper role in the family of international organizations.

Mr. SLACK. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 360, nays 42, not voting 30, as follows:

[Roll No. 495]

YEAS—360

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall, Ill.
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Ariz.
Stephens
Stokes
Stratton
Studds
Talcott
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—42

Archer
Armstrong
Ashbrook
Bauman
Broyhill
Carter
Clancy
Collins, Tex.
Conlan
Crane
Devine
Early
Evans, Ind.
Frenzel
Goodling
Hansen
Harsha
Holt
Ichord
Jarman
Jones, Okla.
Kemp
Ketchum
McDonald
Martin
Melcher
Michel
Miller, Ohio
Mottl
O'Brien
Paul
Randall
Rousselot
Schneebeli
Schroeder
Shuster
Snyder
Steiger, Wis.
Symms
Taylor, Mo.
Treen
Wiggins

NOT VOTING—30

Biaggi
Brooks
Conyers
Dent
Dickinson
Esch
Evins, Tenn.
Green
Harris
Hays, Ohio
Hébert
Helstoski
Henderson
Hinshaw
Jones, Ala.
Karth
Litton
McDade
Mineta
O'Hara
Passman
Peyser
Riegle
Stanton, James V.
Stuckey
Sullivan
Symington
Teague
Wright
Young, Ga.

The Clerk announced the following pairs:

Mr. Passman with Mr. Hays of Ohio.
Mr. Hébert with Mr. Evins of Tennessee.
Mr. Dent with Mr. Riegle.
Mr. Brooks with Mr. O'Hara.
Mr. Biaggi with Mr. Jones of Alabama.
Mr. Harris with Mr. Stuckey.
Mr. Green with Mr. Henderson.
Mr. Teague with Mr. Young of Georgia.
Mr. Mineta with Mr. Dickinson.
Mr. Helstoski with Mr. Peyser.
Mr. Wright with Mr. McDade.
Mr. Litton with Mr. James V. Stanton.
Mr. Conyers with Mr. Karth.
Mr. Symington with Mrs. Sullivan.

Messrs. TAYLOR of Missouri, O'BRIEN, and WIGGINS changed their vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 14, line 16, insert:

SEC. 105. The Congress, taking cognizance that—

(1) the Secretary of State on June 11 submitted a multi-point proposal to the Sixth General Assembly of the Organization of American States designed to restructure the membership qualifications, the policymaking organs, and the financial assessments for the members of that body, and

(2) the United States Government has been regularly contributing approximately two-thirds of the annual OAS budget, and

(3) the bureaucratic structure of the OAS has, according to the Secretary of State, assumed a "ponderous" and "cumbersome" nature, pre-empting some of the policymaking responsibilities of the General Assembly, and

(4) the several member-states of the OAS have sought a more active role for the organization in formulating common policy positions on such hemispheric issues as recognition of the Cuban Government, renegotiation of the Panama Canal Treaty, and protection of human rights in Chile, and

(5) the responsive structure and financial strength of the OAS will determine the relevance of that organization for meeting the challenges of the future,

therefore expresses its support for the proposal presented to the Organization of American States General Assembly on June 11 by Secretary of State Henry A. Kissinger and urges the General Assembly to favorably consider and adopt the United States proposal at an early date.

MOTION OFFERED BY MR. SLACK

Mr. SLACK. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Slack moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 16, line 10, insert: "In addition to funds provided under this Act, unobligated balances from the amount appropriated for the Watergate Special Prosecution Force in 1976 shall remain available until September 30, 1977."

MOTION OFFERED BY MR. SLACK

Mr. SLACK. Mr. Speaker, I offer a motion.

The clerk read as follows:

Mr. Slack moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 20: Page 32, line 16, insert:

CONSTRUCTION

For expenses necessary for the National Oceanic and Atmospheric Administration for planning and construction of facilities, $2,860,000, to remain available until expended.

MOTION OFFERED BY MR. SLACK

Mr. SLACK. Mr. Speaker, I offer a motion.

The clerk read as follows:

Mr. Slack moves that the House recede from its disagreement to the amendment of the Senate numbered 20 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

CONSTRUCTION

For expenses necessary for the National Oceanic and Atmospheric Administration for planning the construction of facilities and construction of an access road and security fencing, $970,000, to remain available until expended.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: Page 43, line 23, strike out: "$300,000 to remain available until expended." and insert: "375,000 for the period beginning July 1, 1976, and to remain available until expended."

MOTION OFFERED BY MR. SLACK

Mr. SLACK. Mr. Speaker, I offer a motion.

The clerk read as follows:

Mr. Slack moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$340,000 for the period beginning July 1, 1976, and to remain available until expended."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: Page 45, line 17, insert:

No part of these funds may be used to pay the salary of any employee, including Commissioners, of the Federal Trade Commission who—

(1) makes any publication based on the line-of-business data furnished by individual firms without taking reasonable precautions to prevent disclosure of the line-of-business data furnished by any particular firm; or

(2) permits anyone other than sworn officers and employees of the Federal Trade Commission to examine the line-of-business reports from individual firms; or

(3) uses the information provided in the line-of-business program for any purpose other than statistical purposes. Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law.

MOTION OFFERED BY MR. SLACK

Mr. SLACK. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Slack moves that the House recede from its disagreement to the amendment of the Senate numbered 26 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 29: Page 56, line 17, insert:

Sec. 606. None of the funds appropriated in this Act shall be made available for the collection and preparation of information which will not be available to Committees of Congress in the regular discharge of their duties.

MOTION OFFERED BY MR. SLACK

Mr. SLACK. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Slack moves that the House recede from its disagreement to the amendment of the Senate numbered 29 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

Sec. 606. None of the funds appropriated in this Act shall be made available for the collection and preparation of budgetary information which will not be available to the Committees on Appropriations of the Senate and House of Representatives.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. SLACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

MOTION TO DISCHARGE COMMITTEE FROM FURTHER CONSIDERATION OF HOUSE RESOLUTION 1302, DISAPPROVING ENERGY ACTION NO. 3

Mr. DINGELL. Mr. Speaker, I move that the Committee on Interstate and Foreign Commerce be discharged from the further consideration of the resolution (H. Res. 1302) to disapprove the proposed exemption of No. 2 heating oil and No. 2–D diesel fuel from the mandatory petroleum allocation and price regulations—energy action No. 3.

The SPEAKER. Is the gentleman from Michigan (Mr. Dingell) in favor of the motion?

Mr. DINGELL. I am in favor of the motion, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the resolution.

The SPEAKER. Is the gentleman from Ohio (Mr. Brown) opposed to the motion?

Mr. BROWN of Ohio. Mr. Speaker, I oppose the motion to discharge the committee.

The Clerk read the resolution as follows:

H. Res. 1302

Resolved, That the House of Representatives does not favor the energy action numbered 3 transmitted to the Congress on June 15, 1976.

The SPEAKER. The gentleman from Michigan (Mr. Dingell) and the gentleman from Ohio (Mr. Brown) will each be recognized for 30 minutes.

Mr. DINGELL. Mr. Speaker, I wish to have it known at the outset that I will not consume the 30 minutes, nor will our side consume the full 30 minutes on the motion to discharge.

Second, I wish to have it known that as soon as we have discharged the committee, I will move to limit debate on the resolution, House Resolution 1302, to 1 hour or less, so that we will not unduly prolong the disposing of this important business.

Mr. Speaker, I will similarly move to limit time with regard to the subsequent consideration by the House of Energy Action No. 4, proposed by the Federal Energy Administration.

Mr. Speaker, I yield myself 5 minutes.

Mr. DINGELL. Mr. Speaker, there have been a great number of gyrations in the last 24 hours by the Federal Energy Administration, whereby they have been advising us of figures and mechanisms to prevent price rises on home heating oils and diesel fuels from occurring. Yesterday, hearings were held on this matter to find out what the facts were and to look into some of the erroneous assumptions and calculations which went into the FEA's analysis supporting Energy Action No. 3 and Energy Action No. 4.

Mr. Speaker, my colleagues should know that the Federal Energy Administration's calculations are subject to the gravest charges of error and miscalculation. First, it should be known that the supply, demand, and price calculations are subject to the gravest of doubts. The reason: The Federal Energy Administration failed to consider the increasing natural gas curtailments that they have predicted would occur and that the Federal Power Commission predicted would occur. This renders subject to grave doubt the supply, demand, and price assumptions that FEA have utilized. Second, FEA computed the supply demand and price estimates on the basis of 1975 experience, which by all acknowledgments was a very mild winter. As a result, FEA's supply and demand calculations and their price calculations are subject to the gravest kinds of doubts.

Mr. Speaker, let us go further. The Federal Energy Administration has failed to supply the House with fair and complete information with regard to the price of distillate. The reason for this failure is that FEA anticipates that the price of distillate in this country will go to the world market price. They therefore relied upon the world market price in February 1976 in evaluating potential price imports. In February 1976, world market prices were 2 cents higher than the 40-cents-a-gallon American price. But the May figures, which I procured from FEA, were no less than 8 cents higher than American prices. This means that instead of a 4- or 5-percent increase, something in excess of a 20-percent price increase in middle distillates very well may occur by reason of decontrol at this time.

Mr. Speaker, this is a very grave error. It must be pointed out that, in connection with supply, demand and price figures, the Federal Energy Administration submitted to the Subcommittee on Energy and Power no less than three totally different sets of figures with regard to supply, demand and price, all of which were in conflict with one another.

It is for this reason that I am asking my colleagues to discharge the Committee on Interstate and Foreign Commerce from further consideration of House Resolution 1302 and to place immediately before the House the question of disapproval of Energy Action No. 3.

I wish to reiterate to my colleagues we will not be here long. I will move forthwith to limit debate with regard to Energy Action No. 3 to 1 hour or less. I will urge my colleagues to discharge the committee; to place this matter before the House on the floor so that we may discuss this matter. Let us reject Energy Action No. 3; let us tell the Federal Energy Administration to take their doubtful figures, their doubtful calculations, back to the drawing board. Let us then demand the real and proper figures. Let us evaluate this proposal without a lot of commitments made aside from those submissions which are a part of the record.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I rise in opposition to the motion to discharge the Commerce Committee from furher consideration of Energy Action No. 3 which would exempt No. 2 heating oil and No. 2–D diesel fuel from price and allocation controls. I welcome all those who dislike FEA and the controls it administers to join me. Now is your chance to be against bureaucratic controls.

Let me briefly review the parliamentary situation in which we are presently involved. Under the Energy Policy and Conservation Act which was passed by the Congress and signed into law by the President in December of last year, the administration was given the authority to file decontrol plans for various refined products. If a decontrol plan is filed, and no action is taken by either House, then the plan goes into effect within 15 calendar days. However, if any Member of either body files a disapproval resolution of the plan for decontrol, that resolution then can be called up after 5 days after reference to the Commerce Committee, and the House votes on that disapproval plan.

However, if the Commerce Committee, the committee of jurisdiction has not acted, a motion to discharge the committee of jurisdiction must be approved before the House can vote on the disapproval motion. The Committee on Interstate and Foreign Commerce failed to take any stand on the issue within the 5 days allotted by statute, although prior to that, the Subcommittee on Energy and Power had held hearings at which the majority of witnesses supported the FEA proposal. But the subcommittee took no action either.

Now, Mr. DINGELL's effort to discharge is what we are discussing right now. It is very much like a rule. We have 1 hour to debate it, a half hour on each side. At the end of the hour of debate, if we vote "aye" to discharge the committee, the law provides at that point for 10 hours of debate on the question of disapproval of the decontrol plan.

Since this is only the first of two energy actions scheduled for consideration today, if disapproval of the first action—Energy Action No. 3—succeeds, we will likely have another motion to discharge the committee, this time from further consideration of Energy Action No. 4. If that motion succeeds, then we will launch into a second 10 hours of debate on the second resolution of disapproval. Aside from the fact that the total of 20 hours of debate could have us here until approximately 4 p.m. tomorrow. The controls expire at midnight tonight, under the law—15 calendar days after submission of the plan that is sure to raise some interesting legal questions unless we vote down the motion to discharge.

The way to dispose of this issue and dispose of it very quickly is to vote down the effort to discharge at the end of the current 1-hour debate. That would also serve the best interests of your constituents.

I am opposed to the motion to discharge, because I am opposed to the resolutions of disapproval of these two energy actions. The resolutions would continue destruction of the independent sector marketing heating oil and the ruination of many small businessmen in this field, which is occurring under current price control. Continuing the distortion of the middle distillate market with Federal controls of price and purchasing contracts is resulting in lack of competition and higher prices to consumers.

As required of FEA by the Energy Policy and Conservation Act, before submitting this proposal to Congress, public hearings have been held at which the vast majority of witnesses testified in favor of the FEA proposal. Similarly, the majority of the witnesses testifying before our subcommittee favored the proposal to terminate the price and allocation controls. A great majority of these witnesses were independent marketers and end-users who feel that their business futures depend on getting decontrol. No large integrated oil companies testified before the subcommittee, nor did any trade associations representing such companies. Of the six members of the marketers' panel, one of whom was a small refiner, all except one agreed absolutely that the FEA decontrol proposal would result in lower consumer prices. The other member of the panel, Mr. James W. Emison, opposed decontrol but believed that decontrol was feasible and desirable if certain safeguards were provided by FEA for independent spot buyers. As I will indicate later, FEA is providing the type of safeguards that Mr. Emison sought. Of the end-users panel, the opponents of the proposal included the Energy Policy Task Force of the so-called Consumer Federation of America, an organization financed by big labor union leaders, the International Brotherhood of Teamsters, and the Air Transport Association of America, none of whom were able to furnish any quantitative analysis of their own which supported the criticism they made of the FEA proposal. In fact, the representative of the Air Transport Association, who was concerned about higher prices of jet fuel, a commodity which is not included in the decontrol plan submitted by FEA, admitted that the real problem of the aviation industry is its labor costs which constitute 60 percent of total operating cost of the airline. The remaining members of the end-users' panel were absolutely and fully in favor of the FEA proposal. These included the New England Council, which represents 2,000 businesses within the New England States, and the Car and Truck Renting and Leasing Association, which represented 3,100 firms and persons engaged in the renting and leasing of autos and trucks within the United States, and involved in the purchase of millions and millions of gallons of diesel fuel every year.

Their arguments sustained the position that removal of price and allocation controls will eliminate current market distortions that are ruining the independent marketers. The market structure in the middle distillate sector consists mainly of thousands of independent small businessmen who sell 75 percent of the fuel oil nationally and 85 percent of the retail volume in New England. These independents are having difficulty surviving under controls, because they cannot shop among refiner-suppliers for lowest priced products. Controls freeze them to their historic supplier at the historic price if the supplier demands that price.

In the absence of controls which now tie marketers to refiners at fixed prices, the Nation's 16,000 middle distillate and heating fuel retailers could shop freely among refiners for the best terms and prices available, and their suppliers could freely adjust prices to meet competition from other sellers. These factors, combined with competitive bidding and direct renegotiation of long-term contracts, exert downward pressure on prices in an adequately supplied market, and the market is currently adequately supplied. More on that later. Under controls, marketers are not free to move to another supplier, and suppliers do not have the flexibility to change prices. Under controls, the type of downward pressure on prices that is possible without controls does not exist. Thus, the continuation of controls actually serves to impose higher prices on consumers.

Prices of middle distillates will not increase as a result of the removal of controls because middle distillate supplies are in surplus. Many refiners, and particularly marketers, are now selling middle distillates at substantially less than the maximum price allowable under current price controls because they are losing customers to other types of energy. Mr. John Kanib, an independent marketer representing the New England Fuel Institute, testified before the Subcommittee on Energy and Power that the average lawful ceiling price under price controls for fuel oil in New England is nearly 50 cents per gallon, while the selling price is actually around 40 cents per gallon. Competitive forces are now operating in the marketplace to hold prices to consumers down, and there is no reason to believe that rapid price increases would occur with decontrol.

It should be noted that since residual fuel oil was decontrolled on June 1, the price has actually fallen as much as $0.40 a barrel to reflect more competitive conditions in the marketplace. In fact, according to the independent marketer, Mr. Kanib, before our subcommittee:

> Prices on low sulfur residual fuel in New York harbor have dropped by more than $1.00 per barrel—even more than the value of the residual fuel entitlement.: The same result is expected with middle distillates.

The independent marketers who appeared before our subcommittee, most of whom have been in the business of buying and distributing middle distillates for years, stated that the supply of middle distillates over the next several years will be adequate to meet demand. Currently, only 5 percent of our middle distillate requirements are imported, and that percentage is not expected to increase. As stated by Mr. John Buckley, an independent marketer from Boston:

> Mr. Chairman, we believe the FEA testimony before this Committee today was very responsive to legitimate Congressional concern about the adequacy of supply of distillates under differing scenarios. Basically, the new updated FEA data presented today shows beyond a shadow of a doubt that we do have sufficient domestic refining capacity to meet demand this winter under even the most adverse set of circumstances imaginable, providing there is no massive cutoff of foreign crude such as an embargo. Moreover, we were impressed by the statistics developed independently by the Petroleum Industry Research Foundation which show that with even a 20% demand increase for distillates this winter, there is sufficient domestic refining capacity to meet such demand.

You will be hearing from the supporters of the motion to disapprove—those who apparently desire interminable controls on the middle distillate market—that FEA did not consider alternatives to its own proposal so as to find some magic way to continue Federal price and allocation controls without creating market distortions. The witnesses before our subcommittee were asked about schemes such as removing allocations but not price controls, setting profit limits, or changing the base year. The marketing witnesses responded most negatively because the simple fact is that they feel sure distortions will occur no matter how creatively control schemes are fashioned. Independent marketers will continue to lose business and consumers will continue to suffer higher prices if controls are continued, no matter how they are fashioned.

Supporters of this motion also argue that FEA has presented conflicting and inconsistent data in support of their proposal. They note, for example, that the FEA has submitted several sets of figures for both supply and demand estimates. Since their original proposal was sent to Congress on June 15, 1976, FEA has made some revisions in their projections. These revised projections were submitted in response to formal and informal requests from subcommittee members and staff and, actually, only reflect differences based on applying different assumptions—such as different weather conditions—to the data base. The most important fact is that, when both the supply and demand impacts of varying weather conditions are computed, there is no significance because supply capacity in this country is more than sufficient to cover any increase in demand, no matter how severe the winter. That conclusion is supported by a majority of witnesses before our subcommittee who are betting their business futures on it.

Finally, because of the pressure on FEA by the proponents of continued controls, FEA has indicated it will take several actions in the postexemption market in the unlikely event there are any transitional problems. First, FEA will establish a "set-aside" reserve of supply for assignment to any marketer who might be temporarily unable to find a supplier. Second, FEA will monitor very closely prior trends in the market and be prepared to use immediately its statutory authority to reimpose controls if any price increases of more than 2 cents per gallon should occur.

I firmly believe, and most of our witnesses agreed, that such problems will not occur, but in the unlikely event that they do, these protective actions by FEA will effectively deal with them.

In conclusion, a compelling case has been made for the removal of outmoded and unnecessary price and allocation controls on middle distillates, controls that are causing great difficulty for the independent small businessman who markets these products and causing higher prices for the consumer.

I am opposed to this motion to discharge. Such a motion is an extraordinary action to circumvent the normal procedures of the House. The Subcommittee on Energy and Power and the Committee on Interstate and Foreign Commerce have had ample opportunity to examine these issues, and they have not taken any action on a resolution of disapproval on energy actions 3 and 4. Therefore, the subcommittee and committee have no position.

I urge my colleagues to avoid this extraordinary procedure of discharging a committee and to simply vote down the resolution to discharge and save this House a good deal of time debating an unworthy disapproval motion.

Mr. Speaker, I reserve the balance of my time.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Speaker, we made the basic decision with regard to control of oil prices when we passed the basic legislation, the Energy Policy and Conservation Act earlier this year. The fact of the matter is that, if prices go up, if the supply becomes short in the marketplace, it will have the effect of unraveling the entire price control mechanism that we passed under the Environmental Policy and Conservation Act.

The question of decontrol of middle distillates is very troublesome. There is no question that grave marketplace distortions have occurred under the price and allocation regulations adopted in 1973 by FEA. Independent marketers have been severely hurt by being tied to their 1973 suppliers and by a price squeeze imposed on them by the regulations.

The problem quite clearly stems from the failure of the FEA to adjust its controls to changed marketplace conditions. The regulations were adopted in 1973 when severe shortages were experienced in the wake of the Arab boycott. Today, middle distillates are in adequate supply, and regulations designed to allocate shortages no longer apply. Distortions have resulted.

It is my opinion that FEA deliberately allowed the regulations to become outdated and took no action in the face of emerging distortions in order to put pressure on Congress for FEA's and the administration's longtime objective to decontrol. There is no other explanation for FEA's failure to adjust its regulations.

If we disapprove of the deregulation plan put forward here today, I have no doubt that FEA will then take the needed adjustment actions.

To take no chances about this, a number of us have introduced legislation to require FEA to repeal its obsolete allocation requirements which tie distributors to their 1973 suppliers; and we have written the Administrator of FEA demanding that he update the Agency's price regulations as well.

Deregulation of middle distillates at this time poses unacceptable risks for the economy and the consumer. So long as supplies remain adequate, prices will probably not rise inordinately—they are in fact rising now under controls—but if a shortage develops, then there will be nothing to prevent distillates from rising to the OPEC price; in fact, this will happen at tremendous cost to the consumer. Furthermore, if there are simultaneous natural gas shortages and curtailments, there will be substitution of middle distillates for gas. The result will be an unraveling of the entire structure of gradual price decontrol we adopted in the Energy Policy and Conservation Act—EPCA.

Mr. Speaker, Congress made the basic decision on price controls with passage of EPCA. The administration is now trying to whittle away that decision with successive decontrol plans. The consequences will be the same disastrous rapid price increases that controls were designed to protect against originally—the same simultaneous inflationary and recessionary consequences for the economy.

I strongly urge discharge of the committee and disapproval of the FEA's deregulation proposal.

Mr. BROWN of Ohio. Mr. Speaker, if the gentleman will yield, the proposal that the gentleman makes, that we eliminate allocations and keep price controls, would see those people who are buying supplies going to the lowest price supplier until his supply is depleted.

The SPEAKER. The time of the gentleman has expired.

Does the gentleman from Ohio desire to yield time to the gentleman from New York?

Mr. BROWN of Ohio. Mr. Speaker, the gentleman from Ohio will state that his time is all pretty much committed.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield 7 minutes to the gentleman from Massachusetts (Mr. Conte).

Mr. CONTE. Mr. Speaker, I rise in opposition to the resolutions of disapproval. I am in support of the proposal of the Federal Energy Administration to decontrol middle distillate fuels.

I take this position after intensive study of this issue and continuous discussions with representatives from the FEA, independent fuel oil dealers, consumer groups, constituents, and other interested parties.

New England is the most oil-dependent region in the Nation, so I do not take this position lightly. Twelve million people live in New England, and 74 percent of our population is supplied with heat from No. 2 home heating oil. Over 2½ million homes are heated with this fuel.

So there is no other region that must live closer to actions affecting the price and supply of home heating oil. And there is no region more sensitive to price and supply changes.

The issue before New England representatives is this: Which plan offers our region more assurances and safeguards against price increases?

The resolutions of disapproval before the House would continue the present system of allocation and price controls. But I question whether this scheme is keeping middle distillate prices down in New England any longer. Despite the abundance of heating oil supplies, which is expected to last through 1978, retail dealers are required to buy their fuel from their historic wholesaler or refiner. They cannot shop around for the best bargain. Instead of controls keeping prices down, controls are supporting high prices and keeping them from going down. But, on the other hand, retail dealers must be price competitive in selling to consumers or they will lose business.

The consumer shopping power has dropped the retail price of home heating oil by 7 to 9 cents a gallon below the maximum legal price-control ceiling. So, even if price controls stay on, retail prices legally could jump by 7 to 9 cents a gallon for New England consumers.

Furthermore, if the quantity of home heating oil being imported increases substantially, the full amount of this higher-priced foreign oil would be passed on directly to New England consumers. The entitlements program does not cover imported heating fuel under the present program.

I have received two letters from FEA Administrator Frank Zarb setting forth in detail the assurances and safeguards consumers would have against disruptive price increases if controls are lifted from middle distillate fuels.

I submit these letters of June 25 and June 30 for the Record at this point:

Federal Energy Administration,
Washington, D.C., June 25, 1976.

Hon. Silvio O. Conte,
House of Representatives,
Washington, D.C.

Dear Mr. Conte: The Federal Energy Administration (FEA) has recently been asked for additional information regarding its contingency plan for middle distillate prices in the event Energy Actions 3 and 4 are not disapproved by the Congress. The key elements of the contingency plan are:

A quick response monitoring system that will compare actual prices on a weekly basis with estimates of what they would have been if regulatory controls were still in effect;

A series of automatic steps that will immediately unfold if prices in the decontrolled market exceed by 2 cents the estimate of what they would have been with continued controls; and

An emergency allocation system to insure that no marketer loses his supplies without adequate time to arrange a new supplier.

Each of these aspects of the overall plan is explained in greater detail in the following.

The price monitoring system will include not only the comprehensive statistical reporting systems that FEA has in place, but also a telephone survey of scientifically selected samples of jobbers and dealers and of those refiners accounting for a majority of middle distillate production. With these mechanisms FEA will track price trends at the refinery, wholesale, and retail levels on a monthly basis during April through September and on a weekly basis during October through March. From this up-to-date data on price and sales volumes, FEA will monitor price trends, both regional and national, and will make a weekly computation during the heating season of the weighted average price of middle distillates.

This estimate will be compared to a projection of what price trends would have been under continued regulation. This projection will be generated by taking into account three principal factors:

(1) The current level and projected increase in the cost of crude oil under the provisions of the Energy Policy and Conservation Act and incorporating projections of the increased dependence on imports and imported crude prices.

(2) An index that best reflects the increased cost of doing business for refiners and marketers. The specific index to be used will be selected after an evaluation of comments as to the appropriateness of alternative indices to be considered at the public hearings.

(3) A seasonal pattern of price variations derived from an analysis of the years 1968 to 1972 inclusive. This will provide a long enough period of reasonable market conditions to establish an appropriate pattern of seasonal variations to be expected without controls.

We will have these two systems in place and operational by the end of July this year as a result of an expedited rulemaking. We will, of course, begin immediately to collect data from available sources and do our preliminary computations during the public hearings and rulemaking process so that we would have at least preliminary bench-mark values even before the end of July.

Any time the estimate of actual prices exceeds the projections of regulated prices by more than 2 cents per gallon, we will hold public hearings within 10 days to determine the causes of such an increase and to solicit comments on various actions necessary to restore average prices to levels at or below those reflected in the index within no more than one month.

Among the options available to FEA for accomplishing this result are: reimposition of complete allocation and price controls over the entire industry, imposition of partial sets of allocation or price controls over the entire industry, imposition of full or partial controls over certain segments of the industry, and modification of FEA's entitlements program to reduce the cost of imported middle distillates. In any event, FEA will take within ten days of completion of the hearings such action as may be required to restore prices within a month to levels at or below those reflected in the index.

We cannot, of course, specify in advance exactly what action we will take since we have no way of knowing what type of contingency may develop that will require corrective action. As you know, we see no problems in the market with supply or prices at the current time, but if some unforeseen problem does develop we can and will fashion an appropriate remedy immediately. Since no single action can appropriately respond to all contingencies, it is far better to base the action on the facts and circumstances at the time so as to be sure that it will remedy the problem with the least interference with other objectives. It would be both unnecessary and unwise, for example, to reimpose controls over the entire industry if we found that the price increase problem was limited to the refining sector. Even then, depending on why refinery prices were rising, it might be more effective to grant entitlements to distillate imports than to reimpose price controls on refiners and run the risk of reducing production.

To assure that no marketer is placed in a position of not having a reasonable time to arrange for supplies, FEA will promulgate a proposed rulemaking immediately after the exemption is effective to establish a "set-aside" reserve of supply that would be used throughout the coming heating season for assignment to those few marketers who are temporarily unable to find a supplier after demonstrated good faith efforts to do so.

Such marketers would be assigned as much as their currently authorized base period volumes from the FEA set-aside for up to 90 days if required to permit them to make their own supply arrangements or for longer if required to preclude hardship to consumers. This provision, expected to be used only infrequently, provides a "safety net" to preclude the process of decontrol itself from imposing unduly sudden transitions on any individual marketer. By giving him a reasonable time to locate a willing supplier, it assures him a fair chance to make his own way in a free market.

FEA will continue to monitor and report to Congress on market share trends in the industry. In the event of sharp swings in market shares or widespread problems of supply cutoffs that appear to be contrary to the Emergency Petroleum Allocation Act (EPAA) objective of preserving the competitive viability of the independent sector of the industry, FEA will immediately convene public hearings to determine the necessity for reimposing controls or if required will take whatever emergency action is deemed appropriate before convening hearings.

In any case, you may be assured that FEA is fully cognizant of its responsibilities under the Emergency Petroleum Allocation Act and that it will take whatever action is required to see that the objectives set out in that Act are in fact realized to the maximum practicable extent.

I hope you find this information helpful. If I can be of further assistance, please let me know.

Sincerely,

Frank G. Zarb,
Administrator.

Federal Energy Administration,
Washington, D.C., June 30, 1976.
Hon. Silvio O. Conte,
House of Representatives,
Washington, D.C.

Dear Mr. Conte: In my letter of June 25, 1976, a copy of which is attached, I described the standby price and allocation measures that the Federal Energy Administration (FEA) will have in place by the end of July if Congress allows middle distillates to be exempted from regulatory controls. Since that letter was written, these standby measures have been discussed in greater detail with a number of Senators and Congressmen and in congressional hearings. In order to keep you fully apprised of our intentions in this regard and to assist in your consideration of Energy Actions Numbers 3 and 4, I wish to inform you of these discussions.

Of primary concern in this connection is the fact that FEA's contingency system will be structured in a manner which assures that no particular region of the country is disadvantaged relative to others. For example, apart from normal regional and seasonal variations, price reductions in one section or area of the country would not be permitted to offset price increases in other sections of the country in calculating comparisons with the index (i.e., the projected price under controls plus 2 cents per gallon) outlined in my letter of June 25. Thus, prices will be monitored at regional as well as national levels and the actions outlined in the June 25 letter taken not only if the national prices exceed the index, but also if regional prices exceed the index. The base from which these comparisons will be made will be actual June 1976 selling prices in order to fully protect the interests of consumers.

I have also made it clear in these discussions that the allocation contingency plan designed to protect independent marketers as they return to the unregulated market will operate in a highly expedited fashion, and that the regulations necessary to implement this standby program will be in place by the end of July. FEA regional and national offices will take timely action to make supply assignments from the "set aside" and assure deliveries through vigorous and rapid enforcement actions where required.

Although most of these points were covered in my June 25 letter and testimony given before committees of both Houses of the Congress, I hope these further elaborations will adequately clarify questions that have arisen and reassure all concerned that consumers' interests and those of independent marketers will be protected upon implementation of Energy Actions Numbers 3 and 4. By its commitment to these measures, FEA has provided adequate assurance that restoration of effective competition to middle distillate markets will in no way expose consumers to the possibility of unjustified price increases.

Sincerely,

Frank G. Zarb,
Administrator.

There is no doubt that New England fuel oil consumers have more safeguards against price hikes with the assurances given to me by Mr. Zarb. If controls are lifted from middle distillate fuels, FEA will monitor prices, on a regional basis, every week. He has promised that if prices go up by more than 2 cents a gallon above the actual June 1976 selling prices, which is 7 to 9 cents below the maximum price allowable under controls then a hearing will be held within 10 days; a remedy will be ordered within 10 days after the hearing, and an appropriate remedy will be put into effect to bring prices back within the 2-cent margin within 30 days. He has also promised to establish an emergency "set-aside" allocation system, to assist retail dealers who are unable to locate heating oil suppliers.

This is not a promise that FEA will merely hold a hearing and then do nothing. As Mr. Zarb stated to me in his letter of June 25, and this is a quote:

> In any event, FEA will take within ten days of completion of the hearings such action as may be required to restore prices within a month to levels at or below those reflected in the index.

Decontrol would also offer New England consumers a much better price deal if the quantity of home heating fuel that had to be imported increased substantially. Under the present price control system, the higher cost of imported oil is passed on, penny-for-penny, directly to the ultimate consumer. But with decontrol, any substantial increase in the level of heating fuel imports would quickly activate the "2-cent trigger" mechanism. Within 20 days, FEA would be obligated to order a remedy to get New England fuel oil prices back down within the 2-cent margin. The best remedy, which would operate efficiently and quickly, would be an extension of the entitlements program to include imported heating oils. This would spread out the higher cost of imported products to all oil consumers in the United States, and not just the end users in New England who, by the accident of geography, would consume most of the foreign oil.

I have two additional reasons for supporting the FEA proposal to lift controls from middle distillate fuels.

First, the present program of controls is imposing a horrendous and unnecessary paperwork burden on small retail heating oil dealers. In New England, 85 percent of the residential fuel oil consumed is sold by more than 1,300 independent retail dealers. They are being gagged, stifled, and hamstrung out of business by Federal controls and reporting requirements. By conservative estimate, the paperwork requirements imposed on them by allocation and price controls are inflating retail prices by at least a penny a gallon.

Retail sales of home heating oil in the Northeast, where 60 percent of the Nation's supply of this fuel is sold, are highly competitive. The major oil companies market relatively little product at retail, especially in New York and the six New England States. This is one of the least integrated sectors of the oil industry, with relatively small quantities of fuel oil being sold under brand names. With decontrol, competition would be restored to wholesale sales of fuel oil, which may lead to downward pressures on prices to consumers.

Second, I would point out to my colleagues who is benefitting from continued controls. Independent retail dealers are getting squeezed. Consumers are not benefitting. Instead, the cats who are getting fat are those major oil companies which produce most of their crude oil supplies within the United States. Supposedly, these crude oil supplies are under price controls, but you would never recognize that from looking at oil company profits for the first quarter of 1976.

The big multinational oil companies, who get a large part of their oil from OPEC countries—like Exxon, Texaco, and Gulf—did not lead the parade in profit jumps. Exxon's profits were up 22 percent in the first quarter of 1976, but that was far behind the profit jumps of 160 percent scored by Sun Oil Co. or 98 percent by ARCO.

Mr. Speaker, continued controls over home heating oil while it is abundant in supply, and promises to remain abundant for the next 2 years, are an anacronism and are counterproductive. I urge my colleagues to vote against the resolutions of disapproval.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. Moffett).

Mr. MOFFETT. Mr. Speaker, I would be happy to yield some of my time to the gentleman from Massachusetts (Mr. Conte) if he wants to finish his statement.

Mr. CONTE. I may even change my vote, who knows.

Mr. MOFFETT. We live in that hope.

Mr. CONTE. We have got some winners over here. Go ahead.

Mr. MOFFETT. Would the gentleman like to finish his statement?

Mr. CONTE. It is all right. Go ahead.

Mr. MOFFETT. I would like to ask the gentleman some questions. First of all, the gentleman's record of protection for the consumers in his district and in New England is one I think no one would question and one the people in New England admire, but in this case I think I disagree with the gentleman on basically what assurances and safeguards we do have from FEA. It may be, as Mr. Zarb has told us privately, he will take action, but letters to the gentleman from Mr. Zarb, as I read them, say he will take that action as he deems necessary, but that is to be determined by him.

We do not know how in fact FEA would compute the index, whether the dealer in the gentleman's district or mine is selling at 42 cents a gallon but could in fact be selling at 50 cents a gallon and if the price happens to go up to 51 cents, will they say that is only a 1-cent increase because that is how we compute the index?

These things remain unanswered. It seems to me we cannot take the word of the FEA, and I mean oral word in this case, for granted in the absence of specific assurances from Mr. Zarb as to what he would do, and there is no question that FEA could come back here and very quickly, if they were very sincere about this, clear this up.

They have presented three different trigger mechanisms here in a short time. They could certainly come back with another trigger mechanism if we reject this decontrol proposal and we could vote on it very quickly.

Mr. CONTE. I understood in a meeting we had this morning with Mr. Zarb, and we were there, the gentleman said we could take that figure and the gentleman used the figure of 42 or 48 cents as the price, and if it had gone up 2 cents from 42 cents, then the trigger mechanism would come in.

But the thing is, the gentleman is absolutely right, they have come in with three different changes, but those have come about because the New England Senators and the gentleman from Massachusetts (Mr. Boland) and I have pressured them and they have sent these changes. I am glad we have got these letters.

I will go along with it. If they do not comply, then I will go along with the gentleman.

Mr. MOFFETT. But we have only their word.

Mr. CONTE. Now we have it on the record, the gentleman and I.

Mr. MOFFETT. That does not put Mr. Zarb on record, binding him to anything.

Mr. CONTE. Well, let them try to go back on their word.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. Maguire).

Mr. MAGUIRE. Mr. Speaker, I voted for decontrol on the residuals. It appears at first there is a superficial similarity between the decontrolling of the residuals and decontrolling middle distillates; but it does not wash.

First of all, the world price is different. The world price was below residuals and in this case it is above the domestic price.

In the second place, distillates are substitutable with and by natural gas. Therefore, any constriction of the natural gas supply could have a devastating effect on the supply situation with regard to distillates and drive the price up.

Third, distillates are much more sensitive items for consumers than residuals and any risk that we take in this area could have a devastating impact.

Fourth, we have not tested yet adequately, and especially since decontrol of the residuals. The price reductions that we have experienced in recent weeks in residuals could be simply the result of seasonal fluctuations. The price tends to go down at this time of the year. So it has to be tested over 6 or 9 more additional months, if not a year, before we can really be sure.

Finally, and most convincingly, FEA could have done this if we are talking about allocation changes with the authority it already has. If allocation is what was contricting the situation and keeping prices artificially high, we could have had FEA act.

The present resolution makes sense only if the expectation is or the desire is that prices should rise. That is really the bottom line.

The SPEAKER. The time of the gentleman from New Jersey has expired.

Mr. STAGGERS. Mr. Speaker, I yield an additional one-half minute to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Speaker, finally, with respect to the index, I looked at the letter the gentleman from Massachusetts received. It says there will have to be hearings. They will have to go through a whole complicated exercise just to establish the base price that they are going to be measured with. This is a formula on which we will spend weeks, if not months, hassling whether the so-called triggers should be brought into effect.

Then finally, if they really wanted to do this, it would be included in the resolution. It would not be on the basis of assurances in correspondence.

So I think we have to come back with something more serious that is worthy of our consideration.

Mr. BROWN of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. Krueger).

Mr. KRUEGER. Mr. Speaker, there are, I suppose, a couple of great mysteries before the House that I think we should deal with. The first mystery is why we should have this bill under a discharge petition, why the committee did not act. That mystery should be resolved. The mystery is resolved when we realize that a subcommittee chairman asked everybody likely to vote with him to leave the committee so that a quorum would not be present in the committee for that particular resolution, because he did not have a majority in the committee to sustain his motion of disapproval. That is the first mystery.

The second mystery is why, if people so dislike the FEA and so distrust it, and wish to have a system to control these distillate prices, they would wish to continue to assign to the FEA the responsibility for allocation and pricing procedures, which it is now handling and which it has handled ineffectively. There have been examples given to me by people on the floor today of the problems of supply and demand which have resulted from present regulations. Distributions are locked in to the same suppliers from whom they were acquiring their products some 4 years ago and they are locked in, not only in terms of supply lines, but also in terms of price. They do not have the right or the opportunity to seek cheaper suppliers, because they must continue to acquire their fuel from the people who were supplying them several years ago.

Mr. BOWEN. Mr. Speaker, will the gentleman yield?

Mr. KRUEGER. I yield to the gentleman from Mississippi.

Mr. BOWEN. Mr. Speaker, just yesterday a small independent retailer in my district, who sells diesel oil to farmers, called me and said that he had negotiated an arrangement with a major producer-refiner which will result in saving a minimum of 10 percent to the farmers if he could buy it, but unfortunately the two broker middlemen, who provide no service other than locating fuel oil, refused to release him.

If I vote no on this resolution, would this free up this independent so that he could then find a cheaper source of supply and pass that savings on to the consumers in my area?

Mr. KRUEGER. That is my understanding. He will then be free to go as he wishes to his supplier. But one of the things we have to keep in mind is that we have adequate refining capacity in this country to meet the full need for middle distillates. According to the testimony which we have received, we have some 87 percent refining capacity currently under use, and even if we have a cold winter and accept the revised figures for middle distillate demand that FEA has provided—at the request of our committee—we would still have adequate refining facilities to deliver our full need for middle distillates.

So, we have here a classic example of Federal regulations continuing much beyond the time for which the need exists for those regulations. We now have an opportunity to get rid of those regulations. The opportunity for FEA to drop unneeded regulations was anticipated when the legislation was passed. The opportunity exists for us now. All we have to do now is allow the agency to which we have given responsibility to go ahead and carry out the responsibility. Having charged the agency with this, we ought to go ahead and allow it to proceed at this time.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from New York. (Mr. Downey).

Mr. DOWNEY of New York. Mr. Speaker, on June 22, 1976, several members of the Oil Heat Institute of Long Island visited me and presented to me their very persuasive arguments for middle distillate control. The statement follows:

> The Oil Heat Institute of Long Island strongly supports the plan submitted by the Federal Energy Administration to remove price and allocation controls from middle distillate fuels (No. 2 home heating oil). OHILI urges that the Congress approve the plan by rejecting the Resolution of Disapproval that have been introduced.

The Oil Heat Institute of Long Island is composed of more than 300 independent retail fuel oil dealers serving more than 1,250,000 voters in Nassau and Suffolk Counties. Long Island is the most highly concentrated fuel oil market in the nation, with more than 85% of the homes in the area heated by fuel oil.

OHILI supports decontrol for the following reasons:

(1) Decontrol will stabilize fuel oil prices and benefit the consumer.

The present FEA allocation and price controls actually increase costs to the fuel oil dealer and the consumer. Our analysis indicates that the cost of complying with the controls is from ½ to 1 cent per gallon of fuel oil; in addition the market distortions and lack of a true competitive market costs the consumer another 1 cent per gallon. In the State of New York alone, each cent costs the consumer $45 million per year. Thus, if controls are removed prices will stabilize and may, in certain cases, be reduced. Other factors—such as the Congressionally mandated crude oil price rises or OPEC actions—may increase costs, but decontrol will mean that the adverse impact of future crude oil price increases on the consumer will be less than if controls are maintained.—Residual fuel oil prices have dropped sharply in reecnt weeks as a result of the decontrol plan approved by the Congress in April. This has and will provide substantial savings to Long Island consumers.

(2) Decontrol will stimulate competition and strengthen the viability of independent fuel oil marketers.

FEA price controls stifle competition and hurt independents by creating a multi-tier structure at both the wholesale and retail level. Under the multi-tier system a few companies do well, while many are unable to recover costs. The allocation controls have frozen supplier-purchaser relationship for nearly three years, thus guaranteeing a market share and a return for the major oil companies at both the wholesale and retail level, Independent dealers have become "captive" of their suppliers and are unable, as they did in the years before control, to bargain effectively to keep suppliers' prices low.

The Emergency Petroleum Allocation Act of 1973 was good legislation; it insured the survival of independent fuel oil dealers during the supply crisis caused by the Arab Oil Embargo. However, supply conditions have returned to normal and the control system designed to benefit consumers and independent marketers has become a costly, anticompetitive bureaucratic nightmare. Unless the Congress permits removal of controls, the competitive viability and future operation of many independent marketers will be in jeopardy.

(3) Decontrol will insure the full build-up of supplies essential to protect the consumers of Long Island in the coming winter.

Long Island has a number of large storage facilities which help to stabilize prices and avoid, during the periods of peak winter demand, supply disruptions that could cause higher prices. These facilities should be filled to capacity before the start of the heating season next Fall. Unfortunately, present FEA controls discourage the accumulation of fuel oil inventories by making it impossible for companies to recover the costs of storing the oil.

Thus, present controls pose a serious threat to the consumers of Long Island. If controls are promptly removed, the summer build-up of stock can proceed in an orderly and effective manner, thus insuring adequate supplies at lower prices for the Long Island consumer.

(4) The decontrol plan provides additional safeguards for consumer and independent marketers.

Under the plan, the FEA will maintain continuing surveillance of prices, supplies and competitive conditions. Controls can be reimposed immediately when conditions warrant in order to protect consumers and independents.

In addition FEA will establish new regulatory machinery providing for a state and/or regional reserve to assign supplies to areas and companies experiencing spot shortages; in addition, the regulations will provide for direct assignment of a dealer to a supplier in cases where the dealer is experiencing difficulty.

Therefore, for the benefit of the consumer through stabilizing of prices, strengthening of competitive forces and removal of cost of compliance overhead, the Oil Heat Institute of Long Island urges you to reject the Resolutions of Disapproval and permit enactment of the FEA's plan to decontrol of middle distillate fuels.

Mr. DOWNEY of New York (continuing). Mr. Speaker, unfortunately, I will not be able to support their position for several reasons:

The FEA argument rests on the assumption that a sufficient supply of middle distillates is available and that demand will not significantly increase if either or both of these conditions change the price of home heating oil and diesel will climb rapidly. Last winter was a mild one and consumption was down. There is nothing to assure that this will be the case this year. One must also consider that natural gas is the usual replacement fuel for high cost or No. 2 home heating oil. If its availability is curtailed an additional pressure will be placed on middle distillate supply and price.

Mr. Speaker, I do believe that point two of the OHILI is well taken. I feel that the FEA could and should amend supplier/purchaser relationships to remove the "locked-in" aspect repugnant to the OHILI and at the same time protect its members from unfair supply curtailment in the event of shortages. This would give flexibility to the small business suppliers to "shop around" so that they could more adequately compete with their major suppliers.

In order for this to happen total decontrol must be rejected.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. ECKHARDT).

Mr. HUGHES. Mr. Speaker, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Speaker, I am inclined to agree with my colleague from Texas (Mr. KRUEGER) that our program of allocation has become a bureaucratic nightmare and often anticompetitive. However, the FEA has seen fit to attempt a decontrol of both allocation and price in the same regulation.

I will support a decontrol of allocation for the reasons stated above. However, when FEA attempts to decontrol price in the same regulation, I am compelled to vote to discharge the committee and then in favor of the resolution of disapproval.

Anyone who believes that a vote for decontrol of the price for distillates does not mean a vote for higher prices for the consumer is kidding himself. The price, under decontrol; will unquestionably be the world price—a price set by the OPEC cartel. The so-called "free market" is merely a mirage.

Mr. ECKHARDT. Mr. Speaker, it is the product price that affects consumers. Whatever we do with respect to controlling crude oil prices, we do not protect the consumer against an increase in price unless we also protect product prices because the consumer does not buy crude oil. He buys middle distillates; he buys gasoline; he buys other products.

Now, let me describe what the entire grand strategy of deregulation is. On April 9 of this year, in Dallas, Tex., the President set out the administration program for dismantling price controls on petroleum products. He said:

> We have already started the processes under Frank Zarb to get rid of the various price controls under the energy legislation that was passed last December. Mr. Zarb has filed the necessary documents in the Federal Register to get rid of residual oil controls.

He is now going to do it for distillates and for gasoline.

Energy Action No. 1 was filed on March 29, 1976, and the House and Senate failed to disapprove on April 13, and residual was decontrolled.

Energy Action Nos. 3 and 4 to decontrol middle distillates has followed on, just as projected in the President's plan. The next thing will be removal of product controls on gasoline.

Now, if you want to let the whole program be dismantled piece by piece, approve this middle distillate proposal 3 and 4. Consumers are protected only if product prices are controlled. Now, do the Members believe for a minute that if the major, integrated oil companies can drain off their profits at the middle distillate and gasoline level, that they will not do so? What does it hurt them if crude oil prices are held at some controlled rate?

They buy crude oil from nonintegrated producers, who cannot drain out their profits at the product level.

If we take off product controls, it means that the Seven Sisters and other major refiners—major refiners produce about 81 percent of the total petroleum products in the United States—can charge anything they want. They simply drain it off at the point of product prices.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. SISK).

Mr. SISK. Mr. Speaker, the clock is ticking. Time is running, It seems to me that at this late date we really have no recourse but to vote to discharge the committee and disapprove the recommendation of the FEA. It seems to me that all we are doing here, if we go along with FEA in this instance, is simply to turn over to OPEC countries the setting of prices.

I do not think there is any question that we have been misled in connection with the difference of prices that exist. While they quote only 2.3 cents per gallon, the facts are that it is 7 cents per gallon. Also, in October 1975, U.S. prices were 10 cents per gallon higher.

The point I want to make is that I just think it is tragic. I am now concerned about my own people in the San Joaquin Valley of California, that anything that increases the cost of middle distillates will increase the cost of food, the cost of transportation, and it is simply going to add more inflationary pressure. It will mean the cost of living is going up. I think until we know more and have better information than we have now, we have no recourse but to vote to discharge the committee and to disapprove the decontrol.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Speaker, I reluctantly rise in support of the motion which discharges the Committee on Interstate and Foreign Commerce from any further consideration of House Resolutions 1302 and 1303. I hope that all of my colleagues who are seriously interested in a full and complete discussion of the FEA's policymaking will join me in bringing this matter to the House floor.

The situation is this. Unless the House intervenes and prevents the committee from blocking our considerations of FEA's Energy Actions Nos. 3 and 4, they will go into effect at midnight tonight. A most serious step that has enormous implications for many small businesses will thus be taken and assume the force of law without ever having been considered by this House. Energy Actions No. 3 and 4 abruptly remove middle distillate fuels from Federal price and allocation controls. As my colleagues are well aware, under most circumstances I would applaud any move toward a lessening of Government controls on the economy. If the remainder of the controls and entitlements administered by FEA were being dismantled along with the actions dictated by Energy Actions No. 3 and 4. I would support them with enthusiasm. The fact, however, is that we shall still have an unfair market situation that continues to be injurious in the long run to all consumers due to the remaining controls. Certainly, the impact of these actions is worthy of debate, especially since a great many issues, such as sufficiency of supply, have not been sufficiently explored and documented by FEA.

The issue is congressional responsibility and fair debate. There is no good reason why the FEA should be permitted to assume the functions of Congress and enact law. By voting for the discharge motion, we simply fulfill our obligations. I urge my colleagues to join with me and vote for discharge.

Mr. BROWN of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Speaker, the big issue that we have before us here, of course, is the matter of whether we are going to have price controls or whether we are not going to have controls.

Just a few years ago we were buying oil from the Middle East, where we were paying for that oil $3 a barrel. Today we are paying $12.50 a barrel. It is interesting to note that our imports during that time have grown from 1970, when we were dependent by only 23 percent on imports, to today when we are dependent by 43 percent on foreign oil.

I want to repeat that, because it is not going to take many years before we are going to be in the same shortage shape they have over in Europe. Right now we are only talking about distillates, but in my area of the country we are mainly interested in gasoline. We buy gasoline at home and pay something like 60 cents a gallon for it, but in Europe they are paying $1.50 a gallon for it. The reason they are paying so much in Europe is that they are entirely dependent upon that import oil.

As long as we have controls, we are going to have growing shortages. The only way to get rid of shortages is to go ahead and have an open market.

Fuel oil was released from controls. As all of us know, fuel oil today is selling at a lower price than the price it sold for when it went out from under controls. I do not know what will happen to distillates, but in all likelihood the price would not change much.

Mr. Speaker, we must face the fact that until we decontrol, our country is going to become more and more dependent upon the Middle East for oil. Just remember this: We are 23 percent dependent on imports in 1970, and today we are 43 percent dependent on imports. We must vote for this open market for distillates, and that means a "no" vote on the discharge.

Mr. STAGGERS. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Speaker, I thank the committee chairman.

I think that we really have no alternative but to discharge the committee. I believe that is the only way we can get at this business in a rational fashion.

I might add that this is exactly the kind of activity that I have always expected from the FEA. Those of us who have any farm families in our districts, those of us who have any old people using fuel oil in their districts to heat their homes have no choice on this matter.

This is a matter of price. This is a matter of whether we are going to allow the OPEC nations to set the price of heating the homes of the farm families in Indiana and the rest of our Nation. I think this Congress has the responsibility to take action. I had wished that we had not structured it in such a way that the FEA could take this action. I thought we had structured it in H.R. 7014 so that could not happen, but obviously we have not.

Mr. Speaker, I am very concerned lest this committee by some clever parliamentary maneuver defeat the discharge petition and thereby deny the House the opportunity to debate this issue as it should.

Mr. BROWN of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. WAGGONNER).

Mr. WAGGONNER. Mr. Speaker. I wish to say to my colleagues in the House that a great deal has been said about error in the projections by FEA of fuel availability. You know and I know that no living man can accurately project what our demand is going to be, because only God in heaven knows what the weather is going to be. We can run computer models until hell freezes over, and when we are through, all we have got is a computer model that produces a result based upon input—nothing more and nothing less. It is exactly that simple.

If there is something for us to keep in mind, those of us who use middle distillates for heating purposes, it is exactly this: We must remember that when the cold weather does come, there is going to be a curtailment of natural gas. How much? Again nobody knows, but if we want fuel, we should provide for decontrol or we are going to be cold.

Mr. STAGGERS. Mr. Speaker, I yield 1 minute to the gentleman from Colorado (Mr. WIRTH), a member of the committee.

Mr. WIRTH. Mr. Speaker, it is important that we discharge this petition so that at least three broad issues can be debated on the floor of the House: First, the extraordinarily confusing state of the data sent up to the committee by the Federal Energy Administration.

Within a period of a few days, less than a week, we received three different analyses from the FEA in support of their projects. That is one area that has to be explored.

Second, there is the thoroughly unimaginative way in which the FEA has proposed energy action No. 3 and No. 4.

The gentleman from Indiana (Mr. SHARP) and others have proposed other ways in which we might approach the problem of allocation and price. That also has to be debated on the floor.

Finally, Mr. Speaker, it seems to me that all Members of this House ought to understand how the proposals coming up from the FEA are a complete turnabout from the agreement which the Administration reached with the Congress last December.

Mr. Speaker, we should vote to discharge.

Mr. Speaker, in consideration of the Federal Energy Administration's proposal to remove both price and allocation controls from home heating oils and diesel fuels, it is essential that the Congress evaluate the Federal Energy Administration's demand projections for these important fuels. Such an evaluation is required because the adequacy of supply to meet projected demand is the cornerstone of FEA's proposals to remove allocation and price controls. FEA contends that supplies will be adequate to meet demand.

However, if demand is forecasted to exceed potential supplies, increases in domestic price levels to those prevailing in the world market are likely. We now know that rather than risk only a 2-cent-per-gallon increase, the dangers of price increases are much greater. The Federal Energy Administration's analysis underestimates this danger by reliance upon February 1976 price figures. More recent figures reveal the danger to be much greater. If demand exceeds supply, the price of essential home heating oils and diesel fuels could rise by as much as 20 percent, or 8 cents per gallon.

What confidence, therefore, can we repose in the Federal Energy Administration's demand projections? I must emphatically answer "none." On June 15, 1976, the Federal Energy Administration submitted to the Congress its analysis in support of middle distillate decontrol. That analysis included a series of demand projections for middle distillates in 1976, 1977, and 1978.

Subsequently, in response to the discovery that significant erros were made in the assumptions which produced the June 15 demand projections, the Federal Energy Administration by letter dated June 23, 1976, forwarded to the Congress a "revised" series of demand estimates. Then, just 2 days later, the Federal Energy Administration revised its "revised" demand estimates. On June 25, the Agency transmitted yet another series of demand projections. Which are the Agency's real demand projections? Those contained in the June 15 analysis in support of decontrol? Those contained in the June 23 letter? Or those contained in the June 25 letter?

The simple answer I submit is that none of these demand projections has been sufficiently documented by the Federal Energy Administration and withstood objective scrutiny so that the Congress could repose the necessary trust and confidence in them which would lead to acquiescense in decontrol of heating oils and diesel fuels. I submit that the Federal Energy Administration has presented the Congress with a moving target which defies rational evaluation and which requires the rejection of the FEA proposal until such time as it is appropriately documented.

I urge you to vote in favor of the motion to discharge the committee from further consideration of the resolutions of disapproval and to vote in favor of the resolutions of disapproval, House Resolutions 1302 and 1303.

Mr. BROWN of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL. Mr. Speaker, I rise in opposition to the discharge motion.

Mr. Speaker, you would normally expect regulation and allocation of a product because a shortage exists. In the case of middle distillates, there is no shortage. In fact, Federal Energy Administration analysis shows adequate supplies even through the colder months when there is higher demand for heating oil. In addition, 95 percent of middle distillates is supplied by domestic sources. Only 5 percent is imported, thus supplies are not dependent on higher priced imports.

In addition, Mr. Speaker, decontrol of middle distillates will result in more competition, not less. At the present time, under controls, distributors are frozen by law to the contracts they made 3 or more years ago. Distributors have not been permitted to change suppliers, or permitted to negotiate with competitive sources of supply for a better price.

Thus, there is no competition under the present system of regulation and allocation. I have heard from distributors who badly need to find new sources of supply. Under the present law, they cannot enter into long-range contracts for an assured supply. They must struggle by on a day-to-day basis, finding what product they can on the spot market, and at higher prices than would be the case with full competition.

Mr. Speaker, this deregulation plan does not call for an end to price controls over crude oil. Crude would still be controlled. This plan ends allocation and price controls over the end product, middle distillates.

Mr. Speaker, some may be concerned that shortages may occur.

In the unlikely instance that such shortages do occur, FEA is committed to two separate procedures to protect independent marketers. First, FEA will propose procedures to establish a State supply reserve. Marketers may draw upon these supplies automatically for 90 days or longer if needed, to eliminate hardships to consumers. Second, FEA will continue to monitor middle distillate prices closely and will construct an index which would estimate to what extent prices would have risen were controls still in effect. If a price rise of more than 2 cents per gallon in excess of the index amount occurs in a given month, FEA will hold public hearings to determine whether the reimposition of controls is necessary. Controls should be reimposed on a full or selective basis, based on FEA's conclusions from the hearings, or entitlements benefits granted to middle distillates refiners.

The Emergency Petroleum Act also provides for FEA's ability to reinstate controls on middle distillates if warranted by the objectives of the EPAA. Thus, an unexpected supply shortages and resulting significant price increases could be dealt with by these regulatory mechanisms. It should be clear that decontrol of middle distillates is the only logical step toward the realization of Congress intent when it signed EPCA in December 1972.

Mr. Speaker, some have expressed opposition to this deregulation plan because they oppose a piecemeal approach to deregulation. The Energy Conservation Act, signed into law last year, requires the administration to submit deregulation plans to the Congress. So, in my judgment, based on my careful analysis of all the facts submitted by FEA, that this is a responsible approach. It does permit us to review each step before taking the next one.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana (Mr. SHARP), a member of the committee.

Mr. SHARP. Mr. Speaker, I rise to urge that we discharge the committee and that we reject the proposal of the FEA because there are other alternatives.

I think it is important for us to look back. We committed ourselves last December to try to insulate the American people, the American consumer, the American economy from the inflation of the world crisis on oil.

Mr. Speaker, if we accept the position of FEA, what we risk is that our truckers, our homeowners, our small business people may well, next winter, be paying a higher price on the world market because we let FEA raise those prices.

Mr. Speaker, we recognize that the present system of controls is not a good one, but we have to distinguish between price controls which we are insisting on, and which we did insist upon last December, and allocation control.

It is allocation control to which most of the arguments made today on behalf of FEA have been directed. Most of the frustrations which other Members and I have heard about from our distributors are with respect to allocation control.

Therefore, Mr. Speaker, let us look to an alternative to get rid of allocation control.

Yesterday a number of us on the committee, including the chairman of the Committee on Interstate and Foreign Commerce and the chairman of the Subcommittee on Energy and Power, introduced a bill requiring the FEA to get rid of the mandatory controls, the allocation controls. We want to put those in a standby position that will get rid of the frustrations that other Members and I are hearing about, the legitimate frustrations of our business people.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. SHARP. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, I want the particular attention of the chairman of the committee so that the gentleman from Indiana can be assured that hearings will be held on this matter in the full committee and that the matter will be marked up in the full committee at the earliest minute. Therefore, we can have an alternative to these energy actions, and still protect the American public from the exorbitant price rises which could flow from these FEA actions.

Mr. STAGGERS. Mr. Speaker, if the gentleman will yield, the arrangement has already been made by our committee to have hearings on July 21—that is a Wednesday—on this very matter.

I will talk about that a little later, but those hearings have been scheduled.

Mr. ECKHARDT. Mr. Speaker, will the gentleman yield?

Mr. SHARP. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Speaker, the gentleman in the well also recalls, I am sure, that on June 1 this whole House recognized the desirability of the politics of submitting price deregulation separately from allocation deregulation.

Mr. SHARP. Absolutely; a majority vote was taken in this House.

If we can get the conference bill passed, it will mean that FEA will have to submit these questions separately.

At the moment, FEA has tried to get us over the barrel by forcing us to accept or reject the entire package.

The SPEAKER. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Speaker, I yield an additional half minute to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, I would just like to reiterate that if we reject FEA we can reject the risk for our customers, at the same time we will send FEA immediately back to the drawing board and they can either come back with the plan to take away these frustrations, or we can do it by legislation. We can have the best of two worlds.

Mr. DRINAN. Mr. Speaker, will the gentleman yield?

Mr. SHARP. I yield to the gentle- from Massachusetts.

Mr. DRINAN. Mr. Speaker, I thank the gentleman for yielding and I wish to associate myself with his remarks.

Mr. Speaker, I rise in support of House Resolutions 1302 and 1303, which would express the Congress disapproval of FEA energy actions No. 3 and No. 4 relative to the full decontrol of middle distillate fuel oil.

In what has regrettably become a matter of typical style, the FEA has transformed the genuine and legitimate arguments for partial decontrol into a veritable "take it or leave it" situation. The proposals would not only end the allocation of home heating oil along the lines of the 1972 "base period," but also remove existing retail price ceilings as a safeguard against short supply and increased demand in the winter of 1976. Framing this issue in such absolute terms does no service to the vital economic interests of New England and the Nation, and in light of substantial uncertainty over the middle distillate market projections offered by the FEA, tacit acceptance of these proposals would represent nothing less than an abdication of congressional responsibility.

Though I am sincerely impressed with the arguments presented by independent retailers in favor of decontrol—especially the lack of genuine competition at the wholesale level—I am not at all convinced that the advantages of the FEA proposals would outweigh the potential liabilities which might be borne by American energy consumers.

Though the Federal Energy Administration has offered assurances that it will adopt a tough price control index subsequent to our approval of their decontrol proposal, there is no reason why the House should have to rely on the good faith of the FEA in protecting the interests of energy consumers and the American economy. It is by no means unreasonable to expect the FEA to offer a comprehensive solution to the middle distillate supply situation, rather than the piecemeal approach which they offer us today.

In urging my colleagues to support the resolutions offered by the distinguished gentleman from Michigan (Mr. DINGELL), I assure the FEA that Congress will give open and serious consideration to the problems of allocation and to more reasonable proposals for partial decontrol of middle distillates, especially insofar as they encourage wholesale competition without endangering the stability of retail oil prices. Anything less, Mr. Chairman, would represent a potential threat to the economic well-being of both New England and the United States, and should be emphatically rejected.

Mr. DOWNEY of New York. Mr. Speaker, will the gentleman yield?

Mr. SHARP. I yield to the gentleman from New York.

Mr. DOWNEY of New York. Mr. Speaker, I would like to associate myself with the remarks of the gentleman from Indiana (Mr. SHARP).

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think first I should make one observation, and that is that imports constitute a very small part of the middle distillates market—5 percent in fact. The other point that should be made is that the middle distillates market is supplied by the U.S. refiners to the extent of 95 percent. Available to increase the supply of middle distillates, should we have either an excessively cold winter, or if we should have some unavailability of natural gas that should cause people to switch to heating oils, is the fact that right now those refineries are operating at 90 percent of capacity or less. So the capacity is there. They have gone to 99 percent of capacity in the past without any difficulty to meet the home heating oil needs. Should there be excessive demand, the capacity is there, or, as a matter of fact, to meet any prospective expectation of need for home heating oil that could be hawked up by anybody foreseeing a 30 percent worse winter than we have had in the past, or a curtailment of 30 percent of natural gas, or anything else.

The fact of the matter is that our consumption goes up when the consumption in Europe goes down, because they use middle distillates for driving and we use it for heating, so the European supplies would flow into the United States should we have an excessive need to use more than 5 percent of foreign imports.

Mr. CHARLES WILSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Texas.

Mr. CHARLES WILSON of Texas. Mr. Speaker, I would like to ask the gentleman from Ohio if the gentleman has had the same experience that I have had. Several times there has been reference to the fact that the people who are going to benefit from decontrol of these distillates would be the Seven Sisters. I have in the last 3 days heard from an enormous number of independent jobbers and independent dealers in my district but I have heard nothing from anything that resembles a major oil company.

Mr. BROWN of Ohio. That is right. The point is very well made. It is the consumers and the small independent jobbers who will benefit from this because they will be able to shop around. Right now they are tied to their major distributors as to the price and the amount of supply that they can get from them, and at a price they wish, because they cannot shop around.

So, if we do not discharge the committee and allow this decontrol plan to take effect, what will happen is the independents will shop around and they will get their supplies at the lowest possible price, and that price will be passed on to the consumers and the consumers will benefit.

Mr. CHARLES WILSON of Texas. Mr. Speaker, if the gentleman would yield further, I would like to mention to the gentleman that the last telephone call I got came from a former colleague of the gentleman from Texas (Mr. ECKHARDT) and mine in the Texas Legislature, Clyde Hanes. He runs an establishment known as the Roadrunner Oil Co. which puts in pumps at little rural grocery stores.

It is that sort of constituent that I think the position taken by the gentleman from Ohio, Mr. BROWN, will benefit.

Mr. BROWN of Ohio. Mr. Speaker, I urge a no vote and I reserve the balance of my time.

The SPEAKER. The Chair will state that the gentleman from Ohio has consumed 3½ minutes and has 2 minutes remaining. The gentleman from West Virginia has 5 minutes remaining.

Mr. STAGGERS. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Speaker, I thank the gentleman for yielding me this time. I ask the gentleman to yield because I would like to clarify a point here.

The objection that has been raised by jobbers is to allocation control, not to price control. Under the Sharp bill, which the chairman has agreed will be heard, both the subcommittee chairman and the chairman, the agency would be directed to take off allocation control. That is where the rub is. But we are concerned about protecting against price hikes, because foreign distillates are about 7 or 8 cents higher.

Mr. DINGELL. Mr. Speaker, if the gentleman will yield, no, they are 20 percent higher according to the most recent FEA report.

Mr. ECKHARDT. I was saying "cents." They are 20 percent higher and 7 or 8 cents higher.

Mr. Speaker, I yield back the remainder of my time.

Mr. BROWN of Ohio. Mr. Speaker, just let me observe that if we suspend allocations and keep price controls on, what will happen is that the supply of the lowest-price refiner will be bought by the biggest marketer, and then the little marketer will have to go to the highest-price refiner because of the fact that he is not as much able to control the market. If we take the price and allocation controls off altogether, what we will wind up with is all the marketers shopping around among all of the refiners for the lowest possible prices, and in order to sell their product, the product will be sold at the lowest price.

Mr. CRANE. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Illinois.

Mr. CRANE. I thank the gentleman for yielding.

I would simply like to pose a question here, because I do not profess to be any expert on this subject. But I heard in the colloquy earlier between the gentleman from Texas and the gentleman from Ohio the remark that it was not the major oil industries that are in the position of supporting the position taken by the gentleman from Ohio but, rather, the small independent marketers. I have heard from small independent marketers exactly the opposite position, and simultaneously I have heard from some of the giants that are supporting the gentleman.

Would the gentleman explain to me why, based upon what he has said here earlier this evening, that would be the case?

Mr. BROWN of Ohio. Heating oil is a refiner market accounting for 11.7 percent of the market. The independent refiners have some 36 percent of the market. If we have price allocation controls, the independent marketer is tied to the major refiner who supplies that product at the price that is set by the historic freeze. The result is that he cannot look around for a lower-price supplier. If the action is taken to allow decontrol, he can look around for a lower-price supplier, and the big supplier will not be taking the market from him.

The SPEAKER. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Speaker, I would like to explain the statement made by the gentleman from Ohio that there was an effort made to get some people to leave the room in order to withdraw a quorum in the committee last Thursday. The chairman never counted a quorum in that room that day at all, and when we called the roll, it was far short. We had 12 members present, and it was not possible to take up this resolution. I would like to have the House know that this is a friendly discharge of the committee. It is the last day it can be taken up by the House. The subcommittee chairman and I have complete agreement that this procedure is the only way to get this before the House. It is one of the most important issues that we will ever have before this Congress, and we must vote to discharge, to let the Representatives of the American people make a decision.

I would say to this body it is so important to understand that we have to vote to discharge the committee before we can debate the merits of the issue of how much this affects the poor, the farmer, the elderly, and those who are on fixed incomes, and others who are in need. The gentleman from Indiana has said that he has introduced a bill to get away from allocations, that will take care of all these shortages. Freed from frozen supplied/purchaser relationships one can go anyplace and deal with different dealers. One can search for the best price and the most favorable terms. The competitive situation will be significantly enhanced. But the fact is that we do not have to simultaneously remove price control.

The fact is that we can keep the price down, the farmers will not have to pay more, and those who are sick and cannot afford it in this land will be protected. That is what our job is. If we cannot be fair in this Congress to the American people, we ought not occupy these offices we are in. I say for that reason we ought to vote for this resolution and to debate this whole issue on the floor. Let the Representatives bring all of the facts in free and open debate. I say the time has come for us to be fair and to have fairplay and have a full and complete discussion of this issue which affects not only the farmers but every poor person in this land.

There are 17 million homes that are heated by heating oil. Do the Members want it to be said that we did not have a debate here in order to decide what the consequences of decontrol may be? I find it hard to believe that there is a person in this House who wants it to be said of him back home that he did not want to allow this to be debated on its merits and then after learning the merits to vote on it.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, I concur with what the gentleman from West Virginia has said. I would like to point out a 1-percent increase means $16 million a year to the oil-consuming public and $19 million to the Nation as a whole.

Mr. STAGGERS. This would be a tragedy to this land if this was not allowed to be brought before this House so we might have the issues debated on a matter of such importance to this land, to have it debated on its full merits. All we need do is vote for discharge of this committee.

Mr. CHARLES WILSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I do not yield at this time because I want to get across my position. I think we know the gentleman's position.

I hope every man here will vote to discharge this resolution from the committee.

I would then ask your support of the motion to disapprove the proposed exemption of middle distillates from the mandatory petroleum allocation and price regulations.

In essence, the Federal Energy Administration has asked this Congress to blindly remove controls on middle distillates as we approach the winter heating season—a period of very high and inelastic demand. We have been told that only good things will happen if the Congress agrees to remove controls; the markets will become more competitive and prices will go down, not up.

FEA has submitted an analysis attempting to justify this conclusion. In the 15-day period in which this matter has been before the Congress, FEA has felt compelled to change their analysis in several respects. Some of the projections which they have made are clearly in error. Although they admit these discovered flaws, they ask us to place great faith in the remainder of the analysis.

I, for one, am not willing to place that type of trust in the FEA. This agency has in the past been repeatedly accused of titling their data in order to justify a predetermined policy conclusion. In one instance the agency admitted that their analysis of the consequences of the President's oil pricing policy significantly understated the adverse results.

Let us understand what happens if the FEA is wrong. A 1-cent increase in the price of distillates involves a $490 million addition to consumer prices. If distillate prices, in the absence of controls, increase to world market levels, econometric models show a 1-percent increase in unemployment—that is over 130,000 fewer jobs. Moreover, an increase to world market level prices, which are today some 8 cents above domestic control prices, would transfer approximately $4 billion a year from the consumer's purse to the oil industry. Most of this price increase would be trapped at the marketing and refining levels. It would not flow to producers to obtain greater supplies. It would be almost totally inflationary.

Today we have been given new promises by the FEA to impose a trigger mechanism designed to keep prices within a reasonable range. I am unwilling to rely on vague promises made at the last moment. Members have been running around today exchanging the very latest letter from Frank Zarb detailing a consistently changing safeguard mechanism. It is impossible to make a reasoned judgment in this uncertain environment. Clearly the FEA is desperately grabbing at straws to save a policy proposal which has not held up to congressional scrutiny.

I ask my colleagues to join with me in striking down this ill-prepared proposal.

Ms. ABZUG. Mr. Speaker, I rise in support of the resolution of disapproval. The decontrol of middle distillates—including home heating oils, diesel fuels, and kerosene—cannot be justified at this time.

The question of supply is a basic one. Current middle distillate stocks are at a low level despite the unseasonably warm winter which has passed. According to testimony by the Air Transport Association before the Energy and Power Subcommittee middle distillate stocks in May were at a lower level than in 1972, when critical shortages were experienced, and were 4.3 percent lower than 1 year ago.

The problem of inadequate stocks is compounded by the anticipated shortage in natural gas supplies, recently forecast by the Federal Power Commission. Since middle distillates serve as a back-up fuel in case of natural gas shortages, we can assume that even greater demands on distillates will be made. In looking at this supply problem, it would be irresponsible to base our decision on the hope that next winter will be another warm one. We should expect next year to be seasonably cold so that we do not end up shortchanging the consumer.

If supply of middle distillates are less than adequate, the result will be higher prices for every family's heating bill. No one doubts that decontrol of these fuels will lead to higher prices. The only issue is how much? The most recent FEA data provided to the Energy and Power Subcommittee shows an 8-cent per gallon differential between controlled domestic and uncontrolled world distillate prices. If a 1-cent per gallon increase would raise the average heating bill by an additional $16, according to FEA, then an 8-cent increase could raise the bill by $120. The FEA itself, using old data which the subcommittee has rightly called into question, projects a 2- to 3-cent-per-gallon increase. This alone would cost the economy $800 million to

$3.2 billion per year. In my view, the drain will actually be higher since the price increase will probably be greater as well.

I believe it would be irresponsible at this time to impose such an economic burden on individual families and on the economic recovery we are trying to fuel.

Clearly, then, a decision to decontrol would affect families, industries, and the whole economy. Congress has a responsibility to carefully evaluate the data before taking such an important step. However, the FEA has been slow to provide up-to-date information and it has yet to present an analysis of the impact of residual fuel oil decontrol, which occurred several months ago. I agree with the Interstate and Foreign Commerce Committee's resolution of April 29 which urged disapproval of future decontrol proposals until Congress and the FEA have been able to evaluate the effects of the residual fuel oil decontrol.

I urge the adoption of the resolution.

Mr. MOSS. Mr. Speaker, the future of the economic recovery is uncertain. Even Mr. Ford's economic advisers admit that much depends on how fast prices escalate. A key factor moderating the inflation rate has been the slow rise in fuel prices, in large part a result of congressional action to shield consumers from OPEC-level oil prices. The FEA now seeks to jeopardize that recovery by releasing middle distillates from price and allocation controls.

The risks of such an action are substantial. Middle distillates include two of this country's most important fuels, No. 2 heating oil—used for residential space heating—and No. 2–D diesel oil—fuel for trucks, locomotives, and small commercial vessels. Because these are essential fuels with no easy substitutes, demand is substantially inelastic. As a consequence price gouging is always a danger in the absence of controls. In fact, it was dramatic price increases and supply dislocations in distillates which triggered enactment of the Emergency Petroleum Allocation Act of 1973.

To consumers, each 1 cent increase in the price of middle distillates increase their aggregate costs for these fuels by $490 million. If domestic prices reach parity with today's world price—7 cents per gallon or 20 percent higher than the U.S. price—consumers will pay $3.4 billion more per year than they should.

The impact on our economy of this kind of transfer of wealth to producers from consumers would be dramatic. The average family using heating oil for space heat would see its fuel bill rise by $113 per year. Farmers would see their returns fall as wholesale diesel prices for tractors and combines jumped by 20 percent. Consumers generally would see delivered costs of all products transported by truck, rail or diesel powered vessel rise in proportion to the energy used to transport it. As a greater portion of consumer income is committed to nondiscretionary, distillate-related purchases, economic activity would slow with a consequent loss of some 130,000 jobs, at a time when unemployment is hovering around 7 percent and at a time when increased consumer spending is needed to sustain the recovery.

Notwithstanding the clear dangers of middle distillate decontrol, FEA asserts that the quantities of these fuels in the market and competition among their sellers makes controls unnecessary. On the basis of these assertions, FEA assumes that distillate prices will remain stable and that a close price relationship to domestic, price-controlled crude oil will be maintained. These assertions and their implications must be examined carefully.

First. If middle distillate prices are decontrolled, are supplies sufficiently large to prevent inflationary price increases?

Distillate stocks are low: Available data on U.S. stocks indicate that distillate supplies are not in comfortable surplus. After one of the mildest winters in this century, middle distillate stocks are approximately 150 million barrels, a level approaching those which triggered price gouging and ultimately the imposition of controls in 1973. Assuming sustained economic growth and even with little withholding of natural gas, demand for this low level of stocks would put upward pressure on product prices.

Refinery utilization is high: Recent reports on levels of refinery utilization indicate that greater supplies of these fuels may not be available to insure near-term price stability. At a time when FEA was asserting that domestic refineries were underutilized and therefore capable of dampening price pressures—86 percent of available capacity—our refineries were in fact operating at 92.4 percent of capacity, a rate above long-term full capacity.

Expensive imports will set U.S. prices. Finally, FEA has indicated that reasonably inexpensive imports of middle distillates would tend to place a ceiling on domestic product prices. That ceiling, however, is not 2.3 cents per gallon above U.S. prices as originally stated by FEA but 7 cents per gallon. Based on the erratic history of the European spot market in distillates, this disparity could easily reach 10 cents per gallon as it did in October of last year. Clearly, while imports of distillates may be forthcoming, domestic prices will not be constrained by imports.

Second. If distillates are decontrolled, is competition sufficient to prevent price gouging?

It is important to distinguish between the two levels of the industry relevant to middle distillate pricing. The first is dominated by numerous marketers of middle distillates, particularly heating oil. As your L.A. will testify, such marketers are numerous and apparently vigorously competitive.

However, for all of their competitiveness, their prices are dictated by the refiners from whom they buy distillates. These are not as numerous and hardly reflect a textbook example of perfect competition. Most U.S. refiners are subsidiaries of vertically integrated energy companies. As such, the refinery segment rarely deals at arms-length with its sister subsidiaries. Joint ventures, swap refinery agreements, and other arrangements tend to limit competition among refiners.

Under decontrol these refiners will be free to maximize profits by setting product prices at or just below the landed cost of imported product. Composite industry profits currently are slightly below their alltime high. At a time when crude oil profits are substantial but capped by congressionally set prices, integrated companies could enhance already bloated profits greatly via distillate decontrol.

In conclusion, it is clear that inflation and unemployment will increase substantially if domestic prices increase to the OPEC-set world price. FEA's assertions with respect to supply projections and competition offer little comfort to those of us who believe that sustaining our fledging economic recovery is a priority. Ultimately, the risks of decontrol based on FEA's tentative projections are just too high. Therefore, I hope you will join with me in rejecting energy actions 3 and 4 by supporting House Resolutions 1302 and 1303.

Mr. LEVITAS. Mr. Speaker, I will vote for House Resolution 1302 which would invoke the one-house procedure for disapproving the Federal Energy Administration's plan to decontrol No. 2 home heating oil and No. 2–D diesel fuel by exempting them from the mandatory petroleum allocation and price regulations. This plan is technically known as Energy Action No. 3.

My vote in favor of disapproving this decontrol plan is based on the fact that, while I favor some increases in the price structure applicable to these so-called middle distillates, I do not now support the idea of immediately and totally removing all price controls on such fuels because that action will almost certainly cause an immediate 20-percent jump in their prices—from 40 cents per gallon to 48 cents, the current world-market price.

Notwithstanding my objections to immediate and total price decontrol, though, I do strongly support the complete removal of allocation controls. These allocation controls are not only a major restraint and hardship on the oil jobbers, they also do not work in the consumers' best interest. In fact, it is my conviction that this type of decontrol action should have been taken some time ago, either by FEA or by legislative approval, since the regional allocation requirements now in effect are highly inequitable and unfair to both the suppliers and consumers in most "regions" of the United States. There is also the fact that those requirements necessitate voluminous stacks of paperwork by all concerned, to the point where everyone is too thoroughly ensnarled in "redtape" to be able to conduct their business effectively.

As we move—and we should move—toward gradual decontrol of petroleum prices, we should do so with prudence, and at the same time, we should immediately eliminate all of the unnecessary controls and restrictions and paperwork and redtape involved in the allocation system.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

Mr. PICKLE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PICKLE. Mr. Speaker, if this motion is agreed to, does it follow there would be 10 hours of debate afer that?

The SPEAKER. The Chair will state that is not a parliamentary inquiry.

All time has expired.

The question is on the motion offered by the gentleman from Michigan (Mr. DINGELL).

Mr. BROWN of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken, and there were—yeas 194, nays 208, not voting 30, as follows:

[Roll No. 496]

YEAS—194

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Baldus
Baucus
Bedell
Bergland
Bevill
Bingham
Blanchard
Blouin
Bonker
Brademas
Breckinridge
Brodhead
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Chisholm
Clay
Cohen
Collins, Ill.
Corman
Cornell
Crane
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Evans, Colo.
Evans, Ind.
Fary
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Frenzel
Gaydos
Gonzalez
Grassley
Gude
Hall, Ill.
Hamilton
Hanley
Hannaford
Harkin
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hicks
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Johnson, Calif.
Jones, Tenn.
Jordan
Kastenmeier
Keys
Koch
Krebs
LaFalce
Leggett
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Lundine
McCormack
McFall
McHugh
Madden
Maguire
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Natcher
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Pike
Pressler
Price
Randall
Rangel
Reuss
Richmond
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
Santini
Sarbanes
Scheuer
Seiberling
Sharp
Simon
Sisk
Smith, Iowa
Solarz
Spellman
Staggers
Stark
Stokes
Stratton
Studds
Sullivan
Thompson
Traxler
Tsongas
Udall
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Weaver
Whalen
Wirth
Wolff
Wylie
Yates
Zablocki
Zeferetti

NAYS—208

Anderson, Ill.
Andrews, N.C.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Bauman
Beard, R.I.
Beard, Tenn.
Bell
Bennett
Biester
Boggs
Boland
Bowen
Breaux
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Conte
Cotter
Coughlin
Daniel, Dan
Daniel, R. W.
de la Garza
Derrick
Derwinski
Devine
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
English
Erlenborn
Eshleman
Fascell
Fenwick
Findley
Fish
Flowers
Forsythe
Fountain
Frey
Fuqua
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Guyer
Hagedorn
Haley
Hall, Tex.
Hammerschmidt
Hansen
Harrington
Heckler, Mass.
Hefner
Heinz
Hightower
Hillis
Holland
Holt
Horton
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lehman
Lent
Long, La.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McEwen
McKay
McKinney
Madigan
Mahon
Mann
Martin
Mathis
Melcher
Michel
Milford
Miller, Ohio
Mills
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Neal
O'Brien
Passman
Paul
Perkins
Pettis
Pickle
Poage
Preyer
Pritchard
Quie
Quillen
Railsback
Rees
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rooney
Rose
Rousselot
Runnels
Ruppe
St Germain
Sarasin
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Treen
Ullman
Vander Jagt
Waggonner
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wydler
Yatron
Young, Alaska
Young, Fla.
Young, Tex.

NOT VOTING—30

Biaggi
Bolling
Brooks
Brown, Calif.
Conyers
Dent
Dickinson
Esch
Evins, Tenn.
Green
Harris
Hays, Ohio
Hébert
Helstoski
Henderson
Hinshaw
Jones, Ala.
Karth
Litton
Long, Md.
McDade
O'Hara
Peyser
Riegle
Stanton, James V.
Stuckey
Symington
Van Deerlin
Wright
Young, Ga.

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. Henderson against.

Mr. Helstoski for, with Mr. Brooks against.

Mr. Biaggi for, with Mr. Dickinson against.

Mr. Harris for, with Mr. Hébert against.

Mr. Conyers for, with Mr. Stuckey against.

Until further notice:

Mr. Brown of California with Mr. Evins of Tennessee.

Mr. Green with Mr. Hays of Ohio.

Mr. Jones of Alabama with Mr. Karth.

Mr. Litton with Mr. Long of Maryland.

Mr. O'Hara with Mr. James V. Stanton.

Mr. Riegle with Mr. Wright.

Mr. Symington with Mr. Young of Georgia.

So the motion to discharge was rejected.

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. DINGELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the matter just concluded.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

CHANGE IN LEGISLATIVE PROGRAM

(Mr. DINGELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, the will of the House has been made clear with regard to energy action No. 3. I appreciate the expression of that will. Since I believe it has been made plain what the will of the House is, I can advise my colleagues that it will be neither proper, advisable, nor necessary for me to place before the House a motion to discharge the committee with regard to House Resolution 1303, respecting energy action No. 4.

"HAPPY BIRTHDAY," TOM IORIO

(Mr. MOORHEAD of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I hope that my colleagues will listen to this, because I think it is very fitting that we pause at this moment to say "Happy Birthday" to somebody I know we all respect, admire, and love—Tom Iorio.

Today, Tom is observing an important milestone—at 75, such a young looking, acting, and thinking man—and I am pleased that I can in this small way be a part of that celebration.

Tom arrived in Washington from Brooklyn 30 years ago. Since that time, he has received many awards in recognition of his untiring, dedicated, and outstanding work—earlier this year he received the John W. McCormack Award of Excellence. We know we can count on him and we do.

Tom, I would just like to say that I am proud to number myself among your many hundreds of friends and I know that all of them, just as I do, wish you the very best today and for many birthdays to come.

You are the best Christmas present the Congress has ever received—a Pair Clerk in a Partridge Tree.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the distinguished majority leader.

Mr. O'NEILL. Mr. Speaker, before I present my remarks with regard to Tom Iorio, who is just a beautiful individual and for whom I have the greatest regard, may I say that with the exception of one item of business, the business for the day is completed.

Mr. Speaker, today marks the 75th birthday of one of the most dedicated employees of the House and my good friend, Tom Iorio.

Tom Iorio is not only a truly outstanding employee of the House of Representatives, but he also has personal qualities that all of us in public life admire and respect so much. He is kind, friendly, conscientious, hard working, and really loves the House of Representatives. Tom is one of the finest Democrats I know. I wish all the employees of the House were like Tom Iorio; and if everyone in the world had the same dedication and willingness to help his fellow man as Tom Iorio, what a wonderful world it would be.

For 31 years Tom, in his friendly, unassuming, and quiet way, has worked methodically and meticulously in pairing Democrats on their votes. He treats everyone equally, is well liked by all Members of the House and is so thorough in the performance of his duties that whether a Member or a staff person calls Tom for a pair, he knows that Tom will take care of it promptly and do everything possible to give the Member a live pair. Throughout the years, Tom has been so good to me and members of my staff, Tom, I just want to say from the bottom of my heart, thank you.

Tom has had quite an interesting career in Democratic politics. He was deputy sheriff of Kings County from 1937 to 1942, and was campaign manager for both Gene Keogh and John Rooney in their congressional campaigns. The American Legion in New York awarded him the "Man of the Year" citation in 1952. In fact, I would have to say that Tom Iorio is so well known in New York politics that anyone who is actively campaigning there knows that if he wants to win, he had better have Tom Iorio supporting him.

Tom, an American of Italian descent, has received recognition for his outstanding achievements from the Italian Government. In 1971, he received the award of "Cavalier," and in 1974, he was made "Commander of the State of Italy," the highest award that the Italian Government gives to a person who is not an Italian citizen.

Tom, we all admire and pay tribute to your accomplishments and more significantly, to you. I know all my colleagues join me in wishing you a very happy birthday.

Mr. ZABLOCKI. Mr. Speaker, we are deeply grateful to our colleague, Mr. WILLIAM MOORHEAD in calling our attention to the birthday of our friend and a respected public servant Thomas Iorio. From the very first day of my arrival in 1949 to the Congress I found Tom a courteous, helpful, and most cooperative member of the House staff.

He is loved and held in high esteem by all Members regardless of political affiliation.

My wife Blanche joins me in wishing Tom on this 75th anniversary a happy birthday followed by many more years of health, happiness, and God's choicest blessings.

DIRECTING THE SECRETARY OF THE SENATE TO MAKE CORRECTIONS IN ENROLLMENT OF S. 811, HORSE PROTECTION ACT AMENDMENTS OF 1976

Mr. ROGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 128) directing the Secretary of the Senate to make corrections in the enrollment of the Senate bill (S. 811) to revise and extend the Horse Protection Act of 1970, and ask for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The Clerk read the Senate concurrent resolution as follows:

S. CON. RES. 128

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (S. 811), to revise and extend the Horse Protection Act of 1970, the Secretary of the Senate shall make the following corrections:

(1) In the section 2(4) of the Horse Protection Act of 1970, as added by section 3 of the bill, strike out "and Guam" and insert in lieu thereof "Guam."

(2) In the section 3(4) of the Horse Protection Act of 1970, as added by section 4 of the bill, strike out "neither" and insert in lieu thereof "either".

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. CARTER. Mr. Speaker, reserving the right to object, I will ask the distinguished chairman of the committee to explain these corrections.

Mr. ROGERS. Mr. Speaker, if the gentleman will yield this Senate concurrent resolution merely directs the Secretary of the Senate to make two technical corrections in the enrollment of S. 811, the Horse Protection Act Amendments of 1976.

In the "findings" section of H.R. 13711, the House bill, the word "either" was reset and reprinted by the Government Printing Office to read "neither" in the reported print of the bill.

In addition a duplication of the conjunctive word "and" would be deleted.

Neither of these changes would modify the intent of the bill as reported by the committee.

Mr. CARTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

AUTHORIZING CLERK TO RECEIVE MESSAGES FROM THE SENATE AND THE SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS NOTWITHSTANDING ADJOURNMENT FROM JULY 2, 1976, TO JULY 19, 1976

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House from July 2, 1976, until July 19, 1976, the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PROVIDING FOR A CONDITIONAL ADJOURNMENT OF THE HOUSE FROM JULY 2, 1976, UNTIL JULY 19, 1976

Mr. O'NEILL. Mr. Speaker, I send to the desk a privileged resolution (H. Con. Res. 669) providing for a conditional adjournment of the House of Representatives from July 2, 1976, to July 19, 1976, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 669

Resolved by the House of Representatives (the Senate concurring), That when the two Houses adjourn on Friday, July 2, 1976, they stand adjourned until 12 o'clock meridian on Monday, July 19, 1976, or until 12 o'clock meridian on the second day after their respective Members are notified to reassemble in accordance with section 2 of this resolution, whichever event first occurs.

SEC. 2. The Speaker of the House of Representatives and the President pro tempore of the Senate shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it or whenever the minority leader of the House and the minority leader of the Senate, *acting jointly*, or the minority leader of the House and the minority leader of the Senate, acting jointly, file a written request with the Clerk of the House and the Secretary of the Senate that the Congress reassemble for the consideration of legislation.

SEC. 3. During the adjournment of both Houses of Congress, as provided in section 1, the Secretary of the Senate and the Clerk of the House, respectively, be, and they hereby are authorized to receive messages, including veto messages, from the President of the United States.

The SPEAKER. The Chair recognizes the gentleman from Arizona (Mr. RHODES) without objection.

There was no objection.

Mr. RHODES. Mr. Speaker, I would like to ask the distinguished majority leader if it is not true that the adjournment actually will take place on Thursday of this week, with a pro-forma session on Friday. It is my understanding that that is the situation; is that correct?

Mr. O'NEILL. If the minority leader will yield, I will be happy to respond.

Mr. RHODES. I yield to the distinguished gentleman from Massachusetts.

Mr. O'NEILL. The program for tomorrow will be that the House will meet at 10 a.m. and consider the following:

House Resolution 1368, commission on Administrative Review;

House Resolution 1372, Members' allowances adjustments;

H.R. 14235, military construction appropriation, conference report; and

H.R. 12455, SSI eligibility (child day care amendment), conference report.

There may possibly be another conference report or two, but it had not been the intent to bring up any new legislation that had originally been scheduled. All of that would be placed on the agenda when we come back.

When we adjourn tonight, we adjourn to meet tomorrow at 10 a.m. When we adjourn tomorrow, then there would be a pro-forma session on Friday. At the conclusion of the program, I would say that any Members who wished to do so would be able to depart.

Mr. RHODES. Mr. Speaker, may I wish the majority leader a happy Fourth of July.

Mr. O'NEILL. Mr. Speaker, I thank the minority leader.

Mr. BROWN of Michigan. Mr. Speaker, may I be heard?

The SPEAKER. The Chair will hear the gentleman, without objection. There are a lot of Members here who want to leave, but the Chair will listen to the gentleman.

Mr. BROWN of Michigan. I trust that the Speaker will.

The SPEAKER. This is not a debatable matter, but the Chair is going to let the gentleman proceed for 1 minute without objection.

There was no objection.

PARLIAMENTARY INQUIRY

Mr. BROWN of Michigan. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BROWN of Michigan. I presume, Mr. Speaker, that the resolution is not divisible, that we cannot separate section 3 from the rest of the resolution, even though section 3 is in the resolution only for the purpose of denying the President the right to, in effect, pocket-veto legislation; is that right?

The SPEAKER. The gentleman is correct. The Chair will state that if the previous question is not ordered, the resolution will be amendable.

Mr. O'NEILL. Mr. Speaker, I move the previous question on the concurrent resolution.

The SPEAKER. Without objection, the previous question is ordered on the concurrent resolution.

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks with regard to the birthday of Thomas D. Iorio.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ANNOUNCEMENT BY MAJORITY LEADER

Mr. O'NEILL. Mr. Speaker, may I say that I wish all Members a successful visit to their home districts, and to most of the Members success in their campaigns, may they have a great Bicentennial 4th of July, and may the Democrats have a successful convention.

JOE BARTLETT ELECTED TO FEIAA BOARD OF DIRECTORS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Brown) is recognized for 15 minutes.

Mr. BROWN of Ohio. Mr. Speaker, you will be pleased to know that your nominee to the Federal Executive Institute last year continues to bring credit to the House of Representatives as a result of that experience.

I was delighted to learn that our own Joe Bartlett, who was nominated by the Speaker and Minority Leader John J. Rhodes to be the first congressional participant in the Federal Executive Institute, at Charlottesville, Va., has been elected by the members of the FEI Alumni Association to serve on its board of directors. I do not know when he will find time for it, but I am confident he will make a significant contribution to their deliberations.

At the end of senior session No. 33, Joe Bartlett was elected to make the graduation address, and at least one alumnus said it was that speech that won his vote for the board of directors. We are always interested in a good campaign speech, so I will ask permission to insert Joe's address at the end of my remarks.

It is quite a tribute to Joe that he has been singled out for these honors by his FEI classmates. It is safe to say his Government experience has been somewhat different from that of any of them.

I would venture he is the only one who owes his present position to the secret ballot of his employers—and his was no routine election, I might add. Joe won a contested election for minority clerk in May 1970, and he has been reaffirmed by the members of the Republican Conference three times since.

Although FEI attracts many veteran career executives, I think it unlikely that there were any others under 50 years of age, who could claim 35 years of service, never mind with the same agency, or even in the same place of business. Joe you see, began his service to the House right here in this Chamber as a 14-year-old page in 1941. Only five Members are still here who could remember that, but some 1,700 Representatives have since come and gone.

During those years Joe has served a succession of diverse and demanding duties, and always with a great credit to himself and to the House. At 19, he was the youngest chief of pages on record, and a few years later, the youngest reading clerk ever. In that challenging position for some 17 years, before computers, Joe recorded millions of votes faithfully and faultlessly.

His role as an officer of Republican National Conventions since 1948 would certainly be unique among FEI executives. I share memories of those momentous events with Joe, going back to our much younger days. I congratulate the Republican National Committee for again selecting Joe to serve as chief reading clerk at Kansas City—a job he has performed so admirably at each convention since 1960.

Many Federal executives have served honorably in the Armed Forces, and many continue to give of their time to Reserve activities, but I would bet there was not another Marine Corps Reserve brigadier general among those at FEI. What "General Joe" dismisses as nothing less than a miracle, is, in truth, nothing less than deserved recognition for more than three decades of devotion to his beloved Marine Corps, during which he twice left his congressional post to join the colors.

In common with most of his FEI colleagues, Joe has long been a student of government. It is probable, however, that his perspective might be as different as his vantage has been. With a keen appreciation of our represenative system, Joe, some months ago, presented a rather comprehensive study of the processes of the Congress. His ideas have been widely discussed, and quoted, and borrowed, and have met with considerable favor, even if they have not yet been adopted. All executives understand the virtue of patience.

Since one has to be rated a GS-16 or above to qualify for the senior sessions, I am sure there are many academic doctors in any FEI class. "Dr." Bartlett, too, has been twice honored as a doctor of laws, but he may be the only member of his class so honored who never earned a baccalaureate degree.

While, I am sorry to say, the American public has the impression we have an abundance of secretaries around here, it is a curious commentary that the senior minority staff officer of the House, even after 35 years, is surely the only GS-16 or above who has never been authorized any secretarial—or any other kind of—assistance. It is pretty tough when a person has to take the blame for all of his own mistakes. Joe's outstanding record of performance and personal accomplishment is all the more remarkable in light of these circumstances. Joe's eagerness to be helpful has kept him constantly overwhelmed with projects and other people's problems.

It was with this knowledge of Joe's many activities, that I was prompted to question how he could find time for any more. However, I know how enthusiastic he is about the FEI program, and they are fortunate indeed, to have enlisted his participation.

Joe is already working at developing a closer relationship between the Federal Executive Institute and the Congress. Post Office and Civil Service Committee Chairman David Henderson of North Carolina has an ongoing interest in FEI, and, in fact, he has been honored with a fellowship that bears his name.

My Ohio colleague, Representative Charles A. Mosher, addressed a seminar in Charlottesville on Monday. And I am looking forward to addressing a Bicentennial Seminar on Government Institutions on the 27th of July.

I share Joe's belief and hope that it is highly desirable and beneficial to use this fine facility to help bridge the traditional gap between the two worlds of the Congress and the Federal executive. A better understanding of the problems and perspectives of each other cannot help but enhance the performance of the public's business. It seems to me that is a timely and worthy ambition.

Toward that end, I include Joe Bartlett's address upon the graduation of senior session No. 33 of the Federal Executive Institute:

REMARKS BY JOE BARTLETT

The time has come. We have finished the course. And now we are going home.

I am honored to be permitted to express, on behalf of the members of Session 33, our profound appreciation to the distinguished Director and Dean, and to each of the excellent faculty and staff of the Federal Executive Institute.

You deserve a great deal of credit for having cultivated this community of diverse talents into a synergistic harvest of valuable knowledge.

You have given new dimension to our lives—and that is a priceless gift.

We thank you—for your gracious hospitality, for your wise counsel, for your patient "facilitations," for your caring and your encouragement, your kindness, your good fellowship—altogether, we thank you for your friendship, which we will take with us, if we may, and cherish always.

May I address a note of personal appreciation to my classmates. I expect that it is a typical sentiment. But for myself, let me say to each of you: "thank you" from the bottom of my heart, for the vastly enriching experience of this happy association. It has been great!

We have observed each other in our development here. At first, many of us were obsessed with a fear that our offices would not be able to go on without us. This gradually turned to horror as we realized that they could!

Meanwhile, our confidence was restored as we amassed knowledge, only to be dashed by the suggestion that we wear our F.E.I. name tags back to the office—for two reasons: one) to make it easier for them to recall our names, and two) so that we might answer "What is F.E.I.?", before they ask "How was the vacation?"

That sort of a reception will surely make you appreciate the non-threatening atmosphere we have enjoyed here at F.E.I.!

According to a survey, half of our coworkers interpreted our selection to attend this course, as part of a plot to take over the agency. The other half interpreted it as a step toward getting rid of us!

There are some mighty suspicious people out there! It reminds me of the story of when they woke Metternick to tell him the ever-scheming Talleyrand had died. His first reaction was to muse: "I wonder why he did that?"

Now, that is really "9–1" behavior!

While we may all be proud of our shared F.E.I. experience, and what we have learned here, spare us from any foolish elitist tendencies.

"I'm O.K., You're O.K." must not become "We're O.K.—but they"—they out there—"know not what they do."

We must restrain ourselves from leaping upon a familiar catch phrase, or making a school's conditioned snap-response.

The great multitude of unwashed out there—even though they have not had the blessings of an F.E.I. experience—they still have a right to an opinion. They even have a right to be wrong! As do we!

Actually, the more we learn, the more we realize our opportunities—to be wrong.

The ambitious F.E.I. syllabus is humbling in itself.

As we raise our horizons; as we expand our perspectives; as we try to step back to see the big picture; we realize we are mere fellow-passengers on a whirling planet in the midst of an amazing, inexplicable Universe.

A Universe so perfectly arranged that we can venture millions of miles out into space, and calculate our return to Earth, down to the minute, and right on target.

And *we* readily take credit for it—with hardly a pause to acknowledge the Master Creator who made it possible!

The same God who created this incredible Universe, I believe, blessed the councils that created this ingenious Republic.

And any review of our national fortunes compels the conclusion that we have been inordinately blessed by His continuing grace.

This places upon us, it seems to me, a commensurate debt of obligation; a solemn stewardship.

You and I are entrusted with highly responsible positions within that Republic.

We have, here at F.E.I., been privileged to share in the finest learning experience available to such civil servants.

Now we will go our various ways. And I ask you: with what sense of mission do we go forth?

"In our time and generation"—will we, in the words of Daniel Webster—"do something worthy to be remembered?"

I know we can. I submit we must! It is our turn to leave our footprints on the sands of time!

There is a story about a veteran Congressional attache, in whose honor there had been a testimonial dinner. And driving home after the festivities, he was reminiscing with his wife, and speculating about "how many men in the history of our Country do you suppose have really had a personal impact on the law-making process?"

He kept pressing her to make an estimate, to take a guess, until finally in exasperation she replied: "I really don't know, Darling, but I am sure of this—it is one less than you think it is!"

But let me turn that around, and say to you, that whatever you think, counts those who can have an impact on a better America—a better world—it is one more than you think it is. And that one is you!

Surely, the most incidious contradiction in democracy, is the political placebo that the problems of government are too overwhelming for the concern of the individual citizen—the individual government worker.

This has nothing to do with your humility before your Maker and His majestic works.

Of course, you are but one person. But you are one. And you are one with a special advantage, a special opportunity, a special obligation—completely compatible with the commission of your high office.

We have heard the problems of the world presented by a parade of eminent authorities. Many of them arrived at the most ominous and unpromising predictions.

No thinking person would pretend that the dogmas of the past are adequate for the challenging future.

But I refuse to lend my voice to the chorus of doom-sayers. Call me a "Pollyanna", if you will, but preserve us from the cursed "crepe hangers!"

There are no unsolvable problems—until we abandon their solution. There is nothing of which we are incapable—until we, ourselves, capitulate.

There is not a single unhappy circumstance in the world that we cannot make better, if we but have the will to do it.

Longfellow reminded us:

> Not enjoyment, and not sorrow
> is our destined end or way,
> but to *act*, that each tomorrow
> finds us farther than today.

Will our tomorrow find us farther than today?

America—our America—has a date with destiny as 1976 begins the third century of this grand experiment in government "of the people."

You have heard me plead the prayer of Josiah Gilbert Holland: "God, give us men a time like this demands."

And these are demanding times.

But one of the surest lessons of our F.E.I. experience is that "they"—the "they" to whom we attribue our woes; the "they" to whom we look for all the answers—the "they's" are, in the final analysis, really "us."

And so I would ask you to join me in rephrasing that prayer:

"God, let us be the men—and women—a time like this demands.

"Grant us, if You will, the strong minds, great hearts, true faith, and ready hands.

"Keep us free from the lust for *office* . . . the spoils of office.

"Permit us to possess worthy opinions, and a will.

"Honor that will not fail.

"Help us to live above the fog, in public duty . . . and in private thinking.

"Let us be the instruments of Thy order.

"Let us be the men and women our time demands."

I borrow from Charles Dickens a benediction to wish you a happy holiday season:

"God bless us, every one!"

IN HONOR OF JAMES A. FARLEY

(Mr. HANLEY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. HANLEY. Mr. Speaker, in the long political life of James A. Farley there must have been thousands of messages of congratulations and commendation by him to his many friends all across our country. Their number could only be matched by the number which he received himself for his legendary labors in the vineyards of public service. There is one last one which I want to share.

As you may have noticed, Mr. Speaker, it has been my pleasure to share with this body some of the highlights of the dialog which I have been privileged to have with Jim Farley over the years. This mirrors not only my great personal regard for him as a man and as a leader but represents the respect and affection toward him by many people in Onondaga County in New York State.

As a matter of fact, one of the most memorable moments for some of the Democrats from Onondaga was the occasion of a luncheon given at the Waldorf-Astoria in New York City by Onondaga County Chairman Thomas J. Lowery at which Jim Farley was the special guest. We were in New York to salute the newly inaugurated Governor of New York, a former colleague, Hugh L. Carey. The opportunity was too good to pass up, so we asked Jim Farley to break bread with us and offer reminiscences of his career in politics and government.

Jim Farley delighted the assembly with anecdotes pulled from the far reaches of memory of his days on the hustings for FDR and for the Democratic Party. His recollection of people and events some 30 years ago was truly fantastic and made the moment that much more cherished by us all.

Since that time, we have been in correspondence many times and I never failed to be impressed by his incisive comments and sharp observations about business matters and political happenings.

In this regard, allow me to share with you the last message which, in all likelihood, this great American sent to a political gathering. The event was the Onondaga County Democratic Bicentennial buffet set for June 9, 1976. Out of deep regard for Jim Farley, we invited him to join in the salute to Senator HUBERT HUMPHREY, the special guest speaker for the evening. Knowing Jim Farley, I knew that, if there was any way for him to be there, he would be shoulder to shoulder with the Senator and his political soulmates.

Thus it is that we know that the simple words of the wire sent in his stead touch only lightly on the sentiment which was mutually held by Jim and his friends in upstate New York for our Minnesota "happy warrior." Indeed, its brevity marks its intensity as truly "praise from Caesar."

We now know that the "prior personal commitment" for Jim Farley was with his medical advisers and doctors. He passed from this world that same day.

As we would have regretted his absence that evening, we shared remorse instead that he is lost to us forever. We were fortunate to have had our lives touched by his and will reserve some corner of memory for this inspiring model of political mastery.

Mr. Speaker, the last word belongs to Jim Farley:

[Telegram]

JUNE 9, 1976.

Hon. THOMAS J. LOWERY, Jr.,
Chairman, Onondaga County Democratic Committee, care of State Fairgrounds.

DEAR TOM: I appreciate the kind invitation you extended me and regret that a prior personal commitment prevents my attendance on Wednesday evening.

Please convey my warmest regards to all of my close friends in Syracuse and my best wishes to Jim Hanley and my old friend, Senator Hubert Humphrey. The name Hubert Humphrey is synonymous with the highest ideals of public service and his presence is a credit to the vitality of the Democratic party in Onondaga County.

Sincerely,

JAMES A. FARLEY.

REGULATORY REFORM—REKINDLING OF THE AMERICAN ECONOMIC SPIRIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ARCHER) is recognized for 60 minutes.

Mr. ARCHER. Mr. Speaker, just 4 days from now, people throughout this great Nation—and many of our friends around the world—will join together in celebrating the 200th anniversary of our Declaration of Independence.

In anticipation of this great event, I appreciate having this opportunity to call attention to one of the most important elements of that Declaration—its emphasis on the need for economic freedom, which at that time meant freedom from excessive control by a government that was foreign to the needs of the people.

In a way, it is ironic that we are in much the same situation today as we look at Government controls over our economy—only this time we need not look so far away as England to find the seat of the government that is foreign to our needs. Excessive regulation is rooted here in Washington, D.C.—which for many, unfortunately and unforgiveably, still seems just as distant as if it were an ocean away. Even with today's communications marvels, Government is farther removed than ever from the individual in our society.

We fought a revolutionary war against the very same kind of Government over-regulation that is now threatening to stifle economic growth in this country, and along with it, the well-being of our people.

One of the greatest problems in dealing with the kind of regulatory abuse that exists today is that it so totally pervades our economy that it is difficult to distinguish what is really left of our free enterprise system. Government decides who can play the game of competition, how the game will be played—and it is constantly changing the rules. The loser in the end is the consumer—who is every single one of us.

It is very difficult to find anyone in Washington who openly favors having a huge Federal bureaucracy—but we have one, and it is getting bigger every day. It is also difficult to find anyone who does not wholeheartedly agree that there is a great need for regulatory reform.

Clearly, the problem is one of identifying areas where over-regulation exists, and then providing solutions to eliminate it.

Since this obviously important job was not being done by the majority in Congress, the Republican Study Committee appointed a task force a year ago to take on this responsibility. As chairman of that task force, I am very pleased with the investigative work that has been done and the thoughtful legislative remedies that have been proposed by its members and others who have worked closely with us.

Many of these proposals have been aimed directly at reducing both the cost of Government and the cost to consumers that have resulted from unnecessary Federal regulations. Unfortunately, the majority has failed to act on them, preferring instead to continue passing bill after bill that add to the size of the bureaucracy the amount of over-regulation it has imposed.

It is certainly not too late for us to reverse this trend toward the kind of government that has virtually destroyed Great Britain's economy—not if we are willing to learn from the mistakes of that country from which we declared our independence.

It is fortunate indeed that our 200th anniversary has come along when it has. This time of celebration gives us cause to stop and think about just how we became the most successful nation in the history of mankind. It is an excellent time for us to consider alternative paths we might take from this point in our history that will provide the greatest promise for the future well-being of our people.

I know that a number of my colleagues would like to share their thoughts with us today on this important subject, and to help set the stage for their comments, I would like to insert at this time the text of a speech made last year before the Rotary Club of Toledo by R. A. Stranahan, Jr., president and chairman of the board of Champion Spark Plug Co. His thoughts on over-regulation should make us all stop and think:

STRANGULATION BY REGULATION

(An Address By R. A. Stranahan, Jr.)

I have been a member of Toledo Rotary for about thirty years and have had the opportunity of participating in various programs, but I've never felt quite as compelled as I do today to appear before you to discuss some of the current issues that confront us as individuals and as a nation.

Perhaps you wonder what would motivate a person like me to speak out, or to criticize some of our Congressmen for what I consider to be their socialistic tendencies.

Like many of you in this room today, I have children and grandchildren, so I have more than a casual interest in what happens to this country over the next 40 or 50 years and beyond. I want the young people coming along to enjoy the freedoms and opportunities which will enable them to benefit from a competitive society which rewards hard work, ingenuity and those who want to accept responsibility. Within our young people must be a burning desire to create, to develop, to invest, to take a chance and most of all to succeed or fail in accordance with their own talents.

Also, I think I have a real responsibility to our shareholders as well as about 14 thousand employees who work for Champion. It is my job to try to protect these stockholders and see that they get a reasonable return on their investment and also to protect the jobs and the future security of our workers.

Actually, every American should be concerned with unnecessary government regulation which is rapidly undermining our business system, destroying the value of the dollar, eroding wages and pensions, and weakening the capital structure necessary for the future expansion of our job-producing organizations.

Unfortunately, businessmen who are responsible for profit and loss not longer have full freedom to make profit-and-loss decisions. The problem is that government officials and government agencies who are not responsive to the pressures of the marketplace, are usurping that power and though their decisions affect management, they have no management responsibility.

FREE ENTERPRISE

For years nearly all businessmen have been guilty of neglect in one very important segment of our responsibilities. We have failed to defend our free enterprise system and I think for a very good reason. We did not feel it needed to be defended. The standard of living in the U.S. has been proof-positive of the accumulative benefits of a free, competitive society which has helped alleviate the suffering and poverty of the entire world. However, most of us in business today feel that even though it is late we cannot afford to neglect this problem any longer.

Champion has been in existence for nearly 70 years and there are many reasons why we have survived while many of our competitors have come and gone.

We may have faced difficult times over the years such as recessions, depressions, wars and political upheavals, but we have been fortunate eough to be operating in a comparatively free economy with a system we call Free Enterprise where there has been challenging competition and a real incentive to grow and prosper with a minimum of restrictive controls.

This ssytem has worked very successfully over the years as a self-regulating system with its own checks and balances in the marketplace. The law of supply and demand, the inescapable costs of labor and materials plus competition have determined selling prices.

Why is it that people have lost faith in our system? Why is it that the government bureaucracy has decided that we don't have the ability to run our own businesses and that it is necessary to direct and control us from Washington? We are about to celebrate our Bicentennial in the United States, two hundred years since the signing of the Declaration of Independence. Perhaps we should stop for a moment and consider what has happened.

In a maze of advanced technology we have become a strange people, a supposedly educated, sophisticated people a little aloof to some of the basic traits of our ancestors. You might say the American people have forgotten their political, economic and religious heritage.

Basically, we are a nation of people who believe in an infinite intelligence which we choose to call God. We believe in Divine Guidance. And it is well to remind ourselves occasionally that our forefathers came to this land in order to escape oppression, to be free to worship as they pleased and to be free as their Creator meant them to be.

But with this inherited freedom, which is so precious, we have also been given certain responsibilities with just enough rules to guide us and keep order in a civilized society. But I wonder if we haven't been relinquishing our responsibility as individuals to a paternal government which can carry us from the cradle to the grave? There is always something comforting in the many promises of social improvement which intimate that we shall be taken care of regardless of our circumstances, and most importantly, at no cost to the recipient.

However, it has been said that a great nation is the result of a great people. A great people are not the result of a great nation.

Lincoln once said:

"You cannot bring about prosperity by discouraging thrift.
You cannot strengthen the weak by weakening the strong.
You cannot help the wage earner by pulling down the wage payer.
You cannot further the brotherhood of men by encouraging class hatred.
You cannot establish sound security on borrowed money.
You cannot keep out of trouble by spending more than you earn.
You cannot build character by taking away man's initiative and independence.
You cannot help men permanently by doing for them what they could and should do for themselves."

These statements are as valid today as they were yesterday and in view of the present state of the nation they should be a basic philosophy for all our statesmen, businessmen and economists and be understood by all of our citizens.

THE TREND TO SOCIALISM

Unfortunately, very few people express any sympathy for business when they are promised "pie in the sky, cradle to grave" security from the federal government.

It is incredible when we have thousands of our workers walking the streets that we find so many liberal-minded public officials devoted to destroying business when it should be receiving the support of everyone if we expect to solve the present situation and put people back to work.

This country and our entire free enterprise system have been built and have grown on the basic premise of incentive and its reward to those who are willing to work hard, take a risk and perhaps succeed. Every investment, whether it be the purchase of a few shares of stock or an investment in a small business is made with the desire for a return, or profit on this investment. The future of our entire business community is dependent on the availability of capital and capital investment must be encouraged and rewarded. However, there are many men in Washington who are devoting their efforts to legislation which will destroy incentive and penalize success.

The present economic problems, including inflation in so many countries around the world, are all caused by this same attitude. It is a rejection of a free society for a socialistic government-controlled economy.

England is a good example. Listen to an excerpt from a recent article in the Wall Street Journal entitled "Good-by Great Britain."

"Steady as She Sinks" proclaims the April 25 cover story of The Economist, the British weekly journal of news and opinion. It is the British economy, of course, that is sinking. But that's not news. What makes this issue of The Economist valuable—it should be bound in leather and made required reading in every U.S. school of economics—is that it so finely traces the ultimate consequences of the welfare-State-Keynesian syndrome.

"Britain's current contribution to the world is to reveal the ultimate result of economic and social policies rapidly gaining ascendancy in the United States. To wit, the state must fulfill all needs especially medical care. Income must be redistributed principally through taxes on the returns from capital."

In closing, the article says:

"Good-by Great Britain. It was nice knowing you. Since we're following down the same road, perhaps we'll meet again."

Depending upon our businesses, I suspect each of us has a particular piece of legislation that irritates us, but actually we must take an interest in any legislation already enacted or pending because all of these controls have an effect on our lives, our freedom and our income.

I can get just as mad as the doctors over malpractice insurance requirements and the eventual effect of such activity in the field of medicine. How can we suggest that a doctor guarantee the diagnosis and the care of a sickness when most of us can't even describe our own symptoms? As a layman, I have always felt that the most important thing about the doctor-patient relationship was confidence. Now it is being suggested by adverse publicity that the new role between these two people should be that of antagonists.

THE AUTOMOTIVE INDUSTRY

However, I would like to zero in on a particular field of business with which I am familiar—the automotive industry. I think we must all take a vital interest in the automobile companies and the auto-related industries because they employ one out of every six working people in the U.S. and, therefore, have a very real influence on our entire economy.

This is merely an example of the problem which affects many businesses across the country. Listen to an excerpt from a recent article from Automotive Industries:

"Regulation has cost car buyers about $15 billion in the past decade. And Lee Iacocca, president of the Ford Motor Company predicts that future regulations may cost up to $150 billion in the next decade.

"To a large extent, federal regulation is responsible for the present catastrophic sales slump that's already caused the layoff of over a quarter million autoworkers. Federal standards are to blame for around 40% of price increases. Also, they've added greatly to the current confusion in the auto market and to 'non-appeal' of 1975 cars.

"Regulation could lead the nation into a full-fledged national depression. The 'ripple effect' of the auto sales slump has not yet really hit the 40,000-plus auto suppliers or the hundreds of thousands of other auto-related businesses through the country.

"But, forget for a moment what automotive regulation has done so far. Government withdrawal is now needed to avoid the implementation of more than 20 already-mandated or proposed regulations which could well have a disastrous impact on (a) automobiles, (b) the auto industry, and (c) the national economy.

"A major miscalculation behind all this regulation is that it was aimed at four auto companies. But, 100 million motorists will have to pay out the billions of dollars for the hardware development work and the government regulation.

"The only voice these 100 million 'middle Americans' have in all these high-level government-industry negotiations is at the point-of-sale. These people are now voting 'no thanks' at car dealers."

Another interesting excerpt from this same article says:

"Dwarfing these costs are the billions of dollars being spent for energy-absorbing bumpers that have been mandated since 1973. Cost-benefit studies by the Department of Transportation, auto companies and insurance firms have since invariably shown that these bumpers were an atrocious waste of money, gasoline and natural resources.

"Bumper systems add 100 to 200 pounds of weight to each car increasing costs $125 to $250."

The article concludes by saying:

"It's time for Washington to get out of Detroit."

You know, it's interesting to hear the critics tell us that the real problem with the auto industry is that they have not responded to the needs and desires of the public. They should have been building mini cars which could go 40 miles to a gallon of gas. However, in reality, the great majority of motorists in this country consider their car a necessity and an investment second only to their home. They want a nice looking automobile which has all the comforts they can afford.

Don't forget the first mass-produced, low-priced cars to come off the assembly line were all alike and you could have your choice of color as long as you wanted black. Today's hundreds of models and colors with all the selection of interiors and options were the result of public demand.

This is true of all products and services. If we don't produce a quality product that people want and need that is priced competitively, they can refuse to buy and you can be sure there will be some rapid changes made. People screamed to Congress and the media about the price of meat and sugar but actually nothing happened until they refused to buy. Then prices came down immediately. This is the way things should happen when the consumer is boss.

It costs $4 billion dollars a year to support the federal regulatory agencies that ride herd on business and they are the new bosses. They tell you how to hire people, what products to make, how you go about making them, personnel practices, production methods, marketing, advertising, finance, etc., etc.

I am sure you remember the safety legislation forced on the automobile companies which required increased reinforcement which meant additional weight and lower gas mileage. Next came seat belts and shoulder harnesses with all of their visual and audio signals. These regulations all increased the cost of the automobile. The public, as you know, rejected the systems devised to protect them and the compulsory regulations on the interlock were rescinded. Public opinion can change things.

Then came the most popular issue, which was cleaning up the air that we breathe—which is a commendable objective—but the automobile companies were told to comply with the new standards regarding exhaust emissions regardless of the severe penalty on fuel consumption and were given only a very limited amount of time to meet these standards. Under the circumstances, the car companies had no alternative but to put all their highly-experienced, trained engineers on the job of trying to meet these strict emissions standards rather than concentrating their efforts on trying to improve gas economy and build a better automobile. As a result, they had to dangle all the emission control devices on the car with some guarantee that they would continue to work efficiently for years to come.

These increased costs could not be absorbed by the vehicle manufacturer and have been passed on to the consumer even though the owner sees no noticeable benefits. The cars don't look much different, nor run any better. Well, people have started to rebel because they are not going to pay these prohibitive prices for transportation. Also, you know our legislators have back-tracked now and admit some of the legislation was hastily and poorly conceived.

Add to this problem the competitive situation from the imported, low-cost cars which have been allowed practically free access to our markets for years. Also, consider that the success of imported products into this country has been due to a great extent to the fact that they have been subsidized by their own governments, which in turn have put severe restrictions on the importation of U.S. products.

ANTI-BUSINESS SENTIMENT

This policy on the part of foreign governments has resulted in the complete elimination of some U.S. industries. At the same time, our government is exerting every kind of pressure to penalize multinational corporations and discourage all foreign investment without any consideration or understanding of the consequences. This can be very dangerous when you consider that 30 to 50 percent of the income of many of our large corporations comes from their foreign operations. No wonder U.S. companies are in trouble. No wonder we have a balance of payments problem.

No wonder we have thousands of people lined up for unemployment checks, welfare benefits and food stamps. George Meany, whose advice seems to be constantly sought in the halls of Congress, has an answer to the problem. He says, you must take immediate action to put out a fire. In this case, his answer is more money poured out of Washington in the form of reduced taxes, direct handouts or public service jobs. In a recent interview he said $30 billion is not enough, it should be $100 billion.

I think a far more constructive approach on the part of labor leaders—if they are sincere in their desire to help their members and I'm sure they are—would be to persuade their friends in Congress to overhaul or abandon every piece of anti-business legislation and give their support to business programs which can provide real jobs and opportunities to the people who want to work. Also, they might heed the advice of Samuel Gompers, the founder of organized labor in America who made this statement "The first responsibility business has to labor is to make a profit."

This activity would provide far greater security to the union workers than unrealistic demands for pay increases which do not in any way relate to productivity. Increases in cost of labor and materials are the first step in inflation.

It's interesting to hear the statements that are made by some union leaders that business can afford all of the increased expenses and additional taxes. However, let's face the facts—all expenses in business whether fringe benefits, direct wages or taxes must be factored into prices of the product or services.

It's also interesting to note that the greatest ambition on the part of labor leaders at the present time is to have compulsory union membership of all government workers. This would be a pretty kettle of fish when you consider that one out of every five people employed in this country is working for the government. They already have the power to bring industry to its knees and bring this country to a complete standstill. They hardly need this additional power and control.

Over the years, there has been a great deal of legislation passed which has been harmful to industry—there are hundreds of new bills pending which can be very destructive. Many of these bills may seem to be pretty remote to the different segments of the business world, but indirectly affect all of us. In addition to all of the environmental controls, we have had foreign trade bills, bills affecting depreciation, the Occupational Safety and Health bills and consumer protection agency bills and so many others that vitally affect the cost of doing business and our ability to operate in a free economy.

With all these threats to our way of life, it is time we forget party politics and put people in public office who stand for economic freedom and want to see our capitalistic system work. If we can ever get business, labor and public officials to work together towards framing reasonable legislation, and I think it is possible, we can put an end to inflation, energy problems and the serious unemployment situation.

WHAT CAN BE DONE

Now, what are we at Champion doing about the issues that confront us as an industry and far more important what can all of us do together?

We can be heard not only in the halls of Congress, but in the court of public opinion. Our industry, along with all other segments of our business system, represents millions of working Americans and should be able to exert a great deal of leverage and create changes, but we have to work individually and collectively toward common goals.

First, we at Champion are working with congressional committees to provide facts so that legislation when finalized makes economic and common sense for everyone. Secondly, I am personally talking to thousands of people in our industry directly and through various industry magazines and publications. I have also enlisted the help of our 350 salesmen and other Champion people to spread the message across the country.

I believe the average citizen must be aroused. What can we do or say to activate or motivate people? Each of us can give hundreds of examples of how higher costs caused by government regulation result in higher priced products and services. (I repeat, our businesses would all be bankrupt if we didn't pass on these costs to the consumer.) Government price controls are responsible for the petroleum shortage and the natural gas problems. These are real issues which can be understood by everyone.

I don't believe we can afford to solve the energy problems by shutting down industry, even though we would be solving one OSHA requirement by making our factories silent. Nor, can we solve the problem by leaving cars in the garage and shutting down the entire auto parts industry. According to a U S. Geological Survey, it is estimated we have approximately a 500 year supply of petroleum and a 300 year supply of natural gas and enough coal reserves to last for 1500 years.

The American way is to provide some incentive for people to invest and explore for these new oil and gas fields and expand their productive capacity. This is the way a free economy works. This is the way America was built. This is what makes us different from the socialistic and communistic countries. This is why we fought wars and sacrificed our young people—to defend this freedom.

I don't believe we can afford to give away billions of dollars to foreign countries and in the same breath tell the American people there is nothing wrong with operating with a 70 billion dollar deficit. We certainly can't make friends with these gifts. All we ever hear from these people is "Yankee Imperialists—Go Home."

I don't think the American people would put up with this deficit if they realized why we are in this situation and if they understood the cost of operating the numerous regulatory agencies which turn out rules and regulations which cost the taxpayers additional billions of dollars. The average American worker already works 2 hours and 35 minutes out of every 8-hour work day to pay all of his taxes. We don't have to operate at a deficit if people get mad enough and tell their representatives they want to eliminate questionable foreign aid programs and eliminate expensive and useless government agencies. As a matter of fact, they should demand an accounting of the expenses of operating these agencies.

Recently, President Ford said that a key priority of his administration is to eliminate costly, unnecessary federal regulations which are hampering the economy. He said in the nearly 90 years since we created the first federal regulatory commission, we have built a system of regulations which abound with contradictions and excesses all to the detriment of the public.

I think every person who hears this story should pass it along to their employees, their friends and anyone who will listen and ask every person to contact their congressional representatives and in their own words—tell these people we are sick and tired of being strangled by regulation.

Perhaps if Congress stopped trying to control our nation's business, it could address itself to the greater social issues of the day such as poverty, crime and injustice and let the American people control the marketplace.

Let's give business the opportunity to solve their own problems that they might grow and prosper in a competitive and free market. In this environment our business system can continue to provide real jobs and opportunities for those people who want to work. I am optimistic about the future of our country, but we must give the control back to the people if we are to retain our position of leadership in our world society.

Mr. DEL CLAWSON. Mr. Speaker, in a small volume published in 1954 entitled "Nightmares of Eminent Persons," Lord Bertrand Russell posed the offbeat suggestion that "The man who wishes to preserve sanity in a dangerous world should summon in his own mind a parliament of fears, in which each in turn is voted absurd by all others." The dreamers of his collection of fanciful nightmares, according to Russell, did not adopt this technique. But his preface offers the hope that others will have more wisdom. The reason for recalling today this out-of-print volume of essays in the present climate of interest in regulatory reform is to be found in the nightmare written by the British economist and philosopher for Joseph Stalin.

The third world war had been fought and lost, and Stalin was held captive by the Western Allies who decided to hand him over to a committee of a religious group world renowned and justly admired for their demonstration of the power of brotherly love. Housed comfortably and fed copious quantities of cocoa, treated with unfailing courtesy and good will in spite of his tirades, the dictator's nightmare ended in a paroxysm of frustrated rage.

While the analogy obviously is not perfect, the point of the story seems peculiarly applicable to the present discussion, to the concept of regulatory reform, and to those of us in the Congress, and elsewhere in private and political life, who believe reform is long overdue. It is hard to escape the premonitory apprehension of the nightmare possibility that burgeoning reform may literally be "loved to death." For the Soviet dictator, the punishment inversely fit the crime. But, for a movement of such widespread interest and with such massive national support, the fate literally worse than death would obviously not be deserved.

If we are to avoid the "nightmare" this year, we must ask ourselves, "Is it necessary for an entire Congress to be devoted to discussion of an idea, leaving to the next Congress the real work?" Facing two adjournments for the conventions and, it seems a final adjournment date of October 2, we might be forced to bow to that inevitability. But there are proposals already in the wings, the subject of considerable study and committee work on both the House and Senate side of the Capitol.

I refer to proposals for congressional veto of executive rules and regulations which go contrary to or beyond congressional legislative intent. The basic idea, in fact, developed in my bill, H.R. 8231, dates to a previous Congress and a proposal of a former member of the House Rules Committee. Hearings were held last fall by the Subcommittee on Administrative Law and Governmental Operations of the House Judiciary Committee chaired by our able colleague **Walter Flowers**, on legislation which 140 other Members of the House and I sponsored which would require submission of all agency rules and regulations to Congress with procedures for congressional veto.

The subcommittee and the full Judiciary Committee reported a bill, H.R. 12048, on April 6 of this year, adopting a broader approach and making other changes in the Administrative Procedures Act. Two hearings have been held by the Rules Committee. Hearings have also been held in the other body on similar legislation, and there are numerous Senate cosponsors for legislation similar to H.R. 8231. If our mail is any indication, and if the reports of cosponsors are a reliable gage, there is widespread public interest in the idea. The average American, judging from our reports, is experiencing the feeling of baseball's legendary figure Satchel Paige, which led him to observe "Don't look back, something might be gaining on you." In this instance, the suspicion grows that a backward glance would disclose a horde of bureaucrats armed with regulatory edicts of varying degrees of validity.

Individuals and groups not wealthy or powerful enough to enjoy a privileged relationship with their Federal regulators or to afford litigation in the courts look to their Representatives in Congress to correct the abuses of regulations which sidestep the legislative process, with the force of law, but which may bear little direct relationship to the legislation they ostensibly implement. We have heard from small business people dismayed at the morass of Federal regulation and concerned over their lack of recourse.

The June edition of Nation's Business gave the results of a poll of their readers. To the question "Should Congress have veto authority over regulations issued by Government agencies?" the answer was "yes" by a reported ratio of almost 18 to 1. There is also concern on other levels of Government. The County Supervisors Association of California, for example, has indicated support for our legislation. I understand that a number of organizations, such as the American Hospital Association, the Cosmetic Manufacturers, and so forth, have expressed interest in the hearings before the House Rules Committee and I am pleased that our chairman has indicated that he will hold at least one additional hearing. It is not too late to hope that we in this Congress, our Nation's Bicentennial Congress, will seize the opportunity to restore the constitutional balance of powers between the branches of the Federal Government upset by the "quasi-legislative" activity of some agency bureaucracies.

Mr. SYMMS. Mr. Speaker, the operations of the Environmental Protection Agency, EPA, are a near-classic illustration of the baneful effects of Government intervention in our economy. In the area of EPA-created unemployment alone, at least 75 companies have been driven out of business because of bureaucratic restrictions designed to safeguard the environment; and these are only the companies that employ more than 25 workers. EPA does not include companies employing fewer than 25 people in its periodic tabulations.

In one case, EPA claimed that three coke ovens operated by the United States Steel Co., at Gary, Ind., were not in compliance with air pollution control regulations. EPA threatened United States Steel with criminal prosecution if the offending facilities were not closed down by the end of 1975.

United States Steel, of course, did close down these facilities, causing about 200 people to be laid off from their jobs. Early in December 1975, the company had estimated that the shutting-down of the three coke ovens might eventually affect more than 1,000 jobs, including those of coal miners and railroad personnel involved in the raw materials end of the steel business.

The only course open to United States Steel if it intended to maintain production at a high level was to build new coke ovens to replace those that had to be closed down because of EPA's dictates. Obviously, this will involve a huge investment by the time the new ovens are completed. Meanwhile, production of one of our most critical metals will be less than it ought to be, all because of one Government bureaucracy.

In November 1975, the president of the Aluminum Company of America, Alcoa reported that:

> Alcoa's environmental control costs over the past five years were more than $105 million. In 1974 alone our capital spending on controls was $50 million. Future annual expenditures for environmental control and occupational safety are expected to equal or exceed that figure.

He went on to cite an excellent example to illustrate his point that "the costs of such programs are measured not only in dollars, but also in time and effort." For Alcoa to add one 8,000 ton forge press and supporting equipment to its Cleveland, Ohio, works would require a multiplicity of efforts at compliance with Government standards, including the drafting of an environmental impact assessment. By the time they complied with all the Government requirements, a full year would have to be added to the timetable for completion of such a project, considered by Alcoa to be "a relatively modest plant expansion."

One wonders just how much additional time would be involved in a relatively ambitious plant expansion.

EPA is just one more component of the mushrooming Washington regulatory establishment which, it has been estimated, requires individuals and businesses to complete some 5,146 different types of Government forms at a cost of over 130 million hours. Between June 1973 and June 1974 alone, it has been estimated that Americans spent 28.8 million man-hours filling out forms to environmental agencies at a wage cost of more than $86 million.

These costs are, to my mind, both staggering and totally unneeded. People engaged in business enterprise have far more productive matters with which to occupy their valuable time and other resources than filling out forms and performing other costly tasks just so they can avoid running afoul of the EPA bureaucracy.

But EPA is not just wasteful and a cause of unemployment. The EPA bureaucracy has been responsible for some truly gargantuan foulups, one of the worst being the catalytic converter. This effort at clean air via Government bureaucracy resulted in the creation of dirtier air.

The EPA drive for the catalytic converter was predicated on a presumption that leaded gasoline is more harmful to humans than is the unleaded variety. A District of Columbia Court of Appeals ruling, however, stated that the evidence failed to support EPA's position.

EPA thereupon decided that lead-free gasoline was still to be required because leaded gasoline supposedly damages the converters, which cost about $160 apiece and which are designed to eliminate more carbon monoxide and unburned hydrocarbons. The expense to automobile companies in installing these gadgets may be gaged by noting that the catalytic converter has cost General Motors alone at least $100 million.

The clincher, however, was EPA's subsequent admission that the catalytic converter, which was supposed to bring us all cleaner air, actually emits sulphuric acid mists, a worse potential health hazard than regular smog, and platinum, a new and untested problem.

To add still further to the gallows humor, Los Angeles police authorities seriously considered banning new cars from wooded areas because the catalytic converters get hot enough to cause forest fires. What was EPA's response? Eric Stork of EPA urged automobile manufacturers to equip new cars with sensors to warn unwary motorists when their converters became hot enough to be fire hazards.

One cannot fully appreciate the sheer imbecility of all this, however, until one realizes that the inefficiency of the catalytic converter, according to the U.S. Department of the Interior, would cost us dearly in terms of the resultant increase in gasoline consumption and of our dwindling oil supply: an additional million barrels of crude oil per day at an additional cost of $1 billion per year.

At last report, EPA was going to spend some $6 million of the taxpayers' money to reassess its attempt to save us from leaded gasoline.

I submit that all this is having an extremely harmful effect on American business enterprise, that EPA's policies are causing unemployment at a time when we can ill afford it, that EPA's edicts are creating waste and inefficiency, and that proposed EPA solutions to environmental problems have in some cases been worse than the ills they are designed to remedy.

It is my belief that the EPA bureaucracy is one of the most dangerous in the entire Government.

Consequently, I introduced H.R. 9819, the Environmental Reorganization Act of 1975, in September of last year. This bill abolishes the EPA and transfers its functions to other governmental agencies such as Interior, Agriculture, the Nuclear Regulatory Commission, Department of Commerce, and so forth, depending on the particular area of environmental concern. My bill is pending before the House Committee on Government Operations.

Mr. DERWINSKI. Mr. Speaker, it is becoming more evident each day that there is a new endangered species: The American businessman. It is not some monopolistic monolith, environmental catastrophe, or foreign aggression which threatens them; it is their own Government. We may be regulating businesses out of business.

The instances of regulatory requirements forcing small- and medium-sized businesses to close are legion. In the iron industry alone, over 300 iron foundries have gone out of business due to overly rigid environmental protection regulations.

The Agency argues that, in most cases, the foundries were marginally profitable, and were not really necessary to the American economy. Well, that may be one point of view; however, the Army has had to go overseas to try to find a foundry to cast parts for its M–60 tanks. It seems as though all of the large foundries are not interested in jobs that small, or are too busy with other work.

The Interstate Commerce Commission offers another example of what regulatory agencies are doing to business. For example, truckers are often limited to one type of commodity. Those who carry unexposed film may not carry exposed film. Those who carry plastic pipe may not carry metal pipe. In one instance, truckers working for the Quaker Oats Co., hauling tomato paste to a pizza plant, were not allowed to carry pizza crusts on their return trip.

When ICC regulations were lifted from frozen vegetables, the rates for transporting them dropped 20 percent. When the Supreme Court decided that dressed poultry was not subject to ICC regulation, their transportation costs dropped 33 percent. A study by the Highway Research Board showed that 57 percent of private truckers normally made their return trips empty.

Perhaps the worst example of what ICC regulators are capable of, is the Southern Railroad case. Southern, in an attempt to increase the efficiency of grain shipments, spent $13 million developing a new type of boxcar. Specially designed for shipping grain, the boxcar would have eliminated many of the problems normally experienced by grain shippers. For example, it had an aluminum shell so that no grain would spill out. Southern estimated that the new boxcar would reduce shipping rates fully 60 percent for grain.

What did the ICC do? The logical thing, naturally. It banned the use of this innovation. Southern took the case to court, and after 4 years and over 17,000 pages of testimony, reversed the ICC decision.

The Civil Aeronautics Board presents another example of what we can expect from our regulators. According to a study by the Brookings Institution, between $366 million and $538 million in excess fares were paid in 1969 alone, because of the lack of competition in the airline industry. As a rule, intrastate carriers, which are not subject to CAB regulation, charge one-third to one-half the fares which regulated carriers charge.

Why is there such a difference between regulated and nonregulated carriers? United Airlines might provide part of the answer. In 1973, well before the Christmas season, United applied for permission to increase the number of flights it had scheduled for Hawaii, in order to handle an anticipated increase in mail. When the petition was finally heard the following February, it was denied. The justification used by the CAB was that Christmas season was over.

The next time you purchase an airline ticket, think about what happened to a number of international carriers recently. They were fined $655,000 for selling discount tickets to customers who, the CAB said, did not qualify for them, carried charter passengers on regular flights, and in other ways charged lower fares than the CAB allowed. It is a clear case of the "consumer be damned" attitude by the CAB.

In instance after instance, Federal regulatory agencies are acting to undermine competition, stifle innovation, and increase costs to the American consumer. It has been estimated that the total cost may be as high as $130 billion annually. What the cost is in lost jobs, cannot even be guessed. There is a time for everything, and now is the time to stop this madness. If we do not, the future of the free-enterprise system is in doubt.

Mr. CRANE. Mr. Speaker, before complementing his remarks, I want to congratulate my distinguished colleague from Texas (Mr. ARCHER) for organizing this special order today. With the ever increasing size and scope of Federal regulatory agencies adversely affecting the lives of more and more Americans, nothing could be more timely than a detailed discussion of regulatory reform—why it is needed and how it might best be accomplished.

Most Americans do not realize it, but there are over 63,000 regulators within the Federal bureaucracy. It costs an estimated $4 billion in tax dollars to underwrite their activities and those activities wind up costing business and the American consumer at least $125 billion a year. The paperwork alone generated by the multiplicity of rules and regulations has been estimated by the Commission on Federal Paperwork to cost $40 billion a year—which is reflected in either higher prices or higher taxes or both. So, the real victims of all this regulation are the very people who are supposed to benefit the most the taxpayers and consumers of this Nation.

However, they are not the only victims. Employers and employees are also hurt; employers because they have to spend millions of dollars on nonproductive equipment and paperwork—which could have otherwise gone for plant modernization and/or expansion, both of which are essential if employment is going to increase—and employees, because they stand to lose their jobs if their company has to close all or part of its operations.

Some will argue that this proliferation of rules and regulations has produced employment and to an extent this is true, but, when one compares the 63,000 regulatory jobs plus a few that have sprung up in the private sector as a result of regulatory agency rulings it hardly compares with the 700,000 or more jobs that would have been created if the $130 billion a year now being spent for regulatory compliance had been used as investment capital. Moreover, one must also consider that the money spent on government regulation is basically nonproductive; it does not lead to an expansion of our economic base.

That being the case, excess Government regulation is a major cause of inflation. Many economists agree that inflation occurs any time growth in the money supply exceeds the growth in productivity and, as we know only too well, Federal budget deficits are frequently met by selling securities or printing more money, both of which increase the money supply out of proportion with economic activity. And, as we have seen, the cost of Federal regulation contributes substantially to the budget deficits.

The only encouraging aspect of the situation is that, finally, people inside Congress and out, are waking up to the seriousness of the situation and are beginning to advocate legislative remedies designed to correct it. There is much talk of, and quite a bit of support for, "sunset" proposals that would put any given regulatory agency out of business if, after review every so many years—the number of years varies from bill to bill—the agency was not certified effective by either Congress or the President.

Another approach, known as zero-based budgeting, would require agencies to justify all their expenditures every 4, 6, or 10 years, depending again on the proposal. Still a third approach, known as congressional oversight, would permit either House of Congress to veto any proposed rule or regulation put forth by an agency and the House passed an amendment like this to the EPA authorization bill early in May. Finally, there are a number of measures designed either to reform specific regulatory agencies so as to make them less onerous or to repeal them altogether.

All of these concepts have varying degrees of merit with the last one, cutting down or cutting out unneeded or counterproductive agencies, being the one that gets to the heart of the problem best. However, as is so often the case, such a process is also the most difficult politically since these agencies have a way of developing their own constituencies. Members of Congress, truly interested in the welfare of workers are pictured as being against worker health or safety. Likewise, Members concerned about making it easier for industry to function and jobs to be maintained are accused of favoring pollution or condoning consumer "ripoffs." And those of us who think that people should be able to decide for themselves what nonhazardous drugs are most effective for them, are painted as being a threat to the well being of millions of Americans. And so it goes.

True, legislation requiring an economic impact statement to accompany any proposed rule or regulation would help, as would Congressman Thone's bill that would require that Congress be informed as to the cost, to the American consumer, of any and all regulatory proposals. But, to my way of thinking, the best interim solution—short of reduction or termination of many of these agencies—from the standpoint of both fairness and political acceptability is to compensate successful defendants in civil suits filed by the Federal Government.

Not only would such an approach eliminate the unfair penalty that is exacted when a defendant is required to pay the cost of defense even though he prevails against the government but, for the first time, compensation for reasonable attorney's fees and other reasonable litigation costs would give Congress and the American people a quantitative measure of agency effectiveness. If an agency were losing too many suits, or too high a percentage of suits, that fact would quickly come out at budget time and appropriate corrective measures could be taken. Knowing that blame for such measures would fall upon them, regulatory bureaucrats would carefully examine both sides of a case instead of going ahead with a suit as they do now figuring that the individual or firm involved probably will not contest because of the cost involved win or lose. At long last, the idea implanted in the minds of so many regulators, that the more scalps on the wall the better it looks for the job performance record, would be balanced by the fear that too many weak cases overzealously pursued might hurt one's chances for promotion or even continued employment. Likewise, ego, vindictiveness or political motivation would be offset as major factors behind regulatory proceedings, particularly if the offending agency were required to pay the compensation out of its own budget the same year the suit was ultimately settled.

As can be inferred from the preceding discussion, what has happened is that economics, rather than the merits of the case, has been the deciding factor in far too many regulatory proceedings. With the cost of litigating often exceeding the cost of pleading "no contest" many firms are submitting to arbitrary or capricious rulings rather than standing up for their rights. Conversely, the traditional check provided by the so-called American rule—each party paying for its own attorney's fees and litigation costs—does not discourage regulatory agencies from filing suit because they have the virtually unlimited resources of the Federal Government at their disposal. Thus, the balance of power between the individual or company on the one hand and the Government on the other has tipped sharply in favor of the latter as compliance by coercion has become the rule rather than the exception.

Compensating successful defendants in civil suits filed by these agencies will partially redress the imbalance by putting some risk back into the proceedings for the bureaucrats pushing these cases. Had not the bureaucracy grown into a virtually unchecked "fourth branch of government" that is constantly filing suits, such an adjustment would not be necessary, but since it has grown and since the cost of litigation is presently little deterrent to the Government filing suits, such compensation is not only necessary but essential if faith in our system of justice is to be restored. Instead of being coerced into submission, individuals or businessmen who believed they were in the right would no longer be discouraged from trying to prove it.

Because successful taxpayers in IRS tax liability cases are, for all practical purposes, in the same boat as successful defendants in Government initiated civil suits, I strongly favor compensating them as well and I have cosponsored a bill, authored by my distinguished colleague from Tennessee (Mr. QUILLEN), that would do just that. However, because the purpose of such compensation is to discourage unjustified suits by Government rather than unwarranted litigation against the Government, I am disinclined to support legislation that would compensate successful plaintiffs suing the Government.

Admittedly there are instances where such compensation would seem justified but, once it were provided, I fear there would be so many suits from so many points of view that ultimately both business and Government would be almost completely frustrated. Those favoring such compensation, because it would make it easier for public interest law firms to litigate against alleged violations of consumer or environmental regulations under the private attorneys general concept, ought to contemplate what would happen if other public interest firms, having a different perspective, started bringing suits against the regulations themselves thus forestalling, at least temporarily, their implementation. The delays in the regulatory process that would ensue would make a mockery out of what is already a situation crying for reform.

Compensating successful defendants, because it discourages rather than encourages, litigation, avoids these problems at the same time it places natural restraints on the zealousness of the bureaucrats. Enactment of this legislation would, therefore, be tantamount to self-enforcing regulatory reform and could be accomplished without requiring any Member to vote for alteration or repeal of any regulatory agency or agencies.

Given the aforementioned need for regulatory reform, these features should have a certain appeal. Furthermore, it should be noted, for the benefit of those interested, that my legal compensation proposal now has 53 cosponsors, hearings have been held and the bill is scheduled for markup, along with other attorney's fees bills, later this summer by the Subcommittee on Courts, Civil Liberties and Administration of Justice. Moreover, I can assure my colleagues that the list of cosponsors is a broad bipartisan one containing people of many philosophical persuasions. Hopefully, that subcommittee will see fit to report the measure favorably so that those who have not seen it will have a look at it before too much longer.

While it is true the individual and small businessman of modest means would benefit most from passage of this legislation it would, in the longrun, benefit all Americans. Moreover, the legal compensation concept should not, and would not, preclude the enactment of other effective regulatory reform legislation. For instance, there is no reason why we cannot simultaneously go ahead with zero-based budget legislation, congressional vetoes over rulemaking, economic impact statements and agency reforms. As a matter of fact passage of bills such as these would nicely compliment legal compensation inasmuch as they would forestall many cases before they got to the litigation stage.

Proponents of effective regulatory reform should also take note of last week's Supreme Court decision in National League of Cities against Usery. By ruling that Federal regulation of the wages and working conditions for State and local employees is a violation of States rights, the Supreme Court has given rise to the thought that attempts to legislate the manner in which State and local governments regulate commerce within their respective jurisdiction may also be ruled unconstitutional. The commerce clause of the Constitution was never intended to cover intrastate commerce and the statutory expansion of it to nationalize responses to problems has, in most cases, created more difficulties than it has resolved. As many communities know too well, State and local efforts to resolve problems such as pollution or industrial safety were well underway prior to the Federal Government getting into the picture and the creation of synonymous Federal agencies has led not only to costly duplication of effort but considerable delay and confusion. Conversely, many other communities which do not have a problem find themselves forced to adhere to Federal rules and regulations that completely overlook local circumstances. In either instance, the economic loss to the community and the overall cost to the taxpayer has been far higher than it is worth.

In a perfect world, all of us would like to have our cake and eat it too. However, if we are to continue to prosper economically, we cannot stifle business and industry to the point that it can neither operate at a profit or raise the capital it needs to stay competitive in world markets. It goes without saying that we all want clean air and water, safe working conditions and top quality products but, unless there are sufficient jobs to go around, these things will not mean much to very many people. Somewhere, a happy medium must be struck and people must realize that, while the odor of a pulp mill might smell bad to one person it might smell like jobs and livelihood to someone else. In short, economy and ecology are not mutually exclusive objectives; for the future well-being of the Nation, they can and must go hand-in-hand.

Mr. KETCHUM. Mr. Speaker, I welcome this opportunity to share with you today excerpts from an article by Mr. Charles O'Brien which appeared in the April 1976 issue of the World of Agricultural Aviation magazine on the subject of "Laws and Regulations Affecting Agriculture and the Agricultural Chemical Industry." Mr. O'Brien discusses with keen insights the current plight of this Nation's agricultural community *vis-a-vis* the regulatory network that threatens their very existence. As the Representative for a predominantly agricultural congressional district, I find Mr. O'Brien's remarks to be most pertinent to our discussion here today and most deserving of careful consideration by us all.

Mr. O'Brien says, in part:

> The pesticide industry is a highly regulated industry which understands and supports the need for reasonable regulation. This industry actively supported the original FIFRA and supports the present FIFRA, as amended. The industry has attempted to work with the Environmental Protection Agency to assist it in promulgating effective regulations which follow the intent of the legislation. However, in very few areas has the agency promulgated regulations which properly implement the purposes of Congress by encouraging research, furthering the progress of agricultural production, and protecting the environment. It has become evident that the purpose of a good law can be thwarted by poor implementation.
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> ### OVERREGULATION
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> The American people are getting more than they anticipate, perhaps more than they desire from regulatory agencies. There is danger that we are building creatures like Frankenstein's—entities constructed to serve the wishes of citizens, but once built they become their own thing, out of effective control by those who invented them. I do not imply an insidious scheme. Rather, it is due to a combination of environmental advocates on the staff of agencies, poorly informed by friendly courts far removed from the agricultural scene, unchallenged acceptance of statements of environmental activists mainly by the urban news media, discounting of views of agricultural scientists and agribusiness representatives, and finally, the fact that no one perceives it to be in his best interest to object very strenuously to the growth of his own agency.
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> It is significant that most persons closely associated with the development of regulations are at best only partially aware of the multiplicity of regulations that are being developed in other branches. Like the blind man trying to describe an elephant, they fail to comprehend the whole animal. To illustrate, the price of beef in the supermarkets is affected only slightly by a requirement that a certain insecticide not be applied to alfalfa within ten days of harvest. The same can be said for a ban on aldrin, dieldrin, chlordane and heptachlor for corn insects; or the Occupational Safety and Health Act requirements; or the licensing of pesticide applicators; or permits for animal confinement system; or land use and sediment control regulations that are being considered; or the banning of DES as a feed additive. But the impact is dramatically different when the word "and" is put in place of "or" in the sentence. No one can claim that the entire complex of regulations that directly apply to production practices plus those that raise cost of fertilizer, pesticides, machinery, electrical power, and other production items have an insignificant impact on food costs.
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> Those who draft regulations to implement congressional statutes tend to lean toward proposals that involve maximum coverage and controls. Environmental interest groups have Washington-based offices and persons who keep in close contact with EPA in order to present their views. They have somehow promoted the myth that they are objective, unbiased spokesmen for the people. Farm organization and agribusiness representatives are perceived as biased and self-serving. In my opinion, environmental activists, farmers, and agribusiness representatives, basically, have similar ethical standards and none has earned the right to claim that its spokesmen are the only good guys with white hats. . . .
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> ### BENEFITS VS. RISKS
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> These observations and concerns have become a reality. Some segments of EPA, particularly the Office of General Counsel, have ignored important guidance in the legislative history of the act. The congressional intent was that the law be implemented with a balanced consideration of the benefits and risks of the use of pesticides. The track record has been that EPA has been evaluating the risk with only a perfunctory recognition of the benefits from continuing the use of pesticides.
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> In evaluating the risk versus the benefit, it may be impossible to prove the negative (that is, absolute safety). But it is equally difficult to prove that unreasonable adverse effects on the environment will result from limited and controlled usage. However, the battle isn't lost on the issue of persistence and environmental hazard . . . it is being lost on the potential risk to human health. This tactic was developed by environmental groups and others who are attempting to get all uses of many products suspended. The environmental activists are now placing notches in their guns as they continue to knock off chemicals and uses, using public concern for absolute human health safety as their banner rather than the environment . . .
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> ### NEGLIGIBLE RESIDUE TOLERANCE CONCEPT
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> Another concern that should be mentioned is EPA's attempt to eliminate the negligible residue tolerance concept. In 1966 "no residue" registrations were stopped. A tolerance at a "negligible residue level" replaced the "no residue" registration. If no detectable residues could be found then Sec. 180.1(e) of the regulations under Sec. 408 of the Food, Drug and Cosmetic Act was in effect. In essence this defined a "negligible residue" as any amount of a pesticide chemical remaining on a food or feed that would result in a daily intake regarded as toxicologically insignificant on the basis of scientific judgment of adequate safety data. Ordinarily, this would add to the diet an amount less than 1/2000 of the no-effect level from feeding studies on the most sensitive species. Such toxicity studies included at least 90-day feeding studies in two species of mammals.
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> The proposed Guidelines for Registration state that "in the past if a pesticide received a negligible tolerance for food or feed use only subacute testing was required." However, these guidelines require the evaluation of oncogenic, chronic feeding, and reproduction effects for all pesticides that have food or feed uses. It is further stated that low pesticide levels in the human diet cannot be equated to toxicological insignificance.
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> This, in essence, says that even when a pesticide cannot be detected in its parent state and cannot be further quantified, chronic two-year studies are still required. This is certainly not conducive to the development of short-lived, nonstable pesticides. Negligible residue situations are hereby discouraged.
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> ### AGRICULTURE AND THE ENVIRONMENT
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> In 1970, when EPA took over USDA's pesticide regulatory responsibilities and in addition was delegated the role of protecting the environment, USDA had an equally strong responsibility to protect agriculture and the ability to produce food efficiently. With over 80,000 employees in USDA, the only "pesticide and environment" staff position in the secretary's office was vacant for nine months. For many years the vital IR 4 program was an understaffed, underfunded orphan. Biological control was the magic research word. Studies on pesticide application, timing, techniques, formulations, drift reducing agents, etc., were placed on the back burner. Costs of environmental programs have generally been underestimated because no figure has been assigned to the "lost opportunity" cost that resulted from shifting agricultural scientists from research on more efficient food production to research on environmental matters.
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> FEPCA did state that the administrator of EPA shall solicit the views of the secretary of agriculture before publishing regulations under this act. For all practical purposes, agriculture input was requested late in the proposal stage. Congress has mandated USDA participation in the amendments to FEPCA of November, 1975. EPA must now submit proposed cancellation notices and notices to change a classification to USDA 60 days prior to issuance along with an analysis of impact on the agricultural economy. Comments from agriculture must appear in the Federal Register along with the notice and EPA's reply. This is a much stronger input than "solicitation of view." This procedure allows for agriculture's voice to be heard from the beginning of a cancellation or change of classification notice.

Recent experiences with high food prices and renewed concern for the world food supply have created a much improved climate for the voices of agriculture to be heard and heeded when they constructively challenge certain proposed regulations.

There are many opportunities to explain to nonagriculturists that simplistic solutions to environmental problems often have side effects that may be no bargain either economically or environmentally. The agricultural community must develop a larger cadre of persons capable of and interested in objectively interpreting and, when necessary, defending agricultural systems. We must be alert to the critical stages in the decision-making process related to agriculture and participate in a constructive way. Blanket defense of all agricultural practices is, of course, counterproductive because one loses credibility. . . .

It's high time all of us did something. We're all somebodies. And if the somebodies of the world don't stand up to be heard, we're going to be shouted down and trampled by the radical fringe that never seems to run out of energy.

Mr. BEARD of Tennessee. Mr. Speaker, I am sure no one in this body, indeed, no one in full possession of his or her faculties would argue that pollution is a positive good. Every American wants a clean environment, and I am certainly no exception. We all want unravaged forests, air that is fit to breathe, and pure water.

However, that is not to say that government is the proper instrumentality for assuring that environmental quality.

We should ask ourselves whether it is the function of Government to impose restrictions upon private enterprise in the name of environmental quality when these restrictions create new and unnecessary additions to production costs which in turn escalate consumer prices and cause businesses to fail.

We should ask ourselves whether it is necessary and proper for Government to squander vast sums of public funds promulgating regulations that—again, in the name of environmental quality—result in increased bureaucracy and more Federal spending. Clearly, such activity is improper, unreasonable, and highly detrimental to our national economy. Unfortunately, this has been the role and function of the Environmental Protection Agency.

Consider for a moment the following selected—and by no means unrepresentative—example.

Over a 3-year period, about 350 foundries closed in the United States because they could not meet the costs of the Environmental Protection Agency, EPA, and the Occupational Safety and Health Administration, OSHA, requirements. Because of the stringency of these bureaucratic regulations, large numbers of people lost their jobs.

With small foundries closing, larger foundries had to work at increased capacity. These larger surviving foundries working at full capacity were simply not able to assume as much work as would normally be the case. This meant shortages developed in some products, and caused many buyers to look overseas to Great Britain and West Germany for needed supplies.

Now, trade with our allies is well and good; but we need to be more attuned to the notion that the implementation of EPA and other regulations can force the loss of American jobs, and the exportation of those lost jobs to foreign companies.

I have often said that Congress has had a tendency to resolve problems by massive legislative steps. It then assumes that the problem has been resolved and then goes on to other business. Seldom, if ever, does the Congress pass legislation, allow it to be implemented for a time, and then make a comprehensive and critical review of the success of that legislation. EPA is an outstanding example of our failure to take even this remedial approach when it is clear that reform is necessary.

When objectives become obscured by redtape, and the agency no longer serves the purpose for which it was established, I think it is incumbent upon us to evaluate the overall effectiveness of the Agency, either by redefining the purpose, or by making corrections and adjustments in the program implementation, or if necessary, abolishing it. It is my feeling that the Environmental Protection Agency warrants that careful kind of examination. Given the realization that our natural resources are finite, and given that pollution is an unfortunate concomitant output from industrial growth, there is a need for establishing a comprehensive set of guidelines to encourage protection of the environment throughout the United States.

Clearly, we cannot expect anything but an endangered environment if we do not foster some type of public consciousness with relation to environmental matters. If this were the function of EPA as we know it today, perhaps an examination of the agency would not be necessary. Since its conception, the Environmental Protection Agency has demonstrated an unparalleled commitment to bureaucratic principles and a noticeable lack of commitment to the public good. It is this lack of accountability to the general public which provides an incentive for reform.

We are all to blame for nurturing the EPA monster. The Agency was established by the executive, and is perennially granted additional regulatory authority by legislative mandate and by the court's interpretation of the original legislation. We all make mistakes; the unforgiveable sin is to continue, having discovered that mistake. The questions we should ask ourselves are: First. Does the Environmental Protection Agency function in a manner consistent with original policy objectives? Second. If the Agency has strayed from the original format to such a degree that reform is warranted, how drastic should reform measures be?

I think that the answer to the first question is clear. EPA is overstepping its bounds and reform is desperately needed; and I suggest that reform measures be all-encompassing.

EPA's regulatory authority extends to both public and private sectors. People that I have talked to in both sectors are saying: "Enough is enough." Are not we losing our sense of perspective if we allow a Federal agency to assume almost total responsibility for environmental protection programs? What is wrong with granting individuals, business interests, and especially State and local governments a greater degree of input into environmental protection policymaking?

We cannot afford to allow EPA to exercise unchecked regulatory control. Abandonment of a national environmental policy is not the answer. We must discourage EPA's despotic profile and encourage the Agency to become more sensitive to the needs of interests of all parties involved in the environmental arena. It is time to take a long hard look at the Environmental Protection Agency, determine the areas which warrant reform, and proceed to curb that Agency's current responsibilities.

Mr. VANDER JAGT. Mr. Speaker, regulatory compliance costs the American economy $16 billion annually.

Sixteen billion dollars. How much is it? Well, it is equal to 1 percent of the gross national product—1 cent out of every dollar earned, spent or invested. For a family earning $12,000 annually, 1 percent amounts to $2.30 out of every week's paycheck, $120 each year. For the economy as a whole, it represents one-third of the amount of capital necessary to make up the $50-billion annual shortfall projected for fixed investment over the next decade.

Sixteen billion dollars. Where does it go? Much of it goes to fill out forms. Eli Lilly, for example, estimates that it fills out 27,000 different forms each year. Exxon USA files 409 different reports with 45 separate Federal agencies each year. Every American is paying $75 each year for this paperwork.

Between 1962 and 1973, the Congress passed 29 bills which created 24 new Federal regulatory agencies. The various controls and regulations generated by these agencies require 60,000 civil service employees to enforce them.

Sixteen billion dollars. What can we do about it? Well, what the Congress does, the Congress can undo. If we pass a law, we can repeal it. If we charter an agency, we can revoke its charter. We are responsible; we have created the situation; we must correct it. We must begin now.

A first step toward dealing with the runaway costs of regulatory compliance is to take a long, hard look at existing agencies. The fact that an agency was necessary at one time does not mean that its continued existence is required. Why not review all agency, board, and commission charters periodically to insure that they are still needed?

The review could be performed by a congressional committe on a staggered basis so that a certain number of agency charters would be reviewed each year. Admittedly, a review of over 1,900 agencies, boards, and commissions would take some time; but the longer we delay, the more there will be to review. At the same time, there should be a moratorium on the creation of new agencies.

There is nothing in the rules which says that we have to create a new agency to deal with every problem which comes up. There are more than enough existing agencies to bear the responsibility for operating any programs which we find necessary. To fail to place a moratorium on the creation of new agencies, while we are reviewing the charters of the old ones, would be equivalent to trying to bail out the *Titantic* with a thimble.

Once the review is complete, and unnecessary, unproductive, or overlapping agencies have been eliminated, we should require that any new agency must have a limited charter. There is no reason why we cannot periodically require an agency to justify its existence. If an agency cannot demonstrate its worth, say every 10 years, there can be no rationale for perpetuating its existence.

We must remember that this $16 billion represents an unacceptable drain on American productivity. Since 1948, the rate of growth of American productivity has steadily declined. Today, we stand behind many of the major industrialized countries. Our current rate of growth, in fact, is less than half that of Japan, West Germany, France, Canada, Italy, and even the United Kingdom. In large part, this growth is a function of fixed investment; and industries will not invest in countries where they expect to be strangled by redtape.

There is a time for regulatory reform. It is no longer a matter of acting before the regulators get out of hand; they are out of hand. The time to act is now.

Mr. McCOLLISTER. Mr. Speaker, for nearly 90 years, the United States has engaged in economic regulation. Within the past decade, a new generation of regulatory agencies has appeared on the scene. Businesses which had made their peace with the more established regulators are now making painful adjustments to the new wave of social regulators.

Coupled with the rising tide of Government regulation is a fresh mood of questioning concerning the advisability, the cost, and all the various ramifications of Government regulation. The administration has submitted a variety of regulatory reform proposals. The whole topic of regulatory economics is most timely and worthy of our attention today.

So often here in Washington we develop a sense of inevitability about big government, the growth of the bureaucracy, and the proliferation of regulations and new agencies. But, it is not inevitable. We have a perfectly sound, reasonable, and effective alternative.

We do have a choice in the future of Government regulations. We can continue down the relatively straight road of the past 40 years of more and more Government interference and regulation of private business and personal activities. Or we can reaffirm our faith that individual consumers are not ignorant boobs, incapable of some degree of intelligent decisionmaking. We can reaffirm our faith that the free market is the most efficient distributor of goods and services in the history of man. We can take a fresh look at our present regulatory apparatus and weed out those regulations which cost far more than they are worth, which place unnecessary and dangerous restrictions on personal freedoms and the ability of businesses to compete effectively.

As the ranking Republican on our House Small Business Subcommittee on the Activities of Regulatory Agencies, I am particularly disturbed by what I perceive to be a differential impact of Federal regulations. Big businesses with their accounting departments, professional legal staffs, full-time safety consultants, and the like, find it easier to comply with regulations. Small businesses which cannot construct a bureaucracy parallel to their Federal regulators are hard pressed to understand what is required of them and even more severely disadvantaged in financing the changes necessary to satisfy the Federal regulations. One reason for the demise of many small businesses and the concentration of economic power in this country is the web of regulation which stifles the small business community.

Paperwork is one costly and frustrating problem. We hear a lot about the expensive Government boondoggles. We hear, for example, the Government grant to finance a study of why kids fall off tricycles. What we do not hear about is the money the Government pays out in bloated procurement contracts to cover the cost of the paperwork contractors incurred meeting agency requirements. Recent hearings had several eye-openers, for example: Data requirements on a contract for 375 helicopters added $730,000 to the cost of each one. And for a $29 T-handled wrench for the Lockheed C-5A, nonrecurring data costs were $7,000. I could go on and on.

As burdensome as the paperwork requirements have become, I find that businessmen are even more concerned about the apparent unaccountability, the lack of understanding, even the arrogance of bureaucrats with whom they deal. We have, in a sense, no-fault regulators. They claim that their advice is not binding. They refuse to accept the possibility that they might be wrong instead of the business they are regulating. The classic case, of course, is that of the Marlin Toy Co. and the Consumer Product Safety Commission. When the Commission mistakenly placed their toy on the ban list, the company went out of business. Too bad, the regulators said. If some business had tried such a stunt, they would have been hauled into every court in the country.

A final problem for small businesses is the problem of rampant inflation. It hurts all of us. But the problem is especially severe for those who cannot protect themselves—the poor, the retired and those smaller businesses who cannot secure capital and who are sometimes deprived of their small business status under the law merely through the upward rise of inflation. It has become increasingly evident that Government regulations entail heavy consumer costs and contribute significantly to inflation. And, I am sure, further examination will prove that regulations have contributed to economic concentration in the American economy by placing a disproportionately heavy burden on small and independent businessmen and women.

The most encouraging development at the Federal level during last year has been the heightened consciousness of the pressing need for regulatory reform. A huge and clumsy bureaucracy has for years been a grating nuisance for the people who have been forced to deal with it. As the scope of Government increased steadily year after year, public frustration with governmental inefficiency has risen in a geometric progression.

The free market is the best and the most efficient system ever devised by men to distribute goods and services. But even the free market is not perfect, and Government regulations have been enacted to temper with compassion the stark justice of the marketplace. No one would argue that some amount of Government regulation is not useful and has encouraged the growth of our economy. But many are now arguing that the level of regulation we now have has become burdensome, stifling economic vitality and exasperating our No. 1 problem: Inflation. I completely agree.

As ranking Republican on our House Consumer Protection and Finance Subcommittee, I have worked closely with the Consumer Product Safety Commission and the Securities and Exchange Commission. I have seen the CPSC regulations dramatically increase the cost of consumer items and have wondered—and questioned—if consumers really would want to pay the added cost for the added benefits they receive. And, of course, the question can more properly be phrased: Whether the consumer would want to have that choice denied him by a Government action ruling out alternative choices.

In my role as an advocate for my constituents, I also frequently deal with the Occupational Safety and Health Administration, and the biggest regulatory agency of all, the Environmental Protection Agency. The harassment and nonproductive requirements of these agencies problem for businesses and farmers and, indirectly, are responsible for inflated consumer costs which were never recognized at the time these agencies were created by the Congress.

Most of these commonsense observations are only now being documented. But the available studies make an impressive case for the hidden consumer costs of Government regulation.

Several observations seem in order regarding these regulatory excesses. First, the legislative direction given to the agencies is outmoded and the economics which determine their policies date back to the New Deal. Instead of fostering competition, these agencies have promoted monopolies and constructed an elaborate system of uneconomic procedures which hamper productivity and increase consumer costs.

Second, in their administrative procedures, the regulatory agencies are so tangled up in their own redtape that even the simplest decision takes several months to a year while more controversial matters can take decades. The bureaucratic mess in the Interstate Commerce Commission, for example, so delayed the proposed merger of the Union Pacific and the Rock Island railroads that the Rock Island went bankrupt.

The bureaucratic slowdown is the cause of both citizen frustration and outright inequities between the various parties to disputes which are subject to resolution by these regulatory agencies.

My third and final observation is that the entire structure of industries regulated by these agencies has become so entwined, its planning so dependent on expectations of Government actions, that simple proposals to deregulate and return to the efficiencies of a minimally regulated economy should be viewed with caution. In the case of regulatory reform, we must adopt an evolutionary and not a revolutionary policy. Still there is unquestionably room for major improvements in regulatory policy as well as administrative efficiencies in the operations of regulatory agencies.

It is a concern that demands our priority attention.

Mr. COLLINS of Texas. Mr. Speaker, I want to analyze today the need for energy reforms under our congressional system.

The controls placed on the domestic American oil industry have created an energy crisis. The solution is gradual but complete deregulation.

We recently made an excellent reform when Congress permitted price and allocation controls on residual oil to be placed on a standby basis. Since then prices have declined $1 per barrel.

Here is the next energy reform we need. Congress should now allow price and allocation controls on middle distillates to be placed on a standby status.

Distillate is now available in adequate amounts. Refinery utilization is low enough so that more distillate can be produced without price increase. Demand in 1976 is running comparable to 1975 and production is up 5 percent.

The FEA should be gradually phased out. It has done the best job possible with the impossible mission assigned to it by Congress. The FEA is mandated to roll crude oil prices back, keep prices of refined products low, and simultaneously try to increase production. Whether we call it FEA or a Department of Energy, there is no way an oil and gas supply can exist under present congressional rules.

In 1970, we received only 23 percent of our oil from foreign sources. In 1975 we imported 40 percent of our oil. Today the figure is 45 percent and rising. Back in 1970, however, there was a large clamor here in Congress and elsewhere to buy OPEC oil because domestically produced oil was selling for $3.39 per barrel and OPEC oil for only $2.18 per barrel on the average. So we dropped the quota and started buying more of this cheap oil and became over-reliant—resulting in the embargo and the current astronomical prices.

We in the House had a chance to take a major step in the direction of energy independence on February 5 of this year, but we failed to seize it. What we did instead was to vote for more Federal regulation of natural gas and not less. We just did not learn from history. Why should we pay OPEC $2.50 per mcf and upward for LNG when we could keep that money right here at home if only we allowed producers an adequate price for the production?

Price controls on natural gas have been portrayed as protecting the consumer. In fact, these controls have placed the consumer in jeopardy, forcing him to pay more and more for less and less natural gas.

Also, with respect to the consumer, it must be noted that many gas pipelines are using SNG in addition to LNG to offset the gas shortage. Today, some pipelines are producing SNG from imported naphtha at a cost equal to $30 per barrel of oil.

The intrastate natural gas market has shown us how the free and unregulated market works. Gas is in plentiful supply. Where producers are drilling for intrastate contracts, demand for rigs continues to be high. The prospects being drilled for the intrastate market are marginal ones that could not afford to be drilled for interstate sales.

Federal controls on the wellhead price of natural gas for the past 22 years have created chaos. There is no quick solution to the damage created by this restrictive policy, but removal of price controls can start the country back on the road to a balance of supply and demand in natural gas supplies.

Many people do not seem to understand how deregulation would affect the price of gas to the consumer. Only 20 percent of the final price of gas to the customer is the wellhead price. Eighty percent of the price is involved in pipeline and distribution costs. Since deregulation affects only the wellhead price, the cost increases of deregulation are not nearly so great as some of our opponents would have us believe. Second, only about 7 percent of the total production of natural gas would come up for deregulation every year.

This applies to so-called "new gas" not covered by old existing gas contracts. Many contracts will be in effect for the next 15 years, so it is clear that the process of deregulation will be gradual and easily absorbed by the economy.

I estimate that deregulation would cost the American household an average of 50 cents more per week. This amount is certainly less than what increased fuel imports will eventually cost the consumer. The people up East want cheap gas, but they do not realize that our people in Texas gladly pay $1.80 mcf because we know that gas costs more to produce today. To import foreign LNG gas comes at a minimum price of $2.50 mcf.

And, finally, let us reform by burning the excessive paperwork. I researched one of the smaller oil companies and found that, on FEA Form P324-A-O, it will take 4,500 man hours for the first submission alone, and 1,900 man hours for subsequent annual submissions. This company spends $20 million dollars annually preparing Government reports, and that means an extra price on your gasoline.

There are 409 reports that have to be filed with 45 different Federal agencies at this time. Many of these reports are duplicative and many are never used at all. Some require information that the oil companies do not even have. At the rate these reports are proliferating, the oil industry will have no one left in the fields finding new oil. Instead, they will have their computers working day and night, turning out 409 reports for 45 different Federal agencies, not to mention all of the State, county, and local commissions requiring reports. Let me list the Federal reports which now have to be filed by the oil industry:

One hundred to the Department of Interior; 57 to the Departments of Labor, HEW, and EEOC; 48 to the Department of the Treasury; 43 to the Department of Transportation; 38 to the Department of Commerce; 34 to the Federal Energy Administration; 28 to the Department of Defense; 14 to the Environmental Protection Agency; 13 to the Interstate Commerce Commission; 11 to the Federal Power Commission, and 23 others. This is a total of 409 reports.

The subject matter of these 409 reports is as follows: Production and exploration volumes and operations, 53; domestic sales and exports of crude oil, 45; receipts, runs, and inventory of crude oil, 47; transportation, marine and pipeline, 69; environmental, health and safety, 43; Financial: Statements, revenues, costs, and pricing, 47; personnel, labor and wages, 50; minerals and coal activities, 10; and other—primarily permits and licenses—45.

Let Congress stop attempting to insulate the American consumer from world economic realities. Let us remove the mass of conflicting and disruptive regulations from the free enterprise system. Let Congress speak with courage and conviction and build a logical, progressive energy policy for America.

Mr. THONE. Mr. Speaker, regulation without reason in 1976 is fast becoming as odious as was taxation without representation in 1776.

On the eve of America's 200th birthday, I warn this body that it is time for Congress to relieve American businesses and individuals from overregulation and from foolish and duplicative rules and reports.

Government paperwork added 50 cents to the price of every prescription filled last year with medicine produced by one of the Nation's largest pharmaceutical manufacturers.

The Commission on Federal Paperwork, created by a bill I cosponsored, is a temporary body devoted to reducing the quantity of forms and reports that the Federal Government requires of the public. Richard Wood, chairman of the board of Eli Lilly and Co., testified before that Commission earlier this month.

He told how Government paperwork adds a half-dollar to the price of each prescription filled with Lilly's medicine. Logic would lead us to the conclusion that smaller pharmaceutical manufacturers would have much higher overhead due to Government paperwork.

Government paperwork requires Eli Lilly to spend more personnel hours than the firm can invest on research for cancer and heart disease combined. Mr. Wood's company spends more than $100 million a year on research. Heart disease and cancer represent two of the five fields in which it is concentrating its research. His firm performs about one-tenth of the research conducted by all pharmaceutical manufacturers in the United States.

Some of the ridiculousness of overregulation was emphasized by Mr. Wood. A medicine for arthritis which Lilly now has on the market required an application that consisted of 120,000 original pages. Submitted in duplicate and triplicate, the application required over a ton of paper. Only 30,000 of the 120,000 pages contained significant information, according to Mr. Wood.

The same company manufactures medicines for prescription by veterinarians and chemicals for use by farmers. At the paperwork commission hearing, Mr. Wood had with him a 153-page computer printout that was an index to the material the company had to submit to the U.S. Environmental Protection Agency to obtain approval for an improved weed killer for farmers. Each entry on each of the 153 pages represented a separate document. Those documents varied in length from 3 to 3,000 pages.

EPA requires a technical data report submitted quarterly. For the second quarter of the year, each company must resubmit its first quarter report. With the third quarter report, each company must resubmit its first and second quarter reports. And, with its fourth quarter report, each company must resubmit its first, second and third quarter reports. This is ridiculous and inexcusable.

Congress must act and act now—to end this unnecessary and wasteful regulation that is driving up the cost of every article that the consumer purchases.

Mr. Speaker, I have originated or cosponsored a number of pieces of legislation intended to help solve this problem.

Estimated costs to consumers of each proposed Federal regulation would be required by H.R. 10921. I am the introducer of this proposed legislation. The bill would require each Federal agency to assess whether the ultimate cost to the consumer would be worth each proposed new Federal regulation. This would prevent bureaucratic decrees that now occur without any recognition of their effect on business and ultimately the public.

I am a cosponsor with the House minority leader of H.R. 13793, which would require Congress and the President to overhaul completely laws and regulation regulating the public. This would commit both the administrative and legislative branches of the Federal Government to complete reform of Federal regulatory activities between 1978 and 1981.

House Concurrent Resolution 499, which I am cosponsoring, would stop the Federal Trade Commission from violating American basic law. The U.S. Constitution gives the Congress the power to preempt State laws in certain areas. Our resolution points out that Congress has not delegated that authority to the FTC.

The majority in this body has my commendation for their actions last week to restrict the powers of the Occupational Safety and Health Administration. As you will recall, we took away the power of OSHA to regulate farmers with fewer than 11 employees and we stripped the power of levying fines on the first visit to firms employing less than 11.

H.R. 1120, which I introduced, would take away much of the Gestapo image that OSHA has earned. It would encourage OSHA to educate those it regulates, and it would prohibit OSHA from assessing any penalties if firms corrected deficiencies during proscribed abatement periods.

H.R. 1119, which I introduced, is proposed legislation to stop OSHA from treating unlike industries as though they were identical. This bill would require OSHA to abandon its policy of treating the heavy construction industry—which builds highways, bridges and high rise structures—the same as the light construction industry which builds homes.

Mr. Speaker, I urge action on these and other bills to lift some of the heavy weight of Federal regulation off the American public.

Irving Kristol is a noted social scientist who favors a strong and vigorous Federal Government. Nevertheless, he is concerned lest we arrive at a point with so much government that we have only a marginal private sector and a boring sterilized society.

Mr. Speaker, Congress can act now to reform our Federal regulation of the public. We can act now to bring reform. If we do not act, we may bring revolution. For regulation without reason is as unbearable as taxation without representation.

Mr. PAUL. Mr. Speaker, each year, Congress is asked to extend regulation Q, the price control on interest rates that banks are permitted to pay their customers—the people who voluntarily deposit their funds with the bank. Supposedly, this interest rate ceiling protects small investors from being paid too much. The very rich, who can deposit $100,000 or more, are left to the free market's policies of inhuman exploitation. In other words, the rich get paid a higher rate of interest during periods in which prevailing returns on various capital investments are higher than the regulation Q ceiling. We impose a price control that clearly discriminates against the income of the average American depositor.

When monetary inflation produces an artificial economic boom, and the resulting price inflation produces an inflation premium in the prevailing rates of interest—especially long-term interest rates—the process of disintermediation begins. Depositors begin to perceive that they can gain a higher return for their money by pulling their funds out of the bank and investing it elsewhere. We saw how the regulation Q price ceiling creates these "bank runs" in 1974. The savings industry went through a crisis period, suffering billions of dollars in withdrawals, since they were legally unable to offer competitive rates of return on money deposited with them. This, in turn, dried up loanable funds, especially in housing, forcing up the costs of borrowing by reducing the supply of loanable funds.

Regulation Q is a price control. It is imposed by the Federal Government in order to thwart the operations of the free market. It accomplishes its task by creating discontinuities in the capital markets. It reduces the little man's return on his investment, makes it more expensive for borrowers to gain access to needed capital, reduces bank profits, and subsidizes the rich by making them the primary source of new deposits for which banks must compete vigorously. By refusing to extend this unfortunate price control, the Congress could take an important step in heading off the disruption of our financial markets in times of price inflation.

Mr. SPENCE. Mr. Speaker, I am pleased to have this opportunity to participate once again in the continuing series of special orders on the need for regulatory reform. I would like to commend my good friend and colleague, Congressman BILL ARCHER for his leadership in this area. He has served with diligence as chairman of the Task Force on Regulatory Reform, and it has been my pleasure to work closely with Congressman ARCHER as a member of that committee.

Members of the task force have been very encouraged by the response to the issues that we have been trying to develop in the area of regulatory reform. Editorials and articles on the subject are becoming more common in the media, and the matter is now frequently discussed and debated on the floors of Congress.

The American people have a great deal of commonsense, and when presented with the facts, they usually take the proper course. This is why we feel that these periodic discussions are important. By bringing the facts about bureaucratic excesses to the people, they will have the ammunition with which to take the proper course of action—that is, to urge their Congressmen to support effective reform. Americans are doing this already, as evidenced by some of the debates which have occurred in Congress.

I am proud to say that my own constituents have been concerned about this issue for a long time, and they speak out eloquently. A good example of this concern is a speech made by one of my constituents, Mr. Austin Cunningham, who is a prominent businessman in Orangeburg, S.C. He makes some very effective points that fit well into this discussion today, and I ask that excerpts of his remarks be included at this point in the CONGRESSIONAL RECORD.

CENTRALIZED GOVERNMENT AND THE BUSINESSMAN

(Address Given to Rotary Club of Orangeburg, S.C., Tuesday, May 4, 1976, by Austin Cunningham)

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In 1975, there were 1267 Federal advisory committees employing 26,000 people and costing 52 million dollars.

In the 1960's the biggest growth industry in our country was State and local government. In the 1970's, so far, the biggest growth industry has been Federal regulation. These regulating agencies have 74,000 employees.

An old line government agency grows at

the rate of about 9% a year, with no regard for hard times or money shortages. Put another way, an old line agency doubles its dollar expenditures every eight years—usually about 80% of the total is for personnel.

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Presidential candidates call for make-work programs to reduce unemployment. We already spend 7 billion at the Federal level on manpower programs with no responsibility for success and no apologies for failure. Also, most of 18 billion now spent on unemployment insurance is totally unproductive insofar as output is concerned. There's no question but that it removes the most effective incentive for finding work.

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There are 83 housing programs and yet there's always a politician who wants to do something more for housing and construction. The best thing possible would be to leave them alone.

Not counting postal workers, Federal civil employees cost 43 billion a year, up over 7 billion in 2 years.

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The new Federal Energy Agency has 3400 employees, including 112 public relations people. President Ford loves that agency and wants to raise its budget from 142 to 440 million. It is tying our energy future into knots. It ought to be abolished, wiped out, NOW! There isn't one good thing you can say about it.

Then there's the three year old Consumer Product Safety Commission with 800 employees and a budget of 42 million. The CPSC is petitioning for more power and a raise to 71 million a year. In three years, with the expenditure of about 120 million and the wasting of other millions by businessmen trying to save their industries, it's come out with two safety standards—one covering glass doors (actually written by the industry itself) and the other, swimming pool slides (not swimming pools, just slides). Neither standard is anything a twelve year old boy couldn't write in 60 minutes. The CPSC should be abolished! . . . Wiped off the face of the earth! It's done nothing but damage the consumer's pocket book and spin its wheels. I wish I had time to tell you about their prospective matchbook safety program. The CPSC should be laughed out of existence.

Here's another one. The Occupational Safety and Health Administration is unproductive and obstructive. Their standards should be repealed. They can't be tailored to individual hazards in plants and they typically relate to physical instead of human hazards. The regulations can't be enforced because they're too numerous. The job should go to the states and localities anyway. To justify themselves, they should be made to prove that industrial accidents have diminished even one percent as a result of their efforts, and this they can't do.

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A study group in Washington just completed work on violence in schools. Regrettably, we do have violence in schools in this country. Something should be done about it . . . Probably many things. But Washington recommended a multimillion dollar program to be run by Washington. Their simple minded conclusion was that since it was a national problem, it had to have a national solution. That doesn't follow at all. Nothing could be worse, nothing could be a greater guarantee that we'd soon have violence in schools where it does not now exist and more violence where it does.

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That government is too big, too complex, too overwhelmingly redundant is no longer arguable.

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Central Government used to be like a bumbling, well-meaning relative who loused up everything with the best intentions. But Central Government's not friendly anymore. It's scary! The trend to authoritarianism is another subject for somebody else on another day. Big Brother just has to get tough. And the sillier the objective, the tougher he has to get.

As a result of these devastating trends, business expenditure for capital equipment on a per annum basis and in real dollars was completely unchanged between 1969 and 1973. It was static at around 26 billion. The expense of submitting to regulation, to taxation, to inflation means that business investment in its own growth is slowing and may be stopping. The big question is this, "Which is to grow—the Free Market Economy or Government?" We apparently can't have both.

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Businessmen know about creeping expense. It's always gradual. It always makes sense at the time. But our Government has passed gradualism, it passed gradualism decades ago. It's galloping out of control. We need another Hoover Commission. Have you ever had to straighten out a sick company, turn it around? It takes drastic action, abolishing departments, curtailing, cutting back.

In 1947, after he'd been voted out of power, Winston Churchill warned the British people of what the Labor government would do to them. He said, "I do not believe in the power of the state to plan and enforce. * * * No matter how numerous are the committees they set up or the ever growing hordes of officials they employ, or the severity of the punishments they inflict or threaten, they can't approach the high level of internal economic production which under free enterprise, personal initiative, competitive selection, the profit motive corrected by failure and the infinite processes of good housekeeping and personal ingenuity constitutes the life of a free society . . . * * * It is this vital creative impulse that I deeply fear, the doctrines and policy of the Socialist government have destroyed. * * * Nothing that they can plan and order and rush around enforcing will take its place. They have broken the mainspring and until we get a new one, the watch will not go. Set the people free—get out of the way and let them make the best of themselves. * * * I am sure that this policy of equalizing misery and organizing scarcity instead of allowing diligence, self interest and ingenuity to produce abundance has only to be prolonged to kill this British island stone dead."

We need a Winston Churchill today! Where will we be thirty years from now? We will surely be in a country where everything is either forbidden or compulsory!

Our Constitution was designed to "secure the blessings of liberty to ourselves and our posterity."

What are we leaving for posterity? We must be lesser men than the founding fathers if we don't forestall the otherwise inevitable social changes we're drifting into—for the sake of the old as well as the young. Eighty percent of the people of the world have their civil rights curtailed and that movement is picking up momentum. We're in the 20% of the free world; we're supposed to be leading that world!

We've got to reduce government and restore common sense. A governmental approach to any problem is inevitably "founded upon prejudice and its reforms are directed by wishfulness."—(George Stigler).

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The new Environmental Protection Agency is proving that it can't clean the water, except at an extortionate cost and a great deal of authoritarian foolishness.

The Federal Government has clearcut authority under the Constitution to do what it is supposed to do and it can do it well. But, it can't solve your problems or mine and it's time, after all these decades that it was made to stop trying.

Mr. STEIGER of Arizona. Mr. Speaker, does the United States need the Environmental Protection Agency—EPA? From the free market, libertarian point of view, the answer must be a resounding "no."

This may sound like the rankest heresy in our supposedly enlightened age of environmentalism, but it is nonetheless true—if you believe that the long-term interest of each citizen in a free republic require the greatest possible delimination of governmental power.

We as a nation tend to forget that government is really not a benevolent social welfare apparatus. Rather, government is, in the last analysis, primarily one thing: organized coercive force.

Concomitantly, because government, by its very nature, must be coercive in order to be effective, it follows logically that whenever the power of government is augmented, the liberties of the people are correspondingly diminished.

The proper use of governmental force is well defined in Dr. Clarence B. Carson's excellent article, "There Ought Not To Be a Law," which appears in the June 1976, issue of the Freeman. As Dr. Carson succinctly observes:

> If government is to minimize the use of force, it must not be the originator of force. Government must restrict itself to the defensive use of force. The origin of government's exercise of force is the law. The laws must be restricted to defense against force arising from individuals and groups. We cannot rely upon government to transform society, to reform it, remake it, or whatever. When we do, government becomes the originator of force, and, instead of minimizing force it spreads it and makes it endemic. "Social justice," as it has been called, cannot be achieved by government because the more it attempts to do the more it spreads injustices inherent in the exercise of force. . . .

The operations of EPA are a textbook example of these "injustices inherent in the exercise of force."

To cite a major example, it is probably true that very few people are aware of the disastrous effect EPA has had on employment in a variety of industries; but the unpleasant fact is that, as shown by an official EPA release issued December 31, 1975, EPA has been a significant factor in aggravating our unemployment problem.

In pursuing the elusive ideal of environmental protection, EPA has caused "environmental dislocations" to the tune of 15,700 jobs lost, with an additional 30,900 "dislocations" listed as possible.

"Dislocations" is typical bureaucratic Newspeak for plain old unemployment. Read properly, EPA is telling us that since June 1971, some 15,700 people have been thrown out of work, with another 30,900 workers under the gun if the "20 plants currently threatening dislocations" fail to hew to EPA pollution guidelines.

Again, note EPA's use of bureaucratic Newspeak. EPA talks of "20 plants currently threatening dislocations" when the truth is that EPA, through its vast regulatory power which can quite literally mean life or death for an affected business, is doing all the threatening.

In our free enterprise system as originally conceived and properly understood, a business enterprise may fail because of its inability to compete successfully in a free market operating according to the immutable law of supply and demand.

This can and does happen, and it is indeed regrettable when it does; but for a Government bureaucracy, armed with all the coercive trappings of state power, to cause businesses to fail is inexcusable. In my view, it represents statism, pure and simple.

According to EPA's own figures, the environmental requirements promulgated by Government regulatory agencies have caused the failure of at least 75 companies. At least 20 more are threatened with similar extinction. Even worse, EPA and the Occupational Safety and Health Administration—OSHA—have together caused some 350 American metal foundries to go out of existence since 1972.

And what are the industries most affected? Again, according to EPA:

> Reported dislocations continue to be concentrated in three industries—primary metals, pulp and paper, and chemicals. Approximately 65 percent of actual dislocations and 85 percent of threatened job losses are in these three industrial categories.

It is significant that these are far from marginally important areas of our economy. These are basic industries, and as such, are crucial to our economic well-being, which means, inescapably, that they are also essential to our overall national security.

One might well ask whether EPA realizes the importance of its actions in creating still more unemployment. Apparently it does, because the December 31, 1975, EPA release, which was addressed to Secretary of Labor John T. Dunlop, expresses Deputy EPA Administrator John Quarles' "hope that this direct and timely communication—of potential 'dislocations' to Labor Department regional offices by EPA regional offices—will aid the Department of Labor in its continuing efforts to alleviate the unemployment associated with programs to improve environmental quality."

I would suggest that "this direct and timely communication" is a travesty. If EPA, OSHA, and similar elements of the Federal regulatory establishment did not exist to promulgate their burdensome rules and guidelines which all too often create conditions in which businesses literally cannot survive, this sham would be entirely unnecessary.

We must face the hard fact that American business is faced with an increasingly onerous load of Government regulation. This interventionism, often arbitrary and capricious, creates staggering inefficiency. It creates a situation in which many companies, particularly smaller ones, cannot comply with Government regulations without incurring additional costs which render their continued operation difficult if not altogether out of the question.

What this all means, finally, is that such agencies of coercive state power as EPA are, to borrow Dr. Carson's term, the originators of force, a force which strangles our free enterprise economy. As such, they are directly antithetical to our liberties as a free people.

We forget only at our peril that it is the free market, not a managed economy, that in the long run produces most efficiently, providing the greatest possible number of jobs, goods, and services to the greatest possible number of people

Free enterprise has been one of this Nation's greatest glories, and it is still not too late to save it. But to save it, we must get back to fundamentals, and this means once and for all removing the burden of excessive Government intervention from American business.

There is no better place to begin this long overdue process than by abolishing the Environmental Protection Agency.

Mr. ROUSSELOT. Mr. Speaker, many of us in the House are pleased to join the chairman of the special Task Force on Regulatory Reform, a group made up of several of my Republican colleagues, who have sponsored legislation to remove the overreach and overregulation aspects of our present Federal Establishment. Representative ARCHER has been responsible for researching and introducing several significant pieces of legislation that address the problem of overregulation and prescribe much needed reform.

It is important that this special order should occur at this time in our Bicentennial Year, for it was exactly 200 years ago this week that our forefathers penned their grievances—similar to the grievances we are talking about today—to King George III, King of England, and ruler of the American Colonies. Their list of complaints was entitled the Declaration of Independence and embodied the conviction and firm resolution of the American people who at that time had been subject to the oppressive laws and bonds of tyranny imposed on them by unjust government.

As we remember the history of the events that led up to the signing of the Declaration of Independence, we can recall that a good many of the complaints that the early colonists made against the King centered around the regulation and "bureaucracy" of that period that had been created in the Colonies to control the lives and businesses of the people. As the signers expressed it in the Declaration:

> He has erected a multitude of new offices and sent thither swarms of officers to harass our people and eat out their substance.

Clearly the shopkeepers and businessmen who signed the Declaration of Independence 200 years ago felt the same way about government regulations then as the way in which businessmen feel today about the oppressive rules and regulations that Government enforces. And, although I would not suggest that today's businessmen cannot be considered to be in an exact parallel situation to the taxes and regulations that were being mandated 200 years ago by the King of England, there is little doubt in my mind that they have almost equal reason to complain and pen their grievances to the Federal Government. Justification for a restatement of our Declaration of Independence—independence from Government regulation—abounds.

Government regulation has become unduly expensive. The Office of Management and Budget estimates that regulation costs the American people $130 billion a year, or, in other words, about $2,000 per family. It has also been estimated that the cost of keeping the regulators themselves alive and well is incredible—about $4 billion per year.

If all of these regulations were proven necessary and essential one might be equipped to argue on their behalf. Too many times, however, they are simply inane and absurd. Who can defend for example, regulations that require a mine, owned and operated by one single employee, to be equipped with two-way communicator devices?

In order to keep track of the thousands of requirements and regulations, records are needed. To date, the Federal Government requires 5,146 forms to be filed each year by individuals and private business. Last year alone it took 130 billion man-hours to file them at a cost of $13 billion.

In a paper that follows entitled "The Responsible Use of Power, A Perspective on Regulatory Reform," J. Stanford Smith reexamines the place of regulation in our society and suggests that perhaps the best regulator of all is the free market place. I endorse his thesis and commend his thoughtful essay to the reading and discussion of all of my colleagues.

In our 200th year, it is well that we take guidance and example from our forefathers and take a new look at the "multitude of new offices * * * and officers sent thither to harass our people and eat out their substance." It is time to reassess the place of regulation in our society and take the necessary steps to return to the mandates set forth in the Declaration of Independence—freedom from excessive regulation and Government control.

Let me encourage my colleagues to carefully consider the remarks of Mr. Smith:

THE RESPONSIBLE USE OF POWER: A PERSPECTIVE ON REGULATORY REFORM

(By J. Stanford Smith, Chairman and Chief Executive Officer, International Paper Co.)

The essential issue that confronts every man in every age is the responsible use of power. This is really the subject of this Conference, even though it is phrased in terms of regulatory reform. This is indeed a complex subject, especially for a simple tree farmer. The whole area of regulatory reform is highly resistant to easy or sweeping generalizations.

Samuel Eliot Morison, the historian, said that one of the nation's Presidents appeared bright because he smiled knowingly and kept his mouth shut. I wish I had remembered that when I was asked to open today's session.

But it's too late for that, so let me start with the assertion that no thoughtful man can deny the need for appropriate regulation, properly defined, and properly applied, on a timely basis. Regulation, whether by the marketplace or government, is society's attempt to assure benefits from the exercise of power.

The responsibility to use power wisely is a question for all governments, all social institutions, all businesses, and all individuals. It is the "hound of heaven" that chases each of us down "the arches of the years." The responsible use of power is part of the Judeo-Christian tradition—the prophet Nathan calling King David to account. It is part of our Anglo-Saxon political heritage—the noblemen at Runnymede regulating the future conduct of King John and all his successors. It is the doctrine of separation of Church and State. It is the antitrust laws and even the current debates on how to deregulate in 1976.

The creation of power, its beneficial use, and limits on its exercise are the fundamental goals of the U.S. Constitution.

So the tough questions are not whether there should be regulation but what form it should take, how it should be done, and by whom it should be done.

So far, I take it, most of you agree with me: Unbridled power, regardless of how well intentioned, leads to abuse and irresponsibility and cannot be countenanced in any democratic society.

So the question is how we assure the responsible use of power, how we control it, and how we regulate it for the public good.

Will you pardon me if I use an illustration that may seem a disgression? I want you to consider with me for a moment what it is that keeps Shakespeare ever our contemporary. In my opinion, it is the fact that Shakespeare was primarily preoccupied with the very problem we are discussing—the responsible use of power. Macbeth comes to tragedy because he tries to seize power not rightfully his. Hamlet is a tragic figure because he equivocates—he refuses to exercise the power that should be his. King Lear ends in tragedy because he quixotically renounces—abdicates—the power he has. Shakespeare, in terms of poetry, characterization, and dramatization defies our feeble minds, but what makes him really live today, as for Elizabeth England, is his emphasis on power—its legitimacy, its efficacy, its control.

And therein lies the parable for our times, for all these questions are still with us. How do we control government, elected officials, business, business executives, regulatory agencies, and regulatory officials?

BICENTENNIALS: TWO, NOT ONE

Nearly two hundred years after Shakespeare—exactly two hundred years ago this year—occurred two important events. Both represented a revolt against the highly government-interventional, mercantile system that existed in 1776. One the entire nation is celebrating: the Declaration of Independence.

Listen to how its signers castigate the King:

"He has erected a multitude of new offices and sent thither swarms of officers to harass our people and eat out their substance."

The businessmen who signed the Declaration of Independence obviously felt about government regulations then the way businessmen feel about unproductive regulation today.

The other event is being formally celebrated in this country only by the American Economic Association. But it was also radical, and its long-term influence has likewise proved revolutionary. As you have guessed, I'm referring to the publication of "The Wealth of Nations" by Adam Smith.

He called for competition in a free world market, unrestricted by government controls or private monopolies. He argued that individuals know best what is good for them, and that under the influence of the profit motive they would turn out the products society desired most at a reasonable price. In this manner, self-interest would be harnessed for the common good. In short, Adam Smith is saying that competition is the most effective regulator of economic activity.

REGULATION BY PLEBISCITE

The Constitution sees to it that our national elected officials are regulated by being subject to plebiscite every two, four, and six years.

In the economic field, business firms and their managers are subject to the plebiscite of the marketplace everyday—the plebiscite of customers for goods and services; employees for their skill and conscientious effort; suppliers for their raw materials or components; and investors for their capital. Let any group withhold their favor, or direct it to another company, or another industry, and the business is in trouble. Thus the marketplace controls whether the company makes sales, has enough employees of the right type, gets goods and services from its suppliers, and raises capital from lenders or share owners. This is the process that Adam Smith calls "The Invisible Hand." It usually works silently, though swiftly and surely. If you don't believe it, just ask W. T. Grant.

What Adam Smith saw, and we forget at our peril, is that the marketplace is truly a regulatory agency—that it could regulate most economic activities with greater speed, effectiveness, and freedom than could "swarms of King George's officers." The market system of regulation works. It has the power to discipline. It takes into account millions of transactions; it responds rapidly to unanticipated events and to secondary effects arising from its own regulatory action. This rapid response is in direct contrast to government regulation which slows change, inhibits new ideas and frequently thwarts the use of invention.

The regulation of the marketplace is admittedly not perfect, partly because of legislation that, for better or worse, interferes with it, and partly because there are some areas where the marketplace is not an adequate regulator.

I will get to some of these areas later, but first let's be sure we understand the great values and strengths of the marketplace for regulating an overwhelming percentage of the nation's economic life.

THE MARKETPLACE IS THE MOST EFFICIENT ALLOCATOR OF RESOURCES

Unquestionably, the market is the most efficient allocator of resources available. Utilizing the timeless motive of individual self interest, it manages—without government intervention—to design, manufacture, transport, and market literally millions of products and services each year. And in the process it comes close to minimizing the cost of their production.

Manufacturers, for example good will consider production costs against the prices people are willing to pay. Manufacturers will search for the most inexpensive combination of input costs and sell into the market at prices which satisfy people's tastes and desires—in short, resource allocation is maximized.

All too frequently we overlook the crucial importance of maximizing resource allocation. A nation's wealth, and in a broader sense, its greatness, rests ultimately on its capacity to produce the goods and services necessary to satisfy human needs and aspirations.

The dynamism of any nation depends upon its productive core. This is the base on which all retail businesses, all service industries, all education, arts and sciences, and all government revenues depend.

This national treasure must be guarded as diligently from internal dissipation as from external threats. I am not speaking just in terms of quantitative values; I am also referring to the quality of American life. It is not coincidence that the great civilizations in which art, literature, music, and architecture flourished occurred at times when trade and commerce provided a flourishing economic base.

Given the importance of the productive core, we must structure regulation to enhance efficiency, not hamper it. Regulation by the visible hand of the marketplace puts emphasis on the creativity of the productive core as the means through which the nation's standard of living and quality of life can best be improved. We see nations that have forgotten this. They have emphasized government regulation and neglected their productive core. The end result is that they are experiencing a lower standard of living in both quantitative and qualitative terms.

You may recall the article in the *Economist* last year, "Steady as She Sinks," which pictured how the United Kingdom is sinking through increased government regulation and intervention.

At this time last year the U.S. was also in the trough of the recession—the sharpest since the depression Thirties. Most industries were suffering from customer liquidation of imbalanced inventories that had been spawned by the nation's ill-conceived and ill-fated experiment with price controls. You would hope this nation and the free world would have learned the lesson that controls beget controls, they spawn shortages and end up causing higher, not lower, prices.

Yet only one nation has been wise enough to avoid the price control opiate—West Germany. This is one reason it has the lowest rate of inflation and the lowest unemployment of any market economy.

HOW TO HANDLE "SOCIAL COSTS"?

On the other hand, the market system is by no means perfect. It minimizes "private costs," but it is not geared to handle "social costs" such as air and water pollution. In such areas there is need for judicious intervention by way of the government regulatory process.

Let me cite three areas in which some form of government regulation has a place.

First is what one economist refers to as the "tragedy of the commons"—those common elements that no one owns—the oceans, the air, the water. All of us favor environmental protection as a way of preserving the quality of life and the habitability of this planet. The proper field for discussion, however, is not whether but how and to what degree. Here is where we need non-emotional cost/benefit analysis. For example, to go from 98 percent removal of particulate matter from smokestacks to 99.8 percent takes four times as much purchased energy as to go from 0 to 98 percent. Is requiring that extra 1.8 percent removal in the public interest, or is it self-defeating?

There will be many situations where the benefits clearly outweigh the costs. In such cases, we should identify the desired result and then give industry elbow room and incentives to find the lowest cost way of accomplishing it.

At the President's Summit Conference on the Economy in September 1974, I noted that the economists present were almost unanimous in pointing out that regulation imposes a hidden, but very large, and sometimes unnecessary cost on the economy. The imposition of social costs does not come "for free." They must be collected for, either in taxes or in prices, because they add little or nothing to economic productivity. I am not suggesting that many of them are not worthwhile. I am simply emphasizing that we must search for the lowest cost way of accomplishing them and then see if their benefits are worth the cost.

A second role of government regulation is to preserve the free market. The antitrust laws reflect a commitment to a free unimpeded market.

The Sherman Act in the words of the Supreme Court in 1958 embodies . . . "the premise that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress, while at the same time providing an environment conducive to the preservation of our democratic political and social institutions."*

No one could have written a more cogent argument for my major thesis that the marketplace should be the regulator in the overwhelming majority of situations.

This is not to say that I endorse every detailed aspect of all the antitrust laws and their interpretations. Some may be counterproductive. For example, multinational companies are forced to have majority ownership in foreign subsidiaries if they are to integrate their actions and prices on a world basis against foreign-based worldwide competitors. This requirement is forced on U.S. industry at the same time that many foreign governments are requiring majority local ownership. The result is to reduce U.S. effectiveness in world competition. I also have serious doubts about the long-term social values of developing our nation into an increasingly litigious society by encouraging punitive class action suits that may go on for years and bankrupt any small companies involved. I think this is highly doubtful public policy.

Under the heading of enforcing full, fair competition, I would include such regulations as those relating to equal employment opportunity, health and safety, integrity of financial data, and the security of financial institutions and pension programs.

My theory here is that society has a right to establish certain standards which all those competing in a market should be expected to meet. In a sense this is dangerous doctrine because there is little automatic economic control for such actions. The only controls are the force of public opinion on those who legislate and administer such regulation. All too often the public is the first to ask for the continual extension of such controls because they think they come for free. Justice Louis Brandeis was talking about this when he wrote nearly 50 years ago: "Experience should teach us to be most on our guard to protect liberty when the government's purposes are beneficent . . . The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning but without understanding."

SEARCH FOR VOLUNTARY SOLUTIONS

Long ago I learned that all really hard questions are questions of degree. On social value regulation we need to be sure we are going to the heart of an issue, not just regulating its surface manifestations. We need to search for voluntary solutions that frequently solve the need more fully than formal regulations. For example, in addition to their internal affirmative action programs, most of the major companies of the U.S. are taking part in a voluntary program to bring about a 10-fold increase in the number of minority students going into engineering. We have to start way back at the Junior High School level working with both the students and their guidance counselors. It involves work with the engineering schools, summer work for minority engineering students, and a very sizeable national scholarship fund. Why? Because the development of a large number of minority engineers is the surest, fastest route to moving minorities into top professional and managerial positions in American industry. This is a goal we must accomplish!

A third need for government regulation stems from what economists call natural monopoly. If we grant a company the exclusive right to provide a utility service to a community, we accompany that right with government regulatory control. This approach is so accepted that we sometimes forget how fast social and technological change brings competition to every service.

When I took a course in college on regulatory economics, the railroads were studied as the typical natural monopoly. Even then that was no longer really true. Trucks, waterways, buses, airplanes, private cars, and pipelines were all providing vigorous competition, but as a nation we went right on legislating, taxing, and regulating the railroads as if competition had not long since taken over, and then we regulated the competitive forms of transportation as well. No wonder one of my economist friends tells me that in this day of rapid change, he no longer accepts the concept of natural monopoly as a reason for government regulation!

SIX TESTS BEFORE IMPOSING GOVERNMENT REGULATION

Now let me turn to six key questions we well might ask before any new government regulations are imposed, and in deciding which ones to phase out.

1. Can the free market do the job?

In the United States a vigorous recovery from an extremely sharp recession is well underway.

The question about recovery has turned from "whether and when" to "how long can it be sustained?" The recipe for "boom and bust" is all too painfully familiar. Take a fresh recovery, season it liberally with excessive government stimulus, fail to add the critical ingredient of adequate productive capacity, heat it up as fast as you can, and presto, you have a guaranteed product: a short-term fleeting expansion—the result of half-baked economics.

So far we have avoided "the boom and bust" recipe, and the outlook is much more favorable than it would be if there had been the massive government intervention that many were calling for a year ago.

For an example of how not to do it, look at the energy situation. Virtually everything done by the government since the energy crisis has provided disincentive, instead of incentive. The controls and regulations imposed will prove decidedly inflationary in the long run and thwart development of assured energy supplies for the United States. If we would let the free market be the regulator, we would both encourage conservation and stimulate exploration.

Further, we would have a reliable market price against which user industries could make energy conservation investments, and other companies could undertake research and development on alternate sources of energy. Progress is being held up because no one wants to make investments when the cost base against which you are planning is subject to unpredictable government fiat.

2. If the free market cannot automatically be the regulator, are there still ways to stimulate market solutions that might be less expensive and less burdensome than conventional government regulations? Every thoughtful businessman is deeply concerned with employee health and safety, but what is the best way to assure progress in this area? One economist, for example, makes this proposal regarding OSHA, which also might be applied to a whole gamut of other regulatory problems. He says:

"Rather than creating an extensive bureaucracy and a seven-foot shelf of regulations, and constant inspection costs, put a price on the desired goal—worker safety. Charge a public cost—a special tax—to the firm with a safety record worse than a prescribed target. Let the firm then find the lowest cost means of reaching the goal. Give them an incentive to improve their safety records without creating a bureaucracy, with its endless rules and stream of enforcers."

Of course the standard would become subject to political pressure. But what standards aren't? Of course there would be howls about the special tax, but at least it would be a known visible cost, not like the present situation in which new unbudgeted costs are discovered everyday and no matter how good a job of safety you do, you don't get rid of them. In addition, it would appear that this approach would greatly reduce the "swarms of officers to harass our people." Could it not also stem the ever rising tide of paperwork which is said to cost industry $40 billion per year—$18 billion for small business alone.

3. Does the proposed regulatory approach provide the least imposition on human freedom?

Now I recognize that freedom is a much abused concept. The freedom to be underfed or uneducated is not freedom. True freedom is the freedom of choice for each individual to direct his life to the maximum extent consistent with protection of health and life, without major detriment to others. It includes the freedom to make mistakes, even serious mistakes. The surest way to make us a nation of sheep is to remove all individual choice—this is contrary to the whole concept off the market system which harnesses individual freedom, initiative, and self-interest.

Isn't it more productive to place the emphasis on opportunity and education instead of on regulation? I can think of no better example than the unbelievable productivity of American agriculture, which is the envy of the world. It results to a major degree from the research and education done by the land grant agricultural colleges and the educational field work done by county agents. Where do you suppose agriculture would be today if the county agents had been regulators instead of teachers? We might be trying to buy grain from Russia!

4. What is the relation between costs and benefits? Regulation must result in far more gain than we are giving up; otherwise we are doomed to an unacceptable level of economic waste and a gradual but ultimately fatal deterioration of our productive core.

5. Does it affect our ability to compete in world markets? In doing my homework for this meeting, I went through what at least seemed like thousands of pages on the subject. I was struck by how very, very rarely anyone referred to world competition. But regulatory issues cannot be decided with this nation as an economic island. In terms of markets, resources, suppliers, technology, and competition, this is one world. Every regulatory decision must deal with world competition and world opportunity.

6. How do we keep government regulatory agencies and approaches from perpetuating themselves forever? Of the 12 companies in the Dow Jones Industrial Index when it was established in 1896, only two of them are still included. The marketplace has forced some of the others out of existence, and some have been replaced in the Index by more viable companies in more viable industries. I don't know the facts, but I would guess the mortality rate of regulatory agencies is nowhere near comparable.

Today we have a variety of proposals to limit agency self-perpetuation, such as sunset laws, five-year reviews, zero-budgeting, and the four-year program contained in the President's message to the Congress on May 13. The goal, as stated by the President, is "to abolish outdated and unnecessary regulation."

I'm sure that I don't have to remind this audience that such a goal, like everything I have described this morning, is far easier said than done. It will require public understanding, public concern, and strong leadership action. But the present climate, pending proposals, and Conferences like this offer realistic hope for affirmative change.

ENHANCING THE QUALITY OF LIFE

It has been my privilege for the last two years to serve as Chairman of the President's Commission on Executive Personnel Interchange. In this program, promising government executives work a year in industry, and promising industry executives work a year in

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**Northern Pacific Railway Company* v. *United States*, 356 U.S. 1, 4 (1958).

government. Each year nearly every executive is deeply impressed by the hard work, the integrity, and the concern for the public interest of the people in the segment to which he moves—be it industry or government.

If we can have this spirit of mutual respect and goodwill, I have no doubt that we will find ways to return much regulatory activity to the invisible hand of the marketplace, to reduce unnecessary intervention, to rejuvenate the nation's productive core, to raise real income per person, and to increase human freedom, opportunity, and education. In short, to enhance the quality of life for America and all its citizens. And that, I take it, is what we are all after.

Mr. CLEVELAND. Mr. Speaker, it is with a great sense of urgency that I join in today's special order, which is appropriately entitled "Regulatory Reform—Rekindling of the American Economic Spirit."

For many years now, I have devoted a major portion of my efforts in Washington to making the Federal Government, and in particular the regulatory agencies, more responsive to the needs of the people and more efficient in meeting those needs. I welcome the recent crescendo of concern for reform of the "fourth branch" of Government and I hope that this newfound concern amounts to more than election-year politicking. I must say I find it a bit ironic that the members of the Democratic Party who were extolling the virtues of Federal regulation in the 1960's and early 1970's are awakening to the bureaucratic monster the Democratically controlled Congress has created. However, I am optimistic that the current concern regarding regulatory matters can be translated into concrete results which will benefit this country's consumers and small businessmen, because it has become painfully obvious that over-regulation carries a price tag for both small businessmen and consumers.

REGULATIONS: THEIR EXTENT AND COST

The proportions of the regulatory quagmire are indeed massive. For example, in the last 15 years alone, 236 Federal departments, agencies, bureaus and commissions have been created while only 21 have been eliminated. And these agencies in 1974 promulgated 7,406 new and amended regulations while Congress enacted 404 public laws—a ratio of 18 to 1. Federal regulation is so pervasive that hardly any aspect of our lives goes untouched by "big Government" in Washington.

Last year, I asked my constituents in my annual questionnaire whether they thought Government regulations in certain areas should be reduced, and I was delighted that they responded by the overwhelming margin of 68 percent in favor, with 41 percent strongly in favor. I often find that the thinking of my constituency is well ahead of that of the Congress, and this is a striking example.

The costs of Government regulation are also staggering. In responding to my questionnaire results last year, I reported that a study done by the Office of Management and Budget indicated that Government regulations may be costing the consumer $130 billion—yes, $130 billion—a year. I went on in that same report to say:

> That President Ford's proposals for regulatory reform in light of these shocking facts has drawn so little thoughtful discussion in Washington is a sign of the times. That my constituency recognizes the issue is encouraging. It is one reason why I view with increasing distrust and skepticism the bright and easy promises to go to Washington for the solution of problems. The great expectations thus aroused have become one of the great exploitations of our time.
>
> This is not to say all regulation by government is bad. Without any at all, there would be anarchy. It's time, however, for a bit more common sense.

OUT-OF-HAND AND UNRESPONSIVE

Indeed, Mr. Speaker, the proliferation of regulations has gotten to the point where it is barely controllable anymore. They mushroom like the proverbial Topsy, and often overlap and duplicate each other. In too many instances, the citizens and businesses that are supposed to be benefiting by these regulations find themselves drawn into ludicrous situations because the regulations are so divorced from the reality of day-to-day affairs. For example, there is a public housing project in my district in New Hampshire which has a large number of welfare recipients living in it. But because of recently issued regulations, that housing agency is forced to charge these welfare recipients rent which is twice the total amount of their monthly benefit from the State.

There is another danger involved in this rapid growth of regulations, and that is the tendency of the departments and agencies issuing them to assume an independence and even arrogance in the face of congressional intent. We may remember, for example, the Emergency Homeowners' Relief Act which passed last year, part of which provided for Government assistance in mortgage payments in cases of prolonged unemployment. But how many homeowners have reaped the benefits of this public law? Not one, because the regulations published by HUD said that the program would not be implemented until 1.2 percent of the mortgages nationwide were 3 months in arrears, a figure never even approached. That figure was not set by an act of Congress, it was set by regulation.

REGULATIONS NEED TO BE HARNESSED

Clearly, not all Government regulation is undesirable or unnecessary. Our task is not simply to eliminate Government regulation, although much Government regulation should be eliminated, but rather to harness the regulatory process to make it more efficient, effective and responsive.

An example of a program which is desperately needed but bogged down in redtape is the Clean Water Act of 1972. As a member of the House Committee on Public Works and Transportation and the National Commission on Water Quality, I have been very actively involved in trying to streamline this much-needed program. In 1972, Congress mandated a crash program authorizing $18 billion for a massive 3-year cleanup effort. As of December 31, 1975—3 long years later—only 159 construction projects had been completed involving $51.6 million in Federal funds. Furthermore, only $1.7 billion actually had been expended—9 percent of the $18 billion authorized in 1972—and only $8.25 billion had ever been obligated.

The dramatic program to rid our streams of pollution, called for by the American people, was being strangled by redtape. There was an obvious need to extend and redefine the Clean Water Act to accelerate the construction of sewage treatment plants, reduce costs, and strengthen management of the multibillion-dollar program. Congressman JIM WRIGHT and myself introduced legislation to allow for State certification of water treatment facilities in order to cut through the veritable mountains of needless redtape that obstinately impeded the flow of funds and retarded the long overdue cleanup of our Nation's waters. This bill, supported by a large bipartisan group and endorsed by a number of environmental groups, was included in the Clean Water Act amendments which passed the House of Representatives in early June. This is but one specific example of overregulation and procedural inadequacies which defeat the purpose they are intended to accomplish. I am pleased that the House passed legislation which will remedy the Clean Water Act bureaucratic snafu.

"SUNSET LEGISLATION"—A POSITIVE STEP

Mr. Speaker, the situation we find ourselves in today is the result of decades of regulatory activity which have built upon and compounded one another. The Democratic Congress has created programs and agencies in response to national problems, and often with little regard to the existing Government structure. Thus we are now caught in the web of our own making, entangled by a complex of old, new, good, bad, useful, archaic, confusing, and overlapping regulations, and it is about time we look toward a comprehensive review and overhaul of our entire bureaucracy.

A good start in that direction is the administration's proposed Agenda for Government Reform Act, which comes under the popular heading of "sunset" legislation. As a cosponsor of this overdue legislation I endorse it heartily. It would require the Congress to conduct a thorough review of the budgets and activities of every department and agency periodically, in order to maintain better oversight of their utility. Congress would thereby be in a better position to look at the forest instead of the trees of Government.

It holds the potential to identify and eliminate unnecessary or completed programs, to reduce the mountains of paperwork, and to minimize the confusion, duplication, and redtape one inevitably encounters now. The beneficiary will be the American public, and the introduction of this legislation has sparked the hope that perhaps the Government of the United States can, as it begins its third century, be finally streamlined and made to run economically, efficiently, and responsively.

Mr. DON H. CLAUSEN. Mr. Speaker, our Federal agencies, under the guise of "rulemaking" are making sweeping changes to the intent of laws passed by the Congress. They are building Federal empires out of congressionally approved legislation and clearly overstepping the bounds of their responsibilities and the intent of Congress. The Congress is increasingly faced with the problem of unnecessary and overly burdensome regulations and we, along with our constituents are forced to spend too much time undoing the redtape, inefficiency, and ineffectivness of these administrative rules.

It is quite evident from a look at the Federal Register—which publishes 60,000 finely printed pages of new rules and regulations a year—that our Federal agencies have become a fourth branch of Government. They have promulgated innumerable regulations which have the force of law and as the number and scope of these regulations have grown, the system of checks and balances instituted so wisely by our forefathers has become unbalanced. In effect, independent agencies can utilize legislative, administrative, and judicial actions on matters under its control.

Once we enact a law which gives a Government agency the authority to promulgate regulations, the Congress has not regularly reviewed those regulations to insure that the intent of the law has been carried out. While referring to the Congress we must recognize that the primary responsibility for revision of the rulemaking process lies squarely with the leadership of the controlling majority party in the Congress. It is the chairmen of the various committees that have control over whether hearings are held and investigations are conducted. And in short, this "oversight" authority to supervise and review the actions of Federal agencies has been inadequate and sometimes totally lacking.

The many good regulations which have improved our lives and the other regulations which have been viewed as only minor irritants along the way have lulled Congress to sleep while an unwieldy and unchecked bureaucracy was growing that threatens to usurp the decisionmaking process from each and every one of us.

We are now faced with innumerable regulations which reflect waste, bias, unworkable demands, a concentration on trivia, conflicts among the regulators and arbitrary and uncontrolled powers. In far too many cases it is the quality of regulations in question not the mere existence of them.

These regulations have had a major impact on our job-creating business community. The decisions that our businessmen want to make—and should make—are being inhibited by Government regulators miles away. The same is true of locally elected public officials who are forced to rubber stamp the decisions of Federal employees.

Enterprising men and women are being told how to hire, who to hire, what to sell, how to treat employees and customers, how to run their marketing and financial systems and in effect, how to run their businesses and governments by Federal bureaucrats who do not have the understanding of the local factors required to make responsible and responsive decisions.

These regulations tread heavily on the businessmen's right to free choice in the marketplace and have placed an unreasonable burden on our businesses and governments in time, money, and labor filling out innumerable unneeded forms, and installing unneeded "proper" equipment. It has meant that many businesses and local governments cannot make ends meet. Shackled by agency requirements they may have to join the ranks of the hundreds of businesses that closed their doors last year and governments that are approaching insolvency.

This kind of inhibiting influence is stifling economic recovery and causing job losses and the sustained high unemployment statistics. In short, Federal agencies are inhibiting and totally frustrating the ability of private industry and local governments to meet the unique demands of their marketing and program functions. This is particularly repressive to small businesses and small governments which lack the personnel to handle the redtape paperwork required by these regulations.

Even for those who are not in business for themselves, the number of Federal regulations has had an impact. The already overburdened taxpayer pays the bill each time the Federal Government steps in to "solve" a problem. The taxpayer pays the salaries of the over 100,000 Federal employees whose direct job it is to create, review, and enforce Federal rules. The taxpayer also pays the bill in the form of higher costs passed on by businesses and in ways other than strictly financial.

There is no part of our lives untouched by Federal regulations. In my district alone the issue which has produced more unrest and more complaints is the overwhelming impact of Government in people's lives. From the time people get up in the morning to the time they fall asleep that night they can not seem to avoid the Federal Government—and the point is, Government should govern, not dominate. But, Government is dominating—to the point where the average citizen, and especially those in small business for themselves, can be brought to court at anytime by the action of a nonelected official, "a Government regulator," if they violate any one of the thousands of regulations that are issued.

Unchecked rulemaking poses an ominous threat to our free enterprise system, but it poses an even greater threat to our basic freedoms. Unless constructive actions are taken in the near future each of us will see a continued and accelerated erosion of our basic rights. It was Jefferson who said over 200 years ago that it is the nature of history that as Government grows, freedoms recede. But before our freedoms recede much more we must take positive actions to stem the tide.

We have made some progress. We have amended the Occupational Safety and Health Act to allow voluntary on-site consultation by OSHA inspectors without the threat of being cited with a violation. We have seen our regulatory reform legislation, which gives oversight authority to Congress of the countless agency regulations, passed by the Judiciary Committee and awaiting hearings by the Rules Committee. We have approved amendments to Federal agency funding authorizations which not only require congressional supervision of proposed rules, but also insist that hearings on proposed rules be held in those areas directly affected. We have demanded an investigation by the General Accounting Office of the burdens of the new pension reform regulations on our small businesses. And we have gained nationwide support for our proposed "sunset laws" which would see needless agencies self-destruct and for zero-budgeting.

These are all positive efforts at the Federal level. But there are efforts which can be made by each and every one of us. We must recommit ourselves to the preservation of the free enterprise system by allowing once again man's creative genius to function and flourish in an atmosphere unhampered by arbitrary rules. We must realize that a democratic form of government is no guarantee against the rise of socialism and the loss of individual liberty.

We must renew the frame of reference which made this country strong, that is, Government must serve the people and that the ultimate human value and personal dignity rests in the exercise of individual liberty within the framework of reasonable laws. We must begin to look once again to a blend of personal initiative, private enterprise, and public service to solve the problems with which our local communities and entrepreneurs are faced. And we must remember that the real strength, the real promise and the real potential of America lies in the creative genius, the problem solving initiative, and the individual achievements that have pioneered this country to greatness, not the drone of Government rules by nonelected Government decisionmakers.

We are at a time in our history when we can and must reclaim our independence from these huge institutions of Federal rules and regulations. We need only keep in mind what the President is fond of saying, "Just remember, a government big enough to give you everything is equally big enough to take it all away." This is happening to each and every one of us. We must all actively work toward guarding our individual liberties if we are to provide future generations with the freedoms and opportunities our forefathers provided us. In our 200th year it is certainly appropriate to take advantage of the spirit of independence by freeing up the job-creating free enterprise system from the bonds of overregulation.

Mr. KEMP. Mr. Speaker, I commend the gentleman from Texas, my good friend and our able colleague, Congressman Bill Archer, for arranging for this time this afternoon. It affords us an opportunity—especially in the absence of regulatory reform legislation being reported to the floor from the committees—to discuss this important subject.

I hope this colloquy will help Members, the people in whose trust we exercise our responsibilities, and even officials within the agencies to understand more fully the impact of regulations issued and administered by instruments of government insulated from direct accountability to the people. And this—accountability to the people—is a central issue here.

There is not now an effective means through the electoral process which forms a foundation stone of our free society for the people to pass judgment on the acceptability of how the bureaucracy attempts to govern their lives. This produces frustration, and this frustration is usually released only by the people voting against those few in Washington upon which they can have a direct influence through the ballot box—a Congressman, a Senator, a Presidential candidate—no matter how much those few may have disagreed with and fought against the decisions of the bureaucracy giving rise to those frustrations.

I am convinced that the bureaucracy is the major cause of the attitude among the people that it does not matter how they vote—that whether they vote for Republicans or Democrats or conservatives or liberals or whatever—that things remain the same. And the exercise of the regulatory powers by the bureaucracy is what gives rise to these feelings of frustration. No one should overlook the profound implications upon our way of life, our institutions, and our system of government, of allowing this to continue, especially when everyone knows that the Congress has the constitutional power—if only it would exercise it—to bring the regulatory powers of the agencies and the agencies themselves back into line. I will return to this point in a moment.

Our second focus should be on the total impact of regulation upon the economy, our living standard, and our technology. We know regulation slows and therefore decreases production. We know that it drives up costs to consumers. We know it slows the attainment of economic and social goals. The only questions left to be resolved are how much in each instance.

Our third focus should be on the solution we select to resolve this problem.

There is no doubt in my mind that we should proceed with regulatory reform on an agency-by-agency basis. We need to address the problems of natural gas regulation by the Federal Power Commission, of airline regulation by the Civil Aeronautics Board, of increasing control of the content of what we hear on radio and hear and see on television by the Federal Communications Commission, of the high costs and inefficiencies in shipping brought about by the Interstate Commerce Commission, and many more examples.

If we stop there, however, we have failed, and we will have failed because we will not have addressed the more fundamental question of how to deal with congressional oversight of rulemaking—that process of congressional review of the making of regulations. We have an opportunity this year to reform the process through which agency decisions are made, rules promulgated, and congressional oversight exercised.

THE REGULATORY REFORM ACT

This opportunity is found in the Regulatory Reform Act, H.R. 11026 and S. 2792, and in similar legislation. I am pleased to be a cosponsor of the House measure.

The Regulatory Reform Act would:

First, require the House and the Senate to approve each major regulation proposed by the agencies before it would become operative;

Second, require an agency to demonstrate to the Congress that the economic benefits of a proposed regulation would exceed its anticipated costs to the public;

Third, relieve persons from liability for noncompliance with agency standards when they can show that their violation was necessitated by compliance with other regulations of the same or another Federal agency;

Fourth, make employers and employees jointly responsible for seeing to it that regulations are complied with, and would protect an employer from prescribed legal sanctions where he can demonstrate that a violation has been caused by acts of negligence or omission on the part of others;

Fifth, terminate unnecessary paperwork, report-filing, and recordkeeping requirements; and

Sixth, would do away with costly redtape and bureaucratic delay by requiring an agency to complete its findings and make its final determination within 6 months from the date a proceeding is initiated. If the agency fails to make its findings and reach a decision by that time, the Federal Government must then reimburse the applicant and other aggrieved parties for costs, plus estimated loss of revenues, attributable to the agency's inability to take timely action.

Before discussing the specific provisions of the legislation, however, let me return to the issue of accountability.

THE QUESTION OF ACCOUNTABILITY TO THE PEOPLE

As I indicated a moment ago, the lack of an adequate institutional mechanism for holding the bureaucracy accountable to the people should induce the Congress to put into place a new process. This process must require that no major regulations of an agency go into effect until action has been taken on them by the elected Representatives of the people. This is no casual responsibility, and it is one which we ought only to exercise in context.

Our Declaration of Independence exhorts us to remember that to secure rights, governments are instituted which derive their just powers "from the consent of the governed." Grievances arise among the people when they feel their consent is not obtained or, once obtained, is frustrated. This frustration differs very little in intensity or tone, whether directed at a titled and governing aristocracy, bureaucrats in a relatively free society, or socialist managers. What does differ? The ability of the people to elect Representatives to act in their—the peoples'—interest and not those of government and to turn them from office if they do not.

The growth of government regulation inherently restricts the exercise of free choice, and that, by definition, restricts the exercise of rights. This is why we have had an erosion of freedom within the Western democracies, including the United States, in recent decades.

There are many views on the process through which freedom is lost, but I personally believe its particular decline during the past half-century has been directly proportional to the growth of government in the lives of the people. This opinion is becoming increasingly shared by growing numbers of people. The greater the burdens, then the greater the degree of regulatory control, and the greater the share of human conduct governed by statute, the less freedom there is.

We must remember that when government intervention is sought, freedom runs a very high risk of further declining. And, inasmuch as those within government—elected or appointed—too often regard their roles as, and measure their successes through, the promulgation of government initiatives, the results should be obvious. More and more government; less and less freedom.

THE EXPANDING SCOPE OF GOVERNMENT INTERVENTION

This loss of freedom comes through the narrowing of the range of alternative choices of action available to people. Their choices are circumscribed by government's laws and regulations. The examples are endless, and these restrictions on the exercise of choice are not without penalties: from prison terms and fines to that silent intimidation which accompanies an awareness of burgeoning government control.

Through the enactment of a multitude of program activities, government has taken unto itself the exercise of functions once regarded as the province of private conduct. And, whether one regards a specific government intervention or influence as good or bad, one still must weigh the impact of the totality of extensive and still growing government regulation over the exercise of personal freedom.

It is almost impossible to itemize the areas of conduct now subject to Federal regulation because there are so many, but a cursory examination of any government organizational chart shows us the areas of our lives now subject to that regulation: health, education, welfare, labor, commerce, housing, transportation, finance, agriculture, environment, communications, wages and prices, energy, labor-management relations, trade, alcohol, tobacco, firearms, savings, community relations, civil affairs, land use, natural resource use, recreation, commodities, securities, insurance, marketing, consumer affairs, productivity, nutrition, travel, economic development, shipping, vocational and career opportunities, employment standards, occupational safety, child development, retirement, rehabilitation, interest rates, credit availability, land sales, aviation, railroads, highways, safety, institutionalized voluntarism, arts and humanities, equal employment opportunity, export-import terms, trucking, small business, veterans, postal service, ad infinitum.

The point is this: as government assumed each of the many components within each of these subject areas, it removed decisionmaking from the people. Some of these are, indeed, necessary and are clearly in the interest of the people. But taken all together, government as a cure-all is diminishing freedom.

The United States Code Annotated, the basic compilation of congressionally enacted statutes, now totals more than 55,000 pages. The Internal Revenue Code alone is now nearly 1,900 pages long, and the regulations which carry those tax laws into effect constitute another 4,500 plus pages. And, the Code of Federal Regulations—consisting of the regulations which carry our laws into effect and which also have the full force of law—totals hundreds of thousands of pages. The Federal Register carried 10,981 pages of rules in 1974 and through September 30, 1975, had carried 10,245 pages of rules—a growth of 24 percent in but 1 year's time. We have, indeed, come a long way since Moses brought the 10 Commandments down from the Mount—only 10 rules to govern our lives.

CONGRESS SHOULD EXERCISE ITS OWN CONSTITUTIONAL POWERS

The Congress is now faced with the question of what to do about the mechanics and growth of Federal administrative rulemaking. It is within our power to do so—clearly.

Article I, section 8, clause 18 of the Constitution sets forth the basic power:

> The Congress shall have Power . . . To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.

Congress, thus, has the power to make laws, including those laws which give to the administrative agencies the authority to issue rules deemed appropriate to carry out the law and consistent with the intent thereof. For example, Congress has the power to issue licenses for the operation of television stations, but it has expressly delegated that power to the Federal Communications Commission. Congress has, in short, given its powers to an administrative agency.

Inherent in this process is the continuing, constitutional power of Congress to make further laws, through which some or all of that power is returned to the Congress. The basic theory of the Constitution would be violated by restrictions on Congress retrieving its own powers. There are clear precedents for Congress exercising such authority, ranging from the constitutional argument successfully advanced by Chief Justice Marshall in *McCulloch* v. *Maryland*, 4 Wheat (17 U.S. 316) (1819) to Congress exercise of that authority in recent decades.

In McCulloch against Maryland Chief Justice Marshall asserted that all that was required to establish the validity of an action under clause 18 was as follows:

> . . . all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional.

The Congressional Research Service of the Library of Congress reports that in the last 43 years 183 separate provisions in 126 acts of Congress contain some type of congressional review or consent for proposed administrative agency implementations of law. Some require specific action. Others simply provide a procedure which Congress can use at its discretion. In other words, the former requires Congress to do something before the rule beomes operative, whereas the latter does not require Congress to do something.

We have done, therefore, on a selected basis in the past that which is proposed to be done on a uniform, consistent basis through S. 2792, H.R. 11026, and related measures.

We must establish this system for review at the congressional level. The courts cannot do it—exercise oversight of the consistency of administrative rules with congressional intent and agency authority; it would be piecemeal, potentially inconsistent, time consuming, and costly, and it would produce unimaginable frustrations of carrying out the laws—statutes and/or regulations—such as temporary restraining orders, permanent injunctions, et cetera. And we have already discussed why the agencies themselves cannot do it.

The requirement that major rules and regulations not go into effect until they have been reviewed and acted upon by the Congress is, of course, but one feature of the Regulatory Reform Act. We must not neglect the others.

The legislation would make every Federal agency demonstrate to the Congress that the economic benefits of a proposed rule or regulation exceed its anticipated costs to the public. No one in Government knows exactly how much regulation costs us, either in terms of tax dollars spent to maintain the regulators or in terms of higher prices for goods and services we purchase. Most agree the direct, tax cost to the people is at least $2.2 billion this year, but it is the indirect cost of higher prices which is most severe. The General Accounting Office has put the yearly costs of Federal regulation at $60 billion. A Federal Trade Commission report found $80 billion in economic waste attributable to regulatory overkill. The President and his Council of Economic Advisers have pegged the figure at closer to $130 billion annually or about $2,000 for every American family every year.

We ought to think about those figures for a moment. Even if you take the lowest figure—$60 billion—it means we are paying prices for goods and services about 6 percent higher than we would otherwise. That means, for example, that you would be able to buy a $4,000 car for $240 less, a $500 refrigerator for $30 less, $50 of groceries for $3 less. If you use the President's and CEA's figures, it is even more revealing. That $4,000 car could be purchased for $520 less, the $500 refrigerator for $65 less, the $50 bag of groceries for $6.50 less—reductions of about 13 percent.

The point is no matter which figures you use, the cost to the consumer would be substantially less. Not all of these costs could be eliminated; I think most would concede Government has certain regulatory responsibilities, for example, with respect to health and safety. But these costs could be reduced substantially, and I would think the American consumer would be grateful for those cost reductions. For once, the consumer would see more money in his pocket as a result of Government instead of the usual less.

This bill would also relieve persons from liability for noncompliance with agency standards where they can show their violation was necessitated by compliance with other rules and regulations promulgated by the same or another agency. I heard recently of the meat processor who was instructed by one Federal agency to tear out his ceramic wall tiles and to replace them with stainless steel—for improved sanitary purposes—only to be fined several weeks later by another Federal agency for having removed the noise absorbing ceramic tiles and replacing them with noise reflecting stainless steel.

The examples are endless, and they show the Catch-22 character of regulation today: If you do not make a change, one agency will fine you, and if you do, another will. And the courts have been very reluctant to set aside these fines because the rules and regulations were promulgated pursuant to statute and in conformity with agency rulemaking procedures. The legislation before us would correct this.

The Regulatory Reform Act would remove another inequity also. Under most present regulations, if there is a violation, no matter what its cause, the company must bear the penalty. There are many circumstances where the employer has not been responsible for a condition giving rise to a violation of a rule. Acts of commission and omission by employees are now solely the liability of the employer. The effects of this should be obvious. It destroys any incentive on the part of the employee to take care that no violations exist. Only when an incentive not to violate regulations is reinstilled at the level where a great number of violations can occur will we see a further decline in violations. The legislation addresses itself to this problem by making employers and employees jointly responsible.

This legislation would also reduce the excessive paperwork burden being borne because of regulation. This is an area that hits the small business very hard. The larger businesses can afford to pay their lawyers and accountants to handle these reports, this paperwork, but the smaller businessman or woman often has to do this work themselves to keep down the costs of doing business. The more forms there are to be filled out, the less time there is to make the small business more productive, more successful, a larger employer in the community. Congress has made some strides in this area in recent years, but it is obvious that we have not gone far enough. This bill takes us some more steps down that road.

Finally, the bill would do away with the costly redtape and bureaucratic delay by requiring an agency to complete its findings and to make its final determination within 6 months from the date a proceeding is initiated. If the agency fails to make its findings and reach a decision by that time, the Federal Government can continue the matter but it would have to reimburse the applicant and other aggrieved parties for costs, plus estimated loss of revenues, attributable to the agency's inability to take timely action. There is no incentive for Government to act promptly in most matters, and it is this lack of incentive which produces most delay in dealing with Government. The bill proposes restoring an incentive through attaching dollar liability costs to the agency for its failure to act in a timely fashion. This too is needed.

Mr. Speaker, it is only natural that the administrative agencies will oppose the enactment of this measure. The reasons should be obvious. This bill would begin the shift back from the agencies and to the Congress of the legislative powers which we have delegated to those agencies. It would make those agencies more accountable to the Congress and through the Congress to be producing and consuming public. The requirement that economic impacts be prepared and transmitted to the Congress would circumscribe the often arrogant, elitist, "we administrative agencies know better for the people than they know for themselves or even their Representatives know for them" attitude which permeates some agencies and some decisions. The requirement that they make final determinations within 6 months would require greater employee productivity and improved efficiency—both of which would tend to reduce their needs for more funds and more personnel slots. As I said at the outset, the principle of accountability must govern in a free society; to make it second-place to bureaucratic interest is blatantly antidemocratic.

Mr. CEDERBERG. Mr. Speaker, whether we realize it or not, the Federal Government regulates our lives from the time we get up in the morning until we go to sleep at night. Our children's pajamas are required to be fire retardant. The EPA demands that the water for our showers, cooking, and drinking be sufficiently pure. The FDA requires that our vitamin pills, our breakfast food, and other ingestible products meet certain standards and that their ingredients be included on the container's label.

Automobile manufacturers must laden our cars with pollution control equipment and safety devices. Our highways are designed according to Federal specifications. Our business environments must comply with OSHA regulations to reduce safety hazards and noise. Businesses are further prohibited from polluting the air and water.

Our public transportation is highly regulated. Airlines and railroads can only charge so much as has been determined by Government regulators. The airwaves are restricted, divided, and parceled out by the FCC. The price of gasoline is limited by FEA regulations. The FPC regulates the price of natural gas. Finally, the public utilities, which supply electricity to our homes, are advised on the extent of their charges and the location of their new plants, especially if it is a nuclear powerplant.

And how much is all this regulation costing us—the best estimate is that it is a lot. No one is sure, however, exactly how much. One estimate puts the annual costs to the Nation at $130 billion, or $2,000 for every American family. In taxes alone, the consumer is paying over $4 billion a year to support all the Federal regulatory agencies that ride herd on business.

The question that we must ask is whether the benefits of these regulations justify their cost. Frankly, in many cases I think the answer is no. While Government regulation has and continues to promote many worthwhile social and economic goals, the fact of the matter is that Federal regulation is out of control. It is being imposed on a widening and increasing arbitrary scale with little or no reference to its economic impact on either the business community or the Nation.

Coupled with the increasing excessive regulation is the equally increasing cost of complying with these regulations. A recent study of select colleges found that the cost of complying with Federal programs had multiplied from 10 to 20 times in the past decade. This proliferation of regulatory costs is threatening the survival of colleges in this case and many businesses in similar situations.

The ironic point is that this overregulation runs counter to our national objective for full employment. Regulation is supposed to promote the economy, protect the consumer, and prevent unhealthy domination of industry by a few leaders. Instead of following the doctrine of the three P's, overzealous regulators have been practicing the three R's . . . restricting the economy, raping the consumer, and running small business into bankruptcy.

For example, about 350 foundries in this country have closed in the past 3 years because they could not meet EPA or OSHA requirements. Basically, these were smaller foundries. As a result, the larger foundries are working at capacity and are unable to meet the demand, creating serious questions about the rationale for these actions.

The direct cost to the consumer in income taxes to support the $4 billion regulatory structure has already been mentioned. However, the costs only represent the tip of the iceberg. There are enormous hidden costs to the Nation.

There is the incalculable cost of retarded capital investment due to the investment uncertainties created by often arbitrary and changing regulations. No astute investor is going to risk his money in companies where profit decisions are determined by bureaucratic whims rather than market forces. It is perhaps not surprising that the Nation's most financially troubled industries—the railroads, the airlines, and public utilities—are also the industries which have been subjected the longest to detailed Government control. The ultimate loser, of course, is the taxpayer and consumer who must bear the subsidy costs.

Regulation, instead of promoting efficient utilization of resources, has been creating shortages and artificial markets. A classic example of this phenomenon is the Nation's present natural gas shortage. Low prices, controlled by the Federal Power Commission, has favored natural gas consumption over other fuels and at the same time discouraged producers from developing more supplies. Even the FPC, after a 4-year study, has determined that badly needed supplies of natural gas will not be found and produced until its price is determined by the impersonal forces of a free market.

A basic lesson in economics relates increased competition in industry to lower prices for the consumer. When overregulation stymies competition, the consumer, who is the loser again, must pay the higher prices. The airlines are the prime example of this malady. Because of heavy Government regulation, airlines can compete only on the basis of scheduling. This has resulted in excess capacity: that is, empty seats, and the cost of this inefficiency has been passed on to the consumer. To protect the industry, the Government has not allowed any new competitors since 1938. Current estimates are that the traveling public pays in excess of $1 billion annually as a result of government regulation of airlines.

Unless we reverse this trend to increased regulation, our economic system is threatened with stagnation and continuous high inflation. The power to make business decisions is being taken away from management and assumed by Government. The problem is that these Government officials and Government agencies are not responsive to the pressures of profit and loss and, though their decisions affect management, they have no management responsibility.

Economics is the basis for our society and it must be the basis for our regulation. Regulation should be carried to the point where added benefits barely exceed the added costs. That is where we must stop.

Legislation has been introduced by Senator J. GLENN BEALL, JR., of Maryland, which would require a cost-benefit analysis of all new regulations. Only those regulations whose benefits to society would exceed their costs would be approved. The next step would be to apply the same yardstick to the old regulations.

We must get away from the emphasis on detailed Federal rules and regulations. First, there is serious doubt in a lot of cases whether Government regulations ever achieve their purposes.

Second, the parameters affecting each industry and company are so different, that it is impossible to create a tailor-made rule that will benefit one without injuring another. Rather, I believe the Government emphasis should be to establish goals, provide incentives, and then allow the companies to decide the proper method for achieving the goals. Different solutions will satisfy the requirements of different companies at different times.

The private sector has given us an unequaled economy; it can also assist us in the achievement of our national objectives. Until we reverse the bureaucratic mentality which ignores the efficiency and effectiveness of this course of action, we will continue to be thwarted in our efforts to accomplish the goals of Government regulations.

GENERAL LEAVE

Mr. HAGEDORN. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks on the subject of the Special Order taken by the gentleman from Texas (Mr. Archer) today.

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

NAD SELF-REGULATION CASES INCREASE—SELF-REGULATION A RESOUNDING SUCCESS STORY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Bob Wilson) is recognized for 5 minutes.

Mr. BOB WILSON. Mr. Speaker, there is currently much Congressional interest in regulatory reform. Today, I would like to praise a fine demonstration of self-regulation in action. Congratulations are in order to the National Advertising Division—NAD—of the Council of Better Business Bureaus on reaching its 1,000th case.

The NAD and its appellate review organization, the National Advertising Review Board—NARB—have established a notable record in a highly professional manner and earned great respect for the advertising industry.

For more than 60 years the Better Business Bureau movement has monitored and acted upon advertising abuses. Nearly 5 years ago in response to studies and polls indicating increasing public distrust of advertising and commercial communications, the NAD was reorganized and enlarged to work with the newly established NARB. During these 5 years the NAD has sought substantiation of advertising claims and the elimination of misleading advertising in an effort to protect not only the consumer, but the advertising industry, as well, against the discrediting image cast by offenders in its ranks.

Through self-regulation the advertising world has placed control over the activities of its members to reinforce the all-important communications link with the consumer. The number of cases that the NAD has reviewed marks its success and impact on the advertising industry.

NAD action on the 1,000 cases has most often resulted in either dismissal of the case due to adequate advertiser support, or modification or discontinuation of the advertisement by the advertiser.

In 1975, 54 percent of the cases challenged by the NAD resulted in the advertiser revising or withdrawing the advertising claim.

Since inception, less than 3 percent of all NAD cases have been referred to the NARB for further action; these appeals were submitted by the NAD, advertisers or outside complainants. NARB reviews appealed matters and acts on them through a five-member panel. The panel examines the record, hears further testimony and then decides whether to uphold an NAD decision or overrule or modify it.

Of all NAD cases to date, 34 percent originated with individual consumers and consumer activist groups. Another large percentage—31 percent—originated from monitoring by the NAD. Local Better Business Bureaus brought 24 percent of the cases for investigation, and 11 percent were submitted by competitors and others.

Cases involving automotive advertisements were most frequent, followed by cosmetics, household products, food, and leisure products.

Bringing about effective control took a mechanism such as the NAD/NARB. Time and again, the mechanism's actions have tested whether advertisers will respond to and respect self-regulation. The results have been nothing but supportive. In its 5 years of service, the NAD/NARB have made advertising self-regulation a resounding success story.

The American people stand to benefit from a review machinery that acts with objectivity and a sense of fairness to protect the public against false or misleading advertising. We all know that the vast majority of American businesses are honorable and operate with the consumer's interests in mind; but, it just takes a few unethical advertisers to reduce public confidence.

The 1,000th case before the NAD marks a high level of sincere concern for the effects of advertising on the public.

REPORT ON FIFTH ANNUAL CONGRESSIONAL SENIOR INTERN PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Biester) is recognized for 60 minutes.

Mr. BIESTER. Mr. Speaker, 5 years ago, with the intention of instituting greater communication with older residents of my congressional district, I invited a senior citizen couple to spend 2 weeks as observers in my Washington office. They followed the operations of a congressional office and familiarized themselves with legislation of interest to the elderly while I took advantage of numerous opportunities to discuss with them their thoughts on the status of older citizens in today's society and the concerns uppermost in their minds.

From this very modest beginning, this past month 23 other Members of the House and Senate joined me in what has become an annual congressional program. Each participating Member brought to Washington one or more senior citizens from his district for a 2-week stay, and during this time informal group briefings were scheduled on topics of special interest to older Americans with experts both in and out of Government. The senior interns received stipends to help defray their transportation, lodging, and meal expenses, and all but a few resided at the same downtown hotel which further helped foster a group spirit. This year 44 senior interns were involved in the program which was conducted from May 3 to May 14.

The Members participating were: The gentleman from Washington (Mr. Adams); the gentleman from Illinois (Mr. Derwinski); the gentleman from New York (Mr. Fish); the gentleman from New York (Mr. Gilman); the gentleman from Washington (Mr. Hicks); the gentleman from Indiana (Mr. Hillis); the gentleman from Georgia (Mr. Levitas); the gentleman from South Carolina (Mr. Mann); the gentleman from Louisiana (Mr. Moore); the gentleman from Pennsylvania (Mr. Myers); the gentleman from Minnesota (Mr. Oberstar); the gentleman from New York (Mr. Ottinger); the gentleman from Washington (Mr. Pritchard); the gentleman from Ohio (Mr. Regula); the gentleman from New York (Mr. Richmond); the gentleman from Virginia (Mr. Robinson); the gentleman from Michigan (Mr. Ruppe); the gentleman from Pennsylvania (Mr. Schulze); the gentleman from Indiana (Mr. Sharp); the gentleman from Illinois (Mr. Simon); the gentleman from California (Mr. Sisk); the gentleman from New York (Mr. Wydler); and our former House colleague, now senior Senator from Delaware (Mr. Roth).

Over the years the program has grown in size and, I believe, improved in quality as it has attracted the attention and interest of more Members. From its start in 1972 in my office, the program expanded to four Members in 1973, eight in 1974, 16 in 1975, and 24 this year. As the number of sponsors has grown so, too, has the program's scope. An extensive presentation of briefings and meetings was set up enabling the interns to learn more about specific areas of governmental policies and programs involving the elderly. For the record, I would like to include at this point a listing of the topics covered and the names of those who made the presentations:

The Legislative Process: Tommy Winebrenner (Minority Staff, House of Representatives).

Perspectives on the Older American: Problems and Concerns: Larry Lane (American Association of Retired Persons/National Retired Teachers Association); Curt Clinkscales (National Alliance of Senior Citizens); and Rudolph Danstedt (National Council of Senior Citizens).

Overview of Legislation: Lyle McClain (House Select Committee on Aging) and John Guy Miller (Senate Special Committee on Aging).

Coordinating the Federal Approach: The Administration on Aging: Clark Tibbits (Administration on Aging); Erma Tetzloff (Administration on Aging); and Alice Freer (Federal Council on Aging).

Transportation and the Elderly: Marvin Futrell (Department of Transportation) and Jacques Schnell (American Public Transit Association).

Consumer Problems of the Older American: Sarah Hughes (Federal Trade Commission); Juanita Yates (Department of Health, Education and Welfare); Eleanor Kelly (Consumer Product Safety Commission); Robert Wetherell (Food and Drug Administration); and Kathleen O'Reilly (Consumer Federation of America).

The White House: Bob Wolthuis (White House Office of Legislative Affairs).

Outlets for Action: Volunteer Programs: Jack Kenyon (ACTION).

Outlets for Action: Mobilizing at the Local Level; Shelia Raviv (National Council on the Aging).

Social Security (field trip to Baltimore complex): Social Security Administration staff.

Federal and Private Retirement Systems: Frank Crowley and Ray Schmidt (Congressional Research Service, Library of Congress).

Services for Those With Special Needs: Mary Patrick (Food Stamp Division, Department of Agriculture) and James Lanigan (National Senior Citizens Law Center).

Taxes, the Tax Dollar and the Elderly: Thomas Vitez (Internal Revenue Service) and Priscilla Crane (Office of Revenue Sharing, Department of the Treasury).

Utilizing Skills and Experiences of Senior Citizens: Julius Davidson (SCORE, Small Business Administration) and Steve Puterbaugh (Department of Labor).

Housing and the Older Adult: Bob Sykes (Department of Housing and Urban Affairs).

Health Policies: Medicare, Medicaid and National Health Insurance Proposals: Glenn Markus (Congressional Research Service, Library of Congress).

Long Term Care: Nursing Homes and Home Health: Wayne Richey (Department of Health, Education, and Welfare), Constance Beaumont (American Association of Homes for the Aging) and Nancy Tigar (Council of Home Health Agencies).

A Look Into the Future: Life for the Older American in the Years Ahead: Dr. Leonard Cain (Portland State University) and Shirley Bagley (National Institute on Aging).

Where Do We Go From Here: Applying the Internship Experience Back Home: Linda Teixeira and Ethel Morris (Gray Panthers).

As public officials in continuous touch with the elderly and their particular concerns through legislative activity and casework, we have a good understanding of the problems our older constituents face and we know where assistance can be sought. Yet we often fail to appreciate the existence of an information gap between Washington and the senior citizens back home as to those governmental resources which are available to the elderly through local agencies and nonprofit organizations. One of the objectives of the senior intern program is to bring together involved seniors—who know the needs of their contemporaries—with representatives of governmental and private groups who can knowingly respond to their questions. While this is a big task to try to accomplish in a relatively short time period, I feel the senior intern program makes a substantial contribution toward meeting the informational needs of those selected to come to Washington who in turn carry back what they have learned to share with their fellow seniors in the community.

My interns this year were Ms. Anna Shaddinger, of Doylestown, and Mrs. Helen Bartoski, of Levittown, who was accompanied by her husband Joe. Ms. Shaddinger, a former teacher now involved in volunteer activities in area nursing homes, and Mrs. Bartoski, president of her community senior citizen group, were selected for the program by a panel composed of local senior group representatives. The interns and I had occasion during their stay to exchange ideas on a wide range of subjects, and I gained much from the contact we had.

For my colleagues who have not been a part of this experience it is difficult to convey the spirit that is generated by this effort or translate into words what it accomplishes. It reaffirms the older American's faith in his own abilities and the worth of his continued involvement in service to the community and fellow seniors. It provides a unique opportunity for exposure to people and ideas that few elderly could ever expect to share. It draws the senior into a closeup view of his Government—blemishes and all—and allows for an objective evaluation of it based upon a clearer understanding and more realistic appraisal of its strengths and weaknesses.

I believe I am speaking for the entire group of senior interns and its sponsors when I say the experience left us with a renewed sense of confidence that the Government and the elderly can work together toward a resolution of recognized problems. If a few generalizations can be made about observations the senior interns have taken away from their stay in Washington over the past 5 years, foremost, I believe, would be a greater appreciation for the Government's limited ability to come up with solutions to all problems brought before it and a determination that older Americans be able to do more on their own to put together the kind of fulfilling and decent retirement life for which they all have strived.

At present there are approximately 100 sponsors of legislation which would make the senior intern program an official program of the House, and I am pleased that the House Select Committee on Aging has recommended that this body adopt such legislation. While I believe that official status would greatly enhance the program and increase the number of participants, I do feel confident that until that occurs the project will continue to prosper from the personal interest of those Members who become involved upon their own initiative.

As I will not be returning to Congress next year, the primary responsibilitiy for the internship program will be assumed by my colleague from Indiana (Mr. HILLIS) who has played such an instrumental part in its development, along with a core of other Members who have demonstrated a special concern in the undertaking over the years. A word of thanks is due those staff members and speakers who have provided guidance and given substance to the program as well as the almost 100 senior "alumni" of the program who, I hope, have gained a sharper awareness and have been spurred on to greater community service as a result of the internship experience.

Mr. Speaker, at this point I would like to yield to my colleague from Indiana (Mr. HILLIS) and the other Members wishing to share their thoughts on the program.

Mr. HILLIS. Mr. Speaker, I thank my colleague from Pennsylvania (Mr. BIESTER.)

Before discussing the program itself, I want to say how much I have enjoyed working with Congressman BIESTER in setting up this program for the past 4 years. The idea of such a program was first conceived by him and he has every right to be proud of its growth over the years.

A decade ago, the month of May was proclaimed Senior Citizens Month by the President and since that time it has been a time for the Nation to pay tribute to its older Americans.

For the past 4 years I have worked with Congressman BIESTER and his office in setting up a program which not only honors the "seniors" but gives them an opportunity to come to Washington and see how their Government operates—specifically in the area of aging. From tours of the Capitol to extensive briefings by both representatives of the Government and private organizations, the interns are made a part of our congressional staffs. Once the internship is completed, participants have a full view of what is or is not being done for senior citizens.

I could elaborate on my thoughts and praises of the senior citizens intern program, because it has been especially valuable to me in keeping in touch with the elderly constituents in my district. The program has been a valuable educational experience for both me and the participating interns. However, I believe that the praises and constructive criticism should come from the interns who participated in the program.

This year my congressional district was represented by Mrs. Margaret Manny of Indianapolis. She is a widow and just recently retired from the office of the assistant U.S. attorney for the southern district of Indiana. Her comments concerning the program are hard-hitting and provide an in-depth view of one intern's evaluation. I submit Mrs. Manny's report:

I have reread the notes which I made during the conferences and which you already have. And I have read a part of the material which I brought back with me.

While a two weeks period does not permit an in-depth study of our government or even of any one agency, it is possible to obtain a general comprehensive over-all view of our governmental system, and it is possible to make comparative ratings of some of the agencies and bureaus. Some of the speakers spoke most convincingly, others obviously made no special preparation and imparted little or no information. Only a very few speakers made even a token offer to help any of the interns find the answers they were hoping to get, nor did they offer to direct them to any other agency which might be helpful.

I believe most of the interns developed the feeling that Congress is trying to do a good job, but that the agencies which have been set up to administer or implement the programs passed by Congress are primarily interested in promoting themselves and enlarging their bureaus, with the result that oftentimes the major portion of the allocated funds are used for operating expenses of the agencies rather than for the intended programs. There seems to be a considerable overlapping in programs and considerable jealousy among the agencies. For a long time it has been my personal belief that the country needs far fewer agencies and bureaus, and that all agencies of the executive and judicial branches of our government have far too many employees. From my firsthand observation during 12 years of civil service employment, I am of the firm opinion that all agencies and bureaus would benefit by a 20% across the board cut in personnel at all levels. Apparently there is only one way to eliminate the inefficient and the unqualified personnel on the federal pay roll and that is by a severe cut in the budget passed by the Congress.

One feature that most of the speakers had in common was YOUTH. Very few of the speakers were mature adults (over 40) and I can recall only one or two who appeared to be over 55. This contributed a great deal to their lack of credibility with the interns. More than once I heard words to this effect—how can these kids who admit this is their first and only job since their college graduation even have any idea of what earning a living these past 50 years has been like or what we feel after living from 65 to 80 years and coping with the system and the problems? HUD, HEW, and ACTION did not receive many complimentary remarks and it was obvious that the speakers had no first-hand knowledge of what actually is taking place out in the field. Some interns had direct contact with these agencies for years and knew far more about many of the programs than the speakers. And another example—at the Social Security offices many brought up the matter of the great difference between the amount Medicare allows and the amount the doctor actually charges. The lady responded that she felt there was no great difference. When this remark met with strenuous objection, she blithely commented that she received her medical care at the Bethesda center and they accepted what Medicare allowed. Everyone who reads the newspapers knows that the charges made by the Bethesda center to federal employees is a far cry from what the medical profession charges elsewhere. Many of the employees in Washington are very insular in their viewpoints, they have no idea of what is going on across the country, nor do they seem to care.

It may appear that my remarks about the speakers and the agencies lean toward the negative; however, if our feedback to our sponsors is to have any value then it must reflect the situation as we saw it. I felt that the various agencies presented to us did represent a good cross section of the various departments.

And it is for these reasons that I wholeheartedly endorse the senior citizen intern program. In no other way can the legislative branch of the government receive a candid appraisal of the agencies which were set up to implement the programs passed by Congress. I believe this intern program is a big step in the right direction—closer working relationships between the legislators and their constituents, the taxpayers who pay the costs, so that the congressman may better present the views of his constituents. In these times when faith and trust in our legislators in general is at a very low point, it is imperative that the majority of our Congressmen who, I firmly believe, are men of good will, good morals, and faith in a just God, do everything in their power to reestablish the legislative branch of our Government as one of honesty, truth, and justice. This intern program makes it possible for the taxpayers to see and know their representatives at work and this can do much to restore the good name of the Congress.

I realize the intern program costs money, but I believe this money is well spent. It serves a threefold purpose: 1. the taxpayers have an opportunity to get some idea of the problems which their representatives face; 2. the representatives can receive candid and unbiased opinions from the taxpayers about the agencies as they represented themselves to the interns; and 3. the agencies and bureaus need to be aware of the fact that the public is watching and appraising them, and that they may not always be independent domains siphoning off the major portions of the allocations meant for the people.

I hope the program will be continued, and that it will be greatly enlarged to the point where the input from the interns to their sponsors can be put to meaningful use by the Congress in preparing the annual budgets.

I might mention here that several interns felt it would be helpful to all if meeting space was available to them so they could come together daily for a short while for discussion and also to prepare a composite report. Some felt it would be advantageous for the group to appoint a chairman and a secretary to preside, and that the secretary take notes at these meetings and prepare a group report, even if it meant the secretary would need to stay over another day or two to do this. I do not know if this would be practical but I merely mention it to apprise you of the thinking of some interns.

I am very grateful for having had the opportunity to participate in the senior citizen intern program for 1976.

Respectfully submitted,

MARGARET R. MANNY.

Mr. SISK. Mr. Speaker, this was my second year of participation in the senior intern program, and my staff and I have again enjoyed and profited from the rewarding experience of becoming better acquainted with two very active and dedicated community leaders from the 15th Congressional District of California, Mrs. Sudie Douglas and Mr. Scotty Kludt, both from Fresno.

Mrs. Douglas and Mr. Kludt have indicated to me that their 2-week internship here has given them a broadened understanding of the workings of Congress and the Federal agencies which administer programs for the elderly, and the information they gained while here will be helpful to them in their work at home as representatives of the senior citizens of the community. Although I have maintained communication and a good working relationship with Mrs. Douglas and Mr. Kludt over the years, it is my personal feeling that through the internship program, our lines of communication have been strengthened.

The daily seminars and presentations by various officials from the executive agencies were very worthwhile, Mrs. Douglas observed, and she found that especially helpful were the evening "rap" sessions when the interns got together to compare notes on various programs ongoing in their communities and to exchange ideas on resolving common problems. Mr. Kludt found the intern program to be doubly valuable to him in his dual role as a community leader and a graduate student working on his masters thesis on "Legislation for the Aged and the Political Arena."

My interns and I agree that this year's program was a tremendous success, and we would like to take this opportunity to express our appreciation to EDWARD BIESTER and ELWOOD HILLIS and to their staff assistants who again did such a fine job of coordinating the seminars and other activities. It is my sincere hope that many more of my colleagues here in the House will join in the senior intern program next year.

Mr. REGULA. Mr. Speaker, I welcome this opportunity to comment on the senior citizen intern program. I have been a participant in the program for several years. Once again, I offer my congratulations to my colleagues, PETE BIESTER and BUD HILLIS, for coordinating a very successful and meaningful program.

I was privileged to have Mr. and Mrs. Stanley Weddell of Wooster, Ohio, serve as my interns this year. Their time as interns in my office was used constructively. Their enthusiasm in meeting the challenges of the senior intern program was refreshing. Both are extremely active in their church and Mr. Weddell has been a leader in a wide variety of community projects affecting senior citizens.

The Weddells came to Washington to learn about Government programs, Federal agencies, and the legislative process. They also came to share their ideas as local participants in the federally funded seniors' programs. They left with several tapes of speeches on pertinent issues, a briefcase full of information, and with a range of new knowledge on the Government process. This they intend to share with any willing and interested people in the 16th Ohio District.

The Weddells expressed to me, with pleasant surprise, the amount of concern shown by all of us here in Washington. On a personal level, they saw that Washington was made up of people caring about other people. They seemed satisfied that their concerns were our concerns as well.

As a Representative, I too consider the intern program very beneficial. It gives me the opportunity to learn how the programs legislated by Congress really effect the people they were designed to benefit. Too often, we pass legislation and fail to follow through to see if it is effective. The senior citizen intern program gives us the necessary feedback to become more responsive to needs specific to seniors. We become aware of the shortcomings of our programs and can address them with further legislation.

This year the program consisted of 2 weeks of interesting meetings and lectures on issues affecting the senior citizens. These provided the opportunity for two-way communication between the coordinators of Federal programs and the participating seniors. In addition, the Weddells had the opportunity to sit in on a teleconference with Eric Zausner, the Deputy Administrator of the Federal Energy Administration, and Robert Fri, Deputy Administrator of the Energy Research and Development Administration. This provided great insight to the Weddells on the energy problems this Nation faces, and the role in Government is playing in solving them.

The senior citizen intern program lasts only a short while, yet those participating will value their experiences a lifetime, and many constructive ideas will have been shared between the Government and the governed. I would encourage all of my colleagues who have not yet done so, to take advantage of this program and sponsor interns next year.

Mr. DERWINSKI. Mr. Speaker, it was a special privilege for me to participate in the annual congressional senior intern program. Mr. and Mrs. Leonard Mack of La Grange, Ill., were my senior interns, and the experience and practical knowledge gained during their stay in Washington were far beyond both their and my expectations.

Basically, the program was intended to provide the senior interns with information and ideas which could be of assistance to them and their fellow senior citizens in dealing with matters in which they have a special interest. They attended a series of briefings with experts from Government agencies and private groups on legislative and program areas of concern to older Americans.

Mr. and Mrs. Mack also spent time in my office, and my staff and I had an opportunity to benefit from their experience as they learned something of the operations of my office in handling constituent inquiries and opinions.

I believe that Mr. and Mrs. Mack gained a great deal of insight during their stay in Washington which is enabling them, now that they have returned home, to share their experiences and information gained with various senior citizen groups in whose meetings they are participating.

Mr. MANN. Mr. Speaker, because of the success with which the senior intern program was greeted in the Fourth District last year, it was my pleasure to again invite a representative of the senior citizens of Greenville and Spartanburg Counties to participate in this instructive exchange.

Mr. Arthur B. Abercrombie, 75, a member of the board of directors of the Spartanburg Council on Aging, an active member of church, and civic organizations in his community of Woodruff and former director of the Columbia Regional Division of the Interstate Commerce Commission, ably represented my senior constituency. He was also an articulate spokesman for the special problems of the elderly, especially those in rural areas, drawing particular attention to the need for improved transportation services, nursing care, and housing.

Through his participation in seminars with executive and congressional experts and onsite visits to those Federal agencies dealing most extensively with the aged, Mr. Abercrombie has gained new responding to those needs and a greater appreciation for what he termed the "genuine concern for the needs of the elderly" by the Congress. Mr. Abercrombie commented:

> Although the amount of money spent at the top looks big nationwide, when it gets down to our council it's limited. By the time you spread it out it gets very thin.

Mr. Abercrombie anticipates spending the next several weeks contacting senior groups in the Fourth District to advise them of Federal programs and policies and proposed legislation pertaining to the aged. It is this enthusiastic interest of participants in the senior intern program in sharing their new expertise which makes this program particularly worthwhile.

The experiences of Mr. Abercrombie and the other senior interns are indicative of the awareness and fulfillment that can be derived from the opportunity to observe and participate in the daily business of Government. Communication of this kind between Congressman and constituent can only enhance the development and implementation of programs which will be effective in responding to the requirements of the elderly in our population.

I am looking forward to a continuing dialog with Mr. Abercrombie and with senior citizens in my district.

Mr. LEVITAS. Mr. Speaker, it is indeed a pleasure to join in this special order to pay tribute to the men and women who participated in this year's senior intern program. I was privileged to appoint two senior citizens from the Fourth District of Georgia to participate—Mr. J. Paul Dawson and Dr. Ada Fort. Unfortunately, Dr. Fort was unable to attend because of illness, however, I look forward to her participation in the next program.

I believe the senior intern program brings an added dimension to our work as Members of Congress. It gives us insight into the very special problems of retired and elderly citizens, including how they might best utilize the talents and knowledge of a lifetime to make a continuing contribution to our society.

Mr. Speaker, I take great pride in the willingness of senior citizens in my district to become involved in the workings of the congressional office. Through a senior volunteer program which I initiated following my election to the Congress, senior citizens volunteer their time to work in my home office in Decatur doing typing, filing, reading, and clipping of newspapers and other assignments. I am grateful for their valued assistance. In addition, I work closely with senior citizens groups in scheduling my mobile office in locations where their members can have easy access to congressional services. Senior citizens have also assisted in the distribution of posters which explain services available through the congressional offices. I wish to commend my colleagues, Congressmen Bud Hillis and Ed Biester, for their untiring efforts on behalf of senior citizens. This fifth annual senior intern program was not only beneficial to Members of Congress, but it also gave the participants new insight and involvement with the Federal Government. I am pleased to share with you the comments of my senior intern, Mr. J. Paul Dawson:

The 1976 Congressional Senior Intern Program

A Report

In the fourth year of the very interesting and innovative Congressional Senior Intern Program I was fortunate to be chosen by his committee appointed for the purpose to be one of the interns from the office of Congressman Elliott H. Levitas of the fourth district of Georgia. Dr. Ada Fort, the other intern chosen was unfortunately unable to attend for reasons of health.

The 1976 program ran from May 3 through May 14. Forty-five were registered for the program, of which forty-four actually came and all but two or three, who had to drop out, finished the program. Attendance at meetings was very good, although certain ones were habitually tardy, and some had to miss some meetings due to special appointments with or arranged by their sponsoring congressman.

We had Monday morning to get acquainted with the office of our respective congressmen. I had arrived early the morning before, and had walked ten or twelve miles over Washington, as well as attending church.

Monday afternoon a get acquainted reception was held, at which we met each other and also met Rick Carson and Donna Norton, from the office of Congressman Edward G. Biester, Jr. of Pennsylvania, who were our moniters throughout the program and were very helpful in many ways.

Starting on Tuesday, we had morning and afternoon sessions, the first of which was a visit to the Capitol, an explanation of the legislative process given in the House chamber, and a tour of the Capitol building itself. That afternoon we heard from representatives of senior citizens organizations, with which most of us were already familiar, but questions were answered for those concerned beyond the formal presentations.

Wednesday morning we were briefed on legislation on aging by staff and counsel from two committees from each house of Congress with the impressive names of Select and Special, all for aging. Some of the more interesting information, I thought, was the concern of Congress for the long range care of the aged unable to care for themselves. One of our college professor interns brought up, at a later meeting, the matter of what research was being done on the subject of euthanasia, but received little or no information on that subject.

Wednesday afternoon we heard from the Administration on Aging and the Federal Council on Aging. I afterward visited the offices of the Administration on Aging and secured a great deal of literature requested by Ga. representative Eleanor Richardson, as well as some for myself I had not had.

In most of our meetings we were given quite a bit of material, mostly concerning hearings on legislation or explanations of functions or duties of various agencies.

Besides meeting with people from the Federal Trade Commission, H.E.W., H.U.D. and the Food and Drug Administration, we were exposed to some citizens groups. For instance, in the meeting on consumer problems of the Older American, after we had heard the defense of F.T.C., H.E.W., F.D.A. and the Consumer Product Safety Commission, by their representatives, we heard Kathleen O'Reilly, Legislative Director of Consumer Federation of America on many of the things they might and should have done and didn't. She seemed to know where the bodies were buried.

The White House tour was interesting, of course. It looks better than it did thirty years ago. The trip to Baltimore to see Social Security in action was principally a look at some enormous cafeterias, although they did show an interesting movie of the early days of the New Deal period, out of which Social Security came. Reaction from the interns, who were from fourteen states, were most interesting. We learned, too late, that most had been unable to hear much of what was said by many of the speakers, who although they had no amplification of their voices, did not project their voices. One man said it was the first time he had ever been four hundred miles from home. He spends all his time caring for the frail and handicapped.

Some of us who are able to do so, pledged that we would be available, after digesting the information we had received, to speak to interested groups on the problems and concerns of the aging. We learned that some congressmen had a home office staff member who is a senior citizen and is specifically assigned to this field.

I have been asked to get in touch with the Christian Council of Atlanta to explore the possibility of service to them in the field of aging.

This brief report would not be complete without mentioning the kindness and consideration shown me by my Congressman and his wonderful staff. I am sure I appreciate it more than would have visiting royalty, who could not have been treated better. The trip will always be treasured in memory.

God bless.

J. PAUL DAWSON.

Mr. RUPPE. Mr. Speaker, this year, my office participated in the senior citizen intern program for the first time, and I cannot praise this unique congressional undertaking too highly.

Mrs. Lulu Niquette of Escanaba, Mich. ably represented northern Michigan as our senior intern, and she also gave the program high marks. In fact, in the attached report written at the conclusion of her 2-week visit, Mrs. Niquette expressed her hope that every 11th district senior could have the pleasure of serving as a senior citizen intern.

I, too, wish that that were possible for this program provided an invaluable learning experience for all involved. For the interns, the Government became less remote, more real, and more responsive. They were able to observe the legislative process firsthand, familiarize themselves with the maze of programs designed to assist the elderly, and exchange ideas with Government policymakers.

At the same time, the program afforded a worthwhile learning experience for the participating congressional offices by opening a new channel of communication with older Americans. We were able to learn more about the problems and concerns of individuals in this age group and have hopefully enhanced our ability to design legislation to meet their needs.

An unexpected bonus, perhaps, was the fact that the program even provided a learning experience for individuals who did not personally participate in it. Mrs. Niquette had an extremely busy speaking schedule after her return to Michigan, and I suspect that many other interns also shared their new knowledge with their neighbors.

I was favorably impressed, then, by the opportunity this program provided for communication between the senior citizens of this country and their elected Representatives. However, I was equally impressed by its tremendous spirit. For me, this spirit was exemplified during the luncheon which was held on the next to the last day of the program. The individuals on hand came from all sections of the country, all age groups, and all walks of life; yet they were all Americans, bound together through mutual respect and understanding and working together to solve the problems of the aged.

It was this spirit which made participation in the senior intern program especially meaningful for my office. I commend my colleagues, Congressman BIESTER and Congressman HILLIS, for the work they did to make this program such a success, and I only regret that PETE's retirement will preclude his involvement next year. However, the foundation he has built is a strong one, and I am confident that the senior intern program will continue to serve as an ongoing tribute to his foresight, initiative, and concern for the problems of older Americans.

Mrs. Niquette's report to northern Michigan's senior citizens follows:

DEAR FRIENDS: I sincerely hope that every one of you, at some time, can have the pleasure of being a senior citizen intern. A very active agenda was prepared for our two-week stay in Washington.

To start with, I spent some time in Congressman Ruppe's office getting acquainted with the staff and learning what goes on. Then I attended a get-acquainted reception. Fifteen states were represented by 47 interns. A writer from the *Senior Power* magazine was also on hand. I was the only intern from Michigan.

Next, we met in the Great Rotunda of the Capitol for a tour of the Congress and received a very interesting explanation of the legislative process. When the House was in session and it was time to vote, buzzers would sound throughout the rooms, and you would see Congressmen scurrying to the Capitol.

During the two-week program, we learned about the problems and concerns of older Americans. Of course, no two localities have the same problems, but every problem is important, and this is where answers are sometimes found. However, nursing home problems have not yet been solved despite the efforts of Congressional Committees interested in long-term care.

We also learned about the goals of the Administration on Aging and what has been accomplished so far. A movie was shown on the various models of buses used to transport older citizens and the handicapped. We learned that funds are available in all 50 States for senior transportation programs.

We discussed consumer problems of the aged at great length and learned about outlets for action in various senior volunteer programs. This is an area in which older Americans can be very useful. I always say "you won't wear out, you'll just *rust* out if you sit around idle."

We were taken to Baltimore, Maryland in a school bus to visit the Social Security Administration and were shown some of the processes they follow to relay information. It is a vast system with an unbelievable number of employees just in Baltimore, not to mention all of the branch offices. On the return trip, a gentleman from Indiana, who is an elder of his church, suggested that we forget our troubles and join in a group sing. It was about a 45-mile trip, and we sang songs dating way back to the 1920's all the way back to Washington.

A tour of the White House was arranged for us, along with a very educational briefing by a White House staff member. We saw some of Jackie Kennedy's extensive decorating. It is amazing what changes have taken place through the years.

Besides the planned tours, on the weekend, some of the interns went cruising 15 miles down the Potomac River to Mount Vernon. And Sunday, we took advantage of the tours to Arlington Cemetery, watching the Changing of the Guard at the Tomb of the Unknown Soldier. The view from Robert E. Lee's home in the Cemetery was outstanding. Then we visited the National Shrine.

It was almost beyond belief how much pleasure could be found amongst so much work!

Sincerely,

LULU NIQUETTE.

Mr. FISH. Mr. Speaker, I would like to commend my colleagues, Mr. BIESTER and Mr. HILLIS, as well as their staffs, for their leadership in the senior citizen intern program. It is indeed a pleasure for my office to partake in this unique program.

Westchester County residents, Alice Noble and Lucille Spooner, active individuals in the affairs of older Americans in my district, participated this year. The program gave them the opportunity to observe firsthand how their Government operates, with a special emphasis on the affairs of senior citizens. Their active schedules involved indepth briefings on Federal programs and Federal legislation designed to assist the elderly. I find considerable value in such a program geared toward opening and strengthening lines of communication between senior citizens and the Federal Government. In addition, it was a rewarding experience for the interns to meet and work with older Americans like themselves, from all parts of the country.

Mr. Speaker, at this time I would like to insert in the RECORD reports by Mrs. Noble and Mrs. Spooner of New York State's 25th Congressional District:

REPORT SUBMITTED BY MRS. ALICE NOBLE

I was honored to have been one of two Senior Citizens from the 25th Congressional District of New York to be selected to attend the Senior Intern Program in Washington, D.C. from May 2nd through May 14th.

Those of us who attended had varied backgrounds, coming from widely separated areas of the United States and were, I feel, a cross section of the average older American citizen.

The program provided a birdseye perspective of the Legislative Process in Congress. After a general "over all view" on our first day, which included a visit to the House Floor, a short explanation of the legislative process and a tour of the Capitol itself, we turned to the problems and concerns of "The Older Americans."

Some of the topics discussed at the sessions on the following days were Transportation for the Aging, Consumer Problems of the Older Americans, Housing for the Elderly, Services for those with Special Needs, the Tax Dollar and the Elderly, and utilizing the skills and experience of Senior Citizens.

Transportation service for the elderly is a matter of great concern and growing greater. The majority of Senior Citizens no longer drive their own cars and must have some low cost means to get to medical and shopping facilities and Senior Centers. These services are coming far too slowly. Congress must implement new methods of getting necessary transportation within reach of our aging population.

I have been an active member on several Geriatric Committees of Mental Councils in our area for the past seven years and, therefore, am especially interested in the programs on Nursing Homes and Home Health Care. These also included Health Related Facilities, Health Centers and Meals on Wheels, all of which are tied in with the American Association of Homes for the Aging. These programs are not only for the physically incapacitated but for the mentally ill as well. The unbelievably large number of aged mentally ill in our country is appalling and I particularly appreciate efforts being made by Congress in their behalf.

A visit to the Social Security Administration in Baltimore, Maryland did not impress me favorably—a sea of faces behind desks, the large majority idly watching our group pass by. Perhaps we were there during a lull in activities? Most of our interns had the same impression.

I was delighted to have been a participant in the Senior Intern Program, to hear how much is being done for the elderly, to learn how much action is being taken in our behalf on the many problems of the Older Americans.

As an additional bonus, I had the opportunity of observing the House Judiciary Committee in action, and also attending two late afternoon sessions of the House debating and voting on important bills.

I trust these Senior Intern Programs will continue. I believe that the aging citizen in our country has lived to see both "the good and the bad" of many programs set up in Washington, and that they can be of value in assessing these programs in years ahead. My thanks to Congressman Hamilton Fish, Jr., who made possible for me a most memorable and constructive two weeks in Washington.

REPORT SUBMITTED BY MRS. LUCILLE SPOONER

I am grateful for the privilege of having participated in the Senior Citizen Intern Program. It was a unique experience, and an eye-opener in many ways.

I think the majority of Senior Citizens had a rather vague conception of the workings of the Federal Government and felt that more should be done faster. An experience such as this, gives one a different perspective and a clearer understanding of the time-consuming procedure involved in the legislative process in Congress.

We attended two seminars nearly every day, and also had the opportunity to observe a House Judiciary Committee meeting and sessions of the House of Representatives. Many subjects pertaining to the aged were covered and, while there is still much to be done, especially in the areas of housing, transportation and health, it is gratifying to know that our Congressmen are fully aware of these problems and are working to solve them.

Our group consisted of 35 people from many different sections of the country; 15 states being represented. It was interesting to hear their various viewpoints and to learn that, while all of us have similar problems in a greater or lesser degree, in some areas these problems have been solved at a local level. This should be encouraged.

I was impressed by the slides we were shown of the programs initiated by ACTION. This is a commendable service for keeping older people interested and useful and giving them a sense of self-worth. We also saw slides of buses and vans with special equipment for the aged and handicapped. This is a service that is greatly needed and should be expanded.

Probably the greatest problem of older people is health. The exorbitant costs of doctors and hospitals are beyond the means of many senior citizens, while the need for them increases. I believe that anyone who needs medical care should be able to afford it, and for this reason, I am strongly in favor of a National Health Insurance Program.

Social Security is of course a "must" as so many people have come to depend upon their monthly checks and without them would have to go on Welfare. Most of us have paid into Social Security for years and have surely earned the right to expect something in return.

I would hope that additional Senior Citizen Centers could be developed which would provide companionship for individuals, while at the same time assist in nutrition problems and counselling in other areas where it is needed.

In conclusion, I would like to express my appreciation for the opportunity to be part of this enlightening experience. I feel certain there is great benefit to be derived from continuation of the Senior Citizen Intern Program.

Mr. SHARP. Mr. Speaker, I was greatly pleased to participate in the congressional senior citizen intern program this year.

My observations have convinced me of the immense beneficial effect this program has had on the interns and subsequently, their senior companions in Indiana's 10th District.

Mrs. Julia Edwards of Muncie, Ind., coordinator of local ACTION senior citizen programs, and Mr. Francis Warner of Mooreland, Ind., who is exceptionally active in RSVP and other volunteer programs, served as representatives from my district.

The interns eagerly welcomed each day of the 2-week session. They spent much of their time engaged in intensive briefings on Federal programs designed to aid older Americans.

Of particular interest to Mr. Warner and Mrs. Edwards were the seminars in which Federal agency specialists discussed housing, transportation, and home health care, all urgent concerns of the elderly.

In addition to gaining a broad overview of the Federal Government, they enjoyed helping my staff members with general office work each day and learning how a congressional office operates.

Mr. Warner and Mrs. Edwards, at the conclusion of their internship, each presented me with a synopsis of their findings and recommendations. Their thoughts included the following:

Mr. Warner: "Our stay in Washington has been a marvelous experience and we have benefited greatly by it.

"I was amazed at the funds which are available for so many worthwhile projects, including services for those with special needs.

"The Foster Grandparent Program should be established in many more areas. So many underprivileged, retarded, or lonely children need the love and care an older person can give. The film we saw Friday greatly impressed me . . . we older men and women can do so much for others!

"After seeing our government in action, I am amazed that it accomplishes as much as it does as quickly as it does. I am convinced that Members of Congress are concerned with the welfare of senior citizens and are trying to find workable solutions to the special problems of this group."

Mrs. EDWARDS: "This has been a most inspiring and interesting experience for me. I came here with an open mind, wanting some answers. My idea was first, to be a good listener and second, to contribute what I could along the way.

"The experience has broadened my horizons and my thinking on how our government operates."

Upon their return to Indiana, Mrs. Edwards and Mr. Warner reentered senior citizen activities with renewed vigor.

They have shared their internship experiences with senior citizen groups and encouraged their listeners to productively use ideas they have conveyed.

I think it is important for all of us to recognize and utilize the rich resources our older Americans have to offer us. We can learn so much from them.

During the internship, Mr. Warner and Mrs. Edwards frequently expressed to me their feelings that older people want to be involved. The elderly people want to remain active during their retirement years; they are capable of enriching our lives with their personal experiences and contributing their special skills in areas which are in high demand.

In closing, I want to say that the senior citizen intern program has proved to be an excellent means for the transmission of ideas between the elderly and our Federal Government.

This program has enabled me to direct my attention on the elderly, focus more clearly on their special needs, and deal more effectively with the problems confronted by senior citizens in our 10th district.

For these and other reasons, I certainly recommend the continuance of the senior citizen intern program, and similar projects, which foster open communication and stimulate our responsiveness to a vital segment of our society, our older Americans.

Mr. OTTINGER. Mr. Speaker, in May of this year, it was indeed a pleasure to have Austin Welch with us as a participant in the senior citizen internship program.

Vice president of the Westchester Council of Senior Citizens, Mr. Welch brought to this office and my staff a number of new ideas, many of which he hopes to help us put to use in Westchester County. They include:

First. Informing and training the local officers of senior citizens clubs and centers;

Second. Obtaining action by the Westchester Council of Senior Citizens on the finest and most up-to-date services learned in this conference;

Third. Communicating the best learned through the Voice senior citizen newspaper and in the Westchester County Quarterly News "Sixty Plus"; and

Fourth. Sharing with the county government's advisory council on the aging the latest information on Federal funds available to help finance a wide range of senior services.

Following Mr. Welch's visit with us, the Patent Trader ran a most enjoyable story which described his stay in Washington and participation in the intern program. It is my pleasure to share this now with my colleagues:

[From the Patent Trader, June 5, 1976]

D.C. INTERSHIP: SENIOR IDEAS

(By Marian Kisch)

PLEASANTVILLE.—Austin Welch went to Washington, D.C. to learn about the rights of senior citizens. He came back convinced that local governments must take the offensive in getting the most benefits for their elderly.

"You have got to be well informed and know where the benefits are," Mr. Welch told Patent Trader Tuesday. "We must transfer that to the minds of the presidents of senior citizens clubs—and hope they will act."

Mr. Welch, former village manager of Pleasantville and current vice president of the Westchester Council of Senior Citizens recently completed a two-week senior citizen internship program in Congressman Richard Ottinger's office in Washington, D.C.

From May 3 to 14 he lived with 50 other senior citizens, attending daily sessions on housing, transportation, social security, health, taxes, welfare, recreation and nutrition.

His day started at Mr. Ottinger's office, seeing the congressman "on the run" and working with his staff assistants on subjects of particular interest to him. He acquired reams of paper on various bills and hardly ever went to bed before midnight "reading all the stuff that poured out during the day."

Mr. Welch attended daily sessions of the Senate and House of Representatives and learned the ins and outs of government committees, including the importance of making the correct contact and being persistent.

"You shouldn't be afraid of town officials," said Mr. Welch. They need to be pushed to seek out aid for senior citizens.

"To me, the most underprivileged in this country is the lower one-third of the middle class," Mr. Welch said.

Transportation is a big concern to seniors. Many do not have cars of their own, and public transportation in Northern Westchester is sparse. Pleasantville has had a Blooper bus for the past six months on an experimental basis. The bus makes four big loops through the village and helps seniors get around.

But Mr. Welch saw a wealth of information about minibuses while in Washington, some of which he wants to pursue for the county. There are minibuses, admittedly more expensive, specially designed for senior citizens, with special low steps, extra bars to give the elderly something extra to pull up with, and some with lifts for wheelchairs.

Mr. Welch said there are federal subsidies in the federal transportation act for minibuses.

"Local governments should look carefully into the laws—for subsidies—be persistent, and stick to it," he said.

Another possible source of revenue, according to Mr. Welch is the Community Development Act which has provisions for senior housing. "But the local government has got to act."

But Mr. Welch believes it is worth the time and effort if seniors can have better transportation and housing, and ultimately a better life. He cited the 100 unit senior citizen housing project in Tuckahoe. "I see that what a few have done, all could do."

Persistence is the key, according to Mr. Welch. Persistence and cooperation is needed on the part of senior citizens and local governments to find available monies to make life easier for those who "need to find a niche in life."

Mr. ROBINSON. Mr. Speaker, in participating for the first time in the senior intern program, I have been impressed by the volume and quality of volunteer effort which has been invested in the program. I want to express my appreciation to the gentleman from Pennsylvania (Mr. Biester) and the gentleman from Indiana (Mr. Hillis) for their leadership in this effort and to the two members of their respective staffs who were so notably involved in the logistics of the program—Rick Carson and Donna Norton.

I want to emphasize that I do not mean to overlook the substantial contributions of many other members, and their staff personnel, as well as the committee staff people who participated in the seminar sessions.

The interchanges provided by this program are of great value, I believe, in improving our understanding, as Members, of the impact, both helpful and disadvantageous, of Federal programs on citizens of widely varying backgrounds who have in common the state of advanced years.

I have been assisted by the comments of my senior intern, and it is my hope that he may be inclined to favor me with further observations from time to time. After considering the applications I received, I offered the internship to Dr. Stanley F. Bulley of Spotsylvania County, Va., professor emeritus of music at Mary Washington College of Fredericksburg, Va., in the Seventh Virginia Congressional District, which I have the honor to represent.

On completion of the internship, I asked Dr. Bulley to provide me with a memorandum of his reactions to the program, and I include in my remarks at this point his frank comments, as follows:

CONGRESSIONAL SENIOR INTERN PROGRAM—1976

Intern: Stanley F. Bulley

Sponsor: J. Kenneth Robinson, M.C.

Comments: First and foremost, the masterful and kindly ways in which Rick Carson and Donna Norton managed a large, diverse group of participants resulted in a smooth and harmonious functioning of the program. Both sponsors and internees were fortunate to have had them marshal the program.

The scope of the program, the large number of speakers who were articulate, lucid informants of their particular subjects, enlarged my horizons and conception of what government really means to this nation. Hopefully, I shall be more able to convey this impression to the concerned people in my area who are actively engaged in programs for senior citizens, so that the intentions of the Federal Government can be implemented fully and efficiently.

It is, therefore, with some temerity, that I suggest some modifications to the 1976 program which may not be possible to provide. I suggest the following sequence:

1. The administration on Aging: coordinating the Federal approach.

A short, introductory talk by Dr. Flemming, who is virtually unknown to most of the 1976 internees, would be invaluable in setting the 'tone' of all the ensuing sessions.

2. The legislative process: the organization and function of committees and subcommittees.

3. Overview of current legislation. The presence of the sponsors of the bills would be invaluable. If possible, time should be allotted in the program to permit the group to be present for at least one hearing period.

4. Advisory sources.

5. Non-government agencies active in the government process. Include if desirable, the Grey Panthers, rather than allot one whole session to this organization.

6. The White House: a briefing on its current organization with a flow chart to diagram its function, and relationship to the legislative process. I would have welcomed the opportunity to browse, if even for a few moments, in the library, and also in the gardens and grounds.

7. Utilising the skills and experience of senior citizens.

Some of these suggested topics can, and should occupy more than one session. For example, many of the internees could have contributed their first-hand experience in No. 7. This observation leads to the consensus of the group of the crucial need of site space, for informal sessions of the group, for interchange of information of the activities in their own locations. Some of these meetings should be moderated by a person comparable to Rick Carson, in order to keep discussion under control and to the point.

In my opinon, only one topic needed expansion and clarification: the relationship and role of the Federal, State, and Local Governments in all aspects of the application and functioning of the legislated programs.

I foresee the need to review and re-design the whole program if the project expands, as it should. On several occasions, it was apparent that the group was too large to permit pertinent questions to be asked and answered effectively in the limited time available.

One observation relative to section, "Solution: Legislation," on page 3, Senior Citizen Internship Program, report of the Select Committee on Aging (printed 1976), H. Res. 503: The proposed stipend of up to $150 per week needs review. While it may be that some internees affiliated with agencies are subsidized under the educational provisions of the several programs, it should not be assumed that all are so fortunate. None of those with whom I exchanged confidences wished to profit financially, but all found it necessary to augment their stipends with personal funds to meet the modest expenses incurred.

In conclusion, I can affirm that as far as I am concerned, the Goal of the Program, as stated in the Select Committee Report, was attained. The project exists as a monumental tribute to the acumen, vision and wisdom of the Congressmen who participate. H. Res. 503, by Congressman Matsunaga, co-sponsored by 93 House Members, deserves prompt consideration and positive action.

Respectfully submitted

STANLEY F. BULLEY.

May 30, 1976.

Mr. WYDLER. Mr. Speaker, for the third straight year my office has participated in the congressional senior citizen intern program, and our participants from the Fabulous Fifth Congressional District of New York have again proven this to be a very meaningful project.

This year's participants, Mrs. Selma M. Swilling of Long Beach, N.Y., and Mr. Joseph Tenner of Hewlett, N.Y., were indeed articulate representatives of our district's older American population. Both representatives took an active part in all phases of the senior citizen intern program during their 2-week stay in Washington, and both proved to be outspoken representatives for all older Americans.

The two senior citizens were selected by a panel of judges from nominations submitted by older American organizations located throughout the Fifth Congressional District. The selections were made on the basis of the individual's activities within local senior citizen organizations and overall concern for fellow older Americans.

Mrs. Swilling was nominated by the Jewish Association for Services for the Aged, Brookdale Senior Citizen Center of Long Beach. Since moving to Long Beach 3 years ago, she has been active in senior citizen affairs and has served as an RSVP volunteer, a member of the Long Beach Senior Advocacy Committee, and a volunteer at the Long Beach Extended Care Facility. She is an active member of the Brookdale Senior Citizen Center and writes articles for the center's journal.

Mr. Tenner, nominated by the Five Towns Senior Center, Inc., Woodmere, N.Y., is keenly interested in legislation and policies affecting all senior citizens and by profession is an attorney. He served as a board member of the Five Towns Senior Center, and is chairman of the bylaws committee for the Men's Club, Five Towns Senior Center. Mr. Tenner is also president of the senior group of the Hewlett-East Rockaway Jewish Center and is affiliated with the Community Council of Five Towns as a representative. He regularly addresses senior groups on law-oriented subjects of importance to all older Americans.

The two representatives were selected by a panel consisting of Murrae Feingold, chairman of the Older American Volunteers Committee; Mrs. Adelaide Attard, commissioner, Nassau County Department of Senior Citizen Affairs; Mrs. June Weiler, field representative, Services for the Aging, Town of Hempstead; and Mrs. Mary McGrath, senior adult consultant, Services for the Aging, Catholic Charities.

Upon their return to Long Island, Mrs. Swilling and Mr. Tenner used information gathered during the program to assist and enlighten other senior citizens within their respective organized older American groups. Also, both have provided me with sources of information concerning the problems of aging.

Mrs. Swilling and Mr. Tenner have submitted reports to me concerning their stay in Washington and the senior citizen intern program in general, and their comments are included herewith for the information of all senior citizens in our Fifth Congressional District:

REPORT OF SELMA M. SWILLING

First, and commenting generally on the Intern program itself, I carried home the thought that more attention should have been paid . . . to the legislative processes. The visit to the Social Security building could have been eliminated and attendance at the legislative sessions substituted. I think most of us would like to know how laws are enacted. Visual representation is, I believe, easier than reading about it.

The sessions are extremely tiring. . . . Those organizations submitting names for the Intern program should be apprised that it takes a healthy senior to keep up the pace.

What can be done to cut down Federal taxes for seniors, particularly widows? With the high rents, etc., if the government does not do something quickly it will be much more expensive in the long run, for we will all be on public welfare.

Medicare needs some re-tooling fast. I understand Senators Ribicoff and Fong have something in the works. I do not know just how far this bill has gotten. I have recently had some hospitalization and so am cognizant of the fantastic charges.

There is now talk of the IRS wanting the banks to withhold taxes on savings. The middle-man is again the scapegoat. Instead of not taxing bank accounts, and closing the loopholes for the rich, we are constantly being taxed for being thrifty. Seniors will be forced to divest themselves of their funds. Seniors who are in the singles bracket (widows, widowers) are carrying too heavy a burden now.

Transportation, particularly for seniors, is bad here (Long Island). A car is a necessity and, as most of us are past driving, a taxi is a necessary resort. This, I believe is a County issue, but Federal funds are important.

REPORT OF JOSEPH TENNER

I am reporting pertaining to the Senior Citizen Intern Program conducted from May 3–14, 1976, in Washington, D.C.

During the two weeks stay in Washington, D.C., I participated in a series of briefings which were informal. Short panel discussions were followed by question and answer periods.

There were 34 Interns in our group, coming from numerous states of the U.S.A.

In all of the aforesaid briefings, I participated and asked many questions and shared my thoughts and experiences with my contemporaries, as well as with the key people in and out of Government.

Washington, D.C. was not new to me in that my background of fifty-five years as an Attorney at Law of the State of New York, afforded me an opportunity to visit Washington at least twice a year in matters pertaining to Immigration Appeals. I appeared before many committees of both the House of Representatives and the Senate, pertaining to matters of interest to my clients. I visited Senior Citizens Centers, thus giving me more of a knowledge of the issues important to the elderly.

The briefings took place from 10 A.M. to 12 Noon and from 2 to 4 P.M., thus taking up a period of 40 hours. In addition there was a summation period by all of the Interns at our hotel each evening taking up approximately ten hours.

Thus it can be seen that the time spent in attending the briefings and collaboration with my Interns permits me to briefly cover same in this report.

Numerous people have lost confidence in our government as evidenced by the fact that, before going to Washington, many people approached me and said "Straighten them out; give them hell", "Where have we gone wrong?", and the proverb "It's later than you think" has been changed to "Time is running out."

REVIEWING FEDERAL PROGRAMS

In the past few years, the business of government has become increasingly complex. Simultaneously, the opportunities for public participation in the conduct of government has grown significantly.

SUBJECTS COVERED AT BRIEFINGS

Transportation, nursing homes/home care, nutrition, senior centers, crime, legal problems, housing, pensions, taxes, current legislation, advocacy, general interests, social security, health, food stamps, inflation, continuing education.

The above subjects were studied by me in full detail, and I can safely say that I have amassed enough material to write a book covering same but my report does not permit me to go into full elaboration of same.

I shall report to my senior groups with a question and answer format, thus giving me the opportunity of explaining many of the above subjects in more detail.

FACTS ABOUT ELDERLY

4.8 million in poverty (out of twenty two million in the United States).

More than half enter retiring in debt. Alcoholism and mental illness are rampant among the aging.

Many Senior Citizens feel that nobody cares about them and many have been virtually abandoned by the children who could well afford to help them.

Many are afraid to leave their rooms by reason of violence in the streets, thus living alone.

The biggest problem is—Loneliness.

Many old folks feel that the Government is giving them charity.

Many are being taxed beyond their means, to support excessive Federal welfare and food stamp give aways.

Inflation and unemployment are in large part the result of reckless government spending and massive deficits.

Many citizens are forced to exhaust their savings and borrow from relatives and live at poverty levels in order to pay their prescription drugs, hearing aids, eye glasses and dental care.

Mandatory retirement because of old age alone engenders a feeling of uselessness for those who have not prepared for it.

Security means much more than having access to the basic needs.

Necessities of life—It closely relates to trust. Without it an individual cannot grow, relax or experience even a moment's worth of happiness.

When security is threatened, anxiety and fear overwhelm the elderly victim.

Affiliation:—Human need to interact with others. The need to be with other people whether in formal or informal settings; to feel that we are an important, viable part of our social environment cannot be underestimated.

In ancient times, it was felt that exile from one's social environment was by far a worse fate than death.

Communication is a vital human need, in that it provides for making known other human needs. There must be someone with whom to communicate; someone with the willingness and patience it takes to listen and understand.

Numerous bills are now pending pertaining to the elderly.

I am in favor of bills covering the following: Energy, Health for the Elderly, Medicare and Medicaid, Long-Term Care, Human Environment, Transportation, Crime, Income and Taxation, Nutrition, Consumer Affairs, Age Discrimination, Education and Training.

In my report to my Five Town Senior Citizen Center, of which Janice Halperin is the Executive Director, and Hewlett-East Rockaway Jewish Senior group, of which I am the President, and Community Council of the Five Towns, I shall augment this report with many pieces of literature, pamphlets and periodicals.

Many of the Interns complained of many matters pertaining to their senior centers such as Transportation, Nutrition, Housing, Social Security and Medicare.

They were very much surprised when I announced that my senior center groups in the Fabulous Fifth District, of which John W. Wydler is the Congressman, managed their affairs very well.

Although, there were many problems which required special types of assistance, Nassau County, of which Ralph G. Caso is the County Executive, is considered one of the best Senior Center Groups in the State of New York.

Great credit is due to:—Francis T. Purcell, Presiding Supervisor; Alphonse M. D'Amato, Supervisor and Dr. Carol Lucas, Director of Services for the Aging, who are in charge of the following matters:

Financial Help—Social Security-Medicare.

Financial Help—Medicaid-Supplemental Security Income.

Financial Help—Food Stamps, Insurance and drug plans.

Financial Help—Veterans; Property Tax, Discounts.

Housing and Living arrangements—Leisure Time Activities—Recreation—*Leisure Time Activities*—Education Volunteer.

Employment—Help at Home. *Health Care*—Emergencies, Hospitals, Clinics—*Information Counseling*—Government Agencies for Senior Citizens.

CONCLUSION

I want to thank all of the 1976 Interns in promulgating the precepts of friendship and cooperation and for the assistance, cooperation and suggestions they have offered.

It was a privilege and honor to be a 1976 Intern.

I hope my efforts will result in a better understanding of the "Problems of the Elderly".

I want to thank Congressman John W. Wydler and his staff for doing all in their power to make my stay in Washington interesting, educational and pleasant.

Mr. MYERS of Pennsylvania. Mr. Speaker, this spring, two senior citizens served in my office as interns. They were

Mr. and Mrs. Charles Hoefling of Beaver Falls, Pa.

My entire office staff and I were impressed by the sincerity and energy of the Hoeflings and their determination to take back to their friends and neighbors in my congressional district everything they could learn or lay their hands on which would be of use to our senior citizens.

As a result of their internship, a report was compiled and sent to me on their activities and impressions in Washington. I found it candid, constructive, and helpful to my staff aides and me. I have sent a copy of the report to the House Select Committee on Aging, and I commend it to committee members and their staff assistants.

I would like, Mr. Speaker, to call to the attention of my colleagues one paragraph of this detailed evaluation of the senior citizen internship program. I quote this paragraph from Mrs. Hoefling's report:

> In my experience, I thought the first reception to be of paramount importance. It sets the stage for the interns—for good relations elicit cooperation. A spirit of criticism and the tension that naturally exists between strangers is broken if this first get-together is well-planned and a sincere, loving welcome is extended. The Senior Intern is important. His emperical wisdom and judgment are seasoned with the stark realization that funding is not everlasting and inexhaustible. He also knows values that deserve priorities. The significant draws his attention.

Thank you, Mr. Speaker.

Mr. SCHULZE. Mr. Speaker, this is the second year I have participated in the senior intern program and I was privileged to have two alert and interested persons from my congressional district serve as interns in my office.

My interns were Mr. Dee Wampler of Pottstown, Pa., a former union president, who is the vice president of the new Pottstown Senior Center and the executive director of the Pottstown Interfaith Emergency Service. He is the founder of a credit union at the company of which he was an employee.

My other intern was Miss Beverly Field of West Chester, Pa., who taught for 31 years at Skidmore College. She has traveled throughout the world pursuing her interest in biology and science and has presented travel talks to many groups.

They were selected to be my 1976 interns by a representative panel of senior citizen groups in my district. The panel obviously chose two very articulate and able spokesmen for the senior citizen community.

I had an opportunity to have several discussions with Miss Field and Mr. Wampler during their 2 weeks in my office and I have found that their questions were incisive and their comments perceptive and challenging.

Judging from their comments, I believe that they found it beneficial to learn firsthand how Congress and various Government agencies work. I know that they were most helpful to me and my staff in better understanding the special needs and interests of older citizens.

The senior citizen program, in my opinion, is an excellent means of encouraging two-way communications between senior citizens and their representatives in Congress. I commend Congressman BIESTER and Congressman HILLIS for their leadership in coordinating this program.

At this point in the RECORD, I would like to include a letter recently received from Miss Field:

WEST CHESTER, PA.,
May 30, 1976.

Hon. RICHARD T. SCHULZE,
Longworth House Office Building,
Washington, D.C.

DEAR MR. SCHULZE: Two weeks have passed since I returned home after my learning experiences as a Congressional Senior Intern so I have had time to digest and absorb the materials which we received. I was especially interested in the organizational aspects of AOA and the services etc. offered under its various titles. All of the written materials are excellent and I am using them to prepare a talk which I will give at an AARP meeting in Saratoga Springs, N.Y. next week. Upon my return I will stop in at the AOA office here to find out how it is serving this community.

I appreciated very much the personal contacts we had with you. These talks made me aware of the intracacies and work load which your position demands. I was very much impressed by your commitment to the responsibilities of being a Congressional Representative and I will take every opportunity to promote votes for you in November. The sacrifices which you are making regarding your family are really tremendous. Also I was impressed by your objective evaluation of issues and your ability to reach your own conclusions based on the facts.

Your staff members were so helpful and courteous and special thanks goes to each of them.

I liked being free to go to the House and Senate galleries and also to sub-committee meetings. My only regret was that there was not more time to attend commitee meetings. I did not choose to skip too many intern meetings.

Whoever organized the intern meetings did an excellent job. There were about 33 speakers so we were exposed to many facets of "Older American" programs both public and private.

I used the weekend to go sightseeing and loved every minute. Washington is really a great cultural center.

Please be assured that I feel the time and effort I put into the program was rewarding in many ways and I thank you for sponsoring me.

You are to be congratulated for being appointed an adviser to the U.S. delegation to the conference of the Committee on Disarmament in Geneva. Best wishes to you as you carry out this assignment.

Sincerely yours,
E. BEVERLY FIELD,
1976 CIP.

Miss Field also sent me a list of excellent and useful suggestions for improving the senior citizen program such as having a place where the entire group could gather informally to discuss matters of interest and having a final session with practical suggestions on the information gained could be put to use.

Mr. Wampler also sent me a detailed and helpful report and I would like to insert it for the benefit of my colleagues:

JUNE 21, 1976.

DEAR DICK: Thanks again for the opportunity to be a part of the Senior Intern program and especially the interest and time you gave to Beverly and myself in discussing present day problems and in making us feel as though we belonged. Your "Band-aides" are a friendly and easy group to get to know and were always willing to answer our questions or to get the information if they did not know the answer. Your interest and belief in the Seniors Intern program was expressed unmistakenly by your efforts on our behalf and the eight discussions we had with you.

I tend to be rather skeptical of all government workers, local, state or federal, and especially of bureaucrats, because of the spoil system which is too prevalent but certainly not the rule.

My first thoughts, when being told that I had been selected as one of the Senior Interns from District 5 Pa. was, what a great opportunity to tell Washington just what we the people thought of all their faults especially the lack of integrity and the apparent disregard for even basic honesty and the non-existence of common sense.

Was I surprised? When talking with you many, many times in the two weeks we spent as interns in your office. I found that my ideas, suggestions, concerns, proposals, questions, yes even my dreams of a much better and more responsive government had preceded me to Washington in the person of our Fifth Pa. District, Dick Schulze.

Above all, our Representative was a man whose inspiration and strength came from God, and this is somewhat unusual for today's enlightened, self-sufficient mixed up leadership. I was very happy to find that we had so much in common, even though we did have some difference of opinion which is expected of normal intelligent human beings. We both believe in good government but the question is how to attain it. I am at time inclined to be very critical and when we arrived at your office and saw the business like atmosphere, the cooperation, coordination and friendliness under which your different assistants pursued their given assingments, I realized that Washington was not all bad, no, not nearly all bad.

My reason for wanting to participate in this program was three fold: To observe and study at first hand the operation of our House Representative and his staff. To obsevere and study the methods of administration of the various government agencies as they relate to the Senior Citizen and his or her needs. To learn what we, the average citizen, can do to encourage and promote better government.

GOVERNMENT AGENCIES

The Government agencies which relate to the elderly and their problems. The agency workers or staff seemed to have a keen knowledge of their rules and regulations and were personable and helpful but seemed to lack individual thinking or ingenuity. Their answers gave one the impression that they came out of a book. I was reminded invariably when meeting with a Government agency that they were very educated, knowledgeable about their work in that they knew all the rules, regulations and questions people ask but lacked the freedom or ingenuity to pursue any situation not covered by their rules and regulations. In summing up, I would say that our Government makes education and dreamers with college degrees their number one priority in staffing these agencies rather than to adequately use common sense and experienced personnel with ingenuity to solve and direct workers in addressing the problems and not seeking to answer (with an excuse). We need agencies who have a strong, knowledgeable Director with adequate assistants who will attack and solve the unusual, and a force of workers who will solve the usual problems without fuss. In other words, we need more cooperation and coordination both in and among the different agencies to eliminate the waste of our tax dollars in duplicating and overlapping duties, and much more, in the inertia created when two all powerful Bureaucracies lock horns. I suggest that our Government appoint a full time Agency Arbitrator with authority to knock heads and settle jurisdictional authority and establish cooperation and coordination thus eliminating much of the confusion and frustration a tax payer feels when caught in red tape.

One might say the jurisdictional fights you are talking about are the fights among Labor Unions representative of years ago which we read about so frequently in newspapers and magazines. No, I am speaking of the unpublicized mountains of red tape which strangles America and is caused not only by disagreement between agencies but among little kingdoms within an agency. If we were to do away with all the infighting and wasted time in and between our Bureaucracies we would save billions of dollars and give twice the service in less time. We have a good form of Government but we have to buckle down and make it work. Our government at all levels must weed out all drones, political hacks, black-mailers, along with the black-mailed since he or she are wasting your and my tax money. Most of the agencies we met with were routine therefore I have treated them as service groups with most the same strengths and weaknesses. All or most were covered by literature or brochures given out before hand. The lectures covered the purpose of each agency and some of the problems, but failed to address their failures in the program or to recognize the necessity to making any major changes to meet changing needs or of correcting old habits or faults. One agency was unique in that it had neither brochure or pamphlet. It was the Frail Elderly Task Force, working under the direction of The Federal Council of Aging. The consultant, Dr. Leonard Cain, Professor of Sociology and Urban Studies at Portland State University was on sabbatical leave to write for the Government, one of those pamphlets about the Elderly. This one—on how and why they became old, where they were living, and what they were living for, and whether they liked it. I learned one important thing from the good Dr., that in the process of life's stages, changes take place at different ages. It would seem the good Dr. was getting very good pay to earn a couple more degrees. I asked him what the brief or pamphlet would be used for and he said in the schools, but upon questioning, he admitted it would be of little use to any rapidly changing society.

OUR JOB AS CITIZENS

What can we the average citizen do to promote better government? We must first take seriously our rights, and privileges, and duties as voters to acquaint ourselves with all information concerning the candidate's character, ability and dedication to their country, then choose the person and not the party. Most party functionaries are looking to get something for their time and efforts, and not to give, through love or dedication to their country. We must see party politics for what it mostly is, self-serving. You and I must do our own choosing at election time then back them up with our letters of advice and encouragement. One of our most important duties as voters or constituents is to ask our representatives to consider pending legislation, both in fairness to our district along with the overall good of our Nation. There are far too many Senators and House of Representatives voting a certain way on bills in Congress just to get the vote of their constituant at the next election regardless of how detrimental their action would be to our nation as a whole. Our letters to our Congressman should be constructive and objective if we are to encourage our Washington representatives to be statesmen rather than politicians. It is we the voters who have made them politicians and now we must dedicate ourselves to do our part in building a better government by being better citizens. You, Rep. Schulze, gave the kind of answers to Miss Field's questions, as to what you wanted us to do for you when we returned from our two weeks internship in Washington to our home that should be emulated by every elected official.

You stated, "I do not ask you to do anything for me but if we are to have better government, remind your people that they can get it only thru their continued vigilence, interest and participation. I welcome and need your advice on issues before Congress and remember this office is for people of my district. It is here for the express purpose of serving their needs. If you have problems, let us know and if you have advice let us know."

SOCIAL SECURITY

One of the most intriguing questions on my mind when I arrived in Washington and upon which was spent considerable time and research was whether Social Security was being used and maintained as originally set up with a reserve fund to assure stability of the Social Security program. The question in my mind, put there by many concerned pensioners who believed that the reserve fund was now a part of the general fund of our Treasury. The belief was prevalent that the Social Security funding as originally set up was being imposed upon by many beneficiary groups who had not contributed to the building and maintenance of this fund. My finding was that the conception of the way Social Security works today was quite different than the truth. A panel of disinterested citizens made a study of the benefits of Social Security as compared to what a commercial company could furnish for the same premiums and Social Security was the easy winner, which shows Social Security is doing a god job. As for funding and reserves, again, my information was wrong. Social Security has not only maintained the original reserve fund for the established purposes, but has made preparation to fund all added service and additional beneficiaries. There is now four reserve funds for the different services under Social Security. There are Social Security reserve funds for:

1. Social Security Reserve Fund—Federal Old Age and Survivors Ins. Trust Fund.
2. Federal Disability Insurance Trust Fund.
3. Federal Supplementary Medical Insurance Trust Fund.
4. Federal Hospital Insurance Trust Fund.

There is however one feature of Social Security which is very unfair and should be changed. Many poverty level or below wage earners are forced to pay Social Security taxes while many other high wage earners are given a choice or are automatically excluded. The tax should be changed to make it mandatory for every wage earner above poverty level to pay Social Security Tax.

The reasoning for eliminating social security tax on the poverty level or below wage earners is that while he or she is trying to support themselves with whatever work they can get and paying Social Security tax on the first dollar they earn, others who will not work at this type of work are receiving welfare and paying nothing. Furthermore, should the poverty level, or below, worker live to retirement age he or she would receive the same amount as the welfare loafer, (this does not include all welfare—but only that portion which will not work at what they are capable of doing to make a living) because welfare does not supplement even the meagerest of pension payments, but includes them as a part of their scale of allowances. The way that a low wage earner is treated both by Social Security Tax laws and the welfare office encourages them to loaf rather than to work.

FAST RISING HOSPITAL COSTS

One of the main concerns of the American public is the large and continuing rise in the cost of hospitalization, which was believed to be caused wholly by inflation, but according to Glenn Markus, Specialist, Congressional Research Service Library of Congress, the increased cost is in large measure due to the execessive use by the public. The question is who is at fault in the high rate of utilization, the hospitalized or the Doctors and Hospital management?

UNIONS AND THE STRIKE

The runaway Union demands are feeding the fires of inflation and placing an unbearable burden upon fixed income, low wage and retired workers. I believe for the good and welfare of our nation that all unions should be stripped of their power to strike and to hold up the public with their wage demands. Now is the time for our government to outlaw strikes and take from unions all rights to negotiate any economic factors because all costs are passed on to the public.

Governmental or public workers unions, because they contribute to the growth of disrespect for all laws and authority and hold up the tax payer for larger and larger wages and fringe benefits, must be dissolved, then use a permanent arbitrator to settle arguments and prevent discrimination. The unions, when they were founded were set up to elimate discrimination and to help the workers get a decent wage. The controls to hold prices down was competition with other industries making the same product. Teachers, Policemen, Firemen, have no competition. Even the union workers who have competition in their line of work disregard competition and convince management the easiest way to come to a wage contract agreement is to give them, the workers, a big slice and then for management to take a big slice and then sock it to the public—who has no union. Our government must ignore pressure groups and govern for the good of all now in order to restore any credibility to government.

CHARACTER BUILDING IN OUR SCHOOLS

Since religion is not allowed to be taught in our public schools and we can no longer say that a majority of our teachers are capable and of good character, we must make character building; the teaching of honesty, truth, discipline, etc., which leads to self discipline, decent language which is a reflection of the inner self and leads to self control and self respect and honest endeavor which is necessary to the happiness of a good citizen. This must be taught by teachers only who have high morals and ethical standards. Character building should be taught, beginning with first grade and continuing through college. This is a long time but I believe an overwhelming majority of our citizens would agree that good character is the most needed thing in our country today. Just look at the papers or television for the answer. Unions and tenure have kept the inept, lazy incapable, low character, undisciplined teachers in their jobs and has had a very bad effect on the lives of many pupils. Many teachers do not know how to teach their given subject and secondly they do teach evil by their actions, bad language and lack of self discipline and self respect. The striking of teachers for increases in already high wages, shows a very high degree of self interest greed, plus the example of showing their pupils that they have little or no regard for law and order unless it buys something for them. The teachers disregard for the welfare of their pupils when they strike and the example of lawlessness it presents are a very vivid lesson of "might makes right." Democracy will not and can not grow in this atmosphere.

There should be set up a strict standard for the hiring of teachers (ability and character) and should be hired on a one year probation, to prove themselves. To protect the teachers against discrimination there should be a labor relation office in each school district with a permanent arbitrator to settle serious grievances.

COURTS AND THE GROWING CRIME PROBLEM

We should reword the phrase in the Preamble to our Constitution which states "with liberty and justice for all" to read "with justice and there will be liberty for all." Justice alone will promote liberty, but liberty alone will promote anarchy.

It would seem that justice is a by-product of our courts today rather than a product. Our courts as they effect present day crime need revision and improvement to give the public the same protection as the criminal. One of the greatest needs of our judicial system is court management. We must under civil service acquire professional managers for the purpose of setting up trial calendars and the supervision of judges on the wasting of time as well as the ridiculous magnitude allowed a lawyer for delays, technicalities and just plain feet draging to prevent a reasonably early verdict. Our courts must become more even handed to assure that the public gets an even break. The present system of anything goes, in many cases, is due to the lack of the use by the judge of the law to effect a fair hearing for the public good. Too many judges as well as attorneys contribute to lost time and effort because of the lack of preparation. Our courts are ill disciplined and reflect it in their handling of the adult repeater and the youth. Too many of our judges use precedent rather than the law as it effects justice in a given case.

SUGGESTIONS FOR A MORE ADEQUATE COURT SYSTEM

England controls their criminals and courts more effectively than we do and they are experimenting with a smaller jury. We should experiment with a jury of eight or ten and have a two-thirds or three-fourths majority for conviction. We must affirm that even in a free society, everyone must pay their way and that includes the criminals debt to society. Even our Psychologists and Psychiatrists should know that any one who gets something for nothing will take advantage of the situation. It is time we remove the influence of our licensed Phychologists and Phychiatrists from our schools and penal institutions before they make them identical.

INCOME TAX

We must expose and eliminate all corruption in and out of government. Make our income more fair and simple. Exemption should begin at the top of the government stated poverty level. All loop holes should be eliminated for every citizen or permanent resident of our country and a minimum tax should be set on earnings and profit regardless how or where it is made.

Exemptions for taxes on homes and charity, but in the case of charity the amount excused should be the percentage on the gift alone with the stipulation that the gift could not be used to increase one's earnings or profit above the amount that would be realized if there had not been any gift.

I trust this report will be of some use to you.

Sincerely Yours,

DEE WAMPLER.

POTTSTOWN, PA.

Mr. GILMAN. Mr. Speaker, I rise to commend my colleagues the gentleman from Pennsylvania (Mr. BIESTER) and the gentleman from Indiana (Mr. HILLIS) for their leadership in sponsoring the Senior Intern program in which I was pleased to participate along with my senior citizen consultant, Mary Delaney of Mount Ivy.

This extremely well coordinated, effective program enabled Mrs. Delaney to meet with Federal Officials, who deal with the problems of senior citizens, and to attend various legislative briefings, as well as discussions with other participants in the program, giving her a broader insight for dealing with senior citizen work back in my district.

The 26th Congressional District of New York has a senior citizen advisory committee. This committee works closely with me on the overall problems of the senior citizens in my district. Once a year our advisory committee selects a senior citizen consultant, who serves on my staff as a spokesman and liaison to the senior citizens in my district. To qualify, the consultant must be a retired senior citizen, 65 years or older. The consultant keeps me abreast of individual views and problems and, in turn, keeps the senior citizens advised of Federal legislative programs affecting them. They are also given assistance on where to seek help when they are unable to resolve these matters themselves.

Mrs. Delaney is now serving as my senior citizen consultant and this program enabled her to obtain the answers to many questions that had arisen in her work in the district. In addition, she became familiar with programs of which she did not have full knowledge.

Mrs. Delaney not only attended the senior citizen meetings and briefings, but she was also able to work directly with my Washington staff and with me in Washington in legislative surroundings so that she now more fully understands the operation of Congress and the Government and the problems that confront all of us in trying to effectively resolve the difficulties encountered by our senior citizens.

I join my other colleagues in recommending that the Senior Intern program should be continued in the future and to our other Members of Congress, who have not participated, I urge them in the future to take full advantage of the benefits this program offers.

GENERAL LEAVE

Mr. HAGEDORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include therein extraneous material on the subject of the special order today by the gentleman from Pennsylvania (Mr. BIESTER).

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

RESOLUTION TO EXPEL HON. ANDREW J. HINSHAW FROM CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. WIGGINS), is recognized for 10 minutes.

Mr. WIGGINS. Mr. Speaker, I am today introducing a resolution to expel ANDREW J. HINSHAW from the Congress of the United States.

The resolution invokes the power of Congress:

> . . . to punish its Members for disorderly Behaviour, and, with the Concurrence of two-thirds, expel a Member. (United States Constitution, Article I, Section 5, Clause 2)

ANDREW J. HINSHAW is a Republican Member of Congress representing the 40th District of California. Mr. HINSHAW was first elected to Congress on November 7, 1972, and was sworn in as a Member of the 93d Congress in January 1973. He was reelected to the 94th Congress and assumed the seat he now occupies on January 14, 1975.

Prior to his first election to Congress, Mr. HINSHAW served for 8 years as the elected assessor of Orange County, Calif.

On May 6, 1975, a California State grand jury returned an 11-count indictment against Representative HINSHAW charging him with various felonies, all relating to his conduct as assessor for Orange County. Eight of the eleven counts were dismissed upon motion prior to trial. A jury trial was had on Mr. HINSHAW's "not guilty" plea to the three remaining counts.

On January 26, 1976, a jury found Mr. HINSHAW guilty of two of the remaining counts and not guilty of the third. The jury found as true that on May 18, 1972, Mr. HINSHAW, then the duly elected assessor for Orange County, Calif., but a candidate for Congress in the Republican primary election as well, solicited and received a campaign contribution of $1,000 for the purpose of influencing his official conduct as assessor of Orange County; and that on December 13, 1972, after Mr. HINSHAW's election to Congress but prior to being seated as a Member thereof, he solicited and received certain stereo equipment as consideration for official action theretofore taken by him as assessor of Orange County. The two acts proved constitute the crime of bribery under California law.

On February 24, 1976, Mr. HINSHAW was sentenced to the term provided by law on each count, the terms to run concurrently. California law provides that the crime of bribery is punishable by imprisonment in the State prison for a term of 1 to 14 years and, if an elected official be convicted of bribery, the additional penalty of forfeiture of office and permanent disqualification from holding other elective office in California. The trial judge properly refused to impose the forfeiture and disqualification penalty in Mr. HINSHAW's case, holding that it applied only to State officials.

Mr. HINSHAW has appealed his conviction, and the appeal is now pending. No early resolution of the appeal is likely.

After his conviction, Mr. HINSHAW filed for reelection to the Congress. Several others filed as well, and in the Republican primary election held on June 8, 1976, Mr. HINSHAW was defeated, receiving 6,807 votes of 109,993 votes cast in the Republican primary election for the congressional seat.

The circumstances of the ANDREW HINSHAW case present the following issues:

First. Does the conviction of a Member of the crime of bribery, a felony, justify the extraordinary punishment of his expulsion from Congress?

Second. Does the pendency of an appeal from the conviction justify a delay in expulsion proceedings until the appeal is resolved?

Third. Does the power of the House to expel a Member apply only with respect to misconduct occurring during the term of the Member for which he is seated?

Four. Are there practical considerations which require that the House not exercise its power to expel the Member in this case?

Is conviction of the crime of bribery a proper basis to expel a Member?

At my request, the Library of Congress has prepared an "Analysis and Interpretation of Article I, Section 5, Clause 2, Relating to the Power of Each House of Congress to Expel a Member" which is printed as an appendix to these remarks.

It is the conclusion of the author of that analysis that each House has broad, and perhaps unreviewable, authority to punish its Members; and that no clear standard describing the limits of this power has yet been articulated. It is suggested, however, that the ultimate issue is whether the conduct of a Member demonstrates his unfitness to participate in the proceedings of Congress. The suggested standard is unavoidably vague, but I am satisfied that it states adequately the fundamental question posed by an expulsion resolution.

Although several Members have been convicted of bribery, the precedents of the House do not record that any such Member has ever been expelled on account of his conviction.

I have no difficulty in concluding that conviction of bribery is a proper ground to expel a Member, the precedents to the contrary notwithstanding. The crime is uniquely a political offense against the integrity of government itself. It more directly relates to the legislative process, which the expulsion clause is designed to protect, than many violent offenses commonly regarded as the most serious in our catalog of crimes.

Treason and bribery have been specifically denoted in the Constitution as impeachable offenses, if committed by an official subject to the impeachment power. It would be an unacceptable anomaly if a President of the United States could be removed by impeachment for conduct which did not justify the removal of a Member of Congress.

The California statute which provides that an elected official, if convicted of the crime of bribery, is forever barred from holding public office is of course not binding upon this body. However, it is evidence of a public policy in the State of California which this House should consider as persuasive in determining the appropriate punishment for Mr. Hinshaw.

That bribery may be within the ambit of the expulsion power of the Congress does not, of course, require the conclusion that the particular conduct of Mr. Hinshaw in this case justifies his expulsion. Some offenses, even bribery, may be committed under circumstances as appeal to the leniency and forgiveness of the Congress. Just as a court should consider such factors in determining the appropriate punishment of a crime, so too should the Congress consider all factors in mitigation before settling upon expulsion as an appropriate punishment for the offense.

I am aware of no mitigating facts which should temper the harsh remedy of expulsion in this case. The facts found as true by the jury reveal a cynical bargain by a public official: cash or property in exchange for an official act. I know of no reason, nor was any found by the court, why the conduct of Mr. Hinshaw should not receive the full condemnation provided by law.

Subject only to those issues discussed infra, I conclude that the particular conduct of Representative Hinshaw is such as to demonstrate his unfitness to participate in the proceedings of Congress.

Does the pendency of an appeal from a conviction justify a delay in expulsion proceedings until the appeal is resolved?

Prior to conviction, an accused is presumed to be innocent. Any Member of Congress accused of bribery is entitled to that presumption, and no punitive action should be taken against him on the basis of the accusation alone. However, after conviction, the presumption of innocence is lost. The accused has been found guilty, and the pendency of an appeal does not alter that status. On appeal, the appellant in a criminal case is entitled to no presumption of innocence. He is guilty.

Of course, we all are aware that a conviction may be overturned. Expulsion from the House of Representatives is akin to the death penalty. It is irreversible once imposed. For that reason, we should proceed with caution if an appeal is pending. But, as a matter of policy, we cannot establish the rule that the pendency of an appeal in a criminal case shall stay consideration of expulsion proceedings. Realistically, it is unlikely that any appeal can be finally resolved during the term of a given Congress. Even if direct appeal were finally exhausted within the term of a given Congress, there remains the possibility of collateral attack on a judgment for appropriate reasons at any time. The point is, the opportunity for a defendant to challenge his conviction is almost endless. If this body were to conclude that a Member of Congress could not be expelled so long as a right to challenge his conviction remains, we would be effectively foreclosing our right to expel a Member in all cases involving criminal convictions.

Out of a sense of caution, I delayed the filing of this resolution in the hope that the appeal by Mr. Hinshaw might be resolved promptly. I have discovered, however, that the appellant, Mr. Hinshaw, is not proceeding with his appeal in any sense of urgency. It is to be expected that the present matter will remain before the courts of California for the balance of the current session of Congress and perhaps for a longer period than that.

Does the power of the House to expel a Member apply only with respect to misconduct occuring during the term of the Member for which he is seated?

Under the precedents of the House, a Member may be expelled only for conduct occurring during the Congress for which he is seated. Applying such precedents mechanically, one must conclude that since the acts constituting bribery committed by Mr. Hinshaw all occurred prior to his being seated as a Member of the 94th Congress, it is beyond the power of this Congress to expel him for those misdeeds.

But reason dictates that the rule not be applied mechanically. The justification for the rule seems to be that the ultimate decision with respect to the conduct of a Member is to be made by his constituency. If they condone misconduct, it is not for this House to complain, or so the argument goes. But the force of the argument is lost in the case of misconduct which did not come to the public's attention prior to the election of a Member. In such a case, there has been no opportunity of public debate and no informed decision made by the electorate.

To illustrate, if one were to assume that a Member of Congress were indicted for treasonous conduct occurring prior to his election, I have no doubt that this body would give short shrift to his argument that expulsion was inappropriate following his conviction of the crime of treason simply because the acts occurred before his election.

The public's reaction to the misconduct of Mr. Hinshaw was recently tested in the California primary election. With a full awareness of the facts, the Republican electorate in his district overwhelmingly rejected Mr. Hinshaw's candidacy for reelection. Such rejection is entitled to be considered by this body in weighing the propriety of expulsion for misconduct occurring prior to the session for which the Member has been seated.

Are there any practical considerations which require that the House not exercise its power to expel the Member in this case?

We are nearing the end of the 94th Congress. Given the shortness of time remaining, and the expense of conducting a special election, it is fair to inquire whether the public interest might be better served by simply letting Mr. Hinshaw serve out the balance of his term.

When a vacancy occurs in the House, by reason of death, resignation or removal of a Member, the Governor of the State of the Representative shall issue necessary Writs of Election to fill the vacancy—article I, section 2, U.S. Constitution.

California law attempts to meet the duty thus imposed in Government Code, section 1773:

> When a vacancy occurs in the office of Representative to Congress . . . the Governor shall within 14 calendar days of the occurrence of the vacancy issue a writ of election to fill the vacancy; provided, that when such vacancy occurs 160 days or less before the end of the term of the office, a special election may be held, at the Governor's discretion.

California law further provides that the special election, if called, shall be held at least 84 days, but not more than 91 days, following the Governor's election proclamation—California Election Code, section 2601.

It is apparent from the foregoing California statutes that, assuming the House were to act promptly and were to expel Mr. Hinshaw, his successor would not be seated prior to mid-November, well after the probable adjournment sine die of the current session.

Accordingly, if the paramount value to be served by the expulsion clause is the prompt replacement of a misbehaving Member by a more deserving one so as to maintain with minimum interruption the continuity of representation afforded constituents, little would be served by expelling Mr. HINSHAW at this time. By the time a "worthy" successor were qualified, his representation duties would be virtually at an end. One might conclude, therefore, that the expense of a special election under present circumstances would be unjustified.

In my opinion, such a conclusion misconceives the fundamental purpose of the expulsion clause. The power to expel a Member obviously is hostile to the "representation rights" of his constituents. Expulsion serves another purpose. It is designed to purge the Congress of a Member whose conduct is so egregious as to taint the reputation of the Congress and prejudice its institutional effectiveness. In such a case, the quicker the surgery, the better for the body as a whole.

Whether a successor is to be elected, and if so, the timing of the election to replace an expelled Member is another issue. Unlike the expulsion clause, that issue is one which is to be resolved by Californians applying California law.

According to this analysis, the timing of an election to name a successor to Mr. HINSHAW is immaterial to our duty to remove him for a proper cause.

Mr. Speaker, I deeply regret the necessity of introducing this resolution, but the recent conviction of Mr. HINSHAW for bribery simply cannot be overlooked. The House has a responsibility to deal with the situation, and that responsibility bears most heavily on Republicans and, in particular, members of the California Republican delegation.

Mr. HINSHAW must be afforded an opportunity to defend himself against the action which the resolution seeks. It is my hope, Mr. Speaker, that the resolution, although privileged in character, will be referred to the House Committee on Official Conduct for its consideration. Mr. HINSHAW should be given an opportunity to appear before that committee.

I must advise, however, that if the committee fails to act within a reasonable period of time, I shall seek recognition to call the resolution up for its immediate consideration by the House.

[From the Library of Congress Congressional Research Service]

ANALYSIS AND INTERPRETATION OF ARTICLE I, SECTION 5, CLAUSE 2, RELATING TO THE POWER OF EACH HOUSE OF CONGRESS TO EXPEL A MEMBER

Article I, section 5, clause 2 provides that: "Each House may determine the Rules of its Proceedings, punish its Members for disorderly Behaviour, and, with the Concurrence of two thirds, expel a Member." Under this provision the two Houses of Congress possess broad and continuing power over its members. The Supreme Court has interpreted this power very broadly. In *In Re Chapman*, 166 U.S. 661 (1897), the Court upheld the power of the Senate to investigate charges that some Senators had been speculating in sugar stocks during the consideration of a tariff bill. According to the Court: "The right to expel extends to all cases where the offence is such as in the judgment of the Senate is inconsistent with the trust and duty of a member." *Id.*, 669–70. The Court, moreover, made reference to the case of William Blount, who was expelled from the Senate in July 1797 for "a high misdemeanor entirely inconsistent with his public trust and duty as a Senator," which was an attempt to seduce an American agent among the Indians from his duty, and to alienate the affections, and confidence of the Indians from the public authorities of the United States, and a negotiation for services in behalf of the British government. *Id.*, 670. "It was not a statutable offence nor was it committed in his official character, nor was it committed during the session of Congress, nor at the seat of government." *Ibid.*

The Court noted:

"Commenting on this case, Mr. Sergeant says in his work on Constitutional Law, 2d ed. p. 302: "In the resolution, the Senate declared him guilty of a high misdemeanor, though no presentment or indictment had been found against him, and no prosecution at law was ever commenced upon the case. And, it seems no law existed, to authorize such prosecution."

The two Houses of Congress have several times acted upon this rule of law, and the cases may be found, together with debates on the general subject, in both Houses, of great value, in Smith's Digest of Decisions and Precedents, Senate Doc. No. 278, 53d Cong., 2d Session. The reasons for maintaining the right inviolate are eloquently presented in the report of the committee in the case of John Smith, accused in 1807 of participating in the imputed treason of Aaron Burr. 1 Hall's Am. L., Journal, 459; Smith's Digest, p. 23.

We cannot assume on this record that the action of the Senate was without a legitimate object, and so encroach upon the province of that body. Indeed, we think it affirmatively appears that the Senate was acting within its right, and it was certainly not necessary that the resolutions should declare in advance what the Senate meditated doing when the investigation was concluded."

Ibid.

At issue in an expulsion proceeding is not whether a Member is tainted as to guilt of a criminal nature, but whether a Member is unfit for participation in the proceedings of the Congress. See, 1 Willoughby, *The Constitutional Law of the United States*, 613, note 60 (2d ed., 1929). Also the determination of such a question is solely for the House concerned; its decision and the grounds upon which it was based are not subject to any judicial scrutiny. See, Schwartz, *A Commentary On The Constitution Of The United States* (New York 1963), v. 1, p. 99.

The comments of Joseph Story regarding the expulsion clause in his treaties *Commentaries on the Constitution of the United States* (Boston: 1833) (§ 835, pp. 298–301), are well worth mentioning in their entirety to see why such a clause was enacted in the Constitution:

CHAPTER XII.

Privileges and powers of both Houses of Congress.

§ 835. The next clause is, "each house may determine the rules of its proceedings, punish its members for disorderly behaviour, and, with the concurrence of two thirds, expel a member." No person can doubt the propriety of the provision authorizing each house to determine the rules of its own proceedings. If the power did not exist, it would be utterly impracticable to transact the business of the nation, either at all, or at least with decency, deliberation, and order. The humblest assembly of men is understood to possess this power; and it would be absurd to deprive the councils of the nation of a like authority. But the power to make rules would be nugatory, unless it was coupled with a power to punish for disorderly behaviour, or disobedience to those rules. And as a member might be so lost to all sense of dignity and duty, as to disgrace the house by the grossness of his conduct, or interrupt its deliberations by perpetual violence or clamour, the power to expel for very aggravated misconduct was also indispensable, not as a common, but as an ultimate redress for the grievance. But such a power, so summary, and at the same time so subversive of the rights of the people, it was foreseen, might be exerted for mere purposes of faction or party, to remove a patriot, or to aid a corrupt measure; and it has therefore been wisely guarded by the restriction, that there shall be a concurrence of two thirds of the members, to justify an expulsion.[1] This clause, requiring a concurrence of two thirds, was not in the original draft of the constitution, but it was inserted by a vote of ten states, one being divided.[2] A like general authority to expel, exists in the British house of commons; and in the legislative bodies of many of the states composing the Union.

§ 836. What must be the disorderly behaviour, which the house may punish, and what punishment, other than expulsion, may be inflicted, do not appear to have been settled by any authoritative adjudication of either house of congress. A learned commentator supposes, that members can only be punished for misbehaviour committed during the session of congress, either within, or without the walls of the house; though he is also of opinion, that expulsion may be inflicted for criminal conduct committed in any place.[3] He does not say, whether it must be committed during the session of congress or otherwise. In July, 1797, William Blount was expelled from the senate, for "a high misdemeanor, entirely inconsistent with his public trust and duty as a senator." The offense charged against him was an attempt to seduce an American agent among the Indians from his duty, and to alleviate the affections and confidence of the Indians from the public authorities of the United States, and a negotiation for services in behalf of the British government among the Indians. It was not a statuteable offense; nor was it committed in his official character; nor was it committed during the session of congress; nor at the seat of government. Yet by an almost unanimous vote[4] he was expelled from that body; and he was afterwards impeached (as has been already stated) for this, among other charges.[5] It seems, therefore, to be settled by the senate upon full deliberation, that expulsion may be for any misdemeanour, which, though not punishable by any statute, is inconsistent with the trust and duty of a senator. In the case of John Smith (a senator) in April, 1808, the charge against him was for participation in the supposed treasonable conspiracy of Colonel Burr. But the motion to expell him was lost by a want of the constitutional majority of two thirds of the members of the senate.[6] The precise ground of the failure of the motion does not appear; but it may be gathered from the arguments of his counsel, that it did not turn upon any doubt, that the power of the senate extended to cases of misdemeanour, not done in the presence or view of the body; but most probably it was decided upon some doubt as to the facts.[7] It may be thought difficult to draw a clear line of distinction between the right to inflict the punishment of expulsion, and any other punishment upon a member, founded on the time, place, or nature of the offense. The power to expel a member is not in the British house of commons confined to offenses committed by the party as a member, or during the session of parliament; but it extends to all cases, where the offense is such, as, in the judgment of the house, unfits him for parliamentary duties.[8]

The Supreme Court, in *Powell* v. *McCormack*, 395 U.S 486 (1969), declared that in judging the *qualifications* of its Members, the House of Representatives could only ascertain whether a Member-elect met the standing qualifications of age, citizenship,

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Footnotes at end of article.

and inhabitancy which are set forth in Article I, section 2, clause 2. The Court asserted that this was the intent of the Founding Fathers and found that when the House excluded Mr. Powell for misconduct, it went beyond the power granted to it by the Constitution, and the exclusion of Mr. Powell was, therefore, invalid. The Court found that the House precedents were to the effect that it had no power to expel for misconduct occurring prior to the Congress in which the expulsion is proposed, as was in the *Powell* case; moreover, the Court found that House Resolution 278 was an exclusion proceeding and could not be treated as an exclusion proceeding and that it would not speculate whether the House would have voted to expel Powell had it been faced with that question.

After a Member has been sworn in, precedents prescribe generally that a Member's seat can be taken away only through expulsion which under Article I, section 5, clause 2 requires a two-thirds vote of the House. Expulsion can only be imposed against a Member for offenses committed subsequent to his election to the particular Congress. This principle is based on the premise that when the voters, aware of the reprehensible act of a candidate for the House or Senate, still proceed to elect him, the respective House will accept the decision of the electorate that they wish to be represented by that particular Member. Once a person has been elected and has been sworn in and becomes a Member, a House may retain its "institutional integrity" by expelling the person by a two-thirds vote. Thus, under such a procedure the right of electors to choose the Member they want to represent them is not violated since the commission of acts which would lead to expulsion must occur after election day when voters are no longer able to exercise discretion as to their choice of representative.

As to what a Member may be expelled for, no definitive standards have been set by the Constitution. One standard that could be considered to be applicable is that the activities of the person in question must be of such a serious nature as to make him unfit to serve as a Member of the particular chamber. It might be noted that explusion has been utilized in cases of treason (Reid of Missouri (Civil War)) (Hinds' Precedents of the House of Representatives, Vol. II, § 1261), for high misdemeanors inconsistent with public duty (Senator Blount of Tennessee) (Hinds' *supra,* Vol II, § 1263), for friendship or association with enemies of the Government and absence from their seats (Civil War Senators) (Hinds' *supra,* Vol. II, §§ 1269–70), and for bearing arms against the Government (Senator Breckenridge of Kentucky, (Civil War,) (Hinds' *supra,* Vol. II, § 1267).

The following is a list of certain occasions when the House of Representatives considered expulsion but did not finally act thereon and when the Senate expelled and did not expel:

Expulsion of Member considered, but not adopted.

(1) Matthew Lyon (Vermont). Not expelled from 5th Congress, 1st Session (1799) for conviction of crime sedition. 49 to 45 vote for expulsion failed for lack of two-thirds majority. 2 Hinds § 1284.

(2) Oresmus B. Matteson (New York). Not expelled from 35th Congress, 1st Session (1858) for acts committed in previous Congress. 2 Hinds § 1285.

(3) James Brooks (New York) and Oakes Ames (Massachusetts). Not expelled from 42d Congress, 3d Session (1872), for alleged taking of bribes and seeking to corrupt other members of Congress, respectively, in Credit Mobilier scandal. Censured, rather than expelled. 2 Hinds § 1286.

(4) George Q. Cannon (Utah). Not expelled from 43d Congress, 2d Session (1874), for practicing polygamy (before enactment of statute making polygamy a crime). 1 Hinds §§ 468–70. [Excluded, however, from 47th Congress, 1st Session.]

(5) William S. King and John G. Shumaker. Not expelled from 44th Congress, 1st Session (1874) for alleged bribery and perjury before House Committee. 2 Hinds § 1283.

Upon several occasions, the House has also considered, but rejected, expulsion of a Member for causing personal injury to another Member, 2 Hinds §§ 1642–44, 1655–66.

Senate Expulsion Precedents.

(a) Member expelled.

(1) William Blount (Tennessee). Expelled by vote of 25 to 1 from 5th Congress, 1st Session (1797), for engaging in scheme to seize Spanish Florida and Louisiana with British and Indian aid. Senate Cases 3.

(2) Jesse D. Bright (Indiana). Expelled by vote of 32 to 14 from 37th Congress, 2d Session (1861–62), for writing letter of introduction to Jefferson Davis, the President of the Confederacy, for an acquaintance who wished to dispose of an improvement in firearms. Senate Cases 30.

(3) James N. Mason and Robert N. T. Hunter (Virginia). Thomas L. Clingman and Thomas Bragg (North Carolina). James Chestnut, Jr. (South Carolina). A. O. P. Nicholson (Tennessee). William K. Sebastian and Charles C. Mitchell (Arkansas), and John Hempbill and Louis T. Wigfall (Texas). Expelled by vote of 32 to 10 from 37th Congress, 1st Session (1861), for having failed to appear in the Senate since the session began. Senate Cases 28.

(4) John C. Breckinridge (Kentucky). Expelled by vote of 37 to 0 from 37th Congress, 2d Session (1861), for having joined the side of the Confederacy. Senate Cases 29–30.

(5) Malde P. Johnson (Missouri). Expelled by vote of 35 to 0 from 37th Congress, 2d Session (1861–62), for sympathy with, and participation in behalf of, the Confederacy in the Civil War. Senate Cases 30–31.

(6) Trusten Polk (Missouri). Expelled by vote of 36 to 0 from 37th Congress, 2d Session (1861–62), for expression of sympathy with, and participation in behalf of, the Confederacy in the Civil War. Senate Cases 31.

(b) Expulsions of Member considered, but not adopted.

(1) John Smith (Ohio). Not expelled from 10th Congress, 1st Session (1807), for alleged involvement in Aaron Burr conspiracy. Committee found allegation true, but resolution failed to receive a two-thirds majority (19 to 10). Senate Cases 4–5.

(2) Benjamin Tappan (Ohio). Not expelled from 28th Congress. 1st Session (1844), for revealing secret Senate documents to press. Censured by vote of 38 to 7. Senate Cases 11–13.

(3) Reed Smoot (Utah). Not expelled by vote of 42 to 28 from 59th Congress, 2d Session (1907), for alleged practicing of polygamy, for encouragement of polygamy by being apostle of Mormon Church, and other related allegations. Found not to be a polygamist, but being apostle of church encouraged polygamy. Senate Cases 97–98.

(4) Robert M. LaFollette (Wisconsin). Not expelled from 65th Congress, 1st Session (1917–18), for speech of "disloyal nature." Vote was 50 to 21 against expulsion. Senate Cases 110.

(5) William Langer (North Dakota). Not expelled by vote of 52 to 30 from 77th Congress, 1st and 2d Sections (1941–42), for various alleged instances of moral turpitude after committee compiled 10 volumes of evidence and after Senate debated exclusion for 19 days. Senate Cases 140–41.

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June 14, 1976.

FOOTNOTES

[1] Mr. J. Q. Adams's Report to the senate in the case of John Smith, 31 Dec. 1807; I Hall's Law Journ. 459; Sergeant on Const. Law, ch. 28, p. 287, 288.

[2] Journal of Convention, 218, 243.

[3] Rawle on the Constitution, ch. 4, p. 47.

[4] Yeas 25, nay 1.

[5] See Journal of Senate, 8 July, 1797; Sergeant's Const. Law, ch. 28, p. 286; 1 Hall's Law Journ. 459, 471.

[6] Yeas 19, Nays 10.

[7] 1 Hall's Law Journ. 459, 471; Journ. of Senate, 9 April, 1808; Sergeant's Const. Law, ch. 28, p. 287, 288. See also proceedings of the Senate in the case of Humphrey Marshall, 22 March, 1796; Sergeant's Const. Law, ch. 28, p. 285.

[8] Black. Comm. 163, and Christian's note: Id. 167 and note. See also *Rev. Wilkes,* 2 Wilson's R. 251; Com. Dig. *Parliament,* G.5. See 1 Hall's Law Term. 459, 466.

OMBE SHOULD BECOME A PERMANENT AGENCY WITHIN COMMERCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. SHRIVER) is recognized for 10 minutes.

Mr. SHRIVER. Mr. Speaker, today I am introducing legislation to make the Office for Minority Business Development and Assistance, OMBDA, a permanent part of the Department of Commerce. Previously, efforts in developing minority businesses have been carried out by the Office of Minority Business Enterprise, OMBE, which has existed since 1969 under an Executive order of the Republican administration.

The progress OMBE has made in incorporating minority businesses into the American economic system is quite evident. During 1969–1972, the first 3 years of the program, receipts of minority businesses grew 56 percent, largely in the areas of construction, manufacturing, transportation, and wholesaling. At the same time, the gain for total business receipts was only 27 percent.

OMBE efforts to encourage corporations and governmental agencies to deposit funds in minority owned banks have resulted in an increase from 23 minority-owned banks in 1969 with deposits of $270 million to 71 today with deposits of $1.3 billion. The number of minority-owned automobile and truck dealerships has risen 1,800 percent—from 14 in 1969 to 255 today.

Alex Armendaris, Director of OMBE, testifying before the Subcommittee on Intergovernmental Relations of the Senate Committee on Government Operations in April 1976, had praise for the work of OMBE:

> Few Federal endeavors of the last generation have witnessed signs of progress as clear as those in the national minority business effort during the past seven years.

Armendaris sees several trends of importance to minority firms in the future:

> (1) a branching of minority business into a much broader part of the business spectrum; (2) the rapid improvement of access to a corporate marketplace for minority firms and, (3) the development of greater access to purely private sources of business financing.

The Kansas Office of Minority Business Enterprise, with offices located in Wichita, Topeka, and Kansas City is a good example of the operation of OMBE. Being part of the 200-business assistance organizations within OMBE, the Kansas OMBE works in areas such as providing financial assistance, procurement of contracts, management and technical assistance, and business training courses.

The work of OMBE in the progressive assimilation of minorities into the business system warrants continuation of such efforts. The legislation that I am sponsoring would establish OMBDA as a permanent office under the leadership of an Assistant Secretary.

Congressional consideration of minority business development is imperative to the ongoing operation established by OMBE. I ask that all Members of Congress give serious consideration to this measure to institute the Office for Minority Business Development and Assistance as a permanent entity of the U.S. Department of Commerce.

RESOLUTIONS DISAPPROVING ADMINISTRATION'S ENERGY ACTION NO. 3 AND NO. 4

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. FORSYTHE), is recognized for 10 minutes.

Mr. FORSYTHE. Mr. Speaker, I would like to briefly comment on these resolutions before the House to disapprove of the President's proposal made through the Federal Energy Administration to exempt heating oil, diesel fuel and other middle distillates from allocation and price controls. Let me note for the record that jet fuel is not included in this exemption proposal.

As you know, this submission to exempt middle distillates is made pursuant to sections 455 and 551 of the Energy Policy and Conservation Act of 1975, which authorizes the President to exempt from price and allocation controls refined petroleum products by submitting such exemptions to Congress. Congress then has a 15-day period for either House to disapprove the exemption; otherwise, the proposal will go into effect. With respect to the middle-distillate proposal, the 15-day period expires today, June 30th.

Based upon testimony before the Commerce Subcommittee on Energy and Power hearings held on June 22, and on findings made from Federal Energy Administration hearings, I must oppose these resolutions of disapproval. I support, therefore, the administration's proposal to exempt these middle distillates from allocation and price controls.

I think that during debate on these resolutions a good case has been made for the decontrol of these middle distillates. For instance, it appears that the supply over the next several years will be more than adequate to meet demand. Only 5 percent of our middle distillate requirements are currently imported, and that percentage is not likely to increase. Additionally, logic and recent experience with decontrol of residual fuel both indicate that prices of middle distillates will not increase as a result of the removal of controls. Even now, refineries and marketers are selling middle distillates at substantially less than the maximum price allowable under current price controls. Finally, removal of price and allocation controls will eliminate current market distortions that are ruining the independent marketers, the backbone of this part of the industry. The market structure in the middle distillate sector now consists mainly of independents who sell 75 percent of the fuel oil nationally and 85 percent of the retail volume in New England. These independents are having great difficulty surviving under present controls.

Ironically, during debate on this issue much reference has been made to the adverse effect of decontrol on the consumer. Presently marketers and refiners are tied together at fixed prices. Without such controls, however, the nation's 16,000 middle distillate and heating fuel retailers could shop freely for the best terms and prices available from the refiners. The refiners, in response to this freedom, would be free to adjust their prices to meet competition. Such free competition is not presently possible in the controlled market. Thus, the continuation of controls actually serves to impose higher prices on the consumers.

The FEA has also indicated that it plans to take several contingency actions if there are any transitional problems resulting from the change from a controlled to a decontrolled market. FEA will, for instance, establish a "set-aside" reserve of supply for assignment to any marketer temporarily unable to find a supplier. FEA will also closely monitor prior market trends and be prepared to immediately reimpose controls if any unexpected shortages or price increases occur. Frankly, I do not see any way such consequences will occur, but at least we will be prepared, even for such unlikely consequences.

For these reasons, therefore, I intend to vote against these resolutions disapproving the administration's proposed exemption of heating oil, diesel fuel, and other middle distillates. Too often, the attempt to decontrol has been blocked by a simplistic argument that decontrol hurts the consumer. Since residual fuel oil was decontrolled on June 1st, however, the price has actually fallen as much as 40 cents a barrel to reflect more competitive conditions in the market place. I feel that such results indicate that decontrol is the only valid way to help the consumer. I feel the decontrol of middle distillates will further support that judgment.

EQUITY AND PROGRESS DEMAND A TAX CUT AND INDEXING OF TAX RATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP), is recognized for 15 minutes.

Mr. KEMP. Mr. Speaker, yesterday, I supported the extension of the present withholding tax schedules. As a result of the failure of the Congress so far to index the personal income tax, the taxes on our people are automatically going up every day because of inflation, and this was no time to add to this automatic tax increase a legislated tax increase—which is what failure to extend the present withholding tax schedules would have amounted to.

The American people have not only lost income and purchasing power to inflation, but also to the higher tax brackets that they were pushed into by the inflation. Because of the progressive nature of the income tax, higher money incomes mean higher tax brackets and higher tax rates even though the prices people have to pay may be going up as fast or faster than money income. The way our tax system operates, inflation makes people pay a higher and higher percentage of their earnings in taxes even when the real buying power of their income is constant or even shrinking. It is, as Senator TAFT pointed out recently, taxation without representation.

To have allowed taxes to go up legislatively now would have further reduced the return to work and thereby lessened the amount of work done. And it would have left less of the earnings from work in the hands of the people who already have the problem of dealing with the higher cost of living. Higher taxes now could also delay or slow the economic recovery, with the result that more people would have to face the hardship of unemployment for a longer time.

I believe the Congress should follow up on this extension with a hard look at the social utility of the high level of taxation in the United States. The real political issue is not so-called loopholes but whether the level of taxes—which automatically becomes higher every time there is inflation—holds down productive effort and the economic growth of our economy. We need to face the fact that lower taxes by encouraging work will expand the tax base and actually bring in more revenues. To those Members who want more Government spending, I say let us first bring in the revenues to finance it by removing the tax barriers to productive work.

We ought to begin with indexing the personal income tax. Until we do, the tax reductions we legislate are soon offset and eaten up by the automatic tax increases which are continually ocurring because of inflation. We must provide the people with protection against having to pay higher taxes just because prices go up. We must put taxation on a fair basis and link it to real purchasing power. We have got to stop the process whereby inflation raises their before-tax incomes but reduces their after-tax incomes.

Inflation has done the same thing to business incomes. I have pointed out before to the House that U.S. Department of Commerce figures show that because of inflation the corporate sector in 1974 paid taxes on profits at an effective tax rate of 58 percent, in spite of the statutory rate being 48 percent. This is because inflation produces phantom inventory profits and understated depreciation costs, both of which overstate profits.

According to the Commerce Department's figures, the 1974 inflation overstated corporate sector profits by $40.8 billion—which means firms paid taxes on $40.8 billion that they did not in fact earn. It is just like the individual whose wages go up by 10 percent and the prices he has to pay also go up by 10 percent. The result is he is no better off than before, but the Internal Revenue Service says he has a 10 percent increase in income and that he must pay taxes on it, with the result that he is worse off than before.

Unlike the personal income tax, which is easy to index, indexing the corporate income tax is a more complicated matter. One way to let the business sector catch up on the jobs-creating capital investments, which have been eroded by inflation, is to enact a compensating tax cut. This would further speed the economic recovery and aid those who lost their jobs to the inflation-caused recession.

Mr. Speaker, aside from the fairness of letting the American people and American business adjust to the damage that inflation inflicts, aside from these considerations of equity, there is the purely economic considerations of the rising employment and prosperity that tax reductions have always produced.

Our history shows that clearly. Jude Wanniski has documented that history in an excellent piece of research recently published in the Wall Street Journal. In the 1920's tax rates were cut five times. As a result, the tax base expanded with greater business activity, and revenues poured into the Treasury. It was a period of successful economic policy, and the success was reflected in the name of the decade—The Roaring Twenties.

The New York Times editorialized in favor of cutting taxes in order to encourage industry and provide funds for capital investment. The newspaper said, correctly, that:

> A tax cut would lighten the demands upon millions of purses hard to fill. It would not only do away with oppressive taxes. It would lower the cost of living. It would release capital for productive industry and enterprise of all kinds. This would result in fuller employment of labor, multiplication of goods in common consumption, and probably bring about a period of great and legitimate expansion of industry and commerce never surpassed in the United States.

The Times was exactly right. Within 4 years of the tax cuts, the enormous expansion of the economy produced enough revenue gains to pay off a third of the national debt.

On the other hand, the 1930's under Hoover and Roosevelt was the decade of rising taxes and the worst unemployment and depression in our history.

Hoover raised both the inheritance tax and income tax from 23 to 45 percent and he imposed a 15-percent corporate tax rate. In 4 years Roosevelt pushed taxes so high that the marginal rate became 92 percent.

The drag of Roosevelt's high tax policy on the economy became so obvious that Congress in May of 1938 forced, over the President's protests, the repeal of the 1936 tax on undistributed profits and cut the corporate tax rate. Promptly afterward, the recession officially bottomed out.

Further tax cuts followed the end of World War II, and in 1948 Congress passed a $5 billion tax cut over Truman's veto. The Keynesian economists, who often misuse economics to justify a bigger government sector and more government spending, predicted that the $5 billion tax cut would worsen inflation. But with the tax cut came the end of inflation, because it led to more work and a greater output of goods and services.

The 1950's, the Eisenhower years, although not a return to the tax increases of the 1930's, was dominated by the mistaken idea that tax cuts always mean revenue losses and budget deficits. Although we were spared the economy-collapsing tax increases of the 1930's, we did not get during the 1950's the economy-booming tax cuts of the 1920's and 1940's.

Those tax cuts came again in the 1960's with $20 billion in tax reductions between 1962 and 1965. Instead of deficits, the results was increased tax revenues which financed the Great Society programs and the Vietnam war.

When we cut taxes for consumers, people are left with more of their earnings in their paychecks. Both consumer spending and saving go up. Even more importantly, reducing taxes on work means people will work and produce more. We talk about reducing pollution by taxing it. Why don't we realize we reduce the amount of work that is done by taxing it?

When consumer spending goes up, the consumer goods industries are stimulated to hire more workers. Employment increases, more goods and services are produced, and the tax base rises and brings in more revenue.

When consumer saving goes up, more money is available for home mortgages and to provide loans for business expansion. Building construction expands as more homes and factories are built.

When we cut taxes for business, we let firms both keep more of their profits from their existing operations and expect more profits from expanding their operations. It encourages business expansion and provides the funds for it.

When consumers spend their own money on consumer goods, they end up with more of what they want. When tax cuts lead to new construction and investments, the result is new factories, new equipment, new and better productive capacity. These things provide new jobs immediately while they are being built and then continue to provide jobs afterward while they are in operation.

The construction workers benefit as well as the workers who are hired to run the new factories which are producing the goods that consumers are calling for by spending their money in the marketplace. As a result of tax cuts we get new productive capacity which continues to provide goods and employment for years to come.

The tax cuts not only encourage work by letting our working men and women keep more of their earnings, they also lead to higher earnings. This is because wages are determined by the amount and quality of tools and equipment with which workers have to work. New technology and better tools are provided to workers through new investments. The more capital investment per worker, the higher the wages. Countries with a growing capital stock per worker can provide growing wages. It is investment that provides economic growth.

Mr. Speaker, I hope that what we did yesterday to leave more of the people's earnings in their own hands was not done in a vacuum and that we follow up this sensible extension of the withholding tax schedules with indexing legislation that will protect the American people from the simultaneous hardships of inflation and higher taxes. I hope we will follow up by increasing production and employment by reducing the taxes on work and investment.

An excellent editorial in the Wall Street Journal shows us the way. I commend it to my colleagues and insert it in the Record at this time. Let me only add thanks to Senator Taft for his very able leadership on behalf of the American taxpayer.

The editorial follows:

The Taft Amendment

For more than two years we have been editorially urging the White House and the Congress to seriously consider the indexing of the federal income-tax schedules, adjusting the income thresholds each year to offset one of the most perverse effects inflation has on the economy.

Neither the Republican administration nor the Democratic Congress has shown any real interest in the idea. But that may be because the idea is theoretically flawless and will work, and Washington politicos these days seem interested only in those ideas which have an excellent chance of not working. The only presidential candidate to embrace the idea is Ronald Reagan, and we applaud him for that.

We also applaud Sen. Robert Taft Jr., Ohio Republican, for introducing an indexing amendment to the tax-reform bill that is now before the Senate. The measure would call for the first inflation adjustment of the tax brackets, personal exemptions and standard deductions on Jan. 1, 1978. It would correct for the average increase in the Consumer Price Index in the year beginning July 1 of this year over the average CPI in the previous year.

If the number works out to, say, 6%, the personal exemption and standard deduction would be multiplied by 1.06. And so would each income threshold from one bracket to the next. A worker who pays 14% on his first $1,000 of taxable income and 15% in the next bracket would stay in the lower bracket up to $1,060 before getting clipped at the higher rate.

Without such adjustment, the worker whose wage increase just makes up for the 6% inflation is pushed into a higher tax bracket. Just to keep him even, his wages must rise faster than the cost of living. So Senator Taft is quite correct in arguing that the inflation penalty is "one of the basic causes for inflationary wage demands, since a worker must receive a wage increase in excess of the cost of living increase simply to maintain the real value of his take-home pay."

He calculates that had these adjustments been made over the last three years, a steelworker in a family of four cumulatively would have paid $435 less in federal taxes, a construction worker $408 less, and an autoworker $432 less. In other words, this is the amount such workers paid in additional taxes because of being pushed into higher brackets by inflation. In the real world, the workers probably made this up by negotiating higher wages, and the employers have passed these costs along in prices. If the tax adjustments had been made, the economy would have experienced less inflation and more employment.

The reason official Washington has been cool to indexing is that politicians of every stripe like the inflation tax because they don't have to vote for it. Liberals think it provides more revenues for social spending; conservatives think it helps balance the budget. Indeed, President Ford's last budget message projected a balanced budget by the end of the decade via the inflation tax.

Chairman Russell Long of the Senate Finance Committee spurns indexing, arguing that inflation also pushes up the cost of government, so it is reasonable to allow the inflation tax to support those increased costs. His argument would be valid if the income-tax were purely proportional, but as it is inflation takes two tax bites out of income, once through proportionality and once through progressivity.

That is, if national income were 100 and the tax was a proportional 25%, for example, revenues would be 25. If the national income were inflated to 200, the tax would produce revenues of 50, sufficient to maintain the inflated cost of government. But because the tax is progressive, when national income goes to 200 from 100 revenues go from 25 to, say, 75, and the extra tax burden on production causes a decline in productivity.

How appropriate it would be if somehow the Taft amendment could be adopted this year of the Bicentennial. As Senator Taft points out, these are "unscheduled, unplanned, unlegislated taxes." In a very real sense, they constitute taxation without representation.

SOVIET UNION URGED TO LIVE UP TO PROVISIONS OF HELSINKI FINAL ACT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. COUGHLIN) is recognized for 10 minutes.

Mr. COUGHLIN. Mr. Speaker, all of the nations which signed the Helsinki Final Act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Because the Soviet Union is not living up to that promise, Members of Congress are conducting a vigil on behalf of the families which remain separated.

A case history entitled "Orphans of the Exodus" dramatically details this tragic problem. At this time, I would like to bring to my colleagues' attention the plight of Idel Yakovlevich Rosenblum and his wife, Clara Katsef.

Idel and Clara live in Beltsy, Moldavia, near the Romanian border. Idel is a radio technician, or was, until he lost his job because he and his wife applied for exit visas with their parents to immigrate to Israel.

In April 1975 the parents of both Idel and Clara left the Soviet Union when their visas came through. But Idel and Clara had to remain. Idel had been refused permission because he lacked 1 month of the mandatory 5-year waiting period after discharge from army service. The Kishinev Bureau of Exit Visas and Alliance Registration assured the Rosenblums and Katsefs that visas would be coming shortly for Idel and his wife as soon as the 5-year term was completed. That period was completed in May 1975 and the visas have still not materialized, and each visit to the OVIR office results in refusals without explanation.

Recently, Clara gave birth to a baby girl whom the grandparents have never seen. Their unhappy situation illustrates the tragedy of separated families. Idel and Clara are without work with a small child to take care of, without relatives, exiles in their own country.

The Soviet Government's refusal to allow its citizens freedom of emigration is contrary to our own American concept of basic human rights. The suffering and persecution endured by Soviet citizens who wish to emigrate is well known. We must make the Soviet Government aware that their continued policy of separation and harassment will not be ignored by the freedom-loving nations of the West.

It is my hope and the hope of the others participating in this vigil that by drawing attention to the plight of Idel Rosenblum and the many others in similar circumstances, World opinion will eventually bring about a softening of the Soviet Union's emigration policy.

DEBT COLLECTION ABUSES ARE NOT UNCOMMON

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, debt collectors have a very effective way of collecting debts. It is called "beating" and it consists of the repeated calling of an individual, sometimes into the night, until he or she finally agrees to pay.

Consider the testimony of James Clark, a former debt collector who testified before the Consumer Affairs Subcommittee earlier this spring on the Debt Collection Practices Act, H.R. 13720:

> The most common technique for collecting debts was known as beating. This is continuous calling of a person. I can recall one individual that got me particularly aggravated, and I did not like him very much. So I made a point, and I set up a schedule in our office of calling the man every five minutes throughout the entire work day. I called him at home, I called him at work. He had gone to visit his aunt during the evening and I called him at his aunt's house. Finally, I got the man to pay.

Although beating is usually reserved for the "hard core" cases, Mr. Clark had several other methods which he used "to get behind" a consumer. In certain cases he would don a police uniform, show up at a person's home and threaten immediate arrest unless the debt was paid. At other times, Clark told the subcommittee he bribed attorneys for the use of their names and letterhead, threatened the children of consumers, told lies to the family and friends of difficult "clients," and shouted abusive or even sexual insults over the phone. According to Clark, even local judges and police officials were taking some of the 50 percent he would make on every collection in return for their services in helping Clark make his threats look official.

The reason for all of this said Clark:

> I had a job to do . . . and it was my job to do the best I could for my employer and my clients, regardless of what the consequences were to either myself or to the debtors.

Mr. Speaker, I agree that debt collectors do have a job to do. But I vehemently disagree that this business should be conducted regardless of the consequences to the consumer.

For many years we have denied that persons who owned money had rights. This principle is wrong. They have the same rights as all other persons to be treated with fairness and respect, despite overdue bills.

Many are having trouble paying debts these days. Large sections of our population are still in dire financial straights caused by the recession of the past 3 or 4 years. Others, because of a medical bill or some other unexpected expense, have had their ability to repay loans or other obligations sharply cut back.

The Debt Collection Practices Act, which I am sponsoring, is ready for a floor vote and will finally spell out those practices which are clearly unreasonable and should be prohibited. Examples are the use of profane language, the use of violence or other criminal means to harm the physical person, falsely representing oneself as a police officer or attorney, and repeated calling of a person's friends or relatives or employer. Nowhere in the bill is the collector prohibited from contacting the consumer. Nowhere in the bill is the collector prohibited from attempting to trace an individual even if he appears to have "skipped town." And nowhere in the bill is the collector even prohibited from calling the consumer at work.

What the bill does do is set strict but reasonable limits for when and under what conditions the collector may employ these practices so often abused in the past.

As I have said before, there are many professional debt collection agencies. Many of these agencies belong to the industry's trade associations and make every effort to comply with the various codes of ethics. Not surprisingly, these codes include many of the same provisions of H.R. 13720. It is also true that in the hearings on this bill it was established that among the responsible collectors, there is a great deal of feeling that H.R. 13720 will help the debt collection business by driving out the shoddy practitioners.

The trade associations have provided input on this bill from the very beginning and have made suggestions which were adopted by the subcommittee and the full Banking Committee during the markups.

I took testimony from every debt collection representative at the hearings that he or she had been given a fair chance to outline the industry's views.

I believe that the resulting bill—The Debt Collection Practices Act—is as sound a consumer measure as has ever been reported to the floor of the House from the Subcommittee on Consumer Affairs, and I might add that the Equal Credit Opportunity Act and the Truth in Lending Act are among the subcommittee's former endeavors.

The $15 billion which is assigned to such agencies for collection yearly represents a large number of good, honest people who deserve better treatment than they have been getting in the past.

The Debt Collection Practices Act will assure that they get a fair break when they owe money, and that collection of "hard core" debts takes place lawfully in the courtroom, and not by threats, obscenity, and lies.

GSA OPPOSITION TO FEDERAL BUILDING IN TALLAHASSEE, FLA., UNJUSTIFIED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Fuqua) is recognized for 5 minutes.

Mr. FUQUA. Mr. Speaker, yesterday I introduced a bill to direct the Administrator of General Services to provide for construction of a Federal building in Tallahassee, the capital of the State of Florida and located in my Second Congressional District.

There has long been a need for such a structure. Presently, our Federal court officials, U.S. Attorney's Office, U.S. Probations and Parole Office, and other judicially related services, are cramped in outdated facilities leased from the Postal Service.

Recently, in an effort to obtain this much needed facility, I requested the General Services Administration to update a survey of space needs and obtain further information concerning the needs for a new building and courthouse.

It was extremely disappointing to learn, that although every single one of the community leaders GSA interviewed cited the needs and strongly advocated the construction of this facility, GSA still claimed there was not adequate justification.

I can not accept this report. The people interviewed were not just those Federal officials and employees whose quarters are cramped and seeking space, but also many other distinguished members of a concerned Tallahassee community. They included bankers and other financial leaders, attorneys, city and county officials, members of the chamber of commerce, and professional planners who know the needs and problems of Tallahassee.

It is obvious that present facilities are outdated and cramped. The people of Tallahassee deserve better. At the State capital of the Nation's fastest growing State and home of a burgeoning Federal community, this city is entitled to a structure that more adequately meets the needs of the time and situation.

UNIFIED ACCOUNTS IN HOUSE REFORMS INVITE ABUSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. Cotter) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, I object to the so-called reform package the House Administration Committee voted Monday. Although we badly need to reform some House financing procedures, I am afraid that this package will substitute one system of abuses for another.

Each of the Administration Committee's changes should be voted by the full House. Although H.R. 1372 will strip the committee of its old power to approve administrative changes without the public debate of a floor vote, the changes passed Monday were considered under the old procedure, namely, by committee fiat. I think each change should be the subject of open and public debate.

One particular "reform" is dangerous and invites abuse. The "unified accounts" will enable Members to transfer money from one account to another.

This represents nothing less than a tax-funded expense account for Members. It does not deserve the title of "reform." It is a sham. According to my information the unified account could be used for purposes that presently are forbidden by House rules: leasing cars, entertaining constituents, leasing other equipment that may have little relation to official congressional duties.

The only way to prevent such abuses would be to publish expenditures under this account on an item-by-item basis. This would be a poor way to monitor how money is spent. The public's right to know would be buried under an avalanche of paper.

Some features of the Administration Committee's package are sound. For example, its members wisely ended the "cash-out" procedure for several accounts. The committee also stripped itself of its authority to increase Members' benefits without a floor vote. These changes are genuine reforms.

However, we should not rush into any new procedures without complete and open deliberation. Since the Administration Committee's package is not supposed to become effective until January 3, 1977, we can afford to conduct a more complete and intensive study of the alternatives. With several more weeks' work, the House could publicly vote on each proposed change. Careful analysis and open debate would help guarantee that these are real reforms, not cosmetic changes.

Therefore, I will refuse to vote for a closed rule on H.R. 1372. Instead, I will support an open rule so that each of the Administration Ccmmittee's proposed changes can be debated in public by the full House.

TRIBUTE TO JAMES A. FARLEY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. O'Neill) is recognized for 5 minutes.

Mr. O'NEILL. Mr. Speaker, I want to join my colleagues in expressing my sincere sympathy at the recent passing of one of the finest Democrats that ever lived, James A. Farley.

Though we are all saddened at the loss of such an outstanding and forthright American, we are indebted to Jim Farley for his lasting contribution to American politics. James Farley was blessed with a long, full, and meaningful life, because he had so much to give to America.

Jim Farley was one of the hardest working and most successful American politicians in the history of this Nation. The architect of the Roosevelt Presidential campaigns, the father of the New Deal, James Farley was known as "Mr. Organization," whose model for political campaigns has been employed successfully time and time again over the last four decades.

Human, unpretentious, resourceful, Jim Farley was a political manager who really loved his profession; hard work was his passion. He genuinely liked people and revelled in the countless and exciting political battles in which he participated.

In his autobiography, "Beyond the Ballots," Jim Farley candidly shares with us his very accurate perceptions on the American political scene. He viewed a political organization as a business and a political campaign as a phenomenon that could not be consumated in 1 week or 1 month, but which required months and even years to culminate in electoral success. An organized effort demanded long and painstaking consideration. James Farley was the master who understood the business of politics far better than anyone else.

We all know that in Farley's view, the vote-gathering business included troublesome organization, tedious letter writing, boring meetings, uproarious conventions, long hours of reasoning with candidates and jobholders, and rational and irrational arguing, pleading, persuading. Yet to Jim Farley, the political life was still the most exciting profession, because politics is people, at their best and at their worst. Jim Farley observed:

> Politics is never dull and never the same. The lure of politics lies in the uncertaintly of events, the thrill of participating in exciting and dramatic episodes and the feeling of pleasure that comes from a hard-earned victory over worthy adversaries.

That was Jim Farley's concept of politics. Those of us who knew him and who continue to serve in public life applaud his steadfast dedication and devotion to that honorable profession. My wife Millie joins me in extending our condolences to the family of Jim Farley.

CONGRESS SHOULD NOT BE EXEMPTED FROM GAO AUDITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. Levitas) is recognized for 5 minutes.

Mr. LEVITAS. Mr. Speaker, the public's belief in its Government is basic to representative government. I am today introducing legislation which will help restore an attitude of credibility on the part of the American people toward the Congress of the United States. It calls for an action which is long-overdue.

I have for some time considered introducing legislation to require an annual audit by GAO of the House Members' and committees' accounts. Prior to recent events, it did not seem to me, however, that such a bill would have much chance of being seriously considered. Now I feel we have a greater sensitivity in the House to the importance of the public's right to know that our accounts are being audited and that those audits are available for public inspection.

Presently, every appropriation made by the Congress for any function of the Federal Government is subject to an annual audit by the General Accounting Office, with two exceptions—the Federal Reserve Board and the Congress of the United States. Our predecessors in the Congress established the GAO and required annual audits to ensure that taxpayers' dollars were being properly spent. The Federal Reserve Board was exempted because at that time the Congress felt it ought to remain free from any kind of political influence. That rationale is today being questioned as evidenced by legislation introduced in both the 93d and 94th Congresses which would require a GAO audit of the Federal Reserve.

In my view, the congressional exemption should never have been granted in the first place. While we cannot speak for the other body, we in the House have an obligation to the taxpayer to let him know how we expend public funds to run our individual offices and our committees. Certainly, it is not too much to ask that those who set policy and appropriate funds for other governmental functions to be subject to scrutiny on how we spend tax dollars to carry out our legislative functions.

Therefore, Mr. Speaker, I am introducing legislation today to require the General Accounting Office to perform an audit of any expenditures or financial transactions of each Member, officer or standing committee of the House of Representatives involving disbursements from the contingent fund of the House during calendar years 1973, 1974, and 1975, such audit to be completed within 9 months. Beyond that, my bill would require beginning with calendar year 1976 and each calendar year thereafter, an annual GAO audit to be completed no later than three months following the close of the calendar year. Upon completion of any audit, the Comptroller General would transmit a report to the Speaker of the House with respect to the results of such audit and any such report would be made available to the public for inspection and copies furnished upon request for a reasonable charge.

Mr. Speaker, I urge consideration of this legislation in a timely manner.

STATEMENT

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include a statement.)

Mr. BRADEMAS. Mr. Speaker, I insert in the RECORD at this point a statement regarding several recorded votes I missed on Monday, June 28, 1976, and an indication of how I would have voted had I been present.

Rollcall No. 467, a vote on an amendment to H.R. 14234, transportation appropriations for fiscal 1977, to prohibit commercial flights of SST aircraft to U.S. airports that do not meet established noise standards. The amendment was rejected by a vote of 126 to 269. Had I been present, I would have voted in favor of the amendment.

Rollcall No. 468, a vote on an amendment to H.R. 14234, transportation appropriations for fiscal 1977, to prohibit commercial flights of SST aircraft to the John F. Kennedy International Airport in New York unless such flights can comply with established noise standards. The amendment was rejected by a vote of 170 to 228. Had I been present, I would have voted in favor of the amendment.

Rollcall No. 469, a vote on an amendment to H.R. 14234, transportation appropriations for fiscal 1977, to strike those sections of the bill which place obligational ceilings on trust fund programs in the areas of highways and highway safety. The amendment was passed by a vote of 251 to 146. Had I been present, I would have voted in favor of the amendment.

Rollcall No. 470, a vote on final passage of H.R. 14234, transportation appropriations for fiscal 1977. The bill was passed by a vote of 376 to 21. I was paired for this bill and had I been present, I would have voted in favor of it.

Rollcall No. 471, a vote on final passage of the conference report on H.R. 12203, foreign assistance appropriations for fiscal 1976 and the transition quarter. The report was agreed to by a vote of 231 to 158. I was paired for the report and had I been present, would have voted in favor of it.

PIONEER SOUTH FLORIDA BUSINESSWOMAN

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, I have the very great honor, today, of bringing to the attention of our colleagues a most admirable woman.

Mrs. Ellen Spears Harris, who passed away earlier this year, was a good friend of ours, truly a gifted person, a pioneer figure who rose from small beginnings to help transform Florida from a backwater into the great State it is now. In addition, Mrs. Harris was always a warm and loving mother, and a great and gracious hostess, whose social activities never lagged all the other fields of interest her many talents encompassed.

The development of the Miami area, among others, was intimately connected with Mrs. Harris' own career. Her career, which lasted almost for two generations, included the insurance and banking businesses, real estate brokerage, major land developments, and produced many of the beautiful communities and landmarks, such as Biscayne Boulevard, for which Miami has become famous.

Such a successful life, spent wholly in pursuit of positive and productive goals, including benefits for each and every person it touched, and lasting to pass some of its varied accomplishments in review, is always an inspiration and, at least to me, a personal enrichment I will treasure forever.

I am, therefore, proud and honored to be the one today to request permission to insert the following background notes at this point in the RECORD:

PIONEER SOUTH FLORIDA BUSINESSWOMAN: ELLEN SPEARS HARRIS

BANKER, INSURANCE EXECUTIVE, VETERAN REALTOR, FOUNDER OF MIAMI SHORES, BISCAYNE BOULEVARD, VENETIAN ISLANDS

Venetian Islands

As the young widow of the late Dr. Emrys C. Harris, Mrs. Harris came from Alabama to Miami in the early 1920's to join her cousin, the late Hugh M. Anderson, in the development of Venetian Islands and the construction of the Venetian Causeway. The causeway, which provided the shortest link to Miami Beach from the mainland, replaced the former, all-wood Collins Bridge. A gigantic dredging and filling operation created the beautiful, gem-like islands, spread across Biscayne Bay, drawing international attention and acclaim for their imaginative planning and design.

Miami Shores

The resounding success of the Venetian islands projects spurred Anderson, Mrs. Harris, the late Roy C. Wright, the late J. B. Jeffries and the late Vernon Seaver to form the Shoreland Company. This latter enterprises developed Miami Shores, Biscayne Boulevard and much of North Miami. Planned, but not completed at that time, was Indian Creek Island and what was to become Broad Causeway. Mrs. Harris served as vice president of the Shoreland Company.

To assemble the site for Miami Shores, now among the nation's foremost suburban communities, Mrs. Harris and her associates acquired the pineapple plantation of the late L. T. Cooper, patent medicine magnate of Tanlac fame.

Real estate activity in Florida had been gathering steam since the turn of the decade. On December 4, 1924 the initial sale of The Shoreland Company's lots were offered to the public. The enthusiastic response of the buying public established a world's sales record for a single day's offering. This sale signaled to knowledgeable observers the beginning of the great boom of the Twenties.

The pace of real estate activity rapidly quickened and the initial sales mark was broken on September 3, 1925 when a new, world's record was set with the public's snapping up lots in the Arch Creek Section in North Miami, a 2800-acre extension of the original Miami Shores development. The company's headquarters at 125 East Flagler Street was a beehive of buying and the office was forced to close temporarily to catch up on the unprecedented paperwork.

Biscayne Boulevard

In order to provide ready access for the spectacular new Shoreland Company developments on the northern fringes of Miami, Biscayne Boulevard (now US #1) was cut through from the central downtown district to Miami Shores. Many hundreds of residences and other buildings along the proposed route were purchased and razed to secure the right-of-way for one of Dade County's showcase landmarks. Prior to that time automobile entry to Miami from the north was via the old East and West Dixie Highways.

Collapse of the boom

The high water mark of the Florida Boom was reached at the end of 1925. By the late summer of 1926 real estate activity had begun to falter. On September 18th Miami was struck by one of the major hurricanes of the century resulting in vast loss of life and property destruction. The hurricane dealt a knockout blow to the Boom, to most of the land developments of South Florida and to the Shoreland Company.

When the dust of the boom years had settled, Mrs. Harris entered the real estate brokerage and insurance fields, establishing her own agencies in downtown Miami. She was an active Realtor at the time of her death with offices in the Alfred I. duPont Building. She was one of the earliest members of the Miami Board of Realtors.

Bank executive

For a period during the Depression of the 1930's Mrs. Harris became Special Assistant to the President of Hollywood, Inc., successors to the original developers of Hollywood, Florida. During World War II she entered the banking field and served as Assistant Vice President of the First National Bank of Miami under the colorful regime and tutelage of the late Edward C. Romfh, one of Florida's and the nation's leading bankers. When Romfh sold the bank shortly after the war, Mrs. Harris re-established her downtown real estate office.

At the time of her death, on January 12, 1976, Mrs. Harris resided in the Miami Shores home she built in the heady days of the 1920's. She was an active hostess, entertaining in her home many prominent local and national figures. Her Open House on Christmas was an annual feature for many years.

Mrs. Harris was also a founding member of Tequesta Chapter, Daughters of the American Revolution and of Bay Oaks Home for the Aged.

Mrs. Harris leaves her son, Colonel Emrys C. Harris, Jr., of Miami; her daughter, Mrs. Horace W. Harrison of Owings Mills, Maryland; her sister, Miss Pratt Spears of Miami; and her granddaughter, Miss Ellen Spears Harrison of Owings Mills, Maryland.

VETERAN AND NONVETERAN SHOULD BE SUBJECT TO EQUAL EMPLOYER SCRUTINY

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I am today introducing legislation with Senator George McGovern to make it an unlawful employment practice for an employer to request papers or information from an employee or applicant for employment with regard to the military service of that individual, unless such a request is directly job related or involves a question of prior criminal convictions. I would like to provide a brief history of the problems which have resulted from the availability of discharge papers and other military service records to employers, and which have led us to call for this legislation.

In 1974, Representative Les Aspin and I introduced legislation to eliminate the application of separation program numbers—SPNs—on discharge papers, as did Senator McGovern on the Senate side, and to require that they be treated as confidential in a veteran's file. Over 50 Members of the House cosponsored that bill and, through the concerted efforts of many House and Senate Members, the administration changed its policy in the matter, voiding the necessity for legislative action.

At the time of discharge, a serviceman is given a discharge paper, DD form 214, Report of Separation from Active Duty. Prior to 1974, that form contained a numerical code specifying the reason for release. The code, called separation program numbers—SPN's—could penalize a veteran for life. The code numbers and what they designate, while intended to be confidential, became publically known. The consequent invasion of privacy is still unended for many a veteran with a prejudicial SPN. Employers who were able to get copies of the number designation often used this information in an adverse way, undoubtedly preventing veterans from obtaining jobs when they were either equally or better qualified than nonveteran applicants. These veterans were not guilty of an offense under military or civilian law. They were not permitted a hearing before an administrative board—nor were they permitted counsel. Some of these SPN's have such disparaging connotations as "bedwetting," "homosexual tendencies," "inaptitude," and "apathy." In every case the SPN was the result of an arbitrary decision made by others, and the serviceman could have been unaware of its meaning or significance.

Though they were successful in having the SPN's removed from discharge papers, our goal was not accomplished. Although the DD 214 no longer contains a SPN, many employers are aware that a narrative summary describing the reason for separation and reenlistment eligibility is available upon request to the veteran. When an employer knows someone has been in the service, some will either ask the veteran to furnish a copy of the narrative summary or have him sign a routine waiver allowing the company to get the summary. Of course, many veterans who were discharged prior to 1974 are not aware that SPN's exist on their discharge papers and, therefore, have failed even to obtain an expurgated copy of the DD 214, to which they are entitled.

Then there are the problems caused by the character of the discharges themselves. These are honorable, general, undesirable, bad conduct, and dishonorable. Only the latter two kinds follow a court-martial; the other are administrative in nature. The administrative discharges have been criticized from many standpoints. For example, under the administrative procedures of the general and undesirable discharges, the veteran is not entitled to the legal defense he would automatically receive in the case of a court-martial where the rules of evidence apply and where the government must prove its case. In 1969 legislation adding even greater due process to the court-martial system was enacted.

Ironically, that reform is one of several factors which has caused the average number of general and undesirable discharges to jump from 32,000 in 1969 to 81,000 in 1972, as officers do not use the courts-martial process because of inability to prove their case in a court subject to the rules of evidence. Other reasons range from political dissension and drug abuse to friction with one's immediate superior. SPN's may have been removed from post-1974 discharge papers, but the character of the discharge remains. That discharge can label an employee or applicant for employment as undesirable, though acts which earn administrative discharges are often neither criminal nor serious.

Our purpose in introducing this legislation is to provide the veteran with equal protection under the law while at the same time allowing industry and the society at large to protect itself from undue risk. For example, questions for the purpose of ascertaining whether a veteran has been convicted by court-martial would be permitted under our bill. We have deemed this to be allowable because neither the Federal Government nor the States consider requests regarding prior convictions to be an unfair employment practice, per se. Under our bill, the criminal history of both the veteran and the nonveteran would simply be subject to equal scrutiny. Questions relating to work experience and training in the Armed Forces, as they are job related, would also be permissible under our bill. Some veterans might wish to present their discharge papers to an employer as a positive recommendation for employment, and nothing in our bill denies the veteran that right. But an employer could not demand such records, nor could he coerce a veteran into providing the company with a routine waiver.

Whether by SPN code, narrative summary or character of the discharge, documentation of an individual's inability to conform to military life can haunt him throughout his future career. I believe that veterans are entitled to at least the same consideration for employment or promotion which we have guaranteed to the nonveteran. The indiscriminate use of military records in determining a person's fitness for employment constitutes an invasion of personal privacy, as well as being an unfair employment practice, and should be prohibited.

THE UNITED STATES SHOULD HELP PROVIDE ASYLUM TO SOUTH AMERICAN REFUGEES NOW ENDANGERED IN ARGENTINA

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, the refugee community in Argentina is in danger and needs our help. The 20,000 Chileans, Uruguayans, Brazilians, and Bolivians, many of whom have no Communist or terrorist connection, are now considered not compatible with Argentina's internal security. In accordance with the U.S. tradition of offering asylum to political refugees, Congressman Don Fraser and I have introduced House Concurrent Resolution 656, expressing the sense of the Congress that the Attorney General parole into the United States those South American nationals in Argentina and those Uruguayans within Uruguay who are in danger of their lives. Senator Kennedy has introduced an identical resolution in the Senate.

I have prepared a factsheet on the need for the parole visa program, which I am appending for the interest of my colleagues. May I urge my colleagues to cosponsor this resolution in order to demonstrate to the State Department that Congress supports such a program. The State and Justice Departments are already empowered to establish this program, but have not yet done so.

We have rightly offered asylum to hundreds of thousands of refugees from Cuba, Hungary, and Vietnam. We must do no less for those fleeing right-wing repression.

The factsheet follows:

Factsheet on Plight of South American Refugees Living in Argentina

Political violence has been a fact of life in Argentina for many years. Right and left wing terrorist groups have been trying to kill each other off. But with the advent of military dictatorship in Argentina, right-wing para-military groups, which often include members of the military, are operating with complete impunity—sometimes with government sanction. These right-wing death squads have gone beyond killing those of the left-wing and are now killing exiles living in Argentina, who are often political moderates.

Four Uruguayans—including Senator Zelmar Michelini and President of the Chamber of Deputies Hector Gutierrez Ruiz—were kidnapped and murdered by right-wing death squads, possibly at the behest of the Uruguayan government. Reports indicate that the kidnappers spent 45 minutes to kidnap Gutierrez Ruiz—in the middle of Buenos Aires, near a police headquarters, evidence that the Argentine government was looking the other way.

Kidnapping and murder of Bolivian former President Juan Jose Torres, an exile in Argentina. When Torres' wife asserted that her husband had been kidnapped, the government responded by saying that he had probably gone into hiding and that her assertion could well "be part of a well-concerted effort from abroad to discredit the government".

An armed group broke into the offices of the Catholic International Migrations Committee, a U.N. affiliated refugee care organization, and stole its master list of 8,000 refugees, their names and addresses, living in Argentina.

Subsequent to this theft, 25 Chilean and Uruguayan refugees living under U.N. protection were kidnapped and tortured, and told to leave the country. Many of these refugees, however, have no valid traveling papers nor money with which to travel.

The government of Argentina announced that many of the 20,000 refugees from Chile, Uruguay, Brazil, and Bolivia living in exile in Argentina were "not compatible with our internal security".

The U.N. High Commissioner on Refugees has sent out an "urgent appeal" to member countries of the U.N. to accept 1,000 refugees living in Argentina. He referred to the "marked deterioration" of the situation. The U.N. is maintaining close contact with the Argentine government and pressing that government to protect the refugee centers, but stresses resettlement of refugees as the solution of "most pressing urgency."

3,000 refugees living in Argentina have already been resettled in Western European and communist bloc countries. The United States has to date done nothing. Many of the refugees have no communist or terrorist connection and could be paroled into the United States under existing law.

The eight civic and religious organizations that coordinated the resettlement of Vietnamese refugees have appealed to Secretary of State Kissinger to initiate a campaign to rescue thousands of refugees now in danger in Argentina. The eight organizations are:

Church World Service,

The Lutheran Immigration and Refugee Service,

The United Hias Service,

Catholic Immigration and Refugee Service,

The Tolstoy Foundation,

The American Council for Nationalities Service,

The American Fund for Czechoslovak Relief,

The International Rescue Committee.

Wilson Ferreira Aldunate, a moderate democartic leader of Uruguay now in exile, who recently fled from Argentina himself, has testified that there are at least 250 persons in Buenos Aires who know they have been singled out by death squads for assassination but who have not been able to leave the country.

The State Department has indicated some support for the establishment of a parole visa program, but is required to consult with Congress before proceeding with the program. H. Con. Res. 656 is the vehicle by which Congress can show its support for the parole visa program.

U.S.S.R.'S LATEST TAX MEASURE IS REPREHENSIBLE AND VIOLATES HELSINKI ACCORD

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, on June 15, the Soviet Union imposed an unnecessary and cruel schedule of import duties and size limitations on packages sent to the Soviet Union. According to the State Department—

> The duty on almost all gift merchandise items has significantly increased, in some cases by several times the previous duty.

As my colleagues are no doubt aware, the line of communication between Westerners and Soviet citizens is already weak—these new restrictions, unexplained by Russian officials, make it even more tenuous. Such a high duty schedule will greatly increase the costs for Americans who send gift packages to relatives and friends in the U.S.S.R. But it is more than "gifts" that are sent. Many are kept alive by what can be sent from abroad. The new regulations will create hardships for many Soviet families. For example, the duty for a $30 winter coat was $27.32, but now it is $172; one can only send 12 yards of material to Russia, where formerly one could send 42 yards.

The brunt of such a heavy tax will be borne mainly by Soviet Jews and other dissenters who are in the Government's "disfavor." Many such citizens, particularly those who have applied to emigrate from the U.S.S.R., have been dismissed from their jobs, and are denied any gainful employment. Gifts and parcels from abroad literally keep these "income-less" people alive.

This newest Soviet action is not a clear measure to prevent emigration, as was the education taxes imposed a few years ago. At that time, in August of 1972, the Soviet Union imposed a schedule of fees on those who wished to leave the country (the fee was ostensibly to reimburse the U.S.S.R. for the educational training of those citizens). The fees ran up to $30,000 and served effectively to limit the ability of most citizens to travel. I believe that this month's action, while it does not relate to getting out of Russia, is comparable, and equally reprehensible.

The effort seems clearly intended to discourage "wider travel by Soviet citizens"—the words of the Helsinki accord. The Russian tax weakens the situation of those who have been refused visas by removing—or at least weakening—an important source of help. Essential articles are prevented from reaching those who need them, and such a prospect will certainly serve to dissuade many from thoughts of emigration.

Furthermore, the tax is in explicit violation of article 1 of the Universal Postal Convention, which both the United States and the Soviet Union signed. That provision assures freedom of transit of the mail between nations.

I am a cosponsor of House Resolution 1304, introduced by Mr. Lent, which decries this unjust tax. If détente is to have real meaning, we must require the Russians to adhere to their agreements. These recently imposed duties will harm Soviet Jews, dissenters, and all those who wish to emigrate, clearly in violation of the Helsinki meeting. The measure is discriminatory, grossly unfair, and it makes a mockery out of détente and Helsinki. I urge my colleagues to join me in condemning this Soviet tax. World opinion caused the U.S.S.R. to rescind the education tax, and it can cause the U.S.S.R. to rescind this latest outrage.

LIGHTNING—NEGATIVE ENERGY STATE ELECTRICAL CONDUCTION CURRENT: FIELD OR PARTICLE

(Mr. STEPHENS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. STEPHENS. Mr. Speaker, Benjamin Franklin, one of America's all-time great scientists, knew that knowledge—cognition—did not provide understanding (relationship). Franklin's search for relationship led to many fundamental discoveries: A few examples include the cyclonic circulation of North American storms, the existence of two kinds of electrical charge, the electrical polarization of the normal thundercloud, and the invention of a nonpolluting pit-coal burning stove.

It is both significant and appropriate that a new theory describing lightning adequately for the first time evolve during our Bicentennial Year. This results from theoretical research conducted by Dr. John B. Smyth and his son Mr. David C. Smyth. Dr. Smyth is a native of Georgia, a graduate of her university. The Smyths have prepared an important paper which they would like to dedicate to the memory of Franklin. I desire to have the paper appear in print first in the Congressional Record and I would like to share it with my colleagues:

Lightning—Negative Energy State Electrical Conduction Current: Field or Particle

(By John B. Smyth and David C. Smyth, Smyth Research Associates, San Diego, Calif.)

In 1861 Wm. Thomson (Lord Kelvin) said to Peter Tait, "Tell me what Electricity is and I will tell you everything else." Today this promise may be made with even greater confidence that one will not have to tell everything else. This derives from the discovery that the electrical conduction current is a negative energy state phenomenon; and this statement implies that we may never have direct information on the true nature of the electrical conduction current. The strength of this assertion rests on the foundation of the rational derivation of an exact solution to an empirical relationship, Maxwell's equations.

Maxwell's equations relate fields and sources, devoid of all conceptual difficulties associated with matter. These relationships do not, in fact cannot disclose any information on the true nature (essence) of the field or the source. They represent Maxwell's mathematical formulation of Faraday's modes of thought on how the sources interact, the action taking place through conceptual fields existing as a continuum throughout space and not directly observable beyond this interaction. Likewise, this reality of the sources is not known beyond this interaction: Thus, the source could be considered the mental construct to account for the field which would be considered the reality.[1] Perhaps it would be best to consider physical reality as the relationship, the understanding, and not expect more fundamental defining characteristics for either the field or the source to derive independently from knowledge. Knowledge is cognition. Understanding is relationship.

The exact solution of Maxwell's equations which discloses the electrical conduction current as a negative energy state phenomenon exhibits the associated field as two distinctly different yet causally related energy domains: (a). One electric field component generating electric displacement provides energy in the form identified with particles exhibiting central force field interaction; (b). The other electric field component and associated magnetic field component provides energy which propagates through the energy of other fields in the vacuum universe without the slightest interference.

Although this theory appears very abstract it has many important applications to the concrete. For example, when applied to the lightning discharge it incorporates the observables which have appeared puzzling and unrelated in terms of more familiar concepts of material particles.

ELECTROMAGNETIC FIELD OF ELECTRICAL CONDUCTION CURRENT

There is an exact solution of Maxwell's equations representing an electrical conduction current input to an infinitesimally thin perfectly conducting filament. This represents an exact duplication of the lightning discharge. If the filament extends from the origin along the positive z-axis, a current input at O generates spherical waves spreading outward. The field components expressed in spherical coordinates are as follows:

$$E_{r_1}=\frac{\int I(t-r/c)dt}{4\pi\epsilon r^2},$$

$$E_\theta=\frac{\eta-I(t-r/c)}{4\pi r\sin\phi}(1+\cos\phi), \qquad (1)$$

$$H_\phi=\frac{-I(t-r/c)}{4r\sin\phi}(1+\cos\phi),$$

where $\eta=(\mu/\epsilon)^{1/2}$ is the intrinsic impedance of the medium characterized μ henry per meter permeability and ϵ farad per meter dielectric constant. This solution satisfies Maxwell's equations exactly as may be demonstrated by direct substitution, and is valid everywhere except at the origin $r=0$ and along the line $\theta=0$.

The electromagnetic field at any point (r, Θ, ϕ) is related to the current input to the filament at an earlier time $(t-r/c)$, where the wave velocity in the medium is given $c=(\mu\epsilon)^{-1/2}$. The E_r component of the field has the singular property that its magnitude depends on the total current flowing into the end of the filament for all time prior to $(t-r/c)$. The electric displacement, $D=\epsilon E_r$, is a field quantity with magnitude independent of the electromagnetic properties of the medium. The time rate of change of the electric displacement over the spherical surface of radius r is of equal magnitude but opposite sign to the electric conduction current flowing along the filament through this surface. It is important to observe that the electric displacement current propagates with the speed c, as it must since it is derived from one component of the field of the conduction current.

The E_θ component of the field is directed along lines of longitude and terminates on the axis of the current element. The $H\phi$ component of the field is directed along lines of latitude. This component is the magnetic field intensity of the current element and its magnitude is independent of the electromagnetic characteristics of the medium.

Prior to time $t=0$ a total electric displacement, $4\pi r^2 D_0=q_0$, is assumed to exist through any spherical surface centered on the origin. The associated electric field intensity is radially directed and given by:

$$E_r=\frac{-q_0,}{4\pi\epsilon r^2} \qquad (2)$$

where q_0 is the strength of the source of electric displacement and is usually identified as charge.

At time $t=0$ we assume an infinitely thin perfectly conducting filament to exist along the positive z-axis terminating at the origin $r=0$. The field associated with a current input at the end of the filament is given by equation (1). As noted above, the E_r component of this field is determined by the time integral of the electrical conduction current out of the origin. The total electromagnetic field after time $t=0$ is given by the sum of equations (1) and (2). The total electric displacement through a spherical surface of radius r enclosing the origin is the sum of the electric displacement given by equation (2) and the time varying electric displacement derived from the E_r component of the field created by the electrical conduction current, that is

$$4\pi r^2 D=-q_0+\int I(t-r/c)dt.$$

For time equal to or less than r/c the total electric displacement through the spherical surface is just the constant value $-q_0$. For time greater than r/c the total electric displacement is given by the above expression.

We may terminate the electrical conduction current input to the filament at any time. Let us do this at time $t=t_1$ such that the integral of the current flowing out of the origin equals the total electric displacement, $-q_0$, assumed to exist at the origin before time $t=0$. We may accomplish this by adding an equal magnitude current of opposite sign beginning at time $t=t_1$. The electromagnetic field associated with this electrical conduction current input to the filament is given by:

$$E^r=\frac{-\int I(t-t_1-r/c)dt}{4\pi\epsilon r^2},$$

$$E_\theta=\eta\frac{I(t-t_1-r/c)}{4\pi r\sin\Theta}(1+\cos\Theta), \qquad (3)$$

$$H_\phi=\frac{I(t-t_1-r/c)}{4\pi r\sin\Theta}(1+\cos\Theta).$$

The total field is now given by the sum of equations (1), (2), and (3). Figure 1 depicts the resultant field of the transient electrical current input to the filament at point O. Information on the beginning of the current input to the channel has arrived out to distances $r=ct$, the effect of the second current input given by equation (3) lags behind this spherical surface by a distance ct_1. Only information on the original electric displacement given by equation (2) exist in the space beyond the outer surface of this spherical shell which is propagating away from the origin with the velocity c. The volume within the inner surface of this shell has all the information given by the fields of the three sources at the origin and is identically equal to zero. Information on the transient current input at the origin is contained within the shell of thickness ct_1.

The total electric displacement through the outer surface of the shell is $-q_0$, the total electric displacement through the inner surface of the shell is zero. This establishes an important fact: The electric field intensity associated with charge travels with the finite velocity, $c=(\mu\epsilon)^{-1/2}$. The total electric displacement through a small cylindrical surface enclosing the current element along the axis $\Theta=0$ between the two surfaces of the shell recovers the value

$$-\int_0^{t_1} I(t)dt.$$

This is the magnitude of the positive electric displacement deposited at the origin by the elctrical conduction current, which is just the amount required to cancel the original electric displacement given by equation (2).

Let us terminate the conduction current at some point P at a distance d along the positive z-axis from point O at the origin. We may specify any terminal impedance: The characteristics of the stepped-leader indicate that a matched terminal that transforms the electrical conduction current back into electric displacement is best suited for describing the observations. To cancel the current flow beyond point P at $z=d$ we add positive current into the channel, of equal magnitude but opposite sign, beginning at time d/c when the current from point O arrives. The field associated with this current into point P terminating the flow of current beyond is given by:

$$E_{r'}=\frac{-\int I(t-d/c-r'/c)\,dt}{4\pi\epsilon r'^2},$$

$$E_{\theta'}=\eta\frac{I(t-d/c-r'/c)}{4\pi r'\sin\Theta'}(1+\cos\Theta'), \qquad (4)$$

$$H_{\phi'}=\frac{I(t-d/c-r'/c)}{4\pi r'\sin\Theta'}(1+\cos\Theta'),$$

where r', θ', ϕ' are spherical coordinates from the point P. The total field is now given by the sum of equations (1), (2), (3), and (4).

When the end of the current element from point O arrives at point P the current input given by equation (4) is no longer required and must be terminated. This is accomplished by adding equal current of opposite sign beginning at time $t=t_1+d/c$. The field components associated with this current input at point P are the following

$$E_r'=\frac{\int I(t-t_1-d/c-r'/c)dt}{4\pi\epsilon r'^2},$$

$$E_\theta'=\eta\frac{-I(t-t_1-d/c-r'/c)}{4\pi r'\sin\Theta'}(1+\cos\Theta'), \qquad (5)$$

$$H_\phi'=\frac{-I(t-t_1-d/c-r'/c)}{4\pi r'\sin\Theta'}(1+\cos\Theta'),$$

The total field is the superposition of the fields from all the sources and is given by adding equations (1), (2), (3), (4), and (5). The spatial-time representation of this field is shown in Figure 2. The space beyond the outer surface of the shell spreading from point O has not yet received information on any of the events, the total electric displacement over this surface is $-q_0$. The field within the outer shell is produced by the current input at the point O. The field within the inner shell is produced by the current input at point P. The volume between the two shells is field free since it has no source. The field contained within the volume about point P out to the inner surface of the inner shell is the E_r' component of the conduction current input given by equation (5). The total electric displacement over the inner surface of the inner shell is just $-q_0$. If $-q_0$ is identified with charge then the charge that vanished from point O is now at point P.

We will assume that point P is a branch where there is a change in direction of the conducting filament. Point P may be taken as the center of coordinates (r'', θ'', ϕ'') where $\theta'=0$ is the direction of the new filament. The equations already presented may be used to describe the field generated by a current input at point P. This current may be a continuation of the current from point O, part of it may be reflected toward point O. In addition, point P may be a sink where current is transformed into electric displacement or it may be a source of new current.

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[1] The famous equation, $E=mc^2$, Einstein's identification of mass as energy does not provide any knowledge on the true nature of either beyond the understanding expressed by this relationship.

NEGATIVE ENERGY STATE ELECTRICAL CONDUCTION CURRENT

We will use the step-function representation of the current since it is applicable to time varying processes and because a description of electromagnetic phenomena associated with transients is essential for the understanding of the nature of the electrical conduction current. Furthermore, any function of the current input may be represented by a succession of step-functions. For the ease of description we confine our considerations to a single current element of unit length and unit strength propagating along the thin filament surrounded by a vacuum.

The E_θ, H_ϕ components of the field are contained within a spherical shell of thickness $1=ct_1$ as shown in Figure 1. The field intensities increase without limit as they approach the infinitesimally thin filament. Even so, the energy will be finite if the current flowing is finite. If the filament radius is finite the field will be finite also, and for the same current flow the total energy will be the same for both cases. The energy of the field contained within this shell is:

$$(q_o^2/4\pi\epsilon 1)(2\ln(2r/\rho)-1),$$

where ρ is the filament radius.

The second term within the second brackets is of major interest, the minus one. If we assume the total electric displacement around the origin to be that of one electron, $q_o=-e$, and transform positive electric displacement of the amount of one positron associated with an electrical conduction current element of length $1=2a$, we have a most interesting result for this second term

$$-e^2/8\pi\epsilon a.$$

If a is identified as the radius of the electron and positron, then this is the magnitude of positive energy of each particle. The appearance of positive energy (positron) through the field singularity at the origin is accompanied by an equal amount of negative energy. This negative energy must be associated with the electrical conduction current. The energy of the original electric displacement (electron) now resides in the E_θ, H_ϕ field contained within the shell propagating outward from the origin. Energy from this field is available to transform the electrical conduction current back into electric displacement at some point P as described in the preceding section.

FIELD OR PARTICLE

The electric displacement, the particle if you will, arises through the point function singularity of the E_r component of the field of the electrical conduction current. The energy and charge associated with the electrical conduction current is of the same magnitude as that of the electric displacement, but of opposite sign. The other two field components develop simultaneously and propagate energy from place to place through the cosmos at the speed of light. Energy from this second domain is required to transform the electrical conduction current from its superconducting negative energy state into electric displacement.

LIGHTNING DISCHARGE

Lightning itself is well-known, yet it is not well understood. Many puzzling and strange characteristics of the discharge are described adequately for the first time through relationships derived from theory. These channel parameters are: Inductance, $L=(\mu/2\pi)\ln(2r/\rho)$ henry per meter; Capacitance, $C=2\pi\epsilon(\ln(2r/\rho))^{-1}$; Impedance $Z=(\mu/\epsilon)^{1/2}\ln(2r/\rho)$ ohm. It is to be noted that these field characteristics of the channel vary slowly with distance and channel radius, the reason for uniformity in the lightning discharge characteristics.

The highly concentrated electric field intensity required to develop and infinitesimally thin arc filament is provided by the discharge process through the radially directed E_θ field component. The leader step advances a distance compatible with the external energy available, its halo appearance results from the laterally flowing current driven by E_θ. A pause time of tens of microseconds, which occurs before the next step along a new direction flashes brilliant, is described by the channel characteristics derived from theory.

The maximum rise time of the current in the leader and return strokes is described by the channel inductance and maximum external electric field intensity:

$$dI/dt=-E/L,=10^{10}$$

ampere per second.

The absence of the halo around the return stroke channel results from the change in phase of the E_θ component of the electric field upon reflection from the earth's surface.

The characteristics of the radio waves emitted by lightning are described fully by the exact solution. The peak radiated power computed, ten megawatts, is in excellent agreement with observations.

[Figures not printed in RECORD.]

A BILL TO REMOVE BUREAUCRATIC ROADBLOCKS

(Mr. MILFORD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MILFORD. Mr. Speaker, I have introduced H.R. 14623, which will amend the Federal Aviation Act of 1958 in such a way that new and innovative aircargo enterprises can operate without becoming bogged down in a needless bureaucratic redtape morass.

There should be little, if any, controversy concerning this bill. It poses no threat to existing air carrier operations or to present certificated aircargo operations.

This bill will allow the Civil Aeronautics Board to grant exemptions to new or growing aircargo operations, when such exemptions are in the public interest, and while their application for regular certification is being processed—such applications have often taken years before being approved.

Congress is presently considering a very controversial deregulation bill that is extremely complex. There appears to be little chance of obtaining wholesale regulatory reform in this Congress.

This bill takes a surgeon's knife to remove a small cancer that otherwise will maim or kill small or growing aircargo enterprises.

INTRODUCTION AND BACKGROUND

Under the Federal Aviation Act of 1958, the basic means of regulating and licensing air carriers to perform air transportation is the certification procedure. That procedure specifically contemplates and, indeed, requires extensive and time-consuming investigation by the Civil Aeronautics Board into all matters pertaining to the authorization, modification, suspension and deletion of air transportation.

In keeping with the congressional determination that the public interest is best served by primary reliance on the certification procedure, the Board's power to grant exemptions from the normal requirement of certification is very limited in scope. Thus, the present language of section 416(b) of the act precludes the Board from acting to grant an exemption unless it can find that the operations of the applicant air carrier are so limited in extent or affected by unusual circumstances that enforcement of the certification procedures would be an "undue burden" on the carrier and not in the public interest.

The Board has often acknowledged that its exemption power is severely restricted. A representative expression of the Board's own view of the scope of its power may be found throughout the history of its decisions. See, for example, the *Standard Air Lines Exemption Request*, 9 CAB 583, 584–85 (1948), in which the Board noted that:

> The legislative history of section 416(b) of the Act indicates that its primary purpose is to provide relief for the irregular and sporadic operations of the so-called fixed-base operators and for the carriers engaging in unusual or limited operations. There is nothing in the Act or its legislative history to justify the Board in bypassing or ignoring the certification provisions of section 401 of the Act by authorizing extensive new operations which, although involving some experimental characteristics, are neither unusual as to circumstances nor limited in extent.

The courts have consistently upheld the Board's restrictive interpretation of its power—and, on occasion, have reversed its attempts to extend its boundaries—noting that the primary tool under the act is certification, with exemptions to be granted "sparingly". See, for example, *Island Airlines, Inc.* v. *CAB*, 363 F. 2d 120, 125 (9th Cir. 1966). See also for example, *Utah Agencies* v. *CAB*, 504 F. 2d 1232 (10th Cir. 1975); *ALPA Int'l* v. *CAB*, 458 F. 2d 846 (D.C. Cir. 1972); *Kodiak Airways, Inc.* v. *CAB*, 447 F. 2d 341 (C.D. Cir. 1971).

The difficulty arises out of the increasingly complex and time-consuming nature of the certification process, and the recurring impossibility of making an urgent and otherwise meritorious request for relief "fit" within the reach of the expeditious, but restricted, exemption power. That collision has resulted in the periodic frustration of the Board's ability to discharge its primary statutory mandate—the duty to foster and encourage the development of a sound and responsive air transportation system.

Nowhere has this frustration of purpose been more evident than in the area of domestic all-cargo operations. If a single point of agreement has emerged from all of the various proposals to reform or modify air transport regulation, and from the months of hearings with respect to those proposals, it is that the regulation and promotion of all-cargo services has been a dismal failure.

The uncontradicted evidence of record shows that the development of domestic all-cargo services has been severely stunted by a combination of inappropriate regulation and by carrier and regulatory neglect. Domestic all-cargo air services have been consistently and substantially unprofitable, resulting in their steady decline in availability during the past decade. Clearly, the neglect of those services has been a direct function of the preoccupation of regulatory and carrier management with the predominant passenger services which account for in excess of 90 percent of air transport revenues. The serious decline of all-cargo air service is particularly regrettable in light of the vital and unique role which that service performs for the Nation's economy, the delivery of life-giving health services, and in response to the needs of the national defense.

To a certain extent, as noted, the Board's ability to redress this unsatisfactory state of affairs has been hampered by restrictions on its power to act. Thus, in specific instances, the statutory limitations upon the Board's exemption power have deprived the Board of an appropriate degree of regulatory flexibility to take prompt action, or to grant prompt relief, warranted by considerations of the public interest but beyond the apparent scope of the Board's authority under section 416(b), solely because of the size of the operation for which exemption relief was required.

A recent example of this deficiency is provided by the Board's denial of an application by Federal Express Corp., a new all-cargo carrier specializing in the transportation of small-package traffic, for exemption authority which would have permitted Federal Express to avoid significant waste and inefficiency resulting from severe capacity strains arising out of the burgeoning demand for its unduplicated package express services.

The relief requested by Federal Express was for grant of a temporary exemption to permit the operation of five large aircraft, as a supplement to the carrier's basic small-aircraft fleet, to accommodate the growing demand which had saturated all available lift capacity. Grant of the application would have permitted savings of up to $8.7 million in annual costs, and over 4 million gallons of scarce jet fuel, while enhancing the efficiency and reliability of a new and valuable air service.

In its December 1975 Order denying the application of Federal Express for DC-9-15 authority, the CAB indicated clearly that it felt legally barred from granting Federal Express the requested exemption relief because of the scope of the carrier's operation.

Although the Board invited Federal Express to pursue the certification process, and promised to give "prompt and careful consideration" to such an application, the fact remains that that "solution" offered no remedy at all for the urgent capacity strains and waste presently burdening the Federal Express operation. At best, the certification process would assure the prolongation of those strains by not less than 2 years.

The Board stated clearly that it had no intent—

> To discourage the entry or growth of new cargo carriers or to impede the introduction of innovative services in the air transportation system.

It must be recognized, however, that notwithstanding the Board's intent, the unavoidable effect of its decision does impede the efficient conduct of Federal Express' highly innovative small-package service.

The essence of the proposed bill is to provide a solution to the anomoly created by a statutory exemption power which is so limited as to leave the Board with no discretion or legal authority to avoid an unintended and undesirable result, adverse to the very public interest which the Board is bound to promote.

The draft bill—appearing later—amends the Board's exemption power by adding a new proviso to the present standards for grant of an exemption. That new proviso would enable the Board to grant an exemption from the normal certification requirement so as to permit the conduct of all-cargo operations in interstate air transportation, pending consideration of an application for the initial certification of such operations, upon a finding that the grant of such exemption is compatible with the public interest.

In essence, the draft bill provides for a limited expansion of the Board's present exemption power to give the Agency greater flexibility of action in the area most critically in need of regulatory relief. It is important to note that the Board's expanded power is expressly tied to operations which are the subject of an application for initial certification, thus clearly reflecting an intent to continue the basic statutory reliance upon certification as the principal means of licensing air transportation ventures.

Moreover, the limitation of the broadened exemption power to all-cargo operations, and the further limitation to the circumstance of an initial application for certification only, serves two objectives. First, it limits the potential impact of the exercise of the new power upon the established pattern of authorizations in the industry to a level having a de minimus potential for harm or disruption of predominant passenger services. Second, the limitation to initial certification applications is addressed to relieving the unique and critical impact of unavoidable regulatory delay on those new applicants which—unlike the established carriers—must attempt to provide efficient service and remain financially viable without adequate operating authority, absent the possibility of interim exemption relief.

The modest expansion of the Board's exemption power as proposed will enable the Board to act expeditiously to foster and promote needed new all-cargo air transportation services, whose development would be impeded or destroyed by the delays inherent in the normal certification process, pending the orderly pursuit of that process.

Hereunder appears the complete text of H.R. 14623:

H.R. 14623

A bill to amend the Federal Aviation Act of 1958, as amended, to broaden the power of the Civil Aeronautics Board to grant relief by exemption in certain cases, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That:

SECTION 1. Except as otherwise specified, wherever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Aviation Act of 1958, as amended.

SEC. 2. Section 416(b)(1) is amended by adding the following at the end thereof:

"*Provided, however,* That nothing in this section shall prevent the Board from granting an exemption from the requirements of this title so as to authorize the conduct of all-cargo operations in interstate air transportation, pending consideration of an application for initial certification pursuant to section 401, if the Board finds that the issuance of such exemption is in the public interest."

SEC. 3. Section 101 is amended by renumbering paragraphs (11) through (38) thereof as paragraphs (12) through (39) and by inserting after paragraph (10) the following new paragraph:

"(11) 'All-cargo air transportation' means air transportation of property, or of property and mail, only."

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HAGEDORN) to revise and extend their remarks and include extraneous material:)

Mr. BOB WILSON, for 5 minutes, on June 30.

Mr. BIESTER, for 60 minutes, today.

Mr. WIGGINS, for 10 minutes, today.

Mr. SHRIVER, for 10 minutes, today.

Mr. BEARD of Tennessee, for 5 minutes, today.

Mr. FORSYTHE, for 10 minutes, today.

Mr. KEMP, for 15 minutes, today.

Mr. COUGHLIN, for 10 minutes, today.

Mr. PAUL, for 5 minutes, today.

(The following Members (at the request of Mr. BEDELL) to revise and extend their remarks and include extraneous matter:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. FUQUA, for 5 minutes, today.

Mr. COTTER, for 5 minutes, today.

Mr. O'NEILL, for 5 minutes, today.

Mr. LEVITAS, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. PRICE to revise and extend his remarks and include extraneous material today in the Committee of the Whole on H.R. 9771, Airport Development bill.

Mr. ADAMS, immediately following the remarks of Mr. PRICE on the conference report on H.R. 12438 today.

(The following Members (at the request of Mr. HAGEDORN) and to include extraneous matter:)

Mr. COCHRAN.

Mr. WIGGINS in two instances.

Mr. BOB WILSON.

Mr. ASHBROOK in three instances.

Mr. MILLER of Ohio in four instances.

Mr. RUPPE.

Mr. SARASIN.

Mr. HORTON in two instances.

Mr. PRESSLER in three instances.

Mr. ERLENBORN.

Mr. CONLAN in four instances.

Mr. STEIGER of Wisconsin in four instances.

Mr. Kasten in three instances.

Mr. Collins of Texas in four instances.

Mr. Esch in two instances.

Mrs. Holt.

Mr. Symms.

Mr. Brown of Michigan.

Mr. Hansen.

Mr. Winn.

Mr. Paul.

Mr. Broyhill.

Mr. Goldwater.

(The following Members (at the request of Mr. Bedell), and to include extraneous matter:)

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Lloyd of California.

Mr. Fary.

Mr. Steed in two instances.

Mr. Wirth.

Mr. Ottinger.

Mr. Rodino.

Mr. Hubbard.

Mr. Harris.

Mr. Studds.

Mr. Russo.

Mr. Burke of Massachusetts in two instances.

Mr. de Lugo.

Mr. Hébert.

Ms. Holtzman.

Mr. Brodhead.

Mr. O'Neill.

Ms. Abzug in two instances.

Mr. Carney.

Mr. McDonald of Georgia in three instances.

Mr. Fraser.

Mr. Levitas.

Mr. Ford of Tennessee.

Mr. Mazzoli.

Mr. Harkin.

Mr. Won Pat.

Mr. Stark.

Mr. Danielson.

Mr. Teague.

Mr. Slack.

Mr. Brademas.

Mr. Conyers.

Mr. Rangel.

Mrs. Collins of Illinois.

Mrs. Schroeder.

Mr. Beard of Rhode Island.

Mr. Howe.

Mr. Rosenthal.

Mr. Lundine.

Mr. Maguire.

Mr. Murtha.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 126. Concurrent resolution authorizing the printing of additional copies of the booklet entitled "The Senate Chamber, 1810–1859," to the Committee on House Administration.

ENROLLED BILLS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7792. An act to designate the Alpine Lakes Wilderness, Mount Baker-Snoqualmie and Wenatchee National Forests, in the State of Washington;

H.R. 9291. An act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations;

H.R. 9771. An act to amend the Airport and Airway Development Act of 1970;

H.R. 10051. An act to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year, and for other purposes.

H.R. 13965. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

H.R. 14236. An act making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes; and

H.R. 14237. An act making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 229. An act to amend the Endangered Species Act of 1973 in order to permit the disposal of certain endangered species products and parts lawfully held within the United States on the effective date of such act;

S. 268. An act to designate the Eagles Nest Wilderness, Arapaho and White River National Forests, in the State of Colorado;

S. 3168. An act to authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes;

S. 3184. An act to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes; and

S. 3625. An act to extend the expiration date of the Federal Energy Administration Act of 1974.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on June 29, 1976, present to the President, for his approval, bills of the House of the following titles:

H.R. 11804. An act to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes;

H.R. 12203. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes;

H.R. 12545. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and for other purposes; and

H.R. 13680. An act to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes.

ADJOURNMENT

Mr. BEDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 55 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, July 1, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3572. A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to delete certain reporting requirements of title IX of the Agricultural Act of 1970 and to amend and revise certain reporting requirements of title VI of the Rural Development Act of 1972; to the Committee on Agriculture.

3573. A letter from the Chairman, Commodity Futures Trading Commission, transmitting the Commission's interim report on the need for legislation insuring owners of commodity futures accounts and persons handling or clearing trades in such accounts against loss by reason of the insolvency or financial failure of a futures commission merchant carrying such accounts, pursuant to section 417 of Public Law 93–463; to the Committee on Agriculture.

3574. A letter from the Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to authorize the President to retire Lt. Gen. Vernon Anthony Walters in the grade of lieutenant general; to the Committee on Armed Services.

3575. A letter from the Deputy Attorney General, transmitting notice of a proposed change in the system of records of the Department of Justice, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3576. A letter from the Chief, Records Management Division, Federal Communications Commission; transmitting notice of a proposed new system of records for the Commission, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3577. A letter from the Administrator, Agency for International Development, Department of State, transmitting the Agency's proposal for promoting the development and dissemination technologies appropriate for developing countries, pursuant to section 107 of the Foreign Assistance Act of 1961, as amended (89 Stat. 859); to the Committee on International Relations.

3578. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112(b) of Public Law 92–403; to the Committee on International Relations.

3579. A letter from the Executive Director, Federal Communications Commission, transmitting a report on the backlog of pending applications and hearing cases in the Commission as of April 30, 1976, pursuant to section 5(e) of the Communications Act, as amended; to the Committee on Interstate and Foreign Commerce.

3580. A letter from the counsel to the Pacific Tropical Botanical Garden, transmitting a report on the audit of the Corporation for calendar year 1975, pursuant to section 10(b) of Public Law 88-449; to the Committee on the Judiciary.

3581. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Urban Mass Transportation Act of 1964, as amended, to provide that not more than 50 percent of the apportionment under section 5 may be used for operating expenses, except in certain circumstances; to the Committee on Public Works and Transportation.

RECEIVED FROM THE COMPTROLLER GENERAL

3582. A letter from the Comptroller General of the United States, transmitting a report on how Federal residual use of pavilion facilities constructed for international expositions held in the United States could be improved; jointly, to the Committees on Government Operations, and International Relations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 13961. A bill to amend sections 203 and 204 of the Communications Act of 1934 (Rept. No. 94–1315). Referred to the Committee of the Whole House on the State of the Union.

Mr. HENDERSON: Committee on Post Office and Civil Service. H.R. 13297. A bill to amend title 5, United States Code, to provide for the application of city withholding taxes to Federal employees who are residents of such city (Rept. No. 94–1316). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee of conference. Conference report on H.R. 12455 (Rept. No. 94–1317). Ordered to be printed.

Mr. BROOKS: Committee on Government Operations. Report on the degradation of our national parks (Rept. No. 94–1318). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on solid waste—materials and energy recovery (Rept. No. 94–1319). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on low-level nuclear waste disposal (Rept. No. 94–1320). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on human errors and related deficiencies in FAA air traffic control system (Rept. No. 94–1321). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRICE: Joint Committee on Atomic Energy. Report pursuant to section 302(b) of the Congressional Budget Act of 1974 (Rept. No. 94–1322). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 1393. Resolution providing for the consideration of the conference report on H.R. 12455. An act to extend from April 1 to October 1, 1976, the maximum period during which recipients of services on September 30, 1975, under titles IV–A and VI of the Social Security Act, may continue to receive services under title XX of that act without individual determinations (Rept. No. 94–1323). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 1394. Resolution providing for the consideration of H.R. 13955. A bill to provide for amendment of the Bretton Woods Agreements Act, and for other purposes (Rept. No. 94–1324). Referred to the House Calendar.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 1350. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control (Rept. No. 94–1325). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 1395. Resolution providing for the consideration of House Resolution 1368. Resolution to establish a Commission on Administrative Review in the House of Representatives (Rept. No. 94–1326). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 1396. Resolution providing for the consideration of House Resolution 1372. Resolution to limit the authority of the Committee on House Administration to fix and adjust allowances (Rept. No. 94–1327). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 1382. Resolution authorizing the intervention of the House Commission on Congressional Mailing Standards in the case of *Common Cause* v. *Bailar et al.* (civil action No. 1887–73) (Rept. No. 94–1328). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROOMFIELD:

H.R. 14614. A bill to amend the Immigration and Nationality Act to provide for the deportation of any alien who receives welfare benefits as a result of causes not affirmatively shown to have arisen after entry; to the Committee on the Judiciary.

By Mr. CONLAN (for himself and Mr. RHODES):

H.R. 14615. A bill to amend the act of December 15, 1971, relating to the Navajo Community College; to the Committee on Education and Labor.

By Mrs. FENWICK:

H.R. 14616. A bill to amend the Immigration and Nationality Act to permit the adoption of more than two children; to the Committee on the Judiciary.

By Mr. KASTEN:

H.R. 14617. A bill to establish the National Diabetes Advisory Board and to take other actions to insure the implementation of the long-range plan to combat diabetes; to the Committee on Interstate and Foreign Commerce.

H.R. 14618. A bill to extend to all unmarried individuals the full tax benefits of income splitting now enjoyed by married individuals filing joint returns; and to remove rate inequities for married persons where both are employed; to the Committee on Ways and Means.

By Mr. KOCH:

H.R. 14619. A bill to amend the Civil Rights Act of 1964 to provide that, except in certain limited circumstances, it shall be an unlawful employment practice for an employer to request that an employee or an applicant for employment provide military discharge papers or other service-connected records; to the Committee on Education and Labor.

By Mr. LEVITAS:

H.R. 14620. A bill to require the Comptroller General of the United States to carry out audits of expenditures and financial transactions of Members, officers and standing committees of the House of Representatives; to the Committee on House Administration.

By Mr. McKINNEY (for himself, Mr. REES, Mr. FAUNTROY, Mr. DELLUMS, Mr. STUCKEY, and Mr. WHALEN):

H.R. 14621. A bill to amend the District of Columbia Income and Franchise Tax Act of 1947 to impose an income tax on income derived from sources within the District of Columbia by individuals who are not residents of the District of Columbia and to remove the franchise tax on the income of unincorporated businesses; to the Committee on the District of Columbia.

By Mr. MATSUNAGA (for himself and Mr. WIRTH):

H.R. 14622. A bill to amend the Social Security Act to provide for inclusion of the services of licensed (registered) nurses under medicare and medicaid; to the Committee on Ways and Means.

By Mr. MILFORD (for himself, Mr. SNYDER, Mr. WRIGHT, Mr. HAMMERSCHMIDT, Mr. GINN, Mrs. LLOYD of Tennessee, Mr. RONCALIO, Mr. ABDNOR, Mr. HOWE, Mr. TAYLOR of Missouri, Mr. HENDERSON, and Mr. LEVITAS):

H.R. 14623. A bill to amend the Federal Aviation Act of 1958, as amended, to broaden the power of the Civil Aeronautics Board to grant relief by exemption in certain cases, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. MITCHELL of Maryland (for himself, Mr. BEARD of Rhode Island, Mr. BROWN of California, Mr. JOHN L. BURTON, Mr. CORMAN, Mr. EDWARDS of California, Mr. FASCELL, Mr. HARRIS, Ms. JORDAN, Mr. PATTERSON of California, Mr. REES, Mr. RODINO, Mr. ROSE, and Mr. TRAXLER):

H.R. 14624. A bill to amend the Small Business Act to expand assistance under such act to minority small business concerns, to provide statutory standards for contracting and subcontracting by the United States with respect to such concerns, and to create a Commission on Federal Assistance to Minority Enterprise, and for other purposes; jointly, to the Committees on Small Business, Government Operations, and Banking, Currency and Housing.

By Mr. MOTTL:

H.R. 14625. A bill to amend the Internal Revenue Code of 1954 to provide income tax simplification, reform, and relief for small business; to the Committee on Ways and Means.

By Mr. PRITCHARD:

H.R. 14626. A bill to provide for grants to States for the payment of compensation to persons injured by certain criminal acts and omissions, and for other purposes; to the Committee on the Judiciary.

By Mr. ROUSSELOT:

H.R. 14627. A bill to preserve and protect the free choice of individual employees to form, join, or assist labor organizations, or to refrain from such activities; jointly, to the Committees on Education and Labor, and Interstate and Foreign Commerce.

By Mr. SHRIVER:

H.R. 14628. A bill to establish an Office for Minority Business Development and Assistance in the Department of Commerce; to the Committee on Banking, Currency and Housing.

By Mr. STEED (by request):

H.R. 14629. A bill to amend the Indian Claims Commission Act of August 13, 1946, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SYMINGTON (for himself, Mr. DUNCAN of Tennessee and Mr. LANDRUM):

H.R. 14630. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for services furnished by physician extenders; to the Committee on Ways and Means.

By Mr. VANIK (for himself, Mr. Badillo, Mr. Brademas, Mr. Breckinridge Ms. Chisholm, Mr. Drinan, Mr. Edgar, Mr. Edwards of California, Mr. Harkin, Mr. Harris, Mr. Hawkins, Ms. Holtzman, Mr. Krebs, Mr. Lehman, Mr. Mitchell of Maryland, Mr. Moorhead of Pennsylvania, Mr. Moss, Mr. Ottinger, Mr. Perkins, Mr. Roybal, Mr. Studds, and Mr. Traxler):

H.R. 14631. A bill to amend the Internal Revenue Code of 1954 to provide that the current withholding tables shall remain in effect through August 31, 1976; to the Committee on Ways and Means.

By Mr. WIGGINS:

H.R. 14632. A bill to amend the Patent Laws, title 35 of the United States Code; to the Committee on the Judiciary.

By Mr. BIAGGI:

H.R. 14633. A bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to provide assistance to prevent police layoffs caused by budgetary problems; to the Committee on the Judiciary.

By Mrs. COLLINS of Illinois (for herself, Mr. Mikva, Mr. Metcalfe, Mr. Mitchell of Maryland, Ms. Abzug, Mr. Roe, Mr. Breckinridge, Mr. Mineta, Mrs. Spellman, and Mr. Wolff):

H.R. 14634. A bill to amend the Elementary and Secondary Education Act of 1965 to preserve the eligibility of certain children for assistance through grade 3, notwithstanding improvements in their reading aptitude; to the Committee on Education and Labor.

By Mr. EDWARDS of California (for himself, Mr. Hannaford, Mr. McHugh, and Mr. Wolff):

H.R. 14635. A bill to amend title 38, United States Code, to provide comprehensive mental health, psychosocial readjustment services, counseling, and other services necessary or appropriate for the effective treatment, rehabilitation, or readjustment of veterans and their dependents who are experiencing psychosocial readjustment problems resulting from military service or readjustment from military service; to the Committee on Veterans' Affairs.

By Mr. McCOLLISTER:

H.R. 14636. A bill to authorize construction of the modified project for Papillion Creek and Tributaries Lakes, Nebr.; to the Committee on Public Works and Transportation.

By Mr. MOAKLEY:

H.R. 14637. A bill to provide for payments in lieu of real property taxes, with respect to certain real property owned by the Federal Government; to the Committee on Government Operations.

By Mr. DRINAN (for himself, Mr. Downey of New York, and Mr. Ottinger):

H.R. 14638. A bill to provide for certain research and demonstration respecting the disposal of sludge, the reclamation of waters damaged by sludge and sewage, the regulation of hazardous sludge, assistance to State and local governments for the removal of sludge and other solid waste from waters and shoreline areas and to provide that grants for waste treatment works shall be made only if such works provide for environmentally sound sludge management; to the Committee on Public Works and Transportation.

By Mrs. HOLT (for herself, Mr. Boland, Mr. Conlan, Mr. Montgomery, Mr. J. William Stanton, Mr. Hansen, Mr. LaFalce, Mr. McCollister, Mr. Symms, Mr. Whitehurst, Mr. Beard of Tennessee, Mr. Collins of Texas, Mr. Burgener, Mr. Kemp, Mr. Young of Florida, Mr. Sebelius, Mr. Paul, Mr. Spence, Mr. Hyde, Mr. Goldwater, Mr. Roe, Mr. Lujan, Mr. Frenzel, Mr. Latta, and Mr. Kelly):

H.J. Res. 1004. Joint resolution to authorize the President to issue a proclamation designating July 2, 1976, a "National Bicentennial Day of Prayer of Thanksgiving and Guidance"; to the Committee on Post Office and Civil Service.

By Mrs. HOLT (for herself, Mr. Lott, Mr. Hefner, Mr. Grassley, Mr. Edwards of Alabama, Mr. Quie, Mr. Cleveland, Mr. Eilberg, Mr. Treen, Mr. Mann, Mr. Broyhill, Mr. Moorhead of California, Mr. Gude, Mr. Krueger, Mr. Kindness, Mr. Clancy, Mr. Crane, Mr. Carter, Mr. Hubbard, Mr. Steiger of Arizona, Mr. Cochran, Mr. McDade, and Mr. Jarman):

H.J. Res. 1005. Joint resolution to authorize the President to issue a proclamation designating July 2, 1976, a "National Bicentennial Day of Prayer of Thanksgiving and Guidance"; to the Committee on Post Office and Civil Service.

By Mr. MELCHER:

H.J. Res. 1006. Joint resolution authorizing the President to proclaim September 8 of each year as National Cancer Day; to the Committee on Post Office and Civil Service.

By Mr. KASTEN:

H. Con. Res. 670. Concurrent resolution setting forth the standards and rights of foster children; to the Committee on Education and Labor.

By Mr. CARR (for himself, Mr. Anderson of Illinois, Mr. Erlenborn, Mr. Mazzoli, Mr. Badillo, Mr. Bedell, Mr. Bingham, Mr. Burgener, Mr. Carter, Mr. Fascell, Mr. Hughes, Mr. Ichord, Mr. Ketchum, Mr. Leggett, Mr. Mann, Mr. Milford, Mr. Mosher, Mr. Oberstar, Mr. Ottinger, Mr. Richmond, Mr. Rinaldo, Mr. Sarasin, Mr. Schneebeli, Mrs. Schroeder, and Mr. Traxler):

H. Res. 1388. Resolution to amend the Rules of the House of Representatives to provide that any member of the Committee on Standards of Official Conduct may disqualify himself from participating in investigations undertaken by the committee, and for other purposes; to the Committee on Rules.

By Mr. CARR (for himself, Mr. Anderson of Illinois, Mr. Erlenborn, and Mr. Mazzoli):

H. Res. 1389. Resolution to amend the Rules of the House of Representatives to provide that any member of the Committee on Standards of Official Conduct may disqualify himself from participating in investigations undertaken by the committee, and for other purposes; to the Committee on Rules.

By Mr. FISH:

H. Res. 1390. Resolution to require the adoption of a resolution by the House of Representatives to carry out the establishment or adjustment of certain allowances to Members, officers, and standing committees of the House of Representatives; to the Committee on House Administration.

H. Res. 1391. Resolution to establish a select committee to review the accounts of all committees of the House; to the Committee on Rules.

By Mr. WIGGINS:

H. Res. 1392. Resolution to expel Andrew J. Hinshaw from the House of Representatives; to the Committee on Standards of Official Conduct.

MEMORIALS

Under clause 4 of rule XXII,

414. The SPEAKER presented a memorial of the Legislature of the State of South Carolina, relative to the extension of the Blue Ridge Parkway; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. EARLY introduced a bill (H. Con. Res. 671), expressing the sense of Congress that Cadet Peter Burke receive a commission in the U.S. Army, which was referred to the Committee on Armed Services.

AMENDMENTS

Under clause 6 of rule XXII, proposed amendments were submitted as follows:

H.R. 7743

By Mrs. SMITH of Nebraska:

Delete all after the enacting clause and insert in lieu the following:

"That Public Law 92-578 (86 Stat. 1266, as amended, 40 U.S.C. 871) establishing the Pennsylvania Avenue Development Corporation, is hereby repealed effective one year from the date of enactment of this Act, and the "Pennsylvania Avenue Plan—1974" is hereby repealed on the date of enactment of this Act. For the purpose of terminating all business of the Corporation, there are authorized to be appropriated not to exceed $500,000."

H.R. 8401

By Mr. LONG of Maryland:

Page 2, strike out lines 3 and 4 and insert in lieu thereof the following: "ices.—The Administrator of Energy Research and De-".

Page 5, beginning with line 4, strike out all down through line 6 on page 6.

Page 6, beginning in line 11 and ending in line 12, strike out "in the aggregate $8,000,000,000" and insert in lieu thereof the following: "such sums as may from time to time be specifically authorized to be appropriated and are appropriated for each particular arrangement,".

By Mr. MYERS of Pennsylvania:

On page 8, after line 7, add a new section to read as follows:

"SUNSHINE IN GOVERNMENT

"Sec. 5. (a) Each officer or employee of the Administrator who—

"(1) performs any function or duty under this Act; and

"(2) has any known financial interest in any person who applies for or receives financial assistance under this Act;

shall, beginning on February 1, 1977, annually file with the Administrator a written statement concerning all such interests held by such officer or employee during the preceding calendar year. Such statement shall be available to the public.

"(b) The Administrator shall—

"(1) act within ninety days after the date of enactment of this Act—

"(A) to define the term 'known financial interest' for purposes of subsection (a) of this section; and

"(B) to establish the methods by which the requirement to file written statements specified in subsection (a) of this section will be monitored and enforced, including appropriate provisions for the filing by such officers and employees of such statements and the review by the Administrator of such statements; and

"(2) report to the Congress on June 1 of each calendar year with respect to such disclosures and the actions taken in regard thereto during the preceding calendar year.

"(c) In the rules prescribed in subsection (b) of this section, the Administrator may identify specific positions within the Administration which are of a nonpolicymaking nature and provide that officers or employees occupying such positions shall be exempt from the requirements of this section.

"(d) Any officer or employee who is subject to, and knowingly violates, this section, shall be fined not more than $2,500 or imprisoned not more than one year, or both."

H.R. 13777

By Mr. ECKHARDT:

On page 48, at line 20, strike section 212, Grazing Advisory Boards, in its entirety.

On page 41, strike line 10 and all that follows through line 7 on page 43. Insert in lieu thereof the following:

SEC. 210(a) (1) The Secretary with respect to the commercial grazing of livestock on the public lands under the Taylor Grazing Act (43 U.S.C. 315) and the Act of August 28, 1937 (43 U.S.C. 1181a–1181j), and the Secretary of Agriculture with respect to the commercial grazing of livestock on lands in the National Forest System, shall charge, commencing with the calendar year 1980, an annual fee or fees per animal unit month for such grazing which shall be the approximate fair market value of the forage provided as determined by them.

(2) The Secretary and the Secretary of Agriculture, after notice and opportunity for public comment, shall make studies to determine the basis for establishing fair market value fees for the use of forage to be provided from the public lands and lands in the National Forest System and report to the President of the Senate and the Speaker of the House of Representatives no later than January 31, 1979, the results of such studies and the basis they intend to use for establishing fees for the use of forage to be provided from such lands. Each ten years after such initial study the Secretary and the Secretary of Agriculture shall review such basis and similarly report to the President of the Senate and the Speaker of the House of Representatives.

On page 46, line 20, strike the colon and insert in lieu thereof a period. On line 20, strike the words "Provided, that" and all that follows through line 24.

On page 46, line 9, strike the colon and all that follows thereafter through line 12. Insert in lieu thereof a period.

On page 48, line 18, after the period, insert the following: "Except in cases of emergency, no permit or lease shall be cancelled under this subsection without two years prior notification."

By Mrs. SCHROEDER:

On page 98, after line 24, insert the following new subsection:

"(d) Nothing in this Act, or in any amendments made by this Act, shall be construed as permitting any person to place, or allow to be placed, spent oil shale, overburden, or byproducts from the recovery of other minerals found with oil shale, on any Federal land other than Federal land which has been leased for the recovery of shale oil under the Mineral Lands Leasing Act of 1921 (30 U.S.C. 181–263)."

H.R. 13876

By Mr. BLANCHARD:

On page 28, after line 19, insert the following new subsection (g):

"(g) (1) Every branch or agency of a foreign bank and every commercial lending company controlled by one or more foreign banks or by one or more foreign companies that control a foreign bank shall conduct its operations in the United States in full compliance with provisions of any law of the United States or any State thereof which—

"(A) prohibit discrimination against any individual or other person on the basis of the race, color, religion, sex, or national origin of (i) such individual or other person or (ii) any officer, director, employee, or creditor of, or any owner of any interest in, such individual or other person; and

"(B) apply to national banks or State-chartered banks doing business in the State in which such branch or agency or commercial lending company, as the case may be, is doing business.

"(2) Notwithstanding any other provision of law, no application for a branch or agency under this Act shall be approved by the Comptroller and no application referred to in subsection (d), (e), or (f) of this section shall be approved by the Comptroller, the Board of Governors of the Federal Reserve System, or a State bank supervisory authority, as the case may be, unless the entity making the application has agreed to conduct all of its operations in the United States in full compliance with provisions of any law of the United States or any State thereof which—

"(A) prohibit discrimination against individuals or other persons on the basis of the race, color, religion, sex, or national origin of (i) such individual or other person or (ii) any officer, director, employee, or creditor of, or any owner of any interest in, such individual or other person; and

"(B) apply to national banks or State-chartered banks doing business in the State in which the entity to be established is to do business."

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 29, 1976, page 21191.

HOUSE BILLS

H.R. 14201. June 4, 1976. Interstate and Foreign Commerce. Amends the Solid Waste Disposal Act to prohibit the issuance of solid waste management regulations with respect to the sale or distribution of beverage containers at Federal facilities.

H.R. 14202. June 4, 1976. Interstate and Foreign Commerce. Amends the Regional Rail Reorganization Act to allow States or profitable railroads to acquire certain rail properties from the Consolidated Rail Corporation. Requires the Corporation to maintain rail properties transferred to it in an equivalent condition to that on the date of conveyance for a one-year period. Stipulates the employee protection to which individuals are entitled who accept employment pursuant to railroad acquisitions under this Act.

H.R. 14203. June 4, 1976. Ways and Means. Amends the Internal Revenue Code to provide that individuals who do not apply for or accept employment within their capabilities will not be eligible to receive unemployment compensation.

H.R. 14204. June 4, 1976. Ways and Means. Amends the Internal Revenue Code to exempt until January 1, 1977, specified sales, exchanges, or other dispositions of property by a private foundation to a disqualified person from the five percent tax on self-dealing.

H.R. 14205. June 4, 1976. Banking, Currency and Housing; Interstate and Foreign Commerce; Science and Technology. Amends the Energy Policy and Conservation Act to establish a program of voluntary standards and certification for energy-conserving products for use in buildings. Authorizes financial assistance to eligible State energy conservation programs in accordance with Federal criteria. Amends the Energy Conservation and Insulation of Buildings Act, the National Housing Act, and the Small Business Act to authorize additional assistance for energy conservation measures.

Establishes an Energy Extension Service in the Energy Research and Development Administration. Authorizes additional programs designed to increase use of energy efficient systems in commercial, residential, industrial, agricultural, and governmental sectors.

H.R. 14206. June 4, 1976. Judiciary. Grants a Federal charter to the Athenia Veterans Post, Incorporated.

H.R. 14207. June 4, 1976. Public Works and Transportation. Directs the Administrator of the Federal Aviation Administration to promulgate noise standards for certain civil subsonic turbojet powered aircraft. Authorizes the Administrator to provide grants to operators of noncomplying aircraft to retrofit or replace such aircraft.

H.R. 14208. June 4, 1976. Public Works and Transportation. Directs the Secretary of the Army to issue permanent easements for boat docks or similar structures on property under his jurisdiction in cases where construction of such structures has been permitted previously.

H.R. 14209. June 4, 1976. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare to establish a National Diabetes Advisory Board to insure the implementation of a long range plan to combat diabetes. Authorizes the Secretary to make grants to scientists who have shown productivity in diabetes research for the purpose of continuing such research. Authorizes, under the Public Health Service Act, the appropriation of specified sums for the purposes of making grants to centers for research and training in diabetic related disorders.

H.R. 14210. June 4, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 14211. June 4, 1976. Judiciary. Waives certain procedural requirements with respect to compensation for work injuries as applied to the claims of a certain individual.

H.R. 14212. June 7, 1976. Agriculture. Establishes the Federal Farm Assistance Corporation, within the Department of Agriculture, and authorizes the corporation to negotiate for and purchase farmland or units which may come on the market.

Allows lease of such farm units to eligible applicants, and directs the Corporation's Board of Directors to approve the sale to the lessee of such farm units upon a determination that the lessee can successfully manage and operate such farm unit.

H.R. 14213. June 7, 1976. Government Operations. Permits the use of revenue sharing funds paid under the State and Local Fiscal Assistance Act of 1972 for nonpriority expenditures and projects for which the Federal Government will provide matching funds. Extends the Act until September 30, 1980.

Requires that recipients of such funds hold hearings to give the public an opportunity to comment on the proposed use of such funds. Prohibits discrimination in the use of such funds on the basis of age or handicap status.

Prohibits the use of such funds for lobbying purposes.

Requires supplemental payments based upon each State's income level and tax effort.

H.R. 14214. June 7, 1976. Rules. Establishes a Joint Committee on Intelligence Operations to conduct continuing oversight of, and to exercise exclusive legislative jurisdiction over the foreign intelligence activities of the United States.

H.R. 14215. June 7, 1976. Judiciary. Establishes an Antitrust Review and Revision Commission to study the operation and enforcement of the antitrust laws and to recommend revisions to Congress.

H.R. 14216. June 7, 1976. Interstate and Foreign Commerce. Amends the Public Health Service Act to entitle seasonal agricultural workers to the same migratory health program services furnished to migratory agricultural workers.

H.R. 14217. June 7, 1976. Interior and Insular Affairs. Regulates surface coal mining operations through a permit program administered by the Secretary of the Interior. Requires applicants to meet minimum environmental protection performance standards. Allows States to establish surface mining control programs at least as stringent as minimum Federal standards.

Includes provisions to fund mineral resources research programs and to provide for reclamation of abandoned mine sites.

H.R. 14218. June 7, 1976. Interior and Insular Affairs. Amends the National Trails System Act to direct a study of the feasibility and desirability of designating the Bartram Trail, Louisiana, a National Scenic Trail.

H.R. 14219. June 7, 1976. Post Office and Civil Service. Directs the Postmaster General to issue a special postage stamp in honor of Dr. Martin Luther King, Jr.

H.R. 14220. June 7, 1976. Armed Services. Authorizes the Secretary of the Air Force to contract with air carriers to include cargo airlift characteristics in new civil aircraft and to modify existing aircraft to incorporate such characteristics in order to insure the availability of sufficient cargo capacity for national defense purposes in time of war or national emergency.

H.R. 14221. June 7, 1976. Ways and Means. Amends the Internal Revenue Code to repeal the present tax exclusion for certain industrial development bonds. Provides an exclusion for bonds the proceeds of which are used within economic development areas.

H.R. 14222. June 7, 1976. Government Operations; Rules. Requires the President to submit to Congress, on the last days of January, 1978 through 1981, reports of the effect of Federal agency activity upon specified portions of the private economic sector along with his recommendations for reform of such activity.

Requires Congress to take action on any such proposals made by the President.

H.R. 14223. June 7, 1976. Government Operations; Rules. Requires the President to submit to Congress, on the last days of January, 1978 through 1981, reports of the effect of Federal agency activity upon specified portions of the private economic sector along with his recommendations for reform of such activity.

Requires Congress to take action on any such proposals made by the President.

H.R. 14224. June 7, 1976. Agriculture. Prohibits new rules and regulations from becoming effective under the Food Stamp Act of 1964 until after the enactment of legislation with respect to the eligibility and purchase requirements of person receiving benefits under the Food Stamp Act of 1964.

H.R. 14225. June 7, 1976. Interstate and Foreign Commerce. Amends the Public Health Service Act to revise the compensation of the Director of the National Cancer Institute.

H.R. 14226. June 7, 1976. Judiciary. Eliminates the jurisdiction of United States courts, pursuant to article III of the U.S. Constitution, over decisions affecting assignment of pupils to particular schools.

H.R. 14227. June 7, 1976. Interior and Insular Affairs. Directs the Secretary of Agriculture to release the board of regents of the universities and State colleges of Arizona from the requirement that specified lands transferred by the United States for the use of the University of Arizona be used only for research or educational purposes.

H.R. 14228. June 7, 1976. Interstate and Foreign Commerce. Amends the Natural Gas Act to limit Federal Power Commission authority to regulate prices of new natural gas produced from offshore Federal lands. Requires that prices for the sale of other new natural gas be consistent with the ceiling established for offshore natural gas.

Directs the Commission to prohibit the curtailment of natural gas supplies for essential agricultural purposes. Restricts the use of natural gas as boiler fuel.

H.R. 14229. June 7, 1976. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States arising from use by the United States of certain writings and inventions of such individual.

H.R. 14230. June 7, 1976. Judiciary. Declares that any claim of a certain individual with respect to retirement pay shall be deemed timely and shall be paid in accordance with otherwise applicable law.

EXTENSIONS OF REMARKS

A TIME TO REFLECT ON WHAT AMERICA IS

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. FARY. Mr. Speaker, this, the 200th anniversary of our independence as a constitutional democracy, is a time of which we can all be immensely proud. Our system of government, an experimental and daring innovation in its time, has survived intact these many years, fully justifying the underlying principles upon which it was founded. These principles are most eloquently and succinctly stated in the Declaration of Independence. It is appropriate to briefly consider the American philosophy of government as embodied in the Declaration of Independence, and, in this, our 200th year of independence, reflect on this philosophy and its impact on our political development.

> We hold these truths to be self-evident, that all men are created equal, that they are endowed . . . with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That, whenever . . . Government becomes destructive of these ends, it is the right of the people . . . to institute new government. . . .

The American philosophy of government was not new when it was enshrined forever in our Declaration of Independence. The beliefs it expresses were held by the early Greeks and Romans. Still, those beliefs were daring and innovative in 1776 because they had never been fully incorporated into any system of government.

Our philosophy of government, as revered today as when it was first espoused 200 years ago, holds that all men are created equal, that they are all born free. Politically, no man is superior or inferior to another. Although intellectual or innate ability may differ drastically between men, from a political point of view, all men are born free and equal.

Being born free, all men derive certain inalienable rights—such as life, liberty, and the pursuit of happiness—from natural law; they are not rights that are created or given by government, they are inherent rights acquired as a birthright. As such, people can neither deprive themselves nor their progeny of these rights.

In an effort to preserve these inherent rights, government is instituted among men, for, without a central, powerful authority, a man's inalienable rights can be abused or violated by stronger or more powerful men. Therefore, government is a human creation, designed to protect those rights with which man is born; those rights antedate the government which, not having created them, cannot take them away.

Since the government is created by man, whatever powers it has are derived from him. The people are the origin of all just power possessed by government, their will is, in Jefferson's words, "the legitimate foundation of any government." Any power possessed by the government which does not derive from the people, which is not given to it freely by the people, is unjust and illegitimate. This is the real meaning of self-government.

Finally, since our Government was created by the consent of the people, it necessarily follows that it can be altered, modified or completely changed by their consent. Should the Government cease to reflect the will of the people in its normal, daily functioning, should it cease to be a government "of the people, by the people, for the people," should it cease to preserve or secure the people's inalienable rights, the people have a right to create a new government.

These are the principles which have guided our country and its people since we declared our independence 200 years ago. They are tenets to which we have continuously aspired since that time. Under them we have achieved the greatest and most democratic country in the history of the world.

Much remains to be done in order to fully implement the American philosophy of government and the principles upon which our Government rests. Only recently have we begun to make a concerted effort to truly adhere to the concept that "all men are created equal." We face an enormous challenge in fully implementing that concept. However, as we move into our tercentenary, we shall meet the challenge, and our Government will be of all the people, by all the people, and, for all the people.

In closing, I should like to leave with you a poem portrait for this occasion so eloquently expressed by the late James J. Metcalfe:

GLORIOUS FOURTH

> Today is Independence Day . . . And all throughout the land . . . The stars and stripes are flying high . . . And folks are feeling grand . . . It is the time to celebrate . . . Our glory in the sun . . . From all the fights for human rights . . . That we have waged and won . . . We are entitled to be proud . . . Of every victory . . . And all our efforts in behalf . . . Of peace and liberty . . . By land and sea, and in the air . . . Against whatever blow . . . Our good and great United States . . . Have never ceased to grow . . . So let us now salute the flag . . . And cheer the roaring guns . . . And pray that God will always bless . . . Our fathers and our sons.

TAXPAYERS WOULD WIN UNDER SUNSET LAW

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. SYMMS. Mr. Speaker, the June 26 issue of Human Events contains an article by our colleague BOB KASTEN of Wisconsin on the subject of "Sunset" legislation. Tomorrow legislation will be reintroduced, of which I am a cosponsor, to require that Congress apply "zero-based" budgeting on a 4-year cycle to the budget process.

So I would like to commend BOB KASTEN's statement from Human Events to my colleagues:

TAXPAYERS WOULD WIN UNDER "SUNSET" LAW

(By Representative BOB KASTEN)

Today in our federal government there is a great need to constantly review the effectiveness and efficiency of programs and agencies—to insure that they meet their objectives and the intentions Congress had in mind when they were created—and be sure they are still needed.

That need was not met when the House voted (H.R. 12169) to extend the life of a $142-million federal bureaucracy, the Federal Energy Administration (FEA). Under the law that created it only two years ago, the FEA was due to expire on June 30. But like hundreds of other federal agencies, it was easier for members of Congress to let the agency live than it was to consider, for the taxpayer's sake, that the nation would get along equally as well without it.

Asked what would happen if the agency were to die, the comptroller general of the U.S. responded: "Nothing."

The 270-to-94 vote (see rollcall this page) to keep feeding the agency with federal tax dollars was a clear message to the taxpayers that Congress does not intend to seriously work to curb the growth and cost of government.

I oppose extending the Federal Energy Administration for two main reasons.

First, the agency was created in 1974 to deal with special problems created by the Arab oil embargo. Its primary mission was to move the nation toward energy independence within a decade. Yet, it has made no progres toward this important goal.

Second, the FEA is a classic example of a runaway bureaucracy. It started two years ago with a borrowed staff. It now has 3,400 employees, and a $142-million budget. Next year it wants 700 more employes. And it wants its budget tripled to $440 million.

In the name of less government and better government, the House should have transferred the necessary functions of the agency to other agencies, and allowed the FEA to expire.

Certainly, the FEA's budget is only a small portion of our multi-billion-dollar federal budget. But the agency would have been a good place to start a better way of thinking—that money spent on a program or agency last year doesn't necessarily have to be continued or increased in this year's budget.

Currently, there are 1,030 federal programs—228 health-related, 156 in the area of income security and social service and 83 in housing. There are 44 independent agencies and 1,240 advisory boards, committees, commissions and councils besides the 11 Cabinet departments.

In 1974, 85 governmental bodies were established and only three subsequently abolished.

Are they all necessary? Could some be consolidated, eliminated or cut back?

Legislation which I have co-sponsored to make federal programs and agencies justify their existence or automatically self-destruct—the so-called "sunset" legislation (HR 11730)—is now gaining momentum in Congress.

While the House failed to use the sunset principle with the FEA, many members of Congress are beginning to realize that there are hundreds of agencies that spend money and issue regulations simply because they exist and hold on, year by year—not because we have a real need for their services.

Under the sunset law, an agency created 50 years ago would be reviewed to see not only if it's effectively and efficiently doing the job it was created to do, but to see if the job still needs to be done. This review would help consolidate overlapping programs, eliminate outmoded or useless ones, and generally provide for more efficiency and a better use of taxpayer dollars. And with the cost of government so high today, the taxpayers would be the victors.

STAFF STUDIES

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. COLLINS of Texas. Mr. Speaker, I serve as the ranking Republican member on the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce, and I address this House today for the purpose of calling its attention to a practice being followed by this subcommittee. The practice that causes me to have this grave concern is the preparation and publication of staff studies.

For those of you who may be unfamiliar with this device, let me explain. A staff study is in essence a report prepared by the subcommittee's staff on a given subject at the request of the subcommittee chairman. Upon completion of the study by the staff, it is transmitted to the subcommittee chairman for his approval. If the chairman of the subcommittee approves the report, it is then sent to the Government Printing Office for printing. After printing, the staff study is sent to the chairman of the full committee and made public.

I object strenously to this procedure and I will enumerate for you my reasons. My principal concern is that the studies are published under the auspices and at the expense of the subcommittee, yet the members of the subcommittee have no role in the process of preparation, approval, and publication. This process is handled exclusively by the subcommittee chairman and the subcommittee staff which has been appointed by him and serves at his pleasure. Thus, a study of this type may not in any manner reflect the collective judgment of the subcommittee membership. I firmly believe that when a study or report emanates from a subcommittee, it should be approved at a meeting of the subcommittee with a quorum present.

The preparation and publication of staff studies effectively circumvent both the House and committee rules which require that before a report can be issued from a committee or subcommittee, it must be approved by a majority of the members with a quorum present. It also has the obvious effect of sidestepping the rules allowing for additional, minority or supplemental views.

The Oversight and Investigations Subcommittee recently published a staff study on the "SEC Voluntary Compliance Program on Corporate Disclosure." I, for one, disagree with some of the conclusions on recommendations, and I would very much have liked to have had the opportunity to write minority views on this subject. I have been effectively denied the option of presenting my views on this important subject at this time.

I urgently recommend that the rules of the House and the committees be amended to require specifically that no report or study be published without first having the approval of the members of the committee or subcommittee and second that no report or study be published without first providing the opportunity to members to have attached to the report or study their additional, minority or supplemental views.

I have two other recommendations that I would like to make at this time. My first recommendation is that the rules of the House be amended to make it crystal clear that no subpena should be issued by a subcommittee without that subpena being specifically authorized by the full committee. I believe that was the House's intent in rule XI, 2(m) (2) (a), but the Commerce Committee has delegated this power to its subcommittees. This delegation of power in my opinion was totally improper. The subpena is a potent investigation tool and it should be utilized wisely and judiciously. I believe that this requires consideration by the full committee and not individual subcommittees.

My second recommendation deals with the House rules governing notices and agendas for committee and subcommittee hearing and meeting notices—rule XI(2)(g)(3). I believe, again, that the House rules should be amended to state in clear and unambiguous terms that these notices should be so written that a member will know exactly what is to be considered at a hearing or meeting. In the Subcommittee on Oversight and Investigations, notices are written in such broad and vague terms that a member could not possibly know what is under consideration.

THE TETON DAM

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. HANSEN. Mr. Speaker, off and on during the past few weeks I have wanted to include in the RECORD something that explains the scope of disaster in eastern Idaho as the result of the failure of the Teton Dam.

I have found it. The following letter only outlines the concerns of one family, but believe me, there are more than 15,000 other similar situations in eastern Idaho.

I hope this letter makes the necessary impression on all my colleagues here in the House of Representatives that the

Teton Dam was not a natural catastrophe. It was a 305-foot high wall that collapsed because of faulty construction, and the terrible results have been reported.

The letter follows:

St. Anthony, *June 23, 1976.*

Congressman George Hansen,
House of Representatives,
Washington, D.C.

Dear Congressman: The people of this area sincerely appreciate the efforts you and others are making to obtain reimbursement for those who lost their homes and possessions in the recent flood caused by the collapse of the Teton dam.

There has been apparent promises for low interest loans for the people in that area. This may be fine for a young person just starting out. They have a lifetime to pay their indebtedness. My husband's two brothers, one sister and his parents lost their possessions 100% in the Wilford area. The brothers and sister are young, they can start over but Dad is nearly 83 years old. Their home was paid for and comfortable. He has a fixed income that does not allow for a debt. Also, he doesn't have a lot of years left to wait on a possible reimbursement.

I know you are doing everything in your power to get a just reimbursement for these people but whether it happens or not depends on congressmen from the other states and they may not feel the moral responsibility that you feel. I hope that they will take into consideration the elderly of this area and if possible give them first priority if a reimbursement is forth coming, because to them it is important to live out their last years in a home of their own.

Thank you for your help and consideration.

Sincerely,

Mrs. Keith Greenhalgh.

INTERNATIONAL FIRE BUFFS OF MARYLAND AND DISTRICT OF COLUMBIA WILL HOLD 1976 CONVENTION JULY 14-17

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mrs. HOLT. Mr. Speaker, Congress will not be in session when the International Fire Buffs of Maryland and the District of Columbia conduct their 1976 convention July 14 through 17, but I hope the House will join me in offering our best wishes to this excellent organization dedicated to volunteer service.

At a time when Government activity overwhelms, I believe it is very important and praiseworthy that citizens engage in voluntary activity in hundreds of community endeavors.

In the instance of the International Fire Buffs, their specialty is assisting the fire departments that protect the lives and property of our citizens. At any hour of the night or day, these dedicated citizens will go to a fire to provide food, coffee and even dry clothing to firefighters.

They also support first aid and ambulance services, publicize fire prevention activities, promote legislation for the fire service, and maintain historical data and memorabilia on fire protection.

The International Fire Buff Associates, Inc., consists of 65 clubs, 60 in the United States and five in Canada. I am pleased to note that my constituent, John I. Hruska, is second vice president of the international organization and chairman of this year's region 3 convention.

ALTERNATIVE WORK PATTERNS: IMPROVING THE WORKPLACE

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Ms. ABZUG. Mr. Speaker, participants in the recent Conference on Alternative Work Patterns discussed many aspects of flexible hours, job sharing, and parttime employment. Many of the participants appeared before a Senate Labor and Public Welfare Subcommittee chaired by Senator Gaylord Nelson. Some of the witnesses' experiences and perspectives have been reported in the news coverage of the conference. I would like to share these reports with my colleagues at this time:

[From the Washington Star, Apr. 1, 1976]

Congress Begins Looking at Our Daily Grind

(By Martha Angle)

Work may fascinate those who sit and watch others do it, but millions of Americans actually in the labor force are aggravated, alienated and anesthetized by the daily grind.

Many jobs are intrinsically boring. Work schedules are inflexible. Parttime opportunities are limited. Commuting is a hassle. Employes have little say in decisions which affect their working lives.

No one is immune from work woes, but surveys over the past decade show job dissatisfaction is consistently highest among young workers, nonfarm laborers, blacks and other minorities, and women with children under 6 years of age.

Congress, which most often worries about the plight of the unemployed, is now starting to focus on the quality of working life for the great majority of adult Americans who do hold jobs.

A Senate Labor and Public Welfare subcommittee headed by Sen. Gaylord Nelson, D-Wis., last week held the first two in a series of planned public hearings on changing work patterns in America in an effort to learn how government and private industry are responding to worker dissatisfaction.

The hearings could be an important step towards eventual congressional action to modify working conditions in the federal government, the one sector of the labor force Congress can directly influence.

But they are primarily designed, Nelson said, to provide an overview of the work-related problems which plague millions of Americans and the experiments which have been tried to overcome these problems.

"While pay is an important part of a job," Nelson said, "by itself, high pay cannot lead to job satisfaction.

"And without job satisfaction, the prosperity and continued well-being of this nation's economy are put in jeopardy."

Worker alienation—"blue-collar blues" and "white-collar woes"—is hardly a new topic. Sociologists and labor experts have been writing extensively about the problem for at least a decade. Early research on the subject dates back to 1935.

Interestingly enough, the Labor Department found that 15 national surveys conducted between 1958 and 1973 failed to show any dramatic decline in job satisfaction in the work force as a whole.

For the past decade, about 90 percent of working Americans have said they were generally satisfied with their jobs.

Yet, department officials themselves acknowledge that the issue is gaining momentum with labor, management and the political community.

"There is a growing desire—perhaps even a demand—by employes to have an opportunity to influence decisions affecting their jobs, work place and thus their working lives," Asst. Labor Sec. Abraham Weiss told the Senate subcommittee last week.

The Senate hearings focused most heavily on the experiments which are taking place in both the public and private sectors involving flexible work hours, compressed work weeks (the 10-hour, four-day week, for example), job-sharing and parttime employment.

Without exception, the subcommittee heard glowing reports about the effect of altered work patterns on both employe morale and productivity.

Two and a half years ago, Northwestern Mutual Life Insurance Co., launched an experimental "flexitime" program that permitted the 2,000 employes at its home office in Milwaukee to select their own starting times as long as no one came to work earlier than 7 a.m. or later than 9 a.m.

"Management had always had certain flexibility prerogatives. This program was aimed at the employes," said Milford E. Jacobson, the company's vice president for personnel.

"We thought most people would probably choose to get a little extra sleep and come in later. We were wrong. When given the option, 50 percent were at work by 7:30 a.m. and 80 percent by 8 a.m."

"When we did a survey to find out why employees had changed their hours," Jacobson said, "43 percent said the new times better fit their personal needs, 23 percent cited traffic and parking, 21 percent mentioned family needs, 5 percent said the car pool had changed and 8 percent gave other reasons."

Jacobson said both management and the employees "think the program is great. Almost none of the problems we anticpated developed. Productivity is up. Absenteeism and turnover are down dramactically. It's helped our recruiting. Congestion has been reduced.

"It's such a bargain—it literally doesn't cost anything! It's a change where nobody loses and everybody wins," Jacobson said.

Another success story was offered by Carl Richard Sommerstad, an executive with Control Data Corp., which now uses flexible work hours for its 25,000 employes around the world.

Like Northwestern Mutual Life, the computer company found a majority of its workers—when given the choice—reported to their jobs earlier in the morning than required by their old, fixed schedules. Only 10 percent chose later-than-normal starting times.

The flexitime program, Sommerstad testified, "was favorably received by both management and non-management employes and positively influenced the employe's quality of life without any loss in productivity."

Control Data also conducts a far more innovative program at its bindery operation in St. Paul, Minn., where the company in cooperation with local community and government groups established a plant specifically designed to employ parttime and temporary employes drawn largely from minority group neighborhood residents.

The majority of the work force, Sommerstad said, is comprised of working mothers with school-age children who need to supplement family income but cannot work a normal eight-hour day.

The plant operates three shifts, from 8:30 a.m. to 2 p.m.; from 2:30 p.m. to 5:30 p.m. and from 6 to 10 p.m., five days a week.

The experiment has proved so successful, Sommerstad said, that Control Data built a new and larger plant to keep pace with the increased business volume its parttime labor force produced.

Part-time employment and the related, but not identical, practice of job-sharing were strongly advocated by another Senate witness with both professional and personal experience in the field.

Wisconsin State Rep. Midge Miller, speaking on behalf of the national coalition group known as the Committee for Alternative Work Patterns, said millions of potentially valuable workers simply cannot manage full-time jobs.

Many of the elderly and disabled, who frequently have valuable skills to contribute and a real need for income, cannot stand the physical strain of the eight-hour, five-day work week.

College students often need part-time work to stay in school, she noted.

And women with schoolage or preschool children need rewarding and challenging part-time jobs more than anyone, Miller said.

Miller said she understood the acute problems of working mothers from personal experience, having been widowed when her own four children were young. "But I was one of the rare lucky ones," she said. "I was offered a job as assistant dean at the University of Wisconsin and permitted to work half-time. This allowed me to maintain my family and develop my career."

All too often, Miller said, women are forced to choose between paid work outside the home or unpaid labor as wives and mothers.

"Part-time employment is hard to find, usually poorly paid, rarely challenging and often without fringe benefits," she said, while a woman who chooses fulltime paid employment "usually ends up with two full-time jobs."

Increased part-time job opportunities for women would benefit men as well, Miller said, since two-income families generally experience less economic pressure and the man has fewer psychological burdens to bear when he is not the sole support of his family.

Miller said the federal government should set an example by converting a certain percentage of its own jobs to part-time positions and experimenting broadly with flexible work hours.

Sen. Nelson, in questioning Labor Department and Civil Service Commission officials, discovered that legal impediments and bureaucratic politics have limited the scope of government experiments with alternative work patterns.

One of the most popular scheduling practices now employed in the private sector, the compressed work week consisting of four 10-hour days or three 12-hour days, cannot legally be tried in the federal government because the law sets a five-day, 40-hour work week.

And, the Senate panel learned, personnel ceilings for the federal government demanded by the Office of Management and Budget limit the availability of part-time job positions since these would drive up the number of employees even though, costs might actually be less.

"OMB doesn't want any increase in the personnel ceilings because politically, the numbers would look bad," Nelson observed. "It just doesn't make sense, since total costs would not go up"

Nelson's subcommittee plans to continue the hearings on work patterns in the future eliciting testimony from leaders of organized labor, from experts in other countries where flexible scheduling, compressed weeks and worker participation are common practices, and from the National Center on Productivity and Quality of Working Life, which is headed by Vice President Nelson A. Rockefeller

The labor unions, committee staff aides said, will be the key to future changes in working patterns in America since they were largely responsible for the establishment of the eight-hour, five-day work week.

"We'll just have to see how flexible the unions are prepared to be about flexibility in the work week," one committee aide said.

Alienation and Fear Cited at High Management Levels

A psychologist who has implemented a unique work-improvement program in the business he heads told a Senate hearing last week that there is a great degree of alienation and fear even in the highest levels of management.

While it's fashionable to speak of the alienation of the blue-collar worker and the boredom of some white-collar employees, Sidney Harman said he finds many business leaders who "frequently admit that something indefiniable, but terribly important, is missing from their lives."

Many top executives lead a life of "silent terror," Harman testified Thursday before the Senate Labor and Public Welfare Subcommittee on Employment, Poverty and Migratory Labor. They feel they work for a company "with a life of its own and that they are essentially passengers, along for the ride, whose absence would never be missed."

Business structures encourage divisiveness, self-doubt, and alienation that must be recognized and dealt with before any effective work-improvement programs can be developed, Harman said. Such programs require a willingness to change and must include all employees, from the top to the bottom.

Harman, who is board chairman and chief executive officer of Harman International Industries of Long Island, said he returned to a university and earned a doctorate in organizational and social psychology in 1973 to better understand the work-improvement programs his company wanted to implement. The company, Harman noted, is vigorous, with sales of $140-million last year and 4,000 employees in 13 plants that make high-fidelity equipment and auto mirrors.

Harman described the significant reductions in absenteeism, turnover, and drug and alcohol abuse, plus improvements in family and social lives, of a work-improvement program in an auto-mirror plant in Bolivar, Tenn. While other companies have initiated various work improvement programs, Harman said he knew of no other that started from the same premise—recognition that each worker is different and a genuine response to those differences.

A committee of psychologists and sociologists has worked with more than 1,000 employees and with the management to alter the assembly line, rearrange equipment, share work loads, and improve housekeeping. One man told Harman he now considers himself a craftsman and he will not permit a product that's not right to pass him. Black and white employees now consider themselves partners, and a foreman finds he's no longer a policeman but an expediter of work. Such programs can have profound effects on people, Harman said, and "seem to dilute and, at best, to dispel fundamental anxieties, prejudices and cynicism."

Another witness, Albert S. Glickman, warned that increased experimentation in different work patterns brings new problems that must be considered. Participants in these experiments "become de facto members of a minority group," whose new schedule puts them out of touch with the rest of society.

Longer weekends for a wife, for example, but not the husband raise questions that did not exist before, and longer work days during the week can disrupt meals and transportation schedules, said Glickman, director of the Organizational Behavior Research Group of the American Institutes for Research in Washington. The potential benefits of greater flexibility of working hours will not be realized he said, if long-term planning and coordination is not applied to all parties concerned and to all sectors of society.

Two days of hearings before the Senate Subcommittee headed by Sen. Gaylord Nelson, D-Wis., preceded a conference on implementing alternative work patterns sponsored by the National Center for Productivity and Quality of Working Life and The Committee for Alternative Work Patterns.

The Committee for Alternative Work Patterns is at 807 Independence Avenue SE., Washington, D.C. 20003.

BILLY THOMPSON

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. HUBBARD. Mr. Speaker, for the past 41 years Kentuckians have enjoyed the expertise and wit of one of our country's finest newsmen, Mr. Billy Thompson, of WLEX–TV in Lexington, Ky.

Billy was born in 1920 in Georgetown, Ky., where he and his charming wife of 35 years, Kathleen, still reside.

Billy Thompson is currently in his 10th year as news director at WLEX–TV in Lexington. Prior to joining that station, he served as sports writer and sports editor at the Lexington Herald for 27 years. Add to that his 4 years as sports writer on the Nashville Banner, and you have 41 years of outstanding news reporting.

Throughout the years, Billy Thompson has combined his news career with various civic activities. He served two terms on the Georgetown, Ky., City Council. Billy is a 35-year member of the Georgetown Baptist Church, where he taught Sunday school for 8 years. He was also a baseball coach, and coached Georgetown College to the KIAC championship in 1960.

Billy Thompson can claim credit for bringing an end to the printing of "April Fool's" jokes in the Lexington Herald. Many years ago he wrote an article about "Milt the Tilt" Churchill, a 7'4'' cage star from Nome, Alaska, who was going to play at the University of Kentucky. The joke went fine except for one small point—his managing editor believed it. When the editor was ribbed for falling for the gag, he ruled that never again would an "April Fool's" joke appear in the Lexington Herald, an edict which stands to this day.

Billy and Kathleen—also a Georgetown native who now teaches elementary school there—reside at 522 Estill Court in Georgetown. They have two wonderful children. Daughter Anne Mallory is the wife of the minister of the Versailles Christian Church; and son David, a "chip off the old block," has followed his father into the media. David is public relations director for Kentucky educational TV.

Kentuckians are very proud of Billy Thompson. He has brought a great deal of sunshine to their lives, and, on occasion, a little sadness. Billy Thompson is the epitome of news broadcasters, and he is the epitome of the Kentucky gentleman.

On June 1—this year—I gave the commencement address to the graduating seniors of Scott County High School at Georgetown. My remarks were dedicated to Georgetown's Billy Thompson.

Billy Thompson was very helpful to me when I was a student for 4 years at Georgetown College, Kentucky. Among other things, he hired me as a news reporter for the Lexington Herald.

His many friends are saddened about his current ill health. I hope these remarks will bring some happiness to him.

QUINCY, MASS., INVOLVEMENT WITH THE SEA

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. BURKE of Massachusetts. Mr. Speaker, Massachusetts has always had a close affinity with the sea. The fishermen of Nantucket and Gloucester have been roving the ocean since our Nation was in its infancy. The port of Boston was the primary terminus for the routes of the clipper ships. Many of the ships which travel our seaways today were built in the Bay State.

The city of Quincy has been in the business of building those ships for 270 years, and is now the home of one of the country's most thriving shipyards. The Quincy Sun's recent special issue has provided us with a history of that involvement with the sea which I would like to share with my colleagues.

Seven-Masted Schooner to Nuclear and Super Ships

It began with a 50-horsepower marine engine painstakingly constructed by the new firm of F. O. Wellington & Co. for a small passenger steamer out of Damariscotta, Maine, in the early 1880's.

The latest was a 939-foot super tanker built by General Dynamics Quincy Division for Burmah Tankers Ltd. of England, capable of transporting 125,000 cubic meters of liquified natural gas across the Atlantic Ocean. In the intervening 90-odd years, more than 1,000 ships, including one of the mightiest battlewagons of them all, USS Massachusetts, has gone down the ways from what is known locally as the Fore River Shipyard.

Quincy, with its more than 27 miles of waterfront and deepwater channels, has been in the forefront of American shipbuilding since 1696 when the ketch "Unity" was built at Ship Cove, the site of the present shipyard.

The 116-foot "Massachusetts", in its time the largest merchant vessel built in North America, was launched for the China trade in 1789 at the shipyard of Daniel Briggs in Philip's Head at Germantown.

Unfortunately, she started life as a jinx ship when a soothsayer, Moll Pitcher of Lynn, forecast that the ship and all her crew would be lost. It took three tries to fill her complement for her maiden voyage.

Massachusetts reached Canton without mishap, Moll Pitcher notwithstanding, and was sold for $65,000 to the Danish East India Co.

Deacon George Thomas turned out 32 clipper ships over 23 years from his shipyard at Quincy Point, the last of them the graceful 2,200-ton "Red Cloud", launched in 1877 when Thomas was 82 years old.

It was in the early 1880's that Thomas A. Watson, relaxing from his labors with Alexander Graham Bell on the telephone, began making marine engines in a little machine shop on the Fore River in Braintree in partnership with Frank O. Wellington.

It was struggling along as the Fore River Engine Co. until the USS Maine blew up in Havana Harbor and the Spanish-American War of 1898 placed a premium on naval vessels.

Fore River Engine Co. landed contracts to build the torpedo boat destroyers "Lawrence" and "MacDonough" and, late in 1899, the 3,100 ton cruiser "Des Moines".

In order to launch "Des Moines", the Fore River Engine Co. moved two miles north on the river to Quincy Neck where the stream was wider and deeper. The Shipyard remains there today.

It became the Fore River Ship and Engine Co. in 1901, the Fore River Shipbuilding Co. in 1904, and a subsidiary of the Bethlehem Steel Co. in 1913.

Bethlehem's first great vessel was the battleship "Nevada", launched in 1914, which survived badly damaged both the Japanese attack on Pearl Harbor and the atomic bomb tests at Bikini in 1946. She had to be sunk by naval gunfire.

As the Fore River Plant of the Bethlehem Shipbuidling Corp. during World War I, the Yard and its affiliate, the Victory Plant in Squantum, turned out more destroyers than all the other shipyards in the country combined.

But it was in World War II that the Fore River Shipyard won its international spurs.

On a visit to Quincy in the summer of 1941 as war clouds gathered on the Atlantic and Pacific horizons, Admiral Ernest J. King exorted workers at the Yard: "You build 'em and we'll fight 'em!"

And build 'em they did!

Between Pearl Harbor and V-J Day [Aug. 14, 1945], the Fore River Shipyard launched 92 ships. Three of them, including the light cruiser "Pasadena", were delivered in one day [June 8, 1944]. HMS Reynolds was built in a record 24½ days.

At its peak of wartime employment on Jan. 5, 1943, the shipyard employed 32,000 men in Quincy and its auxiliary yard in Hingham. The U.S. Navy gave it five consecutive "E" [for excellence] awards.

Among the ships launched at Fore River:

The battleship Massachusetts, 35,000 tons, launched Sept. 23, 1941, a full 15 months ahead of schedule; sank the French giant Jean Bart at Casablanca in her first action; logged 225,000 wartime miles and 35 engagements without losing a man.

The aircraft carriers Lexington II, Wasp II, built in 20 months from keel to launch; Bunker Hill, John Hancock, built and delivered in a record 14½ months; and Philippine Sea, which went to Antarctica with Admiral Richard E. Byrd in 1947.

The cruiser Quincy II, launched June 26, 1943, which supported the invasions of Normandy on D-Day, 1944, and southern France, and transported President Franklin D. Roosevelt to the summit conference at Yalta in 1945.

The Yard also claimed to have originated that most mysterious of World War II graffiti, "Kilroy was here!"

Seems there was a checker named Jim Kilroy, whose job it was to go around and count the number of holes filled by each riveter, who was paid by piece work. Each rivet Kilroy counted was checked off so that it would not be counted twice.

Some wily riveters discovered that if they erased Kilroy's check mark, the counter on the next shift would credit them again. So, instead of a mere check, he would scrawl on the ship "Kilroy was here!"

The Yard was turning out ships so fast that there was no time to paint over the words and Kilroy's name began popping up in the most unlikely places all over the world, to the delight of soldiers and sailors everywhere.

After the war, the Fore River Shipyard turned out an amazingly diverse number of ships.

There were the twin passenger and cargo vessels, Constitution and Independence, for American Export Lines; the nuclear subs Sunfish and Whale; the Apollo tracking ships Vanguard, Redstone and Mercury.

There was the world's first nuclear-powered surface vessel, the Long Beach; and the 108,500 ton super tanker, SS Manhattan, the largest merchant ship built in the United States, capable of carrying 38 million gallons of oil at 18 knots.

The Shipyard was purchased by General Dynamics in 1964 and, after a brief slump in the shipbuilding market, began a comeback with the recent launching of the first LNGs designed to transport liquified natural gas from Algeria to the States.

The yard now has a $1 billion backlog of contracts which will keep it busy into the 1980's.

The shipyard's multi-million dollar annual payroll is an economic mainstay for Quincy and the South Shore and vital to the entire state.

MARINE GENERAL, JOHN DEBARR, RETIRES TO TEACH IN SAN DIEGO

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. BOB WILSON. Mr. Speaker, the Marine Corps' loss will be San Diego's gain when its top lawyer, the Director of the Judge Advocate Division, Headquarters Marine Corps, Brig. Gen. John R. DeBarr, retires today from active service and becomes a member of the faculty of California Western School of Law.

General DeBarr has been a highly respected legal authority and judge during his Marine Corps career, culminating in his selection as senior legal officer 3 years ago.

John DeBarr enlisted in the Marine Corps Reserve shortly after the outbreak of World War II. Commissioned as a second lieutenant, he took part in the Iwo Jima campaign as a platoon commander and later participated in the occupation of Japan.

Following the war, he resumed his studies, graduating from Bucknell University and later from the Law School of the George Washington University. He returned to active duty in 1950. From 1953 to 1955, John DeBarr was a military observer with the U.N. Truce Supervision Commission in Palestine. For his service, he was personally presented the Star of Jordan medal by King Hussein.

Following service with the U.S. Navy as an appellate counsel, he was appointed to the bench, where he served with distinction as a military judge of general courts-martial in Europe, North Africa, the Middle East, and the United States. He has been the staff judge advocate—senior house counsel—at several major Marine Corps installations, including the Marine Corps Air Station, El Toro, Calif., and the Marine Corps Base, Camp Pendleton, Calif.

General DeBarr returned to the bench in May 1968 when he was assigned to Vietnam, where he presided over numerous felony trials. Upon his return to the United States in June 1969, he became the senior military judge at Camp Pendleton, Calif. Brigadier General DeBarr was then selected for service as Deputy Assistant to the Assistant Secretary of Defense for Legislative Affairs, and served in that position from April 1972 to April 1973.

During his distinguished service to his Nation in the U.S. Marine Corps he has received many honors and awards, including two awards of the Legion of Merit—with Combat "V"—two awards of the Navy Commendation Medal and the Combat Action Ribbon.

Mr. Speaker, I congratulate John DeBarr on the completion of a very distinguished career in the U.S. Marine Corps. I welcome John and his charming wife to the San Diego community, and wish them every success and happiness among us.

WDIA RADIO—MEMPHIS, TENN., A HISTORY OF COMMUNITY SERVICE

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. FORD of Tennessee. Mr. Speaker, I want to bring to the attention of my colleagues the fine work being done by radio station WDIA in Memphis, Tenn. No other station in the Midsouth has generated so many varied acts of good will toward any community, be it black or white. This Saturday, July 3, the station will present the 20th annual Starlite Revue. The revue is one of two soul music charity spectacles sponsored each year by WDIA. The receipts from the revue are used to fund the station's many community activities.

The list of WDIA's charity credits is awesome. The station supports more than 100 little league baseball teams or over 2,000 young ballplayers. It has funded the Dixie Homes Goodwill Boys' Club and the St. Thomas Girls' Club. WDIA founded the Keel School for Handicapped Black Children and provides transportation for handicapped children in the city. The station has established a $5,000 scholarship fund for high school students and contributes to the United Negro College Fund. The College Chapel Health Center has received $10,000 from WDIA and the station has pledged $40,000 more. The list of charitable activities could go on and on. I know of no other radio station that is as actively involved in community services as is WDIA.

The work of WDIA has not gone unnoticed by the professionals in the music business. In 1969, Billboard Magazine presented WDIA with their Station of the Year Award citing:

> Its dramatic efforts to raise the social, educational, and living standards of its audience . . . as the basis for the honor.

The following year, the National Association of Television and Radio Announcers voted WDIA the award of Radio Station of the Year.

In the past 25 years WDIA has witnessed the intricate changes in black music and the dramatic developments in the black community. WDIA has never exploited its large black audience, but chose instead to accommodate it. It is one of those very rare stations that honestly cares for the black population it serves.

WDIA, through its great programing and unequaled history of community service, has provided a standard of excellence for radio stations around the country.

PATENT LAW AMENDMENTS OF 1976

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. WIGGINS. Mr. Speaker, the patent laws of the United States are enacted by the Congress in accordance with the power granted by clause eight of section 8 of article I of the Constitution, which provides that:

> The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

President George Washington, in his first message to the First Congress, strongly urged the enactment of patent legislation. He said,

> I cannot forbear intimating to you the expediency of giving effectual encouragement . . . to the exertions of skill and genius in producing new and useful inventions.

The first patent law was signed by President Washington on April 10, 1790.

Congress has amended the patent laws regularly in the past 200 years, and the time for amendment is again here. The President's Commission on the Patent System recommended, in 1966, that the patent system needed improvement in a number of areas. The Senate Judiciary Committee has actively considered this matter for the past several Congresses. On February 26, 1976, the Senate passed a comprehensive revision of title 35 of the United States Code, which is the patent law.

Today, Mr. Speaker, I am introducing a bill to amend title 35. I am a member of the Judiciary Committee Subcommittee on Courts, Civil Liberties and the Administration of Justice which will consider patent law revision. For that reason I am assuming an active role in seeing that all the available informed opinion and recommendations are considered at the appropriate time.

The matter of patent law reform is not now receiving active consideration by the House Judiciary Committee. The bill I introduce today is not my product. However, it does have the support of organizations such as the American Bar Association, the California Patent Law Association, the Patent Law Association of Los Angeles, the American Patent Law Association and patent law associations of Philadelphia, Chicago, Cleveland and Houston. For that reason, this bill merits consideration.

The purpose of this legislation is succinctly stated in a resolution endorsing it which was passed by the House of Delegates of the ABA in early 1976:

> REEXAMINATION
>
> "Resolved, That the American Bar Association approves in principle legislation providing for the reexamination by the United States Patent and Trademark Office of any United States patent at any time during its term when requested by any person other than the patent owner upon citation of patents and publications which had not been previously considered in connection with the prosecution of said patent for use in such reexamination by the Patent and Trademark Office, provided the patentee has an opportunity ex parte to rebut any determination of unpatentability and also has the opportunity to amend to limit the scope of any claim in the patent in order to distinguish from patents or publications considered during reexamination, or to cancel any claim from the patent."

CONLAN WARNS INFLATION NOT WHIPPED

HON. JOHN B. CONLAN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. CONLAN. Mr. Speaker. I feel very strongly that the Nation must expect dramatic increases in consumer prices unless Congress holds the line on Government spending.

While progress has been made, inflation has not been whipped.

As a member of the Banking, Currency and Housing Committee, I am especially concerned with the cost of new homes—which, despite the improved inflation picture, are still rising at an annual rate of 22 percent, according to the Federal Home Loan Bank Board.

With Government spending presently burning up nearly 40 percent of the Nation's productive capacity, private individuals, businesses, and industry are left with much less working capital to increase their productive efforts.

As it inevitably must, this is causing shortages of materials and products—lumber for example—and is pushing up prices of these materials, and causing consumer prices to skyrocket. This is exactly what we are seeing in the home building industry, where the median price of a new home has gone from $38,000 a year ago, to $43,000 today.

I must reject the past and proposed economic solutions of the Democratic majority in Congress. Bills such as the Humphrey-Hawkins job bill, are shortsighted and dangerous attempts by the Government to create make-work jobs which do not have enduring value.

Enactment of such a make-work law, would result in the further debasing of the dollar bill. The day would not be far behind when American consumers would need suitcases full of money just to pay for their groceries.

A more realistic alternative would be the Jobs Creations Act which I and others have submitted to the Congress. It would stimulate the private sector of the economy by providing tax savings for individuals and investors.

If Congress will help the private sector of our economy achieve a 5.2 percent real growth rate over the next 10 years, we will increase family income by 75 percent, create 20 million new jobs, and cut the number of people living in poverty in half.

The Jobs Creation Act will create millions of jobs in the private sector of the economy by stimulating investment and capital improvement and will encourage savings by individuals.

The result will be a major nationwide shift from tax-consuming jobs to tax-generating jobs, and a tremendous shot in the arm for our entire economy. Furthermore, it would create permanent and productive jobs rather than the cruel hoax of temporary and non-productive jobs which last only as long as there are enough votes in the Congress to perpetuate such programs as are proposed by the Humphrey-Hawkins bill.

ANTI-JEWISH REMARKS SHOULD DISQUALIFY GEN. BROWN FROM JOINT CHIEFS POST

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Ms. ABZUG. Mr. Speaker, Gen. George S. Brown, Chairman of the Joint Chiefs of Staff, has shocked us again with his insensitive and wrong comments about the Jewish community in America. In my view, his comments during his nomination hearings both this week and 2 years ago in the Senate reflect an attitude of bigotry unbefitting the Nation's highest ranking military officer.

Yesterday I sent a letter to President Ford urging him to withdraw his renomination of General Brown for a second 2-year term as chairman of the Joint Chiefs of Staff. I urge my colleagues to oppose his nomination.

The text of my letter follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 29, 1976.

Hon. GERALD R. FORD,
President of the United States, The White House, Washington, D.C.

DEAR PRESIDENT FORD: I urge you to withdraw the nomination of General George S. Brown for a second two-year term as chairman of the Joint Chiefs of Staff.

General Brown's inappropriate and unacceptable anti-Jewish remarks made yesterday during Senate Armed Services Committee hearings should totally disqualify him from assuming the highest leadership post in our nation's military. We may forgive erroneous statements made once, but we should not reward bigotry a second time. Although General Brown attempted to modify his position under questioning, a careful reading of his remarks shows that he did not actually change his position but only found it politically expedient to express himself more cautiously.

Your strong and forthright rejection of Spiro Agnew's defamatory statements was a welcome reaffirmation of our nation's commitment to overcome bigotry. The remarks of General Brown yesterday were as wrong, both substantively and morally, as those made by Mr. Agnew. Yet General Brown cannot be dismissed as an unsavory footnote. He is a public official whose views as stated under oath clearly conflict with his official responsibilities.

Therefore, I respectfully request that you withdraw the renomination of General Brown and thereby close the book on this unfortunate and reoccurring insult.

Sincerely,

BELLA S. ABZUG,
Member of Congress.

MRS. HAZEL HEWITT ALLEN, A DISTINGUISHED SENIOR CITIZEN OF NEWTON FALLS, OHIO

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. CARNEY. Mr. Speaker, a monthly newsletter entitled "Our Living History" began publication earlier this year. It is about the life and times of Newton Falls, Ohio, which I have the privilege of representing in the U.S. House of Representatives.

Many of the articles in this publication are written by Mrs. Hazel Hewitt Allen, a very gracious and kind person. She was born in Newton Falls on June 16, 1896, and has lived there all her life. After high school, Hazel obtained her teaching degree from Kent State University, where she was editor of the school newspaper. During her career, she taught both elementary and high school students in a large number of area schools, including Niles, Mansfield, Youngstown, and Diamond, Ohio. In addition to teaching, she is a talented writer and an accomplished musician.

Mr. Hiram Allen, Hazel's late husband, was a member of one of the pioneer families to settle Newton Falls, Ohio. With the death of his father shortly after his graduation from high school, Hiram lost all hope of being able to attend college, as it was up to him to care for his mother and younger sister and brother. Undaunted, he worked hard and went on to serve the Newton Falls community for many years as clerk of courts. It was while serving as clerk under Judge Williams that Hiram and Hazel were married, with Judge Williams performing the ceremonies.

Through her many contributions to the publication "Our Living History", Hazel has been preserving our past for future generations. She is a rare example of one who makes life simple by the strength she gives and the strength she instills in the hearts of her friends. Mrs. Hazel Allen is living proof that life is worth living, and that the elderly can and should continue to play an active role in our society.

Mr. Speaker, I have picked a few of the many articles written by Hazel Allen about the early history of Newton Falls, Ohio. For the consideration of my colleagues, I am inserting these articles in the RECORD at this time. The articles follow:

THE FRIENDLY FRONT PORCH

(By Hazel Allen)

The poet who wanted to "live by the side of the road and be a friend to man" undoubtedly visualized a house with a front porch. It would be a roomy porch only two or three steps from the ground, with morning glory or scarlet runner bean vines climbing strings at each end, and hummingbirds darting among them for a sip of nectar. There would be a board sidewalk leading up to it, the wood weathered to a silvery gray. Mother's geraniums or her scarlet sage would make a brave display of color along the foundation, and her treasured house plants would be on parade along the railing. This was the only "patio" we youngsters knew in our youth.

The furniture was very simple: two or three elderly rocking chairs, a hammock or a wooden porch swing suspended from the ceiling, a few cushions for those who chose to sit on the steps, palmleaf fans to make an artificial breeze or to discourage flies and mosquitoes. This was a place for informal entertaining; honored guests were invited inside, weather or no.

Here when the household chores were done Mother settled down with her darning or mending basket. Here small girls played jacks or cared for their family of dolls. Here was where Father dropped down into a chair to cool off when the light grew too dim for him to wield his hoe in the garden. And later in the evening, here big sister entertained her beau, after threatening dire reprisals for any intrusion by the small fry.

The front porch encouraged neighborliness. Father hailed a passerby, "Hey Tom! What's your hurry?" and Tom stopped in to exchange garden notes or discuss local happenings. Mother called to a neighbor, "Can't you step in and set a while, Miz' Perkins?" and they chatted happily, exchanging recipes and crochet patterns. Married couples went out for an afternoon stroll and paid brief calls on acquaintances taking the air on the porch while they digested their Sunday dinner.

Then when bedtime came, we tilted the rocking chairs against the wall, removed the house plants from the railing, and carried the cushions inside in case there might be rain or wind in the night. Nothing left would be disturbed. We were among friends.

It is easy to understand why the front porch has gone out of fashion In today's rapidly changing neigborhoods, we are reluctant to encourage too early intimacy. The newcomer may not be congenial; may not meet the standards we consider desirable. With increased mobility, we have gained increased affluence and ease of living, but we have lost the old neighborliness.

BROAD STREET OF OLD

Back in 1896, an enterprising journalist, one Benedict Burr, compiled a "Souvenir Supplement Edition" to the Newton Falls Echo, owned and edited by D. T. Williams. Its cover bears a picture of the City Hall and its first page is headed:

NEWTON FALLS TO DATE

A Charmingly Located and Prospering Trumbull County Burg.

Then follows extravagant praise of the natural advantages and the people of Trumbull County—with the exception of Kinsman, which he excoriates as being inhabited largely by mean-minded and stingy individuals. One suspects that this service had been offered there and rejected.

After several pages of glowing praise of the fertility of the soil and the enterprising character of the citizens, he turns his attention to accounts of local businesses and their proprietors.

Adolf Weiss, who had come here in 1891,

is noted for his fine line of ready made clothing, shoes and fabrics.

T. T. Stewart operates a store "32x60 in measurement," and stocks "staple and fancy dry goods, notions, boots and shoes, wallpaper, groceries, crockery and stoneware, etc."

W. W. Klingeman and W. A. Hindman sell dry goods, clothing, boots, and shoes, carpets, oil cloth, wallpaper, and groceries. They buy and ship wool. In the past season they had handled 30,000 pounds and expect the next year to increase to 40,000 or 50,000 pounds.

Yeager Brothers also deal in dry goods, clothing, millinery, household furnishings and groceries. They buy produce and do a thriving barter with nearby farmers. (Later Joseph Yeager moved his business to Akron, where it became the big Yeager Department Store.)

Caleb Goeppinger's meat market also carries a stock of groceries. His son, Charles, is in charge of a delivery wagon which makes trips on stated days into the surrounding country so that housewives may buy fresh meat at their own homes.

For some reason he does not mention William Klingersmith's bakery. The proprietor makes a variety of baked goods, and also stocks groceries. One gets the impression that staple groceries are the lure that brings customers in to be tempted by other merchandise.

In addition to these well-established businesses, Mr. Burr mentions Earl E. Smith, who operates an "ice cream parlor" and confectionery, and A. W. Allen, another grocer and meat dealer.

For a small village, there is a surprising variety of business firms.

The Dean brothers had a tailoring shop. There were two harness makers, H. P. Hoover and S. E. Bailey, the latter an employee of the Grinnell & Borland Hardware Store. A second hardware store was owned by James Beard, who also served as postmaster, the local office being housed in part of his building on the north side of Broad Street.

Two blacksmiths, Steve Kistler and William "Billy" Davis, had shops on opposite sides of North Canal Street, and in the same block. Park & Gory operated a wholesale basket factory which employed several women.

Charles Gardiner sold stationery and books, music and musical instruments, jewelry and silverware. Thereon Beard's studio on South Canal Street was noted for good photography.

Hiram Porter's mill near the West Branch bridge and Kinnaman and Lowery's near the iron bridge over the East Branch made various kinds of flour and did custom grinding for farmers.

At that time, there was still an excellent supply of nearby timber, and three manufacturing companies utilized it. The Park & Gory Company built up a good wholesale business in lumber and building material. S. D. Good & Company made tubs and containers for butter, lard, candies and paint. The Newton Falls Manufacturing with John Carr as superintendent made mallets, rolling pins, potato mashers, handles and wagon and buggy spokes for the wholesale trade.

Another factory had more than local trade. Max Mattes made the Excelsior Stone Pump, which was handled by dealers throughout Ohio and several neighboring states.

Other needs were equally well cared for. There were two drug stores, owned by B. F. Rice and Smith & Lawrence. Newton Falls had four physicians Drs. Pappa, N. J. Rice, S. D. Good and John Fiester. Dental work was done by M. R. Gore. And when the doctor's skill no longer availed, there were two undertaking establishments, adjuncts to the furniture stores of John and Jacob Everett and Dana M. Bailey. Today, the Bailey Furniture Store is the only surviving business from the 1800 era.

It is evident that in 1896 Newton Falls was a thriving village, a shopping center that completely met the needs of the surrounding rural district.

The Old Schoolhouse

(By Hazel Allen)

We shall never forget what happened on a school day back in the winter of 1898. All afternoon there had been a persistent odor of wood smoke, but everyone assumed that the janitor was burning rubbish, and classes proceeded as usual. School was dismissed on schedule and the pupils marched out, broke ranks, and scattered to their homes.

My husband Hiram and his sister, Addie—second graders—went to their home on North Canal Street, only a block away. They had no more than arrived when they heard the clang of the firebell and saw the fire engine pull up at the schoolhouse. Back went Hiram and dashed into his first-floor classroom to rescue his and Addie's books.

The fire was found to be smouldering in the north wall of the wooden building. It was soon brought under control, but in the meantime, the crowd that had gathered had carried out the teachers' desks and set them on a vacant lot across the street. Schoolbooks has been gathered up and piled on desks and tables in a fine jumble that required endless sorting before everyone regained his own.

Not all classrooms had been damaged, but until temporary repairs could be made, classes were held in the City Hall and the first floor of the Congregational Church. Eventually, all returned to their former quarters.

It was decided that rather than spend money making extensive repairs on the old building, it would be better to replace it with a more modern structure. Accordingly the old building was separated into three sections, sold, and moved away. On its site, a two-story brick structure was erected, with four grade classrooms, a high school room, a first-floor assembly room, and a small office for the superintendent. The old school bell was hung in the belfry, and that fall it summoned the pupils back to much more attractive and modern classrooms.

To show its pride in the fine new building, the town held a formal dedication ceremony. Under the beautiful elms on the schoolgrounds, a slate was erected and a program of music and speeches attracted an enthusiastic audience.

Few are still living who can remember the old schoolhouse and Miss Gertrude Leyde, our first and second grade teacher. But when Hiram and I used to relive the past, they are still vivid pictures in the vista of our early years.

"Very Red" Meter Man

(By Hazel Allen)

Meter reading in the early 1900's was somewhat more onerous than it is today. At that time the wires that led into the house were attached under the eaves, and early meters, not being weatherproof, were located in the attics. An uninsulated attic in the summer was broiling hot, putting a premium on speed.

The reader would open the kitchen door, shout, "Meter man," and head for the stairs. He might then encounter some obstacles. For instance, in one house the attic stairs opened from the bathroom. It was necessary to make a cautious approach and, once inside, to lock the door in order to assure a safe return.

Rarely was the meter in the grade entrance. But even this location had its risk, as a reader in a nearby city discovered. He had trotted into the kitchen—grade doors were usually locked—called out "Meter man" to a woman busy at an ironing board, and popped through the entrance to the basement. As he closed the door behind him, he froze. On the landing stood a washtub, and in it was a girl of fifteen or so, classically undraped. He turned a deep plum color and felt himself age ten years while he fumbled for the door latch. As he burst back into the kitchen, the woman gave him a startled look and gasped, "Oh, I forgot that Mary was taking a bath!" After that, someone else read that meter.

The Old Mud Roads

(By Hazel Allen)

Until well into the 1900's both village streets and country roads were still unimproved, which meant that for a good part of the year they were deep in dust or deep in mud. This was not because of neglect. Every spring, after the deep mud had dried out, "road work" would begin. At the time we are recalling, there was a polltax, and this could be "worked out on the road." Ditches were opened, culverts cleared and the roads "crowned." This last was done by a horse-drawn four-wheeled scraper which worked the dirt toward the center of the road, insuring better drainage.

The state of the roads was of great interest to farmers or to townsmen who owned horse-drawn vehicles. In the spring there was the dreaded period "when the bottom went out of the road;" in other words, when the deeply frozen ground had completely thawed. Wheels would pick up the stiff mud until they were almost solid. Horses moved at a snails pace and occasionally a loaded wagon would be so deeply mired that the team could not pull it out. Then nearby farmers would come to the driver's aid with extra horses and muscle, and by pulling and pushing get the wagon onto firmer ground.

Most dreaded were "mire holes," places where the road was underlaid by a layer of quicksand.

The Great Spring Flood

(By Hazel Allen)

In the years before the Milton Dam was built, people who lived near the river banks regarded with dread any sudden warm rainy spell in late February or early March. If it had been preceded by a severe winter, an ice jam and a flood became a certainty. The rising water would crack the thick layer of ice into huge blocks which the swift current would hurl against any obstruction with battering-ram force. Ice would pile up, damming back the flow of water and forcing it out of the river banks to spread over low ground, flooding cellars and washing out roads. Bridges would be damaged or even carried away. Our covered bridge was heavily damaged in 1910 and required extensive repairs, which fortunately included raising its abutments two feet. Again in 1913 it was threatened.

As if the old Mahoning realized that its power would soon be curbed, the flood in late March in 1913 was spectacular. Four days and nights of steady rain produced a torrent that covered the low-lying parts of the town and surrounding farms. Cattle had to be hurried to high ground; threatened houses had to be evacuated. Water reached the rails of the New York Central line, and no trains ran for three days. People crowded the tracks to watch the bridge, expecting to see it broken up and carried away. A barn that washed against it fortunately shattered and was washed under. The railroad bridge across the river in Lower Town was threatened and freight cars were pushed onto it to weight it down.

Modern conveniences suddenly vanished. For two nights the town was dark; the electric plants on the two rivers were flooded. There was no rural mail delivery. Not only were the roads impassible, but there was no incoming mail. School might as well have been closed, for pupils from the country could not get in, and most of the town pupils played hooky to watch the flood.

The waterworks pump and settling tank were under water. Engineer Amos Lawton had the foresight to pump the big tank full to capacity before the flood covered the wells, assuring a supply of clean water until the wells could be cleared. Fortunately, there were no fires to add to the problems.

Newton Falls fared quite well in comparison with Warren and Youngstown, where the narrowing Mahoning valley caused much greater damage and even some deaths. The entire state of Ohio suffered, Dayton alone recording the loss of 2,000 lives and property loss of $10,000,000; and it was only one of many similarly stricken.

WHERE STATE GOT ITS NAME

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. BURKE of Massachusetts. Mr. Speaker, since Massachusetts is one of our most famous and historic States, I would like to share an interesting article which appeared recently in the Bicentennial issue of the Quincy Sun. Its description of how our Commonwealth was named will, I think, be informative:

MOSWETUSET HUMMOCK: WHERE STATE GOT ITS NAME

His name was Chickatabot and he comes down through the pages of Quincy history as a rather pathetic figure.

He was the sachem of the Moswetuset [or Massachusetts] Indians, a once great tribe that occupied the coast north of Plymouth.

A few years before, under the great sachem Nanepashemet, the Massachusetts had been able to field some 3,000 warriors for a war with the Taratines of Maine, a war in which Nanepashemet perished.

Then came the plague.

In two years the mighty Massachusetts were all but wiped out. No more than 60 of them were left to till their fields on the banks of the Neponset. From the Blue Hills to Quincy Bay, the area was reverting to wilderness.

Sachem Chickatabot fled his home at Passonagessit [Mount Wollaston] and took refuge in Squantum, setting up headquarters on a tiny rise of ground along the shore which was called Moswetuset Hummock.

It was like that in 1621 when Capt. Myles Standish landed from a shallop with an exploring party of Plymouth Pilgrims, immigrants so new they had not yet gotten around to feasting their thanks.

On the morning of Thursday, Sept. 30, the Standish party of 10 whites and three Indians were sitting not far from Moswetuset Hummock breakfasting on lobster they found on the beach.

Exploring inland, the party came across a group of Indian women in a place called Massachusetts Field. The women were wearing coats of beaver fur, which aroused the interest of Squanto, Standish's Indian guide.

"Let's take them," suggested Squanto, displaying a cavalier attitude toward personal property rights.

"No," said Standish. "Let's trade for them."

The lure of the trading trinkets proved so strong that the Indian women immediately stripped off their fur coats and handed them over in exchange.

"But," one of the Pilgrim party later recalled, "with great shamefulness, for, indeed, they are more modest than some of our English women are."

Standish's visit was brief but the name Moswetuset [or Massachusetts] lingered on to attach itself to a bay, then to a colony and finally to a state.

It means, as defined by the 17th century churchman and linguist the Rev. John Cotton, "a hill shaped like an arrowhead" in the Indian tongue, a description fitting the largest of the Blue Hills.

The tragic Chickatabot died not long after the Standish visit and was succeeded as sachem by his son, Josiah Wampatuck, a boy who knew a good deal when he saw it.

Wampatuck sold what was left of his virtually deserted tribal lands to a group of whites for 12 pounds, 10 shillings, but first reserving for himself the right to hunt and fish them "provided he do the English no harm."

RAILROADS FOR MIDWEST

HON. LARRY PRESSLER

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. PRESSLER, Mr. Speaker, I am concerned about the funding contained in this legislation for rail service assistance, and fear the $60 million appropriation under the Federal Railroad Administration might prove to be inadequate.

The $60 million appropriation is for the purpose of funding section 402 of the Regional Rail Reorganization Act of 1973 and section 803 of the Rail Revitalization and Regulatory Reform Act of 1976. These sections provide assistance to the States for the purpose of saving lines which otherwise would be discontinued. Unfortunately, no firm figures are available to determine exactly how much money might be needed by the various States to implement State rail plans. However, rough estimates indicate that the Northeastern corridor States will need $100 million and those outside the region a minimum of $35 million. This estimate, made by the National Conference of State Railroad Officials, is not exact and may be a conservative figure.

Like the Northeast States, Western and Southern States are exercising great care in assessing lines which might be candidates for rail service assistance funds. In my State, South Dakota, 286 miles of railroad line are awaiting ICC discontinuance decisions this year. An estimated 119 to 175 miles of this total is likely to be considered for State rail service assistance. Clearly, South Dakota only wishes to save those lines which—with rehabilitation—can become profitable.

This first year of the Rail Revitalization and Regulatory Reform Act's implementation is a most crucial one. If Congress cannot demonstrate its good faith in carrying out its promise to the States under section 803 of this legislation, fiscal year 1978 will be too late. Should the $60 million appropriation for rail service assistance contained in the bill before us prove inadequate to meet the needs of all States eligible for these funds, it would be my hope that the Appropriations Committee will take the initiative to increase available funds during their consideration of supplemental appropriation measures. I am confident the distinguished members of the Appropriations Committee realize the importance of giving the States the necessary initiative to save needed rail lines from discontinuance. If this initiative is not forthcoming in this fiscal year, Congress can be rightly accused of being pennywise and pound foolish.

A PROCLAMATION OF HUMAN RIGHTS AND DIGNITY—1976

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. BRODHEAD. Mr. Speaker, I wish to share with my colleagues the Bicentennial Proclamation of Human Rights and Dignity of the Detroit Women's Conference of Concerns.

The Women's Conference of Concerns was founded and is directed by Erma Henderson, a member of the Detroit City Council.

The conference provides a forum for women to meet together, share their concerns and develop concrete strategies for political change. The important function which the conference serves is reflected in its rapid growth from a small meeting to a yearly conference with over 2,000 delegates.

The Proclamation of Human Rights and Dignity was presented on April 24, 1976, at the fourth annual conference. It represents the delegates' unique way of celebrating our Bicentennial.

A PROCLAMATION OF HUMAN RIGHTS AND DIGNITY—1976

When in the course of human events it becomes necessary to dissolve the political bonds which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation—We hold these truths to be self evident, that all men (and Women) are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty, and the pursuit of happiness—That to secure these rights, Governments are instituted among Men (and Women), deriving their just power from the consent of the governed—That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government having its foundation on such principles and organizing its power in such form, as to them shall seem most likely to affect their Safety and Happiness.

"Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes. But when a long train of abuses and usurpations pursuing invariably the same Object evinces a design to reduce them under absolute" neglect of human rights and dignity, "it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security"—"Such has been the patient sufferance of the American people. "The history of the present" government policies "is a history of repeated injuries" and neglect to human rights and dignity. "To prove this, let facts be submitted to a candid world." The government "has refused Assent to Laws, the most wholesome and necessary for the public good"—"the State in the meantime, is exposed" "to convulsions from within."

Today, our government has neglected to provide human rights and dignity.

It has failed to provide comprehensive health care; and, instead, has cut back on Medicaid and Medicare, leaving the physically handicapped, the senior citizens, the poor, our infants and our youth without neccessary eye-glasses, hearing aids, dental work, occupational and speech therapy assistance. It has failed to provide adequate mental health care; and, instead, helpless mental patients are on the streets with very little, if any, mental health programs available in the communities. It has neglected to provide food for decent nutrition. Instead, there is hunger—in a land of plenty—for the underemployed, the unemployed, the senior citizens, the expectant mother, the children, the youth, and the poor. This has been aggravated by the slashing *of the Food* Stamp program, and other programs to help the nutritionally deprived.

Further, it has not provided for Equal Justice Under The Law. When, by acts such as in "Watergate", by the usurping of civil liberties, by secret and illegal acts by the president and government agencies, we see the people involved go unpunished, while, on the other hand, an ordinary citizen is jailed for a traffic violation.

It has neglected to provide for Economic Justice when there is tolerated 8% of unemployment nationally; and this, when translated into the Detroit area, becomes an unemployment rate of 33%. Even these figures are false because they do not include female heads of households, displaced homemakers, those who have given up looking for jobs and have gone on welfare or turned to crime because of a lack of employment opportunities.

Our government has not answered the human needs of those who face heatless homes in cold weather or who watch utility bills eat up half of a poor person's income. Indeed, there is neglect in providing decent housing at a time when thousands of boarded-up houses stand in a city like Detroit with very little money to rehabilitate homes for the people in need of housing. Also, Detroit has miles of boarded-up stores standing on our main streets, and 5000 acres of developed commercial and industrial property is not invested in, and used for jobs in industry and necessary commercial services, transportation and recreation for the people. It has neglected to provide for human dignity when cities whose contributions made the state and nation wealthy are allowed to die when they are a great national resource; it has neglected to provide for equal education opportunity through financial neglect of school districts where minorities and poor people live; it has hidden the contribution of ethnic and racial peoples in the building of our nation, programmatically not provided for fundamental respect of each human being, nor a curriculum suited for the continuing development of each person with an appreciation and adaptability to the past, present and future worlds. It has neglected to assure that media will provide for fair coverage of dissenting opinions and the movements of people working towards needed change in many areas that do not provide for human rights and dignity. It has neglected to assure by national law the Equal Rights Amendment for women, nor has it penalized illegal corporate and government practices and policies that support discriminatory practices based on race, sex, sex orientation, religious affiliation, national origin, age, in all areas affecting the welfare of the people such as jobs, housing, insurance, etc. It has neglected to guarantee that there will be no more undeclared wars where thousands of our youth would be killed without the consent of Congress, independent of the consent of the people.

"We, Therefore, the Representatives" of the City of Detroit, State of Michigan, citizens of the United States of America, in Conference Assembles, "appealing to the Supreme Judge of the World for the rectitude of our intentions "solemnly publish and declare" a Proclamation of Human Rights and Dignity—"that to assure that all men are created equal and endowed with certain inalienable rights—among these are Life, Liberty and the Pursuit of Happiness," Human Dignity and Rights must assure for all human beings in the United States. The right to full and equal employment based on area wages; The right of affirmative action for past practices of discrimination based on race, sex, national origin, age; The right to a National Guaranteed Maintenance Income for those not able to be employed with a guarantee of decent nutrition and dignity. The right of citizens to a national economic plan that protects citizens from the evils of inflation, unemployment, loss of farms, and industry; The right of labor to organize, to protect its members and to conserve its gains; the Right to National Comprehensive Health Care; the Right to Equal Justice under the Law and the full protection of the Bill of Rights in the U.S. Constitution, without legislative negation of these Rights; the Passage of the Equal Rights Amendment for Women; the Right to Programs for Early Childhood Development and Child Care; the Right to live in an environment that is clean and healthy for human existence and which also conserves for the people, the land, water, and cities, our national resources; the Right to restrict further development encroachment on our natural resources and to provide for re-investment in land that is already developed for housing, industrial and commercial purposes within cities and thus to conserve our resources; the Right to Decent Housing; the Right to a national policy for neighborhood preservation, decent and adequate Transportation, Recreation, Public Safety; the Right to the use of Public Utilities at a minimal rate for human survival.

The Guaranteed Right to an equal quality education, fully funded by the state and nation that believes that all Children are educable regardless of race, economic status or social position, that teaches respect for all peoples, human worth, encourages the highest development of the human potential, prepares for the world of work, looks to future trends in education development, dignifies all peoples who have contributed to building our nation; the Guaranteed Right to Dissent and to expose unfair media practices and policies that affect human beings by free use of the media for dissenting opinions; the Right to serve the Public Welfare by closing all tax loopholes for the rich and multi-national corporations and truly institute a tax policy based on the ability to pay rather than one which places the greatest burden of taxation on the middle class and poor. Right of the people to hold Government accountable for its actions; the Right of more involvement of citizens in critical decision-making; the Right of full consumer protection nationally; the Right of Senior Citizens to dignitiy, worth, a decent standard of living, housing, recreation, protective services and guaranteed health care; the Right to constitutional protection of peace—no more undeclared wars without the consent of the elected representatives of the people, to which they are accountable; the Right to self determination by other nations without interference; the Right that no law shall be written to deprive the people of their constitutional guarantees in the Bill of Rights, and the Right to Dissent shall forever be honored. National Priorities shall be geared to Human Rights and Dignity and not to selfish private interests. We, the undersigned, clearly call for an end to violence, hatred, bigotry, injustice in all forms that breeds Crime and War—the destroyer of the very fabric of our civilization. And for the support of this Proclamation with a firm reliance on the guidance and protection of Divine Providence, we mutually pledge to each other our Labor, Personal Commitment, Love, and our sacred Honor. April 24, 1976.

THE SPIRIT AND HOPE OF AMERICA

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. SARASIN. Mr. Speaker, the founding of our Nation was predicated upon high standards, upon a belief in the quality and capabilities of mankind, and upon the principle of irrevocable freedoms and liberty. Ours was also a Nation founded by individuals with an intense faith in God, a belief that His guidance would carry our Nation and its leaders through times of darkness and sorrow into light and joy.

Americans of this, our Bicentennial Year, still hold dear the faith and hope that have carried us through 200 years and will continue to move our Nation forward with wisdom and compassion. I would like to share with my fellow Members of the House of Representatives the sentiments of the Beacon Hill Evangelical Free Church of Monroe, Conn., in commemoration of our country's Bicentennial:

> If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land.
>
> —II Chronicles 7: 14

Be it known that the Members and Friends of Beacon Hill Evangelical Free Church of Monroe, Connecticut are concerned about the spiritual welfare of our nation. It is obvious that America is in dire need of a great awakening to the moral and just principles upon which it was founded.

During this year of our Bicentennial, and in the days to follow, we will encourage our Members and Friends to, in the privacy of their homes and in the services of worship in our church, constantly remember in prayer those who represent us in our government—the President, the Vice-President, the Cabinet, the Representatives, the Senators and all others of responsibility—that they may govern and perform as individuals with God's guidance in ways which are pleasing to Him, that they may be ever vigilant for that which is right, and that our nation, in turn, might return to its initial ideal, the express purpose of worshipping God on Biblical principles.

I wish to thank the congregation of the Beacon Hill Evangelical Free Church, their pastor, Mr. Wayne S. Hansen, and their chairman, Mr. Kingston C. Smith, Jr., as well as all Americans who share a deep conviction to the principles which have made this Nation great and which can carry us into our third century as a country of freedom, liberty, and justice.

STATEMENT ON THE INTEGRITY OF THE HOUSE OF REPRESENTATIVES

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. ESCH. Mr. Speaker, President Ford put it well in his speech to the Southern Baptist Convention:

> Personal integrity is not too much to ask of public servants. In fact, we should accept nothing less.

I share those sentiments exactly. The American people have a right to expect their elected public servants, both in their public and private conduct, to set examples worthy of respect. The sense of integrity of the governmental processes is diminished by those public officials whose personal integrity is open to question.

The issues raised by recent scandals in Washington reach farther than personal integrity, however. They go to the heart of the integrity of the Government. It is both inexcusable, and illegal, to misuse public funds and I strongly support the investigations of the Justice Department and the House Committee on the Standards of Official Conduct in this regard. If the facts bear out the accusations, I believe those who are guilty should be prosecuted. Special attention should be directed, as well, at the possibility that votes on issues may have been "bought" with sexual favors.

The integrity of the Congress cannot be restored, however, unless we take action to insure that such scandals and misuse of public funds will not take place in the future. One significant problem is the concentration of power within the House Administration Committee over the staff allowances, postage, telephones, stationery, and other congressional expenses. Five years ago, when unwarranted power was given to the Administration Committee, I cast my vote against it. In several votes since that time, I have voted to refuse to allow increases in these allowances go into effect without the full consent of the Congress. I have cosponsored legislation which will take the power back and vest it in the entire House of Representatives where it belongs. There is a move afoot which, in the name of reform, would increase these allowances. This I will oppose.

At the same time, the Congress must improve its ability to deal with charges of misconduct. Several proposals, which I support, are pending before Congress which will make it easier for Members of Congress and the public to bring charges to the attention of the Committee on the Standards of Official Conduct.

The House of Representatives must put its own fiscal house in order. I have sponsored legislation which will authorize the General Accounting Office to undertake a complete review and audit of all congressional accounts and spending procedures and bring back recommendations for improvement. These audits will be open for public scrutiny. I have also sponsored legislation which will set up a 10-member congressional committee with special responsibilities for auditing accounts and to make recommendations to the House for changes in procedures which will insure greater accountability. We cannot tolerate the misuse of public funds in the Congress.

I am also concerned about the effect of these scandals on our attitudes toward women in society. I have on my staff a number of women of high professional caliber in positions of responsibility who make a significant contribution to the conduct of congressional business. I have long believed that qualified women should be able to take their place on an equal basis with their male counterparts. A scandal such as this one is particularly unfortunate at a time when equality of opportunity was beginning to be widely accepted.

There are those who have said that sex scandals in Washington are no worse than those in any business. That is undoubtedly true; but it misses the point. Those who fill positions of public trust accept special responsibilities to those they represent. Personal integrity, in their public contacts and in their private lives, is an essential part of that responsibility. We must insist on the highest standards for our Nation's leaders.

SONGS FOR THE BICENTENNIAL

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. KASTEN. Mr. Speaker, I can think of no finer way to celebrate our Nation's 200th birthday than to to lift our voices in song.

Mr. Robert Gordon of Muskego, Wis., has written the words and music for two Bicentennial salutes to our great Nation, which I would like to share with my colleagues.

Mr. Speaker, I would like the lyrics to be printed in the RECORD at this point:

HAPPY BIRTHDAY AMERICA

(Words and music by Robert Gordon)

Happy Birthday America.
I hope that you're feeling fine.
Happy Birthday America;
You've been here a long, long time.
You're 200 years and looking great;
And everybody's coming out to celebrate.
Happy Birthday America;
I'm yours and I'm glad you're mine.

Happy Birthday America.
We wish you our best today.
Happy Birthday America;
God bless you in every way.
From 13 to 50 states you've grown;
In freedom and equality you stand alone.
Happy Birthday America;
We're proud of the U.S.A.

AMERICA MY OWN

(Words and music by Robert Gordon)

America, America, my faith in you is strong,
America, America, I'm proud that I belong.
In every state, you're truly great,
The best the world has known;
I'm loyal to America, this land I call my own.
In periled years brave pioneers shed blood for liberty,
From every shore came millions more to build Democracy,
Through stormy night, by freedom's light,
This nation found its place;
New land of opportunity, new hope for every race.

To dream of old, to vision bold, let loyal hearts be true,
That future years be free of fears, this pledge we now renew:
To never yield on freedoms field, til patriot's work be done;
Let unity our motto be, let millions march as one.

America, America, most blessed land on earth,
America, America, God grant thy soul rebirth
One brotherhood, one common good
One goal, one destiny;
Forever in America, man's spirit shall be free.

A BICENTENNIAL MESSAGE

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. ANDERSON of California. Mr. Speaker, as we approach the Bicentennial celebration of July 4, 1976, communities throughout the United States will be honoring the occasion in a variety of ways. Many will be looking back to great moments in our history, recalling the events that have made this Nation great in the past 200 years.

In the city of Lomita, Calif., a different type of observance will be held. Lomita is a young city, with a background of progressive leadership and forward-looking perspective. Thus, it is not surprising that Lomita's Bicentennial observances will be aimed, not at the past, but toward the future.

On July 5, 1976, a time capsule will be dedicated and buried beneath the lawn of Lomita's City Hall. On the front of the capsule, inscribed on a bronze plate, will be the legend "To Be Opened July 4, 2026."

The capsule will be opened in 50 years—the halfway point between now and the tricentennial. Two generations from today, a new group of leaders from the Lomita community will open the capsule, and inherit a legacy from the men and women who placed it as a message to the future 50 long years before.

Several items recalling local history will be contained in the capsule. Pictures and rosters of the official city family and chamber of commerce, photographs of the city as it is today, and other objects, chosen by the historical society, that will be aimed at providing a memory, 50 years hence, of what the Lomita of 1976 was like.

It will show a picture of a busy, friendly city, still growing and developing as a vital community. It will show a city directed at serving its residents, and a business community dedicated to meeting the needs of those citizens. And the capsule will contain a message from men and women laying the foundation for a community of the future, enjoyed by their children and their children's children.

These words will also be placed in the capsule, and I consider that to be a great honor. History will record the events of 1976, and the accomplishments of our Nation. The challenges that face us today will have been recorded—hopefully along with their solution. There is no need to dwell on national events here.

Instead, as the Representative for the people of the city of Lomita to the U.S. Congress in 1976, I would simply send the following message to those who will read these words:

> You live in a time that will be very different from 1976. But, you will share in a common heritage with those of us gathered here today. We will have left a part of that heritage, and we hope it is one in which you can take pride.
>
> In 1976, Lomita is a good place to live. Her people have, to the best of their ability, made it so, and they have strived to insure that it remains that way for your benefit. I am positive that effort has been successful, and I hope that this positive spirit of civic pride will continue in the future.

COASTWISE LAWS

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. RUPPE. Mr. Speaker, I have joined with a number of my colleagues to cosponsor legislation that would extend the coastwise laws of the United States to the Virgin Islands with respect to the transportation in bulk of crude oil and its derivatives. The reason why I have cosponsored this bill is quite simple, namely, the original basis for exempting the Virgin Islands from the coastwise laws is no longer valid.

The basis for exempting the Virgin Islands from the coastwise laws was that there was inadequate U.S.-flag service to the Islands at the time they were purchased by the United States from Denmark. The cost of all goods would have been increased, unless foreign-flag ships, which made the Virgin Islands their normal port of call, made stops there to bring goods. As to U.S.-flag tanker tonnage, this is simply no longer true today.

Presently, there are numerous U.S.-flag tankers in layup which could be beneficially employed in this trade. In fact, the Maritime Administration has indicated that enactment of legislation, such as the bill I have cosponsored, would generate employment for about 25 tankers and 1,400 U.S. citizen seamen. Moreover, it should be stressed that this bill will have no effect on foreign-flag cruise ships which ply the United States-Virgin Islands trade.

EUROPEAN VIEWS ON ARGENTINA

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. FRASER. Mr. Speaker, the deterioration of the political situation in Argentina is a major cause of concern for those who follow Latin American affairs. The indefinite postponement of scheduled elections by the military government is a most serious setback for democracy. The dissolution of parliament and the end of an independent judiciary threaten those very institutions which can help restore order in the country.

Nine prominent social democratic leaders in Europe issued a strong and specific statement earlier this month on Argentina. They call on the military government to schedule general elections immediately, with full participation of all parties, and to restore those liberties necessary for the political process to work. I include below the text of their statement:

> ARGENTINA
>
> We are deeply worried by the recent turn of events in Argentina. In particular, we are concerned that in an election year, the armed forces should have chosen a coup d'etat as the appropriate means for putting an end to a situation of undoubted administrative corruption and continuous violations of human rights.
>
> We believe in the democratic road and in political solutions to the problems of nations. We consider that the measures adopted to date by the military junta which governs Argentina put new obstacles in the ways of a peaceful and democratic solution to Argentina's problems, promoting instead further violence. These measures have included: The indefinite postponement of elections, the dissolution of Parliament, the purging of the judiciary, the imposition of military courts, the violent occupation of the executive branch of government, the introduction of the death penalty, the suspension of political parties, the military control of trade unions, the suppression of the right to strike, the occupation of factories with armoured cars, and the detention of workers who had nothing to do with the ousted regime.
>
> With this situation in mind, we join the democratic forces of Argentina in asking the new authorities to adopt the following measures which, in our opinion, could favour a democratic and peaceful solution for the people of Argentina, avoiding the present danger of a civil war:
>
> 1. The immediate calling of general elections, without political exclusions of any kind;
> 2. The restoration of the rights of political parties;
> 3. The restoration of the civil courts;
> 4. Restoration of the liberty of the press, education and expression;
> 5. The elimination of the death penalty;
> 6. Restoration of all trade union rights, including the right to strike;
> 7. An end to the indiscriminate detention of workers and trade unionists in their places of work;
> 8. Liberty for the thousands of political prisoners, without charges or sentence, sometimes already acquitted by the courts, who remain in prison;
> 9. Early trial and guarantees for the defence for all those detained for political reasons;
> 10. An end to the torture of political and trade union prisoners, and to the inhuman treatment suffered by all prisoners;
> 11. Respect for the constitutional right which allows political prisoners to choose exile if no charge is brought against them;
> 12. Guarantees for political exiles from neighbouring countries, particularly those from Chile and Uruguay;
> 13. An end to the illegal repression exercised by terrorist organizations such as the Triple A and the Comando Libertadores de America, which have assassinated with impunity more than 2,000 workers, trade union leaders, politicians, members of parliament, priests, intellectuals, journalists, political exiles, lawyers and members of the families of political prisoners, common people without political activity.
>
> Our desire is to contribute to the restoration of peace and democracy in Argentina, in order to avoid the fratricidal struggle which threatens the peaceful future of a great nation.
>
> Signed:
> Tom Bradley—United Kingdom.
> Ron Hayward—United Kingdom.
> Anker Jorgensen—Denmark.
> Bruno Kreisky—Austria.
> Franceso de Martino—Italy.
> Francois Mitterrand—France.
> Olof Palme—Sweden.
> Mario Soares—Portugal.
> Ed Van Thyn—Netherlands.

ST. CROIX HEYLIGER FAMILY'S DESCENDANT IMPORTANT PART OF OUR AMERICAN HERITAGE

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. DE LUGO. Mr. Speaker, on the eye of America's Bicentennial, an historic document written by the descendant of a locally prominent St. Croix family to the American Continental Congress has been discovered by a Virgin Islands historian.

In his 1776 letter to the Continental Congress, John Heyliger, a wealthy planter on St. Croix and a leading merchant with important commercial ties with North America, expressed the same strong support for the independence of the newly born nation as his descendants and indeed all our citizens of the U.S. Virgin Islands are doing 200 years later.

We, Virgin Islanders, will celebrate the Bicentennial this weekend with a renewed sense of pride and dedication to the ideals which have made these United States the epitome of democratic freedom throughout the world. The significance of Heyliger's correspondence to our Founding Fathers reemphasizes the important role the Virgin Islands played in the early development of our country. We who are proud to be part of the United States of America today are also honored to claim the unusual distinction of having contributed to the American Revolutionary cause even while the flag of Denmark flew over our islands. We humbly boast that one of our forefathers penned such prophetic words of encouragement and support to the future American Nation.

With your permission, I am inserting into the RECORD a press release relative to the Heyliger letter from the Virgin Islands Resources Foundation. The publication of his letter will mark the completion of one phase of the foundation's Caribbean Bicentennial program. With a sense of history I am honored to share this document with my colleagues as another part of our American heritage:

IMPORTANT PART OF OUR AMERICAN HERITAGE

An invaluable historical document of hemispheric significance has been discovered on the eve of the American Bicentennial by a Virgin Islands historian. The document, written as a letter by John Heyliger of the locally prominent Cruzan family to the American Continental Congress in September of 1776, is an outstanding example of West Indian zeal and enthusiasm for the American revolutionary cause.

In the opinion of historian George F. Tyson, Jr. of the Island Resources Foundation, who has been studying and collecting manuscript materials in American, European, and West Indian archives for nearly a decade, the recently discovered Heyliger letter represents one of the strongest West Indian expressions of support for the American cause uncovered to date.

In his September 1776 letter to the Continental Congress, Heyliger expresses his "Zeal and Ardor . . . for the glorious Cause of Liberty and Justice in which you are embarked," and sends the Americans his "ardent Wishes for Your Prosperity and Success in your present laudable Struggle against Tyranny and Oppression, and that your happy Country . . . may be in all future Ages, an Asylum and Sanctuary for the Sons of Want and Oppression of all Nations."

At the time Heyliger was penning these prophetic words concerning the future American nation, he was head of a prominent Cruzan family which had come to the Danish West Indies from St. Eustatius. He was perhaps the richest planter in St. Croix, as well as a leading merchant with considerable commercial connections in North America. Descendants of the Heyliger Family continue to reside in the former Danish, now American, Virgin Islands two hundred years after the letter written by their freedom loving ancestor was sent to the Continental Congress.

In announcing the discovery of the Heyliger letter, Island Resources Foundation historian George Tyson further stated that this letter would soon be published by the Foundation in commemoration of the American Bicentennial and as a part of a Foundation effort to reproduce documents from the eighteenth century which authenticate Virgin Islands involvement in the events of the American Revolutionary era.

Publication of the documents booklet will mark completion of another phase of the Foundation's larger Caribbean Bicentennial Program. To date, this regional effort has been supported by the American Revolution Bicentennial Administration, the National Historical Publications and Records Commission, the Virgin Islands Bicentennial Commission, and the National Trust for Historic Preservation, among others.

Release of the documents publication, including the Heyliger letter, will be announced at a later date. For further information, interested individuals may contact the Foundation at its Red Hook, St. Thomas headquarters.

OUR EAGLE OF FREEDOM

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. RODINO. Mr. Speaker, as the 200th birthday of our great Nation approaches, it is fitting that we recognize contributions of our citizens to the American Bicentennial. At this time I take great pleasure in introducing into the CONGRESSIONAL RECORD a poem honoring the American Bald Eagle. The poem was composed by Mrs. Gloria Patrizio, chairman of the Bicentennial Festival Committee of Milburn, N.J.

OUR EAGLE OF FREEDOM

With dignity unsurpassed,
A symbol of power and might,
The American Bald Eagle
While soaring in its flight

Lifts up the hearts of the people
Of the Nation for which it stands;
For as grand and as strong as the Eagle
Is this Nation among all the lands.

Yes, grand in its dream of Freedom,
A freedom for one and all;
And strong in its quest for justice
And peace, so that all may stand proud and tall.

Soar high, then, Oh Eagle of Freedom,
And Free, as the Spirit of Man,
Inspiring all who behold you,
Bald Eagle, American.

TOM PAINE'S CITIZENSHIP RESTORED FOR BICENTENNIAL

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. OTTINGER. Mr. Speaker, I would like to direct the attention of my colleagues to a matter concerning Tom Paine, one of the most prominent figures in America's struggle for independence.

On May 19, 1976, former Acting City Judge Edward K. Kennedy petitioned the State Supreme Court for the restoration of Thomas Paine's citizenship and voting rights. Paine, colonial rebel and author of "Common Sense," resided in the community of New Rochelle from 1804 to 1808. The articles inserted below recount New Rochelle's refusal to grant Paine the right to vote in an 1806 local election, on the grounds that "he had lost his citizenship because of his activities in France following the French Revolution." Despite Paine's repeated attempts to secure his right to vote, New Rochelle's most distinguished citizen died in 1809 without having ever again participated in an American election.

New Rochelle's Bicentennial Committee directed Judge Kennedy to take the necessary action toward the reinstatement of Paine's citizenship rights. On May 26, State Supreme Court Justice Alvin Ruskin approved the petition filed by Judge Kennedy on behalf of the citizens of New Rochelle, thus rectifying "an injustice that goes back 170 years, somewhat belatedly but appropriately."

I will include the news account of this historic achievement for the benefit of my colleagues:

[From the Standard-Star (N.Y.),
May 20, 1976]

TOM PAINE'S RIGHT TO VOTE FINALLY MAKES IT TO COURT

(By June Schetterer)

Thomas Paine is still trying to get back on the election rolls of New Rochelle.

Today, state Supreme Court Judge Alvin R. Ruskin of New Rochelle began considering a petition from the New Rochelle Bicentennial Committee to have the name of the city's most famous citizen restored to the election rolls.

The committee's Parliamentarian is former Acting City Judge Edward K. Kennedy of New Rochelle, who brought the petition Wednesday to the court in White Plains with the approval of the New Rochelle City Council. The petition is on behalf of the citizens of New Rochelle.

Local historians and history buffs have long been irked that their most illustrious citizen, the author of "Common Sense," the catalyst for the American Revolution, was refused the right to vote in 1806, and that the error was never ratified.

From 1804 to 1806 Paine lived on the nearly 300 acres of farmland in New Rochelle presented him by a grateful New York State for the services to the cause of independence. The state had confiscated the farm at the end of the Revolutionary War after its owner, Frederick Davoe, a loyalist who was captured after a skirmish at Mamaroneck, fled to Canada.

In the spring of 1806, Paine attempted to vote in the annual town meeting of New Rochelle held at the tavern of Peter Jones. The tavern, which stood on the northeast corner of what is now North Avenue and Huguenot Street, was known as the Besly's Tavern. (The Kaufmann building, 271 North Ave., stands on the approximate spot today.)

Election inspectors headed by Supervisor Elisha Ward, refused to permit Paine to vote, saying he had lost his citizenship because of his activities in France following the French Revolution.

The matter rankled the author and by a year later he could no longer contain his anger at Ward for being disenfranchised and began writing letters to everyone he knew in a position of authority, complaining bitterly about it. Among these were President Thomas Jefferson, Secretary of States James Madison, and his old friend, James Monroe.

In a letter to George Clinton, vice president of the United States, dated May 4, 1807, Paine complained:

"Elisha Ward and three or four Tories, who lived within the British lines in the revolutionary war got in to be inspectors of the election last year in New Rochelle.

"Ward was supervisor. These men refused my vote at the election, saying to me," You are not an American; our minister at Paris, Gouverneur Morris, would not reclaim you when you were imprisoned in the Luxembourg prison at Paris and General Washington refused to do it.'

"Upon my telling him that the two cases he stated were falsehoods and that if he did me an injustice I would prosecute him, he got up and, calling for a constable, said to me, 'I will commit you to prison.' He chose, however, to sit down and go no further with it . . ."

Paine's friends replied sympathetically, but were helpless to reverse a local election superivsor's decision. Paine never again had an opportunity to vote in an American election. He died June 8, 1809.

In 1946, the later attorney Thomas D. Schoble Jr. of New Rochelle, researched the question of Paine's citizenship and the Thomas Paine National Historical Association published his treatise, "Thomas Paine's Citizenship Record."

Schoble pointed out that other Americans, including Washington, James Madison and Alexander Hamilton, had been made honorary citizens of France. He concluded that Paine had become an American citizen upon the adoption of the Declaration of Independence and continued to be a citizen until his death in 1809.

Members of the Bicentennial Committee felt this year was an appropriate time to finally rectify the injustice.

[From the New York Daily News, May 27, 1976]

New Rochelle Uses Commonsense

(By John Randazzo)

Thomas Paine, the colonial rebel whose "Common Sense" pamphleteering spurred American revolutionaries against King George III, was restored to New Rochelle's voting rolls yesterday, "somewhat belatedly, but appropriately to end a 170-year-old injustice," according to State Supreme Court Justice Alvin Ruskin.

It was a symbolic gesture by a city that disenfranchised the patriot in 1806 on the advice of a Tory chief inspector of elections, who charged Paine "was not an American" and, hence, not entitled to vote that year.

FARM WAS A GIFT

A jail term at the Luxembourg Prison in Paris for opposing the execution of King Louis XIV of France during the French Revolution led to Paine's disenfranchisement in New Rochelle.

Paine, and English-born political writer and agitator who emigrated to America in 1774, owned a 277-acre farm in New Rochelle, a gift from a grateful New York State for his service to the war against England.

That service included heavy broadsides against Great Britain, fund-raising to continue the war in America and a brief stint in the Continental Army.

Paine died in New York City in 1809 without resolving the issue of his citizenship, despite personal appeals to then President Thomas Jefferson and vice president DeWitt Clinton. Thomas A. Hoctor, the city's historian said.

MONUMENT NEAR FORMER HOUSE

A monument was erected in his honor in New Rochelle in 1839 and now stands near his small, 7-room cottage on North and Paine Aves., near City Hall.

Hoctor said he has a letter Paine wrote to Jefferson and Clinton, on May 4, 1807 which reads in part: "Elisha Ward and three or four other Tories who lived within the British lines in the Revolutionary War got in to be inspectors of the election last year at New Rochelle."

"Ward was superviser," Paine wrote. "His men refused my vote at the election, saying to me . . . 'you are not an American. Our minister at Paris (Gouverneur Morris) wouldn't reclaim you when you were in the Luxembourg prison at Paris and Gen. Washington refused to do it. . . .' "

AUTOMATIC CITIZENSHIP

Paine's citizenship has been under a cloud ever since. Hoctor said. "But, there was never any question about it because the prevailing law granted automatic citizenship to anyone who served in the fight against the Red Coats," Hoctor explained.

The city's Bicentennial Committee took an active interest in the case. It directed one of its members, former acting city judge Edward K. Kennedy, to draw up the required papers and he presented them to the State Supreme Court in White Plains last week.

"We've finally rectified an injustice that goes back 170 years, somewhat belatedly but appropriately," Justice Ruskin said yesterday, after signing court affidavits to restore Paine's voting rights.

PERSONAL EXPLANATION

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. STUDDS. Mr. Speaker, on Friday I missed Roll No. 463, the vote on final passage of H.R. 14231, Interior Appropriations for fiscal year 1977. Had I been present, I would have voted "yea".

TRAVEL TO SOUTH DAKOTA

HON. LARRY PRESSLER

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. PRESSLER. Mr. Speaker, South Dakota is indeed a beautiful State, and this year, with our "Shrine to Democracy" in the Black Hills, it is a special year to tour our State.

I am concerned that because of the recent floods in the Black Hills and the continued drought in eastern South Dakota, that some may hesitate to visit our beautiful State. For that reason, I ask to insert the following letter and news release which I received from the Governor of our State, Richard Kneip:

STATE OF SOUTH DAKOTA,
Pierre, S. Dak., June 12, 1976.

Hon. LARRY PRESSLER,
Member of Congress,
Washington, D.C.

DEAR LARRY: You will please find enclosed a copy of a news release that I issued last Friday to minimize, in part, the impact that the recent flash floods and my subsequent Emergency Disaster Declaration for the northern Hills, will have on the state's tourist industry.

Thus far the Bicentennial year has seen a boom in tourism; but representatives of many attractions and services, and hotel and motel owners have conveyed to me their concern that the publicity associated with the recent floods will discourage prospective travelers from visiting South Dakota. I can certainly understand their concern and fully realize the importance of tourism revenues to the state in a year when much of the state is suffering under the impact of a major drought. Thus my June 18th News Release which speaks to this matter.

I ask you to join in this effort to bolster the state's tourism by doing what you can to counteract the effect that the flood may have on vacationer's travel plans. We must assure out-of-state travelers, as well as in-state tourists, that the Black Hills area is just as beautiful as ever and that the tourist facilities have not been "washed down the creek." I don't mean to be facetious and am not trying to downplay what was indeed a major disaster; I am simply asking your help to promote a healthy tourism industry in South Dakota.

Thank you for your help and with every best wish, I remain

Sincerely,

RICHARD F. KNEIP,
Governor.

NEWS RELEASE, JUNE 18, 1976

Governor Richard F. Kneip today said that tourism in South Dakota's Black Hills continues at a record rate with no adverse effects from heavy rainfall in three Northern Black Hills counties early this week.

Kneip said that over 20,000 people visited Mount Rushmore on Tueesday of this week, a record for June, and that Wall Drug reported one of the "best days for tourism in the city's history." He also said that tourists are continuing to visit the Black Hills in record numbers, and that traffic is flowing normally across the state and in the Black Hills.

The Governor stressed that the damage occurred in a small concentrated area in the Northern Hills and he said that a disaster area designation is not inconsistent with maintaining normal tourist conditions, "visitors can get to any attraction or lodging facilities along normal traffic routes, with the exception of Boulder Canyon and Highway 14A, and we expect these to be open in the next 10 days. Flood damaged areas are localized, almost entirely confined to private dwellings rather than public attractions or lodging facilities," Governor Kneip said.

The Governor pointed out that with the recent rains the Black Hills have never been more beautiful and that he sees no reason for potential visitors to change their plans to visit our State.

Kneip said State tourism officials have advised him that inquiries coming into the State are at a record high, with over 124,000 letters and phone calls to date, and that only six phone calls have been received asking about flooding conditions. He also said all rest area informational personnel are directing traffic throughout the State into the Black Hills as usual.

The Governor noted that the 72,000 acre Custer State Park reports campgrounds filling up and that hills area chambers of commerce have reported travel is continuing at a record pace. A Black Hills National Forest spokesman also said there was almost no damage to recreation areas and administration sites.

"Deadwood did report a drop-off during the period of heavy rain," the Governor said, "but traffic is quickly returning to normal and should be back on par with the opening of Boulder Canyon and Highway 14A in the near future. Our tourism industry is open for business and vacation and travel conditions are normal. I urge everyone—South Dakotans and out-of-staters alike to take advantage of our slogan and to 'roam free in South Dakota'," the Governor said.

In other comments on the June 14th and 15th flood. Governor Kneip said that county and city government *officials quick response* to the flash flood watch and warnings saved many lives and diminished property damage. He said continuing rains on Thursday hampered local government recovery activities but both public and private services and businesses were in full operation.

Kneip said that he hoped that city and county governments will continue to utilize their resources to the fullest before calling for State government assistance. He pointed out that the best and fastest response in any life and property saving operations are at the local level.

Kneip concluded by saying that State government policy in any disaster operation is to support local government operations with needed support only after all local manpower equipment, and funds have been committed.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on July 4, 1776, the Continental Congress adopted the Declaration of Independence and ordered that it be published and distributed to the States and the Army. All the colonies, except for New York which abstained, voted in favor of the Declaration.

The principles embodied in the Declaration of Independence have guided our Nation since it was founded 200 years ago:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these, are Life, Liberty, and the pursuit of Happiness. That, to secure these rights, Governments are instituted among Men, deriving their just Powers from the consent of the governed. That, whenever any form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such Principles, and organizing its Powers in such form, as to them shall seem most likely to effect their Safety and Happiness.

Following adoption of the Declaration, Congress appointed Benjamin Franklin, John Adams and Thomas Jefferson to a committee to bring in a device for a seal for the United States of America.

OIL AND GAS REFORM

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. COLLINS of Texas. Mr. Speaker, I want to analyze today the need for energy reforms under our congressional system.

The controls placed on the domestic American oil industry have created an energy crisis. The solution is gradual but complete deregulation.

We recently made an excellent reform when Congress permitted price and allocation controls on residual oil to be placed on a standby basis. Since then prices have declined $1 per barrel.

Here is the next energy reform we need. Congress should now allow price and allocation controls on middle distillates to be placed on a standby status.

Distillate is now available in adequate amounts. Refinery utilization is low enough so that more distillate can be produced without price increase. Demand in 1976 is running comparable to 1975 and production is up 5 percent.

The FEA should be gradually phased out. It has done the best job possible with the impossible mission assigned to it by Congress. The FEA is mandated to roll crude oil prices back, keep prices of refined products low, and simultaneously try to increase production. Whether we call it FEA or a Department of Energy, there is no way an oil and gas supply can exist under present congressional rules.

In 1970, we received only 23 percent of our oil from foreign sources. In 1975 we imported 40 percent of our oil. Today the figure is 45 percent and rising. Back in 1970, however, there was a large clamor here in Congress and elsewhere to buy OPEC oil because domestically produced oil was selling for $3.39 per barrel and OPEC oil for only $2.18 per barrel on the average. So we dropped the quota and started buying more of this cheap oil and became overreliant—resulting in the embargo and the current astronomical prices.

We in the House had a chance to take a major step in the direction of energy independence on February 5 of this year but we failed to seize it. What we did instead was to vote for more Federal regulation of natural gas and not less. We just did not learn from history. Why should we pay OPEC $2.50 per Mcf and upward for LNG when we could keep that money right here at home if only we allowed producers an adequate price for the production?

Price controls on natural gas have been portrayed as protecting the consumer. In fact, these controls have placed the consumer in jeopardy, forcing him to pay more and more for less and less natural gas.

Also, with respect to the consumer, it must be noted that many gas pipelines are using SNG in addition to LNG to offset the gas shortage. Today, some pipelines are producing SNG from imported naphtha at a cost equal to $30 per barrel of oil.

The intrastate natural gas market has shown us how the free and unregulated market works. Gas is in plentiful supply. Where producers are drilling for intrastate contracts, demand for rigs continues to be high. The prospects being drilled for the intrastate market are marginal ones that could not afford to be drilled for interstate sales.

Federal controls on the wellhead price of natural gas for the past 22 years have created chaos. There is no quick solution to the damage created by this restrictive policy, but removal of price controls can start the country back on the road to a balance of supply and demand in natural gas supplies.

Many people do not seem to understand how deregulation would affect the price of gas to the consumer. Only 20 percent of the final price of gas to the customer is the wellhead price; 80 percent of the price is involved in pipeline and distribution costs. Since deregulation affects only the wellhead price, the cost increases of deregulation are not nearly so great as some of our opponents would have us believe. Secondly, only about 7 percent of the total production of natural gas would come up for deregulation every year. This applies to so-called new gas not covered by old existing gas contracts. Many contracts will be in effect for the next 15 years, so it is clear that the process of deregulation will be gradual and easily absorbed by the economy.

I estimate that deregulation would cost the American household an average of 50 cents more per week. This amount is certainly less than what increased fuel imports will eventually cost the consumer. The people up east want cheap gas, but they do not realize that our people in Texas gladly pay $1.80 per Mcf because we know that gas costs more to produce today. To import foreign LNG gas comes at a minimum price of $2.50 Mcf.

And, finally, let us reform by burning the excessive paperwork. I researched one of the smaller oil companies and found that, on FEA form P324-A-O, it will take 4,500 man-hours for the first submission alone, and 1,900 man-hours for subsequent annual submissions. This company spends $20 million annually preparing Government reports, and that means an extra price on your gasoline.

There are 409 reports that have to be filed with 45 different Federal agencies at this time. Many of these reports are duplicative and many are never used at all. Some require information that the oil companies do not even have. At the rate these reports are proliferating, the oil industry will have no one left in the fields finding new oil. Instead, they will have their computers working day and night, turning out 409 reports for 45 different Federal agencies, not to mention all of the State, county, and local commissions requiring reports. Let me list the Federal reports which now have to be filed by the oil industry:

One hundred to the Department of the Interior; 57 to the Departments of Labor, HEW, and EEOC; 48 to the Department of the Treasury; 43 to the Department of Transportation; 38 to the Department of Commerce; 34 to the Federal Energy Administration; 28 to the Department of Defense; 14 to the Environmental Protection Agency; 13 to the Interstate Commerce Commission; 11 to the Federal Power Commission, and 23 others. This is a total of 409 reports.

The subject matter of these 409 reports is as follows: Production and exploration volumes and operations, 53; domestic sales and exports of crude oil, 45; receipts, runs, and inventory of crude oil, 47; transportation, marine and pipeline, 69; environmental, health and safety, 43; financial statements, revenues, costs, and pricing, 47; personnel, labor and wages, 50; minerals and coal activities, 10; and other, primarily permits and licenses, 45.

Let Congress stop attempting to insulate the American consumer from world economic realities. Let us remove the mass of conflicting and disruptive regulations from the free enterprise system. Let Congress speak with courage and conviction and build a logical, progressive energy policy for America.

A 1976 HIGH SCHOOL GRAD LOOKS AT AMERICA

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. ERLENBORN. Mr. Speaker, during the past decade young people have become the Nation's barometer for measuring the state of the country through their actions. As we stand on the threshold of America's third century, I believe it is appropriate to record for history the current reading from this barometer.

Therefore, Mr. Speaker, I insert into the CONGRESSIONAL RECORD the following paragraph from a speech by Alan Wissenberg, delivered to his fellow graduating seniors at Naperville Central High School in the 14th Congressional District of Illinois:

> As this class accepts its diplomas today, I hope that the enthusiasm shared here at Central will continue to be shared by both

graduates and parents alike. We have several advantages over the graduating classes of previous years: For one, the economy is looking stronger. Secondly, for the first time in over thirty-five years, the men are not faced with registration for the draft and the lottery to follow; our nation is not actively engaged in war. Finally, unlike our parents, we graduate as full-fledged citizens with the opportunity to vote in a presidential election. If improvements are needed in our government, we too can begin the change.

URBAN HOUSING STOCK: A VALUABLE RESOURCE

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Ms. ABZUG. Mr. Speaker, earlier today the House approved the conference report on the Housing Authorization Act. Among the important provisions contained in this legislation are the continuation of the section 312 rehabilitation loan program and the urban homesteading program. Both of these programs focus on the reclamation of blighted housing units which abound in our urban areas. I believe that such programs offer great hope for our cities. By rehabilitating housing units rather than removing them we can preserve much more than our urban architectural heritage. We can preserve and revitalize neighborhoods. Those of us who come from the cities are well aware that much of the vitality in city life is a result of the neighborhood. Yet it is in the neighborhood that the results of urban decay are most apparent. To the degree that these two programs focus on neighborhood rehabilitation they represent a healthy development in our national housing policy. Two recent articles focus on the importance of this resource. I refer my colleagues' attention to these articles:

[From the New York Times, June 28, 1976]

INNER CITY HOUSES IN DEMAND AS COSTS SOAR IN THE SUBURBS

(By Robert Lindsey)

SAN FRANCISCO, June 25.—The soaring cost of new homes around the country is stirring new interest in the neglected older homes in the heart of many American cities.

With the national median price of a new home now more than $43,000, real estate brokers say more and more middle-income Americans are taking a look at, and in many cases buying and fixing, older homes that not long ago they would have spurned for the suburbs.

In some cities, such as San Francisco, whole neighborhoods are being reclaimed by rehabilitation efforts.

The cautious new interest of the middle class in urban living, however, is causing prices of many older inner city homes to rise. It is also colliding with the housing needs of lower-income people, who complain that they are being forced out of the homes they can afford.

Nationally, the trend is still more a trickle than a tide. Municipal executives and housing experts concede that problems in city schools, crime, and other factors about city life are continuing to discourage many people from living in big cities. Several said they thought the quality of urban schools was a principal deterrent to a broadening of the trend.

But in some cities, they say, there is a measurable increase in the restoration of older houses by middle-income people, particularly by younger and older couples without school-age children, move that is being accelerated by rapidly increasing prices for the old-fashioned American dream house in the suburbs.

POPULATION LOSS REVERSED

In Boston, officials credit the restoration of older homes with already reversing the city's long-term loss of population. Officials elsewhere are optimistic enough to predict the same pattern for their cities.

In San Francisco's Haight-Asbury district, the counterculture stage of the 1960's, 80-year-old Victorian-style houses with three living units sold for $40,000 a few years ago but are now selling for $100,000 or more after rehabilitation.

Meanwhile, lower-quality "working class" Victorian houses, often near or in deteriorated ethnic communities, are in bad demand by middle-income people, who can buy them.

"The demand for these older houses has just been fantastic," said Lewis Sarasy, a former New York real estate broker who now specializes in selling Victorian houses here. "Despite the school system here—and a lot of people don't take much pride in it—we've got families coming back to live in the city from the suburbs. They're rediscovering the city. They rent out part of their house and live cheaper than they could in the suburbs."

TREND SPREADS

The restoration of historically distinctive old houses has grown for a number of years in such cities as Boston, Washington, Philadelphia, Savannah, Ga., and Charleston, S.C. Several thousand brownstones have been rehabilitated in New York City in recent years.

According to real estate brokers and civic officials interviewed in other parts of the country, this pattern has begun to gather steam elsewhere, as the following examples illustrate:

In Indianapolis, 450 houses in three neighborhoods, many of them more than 100 years old, are being restored by middle-income families who bought them for as little as $7,000.

At least six neighborhoods are undergoing renovation in the inner city of Atlanta. Inman Park, a housing development built a century ago, is an example. In 1970, it was officially regarded as a slum. Since then, restoration of about 1,000 of the 1,400 houses there has been started.

In Richmond, City Planning Director James Park says there is "a phenomenal amount of rehabilitation work" under way, some of it by middle-income blacks.

In Denver, city officials estimate that 2,000 to 3,000 houses will be rehabilitated this year, perhaps three times the number five years ago.

Even in Detroit and Chicago, both older cities that have long been losing population, officials say there are growing, if still small, efforts by middle-income people to restore old houses.

RESTORERS ARE YOUNG

For the most part, specialists say the people restoring houses tend to be in the 25-to-35-year-old group, are college-educated, have professional or management jobs and want amenities of city life. Not all the families who restore houses remain in the city. Some eventually give in to urban pressures and leave, particularly after children reach upper-grade school age.

"Suburbia combines the worst of both worlds—the worst of rural living and the worst of city living," said John Modzelaewski, a 29-year-old engineer who bought an old house in the Dorchester section of Boston for $4,600 several years ago and has spent $5,000 to fix it up.

"To our way of thinking, this looks like a stronger trend than ever now because it is very difficult for a lot of people to pull it with a house in the suburbs," said Ralph Memelo, an official of the Boston Redevelopment Authority. The authority has sponsored perhaps the country's most successful urban rehabilitation projects, in sections of Dorchester, Charlestown, Jamaica Plains, the Boston waterfront, Beacon Hill and the South End.

NEW FRONTIER

Nationally, no statistics are available on the extent to which older homes are being restored and used. Few cities have reliable, up-to-date figures. One possible indication of the trend is a doubling in the last year, to 12,000, in the circulation of "Old House Journal," a monthly published in New York that gives advice to people restoring old houses.

For people who decide to restore old houses, the experience can seem like a blend of life on the frontier and life in a sweatshop, a step back in time involving hard work and unforeseen expenses. But many boasts of finding not only a housing bargain but also satisfaction from doing the work as well as quality absent in modern houses.

"I frequently feel like I'm raising two children in a freezing slum with burglars at the back door and the building inspectors at the front door," joked Mrs. Martin McClain, one of several hundred people who have bought houses in Detroit after forsaking life in the suburbs.

LIKES THE TEXTURE

But she said she liked her new life.

"The inner city is more varied and colorful in texture than the suburbs," she said. "The suburbs are quite homogeneous. Our children are getting a really good taste of reality here."

John Twichell, a San Francisco city employee, said: "When I'm done, I hope to have a seven room mansion I can walk to work from, with a craft room, a library, a marble fireplace and hardwood floors."

Mr. Twichell has spent $50,000 on his partly restored Victorian house, and will put $2,500 more into it. "Where could you do that anywhere else?" he asked.

In New York, brownstone restoration probably reached its peak five years ago, largely in Brooklyn. Pazel G. Jackson, a vice president of the Bowery Savings Bank, said there was a small upturn in applications for renovation mortgages last fall when the city accelerated auctioning of brownstones because of its fiscal crisis.

But he said renovations had not reached the peak of several years ago, mostly because the units that were cheapest and easiest to rehabilitate had already been acquired and restoration costs have risen steadily. However, he said, some bargains could still be found, in the Fort Greene section of Brooklyn, for example.

Everett Ortner, a new York publishing executive who is president of Back to the City, an organization devoted to preserving older houses in cities, predicts that recent demographic trends—couples having fewer or no children and more unmarried couples living together—will accelerate the rehabilitation trend.

FORD POLICY LAUDED

"Why do we waste what we have?" he asked, deploring the continuation of projects in many cities to raze older structures as a result of Federal programs begun a decade ago. He praised what he says is a positive policy of the Ford Administration to reclaim urban neighborhoods if possible, as a way to solve national housing needs.

Rehabilitation financing and restrictive building codes are generally regarded as major hurdles. But there are signs of change. In Denver and Sacramento, Calif., for example, city officials are reviewing new city ordinances that would make building codes much less restrictive for rehabilitators.

Some cities are establishing special aid programs to help both low-income and middle-income families buy and fix houses. Although it is too soon to judge its success, a new Federal program designed to make grants available to cities for rehabilitation is in operation.

Meanwhile, some savings and loan institutions, stinging under charges of racially motivated "redlining," say they are reducing their resistance to lending money for housing improvement in poor inner-city neighborhoods.

[From the Washington Post, June 30, 1976]

NO ONE IS SPEAKING FOR THE NEIGHBORHOODS

(By Geno Baroni and Art Naparstek)

Joe Drobot is worried about his neighborhood. The retired auto worker is worried about the abandoned house across the street and the two others on the block. They are rundown eyesores. Hangouts for wild teenagers. Places to be avoided.

Drobot has lived all his life in his West Detroit neighborhood. He likes the old city neighborhood. His children grew up there. Most of his friends live there, and some still do. But it has become increasingly difficult to stay as he sees the neighborhood rapidly deteriorate around him. He has made a special effort to keep his own property in good shape, but like his other neighbors, has found it almost impossible to get a loan for any property improvements. The neighborhood bank where Drobot has always saved his money, considers Drobot's neighborhood a bad investment and has refused to return some of the neighborhoods own savings in home improvement loans.

Frustrated and angry, Drobot is fighting back. He and his neighbors want to be a partner with the city and federal government to revitalize their neighborhood. In his retirement, he explains, he is working harder than he has ever worked in his life. He is working to save his neighborhood. In his case, the owner of those ugly, dangerous symbols of urban decay is the Department of Housing and Urban Development. He and his friends believe HUD is not a good neighbor.

He has also learned as president of the Michigan Avenue Community Organization, his neighborhood association, that HUD owns so many repossessed, decaying properties across the country that it can be considered the tenth largest city in the nation. Unfortunately, instead of being part of the solution, many neighborhood organizations believe that HUD is part of the problem.

What Drobot is fighting in Detroit is true of many other American cities. The abandonment of middle class whites and business and investment money has, especially in the older cities of the Northeast and Midwest, created cities that are increasingly black, brown and broke.

But it is in the pluralistic, ethnic, racial neighborhoods where the worst of the results of the decline of the American cities can be seen. People live in neighborhoods, not cities. It is safe to say that to the degree to which the neighborhoods are falling apart, so are their lives. Yet the residents of these neighborhoods lack sufficient control over their lives and their neighborhoods to be able to do anything about it. The neighborhood has been ignored by federal plans and policies, and most neighborhood people have felt powerless, not knowing where to turn.

No one is speaking for the neighborhoods. The urban crisis, every bit as real today as it was during the explosive rioting of the late 1960s, is no longer a sexy issue, even though New York City and other major American cities are facing financial bankruptcy. Here we are at the height of a major presidential campaign, and not one candidate has made a major address on urban problems. The government, public interest groups, the academicians have other interests. Even the media, which a few years ago was assigning urban reporting teams, devotes little attention to the problems of the cities or to preserving the quality of neighborhood life.

Neighborhoods are the key to the problems of the city. If the neighborhoods die, the cities die and we will enter a new era of American apartheid, with urban ghettos surrounded by hostile suburbs.

There is a vitality about ethnic and racial neighborhoods that is exciting; an ambulance that does not exist in the newer, sterile suburbs that have grown up since the end of World War II. Bankers, bureaucrats and urban planners for too long have considered the older neighborhoods expendable. In the modern American throw-away society where the litany is "New is good; old is bad," older neighborhoods, older homes, older people are considered expendable.

Angered by this attitude and frustrated by the lack of any official neighborhood policy, neighborhood associations like Drobot's in Detroit are forming all across the country to seek a national policy on neighborhoods. Their first action was to take on local banks and city halls to stop the redlining that arbitrarily draws a line around neighborhoods that are considered unsafe for investment money, thus contributing to the abandonment of those neighborhoods.

It was these citizens' groups that came before the Senate Banking Committee last year with a proposal attacking redlining to demand that banks disclose how much money that comes from the local neighborhoods is invested back into the neighborhoods and how much is invested outside the city. Primarily through their efforts, a Home Mortgage Disclosure act was signed by President Ford requiring the banks and lending institutions to reveal this information.

Now the citizens' groups are back before Sen. Proxmire's Senate Banking, Housing and Urban Affairs Committee. This time the citizens' groups are seeking legislation to establish a Presidential Commission on Neighborhood Policy to evaluate the impact of current and past federal programs on neighborhoods wtih emphasis on restructuring the financial system with focus on developing subsidy and incentive programs. Effective ways need to be determined to meld federal funds and programs with local conditions and to review the role regulatory agencies play in dealing with neighborhood programs.

Such a Commission, with the prestige of the President behind it, is necessary to develop a comprehensive neighborhood impact policy that takes into account the ethnic and racial diversity of neighborhood needs, builds incentives through appropriate local and state public actions and supports the upgrading of public service delivery systems on the local and state level.

There is something wrong as Joe Drobot and the thousands like him know, where there are no national urban policies which respect him and his neighborhood and there are no official policies which prevent neighborhood decline without intervention until the point at which the abandonment process is complete and urban renewal is declared.

Maybe with a new policy that respects the older, pluralistic neighborhood, Drobot and his neighbors can form a working partnership with their HUD and FHA neighbors and other government agencies to revitalize and restore those abandoned houses and create a new life for Drobot's neighborhood and his city.

CONGRESSMAN PRESSLER SAYS: FREEDOM OF THE PRESS THREATENED

HON. LARRY PRESSLER

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. PRESSLER. Mr. Speaker, in this morning's mail, I received notice that another eastern South Dakota weekly paper is closing. Each time I am home in South Dakota, editors of weekly and daily papers tell me what a financial struggle they are having with increasing postal rates and lessening postal service. Mr. Speaker, I submit that freedom of the press is under threat in our country. Let me explain why.

First of all, our country has basically two types of press and media. The first is the powerful national media and press—this would consist of the evening network television shows; the New York Times, the Washington Post, and the other national newspapers and news magazines that emanate from our great cities. These carry nationally syndicated columnists, national advertising and they have a broad, powerful, financial base, including subscriptions, bookstore and vendor sales of support in large cities. The national media could be controlled by a small group of corporations or individuals.

Second, we have another, probably more important level of press and media. That is the local, county, city and State papers. We have literally thousands of weekly and smaller town daily newspapers that do not enjoy the population base or national reputation of the "national media" outlets. Reporters from these smaller papers are expected to show up and cover local events. They send a photographer to the opening of the local swimming pool, to the local high school graduation, to the annual bake sale, to the local city council meeting, and indeed, to cover speeches by visiting public officials. These small weekly and daily papers struggle along with local advertising, while local sales are diminishing in many of our rural and small towns. But these papers are the only insurance of freedom of the press. Their editorials and letters to the editor are mixed with local opinions. They are not controlled by one center of power or one group. Their editorials represent a freshness of thinking and a grass roots input that will die unless something is done. Many times, they represent the only chance for a letter to the editor, or for a press release, to be published by a local common citizen. The average citizen cannot realistically hope to ever get a letter published in the Washington Post or Time magazine, but his local editor is willing to make space for such a letter. Mr. Speaker, I submit on the basis of what I have heard, and on the basis of my morning mail today, that freedom of the press is under serious threat in our country. And that that threat comes from two things: One, rising exorbitant postal rates, and two, the threat of discontinuing postal services.

As a practical matter, freedom of the press includes the ability to print and distribute these local papers. If we should have only 5 day a week mail delivery, many of the papers in eastern South Dakota would not be delivered until 4 days after they were printed. If we have another round of increases in postal rates, at least two or three more of the dwindling number of weekly papers in eastern South Dakota will have to close. Already some of the daily newspapers in my district have to restrict service to certain areas because of prohibitive postal costs and lessening services.

Mr. Speaker, last week I voted for the resolution which called for a moritorium on the closing of small post offices and the lessening of postal services. I submit to this House that we in Congress must take responsibility back for the Postal Service. We must look upon the Postal Service as a "service" because we are talking not only about the movement of letters and the assistance to the economy and the other things that good mail service provides—Mr. Speaker, we are talking of "freedom of the press."

WISCONSIN NINTH DISTRICT RESIDENTS SPEAK OUT ON CRIME CONTROL

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. KASTEN. Mr. Speaker, more than 20,000 constituents responding to my 1975 legislative questionnaire listed crime as one of the three most critical issues facing the 94th Congress.

In response to their concern, I have worked during the past year for two major laws designed to combat crime—especially violent crime—and to make sure criminals are appropriately punished.

The first bill, H.R. 8394, would provide a mandatory sentence for carrying or using a firearm in the commission of a Federal felony, even for a first offense. It would strictly limit the discretion of the judge imposing the sentence.

The second bill, H.R. 13316, would reform the Federal law on rape to more effectively protect the privacy of the victim and to enable prosecutors to obtain convictions for various degree of sexual assault.

In April of this year, I wrote those constituents who listed crime as a major concern on the questionnaire, informing them of these two bills. I also requested their comments on the proposed legislation.

CRIME CONTROL RATHER THAN GUN CONTROL

While replies were overwhelming supportive of both measures, they also reflected an increasing alarm over Congress limited efforts to deal with the climbing crime rate—and reinforced my own belief that we must focus our attention on the issue of crime control, rather than gun control. As one constituent pointed out:

> Social irresponsibility will never be controlled by the legislation of inanimate objects.

I would like to share with my colleagues several other perceptive comments and observations of Ninth District residents who are concerned about crime.

Regarding Congress efforts to legislate strict gun control laws, one individual remarked:

> Confiscating all the automobiles in the country because 20 percent of the drivers have 80 percent of the collisions would be a poor way of solving that problem. But this is the type of idiocy that is applied to solve gun crimes.

Another commented:

> It seems certainly more reasonable to approach the problem of the use of firearms by criminals to the punishing the person that commits a crime with a firearm rather than punish . . . those sportsmen who by the most part are conservationists, law abiding, tax paying citizens.

CONCERN ABOUT REPEAT RATE

Many people are particularly concerned about the repeat rate which some reports indicate may be as high as 70 percent. And they are frustrated with judges who return criminals with two and even three previous offenses back to the streets after a short prison sentence.

They are convinced that we will see a reduction in the number of violent crimes only when we demonstrate that we simply will not tolerate the use of firearms.

An accurate comparison was made by a district resident who commented that the rising crime rate and the percentage of criminals who remain unpunished by our court system constitutes a "greater success than one can anticipate, in his wildest dreams, for new businesses."

Some shared their personal insights and experiences:

> Because I work in a criminal court, I am involved with the problems of crimes more so than the average citizen . . . I am convinced that if penalties were enforced without modifications, amendments, et cetera, the crime rate would drop. If crime penalties were added to the school curriculum as a required subject . . . they might think before committing a crime.

And:

> Unfortunately, I have experienced the sickening fear of having a muzzle of a gun placed against my temple during a robbery. For that matter, I have experienced four robberies at gun point and sawed-off shotguns. It is also very frustrating to see the "light hand" of the judicial system in treating these criminals.

LENIENT JUDGES AND DISRESPECT FOR THE LAW

Some constituents disillusioned by the liberal court system suggest that judges be held accountable for their actions. One individual said:

> Why not have judges directly responsible for those criminals released and committing crimes against their peers? Would it be so far out that a judge stand trial for a murder committed by a released convict? Maybe it would be far out, but it may scare the hell out of them. And why shouldn't they be scared? The rest of us are.

And another added:

> If the current legislation fails, have the judge that leaves the repeater free, serve his term or pay the damages.

Many are concerned about the use of tax dollars in combating crime. One said: said:

> Pass on my views to the Judiciary Committee, that it's about time we start getting tough. If I am to pay taxes for the reduction of crime, then let's make the punishments tough enough to deter so we aren't paying double.

Echoing a common fear that Congress does not perceive the urgent need for mandatory sentencing, one individual said:

> It makes so much sense that I'm sure it will be a tough uphill fight to transform this bill into law.

RAPE—REFORM THE LAW TO PROTECT THE VICTIMS

The letters were clearly supportive of legislation to reform Federal rape laws. The Wisconsin State Legislature's successful efforts to reform antiquated rape and sexual assault laws at the State level prompted many people to comment that reform on the Federal level was long overdue.

One person wrote:

> With lax enforcement of laws . . . the number of these crimes is bound to increase unless sure-fire justice removes them from the opportunity to prey on the women and children of this so-called civilized country.

The bill I coauthored introduces degrees of punishment according to the severity of the offense. It provides for mandatory sentencing for second offenses and crimes against minors. And it regulates the admissibility of evidence in court by providing that no evidence of the victim's prior sexual conduct shall be offered in the trial, unless the judge decides that it is relevant to the case.

Although these reforms do not infringe upon the rights of the defendant, they will increase the ability of prosecutors to obtain successful convictions, thus removing rapists from the streets and protecting women who might be the next victims.

Another individual said:

> Rehabilitation of the sex deviate is accomplished in the hospitals, not on the streets unless controlled by constant vigilance. The rapist committing the violent crime . . . usually has a previous history of sexual misbehavior and should have been hospitalized. Repeated offenders should not be released into society where they can commit another attack on women and children.

One person suggested that—

> Funds be provided for social research so that we can better understand the factors which lead to rape and perhaps generate more adequate preventive programs.

The views expressed by my constituents confirm my conviction that Congress must direct its attention toward effective and lasting solutions to the crime control problem.

ACROSS-THE-BOARD CUT

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. LLOYD of California. Mr. Speaker, my support today for an across-the-board cut of 5 percent in foreign assistance was a call for fiscal responsibility in our foreign policy and the administration of that policy. This gesture was not aimed at any country receiving U.S. loans or grants, but a statement that we must assume control over our spending and make sure Federal dollars are used for the best interests of the taxpayer. Prudent spending policies are as important to our well-being as a nation as keeping our allies strong.

HIGH SCHOOL STUDENT REFLECTS ON BICENTENNIAL

HON. THAD COCHRAN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. COCHRAN. Mr. Speaker, for the past 2 years, I have conducted a Bicentennial essay contest among high school students in my Fourth Congressional District. The primary purpose of the essay contest is to encourage high school students, who will become the leaders of tomorrow to devote their best thinking to the critical choices the United States must make as it enters the third hundred years of its history. This year, 15-year-old Beth Ferguson, daughter of Mr. and Mrs. G. Robert Ferguson of Raymond, Miss., submitted the winning essay on "Why the Bicentennial Is Important to America."

Beth's essay reflects on our 200 years as a nation and inspires us to look to the future with even greater aspirations than were instilled in America's first patriots. This young lady's essay is a true celebration of America's Bicentennial.

Why the Bicentennial Is Important to America

(By Beth Ferguson)

The celebration of America's two hundredth year as a nation is a time to reflect on the past by renewing the pride in our heritage. It is a time for every individual to examine himself and the present condition of America. With this renewed pride and confidence in America as a nation, we are challenged to move forward with a stronger determination to keep America great.

It is important for Americans today to appreciate the ideals of the brave patriots who founded America. Patriots of the original colonies erected the ladder upon which this nation would climb to future greatness. The Declaration of Independence is the foundation upon which America still stands. This unique document proclaimed the rights and liberties of which Americans are yet proud.

This country's forefathers climbed the first rungs of America's ladder of advancement by demonstrating their mutual desire for unity, their devotion to America, and their desire for a freedom that their world had not seen. The boldness of their efforts steadied the ladder and left America's succeeding generations with a free country that offered endless opportunities. Our ancestors had a heartfelt desire for independence, and this is the primary reason they won the American Revolution. John Adams once said, "The Revolution was in the minds of the people, a change in their sentiments, their duties and obligations. . . . This radical change in the principles, opinions and affections of the people was the real American Revolution."[1]

Americans must take a look at the present condition of this country and its people in terms of the past. The freedoms of the Declaration of Independence and the American Constitution are not our birthright, but a continuing process of privileges in which we play a vital part. As the year 1776, produced strong leaders that worked ceaselessly for the betterment of America at her birth, the year 1976, must also yield many persons that are willing to support America at the time of her two hundreth birthday and in coming years.

As Americans celebrate the bicentennial of the nation, do we find America, though shaken by internal and external conflicts, now steady and sure? The following possibly exemplifies the prevailing sentiment. "This America—God knows and we know—is far from perfect, but at least we are trying."[2] For instance, we can see the beauty of this nation preserved by the ecological efforts of many citizens. We can see the freedoms proclaimed in the Constitution upheld for citizens of all races, creeds, nationalities, and religions. Also, we see a prosperous nation, rich in natural resources, whose scientists are making advances in uses of nuclear and solar energy to replace other fuel shortages. We can see a nation respected by other countries of the world for the opportunities and luxuries afforded its citizens. Furthermore, we can see the generosity of a people who share their riches to meet the physical, cultural, and spiritual needs of the indigent nations of the world as well as the needy citizens of America. Americans today enjoy freedoms fought for by preceding generations, but the struggle is not over.

Americans have profited from the freedoms gained by their forefathers. There have been intermittent struggles throughout American history, but hardship has not weakened the devotion of the people of America. America has not slipped from her position on the ladder of advancement. By exercising the principles provided for in the Constitution, America has been able to overcome wars with foreign powers, as well as civil war, industrial and economic problems, and even conspiracies that have attempted to promote personal wealth at the expense of the nation. America's true democracy has given the American people the privileges and rights that other peoples only dream about.

America was founded upon Christian moral standards. Has America shrunk from some of her former standards? If she has indeed declined from her standards, Americans today must protect her freedoms by resolving to avoid the decline of the ethics of her people, and this can be done only through the hearts and minds of loyal citizens. A famous French statesman and political philosopher, Alexis De Tocqueville, observed many years ago after a visit to the United States that, "America is great because she is good. . . . when she ceases to be good, she will cease to be great."[3]

Will America stay great? The way for America to remain great is if we accept the challenge to keep the aspirations of the past as we renew our loyalty to our country. The bicentennial is a time when Americans may appreciate the opportunities our republic still offers. America, with all her heritage, ideals, and resources, must be preserved and cared for. This task is rendered to every individual as we approach the celebration of America's Bicentennial. After two hundred years we see that times do change and that this bicentennial celebration can be a new birth for America so this country will be capable of fulfilling its destiny in the centuries to come.

THE CONGRESS AND FOREIGN POLICY

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. WINN. Mr. Speaker, those of us who serve in the House of Representatives know full well the significance of the subject: "Congress and Foreign Policy."

Yesterday, two of my colleagues on the International Relations Committee, the chairman (Mr. MORGAN) and the ranking minority member (Mr. BROOMFIELD) testified on this subject before the Subcommittee on Investigations on which I serve.

I wish to commend the subcommittee chairman (Mr. HAMILTON) for initiating hearings on this important and timely subject. Also, I want to express my sincere appreciation to Dr. MORGAN and Mr. BROOMFIELD for their perceptive and constructive statements about the role of Congress in foreign affairs. Their statements are worthy of review and study by all who seek a credible and effective foreign policy that serves the best interests of our country.

I commend their statements to your attention:

Statement of the Hon. Thomas E. Morgan, Chairman Committee on International Relations Before the Subcommittee on Investigation

Mr. Chairman: I appreciate the fact that you have invited me to testify at these hearings on the relations between the Congress and the Executive Branch in the area of foreign affairs.

As you know, those relations have broken down in a serious way in recent years. It is a problem which has concerned all of us who have responsibilities for our nation's foreign policy.

One cause of the problem can be traced back to the Constitution. Our founding fathers clearly wanted both the President and the Congress involved in foreign policy and national security policy. But the Constitution is very often vague and incomplete on details of which branch is responsible in special situations.

When I came to Congress for the first time in 1945, a new era had dawned for our nation. We had won the war. The United States was at the top of its power. World peace seemed possible through the United Nations.

But there were many dangers as well: We had entered the atomic era with its weapons of mass destruction. The Soviet Union seemed intent on world conquest. We were in a cold—but dangerous—war with the Communists.

In that situation, the idea of a bi-partisan foreign policy became important. Democrats and Republicans could fight over domestic issues, but arguments would stop at the water's edge.

Throughout my career in Congress I have

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[1] "1976—The Year For Revolution," *Common Sense* [Washington, D.C.] (January, 1976), p. 1.

[2] Dale Evans Rogers, *Let Freedom Ring*, (New Jersey, Fleming H. Revell Company, 1975), p. 44.

[3] Alexis De Tocqueville, *Democracy in America*, quoted by Virginia Harrel in "The Round-up," *Mississippi Valley Stockman-Farmer*, (December, 1975), p. 5.

been a strong supporter of bi-partisan foreign policy. It has been my belief that foreign policy is too important to our national survival to base it on narrow partisan considerations, which sometimes find expression in Congress.

One side-effect of bi-partisanism, however, is to enhance the power of the President and the Executive Branch in foreign affairs. It removes an important check on a President's freedom of action.

Looking back, I believe bi-partisan policies have—for the most part—served our nation well through dangerous times. But we have learned some hard lessons, as well:

The Executive Branch is no more immune from falling prey to special interests than is the Congress. We cannot take it for granted that an Administration would not seek to use the nation's foreign policy for its own narrow advantage.

That is a clear lesson of the Watergate era.

Furthermore, the Executive Branch bureaucracy, including even career diplomatic officers, tends to acquire a vested interest in its own policies, programs and institutions. Those vested interests at times do not serve the national interest.

There is also a danger that once the Congress has accepted a "junior partner" role in foreign policy, the Executive will try to demote it to office boy.

The Congress will be told very little about U.S. foreign policy actions.

It will find any attempt to play a more active role viewed as interference by the Executive.

The foreign policy views of the Congress will not be respected.

During the past few years we have seen the Congress attempt to play a much more central and vigorous role in the Nation's foreign policy process. For the most part, this has been a good thing.

But it has helped toward a breakdown in the relations between the Congress and the executive on foreign policy.

I see several reasons for this breakdown.

First, it reflects a basic lack of agreement among the American people about the purposes and objectives of our Nation's foreign policy.

Second, it reflects the distrust and lack of confidence in the Executive which are the heritage of the Vietnam war and the Watergate scandal.

Third, the breakdown is a result in part, of the style in which our foreign policy has been carried out in recent years. There is, and has been, a tendency to confine the decision making process within as small a group as possible.

This has meant the exclusion of others who should be involved in the making of foreign policy. Unfortunately, this exclusion has effectively cut out the meaningful participation of the Congress in many foreign policy decisions which required the support of the Congress and the American people.

As a result, it has been impossible to avoid conflict.

Some here in Congress believe that conflict over foreign policy is a healthy sign. They see it as an indication that Congress is doing its job.

To some extent that is true. But, as I have said before, we live in a very dangerous world. Mistakes in foreign policy can be very costly. Too much conflict can lead to mistakes.

I am hopeful that a new consensus will emerge this year about the objectives of American foreign policy as a result of the election process.

With such a national consensus and new leadership downtown, it may be possible to re-build a suitable working relationship between the Legislative and Executive Branches of our government.

In the meantime, I believe it is very useful for the Congress to explore in depth proposals which have been made for improving the procedures through which the Congress and the Executive inter-act.

These hearings, and those which the Zablocki subcommittee is currently conducting on Executive agreements, are important parts of an effort to improve relations.

I am confident that, with wisdom and patience on both ends of Pennsylvania Avenue, a new spirit of cooperation can be developed which will better serve our national interests in the vital area of foreign affairs.

CONGRESS AND FOREIGN AFFAIRS

(By Hon. WILLIAM S. BROOMFIELD)

Mr. Chairman, the fact that I am neither a lawyer nor a constitutional scholar has not previously inhibited me from speaking out on the role of Congress in foreign policy, and I welcome the opportunity to appear before you today to discuss this important and timely topic.

Constitutionally ambiguous, historically inconsistent, and increasingly contentious during the past few years, the Congressional-Executive condominium in the field of foreign affairs is in many ways an unnatural relationship. It is also a significant relationship with a direct bearing on American credibility abroad, our relations with other nation's the strength of our alliances and—ultimately—on the security and prosperity of our nation. It is not enough, Mr. Chairman, to point out inherent, intractable problems of the Congressional role in foreign affairs. We, together with the Executive Branch, have an obligation to make this imperfect system serve our vital national interests. The United States can ill afford a shattered, unresponsive, politically partisan foreign policy in an era of increasing interdependence among nations.

Rather than take the Subcommittee's time with a second hand, historical analysis of how the constitution and two hundred years of history have shaped the Congressional function in foreign affairs, I would prefer to set the stage for my remarks by reference to the excellent, comprehensive statement of Professor Louis Henken before the Murphy Commission. In fact, I would suggest that the entire Volume 5 of the Murphy Commission appendices is required reading for anyone wishing to understand how Congress has in the past and might in the future interact with the Executive Branch in the field of foreign affairs.

Mr. Chairman, I am sure we could spend the afternoon in a series of vapid debates on precisely what foreign affairs prerogatives and responsibilities might belong to Congress and which are properly the preserve of the President. However, I think we can also agree, at least in general terms, that Congress has an accepted—although ill defined—part to play in the conduct of American diplomacy. I would further submit there is no convincing reason to believe that either the framers of the Constitution or historical precedent suggest that Congress should be paramount, or even coequal with the Executive, in the formulation and implementation of American foreign policy.

After a period of bipartisan Cold War consensus followed by a decade of lethargy bordering on irresponsibility in foreign affairs, Congress has recently hove to and is now following a course designed to maximize its foreign policy influence at the expense of the President. Perhaps we are attempting to erase the sense of guilt or indifference at our easy acceptance of America's Vietnam experience. Perhaps we are following a predatory instinct and reacting to the new-found, Watergate-induced vulnerability of our traditional constitutional adversary, the Executive Branch. But there can be no doubt that Congress is on the offensive.

Writing prophetically a decade ago, Stanley Hoffman of Harvard University noted that, insofar as Congress fails or has failed to debate major foreign policy issues, it has renounced a role that the U.S. Constitution obviously allows it; it has deprived the Executive branch of the advantage of open disagreements and clarifying confrontations; and it has allowed for a gradual accumulation of errors. These failings may ultimately grow into major embarrassments, and they may also provoke a belated attempt by Congress to reassume its neglected role in ways that could be more destructive than if it had occurred earlier . . . for inadvertence breeds vendettas.

Mr. Chairman, we are in the midst of an Executive-Congressional vendetta in foreign affairs. I hasten to add, however, that the situation we have witnessed since Watergate and the fall of Vietnam may be more of an aberration than a new *status quo*. Like a tropical squall, the era of Congressional foreign policy may have passed almost before we knew it was upon us.

Those who follow the Congress closely may have noticed that both the House Committee on International Relations and the House as a whole seem to be having second thoughts about congressional crisis-making in foreign policy. In its consideration of Security Assistance for Fiscal Years 1976 and 1977, Congress backed away from legislative initiatives with the potential to create serious problems in our relations with important nations such as South Korea and Saudi Arabia; confronted with a Presidential veto, we retreated from our constitutionally questionable insistence on the legislative veto as a tool to acquire foreign policy influence. In several other areas, Congress has settled for half a loaf in its rivalry with the President. We have generally refrained from using an important program—Security Assistance—as a lever to pry new concessions from the Executive Branch; we have tacitly opted for conciliation rather than confrontation.

If I am correct in this analysis, the gradual passing of the era of Congressional foreign policy has almost certainly been hastened by its manifest lack of success. Congress—this member of Congress included—forced the Jackson-Vanik Amendment on a reluctant Executive Branch that had won substantial gains for Soviet Jewry through quiet diplomacy. We could not, however, force the Jackson-Vanik Amendment on the Soviet Union, and thousands of Soviet Jews are now paying the price for our well-intentioned but misguided efforts.

Similarly, our attempt to legislate progress toward resolution of the Cyprus problem by punishing an ally has been less than successful. It is to our credit that we have recognized this failure and taken steps to remedy a difficult situation in U.S.-Turkish relations and to shore up the security of the Southern Flank of NATO.

Some may question whether the vague concessions won by Congressional intervention in the Jordan missile fiasco are worth the friction created in U.S.-Jordanian relations, particularly if Jordan decides to purchase an air defense system from the Soviet Union. I personally do not believe that Congress can be held culpable in this instance. But there have been other recent attempts to legislate Congressional initiatives, such as a lifting of restrictions on trade with North Vietnam, that clearly impinge on Executive powers and are of questonable benefit to our national interests.

Mr. Chairman, my relative optimism on the future of the Congressional role in foreign affairs, while influenced by the belief that we learn from our mistakes, is rooted in political realities.

Since the resignation of President Nixon, a Congress controlled better than 2–1 by the Democratic Party has occasionally succeeded in working its will on a Republican President who has not been elected to office. It should be noted that even with these conditions of maximum opportunity for a Congressional coup in foreign affairs, the President has won his share of battles with Capitol Hill and—as I earlier suggested—may even be turning the trend in his direction.

When a new Congress assembles next January we will either have an elected Republican President (and possibly a greater number of Republicans in Congress) or we will be dealing with a Democratic President and—I assume—a Democratic majority in both Houses. In either case, it will be interesting indeed to observe the evolving relationship between Pennsylvania Avenue and the Hill.

To what extent will Democratic members of Congress be willing to challenge a Democratic President on foreign affairs? Will we be able to establish a middle ground between the Presidential preeminence in foreign affairs typical of the Johnson Administration (and exemplified in the Gulf of Tonkin Resolution) and the present situation in which Congress seems determined to gnaw away at Presidential powers and Executive flexibility at every opportunity? Conversely, how successful would a Democratic Congress be in challenging a popular, elected Republican President with new allies in the House and Senate?

These are obviously hypothetical questions impossible to answer at this time, but I am convinced that one certain result of the November elections will be a diminished Congressional ability to challenge the President in international affairs. There is a good chance we have witnessed—and survived—the high water mark of Congressional foreign policy.

Mr. Chairman, one of the taboos in this body is the implication that members of Congress, in acting out their foreign affairs fantasies, may be motivated by considerations other than the overriding national interest. We all entertain great pretentions to statesmanship. Certainly no member of Congress is anxious to acknowledge the influence of "ethnic politics" or special interest groups as he grapples with complex and emotional foreign affairs problems. Yet the fact remains that we are political animals; we must stand for election every two years. We are elected to represent approximately 450,000 people, a sampling that is not necessarily an accurate reflection of national opinion. We can, in other words, represent our district without representing the national interest; nor is there any assurance that what is right or popular in the district is correct policy for the nation.

I do not want to belabor this point, because it is obviously controversial and not necessarily amenable to change. But we should realize that the President is elected by all the people while we are not; his outlook must encompass the nation, ours must take account of the district. We have an obligation to make the opinions of our constituents known and available to the Executive Branch, but it does not follow that we have an obligation—or even a right—to impose our will in the field of international affairs.

I am bothered by the question of accountability; I am bothered by the prevalence of active hostility between Congress and the President on issues of vital national concern; I am disturbed when I sense that individual legislators might assess a foreign policy issue not by the standards of the national interest, but by what is right poltically or will look good in the district. Reflecting political sensitivities to our foreign policy makers is an important Congressional function. But let us consider very carefully the result of a political foreign policy that cripples our reflexes and robs the President of important flexibility.

Mr. Chairman, let me now turn to the basic question at hand; how can Congress function as a responsible, active, and effective factor in foreign affairs?

For the purposes of this discussion, I will divide foreign affairs into two broad categories: current crises and future issues. An example of the former would be the situation in Lebanon; an example of the latter would be predictions that by 1985 the world will confront a full-fledged food crisis.

Members of Congress and the general public tend to be preoccupied with the crisis of the moment; our attention is diverted from the certain, predictable, and enormously significant foreign policy issues of the coming decade. When the history of the 20th Century is written, what happened in Lebanon in 1976, or how the *Mayaguez* was rescued, will be far less significant than how the United States of America, the most powerful and advanced nation in the world, reacted to the demands of the developing nations for a greater share of global prosperity.

The point I am making, Mr. Chairman, is that there is a host of crucial, complex, and emotional foreign policy issues on the horizon. These issues will be upon us in a few years. They will determine a future world order and our place in it; they are issues in which the United States must take the lead. We can already identify some of them—access to energy at equitable prices, rational use of the immense resources of the deep seabed and outer space, the problem of access to commodities at prices fair to both producer and consumer, the prospect of widespread world starvation, control of technology, population control, and the emerging, increasingly adamant demands of the less developed nations.

To disregard these issues of the future merely because they are not yet crises would be irresponsible. The time to attack the issues of the eighties, Mr. Chairman, is today, and Congress has wide latitude, an historic opportunity, to help lead the development of creative, comprehensive, and broadly acceptable U.S. policies on issues vital to our future well-being. This is the moment for maximum congressional effectiveness. Through hearings, discussion, and appropriate legislation, we can provide a valuable educational service, focusing public attention on coming problems and suggesting possible remedies. We can participate in international conferences called to debate these matters; we can sit with the executive and the private sector and help block out future foreign policies of enormous significance.

Congress clearly has the opportunity and the obligation to play a leading role in shaping an American foreign policy for the next decade. It is not the opportunity, but our will and our ability to respond to the challenge that is open to question. Unless we seize the opportunities available to us, there can be little future justification for Congressional complaints about limited foreign policy influence. If Congress cannot stand the heat of the foreign policy kitchen, we might as well withdraw gracefully from the game. I cannot help but remark at our lamentable inability to come to grips with the question of intelligence oversight as but one extreme example of a Congressional reluctance to bite the bullet. If we are too distinterested, too disorganized, or too partisan to establish a system to monitor critical foreign intelligence activities, how can we, in good faith, stand up and demand a greater role in foreign policy making?

Despite the challenges and obvious significance of the issues of the eighties, it is my impression that the Congressional appetite in foreign affairs tends more to the immediate crisis, to issues demanding quick and often controversial policy decisions by the Executive Branch.

In this area, Mr. Chairman, the key word is consultation. Congress expects to be kept informed, on a timely basis, of significant foreign policy moves; ideally, Congress would prefer to participate in reaching these decisions. In analyzing the problem of crisis consultation, I think we should demonstrate some compassion for the dilemma of the Executive Branch.

At what stage should Congress be consulted? We would say "as soon as possible." Preferably before decisions have been made. We want to be consulted, not simply informed. Yet there are numerous impediments to crisis consultation with Congress, one of the most significant being confidentiality. When we have satisfied ourselves that Congress can be trusted to keep a secret, we will have a much stronger case to make for early consultation.

Even more difficult than the question of "when" is the matter of with whom to consult in Congress. Obviously, no Administration is going to carry out crisis diplomacy by consulting with 535 Congressmen and Senators who find it difficult to agree on anything. Let me cite but one example of the current dilemma of consultation. According to the Washington Post Prime Minister Fraser of Australia told the Chinese recently:

"Some years ago, these were six or eight significant leaders in Congress and if a President had their support, he would be assured of the support of Congress in certain policies. There is now a risk of the effectiveness of U.S. foreign policy being reduced very severely because of the differences between Congress and the Executive."

One price of Congressional reform is that consultation with the appropriate House leadership is no longer adequate or sufficient consulation. And consultation with all interested members of Congress, even if possible, might well prove useless since it would only reveal a wide divergence of opinion.

There is one other point I would like to make with respect to consultation. Can we agree that Congress would really be satisfied with an improved method of foreign policy consultation, or do some of us actually use "consultation" as a code-word for a latent desire to impose our will on the Executive Branch? Will we be satisfied with any manner of consultation that does not increase our influence, relative to that of the President, in foreign affairs?

Mr. Chairman, there is no simple or clever answer to the problem of consultaton. While I do not necessarily oppose the concept of a joint, foreign affairs super committee to act as a focal point of consultation with the Executive, I do not pretend that such a committee will resolve our problem. More than ninety percent of the members of Congress will remain unconsulted, unsatisfied, and unimpressed.

If Congress and the Executive are to establish an effective working relationship in foreign affairs, a relationship that serves the national interest, both parties will have to lower their expectations and accept new obligations.

Congress must organize itself into a more efficient foreign affairs mechanism. We could well begin with intelligence oversight and by adopting a more active, interested role in strategy for the foreign policy of the future.

Congress must be willing to credit this and future Administrations with honorable intentions and a sincere desire to serve the national interest. Such an attitude need not imply Presidential infallibility in foreign affairs, but it should at least spark a reluctance to score political points off difficult foreign policy decisions, where there is frequently no obvious right or wrong. Congress has an obligation to the nation to establish for itself an acceptable role in foreign affairs. We must resist the impulse to snatch power from a minority Administration or politicize foreign policy issues in order to embarrass the Administration. Individual members of Congress must understand that not everyone can be consulted in crisis diplomacy and that correct foreign policy decisions will not necessarily be popular in the district or in Congress.

Finally, Congress might look into naming an Ad Hoc group, possibly through the caucus process, to act as an additional point of contact with the Executive Branch on foreign policy matters. The Executive would insure that each of these members (in addition to the appropriate committees and ranking members) be thoroughly briefed at regular intervals on pending foreign policy issues and would have prompt access to policy makers. Congress might also look into the possibility of placing key staff aides in one-year assignments with the State Department or National Security Council—much as State currently sends interns to the Hill.

For its part, the Executive must make a sincere, determined effort to incorporate Congress into the foreign policy decision making process as early as possible.

The Administration has a clear obligation to cease hiding behind the cloak of classification and bring the conduct of foreign affairs out in the open to the maximum possible extent.

This and future Administrations must avoid even the appearance of deviousness in their foreign policy dealings with Congress. Many of the issues between us arise simply because someone in the Administration did not give due consideration to Congressional prerogatives and sensitivities. Many of our disputes could be compromised before they become crises, without damage to our foreign policy or to the provisions of the Constitution.

In essence, Mr. Chairman, I am proposing that Congress and the President deal with a difficult and potentially dangerous situation by taking a step back from confrontation. The powers—and the limitations—of the Presidency are obviously important. The role of Congress, as defined by the Constitution, is of equal concern and must be protected. But these intramural disputes must not be allowed to cripple our ability to present and defend important national interests before the world.

There is ample opportunity for both Congress and the Executive Branch to work for a prosperous, secure United States and to help establish a more stable, peaceful international environment. To the extent that we squander our resources and our unity by fighting one another, we endanger the future of America and neglect the interests of the people we are elected to represent.

THE ROBINSON-PATMAN ACT

HON. TOM STEED

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. STEED. Mr. Speaker, Saturday, June 19, 1976, marked the 40th anniversary of the signing into law the Robinson-Patman Act by President Roosevelt. This act, which was largely the product of the late distinguished gentleman from Texas, Mr. Wright Patman, stands today as one of the most effective tools against monopoly. The bill was originally aimed at preventing the big chain stores from running small competitors out of business by cutting their prices in the areas served by the small competitors and raising them elsewhere. The act which we are remembering today is but one fine example of the dedicated labors of Mr. Patman. The Small Business Committee, of which Mr. Patman was the first chairman and of which I am honored to be a member, is constantly working to improve the lot of the small businesses in the tradition of the Robinson-Patman Act.

INFLATIONARY ASPECTS OF HUMPHREY-HAWKINS BILL

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. ESCH. Mr. Speaker, the Birmingham News last month published an editorial pertaining to the Humphrey-Hawkins bill, H.R. 50, which I believe gave an excellent discussion of some of the bills inflationary aspects. The paper notes that not even the bill's sponsor, Senator Humphrey, argues that the bill would not be inflationary. The paper's comments about H.R. 50 are worthy of the scrutiny of all Members, and excerpts from that editorial are herewith inserted in the Record for that purpose.

Humphrey-Hawkins Bill

It is becoming fairly certain that Congress will pass the Humphrey-Hawkins bill which is intended to reduce unemployment to 3 percent within four years. It is even more certain that, if Congress passes the bill, President Ford will veto it.

Mr. Ford has called the bill an "election year boondoggle." Politics does, in fact, play a heavy role in the Democratic push to get the bill passed before November.

Democrats in Congress are counting on Americans' voting their pocketbooks in the fall. Unemployment is a pocketbook issue, and congressional Democrats are hoping they will be able to portray Mr. Ford's veto near election time as proof that he has a heartless disregard for the unemployed. Depending upon the economy's rate of recovery, however, the Democratic scheme could backfire.

No one, not even cosponsor Hubert Humphrey, argues that the H-H bill will not be inflationary. Humphrey says the inflation will only be about 2 percent by 1982, but what about '77 and '78? In all likelihood, the inflation caused by the H-H bill would be much, much higher. Opponents say inflation could soar to 10 percent or more.

Because all government would be affected by the higher prices, taxes likely would have to be increased to maintain the present levels of services. And if the government resorted to deficit spending—and undoubtedly it will—and financed in part by the creation of new money, then the cycle of inflation would be escalated.

How the American people react if and when the bill passes and if and when President Ford vetoes it all depends upon how much the average consumer and taxpayer is concerned about inflation.

The recession has slowed inflation, but it is sure to pick up with recovery. And the H-H bill would once again help push people to the anxiety and loss of confidence caused by galloping inflation.

GENERAL HITTLE ON THE SALARY SYSTEM FOR THE MILITARY

HON. F. EDWARD HÉBERT

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. HÉBERT. Mr. Speaker, I have come across a most interesting article on the salary system for the military which is being recommended by the Defense Manpower Commission.

It is written by Brig. Gen. James D. Hittle, U.S. Marine Corps, retired. This is an issue which every Member of Congress should familiarize himself with, and there is no one more qualified on the subject than General Hittle.

In addition to commands and staff positions in the Marine Corps, General Hittle has served as legislative assistant to the Commandant of the Marine Corps and Assistant to the Secretary of Defense for Legislative Affairs.

From 1969–71, he was Assistant Secretary of the Navy for Manpower and Reserve Affairs. When he left that position, a leading service publication in a feature editorial said that he was the "greatest civilian personnel chief any service ever had."

I give this information on General Hittle so you can understand that he knows of what he speaks. I insert the article from the May 31, 1976 issue of Navy Times and a letter to the Editor from a subsequent issue at this point in the Record:

Salary System No Cause for Cheer

(By Brig. Gen. James D. Hittle)

The fact that the Defense Manpower Commission is recommending a salary system for the military should not be cheerful news for service people.

In the first place, it is nothing new. The idea for a military salary system has been bouncing around Pentagon corridors for several years. It is shopworn. It was given a well justified heaveho when it was proposed a few years ago.

Basically, the civilian-type salary concept is simple. It also is superficially attractive, since it could give a false and very temporary appearance of being a big pay raise. It involves, initially, changing the now-tax-free Basic Allowance for Quarters (BAQ) and the Basic Allowance for Subsistence (BAS) into fully taxable elements of a total salary. Service people would pay taxes on the new total amount. Presumably, they would get a pay increase, supposed to cover the amount of the new taxes resulting from the loss of the tax-exempt BAQ and BAS.

So, the person in uniform would really become a conduit for more taxes. The extra money would go into one pocket and out the other into the hands of the tax collectors. This is not the type of flim-flam one would expect from the Defense Manpower Commission.

That brings up the question: Who benefits? Certainly not the fighting man. For him, the increase is a sham.

There are, though, some who would gain. They are the bureaucrats in the tax collecting system who will have more tax collecting to do. That means more work, more jobs and a bigger bureaucracy. Again, it is the serviceman who is the fall guy for so-called "administrative improvements."

There are some other points in this salary system brainstorm coming out of the DMC that should be eye-balled closely by service people.

How would the proposed system adjust fairly to the varied amounts that different military people would have to pay for taxes on what was formerly tax-exempt? All service people do not have the same marriage status, number of dependent children and dependent parents.

Is the new salary plan going to increase the income of each service person to cover the individual's amount of increased taxes due to the loss of tax exemption on quarters and ration allowances? You know the answer to that one. It won't. If there are only "standard increases," many who don't fit into the standardization could be short-changed.

But not for one moment should anyone believe that the salary system is going to be permanently limited to just the loss of tax-exempt BAQ and BAS in return for some increased pay intended to cover the tax loss. Make no mistake about it, there is a lot more that can be taken away from the service family under the device of a salary system.

Take one example: commissaries. Already under fire by budgeteers, the commissary system could be in even more danger under a scheme for a military salary system. It is a simple salary system. It is a simple series of moves—junk the commissaries and pay "something" extra to the service person for the loss. But, here again, the practical facts of service family life should be setting off alarm bells throughout the military.

Not all people use the commissaries the same amount. It is the lower ranking officers and the enlisteds with the larger number of dependents who depend so much on tangible commissary savings.

A flat rate increase in salary to compensate for loss of commissaries might be the way to get rid of the commissary system, but it would also be the way to get rid of more of the hard earned pay of the serviceman with families. In the long run, it would also get rid of some good people who couldn't afford to serve the country they love in spite of the so-called compensations under the military salary system.

The same procedure could be used to "justify" wiping out dependent hospitalization, exchanges, Champus, etc. To put it bluntly, a salary system for the military would set up the pay structure for taking away from the service people the very things that mean so much in service life and which help give the military people identity.

This matter of things that help identify a person as a member of the armed forces shouldn't be laughed off and discarded willy-nilly. At a time when our armed forces are still tasting the bitter pill of being chased out of Vietnam—although it wasn't the military's fault—the things that add to morale are vitally important. Even little things that remind a person that he is a military man gives him a special identity. And being "special" is an essential of morale and pride.

Thus, tax-exempt quarters allowances may, in the opinion of computerized manpower management, be obsolete and useless parts of the total "package" of military life. Yet, being paid for his services by a different formula than a civilian is a reminder that the government recognizes the service person as something special. There are all too few such reminders in these days when too many are trying to standardize the man in uniform into the mold of the man in the grey flannel suit.

So, why take away another of the little things that can be so important in the eyes and thoughts of the military person?

This question was pointedly answered by a Navy chief who, when asked his view on switching to a salary system, irately said: "(Expletive deleted) If I wanted to get paid the same way as a civilian, I'd have been one!"

Sometimes it's the little things that mean so much.

Another point to think about: Today, the quarters allowances are tax-exempt and that exemption is generally recognized by state and local tax systems.

These various state and local tax systems where a service person pays income taxes vary widely in rates. How, then, can a salary plan for the military compensate service people for the amount lost to differing state and local taxes when individuals have to pay differing rates on what was formerly tax-exempt?

The answer is that it can't be fairly done.

One thing that emerges from this new effort to inflict a civilian-type salary system on the military is that some of these items such as tax-exempt quarters allowances are not mistakes of past legislation.

Much of the protection this tax exemption gives to service people, small or large as it may be in different cases or places, would go out the window if the salary plan comes in.

One of the most interesting, and chilling, questions concerning a salary plan for the military is retirement. It is increasingly evident that the salary system will be the smoke-screen behind which there could be a major overhaul of the present military retirement.

For instance, today basic longevity retirement is figured at 2½ percent times the total years of service, computed on base pay. Under a salary plan, the amount of total pay would be increased by adding the "make-up" increases for losses of tax exemption of quarters, etc. This would push up gross pay by thousands of dollars a year for a large portion of military personnel.

This gives the salary supporters a bit of a problem. With a salary system increasing the total amount on which retirement is computed, how can the resulting increase in military retirement be prevented? After all, this now-you-have-it, now-you-don't salary system is not intended to give service people a bigger retirement. The DMC didn't take long to figure out this one. Its answer? Reduce the 2½ percent per year now used.

It doesn't seem to matter that important elements of the government's civilian employees do get their retirement computed on the basis of 2½ percent times their total pay and that way in many cases is far more than many servicemen can ever hope to receive. But that's apparently too good a formula for military people!

Another matter: This proposal is touted as putting people in uniform on the same kind of total salary system as civilians. Well, if this is really true, then where is the provision for overtime pay? With all its shortcomings, most service people would jump at the opportunity to have this civilian-type total salary system if it provided for overtime pay.

But, of course, there isn't any overtime pay provision in the proposed salary system for the military. The government couldn't afford it. As any military person knows, extra hours are part and parcel of a military career. The serviceman takes them in stride without overtime pay. He understands why the defense of the nation can't be conducted on an eight-hours-a-day, five-days-a-week basis.

But he is going to have a hard time understanding why some people want to palm off on him a civilian-type salary plan with all its inequities and long-term dangers, while, at the same time refusing to include in it the goodies civilians enjoy in their salary systems.

No wonder the salary system already is being labeled by some as the serviceman's one-way ticket to second-class citizenship.

The argument just doesn't hold that the civilian-type salary system for the fighting man is needed to show him how much he really is making. This is pure bunk.

And for those who choose to make a career of defending their country that is about all they expect. If they wanted to get rich, they would not have chosen the military way of life, which is a "total package," with its pleasant and miserable duty assignments, its separations, its privations, its reasonable benefits, its ultimate satisfaction of doing something useful with one's life.

John E. Zoller,
Capt. (CHC), USN Depot Chaplain, Parris Island, S.C.

Hittle on Target

The article by Brig. Gen. James D. Hittle, USMC (Ret.), on "Salary System No Cause for Cheer" in your May 31 issue is the closest thing to the classic answer to this problem I have ever seen in print.

Like the Senator Goldwater article on congressional benefits, it deserves the widest dissemination possible. I would personally like to see him as the prime mover countering the DMC proposals, fully supported by and unfettered by his USMC affiliation. He should be the spokesman for all of us for he knows whereof he speaks.

Perry W. McGlynn,
CMSgt., USAF (Ret.), NAS Meridian, Miss.

CONFERENCE HELD IN THIRD DISTRICT OF ILLINOIS ON DOMESTIC AND FOREIGN FINANCIAL STRUCTURE

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. RUSSO. Mr. Speaker, on May 28, 1976, I sponosred a financial conference in my district to discuss current proposals to reform and modernize our domestic and foreign financial structure. I was honored to have as my guest the most distinguished chairman of the House Banking, Currency, and Housing Committee, the Honorable Henry S. Reuss. Representatives from third district banks, savings and loan associations, and credit unions attended this meeting for a lively exchange of ideas and points of view. One of the participants, Dr. Frank A. Cizon, a senior vice president of the Talman Federal Savings and Loan Association, made a formal presentation outlining the issues from the perspective of the savings and loan community. I commend these remarks to my colleagues.

Comments by Dr. Frank A. Cizon

The reform of financial institutions is a complex matter in need of discussions which shed more light and less heat.

In essence the issues focus primarily around two areas.

1. How can decent, affordable housing be provided for all Americans who seek home ownership and

2. How can the financial needs of families be most conveniently and effectively served?

The primary requisite for extension and provision of home ownership in our country is a commitment to housing as a national priority. If houses are more important than automobiles or vacations, mechanisms will be designed and promoted to finance them at reasonable interest rates. Such a commitment is seriously needed today.

Savings and loans are the primary, and each year a growing source, for home mortgage funds. Today the S&L's provide financing for more than 60 percent of all the residential housing that is built and sold in the United States. In recent years as short term rates skyrocketed, banks and insurance companies put little or no money in housing, choosing investments which paid them much higher returns. Last year, before July 1 when banks and other investors were getting returns of 10–20 percent and more on their investments, S&L's in Illinois were still lending at 8 percent due to usury restrictions while competing in the same markets for funds. In addition, S&L's of necessity lend long (25 year plus mortgages) and borrow short (passbook to 6-year certificates). Everyone would like a 6-percent mortgage for 25 years no matter what the inflation rate and an 8-percent return on savings each year. But such economics do not work.

Another factor adds to the problem. In recent years commercial banks have discovered a major source of capitalization in the savings of individuals and have gone all out to capture a larger share of the consumer savings dollar. With their full service opportunities, their one-stop banking and composite financial service packages, they have been consistently and dramatically succeeding. The savings they get primarily serve commercial and not residential needs.

Recent heavy money flows into S&L's are temporary. As soon as the short term rates increase near or above the maximum rates payable by S&L's (as they have begun to do in the last week or two) much of the savings dollar will flow into other investment instruments controlled by banks, the security exchanges and the Treasury. This will slow considerably (as it is now doing) the flows of savings into S&L's. We remember recent periods in '74 and '75 when inflation dug deeply into capital that might have been available for savings and when interest rates of Treasury Bills and other investments were high. S&L's were very hard pressed to get savings, and without savings it is difficult to provide adequately for mortgages. Is it any wonder that S&L's are asking for authority to even out the flow of capital so that they can be about the business of providing mortgage capital on a more consistent level.

Those familiar with the S&L business are also aware that the increased volitility in our economy especially in interest rates, the inflationary rates affecting consumption and savings patterns, the continuing loss of a preferred tax position, increased costs of operation, and increased competition from banks and credit unions have resulted in a difficult earnings squeeze for all S&L's in recent years.

Is it any wonder then, that as the financial institutions upon whom the country most depends to provide its home financing, the S&L's press continually for measures that will enable them to maintain a more consistent flow of funds for mortgages offered at reasonable rates.

We press, therefore, for a continuation of Regulation Q which has served to assure credit flows to the housing market in all but the most stringent money markets. It is a fact that money flows into the housing market have been drastically curtailed during periods when substantial changes were made in Regulation Q ceilings. Witness only the events of 1973 when the rate differential dropped from 50 to 25 basis points and of 1974 when Regulation Q was side-stepped by way of floating rate notes. Witness also the impact on savings flows of Treasury Bill offerings in small denominations of $1,000. Mortgage rate increases of the last few years are in great part attributable to these events.

In another direction, it has been said that Regulation Q gives unfair advantage to S&L's in competition for savings, but as a local influential banker was quoted recently in the paper, "The consumer today is more sophisticated and understands the difference between a bank and an S&L. The customer is discriminating on rate differences. It (the rate difference) is only good up to a point. Everything being equal, a sophisticated fellow will disregard the quarter point differential for the additional services that a bank can offer." The rate ceiling and this differential apparently do not give S&L's unfair advantages.

Therefore, to compete more fairly for savings we ask authority to provide more family financial services. Direct deposit of Social Security and other government checks as well as a developing trend toward direct deposit of payrolls in private industry make it essential for S&L's to provide some form of withdrawal capability from savings accounts other than coming into the association itself. Why deposit a check directly into an association when you have to go there anyway to get some of your money—or if you can deposit it in a different association and pay your bills with it without leaving your house? We do not ask for checking account authority but for NOW Accounts (Negotiable Orders of Withdrawal) so that our customers can be better served with a savings account having greater flexibility. In the same direction, we seek full access for our customers to electronic funds transfer systems and Automated Clearing Houses.

Until inflation can be brought under adequate control we press also for a variety of consumer mortgage instruments which will better serve the needs of various borrowers. Young couples and older couples and couples with growing, or constant or decreasing income levels have different mortgage needs. In addition, as long as inflation is a way of life lending long and borrowing short will always be a boon to borrowers and a disadvantage to savers. A mortgage instrument tied to an acceptable index would keep us from subsidizing the borrower at the expense of the saver and not force homeowners to pay whatever the traffic will bear in interest on their home loans.

To minimize the dilemma of lending long and borrowing short we ask for greater flexibility in lending authority. We would like the present extensive restrictions of Section 5(c) of the Home Owners Loan Act to be more in line with the "prudent lender" regulations for banks. We also need far more diversity in lending to bridge the short term needs for capital through authority to do a limited amount of consumer lending. We want to remain primarily residential lenders (70%) with flexibility to diversify the rest of our assets and strengthen our associations.

We ask also for fair treatment with our tax burden. We ask only for relief from the tax legislation of 1969 which has placed savings and loan associations in the position of being taxed an effectively higher rate than commercial banks.

In summary, contrary to what seems to be a general impression, S&L's do not want to become commercial banks. They want to remain housing specialists. To do so, however, they must have a fair opportunity to compete for the savings of the consumer. If housing is a national priority and if usury laws dictate that mortgages must have interest ceilings, then that money must be obtained at rates which are fair to the saver as well as to the borrower.

It needs also to be stressed here that we want to provide housing for as many Americans as possible—that includes the acquisition of existing houses and the construction of new ones. There is a need to invest more money into older neighborhoods of our cities. The savings and loans are neither the problem nor the solution to aging neighborhoods. We are but one of the factors caught up in the difficulties which urban areas face. We must seek, with all other available resources, ways and means of coping with housing concerns in large urban areas. We would encourage continued examination of co-insurance programs on a shared risk basis between government, private insurers, and private lenders. We would encourage controls on Federal housing programs which do not stress equity values and pride of ownership. Here in Chicago we have extended ourselves in RESCORP to examine ways of rehabilitating inner-city communities, and it's working. Together with banks in our city, S&L's have embarked on the largest Neighborhood Housing Services program in the country in an effort to stop the spread of deterioration in housing. Numerous individual efforts in local communities fostered by or operating with the help of S&L's, are being developed to encourage preservation and enhancement of neighborhoods. We must do more, but we have learned that government cannot and should not be responsible for the maintenance of good housing.

This country needs a strong private system of mortgage lending institutions to serve its home financing needs. It needs a housing mortgage specialist. It has a housing specialist.

It is because S&L's want to remain financially sound and secure, be able to serve more adequately the housing needs of America and provide for needed financial services to families that we seek:

1. An extension of Regulation Q to attract adequate funds for home financing.

2. An opportunity to better serve our customers with additional services, primarily NOW accounts and EFT systems access.

3. The authority to provide a variety of consumer mortgage instruments which will better serve the varied needs of borrowers and cope with inflation created inequities.

4. Consumer lending authority to help us bridge the short term capital gaps.

5. A fair tax treatment that will make our tax burden more equitable.

This is not too much to ask for an industry which for over 45 years has been and is the cornerstone of housing finance and which has enabled this country to become the best housed nation in the world.

KISSINGER'S MORALITY AND TAIWAN'S FATE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. McDONALD. Mr. Speaker, the United States, as the leader of the Free World, has, until recent years, always cherished its relationship with Taiwan. This all changed with the Nixon initiative to Red China. More and more, in a piecemeal fashion, it is evident that the foreign policy of the State Department and the Ford administration is to knowingly abandon Taiwan in our rush to embrace Red China. Taiwan, with its free prospering economy, stands as a beacon of capitalism to the rest of Asia, and while its political life is not as free as our own, it is a bastion of freedom compared to the nearby totalitarian anthill of Red China. In the Sunday Star of June 27, 1976, Mr. Norman Littell analyzes what we stand to lose if we continue this policy of abandonment of Taiwan and how hypocritical our stance is, if we retain any pretense of a so-called "moral" foreign policy. The article follows:

KISSINGER'S MORALITY AND TAIWAN'S FATE

(By Norman Littell)

(Note.—Norman Littell, Assistant Attorney General in World War II, represented the Eisenhower administration as an advisor to war-devastated and under-developed countries on ways of encouraging foreign investments.)

"The greatness of America," Henry Kissinger said in April, "has been not so much its physical strength as its moral significance."

After expounding at length on our dedication to liberty and the progress of all mankind, peace, and justice, as inspiring goals, the Secretary finally reaches the concrete:

"The survival and security of Israel are unequivocal and permanent moral commitments of the United States. Israel is a loyal friend and a fellow democracy, whose very existence represents the commitment of all free peoples.

"America will not abandon a friend because to do so in one part of the world would shake confidence in every part of the world. There will be no American weakness or abdication for this can only tempt adversaries, confuse allies, and undermine security in the world—ultimately to the grave peril of our country."

Can this fine statement of basic principles of our country stand and face the acid test of comparison with Kissinger's statement elsewhere in contemporary history? Does the last quoted statement apply equally to another small country long-listed as a "loyal friend and a fellow democracy" on the other side of the world?—One which even supplied men, munitions, planes, and attacking power in World War I when Admiral Nimitz, in command of our Pacific defenses, faced the drastic shortages which inevitably flowed from General Marshall's advice that we must concentrate on Europe?

What would have happened without the loyal fighting force of the Republic of China on Taiwan?

This brings us face to face today with Kissinger's favorite word—"detente." Almost unknown to the American public, the use of this French word originated with the ex-President Richard Nixon's visit to the People's Republic of China (the Communist mainland) on invitation of Premier Chou En-lai, from February 21 to February 28, 1972. Dr. Henry Kissinger was then Assistant to the President. This is not the time or place to discuss the fact that this expedition to Communist China, as noted quite critically by President Nixon's former Vice President, Spiro Agnew, in an interview with Merv Griffin (on TV Channel 5) on May 13, was an effort by our former Chief Executive, repudiated by his own people in the Watergate scandals, to make a spectacular breakthrough to one of the two principal Communist powers. The fact remains that the joint communique issued at Shanghai on February 28, 1972, still rides high in our foreign policy, even though the leadership of Chou En-lai collapsed soon thereafter and new leaders of different points of view face us across the ocean.

Before quoting this communique and showing that it still rules policy in the State Department under Secretary Kissinger who had a great part in drafting it, we may note among the generalities of this communique those few words which seek to state the American point of view and policy:

"The United States supports individual freedom and social progress for all the peoples of the world, free of outside pressure or intervention."

The fate of a small, independent country, far more integrated and more firmly established than Israel, far, far away, hung in the balance—and still does. The communique recites the following:

"The two sides reviewed the long-standing serious disputes between China and the United States. The Chinese side reaffirmed its position: The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; the Government of the People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Taiwan is China's internal affair in which no other country has the right to interfere; and all U.S. forces and military installations must be withdrawn from Taiwan. The Chinese Government firmly opposes any activities which aim at the creation of 'one China, one Taiwan,' 'one China, two governments,' 'two Chinas,' and 'independent Tiawan' or advocate that 'the status of Taiwan remains to be determined.'"

To anyone knowing the facts and familiar with the situation on Taiwan, the statement which followed in respect to the United States' point of view is almost unbelievable. During the administration of President Eisenhower in the United States, extensive efforts were dedicated to aiding smaller countries in advancing private initiative and enterprise, inasmuch as it was evident even at that early time that we could not forever sustain the enormous burden of foreign aid. Furthermore, this country was dedicated to the principles of self-help and private initiative. The writer having been chairman of successive committees of the American Bar, International Bar and Inter-American Bar Associations on foreign investment laws, (1) was asked to meet with delegations from foreign countries seeking investment of American capital, and above all the importation of "know-how" of production.—One of these delegations was from Taiwan, and the Taiwanese Foreign Investment Encouragement Law was thereafter drafted upon return of the delegation to Taiwan, and adopted by the legislative Yuan to become the "Foreign Investment Encouragement Law of 1959."

Experience showed many flaws in the Act, and the Republic of China asked the United States State Department to invite the writer to visit Taiwan and help redraft the law. This was done in 1960, in a very intensive "vacation month" in Taiwan, where the writer (2) was the first "foreigner" invited to appear before the legislative Yuan, in order to explain the law. The "Foreign Investment Encouragement Law of 1960" became the leading one in the world and highly successful, as measured by the flow of capital, of "know-how," and the steady increase of employment and production, until the annual per capita production of $750 on Taiwan, having 16 million people, is about four times that of the Communist occupied territory of Mainland China with 800,000,000 people. Nowhere in the world is the contrast more vividly apparent between the free way of life, so glibly talked about by Kissinger, and the controlled Communist order of things which is the common denominator of both Russia and Mainland China, with due deference to their native differences.

Even while the writer was there, escapees from Mainland China, fleeing the Communist regime by one method or another—sailboats, motorboats, rafts, and even in some instances swimming through shark-infested waters, sought their future in life on Taiwan. It is also apparent here when the American Immigration Service supervises the transplanting to this country of several hundred thousand Chinese escaping from the Mainland. Although these facts were well known in 1972, nevertheless the joint communique makes these following extraordinary admissions on the part of the United States:

"The U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes."

It is too late for President Ford to make a fresh start by simply dropping all references to the word "detente," for Henry Kissinger still heads the State Department, and according to President Ford's public statement, will be asked to continue if Ford is re-elected. The policy of the Ford Administration is precisely the same as Nixon's. The official statement of State Department policy of March 1976, appearing in its regular release entitled "GIST," said in part as follows:

"Current situation: During his visit to Peking in December 1975, President Gerald R. Ford reaffirmed the U.S. commitment to complete the normalization of relations with the PRC on the basis of the Shanghai Communique. This communique, which was signed on February 28, 1972, provides the framework for the new relationship between the U.S. and the PRC. In this document, the two sides jointly stated that:

Progress toward the normalization of relations between China and the U.S. is in the interest of all countries;

Both wish to reduce the danger of international military conflict;

Neither should seek hegemony in the Asia-Pacific area and each is opposed to efforts by any other country or group of countries to establish such hegemony;

Neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other which may be directed at other states.

It is a tragic thing for 16 million people on the island of Taiwan that the policies of the 1972 communique, notwithstanding the 1954 treaty of mutual defense between the Republic of China on Taiwan and the U.S. Government, should state in continuance of the Nixon policy:

"Acknowledged that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is part of China;

"Reaffirmed its interest in a peaceful settlement of the Taiwan question by the Chinese themselves;

"With this prospect in mind, affirmed the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan; and

"Pledged to reduce its military presence in the Taiwan area as tensions there diminish."

With per capita production of $750 per person in Taiwan, amounting to three or four times the per capita production on Mainland China with a population of 800 million under communist collectivist production, it was a sad incident in the history of American foreign relations when Nixon sought to redeem his damaged reputation by establishing new relationships with the Peking government. (Being unable to read Chinese, he could not even translate the denigrating signs and placards held up at the public meetings where he appeared in Peking.) He well knew, however, that the Republic of China on Taiwan was the most outstanding success of American foreign policy in creating in the smaller nations the private enterprise approach to production so basic to the free way of life. All this was disregarded and virtually abandoned in the detente Communique of 1972.

Still more tragic is the failure of President Ford to make a clean break with Nixon policy. In foreign affairs, Henry Kissinger is the connecting link. He helped draft the communique and create the so-called "detente" with Communist China.

To the American public, detente has come to mean simply a friendly approach to the hostile Communist countries,—principally, Russia and Communist China. Too little thought is given to the fact that while Communist Russia and Communist China are at the moment hostile to each other, facing each other over an 800-mile boundary line, if the Soviet Government, in maneuvering for political power, could bring about a treaty as it did with Hitler's government, deserting the allies, and combine with the Communists of China, an overwhelming control of power by the communist powers in the Far East would be assured.

Our mutual aid treaty of 1954, with the Republic of China, plus Taiwan's armed strength with 500,000 men in a disciplined array in Taiwan's military forces, and Taiwan's increasingly successful manufacture of planes and other armaments, has constituted a counter-balancing force which we cannot afford to abandon.

With the death of President Chiang Kai-shek, it can be said with a degree or certainty that the Nationalist concept of reconquering the mainland by military means has been abandoned in the Republic of China, but not so as to political and economic penetration. The news is widespread in Mainland China as to the improved living conditions, employment, industrial and agricultural production in Taiwan.

The Taiwan Food Bill in 1975, commissioned the national Chung-sing University to make a survey of the diet of the people of Taiwan; 2400 households were visited. The findings were well known that the per capita consumption of meat had increased greatly, also of fish, eggs, cooking oil, and dairy products during the five-year period from 1970 to 1975. No censorship can prevent news from traveling. Quite aside from the natural sympathies of most of the Chinese population in Mainland China, the fact that life is better and opportunity greater in the free way of life on Taiwan is a deeply undermining force to the Communist regime on the Mainland.

No wonder Peking would like to acquire the province of Taiwan and absorb it, with its industry and armaments, into the disciplines (coupled with executions) of the collective regime which cannot possibly compete with the productive capacity of Taiwan.

As the able President Yen Chia-kan of the Republic of China said on World Freedom Day, January 23 of this year, at the Sun Yat-sen Memorial Hall in Teipei, the fall of Indo-China proved that illusions of "detente" and "appeasement" can never improve the world situation, and further that "detente and appeasement will encourage the Communists and make new catastrophes inevitable."

Anti-Communist leaders from all over the world coming to Taiwan for the week-long activities of the 1976 "World Freedom Day" meetings, joined in warning the free nations against illusions about detente with the Communists. They also said that President Ford's recent statements are just matters of political expediency. Paul Vanderhoven, President of the Belgium chapter of the World Anti-Communist League, said that it is a great mistake for the United States President, Gerald Ford, to set a goal of "normalizing relations with Peking. The normalization of relations only benefits the Peking regime."

No Secretary of State in our history has so freely and fully used the power of the United States in foreign relations as a tool to serve his own convictions. No book he may write, if and when he leaves office, can explain away his selective use of what he calls "the moral force" of the United States. For all practical purposes, the Shanghai Communique of February 28, 1972, has had the force and effect of a treaty, but such a treaty would never have run the legal course of passage through Congress.

In contrast thereto is Kissinger's abandonment of "our friend" to whom we are bound by the loyalties of World War II in the Pacific, and by treaties of mutual guarantee—the democratic Republic of China on Taiwan.

THREATS TO ORDERLY OBSERVANCES OF THE BICENTENNIAL, PART III, THE PEOPLE'S BICENTENNIAL COMMISSION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. McDONALD. Mr. Speaker, events of the past 10 years have shown that militant demonstrations can easily escalate into street violence, confrontation and riot; and may also be used as a screen for terrorist bombings.

The People's Bicentennial Commission—PBC—by its own statements, is an anticapitalist, revolutionary organization which is endeavoring to organize a mass demonstration of diverse groups who, under PBC's aegis, will express their own dissatisfactions with America in a spontaneous, undirected manner as opportunity occurs.

WIN magazine, June 24, 1976, published by the War Resisters League, notes that "in response to growing support for Philadelphia—the J4C demonstration—PBC has 'shifted to the left.' " Certainly that is true of PBC's final, predemonstration rhetoric in which PBC codirector Ted Howard has finally dropped the mask of moderation:

> We believe that it is time to launch a national liberation movement right here at home to throw off the multinational colonizers that have economically enslaved our own country. If we win this battle for our own country's liberation, then we will have provided real, not paper, support for other struggles throughout the world.
>
> July 4 is just one moment in time. But we believe that the events of this July 4 will point the way for the future. It is time for the movement to realize that the 60's are over. There are new realities today in America. And new possibilities for the future. * * * What all of us do on July 4 will help determine that direction for the future.

The People's Bicentennial Commission—PBC—1346 Connecticut Avenue NW., Washington, D.C. 20036—202/833–9121 and 800/424–1130—was characterized in testimony before the Senate Internal Security Subcommittee as "a propaganda and organizing tool of a small group of New Left political extremists whose pantheon of political heroes includes such Marxist luminaries as Fidel Castro, Mao Tse-tung, Che Guevara, and Regis Debray, and who seek to pervert the meaning of the American Revolution and to exploit the Bicentennial celebration in order to further their own revolutionary goals."

Dr. William R. Kintner, head of the Foreign Policy Research Institute, who provided testimony on the PBC to the SISS on June 18, 1976, testified:

> As far as the PBC itself is concerned, the chances are their Washington demonstration will not go further than the rowdiness and disruption which characterized their counter-demonstration in Concord on April 19, 1975. On that occasion, according to newspaper accounts, the crowd of 30,000 demonstrators assembled under PBC auspices, booed and heckled President Ford incessantly, and succeeded in turning what was supposed to have been a happy and inspiring commemorative ceremony into an unpleasant, unhappy occasion. * * *
>
> There are some reasons for concern, however. The major reason is that even if the PBC tries to keep its core demonstration peaceful in accordance with its assurance, the PBC does not exercise direct control over the numerous terrorists and violence prone groups in our country, and there is a danger that some of these groups may decide to take advantage of the PBC's mass demonstration against the "establishment" to engage in some spectacular act of terrorism or violence, also directed against the "establishment."

Perhaps in an attempt to evade responsibility, the PBC has stated:

> The Peoples Bicentennial Commission does not see our efforts as representing a true coalition on July 4th. We are providing a hosting function and an opportunity to allow a wide range of individuals and organizations representing major constituencies to come together to express their commitment to economic, political and social justice. This informal coming together of such diverse constituencies encourages us in regard to the long range possibilities of building a majority revolutionary movement against capitalism in America.
>
> We call upon radicals, revolutionaries and rebels from across the United States to join us in Washington, D.C. this July 4th on the occasion of our 200th anniversary as we dedicate ourselves to the second American Revolution.

The PBC's announced plans for July 4th are:

> 7:30 a.m.–9 a.m.—Jefferson Memorial. Inter-religious service, themed on the 'Year of Jubilee', the Biblical prescription calling for the redistribution of society's wealth and property every 50 years. This service will also honor 200 years of America's radical democratic heritage, from Sam Adams, Molly Pitcher and Crispus Attucks to Malcolm X and Martin Luther King, Jr. (Sponsors, some of whom are also supporting the J4C Philadelphia demonstrations on the same date, follow this report).
>
> 9.30 a.m.–11 a.m.—March from Jefferson Memorial and adjacent East Potomac Park to the Capitol Building.
>
> 11 a.m.–6 p.m.—Rally for Economic Democracy, Capitol Building.
>
> 9 p.m.—White House—Big Business Bicentennial extravaganza. Keynote speaker, Vice-president Nelson Rockefeller, Washington Monument.

The PBC list of scheduled speakers includes:

> Eqbal Ahmed, "authority on Third World Revolution; a former defendant in the Ber-

rigan Brothers-Harrisburg 7 'conspiracy' trial;" [and fellow of the Institute for Policy Studies' Transnational Institute.]

Rubin "Hurricane" Carter, "former contender for the middle-weight boxing crown; victim of judicial railroading, just released from prison after ten years [convicted with another man of robbery and murder], awaiting a new trial in the Fall; founder of Freedom For All Forever;" [and charged recently by a women leader of his defense committee with having beaten her in a fit of rage].

Dr. Barry Commoner, "leading environmentalist; professor at Washington University in St. Louis; author of numerous books * * *."

John Henry Faulk, "former C.B.S. radio personality and moderator of the day-long rally. * * * Mr. Faulk was blacklisted and driven from the public air waves for his political beliefs during the Joe McCarthy witch-hunts of the 1950's;" [he is currently a regular commentator on the government supported Public Broadcasting System (PBS)].

Philip Foner, "the nation's most prominent historian on the American Labor Movement * * *"; [identified as a former functionary of the Communist Party's educational apparatus].

Ted Howard, "co-director, Peoples Bicentennial Commission;"

Tom Hayden, long-time supporter of the Vietnamese Communists whose campaign for the Democratic Party nomination for U.S. Senate in California resulted in a landslide victory for his opponent.

Jane Fonda Hayden, "academy award-winning actress" [who has used her talents as a propagandist for the Vietnamese Communists].

Dolores Huerta, "vice-president of the United Farmworkers Union."

Rev. Jesse Jackson, "leader of People United to Save Humanity (PUSH), and for many years a civil rights movement activist with the late Dr. Martin Luther King, Jr.;" [and has hired as a chief PUSH organizer another long-time aide to King, Jack O'Dell, also known as Hunter Pitts O'Dell, identified as a member of the Communist Party, U.S.A. National Committee in the 1950's and 1960's].

Nicholas Johnson, "former F.C.C. Commissioner; champion of the people's right to access to the public air waves; founder, National Citizen's Commission on Broadcasting."

Flo Kennedy, "attorney; civil rights, consumer and women's organizer; founder, Feminist Party" [and who recently denounced a terrorist who gave herself up as a "danger to the movement"].

Jonathan Kozol, "revolutionary educator and author."

Sid Lens, "historian and labor organizer; author of dozens of books on U.S. foreign policy and Corporate America;" [in the 1940's a leader of the Trotskyist communist Revolutionary Workers League; in the 1960's and 1970's a leader of the Chicago Peace Council, a Communist Party, U.S.A. front, and of the CPUSA-dominated People's Coalition for Peace and Justice; now writing for various Marxist-oriented publications, such as The Progressive].

Sam Lovejoy, "nuclear power critic and activist;" [saboteur of a Massachusetts nuclear power plant].

Jeremy Rifkin, "founder, People's Bicentennial Commission."

Ed Sadlowski, "director of the largest Steelworkers District in the nation; leader of a rank and file trade union movement;" [and who has been under criticism within the USWA for the amount of support he has accepted from the Communist Party and other revolutionaries].

Dr. Benjamin Spock, "author, pediatrician, antiwar activist" [and leader of the avowedly socialist People's Party].

Carole Tucker-Foreman, "director, Consumer Federation of America, the nation's largest consumer organization."

A number of speakers are scheduled to appear both in Washington and Philadelphia on July 4th. Apparently some will fly from one city to the other but it is believed that tape recordings will be used instead of certain speakers appearing live.

Two of the PBC affiliates including the extremely active chapter in Chicago are publicly sponsoring the July 4th Coalition disruptions in Philadelphia instead of the PBC activities in Washington.

SPONSORS

Bishop John H. Adams, African Methodist Episcopal Church, Waco, Texas.

Ann Album, Fellowship of Reconciliation, Nack, New York.

Bishop James Armstrong, United Methodist Church, Aberdeen, South Dakota.

Sally Benson, Clergy and Laity Concerned, Washington, D.C.

Rev. Ellsworth Bunce, Executive Director, Maryland Churches United, Baltimore, Maryland.

Rabbi Louis Bogage, Union of American Hebrew Congregations, Philadelphia, Pennsylvania.

Sr. Carol Coston, O.P., Executive Director, Network, Washington, D.C.

Fr. Vincent Cushing, O.F.M., S.T.D., President, Washington Theological Coalition, Silver Spring, Maryland.

Richard Deats, Fellowship of Reconciliation, Nyack, New York.

Bishop Robert Dewitt, Episcopal Church Publishing House, Ambler, Pennsylvania.

Sr. Dorothy H. Donnally, C.S.J., Ph.D., President, National Coalition of American Nuns, Berkeley, California.

Harry Dudley, Emmaus House, Washington, D.C.

Dr. Lena Edwards-Madison, Lakewood, New Jersey.

Msgr. John J. Egan, Catholic Committee on Urban Ministries, South Bend, Indiana.

Rabbi Everett Gendler, Temple Emanuel, Lowell, Massachusetts.

Br. Roberto Gonzales O.F.M., Washington Theological Coalition, Silver Spring, Maryland.

Sr. Barbara Jenkins, S.C., Network, Washington, D.C.

Rev. Fred Just, O.F.M., C.A.P., Capuchin's Peace and Justice Center, Pittsburgh, Pennsylvania

Sr. Maureen Kelleher, R.S.H.M., Network, Washington, D.C.

Fr. Robert Kerns, Josephite Pastoral Center, Washington, D.C.

Fay Honey Knopp, Prison Research Educational Action Projects, Westport, Connecticut.

Rabbi Charles Lippman, Temple Beth Am, Pearl River, New York.

Don Luce, Clergy and Laity Concerned, New York, New York.

Rev. Michael McIntyre, Bishops' Call for Peace and the Self Development of Peoples, New York, New York.

Stewart Meacham, American Friends, Service Committee, Philadelphia, Pennsylvania.

Rev. Fred Morris, National Coordinator, Religion in the Presidency, Alexandria, Virginia.

Sr. Loraine Polacci, C.S.J., Network, Washington, D.C.

Prof. John Raines, Department of Religion, Temple University, Philadelphia, Pennsylvania.

Jacqueline Richardson, Fellowship of Reconciliation, Nyack, New York.

Sr. Madeleva Roarke, S.M.A.D., Network, Washington, D.C.

Rev. Dr. Betty Rosenberg, Women's Ordination, Now, Arlington, Virginia.

Dr. Rosemary Ruether, Professor of Historical Theology, School of Religion, Howard University, Washington, D.C.

Rabbi David Saperstein, Religious Action Center—U.A.H.C., Washington, D.C.

Richard Taylor, Phyllis Taylor, Churchmouse Collective Movement for a New Society.

Rabbi Max Ticktin, Associate National Director, B'nai B'rith Hillel Foundations, Washington, D.C.

Sr. Luke Tobin, Sisters of Loretto, New York, New York.

Fr. John Tyne, Josephite Pastoral Center, Washington, D.C.

Sr. Margaret Traxler, S.S.N.D., Institute of Women Today, Chicago, Illinois.

Arthur Waskow, Institute for Policy Studies, Washington, D.C.

Fr. William Wendt, St. Stephen's Episcopal Church, Washington, D.C.

Rev. Andrew White, Executive Director, Division of Christian Education, African Methodist Episcopal Church, Nashville, Tennessee.

George Willoughby, American Friends Service Committee, Philadelphia, Pennsylvania.

Rabbi Arnold Wolf, Hillel-Yale University, New Haven, Connecticut.

Dr. Virgil Wood, Facilitator—Andover Newton Theological School's Jubilee Symposium, Milton, Massachusetts.

THE CONTINENTAL CONGRESS—JULY 4, 1776

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. KASTEN. Mr. Speaker, in a very few days, our Nation will join together in celebrating one of the most momentous occasions of our history—the 200th anniversary of the signing of the Declaration of Independence.

Thanks to the resourcefulness of one of my constituents, Mr. Ross Plaetzer, of Whitefish Bay, Wis., I have a copy of the journal of proceedings in the Continental Congress on Thursday, July 4, 1776.

As Mr. Plaetzer pointed out, it is interesting to note that, in spite of the subsequent drama it initiated, and the immense historic import of the document, the signing of the Declaration of Independence on that day was not the only subject of concern.

In fact, it almost seemed secondary to the very immediate and real concerns for providing logistical and material decisions in preparing for the upcoming battle.

I believe my colleagues will agree this is an appropriate occasion to look back and reflect on the events surrounding our forefathers' decision to undertake a resolve for freedom that would change the course of history.

Mr. Speaker, I insert the text of the Journal of the proceedings of the Continental Congress on July 4, 1776, at this point in the RECORD:

THURSDAY, JULY 4, 1776

Resolved, That an application be made to the committee of safety of Pennsylvania for a supply of flints for the troops at New York; and that the colony of Maryland and Delaware be requested to embody their militia for the flying camp, with all expedition, and to march them, without delay, to the city of Philadelphia.

JOURNALS OF CONGRESS

Agreeable to the order of the day, the Congress resolved itself into a committee of the whole, to take into their farther consideration, the declaration; ‖and, after some time,‖ the president resumed the chair. Mr. [Benjamin] Harrison reported, that the committee of the whole Congress have agreed to a Declaration, which he delivered in.

The Declaration being again read, was agreed to as follows:

The unanimous Declaration of the Thirteen United States of America

When, in the Course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume, among the Powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.

We hold these truths to be self-evident that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these, are Life, Liberty, and the pursuit of Happiness. That, to secure these rights, Governments are instituted among Men, deriving their just Powers from the consent of the governed. That, whenever any form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such Principles, and organizing its Powers in such form, as to them shall seem most likely to effect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and, accordingly, all experience hath shewn, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But, when a long train of abuses and usurpations, pursuing invariably the same Object, evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future Security. Such has been the patient sufferance of these Colonies; and such is now the necessity which constrains them to alter their former Systems of Government. The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute Tyranny over these States. To prove this, let Facts be submitted to a candid world.

He has refused his Assent to Laws the most wholesome and necessary for the public good.

He has forbidden his Governors to pass Laws of immediate and pressing importance, unless suspended in their operation till his Assent should be obtained; and when so suspended, he has utterly neglected to attend to them.

He has refused to pass other Laws for the accommodation of large districts of People, unless those People would relinquish the right of Representation in the legislature; a right inestimable to them and formidable to tyrants only.

He has called together legislative bodies at places unusual, uncomfortable, and distant from the depository of their Public Records, for the sole Purpose of fatiguing them into compliance with his measures.

He has dissolved Representative Houses repeatedly, for opposing, with manly firmness, his invasions on the rights of the People.

For quartering large bodies of armed troops among us:

For protecting them, by a mock Trial, from Punishment for any Murders which they should commit on the Inhabitants of these States:

For cutting off our Trade with all parts of the world:

For imposing Taxes on us without our Consent:

For depriving us, in many cases, of the benefits of Trial by Jury:

For transporting us beyond Seas to be tried for pretended offences:

For abolishing the free System of English Laws in a neighbouring province, establishing therein an Arbitrary government, and enlarging its Boundaries, so as to render it at once an example and fit instrument for introducing the same absolute rule into these Colonies:

For taking away our Charters, abolishing our most valuable Laws, and altering fundamentally the Forms of our Governments:

For suspending our own Legislatures, and declaring themselves invested with Power to legislate for us in all cases whatsoever.

He has abdicated Government here, by declaring us out of his protection, and waging War against us.

He has plundered our seas, ravaged our Coasts, burnt our towns, and destroyed the Lives of our People.

He is at this time transporting large Armies of foreign Mercenaries to compleat the works of death, desolation and tyranny, already begun with circumstances of Cruelty and perfidy scarcely paralleled in the most barbarous ages, and totally unworthy the Head of a civilized nation.

He has constrained our fellow Citizens, taken Captive on the high Seas, to bear Arms against their Country, to become the executioners of their friends and Brethren, or to fall themselves by their Hands.

He has excited domestic insurrections amongst us, and has endeavoured to bring on the inhabitants of our frontiers, the merciless Indian Savages, whose known rule of warfare, is an undistinguished destruction of all ages, sexes and conditions.

In every stage of these Oppressions, We have Petitioned for Redress, in the most humble terms: Our repeated Petitions, have been answered only by repeated injury. A Prince, whose character is thus marked by every act which may define a Tyrant, is unfit to be the ruler of a free People.

He has refused for a long time, after such dissolutions, to cause others to be elected; whereby the Legislative Powers, incapable of Annihilation, have returned to the People at large for their exercise; the State remaining in the mean time exposed to all the dangers of invasion from without, and convulsions within.

He has endeavoured to prevent the Population of these States; for that purpose obstructing the Laws for Naturalization of Foreigners; refusing to pass others to encourage their migrations hither, and raising the conditions of new Appropriations of Lands.

He has obstructed the Administration of Justice, by refusing his Assent to Laws for establishing Judiciary Powers.

He has made Judges dependent on his Will alone, for the tenure of their offices, and the amount and payment of their salaries.

He has erected a multitude of New Offices, and sent hither swarms of Officers to harrass our People, and eat out their substance.

He has kept among us, in times of Peace, Standing Armies, without the Consent of our legislatures.

He has affected to render the Military independent of and superior to the Civil Power.

He has combined with others to subject us to a jurisdiction foreign to our constitution, and unacknowledged by our laws; giving his Assent to their Acts of pretended Legislation:

Nor have We been wanting in attentions to our Brittish brethren. We have warned them from time to time of attempts by their legislature to extend an unwarrantable jurisdiction over us. We have reminded them of the circumstances of our emigration and settlement here. We have appealed to their native justice and magnanimity, and we have conjured them by the ties of our common kindred, to disavow these usurpations, which, would inevitably interrupt our connexions and correspondence. They too have been deaf to the voice of justice and of consanguinity. We must, therefore, acquiesce in the necessity, which denounces our Separation, and hold them, as we hold the rest of mankind, Enemies in War, in Peace Friends.

We, therefore, the Representatives of the United States of America, in GENERAL CONGRESS assembled, appealing to the Supreme Judge of the World for the rectitude of our intentions, do, in the Name, and by Authority of the good People of these Colonies, solemnly PUBLISH and DECLARE, That these United Colonies are, and of Right, ought to be Free and Independent States; that they are Absolved from all Allegiance to the British Crown, and that all political connexion between them and the State of Great Britain, is and ought to be totally dissolved; and that, as FREE and INDEPENDENT STATES, they have full Power to levy War, conclude Peace, contract Alliances, establish Commerce, and to do all other Acts and Things which INDEPENDENT STATES may of right do. AND for the support of this Declaration, with a firm reliance on the protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honour.

‖The foregoing declaration was, by order of Congress, engrossed, and signed by the following members: ‖[1]

JOHN HANCOCK.
JOSIAH BARTLETT.
WM WHIPPLE.
SAML ADAMS.
JOHN ADAMS.
ROBT TREAT PAINE.
ELBRIDGE GERRY.
STEPH. HOPKINS.
WILLIAM ELLERY.
ROGER SHERMAN.
SAMEL HUNTINGTON.
WM WILLIAMS.
OLIVER WOLCOTT.
MATTHEW THORNTON.
WM FLOYD.
PHIL LIVINGSTON.
FRANS LEWIS.
LEWIS MORRIS.
RICHD STOCKTON.
JNO WITHERSPOON.
FRAS HOPKINSON.
JOHN HART.
ABRA CLARK.
ROBT MORRIS.
BENJAMIN RUSH.
BENJA FRANKLIN.
JOHN MORTON.
GEO CLYMER.
JAS SMITH.
GEO. TAYLOR.
JAMES WILSON.
GEO. ROSS.
CÆSAR RODNEY.
GEO READ.
THOS M:KEAN.
SAMUEL CHASE.
WM PACA.
THOS STONE.
CHARLES CARROLL of Carrollton.
GEORGE WYTHE.
RICHARD HENRY LEE.
TH. JEFFERSON.
BENJA HARRISON.

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[1] The text used is that of the engrossed original in the Department of State.

THOS NELSON, JR.
FRANCIS LIGHTFOOT LEE.
CARTER BRAXTON.
WM HOOPER.
JOSEPH HEWES.
JOHN PENN.
EDWARD RUTLEDGE.
THOS HEYWARD, Junr.
THOMAS LYNCH, Junr.
ARTHUR MIDDLETON.
BUTTON GWINNETT.
LYMAN HALL.
GEO WALTON.

Ordered, That the declaration be authenticated and printed.

That the committee appointed to prepare the declaration, superintend and correct the press.

That copies of the declaration be sent to the several assemblies, conventions and committees, or councils of safety, and to the several commanding officers of the continental troops; that it be proclaimed in each of the United States, and at the head of the army.[2]

Ordered, That Mr. [Robert] Morris and Mr. [Joseph] Hewes determine the hire of Mr. Walker's vessel, which was employed by Commodore Hopkins in the service of the continent.

A Letter from General Washington, dated New York, July 3d, was laid before Congress, and read:[3]

Resolved, That the delegates of New York, New Jersey and Pennsylvania, be a committee to confer with the committee of safety of Pennsylvania, and committee of inspection of [and observation for] the city and liberties of Philadelphia, and the field officers of the batallions of the said city and liberties, on the best means of defending the colonies of New Jersey and Pennsylvania; and that they be empowered to send expresses where necessary:

That the Secret Committee be instructed to order the flints belonging to the continent, and now at Rhode Island, to be sent to the general at New York.

Resolved, That Mr. [Henry] Wisner be empowered to send a man, at the public expence, to Orange county, for a sample of flint stone.

The Congress proceeded to the appointment of two commissioners for Indian affairs in the middle department; and, the ballots being taken,

Jasper Yeates and John Montgomery, Esqrs. were elected.

That Dr. [Benjamin] Franklin and Mr. [James] Wilson are desired to inform the above gentlemen of their appointment, and desire them to attend the treaty with the Indians at Pittsburg, on the day appointed; They are farther desired to appoint some persons to procure goods necessary for the Indians.

Resolved, That to morrow be assigned for filling up the vacancies in the committee for Indian affairs.

That the president be empowered to employ another [private] secretary.

Resolved, That the Board of War be empowered to employ such a number of persons, as they shall find necessary, to manufacture flints for the continent; and, for this purpose, to apply to the respective assemblies, conventions and councils, or committees of safety of the United American States, or committees of Inspection of the counties and towns thereunto belonging, for the names and places of abode of persons skilled in the manufactory aforesaid, and of the places, in their respective states, where the best flint stones are to be obtained, with samples of the same.[4]

Resolved, That an order for 27/=3 54/90ths dollars, be drawn on the treasurers, in favour of the express, who brought despatches from Trenton.

Resolved, That Dr. [Benjamin] Franklin, Mr. J[ohn] Adams and Mr. [Thomas] Jefferson, be a committee, to bring in a device for a seal for the United States of America.

Resolved, That the Secret Committee be instructed to sell 25 lb. of powder to John Garrison, of North Carolina.

Adjourned to 9 o'Clock to Morrow.

GENERAL E. R. REID, JR., USMC

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. COLLINS of Texas. Mr. Speaker, a most distinguished son of Texas completes an outstanding career in the U.S. Marine Corps today.

Brig. Gen. Ernest R. Reid, Jr., who was born in Dallas and grew up in Irving, Tex., is retiring in ceremonies at his final command at the Marine Corps base, at Twentynine Palms, Calif.

Ernie, or "Curly," as many of us remember him, has been a marine—and a great one—for 33 years. Three of those years were spent as a prisoner of war after being wounded in Korea. His conduct has always been exemplary, and he made countless friends here on Capitol Hill while he served as legislative assistant at Headquarters Marine Corps.

On behalf of his friends and neighbors in and around Dallas, I want to express a Texas "well done" and a welcome home to Ernie, and to his wife, Lou.

Biographically, General Reid was born July 20, 1925, in Dallas, Tex., and graduated from Irving, Tex., High School in 1942. He received his B.B.A. degree in accounting from the University of Hawaii in June 1962, and his M.A. degree in business administration from George Washington University in 1969. He enlisted in the Marine Corps Reserve in July 1943, and was commissioned a second lieutenant via the V-12 program, August 1, 1945.

He embarked for Tsingtao, China, in August 1945, where he joined the 6th Pioneer Battalion, 6th Marine Division, and later, served with the 3d Marine Brigade, Fleet Marine Force. Returning to the United States in July 1946. He was released from active duty January 1, 1947.

Recalled to active duty in August 1950, he joined the First Marines, 1st Marine Division, in Korea. On November 29, 1950, while serving as the Assistant S-3 Officer, he was wounded and captured. From November 1950 until August 1953, he was a prisoner of war. He was promoted to Captain in June 1952.

General Reid returned to the United States in October 1953.

Transferred to the 1st Marine Division, Camp Pendleton, Calif., in August 1955, General Reid served with the 11th Marines as a battery commander and battalion operations officer until July 1958, when he was ordered to Marine Corps Air Station, Kaneohe Bay, Hawaii. He was promoted to major in September 1956.

He was assigned as Executive Officer, 1st Battalion, 12th Marines, 3d Marine Division, on Okinawa from July 1962 to February 1963, when he was reassigned as commanding officer. He was promoted to lieutuenant colonel in July 1963. The following September he was transferred to the Marine Barracks, Washington, D.C., as Deputy Director, Marine Corps Institute. He attended the Armed Forces Staff College, Norfolk, Va., from August 1966 to January 1967.

General Reid was assigned as Head, Program Section, Office of the Deputy Chief of Staff—Research, Development and Studies, Headquarters Marine Corps, from February 1967 to July 1968, when he was promoted to colonel and attended the Industrial College of the Armed Forces.

He was ordered to Okinawa in September 1969, and served as Assistant Chief of Staff, G-3, 9th Marine Amphibious Brigade.

In March 1970, he assumed duties as commanding officer, 11th Marines, 1st Marine Division, in Vietnam.

He was reassigned as assistant head and head of the Military Personnel Procurement Branch, Headquarters Marine Corps, in January 1971. Following his advancement to brigadier general August 26, 1971, he became legislative assistant to the Commandant of the Marine Corps. He remained in that position until July 1975, when he assumed his command at Twentynine Palms.

A complete list of his medals and decorations include the Legion of Merit with Combat "V" and one gold star, the Bronze Star Medal, the Navy Commendation Ribbon with one gold star, the Purple Heart Medal, the Presidential Unit Citation with one bronze star, the Organized Marine Corps Reserve Medal, the China Service Medal, the American Campaign Medal, the Asiatic-Pacific Campaign Medal, the World War II Victory Medal, the National Defense Service Medal with one bronze star, the Korean Service Medal with three bronze stars, the Vietnamese Service Medal with three bronze stars, the Vietnamese Navy Distinguished Service Order 2d Class, the Vietnamese Cross of Gallantry with silver star, the Vietnamese Armed Forces Honor Medal First Class, the Korean Presidential Unit Citation (two awards), the Meritorious Unit Citation Civil Actions Color, the United Nations Service Medal, and the Republic of Vietnam Campaign Medal.

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[2] "A determined resolution of the Delegates from some of the Colonies to push the question of Independency has had a most happy effect, and after a day's debate, all the Colonies, except New York, whose Delegates are not empowered to give either an affirmative or negative voice, united in a declaration long sought for, solicited, and necessary—the Declaration of Independency." *Elbridge Gerry to General Warren*, 5 July 1776.

The Declaration was printed in the *Pennsylvania Evening Post*, 6 July, 1776, and in the *Pennsylvania Gazette*, 10 July, 1776. See the *Bibliographical Notes* at the end of this year.

[3] This letter is in the *Papers of the Continental Congress*, No. 152, II, folio 149. It is printed in *Writings of Washington* (Ford), IV, 200.

[4] Printed in the *Pennsylvania Gazette*, 10 July, 1776.

REGULATORY REFORM

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. WIRTH. Mr. Speaker, it is clear from the opinion polls that many Americans, like many of us in the Congress, have become disenchanted with Federal regulation. This does not mean that the Federal Government should get out of the policymaking business, only that regulation is not always the best way of carrying out Federal policy. One of the most attractive alternatives to regulation is what is often called economic incentives, or financial incentives. This approach simply seeks to carry out a policy by making noncompliance a financially undesirable proposition. It replaces cumbersome regulatory mechanisms with relatively simple devices like taxes and fees. In order to provide some idea of how this approach works, and to show that it does in fact work, I am inserting in the RECORD an article from the Washington Post, describing how other countries cope with airport noise pollution by using economic incentives:

TAXES DAMPING AIRCRAFT NOISE

(By Peter J. Bernstein)

PARIS.—Western countries are being encouraged to tax aircraft noise.

Japan imposed such a tax last September, and France and the Netherlands have announced plans to do the same this year.

Japan taxes all commercial aircraft on domestic and international flights according to the weight of the airplane and the amount of noise it makes.

"The landing fee at airports in Japan has almost doubled," said Ariel Alexandre, a noise pollution specialist for the Organization for Economic Cooperation and Development (OECD). "The airlines are so furious that 24 airlines have sued the Japanese government."

Airlines also have increased passenger and cargo fares on flights to and from Japan.

The 24-nation OECD's staff expects that most if not all, Western industrial countries eventually will adopt some form of noise tax. Taxing enough to affect operating costs could provide incentive for airlines either to replace noisy jets or install sound-absorbing material to quiet their engines.

"The tax works," Alexandre said.

Within the last few months, Scandinavian Airlines (SAS), apparently as a result of the noise tax, replaced several of its Caravelle jets with quieter DC–9s.

The U.S. Department of Transportation recently asked Congress for authority to set aside a portion of the existing taxes on passenger tickets and cargo for a noise-abatement fund to pay for overhaul work.

An OECD panel on noise—composed of representatives from most of the member countries in Western Europe as well as the United States, Canada and Japan—drafted provisions for an aircraft noise tax that could be used as a model.

The proposal provides for a graduated tax based not only on the volume of noise an aircraft emits but also its annoyance level. A plane landing at night, for example, would be taxed more heavily than a plane landing during the day. A plane using an airport situated in a heavily populated area would pay more tax than if it were to land at a more remote airport.

The tax would be set in direct proportion to the number of people living or working beneath the aircraft approach routes. Planes which emit an irritating whine in addition to the usual roar would be taxed extra.

The OECD panel recommended that each country establish a special agency to levy and collect the tax. The panel suggested that the money might be used either to compensate people living in neighborhoods exposed to aircraft noise or to finance research or overhaul work.

The scheme is part of comprehensive guidelines being prepared for member countries to use in controlling noise from different sources, such as motor vehicles, construction work and household appliances. The guidelines, which must be approved unanimously by the OECD member countries, are scheduled for release at the end of next year.

NSPA SCHOLARSHIP FOUNDATION ANNOUNCES 1976–77 WINNERS

HON. TOM STEED

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. STEED. Mr. Speaker, one of my constituents, Ms. Carol F. McCollum of Norman, Okla., has been named the winner of the Distinguished Scholar Award by the National Society of Public Accountants.

To announce the selection of Ms. McCollum and the 21 other scholarship recipients, the society issued a news release which I am happy to present for the consideration of my colleagues in the Congress:

NSPA SCHOLARSHIPS FOUNDATION ANNOUNCES 1976–1977 WINNERS

The National Society of Public Accountants Scholarship Foundation has awarded 22 scholarships in the amount of $500 each for the 1976–1977 academic year.

The Scholarship Foundation was formed in 1969 by the National Society's Board of Governors in order to encourage high caliber individuals selecting accounting as a career. During the past seven years, a total of 141 scholarships have been awarded. The Foundation receives the majority of its funds through individual contributions from the 15,000 members of the National Society of Public Accountants.

In announcing the 22 winners, Horace J. Landry, Chairman of the NSPA Scholarship Foundation Board of Trustees, stated: "The NSPA Board of Trustees takes great pleasure in awarding grants to such an outstanding group of men and women. We are certain that these individuals will continue on to be a credit to the profession."

The Foundation presents a "Distinguished Scholar Award" to the applicant judged to be the most outstanding in competition with accounting students from across the nation. The recipient of the 1976–1977 Distinguished Scholar Award is Carol F. McCollum of Norman, Oklahoma. Mrs. McCollum is a junior at the University of Oklahoma. In addition to the $500 scholarship grant, Mrs. McCollum will receive a check in the amount of $100 and a plaque designating her as the Scholarship Foundation Distinguished Scholar.

The 22 students receiving scholarships for the 1976–77 academic year are Name, Hometown, and School:

Stephen Carkin, Lincoln, N.H., New Hampshire College.

Richard W. Rupacz, Providence, R.I., Bryant College.

Vincent J. Ciavardini, Philadelphia, Pa., La Salle College.

Ronald Saluga, Everson, Pa., Penn State University.

James P. Dwyer, III, Hyattsville, Md., Villanova University.

Stephen C. Hughes, Waynesboro, Va., Madison College.

Betty R. Pitts, Pompano Beach, Fla., N.Y. Institute of Tech.

Peter P. Wong, Fort Lauderdale, Fla., City College of San Francisco.

Michael A. DeRubertis, Lyndhurst, Ohio, University of Dayton.

John L. Ward, Fort Wayne, Ind., University of Dayton.

David B. Roberts, Bentonia, Miss., Mississippi State University.

Jay L. Wells, Hattiesburg Miss., University of Southern Mississippi.

Doreen A. Frolek, Lidgerwood, N. Dak., Moorhead State College.

James M. Remes, Cleghorn, Iowa, Drake University.

Carol F. McCollum, Norman, Okla., University of Oklahoma.

William F. Peschka, Las Cruces, N. Mex., New Mexico State University.

Susan A. Johanns, Portland, Oreg., Oregon State University.

Jutta H. Simmons, Bellevue, Wash., University of Washington.

Jerald L. Martin, San Jose, Calif., Brigham Young University.

Randall H. Walker, Provo, Utah, Brigham Young University.

Howard K. Kam, Jr., Ewa Beach, Hawaii, Leeward Community College.

Edwin R. Koyama, Honolulu, Hawaii, University of Southern California.

These individuals are the final selections from over 800 students who submitted applications to the Foundation. All applicants were judged for scholastic achievement, financial need, demonstrated leadership ability and extracurricular activities.

PRESIDENT FORD IMPAIRS THE CREDIBILITY HE SEEKS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. McDONALD. Mr. Speaker, the desperate attempt made by President Gerald Ford, during the Texas primary, to convince the public that he was not really going to give away the Panama Canal to a Castroite dictator in Panama has backfired. As one reader of Human Events noted on June 19, the President wishes to emphasize "trust" in his campaign, yet he was anything but honest with the voters of the Nation on the Panama issue. And he has even required the military to go along with the nonsense about the Panama Canal being of very little importance! This is so ridiculous that hardly anyone believes it, frankly.

FORD'S CREDIBILITY

President Ford, as candidate Ford seeking votes in his quest for the nomination of the Republican Party for the presidency, has added the word "trust" to the words "peace and prosperity" of his slogan to garner support, so as to constitute his new slogan "Peace, Prosperity and Trust." This was reported in the Washington Post (May 15), in its lead story under the banner headline: "Ford Contrasts His Presidency With Nixon's," quoting Ford as saying "The day I took the oath of office as President of the United States I said that truth is the glue that holds government together."

From the beginning of his campaign, Ford has remained entirely silent concerning his predecessor in office. When asked why, he has stated that he thought it would be best not to dig up the past. That was, after all, a legitimate choice of candidate Ford; but, it is quite another thing for him now to dig into the past and condemn former President Nixon. After all, it was Nixon who nominated him; it was, thus, Nixon who put him in the way of becoming President; and, more importantly, candidate Ford must be identified with the Nixon Administration, since the Administration must now be looked upon as the Nixon-Ford-Kissinger Administration.

On the morning after the debacle of the Ford defeat in the Reagan landslide victory in Texas, the latter's campaign manager for that state was asked how such a landslide took place. In answer he said: "A lot of things contributed to the Reagan victory; but, most of all was the complete loss of credibility by Ford on the Panama Canal issue. Ford made many false and conflicting statements all over Texas only to return to Washington where he had to admit that he, Ford, is actively directing the giveaway and surrender of our sovereignty over the Canal Zone to Panama."

Not only did President Ford repeatedly falsify his position on this issue in Texas and elsewhere; but so did his principal public relations subordinates, Ron Nessen and Rogers Morton, and those whom he asked to support him on this issue, including Vice President Rockefeller, Senator Goldwater and House Minority Leader Rhodes.

President Ford has not only compromised his own credibility concerning the blueprint for surrender of our people's sovereignty over the Canal Zone; but, he has destroyed the credibility of the Joint Chiefs of Staff, as well.

Last summer, just before he left for Europe, President Ford directed the Joint Chiefs of Staff to coordinate their position on this problem with the position of the State Department, which, stated otherwise, means that they were required to subordinate their views to the views of Secretary Kissinger. That was done, and it is fully recorded in the press at that time, although denied by Kissinger, who stated there had been "no arm twisting."

As a result, the Joint Chiefs of Staff have lost their credibility, and whatever they may say in favor of the surrender of the people's sovereignty in the Canal Zone to Panama cannot be accepted in Congress or by the people as their views. Congress must look elsewhere!

How then, under these circumstances, can candidate Ford come forward and ask the voters to support him, of all things, on the basis of—trust?—Paul Chiera, Silver Spring, Md.

SHERWOOD POST OFFICE DEDICATION

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. STEIGER of Wisconsin. Mr. Speaker, just last week, we passed a resolution urging the U.S. Postal Service to call a 1-year moratorium on small post office closings and other service reductions. With all the attention postal service cutbacks have received in the last year, it is sometimes easy to forget that in a number of smaller communities, new post offices are being built and a high level of service is being maintained.

On June 12, a new post office building was dedicated in the community of Sherwood, Wis., in Calumet County, which I am honored to represent. Darwin E. Smith, chairman and chief executive officer of the Kimberly-Clark Corp., and a resident of Sherwood, gave an excellent dedication speech.

He gave some of the history of the Postal Service and noted that postal service today is both much faster and less expensive than it was in the days of the Pony Express. The cost of mailing a letter is cheaper than in any Western nation except Canada, where the Government picks up 83 percent of the tab, and postal worker productivity is superior to that of those in other countries in the Western World.

I think you will find Darwin Smith's speech to be both interesting and informative. It is a superb statement on the importance of mail service and on the need to retain high quality service to all Americans, those in large cities and their rural neighborhoods as well. I commend it to your attention.

The speech follows:

REMARKS OF DARWIN E. SMITH

Distinguished Guests, Postmaster Schmidt, Mrs. Kiefer, and Friends: Thank you for inviting me to join in this observance of the Bicentennial in Sherwood and in the dedication of your new Post Office. When I was asked to be one of the speakers, I wanted to do it because most of you are my neighbors.

Businessmen usually are invited to speak in places other than where they live. That is supposed to be the definition of an expert—someone speaking more than 50 miles from home. But my home is just down the hill on Lake Winnebago, and most of you know I am not an expert on any subject for this occasion.

So I had to do a little homework on the Postal Service, and came across several interesting pieces of information. Did you know, for example, that Wisconsin's first Post Office was established at Green Bay on December 6, 1821, nearly 27 years before Wisconsin became a State?

In reading about the early days, I was surprised to find the matter-of-fact comment that "complaints over the failure of the mail were common." It will make us all feel better to know that our generation is not the first encounter an occasional problem when it comes to mailing a letter.

However, if we want to complain about how long it takes to deliver the mail nowadays, we should think about Alexis Clermont. He was a person who could neither read nor write and, in the early 1830's, Alexis Clermont carried the mail from Green Bay to Chicago. Accompanied by an Indian guide, he would set out with about 60 pounds of mail and two sacks of parched corn. He slept on the ground and depended on Indians for most of his food. It took him a month to make the round trip.

If we are inclined to wish that the Postal Service would do something bold and daring, we should recall an 1860 advertisement for Pony Express riders. It said: "Wanted. Young, skinny wiry fellows not over 18. Must be expert riders, willing to risk death daily. Orphans preferred. Wages $25 per week." The Pony Express lasted for only 18 months.

If we want to complain about the cost of postage, all we have to do for a little comfort is turn back the pages of history. Until about 1845, a letter consisting of a single sheet of paper cost 6 cents for delivery up to 30 miles; 10 cents for delivery up to 80 miles; and 25 cents for over 400 miles. If you wrote a two-page letter, it cost twice as much. In 1815 and 1816, the rates went up 50 percent to help pay the debt from the War of 1812.

If you think it wouldn't have put a dent in your pocketbook to mail a letter, consider this: 25 cents in those days would buy five dozen eggs, four pounds of butter, or two bushels of potatoes. There is even the story of the farmer in 1834 had to give his milk cow, valued at $8, to the postmaster to settle his account for 32 letters.

Horseback riders often carried the mail then, and they were given the following instructions: "The mail is not to stop except five minutes once in 10 miles to breathe the horse and 20 minutes for breakfast and supper, and 30 minutes for dinner."

An innovation called Express Mail was established in 1825. Actually, it was the forerunner of the Pony Express. Express mail riders used relays of horses stationed 15 miles apart, and the mail moved day and night, at the astounding average speed of 10 miles an hour. The cost for Express mail was three times as much as regular mail.

If we occasionally run into a postal employee who may not be as cheerful or obliging as we expect, then we should think of Colin M. Selph.

In the early 1920's, Colin M. Selph was the postmaster in St. Louis. He was not what you would call a popular boss; in fact, he made life absolutely miserable for everyone. He wore a specifically designed military uniform, and he expected his subordinates to salute whenever they came in his presence. Perhaps more interesting, he used to compose cheers—like those at a football game—and employees were forced to cheer in unison whenever he appeared. One of his cheers went:

1-2-3-4; 3-2-4-1;
Who for? What for? Who you gonna yell for?
Colin M. Selph!
Yea, Post! Yea, Master!
Yea, yea! Postmaster!

But cheers and all, they caught up with Mr. Selph and he was fired in 1922.

It is a great American privilege, one that we are celebrating in this Bicentennial year, to be able to criticize our institutions and particularly our government institutions. In not many countries is that privilege available. But while criticism is part of the American way, we also ought to remember the good things about our institutions, and the Postal Service is one of them.

Even by today's standards, U.S. mail rates are lower than any country in the Western world except Canada where the government picks up 83 percent of the tab. In England, it costs 17 cents to mail a first-class letter; in Australia, 22 cents; and in Sweden, 23 cents.

In terms of productivity, our Postal Service surpasses all others. Based on 1974 figures, which are the latest I could find, each postal employee handled an average of 127,000 pieces of mail—as compared with 114,000 in Canada, and much less in England and West Germany.

I would like to paraphrase something said by James Farley: "The postal establishment is in many ways the most human of our national institutions. It touches more people, more personally and more often, than any other agency of our government. Everyone in the United States needs its services; and its success or failure depends on the human beings who work for it. There have been great advances in the development of machines and electronic devices to speed up the task of sorting, but there will never be a mechanical substitute for the hard-working men and women of the Postal Service."

I knew Ed Day who was Postmaster General a few years ago. Shortly after he retired from that position, I asked him what his general impression was of the people who worked for the Postal Service. He indicated how superbly dedicated they were. And he went on to add that the people who run the third class post offices in the United States were, and I quote, "the salt of the earth."

What we are dedicating today is a new third class post office building. I'll wager there are very, very few third class post offices in the U.S. today which occupy new buildings built almost single-handedly by their postmasters.

I don't know to whom a post office is dedicated nor exactly how it is done. But I will take the liberty of suggesting that it be dedicated to the people of Sherwood and to the people of the United States Postal Service.

Postmaster Schmidt, I haven't tried to compose a new cheer for the event today. Even though it might be against postal regulations, I think, for this one day and this one day alone, all of your friends and constituents, and probably all of your enemies—even though I doubt that you have any—would add a supplemental salute to the dedication of your new building, and that would be—Yea, Post; Yea, Master; Yea, Yea; Postmaster.

OPINION POLL RESULTS OF OHIO'S 17TH DISTRICT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1976

Mr. ASHBROOK. Mr. Speaker, the results of my 16th annual opinion poll have been tabulated. The response was tremendous. In addition to the completed questionnaires, I received thousands of letters, comments, and notes included in the polls.

One area that was of increased concern was Government spending. About 90 percent of those answering the poll thought the Congress should place a limit on Federal spending. When a cut in services was suggested as going with a cut in Federal spending, 83 percent still favored a cut in spending.

Since last year's poll, the number of people viewing inflation as a more serious problem than unemployment has grown to 73 percent. Also, the individuals responding were heavily in favor of encouraging private enterprise to provide more jobs while only a small percentage favored the alternative of greater Federal spending to create more jobs.

In a foreign policy and defense areas the results were also interesting. A large 77 percent of those responding thought détente was benefiting the Communist countries at the expense of the United States. Almost 80 percent were in favor of substantially reducing or eliminating U.S. contributions to the United Nations.

On the Panama Canal issue 89 percent think the United States should maintain sovereignty, ownership, and management of it.

On the issue of firearms the results are very interesting. Sixty-five percent opposed registration of firearms while slightly under 30 percent favored such a policy.

In addition to the above questions a large number of other areas of public policy were covered. Questions on public employee strikes, child and family services, energy and environment, amnesty, and social security also were included.

I appreciate the efforts of all those who took the time to fill out the questionnaire and give me their views. The results of the poll follow:

1976 PUBLIC OPINION POLL OF THE 17TH DISTRICT OF OHIO

[Results in percent]

	Yes	No	No opinion
1. The most serious economic problem facing our Nation at this time is:			
(a) Inflation	73		
(b) Unemployment	22		
No opinion			5
2. What policy do you favor to lessen unemployment?			
(a) Encourage private enterprise through tax incentives to create jobs	84		
(b) Greater Federal spending to create jobs	10		
No opinion			6
3. I think the Central Intelligence Agency (CIA) should be:			
(a) Abolished	7		
(b) Retained as is	22		
(c) Retained, but with greater congressional oversight	42		
(d) Retained with greater Presidential oversight	25		
No opinion			4
4. To what extent would you favor capital punishment for a limited number of major crimes?			
(a) Strongly favor	75		
(b) Favor	14		
(c) Strongly oppose	4		
(d) Oppose	4		
No opinion			3
5. Do you favor registration of firearms as a means of combatting crime?	30	65	5
6. What do you feel is the major season for the serious crime rate which is steadily increasing?			
(a) Leniency of the courts and the judicial system	82		
(b) Easy availability of firearms	2		
(c) Social conditions which contribute to crime, especially among minority groups and economically deprived citizens	14		
No opinion			5
7. Should Congress approve the Child and Family Services Act, which would establish a new, comprehensive child development program run by the Federal Government?	11	81	8
8. Should Congress place a ceiling on Federal spending?	90	5	5
9. Do you favor a cut in Federal Government spending if this also means a cut in services?	83	12	5
10. The social security fund is in financial trouble. To deal with this problem I would prefer:			
(a) Increasing the social security tax	30		
(b) Holding a lid on social security benefits	58		
No opinion			13
11. Do you favor the position of public employees (police, firemen, teachers, etc.) when they say they should be allowed to strike?	25	70	5
12. The supersonic transport (SST) should be allowed to land in the United States:			
(a) Without restrictions	99.3		
(b) On a limited, trial basis only	57.7		
(c) Not at all	29.3		
No opinion			45.7
13. Do you favor relaxing environmental standards to allow greater use of coal, of which the United States has a large supply, as a means of lessening our energy problems?	80.9	15.1	5.0
14. Do you favor increased development of nuclear energy as a domestic power source?	75.9	17.8	8.3
15. U.S. contributions to the United Nations should be:			
(a) Increased	12.6		
(b) Left the same	16.2		
(c) Substantially reduced	54.7		
(d) Eliminated	25.9		
No opinion			33.6
16. What do you think of Secretary of State Kissinger's performance in office?			
(a) Good	29.8		
(b) Fair	41.3		
(c) Poor	27.7		
No opinion			23.2
17. Do you think detente has benefited the Communist countries at the expense of the United States?	77.2	12.3	11.5
18. Do you favor unconditional amnesty for Vietnam draft evaders?	16.2	80.7	4.1
19. Should the United States follow a policy of military superiority over the Soviet Union?	84.1	10.1	6.8
20. Should the United States maintain sovereignty, ownership, and management of the Panama Canal?	89.8	4.5	7.7